BECKER Professional Services
Community Economic Development
5813 Piping Rock Rd.
Madison, WI 53711
Tel: (608)444-0836
Email: gary@beckerproservices.com

Summary of Recent Workforce Housing Legislation

Legislation was recently signed providing WHEDA (Wisconsin Housing and Economic Development Authority) funding to support the development of "workforce housing" of a variety of types, including new construction and rehab of both single-family and multi-family housing, 2nd and 3rd floor housing rehabilitation, and conversion of commercial property to residential, including demolition. The following 4 programs are tentatively funded at $525 million for the 2023 – 2025 budget. Administrative rules still need to be written before the programs can become active, however municipalities wishing to benefit from the legislation must take proactive steps to position themselves to do so.

In addition to providing funding, the legislation requires municipalities to partner with owners and developers to find ways of reducing cost of housing within the municipality's jurisdiction, and to update the housing element of the municipality's comprehensive plan every 5 years rather than the 10 years required by the comprehensive planning law.

2023 Wisconsin Act 14: Housing Infrastructure Revolving Loan Fund

This bill establishes a residential housing infrastructure loan fund within WHEDA. Loans may be made to residential housing developers to cover housing infrastructure costs for an eligible project. Any developer may apply to WHEDA for a loan for this purpose, but conditions apply. One of the conditions requires the ***local governmental unit to take actions*** to reduce development costs and increase density. This is documented by a Cost Reduction form the municipality and the developer jointly submit to WHEDA that shows the cost reduction and time-saving measures undertaken by the local governmental unit after **January 1, 2023** that have reduced the cost of residential housing with the project.

WHEDA may award a loan to any governmental unit having jurisdiction over an eligible developer project funded by WHEDA. These funds may be used by the governmental unit to cover public infrastructure costs incurred by the governmental unit in connection with the eligible project that are not directly related to the eligible project itself.

The legislation allows WHEDA to establish an interest rate anywhere from 0% to market rate. Loan amounts will be limited to 20% of the total cost of development including land purchase. 25% of funds will be **set aside** for 4 years for **senior housing**. 30% of funds (inclusive of the 25%) will be set aside for projects located in cities, villages, or towns of **less than 10,000 population**.

The Fund will have regions defined by the boundaries of each of the regional planning commissions. Those counties not part of a regional planning commission will be in their own region. No more than 25% of loans may be made to any region in any given application cycle.

Conditions of Loans to Developers:

- The developer has secured the necessary financial resources for the total cost of development of the residential housing supported by the eligible project.
- The developer has secured all applicable federal, state, and local government permits or other approvals for the eligible project and the residential housing supported by the eligible project.

BECKER Professional Services
Community Economic Development
5813 Piping Rock Rd.
Madison, WI 53711
Tel: (608)444-0836
Email: gary@beckerproservices.com

- Any applicable sewer or water service area plan has been amended if necessary.
- The eligible governmental unit has reduced the cost of residential housing in connection with the eligible project by ***voluntarily revising zoning ordinances, subdivision regulations, or other land development regulations to increase development density, expedite approvals, reduce impact, water connection, and inspection fees, or reduce parking, building***, **or other development costs** with respect to the development of residential housing supported by the project.
- The eligible governmental unit follows the requirements under ss. 66.1001 (Comprehensive Planning), 66.10013 (Housing Affordability Report), and 66.10014 (New Housing Fee Report), to the extent those requirements apply to the governmental unit.
- The eligible governmental unit has ***updated the housing element*** of its comprehensive plan ***within 5 years*** **preceding the date of the loan application**.
- Rental housing remains workforce or senior housing for no less than **10 years** as a deed restriction. An annual rent roll will be required for this period to document this criterion.
- Owner-occupied housing must remain owner-occupied for no less than 10 years and may not be sold for a price that exceeds the price charged by the developer to the initial owner-occupier adjusted by the average annual percentage increase in sale price of all residential housing in the county in which the project is located. This will be recorded as a deed restriction.

Eligible project conditions:

- New construction
- For rent or sale
- Single or Multi-family housing
- Property subject to taxation
- No state or federal historic rehab tax credit
- Project has not received financial assistance from a Tax Increment District

Criteria for Workforce Housing

Rental Housing: estimated annual housing costs[1] do not exceed 30% of the area median income (county) as published by HUD[2]. **Dane County** median income is $123,400. 30% is $37,020 or $3,085 per month. Income of the occupants of rental housing have incomes less than 100% of county median income - $123,400.

Owner-occupied Housing: estimated annual housing costs[3] do not exceed 30% of 140% of the area median income (county) as published by HUD. **Dane County** median income is $123,400. 140% is $172,760. 30% of that is $51,828 or $4,319 per month. Income of the purchasers of owner-occupied housing have incomes less than 140% of county median income - $172,760.

---

[1] Rent and utilities.

[2] (https://www.huduser.gov/portal/datasets/il/il2023/2023MedCalc.odn?STATES=55.0&INPUTNAME=METRO31540M31540*5502599999%2BDane+County&statelist=&stname=Wisconsin&wherefrom=mfi&statefp=55&year=2023&ne_flag=&selection_type=county&incpath=%24incpath%24&data=2023&SubmitButton=View+County+Calculations).

[3] Principal & interest on mortgage, closing costs, mortgage insurance, property insurance, utility-related costs, property taxes, fees for managing cooperative housing associations.

BECKER Professional Services
Community Economic Development
5813 Piping Rock Rd.
Madison, WI 53711
Tel: (608)444-0836
Email: gary@beckerproservices.com

Criteria for Senior Housing

Same as Workforce Housing, adding the intent to operate the housing primarily for occupancy by at least one person 55 years of age or older per dwelling unit.

Infrastructure eligible for funding:

- Water distribution systems.
- Water treatment plants.
- Wastewater treatment plants.
- Sanitary sewer systems.
- Storm sewer systems.
- Stormwater retention ponds.
- Lift or pump stations.
- Streets, roads, alleys, or bridges.
- Curbs, gutters, or sidewalks.
- Traffic devices.
- Streetlights.
- Electric or gas distribution lines.

BECKER Professional Services
Community Economic Development
5813 Piping Rock Rd.
Madison, WI 53711
Tel: (608)444-0836
Email: gary@beckerproservices.com

2023 Wisconsin Act 15: Main Street Housing Rehabilitation Revolving Loan Fund

WHEDA will establish a Main Street Housing Rehabilitation Revolving Loan Fund for the purpose of awarding loans to owners of rental housing to cover housing rehabilitation costs for an eligible project. Any owner of an eligible project may apply to WHEDA for a loan for this purpose, but conditions apply. One of the conditions requires the ***local governmental unit to take actions*** to reduce development costs and increase density. This is documented by a Cost Reduction form the municipality and the developer jointly submit to WHEDA that shows the cost reduction and time saving measures undertaken by the local governmental unit after **January 1, 2023,** that have reduced the cost of residential housing with the project.

The legislation allows WHEDA to establish an interest rate anywhere from 0% to market rate. Loan amounts will be limited to $20,000 per dwelling unit or 25% of the total housing rehabilitation project cost. 25% of funds will be **set aside** for 4 years for **senior housing**. 30% of funds will be set aside for projects located in cities, villages, or towns of **less than 10,000 population**.

Conditions of Loans to Developers:

- The owner has secured the necessary financial resources for the total cost of development of the residential housing supported by the eligible project not covered by this loan.
- The owner has secured all applicable federal, state, and local government permits or other approvals for the eligible project and the residential housing supported by the eligible project.
- The eligible political subdivision has reduced the cost of rental housing in connection with the eligible project by ***voluntarily revising zoning ordinances, subdivision regulations, or other land development regulations to increase development density, expedite approvals, reduce impact, water connection, and inspection fees, or reduce parking, building***, **or other development costs** with respect to the development of residential housing supported by the project.
- The eligible political subdivision follows the requirements under ss. 66.1001 (Comprehensive Planning), 66.10013 (Housing Affordability Report), and 66.10014 (New Housing Fee Report), to the extent those requirements apply to the governmental unit.
- The eligible political subdivision has ***updated the housing element*** of its comprehensive plan ***within 5 years*** preceding the date of the loan application.
- Housing rehabilitated with the loan remains workforce housing for no less than **10 years** as a deed restriction. An annual rent roll will be required for this period to document this criterion.

Eligible project types:

- Located on the 2nd or 3rd floor of an existing 2-story or 3-story building with a commercial use on the main floor if the space in the building that is devoted to commercial use constitutes no more than two-thirds of the building's gross square footage.
- Located in a building that was constructed at least 40 years prior to the date of application.
- Has not been significantly improved for at least 20 years prior to the date of application.

BECKER Professional Services
Community Economic Development
5813 Piping Rock Rd.
Madison, WI 53711
Tel: (608)444-0836
Email: gary@beckerproservices.com

- Is vacant or has been underutilized.
- Single-family or multi-family housing offered for rent.
- Project is subject to taxation.
- No state or federal historic rehab tax credit.
- Project has not received financial assistance from a Tax Increment District.

Projects eligible for funding:

- Repairing or replacing a heating system, electrical system, internal plumbing system, interior wall or ceiling, roof, window, exterior door, or flooring.
- Repairing or replacing insulation or siding.
- Remediating lead paint, asbestos, or mold in accordance with applicable local, state, and federal laws and regulations.

Criteria for Workforce Housing

Rental Housing: estimated annual housing costs[4] do not exceed 30% of the area median income (county) as published by HUD[5]. **Dane County** median income is $123,400. 30% is $37,020 or $3,085 per month. Income of the occupants of rental housing have incomes less than 100% of county median income - $123,400.

Owner-occupied Housing: estimated annual housing costs[6] do not exceed 30% of 140% of the area median income (county) as published by HUD. **Dane County** median income is $123,400. 140% is $172,760. 30% of that is $51,828 or $4,319 per month. Income of the purchasers of owner-occupied housing have incomes less than 140% of county median income - $172,760.

---

[4] Rent and utilities.

[5] (https://www.huduser.gov/portal/datasets/il/il2023/2023MedCalc.odn?STATES=55.0&INPUTNAME=METRO31540M31540*5502599999%2BDane+County&statelist=&stname=Wisconsin&wherefrom=mfi&statefp=55&year=2023&ne_flag=&selection_type=county&incpath=%24incpath%24&data=2023&SubmitButton=View+County+Calculations).

[6] Principal & interest on mortgage, closing costs, mortgage insurance, property insurance, utility-related costs, property taxes, fees for managing cooperative housing associations.

BECKER Professional Services
Community Economic Development
5813 Piping Rock Rd.
Madison, WI 53711
Tel: (608)444-0836
Email: gary@beckerproservices.com

2023 Wisconsin Act 18: Commercial-to-Residential Conversion Revolving Loan Fund

WHEDA will establish a Commercial-to-Housing Conversion Revolving Loan Fund for the purpose of awarding loans to developers to cover construction costs for an eligible project, including demolition. Any developer may apply to the authority for a loan in accordance with the application process, but conditions apply. One of the conditions requires the ***local governmental unit to take actions*** to reduce development costs and increase density. This is documented by a Cost Reduction form the municipality and the developer jointly submit to WHEDA that shows the cost reduction and time saving measures undertaken by the local governmental unit after **January 1, 2023,** that have reduced the cost of residential housing with the project.

The legislation allows WHEDA to establish an interest rate anywhere from 0% to market rate. Loan amounts will be limited to $1,000,000 per dwelling unit or 20% of the total project costs. 30% of funds will be set aside for projects located in cities, villages, or towns of **less than 10,000 population**.

Conditions of Loans to Developers:

- The owner has secured the necessary financial resources for the total cost of development of the residential housing supported by the eligible project not covered by this loan.
- The owner has secured all applicable federal, state, and local government permits or other approvals for the eligible project and the residential housing supported by the eligible project.
- The eligible political subdivision has reduced the cost of rental housing in connection with the eligible project by ***voluntarily revising zoning ordinances, subdivision regulations, or other land development regulations to increase development density, expedite approvals, reduce impact, water connection, and inspection fees, or reduce parking, building***, **or other development costs** with respect to the development of residential housing supported by the project.
- The eligible political subdivision follows the requirements under ss. 66.1001 (Comprehensive Planning), 66.10013 (Housing Affordability Report), and 66.10014 (New Housing Fee Report), to the extent those requirements apply to the governmental unit.
- The eligible political subdivision has ***updated the housing element*** of its comprehensive plan ***within 5 years*** preceding the date of the loan application.
- Residential housing constructed with the loan remains workforce or senior housing for no less than **10 years** as a deed restriction. An annual rent roll will be required for this period to document this criterion.
- Owner-occupied housing must remain owner-occupied for no less than 10 years and may not be sold for a price that exceeds the price charged by the developer to the initial owner-occupier adjusted by the average annual percentage increase in sale price of all residential housing in the county in which the project is located. This will be recorded as a deed restriction.

Eligible project types:

- The building has been vacant for at least one year or has been underutilized.
- The building's current zoning permits residential use.

BECKER Professional Services
Community Economic Development
5813 Piping Rock Rd.
Madison, WI 53711
Tel: (608)444-0836
Email: gary@beckerproservices.com

- The building has not been the subject of a claim for a state or federal historic rehabilitation tax credit.
- The building has not received financial assistance from tax increments generated by an active tax incremental district.

BECKER Professional Services
Community Economic Development
5813 Piping Rock Rd.
Madison, WI 53711
Tel: (608)444-0836
Email: gary@beckerproservices.com

2023 Wisconsin Act 17: Workforce Housing Rehabilitation Loan Program

WHEDA may make a loan to a person applying to pay for the cost of eligible rehabilitation to the applicant's home. The loan term does not exceed 15 years and the amount of the loan does not exceed $50,000 or 100% of the appraised value of the residence after completion of the eligible rehabilitation.

The following must apply:

- The applicant's household annual income does not exceed 120% of the area median family income for the county in which the housing is located, adjusted for family size, as published annually by the federal department of housing and urban development.
- The applicant's home is a single-family residence that the applicant occupies as the applicant's primary address and that was constructed at least 40 years prior to the date of the loan application.
- The applicant agrees to the terms of the loan, including a requirement to repay the loan by making monthly principal and interest payments so that the loan, including all interest, is fully repaid within the loan term, and a requirement to repay the loan, including all interest, upon the applicant selling or otherwise transferring title to the residence to another person or upon the applicant and his or her family vacating the residence.

Eligible Project Costs:

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 the removal of lead paint, asbestos, mold, or other internal environmental contamination in accordance with applicable local, state, and federal laws and regulations or constitutes a structural improvement, including any of the following:

- Repairing or replacing a heating system, electrical system, plumbing system, roof, window, or exterior door.
- Repairing the foundation.
- Repairing or replacing insulation or siding.

Conditions of Loans to Developers:

- The applicant does not have another WHEDA loan.
- The applicant's home has not been the subject of a claim for a state or federal historic rehabilitation tax credit.
- The applicant's home has not received financial assistance from tax increments generated by an active tax incremental district.
- The owner has secured all applicable federal, state, and local government permits or other approvals for the eligible project and the residential housing supported by the eligible project.
- The eligible political subdivision has reduced the cost of rental housing in connection with the eligible project by ***voluntarily revising zoning ordinances, subdivision regulations, or other land development regulations to increase development density, expedite approvals, reduce impact,***

BECKER Professional Services
Community Economic Development
5813 Piping Rock Rd.
Madison, WI 53711
Tel: (608)444-0836
Email: gary@beckerproservices.com

water connection, and inspection fees, or reduce parking, building, **or other development costs** with respect to the development of residential housing supported by the project.

- The eligible political subdivision follows the requirements under ss. 66.1001 (Comprehensive Planning), 66.10013 (Housing Affordability Report), and 66.10014 (New Housing Fee Report), to the extent those requirements apply to the governmental unit.
- The eligible political subdivision has ***updated the housing element*** of its comprehensive plan ***within 5 years*** preceding the date of the loan application.
- Residential housing constructed with the loan remains workforce or senior housing for no less than **10 years** as a deed restriction. An annual rent roll will be required for this period to document this criterion.
- Owner-occupied housing must remain owner-occupied for no less than 10 years and may not be sold for a price that exceeds the price charged by the developer to the initial owner-occupier adjusted by the average annual percentage increase in sale price of all residential housing in the county in which the project is located. This will be recorded as a deed restriction.