

Joint Committee on Finance

Biennial Budget Informational Hearing on AB21

March 4, 2015 – Room 412E

Good morning Madam Chairperson, Mr. Co-chair, members of the committee. I am Wyman Winston, Executive Director of Wisconsin Housing & Economic Development Authority – WHEDA. Over the last week or so, I have had the opportunity to sit down & talk with many of you individually & I very much appreciate your making the time to learn more about the excellent work WHEDA has done in our 43 year history.

Our housing programs along with the resources & talent of WEDC can only benefit economic development in Wisconsin. While we currently collaborate, a true one stop shop will emerge providing the best in customer service that we have become known for throughout the state. Better efficiencies will eliminate duplications & provide faster response time. Combined use of our housing & economic development resources will create more opportunities to assist Wisconsin citizens.

A couple of examples of collaborations have been WEDC provided a \$318,000 Brownfield grant to assist with cleanup of a former manufactured gas plant while WHEDA allocated \$407,000 in Low Income Housing Tax Credits that provided the development with more than \$4M in capital for Fox Crossing in Burlington. This new construction multifamily property has been completed & is fully rented. The Posner Building in Milwaukee is receiving \$13.7M in financing from WHEDA to convert this nearly empty building into apartments & also received a \$500,000 grant from WEDC.

Some highlights of WHEDA's history include our financed multifamily portfolio that has seen the creation of 77,000 units of affordable rental housing for low to moderate income families, elderly & disabled Wisconsin citizens. This book of business has performed at an exceedingly high rate for more than 40 years. We perform regular reviews of the financial condition as well as the physical asset to ensure decent safe & sanitary housing for the tenants.

Since 1987 we have been the allocator of low income housing tax credits for the state. That federal program has provided more than 45,246 workforce rental units of housing throughout the state & the need continues.

This year we have received 51 applications for the \$13.5M in tax credits that will likely result in awards to about half of the applicants after a highly competitive scoring process. WHEDA



works closely with lenders, developers, local government, nonprofits, community groups & others to implement its financing programs.

We have provided funding for more than 118,000 single family mortgages in conjunction with our banking partners & are proud of our consistent low default rates – much lower than the national average – currently at 1.32%. We are the 3rd lowest for HFA's.

Our funding sources for any housing related program are not state dollars. Our annual revenues go back into our programs through the Dividends for Wisconsin that is recommended by our Board & approved by the Governor & the Legislature.

We issue tax exempt bonds & are proud of our Aa- rating with Moody's & S&P. We have consulted outside bond counsel for an opinion on the merger & received valuable insight to protect our bond rating & current bond holders going forward.

Our internal audit process will ensure compliance with federal & state regulations as well as provide certainty that all policies & processes are adhered to. Very recent examples are Ginnie Mae was recently in to audit our secondary market single family portfolio & allotted 4 days to complete their work. They were done in 2 with no findings whatsoever. This only happens in 4% of their audits. WHEDA received a clean review for fiscal year 2013 certified Community Development Entity (CDE) Transaction Level Reporting (TLR) for the Wisconsin Community Development Legacy Fund from Community Development Financial Institutions Fund of the US Treasury.

In the proposed legislation merging the 2 agencies, WHEDA's housing programs & mission remain completely intact.

On the economic development side, WHEDA had been administering programs mainly targeted to small businesses & agricultural growth since 1987 when the state allocated \$20M for WHEDA to create & administer a loan guarantee program. To date these programs have supported 29,000 small businesses & farms with \$550M in guarantees. We continue to operate the guarantee program with the remaining balance of the original allocation.

In 2004 WHEDA submitted an application & was awarded New Market Tax Credits. We have since received 6 more awards for a total of \$500M. These federal tax credits have been instrumental in providing more than 37 businesses with needed capital to create or expand their Wisconsin enterprise. We have significantly contributed to Wisconsin's 4th place ranking in New Market Tax Credit awards.

In 2012 the Transform Milwaukee Initiative was announced. WHEDA worked with federal agencies, private foundations, the city of Milwaukee, the Wisconsin Economic Development Corporation (WEDC), and state agencies to package resources that grow businesses, create more jobs, and improve Milwaukee neighborhoods. To support Transform Milwaukee, WHEDA committed to a combination of both direct and leveraged investments totaling \$200 million for the first two years of the initiative and surpassed that goal. To date, over \$275M has been invested by the private sector.

I thank you for your time and will be happy to answer questions after remarks from my colleague Reed Hall.

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