

E AND R AMENDMENTS TO LB 768

Introduced by Guereca, 7, Chairman Enrollment and Review

1           1. Strike the original sections and all amendments thereto and  
2 insert the following new sections:

3           **Section 1.** Section 58-201, Revised Statutes Cumulative Supplement,  
4 2024, is amended to read:

5           58-201 Sections 58-201 to 58-273 and sections 2 and 3 of this act  
6 shall be known and may be cited as the Nebraska Investment Finance  
7 Authority Act.

8           **Sec. 2.** (1) In addition to the powers granted under section 58-239,  
9 the authority may:

10           (a) Support, establish, operate, manage, invest in, participate in,  
11 and own nonprofit entities, nonprofit subsidiaries, or other nonprofit  
12 consortia, in each case to further carry out the purposes of the Nebraska  
13 Investment Finance Authority Act, including with respect to projects for  
14 which financing or other resources are provided pursuant to the act; and

15           (b) Transfer assets of the authority to an entity created pursuant  
16 to this section.

17           (2) Unless otherwise provided by the authority, the debts,  
18 liabilities, and obligations of any such entity, subsidiary, or other  
19 consortium shall not be debts, liabilities, or obligations of the  
20 authority.

21           **Sec. 3.** (1) For purposes of this section, public funds has the same  
22 meaning as in section 81-11,106.

23           (2) If the authority administers any grant or loan program involving  
24 public funds pursuant to an agreement with a state agency, the following  
25 requirements shall apply:

26           (a) The authority shall provide information regarding such grant or  
27 loan program and the public funds involved in such program to such state

1 agency, upon such agency's request, in order to allow the state agency to  
2 comply with its responsibilities under section 81-1113;

3 (b) The authority shall record information regarding such grant or  
4 loan program and the public funds involved in such program in an  
5 accounting system. The information to be recorded in the accounting  
6 system shall include:

7 (i) All revenue and fund balances relating to such public funds;

8 (ii) All expenditures of such public funds, including the amount of  
9 all grant and loan awards; and

10 (iii) All schedules of uses of funds, including all invoices and  
11 other supporting documentation, that are submitted by grant or loan  
12 recipients under such grant or loan program, except that the requirement  
13 to include such schedules and documentation shall apply only to the  
14 extent such information is in the possession of the authority; and

15 (c) The authority shall allow such state agency, the Legislative  
16 Fiscal Analyst, and the budget administrator of the budget division of  
17 the Department of Administrative Services to have access to the  
18 accounting system described in subdivision (2)(b) of this section, upon  
19 request.

20 **Sec. 4.** Section 58-701, Revised Statutes Supplement, 2025, is  
21 amended to read:

22 58-701 Sections 58-701 to ~~58-711~~ and section 8 of this act ~~58-712~~  
23 shall be known and may be cited as the Nebraska Affordable Housing Act.

24 **Sec. 5.** Section 58-703, Revised Statutes Cumulative Supplement,  
25 2024, is amended to read:

26 58-703 The Affordable Housing Trust Fund is created. The fund shall  
27 receive money pursuant to section 76-903 and may include ~~revenue from~~  
28 ~~sources recommended by the housing advisory committee established in~~  
29 ~~section 58-704,~~ appropriations from the Legislature, transfers authorized  
30 by the Legislature, grants, private contributions, repayment of loans,  
31 and funds from all other sources. The Department of Economic Development

1 as part of its comprehensive housing affordability strategy shall  
2 administer the Affordable Housing Trust Fund.

3 Transfers may be made from the Affordable Housing Trust Fund to the  
4 General Fund, the Behavioral Health Services Fund, the Lead-Based Paint  
5 Hazard Control Cash Fund, the Middle Income Workforce Housing Investment  
6 Fund, the Rural Workforce Housing Investment Fund, and the Site and  
7 Building Development Fund at the direction of the Legislature.

8 **Sec. 6.** Section 58-708, Revised Statutes Supplement, 2025, is  
9 amended to read:

10 58-708 (1) During each calendar year in which funds are available  
11 from the Affordable Housing Trust Fund for use by the Department of  
12 Economic Development, the department shall make its best efforts to  
13 allocate not less than thirty percent of such funds to each congressional  
14 district. The department shall announce a grant and loan application  
15 period of at least ~~sixty ninety~~ sixty days duration for all projects. Before an  
16 ~~a grant~~ application for any new construction project can be submitted to  
17 the department, the land for the project shall be identified. In  
18 selecting projects to receive trust fund assistance, the department shall  
19 develop a qualified allocation plan and give first priority to  
20 financially viable projects that serve the lowest income occupants for  
21 the longest period of time. The qualified allocation plan shall:

22 (a) Set forth selection criteria to be used to determine housing  
23 priorities of the housing trust fund which are appropriate to local  
24 conditions, including the community's immediate need for affordable  
25 housing, proposed increases in home ownership, private dollars leveraged,  
26 level of local government support and participation, and repayment, in  
27 part or in whole, of financial assistance awarded by the fund; and

28 (b) Give first priority in allocating trust fund assistance among  
29 selected projects to those projects which are located in whole or in part  
30 within an enterprise zone designated pursuant to the Enterprise Zone Act  
31 or an opportunity zone designated pursuant to the federal Tax Cuts and

1 Jobs Act, Public Law 115-97, serve the lowest income occupant, are  
2 located in an area that has been declared an extremely blighted area  
3 under section 18-2101.02, and are obligated to serve qualified occupants  
4 for the longest period of time.

5 ~~(2) Beginning on July 1, 2026:~~

6 ~~(2) (a) The Department of Economic Development shall disburse grant~~  
7 ~~funds to a qualified recipient equal to eighty percent of the amount~~  
8 ~~awarded to a qualified recipient housing development costs of such~~  
9 ~~recipient, excluding general administration costs, housing management~~  
10 ~~fees, lead-based paint test costs, and technical assistance costs, once~~  
11 ~~the department approves such recipient for funding and shall disburse the~~  
12 ~~remaining twenty percent of such amount, excluding general administration~~  
13 ~~costs, housing management fees, lead-based paint test costs, and~~  
14 ~~technical assistance costs, upon the completion of the project. The funds~~  
15 ~~shall be held in an interest-bearing construction disbursement escrow~~  
16 ~~account and shall be disbursed for qualified expenses upon sufficient~~  
17 ~~presentation of partial lien releases and supporting invoices or~~  
18 ~~receipts, as determined by the escrow company in the exercise of its~~  
19 ~~duties. The escrow company shall be a licensed title insurance company,~~  
20 ~~financial institution, or third-party law firm. Interest received from~~  
21 ~~the funds while in escrow may be used to pay for the escrow company fees.~~  
22 ~~The use of any additional interest shall be determined by the department.~~  
23 ~~Any funds remaining in the escrow account after qualified expenses are~~  
24 ~~paid shall be returned to the department. grant funds; and~~

25 ~~(b) The department shall disburse grant funds to a qualified~~  
26 ~~recipient equal to twenty percent of the housing development costs of~~  
27 ~~such recipient, excluding general administration costs, housing~~  
28 ~~management fees, lead-based paint test costs, and technical assistance~~  
29 ~~costs, upon the completion of the project.~~

30 (3)(a) Beginning on October 1, 2025, a qualified recipient shall  
31 submit to the Department of Economic Development a schedule of uses of

1 funds for eligible activities on a quarterly basis, no later than thirty  
2 days after the end of each calendar quarter, during the time of  
3 performance under the award agreement.

4 (b) The schedule of uses of funds for eligible activities shall  
5 include an itemization of costs for eligible activities. If reasonable,  
6 the department may require source documentation and proof of payment,  
7 including, but not limited to, a paid invoice, completed payment, or  
8 cleared check, to be submitted with the schedule as evidence of  
9 appropriate use of funds. Qualified recipients shall ensure proper use of  
10 funds. The department is not responsible for the audit or approval of  
11 each of the qualified recipient's transactions involving funds.

12 (c) The department may initiate any of the following actions if a  
13 qualified recipient does not submit a schedule of uses of funds for  
14 eligible activities:

15 (i) Disqualification of the qualified recipient in pending  
16 applications for the Affordable Housing Trust Fund;

17 (ii) Disqualification of the qualified recipient in pending  
18 applications for other department programs;

19 (iii) Disqualification of the qualified recipient as an eligible  
20 applicant for Affordable Housing Trust Fund applications for up to  
21 twenty-four months from the date of the department action; or

22 (iv) Other actions deemed necessary by the department to meet the  
23 department's responsibility to ensure proper use of funds, ~~so long as~~  
24 ~~such actions do not unduly harm a qualified recipient's reputation and~~  
25 ~~ability to successfully operate in Nebraska. This subdivision does not~~  
26 ~~prohibit the department from taking appropriate actions against qualified~~  
27 ~~recipients that have committed illegal actions, such as fraud and theft.~~

28 (4) Beginning July 1, 2027, the Department of Economic Development  
29 shall prescribe annual reporting requirements to collect sufficient  
30 information from qualified recipients to determine the amount of funds  
31 obligated to projects, the repayment terms of such funds, and the current

1 balance of funds unspent or repaid. The reporting requirements shall also  
2 require qualified recipients to provide an accounting of awards granted  
3 for the purpose described in subdivision (10) of section 58-706,  
4 including the award amount and estimates related to equity earned on  
5 homes purchased with such awards. If a qualified recipient fails to meet  
6 the reporting requirements of this subsection, such qualified recipient  
7 may be required to return all awarded funds and transfer equity positions  
8 of recoverable housing assistance funds to the satisfaction of the  
9 department.

10       (5) ~~(4)~~ The Department of Economic Development shall fund in order  
11 of priority as many applications as will utilize available funds less  
12 actual administrative costs of the department in administering the  
13 program. In administering the program, the department may contract for  
14 services or directly provide funds to other governmental entities or  
15 instrumentalities.

16       (6)(a) ~~(5)(a)~~ The Department of Economic Development may recapture  
17 any funds, including interest accrued in any escrow account, which were  
18 allocated to a qualified recipient for an eligible project through an  
19 award agreement if such funds were not utilized for eligible costs within  
20 the time of performance under the agreement and are therefore ~~therefor~~ no  
21 longer obligated to the project.

22       (b) Upon completion of a project, the department shall recapture a  
23 percentage of the funds which were allocated to a qualified recipient for  
24 an eligible project through an award agreement equal to the percentage of  
25 the housing development the qualified recipient agreed to construct under  
26 the award agreement but failed to complete, along with any interest  
27 accrued on the funds. Any funds recaptured under this subdivision shall  
28 be credited to the Affordable Housing Trust Fund.

29       (c) A qualified recipient shall recapture any funds allocated to  
30 such recipient from the Affordable Housing Trust Fund that are provided  
31 to a homebuyer by the recipient as financial assistance for the purchase

1 of a home upon sale of such home from the net proceeds of such sale, is  
2 any.

3 **Sec. 7.** Section 58-709, Reissue Revised Statutes of Nebraska, is  
4 amended to read:

5 58-709 The Department of Economic Development, in consultation with  
6 the Nebraska Investment Finance Authority ~~and the housing advisory~~  
7 ~~committee established in section 58-704~~, shall adopt and promulgate rules  
8 and regulations to carry out the Nebraska Affordable Housing Act. The  
9 department shall monitor programs to see that only qualified individuals  
10 and families are occupying projects funded by the Affordable Housing  
11 Trust Fund.

12 **Sec. 8.** (1) The Department of Economic Development may contract  
13 with a statewide public or private nonprofit organization or a state  
14 instrumentality which shall serve as agent for the department to help  
15 carry out the purposes and requirements of the Nebraska Affordable  
16 Housing Act.

17 (2) If the department utilizes an agent pursuant to this section,  
18 then any reference to the department in relationship to duties under the  
19 Nebraska Affordable Housing Act shall include such agent to the extent  
20 that the agreement between the department and the agent so specifies.

21 **Sec. 9.** Section 72-804, Revised Statutes Supplement, 2025, is  
22 amended to read:

23 72-804 (1) Any new state building shall meet or exceed the  
24 requirements of the 2018 International Energy Conservation Code published  
25 by the International Code Council. For purposes of this subsection, new  
26 state building does not include any building that (a) is constructed or  
27 repaired using state funds received in the form of a grant or loan from  
28 the state and (b) will not be owned or managed by the state upon the  
29 completion of such construction or repair.

30 (2) Any new lighting, heating, cooling, ventilating, or water  
31 heating equipment or controls in a state-owned building and any new

1 building envelope components installed in a state-owned building shall  
2 meet or exceed the requirements of the 2018 International Energy  
3 Conservation Code.

4 (3) The State Building Administrator of the Department of  
5 Administrative Services, in consultation with the Department of Water,  
6 Energy, and Environment, may specify:

7 (a) A more recent edition of the International Energy Conservation  
8 Code;

9 (b) Additional energy efficiency or renewable energy requirements  
10 for buildings; and

11 (c) Waivers of specific requirements which are demonstrated through  
12 life-cycle cost analysis to not be in the state's best interest. The  
13 agency receiving the funding shall be required to provide a life-cycle  
14 cost analysis to the State Building Administrator.

15 **Sec. 10.** Section 72-805, Revised Statutes Supplement, 2025, is  
16 amended to read:

17 72-805 (1) Except as provided in subsection (2) of this section  
18 ~~58-712 for certain projects funded by the Affordable Housing Trust Fund,~~  
19 the 2018 International Energy Conservation Code, published by the  
20 International Code Council, applies to all new buildings constructed in  
21 whole or in part with state funds after July 1, 2020. The Department of  
22 Water, Energy, and Environment shall review building plans and  
23 specifications necessary to determine whether a building will meet the  
24 requirements of this subsection ~~section~~, except that the department shall  
25 not be required to review building plans and specifications upon evidence  
26 that the building plans and specifications have previously been reviewed  
27 by a county, city, or village enforcing a local building or construction  
28 code adopted pursuant to section 71-6406 if such local building or  
29 construction code includes the requirements of the 2018 International  
30 Energy Conservation Code. The department shall provide a copy of any  
31 review to the agency receiving funding. The agency receiving the funding

1 shall verify that the building as constructed meets or exceeds the code.  
2 The verification shall be provided to the department.

3 (2) This section does not apply to any building that (a) is  
4 constructed or repaired using state funds received in the form of a grant  
5 or loan from the state and (b) will not be owned or managed by the state  
6 upon the completion of such construction or repair.

7 (3) The Director of Water, Energy, and Environment may, in  
8 consultation with the State Building Administrator of the Department of  
9 Administrative Services, adopt and promulgate rules and regulations to  
10 carry out this section.

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

13 81-1228 For purposes of the Rural Workforce Housing Investment Act:

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

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

16 (3) Eligible activities of a nonprofit development organization  
17 means:

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

20 (b) Substantial repair or rehabilitation of dilapidated housing  
21 stock;

22 (c) Upper-story housing development; or

23 (d) Extension of sewer or water service in support of workforce  
24 housing;

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

28 (5) Matching funds means dollars contributed by individuals,  
29 businesses, foundations, local, regional, and statewide political  
30 subdivisions, or other nonprofit organizations to a workforce housing  
31 investment fund administered by a nonprofit development organization;

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

3 (7) Qualified activities include, but are not limited to, purchase  
4 and rental guarantees, loan guarantees, loan participations, and other  
5 credit enhancements or any other form of assistance designed to reduce  
6 the cost of workforce housing related to eligible activities of the  
7 nonprofit development organization;

8 (8) Qualified investment means a cash investment in a workforce  
9 housing investment fund administered by a nonprofit development  
10 organization;

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

14 (10) Workforce housing means:

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

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

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

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

29 (e) Upper-story housing; and

30 (f) Housing units that do not receive federal or state low-income  
31 housing tax credits, community development block grants, HOME funds, or

1 funds from the National Housing Trust Fund, which would impose individual  
2 or household income limitations or restrictions on such housing units, or  
3 funding from the Affordable Housing Trust Fund restricting the level of  
4 individual or household income to anything less than one hundred percent  
5 of area median income as calculated by the United States Department of  
6 Housing and Urban Development; and

7 (11) Workforce housing investment fund means a fund that has been  
8 created by a nonprofit development organization and certified by the  
9 director to encourage development of workforce housing in rural  
10 communities.

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

13 81-1229 (1) The director shall establish a workforce housing grant  
14 program to foster and support the development of workforce housing in  
15 rural communities.

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

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

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

30 (3) An applicant shall provide matching funds of at least one-  
31 quarter of the amount of workforce housing grant funds awarded.

1 Unallocated workforce housing grant funds held by the department shall be  
2 rolled to the next program year.

3 (4) Grants shall be awarded based upon:

4 (a) A demonstrated and ongoing housing need as identified by a  
5 recent housing study;

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

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

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

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

14 (5) A nonprofit development organization shall:

15 (a) Invest or intend to invest in workforce housing eligible  
16 activities;

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

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

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

29 81-1230 (1) The Rural Workforce Housing Investment Fund is created.  
30 Funding for the grant program described in section 81-1229 shall come  
31 from the Rural Workforce Housing Investment Fund. The Rural Workforce

1 Housing Investment Fund may include revenue from appropriations from the  
2 Legislature, grants, private contributions, and other sources. In  
3 addition, the State Treasurer shall make a one-time transfer of seven  
4 million three hundred thousand dollars on or before October 1, 2017, from  
5 the Affordable Housing Trust Fund to the Rural Workforce Housing  
6 Investment Fund. Any money in the Rural Workforce Housing Investment Fund  
7 available for investment shall be invested by the state investment  
8 officer pursuant to the Nebraska Capital Expansion Act and the Nebraska  
9 State Funds Investment Act.

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

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

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

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

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

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

31 81-1231 (1) Each nonprofit development organization shall submit an

1 annual report to the director to be included as a part of the  
2 department's annual status report required under section 81-1201.11. The  
3 report shall certify that the nonprofit development organization meets  
4 the requirements of the Rural Workforce Housing Investment Act and shall  
5 include a breakdown of program activities.

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

8 (a) The name and geographical location of the reporting nonprofit  
9 development organization;

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

12 (c) The number, geographical location, type, and amount of  
13 investments made;

14 (d) A summary of matching funds and where such matching funds were  
15 generated; and

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

18 (3) If a nonprofit development organization ceases administration of  
19 a workforce housing investment fund, it shall file a final report with  
20 the director in a form and manner required by the director. Before July  
21 1, 2032 ~~2027~~, any unallocated grant funds shall be returned to the  
22 department for credit to the Rural Workforce Housing Investment Fund. On  
23 and after July 1, 2032 ~~2027~~, any unallocated grant funds shall be  
24 returned to the department for transfer to the General Fund.

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

31 **Sec. 15.** Section 81-1232, Reissue Revised Statutes of Nebraska, is

1 amended to read:

2 81-1232 (1) The department shall use its best efforts to assure that  
3 grant funds awarded to nonprofit development organizations are targeted  
4 to the geographic communities or regions with the most pressing economic  
5 and employment needs.

6 (2) The department shall use its best efforts to assure that the  
7 allocation of grant funds provides equitable access to the benefits  
8 provided by the Rural Workforce Housing Investment Act to all eligible  
9 geographical areas.

10 (3) The department may contract with a statewide public or private  
11 nonprofit organization or a state instrumentality which shall serve as  
12 agent for the department to help carry out the purposes and requirements  
13 of the Rural Workforce Housing Investment Act. The department or its  
14 agent may only use for expenses that portion of the funds available for  
15 the workforce housing grant program through the Rural Workforce Housing  
16 Investment Fund necessary to cover the actual costs of administering the  
17 program, including, but not limited to, the hiring of staff.

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

20 81-1237 For purposes of the Middle Income Workforce Housing  
21 Investment Act:

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

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

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

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

30 (b) Substantial repair or rehabilitation of dilapidated housing  
31 stock; or

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

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

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

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

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

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

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

22 (10) Qualified activities include purchase guarantees, loan  
23 guarantees, loan participations, and other credit enhancements related to  
24 eligible activities of the workforce housing investment fund;

25 (11) Qualified investment means a cash investment in a workforce  
26 housing investment fund administered by a nonprofit development  
27 organization;

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

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

1 (b) Meet the following requirements until the housing unit is owner  
2 occupied:

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

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

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

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

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

22 (iv) The housing unit is the subject of a legally binding agreement  
23 granting the tenant the option to purchase the unit from the owner at  
24 fair market value not less than one year after the lease begins. Such  
25 agreement shall give the tenant the ability to apply homeownership  
26 incentive reserve account funds to downpayment and closing costs;

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

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

31 (ii) Within or adjacent to a qualified census tract as described in

1 26 U.S.C. 42(d)(5)(B), as such section existed on January 1, 2022;

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

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

8 (14) Workforce housing means:

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

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

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

21 (ii) The after-construction appraised value of the building alone is  
22 at least one hundred twenty-five thousand dollars but not more than three  
23 ~~two~~ hundred seventy-five thousand dollars. For purposes of this  
24 subdivision, housing unit after-construction appraised value shall be  
25 updated annually by the department based upon the most recent increase or  
26 decrease in the Producer Price Index for all commodities, published by  
27 the United States Department of Labor, Bureau of Labor Statistics;

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

30 (d) Housing units that do not receive federal or state low-income  
31 housing tax credits, community development block grants, HOME funds, or

1 funds from the Affordable Housing Trust Fund. Notwithstanding the  
2 foregoing, the department shall not restrict the construction of housing  
3 units on land parcels prepared using funds from the sources described in  
4 this subdivision and shall not restrict the sale of housing units to  
5 homebuyers that receive homebuyer assistance funds from the sources  
6 described in this subdivision; and

7 (15) Workforce housing investment fund means a fund that has been  
8 created by a nonprofit development organization and certified by the  
9 director to encourage development of workforce housing in urban  
10 communities.

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

13 81-1238 (1) The director shall establish a workforce housing  
14 investment grant program to foster and support the development of  
15 workforce housing in urban communities.

16 (2) A nonprofit development organization may apply to the director  
17 for approval of a workforce housing grant for a workforce housing  
18 investment fund. The application shall be in a form and manner prescribed  
19 by the director. Through fiscal year 2031-32 ~~2026-27~~, grants shall be  
20 awarded by the director on a competitive basis until grant funds are no  
21 longer available. Grant maximums shall not exceed ten million dollars to  
22 any one nonprofit development organization over a two-year period, with  
23 the cumulative amount for any single grantee to be determined by the  
24 department at the discretion of the director. An applicant shall provide  
25 matching funds for workforce housing grant funds awarded. For grant funds  
26 awarded prior to July 19, 2024, an applicant shall provide matching funds  
27 of at least fifty percent of the amount of such grant funds awarded. For  
28 grant funds awarded on or after July 19, 2024, an applicant shall provide  
29 matching funds of at least twenty-five percent of the amount of such  
30 grant funds awarded. Unallocated funds held by the department shall be  
31 rolled to the next program year.

1 (3) Grants shall be awarded based upon:

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

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

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

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

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

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

20 (4) A workforce housing investment fund shall:

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

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

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

27 (d) Have an active board of directors with expertise in development,  
28 construction, and finance that meets at least quarterly to approve all  
29 qualified investments made by the nonprofit development organization. A  
30 nonprofit development organization shall have a formal plan and proven  
31 expertise to invest unused workforce housing investment fund balances and

1 shall conduct an annual audit of all financial records by an independent  
2 certified public accountant.

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

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

10 81-1239 (1) The Middle Income Workforce Housing Investment Fund is  
11 created. Funding for the grant program described in section 81-1238 shall  
12 come from the Middle Income Workforce Housing Investment Fund. The Middle  
13 Income Workforce Housing Investment Fund may include revenue transferred  
14 at the direction of the Legislature, grants, private contributions, and  
15 other sources. Any money in the Middle Income Workforce Housing  
16 Investment Fund available for investment shall be invested by the state  
17 investment officer pursuant to the Nebraska Capital Expansion Act and the  
18 Nebraska State Funds Investment Act.

19 (2) The department shall establish a subaccount within the Middle  
20 Income Workforce Housing Investment Fund that shall be used to fund  
21 affordable housing and related land parcel preparation activities under  
22 the Economic Recovery Act as described in subdivisions (4)(d) and (e) of  
23 section 81-12,241.

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

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

31 (5) If a nonprofit development organization, or a recipient of

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

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

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

11 81-1240 (1) Each nonprofit development organization shall submit an  
12 annual report to the director to be included as a part of the  
13 department's annual status report required under section 81-1201.11. The  
14 report shall certify that the workforce housing investment fund meets the  
15 requirements of the Middle Income Workforce Housing Investment Act and  
16 shall include a breakdown of program activities.

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

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

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

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

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

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

28 (f) The number of tenants assisted into homeownership, if  
29 applicable.

30 (3) If a nonprofit development organization ceases administration of  
31 a workforce housing investment fund, it shall file a final report with

1 the director in a form and manner required by the director. Before July  
2 1, ~~2029~~ 2032, any unallocated workforce housing investment fund grant  
3 funds shall be returned for credit to the Middle Income Workforce Housing  
4 Investment Fund. On and after July 1, ~~2029~~ 2032, any unallocated  
5 workforce housing investment fund grant funds shall be returned to the  
6 department for transfer to the General Fund.

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

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

16 **Sec. 20.** Section 81-1241, Reissue Revised Statutes of Nebraska, is  
17 amended to read:

18 81-1241 (1) The department shall use its best efforts to assure that  
19 any grant funds awarded to a nonprofit development organization are  
20 targeted to the geographic communities or regions with the most pressing  
21 housing, economic, and employment needs.

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

26 (3) The director may contract with a statewide public or private  
27 nonprofit organization or a state instrumentality which shall serve as  
28 agent for the department to help carry out the purposes and requirements  
29 of the Middle Income Workforce Housing Investment Act. The department or  
30 its agent may only use for expenses that portion of the funds available  
31 for the workforce housing investment grant program through the Middle

1 Income Workforce Housing Investment Fund necessary to cover the actual  
2 costs of administering the program.

3 **Sec. 21.** Original sections 58-709, 81-1228, 81-1229, 81-1230,  
4 81-1231, 81-1232, and 81-1241, Reissue Revised Statutes of Nebraska,  
5 sections 58-201 and 58-703, Revised Statutes Cumulative Supplement, 2024,  
6 and sections 58-701, 58-708, 72-804, 72-805, 81-1237, 81-1238, 81-1239,  
7 and 81-1240, Revised Statutes Supplement, 2025, are repealed.

8 **Sec. 22.** The following sections are outright repealed: Section  
9 58-704, Reissue Revised Statutes of Nebraska, and section 58-712, Revised  
10 Statutes Supplement, 2025.

11 2. On page 1, line 2, after "58-709," insert "81-1228, 81-1229,  
12 81-1230, 81-1231,"; and in line 5 strike "and 72-805" and insert "72-805,  
13 81-1237, 81-1238, 81-1239, and 81-1240".