



State of Wisconsin
2021 - 2022 LEGISLATURE

LRB-4272/1
EKL:cde

2021 SENATE BILL 500

August 5, 2021 - Introduced by Senators AGARD, JOHNSON, ROYS, LARSON and WIRCH, cosponsored by Representatives HONG, SHELTON, HEBL, BALDEH, SNODGRASS, MOORE OMOKUNDE, CONLEY, ANDRACA, NEUBAUER, STUBBS, POPE, SINICKI, CABRERA, SPREITZER, SUBECK, EMERSON, BOWEN, S. RODRIGUEZ and SHANKLAND. Referred to Committee on Housing, Commerce and Trade.

1 **AN ACT to amend** 234.60 (title), (1) and (9); and **to create** 234.595 of the statutes;
2 **relating to:** WHEDA pilot program to make grants to counties for down
3 payment assistance.

Analysis by the Legislative Reference Bureau

This bill directs the Wisconsin Housing and Economic Development Authority to establish a pilot program to award grants to three counties that the counties will then distribute as down payment assistance to individuals for the purchase of a principal residence. Under the bill, the amount of down payment assistance to each individual is limited to \$15,000 and the total amount of grants WHEDA may award is \$2,000,000.

Under the bill, a county that wants to participate in the program must file an application with WHEDA. The bill directs WHEDA to award grants based on criteria determined by the authority that includes the county showing it will use the grants to provide down payment assistance to individuals who meet the following conditions:

1. The individual's household income does not exceed 300 percent of the federal poverty line.
2. The individual will use the monies to make a down payment on the purchase of a principal residence for the individual in the county.
3. The individual completes a financial education program approved by WHEDA.

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4. The individual agrees to pay back the assistance if he or she does not maintain the residence as his or her principal residence for a period of at least five years.

An individual who wants to receive down payment assistance must apply to the county. Upon the applicant's showing to the county's satisfaction that the above conditions are met, the county must approve the application and hold the amount of down payment assistance awarded in a restricted account for that individual for a period of up to nine months. The county must pay the account's funds to the individual upon his or her purchase of the principal residence. If the individual does not purchase a principal residence by the end of the nine-month period, the county may use the funds to provide down payment assistance to another applicant.

Under the bill, if an individual who receives down payment assistance fails to maintain the residence as his or her principal residence for a period of at least five years, the individual must pay back the assistance to the county. The county may use the monies to make an award to another applicant.

For further information see the state and local 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.** 234.595 of the statutes is created to read:

2 **234.595 County grants for down payment assistance. (1) DEFINITION.** In
3 this section, "principal residence" has the meaning given in s. 234.59 (1) (j).

4 **(2) ESTABLISHMENT OF PROGRAM.** The authority shall establish and administer
5 a pilot program to award grants to 3 counties to be used to provide down payment
6 assistance to individuals for the purchase of a principal residence. The total amount
7 of grants awarded under the program may not exceed \$2,000,000.

8 **(3) APPLICATION PROCESS.** A county that desires to participate in the program
9 established under sub. (2) shall file an application with the authority on a form
10 prescribed by the authority. The authority shall award grants to 3 counties based
11 on criteria determined by the authority that includes showing, to the authority's
12 satisfaction, that the county will use the monies as prescribed under sub. (4).

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1 **(4) DOWN PAYMENT ASSISTANCE TO HOMEBUYERS.** (a) A county that receives a
2 grant under the program established under sub. (2) shall use the monies to provide
3 down payment assistance to individuals who meet all of the following conditions:

4 1. The individual's household income does not exceed 300 percent of the poverty
5 line, as defined in s. 49.001 (5), for a family the size of the individual's family.

6 2. The individual will use the monies received from the county to make a down
7 payment on the purchase of a residence that is the individual's principal residence
8 and is located in the county.

9 3. The individual completes a financial education program approved by the
10 authority.

11 4. The individual agrees to pay back the monies received from the county if the
12 individual does not maintain the residence described in subd. 2. as his or her
13 principal residence for a period of at least 5 years.

14 (b) An individual who desires to receive down payment assistance from a
15 county under par. (a) shall apply to the county on a form prescribed by the authority.
16 Upon the showing by the individual to the county's satisfaction that the conditions
17 in par. (a) 1. to 3. are met, the county shall approve the individual's application and
18 shall hold the down payment assistance awarded to the individual in a restricted
19 account for a period of up to 9 months. The county shall pay the monies in the account
20 to the individual upon the individual's purchase of a principal residence. If the
21 individual does not purchase a principal residence by the end of the 9-month period,
22 the county may use the monies in the account to make an award to another applicant
23 under this paragraph.

24 (c) If an individual to whom down payment assistance is provided under this
25 subsection fails to maintain the residence for which the assistance is provided as his

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1 or her principal residence for a period of at least 5 years, the individual shall pay an
2 amount equal to the down payment assistance to the county. The county may use the
3 monies to make an award to another applicant under par. (b).

4 (5) POLICIES AND PROCEDURES. The authority shall establish policies and
5 procedures to administer this section.

6 SECTION 2. 234.60 (title), (1) and (9) of the statutes are amended to read:

7 **234.60 (title) Bonds for homeownership mortgage loans and, qualified**
8 **subprime loan refinancing, and grants to counties for down payment**
9 **assistance.** (1) The authority may issue its bonds or notes to fund homeownership
10 mortgage loans or the refinancing of qualified subprime loans under s. 234.592 and
11 the grant program under s. 234.595.

12 (9) The executive director of the authority shall make every effort to encourage
13 participation in the homeownership mortgage loan program, the grant program
14 under s. 234.595, and the qualified subprime loan refinancing program by women
15 and minorities.

16 (END)