2005 AB 863
LRB 05-3962/1

HOUSING IMPACT NOTE:

Re: AB 863 – WHEDA's Property Tax Deferral Loan Program (PTDL)

SUMMARY:
This bill expands the pool of eligible homeowning borrowers 65 years of age or older for WHEDA PTDLs. The bill raises income eligibility from $20,000 household income to 80% of county median household income. It eliminates the $2500 a year maximum loan and substitutes it for the total amount of property taxes, special assessments and associated interest or penalties. It raises loan to value eligibility thresholds (increases the limit of the amount of liens and judgments on the property, including WHEDA PTDLs) from 33% to 65%. This will allow more dwelling units to qualify.

IMPACTS: Assembly Bill 863 impacts housing in Wisconsin in the following ways:

- **Policies, strategies and recommendations of the state housing strategy plan** The effect of this bill is consistent with the state Consolidated Plan priority to promote homeownership and affordability of housing. The state plan calls for preserving the availability of safe, sanitary housing for low and moderate income owners and encourages housing and supportive assistance to special needs groups such as low income elderly homeowners. This bill would increase utilization beyond the approximately 250 loans per year allowing more elderly residents to keep property tax and special assessment payments current thus helping them remain self sufficient in their homes.

- **Cost of constructing, rehabilitating, improving, or maintaining dwellings** Wisconsin's seniors often struggle with rising utility and property maintenance costs as well as higher property tax assessments and special assessment costs. An expanded WHEDA PTDL program prevents seniors from losing their home due to unpaid assessments.

- **Housing costs for housing occupied by the owner** The bill makes WHEDA PTDL loans more readily available to a larger population of seniors (77% of the state's elderly population are homeowners). Pegging eligibility to published HUD low income levels keeps the program current with the times and more applicable to each county of the state. The higher income benchmarks will include more senior households, particularly in urban counties. Eliminating the $2500 per year limit and increasing the loan to value eligibility measure responds to higher annual property tax payments. The average residential property tax bill in the state in 2004 was $2,792 which exceeds the program's current maximum loan amount of $2500. AB 863 will also benefit repeat customers who, after utilizing the PTDL program for a few years, find themselves ineligible for subsequent PTDLs because their property reached the program's equity/loan limit.

WHEDA should be consulted to insure enough reserves are available and that there is sufficient staff time to handle increased applicant traffic and PTDL loans.

Prepared by Dept. of Commerce, Bureau of Supportive Housing
Marty Evanson 608-267-2713