

AMENDMENTS TO LB518

Introduced by Business and Labor.

1           1. Strike the original sections and insert the following new  
2 sections:

3           Section 1. Sections 1 to 9 of this act shall be known and may be  
4 cited as the Rural Workforce Housing Investment Act.

5           Sec. 2. The Legislature finds that:

6           (1) Current economic conditions and limited availability of modern  
7 housing units impact the ability of Nebraska's rural communities to  
8 recruit and retain a world-class workforce. A lack of workforce housing  
9 affects the ability of communities to maintain and develop viable,  
10 stable, and thriving economies. A housing shortage in rural areas also  
11 impacts the ability of local private, nonprofit, and public employers to  
12 grow and prosper;

13           (2) Impediments exist to the construction, rehabilitation, and  
14 financing of rural workforce housing. There is a shortage of contractors  
15 willing to develop new housing units in rural communities. Developers and  
16 contractors perceive increased risk associated with housing development  
17 in rural areas. Today's worker who is considering a job in a rural area  
18 has different expectations about the type and style of housing he or she  
19 desires. Costs for new housing in rural areas generally continue to grow  
20 faster than Nebraska incomes and the cost of living; and

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

27           Sec. 3. For purposes of the Rural Workforce Housing Investment Act:

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

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

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

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

7           (b) Substantial repair or rehabilitation of dilapidated housing  
8 stock; or

9           (c) Upper-story housing development;

10          (4) HOME funds means funds awarded as formula grants under the HOME  
11 Investment Partnerships Program administered by the United States  
12 Department of Housing and Urban Development;

13          (5) Matching funds means dollars contributed by individuals,  
14 businesses, foundations, local and regional political subdivisions, or  
15 other nonprofit organizations to a workforce housing investment fund  
16 administered by a nonprofit development organization;

17          (6) Nonprofit development organization means a regional or statewide  
18 nonprofit development organization approved by the director;

19          (7) Qualified activities include, but are not limited to, purchase  
20 and rental guarantees, loan guarantees, loan participations, and other  
21 credit enhancements or any other form of assistance designed to reduce  
22 the cost of workforce housing related to eligible activities of the  
23 nonprofit development organization;

24          (8) Qualified investment means a cash investment in a workforce  
25 housing investment fund administered by a nonprofit development  
26 organization;

27          (9) Rural community means any municipality in a county with a  
28 population of fewer than one hundred thousand inhabitants as determined  
29 by the most recent federal decennial census;

30          (10) Workforce housing means:

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

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

3       (c) Owner-occupied housing units that cost not more than two hundred  
4 seventy-five thousand dollars to construct or rental housing units that  
5 cost not more than two hundred thousand dollars per unit to construct.  
6 For purposes of this subdivision (c), housing unit costs shall be updated  
7 annually by the department based upon the most recent increase or  
8 decrease in the Producer Price Index for all commodities, published by  
9 the United States Department of Labor, Bureau of Labor Statistics;

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

13       (e) Upper-story housing; and

14       (f) Housing that does not receive federal or state low-income  
15 housing tax credits, community development block grants, HOME funds, or  
16 funds from the Affordable Housing Trust Fund; and

17       (11) Workforce housing investment fund means a fund that has been  
18 created by a nonprofit development organization and certified by the  
19 director to encourage development of workforce housing in rural  
20 communities.

21       Sec. 4. (1) The director shall establish a workforce housing grant  
22 program to foster and support the development of workforce housing in  
23 rural communities.

24       (2) A nonprofit development organization may apply to the director  
25 for approval of a workforce housing grant for a workforce housing  
26 investment fund. The application shall be in a form and manner prescribed  
27 by the director. Through fiscal year 2020-21, grants shall be awarded by  
28 the director on a competitive basis until grant funds are no longer  
29 available. Grant maximums shall not exceed one million dollars to any one  
30 nonprofit development organization over a two-year period, with no more  
31 than two million dollars cumulative for any single grantee through fiscal

1 year 2020-21. Grants shall require a minimum one-to-one in matching funds  
2 to be considered a qualified grant application. Unallocated workforce  
3 housing grant funds held by the department shall be rolled to the next  
4 program year.

5 (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 (4) A workforce housing investment fund shall be required to receive  
17 annual certification from the department.

18 (5) A nonprofit development organization shall:

19 (a) Invest or intend to invest in workforce housing eligible  
20 activities;

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

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

31 Sec. 5. (1) The Rural Workforce Housing Investment Fund is created.

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

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

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

18 (4) If a nonprofit development organization fails to engage in the  
19 initial qualified activity within twenty-four months after receiving  
20 initial grant funding, the nonprofit development organization shall  
21 return the grant funds to the department for credit to the Affordable  
22 Housing Trust 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, 2022, any funds held by the department in the  
30 Rural Workforce Housing Investment Fund shall be transferred to the  
31 Affordable Housing Trust Fund.

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

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

9           (a) The name and geographical location of the reporting nonprofit  
10 development organization;

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

13           (c) The number, geographical location, type, and amount of  
14 investments made;

15           (d) A summary of matching funds and where such matching funds were  
16 generated; and

17           (e) The results of the annual audit required under subsection (5) of  
18 section 4 of this act.

19           (3) If a nonprofit development organization ceases administration of  
20 a workforce housing investment fund, it shall file a final report with  
21 the director in a form and manner required by the director. Before July  
22 1, 2022, any unallocated grant funds shall be returned to the department  
23 for credit to the Rural Workforce Housing Investment Fund. On and after  
24 July 1, 2022, any unallocated grant funds shall be returned to the  
25 department for credit to the Affordable Housing Trust Fund.

26           (4) If a nonprofit development organization fails to file a complete  
27 annual report by February 15, the director may, in his or her discretion,  
28 impose a civil penalty of not more than five thousand dollars for such  
29 violation. All money collected by the department pursuant to this  
30 subsection shall be remitted to the State Treasurer for distribution in  
31 accordance with Article VII, section 5, of the Constitution of Nebraska.

1           Sec. 7. (1) The department shall use its best efforts to assure  
2 that grant funds awarded to nonprofit development organizations are  
3 targeted to the geographic communities or regions with the most pressing  
4 economic and employment needs.

5           (2) The department shall use its best efforts to assure that the  
6 allocation of grant funds provides equitable access to the benefits  
7 provided by the Rural Workforce Housing Investment Act to all eligible  
8 geographical areas.

9           (3) The department may contract with a statewide public or private  
10 nonprofit organization which shall serve as agent for the department to  
11 help carry out the purposes and requirements of the Rural Workforce  
12 Housing Investment Act. The department or its agent may only use for  
13 expenses that portion of the funds available for the workforce housing  
14 grant program through the Rural Workforce Housing Investment Fund  
15 necessary to cover the actual costs of administering the program,  
16 including, but not limited to, the hiring of staff.

17           Sec. 8. (1) As part of the department's annual status report  
18 required under section 81-1201.11, the department shall submit a report  
19 to the Legislature and the Governor that includes, but is not necessarily  
20 limited to:

21           (a) The number and geographical location of nonprofit development  
22 organizations establishing workforce housing investment funds;

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

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

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

28           (3) Information received, developed, created, or otherwise  
29 maintained by the department in administering and enforcing the Rural  
30 Workforce Housing Investment Act, other than information required to be  
31 included in the report to be submitted by the department to the Governor

1 and Legislature pursuant to this section, may be deemed confidential by  
2 the department and not considered public records subject to disclosure  
3 pursuant to sections 84-712 to 84-712.09.

4       Sec. 9. The department may adopt and promulgate rules and  
5 regulations to administer and enforce the Rural Workforce Housing  
6 Investment Act.

7       Sec. 10. Section 58-703, Revised Statutes Cumulative Supplement,  
8 2016, is amended to read:

9       58-703 The Affordable Housing Trust Fund is created. The fund shall  
10 receive money pursuant to section 76-903 and may include revenue from  
11 sources recommended by the housing advisory committee established in  
12 section 58-704, appropriations from the Legislature, transfers authorized  
13 by the Legislature, grants, private contributions, repayment of loans,  
14 and all other sources. The Department of Economic Development as part of  
15 its comprehensive housing affordability strategy shall administer the  
16 Affordable Housing Trust Fund.

17       Transfers may be made from the Affordable Housing Trust Fund to the  
18 General Fund, the Behavioral Health Services Fund, the Rural Workforce  
19 Housing Investment Fund, and the Site and Building Development Fund at  
20 the direction of the Legislature.

21       Sec. 11. Original section 58-703, Revised Statutes Cumulative  
22 Supplement, 2016, is repealed.