



State of Wisconsin
2019 - 2020 LEGISLATURE

LRBs0197/1
MPG:amn&cdc

**SENATE SUBSTITUTE AMENDMENT 1,
TO SENATE BILL 484**

January 7, 2020 - Offered by Senator TESTIN.

1 **AN ACT to amend** 234.49 (2) (a) 4.; and **to create** 16.309 (4), 234.045 and 234.49
2 (2) (a) 9. e. of the statutes; **relating to:** workforce housing in rural counties,
3 housing rehabilitation loans, and reports concerning economic development
4 revolving loan funds.

Financing for workforce housing

This bill requires the Wisconsin Housing and Economic Development Authority to establish and administer a pilot program under which rural counties and cities, towns, and villages in rural counties may apply for financial assistance to be used for single-family and multifamily workforce housing projects. The bill defines “rural county” as a county in which more than 25 percent of the residents reside in a rural area under standards established by the U.S. Department of Agriculture.

Under the bill, WHEDA must award financial assistance for workforce housing projects in at least three communities in one or more rural counties using a competitive process that gives the highest priority to the state’s most rural communities and takes into account all of the following:

1. The amount of funding secured for the project.
2. The amount of momentum to improve workforce housing in the community where the project is located.
3. The need for the project in the community.

4. The readiness to move forward with the project, including the existence of favorable local zoning or land use ordinances.

Prior to implementation, and no later than April 1, 2020, WHEDA must submit the pilot program to the Joint Committee on Finance for approval under passive review.

In terms of funding, the bill directs WHEDA to allocate \$10,000,000 from its surplus fund to make the awards of workforce housing financial assistance required under the bill. Additionally, the bill authorizes WHEDA to make expenditures from that allocation for the purpose of expanding any program supporting workforce housing in rural counties that was included in WHEDA's plan for surplus expenditures that was submitted to the governor and the legislature in 2019.

Under the bill, WHEDA must submit a report on the pilot program to JCF and the legislature's standing committees on housing no later than September 30, 2022.

Housing rehabilitation loans

This bill authorizes WHEDA to set a lower than usual interest rate for housing rehabilitation loans under WHEDA's existing housing rehabilitation loan program, if a substantial amount of the loan proceeds will be used for housing rehabilitation located in a rural county. The bill also expands the list of authorized lenders WHEDA may designate for purposes of the housing rehabilitation loan program.

Reports on economic development revolving loan funds

Finally, this bill requires the Department of Administration to submit an annual report to JCF concerning moneys held by DOA in connection with economic development revolving loan funds funded by federal community development block grants administered by DOA, including all moneys derived from the liquidation and closeout of such a revolving loan fund. The report must include all of the following:

1. The balance of the account associated with each revolving loan fund.
2. The accounts receivable for each such account.
3. A detailed description of all expenditures from the account, including a description of each project funded by a grant awarded from the account.
4. A detailed description of all expenditures from the account DOA intends to make before March 15 of the year following the report.

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

- 1 **SECTION 1.** 16.309 (4) of the statutes is created to read:
- 2 16.309 (4) (a) In this subsection, "revolving loan fund account" means all
- 3 moneys held by the department in connection with each economic development
- 4 revolving loan fund that is funded by a community development block grant under

1 this section, including all moneys derived from the liquidation and closeout of the
2 revolving loan fund.

3 (b) Annually, no later than March 15, the department shall submit a report to
4 the joint committee on finance that includes all of the following information for each
5 revolving loan fund account:

6 1. The account balance.

7 2. All accounts receivable, if any.

8 3. A detailed description of all account expenditures, including a description
9 of each project funded by a grant awarded from the account.

10 4. A detailed description of all account expenditures the department intends
11 to make before March 15 of the year following the report.

12 **SECTION 2.** 234.045 of the statutes is created to read:

13 **234.045 Workforce housing in rural counties; pilot program. (1)**

14 **DEFINITIONS.** In this section:

15 (a) “Eligible applicant” means one or more of the following:

16 1. A rural county in this state.

17 2. A city, town, or village located in a rural county in this state.

18 (b) “Project” means housing for which the authority awards workforce housing
19 financial assistance.

20 (c) “Rural county” means a county in this state in which more than 25 percent
21 of the county’s residents reside in a rural area under standards established by the
22 federal department of agriculture, as determined by the authority.

23 (d) “Workforce housing financial assistance” means financial assistance
24 awarded under sub. (2) (b).

1 **(2) ESTABLISHMENT OF PILOT PROGRAM; REQUIREMENTS.** (a) The authority shall
2 establish and administer a pilot program to encourage the creation of single-family
3 and multifamily workforce housing in rural counties. No later than August 1, 2020,
4 the authority shall begin outreach to solicit eligible applicants for workforce housing
5 financial assistance.

6 (b) Under the program established under par. (a), the authority shall award
7 grants, loans, loan guarantees, or other forms of financial assistance for workforce
8 housing in rural counties.

9 (c) The authority shall award workforce housing financial assistance for
10 projects in at least 3 communities in one or more rural counties.

11 (d) The initial purchase price for each single-family home constructed or
12 rehabilitated with workforce housing financial assistance may not exceed the initial
13 purchase price limitations applicable under the federal mortgage revenue bond
14 requirement under 26 USC 143, as determined by the authority.

15 (e) Before disbursing any workforce housing financial assistance awarded for
16 a project, the authority shall determine that all applicable state and local permitting
17 requirements are satisfied with respect to the project.

18 (f) The authority shall contract with each recipient of workforce housing
19 financial assistance. The contract shall include the authority's right to recover all
20 amounts of workforce housing financial assistance awarded but not used in
21 accordance with the contract.

22 **(3) APPLICATIONS; COMPETITIVE PROCESS.** (a) Any eligible applicant may apply
23 for an award of workforce housing financial assistance.

24 (b) The authority shall establish a competitive process for awarding workforce
25 housing financial assistance that gives the highest priority to funding projects in the

1 most rural communities in the state and includes consideration of all of the following
2 for each application:

3 1. The amount of funding secured for each potential project from sources other
4 than the state or the authority.

5 2. The amount of momentum to improve workforce housing in the community
6 where each potential project is located.

7 3. The need for each potential project in the community.

8 4. The readiness to move forward with each potential project, including the
9 existence of favorable local zoning or land use ordinances.

10 (c) 1. No later than April 1, 2020, the authority shall submit the pilot program,
11 including the competitive process established under par. (b), to the joint committee
12 on finance.

13 2. If the cochairpersons of the joint committee on finance do not notify the
14 authority within 14 working days after the date the authority submits the program
15 under subd. 1. that the committee has scheduled a meeting to review the program,
16 the authority may implement the program as submitted. If, within 14 working days
17 after the date the authority submits the program under subd. 1., the cochairpersons
18 of the committee notify the authority that the committee has scheduled a meeting
19 to review the program, the authority may implement the program only if approved
20 by the committee.

21 **(4) FUNDING.** (a) In the 2019-21 fiscal biennium, the authority shall allocate
22 \$10,000,000 from its surplus fund, as specified in s. 234.165 (1), to make awards of
23 workforce housing financial assistance. The amount allocated under this subsection
24 is not subject to s. 234.165 (2) (c) and may, at the authority's discretion, include

1 surplus amounts previously approved for expenditure for another purpose under s.
2 234.165 (2) (b).

3 (b) Notwithstanding the purpose specified under par. (a) for the allocation
4 required under that paragraph, the authority may make expenditures from that
5 allocation for the purpose of expanding any program supporting workforce housing
6 in rural counties that is included in the authority's plan submitted under s. 234.165
7 (2) (b) in 2019.

8 (5) REPORT. No later than September 30, 2022, the authority shall submit a
9 report concerning the pilot program under this section to the joint committee on
10 finance and, under s. 13.172 (3), to the appropriate standing committees of the
11 legislature having jurisdiction over matters relating to housing. The report shall
12 include all of the following:

13 (a) The number, kind, and amount of the authority's awards of workforce
14 housing financial assistance.

15 (b) The location of each project and the economic impact of the project.

16 (c) The location and economic impact of additional workforce housing funded
17 under sub. (4) (b).

18 (d) Any other information the authority deems necessary or appropriate for the
19 legislature to assess the results of the pilot program.

20 **SECTION 3.** 234.49 (2) (a) 4. of the statutes is amended to read:

21 234.49 (2) (a) 4. To designate as an authorized lender the authority or any local
22 government agency, housing authority under s. 59.53 (22), 61.73, 66.1201 or 66.1213,
23 bank, savings bank, savings and loan institution, mortgage banker licensed under
24 s. 224.72 ~~or~~, credit union, or community development corporation, or any nonprofit
25 or other entity meeting criteria established by the authority, if the designee has a

1 demonstrated history or potential of ability to adequately make and service housing
2 rehabilitation loans.

3 **SECTION 4.** 234.49 (2) (a) 9. e. of the statutes is created to read:

4 234.49 **(2)** (a) 9. e. Any eligible rehabilitation in a rural county, as defined in
5 s. 234.045 (1) (c).

6 **(END)**