

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2014-15</b>		<b>FY 2015-16</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS			65,000 to 75,000	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS			65,000 to 75,000	

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

LB 848 would amend provisions of law governing the Affordable Housing Trust Fund. The fiscal impact of LB 848 would include:

**Creation of a subaccount:** The Department of Economic Development (DED) would be directed to create a subaccount within the Affordable Housing Trust Fund to provide financial assistance to qualified home builders and qualified individuals. A total of \$500,000 would be transferred into the subaccount in on July 1, 2015, and \$500,000 would be transferred into the subaccount on July 1, 2016. The allocation of funds to a subaccount would redirect funding sources, but would not impact the total expenditures from the fund.

**Funding assistance to home builders and qualified individuals:** LB 848 would establish guidelines for the use of the subaccount, which would include grants to assist qualified home builders in developing affordable housing and qualified individuals in acquiring such housing. Total expenditures for these purposes would be limited to the amount deposited in the subaccount.

**Recapture of grant payments:** LB 848 establishes a repayment schedule In the event that a qualified home owner receiving a grant from the subaccount sold the property, defaulted on a loan associated with the property, or was foreclosed upon within 10 years of the grant payment. Recaptured funds would be credited to the subaccount. It is not possible to determine if and when recaptured funds would be received.

**DED administrative costs:** DED estimates that the equivalent of 1 FTE (two .50 FTE positions) may be needed to manage grant program created under the subaccount. Annual costs are estimated to total \$65,000 to \$75,000 in FY15-16 and \$58,000 to \$70,000 in FY16-17. There is no basis to disagree with the agency that the management of the subaccount may require additional staffing. It is estimated that costs would come from Affordable Housing Cash Fund, as the subaccount remains a part of the fund.

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>			
LB: 848	AM:	AGENCY/POLT. SUB: Dept. of Economic Development	
REVIEWED BY: Gary Bush		DATE: January 22, 2014	PHONE: 471-4161
COMMENTS: No basis to disagree with the agency's estimate of the cost to implement the provisions of the bill.			

**State Agency Estimate**

State Agency Name: Dept. of Economic Development

Date Due LFA:  
1/21/2014

Approved by: Lara Huskey

Date Prepared:  
1/16/214

Phone: 471-3777

	FY 2013-2014		FY 2014-2015		FY 2015-2016	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds			\$80,158		\$73,448	
Cash Funds						
Federal Funds						
Other Funds						
Total Funds			\$80,158		\$73,448	

LB 848 would establish a subaccount within the Affordable Housing Trust Fund, to be funded with \$500,000 upon the operative date of LB 848, and \$500,000 on July 1, 2015. The subaccount would be used to provide grants to qualified home builders to develop affordable housing, and qualified individuals to acquire such newly constructed housing.

A qualified home builder would include a nonprofit organization, an individual, a partnership, a limited liability company, a corporation, or any other type of business entity that develops a piece of real property for residential use; and a qualified individual would include an individual whose income is less than fifty percent of the median income for the city or village in which the real property is located or, for any real property not located within a city or village, for the county in which the real property is located.

The conditions applicable to funding of projects from the subaccount would include: (1) the qualified home builder would be required to develop the real property in a high-poverty area; (2) the qualified home builder would be required to sell the property to a qualified individual; and (3) the qualified individual would be required to agree to purchase the real property and use it as his or her primary residence. The amount of the grant to the qualified home builder and qualified individual would be calculated by taking the difference between the total amount of real estate taxes levied against the real property immediately after completion of development and the total amount of real estate taxes levied in the year immediately prior to the development of the real property, and multiplying the difference by eight.

67% of the amount of grant would go to the qualified home builder and 33% would go to the qualified individual. The funds would be disbursed at the time of closing on the purchase of the real property. LB 848 would not require any matching funds from the qualified home builder, or qualified individual. The qualified individual would be required to own the real property, and not default on any loan in connection with the real property for a period of ten years, or the qualified individual would have to repay grant funds according to a proportional repayment method specified in LB 848. Funds recaptured from repayments would go back into the subaccount.

The Department would be required to submit a report to the Appropriations Committee of the Legislature on the balance of the subaccount on December 1, 2016. There is no provision for use of subaccount funding for Department administration. As drafted, LB 848 suggests that the Department will have a relationship with individual developers and individual home buyers. This will require additional staff to monitor agreements and disburse funds from the subaccount. This is expected to result in work for 0.5 FTE Attorney I, and 0.5 FTE Economic Development Financial Packager. This also includes \$8,500 in one-time costs for telephone, office equipment and computers.

**Major Objects of Expenditure**

Class Code	Classification Title	13-14	14-15	15-16	13-14	14-15	15-16
		FTE	FTE	FTE	Expenditures	Expenditures	Expenditures
A49280	Economic Development Financial Packager		0.5	.05		\$21,577	\$22,116
A31111	Attorney I		0.5	.05		21,577	22,116
	Benefits.....					28,504	29,216
	Operating Costs.....						
	Travel.....						
	Capital Outlay.....					8,500	0
	Aid.....						
	Capital Improvements.....						
	<b>Total.....</b>					\$80,158	\$73,448