

HB 245 -- RURAL WORKFORCE HOUSING

SPONSOR: Sharpe (4)

COMMITTEE ACTION: Voted "Do Pass" by the Special Committee on Rural Issues by a vote of 10 to 1.

This bill establishes the "Rural Workforce Housing Investment Act".

A workforce housing grant program is created in the Department of Economic Development (DED) to foster and support the development of workforce housing in rural communities. A nonprofit development organization may apply to DED for approval of a workforce housing grant for a workforce housing investment fund. Grants will be awarded on a competitive basis through 2027. Grant maximums must not exceed \$1 million to any one nonprofit development organization over a two-year period, with no more than \$2 million cumulative for any single grantee through Fiscal Year 2028.

Grants will be awarded in the following manner:

- (1) A demonstrated and ongoing housing need as identified by a recent housing study;
- (2) A community or region that has a low unemployment rate and is having difficulty attracting workers and filling employment positions;
- (3) A community or region that exhibits a demonstrated commitment to growing its housing stock;
- (4) Projects that can reasonably be ready for occupancy in a period of 24 months; and
- (5) A demonstrated ability to grow and manage a workforce housing investment fund.

A nonprofit development organization must:

- (1) Invest or intend to invest in workforce housing eligible activities;
- (2) Use any fees, interest, loan repayments, or other funds it receives as a result of the administration of the grant to support qualified activities; and
- (3) Have an active board of directors with expertise in development, construction, and finance that meets at least quarterly to approve all qualified investments made by the

nonprofit development organization. A nonprofit development organization must have a formal plan and proven expertise to invest unused workforce housing investment fund balances and must have an annual audit of all financial records conducted by an independent certified public accountant.

This bill creates the "Rural Workforce Housing Investment Fund".

In the event that a nonprofit development organization fails to engage in the initial qualified activity within 24 months after receiving grant funding, the funds must be returned to DED for credit to the Rural Workforce Housing Investment Fund. If a nonprofit development organization fails to allocate any remaining initial grant funding within 24 months after engaging in initial qualified activity, the unallocated funds will be returned to DED for credit to the Rural Workforce Housing Investment Fund.

The Director of DED will have discretion to transfer any unused funds to any qualifying trust or fund before August 28, 2030. Beginning August 28, 2030, any funds held by DED and not designated by the Director to be disbursed to an alternate fund will be transferred to the Missouri Housing Trust Fund.

Each nonprofit must submit an annual report to the Director of DED. The annual report must include the following:

- (1) The name and geographical location of the reporting nonprofit development organization;
- (2) The number, amount, and type of workforce housing investment funds invested in qualified activities;
- (3) The number, geographical location, type, and amount of investments made;
- (4) A summary of matching funds and where the matching funds were generated; and
- (5) The results of the annual audit.

If a nonprofit development organization ceases administration of a Workforce Housing Investment Fund, it must file a final report. If a nonprofit fails to file a complete annual report by February 15th, the Director may impose a civil penalty of \$5,000 for the violation.

The DED must also be expected to commit itself to:

(1) Ensure that grant funds awarded to nonprofit development organizations are targeted to the geographic communities or regions with the most pressing economic and employment needs; and

(2) Ensure that the allocation of grant funds provides equitable access to the benefits provided in the bill to all eligible geographical areas.

The Department must submit an annual report to the General Assembly and the Governor that includes:

(1) The number and geographical location of nonprofit development organizations establishing workforce housing investment funds;

(2) The number, amount, and type of workforce housing investment funds invested in qualified activities; and

(3) The number, geographical location, type, and amount of investments made by each nonprofit development organization.

This bill is the same as HB 2240 (2024).

PROPOSERS: Supporters say that currently in rural Missouri, there is a shortage of workforce housing, which makes it hard to attract economic development opportunities. A study of housing availability in northeast Missouri showed that there is a lack of housing in the \$150,000 to \$250,000 price range. This bill would allow nonprofits to build houses in this price range in the rural area.

Testifying in person for the bill were Representative Sharpe; Michael Scheib, Tri-County Electric Cooperative; Association of Missouri Electric Cooperatives; The Northeast Missouri Economic Development Council; and Missouri Economic Development Council.

OPPOSERS: There was no oppositions voiced to the committee.

Written testimony has been submitted for this bill. The full written testimony and witnesses testifying online can be found under Testimony on the bill page on the House website.