

**FISCAL NOTE**

**LEGISLATIVE FISCAL ANALYST ESTIMATE**

Revised to include agency response.

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2017-18</b>		<b>FY 2018-19</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS				
CASH FUNDS	3,604,335	0	5,672,775	0
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>3,604,335</b>	<b>0</b>	<b>5,672,775</b>	<b>0</b>

**Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.**

LB 518 would establish the Rural Workforce Housing Investment Act to be administered by the Department of Economic Development. The Rural Workforce Housing Investment Fund would be created using the following fund sources: 1) a one-time \$12,000,000 transfer from the Affordable Housing Trust Fund on or before July 1, 2017; 2) a transfer of \$1,000,000 from the Affordable Housing Trust Fund on or before July 1, 2018; and 3) a transfer of \$1,000,000 from the Affordable Housing Trust Fund on or before July 1, 2019. The agency is also authorized to seek private or non-state funding.

The fund would be used to provide workforce housing investment grants to foster and support the development of workforce housing in rural communities. LB 518 stipulates that through FY 19-20, grants shall be awarded on a competitive basis until grant funds are no longer available. Grants would require one-to-one matching funds in order to be considered for funding.

The reallocation of cash funds would have no net revenue impact to the department. Assuming that the Rural Workforce Housing Investment Fund could be used for administrative costs, there would be \$104,335 cash funds allocated for staffing and operating costs in FY 17-18 and \$162,775 cash funds allocated in FY 18-19. The remainder of the fund would be allocated to state aid and the department estimates state aid expenditures of \$3,500,000 in FY 17-18 and \$5,500,000 in FY 18-19. It is anticipated the remainder of the fund would be expended in FY 19-20.

The primary transfer from the Affordable Housing Trust Fund would occur in FY 16-17. The Department of Economic Development correctly notes that an amendment to Section 58-703 would be required to permit transfers out of the Affordable Housing Trust Fund to the Rural Workforce Housing Investment Fund.

**State Agency Estimate**

State Agency Name: Dept. of Economic Development		Date Due LFA			
Approved by: Courtney Dentlinger		Phone: 402-471-3777			
Date Prepared: 2/2/2017					
FY 2016-2017		FY 2017-2018		FY 2018-2019	
Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds					
AHT Fund	(\$12,000,000)		(\$1,000,000)		(\$1,000,000)
Federal Funds					
RWHInv Fund	12,000,000	\$3,604,335	1,000,000	\$5,672,775	1,000,000
<b>Total Funds</b>	<b>\$0</b>	<b>\$3,604,335</b>	<b>\$0</b>	<b>\$5,672,775</b>	<b>\$0</b>

**Explanation of Estimate:**

LB 518 creates the Rural Workforce Housing Investment Act, administered by the Department of Economic Development. The program provides grant funding on a matching basis to nonprofit development organizations for the development of workforce housing. Included in the definition of workforce housing are owner-occupied housing units costing between \$150,000 and \$275,000 to construct, or rental units costing between \$100,000 and \$200,000 to construct. Housing eligible for this program must not have received federal or state low-income housing tax credits, community development block grants, HOME funds, or funds from the Affordable Housing Trust Fund.

LB 518 creates the Rural Workforce Housing Investment Fund (RWHI). The new fund will receive three transfers from the Affordable Housing Trust Fund (AHTF), \$12 million on or before July 1, 2017, and \$1 million on or before July 1, 2018, and July 1, 2019. The Department may seek additional funding from other sources, including the Nebraska Investment Finance Authority, or other interested parties. Rural workforce housing grants are to be awarded through FY2019-20 or until funds are no longer available.

The Department of Economic Development estimates that administration of a new grant program will require the services of one FTE Economic Development Manager to develop rules and regulations and manage the operation of the grant program, and produce the necessary reports. In addition, the department estimates that it will require 1.0 FTE of an Economic Development Financial Packager to issue and track grant funds, beginning in FY2018-19. The operative date of the bill will result in approximately ¾ of a year to provide grants in the first year. It is expected that \$5.5 million in grants will be issued in the first full year of the program, and remaining \$4.7 million is expected to be expended in FY2019-20.

Note: As drafted, the language of LB387 does not properly provide for transfer authority from the Affordable Housing Trust Fund to the Rural Workforce Housing Investment Fund; however, these transfers are assumed in the note.

**Major Objects of Expenditure**

Class Code	Classification Title	16-17 FTE	17-18 FTE	18-19 FTE	16-17 Expenditures	17-18 Expenditures	18-19 Expenditures
	Economic Development Manager		1.0	1.0		\$63,955	\$64,915
	Econ. Dev. Financial Packager		0.0	1.0		0	57,400
	Benefits.....					25,580	30,580
	Operating Costs.....					3,200	3,200
	Travel.....					3,200	3,200
	Capital Outlay.....					8,400	8,400
	Aid.....					3,500,000	5,500,000
	Capital Improvements.....						
	<b>Total.....</b>					<b>\$3,604,335</b>	<b>\$5,672,775</b>