

AMENDMENTS TO LB768

(Amendments to Standing Committee amendments, AM2364)

Introduced by Hallstrom, 1.

1 1. Insert the following new sections:

2 **Sec. 11.** Section 81-1228, Reissue Revised Statutes of Nebraska, is
3 amended to read:

4 81-1228 For purposes of the Rural Workforce Housing 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 nonprofit development organization
8 means:

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

11 (b) Substantial repair or rehabilitation of dilapidated housing
12 stock;

13 (c) Upper-story housing development; or

14 (d) Extension of sewer or water service in support of workforce
15 housing;

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, regional, and statewide political
21 subdivisions, or other nonprofit organizations to a workforce housing
22 investment fund administered by a nonprofit development organization;

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

25 (7) Qualified activities include, but are not limited to, purchase
26 and rental guarantees, loan guarantees, loan participations, and other

1 credit enhancements or any other form of assistance designed to reduce
2 the cost of workforce housing related to eligible activities of the
3 nonprofit development organization;

4 (8) Qualified investment means a cash investment in a workforce
5 housing investment fund administered by a nonprofit development
6 organization;

7 (9) Rural community means any municipality in a county with a
8 population of fewer than one hundred thousand inhabitants as determined
9 by the most recent federal decennial census;

10 (10) Workforce housing means:

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

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

14 (c) Owner-occupied housing units that cost not more than three
15 hundred ~~seventy-five~~ ~~twenty-five~~ thousand dollars to construct or rental
16 housing units that cost not more than three ~~two~~ hundred ~~fifty~~ thousand
17 dollars per unit to construct. For purposes of this subdivision (c),
18 housing unit costs shall be updated annually by the department based upon
19 the most recent increase or decrease in the Producer Price Index for all
20 commodities, published by the United States Department of Labor, Bureau
21 of Labor Statistics;

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

25 (e) Upper-story housing; and

26 (f) Housing units that do not receive federal or state low-income
27 housing tax credits, community development block grants, HOME funds, or
28 funds from the National Housing Trust Fund, which would impose individual
29 or household income limitations or restrictions on such housing units, or
30 funding from the Affordable Housing Trust Fund restricting the level of
31 individual or household income to anything less than one hundred percent

1 of area median income as calculated by the United States Department of
2 Housing and Urban Development; and

3 (11) Workforce housing investment fund means a fund that has been
4 created by a nonprofit development organization and certified by the
5 director to encourage development of workforce housing in rural
6 communities.

7 **Sec. 12.** Section 81-1229, Reissue Revised Statutes of Nebraska, is
8 amended to read:

9 81-1229 (1) The director shall establish a workforce housing grant
10 program to foster and support the development of workforce housing in
11 rural communities.

12 (2) A nonprofit development organization may apply to the director
13 for approval of a workforce housing grant for a workforce housing
14 investment fund. The application shall be in a form and manner prescribed
15 by the director. Through fiscal year 2031-32 ~~2026-27~~, grants shall be
16 awarded by the director on a competitive basis until grant funds are no
17 longer available. A nonprofit development organization may apply for more
18 than one grant, subject to the following limits:

19 (a) The maximum amount of grant funds awarded to any one nonprofit
20 development organization over a two-year period shall not exceed five
21 million dollars; and

22 (b) The maximum amount of grant funds awarded to any one nonprofit
23 development organization for all program years shall not exceed an
24 aggregate limit determined by the department at the discretion of the
25 director.

26 (3) An applicant shall provide matching funds of at least one-
27 quarter of the amount of workforce housing grant funds awarded.
28 Unallocated workforce housing grant funds held by the department shall be
29 rolled to the next program year.

30 (4) Grants shall be awarded based upon:

31 (a) A demonstrated and ongoing housing need as identified by a

1 recent housing study;

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

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

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

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

10 (5) A nonprofit development organization shall:

11 (a) Invest or intend to invest in workforce housing eligible
12 activities;

13 (b) Use any fees, interest, loan repayments, or other funds it
14 received as a result of the administration of the grant to support
15 qualified activities; and

16 (c) Have an active board of directors with expertise in development,
17 construction, and finance that meets at least quarterly to approve all
18 qualified investments made by the nonprofit development organization. A
19 nonprofit development organization shall have a formal plan and proven
20 expertise to invest unused workforce housing investment fund balances and
21 shall have an annual review of all financial records conducted by an
22 independent certified public accountant.

23 **Sec. 13.** Section 81-1230, Reissue Revised Statutes of Nebraska, is
24 amended to read:

25 81-1230 (1) The Rural Workforce Housing Investment Fund is created.
26 Funding for the grant program described in section 81-1229 shall come
27 from the Rural Workforce Housing Investment Fund. The Rural Workforce
28 Housing Investment Fund may include revenue from appropriations from the
29 Legislature, grants, private contributions, and other sources. In
30 addition, the State Treasurer shall make a one-time transfer of seven
31 million three hundred thousand dollars on or before October 1, 2017, from

1 the Affordable Housing Trust Fund to the Rural Workforce Housing
2 Investment Fund. Any money in the Rural Workforce Housing Investment Fund
3 available for investment shall be invested by the state investment
4 officer pursuant to the Nebraska Capital Expansion Act and the Nebraska
5 State Funds Investment Act.

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

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

12 (4) If a nonprofit development organization fails to engage in the
13 initial qualified activity within twenty-four months after receiving
14 initial grant funding, the nonprofit development organization shall
15 return the grant funds to the department for credit to the General Fund.

16 (5) If a nonprofit development organization fails to allocate any
17 remaining initial grant funding on a qualified activity within twenty-
18 four months after engaging in the initial qualified activity, the
19 nonprofit development organization shall return such unallocated grant
20 funds to the department for credit to the Rural Workforce Housing
21 Investment Fund.

22 (6) Beginning July 1, 2032 ~~2027~~, any funds held by the department in
23 the Rural Workforce Housing Investment Fund shall be transferred to the
24 General Fund.

25 **Sec. 14.** Section 81-1231, Reissue Revised Statutes of Nebraska, is
26 amended to read:

27 81-1231 (1) Each nonprofit development organization shall submit an
28 annual report to the director to be included as a part of the
29 department's annual status report required under section 81-1201.11. The
30 report shall certify that the nonprofit development organization meets
31 the requirements of the Rural Workforce Housing Investment Act and shall

1 include a breakdown of program activities.

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

4 (a) The name and geographical location of the reporting nonprofit
5 development organization;

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

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

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

12 (e) The results of the annual review of all financial records
13 required under subsection (5) of section 81-1229.

14 (3) If a nonprofit development organization ceases administration of
15 a workforce housing investment fund, it shall file a final report with
16 the director in a form and manner required by the director. Before July
17 1, 2032 ~~2027~~, any unallocated grant funds shall be returned to the
18 department for credit to the Rural Workforce Housing Investment Fund. On
19 and after July 1, 2032 ~~2027~~, any unallocated grant funds shall be
20 returned to the department for transfer to the General Fund.

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

27 **Sec. 16.** Section 81-1237, Revised Statutes Supplement, 2025, is
28 amended to read:

29 81-1237 For purposes of the Middle Income Workforce Housing
30 Investment Act:

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

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

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

4 (a) New construction of owner-occupied or rent-to-own housing in a
5 neighborhood and community with a demonstrated need for housing that is
6 affordable and attractive to first-time homebuyers, middle-income
7 families, and the emerging workforce;

8 (b) Substantial repair or rehabilitation of dilapidated housing
9 stock; or

10 (c) Upper-story housing development for occupation by a homeowner or
11 rent-to-own tenant;

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

15 (5) Homeownership incentive reserve account means an interest-
16 bearing, deposit-insured account maintained by the owner of a housing
17 unit for future use by the unit's tenant to purchase a home;

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

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

24 (8) Owner means one or more persons, jointly or severally, in whom
25 is vested all or part of the legal title to, or beneficial ownership of,
26 the subject housing unit;

27 (9) Project reserve account means an interest-bearing, deposit-
28 insured account maintained by the owner of a housing unit for unexpected
29 expenses, routine maintenance, and other operational costs associated
30 with managing rental properties;

31 (10) Qualified activities include purchase guarantees, loan

1 guarantees, loan participations, and other credit enhancements related to
2 eligible activities of the workforce housing investment fund;

3 (11) Qualified investment means a cash investment in a workforce
4 housing investment fund administered by a nonprofit development
5 organization;

6 (12) Rent-to-own housing means housing units that:

7 (a) Are located within a development of single-family housing,
8 duplexes, townhouses, or multifamily housing in which there are no more
9 than ten units on a parcel of land; and

10 (b) Meet the following requirements until the housing unit is owner
11 occupied:

12 (i) The housing unit is occupied by a tenant as the tenant's primary
13 residence;

14 (ii) The tenant does not own a home or other residential real
15 estate;

16 (iii) The lease for the housing unit provides that:

17 (A) Not less than fifty dollars of the tenant's monthly rent shall
18 be set aside in a homeownership incentive reserve account prior to any
19 cash flow distributions to the owner. Such homeownership incentive
20 reserve account shall be maintained by the owner in an interest-bearing
21 account as long as the tenant resides in the unit. When the lease ends,
22 the owner shall liquidate the homeownership incentive reserve account and
23 distribute the money to the tenant for downpayment and closing costs on
24 the purchase of a home that will be the tenant's new primary residence.
25 If the tenant does not purchase a home at the end of the lease, the money
26 in the homeownership incentive reserve account shall be transferred to a
27 project reserve account; and

28 (B) The tenant may end the lease without penalty if the tenant
29 provides the owner with thirty days' written notice and purchases a home
30 that will be the tenant's new primary residence; and

31 (iv) The housing unit is the subject of a legally binding agreement

1 granting the tenant the option to purchase the unit from the owner at
2 fair market value not less than one year after the lease begins. Such
3 agreement shall give the tenant the ability to apply homeownership
4 incentive reserve account funds to downpayment and closing costs;

5 (13) Urban community means any area that is:

6 (a)(i) In a county with a population greater than one hundred
7 thousand inhabitants as determined by the most recent federal decennial
8 census; and

9 (ii) Within or adjacent to a qualified census tract as described in
10 26 U.S.C. 42(d)(5)(B), as such section existed on January 1, 2022;

11 (b) Within a city of the primary class or within a county in which a
12 city of the primary class is located; or

13 (c) In a county with a population greater than one hundred thousand
14 inhabitants, as determined by the most recent federal decennial census,
15 that does not contain a city of the metropolitan class or a city of the
16 primary class;

17 (14) Workforce housing means:

18 (a) Owner-occupied or rent-to-own housing units that have an after-
19 construction appraised value or construction cost of at least one hundred
20 twenty-five thousand dollars but not more than three hundred seventy-five
21 ~~thirty~~ thousand dollars. For purposes of this subdivision, housing unit
22 after-construction appraised value and construction cost shall be updated
23 annually by the department based upon the most recent increase or
24 decrease in the Producer Price Index for all commodities, published by
25 the United States Department of Labor, Bureau of Labor Statistics;

26 (b) Owner-occupied or rent-to-own housing that meets the following
27 requirements:

28 (i) The cost to substantially rehabilitate such housing exceeds
29 twenty-five ~~fifty~~ percent of its before-construction assessed value; and

30 (ii) The after-construction appraised value of the building alone is
31 at least one hundred twenty-five thousand dollars but not more than three

1 two hundred ~~seventy-five~~ thousand dollars. For purposes of this
2 subdivision, housing unit after-construction appraised value shall be
3 updated annually by the department based upon the most recent increase or
4 decrease in the Producer Price Index for all commodities, published by
5 the United States Department of Labor, Bureau of Labor Statistics;

6 (c) Upper-story housing for occupation by a homeowner or rent-to-own
7 tenant; and

8 (d) Housing units that do not receive federal or state low-income
9 housing tax credits, community development block grants, HOME funds, or
10 funds from the Affordable Housing Trust Fund. Notwithstanding the
11 foregoing, the department shall not restrict the construction of housing
12 units on land parcels prepared using funds from the sources described in
13 this subdivision and shall not restrict the sale of housing units to
14 homebuyers that receive homebuyer assistance funds from the sources
15 described in this subdivision; and

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

20 **Sec. 17.** Section 81-1238, Revised Statutes Supplement, 2025, is
21 amended to read:

22 81-1238 (1) The director shall establish a workforce housing
23 investment grant program to foster and support the development of
24 workforce housing in urban communities.

25 (2) A nonprofit development organization may apply to the director
26 for approval of a workforce housing grant for a workforce housing
27 investment fund. The application shall be in a form and manner prescribed
28 by the director. Through fiscal year 2031-32 ~~2026-27~~, grants shall be
29 awarded by the director on a competitive basis until grant funds are no
30 longer available. Grant maximums shall not exceed ten million dollars to
31 any one nonprofit development organization over a two-year period, with

1 the cumulative amount for any single grantee to be determined by the
2 department at the discretion of the director. An applicant shall provide
3 matching funds for workforce housing grant funds awarded. For grant funds
4 awarded prior to July 19, 2024, an applicant shall provide matching funds
5 of at least fifty percent of the amount of such grant funds awarded. For
6 grant funds awarded on or after July 19, 2024, an applicant shall provide
7 matching funds of at least twenty-five percent of the amount of such
8 grant funds awarded. Unallocated funds held by the department shall be
9 rolled to the next program year.

10 (3) Grants shall be awarded based upon:

11 (a) A demonstrated need for additional housing. Need can be
12 demonstrated with a recent housing study or a letter from the planning
13 department of the city in which the fund is intending to operate stating
14 that the proposal is in line with the city's most recent consolidated
15 plan submitted under 24 C.F.R. part 91, subpart D, as such subpart
16 existed on January 1, 2020;

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

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

21 (d) Reducing barriers to the development and purchase of owner-
22 occupied housing with flexible forms of assistance, including grants,
23 forgivable loans, homeownership incentive reserve accounts, purchase
24 option agreements, and other forms of long-term, patient financing;

25 (e) Projects that can reasonably be ready for occupancy in a period
26 of twenty-four months; and

27 (f) A demonstrated ability to grow and manage a workforce housing
28 investment fund.

29 (4) A workforce housing investment fund shall:

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

31 (b) Invest or intend to invest in eligible activities for a

1 workforce housing investment fund;

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

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

12 (5) A nonprofit development organization that has previously
13 received a grant or grants under the Middle Income Workforce Housing
14 Investment Act shall not be eligible for an additional grant under this
15 section unless the organization has expended at least fifty percent of
16 the funds from such previous grant or grants.

17 **Sec. 18.** Section 81-1239, Revised Statutes Supplement, 2025, is
18 amended to read:

19 81-1239 (1) The Middle Income Workforce Housing Investment Fund is
20 created. Funding for the grant program described in section 81-1238 shall
21 come from the Middle Income Workforce Housing Investment Fund. The Middle
22 Income Workforce Housing Investment Fund may include revenue transferred
23 at the direction of the Legislature, grants, private contributions, and
24 other sources. Any money in the Middle Income Workforce Housing
25 Investment Fund available for investment shall be invested by the state
26 investment officer pursuant to the Nebraska Capital Expansion Act and the
27 Nebraska State Funds Investment Act.

28 (2) The department shall establish a subaccount within the Middle
29 Income Workforce Housing Investment Fund that shall be used to fund
30 affordable housing and related land parcel preparation activities under
31 the Economic Recovery Act as described in subdivisions (4)(d) and (e) of

1 section 81-12,241.

2 (3) The department shall administer the Middle Income Workforce
3 Housing Investment Fund and may seek additional private or nonstate funds
4 to use in the grant program under the Middle Income Workforce Housing
5 Investment Act, including, but not limited to, contributions from the
6 Nebraska Investment Finance Authority and other interested parties.

7 (4) Interest earned by the department on grant funds shall be
8 applied to the grant program.

9 (5) If a nonprofit development organization, or a recipient of
10 subaccount funds described in subsection (2) of this section, fails to
11 engage in a qualified activity within twenty-four months after receiving
12 initial grant funding, the nonprofit development organization or
13 recipient of subaccount funds shall return the grant proceeds to the
14 department for credit to the General Fund.

15 (6) Beginning July 1, 2032 ~~2029~~, any funds held by the department in
16 the Middle Income Workforce Housing Investment Fund shall be transferred
17 to the General Fund.

18 **Sec. 19.** Section 81-1240, Revised Statutes Supplement, 2025, is
19 amended to read:

20 81-1240 (1) Each nonprofit development organization shall submit an
21 annual report to the director to be included as a part of the
22 department's annual status report required under section 81-1201.11. The
23 report shall certify that the workforce housing investment fund meets the
24 requirements of the Middle Income Workforce Housing Investment Act and
25 shall include a breakdown of program activities.

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

27 (a) The name and geographical location of the nonprofit development
28 organization;

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

31 (c) The number, geographical location, type, and amount of

1 investments made;

2 (d) A summary of matching funds and where such matching funds were
3 generated;

4 (e) The results of the annual audit required under subdivision (4)
5 (d) of section 81-1238; and

6 (f) The number of tenants assisted into homeownership, if
7 applicable.

8 (3) If a nonprofit development organization ceases administration of
9 a workforce housing investment fund, it shall file a final report with
10 the director in a form and manner required by the director. Before July
11 1, 2032 ~~2029~~, any unallocated workforce housing investment fund grant
12 funds shall be returned for credit to the Middle Income Workforce Housing
13 Investment Fund. On and after July 1, 2032 ~~2029~~, any unallocated
14 workforce housing investment fund grant funds shall be returned to the
15 department for transfer to the General Fund.

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

22 (5) This section does not apply to the subaccount of the Middle
23 Income Workforce Housing Investment Fund described in subsection (2) of
24 section 81-1239.

25 2. Renumber the remaining sections and correct the repealer
26 accordingly.