

2005 DRAFTING REQUEST

Bill

Received: **06/27/2005**

Received By: **csundber**

Wanted: **As time permits**

Identical to LRB:

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

By/Representing: **Scott Becher**

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 modernizations and program amendments

Instructions:

companion to LRB-3257

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 06/28/2005	wjackson 06/28/2005		_____			State Housing
/1			pgreensl 06/28/2005	_____	lnorthro 06/28/2005	mbarman 07/01/2005	

FE Sent For:

<END>

sent for
↑

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/?	csundber	1 Wlj 6/28	6/28 ps ps	6/28 ps ps			

FE Sent For:

<END>

Sundberg, Christopher

From: Shepherd, Jeremy
Sent: Tuesday, June 28, 2005 9:40 AM
To: Sundberg, Christopher
Cc: Becher, Scott
Subject: WHEDA Modernization bill

Chris,

Please share LRB 3257/1 with Rep. Wieckert's office as they are going to draft an Assembly companion....

Thanks!

Jeremy J. Shepherd
Office of Senator Ted Kanavas
Wisconsin 33rd Senate District
Room 10 South, State Capitol
Madison, WI 53707-7882
(608) 266-9174

↑
stays.

2005 BILL

W: 6/28/05
Due: 6/30/05

D-N

1 AN ACT ^{Regen} ~~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), 234.59 (3) (b) 2. and 234.83 (3) (e);
3 **to renumber** 234.59 (3) (e); **to renumber and amend** 234.18 (1), 234.49 (1)
4 (d) (intro.), 234.49 (1) (f) (intro.), 234.49 (1) (f) 2. and 234.59 (3) (b) 1.; **to**
5 **consolidate, renumber and amend** 234.49 (1) (e) (intro.) and 2.; and **to**
6 **amend** 101.143 (4) (em) 2., 234.01 (7m), 234.03 (15), 234.265 (2), 234.40 (4),
7 234.49 (1) (c) 2., 234.49 (1) (g), 234.50 (4), 234.59 (1) (d) 4., 234.60 (2), 234.61 (1),
8 234.65 (1) (b), 234.66 (3) (b), 234.83 (3) (b) and 234.91 (5) (b) of the statutes;
9 **relating to:** various modifications to housing loan programs and loan
10 guarantee programs, increasing the bonding authority of the Wisconsin
11 Housing and Economic Development Authority (WHEDA), and removing
12 limitations on 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

BILL

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.

Under the Farm Assets Reinvestment Management Loan Guarantee Program, WHEDA guarantees loans to eligible farmers to finance the acquisition of agricultural equipment, facilities, land, or livestock, or improvements to facilities or land. Currently, the maximum term of a guarantee for a loan acquiring equipment or livestock or for improvements to facilities or land is five years. This bill extends that maximum term to ten years.

Under the Small Business Development Loan Guarantee Program (small business program), WHEDA guarantees loans to eligible businesses and tribal governing bodies for business expansions and start-ups. Currently, under the small business program WHEDA may not guarantee a loan for refinancing an existing debt. Current law limits loan guarantees under the small business program to the

BILL

lesser of 80 percent of the principal of the loan or \$200,000, and caps the total principal amount of a business's WHEDA-guaranteed loans at \$750,000. This bill permits WHEDA to guarantee a refinancing loan if the borrower also expands an existing business. The bill also eliminates the \$750,000 limit on the total principal amount of a business's WHEDA-guaranteed loans. As a result, a business is eligible for a small business program loan guarantee up to the lesser of 80 percent of the principal or \$200,000 per loan, but there is no limit to the total principal amount of a business's loans that WHEDA may guarantee.

Under current law, WHEDA may issue notes and bonds to finance loans to eligible sponsors of housing projects that benefit persons and families of low and moderate income. Currently, the total outstanding principal on these notes and bonds may not exceed \$325,000,000. This bill increases the \$325,000,000 limit to \$600,000,000.

Currently, WHEDA may acquire real or personal property only if WHEDA finds that low-income or moderate-income housing cannot be developed privately without an acquisition by the authority, or if the authority acquires property by reason of default. This bill eliminates these restrictions on WHEDA's authority to acquire property.

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. In addition, the bill removes the requirement in current law that WHEDA employ the Building Commission as its financial consultant to assist and coordinate the issuance of WHEDA's notes and bonds.

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.

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.** 101.143 (4) (em) 2. of the statutes is amended to read:
- 2 101.143 (4) (em) 2. The department shall issue the award under this paragraph
- 3 without regard to fault for each home oil tank system in an amount equal to 75% of
- 4 the amount of the eligible costs, except that, if the home oil tank system is owned by
- 5 a nonprofit organization that provides housing assistance to families with incomes

BILL**SECTION 1**

1 below 80% of the median family income, as ~~defined in s. 234.49 (1) (g)~~ determined
2 annually by the U.S. department of housing and urban development for each county
3 in the state, of the county in which the home oil tank system is located, then the
4 award shall equal 100% of the amount of the eligible costs. The department shall
5 recalculate any award made to such a nonprofit organization under this paragraph
6 before May 7, 1994, based on 100% of eligible costs and shall issue an award for the
7 difference between the award as recalculated and the award issued before May 7,
8 1994.

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

10 234.01 **(7m)** "Housing rehabilitation loan" means a low interest housing
11 rehabilitation loan as defined in s. 234.49 (1) (f) and (fm).

12 **SECTION 3.** 234.03 (15) of the statutes is amended to read:

13 234.03 **(15)** To acquire or contract to acquire from any person by grant,
14 purchase, or otherwise, leaseholds, real, or personal property or any interest therein,
15 ~~only when the authority finds that low- or moderate-income housing cannot be~~
16 ~~developed privately without an acquisition by the authority, or when the authority~~
17 ~~acquires property by reason of default by a sponsor of a residential facility, as defined~~
18 ~~in s. 46.28 (1) (d) and (e), or by an eligible sponsor; ; and to own, hold, clear, improve,~~
19 and rehabilitate and to sell, assign, exchange, transfer, convey, lease, mortgage, or
20 otherwise dispose of or encumber the same. Nothing in this chapter shall be deemed
21 to impede the operation and effect of local zoning, building, and housing ordinances
22 or ordinances relating to subdivision control, land development, fire prevention, or
23 other ordinances having to do with housing or housing development.

24 **SECTION 4.** 234.18 (1) of the statutes is renumbered 234.18 and amended to
25 read:

BILL

1 **234.18 Limit on amount of outstanding bonds and notes.** The authority
2 shall ~~may not have outstanding at any one time issue~~ notes and bonds for any of its
3 corporate purposes in an ~~that are secured by a capital reserve fund to which s. 234.15~~
4 ~~(4) applies if, upon issuance, the total~~ aggregate outstanding principal amount
5 exceeding \$325,000,000, excluding of notes and bonds that are secured by a capital
6 reserve fund to which s. 234.15 (4) applies would exceed \$600,000,000. This section
7 does not apply to bonds and notes issued to refund outstanding notes and bonds.

8 **SECTION 5.** 234.18 (3) of the statutes is repealed.

9 **SECTION 6.** 234.265 (2) of the statutes is amended to read:

10 234.265 (2) Records or portions of records consisting of personal or financial
11 information provided by a person seeking a grant or loan under s. 234.04, 234.08,
12 234.49, 234.59, 234.61, 234.65, 234.67, 234.83, 234.84, 234.90, 234.905, 234.907, or
13 234.91, seeking a loan under ss. 234.621 to 234.626, seeking financial assistance
14 under s. 234.66, seeking investment of funds under s. 234.03 (18m), or in which the
15 authority has invested funds under s. 234.03 (18m), unless the person consents to
16 disclosure of the information.

17 **SECTION 7.** 234.40 (4) of the statutes is amended to read:

18 234.40 (4) The limitations established in ss. 234.18 ~~(1)~~, 234.50, 234.60, 234.61,
19 234.65, and 234.66 are not applicable to bonds issued under the authority of this
20 section. The authority may not have outstanding at any one time bonds for veterans
21 housing loans in an aggregate principal amount exceeding \$61,945,000, excluding
22 bonds being issued to refund outstanding bonds.

23 **SECTION 8.** 234.49 (1) (c) 2. of the statutes is amended to read:

24 234.49 (1) (c) 2. A family who or which falls within the income limits specified
25 in par. ~~(f)~~ (fm).

BILL**SECTION 9**

1 **SECTION 9.** 234.49 (1) (d) (intro.) of the statutes is renumbered 234.49 (1) (d)
2 and amended to read:

3 234.49 (1) (d) “Eligible rehabilitation” means additions, alterations, or repairs
4 of to housing to maintain it in a decent, safe, and sanitary condition or to restore it
5 to that condition, to reduce the cost of owning or occupying dwelling units, to
6 conserve energy, and to extend the economic or physical life of structures, “Eligible
7 rehabilitation” includes the purchase of home appliances that satisfy the energy
8 efficiency criteria established by the federal environmental protection agency for the
9 energy star designation, as determined by the authority, but does not include any of
10 the following: construction of fireplaces, except for necessary repairs or the addition
11 of permanently attached energy-efficient equipment to an existing fireplace.

12 **SECTION 10.** 234.49 (1) (d) 2. of the statutes is repealed.

13 **SECTION 11.** 234.49 (1) (d) 4. of the statutes is repealed.

14 **SECTION 12.** 234.49 (1) (d) 6. of the statutes is repealed.

15 **SECTION 13.** 234.49 (1) (e) (intro.) and 2. of the statutes are consolidated,
16 renumbered 234.49 (1) (e) and amended to read:

17 234.49 (1) (e) “Housing” means a residential structure having not more than
18 4 dwelling units in which at least one unit is occupied by the owner as a principal
19 residence and: ~~2. The, if a housing rehabilitation loan is granted for the property~~
20 ~~to implement energy conservation improvements, the structure is not subject to rules~~
21 ~~adopted under s. 101.63, 101.73, or 101.973, if a housing rehabilitation loan is~~
22 ~~granted for the property to implement energy conservation improvements.~~

23 **SECTION 14.** 234.49 (1) (e) 1. of the statutes is repealed.

24 **SECTION 15.** 234.49 (1) (f) (intro.) of the statutes is renumbered 234.49 (1) (f)
25 and amended to read:

BILL

1 234.49 (1) (f) "Housing rehabilitation loan" means a loan to finance eligible
2 rehabilitation or a property tax deferral loan. ~~The maximum amount of a housing~~
3 ~~rehabilitation loan, except a property tax deferral loan, is \$17,500. The term of any~~
4 ~~housing rehabilitation loan, except a property tax deferral loan, the repayment of~~
5 ~~which is made in monthly or other periodic installments, may not exceed 15 years.~~
6 Housing rehabilitation loans, except property tax deferral loans, include: low
7 interest loans.

8 **SECTION 16.** 234.49 (1) (f) 2. of the statutes is renumbered 234.49 (1) (fm) and
9 amended to read:

10 234.49 (1) (fm) "Low interest loans" ~~which are~~ means loans that meet or exceed
11 the rate of interest required to pay the costs incurred by the authority for making and
12 servicing such loans, but do not exceed the rate of interest specified in sub. (2) (a) 6.
13 No low interest or other loan may be made to a person or family whose income exceeds
14 120% of the median income for a family of 4 ~~in the person's or family's county of~~
15 ~~residence~~, except that in a designated reinvestment neighborhood or area as defined
16 in s. 66.1107 no low interest loan at the highest rate of interest authorized by this
17 subdivision paragraph may be made to a person or family whose income exceeds
18 140% of the median income for a family of 4 ~~in the person's or family's county of~~
19 ~~residence~~, and except that the authority may increase or decrease the income limit
20 for low interest loans by no more than 10% of the limit for each person more or less
21 than 4.

22 **SECTION 17.** 234.49 (1) (g) of the statutes is amended to read:

23 234.49 (1) (g) "Median income" means the median family income ~~as determined~~
24 ~~annually by the U.S. department of housing and urban development for the area in~~

BILL

1 which the residence is located or the median family income for each county in the
2 state, whichever is greater.

3 **SECTION 18.** 234.50 (4) of the statutes is amended to read:

4 234.50 (4) The limitations established in ss. 234.18 (1), 234.40, 234.60, 234.61,
5 234.65, and 234.66 are not applicable to bonds issued under the authority of this
6 section. The authority may not have outstanding at any one time bonds for housing
7 rehabilitation loans in an aggregate principal amount exceeding \$100,000,000,
8 excluding bonds being issued to refund outstanding bonds. The authority shall
9 consult with and coordinate the issuance of bonds with the building commission prior
10 to the issuance of bonds.

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

12 234.59 (1) (d) 4. A residential structure having 2 dwelling units, if one of the
13 units will be the principal residence of an applicant ~~and if the structure is a new~~
14 ~~dwelling and a targeted area residence.~~

15 **SECTION 20.** 234.59 (1) (g) of the statutes is repealed.

16 **SECTION 21.** 234.59 (3) (a) of the statutes is repealed.

17 **SECTION 22.** 234.59 (3) (b) 1. of the statutes is renumbered 234.59 (3) (bc), and
18 234.59 (3) (bc) 1., as renumbered, is amended to read:

19 234.59 (3) (bc) 1. Except as provided in subd. ~~1. c.~~ 3., a homeownership
20 mortgage loan may not be made to an applicant if the applicant's income combined,
21 ~~except as provided in subd. 1. b., with the income from all sources of all persons who~~
22 ~~intend to occupy the same dwelling unit as that applicant, exceeds 110% of the~~
23 ~~median income of the county where the eligible property is located if the eligible~~
24 ~~property is not a targeted area residence or exceeds 140% of the median income of~~

BILL

1 ~~the county where the eligible property is located if the eligible property is a targeted~~
2 ~~area residence~~ exceeds the applicable level specified under 26 USC 143 (f).

3 **SECTION 23.** 234.59 (3) (b) 2. of the statutes is repealed.

4 **SECTION 24.** 234.59 (3) (e) of the statutes is renumbered 234.59 (3) (d).

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

6 234.60 (2) The limitations in ss. 234.18 (1), 234.40, 234.50, 234.61, 234.65, and
7 234.66 do not apply to bonds or notes issued under this section.

8 **SECTION 26.** 234.61 (1) of the statutes is amended to read:

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

17 **SECTION 27.** 234.65 (1) (b) of the statutes is amended to read:

18 234.65 (1) (b) The limits in ss. 234.18 (1), 234.40, 234.50, 234.60, 234.61, and
19 234.66 do not apply to bonds or notes issued under this section.

20 **SECTION 28.** 234.66 (3) (b) of the statutes is amended to read:

21 234.66 (3) (b) The limits in ss. 234.18 (1), 234.40, 234.50, 234.60, 234.61, and
22 234.65 do not apply to bonds or notes issued under this section.

23 **SECTION 29.** 234.83 (3) (b) of the statutes is amended to read:

24 234.83 (3) (b) Loan proceeds are not used to refinance existing debt or for
25 entertainment expenses, expenses related to the production of an agricultural

BILL**SECTION 29**

1 commodity, as defined in s. 94.67 (2), or expenses related to a community-based
2 residential facility, except that loan proceeds may be used to refinance existing debt
3 if the borrower also expands an existing business.

4 **SECTION 30.** 234.83 (3) (e) of the statutes is repealed.

5 **SECTION 31.** 234.91 (5) (b) of the statutes is amended to read:

6 234.91 (5) (b) The term of a loan guarantee ~~for a loan made to finance the~~
7 ~~acquisition of machinery, equipment or livestock, or the cost of improvements to~~
8 ~~facilities or land, may not exceed 5 years. The term of a loan guarantee for a loan~~
9 ~~made to finance the acquisition of facilities or land~~ under this section may not exceed
10 10 years.

11 **SECTION 32. Initial applicability.**

12 (1) HOUSING REHABILITATION LOANS. The treatment of sections 234.01 (7m) and
13 234.49 (1) (c) 2., (d) (intro.), 2., 4., and 6., (e) (intro.), 1., and 2., (f) (intro.) and 2., and
14 (g) of the statutes first applies to housing rehabilitation loans for which application
15 is made on the effective date of this subsection.

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

19 (3) HOMEOWNERSHIP MORTGAGE LOANS. The treatment of section 234.59 (1) (d)
20 4. and (3) (a) and (b) 1. and 2. of the statutes first applies to homeownership mortgage
21 loans for which application is made on the effective date of this subsection.

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

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-3262/1dn

CTS:.....
hvj

Representative Wieckert:

This draft is a duplicate of LRB-1804/7² Please contact me if you have any questions.

3257/1 ✓
Christopher T. Sundberg

Legislative Attorney

Phone: (608) 266-9739

E-mail: christopher.sundberg@legis.state.wi.us

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-3262/1dn
CTS:wlj:pg

June 28, 2005

Representative Wieckert:

This draft is a duplicate of LRB-3257/1. Please contact me if you have any questions.

Christopher T. Sundberg
Legislative Attorney
Phone: (608) 266-9739
E-mail: christopher.sundberg@legis.state.wi.us

Barman, Mike

From: Barman, Mike
Sent: Wednesday, June 29, 2005 11:06 AM
To: Rep.Wieckert
Cc: Becher, Scott
Subject: LRB 05-3262/1 (attached - requested by Scott)



05-3262/1



05-3262/1dn

Mike Barman - Senior Program Asst. (PH. 608-266-3561)
(E-Mail: mike.barman@legis.state.wi.us) (FAX: 608-264-6948)

State of Wisconsin - Legislative Reference Bureau
(Legal Section - Front Office)
1 East Main, Suite 200 Madison, WI 53703

Barman, Mike

From: Becher, Scott
Sent: Friday, July 01, 2005 9:00 AM
To: LRB.Legal
Subject: FW: WHEDA Modernization / Wieckert - Young / Cosponsorship / LRB 3262 / Deadline 7-20-05

Importance: High

Please jacket it..

From: Rep.Wieckert
Sent: Thursday, June 30, 2005 7:02 PM
To: *Legislative All Assembly; *Legislative All Senate
Subject: WHEDA Modernization / Wieckert - Young / Cosponsorship / LRB 3262 / Deadline 7-20-05
Importance: High

To: All Legislators
From Representative Steve Wieckert and Representative Leon Young
Date: June 29, 2005
Re: WHEDA Modernization Legislation (LRB 3262)

WHEDA, the state's authority dedicated to providing affordable housing to the citizens of Wisconsin, has operated since the early 1980's creating over \$4 billion in **single family and multifamily home loans**. Additionally, it operates several important economic development programs **servicing both the rural and urban portions of Wisconsin**.

The statutes providing the guidelines under which WHEDA operates have not been substantially revised for nearly 10 years. However, the markets that WHEDA serves and opportunities to provide better services have certainly developed over that time.

Therefore, this legislation, the WHEDA Modernization Bill, will bring WHEDA's guidelines into the 21st century so we may better serve the citizens of this great state.

The bill will streamline regulations that currently dictate how WHEDA can assist first-time homeowners making it easier to put people into their first homes. It is estimated conservatively that this legislation **will provide \$100 million of economic stimulus and create scores of jobs**. If legislators are interested, WHEDA can provide a breakdown of the positive economic results created by the Modernization Bill broken down by county.

On the Economic Development side of WHEDA, the Modernization Bill will expand opportunities for WHEDA to provide loan guarantees while supporting **growth of small businesses and the modernization of farms**.

If you would like to cosponsor this legislation, please feel free to contact Scott Becher of my staff at 266-3070, or at scott.becher@legis.state.wi.us <<mailto:scott.becher@legis.state.wi.us>>, before July 20, 2005.

Senators Kanavas and Taylor are offering identical legislation in the Senate. Cosponsors of the Assembly will automatically be made authors of the Senate bill unless otherwise requested.

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.

Under the Farm Assets Reinvestment Management Loan Guarantee Program, WHEDA guarantees loans to eligible farmers to finance the acquisition of agricultural equipment, facilities, land, or livestock, or improvements to facilities or land. Currently, the maximum term of a guarantee for a loan acquiring equipment or livestock or for improvements to facilities or land is five years. This bill extends that maximum term to ten years.

Under the Small Business Development Loan Guarantee Program (small business program), WHEDA guarantees loans to eligible businesses and tribal governing bodies for business expansions and start-ups. Currently, under the small business program WHEDA may not guarantee a loan for refinancing an existing debt. Current law limits loan guarantees under the small business program to the lesser of 80 percent of the principal of the loan or \$200,000, and caps the total principal amount of a business's WHEDA-guaranteed loans at \$750,000. This bill permits WHEDA to guarantee a refinancing loan if the borrower also expands an existing business. The bill also eliminates the \$750,000 limit on the total principal amount of a business's WHEDA-guaranteed loans. As a result, a business is eligible for a small business program loan guarantee up to the lesser of 80 percent of the principal or \$200,000 per loan, but there is no limit to the total principal amount of a business's loans that WHEDA may guarantee.

Under current law, WHEDA may issue notes and bonds to finance loans to eligible sponsors of housing projects that benefit persons and families of low and moderate income. Currently, the total outstanding principal on these notes and bonds may not exceed \$325,000,000. This bill increases the

\$325,000,000 limit to \$600,000,000.

Currently, WHEDA may acquire real or personal property only if WHEDA finds that low-income or moderate-income housing cannot be developed privately without an acquisition by the authority, or if the authority acquires property by reason of default. This bill eliminates these restrictions on WHEDA's authority to acquire property.

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. In addition, the bill removes the requirement in current law that WHEDA employ the Building Commission as its financial consultant to assist and coordinate the issuance of WHEDA's notes and bonds. 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.

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



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