

E AND R AMENDMENTS TO LB 1069

Introduced by McKinney, 11, 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 81-1228, Revised Statutes Cumulative Supplement,
4 2020, is amended to read:

5 81-1228 For purposes of the Rural Workforce Housing Investment Act:

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

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

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

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

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

14 (c) Upper-story housing development;

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) Matching funds means dollars contributed by individuals,
19 businesses, foundations, local, and regional, and statewide political
20 subdivisions, or other nonprofit organizations to a workforce housing
21 investment fund administered by a nonprofit development organization;

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

24 (7) Qualified activities include, but are not limited to, purchase
25 and rental guarantees, loan guarantees, loan participations, and other
26 credit enhancements or any other form of assistance designed to reduce
27 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 ~~two~~
13 hundred twenty-five ~~seventy-five~~ thousand dollars to construct or rental
14 housing units that cost not more than two hundred fifty thousand dollars
15 per unit to construct. For purposes of this subdivision (c), housing unit
16 costs shall be updated annually by the department based upon the most
17 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 that does not receive federal or state low-income
25 housing tax credits, community development block grants, HOME funds,
26 funds from the National Housing Trust Fund, or funds from the Affordable
27 Housing Trust Fund; and

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

1 Sec. 2. Section 81-1229, Revised Statutes Cumulative Supplement,
2 2020, is amended to read:

3 81-1229 (1) The director shall establish a workforce housing grant
4 program to foster and support the development of workforce housing in
5 rural communities.

6 (2) A nonprofit development organization may apply to the director
7 for approval of a workforce housing grant for a workforce housing
8 investment fund. The application shall be in a form and manner prescribed
9 by the director. Through fiscal year ~~2020-21~~ 2026-27, grants shall be
10 awarded by the director on a competitive basis until grant funds are no
11 longer available. Grant maximums shall not exceed one million dollars to
12 any one nonprofit development organization over a two-year period, with
13 ~~the no more than two million dollars cumulative amount~~ for any single
14 grantee to be determined by the department at the discretion of the
15 director through fiscal year 2020-21. An applicant shall provide matching
16 funds of at least one-half of the amount of workforce housing grant funds
17 awarded ~~Grants shall require a minimum one to one in matching funds to be~~
18 ~~considered a qualified grant application.~~ Unallocated workforce housing
19 grant funds held by the department shall be rolled to the next program
20 year.

21 (3) Grants shall be awarded based upon:

22 (a) A demonstrated and ongoing housing need as identified by a
23 recent housing study;

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

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

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

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

1 ~~(4) A workforce housing investment fund shall be required to receive~~
2 ~~annual certification from the department.~~

3 (4) (5) A nonprofit development organization shall:

4 (a) Invest or intend to invest in workforce housing eligible
5 activities;

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

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

16 Sec. 3. Section 81-1230, Revised Statutes Cumulative Supplement,
17 2020, is amended to read:

18 81-1230 (1) The Rural Workforce Housing Investment Fund is created.
19 Funding for the grant program described in section 81-1229 shall come
20 from the Rural Workforce Housing Investment Fund. The Rural Workforce
21 Housing Investment Fund may include revenue from appropriations from the
22 Legislature, grants, private contributions, and other sources. In
23 addition, the State Treasurer shall make a one-time transfer of seven
24 million three hundred thousand dollars on or before October 1, 2017, from
25 the Affordable Housing Trust Fund to the Rural Workforce Housing
26 Investment Fund. Any money in the Rural Workforce Housing Investment Fund
27 available for investment shall be invested by the state investment
28 officer pursuant to the Nebraska Capital Expansion Act and the Nebraska
29 State Funds Investment Act.

30 (2) The department shall administer the Rural Workforce Housing
31 Investment Fund and may seek additional private or nonstate funds to use

1 in the grant program, including, but not limited to, contributions from
2 the Nebraska Investment Finance Authority and other interested parties.

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

5 (4) If a nonprofit development organization fails to engage in the
6 initial qualified activity within twenty-four months after receiving
7 initial grant funding, the nonprofit development organization shall
8 return the grant funds to the department for credit to the General
9 ~~Affordable Housing Trust~~ Fund.

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

16 (6) Beginning July 1, 2027 ~~2022~~, any funds held by the department in
17 the Rural Workforce Housing Investment Fund shall be transferred to the
18 General ~~Affordable Housing Trust~~ Fund.

19 Sec. 4. Section 81-1231, Revised Statutes Cumulative Supplement,
20 2020, is amended to read:

21 81-1231 (1) Each nonprofit development organization shall submit an
22 annual report to the director to be included as a part of the
23 department's annual status report required under section 81-1201.11. The
24 report shall certify that the nonprofit development organization meets
25 the requirements of the Rural Workforce Housing Investment Act and shall
26 include a breakdown of program activities.

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

29 (a) The name and geographical location of the reporting nonprofit
30 development organization;

31 (b) The number, amount, and type of workforce housing investment

1 funds invested in qualified activities;

2 (c) The number, geographical location, type, and amount of
3 investments made;

4 (d) A summary of matching funds and where such matching funds were
5 generated; and

6 (e) The results of the annual review of all financial records ~~audit~~
7 required under subsection (4) ~~(5)~~ of section 81-1229.

8 (3) If a nonprofit development organization ceases administration of
9 a workforce housing investment fund, it shall file a final report with
10 the director in a form and manner required by the director. Before July
11 1, 2027 ~~2022~~, any unallocated grant funds shall be returned to the
12 department for credit to the Rural Workforce Housing Investment Fund. On
13 and after July 1, 2027 ~~2022~~, any unallocated grant funds shall be
14 returned to the department for transfer to the General ~~credit to the~~
15 ~~Affordable Housing Trust~~ Fund.

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

22 Sec. 5. Section 81-1238, Revised Statutes Cumulative Supplement,
23 2020, is amended to read:

24 81-1238 (1) The director shall establish a workforce housing
25 investment grant program to foster and support the development of
26 workforce housing in urban communities.

27 (2) A nonprofit development organization may apply to the director
28 for approval of a workforce housing grant for a workforce housing
29 investment fund. The application shall be in a form and manner prescribed
30 by the director. Through fiscal year 2026-27 ~~2022-2023~~, grants shall be
31 awarded by the director on a competitive basis until grant funds are no

1 longer available. Grant maximums shall not exceed one million dollars to
2 any one nonprofit development organization over a two-year period, with
3 ~~the no more than two million five hundred thousand dollars cumulative~~
4 ~~amount for any single grantee to be determined by the department at the~~
5 ~~discretion of the director through fiscal year 2022-2023. An applicant~~
6 ~~shall provide matching funds of at least one-half of the amount of~~
7 ~~workforce housing grant funds awarded~~ Grants shall require a minimum one-
8 ~~to-one in matching funds to be considered a qualified grant application.~~
9 Unallocated funds held by the department shall be rolled to the next
10 program year. ~~Unallocated funds on June 30, 2025, shall be returned to~~
11 ~~the Middle Income Workforce Housing Investment Fund.~~

12 (3) Grants shall be awarded based upon:

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

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

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

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

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

27 (4) A workforce housing investment fund shall:

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

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

31 (c) Use any fees, interest, loan repayments, or other funds received

1 by the nonprofit development organization as a result of the
2 administration of the grant to support qualified activities; and

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

10 Sec. 6. Section 81-1239, Revised Statutes Cumulative Supplement,
11 2020, is amended to read:

12 81-1239 (1) The Middle Income Workforce Housing Investment Fund is
13 created. Funding for the grant program described in section 81-1238 shall
14 come from the Middle Income Workforce Housing Investment Fund. The Middle
15 Income Workforce Housing Investment Fund may include revenue from
16 appropriations from the Legislature, grants, private contributions, and
17 other sources. In addition, the Middle Income Workforce Housing
18 Investment Fund shall receive a one-time transfer of ten million dollars
19 on November 14, 2020, from the General Fund. Any money in the Middle
20 Income Workforce Housing Investment Fund available for investment shall
21 be invested by the state investment officer pursuant to the Nebraska
22 Capital Expansion Act and the Nebraska State Funds Investment Act.

23 (2) The department shall administer the Middle Income Workforce
24 Housing Investment Fund and may seek additional private or nonstate funds
25 to use in the grant program, including, but not limited to, contributions
26 from the Nebraska Investment Finance Authority and other interested
27 parties.

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

30 (4) If a nonprofit development organization fails to engage in a
31 qualified activity within twenty-four months after receiving initial

1 grant funding, the nonprofit development organization shall return the
2 grant proceeds to the department for credit to the General Affordable
3 ~~Housing Trust~~ Fund.

4 (5) Beginning July 1, 2029 ~~2025~~, any funds held by the department in
5 the Middle Income Workforce Housing Investment Fund shall be transferred
6 to the General Affordable ~~Housing Trust~~ Fund.

7 Sec. 7. Section 81-1240, Revised Statutes Cumulative Supplement,
8 2020, is amended to read:

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

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

16 (a) The name and geographical location of the nonprofit development
17 organization;

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

20 (c) The number, geographical location, type, and amount of
21 investments made;

22 (d) A summary of matching funds and where such matching funds were
23 generated; and

24 (e) The results of the annual audit required under subdivision (4)
25 (d) of section 81-1238.

26 (3) If a nonprofit development organization ceases administration of
27 a workforce housing investment fund, it shall file a final report with
28 the director in a form and manner required by the director. Before July
29 1, 2029 ~~2025~~, any unallocated workforce housing investment fund grant
30 funds shall be returned for credit to the Middle Income Workforce Housing
31 Investment Fund. On and after July 1, 2029, any unallocated workforce

1 housing investment fund grant funds shall be returned to the department
2 for transfer to the General Fund.

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

9 Sec. 8. Original sections 81-1228, 81-1229, 81-1230, 81-1231,
10 81-1238, 81-1239, and 81-1240, Revised Statutes Cumulative Supplement,
11 2020, are repealed.

12 Sec. 9. Since an emergency exists, this act takes effect when
13 passed and approved according to law.

14 2. On page 1, strike beginning with "the" in line 1 through line 7
15 and insert "workforce housing; to amend sections 81-1228, 81-1229,
16 81-1230, 81-1231, 81-1238, 81-1239, and 81-1240, Revised Statutes
17 Cumulative Supplement, 2020; to redefine terms; to change provisions
18 relating to grant programs, investment funds, nonprofit development
19 organizations, and the return, credit, and transfer of funds under the
20 Rural Workforce Housing Investment Act and Middle Income Workforce
21 Housing Investment Act; to harmonize provisions; to repeal the original
22 sections; and to declare an emergency."