
Wisconsin Legislative Council

ACT MEMO



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2023 Wisconsin Act 17
[2023 Assembly Bill 267]

**Workforce Housing
Rehabilitation Loan Program**

BACKGROUND

[2021 Wisconsin Act 221](#) created a workforce housing rehabilitation loan program. Under the program, a person may apply to the Wisconsin Housing and Economic Development Authority (WHEDA) for a loan to pay for the cost of certain rehabilitation to the applicant's home.

As established by Act 221, the program included the following relevant parameters:¹

- A home had to be a single-family residence that the applicant occupied.
- A home had to have been constructed before 1980.
- A rehabilitation was eligible for a loan if it was an improvement to housing to maintain the housing in a decent, safe, and sanitary condition or to restore it to that condition if the improvement was any of the following:
 - Removal of lead paint.
 - A structural improvement, including repairing or replacing a heating system, electrical system, plumbing system, roof, window, or exterior door.
- The applicant had to agree to repay the loan, including all interest, if the applicant sold or otherwise transferred title to the home to another person or if the applicant and the applicant's family vacated the home.
- WHEDA could establish an interest rate for a workforce housing rehabilitation loan that was below the market interest rate or charge no interest.

Act 221 authorized WHEDA to utilize the preexisting housing rehabilitation loan fund to make workforce housing rehabilitation loans.

2023 WISCONSIN ACT 17

2023 Wisconsin Act 17 modifies certain parameters of the workforce housing rehabilitation loan program, as follows:

- Specifies that a home must be a single-family residence that the applicant not only occupies, but occupies as the applicant's primary residence.
- Requires that a home must have been constructed at least 40 years prior to the date of the loan application (instead of before 1980).

¹ For a more complete description of 2021 Wisconsin Act 221, see Legislative Council, 2021 Wisconsin Act 221, [Act Memo](#).

- Modifies the type of rehabilitation that is eligible for a loan. Under Act 17, a rehabilitation must be an improvement to housing to maintain the housing in a decent, safe, and sanitary condition or to restore it to that condition if the improvement is any of the following:
 - Removal of lead paint, asbestos, mold, or other environmental contamination conducted in accordance with applicable laws and regulations.
 - A structural improvement, including any of the following:
 - Repairing or replacing a heating system, electrical system, internal plumbing system, interior wall or ceiling, roof, window, exterior door, or flooring.
 - Repairing the foundation.
 - Repairing or replacing insulation or siding.
- Allows WHEDA to establish an interest rate for a workforce housing rehabilitation loan that is at the market interest rate (in addition to below market interest rate or no interest).

In addition, Act 17 established several new parameters for the workforce housing rehabilitation loan program. Under Act 17:

- An applicant may not have another workforce housing rehabilitation loan pending.
- The home must not have been the subject of a claim for a historic rehabilitation tax credit and not have received financial assistance from tax increments generated by an active tax incremental district.
- A loan term may not exceed 15 years and the applicant must agree to repay the loan in full within that term by making monthly principal and interest payments.
- The amount of a loan may not exceed the lesser of \$50,000 or 100 percent of the appraised value of the home after rehabilitation.
- The agreement entered into by WHEDA and the owner must require the owner to remediate lead paint, asbestos, or mold as required by and in accordance with laws and regulations.
- WHEDA must establish policies and procedures to administer the loan program. The policies and procedures must, to the extent practicable, address credit underwriting guidelines and loan repayment requirements.

Act 17 also made changes to the administration of the housing rehabilitation loan fund from which WHEDA makes workforce housing rehabilitation loans. Under Act 17:

- WHEDA may invest amounts held in the fund in specified investments only.²
- All amounts appropriated to WHEDA for the housing rehabilitation loan fund in the 2023-25 fiscal biennium,³ and all amounts received from the repayment of workforce housing rehabilitation loans, must be used to make loans under the act. In addition, of the appropriations to the fund in the 2023-25 fiscal biennium, WHEDA must return to the Department of Administration for deposit in

² Previously, WHEDA was allowed to invest amounts in the fund in any investment lawful for fiduciaries in Wisconsin, as long as a minimum percent was invested in state or federal obligations.

³ As passed by the Legislature, the 2023-25 biennial budget bill would have appropriated \$50 million in 2023-24 for deposit in the housing rehabilitation loan fund for the workforce housing rehabilitation loan program. The Governor's partial veto retained that amount, but deleted the requirement that the funds be deposited in the housing rehabilitation loan fund. As a result, the appropriation is provided for "housing rehabilitation." See 2023 Wisconsin Act 19, SECS. 51 (as it relates to s. 20.490 (6) (d), Stats.) and 134.

the general fund any such amounts not encumbered or expended for an eligible rehabilitation as of January 1, 2031.

Effective date: June 24, 2023

For a full history of the bill, visit the Legislature's [bill history page](#).

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