

Fiscal Estimate - 2023 Session

Original Updated Corrected Supplemental

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|--|---|-------------|
| LRB Number 23-1587/1 | Introduction Number SB-0040 | |
| Description changes to the low-income housing tax credit | | |
| Fiscal Effect | | |
| State: | | |
| <input type="checkbox"/> No State Fiscal Effect | | |
| <input type="checkbox"/> Indeterminate | | |
| <input type="checkbox"/> Increase Existing Appropriations | <input type="checkbox"/> Increase Existing Revenues | |
| <input type="checkbox"/> Decrease Existing Appropriations | <input type="checkbox"/> Decrease Existing Revenues | |
| <input type="checkbox"/> Create New Appropriations | <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget | |
| | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | |
| | <input type="checkbox"/> Decrease Costs | |
| Local: | | |
| <input type="checkbox"/> No Local Government Costs | | |
| <input type="checkbox"/> Indeterminate | | |
| 1. <input type="checkbox"/> Increase Costs | 3. <input type="checkbox"/> Increase Revenue | |
| <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | |
| 2. <input type="checkbox"/> Decrease Costs | 4. <input type="checkbox"/> Decrease Revenue | |
| <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | |
| 5. Types of Local Government Units Affected | | |
| <input type="checkbox"/> Towns | <input type="checkbox"/> Village <input type="checkbox"/> Cities | |
| <input type="checkbox"/> Counties | <input type="checkbox"/> Others | |
| <input type="checkbox"/> School Districts | <input type="checkbox"/> WTCS Districts | |
| Fund Sources Affected | | |
| <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS | | |
| Affected Ch. 20 Appropriations | | |
| Agency/Prepared By | Authorized Signature | Date |
| WHEDA/ Sherry Gerondale (608) 267-1076 | Samantha Linden (608) 266-2921 | 2/22/2023 |

Fiscal Estimate Narratives

WHEDA 2/22/2023

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| LRB Number | 23-1587/1 | Introduction Number | SB-0040 | Estimate Type | Original |
| Description changes to the low-income housing tax credit | | | | | |

Assumptions Used in Arriving at Fiscal Estimate

This bill expands the existing housing tax credit (HTC) program for rental housing. The bill increases the total HTC program from \$42 million to \$100 million. The bill also makes changes to the set-aside requirements and definition of rural area.

WHEDA estimates the cost to administer the HTC program would increase by approximately \$344,000 annually, as this is an approximately 237% increase in annual HTC program. The increased costs are related to additional staffing for the expansion of qualified allocation plan, review of additional applications and the compliance monitoring of developments after completion.

All costs of administration would be paid by WHEDA, covered by fees typically charged for HTC applications and monitoring. We expect these fees to cover the increased costs.

WHEDA estimates 13 additional developments would be approved annually, creating approximately 858 additional units. WHEDA estimates staffing needs of two commercial loan officers and one program specialist to evaluate the HTC applications and award the HTC certificates. WHEDA would also require an additional 0.5 paralegal to manage increases in deal flow.

Long-Range Fiscal Implications

As the developments move from construction or rehabilitation to placed-in-service, WHEDA will need additional staff for compliance monitoring. WHEDA estimates that four additional staff members would be needed. One housing management officer and one housing technician would be needed by year 2 of the awards as the developments are placed in service. The remaining two housing management offices would be needed by years 5 and 8. The cost of these staff are not included in the estimate above and WHEDA assumes the costs would be covered by increased monitoring fees.