

Revised based on amendments adopted

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2017-18		FY 2018-19	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	3,500,000	See below	3,800,000	See below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	3,500,000	See below	3,800,000	See below

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

LB 518 would establish the Rural Workforce Housing Investment Act to be administered by the Department of Economic Development. The Rural Workforce Housing Investment Fund would be created and receive a one-time transfer of \$7,300,000 transfer from the Affordable Housing Trust Fund on or before October 1, 2017. The agency would also be authorized to seek private or non-state funding.

The fund would be used to provide workforce housing investment grants to foster and support the development of workforce housing in rural communities. LB 518 stipulates that through FY 20-21, grants shall be awarded on a competitive basis until grant funds are no longer available. Grants would require one-to-one matching funds in order to be considered for funding.

The reallocation of cash funds from the Affordable Housing Trust Fund to the Rural Workforce Housing Investment Fund would have no net revenue impact to the department. It is estimated that based upon the balance and ongoing revenue deposited into the Affordable Housing Trust Fund, the transfer out would have no impact upon expenditures from that fund. There is no basis to disagree with the agency estimate that in FY17-18, \$3,500,000 would be expended from the Rural Workforce Housing Investment Fund, with \$3,395,665 being used for grants. In FY18-19, the agency estimates that \$3,800,000 would be expended from the fund, with grants totaling \$3,613,965.

Please complete ALL (5) blanks in the first three lines.

2017

LB⁽¹⁾ **518 AM 716**

FISCAL NOTE

State Agency OR Political Subdivision Name: (2) Dept. of Economic Development

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ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2017-18</u>		<u>FY 2018-19</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
AHT FUNDS		(\$7,300,000)		
FEDERAL FUNDS				
RWInv FUNDS	\$3,500,000	\$7,300,000	\$3,800,000	
TOTAL FUNDS	<u>\$3,500,000</u>	<u>\$0</u>	<u>\$3,800,000</u>	

Explanation of Estimate:

LB 518 as amended by AM 716 creates the Rural Workforce Housing Investment Act, administered by the Department of Economic Development. The program provides grant funding on a matching basis to nonprofit development organizations for the development of workforce housing. Included in the definition of workforce housing are owner-occupied housing units costing not more than \$275,000 to construct, or rental units costing not more than \$200,000 to construct. 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.

LB 518 as amended by AM 716 creates the Rural Workforce Housing Investment Fund (RWHI). The new fund will receive a one-time transfer of \$7,300,000 on or before October 1, 2017, from the Affordable Housing Trust Fund. The Department may seek additional funding from other sources, including the Nebraska Investment Finance Authority, or other interested parties. Rural workforce housing grants are to be awarded through FY2020-21 or until funds are no longer available.

The Department of Economic Development 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 FY2018-19. The operative date of the bill will result in fewer grants in the first year. It is expected that approximately \$3,500,000 will be issued in the first year of the program, and \$3,800,000 is expected to be expended in FY2018-19.

Note: As drafted, the language of LB518 does not properly provide for transfer authority from the Affordable Housing Trust Fund to the Rural Workforce Housing Investment Fund; however, these transfers are assumed in the note.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2017-18</u>	<u>2018-19</u>
	<u>17-18</u>	<u>18-19</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Economic Development Manager	1.0	1.0	\$63,955	\$64,915
Econ. Dev. Financial Packager	0.0	1.0	0	57,400
Benefits.....			25,580	48,920
Operating.....			3,200	3,200
Travel.....			3,200	3,200
Capital outlay.....			8,400	8,400
Aid.....			3,395,665	3,613,965
Capital improvements.....				
TOTAL.....			<u>\$3,500,000</u>	<u>\$3,800,000</u>