

AMENDMENTS TO LB866

(Amendments to Standing Committee amendments, AM2913)

Introduced by Wayne, 13.

1           1. Insert the following new sections:

2           Sec. 11. Sections 11 to 19 of this act shall be known and may be  
3 cited as the Middle Income Workforce Housing Investment Act.

4           Sec. 12. (1) Current economic conditions and limited availability  
5 of modern housing units impact the ability of Nebraska's older urban  
6 neighborhoods and majority minority communities to maintain residential  
7 stability. Low rates of homeownership and a lack of high-quality, non-  
8 income restricted rental housing negatively affects the ability of  
9 residents of such neighborhoods and communities to achieve housing  
10 stability and invest in their neighborhoods and communities. A lack of  
11 workforce housing affects the ability of neighborhoods and communities to  
12 maintain and develop viable, stable, and thriving economies. A shortage  
13 of quality housing in such areas also impacts the ability of local  
14 private, nonprofit, and public employers to grow and prosper.

15           (2) Impediments exist to the construction, rehabilitation, and  
16 financing of urban workforce housing. Comparable home sale and appraisal  
17 prices do not justify the cost of new construction homes. There is a lack  
18 of space that would be large enough for development to achieve cost  
19 efficiencies. Due to generations of disinvestment, these neighborhoods  
20 and communities frequently receive a stigma that negatively impacts the  
21 residential real estate market.

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

1 housing in Nebraska's urban and underserved neighborhoods and  
2 communities.

3 Sec. 13. For purposes of the Middle Income Workforce Housing  
4 Investment Act:

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

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

7 (3) Eligible activities of a workforce housing investment fund  
8 means:

9 (a) New construction of owner-occupied housing in a neighborhood and  
10 community with a demonstrated need for housing that is affordable and  
11 attractive to first time homebuyers, middle-income families, and the  
12 emerging workforce;

13 (b) Substantial repair or rehabilitation of dilapidated housing  
14 stock; or

15 (c) Upper-story housing development for occupation by a homeowner;

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

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

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

25 (7) Qualified activities include purchase guarantees, loan  
26 guarantees, loan participations, and other credit enhancements related to  
27 eligible activities of the workforce housing investment fund;

28 (8) Qualified investment means a cash investment in a workforce  
29 housing investment fund administered by a nonprofit development  
30 organization;

31 (9) Urban community means any area that is:

1           (a) In a county with a population greater than one hundred thousand  
2 inhabitants as determined by the most recent federal decennial census;  
3 and

4           (b) Within a qualified census tract as described in 26 U.S.C. 42(d)  
5 (5)(B), as such section existed on January 1, 2020.

6           (10) Workforce housing means:

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

8           (b) Housing that is attractive to residents considering purchasing a  
9 home in an urban community;

10           (c) Owner-occupied housing units that have an after-construction  
11 appraised value of at least one hundred fifty thousand dollars but not  
12 more than two hundred fifty thousand dollars. For purposes of this  
13 subdivision (c) and subdivision (d) of this subsection, housing unit  
14 after-construction appraised value shall be updated annually by the  
15 department based upon the most recent increase or decrease in the  
16 Producer Price Index for all commodities, published by the United States  
17 Department of Labor, Bureau of Labor Statistics;

18           (d) Owner-occupied housing units for which the cost to substantially  
19 rehabilitate such units exceeds fifty percent of a unit's before-  
20 construction assessed value, and the after-construction appraised value  
21 is at least one hundred fifty thousand dollars but not more than two  
22 hundred fifty thousand dollars;

23           (e) Upper-story housing for occupation by a homeowner; and

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

27           (11) Workforce housing investment fund means a fund that has been  
28 created by a nonprofit development organization and certified by the  
29 director to encourage development of workforce housing in urban  
30 communities.

31           Sec. 14. (1) The director shall establish a workforce housing

1 investment grant program to foster and support the development of  
2 workforce housing in urban communities.

3 (2) A nonprofit development organization may apply to the director  
4 for approval of a workforce housing grant for a workforce housing  
5 investment fund. The application shall be in a form and manner prescribed  
6 by the director. Through fiscal year 2022-2023, grants shall be awarded  
7 by the director on a competitive basis until grant funds are no longer  
8 available. Grant maximums shall not exceed two and one-half million  
9 dollars to any one nonprofit development organization over a two-year  
10 period, with no more than five million dollars cumulative for any single  
11 grantee through fiscal year 2022-2023. Grants shall require a minimum  
12 one-to-one in matching funds to be considered a qualified grant  
13 application. Unallocated funds shall be rolled to the next program year.  
14 Unallocated funds on June 30, 2025, shall be returned to the Middle  
15 Income Workforce Housing Investment Fund.

16 (3) Grants shall be awarded based upon:

17 (a) A demonstrated need for additional owner-occupied housing. Need  
18 can be demonstrated with a recent housing study or a letter from the  
19 planning department of the city in which the fund is intending to operate  
20 stating that the proposal is in line with the city's most recent  
21 consolidated plan submitted under 24 C.F.R. part 91, subpart D, as such  
22 subpart existed on January 1, 2020;

23 (b) A neighborhood or community that has a higher-than-state average  
24 unemployment rate;

25 (c) A neighborhood or community that exhibits a demonstrated  
26 commitment to growing its housing stock;

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

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

31 (4) A workforce housing investment fund shall:

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

2       (b) Invest or intend to invest in eligible activities for a  
3 workforce housing investment fund;

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

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

14       Sec. 15. (1) The Middle Income Workforce Housing Investment Fund is  
15 created. Funding for the grant program described in section 14 of this  
16 act shall come from the Middle Income Workforce Housing Investment Fund.  
17 The Middle Income Workforce Housing Investment Fund may include revenue  
18 from appropriations from the Legislature, grants, private contributions,  
19 and other sources. In addition, the Middle Income Workforce Housing  
20 Investment Fund shall receive a one-time transfer of five million dollars  
21 on the effective date of this act from the General Fund. Any money in the  
22 Middle Income Workforce Housing Investment Fund available for investment  
23 shall be invested by the state investment officer pursuant to the  
24 Nebraska Capital Expansion Act and the Nebraska State Funds Investment  
25 Act.

26       (2) The department shall administer the Middle Income Workforce  
27 Housing Investment Fund and may seek additional private or nonstate funds  
28 to use in the grant program, including, but not limited to, contributions  
29 from the Nebraska Investment Finance Authority and other interested  
30 parties.

31       (3) Interest earned by the department on grant funds shall be

1 applied to the grant program.

2 (4) If a nonprofit development organization fails to engage in a  
3 qualified activity within twenty-four months after receiving initial  
4 grant funding, the nonprofit development organization shall return the  
5 grant proceeds to the department for credit to the Affordable Housing  
6 Trust Fund.

7 (5) Beginning July 1, 2025, any funds held by the department in the  
8 Middle Income Workforce Housing Investment Fund shall be transferred to  
9 the Affordable Housing Trust Fund.

10 Sec. 16. (1) Each nonprofit development organization shall submit  
11 an annual report to the director to be included as a part of the  
12 department's annual status report required under section 81-1201.11. The  
13 report shall certify that the workforce housing investment fund meets the  
14 requirements of the Middle Income Workforce Housing Investment Act and  
15 shall include a breakdown of program activities.

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

17 (a) The name and geographical location of the nonprofit development  
18 organization;

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

21 (c) The number, geographical location, type, and amount of  
22 investments made;

23 (d) A summary of matching funds and where such matching funds were  
24 generated; and

25 (e) The results of the annual audit required under subdivision (4)  
26 (d) of section 14 of this act.

27 (3) If a nonprofit development organization ceases administration of  
28 a workforce housing investment fund, it shall file a final report with  
29 the director in a form and manner required by the director. Before July  
30 1, 2025, any unallocated workforce housing investment fund grant funds  
31 shall be returned for credit to the Middle Income Workforce Housing

1 Investment Fund.

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

8 Sec. 17. (1) The department shall use its best efforts to assure  
9 that any grant funds awarded to a nonprofit development organization are  
10 targeted to the geographic communities or regions with the most pressing  
11 housing, economic, and employment needs.

12 (2) The department shall use its best efforts to assure that the  
13 allocation of grant funds provides equitable access to the benefits  
14 provided by the Middle Income Workforce Housing Investment Act to all  
15 eligible neighborhoods and communities.

16 (3) The director may contract with a statewide public or private  
17 nonprofit organization which shall serve as agent for the department to  
18 help carry out the purposes and requirements of the Middle Income  
19 Workforce Housing Investment Act. The department or its agent may only  
20 use for expenses that portion of the funds available for the workforce  
21 housing investment grant program through the Middle Income Workforce  
22 Housing Investment Fund necessary to cover the actual costs of  
23 administering the program.

24 Sec. 18. (1) As part of the department's annual status report  
25 required under section 81-1201.11, the department shall submit a report  
26 to the Legislature and the Governor that includes, but is not necessarily  
27 limited to:

28 (a) The number and geographical location of workforce housing  
29 investment funds;

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

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

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

4           (3) Information received, developed, created, or otherwise  
5 maintained by the department in administering and enforcing the Middle  
6 Income Workforce Housing Investment Act, other than information required  
7 to be included in the report to be submitted by the department to the  
8 Governor and Legislature pursuant to this section, may be deemed  
9 confidential by the department and not considered a public record subject  
10 to disclosure pursuant to sections 84-712 to 84-712.09.

11           Sec. 19. The department may adopt and promulgate rules and  
12 regulations to administer and enforce the Middle Income Workforce Housing  
13 Investment Act.

14           2. Renumber the remaining sections accordingly.