

LEGISLATURE OF NEBRASKA
ONE HUNDRED NINTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 288

Introduced by Urban Affairs Committee: McKinney, 11, Chairperson;
Cavanaugh, J., 9; Clouse, 37; Quick, 35; Rountree, 3;
Sorrentino, 39.

Read first time January 15, 2025

Committee:

- 1 A BILL FOR AN ACT relating to the Middle Income Workforce Housing
- 2 Investment Act; to amend sections 81-1237 and 81-1238, Reissue
- 3 Revised Statutes of Nebraska; to redefine terms; to change
- 4 provisions relating to grant funding considerations; and to repeal
- 5 the original sections.
- 6 Be it enacted by the people of the State of Nebraska,

1 **Section 1.** Section 81-1237, Reissue Revised Statutes of Nebraska, is
2 amended to read:

3 81-1237 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 or rent-to-own housing in a
10 neighborhood and community with a demonstrated need for housing that is
11 affordable and attractive to first-time homebuyers, middle-income
12 families, and the 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)(i) In a county with a population greater than one hundred
2 thousand inhabitants as determined by the most recent federal decennial
3 census; and

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

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

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

12 (10) Workforce housing means:

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

19 (b) Owner-occupied or rent-to-own housing when ~~units for which~~ the
20 cost to substantially rehabilitate the housing ~~such units~~ exceeds fifty
21 percent of its ~~a unit's~~ before-construction assessed value, ~~and the~~
22 ~~after-construction appraised value of the building alone is at least one~~
23 ~~hundred twenty five thousand dollars but not more than two hundred~~
24 ~~seventy five thousand dollars. For purposes of this subdivision, housing~~
25 ~~unit after-construction appraised value shall be updated annually by the~~
26 ~~department based upon the most recent increase or decrease in the~~
27 ~~Producer Price Index for all commodities, published by the United States~~
28 ~~Department of Labor, Bureau of Labor Statistics;~~

29 (c) Upper-story housing ~~for occupation by a homeowner; and~~

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

1 funds, or funds from the Affordable Housing Trust Fund; and

2 (e) Rent-to-own housing projects that do not exceed ten units; 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 urban
6 communities.

7 **Sec. 2.** Section 81-1238, Reissue Revised Statutes of Nebraska, is
8 amended to read:

9 81-1238 (1) The director shall establish a workforce housing
10 investment grant program to foster and support the development of
11 workforce housing in urban 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 2026-27, grants shall be awarded by
16 the director on a competitive basis until grant funds are no longer
17 available. Grant maximums shall not exceed ten million dollars to any one
18 nonprofit development organization over a two-year period, with the
19 cumulative amount for any single grantee to be determined by the
20 department at the discretion of the director. An applicant shall provide
21 matching funds for workforce housing grant funds awarded. For grant funds
22 awarded prior to July 19, 2024, an applicant shall provide matching funds
23 of at least fifty percent of the amount of such grant funds awarded. For
24 grant funds awarded on or after July 19, 2024, an applicant shall provide
25 matching funds of at a least twenty-five percent of the amount of such
26 grant funds awarded. Unallocated funds held by the department shall be
27 rolled to the next program year.

28 (3) Grants shall be awarded based upon:

29 (a) A demonstrated need for additional ~~owner-occupied~~ housing. Need
30 can be demonstrated with a recent housing study or a letter from the
31 planning department of the city in which the fund is intending to operate

1 stating that the proposal is in line with the city's most recent
2 consolidated plan submitted under 24 C.F.R. part 91, subpart D, as such
3 subpart existed on January 1, 2020;

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

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

8 (d) Reducing barriers to the development and purchase of owner-
9 occupied housing with flexible forms of assistance, including grants,
10 forgivable loans, rent-to-own agreements, and other forms of long-term,
11 patient financing;

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

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

16 (4) A workforce housing investment fund shall:

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

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

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

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

30 (5) A nonprofit development organization that has previously
31 received a grant or grants under the Middle Income Workforce Housing

1 Investment Act shall not be eligible for an additional grant under this
2 section unless the organization has expended at least fifty percent of
3 the funds from such previous grant or grants.

4 **Sec. 3.** Original sections 81-1237 and 81-1238, Reissue Revised
5 Statutes of Nebraska, are repealed.