

MEMORANDUM

Rural Workforce Housing Fund Policy Guidance

MEMO: 23-01

Issue Date: September 21, 2023

Effective Date: September 1, 2023

This Policy remains effective until it is amended, superseded, or rescinded.

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SUBJECT: Housing Cost to Construct Maximum Limits

PROGRAMS IMPACTED: Rural Workforce Housing Investment Fund (RWHF)

This policy memorandum updates the Nebraska Department of Economic Development's guidance concerning the revised unit cost for owner-occupied and rental housing units constructed under the RWHF program. LB1069, approved by the Governor on April 18, 2022, adjusted the maximum limits to \$325,000 for newly constructed or existing owner-occupied units and \$250,000 cost per unit for newly constructed rental units. The Department is required by statute to update these maximums annually based on the most recent *increase or decrease* in the Producer Price Index for all commodities, published by the United States Department of Labor, Bureau of Labor Statistics.

Based on the most recent Producer Price Index data, there would be a decrease in the maximums to \$300,000 for owner-occupied and \$235,000 for rental units. However, LB191, which impacted the RWHF, included the 2022 limits of \$325,000 and \$250,000. This legislation effectively reset the limits for 2023, so the next Producer Price Index adjustment should not take place until 2024.

Until the next annual update in 2024, the maximum limit for newly constructed or existing owner-occupied units is \$325,000, and \$250,000 cost per unit for newly constructed rental units. When calculating the maximum "cost to construct" limits, acquisition of property, demolition of property, and off-site utility costs should not be included.

The limits apply to any future projects and may apply to projects under construction as of the effective date of September 1, 2023. Rural Workforce Housing Fund recipients should update their local RWHF Investment Plan and may amend current contracts to reflect this change for applicable projects.