

TO: Members of the Wisconsin Congressional Delegation
FROM: Wisconsin Housing and Economic Development Authority
DATE: August 2023

AFFORDABLE HOUSING BOND ENHANCEMENT ACT

The Affordable Housing Bond Enhancement Act is bipartisan legislation, introduced by Senator Cortez Masto (D-NV) and Senator Cassidy (R-LA) as S.1805. The bill makes simple and impactful improvements to the Mortgage Revenue Bond (MRB) and Mortgage Credit Certificate (MCC) programs. WHEDA supports this legislation because of its substantial, long-term impact.

Increase MRB Tax Exempt Bond Home Improvement Loan Limit from \$15,000 to \$50,000.

The \$15,000 limit on MRB home improvement loans was established in 1980. Many creditworthy homeowners are unable to use the program to make critical health and safety improvements to their homes because the limit has been held at the same level for the past four decades, well below the cost of many home repairs. In an effort to make the product more accessible, WHEDA increased its home improvement loan limit to \$50,000 using balance sheet funds, not tax-exempt bonds. This provision will allow WHEDA to fund these loans using tax-exempt bonds, which increases borrower financing options and provides WHEDA greater flexibility for long-term funding. As more individuals access the increased loan amount, this change would help a larger pool of working families repair and upgrade their homes to remain livable.

Increase Flexibility through a Simplified Administrative Process.

- Extend MCC expiration and revocation periods to manage volume cap.
- Allow additional designations for bond authority in the carryforward period.
- Streamline the MCC benefit calculation to a simple percent of the loan balance.
- Require the IRS to report annually on state use of bonding authority.
- Eliminate duplicative reporting requirements to the IRS.

The administrative hurdles of the MRB and MCC programs can make it difficult for WHEDA to respond to changing market conditions. At the same time, lenders are discouraged from tapping into the programs due to excessive reporting requirements and program complexities. These provisions alleviate some of the administrative burden to allow for increased efficiency and effectiveness for HFAs, lenders, and borrowers.

Overall, the Affordable Housing Bond Enhancement Act will improve the already successful Mortgage Revenue Bond and Mortgage Credit Certificate programs to encourage homeownership for many years to come. WHEDA requests your support of the Affordable Housing Bond Enhancement Act in the 118th Congress.

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