

LEGISLATURE OF NEBRASKA  
ONE HUNDRED THIRD LEGISLATURE  
SECOND SESSION

**LEGISLATIVE BILL 848**

Introduced by Harr, 8.

Read first time January 13, 2014

Committee:

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.