

Fiscal Estimate - 2023 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 23-5986/1	Introduction Number AB-1216									
Description creating a housing cooperative conversion revolving loan fund and loan program and making an appropriation										
Fiscal Effect										
State:										
<input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate <table style="width: 100%; margin-top: 5px;"> <tr> <td style="width: 33%; padding: 2px;"><input type="checkbox"/> Increase Existing Appropriations</td> <td style="width: 33%; padding: 2px;"><input type="checkbox"/> Increase Existing Revenues</td> <td style="width: 33%; padding: 2px;"><input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget</td> </tr> <tr> <td style="padding: 2px;"><input type="checkbox"/> Decrease Existing Appropriations</td> <td style="padding: 2px;"><input type="checkbox"/> Decrease Existing Revenues</td> <td style="padding: 2px; text-align: center;"><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</td> </tr> <tr> <td style="padding: 2px;"><input type="checkbox"/> Create New Appropriations</td> <td colspan="2" style="padding: 2px;"><input type="checkbox"/> Decrease Costs</td> </tr> </table>		<input type="checkbox"/> Increase Existing Appropriations	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget	<input type="checkbox"/> Decrease Existing Appropriations	<input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Decrease Costs	
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Agency/Prepared By WHEDA/ Samantha Linden (608) 266-2921	Authorized Signature Sherry Gerondale (608) 267-1076	Date 5/3/2024								

Fiscal Estimate Narratives

WHEDA 5/3/2024

LRB Number	23-5986/1	Introduction Number	AB-1216	Estimate Type	Original
Description creating a housing cooperative conversion revolving loan fund and loan program and making an appropriation					

Assumptions Used in Arriving at Fiscal Estimate

Assembly Bill 1216 (AB1216) establishes a revolving loan fund under the jurisdiction of the Wisconsin Housing and Economic Development Authority (WHEDA), called the Housing Cooperative Conversion Revolving Loan Fund program. AB1216 includes \$25 million in General Purpose Revenue (GPR) to finance loans made under the housing cooperative conversion revolving loan fund program.

AB1216 provides WHEDA flexibility in establishing policies and procedures to create and administer the housing cooperative conversion revolving loan fund and program. AB1216 has an indeterminate demand in the market of which WHEDA is not able to provide an accurate estimate, and an indeterminate effect on affordable housing in Wisconsin. The assumptions that follow are WHEDA's best estimates at program demand, program applications, and staff workloads.

WHEDA estimates the cost to implement and administer this program and fund would be approximately \$380,000. These costs are related to additional staffing for the implementation and administration of the housing cooperative conversion revolving loan fund, review of applications, the closing of the loan, the financial servicing of the loan, and ongoing compliance monitoring. AB1216 allows WHEDA to use moneys in the fund to cover actual and necessary expenses incurred to accomplish the purposes of revolving loan program and to administer the fund.

WHEDA cannot estimate the number or amount of loans made under AB1216, without additional market analysis. Under AB1216, there is no minimum or maximum loan amount that may be awarded. WHEDA may require additional staff to develop, administer, and monitor the housing cooperative conversion revolving loan fund program. WHEDA estimates four staff would be needed, including staff in the Commercial Lending department, for program development, application review and loan underwriting and servicing, in the Risk department for the servicing of the loans and Compliance department for on-going compliance monitoring.

Long-Range Fiscal Implications

AS AB1216 requires at least 50 percent of the units within the housing cooperative to be rent-restricted and limited to tenants with incomes at or less than 80% of the area median income for as long as the housing is owned by the housing cooperative, additional staffing may be needed to complete annual reviews to ensure program requirements are being met. As the program is established and the demand is evaluated additional long-range fiscal implications will become clearer.