



## Fiscal Estimate Narratives

DOA 6/19/2023

LRB Number	23-2771/1	Introduction Number	AB-0267	Estimate Type	Original
<b>Description</b> housing rehabilitation loans awarded by the Wisconsin Housing and Economic Development Authority					

### Assumptions Used in Arriving at Fiscal Estimate

2023 Assembly Bill 267 amends various aspects of the Workforce Housing Rehabilitation Program under s. 234.045, Wis. Stats., as well as certain related elements of the Housing Rehabilitation Loan Fund under s. 234.53, Wis. Stats.

The bill would amend the definition “eligible rehabilitation” under s. 234.045 (1), Wis. Stats., the Workforce Housing Rehabilitation Program, to include the removal of asbestos, mold, or other internal environmental contamination, to specify that a plumbing system must be internal in order to be eligible, and to include interior walls, ceilings or flooring.

The bill would amend the applicant eligibility requirements for the program to stipulate that they must occupy their single-family residence as their primary residence, and it would also replace the requirement that the residence was constructed before 1980 with the requirement that it has been constructed at least 40 years prior to the date of the application.

The bill would also modify the conditions of the loan agreement, requiring the applicant to agree to repay the loan by making monthly payments so that the loan is fully repaid within its term, as well as any other terms established by the Wisconsin Housing and Economic Development Authority (WHEDA). The loan term would be required not to exceed 15 years and the amount to not exceed \$50,000, or 100 percent of the assessed value of the residence after the completion of the rehabilitation, whichever is less. The applicant also may not have any other pending loan under the program at the time of application, nor may their home be the subject of a claim for a state or federal historic rehabilitation tax credit or have received financial assistance from tax increments generated by an active tax incremental district.

Under current law, WHEDA is permitted to charge anywhere from no interest to below the market interest rate. The bill would expand the allowance for interest to be charged up to the market interest rate through revision of the language from “below” to “at or below” the rate.

The remainder of the bill modifies the statutory requirements of the Housing Rehabilitation Loan Fund under s. 234.53 to align with the changes described above.

Under current law, the Housing Rehabilitation Loan Fund derives its fund balance from the sale of bonds issued under s. 234.50, Wis. Stats., as well as interest earnings from investments under s. 234.03 (18), Wis. Stats. The bill would require that, in addition, all amounts appropriated to WHEDA for the fund in the 2023-25 fiscal biennium as well as all moneys received from repayment under the Workforce Housing Rehabilitation Program also be credited to the fund. Both the amount appropriated in the 2023-25 fiscal biennium as well as the repayment proceeds described above may only be used for loans under the Workforce Housing Rehabilitation Program.

The bill would also restrict investments made under the loan fund to certain allowances, prohibit investments under s. 234.03 (18), require the investments to be credited back to the fund, and would qualify that the authority could invest fund moneys only if not required for immediate use. Additionally, 8 years following the effective date of the bill, any unencumbered or unexpended funds from this fund source must be reverted to the general fund by the Department of Administration’s (Department) Secretary.

Lastly, the bill would prohibit use of the funds deposited into Housing Rehabilitation Loan Fund by the two new means described above for purposes other than the Workforce Housing Rehabilitation Program, which includes to funding or purchasing loans under any down payment assistance program established

by WHEDA and covering actual and necessary expenses incurred in the sale of housing rehabilitation bonds and investments proceeds thereof. Additionally, under current law, moneys not needed for the purposes of the fund may be transferred to the Housing Rehabilitation Loan Program Bond Redemption Fund. However, the bill would prohibit transfer of the portion of the fund derived from the new means described above.

As stated above, the bill would require that any unused authority (i.e., not encumbered or expended for an eligible project) remaining 8 years after the effective date of the bill must be returned to the Secretary of Administration for deposit in the general fund. The operational impact on the Department to perform this function would be minimal. Therefore, there is no anticipated fiscal impact to the Department under this bill.

### **Long-Range Fiscal Implications**