

# Wisconsin Legislative Council

## AMENDMENT MEMO



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### 2023 Assembly Bill 268

### Assembly Amendments 1 and 3

## 2023 ASSEMBLY BILL 268

2023 Assembly Bill 268 creates a commercial-to-residential conversion revolving loan fund program. Under the program, a developer may apply to the Wisconsin Housing and Economic Development Authority (WHEDA) for a loan to cover the costs of converting a vacant commercial building to workforce housing<sup>1</sup> or senior housing.<sup>2</sup>

The housing associated with a conversion loan must be new residential housing for rent or for sale. It must consist of 16 or more dwelling units.

A building is eligible for conversion if it has been vacant for at least one year and is zoned for residential use.

The housing associated with a conversion loan must remain workforce housing or senior housing for 10 years following initial occupancy. In the case of rental housing, the owner must submit to WHEDA a certified rent roll showing relevant costs and rent paid during that 10-year period. In the case of housing occupied by the owner, the housing may not be sold for a price that exceeds the price charged by the developer to the initial owner, except for an annual adjustment based on an increase in the sale price of all housing in the relevant county.

WHEDA and the developer must enter into an agreement establishing the term and other conditions of the loan.

WHEDA may not invest money held in the loan fund.

WHEDA may not charge interest on any loan made from the loan fund.

## ASSEMBLY AMENDMENT 1

Assembly Amendment 1 modifies the bill as follows:

- A building is eligible for conversion if it has been underutilized, as determined by WHEDA (as an alternative to having been vacant for at least one year).
- A building is eligible for conversion if its current zoning permits a residential use.

<sup>1</sup> “Workforce housing” is housing that costs a household no more than 30 percent of 140 percent of area median income (or 100 percent of area median income in the case of rental housing) and is for occupancy by individuals whose household median income does not exceed 140 percent of area median income (or 100 percent of area median income in the case of rental housing).

<sup>2</sup> “Senior housing” is workforce housing that is intended and operated primarily for occupancy by at least one person 55 years of age or older per dwelling unit.

- The building associated with a conversion loan must not have been the subject of a claim for a state or federal historic rehabilitation tax credit.
- The building associated with a conversion loan must not have received financial assistance from tax increments generated by an active tax increment district.
- During the 10-year period in which the sale price of owner-occupied housing is limited, WHEDA must publish on its website the acceptable sale price range for the property.
- The agreement entered into by WHEDA and the developer must require the owner to remediate lead paint, asbestos, or mold as required by and in accordance with laws and regulations.
- WHEDA may invest money held in the loan fund in certain investments.
- WHEDA may charge interest at or below market rates on any loan made from the loan fund, or WHEDA may charge no interest.
- WHEDA must establish policies and procedures to administer the loan program. The policies and procedures must, to the extent practicable, address credit underwriting guidelines, loan security, and loan repayment requirements.

## **ASSEMBLY AMENDMENT 3**

Assembly Amendment 3 requires that WHEDA keep confidential all information an owner submits in connection with a certified rent roll.

## **BILL HISTORY**

Representative Brooks offered Assembly Amendment 1 on June 5, 2023. On June 6, 2023, the Assembly Committee on Housing and Real Estate recommended adoption of the amendment on a vote of Ayes, 11; Noes, 0, and passage of the bill, as amended, on a vote of Ayes, 14; Noes, 1.

Representative Brooks offered Assembly Amendment 3 on June 9, 2023. On June 14, 2023, the Assembly adopted Assembly Amendments 1 and 3, each on a voice vote. The Assembly then passed the bill, as amended, on a voice vote.

For a full history of the bill, visit the Legislature's [bill history page](#).

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