

E AND R AMENDMENTS TO LB 288

Introduced by Guereca, 7, Chairman Enrollment and Review

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

3 **Section 1.** Section 13-3202, Reissue Revised Statutes of Nebraska, is
4 amended to read:

5 13-3202 The Legislature finds that:

6 (1) Energy efficiency, grid resiliency, and the use of renewable
7 energy are important for preserving the health and economic well-being of
8 Nebraska's citizens. Using less energy decreases the cost of living and
9 keeps the cost of public power low by delaying the need for additional
10 power plants. By building the market for energy efficiency, grid
11 resiliency, and renewable energy products, economic development will be
12 encouraged and new jobs will be created for Nebraskans in the energy
13 efficiency, grid resiliency, and renewable energy job sectors;

14 (2) To further these goals, the state should promote energy
15 efficiency improvements, grid resiliency improvements, and renewable
16 energy systems;

17 (3) The upfront costs for energy efficiency improvements, grid
18 resiliency improvements, and renewable energy systems prohibit many
19 property owners from making improvements. Therefore, it is necessary to
20 authorize municipalities to implement an alternative financing method
21 through the creation of clean energy assessment districts; and

22 (4) Public purposes will be served by providing municipalities with
23 the authority to finance the installation of energy efficiency
24 improvements, grid resiliency improvements, and renewable energy systems
25 through the creation of clean energy assessment districts. Such public
26 purposes include, but are not limited to, reduced energy and water costs,
27 reduced greenhouse gas emissions, economic stimulation and development,

1 improved property valuation, and increased employment.

2 **Sec. 2.** Section 13-3203, Reissue Revised Statutes of Nebraska, is
3 amended to read:

4 13-3203 For purposes of the Property Assessed Clean Energy Act:

5 (1) Assessment contract means a contract entered into between a
6 municipality, a property owner, and, if applicable, a third-party lender
7 under which the municipality agrees to provide financing for an energy
8 project in exchange for a property owner's agreement to pay an annual
9 assessment for a period not to exceed the weighted average useful life of
10 the energy project;

11 (2) Clean energy assessment district means a district created by a
12 municipality to provide financing for energy projects;

13 (3) Energy efficiency improvement means any acquisition,
14 installation, or modification benefiting publicly or privately owned
15 property that is designed to reduce the electric, gas, water, or other
16 utility demand or consumption of the buildings on, or to be constructed
17 on, such property or to promote the efficient and effective management of
18 natural resources or storm water, including, but not limited to:

19 (a) Insulation in walls, roofs, floors, foundations, or heating and
20 cooling distribution systems;

21 (b) Storm windows and doors; multiglazed windows and doors; heat-
22 absorbing or heat-reflective glazed and coated window and door systems;
23 and additional glazing, reductions in glass area, and other window and
24 door system modifications that reduce energy consumption;

25 (c) Automated energy control systems;

26 (d) Heating, ventilating, or air conditioning and distribution
27 system modifications or replacements;

28 (e) Caulking, weatherstripping, and air sealing;

29 (f) Replacement or modification of lighting fixtures to reduce the
30 energy use of the lighting system;

31 (g) Energy recovery systems, including, but not limited to,

1 cogeneration and trigeneration systems;

2 (h) Daylighting systems;

3 (i) Installation or upgrade of electrical wiring or outlets to
4 charge a motor vehicle that is fully or partially powered by electricity;

5 (j) Facilities providing for water conservation or pollutant
6 control;

7 (k) Roofs designed to reduce energy consumption or support
8 additional loads necessitated by other energy efficiency improvements;

9 (l) Installation of energy-efficient fixtures, including, but not
10 limited to, water heating systems, escalators, and elevators;

11 (m) Energy efficiency related items ~~if so long as~~ the cost of the
12 energy efficiency related items financed by the municipality does not
13 exceed twenty-five percent of the total cost of the energy project; and

14 (n) Any other installation or modification of equipment, devices, or
15 materials approved as a utility cost-saving measure by the municipality;

16 (4) Energy efficiency related item means any repair, replacement,
17 improvement, or modification to real property that is necessary or
18 desirable in conjunction with an energy efficiency improvement,
19 including, but not limited to, structural support improvements and the
20 repair or replacement of any building components, paved surfaces, or
21 fixtures disrupted or altered by the installation of an energy efficiency
22 improvement;

23 (5) Energy project means the installation or modification of an
24 energy efficiency improvement or grid resiliency improvement or the
25 acquisition, installation, or improvement of a renewable energy system;

26 (6) Grid resiliency improvement means any acquisition, installation,
27 or modification benefiting publicly or privately owned property that is
28 designed to anticipate, prepare for, withstand, respond to, and rapidly
29 recover from major power disruptions, including, but not limited to:

30 (a) Backup power generators;

31 (b) Backup power generators powered by renewable energy resources;

1 (c) Solar panels with battery storage; and

2 (d) Smart grid technology;

3 (7) (6) Municipality means any county, city, or village in this
4 state;

5 (8) (7) Qualifying property means any of the following types of
6 property located within a municipality:

7 (a) Agricultural property;

8 (b) Commercial property, including multifamily residential property
9 comprised of more than four dwelling units;

10 (c) Industrial property; or

11 (d) Single-family residential property, which may include up to four
12 dwelling units;

13 (9)(a) (8)(a) Renewable energy resource means a resource that
14 naturally replenishes over time and that minimizes the output of toxic
15 material in the conversion to energy. Renewable energy resource includes,
16 but is not limited to, the following:

17 (i) Nonhazardous biomass;

18 (ii) Solar and solar thermal energy;

19 (iii) Wind energy;

20 (iv) Geothermal energy;

21 (v) Methane gas captured from a landfill or elsewhere; and

22 (vi) Photovoltaic systems; and

23 (b) Renewable energy resource does not include petroleum, nuclear
24 power, natural gas, coal, or hazardous biomass; and

25 (10) (9) Renewable energy system means a fixture, product, device,
26 or interacting group of fixtures, products, or devices on the customer's
27 side of the meter that uses one or more renewable energy resources to
28 generate electricity. Renewable energy system includes a biomass stove
29 but does not include an incinerator.

30 **Sec. 3.** Section 13-3204, Reissue Revised Statutes of Nebraska, is
31 amended to read:

1 13-3204 (1) Pursuant to the procedures provided in this section, a
2 municipality may, from time to time, create one or more clean energy
3 assessment districts. Such districts may be separate, overlapping, or
4 coterminous and may be created anywhere within the municipality or its
5 extraterritorial zoning jurisdiction, except that a county shall not
6 create a district that includes any area within the corporate boundaries
7 or extraterritorial zoning jurisdiction of any city or village located in
8 whole or in part within such county. The governing body of the
9 municipality shall be the governing body for any district so created.

10 (2) Prior to creating any clean energy assessment district, the
11 municipality shall hold a public hearing at which the public may comment
12 on the creation of such district. Notice of the public hearing shall be
13 given by publication in a legal newspaper in, or of, general circulation
14 in the municipality at least ten days prior to the hearing.

15 (3) After the public hearing, the municipality may create a clean
16 energy assessment district by ordinance or, for counties, by resolution.
17 The ordinance or resolution shall include:

18 (a) A finding that the financing of energy projects is a valid
19 public purpose;

20 (b) A contract form to be used for assessment contracts between the
21 municipality, the owner of the qualifying property, and, if applicable, a
22 third-party lender governing the terms and conditions of financing and
23 annual assessments;

24 (c) Identification of an official authorized to enter into
25 assessment contracts on behalf of the municipality;

26 (d) An application process and eligibility requirements for
27 financing energy projects;

28 (e) An explanation of how annual assessments will be made and
29 collected;

30 (f) For energy projects involving residential property, a
31 requirement that any interest rate on assessment installments must be a

1 fixed rate;

2 (g) For energy projects involving residential property, a
3 requirement that the repayment period for assessments must be according
4 to a fixed repayment schedule;

5 (h) Information regarding the following, to the extent known, or
6 procedures to determine the following in the future:

7 (i) Provisions for an adequate debt service reserve fund created
8 under section 13-3209, if applicable;

9 (ii) Provisions for an adequate loss reserve fund created under
10 section 13-3208; and

11 (iii) Any application, administration, or other program fees to be
12 charged to owners participating in the program that will be used to
13 finance costs incurred by the municipality as a result of the program;

14 (i) A requirement that the term of the annual assessments not exceed
15 the weighted average useful life of the energy project paid for by the
16 annual assessments;

17 (j) A requirement that any energy efficiency improvement that is not
18 permanently affixed to the qualifying property upon which an annual
19 assessment is imposed to repay the cost of such energy efficiency
20 improvement shall ~~must~~ be conveyed with the qualifying property if a
21 transfer of ownership of the qualifying property occurs;

22 (k) A requirement that, prior to the effective date of any contract
23 that binds the purchaser to purchase qualifying property upon which an
24 annual assessment is imposed, the owner shall provide notice to the
25 purchaser that the purchaser assumes responsibility for payment of the
26 annual assessment as provided in subdivision (3)(d) of section 13-3205;

27 (l) Provisions for marketing and participant education;

28 (m) A requirement that the municipality obtain verification that the
29 renewable energy system, grid resiliency improvement, or energy
30 efficiency improvement was properly installed and is operating as
31 intended; and

1 (n) A requirement that the clean energy assessment district, with
2 respect to single-family residential property, comply with the Property
3 Assessed Clean Energy Act and with directives or guidelines issued by the
4 Federal Housing Administration and the Federal Housing Finance Agency on
5 or after January 1, 2016, relating to property assessed clean energy
6 financing.

7 **Sec. 4.** Section 18-2101, Revised Statutes Cumulative Supplement,
8 2024, is amended to read:

9 18-2101 Sections 18-2101 to 18-2157 and section 8 of this act shall
10 be known and may be cited as the Community Development Law.

11 **Sec. 5.** Section 18-2101.02, Revised Statutes Cumulative Supplement,
12 2024, is amended to read:

13 18-2101.02 (1) For any city that (a) ~~intends to carry out a~~
14 ~~redevelopment project which will involve the construction of workforce~~
15 ~~housing in an extremely blighted area as authorized under subdivision~~
16 ~~(28)(g) of section 18-2103,~~ (b) intends to prepare a redevelopment plan
17 that will divide ad valorem taxes for a period of more than fifteen years
18 but not more than twenty years as provided in subdivision (4)(a) of
19 section 18-2147, (b) (e) intends to declare an area as an extremely
20 blighted area for purposes of funding decisions under subdivision (1)(b)
21 of section 58-708, or (c) (d) intends to declare an area as an extremely
22 blighted area in order for individuals purchasing residences in such area
23 to qualify for the income tax credit authorized in subsection (7) of
24 section 77-2715.07, the governing body of such city shall first declare,
25 by resolution adopted after the public hearings required under this
26 section, such area to be an extremely blighted area.

27 (2) Prior to making such declaration, the governing body of the city
28 shall conduct or cause to be conducted a study or an analysis on whether
29 the area is extremely blighted and shall submit the question of whether
30 such area is extremely blighted to the planning commission or board of
31 the city for its review and recommendation. The planning commission or

1 board shall hold a public hearing on the question after giving notice of
2 the hearing as provided in section 18-2115.01. The planning commission or
3 board shall submit its written recommendations to the governing body of
4 the city within thirty days after the public hearing.

5 (3) Upon receipt of the recommendations of the planning commission
6 or board, or if no recommendations are received within thirty days after
7 the public hearing required under subsection (2) of this section, the
8 governing body shall hold a public hearing on the question of whether the
9 area is extremely blighted after giving notice of the hearing as provided
10 in section 18-2115.01. At the public hearing, all interested parties
11 shall be afforded a reasonable opportunity to express their views
12 respecting the proposed declaration. After such hearing, the governing
13 body of the city may make its declaration.

14 (4) Copies of each study or analysis conducted pursuant to
15 subsection (2) of this section shall be posted on the city's public
16 website or made available for public inspection at a location designated
17 by the city.

18 (5) The study or analysis required under subsection (2) of this
19 section may be conducted in conjunction with the study or analysis
20 required under section 18-2109. The hearings required under this section
21 may be held in conjunction with the hearings required under section
22 18-2109.

23 (6) Notwithstanding any other provisions of the Community
24 Development Law, the designation of an area as an extremely blighted area
25 pursuant to this section shall be valid for a period of no less than
26 twenty-five years from the effective date of the resolution declaring
27 such area to be an extremely blighted area, except that such designation
28 may be removed prior to the end of such period pursuant to section
29 18-2156.

30 **Sec. 6.** Section 18-2102, Reissue Revised Statutes of Nebraska, is
31 amended to read:

1 18-2102 It is hereby found and declared that there exist in cities
2 of all classes and villages of this state areas which have deteriorated
3 and become substandard and blighted because of the unsafe, insanitary,
4 inadequate, or overcrowded condition of the dwellings therein, or because
5 of inadequate planning of the area, or excessive land coverage by the
6 buildings thereon, or the lack of proper light and air and open space, or
7 because of the defective design and arrangement of the buildings thereon,
8 or faulty street or lot layout, or congested traffic conditions, or
9 economically or socially undesirable land uses, or the lack of affordable
10 housing in the area. Such conditions or a combination of some or all of
11 them have resulted and will continue to result in making such areas
12 economic or social liabilities harmful to the social and economic well-
13 being of the entire communities in which they exist, needlessly
14 increasing public expenditures, imposing onerous municipal burdens,
15 decreasing the tax base, reducing tax revenue, substantially impairing or
16 arresting the sound growth of municipalities, aggravating traffic
17 problems, substantially impairing or arresting the elimination of traffic
18 hazards and the improvement of traffic facilities, and depreciating
19 general community-wide values. The existence of such areas contributes
20 substantially and increasingly to the spread of disease and crime,
21 necessitating excessive and disproportionate expenditures of public funds
22 for the preservation of the public health and safety, for crime
23 prevention, correction, prosecution, punishment and the treatment of
24 juvenile delinquency, and for the maintenance of adequate police, fire,
25 and accident protection and other public services and facilities. These
26 conditions are beyond remedy and control solely by regulatory process in
27 the exercise of the police power and cannot be dealt with effectively by
28 the ordinary operations of private enterprise without the aids herein
29 provided. The elimination of such conditions and the acquisition and
30 preparation of land in or necessary to the renewal of substandard and
31 blighted areas and its sale or lease for development or redevelopment in

1 accordance with general plans and redevelopment plans of communities and
2 any assistance which may be given by any state public body in connection
3 therewith are public uses and purposes for which public money may be
4 expended and private property acquired. The necessity in the public
5 interest for the provisions of the Community Development Law is hereby
6 declared to be a matter of legislative determination.

7 It is further found and declared that the prevention and elimination
8 of blight is a matter of state policy, public interest, and statewide
9 concern and within the powers and authority inhering in and reserved to
10 the state, in order that the state and its municipalities shall not
11 continue to be endangered by areas which are focal centers of disease,
12 promote juvenile delinquency, and consume an excessive proportion of
13 their revenue.

14 It is further found and declared that certain substandard and
15 blighted areas, or portions thereof, may require acquisition, clearance,
16 and disposition, subject to use restrictions, as provided in the
17 Community Development Law, since the prevailing conditions of decay may
18 make impracticable the reclamation of the area by conservation or
19 rehabilitation; that other areas or portions thereof may, through the
20 means provided in the Community Development Law, be susceptible of
21 conservation or rehabilitation in such a manner that the conditions and
22 evils, hereinbefore enumerated, may be eliminated, remedied, or
23 prevented; and that salvageable substandard and blighted areas can be
24 conserved and rehabilitated through appropriate public action and the
25 cooperation and voluntary action of the owners and tenants of property in
26 such areas.

27 **Sec. 7.** Section 18-2103, Revised Statutes Cumulative Supplement,
28 2024, is amended to read:

29 18-2103 For purposes of the Community Development Law, unless the
30 context otherwise requires:

31 (1) Affordable housing means (a) workforce housing, (b) housing

1 targeted for households earning less than one hundred fifty percent of
2 the median income for the county in which such housing is located, or (c)
3 housing under section 42 of the Internal Revenue Code;

4 (2) ~~(1)~~ Area of operation means and includes the area within the
5 corporate limits of the city and such land outside the city as may come
6 within the purview of sections 18-2123 and 18-2123.01;

7 (3) ~~(2)~~ Authority means any community redevelopment authority
8 created pursuant to section 18-2102.01 and any community development
9 agency created pursuant to section 18-2101.01 and does not include a
10 limited community redevelopment authority;

11 (4) ~~(3)~~ Blighted area means an area (a) which, by reason of the
12 presence of a substantial number of deteriorated or deteriorating
13 structures, existence of defective or inadequate street layout, faulty
14 lot layout in relation to size, adequacy, accessibility, or usefulness,
15 insanitary or unsafe conditions, deterioration of site or other
16 improvements, diversity of ownership, tax or special assessment
17 delinquency exceeding the fair value of the land, defective or unusual
18 conditions of title, improper subdivision, ~~or~~ or obsolete or no platting, or
19 the existence of conditions which endanger life or property by fire and
20 other causes, or any combination of such factors, substantially impairs
21 or arrests the sound growth of the community, retards the provision of
22 housing accommodations, or constitutes an economic or social liability
23 and is detrimental to the public health, safety, morals, or welfare in
24 its present condition and use and (b) in which there is at least one of
25 the following conditions: (i) Unemployment in the designated area is at
26 least one hundred twenty percent of the state or national average; (ii)
27 the average age of the residential or commercial units in the area is at
28 least forty years; (iii) more than half of the plotted and subdivided
29 property in an area is unimproved land that has been within the city for
30 forty years and has remained unimproved during that time; (iv) the per
31 capita income of the area is lower than the average per capita income of

1 the city or village in which the area is designated; ~~or~~ (v) the area has
2 had either stable or decreasing population based on the last two
3 decennial censuses; or (vi) less than twenty percent of the housing in
4 the area is affordable housing. In no event shall a city of the
5 metropolitan, primary, or first class designate more than thirty-five
6 percent of the city as blighted, a city of the second class shall not
7 designate an area larger than fifty percent of the city as blighted, and
8 a village shall not designate an area larger than one hundred percent of
9 the village as blighted. A redevelopment project involving a formerly
10 used defense site as authorized under section 18-2123.01, any area which
11 is located within a good life district established under the Good Life
12 Transformational Projects Act, and any area declared to be an extremely
13 blighted area under section 18-2101.02 shall not count towards the
14 percentage limitations contained in this subdivision;

15 (5) ~~(4)~~ Bonds means any bonds, including refunding bonds, notes,
16 interim certificates, debentures, or other obligations issued pursuant to
17 the Community Development Law except for bonds issued pursuant to section
18 18-2142.04;

19 (6) ~~(5)~~ Business means any private business located in an enhanced
20 employment area;

21 (7) ~~(6)~~ City means any city or incorporated village in the state;

22 (8) ~~(7)~~ Clerk means the clerk of the city or village;

23 (9) ~~(8)~~ Community redevelopment area means a substandard and
24 blighted area which the community redevelopment authority designates as
25 appropriate for a redevelopment project;

26 (10) ~~(9)~~ Employee means a person employed at a business as a result
27 of a redevelopment project;

28 (11) ~~(10)~~ Employer-provided health benefit means any item paid for
29 by the employer in total or in part that aids in the cost of health care
30 services, including, but not limited to, health insurance, health savings
31 accounts, and employer reimbursement of health care costs;

1 (12) ~~(11)~~ Enhanced employment area means an area not exceeding six
2 hundred acres (a) within a community redevelopment area which is
3 designated by an authority as eligible for the imposition of an
4 occupation tax or (b) not within a community redevelopment area as may be
5 designated under section 18-2142.04;

6 (13) ~~(12)~~ Equivalent employees means the number of employees
7 computed by (a) dividing the total hours to be paid in a year by (b) the
8 product of forty times the number of weeks in a year;

9 (14) ~~(13)~~ Extremely blighted area means a substandard and blighted
10 area in which: (a) The average rate of unemployment in the area during
11 the period covered by the most recent federal decennial census or
12 American Community Survey 5-Year Estimate is at least two hundred percent
13 of the average rate of unemployment in the state during the same period;
14 and (b) the average poverty rate in the area exceeds twenty percent for
15 the total federal census tract or tracts or federal census block group or
16 block groups in the area;

17 (15) ~~(14)~~ Federal government means the United States of America, or
18 any agency or instrumentality, corporate or otherwise, of the United
19 States of America;

20 (16) ~~(15)~~ Governing body or local governing body means the city
21 council, board of trustees, or other legislative body charged with
22 governing the municipality;

23 (17) ~~(16)~~ Limited community redevelopment authority means a
24 community redevelopment authority created pursuant to section 18-2102.01
25 having only one single specific limited pilot project authorized;

26 (18) ~~(17)~~ Mayor means the mayor of the city or chairperson of the
27 board of trustees of the village;

28 (19) ~~(18)~~ New investment means the value of improvements to real
29 estate made in an enhanced employment area by a developer or a business;

30 (20) ~~(19)~~ Number of new employees means the number of equivalent
31 employees that are employed at a business as a result of the

1 redevelopment project during a year that are in excess of the number of
2 equivalent employees during the year immediately prior to the year that a
3 redevelopment plan is adopted;

4 (21) ~~(20)~~ Obligee means any bondholder, agent, or trustee for any
5 bondholder, or lessor demising to any authority, established pursuant to
6 section 18-2102.01, property used in connection with a redevelopment
7 project, or any assignee or assignees of such lessor's interest or any
8 part thereof, and the federal government when it is a party to any
9 contract with such authority;

10 (22) ~~(21)~~ Occupation tax means a tax imposed under section
11 18-2142.02;

12 (23) ~~(22)~~ Person means any individual, firm, partnership, limited
13 liability company, corporation, company, association, joint-stock
14 association, or body politic and includes any trustee, receiver,
15 assignee, or other similar representative thereof;

16 (24) ~~(23)~~ Public body means the state or any municipality, county,
17 township, board, commission, authority, district, or other political
18 subdivision or public body of the state;

19 (25) ~~(24)~~ Real property means all lands, including improvements and
20 fixtures thereon, and property of any nature appurtenant thereto, or used
21 in connection therewith, and every estate, interest and right, legal or
22 equitable, therein, including terms for years and liens by way of
23 judgment, mortgage, or otherwise, and the indebtedness secured by such
24 liens;

25 (26) ~~(25)~~ Redeveloper means any person, partnership, or public or
26 private corporation or agency which enters or proposes to enter into a
27 redevelopment contract;

28 (27) ~~(26)~~ Redevelopment contract means a contract entered into
29 between an authority and a redeveloper for the redevelopment of an area
30 in conformity with a redevelopment plan;

31 (28) ~~(27)~~ Redevelopment plan means a plan, as it exists from time to

1 time for one or more community redevelopment areas, or for a
2 redevelopment project, which (a) conforms to the general plan for the
3 municipality as a whole and (b) is sufficiently complete to indicate such
4 land acquisition, demolition and removal of structures, redevelopment,
5 improvements, and rehabilitation as may be proposed to be carried out in
6 the community redevelopment area, zoning and planning changes, if any,
7 land uses, maximum densities, and building requirements;

8 (29) ~~(28)~~ Redevelopment project means any work or undertaking in one
9 or more community redevelopment areas: (a) To acquire substandard and
10 blighted areas or portions thereof, including lands, structures, or
11 improvements the acquisition of which is necessary or incidental to the
12 proper clearance, development, or redevelopment of such substandard and
13 blighted areas; (b) to clear any such areas by demolition or removal of
14 existing buildings, structures, streets, utilities, or other improvements
15 thereon and to install, construct, or reconstruct streets, utilities,
16 parks, playgrounds, public spaces, public parking facilities, sidewalks
17 or moving sidewalks, convention and civic centers, bus stop shelters,
18 lighting, benches or other similar furniture, trash receptacles,
19 shelters, skywalks and pedestrian and vehicular overpasses and
20 underpasses, enhancements to structures in the redevelopment plan area
21 which exceed minimum building and design standards in the community and
22 prevent the recurrence of substandard and blighted conditions, and any
23 other necessary public improvements essential to the preparation of sites
24 for uses in accordance with a redevelopment plan; (c) to sell, lease, or
25 otherwise make available land in such areas for residential,
26 recreational, commercial, industrial, or other uses, including parking or
27 other facilities functionally related or subordinate to such uses, or for
28 public use or to retain such land for public use, in accordance with a
29 redevelopment plan; and may also include the preparation of the
30 redevelopment plan, the planning, survey, and other work incident to a
31 redevelopment project and the preparation of all plans and arrangements

1 for carrying out a redevelopment project; (d) to dispose of all real and
2 personal property or any interest in such property, or assets, cash, or
3 other funds held or used in connection with residential, recreational,
4 commercial, industrial, or other uses, including parking or other
5 facilities functionally related or subordinate to such uses, or any
6 public use specified in a redevelopment plan or project, except that such
7 disposition shall be at its fair value for uses in accordance with the
8 redevelopment plan; (e) to acquire real property in a community
9 redevelopment area which, under the redevelopment plan, is to be repaired
10 or rehabilitated for dwelling use or related facilities, repair or
11 rehabilitate the structures, and resell the property; (f) to carry out
12 plans for a program of voluntary or compulsory repair, rehabilitation, or
13 demolition of buildings in accordance with the redevelopment plan; and
14 ~~(g) in a rural community or in an extremely blighted area within a~~
15 ~~municipality that is not a rural community,~~ to carry out construction of
16 affordable workforce housing;

17 ~~(30) (29)~~ Redevelopment project valuation means the valuation for
18 assessment of the taxable real property in a redevelopment project last
19 certified for the year prior to the effective date of the provision
20 authorized in section 18-2147;

21 ~~(31) (30)~~ 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 ~~(32) (31)~~ Substandard area means an area in which less than twenty
25 percent of the housing is affordable housing or in which there is a
26 predominance of buildings or improvements, whether nonresidential or
27 residential in character, which, by reason of dilapidation,
28 deterioration, age or obsolescence, inadequate provision for ventilation,
29 light, air, sanitation, or open spaces, high density of population and
30 overcrowding, or the existence of conditions which endanger life or
31 property by fire and other causes, or any combination of such factors, is

1 conducive to ill health, transmission of disease, infant mortality,
2 juvenile delinquency, and crime, (which cannot be remedied through
3 construction of prisons), and is detrimental to the public health,
4 safety, morals, or welfare; and

5 (33) ~~(32)~~ Workforce housing means:

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

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

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

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

20 (e) Upper-story housing.

21 **Sec. 8.** For any proposed redevelopment project that includes the
22 division of taxes as provided in section 18-2147 and that is located in
23 an area which has been declared substandard and blighted because less
24 than twenty percent of the housing in the area is affordable housing, the
25 governing body may approve such project if:

26 (1) The project includes the construction of residential housing;
27 and

28 (2) The governing body finds that, upon completion of the project,
29 at least thirty percent of the residential housing in such area will be
30 affordable housing.

31 **Sec. 9.** Section 58-708, Reissue Revised Statutes of Nebraska, is

1 amended to read:

2 58-708 (1) During each calendar year in which funds are available
3 from the Affordable Housing Trust Fund for use by the Department of
4 Economic Development, the department shall make its best efforts to
5 allocate not less than thirty percent of such funds to each congressional
6 district. The department shall announce a grant and loan application
7 period of at least ninety days duration for all projects. Before a grant
8 application for any new construction project can be submitted to the
9 department, the land for the project shall be identified. In selecting
10 projects to receive trust fund assistance, the department shall develop a
11 qualified allocation plan and give first priority to financially viable
12 projects that serve the lowest income occupants for the longest period of
13 time. The qualified allocation plan shall:

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

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

28 (2) Beginning on July 1, 2026:

29 (a) The Department of Economic Development shall disburse grant
30 funds to a qualified recipient equal to eighty percent of the housing
31 development costs of such recipient, excluding general administration

1 costs, housing management fees, lead-based paint test costs, and
2 technical assistance costs, once the department approves such recipient
3 for grant funds; and

4 (b) The department shall disburse grant funds to a qualified
5 recipient equal to twenty percent of the housing development costs of
6 such recipient, excluding general administration costs, housing
7 management fees, lead-based paint test costs, and technical assistance
8 costs, upon the completion of the project.

9 (3)(a) Beginning on the operative date of this section, a qualified
10 recipient shall submit to the Department of Economic Development a
11 schedule of uses of funds for eligible activities on a quarterly basis,
12 no later than thirty days after the end of each calendar quarter, during
13 the time of performance under the award agreement.

14 (b) The schedule of uses of funds for eligible activities shall
15 include an itemization of costs for eligible activities. If reasonable,
16 the department may require source documentation and proof of payment,
17 including, but not limited to, a paid invoice, completed payment, or
18 cleared check, to be submitted with the schedule as evidence of
19 appropriate use of funds. Qualified recipients shall ensure proper use of
20 funds. The department is not responsible for the audit or approval of
21 each of the qualified recipient's transactions involving funds.

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

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

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

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

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

7 (4) (2) The Department of Economic Development department shall fund
8 in order of priority as many applications as will utilize available funds
9 less actual administrative costs of the department in administering the
10 program. In administering the program the department may contract for
11 services or directly provide funds to other governmental entities or
12 instrumentalities.

13 (5)(a) (3) The Department of Economic Development department may
14 recapture any funds which were allocated to a qualified recipient for an
15 eligible project through an award agreement if such funds were not
16 utilized for eligible costs within the time of performance under the
17 agreement and are therefor no longer obligated to the project.

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

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

29 ~~The recaptured funds shall be credited to the Affordable Housing~~
30 ~~Trust Fund.~~

31 **Sec. 10.** Section 58-711, Reissue Revised Statutes of Nebraska, is

1 amended to read:

2 58-711 (1) The Department of Economic Development shall submit, as
3 part of the department's annual status report under section 81-1201.11,
4 the following information regarding the Affordable Housing Trust Fund:
5 (a) The applications funded during the previous calendar year; (b) the
6 applications funded in previous years; (c) the identity of the
7 organizations receiving funds; (d) the location of each project; (e) the
8 amount of funding provided to each project; (f) the amount of funding
9 leveraged as a result of each project; (g) the number of units of housing
10 created by each project and the occupancy rate; (h) the expected cost of
11 rent or monthly payment of those units; (i) the projected number of new
12 employees and community investment as a result of each project; (j) the
13 amount of revenue deposited into the Affordable Housing Trust Fund
14 pursuant to section 76-903; (k) the total amount of funds for which
15 applications were received during the previous calendar year, the year-
16 end fund balance, and, if all available funds have not been committed, an
17 explanation of the reasons why all such funds have not been so committed;
18 (l) the amount of appropriated funds actually expended by the department
19 for the previous calendar year; (m) the department's current budget for
20 administration of the Nebraska Affordable Housing Act and the
21 department's planned use and distribution of funds ~~, including details on~~
22 ~~the amount of funds to be expended on projects and the amount of funds to~~
23 ~~be expended by the department for administrative purposes; and (n)~~
24 project summaries, including the applicant municipality, project
25 description, and grant amount requested ~~, amount and type of matching~~
26 ~~funds, and reasons for approval or denial~~ for every application seeking
27 funds during the previous calendar year.

28 (2) The status report shall contain no information that is protected
29 by state or federal confidentiality laws.

30 **Sec. 11.** Section 81-1237, Reissue Revised Statutes of Nebraska, is
31 amended to read:

1 81-1237 For purposes of the Middle Income Workforce Housing
2 Investment Act:

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

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

5 (3) Eligible activities of a workforce housing investment fund
6 means:

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

11 (b) Substantial repair or rehabilitation of dilapidated housing
12 stock; or

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

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

18 (5) Homeownership incentive reserve account means an interest-
19 bearing, deposit-insured account maintained by the owner of a housing
20 unit for future use by the unit's tenant to purchase a home;

21 (6) ~~(5)~~ Matching funds means dollars contributed by individuals,
22 businesses, foundations, local and regional political subdivisions, or
23 other nonprofit organizations to a workforce housing investment fund
24 administered by a nonprofit development organization;

25 (7) ~~(6)~~ Nonprofit development organization means a regional or
26 statewide nonprofit development organization approved by the director;

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

30 (9) Project reserve account means an interest-bearing, deposit-
31 insured account maintained by the owner of a housing unit for unexpected

1 expenses, routine maintenance, and other operational costs associated
2 with managing rental properties;

3 (10) (7) Qualified activities include purchase guarantees, loan
4 guarantees, loan participations, and other credit enhancements related to
5 eligible activities of the workforce housing investment fund;

6 (11) (8) Qualified investment means a cash investment in a workforce
7 housing investment fund administered by a nonprofit development
8 organization;

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

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

13 (b) Meet the following requirements until the housing unit is owner
14 occupied:

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

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

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

20 (A) Not less than fifty dollars of the tenant's monthly rent shall
21 be set aside in a homeownership incentive reserve account prior to any
22 cash flow distributions to the owner. Such homeownership incentive
23 reserve account shall be maintained by the owner in an interest-bearing
24 account as long as the tenant resides in the unit. When the lease ends,
25 the owner shall liquidate the homeownership incentive reserve account and
26 distribute the money to the tenant for downpayment and closing costs on
27 the purchase of a home that will be the tenant's new primary residence.
28 If the tenant does not purchase a home at the end of the lease, the money
29 in the homeownership incentive reserve account shall be transferred to a
30 project reserve account; and

31 (B) The tenant may end the lease without penalty if the tenant

1 provides the owner with thirty days' written notice and purchases a home
2 that will be the tenant's new primary residence; and

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

8 (13) (9) Urban community means any area that is:

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

12 (ii) Within or adjacent to a qualified census tract as described in
13 26 U.S.C. 42(d)(5)(B), as such section existed on January 1, 2022;

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

16 (c) In a county with a population greater than one hundred thousand
17 inhabitants, as determined by the most recent federal decennial census,
18 that does not contain a city of the metropolitan class or a city of the
19 primary class;

20 (14) (10) Workforce housing means:

21 (a) Owner-occupied or rent-to-own housing units that have an after-
22 construction appraised value of at least one hundred twenty-five thousand
23 dollars but not more than three hundred thirty thousand dollars ~~cost not~~
24 more than three hundred thirty thousand dollars to construct. For
25 purposes of this subdivision, housing unit after-construction appraised
26 value ~~costs~~ shall be updated annually by the department based upon the
27 most recent increase or decrease in the Producer Price Index for all
28 commodities, published by the United States Department of Labor, Bureau
29 of Labor Statistics;

30 (b) Owner-occupied or rent-to-own housing that meets the following
31 requirements: units for which the

1 (i) The cost to substantially rehabilitate such housing units
2 exceeds fifty percent of its a unit's before-construction assessed value;
3 and , and the

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

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

13 (d) Housing units that do ~~that does~~ not receive federal or state
14 low-income housing tax credits, community development block grants, HOME
15 funds, or funds from the Affordable Housing Trust Fund. Notwithstanding
16 the foregoing, the department shall not restrict the construction of
17 housing units on land parcels prepared using funds from the sources
18 described in this subdivision and shall not restrict the sale of housing
19 units to homebuyers that receive homebuyer assistance funds from the
20 sources described in this subdivision; and

21 (15) ~~(11)~~ Workforce housing investment fund means a fund that has
22 been created by a nonprofit development organization and certified by the
23 director to encourage development of workforce housing in urban
24 communities.

25 **Sec. 12.** Section 81-1238, Reissue Revised Statutes of Nebraska, is
26 amended to read:

27 81-1238 (1) The director shall establish a workforce housing
28 investment grant program to foster and support the development of
29 workforce housing in urban communities.

30 (2) A nonprofit development organization may apply to the director
31 for approval of a workforce housing grant for a workforce housing

1 investment fund. The application shall be in a form and manner prescribed
2 by the director. Through fiscal year 2026-27, grants shall be awarded by
3 the director on a competitive basis until grant funds are no longer
4 available. Grant maximums shall not exceed ten million dollars to any one
5 nonprofit development organization over a two-year period, with the
6 cumulative amount for any single grantee to be determined by the
7 department at the discretion of the director. An applicant shall provide
8 matching funds for workforce housing grant funds awarded. For grant funds
9 awarded prior to July 19, 2024, an applicant shall provide matching funds
10 of at least fifty percent of the amount of such grant funds awarded. For
11 grant funds awarded on or after July 19, 2024, an applicant shall provide
12 matching funds of at a least twenty-five percent of the amount of such
13 grant funds awarded. Unallocated funds held by the department shall be
14 rolled to the next program year.

15 (3) Grants shall be awarded based upon:

16 (a) A demonstrated need for additional ~~owner-occupied~~ housing. Need
17 can be demonstrated with a recent housing study or a letter from the
18 planning department of the city in which the fund is intending to operate
19 stating that the proposal is in line with the city's most recent
20 consolidated plan submitted under 24 C.F.R. part 91, subpart D, as such
21 subpart existed on January 1, 2020;

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

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

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

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

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

3 (4) A workforce housing investment fund shall:

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

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

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

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

17 (5) A nonprofit development organization that has previously
18 received a grant or grants under the Middle Income Workforce Housing
19 Investment Act shall not be eligible for an additional grant under this
20 section unless the organization has expended at least fifty percent of
21 the funds from such previous grant or grants.

22 **Sec. 13.** Section 81-1239, Reissue Revised Statutes of Nebraska, is
23 amended to read:

24 81-1239 (1) The Middle Income Workforce Housing Investment Fund is
25 created. Funding for the grant program described in section 81-1238 shall
26 come from the Middle Income Workforce Housing Investment Fund. The Middle
27 Income Workforce Housing Investment Fund may include revenue transferred
28 at the direction of ~~from appropriations from~~ the Legislature, grants,
29 private contributions, and other sources. Any money in the Middle Income
30 Workforce Housing Investment Fund available for investment shall be
31 invested by the state investment officer pursuant to the Nebraska Capital

1 Expansion Act and the Nebraska State Funds Investment Act.

2 (2) The department shall establish a subaccount within the Middle
3 Income Workforce Housing Investment Fund that shall be used to fund
4 affordable housing and related land parcel preparation activities under
5 the Economic Recovery Act as described in subdivisions (4)(d) and (e) of
6 section 81-12,241.

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

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

14 (5) If a nonprofit development organization, or a recipient of
15 subaccount funds described in subsection (2) of this section, fails to
16 engage in a qualified activity within twenty-four months after receiving
17 initial grant funding, the nonprofit development organization or
18 recipient of subaccount funds shall return the grant proceeds to the
19 department for credit to the General Fund.

20 (6) Beginning July 1, 2029, any funds held by the department in the
21 Middle Income Workforce Housing Investment Fund shall be transferred to
22 the General Fund.

23 **Sec. 14.** Section 81-1240, Reissue Revised Statutes of Nebraska, is
24 amended to read:

25 81-1240 (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 workforce housing investment fund meets the
29 requirements of the Middle Income Workforce Housing Investment Act and
30 shall include a breakdown of program activities.

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

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

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

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

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

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

11 (f) The number of tenants assisted into homeownership, if
12 applicable.

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, 2029, any unallocated workforce housing investment fund grant funds
17 shall be returned for credit to the Middle Income Workforce Housing
18 Investment Fund. On and after July 1, 2029, any unallocated workforce
19 housing investment fund grant funds shall be returned to the department
20 for transfer to the General Fund.

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

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

30 **Sec. 15.** Sections 9, 10, and 17 of this act become operative on
31 October 1, 2025. The other sections of this act become operative on their

1 effective date.

2 **Sec. 16.** Original sections 13-3202, 13-3203, 13-3204, 18-2102,
3 81-1237, 81-1238, 81-1239, and 81-1240, Reissue Revised Statutes of
4 Nebraska, and sections 18-2101, 18-2101.02, and 18-2103, Revised Statutes
5 Cumulative Supplement, 2024, are repealed.

6 **Sec. 17.** Original sections 58-708 and 58-711, Reissue Revised
7 Statutes of Nebraska, are repealed.

8 2. On page 1, strike beginning with "the" in line 1 through line 5
9 and insert "property; to amend sections 13-3202, 13-3203, 13-3204,
10 18-2102, 58-708, 58-711, 81-1237, 81-1238, 81-1239, and 81-1240, Reissue
11 Revised Statutes of Nebraska, and sections 18-2101, 18-2101.02, and
12 18-2103, Revised Statutes Cumulative Supplement, 2024; to change
13 legislative findings and provisions relating to requirements for
14 ordinances or resolutions under the Property Assessed Clean Energy Act;
15 to define and redefine terms; to change provisions relating to
16 redevelopment projects under the Community Development Law; to change
17 provisions relating to grants and reports under the Nebraska Affordable
18 Housing Act; to change provisions relating to grant funding
19 considerations and the annual report under the Middle Income Workforce
20 Housing Investment Act; to harmonize provisions; to provide operative
21 dates; and to repeal the original sections."