

LEGISLATURE OF NEBRASKA
ONE HUNDRED EIGHTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1229

Introduced by Wayne, 13.

Read first time January 16, 2024

Committee: Banking, Commerce and Insurance

1 A BILL FOR AN ACT relating to state government; to amend sections
2 19-5503, 58-226, 58-227, 58-228, 58-235, 58-241, 58-703, 58-705,
3 58-706, 58-707, 58-708, 58-709, 58-711, 71-15,141, and 81-1281,
4 Reissue Revised Statutes of Nebraska, sections 81-1201.07, 81-1211,
5 81-1226, 81-1227, 81-1230, 81-1232, 81-1233, 81-1234, 81-1235,
6 81-1236, 81-1241, and 81-1242, Revised Statutes Cumulative
7 Supplement, 2022, and sections 19-5504, 58-201, 81-1228, 81-1229,
8 81-1231, 81-1237, 81-1238, 81-1239, 81-1240, 81-1243, and 81-12,241,
9 Revised Statutes Supplement, 2023; to transfer powers, duties,
10 functions, responsibilities, and jurisdiction relating to housing
11 from the Department of Economic Development to the Nebraska
12 Investment Finance Authority as prescribed; to change provisions of
13 the Nebraska Investment Finance Authority Act; to provide for an
14 annual report; to eliminate a housing advisory committee; to remove
15 obsolete provisions; to harmonize provisions; to provide a duty for
16 the Revisor of Statutes; to provide an operative date; to repeal the
17 original sections; and to outright repeal section 58-704, Reissue
18 Revised Statutes of Nebraska.
19 Be it enacted by the people of the State of Nebraska,

1 Section 1. (1) Effective July 1, 2025, all duties and functions of
2 the Housing Division of the Department of Economic Development and the
3 duties and functions of the Department of Economic Development under the
4 Middle Income Workforce Housing Investment Act, the Municipal Density and
5 Missing Middle Housing Act, the Nebraska Affordable Housing Act, and the
6 Rural Workforce Housing Investment Act shall be transferred to the
7 Nebraska Investment Finance Authority.

8 (2) The Nebraska Investment Finance Authority may adopt and
9 promulgate rules and regulations to carry out all duties and functions
10 transferred under subsection (1) of this section.

11 (3) On and after July 1, 2025, positions of employment in the
12 Department of Economic Development related to the powers, duties, and
13 functions transferred to the Nebraska Investment Finance Authority
14 pursuant to this legislative bill are transferred to the Nebraska
15 Investment Finance Authority. For purposes of the transition, employees
16 of the Department of Economic Development shall be considered employees
17 of the Nebraska Investment Finance Authority and shall retain their
18 rights under the state personnel system or pertinent bargaining
19 agreement, and their service shall be deemed continuous. This section
20 does not grant employees any new rights or benefits not otherwise
21 provided by law or bargaining agreement or preclude the authority or its
22 executive director from exercising any of the prerogatives of management
23 provided by law. This section is not an amendment to or substitute for
24 the provisions of any existing bargaining agreements.

25 Sec. 2. Any appropriation and salary limit provided in any
26 legislative bill enacted by the One Hundred Eighth Legislature, First or
27 Second Session, to Agency No. 72, Department of Economic Development:
28 Program No.XXXX, Housing Division, for fiscal year 2024-25, including for
29 purposes of administering any of the acts described in subsection (1) of
30 section 1 of this act, shall be null and void, and any such amounts are
31 hereby appropriated to the Nebraska Investment Finance Authority. Any

1 financial obligations of the Housing Division of the Department of
2 Economic Development, including any financial obligations relating to any
3 of the acts described in subsection (1) of section 1 of this act, that
4 remain unpaid as of June 30, 2025, and that are subsequently certified as
5 valid encumbrances to the accounting division of the Department of
6 Administrative Services pursuant to sections 81-138.01 to 81-138.04,
7 shall be paid by the Nebraska Investment Finance Authority from the
8 unexpended balance of appropriations existing in such program
9 classification on June 30, 2025.

10 Sec. 3. On and after July 1, 2025, whenever the Housing Division of
11 the Department of Economic Development or the Department of Economic
12 Development are referred to or designated by any contract or other
13 document in connection with the duties and functions transferred to the
14 Nebraska Investment Finance Authority, such reference or designation
15 shall apply to the Nebraska Investment Finance Authority. All contracts
16 entered into by the Housing Division of the Department of Economic
17 Development or the Department of Economic Development prior to July 1,
18 2025, in connection with the duties and functions transferred to the
19 Nebraska Investment Finance Authority are hereby recognized, with the
20 Nebraska Investment Finance Authority succeeding to all rights and
21 obligations under such contracts. Any cash funds, custodial funds, gifts,
22 trusts, grants, and any appropriations of funds from prior fiscal years
23 available to satisfy obligations incurred under such contracts shall be
24 transferred and appropriated to the Nebraska Investment Finance Authority
25 for the payments of such obligations. All documents and records
26 transferred, or copies of the same, may be authenticated or certified by
27 the Nebraska Investment Finance Authority for all legal purposes.

28 Sec. 4. No suit, action, or other proceeding, judicial or
29 administrative, lawfully commenced prior to July 1, 2025, or which could
30 have been commenced prior to that date, by or against the Department of
31 Economic Development or the director or any employee thereof in such

1 director's or employee's official capacity or in relation to the
2 discharge of his or her official duties, shall abate by reason of the
3 transfer of duties and functions from the Department of Economic
4 Development to the Nebraska Investment Finance Authority.

5 Sec. 5. On July 1, 2025, all items of property, real and personal,
6 including office furniture and fixtures, books, documents, and records of
7 the Department of Economic Development pertaining to the duties and
8 functions transferred to the Nebraska Investment Finance Authority
9 pursuant to this legislative bill, shall become the property of the
10 Nebraska Investment Finance Authority.

11 Sec. 6. Section 81-1281, Reissue Revised Statutes of Nebraska, is
12 amended to read:

13 ~~81-1281~~ (1) The Nebraska Investment Finance Authority ~~Department of~~
14 ~~Economic Development~~ shall establish a comprehensive housing
15 affordability strategy. The strategy shall identify needs, consider
16 issues, and make recommendations regarding housing affordability, housing
17 availability, housing accessibility, and housing quality in Nebraska. The
18 authority department shall submit the strategy to the Governor and
19 electronically to the Urban Affairs Committee ~~the Clerk of the~~
20 Legislature by December 1, 2025 ~~October 1, 1991~~.

21 (2) The authority department shall establish a housing advisory
22 committee consisting of individuals and representatives of groups
23 involved with housing issues in Nebraska to assist with the establishment
24 of the strategy. The authority department shall work with the Governor's
25 Policy Research Office, the Department of Health and Human Services, the
26 Department of Banking and Finance, the Department of Economic Development
27 ~~the Nebraska Investment Finance Authority~~, and any other public or
28 private agency involved in addressing housing needs in Nebraska.

29 (3) The strategy shall:

30 (a) Describe the state's estimated housing needs for the ensuing
31 five-year period and the need for assistance for different types of

1 tenure and for different categories of residents such as very-low-income,
2 low-income, and moderate-income persons, the elderly, single persons,
3 large families, residents of nonmetropolitan areas, and other categories
4 determined to be appropriate by the committee;

5 (b) Describe the nature and extent of homelessness in the state,
6 providing an estimate of the special needs of various categories of
7 persons who are homeless or threatened with homelessness and a
8 description of the strategy for (i) helping low-income families avoid
9 homelessness, (ii) addressing the emergency shelter and transitional
10 housing needs of the homeless, including an inventory of facilities and
11 services that meet such needs in Nebraska, and (iii) helping homeless
12 persons make the transition to permanent housing;

13 (c) Describe significant characteristics of the housing market;

14 (d) Explain whether the cost of housing or the incentives to
15 develop, maintain, or improve affordable housing in Nebraska are affected
16 by public policies, including tax policies affecting land and other
17 property, land-use controls, zoning ordinances, building codes, fees and
18 charges, growth limits, and policies that affect the return on
19 residential investment;

20 (e) Explain the institutional structure, including private industry,
21 nonprofit organizations, and public institutions through which the state
22 will carry out the strategy, assessing the strengths and gaps and
23 describing what will be done to overcome any gaps;

24 (f) Describe the means of coordination and cooperation among the
25 units of state and local government in the development and implementation
26 of the strategy;

27 (g) Establish standards and procedures for monitoring housing
28 activities undertaken because of the strategy; and

29 (h) Include any other information on housing in Nebraska deemed
30 relevant by the authority ~~Department of Economic Development~~ or the
31 committee.

1 Sec. 7. Section 19-5503, Reissue Revised Statutes of Nebraska, is
2 amended to read:

3 19-5503 For purposes of the Municipal Density and Missing Middle
4 Housing Act:

5 (1) Accessory dwelling unit means an interior, attached, or detached
6 residential structure that is used in connection with, or that is an
7 accessory to, a single-family dwelling and is located on the same lot or
8 parcel as such single-family dwelling;

9 (2) Affordable housing means residential dwelling units affordable
10 to a household earning not more than eighty percent of the income limit
11 as set forth by the United States Department of Housing and Urban
12 Development under its Income Limits Documentation System, as such limits
13 existed on January 1, 2022, for the county in which the units are located
14 and for a particular household size;

15 (3) City means any city of the metropolitan class, city of the
16 primary class, or city of the first class in the State of Nebraska with a
17 population of at least twenty thousand inhabitants as determined by the
18 most recent federal decennial census or the most recent revised certified
19 count by the United States Bureau of the Census;

20 (4) Cottage cluster means a grouping of no fewer than four detached
21 housing units per acre with a footprint of less than nine hundred square
22 feet each and that includes a common courtyard;

23 (5) Density bonus means a density increase over the otherwise
24 maximum allowable residential density under a city's zoning codes,
25 ordinances, and regulations;

26 (6) Middle housing means:

27 (a) Duplexes;

28 (b) Triplexes;

29 (c) Quadplexes;

30 (d) Cottage clusters; or

31 (e) Townhouses;

1 (7) Townhouse means a dwelling unit constructed in a row of two or
2 more attached units where each dwelling unit is located on an individual
3 lot or parcel and shares at least one common wall with an adjacent unit;
4 and

5 (8) Workforce housing means:

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

7 (b) Owner-occupied housing units that have an after-construction
8 appraised value of at least one hundred twenty-five thousand dollars but
9 not more than two hundred seventy-five thousand dollars to construct;

10 (c) Owner-occupied housing units for which the cost to substantially
11 rehabilitate exceeds fifty percent of a unit's assessed value;

12 (d) Upper-story housing for occupation by a homeowner; and

13 (e) Housing that does not receive federal or state low-income
14 housing tax credits, community development block grants, HOME funds as
15 defined in section 29 of this act ~~81-1228~~, or funds from the Affordable
16 Housing Trust Fund.

17 Sec. 8. Section 19-5504, Revised Statutes Supplement, 2023, is
18 amended to read:

19 19-5504 (1) On or before July 1 of every odd-numbered year ~~, 2021,~~
20 ~~and by each July 1 every two years thereafter~~, each city shall
21 electronically submit a report to the Nebraska Investment Finance
22 Authority and the Urban Affairs Committee of the Legislature detailing
23 its efforts to address the availability of and incentives for affordable
24 housing through its zoning codes, ordinances, and regulations. Such
25 report shall include, but not be limited to:

26 (a) An overview of the city's current residential zoning
27 requirements;

28 (b) The percentage of areas within the corporate limits of the city
29 zoned for residential use which permit the construction of multifamily
30 housing and middle housing, including whether such areas are zoned
31 specifically for residential use or generally allow residential use, and

1 whether such construction is permitted with or without any additional
2 permit requirements;

3 (c) A breakdown of new residential construction within the corporate
4 limits of the city over the previous five years, including the percentage
5 of such construction that was single-family housing, multifamily housing,
6 and middle housing;

7 (d) A breakdown of residential units annexed by the city over the
8 previous five years, including the percentage of such units that were
9 single-family housing, multifamily housing, and middle housing;

10 (e) An estimate of the per-unit cost of housing within the corporate
11 limits of the city;

12 (f) Whether such zoning codes, ordinances, and regulations provide
13 for density bonuses or other concessions or incentives which encourage
14 residential density, and the frequency with which such bonuses,
15 concessions, or incentives are utilized;

16 (g) Whether such zoning codes, ordinances, and regulations allow the
17 construction of accessory dwelling units;

18 (h) What incentives the city applies to encourage the development of
19 affordable housing, including both direct incentives and regulatory
20 relief;

21 (i) The percentage of areas within the corporate limits of the city
22 zoned for residential use which have been declared substandard and
23 blighted areas under the Community Development Law;

24 (j) The percentage of areas within the corporate limits of the city
25 zoned for residential use which have been declared extremely blighted
26 areas under the Community Development Law;

27 (k) A demographic analysis of the city with trends and estimates of
28 the housing need classified by housing type and price range; and

29 (l) Efforts to adopt an affordable housing action plan as required
30 under section 19-5505 or efforts to implement an affordable housing
31 action plan after such plan is adopted.

1 (2) The Urban Affairs Committee of the Legislature may require any
2 city to present its report to the committee at a public hearing.

3 Sec. 9. Section 58-201, Revised Statutes Supplement, 2023, is
4 amended to read:

5 58-201 Sections 58-201 to 58-273 and sections 10 and 15 of this act
6 shall be known and may be cited as the Nebraska Investment Finance
7 Authority Act.

8 Sec. 10. In addition to the powers granted to the authority under
9 section 58-239, the authority shall assume the powers, duties, and
10 functions transferred pursuant to section 1 of this act.

11 Sec. 11. Section 58-226, Reissue Revised Statutes of Nebraska, is
12 amended to read:

13 58-226 (1) There is hereby created a body politic and corporate, not
14 a state agency, but an independent instrumentality exercising essential
15 public functions, to be known as the Nebraska Investment Finance
16 Authority. The authority shall have the powers and duties set forth in
17 the Nebraska Investment Finance Authority Act.

18 (2) The authority shall be composed of twelve ~~nine~~ members as
19 follows:

20 (a) The Director of Agriculture, the Director of Economic
21 Development, and the chairperson of the Nebraska Investment Council who
22 shall be ex officio members; and

23 (b) Nine ~~Six~~ public members who shall be appointed by the Governor
24 as follows:

25 (i) One member shall be experienced in real estate development;

26 (ii) One member shall be experienced in industrial mortgage credit,
27 commercial credit, agricultural credit, or housing mortgage credit;

28 (iii) One member shall be experienced in banking or investment
29 banking;

30 (iv) One member shall be experienced in home building or shall be a
31 licensed real estate broker;

1 (v) One member shall be experienced in agricultural production; and

2 (vi) Four members ~~One member~~ shall be appointed at large.

3 (3) All members shall be residents of the state. Of the public
4 members, three ~~two~~ members shall be appointed from each congressional
5 district. Of the nine ~~six~~ public members, not more than four ~~three~~ shall
6 belong to the same political party. ~~The three ex officio members may each~~
7 ~~designate a representative to perform their respective duties under the~~
8 ~~act. It shall not constitute a conflict of interest for members of the~~
9 ~~authority to serve on any other public board or commission.~~

10 (4) No public member or employee of the authority shall at any time
11 during such person's service or employment with the authority acquire, or
12 take any action to initiate, negotiate, or otherwise arrange to acquire,
13 any interest in any real property that has been funded or is funded by
14 any program that the authority administers.

15 (5) A public member or an employee of the authority shall not
16 receive a direct or indirect financial benefit from the development of
17 any real property that has been funded or is funded by any program that
18 the authority administers.

19 Sec. 12. Section 58-227, Reissue Revised Statutes of Nebraska, is
20 amended to read:

21 58-227 (1) Of the six public members first appointed to the
22 authority, three shall be appointed to terms of office expiring on
23 January 15, 1985, and the remaining three to terms of office expiring on
24 January 15, 1987. All subsequent appointments shall be for terms of four
25 years. Of the three public members appointed after the effective date of
26 this act, the initial terms of such members shall be staggered so that
27 one member serves a term of two years and two members each serve a term
28 of four years. All subsequent appointments for such members shall be for
29 terms of four years. Vacancies in the public membership of the authority
30 shall be filled for the unexpired term by appointment by the Governor.
31 Each member shall hold office for the term of his or her appointment and

1 until his or her successor shall have been appointed and qualified. Any
2 public member shall be eligible for reappointment. Any public member may
3 be removed from office for incompetency, neglect of duty, or malfeasance
4 in office by the Governor or by an affirmative vote by any eight ~~six~~
5 members of the authority.

6 (2) Any public member who violates subsection (4) or (5) of section
7 58-226 shall be deemed unqualified to continue serving on the authority
8 and be immediately removed by the Governor.

9 Sec. 13. Section 58-228, Reissue Revised Statutes of Nebraska, is
10 amended to read:

11 58-228 ~~The Director of Economic Development shall be the~~
12 ~~chairperson of the authority.~~ The members shall elect from among the
13 membership a chairperson and vice-chairperson and such other officers as
14 they may determine. Members shall receive no compensation for their
15 services but shall be reimbursed for expenses incurred in the discharge
16 of their official duties as provided in sections 81-1174 to 81-1177.

17 Sec. 14. Section 58-235, Reissue Revised Statutes of Nebraska, is
18 amended to read:

19 58-235 Any member or employee of the authority who has, will have,
20 or later acquires any direct or indirect interest in any transaction with
21 the authority shall immediately disclose the nature and extent of such
22 interest in writing to the authority as soon as he or she has knowledge
23 of such interest. Such disclosure shall be entered upon the minutes of
24 the authority. Upon such disclosure such member or employee shall not
25 participate in any action by the authority authorizing such transaction.
26 ~~Actions taken when such member or employee reasonably believed that he or~~
27 ~~she had no conflict shall not be invalidated because of such conflict.~~
28 ~~The fact that a member is also an officer or owner of an organization~~
29 ~~shall not be deemed to be a direct or indirect interest unless (1) such~~
30 ~~member has an ownership interest of greater than five percent in such~~
31 ~~organization or (2) the transaction in question does not involve all~~

1 ~~similar organizations but involves only the authority and such~~
2 ~~organization.~~

3 Sec. 15. (1) In addition to the powers granted under section
4 58-239, the authority shall:

5 (a) Administer the United States Department of Housing and Urban
6 Development programs which allocate HOME funds to participating
7 jurisdictions;

8 (b) Administer programs funded by the National Housing Trust Fund,
9 established under Title I of the federal Housing and Economic Recovery
10 Act of 2008, Public Law 110-289, amending the Federal Housing Enterprises
11 Financial Safety and Soundness Act of 1992, 12 U.S.C. 4501 et seq.;

12 (c) Be the designated housing and rental entity for all federal
13 rental and home ownership programs;

14 (d) Receive transfers by the Legislature and contributions, gifts,
15 grants, or loans from any source, public or private, for home ownership
16 and rental programs;

17 (d) Administer grant programs under the Middle Income Workforce
18 Housing Investment Act and the Rural Workforce Housing Investment Act;
19 and

20 (e) Adopt and promulgate rules and regulations to carry out this
21 section.

22 Sec. 16. Section 58-241, Reissue Revised Statutes of Nebraska, is
23 amended to read:

24 58-241 In exercising any powers granted in the Nebraska Investment
25 Finance Authority Act, the authority shall coordinate its activities with
26 the policy, program, and planning efforts of the state, particularly the
27 ~~Governor's Policy Research Office and the Department of Economic~~
28 ~~Development and the Department of Agriculture.~~

29 Sec. 17. Section 58-703, Reissue Revised Statutes of Nebraska, is
30 amended to read:

31 58-703 The Affordable Housing Trust Fund is created. The fund shall

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

9 Transfers may be made from the Affordable Housing Trust Fund to the
10 General Fund, the Behavioral Health Services Fund, the Lead-Based Paint
11 Hazard Control Cash Fund, the Rural Workforce Housing Investment Fund,
12 and the Site and Building Development Fund at the direction of the
13 Legislature.

14 ~~The State Treasurer shall transfer fifty eight thousand one hundred~~
15 ~~eighty eight dollars from the Affordable Housing Trust Fund to the~~
16 ~~General Fund on or before September 15, 2019, on such date as directed by~~
17 ~~the budget administrator of the budget division of the Department of~~
18 ~~Administrative Services.~~

19 Sec. 18. Section 58-705, Reissue Revised Statutes of Nebraska, is
20 amended to read:

21 58-705 The Nebraska Investment Finance Authority Department of
22 Economic Development shall use the Affordable Housing Trust Fund to
23 finance loans, grants, subsidies, credit enhancements, and other
24 financial assistance for community affordable housing projects and for
25 expenses of the authority department as appropriated by the Legislature
26 for administering the fund.

27 Sec. 19. Section 58-706, Reissue Revised Statutes of Nebraska, is
28 amended to read:

29 58-706 The following activities are eligible for assistance from the
30 Affordable Housing Trust Fund:

31 (1) New construction, rehabilitation, or acquisition of housing to

1 assist low-income and very low-income families;

2 (2) Matching funds for new construction, rehabilitation, or
3 acquisition of housing units to assist low-income and very low-income
4 families;

5 (3) Technical assistance, design and finance services, and
6 consultation for eligible nonprofit community or neighborhood-based
7 organizations involved in the creation of affordable housing;

8 (4) Matching funds for operating costs for housing assistance groups
9 or organizations when such grant or loan will substantially increase the
10 recipient's ability to produce affordable housing;

11 (5) Mortgage insurance guarantees for eligible projects;

12 (6) Acquisition of housing units for the purpose of preservation of
13 housing to assist low-income or very low-income families;

14 (7) Projects making affordable housing more accessible to families
15 with elderly members or members who have disabilities;

16 (8) Projects providing housing in areas determined by the Nebraska
17 Investment Finance Authority ~~Department of Economic Development~~ to be of
18 critical importance for the continued economic development and economic
19 well-being of the community and where, as determined by the department, a
20 shortage of affordable housing exists;

21 (9) Infrastructure projects necessary for the development of
22 affordable housing;

23 (10) Downpayment and closing cost assistance;

24 (11) Demolition of existing vacant, condemned, or obsolete housing
25 or industrial buildings or infrastructure;

26 (12) Housing education programs developed in conjunction with
27 affordable housing projects. The education programs must be directed
28 toward:

29 (a) Preparing potential home buyers to purchase affordable housing
30 and postpurchase education;

31 (b) Target audiences eligible to utilize the services of housing

1 assistance groups or organizations; and

2 (c) Developers interested in the rehabilitation, acquisition, or
3 construction of affordable housing;

4 (13) Support for efforts to improve programs benefiting homeless
5 youth;

6 (14) Vocational training in the housing and construction trades
7 industries by nonprofit groups; and

8 (15) Weatherization and solar or other energy improvements to make
9 utilities for housing more affordable.

10 Sec. 20. Section 58-707, Reissue Revised Statutes of Nebraska, is
11 amended to read:

12 58-707 Organizations which may receive assistance under the Nebraska
13 Affordable Housing Act are governmental subdivisions, local housing
14 authorities, community action agencies, community-based or neighborhood-
15 based or reservation-based nonprofit organizations, and for-profit
16 entities working in conjunction with one of the other eligible
17 organizations. For-profit entities that are eligible under this section
18 shall be required to provide, or cause to be provided, matching funds for
19 the eligible activity in an amount determined by the Nebraska Investment
20 Finance Authority ~~Department of Economic Development~~, which amount shall
21 be at least equal to ten percent of the amount of assistance provided by
22 the Affordable Housing Trust Fund. Political subdivisions, local housing
23 authorities, community action agencies, and community-based,
24 neighborhood-based, and reservation-based nonprofit organizations shall
25 not be required to provide, or cause to be provided, such matching funds.
26 Nothing in the act shall be construed to allow individuals to receive
27 direct loans from the Affordable Housing Trust Fund.

28 Sec. 21. Section 58-708, Reissue Revised Statutes of Nebraska, is
29 amended to read:

30 58-708 (1) During each calendar year in which funds are available
31 from the Affordable Housing Trust Fund for use by the Nebraska Investment

1 ~~Finance Authority Department of Economic Development~~, the authority
2 ~~department~~ shall make its best efforts to allocate not less than thirty
3 percent of such funds to each congressional district. The authority
4 ~~department~~ shall announce a grant and loan application period of at least
5 ninety days duration for all projects. In selecting projects to receive
6 trust fund assistance, the authority ~~department~~ shall develop a qualified
7 allocation plan and give first priority to financially viable projects
8 that serve the lowest income occupants for the longest period of time.
9 The qualified allocation plan shall:

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

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

24 (2) The authority ~~department~~ shall fund in order of priority as many
25 applications as will utilize available funds less actual administrative
26 costs of the authority ~~department~~ in administering the program. In
27 administering the program, the authority ~~department~~ may contract for
28 services or directly provide funds to other governmental entities or
29 instrumentalities.

30 (3) The authority ~~department~~ may recapture any funds which were
31 allocated to a qualified recipient for an eligible project through an

1 award agreement if such funds were not utilized for eligible costs within
2 the time of performance under the agreement and are therefor no longer
3 obligated to the project. The recaptured funds shall be credited to the
4 Affordable Housing Trust Fund.

5 Sec. 22. Section 58-709, Reissue Revised Statutes of Nebraska, is
6 amended to read:

7 ~~58-709 The Department of Economic Development, in consultation with~~
8 ~~the Nebraska Investment Finance Authority and the housing advisory~~
9 ~~committee established in section 58-704,~~ shall adopt and promulgate rules
10 and regulations to carry out the Nebraska Affordable Housing Act. The
11 authority department shall monitor programs to see that only qualified
12 individuals and families are occupying projects funded by the Affordable
13 Housing Trust Fund.

14 Sec. 23. Section 58-711, Reissue Revised Statutes of Nebraska, is
15 amended to read:

16 58-711 (1) The Nebraska Investment Finance Authority ~~Department of~~
17 ~~Economic Development~~ shall submit a report on the status of housing in
18 the state electronically to the Urban Affairs Committee of the
19 Legislature no later than December 15, 2025, and annually by each
20 December 15 thereafter, with authority comments, if any. The Urban
21 Affairs Committee of the Legislature may require the executive director
22 of the Nebraska Investment Finance Authority or the chairperson of the
23 Nebraska Investment Council to present testimony on the report at a
24 public hearing following submission of the report by the authority. The
25 report shall include ~~, as part of the department's annual status report~~
26 ~~under section 81-1201.11,~~ the following information regarding the
27 Affordable Housing Trust Fund: (a) The applications funded during the
28 previous calendar year; (b) the applications funded in previous years;
29 (c) the identity of the organizations receiving funds; (d) the location
30 of each project; (e) the amount of funding provided to each project; (f)
31 the amount of funding leveraged as a result of each project; (g) the

1 number of units of housing created by each project and the occupancy
2 rate; (h) the expected cost of rent or monthly payment of those units;
3 (i) the projected number of new employees and community investment as a
4 result of each project; (j) the amount of revenue deposited into the
5 Affordable Housing Trust Fund pursuant to section 76-903; (k) the total
6 amount of funds for which applications were received during the previous
7 calendar year, the year-end fund balance, and, if all available funds
8 have not been committed, an explanation of the reasons why all such funds
9 have not been so committed; (l) the amount of appropriated funds actually
10 expended ~~by the department~~ for the previous calendar year; (m) the
11 authority's ~~department's~~ current budget for administration of the
12 Nebraska Affordable Housing Act and the authority's ~~department's~~ planned
13 use and distribution of funds, including details on the amount of funds
14 to be expended on projects and the amount of funds to be expended by the
15 authority ~~department~~ for administrative purposes; and (n) project
16 summaries, including the applicant municipality, project description,
17 grant amount requested, amount and type of matching funds, and reasons
18 for approval or denial for every application seeking funds during the
19 previous calendar year.

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

22 Sec. 24. Section 71-15,141, Reissue Revised Statutes of Nebraska, is
23 amended to read:

24 71-15,141 (1) Within nine months after the end of each fiscal year,
25 each local housing agency shall prepare a report summarizing such
26 agency's activities for the year then ended. The report shall contain
27 financial statements depicting the financial condition of the agency, its
28 assets and liabilities, including contingent liabilities, and the results
29 of its operations for the year then ended. The report shall be approved
30 by the agency's board of commissioners and signed by its chairperson.

31 (2) The annual report of a local housing agency shall be a public

1 record that is available for inspection and copying by members of the
2 general public at the offices of the local housing agency. A local
3 housing agency shall also file its annual report with the city or county
4 clerk and the Nebraska Investment Finance Authority promptly upon
5 completion of the report thereof. Regional housing agencies shall file
6 annual reports with the appropriate officials of all participating
7 political subdivisions.

8 (3) Any employee or member of the board of commissioners of a local
9 housing agency who approves, signs, or files an annual report of an
10 agency knowing it is materially false or misleading shall be guilty of a
11 Class II misdemeanor.

12 (4) The financial statements contained in annual reports of local
13 housing agencies with gross revenue of two hundred fifty thousand dollars
14 or more shall be audited annually. The financial statements of agencies
15 with gross revenue of less than two hundred fifty thousand dollars shall
16 be audited at least biennially. A copy of each audit report shall be
17 filed with the Auditor of Public Accounts within nine months after the
18 end of each fiscal year in which such agency is required to file an audit
19 report or in which an audit report of such agency is prepared. Each local
20 housing agency audit shall be conducted in accordance with generally
21 accepted accounting principles, except that if the agency is a recipient
22 of federal assistance, the audit shall be conducted in accordance with
23 any accounting principles required by the federal government.

24 Sec. 25. Section 81-1201.07, Revised Statutes Cumulative Supplement,
25 2022, is amended to read:

26 81-1201.07 The department may have the divisions and program listed
27 in this section to aid in the discharge of its duties but shall not be
28 limited to such divisions and program: (1) An Existing Business
29 Assistance Division; (2) a Business Recruitment Division; (3) a Community
30 and Rural Development Division; (4) an Economic Recovery and Incentives
31 Division; and (5) ~~a Housing Division; and (6) a Community Development~~

1 Block Grant Program. Each division and program, when deemed appropriate
2 by the director, is encouraged to establish advisory committees and
3 programs to insure public participation and input.

4 Sec. 26. Section 81-1211, Revised Statutes Cumulative Supplement,
5 2022, is amended to read:

6 ~~81-1211~~ The Lead-Based Paint Hazard Control Cash Fund is created in
7 the Nebraska Investment Finance Authority ~~Department of Economic~~
8 ~~Development~~. The fund shall receive transfers from the Affordable Housing
9 Trust Fund as authorized by the Legislature. The authority ~~department~~
10 shall use the entirety of the fund to award a grant to a city of the
11 metropolitan class to carry out lead-based paint hazard control on owner-
12 occupied properties, contingent upon formal notification by the United
13 States Department of Housing and Urban Development that it intends to
14 award a grant to a city of the metropolitan class to carry out the
15 federal Residential Lead-Based Paint Hazard Reduction Act of 1992, 42
16 U.S.C. 4852, as such section existed on January 1, 2024 ~~2015~~. No more
17 than fifteen percent of the grant proceeds may be used for administrative
18 expenses. It is the intent of the Legislature that any grant awarded from
19 the Lead-Based Paint Hazard Control Cash Fund shall be applied to the
20 congressional district grant allocations as established under section
21 58-708. Any money in the fund available for investment shall be invested
22 by the state investment officer pursuant to the Nebraska Capital
23 Expansion Act and the Nebraska State Funds Investment Act.

24 Sec. 27. Section 81-1226, Revised Statutes Cumulative Supplement,
25 2022, is amended to read:

26 ~~81-1226~~ Sections 27 ~~81-1226~~ to 35 of this act ~~81-1234~~ shall be known
27 and may be cited as the Rural Workforce Housing Investment Act.

28 Sec. 28. Section 81-1227, Revised Statutes Cumulative Supplement,
29 2022, is amended to read:

30 ~~81-1227~~ The Legislature finds that:

31 (1) Economic ~~Current economic~~ conditions and limited availability of

1 modern housing units impact the ability of Nebraska's rural communities
2 to recruit and retain a world-class workforce. A lack of workforce
3 housing affects the ability of communities to maintain and develop
4 viable, stable, and thriving economies. A housing shortage in rural areas
5 also impacts the ability of local private, nonprofit, and public
6 employers to grow and prosper;

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

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

21 Sec. 29. Section 81-1228, Revised Statutes Supplement, 2023, is
22 amended to read:

23 ~~81-1228~~ For purposes of the Rural Workforce Housing Investment Act:

24 (1) Authority Department means the Nebraska Investment Finance
25 Authority Department of Economic Development;

26 ~~(2) Director means the Director of Economic Development;~~

27 (2) ~~(3)~~ Eligible activities of a nonprofit development organization
28 means:

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

31 (b) Substantial repair or rehabilitation of dilapidated housing

1 stock;

2 (c) Upper-story housing development; or

3 (d) Extension of sewer or water service in support of workforce
4 housing;

5 ~~(3)~~ ~~(4)~~ HOME funds means funds awarded as formula grants under the
6 HOME Investment Partnerships Program administered by the United States
7 Department of Housing and Urban Development;

8 ~~(4)~~ ~~(5)~~ Matching funds means dollars contributed by individuals,
9 businesses, foundations, local, regional, and statewide political
10 subdivisions, or other nonprofit organizations to a workforce housing
11 investment fund administered by a nonprofit development organization;

12 ~~(5)~~ ~~(6)~~ Nonprofit development organization means a local, regional,
13 or statewide nonprofit development organization approved by the authority
14 ~~director~~;

15 ~~(6)~~ ~~(7)~~ Qualified activities include, but are not limited to,
16 purchase and rental guarantees, loan guarantees, loan participations, and
17 other credit enhancements or any other form of assistance designed to
18 reduce the cost of workforce housing related to eligible activities of
19 the nonprofit development organization;

20 ~~(7)~~ ~~(8)~~ Qualified investment means a cash investment in a workforce
21 housing investment fund administered by a nonprofit development
22 organization;

23 ~~(8)~~ ~~(9)~~ Rural community means any municipality in a county with a
24 population of fewer than one hundred thousand inhabitants as determined
25 by the most recent federal decennial census;

26 ~~(9)~~ ~~(10)~~ Workforce housing means:

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

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

30 (c) Owner-occupied housing units that cost not more than three
31 hundred twenty-five thousand dollars to construct or rental housing units

1 that cost not more than two hundred fifty thousand dollars per unit to
2 construct. For purposes of this subdivision (c), housing unit costs shall
3 be updated annually by the authority ~~department~~ based upon the most
4 recent increase or decrease in the Producer Price Index for all
5 commodities, published by the United States Department of Labor, Bureau
6 of Labor Statistics;

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

10 (e) Upper-story housing; and

11 (f) Housing units that do not receive federal or state low-income
12 housing tax credits, community development block grants, HOME funds, or
13 funds from the National Housing Trust Fund, which would impose individual
14 or household income limitations or restrictions on such housing units, or
15 funding from the Affordable Housing Trust Fund restricting the level of
16 individual or household income to anything less than one hundred percent
17 of area median income as calculated by the United States Department of
18 Housing and Urban Development; and

19 (10) ~~(11)~~ Workforce housing investment fund means a fund that has
20 been created by a nonprofit development organization and certified by the
21 authority ~~director~~ to encourage development of workforce housing in rural
22 communities.

23 Sec. 30. Section 81-1229, Revised Statutes Supplement, 2023, is
24 amended to read:

25 ~~81-1229~~ (1) The authority ~~director~~ shall establish a workforce
26 housing grant program to foster and support the development of workforce
27 housing in rural communities.

28 (2) A nonprofit development organization may apply to the authority
29 ~~director~~ for approval of a workforce housing grant for a workforce
30 housing investment fund. The application shall be in a form and manner
31 prescribed by the authority ~~director~~. Through fiscal year 2026-27, grants

1 shall be awarded by the authority ~~director~~ on a competitive basis until
2 grant funds are no longer available. A nonprofit development organization
3 may apply for more than one grant, subject to the following limits:

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

7 (b) The maximum amount of grant funds awarded to any one nonprofit
8 development organization for all program years shall not exceed an
9 aggregate limit determined by the authority ~~department at the discretion~~
10 ~~of the director~~.

11 (3) An applicant shall provide matching funds of at least one-
12 quarter of the amount of workforce housing grant funds awarded.
13 Unallocated workforce housing grant funds held by the authority
14 ~~department~~ shall be rolled to the next program year.

15 (4) Grants shall be awarded based upon:

16 (a) A demonstrated and ongoing housing need as identified by a
17 recent housing study;

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

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

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

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

26 (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 of all financial records conducted by an
7 independent certified public accountant.

8 Sec. 31. Section 81-1230, Revised Statutes Cumulative Supplement,
9 2022, 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 30 of this act ~~81-1229~~
12 shall come from the Rural Workforce Housing Investment Fund. The Rural
13 Workforce Housing Investment Fund may include transfers authorized by the
14 Legislature and revenue from ~~appropriations from the Legislature,~~ grants,
15 private contributions, and other sources. In addition, the State
16 Treasurer shall make a one-time transfer of seven million three hundred
17 thousand dollars on or before October 1, 2017, from the Affordable
18 Housing Trust Fund to the Rural Workforce Housing Investment Fund. Any
19 money in the Rural Workforce Housing Investment Fund available for
20 investment shall be invested by the state investment officer pursuant to
21 the Nebraska Capital Expansion Act and the Nebraska State Funds
22 Investment Act.

23 (2) The authority ~~department~~ shall administer the Rural 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 authority ~~Nebraska Investment Finance Authority~~ and other
27 interested parties.

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

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

1 initial grant funding, the nonprofit development organization shall
2 return the grant funds to the authority ~~department~~ for credit to the
3 General Fund.

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

10 (6) Beginning July 1, 2027, any funds held by the authority
11 ~~department~~ in the Rural Workforce Housing Investment Fund shall be
12 transferred to the General Fund.

13 Sec. 32. Section 81-1231, Revised Statutes Supplement, 2023, is
14 amended to read:

15 ~~81-1231~~ (1) Each nonprofit development organization shall submit an
16 annual report to the authority ~~director~~ to be included as a part of the
17 authority's ~~department's~~ annual status report required under section
18 58-711 ~~81-1201.11~~. The report shall certify that the nonprofit
19 development organization meets the requirements of the Rural Workforce
20 Housing Investment Act and shall include a breakdown of program
21 activities.

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

24 (a) The name and geographical location of the reporting nonprofit
25 development organization;

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

28 (c) The number, geographical location, type, and amount of
29 investments made;

30 (d) A summary of matching funds and where such matching funds were
31 generated; and

1 (e) The results of the annual review of all financial records
2 required under subsection (5) of section 30 of this act ~~81-1229~~.

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

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

18 Sec. 33. Section 81-1232, Revised Statutes Cumulative Supplement,
19 2022, is amended to read:

20 ~~81-1232~~ (1) The authority ~~department~~ shall use its best efforts to
21 assure that grant funds awarded to nonprofit development organizations
22 are targeted to the geographic communities or regions with the most
23 pressing economic and employment needs.

24 (2) The authority ~~department~~ shall use its best efforts to assure
25 that the allocation of grant funds provides equitable access to the
26 benefits provided by the Rural Workforce Housing Investment Act to all
27 eligible geographical areas.

28 (3) The authority ~~department~~ may contract with a statewide public or
29 private nonprofit organization which shall serve as agent for the
30 authority ~~department~~ to help carry out the purposes and requirements of
31 the Rural Workforce Housing Investment Act. The authority ~~department~~ or

1 its agent may only use for expenses that portion of the funds available
2 for the workforce housing grant program through the Rural Workforce
3 Housing Investment Fund necessary to cover the actual costs of
4 administering the program, including, but not limited to, the hiring of
5 staff.

6 Sec. 34. Section 81-1233, Revised Statutes Cumulative Supplement,
7 2022, is amended to read:

8 ~~81-1233~~ (1) As part of the authority's ~~department's~~ annual status
9 report required under section ~~58-711~~ ~~81-1201.11~~, the authority ~~department~~
10 shall submit a report to the Legislature and the Governor that includes,
11 but is not necessarily limited to:

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

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

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

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

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

26 Sec. 35. Section 81-1234, Revised Statutes Cumulative Supplement,
27 2022, is amended to read:

28 ~~81-1234~~ The authority ~~department~~ may adopt and promulgate rules and
29 regulations to administer and enforce the Rural Workforce Housing
30 Investment Act.

31 Sec. 36. Section 81-1235, Revised Statutes Cumulative Supplement,

1 2022, is amended to read:

2 ~~81-1235~~ Sections 36 ~~81-1235~~ to 44 of this act ~~81-1243~~ shall be known
3 and may be cited as the Middle Income Workforce Housing Investment Act.

4 Sec. 37. Section 81-1236, Revised Statutes Cumulative Supplement,
5 2022, is amended to read:

6 ~~81-1236~~ (1) Economic ~~Current—economic~~ conditions and limited
7 availability of modern housing units impact the ability of Nebraska's
8 older urban neighborhoods and majority-minority communities to maintain
9 residential stability. Low rates of homeownership and a lack of high-
10 quality, non-income-restricted rental housing negatively affects the
11 ability of residents of such neighborhoods and communities to achieve
12 housing stability and invest in their neighborhoods and communities. A
13 lack of workforce housing affects the ability of neighborhoods and
14 communities to maintain and develop viable, stable, and thriving
15 economies. A shortage of quality housing in such areas also impacts the
16 ability of local private, nonprofit, and public employers to grow and
17 prosper.

18 (2) Impediments exist to the construction, rehabilitation, and
19 financing of urban workforce housing. Comparable home sale and appraisal
20 prices do not justify the cost of new construction homes. There is a lack
21 of space that would be large enough for development to achieve cost
22 efficiencies. Due to generations of disinvestment, these neighborhoods
23 and communities frequently receive a stigma that negatively impacts the
24 residential real estate market.

25 (3) In order to develop attractive housing options that lead to the
26 recruitment and retention of a world-class workforce in Nebraska's older
27 urban communities, it is the intent of the Legislature to use new and
28 existing resources to support creation of workforce housing investment
29 funds. Such funds will be used to encourage development of workforce
30 housing in Nebraska's urban and underserved neighborhoods and
31 communities.

1 Sec. 38. Section 81-1237, Revised Statutes Supplement, 2023, is
2 amended to read:

3 ~~81-1237~~ For purposes of the Middle Income Workforce Housing
4 Investment Act:

5 (1) ~~Authority Department~~ means the Nebraska Investment Finance
6 Authority Department of Economic Development;

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

8 ~~(2)~~ ~~(3)~~ Eligible activities of a workforce housing investment fund
9 means:

10 (a) New construction of owner-occupied housing in a neighborhood and
11 community with a demonstrated need for housing that is affordable and
12 attractive to first-time homebuyers, middle-income families, and the
13 emerging workforce;

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

16 (c) Upper-story housing development for occupation by a homeowner;

17 ~~(3)~~ ~~(4)~~ HOME funds means funds awarded as formula grants under the
18 HOME Investment Partnerships Program administered by the United States
19 Department of Housing and Urban Development;

20 ~~(4)~~ ~~(5)~~ Matching funds means dollars contributed by individuals,
21 businesses, foundations, local and regional political subdivisions, or
22 other nonprofit organizations to a workforce housing investment fund
23 administered by a nonprofit development organization;

24 ~~(5)~~ ~~(6)~~ Nonprofit development organization means a regional or
25 statewide nonprofit development organization approved by the authority or
26 an inland port authority created under the Municipal Inland Port
27 Authority Act located within a city of the metropolitan class ~~director~~;

28 ~~(6)~~ ~~(7)~~ Qualified activities include purchase guarantees, loan
29 guarantees, loan participations, and other credit enhancements related to
30 eligible activities of the workforce housing investment fund;

31 ~~(7)~~ ~~(8)~~ Qualified investment means a cash investment in a workforce

1 housing investment fund administered by a nonprofit development
2 organization;

3 (8) ~~(9)~~ Urban community means any area that is:

4 (a) In a county with a population greater than one hundred thousand
5 inhabitants as determined by the most recent federal decennial census;
6 and

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

9 (ii) Within a city of the primary class;

10 (9) ~~(10)~~ Workforce housing means:

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

17 (b) Owner-occupied housing units for which the cost to substantially
18 rehabilitate such units exceeds fifty percent of a unit's before-
19 construction assessed value, and the after-construction appraised value
20 of the building alone is at least one hundred twenty-five thousand
21 dollars but not more than two hundred seventy-five thousand dollars. For
22 purposes of this subdivision, housing unit after-construction appraised
23 value shall be updated annually by the authority ~~department~~ based upon
24 the most recent increase or decrease in the Producer Price Index for all
25 commodities, published by the United States Department of Labor, Bureau
26 of Labor Statistics;

27 (c) Upper-story housing for occupation by a homeowner; and

28 (d) Housing that does not receive federal or state low-income
29 housing tax credits, community development block grants, HOME funds, or
30 funds from the Affordable Housing Trust Fund; and

31 (10) ~~(11)~~ Workforce housing investment fund means a fund that has

1 been created by a nonprofit development organization and certified by the
2 authority director to encourage development of workforce housing in urban
3 communities.

4 Sec. 39. Section 81-1238, Revised Statutes Supplement, 2023, is
5 amended to read:

6 ~~81-1238~~ (1) The authority director shall establish a workforce
7 housing investment grant program to foster and support the development of
8 workforce housing in urban communities.

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

22 (3) Grants shall be awarded based upon:

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

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

31 (c) A neighborhood or community that exhibits a demonstrated

1 commitment to growing its housing stock;

2 (d) Reducing barriers to the development and purchase of owner-
3 occupied housing with flexible forms of assistance, including grants,
4 forgivable loans, and other forms of long-term, patient financing;

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

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

9 (4) A workforce housing investment fund shall:

10 (a) Be required to receive annual certification from the authority
11 ~~department~~;

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

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

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

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

29 Sec. 40. Section 81-1239, Revised Statutes Supplement, 2023, is
30 amended to read:

31 ~~81-1239~~ (1) The Middle Income Workforce Housing Investment Fund is

1 created. Funding for the grant program described in section 39 of this
2 act 81-1238 shall come from the Middle Income Workforce Housing
3 Investment Fund. The Middle Income Workforce Housing Investment Fund may
4 include transfers authorized by the Legislature and revenue from
5 ~~appropriations from the Legislature,~~ grants, private contributions, and
6 other sources. Any money in the Middle Income Workforce Housing
7 Investment Fund available for investment shall be invested by the state
8 investment officer pursuant to the Nebraska Capital Expansion Act and the
9 Nebraska State Funds Investment Act.

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

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

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

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

28 (6) Beginning July 1, 2029, any funds held by the authority
29 ~~department~~ in the Middle Income Workforce Housing Investment Fund shall
30 be transferred to the General Fund.

31 Sec. 41. Section 81-1240, Revised Statutes Supplement, 2023, is

1 amended to read:

2 ~~81-1240~~ (1) Each nonprofit development organization shall submit an
3 annual report to the authority ~~director~~ to be included as a part of the
4 authority's ~~department's~~ annual status report required under section
5 58-711 ~~81-1201.11~~. The report shall certify that the workforce housing
6 investment fund meets the requirements of the Middle Income Workforce
7 Housing Investment Act and shall include a breakdown of program
8 activities.

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

10 (a) The name and geographical location of the nonprofit development
11 organization;

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

14 (c) The number, geographical location, type, and amount of
15 investments made;

16 (d) A summary of matching funds and where such matching funds were
17 generated; and

18 (e) The results of the annual audit required under subdivision (4)
19 (d) of section 39 of this act ~~81-1238~~.

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

28 (4) If a workforce housing investment fund fails to file a complete
29 annual report by February 15, the authority ~~director~~ may, in its ~~his or~~
30 ~~her~~ discretion, impose a civil penalty of not more than five thousand
31 dollars for such violation. All money collected by the authority

1 ~~department~~ pursuant to this subsection shall be remitted to the State
2 Treasurer for distribution in accordance with Article VII, section 5, of
3 the Constitution of Nebraska.

4 (5) This section does not apply to the subaccount of the Middle
5 Income Workforce Housing Investment Fund described in subsection (2) of
6 section 40 of this act ~~81-1239~~.

7 Sec. 42. Section 81-1241, Revised Statutes Cumulative Supplement,
8 2022, is amended to read:

9 ~~81-1241~~ (1) The authority ~~department~~ shall use its best efforts to
10 assure that any grant funds awarded to a nonprofit development
11 organization are targeted to the geographic communities or regions with
12 the most pressing housing, economic, and employment needs.

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

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

25 Sec. 43. Section 81-1242, Revised Statutes Cumulative Supplement,
26 2022, is amended to read:

27 ~~81-1242~~ (1) As part of the authority's ~~department's~~ annual status
28 report required under section ~~58-711~~ ~~81-1201.11~~, the authority ~~department~~
29 shall submit a report to the Legislature and the Governor that includes,
30 but is not necessarily limited to:

31 (a) The number and geographical location of workforce housing

1 investment funds;

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

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

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

7 (3) Information received, developed, created, or otherwise
8 maintained by the authority ~~department~~ in administering and enforcing the
9 Middle Income Workforce Housing Investment Act, other than information
10 required to be included in the report to be submitted by the authority
11 ~~department~~ to the Governor and Legislature pursuant to this section, may
12 be deemed confidential by the authority ~~department~~ and not considered a
13 public record subject to disclosure pursuant to sections 84-712 to
14 84-712.09.

15 Sec. 44. Section 81-1243, Revised Statutes Supplement, 2023, is
16 amended to read:

17 ~~81-1243~~ The authority ~~department~~ may adopt and promulgate rules and
18 regulations to administer and enforce the Middle Income Workforce Housing
19 Investment Act, including rules, regulations, and reporting requirements
20 relating to proposals pursuant to subdivisions (4)(e) and (f) of section
21 81-12,241.

22 Sec. 45. Section 81-12,241, Revised Statutes Supplement, 2023, is
23 amended to read:

24 81-12,241 (1) A primary responsibility of the Economic Recovery and
25 Incentives Division of the Department of Economic Development shall be to
26 utilize federal or state funding to award grants as provided in this
27 section. For grants awarded under this section, the division shall pay a
28 grantee an advance of fifty percent of the total grant awarded with the
29 remaining grant funds paid on a monthly basis until the grant is paid in
30 full or by December 31, 2026, whichever occurs sooner. The division may
31 (a) require a grantee to return unused grant funds upon a documented

1 finding that such funds are not being used for the purpose for which the
2 grant was awarded or (b) reduce any future monthly payments by the amount
3 of such unused funds already paid.

4 (2) The division shall direct and prioritize the use of grants
5 awarded under this section toward the economic recovery of those
6 communities and neighborhoods within qualified census tracts or economic
7 redevelopment areas located within the boundaries of a city of the
8 metropolitan class that were disproportionately impacted by the COVID-19
9 public health emergency and related challenges, with an emphasis on
10 housing needs, assistance for small businesses, job training, and
11 business development within such communities and neighborhoods. In
12 prioritizing the use of grants awarded within the boundaries of a city of
13 the metropolitan class, the Economic Recovery and Incentives Division
14 shall rely on any studies produced pursuant to section 81-12,242.

15 (3)(a) The Economic Recovery and Incentives Division shall create a
16 Qualified Census Tract Recovery Grant Program to provide funding to
17 public and private entities located within qualified census tracts
18 throughout the state to respond to the negative impact of the COVID-19
19 public health emergency.

20 (b) Not to exceed ten million dollars in grants shall be distributed
21 under the grant program to eligible grantees in qualified census tracts
22 that are located in a city of the primary class.

23 (c) Not to exceed ten million dollars in grants shall be distributed
24 under the grant program to eligible grantees in qualified census tracts
25 that are located outside of a city of the metropolitan class or a city of
26 the primary class.

27 (d)(i) All remaining funds shall be allocated for grants distributed
28 under the grant program to eligible grantees in qualified census tracts
29 that are located in a city of the metropolitan class.

30 (ii) Any funds not applied for within such areas may be allocated
31 for grants to eligible grantees in any qualified census tract in such

1 city.

2 (4) In addition to grants under the Qualified Census Tract Recovery
3 Grant Program, the Economic Recovery and Incentives Division shall
4 provide grant funding for the following purposes:

5 (a) Not to exceed ninety million dollars in grants to a nonprofit
6 economic development organization for the development of a business park
7 located within or adjacent to one or more qualified census tracts located
8 within the boundaries of a city of the metropolitan class and within two
9 miles of a major airport as defined in section 13-3303. An innovation hub
10 as defined in section 81-12,108 shall not qualify for a grant under this
11 subdivision;

12 (b) Not to exceed thirty million dollars in grants to one or more
13 innovation hubs located within or adjacent to one or more qualified
14 census tracts and within two miles of a major airport as defined in
15 section 13-3303 providing services and resources within qualified census
16 tracts located within the boundaries of a city of the metropolitan class;

17 (c) Not to exceed six million dollars in grants to a nonprofit
18 organization partnering with a city of the metropolitan class for the
19 purpose of providing internships and crime prevention within qualified
20 census tracts located within the boundaries of such city;

21 (d) Not to exceed five million dollars in grants pursuant to the
22 purposes of the Nebraska Film Office Fund on or before June 30, 2023, for
23 the purpose of producing a film on Chief Standing Bear, a portion of
24 which is to be filmed in one or more qualified census tracts located
25 within the boundaries of a city of the metropolitan class;

26 (e) Not to exceed twenty million dollars in grants to public or
27 private entities to prepare land parcels for affordable housing or
28 conduct other eligible affordable housing interventions under the federal
29 American Rescue Plan Act of 2021 including production, rehabilitation,
30 and preservation of affordable rental housing and affordable
31 homeownership units within qualified census tracts which are located in a

1 city of the metropolitan class;

2 (f) Not to exceed twenty million dollars in grants to public or
3 private entities to prepare land parcels for affordable housing or
4 conduct other eligible affordable housing interventions under the federal
5 American Rescue Plan Act of 2021 including production, rehabilitation,
6 and preservation of affordable rental housing and affordable
7 homeownership units within qualified census tracts which are located in a
8 city of the primary class;

9 (g) Not to exceed five million dollars in grants to a county
10 agricultural society with facilities within a city of the primary class
11 to recoup lost revenue; and

12 (h) Not to exceed one million dollars in grants to a postsecondary
13 institution located in a qualified census tract in a city of the
14 metropolitan class to provide funding for a financial literacy program to
15 improve economic and health outcomes for individuals residing in
16 qualified census tracts.

17 (5) For purposes of subdivisions (4)(e) and (f) of this section,
18 preparing land parcels shall include:

19 (a) Costs and fees associated with legal land surveys and structural
20 assessments;

21 (b) Laying drinking water mains, lines, pipes, or channels;

22 (c) Development of access to essential utilities, such as sanitary
23 sewer, electric, gas, and high-speed Internet;

24 (d) Rehabilitation, renovation, maintenance, or other costs to
25 secure vacant or abandoned properties in disproportionately impacted
26 communities;

27 (e) Acquiring and securing legal title of vacant or abandoned
28 properties in disproportionately impacted communities;

29 (f) Testing, removal, and remediation of environmental contaminants
30 or hazards from vacant or abandoned properties in disproportionately
31 impacted communities when conducted in compliance with applicable

1 environmental laws or regulations;

2 (g) Demolition or deconstruction of vacant or abandoned buildings in
3 disproportionately impacted communities; and

4 (h) Costs associated with inspection fees and other administrative
5 costs incurred to ensure compliance with applicable environmental laws
6 and regulations for demolition or other remediation activities in
7 disproportionately impacted communities.

8 (6) All grants made by the Economic Recovery and Incentives Division
9 utilizing federal funds allocated to the State of Nebraska from the
10 federal Coronavirus State Fiscal Recovery Fund under the federal American
11 Rescue Plan Act of 2021 shall meet the eligible uses under such act and
12 any relevant guidance on the use of such funds by the United States
13 Department of the Treasury.

14 (7) All grants made by the Economic Recovery and Incentives Division
15 utilizing state funds to carry out subsection (2) of section 40 of this
16 act 81-1239 are subject to the intent and basic parameters of the federal
17 American Rescue Plan Act of 2021 but are not subject to meet the time
18 restraints for allocation and spending of funds or the federal reporting
19 requirements indicated in the federal American Rescue Plan Act of 2021.

20 Sec. 46. The Revisor of Statutes shall assign sections 1 to 6 and
21 26 to 44 of this act to Chapter 58.

22 Sec. 47. This act becomes operative on July 1, 2025.

23 Sec. 48. Original sections 19-5503, 58-226, 58-227, 58-228, 58-235,
24 58-241, 58-703, 58-705, 58-706, 58-707, 58-708, 58-709, 58-711,
25 71-15,141, and 81-1281, Reissue Revised Statutes of Nebraska, sections
26 81-1201.07, 81-1211, 81-1226, 81-1227, 81-1230, 81-1232, 81-1233,
27 81-1234, 81-1235, 81-1236, 81-1241, and 81-1242, Revised Statutes
28 Cumulative Supplement, 2022, and sections 19-5504, 58-201, 81-1228,
29 81-1229, 81-1231, 81-1237, 81-1238, 81-1239, 81-1240, 81-1243, and
30 81-12,241, Revised Statutes Supplement, 2023, are repealed.

31 Sec. 49. The following section is outright repealed: Section

1 58-704, Reissue Revised Statutes of Nebraska.