

City of Scottsbluff, Nebraska

Monday, June 20, 2016

Regular Meeting

Item Reports3


Council to receive information regarding a revision to LB840 and discussion regarding an amendment to the Economic Development Plan.

Staff Contact: Nathan Johnson, City Manager



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TO: Nathan Johnson
City Manager

FROM: Rick L. Ediger 
Deputy City Attorney

DATE: June 13, 2016

RE: Economic Development (LB840) Legislative Changes

The Nebraska Municipal Economic Development Act was revised in the 2016 Legislative Session to allow for more flexibility for grants and loans for businesses involved in the construction of housing. Although this change won't be effective until July 21, we wanted you to be to present this to the City Council before that date if there is interest.

For cities of the first and second class and villages, an economic development program may now include grants or loans for the construction or rehabilitation for sale or lease of housing as part of a Workforce Housing Plan". "Workforce Housing Plan" means a program to construct or rehabilitate single family housing or market rate multi-family housing which is designed to address a housing shortage that impairs the ability of a city to attract new businesses or the ability of existing businesses to recruit new employees.

In order for the making of grants or loans for the construction or rehabilitation for sale or lease of housing as part of a Workforce Housing Plan, the following would need to be included in an amendment to the City's Economic Development Plan:

- (1) An assessment of current housing stock in the city, including both single-family and market rate multi-family housing;
- (2) Whether the plan will also include housing for persons of low or moderate income under the existing authority provided for in LB840;

- (3) Other factors relevant in assessing the conditions faced by existing businesses in recruiting new employees; and
- (4) Other factors particularly relevant in assessing the conditions faced by persons seeking new or rehabilitated housing in the City.

The fact that the City is participating in WNED's housing survey should provide the assessment required by item (1) above. Currently, LB840 allows for housing for persons of low or moderate income, but the City did not include this in the current Economic Development Plan - primarily because of all the potential requirements and staffing needed to set up this type of program. Given the fact that the Workforce Housing Plan concept is broad enough to cover all types of housing, then I am not sure that there is a reason to include a specific reference to low or moderate housing. The City would determine the factors referred to in (3) and (4) and this would be a matter of citing general information as to the general housing shortage in Scottsbluff when it comes to recruiting new business.

Generally, any changes to the City's Economic Development Program require a public hearing, approval of 2/3 of the members of the City Council, and a new vote of the registered voters of the City. However, the 2016 legislation provided that a new vote of the registered voters of the City is not required for an amendment adding or removing a type of Qualifying Business. The amendment must, however, first be recommended by the Citizen's Advisory Review Committee. As a result, the City can make a change to allow for a Qualifying Business to be someone engaged in the construction or rehabilitation of housing without a new vote of the registered voters.

Our suggestion is that the City Council first look at this issue and provide advice as to whether the Council is interested in adding a Workforce Housing Plan to the City's Economic Development Program. If so, the matter would then be referred to the Citizen's Advisory Review Committee and that Committee would propose the actual amendment language and make a recommendation to the Council. The matter would then go to the City Council for action. The Council would also have input in the language in the amendment and could make changes if it desired to do so. If the amendment is approved, then it would be up to the Application Review Committee to develop the program and eligibility standards.

There is no change in the fact that grants and/or loans must be made to a Qualifying Business. However, the new legislation effectively adds housing contractors to the list of businesses that can be considered as Qualifying Businesses. Although the grants would have to be to the contractor, restrictions could be imposed such as passing on all or a portion of the grant to the buyer of the house. In addition grants could be used for housing infrastructure (streets, water and sewer) as currently permitted for Qualifying Businesses - as long as the infrastructure is primarily related to the housing development (new or rehabilitated).