

UW Extension Lunch and Learn Series



September 14, 2021

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Founder and Owner Wild
Rice Retreat Bayfield, WI

Developer's Perspective:
Rural affordable housing
challenges and
opportunities

Hastings Artspace Lofts
Hastings, MN



Minot Artspace
Lofts, Minot, ND



Macro Models
LIHTC and other multi-
family new build, adaptive
reuse



RICEPOD – WILD RICE RETREAT –
Zimmer Development, LLC



Minneapolis
Land Trust Model
– Green Homes
North – An
Artspace Project

MICRO Solutions –
scattered site single
family and workforce
models

Bayfield Study by Artspace – 2018

An Artspace Model Project

- **At least 15 units** of affordable **live/work residential** apartments
- **Up to 10 units** of affordable **private studio/ creative work space**
- **Affordable commercial/shared creative space** with operator anchor tenant

Building features should include:

- **On-Site Parking**
- **Flexible shared use spaces for teaching AND gallery/exhibition**
- **Networking/lounge space**
- **Community garden**



An Artspace Project in Bayfield

Opportunities:

1. Creates a critical mass of creative people and families
2. Contributes to the vibrancy and activity in the area of the project.
3. Could help retain/attract creative people in the area.
4. Create much needed permanent affordable/workforce housing

Challenges:

1. Relies on competitive housing funding from WHEDA
2. Requires affordable land acquisition
3. Requires flexible zoning in the downtown
4. Requires strong partnership with local government and local leadership
5. Requires multiple financial resources and local lead partner funder



With challenge comes
opportunity

Historic Karcher Hotel

Most successful projects in rural areas require passionate and committed community leadership; strong funding partnerships; flexibility on land use practices; affordable infrastructure; strong partnership with state



Wild Rice Retreat \$10 Million new investment in Bayfield WI

Current challenges and opportunities

- Labor shortage due to lack of access to affordable and workforce housing
- Shortage of healthcare and food systems challenges
- Looking into solving housing shortage onsite and developing new models



RICEPOD™

320 Square Feet

\$90,000 construction cost

\$281/sf

Initially designed as modular but 2X price

Changed to SIPS Panels 1.5X price

Local trades / Onsite framing instead (2 days)

Cost can be reduced drastically by material selection

Our models: H Windows (Ashland) in floor heat and slate tile, basswood walls, skylight, ceramic bath

Housing model could reduce cost to \$171/sf

NEST – A One BR Den
Lodging unit at Wild
Rice Retreat



NEST AT WILD RICE RETREAT

550 Square Ft

\$130,000 construction cost (not incl
utilities and site work)

\$236/sf

- As designed, includes high end finishes and amenities.
- 1 BR Den, galley kitchen and full bath.
- Working through redesign to bring model to \$154/sf or an \$85,000 cost
- Working through redesign for cost-effective two bedroom model
- Target market: First time buyers/ADUs





TREEHAUS

- 4 BR/4 Bath
- 1,370 square feet
- \$330,000
- \$226/sf.

Affordable version also in development
co-housing; workforce housing;
Affordable doesn't mean to skip over design —
light the #1 factor for health and well-being

MICRO LEVEL AFFORDABLE HOUSING SOLUTIONS

- Zoning – the trend of upzoning and Form Based Code not as applicable in rural areas. Practical application of variances and conditional use permits with benefit measures more proven.
 - ADUs, lot splits, mixed-use, height limits/FAR, lessen off-site parking requirements should be considered
- Community Engagement – building trust; countering NIMBY
 - Developers and community leaders need to be patient and work in partnership to overcome objections to NIMBY
 - Community Education – Housing studies; data-driven
- Capacity Building– Recruit and match established state developer with local expertise and/or local nonprofits
- Philanthropic Sector Intersecting with Public/Private Partnerships – State Led Consortium Connectors
- Tax credits to rural suppliers, builders and contractors of affordable housing
- Sales tax rebates on all materials
- Land banking and land trust models
- State incentives/prioritization of scattered site rural investment

NATIONAL MACRO MODELS FOR AFFORDABLE HOUSING SOLUTIONS

- State of TN [Community Investment Tax Credit Program](#)
 - Financial institutions to invest in and receive a credit against their annual Franchise and Excise (F & E) taxes. "Qualified low-rate loan" means a loan that is at least 4 percent below the prime rate.
- State of IL
 - [The Illinois Affordable Housing Tax Credit](#) (IAHTC), also known as the Donations Tax Credit, provides a \$0.50 state income tax credit for each \$1 contributed to a qualified affordable housing project.
- State of CO
 - [Space to Create](#) Space to Create Colorado helps communities convert buildings into affordable living and work spaces. Non-residential spaces are available for creative enterprises and organizations that serve critical community needs. The program is the nation's first state-led initiative for affordable housing for creative sector workers in rural areas.

Affordable
Multifamily Typical
Funding Stack
45 Unit
New Construction
with ground floor
retail/community

SOURCES OF FUNDS EXAMPLE	
First Mortgage	\$1,250,000
HOME Funds – State or Local Allocation	\$750,000
Housing Incentives Funds – Varies by State	\$250,000
CDBG for Infrastructure	\$250,000
Deferred Developer Fee	\$400,000
Philanthropic Support (for non profits)	\$1,200,000
Land Donations	\$300,000
Low Income Housing Tax Credit Equity	\$9,500,000
TOTAL	\$13,650,000

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For more information, consulting or
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For information on Artspace visit
artspace.org