

LEGISLATURE OF NEBRASKA
ONE HUNDRED THIRD LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 848

Introduced by Harr, 8.

Read first time January 13, 2014

Committee: Appropriations

A BILL

1 FOR AN ACT relating to the Nebraska Affordable Housing Act; to amend
2 sections 58-701, 58-705, and 58-707, Reissue Revised
3 Statutes of Nebraska, section 58-708, Revised Statutes
4 Cumulative Supplement, 2012, and sections 58-703, 58-706,
5 and 58-711, Revised Statutes Supplement, 2013; to provide
6 financial assistance for the development and acquisition
7 of certain low-income housing as prescribed; to create a
8 subaccount in the Affordable Housing Trust Fund and
9 provide for its use; to require a report; to harmonize
10 provisions; and to repeal the original sections.

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

1 Section 1. Section 58-701, Reissue Revised Statutes of
2 Nebraska, is amended to read:

3 58-701 Sections 58-701 to 58-711 and section 7 of this
4 act shall be known and may be cited as the Nebraska Affordable
5 Housing Act.

6 Sec. 2. Section 58-703, Revised Statutes Supplement,
7 2013, is amended to read:

8 58-703 (1) The Affordable Housing Trust Fund is created.
9 The fund shall receive money pursuant to section 76-903 and may
10 include revenue from sources recommended by the housing advisory
11 committee established in section 58-704, appropriations from the
12 Legislature, transfers authorized by the Legislature, grants, private
13 contributions, repayment of loans, and all other sources. The
14 Department of Economic Development as part of its comprehensive
15 housing affordability strategy shall administer the Affordable
16 Housing Trust Fund.

17 (2) The department shall establish a subaccount within
18 the Affordable Housing Trust Fund that shall only be used as provided
19 in subsection (2) of section 58-705. On the effective date of this
20 act, the State Treasurer shall transfer five hundred thousand dollars
21 of the Affordable Housing Trust Fund to such subaccount. On July 1,
22 2015, the State Treasurer shall transfer an additional five hundred
23 thousand dollars of the Affordable Housing Trust Fund to such
24 subaccount. On December 1, 2016, the department shall electronically
25 submit a report to the Appropriations Committee of the Legislature on

1 the balance of such subaccount.

2 (3) Transfers may be made from the Affordable Housing
3 Trust Fund to the General Fund, the Behavioral Health Services Fund,
4 and the Site and Building Development Fund at the direction of the
5 Legislature.

6 Sec. 3. Section 58-705, Reissue Revised Statutes of
7 Nebraska, is amended to read:

8 58-705 (1) The Department of Economic Development shall
9 use the Affordable Housing Trust Fund to finance loans, grants,
10 subsidies, credit enhancements, and other financial assistance for
11 community affordable housing projects and for expenses of the
12 department as appropriated by the Legislature for administering the
13 fund.

14 (2) The department shall use the subaccount created under
15 subsection (2) of section 58-703 only to provide financial assistance
16 to qualified home builders and qualified individuals as provided
17 under section 7 of this act.

18 Sec. 4. Section 58-706, Revised Statutes Supplement,
19 2013, is amended to read:

20 58-706 The following activities are eligible for
21 assistance from the Affordable Housing Trust Fund:

22 (1) New construction, rehabilitation, or acquisition of
23 housing to assist low-income and very low-income families;

24 (2) Matching funds for new construction, rehabilitation,
25 or acquisition of housing units to assist low-income and very low-

1 income families;

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

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

9 (5) Mortgage insurance guarantees for eligible projects;

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

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

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

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

22 (10) Downpayment and closing cost assistance;

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

25 (12) Housing education programs developed in conjunction

1 with affordable housing projects. The education programs must be
2 directed toward:

3 (a) Preparing potential home buyers to purchase
4 affordable housing and postpurchase education;

5 (b) Target audiences eligible to utilize the services of
6 housing assistance groups or organizations; and

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

9 (13) Support for efforts to improve programs benefiting
10 homeless youth; ~~and~~

11 (14) Vocational training in the housing and construction
12 trades industries by nonprofit groups; and -

13 (15) Financial assistance for qualified home builders and
14 qualified individuals under section 7 of this act.

15 Sec. 5. Section 58-707, Reissue Revised Statutes of
16 Nebraska, is amended to read:

17 58-707 (1) Organizations and individuals which may
18 receive assistance under the Nebraska Affordable Housing Act are (a)
19 governmental subdivisions, (b) local housing authorities, (c)
20 community action agencies, (d) community-based or neighborhood-based
21 or reservation-based nonprofit organizations, ~~and~~ (e) for-profit
22 entities working in conjunction with one of the other eligible
23 organizations described in subdivisions (1)(a) through (d) of this
24 section, and (f) qualified home builders and qualified individuals as
25 defined in section 7 of this act.

1 (2) Each recipient of assistance under the Nebraska
2 Affordable Housing Act, except for a qualified home builder or
3 qualified individual receiving assistance under section 7 of this
4 act, and shall be required to provide, or cause to be provided,
5 matching funds for the eligible activity in an amount determined by
6 the Department of Economic Development, which amount shall be at
7 least equal to ten percent of the amount of assistance provided by
8 the Affordable Housing Trust Fund.

9 (3) Nothing in the act shall be construed to allow
10 individuals to receive direct loans from the Affordable Housing Trust
11 Fund.

12 Sec. 6. Section 58-708, Revised Statutes Cumulative
13 Supplement, 2012, is amended to read:

14 58-708 (1) During each calendar year in which funds are
15 available from the Affordable Housing Trust Fund for use by the
16 Department of Economic Development, the department shall allocate a
17 specific amount of funds, not less than twenty-five percent, to each
18 congressional district. Entitlement area funds allocated under this
19 section that are not awarded to an eligible project from within the
20 entitlement area within one year shall be made available for
21 distribution to eligible projects elsewhere in the state. The
22 department shall announce a grant and loan application period of at
23 least ninety days duration for all nonentitlement areas. In selecting
24 projects to receive trust fund assistance, the department shall
25 develop a qualified allocation plan and give first priority to

1 financially viable projects that serve the lowest income occupants
2 for the longest period of time. The qualified allocation plan shall:

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

10 (b) Give first priority in allocating trust fund
11 assistance among selected projects to those projects which serve the
12 lowest income occupant and are obligated to serve qualified occupants
13 for the longest period of time.

14 (2) The department shall fund in order of priority as
15 many applications as will utilize available funds less actual
16 administrative costs of the department in administering the program.
17 In administering the program the department may contract for services
18 or directly provide funds to other governmental entities or
19 instrumentalities.

20 (3) The department may recapture any funds which were
21 allocated to a qualified recipient for an eligible project through an
22 award agreement if such funds were not utilized for eligible costs
23 within the time of performance under the agreement and are therefor
24 no longer obligated to the project. The recaptured funds shall be
25 credited to the Industrial Recovery Fund except as provided in

1 section 81-1213.

2 (4) This section shall not apply to funds in the
3 subaccount created in subsection (2) of section 58-703 or to grants
4 awarded under section 7 of this act.

5 Sec. 7. (1) The Department of Economic Development may
6 award grants under this section to assist qualified home builders in
7 developing affordable housing and qualified individuals in acquiring
8 such housing if the following conditions are met:

9 (a) The qualified home builder develops real property
10 located within a high-poverty area for low-income housing;

11 (b) The qualified home builder has agreed to sell such
12 real property to a qualified individual; and

13 (c) The qualified individual has agreed to purchase such
14 real property and to use it as his or her primary residence and not
15 for rent or lease to any other person.

16 (2) If the requirements of subsection (1) of this section
17 are met, the department may award a grant to the qualified home
18 builder and the qualified individual in an amount calculated by
19 subtracting the total amount of real estate taxes levied against the
20 real property in the year immediately prior to the development of
21 such real property from the total amount of real estate taxes levied
22 against the real property immediately after completion of the
23 development of such real property, and then multiplying such amount
24 by eight. Sixty-seven percent of such grant shall be paid to the
25 qualified home builder and thirty-three percent shall be paid to the

1 qualified individual. The grant funds shall be disbursed at the time
2 of closing on the purchase of the real property.

3 (3) All grants awarded under this section shall be paid
4 from the subaccount created under subsection (2) of section 58-703.

5 (4)(a) If the qualified individual sells the real
6 property, defaults on any real estate loan associated with the
7 purchase of such real property, or is foreclosed upon within ten
8 years after the grant funds are paid under this section, such
9 qualified individual shall repay the grant funds he or she received
10 under this section as follows:

11 (i) If the event described in this subsection occurred
12 within the first year after the grant funds are paid under this
13 section, the qualified individual shall repay one hundred percent of
14 the funds he or she received;

15 (ii) If the event described in this subsection occurred
16 within the second year after the grant funds are paid under this
17 section, the qualified individual shall repay ninety percent of the
18 funds he or she received;

19 (iii) If the event described in this subsection occurred
20 within the third year after the grant funds are paid under this
21 section, the qualified individual shall repay eighty percent of the
22 funds he or she received;

23 (iv) If the event described in this subsection occurred
24 within the fourth year after the grant funds are paid under this
25 section, the qualified individual shall repay seventy percent of the

1 funds he or she received;

2 (v) If the event described in this subsection occurred
3 within the fifth year after the grant funds are paid under this
4 section, the qualified individual shall repay sixty percent of the
5 funds he or she received;

6 (vi) If the event described in this subsection occurred
7 within the sixth year after the grant funds are paid under this
8 section, the qualified individual shall repay fifty percent of the
9 funds he or she received;

10 (vii) If the event described in this subsection occurred
11 within the seventh year after the grant funds are paid under this
12 section, the qualified individual shall repay forty percent of the
13 funds he or she received;

14 (viii) If the event described in this subsection occurred
15 within the eighth year after the grant funds are paid under this
16 section, the qualified individual shall repay thirty percent of the
17 funds he or she received;

18 (ix) If the event described in this subsection occurred
19 within the ninth year after the grant funds are paid under this
20 section, the qualified individual shall repay twenty percent of the
21 funds he or she received; and

22 (x) If the event described in this subsection occurred
23 within the tenth year after the grant funds are paid under this
24 section, the qualified individual shall repay ten percent of the
25 funds he or she received.

1 (b) Any funds recaptured under this subsection shall be
2 credited to the subaccount created under subsection (2) of section
3 58-703.

4 (5) The qualified home builder and the qualified
5 individual shall apply for a grant under this section on forms
6 prescribed by the department.

7 (6) For purposes of this section:

8 (a) High-poverty area means an area consisting of one or
9 more contiguous census tracts, as determined by the most recent
10 federal decennial census, which contain a percentage of persons with
11 incomes below the poverty line of greater than thirty percent, and
12 all census tracts contiguous to such tract or tracts, as determined
13 by the most recent federal decennial census;

14 (b) Qualified home builder means a nonprofit organization
15 or an individual, a partnership, a limited liability company, a
16 corporation, or any other type of business entity that develops a
17 piece of real property for residential use; and

18 (c) Qualified individual means an individual whose income
19 is less than fifty percent of the median income for the city or
20 village in which the real property is located or, for any real
21 property not located within a city or village, for the county in
22 which the real property is located.

23 Sec. 8. Section 58-711, Revised Statutes Supplement,
24 2013, is amended to read:

25 58-711 The Department of Economic Development shall

1 submit, as part of the department's annual status report under
2 section 81-1201.11, information detailing the status of the
3 Affordable Housing Trust Fund. The status report shall list (1) the
4 applications funded during the previous calendar year, (2) the
5 applications funded in previous years, (3) the identity of the
6 organizations and individuals receiving funds, (4) the location of
7 each project, (5) the amount of funding provided to the project, (6)
8 the amount of funding leveraged as a result of the project, (7) the
9 number of units of housing created by the project and the occupancy
10 rate, (8) the expected cost of rent or monthly payment of those
11 units, (9) the projected number of new employees and community
12 investment as a result of the project, and (10) the amount of revenue
13 deposited into the Affordable Housing Trust Fund pursuant to section
14 76-903. The status report shall contain no information that is
15 protected by state or federal confidentiality laws.

16 Sec. 9. Original sections 58-701, 58-705, and 58-707,
17 Reissue Revised Statutes of Nebraska, section 58-708, Revised
18 Statutes Cumulative Supplement, 2012, and sections 58-703, 58-706,
19 and 58-711, Revised Statutes Supplement, 2013, are repealed.