

Revised to include agency response.

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2020-21		FY 2021-22	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		(10,000,000)		
CASH FUNDS	3,500,000	10,000,000	3,500,000	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	3,500,000	0	3,500,000	

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

LB 1155 would establish the Middle Income Workforce Housing Investment Fund in the Department of Economic Development. The fund would receive revenue from a one-time transfer of \$10,000,000 from the General Fund on or before July 1, 2020. The fund would be used by the Department to provide grants to nonprofit development organizations. Grants would require a one-to-one match. LB 1155 provides that grants would be awarded through FY22-23, until grant funds are no longer available. If funds remained in the Middle Income Workforce Housing Trust Fund on July 1, 2025, the remaining amount would be transferred to the Affordable Housing Trust Fund.

For the purposes of this fiscal note, it is assumed that the \$10,000,000 General Fund transfer would be carried out on July 1, 2020. The rate of grant expenditures will depend upon the nature of requests submitted to the Department, but are estimated to be carried out over a period of three years, with FY22-23 expenses totaling \$3,000,000. LB 1155 allows the Department to administer the fund, but it is not clear if the agency could use the fund to pay for staff or contractual costs to administer the fund. The agency estimates \$171,150 in expenses in FY20-21 and \$226,860 in FY21-22 to administer the program in-house. The agency cost estimates are consistent with the staffing levels established for the Rural Workforce Housing Investment Act, which had a budget of \$7,800,000 and was expended over a period of three years.

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2020

LB⁽¹⁾ 1155

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Department of Economic Development

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ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2020-21</u>		<u>FY 2021-22</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>(\$3,500,000)</u>	_____	<u>(\$6,500,000)</u>	_____
CASH FUNDS	<u>\$3,500,000</u>	_____	<u>\$6,500,000</u>	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u><u>\$0</u></u>	<u>_____</u>	<u><u>\$0</u></u>	<u>_____</u>

Explanation of Estimate:

LB1155 creates the Middle Income Workforce Housing Investment Act. The act creates a new grant program in the Department of Economic Development (DED) for the purpose of increasing owner-occupied workforce housing in urban and underserved neighborhoods and communities. The program provides grant funding on a matching basis to non-profit development organizations for the development of workforce housing. Included in the definition of workforce housing are owner-occupied housing units that cost between \$150,000 and \$250,000 to construct; or require substantial rehabilitation, exceeding 50% of the unit's assessed value. Housing eligible for this program must not have received federal or state low-income housing tax credits, community development block grants, HOME funds, or funds from the Affordable Housing Trust Fund.

LB1155 creates the Middle Income Workforce Housing Investment Fund. The new fund will receive a one-time transfer of \$10 million or before July 1, 2020, from the General Fund. Middle Income Workforce Housing grants are to be awarded through FY2022-23 or until funds are no longer available. Any funds remaining in the fund on July 1, 2025 will be transferred to the Affordable Housing Trust Fund.

DED estimates that administration of a new grant program will require the services of one FTE Economic Development Manager to develop rules and regulations and manage the operation of the grant program, and produce the necessary reports. In addition, the department estimates that it will require 1.0 FTE of an Economic Development Financial Packager to issue and track grant funds, beginning in FY2020-21. The bill contains the emergency clause; however, the process of developing rules and regulations, and a developing tracking system will result in fewer grants in the first year. It is estimated that approximately \$3,500,000 could be awarded in the first year of the program, and the remaining \$6,500,000 is expected to be awarded in FY2021-22. Operating expenses include a one-time cost for grants management software.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2020-21</u>	<u>2021-22</u>
	<u>20-21</u>	<u>21-22</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Econ Dev Business Manager	<u>1.0</u>	<u>1.0</u>	<u>\$66,210</u>	<u>\$67,860</u>
Econ. Dev. Financial Packager	<u>0</u>	<u>1.0</u>	<u>0</u>	<u>60,910</u>
Benefits.....			<u>26,480</u>	<u>50,850</u>
Operating.....			<u>63,240</u>	<u>25,760</u>
Travel.....			<u>6,620</u>	<u>12,880</u>
Capital outlay.....			<u>8,600</u>	<u>8,600</u>
Aid.....			<u>3,328,850</u>	<u>6,273,140</u>
Capital improvements.....			<u>0</u>	<u>0</u>
TOTAL.....			<u>\$3,500,000</u>	<u>\$6,500,000</u>