

Rural Affordable Workforce Housing Initiative

Wisconsin Housing and Economic Development Authority
Special Achievement

HFA Staff Contact

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Overview

The shortage of affordable workforce housing in rural Wisconsin poses far-reaching challenges. Housing provides a foundation for public health, economic well-being, environmental stewardship, and is fundamental to the sustainability of our communities. If Wisconsin is to thrive, rural communities need effective tools and ongoing support to develop affordable workforce housing.

WHEDA's Rural Affordable Workforce Housing Initiative (RAWFHI) represents an effort to address the many affordable housing challenges rural Wisconsin is facing. The \$10 million initiative, funded through WHEDA's 2019-20 Dividends for Wisconsin Plan and other reserves, included a workforce housing pilot effort in three rural communities that resulted in the creation of supplemental financing tools. The supplemental financing tools tackle technical gaps in existing programs, while the RAWFHI pilot establishes an adaptive framework to identify needs, evaluate choices, and implement solutions. To succeed, the initiative requires the support and participation of many partners. The goal, upon completion of the pilot, is to scale successful solutions that can be replicated across the state in other rural communities.

Background

In 2019, the State of Wisconsin Legislature challenged WHEDA to develop a plan to address the shortage of affordable workforce housing, specifically in the state's rural communities. WHEDA was the clear choice for this challenge given the Authority's expertise and proven track-record in affordable housing.

There is a nationwide shortage of workforce housing. Oftentimes, public resources are focused on projects in larger cities and urban areas, leaving rural communities without the proper support necessary to implement effective solutions that address their unique needs. WHEDA's RAWFHI was introduced with the intention of learning about workforce housing challenges specific to rural communities. In an effort to do so, the project team opted to utilize a pilot program as a key strategy to study various rural communities throughout the state. A competitive application process was used to select participating communities.

The application process was extensive and required communities to articulate the biggest challenges they are facing. Communities need committed partners to make a lasting change, and this pilot program allows WHEDA to work closely to the challenge diverse communities are facing. Each community applicant had to identify members that would be willing to participate on a team to collaborate with WHEDA through the six-month pilot. After applications were scored, six communities were selected for final interviews with the WHEDA RAWFHI team. On October 20, 2020, WHEDA announced that the communities of Door County, Chequamegon Bay, and Marinette County were selected to participate in the pilot program.

Initiative Highlights

WHEDA's RAWFHI team used an innovative process called Design Thinking, which is an iterative problem-solving approach, to create an impactful and lasting solution to affordable workforce housing in rural communities. The steps include *empathizing* with rural communities, *defining* the challenges within each selected community, *ideating* possible action steps to address those challenges, *prototyping* potential solutions, and *testing* the prototypes in rural communities. The most successful solutions created through the RAWFHI pilot program will be implemented not only in rural communities across Wisconsin, but hopefully used as a model for other Housing Finance Authorities (HFAs) to potentially replicate and use within their states.

Door County was the first community to complete the RAWFHI pilot program. The Door County Pilot Design Team identified a set of Core Focus Areas to guide their work:

- Financing – how developers, communities, and prospective home buyers can get access to financing options to build and purchase housing which is affordable to working households
- New construction – how new single family and multifamily homes can be designed and built affordably for working households in Door County
- Public perception – how to change what people think about affordable housing, so that they may see it as an asset to their community

Marinette County is currently in the phase of planning for the implementation of solutions. The Marinette County Pilot Design Team identified a set of Core Focus Areas to guide their work:

- Market data – how municipalities and partners can better understand the process of development, to allow for Marinette County to be an attractive location for building affordable housing
- Infrastructure, construction, and aging housing stock – how public infrastructure, single-family, and multifamily homes can be built and/or renovated affordably for working households in Marinette County
- NIMBY-ism – how to change what people think about affordable housing, so that they may see it as an asset to their community

Earlier this spring, Chequamegon Bay kicked off their pilot program. Key findings will be available later this year.

Marinette County and Chequamegon Bay pilot programs are set to complete by the end of 2022.

Impact

WHEDA is currently developing products and services that expand rural communities' access to mortgage products, increase availability of single-family rehabilitation financing, and improve the financial viability and competitiveness of rural multifamily projects. More specifically, products include an expansion of the single-family rehabilitation mortgage loan program and

the establishment of a multifamily subordinated loan pool targeting Housing Tax Credit projects in rural communities. The targeted loan pool will make the financial viability of these tax credit projects much more likely under WHEDA's Qualified Allocation Plan (QAP). In addition, the QAP includes a rural set-aside which earmarks a portion of available credits for projects in rural communities. In the 2021 Tax Credit cycle, seven of 16 eligible applicants qualified for the rural set-aside.

Summary

Access to safe, affordable housing is the foundation of stable communities. Through the Rural Affordable Workforce Housing Initiative, WHEDA has been instrumental in working with rural communities to identify potential solutions unique to their needs that could increase access to affordable housing. Three communities were selected to participate in the innovative new pilot program. Door County has completed the process and is working toward implementing the solutions that were identified to address the Core Areas of Focus. Marinette County and Chequamegon Bay are actively working to complete the Pilot Design Process with the intention of being able to implement their defined strategies in late 2022.

While WHEDA staff have invested a significant amount of time and energy into the RAWFHI pilot program, the long-term benefits of successfully implementing the strategies identified by the pilot communities will far outweigh the costs of the initiative. As a mission-based lender with expertise in affordable housing, WHEDA understands the responsibility of such a large undertaking. It is WHEDA's hope that through the rural pilot community process and the newly created supplemental financing tools, this initiative will not only address the shortage of affordable workforce housing in Wisconsin, but will be replicable for HFAs throughout the nation.

Objectives and Resources

[WHEDA's Rural Affordable Workforce Housing Initiative](#)

[Project Plan](#)

[WHEDA Stories – RAWFHI](#)

[Modifications to Wisconsin's Qualified Allocation Plan \(QAP\)](#)

[Supplemental Financing: State of Wisconsin Housing Tax Credit Subordinate Debt Financing Design Thinking Defined](#)

[An Introduction to Design Thinking: Process Guide](#)

Visual Aids

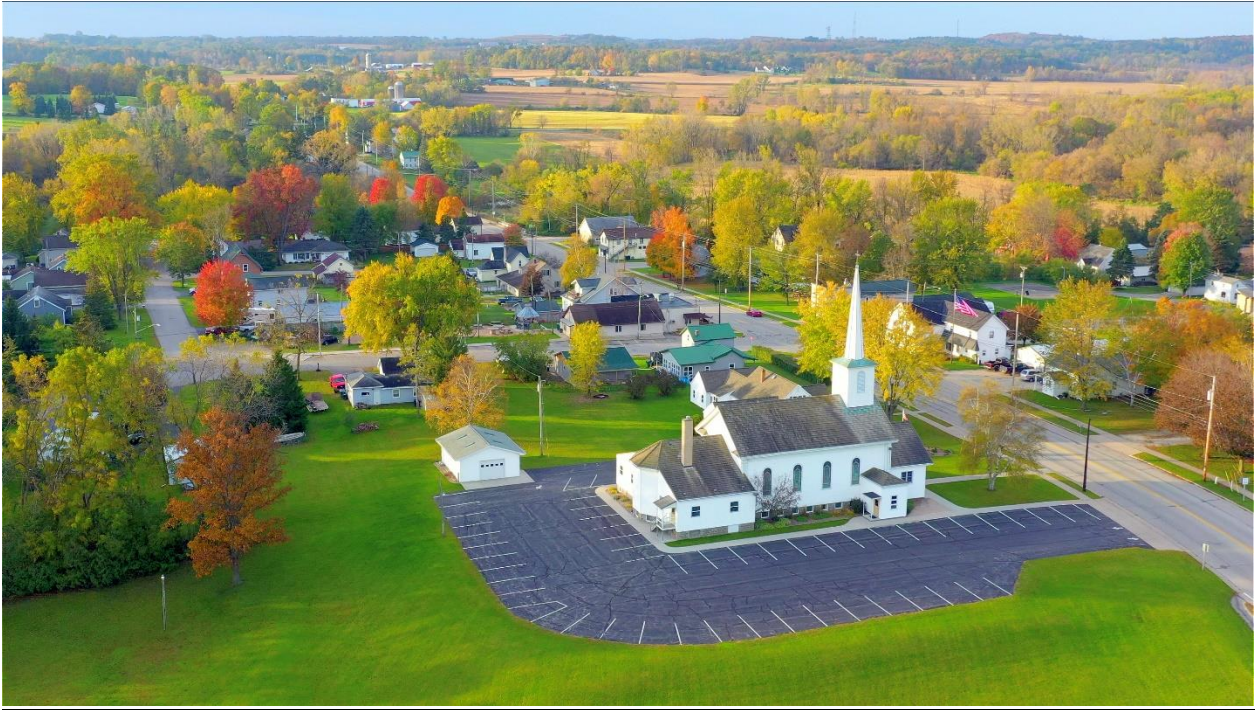


Image 1



Image 2

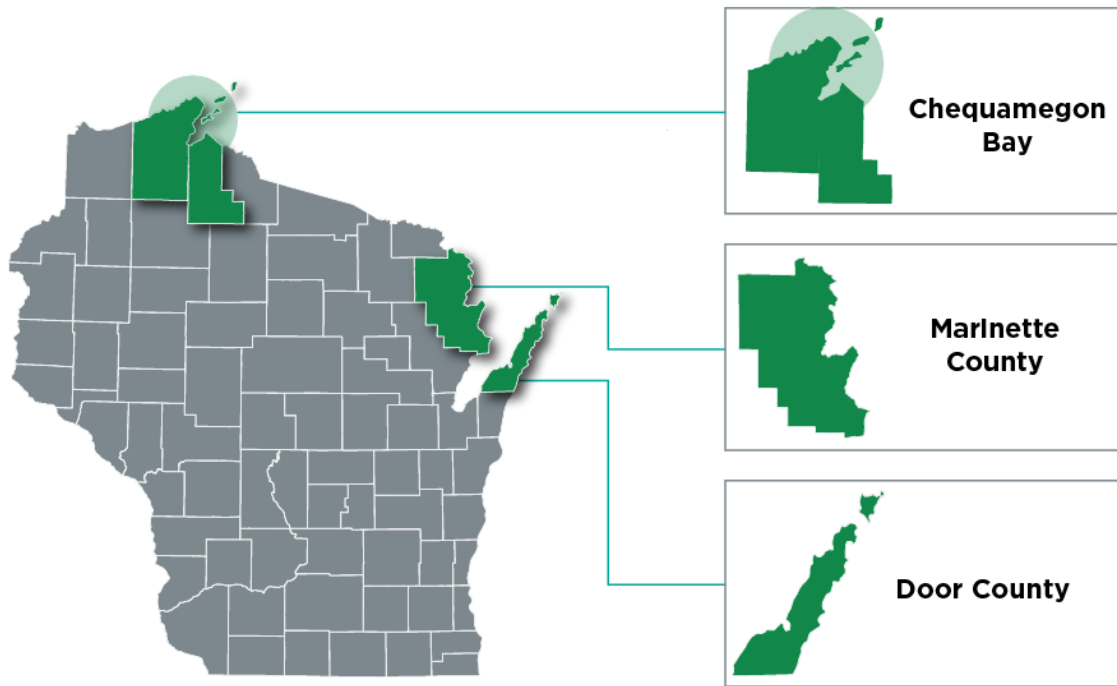


Figure 1 – WHEDA’s RAWFHI Pilot Communities

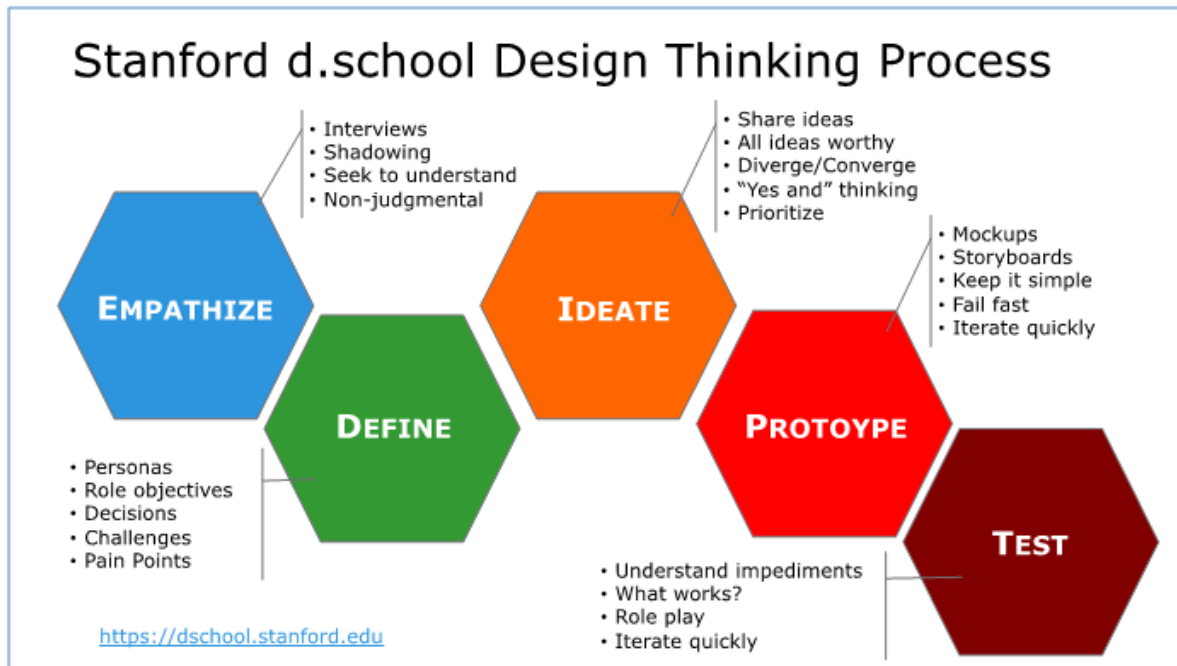


Figure 2 – Design Thinking Process