



YEARS OF FIRSTS



WISCONSIN HOUSING AND
ECONOMIC DEVELOPMENT AUTHORITY
ANNUAL REPORT 2017

WHEDA's mission is to stimulate the state's economy and improve the quality of life for Wisconsin residents by providing affordable housing and business financing products.



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The Message



Message from the Governor

In 2017, Wisconsin's unemployment rate hit a 17-year low and we also reached the highest level of employment in our state's history. As WHEDA celebrates its 45th anniversary, I am reminded how the Authority is an integral



component of my administration.

More people are now working in Wisconsin than ever before. For many workers that means the American Dream of home ownership is clearly in sight. Helping to bolster our state's economy, WHEDA consistently offers safe,

affordable housing opportunities for working families. Since the Wisconsin Legislature created WHEDA in 1972, it has built a well-deserved reputation as the state's housing leader. The proof is in the numbers. During its 45-year history, WHEDA has helped more than 123,900 Wisconsin families purchase homes.

WHEDA also has an excellent track record of financing affordable multifamily housing that also generates good paying construction jobs. WHEDA has financed over 73,000 affordable rental units for families, seniors and persons with special needs. When small businesses start-up or see a need to expand, WHEDA can be counted on to make sure there is access to affordable capital that keeps our economy thriving.

Through its innovative, low-cost financing, WHEDA has been able to help over 29,000 small businesses and farms grow their operations and create jobs.

This past year was marked by one of the most exciting announcements in the history of our great state as Foxconn agreed to develop a world-class advanced display manufacturing campus in Racine County. Foxconn's plan to manufacture the world's most advanced, large-sized LCD panels also reminded me of how I can always rely on WHEDA to work to move Wisconsin forward.

In August, I announced that WHEDA will utilize two capital products to help small businesses expand through a new WHEDA fund representing \$11.1 million. With Foxconn bringing 13,000 jobs and investing \$10 billion in Wisconsin's economy, this will spur greater small business development throughout the state. Foxconn will generate a significant economic ripple effect and WHEDA's financing will serve as a catalyst for Wisconsin small business growth and success.

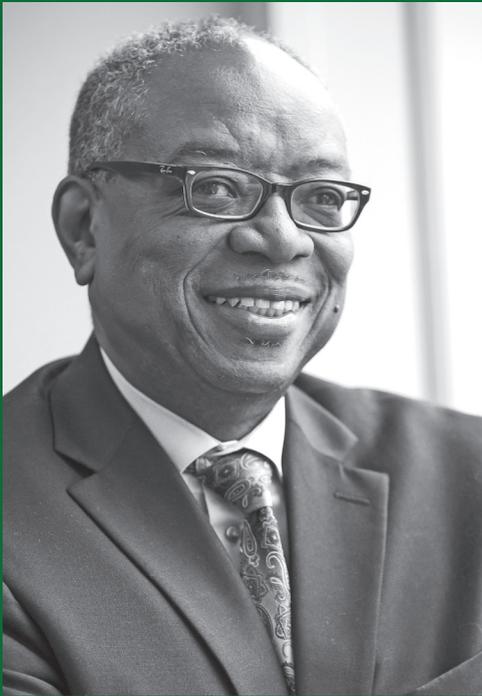
I made the announcement about WHEDA's new capital products at the Global Water Center during a celebration of the five-year anniversary of Transform Milwaukee, an initiative aimed at growing the economy in the city of Milwaukee. Since 2012, WHEDA has leveraged private and public investments in the initiative totaling more than \$511 million, a clear demonstration of the confidence investors have in Milwaukee, and a sign that the initiative can serve as a model for the entire state.

As governor, I count on WHEDA to use their institutional knowledge to help our housing and job markets that are critically connected. I am confident that with WHEDA's help, Wisconsin's economic future will be prosperous.

With my deepest gratitude and appreciation, I congratulate WHEDA on its 45th anniversary!

Message from the Director

As WHEDA celebrates its 45th anniversary, I'm extremely gratified that decades after the Wisconsin Legislature created the Authority, we continue to strive to strengthen the economy by developing new sources of capital



and investing in Wisconsin. During the past 45 years, WHEDA has been committed to successful collaborations between outstanding staff and partners. These efforts have resulted in greater affordable housing and business development opportunities,

which are the foundation for strong neighborhoods and communities all across our great state.

This annual report features success stories over the past year as well as connections to WHEDA "firsts" that are especially noteworthy in our milestone anniversary. Those include WHEDA's financing of the first affordable assisted living facility in Wisconsin, testimonials from one of the first awardees of our Housing Grant Program and WHEDA being the first state housing finance authority in the nation to receive New Markets Tax Credits.

We have also included performance data, which is more than just numbers. Our financing activity demonstrates the positive impact WHEDA has had on so many lives in Wisconsin.

The federal Low-Income Housing Tax Credit (LIHTC) program has made tremendous impact in our state. WHEDA has been the sole

administrator for LIHTCs in Wisconsin since the federal program began in 1986. The program, one of the most successful and effective public-private partnerships in Wisconsin, has resulted in the development and rehabilitation of more than 46,000 units of rental housing for low- to moderate-income families, seniors, and persons with special needs.

Our dedication to single family housing once again was truly amazing. During fiscal year 2017, WHEDA closed \$336 million in home mortgages, an incredible 31% increase over fiscal year 2016. The American Dream shines brightly in Wisconsin. Over the years, WHEDA has made over \$8 billion in mortgages to help 123,900 families purchase a home.

A critical goal of WHEDA is to utilize the expertise and creativity of its experienced staff to develop innovative ways to help state residents not only prosper, but if necessary, recover. In 2017 WHEDA launched a new, online app to help home buyers find a participating WHEDA lender; developed a new partnership with the Wisconsin League of Municipalities to help cities, towns and villages grow; provided business loan guarantees with more favorable terms to dairy farmers and milk processors; and provided emergency housing grants to help tornado victims.

Endeavors like these make me so pleased and honored to be part of this organization. In fact, in 2011, I returned to WHEDA because of the people that work here, their collective ingenuity, strong work ethic and ability to meet challenges head-on. For me, WHEDA is the place to be.

Our successes are predicated on the tremendous relationships our employees have with skilled partners and WHEDA board members, as well as the support of the Wisconsin Legislature. We are delighted that we were able to build on the accomplishments of previous years for our 45th anniversary. This annual report highlights some of those successes that I know you'll enjoy reading about.

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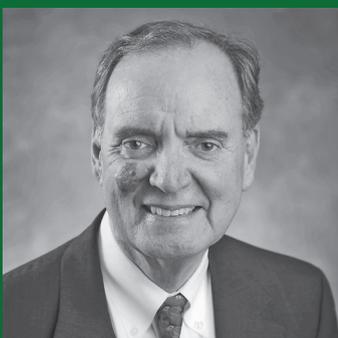
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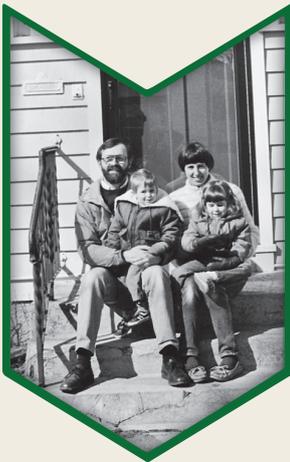
WHEDA: 45 Years of Firsts

For 45 years, WHEDA has demonstrated financial strength and commitment to improving housing quality and economic vitality in Wisconsin. Since 1972, WHEDA has provided low-cost financing for housing and small business development that has created more than 73,000 affordable rental units, helped more than 123,900 families purchase a home and secured more than 29,000 small business and agricultural loan guarantees.

From the beginning: 1972-1979

1972: The state Legislature enacts a law and appropriates \$250,000 in seed money establishing the Wisconsin Housing Finance Authority (WHFA) to address Wisconsin's affordable housing shortage.

1973: WHFA begins principle program operations following a favorable decision on constitutionality by the Wisconsin Supreme Court.



1974: First bond offering raises over \$27 million for WHFA multifamily loans.

1975: WHFA is the nation's first state Housing Finance Agency (HFA) to successfully market long-term bonds used to finance Section 8 multifamily housing developments.

1976: WHFA is first HFA to have newly constructed units in occupancy.

1977: WHFA is the first HFA in the nation to coordinate the distribution of subsidized housing with the Department of Housing and Urban Development (HUD) and Farmers Home Administration.



1978: WHFA surpasses 12,000 units in total production across Wisconsin. Initiates requirement on all WHFA-financed developments to have units designed for the physically disabled.

1979: WHFA repays in full \$250,000 in initial seed money appropriated by the state. Began rehabilitation and preservation program of historically significant buildings for multifamily housing.

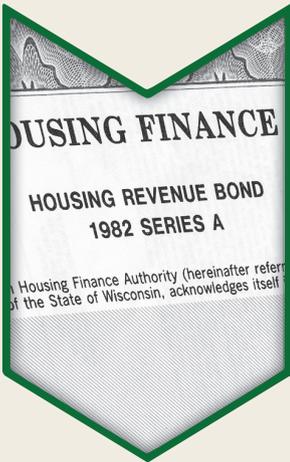


The first ten:
1980-1989

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1980: WHFA issues first bonds for home ownership and single family housing rehabilitation loans. WHFA transitions from manual to computerized data processing to manage its housing portfolio.

1981: WHFA receives \$75 million in additional bonding authority for housing rehabilitation loans.



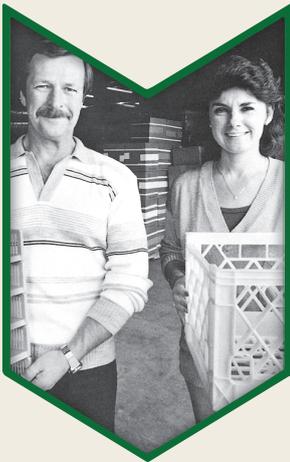
1982: Celebrating its tenth anniversary, WHFA sells \$100 million in home ownership mortgage revenue bonds to fund a large-scale program for low- to moderate-income home buyers.

1983: In response to the recession, the Authority's mission expands to include business and agriculture financing, becoming the Wisconsin Housing and Economic Development Authority (WHEDA).



1984: WHEDA surpasses \$1 billion in total assets and awards its first grants through the WHEDA Foundation, Inc. to assist special needs housing providers in the acquisition or rehabilitation of housing units.

1985: WHEDA provides cash-strapped state farmers with financing through the Credit Relief Outreach Program (CROP), issues its first small business loan financed by tax-exempt industrial revenue bonds and initiates the WHEDA Foundation Housing Grant program, making it the first HFA in the nation to administer such a program.



1986: WHEDA makes use of general reserves to develop the Linked Deposit Loan program, a financial resource designed specifically for women- and minority-owned businesses.

1987: WHEDA is the first and only Wisconsin agency to administer the federal Low-Income Housing Tax Credit (LIHTC) program, created by the Tax Reform Act of 1986.



1988: WHEDA offers a first-of-its-kind Drought Relief Guarantee Program to help farmers get through financial hardship.

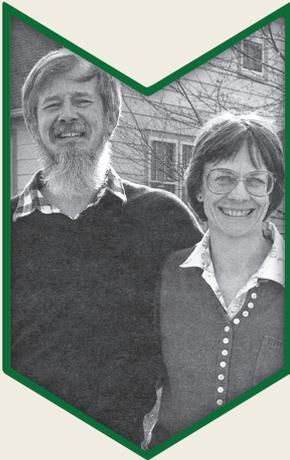
1989: Volume of single family mortgages surpasses the \$1 billion plateau. WHEDA begins administering federal Section 8 rental vouchers.



The next ten:
1990-1999

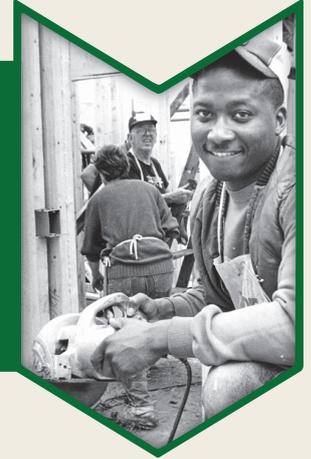
1990: The Authority surpasses \$2 billion in total assets.

1991: WHEDA offers a program to provide long-term financing along with federal Low-Income Housing Tax Credits (LIHTC).



1992: \$2 billion in home ownership lending reached. Led the nation with over 4,500 single family home ownership loans financed by mortgage revenue bonds.

1993: The Wisconsin Housing Preservation Trust is formed by WHEDA to help preserve Section 8 units as affordable housing.



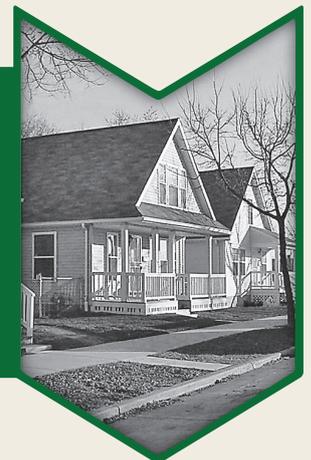
1994: WHEDA is first HFA to offer a 97% LTV mortgage with private mortgage insurance.

1995: State Legislature permanently extends CROP program for Wisconsin farmers.



1996: Introduction of FARM loan guarantee program helps farmers expand or make capital improvements. WHEDA makes 1,000th single family mortgage loan in Milwaukee's central city.

1997: WHEDA, with the city of Milwaukee and investors, launches Lindsay Heights. The pilot project initiates housing development in a 110-block area in downtown Milwaukee focusing on land utilization.



1998: WHEDA makes grants to provide temporary housing for Sheboygan flood victims and Door County tornado victims.

1999: More than \$52 million closed in multifamily housing loans.

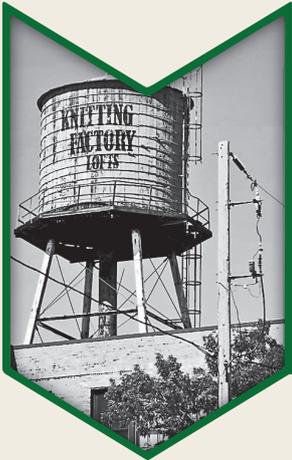


**The 21st Century:
2000-2009**



2000: The Authority solidifies its mortgage revenue bond and housing tax credit programs for years to come after winning significant legislation to increase caps for each program.

2001: “HouseKey Wisconsin,” the first online mortgage application system in the HFA industry, is launched.



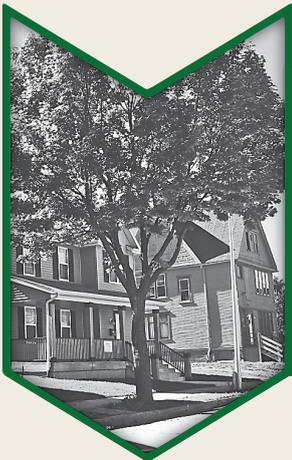
2002: WHEDA has a record-breaking year closing more than \$100 million in multifamily loans, creating more than 2,000 housing units.

2003: WHEDA increases its statewide African American mortgage lending by 27%.



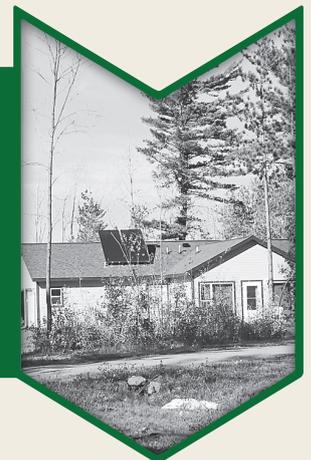
2004: WHEDA is the first HFA to be awarded federal New Markets Tax Credits. This program fuels job creation and economic development efforts by promoting investment in low-income urban and rural communities.

2005: The Authority has a record year in single family home ownership lending with over \$560 million in first mortgages.



2006: WHEDA invests over \$4 million in Milwaukee’s Metcalfe Park neighborhood in a new lease-to-purchase program. Construction of 30 homes increased home ownership in the neighborhood.

2007: For the first time, WHEDA awards LIHTCs to multifamily deals on tribal land (\$19 million) and to supportive housing developments (\$11 million).



2008: WHEDA launches outreach website, *WisconsinForeclosureResource.com*, to help troubled homeowners.

2009: WHEDA receives over \$139 million in federal American Recovery and Reinvestment Act (ARRA) resources to stimulate stalled LIHTC developments around the state.



Moving Forward: **2010-**



2010: WHEDA becomes first HFA to offer exclusive mortgage product in partnership with Fannie Mae.

2011: WHEDA is awarded \$22.4 million in federal State Small Business Credit Initiative (SSBCI) funds to administer new lending programs to help create private sector jobs.



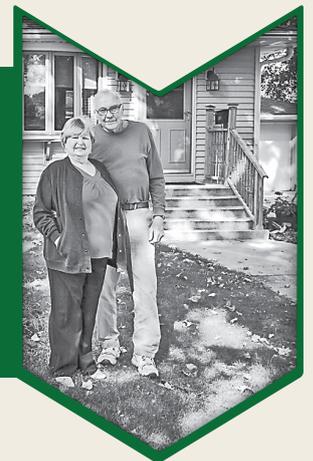
2012: WHEDA commits \$100 million to the Transform Milwaukee initiative to create jobs, restore output, address the foreclosed properties issue and create sustainable solutions to rainwater run-off.

2013: WHEDA announces its Tax Advantage Mortgage Credit Certificate program which provides a tax credit of up to \$2,000 to eligible first-time home buyers.

2014: WHEDA launches a no-fee Transform Milwaukee Guarantee program to help Milwaukee small businesses expand operations.



2015: WHEDA introduces the Veterans Affordable Loan Opportunity Rate (VALOR) program which offers a below market mortgage rate to qualified veterans.



2016: US Treasury awards WHEDA a Capital Magnet Fund grant of \$5.47 million to help expand affordable housing.

2017: WHEDA and LISC form a groundbreaking partnership to bring small business financing resources to Milwaukee and rural Wisconsin as well as develop a statewide community revitalization strategy.



**Accessing capital
breaks down barriers
to home ownership**

There are many theories on why millennials may or may not want to purchase a home of their own. The media references student debt, the job market or skepticism for the future as reasons why young professionals are not seeking home ownership. But, one thing is clear, the millennial population is getting older and many are ready to settle down, plant some roots, and invest in themselves. With rents continuing to rise and interest rates remaining favorable, more people are in the market to buy their first home.

For the past four years, WHEDA has seen a steady increase in the number of young adults seeking a WHEDA mortgage. Currently, over 62% of WHEDA home buyers are millennials. This is double the national average of 34% of home buyers being millennials as reported in 2017 by the National Association of Realtors. Today's younger home buyers are different than their parents. When they are ready to buy, many have no savings for a down payment, have not yet built up their credit and have limited knowledge about shopping for a mortgage.

Over the years, WHEDA has adapted to the changing needs of home buyers. As a result, it continues to be a great choice for first-time home buyers as it has a variety of flexible, low-cost mortgage products, down payment assistance and online learning resources. All of these WHEDA advantages help more people get into a

home sooner with a mortgage they can afford long-term.

Although many millennials may be able to afford a mortgage, one of the biggest barriers to purchasing a home is not having enough money saved upfront. An advantage to a WHEDA mortgage is down payment assistance. Home buyers can access the assistance to help pay for down payment, closing costs and home buyer education expenses. Recently, WHEDA added yet another down payment resource to help even more borrowers qualify for an affordable WHEDA mortgage.

In 2016, WHEDA applied to the U.S. Department of Treasury's Community Development Financial Institutions Fund seeking federal dollars through its Capital Magnet Fund. The Capital Magnet Fund awards grants to finance affordable housing and community redevelopment projects located in low-income communities. WHEDA applied to the program to access additional funding to expand affordable housing in Wisconsin.

In September 2016, WHEDA was awarded \$5.4 million from the Capital Magnet Fund, the second largest award in the U.S. and the only winner in Wisconsin. Moreover, as a State Housing Finance Agency (HFA), WHEDA was the first HFA in the country to win an award through the fund.

Of the \$5.4 million awarded to WHEDA,



Lindsay Heights in Milwaukee, Wisconsin



\$3.5 million was set aside for its home buyer program. WHEDA debuted the **Capital Access Advantage** down payment assistance on March 1, 2017, to help more Wisconsin residents realize the American Dream of owning a home.

The Capital Access Advantage is designed specifically to help first-time home buyers obtain an affordable WHEDA mortgage in low-income Wisconsin rural and urban markets with a high housing need. The loan product is a second mortgage of \$3,500 to be used towards down payment and closing costs. It features a 0% interest rate and payments are deferred until the original mortgage is paid off or the home is sold, whichever comes first. If the borrower decides to pay the loan back, there are no pre-payment penalties.

Annisa Baker, loan officer with Fairway Independent Mortgage Corporation, agrees that the Capital Access Advantage is a great product for qualified home buyers.

“The Capital Access Program was a savior to my customers! They wanted to keep as much cash in their pocket after closing so they could do some home improvements,” Baker commented. “This credit allowed them to keep their money rather than having it go towards closing costs. Another bonus is that they never have to make a payment or pay interest! It was a smooth and easy process working with WHEDA on this.”

Another barrier to buying a home is understanding the process. Many home buyers

look for guidance on taking the first step towards home ownership so that they can be confident in choosing the right mortgage. In addition to financial resources, WHEDA also offers online tools to help renters become homeowners. In 1998, WHEDA moved its online presence from the Wisconsin Department of Administration’s website to a standalone website and wheda.com was born. Much has changed since the initial launch of wheda.com. To meet the expectations of today’s home buyers, WHEDA has upped its game for its online user experience. Over 80% of visits to wheda.com are from a mobile device. As a result, wheda.com content and home buying resources are mobile compatible.

From wheda.com, potential home buyers can learn the steps to home ownership including money management, home buyer education, available mortgage products, locating a WHEDA lender, shopping for a home and the responsibilities of owning a home. By walking through the process from the comfort and ease of their cell phone, millennials can learn from WHEDA if home ownership is right for them.

WHEDA continually strives to help more people purchase a home with its low-cost mortgages by breaking down barriers with down payment assistance and online learning tools. Over the years, WHEDA has provided \$8 billion in mortgages that have changed the lives for over 123,900 Wisconsin families through home ownership.



“The Capital Access program was a savior to my customers.”

-Annisa Baker, Fairway Independent Mortgage Corp.



**Supportive housing
helps more people
live independently**

Resident activity at Astor Memory Care Community in Cottage Grove, Wisconsin.

Woodruff, a small town in Oneida County, is home to one of Wisconsin's pioneering housing concepts - affordable apartment-style living with supportive services.

One Penny Place is a Residential Care Apartment Complex where senior residents have access to meals, laundry, housekeeping, wellness activities, as well as personal care services all on an optional, as needed basis. When it opened in 2002, with the help of WHEDA financing, One Penny Place was Wisconsin's first affordable assisted living facility.

Assisted living facilities provide care to people who require help with daily activities so that they can safely live independently. These facilities provide an intermediate level of care for residents who do not need 24-hour skilled nursing services like those provided in a nursing home.

One Penny Place paved the way for similar developments throughout the state. WHEDA has consistently encouraged developers to include such services in new rental properties that have resulted in a marked increase in affordable housing opportunities for the neediest populations.

WHEDA's recent financing of **Aster Retirement** in Cottage Grove is yet another example of how quality housing with supportive services makes a big difference for Wisconsin families. This campus style development offers affordable housing along with assisted living and memory care services. This specialized housing was developed thanks to a personal connection by the developer.

Dwight and Dale Huston are two of seven

children in their family who, like so many others, realized one day that their mother needed help living in her own home. Each day one of the siblings took a turn caring for their mother as they searched for an affordable, safe place for her to live that would also support her changing health needs. Unfortunately, there were no supportive housing options in their community.

After looking everywhere and finding nothing, the Huston brothers knew they had to do something, especially when they realized it wasn't just about their mother. Others in the community needed housing with care services as well. So, they developed a retirement facility on their own.

"We built the retirement home based on what we'd want for our mother," said Dwight Huston.

Angelus of Cottage Grove with 49 units of assisted living housing opened in August 2005, two months after the Hustons' mother passed away.

Angelus, now known as Aster Retirement, is a campus-style complex which includes assisted living apartments as well as the Aster Memory Care Community. Since 2015, the memory care unit has tended to seniors who have Alzheimer's or other memory-related diseases.

"The person with memory loss cannot change; so, we as their caregivers need to adapt the environment around them," said Chris Moser, vice president of finance for the Ashford Martin Corporation that manages Aster Retirement.

"Everything from the physical design of the building, our supportive programs, and approach to care are there to provide our residents with





high quality, dignified care in an engaging, active environment that is also comfortable, secure and failure free,” said Moser.

While housekeeping, laundry, meal preparation, medication management and help with daily living activities are provided as part of the assisted living, the level of services is increased in the memory care setting. Aster’s daily activities are designed especially to allow individuals to reconnect with their favorite hobbies or interests. The whole idea is to keep residents active with at least 10 hours of daily activities, including pet, music, fitness and multi-sensory therapy.

There are professional, certified dementia care specialists available 24/7. Other amenities include a chapel, meeting room, community gathering area, a beauty/barber shop, and even a grand piano where music is played weekly.

But does affordable housing combined with supportive services help people live more stable, productive lives? At Aster Retirement, the concept is working and the campus is continuing to expand to meet community needs.

“Most residents have increases in independence, social interaction, mental functioning and overall happiness,” said Moser. “Additionally, some residents also have decreases in medications, falls, and incidents involving violent behavior.”

Despite experts advising the Hustons to build no more than 16 to 18 units, they went with 24.

“We should have done 34 because there’s such a need,” said Dale Huston. “The community needs it. Every community needs it.”

Throughout the Hustons’ journey, WHEDA has been there with financing to help the brothers reach their vision for quality supportive housing. WHEDA’s funding has included \$5.2 million to refinance debt on the Angelus 49 units in 2012; another \$1.7 million to finance 22 additional units in 2012; and \$2.7 million in construction and permanent financing for a 24-bed memory care housing facility for residents age 55 and older in 2015.

“Oh my goodness, it was unbelievable how good WHEDA was,” said Dale Huston. “You have loyalty. You have to have good partners. Once you have something good, you stay with it.”

Now in their 70’s, the Hustons visit Aster Retirement every day since they know a lot of the residents. Their motivation is that the residents, many of whom they grew up with, deserve dignity and a safe, comfortable place to live.

And their mission continues, as they opened their new building for ages 55 and older in December 2017.



“We built the retirement home based on what we’d want for our mother.”

–Dwight Huston, Aster Retirement



**Transforming a
neighborhood,
investing in the future**

Long-time Waukesha businessman and philanthropist Gus Ramirez and his family have long championed the importance of quality educational opportunities for our youth. In recent years, that dedication took on a new form:

St. Augustine Preparatory Academy, a new, 200,000 square-foot, non-denominational Christian school located on Milwaukee's south side.

Driven by a deeply held belief in the transformative power high quality education has on both people and communities, school leaders set lofty expectations of building a first-class K-12 school that would serve as a model not only in Milwaukee but throughout Wisconsin and the country.

Although Ramirez was prepared to fund the majority of the construction costs, the school needed additional financing to see this dream become a reality. That's where WHEDA's New Markets Tax Credits (NMTCs) program came in.

NMTCs are one of WHEDA's many economic development tools. Through its Community Development Entity, the Greater Wisconsin Opportunities Fund, Inc. (GWOF), WHEDA allocates NMTCs to help fuel job creation and economic development efforts by promoting equity investment in low-income urban and rural communities.

The tax credits are a federal resource allocated by the US Department of Treasury. In 2004, WHEDA was the first state housing financing authority in the nation to receive NMTCs. Since that time, WHEDA has cumulatively been awarded \$575 million in tax credits, the most for any entity

that does not have a national footprint.

For the past 13 years NMTCs have helped WHEDA finance 45 developments and generate thousands of jobs, including health centers, manufacturing facilities, retail outlets, hotels, office space, food processors and even two schools. Being involved in the financing of a school is especially gratifying for WHEDA as it plays a role in helping to develop the next generation of leaders in our state.

St. Augustine Preparatory Academy met the eligibility criteria of NMTCs and WHEDA awarded the development with \$10 million in tax credits to build a best-in-class learning center that serves area low-income families.

Also of significance, the school is a bold investment in the Transform Milwaukee initiative. In 2012, Governor Scott Walker and WHEDA Executive Director Wyman Winston unveiled Transform Milwaukee, a comprehensive endeavor aimed at growing the economy in the city of Milwaukee. Since the inception of Transform Milwaukee, WHEDA has leveraged private and public investments in the initiative totaling more than \$511 million.

"We believe that the neighborhood a child grows up in should not determine the quality of their education," Alfonso Carmona, St. Augustine Preparatory Academy Superintendent, said. "The Ramirez family has made a permanent investment in a state-of-the-art campus that will serve as a resource and a beacon of hope for families in Milwaukee."

When discussing the new school, you cannot





Students at St. Augustine Preparatory Academy in Milwaukee, Wisconsin.

miss the impressive facilities that Carmona says immediately grab visitors' attention. First-rate amenities include STEM labs, a health clinic, a library media center, a soccer field, indoor track, gym, a performance stage, and a swimming pool.

Offering classes in water safety is a top priority for the school and the Ramirez family, not just for students but for others in the community as well. "The idea of the pool was not just to make the building more attractive. The pool came from the perspective of saving lives," said Carmona. "As of today, 195 of our students are classified as water safe and 400 more will be by the end of the school year."

As of November 2017, attendance at St. Augustine is at 97%. Carmona says the school is working diligently to have every student be successful at every grade level. The school's administration and faculty are committed to developing students through St. Augustine's four foundational pillars: faith, family, academics and athletics.

St. Augustine students come from all areas of the city of Milwaukee. The school participates in the School Choice program with 99% of the

students receiving vouchers and 90% of students qualify for free or reduced lunch. Every student that applied was accepted when the school officially opened in August 2017.

"We would not have been able to meet the education needs of so many children if not for WHEDA," said Carmona. "We're thankful that WHEDA recognized the need for high-performing schools in Milwaukee and the impact St. Augustine can have on future generations in Milwaukee."

The school uses nationally recognized academic standards to set learning goals that outline what students need to know at each grade level. Furthermore, the standards help ensure that all students graduate from high school with the skills and knowledge necessary to succeed in college and in life.

"Our families and the community are already seeing the positive effects this school is having on so many children," said Carmona. "We're here to stay and impact the city of Milwaukee for generations to come. Every child in the country should have access to a learning environment like ours. It shouldn't be an exception or a privilege."



**“We’re here to stay
and impact the city
of Milwaukee.”**

-Alfonso Carmona, Superintendent



**Cultivating the next
generation of
Wisconsin dairy farmers**

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Toes

Since the 1840's, agriculture has been vital to Wisconsin's way of life and a key economic driver. Today, with 68,700 farms covering 14.4 million acres, yearly agricultural contributions to our state's economy is an impressive \$88.3 billion generating 413,500 jobs (*Steven Deller, UW-Madison Extension 2014*).

Throughout its 45-year history, WHEDA has certainly been a leader on the affordable housing front. But, it is also a pioneer in agricultural financing. In 1985, WHEDA launched the **Credit Relief Outreach Program (CROP)**. The program was specifically created to help farmers obtain low-cost, short-term financing to plant, fertilize and harvest their crops. At the time, CROP was a new idea in the banking industry, but it has become one of WHEDA's most successful financing tools, helping more than 28,000 farmers with \$455 million in financing.

Building upon the success of CROP, WHEDA launched the **Farm Asset Reinvestment Management (FARM)** program in 1996 to help farmers access the capital needed to start a new farm, expand operations or modernize their processes, helping fuel rural economic growth. While it was born out of the desire to grow the milk supply for Wisconsin milk processors, the product was expanded in 2006 to include support for young, beginning farmers.

The FARM program was instrumental in the recent expansion of **Marti Farms**, a multi-generational family farm in the village of Vesper located in Wood County. Situated in the center of Wisconsin, Wood County farmers own and manage 44% of the

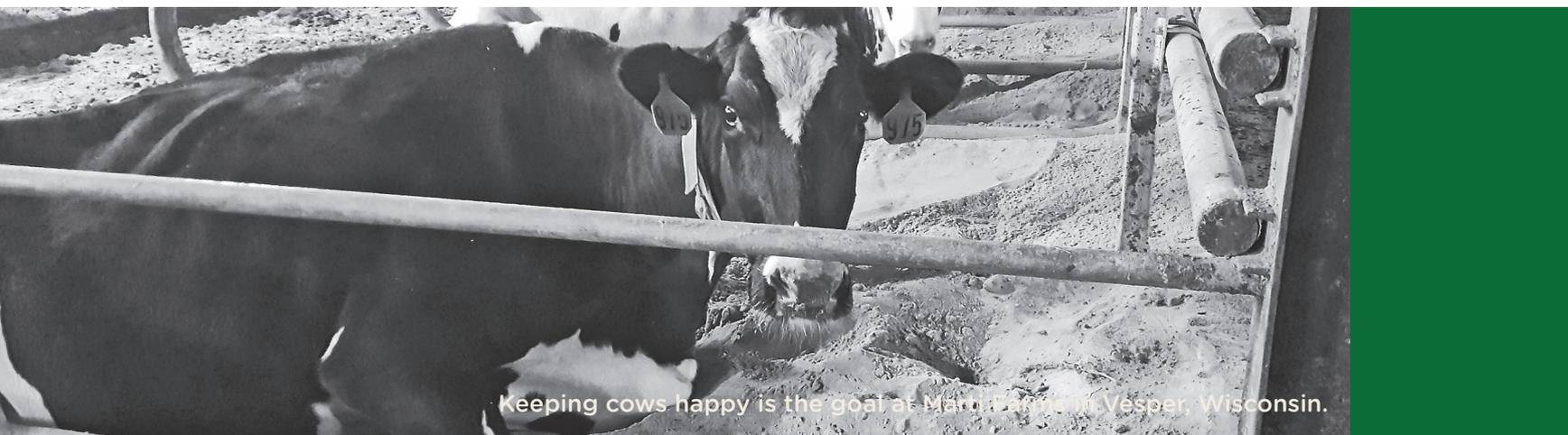
county's land and generate \$984 million in economic activity. Dairy farming is the major agricultural industry with \$632.7 million generated from milk production, sales and processing (*Deller 2014*).

Today, Marti Farms is led by Travis Marti and his wife Melissa with the father, Mick Marti, and the grandfather, Ron Marti, still involved in the day-to-day operations. The family was looking to expand and modernize operations to meet market demand as well as create a sustainable operation for the next generation of owners – Travis and Melissa's children. Working with BMO Harris Bank, the Marti's were able to secure a \$1,000,000 loan utilizing a \$200,000 FARM loan guarantee for their 2016 expansion project.

Through its FARM program, WHEDA was able to provide a credit enhancement to the loan transaction which reduced the lender's risk, allowing BMO Harris Bank to provide Marti Farms with the funding it needed to expand. Without WHEDA's agricultural financing, the farm's access to capital would have been limited. And without access to affordable capital, Marti Farms would not have been able to expand its business.

The Marti family closed their loan with Brad Guse, vice president and agricultural banking officer for BMO Harris Bank in Marshfield. Mr. Guse is a farm owner and a WHEDA board member. As a result, he has a first-hand perspective on how the rural marketplace works and the benefits that WHEDA financial resources have on the agricultural industry.

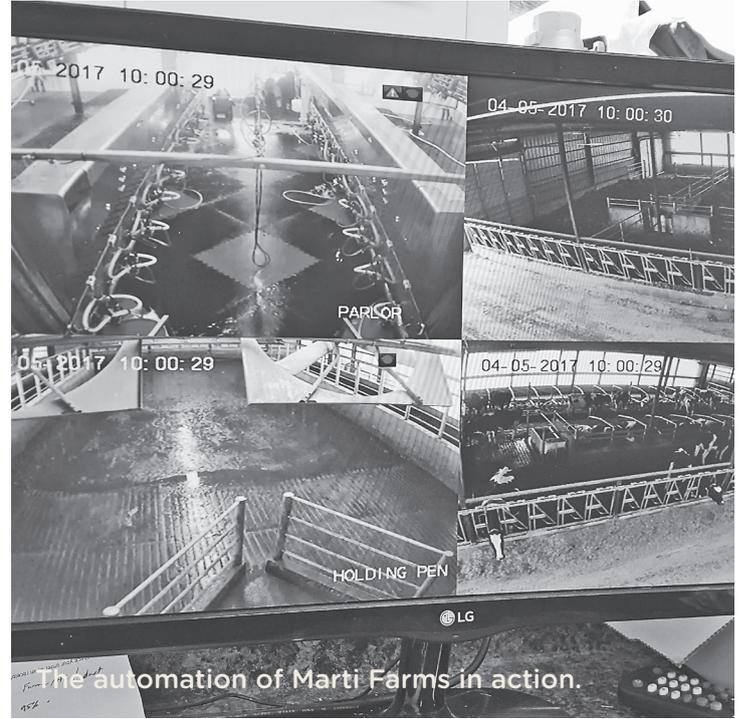
"The [Marti Farms] operation modernized



Keeping cows happy is the goal at Marti Farms in Vesper, Wisconsin.



Four generations of the Marti family



The automation of Marti Farms in action.

facilities and implemented technology while expanding the dairy herd to three times its previous size,” said Guse. “Previously they milked 150 cows through a stanchion barn. The facilities now include a modern, tunnel ventilated free-stall facility with a milking parlor. The project included milk meters and cow monitoring devices to help better manage the herd.”

With the expansion project tripling the herd size, other improvements were needed including retro-fitting the dairy barn with a robotic calf feeding system, increasing the feed storage capacity, remodeling older facilities to house larger animals and installing a cement manure lagoon.

“At the heart of the whole project was the cows,” said Guse. “Every innovation, technological advance and design decision took into account how it would impact the cows. That focus on the cows results in improved cow comfort and management, resulting in above average performance.”

The expansion project also meant hiring new workers. The farm now has ten full-time employees. In 2016, Marti Farms also purchased and renovated two area homes to provide housing for its employees.

“In rural areas, the workforce is thin,” said Guse. “In order to attract and retain the best employees, many farms are adding housing options to their operations for key employees. Marti Farms is no different.”

WHEDA’s collaborative efforts with agricultural lenders and local farms continue to help business and agricultural activity expand in America’s Dairyland. Thanks to WHEDA’s FARM program, Marti Farms implemented several technological advances that yielded higher than expected projections in the year following their expansion.

As Guse summed it up, it’s the proverbial win-win situation. “Great people, great cows, great results!”



Marti Farms cow wash keeps cows clean and happy.

“At the heart of the whole project was the cows.”

-Brad Guse, BMO Harris Bank





**Grants open the gate
to so much more
than housing**

Joyce Henry, founder of The Open Gate in Milwaukee, Wisconsin.

One by one they filed into a large room. Tables and chairs are meticulously aligned into rows and columns. The aroma of the night's meal greets the hungry. Since the 1970s St. Ben's Community Meal has been a refuge for Milwaukee's poorest residents.

In the early years, a familiar face at St. Ben's was Joyce Henry. As a Door Minister, Ms. Henry would welcome people as they walked in for dinner. Over time, she would discover that the vast majority of St. Ben's clients were young African-American men who were homeless and unemployed. To compound the situation, some had criminal records or mental health issues and landing a self-supporting job felt out-of-reach.

For Ms. Henry, this was a humanitarian crisis. Her experience working with these young men had sparked the vision for what would become **The Open Gate**, a social services organization dedicated to helping troubled young men seek a new direction to improve their lives. In 1985, Ms. Henry purchased a home in Milwaukee's King Park neighborhood that would provide the men with shelter, an address, a phone and a place to keep their belongings. But most importantly, The Open Gate shelter would become a sustainable community for its residents.

In 1983, the Wisconsin Housing Finance Authority (WHFA) created a foundation, which later became the WHEDA Foundation. The **WHEDA Foundation** was organized to make grants to Wisconsin municipalities and nonprofits to use for affordable housing and in 1984 it awarded its first round of grants totaling \$157,500. In 1985, as

federal funding for housing development activities began to evaporate, WHEDA answered the call to help sustain housing for people in crisis. The **WHEDA Foundation Housing Grant Program**, a fund dedicated to supporting the improvement and creation of permanent and emergency shelter for vulnerable populations, was created as a result. WHEDA became the first state housing finance agency in the nation to develop and administer this type of grant program.

The Open Gate applied for a housing grant in the very first round of the Housing Grant Program's competition and received an award of \$25,000 in 1985 and an additional \$20,000 grant in 1986. The grants were used to rehab the shelter home near 12th and Highland that provided housing for 12 men.

For the men of The Open Gate, Ms. Henry became more than an executive director. She became a friend and mother figure. When it came to her clients, she treated them like equals. Defiantly, she took in clients with cases that mental health or prison system professionals had deemed unsalvageable. Ms. Henry proved them wrong time and time again.

Henry realized that success could not happen without a stable place to live. The Open Gate was so much more than just shelter for the previously incarcerated men who entered their program. All clients were encouraged to participate in group sessions and set goals for themselves. Henry quickly realized that many of the men did not have a vision for their future. Whether it was trauma or their experiences in the justice system,



Open Gate resident and groundskeeper at the original shelter near 12th and Highland in Milwaukee.

hope was scarcer than the drugs, alcohol and gang influences taunting them each and every day. Ms. Henry worked with each of her clients to identify a dream that would help them on their path to success.

When asked about the WHEDA Foundation, Henry recalled, “The staff at WHEDA was so helpful, there was no one who walked the mile like they did.”

Since 1985, the Housing Grant Program has awarded \$23 million in grants to hundreds of transitional or permanent housing providers for people in crisis. The populations served include homeless persons, runaways, alcohol or drug dependent persons, domestic abuse victims, the elderly and veterans.

SAFE Haven of Racine and the **Rice Lake Housing Authority** are other examples that emphasize the important impact the Housing Grant Program has made all across Wisconsin.

Established in 1971, SAFE Haven of Racine’s mission is to provide supportive services and shelter for vulnerable youth. It is the only youth shelter in Racine County. Many of their clients face homelessness, abuse, neglect, human trafficking or other harms that led them to run away. The shelter is located in a beautiful, 100-year-old Victorian home and underneath the detailed woodwork and character, are the usual problems that come with a historic building. Since 1986, SAFE Haven has received \$105,202 in grants from the WHEDA Foundation to stay open. In addition to the grants, SAFE Haven finances improvements through private donations and fundraising efforts.

Donors, however, tend to be more interested in investing in programming and services than in capital improvements. “There are very few other resources available that make substantial contributions to programs that serve the homeless and those that are vulnerable,” commented Jeanette Brown, executive director of SAFE Haven of Racine, about the Housing Grant Program. “The process is not complicated and award recipients are treated respectfully and shown gratitude for

the work that they do. SAFE Haven of Racine is extremely grateful,” Brown says.

Located in northwest Wisconsin, Rice Lake, with 8,438 residents, isn’t a place most would think of as having an affordable housing problem. Over time, the gap between subsidized affordable rents and the cost of market rate housing has ballooned, putting increased pressure on the Rice Lake Housing Authority’s (RLHA) diverse portfolio of properties that it owns and manages.

Water’s Edge senior housing is one of RLHA’s properties that is not eligible for federal subsidies for operations or capital improvements. For the local housing authority, the Housing Grant Program is a lifeline for properties like Water’s Edge. In 2016, Water’s Edge received \$20,000 to replace cabinets and countertops in ten units. RLHA has received \$45,000 in total since 2015 to help sustain quality affordable housing in Rice Lake.

“WHEDA Foundation funds have been so important for us, we have been able to rehab Water’s Edge and there is no other source of funds,” said Matthew Bay, executive director of RLHA. “We could try to borrow against or look at conventional financing but it would have to be so heavily subsidized by our portfolio that it wouldn’t be feasible,” Bay added.

Funding by the WHEDA Foundation adds much more value beyond capital improvements. For Jeanette Brown of SAFE Haven, it provides a clean, appealing environment that is warm and welcoming to instill the belief that the youth they serve are valued. For Matthew Bay at the Rice Lake Housing Authority, it is providing a high-quality, safe and affordable place for individuals and families in his community to live and thrive. And for Joyce Henry, it is about providing a helping hand, stability and dignity for those that society has thrown away.

One thing is clear, since the creation of its foundation in 1983, WHEDA has provided hope and improved the lives of thousands with critical affordable housing for Wisconsin’s most vulnerable residents.



Since 1985, the Housing Grant Program has awarded \$23M in grants.

Original site of The Open Gate shelter in Milwaukee, Wisconsin.





45 years of WHEDA's mission in the community

WHEDA's mission holds just as true today as it did 45 years ago. If you ask employees why they work at WHEDA, many would say that it is because of our strong sense of mission to work together and create great places to live, to work and to raise a family.

WHEDA employees work hard every day to improve the lives of Wisconsin residents by expanding affordable housing and economic development opportunities. Our employees' dedication to WHEDA's mission in the workplace inspires them to volunteer in their own communities.

Through the years, WHEDA employees have donated their time, talents and dollars to numerous noteworthy organizations and activities to help people all across our state. Whether it's building homes for Habitat for Humanity, working at a food bank, hosting a Christmas toy drive, collecting canned goods for the hungry, gathering blankets for the Salvation Army or organizing neighborhood cleanups, WHEDA employees are committed to community service and making their hometown a better place.

Our mission not only guides and defines our business, it empowers us to volunteer in a variety of ways that touch people in need. At WHEDA we understand and strive to be a part of something bigger than we can accomplish on our own. WHEDA's mission is a demonstration of how its employees along with community partners work together to help people realize their hopes and dreams.

1,087

awards issued since 1985 through the WHEDA Foundation, Inc. totaling



\$23.4M

to housing providers across Wisconsin



\$8B

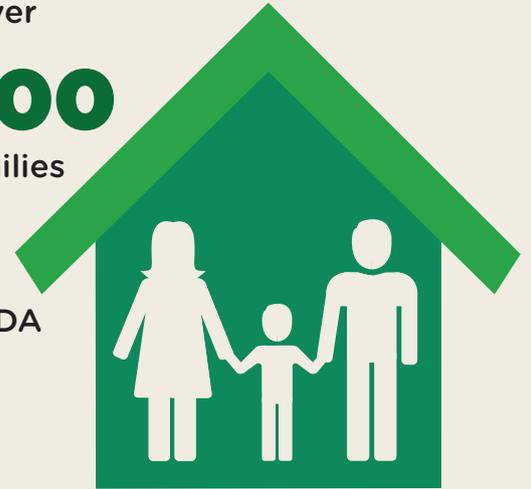
in mortgage loans provided to over

123,900

Wisconsin families

156

certified WHEDA lenders



Since 1986, WHEDA has awarded

\$363M

in Low-Income Housing Tax Credits (LIHTC) and provided

\$1.9M

in multifamily housing loans, resulting in

73,000

affordable rental housing units financed



1,132

business loan guarantees provided by WHEDA resulting in over

\$106M

in financing for Wisconsin businesses

\$575M

in New Markets Tax Credits (NMTC)
awarded to WHEDA since 2004
helped finance

45

developments



WHEDA has provided

\$455M

in lending through the Credit Relief
Outreach Program (CROP)
helping over

28,000

Wisconsin farmers

WHEDA's impact in Wisconsin since 1972

The Wisconsin Housing and Economic Development Authority (WHEDA) was created in 1972 by the Wisconsin Legislature to meet an increasing need for affordable housing financing. The Legislature broadened WHEDA's mission in 1983 to include financing for the expansion of business and agricultural activity in the state. As a lender, WHEDA has over \$2 billion in assets.

Since 1972, WHEDA has
issued over

\$10.8B

in tax-exempt and taxable bonds to
invest in affordable housing and
economic development,
financed more than

73,000

affordable rental units,
helped more than

123,900

families purchase a home,
and made more than

29,000

small business and agricultural
loan guarantees.

The year in **NUMBERS**

SINGLE FAMILY HOUSING PROGRAM STATISTICS FY2017

Fiscal Year July 1, 2016 through June 30, 2017

SINGLE FAMILY WHEDA ADVANTAGE LOANS

COUNTY	NUMBER OF LOANS	LOAN AMOUNT	COUNTY	NUMBER OF LOANS	LOAN AMOUNT
Adams	8	\$740,186	Marinette	8	\$600,780
Ashland	2	122,743	Marquette	2	165,334
Barron	8	807,898	Milwaukee	282	36,293,727
Bayfield	2	197,550	Monroe	30	3,298,018
Brown	167	19,189,059	Oconto	2	354,042
Burnett	1	77,503	Oneida	23	2,317,703
Calumet	45	4,818,987	Outagamie	148	17,613,929
Chippewa	14	1,713,419	Ozaukee	13	2,230,006
Clark	33	2,961,745	Pepin	1	97,000
Columbia	45	5,817,160	Pierce	4	687,927
Crawford	16	1,548,442	Polk	2	230,100
Dane	225	42,221,449	Portage	65	7,268,418
Dodge	55	5,876,105	Price	4	346,986
Door	15	1,702,791	Racine	83	9,405,584
Douglas	24	2,361,318	Richland	12	1,054,227
Dunn	1	85,554	Rock	125	14,626,858
Eau Claire	36	4,540,629	Rusk	1	58,200
Fond du Lac	119	11,951,355	Sauk	24	3,360,250
Forest	3	186,628	Sawyer	1	140,850
Grant	39	3,793,033	Shawano	22	1,991,150
Green	10	1,192,529	Sheboygan	68	7,134,045
Green Lake	8	830,597	St. Croix	5	893,455
Iowa	16	1,832,045	Taylor	9	1,003,543
Jackson	24	2,230,726	Trempealeau	4	520,483
Jefferson	43	5,335,650	Vernon	8	1,172,185
Juneau	20	2,052,622	Vilas	7	763,778
Kenosha	47	5,672,997	Walworth	18	2,442,811
Kewaunee	14	1,280,677	Washburn	2	245,313
La Crosse	80	10,008,104	Washington	44	6,771,089
Lafayette	9	895,605	Waukesha	86	14,754,994
Langlade	17	1,544,046	Waupaca	32	3,357,890
Lincoln	17	1,417,261	Waushara	6	640,130
Manitowoc	85	6,955,472	Winnebago	144	15,462,513
Marathon	167	17,435,996	Wood	104	9,919,757
TOTAL				2,804	\$336,620,956



MULTIFAMILY HOUSING PROGRAM STATISTICS FY2017

Fiscal Year July 1, 2016 through June 30, 2017

MULTIFAMILY HOUSING LOAN CLOSINGS

DEVELOPMENT	COMMUNITY	TOTAL UNITS	LOAN AMOUNT
722 Williamson Street	Madison	141	\$23,600,928
Atrium Lofts	Wausau	29	4,361,000
Barron County Housing Remodel	Rice Lake	24	500,433
Central Racine Apartments	Kenosha	39	1,148,731
Dane County Housing Redevelopment	Verona	23	3,500,000
Drumlin Residences	Cottage Grove	60	7,000,000
Elementary School Apartments	Schofield	36	908,791
Highlands of Geneva Crossing	Lake Geneva	48	3,600,000
Historical Garfield School	Milwaukee	30	5,008,515
Mifflin Street Apartments	Madison	65	9,625,000
Mission Village of Kaukauna	Kaukauna	60	7,936,180
River Park II	Shorewood	214	6,672,000
State Street Apartments	Milwaukee	52	3,400,000
Ten Ten Lofts	Madison	135	37,150,000
Victory Manor, LLC	Milwaukee	60	1,125,000
Washington School Apartments	Sheboygan	42	5,800,000
Welford Sanders Lofts	Milwaukee	59	15,270,842
WG Scattered Sites	Milwaukee	30	4,100,000
TOTAL		1,147	\$140,707,420

LOW-INCOME HOUSING TAX CREDIT AWARDS

DEVELOPMENT	COMMUNITY	TOTAL UNITS	AMOUNT AWARDED
704 Place Apartments	Milwaukee	56	\$76,078
8Twenty Park - Phase I	Madison	67	69,120
Abbey Grove	North Hudson	38	402,556
Carmichael	Hudson	36	352,890
Century Building	Milwaukee	44	43,793
Cottages of Superior Phase II	Superior	24	27,109
Cottages on Main	Hortonville	40	517,572
Cranberry Woods Townhomes	Wisconsin Rapids	40	501,849
Eva Manor	Pleasant Prairie	50	601,175
Fairview Heights	Mineral Point	16	96,100
Garden Terrace Apartments	La Crosse	50	683,000
Historic Garfield School*	Milwaukee	30	251,829
Janesville Commons, Neenah Court and Menasha Woods	Multiple	94	682,539
Mill Road Library Redevelopment	Milwaukee	65	805,063
Milwaukee Scattered Sites No. 1*	Milwaukee	50	308,239
Mount Pleasant Manor	Racine	78	470,398
National Soldiers Home Residences	Milwaukee	80	1,396,561
Normandy Square Senior Apartments	Madison	57	595,987
Oak Ridge	Middleton	83	882,958
Pioneer Square Apartments	Platteville	71	1,001,220
River Cove Apartments	Stevens Point	40	283,800
Rock River Place	Horicon	40	502,290
Union Corners Grandfamily	Madison	59	810,894
Uptown Commons II	Chilton	24	247,638
Walnut Street Flats	Reedsburg	33	497,302
Welford Sanders Lofts*	Milwaukee	59	654,721
WG Scattered Sites*	Milwaukee	30	297,485
Westlawn Renaissance III, LLC	Milwaukee	94	1,009,508
Whispering Echos Townhomes	Winneconne	28	333,928
Whitetail Ridge	Paddock Lake	60	749,508
TOTAL		1,536	\$15,153,110

* This development received LIHTCs through 4% non-competitive credits and was financed with tax-exempt bonds.

ECONOMIC DEVELOPMENT PROGRAM STATISTICS FY2017

Fiscal Year July 1, 2016 through June 30, 2017

SMALL BUSINESS LOAN GUARANTEES

BUSINESS	COMMUNITY	LOAN AMOUNT	GUARANTEE AMOUNT
Argon Industries	Milwaukee	\$503,880	\$404,000
Armstrong General Contracting, LLC	Milwaukee	337,000	269,600
Community First, Inc.	Milwaukee	250,000	200,000
Dakonte Product Group, Inc.	Milwaukee	330,000	264,000
Flip N Styles	Milwaukee	150,000	120,000
Pack Logix	Milwaukee	500,000	400,000
Titletown Cheese Trading Co., LLC	DePere	2,000,000	750,000
TOTAL		\$4,070,880	\$2,407,600

NEW MARKETS TAX CREDITS ALLOCATIONS

BUSINESS	COMMUNITY	ALLOCATION
St. Augustine Preparatory Academy	Milwaukee	\$10,000,000
TOTAL		\$10,000,000

PARTICIPATION LOAN PROGRAM

BUSINESS	COMMUNITY	LOAN PARTICIPATION	TOTAL LOAN AMOUNT
Cherry Water Street Corp.	Milwaukee	\$17,000,000	\$21,450,000
KES Excavating	Lena	805,000	1,200,000
NaTanJuCo	Wittenberg	10,500,000	37,860,000
TOTAL		\$28,305,000	\$60,510,000

WISCONSIN STATE SMALL BUSINESS CREDIT INITIATIVE FUNDING

WISCONSIN VENTURE DEBT FUND (WVDF)*

BUSINESS	COMMUNITY	PARTICIPATION INVESTMENT AMOUNT	TOTAL INVESTMENT AMOUNT
Digsite, Inc.	Madison	\$180,000	\$400,000
GrocerKey, Inc.	Madison	375,000	1,975,000
GymDandy, LLC	Monona	100,000	202,500
Health eFilings	Madison	80,000	400,000
Megalodon	Middleton	100,000	200,000
Odyne	Pewaukee	170,000	346,000
Omni Chemicals, LLC	Baraboo	225,000	450,000
OneEvent Technologies	Mount Horeb	250,000	1,500,000
Scanalytics, Inc.	Milwaukee	200,000	400,000
TrafficCast International, Inc.	Middleton	100,000	500,000
Veridt, Inc.	Middleton	150,000	400,000
WVDF Total		\$1,930,000	\$6,773,500

WISCONSIN EQUITY INVESTMENT FUND (WEIF)*

BUSINESS	COMMUNITY	PARTICIPATION INVESTMENT AMOUNT	TOTAL INVESTMENT AMOUNT
Gravy Live, Inc.	Madison	\$50,000	\$200,000
Swallow Solutions, LLC	Madison	8,195	32,800
Invenra, Inc.	Madison	500,000	2,480,590
Simply Incredible Foods, LLC	Menasha	40,000	500,000
Magma Flooring, LLC	River Falls	20,183	505,606
WEIF Total		\$618,378	\$3,718,996
SSBCI* TOTAL		\$2,548,378	\$10,492,496

*WHEDA is using State Small Business Credit Initiative (SSBCI) funds from Wisconsin's award of \$22.4 million in 2011 to partner with the Wisconsin Venture Debt Fund and the Wisconsin Equity Investment Fund. SSBCI is a federal resource for job creation and business development in the US.

MATHIS

AGRIBUSINESS PROGRAM STATISTICS FY2017

Fiscal Year July 1, 2016 through June 30, 2017

CROP LOAN GUARANTEES

COUNTY	NUMBER OF LOANS	LOAN AMOUNT	GUARANTEE AMOUNT
Dane	2	\$152,000	\$122,800
Eau Claire	1	235,000	188,000
Iowa	2	53,000	47,700
Juneau	1	24,900	22,410
Monroe	2	370,000	296,000
Pepin	1	49,674	44,707
Pierce	1	150,000	120,000
Richland	1	250,000	200,000
Sauk	1	75,000	67,500
Taylor	1	15,000	13,500
Trempealeau	1	191,000	152,800
TOTAL	14	\$1,565,574	\$1,275,417

FARM LOAN GUARANTEES

COUNTY	NUMBER OF LOANS	LOAN AMOUNT	GUARANTEE AMOUNT
Clark	1	\$1,005,900	\$200,000
Price	1	54,876	13,560
TOTAL	2	\$1,060,776	\$213,560

WHEDA FOUNDATION GRANTS PROGRAM STATISTICS FY2017

Fiscal Year July 1, 2016 through June 30, 2017

EMERGENCY/TRANSITIONAL HOUSING

APPLICANTS	COMMUNITY	AMOUNT
Advocates of Ozaukee	Saukville	\$5,000
CAP Services, Inc.	Stevens Point	24,505
Community Action, Inc. of Rock & Walworth Counties	Darien	19,680
Community Referral Agency	Milltown	20,820
Family Promise of Chippewa Valley	Eau Claire	19,000
Family Promise of Washington County	West Bend	11,000
FRIENDS, Inc.	West Bend	19,269
Hope House of Milwaukee, Inc.	Milwaukee	15,000
House of Hope Green Bay	Green Bay	25,000
Indianhead Community Action Agency	Ladysmith	2,158
Mission of Hope House, Inc.	New London	25,000
Pathfinders Milwaukee, Inc.	Milwaukee	15,231
River Haven Homeless Shelter	Portage	13,582
Safe Harbor Homeless Shelter, Inc.	Reedsburg	7,500
SAFE Haven of Racine, Inc.	Racine	15,895
Stepping Stones, Inc.	Medford	25,000
TOTAL		\$263,640

PERMANENT HOUSING

APPLICANTS	COMMUNITY	AMOUNT
Balance, Inc.	Appleton	\$13,613
Christian League for the Handicapped (DBA Inspiration Ministries)	Walworth	25,000
City of Kaukauna Housing Authority	Kaukauna	14,015
City of Mauston Housing Authority	Mauston	25,000
Housing Authority of the City of Chilton	Chilton	25,000
Housing Authority of the City of Menomonie	Menomonie	20,993
Housing Initiatives, Inc.	Madison	20,000
Housing Partnership of the Fox Cities	Appleton	25,000
Movin' Out, Inc.	Shawano/Mount Horeb/Madison	20,000
New Hope Center, Inc.	Chilton	19,769
Philadelphia Community Farm	Farmington	2,120
Prescott Housing Authority	Prescott	13,350
Tomorrow's Home Foundation	Statewide	12,500
TOTAL		\$236,360

GRAND TOTAL **\$500,000**

WHEDA FINANCIALS FY2017

For the Fiscal Years ended June 30, 2017 and 2016 (millions of dollars)

STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

	2017	2016	FAVORABLE/(UNFAVORABLE)	
			AMOUNT	%
Mortgage income	65.3	71.4	(6.1)	(8.5)
Mortgage-backed investment income (net)	(0.5)	15.3	(15.8)	(103.3)
Investment income (net)	4.8	3.9	0.9	23.1
Interest expense and debt financing costs	(37.7)	(41.9)	4.2	10.0
Net Interest Income	31.9	48.7	(16.8)	(34.5)
Mortgage service fees	8.1	6.5	1.6	24.6
Pass-through subsidy revenue	184.9	176.4	8.5	4.8
Grant income	0.5	0.0	0.5	-
Other	16.6	16.1	0.5	3.1
Net Interest and Other Income	242.0	247.7	(5.7)	(2.3)
Direct loan program expense	13.8	14.1	0.3	2.1
Pass-through subsidy expense	184.9	176.4	(8.5)	(4.8)
Grants and services	0.8	0.5	(0.3)	(60.0)
General and administrative expenses	18.5	17.3	(1.2)	(6.9)
Other expense	0.8	0.9	0.1	11.1
Change in Net Position	23.2	38.5	(15.3)	(39.7)
Net Position, Beginning of Year	699.9	661.4	38.5	5.8
Net Position, End of Year	723.1	699.9	23.2	3.3

Schedule may not foot due to rounding.

Net Interest Income declined by 34.5% during fiscal 2017 to finish the year at \$31.9 million. The most significant decline was in the mortgage backed investment portfolio. While the volume of MBS investments in the portfolio grew by almost 89% during the year, *Governmental Accounting Standard Board Statement No. 31* requires that the Authority periodically adjust the investments to reflect current market value. The cumulative adjustment for fiscal year 2017 was a write-down of \$13.0 million. While the Authority doesn't intend to actually realize these losses, the monthly adjustment can lead to significant swings in the recorded value of the portfolio. Mortgage Income from the Authority's traditional mortgages was down \$6.1 million during 2017 primarily because of the continued high level of prepayments.

Direct loan program expense was relatively flat in 2017. Liquidity fees and the provision for loan loss were lower than 2016, but the savings in these areas were offset by the increase in loan origination fees which are volume driven expenses.

Pass-through subsidy revenue and expense represent subsidy proceeds and other financial assistance received by the Authority and transferred to or spent on behalf of secondary projects. Revenues and expenses of the pass-through subsidy programs are equal resulting in a net effect, on the Authority's financial statements, of zero.

WHEDA FINANCIALS FY2017

June 30, 2017 and 2016 (millions of dollars)

STATEMENTS OF NET POSITION

	2017	2016	INCREASE/(DECREASE)	
			AMOUNT	%
Cash and cash equivalents	413.6	391.4	22.2	5.7
Mortgage loans and interest receivable	1,181.3	1,291.0	(109.7)	(8.5)
Mortgage-backed security investments and interest receivable	524.0	277.5	246.5	88.8
Investments and interest receivable	31.2	49.4	(18.2)	(36.8)
Other assets	19.6	19.4	0.2	1.0
Total Assets	2,169.7	2,028.7	141.0	7.0
Accumulated decrease in fair value of hedging	26.7	47.6	(20.9)	(43.9)
Pension plan - Actual vs. expected outcomes	4.7	6.2	(1.5)	(24.2)
Total Deferred Outflow of Resources	31.4	53.8	(22.4)	(41.6)
Accrued interest payable	9.6	8.6	1.0	11.6
Bonds and notes payable	1,317.6	1,202.1	115.5	9.6
Interest Rate Swap Agreements	26.7	47.6	(20.9)	(43.9)
Net pension liability	0.6	1.2	(0.6)	(50.0)
Other liabilities	121.1	120.6	0.5	0.4
Total Liabilities	1,475.6	1,380.1	95.5	6.9
Deferred inflow of resources-pension	2.4	2.5	(0.1)	(4.0)
Total Deferred Inflow of Resources	2.4	2.5	(0.1)	(4.0)
Net investment in capital assets	10.5	9.3	1.2	12.9
Restricted by bond resolutions	491.7	479.4	12.3	2.6
Restricted by contractual agreements	214.9	205.9	9.0	4.4
Unrestricted	6.0	5.3	0.7	13.2
Total Net Position	723.1	699.9	23.2	3.3

Schedule may not foot due to rounding.

The Authority experienced asset growth of \$141 million during fiscal year 2017. This increase was almost exclusively in the mortgage backed security portfolio. The Single Family and Multifamily programs saw increases in originations of 80% and 6%, respectively. Prepayments remain high in both program areas even through there were slight decreases when compared to fiscal year 2016.

Mortgage loans and interest receivable declined by \$110 million to end fiscal 2017 with a portfolio balance of \$1.2 billion. Mortgage backed security investments rose to \$524 million, up 89% from the prior year. Single Family loan originations grew by \$80 million or 31% and Multifamily loan originations of \$70.0 million were up 6.0% from fiscal 2016. The combined portfolio balance of \$1.7 billion represents an increase of \$137.0 million or 8.7%.

Liabilities ended the year at \$1.5 billion, up 6.9% over fiscal 2016. The majority of the increase is attributable to new bonds that were issued to finance both Single Family

First Time Home Buyer (FTHB) mortgages and Multifamily loans. There were two Single Family bond issues in fiscal year 2017 totaling \$233.3 million. In addition, \$39.7 million in bonds were issued in the Multifamily program. Proceeds were used to fund new loans and refund outstanding bonds in both lines of business.

Overall, net position, increased \$23.2 million during fiscal year 2017. The various lending programs and investments within the Authority's business segments generated the change in net position. The business segment contributions for fiscal year 2017 are as follows: \$2.0 million in Single Family bond resolutions, \$8.8 million in Multifamily Housing Revenue bond resolutions, \$12.5 million in the General Fund (including subsidiary change in net position) and (\$86,000) in State of Wisconsin Programs.



We are WHEDA 2017

Samantha Adams	Susan Falch	Chee Lor	Cheryl Rogers
Kate Allen	Kevin Fischer	Jamie Malliet	Joyce Rogers
Jane Alvis	Josh Fisher	Marty Maloney	Dave Rouse
Clyde Anderson	Matt Fortney	Farshad Maltes	Maria Sainz-Ranney
Terry Anderson	Sharon Gaffke	Lisa Manske	Michael Sawyer
Bryan Antony	Sherry Gerondale	Mike Maretti	Wendy Schill
Tamra Armstrong	Dawn Gibbs	Brenda Marquardt	Brian Schimming
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Cassie Bueno	Pam Hoeksema	Carmen Nordness	Joe Tuschl
Rod Campbell	Missy Holcomb	Sean O'Brien	John Unertl
Matt Case	Laura Jacobson	Diane Packard	Kris Urban
Matt Childress	Denise Jamison-Thums	Lori Paulson	Kim Uselman
Allan Christianson	Markita Jefferson	George Petak	Mou Vang
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Fernando Escobar	Gary Levandoski	Bonnie Robertson	
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