

LEGISLATURE OF NEBRASKA  
ONE HUNDRED NINTH LEGISLATURE  
SECOND SESSION

**LEGISLATIVE BILL 768**

FINAL READING

Introduced by Dover, 19.

Read first time January 07, 2026

Committee: Banking, Commerce and Insurance

1 A BILL FOR AN ACT relating to grants and other financial assistance; to  
2 amend sections 58-709, 81-1228, 81-1229, 81-1230, 81-1231, 81-1232,  
3 and 81-1241, Reissue Revised Statutes of Nebraska, sections 58-201  
4 and 58-703, Revised Statutes Cumulative Supplement, 2024, and  
5 sections 58-701, 58-708, 72-804, 72-805, 81-1237, 81-1238, 81-1239,  
6 and 81-1240, Revised Statutes Supplement, 2025; to provide powers  
7 for the Nebraska Investment Finance Authority; to change and  
8 eliminate provisions of the Nebraska Affordable Housing Act; to  
9 change provisions relating to new state buildings and buildings  
10 constructed with state funds; to authorize certain contracts under  
11 the Nebraska Affordable Housing Act, the Rural Workforce Housing  
12 Investment Act, and the Middle Income Workforce Housing Investment  
13 Act; to eliminate a housing advisory committee; to harmonize  
14 provisions; to repeal the original sections; and to outright repeal  
15 section 58-704, Reissue Revised Statutes of Nebraska, and section  
16 58-712, Revised Statutes Supplement, 2025.

17 Be it enacted by the people of the State of Nebraska,

1           **Section 1.** Section 58-201, Revised Statutes Cumulative Supplement,  
2 2024, is amended to read:

3           58-201 Sections 58-201 to 58-273 and sections 2 and 3 of this act  
4 shall be known and may be cited as the Nebraska Investment Finance  
5 Authority Act.

6           **Sec. 2.** (1) In addition to the powers granted under section 58-239,  
7 the authority may:

8           (a) Support, establish, operate, manage, invest in, participate in,  
9 and own nonprofit entities, nonprofit subsidiaries, or other nonprofit  
10 consortia, in each case to further carry out the purposes of the Nebraska  
11 Investment Finance Authority Act, including with respect to projects for  
12 which financing or other resources are provided pursuant to the act; and

13           (b) Transfer assets of the authority to an entity created pursuant  
14 to this section.

15           (2) Unless otherwise provided by the authority, the debts,  
16 liabilities, and obligations of any such entity, subsidiary, or other  
17 consortium shall not be debts, liabilities, or obligations of the  
18 authority.

19           **Sec. 3.** (1) For purposes of this section, public funds has the same  
20 meaning as in section 81-11,106.

21           (2) If the authority administers any grant or loan program involving  
22 public funds pursuant to an agreement with a state agency, the following  
23 requirements shall apply:

24           (a) The authority shall provide information regarding such grant or  
25 loan program and the public funds involved in such program to such state  
26 agency, upon such agency's request, in order to allow the state agency to  
27 comply with its responsibilities under section 81-1113;

28           (b) The authority shall record information regarding such grant or  
29 loan program and the public funds involved in such program in an  
30 accounting system. The information to be recorded in the accounting  
31 system shall include:

- 1        (i) All revenue and fund balances relating to such public funds;  
2        (ii) All expenditures of such public funds, including the amount of  
3 all grant and loan awards; and  
4        (iii) All schedules of uses of funds, including all invoices and  
5 other supporting documentation, that are submitted by grant or loan  
6 recipients under such grant or loan program, except that the requirement  
7 to include such schedules and documentation shall apply only to the  
8 extent such information is in the possession of the authority; and  
9        (c) The authority shall allow such state agency, the Legislative  
10 Fiscal Analyst, and the budget administrator of the budget division of  
11 the Department of Administrative Services to have access to the  
12 accounting system described in subdivision (2)(b) of this section, upon  
13 request.

14        **Sec. 4.** Section 58-701, Revised Statutes Supplement, 2025, is  
15 amended to read:

16        58-701 Sections 58-701 to ~~58-711~~ and section 8 of this act ~~58-712~~  
17 shall be known and may be cited as the Nebraska Affordable Housing Act.

18        **Sec. 5.** Section 58-703, Revised Statutes Cumulative Supplement,  
19 2024, is amended to read:

20        58-703 The Affordable Housing Trust Fund is created. The fund shall  
21 receive money pursuant to section 76-903 and may include ~~revenue from~~  
22 ~~sources recommended by the housing advisory committee established in~~  
23 ~~section 58-704,~~ appropriations from the Legislature, transfers authorized  
24 by the Legislature, grants, private contributions, repayment of loans,  
25 and funds from all other sources. The Department of Economic Development  
26 as part of its comprehensive housing affordability strategy shall  
27 administer the Affordable Housing Trust Fund.

28        Transfers may be made from the Affordable Housing Trust Fund to the  
29 General Fund, the Behavioral Health Services Fund, the Lead-Based Paint  
30 Hazard Control Cash Fund, the Middle Income Workforce Housing Investment  
31 Fund, the Rural Workforce Housing Investment Fund, and the Site and

1 Building Development Fund at the direction of the Legislature.

2 **Sec. 6.** Section 58-708, Revised Statutes Supplement, 2025, is  
3 amended to read:

4 58-708 (1) During each calendar year in which funds are available  
5 from the Affordable Housing Trust Fund for use by the Department of  
6 Economic Development, the department shall make its best efforts to  
7 allocate not less than thirty percent of such funds to each congressional  
8 district. The department shall announce a grant and loan application  
9 period of at least ~~sixty~~ ninety days duration for all projects. Before an  
10 ~~a grant~~ application for any new construction project can be submitted to  
11 the department, the land for the project shall be identified. In  
12 selecting projects to receive trust fund assistance, the department shall  
13 develop a qualified allocation plan and give first priority to  
14 financially viable projects that serve the lowest income occupants for  
15 the longest period of time. The qualified allocation plan shall:

16 (a) Set forth selection criteria to be used to determine housing  
17 priorities of the housing trust fund which are appropriate to local  
18 conditions, including the community's immediate need for affordable  
19 housing, proposed increases in home ownership, private dollars leveraged,  
20 level of local government support and participation, and repayment, in  
21 part or in whole, of financial assistance awarded by the fund; and

22 (b) Give first priority in allocating trust fund assistance among  
23 selected projects to those projects which are located in whole or in part  
24 within an enterprise zone designated pursuant to the Enterprise Zone Act  
25 or an opportunity zone designated pursuant to the federal Tax Cuts and  
26 Jobs Act, Public Law 115-97, serve the lowest income occupant, are  
27 located in an area that has been declared an extremely blighted area  
28 under section 18-2101.02, and are obligated to serve qualified occupants  
29 for the longest period of time.

30 ~~(2) Beginning on July 1, 2026:~~

31 ~~(2) (a)~~ The Department of Economic Development shall disburse ~~grant~~

1 ~~funds to a qualified recipient equal to eighty percent of the amount~~  
2 ~~awarded to a qualified recipient housing development costs of such~~  
3 ~~recipient, excluding general administration costs, housing management~~  
4 ~~fees, lead-based paint test costs, and technical assistance costs, once~~  
5 ~~the department approves such recipient for funding and shall disburse the~~  
6 ~~remaining twenty percent of such amount, excluding general administration~~  
7 ~~costs, housing management fees, lead-based paint test costs, and~~  
8 ~~technical assistance costs, upon the completion of the project. The funds~~  
9 ~~shall be held in an interest-bearing construction disbursement escrow~~  
10 ~~account and shall be disbursed for qualified expenses upon sufficient~~  
11 ~~presentation of partial lien releases and supporting invoices or~~  
12 ~~receipts, as determined by the escrow company in the exercise of its~~  
13 ~~duties. The escrow company shall be a licensed title insurance company,~~  
14 ~~financial institution, or third-party law firm. Interest received from~~  
15 ~~the funds while in escrow may be used to pay for the escrow company fees.~~  
16 ~~The use of any additional interest shall be determined by the department.~~  
17 ~~Any funds remaining in the escrow account after qualified expenses are~~  
18 ~~paid shall be returned to the department.~~ grant funds; and

19 (b) ~~The department shall disburse grant funds to a qualified~~  
20 ~~recipient equal to twenty percent of the housing development costs of~~  
21 ~~such recipient, excluding general administration costs, housing~~  
22 ~~management fees, lead-based paint test costs, and technical assistance~~  
23 ~~costs, upon the completion of the project.~~

24 (3)(a) Beginning on October 1, 2025, a qualified recipient shall  
25 submit to the Department of Economic Development a schedule of uses of  
26 funds for eligible activities on a quarterly basis, no later than thirty  
27 days after the end of each calendar quarter, during the time of  
28 performance under the award agreement.

29 (b) The schedule of uses of funds for eligible activities shall  
30 include an itemization of costs for eligible activities. If reasonable,  
31 the department may require source documentation and proof of payment,

1 including, but not limited to, a paid invoice, completed payment, or  
2 cleared check, to be submitted with the schedule as evidence of  
3 appropriate use of funds. Qualified recipients shall ensure proper use of  
4 funds. The department is not responsible for the audit or approval of  
5 each of the qualified recipient's transactions involving funds.

6 (c) The department may initiate any of the following actions if a  
7 qualified recipient does not submit a schedule of uses of funds for  
8 eligible activities:

9 (i) Disqualification of the qualified recipient in pending  
10 applications for the Affordable Housing Trust Fund;

11 (ii) Disqualification of the qualified recipient in pending  
12 applications for other department programs;

13 (iii) Disqualification of the qualified recipient as an eligible  
14 applicant for Affordable Housing Trust Fund applications for up to  
15 twenty-four months from the date of the department action; or

16 (iv) Other actions deemed necessary by the department to meet the  
17 department's responsibility to ensure proper use of funds, ~~so long as~~  
18 ~~such actions do not unduly harm a qualified recipient's reputation and~~  
19 ~~ability to successfully operate in Nebraska. This subdivision does not~~  
20 ~~prohibit the department from taking appropriate actions against qualified~~  
21 ~~recipients that have committed illegal actions, such as fraud and theft.~~

22 (4) Beginning July 1, 2027, the Department of Economic Development  
23 shall prescribe annual reporting requirements to collect sufficient  
24 information from qualified recipients to determine the amount of funds  
25 obligated to projects, the repayment terms of such funds, and the current  
26 balance of funds unspent or repaid. The reporting requirements shall also  
27 require qualified recipients to provide an accounting of awards granted  
28 for the purpose described in subdivision (10) of section 58-706,  
29 including the award amount and estimates related to equity earned on  
30 homes purchased with such awards. If a qualified recipient fails to meet  
31 the reporting requirements of this subsection, such qualified recipient

1 may be required to return all awarded funds and transfer equity positions  
2 of recoverable housing assistance funds to the satisfaction of the  
3 department.

4 (5) (4) The Department of Economic Development shall fund in order  
5 of priority as many applications as will utilize available funds less  
6 actual administrative costs of the department in administering the  
7 program. In administering the program, the department may contract for  
8 services or directly provide funds to other governmental entities or  
9 instrumentalities.

10 (6)(a) (5)(a) The Department of Economic Development may recapture  
11 any funds, including interest accrued in any escrow account, which were  
12 allocated to a qualified recipient for an eligible project through an  
13 award agreement if such funds were not utilized for eligible costs within  
14 the time of performance under the agreement and are therefore ~~therefor~~ no  
15 longer obligated to the project.

16 (b) Upon completion of a project, the department shall recapture a  
17 percentage of the funds which were allocated to a qualified recipient for  
18 an eligible project through an award agreement equal to the percentage of  
19 the housing development the qualified recipient agreed to construct under  
20 the award agreement but failed to complete, along with any interest  
21 accrued on the funds. Any funds recaptured under this subdivision shall  
22 be credited to the Affordable Housing Trust Fund.

23 (c) A qualified recipient shall recapture any funds allocated to  
24 such recipient from the Affordable Housing Trust Fund that are provided  
25 to a homebuyer by the recipient as financial assistance for the purchase  
26 of a home upon sale of such home from the net proceeds of such sale, if  
27 any.

28 **Sec. 7.** Section 58-709, Reissue Revised Statutes of Nebraska, is  
29 amended to read:

30 58-709 The Department of Economic Development, in consultation with  
31 the Nebraska Investment Finance Authority ~~and the housing advisory~~

1 ~~committee established in section 58-704~~, shall adopt and promulgate rules  
2 and regulations to carry out the Nebraska Affordable Housing Act. The  
3 department shall monitor programs to see that only qualified individuals  
4 and families are occupying projects funded by the Affordable Housing  
5 Trust Fund.

6 **Sec. 8.** (1) The Department of Economic Development may contract  
7 with a statewide public or private nonprofit organization or a state  
8 instrumentality which shall serve as agent for the department to help  
9 carry out the purposes and requirements of the Nebraska Affordable  
10 Housing Act.

11 (2) If the department utilizes an agent pursuant to this section,  
12 then any reference to the department in relationship to duties under the  
13 Nebraska Affordable Housing Act shall include such agent to the extent  
14 that the agreement between the department and the agent so specifies.

15 **Sec. 9.** Section 72-804, Revised Statutes Supplement, 2025, is  
16 amended to read:

17 72-804 (1) Any new state building shall meet or exceed the  
18 requirements of the 2018 International Energy Conservation Code published  
19 by the International Code Council. For purposes of this subsection, new  
20 state building does not include any building that (a) is constructed or  
21 repaired using state funds received in the form of a grant or loan from  
22 the state and (b) will not be owned or managed by the state upon the  
23 completion of such construction or repair.

24 (2) Any new lighting, heating, cooling, ventilating, or water  
25 heating equipment or controls in a state-owned building and any new  
26 building envelope components installed in a state-owned building shall  
27 meet or exceed the requirements of the 2018 International Energy  
28 Conservation Code.

29 (3) The State Building Administrator of the Department of  
30 Administrative Services, in consultation with the Department of Water,  
31 Energy, and Environment, may specify:

1 (a) A more recent edition of the International Energy Conservation  
2 Code;

3 (b) Additional energy efficiency or renewable energy requirements  
4 for buildings; and

5 (c) Waivers of specific requirements which are demonstrated through  
6 life-cycle cost analysis to not be in the state's best interest. The  
7 agency receiving the funding shall be required to provide a life-cycle  
8 cost analysis to the State Building Administrator.

9 **Sec. 10.** Section 72-805, Revised Statutes Supplement, 2025, is  
10 amended to read:

11 72-805 (1) Except as provided in subsection (2) of this section  
12 ~~58-712 for certain projects funded by the Affordable Housing Trust Fund,~~  
13 the 2018 International Energy Conservation Code, published by the  
14 International Code Council, applies to all new buildings constructed in  
15 whole or in part with state funds after July 1, 2020. The Department of  
16 Water, Energy, and Environment shall review building plans and  
17 specifications necessary to determine whether a building will meet the  
18 requirements of this subsection ~~section~~, except that the department shall  
19 not be required to review building plans and specifications upon evidence  
20 that the building plans and specifications have previously been reviewed  
21 by a county, city, or village enforcing a local building or construction  
22 code adopted pursuant to section 71-6406 if such local building or  
23 construction code includes the requirements of the 2018 International  
24 Energy Conservation Code. The department shall provide a copy of any  
25 review to the agency receiving funding. The agency receiving the funding  
26 shall verify that the building as constructed meets or exceeds the code.  
27 The verification shall be provided to the department.

28 (2) This section does not apply to any building that (a) is  
29 constructed or repaired using state funds received in the form of a grant  
30 or loan from the state and (b) will not be owned or managed by the state  
31 upon the completion of such construction or repair.

1       (3) The Director of Water, Energy, and Environment may, in  
2 consultation with the State Building Administrator of the Department of  
3 Administrative Services, adopt and promulgate rules and regulations to  
4 carry out this section.

5       **Sec. 11.** Section 81-1228, Reissue Revised Statutes of Nebraska, is  
6 amended to read:

7       81-1228 For purposes of the Rural Workforce Housing Investment Act:

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

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

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

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

14       (b) Substantial repair or rehabilitation of dilapidated housing  
15 stock;

16       (c) Upper-story housing development; or

17       (d) Extension of sewer or water service in support of workforce  
18 housing;

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

22       (5) Matching funds means dollars contributed by individuals,  
23 businesses, foundations, local, regional, and statewide political  
24 subdivisions, or other nonprofit organizations to a workforce housing  
25 investment fund administered by a nonprofit development organization;

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

28       (7) Qualified activities include, but are not limited to, purchase  
29 and rental guarantees, loan guarantees, loan participations, and other  
30 credit enhancements or any other form of assistance designed to reduce  
31 the cost of workforce housing related to eligible activities of the

1 nonprofit development organization;

2 (8) Qualified investment means a cash investment in a workforce  
3 housing investment fund administered by a nonprofit development  
4 organization;

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

8 (10) Workforce housing means:

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

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

12 (c) Owner-occupied housing units that cost not more than three  
13 hundred ~~seventy-five~~ ~~twenty-five~~ thousand dollars to construct or rental  
14 housing units that cost not more than three ~~two~~ hundred ~~fifty~~ thousand  
15 dollars per unit to construct. For purposes of this subdivision (c),  
16 housing unit costs shall be updated annually by the department based upon  
17 the most recent increase or decrease in the Producer Price Index for all  
18 commodities, published by the United States Department of Labor, Bureau  
19 of Labor Statistics;

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

23 (e) Upper-story housing; and

24 (f) Housing units that do not receive federal or state low-income  
25 housing tax credits, community development block grants, HOME funds, or  
26 funds from the National Housing Trust Fund, which would impose individual  
27 or household income limitations or restrictions on such housing units, or  
28 funding from the Affordable Housing Trust Fund restricting the level of  
29 individual or household income to anything less than one hundred percent  
30 of area median income as calculated by the United States Department of  
31 Housing and Urban Development; and

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

5 **Sec. 12.** Section 81-1229, Reissue Revised Statutes of Nebraska, is  
6 amended to read:

7 81-1229 (1) The director shall establish a workforce housing grant  
8 program to foster and support the development of workforce housing in  
9 rural communities.

10 (2) A nonprofit development organization may apply to the director  
11 for approval of a workforce housing grant for a workforce housing  
12 investment fund. The application shall be in a form and manner prescribed  
13 by the director. Through fiscal year 2031-32 ~~2026-27~~, grants shall be  
14 awarded by the director on a competitive basis until grant funds are no  
15 longer available. A nonprofit development organization may apply for more  
16 than one grant, subject to the following limits:

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

20 (b) The maximum amount of grant funds awarded to any one nonprofit  
21 development organization for all program years shall not exceed an  
22 aggregate limit determined by the department at the discretion of the  
23 director.

24 (3) An applicant shall provide matching funds of at least one-  
25 quarter of the amount of workforce housing grant funds awarded.  
26 Unallocated workforce housing grant funds held by the department shall be  
27 rolled to the next program year.

28 (4) Grants shall be awarded based upon:

29 (a) A demonstrated and ongoing housing need as identified by a  
30 recent housing study;

31 (b) A community or region that has a low unemployment rate and is

1 having difficulty attracting workers and filling employment positions;

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

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

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

8 (5) A nonprofit development organization shall:

9 (a) Invest or intend to invest in workforce housing eligible  
10 activities;

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

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

21 **Sec. 13.** Section 81-1230, Reissue Revised Statutes of Nebraska, is  
22 amended to read:

23 81-1230 (1) The Rural Workforce Housing Investment Fund is created.  
24 Funding for the grant program described in section 81-1229 shall come  
25 from the Rural Workforce Housing Investment Fund. The Rural Workforce  
26 Housing Investment Fund may include revenue from appropriations from the  
27 Legislature, grants, private contributions, and other sources. In  
28 addition, the State Treasurer shall make a one-time transfer of seven  
29 million three hundred thousand dollars on or before October 1, 2017, from  
30 the Affordable Housing Trust Fund to the Rural Workforce Housing  
31 Investment Fund. Any money in the Rural Workforce Housing Investment Fund

1 available for investment shall be invested by the state investment  
2 officer pursuant to the Nebraska Capital Expansion Act and the Nebraska  
3 State Funds Investment Act.

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

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

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

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

20 (6) Beginning July 1, 2032 ~~2027~~, any funds held by the department in  
21 the Rural Workforce Housing Investment Fund shall be transferred to the  
22 General Fund.

23 **Sec. 14.** Section 81-1231, Reissue Revised Statutes of Nebraska, is  
24 amended to read:

25 81-1231 (1) Each nonprofit development organization shall submit an  
26 annual report to the director to be included as a part of the  
27 department's annual status report required under section 81-1201.11. The  
28 report shall certify that the nonprofit development organization meets  
29 the requirements of the Rural Workforce Housing Investment Act and shall  
30 include a breakdown of program activities.

31 (2) The annual report shall include, but not necessarily be limited

1 to:

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

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

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

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

10 (e) The results of the annual review of all financial records  
11 required under subsection (5) of section 81-1229.

12 (3) If a nonprofit development organization ceases administration of  
13 a workforce housing investment fund, it shall file a final report with  
14 the director in a form and manner required by the director. Before July  
15 1, 2032 ~~2027~~, any unallocated grant funds shall be returned to the  
16 department for credit to the Rural Workforce Housing Investment Fund. On  
17 and after July 1, 2032 ~~2027~~, any unallocated grant funds shall be  
18 returned to the department for transfer to the General Fund.

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

25 **Sec. 15.** Section 81-1232, Reissue Revised Statutes of Nebraska, is  
26 amended to read:

27 81-1232 (1) The department shall use its best efforts to assure that  
28 grant funds awarded to nonprofit development organizations are targeted  
29 to the geographic communities or regions with the most pressing economic  
30 and employment needs.

31 (2) The department shall use its best efforts to assure that the

1 allocation of grant funds provides equitable access to the benefits  
2 provided by the Rural Workforce Housing Investment Act to all eligible  
3 geographical areas.

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

12 **Sec. 16.** Section 81-1237, Revised Statutes Supplement, 2025, is  
13 amended to read:

14 81-1237 For purposes of the Middle Income Workforce Housing  
15 Investment Act:

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

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

18 (3) Eligible activities of a workforce housing investment fund  
19 means:

20 (a) New construction of owner-occupied or rent-to-own housing in a  
21 neighborhood and community with a demonstrated need for housing that is  
22 affordable and attractive to first-time homebuyers, middle-income  
23 families, and the emerging workforce;

24 (b) Substantial repair or rehabilitation of dilapidated housing  
25 stock; or

26 (c) Upper-story housing development for occupation by a homeowner or  
27 rent-to-own tenant;

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

31 (5) Homeownership incentive reserve account means an interest-

1 bearing, deposit-insured account maintained by the owner of a housing  
2 unit for future use by the unit's tenant to purchase a home;

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

7 (7) Nonprofit development organization means a regional or statewide  
8 nonprofit development organization approved by the director;

9 (8) Owner means one or more persons, jointly or severally, in whom  
10 is vested all or part of the legal title to, or beneficial ownership of,  
11 the subject housing unit;

12 (9) Project reserve account means an interest-bearing, deposit-  
13 insured account maintained by the owner of a housing unit for unexpected  
14 expenses, routine maintenance, and other operational costs associated  
15 with managing rental properties;

16 (10) Qualified activities include purchase guarantees, loan  
17 guarantees, loan participations, and other credit enhancements related to  
18 eligible activities of the workforce housing investment fund;

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

22 (12) Rent-to-own housing means housing units that:

23 (a) Are located within a development of single-family housing,  
24 duplexes, townhouses, or multifamily housing in which there are no more  
25 than ten units on a parcel of land; and

26 (b) Meet the following requirements until the housing unit is owner  
27 occupied:

28 (i) The housing unit is occupied by a tenant as the tenant's primary  
29 residence;

30 (ii) The tenant does not own a home or other residential real  
31 estate;

1 (iii) The lease for the housing unit provides that:

2 (A) Not less than fifty dollars of the tenant's monthly rent shall  
3 be set aside in a homeownership incentive reserve account prior to any  
4 cash flow distributions to the owner. Such homeownership incentive  
5 reserve account shall be maintained by the owner in an interest-bearing  
6 account as long as the tenant resides in the unit. When the lease ends,  
7 the owner shall liquidate the homeownership incentive reserve account and  
8 distribute the money to the tenant for downpayment and closing costs on  
9 the purchase of a home that will be the tenant's new primary residence.  
10 If the tenant does not purchase a home at the end of the lease, the money  
11 in the homeownership incentive reserve account shall be transferred to a  
12 project reserve account; and

13 (B) The tenant may end the lease without penalty if the tenant  
14 provides the owner with thirty days' written notice and purchases a home  
15 that will be the tenant's new primary residence; and

16 (iv) The housing unit is the subject of a legally binding agreement  
17 granting the tenant the option to purchase the unit from the owner at  
18 fair market value not less than one year after the lease begins. Such  
19 agreement shall give the tenant the ability to apply homeownership  
20 incentive reserve account funds to downpayment and closing costs;

21 (13) Urban community means any area that is:

22 (a)(i) In a county with a population greater than one hundred  
23 thousand inhabitants as determined by the most recent federal decennial  
24 census; and

25 (ii) Within or adjacent to a qualified census tract as described in  
26 26 U.S.C. 42(d)(5)(B), as such section existed on January 1, 2022;

27 (b) Within a city of the primary class or within a county in which a  
28 city of the primary class is located; or

29 (c) In a county with a population greater than one hundred thousand  
30 inhabitants, as determined by the most recent federal decennial census,  
31 that does not contain a city of the metropolitan class or a city of the

1 primary class;

2 (14) Workforce housing means:

3 (a) Owner-occupied or rent-to-own housing units that have an after-  
4 construction appraised value or construction cost of at least one hundred  
5 twenty-five thousand dollars but not more than three hundred seventy-five  
6 ~~thirty~~ thousand dollars. For purposes of this subdivision, housing unit  
7 after-construction appraised value and construction cost shall be updated  
8 annually by the department based upon the most recent increase or  
9 decrease in the Producer Price Index for all commodities, published by  
10 the United States Department of Labor, Bureau of Labor Statistics;

11 (b) Owner-occupied or rent-to-own housing that meets the following  
12 requirements:

13 (i) The cost to substantially rehabilitate such housing exceeds  
14 twenty-five ~~fifty~~ percent of its before-construction assessed value; and

15 (ii) The after-construction appraised value of the building alone is  
16 at least one hundred twenty-five thousand dollars but not more than three  
17 ~~two~~ hundred ~~seventy-five~~ thousand dollars. For purposes of this  
18 subdivision, housing unit after-construction appraised value shall be  
19 updated annually by the department based upon the most recent increase or  
20 decrease in the Producer Price Index for all commodities, published by  
21 the United States Department of Labor, Bureau of Labor Statistics;

22 (c) Upper-story housing for occupation by a homeowner or rent-to-own  
23 tenant; and

24 (d) Housing units that do not receive federal or state low-income  
25 housing tax credits, community development block grants, HOME funds, or  
26 funds from the Affordable Housing Trust Fund. Notwithstanding the  
27 foregoing, the department shall not restrict the construction of housing  
28 units on land parcels prepared using funds from the sources described in  
29 this subdivision and shall not restrict the sale of housing units to  
30 homebuyers that receive homebuyer assistance funds from the sources  
31 described in this subdivision; and

1 (15) Workforce housing investment fund means a fund that has been  
2 created by a nonprofit development organization and certified by the  
3 director to encourage development of workforce housing in urban  
4 communities.

5 **Sec. 17.** Section 81-1238, Revised Statutes Supplement, 2025, is  
6 amended to read:

7 81-1238 (1) The director shall establish a workforce housing  
8 investment grant program to foster and support the development of  
9 workforce housing in urban communities.

10 (2) A nonprofit development organization may apply to the director  
11 for approval of a workforce housing grant for a workforce housing  
12 investment fund. The application shall be in a form and manner prescribed  
13 by the director. Through fiscal year 2031-32 ~~2026-27~~, grants shall be  
14 awarded by the director on a competitive basis until grant funds are no  
15 longer available. Grant maximums shall not exceed ten million dollars to  
16 any one nonprofit development organization over a two-year period, with  
17 the cumulative amount for any single grantee to be determined by the  
18 department at the discretion of the director. An applicant shall provide  
19 matching funds for workforce housing grant funds awarded. For grant funds  
20 awarded prior to July 19, 2024, an applicant shall provide matching funds  
21 of at least fifty percent of the amount of such grant funds awarded. For  
22 grant funds awarded on or after July 19, 2024, an applicant shall provide  
23 matching funds of at least twenty-five percent of the amount of such  
24 grant funds awarded. Unallocated funds held by the department shall be  
25 rolled to the next program year.

26 (3) Grants shall be awarded based upon:

27 (a) A demonstrated need for additional housing. Need can be  
28 demonstrated with a recent housing study or a letter from the planning  
29 department of the city in which the fund is intending to operate stating  
30 that the proposal is in line with the city's most recent consolidated  
31 plan submitted under 24 C.F.R. part 91, subpart D, as such subpart

1 existed on January 1, 2020;

2 (b) A neighborhood or community that has a higher-than-state-average  
3 unemployment rate;

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

6 (d) Reducing barriers to the development and purchase of owner-  
7 occupied housing with flexible forms of assistance, including grants,  
8 forgivable loans, homeownership incentive reserve accounts, purchase  
9 option agreements, and other forms of long-term, patient financing;

10 (e) Projects that can reasonably be ready for occupancy in a period  
11 of twenty-four months; and

12 (f) A demonstrated ability to grow and manage a workforce housing  
13 investment fund.

14 (4) A workforce housing investment fund shall:

15 (a) Be required to receive annual certification from the department;

16 (b) Invest or intend to invest in eligible activities for a  
17 workforce housing investment fund;

18 (c) Use any fees, interest, loan repayments, or other funds received  
19 by the nonprofit development organization as a result of the  
20 administration of the grant to support qualified activities; and

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

28 (5) A nonprofit development organization that has previously  
29 received a grant or grants under the Middle Income Workforce Housing  
30 Investment Act shall not be eligible for an additional grant under this  
31 section unless the organization has expended at least fifty percent of

1 the funds from such previous grant or grants.

2 **Sec. 18.** Section 81-1239, Revised Statutes Supplement, 2025, is  
3 amended to read:

4 81-1239 (1) The Middle Income Workforce Housing Investment Fund is  
5 created. Funding for the grant program described in section 81-1238 shall  
6 come from the Middle Income Workforce Housing Investment Fund. The Middle  
7 Income Workforce Housing Investment Fund may include revenue transferred  
8 at the direction of the Legislature, grants, private contributions, and  
9 other sources. Any money in the Middle Income 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 establish a subaccount within the Middle  
14 Income Workforce Housing Investment Fund that shall be used to fund  
15 affordable housing and related land parcel preparation activities under  
16 the Economic Recovery Act as described in subdivisions (4)(d) and (e) of  
17 section 81-12,241.

18 (3) The department shall administer the Middle Income Workforce  
19 Housing Investment Fund and may seek additional private or nonstate funds  
20 to use in the grant program under the Middle Income Workforce Housing  
21 Investment Act, including, but not limited to, contributions from the  
22 Nebraska Investment Finance Authority and other interested parties.

23 (4) Interest earned by the department on grant funds shall be  
24 applied to the grant program.

25 (5) If a nonprofit development organization, or a recipient of  
26 subaccount funds described in subsection (2) of this section, fails to  
27 engage in a qualified activity within twenty-four months after receiving  
28 initial grant funding, the nonprofit development organization or  
29 recipient of subaccount funds shall return the grant proceeds to the  
30 department for credit to the General Fund.

31 (6) Beginning July 1, 2032 ~~2029~~, any funds held by the department in

1 the Middle Income Workforce Housing Investment Fund shall be transferred  
2 to the General Fund.

3 **Sec. 19.** Section 81-1240, Revised Statutes Supplement, 2025, is  
4 amended to read:

5 81-1240 (1) Each nonprofit development organization shall submit an  
6 annual report to the director to be included as a part of the  
7 department's annual status report required under section 81-1201.11. The  
8 report shall certify that the workforce housing investment fund meets the  
9 requirements of the Middle Income Workforce Housing Investment Act and  
10 shall include a breakdown of program activities.

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

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

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

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

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

20 (e) The results of the annual audit required under subdivision (4)  
21 (d) of section 81-1238; and

22 (f) The number of tenants assisted into homeownership, if  
23 applicable.

24 (3) If a nonprofit development organization ceases administration of  
25 a workforce housing investment fund, it shall file a final report with  
26 the director in a form and manner required by the director. Before July  
27 1, 2032 ~~2029~~, any unallocated workforce housing investment fund grant  
28 funds shall be returned for credit to the Middle Income Workforce Housing  
29 Investment Fund. On and after July 1, 2032 ~~2029~~, any unallocated  
30 workforce housing investment fund grant funds shall be returned to the  
31 department for transfer to the General Fund.

1 (4) If a workforce housing investment fund fails to file a complete  
2 annual report by February 15, the director may, in his or her discretion,  
3 impose a civil penalty of not more than five thousand dollars for such  
4 violation. All money collected by the department pursuant to this  
5 subsection shall be remitted to the State Treasurer for distribution in  
6 accordance with Article VII, section 5, of the Constitution of Nebraska.

7 (5) This section does not apply to the subaccount of the Middle  
8 Income Workforce Housing Investment Fund described in subsection (2) of  
9 section 81-1239.

10 **Sec. 20.** Section 81-1241, Reissue Revised Statutes of Nebraska, is  
11 amended to read:

12 81-1241 (1) The department shall use its best efforts to assure that  
13 any grant funds awarded to a nonprofit development organization are  
14 targeted to the geographic communities or regions with the most pressing  
15 housing, economic, and employment needs.

16 (2) The department shall use its best efforts to assure that the  
17 allocation of grant funds provides equitable access to the benefits  
18 provided by the Middle Income Workforce Housing Investment Act to all  
19 eligible neighborhoods and communities.

20 (3) The director may contract with a statewide public or private  
21 nonprofit organization or a state instrumentality which shall serve as  
22 agent for the department to help carry out the purposes and requirements  
23 of the Middle Income Workforce Housing Investment Act. The department or  
24 its agent may only use for expenses that portion of the funds available  
25 for the workforce housing investment grant program through the Middle  
26 Income Workforce Housing Investment Fund necessary to cover the actual  
27 costs of administering the program.

28 **Sec. 21.** Original sections 58-709, 81-1228, 81-1229, 81-1230,  
29 81-1231, 81-1232, and 81-1241, Reissue Revised Statutes of Nebraska,  
30 sections 58-201 and 58-703, Revised Statutes Cumulative Supplement, 2024,  
31 and sections 58-701, 58-708, 72-804, 72-805, 81-1237, 81-1238, 81-1239,

1 and 81-1240, Revised Statutes Supplement, 2025, are repealed.

2       **Sec. 22.** The following sections are outright repealed: Section  
3 58-704, Reissue Revised Statutes of Nebraska, and section 58-712, Revised  
4 Statutes Supplement, 2025.