

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2023-24</b>		<b>FY 2024-25</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		See below		See below
CASH FUNDS	See below	See below	See below	See below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See below	See below	See below	See below

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

LB714 amends the Nebraska Affordable Housing Act in the following ways:

- Adds definitions for low-income and very low-income families under the act;
- Strikes “Matching funds for operating costs” and replaces it with “Operating costs” as eligible for assistance under the fund;
- Adds “low-rate mortgage” assistance as eligible for assistance under the fund;
- Allows for-profit entities, after meeting certain conditions, to receive assistance under the fund and adds conditions;
- Shortens the grant and loan application period from 90 to 60 days;
- Allows for multiple application periods under the fund should the total assistance allotted not be fully spent;
- Amends the qualified allocation plan to include a communities’ immediate need for owner-occupied or rental affordable housing units, and give first priority to for-profit entities that do not work in conjunction with eligible organizations and that indicate they are a small and emerging business or entrepreneur;
- Creates discretion for the Department to determine the amount of funds transferred in to the Affordable Housing Trust Fund from the General Fund or Cash Reserve Fund will go to qualified recipients under subsection (2) of section 58-707;
- Adds definitions for entrepreneur and small and emerging business;
- Adds new requirements for the Affordable Housing Trust Fund annual status report; and
- Creates intent to transfer \$25,000,000 from the General Fund for FY23-45 and FY24-25 to the Affordable Housing Trust Fund.

As this creates an expansion of Affordable Housing Trust Fund usage and a mechanism created to re-open the application period until all funds are allocated, we can assume that the fund will be fully obligated every year. Current appropriation for the Affordable Housing Trust Fund is \$12,750,000, which comes from a tax on Documentary Stamps. Estimates for administrative costs provided by the agency appear reasonable. As DED operates the AHTF on a reimbursement basis, no basis to disagree with the provided expenditure schedule.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>		
LB: 714	AM:	AGENCY/POLT. SUB: Department of Economic Development
REVIEWED BY: Neil Sullivan	DATE: 2/21/2023	PHONE: (402) 471-4179
COMMENTS: The Department of Economic Development assessment of fiscal impact from LB 714 appears reasonable.		

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**2023**

**LB<sup>(1)</sup> 714**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska Department of Economic Development

Prepared by: <sup>(3)</sup> Dave Dearmont Date Prepared: <sup>(4)</sup> 2/15/2023 Phone: <sup>(5)</sup> 402-471-3777

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS		(\$25,000,000)		(\$25,000,000)
CASH FUNDS	\$5,000,000	\$25,000,000	\$13,750,000	\$25,000,000
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<u>\$5,000,000</u>	<u>\$0</u>	<u>\$13,750,000</u>	<u>\$0</u>

**Explanation of Estimate:**

LB714 contains intent language to transfer \$25 million in FY2023-24 and FY2024-25 to the Affordable Housing Trust Fund (AHTF). The bill would also shorten the Department's loan application period from 90 days to 60 days and require DED to issue multiple application periods if the Funds have not been fully spent. The bill would also create new classes of income and limits program eligibility to families with 80% or less of area median income. Finally, the bill would allow applications from for-profit entities that do not work in conjunction with eligible non-profit organizations, if they indicate they are small and emerging businesses or entrepreneurs. These for-profit businesses would receive first priority for assistance.

The bill specifies that the assistance to for-profit entities that do not work in conjunction with eligible non-profit organizations come from the transferred funds, and not from the Documentary Stamp Tax receipts.

Based on experience with the current Affordable Housing program, the additional \$50 million and adding a new class of applicants will require the services of an Economic Development Manager, 2.5 Economic Development Business Consultant IIs, to review, process, score, and monitor the additional application cycles. In addition, the department will need the services of .5 FTE IT Business Database Analyst to support the grant management system and an additional .5 FTE of an Accountant III to process awards through the accounting system. In addition, operating expenses will include approximately \$56,800 annually for grant management software licensing and \$10,930 annually for additional leased office space.

DED expects that the \$50 million in aid will be distributed approximately 10%, 27.5%, 40%, and 22.5% in FY2023-24 through FY2026-27, respectively

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

POSITION TITLE	NUMBER OF POSITIONS		2023-24	2024-25
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
G49550 Econ Dev Manager	0.75	1.0	\$53,930	\$75,500
A49012 Econ Dev Consultant II	1.50	2.5	99,650	177,700
A07081 IT Data/Database Analyst	0.50	0.50	36,890	38,740
A19013 Accountant III	0.25	0.50	15,790	33,160
Total	3.00	4.50	\$206,260	\$325,100
Benefits.....			82,500	130,040
Operating.....			110,320	134,200
Travel.....			20,630	32,510
Capital outlay.....			43,000	0
Aid.....			4,537,290	13,128,150
Capital improvements.....			0	0
<b>TOTAL.....</b>			<b>\$5,000,000</b>	<b>\$13,750,000</b>