

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

GOVERNOR'S BUDGET RECOMMENDATIONS

Source of Funds	FY11 Adjusted Base	FY12 Recommended	% Change Over FY11	FY13 Recommended	% Change Over FY12
GPR	0	5,063,000	0.0	5,063,000	0.0
PR-F	0	34,632,400	0.0	34,632,400	0.0
PR-O	0	591,300	0.0	591,300	0.0
PR-S	0	422,400	0.0	422,400	0.0
TOTAL	0	40,709,100	0.0	40,709,100	0.0

FULL-TIME EQUIVALENT POSITION SUMMARY

Source of Funds	FY11 Adjusted Base	FY12 Recommended	FTE Change From FY11	FY13 Recommended	FTE Change From FY12
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 nine units: Administration, Communications, Community Development, Executive, Finance, Information Technology, Legal, Multifamily Housing and Single Family Housing. 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.

Program 1: Facilitation of Construction

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 making the best use of the limited resources for the state.

Objective/Activity: Created a model to evaluate need and likelihood of success to preserve specific properties. A Governor's Preservation Task Force developed programs and identified 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 multiple 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.

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 the 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.

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 that lenders and customers have a clear understanding of programs and services, and the authority will have improved 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: Educate staff on existing programs and services; educate lenders and customers on existing opportunities; and research potential new and expanded products and services. Educate/train staff and external customers on ways to leverage WHEDA ED programs with other programs such as the SBA 7a and SBA 504 loan guarantee programs.

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 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 a significant portion 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 its existing portfolio.

Objective/Activity: Start up and implement Badger Capital program to become 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: Successfully apply for New Markets and effectively administer/place remaining New Markets Tax Credits' allocations.

Objective/Activity: Collaborate with communities to identify high-impact New Markets Tax Credits' projects, especially rural projects that will enhance the state's chances for receiving additional tax credit allocations.

Objective/Activity: Work internally to maximize the authority's partnership with outside economic development organizations to produce the most powerful application, thereby increasing Wisconsin's chances of receiving the federal New Markets Tax Credits.

PERFORMANCE MEASURES

2009 AND 2010 GOALS AND ACTUALS

Prog. No.	Performance Measure	Goal 2009	Actual 2009	Goal 2010	Actual 2010
1.	HOME loan volume.	\$250 million	\$102 million	\$100 million	\$46 million
1.	Multifamily loan closing volume.	\$40 million	\$70 million	\$40 million	\$15 million
1.	Capital ratio.	14%	14.1%	14%	14.4%
5.	Small business loan guarantee volume.	\$30 million	\$24.5 million	\$10 million	\$13 million

Note: Based on calendar year.

2011, 2012 AND 2013 GOALS

Prog. No.	Performance Measure	Goal 2011	Goal 2012 ¹	Goal 2013 ¹
1.	HOME loan volume.	\$317 million		
1.	Multifamily loan closing volume.	\$38 million		
1.	Capital ratio.	16%		
5.	Small business loan guarantee volume.	\$13 million		

Note: Based on calendar year.

¹Goals are set annually.

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

GOVERNOR'S BUDGET RECOMMENDATIONS

RECOMMENDATIONS

1. Transfer from Commerce

Table 1
Department Budget Summary by Funding Source (in thousands of dollars)

	ACTUAL FY10	ADJUSTED BASE FY11	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY12	FY13	FY12	FY13
GENERAL PURPOSE REVENUE	\$0.0	\$0.0	\$0.0	\$0.0	\$5,063.0	\$5,063.0
State Operations	0.0	0.0	0.0	0.0	509.4	509.4
Aids to Ind. & Org.	0.0	0.0	0.0	0.0	4,553.6	4,553.6
FEDERAL REVENUE (1)	\$0.0	\$0.0	\$0.0	\$0.0	\$34,632.4	\$34,632.4
State Operations	0.0	0.0	0.0	0.0	1,632.4	1,632.4
Local Assistance	0.0	0.0	0.0	0.0	10,000.0	10,000.0
Aids to Ind. & Org.	0.0	0.0	0.0	0.0	23,000.0	23,000.0
PROGRAM REVENUE (2)	\$0.0	\$0.0	\$0.0	\$0.0	\$1,013.7	\$1,013.7
Local Assistance	0.0	0.0	0.0	0.0	591.3	591.3
Aids to Ind. & Org.	0.0	0.0	0.0	0.0	422.4	422.4
TOTALS - ANNUAL	\$0.0	\$0.0	\$0.0	\$0.0	\$40,709.1	\$40,709.1
State Operations	0.0	0.0	0.0	0.0	2,141.8	2,141.8
Local Assistance	0.0	0.0	0.0	0.0	10,591.3	10,591.3
Aids to Ind. & Org.	0.0	0.0	0.0	0.0	27,976.0	27,976.0

(1) Includes Program Revenue-Federal and Segregated Revenue-Federal

(2) Includes Program Revenue-Service and Program Revenue-Other

Table 3
Department Budget Summary by Program (in thousands of dollars)

	ACTUAL FY10	ADJUSTED BASE FY11	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY12	FY13	FY12	FY13
7. Housing assistance	\$0.0	\$0.0	\$0.0	\$0.0	\$40,709.1	\$40,709.1
TOTALS	\$0.0	\$0.0	\$0.0	\$0.0	\$40,709.1	\$40,709.1

1. Transfer from Commerce

Source of Funds	Agency Request				Governor's Recommendation			
	FY12		FY13		FY12		FY13	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	5,063,000	0.00	5,063,000	0.00
PR-F	0	0.00	0	0.00	34,632,400	0.00	34,632,400	0.00
PR-O	0	0.00	0	0.00	591,300	0.00	591,300	0.00
PR-S	0	0.00	0	0.00	422,400	0.00	422,400	0.00
TOTAL	0	0.00	0	0.00	40,709,100	0.00	40,709,100	0.00

The Governor recommends transferring funding and programs related to housing assistance from the Department of Commerce to the authority. This will consolidate responsibility for housing programs in one state agency.