Recommended Investment of American Recovery Plan Act Funds for HOUSING

Introduction

The Nonprofit Association of the Midlands partnered with Nebraska Children and Families Foundation, OpenSky Policy Institute, Nebraska Association of Behavioral Health Organizations, and Coalition for a Strong Nebraska to understand how we might meaningfully impact our community with American Rescue Plan Act funds. More than 300 nonprofit representatives, community leaders, and elected officials attended at least one of three roundtable discussions to co-create recommendations based on their working knowledge and expertise in five areas: Early Childhood, Food, Health, Housing, and Workforce. The following recommendations address Housing.

Recommendations

1. **Invest in homelessness prevention** by expanding existing rental assistance programs; eliminating information, language, and eligibility barriers hindering access to financial assistance; and providing renters legal representation in eviction court (**$40 million**).

2. **Increase access and availability of safe, affordable housing** by extending financial assistance to homeowners and first-time homebuyers, enforcing housing safety standards, and increasing funding and incentives for the maintenance, preservation, and development of affordable housing that meet a broad range of needs across the state (**$130 million**).

Background and Strategies

Invest in Homelessness Prevention

Housing stability is vital to the economic stabilization of households. Nationally, it costs taxpayers $38k per year to provide emergency and health services for an individual experiencing homelessness compared with $13k per year to provide supportive housing.¹ Housing insecurity also impacts the health and education of children, perpetuating a cycle of disadvantage. Strategies to prevent homelessness is an investment in the future with far reaching effects in the community.

Increase funding and capacity of nonprofit organizations addressing housing stability (**$33 million**)

Economic hardship, experienced disproportionately by certain populations, has jeopardized the ability for individuals and families to maintain their current rent or mortgage payments. In 2018, eviction judgements exceeded 6,500,² dropping to 3,600 in 2020 and 1,900 in 2021 due to state and federal moratoriums on evictions for the non-payment of rent. Low-income households paying a significant portion of their income on housing are particularly vulnerable to evictions and foreclosure risk in the face of lost income. In Omaha, 40% of households east of 72nd Street pay more than 30% of their income on rent or mortgage payments.³

Financial support is needed to provide housing assistance that extends beyond what is covered by Emergency Rental Assistance. Furthermore, existing agencies that provide crisis intervention and homelessness prevention services need financial resources to increase staff and administrative support to quickly respond to the number of households accessing the help they need to remain stably housed.⁴

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² Nebraska State Supreme Court eviction data
³ Housing Strategy Brief
⁴ NAM COVID Pulse Poll Results: [https://www.nonprofitam.org/page/covid](https://www.nonprofitam.org/page/covid)
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Eliminate barriers that prevent access to available assistance ($1 million)
Administrative challenges that stand in the way of accessing housing-related financial assistance include technical barriers experienced by applicants, staffing support for agencies that are processing applications, availability of translation services, and the overall accessibility and efficacy of the application and distribution of funds. Restrictions that exclude people from housing assistance must also be addressed, including eligibility related to area median income, citizenship, and source of income by applying updated Department of the Treasury guidance to minimize obstacles for assistance.

Increase the capacity of nonprofit organizations focused on eviction diversion ($6 million)
Providing legal counsel for every tenant facing eviction is a cost-effective strategy for mitigating homelessness that also creates an opportunity to connect these individuals to additional needed services. Organizations focused on eviction diversion need additional staff and administrative support to protect renters who are at immediate risk of losing their homes from unfair housing practices. Where there are fewer eviction cases, e.g., out-state county courts with urban areas, funding to support mediation services for landlords and tenants is also recommended to mitigate eviction hearings. Concurrently, educational outreach and prevention campaigns that target renters, landlords, and property owners are needed to heighten awareness about tenant rights and available legal/financial assistance.

Increase Access and Availability of Affordable Housing
There are several challenges impacting housing affordability in our state that have been exacerbated by the pandemic. The current demand for affordable housing far exceeds the available inventory and projected development. Communities and neighborhoods experiencing rapid home price and rent increases are putting long-time residents at risk of displacement while investors are purchasing and upgrading smaller homes, further reducing the inventory of entry-level homes for first-time homebuyers. In addition to making homeownership more accessible through down payment and closing cost assistance, strategies to preserve, rehabilitate, and develop affordable housing are necessary to address housing stability in Nebraska.

Supplement assistance programs to include mortgage and down payment assistance ($20 million)
Increasing existing funds, such as Family Housing Advisory Services, Omaha 100, and Nebraska Housing Developers Association First Down program, and providing financial support to expand staffing and administration will address an identified gap in housing support experienced by homeowners and first-time home buyers with low-to-moderate incomes. According to Omaha 100’s program director, an estimated 200 individuals requested mortgage assistance since March of 2020.

Increase resources and incentives to maintain and develop affordable housing ($90 million)
Rehabilitation funds are needed to preserve and improve existing affordable housing that is either run down or at risk of conversion. This will enable property owners and landlords to keep homes up to code for the safety and well-being of its tenants. Using resources to establish enforcement will ensure that affordable housing options are safe and properly maintained. Currently, there are minimal federal funds for this purpose, which has resulted in hazardous, substandard housing options for people with the greatest needs in our community.

5 Lancaster County Tenant Assistance Project has directed $2.8 million in ERA funds to landlords since April 2020; Douglas County Tenant Assistance Project, which works with MACCH in Omaha and COPE in Douglas County, has started this work since August of 2021.
6 In Omaha, there are 98,500 households that qualify for affordable housing but there are less than 20,000 of such units (source: Housing Strategy Brief).
7 By 2030, Lincoln will need nearly 5,000 rental units affordable to the lowest income households (source: Lincoln Affordable Housing Coordinated Action Plan: https://www.lincoln.ne.gov/City/Departments/Urban-Development).
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Increasing financial incentives through existing and newly created trust funds, such as the Nebraska Affordable Housing Trust Fund, the Rural Workforce Housing Fund, Urban Workforce Housing Fund, and the Middle-Income Workforce Housing Investment Fund, are needed to promote investments in mixed-income rental housing and neighborhood revitalization projects. In some cases, gap financing is needed to overcome the impact of COVID that has halted construction. Planning and zoning restrictions that have hampered growth in the past need to be revisited such that opportunities might be created for affordable housing development to match the needs of the community rather than zoning by categories of uses.

Increase resources and incentives to develop transitional/permanent supportive housing ($20 million)

Permanent supportive housing; transitional housing; accessible housing for people with disabilities; housing for individuals experiencing homelessness or domestic violence; housing for formerly incarcerated individuals, larger families, seniors aging in place, refugees/evacuees, and youth who have aged out of foster care are needed in communities across the state. The high cost of rentals and shortage of supportive housing, amid the pandemic, has forced agencies to rely on a costly alternative—temporarily housing in area hotels, which is neither ideal nor sustainable.

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8 The rising cost of building materials has halted at least one capital project intended for people with disabilities, which is unable to be completed.
9 Reports filed under the Municipal Density and Missing Middle Housing Act: https://www.nebraskalegislature.gov/reports/urban.php
10 An annual report of the availability, types, and utilization of incentives is available to all members of the Nebraska Legislature as part of LB866.
11 As part of LB866, the need for affordable housing as well as the type of housing needed is included in the annual report on the state of affordable housing and available to all members of the Nebraska Legislature.
12 During the first nine months of 2021, the community response system and its partners spent more than $15,000 on hotel stays (source: Columbus Area United Way). In Omaha, one organization alone spent more than $78,000 housing young people in hotels between May and October of 2020 (source: Nebraska Children-Project Everlast).