

2003 SENATE BILL 497

February 26, 2004 – Introduced by Senators STEPP and MOORE, cosponsored by Representatives WIECKERT and MORRIS, by request of The Wisconsin Housing and Economic Development Authority. Referred to Committee on Economic Development, Job Creation and Housing.

1 **AN ACT** *to repeal* 234.18 (3), 234.49 (1) (d) 2., 234.49 (1) (d) 4., 234.49 (1) (d) 6.,
2 234.49 (1) (e) 1., 234.59 (1) (g), 234.59 (3) (a) and 234.59 (3) (b) 2.; *to renumber*
3 234.59 (3) (e); *to renumber and amend* 234.18 (1), 234.49 (1) (d) (intro.),
4 234.49 (1) (f) (intro.), 234.49 (1) (f) 2. and 234.59 (3) (b) 1.; *to consolidate,*
5 *renumber and amend* 234.49 (1) (e) (intro.) and 2.; and *to amend* 101.143 (4)
6 (em) 2., 234.01 (7m), 234.265 (2), 234.40 (4), 234.49 (1) (c) 2., 234.49 (1) (g),
7 234.50 (4), 234.60 (2), 234.61 (1), 234.65 (1) (b) and 234.66 (3) (b) of the statutes;
8 **relating to:** various modifications to housing loan programs and increasing
9 the bonding authority of the Wisconsin Housing and Economic Development
10 Authority.

Analysis by the Legislative Reference Bureau

The Wisconsin Housing and Economic Development Authority (WHEDA) administers a number of housing and economic development programs, including a Housing Rehabilitation Program and a Homeownership Mortgage Loan Program. Under the Housing Rehabilitation Program, WHEDA may purchase from authorized lenders loans made for housing rehabilitation. Currently, housing

SENATE BILL 497

rehabilitation loans may be used for additions, alterations, or repairs to a structure that was first occupied as a residence at least ten years earlier, but decks, patios, fencing, landscaping, home appliances, and fireplaces are specifically excluded. This bill eliminates both the requirement that the structure was first occupied as a residence at least ten years before the granting of the loan and the exclusions, except for decks and patios.

Also under the Housing Rehabilitation Program, loans generally may be made only to persons or families with incomes that do not exceed 120 percent of the median family income of the county in which the residence is located. This bill changes the income limitation to 120 percent of the median family income of the area in which the residence is located or of the state, whichever is greater.

Under the Homeownership Mortgage Loan Program, WHEDA contracts with authorized lenders to make or service loans for the construction, long-term financing, or rehabilitation of residential property. WHEDA may insure or provide additional security for the loans. Currently, a loan may not exceed the lesser of 97 percent of the purchase price of the property or 97 percent of the appraised value of the property. A person who receives a loan, generally, may not have income that exceeds 110 percent of the median income of the county in which the property is located. This bill removes the loan limit and the requirement for an appraisal of the property. The bill also changes the income limit so that it is consistent with a provision of federal law that, generally, requires a mortgagor's income to be 115 percent or less of the median income for the area in which the residence is located or for the state, whichever is greater.

Under current law, the outstanding principal amount of bonds and notes that WHEDA may issue for its corporate purposes may not exceed \$325,000,000 in the aggregate. This bill increases that amount to \$475,000,000. In addition, the bill removes the requirement in current law that WHEDA must employ the Building Commission as its financial consultant to assist and coordinate the issuance of WHEDA's notes and bonds.

Under current law, records consisting of personal or financial information provided by persons seeking assistance under a number of WHEDA's programs are confidential. This bill makes the technical correction of adding WHEDA's loan program for housing projects for low-income and moderate-income persons and families to the list of programs for which these records are confidential.

Because this bill directly or substantially affects the development, construction, cost or availability of housing in this state, the Department of Commerce, as required by law, will prepare a report to 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.** 101.143 (4) (em) 2. of the statutes is amended to read:

SENATE BILL 497

1 101.143 (4) (em) 2. The department shall issue the award under this paragraph
2 without regard to fault for each home oil tank system in an amount equal to 75% of
3 the amount of the eligible costs, except that, if the home oil tank system is owned by
4 a nonprofit organization that provides housing assistance to families with incomes
5 below 80% of the median family income, as defined in s. 234.49 (1) (g) determined
6 annually by the U.S. department of housing and urban development for each county
7 in the state, of the county in which the home oil tank system is located, then the
8 award shall equal 100% of the amount of the eligible costs. The department shall
9 recalculate any award made to such a nonprofit organization under this paragraph
10 before May 7, 1994, based on 100% of eligible costs and shall issue an award for the
11 difference between the award as recalculated and the award issued before May 7,
12 1994.

13 **SECTION 2.** 234.01 (7m) of the statutes is amended to read:

14 234.01 (7m) “Housing rehabilitation loan” means a low interest housing
15 rehabilitation loan as defined in s. 234.49 (1) (f) and (fm).

16 **SECTION 3.** 234.18 (1) of the statutes is renumbered 234.18 and amended to
17 read:

18 **234.18 Limit on amount of outstanding bonds and notes.** The authority
19 shall not have outstanding at any one time notes and bonds for any of its corporate
20 purposes in an aggregate principal amount exceeding \$325,000,000 \$475,000,000,
21 excluding bonds and notes issued to refund outstanding notes and bonds.

22 **SECTION 4.** 234.18 (3) of the statutes is repealed.

23 **SECTION 5.** 234.265 (2) of the statutes is amended to read:

24 234.265 (2) Records or portions of records consisting of personal or financial
25 information provided by a person seeking a grant or loan under s. 234.04, 234.08,

SENATE BILL 497**SECTION 5**

1 234.49, 234.59, 234.61, 234.65, 234.67, 234.83, 234.84, 234.90, 234.905, 234.907, or
2 234.91, seeking a loan under ss. 234.621 to 234.626, seeking financial assistance
3 under s. 234.66, seeking investment of funds under s. 234.03 (18m), or in which the
4 authority has invested funds under s. 234.03 (18m), unless the person consents to
5 disclosure of the information.

6 **SECTION 6.** 234.40 (4) of the statutes is amended to read:

7 234.40 (4) The limitations established in ss. 234.18 (1), 234.50, 234.60, 234.61,
8 234.65, and 234.66 are not applicable to bonds issued under the authority of this
9 section. The authority may not have outstanding at any one time bonds for veterans
10 housing loans in an aggregate principal amount exceeding \$61,945,000, excluding
11 bonds being issued to refund outstanding bonds.

12 **SECTION 7.** 234.49 (1) (c) 2. of the statutes is amended to read:

13 234.49 (1) (c) 2. A family who or which falls within the income limits specified
14 in par. (f) (fm).

15 **SECTION 8.** 234.49 (1) (d) (intro.) of the statutes is renumbered 234.49 (1) (d)
16 and amended to read:

17 234.49 (1) (d) “Eligible rehabilitation” means additions, alterations, or repairs
18 of to housing to maintain it in a decent, safe, and sanitary condition or to restore it
19 to that condition, to reduce the cost of owning or occupying dwelling units, to
20 conserve energy, and to extend the economic or physical life of structures, but does
21 not include ~~any of the following:~~ decks or patios.

22 **SECTION 9.** 234.49 (1) (d) 2. of the statutes is repealed.

23 **SECTION 10.** 234.49 (1) (d) 4. of the statutes is repealed.

24 **SECTION 11.** 234.49 (1) (d) 6. of the statutes is repealed.

SENATE BILL 497

1 **SECTION 12.** 234.49 (1) (e) (intro.) and 2. of the statutes are consolidated,
2 renumbered 234.49 (1) (e) and amended to read:

3 234.49 (1) (e) “Housing” means a residential structure having not more than
4 4 dwelling units in which at least one unit is occupied by the owner as a principal
5 residence and: ~~2. The, if a housing rehabilitation loan is granted for the property~~
6 ~~to implement energy conservation improvements, the structure is not subject to rules~~
7 adopted under s. 101.63, 101.73, or 101.973, ~~if a housing rehabilitation loan is~~
8 ~~granted for the property to implement energy conservation improvements.~~

9 **SECTION 13.** 234.49 (1) (e) 1. of the statutes is repealed.

10 **SECTION 14.** 234.49 (1) (f) (intro.) of the statutes is renumbered 234.49 (1) (f)
11 and amended to read:

12 234.49 (1) (f) “Housing rehabilitation loan” means a loan to finance eligible
13 rehabilitation or a property tax deferral loan. The maximum amount of a housing
14 rehabilitation loan, except a property tax deferral loan, is \$17,500. The term of any
15 housing rehabilitation loan, except a property tax deferral loan, the repayment of
16 which is made in monthly or other periodic installments, may not exceed 15 years.
17 Housing rehabilitation loans, except property tax deferral loans, include: low
18 interest loans.

19 **SECTION 15.** 234.49 (1) (f) 2. of the statutes is renumbered 234.49 (1) (fm) and
20 amended to read:

21 234.49 (1) (fm) “Low interest loans” ~~which are~~ means loans that meet or exceed
22 the rate of interest required to pay the costs incurred by the authority for making and
23 servicing such loans, but do not exceed the rate of interest specified in sub. (2) (a) 6.
24 No low interest or other loan may be made to a person or family whose income exceeds
25 120% of the median income for a family of 4 ~~in the person’s or family’s county of~~

SENATE BILL 497**SECTION 15**

1 residence, except that in a designated reinvestment neighborhood or area as defined
2 in s. 66.1107 no low interest loan at the highest rate of interest authorized by this
3 ~~subdivision~~ paragraph may be made to a person or family whose income exceeds
4 140% of the median income for a family of 4 ~~in the person's or family's county of~~
5 residence, and except that the authority may increase or decrease the income limit
6 for low interest loans by no more than 10% of the limit for each person more or less
7 than 4.

8 **SECTION 16.** 234.49 (1) (g) of the statutes is amended to read:

9 234.49 (1) (g) "Median income" means the median family income as determined
10 annually by the U.S. department of housing and urban development for the area in
11 which the residence is located or the median family income for each county in the
12 state, whichever is greater.

13 **SECTION 17.** 234.50 (4) of the statutes is amended to read:

14 234.50 (4) The limitations established in ss. 234.18 (1), 234.40, 234.60, 234.61,
15 234.65, and 234.66 are not applicable to bonds issued under the authority of this
16 section. The authority may not have outstanding at any one time bonds for housing
17 rehabilitation loans in an aggregate principal amount exceeding \$100,000,000,
18 excluding bonds being issued to refund outstanding bonds. The authority shall
19 consult with and coordinate the issuance of bonds with the building commission prior
20 to the issuance of bonds.

21 **SECTION 18.** 234.59 (1) (g) of the statutes is repealed.

22 **SECTION 19.** 234.59 (3) (a) of the statutes is repealed.

23 **SECTION 20.** 234.59 (3) (b) 1. of the statutes is renumbered 234.59 (3) (bc), and
24 234.59 (3) (bc) 1., as renumbered, is amended to read:

SENATE BILL 497

1 234.59 (3) (bc) 1. Except as provided in subd. ~~1. c.~~ 3., a homeownership
2 mortgage loan may not be made to an applicant if the applicant's income combined,
3 except as provided in subd. 1. b., with the income from all sources of all persons who
4 intend to occupy the same dwelling unit as that applicant, exceeds 110% of the
5 median income of the county where the eligible property is located if the eligible
6 property is not a targeted area residence or exceeds 140% of the median income of
7 the county where the eligible property is located if the eligible property is a targeted
8 area residence exceeds the applicable level specified under 26 USC 143 (f).

9 **SECTION 21.** 234.59 (3) (b) 2. of the statutes is repealed.

10 **SECTION 22.** 234.59 (3) (e) of the statutes is renumbered 234.59 (3) (d).

11 **SECTION 23.** 234.60 (2) of the statutes is amended to read:

12 234.60 (2) The limitations in ss. 234.18 (1), 234.40, 234.50, 234.61, 234.65, and
13 234.66 do not apply to bonds or notes issued under this section.

14 **SECTION 24.** 234.61 (1) of the statutes is amended to read:

15 234.61 (1) Upon the authorization of the department of health and family
16 services, the authority may issue bonds or notes and make loans for the financing of
17 housing projects which are residential facilities as defined in s. 46.28 (1) (d) and the
18 development costs of those housing projects, if the department of health and family
19 services has approved the residential facilities for financing under s. 46.28 (2). The
20 limitations in ss. 234.18 (1), 234.40, 234.50, 234.60, 234.65, and 234.66 do not apply
21 to bonds or notes issued under this section. The definition of "nonprofit corporation"
22 in s. 234.01 (9) does not apply to this section.

23 **SECTION 25.** 234.65 (1) (b) of the statutes is amended to read:

24 234.65 (1) (b) The limits in ss. 234.18 (1), 234.40, 234.50, 234.60, 234.61, and
25 234.66 do not apply to bonds or notes issued under this section.

