

1981 Senate Bill 22

Date published: August 6, 1981
Veto overruled published: October 22, 1981

CHAPTER 21, Laws of 1981
(Vetoed in Part)

AN ACT to amend 20.143 (3) (d) and (e), 234.50 (4) and (5), 234.54 (4) and 560.06 (1) (b), (d), (f) (intro.), 2 and 3, (2) (a) 4, 6 and 8 and (3); to repeal and recreate 560.06 (1) (e); and to create 234.54 (4) (c) and 560.06 (1) (d) 1 to 6 and (2) (a) 9 of the statutes, relating to changes to the housing rehabilitation loan program and decreasing appropriations and positions. Partial Veto Overruled

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

SECTION 1. 20.143 (3) (d) and (e) of the statutes are amended to read:

20.143 (3) (d) *Housing rehabilitation — aids to localities.* As a continuing appropriation, the amounts in the schedule for aid to localities, to facilitate the rehabilitation of housing under s. 560.06. No moneys may be encumbered under this paragraph after June 30, ~~1981~~ 1985, or the general effective date of the ~~1981~~ 1985 biennial budget act, whichever is later.

(e) *Housing rehabilitation — aids to organizations.* As a continuing appropriation, the amounts in the schedule for aid to organizations, to facilitate the rehabilitation of housing under s. 560.06. No moneys may be encumbered under this paragraph after June 30, ~~1981~~ 1985, or the general effective date of the ~~1981~~ 1985 biennial budget act, whichever is later.

SECTION 2. 234.50 (4) and (5) of the statutes are amended to read:

234.50 (4) The limitations established in s. 234.18 or 234.40 are not applicable to bonds issued under the authority of this section. The authority may not have outstanding at any one time bonds for certified housing rehabilitation loans in an aggregate principal amount exceeding ~~\$25,000,000~~ \$100,000,000, excluding bonds being issued to refund outstanding bonds. The authority shall consult with and coordinate the issuance of bonds with the state building commission prior to the issuance of bonds.

(5) No bonds may be issued under the authority of this section after June 30, ~~1981~~ 1985, or the general effective date of the ~~1981~~ 1985 biennial budget act, whichever is later, excluding bonds being issued to refund outstanding bonds. The application of this subsection does not affect the validity and continuance of the pledge and agreement of the state under s. 234.19.

SECTION 4. 234.54 (4) of the statutes is amended to read:

234.54 (4) (a) To assure the continued operation and solvency of the authority for the carrying out of the public purposes of this chapter, the authority shall accumulate in the capital reserve fund an amount equal to the capital reserve fund requirement for such fund.

(b) If at any time the capital reserve fund requirement for the capital reserve fund exceeds the amount of such capital reserve fund, the chairperson of the authority shall certify to the secretary of administration, the governor and the joint committee on finance the amount necessary to restore such capital reserve fund to an amount equal to the capital reserve fund requirement in respect thereto. If such certification is received by the secretary of administration in an even-numbered year prior to the completion of the budget compilation under s. 16.43, the secretary shall include the certified amount in the budget compilation. In any case, the joint committee on finance shall introduce in either house, in bill form, an appropriation of the amount so certified to the capital reserve fund. Recognizing its moral obligation to do so, the legislature hereby expresses its expectation and aspiration that, if ever called upon to do so, it shall make such appropriation.

SECTION 5. 234.54 (4) (c) of the statutes is created to read:

234.54 (4) (c) Paragraph (b) applies only to bonds issued before December 31, 1983.

SECTION 6. 560.06 (1) (b) and (d) of the statutes are amended to read:

560.06 (1) (b) "Authorized lender" means any lender authorized under sub. (2) (a) 4 to make or service housing rehabilitation loans but does not include a person licensed under s. 138.09.

(d) "Eligible rehabilitation" means additions, alterations or repairs of housing to maintain it in a decent, safe and sanitary condition or to restore it to that condition, to reduce the cost of owning or occupying dwelling units, to conserve energy and to extend the economic or physical life of structures, but does not include any of the following:

SECTION 7. 560.06 (1) (d) 1 to 6 of the statutes are created to read:

560.06 (1) (d) 1. New garage construction.

2. Construction of fireplaces, except for necessary repairs or the addition of permanently attached energy efficient equipment to an existing fireplace.

3. Construction of porches, except existing porches may be repaired or winterized and entryways may be constructed for the purpose of energy conservation.

4. Decks, patios, fencing or landscaping.

5. Sidewalks and the paving of driveways, except for repairs to existing sidewalks or driveways.

6. Home appliances.

SECTION 7m. 560.06 (1) (e) of the statutes is repealed and recreated to read:

560.06 (1) (e) "Housing" means a residential structure having not more than 4 dwelling units in which at least one unit is occupied by the owner as a principal residence and:

1. The structure was first occupied as a residence at least 10 years before a housing rehabilitation loan for the property is granted; or

2. The structure is not subject to rules adopted under s. 101.63 or 101.73, if a housing rehabilitation loan is granted for the property to implement energy conservation improvements.

SECTION 8. 560.06 (1) (f) (intro.), 2 and 3 and (2) (a) 4, 6 and 8 of the statutes are amended to read:

560.06 (1) (f) (intro.) "Housing rehabilitation loan" means a loan to finance eligible rehabilitation. The maximum amount of any such loan outside of designated reinvestment neighborhoods or areas as defined in s. 66.465 may not exceed \$7,500 for a structure with one dwelling unit and \$5,000 per dwelling unit for a structure with 2 to 4 dwelling

units, and the maximum amount of any such loan in designated reinvestment neighborhoods or areas may not exceed \$10,000 for a structure with one dwelling unit and \$7,500 per dwelling unit for a structure with 2 to 4 dwelling units, except that the department may increase such limits in any calendar year after May 19, 1978 by an amount not exceeding a 10% annual rate of increase. On and after the effective date of this act (1981), the maximum amount of a housing rehabilitation loan may not exceed \$15,000. The term of any loan to finance eligible rehabilitation, the repayment of which is made in monthly or other periodic instalments, may not exceed 15 years. Housing rehabilitation loans include:

2. "Low interest loans" which are loans that meet or exceed the rate of interest required to pay the costs incurred by the authority for making and servicing such loans, but do not exceed the rate of interest specified in sub. (2) (a) 6. No low interest or other loan may be made to a person or family whose income exceeds 120% of the median income for a family of 4 in the person's or family's county of residence, except that in a designated reinvestment neighborhood or area as defined in s. 66.465 no low interest loan at the highest rate of interest authorized by this subdivision may be made to a person or family whose income exceeds ~~120%~~ 140% of the median income for a family of 4 in the person's or family's county of residence, and except that the department may increase or decrease the income limit for low interest loans by no more than 10% of the limit for each person more or less than 4.

3. "Negative interest loans" which are loans that bear a rate of interest, including a zero rate, less than the rate required to pay the costs incurred by the authority for making and servicing such loans. No negative interest loan may be made to a person or family whose income exceeds ~~80%~~ of the median income in the person's or family's county of residence for a family of 4, except that the department may increase or decrease the income limit by no more than 10% of the limit for each person more or less than 4.

(2) (a) 4. To designate as an authorized lender any bank, savings and loan institution, mortgage banker or credit union which has a demonstrated history or potential of ability to adequately make and service housing rehabilitation loans.

6. To enter into contracts or agreements with authorized lenders, sponsors, and the authority providing for the maximum and minimum acceptable rates of interest to be charged for various classifications of housing rehabilitation loans, including a zero rate, in accordance with sub. (1) (f). In no event may the stated rate of interest on any housing rehabilitation loan under this section exceed the greater of 8% per year or ~~2%~~ 3% plus the rate necessary to fully repay interest and principal on housing rehabilitation loan program bonds issued pursuant to s. 234.50.

8. ~~To set such other standards and devise such~~ adopt rules and forms as are necessary to effectuate the rehabilitation program or to facilitate the marketing of bonds issued under s. 234.50.

SECTION 9. 560.06 (2) (a) 9 of the statutes is created to read:

560.06 (2) (a) 9. To specify a rate of interest for a housing rehabilitation loan which is lower than the ordinary current rate for housing rehabilitation loans, if a substantial portion of the loan proceeds will be used for any of the following:

- a. Energy conservation improvements.
- b. The repair or replacement of a heating system, electrical system, plumbing system, foundation or roof.
- c. Other necessary structural repairs.
- d. The authentic renovation of a building listed in the register as defined in s. 44.22 (2) (d), if the building is located on its original site.

SECTION 10. 560.06 (3) of the statutes is amended to read:

560.06 (3) This section does not apply after June 30, 1981 1985, or the general effective date of the 1981 1985 biennial budget act, whichever is later. The application of this subsection does not affect the validity and continuance of the pledge and agreement of the state under s. 234.19, or any agreements or contracts of the department in respect to or in connection with any outstanding housing rehabilitation loan.

Partial
Veto
Overruled

SECTION 11. Appropriation changes; development. *The appropriation to the department of development under section 20.143 (3) (a) of the statutes, as affected by the laws of 1981, is decreased by \$28,000 for fiscal year 1981-82 and by \$28,000 for fiscal year 1982-83 and the authorized FTE positions for the department of development are decreased one GPR position to eliminate the sponsor liaison for the housing rehabilitation program under section 560.06 of the statutes.*