

Fiscal Estimate Narratives

WHEDA 2/19/2024

LRB Number	23-5692/1	Introduction Number	AB-1094	Estimate Type	Original
Description a workforce home loan program					

Assumptions Used in Arriving at Fiscal Estimate

Assembly Bill 1094 (AB1094) creates a new program administered by the Wisconsin Housing and Economic Development Authority (WHEDA) for the purpose of issuing loans to provide gap financing to supplement a conventional mortgage for the purchase of a single-family home in Wisconsin, with a 0% interest rate. The program would be a revolving loan fund and repayment of the loans would be used to fund additional loans.

AB1094 requires WHEDA to fund the program with \$20 million of WHEDA's general reserves to provide that gap financing. While WHEDA should be able to absorb this within the Agency's budget, the \$20 million allocation will have a substantial impact on WHEDA's existing programs which support homeownership for low- and moderate-income families and the production of affordable rental homes.

The proposal establishes eligibility criteria for applicants, a cap for the loan amount, and repayment rules based on the eligible applicant's household income under this new program. The proposal requires that an authorized lender, local housing authority, community-based organization, or other qualified local organization approved by WHEDA, must certify a loan applicant to WHEDA.

WHEDA would need three Full Time Employees (FTEs) to develop and institute this program in the Single-Family department. Depending on demand and program usage, two more FTES may be required six months later for continued support of the program, to process, underwrite, and service these loans. WHEDA estimates that technological costs for the initial program development could exceed \$70,000.

Long-Range Fiscal Implications

WHEDA cannot estimate the demand for this program but may require additional FTEs to administer the program in perpetuity, as an ongoing revolving loan fund. Without an appropriation from the State of Wisconsin, WHEDA would be required to use \$20 million of its general reserve in addition to covering all administrative, marketing, and programmatic costs, due to the statutory 0% interest rates.