



Nebraska Affordable Housing Act Qualified Allocation Plan (QAP)

2018

State of Nebraska, Department of Economic Development

Housing and Community Development Division

Nebraska Affordable Housing Trust Fund (NAHTF)

Effective July 1, 2018 through June 30, 2019 (2018 Program Year)

**NEBRASKA AFFORDABLE HOUSING ACT
2018 NAHTF Qualified Allocation Plan**

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1. INTRODUCTION

The Nebraska Affordable Housing Act (Neb. Rev. Stat. §§58-701 through 58-711) requires the Nebraska Department of Economic Development (DED) to develop a Qualified Allocation Plan (QAP) for distribution of Nebraska Affordable Housing Trust Fund (NAHTF) resources throughout the state.

The Department has also adopted rules and regulations concerning the administration of the Nebraska Affordable Housing Act (See 86 NAC 5). These regulations provide further details on the requirements of the Act and regulations which include recommended priorities for allocating trust fund resources and also the selection criteria. These include giving first priority in allocating trust fund assistance among selected projects to those projects which meet all of the following criteria: (1) are located in whole or in part within an enterprise zone designated pursuant to the Enterprise Zone Act found in the Nebraska Revised Statutes §§13-2101 through 13-2112; (2) serve the lowest income occupant; and (3) are obligated to serve qualified occupants for the longest period of time.

The State, within the 2015-2019 Consolidated Plan (as it relates to the HUD (Housing and Urban Development) federal programs of CDBG (Community Development Block Grant), HOME, ESG (Emergency Solutions Grant), and HOPWA (Housing Opportunities for Persons with AIDS)), adopted 5 Priority Needs, one of which includes a Housing Priority Need.

The State's Housing Priority Need is based upon the significant need for affordable housing throughout the state. This need has been identified by communities, developers, non-profit organizations, and other members of the public as a vital resource that helps communities and neighborhoods improve economic opportunities. Adequate housing is vital to the viability of communities and improves economic development opportunities.

The State's Housing Priority Need includes the necessity to respond to regional needs for affordable, decent, safe, and appropriate housing as a part of balanced economic development in Nebraska. To meet the State's Housing Priority Need, four objectives have been developed, they include:

- * Promote additional affordable rental housing and preservation of affordable rental housing in selected 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.

1.1 ANTICIPATED NAHP RESOURCES AND ALLOCATION

Within the Nebraska Affordable Housing Program (NAHP), resources will be provided that primarily benefit low to moderate income persons through affordable housing activities. These activities are completed through funding from Community Development Block Grant (CDBG), the HOME Investment program, the Nebraska Affordable Housing Trust Fund (NAHTF), and the National Housing Trust Fund (HTF).

Below is a summary of those resources and the general allocations based on proposed activities.

CDBG *	HOME *	NAHTF *	HTF *	TOTAL FUNDS
\$2,000,000	\$2,700,000	\$10,700,000	\$2,700,000	\$18,100,000

*These totals do not include administrative

NEBRASKA AFFORDABLE HOUSING PROGRAM ALLOCATIONS

Source	Amount	Activities
CDBG	\$2,000,000	ORR

Source	Amount	Activities
HOME	\$450,000	CHDO
HOME	\$2,250,000	Tax Credit Rental
Total	\$2,700,000	

Source	Amount	Activities
HTF	\$2,700,000	Rental

Source	Amount	Activities
NAHTF	\$7,048,575	Annual Cycle for Homebuyer and ORR
NAHTF	\$2,461,425	Annual Cycle Rental Pool
NAHTF	\$120,000	Annual Cycle Non-Profit Operating Pool
NAHTF	\$200,000	Annual Cycle Non-Profit Operating Pool from Discretionary Funds
NAHTF	\$656,320	Match for HOME resources
NAHTF	\$213,680	Discretionary Funds
Total	\$10,700,000	

* Please see funding descriptions below for further guidance on distribution of funds.

CDBG FUNDS

The Department anticipates a 2018 CDBG allocation of approximately \$2,000,000. CDBG funds will only be available for applicants that are CDBG-eligible units of general local government and applying within the CDBG Owner Occupied Rehabilitation Program. If the remaining uncommitted and unobligated funds exceed the total amount of eligible and viable applications in the original funding category, or if funds need to be moved to another category in order for DED to meet timely distribution requirements, the funds may be distributed among any CDBG funding category identified in the 2018 Proposed Annual Action Plan. Based on funding from HUD annually.

HOME FUNDS

The Department anticipates a 2018 HOME allocation of \$3,000,000. Ten percent (10%) of the allocation, or \$300,000, will be eligible to cover administrative costs. Fifteen percent (15%) of the allocation, or \$450,000, of HOME resources must be utilized by CHDO eligible projects (homebuyer activities). The remaining resources, \$2,250,000, will be used to fund joint NIFA (Nebraska Investment Finance Authority)/DED Low Income Housing Tax Credit (LIHTC) projects for the development of rental housing. If there are not enough projects to fund, DED may also fund additional CHDO eligible activities. The NAHTF provides a HOME Match requirement in the amount of \$656,320, for a total of \$2,906,320 for the joint LIHTC/HOME application through NIFA. Based on funding from HUD annually.

HTF FUNDS

The Department anticipates a 2018 HTF allocation of \$3,000,000. Ten percent (10%) of the allocation, or \$300,000 will be eligible to cover administrative costs. The remaining resources, \$2,700,000, will be used for eligible rental activities in the following distribution: up to \$500,000 for the joint DED/NIFA CRANE application cycle, up to \$700,000 for Targeted Needs Project Application, and in the Permanent Housing (PH) application cycle \$500,000 can be used within each of the Continuum of Care areas (Omaha, Lincoln, and Balance of State). If there are not enough feasible applications in any category, the funds can be moved to another funding category. Based on funding from HUD annually.

NAHTF FUNDS

The Department anticipates a 2018 NAHTF allocation of \$11,250,000 for the 2018 Program Year. A portion of documentary stamp taxes from real estate transactions are transferred to the Nebraska Affordable Housing Trust Fund. Based on current revenue projections, current commitments, and estimated expenditures, the Department will utilize the above mentioned allocation from the Trust Fund for projects funded during the next fiscal year. Of the total allocation, \$550,000 in resources will be used for State administrative expenses related to the program, with \$10,700,000 available for distribution throughout the State for NAHTF eligible activities.

Per the requirements of the Nebraska Affordable Housing Act, and NAHTF regulations, the Department of Economic Development shall make the best effort to allocate not less than 30% of the NAHTF funds allocated annually must be provided to each of the three U.S. Congressional Districts. For the upcoming Program Year, it is anticipated that \$3,210,000 will be allocated in each Congressional District for eligible projects, including rental, homebuyer, homeowner activities, and technical assistance. This amount reflects approximately 90% of the proposed project allocation.

Approximately 10% of the remaining allocation (discretionary funds), or \$1,070,000, will be allocated first to meet the State's HOME Investment Partnerships matching requirements. This includes \$656,320 in

NAHTF resources for HOME Match and will be distributed through the joint NIFA/DED LIHTC application cycles for HOME Match. The remaining discretionary funds, \$413,680, will be utilized within that pool of resources available during the NAHTF Annual Cycle with no restrictions on district. An additional amount of \$200,000 will be made available in the Non-Profit Operating Assistance pool of applications for a total of \$320,000. The remaining amount of discretionary funds, \$213,680, will be available for eligible projects within any application pool, that meet the Department's requirements.

2. DEVELOPMENT OF NAHTF ALLOCATION PLAN

The Qualified Allocation Plan (QAP) was developed to address the housing needs as identified by communities, developers, non-profit organizations, and other members of the public. The NAHTF is a vital resource that helps communities and neighborhoods provide adequate housing which is crucial to the viability of communities and improves economic development opportunities.

The Proposed QAP was the result of public participation and input from statewide housing partners and nationwide housing participants. Such participants include community representatives, developers, non-profit organizations, public agencies, and advisory committees.

Public comment and input was solicited at public input meetings held in 2017. The public input meetings attendance included participants from communities, non-profit organizations, community action partnerships, housing developers, development districts, public housing authorities, and the Nebraska Housing and Homelessness Commission. Comments generated from these meetings, along with collective written feedback, culminated in the Proposed 2018 Nebraska Affordable Housing Act QAP.

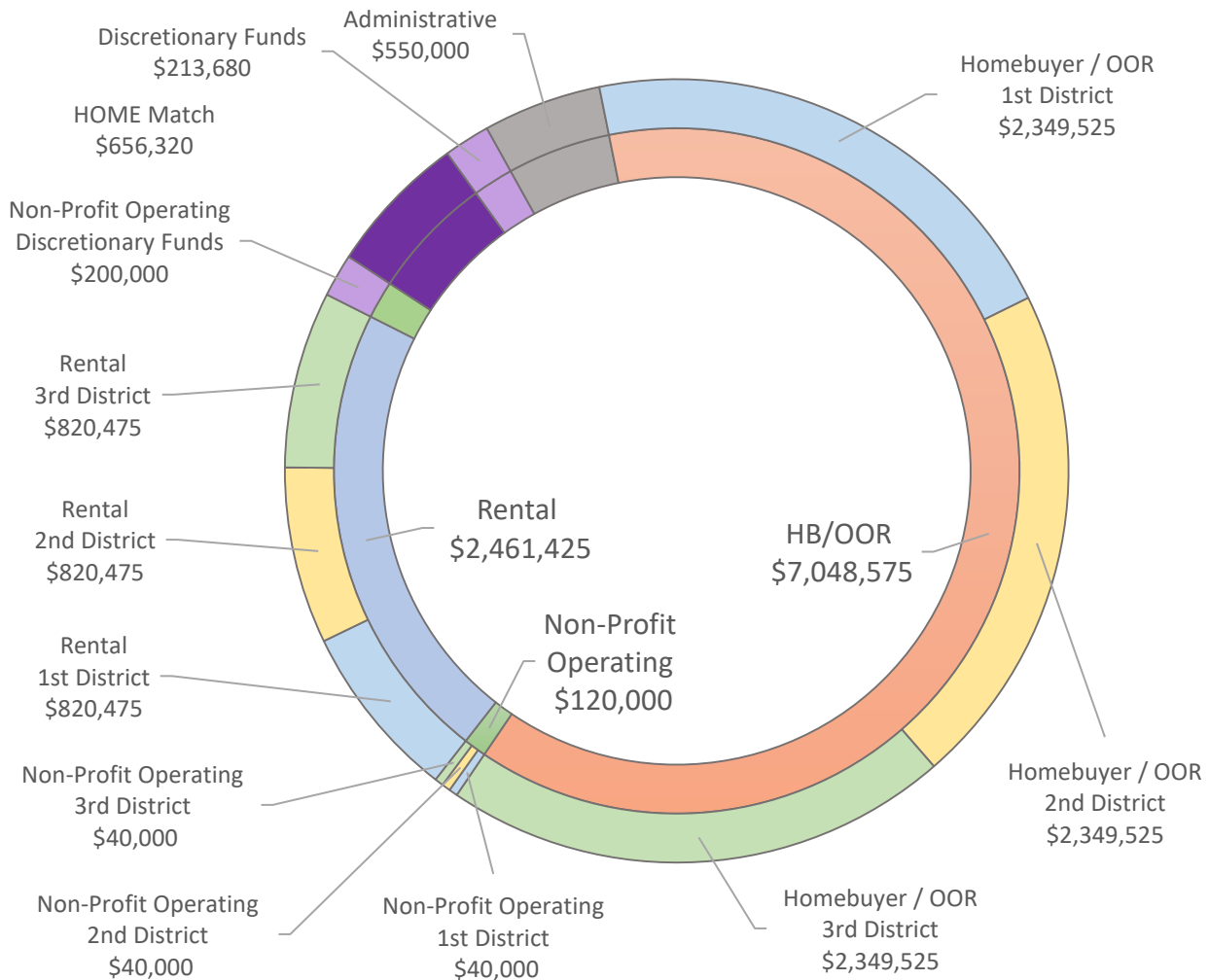
The Proposed 2018 QAP was presented to the Policies and Issues Committee of the Nebraska Commission on Housing and Homelessness (NCHH) for full review prior to its release to the public. Recommendations from the Policies and Issues Committee were incorporated into the proposed QAP and will be presented to the full NCHH commission.

The Proposed 2018 QAP will be released for a 30 day public comment period on December 4, 2017. A public hearing on the Proposed 2018 QAP will be held on December 6, 2017 in Lincoln, Nebraska. All comments received by the Department will be taken into consideration during the completion of the Final 2018 QAP.

2.1 ALLOCATION OF NAHTF FUNDS SUMMARY

The Nebraska Affordable Housing Trust Fund (NAHTF) will provide resources that benefit low to moderate income persons through affordable housing activities.

Below is a summary of those resources and the general allocations based on eligible activities. The outer ring is a breakdown of the inner ring by Congressional District and activity, including the discretionary funding.



NAHTF Allocation	Activities
\$7,048,575	Annual Cycle for Homebuyer and OOR
\$2,461,425	Annual Cycle Rental
\$120,000	Annual Cycle Non-Profit Operating Pool
\$200,000	Annual Cycle Non-Profit Operating Pool from Discretionary Funds
\$656,320	Match for HOME resources
\$213,680	Discretionary Funds
\$550,000	State Administration
\$11,250,000	Total

3. ALLOCATION OF NAHTF FUNDS PROCESS

The State's Housing Priority Need objectives include promoting: additional affordable housing; housing preservation of existing affordable housing; affordable homeownership opportunities; and statewide understanding of fair housing law. These objectives will be accomplished, in part, using NAHTF resources which may be used for: rental; homebuyer; owner occupied rehabilitation; non-profit operating assistance; and education and outreach programs which serve persons throughout the state.

3.1 DETERMINE THE AMOUNT OF NAHTF FUNDS AVAILABLE FOR AWARD

For the 2018 Program Year, NAHTF resources include a total of \$11,250,000, of which \$550,000 will be utilized for State administrative expenses related to the program. \$10,700,000 will be available for eligible projects and activities.

Within the 2018 Program Year, NAHTF resources will be used for: (1) a competitive housing application cycle (Annual Cycle); and (2) funding within NIFA/DED's tax credit cycles (if there are not enough projects to fund, DED may also fund additional CHDO eligible activities) in order to provide necessary NAHTF resources for the required HOME Program match.

Any additional NAHTF funds that may be available would result in an increase to the above mentioned allocation and would result in additional funds being made available within the Annual Cycle.

3.2 UTILIZE NAHTF RESOURCES FOR REQUIRED HOME MATCH

Annually a portion of resources (both HOME and NAHTF) are reserved for low income housing tax credit (LIHTC) projects. Project funding requires eligible applicants to complete a NIFA/DED application and applicants must apply within DED/NIFA's 9% LIHTC Application Cycle Round 1, Round 2; within the Collaborative Resource Allocation for Nebraska (CRANE) Application Cycle; or if there are not enough projects to fund, DED may also fund additional CHDO eligible activities.

A portion of NAHTF funds are reserved for these tax credit projects and utilized as HOME Match per HUD's regulatory requirements of ensuring that 25% of the HOME allocation is matched with other non-federal resources. For the 2018 Program Year, \$656,320 in NAHTF resources will be used to meet the HOME match requirements.

DED may also award NAHTF funds to other tax credit projects in order to meet the NAHTF 30% per Congressional District statutory requirement.

3.3 NAHTF ALLOCATION EFFORTS TO EACH U.S. CONGRESSIONAL DISTRICT

DED will meet this statutory requirement in Congressional District 1, Congressional District 2 and Congressional District 3 by reserving a minimum of \$3,210,000 of NAHTF funds in each of the three Congressional Districts during the NAHTF Annual Cycle. The Department shall score and rank applications on a statewide basis. The highest scoring applications shall be recommended in the order that they are ranked, with consideration for best efforts to allocate not less than 30% of the NAHTF to each congressional district.

The approximate 10% remaining of the NAHTF allocation proposed for the 2018 Program Year will include reserving a minimum of \$656,320 for HOME Match (as noted above) and the remaining \$413,680 will be used for projects within the Annual Cycle.

Funding within the Annual Cycle is based on the revenues generated and available within the Trust Fund. If funds are not available, allocations will be adjusted accordingly.

3.4 DED PRIORITY FOR HOMEBUYER AND HOMEOWNER GRANTS THROUGHOUT THE STATE

The 2018 allocation within DED's NAHTF Annual Cycle for homebuyer, owner occupied rehabilitation, and other eligible activities shall be in the amount of \$7,048,575, with no less than \$2,349,525 per district. Pre-applications and full applications are due on the dates outlined in Exhibit 12.2 herein.

Grants for Homebuyer applications will have the following suggested maximum grant amounts: Down Payment Assistance is \$250,000, Purchase/Rehab/Resale or Down Payment Assistance with Rehab is \$400,000, and New Construction is \$500,000. Grants for Homeowner applications will have the following suggested maximum grant amount is \$250,000. All funds not awarded for homebuyer and owner occupied projects will be made available within the Annual Cycle for other eligible projects.

3.5 DED PRIORITY FOR NON-PROFIT OPERATING ASSISTANCE GRANTS THROUGHOUT THE STATE

The 2018 allocation within DED's NAHTF Annual Cycle for Non-profit Operating assistance shall be in the amount of \$320,000, with no less than \$40,000 per district. Pre-applications and full applications are due on the dates outlined in Exhibit 12.2 herein.

Grants for operating assistance will be available to eligible applicants in the amount of \$40,000 for a two-year period. All applications for operating assistance will be scored during the Annual Cycle in a separate pool of operating assistance applications. One non-profit from each district shall be awarded \$40,000 from the \$120,000 pool, with an additional \$200,000 from the discretionary funding pool not having to meet the congressional district requirement. All funds not awarded for operating assistance projects will be made available within the Annual Cycle for other eligible projects.

3.6 DED PRIORITY FOR RENTAL GRANTS THROUGHOUT THE STATE

The 2018 allocation within DED's NAHTF Annual Cycle for rental housing development shall be in the amount of \$2,457,600, with no less than \$820,475 per district. Pre-applications and full applications are due on the dates outlined in Exhibit 12.2 herein.

Grants for rental projects will have a maximum award amount of \$500,000. All funds not awarded for rental projects will be made available within the Annual Cycle for other eligible projects.

3.7 LEVERAGE PUBLIC AND PRIVATE RESOURCES WITH NAHTF RESOURCES

The Nebraska Affordable Housing Act addresses leveraging private funds in order to fund projects that provide housing in areas to be of critical importance for the continued economic development and economic well-being of communities where a shortage of affordable housing exists. Therefore, the NAHTF allocation requires a 10% match of total costs from each applicant for eligibility of award.

3.8 DED PRIORITY FOR HOUSING PROJECTS THROUGHOUT THE STATE

The Department shall score and rank applications on a statewide basis. The highest scoring applications shall be recommended in the order that they are ranked, with consideration for best efforts to allocate not less than 30% of the NAHTF to each congressional district. If there are not enough feasible projects in any of the separate pools of funding, the remaining funds will be moved into another funding pool within the same district, in order to fund viable projects.

For purposes of determining proper Congressional District allocation, at the time of application submittal each applicant must designate which Congressional District their project will primarily be located, but each applicant will not be restricted to only working within a single Congressional District. No applicant may have more than one application for the same activity within any target area (i.e. owner occupied rehab, purchase, rehab, resale, rental, etc. must have defined boundaries that do not overlap in service areas and/or target areas).

For statewide or regional programs, at the time of application submittal it will also be necessary for the applicant to select which Congressional District their project will primarily be located in, but each applicant will not be restricted to only working within a single Congressional District.

The Department will make best efforts to allocate not less than 30% per Congressional District. The Department reserves the right to fund or not fund applications, based on the status of other federal and state funding sources involved in the project and any conditional reservations of funds, or to increase/decrease NAHTF funding, regardless of ranking.

4. ELIGIBLE APPLICANTS AND ACTIVITIES

4.1 ELIGIBLE APPLICANTS

A variety of projects can be funded with NAHTF resources. DED will award funds to eligible local governments, local or regionally-based nonprofit 501(c)(3) or 501(c)(4) housing organizations (including reservation-based non-profit organizations), public housing authorities, and other eligible entities to carry out quality housing programs and projects that meet the State objectives for the NAHTF programs.

4.2 ELIGIBLE ACTIVITIES

The activities noted below are eligible for assistance using NAHTF resources as provided in Section 58-706 of the Nebraska Affordable Housing Act. This is an abbreviated list of eligible activities of said Section, and will be noted as eligible project activities within the 2018 NAHTF Application Guidelines.

- New construction, rehabilitation, or acquisition of housing 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 grant or loan will substantially increase the recipient's ability to produce affordable housing;
- Acquisition of housing units for the purpose of preservation of housing 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 the Department of Economic Development to be of critical importance for the continued economic development and economic well-being of the community and where, as determined by the department, a shortage of affordable housing exists;
- Downpayment and closing cost assistance;
- Demolition of existing vacant, condemned, or obsolete housing or industrial buildings or infrastructure (support activity only);
- Housing education programs developed in conjunction with affordable housing projects. The education programs must be directed toward (support activity only):
 - Preparing potential home buyers to purchase affordable housing and post purchase education;
 - Target audiences eligible to utilize the services of housing assistance groups or organizations; and
 - Developers interested in the rehabilitation, acquisition, or construction of affordable housing;
- Support for efforts to improve programs benefiting homeless youth; and
- Vocational training in the housing and construction trades industries by nonprofit groups.

4.3 ALLOCATION FUNDING

NAHTF funds are allocated among the three U.S. Congressional Districts (also known as CDs) with best efforts to allocate not less than 30% of the amount of NAHTF funds available in a given Program Year. The funds remaining, approximately 10%, will be allocated statewide. Generally, applications that meet all threshold requirements and rank highest within their Congressional District shall receive either a Notice of Award or a Notice of Conditional Award, subject to the amount of funds available for that District. DED reserves the right to fund or not fund applications based on the status of other federal and state funding sources involved in the project and conditional reservations of funds, regardless of ranking. DED will determine the most appropriate funding source and amount for the proposed project or program.

4.4 ALLOCATION AWARD PROCESS

DED may provide a Notice of Conditional Award with the condition that the applicant transfer the project to another DED determined eligible applicant. The newly identified eligible recipient must complete all requirements for the identified funding source as a Condition of Award. Applications recommended for approval through this process will be presented to the Deputy Director of Programs for consideration of recommending an award to the Director of the Department of Economic Development. The Director of the Department of Economic Development has the final decision-making authority. All actions will be in compliance with the submission and selection criteria as noted within the NAHTF Application Guidelines.

5. FUNDING CATEGORIES

The 2018 Trust Fund cycles include the following categories for funding based on the total NAHTF allocation. DED will begin to review all applications after they are received on the specified due date as defined within the Application Guidelines. The Application Guidelines for each project category will

include a description of threshold requirements and scoring criteria. The Application Guidelines will be made available on the DED website in January 2018.

5.1 HOMEBUYER

NAHTF resources will be available to eligible applicants for activities to assist homebuyers.

NAHTF resources are available to local or regional nonprofit 501(c)(3) or 501(c)(4) housing organizations (including reservation-based non-profit organizations), units of general local government, and public housing authorities. Single-Family New Construction, and Purchase, Rehab, Resale projects having a recommended 36-month period, with all other projects funded will be for a recommended 24-month period. Applications may include any of the following activities:

1. Down Payment and Closing Cost Assistance, for existing or new single family residential units;
2. Purchase, Rehabilitation, and Resale (PRR), including acquisition, development subsidy, and/or down payment assistance;
3. New Construction of single family residential units, including land acquisition, development subsidy, and/or down payment assistance;
4. Acquisition/Rehabilitation, including assisting the homebuyer to acquire the home and rehabilitation of the home to meet standards within 6 months of occupancy;
5. Short-term Purchase, Rehabilitation, Lease, and Resale (PRLR), including acquisition, and/or development subsidy; and
6. Demolition, as a support activity.

5.2 OWNER OCCUPIED REHABILITATION

NAHTF resources will be available to eligible applicants to administer owner-occupied rehabilitation (OOR) programs. Demolition is also eligible as a support activity within the OOR program.

NAHTF resources are available to local or regional nonprofit 501(c)(3) or 501(c)(4) housing organizations (including reservation-based non-profit organizations), units of general local government, and public housing authorities. OOR projects funded will be for a recommended 24-month period.

5.3 RENTAL HOUSING

NAHTF resources will be available for newly-constructed affordable rental housing; acquisition and/or rehabilitation of existing rental housing; long-term lease-purchase programs that lead to homeownership; and demolition as a support activity.

Rental projects, including new construction, adaptive reuse, conversion, acquisition and/or rehabilitation are eligible to apply in designated NAHTF cycles. Such projects exclude those using Low-Income Housing Tax Credits (LIHTC).

NAHTF resources are available to local or regional nonprofit 501(c)(3) or 501(c)(4) housing organizations (including reservation-based non-profit organizations), units of general local government, and public housing authorities. Rental projects funded will be for a 36-month period with a 10-year affordability period. A waiver to request a reduction of the affordability period from 10 years to 5 years may be

submitted to the Department at the end of year 5. Please check with the Department for the waiver process at that time.

5.4 NON-PROFIT OPERATING ASSISTANCE

NAHTF resources will be available to eligible applicants for non-profit operating assistance. The primary purpose of these funds is to increase and maintain the capacity of an organization to produce affordable housing. If your organization was awarded a non-profit operating assistance grant in 2017, you are not eligible to apply in the 2018 non-profit operating assistance cycle.

NAHTF resources are available to local, regional, and reservation-based nonprofit 501(c)(3) or 501(c)(4). NOTE: Ongoing rental project operating expenses are not eligible for these funds. Non-Profit Operating Assistance grants funded will be for a 24-month period.

5.5 OTHER ELIGIBLE ACTIVITIES

NAHTF funds are available to eligible entities for other eligible activities as defined in the Nebraska Affordable Housing Act [Sections 58-701 to 58-711].

6. SELECTION CRITERIA

The State's objective for using NAHTF resources is to invest funds in quality projects and programs for communities so that local governments and nonprofit organizations can leverage private financing to provide permanent, energy efficient, and affordable housing to serve the lowest income persons for the longest period of time throughout the state. The selection criterion below furthers the State's housing objective.

The application deadlines and review processes will be consistent for project-specific activities. This includes: specific selection criteria for homebuyer, owner occupied rehabilitation and other eligible activities; specific selection criteria for rental housing; and specific selection criteria for non-profit operating assistance activities.

The Application Guidelines will contain separate chapters specific to housing categories including: Homebuyer; Owner-Occupied Rehabilitation; Non-profit Operating Assistance; and Rental Housing. Applications for *other eligible activities* should be designed within the framework of the above application chapters.

Project-specific applications for the Homebuyer and Owner-Occupied Rehabilitation will be scored in a single pool of applications within the Annual Cycle.

Rental applications will be scored in a separate pool of applications during the Annual Cycle.

Non-profit Operating Assistance applications will be scored in a separate pool of applications during the Annual Cycle.

Each application, regardless of activity pool, will be scored according to a scoring matrix, outlined below.

6.1 SELECTION SUMMARY

Below is a summary of the proposed general scoring sections within the project-specific housing chapters (Homebuyer, Owner Occupied Rehab, and Rental) and the Non-profit Operating Assistance. Specific details regarding the Annual Cycle application process, including the complete set of questions and requirements for each application, will be made available to applicants in January 2018 within the 2018 NAHTF Housing Application Guidelines.

The total points available for any given application will be 500 points for all applications for the Homebuyer Program, Owner-Occupied Rehabilitation, Non-Profit Operating Assistance, and Rental projects. Applicants are required to meet all the threshold requirements, which will include 10% match with the appropriate documentation, in order to be scored and considered for an award recommendation.

6.2 HOMEBUYER, OOR, AND OTHER ELIGIBLE ACTIVITIES REVIEW CRITERIA SUMMARY

SELECTION CRITERIA MATRIX FOR THE HOMEBUYER, OOR, AND OTHER ELIGIBLE ACTIVITIES		
Criteria	Points Possible	Points Awarded
Enterprise Zone – First priority shall be given among selected projects to those projects which are located in whole or in part within an Enterprise Zone designated pursuant to the Enterprise Zone Act. (https://opportunity.nebraska.gov/program/enterprise-zones/) Selected Projects MUST meet threshold, scoring criteria, demonstrates capacity, and be financially viable.		
AMI ($\leq 80\% = 10$; $\leq 100\% = 5$; $\leq 120\% = 0$)	10	
Affordable Period (5 = 0; 10 or more = 10)	10	
Need/Impact	100	
Collaboration	75	
Project Financing /Credit	125	
Readiness/Capacity	125	
Financial Management	75	
Total Possible Points	520	

For each of the two project-specific housing categories related to the Homebuyer Program and Owner-Occupied Rehabilitation, specific application questions will be developed within the 2018 NAHTF Application Guidelines.

6.3 RENTAL REVIEW CRITERIA SUMMARY

SELECTION CRITERIA MATRIX FOR RENTAL		
Criteria	Points Possible	Points Awarded
Enterprise Zone – First priority shall be given among selected projects to those projects which are located in whole or in part within an Enterprise Zone designated pursuant to the Enterprise Zone Act. (https://opportunity.nebraska.gov/program/enterprise-zones/) Selected Projects MUST meet threshold, scoring criteria, demonstrates capacity, and be financially viable.		
AMI (≤80% = 10; ≤100% = 5; ≤120% = 0)	10	
Need/Impact	100	
Collaboration	50	
Project Financing /Credit	125	
Readiness/Capacity	100	
Project Design	125	
Total Possible Points	510	

Rental applications will be scored in a separate pool of applications during the Annual Cycle application processes. For the project-specific housing category related to Rental, specific application questions will be developed within the 2018 NAHTF Application Guidelines.

6.4 NON-PROFIT OPERATING ASSISTANCE REVIEW CRITERIA SUMMARY

SELECTION CRITERIA MATRIX FOR NON-PROFIT OPERATING ASSISTANCE		
Criteria	Points Possible	Points Awarded
Need/Impact/Sustainability	150	
Collaboration	100	
Readiness/Capacity	100	
Financial Management	150	
Total Possible Points	500	

Non-profit Operating Assistance applications will be scored in a separate pool of applications during the Annual Cycle application processes. The final application questions will be developed within the 2018 NAHTF Application Guidelines.

7. Annual Cycle Application Process Summary

Application Guidelines will be posted on the Department’s website to aid in the application process. Application Workshops will also be provided which include an informal presentation and discussion about the application process with interested applicants, application preparers, and DED staff. Attendance is optional, but highly encouraged. Attending a workshop does not substitute for working closely with a Housing Program Representative throughout the application process.

During the Annual Cycle, applicants will also be required to submit a Pre-Application in order to show their interest in applying for funds. Applicants may also submit portions of the full application to their Program Representative for additional feedback.

Full Applications must be postmarked by April 30, 2018, or delivered to the Nebraska State Office Bldg, 4th Floor with signed receipt from DED staff by 5:00 PM Central Time.

Late applications will not be accepted.

Once applications are reviewed and scored by the scoring team, the Department will determine which applicants will be invited to Contract Review. If agreements are reached, and contract review items are submitted to the Department, Award Letters will be sent out and contracts will be signed. Following this process, the applicants will submit special conditions documentation, as directed in the Contract, to obtain a Release of Funds (ROF) letter as defined within their contracts.

8. NAHTF PROGRAM INCOME

Program income, which the grantee has received or expects to receive as a result of grant activities, must be used and in conformance with the grantee's reuse plan as defined within the grantee's approved Program Guidelines for each NAHTF project.

In general, the Department continues to provide flexibility to use program income, particularly for projects that are funded through the NAHTF program. However, applicants are required to commit all available NAHTF Local Program Income to a project, provided funds have not been committed to an already approved local project. The Department reserves the right to reduce an applicant's request for additional NAHTF program funds based on the amount of local program income funds available.

The guidance that the Department has provided in the past, and guidance that continues to be relevant today, is that NAHTF program income (i.e. reuse funds) may be used for the same housing activities that were awarded within the original project in which program income was generated, or for other housing related activities. These other housing related activities include any eligible activities as defined by the Nebraska Affordable Housing Act. Any activities proposed by the grantee shall be consistent with the grantee's approved NAHTF Program Income Reuse Plan.

9. NEBRASKA COMMISSION ON HOUSING AND HOMELESSNESS

The Nebraska Commission on Housing and Homelessness (NCHH) was established by Executive Order in 1998. This commission consolidates the work of the Nebraska Affordable Housing Commission, the Nebraska Interagency Council on the Homeless, and the Affordable Housing Trust Advisory Committee, and recognizes the strong link among housing, homelessness, and near homeless issues.

The Commission's function is to make recommendations to DED and the Nebraska Department of Health and Human Services (DHHS) on the operation of the Nebraska Affordable Housing Trust Fund (NAHTF) and the Homeless Shelter Assistance Trust Fund (HSATF) respectively; serve as an advisory body on housing and homelessness; 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.

The Department will work with the NCHH during the development of the Qualified Allocation Plan for the NAHTF.

10. AMENDMENTS TO THE QUALIFIED ALLOCATION PLAN

The Department of Economic Development reserves the right to make changes to the Nebraska Affordable Housing Act QAP at the Department's discretion.

If the Department determines that it is necessary to amend the QAP, the proposed amendment will be submitted to the Director of the Department of Economic Development for review and approval. If approved by the Director, the proposed amendment will be made available on the Department's website at opportunity.nebraska.gov for a fourteen (14) day public review and comment period. At the end of the fourteen (14) days, the Department will consider any public input provided, and then the Director will issue final approval on the amendment. The QAP, including any amendments, will be made available on the Department's website at: opportunity.nebraska.gov.

11. HOUSING CONTACT INFORMATION:

Nebraska Department of Economic Development
Housing Coordinator
301 Centennial Mall South
P.O. Box 94666
Lincoln, NE 68509-4666
(402) 471-3111 or (800) 426-6505
opportunity.nebraska.gov

Nebraska Affordable Housing Act Qualified Allocation Plan (QAP)

2018

12. EXHIBITS

EXHIBIT 12.1 ANNUAL CYCLE TIMELINE

Date	Action	Location	Responsible Parties
1/30/2018	Application Guidelines are posted	http://opportunity.nebraska.gov/program/nebraska-affordable-housing-trust-fund/#forms	DED
3/2/2018	Scanned, Signed Pre-Application and Project Description/One-Page Summary for Annual Cycle Apps received BY DIGITAL UPLOAD ONLY, by 5:00PM CDT.	Upload to: https://negov.sharefile.com/r-r5438ae7741648d59	Applicant
3/7/2018	Application Workshop & Website Streaming PARTICIPATION IN ONE APPLICATION WORKSHOP IS STRONGLY ENCOURAGED, DUE TO THE SIGNIFICANT CHANGES IN THE APPLICATION GUIDELINES.	WebEx – Website Streaming 1:30 p.m. – 4:00 p.m. (CST)	DED, Applicant, and Application Preparer
3/12/2018	Application Workshop (In-Person)	La Vista Conference Center 12520 Westport Parkway, La Vista, Omaha 2:30 p.m. – 5:00 p.m. (CST)	DED, Applicant, and Application Preparer
3/15/2018	Application Workshop & Website Streaming	WebEx – Website Streaming 10:00 a.m. – 12:30 p.m. (CST)	DED, Applicant, and Application Preparer
4/30/2018	Original, Signed Hardcopy of Full Application must be postmarked by, or delivered to the Nebraska State Office Bldg, 4th Floor, with signed receipt from DED staff by 5:00 PM CDT. Scanned Copy of Full Application must also be uploaded by 5:00 PM CDT.	Lincoln DED Office: State Office Building Dept. of Economic Development 4 th Floor 301 Centennial Mall South Lincoln, NE Upload to: https://negov.sharefile.com/r-r5438ae7741648d59	Applicant
TBD	Contract Review	TBD	DED, Applicant, and Application Preparer
TBD	Award Letters distributed		DED

EXHIBIT 12.2 PUBLIC COMMENTS

The Proposed 2018 QAP was released for a 30-day public comment period on December 4, 2017. A public hearing on the Proposed 2018 QAP was held on December 6, 2017 in Lincoln, Nebraska. All comments received by the Department were taken into consideration during the completion of the Final 2018 QAP.

Please see below for Public Comments and Responses:

December 6, 2017 – Kathy Mesner, Mesner Development Company

Comment has to do with the Rental portion of the QAP. I believe that, we ought to consider putting some additional funding into the rental projects, just because we have so many communities that don't have access to other funding for housing at the eligibility levels that we are talking about with the Trust Fund. I also strongly believe that the 10-year affordability period is bad for a number of reasons, one is the financing mechanism is difficult to put in place for 10 years, a shorten period of time makes the financing easier to put together. I think the housing becomes much more flexible for purposes of the community with a shorter affordability period, perhaps as short as 5 years no more than 7. The other thing is that I don't see this program as different as the other programs and if the other trust fund programs are looking at a 5-year affordability period I believe this one should also. My comment as to how much funding, I would like to see at least a million dollars in each of the districts.

RESPONSE:

Thank you for your comments. The Department will require a 10-year affordability period in the 2018 NAHTF Annual Rental Cycle with a 5-year waiver process that projects could apply for at the end of year 5 within the affordability period. The waiver process is under development, but will include a full review of the financial aspects of the project at that time. A waiver for a reduction in the 10-year affordability period is not guaranteed to be approved.

From: judy.petersen cnedd.org [mailto:judy.petersen@cnedd.org]

Sent: Wednesday, December 20, 2017 9:54 AM

To: Otto, Pamela <pamela.otto@nebraska.gov>; Coleman, Leslie <leslie.coleman@nebraska.gov>; McClung, Kristi <Kristi.McClung@nebraska.gov>; Clark, Evan <Evan.Clark@nebraska.gov>; Hiatt, Sheryl <Sheryl.Hiatt@nebraska.gov>

Subject: Qualified Allocation Plan Public Comments

Pamela Otto:

Thank you for giving everyone an opportunity to provide written comments regarding the 2018 Qualified Allocation Plan that has been proposed by the Nebraska Department of Economic Development. Our comments are below:

On behalf of Central Nebraska Economic Development Inc., we are in support of all items proposed for the 2018 NAHP Qualified Allocation Plan. We are particularly in support of the 10-year affordability for rental projects. It is vital that the Nebraska Affordable Housing Trust Funds serve the people with the lowest income for the longest period of time. While it is true that the Homebuyer and Owner-Occupied Rehabilitation programs state only a 5-year affordability period, any loaned funds that are paid back as the result of the sale of a property go back into the reuse fund to then be re-loaned out to another income-qualified household. This practice makes the Homebuyer and Owner-Occupied Rehab funds serve low-income households for longer than 5 years, and oftentimes longer than 10 years. With the rental units, the Trust Funds go into the project and are not paid back, so serving the lowest income for the longest period of time would "only" be 5 years, if the State only required the 5-year affordability period. Additionally, only requiring a 5-year affordability period would support the perception that a project was really intended to be a market rate, but that went through the Trust Fund program in order to acquire free money into a market rate project. We recognize that economic factors in a small community may not be favorable to raise the rental rates to full market rate capacity and essentially keep the rents at rates favorable to lower income households, however, there are many communities in the State in which this 5-year affordability period would in fact become a financial boon where full market rates could be charged, which are not favorable to income qualified households. In this case, the Trust funds, which are intended to serve the lowest income for the longest period of time, becomes blurred as to whether these funds are used as intended, or are moving more towards the market rate housing arena.

Thanks very much!!

Judy Petersen, Executive Director

Central Nebraska Economic Development Inc.

RESPONSE:

Thank you for your comments. The Department will require a 10-year affordability period in the 2018 NAHTF Annual Rental Cycle with a 5-year waiver process that projects could apply for at the end of year 5 within the affordability period. The waiver process is under development, but will include a full review of the financial aspects of the project at that time. A waiver for a reduction in the 10-year affordability period is not guaranteed to be approved.



NeighborWorks®
NORTHEAST NEBRASKA

2554 40th Avenue
Columbus, NE 68601
402-563-4300 • Fax 402-379-3377

213 South 1st Street
Norfolk, NE 68701
402-379-3311 • Fax 402-379-3377
www.nwnen.org



December 28, 2017

Nebraska Department of Economic Development
Attn: Pamela Otto - Housing Coordinator
301 Centennial Mall South
Lincoln, NE 68509-4666

RE: 2018 NAHTF QAP Public Comments

Pamela,

On behalf of NeighborWorks Northeast Nebraska I am providing written comments on the 2018 NAHTF QAP.

- 1. Workforce Housing** - The Rural Workforce Housing Funds (RWHF) should be removed from the Nebraska Affordable Housing Program (NAHP) resources and allocation listing. The RWHF is not an affordable housing program.
- 2. Affordability Periods** - Requiring a 10-year affordability period for rental projects is excessive for non-LIHTC deals. We suggest reducing the requirement to 5 years, with the option for applicants to suggest modified affordability terms for years 6 through 10 that best meet the needs of the community and the development, as well as allowing flexibility. Ultimately, we believe that this will provide for more feasible projects especially when conditions change that make the development impossible to operate under the original affordability requirements. Additionally, we suggest that DED make all affordability periods consistent.
- 3. Cash Equivalents** - Donated land should be considered a "cash equivalent" and eligible for matching funds.
- 4. Enterprise Zones** - We suggest minimizing the influence of Enterprise Zones among the selection criteria. We recognize that the statute requires that applications in an Enterprise Zone must be given priority. To remain consistent with this requirement, we believe it would be appropriate to award projects in an Enterprise Zone a single point. This will ensure that if any two projects tie for points, the one in an Enterprise Zone will be given preference.

5. **Two-Year Application Period** - We suggest that in the future, NDED provide the proposed plan a year ahead of the award period to allow applicants more time to prepare projects. Alternately, NDED could produce two-year plans but maintain annual application cycles. Producing a two-year Qualified Allocation Plan (QAP) could reduce some recurrent work for NDED while providing applicants more time to prepare projects. As long as funds are awarded annually and allocation amounts are updated to reflect the documentary stamp tax receipts, a two-year QAP will comply with the requirements of the statute.

6. **Electronic Submission** – We request that NDED 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.

Sincerely,
NeighborWorks Northeast Nebraska


Roger D. Nadrchal, CEO

RESPONSE:

Thank you for your comments.

- 1) Workforce Housing – The Rural Workforce Housing Funds (RWHF) has been removed from the Nebraska Affordable Housing Program (NAHP) resources and allocation listing within the Qualified Allocation Plan (QAP) as it is not an affordable housing program.
- 2) Affordability Periods - The Department will require a 10-year affordability period in the 2018 NAHTF Annual Rental Cycle with a 5-year waiver process that projects could apply for at the end of year 5 within the affordability period. The waiver process is under development, but will include a full review of the financial aspects of the project at that time. A waiver for a reduction in the 10-year affordability period is not guaranteed to be approved.
- 3) Cash Equivalents – Matching funds do not include “cash equivalents”. Only cash match is eligible.
- 4) Enterprise Zones – First priority shall be given among **selected** projects to those projects that are located in whole or in part within an Enterprise Zone designated pursuant to the Enterprise Zone Act. (<https://opportunity.nebraska.gov/program/enterprise-zones/>) Selected Projects MUST meet threshold, scoring criteria, demonstrates capacity, and be financially viable.
- 5) Two-Year Application Period – The Department must maintain the Qualified Allocation Plan on an annual basis according to Nebraska Statute.
- 6) Electronic Submission – The Department has made every effort to simplify the process for the submission of applications with its current technology. The Department has also been investigating other means for electronic submission of applications Agency-wide.



Southwest Nebraska
Community Betterment Corporation

P. O. Box 720 • Grant, Nebraska 69140
308-352-4338 • Fax 308-352-2683
swncbc@gpoom.net • www.southwestne.com

Department of Economic Development District – Housing Team:

Thank you for giving us the opportunity to submit public comments regarding the Nebraska Affordable Housing Trust Funds Qualified Action Plan for the upcoming 2018 housing grant program. I would like to receive written confirmation that our public comments were received prior to the January 3, 2018 deadline.

I am pleased that NDED lowered the maximum project amount on applications in order to award more than one rental project. This lower amount allows for more diversification and could benefit the smaller, rural communities. Smaller rental applications that the smaller rural communities are submitting cannot be as competitive as some of the bigger community rental applications. Although the majority of smaller communities do not have the resources or need for larger rental projects they still have a tremendous need for rental projects in order to attract and retain the workforce. A smaller 2-4 unit rental project has just as great of impact on a small community as the larger rental project has on the larger community. Housing is not always about the number of housing units being built or assisted but also the impact the housing has on the community and the State's goal of recruiting or retaining people and jobs.

I am in support and feel the 10 year affordability for NAHP housing programs and feel it is in long-term the best interest of SWNCBC and the communities we serve. The 10 year affordability period provides an opportunity through the use of Program Income for SWNCBC to sustain our operations and programs.

This year due to the match requirement SWNCBC successfully submitted applications to USDA and FHLBank. I really liked that the application and the grant management/administration is all done online and electronically. I would like NDED to consider making the application and grant management online and all done electronically as it will save on time and money. I do appreciate the fact that the NDED applications are allowed to be scanned and submitted electronically.

I also liked the fact that on the FHLBank and USDA applications, each question came with choices to select. Each choice was worth a specific amount of points. Each question also had an area to explain our choice(s) and why and how we would meet the target. This way of scoring allowed me to somewhat "self score" my application and allowed me to strengthen and improve my application in areas that would be low scoring. It also was a way to make sure my applications were meeting FHLBank and USDA's priorities. I would like NDED to consider more of

a specific scoring method. For example: 120% AMI would receive so many points, 100% AMI receives so many points, 80% and below receives so many points. 10 year affordability gets so many points, 5 year affordability gets so many points, etc.... This will also allow more points given to those applications that are helping the lowest income beneficiaries for the longest period of time. I do greatly appreciate that NDED has shortened the AHP grant applications.

Again thank you for the opportunity to submit public comment.

Sincerely,
Amy Thelander
SWNCBC Executive Director



Serving:

Perkins County: Grant, Venango, Madrid, Elsie, Grainton, Brandon
Chase County: Imperial, Lamar, Champlin, Enders, Wauneta
Hayes County: Hayes Center, Hamlet
Dundy County: Benkelman, Haigler, Parks, Max
Hitchcock County: Trenton, Stratton, Culbertson, Palsade, Beverly



RESPONSE:

Thank you for your comments. The Department is in support of rental projects throughout the State of Nebraska, located in rural and urban areas, small projects and large projects. It is important that the Department receive feedback from the application process to understand the potential barriers that applicants may experience in each annual cycle. Adjustments such as lowering the maximum project amount on applications in order to award more than one rental project in each Congressional District are the result of such feedback.

The Department will require a 10-year affordability period in the 2018 NAHTF Annual Rental Cycle with a 5-year waiver process that projects could apply for at the end of year 5 within the affordability period. The waiver process is under development, but will include a full review of the financial aspects of the project at that time. A waiver for a reduction in the 10-year affordability period is not guaranteed to be approved.

The Department has made every effort to simplify the process for the submission of applications with its current technology. The Department has also been investigating other means for electronic submission of applications Agency-wide.

The Department appreciates the input regarding the scoring of the NAHTF applications and the comparison to other opportunities for which grantees have applied. The Department continues to improve the scoring process of the NAHTF Annual Cycle applications.

From: Nancy Bentley [mailto:nbha@scottsbluffhousing.com]
Sent: Tuesday, January 02, 2018 11:32 AM
To: Otto, Pamela <pamela.otto@nebraska.gov>
Subject: QAP comments

Rural Workforce Housing should be carefully considered. NEED should be the Biggest priority. For Example, the Scottsbluff-Gering area has suffered numerous Business closings in the last 3 months....not much need for workforce housing. We have lots of housing for sale and for rent....it is not a case of needing housing, We need FT jobs and industry that will stick. Gordon NE, on the other hand, has A growing business in the meat packing plant and every available house or apartment In town is rented. I think the NEED criteria must be such that funders can determine If there is really a need!!!For example, Scottsbluff has a housing study that shows A NEED for housing for both rental and homeownership....but contractors and business owners reviewing the housing study don't agree that a need exists.

If Housing Trust Funds cannot be used in a certain area, we would encourage the funding To be moved to rental housing development in each District.

Appreciate the fact that funds will be distributed to each Congressional District!!

Nancy

Nancy J. Bentley, Chief Executive Officer

Housing Partners of Western Nebraska

Chappell, Gordon, Sidney and Scotts Bluff

County Housing Authorities

Phone: 308-632-0473

Fax: 308-632-0476

www.scottsbluffhousing.com

RESPONSE:

Thank you for your comments. The Rural Workforce Housing Fund (RWHF) has established application criteria regarding Need, Capacity, Impact and Readiness. The Legislation and the RWHF application articulates specific criteria that will be assessed within the housing study. It must be stated, the Rural Workforce Housing Funds (RWHF) has been removed from the Nebraska Affordable Housing Program (NAHP) resources and allocation listing within the Qualified Allocation Plan (QAP) as it is not an affordable housing program.

From: Richard Nation [mailto:ceo@bvca.net]
Sent: Tuesday, January 02, 2018 3:17 PM
To: Otto, Pamela <pamela.otto@nebraska.gov>
Subject: Comments on DED's NAHTF State Plan

First let me state that the plan appears to be a good effort to improve housing overall in Nebraska. I do believe there are some items that should be considered however:

- 1) Workforce Housing may not always be Affordable Housing, but since the Unicameral has called for a one time transfer of funds as recommended by the governor, I suggest any future Workforce Housing be considered as part of the Economic Development portion of the CDBG funding.
- 2) The new matching rules should be adjusted to include as cash equivalents: land, TIF or sweat equity assistance. This would improve the chances for more housing being made available which is the bottom line goal here.
- 3) Shortening affordability periods would encourage developers and particularly non-profit developers to engage in more new projects rather than be tied to managing properties that could go to the general market place and bring in revenue to the developers to reinvest in more units.
- 4) Since there are very few federally recognized Enterprise Zones in Nebraska, de-emphasizing the points awarded for these zones would make more sense in states such as ours.
- 5) Planning a year ahead with our plan may not meet federal requirements but it would allow developers more time to prepare more applications.
- 6) Any reduction in paper is a good thing, so the more we can move to electronic grant submissions and reporting the better. The newer generations will do this at some point anyway, why not get on the bandwagon and move to 21st century technology.

Thank you for the opportunity to comment on the plan. Citizen involvement, as is indicated on out State Capitol Building is the basis of democracy.

Richard D. Nation, CEO
Blue Valley Community Action Partnership
620 5th Street, PO Box 273, Fairbury NE 68352
(402) 729-2278/Phone Ext. 123
(402) 729-2801/Fax
Email: ceo@bvca.net
Website: www.bvca.net
Facebook: www.facebook.com/BVCAPartnership



RESPONSE:

Thank you for your comments.

- 1) The Rural Workforce Housing Funds (RWHF) has been removed from the Nebraska Affordable Housing Program (NAHP) resources and allocation listing within the Qualified Allocation Plan (QAP) as it is not an affordable housing program.
- 2) Matching funds do not include “cash equivalents”. Only cash match is eligible.
- 3) The Department will require a 10-year affordability period in the 2018 NAHTF Annual Rental Cycle with a 5-year waiver process that projects could apply for at the end of year 5 within the affordability period. The waiver process is under development, but will include a full review of the financial aspects of the project at that time. A waiver for a reduction in the 10-year affordability period is not guaranteed to be approved.
- 4) First priority shall be given among selected projects to those projects that are located in whole or in part within an Enterprise Zone designated pursuant to the Enterprise Zone Act. (<https://opportunity.nebraska.gov/program/enterprise-zones/>) Selected Projects MUST meet threshold, scoring criteria, demonstrates capacity, and be financially viable.
- 5) The Department must maintain the Qualified Allocation Plan on an annual basis according to Nebraska Statute.
- 6) The Department has made every effort to simplify the process for the submission of applications with its current technology. The Department has also been investigating other means for electronic submission of applications Agency-wide.

From: Angela Smith [mailto:asmith@habitatohumanityomaha.onmicrosoft.com]
Sent: Wednesday, January 03, 2018 2:06 PM
To: Otto, Pamela <pamela.otto@nebraska.gov>
Cc: Amanda Brewer <abrewer@habitatohama.org>
Subject: 2018 NAHTF QAP public comments

Hi Pam!

Below, please find public comments for the 2018 NAHP QAP submitted on behalf of Habitat for Humanity of Omaha. Thanks for your consideration.

1. Workforce Housing - The Rural Workforce Housing Funds (RWHF) should be removed from the Nebraska Affordable Housing Program (NAHP) resources and allocation listing. The RWHF is not an affordable housing program.

2. Cash Equivalents - Donated land should be considered a "cash equivalent" and eligible for matching funds. Also, we suggest that the Department of Economic Development (DED) explore qualifying "sweat equity" as an additional form of "cash equivalent" match. Several of our nonprofit developer members have robust programs requiring their home buyers to put in hundreds of documented and supervised hours of "sweat equity" and this work significantly decreases the construction and rehab costs of the home. FHA programs allow "sweat equity" as a qualifying contribution toward down payment requirements. Please review HUD form 4155.1 section 5.B.6.h for reference and guidance.

3. Two-Year Application Period - We suggest that in the future, DED provide the proposed plan a year ahead of the award period to allow applicants more time to prepare projects. Alternately, DED could produce two-year plans but maintain annual application cycles. Producing a two-year Qualified Allocation Plan (QAP) could reduce some recurrent work for DED while providing applicants more time to prepare projects. As long as funds are awarded annually and allocation amounts are updated to reflect the documentary stamp tax receipts, a two-year QAP will comply with the requirements of the statute.

4. 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.

5. Increase Maximum Award for Owner Occupied Rehabs – Please consider increasing the maximum grant for owner occupied rehab projects to \$400,000 to accommodate communities with high need for home repairs.

Angela Smith | Government and Grant Compliance Administrator
Habitat for Humanity of Omaha | 1701 N 24th Street, Omaha, NE 68110
p (402) 884.4370 | f (402) 457.4012
asmith@habitatohama.org | habitatohama.org

RESPONSE:

Thank you for your comments.

- 1) Workforce Housing – The Rural Workforce Housing Funds (RWHF) has been removed from the Nebraska Affordable Housing Program (NAHP) resources and allocation listing within the Qualified Allocation Plan (QAP) as it is not an affordable housing program.
- 2) Cash Equivalents – Matching funds do not include "cash equivalents". Only cash match is eligible.
- 3) Two-Year Application Period – The Department must maintain the Qualified Allocation Plan on an annual basis according to Nebraska Statute.

- 4) Electronic Submission – The Department has made every effort to simplify the process for the submission of applications with its current technology. The Department has also been investigating other means for electronic submission of applications Agency-wide.
- 5) Increase Maximum Award for Owner Occupied Rehabs – The suggested maximum grant amount is \$250,000 for NAHTF Owner-Occupied Rehabilitation within the 2018 Annual Cycle. This is a suggested amount and is to be used as a guideline; the amount of funds awarded, will be awarded on a case by case basis with consideration given to the number of applications, scoring, and ranking criteria



MIDWEST HOUSING
DEVELOPMENT FUND, INC.

January 3, 2018

Pamela Otto, Housing Coordinator
Housing and Community Development Division
Nebraska Department of Economic Development
Transmitted via Electronic Mail to pamela.otto@nebraska.gov

RE: Public Comment on the Proposed Nebraska Affordable Housing Act Qualified Allocation Plan (QAP)
2018

Dear Ms. Otto:

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

Section 1.1 Anticipated NAHP Resources and Allocation

MHDF recommends that DED remove references to the Rural Workforce Housing Funds (RWHF) from the Nebraska Affordable Housing Program (NAHP) resources and allocation listing. The RWHF is not an affordable housing program.

MHDF supports DED's reservation of \$550,000 (an increase of \$100,000 or 22% from 2017) of NAHTF for State administrative expenses related to the program. MHDF encourages DED to utilize this substantial increase in administration funds to improve: (a) the speed that internal processes are completed; (b) accountability standards for NAHTF performance, including regular, systematic reporting of the Fund Balance Status to stakeholders; and (c) flexibility of use that the statute allows, including incorporating this approach in day-to-day management of the NAHTF. In other words, increased administration funding should not be utilized to create and impose additional rules and restrictions on NAHTF grantees and projects, instead there should be focus on reduction of existing restrictions to ensure compliance and maximize overall production and performance.

MHDF supports DED's allocation of NAHTF for HOME Match from the 10% NAHTF that is not restricted to distribution per Congressional District. MHDF recommends that the Plan be revised to include an amount of NAHTF equal to 25% HOME match rather than the reduced 12.5% HUD maximum imposed for the year. The NIFA/DED joint application for Low-income Housing Tax Credits/HOME/NAHTF/National Housing Trust Fund (HTF) creates low-income rental housing development serving persons at 60% Area Median Income or less for a minimum of thirty (30) years. DED appropriately is focused on aligning NAHTF in this Plan with the statutory directives and it is important to note that these projects serve the lowest income persons for the longest period of time. For these reasons, DED should not be reducing the amount in 2018 from 2017 of NAHTF from the 10% discretionary funds for HOME Match made available through the NIFA/DED joint application.

515 N. 162nd Avenue, Suite 202 • Omaha, Nebraska 68118
Phone: 402-334-8899 • Fax: 402-334-5599

Section 3.2 Utilize NAHTF Resources for Required HOME Match

MHDF recommends increasing the NAHTF allocation for HOME Match to \$656,320 to remain consistent with the standard 25% HOME Match annual requirement rather than the one year HUD reduction. Please see comments to Section 1.1 for further explanation. Maintaining this standard 25% minimum will also ensure that HUD requirements are met regardless of HUD's methodology for determining compliance with minimum match reduction amount when there is a one-time reduction.

Section 5.3 Rental Housing

MHDF recommends a minimum five (5) year affordability period consistent with homebuyer and owner-occupied rehabilitation programs.

Section 6.2 and 6.3 Review Criteria Summary

MHDF recommends awarding applications for projects located in an Enterprise Zone a single point.

All other sections

MHDF recommends that DED implement the necessary technical and procedural changes to begin accepting electronic submission of applications and requests for reimbursement. This will reduce administrative burdens and costs for program participants.

MHDF recommends incorporating the recommendations and comments mentioned above in all other relevant sections of the Plan.

Thank you for the opportunity to review and comment on the Plans. If you have any questions please contact me at (402) 715-5328 or lhsuskey@mhdhinc.com.

Sincerely,

Lara Huskey
Senior Vice President

Copies to: Leslie Coleman, DED; Matthew Cavanaugh, Nebraska Housing Developers Association

Midwest Housing Development Fund, Inc.
515 N. 162nd Avenue, Suite 202 • Omaha, Nebraska 68118
Phone: 402-334-8899 • Fax: 402-334-5599

RESPONSE:

Thank you for your comments.

Section 1.1 Anticipated NAHP Resources and Allocation

The Rural Workforce Housing Funds (RWHF) has been removed from the Nebraska Affordable Housing Program (NAHP) resources and allocation listing within the Qualified Allocation Plan (QAP) as it is not an affordable housing program.

Thank you for the support of the reservation of \$550,000 of NAHTF Administrative expenses related to the program (an increase of \$100,000 from 2017). Last year's allocation plan was reduced from \$600,000 from the year prior to \$450,000 in 2017 to accommodate for a loss of staff and a reduction of expenses, while this year the increase to \$550,00 is to get it back in alignment with a full housing staff and related expenses. The suggestions for Trust Fund utilization are well intentioned and are goals of the current Housing Manager. We have also streamlined this year's NAHTF Applications, and under the Governor's directive will continue to review all of our processes and procedures.

The Department supports the feedback received from MHDF, and has increased the NAHTF allocation for HOME Match from 12.5% to 25% which is the standard annual HOME Match requirement.

Section 3.2 Utilize NAHTF Resources for Required HOME Match

The Department agreed with the recommendation made by MHDF in this comment and has increased the NAHTF allocation for HOME Match to \$656,320, which is reflective of the standard 25% HOME Match annual requirement indicated.

Section 5.3 Rental Housing

The Department will require a 10-year affordability period in the 2018 NAHTF Annual Rental Cycle with a 5-year waiver process that projects could apply for at the end of year 5 within the affordability period. The waiver process is under development, but will include a full review of the financial aspects of the project at that time. A waiver for a reduction in the 10-year affordability period is not guaranteed to be approved.

Section 6.2 and 6.3 Review Criteria Summary

First priority shall be given among **selected** projects to those projects that are located in whole or in part within an Enterprise Zone designated pursuant to the Enterprise Zone Act. (<https://opportunity.nebraska.gov/program/enterprise-zones/>) Selected Projects MUST meet threshold, scoring criteria, demonstrates capacity, and be financially viable.

All Other Sections

The Department has made every effort to simplify the process for the submission of applications with its current technology. The Department has also been investigating other means for electronic submission of applications Agency-wide.

From: Mike Gawley [mailto:mgawley@holynamehousing.org]
Sent: Wednesday, January 03, 2018 3:09 PM
To: Otto, Pamela <pamela.otto@nebraska.gov>
Cc: Mary Anderson <manderson@holynamehousing.org>
Subject: RE: 2018 NAHTF QAP Public Comment Period and Public Hearing

Pam,

My comments to the 2018 NAHTF are:

1. Enterprise Zones wording should remain as is. It is tough developing in an enterprise zone. Property doesn't appraise at its value. If a property has mixed income it is tough to get the higher rents in our enterprise zone. Also, in our enterprise zone there is a lack of retail making the area unattractive.
2. Affordability Periods - Requiring a 10-year affordability period for rental projects is excessive for non-LIHTC deals. We suggest reducing the requirement to 5 years. If an applicant wants they can extend if that fits the needs of the community and the development.
3. Cash Equivalents - Donated land should be considered a "cash equivalent" and eligible for matching funds.
4. Electronic Submission – We would recommend that DED begin accepting electronic submission of applications. The ability to submit electronic applications would reduce administrative burdens and costs for program participants.

Mike Gawley
Executive Director
402-453-6100
mgawley@holynamehousing.org



4324 Fort Street
Omaha, NE 68111



RESPONSE:

Thank you for your comments.

- 1) Enterprise Zones – First priority shall be given among selected projects to those projects that are located in whole or in part within an Enterprise Zone designated pursuant to the Enterprise Zone Act. (<https://opportunity.nebraska.gov/program/enterprise-zones/>) Selected Projects MUST meet threshold, scoring criteria, demonstrates capacity, and be financially viable.
- 2) Affordability Periods – The Department will require a 10-year affordability period in the 2018 NAHTF Annual Rental Cycle with a 5-year waiver process that projects could apply for at the end of year 5 within the affordability period. The waiver process is under development, but will

include a full review of the financial aspects of the project at that time. A waiver for a reduction in the 10-year affordability period is not guaranteed to be approved.

- 3) Cash Equivalents – Matching funds do not include “cash equivalents”. Only cash match is eligible.
- 4) Electronic Submission – The Department has made every effort to simplify the process for the submission of applications with its current technology. The Department has also been investigating other means for electronic submission of applications Agency-wide.



January 3, 2019

Pam Otto, Housing Coordinator
Nebraska Department of Economic Development
PO Box 94666
Lincoln, NE 68509-4666

Pam Otto, Housing Coordinator:

I would like to take this opportunity to provide you and the Department with NeighborWorks Lincoln's thoughts regarding the Trust Fund Qualified Allocation Plan for 2018. As I certainly hope you understand, we have appreciated the help received from the Department and its staff. These thoughts are being presented with the intent to further improve the outcomes of the projects being funded by the Allocation Plan. It is our opinion that along with the allocation of funds throughout the entire State of Nebraska, it is extremely important for these funds to be utilized in an expedited manner, which will allow for the economic impact to be felt as soon as possible.

1. **Workforce Housing** - The Rural Workforce Housing Funds (RWHF) should be removed from the Nebraska Affordable Housing Program (NAHP) resources and allocation listing. The RWHF is not an affordable housing program.
2. **Donated Land** - Donated land should be considered a "cash equivalent" and eligible for matching funds.
3. **Enterprise Zones** - We recognize that the statute requires that applications in an Enterprise Zone must be given priority. To remain consistent with this requirement, we believe it would be appropriate to award projects in an Enterprise Zone a single point. This will ensure that if any two projects tie for points, the one in an Enterprise Zone will be given preference.
4. **Two-Year Application Period** - We suggest that in the future, DED provide the proposed plan a year ahead of the award period to allow applicants more time to prepare projects. Alternately, DED could produce two-year plans but maintain annual application cycles. Producing a two-year Qualified Allocation Plan (QAP) could reduce some recurrent work for DED while providing applicants more time to prepare projects. Can this Qualified Allocation Plan be for 2018 & 2019?
5. **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.
6. **Streamlining the Process** - We understand the complexity of this funding process. However, the one thing that would improve the funding stream for us would be if there were a method to shorten the time frames for approvals/release of funds, this could be facilitated by formalized training. Waiting for 6 months to learn if we are approved makes it difficult to plan projects.

Thank you for providing us the opportunity to respond to the Plan.

Sincerely,

Michael A. Renken, CEO
Neighborhoods Inc. dba NeighborWorks Lincoln



2530 Q Street | Lincoln, NE 68503 | P: 402.477.7181 | F: 402.477.7406 | www.nwlincoln.org



RESPONSE:

Thank you for your comments.

- 1) Workforce Housing - The Rural Workforce Housing Funds (RWHF) has been removed from the Nebraska Affordable Housing Program (NAHP) resources and allocation listing within the Qualified Allocation Plan (QAP) as it is not an affordable housing program.
- 2) Donated Land - Matching funds do not include "cash equivalents". Only cash match is eligible.
- 3) Enterprise Zones - First priority shall be given among selected projects to those projects that are located in whole or in part within an Enterprise Zone designated pursuant to the Enterprise Zone Act. (<https://opportunity.nebraska.gov/program/enterprise-zones/>) Selected Projects MUST meet threshold, scoring criteria, demonstrates capacity, and be financially viable.
- 4) Two-Year Application Period – The Department must maintain the Qualified Allocation Plan on an annual basis according to Nebraska Statute.
- 5) Electronic Submission – The Department has made every effort to simplify the process for the submission of applications with its current technology. The Department has also been investigating other means for electronic submission of applications Agency-wide.
- 6) Streamlining the Process – Thank you for your comments and understand the difficulties our partners experienced in this area. The timeline for approvals and for release of funds in the past year had increased due to a lack of adequate staffing and by including a remedial action step in the 2017 NAHTF Annual Cycle. We do not anticipate this being the case going forward, especially with having added to the housing staff most recently.

From: Matthew Cavanaugh [mailto:matthew@housingdevelopers.org]

Sent: Wednesday, January 03, 2018 3:18 PM

To: Otto, Pamela <pamela.otto@nebraska.gov>

Subject: QAP Public Comment

Good afternoon Pam,

I hope the new year has found you well. Below please find the public comments from Nebraska Housing Developers Association regarding the 2018 Nebraska Affordable Housing Trust Fund Qualified Allocation Period.

Thank you for your tireless work on this program and please do not hesitate to contact me if you have any questions.

Kind regards,
Matthew

2018 NAHTF QAP Comments:

1. Workforce Housing - The Rural Workforce Housing Funds (RWHF) should be removed from the Nebraska Affordable Housing Program (NAHP) resources and allocation listing. The RWHF is not an affordable housing program.

2. Affordability Periods - Requiring a 10-year affordability period for rental projects is excessive for non-LIHTC deals. We suggest reducing the requirement to 5 years, with the option for applicants to suggest modified affordability terms for years 6 through 10 that best meet the needs of the community and the development, as well as allowing flexibility. Ultimately, we believe that this will provide for more feasible projects especially when conditions change to make the development impossible to operate under the original affordability requirements.

3. Cash Equivalents - Donated land should be considered a "cash equivalent" and eligible for matching funds. Also, we suggest that the Department of Economic Development (DED) explore qualifying "sweat equity" as an additional form of "cash equivalent" match. Several of our nonprofit developer members have robust programs requiring their home buyers to put in hundreds of documented and supervised hours of "sweat equity" and this work significantly decreases the construction and rehab costs of the home. FHA programs allow "sweat equity" as a qualifying contribution toward downpayment requirements. Please review HUD form 4155.1 section 5.B.6.h for reference and guidance.

4. Enterprise Zones - We suggest minimizing the influence of Enterprise Zones among the selection criteria. We recognize that the statute requires that applications in an Enterprise Zone must be given priority. To remain consistent with this requirement, we believe it would be appropriate to award projects in an Enterprise Zone a single point. This will ensure that if any two projects tie for points, the one in an Enterprise Zone will be given preference.

5. Two-Year Application Period - We suggest that in the future, DED provide the proposed plan a year ahead of the award period to allow applicants more time to prepare projects. Alternately, DED could produce two-year plans but maintain annual application cycles. Producing a two-year Qualified Allocation Plan (QAP) could reduce some recurrent work for DED while providing applicants more time to prepare projects. As long as funds are awarded annually and allocation amounts are updated to reflect the documentary stamp tax receipts, a two-year QAP will comply with the requirements of the statute.

6. 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.

--

Matthew Cavanaugh | Executive Director
Nebraska Housing Developers Association | [3883 Normal Blvd, Suite #102, Lincoln, NE 68506](https://www.3883normalblvd.com)
p [402.435.0315 ext. 1](tel:402.435.0315) | f [402.435.0331](tel:402.435.0331)
matthew@housingdevelopers.org | housingdevelopers.org

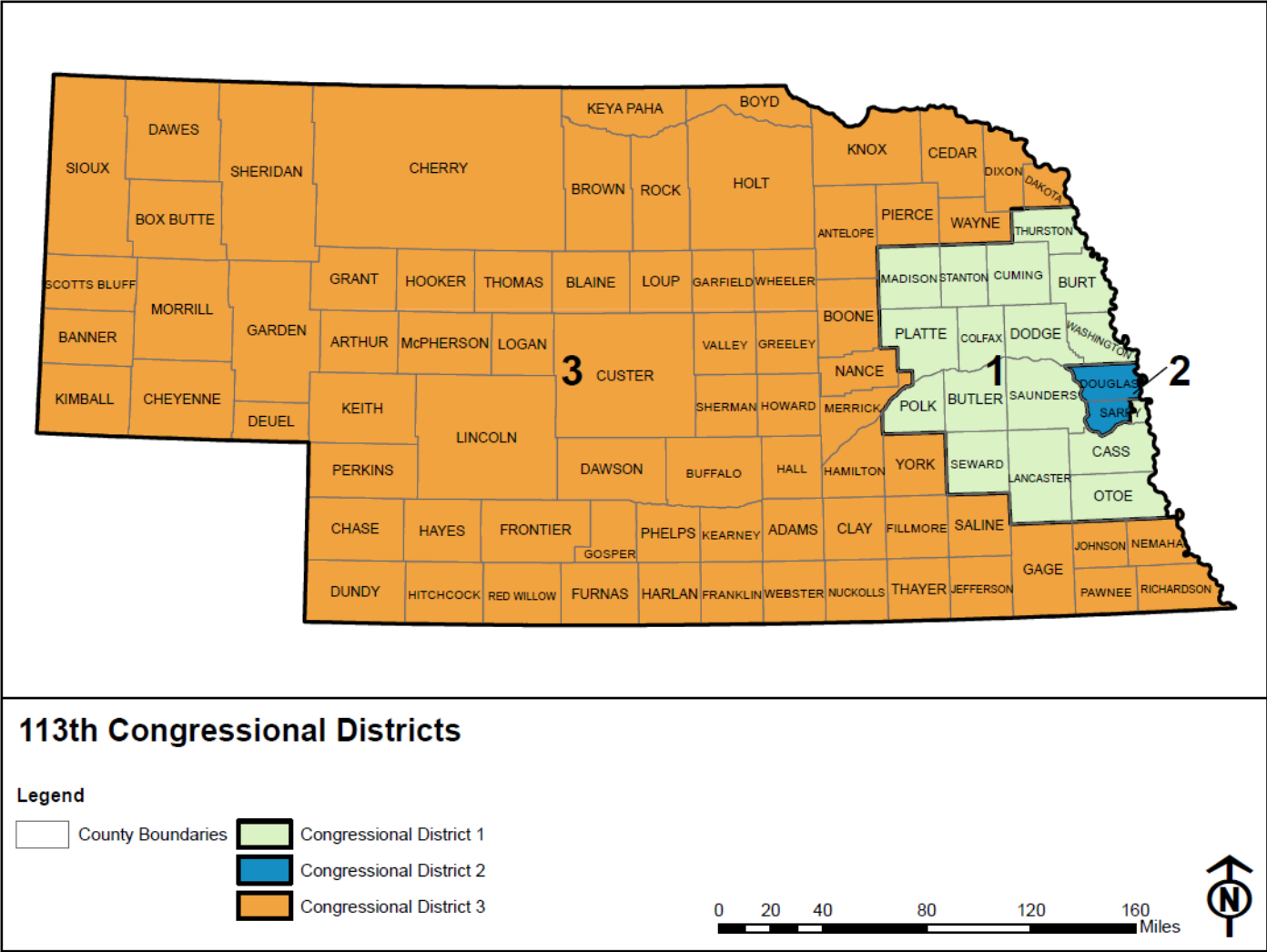
The Nebraska Housing Developers Association works to champion affordable housing through our support of member organizations, education and policy work, and leadership or coordination of various housing initiatives. Visit us on [Facebook](https://www.facebook.com/nhdas) and become a [member](#) of the Association.

RESPONSE:

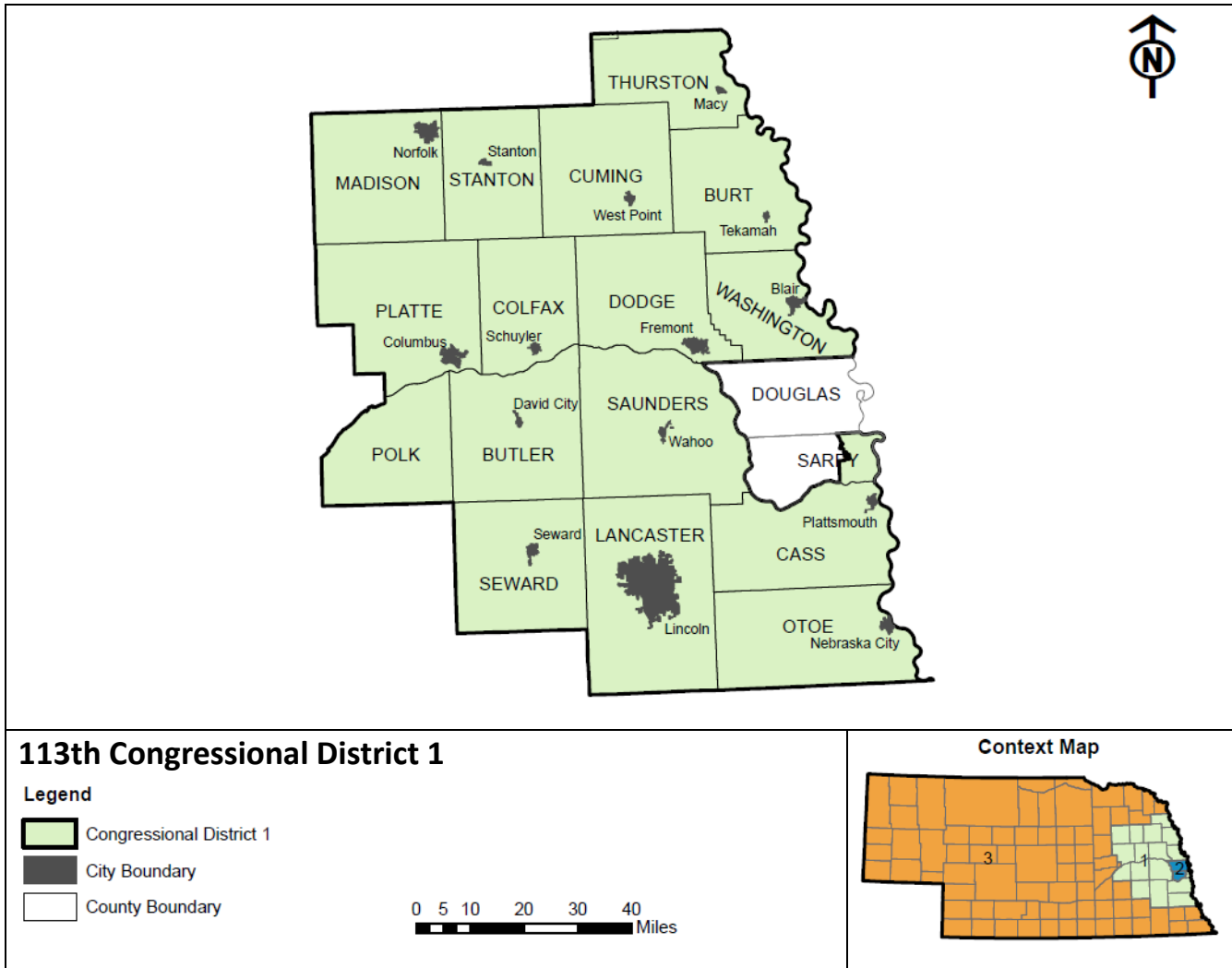
Thank you for your comments.

- 1) Workforce Housing - The Rural Workforce Housing Funds (RWHF) has been removed from the Nebraska Affordable Housing Program (NAHP) resources and allocation listing within the Qualified Allocation Plan (QAP) as it is not an affordable housing program.
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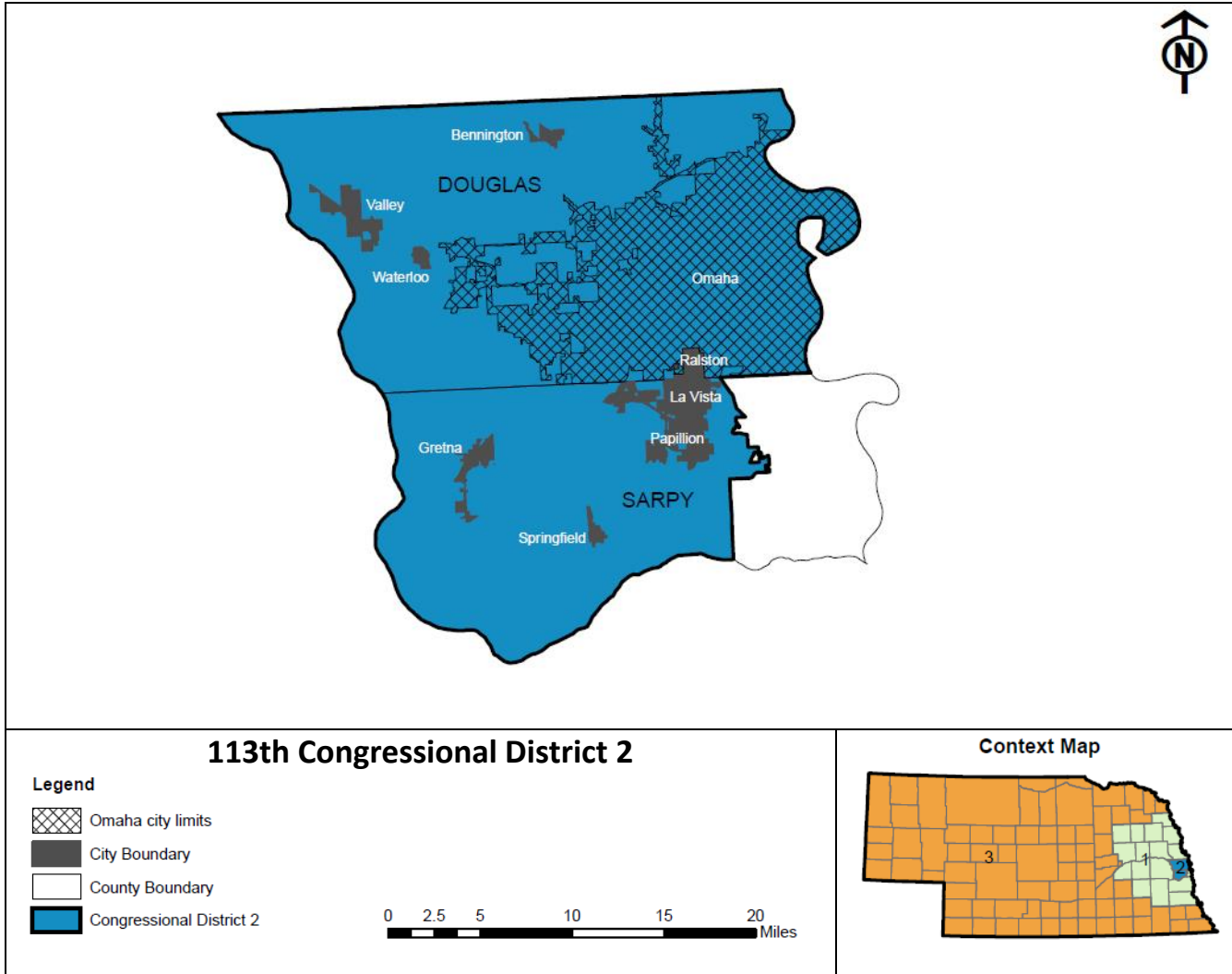
EXHIBIT 12.3 NEBRASKA U.S. HOUSE OF REPRESENTATIVES CONGRESSIONAL DISTRICTS



Congressional District 1



Congressional District 2



Congressional District 3

