



2023 ASSEMBLY BILL 267

May 16, 2023 - Introduced by Representatives PENTERMAN, BROOKS, EMERSON, ROZAR, C. ANDERSON, BRANDTJEN, DITTRICH, DONOVAN, DUCHOW, EDMING, GREEN, GUNDRUM, JOERS, KITCHENS, MURPHY, O'CONNOR, ORTIZ-VELEZ, PETRYK, PLUMER, RETTINGER, SCHRAA, SHANKLAND, SINICKI, SWEARINGEN, SNYDER, TRANEL, WICHGERS and KRUG, cosponsored by Senators STROEBEL, QUINN, JACQUE, CABRAL-GUEVARA and JAGLER. Referred to Committee on Housing and Real Estate.

1 **AN ACT to amend** 234.045 (1) (intro.), 234.045 (1) (a), 234.045 (2) (a) 2., 234.045
2 (2) (a) 3., 234.045 (2) (b), 234.53 (2), 234.53 (2m), 234.53 (4) and 234.53 (5); and
3 **to create** 234.045 (2) (a) 4. to 6. and 234.53 (1m) of the statutes; **relating to:**
4 housing rehabilitation loans awarded by the Wisconsin Housing and Economic
5 Development Authority.

Analysis by the Legislative Reference Bureau

Current law authorizes the Wisconsin Housing and Economic Development Authority to make low-interest or no-interest loans from WHEDA's housing rehabilitation loan fund for the rehabilitation of certain residential properties if the rehabilitation consists of certain structural improvements or the removal of lead paint. Specifically, the authority may make such a loan to a loan applicant if all of the following apply:

1. The applicant's household annual income does not exceed 120 percent of the area median family income for the county in which the housing is located.
2. The applicant's home is a single-family residence that the applicant occupies and that was constructed before 1980.
3. The applicant agrees to repay the loan, including all interest, upon the applicant selling or otherwise transferring title to the residence to another person or upon the applicant and his or her family vacating the residence.

Also, under current law, the housing rehabilitation loan fund consists of amounts credited to the fund from WHEDA's issuance of bonds.

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Under this bill, all moneys appropriated to WHEDA for the housing rehabilitation loan fund during the 2023-25 fiscal biennium are credited to that fund and must be used for the housing rehabilitation loans described above, except that the bill makes a number of changes to that housing rehabilitation loan program, including the following:

1. Rather than being constructed before 1980, the applicant's home must have been constructed at least 40 years prior to the date of the applicant's application for a housing rehabilitation loan. Additionally, the bill specifies that the home must be the applicant's primary residence.

2. The loan term may not exceed 15 years.

3. The authority may not charge zero interest on a loan.

4. The amount of the loan may not exceed \$50,000 or 125 percent of the assessed value of the applicant's home after completion of the eligible rehabilitation.

5. The applicant may not have another housing rehabilitation loan pending with the authority at the time of application.

6. The applicant must agree to the terms of the loan, including a requirement to repay the loan by making monthly principal and interest payments so that the loan, including all interest, is fully repaid within the term established for the loan, a requirement to repay the loan, including all interest, upon the applicant selling or otherwise transferring title to the residence to another person, and all other terms established by WHEDA.

The bill also adds the following activities to those activities eligible for a housing rehabilitation loan:

1. An internal plumbing system. Current law includes a "plumbing system."

2. The removal of asbestos or other internal environmental contamination in addition to lead paint, which is included under current law.

3. The repairing or replacing of an interior wall or ceiling or flooring, in addition to a number of other activities included under current law.

Because this bill may increase or decrease, directly or indirectly, the cost of the development, construction, financing, purchasing, sale, ownership, or availability of housing in this state, the Department of Administration, as required by law, will prepare a report to be printed as an appendix to this bill.

For further information see the state fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 234.045 (1) (intro.) of the statutes is amended to read:

2 234.045 (1) **DEFINITION.** (intro.) In this section, "eligible rehabilitation" means

3 an improvement to housing to maintain the housing in a decent, safe, and sanitary

4 condition or to restore it to that condition if the improvement is the removal of lead

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1 paint or asbestos or other internal environmental contamination or constitutes a
2 structural improvement, including any of the following:

3 **SECTION 2.** 234.045 (1) (a) of the statutes is amended to read:

4 234.045 (1) (a) Repairing or replacing a heating system, electrical system,
5 internal plumbing system, interior wall or ceiling, roof, window, or exterior door, or
6 flooring.

7 **SECTION 3.** 234.045 (2) (a) 2. of the statutes is amended to read:

8 234.045 (2) (a) 2. The applicant's home is a single-family residence that the
9 applicant occupies as the applicant's primary residence and that was constructed
10 before 1980 at least 40 years prior to the date of the applicant's loan application.

11 **SECTION 4.** 234.045 (2) (a) 3. of the statutes is amended to read:

12 234.045 (2) (a) 3. The applicant agrees to the terms of the loan, including a
13 requirement to repay the loan by making monthly principal and interest payments
14 so that the loan, including all interest, is fully repaid within the loan term
15 established under subd. 4., a requirement to repay the loan, including all interest,
16 upon the applicant selling or otherwise transferring title to the residence to another
17 person or upon the applicant and his or her family vacating the residence, and all
18 other terms established by the authority.

19 **SECTION 5.** 234.045 (2) (a) 4. to 6. of the statutes are created to read:

20 234.045 (2) (a) 4. The loan term does not exceed 15 years.

21 5. The amount of the loan does not exceed \$50,000 or 125 percent of the assessed
22 value of the residence after completion of the eligible rehabilitation, whichever is
23 less.

24 6. The applicant does not have another loan under this section pending with
25 the authority at the time of application.

ASSEMBLY BILL 267**SECTION 6**

1 **SECTION 6.** 234.045 (2) (b) of the statutes is amended to read:

2 234.045 **(2)** (b) The authority may establish an interest rate for any loan made
3 under par. (a) below the market interest rate ~~or may charge no interest~~ but more than
4 zero.

5 **SECTION 7.** 234.53 (1m) of the statutes is created to read:

6 234.53 **(1m)** (a) All of the following shall be credited to the fund:

7 1. All moneys appropriated to the authority for the fund in the 2023-25 fiscal
8 biennium.

9 2. All moneys received from the repayment of loans under s. 234.045.

10 (b) All moneys credited to the fund under par. (a) shall be used for loans
11 awarded under s. 234.045.

12 (c) Of the amounts credited to the fund under par. (a) 1., the authority shall
13 return to the secretary of administration for deposit in the general fund all such
14 amounts not encumbered or expended for eligible rehabilitation, as defined in s.
15 234.045 (1), as of the first day of the 8th year beginning after the effective date of this
16 paragraph [LRB inserts date].

17 **SECTION 8.** 234.53 (2) of the statutes is amended to read:

18 234.53 **(2)** Except as provided in ~~sub.~~ subs. (1m) and (2m) and s. 234.045, the
19 authority shall use moneys in the fund for the purpose of purchasing housing
20 rehabilitation loans or for funding commitments for loans to lenders for housing
21 rehabilitation loans. All disbursements of funds under this subsection for
22 purchasing such loans shall be made payable to an authorized lender, as defined in
23 s. 234.49 (1) (b), or a duly authorized agent thereof.

24 **SECTION 9.** 234.53 (2m) of the statutes is amended to read:

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1 234.53 **(2m)** The Except for moneys credited to the fund under sub. (1m), the
2 authority may use moneys in the fund for the purpose of funding or purchasing loans
3 under any down payment assistance program established by the authority.

4 **SECTION 10.** 234.53 (4) of the statutes is amended to read:

5 234.53 **(4)** The Except for moneys credited to the fund under sub. (1m), the
6 authority may use moneys in the fund to cover actual and necessary expenses
7 incurred in the sale of housing rehabilitation bonds and investment of the proceeds
8 thereof.

9 **SECTION 11.** 234.53 (5) of the statutes is amended to read:

10 234.53 **(5)** Any Except for moneys credited to the fund under sub. (1m), any
11 moneys not needed for the purposes of the fund shall be transferred to the housing
12 rehabilitation loan program bond redemption fund.

13

(END)