

---

# Wisconsin Legislative Council

## AMENDMENT MEMO

---



**Memo published:** June 12, 2023

**Contact:** Patrick Ward, Staff Attorney

### 2023 Senate Bill 297

### Senate Amendment 1

## BACKGROUND

[2021 Wisconsin Act 221](#) created a workforce housing rehabilitation loan program. Under the program, a person may apply to the Wisconsin Housing and Economic Development Authority (WHEDA) for a loan to pay for the cost of certain rehabilitation to the applicant's home.

A home must be a single-family residence that the applicant occupies and that was constructed before 1980.

An eligible rehabilitation is an improvement to housing that is either the removal of lead paint or certain structural improvements, including repairing or replacing a heating system, electrical system, plumbing system, roof, window, or exterior door.

WHEDA may invest money held in the loan fund in such investments as may be lawful for fiduciaries in Wisconsin, as long as a minimum percent is invested in state or federal obligations.

WHEDA may establish an interest rate for a loan that is below the market interest rate, or WHEDA may charge no interest.

## 2023 SENATE BILL 297

2023 Senate Bill 297 modifies the workforce housing rehabilitation loan program as follows:

- A home must be a single-family residence that the applicant occupies as the applicant's primary residence and that was constructed at least 40 years prior to the date of the loan application (instead of before 1980).
- An eligible rehabilitation can also include removal of asbestos or other environmental contamination.
- An eligible rehabilitation that is a structural improvement can also include repairing or replacing flooring or an interior wall or ceiling, but a plumbing system must be an internal plumbing system.
- A loan term may not exceed 15 years and the applicant must agree to repay the loan in full within that term.
- The amount of a loan may not exceed the lesser of \$50,000 or 125 percent of the assessed value of the home after rehabilitation.
- WHEDA may establish an interest rate for a workforce housing rehabilitation loan that is below the market interest rate, but WHEDA must charge interest.

## **SENATE AMENDMENT 1**

Senate Amendment 1 modifies the bill as follows:

- An eligible rehabilitation can also include removal of mold.
- If rehabilitation includes removal of lead paint, asbestos, mold, or other environmental contamination, the removal must be conducted in accordance with applicable laws and regulations.
- The amount of a loan may not exceed the lesser of \$50,000 or 100 percent of the appraised value (instead of 125 percent of the assessed value) of the home after rehabilitation.
- The home must not have been the subject of a claim for a state or federal historic rehabilitation tax credit.
- The home must not have received financial assistance from tax increments generated by an active tax increment district.
- The agreement entered into by WHEDA and the owner 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 only in certain investments.
- WHEDA may establish an interest rate for a workforce housing rehabilitation loan that is at or below the market interest rate, 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 and loan repayment requirements.

## **BILL HISTORY**

Senator Stroebel offered Senate Amendment 1 on June 6, 2023. On June 9, 2023, the Senate Committee on Housing, Rural Issues and Forestry recommended adoption of the amendment and passage of the bill, as amended, on votes of Ayes, 5; Noes, 0.

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

PW:jal