

2022

**NEBRASKA
AFFORDABLE HOUSING
TRUST FUND**

QUALIFIED ALLOCATION PLAN

NEBRASKA DEPARTMENT OF
ECONOMIC DEVELOPMENT
EFFECTIVE JULY 1, 2022 - JUNE 30, 2023
(2022 PROGRAM YEAR)

NEBRASKA

Good Life. Great Opportunity.

DEPT. OF ECONOMIC DEVELOPMENT

NAHTF 2022 QAP



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Introduction

The Nebraska Affordable Housing Trust Fund (NAHTF) was established by the Nebraska Affordable Housing Act (Neb. Rev. Stat. §§58-701 through 58-711) in 1996. 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 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 has developed the 2022 QAP with significant input gathered through *Blueprint Nebraska*, which included participation from businesses, communities, statewide housing partners, developers, nonprofit organizations, public agencies, community action agencies, development districts, and public housing authorities, along with two (2) Focus Group meetings in October 2021 with customers of the DED and public comment from the 30 day public comment period.

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 2020-2024 Consolidated Plan and Annual Action Plan for the Community Development Block Grant (CDBG), HOME Investment Partnerships Fund (HOME), National Housing Trust Fund (HTF), Emergency Solutions Grants (ESG), and Housing Opportunities for Persons with AIDS (HOPWA) with other statewide strategic planning initiatives that involve affordable housing, homelessness, and other housing issues.

DED provides an update of the NAHTF program and receives input at each quarterly NCHH meeting. Changes and recommendations for the 2022 program year were specifically discussed at the September 15, 2021, NCHH Commission quarterly meeting. In addition, a detailed presentation outlining the proposed 2022 QAP was presented at the November 17, 2021, NCHH Commission meeting.

Public Comment Process

The QAP for 2022 was submitted for a 30-day public comment period began on November 29, 2021. The public comment period concluded on December 30, 2021. All written comments submitted to DED during the public comment period were taken into consideration while completing the final 2022 NAHTF QAP. All written comments were submitted to the Department by 6 pm (Central Time) on December 30, 2021 to DED.2022NAHTFQAPPublicComment@nebraska.gov. All public comments received by the Department are included as Attachment 3 to this document.

Housing 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 housing, across the state and across the spectrum of incomes and housing types, continues to be a major concern among area businesses, community leaders, developers, nonprofit organizations, and members of the public. It is well known that safe, adequate, available, and affordable housing is crucial to the viability of communities and businesses, influencing their ability to recruit workers, grow the population, retain residents and pursue economic development opportunities.

During 2018 and 2019, *Blueprint Nebraska*, a diverse statewide partnership, gathered feedback, opinions and ideas through surveys, a steering committee and 16 Industry Councils. DED staff participated in the *Blueprint Nebraska* efforts and served on several of the Industry Councils including the Community Vitality Council and the Housing Council. Housing needs were identified in nearly all of the Councils. Lack of housing and housing options is limiting the ability of businesses and communities to grow. *Blueprint Nebraska* identified fifteen initiatives overall. The Housing Initiative, **Build 30,000 to 50,000 achievable, livable housing units by 2030** is an aggressive but necessary goal.

As a result of the devastating flooding in the state in 2019, eighty-four of Nebraska's ninety-three counties have disaster impacts. Disaster Recovery efforts are a priority for the state in 2022. Disaster Recovery Housing projects are determined to be of critical importance.

The Nebraska Affordable Housing Trust Fund is a resource with a major role in achieving this goal and enabling communities and businesses to address their housing needs. Priorities for the 2022 NAHTF program include:

- New affordable housing units for homebuyers,
- New affordable rental housing units,
- Preservation and rehabilitation of housing units, and
- Increasing homeownership opportunities.

Nebraska's 2020-2024 Consolidated Plan for Housing and Urban Development (HUD) federal programs was finalized in June 2020. Housing continues to be a priority need for federal programs overseen by DED. NAHTF goals and priorities are integrated into the 2020-2024 Consolidated Plan.

Allocation of Funds

DED anticipates a 2022 NAHTF program year allocation of \$12,750,000 for NAHTF activities, also known as government aid, all of which will be made available for distribution throughout the State for NAHTF-eligible activities. State Administration costs are estimated to be \$844,000 and are not reflected in the aid allocation.

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 (<https://www.census.gov/mycd/> or refer to Attachment 1).

The following table outlines the proposed distribution of NAHTF funds for the 2022 program year:

Estimated NAHTF Government Aid Allocation		NAHTF Activities
\$11,475,000	Housing Funding Cycle(s) – 90% of Allocation Subject to Congressional District Distribution	
	\$11,355,000	Housing Projects
	\$120,000	Nonprofit Technical Assistance
\$ 1,275,000	Discretionary Funds - 10% of Allocation	
\$12,750,000	Projected NAHTF Total Aid Allocation	

DED anticipates awarding 90%, or 11,475,000 of the expected allocation of \$12,750,000 through the Housing Funding Cycle(s). This will result in \$3,825,000 available to each congressional district for the 2022 program year. Generally, DED will award applications that meet all threshold requirements and rank highest within their congressional district, pending the amount of funding available for that district per cycle.

The remaining 10%, or \$1,275,000 are discretionary funds, have no restriction with regard to congressional district distribution and can be used at the discretion of the Department. The Department intends to use up to \$1,000,000 in discretionary funds in conjunction with the 2023 joint application with the Nebraska Investment Finance Authority 9% Low-Income Housing Tax Credit program, with a maximum project award of \$500,000. These awards will only be invested in projects where federal procedural restrictions are a barrier to providing DED federal funding to an otherwise financially feasible, quality project, determined at the sole discretion of the Department.

Funding Cycles and Limitations

NAHTF funding will be utilized in the annual competitive housing application cycle (i.e., funding cycle) that will include:

- Housing Projects
- Nonprofit Technical Assistance, one in each Congressional District

The 2022 maximum NAHTF award is \$500,000 in project costs (excludes General Administration, Housing Management, and Lead-Based Paint) for any Housing Project application in the annual cycle(s). In addition, applicants will be eligible to request up to 8% in project costs of General Administration not to exceed \$20,000 and up to 12% of project costs in Housing Management not to exceed \$5,000 per NAHTF-assisted unit.

The maximum Nonprofit Technical Assistance award is \$40,000 over a two-year period. General Administration and Housing Management are not an eligible expense for Nonprofit Technical Assistance applications.

DED reserves the right to fund or not fund applications, to exceed the maximums, to adjust award amounts and allocations among the categories to allow for flexibility to ensure congressional district distribution requirements, organizational capacity, urgent housing needs, or other geographic considerations. Any NAHTF funds remaining from the annual funding cycle or any additional funds may be used, at DED's discretion, to increase any of the above-mentioned activities or in an additional funding cycle, such as a demonstration program, when determined necessary.

Application Process Summary

Preliminary applications (pre-applications) are required prior to the funding cycle application. This requirement provides DED the ability to offer technical assistance to applicants and to adequately plan for application processing and scoring. A pre-application workshop and open office hours will be offered and recommended to prospective applicants for the Housing Funding Cycle. Technical assistance is also available from DED housing program representatives upon request (Attachment 2). The **2022 NAHTF pre-applications will be submitted electronically via AmpliFund**, an electronic management software system. Pre-applications must be submitted to DED electronically on or before the specified due date of March 3, 2022 by 6:00 pm (Central Time). **No hard copy pre-applications will be accepted.**

Application Guidelines are posted on the DED website prior to the funding cycle(s). The Application Guidelines include detailed program information, application instructions, and answers to common application-related questions. Guidelines and instructions for the use of the electronic database, AmpliFund, will also be available. Application workshops and open office hours will be offered, and participation is strongly recommended. The workshop will include an overview of program changes; a review of the application process; application-related Q&A; scoring criteria review; and application writing guidance. The workshop and open office hours will 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 (Attachment 2) while planning and preparing an application. The **2022 NAHTF applications will be submitted electronically via AmpliFund**, an electronic management software system. Applications must be submitted to DED electronically on or before the specified due date of May 5, 2022 by 6:00 pm (Central Time). **No hard copy applications will be accepted.**

DED processes all applications, conducts a threshold review and a competitive scoring process. Clarifying information may be requested of applicants. When providing clarifying information applications may not be changed and/or altered. Upon completion of scoring, award decisions are made. All applicants will receive letters of selection or non-selection, or other communication.

2022 NAHTF ANTICIPATED TIMELINE	
<u>Anticipated Date</u>	<u>Action</u>
Wednesday, November 17, 2021	NCHH Quarterly Meeting to Review Proposed 2022 QAP
Monday, November 29, 2021	Proposed QAP Posted & Open Public Comment Period for QAP Begins
Thursday, December 30, 2021	QAP Public Comment Period Ends
Thursday, February 3, 2022	Final QAP Posted
Thursday, February 3, 2022	2022 NAHTF Application Guidelines Posted
Friday, February 11, 2022	2022 NAHTF Pre-Application Workshop (pre-recorded workshop made available)
Thursday, February 22, 2022	Open Office Hours for Pre-Application via WebEx
Thursday, March 3, 2022 (by 6 pm Central Time)	2022 NAHTF Pre-Applications Due
Friday, March 11, 2022	2022 NAHTF Application Workshop (pre-recorded workshop made available)
March 15 (morning), March 16 (afternoon), March 22 (morning) and March 24 (afternoon), 2022	Open Office Hours for Application via WebEx
Friday, March 18, 2022	Site Review Forms Due for All New Construction, Rental Rehabilitation and Rental Conversion Projects (Where Sites Have Been Identified)
Thursday, March 31, 2022	Final Rental Budgets and Proformas Due
Thursday, May 5, 2022 (by 6 pm Central Time)	2022 NAHTF Applications Due

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 applicant organizations are eligible for NAHTF funds. The eligible applicant organization must be the applicant for the NAHTF funds.

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;
 - For the 2021 program year, Disaster Recovery Housing Projects (must be included in DR-4420) and projects resulting in new units are determined to be of critical importance and are included in the Housing Projects Funding Cycle.
- Infrastructure projects necessary for the development of affordable housing (support activity implemented in conjunction with the development of affordable housing units 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 units 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; and,
- Weatherization and solar or other energy improvements to make utilities for housing more affordable.

Matching Requirements

There is no match requirement for NAHTF Housing Projects or Nonprofit Technical Assistance applications. However, points will be awarded for cash match committed to NAHTF Housing Projects. Applicants providing cash match recognize that only project related costs incurred by the applicant are eligible. All cash match must be expended by the DED recipient during the contract period and must be expended in proportion to the amount of NAHTF project costs drawn per line item in the contract budget with the Department. Cash match points will not be awarded for general administration, housing management, lead-based paint and/or project related soft costs.

Leverage

NAHTF resources are not intended to fund entire projects. Project financing beyond the NAHTF funds, as well as any cash match, are considered leverage. Other project financing may include owner equity, bank financing, private investment, or other public funds. Homeowner mortgages and rental payments are not considered project financing, therefore are not leveraged funds. NAHTF projects that leverage other funds are capable of providing more housing opportunities and economic growth in the community.

Selection Criteria and Process

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. State resources are limited and there is an increasing demand for NAHTF award distribution, therefore cash match, leveraging other funds, and demonstrating repayment and/or efficient and timely use of NAHTF resources are priority objectives.

NAHTF applications will be reviewed and competitively scored using the following scoring methodology:

SELECTION CRITERIA FOR HOUSING PROJECTS	
Criteria	Points Possible
Project Design	100
Need and Impact	100
Project Financing	100
Capacity and Collaboration	100
Disaster Recovery DR-4420 (must be reflected in narratives)	10
Affordability Period <ul style="list-style-type: none"> • 5 years = 0 points • 6 years = 5 points • 7 years = 10 points • 8 years = 15 points • 9 years = 20 points • 10+ years = 25 points 	25
New Units Created (1 unit = 5 points, not to exceed 25 points)	25
Matching Funds [$\text{Match} \div \text{Total NAHTF Award (Project Costs)}] \times 100 \times .5$ *(Department will round up to nearest whole number for Matching Funds Points)	50
Total Possible Points	510

SELECTION CRITERIA FOR NONPROFIT TECHNICAL ASSISTANCE	
Criteria	Points Possible
Performance Plan (Goals and Work Plan)	200
Impact on Housing Production	100
Sustainability	100
Organizational and Financial Management	100
Total Possible Points	500

In addition to the above scoring criteria, the NAHTF program legislation includes the following First Priorities:

- Serves the lowest income occupant
- Serves qualified occupants for the longest period of time
- Projects located wholly or in part within a designated Enterprise Zone, pursuant to the Enterprise Zone Act, Nebraska Revised Statutes §13-2101 through §13-2112
- Projects located in a designated Opportunity Zone, pursuant to the Federal Tax Cuts and Jobs Act, Public Law 115-97
- Projects located wholly or in part within an area that has been declared an Extremely Blighted Area under Nebraska Revised Statutes §18-2101.02

Projects being considered as first priority must meet threshold, minimum scoring criteria, be financially viable and applicants must demonstrate capacity.

Additionally, applicants with current DED NAHTF Housing awards must meet the milestones outlined in the table below by the due date of the pre-application (March 3, 2022). If these milestones are not met by March 3, 2022 the applicant must provide a detailed plan with their pre-application outlining how previous NAHTF housing awards will be in compliance with the milestones by the date of full application (May 5, 2022). DED will consult with applicants on a case-by-case basis if necessary. Applicants not meeting the milestones outlined in the table below by May 5, 2022 will not be eligible for funding in the 2022 NAHTF application cycle.

NAHTF Program Year	Milestone
2017 and earlier	100% of funds drawn
2018	90% of funds drawn
2019	60% of funds drawn
2020	30% of fund drawn
2021	Must have achieved Release of Funds by May 5, 2022

Amendments

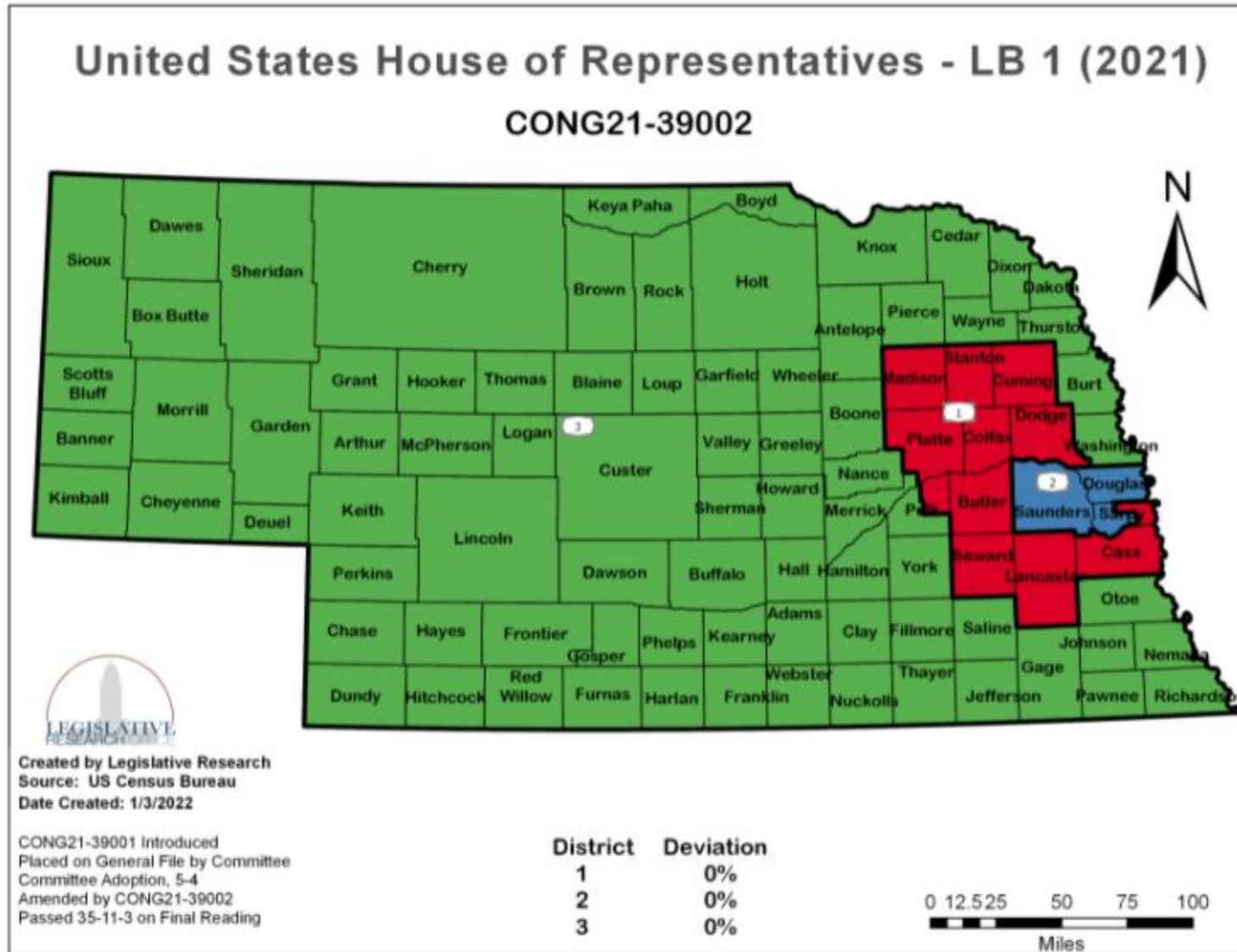
DED reserves the right to make changes to the Nebraska Affordable Housing Trust Fund QAP and any applicable amendments at its discretion. If DED determines it is necessary to amend the QAP, the proposed amendment will be submitted to the DED Director for review and approval. If approved, a press release will be issued and the proposed amendment will be made available on the DED website (opportunity.nebraska.gov) for a 14-day public 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.

Housing Contact Information

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 Nebraska Dept. of Economic Development
 301 Centennial Mall South
 PO Box 94666, Lincoln, NE 68509-4666
 (402) 440-2599 or (800) 426-6505
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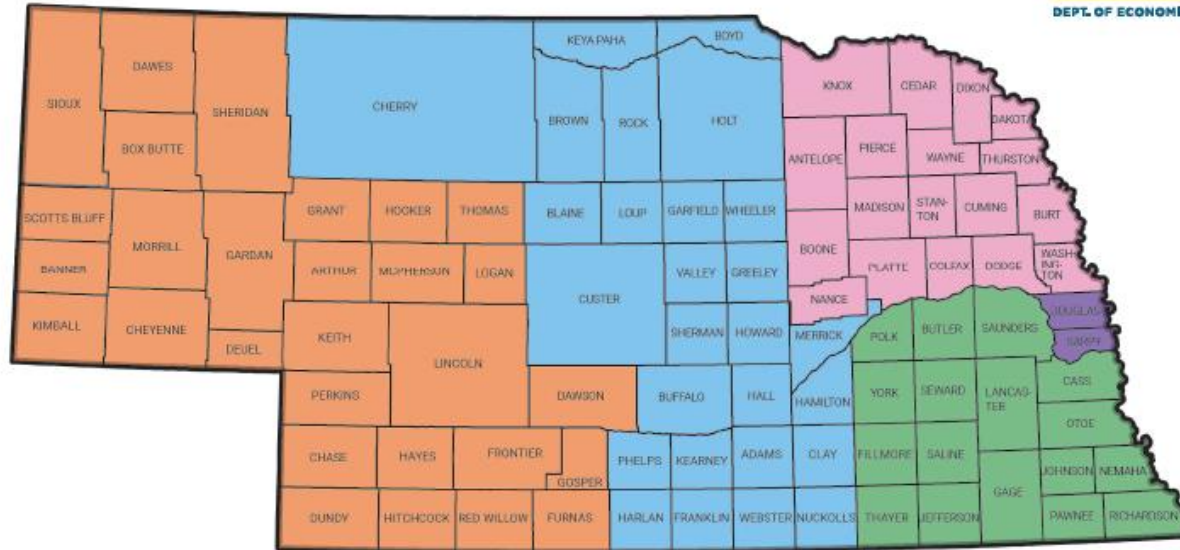
Barb Pierce, Housing Specialist – NAHTF & CDBG
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Attachment 1 – Nebraska U.S. House of Representatives Congressional Districts



Attachment 2 – NDED Housing Program Representative Map

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



Director of Housing
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 402-440-2599
 lynn.kohout@nebraska.gov

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Central
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Northeast
 Christine Rasmussen
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Attachment 3 – Public Comments

I want to lend my formal support for using NAHTF funds for GAP financing in LIHTC projects not able to use Federal sources. This provision should be used in very limited circumstances where DED agrees that regulations imposed by Federal gap funding sources will not work and threaten the viability of an otherwise worthy project. This determination needs to be made prior to application so should be part of the site review process.

Thank you, Kathy

Kathryn L. Mesner

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QAP Comments

Rita Horse <rita@highplainscdc.com>

Wed 12/29/2021 10:53 PM

To: DED 2022 NAHTFQAP Public Comment <DED.2022NAHTFQAPPublicComment@nebraska.gov>

Thank you for allowing High Plains CDC to make a public comment on the Nebraska Affordable Housing Trust Fund 2022 QAP.

We appreciate NDED holding focus group meetings in 2021. These group meetings held in previous years have been very helpful as they have allowed for some interaction with members of the NAHTF housing team. The focus group meetings provide an opportunity for applicants and grantees to address concerns to be voiced and discussed among the attendees.

We would like to see NDED hold a web ex public hearing in conjunction with the release of the QAP to provide another opportunity for additional discussion.

High Plains has really appreciated the web ex or zoom pre-application and application workshops as we have found these to be very helpful and informative. We also appreciate having multiple workshops in case we are unable to attend if there is only one or two available. This is a tremendous savings for us and other applicants who would otherwise have significant travel expense to attend a workshop.

High Plains CDC is strongly in favor of the \$500,000 maximum in project hard costs. These funds help to address the need for housing across the entire state. We feel by limiting the maximum to \$500,000, it allows more agencies to be able to access funds to continue to do housing projects in other areas of the state.

As far as Match is concerned, High Plains would like to see Match be used as a percentage of the grant used. For instance-in the past, High Plains has received Match funds from Nebraska Housing Developers Assn. to be used for down payment assistance for homes being developed and sold by High Plains. It is impossible to use the Match before doing a drawdown because the home has not been completed and the potential homeowner has not closed on the loan. It is not financially feasible for an agency such as High Plains to wait to do a drawdown until both homes are completed and sold to be able to do a drawdown because Match was required to be used before submitting a drawdown.

In our opinion, General Administration and Housing Management costs exist in every project. We would like to see the General Administrative costs to be allocated as outlined in the grant application milestones and performance plan. There are some general administrative costs that should be paid after Notice of Award during the contract Release of Funds phase as there are definitely costs occurring during this time. High Plains' opinion is that the General Admin funds should then be paid periodically throughout the grant as the housing project progresses.

Housing Management funds are not automatically the same for all grants and should not be automatically allocated the same percentage. Grants that are managed in a remote location, miles from the Housing Managers office, grants that are regional in nature or grants that help a larger number of Nebraskans have a need for additional Housing Management costs. For instance, High Plains has provided closing cost assistance to first time homebuyers across 5 different counties for over 20 years and overseeing this program by management is much more time consuming than when High Plains has done two new construction homes in the same town. For this reason, we feel that the Housing Management funds should be allocated based on cost and/or number of units to be completed.

There are significant regions of Nebraska that are not currently served with any NDED grants. NAHTF housing assistance grants could be utilized to serve these un-served Nebraskans if there were adequate Housing Management funds available to pay for the cost of providing housing assistance to the more remote areas of the state. In the past, High Plains had received a Federally funded grant from HUD to provide education and outreach concerning fair housing in these underserved areas of Nebraska.

In the past, High Plains has not participated in an OOR project, but we feel that there are adequate funds for OOR projects through CDBG funds. We are concerned that if NDED would increase the OOR

limit to \$45,000, then every OOR project would apply for NAHTF rather than CDBG funds which would limit the amount of funds available for new construction or small rental projects. Before NDED increases the OOR limit for NAHTF, we would like to see some research completed on actual costs for completing an OOR home. Perhaps NDED should require USDA and/or weatherization match funds to help complete OOR on homes that exceed the \$25,000 limit. Another suggestion would be to require homeowners between 100% and 120% AMI to be required to utilize weatherization of another loan product to complete any rehab necessary over the \$25,000 limit.

High Plains has felt for the last year that the Disaster Recovery points should be eliminated or reduced from 50 to 10 points. Not all areas of the state are in a disaster area and are unable to receive these points.

In addition, High Plains would like to see the points for new construction to be reduced and to see there are points available for preservation of units for PRR, OOR and DPA with rehab. There is a need across rural Nebraska to save existing housing units using DPA with a bank or seller financed rehab. OOR and PRR are just as important to keep our existing housing stock viable as new construction homes are getting very expensive to build. For this reason, High Plains would like to see the points for new construction reduced.

We also feel that the larger communities such as Lincoln, Grand Island, etc. should have to meet the same percentages as the smaller communities such as Alliance or Chadron. For instance, in a small community such as Alliance, doing two homes is a big deal whereas in Lincoln that is probably equal to them doing about 10-15 homes. We feel that if this was based on a percentage rather than an amount, this would make the points more equal.

We understand the need for milestones and the requirement to see that NAHTF funds are spent and the balance go down to reflect that these funds are being used to address housing needs. We agree that this milestone should be a requirement used for all funding sources, including HOME, NHTF, NAHTF and CDBG. We realize that HOME and NHTF grants are awarded later in the year but they would only need to meet the executed contract requirement. We feel that there should be a percentage of milestones that should apply to both the grantee and the administrator/housing manager. If a general administrator or housing manager has a project that hasn't met the drawdown milestones, that needs to be included in the review. Older projects on previously awarded funds need to be completed and expended before new grants are started.

Finally, we are not in favor of reducing the 2022 NAHTF application funds by \$1,000,000. In the past, if there were competitive applications in any of the 3 congressional districts that exceeded the threshold and were considered viable projects but didn't score high enough to receive funding from their congressional district set-aside, then those projects could receive funding from the 10% discretionary funds. Projects that received funds from the 10% discretionary allocation were required to have completed the annual pre-application, the full application, met the NAHTF annual threshold and had been scored competitively. Will the proposed NDED NAHTF/LIHTC applicants be required to meet the 2022 NAHTF application requirements and be scored competitively using the same 2022 NAHTF application? The QAP information states that these proposed NAHTF/LIHTC projects only have to be a financially feasible, quality project determined by the sole discretion of the Department. We are concerned that other 2022 NAHTF competitively applications that are also financially feasible, quality projects will not be funded due to this additional set-aside for the NIFA LIHTC process. If through the public comment process, NDED determines that additional NDED funds are required to be allocated to the LIHTC tax credit process, we would prefer to see the additional allocation of NDED NAHTF to the NIFA LIHTC projects to be taken from the 30% congressional district allocation.

Once again, thank you very much for the opportunity to make our comments.

Rita Horse,
Executive Director
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HOPPE

DEVELOPMENT

December 30, 2021

Nebraska Department of Economic Development
c/o Lynn Kohout
301 Centennial Mall South
Lincoln, NE 68508

**RE: 2022 NAHTF QUALIFIED ALLOCATION PLAN
COMMENTS & FEEDBACK**

Dear Lynn –

Thank you for the opportunity to comment on the 2022 Nebraska Affordable Housing Trust Fund (NAHTF) Qualified Allocation Plan (QAP). We appreciate the Department's efforts to prioritize the significant need for housing across the State and among a multitude of incomes and housing types.

There is much to applaud in this QAP, which we believe strengthens the affordable housing program and statewide housing stock. Additionally, we believe there are areas of concern, items of clarification, and suggestions for improvement. Specifically, we believe the following measures will create a much stronger, diverse, and quality statewide housing inventory.

- **Allocation of Funds:** An increase of estimated NAHTF allocation is an encouraging sign, especially for additional projects to be awarded. The increased competitiveness and limited resources can create numerous challenges for our statewide housing stock, we would encourage the Department and additional partners to continue to research opportunities to increase funding for DED housing programs.
- **\$1,000,000 Discretionary Funds:** We support the change to allow up to \$1,000,000 of discretionary funds to be used in conjunction with the 2023 joint application with the Nebraska Investment Finance Authority 9% Low-Income Housing Tax Credit program. The ability to utilize less burdensome funding as a gap finance will assist in the development of quality projects without the barriers of Federal restrictions. We seek clarity to better understand the criteria used for these joint applications.
 - What criteria will be used for these joint applications?
 - What are the timing requirements?
 - What criteria will be used to determine whether the Department will fund an additional NAHTF application or a 9% joint LIHTC application with discretionary funding?

- **Funding Cycles and Limitations:** We would encourage the Department to consider increasing the maximum NAHTF award of \$500,000 to \$750,000. This increase could provide the opportunity for potential projects that have not historically been awarded to apply. Additionally, the continued rise in construction costs and volatility of the industry have changed what can historically be accomplished by previous award amounts. Another option would be to reinstate the suggested maximum and set a hard maximum award at \$750,000. This option could provide the flexibility for projects to apply for their specific need and the Department could analyze on case-by-case basis. The \$5,000 per unit cap for Housing Management is a great change. A question of clarity would be if General Administration is a per unit cap as well and if documentation will still be required for both items. An item to consider is the amount of time and work put into documentation of both General Administration and Housing Management. A simplified approach would be a welcomed change.
- **Application Process Summary:** We support the 2022 NAHTF QAP timeline and process. The application workshop, open office hours, and continued DED housing program representative support are well appreciated and helpful. A suggestion for improvement would be to include a draft of the Application Guidelines sooner in the process. This information would allow prospective applicants, application preparers, developers, and housing organizations to better prepare and develop potential projects based on the application structure, questions, and requirements.
- **Eligible Applicants:** We would be supportive of the Department's consideration to allow for-profit organizations to apply directly for NAHTF funding. This opportunity could bring new ideas and development projects not currently utilized by the funding.
- **Eligible Activities:** We strongly support the Department's recognition that Disaster Recovery Housing Projects and projects resulting in new units are to be of critical importance. While DR-4420 occurred nearly three (3) years ago, the communities, businesses, families, and individuals impacted continue to be faced with difficulties in their recovery. The continued dedication to prioritize these recovery efforts by the Department is exemplary.
- **Matching Requirements:** We recognize the difficulties of ensuring any cash match points are awarded consistently for all projects; however, blanket rules can create difficulties with the implementation and success of projects if there are multiple activities, funding, and partners involved in the project. We would encourage the Department to allow for more flexibility in the timing, organization, and activity expenditure of cash match based on a case-by-case analysis of projects. The cash match commitment form utilized during the 2021 NAHTF funding cycle could be further strengthened to define who, what, when, and how the cash match will be used in the project and the award contract can further define that commitment. An understanding or attestation by the applicant, developer, builder, or other project partner to that commitment would provide the Department assurance that the cash match will be used as defined by the application and allow consistency to award points.
- **Leverage:** We support the Department's stance that NAHTF resources are not intended to fund entire projects and that projects leveraging additional funds can provide more opportunities and economic growth. We would encourage the Department to also consider how projects are leveraging NAHTF funds in projects and maximizing the use of NAHTF resources throughout a project. We believe the Department should find ways to incentivize projects to maximize the use of NAHTF funding by creating the most units, for the least amount of NAHTF funding. Projects that are able to utilize NAHTF funds sooner in implementation can stretch the funding further and create more opportunities through a multitude of uses. This will also create an opportunity for more units or larger scale projects to be developed for less, truly providing more bang for the buck of the taxpayer's dollar.

- **Selection Criteria and Process:** We support the proposed criteria for selection of housing projects; however, we would encourage the Department to continue to work toward a more evenly balance of objective and subjective point system. Project design, need and impact, project financing, and capacity and collaboration are very important metrics to determine the quality of a project, but it would be beneficial to include more straight forward approaches to determining these criteria. This approach would allow for more quality projects to be assessed rather than quality writing. A suggestion could be to reduce the number of points eligible for narrative sections and including specific goals or items the Department desires to incentivize in projects.

The following items are for consideration:

- Program guidelines
 - Architectural, engineering, and site plans
 - Building Design or Green Standards
 - NAHTF subsidy per unit, per square foot, or percentage of NAHTF to Total Development Costs
 - Leveraged funds
 - Site Identified and/or under control
- **Selection Criteria and Process (continued):** We would encourage the Department to increase the 5 unit maximum for New Units Created points. The 5 unit maximum can have an inadvertent impact on leverage and the incentive to create maximum housing for less NAHTF funding. Additionally, 3 years removed from DR-4420 makes it difficult to firsthand assist those impacted by the disaster as many have already moved on or already received funds. During a CDBG-DR stakeholder meeting, a consultants commented that making a priority for those impacted by the disaster and elaborating how it will benefit the community wholistically is a reasonable approach at this point. We would encourage the Department to allow more innovation and flexibility in the usage of DR points and priorities.
 - **Milestone Requirements:** We would encourage the Department to have flexibility with potential applicants impacted by this milestone requirement. Construction, material, and labor delays have impacted many projects as well as rising costs. These unforeseen impacts should not negatively affect potential applicants. The Department should make careful consideration prior to declaring applicants not eligible for funding.

Additional Comments

- The continued effort by the Department to engage and work with grantees, non-profits, developers, state partner organizations, and additional stakeholders is duly recognized. These efforts will continue to build strong relationships and ensure the success of the NAHTF and DED programs.
- The recent removal of the National Environmental Protection Act – Environmental Review Records is a great success by the Department. We would continue to support the Department in efforts to streamline and simplify the NAHTF program by cutting unnecessary red tape.
- We would encourage the Department to remain innovative and flexible in their administration of the NAHTF program. The Department considers its role in NAHTF projects as an investor and partner. For NAHTF funded projects with site improvements, infrastructure, or acquisition, we would encourage the Department to disperse NAHTF funding when needed, rather than waiting until units have been sold. Cash flow and timing of funding distribution are imperative to the success of projects. Funding delays and additional hold ups can create numerous obstacles that

may prevent a quality project seeing success. By leveraging NAHTF funds in projects and employing the funds earlier, it can maximize the taxpayers' dollars and stretch the funding further.

- We would support the Department in continued training and learning opportunities. Connecting current NAHTF grantees to potential applicants is a great step to continue addressing the housing shortage our State faces. This shared knowledge and expertise is an essential training tool for many organizations.

Thank you for your consideration.

Sincerely,

Hoppe Development



Affordable Housing Builds Strong Communities

December 28, 2021

From: Amber Marker, Executive Director

To: DED.2022NAHTFQAPPublicComment@nebraska.gov

Nebraska Department of Economic Development (DED)

Nebraska Affordable Housing Trust Fund administrator

Please see below for the Nebraska Housing Developers Association public comments concerning the Proposed 2021 Nebraska Affordable Housing Trust Fund Qualified Allocation Plan (QAP).

NHDA's Public Comments

Public Comment Process

NHDA commends DED for conducting and being responsive to the 2022 NAHTF QAP Focus Group input sessions. We encourage DED to continue this practice in future years.

Allocation of Funds

The proposed increase of available funds in the 2022 NAHTF QAP as compared to the 2021 NAHTF QAP is much needed given the sharp increase in construction costs and supply chain pressures that are occurring in our industry. NHDA supports the distribution table as presented in the Proposed 2021 NAHTF QAP.

Funding Cycles and Limitations

The NHDA Policy Committee had a robust discussion about the proposed maximum NAHTF award of \$500,000 in project/hard costs. We support the definitive maximum amount to guide applicants in submitting feasible project requests. Some members in the committee discussion suggested an increase of the maximum award to \$625,000 based on the 21% increase in construction costs and similar increase in the NAHTF amount available in 2021. Others suggested a maximum award of \$750,000 to right-size awards to actual funding needs for development projects that typically can not be scaled down for a lesser award amount. Other members were supportive of the \$500,000 maximum to allow for more potential projects to be funded within each of the Congressional Districts. NHDA members did not reach a consensus on the maximum award recommendation, instead we are sharing these points of discussion for your consideration as you finalize the 2022 NAHTF QAP.

NHDA supports the maximum percentages to be applied to General Administration and Housing Management eligible costs that is in addition to the project/hard costs maximum award.



Application Process Summary

Because pre-applications are required, NHDA requests the DED provide a list in a timely manner to all organizations submitting a pre-application. This list should include pre-applicant names, Congressional District selection, pre-application award amount request, and pre-application award type. This will add more value to the pre-application by allowing organizations to identify opportunities for collaboration, coordination and prioritizing use of internal resources prior to development of the final application. If DED is not willing to provide such a list, perhaps you would consider adding a place on the preliminary application form for pre-applicants to give consent to be included on a list of pre-applications that is shared.

NHDA commends DED on using an electronic application submission process.

Selection Criteria and Process

The NHDA Policy Committee appreciates the insights from DED staff during our recent call regarding the previous award expenditure thresholds. We understand the pressure on NAHTF cash balance management and the vulnerability to fund transfers. NHDA asks that DED further consider these two factors before finalizing expenditure thresholds for the 2022 NAHTF QAP: (1) whether these specific thresholds are sensitive to the supply delays that caused project delays in 2020 and 2021 and (2) whether it is necessary to apply these expenditure thresholds to other funding sources (CDBG, HOME and HTF).

Conclusion

DED's openness to suggestions for improvements and changes to the NAHTF annual QAP is apparent in this year's process and draft product. NHDA is appreciative of this approach and looks forward to strengthening the relationship between our organizations in 2022.

Thank you,

Amber Marker

Amber Marker
Executive Director
Nebraska Housing Developers Association
3883 Normal Blvd, Suite #102
Lincoln, NE 68506



December 14, 2021

Nebraska Department of Economic Development
Lynn Kohout, Director of Housing
301 Centennial Mall South
PO Box 94666
Lincoln, NE 68509-4666

RE: 2022 Proposed NAHTF QAP Public Comments

Lynn,

On behalf of Board of Directors and Staff of NeighborWorks Northeast Nebraska we are providing written comments on the Proposed 2022 Proposed NAHTF QAP.

Funding Cycles and Limitations (Page 5 & 6)

Second paragraph:

We support the department to establish a set maximum award rather than a suggested maximum. We support the maximum amount to be \$650,000 in project/hard costs (excludes General Administration and Housing Management). The reasons we support the increase of the maximum from \$500,000 to \$650,000 are as follows:

- Fiscal Year 2021 there was approximately \$2.5 million remaining after awards.
- Fewer applicants in 2021.
- Construction/Rehabilitation costs have increased approximately 20%.

Second paragraph, second sentence:

“In addition, applicants will be eligible to request up to 8% ~~in~~ of project/hard costs in General Administration not to exceed \$20,000 and 12% ~~in~~ of project/hard costs.....”

Third paragraph:

DED reserves the right to fund applications, to exceed the maximums,

What criteria would be used to exceed the established maximum as stated earlier in this section?

2022 NAHTF Anticipated Timeline Chart (Page 7)

As a current Commissioner of NCHH, Roger Nadrchal appreciated the department providing the Proposed 2022 QAP prior to the Public Comment period.

Matching Requirements (Page 8)

We appreciate the change of the process to draw down the funds when matching funds are included in the NAHTF Housing Project; “all cash match must be incurred and expended during the contract period proportionate to the NAHTF costs.”

Selection Criteria and Process

(Page 9)

Chart:

We support the reduction of points to be awarded for Disaster Recovery DR-440.

(Page 10)

Third paragraph:

We strongly feel that the milestones should pertain to NAHTF outstanding awards only. There is a huge difference between the various funding sources and the type of housing projects they support; NAHTF, CDBG, HOME, and/or HTF, therefore, each funding source should have its own milestones established pertinent to that source, not co-mingle them. The NAHTF is supposed to be the most flexible, why add further barriers to apply for the funds?

Closing Comments

The Board of Directors and Staff at NeighborWorks Northeast Nebraska want to highly encourage NDED to take all these suggestions into consideration to make these changes.

Sincerely,

NeighborWorks Northeast Nebraska



Brian Christensen, Board President
(President, Columbus United Federal Credit Union)



Roger D. Nadrchal, CEO

Board of Directors

- Mitchell Schultze, Vice President
- Brian Bywater, Treasurer
- Rona Weich, Secretary
- Rick Chochon
- Jose Garcia
- Nancy Hopp
- Dan Poppe
- Sandy Wolfe

Staff

- Quelbin Izaguirre, COO
- Karen Eisenbraun, CFO
- Mitch Borst, Housing Manager
- Rena Beran, Housing Manager
- Shay Bakenhus, Program Coordinator
- Morgan Douppnik, Administrative Professional



Nebraska Department of Economic Development
PO Box 94666
Lincoln, NE 68509

December 21, 2021

In Response to the 2022 NAHTF Qualified Allocation Plan:

As an organization that is well-versed in the Nebraska Affordable Housing Trust Fund program, Southeast Nebraska Development District (SEND D) thanks the Department for the opportunity to provide comments regarding the upcoming 2022 grant cycle. Thanks to the trust NDED has placed in our organization to manage these programs effectively and efficiently the NAHTF has tremendously benefitted hundreds of lower-income families throughout our 16-county service area. We look forward to each new grant cycle and the unique proposals brought forth from our member communities and counties.

SEND D has recently made strides in diversifying our housing program portfolio and we continue to strengthen our management practices of the Owner-Occupied Rehabilitation (OOR) programs, which are our most well-versed (and popular) area of concentration. SEND D has a long history of managing OOR programs and working with the NAHTF. Experience gained from administering these programs has provided the basis for our comments regarding the 2022 NAHTF Qualified Action Plan.

As a result of the ongoing COVID-19 pandemic, construction labor and material shortages remain a persistent problem nationwide. Southeast Nebraska is no exception and has been heavily impacted by these deficiencies, which have contributed to the overall cost increase in both labor and materials necessary to complete the work needed for the OOR program. We respectfully suggest that the Department consider raising the maximum per unit subsidy from \$24,999 to \$45,000 to help offset the inescapable inflation.

Recently, SEND D's Housing Specialists have noted a marked difference between the amount and quality of work that is able to be completed on each participating OOR home, which is directly correlated to the rising costs and material and labor shortages experienced throughout the country. Under these conditions, the \$24,999 maximum subsidy is often insufficient to address the serious rehabilitation needs of some of SEND D's OOR clients. Although we have taken several steps to help alleviate these obstacles, we continue to struggle in keeping up with the market increases. If the Department were to consider raising the maximum subsidy to \$45,000, it would not only allow the program to keep up with the rising construction expenses, but it would also create additional rehab projects that may not have qualified under the current maximum limit.

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SEND D is an Equal Opportunity Provider and Employer



Coinciding with SENDD's request for a higher maximum subsidy is another to consider potentially extending the OOR grant contracts beyond two years. Five of SENDD's member communities were recently awarded CDBG OOR programs; within the contracts, the Department preemptively extended the grant period to 2.5 years to reduce the potential need for an extension request. SENDD respectfully suggests that the Department also consider changing the default OOR grant contract period to 2.5 years for NAHTF programs as well.

One of the greatest challenges faced over the past year was SENDD's experiences coordinating delayed construction materials, which had been backordered due to shortages. In some cases, this resulted in egregious wait periods for applicants who needed rehab items to improve the weatherization and energy efficiency of their homes. These types of prolonged delays are felt even more during the harsh summer and winter months. If the Department were to consider extending the OOR grant period beyond just two years, it may significantly impact clients by allowing them to remain in the program and ensure they receive all necessary repairs, rather than having to turn away some projects because they cannot be completed during the contract period due to unforeseen circumstances.

Thank you for considering our comments regarding the 2022 NAHTF Qualified Action Plan. If you have any questions about these requests, please contact us at 402-475-2560.

Respectfully,

A handwritten signature in blue ink, appearing to read "Jim Warrelmann", is written over a horizontal line.

Jim Warrelmann, Housing Manager

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Southwest Nebraska

Community Betterment Corporation

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SWNCBC Public Comments on 2022 QAP

December 28, 2021

SWNCBC would like to thank the Department of Economic Development for the opportunity to make public comment on the 2022 QAP. The following are our comments:

1. SWNCBC would like to express their appreciation of the Focus Groups that NDED held prior to the release of the proposed QAP. SWNCBC recognizes the time commitment for both NDED staff and grantees across the state to attend and was grateful that the meetings were offered remotely with the opportunity to attend at two different dates and times.
2. SWNCBC supports NDED raising the maximum project/hard costs to \$500,000. This will allow more projects, particularly the Third Congressional District, to be funded.
3. SWNCBC would like to see General Administration funds to be allocated based on percentage of project/hard costs. Every housing project has general administrative expense, SWNCBC would like to see GA expense costs to be approved per unit without additional documentation as logging hours and time when administering multiple projects is very time consuming.
4. SWNCBC is happy to see that cash match can now be drawn down proportionately. SWNCBC understands the importance of cash match and meeting the cash match requirement. Using cash match proportionately will allow all Non DED funding sources such as FHLBank AHP funds, First Down funds, and USDA HPG funds to invest in NAHTF projects.
5. SWNCBC would like to see tentative timelines for Notice of Award, Contract Negotiations and Release of Funds dates in the QAP. This would allow applicants to use those dates in the application, milestones, and performance plan.

Again, thank you for the opportunity to make public comment on the QAP.

SWNCBC