

LEGISLATURE OF NEBRASKA  
ONE HUNDRED SEVENTH LEGISLATURE  
SECOND SESSION

**LEGISLATIVE BILL 1069**

Introduced by Williams, 36.

Read first time January 18, 2022

Committee: Business and Labor

- 1 A BILL FOR AN ACT relating to the Rural Workforce Housing Investment Act;
- 2 to amend sections 81-1228, 81-1229, 81-1230, and 81-1231, Revised
- 3 Statutes Cumulative Supplement, 2020; to redefine terms; to change
- 4 provisions relating to the workforce housing grant program, annual
- 5 fund certification, an annual audit, and return of funds; to
- 6 harmonize provisions; to repeal the original sections; and to
- 7 declare an emergency.
- 8 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 81-1228, Revised Statutes Cumulative Supplement,  
2 2020, is amended to read:

3 81-1228 For purposes of the Rural Workforce Housing Investment Act:

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

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

6 (3) Eligible activities of a nonprofit development organization  
7 means:

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

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

12 (c) Upper-story housing development;

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

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

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

22 (7) Qualified activities include, but are not limited to, purchase  
23 and rental guarantees, loan guarantees, loan participations, and other  
24 credit enhancements or any other form of assistance designed to reduce  
25 the cost of workforce housing related to eligible activities of the  
26 nonprofit development organization;

27 (8) Qualified investment means a cash investment in a workforce  
28 housing investment fund administered by a nonprofit development  
29 organization;

30 (9) Rural community means any municipality in a county with a  
31 population of fewer than one hundred thousand inhabitants as determined

1 by the most recent federal decennial census;

2 (10) Workforce housing means:

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

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

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

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

17 (e) Upper-story housing; and

18 (f) Housing that does not receive federal or state low-income  
19 housing tax credits, community development block grants, HOME funds,  
20 funds from the National Housing Trust Fund, or funds from the Affordable  
21 Housing Trust Fund; and

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

26 Sec. 2. Section 81-1229, Revised Statutes Cumulative Supplement,  
27 2020, is amended to read:

28 81-1229 (1) The director shall establish a workforce housing grant  
29 program to foster and support the development of workforce housing in  
30 rural communities.

31 (2) A nonprofit development organization may apply to the director

1 for approval of a workforce housing grant for a workforce housing  
2 investment fund. The application shall be in a form and manner prescribed  
3 by the director. Through fiscal year 2026-27 ~~2020-21~~, grants shall be  
4 awarded by the director on a competitive basis until grant funds are no  
5 longer available. Grant maximums shall not exceed one million dollars to  
6 any one nonprofit development organization over a two-year period, with  
7 ~~the no more than two million dollars cumulative amount~~ for any single  
8 grantee to be determined by the department at the discretion of the  
9 director ~~through fiscal year 2020-21~~. Grants shall require a minimum  
10 fifty percent ~~one-to-one~~ in matching funds to be considered a qualified  
11 grant application. Unallocated workforce housing grant funds held by the  
12 department shall be rolled to the next program year.

13 (3) Grants shall be awarded based upon:

14 (a) A demonstrated and ongoing housing need as identified by a  
15 recent housing study;

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

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

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

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

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

26 ~~(4)~~ (5) A nonprofit development organization shall:

27 (a) Invest or intend to invest in workforce housing eligible  
28 activities;

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

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

8 Sec. 3. Section 81-1230, Revised Statutes Cumulative Supplement,  
9 2020, is amended to read:

10 81-1230 (1) The Rural Workforce Housing Investment Fund is created.  
11 Funding for the grant program described in section 81-1229 shall come  
12 from the Rural Workforce Housing Investment Fund. The Rural Workforce  
13 Housing Investment Fund may include revenue from appropriations from the  
14 Legislature, grants, private contributions, and other sources. In  
15 addition, the State Treasurer shall make a one-time transfer of seven  
16 million three hundred thousand dollars on or before October 1, 2017, from  
17 the Affordable Housing Trust Fund to the Rural Workforce Housing  
18 Investment Fund. Any money in the Rural Workforce Housing Investment Fund  
19 available for investment shall be invested by the state investment  
20 officer pursuant to the Nebraska Capital Expansion Act and the Nebraska  
21 State Funds Investment Act.

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

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

28 (4) If a nonprofit development organization fails to engage in the  
29 initial qualified activity within twenty-four months after receiving  
30 initial grant funding, the nonprofit development organization shall  
31 return the grant funds to the department for credit to the Affordable

1 Housing Trust Fund.

2 (5) If a nonprofit development organization fails to allocate any  
3 remaining initial grant funding on a qualified activity within twenty-  
4 four months after engaging in the initial qualified activity, the  
5 nonprofit development organization shall return such unallocated grant  
6 funds to the department for credit to the Rural Workforce Housing  
7 Investment Fund.

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

11 Sec. 4. Section 81-1231, Revised Statutes Cumulative Supplement,  
12 2020, is amended to read:

13 81-1231 (1) Each nonprofit development organization shall submit an  
14 annual report to the director to be included as a part of the  
15 department's annual status report required under section 81-1201.11. The  
16 report shall certify that the nonprofit development organization meets  
17 the requirements of the Rural Workforce Housing Investment Act and shall  
18 include a breakdown of program activities.

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

21 (a) The name and geographical location of the reporting nonprofit  
22 development organization;

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

25 (c) The number, geographical location, type, and amount of  
26 investments made;

27 (d) A summary of matching funds and where such matching funds were  
28 generated; and

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

31 (3) If a nonprofit development organization ceases administration of

1 a workforce housing investment fund, it shall file a final report with  
2 the director in a form and manner required by the director. Before July  
3 1, 2027 ~~2022~~, any unallocated grant funds shall be returned to the  
4 department for credit to the Rural Workforce Housing Investment Fund. On  
5 and after July 1, 2027 ~~2022~~, any unallocated grant funds shall be  
6 returned to the department for credit to the Affordable Housing Trust  
7 Fund.

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

14 Sec. 5. Original sections 81-1228, 81-1229, 81-1230, and 81-1231,  
15 Revised Statutes Cumulative Supplement, 2020, are repealed.

16 Sec. 6. Since an emergency exists, this act takes effect when  
17 passed and approved according to law.