

CHAPTER 349, Laws of 1981
(Vetoed in Part)

AN ACT to repeal 560.04 (3) (b) 1 to 4; to renumber and amend 234.18 and 560.04 (3) (b) (intro.); to amend 234.02 (1) and (3), 234.03 (intro.) and (16), 234.04 (2), 234.06 (1) and (3) and 560.04 (3) (a); and to create 15.157 (3), 19.42 (10) (h) and (13) (f), 20.143 (3) (jm) and (w), 234.01 (5m), 234.02 (3m), 234.034, 234.08 (5) and (6), 234.165, 234.18 (2) and (3), 234.25 (1) (e), 234.51 (2) (am), 234.60, 560.04 (3) (c), 560.065 and 560.115 of the statutes, relating to the organization, powers and duties of the housing finance authority, the powers and duties of the department of development, creating a council on housing, granting rule-making authority and creating and making appropriations.

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

SECTION 1. Legislative declaration. (1) For the purposes of the creation of section 560.065 of the statutes by this act, it is declared that:

(a) There exists in rural and urban areas of the state a seriously inadequate supply of, and a pressing need for, safe and sanitary dwelling accommodations within the financial means of persons and families of low and moderate income and other persons including but not limited to veterans, elderly persons, handicapped persons, persons with developmental disabilities, and those persons displaced by natural disaster or by clearings of slums and blighted areas or other public programs. A significant portion of the existing housing in the state is presently unsafe, unsanitary and in need of rehabilitation and many other housing units in the state will soon become unsafe and unsanitary if not repaired or improved.

(b) There exist in the state neighborhoods or areas in which buildings, by reason of age, obsolescence, inadequate or outmoded design, or physical deterioration, have become economic or social liabilities, or both. Such conditions impair the economic value of such neighborhoods or areas, infecting them with economic blight, and such neighborhoods or areas are characterized by depreciated values, impaired investments, reduced capacity to pay taxes and a low or declining rate of owner-occupancy of residential buildings. The existence of such conditions and the failure to encourage and assist the purchase for owner-occupancy and the rehabilitation of such buildings results in a loss of population from the neighborhoods or areas and further deterioration, accompanied by added costs to the communities for creation of new public facilities and services elsewhere. It is difficult and uneconomical for individuals independently to undertake to remedy such conditions. It is necessary to create, with proper safeguards, inducements and opportunities for the employment of private investment and equity capital in the purchase for owner-occupancy and the rehabilitation of such buildings. The presence of such buildings and conditions in such neighborhoods and areas has resulted, among other consequences, in a severe shortage of financial resources available to finance the purchase and rehabilitation of housing and an inability or unwillingness on the part of both private lenders and present and prospective owners of such housing to invest in the purchase and rehabilitation of housing in such neighborhoods or areas.

(c) Among the direct consequences of the inadequate condition of many housing units are the waste of scarce energy resources, high and increasing costs of heating dwellings, and a serious threat to the health and welfare of persons who are unable to maintain an adequate temperature at reasonable costs in the dwellings they occupy. Conservation of

energy, reducing the financial burden of maintaining an adequate supply of heat in dwellings, and protecting the health and welfare of residents of the state by encouraging and assisting the purchase and rehabilitation of housing is a valid public purpose and a worthwhile public objective. Maintaining and increasing the level of owner-occupancy of residential buildings is necessary to achieve that purpose and to attain that objective.

(d) The shortage of adequate housing for persons and families of low and moderate income and other persons, existence of substandard housing and general pattern of disinvestment and inadequate investment in certain neighborhoods or areas is inimical to the safety, health, education, morals, welfare and comfort of the residents of the state generally and to the growth and development of its communities. Present patterns of providing housing unduly limit the housing options for many people in the state's urban centers, smaller communities and nonmetropolitan areas. An adequate supply of safe and sanitary housing and adequate arrangements for financing the purchase and rehabilitation of housing at reasonable cost is essential to the orderly growth and prosperity of the state and its communities.

(e) A program to encourage and assist the purchase for owner-occupancy and the rehabilitation of housing and to encourage private reinvestment in certain neighborhoods and areas is an essential supplement to existing statewide programs intended to increase the supply of safe and sanitary dwelling accommodations within the state and to assure an adequate supply of such housing in the state in the future.

(f) The programs provided by the federal government to encourage the purchase for owner-occupancy and the rehabilitation of housing and the sound and healthy development and maintenance of neighborhoods and to maintain adequate levels of investment and to encourage reinvestment in certain neighborhoods and areas have been unable to meet the needs of persons and families of low and moderate income and other persons in this state, and state action is necessary to encourage capital formation and private investment to supplement such federal programs.

(g) The provision of an adequate supply of housing for persons and families of low and moderate income and other persons has been greatly restricted by the extremely high and rapidly increasing costs of financing the purchase and rehabilitation of housing, and providing an adequate supply of safe and sanitary housing to meet the needs of such persons and the residents of the state generally will not be possible until and unless the availability and the cost of such financing is encouraged and assisted by state action.

(h) Continuing present patterns of providing housing will limit the ability of the private building industry, private lending institutions and the investment industry to produce, without assistance, the needed construction, rehabilitation and financing of housing or otherwise to make housing available in safe, sanitary and decent condition at prices which persons and families of low and moderate income can afford.

(i) The availability of mortgage financing at a reasonable cost is essential to create the opportunity for homeownership by persons and families of low and moderate income, to preserve existing housing and to maintain and improve the condition of housing generally, to revitalize declining neighborhoods and areas and otherwise to stimulate reinvestment in economically depressed areas of the state, and to reduce or prevent unemployment in the housing industry. The high cost and lack of availability of private capital for mortgage financing has made homeownership unaffordable for substantial numbers of persons and families in the state and those conditions contribute to the inability of residents of the state to secure housing at a reasonable cost. It is in the public interest to create a program whereby revenue obligations can be utilized to provide lower cost capital to be utilized in cooperation and participation with private lending institutions' resources to encourage and assist such private lending institutions in providing affordable mortgage financing to persons and families of low and moderate income and others as enumerated herein.

(j) It is a valid public purpose to assist in the preservation of neighborhoods as sound and healthy environments and elimination and prevention of substandard housing conditions for persons and families of low and moderate income and other persons who would otherwise be unable to obtain adequate housing at prices or rentals which they can afford, by encouraging the construction, rehabilitation, purchase for owner-occupancy and improvement of the existing housing stock in the state, encouraging a general pattern of reinvestment in certain neighborhoods and areas, and providing the necessary powers and incentives to accomplish these public purposes.

(2) For the purposes of the treatment by this act of sections 19.42 (10) (h) and (13) (f), 234.02 (1) and (3), 234.02 (3m), 234.03 (intro.) and (16), 234.034, 234.04 (2), 234.06 (1) and (3), 234.08 (5) and (6), 234.165, 234.18, 234.25 (1) (e), 234.51 (2) (am), 234.60 and 560.115 (2) (g) of the statutes, it is declared that:

(a) The legislative declaration in chapter 287, laws of 1971, section 1 is reaffirmed.

(b) The changes in the organization, powers and duties of the Wisconsin housing finance authority made by this act will make the authority more accountable to elected representatives of the public and thereby assist its public purpose to reduce the shortage of safe and sanitary dwellings for families and persons of low and moderate income.

(c) The authority can best achieve its public purposes if its existence continues as a public corporation outside the formal structure of state government.

(d) Nothing in this act is intended to make the authority a part of the state government.

(3) For the purposes of the treatment by this act of sections 20.143 (3) (jm) and (w) and 560.04 (3) (b) of the statutes, it is declared that:

(a) The determinations and declarations under chapter 287, laws of 1971, section 1 (1) to (6) and (9) are reaffirmed.

(b) To further facilitate the construction of housing for persons and families of low and moderate income in rural and urban areas of the state, there is a need to supplement the ability of the department of development to make loans for development or construction of low- and moderate-income housing projects without incurring further public debt as defined in section 18.01 (4) of the statutes.

(c) It is the intent of the legislature that if the state building commission refuses to contract revenue obligations at the request of the department of development under section 560.04 (3) (b) of the statutes, as affected by this act, an action shall be brought on behalf of the department to compel the commission to contract the obligations.

SECTION 2. 15.157 (3) of the statutes is created to read:

15.157 (3) COUNCIL ON HOUSING. There is created in the department of development a council on housing consisting of 8 or more members as the governor determines. The members shall include one senator and one representative to the assembly, appointed as are members of standing committees in the respective houses, and shall otherwise be representative of the private housing industry, local governments, state agencies having housing responsibility, local housing authorities, nonprofit housing development corporations and low- and moderate-income persons and families. The council shall advise the department on the state housing plan prepared under s. 560.115 and on other matters at the request of the department.

SECTION 3. 19.42 (10) (h) and (13) (f) of the statutes are created to read:

19.42 (10) (h) The members and employes of the Wisconsin housing finance authority, except clerical employes.

(13) (f) The members and employes of the Wisconsin housing finance authority, except clerical employes.

SECTION 4. 20.143 (3) (jm) and (w) of the statutes are created to read:

20.143 (3) (jm) *Housing project loans.* All moneys received from the issuance of revenue obligations authorized under s. 560.04 (3) (b), for the costs of issuance of the obligations, related reserve funds and to provide loans to sponsors of low- and moderate-income housing projects.

(w) *Housing project revenue obligation redemption.* All moneys received in repayment of loans made under s. 560.04 (3) (b) from the appropriation under par. (jm), to retire and provide reserves for revenue obligations authorized under s. 560.04 (3) (b) and issued under subch. II of ch. 18.

SECTION 8. 234.01 (5m) of the statutes is created to read:

234.01 (5m) "Homeownership mortgage loan" has the meaning given under s. 560.065 (1) (f).

SECTION 9. 234.02 (1) of the statutes, as affected by chapter (Assembly Bill 126), laws of 1981, is amended to read:

234.02 (1) There is created a public body corporate and politic to be known as the "Wisconsin housing finance authority". The members of the authority shall be the secretary of development or his or her designee, and 6 public members nominated by the governor, and with the advice and consent of the senate appointed, for staggered 4-year terms commencing on the dates their predecessors' terms expire. ~~At least one such public member shall be a person recommended by the commissioner of savings and loan, at least one a person recommended by the commissioner of banking, and at least one a person recommended by the executive director of the investment board.~~ In addition, one senator and one representative to the assembly appointed as are the members of standing committees in their respective houses shall serve as members of the authority. A member of the authority shall receive no compensation for services but shall be reimbursed for necessary expenses, including travel expenses, incurred in the discharge of duties. Subject to the bylaws of the authority respecting resignations, each member shall hold office until a successor has been appointed and has qualified. A certificate of appointment or reappointment of any member shall be filed with the authority and the certificate shall be conclusive evidence of the due and proper appointment.

SECTION 10. 234.02 (3) of the statutes is amended to read:

234.02 (3) The governor shall appoint a public member as the chairperson of the authority for a one-year term beginning on the expiration of the term of the chairperson's predecessor. The authority shall elect a ~~chairperson and vice chairperson.~~ The governor shall nominate, and with the advice and consent of the senate appoint, the executive director of the authority, to serve a 2-year term. The authority shall employ ~~an~~ the executive director ~~so appointed~~, legal and technical experts and such other officers, agents and employes, permanent and temporary, as it may require, and shall determine their qualifications, duties and compensation, all notwithstanding subch. II of ch. 230, except that s. 230.40 shall apply, and except that the compensation of any employe of the authority shall not exceed the maximum of the executive salary group range established under s. 20.923 (1) for positions assigned to executive salary group ~~3~~ 6. The authority may ~~delegate to its agents or employes~~ any of its powers or duties to its employes with the consent of the executive director or to its agents.

SECTION 11. 234.02 (3m) of the statutes is created to read:

234.02 (3m) (a) The authority shall adhere to specifications prepared under s. 16.72 (2), if applicable to the product or service to be purchased.

(b) Members and employes of the authority are subject to uniform travel schedule amounts approved under s. 20.916 (8).

(c) The authority shall, with the advice of the ethics board, adopt and enforce ethics guidelines applicable to its paid consultants which are similar to subch. III of ch. 19, except that the authority may not require its paid consultants to file financial disclosure statements.

SECTION 12. 234.03 (intro.) and (16) of the statutes are amended to read:

234.03 Powers of authority. (intro.) The authority shall have all the powers necessary or convenient to implement this chapter, including the following powers in connection with its projects or programs, in addition to all other powers granted by this chapter:

(16) To lease real or personal property and to accept federal funds for and participate in such federal housing programs as are enacted on May 4, 1976 or at any future time, except that the authority may not accept without the consent of the governor federal funds under federal housing programs enacted after the effective date of this act (1981) if issuance of the authority's bonds or notes is not required to participate in the programs.

SECTION 13. 234.034 of the statutes is created to read:

234.034 Consistency with state housing plan. Subject to agreements with bondholders or noteholders, the authority shall exercise its powers and perform its duties consistent with the state housing plan under s. 560.115.

SECTION 14. 234.04 (2) of the statutes is amended to read:

234.04 (2) The authority may make or participate in the making and enter into commitments for the making of long-term mortgage loans to eligible sponsors of housing projects for occupancy by persons and families of low and moderate income, or for the making of ~~long-term mortgage~~ homeownership mortgage loans or housing rehabilitation loans to persons and families of low and moderate income, an eligible borrower as defined in s. 560.065 (1) (c) or other eligible beneficiaries as defined in s. 560.06 (1) (c). ~~Such~~ The loans may be made only upon the determination by the authority that long-term mortgage or housing rehabilitation loans they are not otherwise available from private lenders upon reasonably equivalent terms and conditions. The authority may employ, for such compensation as it determines, the services of any ~~savings and loan association, banking financial institution or credit union mortgage banker~~ in connection with any ~~such long-term mortgage or housing rehabilitation loan.~~

SECTION 15. 234.06 (1) and (3) of the statutes are amended to read:

234.06 (1) The authority may, as authorized in the state housing plan under s. 560.115, use the moneys held in the housing development fund to make temporary loans to eligible sponsors, with or without interest, and with such security for repayment, if any, as the authority determines reasonably necessary and practicable, solely from the housing development fund, to defray development costs for the construction of proposed housing projects for occupancy by persons and families of low and moderate income. No temporary loan may be made unless the authority may reasonably anticipate that satisfactory financing may be obtained by the eligible sponsor for the permanent financing of the housing project.

(3) The authority may, as authorized in the state housing plan under s. 560.115, use the moneys held in the housing development fund to make grants to counties, cities, villages and towns and eligible sponsors, in such amounts as the authority determines, not to exceed the net costs, exclusive of any federal aid or assistance, as are incurred by the counties, cities, villages or towns or eligible sponsors in a plan of land and building acquisition, improvements, renewal, relocation or conservation, for the purpose of providing housing or facilities reasonably related to such housing.

SECTION 16. 234.08 (5) and (6) of the statutes are created to read:

234.08 (5) This section does not supersede or impair the power of the department of development to carry out its program responsibilities funded by bonds or notes issued under this section.

(6) The authority may reimburse the department of development its operating costs to carry out its program responsibilities funded by bonds or notes issued under this section.

SECTION 17. 234.165 of the statutes is created to read:

234.165 Authority surplus fund. (1) The authority shall continue the authority surplus fund established under its resolutions authorizing the issuance of its bonds or notes before the effective date of this section (1981).

(2) (a) In this subsection, "surplus" means assets of the authority surplus fund not required to pay the cost of issuance of bonds or notes of the authority, to make financially feasible housing projects receiving proceeds from authority bond or note issues or to honor agreements with bondholders and noteholders, if the assets are funds withdrawn from reserve accounts established for bonds or notes issued under s. 234.18 (1) or earnings of the withdrawn funds.

(b) 1. On or before April 30 the chairperson of the authority shall certify to the secretary of administration actual and projected surplus available for the following fiscal year.

2. On or before May 31 the authority shall submit to the governor a plan for expending or encumbering the surplus. The plan shall be consistent with the state housing plan under s. 560.115.

3. The governor may modify the plan and shall submit the plan as modified to the presiding officer of each house of the legislature, who shall refer the plan to appropriate standing committees within 7 days, exclusive of Saturdays, Sundays and legal holidays.

4. The standing committee review period extends for 30 days after the plan is referred to it. If within the 30-day period a standing committee requests the authority to meet with it to review the plan, the standing committee review period is continued until 30 days after the request. If a standing committee and the governor agree to modifications in the plan, the review period for all standing committees is continued until 10 days after receipt by the committees of the modified plan.

5. The plan or modified plan is approved if no standing committee objects to the plan or modified plan within its review period. If a standing committee objects to the plan or modified plan, it shall refer the parts to which objection was made to the joint committee on finance.

6. The joint committee on finance shall meet in executive session within 30 days after referral by a standing committee, but may take action any time after referral. Joint committee on finance action shall consist of concurrence in standing committee objections, modifications to the parts referred to it which are approved by the governor or approval of the plan or modified plan notwithstanding standing committee objections.

7. The plan is not effective until approved or modified under this paragraph.

(c) Surplus may be expended or encumbered only in accordance with the plan approved under par. (b), except that the authority may transfer from one plan category to another:

1. Not more than 5% of the funds allocated to the plan category from which the transfer is made.

2. More than 5% of the funds allocated to the plan category from which the transfer is made, if the authority obtains the approval of the secretary of administration and notifies the joint committee on finance of the proposed transfer.

SECTION 18. 234.18 of the statutes is renumbered 234.18 (1) and amended to read:

234.18 (1) The Except as provided in sub. (2), the authority shall not have outstanding at any one time notes and bonds for any of its corporate purposes in an aggregate principal amount exceeding \$500,000,000, excluding bonds and notes being issued to re-fund outstanding notes and bonds authorized under this subsection. ~~The authority shall employ the state building commission as its financial consultant to assist and coordinate~~

~~the issuance of bonds and notes of the authority~~ Not more than \$45,000,000 in bonds and notes authorized under this subsection may be issued on or after the effective date of this act (1981), except bonds or notes issued to refund outstanding bonds or notes authorized under this subsection.

SECTION 19. 234.18 (2) and (3) of the statutes are created to read:

234.18 (2) In addition to bonds or notes issued under sub. (1), the authority may not have outstanding at any one time notes and bonds for any of its corporate purposes in an aggregate principal amount exceeding \$125,000,000, excluding bonds and notes issued to refund outstanding bonds and notes authorized under this subsection. Bonds and notes authorized under this subsection may be issued only with the consent of the department of development. The department may not impose conditions inconsistent with the state housing plan under s. 560.115.

(3) The authority shall employ the state building commission as its financial consultant to assist and coordinate the issuance of bonds and notes of the authority.

SECTION 20. 234.25 (1) (e) of the statutes is created to read:

234.25 (1) (e) An evaluation of its progress in implementing within its own housing programs the goals, policies and objectives of the state housing plan under s. 560.115 and recommendations for legislation to improve its ability to carry out its programs consistent with the state housing plan.

SECTION 21. 234.51 (2) (am) of the statutes is created to read:

234.51 (2) (am) To reimburse the department of development its operating costs to carry out its program responsibilities under s. 560.06; or

SECTION 22. 234.60 of the statutes is created to read:

234.60 Bonds for homeownership mortgage loans. (1) Subject to sub. (6), the authority may issue its bonds or notes at the request of the department of development to fund homeownership mortgage loans.

(2) The limitations in ss. 234.18, 234.40 and 234.50 do not apply to bonds or notes issued under this section.

(3) (a) The authority may not have outstanding at any time in aggregate principal amount of bonds or notes issued under this section before January 1, 1983 more than \$150,000,000 less not more than \$50,000,000 in aggregate principal amount of revenue obligations issued subject to s. 45.79 (6) (c) on or after the effective date of this paragraph (1981) and before November 1, 1982.

(b) The authority may not have outstanding at any time in aggregate principal amount of bonds or notes issued under this section from January 1, 1983 to December 31, 1983 more than \$150,000,000 less not more than \$50,000,000 in aggregate principal amount of revenue obligations issued subject to s. 45.79 (6) (c) from January 1, 1983 to October 31, 1983.

(c) The limitations in pars. (a) and (b) do not include bonds or notes issued to refund outstanding bonds or notes issued under this section.

(4) Before issuing bonds or notes under this section, the authority shall consult and coordinate the bond or note issue with the state building commission.

(5) No bonds or notes may be issued under this section after December 31, 1983, except bonds or notes issued to refund outstanding bonds or notes issued under this section.

(6) The authority may not issue bonds or notes under sub. (1) unless it has contracted to reimburse the department of development a sum certain for its operating costs to carry out its program responsibilities under s. 560.065.

(7) This section does not impair or supersede the powers of the department of development under s. 560.065.

SECTION 23. 560.04 (3) (a) of the statutes is amended to read:

560.04 (3) (a) *Grants.* The department shall establish and administer programs of grants to counties, municipalities and sponsors of ~~low and moderate income~~ low- and moderate-income housing projects. Eligible sponsors may include housing authorities under ss. 59.075, 61.73 and 66.40 to 66.404, nonstock and nonprofit corporations. Grants may be approved for the support of organizational expenses, administrative costs, social services, technical services and, training expenses or costs incurred or expected to be incurred by eligible counties, municipalities or sponsors when such for land and building acquisition, construction, improvements, renewal, rehabilitation, relocation or conservation under a plan to provide housing or related facilities, if the costs and expenses are not reimbursable from other private or public loan, grant or mortgage sources.

SECTION 24. 560.04 (3) (b) (intro.) of the statutes is renumbered 560.04 (3) (b) and amended to read:

560.04 (3) (b) *Loans.* The department may make, with or without interest or security, loans from the appropriation made under s. 20.143 (3) (f), (fa), (j), ~~(jm)~~ or (L) to sponsors for development or construction of low- and moderate-income housing projects. No loan may be made unless the secretary may reasonably anticipate ~~that a federally aided mortgage or grant may be obtained for permanent financing of the project.~~ The loan money may be used only to defray the organizational expenses of such housing project including, without limitation because of enumeration: The department shall request the state building commission to contract revenue obligations to fund loans under this paragraph. The commission shall, at the request of the department, contract under subch. II of ch. 18 \$1,000,000 in revenue obligations, excluding obligations issued to refund outstanding revenue obligations issued under this paragraph, for the purpose of funding loans under this paragraph.

SECTION 25. 560.04 (3) (b) 1 to 4 of the statutes are repealed.

SECTION 26. 560.04 (3) (c) of the statutes is created to read:

560.04 (3) (c) *Other assistance.* The department may:

1. Engage in research and disseminate information on housing.
2. Encourage research in, and demonstration projects to develop, new and better techniques and methods for increasing the supply of housing for families and persons of low and moderate income.
3. Cooperate with and encourage cooperation among all federal, state and municipal agencies, sponsors and local authorities in the planning for and financing and construction of housing for persons and families of low and moderate income.
4. Encourage community organizations to assist in initiating housing projects for persons and families of low and moderate income.
5. Provide technical assistance in the development of housing projects for persons and families of low and moderate income, and for programs to improve the quality of rural and urban life for all the people of the state.

SECTION 27. 560.065 of the statutes is created to read:

560.065 Homeownership mortgage loan program. (1) DEFINITIONS. In this section:

(a) "Authorized lender" means a bank, savings and loan association, credit union or mortgage banker.

~~(b) "Average sale price" means the average sale price during the most recent 12-month period for which sufficient statistical information is available.~~

Vetoed
in Part

(c) "Eligible borrower" means a person and the person's spouse having a combined income from all sources:

1. Not exceeding 125 % of the median income in the person's county of residence if the person or the person's spouse has not had an ownership interest in a principal residence during the previous 3 years; or
2. Not exceeding 100 % of the median income in the person's county of residence if the person or the person's spouse has had an ownership interest in a principal residence during the previous 3 years.

(d) "Eligible property" means any of the following:

1. A residential structure having a single dwelling unit, if the structure is or will be the principal residence of an eligible borrower.

Vetoed
in Part

2. A residential structure having no more than 2 dwelling units, if one of the units is or will be the principal residence of an eligible borrower and the structure is an existing dwelling located in a target area and first occupied at least 5 years before execution of a homeownership mortgage loan secured by the dwelling.

3. A dwelling unit in a condominium or cooperative, together with an interest in common areas, if the unit is or will be the principal residence of an eligible borrower.

(e) "Existing dwelling" means a previously occupied dwelling.

(f) "Homeownership mortgage loan" means a loan to finance the construction, long-term financing or qualified rehabilitation of an eligible property by an eligible borrower.

(g) "Median income" means median family income as determined by the U.S. department of housing and urban development.

(h) "Mortgage banker" means a person engaged in the business of making loans secured by a mortgage on real estate, but does not include a person licensed under s. 138.09.

(i) "New dwelling" means a dwelling which has never been occupied.

(j) "Principal residence" means an eligible property in this state which an eligible borrower maintains as a full-time residence, but does not use as a vacation home or for trade or business purposes.

~~(k) "Qualified rehabilitation" means the rehabilitation of a dwelling if all of the following are met:~~

~~1. At least 20 years have elapsed between the first occupancy of the dwelling and the date on which rehabilitation work begins.~~

Vetoed
in Part

~~2. At least 75 % of the existing external walls of the dwelling are retained in place as external walls in the rehabilitation process.~~

~~3. Rehabilitation costs are at least 25 % of the owner's adjusted basis in the dwelling.~~

~~(L) "Standard metropolitan statistical area" means an area in and around a city with at least 50,000 population as determined by the U.S. department of commerce.~~

~~(m) "Target area" means a U.S. census tract in which at least 70 % of the families have incomes not exceeding 80 % of the median income for all families in this state, or an area designated by the governor for purposes of 26 USC 103A (k) (3).~~

Vetoed
in Part

(2) POWERS AND DUTIES OF THE DEPARTMENT. The department shall establish and administer a homeownership mortgage loan program to encourage and to facilitate the acquisition or ~~qualified~~ rehabilitation of eligible property by eligible borrowers. To implement the program, the department:

(a) May enter into contracts permitting an authorized lender to make or service homeownership mortgage loans or both.

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(b) May reallocate proceeds of bonds or notes issued under s. 234.60 if the proceeds are unencumbered by a homeownership mortgage loan and have been held at least 12 months.

(c) Shall maintain a current list of authorized lenders.

~~Vetoed in Part~~ (d) Except as provided in par. (b), shall allocate funds so that at least the amount determined under 26 CFR 64.103A-2 (h) (3) shall be made available in target areas.

(e) May enter into agreements to insure or provide additional security for homeownership mortgage loans or bonds or notes issued under s. 234.60.

~~Vetoed in Part~~ (f) May adopt rules requiring eligible borrowers to meet conditions in addition to those specified in sub. (1) (e), if the additional conditions are necessary to facilitate the marketing of bonds or notes issued under s. 234.60 or to prevent them from becoming mortgage subsidy bonds as defined in 26 USC 103A (b).

(3) LOAN CONDITIONS. (a) The amount of a homeownership mortgage loan may not exceed the lesser of 95 % of the purchase price of the eligible property or 250 % of the eligible borrower's annual income.

~~(b) The purchase price of an eligible property may not exceed:~~

~~1. Ninety percent of the average sale price of a single-unit new dwelling in the standard metropolitan statistical area where the eligible property is located if the eligible property is a single-unit new dwelling not located in a target area.~~

~~2. Ninety percent of the average sale price of a single-unit existing dwelling in the standard metropolitan statistical area where the eligible property is located if the eligible property is a single-unit existing dwelling.~~

~~3. Ninety percent of the average sale price of a single-unit new dwelling in the county where the eligible property is located if the eligible property is a single-unit new dwelling not located in a target area or a standard metropolitan statistical area.~~

~~4. Ninety percent of the average sale price of a single-unit existing dwelling in the county where the eligible property is located if the eligible property is a single-unit existing dwelling not located in a standard metropolitan statistical area.~~

~~5. Ninety percent of the average sale price of a 2-unit existing dwelling in the county where the eligible property is located if the eligible property is a 2-unit existing dwelling not located in a standard metropolitan statistical area.~~

~~6. Ninety percent of the average sale price of a 2-unit existing dwelling in the standard metropolitan statistical area where the eligible property is located if the eligible property is a 2-unit existing dwelling.~~

~~7. One hundred ten percent of the average sale price of a single-unit existing dwelling in the county where the eligible property is located if the eligible property is a single-unit existing dwelling which has been the object of a qualified rehabilitation and is located in a target area but not in a standard metropolitan statistical area.~~

~~8. One hundred ten percent of the average sale price of a 2-unit existing dwelling in the county where the eligible property is located if the eligible property is a 2-unit existing dwelling which has been the object of a qualified rehabilitation and is not located in a standard metropolitan statistical area.~~

~~9. One hundred ten percent of the average sale price of a single-unit existing dwelling in the standard metropolitan statistical area where the eligible property is located if the eligible property is a single-unit existing dwelling which has been the object of a qualified rehabilitation and is located in a target area.~~

~~10. One hundred ten percent of the average sale price of a 2-unit existing dwelling in the standard metropolitan statistical area where the eligible property is located if the eligible property is a 2-unit existing dwelling which has been the object of a qualified rehabilitation.~~

11. One hundred ten percent of the average sale price of a single-unit new dwelling in the county where the eligible property is located if the eligible property is a single-unit new dwelling located in a target area but not in a standard metropolitan statistical area.

12. One hundred ten percent of the average sale price of a single-unit new dwelling in the standard metropolitan statistical area where the eligible property is located if the eligible property is a single-unit new dwelling located in a target area.

13. One hundred ten percent of the average sale price of a 2-unit new dwelling in the county where the eligible property is located if the eligible property is a 2-unit new dwelling not located in a standard metropolitan statistical area.

14. One hundred ten percent of the average sale price of a 2-unit new dwelling in the standard metropolitan statistical area where the eligible property is located if the eligible property is a 2-unit new dwelling.

(c) For purposes of par. (b), the department may utilize statistical information published under 26 CFR 6a. 103A-2 (f) (5) if there is insufficient statistical information to determine the average sale price in the county or standard metropolitan statistical area.

(d) A homeownership mortgage loan may not be made to finance a qualified rehabilitation or the acquisition of an eligible property which has been the object of a qualified rehabilitation unless the eligible borrower is or will be the first resident of the eligible property after completion of the qualified rehabilitation.

(e) A homeownership mortgage loan may not be made to finance the acquisition or replacement of an existing mortgage given by an eligible borrower. This paragraph does not apply to any of the following:

1. A construction loan.
2. Temporary initial financing.
3. A loan made to finance a qualified rehabilitation.

(f) A homeownership mortgage loan may not be made to an eligible borrower as defined in sub. (1) (c) 2 unless the eligible property is located in a target area or has been the object of a qualified rehabilitation.

Vetoed
in Part

SECTION 28. 560.115 of the statutes is created to read:

560.115 State housing plan. (1) The department shall prepare a comprehensive state housing plan. The plan shall be developed in cooperation with local and regional housing and planning agencies and other agencies of the state as well as with the private housing industry.

(2) The state housing plan shall incorporate a statement of housing goals, policies and objectives, and shall include all of the following:

(a) An evaluation and summary of housing conditions throughout the state. The evaluation shall include an analysis of the existing distribution of housing by type, size, rent or sales price, and, to the extent data is available, the existing distribution of households by income, size and other determinants of housing needs. The evaluation shall include an analysis of housing conditions in metropolitan, nonmetropolitan and rural areas of the state.

(b) Housing development goals for the current fiscal biennium and the 4 following fiscal years. The goals shall include the minimum number of housing units to be built and rehabilitated to provide sufficient housing to house all residents of the state in standard, uncrowded housing units at reasonable cost and in suitable locations.

(c) Goals for the provision of housing assistance for the current fiscal biennium and the 4 following fiscal years thereafter. The goals shall include the minimum number of households to be assisted to achieve a substantial reduction in the number of persons and families of low and moderate income who cannot obtain adequate housing at a reasonable cost in suitable locations.

(d) Goals for the development of housing alternatives, including nonprofit housing cooperatives, mixed-income housing, congregate housing, self-help housing and housing for the chronically disabled.

(e) An identification of market constraints and obstacles to achieving the goals under pars. (b) to (d) and specific recommendations for their elimination.

(f) Recommendations for public and private action which will contribute to the attainment of housing goals established in the plan.

(g) The authorized use of the housing development fund under s. 234.05.

(3) The department shall biennially revise the state housing plan. Each revision shall evaluate achievement of previous goals, recommend revised goals for the next 5 fiscal years and revise recommendations for public and private action to achieve the goals.

(4) (a) The department shall submit a state housing plan prepared or revised under subs. (1) to (3) to the governor on the date designated by the department of administration for submittal of information under s. 16.42.

(b) The governor may modify the plan and shall submit the plan as modified to the presiding officer of each house of the legislature, who shall refer the plan to appropriate standing committees within 7 days, exclusive of Saturdays, Sundays and legal holidays.

(c) The standing committee review period extends for 30 days after the plan is referred to it. If within the 30-day period a standing committee requests the department to meet with it to review the plan, the standing committee review period is continued until 30 days after the request. If a standing committee and the governor agree to modifications in the plan, the review period for all standing committees is continued until 10 days after receipt by the committees of the modified plan.

(d) The plan or modified plan is approved if no standing committee objects to the plan or modified plan within its review period. If a standing committee objects to the plan or modified plan, it shall refer the parts to which objection was made to the joint committee on finance.

(e) The joint committee on finance shall meet in executive session within 30 days after referral by a standing committee, but may take action any time after referral. Joint committee on finance action shall consist of concurrence in standing committee objections, modifications to the parts referred to it which are approved by the governor or approval of the plan or modified plan notwithstanding standing committee objections.

(f) The plan is not effective until approved or modified under this subsection.

SECTION 29. Position authorization. The authorized FTE positions for the department of development are increased on the effective date of this act by 1.0 GPR position to be funded from the appropriation under section 20.143 (3) (a) of the statutes, as affected by the laws of 1981, for the purpose of implementing the increased duties of the department under this act.

SECTION 30. Appropriation changes. The appropriation to the department of development under section 20.143 (3) (a) of the statutes, as affected by the laws of 1981, is increased by \$8,000 for fiscal year 1981-82 and by \$49,000 for fiscal year 1982-83 to implement the increased duties of the department under this act.

SECTION 31. Program responsibility changes. In the sections of the statutes listed in Column A, the program responsibilities references shown in Column B are deleted and the program responsibilities references shown in Column C are inserted:

Statute Sections	References Deleted	References Inserted
14.011 (intro.)	none	234.03 (16), 234.165 (2)(b)
15.101 (intro.)	none	234.165 (2)(b) and (3)
15.151	none	234.18 (2)

SECTION 32. Cross-reference changes. In the sections of the statutes listed in Column A, the cross-references shown in Column B are changed to the cross-references shown in Column C:

A	B	C
Statute Sections	Old Cross-References	New Cross-References
234.03 (2m)	234.08, 234.40 and and 234.50	234.08, 234.40, 234.50 and 234.60
234.40 (4)	234.18 or 234.50	234.18, 234.50 or 234.60
234.50 (4)	234.18 or 234.40	234.18, 234.40 or 234.60
560.21 (2)	15.157 (3)	15.157 (2)

SECTION 33. Effective dates. (1) Except as provided in subsections (2) and (3), this act takes effect on the day after its publication.

(2) The treatment of section 234.02 (3) of the statutes by this act takes effect on February 1, 1983.

(3) The treatment of section 234.18 of the statutes by this act takes effect July 1, 1982.
