

Economic Development Workforce Housing Incentive Pilot Program

Total allocations: \$2 million, Maximum award: \$1 million

Purpose: Enhance the appeal of the Tobacco Region for major economic development projects by incentivizing localities to develop affordable housing options for incoming/expanding company employees.

Incentive structure:

- Applications are made by political subdivisions of the Commonwealth on behalf of the housing developer, which may be for-profit or non-profit.
- Applications received and evaluated on a rolling basis.
- Funds require a minimum three-to-one match and generally follow existing Tobacco Commission funding policies.
- The maximum incentive award is \$35,000 per unit with funds spent on site development, infrastructure, or direct housing construction costs.
- New employer must be within 30-minute drive time of the applicant's project.
- Units can be for rent or for sale.

Minimum qualifications for award:

- Award must be tied to a competitive economic development project in the Tobacco Region and will be considered part of the Commonwealth's overall incentive package. Project must also be eligible for Virginia's Major Business Facility Job Tax Credit, which requires a 50-job threshold for non-distressed localities, a 25-job threshold for distressed localities, and that the threshold number of jobs be created within a 12-month period.
- Recipient locality must have a workforce housing plan in place or commit to creating a plan that meets the needs of the incoming employer.
- The new housing development must, in part, target middle-income households (generally 80-120% of Area Median Income) and meet affordability requirements (i.e. housing budget is generally 30% of income).
- The new units should be densely constructed, such as multifamily and duplexes, so as to improve affordability.
- Applicant must show a demand for housing and explain how the new jobs will impact that demand; applicant must also show proof of funding gap with completed pro-forma that shows demonstrated utilization of different funding sources.

Stronger proposals will include:

Employer participation in the housing project, such as:

- Savings match for employees to help build up their ability to purchase the unit
- Monthly housing payment-matching program to help employees keep housing costs below 30% of their total household income
- Direct financial investment by the employer into the new housing units

- Employer-provided or -subsidized transportation to and from work for residents of the new units

Innovative and meaningful support from the locality for new workforce housing, such as:

- Establishment of a Tax Increment District to help pay for the infrastructure on which the new workforce housing will be built
- The rezoning and up-zoning of parcels that are in easy commuting distance from the employer to allow for more dense and affordable housing construction
- Making significant steps in implementing the locality's workforce housing plan
- Meaningful public investment in the project, such as cash, land donation, infrastructure improvements, waived fees

Involvement from multiple partners leveraging one another's investment into the effort, such as:

- The participation of key state and Federal housing resource organizations such as Virginia Housing, Department of Housing and Community Development, and HUD
- The participation of local and regional housing organizations, including non-profits and community development organizations
- Being eligible for financing from Virginia Housing
- Achieving other community development goals, such as being mixed-use, being located in a revitalization zone, or redeveloping an historic structure
- Building on previous efforts to improve housing in the region (e.g., CIG planning grants, inclusionary zoning, zoning/policy analysis and changes to promote housing) and featuring meaningful public engagement and regional collaboration

**Tobacco Region Revitalization Commission
Proposed FY2025 Budget**

	FY2024
Endowment Balance July 1, 2023	\$ 122,085,751
Minus June corpus invasion	(18,312,863)
Ending Endowment Balance June 30, 2024	\$ 103,772,888
Corpus Invasion-->	15.0%

<u>SOURCES of Funds</u>	FY2024		Proposed FY2025	% of Budget
Interest Earnings	\$ 3,762,348		\$ 4,300,000	
TICR Endowment	-		18,312,863	
Lending Program	18,208,351			
Carryforward	5,965,701		2,827,376	
Total Sources	\$ 27,936,400		\$ 25,440,239	
 <u>USES of Funds</u>				
Administration				
Salaries, Benefits, Per Diems	\$ 1,432,900		\$ 1,706,500	
Contractual Services, Travel	237,800		258,000	
Supplies and Materials	11,000		10,000	
Transfer Payments	334,300		323,800	
Rent, Insurance, Agency Svc Charges	213,400		340,050	
Furniture and Equipment	7,000		6,000	
Total Administration	\$ 2,236,400		\$ 2,644,350	15.7%
		Unobligated Balance as of 2/28/2024		
Tobacco Region Opportunity Fund	\$ -	\$ 21,892,204	\$ -	0.0%
Education				
Competitive	\$ 2,000,000	\$ 2,173,582	\$ -	
Talent Attractions Programs	\$ -	4,067,750	-	
Workforce Financial Aid	2,200,000	3,867,827 *	2,200,000	
	\$ 4,200,000	\$ 10,109,159	\$ 2,200,000	13.1%
Economic Development				
Southern Va Committee	\$ 6,000,000	\$ 29,870,189 *	\$ 6,000,000	
Southwest Va Committee	3,500,000	5,094,587 *	6,000,000	
Total Economic Development	\$ 9,500,000	\$ 34,964,776	\$ 12,000,000	71.2%
Megasite Prospect Incentive Fund	\$ -	\$ 17,375,889	\$ -	0.0%
Lending Program	\$ -	\$ 21,696,319	\$ (3,500,000)	-20.8%
Energy Innovation Fund	\$ 12,000,000	\$ 12,000,000 *	\$ -	0.0%
Agribusiness	\$ -	\$ -	\$ 1,500,000	8.9%
Economic Dev Housing Pilot	\$ -	\$ -	\$ 2,000,000	11.9%
General Account	\$ -	\$ 2,827,376	\$ -	0.0%
Total Uses	\$ 27,936,400	\$ 120,865,723	\$ 16,844,350	100.0%

*Awards anticipated in May 2024