

AMENDMENTS TO LB866

(Amendments to Standing Committee amendments, AM2913)

Introduced by Wayne, 13.

1 1. Insert the following new sections:

2 Sec. 11. Sections 11 to 19 of this act shall be known and may be
3 cited as the Middle Income Workforce Housing Investment Act.

4 Sec. 12. (1) Current economic conditions and limited availability
5 of modern housing units impact the ability of Nebraska's older urban
6 neighborhoods and majority minority communities to maintain residential
7 stability. Low rates of homeownership and a lack of high-quality, non-
8 income restricted rental housing negatively affects the ability of
9 residents of such neighborhoods and communities to achieve housing
10 stability and invest in their neighborhoods and communities. A lack of
11 workforce housing affects the ability of neighborhoods and communities to
12 maintain and develop viable, stable, and thriving economies. A shortage
13 of quality housing in such areas also impacts the ability of local
14 private, nonprofit, and public employers to grow and prosper.

15 (2) Impediments exist to the construction, rehabilitation, and
16 financing of urban workforce housing. Comparable home sale and appraisal
17 prices do not justify the cost of new construction homes. There is a lack
18 of space that would be large enough for development to achieve cost
19 efficiencies. Due to generations of disinvestment, these neighborhoods
20 and communities frequently receive a stigma that negatively impacts the
21 residential real estate market.

22 (3) In order to develop attractive housing options that lead to the
23 recruitment and retention of a world-class workforce in Nebraska's older
24 urban communities, it is the intent of the Legislature to use new and
25 existing resources to support creation of workforce housing investment
26 funds. Such funds will be used to encourage development of workforce

1 housing in Nebraska's urban and underserved neighborhoods and
2 communities.

3 Sec. 13. 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 housing in a neighborhood and
10 community with a demonstrated need for housing that is affordable and
11 attractive to first time homebuyers, middle-income families, and the
12 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) In a county with a population greater than one hundred thousand
2 inhabitants as determined by the most recent federal decennial census;
3 and

4 (b) Within a qualified census tract as described in 26 U.S.C. 42(d)
5 (5)(B), as such section existed on January 1, 2020.

6 (10) Workforce housing means:

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

15 (b) Owner-occupied housing units for which the cost to substantially
16 rehabilitate such units exceeds fifty percent of a unit's before-
17 construction assessed value, and the after-construction appraised value
18 is at least one hundred twenty-five thousand dollars but not more than
19 two hundred seventy-five thousand dollars;

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

21 (d) Housing that does not receive federal or state low-income
22 housing tax credits, community development block grants, HOME funds, or
23 funds from the Affordable Housing Trust Fund; and

24 (11) Workforce housing investment fund means a fund that has been
25 created by a nonprofit development organization and certified by the
26 director to encourage development of workforce housing in urban
27 communities.

28 Sec. 14. (1) The director shall establish a workforce housing
29 investment grant program to foster and support the development of
30 workforce housing in urban communities.

31 (2) A nonprofit development organization may apply to the director

1 for approval of a workforce housing grant for a workforce housing
2 investment fund. The application shall be in a form and manner prescribed
3 by the director. Through fiscal year 2022-2023, grants shall be awarded
4 by the director on a competitive basis until grant funds are no longer
5 available. Grant maximums shall not exceed one million dollars to any one
6 nonprofit development organization over a two-year period, with no more
7 than two million five hundred thousand dollars cumulative for any single
8 grantee through fiscal year 2022-2023. Grants shall require a minimum
9 one-to-one in matching funds to be considered a qualified grant
10 application. Unallocated funds shall be rolled to the next program year.
11 Unallocated funds on June 30, 2025, shall be returned to the Middle
12 Income Workforce Housing Investment Fund.

13 (3) Grants shall be awarded based upon:

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

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

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

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

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

28 (4) A workforce housing investment fund shall:

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

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

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

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

11 Sec. 15. (1) The Middle Income Workforce Housing Investment Fund is
12 created. Funding for the grant program described in section 14 of this
13 act shall come from the Middle Income Workforce Housing Investment Fund.
14 The Middle Income Workforce Housing Investment Fund may include revenue
15 from appropriations from the Legislature, grants, private contributions,
16 and other sources. In addition, the Middle Income Workforce Housing
17 Investment Fund shall receive a one-time transfer of ten million dollars
18 on the effective date of this act from the General Fund. Any money in the
19 Middle Income Workforce Housing Investment Fund available for investment
20 shall be invested by the state investment officer pursuant to the
21 Nebraska Capital Expansion Act and the Nebraska State Funds Investment
22 Act.

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

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

30 (4) If a nonprofit development organization fails to engage in a
31 qualified activity within twenty-four months after receiving initial

1 grant funding, the nonprofit development organization shall return the
2 grant proceeds to the department for credit to the Affordable Housing
3 Trust Fund.

4 (5) Beginning July 1, 2025, any funds held by the department in the
5 Middle Income Workforce Housing Investment Fund shall be transferred to
6 the Affordable Housing Trust Fund.

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

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

14 (a) The name and geographical location of the nonprofit development
15 organization;

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

18 (c) The number, geographical location, type, and amount of
19 investments made;

20 (d) A summary of matching funds and where such matching funds were
21 generated; and

22 (e) The results of the annual audit required under subdivision (4)
23 (d) of section 14 of this act.

24 (3) If a nonprofit development organization ceases administration of
25 a workforce housing investment fund, it shall file a final report with
26 the director in a form and manner required by the director. Before July
27 1, 2025, any unallocated workforce housing investment fund grant funds
28 shall be returned for credit to the Middle Income Workforce Housing
29 Investment Fund.

30 (4) If a workforce housing investment fund fails to file a complete
31 annual report by February 15, the director may, in his or her discretion,

1 impose a civil penalty of not more than five thousand dollars for such
2 violation. All money collected by the department pursuant to this
3 subsection shall be remitted to the State Treasurer for distribution in
4 accordance with Article VII, section 5, of the Constitution of Nebraska.

5 Sec. 17. (1) The department shall use its best efforts to assure
6 that any grant funds awarded to a nonprofit development organization are
7 targeted to the geographic communities or regions with the most pressing
8 housing, economic, and employment needs.

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

13 (3) The director may contract with a statewide public or private
14 nonprofit organization which shall serve as agent for the department to
15 help carry out the purposes and requirements of the Middle Income
16 Workforce Housing Investment Act. The department or its agent may only
17 use for expenses that portion of the funds available for the workforce
18 housing investment grant program through the Middle Income Workforce
19 Housing Investment Fund necessary to cover the actual costs of
20 administering the program.

21 Sec. 18. (1) As part of the department's annual status report
22 required under section 81-1201.11, the department shall submit a report
23 to the Legislature and the Governor that includes, but is not necessarily
24 limited to:

25 (a) The number and geographical location of workforce housing
26 investment funds;

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

29 (c) The number, geographical location, type, and amount of
30 investments made by each nonprofit development organization.

31 (2) The report to the Legislature shall be submitted electronically.

1 (3) Information received, developed, created, or otherwise
2 maintained by the department in administering and enforcing the Middle
3 Income Workforce Housing Investment Act, other than information required
4 to be included in the report to be submitted by the department to the
5 Governor and Legislature pursuant to this section, may be deemed
6 confidential by the department and not considered a public record subject
7 to disclosure pursuant to sections 84-712 to 84-712.09.

8 Sec. 19. The department may adopt and promulgate rules and
9 regulations to administer and enforce the Middle Income Workforce Housing
10 Investment Act.

11 2. On page 3, line 4, strike "cost" and insert "have an after-
12 construction appraised value of"; and strike line 5 and insert "twenty-
13 five thousand dollars but not more than two hundred seventy-five
14 thousand".

15 3. Renumber the remaining sections accordingly.