

LEGISLATURE OF NEBRASKA
ONE HUNDRED FIFTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 518

FINAL READING

Introduced by Williams, 36; Briese, 41.

Read first time January 18, 2017

Committee: Business and Labor

- 1 A BILL FOR AN ACT relating to economic development; to amend section
2 58-703, Revised Statutes Cumulative Supplement, 2016; to adopt the
3 Rural Workforce Housing Investment Act; to provide for a transfer of
4 funds from the Affordable Housing Trust Fund; to harmonize
5 provisions; and to repeal the original section.
6 Be it enacted by the people of the State of Nebraska,

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

3 Sec. 2. The Legislature finds that:

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

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

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

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

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

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

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

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

1 (b) Substantial repair or rehabilitation of dilapidated housing
2 stock; or

3 (c) Upper-story housing development;

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

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

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

13 (7) Qualified activities include, but are not limited to, purchase
14 and rental guarantees, loan guarantees, loan participations, and other
15 credit enhancements or any other form of assistance designed to reduce
16 the cost of workforce housing related to eligible activities of the
17 nonprofit development organization;

18 (8) Qualified investment means a cash investment in a workforce
19 housing investment fund administered by a nonprofit development
20 organization;

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

24 (10) Workforce housing means:

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

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

28 (c) Owner-occupied housing units that cost not more than two hundred
29 seventy-five thousand dollars to construct or rental housing units that
30 cost not more than two hundred thousand dollars per unit to construct.
31 For purposes of this subdivision (c), housing unit costs shall be updated

1 annually by the department based upon the most recent increase or
2 decrease in the Producer Price Index for all commodities, published by
3 the United States Department of Labor, Bureau of Labor Statistics;

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

7 (e) Upper-story housing; and

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

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

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

18 (2) A nonprofit development organization may apply to the director
19 for approval of a workforce housing grant for a workforce housing
20 investment fund. The application shall be in a form and manner prescribed
21 by the director. Through fiscal year 2020-21, grants shall be awarded by
22 the director on a competitive basis until grant funds are no longer
23 available. Grant maximums shall not exceed one million dollars to any one
24 nonprofit development organization over a two-year period, with no more
25 than two million dollars cumulative for any single grantee through fiscal
26 year 2020-21. Grants shall require a minimum one-to-one in matching funds
27 to be considered a qualified grant application. Unallocated workforce
28 housing grant funds held by the department shall be rolled to the next
29 program year.

30 (3) Grants shall be awarded based upon:

31 (a) A demonstrated and ongoing housing need as identified by a

1 recent housing study;

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

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

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

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

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

12 (5) A nonprofit development organization shall:

13 (a) Invest or intend to invest in workforce housing eligible
14 activities;

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

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

25 Sec. 5. (1) The Rural Workforce Housing Investment Fund is created.
26 Funding for the grant program described in section 4 of this act shall
27 come from the Rural Workforce Housing Investment Fund. The Rural
28 Workforce Housing Investment Fund may include revenue from appropriations
29 from the Legislature, grants, private contributions, and other sources.
30 In addition, the State Treasurer shall make a one-time transfer of seven
31 million three hundred thousand dollars on or before October 1, 2017, from

1 the Affordable Housing Trust Fund to the Rural Workforce Housing
2 Investment Fund. Any money in the Rural Workforce Housing Investment Fund
3 available for investment shall be invested by the state investment
4 officer pursuant to the Nebraska Capital Expansion Act and the Nebraska
5 State Funds Investment Act.

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

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

12 (4) If a nonprofit development organization fails to engage in the
13 initial qualified activity within twenty-four months after receiving
14 initial grant funding, the nonprofit development organization shall
15 return the grant funds to the department for credit to the Affordable
16 Housing Trust Fund.

17 (5) If a nonprofit development organization fails to allocate any
18 remaining initial grant funding on a qualified activity within twenty-
19 four months after engaging in the initial qualified activity, the
20 nonprofit development organization shall return such unallocated grant
21 funds to the department for credit to the Rural Workforce Housing
22 Investment Fund.

23 (6) Beginning July 1, 2022, any funds held by the department in the
24 Rural Workforce Housing Investment Fund shall be transferred to the
25 Affordable Housing Trust Fund.

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

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

3 (a) The name and geographical location of the reporting nonprofit
4 development organization;

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

7 (c) The number, geographical location, type, and amount of
8 investments made;

9 (d) A summary of matching funds and where such matching funds were
10 generated; and

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

13 (3) If a nonprofit development organization ceases administration of
14 a workforce housing investment fund, it shall file a final report with
15 the director in a form and manner required by the director. Before July
16 1, 2022, any unallocated grant funds shall be returned to the department
17 for credit to the Rural Workforce Housing Investment Fund. On and after
18 July 1, 2022, any unallocated grant funds shall be returned to the
19 department for credit to the Affordable Housing Trust Fund.

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

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

30 (2) The department shall use its best efforts to assure that the
31 allocation of grant funds provides equitable access to the benefits

1 provided by the Rural Workforce Housing Investment Act to all eligible
2 geographical areas.

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

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

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

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

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

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

22 (3) Information received, developed, created, or otherwise
23 maintained by the department in administering and enforcing the Rural
24 Workforce Housing Investment Act, other than information required to be
25 included in the report to be submitted by the department to the Governor
26 and Legislature pursuant to this section, may be deemed confidential by
27 the department and not considered public records subject to disclosure
28 pursuant to sections 84-712 to 84-712.09.

29 Sec. 9. The department may adopt and promulgate rules and
30 regulations to administer and enforce the Rural Workforce Housing
31 Investment Act.

1 Sec. 10. Section 58-703, Revised Statutes Cumulative Supplement,
2 2016, is amended to read:

3 58-703 The Affordable Housing Trust Fund is created. The fund shall
4 receive money pursuant to section 76-903 and may include revenue from
5 sources recommended by the housing advisory committee established in
6 section 58-704, appropriations from the Legislature, transfers authorized
7 by the Legislature, grants, private contributions, repayment of loans,
8 and all other sources. The Department of Economic Development as part of
9 its comprehensive housing affordability strategy shall administer the
10 Affordable Housing Trust Fund.

11 Transfers may be made from the Affordable Housing Trust Fund to the
12 General Fund, the Behavioral Health Services Fund, the Rural Workforce
13 Housing Investment Fund, and the Site and Building Development Fund at
14 the direction of the Legislature.

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