



Rural Workforce Housing Fund

- Created in 2017 with allocation of \$7 million
- 14 awards in 2017
- \$100 million in new housing
- 577 new households



Rural Workforce Housing Fund

- Senator Matt Williams from Gothenburg, who introduced the initial legislation, has spearheaded legislation to add \$10 million to the fund in 2020 using the existing program
- The funding is currently in the budget but the COVID-19 impact may affect funding and/or timing





Today's Goal

- I believe the program will be funded again Though we are not sure when, we need to be prepared
 - **Our goal today is to help communities prepare for the time when the program receives more funding**
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Who Can Use the Fund

- Eligible Recipients

Grantees must be non-profit development organizations, approved by the DED director, that invest or intend to invest in workforce housing eligible activities, and have an active board of directors with expertise in development, construction, and finance.

- No more than \$1,000,000 to any one non-profit in a two-year period
- Once awarded must have annual audit

Introduce yourselves and your organization

- Schuyler
- York
- Hastings

Other Eligible Recipients

- Development Districts
 - e.g. South Central Economic Development District
- Community Housing Development Organizations
 - e.g. Neighborworks
- Community Development Finance Institutions
 - e.g. Midwest Housing Development Fund & Center for Rural Affairs
- Housing Authority

Advantage of the RWHF



Workforce is a broad term and the workforce needs are dramatically different from one community to the next



The biggest advantage of RWHF is the ability to tailor the program to each community's needs

How did you define your workforce?

- Schuyler
- York
- Hastings

Difficult Housing

- Urged communities to build apartments because they are a large long term investment and it is difficult, particularly in smaller communities to find some willing to take that risk for that long

Threshold Requirements

- Must have an assessment of the housing needs of the community or region within last 5 years



Did you have a current housing study?

- Schuyler
- York
- Hastings

Requirements

- A minimum one-to-one in matching funds.
- Matching funds can be dollars contributed by individuals, businesses, foundations, local and regional political subdivisions, or other non-profit organizations into a single investment fund, administered by the eligible nonprofit development organization.

Matching Contributions

- IF requested the local match was matched by NIFA up to \$250,000
- Money raised (including match by NIFA) was matched by DED
- Was actually matched to 85% or 60% by DED but only a dollar for dollar match was required
- Communities didn't get as much but more communities were funded
- May be more competitive next round

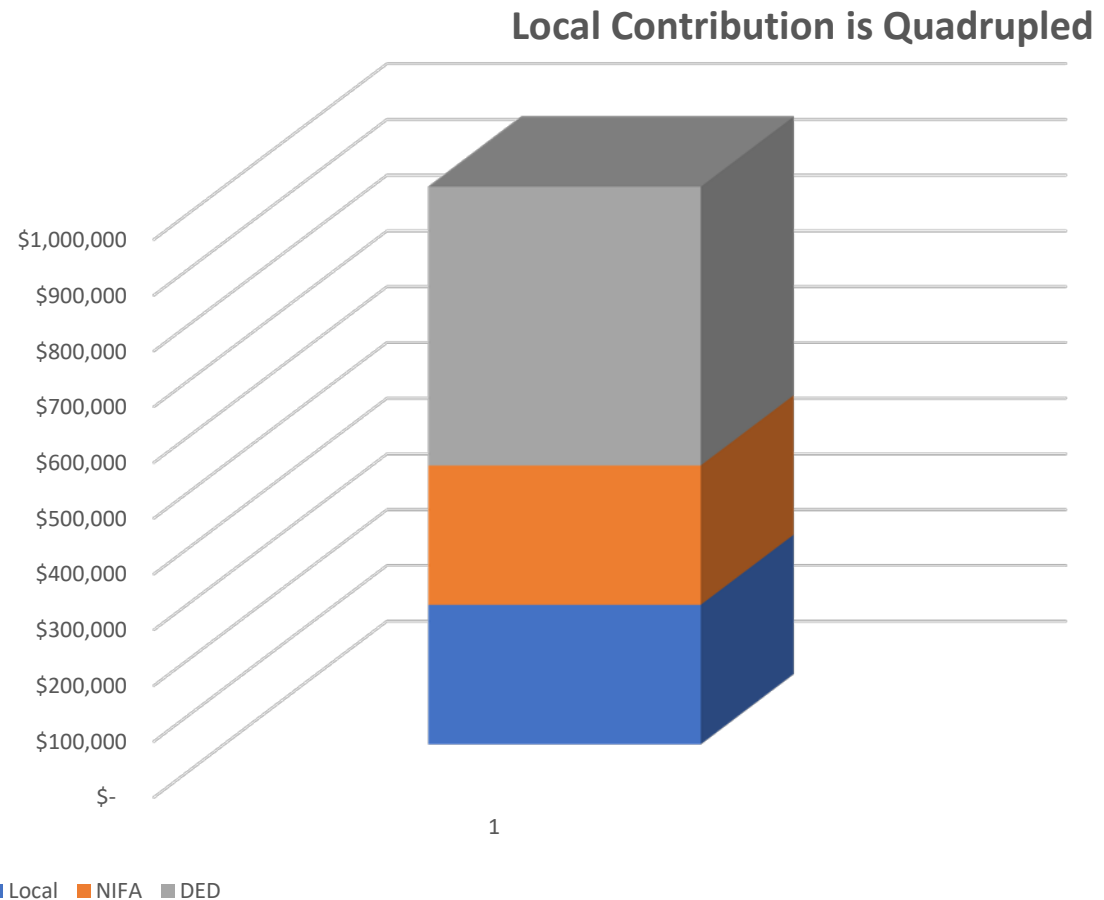
Leverage of Local Funds

\$ 250,000 in local funds

\$ 250,000 NIFA match

\$ 500,000 DED match

\$1,000,000 TOTAL



- Think of it as building a balance sheet not just as a specific project
- The local money increases up to fourfold
- Most communities have the money in a revolving loan fund of some kind
- Properly used the money will keep coming back to the community

Build a Balance Sheet

How did you raise the local match?

- Hastings
- Schuyler
- York

Hastings Sources

\$ 100,000	Hastings Economic Development Corp.
\$ 850,000	Hastings Utility Department
0	Hastings did not ask for matching funds from NIFA
<u>\$ 850,000</u>	DED awarded \$850,000
\$ 1,800,000	

Schuyler Sources

\$ 211,362	Cargill
\$ 150,000	City LB840
\$ 300,000	Schuyler Department of Utilities
\$ 25,000	Pinnacle Bank-Schuyler
\$ 15,000	Homestead Bank-Schuyler
\$ 250,000	NIFA
<u>\$ 810,000</u>	DED
\$1,761,362	TOTAL

York Local Match

\$ 107,000 – Cornerstone Bank
\$ 50,000 – York General Hospital
\$ 15,000 – Chances R Restaurant
\$ 10,000 – York County Development Corp (YCDC)
\$ 10,000 – Pieper’s Inc.
\$ 10,000 – Midwest Bank
\$ 10,000 – Henderson State Bank
\$ 10,000 – Chuck & Karen Harris
\$ 5,000 – York State Bank
\$ 5,000 – Heritage Realtors, Inc.
\$ 5,000 – Central Valley Ag (CVA)
\$ 2,500 – MEAD Lumber
\$ 2,500 – Kopchos Sanitation, Inc.
\$ 2,500 – Drs. Dob and Pedersen
\$ 2,500 – C Tec Ag
\$ 1,500 – EyeCare Associates
\$ 1,000 – Svehla Law Office
\$ 1,000 – Kelly & Amy Kadavy
\$ 1,000 – Jim & Jamie Ulrich
\$ 1,000 – Jack & Jean Vincent
\$ 1,000 – Don & Therese Swanson
\$ 1,000 – Community Title Company
\$ 500 – C. Naber & Associates
\$ 500 – Champion Homes
\$ 255,500 – TOTAL

York Totals

\$ 255,500 Local

\$ 250,000 NIFA

\$ 323,000 DED

\$ 823,500 TOTAL

Restrictions

- New owner-occupied housing costing no more than \$275,000.
- New rental housing units costing no more than \$200,000.
- Owner-occupied or rental housing units for which the cost to substantially rehabilitate exceeds 50% of a unit's assessed value.
- Upper-story housing is eligible
- Housing that does not qualify includes any housing that receives federal or state low-income housing tax credits, Community Development Block Grants, HOME funds, National Housing Trust Fund, or funds from the Affordable Housing Trust Fund.

How did you create a program that met the need of your workforce housing?

- Hastings
- Schuyler
- York

Schuyler Uses

- Developer purchased land for development of up to three 24 unit apartment buildings
 - ❑ Soft second loan (low interest nonrecourse) for 24 unit apartment building
 - \$5,600 payment per month with 10 year balloon
 - ❑ Hope is that will build 2nd and 3rd if first cash flows
 - ❑ \$300,000 for 2% interest loan funding on four townhomes in duplexes form
 - Four are built and sold
 - Money has been paid back to nonprofit





HANGTIME

York Uses

- Since their DED amount was reduced to 60% they also used \$386,000 of TIF
- Purchased land for development of up three 24 unit apartment buildings
- Two 24 unit apartment buildings are under construction
 - Assume will build 3rd when first two cash flow
- Soft second loan (low interest nonrecourse) on the two 24 unit apartment buildings



Hastings Uses

Split to two projects

- ❑ Loan to apartment complex TIF included
- ❑ Subdivision completed with TIF
 - 30 LIHTC townhomes in duplex design
 - 30 market rate townhomes in duplex design
 - **\$900,000 soft second (zero interest nonrecourse) loan**





HANGTIME



What is the status of your program?

- Hastings
- Schuyler
- York

What is your plan for reuse of the money?

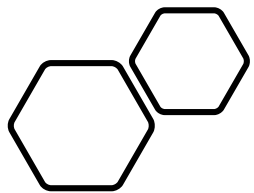
- Hastings
- Schuyler
- York

Program Requirements

- Must have an audit in year following the award

- Competitive awards from the RWHF are evaluated on demonstrations of:
 - Ongoing workforce housing needs as identified by a recent housing study.
 - Difficulties filling employment positions or attracting workers in communities or regions with a low unemployment rate.
 - A community's or region's commitment to growing its housing stock.
 - A project's likelihood of occupancy in a period of 24 months.
 - The ability to grow and manage an investment fund for rural workforce housing.

Scoring Factors for Application



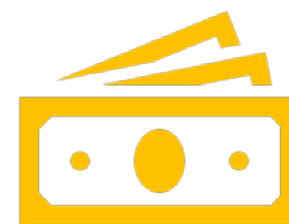
First Action Steps



Housing Study



Find the right nonprofit



Prepare to raise the
money

Additional Resources

- HomeNE Webinar Series on youtube
- Go to youtube and search for HomeNE May 2020
- https://www.youtube.com/watch?v=_Kgh97F21VI