

21 AFFORDABLE HOUSING CONSTRUCTION PROGRAM

21.1 PURPOSE

The Affordable Housing Construction Program (AHCP) focuses on providing support related to affordable housing recovery and housing resilience, including the construction of affordable housing that reduces flood vulnerabilities in areas the United States (US) Department of Housing and Urban Development (HUD) defined as Most Impacted and Distressed (MID) by the severe winter weather events of 2019 (Sarpy, Dodge, and Douglas counties). This program prioritizes the Low- to Moderate-Income (LMI) households that lost their homes during the storm and those indirectly impacted by the loss of affordable housing stock following the storm.

Under the AHCP, there are three (3) sub-programs.

- Homeownership Production Program
- Small Non-LIHTC Rental Production Program
- LIHTC Gap Financing Program

21.2 ELIGIBLE ENTITIES

- Developers of affordable rental housing including both for-profit and nonprofit entities;
- Units of local government (e.g., counties, cities, or villages); and
- Public Housing Authorities (PHAs).

21.3 HOMEOWNERSHIP PRODUCTION

The Homeownership Production Program (HPP) provides development financing to support the production of affordable for-sale housing targeted to Low- to Moderate-Income (LMI) buyers by covering:

- **Appraisal gaps:** The difference between the total development cost and market value, sometimes referred to as "development subsidy."
- **Affordability gaps:** The difference between an eligible buyer's purchasing power and the market value of the house.
- **Financing gaps:** The difference between the total development financing needed and the Applicant's ability to obtain third-party construction financing and/or provide its own working capital.

The Community Development Block Grant Disaster Recovery (CDBG-DR) funds are used initially to reimburse development costs ranging from acquisition to hard construction to soft costs. Homes are then sold to income-eligible buyers. At the end of the project, total sources and uses are reconciled and program funding is allocated as a development subsidy (i.e., addressing the “appraisal gap” between total costs and appraised value), for direct buyer assistance (i.e., the “affordability gap” between a buyer’s purchasing power and total cost of their acquisition at market value) with any remaining CDBG-DR funds returned to the Department of Economic Development (DED) as program income which is reinvested in additional CDBG-DR activities.

The included buyer assistance is secured in the form of a second mortgage that is forgivable over a five (5) year affordability period provided the purchaser continues to occupy the home.

For a full overview of the program and its associated policies and procedure, see the [Homeownership Production Program Guide](#) .

21.4 SMALL NON-LIHTC RENTAL PRODUCTION PROGRAM

The Small/Non-LIHTC Rental Production Program provides gap financing (i.e., loans) for the production of small affordable multi-family rental housing for projects not otherwise seeking Low-Income Housing Tax Credits (LIHTC) awards from the Nebraska Investment Finance Authority (NIFA).

For a full overview of the program and its associated policies and procedure, see the [Small Rental Production \(non-LIHTC\) Program Guide](#).

21.5 LIHTC GAP FINANCING PROGRAM

The purpose of the Community Development Block Grant Disaster Recovery (CDBG-DR) Low Income Housing Tax Credit (LIHTC) Gap Financing Program is to provide gap financing to affordable multi-family housing production projects seeking LIHTC awards from the Nebraska Investment Finance Authority (NIFA). The CDBG-DR Program will accept applications for both the 4% and 9% tax credit opportunities available through NIFA.

For a full overview of the program and its associated policies and procedure, see the [LIHTC Joint Application Program Guide](#).