



Housing Innovation Marketplace Omaha, Nebraska

March 22, 2017

Workforce Housing Development Program

- \$6 million over 3 years
- 8 Projects (327 units) funded
- Annual RFP
- \$2 million per year funding in base budget

Housing Shortage Threatens Prosperity

TwinCities
BUSINESS



Good Jobs, Zero Bedrooms



Employment is booming across greater Minnesota, but acute housing shortages threaten the prosperity.

by [Raya Zimmerman](#)

August 31, 2016

Why DEED and Not MHFA?

- Strong business and community lobby for market rate housing
 - Need for all levels of the workforce
 - Often 2 income families over limits
- DEED has close relationships with businesses
- MHFA administers affordable housing

Workforce Housing Development Program

- Providing financial assistance to communities to address the need for workforce housing to improve economic development
- Minnesota Statute
116J.549 Section 2, Subdivision 1
- Grants to eligible project areas to be used for qualified expenditures.

Eligible Project Area/Applicant

- A home rule charter or statutory city with a population exceeding 500 or
- A community that has a combined population of 1,500 residents located within 15 miles of a home rule charter or statutory city

Eligible Expenditures

- acquisition of property
 - (owned by applicant, developer)
- construction of improvements
- provisions of loans
- interest rate subsidies
- public infrastructure
- related financing costs

Program Requirements

- The average vacancy rate for (all) rental housing located in the eligible project area, and in any other community located within 15 miles or less of the boundaries of the area, has been five percent or less for at least the prior two-year period.
 - Market Study
 - Census Data/American Community Survey
 - Local Survey
- One or more businesses located in the eligible project area, or within 25 miles of the eligible project area, that employs a minimum of 20 full-time equivalent employees in aggregate.

Program Requirements-continued

- Business provides a written statement that the eligible project area has a lack of available rental housing which has impeded their ability to recruit and hire employees.
- The eligible project grantee must certify that the grants will be used for qualified expenditures for the development of rental housing to serve employees of businesses located in the eligible project area or surrounding area.

Market Rate Defined

- New Properties that are rented at Market Value
 - Rental development
 - Modular homes
 - Manufactured homes
 - Can be on leased land or in a manufactured home park

Market rate property excludes

- Properties constructed with financial assistance requiring the property to be occupied by residents that meet income limits under federal or state law of initial occupancy.
- Properties constructed with federal, state, or local flood recovery assistance, regardless of whether that assistance imposed income limits as a condition of receiving assistance.

Grant Amounts

- The amount of an individual grant may not exceed 25 percent of the rental housing development total project cost. Due to the competitive ranking, awards will likely be less than 25% of total project costs.
- State prevailing wage may apply to the project.

Match Requirement

- The awarded grant shall be matched by a local unit of government, business, or nonprofit organization with \$1 for every \$2 provided in grant funds.
 - Redevelopment TIF, Abatement
 - More points if source is employer
 - “business” is employer, not developer

Application Ranking

This is a competitive ranking (not all inclusive)

- Need- stronger the better, vacancy rate, tied to workforce
- Impact- Effect on need
- Cost effectiveness- per unit costs, solid financing plan
- Readiness- projects ready to start within 12 months
- Capacity- of applicant, project manager, developer, funders

Note: Preference is given to eligible project areas with less than 18,000 people.

2016 Time Frames

- March 18, 2016 Application Packet available online
- July 25-29, 2016 Application Training Sessions
- November 10, 2016 Deadline for Application
- December 2016 Funding Recommendations to DEED Commissioner
- December 2016 Funding status provided to applicants

The District at Miller Hill, Duluth

Awarded \$1 million

- 72 Apartments
- \$13.1 million TDC
- \$13,889 per unit
- 8% of TDC
- 3.1% vacancy Rate
- Application letters from Cirrus, United Healthcare, Maurice's, Essentia Health, St. Lukes, and Mills Fleet Farm. Existing shortage, plus adding 1,030 employees in 2016
- City support in place, site in place, financing in place
- Start construction in 2017



Grow Perham Workforce Housing

Awarded \$620,000

- 24 Apartments
- \$2.6 million TDC
- \$25,833 per unit
- 24% of TDC
- < 1% Vacancy
- Barrel of Fun, KLN Brands, Arvig Enterprises, and Industrial Finishing have 1,400 employees earning an average of \$31,325 per year.
- Grow Perham is an investment group of local business leaders organized to solve housing issues. The group has constructed and manages 138 units of housing in Perham.
- Construction started in 2016



Parkland Place – Roseau (Pilot)

Awarded \$819,000

- 30 Apartments
- \$3.3 million TDC
- \$819,041 grant
- \$27,301 per unit
- 25% of TDC
- 2.4% Vacancy
- Assisted Polaris and Marvin Windows



West River Estates Thief River Falls (Pilot)



Awarded \$819,000

- 52 Apartments
- \$5.6 million TDC
- \$27,301 per unit
- 7% of TDC
- Grant used for public infrastructure
- Assisted Digi-Key and Artic Cat
- 1.3% Vacancy

Contact Information

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