



WISCONSIN STATE SENATE

**DAN KNODL**

STATE SENATOR • 8<sup>TH</sup> DISTRICT

**Senate Bill 975**

Public Testimony

Senate Committee on Housing, Rural Issues and Forestry

February 8, 2024

Thank you to Chairman Quinn and members of this committee for holding a hearing on Senate Bill 975.

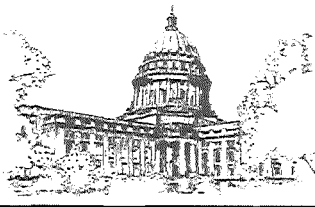
Home ownership is one of the most effective ways for individuals to build wealth. Unfortunately, for many in the state this is not an attainable goal due to several economic factors. To that end, SB 975 will provide another tool to address our state's shortage of affordable housing.

SB 975 directs the Wisconsin Housing and Economic Development Authority (WHEDA) to establish a revolving loan program. These loans will be interest free and means tested.

I'll admit the bill is quite technical and we have several experts here to testify to the specifics of workforce home loans and their terms of agreement.

I believe this legislation has the capacity to improve lives and provide suitable housing for many in our state. I want to thank Representatives Krug and Goyke, and Senator Johnson for their support and input into this legislation.

I'd like to thank Representative Krug for leading on this bill. Thank you for your time, and we would be happy to answer any questions you may have.



STATE SENATOR  
**LaTonya Johnson**

WISCONSIN STATE SENATE

6<sup>TH</sup> DISTRICT

**February 8, 2024**

**Senate Committee on Housing, Rural Issues, and Forestry**

**Senate Bill 975**

Good morning Chairman Quinn and members of the committee. Thank you for holding a public hearing on Senate Bill 975 (SB 975)—which would create the Wisconsin Workforce Home Loan Program to provide second mortgage assistance to individuals seeking to own their own home.

Workforce housing and its impact on our state's economy has been a focus of the 2023 legislative session, but while significant investments have already been made in rehabbing workforce housing and upgrading municipal housing infrastructure, we have not advanced legislation to make the dream of home ownership more attainable for workers and their families.

Beyond being the primary source of wealth-building for Wisconsin families, higher levels of homeownership have also been shown to provide additional benefits in terms of improved public health, reduced poverty, and greater community engagement.

In recent years, Wisconsin homeownership rates have declined—from 73.3% in 2004 to 67.9% in 2020. Additionally, over the past ten years, home prices have risen 50%, with the state's median home price rising to \$265,000. The average down payment for a Wisconsin home is now \$27,400, which is more than 92% of renters in the state can afford.

In order to reverse this trend and provide more Wisconsin families with the economic opportunity and stability that homeownership can foster, this bill proposes the creation of a new second mortgage home purchase assistance program to be administered by WHEDA.

This program offers us a critical opportunity to address the growing challenge of housing affordability in our state, particularly for hardworking individuals and families.

SB 975 is a wise investment in our state's future—promoting economic growth, strengthening communities, and helping hardworking individuals and families achieve the dream of homeownership.

Once again, thank you to committee members for your consideration of this important piece of legislation, and thank you to my co-authors—Sen. Knodl, Rep. Krug, and Rep. Goyke for their work on this bipartisan bill.



# SCOTT KRUG

STATE REPRESENTATIVE • 72<sup>nd</sup> ASSEMBLY DISTRICT

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TO: Senate Committee on Housing, Rural Issues and Forestry  
FROM: Rep. Scott Krug  
RE: 2023 SENATE BILL 975  
DATE: February 8, 2024

I write today to thank the committee and Chairman Sen. Quinn for holding this hearing on 2023 SB 975. Senator Dan Knodl is the author of SB 975. I have authored an Assembly companion bill to SB 975 which has been submitted for introduction in the Assembly.

SB 975 would establish a revolving loan program administered by the Wisconsin Housing and Economic Development Authority (WHEDA) for the purpose of issuing loans, which the bill terms “workforce home loans,” to eligible applicants to provide gap financing to assist with the purchase of a single-family residence in Wisconsin, whether new construction or an existing residence and whether detached or attached, that will be the eligible applicant's primary residence.

The workforce home loans are envisioned as gap financing and would operate in conjunction with an external mortgage. The bill requires WHEDA to use repayments of workforce home loans to fund additional loans under the program, hence the program would be a “revolving” loan program.

The Wisconsin Housing and Economic Development Authority has been providing housing loans for over 50 years, allowing for over 100,000 families to proudly call Wisconsin home. These families are not only some of our constituents, but also friends and neighbors.

WHEDA currently offers two loan options for qualifying single family home purchasers: the WHEDA Advantage Conventional and the WHEDA Advantage FDA. The new program created in SB 975 would be aimed at hardworking middle-class families, who are quickly being excluded from the housing market due to rising home costs and the apparent struggles of many families to find financing as home prices generally rise more quickly than wages. I am a realtor. I see this every day in my role as a realtor. The problem is real. SB 975 is one effort to relieve it.

The Wisconsin Realtors Association reports that Wisconsin has seen a 204% rise in median housing costs over the last ten years (<https://www.wra.org/HousingStatistics/>) and UW-Extension tells us that Wisconsin has in the last ten years gone from having the second-lowest median house price to second-

***MORE***

highest amongst neighboring states in the last decade  
(<https://economicdevelopment.extension.wisc.edu/2023/06/20/wisconsins-housing-dilemma/>).

The “workforce housing loans” created under SB 975 would assist in helping working families pay for, find financing for, ownable equity-building home here in Wisconsin. SB 975 does target the new loans to those needing the help. Under the bill, there is a maximum income clause that restricts the new loans to buyers with not more than percent of the median family income for the location where they would buy.

Two features of the new loans are what make them so promising. The loans would be interest-free, and the loans would be for 30 years in most cases and could be up to 40 years for some applicants. These features make the “workforce housing loans” effective in time of rising home prices.

The “workforce home loans” under SB 975 would have to be secured by a second lien real estate mortgage. The loans could only be used to purchase single-family homes. Existing homes and new construction would be eligible.

“Workforce home loans” could be prepaid at any time without penalty. When a loan recipient sells the home or is no longer using the home as their primary residence, the loan would be need to be paid in full. There is no forgiveness provision (in whole or in part) on the “workforce home loans.”

There is a list of eligibility criteria and eligibility restrictions on the loans which are intended to prevent these new loans from becoming a vehicle for real estate purely for investment. Prior recent owners of real estate could not borrow under the program; income and home value limits are part of the proposal. The bill’s summary lists these beginning on page 2 of the bill.

No more than \$25,000,000 in “workforce home loans” would be able to be outstanding at any time under the bill, and SB 975 requires WHEDA to allocate at least \$20,000,000 for such loans.

SB 975 would requires WHEDA to subordinate an outstanding “workforce home loan” to a new first mortgage loan obtained by the recipient of the “workforce home loan.” The bill contains details.

Finally, because SB 975 this bill may increase or decrease (directly or indirectly) the cost of the development, construction, financing, purchasing, sale, ownership, or availability of housing, the Department of Administration, as required by law, would be required to prepare a report to be printed as an appendix to this bill. As I write this today, DOA has not yet released a fiscal note on SB 975.

SB 975 is supported by Habitat for Humanity of Wisconsin, Wisconsin Community Action Program Association, Inc, and by the Wisconsin Real Estate Investors (Formally Wisconsin Apartment Association).

I thank the committee for its interest in SB 975 and I urge approval of this proposal. Thank you.



February 8, 2024

Public Testimony of State Representative Evan Goyke

Re: Senate Bill 975 - Relating to: a workforce home loan program.

Thank you Chairman Quinn and members of the Senate Committee on Housing, Rural Issues, and Forestry for the opportunity to testify in support of Senate Bill 975.

Housing has emerged as one of Wisconsin's most pressing issues. Lack of affordable housing impacts every corner of Wisconsin and puts pressure on employers looking to retain or fill their workforce. The issue is non-partisan and we've made major progress this session; however, our previous actions and investments in affordable housing have come up short targeting ownership opportunities.

While home ownership is not the right option for everyone, a healthy housing ecosystem will include a mix of rental and ownership opportunities. In Wisconsin, this mix has shifted in recent decades. Homeownership rates have fallen from 73.3% in 2004 to 67.9% in 2020.

One cause has been the rise in prices. In the last ten years, home prices have increased 50%, with the state's median home price rising to \$265,000. While many working families may be able to afford to maintain ownership of this median home, they can't cross the initial barrier to ownership - the down payment.

The average down payment for a Wisconsin home is now \$27,400, which is more than 92% of renters in the state can afford. Senate Bill 975 addresses the barrier of an unreachable down payment.

By creating a second mortgage, subordinate to the primary mortgage, SB 975 will help fill the financing gap many families experience. These loans, administered by the Wisconsin Housing and Economic Development Authority (WHEDA), will be deferred for an initial period depending on the household income. The bill prevents interest from accruing, making the loan more affordable. No portion of the loan is forgivable and repaid loan proceeds are recycled into the loan fund.

SB 975 sets forth a series of criteria that applicants must meet to qualify for the down payment loan and the terms under which the loan must be repaid. Importantly, these loans are limited to individuals that have not been homeowners for at least the previous three years and must live in the home as their primary residence. If the owner moves or sells the home the loan becomes due in full. Further, SB 975 limits the amount of the second mortgage to no more than \$60,000 or 25% of the home's value, whichever is lower.

By extending an affordable second mortgage product to help with the down payment, SB 975 will make home ownership available for more working families in Wisconsin. We can fill the gap in financing that many families experience as their only barrier to ownership.

I'm excited to be a part of this bipartisan legislation and look forward to working with my fellow bill authors and housing advocates to move this forward and help realize the dream of home ownership for more families in Wisconsin.

A handwritten signature in black ink, appearing to read "Evan Goyke".

State Representative Evan Goyke  
18<sup>th</sup> Assembly District

**To: Senate Committee on Housing, Rural Issues, and Forestry**  
**From: Elmer Moore Jr., CEO and Executive Director, Wisconsin  
Housing and Economic Development Authority**  
**Date: February 8, 2024**  
**RE: Senate Bill 975 Testimony**

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Good morning, Chair Quinn, Vice Chair Jagler, and members of the Senate Committee on Housing, Rural Issues, and Forestry. I am Elmer Moore Jr, the CEO and Executive Director of the Wisconsin Housing and Economic Development Authority (WHEDA).

Today, I provide testimony on Senate Bill 975 (SB 975), legislation to create “gap financing” loans to home purchasers whose approved mortgages are not adequate to cover the cost of purchasing a home.

WHEDA has appreciated the opportunity to participate with the Legislature in the past year on the formation of many proposals, from the expansion of the State Housing Tax Credit (HTC) program to the unprecedented investment and bipartisanship of 2023 WI Acts 14, 15, 17, and 18. WHEDA has been engaged in many robust conversations on what steps and actions we can take to address the housing crisis with members of the Legislature.

WHEDA agrees that a solution to bridge the affordability gap for home ownership is important, especially for low- and moderate-income families.

WHEDA’s concern with SB 975 is the requirement to allocate at least \$20 million for these loans. The only available source of funds would be WHEDA’s General Fund, as WHEDA receives no General Purpose Revenue (GPR) from the State of Wisconsin for staff and ongoing programs. This \$20 million program proposal would expend an entire year of WHEDA’s available budget for existing programs serving thousands of families across the state. These programs include down payment assistance, housing grants, and gap financing for rental housing.

Down payment assistance is a critical component of home ownership. In 2023, over 48%, or 1,200 WHEDA financed home buyers used nearly \$11 million of our down payment assistance loans to purchase their first home. WHEDA also used more than



\$6 million in gap financing to create and improve more than 1,000 affordable rental homes for families in 2023.

In addition to compromising the budget for these programs, legislation that directs WHEDA's funds usage for a specific program could raise concerns from credit rating agencies as well as WHEDA's lending partners. WHEDA's ability to finance housing is built on the ability to issue bonds, borrow funds, and manage available assets. A negative action by the credit rating agencies would increase cost of borrowing and reduce access to capital for lending.

WHEDA is willing and eager to sit down with the authors and the Authority's experts to identify an efficient opportunity to expand access to affordable homeownership. We would be happy to share our ideas that offer a viable and sustainable path forward.

WHEDA believes that if the State Legislature provides a new outside funding source, then WHEDA can create a financial product that meets the needs of borrowers experiencing a gap in affordability. This product would align with current lenders' systems and practices, and have a greater usefulness, a wider audience, and a more profound impact on individuals purchasing homes.

Thank you for your time today. I'd be happy to address any questions you may have.

Elmer Moore Jr.

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Samantha Linden, Legislative Liaison, [samantha.linden@wheda.com](mailto:samantha.linden@wheda.com)



Tony Evers, Governor | Elmer Moore, Jr., CEO

A public body corporate and politic created under Chapter 234, Wisconsin Statutes



Prepared Testimony of Craig Hahn, CFO Milwaukee Habitat for Humanity, Inc.

**Senate Committee on Housing, Rural Issues and Forestry –**

**Public Hearing - Thursday, February 8, 2024**

**Regarding Senate Bill 975 Workforce Housing Loan Program**

My name is Craig Hahn, and I am currently on the leadership team of Milwaukee Habitat for Humanity having recently come out of retirement to serve as Chief Financial Officer and help Milwaukee Habitat achieve its five-year vision to double its community impact. Prior to joining the Milwaukee Habitat staff, I volunteered for several years as a construction crew chief and finance committee member and served six years on the board of directors including two years as the board president. Prior to retiring in 2017, I held senior management positions with two of Wisconsin's largest banks, Firststar Bank and Associated Bank, including as Senior Vice President of Portfolio Risk Management, Divisional and Bank CFO, and roles in Treasury Management.

If passed as drafted, Senate Bill 975 would significantly lower the cost of home ownership not only for Habitat for Humanity home buyers, but also hundreds and hundreds of other Wisconsin first-time buyers whose household income is at or below their county's Area Median Income.

It's also important to note that because the proposed bill is a loan program and not a grant, payments made by the initial group of homeowners would be recycled to assist even more Wisconsinites purchase their first homes in the future.

We estimate the Workforce Home Loan will reduce a typical Milwaukee Habitat home buyer's monthly payment by \$171 and reduce monthly payments for non-Habitat first-time home buyers in Wisconsin between \$231 and \$396 a month, depending on the home's purchase price and the repayment terms of the Workforce 2<sup>nd</sup> Mortgage Loan.

The key mechanics of the proposed Workforce second mortgage program are as follows:

- Eligible first-time home buyers earning 100% or less of Area Median Income obtain a 0% 30-year fixed second mortgage up to 25% of the home's purchase price or \$60,000, whichever is less. The \$60,000 cap would be adjusted annually. The Workforce Housing Second Mortgage is used to fund the down payment and closing costs for the home purchase.
- The payment savings from the Workforce Housing Second Mortgage comes from the 0% rate being significantly lower than the interest rate on whatever fixed-rate first mortgage the home buyer is using in tandem with the Workforce Housing Second Mortgage. The best available first-time buyer 30-year fixed-rate first mortgage in Wisconsin is 6%. Replacing 6% money with 0% money obviously lowers the monthly payment.



- Because the accompanying first mortgage would equal between 75% and 80% of the purchase price, no private mortgage insurance is required on the first mortgage, again significantly lowering the monthly payment.
- Between 20% and 25% of the program is targeted to households earning 60% or less of Area Median Income, which is \$60,360 in southeastern Wisconsin and as low as \$51,600 in rural areas of the state. A non-Habitat first-time buyer purchasing a \$160,000 home using the Workforce Housing Second Mortgage program would have a **monthly payment \$396 lower** than the next best available conventional financing program available through the Wisconsin Housing and Economic Development Authority or WHEDA. Habitat home buyers would primarily fall into this category but would save less money per month because typical Habitat first mortgage rates are lower than 6% and do not charge private mortgage insurance.
- **A \$396 monthly payment savings means a household needs to earn \$15,800 less per year** to qualify. So, more families qualify to buy. Or a family can afford to buy a larger home that better fits their family's needs.
- Eligible households earning between 80.01% and 100% of Area Median Income begin making fully amortizing monthly payments on the Workforce Second Mortgage Program immediately and would likely make up the majority of homeowners participating in the Workforce Housing program. **At a higher purchase price of \$200,000, the payment savings delivered by the program when second mortgage payments begin immediately are still dramatic at an estimated \$356 per month.** This \$356 monthly payment savings translates to \$14,200 less annual income needed to qualify for the same home.
- Eligible first-time buyers with household incomes between 60.01% and 80% of Area Median Income would have payments on the Workforce Housing Second Mortgage deferred for five years before starting monthly payments over the remaining 25 years.
- Like other existing WHEDA first and second mortgage programs, the bill requires the Workforce Housing Second Mortgage to be repaid in full when the home is sold or when the home is no longer the primary residence of at least one of the original borrowers.
- WHEDA is the proposed administrator of the Workforce Housing Second Mortgage program. Because the bill calls for the new second mortgage program to use the same underwriting guidelines and infrastructure as WHEDA's existing conventional first-time buyer first-mortgage program and other second mortgage programs, we are optimistic the administrative cost to implement the program will be relatively low.
- Because WHEDA's existing approved residential mortgage lenders are eligible to access the Workforce Housing loan funds in addition to not-for-profit entities such as Habitat for Humanity, distribution of the Workforce Housing Second Mortgage funds will reach all corners of the state.
- Milwaukee Habitat for Humanity along with our other Habitat affiliates throughout the state encourages the committee to approve this powerful bi-partisan bill.

**\$200,000 purchase price example – WHEDA 1<sup>st</sup> Mortgage at 6% with immediate payments on Workforce 2<sup>nd</sup> Mortgage at 0%**

Line#		WHEDA 1st Mortgage at 6% with Currently available WHEDA EZ Close 2nd at 6%	WHEDA 1st Mortgage at 6% with New Workforce 2nd Mortgage at 0%
1			
2	1st Mortgage Interest Rate	6.000%	6.000%
3	Annual Percentage Rate (APR)	6.535%	6.024%
4	<b>Home Purchase Price</b>	<b>\$200,000</b>	<b>\$200,000</b>
5	Appraised Valued	\$200,000	\$200,000
6	Down Payment	-\$10,000	-\$10,000
7	1st Mortgage Amount	\$194,000	\$160,000
8	2nd Mortgage Loan Amount	\$16,000	\$50,000
	<b>2nd Mortgage Interest Rate</b>	<b>6.000%</b>	<b>0.000%</b>
	<b>Monthly Payment Details</b>		
9	Principal and Interest	\$1,163.13	\$959.28
10	Property Taxes (est.)	\$250.00	\$250.00
11	Mortgage Insurance (est.)	\$113.17	\$0.00
12	Homeowners Insurance (est.)	\$50.00	\$50.00
13	2nd mortgage payment	\$177.63	\$138.89
15	<b>Total Monthly Payment</b>	<b>\$1,753.93</b>	<b>\$1,398.17</b>

Monthly payment reduction

**\$356!**

**\$14,250**

Less annual income needed to qualify.

**\$160,000 purchase price example**

**WHEDA 1<sup>st</sup> Mortgage at 6% with Deferred Payment on Workforce 2<sup>nd</sup> Mortgage**

Line#		WHEDA 1st Mortgage at 6% with Currently available WHEDA EZ Close 2nd at 6%	WHEDA 1st Mortgage at 6% with New Workforce 2nd Mortgage at 0% with deferred payment
1			
2	1st Mortgage Interest Rate	6.000%	6.000%
3	Annual Percentage Rate (APR)	6.541%	6.030%
4	<b>Home Purchase Price</b>	<b>\$160,000</b>	<b>\$160,000</b>
5	Appraised Valued	\$160,000	\$160,000
6	Down Payment	-\$8,000	\$32,000
7	1st Mortgage Amount	\$155,200	\$128,000
8	2nd Mortgage Loan Amount	\$12,800	\$40,000
	<b>2nd Mortgage Interest Rate</b>	<b>6.000%</b>	<b>0.000%</b>
	<b>Monthly Payment Details</b>		
9	Principal and Interest	\$930.50	\$767.42
10	Property Taxes (est.)	\$200.00	\$200.00
11	Mortgage Insurance (est.)	\$90.53	\$0.00
12	Homeowners Insurance (est.)	\$40.00	\$40.00
13	2nd mortgage payment	\$142.11	\$0.00
15	<b>Total Monthly Payment</b>	<b>\$1,403.14</b>	<b>\$1,007.42</b>

Monthly payment reduction

**\$396!**

**\$15,800**

Less annual income needed to qualify.

## Workforce Housing 2nd Mortgage Household Qualifying Income Limits

Federal Housing Finance Agency			
Area Median Income by Wisconsin County			
County	60% of AMI	80% of AMI	100% of AMI
Adams	\$51,600	\$68,800	\$86,000
Ashland	\$51,600	\$68,800	\$86,000
Barron	\$51,600	\$68,800	\$86,000
Bayfield	\$51,600	\$68,800	\$86,000
Brown	\$58,380	\$77,840	\$97,300
Buffalo	\$51,600	\$68,800	\$86,000
Burnett	\$51,600	\$68,800	\$86,000
Calumet	\$62,640	\$83,520	\$104,400
Chippewa	\$54,780	\$73,040	\$91,300
Clark	\$51,600	\$68,800	\$86,000
Columbia	\$70,260	\$93,680	\$117,100
Crawford	\$51,600	\$68,800	\$86,000
Dane	\$70,260	\$93,680	\$117,100
Dodge	\$54,060	\$72,080	\$90,100
Door	\$54,600	\$72,800	\$91,000
Douglas	\$56,340	\$75,120	\$93,900
Dunn	\$55,140	\$73,520	\$91,900
Eau Claire	\$54,780	\$73,040	\$91,300
Florence	\$51,600	\$68,800	\$86,000
Fond Du Lac	\$58,320	\$77,760	\$97,200
Forest	\$51,600	\$68,800	\$86,000
Grant	\$51,600	\$68,800	\$86,000
Green	\$70,260	\$93,680	\$117,100
Green Lake	\$51,600	\$68,800	\$86,000
Iowa	\$70,260	\$93,680	\$117,100
Iron	\$51,600	\$68,800	\$86,000
Jackson	\$51,600	\$68,800	\$86,000
Jefferson	\$57,540	\$76,720	\$95,900
Juneau	\$51,600	\$68,800	\$86,000
Kenosha	\$65,640	\$87,520	\$109,400
Kewaunee	\$58,380	\$77,840	\$97,300
La Crosse	\$56,040	\$74,720	\$93,400
Lafayette	\$51,600	\$68,800	\$86,000
Langlade	\$51,600	\$68,800	\$86,000
Lincoln	\$58,680	\$78,240	\$97,800
Manitowoc	\$51,600	\$68,800	\$86,000

Federal Housing Finance Agency			
Area Median Income by Wisconsin			
County	60% of AMI	80% of AMI	100% of AMI
Marathon	\$58,680	\$78,240	\$97,800
Marinette	\$51,600	\$68,800	\$86,000
Marquette	\$51,600	\$68,800	\$86,000
Menominee	\$51,600	\$68,800	\$86,000
Milwaukee	\$60,360	\$80,480	\$100,600
Monroe	\$51,600	\$68,800	\$86,000
Oconto	\$58,380	\$77,840	\$97,300
Oneida	\$53,100	\$70,800	\$88,500
Outagamie	\$62,640	\$83,520	\$104,400
Ozaukee	\$60,360	\$80,480	\$100,600
Pepin	\$51,600	\$68,800	\$86,000
Pierce	\$74,580	\$99,440	\$124,300
Polk	\$53,220	\$70,960	\$88,700
Portage	\$55,140	\$73,520	\$91,900
Price	\$51,600	\$68,800	\$86,000
Racine	\$55,740	\$74,320	\$92,900
Richland	\$55,740	\$74,320	\$92,900
Rock	\$53,520	\$71,360	\$89,200
Rusk	\$51,600	\$68,800	\$86,000
Sauk	\$56,700	\$75,600	\$94,500
Sawyer	\$51,600	\$68,800	\$86,000
Shawano	\$51,600	\$68,800	\$86,000
Sheboygan	\$57,660	\$76,880	\$96,100
St. Croix	\$74,580	\$99,440	\$124,300
Taylor	\$51,600	\$68,800	\$86,000
Trempeleau	\$52,260	\$69,680	\$87,100
Vernon	\$51,600	\$68,800	\$86,000
Vilas	\$51,600	\$68,800	\$86,000
Walworth	\$59,760	\$79,680	\$99,600
Washburn	\$51,600	\$68,800	\$86,000
Waukesha	\$60,360	\$80,480	\$100,600
Washington	\$60,360	\$80,480	\$100,600
Waupaca	\$52,860	\$70,480	\$88,100
Waushara	\$51,600	\$68,800	\$86,000
Winnebago	\$56,760	\$75,680	\$94,600
Wood	\$51,600	\$68,800	\$86,000

# Affordable Repayment

Repayment begins **immediately** for buyers earning **80.01% to 100%** of AMI

Repayment is **deferred for five years** for buyers earning **60.01% to 80%** of AMI

Repayment is **deferred until the first mortgage is paid in full** for buyers earning **60% or less** of AMI, then amortized over ten years.

## WHEDA's EZ Close 2nd Mortgage vs. New Workforce 2nd Mortgage

	<i>WHEDA 1st Time Buyer with Currently available WHEDA EZ Close 2nd</i>	<i>WHEDA 1st Time Buyer 1st Mortgage with New Workforce 2nd Mortgage</i>	<i>WHEDA 1st Time Buyer 1st Mortgage with New Workforce 2nd Mortgage with deferred pmt</i>
	<i>Up to WHEDA Income Limits</i>	<i>80.01% to 100% of FHFA AMI</i>	<i>80% or Less of FHFA AMI</i>
<b>1st Mortgage Interest Rate</b>	<b>6.375%</b>	<b>6.375%</b>	<b>6.375%</b>
<b>Annual Percentage Rate (APR)</b>	<b>6.917%</b>	<b>6.401%</b>	<b>6.401%</b>
<b>Home Purchase Price</b>	<b>\$202,000</b>	<b>\$202,000</b>	<b>\$202,000</b>
1st Mortgage Amount	\$195,900	\$155,400	\$155,400
<b>2nd Mortgage Loan Amount</b>	<b>\$10,100</b>	<b>\$50,500</b>	<b>\$50,500</b>
<b>2nd Mortgage Interest Rate</b>	<b>6.375%</b>	<b>0.000%</b>	<b>0.000%</b>
<b>Monthly Payment Details</b>			
Principal and Interest	\$1,222.16	\$969.49	\$969.49
Property Taxes (est.)	\$252.50	\$252.50	\$252.50
Mortgage Insurance (est.)	\$114.30	\$0.00	\$0.00
Homeowners Insurance (est.)	\$50.50	\$50.50	\$50.50
<b>2nd mortgage payment</b>	<b>\$114.04</b>	<b>\$140.28</b>	<b>\$0.00</b>
<b>Total Monthly Payment</b>	<b>\$1,753.50</b>	<b>\$1,412.77</b>	<b>\$1,272.49</b>
<b>Total money needed to buy funds needed at closing + before closing)</b>	<b>\$5</b>	<b>\$84</b>	<b>\$84</b>

*Payment comparison is based on the most widely available Wisconsin First-Time Buyer mortgage program from WHEDA, which includes a 30-year fixed first mortgage and WHEDA's 10-year amortizing EZ Close 2nd Mortgage program.*

# Streamlined Administration

The Workforce 2nd Mortgage Program has been tailored to be administered through WHEDA by matching or supplementing their existing underwriting. First-time buyers could obtain the 2nd mortgage through any of the following: WHEDA-approved lenders, community-based non-profits, or Housing Finance Agencies. As payments are made by homeowners, **funds are recirculated to generate additional homebuyers.**

# Boosting Workforce Stability Through Homeownership

By reducing financing costs for first-time homebuyers, the **Workforce 2nd Mortgage Program** would allow more Wisconsinites to invest in the stability of homeownership. Homeowners average 13 years in their homes, while renters average 2-3. This program would offer Wisconsin workers earning at or below median income access to an affordable second mortgage towards the purchase of an owner-occupied single-family home, townhome, or condo. The loan would be administered through WHEDA's existing infrastructure, creating a recirculating mortgage fund.

## PRICES ON THE RISE



*Since 2012, median sales prices for Wisconsin homes have more than doubled, pricing hard-working families out of the market. This program breaks down financing barriers for first-time buyers.*

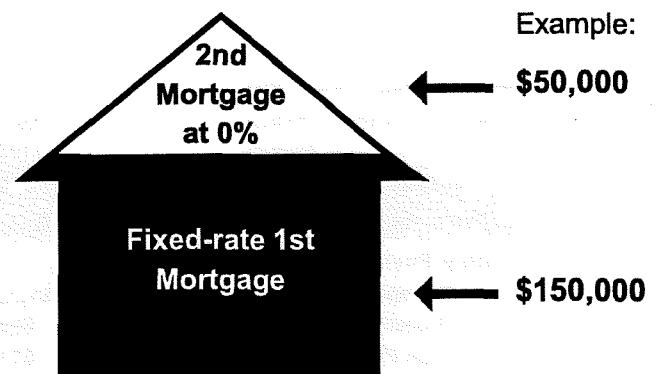
### Implementing this program will:

- ▶ Allow families to earn \$13,600 - \$19,200 less to qualify for a home
- ▶ Reduce monthly mortgage payments by \$340 - \$481
- ▶ Assist an estimated 1,980 Wisconsin workers in buying their first homes. Repayment capital will help even more families via the recirculating fund.



## Workforce 2nd Mortgage Program

Closing The Financing Gap For Wisconsin Workers



Rising costs are pricing Wisconsin workers out of the homeownership market. This program creates a 0% interest second mortgage of up to \$60k or 25% of the sales price of an owner-occupied single-family home, townhome, or condo.



### Built for Wisconsin Workers

- Earning at or below AMI
- First-time homebuyers