

LEGISLATURE OF NEBRASKA
ONE HUNDRED EIGHTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 424

Introduced by DeBoer, 10.

Read first time January 13, 2023

Committee:

1 A BILL FOR AN ACT relating to state government; to amend sections
2 19-5503, 19-5504, 20-139, 58-226, 58-241, 58-703, 58-705, 58-708,
3 58-709, 58-711, 68-1603, 71-15,141, and 81-1281, Reissue Revised
4 Statutes of Nebraska, and sections 81-101, 81-102, 81-1201.07,
5 81-1211, 81-1226, 81-1227, 81-1228, 81-1229, 81-1230, 81-1231,
6 81-1232, 81-1233, 81-1234, 81-1235, 81-1236, 81-1237, 81-1238,
7 81-1239, 81-1240, 81-1241, 81-1242, and 81-1243, Revised Statutes
8 Cumulative Supplement, 2022; to state legislative findings; to
9 create the Department of Housing and Urban Development; to provide
10 duties; to provide for a director and staff; to create the Housing
11 Advisory Commission; to provide for an annual report; to transfer
12 duties, functions, responsibilities, and jurisdiction as prescribed;
13 to provide for an updated housing affordability strategy; to change
14 membership and duties of the Nebraska Investment Finance Authority;
15 to change provisions relating to the source and use of the
16 Affordable Housing Trust Fund; to eliminate a housing advisory
17 committee; to remove obsolete provisions; to harmonize provisions;
18 to provide a duty for the Revisor of Statutes; to provide an
19 operative date; to repeal the original sections; and to outright
20 repeal section 58-704, Reissue Revised Statutes of Nebraska.
21 Be it enacted by the people of the State of Nebraska,

1 Section 1. The Legislature finds that:

2 (1) Efforts to address issues related to housing in the state are
3 fragmented between multiple state agencies;

4 (2) Both urban and rural communities across the state lack an
5 adequate supply of housing, with an acute lack of affordable housing;

6 (3) The lack of adequate housing supply in the state has created
7 significant challenges and exacerbated existing challenges for Nebraska
8 residents and businesses, including:

9 (a) The cost of purchasing or renting a home outpacing personal
10 income;

11 (b) Many employers being unable to expand their businesses or
12 recruit additional employees due to a lack of available housing; and

13 (c) The increased material costs for new residential construction
14 increasing the cost of housing development, particularly affordable
15 housing development;

16 (4) Every resident of the state should have access to safe, decent,
17 and affordable housing; and

18 (5) Efforts to address issues related to housing in the state should
19 be consolidated into a single state agency which oversees all state
20 housing programs.

21 Sec. 2. The Department of Housing and Urban Development is created
22 as an executive department of state government. The purpose of the
23 department shall be to:

24 (1) Administer programs that provide for the housing needs of all
25 Nebraska residents, with a focus on affordable housing, workforce
26 housing, and missing middle housing;

27 (2) Contribute to the preservation, development, and redevelopment
28 of neighborhoods and communities in the state;

29 (3) Improve investments in housing by promoting coordination,
30 collaboration, and housing intelligence between federal, state, and local
31 governments;

1 (4) Recommend statutory and policy changes to the Legislature that
2 would improve the development of housing in the state;

3 (5) Provide state oversight of and assistance to housing agencies
4 established under the Nebraska Housing Agency Act; and

5 (6) Serve as the lead state agency for:

6 (a) Addressing the shortage of all types of housing in the state;

7 (b) Addressing the problem of homelessness at the state level; and

8 (c) Coordinating interagency and intergovernmental efforts to
9 address housing shortages, homelessness, and other housing-related issues
10 in the state.

11 Sec. 3. The chief executive officer of the Department of Housing
12 and Urban Development shall be the Director of Housing and Urban
13 Development, who shall be appointed by the Governor subject to
14 confirmation by the Legislature. The director shall administer the
15 affairs of the department and shall serve at the pleasure of the
16 Governor. The director shall have equal rank with the heads of other
17 state departments, and the director's salary shall be fixed by the
18 Governor. The director shall employ a deputy director and assistants,
19 professional staff, and other employees as the director deems necessary
20 to effectively carry out the duties of the department within the
21 appropriations provided by the Legislature.

22 Sec. 4. (1) The Housing Advisory Commission is created. The
23 commission shall advise the Department of Housing and Urban Development
24 on all matters within the department's jurisdiction. The commission shall
25 consist of nine members appointed by the Governor and confirmed by the
26 Legislature. Members of the commission shall include:

27 (a) One member representing homeowners who own their primary
28 residence in the State of Nebraska;

29 (b) One member representing renters who rent their primary residence
30 in the State of Nebraska;

31 (c) One member representing real estate developers;

1 (d) Two members representing homebuilders;

2 (e) Two members representing nonprofit entities, with one member
3 representing nonprofit entities that work in affordable housing
4 construction and one member representing nonprofit entities that work to
5 address homelessness; and

6 (f) Two members representing municipalities, with one member
7 representing a city of the metropolitan class or a city of the primary
8 class and one member representing a city of the first class, a city of
9 the second class, or a village.

10 (2) Members of the commission shall serve four-year terms. In the
11 event of a vacancy, a successor appointed by the Governor shall serve out
12 the remainder of the unexpired term. Members of the commission shall each
13 receive fifty dollars for each day spent in the performance of their
14 duties and shall be reimbursed for expenses as provided in sections
15 81-1174 to 81-1177. The commission shall meet at least once each calendar
16 quarter at the call of the Director of Housing and Urban Development.

17 Sec. 5. On or before December 1, 2024, and annually by each
18 December 1 thereafter, the Housing Advisory Commission shall submit a
19 report to the Department of Housing and Urban Development on the status
20 of housing in the state. The department shall submit such report
21 electronically to the Urban Affairs Committee of the Legislature no later
22 than December 15, 2024, and annually by each December 15 thereafter, with
23 department comments, if any. The Urban Affairs Committee of the
24 Legislature may require the Director of Housing and Urban Development or
25 the director's designee to present testimony on the report required under
26 this section at a public hearing following submission of the report by
27 the department.

28 Sec. 6. (1) The Department of Housing and Urban Development shall
29 develop and implement short-term and long-term strategies for the
30 preservation, development, and redevelopment of housing and for the
31 prevention of homelessness in the state.

1 (2) The department shall serve as a clearinghouse for data,
2 information, and material which may be helpful or necessary to the
3 preservation, development, and redevelopment of housing and for the
4 prevention of homelessness in the state.

5 Sec. 7. (1) Except as provided in subsection (2) of this section,
6 the Department of Housing and Urban Development shall administer any and
7 all federal funds and programs related to housing and homelessness
8 received by the State of Nebraska. The department shall submit and adopt
9 all necessary plans, enter into contracts, and accept gifts, grants, and
10 other funds necessary to administer such funds and programs as may be
11 required under federal law.

12 (2) Subsection (1) of this section shall not apply to (a) federal
13 community development block grants, (b) federal low-income home energy
14 assistance programs, or (c) departments, centers, programs, or institutes
15 on child and family policy services located at the University of
16 Nebraska.

17 Sec. 8. (1) Effective July 1, 2024:

18 (a) All duties and functions of the Housing Division of the
19 Department of Economic Development and the duties and functions of the
20 Department of Economic Development under the Middle Income Workforce
21 Housing Investment Act, the Municipal Density and Missing Middle Housing
22 Act, the Nebraska Affordable Housing Act, and the Rural Workforce Housing
23 Investment Act shall be transferred to the Department of Housing and
24 Urban Development; and

25 (b) All duties and functions of the Department of Health and Human
26 Services under the Homeless Shelter Assistance Trust Fund Act, federal
27 behavioral health housing assistance programs, and the federal Housing
28 Opportunities for Persons with AIDS program shall be transferred to the
29 Department of Housing and Urban Development.

30 (2) The Department of Housing and Urban Development may adopt and
31 promulgate rules and regulations to carry out all duties and functions

1 transferred under subsection (1) of this section.

2 (3) On and after July 1, 2024, positions of employment in the
3 Department of Economic Development and the Department of Health and Human
4 Services related to the powers, duties, and functions transferred to the
5 Department of Housing and Urban Development pursuant to this legislative
6 bill are transferred to the Department of Housing and Urban Development.
7 For purposes of the transition, employees of the Department of Economic
8 Development and the Department of Health and Human Services shall be
9 considered employees of the Department of Housing and Urban Development
10 and shall retain their rights under the state personnel system or
11 pertinent bargaining agreement, and their service shall be deemed
12 continuous. This section does not grant employees any new rights or
13 benefits not otherwise provided by law or bargaining agreement or
14 preclude the department or the Director of Housing and Urban Development
15 from exercising any of the prerogatives of management set forth in
16 section 81-1311 or as otherwise provided by law. This section is not an
17 amendment to or substitute for the provisions of any existing bargaining
18 agreements.

19 Sec. 9. Any appropriation and salary limit provided in any
20 legislative bill enacted by the One Hundred Eighth Legislature, First or
21 Second Session, to Agency No. 72, Department of Economic Development:
22 Program No.XXXX, Housing Division, for fiscal year 2024-25, including for
23 purposes of administering any of the acts described in subdivision (1)(a)
24 of section 8 of this act, shall be null and void, and any such amounts
25 are hereby appropriated to the Department of Housing and Urban
26 Development. Any financial obligations of the Housing Division of the
27 Department of Economic Development, including any financial obligations
28 relating to any of the acts described in subdivision (1)(a) of section 8
29 of this act, that remain unpaid as of June 30, 2024, and that are
30 subsequently certified as valid encumbrances to the accounting division
31 of the Department of Administrative Services pursuant to sections

1 81-138.01 to 81-138.04, shall be paid by the Department of Housing and
2 Urban Development from the unexpended balance of appropriations existing
3 in such program classification on June 30, 2024.

4 Sec. 10. Any appropriation and salary limit provided in any
5 legislative bill enacted by the One Hundred Eighth Legislature, First or
6 Second Session, to Agency No. 25, Department of Health and Human
7 Services, Program No.XXXX, for fiscal year 2024-25 for purposes of
8 administering any of the acts and programs described in subdivision (1)
9 (b) of section 8 of this act, shall be null and void, and any such
10 amounts are hereby appropriated to the Department of Housing and Urban
11 Development. Any financial obligations of the Department of Health and
12 Human Services relating to the acts and programs described in subdivision
13 (1)(b) of section 8 of this act that remain unpaid as of June 30, 2024,
14 and that are subsequently certified as valid encumbrances to the
15 accounting division of the Department of Administrative Services pursuant
16 to sections 81-138.01 to 81-138.04, shall be paid by the Department of
17 Housing and Urban Development from the unexpended balance of
18 appropriations existing in such program classification on June 30, 2024.

19 Sec. 11. On and after July 1, 2024, whenever the Housing Division
20 of the Department of Economic Development, the Department of Economic
21 Development, or the Department of Health and Human Services are referred
22 to or designated by any contract or other document in connection with the
23 duties and functions transferred to the Department of Housing and Urban
24 Development, such reference or designation shall apply to the Department
25 of Housing and Urban Development. All contracts entered into by the
26 Housing Division of the Department of Economic Development, the
27 Department of Economic Development, or the Department of Health and Human
28 Services prior to July 1, 2024, in connection with the duties and
29 functions transferred to the Department of Housing and Urban Development
30 are hereby recognized, with the Department of Housing and Urban
31 Development succeeding to all rights and obligations under such

1 contracts. Any cash funds, custodial funds, gifts, trusts, grants, and
2 any appropriations of funds from prior fiscal years available to satisfy
3 obligations incurred under such contracts shall be transferred and
4 appropriated to the Department of Housing and Urban Development for the
5 payments of such obligations. All documents and records transferred, or
6 copies of the same, may be authenticated or certified by the Department
7 of Housing and Urban Development for all legal purposes.

8 Sec. 12. No suit, action, or other proceeding, judicial or
9 administrative, lawfully commenced prior to July 1, 2024, or which could
10 have been commenced prior to that date, by or against the Department of
11 Economic Development, the Department of Health and Human Services, or the
12 director or any employee thereof in such director's or employee's
13 official capacity or in relation to the discharge of his or her official
14 duties, shall abate by reason of the transfer of duties and functions
15 from the Department of Economic Development or the Department of Health
16 and Human Services to the Department of Housing and Urban Development.

17 Sec. 13. On July 1, 2024, all items of property, real and personal,
18 including office furniture and fixtures, books, documents, and records of
19 the Department of Economic Development or the Department of Health and
20 Human Services pertaining to the duties and functions transferred to the
21 Department of Housing and Urban Development pursuant to this legislative
22 bill, shall become the property of the Department of Housing and Urban
23 Development.

24 Sec. 14. Section 81-1281, Reissue Revised Statutes of Nebraska, is
25 amended to read:

26 ~~81-1281~~ (1) The Department of Housing and Urban Economic Development
27 shall establish a comprehensive housing affordability strategy. The
28 strategy shall identify needs, consider issues, and make recommendations
29 regarding housing affordability, housing availability, housing
30 accessibility, and housing quality in Nebraska. The department shall
31 submit the strategy to the Governor and electronically to the Urban

1 Affairs Committee ~~the Clerk~~ of the Legislature by December 1, 2024
2 ~~October 1, 1991.~~

3 (2) The department shall establish a housing advisory committee
4 consisting of individuals and representatives of groups involved with
5 housing issues in Nebraska to assist with the establishment of the
6 strategy. The department shall work with the Governor's Policy Research
7 Office, the Department of Health and Human Services, the Department of
8 Banking and Finance, the Department of Economic Development, the Nebraska
9 Investment Finance Authority, and any other public or private agency
10 involved in addressing housing needs in Nebraska.

11 (3) The strategy shall:

12 (a) Describe the state's estimated housing needs for the ensuing
13 five-year period and the need for assistance for different types of
14 tenure and for different categories of residents such as very-low-income,
15 low-income, and moderate-income persons, the elderly, single persons,
16 large families, residents of nonmetropolitan areas, and other categories
17 determined to be appropriate by the committee;

18 (b) Describe the nature and extent of homelessness in the state,
19 providing an estimate of the special needs of various categories of
20 persons who are homeless or threatened with homelessness and a
21 description of the strategy for (i) helping low-income families avoid
22 homelessness, (ii) addressing the emergency shelter and transitional
23 housing needs of the homeless, including an inventory of facilities and
24 services that meet such needs in Nebraska, and (iii) helping homeless
25 persons make the transition to permanent housing;

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

27 (d) Explain whether the cost of housing or the incentives to
28 develop, maintain, or improve affordable housing in Nebraska are affected
29 by public policies, including tax policies affecting land and other
30 property, land-use controls, zoning ordinances, building codes, fees and
31 charges, growth limits, and policies that affect the return on

1 residential investment;

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

6 (f) Describe the means of coordination and cooperation among the
7 units of state and local government in the development and implementation
8 of the strategy;

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

11 (h) Include any other information on housing in Nebraska deemed
12 relevant by the Department of Housing and Urban Economic Development or
13 the committee.

14 Sec. 15. Section 19-5503, Reissue Revised Statutes of Nebraska, is
15 amended to read:

16 19-5503 For purposes of the Municipal Density and Missing Middle
17 Housing Act:

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

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

28 (3) City means any city of the metropolitan class, city of the
29 primary class, or city of the first class in the State of Nebraska with a
30 population of at least twenty thousand inhabitants as determined by the
31 most recent federal decennial census or the most recent revised certified

1 count by the United States Bureau of the Census;

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

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

8 (6) Middle housing means:

9 (a) Duplexes;

10 (b) Triplexes;

11 (c) Quadplexes;

12 (d) Cottage clusters; or

13 (e) Townhouses;

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

18 (8) Workforce housing means:

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

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

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

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

26 (e) Housing that does not receive federal or state low-income
27 housing tax credits, community development block grants, HOME funds as
28 defined in section 33 of this act ~~81-1228~~, or funds from the Affordable
29 Housing Trust Fund.

30 Sec. 16. Section 19-5504, Reissue Revised Statutes of Nebraska, is
31 amended to read:

1 19-5504 (1) On or before July 1 of every odd-numbered year ~~, 2021,~~
2 ~~and by each July 1 every two years thereafter,~~ each city shall
3 electronically submit a report to the Department of Housing and Urban
4 Development and the Urban Affairs Committee of the Legislature detailing
5 its efforts to address the availability of and incentives for affordable
6 housing through its zoning codes, ordinances, and regulations. Such
7 report shall include, but not be limited to:

8 (a) An overview of the city's current residential zoning
9 requirements;

10 (b) The percentage of areas within the corporate limits of the city
11 zoned for residential use which permit the construction of multifamily
12 housing and middle housing, including whether such areas are zoned
13 specifically for residential use or generally allow residential use, and
14 whether such construction is permitted with or without any additional
15 permit requirements;

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

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

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

25 (f) Whether such zoning codes, ordinances, and regulations provide
26 for density bonuses or other concessions or incentives which encourage
27 residential density, and the frequency with which such bonuses,
28 concessions, or incentives are utilized;

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

31 (h) What incentives the city applies to encourage the development of

1 affordable housing, including both direct incentives and regulatory
2 relief;

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

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

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

11 (1) Efforts to adopt an affordable housing action plan as required
12 under section 19-5505.

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

15 Sec. 17. Section 20-139, Reissue Revised Statutes of Nebraska, is
16 amended to read:

17 20-139 The Nebraska Fair Housing Act and sections 20-123, 20-124,
18 and 20-132 to 20-143 shall be administered by the Equal Opportunity
19 Commission, except that the State Fire Marshal shall administer the act
20 and sections as they relate to accessibility standards and specifications
21 set forth in sections 81-5,147 and 81-5,148. The county attorneys are
22 granted the authority to enforce such act and sections 20-123, 20-124,
23 and 20-132 to 20-143 and shall possess the same powers and duties with
24 respect thereto as the commission. If a complaint is filed with the
25 county attorney, the commission shall be notified. Powers granted to and
26 duties imposed upon the commission pursuant to such act and sections
27 shall be in addition to the provisions of the Nebraska Fair Employment
28 Practice Act and shall not be construed to amend or restrict those
29 provisions. In carrying out the Nebraska Fair Housing Act and sections
30 20-123, 20-124, and 20-132 to 20-143, the commission shall have the power
31 to:

1 (1) Seek to eliminate and prevent discrimination in places of public
2 accommodation because of race, color, sex, religion, national origin,
3 familial status as defined in section 20-311, disability as defined in
4 section 20-308.01, or ancestry;

5 (2) Effectuate the purposes of sections 20-132 to 20-143 by
6 conference, conciliation, and persuasion so that persons may be
7 guaranteed their civil rights and goodwill may be fostered;

8 (3) Formulate policies to effectuate the purposes of sections 20-132
9 to 20-143 and make recommendations to agencies and officers of the state
10 or local subdivisions of government in aid of such policies and purposes;

11 (4) Adopt and promulgate rules and regulations to carry out the
12 powers granted by the Nebraska Fair Housing Act and sections 20-123,
13 20-124, and 20-132 to 20-143, subject to the provisions of the
14 Administrative Procedure Act. The commission shall, not later than one
15 hundred eighty days after September 6, 1991, issue draft rules and
16 regulations to implement subsection (3) of section 20-336, which
17 regulations may incorporate regulations of the United States Department
18 of Housing and Urban Development as applicable;

19 (5) Designate one or more members of the commission or a member of
20 the commission staff to conduct investigations of any complaint alleging
21 discrimination because of race, color, sex, religion, national origin,
22 familial status, disability, or ancestry, attempt to resolve such
23 complaint by conference, conciliation, and persuasion, and conduct such
24 conciliation meetings and conferences as are deemed necessary to resolve
25 a particular complaint, which meetings shall be held in the county in
26 which the complaint arose;

27 (6) Determine that probable cause exists for crediting the
28 allegations of a complaint;

29 (7) Determine that a complaint cannot be resolved by conference,
30 conciliation, or persuasion, such determination to be made only at a
31 meeting where a quorum is present;

1 (8) Dismiss a complaint when it is determined there is not probable
2 cause to credit the allegations;

3 (9) Hold hearings, subpoena witnesses and compel their attendance,
4 administer oaths, take the testimony of any person under oath, and in
5 connection therewith require for examination any books or papers relating
6 to any matter under investigation or in question before the commission;
7 and

8 (10) Issue publications and the results of studies and research
9 which will tend to promote goodwill and minimize or eliminate
10 discrimination because of race, color, sex, religion, national origin,
11 familial status, disability, or ancestry.

12 Sec. 18. Section 58-226, Reissue Revised Statutes of Nebraska, is
13 amended to read:

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

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

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

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

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

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

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

31 (iv) One member shall be experienced in home building or shall be a

1 licensed real estate broker;

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

3 (vi) One member shall be appointed at large.

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

11 Sec. 19. Section 58-241, Reissue Revised Statutes of Nebraska, is
12 amended to read:

13 58-241 In exercising any powers granted in the Nebraska Investment
14 Finance Authority Act, the authority shall coordinate its activities with
15 the policy, program, and planning efforts of the state, particularly the
16 Governor's Policy Research Office, ~~and~~ the Department of Economic
17 Development, and the Department of Housing and Urban Development.

18 Sec. 20. Section 58-703, Reissue Revised Statutes of Nebraska, is
19 amended to read:

20 58-703 The Affordable Housing Trust Fund is created. The fund shall
21 receive money pursuant to section 76-903 and may include ~~revenue from~~
22 ~~sources recommended by the housing advisory committee established in~~
23 ~~section 58-704, appropriations from the Legislature,~~ transfers authorized
24 by the Legislature and revenue from ~~r~~ grants, private contributions,
25 repayment of loans, and all other sources. The Department of Housing and
26 Urban Economic Development ~~as part of its comprehensive housing~~
27 ~~affordability strategy~~ shall administer the Affordable Housing Trust
28 Fund.

29 Transfers may be made from the Affordable Housing Trust Fund to the
30 General Fund, the Behavioral Health Services Fund, the Lead-Based Paint
31 Hazard Control Cash Fund, the Rural Workforce Housing Investment Fund,

1 and the Site and Building Development Fund at the direction of the
2 Legislature.

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

8 Sec. 21. Section 58-705, Reissue Revised Statutes of Nebraska, is
9 amended to read:

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

15 Sec. 22. Section 58-708, Reissue Revised Statutes of Nebraska, is
16 amended to read:

17 58-708 (1) During each calendar year in which funds are available
18 from the Affordable Housing Trust Fund for use by the Department of
19 Housing and Urban Economic Development, the department shall make its
20 best efforts to allocate not less than thirty percent of such funds to
21 each congressional district. The department shall announce a grant and
22 loan application period of at least ninety days duration for all
23 projects. In selecting projects to receive trust fund assistance, the
24 department shall develop a qualified allocation plan and give first
25 priority to financially viable projects that serve the lowest income
26 occupants for the longest period of time. The qualified allocation plan
27 shall:

28 (a) Set forth selection criteria to be used to determine housing
29 priorities of the housing trust fund which are appropriate to local
30 conditions, including the community's immediate need for affordable
31 housing, proposed increases in home ownership, private dollars leveraged,

1 level of local government support and participation, and repayment, in
2 part or in whole, of financial assistance awarded by the fund; and

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

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

16 (3) The department may recapture any funds which were allocated to a
17 qualified recipient for an eligible project through an award agreement if
18 such funds were not utilized for eligible costs within the time of
19 performance under the agreement and are therefor no longer obligated to
20 the project. The recaptured funds shall be credited to the Affordable
21 Housing Trust Fund.

22 Sec. 23. Section 58-709, Reissue Revised Statutes of Nebraska, is
23 amended to read:

24 58-709 The Department of Housing and Urban Economic Development, in
25 consultation with the Nebraska Investment Finance Authority ~~and the~~
26 ~~housing advisory committee established in section 58-704~~, shall adopt and
27 promulgate rules and regulations to carry out the Nebraska Affordable
28 Housing Act. The department shall monitor programs to see that only
29 qualified individuals and families are occupying projects funded by the
30 Affordable Housing Trust Fund.

31 Sec. 24. Section 58-711, Reissue Revised Statutes of Nebraska, is

1 amended to read:

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

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

30 Sec. 25. Section 68-1603, Reissue Revised Statutes of Nebraska, is
31 amended to read:

1 68-1603 For purposes of the Homeless Shelter Assistance Trust Fund
2 Act, department shall mean the Department of Housing and Urban
3 Development ~~Health and Human Services~~.

4 Sec. 26. Section 71-15,141, Reissue Revised Statutes of Nebraska, is
5 amended to read:

6 71-15,141 (1) Within nine months after the end of each fiscal year,
7 each local housing agency shall prepare a report summarizing such
8 agency's activities for the year then ended. The report shall contain
9 financial statements depicting the financial condition of the agency, its
10 assets and liabilities, including contingent liabilities, and the results
11 of its operations for the year then ended. The report shall be approved
12 by the agency's board of commissioners and signed by its chairperson.

13 (2) The annual report of a local housing agency shall be a public
14 record that is available for inspection and copying by members of the
15 general public at the offices of the local housing agency. A local
16 housing agency shall also file its annual report with the city or county
17 clerk and the Department of Housing and Urban Development promptly upon
18 completion of the report thereof. Regional housing agencies shall file
19 annual reports with the appropriate officials of all participating
20 political subdivisions.

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

25 (4) The financial statements contained in annual reports of local
26 housing agencies with gross revenue of two hundred fifty thousand dollars
27 or more shall be audited annually. The financial statements of agencies
28 with gross revenue of less than two hundred fifty thousand dollars shall
29 be audited at least biennially. A copy of each audit report shall be
30 filed with the Auditor of Public Accounts within nine months after the
31 end of each fiscal year in which such agency is required to file an audit

1 report or in which an audit report of such agency is prepared. Each local
2 housing agency audit shall be conducted in accordance with generally
3 accepted accounting principles, except that if the agency is a recipient
4 of federal assistance, the audit shall be conducted in accordance with
5 any accounting principles required by the federal government.

6 Sec. 27. Section 81-101, Revised Statutes Cumulative Supplement,
7 2022, is amended to read:

8 81-101 The civil administration of the laws of the state is vested
9 in the Governor. For the purpose of aiding the Governor in the execution
10 and administration of the laws, the executive and administrative work
11 shall be divided into the following agencies: (1) Department of
12 Agriculture; (2) Department of Labor; (3) Department of Transportation;
13 (4) Department of Natural Resources; (5) Department of Banking and
14 Finance; (6) Department of Insurance; (7) Department of Motor Vehicles;
15 (8) Department of Administrative Services; (9) Department of Economic
16 Development; (10) Department of Correctional Services; (11) Nebraska
17 State Patrol; ~~and~~ (12) Department of Health and Human Services; and (13)
18 Department of Housing and Urban Development.

19 Sec. 28. Section 81-102, Revised Statutes Cumulative Supplement,
20 2022, is amended to read:

21 81-102 The Governor shall appoint heads for the various agencies
22 listed in section 81-101, subject to confirmation by a majority vote of
23 the members elected to the Legislature. Such appointments shall be
24 submitted to the Legislature within sixty calendar days following the
25 first Thursday after the first Tuesday in each odd-numbered year. The
26 officers shall be designated as follows: (1) The Director of Agriculture
27 for the Department of Agriculture; (2) the Commissioner of Labor for the
28 Department of Labor; (3) the Director-State Engineer for the Department
29 of Transportation; (4) the Director of Natural Resources for the
30 Department of Natural Resources; (5) the Director of Banking and Finance
31 for the Department of Banking and Finance; (6) the Director of Insurance

1 for the Department of Insurance; (7) the Director of Motor Vehicles for
2 the Department of Motor Vehicles; (8) the Director of Administrative
3 Services for the Department of Administrative Services; (9) the Director
4 of Correctional Services for the Department of Correctional Services;
5 (10) the Director of Economic Development for the Department of Economic
6 Development; (11) the Superintendent of Law Enforcement and Public Safety
7 for the Nebraska State Patrol; (12) the Property Tax Administrator as the
8 chief administrative officer of the property assessment division of the
9 Department of Revenue; ~~and~~ (13) the chief executive officer for the
10 Department of Health and Human Services; and (14) the Director of Housing
11 and Urban Development for the Department of Housing and Urban
12 Development. Whoever shall be so nominated by the Governor and shall fail
13 to receive the number of votes requisite for confirmation, shall not be
14 subject to nomination or appointment for this or any other appointive
15 state office requiring confirmation by the Legislature during the period
16 for which the ~~his or her~~ appointment was sought. In case of a vacancy in
17 any of such offices during the recess of the Legislature, the Governor
18 shall make a temporary appointment until the next meeting of the
19 Legislature, when the Governor ~~he or she~~ shall nominate some person to
20 fill such office. Any person so nominated who is confirmed by the
21 Legislature, shall hold the ~~his or her~~ office during the remainder of the
22 term if a specific term has been provided by law, otherwise during the
23 pleasure of the Governor subject to the provisions of this section;
24 except any such officers may be removed by the Governor pursuant to
25 Article IV of the Constitution of Nebraska.

26 Sec. 29. Section 81-1201.07, Revised Statutes Cumulative Supplement,
27 2022, is amended to read:

28 81-1201.07 The department may have the divisions and program listed
29 in this section to aid in the discharge of its duties but shall not be
30 limited to such divisions and program: (1) An Existing Business
31 Assistance Division; (2) a Business Recruitment Division; (3) a Community

1 and Rural Development Division; (4) an Economic Recovery and Incentives
2 Division; and (5) a ~~Housing Division~~; and ~~(6)~~ a Community Development
3 Block Grant Program. Each division and program, when deemed appropriate
4 by the director, is encouraged to establish advisory committees and
5 programs to insure public participation and input.

6 Sec. 30. Section 81-1211, Revised Statutes Cumulative Supplement,
7 2022, is amended to read:

8 81-1211 The Lead-Based Paint Hazard Control Cash Fund is created in
9 the Department of Housing and Urban Development ~~Economic Development~~. The
10 fund shall receive transfers from the Affordable Housing Trust Fund as
11 authorized by the Legislature. The Department of Housing and Urban
12 Development ~~department~~ shall use the entirety of the fund to award a
13 grant to a city of the metropolitan class to carry out lead-based paint
14 hazard control on owner-occupied properties, contingent upon formal
15 notification by the United States Department of Housing and Urban
16 Development that it intends to award a grant to a city of the
17 metropolitan class to carry out the federal Residential Lead-Based Paint
18 Hazard Reduction Act of 1992, 42 U.S.C. 4852, as such section existed on
19 January 1, 2023 ~~2015~~. No more than fifteen percent of the grant proceeds
20 may be used for administrative expenses. It is the intent of the
21 Legislature that any grant awarded from the Lead-Based Paint Hazard
22 Control Cash Fund shall be applied to the congressional district grant
23 allocations as established under section 58-708. Any money in the fund
24 available for investment shall be invested by the state investment
25 officer pursuant to the Nebraska Capital Expansion Act and the Nebraska
26 State Funds Investment Act.

27 Sec. 31. Section 81-1226, Revised Statutes Cumulative Supplement,
28 2022, is amended to read:

29 ~~81-1226~~ Sections 31 ~~81-1226~~ to 39 of this act ~~81-1234~~ shall be known
30 and may be cited as the Rural Workforce Housing Investment Act.

31 Sec. 32. Section 81-1227, Revised Statutes Cumulative Supplement,

1 2022, is amended to read:

2 ~~81-1227~~ The Legislature finds that:

3 (1) Economic ~~Current economic~~ conditions and limited availability of
4 modern housing units impact the ability of Nebraska's rural communities
5 to recruit and retain a world-class workforce. A lack of workforce
6 housing affects the ability of communities to maintain and develop
7 viable, stable, and thriving economies. A housing shortage in rural areas
8 also impacts the ability of local private, nonprofit, and public
9 employers to grow and prosper;

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

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

24 Sec. 33. Section 81-1228, Revised Statutes Cumulative Supplement,
25 2022, is amended to read:

26 ~~81-1228~~ For purposes of the Rural Workforce Housing Investment Act:

27 (1) Department means the Department of Housing and Urban Economic
28 Development;

29 (2) Director means the Director of Housing and Urban Economic
30 Development;

31 (3) Eligible activities of a nonprofit development organization

1 means:

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

4 (b) Substantial repair or rehabilitation of dilapidated housing
5 stock; or

6 (c) Upper-story housing development;

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

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

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

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

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

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

27 (10) Workforce housing means:

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

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

31 (c) Owner-occupied housing units that cost not more than three

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

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

11 (e) Upper-story housing; and

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

16 (11) Workforce housing investment fund means a fund that has been
17 created by a nonprofit development organization and certified by the
18 director to encourage development of workforce housing in rural
19 communities.

20 Sec. 34. Section 81-1229, Revised Statutes Cumulative Supplement,
21 2022, is amended to read:

22 ~~81-1229~~ (1) The director shall establish a workforce housing grant
23 program to foster and support the development of workforce housing in
24 rural communities.

25 (2) A nonprofit development organization may apply to the director
26 for approval of a workforce housing grant for a workforce housing
27 investment fund. The application shall be in a form and manner prescribed
28 by the director. Through fiscal year 2026-27, grants shall be awarded by
29 the director on a competitive basis until grant funds are no longer
30 available. Grant maximums shall not exceed one million dollars to any one
31 nonprofit development organization over a two-year period, with the

1 cumulative amount for any single grantee to be determined by the
2 department at the discretion of the director. An applicant shall provide
3 matching funds of at least one-half of the amount of workforce housing
4 grant funds awarded. Unallocated workforce housing grant funds held by
5 the department shall be rolled to the next program year.

6 (3) Grants shall be awarded based upon:

7 (a) A demonstrated and ongoing housing need as identified by a
8 recent housing study;

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

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

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

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

17 (4) A nonprofit development organization shall:

18 (a) Invest or intend to invest in workforce housing eligible
19 activities;

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

23 (c) Have an active board of directors with expertise in development,
24 construction, and finance that meets at least quarterly to approve all
25 qualified investments made by the nonprofit development organization. A
26 nonprofit development organization shall have a formal plan and proven
27 expertise to invest unused workforce housing investment fund balances and
28 shall have an annual review of all financial records conducted by an
29 independent certified public accountant.

30 Sec. 35. Section 81-1230, Revised Statutes Cumulative Supplement,
31 2022, is amended to read:

1 ~~81-1230~~ (1) The Rural Workforce Housing Investment Fund is created.
2 Funding for the grant program described in section 34 of this act ~~81-1229~~
3 shall come from the Rural Workforce Housing Investment Fund. The Rural
4 Workforce Housing Investment Fund may include transfers authorized by the
5 Legislature and revenue from ~~appropriations from the Legislature,~~ grants,
6 private contributions, and other sources. In addition, the State
7 Treasurer shall make a one-time transfer of seven million three hundred
8 thousand dollars on or before October 1, 2017, from the Affordable
9 Housing Trust Fund to the Rural Workforce Housing Investment Fund. Any
10 money in the Rural Workforce Housing Investment Fund available for
11 investment shall be invested by the state investment officer pursuant to
12 the Nebraska Capital Expansion Act and the Nebraska State Funds
13 Investment Act.

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

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

20 (4) If a nonprofit development organization fails to engage in the
21 initial qualified activity within twenty-four months after receiving
22 initial grant funding, the nonprofit development organization shall
23 return the grant funds to the department for credit to the General Fund.

24 (5) If a nonprofit development organization fails to allocate any
25 remaining initial grant funding on a qualified activity within twenty-
26 four months after engaging in the initial qualified activity, the
27 nonprofit development organization shall return such unallocated grant
28 funds to the department for credit to the Rural Workforce Housing
29 Investment Fund.

30 (6) Beginning July 1, 2027, any funds held by the department in the
31 Rural Workforce Housing Investment Fund shall be transferred to the

1 General Fund.

2 Sec. 36. Section 81-1231, Revised Statutes Cumulative Supplement,
3 2022, is amended to read:

4 81-1231 (1) Each nonprofit development organization shall submit an
5 annual report to the director to be included as a part of the
6 department's annual ~~status~~ report required under section 5 of this act
7 ~~81-1201.11~~. The report shall certify that the nonprofit development
8 organization meets the requirements of the Rural Workforce Housing
9 Investment Act and shall include a breakdown of program activities.

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

12 (a) The name and geographical location of the reporting nonprofit
13 development organization;

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

16 (c) The number, geographical location, type, and amount of
17 investments made;

18 (d) A summary of matching funds and where such matching funds were
19 generated; and

20 (e) The results of the annual review of all financial records
21 required under subsection (4) of section 34 of this act ~~81-1229~~.

22 (3) If a nonprofit development organization ceases administration of
23 a workforce housing investment fund, it shall file a final report with
24 the director in a form and manner required by the director. Before July
25 1, 2027, any unallocated grant funds shall be returned to the department
26 for credit to the Rural Workforce Housing Investment Fund. On and after
27 July 1, 2027, any unallocated grant funds shall be returned to the
28 department for transfer to the General Fund.

29 (4) If a nonprofit development organization fails to file a complete
30 annual report by February 15, the director may, in his or her discretion,
31 impose a civil penalty of not more than five thousand dollars for such

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

4 Sec. 37. Section 81-1232, Revised Statutes Cumulative Supplement,
5 2022, is amended to read:

6 ~~81-1232~~ (1) The department shall use its best efforts to assure that
7 grant funds awarded to nonprofit development organizations are targeted
8 to the geographic communities or regions with the most pressing economic
9 and employment needs.

10 (2) The department shall use its best efforts to assure that the
11 allocation of grant funds provides equitable access to the benefits
12 provided by the Rural Workforce Housing Investment Act to all eligible
13 geographical areas.

14 (3) The department may contract with a statewide public or private
15 nonprofit organization which shall serve as agent for the department to
16 help carry out the purposes and requirements of the Rural Workforce
17 Housing Investment Act. The department or its agent may only use for
18 expenses that portion of the funds available for the workforce housing
19 grant program through the Rural Workforce Housing Investment Fund
20 necessary to cover the actual costs of administering the program,
21 including, but not limited to, the hiring of staff.

22 Sec. 38. Section 81-1233, Revised Statutes Cumulative Supplement,
23 2022, is amended to read:

24 81-1233 (1) As part of the department's annual ~~status~~ report
25 required under section 5 of this act ~~81-1201.11~~, the department shall
26 submit a report to the Legislature and the Governor that includes, but is
27 not necessarily limited to:

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

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

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

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

4 (3) Information received, developed, created, or otherwise
5 maintained by the department in administering and enforcing the Rural
6 Workforce Housing Investment Act, other than information required to be
7 included in the report to be submitted by the department to the Governor
8 and Legislature pursuant to this section, may be deemed confidential by
9 the department and not considered public records subject to disclosure
10 pursuant to sections 84-712 to 84-712.09.

11 Sec. 39. Section 81-1234, Revised Statutes Cumulative Supplement,
12 2022, is amended to read:

13 ~~81-1234~~ The department may adopt and promulgate rules and
14 regulations to administer and enforce the Rural Workforce Housing
15 Investment Act.

16 Sec. 40. Section 81-1235, Revised Statutes Cumulative Supplement,
17 2022, is amended to read:

18 ~~81-1235~~ Sections 40 ~~81-1235~~ to 48 of this act ~~81-1243~~ shall be known
19 and may be cited as the Middle Income Workforce Housing Investment Act.

20 Sec. 41. Section 81-1236, Revised Statutes Cumulative Supplement,
21 2022, is amended to read:

22 ~~81-1236~~ (1) Economic ~~Current~~—~~economic~~ conditions and limited
23 availability of modern housing units impact the ability of Nebraska's
24 older urban neighborhoods and majority-minority communities to maintain
25 residential stability. Low rates of homeownership and a lack of high-
26 quality, non-income-restricted rental housing negatively affects the
27 ability of residents of such neighborhoods and communities to achieve
28 housing stability and invest in their neighborhoods and communities. A
29 lack of workforce housing affects the ability of neighborhoods and
30 communities to maintain and develop viable, stable, and thriving
31 economies. A shortage of quality housing in such areas also impacts the

1 ability of local private, nonprofit, and public employers to grow and
2 prosper.

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

10 (3) In order to develop attractive housing options that lead to the
11 recruitment and retention of a world-class workforce in Nebraska's older
12 urban communities, it is the intent of the Legislature to use new and
13 existing resources to support creation of workforce housing investment
14 funds. Such funds will be used to encourage development of workforce
15 housing in Nebraska's urban and underserved neighborhoods and
16 communities.

17 Sec. 42. Section 81-1237, Revised Statutes Cumulative Supplement,
18 2022, is amended to read:

19 ~~81-1237~~ For purposes of the Middle Income Workforce Housing
20 Investment Act:

21 (1) Department means the Department of Housing and Urban Economic
22 Development;

23 (2) Director means the Director of Housing and Urban Economic
24 Development;

25 (3) Eligible activities of a workforce housing investment fund
26 means:

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

31 (b) Substantial repair or rehabilitation of dilapidated housing

1 stock; or

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

3 (4) HOME funds means funds awarded as formula grants under the HOME

4 Investment Partnerships Program administered by the United States

5 Department of Housing and Urban Development;

6 (5) Matching funds means dollars contributed by individuals,

7 businesses, foundations, local and regional political subdivisions, or

8 other nonprofit organizations to a workforce housing investment fund

9 administered by a nonprofit development organization;

10 (6) Nonprofit development organization means a regional or statewide

11 nonprofit development organization approved by the director;

12 (7) Qualified activities include purchase guarantees, loan

13 guarantees, loan participations, and other credit enhancements related to

14 eligible activities of the workforce housing investment fund;

15 (8) Qualified investment means a cash investment in a workforce

16 housing investment fund administered by a nonprofit development

17 organization;

18 (9) Urban community means any area that is:

19 (a) In a county with a population greater than one hundred thousand

20 inhabitants as determined by the most recent federal decennial census;

21 and

22 (b)(i) Within a qualified census tract as described in 26 U.S.C.

23 42(d)(5)(B), as such section existed on January 1, 2022; or

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

25 (10) Workforce housing means:

26 (a) Owner-occupied housing units that have an after-construction

27 appraised value of at least one hundred twenty-five thousand dollars but

28 not more than two hundred seventy-five thousand dollars. For purposes of

29 this subdivision (a) and subdivision (b) of this subdivision, housing

30 unit after-construction appraised value shall be updated annually by the

31 Nebraska Department of Housing and Urban Development ~~department~~ based

1 upon the most recent increase or decrease in the Producer Price Index for
2 all commodities, published by the United States Department of Labor,
3 Bureau of Labor Statistics;

4 (b) Owner-occupied housing units for which the cost to substantially
5 rehabilitate such units exceeds fifty percent of a unit's before-
6 construction assessed value, and the after-construction appraised value
7 is at least one hundred twenty-five thousand dollars but not more than
8 two hundred seventy-five thousand dollars;

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

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

13 (11) Workforce housing investment fund means a fund that has been
14 created by a nonprofit development organization and certified by the
15 director to encourage development of workforce housing in urban
16 communities.

17 Sec. 43. Section 81-1238, Revised Statutes Cumulative Supplement,
18 2022, is amended to read:

19 ~~81-1238~~ (1) The director shall establish a workforce housing
20 investment grant program to foster and support the development of
21 workforce housing in urban communities.

22 (2) A nonprofit development organization may apply to the director
23 for approval of a workforce housing grant for a workforce housing
24 investment fund. The application shall be in a form and manner prescribed
25 by the director. Through fiscal year 2026-27, grants shall be awarded by
26 the director on a competitive basis until grant funds are no longer
27 available. Grant maximums shall not exceed five million dollars to any
28 one nonprofit development organization over a two-year period, with the
29 cumulative amount for any single grantee to be determined by the
30 department at the discretion of the director. An applicant shall provide
31 matching funds of at least one-half of the amount of workforce housing

1 grant funds awarded. Unallocated funds held by the department shall be
2 rolled to the next program year.

3 (3) Grants shall be awarded based upon:

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

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

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

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

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

18 (4) A workforce housing investment fund shall:

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

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

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

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

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

6 Sec. 44. Section 81-1239, Revised Statutes Cumulative Supplement,
7 2022, is amended to read:

8 ~~81-1239~~ (1) The Middle Income Workforce Housing Investment Fund is
9 created. Funding for the grant program described in section 43 of this
10 act ~~81-1238~~ shall come from the Middle Income Workforce Housing
11 Investment Fund. The Middle Income Workforce Housing Investment Fund may
12 include transfers authorized by the Legislature and revenue from
13 ~~appropriations from the Legislature,~~ grants, private contributions, and
14 other sources. Any money in the Middle Income Workforce Housing
15 Investment Fund available for investment shall be invested by the state
16 investment officer pursuant to the Nebraska Capital Expansion Act and the
17 Nebraska State Funds Investment Act.

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

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

25 (4) If a nonprofit development organization fails to engage in a
26 qualified activity within twenty-four months after receiving initial
27 grant funding, the nonprofit development organization shall return the
28 grant proceeds to the department for credit to the General Fund.

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

1 Sec. 45. Section 81-1240, Revised Statutes Cumulative Supplement,
2 2022, is amended to read:

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

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

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

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

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

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

19 (e) The results of the annual audit required under subdivision (4)
20 (d) of section 43 of this act ~~81-1238~~.

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

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

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

4 Sec. 46. Section 81-1241, Revised Statutes Cumulative Supplement,
5 2022, is amended to read:

6 ~~81-1241~~ (1) The department shall use its best efforts to assure that
7 any grant funds awarded to a nonprofit development organization are
8 targeted to the geographic communities or regions with the most pressing
9 housing, economic, and employment needs.

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

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

22 Sec. 47. Section 81-1242, Revised Statutes Cumulative Supplement,
23 2022, is amended to read:

24 ~~81-1242~~ (1) As part of the department's annual status report
25 required under section 5 of this act ~~81-1201.11~~, the department shall
26 submit a report to the Legislature and the Governor that includes, but is
27 not necessarily limited to:

28 (a) The number and geographical location of workforce housing
29 investment funds;

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

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

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

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

11 Sec. 48. Section 81-1243, Revised Statutes Cumulative Supplement,
12 2022, is amended to read:

13 ~~81-1243~~ The department may adopt and promulgate rules and
14 regulations to administer and enforce the Middle Income Workforce Housing
15 Investment Act.

16 Sec. 49. The Revisor of Statutes shall assign sections 1 to 13 of
17 this act and transfer section 14 of this act, section 30 of this act,
18 sections 31 to 39 of this act, and sections 40 to 48 of this act to a new
19 article in Chapter 81.

20 Sec. 50. This act becomes operative on July 1, 2024.

21 Sec. 51. Original sections 19-5503, 19-5504, 20-139, 58-226,
22 58-241, 58-703, 58-705, 58-708, 58-709, 58-711, 68-1603, 71-15,141, and
23 81-1281, Reissue Revised Statutes of Nebraska, and sections 81-101,
24 81-102, 81-1201.07, 81-1211, 81-1226, 81-1227, 81-1228, 81-1229, 81-1230,
25 81-1231, 81-1232, 81-1233, 81-1234, 81-1235, 81-1236, 81-1237, 81-1238,
26 81-1239, 81-1240, 81-1241, 81-1242, and 81-1243, Revised Statutes
27 Cumulative Supplement, 2022, are repealed.

28 Sec. 52. The following section is outright repealed: Section
29 58-704, Reissue Revised Statutes of Nebraska.