

MEMORANDUM

Community Development Law: TIF Workforce Housing Limits Policy Guidance

MEMO: 25-03

Issue Date: May 16, 2025

Effective Date: May 16, 2025

This Policy remains effective until it is amended, superseded, or rescinded.

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SUBJECT: Updated Construction Cost Limits for Tax Increment Financing

PROGRAMS IMPACTED: Workforce Housing TIF under the Nebraska Community Development Law

This policy memorandum updates the Nebraska Department of Economic Development's guidance concerning the updated unit cost for owner-occupied and rental housing units constructed under the Nebraska Community Development Law. LB496, approved by the Governor on April 23, 2018, provided that, to qualify as "workforce housing" under the Nebraska Community Development Law, owner-occupied housing units shall cost not more than \$275,000 to construct or rental housing units shall cost not more than \$200,000 per unit to construct. The Department is required by statute to update these maximums annually based upon the most recent increase or decrease in the Producer Price Index for all commodities, published by the United States Department of Labor, Bureau of Labor Statistics.

Based on the most recent Producer Price Index data, there would be a increase in the maximums to \$340,000 for owner-occupied and \$250,000 for rental units.

Until the next annual update, the maximum limits under section 18-2103(32)(c) of the Nebraska Community Development Law, for newly constructed or existing owner-occupied units is \$340,000, and \$250,000 cost per unit for newly constructed rental units. When calculating the maximum "cost to construct" limits, acquisition of property and demolition should not be included.

The limits apply to any future projects and may apply to projects under construction as of the effective date of May 16, 2025.