



State of Wisconsin
2023 - 2024 LEGISLATURE

LRB-5986/1
MDE:cdc

2023 ASSEMBLY BILL 1216

April 11, 2024 - Introduced by Representatives MADISON, RATCLIFF, CLANCY, STUBBS, BARE, MOORE OMOKUNDE and BALDEH. Referred to Committee on Government Accountability and Oversight.

AN ACT *to create* 20.490 (6) (e) and 234.663 of the statutes; **relating to:**

creating a housing cooperative conversion revolving loan fund and loan program and making an appropriation.

Analysis by the Legislative Reference Bureau

This bill establishes a revolving loan fund under the jurisdiction of the Wisconsin Housing and Economic Development Authority for the purpose of issuing loans to housing cooperatives to construct or acquire resident-owned housing. Under the bill, WHEDA may target the program to housing cooperatives seeking to construct or acquire manufactured or mobile home communities or multi-family apartment complexes.

The bill requires WHEDA to enter into an agreement with each housing cooperative receiving a loan under the bill that establishes the term and other conditions of the loan. Under such an agreement, WHEDA must establish an interest rate at or below the market interest rate or establish no interest, and the housing cooperative must, for as long as the housing cooperative owns the housing, set aside at least 50 percent of units within the housing as affordable housing. Affordable housing is defined in the bill as residential housing that has an annual cost of 30 percent of 80 percent of the area median income and that is for occupancy by individuals whose annual household income does not exceed 80 percent of the area median income. Additionally, under a loan agreement, the full amount of a

ASSEMBLY BILL 1216**SECTION 1**

loan will become immediately due upon the housing cooperative's sale of housing constructed or acquired with loan proceeds, unless the sale is to a current resident as part of a rent-to-own agreement and the sale is approved by WHEDA.

In establishing policies and procedures to administer the loan program in the bill, WHEDA must consult with housing cooperatives that own manufactured and mobile home communities, other resident-owned manufactured and mobile home communities, other housing cooperatives, and nonprofit organizations working with housing cooperatives and other forms of resident-owned housing.

Because this bill may increase or decrease, directly or indirectly, the cost of the development, construction, financing, purchasing, sale, ownership, or availability of housing in this state, the Department of Administration, as required by law, will prepare a report to be printed as an appendix to this bill.

For further information see the state fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 20.005 (3) (schedule) of the statutes: at the appropriate place, insert the following amounts for the purposes indicated:

2023-24 2024-25

20.490 Wisconsin Housing and Economic

Development Authority.

(6) FUNDS

(e) Housing cooperative conversion

revolving loan fund	GPR	C	25,000,000	-0-
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SECTION 2. 20.490 (6) (e) of the statutes is created to read:

20.490 (6) (e) *Housing cooperative conversion revolving loan fund.* As a continuing appropriation, the amounts in the schedule for deposit into the housing cooperative conversion revolving loan fund under s. 234.663 (2).

SECTION 3. 234.663 of the statutes is created to read:

ASSEMBLY BILL 1216**SECTION 3****234.663 Housing cooperative conversion revolving loan program. (1)**

DEFINITIONS. In this section:

(a) “Affordable housing” means residential housing that satisfies all of the following, as determined by the authority:

1. The estimated annual housing costs, as defined under s. 16.301 (3), do not exceed, or are not expected to exceed, 30 percent of 80 percent of the area median income, with family size determined using the federal imputed income limitation, as defined in 26 USC 42 (g) (2) (C).

2. The housing is for occupancy by individuals whose annual household income does not exceed 80 percent of the area median income.

(b) “Area median income” means the area median family income in the county in which the housing is located, adjusted for family size, as published annually by the federal department of housing and urban development.

(c) “Housing cooperative” means a cooperative incorporated under ch. 185 or organized under ch. 193 that owns residential property that is used or intended to be used, in whole or in part, by the members of the cooperative as their homes or primary residences.

(d) “Manufactured home” has the meaning given in s. 101.91 (2).

(e) “Manufactured or mobile home community” means any plot or plots of ground upon which 3 or more manufactured or mobile homes that are occupied for dwelling or sleeping purposes are located. “Manufactured or mobile home community” does not include a farm where the occupants of the manufactured or mobile homes are the father, mother, son, daughter, brother, or sister of the farm

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owner or operator or where the occupants of the manufactured or mobile homes work on the farm.

(f) “Mobile home” has the meaning given under s. 101.91 (10), but does not include a recreational vehicle, as defined in s. 340.01 (48r).

(2) ESTABLISHMENT OF FUND. There is established under the jurisdiction of the authority a housing cooperative conversion revolving loan fund, for the purpose of providing loans under sub. (3). The authority may use moneys in the fund to cover actual and necessary expenses incurred to accomplish the purposes of this section and administer the fund. The fund shall consist of all of the following:

(a) All moneys appropriated to the authority for the fund.

(b) All moneys received from the repayment of loans under sub. (3).

(3) ESTABLISHMENT AND ADMINISTRATION OF PROGRAM. (a) The authority shall establish and administer a housing cooperative conversion funding program for the purpose of issuing loans under this subsection.

(b) From the housing cooperative conversion revolving loan fund, the authority may issue loans to housing cooperatives to finance the costs of constructing or acquiring resident-owned housing. The authority may target the program to housing cooperatives seeking to construct or acquire manufactured or mobile home communities or multi-family apartment complexes.

(c) The authority and each housing cooperative receiving a loan under this subsection shall enter into an agreement establishing the terms and other conditions of the loan. The agreement shall include, and give the authority the power to enforce, all of the following requirements:

ASSEMBLY BILL 1216**SECTION 3**

1. That the full amount of the loan shall become due upon the housing cooperative's sale of the housing constructed or acquired with loan proceeds, unless the sale is to a current resident as part of a rent-to-own agreement and the sale is approved by the authority.

2. That the authority establish an interest rate for any loan issued under this subsection at or below the market interest rate or that the authority establish no interest.

3. That the housing cooperative shall, for as long as the housing is owned by the housing cooperative, set aside at least 50 percent of units within the housing as affordable housing.

(4) POLICIES AND PROCEDURES. The authority shall establish policies and procedures to administer the housing cooperative conversion revolving loan fund and program. In establishing such policies and procedures, the authority shall consult with housing cooperatives that own manufactured and mobile home communities, other resident-owned manufactured and mobile home communities, other housing cooperatives, and nonprofit organizations working with housing cooperatives and other forms of resident-owned housing.

(END)