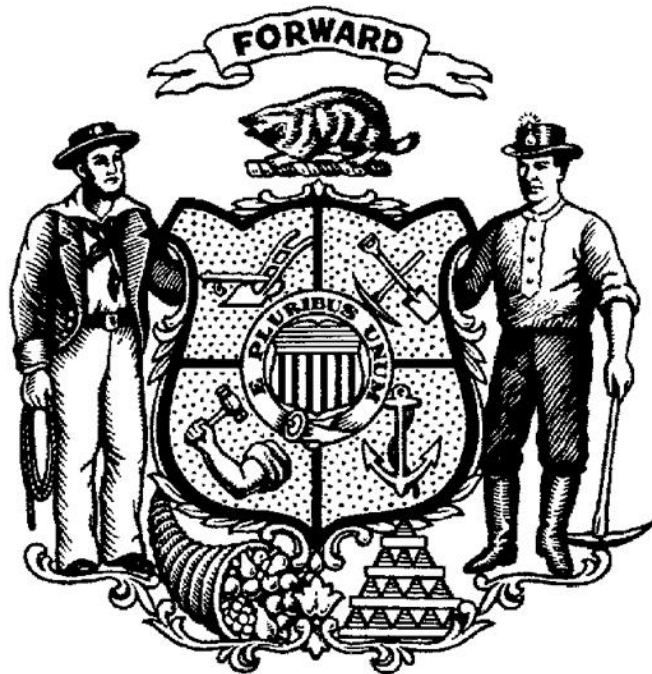


# State of Wisconsin

## Wisconsin Housing and Economic Development Authority



Agency Budget Request

2025 – 2027 Biennium

September 16, 2024

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September 16, 2024

To: Kathy Blumenfeld, Secretary, Department of Administration  
From: Elmer Moore Jr., CEO and Executive Director, Wisconsin Housing and Economic Development Authority.  
Subject: WHEDA proposes State Biennial Budget Actions to Expand Access to Affordable Housing Choices

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The Wisconsin Housing and Economic Development Authority (WHEDA) believes that all people in Wisconsin should have an affordable place to call home. This is WHEDA's vision, and our staff and departments work diligently to expand access to affordable housing choices. We use our financial strength and expertise to improve access to affordable housing options and expand economic prosperity for everyone in Wisconsin. We collaborate with others and leverage our collective resources to expand equitable and sustainable housing where people want to live, work, raise a family, and thrive.

**WHEDA requests that Governor Evers utilize his 2025-2027 Biennial Budget in partnership with WHEDA to increase the supply of affordable housing, increase opportunities for homeownership, and optimize the use of resources to increase their effectiveness.**

WHEDA's Fiscal Year 2024 (FY24) saw record-breaking single-family mortgage loans made to eligible low—and moderate-income earners across the state. Our favorable loan rates and terms helped nearly 3,000 families become homeowners in an increasingly difficult home-buying market.

Simultaneously, WHEDA's multifamily department has provided financing and assistance to create or preserve another nearly 3,000 affordable housing units through the State and Federal Housing Tax Credit Programs. WHEDA also continues to administer the legislative products Gov. Evers signed into law in June 2023. Three programs have successfully undergone application rounds, and awards have been made. The final program is anticipated to be available by November 2024.

Much of this activity is financed through the sale of bonds issued by WHEDA. State statute limits the amount of outstanding bonds backed by WHEDA's capital reserve fund, but WHEDA is at risk of reaching the maximum amount in 2025. **WHEDA requests that this limit be increased in the 2025-2027 Biennial Budget** to continue providing low-cost financing to affordable housing developments, meet current demand, and address the state's ongoing housing shortage.

As the Authority on Housing in Wisconsin, WHEDA believes that a strong partnership with Governor Evers and the State Legislature is imperative to solving the housing crisis in Wisconsin. We thank our partners for their consideration of our expertise in all discussions on housing and affordability for future budgets and legislation. Housing is an *everything* problem



Tony Evers, Governor | Elmer Moore, Jr., CEO

*A public body corporate and politic created under Chapter 234, Wisconsin Statutes*

and can also be a part of the solution to every problem. We look forward to continuing our important work in collaboration with you and others so that together we may accomplish more for the people we are dedicated to serving.

**Contact:** Samantha Linden, Legislative Liaison, [Samantha.Linden@wheda.com](mailto:Samantha.Linden@wheda.com)

## **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 ten units: Administration, Marketing and Communications, Community and Economic Development, Executive, Finance, Information Technology, Legal, Commercial Lending, Risk and Compliance, and Single Family Housing. The authority's primary functions include financing for home ownership, rental housing and business development. In addition, the authority allocates federal New Markets Tax Credits and Low-Income Housing Tax Credits, as well as oversees the U.S. Department of Housing and Urban Development Section 8 contract administration in Wisconsin.

## **MISSION**

The mission of the authority is to help Wisconsin thrive by expanding access to affordable housing choices.

## **PROGRAMS, GOALS, OBJECTIVES AND ACTIVITIES**

### **Program 3: Homeownership Mortgage Assistance**

Goal: Continue to grow as a trusted provider of innovative single-family home loan products and services to expand affordable housing options.

Objective/Activity: Through outward bound sales activity and "features and benefits" marketing, increase the lender network statewide. Continue to innovate the internal process to guarantee top tier lender partnerships and service levels. Locate new sources of funding to ensure a steady stream of down payment assistance will be readily available for first-time home buyers. Through strategic planning, seek new sources of funding to support new products designed to fill gaps in the standard secondary market offerings.

### **Program 5: Wisconsin Development Loan Guarantees**

Goal: Increase and preserve the supply of multifamily housing for low- and moderate-income families, seniors, and veterans; connect affordable housing with services, including those who are homeless or at risk of becoming homeless; encourage housing development in areas of economic opportunity and rural locations; and coordinate housing development with community development plans.

Objective/Activity: With a variety of financing tools, tax credits and federal resources, the authority can prioritize resource allocations to meet its strategic goals.

Goal: Offer unique business financing programs designed to stimulate Wisconsin's economy, promote economic development in urban and rural areas, and maximize community impact through the creation and retention of living wage jobs.

Objective/Activity: Through loan guarantees, tax credits and other federal resources, create leverage to attract private capital investment for business expansion. Continue to use Wisconsin's allocation of state small business credit initiative funds from the U.S. Treasury.

## PERFORMANCE MEASURES

### 2023 AND 2024 GOALS AND ACTUALS

Prog. No.	Performance Measure	Goal 2023	Actual 2023	Goal 2024	Actual 2024
3.	Homeownership Mortgage Loan Program loan volume.	\$302,900,000	\$235,018,000	\$316,000,000	\$585,800,000
3., 5.	Capital ratio.	28.1%	29.0%	29.45%	23.3%
5.	Commercial lending volume, including multifamily housing and economic development.	\$225,069,000	\$240,073,000	\$201,102,500	\$202,956,900

Note: Based on fiscal year.

### 2025, 2026 AND 2027 GOALS

Prog. No.	Performance Measure	Goal 2025 <sup>1</sup>	Goal 2026	Goal 2027
3.	Homeownership Mortgage Loan Program loan volume.	\$580,000,000	\$580,000,000	\$580,000,000
3., 5.	Capital ratio.	24%	24%	24%
5.	Commercial lending volume, including multifamily housing and economic development.	\$328,500,000	\$328,500,000	\$328,500,000

Note: Based on fiscal year.

Note: Goals are based on the authority's 2025 budget, as the 2026 and 2027 budgets are not completed until June 2025 and June 2026, respectively. Goals for 2026 and 2027 are subject to change and may be affected by the status of the financial markets.



# Agency Total by Fund Source

Source of Funds		ANNUAL SUMMARY						BIENNIAL SUMMARY			
		Prior Year Total	Adjusted Base	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE	Base Year Doubled (BYD)	Biennial Request	Change From (BYD)	Change From BYD %
GPR	A	\$525,000,000	\$0	\$0	\$0	0.00	0.00	\$0	\$0	\$0	0.00%
<b>Total</b>		\$525,000,000	\$0	\$0	\$0	0.00	0.00	\$0	\$0	\$0	0.00%
<b>Grand Total</b>		\$525,000,000	\$0	\$0	\$0	0.00	0.00	\$0	\$0	\$0	0.00%

# Agency Total by Program

AGENCY TOTAL										0.00%
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**Decision Item (DIN) - 2000**

**Decision Item (DIN) Title - Adjusted Base Funding Level**

**NARRATIVE**

Adjusted Base Funding Level

# Decision Item by Line

2527 Biennial Budget

<b>DEPARTMENT</b>	<b>CODES</b>	<b>TITLES</b>
	490	Wisconsin Housing and Economic Development Authority
<b>DECISION ITEM</b>	<b>CODES</b>	<b>TITLES</b>
	2000	Adjusted Base Funding Level

	<b>Expenditure Items</b>	<b>1st Year Cost</b>	<b>2nd Year Cost</b>
01	Permanent Position Salaries	\$0	\$0
02	Turnover	\$0	\$0
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	\$0	\$0
05	Fringe Benefits	\$0	\$0
06	Supplies and Services	\$0	\$0
07	Permanent Property	\$0	\$0
08	Unallotted Reserve	\$0	\$0
09	Aids to Individuals & Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt service	\$0	\$0
13		\$0	\$0
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0
<b>17</b>	<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	0.00	0.00
20	Unclassified Positions Authorized	0.00	0.00

## Decision Item by Numeric

<b>Program</b>	<b>Decision Item/Numeric</b>	<b>1st Year Total</b>	<b>2nd Year Total</b>	<b>1st Year FTE</b>	<b>2nd Year FTE</b>
	<b>Agency Total</b>				

# Decision Item by Fund Source

Decision Item/Source of Funds	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
Agency Total				

**Decision Item (DIN) - 4000**

**Decision Item (DIN) Title - Increase Capital Reserve Fund Bonding Limit**

**NARRATIVE**

An increase to the limit of outstanding bonds backed by the capital reserve fund from \$1 billion to a proposed request of \$1.3 billion is necessary to continue providing low-cost financing to affordable housing developments, meet current demand and address the state's ongoing housing shortage.

## Amend Section 234.18 of State Statutes to increase the limit of outstanding bonds backed by WHEDA's capital reserve fund from \$1.0 billion to \$1.3 billion.

State Appropriation Ask: \$0

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### PROPOSAL SUMMARY

WHEDA operates as an independent authority, so the state has no liability on bonds issued by WHEDA, and such bonds are not a debt of the state. However, the state has a moral obligation to step in, should the capital reserve fund become deficient. One such instance of this moral obligation involves certain bonds issued to finance affordable multifamily housing projects. These bonds are issued with a capital reserve fund authorization under Section 234.15, Wis. Stats.

The total amount of bonds supported by the capital reserve fund is limited to \$1.0 billion under Section 234.18 of the Statutes. WHEDA maintains a balance sufficient to meet the capital reserve fund requirements and due to WHEDA's excellent fiscal stewardship, there has never been a deficiency in the capital reserve fund.

**This requested increase is needed as WHEDA is at risk of reaching the maximum amount of outstanding bonds backed by the capital reserve fund in 2025.** At a time when the state is facing a significant housing shortage, fewer units of affordable rental housing for families, seniors, and persons with special needs would be developed due to lack of affordable WHEDA financing.

WHEDA has experienced a larger need for bonds backed by the capital reserve due to the full implementation of the State Housing Tax Credit (HTC) and the increase in the value of the federal 4% Low Income Housing Tax Credits (LIHTC), both of which must be partnered with tax-exempt bonds as required under federal and state law. WHEDA is currently using \$784 million of \$1 billion capital reserve authority, leaving \$215 million available.

Recent volume has included an average increase in bonds backed by the capital reserve of \$124 million per year. WHEDA currently has an additional \$140 million of approved multifamily developments for financing in calendar year 2024. This does not leave adequate capacity for new developments in 2025.

**Without this change, WHEDA's ability to finance projects supported with an allocation of HTC and federal 4% LIHTC would be severely reduced.**

Contacts: Samantha Linden, Legislative Liaison, [Samantha.Linden@WHEDA.com](mailto:Samantha.Linden@WHEDA.com)





# Decision Item by Line

2527 Biennial Budget

<b>DEPARTMENT</b>	<b>CODES</b>	<b>TITLES</b>
	490	Wisconsin Housing and Economic Development Authority
<b>DECISION ITEM</b>	<b>CODES</b>	<b>TITLES</b>
	4000	Increase Capital Reserve Fund Bonding Limit

	<b>Expenditure Items</b>	<b>1st Year Cost</b>	<b>2nd Year Cost</b>
01	Permanent Position Salaries	\$0	\$0
02	Turnover	\$0	\$0
03	Project Position Salaries	\$0	\$0
04	LTE/Misc. Salaries	\$0	\$0
05	Fringe Benefits	\$0	\$0
06	Supplies and Services	\$0	\$0
07	Permanent Property	\$0	\$0
08	Unallotted Reserve	\$0	\$0
09	Aids to Individuals & Organizations	\$0	\$0
10	Local Assistance	\$0	\$0
11	One-time Financing	\$0	\$0
12	Debt service	\$0	\$0
13		\$0	\$0
14		\$0	\$0
15		\$0	\$0
16		\$0	\$0
<b>17</b>	<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	0.00	0.00
20	Unclassified Positions Authorized	0.00	0.00

## Decision Item by Numeric

<b>Program</b>	<b>Decision Item/Numeric</b>	<b>1st Year Total</b>	<b>2nd Year Total</b>	<b>1st Year FTE</b>	<b>2nd Year FTE</b>
	<b>Agency Total</b>				

## Decision Item by Fund Source

Decision Item/Source of Funds	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
<b>Agency Total</b>				