Wisconsin Legislative Council
AMENDMENT MEMO

Memo published: May 29, 2025

Contact: Abby Gorzlancyk, Staff Attorney

2025 Assembly Bill 194	Assembly Amendment 1

BACKGROUND

During the 2023-25 legislative session, the Legislature created three housing-related revolving loan programs administered by the Wisconsin Housing and Economic Development Authority (WHEDA). Specifically, 2023 Wisconsin Acts 14,[1] 15,[2] and 18[3] created the Infrastructure Access Loan Program, Restore Main Street Loan Program, and Commercial-to-Housing Conversion Loan Program, respectively.

Infrastructure Access Loan Program

The Infrastructure Access Loan Program generally allows both developers and governmental units to apply for a loan to cover a portion of the cost for certain infrastructure projects necessary to develop new residential housing. A loan awarded to a developer may not exceed 20 percent of the total costs of development, and a loan awarded to a governmental unit may not exceed 10 percent of the total cost of the residential housing development. Additionally, this loan program requires regional allocation of the funds, where no region may receive more than 12.5 percent of the money appropriated during the 2023-25 fiscal biennium in loan awards.[4]

Restore Main Street Loan Program

The Restore Main Street Loan Program generally allows the owner of certain existing buildings to apply for a loan to cover a portion of the rehabilitation costs. Specifically, the loan applicant must be the owner of a building where the main floor has a commercial use, and the second or third floors of the building have existing workforce housing that has not been significantly improved for at least 20 years. A loan awarded under this program may not exceed the lesser of $20,000 per dwelling unit or 25 percent of the total housing rehabilitation costs.

Commercial-to-Housing Conversion Loan Program

The Commercial-to-Housing Conversion Loan Program generally allows the developer of a project converting a vacant commercial building to a residential housing development to apply for a loan to cover a portion of the conversion costs. The residential housing development must consist of 16 or more

[1] For more information on the Infrastructure Access Loan Program, see Legislative Council, 2023 Wisconsin Act 14, Act Memo.

[2] For more information on the Restore Main Street Loan Program, see Legislative Council, 2023 Wisconsin Act 15, Act Memo.

[3] For more information on the Commercial-to-Housing Conversion Loan Program, see Legislative Council, 2023 Wisconsin Act 18, Act Memo.

[4] The regional allocation provision was amended by 2023 Wisconsin Act 209. For more information, see Legislative Council, 2023 Wisconsin Act 209, Act Memo.

dwelling units. A loan awarded under this program cannot exceed the lesser of $1 million per eligible project or 20 percent of project costs.

Relevant Shared Features

As relevant to Assembly Bill 194 and Assembly Amendment 1, these loan programs share features regarding project and loan application requirements, interest rates, and resale restrictions.

The following features are shared by all three loan programs:

- An eligible project cannot benefit from tax incremental financing (TIF) or a federal historic rehabilitation tax credit.
- An eligible project must be on real property that is subject to property taxes under ch. 70, Stats. This restriction means a housing project on tribal trust or reservation land is not eligible for a loan award because tribal trust and reservation lands are not subject to property taxes.
- A loan application requires, among other criteria, that the governmental unit with jurisdiction over the project has a compliant comprehensive plan and has updated the housing element of its comprehensive plan within five years of the date of the loan application.
- The developer or owner of the project and the governmental unit must submit a cost reduction analysis which shows the cost reduction measures, including time saving measures, undertaken by the governmental unit on or after January 1, 2023, that have reduced the cost of residential housing in connection with the project applying for the loan.
- The loan award must be secured by an unlimited personal guarantee.
- WHEDA may establish an interest rate at or below the market interest rate or may charge no interest rate for any loan awarded.

Specific to the Infrastructure Access and Commercial-to-Housing Conversion Loan Programs, the housing developed must remain workforce or senior housing, as defined by statute,[5] for 10 years following initial occupancy of the housing. This restriction is a restrictive covenant that must be recorded and run with the property. During this time period, owner-occupied homes may only be sold to buyers that meet certain income requirements. Another required restrictive covenant applicable to the same 10-year period specifies that owner-occupied housing must remain owner-occupied and the housing cannot be sold for a price that exceeds the original price plus an annual adjustment based on the increase in sales price of residential housing in the county, as determined by WHEDA.

2025 ASSEMBLY BILL 194

Assembly Bill 194 makes changes to project and loan application requirements for all three loan programs, and makes program-specific changes that generally relate to project eligibility, the definitions of governmental unit and developer to include tribal governments,[6] regional distribution of loan awards, and maximum loan amounts.

---

[5] ss. 234.66 (1) (h) and (i) and 234.662 (1) (h) and (i), Stats.

[6] The 2024 Special Committee on State-Tribal Relations discussed changes to the loan programs to make housing projects on tribal trust and reservation land eligible for awards. For more information, see the Committee's webpage.

Changes to All Three Loan Programs

The bill makes the following changes to all three of the loan programs:

- Permits a project to benefit from TIF and federal historic rehabilitation tax credits.
- Allows a housing project on tribal reservation or trust land, which is not subject to property tax, to be eligible for the loan programs if the property was designated reservation or trust land on the effective date of the provision.
- Specifies that the requirement that the housing element of the comprehensive plan be updated and may be satisfied by the governmental unit adopting an ordinance or resolution, within five years of the loan application date, certifying that the housing element provides an adequate housing supply to meet existing and forecasted housing demands in the governmental unit.
- Adds that the cost reduction analysis must establish that the governmental unit has reduced the cost of housing within the governmental unit generally in addition to reducing the cost of housing in connection with the eligible project.
- Allows a loan to be secured by a corporate guarantee in addition to a personal guarantee.

Infrastructure Access Loan Program

The bill expands the definition of an eligible developer to include a tribal housing authority or business entity created by a tribal council. It also increases the maximum loan amount to developers from 20 percent to 33 percent of total project costs, and the maximum loan amount to governmental units from 10 percent to 25 percent of total project costs.

Restore Main Street Loan Program

The bill changes the definition of governmental unit to include a federally recognized American Indian tribe or band in this state. It increases the maximum loan amount from the lesser of $20,000 per dwelling unit or 25 percent of total project costs to the lesser of $50,000 per dwelling unit or 33 percent of total project costs. The bill also adds a regional allocation provision that generally prohibits any one region from receiving more than 12.5 percent of the money appropriated during the 2023-25 fiscal biennium in loan awards.

Commercial-to-Housing Conversion Loan Program

The bill expands the definition of a developer to include a tribal housing authority or business entity created by a tribal council, and expands the definition of governmental unit to include a federally recognized American Indian tribe or band in this state. It expands the definition of eligible project to include a mixed-use development that includes a residential housing development. The loan amount for a mixed-use development project must be calculated only using costs associated with the residential housing portion of the project. Additionally, the definition of residential housing development is changed to require 16 or more dwelling units in a governmental unit with a population of above 10,000, and four or more dwelling units in a governmental unit with a population of 10,000 or less.

The bill also increases the maximum loan amount from the lesser of $1 million or 20 percent of total project costs to 33 percent of total project costs. Finally, it adds a regional allocation provision that generally prohibits any one region from receiving more than 12.5 percent of the money appropriated during the 2023-25 fiscal biennium in loan awards.

ASSEMBLY AMENDMENT 1

Assembly Amendment 1 makes changes to project and loan application requirements, the Real Estate Condition Report (RECR) form, and the vacant land disclosure form, and alters the effective date of portions of the bill.

Regarding changes to the loan application requirements, the amendment requires WHEDA to set interest rates at or below one percent or charge no interest. Next, the amendment changes the look-back date for the cost reduction analysis from January 1, 2023 to January 1, 2020.

The amendment also specifies that the requirement in the Infrastructure Access and Commercial-to-Housing Conversion Loan Programs that new housing remain workforce or senior housing for 10 years following initial occupancy does not apply to housing intended to be owner-occupied that is subsequently sold by the initial owner-occupier.[7] Lastly, the amendment changes the county-dependent price control on the sale of owner-occupied housing to instead allow the sales price to be increased by no more than five percent per year, compounded annually, above the original purchase price paid by the original owner-occupier.

Regarding the RECR and vacant land disclosure form, the amendment adds explanatory language to the restrictive covenant question on both the RECR and vacant land disclosure form. The added language specifies that a restrictive covenant or deed restriction may include the types of restrictions required under these WHEDA loan programs, such as resale price limits or occupancy requirements.

Lastly, the amendment specifies that the general effective date for the bill is the day after publication and that the changes regarding the WHEDA loan program requirements would first apply to loan applications accepted on the general effective date.[8] Also, changes to the applicability of income and sales price restrictions on owner-occupied workforce and senior housing first apply to loan agreements entered into or modified on the general effective date. Finally, the amendment adds a delayed effective date of January 1, 2026 for changes to the RECR and vacant land disclosure form, and specifies that sellers who produce reports prior to January 1, 2026 do not need to submit an amended report with the information required by the amendment.

BILL HISTORY

Representative Armstrong offered Assembly Amendment 1 on May 12, 2025. On May 15, 2025, the Assembly Committee on Housing and Real Estate recommended adoption of Assembly Amendment 1 on a vote of Ayes, 12; Noes 1, and passage of the bill, as amended, on votes of Ayes, 13; Noes, 0.

For a full history of the bill, visit the Legislature's bill history page.

AG:jal

---

[7] The primary effect of this change is that the purchaser-income requirements do not apply to any sale that occurs after the initial owner-occupier's purchase. The requirement that the housing remain owner-occupied and the limitations on the sales price of any subsequent sale, as modified by the amendment, remain in effect and apply for a 10-year period following the initial owner-occupier's purchase.

[8] WHEDA is required to provide a semiannual application process for these loan programs. The most recent application window closed on May 16, 2025, and the next application cycle opens in October 2025. More information can be found on WHEDA's website here.