

**DRAFT ONLY
NOT APPROVED FOR
INTRODUCTION**

HOUSE BILL NO. _____

Workforce housing program.

Sponsored by: Joint Minerals, Business and Economic
Development Interim Committee

A BILL

for

1 AN ACT relating to economic development; modifying the
2 community workforce housing program; providing
3 appropriations; and providing for an effective date.

4

5 *Be It Enacted by the Legislature of the State of Wyoming:*

6

7 **Section 1.** W.S. 9-12-901(b)(iv) and (v)(intro) and
8 (A)(XI) and (B)(IV), by creating new paragraphs (vi)
9 through (viii) and 9-12-902(c) through (d), (g)(intro) and
10 (i) and (k), 9-12-903(a) and (b) by creating a new
11 paragraph (vi) and renumbering (vi) as (vii), 9-12-904(a)
12 and 9-12-905(b) are amended to read:

13

14 **9-12-112. Annual report and budget.**

1

2 (a) The council shall submit an annual report in the
3 manner provided by W.S. 9-2-1014 and using the benchmarks
4 prescribed in this act. In addition to the requirements of
5 W.S. 9-2-1014, included within the annual report shall be:

6

7 (vi) A summary of the total investments made by
8 the council under the workforce housing infrastructure
9 program under W.S. 9-12-901 through 9-12-905, including:

10

11 (A) The name of each grantee or borrower
12 and the amount of each grant or loan;

13

14 (B) An evaluation of the grant or loan
15 success in providing workforce housing infrastructure;

16

17 **9-12-901. Wyoming workforce housing infrastructure**
18 **program; purpose; definitions.**

19

20 (b) As used in this article:

21

1 (iv) "Workforce housing" means owner-occupied,
 2 residential dwellings or rental units affordable to
 3 families that have a gross income:

4
 5 (A) At or below one hundred twenty percent
 6 (120%) of the area median income; or

7
 8 (B) At or below a maximum of one hundred
 9 fifty percent (150%) of the area median income if the
 10 council determines an increase in the maximum income is
 11 necessary to accommodate the needs of an applicant which
 12 has demonstrated that housing costs are high relative to
 13 the ability to pay based on a comparison of area median
 14 income to the cost of housing;

15 ***** WBC COMMENTS *****

- 16 1. Allowing rental units recognizes nation-wide changes in the mortgage industry which
 17 make it more difficult to qualify for a loan. Also recognizes the input from many
 18 communities that the lack of rental housing is a hindrance to workforce development.
 19 2. Current statute does not define the workforce income band. This language inserted is
 20 from the adopted rules.
 21

22 (v) "Workforce housing infrastructure" means
 23 publicly owned infrastructure to a workforce housing
 24 subdivision or development, and if determined by the
 25 council to be consistent with the purposes of this article,
 26 through a workforce housing subdivision or development. ~~Te~~

1 ~~be considered "workforce housing infrastructure" under this~~
 2 ~~article, the infrastructure shall be for a workforce~~
 3 ~~housing subdivision or development for which the political~~
 4 ~~subdivision making application under this article has~~
 5 ~~required, through zoning or otherwise, the inclusion of a~~
 6 ~~specified percentage or number of housing units at~~
 7 ~~specified maximum initial sale prices or to have a~~
 8 ~~specified initially finished, maximum square footage.~~ In

9 addition, the following shall apply:

10

11 (A) "Workforce housing infrastructure"
 12 includes:

13

14 (XI) Other infrastructure determined
 15 by the council to be consistent with the purposes of this
 16 article and required by the political subdivision making
 17 application under this article through zoning or otherwise.

18

19 (B) "Workforce housing infrastructure"
 20 shall not include:

21

22 (IV) Financing any project that ~~does~~
 23 will not provide for the construction of additional housing

1 units or that involves rehabilitation or expansion of
 2 existing infrastructure unless the council determines the
 3 rehabilitation or expansion is necessary to meet the
 4 purposes of this article;

***** WBC COMMENTS *****

5
 6 This relates to the planned workforce subdivision incentive—Like business parks, not all
 7 subdivisions will immediately fill up. However, the diligence will have been done to
 8 ensure community capacity, community growth, etc.
 9

10 (vi) "Convertible loan" means a portion of the
 11 loan may be converted to a grant, if within a designated
 12 period of time, as established by the council, the
 13 development has generated workforce housing occupied by
 14 owners according to performance measures submitted by the
 15 applicant with the application and approved by the state
 16 loan and investment board;

***** WBC COMMENTS *****

17
 18 This concept of a forgivable loan or a convertible loan is borrowed from on under-
 19 utilized component of the Community Development Block Grant Program. In that
 20 program, a portion of the loan is converted to grant for each job created.
 21
 22

***** STAFF COMMENTS *****

23
 24 **This requirement excludes rental units from**
 25 **counting toward convertible loan requirements.**
 26 **The WBC noted rental units could be included but**
 27 **were excluded for the following reasons:**
 28

- 29 1. Prior Legislative preference for owner-occupied housing;
 30 2. Occupancy of owner-occupied units may be a more long-term and “solid”
 31 demonstration of consideration having been met.
 32 3. Administrative follow up and compliance may be more easily accomplished
 33 with owner-occupied housing than with rentals. Owner-occupied housing presents a
 34 more certain guarantee of occupancy.

1 The term is defined, but not used in the
 2 legislation. The substantive provisions are
 3 repeated below. Thus it appears this should be
 4 deleted. The WBC agrees with that comment but
 5 wanted it included for the Committee’s review.
 6

7 (vii) “Workforce subdivision” means a housing
 8 subdivision for which the developer has committed a
 9 specific number of workforce housing units;

10 ***** WBC COMMENTS *****

11 The distinction between “Workforce Subdivision” and “Planned workforce Subdivision”
 12 is comparable to the distinction between a BRC “Business Committed” project and a
 13 BRC “Community Readiness” project.
 14

15 (viii) “Planned workforce subdivision” means a
 16 development which the political subdivision making
 17 application under this article has planned for or required,
 18 through zoning, or other regulatory means, a specified
 19 percentage or number of workforce housing units at
 20 specified maximum initial sale prices or to have a
 21 specified initially finished, maximum square footage.

22

23 ***** WBC COMMENTS *****

24 The intention is that if a community has specifically planned—through its comprehensive
 25 land use plan, zoning, or other regulatory tools, neighborhoods or areas of town primarily
 26 intended for workforce housing, then they could be supported by this program.
 27

28 **9-12-902. Wyoming workforce housing infrastructure**
 29 **program; creation; rulemaking.**

30

1 (a) The council shall establish and administer a
2 Wyoming workforce housing infrastructure program as
3 provided by this article. Any city, town, county or
4 special improvement district may submit an application to
5 the council for a grant or loan under the program on forms
6 prescribed by and subject to rules promulgated by the
7 council. Grants or loans may be applied for by a joint
8 powers board with the approval of all participating
9 agencies to the joint powers agreement. Grants or loans
10 may be made by the council for workforce housing
11 infrastructure projects, planned workforce housing
12 infrastructure projects and community land trust projects.
13 In adopting rules and making grants and loans under this
14 article the council shall require all projects to be
15 related to workforce housing infrastructure, planned
16 workforce housing infrastructure projects or community land
17 trusts.

18
19 (b) Loans may be made at zero interest rate, up to an
20 annual interest rate equal to the average prime interest
21 rate as determined in accordance with subsection (e) of
22 this section. The council shall establish criteria for
23 determining the maximum grant and loan amounts subject to

1 final approval by the state loan and investment board.
2 Grants shall be matching grants as determined by the
3 council. Grants shall be made only if the applicant
4 demonstrates that upon receipt of the grant all projected
5 project costs the applicant is responsible for providing
6 for the planned workforce housing neighborhood or area,
7 through zoning, land use plans or other regulatory matters,
8 will be funded.

9 ***** WBC COMMENTS *****

10 What this is trying to get at is that the community has all its funding in place for all
11 infrastructure necessary to make land available for future workforce housing
12 development.

13 ***** STAFF COMMENTS *****

14 **There is no minimum match requirement as drafted.**
15 **The WBC notes that:**

16
17 Neither the Business Ready Community nor the Community Facility Program have
18 match amounts established in statute, only in rule.
19

20 (c) Loans shall be made under this article, only if
21 the applicant demonstrates that upon receipt of the loan,
22 all projected project costs for the workforce subdivision
23 will be funded. Portions of loans may be converted to a
24 grant, as prescribed by the council in rule, if within a
25 designated period of time, as established by the council,
26 the development has generated workforce housing occupied by
27 owners according to performance measures submitted by the
28 applicant with the application and approved by the state

1 loan and investment board. Loans or grants for one (1)
 2 project may not exceed a maximum annual amount established
 3 by rule of the council, unless the project is phased over
 4 more than one (1) year. ~~Multi year projects may be awarded~~
 5 ~~up to the maximum annual amount each year,~~ Successive
 6 grants or loans may be made to phased projects for a period
 7 not to exceed three (3) years, provided the council
 8 determines that previously funded phases have realized the
 9 performance measures as approved by the state loan and
 10 investment board. The application shall identify the
 11 source of all funds to be used for the project.

***** STAFF COMMENTS *****

12 **This segregates grants and loans, with loans used**
 13 **only for housing projects and grants for planned**
 14 **housing projects. That is the proposal for this**
 15 **draft, with the following explanation from the**
 16 **WBC:**
 17

18
19 That is the intent of this proposal. Using Business Ready Communities as a guide:

- 20 • “planned housing projects” the equivalent of “housing readiness projects”.
- 21 Grants enable communities to proactively direct and encourage future growth.
- 22 • “housing projects” are the equivalent of “developer committed projects”. Loans
- 23 help reduce infrastructure costs so units can be sold at a rate affordable to a
- 24 working class.

25
26 That said, there are other permutations that come to mind:

- 27 • Convertible loans for planned housing projects
- 28 • Grants for housing projects.

29
30 ***** WBC COMMENTS *****

31 This is intended to clarify “multi-year” projects. The same language has developed some
32 confusion with the BRC program.
33

1

2 (d) Grants and loans may be used to fund project
3 costs in accordance with approved applications and rules of
4 the council. Grants and loan funds may be used to contract
5 with community development organizations, state development
6 organizations and nonprofit organizations in accordance
7 with the purposes of this article and approved
8 applications.

9

10 (g) Grants, loans and loan commitments or any
11 combination thereof shall be made under this article only:

12

13 (i) If there are sufficient funds in the
14 workforce housing infrastructure program account to fully
15 fund it and all other outstanding grants, commitments and
16 loans;

17

18 (k) After approval of ~~loans~~ a grant or loan, the
19 applicants shall report to the council, as required by the
20 approved application. The report shall include:

21

22 (i) The progress of the project until the
23 construction of the project is completed;

1

2

(ii) The progress realizing performance measures as identified by the applicant and approved by the state loan and investment board;

5

6

~~(ii)~~(iii) Any additional information required by the council to ensure compliance with loan requirements or compliance with this article.

9

***** WBC COMMENTS *****

Emphasis on locally defined performance measures. These are used to gauge project success, determine eligibility for convertible loans, and successive grants for future phases.

13

14

9-12-903. Council duties; actions on grant and loan applications.

16

17

(a) All complete applications to participate in the program established under this article, which conform with the criteria established by law and rules promulgated under this article and which are submitted to the council, shall be considered by the council. The council shall approve or disapprove each application considered in accordance with this article and rules promulgated by the council. All loans, grants or cooperative agreements made under this article shall be referred by the council to the state loan

25

1 and investment board for final approval or disapproval. The
 2 state loan and investment board may adopt rules as
 3 necessary to implement its duties under this article.

4
 5 (b) In adopting rules and making funds available
 6 under this article, the council shall provide a competitive
 7 application and scoring system adequate to measure the
 8 benefits of each application. The application scoring
 9 system shall target the projects based on ranking criteria
 10 which address:

11
 12 (vi) The extent to which the applicant has made
 13 regulatory changes according to community and economic
 14 development plans to encourage workforce housing
 15 development and construction;

16 ***** WBC COMMENTS *****

17 This criteria is aimed at rewarding those communities that have actively accomplished
 18 regulatory changes (such as decreased requirements for lot size or street widths), intended
 19 to encourage workforce housing.
 20

21 ~~(vi)~~ (vii) Any other criteria determined by the
 22 council to be consistent with the purposes of this article.

23
 24 **9-12-904. Community land trusts; eligibility;**
 25 **requirements.**

1

2 (a) Grants and loans made under this article for
3 community land trusts, in addition to meeting other
4 requirements of this article, shall require that:

5

6 **9-12-905. Wyoming workforce housing infrastructure**
7 **program account.**

8

9 (a) There is created the workforce housing
10 infrastructure program account. Funds shall be credited to
11 the account as provided by law. Except as provided in
12 subsection (b) of this section, funds in the account shall
13 be used only upon legislative appropriation for cooperative
14 agreements and loans authorized to be made under this
15 article. All funds including any earned interest and
16 repayments of principal on loans under this article
17 remaining in the workforce housing infrastructure program
18 account at the end of a biennium shall not lapse and shall
19 not revert as provided in W.S. 9-4-207 but shall remain in
20 the account to implement the purposes of this section.

21

22 (b) Interest and repayments of principal on loans
23 under this article shall be redeposited into the workforce

1 housing infrastructure program account. From the repaid
 2 interest, up to one percent (1%) of the outstanding
 3 principal loan balances under this article is continuously
 4 appropriated each fiscal year to the council for
 5 administrative costs associated with servicing loans made
 6 under this article.

***** STAFF COMMENTS *****

7
 8 **The WBC loan personnel is reviewing this language**
 9 **to ensure it accomplishes the intent of the WBC.**

***** WBC COMMENTS *****

10
 11
 12 This is something we are experiencing with BRC. Interest may not be available to pay
 13 contractors to service loans. We would like to use a portion of the interest payments for
 14 each individual loan to pay for the servicing of each loan by a contractor. Currently,
 15 WBC has a loan servicing contract with Markee Escrow Services, Inc. That contract
 16 states: "For the performance of the Loan Servicing Duties...Contractor shall charge the
 17 council monthly one-half of a percent (0.05%) per annum on the outstanding principal
 18 balances of loans being serviced. There are also hourly fees, set up fees, record keeping
 19 fees which could add up to 1%. With BRC, we estimate that a \$1.5M loan will cost us
 20 \$50,000 over a 10 year term.
 21
 22

Section 2.

23
 24
 25 (a) There is appropriated forty million dollars
 26 (\$40,000,000.00) from the budget reserve account to the
 27 Wyoming workforce housing infrastructure program account
 28 created by W.S. 9-12-905.

29
 30 (b) There is appropriated fifty thousand dollars
 31 (\$50,000,.00) from the budget reserve account to the

1 Wyoming business council for personnel and program
2 administration to develop, operate and oversee the
3 workforce housing infrastructure program, for the fiscal
4 biennium ending June 30, 2010.

5 ***** WBC COMMENTS *****

6 At this time, it is not clear what the administrative cost for the program would be. Follow
7 up and compliance would be significant.

8 The CFP program has an annual administrative budget of \$114,000 which is paid for by
9 the WBC "out of hide".

10 It is not known if WCDA would want to play a role in administering this program.
11

12 (c) The appropriations under this section shall be
13 one time appropriations and shall not be included in the
14 Wyoming business council's 2011-2012 standard biennial
15 budget request.

16
17 (d) Notwithstanding any other provision of law, the
18 appropriations under this section shall not be transferred
19 or expended for any other purpose.

20
21 (e) The Wyoming business council shall submit a
22 report to the joint minerals, business and economic
23 development interim committee and the joint appropriations
24 interim committee, on or before December 1, 2009,
25 containing a statement of all rules adopted to further the
26 purposes of this act, details of applications submitted

1 under the program and all applicable deed restrictions and
2 regulations adopted to ensure repayment of the loans issued
3 under the program.

4

5 **Section 3.** This act is effective immediately upon
6 completion of all acts necessary for a bill to become law
7 as provided by Article 4, Section 8 of the Wyoming
8 Constitution.

9

10

(END)

11