Nebraska
Housing and Community Development Programs
2006 ANNUAL ACTION PLAN

Dave Heineman, Governor
STATE OF NEBRASKA

Lead Agency:
- **Department of Economic Development**
  Richard J. Baier, Director
  P. O. Box 94666
  301 Centennial Mall South
  Lincoln, NE 68509-4666
  (402) 471-3111
  (800) 426-6505
  FAX (402) 471-3778
  Agency Website: [www.neded.org](http://www.neded.org)

Division of Community and Rural Development
- Gary Hamer, Director
- Steve Charleston, Deputy Director, CDBG Program Manager
- Lara Huskey, HOME Program Manager
- Don Fertig, Attorney

Partnering Agency:
- **Health and Human Services Systems, Department of Services**
  - Betty Medinger, Administrator of ESG, CSBG and Childcare (402) 471-9434
  - Jean Chicoine, Program Specialist – Nebraska Homeless Assistance program (402) 471-9644
  Agency Website: [http://www.hhs.state.ne.us/](http://www.hhs.state.ne.us/)

Annual Action Plan Contact Person
- Jen Bolen, Consolidated Plan Coordinator (402) 471-6280
# TABLE OF CONTENTS

## Proposed 2006 Annual Action Plan

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Action Plan Acronym List</td>
<td>iv</td>
</tr>
<tr>
<td></td>
<td><strong>Section Two: Executive Summary and Citizen Participation Plan</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Executive Summary (NEW)</td>
<td>1 – 2</td>
</tr>
<tr>
<td></td>
<td>Opportunities for Public Participation</td>
<td>1 – 5</td>
</tr>
<tr>
<td></td>
<td>Public Comment Period / Public Hearings</td>
<td>1 – 6</td>
</tr>
<tr>
<td></td>
<td>Summary of Public Comments</td>
<td>1 – 7</td>
</tr>
<tr>
<td></td>
<td><strong>Section Two: Introduction and National and State CDBG Objectives</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Introduction</td>
<td>2 – 2</td>
</tr>
<tr>
<td></td>
<td>Allocation of 2006 Funds</td>
<td>2 – 3</td>
</tr>
<tr>
<td></td>
<td>National and State CDBG Objectives</td>
<td>2 – 5</td>
</tr>
<tr>
<td></td>
<td>National CDBG Objectives</td>
<td>2 – 6</td>
</tr>
<tr>
<td></td>
<td>State of Nebraska’s CDBG Goal</td>
<td>2 – 8</td>
</tr>
<tr>
<td></td>
<td>Distribution of Other Funds</td>
<td>2 – 9</td>
</tr>
<tr>
<td></td>
<td>Monitoring Standards and Procedures</td>
<td>2 – 14</td>
</tr>
<tr>
<td></td>
<td>Other Actions</td>
<td>2 – 15</td>
</tr>
<tr>
<td></td>
<td>Outcome Performance Measurement System (NEW)</td>
<td>2 – 17</td>
</tr>
<tr>
<td></td>
<td><strong>Section Three: Housing Development Priority</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Strategies, Objectives and Measurements</td>
<td>3 – 1</td>
</tr>
<tr>
<td></td>
<td>Housing Development Funding Categories</td>
<td>3 – 7</td>
</tr>
<tr>
<td></td>
<td>Rental Housing</td>
<td>3 – 9</td>
</tr>
<tr>
<td></td>
<td>Disaster Emergency Housing Fund</td>
<td>3 – 9</td>
</tr>
<tr>
<td></td>
<td>Non-Profit Operating Assistance</td>
<td>3 – 11</td>
</tr>
<tr>
<td></td>
<td>Homebuyer Programs</td>
<td>3 – 11</td>
</tr>
<tr>
<td></td>
<td>Housing Pre-Development Grants and Loans</td>
<td>3 – 13</td>
</tr>
<tr>
<td></td>
<td>Owner-Occupied Rehabilitation Program</td>
<td>3 – 14</td>
</tr>
<tr>
<td></td>
<td>Annual Housing Application Cycle</td>
<td>3 – 25</td>
</tr>
<tr>
<td></td>
<td>Annual LIHTC set-aside Application Cycle</td>
<td>3 – 26</td>
</tr>
<tr>
<td></td>
<td>NAHP Allocation of Funds Process</td>
<td>3 – 27</td>
</tr>
<tr>
<td></td>
<td>Investment Zone Allocations</td>
<td>3 – 30</td>
</tr>
<tr>
<td></td>
<td><strong>Section Four: Community Development Priority</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Strategies, Objectives and Measurements</td>
<td>4 – 2</td>
</tr>
<tr>
<td></td>
<td>Comprehensive Revitalization Category</td>
<td>4 – 7</td>
</tr>
<tr>
<td></td>
<td>Community Development Funding Category</td>
<td>4 – 11</td>
</tr>
<tr>
<td></td>
<td>Planning Funding Category</td>
<td>4 – 19</td>
</tr>
<tr>
<td></td>
<td>Tourism Development Initiative</td>
<td>4 – 24</td>
</tr>
<tr>
<td></td>
<td><strong>Section Five: Economic Development Priority</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Strategies, Objectives and Measurements</td>
<td>5 – 2</td>
</tr>
<tr>
<td></td>
<td>Economic Development Funding Category</td>
<td>5 – 5</td>
</tr>
</tbody>
</table>
Section Six: Homeless Services Priority
Strategies, Objectives and Measurements 6 – 2
Project Assistance Information 6 – 5
Method of Distribution 6 – 9
Monitoring Standards & Procedures 6 – 10
2006 NHAP Continuum of Care Regional Map 6 – 12

Section Seven: Application Acceptance Dates and Categorical Distribution
2006 Application Acceptance Dates Table 7 – 2
2006 Application Guideline Workshops 7 – 3
Additional Community Development & NAHP Workshops 7 – 4
2006 Categorical Distribution Table 7 – 5

Section Eight: Certifications 8 – 2

EXHIBITS AND TABLES

EXHIBITS
Exhibit 1 2006 Nebraska Affordable Housing Trust Fund Regions Map 3 – 31
Exhibit 2 Nebraska Congressional Districts Map 3 – 32
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>AHP</td>
<td>Affordable Housing Program</td>
</tr>
<tr>
<td>AIDS</td>
<td>Acquired Immune Deficiency Syndrome</td>
</tr>
<tr>
<td>ANCHoR</td>
<td>Automated National Client-specific Homeless services Recording</td>
</tr>
<tr>
<td>CDBG</td>
<td>Community Development Block Grant</td>
</tr>
<tr>
<td>CFR</td>
<td>Code of Federal Regulation</td>
</tr>
<tr>
<td>CHAS</td>
<td>Comprehensive Housing Affordability Strategy</td>
</tr>
<tr>
<td>CHDO</td>
<td>Community Housing Development Organization</td>
</tr>
<tr>
<td>CNF</td>
<td>Community Need Factors</td>
</tr>
<tr>
<td>COSCDA</td>
<td>Council of State Community Development Agencies</td>
</tr>
<tr>
<td>CR</td>
<td>Comprehensive Revitalization</td>
</tr>
<tr>
<td>DED</td>
<td>Nebraska Department of Economic Development</td>
</tr>
<tr>
<td>DEQ</td>
<td>Nebraska Department of Environmental Quality</td>
</tr>
<tr>
<td>EPA</td>
<td>Environmental Policy Act</td>
</tr>
<tr>
<td>ESG</td>
<td>Emergency Shelter Grant</td>
</tr>
<tr>
<td>ESGP</td>
<td>Emergency Shelter Grant Program</td>
</tr>
<tr>
<td>FEMA</td>
<td>Federal Emergency Management Agency</td>
</tr>
<tr>
<td>FIC</td>
<td>Family Investment Centers</td>
</tr>
<tr>
<td>FNMA</td>
<td>Federal National Mortgage Association (Fannie Mae)</td>
</tr>
<tr>
<td>GNMA</td>
<td>Government National Mortgage Association (Ginnie Mae)</td>
</tr>
<tr>
<td>HAP</td>
<td>Homeless Assistance Program</td>
</tr>
<tr>
<td>HCDCC</td>
<td>Holistic Community Development Consulting Committee</td>
</tr>
<tr>
<td>HHSS</td>
<td>Nebraska Health and Human Services System</td>
</tr>
<tr>
<td>HIV</td>
<td>Human Immunodeficiency Virus</td>
</tr>
<tr>
<td>HMIS</td>
<td>Homeless Management Information System</td>
</tr>
<tr>
<td>HOPE</td>
<td>Home Ownership for People Everywhere</td>
</tr>
<tr>
<td>HOPWA</td>
<td>Housing Opportunities for Persons with AIDS</td>
</tr>
<tr>
<td>HSATF</td>
<td>Homeless Shelter Assistance Trust Fund</td>
</tr>
<tr>
<td>HUD</td>
<td>U. S. Department of Housing and Urban Development</td>
</tr>
<tr>
<td>LMI</td>
<td>Persons with Low to Moderate Income</td>
</tr>
<tr>
<td>NAHRO</td>
<td>National Association of Housing and Redevelopment Officials</td>
</tr>
<tr>
<td>NAHTF</td>
<td>Nebraska Affordable Housing Trust Fund</td>
</tr>
<tr>
<td>NCHH</td>
<td>Nebraska Commission on Housing and Homelessness</td>
</tr>
<tr>
<td>NCIP</td>
<td>Nebraska Community Improvement Program</td>
</tr>
<tr>
<td>NHAP</td>
<td>Nebraska Homeless Assistance Program</td>
</tr>
<tr>
<td>NHDA</td>
<td>Nebraska Housing Developers Association</td>
</tr>
<tr>
<td>NIFA</td>
<td>Nebraska Investment Finance Authority</td>
</tr>
<tr>
<td>NMISP</td>
<td>Nebraska Management Information System Partners</td>
</tr>
<tr>
<td>NRD</td>
<td>Nebraska Natural Resources Department</td>
</tr>
<tr>
<td>PHDEP</td>
<td>Public Housing Drug Elimination Program</td>
</tr>
<tr>
<td>PW</td>
<td>Public Works</td>
</tr>
<tr>
<td>RDC</td>
<td>Rural Development Commission</td>
</tr>
<tr>
<td>SRO</td>
<td>Single Room Occupancy Housing Program</td>
</tr>
<tr>
<td>TIF</td>
<td>Tax Increment Financing</td>
</tr>
<tr>
<td>TOP</td>
<td>Public Housing Tenant Opportunities Program</td>
</tr>
<tr>
<td>USDA - RD</td>
<td>U. S. Department of Agriculture - Rural Development</td>
</tr>
<tr>
<td>WW</td>
<td>Water Wastewater</td>
</tr>
<tr>
<td>YSP</td>
<td>Youth Sport Program</td>
</tr>
</tbody>
</table>
Section One: Executive Summary
and Citizen Participation Plan
The 2006 Annual Action Plan (AAP) is the second of five annual plans and updates the *Nebraska Housing and Community Development Consolidated Plan*, a five-year plan (2005-2009) addressing the state's housing and community development needs. The purpose of each annual action plan is to: **Summarize** the state's five-year priorities and strategies for housing, homelessness, community development, and economic development; **Describe** what the state proposes to do to further the five-year priorities and strategies of the Consolidated Plan; **Explain** the state's method for distributing CDBG, HOME, ESGP, HSATF, and NAHTF monies. Activities funded from these five programs must meet the priorities identified in the five-year *Consolidated Plan*; **List** the resources available to grantees and the state to further the five-year strategies; **Report** on specific items required by the U.S. Department of Housing and Urban Development (HUD), such as lead-based paint actions and removal of barriers to affordable housing; and **Review** citizen comments about the 2006 Annual Action Plan and provides a response from the Department of Economic Development.

HUD Standard Form 424 (Application for Federal Assistance) is submitted as part of the plan to request federal funding for the State of Nebraska.

The AAP for 2006 summarizes categories and priorities for the distribution of approximately $12.3 million in CDBG funds, $5 million in HOME program funds, and $615,000 in ESGP funds from the U.S. Department of Housing and Urban Development (authorized under the Housing and Community Development Act of 1974, as amended); $1.6 million in HSATF and $9 million in NAHTF. The document also describes program priorities and projected use of funds as well as any funds: (1) remaining or recaptured from previous CDBG allocations; (2) reallocated by HUD to the state; and (3) from program income to be distributed by the state during 2006.

“The primary national CDBG objective is to develop viable urban communities by providing decent housing, suitable living environments, and expanding economic opportunities, principally for low-and moderate-income persons (LMI).” The national objectives as defined and clarified by DED are outlined in the 2006 AAP and include clarifications for: “Low-and moderate-income persons”, “Slums” and “Community development needs having a particular urgency”.

Monitoring standards and procedures that are used by NDED and HHSS to ensure that all statutory and regulatory requirements are being met for activities with HUD funds are included in the 2006 AAP.

As required by HUD, Other Actions including Underserved Needs, Foster and Maintain Affordable Housing, Remove Barriers to Affordable Housing, Evaluate and Reduce Lead Based Paint Hazards, Reduce the number of Poverty Level Families, Develop an Improved Institutional Structure, Enhance Coordination Between Public and Private Housing and Social Service Agencies, and Fostering Public Housing Resident Initiatives are described in the 2006 AAP.
The State of Nebraska identified four priorities, which summarize the goals of the five-year Consolidated Plan. The main priorities, Strategies and Performance Indicators included in the 2006 AAP are:

1. **Housing Priority:** Respond to regional needs for affordable, decent, safe and appropriate housing as part of balanced economic development in Nebraska.

   **Strategies:**
   - Promote housing preservation by improving the quality of Nebraska’s existing affordable housing stock.
   - Promote additional households into homeownership by expanding affordable homeownership opportunities.
   - Promote additional affordable rental housing and preservation of affordable rental housing in selected markets.
   - Enhance statewide understanding of fair housing law through outreach and education.

   **Performance Outputs:**
   - The Nebraska Affordable Housing Program funds including NAHTF, CDBG, and HOME funds, will be invested in affordable housing in Nebraska to benefit low-income households.

2. **Community Development Priority:** Strengthen Nebraska communities through community development programs and services, which provides a stable platform for economic development.

   **Strategies:**
   - Increase capacity, efficiency and effectiveness of local planning efforts resulting in long-term development.
   - Improve the quality of water and wastewater in Nebraska.
   - Assist in developing and financing appropriate infrastructure for communities and counties that have planned and set priorities for long-term development.

   **Performance Outputs:**
   - Federal funds will be invested in community development programs and services, leveraging additional public and private funds.
   - Community Development Projects will benefit Low to Moderate Income persons in Nebraska.
3. **Economic Development Priority**: Foster the competitiveness of Nebraska’s business and industrial sector—and as a result—assist in the economic development of Nebraska’s communities and people.

**Strategies:**

- Promote, through investment of CDBG funds (and available Nebraska incentive funds and credits), the retention and expansion of existing businesses in Nebraska, and the startup of new businesses in Nebraska, and the immigration of out-of-state businesses relocating or expanding into Nebraska.

- Provide entrepreneurial assistance to microenterprises and other small entrepreneurial enterprises in Nebraska, through investment of CDBG funds.

**Performance Outputs**
The State will invest CDBG funds in business development projects—which in turn will…

- Leverage investments in such projects by other sources such as the assisted businesses, Nebraska communities, and other public sources—with such direct investment and leveraged investment resulting in…

- Creation/retention of jobs, at least half of which will benefit low-to-moderate income persons.

- Provide entrepreneurial assistance to microenterprises and other such smaller, entrepreneurial enterprises in Nebraska.

4. **Homeless Services Priority**: Insure appropriate emergency shelter and or transitional housing and services for people who are homeless or at imminent risk of becoming homeless by distributing Emergency Shelter Trust Funds and Homeless Shelter Assistance Trust Funds to support agencies across the state in meeting these needs.

**Strategies:**

- Provide needed services and appropriate shelter and/or housing to people who are homeless or at imminent risk of becoming homeless.

- Support and facilitate an active and effective regional Continuum of Care planning and delivery system focusing on a comprehensive approach to housing and service delivery to people who are homeless and near homeless.

- Compile data via monthly reporting and disseminate the information to the regions for their use in developing effective planning and delivery systems that focus on comprehensive approaches to housing and service delivery to people who are homeless and near homeless.
Performance Outputs

- That all individuals and families in Nebraska who are homeless are able to access appropriate emergency shelter and/or transitional housing and services and
- That all individuals and families who are at imminent risk of becoming homeless continue to be housed and receive needed services to remain housed.

The 2006 AAP details specific objectives and performance measurements to meet the goals outlined in the priorities, strategies, and performance indicators. In addition, the plan includes a detailed method of distribution, which outlines the state’s proposal to distribute funds to address needs.

Nebraska has created an “Outcome Performance Measurement System” to better measure accomplishments of activities funded with CDBG, HOME, ESG, and HOPWA. Those activities include: Public Facilities or Infrastructure; Rental Rehabilitation; Homeownership Units Constructed, Acquired, and/or Acquired with Rehabilitation; Owner Occupied Rehabilitation; Down Payment Assistance; Job Creation; Job Retention; Business Assistance; Homeless Services; and Homelessness Prevention. The Outcome Performance Measurement is included in Section Two of this Annual Action Plan and outlines specific outcome statements and indicators as required in HUD’s Notice [Docket No. FR-4970-N-02] and per Federal Register 24 CFR Parts 91 and 570 Consolidated Plan Revisions and Updates Final Rule.

Prior to the submittal of this 2006 Annual Action Plan, the state submitted the 2005 Annual Action Plan (the first of five plans in the 2005-2009 Consolidated Plan), which was accepted by HUD and awarded DED federal funds on July 14, 2005.

Finally, the 2006 Annual Action Plan provides information about application deadlines, training, and a categorical distribution of funding. As required by HUD, the following certifications are included in the 2006 Plan:

- Certification of Consistency Required for Grantees
- Guidelines for Resale or Recapture of HOME-Funded Project
- State Certifications
- Specific CDBG Certifications
- Specific HOME Certifications
- Specific ESG Certifications
- Appendix to Certifications
CITIZEN PARTICIPATION

INTRODUCTION

Citizen participation is an essential component of a statewide planning effort. Nebraska strongly encourages public participation in identifying community needs.

OPPORTUNITIES FOR PUBLIC PARTICIPATION

The importance of public participation (including consultation with advisory groups) to the 2006 Annual Action Plan cannot be overstated. Each year DED must update strategies and describe the state's method for distributing funds to effectively use HUD assistance. Public hearings are held each year to obtain citizen comments on the Annual Action Plan. The meetings are held at times and locations considered convenient to potential and actual beneficiaries, and with accommodations for persons with disabilities. Opinions from the public regarding the best time and date for such hearings are welcome.

Citizens and other interested parties are given an opportunity for reasonable and timely access to information and records relating to the Annual Action Plan and the use of assistance under the programs it covers. Copies of the 2006 Annual Action Plan, the state’s Consolidated Plan, and any other relevant information may be obtained via the internet at: http://crd.neded.org/plans_reports/index.htm or by contacting a staff member at one of the numbers listed at the beginning of this document.

Official advisory groups to the state on the 2006 Annual Action Plan are the CDBG Advisory Committee, the Nebraska Economic Development Commission, and the Nebraska Commission on Housing and Homelessness. Recommendations from these advisory groups are used to form the guidelines and objectives of the Department’s programs.

COMMENT PERIOD

A formal 30-day public comment period was opened November 14, 2005 through December 15, 2005 for the 2006 Annual Action Plan. A news release announcing the comment period and public hearings was sent to media statewide and notices were sent to a mailing distribution of approximately 3,000 including: Advisory Groups, Bankers, Nebraska Investment Finance Authority, Nebraska Housing Developers Association members, Public Housing Authorities, Rural Development Commission, City and Village Mayors, Chairpersons, Clerks, County Clerks, Community Action Agencies, Councils of Government, Nebraska Economic Developers Association, State Senators, Congressional Delegates, State Agency Directors, and CDBG Administrators. A proposed plan was available at the public hearings and was posted on the DED website at: http://crd.neded.org/. A hard copy of the proposed plan was mailed to the state’s official advisory groups.

In order to increase the opportunities for public comment, the proposed plan was sent to 16 libraries throughout Nebraska as listed below: Alliance Public Library (Alliance), Auburn
Memorial Library (Auburn), Garfield County (Burwell), Central City Public Library (Central City), Chadron Public Library (Chadron), Lexington Public Library (Lexington), Bennett Martin Public Library (Lincoln), McCook Public Library (McCook), Jensen Memorial Library (Minden), Goodall City Library (Ogallala), W. Dale Clark Library (Omaha), Scottsbluff Public Library (Scottsbluff), Sidney Public Library (Sidney), Wayne Public Library (Wayne), Thomas County Library (Thedford), Valentine Public Library (Valentine).

PUBLIC HEARINGS


Four public hearings, covering eight geographic areas, were conducted at the locations listed below.

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 14, 2005</td>
<td>PUBLIC COMMENT PERIOD BEGAN Proposed Five-year Consolidated Plan including the 2006 Annual Action Plan Available</td>
</tr>
<tr>
<td>November 15, 2005</td>
<td>Public Hearing 3:00 pm (CT) Norfolk</td>
</tr>
<tr>
<td>November 16, 2005</td>
<td>Public Hearing 9:00 am (CT) Kearney</td>
</tr>
<tr>
<td>November 17, 2005</td>
<td>Public Hearing 9:00 am (MT) Gering</td>
</tr>
<tr>
<td>November 21, 2005</td>
<td>Public Hearing 10:00 am (CT) Videoconference Lincoln, Ainsworth Chadron McCook Wayne</td>
</tr>
<tr>
<td>December 15, 2005</td>
<td>PUBLIC COMMENT PERIOD ENDS</td>
</tr>
<tr>
<td>May 15, 2006</td>
<td>FINAL FIVE-YEAR CONSOLIDATED PLAN INCLUDING THE 2006 ANNUAL ACTION PLAN AVAILABLE</td>
</tr>
</tbody>
</table>
SUMMARY OF PUBLIC COMMENTS

DED received nine (9) official comments on the proposed 2006 Annual Action Plan. Some comments addressed more than one priority or issue. Comments were received through verbal testimony at the public hearings and in writing by letter or e-mail during the official comment period November 14, 2005 through December 15, 2005.

The proposed plan was available at the public meetings and was posted on the DED website.

All comments were logged in by date received. All individuals commenting, both verbal and written, received a written response from DED. Comments of record are available to the public at DED. A synopsis of the comments and responses follows. DED written responses are in italics, bold and indented.

Comments and Responses:

Comment #1
Please include Purchase/Rehabilitation/Resell to the Northeast Zone. I believe there should be more of a priority to improve the older housing stock in our smaller communities rather than new construction. All of the families I deal with could never afford a house if not for our program and they definitely could not afford to bring their house up to code if they hadn't gone through programs like ours. I support the set-asides for the homebuyers programs for the Northeast Zone. The smaller housing development corporations continue to make an impact on the smaller communities in our region even though we are scattered in our region. We all want to be viable so we can serve more families in our areas and we appreciate your continued support. Thank you also for mentioning Wayne Community Housing Development Corporation for the Action Plan for next year. Thank you for all of your help and the good things you all are doing.

In the Northeast area there is emphasis on preservation through set-asides for purchase/rehabilitate/resale programs and owner-occupied rehabilitation programs. The priority for new construction is intended for the remaining unallocated funds for the Northeast investment zone.

Comment #2
While trying to work out some of the details with housing partners within the North Central region, I have a comment and a concern on the proposed plan. The plan intends for Holt County to become a part of CORE. There are several Holt Communities such as Stuart and Atkinson who have been strong advocates of the Central NE Economic Development District. The chairperson of the newly formed CNED, Inc. is from O'Neill and board member John Madsen is from Stuart. This puts the District in an uncompromising position now if DED expects the District to tell them oh by the way, the District can't provide your communities with any housing technical assistance and you have to go to CORE for your housing needs. While looking at the map this might make sense, but it doesn't do much for public relations as far as our young District especially if communities do not want to do this.
Thank you for your comments. We will continue to coordinate with your organization and other providers on these issues for the North Central service area. The department is supportive of Central Nebraska Economic Development District as a resource for your area.

Comment #3
Thank you for the opportunity to comment on the Department’s Proposed 2006 Annual Action Plan. We are providing comments on the Owner-Occupied Rehabilitation Program for the Central Zone, more specifically the counties of: Cherry, Brown, Rock, Boyd, Garfield, Loup, Blaine, Custer, Valley, Greeley, Wheeler, Sherman, Keya Paha, Hamilton, Merrick and Howard. The coverage of these counties and the large geographic area creates: 1) a hardship on coverage, 2) implementation of the program, and 3) service delivery to consumers. We would ask the Department to divide these 16 counties into two parts. The counties of Cherry, Keya Paha, Boyd, Brown, Rock, Blaine, Loup, Garfield, and Wheeler could be one part and the counties of Custer, Valley, Greeley, Sherman, Howard, Merrick, and Hamilton could be the second part. By dividing this geographic area into two parts, we believe that the quality of the program would be greatly improved along with this being the most economic and feasible way of administering this area. Thank you and we look forward to your response on our comments.

Thank you for your comments. We will continue to coordinate with your organization and other providers on these issues for the North Central service area.

Comment #4
I support your addition of homebuyer programs to the zone set-asides. This lends stability to the program. I do not agree with the Northeast Zone Priorities. I believe that Purchase/Rehab/Resell is more important than new construction in the majority of the communities in the northeast zone.

In the Northeast area there is emphasis on preservation through set-asides for purchase/rehabilitate/resale programs and owner-occupied rehabilitation programs. The priority for new construction is intended for the remaining unallocated funds for the Northeast investment zone.

Comment #5
I would like to comment on the Central Zone regional owner-occupied rehabilitation program. I believe that adding western Holt County to the CORE housing rehabilitation program would not be the best approach for the communities in western Holt County. These communities pay dues to the CNEDD, of which the housing activities are part of the service that is received from CNEDD. I also wonder if CORE has the staff to handle communities the size of O’Neill, Atkinson and Stuart. I believe that the county of Holt should be served through the CNEDD group.
Thank you for your comments. We will continue to coordinate with CORE, the Central Nebraska Economic Development District and other providers on these issues for the North Central service area.

Comment #6

We appreciate the opportunity to provide our comments on the Nebraska Department of Economic Development's ("NDED") 2006 proposed Annual Action Plan (the "Action Plan"). We believe the proposed Action Plan will go far to serving the needs of Nebraska citizens. It is obvious that significant time and effort have been contributed by you and your staff to that end. In reviewing the proposed Plan, we do have recommendations that we ask be considered. Our recommendations are as follows:

Distressed Rental Property Assistance (Section 3-9). NIFA applauds NDED's efforts to make funds available to distressed rental properties that were previously funded with HOME, CDBG, or NAHTF. NIFA has found that rental properties become distressed as a result of expenses (property taxes, property insurance, and utility costs) that trend significantly higher than project income (LIHTC/HOME tent limits). In an effort to address this issue, NIFA requests that NDED form a collaborative team of individuals, including professional engineers and appraisers, to review each property. The team would verify the nature of the distress and develop parameters for "work-outs" specifically designed for each property.

Owner-Occupied Rehabilitation Programs (Section 3-4, 3-12): NIFA is very interested in developing a new funding source for rehabilitation of the owner occupied housing of low and moderate income Nebraskans, especially those homes in non-metro areas of the state. To that end, NIFA suggests NDED consider using the $3 million proposed for owner-occupied rehabs in a leveraged fund using guaranteed FHA Title I loans. Using $3 million NAHTF resources-in the manner described above, NIFA could fund approximately $15 million in "ZERO" interest cost housing-rehab loans. A 10-year, $15,000 loan would cost a homeowner approximately $125 per month and the proceeds could be used to provide substantive energy efficiency or structural repairs to the property. NIFA makes- this recommendation based upon its successful guaranteed loan program developed and deployed in Lincoln, Omaha and Grand Island in the '90's. However, in order for the program to achieve widespread utilization, the NAHTF resources for this use would need to be deployed, as originally intended, without the restrictions that burden HOME and CDBG funds. Thank you for the opportunity to comment on the proposed Action Plan. We would be happy to answer any questions you may have about our recommendations at your convenience.

Thank you for your comments. Regarding the review for requests for Distressed Rental Properties, we intend to use professional expertise where needed regarding debt restructuring, property condition assessments and rehabilitation strategies. A team will more than likely be formed on a per project basis specific to those project needs. Regarding owner-occupied rehabilitation programs, the investment of $3,000,000 of Nebraska Affordable Housing Trust funds would require a reduction of an equal amount in allocation for program set-sides (such as the CRANE set-aside), project set-asides (such as the homebuyer and owner-occupied rehabilitation programs) and/or funds available in the 2006 Annual Application Cycle. Although the proposed
program is intriguing, we will not be accommodating the request in 2006. We will
discuss it further with you and potentially propose this type of program, after public
input, for inclusion in the 2007 Nebraska Affordable Housing Program.

Comment #7
1. The City of Grand Island has the following concerns regarding the proposed regional based
owner-occupied rehab program approach that is suggested in the AAP. The proposal could prove
to be very limiting for LMI residents as well as hinder DED’s Housing Priority and Housing
Strategies. For instance:

   a) There are 17 counties proposed in North Central Nebraska to be included in one grant
      proposal. Realistically, only four-five counties could be included in one grant application
      for rehab, which means that more households must compete for a limited number of slots.
      The regional plan does not meet more need—it increases competition among already
      needy communities. With this plan, fewer LMI residents are served and DED’s plan to
      maintain current housing stock is not met.

   b) Obviously a 17-county area would have to be covered by multiple entities to sufficiently
      meet housing needs. Unfortunately, there will not be enough funding available from DED
      to provide assistance in enough counties to make it worthwhile for the applicant to
      “procure” a rehab specialist. Even the proposed five-county area is going to be a
      challenge for a non-profit entity to effectively disperse funds, because of the larger
      population in that area. More population in each county means less of a chance of
      someone getting help with housing rehabilitation. Each county in this area would benefit
      greater if no more than two was focused on at a time. It is also understood that in the
      past, DED had considered a 5 county rehabilitation grant to be too big of an area to fund.

We suggest that the Second and Third Highest Priorities for the Central Zone be rewritten to
allow proposals for two or more counties and not limited to the choice of either a 17-county area
or a 5-county area. The 17-county and 5-county regional areas need to be restructured to allow
for true competition among all entities that are truly qualified in running a successful
rehabilitation program.

Although individual communities can submit an application for housing rehab or down payment
assistance, they all start with a 37-point deficit, which will make it difficult for them to be
awarded funding. For those communities included in a regional plan, the process of making grant
funds available to only two or three entities eliminates the choice of a community for grant
administrator or rehab specialist. Although there is a perception that Development Districts or
non-profit Development Corporations are an effective way to distribute funds for DED, the
process does not work for all communities.

There are other risks of setting up statewide Development Districts to serve as lead agencies for
DED housing grants. If a community is not a member of a Development District, it appears that
the community risks not receiving funds or a delay in receiving funds because another
community (that is a District member) may be given preferential treatment. Although we prefer
that all organizations are fair and equitable, the reality of doing business may be much different.
The City recognizes that there are strengths in implementing statewide Regional Owner-occupied rehab programs. This plan puts a process in place that enables a long-range plan to be developed to cover all counties and communities at some point in time, even if it takes ten to twelve years. The requirement of having development agencies, municipalities/communities, non-profits organizations and for-profit businesses work more closely together is an improvement to the existing program through increased communication and coordination of efforts.

2. The City supports the utilization of Zone Managers as technical advisors, moving them from a role of reviewing grants and recommending them for funding. It eliminates opportunity for bias and presents a positive opportunity for additional dialogue between grantees and their prospective Zone Managers. It has been beneficial to our organization to have a specific point of contact with the Department and anticipate that this change will have a further positive impact on our programs.

3. The City is participating in the Community Revitalization program and has submitted a Needs Assessment of Grand Island, which identifies one area in which Community Revitalization would be of benefit. The opportunity to have three years of consistent funding for a low-to-moderate income area in the community is a positive plan for Grand Island. However, the 1:1 matching requirement has been a challenge and will continue to be an issue in providing Community Revitalization programs to areas with the most need. A change in the match amount or modification of qualifying activities would make the program more successful and provide more impact in our community.

4. The City values the services of our Economic Development financial packager, Stew Jobes. He provides an important service to our community and has played an instrumental role in facilitation of economic development in Grand Island.

Thank you for the opportunity to comment on the 2006 Annual Action Plan. The Department of Economic Development is crucial to on-going development programs in Grand Island. We appreciate being able to participate.

Regarding comments related to Comprehensive Revitalization:
Thank you for expressing your support of the Comprehensive Revitalization (CR) Category. We too think that providing three years of CDBG funding, based on the size of the local low and moderate income population, will allow larger communities the opportunity to plan a comprehensive phased approach for housing and public works/facility improvements in a concentrated area of lower income persons. To achieve the goal for substantial treatment of multiple needs, it is critical to obtain a commitment of resources to the target area beyond those available through the CDBG program. We understand the challenge of the one to one leverage requirement in the CR category; however, Nebraska communities have consistently met this challenge in the Public Works category for years. In 2002 there were 19 projects awarded $3.6 million and leveraging $4.3 million. In 2003 there were 16 projects awarded $3.7 million and leveraging $3.5 million. In 2004 there were 13 projects awarded $3.4
million and leveraging $4.6 million. In 2005 there were 12 projects awarded $3 million leveraging $2.9 million. In the CR category, the definition of leverage is broader to include consideration for non-CDBG cash dedicated to the target area for CDBG eligible activities for the benefit of lower income persons. For example, CDBG/CR funds may be used to rehabilitate owner occupied homes while the City provides local funds for complimentary activities like public facility, street paving, water and sewer mains, and forgivable loan funds for down payment assistance in the target area as leverage. With this flexibility provided to include complimentary activities as leverage, lowering the one to one ratio would minimize impact on the treatment of needs.

Regarding comments concerning the regional owner-occupied rehabilitation programs:

We will continue to coordinate with the City of Grand Island and other providers on these issues for Central Nebraska. We are pleased that you are finding value in having a regional housing specialist available for technical assistance and look forward to continuing our work with you to preserve and produce affordable housing in Grand Island.

Comment #8
Thank you to the Department of Economic Development for the opportunity to provide public comment on the Annual Action Plan. The HDC staff and Board of Directors support the concept of regional owner occupied rehabilitation grant. We believe that the regional approach gives small and large communities the opportunity to receive the much sought after funds for owner rehabilitation programs. It also provides for a consistent flow of services and once the program is implemented there are no expensive starts up and close down costs. The overall information and priorities in the plan are well done and provide for reasonable goals and results. We commend DED and NIFA on their combined efforts to coordinate the DED Rental and LIHTC applications. HDC also supports the efforts of DED to assist existing rental properties that are experiencing cost burdens and lack of income to properly manage and maintain existing units. HDC supports cuts, if necessary, in the housing category for CDBG funds, as it is the only section that has no other resources. While we are reluctant to lose housing funds, it is important to have funds available for planning, public works and economic development. I was pleased to see that the application to be designated as a CHDO allows those who are reapplying to reference previously submitted documents.

Thank you for your comments and support. The 2006 CDBG funds remain available for housing activities, however, as budget issues continue to plague the program, we appreciate your input on how best to allocate this valuable resource to the state.

Comment #9
Housing has been successful having a set-aside by district with western district and central district are allowed a certain amount of set-aside. I think that it should at least be considered for economic development. There be a portion of funds is set-aside by region, and be on a competitive basis by region.
Scoring sheets relate to economic development component of CDBG, would like to comment on 15 points allocated to location by community size, if you are in one of the communities that happen to listed Beatrice Columbus, Fremont, Grand Island, Hastings, Kearney, North Folk, North Platte, Scottsbluff, Gering, or South Sioux City. Automatically the highest score is 85 points. I think that is a little high. On allocated 15 points based on location.

_Regarding the comment related to economic development funds being set-aside by region: This concept has been previously discussed within the Department of Economic Development. Allocations by region require further criteria, and definitions, for making the allocation to a region. This process, if based upon population as an example, may severely restrict the funds available to meritorious economic development projects in communities in Western Nebraska. The Department’s view is that set-asides based on regional concepts could result in restricting funding availability in lesser-populated regions of the State, and for that reason we have not adopted regional set-asides._

_Regarding the comment related to the scoring system (for economic development applications) that allows a potential maximum score of 85 for the 10 largest communities: Grant applications for Economic Development are accepted throughout the program year, and so are not strictly project vs. project. The scoring process is used to evaluate the potential of a project being successful, based on: CDBG $ invested per job created; CDBG compared to total project $; Aggregate wages paid to employees; Owners equity in project; Management experience; Loan collateral and guarantees; Established business or start-up; and Commitment of funds by other sources. The sum of these factors results in a threshold above which all projects are further considered for funding._
Section Two: Introduction, National and State CDBG Objectives, and Outcome Performance Measurement System
INTRODUCTION

PURPOSE . . .

The 2006 Annual Action Plan updates the *Nebraska Housing and Community Development Consolidated Plan*, a five-year plan (2005-2009) addressing the state's housing and community development needs. The purpose of each annual action plan is to:

- **Summarize** the state's five-year priorities and strategies for housing, homelessness, community development, and economic development;

- **Describe** what the state proposes to do to further the five-year priorities and strategies of the *Consolidated Plan*;

- **Explain** the state's method for distributing CDBG, HOME, ESGP, HSATF, and Housing Trust Fund monies. Activities funded from these five programs must meet the priorities identified in the five-year *Consolidated Plan*;

- **List** the resources available to grantees and the state to further the five-year strategies;

- **Report** on specific items required by the U.S. Department of Housing and Urban Development (HUD), such as lead-based paint actions and removal of barriers to affordable housing;

- **Review** citizen comments about the 2006 Annual Action Plan and give a response from the Department of Economic Development.
ALLOCATION OF 2006 FUNDS

The Annual Action Plan for 2006 summarizes categories and priorities for the distribution of approximately $12.3 million in Community Development Block Grant (CDBG) funds, $5 million in HOME program funds, and $615,000 in Emergency Shelter Grant Program (ESGP) funds from the U.S. Department of Housing and Urban Development (authorized under the Housing and Community Development Act of 1974, as amended); $1.6 million in Homeless Shelter Assistance Trust Funds (HSATF) and $9 million in Nebraska Affordable Housing Trust Funds (NAHTF). The document also describes program priorities and projected use of funds as well as any funds: (1) remaining or recaptured from previous CDBG allocations; (2) reallocated by HUD to the state; and (3) from program income to be distributed by the state during 2006.

2006 Allocation

<table>
<thead>
<tr>
<th>Table 1</th>
<th>CDBG⁶</th>
<th>NAHTF⁷</th>
<th>HOME</th>
<th>HOME FY06 ADDI</th>
<th>ESG</th>
<th>HSATF⁸</th>
<th>Total Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distribution</td>
<td>11,876,204</td>
<td>8,820,000</td>
<td>4,509,889</td>
<td>79,635</td>
<td>585,067</td>
<td>1,550,000</td>
<td>$27,420,795</td>
</tr>
<tr>
<td>State Admin And Operations</td>
<td>$346,932² (2% + $100,000)</td>
<td>180,000 (2%)</td>
<td>501,098 (10%)</td>
<td>30,794 (5%)</td>
<td>50,000 (3%)</td>
<td>$1,108,824</td>
<td></td>
</tr>
<tr>
<td>Technical Assistance</td>
<td>$123,466⁴ (1%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$123,466</td>
<td></td>
</tr>
<tr>
<td>Total 2006 Allocations</td>
<td>$12,346,602</td>
<td>$9,000,000</td>
<td>$5,010,987</td>
<td>$79,635</td>
<td>$615,861</td>
<td>$1,600,000</td>
<td>$28,653,085</td>
</tr>
</tbody>
</table>

¹ Funds available for distribution to eligible program applicants and local governments.
² Dollar amount reserved for state administration may not exceed 2% of the total base allocation plus $100,000.
³ State recipients and sub-recipients may also receive administrative funds.
⁴ Dollar amounts reserved for state technical assistance may not exceed 1% of the total base allocation and recaptured funds. The technical assistance is provided by the state for capacity building for local governments and nonprofit organizations.
⁵ Includes all distribution, state administration, and technical assistance available from 2006 CDBG, NAHTF, HOME, ESG, and HSATF programs. Does not include reallocated funds.
⁶ $246,932 will be provided by DED as match to the CDBG administration allocation. This amount fulfills the matching requirements of the CDBG Program.
⁷ the NAHTF allocation of $9 million provides a potential 176% match to the $5.09 million HOME allocation. The State match surpasses the HOME matching requirement of not less than 25%.
⁸ The HSATF allocation of $1,600,000 surpasses the ESG Program dollar-for-dollar matching requirement (and represents aid and administration).
THE NEBRASKA HOUSING AND COMMUNITY DEVELOPMENT CONSOLIDATED PLAN

The 2006 Action Plan is the second of five annual plans. Each action plan describes the one-year actions and funding priorities used to carry out the five-year *Nebraska Housing and Community Development Consolidated Plan*. The *Consolidated Plan* is a comprehensive document identifying the state's housing, economic and community development needs for 2005-2009. As the lead state agency responsible for the CDBG and HOME programs, the Nebraska Department of Economic Development (DED) must complete the *Consolidated Plan* (and annual action plans) to receive federal funds for these programs (DED also administers the Nebraska Affordable Housing Trust Fund). The Nebraska Health and Human Services System (HHSS) administers the ESG program and contributes to the homeless part of the plan (HHSS also administers the Homeless Shelter Assistance Trust Fund). Covering all areas of the state, except Omaha and Lincoln, the *Consolidated Plan* establishes funding priorities for the three federal programs, outlines strategies, and identifies one-year actions for program implementation and funding. (As entitlement areas, the cities of Lincoln and Omaha receive funds for these programs directly, and are required to submit and prepare their own *Consolidated Plans*. Since 2005, Lincoln ESG funding has been included in the state ESG grant process.) The *Consolidated Plan* replaces the Comprehensive Housing Affordability Strategy (CHAS) with a document that consolidates the planning and application aspects of the above federal programs. The Annual Action Plan also serves as the Qualified Allocation Plan for the NAHTF.

**Partnerships for Housing and Community Development** The state views this planning requirement as an opportunity to extend and strengthen partnerships among organizations in the public, private, and nonprofit sectors. The goals of the *Consolidated Plan* are to provide decent housing, maintain a suitable living environment, and expand economic opportunities for all Nebraskans. As the lead agency for the *Consolidated Plan*, DED’s challenge is to meet these goals using limited resources. In addition to administering CDBG, HOME and NAHTF, DED serves as a facilitator, coordinator, capacity builder, and technical assistance provider to the rural citizens and communities of Nebraska. DED believes housing, homelessness, and community and economic development needs can only be met by working in partnership with other agencies and local governments, and therefore does not provide funding directly to beneficiaries.

**Nebraska's Consolidated Planning Process . . .**

- Estimates housing, homeless, and community development needs for 2005-2009;
- Describes the state's housing market;
- Uses a comprehensive consultation and citizen participation process to determine priority needs;
- Outlines five-year strategies for community development, housing, economic development, and homeless services;
- Gives actions (updated annually) for funding that provide a basis for measuring and assessing performance. This action plan describes the state’s method for distributing funds under formula allocations and using other HUD assistance during the program year.

The Consolidated Plan is available on the Community and Rural Development Division’s website at: [http://crd.neded.org/plans_reports/index.htm](http://crd.neded.org/plans_reports/index.htm) or contact CRD.
NATIONAL AND STATE CDBG OBJECTIVES
National CDBG Objectives
and State of Nebraska’s CDBG Goal

“The primary national CDBG objective is to develop viable urban communities by providing decent housing, suitable living environments, and expanding economic opportunities, principally for low- and moderate-income persons (LMI).”

NATIONAL CDBG OBJECTIVES

These objectives are achieved through funding projects designed to meet at least one of the following: (1) benefit low- and moderate-income persons; (2) prevent or eliminate slums or blight; and (3) meet urgent community development needs.

Based on the amended 1974 Housing and Community Development Act, and Department of Housing and Urban Development (HUD) guidance, the national objectives are defined and clarified by DED as follows:

1. "Low-and moderate-income person" (referred to throughout this document as LMI person) means a member of a family having an income equal to or less than the Section 8 lower income limit established by HUD for their family size in their county of residence as published in the CDBG application guidelines. Unrelated individuals shall be considered as one-person families for this purpose. The income limits are determined for each Nebraska county on the higher of either: 80% of the median income of the county, or 80% of the median income of the entire non-metropolitan area of the state. An assisted activity generally meets this national objective when it:
   A. is designed to serve an area primarily residential in character in which at least 51% of the residents are LMI, and is clearly designed to meet identified needs of LMI persons.
   B. is designed to benefit a limited clientele in which at least 51% of the clientele are LMI persons, and is clearly designed to meet identified needs of LMI persons.
   C. involves the acquisition or rehabilitation of property to provide housing only to the extent such housing will, upon completion be occupied by LMI persons.
   D. is carried out by public or private nonprofit entities, or private, for-profit entities for an eligible economic development activity which:
      i) creates jobs at least 51% of which are either (1) actually taken by LMI persons, or (2) considered available to them because:
         (a) special skills that can only be acquired with substantial training or work experience or education beyond high school are not a prerequisite to fill such jobs, or the business
nevertheless agrees to hire unqualified persons and provide them training; and

(b) the local government or the assisted business takes actions that would ensure that LMI persons receive first consideration for filling such jobs; or

ii) retains jobs at least 51% of which are actually held by LMI persons at the time the assistance is provided plus any other jobs that can reasonably be expected to become available through turnover to LMI persons in a period of two years thereafter, using the standards established in (1)(d)(i) of the 1974 Housing and Community Development Act.

E. is a planning-only activity that can document that at least 51% of the persons who would benefit from implementation of the plan are LMI persons, or the planning activity is undertaken for an area or community that is 51% LMI persons.

2. "Slums" has the same meaning as substandard areas as defined in Section 18-2103(10) Neb. R.R.S. "Blight" has the same meaning as blighted areas as defined in Section 18-2103(11) Neb. R.R.S.

A. an assisted activity generally meets this national objective when it occurs in an area which has been designated by official action of the local government as substandard or blighted in accordance with the applicable state statute and which has a substantial number of deteriorated or deteriorating structures, and is designed to address one or more of the conditions upon which such designation was made.

B. is a planning-only activity that can document the plans are for a slum or blighted area, or if all planning elements are necessary and related to the slum and blight criteria.

3. "Community development needs having a particular urgency" are existing conditions that pose serious and immediate threat to the health and welfare of the local government's citizenry where other financial resources are not available to meet such needs. An assisted activity generally meets this national objective when the local government certifies and DED determines that:

A. the assisted activity is designed to alleviate existing conditions posing a serious and immediate threat to the health or welfare of the community, which are documented by independent authority(ies) and being of recent origin or urgency that is generally determined by the developing condition or becoming critical within 18 months preceding certification and determination;

B. the local government is unable to finance the activity on its own (due to the existing and/or proposed annual average debt fee for the facility/service, which exceeds one percent of the median family income of the community/county in which the project is located); and

C. that other sources of funding are not available.
STATE OF NEBRASKA’S CDBG GOAL

This is achieved through investing in quality communities and quality projects designed to meet the objectives for four priorities: Housing Development, Community Development, Economic Development and Homeless Assistance.

Projected Use of 2006 CDBG Funds

The 2006 CDBG Funds will be used for activities authorized in Section 105(a) of the amended 1974 Housing and Community Development Act that meet the national CDBG objectives. The state certifies that not less than 70% of the aggregate funds received during 2004, 2005, and 2006 shall be used for activities benefiting LMI persons. Information for the current certification period is available upon request from DED.

CDBG and HOME are not specifically targeted to areas of minority concentration, but are distributed throughout the state’s non-entitlement areas targeted for activities that serve LMI persons. Maps illustrating the geographic distribution of CDBG and HOME funds can be found in the Consolidated Annual Performance Evaluation Report (CAPER) for each funding category. Minority beneficiary data for race, ethnicity and female head-of-household is also summarized in the CAPER. Since projects funded in CDBG and HOME typically provide community-wide benefit, it can be assumed minority groups benefit equally in the same proportion as they occur in the general population. Scoring criteria for applications also reflects preference to projects that affirmatively market the availability of assistance to minority populations.

Categorical Allocation of 2006 CDBG Funds

The categories set forth in the Categorical Allocation of 2006 CDBG, HOME, ESG, HSATF, and NAHTF programs attempt to balance the need for providing jobs and suitable places to live. Funds are reserved in each category based on a percent of the total funds available for distribution to local governments. The state is allowed $100,000 plus 2% of the state grant and program income for administration. The state is also allowed 2% of program income received by units of general local government (whether retained by the unit of general local government or paid to the state) and funds reallocated by HUD to the state. The state reserves an additional 1% for technical assistance to grant recipients. To achieve the most effective and efficient use of CDBG funds, DED may, at its discretion, reallocate up to 10% of the total distribution amount among categories. Reallocation of more than 10% can only be made after an official public hearing and shall be used for activities eligible under the 2006 CDBG program.
Distribution of Other Funds

A. Remaining Funds
Funds remaining uncommitted and unobligated from prior years' allocations in the Community Development Category on the acceptance date for the 2006 CDBG Program shall be distributed in conformance with the 2006 Community Development Category.

Funds remaining uncommitted and unobligated from prior years' allocations on the acceptance date for the 2006 CDBG Program shall be distributed in conformance with the 2006 method of distribution for redistributed funds.

Any funds remaining uncommitted and unobligated from the 2006 allocation shall be combined with recaptured funds from prior years' grantees and distributed according to the method of distribution for redistributed funds described below.

B. Reallocated Funds
Funds reallocated by HUD during 2006 shall be used in conformance with the 2006 CDBG program guidelines, unless otherwise specified by HUD.

C. Redistributed Funds
Funds periodically recaptured by DED from grantees include, but are not limited to: (a) unexpended CDBG funds for approved activities; and (b) disallowed expenditures of CDBG funds for unapproved or ineligible activities. Up to 1% of the funds recaptured shall be subject to and available for use for state technical assistance. First priority for the redistribution of recaptured CDBG funds is to the Comprehensive Revitalization priority of the Community Development category. The amount redistributed will not exceed the formula allocation for the Comprehensive Revitalization priority. Otherwise, funds recaptured from prior CDBG projects will be redistributed in conformance with the 2006 category that is most similar to the category from which the original award was made. Funds recaptured from Economic Development Category grantees will be redistributed in conformance with 2006 guidelines. Funds recaptured from Community Development, Housing, and Planning Category grantees will be redistributed in conformance with 2006 guidelines as follows: (1) if there are sufficient funds within 181 days from the date of 2006 grant award, the next ranked fundable applicant(s) will be awarded; or (2) if funds are insufficient, they and any other funds recaptured after the 181 day period and prior to the 2006 CDBG application acceptance date may be redistributed in conformance with the guidelines of any 2006 CDBG category. Funds recaptured from Housing Development Category grantees will be redistributed in conformance with the Housing Rehabilitation priority of the Community Development Category 2006 guidelines.

D. Program Income (Estimated Amount for 2006 Program Year: $225,000)
Program income is defined as gross income received by a state, a unit of general local government or a subrecipient of a unit of general local government that was generated from the use of CDBG funds. When program income is generated by an activity that is only partially funded with CDBG funds, the income shall be prorated to reflect the percentage of CDBG funds used.
The state may use up to 2% of the amount recaptured and reportable to HUD each year for administrative expenses under the Nebraska Community Development Block Grant (CDBG) Program, including amounts recaptured and reported to HUD from and during all open grant years. Program income includes, but is not limited to: a) payments of principal and interest on loans made using CDBG funds; b) proceeds from the lease or disposition of real property acquired with CDBG funds; c) interest earned on CDBG funds held in a revolving fund account; and d) interest earned on any program income pending disposition of such income e) proceeds from the disposition by sale or long term lease of real property purchased with CDBG funds; f) proceeds from the disposition of equipment purchased with CDBG funds, g) gross income from the use or rental of real or personal property acquired by the unit of general local government or a subrecipient of a unit of general local government with CDBG funds; less the costs incidental to the generation of the income, h) gross income from the use or rental of real or personal property owned by the unit of general local government or a subrecipient of a unit of general local government, that was constructed or improved with CDBG funds; less the costs incidental to the generation of the income, i) proceeds from the sale of loans made with CDBG funds, j) proceeds from the sale of obligations secured by loans made with CDBG funds, k) funds collected through special assessments made against properties owned and occupied by households not of low and moderate income, where the special assessments are used to recover all or part of the CDBG portion of a public improvement, and l) gross income paid to a unit of general local government or subrecipient from the ownership interest in a for-profit entity acquired in return for the provision of CDBG assistance.

The state CDBG objective for program income is to provide adequate financing for local development to ensure Nebraska's economic prosperity and to use all resources in a timely manner. Additionally, the state is seeking to provide a uniform policy for use of program income that coordinates local and state resources to the fullest extent possible. The state is responsible for ensuring that program income at the state and local levels is used in accordance with applicable federal laws and regulations. Federal regulations also allow the state to require the return of program income provided the local government has an opportunity to propose a reuse for the same activity, which is defined:

1. For economic development grantees, as any type of assistance eligible under the Economic Development Category to an eligible business that will support the state's economic base, and create or retain jobs, principally for the benefit of LMI persons.
2. For grantees with housing activities, as any eligible housing activity under Title I of the Housing and Community Development Act of 1974 (as amended) that will meet a national CDBG objective.
3. Program income, which the grantee has received or expects to receive as a result of grant activities, will be subject to the following provisions:

1. Grantees must provide DED with a written notice of intent to reuse program income for the same activity. This notice must be made within 90 calendar days from the date of the grantee's Notice of Approval letter. If the grantee's notice is not submitted to DED within the 90 day period, DED will require all program income be returned to the state. If the grantee submits its notice within the specified period, the grantee will have two options for administering the program income.
a. **Local Administration.** If the grantee intends to develop or administer an existing local revolving loan fund to continue the same activity, the notice of intent to reuse program income must state this fact. Grantees that submit a notice indicating program income will be retained at the local level, will have 180 days from the Notice of Approval to submit a plan for the administration of the program income. The grantee will adopt a local plan that includes either: (i) a detailed description of the organization, including administration and priorities of the program income projects to be approved by the grantee which are consistent with the definitions of same activity as described above; or (ii) the state objectives/method of distribution, including certification that it will incorporate all changes made by the state, and a detailed description of the organization and administration by the grantee.

The grantee will have 24 months from the date of the first loan repayment to receive DED approval to obligate program income to another project in accordance with its approved reuse plan. During the 24-month period, the grantee's program income will be placed in an interest bearing account at the local level, which is collaterally secured as required by state statute. If no such project is approved by DED within this period, all program income from this grant will be returned to the state.

b. **Regional Administration.** If the grantee intends to develop or participate in a regional revolving loan fund to continue the same activity, the notice of intent to reuse program income must state this fact. Grantees that submit a notice indicating program income will be retained at the regional level will have 180 days from the Notice of Approval letter to: i) enter into an agreement with other local governments to establish a regional CDBG revolving loan fund and submit a plan for the administration of the program income; or ii) enter into an agreement with an existing regional CDBG revolving loan fund. Regional plans for revolving loan fund administration must include either: (a) a detailed description of the organization, administration and priorities of the program income projects to be approved by the member local government’s regional revolving loan fund authority which are consistent with the definitions of same activity as described above; or (b) the state objectives/method of distribution, including certification that it will incorporate all changes made by the state, and a detailed description of the organization and administration by the grantee regional revolving loan fund authority. If the grantee does not submit the required agreement and plan for DED approval within the 180-day period, all program income will be returned to the state.

The grantee, in conjunction with the regional revolving loan fund administrator, will have 36 months from the date of the first loan repayment to receive DED approval for another project in accordance with its approved reuse plan. During the 36 month period the grantee's program income will be placed in an interest bearing account at the regional level, which is collaterally secured as required by state statute. If no such project is approved by DED within this period, the grantee/regional administrator will return all program income for this grant to the state.
2. Grantees that retain program income for local or regional use from this year or previous years are eligible to accumulate or have the potential to accumulate the following:

   a. For local administration, $100,000, or $100 times the current U. S. Census Bureau population count or estimate, whichever is greater; not to exceed $500,000 (maximum).

   b. For regional administration, $100 times the current U. S. Census Bureau population-count or estimate, not to exceed $1,000,000 (maximum). A region is defined as two (2) or more municipalities or counties.

Grantees that have received program income and/or are receiving program income from projects prior to 1995 that exceeds the maximum amount described in a. or b. above will be capped at their current level. Grantees may retain program income from projects prior to 1995 if they have received DED approval.

Grantees may receive the first $250,000 program income from CDBG project loan or use the first $250,000 as a forgivable loan to the benefiting business, in which the loan is forgiven, until the grantees reaches their cap. Once they reach their cap, the grantee must return additional program income to the state.

Grantees that are under their cap and contribute program income to a CDBG project jointly funded with DED may receive program income receipts from the jointly funded project until (a) the grantee recovers its initial contribution or (b) the grantee reaches its cap.

Grantees that are at or over their cap and contribute program income to a CDBG project jointly funded with DED may receive program income receipts from the jointly funded project until the grantee recovers their initial contribution.

Grantees at or over their cap receiving program income from projects jointly funded with DED may keep the percentage of each program income receipts equal to their percentage of contribution to the project. The grantee and DED will divide program income receipts proportionally by the contribution each makes to the project. The grantee will send a portion of each receipt to DED.

Local governments applying to the state for CDBG funds must disclose the amount of program income they have accumulated and the amount they are receiving from previous projects. The state will use the information to determine how much program income the grantee can retain from the new (2006 or later) grant.

Grantees receiving 2006 CDBG funds that accumulate program income that exceeds the maximum allowable amount must return the excess amount to the state.
3. If the initial activity, which generates the program income, has not been completed prior to the first receipt of program income, all program income received must be applied to the current grant activity prior to requesting additional CDBG funds.

4. Miscellaneous program income generated by activities that do not meet the definitions of continued same activity must be applied to an open CDBG grant prior to requesting additional CDBG funds, or returned to the state.

5. Grantees that maintain a local revolving loan fund or are members of a regional revolving loan fund will be required to apply all available local or regional revolving loan funds to activities consistent with the local or regional plan of administration prior to receiving approval of CDBG grant applications for those activities.

6. Grantees electing to retain program income through an approved local revolving loan fund are required to monitor and report the amount of program income recaptured to the state. Status updates concerning the outstanding loans or leases shall be submitted on a semi-annual basis. The report includes but is not limited to payments received and amendments to the original loan or lease agreement, as required by the state.

7. All program income earned as a result of CDBG grant activities is subject to all requirements of Title I of the Community Development Act of 1974 (as amended) regardless of whether the original grant is open or closed when the program income is received. In addition, all program income expended from approved CDBG revolving loan funds is subject to all requirements of Title I of the Housing and Community Development Act. This includes all second and subsequent generation loans made from the revolving loan fund.

Program income returned to the state will be committed to a statewide revolving loan fund. The state will distribute program income to eligible applicants for state dedicated eligible activities according to the program category from which the program income was derived. Program income received from housing activities under the state housing category will be placed in the statewide housing revolving loan fund. This includes loan repayments from a housing rehabilitation project or other CDBG housing activities. Program income received from economic development activities under the state economic development category will be placed in the statewide economic development revolving loan fund dedicated to activities for the development of speculative buildings and speculative industrial parks. This includes loan repayments from 2006 and prior grant years. The statewide economic development revolving loan fund, which is dedicated to activities for speculative buildings and speculative industrial parks, will be used for construction or improvement of public works; purchase, construction rehabilitation or other improvement of land, buildings facilities, machinery and equipment, fixtures and appurtenances or other projects undertaken by a proprietary or nonprofit organization; assistance for otherwise eligible projects or programs. When there are sufficient funds available in the revolving loan fund, these shall be distributed according to the 2006 Program Income Guidelines.
MONITORING STANDARDS AND PROCEDURES

HUD Programs

To ensure that all statutory and regulatory requirements are being met for activities with HUD funds, the Nebraska Department of Economic Development (DED) and the Department of Health and Human Services (HHSS) uses various monitoring standards and procedures.

DED and HHSS are responsible for ensuring that grantees under the CDBG, HOME and ESG programs carry out projects in accordance with both Federal and State statutory and regulatory requirements. These requirements are set forth in the grant contract executed between the State and the grantee. The State provides maximum feasible delegation of responsibility and authority to grantees under the programs. Whenever possible, deficiencies are rectified through constructive discussion, negotiation and assistance.

DED conducts two basic types of monitoring that is determined by the established “Risk Analysis” process: off-site, or “desk” monitoring, and on-site monitoring. Department staff regularly reviews each project to verify that it is proceeding in the manner set forth in the Grant Agreement in accordance with applicable laws and regulations. The “Risk Analysis” monitoring plan determines whether a project review is conducted by a “desk” monitoring or on-site monitoring. Desk monitoring is an ongoing process in which the project administrator responsible for overseeing the grantee’s project uses all available information to review the grantee’s performance in carrying out the approved project. This review process enables DED to identify problems requiring immediate attention and to schedule projects for on-site monitoring. Material used for this review includes, but is not limited to: Amendments/Extensions to the Grant Agreement; Project Status Reports, Requests for a Draw-down of Funds; and other support documents.

On-site monitoring is a structured review conducted by the project administrator at the locations where project activities are being carried out or project records are being maintained. One on-site monitoring visit is normally conducted during the course of a project, unless determined otherwise by the “Risk Analysis” process. The “Risk Analysis” components for determination of “desk” or on-site monitoring compliance review includes, but is not limited to: a) grant award amount, b) length of time since grantee monitored, c) length of time project administrator last evaluated, d) significant outstanding audit issues, e) significant outstanding compliance issues, and f) types of prior projects monitored. The review considers all available evidence of conforming to approved program, substantial progress toward program goals, compliance with laws, and continued capacity to carry out the approved program. Checklists are utilized to ensure that all issues are addressed. The number of times a project is monitored depends upon the issues that arise during the desk and on-site monitoring. In summary, DED uses the following processes and procedures for monitoring projects receiving HUD funds: evaluation on program progress, compliance monitoring, technical assistance, project status reports, monitoring technical assistance visits, special visits and continued contact with grantees by program representatives.

NEBRASKA ANNUAL ACTION PLAN 2006

Section 2 – 14
OTHER ACTIONS

Underserved Needs

All of the activities that will be funded under the State’s Community Development Block Grant Program, HOME Investments Partnerships Program, Emergency Shelter Grant Program, Nebraska Affordable Housing Trust Fund and Nebraska Homeless Shelter Assistance Program will address obstacles to meeting underserved needs. The state will identify and respond to underserved needs as they arise from self-evaluation and citizen participation.

Foster and Maintain Affordable Housing

The Housing Development Priority of the Annual Action Plan addresses how the State will foster and maintain affordable housing. In particular Housing Strategies One, Two and Three specifically address this issue.

Remove Barriers to Affordable Housing

The Housing Development Priority of the Annual Action Plan addresses how the State attempts to remove barriers to affordable housing. Housing Strategies Two, Three, and Four deal with removing barriers to affordable housing.

Evaluate and Reduce Lead Based Paint Hazards

The State is committed to reducing lead based paint hazards. DED will continue its efforts to educate CDBG and HOME recipients on the dangers of lead-based paint. Housing Strategy One, Objective One specifically outlines what is being done by the State to evaluate and reduce lead based paint hazards.

Reduce the Number of Poverty Level Families

Many agencies throughout Nebraska actively pursue the elimination of poverty. The role that Consolidated Plan agencies perform in this overall endeavor is to foster and promote self-sufficiency and independence. To better empower individuals and families toward self-sufficiency and independence the following strategies will be put to work:

- Promote sustainable economic development through affordable housing and other community development activities;
- Evaluate projects, in part, on the basis of their ability to foster self-sufficiency when awarding funding for projects;
- Maintain a strong relationship with the Continuum of Care system, to enhance and promote the stabilization of homeless families and encourage transition to stable households and housing situations;
• Explore partnership opportunities with other agencies that provide a range of services and activities having a measurable and potentially major impact on the causes of poverty in their communities; and
• Enhance efforts to educate the public and interested people about available supportive services that foster self-sufficiency and independent living arrangements.

**Develop an Improved Institutional Structure**

DED is committed to improving institutional structures. The institutional structure for the CDBG, HOME and ESG programs is composed of DED, HHSS, local governments, nonprofit organizations and private industry. It is essential that these entities work together efficiently. The Annual Action Plan focuses on improving institutional structure in Housing Strategy One, Two, Three and Four, Objective Two and Community Development Strategy Three, Objective One.

**Enhance Coordination Between Public and Private Housing and Social Service Agencies**

Housing Strategy One, Two, Three and Four detail how the state will enhance the coordination between public and private housing and social service agencies. For example, the Program Set-asides for leveraging with other agency resources and the Behavioral Health Reform initiative with the Department of Health and Human Services System.

**Fostering Public Housing Resident Initiatives**

The State does not operate public housing units. Therefore, action in this area is not feasible. However, the State does work with local public housing agencies to the extent possible and is interested in efforts to increase residents’ involvement in public management and provide them with expanded homeownership opportunities.
NEBRASKA OUTCOME PERFORMANCE MEASUREMENT SYSTEM

Introduction / Overview

The State of Nebraska has developed an “Outcome Performance Measurement System” in which data will be collected on outcomes of activities funded with CDBG, HOME, ESG Funds. The Outcome Performance Measurement System is set forth in the Department of Housing and Urban Development’s Notice of Outcome Performance Measurement System for Community Planning and Development Formula Grant Programs [Docket No. FR-4970-N-02], and is required to be included in State Annual Action Plan’s as per Federal Register 24 CFR Parts 91 and 570 Consolidated Plan Revisions and Updates Final Rule.

The Nebraska Outcomes Performance Measurement System has been developed around major activities funded with CDBG, HOME, ESG Funds. Those activities include: Public Facilities or Infrastructure; Rental Rehabilitation; Homeownership Units Constructed, Acquired, and/or Acquired with Rehabilitation; Owner Occupied Rehabilitation; Down Payment Assistance; Job Creation; Job Retention; Business Assistance; Homeless Services; and Homelessness Prevention. The State of Nebraska’s Annual Action Plan identifies strategies, objectives and performance measurements to address the states needs.

In the Performance Measurement System, specific Objectives and Outcome Statements are assigned to each activity per the direction of HUD’s Measurement System. Objectives and Outcome’s are combined into an outcome statement selected from one of three objectives which include: Suitable Living Environment, Decent Housing, or Creating Economic Opportunities; and one of three outcomes which include: Availability/Accessibility, Affordability, or Sustainability.

Specific Outcome Indicators are identified for each activity. Indicator data will be collected from local governments through grant administration and reported by the State in HUD’s Integrated Disbursement and Information System (IDIS) at the time of grant closeout.

REMAINDER OF THIS PAGE IS BLANK, PROCEED TO NEXT PAGE
OUTCOME STATEMENTS AND OUTCOME INDICATORS:

Public Facility or Infrastructure Activities

Outcome Statement: The State of Nebraska will improve accessibility for the purpose of creating suitable living environments through investments in public facilities and/or infrastructure activities.

Outcome Indicators:

1,000 LMI persons will have new access to a facility or infrastructure benefit

1,000 LMI persons will have improved access to a facility or infrastructure benefit

500 LMI persons who previously had access to only substandard facilities or infrastructure services will now have access to safe, appropriate facilities and/or infrastructure.

Comprehensive Revitalization Activities

Outcome Statement: The State of Nebraska will improve sustainability for the purpose of creating suitable living environments and providing decent affordable housing through investments in comprehensive revitalization for targeted neighborhoods.

Outcome Indicators:

$1 million dollars will be leveraged from other federal, state, local, and private sources through comprehensive revitalization activities.

Comprehensive revitalization activities will provide improved infrastructure and affordable housing to approximately 4,000 LMI people.

Slum/Blight demolition will improve neighborhoods in two communities as a result of comprehensive revitalization activities.

New Rental Units Constructed

(Note: Indicator data will be collected for CDBG and HOME funded projects only. Indicator data will not be collected for projects funded with NAHTF.)

Outcome Statement: The State of Nebraska will improve affordability for the purpose of providing decent affordable housing through investments in constructing affordable new rental units.
Outcome Indicators:

40 affordable rental units will be newly constructed.

Of the 40 newly constructed affordable rental units, 8 will be section 504 accessible.

Of the 40 newly constructed affordable rental units, 0 will be qualified as Energy Star.

In addition to the indicator goals above, data will be collected and reported in IDIS at the time of project closeout for HOME and CDBG funded projects on the below outcome indicator measurements to track achievements of the new rental construction activities:

- number of units occupied by elderly
- number of units subsidized with project-based rental assistance
- number years of affordability per unit
- number of housing units that have been designated for persons with HIV/AIDS, including units which receive assistance for operations and of those units the number of units designated for the chronically homeless
- number of units of permanent housing designated for homeless persons and families, including those units receiving assistance for operations; and of those, number of units for the chronically homeless.

Rental Units Rehabilitated

(Note: Indicator data will be collected for CDBG and HOME funded projects only. Indicator data will not be collected for projects funded with NAHTF.)

Outcome Statement: The State of Nebraska will improve affordability for the purpose of providing decent affordable housing through investments in rental rehabilitation activities.

Outcome Indicators:

10 affordable rental units will be rehabilitated.

Of the 10 rehabilitated affordable rental units, 0 will be section 504 accessible.

Of the 10 rehabilitated affordable rental units, 0 will be qualified as Energy Star.
10 rehabilitated affordable rental units will be created through conversion of non-residential buildings to residential buildings.

Zero rehabilitated affordable rental units will be brought from substandard to standard condition (HQS or local code).

Zero rehabilitated affordable rental units will be brought into compliance with lead safe housing rule (24 CFR part 35).

In addition to the indicator goals above, data will be collected and reported in IDIS at the time of project closeout for HOME and CDBG funded projects on the below outcome indicator measurements to track achievements of the affordable rental rehabilitation activities:

- number of units occupied by elderly
- number of units subsidized with project-based rental assistance
- number years of affordability per unit
- number of housing units that have been designated for persons with HIV/AIDS, including units which receive assistance for operations and of those units the number of units designated for the chronically homeless
- number of units of permanent housing designated for homeless persons and families, including those units receiving assistance for operations; and of those, number of units for the chronically homeless.

**Homeownership Units Constructed, Acquired, and/or Acquired with Rehabilitation Activities**

*(Note: Indicator data will be collected for CDBG and HOME funded projects only. Indicator data will not be collected for projects funded with NAHTF.)*

**Outcome Statement:** The State of Nebraska will improve affordability for the purpose of providing decent affordable housing through investments in construction, acquisition and/or acquisition with rehabilitation of new units for homeownership.

**Outcome Indicators:**

110 affordable units will be newly constructed, acquired or acquired with rehabilitation.

All units that are newly constructed, Acquired, and/or Acquired with rehabilitation will require five years of affordability period.

Five units constructed, acquired, or acquired with rehabilitation will be section 504 accessible.
Homeownership activities will benefit five households previously living in subsidized housing.

In addition to the indicator goals above, data will be collected and reported in IDIS at the time of project closeout for HOME and CDBG funded projects on the below outcome indicator measurements to track achievements of homeownership activities:

- number of units occupied by elderly
- number of housing units that have been designated for persons with HIV/AIDS, and of those units the number of units designated for the chronically homeless
- Number of units specifically designated for homeless and of those units the number of units specifically for chronically homeless.

**Owner Occupied Units Rehabilitated or Improved**

(Note: Indicator data will be collected for CDBG and HOME funded projects only. Indicator data will not be collected for projects funded with NAHTF.)

Outcome Statement: The State of Nebraska will improve affordability for the purpose of providing decent affordable housing through investments in owner occupied rehabilitation activities.

Outcome Indicators:

75 units rehabilitated will be owned and occupied by the elderly.

100 units will be brought from substandard to standard condition (HQS or local code).

Zero units will be qualified as Energy Star.

50 units will be brought into compliance with lead safe housing rule (24 CFR part 35).

Five units will be made accessible for persons with disabilities.

**Direct Financial Assistance to Homebuyers (down-payment assistance programs)**

(Note: Indicator data will be collected for CDBG and HOME funded projects only. Indicator data will not be collected for projects funded with NAHTF.)

Outcome Statement: The State of Nebraska will improve affordability for the purpose of providing decent affordable housing through investments in direct financial assistance to homebuyers.
Outcome Indicators:

50 first-time homebuyers will benefit from direct financial assistance to homebuyers.

of those first-time homebuyers receiving assistance, 50 will receive housing counseling.

50 first-time homebuyers will receive down-payment assistance/closing costs.

Jobs Creation and Retention Activities

Outcome Statement: The State of Nebraska will improve sustainability for the purpose of providing creating economic opportunity through investments in economic development projects for job creation and retention activities.

Outcome Indicators:

600 jobs will be created or retained.

Of those 600 jobs created or retained, a minimum of 51% of the jobs will be designated for LMI persons.

Businesses Assisted Activities

Outcome Statement: The State of Nebraska will improve sustainability for the purpose of providing creating economic opportunity through investments in economic development projects by assisting businesses for the purpose of job creation/retention.

Outcome Indicators:

Ten businesses will receive grant or loan assistance through federal funding.

Assistance will be provided to 700 micro-enterprises and other smaller entrepreneurial enterprises per year.

Homeless Services and Prevention Activities

Outcome Statement: The State of Nebraska will improve accessibility for the purpose of creating suitable living environments to insure appropriate emergency shelter and/or transitional housing and services for people who are homeless or at imminent risk of becoming homeless.
Outcome Indicators:
Overnight shelter will be provided to 19,000 homeless persons.

19 beds will be created in overnight shelter or other emergency housing.

17,900 households will receive emergency financial assistance for the purpose of preventing homelessness.

102 households will receive emergency legal assistance to prevent homelessness.
Section Three Housing Priority

*Respond to regional needs for affordable, decent, safe and appropriate housing as part of balanced economic development in Nebraska.*
Strategies, Objectives & Measurements

The five-year indicators (Outputs) for this priority include:

The Nebraska Affordable Housing Program funds including NAHTF, CDBG, and HOME funds, will be invested in affordable housing in Nebraska to benefit low-income households.

The four (4) strategies developed to meet this priority are:

- Promote housing preservation by improving the quality of Nebraska’s existing affordable housing stock.
- Promote additional households into homeownership by expanding affordable homeownership opportunities.
- Promote additional affordable rental housing and preservation of affordable rental housing in selected markets.
- Enhance statewide understanding of fair housing law through outreach and education.

Background

HUD requires the state to report the activities it plans to undertake during the next year to:
- Address obstacles to meeting underserved needs;
- Foster and maintain affordable housing (including the coordination of Low-Income Housing Tax Credits with the development of affordable housing);
- Remove barriers to affordable housing;
- Evaluate and reduce lead-based paint hazards;
- Reduce the number of poverty level families;
- Develop an improved institutional structure; and
- Enhance coordination between public and private housing and social service agencies and foster public housing resident initiatives.

These requirements are reflected in the housing strategies, objectives, and actions for the 2006 Program year.

As shown in the Housing Needs Assessment section (Part Three) of the state's Consolidated Plan, a great need exists in the state for available housing stock that is affordable. Two primary issues exist: housing availability and affordability.

When Census 2000 was taken, about 150,000 households in Nebraska had a housing problem. These problems include incomplete plumbing facilities, incomplete kitchen facilities, overcrowding, severe overcrowding, cost burden, and severe cost burden. This information
suggests that lower-income renters and homeowners were more likely to reside in units with a housing problem.

Because many housing units in Nebraska were built prior to 1980, the risk of lead-based paint hazards is a significant problem. In 2000, 57.9 percent of owner-occupied units and 56.1 percent of renter-occupied units were at risk, this represents nearly 382,000 housing units. Furthermore, when the number of units with lead-based paint risks were segmented by income and tenure, over 77,000, or 88%, of the at-risk rental units were found to be occupied by extremely low- to moderate-income (LMI) households. This is more than 79.8 percent of LMI homeowners who faced the potential of lead-based paint hazards. According to the 2000 Census, 43.9 percent of the total housing stock was constructed prior to 1960 and 25.3 percent was constructed prior to 1940. These homes have a greater potential for structural problems related to inadequate foundations and floor supports, poor plumbing, outdated electrical wiring, with substandard roofing, as well as greater likelihood of lead-based paint hazards.

In the future, Nebraska will continue to expand and household formation will continue to place pressures on the State’s housing market. The total number of households in Nebraska increased more quickly than the population, growing 10.6 percent versus the 8.4 percent rise in population. In addition, the distribution of household income in Nebraska did not improve appreciably between 1990 and 2000. By 2000, the total number of extremely low-income households, meaning they earned less than 30 percent of the Area Median Family Income, increased from 1990 and lower-income households were significantly more common among racial and ethnic minorities in Nebraska. The State’s disabled population totaled 16 percent of Nebraska’s overall population in 2000. Relatively higher concentrations of the disabled population were found in the more rural areas of Nebraska compared to the more densely populated eastern portion of the State.

Due to the vast number of total households across Nebraska, including Lincoln and Omaha, with incomes that qualify them as low-income in the Nebraska Affordable Housing Program and the housing stock conditions and availability discussed in the housing and homeless needs assessment section, it is critical that DED make strategic and focused investments with the limited Nebraska Affordable Housing Program resources. It is simply not feasible to assist every qualified recipient in every qualified household, or even a substantial portion. Instead, DED housing investments are made with direct benefits to the individual considered in addition to the effect of the investment on housing values, expanding the life of a home, and positive effects on the local economy.

The Nebraska Affordable Housing Program utilizes an outcome-based outlook in implementing the funding programs. The Department of Economic Development is an investor in affordable housing in Nebraska. This means that DED expects a return on its investments. This return may not be to the department directly, but should be to the citizens of Nebraska and may be social benefits rather than financial benefits in some cases. It is anticipated that with a well-managed affordable housing program there will bring direct financial gains to the Department of Economic Development. Some examples of these gains are: (1) A not for profit organization that is successful in implementing projects is less likely to need direct subsidy for operating support because of the project administration funds and the ability to attract local investment and (2) A low-income person assisted in purchasing a home is more likely to stay in the community and with the employer, which results in a stabilized workforce and a decrease in the department’s resources to be used for workforce development, job training, and recruitment. It is also
anticipated that there will be second-order gains to the State of Nebraska. Some examples of second-order gains are: (1) An elderly person provided a desirable and reasonable affordable housing opportunity is more likely to remain in the community and offer valuable volunteer services to the benefit of the community and its citizens. This also will increase the quality of life for these people and these communities, (2) An extremely low-income person on direct economic assistance, is in need of less assistance if their home is energy efficient and affordable, (3) A person provided with more affordable housing than they had previously, has more disposable, expendable income to contribute to the local economy, and (4) Housing development resulting in more units, results in a higher base for local property tax revenue.

**The Nebraska Commission on Housing and Homelessness**

The Nebraska Commission on Housing and Homelessness (NCHH) was established by Executive Order in 1998. This commission consolidates the work of the Nebraska Affordable Housing Commission, the Nebraska Interagency Council on the Homeless, and the Affordable Housing Trust Advisory Committee, and recognizes the strong link among housing, homelessness, and near homeless issues.

The Commission’s function is to make recommendations to DED and the Health and Human Services System Department of Services (HHS) on the operation of the Nebraska Affordable Housing Trust Fund and the Homeless Shelter Assistance Trust Fund respectively; serve as an advisory body on housing and homelessness; assist with education, advocacy, coordination and cooperation; and integrate recommendations from *Nebraska's Housing and Community Development Consolidated Plan* and Annual Action Plan with other statewide strategic planning initiatives involved with affordable housing, homelessness/near homelessness, and other housing issues.

**Actions for the 2006 Program Year**

The state views the provision of affordable housing as a high priority, especially for persons/families making 80% of median income or less. The state works with public, private and nonprofit organizations to identify needs, fill gaps in services, and provide technical assistance in the area of housing. Actions planned for 2006 to further this goal are a result of the priority for funding and strategies set by the state in 2005 in the *Consolidated Plan*.

2006 Program objectives and measurements (planned between July 1, 2006 and June 30, 2007) for the four housing strategies are listed as follows:

**Strategy One**

*Promote housing preservation by improving the quality of Nebraska’s existing affordable housing stock.*

**Objective #1:** Continue supporting lead-based paint program activities by participation in the Lead Hazard Control Program.

Performance Measurement: 4 low-income households will be assisted with the removal of lead hazards through the Nebraska Affordable Housing Program leveraging investment with the Health and Human Services Lead-Hazard Control Program.
Objective #2: Invest in the preservation of the existing housing stock through housing rehabilitation activities.

Performance Measurement: 150 owner households will be targeted to be assisted with home rehabilitation as a result of Nebraska Affordable Housing Program investment.

Performance Measurement: $3,000,000 of Nebraska Affordable Housing Program funds will be invested in the rehabilitation of owner-occupied homes.

Performance Measurement: $2,000,000 of Nebraska Affordable Housing Program funds will be invested in rehabilitating homes and assisting homebuyers in purchasing those homes.

Strategy Two
Promote additional households into homeownership by expanding affordable homeownership opportunities.

The 2006 Nebraska Affordable Housing Program priority is homebuyer assistance. This plan includes investment in additional programs and activities. However, it is the focus of DED to direct resources specifically at assisting low to moderate income Nebraskans in becoming homebuyers through the development of owner housing, downpayment and closing cost assistance, and identification of model programs to assist a local workforce in owning housing.

Lack of available resources to purchase a home is identified as the primary barrier to homeownership. Nebraska Affordable Housing Program investment will be used for direct assistance to homebuyers including down-payment assistance, closing cost assistance and gap subsidy. In addition DED AHP investment will be used to assist in the development of housing to increase the supply of available safe, decent, affordable housing for homebuyers.

Objective #1: Invest Nebraska Affordable Housing Program funds in assisting low-income homebuyers through direct assistance and development subsidy to increase the availability of affordable units.

Performance Measurement: 300 low-income homebuyers will be targeted to purchase homes partially through assistance from Nebraska Affordable Housing Program funds for homebuyer programs.

Performance Measurement: $3,000,000 of Nebraska Affordable Housing Program funds will be invested in down-payment and closing cost assistance programs for new homebuyers.
Performance Measurement: $2,000,000 of Nebraska Affordable Housing Program funds will be invested in projects with new construction and homebuyer assistance.

Performance Measurement: $2,000,000 of Nebraska Affordable Housing Program funds will be invested in rehabilitating homes and assisting homebuyers in purchasing those homes. (this measurement is a duplication of the third performance measurement for Strategy One Objective Two)

Strategy Three
Promote additional affordable rental housing and preservation of affordable rental housing in selected markets.

The department works closely with the Nebraska Investment Finance Authority (NIFA) in coordinating the use of Low-Income Housing Tax Credits with Nebraska Affordable Housing Program funds to effectively fund rental development in the state. Nebraska Affordable Housing Program HOME funds are coupled with Low-income Housing Tax Credits in one application cycle and review process. The department participates in the Technical Assistance Review Process (TARP) team. TARP members consist of staff from NIFA, the U.S. Department of Housing and Urban Development, U.S. Department of Agriculture – Rural Development (USDA RD), Nebraska Energy Office (NEO) and Nebraska State Historical Society. TARP members meet once a month.

Objective #1: Invest in affordable rental housing that market conditions indicate need for the design, location, and cost to the beneficiary of the proposed rental housing.

Performance Measurement: 100 rental units for low-income households will be targeted to be developed or preserved due to the investment of Nebraska Affordable Housing Program funds.

Performance Measurement: $2,100,000 of Nebraska Affordable Housing Program HOME funds and $750,000 of NAHTF will be invested in affordable rental projects that include Nebraska Investment Finance Authority Low-Income Housing Tax Credit equity as a funding source.

Performance Measurement: $100,000 of Nebraska Affordable Housing Program NAHTF funds will be invested in affordable rental projects that include U.S. Department of Housing and Urban Development 202 and/or 811 program funding as a funding source.

Performance Measurement: $300,000 of Nebraska Affordable Housing Program NAHTF funds will be invested in affordable rental projects that include U.S. Department of Agriculture Rural Housing Program funding as a funding source.

Performance Measurement: $2,000,000 of Nebraska Affordable Housing Program HOME and NAHTF funds will be invested in the preservation of distressed rental properties that were previously assisted with DED CDBG, DED HOME or NAHTF.

Objective #2: Invest in rental projects that include earmarking a portion of total units that are affordable to extremely low-income renters.
Performance Measurement: Of the 100 rental units for low-income households that will be targeted to be developed or preserved due to the investment of Nebraska Affordable Housing Program funds as part of Objective 1 first performance measurement, 5 rental units will be targeted to extremely low-income renters.

**Strategy Four**

**Enhance statewide understanding of fair housing law through outreach and education.**

**Objective #1**: Enhance education and outreach concerning fair housing law, including education about the fair housing complaint system, as well as design and construction standards.

Performance Measurement: Train 50 community representatives on Fair Housing Act requirements.

Performance Measurement: 50 communities will undertake activities to affirmatively further fair housing.

**Objective #2**: Support the development and maintenance of an information clearinghouse on Nebraska law, design and construction standards, and other resources.

Performance Measurement: Distribute written fair housing materials to 1,500 local and regional representatives in the state.

Performance Measurement: Coordinate one organization or agency that is hosting a fair housing information clearinghouse on Nebraska law, design and construction standards, and other resources.
A. DED Affordable Housing Program (Includes Nebraska Affordable Housing Trust Fund (NAHTF), Community Development Block Grant (CDBG), and HOME) Category – State Objectives

The state objectives for using NAHTF, CDBG, and HOME funds in the Housing Category provide for investing funds in quality projects and programs for quality communities so that local governments and nonprofit organizations can leverage private financing to provide for permanent, energy efficient, affordable housing.

Projects will (1) address housing conditions related to community economic development needs; (2) expand equal housing opportunities; or (3) create public/private partnerships to address housing needs holistically (linking housing with supportive services to promote economic self-sufficiency and family preservation).

The Nebraska Affordable Housing Program Outcome Statement is:
Safe, decent, affordable appropriate housing for all Nebraskans is the foundation for economic growth.

In administering the resources for the Nebraska Affordable Housing Program there are constraints of using these funds that the Department cannot change. Following is a sampling of givens related to the Nebraska Affordable Housing Program.

Legislative, Statutory and Regulatory Givens:

The Affordable Housing Act and Rules and Regulations, which govern the Nebraska Affordable Housing Trust Fund

- Income restrictions
- Eligible recipients
- Factors for award consideration
- Eligible activities
- Eligible housing

U.S. HUD statutory, regulatory and administrative requirements for the HOME and CDBG programs

- Income restrictions
- Rent restrictions
- Eligible recipients
- Eligible beneficiaries
- Eligible housing
- Eligible activities
- HOME match requirements of 25%, where the source, type, and reporting requirements of eligible match is restrictive
Department of Economic Development statutory requirements

- Commitment to coordinated development activities

Control Agency (HUD and other State Agencies) Givens:

- Projects cannot begin non-administrative activities until after Notice of Release of Funds.
- Thorough and detailed review at application before funding, that includes requiring evidence and documentation of expected program compliance.
- Maintain an ongoing commitment to ensure program compliance.

B. How and What Projects to be Assisted

DED will award funds under the Housing Category to eligible local governments, local or regionally-based nonprofit 501(c)(3) or 501(c)(4) housing organizations (including reservation-based non-profit organizations), and public housing authorities to carry out quality housing programs and projects that meet the national and state objectives for NAHTF, CDBG, and HOME programs.

The 2006 DED Affordable Housing Program includes the following applications for funding based on Investment Zones and set-asides. DED will begin to review all applications after they are received on the specified due date. Each application guideline will include a description of threshold requirements and scoring criteria. Generally, applications that meet all threshold requirements and rank highest shall receive either a Notice of Award or a Notice of conditional award, subject to the amount of funds available. DED reserves the right to fund or not fund applications based on the status of other federal and state funding sources involved in the project and conditional reservations of funds, regardless of ranking. DED will determine the most appropriate funding source and amount for the proposed project or program. DED may provide a Notice of Conditional Award with the condition of the applicant to transfer the grantee status to another DED determined eligible applicant. The newly identified eligible recipient must complete all requirements for the identified funding source as a Condition of Award. Applications recommended for approval through this process will be presented to the Community and Rural Development Division’s director for consideration of recommending an award to the Director of the Department of Economic Development. The CRD director has the authority to ask for reconsideration of the award recommendation or to submit the director’s recommendation to the Director of the Department of Economic Development. The CRD Director may make awards for Non-profit Operating Assistance, Predevelopment, and Program Set-aside Awards on the Department Director’s behalf. All actions will be in compliance with the submission and selection criteria.

The department reserves the right to make first contact with an eligible applicant to encourage application immediately following a natural disaster that creates housing needs that may be met by the NAHTF. Disaster emergency housing does not have a specific allocation of NAHTF and therefore the funding available is subject to the actual NAHTF balance and obligations at the time of award. Disaster Emergency Housing awards will be approved by the Governor.
NAHTF funds will be available to respond to housing needs related to State
Declared Disaster areas for eligible activities.

NAHTF funds available to:
Nonprofit 501(c)(3) and 501(c)(4) organizations (including reservation-based
non-profit organizations), local units of government, and public housing authorities to
address NAHTF eligible activities that will assist in the response to State Declared Disaster
areas. These funds will not be available to directly fund individuals. DED reserves the right
to decline funding to any project based on NAHTF resources not available, the results
proposed, the probability those results will be achieved, reasonableness and eligibility of the
request.

The department will make every effort to expedite assistance through the disaster emergency
award. The NAHTF, however, was not created as a first response resource and is not available to
individuals on an emergency basis. Instead the NAHTF is a valuable resource in addressing
intermediate housing needs after a natural disaster. Potential applicants and beneficiaries should
plan for a notice to proceed and access to funds to address housing needs through NAHTF to
occur no sooner than 90 days after the disaster event. In addition, applicants must be aware that
NAHTF resources are not an entitlement program are often not adequate to assist all NAHTF
eligible beneficiaries in the disaster area.

Review criteria for disaster emergency housing:
Applications will be selected for funding on a first-ready first-served basis. Readiness will be
defined by the following: (1) an eligible applicant that (a) has administered NAHTF awards
previously and (b) preferably serves the entire declared disaster area, (2) proposed activities are
eligible for Nebraska Affordable Housing Trust Fund (3) The area is declared a state disaster area
and (4) all necessary documentation is submitted to the department to determine readiness and
eligibility.

RENTAL HOUSING

HOME and NAHTF funds will be available for newly-constructed affordable rental housing;
acquisition and rehabilitation of existing rental housing; lease-purchase programs that lead to
homeownership and restructuring of distressed rental properties previously funded with NAHP.

Distressed rental property assistance for projects that were previously funded all or in part by
DED HOME, DED CDBG or NAHTF are eligible to apply in the NDED Annual Housing
Application Cycle of applications. Projects that are seeking (but have not received) a Low-
income Housing Tax Credit allocation are eligible to apply in the NDED Annual LIHTC set-
aside Application Cycle of applications (pre-applications required and due July 18, 2005). Funds
for USDA-515 rentals and HUD 202/811 rentals are available on an open-cycle based on an
approval of the USDA 515 or HUD 202/811 funds. DED does not have funds available for rental
projects that do not meet the above criteria.
NAHTF $ - available to local or regional nonprofit 501(c)(3) or 501(c)(4) housing organizations (including reservation-based non-profit organizations), local units of government, and public housing authorities. These funds will be provided for new construction rental housing; lease-purchase programs, where the housing unit assisted will remain rental housing (leased) for 36 months or greater; new construction rental housing with some infrastructure; lease-purchase programs with some infrastructure, where the housing unit assisted will remain rental housing (leased) for 36 months or greater; restructuring of distressed properties previously funded with NAHP and for the acquisition and rehabilitation of existing housing.

HOME $ – available to local or regional nonprofit 501(c)(3) or 501(c)(4) housing organizations (including reservation-based non-profit organizations), local units of government, and public housing authorities. These funds will be provided for new construction rental housing; lease-purchase programs, where the housing unit assisted will remain rental housing (leased) for 36 months or greater; new construction rental housing with some infrastructure; lease-purchase programs with some infrastructure, where the housing unit assisted will remain rental housing (leased) for 36 months or greater; restructuring of distressed properties previously funded with NAHP and for the acquisition and rehabilitation of existing housing. HOME funds will be awarded as HOME CHDO funds in the case where a state designated Community Housing Development Organization (CHDO) holds ownership and/or has controlling interest in the project.

CDBG $- CDBG funds may be awarded to local governments for infrastructure costs related to the development of a new residential area (subdivision) in the community. These will only be awarded in conjunction with a complete proposal that includes (but is not limited to) (1) the number and types of units to be developed; the types of customers to be assisted; (2) program guidelines for the homebuyer program and/or development proposal for a rental project; and (3) single family housing development proforma and/or rental housing proforma that includes detailed timelines showing beneficiaries assisted within 36 months of CDBG award. CDBG funds may also be awarded for direct assistance to low-income homebuyers to purchase existing and new homes. CDBG will take into consideration the additional scoring criteria of the Community Need Factors. The Community Needs Factor score will be used to determine of all CDBG eligible projects determined a priority for NDED investment, which projects will actually receive CDBG funds for award as opposed to HOME or NAHTF.

Funds will be provided as a grant to the local or regional housing nonprofit 501(c)(3) or 501(c)(4); public housing authority; or local unit of government.

Review criteria for rental housing:

See section C. NDED Annual Housing Application Cycle Review Criteria for the Distressed rental property review criteria.

See section D. NDED Annual LIHTC set-aside Application Cycle Review Criteria for projects applying for DED AHP and Low-income Housing Tax Credits. CRANE projects including Low-
income Housing Tax Credits are eligible and are awarded on a first-ready, first served basis as defined in the NIFA LIHTC qualified allocation plan.

HUD 202/811 and USDA-RD 515 - Applications will be selected for funding on a first-ready first-served basis. Readiness will be defined by the following: (1) an eligible applicant, (2) the project meets the requirements of the funding source and (3) 202/811 commitment of funds or USDA commitment of funds and USDA request for DED AHP funds for the project, and (4) all necessary documentation is submitted to the department to determine readiness and eligibility.

Additional Information on the scoring process and other assistance to applicants will be provided in the 2006 DED Affordable Housing Program Application Guidelines.

■ ■ ■ NON-PROFILE OPERATING ASSISTANCE- HOUSING ■ ■ ■

NAHTF funds will be available for organizational operating expenses as the non-profit meets DED’s capacity building requirements. *Ongoing rental project operating expenses are not eligible for these funds.*

NAHTF $ – available to local regional, and reservation-based nonprofit 501(c)(3) and 501(c)(4) housing organizations. *Ongoing rental project operating expenses are not eligible for these funds.*

The primary purpose is to increase and maintain the capacity of an organization to produce affordable housing. NAHTF funds will be provided as a grant to the nonprofit 501(c)(3) or 501(c)(4). State designated Community Housing Development Organizations (CHDOs) can access NAHTF funds for operating costs as eligible nonprofit 501(c)(3) and 501(c)(4) organizations.

**Review criteria for non-profit operating assistance -housing:**

See section C. NDED Annual Housing Application Cycle Review Criteria for the Non-profit Operating Assistance review criteria. The budget will be reviewed in-depth throughout the operating grant consideration process.

Additional Information on the scoring process and other assistance to applicants will be provided in the 2006 DED Affordable Housing Program Application Guidelines.

■ ■ ■ HOMEBUYER PROGRAMS ■ ■ ■

**Homebuyer Programs** – NAHTF, CDBG, and HOME funds will be available for activities to assist homebuyers.

**HOME $** - available to eligible local governments, local or regionally-based nonprofit 501(c)(3) or 501(c)(4) housing organizations (including reservation-based non-profit organizations), and public housing authorities to:

(a) Provide downpayment and closing cost assistance for existing and new homes.
(b) Purchase, Rehabilitation, and Resale which includes acquisition, rehabilitation and development subsidy/downpayment assistance/closing cost assistance.
(c) New construction of homes, which may include land acquisition, infrastructure, and development subsidy/downpayment assistance/closing cost assistance.
(d) Acquisition/Rehabilitation, which includes assisting the homebuyer to acquire the home and rehabilitation of the home to meet standards within 6 months of occupancy.
(e) Employer-Assisted Housing programs, which includes partnering with an employer or employers to implement a homebuyer assistance program specific for that workforce. The employer must provide a financial contribution for the program to be considered “Employer-Assisted Housing”.

HOME funds may be awarded as HOME CHDO funds in the case where a state designated Community Housing Development Organization (CHDO) holds title to the property at a designated point during the project for the following activities:
(i) New construction of homes, including land acquisition, development subsidy and/or downpayment assistance, and
(ii) Purchase, rehabilitation, and resale which includes acquisition, development subsidy and/or downpayment assistance.

NAHTF $ - available to eligible local governments, local or regionally-based nonprofit 501(c)(3) or 501(c)(4) housing organizations (including reservation-based non-profit organizations), and public housing authorities. Proposals may include any of the following activities:
(a) Provide downpayment and closing cost assistance for existing or new homes.
(b) Purchase, Rehabilitation, and Resale which includes acquisition, development subsidy and/or downpayment assistance.
(c) New construction of homes, which includes land acquisition, infrastructure, development subsidy and/or downpayment assistance.
(d) Acquisition/Rehabilitation, which includes assisting the homebuyer to acquire the home and rehabilitation of the home to meet standards within 6 months of occupancy.
(e) Employer-Assisted Housing programs, which includes partnering with an employer or employers to implement a homebuyer assistance program specific for that workforce. The employer must provide a financial contribution for the program to be considered “Employer-Assisted Housing”.

CDBG $ - available to local units of government for
(a) Provide downpayment and closing cost assistance for existing or new homes.
(b) Infrastructure costs related to the development of a new residential area (subdivision) in the community. Infrastructure activities can only be done on publicly owned land. These will only be awarded in conjunction with a complete proposal that includes (but is not limited to) (1) the number and types of units to be developed; the types of customers to be assisted; (2) program guidelines for the homebuyer program and/or development proposal for a rental project; and (3) single family housing development proforma and/or rental housing proforma that includes detailed timelines showing beneficiaries assisted within 36 months of CDBG award.
HOME American Dream Downpayment Initiative (ADDI) funds will be used to assist first-time homebuyers in Nebraska.

Distribution: Funds will be distributed as part of the Homebuyer Programs activity.

Targeted Outreach and Suitability: 2006 applicants for homebuyer programs will include in the homebuyer assistance program guidelines that the grantee will (1) market the homebuyer program to local or regional residents and tenants of public housing and manufactured housing, and to other families assisted by public housing agencies, and (2) assess the suitability of beneficiaries to undertake and maintain homeownership.

Homebuyer Counseling: 2006 grantees for homebuyer programs are encouraged to require pre-purchase homebuyer counseling to each beneficiary of homebuyer assistance.

Review criteria for homebuyer programs:

See section C. NDED Annual Housing Application Cycle Review Criteria for the Homebuyer programs review criteria.

Additional Information on the scoring process and other assistance to applicants will be provided in the 2006 DED Affordable Housing Program Application Guidelines.

■ ■ ■ HOUSING PREDEVELOPMENT GRANTS AND LOANS ■ ■ ■

NAHTF funds will be available for assisting in predevelopment costs in preparation for a homebuyer development project.

NAHTF $ – available to local governments, public housing agencies and local regional, and reservation-based nonprofit 501(c)(3) and 501(c)(4) housing organizations.

Review criteria for housing predevelopment grants and loans:

Homebuyer development projects not selected in the NDED Annual Housing Application Cycle may receive an allocation of NAHTF for predevelopment costs to prepare the project for a 2007 Nebraska Affordable Housing Program application for a homebuyer program. There is not a specific application guideline or request form for predevelopment grants and loans. Instead, the applicant must (a) submit the full proposal for a homebuyer development project, (b) not be selected for award, and (c) DED determination that the project requires additional predevelopment steps required by DED before further application, and (d) the Investment zone allocation must have adequate resources for the predevelopment award after award of other projects.
Owner-Occupied Rehabilitation Programs – CDBG, HOME and NAHTF funds will be available to non-profits, local governments, reservation-based non-profit organizations, and public housing authorities to administer owner-occupied rehabilitation programs.

*CDBG* $ - available to local units of government for owner-occupied rehabilitation programs.

*HOME* $ -- available to eligible local governments, local or regionally-based nonprofit 501(c)(3) or 501(c)(4) housing organizations (including reservation-based non-profit organizations), and public housing authorities to owner-occupied rehabilitation programs

*NAHTF* $ - eligible local governments, local or regionally-based nonprofit 501(c)(3) or 501(c)(4) housing organizations (including reservation-based non-profit organizations), and public housing authorities to owner-occupied rehabilitation programs.

Review criteria for owner-occupied rehabilitation -housing:

See section C. NDED Annual Housing Application Cycle Review Criteria for the Owner-occupied rehabilitation programs review criteria.

Additional Information on the scoring process and other assistance to applicants will be provided in the 2006 DED Affordable Housing Program Application Guidelines.

C. NDED Annual Housing Application Cycle Review Criteria

The Investment Zone Process

Homebuyer assistance programs, owner-occupied rehabilitation programs, non-profit operating assistance, and distressed rental property assistance applications

The application deadlines and review process will be consistent for all activities and all Investment Zones. 2006 Investment Zones are geographic in nature and have an identified allocation amount of Nebraska Affordable Housing Program investment for the program year for Homebuyer, Owner-occupied rehabilitation, Non-profit operating assistance and Distressed rental property projects.
Review criteria will include priority for projects that demonstrate the following characteristics:

Demonstrates Desired Results:

<table>
<thead>
<tr>
<th>(a) Meets Zone priorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>• No/Unclear – 0 points - The project or program will <strong>not contribute</strong> to meeting zone priorities. OR It is <strong>not clear</strong> if the project or program will contribute to meeting zone priorities.</td>
</tr>
<tr>
<td>• Low – 15 points - The project or program will contribute to meeting <strong>the fourth highest or additional</strong> zone priorities.</td>
</tr>
<tr>
<td>• Medium – 37 points - The project or program will contribute to meeting the <strong>second or third highest</strong> zone priority.</td>
</tr>
<tr>
<td>• High – 50 points - The project or program will contribute to meeting <strong>the highest</strong> zone priority.</td>
</tr>
</tbody>
</table>

*If a project meets more than one Zone Priority, only the highest score on the scale will be counted.*

**Northeast Zone Priorities**

Highest Priority – 50 points

1) New construction of housing for homeowners in communities with a strong homebuyer market and actively enforced building and housing codes.

Second and Third highest Priorities – 37 points

2) Employer-assisted homebuyer assistance programs. Employer-assistance programs for the purposes of this priority require a financial contribution of an employer or a group of employers. These programs must include homebuyer education and be closely coordinated with other homebuyer assistance programs, such as those available through USDA – Rural Development housing programs and Nebraska Investment Finance Authority (NIFA) programs.

3) The project is located in Congressional District 2.

This project location will contribute to the meeting the NAHTF statutory requirement to provide 25% of the Nebraska Affordable Housing Trust Fund allocation to each Congressional District. Projects in Congressional District 1 have access to NAHTF in the Southeast Investment Zone and projects in Congressional District 3 have access to NAHTF in the Southeast, Central and Western Investment Zone in addition to the Northeast Investment Zone. Therefore the 25% requirement can be met by appropriate resource identification in awarded projects after review.
Fourth highest and Additional Priorities – 15 points

4) Owner-occupied rehabilitation programs that are serving an approved Target Area and the community has actively enforced building and housing codes.

5) Operating assistance for housing non-profits that are currently developing affordable housing with Nebraska Affordable Housing Program funds.

6) Down-payment and closing cost assistance programs.

Southeast Zone Priorities

Highest Priority – 50 points

1) Distressed rental properties that were previously funded with DED CDBG, DED HOME or NAHTF funds that are seeking assistance in financial restructuring and/or addressing deferred maintenance in which the plan for assistance is the optimal approach to project viability.

Second and Third highest Priorities – 37 points

2) Homebuyer assistance programs designed to assist in retaining or recruiting a regional workforce. These programs must include homebuyer education and be closely coordinated with other homebuyer assistance programs, such as those available through USDA – Rural Development housing programs and Nebraska Investment Finance Authority (NIFA) programs.

3) New construction of housing for homeowners in communities with a strong homebuyer market, actively enforced building and housing codes, and the project will increase the supply of accessible and visitable housing in southeast Nebraska.

Fourth highest and Additional Priorities – 15 points

4) Owner-occupied rehabilitation programs serving either an approved Target Area or a community that has actively enforce building and housing codes.

5) All other eligible activities excluding the following:
   (a) proposals for non-profit operating assistance where the applicant has a service area that is within, in whole or in part, the service area of a non-profit currently receiving NAHTF operating assistance; and
   (b) proposals for owner-occupied rehabilitation assistance where the program is not serving an approved Target Area or a community that has actively enforced building and housing codes.
**Central Zone Priorities**

**Highest Priority – 50 points**

1) Homebuyer assistance programs designed to assist in retaining or recruiting a regional workforce. These programs must include homebuyer education and be closely coordinated with other homebuyer assistance programs, such as those available through USDA – Rural Development housing programs and Nebraska Investment Finance Authority (NIFA) programs. Homebuyer programs may include, but are not limited to, employer-assisted or employer-supported housing strategies.

**Second and Third highest Priorities – 37 points**

2) & 3) A regional owner-occupied rehabilitation program that serves the following counties: Cherry, Brown, Rock, Boyd, Garfield, Loup, Blaine, Custer, Valley, Greeley, Wheeler, Sherman, Keya Paha, Rock, Hamilton, Merrick and Howard. The program does not have to have funds available to all counties in any given year, but should be an ongoing regional plan that is for the entire region to provide owner-occupied rehabilitation assistance.

A regional owner-occupied rehabilitation program that serves the following counties: Adams, Hall, Clay, Webster, Nuckolls. The program does not have to have funds available to all counties in any given year, but should be an ongoing regional plan that is for the entire region to provide owner-occupied rehabilitation assistance.

**Fourth highest and Additional Priorities – 15 points**

4) Distressed rental properties that were previously funded with DED CDBG, DED HOME or NAHTF funds that are seeking assistance in financial restructuring and/or addressing deferred maintenance in which the plan for assistance is the optimal approach to project viability.

5) Owner-occupied rehabilitation programs serving either an approved Target Area or a community that has actively enforce building and housing codes.

6) Operating assistance for housing non-profits that are currently developing or administering affordable housing projects with Nebraska Affordable Housing Program funds.

**Western Zone Priorities**

**Highest Priority – 50 points**

1) Operating assistance for housing non-profits that are currently developing or administering affordable housing projects with Nebraska Affordable Housing Program funds.

**Second and Third highest Priorities – 37 points**
2) Homebuyer assistance programs designed to assist in retaining or recruiting a regional workforce. These programs must include homebuyer education and be closely coordinated with other homebuyer assistance programs, such as those available through USDA – Rural Development housing programs and Nebraska Investment Finance Authority (NIFA) programs. Homebuyer programs may include, but are not limited to, employer-assisted or employer-supported housing strategies.

3) New construction of housing for homeowners in communities with a strong homebuyer market.

Fourth highest and Additional Priorities – 15 points

4) Distressed rental properties that were previously funded with DED CDBG, DED HOME or NAHTF funds that are seeking assistance in financial restructuring and/or addressing deferred maintenance in which the plan for assistance is the optimal approach to project viability.

5) Owner-occupied rehabilitation programs serving either an approved Target Area or a community that has actively enforce building and housing codes.

(b) Reasonableness: the project will meet a demonstrated need of the community and the market

- **No/Unclear** – 0 points – The proposal does not include evidence or is does not clearly demonstrate evidence of any of the 6 Reasonableness criteria listed below.
- **Low** – 15 points - The proposal includes clear evidence that it meets 1 or 2 of the 6 Reasonableness criteria listed below.
- **Medium** – 37 points - The proposal includes clear evidence that it meets 3 or 4 of the 6 Reasonableness criteria listed below.
- **High** – 50 points The proposal includes clear evidence that it meets at least 5 of the 6 Reasonableness criteria listed below.

*These descriptions are in no particular order.*

1) The description of the market and customer demonstrate a need for the product and services.
2) A typical customer will want the type of housing being offered.
3) The project will have a positive visual impact on community development.
4) Housing and building codes are enforced in the project service area to the degree that is reasonable considering the size of the community.
5) There is evidence of a high-degree of lender involvement in the project beyond conventional loans.
6) The project need is clear from a site-specific market study for development projects or a housing needs assessment process that includes low-to-moderate income households for other programs.
(c) Community and Economic Development Planning Efforts: the project is part an overall community or regional economic development/community development effort.

- **No/Unclear** – 0 points - The proposal does not include evidence or is does not clearly demonstrate evidence of any of the 5 Community and Economic Development Planning Efforts criteria listed below.
- **Low – 15 points** - The proposal includes clear evidence that it meets 1 or 2 of the 5 Community and Economic Development Planning Efforts criteria listed below.
- **Medium** – 37 points - The proposal includes clear evidence that it meets 3 or 4 of the 5 Community and Economic Development Planning Efforts criteria listed below.
- **High – 50 points** - The proposal includes clear evidence that it meets all 5 of the 5 Community and Economic Development Planning Efforts criteria listed below.

*These descriptions are in no particular order.*

1) The community determined the type of housing proposed is a priority.
2) The project is located in a community or region that is working on other housing strategies, regulations, programs and projects that would increase the probability of maximizing the DED investment such as: rehabilitation strategies and/or removed dilapidated housing; citizen participation processes, studies, or strategic planning in the past three years; volunteer efforts; capacity building or regional leadership.
3) Low-income households provided input on housing needs.
4) There is evidence of aggressive strategies in the community or region to demolish dilapidated buildings and rehabilitate substandard properties to the degree that is reasonable considering the size of the community.
5) The project or program will be developed in collaboration with local and regional plans being implemented by other agencies such as Community Action Agencies and Development Districts.

**Probability of Producing Desired Results:**

(a) **Level of Readiness to Proceed**

- **No/Unclear** – 0 points – The proposal does not include evidence or is does not clearly demonstrate evidence of any of the 6 Level of Readiness to Proceed criteria listed below.
- **Low – 15 points** – The proposal includes clear evidence that it meets 1 or 2 of the 6 Readiness to Proceed criteria listed below.
- **Medium** – 37 points – The proposal includes clear evidence that it meets 3 or 4 of the 6 Readiness to Proceed criteria listed below.
- **High – 50 points** – The proposal includes clear evidence that it meets at least 5 of the 6 Readiness to Proceed criteria listed below.
These descriptions are in no particular order.

1) The resources and commitments needed to proceed with the project are in place.
2) The Environmental Review process has begun.
3) Community, low-income, and adjacent neighbor input has been considered in the project developed.
4) Program guidelines and other application information show that project requirements will be met and understood by key individuals.
5) Appropriate zoning, availability of utilities, and infrastructure development is in place.
6) All key individuals such as project administrators and other professional staff have been identified.

(b) Demonstrated Capacity

- **No/Unclear** – 0 points - The proposal does not include evidence or is does not clearly demonstrate evidence of any of the 5 Demonstrated Capacity criteria listed below.
- **Low** – 15 points - The proposal includes clear evidence that it meets 1 or 2 of the 5 Demonstrated Capacity criteria listed below.
- **Medium** – 37 points - The proposal includes clear evidence that it meets 3 or 4 of the 5 Demonstrated Capacity criteria listed below.
- **High** – 50 points - The proposal includes clear evidence that it meets 5 of the 5 Demonstrated Capacity criteria listed below.

These descriptions are in no particular order.

1) The project schedule (Target Plan) reflects a realistic timeline for implementation and producing results.
2) The organization and key individuals have the capacity and commitment to implement the project in a timely manner.
3) The key individuals have been successful in similar projects in the past.
4) The applicant has been ready, willing and able to work in partnership and cooperation with the department during the application development and review process.
5) Key individuals are identified in the Workplan and someone has been identified has having the most responsibility for the project.

(a) Cost-effectiveness and appropriateness: appropriate, size, scope, rent schedule and income levels being served;

- **No/Unclear** – 0 points - The proposal does not include evidence or is does not clearly demonstrate evidence of any of the 5 Cost-effectiveness and appropriateness criteria listed below.
- **Low** – 15 points - The proposal includes clear evidence that it meets 1 or 2 of the 5 Cost-effectiveness and appropriateness criteria listed below.
- **Medium** – 37 points - The proposal includes clear evidence that it meets 3 or 4 of the 5 Cost-effectiveness and appropriateness criteria listed below.
- **High** – 50 points - The proposal includes clear evidence that it meets 5 of the 5 Cost-effectiveness and appropriateness criteria listed below.
These descriptions are in no particular order.

1) The project is the appropriate size and scope for the amount of funds requested.
2) The project is the appropriate size and scope for the demonstrated need and income levels being served.
3) The amount of administration and project soft costs is appropriate to achieve the proposed results.
4) The project is a cost-effective approach overall to serve the proposed customers. This includes leveraging and partnering with additional funding sources.
5) The project includes an approach that will maximize the availability of physically visitable and accessible housing in Nebraska.

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Criteria</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demonstrates Desired Results</td>
<td>Meets Zone priorities</td>
<td>0-15-37-50</td>
</tr>
<tr>
<td>Demonstrates Desired Results</td>
<td>Reasonableness</td>
<td>0-15-37-50</td>
</tr>
<tr>
<td>Demonstrates Desired Results</td>
<td>Community and Economic Development Planning Efforts</td>
<td>0-15-37-50</td>
</tr>
<tr>
<td><strong>Demonstrates Desired Results</strong></td>
<td><strong>Possible Points</strong></td>
<td><strong>150</strong></td>
</tr>
<tr>
<td>Probability</td>
<td>Level of Readiness</td>
<td>0-15-37-50</td>
</tr>
<tr>
<td>Probability</td>
<td>Demonstrated Capacity</td>
<td>0-15-37-50</td>
</tr>
<tr>
<td>Probability</td>
<td>Cost-effectiveness and Appropriateness</td>
<td>0-15-37-50</td>
</tr>
<tr>
<td><strong>Probability</strong></td>
<td><strong>Possible Points</strong></td>
<td><strong>150</strong></td>
</tr>
<tr>
<td><strong>Total Possible Points</strong></td>
<td><strong>300</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Additional Information on Community Development Block Grant funds:** CDBG funds may be awarded to local governments for infrastructure costs related to the development of a new residential area (subdivision) in the community. These will only be awarded in conjunction with a complete proposal that includes (but is not limited to) (1) the number and types of units to be developed; the types of customers to be assisted; (2) program guidelines for the homebuyer program and/or development proposal for a rental project; and (3) single family housing development proforma and/or rental housing proforma that includes detailed timelines showing beneficiaries assisted within 36 months of CDBG award. CDBG funds may also be awarded for direct assistance to low-income homebuyers to purchase existing and new homes. CDBG funds may be awarded to local governments for owner-occupied rehabilitation programs. The programs must demonstrate an overall revitalization impact. CDBG will take into consideration the additional scoring criteria of the Community Need Factors. The Community Needs Factor score will be used to determine of all CDBG eligible projects determined a priority for NDED investment, which projects will actually receive CDBG funds for award as opposed to HOME or NAHTF.
Community Need Factors (CNF) scoring of four statistical factors (each valued at 0-5-10-15 or 20 points) that measure the applicant's economic distress: (a) population changes based on the statewide percentage change from 1990 to the most current year for which the U.S. Bureau of the Census has reported a count or estimate compared to the applicant's percent change in population for that period; (b) per capita income, based on the most recent local estimate compared to the state per capita income; (c) unemployment, based on the current unemployment rate of the applicant's county compared to the state's average unemployment rate; and (d) net taxable sales change of the applicant, reported by the Nebraska Department of Revenue, as compared to the state's net taxable sales change. (maximum 80 points)

**Additional information on predevelopment grants and loans for homebuyer projects:**
Homebuyer development projects not selected in the NDED Annual Housing Application Cycle may receive an allocation of NAHTF for predevelopment costs to prepare the project for a 2007 Nebraska Affordable Housing Program application for a homebuyer program. There is not a specific application guideline or request form for predevelopment grants and loans. Instead, the applicant must (a) submit the full proposal for a homebuyer development project, (b) not be selected for award, (c) receive a DED determination that the project requires additional predevelopment steps required by DED before further application, and (d) the Investment zone allocation must have adequate resources for the predevelopment award after award of other projects.

Additional Information on the scoring process and other assistance to applicants is provided in the 2006 DED Affordable Housing Program Investment Zone Application Guidelines available in December 2005.

**D. NDED Annual LIHTC set-aside Application Cycle Review Criteria**

**The 2007 HOME set-aside for Low-income Housing Tax Credit projects**

The application deadlines and review process will be consistent with the 2007 Nebraska Investment Finance Authority (NIFA) Low-income Housing Tax Credit (LIHTC) Qualified Allocation Plan to be finalized in August 2006. Therefore, criteria and information in this section are proposed until approval of the Qualified Allocation Plan which undergoes an official public review and comment process in May and/or June of 2006.

NDED may award NAHTF funds to projects in order to meet the NAHTF 25% per Congressional District statutory requirement. These projects must complete the HOME application process and meet the HOME rent, income, environmental review and site review requirements.
Generally, applications that meet threshold requirements and rank highest shall receive either a Notice of Award or a Notice of Conditional Award, subject to the amount of funds available. DED reserves the right to fund or not fund applications based on the status of other federal and state funding sources involved in the project and conditional reservations of funds, regardless of ranking. DED will determine the most appropriate funding source and amount for the proposed project or program. Nebraska Affordable Housing Program HOME Low-income Housing Tax Credit set-aside applications and applications will be ranked according to score. The highest scoring application that receives a LIHTC reservation in each of the 4 Investment Zones (Western, Central, Northeast and Southeast) will receive consideration for award. The remainder of the funds will be distributed according to highest scoring application that receives an LIHTC reservation first. Applications will only receive full approval for award after a reservation of Low-income Housing Tax Credits and the approval of the DED Director.

**Application review criteria** are identified in the LIHTC/HOME application guidelines available in May of 2006. These criteria include information needed to do a thorough subsidy layering review in accordance with HOME requirements.

The LIHTC/HOME application guidelines include a scoring process that will allow the applicant make a reasonable estimate of what the score will be prior to application submission. These guidelines are also subject to a full public review and comment period in coordination with the LIHTC Qualified Allocation Plan. Generally the criteria will include the following:

1) Guidelines for sustainable underwriting such as debt-credit ratio requirements, trending of income and expenses, and trending of specific expenses such as property management and reserve accounts
2) Review of the capacity of key parties in the development and ownership of the project.
3) Review of the costs of development including total project cost by bedroom-size, construction cost estimates, and project soft costs such as developer fee and other contingencies.
4) Review legal instruments long-term project compliance such as the Land Use Restriction Act and partnership agreements.
5) Review of fair housing and leasing practices such as tenant selection process, lease agreements and affirmative marketing.
6) Review of the proposed distribution of project cash flow, income and reserve account funds.

**Additional Information on Community Development Block Grant funds**: CDBG funds may be awarded to local governments for infrastructure costs related to the development of a new residential area (subdivision) in the community. These will only be awarded in conjunction with a complete proposal that includes (but is not limited to) (1) the number and types of units to be developed; the types of customers to be assisted; (2) program guidelines for the homebuyer program and/or development proposal for a rental project; and (3) single family housing development proforma and/or rental housing proforma that includes detailed timelines showing beneficiaries assisted within 36 months of CDBG award. CDBG will take into consideration the additional scoring criteria of the Community Need Factors. The Community Needs Factor score will be used to determine of all CDBG eligible projects determined a priority for NDED
investment, which projects will actually receive CDBG funds for award as opposed to HOME or NAHTF.

Community Need Factors (CNF) scoring of four statistical factors (each valued at 0-5-10-15 or 20 points) that measure the applicant's economic distress: (a) population changes based on the statewide percentage change from 1990 to the most current year for which the U.S. Bureau of the Census has reported a count or estimate compared to the applicant's percent change in population for that period; (b) per capita income, based on the most recent local estimate compared to the state per capita income; (c) unemployment, based on the current unemployment rate of the applicant's county compared to the state's average unemployment rate; and (d) net taxable sales change of the applicant, reported by the Nebraska Department of Revenue, as compared to the state's net taxable sales change. (maximum 80 points)
Nebraska Affordable Housing Program
(NAHTF, HOME, and CDBG)
NDED Annual Housing Application Cycle Information

<table>
<thead>
<tr>
<th>Investment Zones</th>
<th>Eligible Applicants</th>
<th>Application Cycles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central</td>
<td>Local or regional nonprofit 501(c)(3) or 501(c)(4) housing or related service organizations, local units of government, reservation-based non-profit organizations, and public housing authorities.</td>
<td>Pre-applications must be postmarked by January 20, 2006.</td>
</tr>
<tr>
<td>Northeast</td>
<td>Local or regional nonprofit 501(c)(3) or 501(c)(4) housing or related service organizations, local units of government, reservation-based non-profit organizations, and public housing authorities.</td>
<td>Applications must be postmarked by March 20, 2006.</td>
</tr>
<tr>
<td>Southeast</td>
<td>Local or regional nonprofit 501(c)(3) or 501(c)(4) housing or related service organizations, local units of government, reservation-based non-profit organizations, and public housing authorities.</td>
<td></td>
</tr>
<tr>
<td>Western</td>
<td>Local or regional nonprofit 501(c)(3) or 501(c)(4) housing or related service organizations, local units of government, reservation-based non-profit organizations, and public housing authorities.</td>
<td></td>
</tr>
</tbody>
</table>

Application Process Timeline and Description for Homebuyer programs, Owner-occupied rehabilitation programs, Non-profit operating assistance and Distressed property rental application for previously funded DED HOME, DED CDBG and NAHTF projects

<table>
<thead>
<tr>
<th>Date</th>
<th>Location</th>
<th>Action</th>
<th>Responsible Parties</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/20/2005</td>
<td><a href="http://crd.neded.org/appgui.html">http://crd.neded.org/appgui.html</a></td>
<td>Application Guidelines are posted</td>
<td>NDED</td>
</tr>
<tr>
<td>1/20/2006</td>
<td>Lincoln NDED Office</td>
<td>All pre-applications must be received or postmarked</td>
<td>Applicant</td>
</tr>
<tr>
<td>3/20/2006</td>
<td>Lincoln NDED Office</td>
<td>All complete applications must be received or postmarked</td>
<td>Applicant</td>
</tr>
<tr>
<td>4/15/2006</td>
<td>Lincoln NDED Office</td>
<td>Technical correction and clarification period begins</td>
<td>NDED, Applicant and Application Preparer</td>
</tr>
<tr>
<td>5/1/2006</td>
<td>Lincoln NDED Office</td>
<td>Technical corrections and clarifications received</td>
<td>NDED, Applicant and Application Preparer</td>
</tr>
<tr>
<td>6/5-6/23/2006</td>
<td>Lincoln NDED Office</td>
<td>Contract Negotiations</td>
<td>NDED, Applicant and application preparer</td>
</tr>
<tr>
<td>7/13/2006</td>
<td>Lincoln NDED Office</td>
<td>Complete, accurate and satisfactory contract negotiation information received from applicants either hand-delivered, postmarked or e-mailed</td>
<td>Applicant and application preparer</td>
</tr>
<tr>
<td>7/31/2006</td>
<td></td>
<td>Award Letters distributed</td>
<td></td>
</tr>
</tbody>
</table>
Nebraska Affordable Housing Program

HOME*

NDED Annual LIHTC set-aside Application Cycle Information

This application is only available to projects that are also seeking (not received) an allocation of Low-income Housing Tax Credits as of September 2006

<table>
<thead>
<tr>
<th>Eligible Applicants</th>
<th>Application Cycles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local or regional nonprofit 501(c)(3) or 501(c)(4) housing or related service organizations, local units of government, reservation-based non-profit organizations, and public housing authorities.</td>
<td>Pre-applications must be postmarked by <strong>July 20, 2006. This is required to be considered for NDED funds coupled with 2007 non-CRANE LIHTC. No exceptions.</strong> Applications must be postmarked by <strong>September 20, 2006. The complete application must be received by this date. No exceptions.</strong></td>
</tr>
</tbody>
</table>

Application Process Timeline and Description for 2007 HOME/Low-Income Housing Tax Credit Application projects

<table>
<thead>
<tr>
<th>Date</th>
<th>Location</th>
<th>Action</th>
<th>Responsible Parties</th>
</tr>
</thead>
<tbody>
<tr>
<td>5/23/2006</td>
<td>Lincoln</td>
<td>NIFA/NDED Application Workshop (required if applying for HOME funds)</td>
<td>Applicant/Application preparer</td>
</tr>
<tr>
<td>7/18/2006</td>
<td>Lincoln NDED office</td>
<td>All pre-applications for NDED funds must be received or postmarked. <em>No exceptions</em></td>
<td>Applicant/Application preparer</td>
</tr>
<tr>
<td>7/27/2006</td>
<td></td>
<td>Environmental Review letters sent to agencies (required if applying for NDED funds)</td>
<td>Applicant/Application preparer</td>
</tr>
<tr>
<td>9/15/2006</td>
<td>NIFA Office</td>
<td>All NIFA/NDED Full, Complete Applications must be received. <em>No exceptions</em></td>
<td>Applicant</td>
</tr>
<tr>
<td>10/4/2006</td>
<td></td>
<td>Technical correction and clarification period begins</td>
<td>NDED, Applicant, Application Preparer</td>
</tr>
<tr>
<td>11/3/2006</td>
<td>NIFA Office</td>
<td>NIFA Final Corrections and NDED Special Conditions for Release of Funds received. This includes publishing or posting the Environmental Review Notices (required if applying for NIFA/NDED Funds)</td>
<td>Applicant</td>
</tr>
<tr>
<td>12/15/2006</td>
<td></td>
<td>NIFA LIHTC Conditional Reservation &amp; NDED award or conditional award announcement</td>
<td>NIFA</td>
</tr>
<tr>
<td>12/15 to 12/31/2006</td>
<td>Lincoln NDED Office</td>
<td><strong>NDED Contract Negotiations (invitation only)</strong></td>
<td>NDED, Partners, Applicant</td>
</tr>
<tr>
<td>1/31/2007</td>
<td></td>
<td>Notice of Release of Funds - Contracts can be signed and physical project work can begin.</td>
<td>Applicant/NDED</td>
</tr>
<tr>
<td>2/28/2007</td>
<td></td>
<td>NIFA LIHTC Reservation Agreements</td>
<td>NIFA</td>
</tr>
</tbody>
</table>

*NDED may award NAHTF funds to projects in order to meet the NAHTF 25% per Congressional District statutory requirement. NDED may award CDBG funds for acquisition, infrastructure development and/or rehabilitation if the applicant is a local government other than Lincoln or Omaha and the project meets the requirements of the Community Needs Factor (CNF) score requirements. All projects must complete the HOME application process and meet the HOME rent, income, environmental review and site review requirements.
E. 2006 Nebraska Affordable Housing Program Allocation of Funds Process

Step 1: Determine the amount of funds available for award.

<table>
<thead>
<tr>
<th>Funding source</th>
<th>HOME</th>
<th>NAHTF</th>
<th>CDBG</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount (less DED admin)</td>
<td>$4,900,000</td>
<td>$10,320,000</td>
<td>1,000,000</td>
<td>$16,220,000</td>
</tr>
</tbody>
</table>

Step 1: NAHTF transfers or reductions.

$1,500,000 transferred to the general fund.

Step 2: Leverage private and public resources with NDED NAHP funds

$2,100,000 of HOME funds (14% of the total Nebraska Affordable Housing Program allocation) is reserved for projects with 2007 Low-income Housing Tax Credit equity as a funding source. This application is only available to projects that are also seeking (not received) an allocation of Low-income Housing Tax Credits as of September 2006. NDED may award NAHTF funds to projects in order to meet the NAHTF 25% per Congressional District statutory requirement. These projects must complete the HOME application process and meet the HOME rent, income, environmental review and site review requirements.

$750,000 of NAHTF funds is reserved for projects with Low-income Housing Tax Credit equity awarded through the Collaborative Resource Allocation in Nebraska (CRANE) process.

$300,000 (maximum) of NAHTF funds is reserved for approved USDA-RD 515 projects that are recommended by the Nebraska USDA-RD Office. These applications will be reviewed at the request of the Nebraska USDA-RD office.

$100,000 (maximum) of NAHTF funds is reserved for HUD 202/811 project applications submitted meeting all appropriate rental project criteria. These applications may be submitted on an ongoing basis.

$200,000 HOME funds is reserved for the Homeownership Opportunity Program for people with disabilities administered by the Nebraska Housing Developers Association in partnership with the Assistive Technology Partnership.

$200,000 of NAHTF is reserved for the Making Homes Accessible Program administered by the Nebraska Housing Developers Association in partnership with the Assistive Technology Partnership.

Step 3: Nebraska Commission on Housing and Homelessness priority for serving Native Americans

$40,000 NAHTF is reserved for Ho-Chunk CDC for organizational sustainability and a long-term strategy to address affordable housing needs on the Winnebago Indian Reservation.
$40,000 NAHTF is reserved for Isanti Community Resident Organization for organizational sustainability and a long-term strategy to address affordable housing needs on the Santee Sioux Indian Reservation.

$40,000 NAHTF is reserved for Native Council on Economic and Community Development for organizational sustainability and a long-term strategy to address affordable housing needs on the Omaha Indian Reservation.

$40,000 NAHTF is reserved for a technical assistance organization to provide technical assistance to tribally-affiliated non-profit organizations to (1) access mainstream affordable housing resources, (2) develop sound operating practices and (3) ensure and facilitate compliance of housing projects and programs in the organization’s service area that serve a substantial number of members of the affiliated tribe and are financed with public funds.

Step 4: Divide the remaining funds into 4 Investment Zones (Northeast including Omaha, Southeast including Lincoln, Central and Western)

(1) Designate $750,000 of NAHTF for the Northeast Investment Zone to assist in achieving the required 25% of the NAHTF allocation available for Congressional District 2. Congressional District 1 and Congressional District 3 are distributed amongst the Investment Zones in such a way that this requirement is met through the following process.

(2) A base allocation of 1/8 (half of the available non-Program set-aside, non-Congressional District 2 designation funds divided by 4 zones) was distributed to each of the 4 geographic zones. This base was used to ensure each zone allocation would be sufficiently funded to allow for at least two quality projects per zone.

(3) A formula using population as the base and weighted with the per capita personal income in 2000 was used to determine a formula allocation for the 4 Investment Zones.

Step 5: A portion of the Investment Zone allocation is provided to Zone set-asides that have received a commitment of funds in previous years with a performance-based agreement and demonstrate compliance with all NDED Annual Housing Application Cycle Review Criteria. Eligible Investment Zone set-asides are (1) ongoing Non-profit Capacity Building projects, (2) ongoing regional owner-occupied rehabilitation programs and (3) ongoing homeownership programs that meet the criteria of the related competitive application. Investment Zone set-aside programs submitted competitive applications and received allocation in a previous program year cycles. These programs have made sufficient progress in the previous year Target Plan and therefore are performance-based set-asides.

Investment Zone – Western Nebraska: This is a geographic zone consisting of the Panhandle and Southwest regions of the state. (Please see map).

Zone Set-Aside Non-Profit capacity Building:
$40,000 NAHTF Western Nebraska Housing Opportunities

Zone Set-asides for owner-occupied rehabilitation to serve counties and communities within the grantees service area that are not served by other DED owner-occupied rehabilitation programs:
$100,000 HOME for Southwest Community Betterment Corporation
$150,000 HOME for Panhandle Area Development District
$150,000 HOME for Sandhills Resource and Conservation District
$150,000 NAHTF for West Central Nebraska Development District
$100,000 CDBG for Scottsbluff

Zone Set-asides for homeownership programs:
$100,000 NAHTF for High Plains Community Development Corporation
$100,000 HOME CHDO for Lincoln County Community Development Corp

Zone Set-asides anticipated in the 2007 Annual Action Plan to continue ongoing programs

Lincoln County Community Development Corporation for Owner-occupied rehabilitation
McCook Economic Development Corporation for homebuyer assistance
Lexington for Owner-occupied rehabilitation
Community Action Agency of Mid-Nebraska for Owner-occupied rehabilitation

Investment Zone – Central Nebraska: This is a geographic zone consisting of the North Central and South Central regions of the state. (please see map)

Zone Set-asides for owner-occupied rehabilitation to serve counties and communities within the grantees service area that are not served by other DED owner-occupied rehabilitation programs:
$200,000 HOME for CORE, Inc.
$200,000 HOME for NED, Inc.

Zone Set-asides for homebuyer programs:
$200,000 HOME CHDO for the Housing Development Corporation
$150,000 HOME CHDO for Community Action Agency of Mid-Nebraska
$150,000 NAHTF for Northeast Housing Initiative

Zone Set-Aside Non-Profit capacity Building:
$40,000 NAHTF Central Nebraska Economic Development, Inc.

Zone Set-asides anticipated in the 2007 Annual Action Plan to continue ongoing programs

Community Action Agency of Mid-Nebraska for Owner-occupied rehabilitation
CORE, Inc. for homebuyer assistance

Investment Zone – Northeast Nebraska: This is a geographic zone consisting of the Northeast and Omaha regions of the state. (please see map)

Zone Set-aside for owner-occupied rehabilitation to serve counties and communities within the grantees service area that are not served by other DED owner-occupied rehabilitation programs:
$400,000 NAHTF for NED, Inc.
Zone Set-aside for homebuyer programs:
$400,000 HOME CHDO for Elkhorn Valley Community Development Corp.
$400,000 HOME for Northeast Housing Initiative

Additional ongoing programs anticipated to receive Zone Set-asides in the 2007 Annual Action Plan:
Three Rivers Housing Development Corporation for homebuyer assistance program
Omaha for Owner-occupied rehabilitation
Wayne Housing Development Corporation for homebuyer assistance program

Investment Zone – Southeast Nebraska: This is a geographic zone consisting of the Southeast and Lincoln regions of the state. (please see map)

Zone Set-Aside Non-Profit capacity Building:
$40,000 NAHTF Southeast Nebraska Community Action Council
$40,000 NAHTF Lincoln Action Program
$61,400 NAHTF Blue Valley Community Action

Zone Set-aside for owner-occupied rehabilitation to serve counties and communities within the grantees service area that are not served by other DED owner-occupied rehabilitation programs:
$500,000 HOME Blue Valley Community Action

Step 6: The remaining funds in each Investment Zone are available in the NDED Annual Housing Application Cycle for homebuyer programs, owner-occupied rehabilitation programs, non-profit operating assistance grants, and distressed property rental applications for previously funded Nebraska Affordable Housing Program projects with pre-applications due January 20, 2006.

<table>
<thead>
<tr>
<th>Investment Zone</th>
<th>Description</th>
<th>Amount available in the competitive zone application cycle for the 2006 Program Year with all Set-asides removed.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western Nebraska</td>
<td>Panhandle (NAHTF region 1) and Southwest (NAHTF region 3)</td>
<td>$1,053,351</td>
</tr>
<tr>
<td>Central Nebraska</td>
<td>North Central (NAHTF region 2) and South Central (NAHTF region 4)</td>
<td>$1,271,224</td>
</tr>
<tr>
<td>Northeast Nebraska</td>
<td>Northeast (NAHTF region 5) and Omaha (NAHTF region 7)</td>
<td>$2,706,419</td>
</tr>
<tr>
<td>Southeast Nebraska</td>
<td>Southeast (NAHTF region 6) and Lincoln (NAHTF region 8)</td>
<td>$2,232,886</td>
</tr>
</tbody>
</table>

Application guidelines are provided to apply for the above allocations.

Step 6: NDED may announce a pre-application for Nebraska Affordable Housing Trust Fund projects in October of 2006 due in January of 2007. This will be subject to adequate NAHTF funds and open to all projects eligible under the statute and rules of the NAHTF.
Exhibit 1
2006 Nebraska Affordable Housing Trust Fund Regions
Section Four: Community Development Priority

Strengthen Nebraska communities through community development programs and services, which provides a stable platform for economic development.
The five-year indicators (Outputs) for this priority include:

Federal funds will be invested in community development programs and services, leveraging additional public and private funds.

Community Development Projects will benefit Low to Moderate Income persons in Nebraska.

The three five-year strategies developed to meet this priority are:

- Increase capacity, efficiency and effectiveness of local planning efforts resulting in long-term development.
- Improve the quality of water and wastewater in Nebraska
- Assist in developing and financing appropriate infrastructure for communities and counties that have planned and set priorities for long-term development.

Background

The following is a report on the activities the state plans to undertake during the next year to target non-housing community development problems in the five funding categories through which DED competitively allocates CDBG funds. Resources must be targeted to serious problems affecting the local economic base, public health, welfare, or safety. DED structures its community development CDBG allocations and redistributed funds around five funding categories: water/wastewater, public works, tourism development, and planning and comprehensive revitalization. The types of projects funded, and the priorities and objectives for each category are listed in the state’s Consolidated Plan. Lastly, the state has an obligation to more effectively coordinate its delivery system for community development programs, services, and funding.

For example, many rural Nebraska communities simply do not have facilities, such as community buildings, care centers, fire protection, and medical clinics. Because they are lacking in one or more of these facilities, the community is often in jeopardy of losing its economic base to nearby communities that can offer these services. Other communities may have these facilities, but have outgrown them, or the facilities have become economically obsolete. Another serious problem plaguing many rural communities involves water and sewer infrastructure, communities that lack public water/sewer systems or that has deteriorating facilities. Other communities have outgrown their water and wastewater systems. Some systems no longer meet the requirements set forth by the Environmental Protection Agency. Other equally serious problems with infrastructure
exist. Communities also need to support their community attraction facilities that strengthen the economic development base.

State community development resources also must be directed toward problems that are resolvable.
- Applicants must show that work on their projects can start promptly.
- Community development problems are serious compared with other problems identified in all the applications received.
- Projects will resolve community development problems in a reasonable period of time.

The CDBG Advisory Committee and the Economic Development Commission
CDBG strategies have resulted from more than 15 years of consultation with local communities and public comment. The selection criteria and priorities outlined in the CDBG section of this Action Plan also were developed with advice and consent of the CDBG Advisory Committee and the Nebraska Economic Development Commission. Priorities and strategies support the state's anti-poverty strategy of creating jobs with livable wages, and are directed toward both workers and employers. The efforts for workers include assuring that education, job training, and skill development programs adequately prepare them for the jobs that are available. The business efforts include providing economic assistance, tax credits, and loans that attract new firms; and retaining/expanding existing ones, especially businesses that hire low- and very low-income people.

Set up by state statute, the Nebraska Economic Development Commission provides leadership and advice to DED to strengthen Nebraska’s position in the global economy. The commission consists of nine voting members (three each from Nebraska's three congressional districts) and the DED director (a non-voting member).

The CDBG Advisory Committee, created in 1986, regularly consults with DED regarding the state's CDBG Program. The committee helps determine community development objectives, state priorities, and fund distribution guidelines. Committee members are appointed by the Nebraska Economic Development Commission upon recommendation of DED.
Actions for the 2006 Program Year
Objectives and measurable actions planned between July 1, 2006 and June 30, 2007 for the three strategies are listed below:

Strategy One
Increase capacity efficiency and effectiveness of local planning efforts resulting in long-term development.

Objective #1: Invest CDBG funds in local and regional studies and plans that result in quality projects.

Performance Measurement: Approximately $556,000 of the 2006 annual CDBG allocation will be awarded for local and regional plans leveraging up to $139,000 in other public and private funds. The state will invest in 15 local and regional projects by June 30, 2007, that impact the implementation of economic development, community development and housing projects. Approximately 3,000 LMI persons will benefit from these local and regional plans.

Objective #2: Invest CDBG funds in technical assistance and training to local government officials for building capacity in the management and implementation of community planning.

Performance Measurement: up to $147,000 of the 2006 CDBG funds will be allocated to these activities. The number of training sessions offered and attendees will be tracked annually for program benefit. The state will provide technical assistance to local planning officials. This assistance will include the continuation of Internet based training implemented by June 30, 2007. The state will provide four technical assistance workshops during the program year to local grant administrators. The state also will further establish on-line tools for web site access and document submission and reporting by June 30, 2007.

Objective #3: Promote and implement State programs (including the Nebraska Community Improvement Program and Community Development Assistance Act) to assist and recognize efforts in community organizing, leadership development, project implementation and private sector involvement.

Performance Measurement: Approximately 70 communities will participate in the 2006 Nebraska Community Improvement Program.

Performance Measurement: Track information to ensure that 100% of the CDAA tax credits allocated are used or claimed.
Strategy Two
Improve the quality of water and wastewater in Nebraska.

Objective #1: Provide technical assistance to communities for project development and implementation.

Performance Measurement: Approximately five communities will submit applications to complete preliminary engineering reports, benefiting 600 LMI persons.

Objective #2: Use a coordinated application process to fund priority projects that leverage other available financial resources and are ready to promptly start and complete construction within 24 months. The coordinated application process is accomplished between the following federal and state agencies: U.S. Department of Agriculture-Rural Development, Nebraska Department of Health and Human Services, Nebraska Department of Environmental Quality and Nebraska Department of Economic Development.

Performance Measurement: Approximately 40 pre-applications will be reviewed and up to eight projects will be funded by CDBG. It is estimated that approximately $1.9 million in CDBG funds will be invested in these water/wastewater projects leveraging $2 million in other public and private funds. Approximately 1,000 LMI persons will benefit from these water/wastewater projects. If deemed necessary, appropriate changes will be made to the coordinated application process.

Strategy Three
Assist in developing and financing appropriate infrastructure for communities and counties that have planned and set priorities for long-term community economic development.

Objective #1: Provide technical assistance to communities, organizations and individuals on capacity building, project development, CDBG financing and implementation from DED.

Performance Measurement: Approximately 30 communities will submit applications for community development projects.

Objective #2: Invest CDBG funds in quality projects that are identified in a formal community plan; compliment or support related community investments; leverage maximum private and/or other investment; have reasonable plans for long-term operation and maintenance; and are ready to start and complete construction within 24 months.

Performance Measurement: Approximately $3 million will be invested in ten small communities, leveraging up to $2 million in other public and private funds. Approximately 2,000 LMI persons will benefit from these projects.
Performance Measurement: Approximately $1.4 million of CDBG redistributed funds will be invested in up to seven large communities leveraging $1.4 million in other housing and public infrastructure funds that will benefit approximately 5,000 LMI persons.

Objective #3: Evaluate the application, review, ranking, and selection process and make necessary changes for improvement.

A. Comprehensive Revitalization Category – State Objective:
The state CDBG objective of the Comprehensive Revitalization Category is to provide flexible investments in housing and infrastructure to carry out a comprehensive strategy of revitalization to stabilize and enhance clearly defined residential neighborhoods with concentrations of persons with lower incomes.

B. How and What Projects May be Assisted:
The primary national objective of the CDBG Program is the “development of viable urban communities by providing decent housing and a suitable living environment, particularly for low and moderate-income persons.” All project activities submitted for funding with Comprehensive Revitalization funds must meet the national objective of benefit to low and moderate income.

Eligible activities are those identified as State Priorities in the Housing and Public Works categories such as housing rehabilitation or homebuyer assistance programs; neighborhood centers or senior centers of a single or multipurpose nature designed to provide public recreational and social activities; nonprofit centers for day care, dependent care, primary health and mental health care outpatient clinics (excluding shelters defined as: hospitals, nursing homes, convalescent homes, battered spouse shelters, shelters for the homeless, halfway houses, group homes, temporary housing); accredited public libraries; single or multi-service fire/rescue buildings (fire trucks are specifically considered “public facilities” and thus eligible); removal of architectural barriers for accessibility; water distribution (only if system service connections are or will be metered) and/or sanitary sewer collection system improvements (lines on private property are eligible under LMH national objective); bridge and/or street improvements including curb, gutter, and sidewalk; storm sewer improvements; flood control (designed to influence or affect the flow in a natural water course such as a river, stream or lake); drainage improvements (i.e. retention ponds or catch basins); and tornado-safe shelters in manufactured home parks (containing not less than 20 manufactured housing units that are within such proximity of shelter to be of use in a tornado). When in support of any of the above activities, acquisition, clearance, and code enforcement activities may be undertaken.

C. Grant Amount, Leverage and Distribution of Comprehensive Revitalization Category Funds:
DED will conditionally guarantee grant awards in 2006, 2007 and 2008 under the Comprehensive Revitalization Category for up to seven non-entitlement local governments, between 49,999 and 20,000 population, based on the number of low- and moderate-income persons residing in the community. Funding allocations are determined by dividing the amount of the CDBG Program funds available for distribution in the Housing, Water Wastewater and Public Works categories (excludes Economic Development, Planning and Tourism Development categories) by the total number of low and moderate-income (LMI) persons residing in the non-entitlement areas of the state.
multiplied by the number of LMI persons residing in the eligible community. The source of the LMI persons is the U.S. Department of Housing and Urban Development calculations from 2000 Census data.

The seven eligible communities and approximate funding allocations for each of the three grant awards (based on $6,866,374 available for 2005 HO/CD Priority distribution, divided by a non-entitlement LMI population of 402,295 equals $17.0680/capita, multiplied by the respective number of LMI persons) are:

<table>
<thead>
<tr>
<th>City</th>
<th>LMI pop.</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bellevue</td>
<td>16,442</td>
<td>$280,632</td>
</tr>
<tr>
<td>Grand Island</td>
<td>17,349</td>
<td>$296,113</td>
</tr>
<tr>
<td>Kearney</td>
<td>10,203</td>
<td>$174,145</td>
</tr>
<tr>
<td>Fremont</td>
<td>9,502</td>
<td>$162,180</td>
</tr>
<tr>
<td>North Platte</td>
<td>10,087</td>
<td>$172,165</td>
</tr>
<tr>
<td>Norfolk</td>
<td>9,649</td>
<td>$164,689</td>
</tr>
<tr>
<td>Columbus</td>
<td>8,107</td>
<td>$138,370</td>
</tr>
<tr>
<td></td>
<td>81,339</td>
<td>$1,388,294</td>
</tr>
</tbody>
</table>

All activities, except general administration, require 1:1 leverage. Proposed leverage must be from CDBG eligible activities directly related to the proposed project(s) in the same neighborhood during the grant award period. Consideration for leverage will be given for such sources as public/private cash, loans and program income from prior awards.

Up to 7% of the community allocation may be used for General Administration. Up to 7% of a housing rehabilitation activity may be used for housing management. General Administration and Housing Management activities require no matching funds.

Grantees with open Comprehensive Revitalization awards cannot apply in any CDBG Housing, Water Wastewater or Public Works category after July 1, 2005. Grantees with open Comprehensive Revitalization awards may apply in Economic Development, Planning and Tourism Development categories.

**D. Application Submission, Threshold and Review Criteria:**

Seven of eight eligible communities were awarded funds in May 2005 to complete a Comprehensive Needs Assessment and a Revitalization Strategy. The Comprehensive Needs Assessment must identify all areas of low and moderate-income concentrations and inventory all types and degree of housing and community development needs within each area (HUD Census data is available that identifies LMI areas in each community; however, proposed activities that do not coincide with these boundaries must be supplemented by income survey of the activity service area). All types of needs should be considered whether eligible for state/federal CDBG or not eligible. The Revitalization Strategy must identify a one, two and three year action plan to meet the needs of the LMI neighborhood(s) selected for investment. The Needs Assessment and Revitalization Strategy process must involve citizen participation, particularly LMI residents, in all...
development and implementation phases. The Assessment and Strategy documents must be completed and submitted for DED review on or before November 21, 2005.

For a suitable Assessment/Strategy, DED will recommend that a Comprehensive Revitalization application for Action Plan-Year One funding be submitted to DED on or before January 31, 2006. It is anticipated that awards will be announced on or before February 28, 2006 and funds must be expended by August 28, 2007.

For communities meeting timely expenditure rates, it is anticipated that an updated Assessment/Strategy and Comprehensive Revitalization application will be submitted in April 2007 for Action Plan-Year Two funding and April 2008 for Action Plan-Year Three funding. The updated Assessment/Strategy must include program performance and any needs that remain unmet in the selected target areas. The identified needs of the initially selected target area(s) must be substantially addressed before investments in any new target area(s) can be proposed.

During the Assessment/Strategy and Application process, DED may require revisions before the documents can be approved. If this is necessary, communities will be allowed a maximum 30 days to conduct appropriate revisions and re-submit the requested documents to DED. Communities that fail to meet these deadlines will forfeit their Comprehensive Revitalization funding allocation.

CR Milestone Summary

<table>
<thead>
<tr>
<th>Needs Assessment/Strategy</th>
<th>May 20 – Nov. 21, 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006 CR application for Phase I due</td>
<td>January 31, 2006</td>
</tr>
<tr>
<td>2007 CR application for Phase II due</td>
<td>April 15, 2007</td>
</tr>
<tr>
<td>Phase II implementation</td>
<td>July 1, 2007 – Aug 31, 2008</td>
</tr>
<tr>
<td>2008 CR application for Phase III due</td>
<td>April 15, 2008</td>
</tr>
<tr>
<td>Phase III implementation</td>
<td>July 1, 2008 – Aug 31, 2009</td>
</tr>
</tbody>
</table>

Threshold requirements must be met prior to application review. Applications will not be considered and returned if the following threshold requirements are not met:

- applicant is eligible;
- activities are eligible and comply with national CDBG objectives and state CDBG priorities;
- applicant has no significant, unresolved audit finding;
- applicant has no legal actions under way that may significantly impact its capacity;
- applicant is following a detailed citizen participation plan and anti-displacement plan;
- applicant has adopted authorizing participation resolution;
- applicant must have addressed and cleared all compliance problems (i.e. Davis-Bacon, acquisition, fair housing, etc.), if any, from past awards and have response accepted by DED;
• applicant is current with all reporting requirements (semiannual status reports, closeout reports, audit reports, notification of annual audits, etc.)
• 2006 applicant has drawn down 90% of any 2004 CDBG funds and 100% of any 2003 or prior year CDBG funds (this requirement excludes Economic Development and Tourism Development CDBG funds).

The percentage for funds drawn down shall be figured by DED based on the final application acceptance date, except when an applicant is awarded funds after initial award date, obligated and drawn down funds shall be based on a proportionate number of months lapsed since initial grant award. DED shall contact an applicant if additional information is required.
Community Development
Funding Category
(Includes Public Works & Water Wastewater)

A. Community Development Category – State Objective:
The state CDBG objective of the Community Development Category is to provide for
investments in effective and affordable infrastructure to quality communities that are
investing in long-term development. This provides a sound basis for fostering local
economic development. This recognizes the importance of the availability and condition
of public works/facilities and housing in business expansion and location decisions.
Funded projects shall develop the state's communities and counties by providing residents
with basic public works/facilities with the opportunity to maximize energy efficiency.

B. How and What Projects may be Assisted

Distribution of Community Development Category Funds:
DED will award grants under the Community Development Category to eligible local
governments to carry out public works/facilities and projects meeting the national and
state CDBG objectives through:

Public Works: Single or multiple activities that contribute to the revitalization of
neighborhoods or specific target areas that are contiguous and substantial which have
concentrations of LMI families or which are blighted and substandard. The target area
boundaries must allow for maximum treatment of substandard conditions.

Activities given priority are: community centers or senior centers of a single or
multipurpose nature designed to provide public recreational and social activities;
nonprofit centers for day care, primary health and mental health care outpatient clinics
(excluding shelters defined as: hospitals, nursing homes, convalescent homes, battered
spouse shelters, shelters for the homeless, halfway houses, group homes, temporary
housing); accredited public libraries; single or multi-service fire/rescue buildings (fire
trucks are specifically considered “public facilities” and thus eligible); removal of
architectural barriers from City/Village Halls or County Courthouses for accessibility;
water distribution (only if system service connections are or will be metered) and/or
sanitary sewer collection system improvements (lines on private property are eligible
under LMH national objective); bridge and/or street improvements including curb, gutter,
and sidewalk; storm sewer improvements; flood control (designed to influence or affect
the flow in a natural water course such as a river, stream or lake); drainage improvements
(i.e. retention ponds or catch basins); and tornado-safe shelters in manufactured home
parks (containing not less than 20 manufactured housing units that are within such
proximity of shelter to be of use in a tornado). When in support of any of the above
activities, acquisition, clearance, and code enforcement activities may be undertaken.
Water Wastewater: Activities that are designed to address and resolve a specific problem/need that will contribute to the revitalization of a community or specific target areas that are contiguous and substantial, where there is a concentration of lower income families or where there is an urgent development need. Activities given priority are publicly owned water system improvements including, source, treatment, storage and/or distribution improvements; publicly owned sanitary sewer collection and/or treatment system improvements. When in support of any of the above activities, acquisition and clearance activities may be undertaken.

Funds can be available for each of three phases: preliminary engineering/planning, final design engineering, and construction.

Preliminary Engineering/Planning. Funds are available for preliminary engineering reports or facility plans that will result in a comprehensive assessment of a community’s entire water or sewer system and can reasonably be expected to result in a construction project within two years of grant award. Reports/Plans must be reviewed and accepted by Water Wastewater Advisory Committee or appropriate regulatory agencies before grant is closed out.

Final Design. Communities may be invited to submit an application for final engineering design to include the following items: final engineering design and bid specifications; detailed cost estimates, including all items necessary to complete the project; identification of all permits and approvals necessary to construct the project with a schedule showing a realistic review and approval process for each; maps showing the specific location of the project; environmental review of the project that complies with implementing regulations of HUD; costs for activities leading up to acquisition, such as appraisals; and grant administration. Final design recipients must have regulatory agency approval of plans and specifications before the grant is closed out and before CDBG construction application is submitted.

Construction. Communities may be invited to submit an application for construction activities such as preparation of environmental review, acquisition of real property, bid process, construction of improvements, construction management, general administration and legal. Projects for water system improvements will be considered only if service connections are metered or if the project will include installation of meters.

When appropriate, a single grant application for both final design and construction may be obtained; however, grantees must have all land acquired, options taken or condemnation proceedings begun, regulatory agency approval of plans and specifications and all bids opened within 12 months of award or CDBG construction funds will be terminated.

C. Grant Amount and Matching/Leverage
Maximum PW/WW grant amount is $250,000. The maximum grant amount for a single water or wastewater project includes final design and construction components for a period of five years (applicants cannot separate a project into phases, such as water source in one phase and water storage or distribution in a separate phase or sanitary sewer
treatment in one phase and sanitary sewer collection in a separate phase, to apply for more than one grant). The cost per resident beneficiary cannot exceed $2,000, except for daycare where it cannot exceed $5,000.

The maximum Preliminary Engineering/Planning grant amount is $25,000 for a community/unincorporated county and $40,000 for multi-community, countywide or regional report.

CDBG funds allocated for distribution are $3,398,160 (24% total distribution) for public works and $1,982,260 (14% total distribution) for water waste/water.

All community development activities require a 25% match of the total project cost. General administration activities require no matching funds.

D. Threshold and Review Criteria for Submitting Applications

Community Development Category/Applicant Submission and Grantee Selection:
Eligible local governments may individually or jointly apply and receive only one grant per year in the Public Works (PW) Category. Eligible local governments may also individually or jointly apply and receive only one grant per year in the Water Wastewater (WW) Category. Projects are to be completed within 24 months following award.

Application workshops will be held in January. Public Works applications will be submitted as prescribed in the Community Development application guidelines. Public Works applications will be accepted beginning April 1, 2006 through April 14, 2006. Applications will be accepted during this period based on U.S. Postal Service postmark date or date of delivery by other means.

Water Wastewater applications (preliminary engineering, final engineering, construction) will be accepted throughout the year beginning May 1, 2006.

Threshold requirements must be met prior to review. Applications will not be considered and returned if the following threshold requirements are not met:

- applicant is eligible;
- applicant for multi-jurisdictional application is a direct participant in the study/project, can not serve only as a pass through for CDBG funds or only as the general administrator;
- activities are eligible and comply with national CDBG objectives and state CDBG priorities;
- applicant has no significant, unresolved audit finding;
- applicant has no legal actions under way that may significantly impact its capacity;
- applicant is following a detailed citizen participation plan and anti-displacement plan;
- applicant has adopted authorizing participation resolution;
• applicant must have addressed and cleared all compliance problems (i.e. Davis-Bacon, acquisition, fair housing, etc.), if any, from past awards and have response accepted by DED;
• applicant is current with all reporting requirements (semiannual status reports, closeout reports, audit reports, notification of annual audits, etc.)
• PW applicant meets minimum selection criteria scores of 5 points for needs identification, and 50 points for impact of activities on identified needs; and
• applicant has drawn down 90% of any 2004 CDBG funds and 100% of any 2003 or prior year CDBG funds (this requirement excludes Economic Development and Tourism Development CDBG funds);
• applicant does not have an open Comprehensive Revitalization grant.

The percentage for funds drawn down shall be figured by DED based on the final application acceptance date, except when an applicant is awarded funds after initial award date, obligated and drawn down funds shall be based on a proportionate number of months lapsed since initial grant award. DED shall contact an applicant if additional information is required.

**Public Works** applicants meeting threshold requirements are reviewed by DED on a competitive basis according to the Selection Criteria Matrix. Applicants ranking highest in competitive order shall be selected for funding subject to the amount of funds available for each priority.

**Public Works - Selection Criteria Matrix**
The matrix below delineates each selection criterion as a numerical score applied to Public Works. The minimum threshold scores are: 5 points for needs identification and 50 points for project impact.

<p>| | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
<td>(4)</td>
<td>(5)</td>
<td>(6)</td>
<td>TOTAL</td>
</tr>
<tr>
<td>CNF</td>
<td>Needs Identification</td>
<td>Project Impact</td>
<td>National Objective</td>
<td>Local Effort</td>
<td>Leverage</td>
<td>50</td>
</tr>
<tr>
<td>80</td>
<td>50</td>
<td>150</td>
<td>70</td>
<td>100</td>
<td>50</td>
<td>500</td>
</tr>
</tbody>
</table>

The most current available data will be used for the selection criteria, which are:

(1) Community Need Factors (CNF) scoring of four statistical factors (each valued at 0-5-10-15 or 20 points) that measure the applicant's economic distress: (a) population changes based on the statewide percentage change from 1990 to the most current year for which the U.S. Bureau of the Census has reported a count or estimate compared to the applicant's percent change in population for that period; (b) per capita income, based on the most recent local estimate compared to the state's average per capita income; (c) unemployment, based on the current unemployment rate of the applicant's county compared to the state's average unemployment rate; and (d) net taxable sales change of the applicant, reported by the Nebraska Department of Revenue, as compared to the state's net taxable sales change. (maximum 80 points)
(2) Needs Identification - applicant’s description of public participation and the process used to identify community needs and allocate resources to address needs will be compared to other applicants with: 0 points - Below Average; 5 points – Average (needs identification). The community has completed a comprehensive community needs assessment process including citizen participation. The process includes but is not limited to developing and distributing community attitude surveys, holding public meetings to develop community priorities and involving local groups and organizations to develop community priorities. Activities must have been completed in the last three years prior to the date of the application submission. 30 points – Above Average (needs identification, development and implementation) The community has completed the above needs identification activities, has identified and prioritized survey results from the needs assessment process, has been involved in developing ongoing community action plans for short and long-term projects (Action plans must include strategies/goals, action tasks, timelines, estimated financial assistance needed, potential sources of assistance, and responsible parties to oversee goal progress.). Community must also show significant community and economic development efforts with citizen participation within the last three to five years as a result of community needs assessments, participation, and planning efforts. The community must show evidence of a broad base of projects and/or programs that have been implemented and completed within the last three to five years; 50 points – Outstanding (needs identification, development and implementation, sustainability) The community has completed above needs identification, development and implementation, and in addition adopted or updated a comprehensive plan, housing study and/or capital improvement plan within the last five to seven years. The community can show participation in the Nebraska Community Improvement Program and/or show evidence of other economic or community initiatives such as implementing LB840 and/or completing a business retention and expansion survey for the community. (maximum 50 points, minimum threshold score 5 points)

(3) Project Need, Impact and Readiness– the seriousness of the need(s) being resolved, the project impact and readiness will each be evaluated. For PROJECT NEED: 0 points - less serious problems (i.e. facility needs functional improvements like kitchen or parking, minor code violations, expanding access, repair due to pending highway construction, etc.); 25 points - moderately serious problems (i.e. health & safety threat to users, facility not physically accessible, undersized or lacking space, infiltration and inflow or decrepit distribution lines, etc.); 50 points - severe and widespread problems exist in service area (i.e. no facility or cannot house or will lose a basic program/service, no similar facility or service within reasonable distance, significant structural problems, etc). For PROJECT IMPACT: 0 points - the activity or application does not clearly address the identified need(s), design life, maintenance capacity, duplication of activity, etc.; 25 points - the project will significantly address the identified need(s) in the service area, has a long term design life and maintenance capacity and will not duplicate other facilities in the area, etc; 50 points - the proposed project will substantially address the identified need(s) in the service area, has a
long term design life and maintenance capacity and will not duplicate other facilities in the area. For PROJECT READINESS: 0 points - little preliminary work is done on project, site or financing, unrealistic or unclear construction timetable, etc; 25 points - significant preliminary work is done, project is feasible and cost estimates reliable, financial resources have been investigated and are pending, optional sites are available, average construction timetable, etc; 50 points - substantial preliminary work is done, project is feasible and cost estimates reliable, non-CDBG financial resources are committed, site is controlled, environmental agency consultation has been completed, construction can be promptly started and completed. (Maximum score 150 points, minimum threshold score 50 points)

(4) National Objective Impact – projects that primarily benefit low and moderate-income (LMI) persons will be scored up to 70 points based on the median percentage of LMI persons benefiting and the median number of LMI persons benefiting as compared to all LMI applicants with: (a) 40 points for at or above the median percentage of LMI persons benefiting and 20 points for below the median and greater than 55% LMI persons benefiting (0 points below 55% LMI) and (b) 30 points for at or above the median number of LMI persons benefiting and 0 points for below the median number of LMI persons benefiting. The median is the middle piece of data when those data are placed in numerical order. (Maximum 70 points)

(5) Local Effort Factor - applicant's fiscal effort to maintain and improve its public facilities through local government tax revenues. The local effort formula will be as follows: the latest complete fiscal year local government tax revenues, including local sales tax revenues divided by the product of the applicant’s most recent counted or estimated population reported by the U.S. Bureau of the Census multiplied by the applicant’s most recent per capita income. The score of all applicants within a CDBG CD priority will be proportional to the median local effort score within that priority. Applicants are competitively ranked and scored only against those in the same priority. (Maximum 100 points)

(6) Leverage - local and other funds or in-kind contributions committed to the project's activities that exceed the required match. Leverage is scored based on two points per percentage that exceeds the required match. (Maximum 50 points)

**Preliminary Engineering/Planning Selection.** Communities intending to receive funds for a Preliminary Engineering Report or Facility Plan must submit a full application to DED. Following technical review of the proposed Report/Plan by an interagency team and any necessary clarification, DED will review suitable applications for the following items on a meets/doesn’t meet criteria.

- Need for project: Description of the need faced by current residents, explanation of how need determined, description of community/area being served, and analysis that indicates meeting CDBG LMA national objective.
• Impact of the project: Description of the report/plan to be provided. This section must include the engineer that will conduct the study. (Application must demonstrate that Engineer is properly appointed or procured).

• Outcomes and evaluation: Local government must certify that the Preliminary Engineering Report will follow the Guide developed by the Water Wastewater Advisory Committee, or for Facility Plans, that it will follow guidance from the Department of Environmental Quality. (The grant contract will require review and acceptance by the appropriate regulatory agency or WWAC before the grantee accepts the final product. If the final product is not approved, costs for the report/plan will be disallowed).

• Scope of Work and budget: Statement of the process for conducting the study and a financial budget. Include a description of the work tasks to be performed resulting in the completion of an approvable report/plan, a schedule for completion of work tasks and outputs, and an estimate of hours to complete work tasks. Commitment by local government to proceed and complete study in a timely manner based on timeline.

Selection is based on the eligible applicant successfully meeting all four items. The application must document compliance with national objective of benefiting low and moderate-income persons. Awards will be reserved until December 31, 2006 for projects scoring 85 or more points on the Drinking Water State Revolving Fund and 55 or more points on the Clean Water State Revolving Fund priority systems, after January 1, 2007 CDBG funds may be considered for lower priority projects if funds remain available.

Potential Water Wastewater applicants for final design or construction must submit a pre-application consisting of a cover sheet and a preliminary engineering report. An interagency team will concurrently review the engineering report within 60 days of submission for technical, operational, and financial aspects of the project. Substantive concerns must be addressed before the interagency team will recommend logical funding sources to which a full application should be submitted. Each funding agency will follow its own full application process.

Water Wastewater applicants will be reviewed by DED according to the following threshold factors before a CDBG application is invited: 1) priority ranking as determined by Drinking Water State Revolving Fund (DWSRF) or Clean Water State Revolving Fund (CWSRF) priority system (invitations will be reserved until December 31 for projects scoring 85 or more points on the DWSRF and 55 or more points on the CWSRF, after January 1, 2007 CDBG funds may be considered for lower priority projects if funds remain available); 2) appropriateness and completeness of solution in terms of size, capacity and demand for the community as well as technical, operational and financial aspects of the project (solutions must alleviate high priority needs, reasonably projected average residential user fee must exceed $20/month after grant assistance); and 3) readiness to promptly start and complete construction to include, but not be limited to, verification of reliable water source if applicable, status of plans and specifications, and commitment of non-CDBG funds to complete the project.

Ties shall be broken for Preliminary Engineering Reports and Water Wastewater projects when two or more projects: a) have equivalent SRF priority ranking, b) propose
appropriate solutions, c) are ready to promptly start and complete activities, and d) adequate CDBG funding for all projects is not available. The community with the highest percent of low- and moderate-income persons shall have priority.

Applications recommended for approval through these processes will be presented to DED's director and to the office of the Governor for grant award. The DED director has the authority to ask for reconsideration of recommended project awards to assure compliance with the submission and selection criteria. The Department will send a formal Notice of Approval letter to the applicant community receiving application approval.
Planning
Planning Funding Category

A. Planning Category – State Objective
The state CDBG objective of the Planning Category is to provide communities the
opportunity to solve problems and meet citizen needs through a community planning
process that assesses community development needs, develops options for meeting those
needs, and packages work plans or carries out processes that lead to successful projects.

B. How and What Projects may be Assisted

Distribution of 2006 Planning Category Funds:
DED will award grants under the Planning Category to eligible local governments to
carry out local and regional planning activities (strategic or special projects) meeting the
national and state CDBG objectives. These plans should lead to project financing through
other categories in the CDBG Program or funding solutions through other
federal/state/local/nonprofit entities or a combination of various funding resources. In
general, eligible planning activities include: studies, analysis, data gathering,
identification of implementation actions, and preparation of plans. These planning
projects include:

- Community strategic planning; such as: environmental scan, needs
  assessment, citizen participation, and fiscal management.
- Analyses of impediments and barriers to fair housing choice.
- Neighborhood/comprehensive/strategic development plans.
- Functional or special studies for: housing, infrastructure, community
  economic development, land use/ regulatory measures, main street
  improvement district, energy conservation and transportation.
- Environmental and historic preservation studies.
- Pre-engineering studies for publicly owned water/wastewater projects.

Ineligible activities include: engineering, architectural and design work related to a
specific activity; implementation of the plan; operating costs for an organization; and the
preparation of a CDBG application.

C. Grant Amount and Matching/Leverage
No more than 60% of CDBG funds allocated will be awarded from the first application
cycle. Maximum grant is $25,000 per community/unincorporated county. Maximum
grant for multi-community, countywide, or regional planning projects may not exceed
$40,000. There is $ 545,874 reserved for planning projects out of the projected 2006
Community Development Block Grant allocation.

All planning activities require a 25% match (minimum 12.5% non-CDBG cash, in-kind
services, contributions) of the total project cost. General administration activities require
no matching funds. General administration activities shall not exceed 7% of the CDBG
funds awarded or $1,000, whichever is greater.
D. Threshold and Review Criteria for Submitting Applications

Eligible local governments may individually or jointly apply and receive more than one grant per cycle in the Planning Category. The applicant local government in multi-jurisdictional application must also be a direct participant in the study/project. The applicant local government cannot serve only as a pass through for CDBG funds or only as the general administrator of the study/project. All municipalities must be involved with the same project, which addresses a common issue. The product can, however be packaged to meet individual municipal or county needs. There must be a product for the regional study and each municipality or county may have its own product that addresses local recommendations, strategies, or needs as an example. Projects are to be completed within twenty-four (24) months following award.

Applications will be submitted as prescribed in the CDBG application guidelines. Applications will be accepted during two cycles. The first cycle is April 3, 2006 through April 14, 2006 and the second cycle is October 2, 2006 through October 16, 2006.

Applications will be accepted during these periods based on U.S. Postal Service postmark date or date of delivery by other means. Applications not funded during the cycle may be carried over to the next 2006 cycle at the request of the applicant or may be resubmitted during the next 2006-application cycle.

Threshold Requirements

Applications will be returned and not considered if they fail to meet any of the following threshold requirements prior to review:

- applicant is eligible;
- applicant for multi-jurisdictional application is a direct participant in the study/project, can not serve only as a pass through for CDBG funds or only as the general administrator;
- multi-jurisdictional applicants are involved with the same project which addresses a common need. The regional study has a product, each municipality or county may have its own product that addresses local recommendations, strategies, or needs as an example;
- activities are eligible and comply with national CDBG objectives and state CDBG priorities;
- applicant has no significant, unresolved audit finding;
- applicant has no legal actions under way that may significantly impact its capacity;
- applicant is following a detailed citizen participation plan and anti-displacement plan;
- applicant has adopted authorizing participation resolution; and
- applicant must have addressed and cleared all compliance problems (i.e. Davis-Bacon, acquisition, fair housing, etc.), if any, from past awards and have responses accepted by DED;
- applicant is current with all reporting requirements (semiannual status reports, closeout reports, audit reports, notification of annual audit reports, etc.)
• applicant meets minimum selection criteria score of 400 points (includes no criterion with a 0 score; except for leverage).
• applicant has drawn down 90% of any 2004 CDBG grant and 100% of any 2003 or prior year CDBG grant (this requirement excludes Economic Development CDBG funds).

The percentage for funds drawn down shall be figured by DED based on the final application acceptance date, except when an applicant is awarded funds after initial award date, obligated and drawn down funds shall be based on a proportionate number of months lapsed since initial grant award. DED shall contact an applicant if additional information is required.

**Application Process**

Applicants meeting threshold requirements are reviewed by DED on a competitive basis according to the Selection Criteria Matrix for the 2006 Planning Category. Applicants ranking highest in competitive order shall be selected for funding, subject to the amount of funds available.

Applications recommended for approval through these processes will be presented to DED's director and to the office of the Governor for grant award. The DED director has the authority to ask for reconsideration of recommended project awards to assure compliance with the submission and selection criteria. The Department will send a formal Notice of Approval letter to the applicant community receiving application approval.

**Selection Criteria**

This matrix delineates each selection criteria as a numerical score applied to the Planning Category. The minimum total threshold score is 400 points (including no criterion with 0 points scored; except for leverage). Each selection criterion includes a separate minimum threshold score for qualifying the application. All selection criterions will be scored in five point increments. Each selection criterion shall be scored on a scale.

<table>
<thead>
<tr>
<th></th>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
<th>(4)</th>
<th>(5)</th>
<th>(6)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PROBLEM STATEMENT</td>
<td>175</td>
<td>200</td>
<td>250</td>
<td>70</td>
<td>50</td>
<td>175</td>
</tr>
<tr>
<td>IMPACT</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>STRATEGY</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NATIONAL OBJECTIVE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LEVERAGE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WORK PLAN/ BUDGET</td>
<td>920</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) Problem Statement –the significance of the stated problem will be scored as compared to other applicants with: 0-50 no problem, 55-95-minor problems, and 100-175-major problems. The three criterion are scored for: (a) explanations of the overall purpose on the project application and factual information that illustrates the severity of the community's problems up to 75 points; (b) past efforts to resolve the problem and meet community needs up to 50 points; and (c) stated goals and objectives for resolving the problem statement with a description of how the community was included in the citizen participation process to determine the objectives for problem resolution up to 50 points. (Maximum 175 points with a minimum threshold 50 point).
(2) Impact – the impact of the problem solution will be scored as compared to other applicants with: 0-55 inadequate, 60-120 average, and 125–200 above average. The three criterion are scored for: (a) description of the alternatives considered to deal with the need(s) and the rationale for selecting the proposed solution up to 50 points; (b) description of the proposed project in measurable units, the degree to which these accomplishments will reduce or eliminate the need(s), and any plans to eliminate what needs remain up to 125 points; and (c) indication of whether there has been a formal study/report completed that recommends the proposed solution, and if so, who completed it and when up to 25 points. (Maximum 200 points with a minimum threshold of 60 points)

(3) Strategy – the project planning strategy for problem solution and community impact will be scored as compared to other applicants with: 0-45 inadequate, 50-95 below average, 100-145 average, 150-195 above average, and 200-250 more than adequate. The following five criterion will be scored on a maximum of 50 points per each: (a) detailed description of the planning activities and the methods for achieving goals and objectives; (b) the objectives for meeting the goals along with a timeline for problem resolution; (c) description of the project outcome as expected in measurable terms; (d) outline and scheduling (timeline) of how broad-based community involvement/awareness will be included in the process for the CDBG planning project; and (e) how the completed planning activities will benefit the community, especially low and moderate-income and special needs persons. (Maximum 250 points with a minimum threshold of 100 points)

(4) National Objective Impact – projects that primarily benefit low and moderate-income (LMI) persons will be scored up to 70 points based on the median percentage of LMI persons benefiting and the median number of LMI persons benefiting as compared to all applicants with: (a) 40 points for at or above the median percentage of LMI persons benefiting and 20 points for below the median and greater than 55% of LMI persons benefiting with 0 points below 55% and (b) 30 points for at or above the median number of LMI persons benefiting and 0 points for below the median of LMI persons benefiting. The median is the middle piece of data when the data is placed in numerical order. (Maximum 70 points)

(5) Leverage – local and other funds or in-kind contributions committed to the project’s activities that exceed the required match. Leverage is scored based on two points per percentage that exceeds the required match. (Maximum 50 points)

(6) Work Plan/Budget/Evaluation – the overall work plan to implement the planning project will be compared to other applicants: The four criterion are scored at: 0-45 inadequate, 50-95 average, and 100-175 above average. The four criterion also include: (a) provide a work plan and a narrative that lists and describes the activities and tasks, time frames, products or outcomes, and key parties responsible for completing each activity up to 75 points; (b) provide a budget that illustrates projected expenses, and links these expenses to the sources of funding up to 25 points; and (c) provide a budget narrative that addresses the relationship of the CDBG
Planning project to other funding sources and explains how expenses were determined up to 50 points; and (d) description of the plan and method for completing the project in a timely manner up to 25 points. (Maximum 175 points with a minimum threshold of 50 points).
Tourism Development Initiative

A. Tourism Development Initiative – State Objective:
The state CDBG objective of the Tourism Development Initiative is to provide for investments in effective and affordable tourist attraction facilities to quality communities that are investing in long-term development. This provides a sound basis for assisting tourist attraction projects that have attracted significant financial support and are likely to have long-term positive impacts on their local and regional economies. Tourist attraction projects that serve the needs of both a regional economy and local community economy are a key element in satisfying the state objective.

B. How and What Projects may be assisted

Distribution of 2006 Tourism Development Initiative Funds:
DED will award grants under the Tourism Development Initiative to eligible local governments to carry out tourism development projects, defined as tourist attractions (for profit or nonprofit, public or private) that are expected to draw 2,500 visits or more from origins of at least 100 miles away. Tourism attractions are sites and facilities that draw visitors from a distance because of their scenic, historic, cultural, scientific and/or recreational attributes. Tourist attraction projects also serve and provide facilities that service community activities along with regional activities. The projects focus on meeting and improving multi-faceted facilities for assisting in economic development at the local, regional, and statewide level. Tourist attractions meeting the national and state CDBG objectives, which are given priority include:

- Historic restoration, rehabilitation and preservation;
- Scientific and educational interpretive educational sites and facilities, such as museums, cultural awareness centers and scientific educational centers;
- Cultural and heritage recreational sites and facilities; and
- Supporting activities include: removal of material and architectural barriers that restrict the mobility and accessibility to sites/facilities (for elderly and severely disabled persons) in support of eligible tourist attractions.

Ineligible activities (sites, attractions, and establishments) which serve more often as: tourism support facilities, other than attractions, such as eating and drinking places, commercial lodging accommodations, gasoline stations, commercial rest areas, and gift shops.

C. Grant Amount and Matching/Leverage
Maximum grant is $200,000 and the minimum is $25,000 per community/unincorporated county. There is $409,405 targeted (maximum, not a reservation of funds). The CDBG amount range is from 0-3% based on projects meeting thresholds and selection criteria.

The total project cost shall not exceed more than 50% as CDBG funds (minimum 12.5% non-CDBG cash contributions). General administration activities require no matching funds.
D. Threshold and Review Criteria for Submitting Letter of Intent and Applications

Tourism Development Initiative/Applicant Submission and Grantee Selection:
Eligible local governments may individually or jointly apply and receive more than one grant per year in the Tourism Development Initiative.

Applications will be submitted as prescribed in the Tourism Development Initiative application guidelines. Tourism Development Initiative applications will be accepted beginning May 8, 2006 through May 22, 2006. Applications will be accepted during this period based on U.S. Postal Service postmark date or date of delivery by other means.

Threshold requirements must be met prior to review. Applications will not be considered and returned if the following threshold requirements are not met:

- applicant is eligible;
- activities are eligible and comply with national CDBG objectives and state CDBG priorities;
- applicant has no significant, unresolved audit finding;
- applicant has no legal actions underway that may significantly impact its capacity;
- applicant is following a detailed citizen participation plan and anti-displacement plan; and
- applicant has adopted authorizing participation resolution.
- applicant must have addressed and cleared all compliance problems (i.e. Davis-Bacon, acquisition, fair housing, etc.), if any, from past awards and have responses accepted by DED;
- applicant is current with all reporting requirements (semiannual status reports, closeout reports, audit reports, notification of annual audit reports, etc.)
- applicant has drawn down 90% of any 2004 CDBG grant and 100% of any 2003 or prior year CDBG grant (this requirement excludes Economic Development CDBG funds).

Tourism Development Initiative applicants meeting threshold requirements are reviewed by DED on a competitive basis according to the Selection Criteria Matrix. Applicants ranking highest in competitive order shall be selected for funding subject to the amount of funds available for each priority.

Applications recommended for approval through these processes will be presented to DED's director and to the office of the Governor for grant award. The DED director has the authority to ask for reconsideration of recommended project awards to assure compliance with the submission and selection criteria. The Department will send a formal Notice of Approval letter to the applicant community receiving application approval.
Tourism Development Initiative - Selection Criteria Matrix

The matrix on this page delineates each selection criterion as a numerical score applied to the Tourism Development Initiative. The minimum total threshold score is 500 points (including no criterion with 0 points scored). Each selection criterion includes a separate minimum threshold score for qualifying the application. All selection criterion will be scored in five point increments with all scored criterion divisible by five. Each selection criterion shall be scored on a scale. See chart below.

<table>
<thead>
<tr>
<th>(1) FINANCIAL</th>
<th>(2) IMPACT</th>
<th>(3) SUSTAINABILITY</th>
<th>(4) BENEFIT</th>
<th>(5) READINESS</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>150</td>
<td>240</td>
<td>240</td>
<td>220</td>
<td>150</td>
<td>1000</td>
</tr>
</tbody>
</table>

Financial Support- the level of financial support (public and/or private) already committed to the project will be compared to other applicants with: 0-50 below average – lack of cash on hand or committed; average; 51-100 average – a solid commitment of cash that meets match requirements; and 101-150 above average – cash on deposit or otherwise secured that meets match requirements. (Maximum 150 points with a minimum threshold of 50 points)

Project Impact- the project’s potential for long-term positive impacts on local and regional economies will be compared to other applicants with: 0-80 below average – minimal impact on area support facilities and other attractions; 81-160 average – some impact provided on area support facilities and other attractions; and 161-240 above average – a strong impact on area support facilities and other attractions. (Maximum 240 points with a minimum threshold of 81 points)

Sustainability- the project’s potential for being a long-term operation will be compared to other applicants with: 0-80 below average – serious shortages in personnel budget, a plan to effectively operate, and ability to maintain facility for a long time; 81-160 average – some lack in personnel, budget, and/or plan to effectively manage, operate, and maintain the facility for a long time; and 161-240 above average – personnel, budget, and plan are in place to effectively manage, operate, and maintain the facility for a long period of time. (Maximum 240 points with a minimum threshold of 81 points)

Benefit - how the project will benefit the region’s and state’s existing tourism industry will be compared to other applicants with: 0-74 below average – no or minimal benefit identified in the application; 75-149 average – project provides some uniqueness to state’s inventory of attractions, and 150-220 above average – project is a distinct/unique attraction that is not repeated in region or state. (Maximum 220 points with a minimum threshold of 50 points)
Readiness - the project’s readiness to proceed, complete construction, and open within two years of the project award date will be compared to other applicants with: 0-50 below average – no demonstrated timeline or unsure of when ready to open the project to the public; 51-100 average – some doubt as to ability to complete project in a timely manner; and 101-150 above average – plans, land, and financing for operations ensure readiness to open within two years or sooner. (Maximum 150 points with a minimum threshold of 51 points)
Section Five: Economic Development

Foster the competitiveness of Nebraska’s business and industrial sector—and as a result—assist in the economic development of Nebraska’s communities and people.
Strategies, Objectives & Measurements

The five-year indicators (Outputs) for this priority include:

The State will invest CDBG funds in business development projects—which in turn will...
- Leverage investments in such projects by other sources such as the assisted businesses, Nebraska communities, and other public sources—with such direct investment and leveraged investment resulting in...
- Creation/retention of jobs, at least half of which will benefit low-to-moderate income persons.
- Provide entrepreneurial assistance to microenterprises and other such smaller, entrepreneurial enterprises in Nebraska.

The Two five-year strategies developed to meet this priority are:

- Promote, through investment of CDBG funds (and available Nebraska incentive funds and credits), the retention and expansion of existing businesses in Nebraska, and the startup of new businesses in Nebraska, and the immigration of out-of-state businesses relocating or expanding into Nebraska.
- Provide entrepreneurial assistance to microenterprises and other small entrepreneurial enterprises in Nebraska, through investment of CDBG funds.

Background

The primary objective of this priority is to develop viable communities and counties by expanding economic opportunities, principally for low- to moderate-income (LMI) persons. The state CDBG objective of the Economic Development category is to support businesses that expand the state’s economic base and create quality jobs for persons in the low-and moderate-income levels.

The following is a report on the activities the state plans to undertake during the next year to target economic development activities for CDBG funds. The CDBG allocations for economic development are structured around economic and business development. Resources must be addressed to serious problems affecting the local economic base. These include loss of population in most counties and the differences in income in the metro and non-metro areas.

The Economic Development Commission and CDBG Advisory Committee

CDBG strategies result from more than 15 years of consultation with local communities and public comment. The selection criteria and priorities outlined in the Economic Development section of this Action Plan also were developed with advice of the Nebraska Economic Development Commission, as well as the CDBG Program Advisory Committee. Priorities and
strategies support the state's anti-poverty strategy of creating jobs with livable wages, and are
directed toward both workers and employers. The efforts for workers include assuring that
education, job training, and skill development programs adequately prepare them for the jobs
that are available. The business efforts include providing economic assistance, tax credits, and
loans that attract new firms; retain/expand existing firms - especially businesses that hire low and
moderate income people; and assistance for new businesses and entrepreneurs.

Set up by state statute, the Nebraska Economic Development Commission provides leadership
and advice to DED to strengthen Nebraska's position in the global economy. The Commission
consists of nine voting members (three each from Nebraska's three congressional districts) and
the DED director (as non-voting member).

The CDBG Program Advisory Committee, created in 1986, regularly consults with DED
regarding the state's CDBG Program. The committee helps determine community development
objectives, state priorities, and fund distribution guidelines. The Nebraska Economic
Development Commission upon recommendation of DED appoints committee members.

Actions for the 2006 Program Year

Objectives and measurable actions planned between July 1, 2006 and June 30, 2007, for the two
strategies are listed below:

Strategy One:
Promote, through investment of CDBG funds (and available Nebraska incentive funds and
credits), the retention and expansion of existing businesses in Nebraska, and the startup of
new businesses in Nebraska, and the immigration of out-of-state businesses relocating or
expanding into Nebraska.

Objective #1: Utilizing a non-subjective, criteria-based application/selection process, to fund
quality projects for eligible businesses through the use of CDBG:

- loans to businesses for a variety of business purposes.
- public facilities (infrastructure) grants to applicant communities, where a business agrees
to locate or expand premised on the infrastructure improvements.
- job training grants to businesses.
- loans or conditional grants for development of so-called "spec buildings" and "spec
  industrial parks".
- short term interim financing

  Performance Measurement

  ▪ The investment of approximately $6 million in CDBG funds in business
development projects.
  ▪ Leveraging $100 million of investments in such projects by other sources.
  ▪ The creation or retention of 600 jobs, of whom a minimum of 51% will be low to
  moderate income individuals.
Strategy Two:
Provide entrepreneurial assistance to microenterprises and other small entrepreneurial enterprises in Nebraska, through investment of CDBG funds.

Objective#1: The investment of CDBG funds provided to intermediary service/assistance providers—utilizing such intermediaries to provide the following to microenterprises and other small entrepreneurial enterprises in Nebraska:
- business plan development assistance
- entrepreneurial management training
- accounting and finance training and assistance
- sales and marketing training and assistance
- business incubators
- loans

Performance Measurement
- Provide entrepreneurial assistance to 700 microenterprises and other such smaller, entrepreneurial enterprises in Nebraska.
Economic Development
Funding Category

Objective
The objective of the Nebraska Department of Economic Development ("Department" or "DED") for the Community Development Block Grant ("CDBG") Economic Development ("ED") category is to assist businesses which expand the state’s economic base and which create quality jobs principally benefiting employees in the low-to-moderate ("LMI") income levels.

Eligible Applicants
Eligible applicants include every Nebraska incorporated municipality under 50,000 population; and every Nebraska county.

Eligible Businesses
Not all businesses are eligible to be benefited businesses under the Department's CDBG ED program. Refer to the discussion of eligible (and ineligible) businesses below.

Eligible Activities
Generally, eligible activities include:
- loans to for-profit businesses (through the applicant community) for a variety of business purposes
- public facilities (infrastructure) projects undertaken by applicant communities for economic development purposes, where a benefitting business agrees to locate or expand premised on the infrastructure improvements and agrees to create jobs for LMI persons
- job training grants to for-profit businesses (through the applicant community)
- entrepreneurial development grants
- speculative building projects or speculative industrial park prospects, in the form of conditional grants to applicant communities (or to qualifying non-profit development organizations) for such projects
- short-term interim financing program

Compliance with CDBG National Objective Requirements
All project activities must meet one of three national objectives of the CDBG program. The three national objectives are:
- benefiting low-to-moderate (LMI) income persons
- aiding in the prevention or elimination of slums or blight
- meeting other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to health or welfare of the community and other financial resources are not available to meet such needs

In the CDBG ED category portion of the CDBG program of the Department, nearly all, if not all, projects in a given program year are funded through meeting the first national objective cited above, namely, benefiting low-to-moderate income persons. In turn, that LMI benefit is demonstrated in nearly all projects through job creation, job retention, or both job creation and
job retention, by a benefited business. Such job creation or job retention must involve the employment of persons, the majority (51% or more) of whom are LMI persons.

Maximum Amounts of Awards
The maximum amount for an award for one project under the CDBG ED category is $400,000, further limited by maximums of $250,000 for job training grants and $250,000 for speculative building projects.

Maximum Amount of Direct Financial Advantage Flowing Through to a Benefited Business
The aggregate maximum amount of direct financial advantage flowing through to a benefited business from CDBG ED category awards is $150,000 of forgivable loans to a benefited business. A fully repayable loan to the business is not what is meant here. Job training grants and discounted prices on speculative buildings have $250,000 as the maximum amount of such direct financial advantage flowing through to a benefited business.

Matching Requirements
All CDBG ED category projects require a minimum 1:1 match of CDBG funds with funds from other (non-CDBG) sources. Put another way, CDBG funds can be no more than 50% of the total project cost.

Application Timing and Process
Applications for CDBG ED awards are accepted and considered on an open cycle. The process of application review involves consideration and recommendation by: the Project Review Committee; followed by the Department Director, followed by the office of the Governor. A formal Notice of Approval letter will be sent by the Department to an applicant community receiving application approval.

The review process by the Department Project Review Committee is based on the individual and collective judgments of Committee members, in consultation with other Department staff as necessary, applying an objective scoring process based on various criteria. A group/consensus decision is reached evaluating the merits of each application and deciding whether to fund, and if positively determined, at what level of funding.

Application Underwriting Guidelines
The HCDA and HUD's CDBG regulations outline basic project "underwriting" guidelines/standards so that state programs administering federal CDBG funds will achieve the federal objectives of the CDBG program. The underwriting standards—the decision-making criteria—used in the Nebraska CDBG ED category are designed to address these federal guidelines.
The federal CDBG guidelines, as applied by the Department, may be summarized as follows:

1. **Project costs** must be reasonable, not excessive, and must be supported by cost analyses. Transactions must be carried out through arms-length transactions, not insider arrangements.

2. All proposed **sources of financing** necessary to carry out the project must be committed. This ensures that time and effort is not wasted on assessing proposals, or awarding funds to projects, that are not in a position to proceed to project completion within a reasonable time. To fulfill this requirement, the Department requires a written verification affirming the various funding parties' intentions to make funds available, and, depending on the nature of the funding party, a showing of their capacity to actually provide such funds.

3. To the extent practicable, **CDBG funds are not to be substituted for other funds.** This standard requires a financial underwriting analysis of the project. The level of analysis will vary with the nature and complexity of the project. Since projects in this category provide financing for for-profit businesses, appropriate levels of private source financing (e.g., bank loans) are expected to be present, and equity participation in the project must be sufficient given the financial capacity of those owning the enterprise.

4. **Financial feasibility of the project.** The public benefit expected from the investment of CDBG funds is the creation and maintenance of LMI jobs. That benefit will not materialize if the project is not financially feasible.

5. **Avoidance of providing an unreasonable return on investment to the owner of the project.** The availability of non-interest bearing loans and forgivable loans to for-profit businesses presents a potential for this to occur which must be addressed in analyzing, and in judging the merits of, each project.

6. To the extent practicable, **CDBG funds should be disbursed on a pro rata basis with other project funding sources.** CDBG money should not be the first money into a project, but rather should flow into a project in proportion to other project funding sources.

Applicants must recognize that CDBG ED funds are limited and not all applications are equally meritorious when viewed from the Department's state-wide perspective.

**Application Decision-making Criteria.**

The Department's Project Review Committee considers the following criteria, and uses the following scoring spectrum, when evaluating whether an application meets the minimum threshold requirement. A project scoring less than 25 points does not meet the minimum threshold for further consideration by the Project Review Committee. Scoring 25 points is a necessary condition for further consideration, but is a minimum threshold only and is not solely determinative of a favorable recommendation by the Project Review Committee for awarding CDBG funds based on the application.
• **CDBG $ Utilization** → 25 points possible for this component

  o CDBG $ invested per job created/retained →
    10 points possible
    - 0 points = $35,000 or more
    - 2 points = $30,000 to <$35,000
    - 4 points = $25,000 to <$30,000
    - 6 points = $20,000 to <$25,000
    - 8 points = $15,000 to <$20,000
    - 10 points = <$15,000

  o CDBG $ compared to total project $ (as %) →
    10 points possible
    - 0 points = 50%
    - 2 points = 33% to <50%
    - 6 points = 20% to <33%
    - 10 points = <20%

  o Aggregate wages (and benefits) paid to employees in created jobs within one year compared to CDBG $ invested (as %) →
    5 points possible
    - 0 points = 100% or less
    - 2 points = >100% to <125%
    - 5 points = 125% or more

• **Community Impact and Investment** → 25 points possible for this component

  o Location of community as more economically distressed than others, based on three broad location sectors →
    15 points possible
    - 0 points = larger community locations: Beatrice, Columbus, Fremont, Grand Island, Hastings, Kearney, Norfolk, North Platte, Scottsbluff/Gering, South Sioux City, Douglas County, Lancaster County, and Sarpy County
    - 5 points = not one of the larger community locations, but in the Interstate-80 corridor
    - 15 points = rural (encompassing all locations not within the two location sectors above)

  o Existence of a substantial financial contribution to the project from the applicant community with locally generated funds (CDBG program income reuse funds do not qualify for this factor) →
    10 points possible
    - 0 points = when no such contribution
    - 1-10 points = depending on nature/substance of contribution
Business Factors → 50 points possible for this component

- Owners' equity in project → 12 points possible
  - 0 points = 10% or less
  - 4 points = >10% to 20%
  - 8 points = >20% to 33%
  - 12 points = >33%

- Management experience and ability → 10 points possible

- Financial data show a capacity to repay the loan → 10 points possible
  (per loan terms, or in the event of project failure)

- Loan collateral, and loan guarantees → 6 points possible
  - 0 points = unsecured, or a junior lien position
    offering little realizable value
  - 1-5 points = for the spectrum in between
  - 6 points = reasonably secured as to collateral value
    and liquidity, with guarantees in existence

- Established business, or start-up venture → 6 points possible
  - 0 points = start-up venture with all the usual risks of failure
  - 3 points = established business, but with negative trends
  - 6 points = established business with positive trends

- Documentation of $ commitments by all other project $ sources → 4 points possible

- Duration of commitment to maintaining the created/retained jobs → 2 points possible
  - 0 points = committing to maintaining only for the minimum
    required by the Department's guidelines
  - 2 points = committing to substantially more than the minimum

Total Project → 100 points possible for total of all components
Eligible and Ineligible Businesses.

Not all businesses are eligible to be benefited businesses under the Department's CDBG ED program.

For a business to be eligible to be a benefited business under the Department's CDBG ED program, it must:

- meet the definitional criteria to be a "qualified business" as that term is defined in the Nebraska Advantage Act, as that Act exists at the time an eligibility determination is made under these guidelines;

and also,

- meet any additional eligibility criteria, and not be ineligible by reason of the exclusions, in these guidelines.

Nebraska Advantage Act Criteria.

As a basic narrative for these guidelines, the following listing summarizes the categories of businesses considered to be considered a "qualified business" under the Nebraska Advantage Act. The statutory text (and regulatory interpretations thereof by the Department of Revenue) will prevail in the event of an interpretive conflict with these guidelines. "Qualified businesses" are those engaged in any one (or combination) of the following:

- Research and development
- Manufacturing
- Data processing
- Telecommunications
- Insurance
- Financial Services
- Distribution
- Storage
- Transportation
- Headquarters (administrative)
- Targeted export services (75% of sales outside Nebraska or to the U.S. Government: software development; computer systems design; product testing services, guidance or surveillance systems; technology licensing)

Additional CDBG ED Guidelines Criteria and Ineligibility Exclusions

- The business must pay all employees at the project location in Nebraska at a rate of no less than $8.25 per hour, as well as provide appropriate employee benefits, for the duration of the project job maintenance period (which period will be established as part of the MOU for the project).
- Non-profit businesses/organizations are ineligible.
- Businesses that derive any revenues from gaming are ineligible.
• Production agriculture enterprises are ineligible. These are excluded because they lack the necessary CDBG ED program guideline requirement that there must exist extra levels of substantial and separately identifiable value-added processing being performed by employees of the production agriculture enterprise—beyond those tasks and activities of production, harvesting, and marketing normally associated with traditional agricultural production commodities. Examples of such ineligible enterprises (when they lack the extra value-added component) include: grain farming, livestock raising and feeding, raising of poultry or the production of eggs, the production of milk, fruit or nut orchards, vegetable farming including hydroponics vegetable production, and aquacultural facilities.

• Trucking enterprises, which lack the requisite storage, warehousing, or distribution extra components which would distinguish them from the usual so-called "rolling stock" enterprises, are ineligible.

Eligible Activities and Forms of CDBG Assistance.

Activities eligible for assistance under the CDBG ED guidelines are primarily (but not exclusively) authorized in Sections 105(a)(14, 15, 17) of the HCDA. All activities must meet the eligibility requirements, and avoid the prohibitions, in the HCDA and in the CDBG regulations. The forms of assistance available in the CDBG ED category are:

• Loans to businesses. The provision of "direct" assistance to eligible, private, for-profit businesses to carry out an economic development project. The assistance is not (and cannot be by the provisions of the HCDA and the CDBG regulations) provided directly to the business from the Department, but rather is passed through the applicant governmental unit. The assistance will be in the form of a loan from the applicant governmental unit to the business. Such loans may be used by the business for almost any legitimate business purpose. Examples of permitted uses include: purchasing land; constructing a building; renovating an existing building; purchasing machinery and equipment; purchasing inventory; and meeting working capital needs. Unless a compelling case, involving extraordinary circumstances, can be made by the applicant and the benefited business—refinancings/financial restructurings/"bail-outs" of existing debt are not favored by the Department as an appropriate use of CDBG funds.

  o Loans to businesses may be either low-interest or non-interest bearing, depending on:
    • interest rate market conditions; the particular facts and circumstances of the business and the CDBG application; and the decision regarding loan terms (interest rate being among such loan terms) made by the entity which will be ultimately receiving loan repayments made by the business (which may be the applicant governmental unit, or the Department, or both in some instances).
    • Loan amortizations are to require monthly payments.
    • Other terms of the loan (such as appropriate loan maturity, payment deferrals, and collateral requirements) vary from project to project and will be subjects of negotiation among the parties.
  o Maximum allowed maturities are:
    • 15 years for real estate loans
    • 7 years for machinery/equipment loans
    • 5 years for working capital loans
Maximum time for deferral of the initial loan payment is one year from note inception. Such payment deferrals are not the norm.

Forgiveness of loans. All, or a portion, of the first $150,000 of such loans may be forgiven, depending on the decision of the applicant community and (in the instance of deciding to forgive) if the Department concurs with such decision to forgive.

- The decision to forgive—or not—and if so, how much of this first $150,000 to forgive—initially rests with the applicant community—but Department concurrence is required when the community’s decision involves forgiving the loan (all, or a portion). The Department’s concurrence is required to ensure compliance with HUD CDBG underwriting guidelines which prohibit the benefiting business, or its principals, from being unduly enriched or from receiving an unreasonably high rate of return on their investment, as a result of such CDBG loan forgiveness.
- When a community chooses to have the benefiting business repay (rather than forgiving) some, or all, of this first $150,000, the community is allowed to "keep" such funds for local reuse in future economic development projects in the community.
- Of course, the repayments of the loan are CDBG program income, and the funds are subject to the program income requirements (explained elsewhere in these guidelines) and continue to be subject to CDBG requirements.
- Loan forgiveness is conditional, and for a benefiting business to have its loan achieve the status of being unconditionally forgiven, the benefiting business must completely fulfill the requirements of the project (as they will be outlined in the MOU), particularly including meeting the national objective for the project.

- No loan forgiveness over $150,000, and portions of loans over $150,000 must be repaid to Department. If the amount of the CDBG loan for the project is more than $150,000, such "excess" amount (over the first $150,000) is not forgivable at all, and must be repaid by the business, and when such repayments are generated they must be timely returned by the community to the Department (as CDBG program income).

Public facilities (infrastructure) construction or improvement projects, undertaken for economic development purposes. CDBG funds in these instances are granted directly to the community. In such projects, a business benefiting from the infrastructure project (e.g., from street construction to the proposed site of the business) agrees to locate or expand in the applicant community premised on the infrastructure project, and agrees to create jobs principally benefiting LMI persons (and to maintain those jobs).

- The public facilities project must be essential to the business, and have a direct nexus to the business activities conducted by the business.
- Typical examples of such public facilities include street construction, street improvements, water supply system improvements, sewer system improvements, and flood and drainage system improvements.
- Communities should note that any costs for "oversizing" the project to meet community needs beyond the essential needs of the benefited business must be exclusively paid by the community, and such costs borne for "oversizing" will not count toward the required minimum 1:1 community match of CDBG funds.
Because the CDBG award in these projects is a grant directly to the community, the matching funds in these projects must come from the community itself and be invested directly into the project costs. Other "matching" which may be done by the business in its location/expansion, e.g., building a new plant, does not serve to fulfill the match requirement in this public facilities component of the CDBG ED program.

Even though the CDBG funds in these projects do not flow through to directly benefit the business, the business is benefited—is advantaged—by the project, and the granting of the CDBG funds to the community in the first place is premised upon the business' agreement to locate/expand and to create and maintain jobs thereby. Consequently, the business is required to agree (in the MOU for the project):
- to carry out the location/expansion of its business facility.
- to create and maintain jobs having the required LMI benefit.
- to repay to the community the amount of the CDBG funds awarded to the community and invested in the public facilities project should the business fail to meet the requirements of the MOU.
- to provide in the application and periodically into the future (for the duration of the job maintenance period) financial information to allow an evaluation of the condition of the business, the likelihood of achieving the job creation and job maintenance requirements; and the business' capacity to repay to the community the amount of the CDBG funds awarded should the business fail to meet the requirements of the MOU.

Job training grants to eligible private for-profit businesses. The basic rationale of this component of the program is to use CDBG ED funds in assisting the business in meeting the well-recognized "on-the-job" training costs associated with hiring new employees.

- These grants are only available for newly created jobs, not for retaining jobs.
- The grants are conditional upon the business satisfying the requirements of CDBG regulations, and upon the business meeting its obligations as established in the MOU for the project. When the requirements and obligations are fully satisfied by the business, the grants are classified as unconditional and the business then has no further obligations to the Department.
- Those new jobs eligible for reimbursement under the grant award will be identified in the MOU for the project. All jobs are not necessarily eligible for reimbursement.
- Reimbursement of wages to the company is fundamentally based upon particular positions/jobs, as contrasted with the particular employees filling those positions/jobs. To illustrate this point, if an employee who has been filling a position, leaves the employ of the business, and his/her position is filled (replaced) by another existing employee, or by a new employee, this is fundamentally just continuing to fill the position, even though a different employee is involved. This distinction is made because neither a new "batch" of reimbursement money, nor a new "batch" of six-months of training time, is available for that position simply because a different employee fills that position—the previous "batches" of reimbursement money and training time, already associated with that position, simply continue.
- These job training grants are paid to the benefited business (through the applicant community), as reimbursements for wages paid by the business. Reimbursements mean after the fact of payment of the wages by the business to the affected...
employees. These reimbursements (and the project award from the beginning) are subject to the following amount limitations:

- There is an absolute $250,000 maximum award.
- There is an absolute $10,000 per job maximum award.
- There will be established as part of the project award an aggregate limit for the entire project. Such aggregate limit is usually less than the $250,000 absolute maximum mentioned above. Typically, this aggregate limit is simply the arithmetic product of the number of jobs agreed to be created for which training funds are being supplied—multiplied by—the "per job" limit for the project (explained just below).
- There will be established as part of the project award a "per job" fixed dollar limit (applicable to each job for which job training funds are reimbursed), such limit applied no matter what the wages paid to an affected employee may be. The amount of this "per job" limit is heavily influenced by the most basic limitation—the 50% of the employee's wages for six months/1,040 hours—limit. In no event may the "per job" limit exceed the absolute $10,000 per job maximum mentioned earlier.
- The most basic limit is that the business will not be reimbursed for more than 50% of the particular employee's wages paid for the first six months/1,040 hours of employment.

- These job training grants require the business to:
  - Create jobs, and do so before the end of a "ramp-up" period.
  - (if the business is an existing business with employees) agree (via the MOU) to a baseline number for the number of present positions/jobs, above which baseline the created jobs will be considered to in fact have been created, and for which baseline the business will have an additional job maintenance responsibility (see below).
  - Achieve the CDBG LMI national objective by having at least 51% of all positions created (not just 51% of the minimum number of positions required to be created) be held by LMI persons.
  - Pay all employees at the business (not just the job training grant related employees) at the minimum rate set forth in the Eligibility Criteria for eligible businesses found elsewhere in these guidelines.
  - Maintain the created jobs for 24 months beginning with the date of hire for each respective job.
  - Maintain the agreed baseline of employment for 24 months beginning with the Notice of Approval for the project.
  - Satisfy all other project requirements as set forth in the MOU for the project.

- Entrepreneur development projects. This eligible activity and form of assistance is to provide assistance to entrepreneurial endeavors and small business enterprises, through applicant communities directly providing (or using sub-contracting intermediary service-provider organizations to provide) the following:
  - business plan development assistance
  - entrepreneurial management training
  - accounting and finance training and assistance

NEBRASKA ANNUAL ACTION PLAN 2006  ■  ■  ■
Section 5–14
sales and marketing training and assistance
business incubators
loans

or any combination of such listed items, to microenterprises and other small entrepreneurial enterprises in Nebraska. This form of assistance does not provide loans or grants directly from the Department to the assisted businesses.

To initiate the process of applying for CDBG funding for a project of this type, the applicant community should initially submit a letter describing the proposed project in fairly broad strokes, but addressing the various factors and circumstances listed immediately below. Representatives from the Department will review this initial letter to determine basic eligibility and to initially assess the viability and likely impact of the proposal.

The factors and circumstances of the proposed entrepreneur development project to be addressed in the applicant's initially submitted letter are:

- the mechanism(s) the applicant will use to provide the entrepreneurial assistance
- the types of entrepreneurial assistance which will be offered
- a description of the geographically targeted service area for the project
- a description of organizations already existing in the targeted service area which provide entrepreneurial assistance services; and how the project will not duplicate the services provided by such organizations
- a description of how the project will target and benefit low-to-moderate income (LMI) entrepreneurs, and the project's anticipated impact on such LMI entrepreneurs
- a description of the basic work plan for the project for the one-to-two year period to be covered by the project award
- a basic budget for the project, showing project costs and showing the source(s) of matching non-CDBG funds

If the project is eligible, appears to be viable based on this preliminary information, and considered to be of sufficient impact to warrant the investment of CDBG funds, the applicant community will then be contacted by a representative of the Department to further discuss the project and the process of proceeding with additional application information assembly. The normal application/review/criteria assessment/approval process described earlier in these Guidelines is then applied to these types of projects.

• Speculative buildings projects/speculative industrial park projects. This eligible activity and form of assistance provides loans or conditional grants to applicant communities for the development of so-called "spec buildings" or "spec industrial parks". These "spec" improvements must then be later occupied by a qualifying business which must agree to create sufficient jobs which principally benefit low-to-moderate income (LMI) persons, in order to fulfill the required CDBG national objective. If this CDBG national objective is not fulfilled, the loan or conditional grant made to the applicant community by the Department must be repaid by the applicant community to the Department. $250,000 is the maximum level of assistance for a spec building project. $250,000 is the maximum
level of assistance for a spec industrial park project. The aggregate maximum the Department would award for all projects of this type for any one program year is $1,000,000.

These projects bear much more than normal risk to the applicant community (almost by definition since they are speculative as to the occupancy of the building or park by a qualifying business which can generate sufficient LMI qualifying jobs). As a consequence, a careful and sober assessment of the project and of its likely success will be made all along in the process of application. And because of this risk, the Department requires that there be consultation, involvement, and coordination with Department staff at all phases of the application, from the very beginning. This is not an endeavor where the applicant community is invited to simply develop and submit an application, on its own, and await an answer from the Department.

The application requirements, underwriting guidelines, and decision-making criteria generally described in these Guidelines are all applied to these "spec" projects.

Project specifics and required application information are found in supplementary explanatory materials not part of these Guidelines.

- Short-term Interim Financing. This program provides short-term or interim financing for projects that create or retain employment opportunities, prevent or eliminate blight or accomplish other federal and state community development objectives. Financing may be used for construction or improvement of public works; purchase, construction rehabilitation or other improvement of land, buildings facilities, machinery and equipment, fixtures and appurtenances or other projects undertaken by a proprietary or nonprofit organization; assistance for otherwise eligible projects or programs.

Applications are accepted at any time and are processed, reviewed and considered on a first-come, first-served basis. DED makes funding decisions following receipt of a complete application and to the extent funds are available. Awards may not exceed $10 million. Selection is based on the following threshold criteria: evidence of local capacity to administer the funds; acceptable performance in the administration of prior state or federal grants; feasibility the project will be completed with funds requested (the applicant must identify other funding sources and the terms of assistance); evidence the project will be completed within 30 months of the grant award date; an irrevocable letter of credit or equivalent security instrument from a lender; commitment of permanent financing for the project.

If an application satisfies all threshold criteria, it is evaluated on the following:
- Does CDBG participation leverage substantial local financial participation?
- Is the cost of CDBG short-term funds per person benefited reasonable?
- Is the need for CDBG assistance reasonable?
- Does the public benefit substantially exceed the value of assistance (measured by the present value of assistance to the direct and indirect wages and aggregate payroll lost, dislocation and potential absorption of workers and loss of economic activity).
Section Six: Homeless Services Priority

*Insure appropriate emergency shelter and/or transitional housing and services for people who are homeless or at imminent risk of becoming homeless by distributing Emergency Shelter Trust Funds and Homeless Shelter Assistance Trust Funds to support agencies across the state in meeting these needs.*
The primary objective of the *Homeless Services Priority* is to foster and promote self sufficiency by insuring:

- That all individuals and families in Nebraska who are homeless are able to access appropriate emergency shelter and/or transitional housing and services and
- That all individuals and families who are at imminent risk of becoming homeless continue to be housed and receive needed services to remain housed.

**The three (3) strategies developed to meet this priority are to:**

- Provide needed services and appropriate shelter and/or housing to people who are homeless or at imminent risk of becoming homeless.
- Support and facilitate an active and effective regional Continuum of Care planning and delivery system focusing on a comprehensive approach to housing and service delivery to people who are homeless and near homeless.
- Compile data via monthly reporting and disseminate the information to the regions for their use in developing effective planning and delivery systems that focus on comprehensive approaches to housing and service delivery to people who are homeless and near homeless.

**Annual measurements for this priority for the first year of the five-year measurements include:**

- Approximately $2,800,000* in Emergency Shelter Grants (ESG) and Homeless Shelter Assistance Trust Funds (HSATF) will be allocated to local agencies that serve people who are homeless and near homeless in order to make shelter, transitional housing and services available to people in need.

- Agencies with approximately 70 programs across the state will (a) provide assistance to an estimated 38,726 homeless and an estimated 41,796 near homeless households across the state and (b) result in appropriate services and emergency shelter or transitional housing across the state.

- Approximately $11,000 of HSATF will be allocated to address the needs of migrant farm workers who are homeless or near homeless.

(* amount includes an estimate of Omaha’s ESG funds in total)
• Approximately $14,000 of the HSATF will support planning activities of the Nebraska Commission on Housing and Homelessness (NCHH) Continuum of Care committee (advisory committee to the Nebraska Homeless Assistance Program - NHAP), the NCHH Ad Hoc committee on Ending Chronic Homelessness, and the regional Continuums of Care.

• An estimated 70 percent of ESG grantees will implement Service Point with (Nebraska Management Information System Partners (NMISP). Dialogue will continue with DV shelters regarding Service Point and the NMISP.

The Nebraska Homeless Assistance Program (NHAP) and NHAP Advisory Committee

The Department of Housing and Urban Development’s Emergency Shelter Grant Program (ESG) funds are matched with Nebraska’s Homeless Shelter Assistance Trust Fund (HSATF) dollars. The state’s HSATF funds provide a match of approximately $2.50 for every ESGP dollar. The combined funding is referred to as the Nebraska Homeless Assistance Program.

Because homelessness encompasses a wide range of conditions, the State strongly supports a collaborative approach to addressing the needs of people who are homeless. The Department of Housing and Urban Development (HUD) initiated the Continuum of Care process in 1994. The process promotes a coordinated, strategic planning approach for programs that assist families and individuals who are homeless and near homeless. This approach is supported by NHAP as an effective community and regional-based process that provides a comprehensive and coordinated housing and service delivery system.

State statute stipulates that the NHAP have an advisory committee. This advisory body is the Nebraska Commission on Housing and Homelessness (NCHH) Continuum of Care committee. The advisory body is composed of governor appointed NCHH members and at-large members who represent homeless and near homeless populations across the state. The 32-member committee provides input on policies, procedures, and priorities of the NHAP program. Regional continuum of care chairs or designees are members of this advisory committee. In this way, they participate in statewide planning on issues related to homelessness and near homelessness and the state’s plan on ending chronic homelessness.

Actions for the 2006 Program Year:

Strategies and objectives require collaboration with housing and service agencies across the state to deliver needed emergency shelter, transitional housing, and services to people who may be homeless or near homeless in the 93 counties of Nebraska. The statewide continuum of care system helps insure that people who are homeless and near homeless are able to access needed emergency shelter, transitional housing, and supportive services in each of the counties. All are served by one of the seven continuum of care planning regions. Please refer to the regional continuum of care map on page 6-13 for delineation of the regions.

Objectives and measurable actions planned between July 1, 2006 and June 30, 2007 are provided in the tables that follow. The strategies, objectives, and actions that the state plans to implement during the next year will help insure that the Homeless Services Priority is met.
**Strategy 1:** Provide needed services and appropriate shelter and/or housing to people who are homeless and/or at imminent risk of becoming homeless.

### Objective #1: Maintain efforts to prevent individuals and families from becoming homeless by:

<table>
<thead>
<tr>
<th>Performance Measurements</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Providing assistance to households at imminent risk of becoming homeless by eviction for non-payment of rent or utilities.</td>
</tr>
<tr>
<td>[Focus is on prevention – keeping people housed and having effective discharge planning in place in all public institutions.]</td>
</tr>
<tr>
<td>• Working with local agencies to provide case management support that addresses the long-term, root causes of the near-homeless status and supports self-sufficiency.</td>
</tr>
<tr>
<td>• Continuing to address underlying issues, such as unmet physical, social, and economic needs that result in higher emergency and transitional housing needs.</td>
</tr>
</tbody>
</table>

### Performance Measurements

- Approximately $759,000 will be allocated for near homeless; an estimated 41,796 persons at imminent risk of becoming homeless will be served with homeless prevention dollars.
- Approximately $2,800,000 will be allocated to serve homeless and near homeless; an estimated 80,522 persons who are homeless and near homeless will be served.
- Analysis of data submitted regarding shelter, housing, and services provided.

### Objective #2: Provide support for emergency shelter and transitional housing as individuals and families move to permanent housing or permanent supportive housing.

### Performance Measurements

- Increase transitional housing options across the State.
- The estimated 1,450 units of transitional housing units across the state will increase by a rate determined by the Ad Hoc Planning Team that is implementing the housing goals of the state plan on ending chronic homelessness. (Baseline established with Exhibit 1s.)
- Support Behavioral Health’s development of a “Housing First” approach to homelessness, with a focus on partnering to develop more supportive permanent housing through the Super NOFA and other funding opportunities.
- Development of a Housing First policy for the state of NE for those with extremely low income who experience serious mental illness and may be disabled.

### Objective #3: Address the needs of migrant farm workers through targeted initiatives.

<table>
<thead>
<tr>
<th>Performance Measurements</th>
</tr>
</thead>
<tbody>
<tr>
<td>• $11,000 HSATF allocated for this targeted initiative; numbers of migrant workers served.</td>
</tr>
</tbody>
</table>

---

**Strategy 2:** Support and facilitate an active and effective regional Continuum of Care planning and delivery system focusing on a comprehensive approach to housing and service delivery to people who are homeless and near-homeless.

### Objectives:

<table>
<thead>
<tr>
<th>Performance Measurements</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Higher quality of grant applications with regional collaboration described.</td>
</tr>
<tr>
<td>(b) Increased capacity as a result of TA</td>
</tr>
<tr>
<td>(c) Videoconferences hosted and facilitated &amp; face-to-face meetings per open meeting laws.</td>
</tr>
<tr>
<td>(d) Updated NHAP Web site.</td>
</tr>
</tbody>
</table>

---

**Objectives:**

<table>
<thead>
<tr>
<th>Performance Measurements</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) NHAP Grant Application video conference;</td>
</tr>
<tr>
<td>(b) Technical assistance;</td>
</tr>
<tr>
<td>(c) Video conferences; and,</td>
</tr>
<tr>
<td>(d) Regional CoC Web site information.</td>
</tr>
</tbody>
</table>
Strategy 2, Continued: Support and facilitate an active and effective regional Continuum of Care planning and delivery system focusing on a comprehensive approach to housing and service delivery to people who are homeless and near-homeless.

<table>
<thead>
<tr>
<th>Objectives:</th>
<th>Performance Measurements</th>
</tr>
</thead>
</table>
| Objective #2: Support the NHAP advisory committee, which is the NCHH Continuum of Care Committee. | (1) $8,000 dollars used to support the planning activities of the NCHH Continuum of Care committee.  
(2) Year-End Report of Committee work.  
(3) Homeless conference coordinated with the NE Housing Dev. Assoc. to increase knowledge base and provide training on homelessness and near homelessness issues. Funded with additional HSATF dollars. |
| Objective #3: Support the work of the NCHH Ad Hoc committee in implementing the plan to End Chronic Homelessness Through Increasing Access to Mainstream Services. | (1) $6,000 dollars used to support the planning activities of the Ad Hoc Committee.  
(2) Annual report on accomplishments of plan. |

Strategy 3: Compile data via monthly reporting and disseminate the information to the regions for their use in developing an effective planning and delivery system that focuses on a comprehensive approach to housing and service delivery to people who are homeless and near-homeless.

<table>
<thead>
<tr>
<th>Objectives:</th>
<th>Performance Measurements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective #1: Work toward full implementation of the statewide Nebraska Management Information System (NMIS) that will provide standardized, statistically accurate, and consistent information on the size and characteristics of Nebraska’s homeless and near-homeless populations.</td>
<td>• 70 percent of ESG grantees implement Service Point with NMISP and dialogue continues with DV shelters regarding the NMISP and the ServicePoint system.</td>
</tr>
<tr>
<td>Objective #2: Continue to develop and improve methods of tracking homeless and near homeless subpopulations and needs met.</td>
<td>• Reports of unduplicated clients served and services provided with homeless and near-homeless funding.</td>
</tr>
</tbody>
</table>

How and What Projects are Assisted

The Nebraska Department of Health and Human Services System (HHSS) through the Office of Economic and Family Support awards funds under the Homeless Category to eligible nonprofit 501 (c) (3) organizations that provide emergency shelter, transitional housing, and supportive services to people who are homeless and at-risk of becoming homeless. The Emergency Shelter Grant Program (ESGP) projects are designed to be the first step in the continuum of assistance to prevent homelessness and to enable homeless individuals and families to move toward independent living (U.S. Department of Housing and Urban Development, Program Desk Guide).

An allocation formula is used in distributing NHAP grant funds. An allocation formula helps insure an equitable distribution of funds throughout the entire state. Criteria include a base funding amount, population, persons living in poverty, and factors considered by the Department of Housing and Urban Development (HUD). The allocation formula, developed with input from the advisory committee, allocates a $50,000 base to all regions and divides the remaining allocation equally between population, poverty, and pro rata figures for each region. The
The Nebraska Homeless Assistance Program (NHAP) funds are distributed to agencies across the state through a competitive grant process. A Request for Proposals (RFP) and application is announced with public notices and a mailing to agencies and organizations serving people who are homeless and near homeless. Successful proposals reflect the purpose of the NHAP, as stated in the Homeless Shelter Assistance Trust Fund statute, of addressing the needs of people who are homeless and near homeless in Nebraska by:

- assisting in the alleviation of homelessness;
- providing temporary and/or permanent shelters for persons who are homeless;
- addressing needs of migrant farm workers;
- encouraging the development of projects that link housing assistance programs with efforts to promote self-sufficiency.

Additionally, high priority is given to funding programs that reflect the Department of Housing and Urban Development’s (HUD) Continuum of Care process by addressing any or all of the following:

- Strategies that promote self-sufficiency (e.g. case management, outreach, development of independent living skills, counseling services, basic skills instruction, high school completion) for persons who are homeless or near homeless.
- Strategies that address a “Continuum of Care” approach to providing shelter and service through collaboration of services with other agencies.
- Expansion of operations, services, and programs that fill an identified gap in the regional/local continuum of care. This includes the rehabilitation of an existing building for emergency shelter and/or transitional program facility.
- Operations, services, and programs that, if they were discontinued, would create a substantial, recognizable gap in the regional/local continuum of care.
- Prevention activities that are a long-term solution to preventing homelessness in the region.

The goal of homeless programs in the State of Nebraska is to provide services to people who are homeless and near homeless to help them reach self-sufficiency. The State strongly supports the Continuum of Care concept as an effective approach to addressing the needs of people who are homeless and near homeless. The fundamental components of all continuum of care systems are:

- Outreach, intake, and assessments to (1) identify an individual’s or family’s service and housing needs and (2) link them to appropriate housing and/or service resources.
- Emergency shelter and safe, decent alternatives to the streets.
- Transitional housing with supportive services to help people develop the skills necessary for permanent housing.
- Permanent housing and permanent supportive housing.

Grantees must participate in regional and sub-regional continuums of care. If a service, shelter, or housing provider is not currently involved in regional/sub-regional continuum of cares, they...
can contact Jean Chicoine, [jean.chicoine@hhss.ne.gov or (402) 471-9644], to identify a primary contact person in the area. They also may access continuum of care information on the NHAP Web site – http://www.hhs.state.ne.us/fia/nhap/nhapindex.htm

Funds are awarded through a regional and programmatic (i.e. activity specific) allocation process which emphasizes equitable distribution as well as quality projects and programs. In order to serve the needs of people who are homeless throughout the entire state, HHS strongly considers the geographic distribution of funds according to the regions. The intent of the grant is to supplement a homeless service provider's budget. Organizations are encouraged to seek other sources of funding and collaborate and coordinate programs and services with other organizations in order to optimize the use of NHAP funds.

During the 2004-2005 grant year, services and housing were delivered through 70 programs of agencies across the state. The agencies provided services to people who were homeless and near homeless by conducting outreach activities to reach people in need. Through the intake process staff of the various agencies identified an individual’s or family’s service and housing needs and linked them to appropriate housing and/or service resources.

Homelessness affects individuals and families of all races and ethnicities. While data gathered from NHAP grantees cannot be compared effectively to prior year data because of the number of variables, year-end data do provide a snap shot of persons who were homeless and near homeless who were assisted with NHAP funds. The snap shot is different in Lincoln and Omaha than in the balance of the state. Data are used to assess the general trends, rather than specifics, of homelessness and near homelessness.

Balance of State:
In the balance of the state (Regions 1-5), grantees in the more rural areas assisted 21 percent of individuals who were homeless statewide and 55 percent of individuals who were near homeless statewide. Homelessness in these regions cuts across racial lines: 87 percent of people who were homeless were white; 19 percent were Hispanic/Latinos; five percent were Native American; four percent were Black/African American.

For persons who were near homeless, whites represented 88 percent, Hispanic/Latinos represented 15 percent; Native Americans represented eight percent; Black/African Americans represented three percent of people who were near homeless.

Of the single homeless population, single adult males represented 22 percent of the households; single adult females represented 16 percent. Single head of household represented 43 percent of total households, with 984 single parents and 2,524 children (2.6 children per household). Two-parent households represented 14 percent of the total homeless households, with 484 parents and 699 children (2.8 children per household). Adult couples with no children represented two percent; youth represented three percent of the homeless households.

Of the near homeless population, single adult males represented four percent and single adult females represented 13 percent. Single-head of household represented 40 percent of near homeless households, with 3,416 single parents and 5,848 children (1.7 children per household).
Two-parent households represented 35 percent of near homeless households, with 4,276 parents and 3,932 children (1.8 children per household). Adult couples represented five percent; youth represented three percent of persons of near homeless households.

Lincoln and Omaha – Urban Areas:

In contrast to the balance of state, Lincoln and Omaha grantees assisted a higher percent (79 percent) of those who were homeless and a lower percent (45 percent) of those who were near homeless as reported by NHAP grantees.

Racial and ethnic characteristics in the cities were: 73 percent of persons who were homeless were white; 19 percent were Black/African American; 14 percent were Hispanic/Latino; four percent were Native American. Other multi-racial was 2.8 percent. The major difference between the urban areas and the balance of state regions is the number of Blacks/African Americans assisted in the urban areas (19 percent in the urban areas vs. four percent in the balance of state regions).

Of the single homeless population, single adult males represented 43 percent of the households (vs. 22 percent in the balance of state); single adult females represented 20 percent (vs. 16 percent in the balance of the state). Single head of household represented 14 percent of households (vs. 43 percent of total households in the balance of the state) with 990 single parents and 3,206 children (3.2 children per household vs. 2.6 children per household in the balance of the state). Two-parent households represented 12 percent (vs. 14 percent of the total homeless households in the balance of the state) with 412 parents and 3,299 children (eight children per household vs. 2.8 children per household in the balance of the state). The number of eight children per household seems to be out of line with other data. However, data are reported by grantees and can be verified but cannot be changed. The general trend of more children per household in urban areas is a more reasonable assessment from these data.

Adult couples with no children represented two percent; youth represented two percent of the homeless households. These figures are similar to those experienced in the more rural areas.

Of the urban near homeless population, single adult males represented 17 percent of the households (vs. four percent in the balance of state) and single adult females represented 14 percent (vs. 13 percent in the balance of the state). Single-head of household represented 46 percent (vs. 40 percent of near homeless households in the balance of the state) with 2,093 single parents and 6,490 children (3.1 children per household vs. 1.7 children per household in the balance of the state). Two-parent households represented 16 percent of the households (vs. 35 percent of near homeless households in the balance of the state), with 974 parents and 2,097 children (2.2 children per household vs. 1.8 children per household in the balance of the state). Adult couples represented six percent; youth represented two percent of persons of the near homeless households (vs. five and three percent, respectively, in the balance of the state).
Nebraska Management Information System (NMIS)

Monthly reporting will become more accurate as data are entered by agencies on ServicePoint, the software used by the Nebraska Management Information System (NMIS). In 2006, a timetable will be established for agency transition to ServicePoint reporting versus the manual monthly report currently required of all NHAP grantee agencies. Data integrity is integral to an accurate reporting system. The transition to ServicePoint by NHAP funded agencies is seen as a multi-year process. Once a timetable is established, it will be included in future reports.

A Description of the State’s Method of Distribution of NHAP Funds

Funds are provided through a HHSS granting process. Applications are reviewed and ranked by teams using the following criteria and point system:

<table>
<thead>
<tr>
<th>Section</th>
<th>Criteria</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Organization, Programs, Services</td>
<td>History of the organization’s development, mission, target populations and focus of the organization’s programs and services; eligibility requirements; adequacy of staffing, experience and competence of staff; number of units and beds, if applicable; demonstrated ability of project management. Relevant information on any subcontractor.</td>
<td>20</td>
</tr>
<tr>
<td>II. Program Funding Request</td>
<td>Purpose of program service(s). Description of why there is a need to serve the identified population. Describe how the proposed program addresses moving the individuals and families toward self-sufficiency.</td>
<td>20</td>
</tr>
<tr>
<td>III. Program Data</td>
<td>Requested data for type of project, services, population(s) served, characteristics of populations served, and racial/ethnic characteristics. Anticipated increase or decrease. Interpretive services required.</td>
<td>10</td>
</tr>
<tr>
<td>IV. Budget Information</td>
<td>Budget and audit reflect use of sound fiscal policy. Budget shows diversified budget funding sources. Budget and budget narrative provide a clear understanding of the financial aspect of the project.</td>
<td>10</td>
</tr>
<tr>
<td>V. Effectiveness Measures</td>
<td>Program outcomes and impact. Successes and challenges of program.</td>
<td>15</td>
</tr>
<tr>
<td>VI. Continuum of Care Involvement</td>
<td>Evidence throughout the application of coordination of services or providers implementing a continuum of care approach. Evidence that ongoing services are essential to the Regional/Local Continuum of Care and/or expanded or new services will fill a gap identified in the Regional/Sub-regional Continuum of Care.</td>
<td>25</td>
</tr>
</tbody>
</table>

Review teams include members of the NHAP advisory committee and employees of the State. Teams are composed of individuals with agencies and organizations that represent populations of people who are homeless and near homeless. Final decisions of NHAP awards are determined and confirmed by HHSS based upon eligible and appropriate activities as outlined in the rules and regulations for ESGP and HSATF, the two funding streams for the Nebraska Homeless Assistance Program.

In order to reduce NHAP grant writing and administrative time, the NHAP adopted a two-year
Funding cycle in 2003. Grantees awarded funds in 2006 will be in the first year of a new two year funding cycle. All grant awards are based on the following:

1. availability of ESG and HSATF funding;
2. performance of grantees based on history and current goals;
3. involvement of grantees in regional, sub-regional, and state continuums of care;
4. use and accounting of prior year funds;
5. NHAP report status

A renewal application is required of all grantees for the second year of funding. Renewal applications describe any changes in programs and services and provide new budget information. Renewal applications are reviewed internally.

The application timeline for the 2006-2007 grant cycle is as noted. The RFP and application documents are available on the NHAP Web site.

<table>
<thead>
<tr>
<th>Date</th>
<th>Action</th>
<th>Responsible Parties</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 5, 2005</td>
<td>Public Notice and mailing of RFP and application. Posted tow NHAP Web site.</td>
<td>HHS-OE&amp;FS</td>
</tr>
<tr>
<td>January 18, 2006</td>
<td>Videoconference on the NHAP grant RFP and application process. PP hard copy sent to those not able to attend the video conference.</td>
<td>HHS-OE&amp;FS Applicant</td>
</tr>
<tr>
<td>February 17, 2006</td>
<td>Applications submitted to HHS-OE&amp;FS</td>
<td>Applicant</td>
</tr>
<tr>
<td>February 24, 2006</td>
<td>Any additional information needed from applicants is submitted.</td>
<td>Applicant</td>
</tr>
<tr>
<td>March-April 2006</td>
<td>Review process.</td>
<td>HHS-OE&amp;FS</td>
</tr>
<tr>
<td>April-May 2006</td>
<td>Negotiation and allocation process.</td>
<td>HHS-OE&amp;FS</td>
</tr>
<tr>
<td>June 2006</td>
<td>Awards announced.</td>
<td>HHS-OE&amp;FS</td>
</tr>
</tbody>
</table>

**Monitoring Standards and Procedures**

HHS is responsible for ensuring that grantees under the ESG and HSATF programs carry out eligible activities in accordance with both Federal and State statutory and regulatory requirements. These requirements are set forth in the grant contract executed between the State and the grantee. HHS provides maximum feasible delegation of responsibility and authority to grantees under the programs. Whenever possible, deficiencies are rectified through constructive discussion, negotiation, and assistance.

HHS conducts desk monitoring as described in this report’s, *Monitoring Standards and Procedures – HUD Programs*, Section 1 – 14, paragraph three. On-site monitoring of all funded programs is conducted on a three-year monitoring cycle. One-third of the funded programs is monitored on-site each year. The “Risk Analysis” process or an unusual circumstance (i.e., program integrity) determines if monitoring of a program is required immediately.
On-site monitoring activity is determined (a) by identifying the mission, goals and objectives to determine what is to be assessed; (b) development of a method to rate participants, programs, and functions based on risk – include exposure to fraud, waste and mismanagement. Agencies’ programs may be monitored in five areas:

1) **Financial** – How the grantee accounts for and manages financial resources in accordance with approved financial management standards.

2) **Physical** – How any funded physical assets are maintained and managed according to established standards.

3) **Management** – The capacity of the agency to carry out the programs according to the established requirements.

4) **Satisfaction** – The extent to which clients express satisfaction or dissatisfaction with delivery of the program services.

5) **Services** – The extent to which the program participants effectively and efficiently deliver service to the intended beneficiaries/clientele.

On-site monitoring activity may include reviewing files using program statues, regulations and checklists as a guide; validating file information using manual data and reports submitted to NHAP by the program participant; reviewing and validating data related to services, training, and purchases; interviewing program participants in order to clarify and validate information and documentation of the participant’s program progress; talking with clients/end users to determine the level of satisfaction or dissatisfaction with the services or end product provided and physical inspections.
Continuum of Care Regions

2006 Nebraska Homeless Assistance Program

Nebraska Homeless Assistance Program (NHAP) Continuum of Care Regions

Region 1: Panhandle (Sioux, Dawes, Sheridan, Box Butte, Scotts Bluff, Morrill, Garden, Banner, Kimball, Cheyenne, Deuel counties)


Region 3: Southwest (Grant, Hooker, Thomas, Arthur, McPherson, Logan, Keith, Lincoln, Perkins, Dawson, Buffalo, Chase, Hayes, Frontier, Gosper, Phelps, Kearney, Dundy, Hitchcock, Redwillow, Furnas, Harlan, Franklin counties)

Region 4: Southeast (Polk, Butler, Saunders, Sarpy, York, Seward, Lancaster [Lincoln excluded], Cass, Otoe, Fillmore, Saline, Adams, Clay, Webster, Nuckolls, Thayer, Jefferson, Gage, Johnson, Nemaha, Pawnee, Richardson counties)

Region 5: Northeast Knox, Cedar, Dixon, Dakota, Antelope, Pierce, Wayne, Thurston, Madison, Stanton, Cuming, Burt, Dodge, Washington, Douglas counties [Omaha excluded])

Region 6: Lincoln
Region 7: Omaha
Section Seven: Application Acceptance Dates and Categorical Distribution
# 2006 Application Acceptance Dates

**Nebraska Department of Economic Development:**  
*Housing, Community and Economic Development Programs*

**Nebraska Health and Human Services System:**  
*Homeless Services Program*

<table>
<thead>
<tr>
<th>Table 4</th>
<th>FUNDING PRIORITY/CATEGORY</th>
<th>APPLICATION CLOSING</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Housing</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nebraska Affordable Housing Program</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Pre-application</td>
<td></td>
<td>January 20, 2006</td>
</tr>
<tr>
<td>• Application</td>
<td></td>
<td>March 20, 2006</td>
</tr>
<tr>
<td>Tax Credit Set-aside</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Pre-application</td>
<td></td>
<td>July 20, 2006</td>
</tr>
<tr>
<td>• Application</td>
<td></td>
<td>September 20, 2006</td>
</tr>
<tr>
<td><strong>Community Development</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comprehensive Revitalization</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Phase I Application</td>
<td></td>
<td>January 31, 2006</td>
</tr>
<tr>
<td>• Phase II Application</td>
<td></td>
<td>April 13, 2007</td>
</tr>
<tr>
<td>• Phase III Application</td>
<td></td>
<td>April 15, 2008</td>
</tr>
<tr>
<td>Public Works</td>
<td></td>
<td>April 14, 2006</td>
</tr>
<tr>
<td>Water Wastewater</td>
<td></td>
<td>Open Cycle</td>
</tr>
<tr>
<td>Planning</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• First Cycle</td>
<td></td>
<td>April 14, 2006</td>
</tr>
<tr>
<td>• Second Cycle</td>
<td></td>
<td>October 16, 2006</td>
</tr>
<tr>
<td>Tourism Development Initiative</td>
<td></td>
<td>May 22, 2006</td>
</tr>
<tr>
<td><strong>Economic Development</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economic Development</td>
<td></td>
<td>Open Cycle</td>
</tr>
<tr>
<td><strong>Homeless Services</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ESG &amp; HSATF</td>
<td></td>
<td>February 17, 2006</td>
</tr>
</tbody>
</table>
2006 CDBG Application Guideline Workshops for Community Development Programs including: Planning, Public Works, Water/Waste Water, Tourism Development, and Comprehensive Revitalization (Does not include Economic Development, Housing or Homeless Services Programs)

Scheduled Dates and Locations

**Lincoln**
January 12, 2006  
9 am – 2 pm (CT)  
Nebraska State Office Building  
Lower Level C  
301 Centennial Mall South

**Ainsworth**
January 17, 2006  
9:00 am-2:00 pm (CT)  
City Hall  
606 East 4th Street

**Alliance**
January 18, 2006  
9 am – 2 pm (MT)  
Alliance Public Library  
1750 Sweetwater

**North Platte**
January 19, 2006  
9 am – 2 pm (CT)  
Holiday Inn Express, Sioux Room  
300 Holiday Inn

**Norfolk**
January 25, 2006  
9 am – 2 pm (CT)  
Life Long Learning Center  
801 East Benjamin Ave.

**Hastings**
January 26, 2006  
9 am – 2 pm (CT)  
Holiday Inn  
2205 Osborne Dr.
## Community Development and Housing Workshops

*(Tentative—Visit the Community and Rural Development Division Website at: [http://crd.neded.org/](http://crd.neded.org/) for most current training dates and locations)*

<table>
<thead>
<tr>
<th>Date</th>
<th>Location</th>
<th>Workshop Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 16, 2006</td>
<td>North Platte</td>
<td>Financial/Audit/Closeout</td>
</tr>
<tr>
<td>May 17, 2006</td>
<td>North Platte</td>
<td>Labor Standards</td>
</tr>
<tr>
<td>May 18, 2006</td>
<td>North Platte</td>
<td>CDBG Administrator Recertification</td>
</tr>
<tr>
<td><strong>May 20, 2006</strong></td>
<td>Lincoln</td>
<td><em>Annual HOME/LIHTC Application Workshop</em></td>
</tr>
<tr>
<td>June 13, 2006</td>
<td>Columbus</td>
<td>Prepare for Monitor Visit</td>
</tr>
<tr>
<td>June 14, 2006</td>
<td>Columbus</td>
<td>Financial/Audit/Closeout</td>
</tr>
<tr>
<td>June 15, 2006</td>
<td>Columbus</td>
<td>CDBG Administrator Recertification</td>
</tr>
<tr>
<td>July 25, 2006</td>
<td>Lincoln</td>
<td>CDBG Workshop—Local Governments</td>
</tr>
<tr>
<td>July 26-28, 2006</td>
<td>Lincoln</td>
<td>CDBG Administrator Full Certification</td>
</tr>
<tr>
<td>August 2-3, 2006</td>
<td>Lincoln</td>
<td>CDBG Environmental Workshop</td>
</tr>
<tr>
<td>October 18, 2006</td>
<td>Hastings</td>
<td>Prepare for a Monitoring Visit Workshop</td>
</tr>
<tr>
<td>October 19, 2006</td>
<td>Hastings</td>
<td>Financial Management Workshop</td>
</tr>
<tr>
<td>October 25, 2006</td>
<td>Norfolk</td>
<td>Prepare for a Monitoring Visit Workshop</td>
</tr>
<tr>
<td>October 26, 2006</td>
<td>Norfolk</td>
<td>Financial Management Workshop</td>
</tr>
</tbody>
</table>

** Indicates Affordable Housing Program Workshop, not required for CDBG

Continuing Education for Recertification
## 2006 Categorical Distribution

Funding resources from CDBG, HOME, ESG, HSATF, and the NAHTF provide opportunities for creating decent, affordable housing and a suitable living environment, and expanding economic opportunity through economic self-sufficiency and quality jobs to Nebraska.

<table>
<thead>
<tr>
<th>Table 5</th>
<th>CDBG</th>
<th>CDBG Redistributed</th>
<th>NAHTF</th>
<th>HOME</th>
<th>ESG</th>
<th>HSATF</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Priority/Category</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Section Three: Housing</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affordable Housing Program</td>
<td>1,000,000</td>
<td></td>
<td>9,000,000</td>
<td>3,755,240</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• CHDO set-aside</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• FY06 ADDI</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Section Four: Community Development</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water Wastewater</td>
<td>1,740,193</td>
<td></td>
<td>3,154,099</td>
<td></td>
<td>79,635</td>
<td></td>
</tr>
<tr>
<td>Public Works</td>
<td>435,048</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Planning</td>
<td>0 - 326,286</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tourism Development</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comprehensive Revitalization</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,388,294</td>
<td></td>
</tr>
<tr>
<td><strong>Section Five: Economic Development</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economic Development</td>
<td>5,220,578 - 5,546,864</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Section Six: Homeless Services</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Homeless Shelter and Services</td>
<td>585,067</td>
<td></td>
<td>1,550,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Distribution</strong></td>
<td><strong>$11,876,204</strong></td>
<td><strong>$1,388,294</strong></td>
<td><strong>$9,000,000</strong></td>
<td><strong>$4,589,524</strong></td>
<td><strong>$585,067</strong></td>
<td><strong>$1,550,000</strong></td>
</tr>
</tbody>
</table>
Section Eight: CERTIFICATIONS
Certification of Consistency Required for Grantees

HUD requires applicants of the funding sources listed below to obtain a Certification of Consistency from the lowest level of government that has an approved Consolidated Plan. Omaha and Lincoln create their own Consolidated Plans, so any applications from these communities must be consistent with the respective local Plans. All other applicants in the state must obtain the required certification from the Nebraska Department of Economic Development. An application is considered consistent with the State's Consolidated Plan if the activities in the application were given priority in the Five-Year Plan, and if the location of the project is consistent with the geographic areas identified in the Plan.

Funding Sources Requiring a Certification of Consistency:

1. HOPE 1: Public Housing Home Ownership Program (24 CFR subtitle A, appendix A);
2. HOPE 2: Homeownership of Multifamily Units Program (24 CFR subtitle A, appendix);
3. HOPE 3: Homeownership of Single Family Homes Program (24 CFR part 572);
4. Low-income Housing Preservation Program, when administered by a State agency (24 CFR part 248.177);
5. Supportive Housing for the Elderly (Section 202) Program (24 CFR part 889);
6. Supportive Housing for Persons with Disabilities (Section 811) Program (24 CFR part 890);
7. Supportive Housing Program (24 CFR part 583);
8. Single Room Occupancy Housing (SRO) Program (24 CFR part 882, subpart H);
9. Shelter Plus Care Program (24 CFR part 582);
10. CDBG Program--Small Cities and Insular Areas (24 CFR, part 570, subparts E and F);
11. HOME Program reallocations;
12. Revitalization of Severely Distressed Public Housing (Section 24 of the United States Housing Act of 1937);
13. HOPE for Youth: Youthbuild (24 CFR 585);
14. John Heinz Neighborhood Development Program (24 CFR part 594);
15. Lead-Based Paint Hazard Reduction Program (24 CFR part 35);
16. Grants for Regulatory Barrier Removal Strategies and Implementation (section 1204, Housing and Community Development Act of 1992);
17. Competitive grants under the Housing Opportunities for Persons with AIDS (HOPWA) Program (part 574).

Certifications may be obtained by contacting a Housing and Community Development staff member at one of the numbers listed inside the front cover.

Residential Antidisplacement and Relocation Assistance Plan:

No local government grantee will receive CDBG and/or HOME funds without the grantee's certification to minimize displacement and to adopt, make public, and follow an antidisplacement and relocation assistance plan as required under the amended 1974 Housing and Community Development Act, section 104(d), which says that:

1. All occupied and vacant occupiable low- to moderate-income dwelling units demolished or converted to another use as a direct result of an activity assisted with CDBG and/or HOME funds shall be replaced with low- to moderate-income dwelling units; and,
2. Any displaced person (defined to include a family, individual, business, nonprofit organization or farm) that is permanently and involuntarily displaced as a direct result of an activity assisted with CDBG and/or HOME funds shall be provided relocation assistance in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, or with 24 CFR 570.496a(c).

Nebraska Annual Action Plan 2006
Section 8 – 2
Public Access to CDBG and HOME Records:

All records relating to the community development category of Nebraska's CDBG and HOME Program are available for public review. Conforming to section 84-712.05 of the Revised Statutes of Nebraska, records relating to the economic development category which involves "trade secrets, scientific research, proprietary or commercial information" which would give an advantage to business competitors and serves no public purpose are not available for public review. All records, except as noted above, are available for public review during normal business hours at DED, 4th floor, State Office Building, 301 Centennial Mall South, Lincoln, NE 68509-4666. Those wishing to examine CDBG records should contact the Community and Rural Development Division at (800) 426-6505 or (402) 471-3119.

Individuals requiring sensory or physical accommodations, including interpreter services, Braille, large print or recorded materials, to review documents please contact the Department at (800) 426-6505 or (402) 471-3441 (TDD).
Guidelines for Resale or Recapture of HOME-Funded Project:

DED structures these guidelines based on its program design and market conditions. Recaptured HOME funds will be used to carry out HOME-eligible activities. The following methods of recapture will be used. DED reserves the right to choose the method of recapture based on the facts and circumstances of each individual project.

1. Recapture the entire amount of the HOME investment, except that the HOME investment amount may be reduced prorata based on the time the homeowner has owned and occupied the unit measured against the required affordability period.

2. If the new proceeds (i.e., the sales price minus loan repayment, other than HOME funds, and closing costs) are not sufficient to recapture the full [or a reduced amount as provided for in the above paragraph (item #1)] HOME investment plus enable the homeowner to recover the amount of the homeowner’s downpayment and any capital improvement investment, the participating jurisdiction’s recapture provisions may share the net proceeds. The new proceeds may be divided proportionally as set forth in the following mathematical formulas:

\[
\frac{\text{HOME Investment}}{\text{HOME investment + homeowner investment}} \times \text{Net proceeds} = \text{HOME amount to be recaptured}
\]

\[
\frac{\text{Homeowner Investment}}{\text{HOME investment + homeowner investment}} \times \text{Net proceeds} = \text{amount to homeowner}
\]
State Certifications

In accordance with the applicable statutes and the regulations governing the consolidated plan regulations, the State certifies that:

**Affirmatively Further Fair Housing** - The State will affirmatively further fair housing, which means it will conduct an analysis of impediments to fair housing choice within the state, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting that analysis and actions in this regard.

**Anti-displacement and Relocation Plan** - It will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, and implementing regulations at 49 CFR 24; and it has in effect and is following a residential antidisplacement and relocation assistance plan required under Section 104(d) of the Housing and Community Development Act of 1974, as amended, in connection with any activity assisted with funding under the CDBG or HOME programs.

**Drug-Free Workplace** - It will or will continue to provide a drug-free workplace by:

I. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;

II. Establishing an ongoing drug-free awareness program to inform employees about:
   A. The dangers of drug abuse in the workplace;
   B. The grantee's policy of maintaining a drug-free workplace;
   C. Any available drug counseling, rehabilitation, and employee assistance programs; and
   D. The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;

III. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by Paragraph 1;

IV. Notifying the employee in the statement required by Paragraph 1 that, as a condition of employment under the grant, the employee will:
   A. Abide by the terms of the statement; and
   B. Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;

V. Notifying the agency in writing, within ten calendar days after receiving notice under Subparagraph 4(b) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;

VI. Taking one of the following actions, within 30 calendar days of receiving notice under Subparagraph 4(b), with respect to any employee whom is convicted:
   A. Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended;
   B. Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;

 VII. Making a good faith effort to continue to maintain a drug-free workplace through implementation of Paragraphs 1, 2, 3, 4, 5, and 6.

Nebraska Annual Action Plan 2006
Section 8 – 5
Anti-Lobbying - To the best of the State's knowledge and belief:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or any employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;

2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions; and

3. It will require that the language of Paragraphs 1 and 2 of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

Authority of State - The submission of the consolidated plan is authorized under State law and the State possesses the legal authority to carry out the programs under the consolidated plan for which it is seeking funding, in accordance with applicable HUD regulations.

Consistency with Plan - The housing activities to be undertaken with CDBG, HOME, ESG funds are consistent with the strategic plan.

Section 3 - It will comply with Section 3 of the Housing and Urban Development Act of 1968, and implementing regulations at 24 CFR Part 135.

______________________________   ____________________
Signature/Authorized Official     Date

Director, Nebraska Department of Economic Development
Title
Specific CDBG Certifications

The State certifies that:

Citizen Participation - It is in full compliance and following a detailed citizen participation plan that satisfies the requirements of 24 CFR §91.115 and each unit of general local government that receives assistance from the State is or will be following a detailed citizen participation plan that satisfies the requirements of 24 CFR §570.486.

Consultation with Local Governments - It has or will comply with the following:
1. It has consulted with affected units of local government in the nonentitlement area of the State in determining the method of distribution of funding;
2. It engages in or will engage in planning for community development activities;
3. It provides or will provide technical assistance to units of local government in connection with community development programs; and
4. It will not refuse to distribute funds to any unit of general local government on the basis of the particular eligible activity selected by the unit of general local government to meet its community development needs, except that a State is not prevented from establishing priorities in distributing funding on the basis of the activities selected.

Local Needs Identification - It will require each unit of general local government to be funded to identify its community development and housing needs, including the needs of low-income and moderate-income families, and the activities to be undertaken to meet these needs.

Community Development Plan - Its consolidated housing and community development plan identifies community development and housing needs and specifies both short-term and long-term community development objectives that have been developed in accordance with the primary objectives of Title I of the Housing and Community Development Act of 1974, as amended. (See 24 CFR 570.2 and 24 CFR part 570)

Use of Funds - It has complied with the following criteria:
1. Maximum Feasible Priority. With respect to activities expected to be assisted with CDBG funds, it certifies that it has developed its Action Plan so as to give maximum feasible priority to activities that benefit low and moderate-income families or aid in the prevention or elimination of slums or blight. The Action Plan may also include activities which the grantee certifies are designed to meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community, and other financial resources are not available;
2. Overall Benefit. The aggregate use of CDBG funds including Section 108 guaranteed loans during program years 2004, 2005 and 2006 shall principally benefit persons of low and moderate income in a manner that ensures that at least 70 % of the amount is expended for activities that benefit such persons during the designated period;
3. Special Assessments. The state will require units of general local government that receive CDBG funds to certify the following:

It will not attempt to recover any capital costs of public improvements assisted with CDBG funds including Section 108 loan guaranteed funds by assessing any amount against properties owned and occupied by persons of low and moderate income, including any fee charged or assessment made as a condition of obtaining access to such public improvements.

However, if CDBG funds are used to pay the proportion of a fee or assessment that relates to the capital costs of public improvements (assisted in part with CDBG funds) financed from other revenue sources, an assessment or charge may be made against the
property with respect to the public improvements financed by a source other than CDBG funds.

It will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108, unless CDBG funds are used to pay the proportion of fee or assessment attributable to the capital costs of public improvements financed from other revenue sources. In this case, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. Also, in the case of properties owned and occupied by moderate-income (not low-income) families, an assessment or charge may be made against the property for public improvements financed by a source other than CDBG funds if the jurisdiction certifies that it lacks CDBG funds to cover the assessment.

**Excessive Force** - It will require units of general local government that receive CDBG funds to certify that they have adopted and are enforcing:

1. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and
2. A policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location which is the subject of such non-violent civil rights demonstrations within its jurisdiction.

**Compliance with Anti-discrimination Laws** - The grant will be conducted and administered in conformity with the Title VI of the Civil Rights Act of 1964 (42 USC 2000d), the Fair Housing Act (42 USC 3601-3619), and implementing regulations.

**Compliance with Laws** - It will comply with applicable laws.

______________________________   ____________________
Signature/Authorized Official     Date

**Director, Nebraska Department of Economic Development**

Title
Specific HOME Certifications

The State certifies that:

**Tenant-Based Rental Assistance** - If it intends to provide tenant-based rental assistance:
The use of HOME funds for tenant-based rental assistance is an essential element of the State’s consolidated plan.

**Eligible Activities and Costs** - It is using and will use HOME funds for eligible activities and costs, as described in 24 CFR §92.205 through §92.209 and that it is not using and will not use HOME funds for prohibited activities, as described in §92.214.

**Appropriate Financial Assistance** - Before committing any funds to a project, the State or its recipients will evaluate the project in accordance with the guidelines that it adopts for this purpose and will not invest any more HOME funds in combination with other Federal assistance than is necessary to provide affordable housing.

______________________________   ____________________
Signature/Authorized Official     Date

Director, Nebraska Department of Economic Development
Title
Appendix to Certifications

Instructions concerning lobbying and drug-free workplace requirements:

1. **Lobbying Certification**
   This certification is a material presentation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

2. **Drug-Free Workplace Certification**
   a) By signing and/or submitting this application or grant agreement, the grantee is providing the certification;
   b) The certification is a material representation of fact upon which reliance is placed when the agency awards the grant. If it is later determined that the grantee knowingly rendered a false certification, or otherwise violates the requirements of the Drug-Free Workplace Act, HUD, in addition to any other remedies available to the Federal Government, may take action authorized under the Drug-Free Workplace Act;
   c) For grantees other than individuals, Alternate I applies. (This is the information to which jurisdictions certify);
   d) For grantees that are individuals, Alternate II applies. (Not applicable jurisdictions);
   e) Workplaces under grants, for grantees other than individuals, need not be identified on the certification. If known, they may be identified in the grant application. If the grantee does not identify the workplace(s) at the time of application, or upon award, if there is no application, the grantee must keep the identity of the workplace(s) on file in its office and make the information available for Federal inspection. Failure to identify all known workplaces constitutes a violation of the grantee’s drug-free workplace requirements;
   f) Workplace identifications must include the actual address of buildings (or parts of buildings) or other sites where work under the grant takes place. Categorical descriptions may be used (e.g., all vehicles of a mass transit authority or State highway department while in operation, State employees in each local unemployment office, performers in concert halls or radio stations);
   g) If the workplace identified to the agency changes during the performance of the grant, the grantee shall inform the agency of the change(s), if it previously identified the workplaces in question (see Paragraph 5);
   h) Below are the sites for the performance of work done in connection with the specific grant:

   **Place of Performance:**
   Department of Economic Development  Department of Economic Development
   301 Centennial Mall South   West Regional Field Office
   P.O. Box 94666   4500 Avenue I, Suite 147
   Lincoln, NE 68509-4666   Scottsbluff, NE 69363-1500
   
   Department of Economic Development  Department of Economic Development
   Southwest Regional Field Office   North Central Regional Field Office
   808 Ord Avenue   PO Box 272
   PO Box 407   Spencer, NE 68777
   Curtis, NE 69025

Nebraska Annual Action Plan 2006
Section 8 – 10
Check with the Department of Economic Development, PO Box 94666, Lincoln, NE 68509-4666 Personnel Office if there are workplaces on file that are not identified here; The certification with regard to the drug-free workplace required by 24 CFR Part 24, Subpart F; and Definition of terms in the Non-procurement Suspension and Debarment common rule and Drug-Free Workplace common rule apply to this certification. Grantees’ attention is called, in particular, to the following definitions from these rules:

"Controlled substance" means a controlled substance in Scheduled I through V of the Controlled Substances Act (21 U.S.C. 812) and as further defined by regulation (21 CFR 1308.11 through 1308.15);

"Conviction" means a finding of guilt (including a plea of nolo contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes;

"Criminal drug statute" means a Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, use, or possession of any controlled substance;

"Employee" means the employee of a grantee directly engaged in the performance of work under a grant, including: (I) all "direct charge" employees; (ii) all "indirect charge" employees unless their impact or involvement is insignificant to the performance of the grant; and (iii) temporary personnel and consultants who are directly engaged in the performance of work under the grant and who are on the grantee’s payroll. This definition does not include workers not on the payroll of the grantee (e.g., volunteers, even if used to meet a matching requirement; consultants or independent contractors not on the grantee’s payroll; or employees of subrecipients or subcontractors in covered workplaces).