

2008 NCSHA Annual Awards for Program Excellence

Category: Rental Housing: Encouraging New Production
HFA: Nebraska Investment Finance Authority (NIFA)
Program: Housing Study Grant Program

NIFA's Housing Study Grant Program: What Do We Have, What Do We Need, and How Do We Get There?

Introduction

Affordable rental developments always start as a vision; an answer to a need whether it be perceived or real. Successful projects start as an appropriate reaction to a real need for affordable rental units. Great projects start as a vision of a development that will not only meet a need for rental units, but provide affordable, appropriate and attractive housing that will improve the lives of the tenants and the surrounding community. The trick is, knowing when you have a real need to implement your vision and when it is just perceived. NIFA's Housing Study Grant Program provides **funding**, leveraged by a local community's **match**, to facilitate **participation** in identifying the area's rental development needs.

Nebraska is a state with stark contrasts in housing needs. With a rapidly growing population base concentrated in a few urban communities, and a struggling rural population, it can be quite difficult to gauge the type and quantity of housing needed in a particular community. NIFA saw the immediate need to enumerate the current state of and future demand for housing on a local geographic level before investing state dollars and federal tax credits for rental housing in the area. The Housing Study Grant Program was developed to catalog housing conditions and needs to foster and encourage development plans that guide local leaders in the search of the right balance and priorities of housing type and quantity while maximizing the efficient distribution of resources.

The Need

Much of the past half-century saw changes in the economy drain both the inner-city and small towns of investment dollars. More recently, jobs and lifestyle choices are drawing people back to communities and sub-communities that in some cases have seen little to no housing development since before World War II. Years of disregard have left these localities wondering where to go next.

In early 2005, NIFA was approached by a local community development group that wanted to initiate the redevelopment of a deteriorated inner urban neighborhood. In order to attract both public and private investments in the area, the group saw the need to perform a housing study to record current conditions and design future development options. At the same time, representatives of rural communities were looking for ways to attract much needed affordable rental housing to their areas. The types of rental housing each was looking to develop were quite different (historic rehab and/or multifamily vs. detached single family and/or elderly), but the first step both needed to take was the same. A comprehensive housing study would define the current conditions and the potential capacity to guide local leaders as well as outside investors. A study would also act as a citable fact source that could be used to leverage funds from resource providers.

The Program

The Housing Study Grant Program is used to stimulate ideas for comprehensive development plans encompassing housing, community and economic development opportunities in Nebraska. Eligible applicants include any housing or economic development entity, profit or non-profit, without direct access to property tax revenue streams. This caveat is included so the program does not compete with Nebraska's Department of Economic Development Community Development Block Grant for planning activities which are available for municipalities.

The study area must be for a specific geographic area, and may include a neighborhood, region or county. Eligible projects may be a new study or a continuation of a previously-funded study. The study must include the following:

- 1) The housing needs of the selected area must be evaluated and future potential projects must be identified. A portion of the final study recommendations should be eligible for NIFA financing.
- 2) A public planning process that encourages citizens to actively participate in shaping the future of their community.
- 3) Coordination with and participation of the local municipality and other stakeholders in the community must be evident.
- 4) The study must include recommendations for, at a minimum, one of the following: future land use planning, community facilities, transportation needs, and or employment opportunities.
- 5) The study should also include a workable timeline for the implementation of the proposed recommendations.

Each application is reviewed and evaluated using the following general criteria:

- Project location must be within boundaries of incorporated town or village and be consistent with and contained within an area's planning and zoning regulations.
- Demographics, housing stock quality, project size, and community design characteristics must be elements considered in the study.
- Project must have support, and preferably partial funding, from the local governing jurisdiction.
- The application must include a detailed timeline for the completion of the study.
- The application must include a detailed budget. All professional services to be obtained in the conduct of the study must be identified (or the selection process to be used).

As part of the application process, NIFA also requires independent letters of support from the governing jurisdiction and community organizations, the applicant's most recent annual financial report, a detailed description of the applicant's track record in community or housing development, and a resume of any third party service providers participating in the study. All supporting documentation is used to ensure that the study will be carried out effectively, supported locally, and incorporated into overall community plans.

Each year NIFA budgets \$150,000 for the Housing Study Grant Program. The maximum grant award is \$60,000 per project and there is no minimum. The applicant is required to provide written evidence of the minimum 50% cash match required for the total project cost, and the studies are expected to be completed within an 18-month period following notice of the award. Generally, the first round of funding is in the middle of the calendar year. Subsequent funding rounds may follow depending on the availability of funds after Round 1 studies are granted.

The attached Evaluation Criteria Score Sheet lists the requirements upon which the applications are scored.

Success

Since the inception of the Housing Study Grant Program in 2005, NIFA has funded **20 individual studies** awarding **\$348,415** and leveraging matching funds of **\$773,920** for a total of more than **\$1.1 million** invested for new housing studies. The largest award hit the \$60,000 dollar maximum limit, while the smallest was \$3,000, with an average of \$17,670, and a median of \$9,000. While there have been several large-scale urban redevelopment studies supported by large philanthropic organizations, NIFA has observed an even greater number of non-profits from rural communities utilizing this Program to gather information for small-town community development.

In 2008, three of the six LIHTC reservations made in the First Round of LIHTC Funding were to developments located in communities that had utilized the Housing Study Grant Program. The overall impact of these investments in small towns, the largest of which is just over 10,000 residents, is substantial. When they are complete, these projects will create **49 affordable rental units** in **5 rural communities** across Nebraska. They will utilize **\$659,617** in annual tax credits and the total development costs will be more than **\$8,000,000**. NIFA's Housing Study Grant Program is a mutually beneficial relationship that leverages NIFA program dollars with a commitment from local governing bodies and community organizations to create a base from which community and affordable rental housing development can flourish.