UW Extension Lunch and Learn Series





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Founder and Owner Wild Rice Retreat Bayfield, WI

Developer's Perspective: Rural affordable housing challenges and opportunities







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



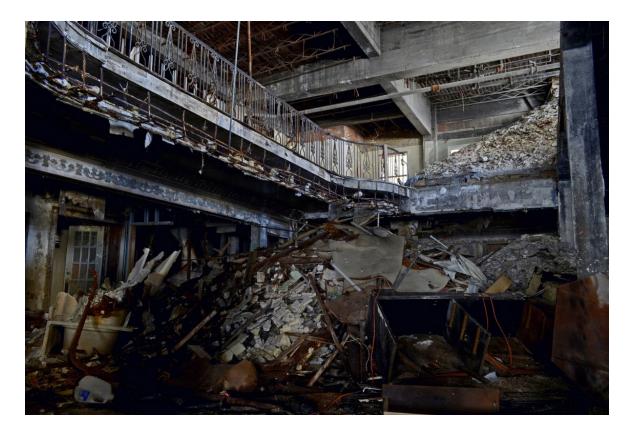
An Artspace Project in Bayfield

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
- 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



RICEPODTM

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 AT WILD RICE RETREAT
550 Square Ft
\$130,000 construction cost (not inclutilities 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 advisory services, please contact

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For information on Artspace visit artspace.org