

Workforce Housing Development Opportunities

Indiana Commissioner's Conference

November 30, 2023



COMMUNITY COLLABORATION AND COMPETITION

If you have a community plan, what is your number one priority?

If you don't have a community plan, what do you think your number one priority should/would be?

Likely:

TALENT ATTRACTION AND RETENTION is somewhere at the top.

COMPETING FOR HUMAN CAPITAL

Population Growth and Retention

Give the mouse the cookie.

- To be competitive you must be relevant.
- To be relevant you must have good data.
- Good data takes good planning.
- Good planning takes collaboration.
- Good communication is required.



QUALITY OF LIFE

Basic Needs VS Things to Do – The conversation has shifted.

- Shortage/Lifestyle

US Chamber of Commerce Worker Shortage Study

- IN Work Shortage Index
 - Job Openings – 162,000
 - Unemployment Workers – 117,400
 - Labor Force Participation Rate – 63.5%
 - Unemployment Rate – 3.4%
 - Quit Rate – 2.6%
 - Hiring Rate – 4.2%

EXAMPLE - HOUSING

Regional Planning by Thrive West Central

- Identifies Housing and Childcare Shortages
- READI funding for Homes for the Future Pilot Program
 - \$1.8 Million >>> \$24 Million (Regional Development Authority)

Regional Housing Study (City/County)

- Identifies Specific Housing Needs/Opportunities for Region and Individual Counties
 - \$5 Million ARPA Funding - County (Vigo)
 - \$5 Million ARPA Funding - City (Terre Haute)



EXAMPLE - CHILDCARE

Regional Planning by Thrive West Central

- Identifies Regional Childcare Shortage
- READI funding for Indiana State University (ISU) Childcare Center Expansion
 - \$1.5 Million
- ARPA funding for ISU Childcare Center Expansion
 - \$3 Million - County (Vigo)
 - \$1 Million - City (Terre Haute)

West Central IN Strategic Childcare Plan - Funded by ISU and Ivy Tech-Terre Haute

- Curriculum (ISU)
- Workers and Certifications (Ivy Tech)
- Collaboration with Local Businesses, Manufacturing Council, Non-Profits, Local Government

PREPARED FOR OPPORTUNITY

Is your community ready for the opportunities ahead?



Tax Increment and Housing



What is TIF?

Tax increment financing (or “TIF”) is a tool that captures new assessed value and property taxes from new development in a designated area.

- Captures increases in real property taxes and, at times, depreciable personal property taxes
- Typically captures commercial and/or industrial property
- Generally, cannot capture increased assessed value resulting from residential property improvements
 - Residential properties assessed as commercial (e.g. apartments) is an exception
 - Residential TIF tool

Residential TIF

- Previously, the idea was that traditional TIF was a tool to create jobs and wages, and residential growth would follow
- Traditional TIF could capture commercial and industrial growth, but residential growth would support the tax base
- Many communities experienced a disconnect, with a strong ability to attract employees but struggles to attract residents
- In many communities, shortage of jobs no longer the issue but lack of residents to fill those jobs
- Up-front funding barriers to new residential development, developer “gaps”
- State legislature realized issues and passed Residential TIF legislation as a tool to combat the barriers to development



Similarities: Residential TIF v. Traditional TIF

Overall mechanics and calculations

RDC, Plan Commission, and Council approvals

Tax Impact Statement and public hearing required

Life begins with the pledge of the TIF to a long-term obligation

TIF may be pledged to bonds or leases or combined with other revenues

Differences: Residential TIF v. Traditional TIF

Allows for the capture of single-family residential property in addition to commercial and industrial property

20-year life for residential TIF

Eligible uses:

- Single-family housing related infrastructure or other local public improvements
- Acquisition of real property for single-family housing rehabilitation purposes
- Site preparation in anticipation of single-family housing development

Residential Housing TIF Revenue Uses



Construction of infrastructure or local public improvements in, serving or benefiting a residential housing project (roads, sidewalks, utilities)



Acquisition of property for rehabilitation purposes within the area



Preparation of real property within the area for development



Payment of principal and interest on bonds or other obligations payable from the Housing TIF revenues



Reimburse the unit for expenditures made for local public improvements that are physically located in or connected to the Housing TIF Area





Program Purpose



The purpose of the Residential Housing Infrastructure Assistance Program (“Program”) and the associated Residential Infrastructure Fund (“Fund”) is to provide financial assistance to eligible participants to finance infrastructure projects that support residential housing development in communities that demonstrate need for additional housing inventory based on local job growth. The Program and Fund will be administered by the Indiana Finance Authority.



Uses of the Fund



The Fund may finance public infrastructure for the support of residential housing, including the purchase of land necessary to accommodate an Eligible Project including any soil excavation and/or compaction. All funds will be distributed to a political subdivision in the form of a low interest loan.

“Eligible Project” is a project that includes the installation, replacement, upgrade or improvement of public infrastructure for the support of residential housing.



Project Requirements



Seventy percent (70%) of the fund appropriations to the Fund must be used for housing infrastructure in political subdivisions with a population of less than fifty thousand (50,000) and the remaining thirty percent (30%) of the fund must be used for housing infrastructure in political subdivisions not eligible for the 70% allocation.



Project Requirements



For a project to be “eligible”, a political subdivision’s application must include, but is not limited to the following criteria:

(1) General project information including:

(a) Demonstration of need

(b) Type of infrastructure needed

(c) Detailed description of all project components

(2) The need for the funding, the type of housing that will be developed and what the cost of each unit will be with and without IFA’s financial assistance. Post construction costs will be audited to verify anticipated savings was provided.

(3) A certification that as of the date of the loan closing, no litigation is pending challenging the validity of or entry into the loan or any security of the loan.



Program Prioritization



- Projects that are ready to move forward with construction within the State fiscal year following application submission
- Verification the political subdivision has: (a) Invested in a housing study within the last five (5) years; or demonstrated the need for additional housing inventory as indicated by the Indiana Housing and Community Development Authority's ("IHCDA")
https://indianahousingdashboard.com/?utm_content=&utm_medium=email&utm_source=govdelivery
- The political subdivision has voluntarily revised development ordinances and regulations, if applicable.
- The political subdivision has secured private, local, state, or federal funds to contribute to the eligible projects.



Interest Rates & Repayment



- The interest rate for proposed for projects will be set using the Indiana Finance Authority's (IFA) State Revolving Fund (SRF) interest rate matrix. See <https://www.in.gov/ifa/srf/finance/summary-of-current-interest-rate-policy/>.
- For traditional utility infrastructure projects, the interest rate depicted in the SRF matrix for the Political Subdivision will be used. All nonutility projects will be eligible for the interest rate equal to the highest SRF interest rate on the date of loan closing.
- Principal repayment will begin within 12 months of substantial completion of the project and will have a 20-year fixed interest rate, and level annual debt service.



Reporting



- In order to track and document the benefits of the Program, the political subdivision must:
 - Provide projected financing costs with and without state support.
 - Provide the number of housing units developed and by type.
 - Provide the percentage of funding that was leveraged using Program Funds.
 - Provide the size of the labor shed and how many employers the development supported.

Questions?

Rachel Leslie, CEO

rleslie@rjlsolutions.com

812.870.5423

Sherry Seiwert

sseiwert1@ifa.in.gov

317.653.5194

Emma Adlam, Director

emma.adlam@bakertilly.com

317.465.1512

