

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 proposed 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.

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 proposed QAP for 2022 is submitted for a 30-day public comment period beginning on November 29, 2021. The public comment period will conclude on December 30, 2021. All written comments submitted to DED during the public comment period will be taken into consideration while completing the final 2022 NAHTF QAP. All written comments must be submitted to the Department by 6 pm (Central Time) on December 30, 2021 to DED.2022NAHTFQAPPublicComment@nebraska.gov. These comments will be included as Attachment 3.

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/hard costs (excludes General Administration and Housing Management) for any Housing Project application in the annual cycle(s). In addition, applicants will be eligible to request up to 8% in project/hard costs in General Administration not to exceed \$20,000 and 12% in project/hard 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 is 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 February 24, 2022 by 6:00pm (CDT). **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 April 28, 2022 by 6:00pm (CST). **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
Wednesday, January 26, 2022	Final QAP Posted
Thursday, January 27, 2022	2022 NAHTF Application Guidelines Posted
Thursday, February 3, 2022	2022 NAHTF Pre-Application Workshop (recording made available)
Thursday, February 10, 2022	Open Office Hours for Pre-Application via WebEx
Thursday, February 24, 2022	2022 NAHTF Pre-Applications Due
Friday, February 25, 2022	2022 NAHTF Application Workshop (recording made available)
March 8 (morning), March 10 (afternoon), March 15 (morning) and March 22 (afternoon), 2022	Open Office Hours for Application via WebEx
Friday, March 11, 2022	Site Review Forms Due for All New Construction & Rental Conversion Projects (Where Sites Have Been Identified)
Thursday, March 24, 2022	Final Rental Budgets and Proformas Due
Thursday, April 28, 2022	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 incurred by and expended by the DED recipient during the contract period proportionate to the NAHTF hard costs awarded per the matched activity within the contract with the Department. Cash match points will not be awarded for general administration, housing administration 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 [Match ÷ Total NAHTF Award (Hard Costs) = %, 1% = .5 point]	50
Total Possible Points	510

SELECTION CRITERIA FOR NONPROFIT TECHNICAL ASSISTANCE	
Criteria	Points Possible
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 Housing awards through the NAHTF, CDBG, HOME, and/or HTF program must meet the milestones outlined in the table below by the due date of the pre-application (February 24, 2022). If these milestones are not met by February 24, 2022 the applicant must provide a detailed plan with their pre-application outlining how previous housing awards will be in compliance with the milestones by the date of full application (April 28, 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 April 28, 2022 will not be eligible for funding in the 2022 NAHTF application cycle. NOTE: HOME and HTF projects funded in the 2020 Program Year and earlier must comply with the Milestones listed below. All HOME and HTF projects funded in the 2021 Program Year must have a fully executed contract by April 28, 2022.

<u>Program Year</u>	<u>Milestone</u>
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

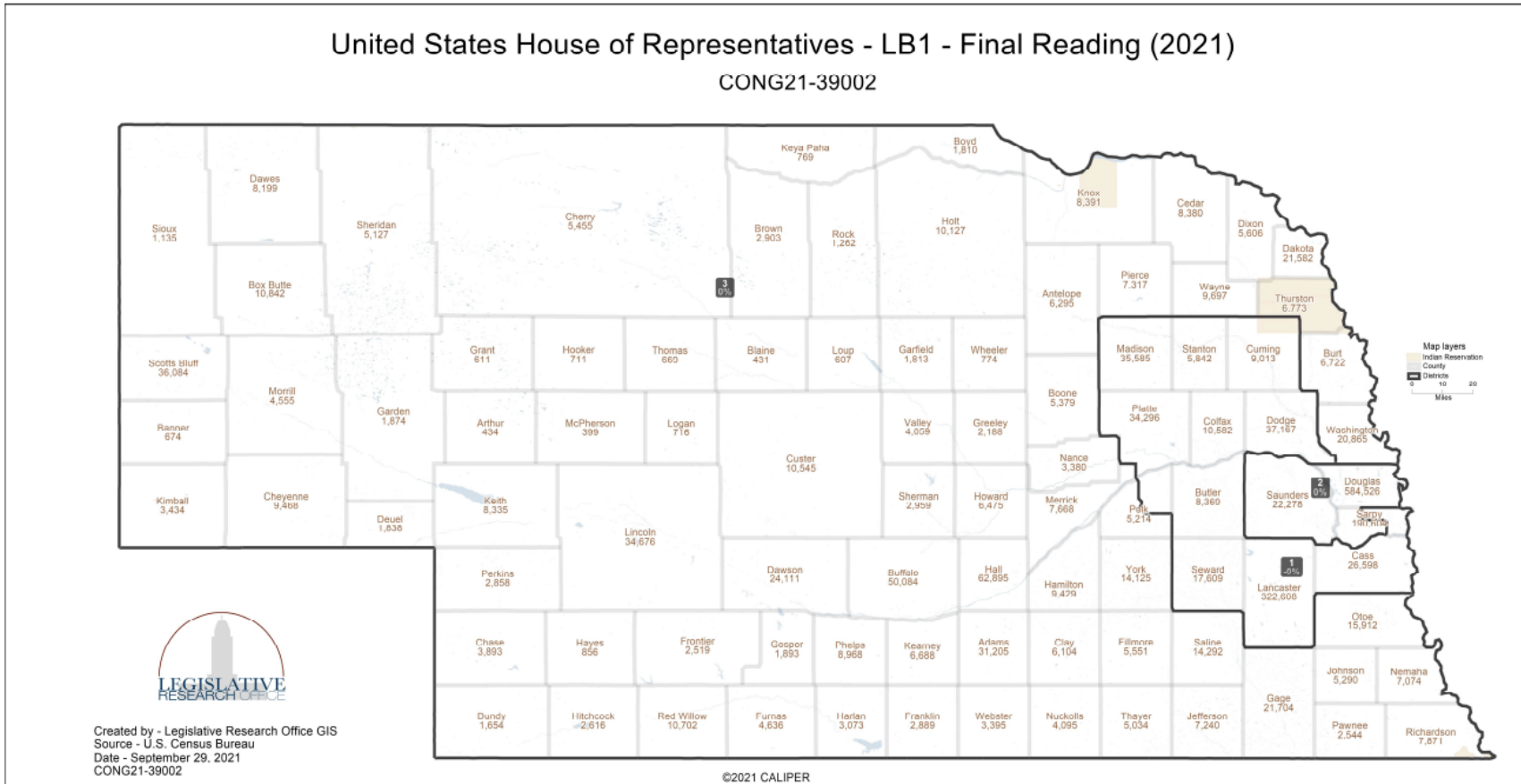
Amendments

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

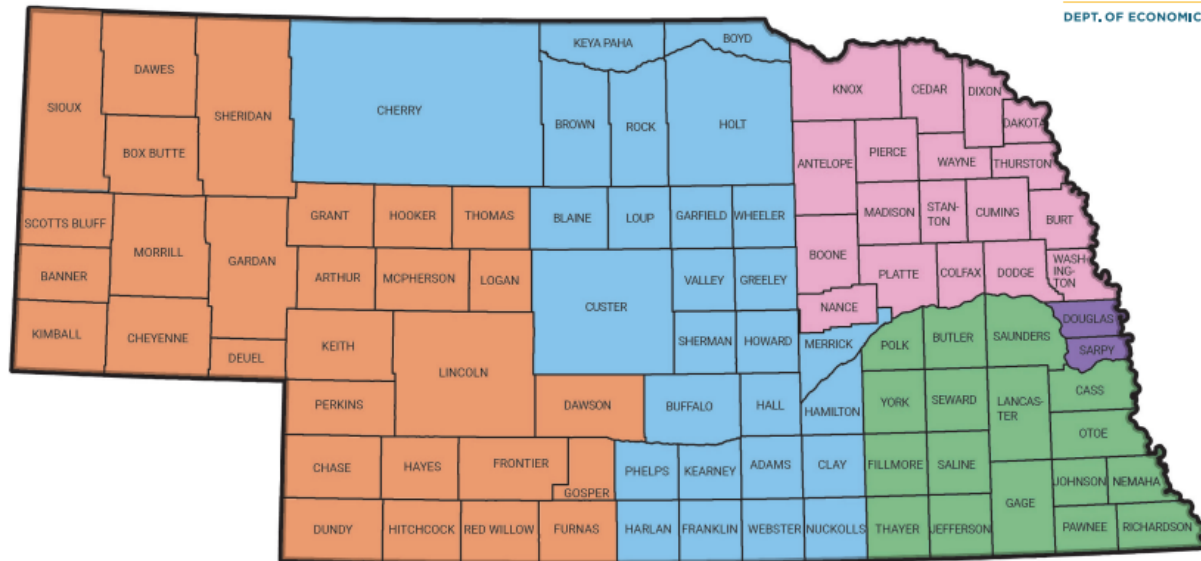
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Attachment 1 – Nebraska U.S. House of Representatives Congressional Districts



Attachment 2 – NDED Housing Program Representative Map

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



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Attachment 3 – Public Comments