

# NEBRASKA

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**DEPT. OF ECONOMIC DEVELOPMENT**

**Nebraska Affordable Housing Trust Fund  
(NAHTF)**

**2019 Qualified Allocation Plan  
(QAP)**

**Amendment**

Nebraska Department of Economic Development  
Effective July 1, 2019 - June 30, 2020  
(2019 Program Year)

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## Introduction

The Nebraska Affordable Housing Trust Fund (NAHTF) was established by the (1996) Nebraska Affordable Housing Act (Neb. Rev. Stat. §§58-701 through 58-711). The Act, which was adopted to address the state's affordable housing needs, called for a portion of the documentary stamp tax from Nebraska real estate transactions to be transferred to the NAHTF. These funds are to be distributed to support the provision of decent, affordable housing statewide, to encourage economic development and promote the general prosperity of all Nebraskans.

As stipulated by the Act, the Nebraska Department of Economic Development (DED) is required to develop an annual Qualified Allocation Plan (QAP) concerning the distribution of NAHTF resources throughout the state. DED developed the original 2019 QAP with input from businesses, communities, statewide housing partners, developers, nonprofit organizations, public agencies, community action agencies, development districts, and public housing authorities.

DED presented the original 2019 QAP for review to the Policies and Issues Committee of the Nebraska Commission on Housing and Homelessness (NCHH). Recommendations from the Policies and Issues Committee were taken into consideration when completing the original QAP for 2019.

The original QAP for 2019 was submitted for a 30-day public comment period on December 3, 2018. A public hearing regarding the original QAP was held December 19, 2018, in Lincoln. All written comments submitted to DED during the public comment period were taken into consideration while completing the original final QAP.

## Allocation of Funds

DED anticipates a 2019 NAHTF program year allocation of \$11,250,000 for NAHTF Activities/Government Aid, (this does not include State Administration funds), all of which will be made available for distribution throughout the State for NAHTF-eligible activities.

The table below outlines the proposed distribution of funds for the 2019 program year in NAHTF Activities/Government Aid:

<b>NAHTF Government Aid Allocation</b>	<b>NAHTF Activities</b>
\$7,000,000	Housing Projects Funding Cycle(s)
\$3,005,000	Disaster Recovery Housing Projects Funding Cycle(s)
\$120,000	Nonprofit Technical Assistance Cycle
\$789,717	Match for Federal HOME Program
\$335,283	Discretionary Funds
<b>\$11,250,000</b>	<b>TOTAL</b>

Per the requirements of the Nebraska Affordable Housing Act, DED shall put forth its best effort to allocate no less than 30% of NAHTF monies each to Nebraska's three U.S. Congressional Districts (refer to Attachment 1). It is anticipated that \$3,375,000 will be allocated within each congressional district for eligible housing projects and nonprofit technical assistance for the 2019 program year; this amount reflects approximately 90% of the estimated NAHTF allocation.

DED anticipates awarding \$7,000,000 through the Housing Projects Funding Cycle(s), \$120,000 through the Nonprofit Technical Assistance Cycle and up to \$3,005,000 through the Disaster Recovery Housing Projects Funding Cycle(s). Generally, DED will award those grant applications that meet all threshold requirements and rank highest within their congressional district, pending the amount of funding available for that district per cycle. DED reserves the right to fund or not fund applications, regardless of ranking, based on the status of other federal and state funding sources involved in the project or conditional reservations of funds.

The remaining 10%, or \$1,125,000, of discretionary funds will be allocated first to meet the State's HOME Investment Partnership federal matching requirements. This requirement is expected to be \$789,717. The HOME Investment Partnership federal matching requirement is subject to change depending upon any changes in the federal regulations. The NAHTF HOME match allocation will be distributed through the joint NIFA/DED 9% LIHTC application cycle or through the NAHTF Housing Projects Funding Cycle(s). The remaining discretionary funds, totaling an estimated \$335,283, will be utilized within a NAHTF Housing Projects Funding cycle(s), the Disaster Recovery Housing Projects Funding Cycle(s) and/or for eligible technical assistance. Discretionary funds have no restriction with regard to congressional district distribution.

### **Priorities**

The impetus for the Nebraska Affordable Housing Act was the realization that impediments existed to the construction and rehabilitation of affordable housing throughout the State. Increasing development and construction costs and affordable housing financing challenges were impacting the ability of communities to address their housing needs. Existing dilapidated housing stock and industrial buildings were determined to be detrimental to new affordable housing development and the general health and safety of people living and working in or around such places.

Nebraska's significant need for affordable housing is a major concern among area businesses, community leaders, developers, nonprofit organizations, and members of the public. It is well known that adequate, available, and affordable housing is crucial to the viability of communities and businesses, influencing their ability to recruit workers and residents or pursue economic development opportunities.

Nebraska's 2015-2019 consolidated plan for federal Housing and Urban Development (HUD) programs identified housing as a priority need. Responding to regional needs for affordable, decent, safe, and appropriate housing is an important component of balanced, statewide economic development.

Four objectives have been developed to meet Nebraska's housing priority need:

- Promote new affordable rental housing and the preservation of affordable rental housing in select markets;
- Promote housing preservation by improving the quality of Nebraska's existing affordable housing;
- Promote additional households into homeownership by expanding affordable homeownership opportunities; and
- Enhance statewide understanding of fair housing law through outreach and education.

In terms of resource allocation, the NAHTF program gives first priority to financially viable projects that meet threshold scoring and serve the lowest income occupant for the longest period of time. In addition, first priority is also given to financially viable projects that meet threshold scoring located wholly or in part within a designated enterprise zone, pursuant to the Enterprise Zone Act (Nebraska

Revised Statutes §§13-2101 through 13-2112) and serves the lowest income occupant for the longest period of time.

### **Eligible Applicants**

Eligible applicants for NAHTF include:

- Governmental subdivisions
- Public housing authorities
- Community action agencies
- Community-based, neighborhood-based, or reservation-based nonprofit 501(c)(3) or 501(c)(4) organizations
- For-profit entities working in conjunction with one of the other eligible organizations (One of the other eligible organizations must be the applicant for NAHTF when a for-profit entity is involved in the project)

### **Eligible Activities**

The activities listed below are eligible for NAHTF assistance, as provided in Section 58-706 of the Nebraska Affordable Housing Act:

- New construction, rehabilitation, or acquisition of housing to assist low-income and very low-income families;
- Matching funds for new construction, rehabilitation, or acquisition of housing units to assist low-income and very low-income families;
- Technical assistance, design and finance services, and consultation for eligible nonprofit community or neighborhood-based organizations involved in the creation of affordable housing;
- Matching funds for operating costs for housing assistance groups or organizations, when such grants or loans will substantially increase the recipient's ability to produce affordable housing;
- Mortgage insurance guarantees for eligible projects;
- Acquisition of housing units for the purpose of housing preservation to assist low-income or very low-income families;
- Projects making affordable housing more accessible to families with elderly members or members who have disabilities;
- Projects providing housing in areas determined by DED to be of critical importance to the continued economic development and well-being of the community, and where, as determined by DED, a shortage of affordable housing exists;
- Infrastructure projects necessary for the development of affordable housing (support activity implemented in conjunction with the development of affordable housing only)
- Downpayment and closing cost assistance;
- Demolition of existing vacant, condemned, or obsolete housing or industrial buildings or infrastructure (support activity implemented in conjunction with the development of affordable housing only);
- Housing education programs developed in conjunction with affordable housing projects. Education programs must be directed toward:
  - Preparing potential homebuyers to purchase affordable housing; post-purchase education;
  - Target audiences eligible to utilize the services of housing assistance groups/organizations;
  - Developers interested in the rehabilitation, acquisition, or construction of affordable housing.

- Support for efforts to improve programs benefiting homeless youth;
- Vocational training in the housing and construction trades industries by nonprofit groups.

### **Funding Availability and Limitations**

A total of \$11,250,000 in NAHTF resources will be available for eligible projects and activities for the 2019 program year. This funding will be utilized in:

- An annual competitive housing application cycle (i.e., funding cycle)
- A Disaster Recovery Housing Projects Funding Cycle
- Nonprofit technical assistance activities included in the competitive annual cycle
- The NIFA/DED 9% LIHTC tax credit cycles (NAHTF HOME Match)

Discretionary funds, additional NAHTF funds, and funds remaining from the funding cycles may be used, at DED's discretion, to increase any of the above-mentioned cycles, or in an additional funding cycle, such as a demonstration program.

The 2019 suggested maximum NAHTF project award is \$500,000 for any housing project application in the Housing Projects Funding Cycle(s). The maximum nonprofit technical assistance activity award is \$40,000 over a two-year period.

DED reserves the right to fund or not fund applications, and to exceed the suggested maximums, to allow for flexibility to ensure congressional district distribution requirements, organizational capacity, urgent housing needs, or other geographic considerations are met.

### **Matching Requirements**

A minimum 10% cash match of the total NAHTF request is required of each applicant for eligibility of award.

### **Leverage**

NAHTF resources are not intended to fund entire projects. Other project financing, in addition to the minimum 10% cash match may include other public funds, bank financing, and other private investment. Project financing beyond the NAHTF funds and the cash match are considered leverage.

### **Selection Criteria**

The State's main objective for distributing NAHTF resources is to invest funds in quality projects and programs that help eligible applicants leverage private financing to create permanent, energy efficient, and affordable housing that addresses local needs. Demonstrating repayment of NAHTF resources is also a priority objective.

DED's NAHTF scoring methodology for the Housing Projects Funding Cycle, based on the previously mentioned selection criteria, is displayed in the chart below.

<b>SELECTION CRITERIA FOR HOUSING PROJECTS FUNDING CYCLE</b>		
<b>Criteria</b>	<b>Points Possible</b>	<b>Points Awarded</b>
Project Design	150	
Need and Impact	100	
Collaboration	50	
Project Financing	75	
Capacity	75	
Affordability Period (5 years = 25, 10 years or more = 50)	50	
<b>Total Possible Points</b>	<b>500</b>	

Nonprofit technical assistance applications are scored as a separate pool of applications during the funding cycle. Scoring methodology for Nonprofit Technical Assistance applications is displayed in the chart below.

<b>SELECTION CRITERIA FOR NONPROFIT TECHNICAL ASSISTANCE</b>		
<b>Criteria</b>	<b>Points Possible</b>	<b>Points Awarded</b>
Need	200	
Impact on Housing Need	100	
Sustainability	100	
Financial Management	100	
<b>Total Possible Points</b>	<b>500</b>	

### **Enterprise Zone**

Projects located in whole or in part within an Enterprise Zone are given first priority. The project must be (1) located wholly or in part within a designated enterprise zone, pursuant to the Enterprise Zone Act (Nebraska Revised Statutes §§13-2101 through 13-2112); and (2) the project serves the lowest income occupant; and (3) the project is obligated to serve qualified occupants for the longest period of time. Selected projects must meet threshold and scoring criteria, demonstrate capacity, and be financially viable.

### **Funding Cycle Application Process Summary**

Application guidelines are posted on the DED website prior to each funding cycle. The 2019 application guidelines include detailed program information, formatting guidance, application forms, instructions, and answers to common application-related questions. Preliminary applications (pre-apps) are required prior to the funding cycle application. This requirement gives DED the ability to offer technical assistance to prospective grantees and to adequately plan for application processing and scoring. A pre-application workshop will be offered and recommended to prospective applicants for the Housing Projects Funding Cycle and the Nonprofit Technical Assistance Cycle. Technical assistance is also available from DED housing program representatives (see Attachment 2).

Application workshops are also offered, and participation is encouraged for the Housing Projects Funding Cycle and the Nonprofit Technical Assistance Cycle. The workshops include an overview of annual program changes; a review of the application process; application-related Q&A; scoring criteria review; and application writing guidance. The workshops also provide an opportunity for prospective

applicants, application preparers, developers, and housing organizations to collaborate with DED’s housing team. Prospective applicants are encouraged to work closely with their housing program representative while planning and preparing an application.

Applications must be submitted to DED on or before the specified due date. DED processes all applications before reviewing and scoring, and subsequently determines which applicants will be offered letters of selection or non-selection.

<b>2019 NAHTF PROPOSED TIMELINE</b> (Housing Projects Funding Cycle and the Nonprofit Technical Assistance Cycle)	
<u>Anticipated Date</u>	<u>Action</u>
Tuesday, November 27, 2018	NCHH Policy & Issues Committee Meeting to Review QAP
Monday, December 3, 2018	Open Public Comment Period for QAP
Wednesday, December 5, 2018	Public Hearing on QAP
Wednesday, January 2, 2019	QAP Public Comment Period Ends
Tuesday, January 29, 2019	2019 NAHTF Application Guidelines Posted
Wednesday, February 13, 2019	2019 NAHTF Pre-Application Workshop (web streaming)
Thursday, February 28, 2019	2019 NAHTF Pre-Applications Due
March 11, 2019 – March 29, 2019 (Specific Dates To Be Determined)	2019 NAHTF Application Workshops (1 in person and 2 web streaming)
Tuesday, April 30, 2019	2019 NAHTF Applications Due

<b>2019 NAHTF Disaster Recovery Housing Projects Funding Cycle PROPOSED TIMELINE</b>	
<u>Anticipated Date</u>	<u>Action</u>
Wednesday, May 1, 2019	2019 NAHTF Disaster Recovery Guidelines Posted
Wednesday, June 5, 2019	2019 Disaster Recovery Pre-Applications Due
Wednesday, July 31, 2019	2019 NAHTF Disaster Recovery Applications Due

**Nebraska Commission on Housing and Homelessness (NCHH)**

Recognizing the strong link between housing, homelessness, and near homeless issues, the Nebraska Commission on Housing and Homelessness (NCHH) was established by Executive Order 98-4 in 1998. It consolidated the work of the Nebraska Affordable Housing Commission, the Nebraska Interagency Council on the Homeless, and the Affordable Housing Trust Advisory Committee.

The Commission’s functions are to make recommendations to DED and the Nebraska Department of Health and Human Services (DHHS) regarding the operation of the NAHTF and the Homeless Shelter Assistance Trust Fund (HSATF), respectively; to serve as an advisory body on housing and homelessness; to assist with education, advocacy, coordination, and cooperation; and integrate recommendations from Nebraska's Consolidated Plan and Annual Action Plan (for CDBG, HOME, ESG, and HOPWA) with other statewide strategic planning initiatives that involve affordable housing, homelessness, and other housing issues. NCHH worked with DED during the development of the NAHTF Qualified Allocation Plan.



**Amendments**

DED reserves the right to make changes to the Nebraska Affordable Housing Act QAP and any applicable amendments at its discretion. If DED determines it is necessary to amend the QAP, the proposed amendment will be submitted to the DED Director for review and approval. If approved, the proposed amendment will be made available on the DED website ([opportunity.nebraska.gov](http://opportunity.nebraska.gov)) for a 14-day public review and comment period. At the end of 14 days, DED will consider any public input that has been provided, after which the Director will issue final approval of the amendment. The QAP, including any amendments, will subsequently be made available on the agency website.

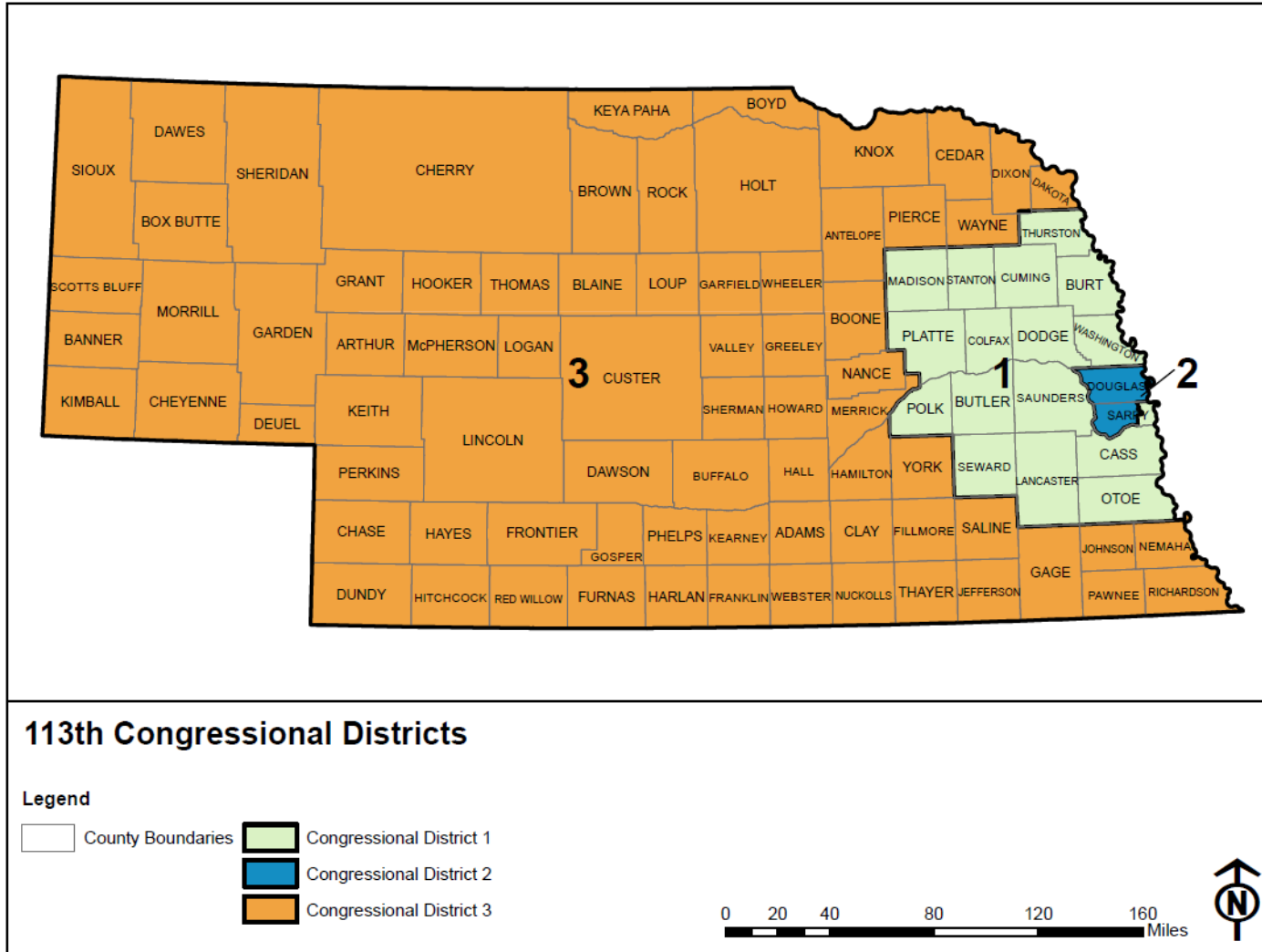
**Public Comments**

Public comments received during the 14-day public comment period are included as Attachment 3.

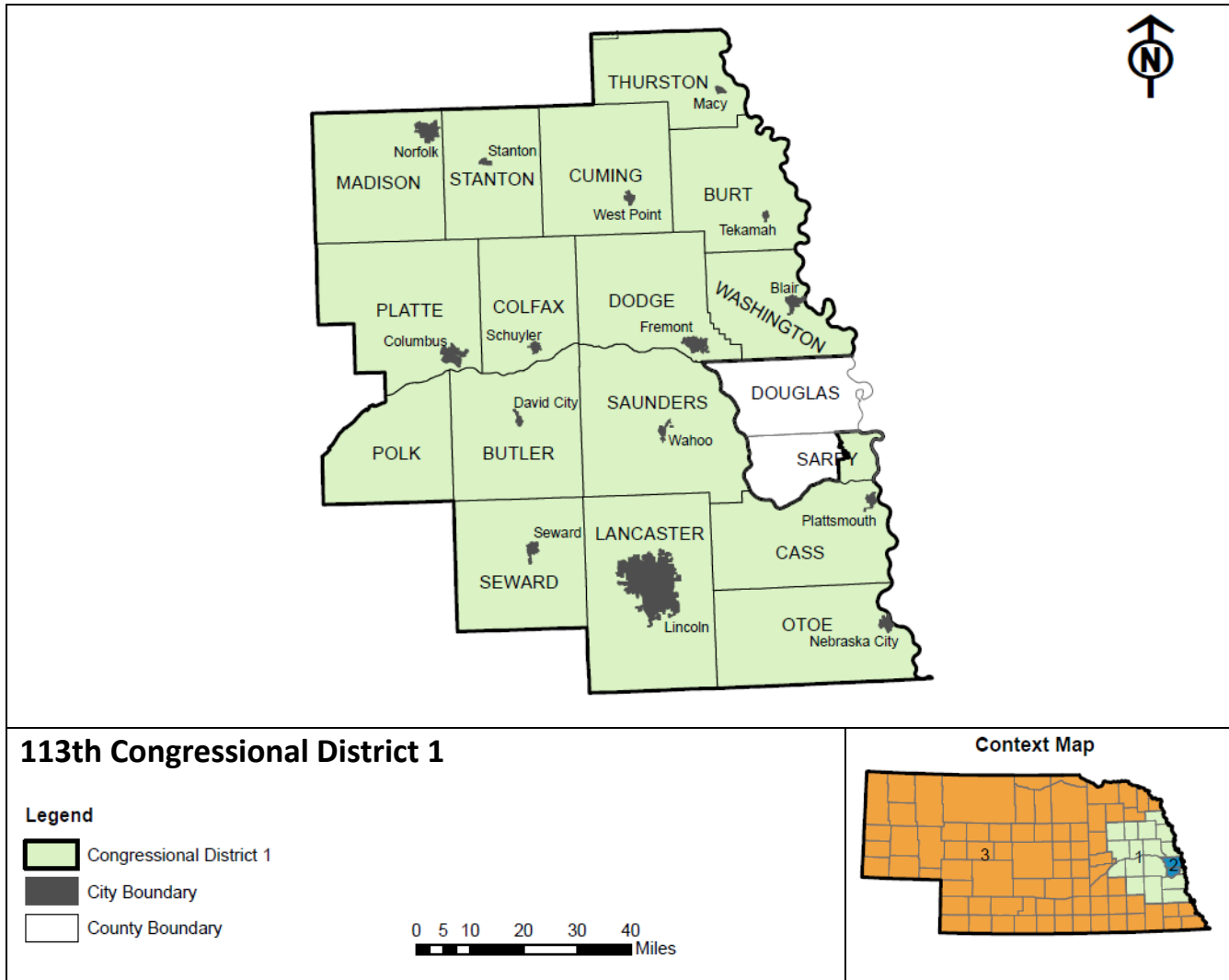
**Housing Contact Information**

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Nebraska Department of Economic Development  
301 Centennial Mall South  
PO Box 94666  
Lincoln, NE 68509-4666  
(402) 471-3111 or (800) 426-6505  
[opportunity.nebraska.gov](http://opportunity.nebraska.gov)

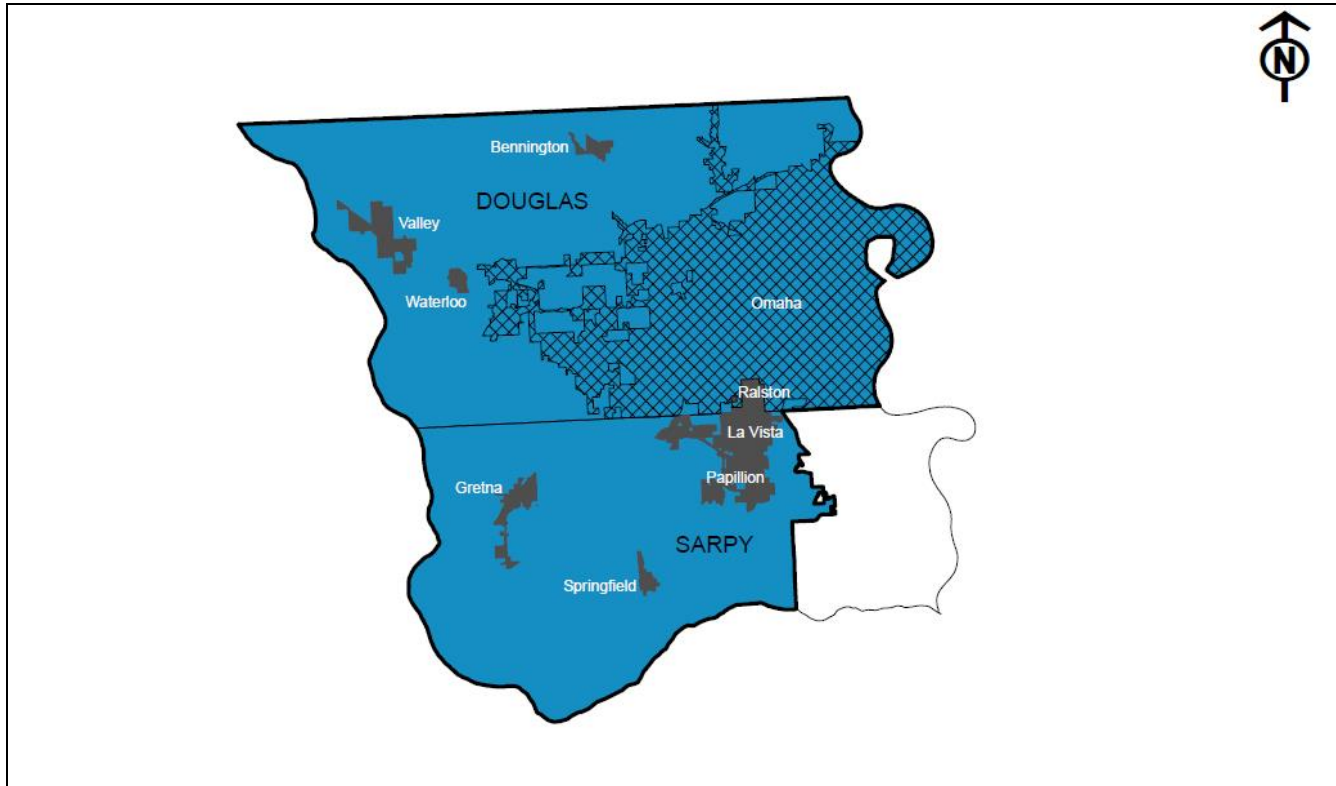
# Attachment 1 Nebraska U.S. House of Representatives Congressional Districts



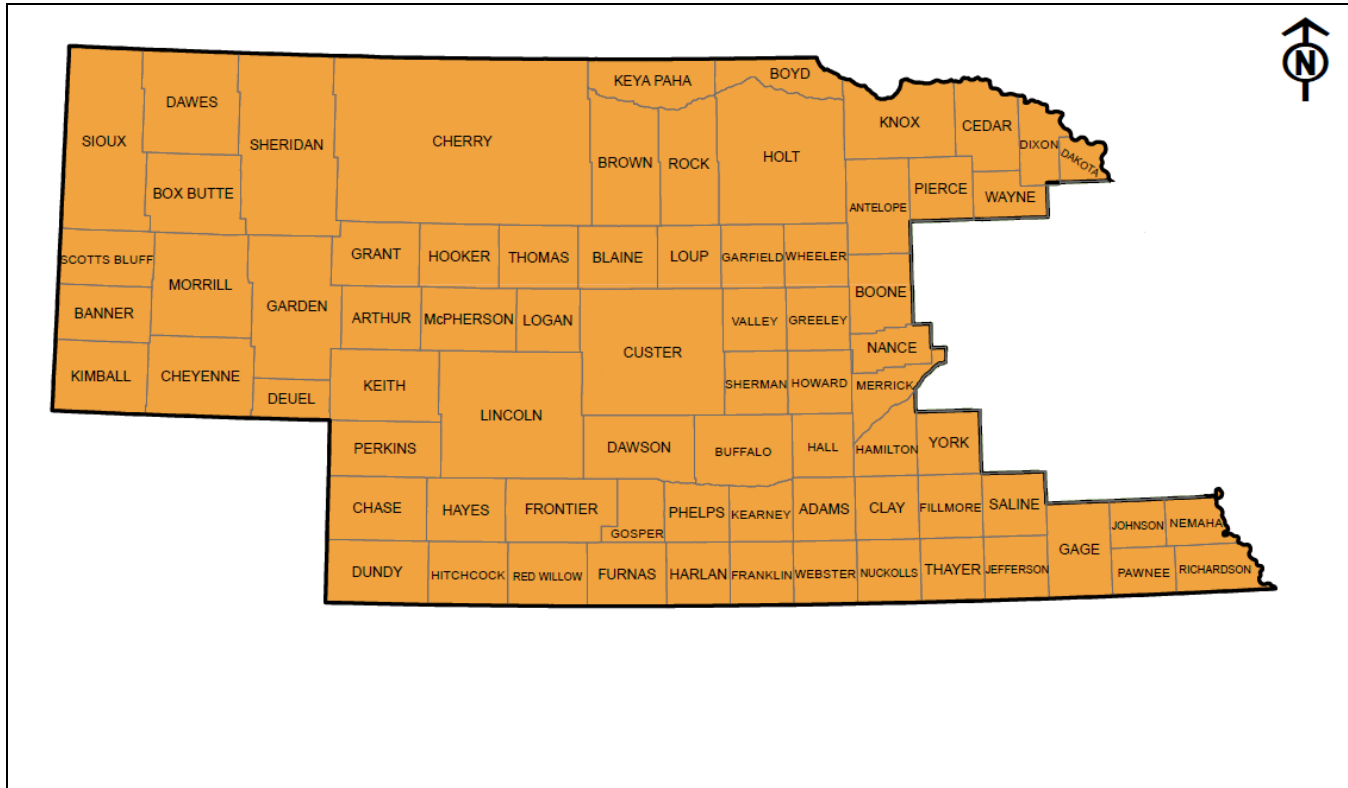
Attachment 1A Congressional District 1



Attachment 1B Congressional District 2

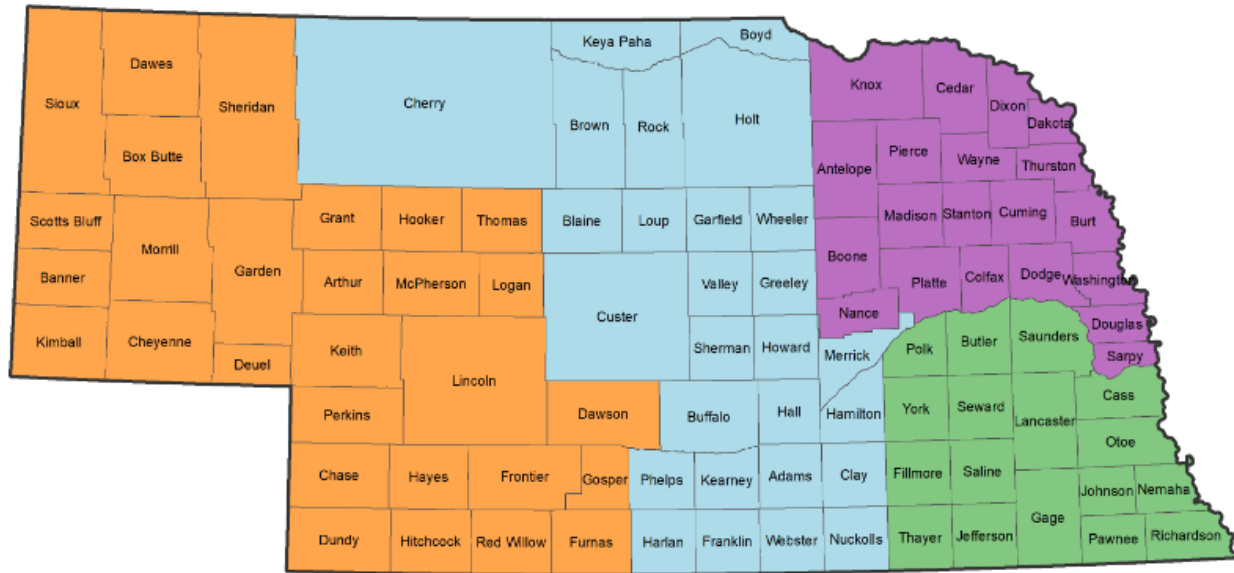


Attachment 1C Congressional District 3



## Attachment 2 NDED Housing Program Representative Map

**Nebraska Department of Economic Development:  
Housing Program Representative Regions  
(NAHTF, CDBG, HOME, & HTF)**



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### Attachment 3 Public Comments

**Comment #1:** A significant amount of resources are being taken out of the original housing cycle for applications that are due on April 30, 2019. Approximately \$2,465,000 is being proposed for removal and added to a "disaster" cycle, even though the current cycle is open. This is unacceptable as customers are having to work at developing applications while two conflicting QAPs are in effect.

Because there is very little information on what communities, counties, or projects are eligible during the disaster application cycle, it makes it overly difficult for current applicants to finalize their project proposals for the current application cycle. For example, if a community is currently applying for NAHTF resources, but they also happen to be in an overly flooded area, they may determine that it is more appropriate to shift resources from their current application to their disaster application, but because there is too much uncertainty on what this new application might look like and require it makes it impossible to make this determination.

One simple solution is to halt the current application cycle and move the due date to be consistent with the disaster cycle. This allows all customers the opportunity to make informed decisions on which projects they wish to apply for and which cycles will be most appropriate for their applications.

**Comment #2:** The current 2019 QAP that is in effect notes that \$9,465,000 in NAHTF resources are available for applications due on April 30, 2019, but the Amendment to the 2019 QAP notes that \$7,000,000 is available in the same housing projects cycle. This information is inconsistent and does not allow customers to make informed decisions on the applications they may wish to apply for because the Department has the ability to revise the QAP, and make any changes to it, after the conclusion of the public comment period. This makes finalizing current applications infeasible.

**Comment #3:** The public was provided very limited public notice about a proposed change to the QAP, and in fact the Nebraska Commission of Housing and Homelessness (NCHH), which by Statute (under Neb. Rev. Stat. §58-704 of the Nebraska Affordable Housing Act) should have had the opportunity to discuss and consult on the proposed amendment prior to the overall public being notified of the proposed changes. Allowing for the NCHH to only be notified of proposed changes to the QAP on the same day as a Press Release was posted regarding the changes is not acceptable and is not a customer focused approach.

Neb. Rev. Stat. §58-704 of the Nebraska Affordable Housing Act created a housing advisory committee to assist the Department in implementing and carrying out the activities of the Nebraska Affordable Housing Trust Fund. This committee, now known as the Nebraska Commission on Housing Homelessness (NCHH), should have reasonable and appropriate opportunity to work with the Department in the creation and implementation of any proposed amendments to the QAP. The Department should extend the public comment period for this amendment until after the NCHH, and others, have adequate time to review and discuss this amendment because the changes to the NAHTF QAP have statewide implications.

**Comment #4:** The QAP notes that the NAHTF allocation requires a 10% cash match for all projects. This is inconsistent with current DED regulations. Creating NAHTF match requirements that are inconsistent with current housing regulations are overly burdensome.

The current regulations only require a 10% match for projects that include a for-profit entity working in conjunction with other qualified recipients. In 2017, the Department revised this interpretation without any regulatory change, and without working with the necessary entities that allow for regulatory amendments. The Department should be mindful of the customers utilizing the Trust Funds. An improper and narrow interpretation of “match” by allowing only “cash” resources for projects harms the very beneficiaries the Trust Fund is proposed to serve.

This “cash” interpretation is also inconsistent with other State initiatives that rely on documentary stamp tax resources, such as the Site and Building Fund, which notes that matching resources are required but that these resources do not have to be made in cash at the time of an application.

The general consensus from customers throughout the state is that the Department should move forward with a more flexible approach and show commitment to the Trust Fund, affordable housing, and collaboration with housing partners by creating simple policies that provide flexibility in determining matching requirements. Matching resources for any project should to be very broad in scope and resources must have a clear and direct relationship to the project(s) to be funded with Trust Fund resources. The Department should not overly limit the types of funds that could be utilized to enhance project activities.

**Comment #5:** It is important for the State to ensure that a more customer-focused approach to housing applications, and housing application guidelines, are implemented. Prioritizing a 10 year affordability period with 25 additional points in an application is not consistent with the intent of the Trust Fund and needed flexibility. The affordability period should be reduced to 5 years for any NAHTF cycle or initiative and no additional points should be assigned to longer affordability periods. This is a reasonable amount of time, and one that many customers would support.

By awarding additional points for a category, such as 25 additional points for a 10 year affordability period forces applicants to unnecessarily revise the applications in the hopes of being funded. Other initiatives that the State Legislature enacted into law that should have priority, such as Enterprise Zones, etc. receive no additional points or priority, but are simply used as “tie breaks” as was noted by Housing Staff during a application guidelines workforce.

**Comment #6:** The housing program should better coordinate efforts with the community development and economic development programs in order to spread out application cycles throughout the year. Having several applications due in the first few months of the year is overly burdensome and not in the best interests of the customers.

**Comment #7:** The housing program (NAHP) should make better efforts to make their applications more customer friendly as the current applications are overly burdensome. The application requirements are too comprehensive and require a number of unneeded items. For example, a required pre-application and several required exhibits that are not requirements of State programs are being placed in State housing programs. This is unnecessary and burdensome. The NAHP should better simplify their program by working with the public, the Nebraska Commission on Housing and Homelessness, and others in order to simplify applications. Even though some changes to the new applications have been made, they continue to be overly complex, and are inconsistent from section to section of the housing application guidelines.



**Comment #8:** No General Administration is being requested by the Department to administer the Trust Fund for the 2019 Program Year (July 1, 2019 to June 30, 2020). \$600,000 has been stricken in the amendment and those resources are proposed to be used in the Disaster Cycle. This means less administrative resources for an agency that needs to administer the Trust Fund and provide quality technical assistance to organizations, communities, and the public. Please explain to the public how the Department proposes to manage the Trust Fund program without administrative resources.

**Brian Gaskill** <[briangaskill003@gmail.com](mailto:briangaskill003@gmail.com)>

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Comment: A portion of the remaining NAHTF resources that were to be awarded within the new Demonstration Cycle should instead be allocated and used for disaster resources thus ensuring that over \$2.45 million in NAHTF dollars would not be taken from the current Housing Cycle to a new cycle that is yet to be fully identified.

This better, customer focused, strategy would be more appropriate.

**Brian Gaskill** [briangaskill003@gmail.com](mailto:briangaskill003@gmail.com)

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**Comment #1:** Having an open public comment period and application guideline workshops related to housing activities at the same time customers are trying to finalize their housing applications is inappropriate and does not provide the public with a reasonable opportunity to comment and review upcoming application cycles because many customers are busy working on their applications. The Department needs to make better efforts in coordinating with all Housing and Community Development Division programs to ensure guideline workshops and public comment periods are outside the same time frame when other housing applications are due. This is a feasible approach, and one that can be accomplished by working with your customers, such as the Economic Development Districts, nonprofits, and other organizations who are working on housing applications to determine a more appropriate schedule for application due dates. A more customer focused approach would be appreciated.

**Comment #2:** The Department needs to recognize that regional applications are at a disadvantage during housing application cycles, and place an unneeded burden on customers and communities working on these applications because of the unnecessary requirements of an abundance of data and questions. For example, requiring demographic data on a single community may be feasible, but then requiring the same data for multi-county areas provides a burden on customers and also provides overly complicated and unusable information for staff to review the applications.

An improved strategy for improving State funded applications would be to evaluate how other programs, particular business financing programs work with their customers because their applications are generally smaller in size and less complex. The Department needs to realize that it is working with businesses who happen to also work on housing activities. These nonprofit and for profit organizations would all be better served through improvements to the applications and the application cycles. Working with outside organizations, and even evaluating what other State's require for the applications, would be helpful in drafting better, more concise housing applications that do not provide an unnecessary burden on customers.

**Comment #3:** The amount of General Administration (at 8 percent) is not appropriate for projects given the amount of time, resources, and reporting requirements needed for projects. With ever increasing costs for doing business, lowering the percent of General Admin from 10% to 8% is not appropriate. As the Department should realize, increases in overall administration percentages have been a result of customer comments and input over the years. General Admin should be raised to 10 percent or more, and Housing Management should be left at 12 percent. Providing adequate resources to the organizations that carry out housing projects for the State is important for sustainability. Oftentimes organizations have a greater number of expenditures than what the project allows for project administration, and increasing both General Admin and Housing Management would help reduce the burden placed on customers.

**Brian Gaskill** [briangaskill003@gmail.com](mailto:briangaskill003@gmail.com)

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Please accept these as the public comments from the Nebraska Housing Developers Association regarding the proposed Amended 2019 Nebraska Affordable Housing Act Qualified Allocation Plan. The Nebraska Housing Developers Association (NHDA) supports the efforts by the Nebraska Department of Economic Development (the Department) to address the housing needs of those most severely impacted by the March 2019 flooding. Though the final numbers are not known, it is clear thousands of homes across the region were lost or severely damaged by this devastating natural disaster.

The Nebraska Affordable Housing Trust Fund has previously been used to provide housing to disaster impacted areas. While it is not a good tool for emergency relief, it does have great value in the medium and long-term to bring residents and economic development back to areas harmed by natural disasters. We are supportive of this use and we encourage the Department to embrace the program's potential flexibility to ensure that funds are dispersed as broadly and expediently as possible.

One significant area for potential increased flexibility concerns the matching fund requirements.

#### **Matching Requirements**

We suggest that in order to maximize the flexibility of the program and to ensure that the areas which are most in need of housing support are able to utilize the funds, that you reconsider the requirements for matching funds that have been applied in recent years.

The most recent QAP requires "a minimum 10% cash match of the total NAHTF request" of each applicant to be eligible for an award. This goes beyond the statutory requirement for eligibility as well as the Rules and Regulations Concerning the Administration of the Nebraska Affordable Housing Act (Title 86, Nebraska Administrative Code, Chapter 5). While we acknowledge that the language of the statute (Chapter 58, Section 707) is unclear, and the 2017 Legislative Performance Audit Committee came to a different conclusion, the rules and regulations adopted and promulgated by the Department are clear. Matching funds are only required by for-profit applicants.

In this Disaster Recovery Housing Projects funding cycle, we urge the Department to remove matching funds as a threshold requirement for governmental subdivisions, local housing authorities, community action agencies, and community-based or neighborhood-based or

reservation-based nonprofit organizations as defined in the Rules and Regulations Concerning the Administration of the Nebraska Affordable Housing Act 001.01K (a)-(f). The Department should not create greater barriers to applicants than is intended by the statute or required by the rules and regulations.

### **Non-cash Matching Funds**

We suggest that for those projects that do require matching funds (whether you determine that to be all applicants or only for-profit applicants, as we suggested), that the Department accept cash equivalents that are at least equal to 10 percent of the amount of the award.

Again, we do not believe that the QAP should be more restrictive than the statute and the Rules and Regulations require. Nowhere in the Rules and Regulations or the Nebraska Revised Statutes does it state that cash match must be provided. A broader understanding of what may qualify as matching funds could allow projects in deeply flood-damaged areas to put together applications that otherwise would not qualify.

Non-cash match could be expanded while remaining limited to items that are easily given a cash value such as land, sweat equity, down-payment assistance, and bank loans to name only a few examples.

Next, an online, electronic grant submission portal could streamline the application process for both applicants and the Department:

### **Electronic Submission**

We request that DED implement the necessary technical and procedural changes to begin accepting electronic submission of applications and requests for reimbursement. The ability to submit electronic applications and reimbursement requests would reduce administrative burdens and costs for program participants. We acknowledge and appreciate the Department's ongoing commitment to simplify the submission process. We provide this comment simply to show that we support the use of resources to develop and implement an online application portal.

We appreciate the opportunity to submit our public comments. For any questions please contact Matthew Cavanaugh at [matthew@housingdevelopers.org](mailto:matthew@housingdevelopers.org) or 402-435-0315 ext.1.

**Matthew Cavanaugh** | Executive Director  
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MIDWEST HOUSING  
DEVELOPMENT FUND, INC.

April 22, 2019

Evan Clark, Housing Specialist  
Nebraska Department of Economic Development  
Transmitted via Electronic Mail to [evan.clark@nebraska.gov](mailto:evan.clark@nebraska.gov)

RE: Public Comment on the Proposed Amended 2019 Nebraska Affordable Housing Act Qualified Allocation Plan (QAP)

Dear Mr. Clark:

This represents the official comment from the Midwest Housing Development Fund, Inc. ("MHDF") to the Nebraska Department of Economic Development ("DED") on the Amendment to the Plan listed above.

**Disaster Recovery Housing Projects Funding Cycle(s)**

MHDF urges DED to include rental housing rehabilitation, rental housing reconstruction, and all types of housing development that replaces rental housing units in disaster-affected counties as eligible projects for use of the NAHTF Disaster Recovery Housing Projects Funding Cycle. MHDF recommends that DED include public housing agency housing and rental housing that is financed with other public sources as eligible projects. In addition, MHDF encourages DED to not segregate the NAHTF allocations between LIHTC-financed and non-LIHTC-financed developments in the Disaster Recovery Housing Projects Funding Cycle.

MHDF strongly recommends that DED utilize administrative authority to ease access to the NAHTF by not applying some restrictions that are applied to other NAHTF projects. These changes also should reduce the administrative burden and responsibilities for DED. Examples:

DED publishes a single income limit regardless of family size (such as the statewide 120% Area Median Income for a family of four) and uses previous year income tax returns for beneficiary income eligibility documentation.

DED does not impose multi-year affordability restrictions on assisted units.

DED has recipients do a basic internal review of the environmental conditions of a project and self-certify that the project will not adversely effect the environment and the environment will not adversely effect the beneficiaries of the project in lieu of the current environmental review requirements applied to NAHTF projects.

**Administrative Support**

MHDF supported DED's reservation of \$600,000 (an increase of \$50,000 or 9% from 2018 and \$150,000 or 33% from 2017) of NAHTF for State administrative expenses related to the program in the Plan. MHDF is disappointed to see reduction of the funding for State administrative expenses to \$0. MHDF recommends reducing the available funding in the 2019 Disaster Recovery Housing Projects Funding Cycle(s) and Discretionary Funds to restore the full \$600,000 for State administrative costs.

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**Matching Funds**

MHDF recommends that the Department of Economic Development accept cash equivalents that are at least equal to 10 percent of the amount of the award. Neither the Act nor the rules and regulations indicate that the 10% match must be provided in the form of cash. Furthermore, the Act and regulations do not restrict match to only contributions that have no other restrictions or "strings attached". These additional program requirements imposed by DED limit the applicant's ability to attract any manner of resources which can reduce the need for NAHTF and increase local investment in affordable housing. A broader understanding of what may qualify as matching funds could allow many meritorious projects that are rich in resources but do not have sufficient unrestricted cash match to receive funding. Non-cash match could be expanded while remaining limited to items that are easily given a cash value such as land and come in other forms than unrestricted cash such as loans and grants with funder requirements.

Thank you for the opportunity to review and comment on the Amendment. If you have any questions please contact me at (402) 715-5328 or [huskey@mhdinc.com](mailto:huskey@mhdinc.com).

Sincerely,



Lara Huskey  
Executive Vice President

Copies to: Lynn Kohout, DED; Matthew Cavanaugh, Nebraska Housing Developers Association

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