

2005 DRAFTING REQUEST

Bill

Received: **03/13/2005**

Received By: **csundber**

Wanted: **As time permits**

Identical to LRB:

For: **Steve Wieckert (608) 266-3070**

By/Representing:

This file may be shown to any legislator: **NO**

Drafter: **csundber**

May Contact:

Addl. Drafters:

Subject: **Econ. Development - housing**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Wieckert@legis.state.wi.us**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

WHEDA home program: revise income limit guidelines to match federal guidelines

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	csundber 05/31/2005	jdye 06/02/2005		_____			Housing
/1			rschluet 06/02/2005	_____	sbasford 06/02/2005	Inorthro 06/14/2005	

FE Sent For:

<END>

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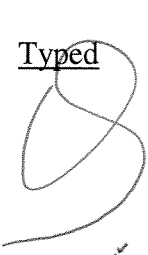
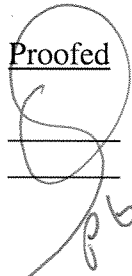
Topic:

WHEDA home program: revise income limit guidelines to match federal guidelines

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/?	csundber	1/2 jld					

FE Sent For:


<END>

2005

Date (time) needed 6/7/05

LRB - 2422/1

BILL

CTS : jld :

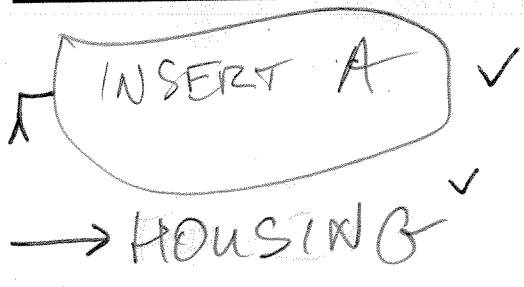
Use the appropriate components and routines developed for bills.

AN ACT . . . [generate catalog] *to repeal . . . ; to renumber . . . ; to consolidate and renumber . . . ; to renumber and amend . . . ; to consolidate, renumber and amend . . . ; to amend . . . ; to repeal and recreate . . . ; and to create . . .* of the statutes; relating to: income limits under the Wisconsin Housing and Economic Development Authority's homeownership mortgage loan program.

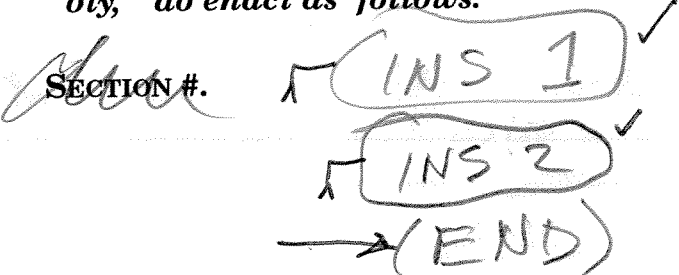
[NOTE: See section 4.02 (2) (br), Drafting Manual, for specific order of standard phrases.]

Analysis by the Legislative Reference Bureau

- If titles are needed in the analysis, in the component bar:
 - For the main heading, execute: create → anal: → title: → head
 - For the subheading, execute: create → anal: → title: → sub
 - For the sub-subheading, execute: create → anal: → title: → sub-sub
- For the analysis text, in the component bar:
 - For the text paragraph, execute: create → anal: → text



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



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1 development reserve fund, eliminating the transfer to the general fund from
 2 the Wisconsin development reserve fund, and removing limitations on
 3 WHEDA's authority to acquire property.

Analysis by the Legislative Reference Bureau

The Wisconsin Housing and Economic Development Authority (WHEDA) administers a number of housing and economic development programs. Under the Housing Rehabilitation Program, WHEDA may purchase from authorized lenders loans made for housing rehabilitation. Currently, housing 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 the requirement that the structure was first occupied as a residence at least ten years before the granting of the loan and deletes the exclusions for decks, patios, fencing, certain energy-efficient home appliances, and landscaping.

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. Current law generally limits the amount of a housing rehabilitation loan to \$17,500, with a maximum term of 15 years. 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. The bill also eliminates the caps on the amount and maximum term of housing rehabilitation loans.

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-to-value 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. Also under the Homeownership Mortgage Loan Program, WHEDA provides assistance for the acquisition or rehabilitation of a duplex only if the duplex is a new structure, will be occupied in part by the owner, and is a "targeted area residence," which is defined by federal regulation and generally means a residence in an area with low average personal income. This bill eliminates the requirements that a duplex be a new structure and a targeted area residence.

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1 consult with and coordinate the issuance of bonds with the building commission prior
2 to the issuance of bonds.

3 **SECTION 19.** 234.59 (1) (d) 4. of the statutes is amended to read:

4 234.59 (1) (d) 4. A residential structure having 2 dwelling units, if one of the
5 units will be the principal residence of an applicant and if the structure is a new
6 dwelling and a targeted area residence.

7 ~~SECTION 20.~~ 234.59 (1) (g) of the statutes is repealed.

8 ~~SECTION 21.~~ 234.59 (3) (a) of the statutes is repealed.

9 ~~SECTION 22.~~ 234.59 (3) (b) 1. of the statutes is renumbered 234.59 (3) (bc), and
10 234.59 (3) (bc) 1., as renumbered, is amended to read:

11 234.59 (3) (bc) 1. Except as provided in subd. 1. ~~e.~~ 3., a homeownership
12 mortgage loan may not be made to an applicant if the applicant's income combined,
13 except as provided in subd. 1. ~~b.~~ 3., with the income from all sources of all persons who
14 intend to occupy the same dwelling unit as that applicant, exceeds 110% of the
15 median income of the county where the eligible property is located if the eligible
16 property is not a targeted area residence or exceeds 140% of the median income of
17 the county where the eligible property is located if the eligible property is a targeted
18 area residence exceeds the applicable level specified under 26 USC 143 (f).

19 ~~SECTION 23.~~ 234.59 (3) (b) 2. of the statutes is repealed. (end ins 1)

20 ~~SECTION 24.~~ 234.59 (3) (e) of the statutes is renumbered 234.59 (3) (d).

21 **SECTION 25.** 234.60 (2) of the statutes is amended to read:

22 234.60 (2) The limitations in ss. 234.18 (1), 234.40, 234.50, 234.61, 234.65, and
23 234.66 do not apply to bonds or notes issued under this section.

24 ~~SECTION 26.~~ 234.61 (1) of the statutes is amended to read:

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BILL

INS 2

1 234.93 (4m) LIMITATION ON LOAN GUARANTEES (intro.) The authority shall
2 regularly monitor the cash balance in the Wisconsin development reserve fund. The
3 authority shall ensure that the cash balance in the fund is sufficient for the following
4 purposes specified in sub. (4) (a) 1., 2., and 3.:

5 **SECTION 41. Initial applicability.**

6 (1) HOUSING REHABILITATION LOANS. The treatment of sections 234.01 (7m) and
7 234.49 (1) (c) 2., (d) (intro.), 2., 4., and 6., (e) (intro.), 1., and 2., (f) (intro.) and 2., and
8 (g) of the statutes first applies to housing rehabilitation loans for which application
9 is made on the effective date of this subsection.

10 (2) BONDING LIMIT. The repeal of section 234.18 (3) of the statutes and the
11 renumbering and amendment of section 234.18 (1) of the statutes first apply to notes
12 and bonds issued on the effective date of this subsection.

13 ~~COMP~~ ^{Fix #} (3) ~~HOMEOWNERSHIP MORTGAGE LOANS. The treatment of section 234.59 (1) (d)~~
14 ~~4. and (3) (a) and (b) 1. and 2. of the statutes first applies to homeownership mortgage~~
15 ~~loans for which application is made on the effective date of this subsection.~~ ^{THIS ACT} ^{changes}

16 (4) SMALL BUSINESS DEVELOPMENT LOAN GUARANTEE PROGRAM. The treatment of
17 section 234.83 (3) (b) and (e) of the statutes first applies to loan guarantees for which
18 application is made on the effective date of this subsection.

19 (5) FARM ASSETS REINVESTMENT MANAGEMENT LOAN GUARANTEE PROGRAM. The
20 treatment of section 234.91 (5) (b) of the statutes first applies to loan guarantees for
21 which application is made on the effective date of this act.

22 (END)

Northrop, Lori

From: Becher, Scott
Sent: Tuesday, June 14, 2005 2:00 PM
To: LRB.Legal
Subject: FW: Economic Development for Wisconsin: Rural Housing Package/Wieckert/Cosponsorship/LRB2425-1/LRB2422-1/LRB2424-1/Deadline 6-30-05

Please jacket..

From: Rep.Wieckert
Sent: Tuesday, June 14, 2005 10:23 AM
To: *Legislative All Assembly; *Legislative All Senate
Subject: Economic Development for Wisconsin: Rural Housing Package/Wieckert/Cosponsorship/LRB2425-1/LRB2422-1/LRB2424-1/Deadline 6-30-05
Importance: High

To: All Legislative Colleagues

From: Representative Steve Wieckert

Date: June 14, 2005

Re: Economic Growth for Wisconsin: Rural Housing Package

Home Improvement Loans (LRB 2425/1)

This legislation will help to provide more flexibility in offering housing rehabilitation loans to individuals around the state, and especially in rural areas.

Currently, Wisconsin can only offer housing rehabilitation loans to those families who have incomes of 120 percent of the median income of their county. In some areas, especially in low-income areas, this assistance is available only to a limited number of citizens.

This legislation allows a family to qualify for a rehab loan if their income is up to 120 percent of the state median income, as an option. Therefore, under this bill, more citizens could qualify for these types of home improvement loans.

<< OLE Object: Picture (Device Independent Bitmap) >>

Home Mortgage Loans (LRB 2422/1)

In addition, I am also proposing legislation that would apply the same principle to state agency home mortgage loans as well. It would change the income threshold from 110 percent of the county median income to 115 percent of the county or state median income. This may also be especially helpful in rural parts of Wisconsin.

<< OLE Object: Picture (Device Independent Bitmap) >>