

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

GOVERNOR'S BUDGET RECOMMENDATIONS

Source of Funds	FY13 Adjusted Base	FY14 Recommended	% Change Over FY13	FY15 Recommended	% Change Over FY14
GPR	0	2,500,000	0.0	0	-100.0
TOTAL	0	2,500,000	0.0	0	-100.0

FULL-TIME EQUIVALENT POSITION SUMMARY

Source of Funds	FY13 Adjusted Base	FY14 Recommended	FTE Change Over FY13	FY15 Recommended	FTE Change Over FY14
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 chief executive officer of the Wisconsin Economic Development Corporation and secretary of the 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.

Wisconsin Housing and Economic Development Authority

PROGRAMS, GOALS, OBJECTIVES AND ACTIVITIES

Note: Goals, objectives and activities have been modified.

Program 1: Facilitation of Construction

Goal: Continually improve and expand affordable housing options for low- and moderate-income residents.

Objective/Activity: Provide a consistent supply of affordable housing with connection to high-need census tracts and employment creation. With a variety of financing tools, tax credits and federal resources, the authority can prioritize resource allocation to areas where there is a growing need or population and achieve high-quality outcomes. The authority's first completed action item was to design the calendar years 2013-2014 Qualified Allocation Plan for tax credit allocation to meet priority needs of cities and rural areas for housing.

Goal: Nurture key partnerships by working across business lines and achieve housing and economic development impacts in the state.

Objective/Activity: Work closely with sister agencies, including Wisconsin Economic Development Corporation and Departments of Workforce Development, Health Services and Administration, to understand strategic goals, linkage to clientele, and how the authority can work better toward achieving the state's housing and economic development goals. The authority collaborated with the Department of Health Services in requesting federal grant funds that would allow the authority to integrate residents with special needs into tax credit housing. The authority also established a linkage with the Department of Workforce Development to provide employment opportunities for emerging businesses in order to meet requirements, some of which were for federal funding sources. The authority is examining ways to become more efficient with Homeownership Mortgage Loan Program (HOME) funding, reporting and monitoring with the Department of Administration.

Goal: Target opportunities to provide financing on existing tax credit developments in order to preserve affordable housing for the future.

Objective/Activity: As developments come to the end of the 15-year tax credit period, many properties have the option to convert to market rate. The authority designed a loan product that fits well with its mission to ensure an adequate supply of affordable housing and attract new lending opportunities. Using its earnings, the authority has generated resources to help provide fixed rate financing to new partners with similar goals of providing affordable housing options for the workforce, elderly and families.

Goal: Align resources to the authority's strategic goal—the Transform Milwaukee initiative. The initiative's focus is on areas connecting Milwaukee's 30th Street Industrial Corridor, the Menomonee Valley, the Port of Milwaukee and the Aerotropolis.

Objective/Activity: Commit funding and tax credit allocation to address economic conditions, improve quality of housing stock, attract employers and attract other private funding sources to rebuild the initiative's area. The authority's strategy is to be a long-term partner in these areas, improve infrastructure, create better neighborhoods for unemployed and underemployed citizens, and offer employment opportunities through the authority's emerging business program.

Goal: Generate new sources of capital.

Objective/Activity: Create partnerships with foundations, private entities, financial institutions and the Federal Home Loan Bank of Chicago to generate new, flexible sources of capital.

Wisconsin Housing and Economic Development Authority

Program 5: Wisconsin Development Loan Guarantees

Goal: Increase public awareness of the authority's economic development programs. Embark on aggressive outreach efforts through marketing, promotions and one-on-one conversations to explain the authority's programs and services. Existing programs are good and 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, in an effort to improve relationships with the authority. Market programs and address misperceptions that keep the authority from having a greater impact across the state. The approach to be used includes a marketing plan, brochures, fact sheets, 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 educate others on 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 and train staff and customers on ways to leverage the authority's economic development programs with other programs, such as the Small Business Administration's 7a and 504 loan guarantee programs.

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

Objective/Activity: Serve as a catalyst for deals that would not have happened, bring together partners that would not have connected and make things happen that might have fallen through the cracks. Coordinate affordable housing and economic development efforts to target communities statewide; work with community relations officers across the state to identify special opportunities; utilize the authority's Economic Development Resource Manual to utilize 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: Using the tools of the Lean Government initiative, staff will be trained to identify areas of improvement that will provide the most internal and external value.

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. To offset the potential volatility of these earnings and 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 U.S. Housing and Urban Development (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.

Wisconsin Housing and Economic Development Authority

Objective/Activity: Start and implement Badger Capital program to a fully operational entity for providing fee-based services in identified markets, which may capture business where financially feasible. Develop a formal business plan before implementation, monitor progress and review in one year to ensure feasibility.

Goal: Successfully apply for federal New Markets Tax Credits and effectively administer and place remaining credit allocations.

Object/Activity: Collaborate with communities to identify high-impact New Markets Tax Credit 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 credits.

PERFORMANCE MEASURES

2011 AND 2012 GOALS AND ACTUALS

Prog. No.	Performance Measure	Goal 2011	Actual 2011	Goal 2012	Actual 2012
1.	HOME loan volume.	\$317,000,000	\$52,282,354	\$144,000,000	\$34,450,730
1.	Multifamily loan closing volume.	\$38,000,000	\$32,500,000	\$142,400,000	\$211,500,000
1.	Capital ratio.	16%	17.5%	12%	19.2%
5.	Small business loan guarantee volume. ¹	\$3,000,000	\$1,511,491	\$1,800,000	\$2,419,898

Note: Based on fiscal year.

¹The 2011-13 biennial budget listed small business guarantee volume as a performance measure, but the goal reported included all programs in the Wisconsin development reserve fund. The 2011 goal has been modified to reflect only small business loan guarantee activity for the fund.

2013, 2014 AND 2015 GOALS

Prog. No.	Performance Measure	Goal 2013	Goal 2014	Goal 2015
1.	HOME loan volume.	\$110,466,000	\$110,466,000	\$110,466,000
1.	Multifamily loan volume. ¹	\$55,000,000	\$55,000,000	\$55,000,000
1.	Capital ratio.	22.4%	22.4%	22.4%
5.	Economic development programs. ²	\$67,270,000	\$67,270,000	\$67,270,000

Note: Goals are based on the authority's 2013 budget, as the 2014 and 2015 budgets are not completed until June 2013 and June 2014, respectively. Goals for 2014 and 2015 are subject to change and may be affected by the status of the financial market.

¹Performance measure has been modified.

²Performance measure has been modified and includes economic development programs as defined by 2007 Wisconsin Act 125.

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

GOVERNOR'S BUDGET RECOMMENDATIONS

RECOMMENDATIONS

1. Transform Milwaukee Funding
2. Public Finance Authority Bonding

Wisconsin Housing and Economic Development Authority

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

	ACTUAL FY12	ADJUSTED BASE FY13	AGENCY REQUEST FY14	AGENCY REQUEST FY15	GOVERNOR'S RECOMMENDATION FY14	GOVERNOR'S RECOMMENDATION FY15
GENERAL PURPOSE REVENUE	\$0.0	\$0.0	\$0.0	\$0.0	\$2,500.0	\$0.0
Aids to Ind. & Org.	0.0	0.0	0.0	0.0	2,500.0	0.0
TOTALS - ANNUAL	\$0.0	\$0.0	\$0.0	\$0.0	\$2,500.0	\$0.0
Aids to Ind. & Org.	0.0	0.0	0.0	0.0	2,500.0	0.0

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

	ACTUAL FY12	ADJUSTED BASE FY13	AGENCY REQUEST FY14	AGENCY REQUEST FY15	GOVERNOR'S RECOMMENDATION FY14	GOVERNOR'S RECOMMENDATION FY15
5. Wisconsin development loan guarantees	\$0.0	\$0.0	\$0.0	\$0.0	\$2,500.0	\$0.0
TOTALS	\$0.0	\$0.0	\$0.0	\$0.0	\$2,500.0	\$0.0

Wisconsin Housing and Economic Development Authority

1. Transform Milwaukee Funding

Source of Funds	Agency Request				Governor's Recommendations			
	FY14		FY15		FY14		FY15	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	2,500,000	0.00	0	0.00
TOTAL	0	0.00	0	0.00	2,500,000	0.00	0	0.00

The Governor recommends providing funding for the Wisconsin development reserve fund, in order to support the authority's Transform Milwaukee initiative, which is aimed at restoring economic vitality to industrial, residential and transportation areas connecting Milwaukee's 30th Street Industrial Corridor, Menomonee Valley, Port of Milwaukee and Aerotropolis. This investment will leverage \$11,250,000 for loan guarantees.

2. Public Finance Authority Bonding

The Governor recommends amending provisions that require prior approval from the authority for issuing bonds on economic development and housing projects. The Governor further recommends authorizing international bonding participation and several additional technical amendments to existing public finance authority statutory language.

