



2025 ASSEMBLY BILL 454

September 25, 2025 - Introduced by Representatives RODRIGUEZ, SNYDER, KNODL, RIVERA-WAGNER, BROOKS, GOEBEN, GUNDRUM, GUSTAFSON, KITCHENS, KREIBICH, MELOTIK, MIRESE, MOSES, MURPHY, MURSAU, O'CONNOR, ORTIZ-VELEZ, PIWOWARCZYK, SUMMERFIELD and TUSLER, cosponsored by Senators JAMES, L. JOHNSON, DASSLER-ALFHEIM, FEYEN, MARKLEIN and PFAFF. Referred to Committee on Housing and Real Estate.

- 1 **AN ACT** *to amend* 234.66 (2) (a) (intro.), 234.661 (2) (a) (intro.) and 234.662 (2)
- 2 (a) (intro.); **to create** 234.665 of the statutes; **relating to:** a workforce home
- 3 loan program.

Analysis by the Legislative Reference Bureau

This bill establishes a workforce home loan fund under the jurisdiction and control of the Wisconsin Housing and Economic Development Authority for the purpose of issuing loans, which the bill terms “workforce home loans,” to eligible applicants to provide gap financing to supplement a conventional mortgage for the purchase of a single-family residence in Wisconsin that is either a new construction or an existing construction that has undergone substantial rehabilitation and that will be the eligible applicant’s primary residence. Under the bill, “substantial rehabilitation” means either of the following:

1. The repair, restoration, construction, improvement, or remodeling of a building for which the cost exceeds 35 percent of the building’s value for purposes of taxation under ch. 70 for the year preceding the year in which the work was begun.
2. A change in zoning classification from nonresidential to residential.

The bill requires WHEDA to use repayments of workforce home loans to fund additional loans under the program.

The bill prohibits WHEDA from charging any interest for a workforce home loan, and workforce home loans are not forgivable in whole or in part. Each

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workforce home loan must be secured as a second lien real estate mortgage. The loan term is 15 years, if the applicant has an annual household income that is more than 80 percent of the area median income, or 30 years, if the applicant has an annual household income that is 80 percent or less of the the area median income. The loan term may be extended to 40 years for certain applicants who qualify for limited workforce home loan payment deferral, as provided in the bill, and a workforce home loan may be prepaid in whole or in part at any time without penalty. Under the bill, the total amount of unpaid principal on a workforce home loan becomes due and payable upon the occurrence of any of the following:

1. The recipient of the workforce home loan sells the home.
2. No recipient of the workforce home loan continues to reside in the home as a primary residence.

Under the bill, a lender authorized by WHEDA or a local housing authority or community-based organization or other qualified local organization, as determined by WHEDA, certifies that a loan applicant is eligible to receive a workforce home loan, subject to WHEDA's approval. An applicant is eligible for a workforce home loan under the bill if all of the following are satisfied:

1. The applicant has not had any ownership interest in residential real property for the three consecutive years immediately preceding the date of the application.
2. The applicant's annual household compliance income equals 100 percent or less of the area median family income for the county in which the home is located, not adjusted for family size, as established by the Federal Housing Finance Agency. Under the bill, household compliance income means the anticipated combined income, as determined by WHEDA according to its conventional first-time home buyer first mortgage program underwriting guidelines (underwriting guidelines), of all individuals age 18 or older who intend to occupy the residence subject to a workforce home loan, regardless of whether the individual is an applicant for the workforce home loan and regardless of the individual's relationship to the applicant for the workforce home loan.
3. The applicant's debt-to-income ratio, calculated by WHEDA as provided in the bill, satisfies WHEDA's underwriting guidelines.
4. The applicant's credit score, rating, or other classification, as determined by WHEDA, satisfies WHEDA's underwriting guidelines.
5. Unless payments on a workforce home loan are deferred for at least 60 months, the applicant's minimum financial reserves after down payment and closing costs for the applicant's conventional mortgage for the purchase of the residence subject to the workforce home loan satisfy WHEDA's underwriting guidelines.
6. The applicant's conventional first mortgage for the purchase of the residence subject to the workforce home loan is a fully amortizing, fixed-rate qualified mortgage loan with a term of 30 or fewer years.
7. The applicant satisfies all eligibility requirements with respect to

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citizenship or resident alien status, social security number validity, home buyer education and counseling, and payment of child support or maintenance if owed, as provided in WHEDA's underwriting guidelines.

Under the bill, WHEDA may not issue a workforce home loan that exceeds the lesser of the following:

1. \$60,000, adjusted annually beginning on the effective date of the bill by the average compounded annual percentage increase in the sale price of all residential housing in this state, as determined by WHEDA.

2. Twenty-five percent of the purchase price or fair market value of the home, whichever is less.

The bill establishes different repayment rules for workforce home loans depending on an eligible applicant's household compliance income. Specifically, if WHEDA issues a workforce home loan to an eligible applicant whose household compliance income is 80 percent or less, but more than 60 percent, of the area median income, the repayment of principal on the loan must be deferred for 60 months following the issuance date of the workforce home loan after which time the repayment of principal on a monthly basis commences, amortized over 25 years. However, if WHEDA issues a workforce home loan to an eligible applicant whose household compliance income is 60 percent or less of the area median income, the repayment of principal on the loan must be deferred until the first-lien real estate mortgage loan on the home is paid in full after which time the repayment of principal on a monthly basis commences, amortized over 10 years.

The bill requires that WHEDA subordinate an outstanding workforce home loan to a new first mortgage loan obtained by the recipient of the workforce home loan on the basis of rules provided in the bill.

Finally, the bill permits WHEDA to allocate up to \$10,000,000 in the 2025-27 fiscal biennium to the fund created in the bill from the housing funds for the Infrastructure Access Program, Restore Main Street Program, and Vacancy-to-Vitality Program.

Because this bill may increase or decrease, directly or indirectly, the cost of the development, construction, financing, purchasing, sale, ownership, or availability of housing in this state, the Department of Administration, as required by law, will prepare a report to be printed as an appendix to this bill.

For further information see the state and local fiscal estimate, which will be printed as an appendix to this bill.

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

1 **SECTION 1.** 234.66 (2) (a) (intro.) of the statutes is amended to read:

2 **234.66 (2) (a) (intro.)** There is established under the jurisdiction and control

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1 of the authority a residential housing infrastructure revolving loan fund, for the
2 purpose of providing loans under sub. (3) and for deposit in the workforce home loan
3 fund under s. 234.665 (2) (a). The authority may use moneys in the fund to cover
4 actual and necessary expenses incurred to accomplish the purposes of this section,
5 including marketing expenses under sub. (6), and administer the fund. The fund
6 shall consist of all of the following:

7 **SECTION 2.** 234.661 (2) (a) (intro.) of the statutes is amended to read:

8 234.661 (2) (a) (intro.) There is established under the jurisdiction and control
9 of the authority a main street housing rehabilitation revolving loan fund, for the
10 purpose of providing loans under sub. (3) and for deposit in the workforce home loan
11 fund under s. 234.665 (2) (a). The authority may use moneys in the fund to cover
12 actual and necessary expenses, including marketing expenses under sub. (4),
13 incurred to accomplish the purposes of this section and administer the fund. The
14 fund shall consist of all of the following:

15 **SECTION 3.** 234.662 (2) (a) (intro.) of the statutes is amended to read:

16 234.662 (2) (a) (intro.) There is established under the jurisdiction and control
17 of the authority a commercial-to-housing conversion revolving loan fund, for the
18 purpose of providing loans under sub. (3) and for deposit in the workforce home loan
19 fund under s. 234.665 (2) (a). The authority may use moneys in the fund to cover
20 actual and necessary expenses incurred to accomplish the purposes of this section,
21 including marketing expenses under sub. (4), and administer the fund. The fund
22 shall consist of all of the following:

23 **SECTION 4.** 234.665 of the statutes is created to read:

ASSEMBLY BILL 454**SECTION 4****1 234.665 Workforce home loan revolving loan program. (1)**

2 DEFINITIONS. In this section:

3 (a) “Applicant” means each person who is a member of a household and who
4 is applying for a workforce home loan on behalf of that household.

5 (b) “Area median income” means the area median family income in the county
6 in which the residence is located, not adjusted for family size, as determined by the
7 federal housing finance agency.

8 (c) “Household compliance income” means the anticipated combined income,
9 as determined by the authority according to its underwriting guidelines, of all
10 individuals age 18 or older who intend to occupy the residence subject to a
11 workforce home loan, regardless of whether the individual is the applicant for the
12 workforce home loan and regardless of the individual’s relationship to the applicant
13 for the workforce home loan.

14 (d) “Qualified organization” means an authorized lender, as defined in s.
15 234.59 (1) (a), or a housing authority, as defined in s. 16.301 (2) (a), a community-
16 based organization, as defined in s. 16.301 (1), or another qualified local
17 organization, as determined by the authority.

18 (e) “Qualifying income” means the sum of the income of all eligible applicants
19 in the household for purposes of assessing the combined ability of all applicants in
20 the household to repay the workforce home loan, as determined by the authority
21 according to its underwriting guidelines.

22 (f) “Substantial rehabilitation” means any of the following:

23 1. The repair, restoration, construction, improvement, or remodeling of a

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1 building for which the cost exceeds 35 percent of the building's value for purposes of
2 taxation under ch. 70 for the year preceding the year in which the work was begun.

3 2. A change in zoning classification from nonresidential to residential.

4 (g) "Underwriting guidelines" means the authority's conventional first-time
5 home buyer first mortgage program underwriting guidelines.

6 (h) "Workforce home loan" means a loan issued by the authority under sub.
7 (5) (a).

8 **(2) ESTABLISHMENT OF FUND.** (a) There is established under the jurisdiction
9 and control of the authority a workforce home loan fund, for the purpose of
10 providing loans under sub. (5). The authority may use moneys in the fund to cover
11 actual and necessary expenses incurred to accomplish the purposes of this section,
12 including marketing expenses, and administer the fund. The fund shall consist of
13 all of the following:

14 1. All moneys allocated by the authority to the fund.

15 2. All moneys received from the repayment of loans under sub. (5).

16 (b) In its discretion, the authority may invest fund moneys that are not
17 required for immediate use or disbursement in all of the following to the extent
18 lawful for fiduciaries in this state:

19 1. An obligation of the United States or one of its agencies or
20 instrumentalities, or an obligation the principal and interest of which are
21 guaranteed by the United States or one of its agencies or instrumentalities.

22 2. An obligation of any state, or of any county, city, or other political
23 subdivision of a state, having long-term ratings in the AA category or higher.

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1 3. A certificate of deposit.

2 4. The state investment fund.

3 5. A money market mutual fund restricted to one or more investments as
4 provided in subd. 1., 2., 3., or 4.

5 (c) All investments under par. (b) shall be the exclusive property of the fund.

6 All earnings on or income from such investments shall be credited to the fund.

7 (d) No moneys in the fund may be invested under s. 234.03 (18).

8 **(3) ESTABLISHMENT OF PROGRAM.** The authority shall establish and
9 administer a workforce home loan revolving loan program for the purpose of
10 awarding loans under this section.

11 **(4) CERTIFICATIONS.** (a) A qualified organization may certify that an
12 applicant is eligible to receive a workforce home loan in an amount determined by
13 the qualified organization, subject to the approval of the authority.

14 (b) An applicant for a workforce home loan is eligible if the applicant satisfies
15 all of the following:

16 1. The applicant has not had any ownership interest in residential real
17 property for the 3 consecutive years immediately preceding the date of the
18 application.

19 2. The applicant's annual household compliance income equals 100 percent or
20 less of the area median income.

21 3. The applicant's debt-to-income ratio, based on qualifying income, satisfies
22 the underwriting guidelines, except that if the payments on a workforce home loan
23 are deferred for at least 60 months, no future workforce home loan payment may be

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1 included in the debt-to-income ratio calculation and the maximum debt-to-income
2 ratio for manual underwriting shall be 45 percent of the qualifying income.

3 4. The applicant's credit score, rating, or other classification, as determined
4 by the authority, satisfies the underwriting guidelines, except that if the payments
5 on a workforce home loan are deferred for at least 60 months, the minimum
6 qualifying credit score, rating, or other classification shall be a FICO score of 580 or
7 an equivalent credit score, rating, or other classification from a successor
8 organization, as determined by the authority.

9 5. The applicant's minimum financial reserves, as determined by the
10 authority, after down payment and closing costs for the applicant's conventional
11 mortgage for the purchase of the residence subject to the workforce home loan
12 satisfy the underwriting guidelines. This subdivision does not apply if the
13 payments on a workforce home loan are deferred for at least 60 months.

14 6. The applicant's conventional first mortgage for the purchase of the
15 residence subject to the workforce home loan is a fully amortizing, fixed-rate
16 qualified mortgage loan with a term of 30 or fewer years consistent with Regulation
17 Z under the federal Truth in Lending Act, 12 CFR 226.

18 7. The applicant satisfies all eligibility requirements with respect to
19 citizenship or resident alien status, social security number validity, home buyer
20 education and counseling, and payment of child support or maintenance if owed, as
21 provided in the underwriting guidelines.

22 (c) The authority shall adopt policies and procedures to facilitate the
23 preapproval of applicants for workforce home loans and the encumbrance of

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1 workforce home loan funds for preapproved applicants for a period of up to 90 days
2 for preapproved applicants seeking to purchase single-family residences that have
3 undergone substantial rehabilitation and up to 180 days for applicants seeking to
4 purchase single-family residences that are new constructions.

5 (5) LOAN ISSUANCE; REPAYMENT. (a) 1. Subject to pars. (b) to (g), the
6 authority may issue a loan to an eligible applicant certified by a qualified
7 organization under sub. (4).

8 2. The authority may not charge interest for any workforce home loan, and the
9 loan term shall be one of the following:

10 a. If the applicant has an annual household income that is more than 80
11 percent of the area median income, 15 years.

12 b. If the applicant has an annual household income that is 80 percent or less
13 of the area median income, 30 years.

14 c. If the applicant qualifies for payment deferral under par. (f), 40 years.

15 3. A workforce home loan may be prepaid in whole or in part at any time
16 without penalty.

17 4. No workforce home loan shall be forgivable in whole or in part.

18 5. Each workforce home loan shall be secured as a 2nd lien real estate
19 mortgage.

20 6. The authority shall use all repayments of workforce home loans to fund
21 additional workforce home loans under this section.

22 (b) The authority may issue a workforce home loan only for the purpose of
23 providing gap financing to supplement a conventional mortgage for the purchase of

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1 a single-family residence in this state that is either a new construction or an
2 existing construction that has undergone substantial rehabilitation and that will be
3 the eligible applicant's primary residence.

4 (c) The authority may not issue a workforce home loan that exceeds the lesser
5 of the following:

6 1. \$60,000, adjusted annually beginning on the effective date of this
7 subdivision [LRB inserts date], by the average compounded annual percentage
8 increase in the sale price of all residential housing in this state, as determined by
9 the authority.

10 2. Twenty-five percent of the purchase price or fair market value of the home,
11 whichever is less.

12 (d) If the authority issues a workforce home loan to an eligible applicant
13 whose household compliance income is 100 percent or less, but more than 80
14 percent, of the area median income, the repayment of principal on a monthly basis
15 shall commence on the first day of the 2nd month following the issuance date of the
16 loan, amortized over 30 years.

17 (e) If the authority issues a workforce home loan to an eligible applicant
18 whose household compliance income is 80 percent or less, but more than 60 percent,
19 of the area median income, the repayment of principal on the loan shall be deferred
20 for 60 months following the issuance date of the workforce home loan after which
21 time the repayment of principal on a monthly basis shall commence, amortized over
22 25 years.

23 (f) If the authority issues a workforce home loan to an eligible applicant whose

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1 household compliance income is 60 percent or less of the area median income, the
2 repayment of principal on the loan shall be deferred until the first-lien real estate
3 mortgage loan on the home is paid in full after which time the repayment of
4 principal on a monthly basis shall commence, amortized over 10 years.

5 (g) The total amount of unpaid principal on a workforce home loan shall
6 become due and payable upon the occurrence of any of the following:

7 1. The recipient of the workforce home loan sells the home.

8 2. No recipient of the workforce home loan resides in the home as a primary
9 residence.

10 (6) SUBORDINATION TO NEW FIRST MORTGAGE. The authority shall
11 subordinate an outstanding workforce home loan to a new first mortgage loan
12 obtained by the recipient of the workforce home loan, using the same
13 documentation requirements and charging the same subordination review fee as for
14 the authority's other 2nd mortgage loan programs, if the authority determines that
15 all of the following apply:

16 (a) The home continues to be the primary residence of any recipient of the
17 outstanding workforce home loan.

18 (b) The combined loan-to-value ratio, calculated using the sum of the amount
19 of the proposed new first mortgage loan and the outstanding balance of the
20 workforce home loan, divided by the fair market value of the subject property at the
21 time of the subordination request, as determined by the authority, is equal to or less
22 than the combined loan-to-value ratio at the time the workforce home loan was first
23 issued, calculated using the sum of the conventional first mortgage loan used to

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1 purchase the residence and the amount of the original workforce home loan, divided
2 by the original fair market value of the subject property at the time the workforce
3 home loan was first issued.

4 (c) The proposed new first mortgage loan is a fully amortizing, fixed-rate
5 qualified mortgage loan with a term of 30 or fewer years, consistent with
6 Regulation Z under the federal Truth in Lending Act, 12 CFR 226.

7 (d) The workforce home loan recipient continues to satisfy sub. (4) (b) 3., 4., 5.,
8 and 7.

9 **SECTION 5. Nonstatutory provisions.**

10 (1) ALLOCATION OF FUNDS. In the 2025-27 fiscal biennium, the Wisconsin
11 Housing and Economic Development Authority may allocate a total of up to
12 \$10,000,000 to the workforce home loan fund under s. 234.665 (2) (a) from the
13 residential housing infrastructure revolving loan fund under s. 234.66 (2) (a), the
14 main street housing rehabilitation revolving loan fund under s. 234.661 (2) (a), and
15 the commercial-to-housing conversion revolving loan fund under s. 234.662 (2) (a).

16 (END)