

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

GOVERNOR'S BUDGET RECOMMENDATIONS

Source of Funds	FY05 Adjusted Base	FY06 Recommended	% Change Over FY05	FY07 Recommended	% Change Over FY06
TOTAL	0.00	0.00	0.00	0.00	0.00

FULL-TIME EQUIVALENT POSITION SUMMARY

Source of Funds	FY05 Adjusted Base	FY06 Recommended	FTE Change From FY05	FY07 Recommended	FTE Change From FY06
TOTAL	0.00	0.00	0.00	0.00	0.00

AGENCY DESCRIPTION

The authority is governed by a 12-member board of directors composed of public, legislative and ex officio members. Six public members are appointed by the Governor with the advice and consent of the Senate. The secretaries of the Department of Commerce and Department of Administration serve by virtue of their governmental positions. One senator and one representative of each party are appointed by their respective legislative houses.

The authority is organized into eight units: Administration, Asset Management, Community Development, Credit, Executive, Finance, Information Technology and Legal. The authority's functions include financing for home ownership and rental housing development, allocation of federal tax credits, special needs housing, small business loan guarantees, and various agricultural production and business financing.

MISSION

The mission of the authority is to serve Wisconsin residents and communities by working with others to provide creative financing resources and information to stimulate and preserve affordable housing, small businesses and agribusiness.

PROGRAMS, GOALS, OBJECTIVES AND ACTIVITIES

Note: Goals, objectives and activities have been modified to better reflect the authority's mission.

Program 1: Facilitation of Construction

Goal: Increase HOME lending to minority populations, immigrants, credit-impaired individuals and persons with no credit in communities with a higher than average poverty rate or a lower than average homeownership rate, and in areas needing work force housing.

Objective/Activity: Increase the number of loans in all of the above categories through marketing, education, expansion of pilot programs and customization of current products to meet unique needs. These populations have not been well served by the private sector and are frequently the victims of predatory lending. These populations also reflect the changing demographics of our state. The increase in loans will strengthen

communities, stabilize neighborhoods, and provide economic development and an opportunity for underserved populations to build assets and savings.

Goal: Much of Wisconsin's existing housing stock that serves low-income residents has been developed using federal programs with very deep subsidies. Owners now have the option to opt out of these programs and/or reduced financial ability to maintain these units. This could result in loss of affordable housing, physical obsolescence and displacement of needy residents. Strategically deploy resources to preserve threatened housing by identifying those units at greatest risk of loss and/or deterioration where the tenant's residency is most threatened and where limited resources would be put to best use for the state.

Objective/Activity: Create a model to evaluate need and likelihood of success to preserve specific properties. A Governor's Preservation Task Force will help develop programs and identify resources. Partnerships must be forged as a key element in this strategy. Purchase and manage properties as a way to leverage resources.

Goal: Increase the quantity and quality of affordable housing in targeted rural areas of Wisconsin, and leverage resources with rural partners to stimulate economic development.

Objective/Activity: Increase affordable housing stock and improve the quality of existing housing. Integrate economic development and affordable housing to have a sustainable impact on target areas. Coordinate local, state and federal resources to complement economic development activities in communities. Develop a toolkit of housing and economic development resources available from the authority and other partners.

Objective/Activity: Target three to five rural regions/communities with the most need and most likelihood of sustainable impact each year. Selection will consider population and employment growth, community resources and support, age of housing stock, and potential partnerships, which are a key component to this strategy. Listening sessions will be held throughout the state to better understand rural needs and increase community awareness and acceptance of affordable housing.

Goal: Work with communities to develop specialized strategies that address their unique housing and economic needs. Replicate (and adapt) best practice strategies throughout the state.

Objective/Activity: Increase affordable housing stock and improve quality of existing housing. Integrate economic development and affordable housing activities to have sustainable impact on target areas. Coordinate local, state and federal resources to complement economic development activities in communities. Develop a toolkit of housing and economic development resources available from the authority and other partners.

Objective/Activity: Target three to five urban areas/communities with the most need and most likelihood of sustainable impact each year. Selection will consider population and employment growth, community resources and support, age of housing stock, and potential partnerships, which are a key component to this strategy. A cross-functional team of authority staff will interview, listen and develop programs to meet unique and culturally diverse community needs across the state.

Program 5: Wisconsin Development Loan Guarantees

Goal: Increase public awareness of authority economic development programs. Embark on aggressive outreach effort through marketing, promotions and one-on-one conversations to explain the authority's programs and services. Existing programs are good and are filling niches but have not been aggressively promoted or integrated with other efforts.

Objective/Activity: Ensure lenders and customers have a clear understanding of programs and services to improve the authority's relationships with them. Market programs and address misperceptions that keep the authority from having more impact across the state. The approach to be used includes a marketing plan, brochure, fact sheet, one-on-one meetings with lenders across the state, attendance at events and conferences, and an improved Web site. One key element of this strategy involves pairing home office underwriters with community relations officers in regions across the state.

Goal: Act as an advocate for economic development across the state. Identify economic development programs, including authority programs and services as well as those of partners, and then educate others on the opportunities the programs offer.

Objective/Activity: Inventory existing external programs and services across the state; clarify gaps or unmet needs and develop or expand products to meet those needs; create a delivery system for products and services; create a catalog of internal and external programs and services (Economic Development Resource Manual); educate or train staff on existing programs and services; educate lenders and customers on existing opportunities; and research potential new and expanded products or services.

Goal: Identify opportunities or unmet needs where the authority can play a collaborative and unique role in the economic development arena for the state.

Objective/Activity: Serve as a catalyst for deals that would not have happened; bring together partners that would not have connected; make things happen that might have fallen through the cracks. Coordinate affordable housing and economic development efforts to target communities across the state; work with community relations officers across the state to identify special opportunities; utilize Economic Development Resource Manual to tap into appropriate programs and services at local, state and federal levels; and cultivate partnerships that might be linked in unexpected ways.

Goal: Improve internal processes and procedures. Increase capacity and service delivery by improving internal procedures.

Objective/Activity: Improve turnaround time to underwrite loan guarantees and increase capacity without adding staff. Streamline approval process, increase underwriting authority and shorten decision papers.

Goal: Leverage limited resources through external funding and partnerships. Identify and pursue external funding and forge strategic partnerships.

Objective/Activity: Improve the authority's ability to expand the capacity of existing programs and services and to pursue new opportunities as they arise. Research potential sources and write grants, identify potential partners and create formal partnerships.

Goal: The authority currently relies on lending and investment activity for 92 percent of its income stream. To offset the potential volatility of these earnings and to avoid overreliance on a single source, pursue new fee-based revenue opportunities by providing value-added services for customers. From lessons learned when the authority accepted the HUD contract, the authority believes markets exist where it can leverage its knowledge and skills. The authority has some core competencies (e.g., asset management servicing and contract administration) that are not easily replicated by others. These could be marketed more widely and outside the authority's existing portfolio.

Objective/Activity: Start up and implement the Badger Capital program to a fully operational entity for providing fee-based services in identified markets – capturing business where financially feasible. Develop a formal business plan before implementation, monitor progress and review in one year to make sure this is really feasible.

Goal: Direct investment to economically distressed communities in Wisconsin through the New Markets Tax Credit Program.

Objective/Activity: Place \$50 million of the authority's current \$100 million allocation in qualified equity investment by January 2005. Place the remaining \$50 million by December 2005.

PERFORMANCE MEASURES

HISTORICAL DATA

Prog. No.	Performance Measure	Actual 2000	Actual 2001	Actual 2002
1.	HOME loan volume.	\$231,000,000	\$211,700,000	\$232,000,000
1.	Multifamily loan closing volume.	\$47,737,000	\$45,900,000	\$95,000,000
1.	Capital ratio.	10.6%	11.3%	11.9%
5.	Small business loan guarantee volume.	\$21,000,000	\$16,500,000	\$14,700,000

Note: Based on fiscal year.

2003 AND 2004 GOALS AND ACTUALS

Prog. No.	Performance Measure	Goal 2003	Actual 2003	Goal 2004	Actual 2004
1.	HOME loan volume.	\$250,000,000	310,800,000	\$250,000,000	\$389,000,000
1.	Multifamily loan closing volume.	\$66,000,000	43,544,562	\$70,000,000	\$61,381,000
1.	Capital ratio.	12.5%	13.1%	13.6%	15.41%
5.	Small business loan guarantee volume.	\$18,000,000	15,128,897	\$18,000,000	\$18,323,822

Note: Based on fiscal year.

2005, 2006 AND 2007 GOALS

Prog. No.	Performance Measure	Goal 2005 ¹	Goal 2006	Goal 2007
1.	HOME loan volume.	\$400,000,000	\$400,000,000	\$400,000,000
1.	Multifamily loan closing volume.	\$55,900,000	\$55,900,000	\$55,900,000
1.	Capital ratio.	14%	14%	14%
5.	Small business loan guarantee volume.	\$27,950,000	\$27,950,000	\$27,950,000

Note: Based on fiscal year.

¹The 2005 goals have been updated.

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GOVERNOR'S BUDGET RECOMMENDATIONS

RECOMMENDATIONS

1. Dividends for Wisconsin Transfer

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The Governor recommends transferring \$2,500,000 in FY06 and FY07 from the authority's unencumbered general reserves to the state for deposit in the general fund. This is estimated to be equivalent to an annual transfer of 25 percent of the revenues expected to be available for the Dividends for Wisconsin plan.