

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

Budget Summary					FTE Position Summary	
Fund	2022-23 Adjusted Base	Act 19		2023-25 Change Over Base Year Doubled		There are no state authorized positions for the Wisconsin Housing and Economic Development Authority.
		2023-24	2024-25	Amount	%	
GPR	\$0	\$525,000,000	\$0	\$525,000,000	N.A.	

Budget Change Items

1. WORKFORCE HOUSING REHABILITATION [LFB Paper 855] GPR \$50,000,000

Provide \$50 million in 2023-24 in a new, continuing appropriation for housing rehabilitation. The Governor's veto message, accompanying the partial veto, indicated that the intent of the provision would be to use funding for grants or forgivable loans, rather than only for revolving loans as passed by the Legislature.

Currently, WHEDA offers the Home Improvement Advantage program (housing rehabilitation loan program) to support financing for improvements to existing homes. Eligible improvements include: remodeling, home repair, making a home accessible to persons with disabilities, energy-efficient appliances, and energy efficiency improvements. In addition, 2021 Wisconsin Act 221 created a workforce housing rehabilitation loan program and 2023 Wisconsin Act 17 made further changes to the program. Eligible rehabilitation activities include removal of lead paint, asbestos, mold or other internal environmental contamination, or making various types of structural improvements to maintain the home in a decent and safe condition. The home must have been constructed at least 40 years prior to the date of the applicant's loan application. Both housing rehabilitation programs: (a) require that a loan be for an applicant's primary residence; (b) have a maximum loan term of 15 years; (c) may provide borrowers loans up to \$50,000; (d) include certain income requirements; and (e) may issue loans below market rates, including zero-interest loans under the workforce housing rehabilitation program.

[Act 19 Section: 134]

2. INCREASE CAPITAL RESERVE FUND BONDING AUTHORIZATION [LFB Paper 857]

Increase the capital reserve fund limit from \$800 million to \$1 billion. Under current law, WHEDA manages a capital reserve fund, which must maintain a balance sufficient to cover the

maximum amount of debt service expected in one year for all bond issues backed by the fund. As of June 30, 2022, \$727 million in outstanding bonds for multifamily housing developments were backed by the capital reserve fund. As WHEDA operates as an independent authority, bonds issued under its authority do not carry the general obligation of the state. However, the state has pledged its moral obligation to the capital reserve should it become deficient. No such deficiency has ever occurred, and this provision would not have a direct state fiscal effect.

WHEDA anticipates reaching the maximum amount of outstanding bonds backed by the capital reserve fund in 2023. This is largely due to demand for the state low-income housing tax credit under 2017 Wisconsin Act 176, as developments awarded state and certain federal housing tax credits also utilize financing from bonding supported by the capital reserve. Bonds with the backing of the capital reserve fund generally receive more favorable credit ratings and result in a lower cost of financing for housing developments.

[Act 19 Section: 432]

3. RESIDENTIAL HOUSING INFRASTRUCTURE REVOLVING LOAN FUND RE-

GPR	\$275,000,000
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Provide \$275 million in 2023-24 in a new, continuing appropriation for deposit in the residential housing infrastructure revolving loan fund under the jurisdiction and control of WHEDA, as created under 2023 Wisconsin Act 14. The fund would support loans for public infrastructure improvements associated with the construction of workforce or senior housing. Act 14 specifies that any unencumbered or unexpended funds as of January 1, 2031, be transferred to the balance of the general fund.

[Act 19 Section: 134]

4. MAIN STREET HOUSING REHABILITATION REVOLVING LOAN FUND RE-

GPR	\$100,000,000
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Provide \$100 million in 2023-24 in a new, continuing appropriation for deposit in the main street housing rehabilitation revolving loan fund under the jurisdiction and control of WHEDA, as created under 2023 Wisconsin Act 15. The fund would support loans to improve workforce housing located in upper levels of buildings with street-level commercial uses. Act 15 specifies that any unencumbered or unexpended funds as of January 1, 2031, be transferred to the balance of the general fund.

[Act 19 Section: 134]

5. COMMERCIAL-TO-HOUSING CONVERSION REVOLVING LOAN FUND RE-

GPR	\$100,000,000
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Provide \$100 million in 2023-24 in a new, continuing appropriation for deposit in the commercial-to-housing conversion revolving loan fund under the jurisdiction and control of

WHEDA, as created under 2023 Wisconsin Act 18. The fund would support loans for projects that convert vacant nonresidential properties to workforce or senior housing. Act 18 specifies that any unencumbered or unexpended funds as of January 1, 2031, be transferred to the balance of the general fund.

[Act 19 Section: 134]