Wisconsin Housing and Economic Development Authority

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Prepared by

Rory Tikalsky

Wisconsin Legislative Fiscal Bureau
One East Main, Suite 301
Madison, WI 53703
http://legis.wisconsin.gov/lfb

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Introduction

The Wisconsin Housing and Economic Development Authority (WHEDA) was originally created as the Wisconsin Housing Finance Authority by Chapter 287, Laws of 1971, to generate housing for low- to moderate-income households in Wisconsin. It does so by issuing taxable and tax-exempt mortgage revenue bonds and using the proceeds to fund loans at below-market interest rates. WHEDA's mission was later expanded to include providing financing for economic and agricultural development, for which it received its current name. The Authority mostly works through participating banks, savings and loans, mortgage bankers, and other lenders and sponsors.

The Authority is not a state agency, but rather a public body corporate and politic. Its operating budget and authorized positions are not included in the state budget and are not subject to direct legislative control. Revenues to finance its operating budget primarily come from interest earnings on loans it makes, investments of its assets and administrative fees it assesses. As of July, 2018, WHEDA staff included 151.45 authorized full-time equivalent (FTE) employees.

WHEDA was created because the Wisconsin Constitution prohibits the issuance of public debt for private purposes (Article VIII, Section 7) and "internal improvements" (Article VIII, Section 10), which the Wisconsin Supreme court has generally interpreted to include private housing. The Authority began operations in July, 1973, following the Court's decision in *State Ex. Rel. Warren v. Nusbaum*. The Court held that the Authority was not a state agency and that the State of Wisconsin did not have an enforceable legal obligation to back the Authority's bonds. Consequently, the constitutional prohibition on incurring debt for such purposes did not apply to the Authority, and it could issue bonds for housing programs. The Legislature made a start-up appropriation of $250,000 in general purpose revenue (GPR), which the Authority later repaid from operating funds.

The Authority's governing board consists of 12 members. Six are public members appointed by the Governor with the advice and consent of the Senate and serve staggered, four-year terms. The remaining six members are: (a) the Chief Executive Officer of the Wisconsin Economic Development Corporation (WEDC) or their designee; (b) the Secretary of the Department of Administration (DOA) or their designee; and (c) one senator and representative of each political party, all four of whom are appointed from the Senate and Assembly standing committees on housing. In addition the statutes require the Governor appoint: (a) one of the public members for a one-year term as chairperson; and (b) the Executive Director of the Authority, with Senate consent, to a two-year term. The Board meets every other month to carry out its responsibilities, which include authorization of bond issues, approval of the annual operating budget and determination of overall policy for the Authority.

The Authority is divided into an executive office and the following nine teams: (a) administration/human resources; (b) legal; (c) finance; (d) single-family; (e) commercial lending, which includes multifamily housing and economic development programs; (f) information technology; (g) business development; (h) risk and compliance; and (i) marketing. The Authority's teams are similar to divisions in state agencies.

This paper discusses WHEDA and its current programs, with the exception of the property tax deferral loan program (PTDL). For discussion of PTDL, see the Legislative Fiscal Bureau informational paper entitled, "Property Tax Deferral Loan Program." For discussion of all housing programs administered by the state, see the Legislative Fiscal Bureau paper entitled "State Housing Programs." For discussion of historical aspects of WHEDA's operation and inactive or discontinued programs, see previous versions of this informational paper, available on the Legislative Fiscal Bureau website.

Authority Financing

Because it exists as an independent authority, WHEDA receives funding from state appropriations only in rare circumstances, such as the Authority's startup, or at the creation of certain programs. Instead, the Authority's primary sources of program funding have been proceeds from the issuance of taxable and tax-exempt bonds and notes, and funds in excess of required reserves. In general, the Authority's assets derive from income receivable on outstanding loans, and its liabilities derive from debt incurred on the sale of bonds and notes used to finance its programs. As shown in Table 1, the Authority completed the 2017-18 fiscal year with assets and reserves exceeding liabilities by approximately $758 million. Of that balance, approximately $509 million was restricted for bond redemption funds and for programs for which the source of funding is outside the Authority. Restricted funds may only be used for permitted investments and permitted disbursements such as payment or repayment of principal, bond interest and program expenses.

The Authority's general reserve fund totaled $249 million as of June 30, 2018. The statutes require WHEDA to establish a general reserve fund but provide discretion as to how certain assets of the fund are used. WHEDA encumbered $175 million as of June 30, 2018, for targeted single-family and multifamily housing programs, and economic development programs. An additional $45 million as of June 30, 2018, had been encumbered for WHEDA operations. Unencumbered amounts remaining in the general reserve fund are required by statute to be set aside for a "Dividends for Wisconsin" plan. The plan allocates surplus reserves to housing and economic development programs. The plan is discussed further under the section "WHEDA Surplus Fund."

WHEDA Bond Issuance

The Authority's primary source of program funding is proceeds from the issuance of taxable and tax-exempt bonds and notes. WHEDA historically has issued revenue bonds to finance most of its housing programs. Revenue bonds allow

Table 1: WHEDA Combined Balance Sheet, 2017 and 2018 (June 30)

	2017	2018
Total restricted and unrestricted reserves	$728,803,000	$758,387,000
Less restricted reserves for bond resolutions, administered funds	-504,794,000	-509,219,600
General reserve fund balance	$224,009,000	$249,167,400
Less encumbered for housing and economic development activities	-169,146,000	-175,090,500
Less encumbered for WHEDA operations	-48,919,800	-44,658,900
Unencumbered general reserves ("Surplus" to Dividends for Wisconsin plan)	$5,943,200	$29,418,100

Source: WHEDA, Dividends for Wisconsin Plans, 2017-18 and 2018-19

WHEDA to borrow money through bonding and lend the proceeds of bond issues to third parties for uses such as the development of multifamily housing or the purchase of single-family homes. WHEDA bond issues after 2003 for multifamily purposes are exempt from state income tax. Additionally, bonds may be exempt from federal taxes if issued as part of the state's limit under the federal volume cap. States are limited to a certain amount of bonds issued under the cap, based on their population. Bonds issued under the volume cap are subject to certain restrictions on programs they finance in order to remain tax exempt.

Across all programs, WHEDA has issued $10.6 billion in bonds and notes carrying WHEDA's general obligation as of June 30, 2018, of which an estimated $1.5 billion was outstanding. General obligation bonds require WHEDA to repay bondholders using monies from repaid loans, or from other assets of the Authority. The annual volume of debt issued with WHEDA's general obligation since 2009 is shown in Table 2. WHEDA also may issue bonds without its general obligation, which do not require the Authority to pledge general assets for repaying bondholders. WHEDA has issued at least $482 million in additional debt without its general obligation since 1984. WHEDA typically does not track outstanding amounts of these bonds. In both instances, the state has no legal obligation to back WHEDA-issued bonds. A full detail of WHEDA bond issues by year is available in Appendix I.

Table 2: Annual WHEDA General Obligation Borrowing

Calendar Year	Revenue Bonds Issued
2009	$359,045,000
2010	142,775,000
2011	68,070,000
2012	86,210,000
2013	21,270,000
2014	10,035,000
2015	276,025,000
2016	427,510,000
2017	325,173,000
2018*	116,307,000
Total, 2009-2018	$1,823,420,000
Total, 1974-2018	$10,568,230,000

* Through June 30, 2018.

As required by statute, WHEDA manages a capital reserve fund, which must maintain a balance sufficient to cover the maximum amount of debt service expected in one year for all bond issues backed by the fund. The statutes limit total outstanding bonds backed by the fund to no more than $600 million. The Authority may elect to exclude bond issues from backing by the capital reserve fund, an option it regularly exercises. As a result, the capital reserve fund only supports bonds issued to finance multifamily structures. WHEDA reports the amount of outstanding bonds supported by the capital reserve is $439.4 million as of June 30, 2018.

The statutes require that if WHEDA realizes a deficit in a capital reserve fund, the Chairperson of the Authority must certify to the DOA Secretary, the Governor, and the Joint Committee on Finance the additional amount necessary to meet minimum reserve requirements. If received in an even-numbered year prior to compilation of the biennial budget, DOA must include an appropriation for that amount in the budget bill. The Joint Committee on Finance must introduce a bill appropriating the certified amount. While the Legislature is not obligated to approve the appropriation, the statutes state that "the legislature hereby expresses its expectation and aspiration that if ever called upon to do so, it shall make such appropriation" (s. 234.15(4) of the statutes). To date WHEDA has never realized a deficit in its capital reserves, and the Legislature has not been called upon to make an appropriation for such backing.

The following list represents WHEDA programs for which revenue bonds are issued or may be issued. These programs are discussed in greater detail later in the paper.

• **Single-Family Mortgage Loans.** WHEDA provides low-cost mortgage financing to low- and moderate-income households for the purchase of single-family homes. As of June 30, 2018, approximately $8.4 billion of general obligation, corporate-purpose revenue bonds had been issued for this purpose, of which approximately $916 million was outstanding. Bonds issued under these programs may be tax-exempt for federal purposes, depending on the mortgage programs they support.

• **Multifamily Construction and Rehabilitation.** WHEDA provides permanent financing for construction and rehabilitation of multifamily residences intended primarily for low- and moderate-income households. As of June 30, 2018, $2 billion of general obligation, corporate-purpose revenue bonds were issued for these purposes, of which approximately $547 million was outstanding. Bond issued under these programs may be tax-exempt for federal and state purposes.

• **Economic Development Loans.** WHEDA is authorized to issue bonds to fund business development activities in the state. No general obligation issues have been made since 1995, and no general obligation bonds are outstanding. WHEDA now issues bonds under the program without its general obligation, but it does not track outstanding amounts if they do not carry its general obligation. Bonds issued for economic development loans may be eligible for a federal tax exemption on interest earned.

2017 Wisconsin Act 277 modified WHEDA's bonding authority, providing WHEDA the ability to request a renewal of its remaining bonding authority through a 14-day passive review process with the Joint Committee on Finance. In July, 2018, WHEDA requested and was subsequently granted authority to issue the remaining $107.5 million of economic development bonding authority. As of November, 2018, WHEDA reports it has no plans for the available bonding authority.

• **Home Improvement.** WHEDA provides loans for alterations or repairs to existing housing. The Authority is allowed to issue up to $100 million in outstanding revenue bonds under the program, but none are outstanding. Instead, the program is supported by a separate WHEDA fund, the home improvement loan fund.

• **Property Tax Deferral Loan Program.** WHEDA provides loans to low- and moderate-income elderly homeowners to convert home equity into income to pay property taxes. WHEDA is authorized to issue up to $10 million in bonds under this program, but none have been issued. Detailed discussion may be found in the Legislative Fiscal Bureau informational paper entitled, "Property Tax Deferral Loan Program."

WHEDA Operating Funds

The Authority does not receive state funds for its operations. Instead, the Authority earns revenue primarily by: (a) charging loan interest rates higher than the interest it pays its bondholders, within certain limits established by federal law; (b) collecting fees, such as loan origination and servicing fees; and (c) investing its reserves.

Table 3 provides an overview of the last six years of WHEDA's general and administrative expenses, along with amounts budgeted for 2018-19.

Table 3: WHEDA General and Administrative Expenses

2012-13	$18,395,000
2013-14	18,839,000
2014-15	18,290,000
2015-16	18,237,000
2016-17	19,374,000
2017-18 (Estimated)	21,568,000
2018-19 (Budgeted)	23,303,000

WHEDA Surplus Fund

The Authority is required by statute to maintain an unencumbered general reserve fund, also referred to as a surplus fund, within its general fund, consisting of any Authority assets in excess of operating costs and required reserves. WHEDA is required to report this amount annually to the Governor and Legislature. WHEDA had a surplus of $5.9 million as of June 30, 2017, and $29.4 million as of June 30, 2018. The unusually high amount in 2017-18 reflects WHEDA's sale of its Madison office building to DOA, generating approximately $19 million.

Annually, WHEDA develops a plan for use of its surplus funds, known as the "Dividends for Wisconsin" plan. WHEDA's chairperson submits this plan to the Governor, who may modify it, and then submit it to the Legislature and relevant standing committee in each house for review. If no standing committee objects to the plan, it is approved. If an objection is raised, it is referred to the Joint Committee on Finance, which is required to meet in executive session within 30 days to consider the objections. The Joint Committee on Finance may: (a) concur in the standing committee objections; (b) approve the plan or modified plan notwithstanding standing committee objections; or (c) modify the portions of the plan objected to by the standing committee.

WHEDA is required to allocate a portion of its surplus funds to: (a) match federal funds available under the McKinney Homeless Assistance Act; (b) match federal funds available under the home investment partnership program; and (c) fund the property tax deferral loan program. Appendix II lists the allocations of WHEDA's unencumbered general reserves in its Dividends for Wisconsin plans for the 2017-18 and 2018-19 fiscal years.

WHEDA historically has made transfers from its unencumbered reserves to state agencies or the general fund, totaling $22.6 million since 2001-02. No transfers have been made since 2012-13.

CHAPTER 1

SINGLE-FAMILY HOUSING PROGRAMS

The following section discusses a variety of existing single-family programs, including their financing and eligibility requirements. For detailed information about a specific program's eligibility criteria, such as county-specific income limits, please see WHEDA's website. A summary table of WHEDA housing programs is available in Appendix III, Appendix IV lists median income by county and federally designated target areas of economic distress, and Appendix V provides a summary of single-family program activity since 2009. For discussion of historical programs, please refer to previous versions of this informational paper, available on the Legislative Fiscal Bureau website.

It should be noted for the following program descriptions that income eligibility for certain WHEDA loans is based on provisions in the Internal Revenue Code, which generally specifies a limit of 115% of state or area median income. However, other adjustments under federal law may allow for higher income limits than suggested by a strict application of that percentage. County-specific income limits are available on WHEDA's website.

Mortgage Programs

WHEDA Advantage Conventional

Background. The WHEDA Advantage loan program provides mortgage loans to low- and moderate-income households. Financing is provided by the Federal National Mortgage Association (Fannie Mae), which receives mortgages from WHEDA, and sells them back to WHEDA as mortgage-backed securities, who purchases them with funds from revenue bond issues. The result is a guaranteed payment on mortgage loans by Fannie Mae, who bears the risk related to interest rates and loan default.

Program Terms and Eligibility. Advantage loans are issued exclusively with 30-year terms at a fixed interest rate and with no prepayment penalties. Per statute, WHEDA also may not make a loan to a person without a Social Security number, and the property must be used as the principal residence of the borrower.

Eligible borrowers must have household income that does not exceed 135% of county or state median household income, whichever is greater. For 2018, WHEDA has set these income limits at approximately $85,000 to $110,000 for a household of two, depending on the county. Loan limits for Fannie Mae conforming loans are $453,100 in Wisconsin. However, due to income limits and lending standards limiting a borrower's monthly payments for housing and other debt, loans average substantially less than this limit.

Other WHEDA Advantage restrictions include: (a) a maximum loan-to-value ratio of 97% for a one-unit property and 95% for a two- to four-unit property; (b) required mortgage insurance for certain loans; and (c) a minimum credit score. While there is no minimum amount of a borrower's own funds that must be part of a down payment for one-unit properties, two- to four-unit properties require a minimum 3% amount of a borrower's own funds as part of the transaction. WHEDA's approved mortgage insurers usually require some amount be paid directly by a borrower.

An example of alternative sources for a borrower's down payment is Easy Close Advantage or Capital Access Advantage, discussed later.

WHEDA Advantage is available to existing single-family dwellings, and two- to four-unit dwellings that are at least five years old. Federal law, state statutes and Fannie Mae guidelines allow WHEDA to finance major rehabilitation of a property.

WHEDA has made a total of 6,078 loans for $738,201,100 under the Advantage program from its inception in 2010 through June 30, 2018. As of June 30, 2018, 4,499 loans were outstanding with total balances of $512,621,600.

The predecessor of WHEDA Advantage, the home ownership mortgage loan program (HOME), issued approximately 110,000 loans totaling $6.9 billion. As of June 30, 2018, WHEDA reports 6,034 HOME loans remain outstanding with total balances of $353,088,800.

Refi Advantage. The statutes generally prohibit mortgage loans for refinance purposes, with the exception of: (a) construction loans; (b) temporary initial financing; (c) loans for the financing of a substantial rehabilitation; (d) loans for rehabilitation purposes made in certain areas of need in Milwaukee; and (e) loans to pay off a loan already funded or serviced by WHEDA. Under this last exception, WHEDA operates the Refi Advantage program. Refi Advantage offers borrowers financing under WHEDA Advantage loans. Borrowers must have at least 3% equity in the residence, and may opt for mortgage insurance for a lower interest rate. Refi Advantage is not available for: (a) persons with poor credit or with a bankruptcy or foreclosure incurred during the current loan term; (b) properties listed for sale; (c) properties on which payment of real estate taxes is at least 60 days past due; and (d) loans modified within the last two years. Since it began in 2013 through June 30, 2018, WHEDA has issued 56 Refi Advantage loans for $7,128,600.

WHEDA Advantage - Federal Housing Administration

The WHEDA Advantage - Federal Housing Administration (FHA) mortgage loan program also provides mortgage loans to low- and moderate-income households. The Government National Mortgage Association (Ginnie Mae) guarantees payments to investors in mortgage-backed securities composed of the Advantage-FHA mortgages that WHEDA issues under the program. WHEDA has an agreement to sell these securities to a private investment bank, provided the loans are made at certain interest rates and other restrictions specified by the bank. The bank later sells the securities on the secondary market. WHEDA reports this arrangement reduces various pricing and other risks that it may otherwise be exposed to in the marketing of the securities.

WHEDA reports Advantage-FHA loans have more permissive underwriting and credit guidelines, which tend to accommodate more prospective borrowers than the relatively stricter standards required by Fannie Mae. Less stringent credit guidelines are likely to yield higher-cost loans for borrowers in the Advantage-FHA program, due to higher up-front and annual costs and fees to compensate for the riskier profile of borrowers.

Loan terms are similar to WHEDA Advantage. Loans are issued with 30-year terms at a fixed interest rate. Advantage-FHA loans may be for existing one- and two-unit properties and certain condominiums. Program income limits are 135% of county or state median household income, whichever is greater. For 2018, these income limits range from approximately $100,000 to $125,000 for a household of three or more. Loan limits are generally lower, at about $300,000 for a one-unit property in most counties in 2018. Advantage-FHA borrowers must meet an FHA requirement of at least 3.5% down, although the program has no minimum contribution from the buyer; the down payment may be from a gift or other source.

WHEDA has issued 1,176 loans for $138,967,600 under Advantage-FHA since its inception through June 30, 2018. As of June 30, 2018, 1,086 loans for $124,878,200 were outstanding.

First-Time Home Buyer Advantage

The First-Time Home Buyer Advantage (FTHB) program provides eligible borrowers mortgages with interest rates typically lower than those available under other Advantage programs. These programs are financed by bonds issued under the federal volume cap. As a result, borrowers must be: (a) first-time homebuyers, meaning they have not owned a home in the last three years; (b) veterans; or (c) purchasing a home in a federally designated area of economic distress. Further, borrowers must meet income limits, with household income not to exceed 115% of county or state median household income, whichever is greater, or 140% for federally designated areas of economic distress. For 2018, WHEDA has set these income limits at approximately $75,000 to $95,000 for a household of two, depending on the county. In 2018, purchase price may not exceed $271,200 for a one-unit property, or $331,400 for a federal target area. Since it began in January, 2015, through June 30, 2018, WHEDA has issued 5,826 FTHB loans for a total of $672,746,600. As of June 30, 2018, 5,665 for $637,680,300 remain outstanding.

Now folded into FTHB, WHEDA administered the Veterans Affordable Loan Opportunity Rate (VALOR) mortgage program in 2015-16 and 2016-17. VALOR provided below-conventional interest rates to qualified veterans, and had substantially similar eligibility criteria to FTHB. While VALOR is no longer active, veterans may still receive similar mortgage terms and rates under the FTHB Advantage program.

Milwaukee Advantage

As noted earlier, WHEDA is generally prohibited from issuing loans for refinancing purposes, subject to certain exceptions. 2017 Act 277 created an additional exception for mortgages made in certain neighborhoods in Milwaukee, as determined by WHEDA, that are used to finance the rehabilitation of a property. Under this authorization, WHEDA has created a pilot program known as Milwaukee Advantage, which provides preferred interest rates for: (a) new home mortgages; (b) refinancing of existing mortgages for rehabilitation purposes; or (c) new home construction mortgages in any of the following Milwaukee neighborhoods: Clarke Square, Garden Homes, Josey Heights, Near West Side, Riverwest, the Legacy Subdivision, Walnut Crossing, and Walnut Circle Subdivision. Milwaukee Advantage has no requirement for mortgage insurance or a down payment, and provides 0% interest and no monthly payments for the first 12 months of construction or rehabilitation. Further income and eligibility requirements apply. For more information, see the Authority's website. As of June 30, 2018, WHEDA reports one loan for $37,500 has been made under the program.

Milwaukee Advantage is part of the Transform Milwaukee initiative, under which WHEDA-directed funding beginning in 2012 is intended to match additional private and other public funding for housing and economic development in areas of need in Milwaukee. A summary of the Transform Milwaukee initiative is available in Appendix VII.

WHEDA Tax Advantage

WHEDA Tax Advantage provides first-time homebuyers, veterans, and those in federally designated areas of economic distress a nonrefundable federal income tax credit for mortgage interest. The program converts federal volume cap for tax-exempt bonding that would otherwise expire into mortgage credit certificates (MCCs). WHEDA may issue MCCs for up to 25% of unused bonds.

In 2018, WHEDA converted $295 million in unused 2015 volume cap into $74 million available for issuance as MCCs. Table 4 provides a summary of MCC issues from 2013 to present.

Tax Advantage provides first-time home buyers MCCs equal to 25% of their interest payments, and veterans or those in federal target areas MCCs equal to 40% of their interest payments, up to a maximum of $2,000 per year. Participants are bound by the same income and purchase price limits as the First-Time Home Buyer Advantage program described previously. At least 20% of MCCs must be reserved for federal target areas, as shown in Appendix IV.

Table 4: Mortgage Credit Certificates

Year	MCCs Issued	MCC Amount (Life of Loan)
2013	202	$6,577,178
2014	452	14,059,852
2015	331	10,451,807
2016	220	7,605,508
2017	209	7,432,913
2018*	52	2,110,629
Total	1,466	$48,237,887

*As of June 30, 2018.

Borrowers claim the credit annually over the life of their 30-year mortgage, and may carry over unused credits for up to three years. The program acts as a companion to the mortgage interest deduction, which must be reduced by any amount claimed with MCCs. Upon sale of a residence, participants are subject to federal recapture of tax credits, although borrowers under WHEDA mortgages are eligible for WHEDA repayment of the recapture tax. Although WHEDA issues MCCs as the state housing finance agency, MCC recipients are not required to have a WHEDA mortgage.

Second-Mortgage Programs

Home Improvement Advantage Program

The Home Improvement Advantage program provides financing for improvements to existing homes. Eligible improvements include: remodeling, home repair, making a home handicap-accessible, energy-efficient appliances, and energy efficiency improvements. Loans may be for up to $15,000 and have a maximum term of 15 years. Income limits are based on county median income, ranging from $75,000 to $95,000 for 2018. Eligible recipients must have a minimum credit score, no delinquent mortgage payments, and mortgage debt that does not exceed 110% of home value.

WHEDA is authorized up to $100 million in outstanding revenue bonds under the program, but none are outstanding. Instead, loans are funded by the home improvement loan fund. As of June 30, 2018, the fund had a balance of $9.93 million, with total assets of $10.72 million and total liabilities or program encumbrances of $10.71 million. WHEDA is required to transfer annually any excess balances to the Wisconsin Development Reserve Fund (discussed in Chapter 3). On the basis of the fund condition as of June 30, 2018, WHEDA determined no transfer to the WDRF was required.

The predecessor program to Home Improvement Advantage, suspended in April, 2008, made 15,212 loans totaling $102.8 million between the program's inception in 1979 and its suspension. In 2009 the program resumed under new branding and its current name. Since resuming, Home Improvement Advantage has made 85 loans for $1,024,500 through June 30, 2018. As of June 30, 2018, for loans made under the current program and its predecessor combined, there were 92 loans outstanding for $744,000.

Easy Close Advantage

The Easy Close Advantage program provides loans to pay for down payments, closing costs, and homebuyer education costs. Loans are offered on a 10-year basis with a fixed interest rate determined by WHEDA. Loans have a minimum of $1,000 and a maximum of: (a) the greater of $3,000 or 3% of the purchase price for WHEDA Advantage loans; or (b) the greater of $3,500 or 3.5% of the purchase price for Advantage-FHA loans.

The Easy Close Advantage program is supported by an encumbrance of approximately $14.9 million from the Authority's general fund. Through June 30, 2018, WHEDA made 7,266 loans for a total of $27,964,700 under the Easy Close Advantage program since 2010. 6,321 loans worth $20,493,300 were outstanding as of June 30, 2018. An Easy Close Advantage predecessor program, HOME Plus, made 6,333 loans for $59,575,600 through 2008. As of June 30, 2018, 206 loans for $554,800 remain outstanding under the discontinued program.

Capital Access Advantage

WHEDA began offering Capital Access Advantage in February, 2017, to provide down payment assistance through no-interest second mortgages of: (a) the greater of $3,050 or 3% of the purchase price for WHEDA Advantage loans; or (b) the greater of $3,050 or 3.5% of the purchase price for Advantage-FHA loans. Income limits vary by household size and county, but are between $48,000 and $65,000 for a household of three. The program is targeted at areas in Wisconsin with high housing need. WHEDA maintains a map on its website of targeted areas, which span both urban and rural areas across the state. In April, 2018, the high housing need restriction was temporarily waived in order to provide further access to the program, with the next 425 loans eligible, regardless of location. As of November, 2018, this waiver remains in effect, with approximately 90 loans made under the 425 limit. As of June 30, 2018, 39 loans for $132,300 have been made, with 39 and $132,300 outstanding. Capital Access Advantage is supported from federal grant awards under the Capital Magnet Fund Program.

Property Tax Deferral Loan Program

Under this program, low-income elderly homeowners, or veterans of any age, can convert home equity into funds to pay property taxes. Funds are repaid upon sale of the property or when the recipient no longer lives in the home. WHEDA is authorized to issue up to $10 million in bonds to finance property tax deferral loans, but none have been issued. Instead, it is supported by a portion of WHEDA's unencumbered general reserves. Since 1986, WHEDA has provided 6,658 loans totaling $11,221,100. Program participation has declined substantially in recent years, with 16 loans for $48,000 in the program year ending June 30, 2018, associated with 2017 property taxes. The program is discussed in greater detail in the Legislative Fiscal Bureau informational paper entitled, "Property Tax Deferral Loan Program."

Bond Claim Program

Created in 2013, the Bond Claim Program provides loans to WHEDA borrowers who have previously defaulted on a loan. Recipients must demonstrate the reason for the default has been overcome and provide financial statements, proof of income, and documentation explaining the reason for default. The borrower's monthly surplus income must be 10% of gross monthly income, or $150. The loans are available for first mortgages more than three months in default, with loan amounts not to exceed $25,000. Loans provide a 0% interest rate, and are due on payoff or if the owner ends occupancy of the subject property as a primary residence.

The program has an allocation of $500,000 from the Home Ownership Development Fund, which is a part of WHEDA's general fund set aside primarily for single-family housing initiatives. The first Bond Claim loans were made on July 1, 2014. As of June 30, 2018, the program has made 24 loans for $153,300.

Inactive Housing Programs

The Authority has suspended several single-family housing programs in recent years, due to economic conditions, low demand, or the exhaustion of available funding. Outstanding loans and amounts for each of these programs are available in Appendix V. For discussion of historical programs, please see previous versions of this informational paper available on the Legislative Fiscal Bureau website. These suspended programs include:

- Zero-Down Program
- Neighborhood Advantage Program
- Workforce Advantage
- FHLBC Advantage
- National Foreclosure Mitigation Counseling Program
- Strategic Blight Elimination Grants
- Qualified Subprime Loan Refinancing
- Homeowner Eviction and Lien Protection Program

MULTIFAMILY HOUSING PROGRAMS

The following section discusses a variety of state and federal multifamily programs currently offered or administered by WHEDA. A summary table of WHEDA housing programs is available in Appendix III. For discussion of historical programs, please refer to previous versions of this informational paper, available on the Legislative Fiscal Bureau website.

Multifamily Loan Fund

The Authority provides construction and permanent financing for low- and moderate-income multifamily developments. WHEDA financing occurs through both federally taxable and tax-exempt revenue bonds. State statutes provide that interest on most bond issues for multifamily affordable housing developments or certain housing developments for the elderly or chronically disabled may be exempt from state personal income, corporate and franchise taxes. For bonds to be exempt for federal income tax purposes, they must be issued as part of the state's volume cap and support developments meeting certain income restrictions for residents.

As detailed in Appendix I, since 1974 through June 30, 2018, WHEDA has issued $2 billion in general obligation, corporate-purpose revenue bonds for multifamily housing. Table 5 provides multifamily loan activity information for the past 10 years.

WHEDA uses encumbrances from its general reserves to administer certain programs for the development and preservation of multifamily housing. Table 6 shows the funding allocated from the general reserve fund for multifamily housing programs. The largest component is the revolving fund, which totals approximately $50.1 million as of June 30, 2018. Other programs include:

Table 5: Multifamily Loan Fund

Calendar Year	Number of Loans	Amount of Loans Disbursed	Units Assisted	Average Loan Per Unit
2009	12	$43,999,600	1,160	$37,931
2010	13	47,517,000	646	73,556
2011	43	120,977,800	1,951	62,008
2012	24	153,360,900	1,942	78,971
2013	24	49,595,000	707	70,149
2014	16	49,533,600	799	61,995
2015	25	68,879,600	917	78,719
2016	22	102,181,600	768	133,048
2017	53	166,274,000	1,476	111,145
2018*	35	85,291,200	850	100,300
Total	267	$887,610,300	11,216	$79,138

*As of June 30, 2018.

Table 6: General Reserve Encumbrances for Multifamily Housing Programs

Program	June 30, 2018 Amount
General Revolving Fund	$50,077,832
Preservation and Lending Fund	43,032,602
Very Low-Income Housing	7,733,164
Interest Subsidy Funds	5,238,060
USDA Preservation Revolving Loan Fund	2,419,716
Federal Home Loan Bank Matching Funds	2,400,000
Multifamily Bond Support	1,724,838
Capital Magnet Fund	1,249,940
Fannie Mae Secondary Market Initiative	700,000
HUD Section 8 Program Administration	493,626
Homeless Fund	331,739
Total	$115,401,517

- The preservation and lending fund, which provides financing for rehabilitation and preservation of low-income multi-family rental housing.

- Revolving loans for very low-income multifamily housing.

- Funds to subsidize interest rates on multi-family project loans.

- U.S. Department of Agriculture funds received for preservation and revitalization of rural low-income multifamily housing.

- Matching funds for the Federal Home Loan Bank of Chicago's Community First revolving loan program for affordable housing and economic development.

- Bond support funds to cover costs related to issuing housing revenue bonds.

- A federal Capital Magnet Fund grant award, which provides gap financing for multi-family projects, and supports down payment assistance for single-family mortgages.

- Fannie Mae's Secondary Market Initiative, which collateralizes WHEDA's guarantee requirement for the sale of certain tax credit projects in WHEDA's loan portfolio.

- Earnings from administration of U.S. Department of Housing and Urban Development (HUD) Section 8 programs.

- The homeless fund, which provides: (a) permanent housing, group homes, and community-based residential facilities; (b) set-asides for the Affordable Housing Tax Credit for Homeless Program; and (c) matching federal grants under the McKinney Homeless Assistance Program.

Low-Income Housing Tax Credit

Federal Low-Income Housing Tax Credit

WHEDA is responsible for administration of the federal Low-Income Housing Tax Credit (LIHTC) on behalf of the state. The LIHTC apportions credits to states on the basis of population to encourage the development of multifamily properties with below-market rents for low-income households by providing tax credits, which typically are sold to investors in exchange for up-front financing.

Properties receiving the credit must reserve at least 20% of units for households with incomes at or below 50% of the county median income, or at least 40% of units for households with an average income of no more than 60% of county median income. Monthly rent for these units, including utilities, is intended to be no more than 30% of income for tenants.

The federal LIHTC is provided in two forms, a 4% credit and a 9% credit, and the credit may be claimed for each of the 10 years beginning with the year the development is placed into service. Over the 10-year credit period, the 4% credit provides financing equal to 30% of the present value of construction costs of the low-income units in the development, not including land. Similarly, the 9% credit is intended to provide financing equal to 70% of the present value of construction costs. Due to 2015 changes, the 9% credit is no longer adjusted monthly and is fixed at 9%, with a resulting present value that fluctuates but is generally higher than 70% of construction costs. Tax credits are typically sold at a discount to investors, who provide capital to finance upfront costs of construction, and subsequently claim credits over the 10-year period. A typical LIHTC project includes other financing components, including contributions from the developer, private financing from commercial lenders, and tax-increment financing. For 4% properties, this financing includes tax-exempt bonds issued under the federal volume cap allocated to the state. Properties receiving the 9% credit generally are not eligible for tax-exempt bonding.

The 9% credit is provided on a competitive basis with an allocation of $15.65 million for Wisconsin in 2018. Table 7 shows 9% LIHTC awards for the past five years. (The value shown each year is the maximum aggregate single-year amount claimable for projects awarded credits. If credits are claimed in full each year, the value of credits would be 10 times the annual value shown.) For the 2018 allocation, the maximum credit award for a single 9% project was $1,550,000. The 4% credit is available on an unlimited basis to all eligible properties that have at least 50% of their construction costs financed with tax-exempt bonds. In the event a development is noncompliant, such as providing less than the contracted amount of low-income units, claimants are subject to recapture of tax credits, consisting of a calculation of actual available low-income units relative to the amount of credits already claimed.

Table 7: Federal 9% Low-Income Housing Tax Credit Awards

Calendar Year	Credits Awarded	Projects Funded	Low-Income Units Created/ Rehabilitated
2014	$12,173,789	25	1,133
2015	12,540,662	25	1,162
2016	14,271,590	28	1,166
2017	13,640,836	26	1,231
2018	15,258,884	32	1,583
Totals			
2014-2018	$67,885,761	136	6,275
1987-2018	$389,751,000	1,336	55,042

Specific requirements for the application process and scoring procedure are laid out in the Authority's Qualified Allocation Plan (QAP). Under the plan, properties receiving either the competitive 9% or non-competitive 4% credit must receive a determination that identifies a need for housing in a given market, as well as the need for LIHTC support to be financially feasible. Further, applicants must undergo a scoring process that determines eligibility, with a minimum score necessary to receive the credit. Scoring gives preference to developments that, among other factors: (a) provide to a variety of income levels; (b) are located in lower-income areas; (c) are energy-efficient and sustainable; (d) have units suitable for larger families; (e) provide supportive services; (f) are accessible to disabled persons; (g) rehabilitate or stabilize a neighborhood; and (h) are ready to proceed with construction.

To cover administrative costs associated with the program, WHEDA collects fees on applications for and distribution of credits, and monitoring of developments. For the 2017-18 fiscal year, WHEDA reports total collected fees of $3.8 million. Monitoring fees are collected from developments as part of annual reviews to determine compliance with required low-income unit set-asides and income-based rent restrictions.

State Low-Income Housing Tax Credit

2017 Wisconsin Act 176 created a state nonrefundable corporate income/franchise tax credit intended to supplement the 4% federal credit. Under the program, WHEDA may award up to $7 million in tax credits annually, claimable for six years, for a maximum program total of $42 million once the program is fully implemented. Credits are awarded through a competitive application process, whereby WHEDA assigns scores to the applications based on criteria laid out in the QAP, as discussed previously. Awards are limited to $1.4 million per application. WHEDA is also required by law to give preference to developments located in cities, towns, or villages with populations fewer than 150,000.

Property owners are eligible for the state credit as long as: (a) the project meets low-income requirements necessary to receive the federal LIHTC; (b) the development receives financing with tax-exempt bonding; (c) WHEDA determines the credit is necessary for the financial feasibility of the proposed construction; and (d) the development is compliant with Title VIII of the Civil Rights Act, pertaining to protection from discrimination related to race, color, religion, national origin, sex, familial status, or disability. Property owners are required to maintain compliance with low-income and non-discrimination requirements for at least 15 years.

Claimants are subject to recapture of tax credits in the same manner as the federal credit, consisting of a calculation of actual available low-income units relative to the amount of credits already claimed. WHEDA may carry forward any previously unallocated or recaptured credits, in addition to its yearly maximum allocation. Any credit amount claimed but unable to be used by the claimant could be carried forward for the following 15 years.

The first awards under the state program were announced in August, 2018, with nine projects receiving a total of $6.6 million in tax credits to provide 1,065 low-income units.

Rent Assistance (Section 8) Programs

HUD's Section 8 housing program provides housing to low-income households through either a project-based or tenant-based method. In both instances, tenants pay 30% of their monthly income towards rent, the remainder of which is paid by HUD. Eligibility is limited to households at or below 50% of county median household income, although targets may be lower based on availability. Median income by county is shown in Appendix IV.

Project-Based Rental Assistance

Under project-based rental assistance, HUD negotiates contracts with property owners to provide housing to low-income tenants. Contracts are adjusted annually to reflect changes in the rental market and cost of living, and usually last the duration of the mortgage, typically 20 to 40 years, with possibility for renewal thereafter. WHEDA administers these project-based contracts on behalf of HUD throughout Wisconsin, collecting rent claims by property owners and disbursing HUD funds back to them. In 2017-18, payments to property owners totaled $172.5 million. WHEDA received $6.7 million in payments for administering these contracts in 2017-18. WHEDA reports it administered contracts for project-based Section 8 representing 30,357 units in 2017-18.

Housing Choice Voucher (HCV) Program

Under the HCV program, rent subsidies follow the tenant, who has flexibility in selecting a residence. These vouchers are portable, allowing recipients to move once per year anywhere in Wisconsin so long as a voucher program is active in that area. As of November, 2018, WHEDA administers 2,450 vouchers across 43 counties, for a cost of $9.3 million in 2017-18. For administering these HCVs, WHEDA received reimbursements of $1.1 million in 2016-17 and $1.0 million in 2017-18. It should be noted that WHEDA-administered HCVs represent a small portion of vouchers available statewide. The majority of HCVs are administered by local public housing authorities throughout the state. For federal fiscal year 2017, HUD reports 31,050 HCVs in Wisconsin were offered at a cost of approximately $175.6 million.

Following a proposal by the Governor in 2017, WHEDA has pursued implementation of a work requirement for its HCV recipients, and instituting a priority criterion for homeless applicants on its HCV waitlist. WHEDA reports that after discussions with HUD officials, it is not feasible to implement a work requirement. However, WHEDA has begun a pilot program for the homeless priority criterion in Brown County. As of November, 2018, the Authority reports no HCV applicants in Brown County have used the homeless preference. Further, WHEDA reports it does not intend to expand the homeless priority until it has had time to evaluate the pilot. As of March, 2018, WHEDA reports there are approximately 2,651 applicant families on the HCV waitlist, and none are currently identifying as homeless.

Housing Trust Fund

This federal program provides grants to states to improve the supply of affordable housing for extremely low-income households. WHEDA administers the program on behalf of the State of Wisconsin. Funding allocations have totaled $10.6 million, including $3,005,000 in 2016, $3,481,000 in 2017 and $4,118,000 in 2018. At least 80% of funds must be used for rental housing improvements or new construction. WHEDA reports funds will be targeted as low-interest loans to fill funding gaps in rental properties serving tenants with income below 30% of county median income.

WHEDA Foundation Housing Grant Program

The WHEDA Foundation is a nonprofit corporation that makes grants to nonprofits and local governments to provide housing to low- and moderate-income persons, including the elderly, handicapped and disabled persons, and persons in crisis. The WHEDA Board approves grants, as selected by WHEDA staff, and transfers funds to the Foundation to award to recipients. Grants are awarded through an annual statewide competition. Each proposal is evaluated based on project need, implementation, impact, and budget. Since the inception of the grant program in 1985 through 2018, $24.0 million has been awarded, including 29 grants totaling $500,000 in 2017 and 29 grants totaling $513,800 in 2018.

WHEDA administers a number of state and federal programs intended to encourage economic development in the state. These activities include guaranteeing economic development loans made by private lenders, distributing tax credits and other federal grant funds, providing bonding for economic development projects, and making loans to small- and medium-sized businesses. Each of these is described in the following sections. A summary of WHEDA economic development programs is available in Appendix III.

Wisconsin Development Reserve Fund (WDRF)

The WDRF backs guaranteed loans made by private lenders by reserving funds to repay lenders for a portion of losses from defaulted loans made under the following programs. The WDRF also funds the administrative costs of WHEDA's loan guarantee programs and covers the cost of interest subsidies for certain guarantee programs. Table 8 shows the condition of the WDRF since 2015-16.

The WDRF has received several legislative appropriations or transfers over time, totaling $22.9 million. This additional funding from the state typically coincides with new loan guarantee programs, which have mostly been discontinued or consolidated. For discussion of historical guarantee programs, see older versions of this paper on the Legislative Fiscal Bureau website.

WHEDA is required to transfer any excess balance in the WDRF to the state's general fund. Excess funds are those that exceed the amount necessary to pay outstanding claims, and a reserve amount of $11 million, sufficient to back any guarantees provided by WHEDA. Annually, on August 31, WHEDA must report on this calculation of excess reserves and funds available to transfer to the general fund to the Joint Committee on

Table 8: Wisconsin Development Reserve Fund Condition

	2015-16	2016-17	2017-18	2018-19 (Est.)
Opening Balance	$8,836,500	$8,339,400	$8,161,700	$8,174,100
Revenues				
State Appropriations and Transfers	$0	$0	$0	$0
Fee Income	40,200	47,800	52,600	26,500
Investment Income	74,800	39,700	99,000	152,500
Recovered Payments	1,400	1,600	1,100	0
Revenue Subtotal	$116,400	$89,100	$152,700	$179,000
Expenditures				
Guarantee Payments	$329,900	$17,600	$37,200	$510,000
Admin. Reimbursement	283,600	249,200	103,100	161,600
Expenditures Subtotal	$613,500	$266,800	$140,300	$671,600
Closing Balance	$8,339,400	$8,161,700	$8,174,100	$7,681,500

Finance and DOA. It must also report to the Legislature and Joint Committee on Finance by November 1 with information on outstanding guarantees, defaults, and total guarantees made under each program. WHEDA has made transfers of excess reserves and under other statutory directives totaling $8.3 million, with the last occurring in 2003-04.

The WDRF balance was $8.2 million on June 30, 2018. This balance backs guarantees made under WDRF programs and supports repayments to lenders in case of loan defaults. The ratio of authorized guarantee amount to reserves amount is referred to as WDRF's leverage factor, statutorily set at a maximum of 4.5:1. With $10.3 million in loan guarantees outstanding as of June 30, 2018, WHEDA has a ratio of 1.25:1, meaning for every $1.25 in loans guaranteed, the WDRF had one dollar in reserve. With its current balance, WHEDA may make guarantees up to $36.8 million under the 4.5:1 leverage factor. Its statutory maximum is $49.5 million if sufficient reserves exist. WHEDA may request the Joint Committee on Finance to authorize an increase or decrease in the guarantee authority for the WDRF programs under s. 13.10 of the statutes.

Agricultural Guarantee Programs

A summary of agricultural guarantee programs can be seen in Table 9. Historical program activity is available in Appendix VI.

Credit Relief Outreach Program (CROP)

CROP provides agricultural production loans to support input costs such as fertilizer, seed, fuel, pesticides, tillage services, crop insurance, animal feed or any other service or consumable good necessary to produce an agricultural commodity. To be eligible for CROP, active farmers must be in generally good financial standing, with sufficient cash flow, assets and collateral and not in bankruptcy or default, but have debt totaling at least 40% of assets and be otherwise unable to secure a conventional loan. Through June 30, 2018, WHEDA had 20 outstanding guarantees totaling $2,068,500.

In the event that interest rates exceed 10%, WHEDA is authorized to subsidize loans with WDRF funds by paying 2% of the loan principal

Table 9: Agricultural Guarantee Programs

Program	Maximum Guarantee	Interest Rate	Term	Initial Fee†	Other Fees†
CROP	90% up to $100,000 or 80% up to $250,000	Determined by lender. Max: prime rate*+ 2%, up to 7%.	One Year	Application: 2% of guarantee ($500 min, $2500 max)	$600 in event of forbearance.
Disaster Assistance	90% up to $25,000	Determined by lender. Max: prime rate*+ 2%, up to 7%.	Three Years	Application: 1% of guarantee ($150 min)	$300 in event of forbearance.
FARM	Lesser of: 25% of loan, farmer's net worth, or $200,000	Lender's standard rate, as approved by WHEDA	10 Years: buildings/land; 5 years: equipment/ machinery/livestock	Closing Fee: 1%	-

†All fees are deposited into the WDRF.
*The prime rate was 5.25% as of December, 2018.
Note: This table provides general guarantee terms and other criteria. For specific program eligibility terms, see WHEDA's website here: https://www.wheda.com/Business-Lending/Loan-Servicing/

to the lender, although the last time the interest rate reached 10% was 1990. WHEDA also assesses a $600 fee for loans that enter forbearance, which either postpones or restructures a loan. All fees are deposited into the WDRF.

In the event of an emergency as declared by the Governor, WHEDA may modify CROP loan criteria with review and approval of the Joint Committee on Finance under s. 13.10 of the statutes. For emergency loans, there is no statutorily specified maximum loan guarantee amount.

Disaster Assistance Loan Guarantees. This program provides financing to farmers for extraordinary costs associated with natural disasters. Natural disasters include any act of nature for which the Governor declares a state of emergency. Eligibility is generally the same as for CROP loans. WHEDA may subsidize interest rates with upfront payments to lenders of 3.5% of principal from the WDRF. The last time disaster guarantees were issued was in 2012, following drought conditions. No guarantees are currently outstanding.

Farm Assets Reinvestment Management Loan Guarantee Program (FARM)

FARM guarantees loans focused on capital investments in agricultural production, covering purchases of machinery, equipment, facilities, land, livestock kept more than one year, and refinancing associated with expansion, among others. To be eligible for FARM, active farmers must be in generally good financial standing, with sufficient cash flow, assets and collateral and not in bankruptcy or default, have debt totaling at least 40% but not more than 85% of assets, and otherwise be unable to secure a conventional loan.

As of June 30, 2018, WHEDA had 16 outstanding guarantees totaling $1,680,000.

Business Guarantee Programs

A summary of small business guarantee programs can be seen in Table 10. WHEDA generally targets these programs at businesses with 250 full-time employees or fewer. All programs listed in the table are operated as part of the WDRF, except the Neighborhood Business Revitalization Guarantee, which is supported by WHEDA unencumbered general reserves. Servicing fees are paid by lenders to prompt the release of release guarantee funds on performing loans for use elsewhere. Fees for WDRF programs are deposited into the WDRF. Guarantee criteria are outlined in Table 10. Historical program activity is available in Appendix VI.

Small Business Loan Guarantee Program

This program guarantees loans for investment by small businesses in Wisconsin of up to 250 full-time employees that would create or retain jobs. Loans must be used for purchase or improvement of land, buildings, machinery, equipment, or inventory that is intended for expansion or acquisition of a small business, start-up of a daycare business, or start-up of any other business located in a downtown storefront. Refinancing is permitted, so long as it results in better terms for the borrower and coincides with expansion of the business. Borrowers must be unable to secure conventional financing under similar terms. As of June 30, 2018, WHEDA had 52 outstanding guarantees totaling $6,411,076.

Transform Milwaukee Loan Guarantee. A portion of small business loan guarantee funds are set aside for small businesses in the Transform Milwaukee area. Transform Milwaukee guarantees are exempt from the closing and servicing fees. Of the amounts listed under the Small Business Loan Guarantee Program, 14 loans for $3,596,900 have been guaranteed from 2016 to June 30, 2018. A

Table 10: Small Business Guarantee Programs

<table>
<tr><th>Program</th><th>Maximum Guarantee</th><th>Interest Rate</th><th>Term</th><th>Initial Fee †</th><th>Other Fees †</th></tr>
<tr><td>Small Business/ Transform Milwaukee</td><td rowspan="2">Lesser of 50%* of loan or $750,000 for fixed assets, inventory and permanent working capital</td><td rowspan="4">As approved by WHEDA. Variable-rate loans have a maximum of prime rate** + 2.75%. Fixed-rate loans are set at the standard lender rate.</td><td rowspan="3">5 years: fixed assets, inventory and permanent working capital; 2 years: revolving capital</td><td rowspan="4">Closing: 3% of guarantee (Trans. MKE exempt)</td><td rowspan="3">Servicing: 0.5% of outstanding balance annually, paid by lender (Trans. MKE exempt)</td></tr>
<tr><td>Agribusiness</td></tr>
<tr><td>Neighborhood Business Revitalization</td><td rowspan="2">Lesser of 50% of loan or $750,000</td></tr>
<tr><td>Contractors</td><td>Length of contract</td><td>-</td></tr>
</table>

† All fees, except those from Neighborhood Business Revitalization Guarantees, are deposited into the WDRF.
* By statute, WHEDA may guarantee up to 80% of small business loans and up to 90% of agribusiness loans.
** The prime rate was 5.25% as of December, 2018.
Note: This table provides general guarantee terms and other criteria. For specific program eligibility terms, see WHEDA's website here: https://www.wheda.com/Business-Lending/Loan-Servicing/

summary of the Transform Milwaukee initiative is available in Appendix VII.

Contractors Loan Guarantee Program. Under this program, which is part of the small business loan guarantee program, WHEDA guarantees loans to contractors for working capital necessary to complete a contract. Loans are repaid once a contractor receives payment for their work. Contractors must have been: (a) awarded a contract with a government entity or a business with sales of at least $5 million; (b) been in business over a year; and (c) have fewer than 250 full-time employees. Eligible costs include wages and benefits, inventory, supplies, and equipment. No loans have been guaranteed under this program since 2011 and none are outstanding.

Agribusiness Loan Guarantee Program

This program guarantees loans to farmers that support the advancement of methods for processing or marketing (but not production of) raw agricultural commodities. Agribusinesses in municipalities with fewer than 50,000 inhabitants are eligible. Commercial fishers of whitefish from Lake Superior are also eligible, although no loans have been guaranteed using this authority. Loans must be used for land, buildings, machinery, equipment, inventory, certain initial marketing expenses, or permanent working capital. As of June 30, 2018, there were two outstanding guarantees totaling $128,000.

Neighborhood Business Revitalization Loan Guarantee Program

This program guarantees loans that: (a) bring in or expand businesses with annual revenue of less than $5 million; or (b) develop or rehabilitate commercial real estate for business purposes. Unlike all other guarantee programs, this program is funded from WHEDA's unencumbered general reserves. No neighborhood business revitalization guarantees have been made since 2011. WHEDA reports this is due to eligibility criteria that generally require experienced developers, who typically are able to obtain loans without the guarantee. As of June 30, 2018, one loan was outstanding with a guarantee of $396,300.

Economic Development Lending

Participation Lending Program

WHEDA exercises its economic development lending authority under the Participation Lending

Program (PLP). PLP provides economic development loans to those unable to secure sufficient conventional financing, but who with WHEDA assistance may secure a package of financing from multiple sources. Other funding sources could include private loans, loans from the U.S. Small Business Administration, New Markets Tax Credits (discussed later), or other community development financial institutions or local economic development corporations. WHEDA loans are capped at the lesser of $2 million or 50% of project financing.

Funds may be used for: (a) land, facilities, or equipment dedicated to any of a variety of commercial and industrial purposes; (b) long-term working capital; or (c) energy efficiency improvements. However, the Authority is prohibited from assuming unsecured or uncollateralized risk for any economic development loan. Refinancing is permitted, so long as it coincides with expansion of the business. WHEDA is to give preference to projects by small businesses, women and minority owned businesses, and those that target areas of low-income or high unemployment.

Financing

WHEDA finances its economic development lending programs through either: (a) a revolving fund supported by its general reserves; or (b) economic development bonding.

Revolving Fund. PLP is supported by a revolving fund, originally created from unencumbered reserves as part of Dividends for Wisconsin. The revolving fund has received multiple contributions totaling $24,100,300 as of June 30, 2018. This amount does not constitute a fund balance, but rather the initial basis from which the revolving funds would be issued as loans and returned through principal and interest payments. As shown in Table 11, WHEDA has provided 22 PLP loans using its revolving fund.

Table 11: WHEDA Participation Lending Program

Calendar Year	Number of Loans Closed	WHEDA Loan Amount
2012	4	$2,834,575
2013	2	2,771,018
2014	5	2,753,698
2015	5	5,500,375
2016	2	4,000,000
2017	3	3,095,600
2018*	1	1,308,179
Total	22	$22,263,445

*Through June 30, 2018.

Bonding. WHEDA has historically been authorized to issue bonds for economic development purposes. Most recently, this authority provided $150 million annually from 2015-16 to 2017-18. Authority to issue new bonds expired as of June 30, 2018, but was restored under 2017 Act 277. Under the Act, WHEDA is authorized to request additional bonding authority through a 14-day passive review with the Joint Committee on Finance. WHEDA underwent this process in July, 2018, and was granted $107.5 million in authority that expires in June, 2022. WHEDA may request renewed authority every four years. As of November, 2018, WHEDA reports it has no plans for the available bonding authority.

Unlike housing-related bonds, the Legislature does not offer a moral obligation to back economic development bond issues by WHEDA. WHEDA reports it also generally does not issue economic development bonds that carry its general obligation. Instead, WHEDA most often acts as a conduit issuer to arrange for sale or private placement of the bonds and the disbursement of funds to the borrower, without incurring any liability.

Federal Programs

New Markets Tax Credits (NMTC)

The NMTC program is a competitive program that provides federal income tax credits to individuals who make investments in community development entities (CDEs). CDEs compete for and are awarded NMTC allocations, which they sell to investors in exchange for financing that supports development activities in low-income communities, generally in urban areas. In exchange, investors are able to claim a federal income tax credit totaling 39% of their investment over a seven-year period. NMTCs are often part of a larger financing package that may include private financing, contributions from the developer or credit purchaser, or other publicly supported funding, such as tax-increment financing.

WHEDA has established three CDEs to receive NMTC allocations and make awards to other CDEs for local projects: the Wisconsin Community Development Legacy Fund (2004-2012), the Greater Wisconsin Opportunity Fund (2012-2018) and Lift Wisconsin (2018-present). These CDEs received $566 million in NMTC allocations between 2004 and 2018, which would represent $220.7 million in tax credits. Table 12 shows credit awards since 2009.

Table 12: New Markets Tax Credit Allocations to Projects (Millions $)

Year	Number of Projects	Investment Basis	Approx. Credits
2004	1	$10.0	$3.9
2005	9	66.3	25.8
2006	5	23.7	9.3
2007	0	0	0
2008	2	26.0	10.1
2009	5	46.5	18.1
2010	3	60.2	23.5
2011	4	73.0	28.5
2012	5	101.5	39.6
2013	2	13.3	5.2
2014	4	37.5	14.6
2015	3	20.5	8.0
2016	2	21.5	8.4
2017	5	38.5	15.0
2018	3	27.5	10.7
Total	53	$566.0	$220.7

Opportunity Zones

Established under the 2017 Tax Cuts and Jobs Act, the Opportunity Zones (OZ) program creates investment incentives targeted at economically distressed census tracts to provide economic growth and job creation. Incentives allow investors to defer or forgo taxes on investment gains within the zone if the investment is held for a certain amount of time.

Under the law, the Governor was required to designate 25% of the state's census tracts categorized as economically distressed as OZs. Eligible census tracts represented those with individual poverty rates above 20% and median income below 80% of the area median. Census tracts adjacent to these low-income tracts were also eligible under limited circumstances, although Wisconsin's designated OZs do not include adjacent tracts.

WHEDA led the selection process of Wisconsin OZs by: (a) conducting analysis of eligible tracts' demographics and previously attracted investment; (b) collaborating with local elected, community, and business officials; (c) a public comment process; and (d) working with DOA, WEDC, the Department of Children and Families, and the U.S. Department of Agriculture's Rural Development office. WHEDA submitted a recommended list of census tracts for designation to the Governor, who subsequently approved and submitted them to the U.S. Department of Treasury.

The Treasury Department approved Wisconsin's proposed OZs in April, 2018. The resulting 120 census tracts designated for inclusion in the program span 44 counties, including both urban and rural areas. Maps of designated opportunity zones are available on WHEDA's website. Designated OZs are open to investment and resulting tax incentives. WHEDA reports it has no remaining administrative role in the program.

State Small Business Credit Initiative (SSBCI)

The SSBCI was a federal program, concluding in 2017, intended to increase credit access for small businesses of generally fewer than 500 employees. Federally awarded funds were allocated to the Wisconsin Equity Fund, which consists of the Wisconsin Venture Debt Fund (WVDF) and the Wisconsin Equity Investment Fund (WEIF), both of which generally support loans to small businesses in low-income areas. The WVDF provides venture capital financing to firms that have substantial operations sufficient to support regular payments on debt and that have the greatest near-term growth potential. The WEIF provides financing for firms in exchange for an ownership stake. Funds support firms across a variety of industries, including life sciences, material sciences, information technology, and manufacturing.

The program provided $14,324,700 in loans over its period of operation, through June, 2017. Table 13 lists allocations by year under the program. Additionally, WHEDA retained $588,000 to cover its related administrative costs. WHEDA reports payments received from outstanding SSBCI loans will be directed into the economic development revolving loan fund for future investment.

Table 13: State Small Business Credit Initiative Funding

Calendar Year	Amount	Awards
Wisconsin Venture Debt Fund		
2011	$190,000	1
2012	3,528,000	8
2013	2,592,500	15
2014	912,500	6
2015	1,730,000	5
2016	1,090,000	9
2017*	1,100,000	5
Subtotal	$11,143,000	49
Wisconsin Equity Investment Fund		
2012	$547,000	2
2013	720,000	6
2014	652,100	10
2015	232,300	7
2016	980,300	10
2017*	50,000	1
Subtotal	$3,181,700	36
Total	$14,324,700	45†

*Through June 30, 2018.
† 45 firms received 85 total awards, with some firms receiving both WVDF and WEIF awards, and/or multiple rounds of awards.

Inactive Programs

WHEDA has operated a number of now defunct or otherwise inactive economic development programs in the past. For discussion of historical programs, please see previous versions of this informational paper available on the Legislative Fiscal Bureau website. These programs include:

- Linked Deposit Loan Subsidy Program
- Guaranteed Loans for the Restoration of Taliesin (Home of Frank Lloyd Wright)
- Propane Guarantee Program
- Consumer Heating Assistance Guarantee Program
- Beginning Farmer Loan Program
- Safe Drinking Water Loan Guarantee Program
- Public Affairs Network Loan Guarantee

APPENDICES

The following appendices are included to provide additional information on the Authority and its programs.

- Appendix I provides a summary of WHEDA bond issues since its creation, by category and obligation.
- Appendix II details the allocations of WHEDA's unencumbered general reserves for the 2017-18 and 2018-19 fiscal years.
- Appendix III provides tables summarizing WHEDA housing and economic development programs.
- Appendix IV lists Wisconsin county median incomes and federally designated target areas of economic distress, which are used for eligibility purposes in certain housing programs.
- Appendix V provides historical activity for single-family lending programs.
- Appendix VI provides historical activity for guarantee programs.
- Appendix VII summarizes the Transform Milwaukee initiative.

APPENDIX I

Historical WHEDA Bond Issues

	General Obligation			Non-General Obligation*		
Year	Single Family	Multifamily	Economic Development	Single Family	Multifamily	Economic Development
1974	$37,615,000	-	-	-	-	-
1975	24,330,000	$11,180,000	-	-	-	-
1976	20,660,000	32,975,000	-	-	-	-
1977	22,375,000	29,850,000	-	-	-	-
1978	28,995,000	103,040,000	-	-	-	-
1979	25,000,000	-	-	-	-	-
1980	45,000,000	114,000,000	-	-	-	-
1981	9,990,000	-	-	-	-	-
1982	150,000,000	76,725,000	-	-	-	-
1983	198,130,000	-	-	-	-	-
1984	191,111,753	-	-	-	-	-
1985	209,494,298	-	-	-	-	-
1986	97,845,000	3,790,000	-	-	-	-
1987	186,625,000	-	-	-	-	-
1988	427,634,158	11,240,000	$7,690,000	-	-	-
1989	109,919,715	15,150,000	31,485,000	-	-	-
1990	257,430,000	-	7,700,000	-	-	-
1991	187,065,000	-	11,565,000	-	-	$73,867,500
1992	206,285,000	145,485,000	4,400,000	$87,200,000	-	-
1993	-	223,435,000	-	28,965,000	-	-
1994	82,645,000	-	10,970,000	80,000,000	-	-
1995	295,000,000	51,700,000	19,220,000	-	-	-
1996	293,440,000	-	-	-	-	-
1997	255,000,000	-	-	-	-	-
1998	241,785,000	39,895,000	-	95,000,000	-	-
1999	313,215,000	41,400,000	-	-	-	-
2000	225,000,000	10,785,000	-	-	-	-
2001	94,060,000	-	-	-	-	-
2002	390,565,000	169,160,000	-	-	-	-
2003	330,215,000	41,975,000	-	-	-	-
2004	386,295,000	-	-	-	-	-
2005	479,700,000	179,535,000	-	-	-	-
2006	627,585,000	36,080,000	-	-	$15,095,000	-
2007	535,000,000	60,405,000	-	-	-	-
2008	190,000,000	69,965,000	-	-	-	-
2009	255,970,000	103,075,000	-	-	-	-
2010	100,000,000	42,775,000	-	-	-	-
2011	-	68,070,000	-	-	-	-
2012	-	86,210,000	-	-	-	42,500,000
2013	-	21,270,000	-	-	18,795,000	-
2014	-	10,035,000	-	-	-	-
2015	202,855,000	73,170,000	-	-	-	-
2016	377,235,000	50,275,000	-	-	-	-
2017	214,587,848	110,585,000	-	-	4,600,000	-
2018	115,030,000	1,277,450	-	-	36,911,550	-
Total	**$8,440,687,772**	**$2,034,512,450**	**$93,030,000**	**$291,165,000**	**$75,401,550**	**$116,367,500**
Outstanding as of 6/30/2018	$916,382,070	$546,840,831	-	*	*	*

* WHEDA does not comprehensively track non-general obligation bond issues or their outstanding amounts. Amounts listed represent known bond issues, but are not exhaustive.

APPENDIX II

Allocations of WHEDA Unencumbered General Reserves

2017-18

Activity	Amount
Home Ownership	$3,500,000
Multifamily Housing	1,000,000
Small Business and Economic Development	250,000
Housing Grants and Services	1,193,168
Total	$5,943,168

2018-19

Activity	Amount
Home Ownership	$2,000,000
Multifamily Housing	15,800,000
Small Business and Economic Development	7,000,000
Housing Grants and Services	3,119,053
Authority Operations	1,500,000
Total	$29,419,053

Sources: WHEDA 2017-18 "Dividends for Wisconsin" plan submitted August, 2017; WHEDA 2018-19 "Dividends for Wisconsin" plan submitted August, 2018.

APPENDIX III

Summary of Major WHEDA Programs

Housing Programs

Program	Purpose	Primary Funding
WHEDA Advantage, Advantage-FHA, First Time Home Buyer Advantage, Milwaukee Advantage	Mortgage loans for the purchase of homes by low- and moderate-income households.	Mortgage revenue bonds; secondary market sales of loans; federal volume cap tax-exempt bonding
WHEDA Tax Advantage	Federal income tax credits for mortgage interest paid.	Federal tax-exempt volume cap conversions
Home Improvement Advantage	Housing rehabilitation loans to low- and moderate-income households.	Home Improvement Loan Fund; bonding available but not currently used
Easy Close Advantage, Capital Access Advantage	Loans for down payment or home mortgage closing costs.	WHEDA general reserves; Capital Magnet Fund
Property Tax Deferral Loan Program	Loans to low-income elderly homeowners for payment of property taxes.	WHEDA general reserves; bonding available but not currently used
Bond Claim Program	Loans to assist homeowners who have previously defaulted.	WHEDA general reserves
Multifamily Loan Program	Financing to developers of multifamily projects for low- and moderate-income households.	Revenue bond proceeds; WHEDA general reserves
Low-Income Housing Tax Credit Program	Federal and state tax credits to developers of low-income rental housing.	Federal and state tax credits
Section 8 Project-Based Rental Assistance	Housing payments directly to property owners to subsidize rental housing for persons of low income.	Federal funds provided by HUD
Section 8 Housing Choice Voucher Program	Federal housing vouchers to low-income households.	Federal funds provided by HUD
Housing Trust Fund	Federal grants for affordable housing for very-low income households.	Federal funds provided by HUD
WHEDA Foundation Grant Program	Grants to nonprofit organizations for housing-related purposes.	WHEDA surplus reserves

APPENDIX III (continued)

Summary of Major WHEDA Programs

Economic Development Programs

Program	Purpose	Funding Source
Credit Relief Outreach Program (CROP)	Guarantees loans to farmers for input costs related to agricultural production.	Wisconsin Development Reserve Fund (WDRF)
Farm Assets Reinvestment Management (FARM) Loan Guarantee	Guarantees loans to farmers for capital investments in agricultural production.	WDRF
Small Business/Transform Milwaukee Loan Guarantee Program	Guarantee loans for the acquisition or expansion of a business with fewer than 250 employees.	WDRF
Agribusiness Loan Guarantee	Guarantee loans for projects to develop methods for processing or marketing a Wisconsin-grown commodity.	WDRF
Contractors Loan Guarantee Program	Guarantee loans to contractors for the completion of a contract.	WDRF
Neighborhood Business Revitalization Guarantee Program	Guarantee loans for the expansion or acquisition of small businesses or commercial real estate.	WHEDA general reserves
Participation Lending Program	Lending for economic development projects to create or maintain employment in the state.	WHEDA-seeded revolving loan fund; bonding available but not currently used
New Markets Tax Credits, Opportunity Zones	Federal tax credits that encourage economic development projects in low-income areas.	Federal tax credits
State Small Business Credit Initiative	Loans or equity investment in small businesses to increase credit access.	Federal funds

APPENDIX IV

2018 Median Family Income by County* and Federal Target Areas†

County	Median Income	County	Median Income
Adams	$54,700	Marathon (Wausau†)	$72,700
Ashland†	53,500	Marinette†	57,100
Barron†	58,600	Marquette†	58,900
Bayfield†	61,400	Menominee†	38,500
Brown (Green Bay†)	77,500	Milwaukee (City of Milwaukee†)	77,300
Buffalo	64,900	Monroe	65,600
Burnett†	53,500	Oconto†	66,800
Calumet	77,900	Oneida	64,400
Chippewa	72,000	Outagamie	77,900
Clark†	57,100	Ozaukee	77,300
Columbia	75,900	Pepin	64,700
Crawford†	60,200	Pierce	94,300
Dane (Madison†)	91,700	Polk (Clear Lake†)	64,700
Dodge	74,700	Portage	76,600
Door	68,300	Price	57,100
Douglas (Superior†)	71,400	Racine (City of Racine†)	78,300
Dunn	66,900	Richland	59,000
Eau Claire (City of Eau Claire†, Augusta†)	72,000	Rock (Beloit†, Janesville†)	66,900
Florence	58,700	Rusk†	49,800
Fond du Lac	75,600	Sauk	68,200
Forest	55,000	Sawyer†	52,600
Grant	64,700	Shawano	60,300
Green	72,600	Sheboygan (City of Sheboygan†)	74,700
Green Lake	63,300	St. Croix	94,300
Iowa	73,600	Taylor	59,800
Iron†	57,100	Trempealeau†	68,000
Jackson†	60,700	Vernon (La Farge†)	61,800
Jefferson	76,300	Vilas	52,400
Juneau†	57,300	Walworth	78,200
Kenosha (City of Kenosha†)	74,300	Washburn	57,000
Kewaunee	77,500	Washington	77,300
La Crosse (City of La Crosse†)	72,400	Waukesha (City of Waukesha†)	77,300
Lafayette	66,200	Waupaca	66,900
Langlade	56,000	Waushara	59,700
Lincoln	65,300	Winnebago	71,100
Manitowoc	67,800	Wood	68,400

*In some instances where data is provided for a metropolitan area rather than a county, the corresponding county was assigned this value. For example, Brown County was assigned Green Bay data.

† Federally designated target area of economic distress. For certain programs, income limits are adjusted to 140% of median income in these areas. In instances where some or all of a municipality within a county is designated, that municipality is listed in parentheses.

Notes:

- Income eligibility for certain WHEDA loans is based on provisions in the Internal Revenue Code, which generally specifies a limit of 115% of state or area median family income. Other adjustments under federal law may allow for higher income limits than suggested by data above. For county-specific income limits by WHEDA program, see WHEDA's website.
- Under the Section 8 programs, eligibility at 30%, 50% or 80% of median family income would apply to the levels above for a four-person household. Income thresholds are adjusted for households smaller or larger than four.

Source: U.S. Department of Housing and Urban Development

APPENDIX V

WHEDA Single-Family Programs Historical Activity

	WHEDA Advantage		Refi Advantage		Advantage-FHA		FTHB Advantage		Home Improvement Advantage		Easy Close Advantage		Capital Access Advantage	
Year	Loans	Amount	Loans	Amount	Loans	Amount	Loans	Amount	Loans	Amount	Loans	Amount	Loans	Amount
2009	-	-	-	-	-	-	-	-	6	$42,690	-	-	-	-
2010	657	$74,007,746	-	-	2	$163,300	-	-	2	20,000	8	$24,000	-	-
2011	374	39,305,692	-	-	0	0	-	-	5	41,368	63	189,000	-	-
2012	640	71,238,720	-	-	11	1,167,569	-	-	6	39,884	143	485,389	-	-
2013	1,077	119,772,833	3	$837,750	49	5,056,540	-	-	12	95,113	454	1,552,269	-	-
2014	1,169	133,701,463	18	1,944,070	79	8,424,304	-	-	18	221,436	602	2,146,109	-	-
2015	502	66,199,965	12	1,465,130	124	14,111,641	1,040	$119,140,582	9	145,871	944	3,575,552	-	-
2016	637	88,944,095	15	1,811,500	361	42,851,815	1,639	189,881,658	13	160,152	1,667	6,570,945	-	-
2017	640	89,195,657	8	1,070,115	385	46,242,468	2,053	235,832,112	11	229,432	2,206	8,643,242	24	$80,000
2018*	382	55,834,966	0	0	165	20,949,933	1,094	127,892,209	3	28,554	1,179	4,778,193	15	52,300
Total	**6,078**	**$738,201,137**	**56**	**$7,128,565**	**1,176**	**$138,967,570**	**5,826**	**$672,746,561**	**85**	**$1,024,500**	**7,266**	**$27,964,698**	**39**	**$132,300**
Outstanding*	4,499	$512,621,626	56	$7,128,565	1,086	$124,878,217	5,665	$637,680,278	92†	$743,978†	6,321	$20,493,284	39	$132,300

*As of June 30, 2018.
† Includes loans prior to 2009.

Inactive Programs - Outstanding Amounts*

Program	Loans	Amount
Zero Down	301	$27,436,296
Neighborhood Advantage	29	1,641,909
Workforce Advantage	1	4,664
FHLBC Advantage	7	10,604

*As of December, 2018.

APPENDIX VI

WHEDA Guarantee Programs Historical Activity

Calendar Year	CROP Number	CROP Guarantees	Disaster Assistance Number	Disaster Assistance Guarantees	FARM Number	FARM Guarantees	Small Business Number	Small Business Guarantees	Agribusiness Number	Agribusiness Guarantees	Neighborhood Business Revitalization Number	Neighborhood Business Revitalization Guarantees
	Began 1985											
1985	833	$10,042,582										
1986	1,369	15,971,370										
1987	1,535	17,539,392	**Began 1988**									
1988	1,786	20,921,799										
1989	1,675	20,394,748	2,113†	$18,004,872†								
1990	1,587	19,248,133	Inactive						**Began 1991**			
1991	1,977	22,446,916	Inactive						7	$1,360,750		
1992	2,002	23,837,034	Inactive						5	1,757,500		
1993	2,014	24,419,895	Inactive						4	447,011		
1994	2,040	25,527,839	Inactive						1	178,500		
1995	1,453	18,084,810	Inactive		**Began 1996**				1	450,000		
1996	1,585	20,864,211	Inactive		5	$90,000	**Began 1997**		0	0		
1997	1,425	18,797,305	Inactive		21	847,850	1	$65,250	0	0		
1998	1,173	15,825,103	Inactive		10	394,500	30	2,542,359	2	1,200,000		
1999	764	11,314,938	Inactive		33	1,312,379	30	2,573,610	0	0		
2000	695	12,084,074	Inactive		35	1,758,859	50	5,052,574	3	739,814		
2001	572	10,800,455	Inactive		25	1,313,716	34	3,048,692	1	44,640		
2002	450	8,883,400	Inactive		26	1,631,062	38	3,026,059	2	478,579	**Began 2003**	
2003	482	9,685,108	Inactive		24	1,100,220	22	2,069,574	0	0	4	$1,924,998
2004	451	9,453,526	Inactive		23	1,258,081	23	2,503,744	2	300,000	3	1,204,780
2005	446	12,628,291	Inactive		24	1,566,683	26	2,412,532	1	599,846	5	2,182,282
2006	408	12,310,370	Inactive		23	1,431,736	41	4,544,915	0	0	4	1,358,271
2007	371	12,426,552	Inactive		15	1,415,628	39	4,025,246	2	482,400	2	998,199
2008	362	12,784,472	Inactive		27	2,172,321	36	2,989,787	0	0	6	1,387,098
2009	446	23,166,178	Inactive		23	1,945,205	19	2,366,417	0	0	3	1,936,159
2010	164	8,465,755	Inactive		9	732,624	19	1,596,485	2	273,440	3	800,780
2011	108	6,303,191	Inactive		16	1,082,196	23	2,019,487	1	600,000	2	1,599,999
2012	87	5,933,132	Inactive		8	822,203	6	768,810	1	96,000	0	0
2013	35	2,379,767	23	$288,450	2	118,850	4	1,043,135	0	0	0	0
2014	27	1,875,287	0	0	2	250,000	6	1,366,479	0	0	0	0
2015	10	627,930	0	0	2	365,000	3	480,000	0	0	0	0
2016	15	1,104,800	0	0	4	286,853	9	1,730,400	0	0	0	0
2017	13	1,243,617	0	0	3	437,311	7	2,188,000	0	0	0	0
2018*	13	1,682,136	0	0	0	0	2	258,000	0	0	0	0
Total	**28,373**	**$439,074,116**	**2,136**	**$18,293,322**	**360**	**$22,333,277**	**468**	**$48,671,555**	**35**	**$9,008,480**	**32**	**$13,392,566**
Outstanding*	20	$2,068,525	0	$0	16	$1,679,993	52	$6,411,076	2	$128,020	1	$396,250
Defaults*	235	$2,822,810	2††	$18,981††	11	$355,237	47	$2,437,915	5	$405,504	5	$731,367

*Through June 30, 2018. †Represents total amounts for the program's two year active period, through June 30, 1989. ††Reflects defaults since 2012, excluding original program.

APPENDIX VII

Transform Milwaukee Initiative

On April 30, 2012, WHEDA and the Governor announced the creation of the Transform Milwaukee (TM) initiative, which utilizes resources primarily from, or allocated by, WHEDA to encourage construction and redevelopment of housing and commercial properties around five major industrial cores: the 30th Street corridor, the Menomonee Valley, the Riverworks, the Harbor District, and the Milwaukee Aerotropolis multimodal transportation area near General Mitchell International Airport. Figure 1 outlines the designated TM area.

Table 14 outlines WHEDA directed funding to the TM area. As of September 30, 2018, WHEDA reports it has facilitated or funded at least $336 million in investment in the TM area since the initiative's inception through both state and federal programs. These programs are discussed in various other sections of this paper.

As of July, 2016, WHEDA had reported $426.1 million had been provided to targeted areas in Milwaukee, including $170.7 million in WHEDA-directed funding and $255.4 million in other public and private financing. As of September, 2018, data on other public and private financing is not available, and the amounts in Table 14 reflect only WHEDA-directed funding.

WHEDA operates two programs targeted specifically at the TM area. Milwaukee Advantage is a mortgage product that provides preferred interest rates for: (a) new home mortgages; (b) refinancing of existing mortgages for rehabilitation purposes; or (c) new home construction mortgages in the following Milwaukee neighborhoods: Clarke Square, Garden Homes, Josey Heights, Near West Side, Riverwest, the Legacy Subdivision, Walnut Crossing, and Walnut Circle Subdivision. Milwaukee Advantage has no requirement for mortgage insurance or a down payment, and provides 0% interest and no monthly payments for the first 12 months of construction or rehabilitation. Further income and eligibility requirements apply. For more information, see the Authority's website. As of June 30, 2018, WHEDA reports one loan for $37,500 has been made under the program.

The Transform Milwaukee Loan Guarantee is a guarantee program targeted at small businesses in the TM area. As part of the Small Business Loan

Figure 1: Transform Milwaukee Area

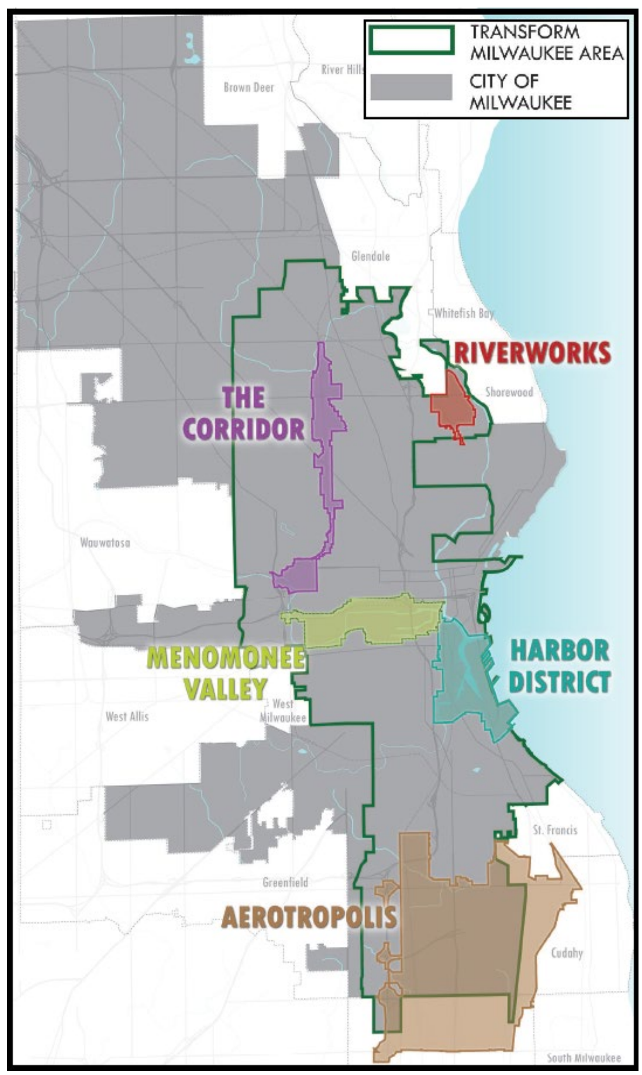

Table 14: Transform Milwaukee Initiative Funding – May, 2012 through September 30, 2018

Economic Development	
New Markets Tax Credits	$130,425,000
Participation Lending Program	9,532,400
Small Business Loan Guarantees	5,679,100
Multifamily Housing Development	
Multifamily Housing Financing	136,518,300
Low-Income Housing Tax Credits	16,055,000
Single-Family Housing Development	
Single-Family Mortgage Lending	35,546,600
Other Programs and Funding	
WHEDA Foundation Grants	379,300
Miscellaneous*	1,997,700
Total	$336,133,400

*Includes venture debt, a storm water management study, Greater Wisconsin Opportunity Fund grants, and micro equity investments, among others.

Guarantee program, TM guarantees provide backing of loans for investment by small businesses of up to 250 full-time employees that would create or retain jobs. The guarantee is the lesser of 50% of the loan amount or $750,000, and may last two years for revolving capital, or five years for fixed assets, inventory, or permanent capital. Unlike small business guarantees, TM guarantees are exempt from initial closing fees of 3% and annual servicing fees of 0.5% of the loan's outstanding balance. WHEDA reports that under the program, 14 loans for $3,596,900 have been guaranteed from 2016 to June 30, 2018.