

LEGISLATURE OF NEBRASKA  
ONE HUNDRED FIFTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 518**

Introduced by Williams, 36.

Read first time January 18, 2017

Committee: Business and Labor

- 1 A BILL FOR AN ACT relating to economic development; to adopt the Rural
- 2 Workforce Housing Investment Act; and to provide for a transfer of
- 3 funds from the Affordable Housing Trust Fund.
- 4 Be it enacted by the people of the State of Nebraska,

1           Section 1. Sections 1 to 9 of this act shall be known and may be  
2 cited as the Rural Workforce Housing Investment Act.

3           Sec. 2. The Legislature finds that:

4           (1) Current economic conditions and limited availability of modern  
5 housing units impact the ability of Nebraska's rural communities to  
6 recruit and retain a world-class workforce. A lack of workforce housing  
7 affects the ability of communities to maintain and develop viable,  
8 stable, and thriving economies. A housing shortage in rural areas also  
9 impacts the ability of local private, nonprofit, and public employers to  
10 grow and prosper;

11           (2) Impediments exist to the construction, rehabilitation, and  
12 financing of rural workforce housing. There is a shortage of contractors  
13 willing to develop new housing units in rural communities. Developers and  
14 contractors perceive increased risk associated with housing development  
15 in rural areas. Today's worker who is considering a job in a rural area  
16 has different expectations about the type and style of housing he or she  
17 desires. Costs for new housing in rural areas generally continue to grow  
18 faster than Nebraska incomes and the cost of living; and

19           (3) In order to develop attractive housing options that lead to the  
20 recruitment and retention of a world-class workforce in Nebraska's rural  
21 communities, it is the intent of the Legislature to use new and existing  
22 resources to support creation of workforce housing investment funds. Such  
23 funds will be used to encourage development of workforce housing in  
24 Nebraska's rural and underserved regions.

25           Sec. 3. For purposes of the Rural Workforce Housing Investment Act:

26           (1) Department means the Department of Economic Development;

27           (2) Director means the Director of Economic Development;

28           (3) Eligible activities of a workforce housing investment fund  
29 means:

30           (a) New construction of owner-occupied or rental housing in a  
31 community with demonstrated workforce housing needs;

1       (b) Substantial repair or rehabilitation of dilapidated housing  
2 stock; or

3       (c) Upper-story housing development;

4       (4) HOME funds means funds awarded as formula grants under the HOME  
5 Investment Partnerships Program administered by the United States  
6 Department of Housing and Urban Development;

7       (5) Matching funds means dollars contributed by individuals,  
8 businesses, foundations, local and regional political subdivisions, or  
9 other nonprofit organizations to a workforce housing investment fund  
10 administered by a nonprofit development organization;

11       (6) Nonprofit development organization means a regional or statewide  
12 nonprofit development organization approved by the director;

13       (7) Qualified activities include purchase and rental guarantees,  
14 loan guarantees, loan participations, and other credit enhancements  
15 related to eligible activities of the workforce housing investment fund;

16       (8) Qualified investment means a cash investment in a workforce  
17 housing investment fund administered by a nonprofit development  
18 organization;

19       (9) Rural community means:

20       (a) Any municipality in a county with a population of fewer than one  
21 hundred thousand inhabitants as determined by the most recent federal  
22 decennial census;

23       (b) An unincorporated area within such a county; or

24       (c) A census tract in Nebraska that:

25       (i) Has an unemployment rate which is thirty percent higher than the  
26 statewide average unemployment rate and has a per capita income thirty  
27 percent below the statewide average per capita income; or

28       (ii) Had a population decrease of greater than twenty percent  
29 between the two most recent federal decennial censuses;

30       (10) Workforce housing means:

31       (a) Housing that meets the needs of today's working families;

1        (b) Housing that is attractive to new residents considering  
2 relocation to a rural community;

3        (c) Owner-occupied housing units that cost at least one hundred  
4 fifty thousand dollars but not more than two hundred seventy-five  
5 thousand dollars to construct or rental housing units that cost at least  
6 one hundred thousand dollars but not more than two hundred thousand  
7 dollars per unit to construct. For purposes of this subdivision (c),  
8 housing unit costs shall be updated annually by the department based upon  
9 the most recent increase or decrease in the Producer Price Index;

10       (d) Owner-occupied and rental housing units for which the cost to  
11 substantially rehabilitate exceeds fifty percent of a unit's assessed  
12 value;

13       (e) Upper-story housing; and

14       (f) Housing that does not receive federal or state low-income  
15 housing tax credits, community development block grants, HOME funds, or  
16 funds from the Affordable Housing Trust Fund; and

17       (11) Workforce housing investment fund means a fund that has been  
18 created by a nonprofit development organization and certified by the  
19 director to encourage development of workforce housing in rural areas.

20       Sec. 4. (1) The director shall establish a workforce housing  
21 investment grant program to foster and support the development of  
22 workforce housing in rural communities.

23       (2) A nonprofit development organization may apply to the director  
24 for approval of a workforce housing grant for a workforce housing  
25 investment fund. The application shall be in a form and manner prescribed  
26 by the director. Through fiscal year 2019-20, grants shall be awarded by  
27 the director on a competitive basis until grant funds are no longer  
28 available. Grant maximums shall not exceed two and one-half million  
29 dollars to any one nonprofit development organization over a two-year  
30 period, with no more than five million dollars cumulative for any single  
31 grantee through fiscal year 2019-20. Grants shall require a minimum one-

1 to-one in matching funds to be considered a qualified grant application.  
2 Unallocated funds shall be rolled to the next program year. Unallocated  
3 funds on June 30, 2021, shall be returned to the Rural Workforce Housing  
4 Investment Fund.

5 (3) Grants shall be awarded based upon:

6 (a) A demonstrated and ongoing housing need as identified by a  
7 recent housing study;

8 (b) A community or region that has a low unemployment rate and is  
9 having difficulty attracting workers and filling employment positions;

10 (c) A community or region that exhibits a demonstrated commitment to  
11 growing its housing stock;

12 (d) Projects that can reasonably be ready for occupancy in a period  
13 of twenty-four months; and

14 (e) A demonstrated ability to grow and manage a workforce housing  
15 investment fund.

16 (4) A workforce housing investment fund shall:

17 (a) Be required to receive annual certification from the department;

18 (b) Invest or intend to invest in workforce housing eligible  
19 activities;

20 (c) Use any fees, interest, loan repayments, or other funds received  
21 by the nonprofit development organization as a result of the  
22 administration of the grant to support qualified activities; and

23 (d) Have an active board of directors with expertise in development,  
24 construction, and finance that meets at least quarterly to approve all  
25 qualified investments made by the nonprofit development organization. A  
26 nonprofit development organization shall have a formal plan and proven  
27 expertise to invest unused workforce housing investment fund balances and  
28 shall conduct an annual audit of all financial records by an independent  
29 certified public accountant.

30 Sec. 5. (1) The Rural Workforce Housing Investment Fund is created.  
31 Funding for the grant program described in section 4 of this act shall

1 come from the Rural Workforce Housing Investment Fund. The Rural  
2 Workforce Housing Investment Fund may include revenue from appropriations  
3 from the Legislature, grants, private contributions, and other sources.  
4 In addition, the Rural Workforce Housing Investment Fund shall receive a  
5 one-time transfer of twelve million dollars on or before July 1, 2017,  
6 from the Affordable Housing Trust Fund and a one-million-dollar transfer  
7 from the Affordable Housing Trust Fund on or before July 1, 2018, and on  
8 or before July 1, 2019. Any money in the Rural Workforce Housing  
9 Investment Fund available for investment shall be invested by the state  
10 investment officer pursuant to the Nebraska Capital Expansion Act and the  
11 Nebraska State Funds Investment Act.

12 (2) The department shall administer the Rural Workforce Housing  
13 Investment Fund and may seek additional private or nonstate funds to use  
14 in the grant program, including, but not limited to, contributions from  
15 the Nebraska Investment Finance Authority and other interested parties.

16 (3) Interest earned by the department on grant funds shall be  
17 applied to the grant program.

18 (4) If a workforce housing investment fund fails to engage in a  
19 qualified activity within twenty-four months after receiving initial  
20 grant funding, the workforce housing investment fund shall return the  
21 grant proceeds to the department for credit to the Affordable Housing  
22 Trust Fund. The director, in his or her discretion, may ask a workforce  
23 housing investment fund that fails to make subsequent investments,  
24 following the initial investment, to repay any outstanding grant funds to  
25 the department for credit to the Affordable Housing Trust Fund.

26 Sec. 6. (1) Each workforce housing investment fund shall submit an  
27 annual report to the director to be included as a part of the  
28 department's annual status report required under section 81-1201.11. The  
29 report shall certify that the workforce housing investment fund meets the  
30 requirements of the Rural Workforce Housing Investment Act and shall  
31 include a breakdown of program activities.

1       (2) The annual report shall include, but not necessarily be limited  
2 to:

3       (a) The name and geographical location of the reporting workforce  
4 housing investment fund;

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

7       (c) The number, geographical location, type, and amount of  
8 investments made;

9       (d) A summary of matching funds and where such matching funds were  
10 generated; and

11       (e) The results of the annual audit required under subdivision (4)  
12 (d) of section 4 of this act.

13       (3) If a nonprofit development organization ceases administration of  
14 a workforce housing investment fund, it shall file a final report with  
15 the director in a form and manner required by the director. Any  
16 unallocated workforce housing investment fund grant funds shall be  
17 returned for credit to the Rural Workforce Housing Investment Fund.

18       (4) If a workforce housing investment fund fails to file a complete  
19 annual report by February 15, the director may, in his or her discretion,  
20 impose a civil penalty of not more than five thousand dollars for such  
21 violation. All money collected by the department pursuant to this  
22 subsection shall be remitted to the State Treasurer for distribution in  
23 accordance with Article VII, section 5, of the Constitution of Nebraska.

24       Sec. 7. (1) The director, to the extent possible, shall assure that  
25 grant funds awarded to workforce housing investment funds are targeted to  
26 the geographic communities or regions with the most pressing economic and  
27 employment needs.

28       (2) The director shall, to the extent possible, assure that the  
29 allocation of grant funds provides equitable access to the benefits  
30 provided by the Rural Workforce Housing Investment Act to all eligible  
31 geographical areas.

1       (3) The director may contract with a statewide public or private  
2 nonprofit organization which shall serve as agent for the department to  
3 help carry out the purposes and requirements of the Rural Workforce  
4 Housing Investment Act. The department or its agent may only use for  
5 expenses that portion of the funds available for the workforce housing  
6 investment grant program through the Rural Workforce Housing Investment  
7 Fund necessary to cover the actual costs of administering the program.

8       Sec. 8.   (1) As part of the department's annual status report  
9 required under section 81-1201.11, the department shall submit a report  
10 to the Legislature and the Governor that includes, but is not necessarily  
11 limited to:

12       (a) The number and geographical location of workforce housing  
13 investment funds;

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

16       (c) The number, geographical location, type, and amount of  
17 investments made by each workforce housing investment fund.

18       (2) The report to the Legislature shall be submitted electronically.

19       (3) Information received, developed, created, or otherwise  
20 maintained by the department in administering and enforcing the Rural  
21 Workforce Housing Investment Act, other than information required to be  
22 included in the report to be submitted by the department to the Governor  
23 and Legislature pursuant to this section, may be deemed confidential by  
24 the department and not considered public records subject to disclosure  
25 pursuant to sections 84-712 to 84-712.09.

26       Sec. 9.   The department may adopt and promulgate rules and  
27 regulations to administer and enforce the Rural Workforce Housing  
28 Investment Act.