Nebraska Affordable Housing Trust Fund (NAHTF)

2019 Qualified Allocation Plan (QAP)

PROPOSED

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 presents 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 will be taken into consideration when completing the proposed QAP for 2019.

The proposed QAP for 2019 will be submitted for a 30-day public comment period on December 3, 2018. A public hearing regarding the QAP will be held December 5, 2018, in Lincoln. All written comments submitted to DED during the public comment period will be 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:

<table>
<thead>
<tr>
<th>NAHTF Allocation</th>
<th>NAHTF Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>$9,465,000</td>
<td>Housing Projects Funding Cycle(s)</td>
</tr>
<tr>
<td>$120,000</td>
<td>Nonprofit Technical Assistance</td>
</tr>
<tr>
<td>$675,000</td>
<td>Match for Federal HOME Program</td>
</tr>
<tr>
<td>$390,000</td>
<td>Discretionary Funds</td>
</tr>
<tr>
<td><strong>$10,650,000</strong></td>
<td><strong>TOTAL</strong></td>
</tr>
</tbody>
</table>

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
Proposed NAHTF

2019 QAP

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 projects 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 and serves the qualified occupants 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

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:
  o Preparing potential homebuyers to purchase affordable housing; post-purchase education;
  o Target audiences eligible to utilize the services of housing assistance groups/organizations;
  o 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 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

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Points Possible</th>
<th>Points Awarded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Design</td>
<td>150</td>
<td></td>
</tr>
<tr>
<td>Need and Impact</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Collaboration</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>Project Financing</td>
<td>75</td>
<td></td>
</tr>
<tr>
<td>Capacity</td>
<td>75</td>
<td></td>
</tr>
<tr>
<td>Affordability Period (5 = 0, 10 or more = 25)</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>AMI (≤ 80% = 25; ≤ 100% = 15; ≤ 120% = 0)</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td><strong>Total Possible Points</strong></td>
<td><strong>500</strong></td>
<td></td>
</tr>
</tbody>
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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

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Points Possible</th>
<th>Points Awarded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Need</td>
<td>200</td>
<td></td>
</tr>
<tr>
<td>Impact on Housing Need</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Sustainability</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Financial Management</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td><strong>Total Possible Points</strong></td>
<td><strong>500</strong></td>
<td></td>
</tr>
</tbody>
</table>
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.

<table>
<thead>
<tr>
<th>2019 NAHTF PROPOSED TIMELINE</th>
</tr>
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<tbody>
<tr>
<td>Anticipated Date</td>
</tr>
<tr>
<td>Tuesday, November 27, 2018</td>
</tr>
<tr>
<td>Monday, December 3, 2018</td>
</tr>
<tr>
<td>Wednesday, December 5, 2018</td>
</tr>
<tr>
<td>Wednesday, January 2, 2019</td>
</tr>
<tr>
<td>Friday, January 25, 2019</td>
</tr>
<tr>
<td>Wednesday, February 13, 2019</td>
</tr>
<tr>
<td>Thursday, February 28, 2019</td>
</tr>
<tr>
<td>March 11, 2019 – March 29, 2019 (Specific Dates To Be Determined)</td>
</tr>
<tr>
<td>Tuesday, April 30, 2019</td>
</tr>
</tbody>
</table>
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

113th Congressional Districts

Legend
- County Boundaries
- Congressional District 1
- Congressional District 2
- Congressional District 3

Proposed NAHTF 2019 QAP
Attachment 2  NDED Housing Program Representative Map
PROPOSED