

LEGISLATURE OF NEBRASKA
ONE HUNDRED EIGHTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 840

FINAL READING

Introduced by McKinney, 11; Conrad, 46; Cavanaugh, J., 9.

Read first time January 03, 2024

Committee: Urban Affairs

1 A BILL FOR AN ACT relating to cities; to amend sections 71-1572, 71-1594,
2 71-1598, 71-15,104, 71-15,106, 71-15,139, and 71-15,150, Reissue
3 Revised Statutes of Nebraska, and sections 81-1237 and 81-1238,
4 Revised Statutes Supplement, 2023; to adopt the Poverty Elimination
5 Action Plan Act; to change provisions of the Nebraska Housing Agency
6 Act relating to commissioners and staff, conflicts of interest,
7 notices, and requirements for certain housing agencies relating to
8 meetings, complaints, compliance with federal law relating to
9 administrative grievance procedures, and appointment of counsel for
10 public housing residents in termination hearings and eviction
11 proceedings; to redefine a term and change requirements for
12 workforce housing grants under the Middle Income Workforce Housing
13 Investment Act; to harmonize provisions; to provide operative dates;
14 and to repeal the original sections.
15 Be it enacted by the people of the State of Nebraska,

1 Section 1. Sections 1 to 5 of this act shall be known and may be
2 cited as the Poverty Elimination Action Plan Act.

3 Sec. 2. The Legislature finds that there is a need to address the
4 problem of poverty in high-poverty areas, qualified census tracts, and
5 economic redevelopment areas in the state. The purpose of the Poverty
6 Elimination Action Plan Act is to create a comprehensive, statewide
7 poverty elimination action plan to address the specific poverty
8 challenges faced in such areas and tracts and promote upward mobility and
9 sustainability.

10 Sec. 3. For purposes of the Poverty Elimination Action Plan Act:

11 (1) City means any city of the metropolitan class or city of the
12 primary class;

13 (2) Economic redevelopment area means an area in the State of
14 Nebraska in which:

15 (a) The average rate of unemployment in the area during the period
16 covered by the most recent federal decennial census or American Community
17 Survey 5-Year Estimate by the United States Bureau of the Census is at
18 least one hundred fifty percent of the average rate of unemployment in
19 the state during the same period; and

20 (b) The average poverty rate in the area is twenty percent or more
21 for the federal census tract in the area;

22 (3) High-poverty area means an area consisting of one or more
23 contiguous census tracts, as determined by the most recent federal
24 decennial census, which contain a percentage of persons with incomes
25 below the poverty line of greater than thirty percent, and all census
26 tracts contiguous to such tract or tracts, as determined by the most
27 recent federal decennial census; and

28 (4) Qualified census tract means a qualified census tract as defined
29 in 26 U.S.C. 42(d)(5)(B)(ii)(I), as such section existed on January 1,
30 2024.

31 Sec. 4. (1) No later than July 1, 2025, each city shall establish

1 and adopt a five-year poverty elimination action plan. The city shall
2 electronically submit a copy of the plan to the Urban Affairs Committee
3 of the Legislature and the Clerk of the Legislature. The plan shall
4 include, but not be limited to:

5 (a) Goals for poverty elimination in high-poverty areas, qualified
6 census tracts, and economic redevelopment areas; and

7 (b) Plans for the use of federal, state, and local incentives to
8 eliminate poverty in high-poverty areas, qualified census tracts, and
9 economic redevelopment areas.

10 (2) Each city shall reevaluate its poverty elimination action plan
11 every two years and update its plan every five years to ensure its
12 effectiveness and relevance. Updated plans shall be electronically
13 submitted by the city to the Urban Affairs Committee of the Legislature
14 and the Clerk of the Legislature.

15 Sec. 5. (1) On or before July 1, 2025, and on or before July 1 of
16 each odd-numbered year thereafter, each city shall electronically submit
17 a report to the Urban Affairs Committee of the Legislature detailing its
18 efforts to eliminate poverty. The report shall encompass the following
19 key components:

20 (a) Needs Assessment. Conducting a comprehensive needs assessment to
21 identify challenges in housing, education, health care, employment,
22 access to capital, economic development, and social services in target
23 areas;

24 (b) Community Engagement. Involving residents, community
25 organizations, and stakeholders in the planning process to ensure
26 community input;

27 (c) Data Analysis. Utilizing data and research to understand root
28 causes of poverty and measure the impact of interventions;

29 (d) Education and Job Training. Developing accessible education and
30 job training programs in sectors with growth potential;

31 (e) Affordable Housing. Implementing strategies to increase

1 affordable housing options, address homelessness, and promote home
2 ownership;

3 (f) Health Care Access. Improving access to quality health care
4 services, including mental health and substance abuse treatment;

5 (g) Economic Development. Attracting investments to stimulate local
6 business growth and job creation;

7 (h) Transportation and Infrastructure. Investing in transportation
8 options and infrastructure improvements;

9 (i) Social Services. Expanding access to social services such as
10 child care, food assistance, and counseling;

11 (j) Equity and Inclusion. Promoting equity and inclusivity, and
12 addressing disparities based on race, gender, and other factors;

13 (k) Accountability and Evaluation. Establishing metrics for progress
14 tracking and regular evaluations;

15 (l) Funding and Resources. Securing funding from various sources,
16 including government grants and private investments;

17 (m) Long-Term Sustainability. Developing a long-term sustainability
18 plan to maintain improvements;

19 (n) Coordination and Collaboration. Fostering coordination and
20 collaboration among government agencies, nonprofit organizations, and
21 businesses; and

22 (o) Public Awareness. Promoting awareness of the city's efforts,
23 goals, and progress through communication and outreach efforts.

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

26 Sec. 6. Section 71-1572, Reissue Revised Statutes of Nebraska, is
27 amended to read:

28 71-1572 Sections 71-1572 to 71-15,168 and sections 11 and 12 of this
29 act shall be known and may be cited as the Nebraska Housing Agency Act.

30 Sec. 7. Section 71-1594, Reissue Revised Statutes of Nebraska, is
31 amended to read:

1 71-1594 (1) When the governing body of any city or county, as the
2 case may be, has determined by resolution or ordinance as set forth in
3 section 71-1578 that it is expedient to establish a local housing agency:

4 (a) In the case of cities other than cities of the metropolitan
5 class, the chief elected official of such city shall appoint at least
6 five and not more than seven adult persons;

7 (b) In the case of cities of the metropolitan class, the chief
8 elected official of such city shall appoint nine ~~seven~~ adult persons; and

9 (c) In the case of counties, the county board shall appoint at least
10 five and not more than seven adult persons.

11 (2) All such persons shall be residents of the area of operation of
12 the agency. If the selection of one or more a resident commissioners
13 ~~commissioner~~ is required under section 71-15,104, any such persons ~~then~~
14 ~~at least one such person~~ shall be a resident commissioners ~~commissioner~~
15 selected as provided in such section. Such persons so appointed shall
16 constitute the governing body of the local housing agency and shall be
17 called commissioners.

18 Sec. 8. Section 71-1598, Reissue Revised Statutes of Nebraska, is
19 amended to read:

20 71-1598 (1) In the case of local housing agencies, the
21 commissioners who are first appointed shall be designated to serve for
22 terms of one, two, three, four, and five years, respectively, from the
23 date of their appointment, but thereafter commissioners shall be
24 appointed for terms of five years; and ~~-~~

25 (2) In the case of housing agencies when the appointing authority
26 has elected to have more than five commissioners as provided in section
27 71-1594 or has elected to add one or two commissioners to a presently
28 existing housing agency, the sixth commissioner who is first appointed
29 shall be designated to serve for a term of four years and the additional
30 commissioners who are first appointed shall be designated to serve for
31 terms of five years from the date of appointment. Thereafter ~~, but~~

1 ~~thereafter~~ the commissioners shall be appointed for terms of five years.

2 Sec. 9. Section 71-15,104, Reissue Revised Statutes of Nebraska, is
3 amended to read:

4 71-15,104 (1)(a) Except as provided in subsection (4) of this
5 section, each ~~(1) Each~~ housing agency created under the Nebraska Housing
6 Agency Act shall include among the commissioners constituting the
7 governing body of such local housing agency at least one commissioner who
8 shall be known as a resident commissioner.

9 **(b)** For purposes of this section, resident commissioner means a
10 member of the governing board of a local housing agency whose eligibility
11 for membership is based upon such person's status as a recipient of
12 direct assistance from the agency except as otherwise provided in this
13 section.

14 (2) No later than thirty days after any vacancy in the office of a
15 resident commissioner, the local housing agency shall notify any resident
16 advisory board or other resident organization and all adult persons
17 directly assisted by such agency ~~to the effect~~ that the position of
18 resident commissioner is open and that if any such person is interested
19 in being considered as a candidate for the position, such person should
20 notify the local housing agency within thirty days after such notice of
21 the person's willingness to be considered and to serve in the position.

22 (3) For a housing agency other than a housing agency established by
23 a city of the metropolitan class, the ~~The~~ resident commissioner shall be
24 selected, either by an election or by appointment, as follows:

25 (a) The housing agency may hold an election, allowing each adult
26 direct recipient of its assistance to vote by secret written ballot, at
27 such time and place, or through the mail, as such agency may choose, all
28 to be conducted within thirty days after the receipt of names of
29 candidates as provided in subsection (2) of this section. The candidate
30 receiving the most votes shall serve as resident commissioner;

31 (b) If the housing agency decides not to hold an election, the names

1 of all persons interested who have notified the housing agency as
2 provided in subsection (2) of this section ~~of their interest in so~~
3 ~~servi~~ng shall be forwarded to the mayor or to the county board, as the
4 case may be, and the resident commissioner shall be appointed from the
5 list of names, as provided in section 71-1594, subject to confirmation as
6 provided in section 71-1596. In the case of a regional housing agency,
7 the regional board of commissioners shall make such an appointment from
8 among the persons interested in such position; and

9 (c) If no qualified person has submitted to the local housing agency
10 his or her name as a candidate for the position, then the mayor, county
11 board, or regional housing agency, as the case may be, shall fill the
12 position from among all adult persons receiving direct assistance from
13 the agency subject to confirmation, in the case of cities and counties,
14 pursuant to section 71-1596. If a local housing agency owns fewer than
15 three hundred low-income housing units which, for purposes of this
16 subdivision, does not include units of housing occupied by persons
17 assisted under any rental assistance program and the housing agency has
18 received no notification of interest in serving as a resident
19 commissioner as provided in this section, no resident commissioner shall
20 be required to be selected.

21 (4)(a) For a housing agency established by a city of the
22 metropolitan class, three resident commissioners shall be selected by
23 appointment. The mayor shall fill the positions from among all adult
24 persons receiving direct assistance from the agency subject to
25 confirmation pursuant to section 71-1596. At least one of the persons
26 appointed pursuant to this subsection shall be a resident of a public
27 housing facility that has at least fifty units. If the local housing
28 agency owns fewer than three hundred low-income housing units which, for
29 purposes of this subdivision, does not include units of housing occupied
30 by persons assisted under any rental assistance program, and if the
31 housing agency has received no notification of interest in serving as a

1 resident commissioner, no resident commissioner shall be required to be
2 selected.

3 (b) A resident commissioner of the housing authority who is required
4 by this section to be a recipient of direct assistance of the housing
5 agency:

6 (i) Shall not be construed to have a direct or indirect interest in
7 (A) any housing agency project, (B) any property that is or will be
8 included in any such project, or (C) any housing agency contract for
9 materials or services; and

10 (ii) Who ceases to meet such requirement may continue to serve until
11 the expiration of his or her current term but shall not be reappointed.

12 Sec. 10. Section 71-15,106, Reissue Revised Statutes of Nebraska, is
13 amended to read:

14 71-15,106 (1)(a) The commissioners of each housing agency shall
15 elect a chairperson and vice-chairperson from among the commissioners and
16 shall have power to employ an executive director who shall serve as ex
17 officio secretary of the local housing agency.

18 (b) ~~Each~~ The agency may also employ legal counsel or engage the
19 attorney of the city or county served by the agency for such legal
20 services as the agency may require unless such employment or engagement
21 will result in an ethical or legal violation. ~~Each~~ The agency may employ
22 accountants, appraisers, technical experts, and such other officers,
23 agents, and employees as the agency may require and shall determine their
24 qualifications, duties, compensation, and terms of office. A local
25 housing agency may delegate to one or more of its agents or employees
26 such powers and duties as it ~~deems~~ ~~may deem~~ proper.

27 (2) A housing agency for a city of the metropolitan class shall make
28 all contact information for senior leadership and commissioners publicly
29 available at the agency's offices and on the agency's website. Such
30 contact information shall include telephone numbers and email addresses
31 for each person covered under this subsection.

1 (3) Prior to any agency board meeting, a housing agency for a city
2 of the metropolitan class shall post all meeting notices and agendas in
3 common spaces at all agency public locations. Such notices and agendas
4 may be posted as printed material or by means of video display on a
5 television or video monitor located in such common spaces. Prior notice
6 of any board meeting shall also be made available at the agency's offices
7 and on the agency's website. Opportunity for public comment shall be made
8 at all board meetings, and such public comment shall not be limited only
9 to agenda items.

10 (4) All commissioners of a housing agency in a city of the
11 metropolitan class shall hold one regular board meeting at least once
12 every ninety days at a public housing facility that has at least one
13 hundred units.

14 Sec. 11. (1) A housing agency for a city of the metropolitan class
15 shall establish a complaint process. Any resident of an agency property
16 may file a complaint by any of the following means:

17 (a) A complaint form filled out online on the housing agency's
18 website;

19 (b) A telephone call made to a housing agency; or

20 (c) A complaint form filled out in person. Such complaint form shall
21 be made available at designated offices.

22 (2) The complaint form, whether completed by the complainant online,
23 in-person, or by a housing agency employee answering a telephone call
24 complaint, shall include the following information:

25 (a) The name of the complainant;

26 (b) Contact information including the telephone number, email
27 address, and mailing address of the complainant;

28 (c) The nature of the complaint, including, but not limited to,
29 whether a maintenance issue, a discrimination claim, or a rent dispute;
30 and

31 (d) Relevant dates.

1 (3) Notice of the right to file a complaint up until the time of an
2 eviction shall be included on both the online and printed complaint form.

3 (4) The complainant may provide any supporting documentation with
4 the complaint, including, but not limited to, photographs or digital
5 images, receipts, and correspondence.

6 (5) Upon receipt of the complaint, the agency shall send an
7 acknowledgment to the complainant by email or regular first-class mail
8 within five business days. Each complaint shall be assigned a unique case
9 number for tracking purposes.

10 (6) The agency shall conduct a thorough investigation of the
11 complaint, including, but not limited to, interviewing relevant parties,
12 inspecting property and relevant documents, and reviewing applicable laws
13 and regulations.

14 (7) The housing authority shall resolve the complaint within
15 fourteen days after receipt of the complaint. If additional time is
16 required, the complainant shall be notified and provided with an updated
17 timeline. Throughout the investigation, the agency shall provide the
18 complainant with regular updates on the status of the complaint by email,
19 telephone, or regular first-class mail.

20 (8) The agency shall notify the complainant of the resolution of the
21 complaint in writing within five business days after such resolution. The
22 notice shall include (a) a summary of the investigation findings, (b) the
23 action taken to address the complaint, (c) any remedies or compensation
24 provided, (d) information on how to file a complaint with the political
25 subdivision responsible for code enforcement, if applicable, and (e)
26 information about the city's complaint process if the complainant is not
27 satisfied with the resolution of the complaint.

28 (9) The agency shall invite the complainant to provide feedback on
29 the complainant's experience with the complaint process, including
30 suggestions for improvement.

31 (10) The agency shall monitor complaint trends, analyze root causes,

1 and report on complaint resolution statistics regularly to identify areas
2 for improvement. The agency shall submit a report to the commissioners at
3 every board meeting detailing (a) the number of complaints filed, (b) the
4 nature of such complaints, (c) the status of completed and pending
5 inspections, and (d) the number of unfilled inspector positions within
6 the housing agency. The report shall also be made available to the public
7 on the agency's website and at the agency's office.

8 (11) The agency shall inform persons applying for housing about the
9 complaint process during the resident application process and inform
10 residents about the complaint process (a) annually, (b) at the time a
11 complaint is filed, and (c) by posting on the agency's website and on any
12 public boards in any common housing spaces.

13 Sec. 12. A housing agency for a city of the metropolitan class
14 shall comply with any federal regulations regarding administrative
15 grievance procedures. Such procedures and the actions to which it applies
16 shall be detailed in plain language and included as part of a resident's
17 lease agreement and also easily accessible on the agency's website and at
18 agency offices.

19 Sec. 13. Section 71-15,139, Reissue Revised Statutes of Nebraska, is
20 amended to read:

21 71-15,139 (1) A housing agency may adopt and promulgate reasonable
22 rules and regulations consistent with federal and state laws, rules, and
23 regulations and the purposes of the Nebraska Housing Agency Act
24 concerning the termination of tenancy.

25 (2)(a) If a housing agency seeks to terminate a resident's tenancy,
26 the housing agency shall serve Any resident so terminated shall be sent a
27 written notice of termination on such resident setting out the reasons
28 for such termination.

29 (b) If the premises is located in a city of the metropolitan class,
30 the notice shall contain a statement in substantially the following form:
31 "You have the right to representation by an attorney. This right applies

1 to eviction proceedings before a court and in any hearing to contest
2 termination of your tenancy before the [name of housing agency]. An
3 attorney will be appointed to represent you, at no cost to you, at the
4 beginning of such proceedings or hearing." , ~~and any~~

5 (c) The resident served with a notice shall be given the opportunity
6 to contest the termination in an appropriate hearing by the housing
7 agency. A resident may contest the termination in any suit filed by the
8 housing agency in any court for recovery of possession of the premises.

9 (3) ~~(2)~~ Such notice may provide that if the resident fails to (a)
10 pay his or her rent or comply with any covenant or condition of his or
11 her lease or the rules and regulations of such housing agency, (b) cure a
12 violation or default thereof as specified in such notice, or (c) follow
13 the procedure for a hearing as set forth in the notice, all within the
14 time or times set forth in such notice, the tenancy shall ~~then~~ be
15 automatically terminated and no other notice or notices are required for
16 ~~need be given~~ of such termination or the intent to terminate the tenancy,
17 and upon such termination, and without any notice other than as provided
18 for in this section, a housing agency may file suit against any resident
19 for recovery of possession of the premises and may recover the same as
20 provided by law.

21 (4) ~~(3)~~ A housing agency may, after three days' written notice of
22 termination and without an administrative hearing, file suit and have
23 judgment against any resident for recovery of possession of the premises
24 if the resident, any member of the resident's household, any guest, or
25 any other person who is under the resident's control or who is present
26 upon the premises with the resident's consent, engages in any drug-
27 related or violent criminal activity on the premises, or engages in any
28 activity that threatens the health, safety, or peaceful enjoyment of
29 other residents or housing agency employees. Such activity shall include,
30 but not be limited to, any of the following activities of the resident,
31 or the activities of any other person on the premises with the consent of

1 the resident: (a) Physical assault or the threat of physical assault; (b)
2 illegal use of a firearm or other weapon or the threat to use an illegal
3 firearm or other weapon; or (c) possession of a controlled substance by
4 the resident or any other person on the premises with the consent of the
5 resident, if the resident knew or should have known of the possession of
6 such controlled substance by such other person of a controlled substance,
7 unless such controlled substance was obtained directly from, or pursuant
8 to, a medical order issued by a practitioner authorized to prescribe, as
9 defined in section 28-401, while acting in the course of his or her
10 professional practice.

11 (5)(a) This subsection only applies if the premises is located in a
12 city of the metropolitan class.

13 (b) If the resident requests a hearing by the housing agency to
14 contest the termination, counsel shall be appointed for the resident
15 prior to such hearing unless the resident is already represented by
16 counsel. The housing agency shall file an application with the county
17 court or district court of the county in which the premises is located.
18 The court shall appoint counsel to represent the resident in the hearing
19 and in any related action for recovery of possession of the premises.

20 (c) If the resident does not request a hearing by the housing agency
21 to contest the termination and the housing agency files an action for
22 recovery of possession of the premises, the court shall appoint counsel
23 for the resident unless the resident is already represented by counsel.

24 (d) The resident may waive court-appointed counsel or retain the
25 resident's own counsel. The cost of any court-appointed counsel shall be
26 paid by the housing agency.

27 (e) Counsel appointed pursuant to this section shall apply to the
28 court before which the proceedings were had for fees for services
29 performed.

30 (f) In the case of a hearing to contest a termination for which
31 there are no related court proceedings, counsel shall apply to the county

1 court or district court of the county in which the premises is located.

2 (g) The court, upon hearing the application, shall fix reasonable
3 fees. The housing agency shall allow the account, bill, or claim
4 presented by any attorney for such services in the amount determined by
5 the court. No such account, bill, or claim shall be allowed by the
6 housing agency until the amount has been determined by the court.

7 (h) A housing agency shall not assess a fee against any resident for
8 legal services provided under this subsection or otherwise attempt to
9 recoup such costs from such resident.

10 Sec. 14. Section 71-15,150, Reissue Revised Statutes of Nebraska, is
11 amended to read:

12 71-15,150 (1) Except as otherwise permitted under the provisions of
13 sections 71-15,149 to 71-15,157, no housing agency official shall own or
14 hold an interest in any contract or property or engage in any business,
15 transaction, or professional or personal activity that would:

16 (a) Be or appear to be in conflict with such official's duties
17 relating to the housing agency served by or subject to the authority of
18 such official;

19 (b) Secure or appear to secure unwarranted privileges or advantages
20 for such official or others; or

21 (c) Prejudice or appear to prejudice such official's independence of
22 judgment in the exercise of his or her official duties relating to the
23 housing agency served by or subject to the authority of such official.

24 (2) No housing agency official shall act in an official capacity in
25 any matter in which such official has a direct or indirect financial or
26 personal involvement. ~~The ownership of less than five percent of the~~
27 ~~outstanding shares of a corporation shall not constitute an interest~~
28 ~~within the meaning of this section.~~ No housing agency official shall use
29 his or her public office or employment to secure financial gain to such
30 official.

31 (3) Except as otherwise permitted by the provisions of sections

1 71-15,149 to 71-15,157, a housing agency shall not, with respect to any
2 housing agency official, during his or her tenure or for a period of one
3 year thereafter, either:

4 (a) Award or agree to award any contract to such housing agency
5 official or other local government official;

6 (b) Purchase or agree to purchase any real property from such
7 housing agency official or other local government official, or sell or
8 agree to sell any real property to such housing agency official or other
9 local government official;

10 (c) Permit any housing agency official to represent, appear, or
11 negotiate on behalf of any other party before the housing agency's board
12 of commissioners or with its other officials or employees;

13 (d) Employ any commissioner for compensation or otherwise;

14 (e) Employ any local government official, or any member of such
15 official's immediate family, if such official's duties involve the
16 exercise of authority relating to the housing agency; or

17 (f) Employ for compensation any member of the immediate family of a
18 housing agency official, if such employment creates the relationship of
19 direct supervisor or subordinate between family members or otherwise
20 creates a real or apparent conflict of interest.

21 (4) No commissioner of a housing agency for a city of the
22 metropolitan class shall have an ownership interest in, or be employed
23 by, any entity doing business with such housing agency.

24 (5) The ownership of less than five percent of the outstanding
25 shares of a corporation shall not constitute an interest within the
26 meaning of this section.

27 Sec. 15. Section 81-1237, Revised Statutes Supplement, 2023, is
28 amended to read:

29 81-1237 For purposes of the Middle Income Workforce Housing
30 Investment Act:

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

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

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

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

8 (b) Substantial repair or rehabilitation of dilapidated housing
9 stock; or

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

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

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

18 (6) Nonprofit development organization means a regional or statewide
19 nonprofit development organization approved by the director;

20 (7) Qualified activities include purchase guarantees, loan
21 guarantees, loan participations, and other credit enhancements related to
22 eligible activities of the workforce housing investment fund;

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

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

27 (a)(i) ~~(a)~~ In a county with a population greater than one hundred
28 thousand inhabitants as determined by the most recent federal decennial
29 census; and

30 (ii) ~~(b)(i)~~ Within or adjacent to a qualified census tract as
31 described in 26 U.S.C. 42(d)(5)(B), as such section existed on January 1,

1 2022;~~or~~

2 (b) ~~(ii)~~ Within a city of the primary class or within a county in
3 which a city of the primary class is located; or

4 (c) In a county with a population greater than one hundred thousand
5 inhabitants, as determined by the most recent federal decennial census,
6 that does not contain a city of the metropolitan class or a city of the
7 primary class;

8 (10) Workforce housing means:

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

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

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

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

29 (11) Workforce housing investment fund means a fund that has been
30 created by a nonprofit development organization and certified by the
31 director to encourage development of workforce housing in urban

1 communities.

2 Sec. 16. Section 81-1238, Revised Statutes Supplement, 2023, is
3 amended to read:

4 81-1238 (1) The director shall establish a workforce housing
5 investment grant program to foster and support the development of
6 workforce housing in urban communities.

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

24 (3) Grants shall be awarded based upon:

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

31 (b) A neighborhood or community that has a higher-than-state-average

1 unemployment rate;

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

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

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

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

11 (4) A workforce housing investment fund shall:

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

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

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

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

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

30 Sec. 17. Sections 13 and 18 of this act become operative on July 1,
31 2025. The other sections of this act become operative three calendar

1 months after the adjournment of this legislative session.

2 Sec. 18. Original section 71-15,139, Reissue Revised Statutes of
3 Nebraska, is repealed.

4 Sec. 19. Original sections 71-1572, 71-1594, 71-1598, 71-15,104,
5 71-15,106, and 71-15,150, Reissue Revised Statutes of Nebraska, and
6 sections 81-1237 and 81-1238, Revised Statutes Supplement, 2023, are
7 repealed.