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Nebraska Affordable Housing Trust Fund (NAHTF)

2019 Qualified Allocation Plan (QAP)

FINAL

Nebraska Department of Economic Development
Effective July 1, 2019 - June 30, 2020
(2019 Program Year)

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Introduction

The Nebraska Affordable Housing Trust Fund (NAHTF) was established by the (1996) Nebraska Affordable Housing Act (Neb. Rev. Stat. §§58-701 through 58-711). 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 to be 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 develops the QAP with input from businesses, communities, statewide housing partners, developers, nonprofit organizations, public agencies, community action agencies, development districts, and public housing authorities.

DED presented the proposed QAP for review to the Policies and Issues Committee of the Nebraska Commission on Housing and Homelessness (NCHH). Recommendations from the Policies and Issues Committee were taken into consideration when completing the proposed QAP for 2019.

The proposed QAP for 2019 was submitted for a 30-day public comment period on December 3, 2018. A public hearing regarding the QAP was held December 19, 2018, in Lincoln. All written comments submitted to DED during the public comment period were taken into consideration while completing the final QAP.

Allocation of Funds

DED anticipates a 2019 NAHTF program year allocation of \$11,250,000. Of the total allocation, \$600,000 will be utilized for State administrative expenses related to the NAHTF program, and \$10,650,000 will be made available for distribution throughout the State for NAHTF-eligible activities.

The table below outlines the proposed distribution of funds for the 2019 program year:

NAHTF Allocation	NAHTF Activities
\$9,465,000	Housing Projects Funding Cycle(s)
\$120,000	Nonprofit Technical Assistance
\$675,000	Match for Federal HOME Program
\$390,000	Discretionary Funds
\$10,650,000	TOTAL

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 (refer to Attachment 1). It is anticipated that \$3,195,000 will be allocated within each congressional district for eligible housing projects and

nonprofit technical assistance for the 2019 program year; this amount reflects approximately 90% of the estimated NAHTF allocation.

Generally, DED awards those grant applications that meet all threshold requirements and rank highest within their congressional district, pending the amount of funding available for that district. DED reserves the right to fund or not fund applications, regardless of ranking, based on the status of other federal and state funding sources involved in the project or conditional reservations of funds.

The remaining 10%, or \$1,650,000, of discretionary funds will be allocated first to meet the State's HOME Investment Partnership federal matching requirements. This requirement is expected to be \$675,000, but is subject to the official federal allocation of HOME Funds for Nebraska, which has yet to be determined. Therefore, this estimated amount is subject to increase or decrease depending upon the official federal allocation of HOME funds for Nebraska. The NAHTF HOME match allocation will be distributed through the joint NIFA/DED 9% LIHTC application cycle or through the NAHTF Housing Projects Funding Cycle(s). The remaining discretionary funds, totaling an estimated \$390,000, will be utilized within a NAHTF Housing Projects Funding cycle and/or for eligible technical assistance. Discretionary funds have no restriction with regard to congressional district distribution.

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 affordable housing is a major concern among area businesses, community leaders, developers, nonprofit organizations, and members of the public. It is well-known that adequate, available, and affordable housing is crucial to the viability of communities and businesses, influencing their ability to recruit workers and residents or pursue economic development opportunities.

Nebraska's 2015-2019 consolidated plan for federal Housing and Urban Development (HUD) programs identified housing as a priority need. Responding to regional needs for affordable, decent, safe, and appropriate housing is an important component of balanced, statewide economic development.

Four objectives have been developed to meet Nebraska's housing priority need:

- Promote new affordable rental housing and the preservation of affordable rental housing in select 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.

In terms of resource allocation, the NAHTF program gives first priority to financially viable projects that meet threshold scoring and serve the lowest income occupant for the longest period of time. In addition, first priority is also given to financially viable projects that meet threshold scoring located wholly or in part within a designated enterprise zone, pursuant to the Enterprise Zone Act (Nebraska Revised Statutes §§13-2101 through 13-2112) and serves the lowest income occupant for the longest period of time.

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 organizations (One of the other eligible organizations must be the applicant for NAHTF when a for-profit entity is involved in the project)

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;

- Infrastructure projects necessary for the development of affordable housing (support activity implemented in conjunction with the development of affordable housing 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 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.

Funding Availability and Limitations

A total of \$10,650,000 in NAHTF resources will be available for eligible projects and activities for the 2019 program year. This funding will be utilized in:

- An annual competitive housing application cycle (i.e., funding cycle)
- Nonprofit technical assistance activities included in the competitive annual cycle
- The NIFA/DED 9% LIHTC tax credit cycles (NAHTF HOME Match)

Discretionary funds, additional NAHTF funds, and funds remaining from the funding cycle may be used, at DED's discretion, to increase any of the above-mentioned cycles, or in an additional funding cycle, such as a demonstration program.

The 2019 suggested maximum NAHTF project award is \$500,000 for any housing project application. The maximum nonprofit technical assistance activity award is \$40,000 over a two-year period.

DED reserves the right to fund or not fund applications, and to exceed the suggested maximums, to allow for flexibility to ensure congressional district distribution requirements, organizational capacity, urgent housing needs, or other geographic considerations are met.

Matching Requirements

A minimum 10% cash match of the total NAHTF request is required of each applicant for eligibility of award.

Leverage

NAHTF resources are not intended to fund entire projects. Other project financing, in addition to the minimum 10% cash match may include other public funds, bank financing, and other private investment. Project financing beyond the NAHTF funds and the cash match are considered leverage.

Selection Criteria

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. Demonstrating repayment of NAHTF resources is also a priority objective.

DED's NAHTF scoring methodology for the Housing Projects Funding Cycle, based on the previously mentioned selection criteria, is displayed in the chart below.

SELECTION CRITERIA FOR HOUSING PROJECTS FUNDING CYCLE		
<u>Criteria</u>	<u>Points Possible</u>	<u>Points Awarded</u>
Project Design	150	
Need and Impact	100	
Collaboration	50	
Project Financing	75	
Capacity	75	
Affordability Period (5 years = 25, 10 years or more = 50)	50	
Total Possible Points	500	

Nonprofit technical assistance applications are scored as a separate pool of applications during the funding cycle. Scoring methodology for Nonprofit Technical Assistance applications is displayed in the chart below.

SELECTION CRITERIA FOR NONPROFIT TECHNICAL ASSISTANCE		
Criteria	Points Possible	Points Awarded
Need	200	
Impact on Housing Need	100	
Sustainability	100	
Financial Management	100	
Total Possible Points	500	

Enterprise Zone

Projects located in whole or in part within an Enterprise Zone are given first priority. The project must be (1) located wholly or in part within a designated enterprise zone, pursuant to the Enterprise Zone Act (Nebraska Revised Statutes §§13-2101 through 13-2112); and (2) the project serves the lowest income occupant; and (3) the project is obligated to serve qualified occupants for the longest period of time. Selected projects must meet threshold and scoring criteria, demonstrate capacity, and be financially viable.

Funding Cycle Application Process Summary

Application guidelines are posted on the DED website prior to the funding cycle. The 2019 application guidelines include detailed program information, formatting guidance, application forms, instructions, and answers to common application-related questions. Preliminary applications (pre-apps) are required prior to the funding cycle application. This requirement gives DED the ability to offer technical assistance to prospective grantees and to adequately plan for application processing and scoring. A pre-application workshop will be offered and recommended to prospective applicants. Technical assistance is also available from DED housing program representatives (see Attachment 2).

Application workshops are also offered, and participation is encouraged. The workshops include an overview of annual program changes; a review of the application process; application-related Q&A; scoring criteria review; and application writing guidance. The workshops also 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 while planning and preparing an application.

Applications must be submitted to DED on or before the specified due date. DED processes all applications before reviewing and scoring, and subsequently determines which applicants will be offered letters of selection or non-selection.

2019 NAHTF PROPOSED TIMELINE	
<u>Anticipated Date</u>	<u>Action</u>
Tuesday, November 27, 2018	NCHH Policy & Issues Committee Meeting to Review QAP
Monday, December 3, 2018	Open Public Comment Period for QAP
Wednesday, December 5, 2018	Public Hearing on QAP
Wednesday, January 2, 2019	QAP Public Comment Period Ends
Tuesday, January 29, 2019	2019 NAHTF Application Guidelines Posted
Wednesday, February 13, 2019	2019 NAHTF Pre-Application Workshop (web streaming)
Thursday, February 28, 2019	2019 NAHTF Pre-Applications Due

March 11, 2019 – March 29, 2019 (Specific Dates To Be Determined)	2019 NAHTF Application Workshops (1 in person and 2 web streaming)
Tuesday, April 30, 2019	2019 NAHTF Applications Due

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 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. NCHH worked with DED during the development of the NAHTF Qualified Allocation Plan.

Amendments

DED reserves the right to make changes to the Nebraska Affordable Housing Act QAP 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, the proposed amendment will be made available on the DED website (opportunity.nebraska.gov) for a 14-day public review and 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.

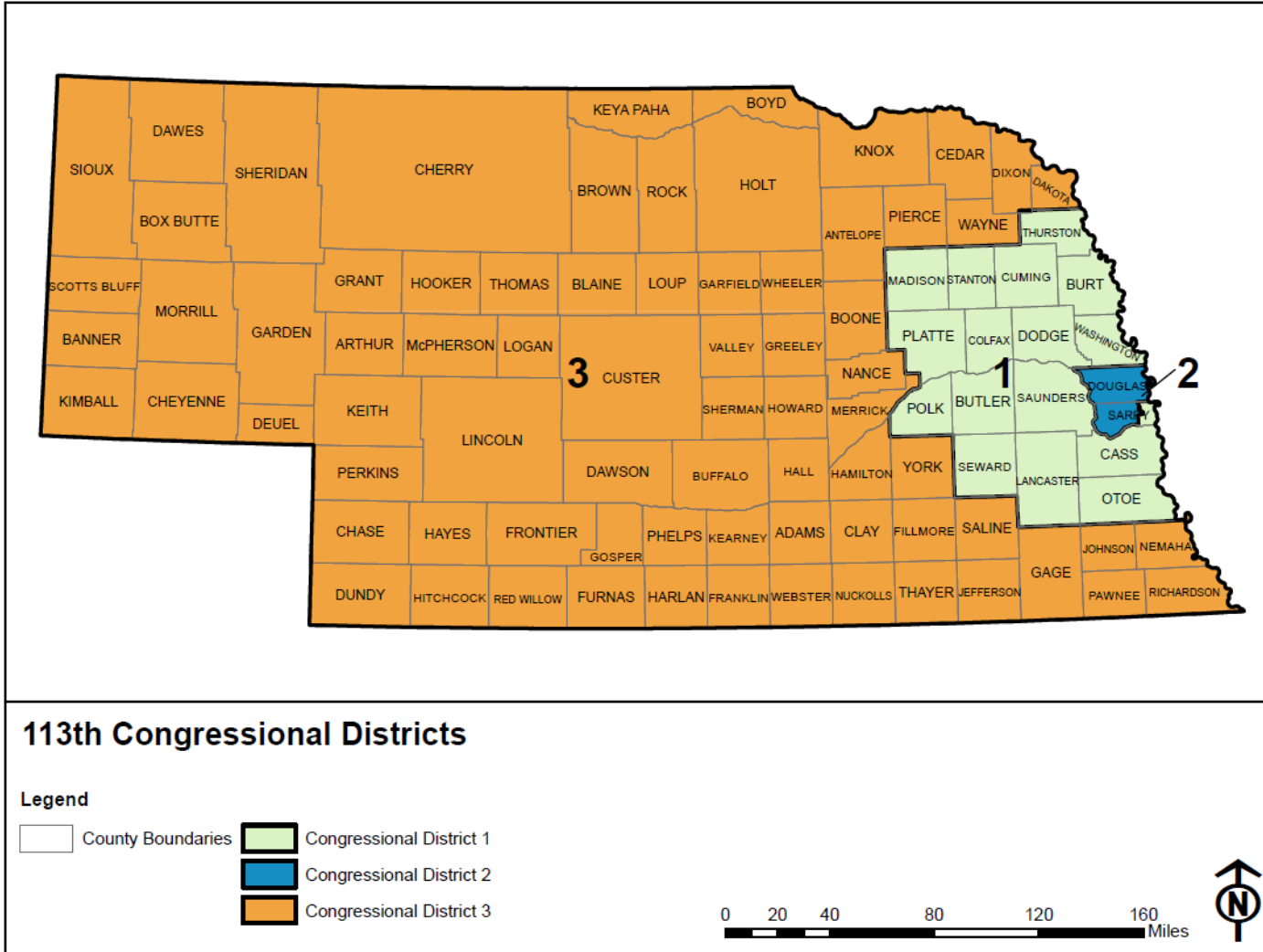
Public Comments

Public comments received during the 30-day public comment period are included as Attachment 3.

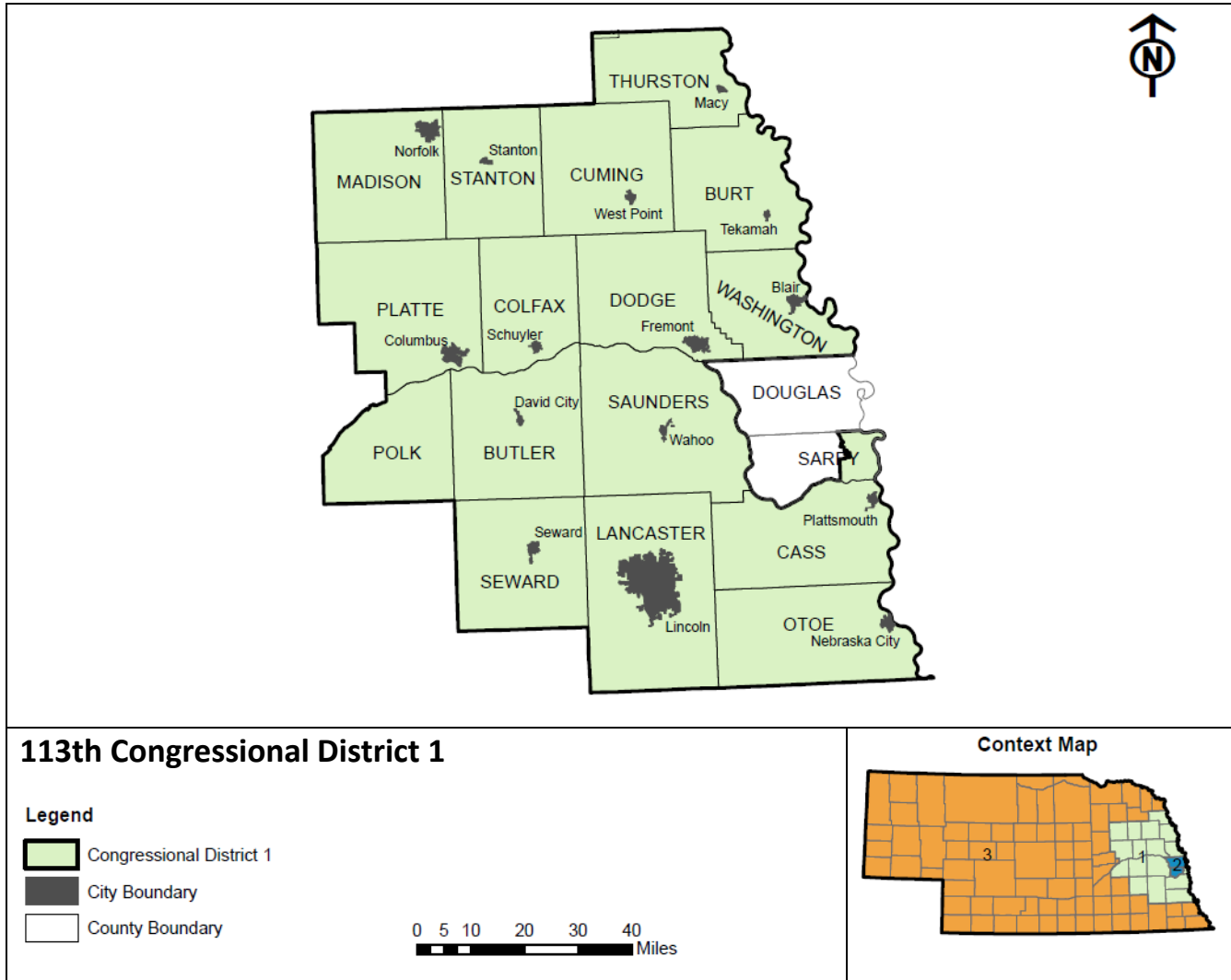
Housing Contact Information

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

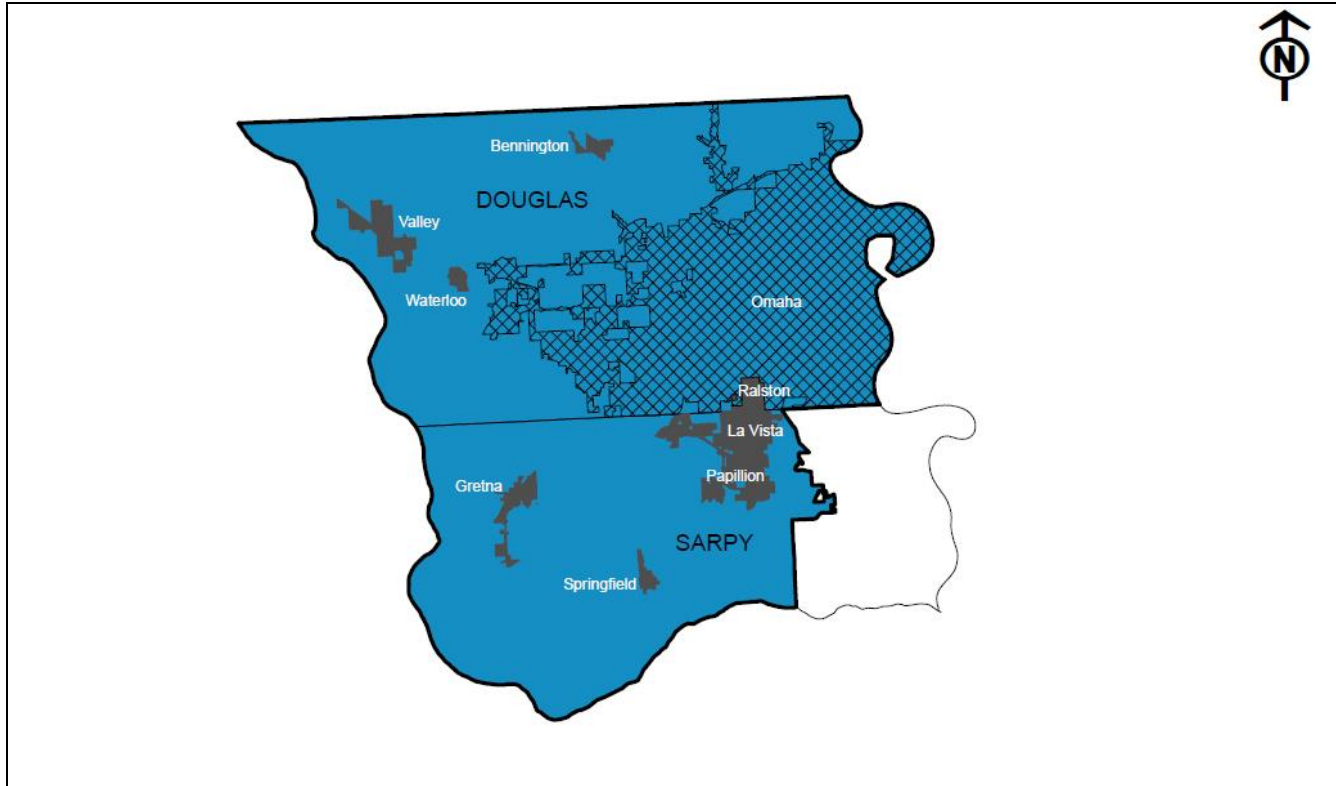
Attachment 1 Nebraska U.S. House of Representatives Congressional Districts



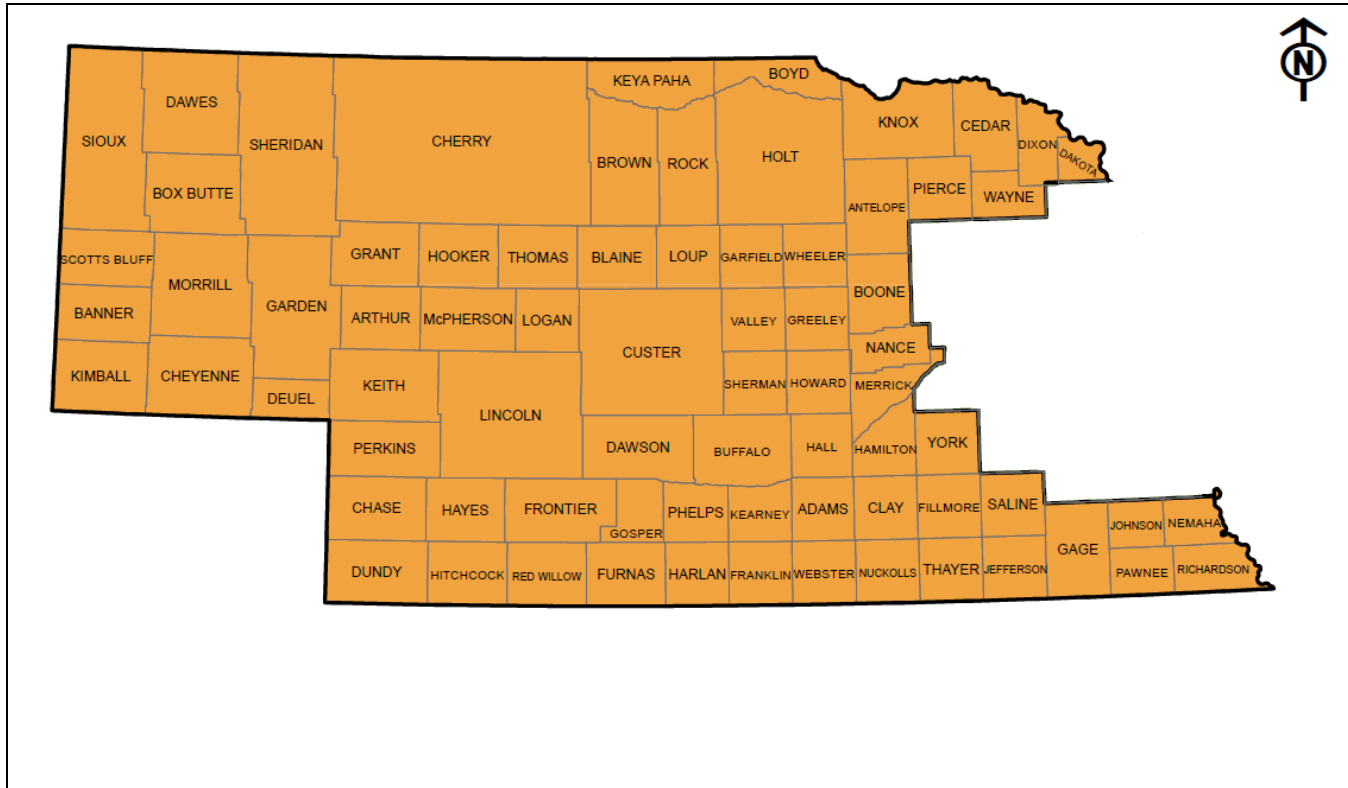
Attachment 1A Congressional District 1



Attachment 1B Congressional District 2

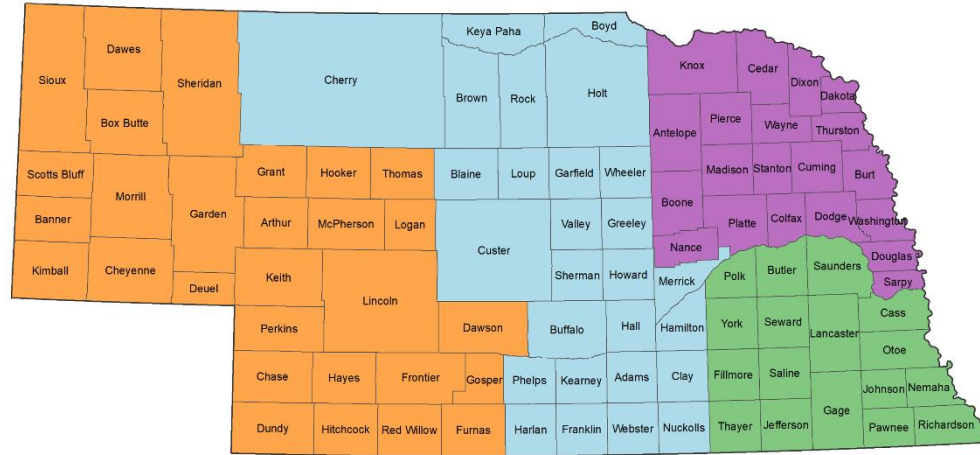


Attachment 1C Congressional District 3



Attachment 2 NDED Housing Program Representative Map

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



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September 4, 2018

Attachment 3 Public Comments

Area Median Income

The Nebraska Affordable Housing Trust Fund is intended to be a flexible housing subsidy, aimed at increasing the availability of affordable housing in Nebraska. The program can be most effective when it can be most flexible. Flexibility is lost when projects are forced through competition to design projects that serve more restrictive income levels.

The relative weight of points awarded for lower income projects has increased from last year. Because it is difficult for applicants to self-score on some of the more subjective criteria such as “Project Design,” the objective criteria of “Affordability Period” and “AMI” take on increased significance for grant applicants. The ultimate effect of this is to restrict applicants to target the lower AMI’s.

Increasing the relative weight of points awarded for targeting lower AMI’s has exasperated this issue. In order to mitigate this problem, we suggest lowering the points awarded for targeting lower AMI’s. If the scoring still awards points on a graduated basis to projects that target lower incomes, it will be in compliance with the statute which requires that the Department “give first priority to financially viable projects that serve the lowest income occupants for the longest period of time.” However, a 25-point spread from 80 percent AMI to 120 percent AMI is too large.

Additionally, we urge the Department to share the overall application scoring data so that we can have a better understanding of what separates projects that are funded from those that are not. We do not need to know specifically which applicant received how many points but having a general idea about how many points are awarded to winning applications versus losing applications would help applicants understand the importance of targeting lower AMI’s.

Matching Requirements

The QAP requires “a minimum 10% cash match of the total NAHTF request” of each applicant to be eligible for an award. This goes beyond the statutory requirement for eligibility as well as the Rules and Regulations Concerning the Administration of the Nebraska Affordable Housing Act (Title 86, Nebraska Administrative Code, Chapter 5). While we acknowledge that the language of the statute (Chapter 58, Section 707) is unclear, and the 2017 Legislative Performance Audit Committee came to a different conclusion, the rules and regulations adopted and promulgated by the Department are clear. Matching funds are only required by for-profit applicants.

We urge the Department to remove matching funds as a threshold requirement for governmental subdivisions, local housing authorities, community action agencies, and community-based or neighborhood-based or reservation-based nonprofit organizations

as defined in the Rules and Regulations Concerning the Administration of the Nebraska Affordable Housing Act 001.01K (a)-(f). We acknowledge that matching funds are an indicator of a project's quality and applicant's capacity. We suggest that matching funds be point earning criteria, not a threshold item. The Department should not create greater barriers to applicants than is intended by the statute or required by the rules and regulations.

Non-cash Matching Funds

We suggest that for those projects that do require matching funds (whether you determine that to be all applicants or only for-profit applicants, as we suggested), that the Department of Economic Development accept cash equivalents that are at least equal to 10 percent of the amount of the award.

Again, we do not believe that the QAP should be more restrictive than the statute and the Rules and Regulations require. Nowhere in the Rules and Regulations or the Nebraska Revised Statutes does it state that cash match must be provided. A broader understanding of what may qualify as matching funds could allow many meritorious projects that are rich in resources but do not have sufficient cash match to receive funding.

Non-cash match could be expanded while remaining limited to items that are easily given a cash value such as land, sweat equity, down-payment assistance, and bank loans to name only a few examples.

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. We acknowledge and appreciate the Department's ongoing commitment to simplify the submission process. We provide this comment simply to show that we support the use of resources to develop and implement an online application portal.

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.

Affordability Periods

We are pleased to see that a ten-year affordability period is no longer a threshold item for rental projects. This is an improvement over last year's application. However, now that all projects are being scored under the same criteria, we urge the Department to consider the relative advantage given to homebuyer applications regarding the affordability period. For homebuyer programs the costs for extending the affordability period from five years to 10 years are negligible or non-existent. For a rental project the cost of a 10-year affordability period is significantly greater than a five-year period. This appears to bias the scoring towards homebuyer applications.

--

Matthew Cavanaugh | Executive Director
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matthew@housingdevelopers.org | housingdevelopers.org

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. We acknowledge and appreciate the Department's ongoing commitment to simplify the submission process. We provide this comment simply to show that we support the use of resources to develop and implement an online application portal.

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.

Angela Smith | Strategic Partnerships Manager
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January 2, 2019

Pamela Otto, Housing Coordinator
Nebraska Department of Economic Development
P.O. Box 94666
Lincoln, NE 68509-4666

Dear Ms. Otto,

Thank you for the opportunity to provide public comments for the 2019 Qualified Allocation Plan for the Nebraska Affordable Housing Trust Fund. I appreciate the work you and your team does to help improve housing throughout Nebraska. Below are comments on behalf of the McCook Economic Development Corporation.

We would urge the department to share the overall application scoring data so that we can have a better understanding of what separates projects that are funded from those that are not. This would help us develop better plans in the future that meet the goals of improving housing locally and meeting the goals of the Nebraska Affordable Housing Trust Fund.

It would also be beneficial to provide the proposed QAP earlier in the year. This would allow organizations adequate time to consider the proposed plan and prepare successful projects for our communities.

Thank you for the work your team does to improve housing. We look forward to partnering with DED in the future to help improve housing in McCook and southwest Nebraska.

Sincerely,

Andy Long
Executive Director



MIDWEST HOUSING
DEVELOPMENT FUND, INC.

December 28, 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) 2019

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.

Area Median Income

MHDF recommends lowering or eliminating the points awarded for limiting occupancy to households with lower area median incomes (AMIs) from one project proposal to another. MHDF suggests that DED work internally and with stakeholders to identify alternative methods of complying with the statute's requirement to "give first priority to financially viable projects that serve the lowest income occupants for the longest period of time." A 25-point spread from 80 percent AMI to 120 percent AMI is too large of a portion of the total potential points. This discourages mixed-income developments (workforce) and projects with higher inherent risk (innovative) by limiting the project market to gain points. An example of another approach would be to provide a reasonable point advantage for developments with lower projected beneficiary costs (affordability) which are then able to reach persons with lower incomes and remain affordable to these households but not as restricted in allowable beneficiary incomes.

NIFA/DED joint application process allocation

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 and typically affordable rents to persons with incomes below 50% AMI for a minimum of thirty (30) years. It is important to note that these projects are financially viable projects that serve the lowest income persons for the longest period of time. For these reasons, DED should continue the practice of committing NAHTF from the 10% discretionary funds to HOME Match made available through the NIFA/DED joint application, and also provide an additional allocation to the NIFA/DED 9% tax credit cycles as non-HOME Match NAHTF. This will enable DED to provide NAHTF to projects when HOME/HTF federal procedural restrictions are a barrier to providing DED federal funding to an otherwise financially feasible, quality project in a congressional district with available NAHTF allocation authority.

Maximum Project Award

MHDF recommends that DED not institute a suggested maximum NAHTF project award of \$500,00 for the NIFA/DED 9% LIHTC tax credit cycles. Instead, MHDF encourages DED to set a maximum award total or maximum per unit award amount for this application type. A suggested maximum causes unnecessary confusion and inefficiencies to the project development process in that a funding gap cannot exist to receive a LIHTC allocation. With the suggested maximum, an applicant is uncertain as to whether the HOME, NAHTF, or HTF will be considered above a \$500,000 funding level per project. In addition, a suggested but uncertain maximum in all application types is a distinct disadvantage to project proposals vs. program proposals. Programs by nature can be scaled up or down by number of beneficiaries and housing units to fit the funding provided (number of homebuyers assisted, for example). Projects with distinct budgets, on the other hand, may need to change

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fundamental characteristics that impact the overall project financing (such as rent levels) if funding gaps remain due to a decreased NAHTF award. Project proposals often cannot follow-through with project commitments set forth in the application with an NAHTF award that is reduced down from the request to the suggested maximum. This uncertainty pressures developers with project proposals to self-limit to the guideline maximum so as not to risk funding gaps in the budget. Examples or scenarios detailing when DED will entertain potential total award funding above the suggested maximum could mitigate some of the perceived risk in submitting an application with an NAHTF request above the suggested maximum.

Administrative Support

MHDF supports DED's reservation of \$600,000 (an increase of \$50,000 or 9% from 2018 and \$150,000 or 33% from 2017) of NAHTF for State administrative expenses related to the program. MHDF encourages DED to utilize this 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.

Matching Funds

MHDF recommends that the Department of Economic Development accept cash equivalents that are at least equal to 10 percent of the amount of the award. Neither the Act nor the rules and regulations indicate that the 10% match must be provided in the form of cash. Furthermore, the Act and regulations do not restrict match to only contributions that have no other restrictions or "strings attached". These additional program requirements imposed by DED limit the applicant's ability to attract any manner of resources which can reduce the need for NAHTF and increase local investment in affordable housing. A broader understanding of what may qualify as matching funds could allow many meritorious projects that are rich in resources but do not have sufficient unrestricted cash match to receive funding. Non-cash match could be expanded while remaining limited to items that are easily given a cash value such as land and come in other forms than unrestricted cash such as loans and grants with funder requirements.

General

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 Plan. If you have any questions please contact me at (402) 715-5328 or luskey@mhdflnc.com.

Sincerely,



Lara Huskey
Executive Vice President

Copies to: Lynn Kohout, DED; Matthew Cavanaugh, Nebraska Housing Developers Association

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January 2, 2019

Pamela Otto, Housing Coordinator
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Dear Ms. Otto,

On behalf of the Northeast Nebraska Economic Development District, we are submitting the following comments regarding the 2019 Qualified Allocation Plan (QAP) for the Nebraska Affordable Housing Trust Fund (NAHTF):

Matching Requirements

The QAP requires “a minimum 10% cash match of the total NAHTF request” of each applicant to be eligible for an award. This goes beyond the statutory requirement for eligibility as well as the Rules and Regulations Concerning the Administration of the Nebraska Affordable Housing Act (Title 86, Nebraska Administrative Code, Chapter 5). While we acknowledge that the language of the statute (Chapter 58, Section 707) is unclear, and the 2017 Legislative Performance Audit Committee came to a different conclusion, the rules and regulations adopted and promulgated by the Department are clear. Matching funds are only required by for-profit applicants.

We urge DED to remove matching funds as a threshold requirement for governmental subdivisions, local housing authorities, community action agencies, and community-based or neighborhood-based or reservation-based nonprofit organizations as defined in the Rules and Regulations Concerning the Administration of the Nebraska Affordable Housing Act 001.01K (a)-(f). We acknowledge that matching funds are an indicator of a project’s quality and applicant’s capacity. We suggest that matching funds be point earning criteria, not a threshold item. We do not feel DED should create greater barriers to applicants than is intended by the statute or required by the rules and regulations.

Non-cash Matching Funds

We suggest that for those projects that do require matching funds (whether you determine that to be all applicants or only for-profit applicants, as suggested), that DED accept cash equivalents that are at least equal to 10 percent of the amount of the award.

Again, we do not believe that the QAP should be more restrictive than the statute and the Rules and

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equal housing opportunity



Regulations require. Neither the Rules and Regulations nor the Nebraska Revised Statutes state that cash match must be provided. A broader understanding of what may qualify as matching funds could allow many meritorious projects that are rich in resources but do not have sufficient cash match to receive funding.

Non-cash match could be expanded while remaining limited to items that are easily given a cash value such as land, sweat equity, down-payment assistance, and bank loans to name only a few examples.

Affordability Periods

We are pleased to see that a ten-year affordability period is no longer a threshold item for rental projects. However, now that all projects are being scored under the same criteria, we urge DED to consider the relative advantage given to homebuyer applications regarding the affordability period. For homebuyer programs the cost for extending the affordability period from five years to 10 years are negligible or non-existent. For a rental project the cost of a 10-year affordability period is significantly greater than a five-year period. This appears to bias the scoring towards homebuyer applications.

Thank you for the opportunity to comment on the Nebraska Affordable Housing Trust Fund 2019 Qualified Allocation Plan.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Thomas L. Higginbotham, Jr.', with a stylized flourish at the end.

Thomas L. Higginbotham, Jr.
Executive Director



NeighborWorks®
NORTHEAST NEBRASKA

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December 26, 2018

Nebraska Department of Economic Development
Attn: Lynn Kohout - Housing Manager
301 Centennial Mall South
Lincoln, NE 68509-4666

RE: 2019 NAHTF QAP Public Comments

Lynn,

On behalf of NeighborWorks Northeast Nebraska I am providing written comments on the 2019 NAHTF QAP.

1. Selection Criteria for Housing Projects Funding Cycle (AMI) – NeighborWorks
Northeast Nebraska feels that the current point system required for the AMI section of the Selection Criteria for Housing for Housing Projects Funding Cycle is fundamentally flawed and therefore should be altered or discarded from the overall point scale.

NWNEN has not come to this conclusion lightly. Much thought has been put into the consequences brought forth by the current AMI grading system. NWNEN has two main reasons why DED should consider altering or discarding the current grading system for the AMI section.

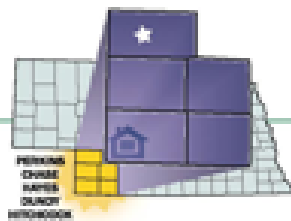
First, although the scale is a small fraction of the applications points, it dictates a large part of the implementation and execution of the grant. If a grantee spreads the number of clients in order to get points the grantee is committing to set aside a part of those funds for a specific AMI group. This means that some of our clients would be unable to access funds that would otherwise be available to them. For example, if a grantee has nine applicants and decides to spread the funds between the three categories equally (3 at 80% AMI, 3 at 100% AMI and 3 at 120% AMI). If the organization helps 3 clients at 120% AMI they would be unable to help any client who is over 101% AMI because they would be obligated to serve clients below the 100% AMI for the next 6 projects. This can be a problem because we would be denying service to a person who qualifies to access Trust Funds which would not be fulfilling the statute. A solution is to use the Final Performance Reports in which grantees report the actual numbers of the AMI being served rather than a hypothetical number that we hope to serve.

Second, grant optimization is compromised. NWNEN, strives for program fund optimization and this contractual agreement of serving an individual or family at or below 80% AMI hurts the client because they are not receiving the optimal level of assistance they could be getting through another program that is designed to help lower income individuals and families. The Trust Fund is designed to help a larger spectrum of incomes across the state, the freedom it provides is one of the biggest benefits of the program. Limiting organizations to serve a specific AMI group when it is not necessary would reduce the optimization of the program and most importantly would negatively affect the individuals and families we serve.

Sincerely,
NeighborWorks Northeast Nebraska



Roger D. Nadrchal, CEO



Southwest Nebraska
Community Betterment Corporation

P. O. Box 720 • Grant, Nebraska 68140
308-352-4338 • Fax 308-352-2663
swncbc@gpcom.net • www.southwestne.com

January 2, 2019

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 2019 housing grant program. I would like to receive written confirmation that our public comments were received prior to the January 2, 2019 deadline.

I would like to see the proposed QAP to be provided earlier in the year rather than right before annual cycle applications begin. Providing the QAP earlier in the year would allow organizations adequate time to consider the proposed plan and prepare and plan successful projects for our communities. In addition, I would like to add that it would be beneficial for DED to hold a statewide Focus Meeting prior to publishing the proposed QAP. The QAP states on page three (3) paragraph two (2) that DED develops the QAP with input from businesses, communities, statewide housing partners, developers, nonprofit organizations, public agencies, community action agencies, development districts and public housing authorities. I feel this should be a statewide focus meeting held either in person and/or via webinar for all communities and organization to take part in. This would allow DED to gather input, comments, and concerns on a statewide basis.

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

I would like to see an increase in the Nonprofit Technical Assistance allocation since currently it only allows for one TA grant per Congressional District. Since Congressional District 3 has such a large geographic area of the state, I believe it will take more than one nonprofit to adequately support the provision of decent affordable housing.



Serving
Perkins County: Grant, Venango, Madrid, Elsie, Grinton, Brandon
Chase County: Imperial, Lamar, Champion, Enders, Yvauneta
Hayes County: Hayes Center, Hamlet
Dundy County: Benkelman, Haigler, Paris, Max
Hitchcock County: Trenton, Stratton, Culbertson, Palisade, Beverly



On page 4, the first objective states, that DED is promoting new affordable rental housing and the preservation of affordable rental housing in select market. I am in favor of supporting affordable rental housing, however, can DED please clarify affordable rental housing (does this mean ANY rental housing that serves tenants under 120% AMI; are points awarded based on serving a lower AMI) Can DED please clarify the select markets?

I am happy that DED continues the electronic submission of the applications.

Again thank you for the opportunity to submit public comment.

Sincerely,
Amy Thelander
SWNCBC Executive Director
