

LEGISLATURE OF NEBRASKA
ONE HUNDRED EIGHTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 249

Introduced by Briese, 41.

Read first time January 10, 2023

Committee:

- 1 A BILL FOR AN ACT relating to the Rural Workforce Housing Investment Act;
- 2 to amend section 19-5503, Reissue Revised Statutes of Nebraska, and
- 3 sections 81-1228, 81-1229, 81-1230, and 81-1231, Revised Statutes
- 4 Cumulative Supplement, 2022; to redefine and eliminate terms; to
- 5 change provisions relating to grant limitations; to transfer funds;
- 6 to harmonize provisions; and to repeal the original sections.
- 7 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 19-5503, Reissue Revised Statutes of Nebraska, is
2 amended to read:

3 19-5503 For purposes of the Municipal Density and Missing Middle
4 Housing Act:

5 (1) Accessory dwelling unit means an interior, attached, or detached
6 residential structure that is used in connection with, or that is an
7 accessory to, a single-family dwelling and is located on the same lot or
8 parcel as such single-family dwelling;

9 (2) Affordable housing means residential dwelling units affordable
10 to a household earning not more than eighty percent of the income limit
11 as set forth by the United States Department of Housing and Urban
12 Development under its Income Limits Documentation System, as such limits
13 existed on January 1, 2022, for the county in which the units are located
14 and for a particular household size;

15 (3) City means any city of the metropolitan class, city of the
16 primary class, or city of the first class in the State of Nebraska with a
17 population of at least twenty thousand inhabitants as determined by the
18 most recent federal decennial census or the most recent revised certified
19 count by the United States Bureau of the Census;

20 (4) Cottage cluster means a grouping of no fewer than four detached
21 housing units per acre with a footprint of less than nine hundred square
22 feet each and that includes a common courtyard;

23 (5) Density bonus means a density increase over the otherwise
24 maximum allowable residential density under a city's zoning codes,
25 ordinances, and regulations;

26 (6) Middle housing means:

27 (a) Duplexes;

28 (b) Triplexes;

29 (c) Quadplexes;

30 (d) Cottage clusters; or

31 (e) Townhouses;

1 (7) Townhouse means a dwelling unit constructed in a row of two or
2 more attached units where each dwelling unit is located on an individual
3 lot or parcel and shares at least one common wall with an adjacent unit;
4 and

5 (8) Workforce housing means:

6 (a) Housing that meets the needs of working families;

7 (b) 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 to construct;

10 (c) Owner-occupied housing units for which the cost to substantially
11 rehabilitate exceeds fifty percent of a unit's assessed value;

12 (d) Upper-story housing for occupation by a homeowner; and

13 (e) Housing that does not receive federal or state low-income
14 housing tax credits, community development block grants, HOME funds as
15 defined in section 81-1237 ~~81-1228~~, or funds from the Affordable Housing
16 Trust Fund.

17 Sec. 2. Section 81-1228, Revised Statutes Cumulative Supplement,
18 2022, is amended to read:

19 81-1228 For purposes of the Rural Workforce Housing Investment Act:

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

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

22 (3) Eligible activities of a nonprofit development organization
23 means:

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

26 (b) Substantial repair or rehabilitation of dilapidated housing
27 stock; or

28 (c) Upper-story housing development;

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

1 ~~(4)~~ ~~(5)~~ Matching funds means dollars contributed by individuals,
2 businesses, foundations, local, regional, and statewide political
3 subdivisions, or other nonprofit organizations to a workforce housing
4 investment fund administered by a nonprofit development organization;

5 ~~(5)~~ ~~(6)~~ Nonprofit development organization means a local, regional,
6 or statewide nonprofit development organization approved by the director;

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

12 ~~(7)~~ ~~(8)~~ Qualified investment means a cash investment in a workforce
13 housing investment fund administered by a nonprofit development
14 organization;

15 ~~(8)~~ ~~(9)~~ Rural community means any municipality in a county with a
16 population of fewer than one hundred thousand inhabitants as determined
17 by the most recent federal decennial census;

18 ~~(9)~~ ~~(10)~~ Workforce housing means:

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

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

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

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

1 (e) Upper-story housing; and

2 ~~(f) Housing that does not receive federal or state low income~~
3 ~~housing tax credits, community development block grants, HOME funds,~~
4 ~~funds from the National Housing Trust Fund, or funds from the Affordable~~
5 ~~Housing Trust Fund; and~~

6 (10) ~~(11)~~ Workforce housing investment fund means a fund that has
7 been created by a nonprofit development organization and certified by the
8 director to encourage development of workforce housing in rural
9 communities.

10 Sec. 3. Section 81-1229, Revised Statutes Cumulative Supplement,
11 2022, is amended to read:

12 81-1229 (1) The director shall establish a workforce housing grant
13 program to foster and support the development of workforce housing in
14 rural communities.

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

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

25 (b) The maximum amount of grant funds awarded to any one nonprofit
26 development organization for all program years shall not exceed an
27 aggregate limit determined by the department at the discretion of the
28 director. Grant maximums shall not exceed one million dollars to any one
29 nonprofit development organization over a two-year period, with the
30 cumulative amount for any single grantee to be determined by the
31 department at the discretion of the director.

1 ~~(3)~~ An applicant shall provide matching funds of at least one-half
2 of the amount of workforce housing grant funds awarded. Unallocated
3 workforce housing grant funds held by the department shall be rolled to
4 the next program year.

5 ~~(4)~~ ~~(3)~~ Grants shall be awarded based upon:

6 (a) A demonstrated and ongoing housing need as identified by a
7 recent housing study;

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

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

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

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

16 ~~(5)~~ ~~(4)~~ A nonprofit development organization shall:

17 (a) Invest or intend to invest in workforce housing eligible
18 activities;

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

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

29 Sec. 4. Section 81-1230, Revised Statutes Cumulative Supplement,
30 2022, is amended to read:

31 81-1230 (1) The Rural Workforce Housing Investment Fund is created.

1 Funding for the grant program described in section 81-1229 shall come
2 from the Rural Workforce Housing Investment Fund. The Rural Workforce
3 Housing Investment Fund may include revenue from appropriations from the
4 Legislature, grants, private contributions, and other sources. In
5 addition, the State Treasurer shall transfer twenty million dollars on or
6 before October 1, 2023, from the General Fund ~~make a one-time transfer of~~
7 ~~seven million three hundred thousand dollars on or before October 1,~~
8 ~~2017, from the Affordable Housing Trust Fund~~ to the Rural Workforce
9 Housing Investment Fund. Any money in the Rural Workforce Housing
10 Investment Fund available for investment shall be invested by the state
11 investment officer pursuant to the Nebraska Capital Expansion Act and the
12 Nebraska State Funds Investment Act.

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

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

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

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

29 (6) Beginning July 1, 2027, any funds held by the department in the
30 Rural Workforce Housing Investment Fund shall be transferred to the
31 General Fund.

1 Sec. 5. Section 81-1231, Revised Statutes Cumulative Supplement,
2 2022, is amended to read:

3 81-1231 (1) Each nonprofit development organization shall submit an
4 annual report to the director to be included as a part of the
5 department's annual status report required under section 81-1201.11. The
6 report shall certify that the nonprofit development organization meets
7 the requirements of the Rural Workforce Housing Investment Act and shall
8 include a breakdown of program activities.

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

11 (a) The name and geographical location of the reporting nonprofit
12 development organization;

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

15 (c) The number, geographical location, type, and amount of
16 investments made;

17 (d) A summary of matching funds and where such matching funds were
18 generated; and

19 (e) The results of the annual review of all financial records
20 required under subsection (5) ~~(4)~~ of section 81-1229.

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

28 (4) If a nonprofit development organization fails to file a complete
29 annual report by February 15, the director may, in his or her discretion,
30 impose a civil penalty of not more than five thousand dollars for such
31 violation. All money collected by the department pursuant to this

1 subsection shall be remitted to the State Treasurer for distribution in
2 accordance with Article VII, section 5, of the Constitution of Nebraska.

3 Sec. 6. Original section 19-5503, Reissue Revised Statutes of
4 Nebraska, and sections 81-1228, 81-1229, 81-1230, and 81-1231, Revised
5 Statutes Cumulative Supplement, 2022, are repealed.