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**Advocacy Digest | December 22, 2022**

**Brad Boycks, Executive Director**

**Housing Committees Get New Chairs for 2023-2024**

**Committee chairs in both houses of the legislature were recently announced for the upcoming 2023-2024 legislative session.**

**State Senator John Jagler, moves from chair of the housing committee to become the chair of the education committee. Replacing Jagler as housing chair in the State Senate is Senator-elect Romaine Quinn of Rice Lake. Quinn previously served in the housing committee in the state assembly and also is a Realtor by trade. Quinn was a multiple time winner of the Friend of Housing award while in the state assembly and we are looking forward to working with him as the new chair of the housing committee.**

**With a move to assembly leadership Representative Rob Summerfield was no longer eligible to be a committee chair per assembly republican rules. Replacing Summerfield as chair is State Representative Rob Brooks of Saukville. Brooks has been a longtime member of the committee and has authored several housing reform bills that have been supported by WBA; in fact we have been meeting over the summer and fall on a consensus package of housing reforms to be introduced next session.**

**We look forward to working with Senator Quinn and Representative Brooks in 2023-2024.**

**Shovel Ready Workforce Housing Site Bill Likely to be Reintroduced**

**Last session, WBA supported the passage of** [Senate Bill 629 (SB 629)](https://docs.legis.wisconsin.gov/2021/related/lcamendmemo/sb629.pdf) **which would have allowed municipalities to create shovel ready workforce housing sites that would be certified by the Wisconsin Economic Development Corporation. SB 629 also contained an amendment supported by WBA to require a needs assessment to be shared with a developer to show the costs related to sewer and water utility charges.**

**After receiving bipartisan support in both the state assembly and state senate, SB 629 was ultimately vetoed by Governor Tony Evers. In the veto message of SB 629 Evers stated “I am vetoing this bill in its entirety because I object to implementing a program that may detract from existing economic development efforts. While the bill is aimed at improving the availability of workforce housing in the state, it does not ensure that a shovel-ready site would address a particular or even generalized workforce housing need anywhere in the state.”**

**Working with democrats in the legislature who supported this bill and the bill authors we hope to address Governor Evers’ concerns with the bill in hopes of getting his signature so the bill can become law next session.**

**From NAHB: U.S. Enters a Macroeconomic Maze in 2023**

**NAHB Chief Economist Robert Dietz recently provided the following housing industry overview in the bi-weekly e-newsletter Eye on the Economy.**

**Downshifting its pace of tightening of monetary policy, the Federal Reserve raised the federal funds target rate by 50 basis points, increasing that target to an upper bound of 4.5%. This marked a relatively smaller increase after four consecutive 75 basis point hikes. The Fed is likely to continue raising rates (50 to 75 basis points) in 2023, moving mortgage rates higher than they are today. However, the end of the rate tightening cycle now appears to be in view.**

**That said, the Fed will maintain these newly set elevated rates for the remainder of 2023. Then it is likely to begin easing in 2024, but no sooner than that. This means mortgage rates are likely to move higher from today's 6.4% range before peaking in mid-2023, then ultimately fall back and lead to a housing rebound for 2024.**

**The Fed's downshift comes after inflation data showed some slowing. During the past 12 months, the CPI rose by 7.1% in November, following a 7.7% increase in October. The "core" CPI increased by 6.0% over the past 12 months, following a 6.3% increase in October. This moves the data in the right direction but is still far from the Fed's rough 2% target. Indeed, the food index rose by 10.6% and the energy index climbed by 13.1% over the past 12 months.**

**So, while the rate of growth for inflation is slowing, elevated year-over-year growth rates combined with ongoing tight labor market conditions mean the Fed will continue to raise rates. Total nonfarm payroll employment increased by 263,000 in November, following a gain of 284,000 in October. Although a cooler labor market will help ease inflation, it will also hinder housing demand.**

**This is the macroeconomic maze that must be navigated in 2023. The economy will be slowing, but the Fed will maintain higher interest rates until it can see firm evidence of sustained declines for inflation. This means that the first half of the year will be tough for housing demand. But as the easing cycle comes into view — perhaps with the assistance of a mild recession — rates will fall back on a sustained basis and the housing market will rebound.**