

Fiscal Estimate - 2023 Session

Original Updated Corrected Supplemental

LRB Number 23-1633/1		Introduction Number AB-0264	
Description residential housing infrastructure revolving loan fund and revolving loan program			
Fiscal Effect			
State:			
<input checked="" type="checkbox"/> No State Fiscal Effect			
<input type="checkbox"/> Indeterminate			
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Increase Existing Revenues	
<input type="checkbox"/> Decrease Existing Appropriations		<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriations		<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget	
		<input type="checkbox"/> Yes <input type="checkbox"/> No	
		<input type="checkbox"/> Decrease Costs	
Local:			
<input type="checkbox"/> No Local Government Costs			
<input type="checkbox"/> Indeterminate			
1. <input type="checkbox"/> Increase Costs		3. <input type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs		4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
5. Types of Local Government Units Affected			
<input type="checkbox"/> Towns		<input type="checkbox"/> Village <input type="checkbox"/> Cities	
<input type="checkbox"/> Counties		<input type="checkbox"/> Others	
<input type="checkbox"/> School Districts		<input type="checkbox"/> WTCS Districts	
Fund Sources Affected			
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS			
Affected Ch. 20 Appropriations			
Agency/Prepared By		Authorized Signature	
DOA/ Robert Albrecht (608) 264-6343		Robin Malicki (608) 264-9576	
		Date	
		6/14/2023	

Fiscal Estimate Narratives

DOA 6/14/2023

LRB Number	23-1633/1	Introduction Number	AB-0264	Estimate Type	Original
Description residential housing infrastructure revolving loan fund and revolving loan program					

Assumptions Used in Arriving at Fiscal Estimate

2023 Assembly Bill 264 would establish a residential housing infrastructure loan fund and program to be administered by the Wisconsin Housing and Economic Development Authority (WHEDA).

The program would be supported by a revolving loan fund dedicated to providing loans for eligible housing infrastructure projects that support workforce and senior housing under the program described below. Additional allowable uses of the fund include actual and necessary expenses for administration as well as marketing, which the bill would require WHEDA to create a program to conduct. WHEDA would also be permitted to invest fund moneys not required for immediate use, subject to certain restrictions, all earnings from which must be credited to the fund.

Through a semiannual application process established by WHEDA, residential housing developers may apply for a loan under the program. A loan must be awarded only to cover costs for eligible projects, which are defined as "housing infrastructure for workforce housing or senior housing," and are subject to certain conditions, which must be satisfied by both the developer and the city, village, county, or federally recognized tribe or band with jurisdiction over the project area (i.e., the "eligible governmental unit"). These conditions include: 1) that the developer and governmental unit has secured necessary financial resources for the total cost of the project in excess of the loan amount; 2) all applicable permits or other approvals have been secured; 3) the governmental unit has approved the developer's loan application; 4) if necessary, sewer or water service area plans have been amended; 5) the governmental unit has reduced the cost of residential housing in connection with the project through revising zoning ordinances, subdivision regulations, or other land development regulations to increase development density, expedite approvals, reduce impact, water connection, and inspection fees, or reduce parking, building, or other development costs related to residential housing supported by the project; 6) the governmental unit is in compliance with comprehensive planning requirements under s. 66.1001, Wis. Stats., housing affordability reports requirements under s. 66.10013, Wis. Stats., and new housing fee reports under s. 66.10014, Wis. Stats.; and 7) the governmental unit has updated the housing element of its comprehensive plan within 5 years preceding the date of the loan application.

Under the bill, WHEDA may also award loans to governmental units connected to a developer's loan under the program to cover public infrastructure costs incurred by the unit in connection to but not directly related to the project.

Under the bill, WHEDA must follow certain additional guidelines in the administration of the program, which include: 1) the interest rate for any loan awarded must be at or below the market interest rate (i.e., no-interest loans are permitted); 2) no loan may exceed 20 percent of the total cost of development including land purchase; 3) the authority must set aside 25 percent of all moneys deposited in the fund in the 2023-25 fiscal biennium for a period of not less than 4 years to be used specifically for senior housing, which the bill defines, and 30 percent over the same period for projects in municipalities with a population of 10,000 or less; and 4) if there are insufficient moneys available in the loan fund to fund all eligible applications, WHEDA would be required to prioritize projects when the governmental unit with jurisdiction has reduced the cost of residential housing for the governmental unit as a whole and not merely for residential housing connected with the project as described in the conditions above.

Under the bill, WHEDA must also divide the State into regions based on service jurisdiction of the Regional Planning Commission under current law, s. 66.0309, Wis. Stats. The remaining counties not served under these jurisdictions would constitute their own region. Additionally, WHEDA would be prohibited from awarding more than 25 percent of the total loan amount in any given application cycle. WHEDA must also establish certain policies and procedures related to loan repayment and underwriting.

The bill would also require WHEDA to submit annual reports to the Joint Committee on Finance and relevant legislative committees related to the loan program and revolving loan fund that would be established under the bill.

The bill would require that any unused authority (i.e., not encumbered or expended for an eligible project) remaining 8 years after the effective date of the bill must be returned to the Secretary of Administration for deposit in the general fund. However, the operational impact on the Department of Administration (Department) to perform this function would be minimal. There is no anticipated fiscal impact to the Department under this bill.

Long-Range Fiscal Implications