Rural Workforce Housing Fund

• Created in 2017 with allocation of $7 million
• 14 awards in 2017
• $100 million in new housing
• 577 new households
• 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.**
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
• 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
How did you raise the local match?

- Hastings
- Schuyler
- York
<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hastings Economic Development Corp.</td>
<td>$100,000</td>
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<tr>
<td>Hastings Utility Department</td>
<td>$850,000</td>
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<tr>
<td>Hastings did not ask for matching funds from NIFA</td>
<td>0</td>
</tr>
<tr>
<td>DED awarded</td>
<td>$850,000</td>
</tr>
<tr>
<td>Total</td>
<td>$1,800,000</td>
</tr>
</tbody>
</table>
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
$ 810,000  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 2\textsuperscript{nd} and 3\textsuperscript{rd} 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
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
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:
  o Ongoing workforce housing needs as identified by a recent housing study.
  o Difficulties filling employment positions or attracting workers in communities or regions with a low unemployment rate.
  o A community’s or region’s commitment to growing its housing stock.
  o A project’s likelihood of occupancy in a period of 24 months.
  o The ability to grow and manage an investment fund for rural workforce housing.
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