



More housing critical to rural growth

Under 2017 law, Nebraska is now offering grants to help communities build quality, affordable homes and rental units

by Nebraska Sen. Matt Williams (mwilliams@leg.ne.gov)

In the Nebraska Legislature, a significant amount of time is spent talking about growing our state, moving our state forward, and providing a better future for the next generation.

Oftentimes that discussion revolves around our tax structure, economic incentives, and access to quality education and health care. We are fortunate to have a nationally recognized, favorable business environment; low unemployment; a strong work ethic; and a quality of life that many employers and employees want.

But there is one factor often overlooked in our effort to attract employers and employees: access to quality, affordable housing.

Ask any economic development professional about the barriers to attracting good jobs and employees, and I guarantee that the lack of quality and affordable housing is one of the greatest barriers facing rural America. In fact, in many communities across Nebraska, we have jobs available that go unfilled due to this shortage.

The problem is particularly acute in rural areas where the cost of housing is considerably higher. A report from the Nebraska Investment Finance Authority, for example, showed that the cost of new construction for single-family homes was highest in the Panhandle region of my state (one of the most rural parts of Nebraska) — \$248,000 in the Panhandle vs. \$198,000 in the Lincoln and Omaha metropolitan areas.

We simply don't have nearly the same number of housing developers in rural areas, which can't reach the economies of scale that we see achieved with housing development in populated areas.

This measure is designed to help communities fill job openings by expanding the availability of housing options that potential employees desire.

Building with some state assistance

In 2017, I introduced LB 518, the Rural Workforce Housing Investment Act. Signed into law in May, this measure is designed to help communities fill job openings by expanding the availability of housing options that potential employees desire. Specifically, the bill creates a grant program to stimulate housing development in rural Nebraska.

Under LB 518, which received unanimous approval in our Unicameral Legislature, a non-profit development organization can apply to the Nebraska Department of Economic Development for funds to develop workforce housing through new construction, the rehabilitation of existing homes, or the building of rental units.

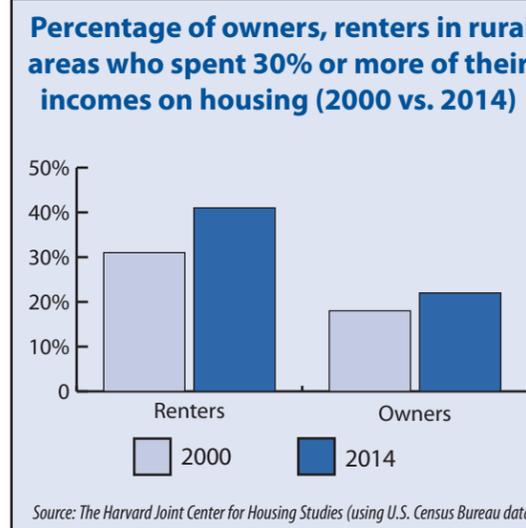
The type of activities that could receive assistance through the Rural Workforce Housing Fund include loan guarantees, purchase and rental guarantees, and credit enhancements to reduce the cost of workforce housing. To ensure that communities have skin in the game, a dollar-for-dollar match on all state grant funds is required.

To provide dollars for this grant program, the new state law transfers unallocated monies from an existing state fund for affordable housing.

This Affordable Housing Trust Fund was established in 1996 in response to concerns about the effect of poor-quality housing on economic development. It is funded by taking a portion of a fee on certain real estate transactions; since the fund's creation, it has supported 524 grants totaling more than \$120 million across Nebraska for low-income housing.

LB 518 specifies that the Department of Economic Development will award grants to areas with demonstrated housing and employment needs. The department looks for a commitment from the nonprofit development organization to grow a community's housing stock, and to ensure the state's investment is in good hands, program administrators will review criteria such as the experienced leadership of the nonprofit applicant.

LB 518 encourages grantees to use the funding or lose it within 24 months. If a grantee fails to use



the funding in a timely manner, funds are returned to the department for further investment in workforce housing until July 2022, when all unused funds held by the department will be returned to the Affordable Housing Trust Fund.

Of course, oversight is important in a program like this, so the new law requires reports from grantees and the department so that we can monitor the program's progress and success.

LB 518 had the backing of the Nebraska Economic Developers Association, State Chamber of Commerce, Nebraska Bankers Association, Nebraska Realtors Association, League of Municipalities, and the Nebraska Housing Developers Association — evidence that the need for affordable rural housing was not a secret and was widely supported throughout the state.

We saw this as a good use of excess state fund dollars, which would have been sitting unused and, therefore, not serving the people of Nebraska.

A grant program such as the one set up by LB 518 can make a difference by creating much-needed workforce housing in rural areas, so that open jobs can be filled and people can afford their housing.

This will clearly help Nebraska grow. Likewise, other rural areas across the Midwest and United States would benefit from an increased emphasis on improving the supply of quality, affordable housing. ★

Nebraska Sen. Matt Williams was first elected to the Unicameral Legislature in 2014. He is a 2015 graduate of the CSG Midwest's Bowhay Institute for Legislative Leadership Development (BILLD).

Submissions welcome

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Percentage of state's homeowners, renters spending 35% or more of their incomes on housing costs		
State	Owner ¹	Renter ²
Illinois	23.8%	40.9%
Indiana	16.1%	39.5%
Iowa	14.6%	35.8%
Kansas	16.1%	35.6%
Michigan	20.0%	43.1%
Minnesota	17.6%	38.2%
Nebraska	15.7%	34.7%
North Dakota	11.9%	31.1%
Ohio	18.2%	39.0%
South Dakota	16.1%	31.8%
Wisconsin	19.7%	38.0%

¹ Only includes homes with a mortgage; costs include mortgages, various insurances, real estate taxes, utilities and select other fees/expenses.
² Cost is gross rent.
 Source: U.S. Census Bureau, American Fact Finder (2012-2016)