

FRAMING THE FUTURE ALTERING THE AFFORDABLE HOUSING BLUEPRINT IN NEBRASKA

A Legislative Research Office Backgrounder



SEPTEMBER 2024



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September 2024

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Opening Doors

Due to the rapidly rising cost to build, purchase, or rent shelter (as discussed in [The Good Life at the Wrong Price: Nebraska's Affordable Housing Challenges](#)) understanding existing housing programs and various proposed solutions is important for lawmakers who are attempting to alleviate the state's affordable housing crisis.

Nebraska state government and the Nebraska Investment Finance Authority (NIFA) currently feature several housing programs focused on increasing the construction and availability of affordable housing in the Cornhusker State.

Housing stakeholders in Nebraska like builders, lenders, economic developers, and regulators all offer unique perspectives and solutions to improve the availability of attainable housing.

[Nebraska's 2022 Strategic Housing Framework](#), developed by the Strategic Housing Council (Council), described a package of strategies to address the shortage of affordable housing in the state. The Council is comprised of industry experts from state and local agencies, nonprofits, construction businesses, and employees of NIFA.

Additionally, innovative legislation has been recently enacted in states nationwide to increase the supply and sustainability of affordable housing, including in Nebraska.

This report is intended to enumerate existing state affordable housing programs, the Council's proposed solutions, and policies from around the world that are meant to generate additional affordable housing units, and figuratively open the doors to additional businesses and workers.

State Affordable Housing Programs

Several programs already exist in Nebraska that are aimed at increasing the availability of affordable housing. However, most other states in the country spend more on housing and community development projects than Nebraska.

According to the 2021 Survey of State and Local Government Finances, Nebraska state government spent the least on "Housing and Community Development" projects compared to all other states in the country (\$941,000).

For example, the state governments of Nebraska's neighbors in Iowa (\$250,644,000) and Kansas (\$132,785,000) spent magnitudes more on housing and community development while the state government of Massachusetts spent more than \$1.5 billion - the most of any state.

However, when also taking into consideration the local community spending on housing and development the Cornhusker State ranking improves slightly. According to the survey, the state of Nebraska and its local communities spent \$270 million in 2021 on housing and community development, which was more spending than Kansas (\$240 million) but less than Iowa (\$427 million). Ultimately, Nebraska ranked 40th among all other states and the District of Columbia.

Despite having a greater population, the state of Nebraska and its local communities spent less on housing and development than five other states and the nation's capital: the District of Columbia (\$636 million), Hawaii (\$422 million), Maine (\$352 million), Alaska (\$311 million), New Hampshire (\$296 million), and Idaho (\$279 million).

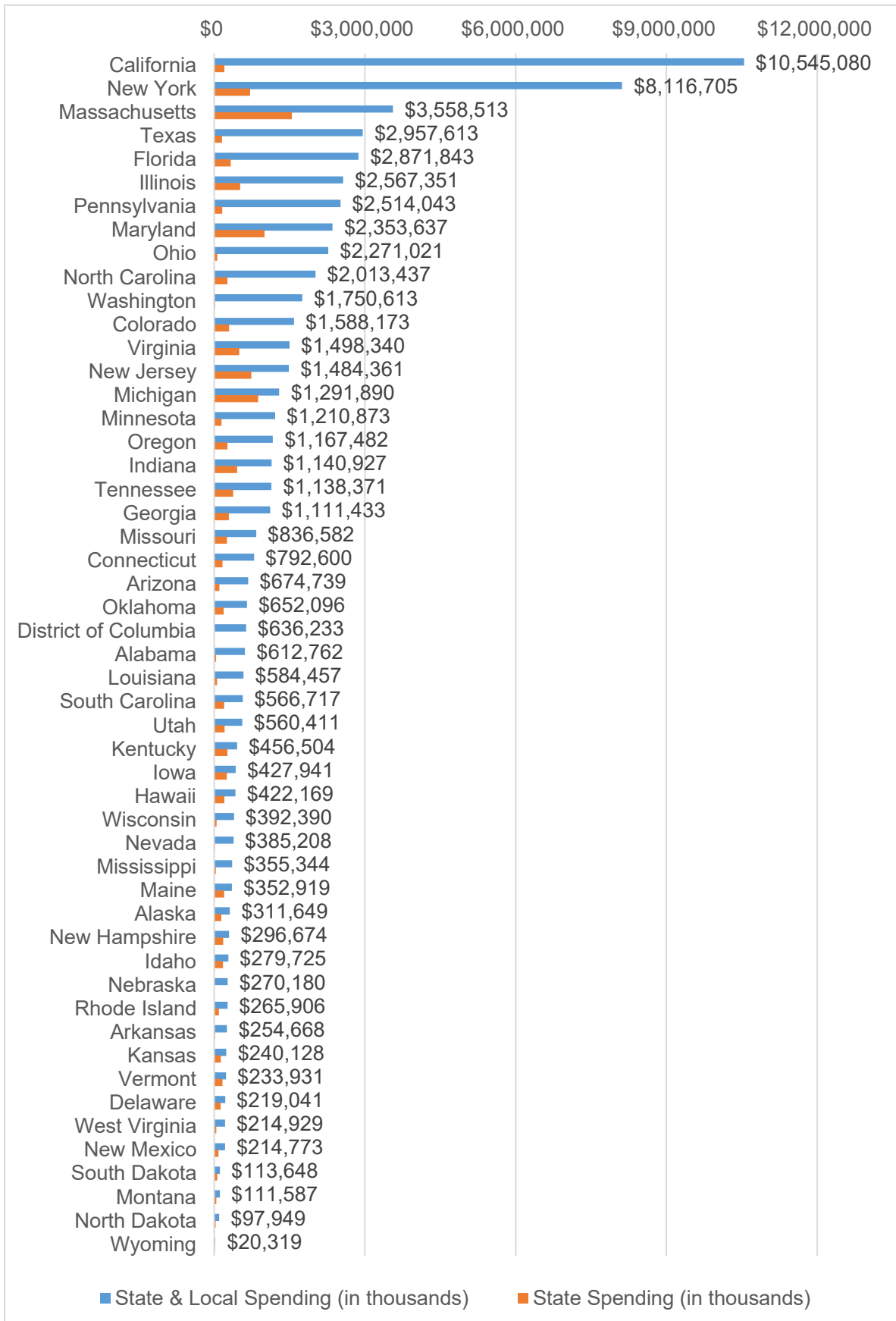
Comparing state and local per capita spending on housing and community development with its neighbors, Nebraska (\$137 per capita) spent more per resident than Missouri (\$135), Iowa (\$134), South Dakota (\$128), Kansas (\$81) and Wyoming (\$35). However, Nebraska spent less than half of what the state and localities of Colorado spent (per capita) on housing and community development (\$275).

Image Credit: Kuzma via iStock



State Affordable Housing Programs

State and Local Spending on Housing and Community Development (in thousands)



State Affordable Housing Programs

Nebraska Affordable Housing Act

[LB1322](#), which included the Nebraska Affordable Housing Act, was passed by the Legislature and approved by the Governor in 1996 ([§§ 58-701 to 58-711](#)). Included in the act were provisions that created the Affordable Housing Trust Fund ([§ 58-703](#)).

The Nebraska Affordable Housing Trust Fund ([NAHTF](#)) is administered by the Nebraska Department of Economic Development (DED). Eligible funding categories under the NAHTF include homebuyer, rental housing, homeowner rehabilitation, technical assistance, and capacity building projects.

- Homebuyer projects finance new construction, acquisition, rehabilitation of existing units, and homebuyer assistance. Approved projects are required to serve homebuyers who earn no more than 120 percent of their area median income.
- Rental housing project requirements are similar, but multi-family rental unit projects must ensure a portion of (or all) the units are affordable to tenants earning 120 percent of the area median income, or less.
- Homeowner Rehabilitation projects provide financing to help owner-occupants repair, rehabilitate, or reconstruct their homes.
- Technical Assistance and Capacity Building projects support nonprofits, communities, or neighborhood-based organizations with funding to increase their ability to create affordable housing.

A portion of the 2024 mid-biennium budget adjustment, [LB 1413](#), ultimately included a fund transfer, which removed \$25 million from the NAHTF and sent \$12.5 million each to the Rural Workforce Housing Investment Fund and the Middle Income Workforce Housing Investment Fund. According to the Legislative Fiscal Office, the fund balance of the NAHTF at the beginning of FY2024-25 is approximately \$36 million.

Rural Workforce Housing Investment Act

The Rural Workforce Housing Investment Act was created by [LB 518](#) in 2017 ([§§ 81-1226 – 81-1234](#)) and formed the Rural Workforce Housing Investment Fund ([RWHF](#)).

Using a competitive application process, DED awards grants to nonprofit development organizations that administer workforce housing investment funds. Housing built with these funds is intended to meet the needs of working families and attract new residents to rural communities.

Eligible projects funded by RWHF include the creation of new owner-occupied housing priced at no more than \$325,000 or new rental housing units priced at no more than \$250,000. For existing units, an eligible project could include units for which the cost to substantially rehabilitate them exceeds half of the assessed value of the housing unit(s).

The RWHF is only available to communities located in a county of less than 100,000, as determined by the most recent federal decennial census. Douglas (584,000), Lancaster (322,000), and Sarpy (190,000) are the only counties that have a population greater than 100,000 residents. The next most populous county in Nebraska is Hall County, which had nearly 63,000 residents in 2020.

State Affordable Housing Programs

In the 2023 legislative session, [LB 191](#) and [LB 727](#) amended the RWHF and were intended to generate added confidence in developers' minds that they would be able to sell their products for a profit. Changes to the provisions of the RWHF included dropping an applicant's required funding match from one-half of awarded funds to 25 percent, allowing RWHF to be paired with NAHTF, and increasing the maximum two-year grant to a nonprofit from \$1,000,000 to \$5,000,000.

Note: North Platte housing development partly funded by the Rural Workforce Housing Investment Fund



Image Credit: North Platte Area Chamber and Development Corporation

Middle Income Workforce Housing Investment Act

The Middle Income Workforce Housing Investment Act was created by [LB 866](#) in 2020 ([§§ 81-1235 – 81-1243](#)). Carrying out the provisions of the act, DED created the Middle Income Workforce Housing Investment Fund ([MWHF](#)), and awards from the fund are intended to support the development of workforce housing in counties with at least 100,000 residents.

The MWHF provides matching grants to nonprofit organizations that administer local workforce housing investment funds. Originally, awards were only directed toward older, urban, and minority neighborhoods in the cities of Lincoln and Omaha.

Eligible projects using MWHF include the construction of new owner-occupied housing that has an after-construction appraised value of at least \$125,000 but not more than \$330,000. Additionally, funding is available to rehabilitate owner-occupied housing units, but only if the rehab cost would exceed 50 percent of the unit's before-construction assessed value. After the rehabilitation, the appraised value must be between \$125,000 and \$330,000. Additional eligible projects include upper-story housing (to be occupied by a homeowner).

For all such projects, the housing built cannot also benefit from federal or state low-income housing tax credits, American Rescue Plan Act funds, or Nebraska Affordable Housing Trust Fund, among other barred funding programs.

In 2023, several MWHF statutes were amended by [LB 531](#). The definition of workforce housing was changed such that owner-occupied units could not cost more than \$330,000 to construct, whereas previously an after-construction appraised value was required to be between \$125,000 and \$275,000.

In 2024, within the Poverty Elimination Action Plan Act ([LB 840](#)) provisions from two pieces of affordable housing legislation were passed ([LB 843](#) and [LB 881](#)). The requirement that applicants must match a percentage of their MWHF award was reduced from 50 to 25 percent, and the maximum MWHF award was increased from \$5,000,000 to \$10,000,000. These changes are intended to make MWHF a more attractive housing funding program for developers. Before the bill's passage, eligible locations only included [qualified census tracts](#) in Omaha and Lincoln. Upon the operative date, entire urban communities located in Lancaster County and Sarpy County, such as Waverly and Gretna, may receive awards from the MWHF.

State Affordable Housing Programs

Municipal Density and Missing Middle Housing Act

Also included in the provisions of [LB 866](#) (2020) was the Municipal Density and Missing Middle Housing Act (Act) ([§§ 19-5501 – 19-5506](#)), which requires affordable housing action plans and reports from certain municipalities.

The Act defines middle housing as duplexes, triplexes, quadplexes, cottage clusters, or townhouses. Affordable housing is defined in the act as attainable units for those earning 80 percent of the area median income.

Cities with a population greater than 50,000 were required to adopt an affordable housing action plan by the start of 2023 and communities with 20,000 to 50,000 residents were required to adopt an action plan by January 2024.

Action plans must include the city's intentions concerning the construction of new affordable housing units and their ideal percentage of areas zoned for multifamily and middle housing. Furthermore, cities must detail their plans for the use of government incentives and any updates to their zoning codes, ordinances, and regulations that incentivize affordable housing.

Affordable Housing Action Plans

[Bellevue](#)
[Columbus](#)
[Fremont](#)
[Grand Island](#)
[Hastings](#)
[Kearney](#)

[Lincoln](#)
[Norfolk](#)
[North Platte](#)
[Omaha](#)
[Papillion](#)

The Act also requires that cities (with populations greater than 20,000) submit an affordable housing report every two years to the [Legislature's Urban Affairs Committee](#). The report must describe the city's efforts to address the availability of, and incentives for, affordable housing. Eleven Nebraska cities submitted reports in both 2021 and 2023.

City affordable housing reports are required to contain current residential zoning requirements and the percentage of different types of residential zoning areas within the city. In addition, the report must include breakdowns of new residential construction and an estimate of the per-unit cost of housing within the city limits. Cities must also report on whether zoning codes, ordinances, and regulations incentivize residential density or allow for the construction of accessory dwelling units (ADUs). Moreover, the report contains incentives the city provides to encourage the development of affordable housing, generally, and an estimate of demand by price range and housing type.

State Affordable Housing Programs

Nebraska Investment Finance Authority Programs

In addition to state housing funds and required reports, Nebraska's quasi-governmental investment finance authority for housing offers several programs for homebuyers and home developers.

NIFA Assistance for Homebuyers

[First Home - Homebuyer Programs](#) offer below-market mortgage loan rates to first-time homebuyers or those who haven't lived in or owned a home in at least three years. One option from NIFA, the [Homebuyer Assistance Program](#) offers an eligible homebuyer a first and second mortgage loan and requires a minimum investment from the buyer of \$1,000. The interest rate for the first loan is higher because of the down payment and closing cost assistance, but the maximum amount for the second mortgage loan is 5 percent of the purchase price of the home. The terms of the second mortgage loan last for 10 years and feature an interest rate of only 1 percent.

[Welcome Home - Homebuyer Programs](#) are designed for both first-time and repeat homebuyers, however income level and purchase price limit eligibility. Qualified households must earn less than \$160,000 annually, and NIFA restricts the allowable purchase price of a single unit to \$470,000 and \$601,000 for two units. To qualify for assistance, the buyer must occupy the home as their primary residence within 60 days of the loan closing. The Welcome Home Assistance program offers down payment and closing cost funds to eligible buyers.

NIFA Assistance for Developers

NIFA offers technical expertise and development financing to builders and communities for the creation of affordable housing in Nebraska. Among the many programs available, NIFA is the designated entity that allocates federal and state housing tax credits.

When Congress passed the Tax Reform Act of 1986, it included the Low-Income Housing Tax Credit ([LIHTC](#)). According to [HUD](#), the LIHTC program is the most impactful resource for creating affordable housing in the U.S. today.

The LIHTC program issues tax credits for the acquisition, rehabilitation, or new construction of rental housing targeted to low-income households. In [Nebraska](#), LIHTC is credited with creating thousands of residences with affordable rent prices for those with 80 percent area median income or less. In discussion with stakeholders, housing experts noted that DED has made the administrative decision to not allow state funding programs to be paired with LIHTC program funds.

Modeled after the federal LIHTC program, the Unicameral approved the Nebraska Affordable Housing Tax Credit Act ([AHTC](#)) in 2017 with the passage of [LB 884 \(§§ 77-2501 – 77-2508\)](#). The AHTC allows owners of qualified affordable housing developments that also receive the federal LIHTC dollars to claim non-refundable state tax credits. [NIFA](#) and the Nebraska Department of Revenue are responsible for the administration of the AHTC.

Beyond offering assistance to homebuyers and developers, NIFA also spearheaded the creation of the Nebraska Strategic Housing Council. The Council was formed in 2022 and is comprised of a volunteer coalition of stakeholders from across the state. Coordinated groups of Council members have provided specific suggestions to improve the affordable housing market in Nebraska.

Nebraska Strategic Housing Council

Because the national affordable housing crisis is multifaceted, Council experts divided their efforts into four major groups, or "[Strategic Pillars](#)." The four strategic focus groups are titled Financial Support and Incentives for Development; Education and Policy; Safety Net and Special Populations; and Workforce and Community Capacity.

The Council also identified two specific shared priorities to be achieved by 2028:

- Shared Priority 1: Reduce the number of families facing a cost-related housing burden by 44,000 households. This would decrease the percent of low- to middle-income households that are housing cost burdened in the state from 44 to 33 percent.
- Shared Priority 2: Construct and rehabilitate 35,000 affordable and attainable low- to middle-income rental and owner-occupied housing units. Achieving this goal would reduce the number of needed units by approximately 33 percent. Included in this priority are the strategies of rehabilitating or infilling 3,000 unsafe or dilapidated properties, and a focus on housing and support systems for those earning less than \$20,000 annually.

Pillar 1: Financial Support and Incentives for Development

Members of Pillar 1, including employees of NIFA, have suggested the need for targeted funding and incentives to develop homes with a smaller footprint, such as 1,500 square feet or less.

In addition, Pillar 1 members have recommended an increase in housing density by providing funding for lot creation and infrastructure. The plan proposes to increase the affordability of housing units in Nebraska by way of savings passed on to buyers by reducing the cost of the lot. As part of this proposal, NIFA suggested that communities should be required to contribute a funding match and that the property should be required to remain affordable for a minimum of 10 years.

NIFA and the Council currently prioritize securing revolving or recurring statewide housing funding rather than one-time funding. In addition, NIFA suggested that additional down payment assistance funds for homebuyers would help offset rising interest rates and appraisal gaps.

Finally, NIFA suggested that legislative support for existing, and effective, state programs would continue to help produce much-needed affordable housing for Nebraskans.

Pillar 2: Education and Policy

In addition to the general task of educating the public and decision-makers about the need for diverse housing, the prioritized action of Pillar 2 was to create a model statewide housing toolkit. The [Toolkit to Increase Housing Supply](#) (Toolkit), released July 2024, is intended to assist all communities in Nebraska to initiate or enhance their development of attainable and diverse housing.

The Toolkit is designed to provide housing stakeholders with guidance and resources that are accessible to all communities in the state. Included in the Toolkit is information about how to organize a local housing working group and how communities can conduct a housing assessment. In addition, the toolkit provides cities with strategies for encouraging increased density and housing-type diversity.

Nebraska Strategic Housing Council

As well as including a list of housing resources, templates, and case studies, the Toolkit addresses mechanisms to remove common barriers to the creation of more affordable housing. Incentives and techniques related to zoning are also discussed in the Toolkit, which may help to increase housing stock diversity, in addition to an invaluable list of development processes and expenses.

Pillar 3: Safety Net and Special Populations

Prioritized actions of the Pillar 3 group include supporting the development of 10,000 affordable housing units for households earning less than \$20,000 annually and advocating for increased federal funding for low-income housing and rent support.

The Council is especially focused on housing for populations like the elderly, developmentally or physically disabled individuals, those with behavioral health needs, and justice-involved or recently incarcerated persons.

Low-income housing needs include the development of rental units with supportive or “wrap-around” services and the rehabilitation of older neighborhoods. According to experts, and especially due to current market forces, low-income housing must be subsidized – or it will likely not be built at all.

Part of the work of Pillar 3 is to advocate for increased funding from state sources and federal housing programs, such as the LIHTC program, [Permanent Supportive Housing](#), [Housing Choice Vouchers](#), [USDA Rural Development](#), and other programs.

The Council was also focused on understanding and mitigating [benefit cliffs](#), otherwise known as the “cliff effect.” Referring to the sudden unexpected loss of public assistance that happens with small increases in earnings, the Council planned to advocate for, and support, a study to determine the impact of the cliff effect on housing security or stability.

The Pillar 3 group is also actively advocating for the implementation of Nebraska’s statewide plan for ending homelessness as described in [Opening Doors: 10-Year Plan to Prevent and End Homelessness in the State of Nebraska](#).

Recently, the [Council](#) initiated a series of seminars for 10 nonprofits from cities across Nebraska. The meetings will instruct housing developers, who are experienced in serving special populations, about funding sources and best practices to build stable shelter for the unhoused, mentally ill, and others.

Pillar 4: Workforce and Community Capacity

A significant factor related to the affordable housing issue in Nebraska is the lack of desperately needed construction firms and workers, especially in rural areas of the state. NIFA and the Council have been focused on promoting construction trades training and scholarships for trades, including funding the purchase of homebuilding tools for graduates.

The Council also prioritized the development of a home building academy that would support and expand existing efforts to increase the education-workforce pipeline for construction and other housing-trades workers, such as the [BuildStrong Academy of Colorado](#).

Beyond the work of stakeholders on the ground, the national lack of affordable housing has prompted state legislatures across the country to enact laws to help supply more attainable and diverse housing.

Note: Images include homeowner and rental units built with state funds. Location and funding source are listed.

Superior - Nebraska Affordable Housing Trust Fund



Albion - Rural Workforce Housing Investment Fund

Aurora - Rural Workforce Housing Investment Fund



Valentine - Nebraska Affordable Housing Trust Fund (available Fall 2024)

Bassett - Nebraska Affordable Housing Trust Fund



Columbus - Rural Workforce Housing Investment Fund



Omaha - Nebraska Affordable Housing Trust Fund

Omaha - Middle Income Workforce Housing Fund

Hastings - Nebraska Affordable Housing Trust Fund



Lincoln - Middle Income Workforce Housing Fund

Lincoln - Nebraska Affordable Housing Trust Fund

Hastings - Rural Workforce Housing Investment Fund



Legislative Trends

State legislatures across the country have recently passed various measures to address issues with the availability and affordability of housing in their communities. According to [Federal Reserve](#) researchers, states can address supply issues related to housing by reforming the rules that govern allowable locations of housing, the physical form of housing, and how housing plans are conducted and approved.

However, research from the [Lincoln Institute of Land Policy](#) warns that it likely requires three to five years after a statewide housing policy is passed for the public to see an actual effect on housing production.

Land Use Policy

[Land use](#) policy is the legal and policy framework of a state or local government that guides the acquisition, allocation, and utilization of land in its jurisdiction. Some states intend to increase their housing stock by enabling developers to bypass local planning agencies or boards and allow them to build multifamily housing and ADUs more freely in previously restricted areas.

For example, the state legislature in [Oregon](#) passed [House Bill 2001](#), which allowed multifamily structures to be built in areas where special permission would have previously been required. Furthermore, Montana passed comprehensive land-use policy in 2023 with [Senate Bill 382](#), which also legalized ADUs.

In another instance, recent legislation signed in Florida ([Senate Bill 102](#)), called the Live Local Act, is designed to promote the development of median-income housing. Among other incentives, the bill preempts local governments from enforcing zoning requirements for a multifamily development if 40 percent of the rental units in the project remain rent-restricted for 30 years. Thus, developers in Florida were allowed to build affordable housing projects in non-residential zones and avoid the expensive rezoning process.

Additionally, the California State Legislature passed [Assembly Bill 2011](#) in 2022, which helped to develop housing using empty commercial-use buildings. [California](#) lawmakers also recently required cities to allow for an ADU for each single-family home and streamlined the permitting process for ADUs.

Finally, in Vermont, the Housing Opportunities Made for Everyone ([HOME](#)) Act was signed in 2023. Among the provisions of the Vermont HOME Act are changes to planning and zoning laws that allow for higher-density developments. In one such provision, for areas served by water and sewer, the HOME Act requires five or more units per acre – abolishing large lot-size minimums. Furthermore, the legislation allows for the development of duplex structures anywhere that zoning allows for single-family homes.

Shared Equity Programs

Traditional down payment homebuyer assistance programs lower the barrier to homeownership for a single household that can then benefit from the eventual market-value sale of their subsidized home.

Comparatively more sustainable models of housing affordability called [shared equity homeownership programs](#), are designed to retain the modest price of a home over multiple sales. This is achieved by restricting the eventual resale price of the housing unit in the purchase agreement.

In 2024, with the passage of [LB 1317](#), the Nebraska Legislature stated that providing affordable housing is a matter of public concern and that sales-restricted houses effectively provide affordable housing ([§ 77-1395](#)). The bill also allows for the owner of a sales-restricted house to apply for a special valuation from the county assessor based on the maximum sales price allowed for the house.

Legislative Trends

A community land trust ([CLT](#)), not to be confused with a “land bank,” is a prominent type of shared equity model. CLTs are typically nonprofit organizations that are administered by community volunteers.

To create sustainable affordability, a CLT uses public and private funds to acquire land and build housing for a particular community. The CLT then separates the ownership of the dwelling and the land on which it sits. Homebuyers may purchase the house at below market value but the CLT retains title to the land in perpetuity. A cap is placed on the resale profits so that the home remains affordable for the next buyer. This way, instead of subsidizing the next homebuyer, the house remains reasonably priced for multiple generations. Otherwise, CLT residents have the same rights as other homeowners and can build generational wealth through home equity.

Originating with the Southern civil rights movement, over [200](#) CLTs exist in the country today. However, only two CLTs exist in Nebraska, both are located in Lincoln, and both are managed by [NeighborWorks Lincoln](#).

For CLTs to be successful, appraisers must consider the resale restriction when assessing the value of the property. To ensure sustainable affordability, and guard against unfair valuations of resale-restricted properties, organizations like [Freddie Mac](#) provide restrictive guidance to appraisers.

2024 Nebraska Affordable Housing Legislation

Additional legislative initiatives were passed by the Unicameral in 2024 related to increasing the availability of affordable housing in Nebraska.

Amended provisions of [LB 1217](#) were included in [LB 1317](#), which passed on day 60 of the 2024 session. Portions of the bill are intended to address a [problem](#) with recent surging valuations of affordable housing projects in Lancaster County.

In March 2024, the Nebraska Supreme Court dismissed an [appeal](#) of a Tax Equalization & Review Commission ([TERC](#)) decision about whether affordable housing projects may be valued differently (for tax purposes) than the statutorily required income approach used for [rent-restricted](#) housing projects ([§ 77-1333\(3\)](#)). If a county assessor determines that the income-based assessment does not reveal the true value of a property, then the county board may petition TERC for permission to use a different appraisal technique ([§ 77-1333\(10\)](#)).

Lancaster County eventually valued over 20 affordable housing projects using a market-based approach rather than the income-based formula despite residents of the units paying less than market-value rent prices. From the county’s perspective, using the income-based approach on rent-restricted property erroneously resulted in assessments of zero dollars (or less in some cases).



Legislative Trends

Because the construction of new affordable housing units requires subsidies, a high property tax burden would have eliminated the already small profit margins earned by rent-restricted property developers and may have resulted in reducing the number of affordable housing units in the city.

The relevant language passed in LB 1317 amends the income-based appraisal method to require a three-year rolling average to determine the property's assessed value. However, an official with the Lancaster County Assessor's Office has said the legislation will not solve all the affordable housing valuation issues that persist in the law.

[LB 850](#), amended into [LB 1412](#), was introduced to better conform ARPA funds to Federal guidelines so that grants would not be transformed into loans. Uses of the grant funds include rehabilitation of vacant property located in disproportionately impacted rural communities with a population of fewer than 100,000 residents.

On the Cutting Edge

Mortgage Portability

In December 2023, [research](#) published in [The Journal of Fixed Income](#) investigated the possibility of portable mortgages. A significant challenge in the housing market today is inflated mortgage interest rates. Because mortgages are tied to a property, homeowners are less likely to move to more appropriate housing and swap their three percent interest rate for a loan with a seven percent interest rate.

As described by [Forbes](#), the process of porting a mortgage includes the repayment of the existing mortgage on the homeowner's current residence with the sale proceeds, then the same terms of the mortgage are transferred to the new home. Effectively, the mortgage deal (i.e., rate, terms, etc.) is transferred, not the mortgage loan. However, not all mortgages are portable.

The new research stated that lenders would not require a great sum in order to achieve profitability when porting a loan from one property to another. Although legally complex, allowing borrowers to pay a "portability exercising fee," such as 3 percent on a \$500,000 loan (\$15,000), the authors found that amount might be enough to induce the security holder to allow the homeowner to apply their mortgage to a new home, given current market conditions.

Portable loans exist in [Canada](#) and [Britain](#), however, loans in those areas commonly feature fixed interest rates for five years or less. Thus, investors in those countries are less likely than in the U.S. to retain loans with low fixed rates for long periods.

Mansion Taxes

Consistent and reliable funding streams for housing initiatives are in constant demand. Proposals have ranged from raising sales taxes, like in [Denver](#), [Minnesota](#), and [Washington](#), to dedicating food and beverage taxes to housing, as in [Miami-Dade County](#), Florida.

However, research produced by the Institute on Taxation and Economic Policy ([ITEP](#)) in partnership with the [Center on Budget and Policy Priorities](#) detailed a legislative trend of enacting local real estate transfer taxes, or "mansion taxes." These types of taxes are common in most states, but seven states currently have relatively higher transfer tax rates or higher rates for relatively expensive houses: Connecticut, Hawaii, New Jersey, New York, Rhode Island, Vermont, and Washington.

Additionally, many cities are allowed to levy transfer taxes of their own. Higher rates can be found in cities like Berkeley, California; Evanston, Illinois; New York City; San Francisco, and Washington, D.C. For example, [Los Angeles](#) voters approved an additional 4 percent tax on the total transaction for property sales over \$5 million and a 5.5% rate for sales above \$10 million. According to the L.A. Housing Department, roughly \$215 million has been raised in the first year of the program.

However, the mansion tax is derided by business groups, especially by professional realtors associations. In [Santa Fe](#), a judge sided with the challenge of a local realtor's association and several property owners and struck down a 3 percent tax on the portion of a home sale that exceeds \$1 million.

In Nebraska, the [documentary stamp tax](#) (a real estate transfer tax) is imposed at a rate of \$2.25 for each \$1,000 of value of real estate. During the 2024 108th Legislature 1st Special Session, a mansion tax was introduced ([LB 36](#)), which would have imposed an additional tax on the sale of relatively expensive homes. In the proposal, homes sold above \$2.5 million would have a transfer tax imposed at a higher rate (2.25%) than homes sold above \$800,000 (1.25%).

Gimme Shelter

Not just a fantastic [song](#) by The Rolling Stones, but also a common refrain from both Nebraskans and potential employers is, "Gimme Shelter." Paraphrasing the lyrics, if Nebraska doesn't build more shelters, businesses and their workforce may simply fade away.

Many state housing funding programs exist in Nebraska, but the state ranks poorly in spending on housing and community development. Interviewed stakeholders agreed that increased funding for the construction and rehabilitation of affordable housing in the Cornhusker State would improve the overall housing market and position Nebraska as immensely more attractive to potential relocating businesses and job seekers alike.

The White House recently [announced](#) a \$100 million investment into the Pathways to Removing Obstacles to Housing program. The competitive grant funding helps communities to address restrictive land use or regulatory policies, improve and implement housing strategies, facilitate the construction of new housing and repairs to existing homes, and cut energy costs.

Federal programs, existing state affordable housing programs, expert stakeholder proposed solutions, and legislative trends are all important for lawmakers to understand when addressing the housing crisis in Nebraska.

Lawmakers, nonprofits, and other expert housing stakeholders are framing the future of the Cornhusker State by working to alter the blueprint of affordable housing in Nebraska.



Ewing - Nebraska Affordable Housing Trust Fund



Image Credit: Nebraska Department of Economic Development

Columbus - Rural Workforce Housing Investment Fund



Columbus - Rural Workforce Housing Investment Fund



Centennial - Nebraska Affordable Housing Trust Fund



Lincoln - American Rescue Plan Act (ARPA)



Norfolk - Rural Workforce Housing Investment Fund



Lincoln - Nebraska Affordable Housing Trust Fund



Lincoln - Nebraska Affordable Housing Trust Fund





Image Credit: Unicameral Update