



# WHEDA Rural Affordable Workforce Housing Pilot

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# Agenda

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Why workforce  
housing?



Rural Affordable  
Workforce Housing  
Pilot



Pilot design process



Key learnings



# Why workforce housing?

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What is workforce housing?

Homeownership and rental opportunities which are affordable to working households, typically those whose incomes are between 60% - 120% of the area median income (AMI)

What has caused the workforce housing shortage?

- Wisconsin has not built enough housing to keep up with growth
- Construction costs are rising faster than inflation and construction costs up 27.3% and Single-Family construction 2020-Jan 2022)
- Outdated land use regulations drive up the cost of housing



*Paulsen, K. (2019). Special Report: Falling Behind, Wisconsin Realtors Association and 2022 Trends and Issues in Housing and Affordability*

# Why workforce housing?

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What are the results of a lack of workforce housing?

- **Housing costs are rising** - limited supply has impacted ownership costs, which now exceed pre-crisis (2007) levels; rents and home prices growing faster than incomes
  - Housing prices up 20.9% from 2019- end 2021. Up 40.4% since 2016.
- **Declining homeownership** - statewide, but especially acute for African American and Latino households
- **Declining affordability** - overall affordability for working households (renters and owners) has declined in the past decade



# Why workforce housing?

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What does this mean for rural communities?

- **Limited access to economies of scale** - lower density communities require less units
- **Cash flow issues** - while construction costs are the same (if not more) compared to urban areas, market rents are much lower in rural WI
- **Cost of infrastructure** - extending water & sewer, streets and sidewalk, all costly investments with limited financing options for small communities



# Rural Affordable Workforce Housing Pilot

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## Rural Affordable Workforce Housing Initiative

- Larger initiative encompassing different rural interventions and approaches
  - Enhancements to the Qualified Allocation Plan
  - Additional tax credit subordinate debt financing for rural deals
  - Planned updates and review of Single-Family Home Improvement Loan Program
  - Expansion of Easy Close Down Payment Assistance program
  - Launching pilot design process in three rural communities



# Rural Affordable Workforce Housing Pilot

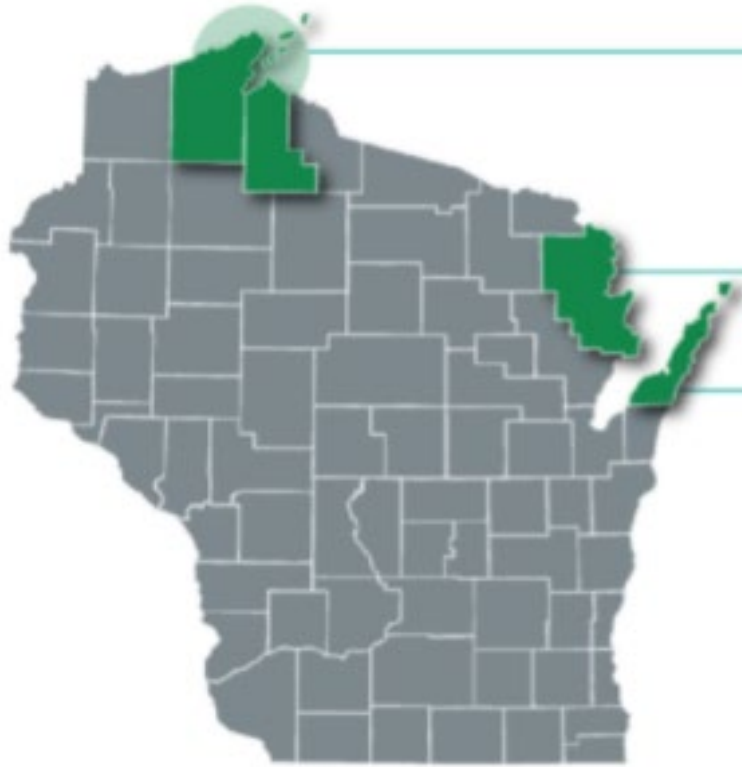
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## Rural Affordable Workforce Housing Pilot

- A community-based, locally-led process
- Three pilot communities selected in rural Wisconsin
- Roughly a six-to-eight-month process
- There's no silver bullet
- Working as close to the challenge as possible



## Pilot Communities



**Chequamegon Bay**

Pilot process initiated March 2022



**Marquette County**

Pilot process concluded – now implementing



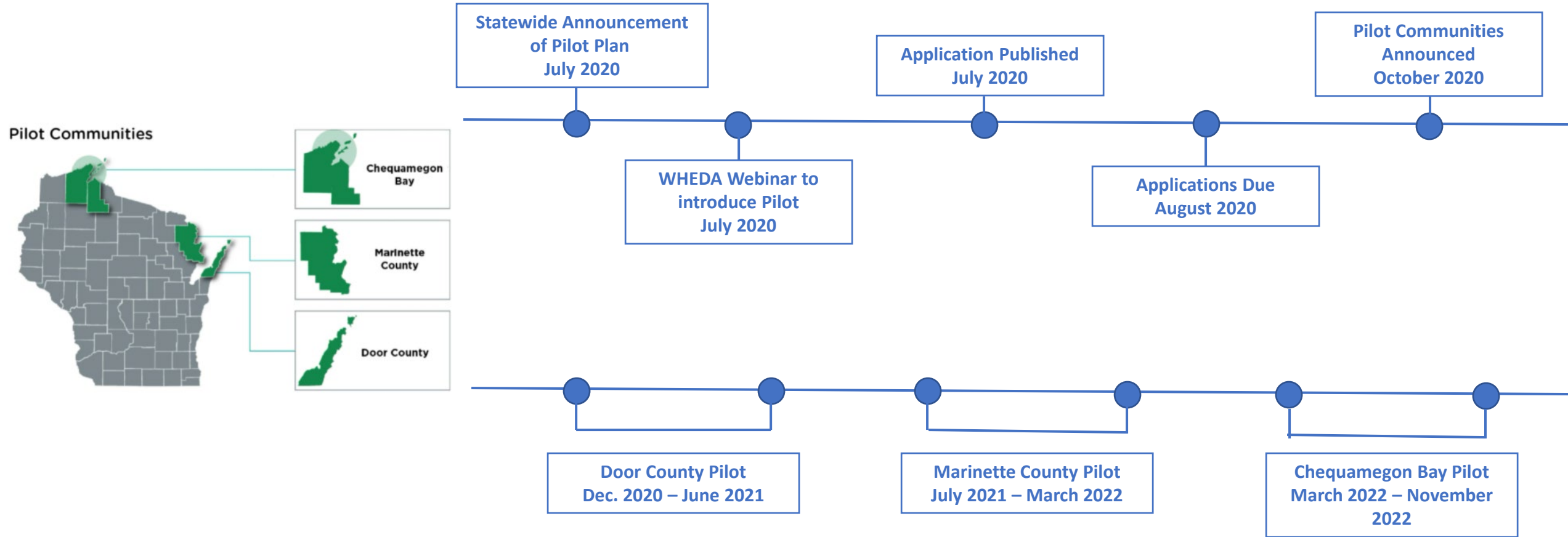
**Door County**

Pilot process concluded – now implementing





# Pilot Timeline



# Rural Affordable Workforce Housing Pilot

Goal: to create new solutions to increase rural workforce affordable housing

Objectives:

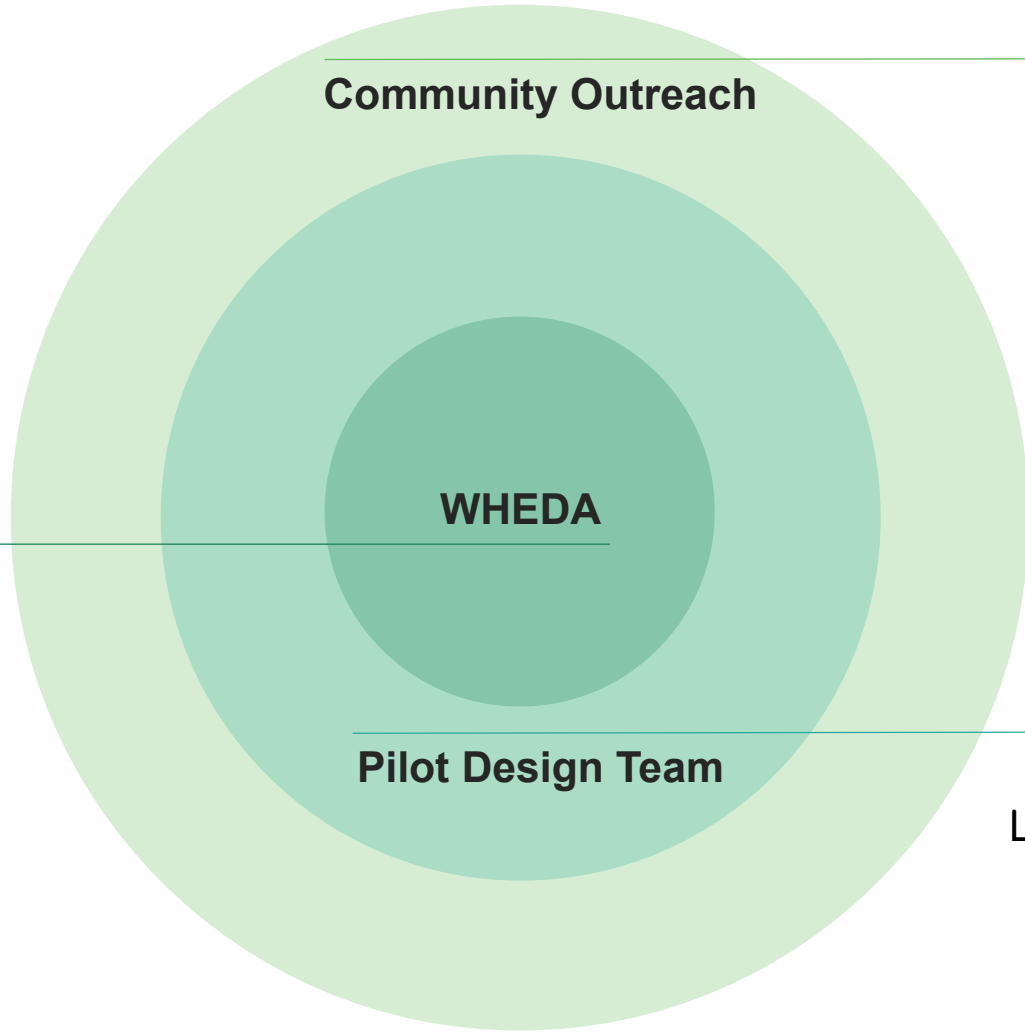
1. Build and test a series of potential solutions for each pilot community in partnership with a local team
2. Use what is learned to inform statewide rural workforce housing strategies



# Rural Affordable Workforce Housing Pilot

## Scales of collaboration

powerful solutions:  
Created at the local level  
Involve multiple partners  
Commitment from community



Community members  
stakeholders  
partners

*\*\*amazing  
consultants to  
support the  
process!*

Employers  
Local Gov't/Tribal Gov't  
Nonprofit reps  
Philanthropy  
Local ED

WHEDA:  
CED  
Exec Office  
Marketing  
Legal  
Finance  
Single Family  
Com Lending



# Pilot Process

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What is the pilot design process?

The pilot design process involves three phases:

**1. Research and Engagement:** this includes the pilot kickoff and explores the dimensions of the local workforce challenge through research and community engagement.

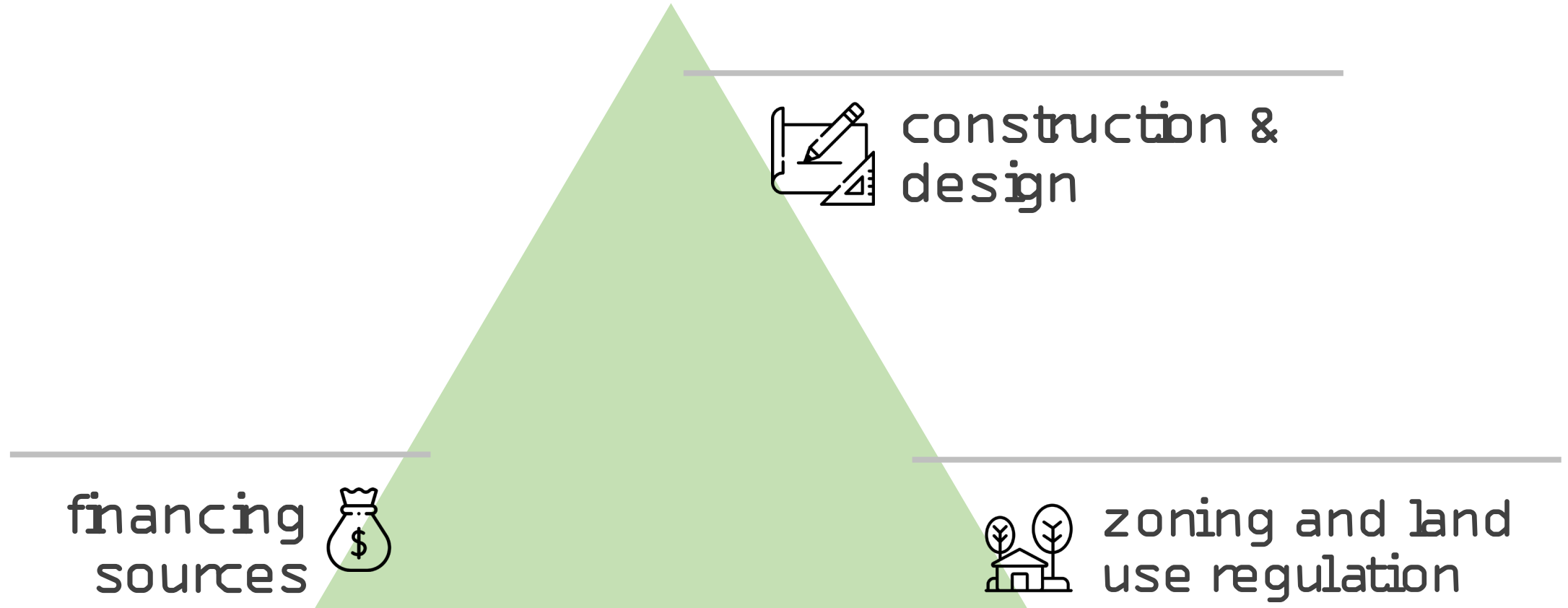
**2. Ideation:** this phase applies what is learned to generate ideas and build working concepts with participants.

**3. Implementation:** in this phase the final pilot concepts that present the strongest business case will be selected to bring them to implementation.



# Door County Workforce Housing Pilot

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# Marinette County Workforce Housing Pilot

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Developer Attraction

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Cost of Construction  
& Redevelopment



NIMBYISM



# Key learnings

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## Innovation is uncomfortable

- Creating novel ideas requires a generative mindset and a structured process
- Implementing ideas takes time, resources, and hard work
- Finish line is unclear
- Staying “in the problem” is more comfortable than creating new solutions



# Key learnings

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- Being the **first** in anything is **a challenge** for all!
- For a process that requires human interface, **virtual is difficult!**
- A third-party **facilitator** is important
- Innovation is truly a **messy, dynamic process**
- **Time consuming** (sustaining volunteer engagement)
- Over **100 ideas developed** that have viability beyond pilots
- The **process works** and has value addressing other challenges
- It takes the **commitment and collaboration** from public, private, and nonprofit partners.





# Thank you for attending!

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