

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee March 21, 2023
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McKINNEY: [INAUDIBLE]. Welcome to your Urban Affairs Committee. Today is March 21, 2023. I am Senator Terrell McKinney, Chair of the Urban Affairs Committee. I also represent District 11 in the Legislature, which is in north Omaha. Before we start, I ask each committee member to, to introduce themselves, starting at my right.

HARDIN: Senator Brian Hardin, District 48, Banner, Kimball, Scotts Bluff Counties.

LOWE: John Lowe, District 37, Kearney, Gibbon and Shelton.

BLOOD: Senator Carol Blood, District 3, western Bellevue and eastern Papillion, Nebraska.

McKINNEY: The committee legal counsel to my right is Elsa Knight and the committee clerk to my left is Raquel Dean. Today and before our hearings, the agenda will be posted outside the hearing room. The senator introducing the bill will, will present first. Senators who serve on the committee are encouraged to ask questions for clarification. That said, the presenter and those testifying are not allowed to directly ask questions to senators serving on this committee. For purposes of accuracy to the record, we ask each prisoner to state its name, spell it, and state who you represent, if not yourself. If you're planning to testify today, please fill out the testifier sheets that are on the table in the back of the room. Be sure to clearly, clearly-- and fill out each, each completely. When it's your turn to testify, give the testifier sheet to either the page or the committee clerk. If you do not wish to testify but would like to indicate, indicate your position on a bill, please complete the sign-in sheets on the back table. In your Urban Affairs Committee, we use the light system to promote maximum engagement for those wishing to express their positions on proposed legislation before us. The light system will generally be 5 minutes with the green light. With the-- with one minute left, you'll get a yellow light and with-- and a red light, which will actually conclude. We will recognize proponents, opponents and neutral testifiers. We also acknowledge-- proceed from all concerned parties. Should you have any handouts you wish to share, please share 10 copies or ask the clerk to make copies. The clerk will then distribute any handouts to all committee senators. Following all proponent, opponent and neutral testimony, the bill's presenters-- the opportunity to close with final remarks. As a committee, we will work diligently to give fair and full hearing and we will make every effort to accommodate any special, special requests for assistance. At this

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hearing, we ask you to be respectful of the process and to one another. And lastly, if you have a cell phone, please put it on silent or turn it off. Thank you. And with that, Senator Raybould, you're, you're welcome to come introduce LB481.

RAYBOULD: Thank you.

McKINNEY: Oh, before you start-- and our, our page for today is Sophia. She's a student at UNL. Sorry.

RAYBOULD: Terrific. Good afternoon. Good afternoon, Chairman McKinney. We're here to talk about affordable housing. I love to talk about affordable housing. And I know it's in the Urban Affairs Committee, but we need to talk about rural workforce housing and middle workforce housing. And I. I love the fact that the Nebraska Chamber of Commerce has made it their top three priorities, which [RECORDER MALFUNCTION] shortage, affordable housing and healthcare. And these are pressing issues that, that the state needs to pay a lot of attention to. So I'm here. My name is Jane Raybould, and I'm a senator from Legislative District 28. And my name is J-a-n-e, and the last name is Raybould, R-a-y-b-o-u-l-d, representing LD28, which is in Lincoln. And I'm here to introduce LB481, which would create the Housing Incentive District Act. The purpose of the Housing Incentive District Act is to encourage the development and renovation of housing in Nebraska by authorizing cities and counties to assist fully in the financing of public improvements that will support housing in areas that experience a shortage of, shortage of housing. And how does affordable housing work? We have a lot of amazing experts behind me who have done affordable housing throughout the state of Nebraska. And it's a little bit complicated. You have to work with different buckets of funding from the federal, from the state, from the local authority. And what are-- whatever economic development you have access to, you have to use them if you want to provide affordable housing. And I appreciate that this committee is well-informed about the housing crisis our state is facing. Among our most significant housing challenges are, that, for the 58 percent of Nebraska households that earn \$75,000 or less, housing is often unaffordable. Forty-four percent of households that rent or own their homes pay more than 30 percent of their income on housing. This leaves them with little less for, this leaves them with less for the necessities, such as transportation to work, child care, healthcare and food. Additionally, there are inadequate safe and diverse housing options across Nebraska, which contributes to a limited workforce for employers and less vibrant communities or communities. Sorry. Nebraska Strategic Housing Framework identified a

statewide shortage of 32,230 rental units for extremely low-income households and not enough low to middle income workforce housing. LB481 establishes another tool in that economic development toolbox to help our state address this housing crisis. As its name implies, the Housing Incentive District Act is intended as a way for municipalities and/or counties that can demonstrate a need for housing to entice developers to develop and build housing in the community. The bill includes extensive requirements that must be followed in order for such a district to be designated. I want to share as much of-- with you as I can without boring you. To illustrate that LB40-- LB481 goes a long way to ensure due diligence on the part of all stakeholders and that members of the public are informed along the way, beginning with the requirement that prior to designating a housing incentive district, the governing body of that city or county shall conduct a housing needs analysis to determine what-- if any housing needs exist within the proposed district. After conducting that analysis, the governing body must adopt a resolution containing a legal description of the proposed district, a map depicting the existing parcels of real estate in the proposed district and a statement containing the following findings: one, that there is a shortage of quality housing of various price ranges in the city or county, despite the best efforts of public and private housing developers; two, the shortage of quality housing can be expected to persist and additional financial incentives are necessary in order to encourage the private sector to construct or renovate housing in such city or county; three, that the shortage of quality housing is a substantial deterrent to the future economic growth and development of such city or county; and four, that the future economic well-being of the city or county depends on the governing body providing additional incentives, construction or renovation of quality housing in such city or county. Following the conclusion of that study, the resolution containing the findings shall be published, at least once, in a legal newspaper in or of general circulation in the city or county. Once the resolution is published, the governing body shall send a certified copy of the resolution to the Director of Economic Development, requesting that the director review the resolution and advise the governing body whether the director agrees with the findings. If there is agreement, the governing body may then proceed to establish the district as set forth in the Housing Incentive District Act. Upon approval by the director, the governing body shall adopt a plan for the development or redevelopment of housing and public facilities in the proposed district. The length of any individual project cannot exceed 15 years. Prior to the adoption of the plan and designation of the district, the

governing body shall hold a hearing inviting members of the public to review the plan and attend the public hearing. If it is determined within 30 days following the conclusion of the public hearing that the proposed district will have an adverse effect on our city or county, the ordinance or resolution establishing the district shall be null and void. In Section 7, it states that any governing body that has established a district under the Housing Incentive District Act may purchase or otherwise acquire real property, but such property shall not be acquired through the exercise of eminent domain. Should any tenants be required to be relocated, relocated as a result of the acquisition of such property for any project in the district, relocation assistance payments shall be provided by the city or county in accordance with the Relocation Assistance Act. Property acquired by a city or county may be sold or leased to any developer in accordance with the plan for the District. Section 8 of the bill states that any city or county may issue special obligation bonds to finance the implementation of the plan adopted for the district of the governing body. Section 9 states that the use of the proceeds of the special obligation bonds issued under Section 8 of the Act or any uncommitted funds to implement specific projects identified within the Housing Incentive District Plan. Section 10 addresses the assessment of the real property located within a district for tax purposes in the same manner that such property would be assessed and taxed if located outside such district and allocation of those taxes. Section 11-- the clerk of the city or county to transmit a copy of the description of the land within the district, a copy of the ordinance or resolution adopting the plan and a map or plat indicating the boundaries of the district to the clerk, assessor and treasurer of the county in which the district is located and to the governing bodies of any taxing subdivisions that levy taxes upon any property in the district. The bill also directs the county assessor of any county in which a district is authorized to certify the amount of any increase in the assessed valuation of real property within the district to the County Clerk on or before July 1 of each year. Section 12 gives the Nebraska Investment Finance Authority, NIFA, authorization to develop a program of grants to cities or counties to carry out housing development activities in accordance with the Housing Incentive District Act and describes the granting process, requirement and adoption and promulgation of rules and regulations. Section 13 and 14 further establish the framework for the grant programs. In a nutshell, you know, I can tell you this, this is very similar to tax increment financing without going through the burdensome, you know, process of declaring this area blighted or substandard. You know, I have brought

amendments that strikes Section 15 and inserts better appropriation language, asking for \$2 million each fiscal year for purposes of contracting with NIFA, for administering and carrying out the grant programs. And NIFA is the appropriate agency for the repository of these funds, because they're already doing it for the state of Nebraska. It is important to note that determining whether or not to take advantage of the provisions established in LB481, is all local, local decision and local financing. Although LB481 has a provision for seed money from-- through NIFA, none is necessary to take advantage of the use of the bill. As this-- bill is intended to make the housing growth pay for itself and envisions facilitating concentric growth of municipalities in suburban style subdivisions at the risk of the contracting developers, which are incentivized to participate by the provisions of this bill. Thank you for your time and consideration of what could be a game-changing program to all our cities and counties. Address the critical housing shortages, so we can keep Nebraska a great place to work, play, raise a family, ride your bike. And I'll be happy to answer any questions you may have. I just want to say, like I said, there's so many buckets of funding for this, but as we know, to build any type of housing, it is increasingly costly because of material delays, material supply increases-- increases and of course, in rural areas, it is a real challenge to get all those factors together in a timely manner. So anything that we can do to make affordable housing a reality is something that we really should be focused on, because that's what our workforce needs. That attracts more workforce. And of course, I'd try to answer any of your questions, but I know the expert behind-- the experts behind me actually do affordable housing development, using low-income housing tax credit, community development block grant payment-- they know all the financing tools to make affordable housing happen.

McKINNEY: Thank you. Are there any questions from the committee?
Senator Blood.

BLOOD: Thank you, Chair. Thank you for bringing this forward. I just have a quick question for you. You know how many housing bills have been brought forward? A substantial amount. So would you say that the main difference between your bill and many other bills is the fact that it is similar to how TIF works? Would you say that's-- is that what sets it apart?

RAYBOULD: I would, I would say it's a simplification of tax increment financing, absolutely, without having the blight study performed. It really gives that local authority more say in the process and more

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stake in the process, as well, because they're the ones that can best know what areas are the most logical ones for redevelopment.

BLOOD: So, so for clarification, you're saying that's what sets it apart from the other bills?

RAYBOULD: Well, [INAUDIBLE]. To be honest, Senator Blood, there are so many bills on affordable housing.

BLOOD: There are a lot of bills on affordable housing.

RAYBOULD: The one thing I want to say about this bill, I know that this bill is certainly supported by the cities. The counties love it, too, although there's some constitutional-- constitutionality issues that we're trying to, to work through. We know that NIFA certainly supports this, because they have been doing this type of development and know how to make this work.

BLOOD: And, and that's, that's the issue, is that pretty much every bill that's come before us, in reference to affordable housing, has great support because it's such an important issue. So I was just trying to decide which bills serve Nebraskans the best or do we combine them or how we're going to do it. And I'm not [INAUDIBLE] not going to speak for the Chair, but that, that was-- I'm trying to figure out what sets each bill apart from the other bill.

RAYBOULD: And you know-- what I think I hear you saying is that there are so many really good bills and maybe we should have a consortium over the interim and, and figure out, OK, how can we really pool our resources and pool the best of all the affordable housing proposals that have hit the Legislature? And which are the most practical? Which are the short-term ones that we can execute on? What are the long-term ones that we can build on? You know, I-- you know, I-- since I'm a new senator, I don't know how that process works for the interim. But, you know, I would certainly love to volunteer, in some capacity, to be on an interim study. Because I feel that, as a Lincoln council person, we have been doing tax increment financing for multi-family housing, I understand very well that there is a real financing gap. Like, who's going to pay for the infrastructure? Who is going to pay for that roundabout? Who's going to pay for those-- sanitation and sewer? Who's going to pay for the stormwater drains? Who's going to pay for the retention and all the other necessary infrastructure? So, you know, it's, it's a, it's a problem that the state of Nebraska should put a lot of urgency to and we should be all willing to work together on, on

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tackling and assembling the best package out of all those housing bills. But I don't-- does that have to come out of Urban Affairs Committee or who, who, who throws the hat in the ring and makes it an interim study, then?

BLOOD: We can't answer questions.

RAYBOULD: Oh, that's right. Oh, sorry. I thought you'd help educate me.

McKINNEY: Are there any other questions? Senator Lowe.

LOWE: Thank you. Does the bill create winners and losers?

RAYBOULD: Winners and losers in, in, in what respect, Senator?

LOWE: If I don't have property inside the district, I don't get the benefits.

RAYBOULD: I guess-- I, I kind of don't see it that way.

LOWE: If, if, if, if, if, if a contractor, if a contractor owns the ground [INAUDIBLE], he definitely gets a winning proposition out of this, compared to another contractor that doesn't.

RAYBOULD: That, that is correct. But I think we all win, in terms if you have a project next door or development. You know how development, it's a catalyst for other development, it's synergy that happens. Economic development opportunities, they sort of feed on each other. And so it would be a benefit to you if, if the, the parcel next to you is developed. That would probably enhance the transportation opportunities and availability for local transportation to be headed your way, if it's a rural bus system or if it's an urban one. So I think when you have that growth, it exponentially benefits each other. So-- but I can see where you could say winners or losers, but I don't think, when it comes to creating more housing-- and it can be a mix of housing. We know new urbanism appreciates that mix of housing. That's how you get a community to thrive, when you have that subsidized affordable market rate and high-end housing in a wonderful mix and blend, so that people can aspire to I want to have a townhome; I'd like to have a single family dwelling. I mean, that creates new urbanism. And, you know, in my previous life, in Washington, D.C., with the District of Columbia Building Industry Association, I saw exactly how they could do this development. It creates-- it's like a wonderful contagion that spreads through the community of creating new

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housing and affordable housing and other market-rate housing. So I don't see it as a lose-lose, I see it as a win-win for that community.

LOWE: The bonds, do they have to go to a vote of the people before they're issued?

RAYBOULD: It depends on the type of, of bonds that there are. You know, for example, with a tax increment financing-- the city of Lincoln-- not need to go out for that with a vote of the people. It's already established in law. I can't speak for what happens out in rural communities to that matter. It just depends on the type of bond. But there-- obviously, you know, there are general obligation bonds that are created, that municipalities have the authority to do. But also, what this does is working with NIFA for different types of tax credits that they can provide and deferential financing that they can offer, as well.

LOWE: In the governing bodies, purchasing or, or taking possession of, of this property, what's the purpose of that for?

RAYBOULD: You know, I can tell you the, the city of Lincoln acquires property quite frequently, if it's, it's not for-- to annex it or for some type of infrastructure improvement. It's done with great frequency. And oftentimes, we surplus that property and it goes out to bids to developers. So it might facilitate the process in some cases for some developers, if the city makes that acquisition first and then, surplus it. And that requires developers to bid on it.

LOWE: So you're talking about condemning property, then?

RAYBOULD: I think the bill did talk about-- I don't know if it talked about condemning property. And, and it was clear in the bill that it would not be acquiring properties through the use of eminent domain. So.

LOWE: Thank you.

RAYBOULD: You bet.

McKINNEY: Thank you. Are there any other questions? I have a couple. Well, maybe just some concerns. I'm not necessarily opposed to the idea of a housing incentive district. I guess my concern is that we're leaving it up to the city and the counties where to place these housing incentive districts. And the concern in that, is that I don't completely trust the city of Omaha and Douglas County to actually

placed these house in the Senate districts where they should go, without some type of requirements, whether in a blighted or extremely blighted area, because a lot of the growth in housing, in Omaha, at least, is more in the western side of the city and not necessarily in eastern parts of Omaha. And that's just my concern, is leaving it, leaving it in the hands of the city and the county to make these decisions, when, historically, I felt like they went with whatever the developers wanted to do.

RAYBOULD: You know, I can see where you would raise that concern. And, and I think it, it really is up to that local municipality to make those decisions and rather having this [RECORDER MALFUNCTION]. But, you know, anytime a developer looks at projects of this nature, they look at all the funding sources that are available to them. And so it could depend. And I know some of the, the actual developers behind me probably could answer that question better. It's the incentives that make them take a second look at some properties and the ease or the complexities of that parcel to develop, too. So I think it's-- I know what you're saying, like there's more land out west and it's being developed out west, but is it being affordable, affordable housing? I know, in the city of Lincoln, we've worked very hard to create what's extremely blighted areas so that they do qualify. And I think Senator Wayne may have passed this bill to get the \$5,000 tax credit. So that's another that goes directly to that household and not to the developers. So-- but I hear your concerns. I might just, kind of, push that question off to the people behind me, who could answer it more effectively.

McKINNEY: OK. Because we passed-- a, a bill was passed in the Legislature, designated extremely blighted because of how blighted was being used. And even when that was passed, the city found a way to extremely blight the whole downtown Omaha. It-- so is-- that's just-- there's just been too many red flags over the years for me to just fully put my trust in the city or the county to do what's best for all of the residents in Omaha, because of how they have operated throughout the years. That's all.

RAYBOULD: OK.

McKINNEY: Thank you.

RAYBOULD: Thank you, Senator.

McKINNEY: Any other questions? No? Thank you. Are there any proponents?

WARD F. HOPPE: Good afternoon, Chairman, members of the committee. My name is Ward F. Hoppe, W-a-r-d F H-o-p-p-e. I'm speaking personally and on behalf of the Lincoln Chamber in support of LB481. First of all, let me put things in context. I've been here before. I'm an affordable housing and workforce housing developer and builder and we do it all over this state. And this bill is intended to give localities a, a means to give incentive to bring developers like me into their community and take the risks associated with building in, in probably, mostly small communities, but even in Lincoln or in Omaha. It is set up the way it is and is not-- blighted areas for-- specifically for a purpose. There are certain places where development and blight designation don't go together. We just developed a piece of real estate out on South Folsom Street, in Lincoln. And it-- we developed it to be an affordable housing subdivision. And essentially, it was open countryside. But to get blight, a blight designation, to use that process for TIF, to close the gap between-- when you build affordable housing, the housing cost here, the amortization of the cost is down here and you've got to fill that gap. To do that down there, we had to get-- bring in a bunch of territory that wasn't related to the development, to get 40-year-old homes, so that would qualify. Yet, we needed the tool to make the whole process work, to hit the target market we were in. But what's good about this bill, is it allows-- first of all, it doesn't require state action. It doesn't require DED to, to divvy out some money. Most of the bills that are in front of you for affordable housing this season are either divvying up money or changing the terms of how the state divvies up money for affordable housing. This lets municipalities decide whether they want to incentivise housing in their community and gives them a means to do so. It, it presumes there would be a contract between some developer and the community to put in infrastructure and then build out the homes on that infrastructure. And, and then, it presumes, by giving a bond, that the bond be paid back by tax increment financing or other-- there are four methods of repayment, including the developer's guarantee in the process. Well, what's going to happen is community will make a contract with a guy like me or Cliff in the back, to put in a subdivision. We go, put in the money, we go borrow the money to put it in and monetize, essentially, the bond that would be given and contem-- as is contemplated by the act. And, and then it's repaid, through the different processes in there, to us. It's no, no commitment liability on the community. My time is almost up. I'd

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certainly entertain any questions. But the advantage of this bill is twofold: locally controlled, which is really important; and not dependent on any other activity of this state. And yet, it still incentivizes affordable housing. I'd answer any questions.

McKINNEY: Thank you. Senator Blood.

BLOOD: Thank you, Chair. Thank you for coming in today. You always have good things to say and I enjoy hearing you talk on, on affordable housing. With that said, did you help with this bill?

WARD F. HOPPE: I did.

BLOOD: So here's one of the things and I was trying to, kind of, hear a little bit more, with Senator, Senator Raybould. The way I'm reading this is that I, I don't know this is constitutional.

WARD F. HOPPE: Well, it's got-- it's a question of whether it's targeted. I think if we take out the provision and I've talked to your counsel about this, take out the provision where it provides for acquisition of the housing, acquisition of the land, by the community, I think that gets it past the constitutionality test.

BLOOD: But we're still-- aren't we still talking about the lending power-- the lending the credit that the state has?

WARD F. HOPPE: Well, it wouldn't--

BLOOD: You know, like, we have TIF-- exception, I guess, is the best way I'd describe it. And you're-- we're treating this like TIF, but you can't treat anything like TIF, because, in the constitution, the only thing that I-- is identified that we can do this with is TIF. So the-- I'm just trying to figure out how you would fix it, so it would, would be constitutional. I don't know if changing it in that fashion will change how it's described. Do you know what I mean?

WARD F. HOPPE: Well, part of the bill, it does provide that it's not the-- a liability of the community, except by virtue of the payment path.

BLOOD: Which would be lending the credit of the state, right?

WARD F. HOPPE: Well, it's not the state. I guess it would be the municipality, but.

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BLOOD: I think that's the same thing when you look at the constitution, but-- OK. That's, that's my concern. And I didn't mean to put you on the spot, but I kind of got the feeling that you helped with the bill and--

WARD F. HOPPE: Well, that's, that's certainly an issue. I think other people may bring that same thing up.

BLOOD: --but those are people you were working with to, maybe, make it not be [INAUDIBLE]?

WARD F. HOPPE: That's the, that's the goal.

BLOOD: Fair enough. Thank you.

McKINNEY: Thank you. Are there any other questions? I have a question or two. So you want the, the incentive, but what is the guarantee that these houses would be affordable?

WARD F. HOPPE: Well, that would be part of the contract you'd make.

McKINNEY: But it's not in the bill.

WARD F. HOPPE: Pardon me?

McKINNEY: It's not in the bill. And that's, that's my problem. So, for instance, the city of Omaha does TIF. But for the past few years, even though they're doing TIF projects, there is a low percentage of affordable housing within those projects. So not having it spelled out is an issue for me, because it's, again, hoping and-- hoping that right-minded people do, do the right thing. But to date, that's not, not-- that's not necessarily-- the case. So what guarantee would you be OK with, as far as affordable housing, that could potentially be included in this bill?

WARD F. HOPPE: No-- I would be OK with spelling it out specifically in the bill. But the, the advantage with leaving it loose is to let the community decide what they need. And the-- is-- was my thought when we were looking at the drafting of it.

McKINNEY: So would the community-- and I'll have to go back through the bill, but would the community be taking a vote on whether or not to do a housing incentive district or will it be left up to city councils, county commissioners or the mayors?

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WARD F. HOPPE: As it's drafted, it's left to the city council and--

McKINNEY: So the people wouldn't--

WARD F. HOPPE: --whatever the terms of the agreement they make with the developer, in the development plan for the area.

McKINNEY: So the people of Nebraska would not be deciding at all.

WARD F. HOPPE: [INAUDIBLE] one thing now. The people of Nebraska or the people of whatever municipality it is, do choose the people that are representing them on the council.

McKINNEY: Have you, have you polled the people of Omaha about the city council?

WARD F. HOPPE: I, I have not.

McKINNEY: You should. Also-- and then you mentioned that DED wouldn't--

WARD F. HOPPE: It does work in some communities.

McKINNEY: --and then you mentioned that this-- DED wouldn't be handing out money. But in this amendment, there's intent language-- \$3 million to get appropriated to DED for a grant program. So DED would be giving out money?

WARD F. HOPPE: DED could be, yes. But the, the rest of the program is not dependent on receiving one of those grants. I mean, any municipality-- under the terms of the bill, any municipality that went through the process, could use the program without getting a grant from NIFA.

McKINNEY: OK. All right. Thank you.

WARD F. HOPPE: Yep.

McKINNEY: Any other questions? Seeing none, thank you.

WARD F. HOPPE: You bet.

McKINNEY: Are there any other proponents?

CLIFF MESNER: Good afternoon, Senator McKinney, members of the committee. My name is Cliff Mesner, C-l-i-f-f M-e-s-n-e-r. I reside at

2524 28th Street, Central City, Nebraska. My wife Kathy and I are attorneys turned real estate developers and are the owners of Mesner Development Company. In addition to our work, Kathy has served on the Nebraska Commission on Housing for decades. She chaired the Housing Industry Council for Blueprint Nebraska and is part of the core group of the Strategic Housing Council study being done by NIFA now. We have been doing affordable and workforce housing across Nebraska for-- and Kansas for 30 years. Today, we are actively developing from Fremont in the east to Scottsbluff in the west and 10 or 12 communities in between. We do not work in Omaha or Lincoln, though we have worked in a similar community, Topeka and Kansas City, Kansas. LB481 is patterned after the Rural Housing Incentive Districts in Kansas. We have used that process in Kansas, so we were asked to speak here today. In Kansas, the legislation is restricted to only rural communities. LB481 does not create those restrictions. We've done more than 80 housing projects of affordable or workforce housing, because the cost of construction and particularly, the cost of infrastructure, has out [INAUDIBLE] the wage in rural Nebraska-- the areas where we work. Most of our projects require some kind of gap financing that often, is tax increment financing, TIF. LB480 [SIC] would replace the use of TIF on those projects-- the housing incentive district. It does not create an additional source of funding. It replaces the TIF. In fact, in many times, it may produce less incentive than TIF would. This legislation, however, offers two big advantages over TIF. The first big advantage is that it allows the communities to select the appropriate place to develop housing. Currently, the use of TIF, community-- communities have to select an area that's blighted and substandard. I will tell you that works very, very differently in rural Nebraska than it does in Lincoln and Omaha. That's part of the, the issue that's out there. The original concept of TIF was that the cities could push to the areas where they had the least cost. If you had an area in downtown Omaha, for example, where the infrastructure was already in place, that was cheaper to build than it was to go out west, where you had to expand the utilities all the time. That was important historically, because, historically, the cities covered those costs. What's happened, though, is that the cities have decided to shift that cost and the cities now ask the developers to run the risk of all of that cost. And that has changed the process and shifted the risk from the taxpayer to the developer. Consequently, the developers, a lot of time, are looking for ways to buy down that risk and tax increment financing is the, the common tool. Moreover, many communities have run out of infill lots, so almost all new development requires a new subdivision. The subdivision is the part that really

makes it difficult, because you're putting money out there for things that don't really help your housing. You're putting a wider street in because you have to build for the, the traffic that's coming down the road. You're putting in sidewalks because you're building for pedestrians coming down the road. You're building-- so that your housing isn't causing flooding down the road. None of that really helps the cost of the housing you're building. None of that increases the cost-- the value of the house that you're building, but it does all cost money. The second big thing that this does is it avoids the language of blighted and substandard. And that is just a political problem, because you're-- right now, we're going in and saying your area is blighted and substandard. Compare that with saying this-- your neighborhood is the area where we want to do new housing. There are two issues I would raise about this. One is a constitutional issue around the blighted substandard. I'm an attorney. I've talked to four other attorneys about this and the other attorneys were evenly split. Two of them thought it was a problem, two of them thought it wasn't. I don't-- I can be-- I think you can draft around it, but it's clearly an issue that needs to be resolved and you'll have to sort that out before you go very far. The other thing is this legislation requires the consent of the counties. I don't think that's necessary. I think you want consent, consent of the school districts. The school districts are the one who-- have the problems. Counties are almost never hurt by the use of TIF or a housing improvement district. I thank you for your time. I'd love to answer any questions you have.

McKINNEY: Thank you. Are there any questions from the committee? So, so why do you think the, the school districts would have concerns?

CLIFF MESNER: In, in some school districts, they hit-- they're at a point where adding a whole bunch of students means they have to add a new school building or they have to expand the process and that's an expensive item for them. Most of the communities that we're working in, it's just the opposite. They have more school than they have students, because they've been losing population. So they're, they're, they're really trying to get students there. But we often go to the school districts and say, where are you? And most of them say, build houses, bring us students. That's what we're after. But there are some school districts out there that don't have the capacity to expand. And you need to consider that when you're using TIF or a housing incentive district.

McKINNEY: All right. Thank you. Are there any questions? No? Thank you. Are there any other proponents?

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CAROL BODEEN: Good afternoon. Chairperson McKinney, members of the committee. My name is Carol Bodeen, C-a-r-o-l B-o-d-e-e-n. I'm the director of policy and outreach for the Nebraska Housing Developers Association, here to testify in support of LB481. The Nebraska Housing Developers Association is an organization with over 70 members from across the state. Our mission is to champion affordable housing and it's our goal that Nebraskans of every income have the cornerstone foundation of a healthy and affordable home. We testify in favor of LB481 to establish the housing incentive districts within municipalities here in Nebraska. Basically, we're still behind the, the game when it comes to housing. We have a great need for housing throughout our state. And that's the, the basic reason that we come in support of this. We realize that there are still some items within this bill that need some work. But we feel like, given the, the depth of the, the lack of housing that we have throughout the state, that we have to look at innovative ways to, to make this happen, in all areas. We feel like this could be a mechanism that could help to develop affordable housing. With the success of the program in our neighboring state of Kansas, the information that you've heard from Mr. Hoppe and Mr. Mesner, who are both members of our organization, we feel confident that given some additional work and, and some additional, I guess, you know, working through the legal issues and all of that, that this really could be a valuable tool. So we ask that you continue to, to look at this. And I know that, that the-- will be working with you on that. So.

McKINNEY: Thank you. Are there any questions? I got one.

CAROL BODEEN: Yeah.

McKINNEY: You, you said you've been doing this type of work for 30 years?

CAROL BODEEN: The organization has.

McKINNEY: OK.

CAROL BODEEN: Yeah.

McKINNEY: We hear a lot about affordable housing and people coming up, saying, we're building affordable housing or we're trying to do affordable housing.

CAROL BODEEN: Um-hum.

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McKINNEY: Where have we gotten it wrong as a state?

CAROL BODEEN: Where have we what?

McKINNEY: Where have we gotten it wrong as a state?

CAROL BODEEN: Oh. That's a tough question. I don't know that we have gotten it wrong as a state. I feel like it's, it's a-- has been a bigger economic issue throughout the country. So I, I don't know, specifically. Is there something I can pinpoint that Nebraska has done wrong? From my own perspective, I would have liked to have seen more money through like the Affordable Housing Trust Fund and all of that, over the years, just because I worked for an organization that received money from that. And, you know, I always felt like, if-- could have gotten more money, we could, we could develop more. But I really do believe it's, it's a-- it's just a more global issue. Every time I listen to the radio, I'd have NPR and, and Nebraska Public Media on a lot. And so, whenever I hear, in the background, whenever I hear something about housing, my, my little radars go up. And it is just constantly-- every state, it's, it's coming to the forefront. So I'm sorry that I don't have a better answer for you, to pinpoint it for Nebraska, but just that I feel like, it's-- it maybe is bigger than us.

McKINNEY: OK. When you say it's bigger than us, what do you think are probably the top two reasons, globally, that affordable housing has been an issue for our country?

CAROL BODEEN: I feel like it is because of the, because of the costs to do it. It is difficult for us to build something that a middle to lower-income person can afford. I know you've probably heard this. I know I've, I've heard it from other testifiers, as well. And, and I have to say that I agree. I feel like costs have increased more than incomes have. And so I feel like the cost of housing has been going up at a higher rate than what our wages have.

McKINNEY: OK.

CAROL BODEEN: So that would be, that would be-- I would-- that I would say.

McKINNEY: All right. Thank you.

CAROL BODEEN: You're welcome. Thank you for the questions.

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McKINNEY: Any other questions? No? Thank you.

CAROL BODEEN: Thank you.

McKINNEY: Are there any other proponents?

JON CANNON: Good afternoon. Chairman McKinney, members of the Urban Affairs Committee, my name is Jon Cannon, J-o-n C-a-n-n-o-n. I'm the executive director of the Nebraska Association of County Officials, also known as NACO, here to testify today in support of LB481. I certainly want to thank Senator Raybould. She's a former Lancaster County commissioner. She certainly knows what counties go through and the sorts of things that we need to do, in order to grow our communities. I certainly appreciate this bill and I'll get into why we're interested in this bill, in particular, in a moment. But first, I wanted to mention that my portfolio as the director-- as the executive director for NACO, is for 93 counties across the state. And I can tell you that in the most recent decennial census, 70 counties lost population. And Senator Hardin, all three of your counties, Kimball, Banner and Scotts Bluff, lost population in the last census. The remainder of the committee members here, from Douglas and Sarpy and from Buffalo Counties, all, all three of those counties gained population. So that's terrific. But again, 70 counties across Nebraska lost population and-- something that is a problem for us. My portfolio is to make sure that all 93 counties thrive as best, as best we can. [INAUDIBLE] are interested in TIF because this is a great development tool. I, I think you're going to hear from Ms. Abraham, from the League, in just a little bit. And one of the things that the League has said for many, many years, is that TIF is an excellent economic development tool. And I certainly agree with her. I've, I've bought into the hype, as they say. And we certainly want to work in concert with the League. If there were anything that was going to advance TIF for the counties, because currently, in our constitution, TIF is not available to counties. They are only available to cities and villages. And I'll certainly defer to Ms. Abraham from the League, as far as her explication of how TIF works exactly, but there is no, no better expert that I know of in my, in my circle. This was [RECORDER MALFUNCTION] TIF. And the reason that it does, is because one of the distinguishing features of TIF is the division of tax. And so you're going to take essentially an excess amount if I've got a lot of property that's in the TIF district and then I add to it by new construction or anything like that, then that excess value goes toward paying off the bonds. And that is one of the distinguishing features that you find in this bill, as well. Article VIII, Section 12 of the

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Nebraska Constitution allows for the division of tax for blighted and substandard areas. That is one of the few places where, constitutionally, we are allowed to divide tax. And certainly, if there was ever a conversation about adding counties to that mix, certainly, we would, we would be in, in favor-- we would, we would be interested in having that conversation. It is possible, of course, that this goes toward public purpose of a political subdivision of the state. And we would certainly be interested in developing that conversation a little bit further, as well. If this does not violate Article VIII, Section 12, however, we believe that this fulfills a public policy of, of incentivising the development of affordable housing and we would definitely be in favor of it. We look forward to working with the committee and with the League and any other interested stakeholders in advancing this sort of thing, so that it's a conversation that we can make, make benefit of, all across Nebraska, in all 93 counties. With that, I'm happy to take any questions you may have. Thank you.

McKINNEY: Thank you. Are there any other questions from the committee? I have one, I think. What can counties do better than cities as far as addressing the housing issues? Or what benefits would it be for counties or the state, that counties would be allowed to do this type of work?

JON CANNON: Certainly, when you talk about the more rural areas of our state where you don't have an incorporated city, there's still an infrastructure need that exists. And actually, I can tell you, I drove home from Alliance in Box Butte County yesterday. I think I drove through probably, through probably about four or five different unincorporated communities, communities-- communities, as I was driving down Highway 2. And each of them still had infrastructure. Each of them had roads and, and you know, and bridges [RECORDER MALFUNCTION] that we associate with living in, in a community such as the city. The [INAUDIBLE] sorts of things is not cheap. And certainly, when you have an unincorporated community, out there in, in rural Nebraska, that's something where the committee would be able to step in and, and assist or, or supplement the efforts to develop that kind of infrastructure that those communities need.

McKINNEY: All right. Thank you.

JON CANNON: Yes, thank you, sir.

McKINNEY: Any other questions? Thanks.

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JON CANNON: Thank you all very much.

McKINNEY: Are there any other proponents? Are there any opponents?

CHRISTY ABRAHAM: Senator McKinney and members of the Urban Affairs Committee, my name is Christy Abraham. C-h-r-i-s-t-y A-b-r-a-h-a-m, here representing the League of Nebraska Municipalities. I also want to thank Senator Raybould for introducing this bill. We certainly appreciate all her enthusiasm and excitement about affordable housing for municipalities. As this committee has heard all year long and as long as you've served on this committee, certainly, affordable housing is something that is critical for all of our municipalities across the state. So we appreciate that she's excited and interested in this issue. Unfortunately, I am the one who's going to come in and, and raise some concerns about the constitutionality of this bill. Mr. Cannon is very flattering and I appreciate all of his kind words. He is correct. I-- read the Nebraska Constitution to say that counties are not allowed to use tax increment financing, which is what is the process that's used in this bill to finance this housing. So we do have concerns about that particular provision. We also read Article VIII, Section 12, of the Nebraska Constitution to require that the areas that tax increment financing is used has to happen in substandard and blighted areas. As we read LB481, there isn't anything in this bill that says it has to happen in a substandard and blighted area. It could happen anywhere in a municipality. So we are concerned about those two things. Like the other testifiers have said, we are happy to work with this committee and with Senator Raybould to take some of those concerns away. But at this point, we are going to be opposed to this bill, because of our concerns about the constitutionality.

McKINNEY: Thank you. Are there any questions? Senator Blood.

BLOOD: Thank you, Chair. It's nice to see you again.

CHRISTY ABRAHAM: It's good to see you, Senator.

BLOOD: So here's where I'm confused. So we're being told it's not TIF, but it's like TIF. But one of the reasons, you know, like, it looks like a duck and quacks like a duck kind of thing. And so, I mean, when I read it, I read it as TIF without the special circumstances. And then, if indeed, it is without special circumstances, is it still not constitutional or is it not constitutional because it still looks like a duck and quacks like a duck?

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CHRISTY ABRAHAM: No, I, I, I appreciate that. And as I read LB481, the, the property tax increment is one of the ways in which this housing can be funded.

BLOOD: Right.

CHRISTY ABRAHAM: And is-- and I, I brought it up, because I thought, Senator Blood, you might [RECORDER MALFUNCTION] and if not you, Senator Cavanaugh. And so what Article VIII, Section 12 says, is for the purpose of rehabilitating, acquiring or redeveloping substandard blighted property in a redevelopment project by any city or [RECORDER MALFUNCTION] you have to do. So I think it's clear, just in the first sentence of the constitution, it has to be used in substandard or blighted areas. And what the community development law does is it defines what substandard and blighted is. And then, as you know, you have the whole community development law that outlines how to use TIF.

BLOOD: Because TIF is the exception in the constitution.

CHRISTY ABRAHAM: Right? And that-- exactly right. That's what Article VIII, Section 12 is. It is an exception to the-- rule of lending the credit of the state.

BLOOD: I can never remember that sentence, lending the credit of the state, because it never seems grammatically correct. So.

CHRISTY ABRAHAM: Yes. Yes.

BLOOD: All right. Thank you.

CHRISTY ABRAHAM: You're welcome.

McKINNEY: Thank you. Are there any other questions? No? Thank you.

CHRISTY ABRAHAM: Thank you so much.

McKINNEY: Yep. Are there any other opponents? Is there anybody here to testify in the neutral? No. Senator Raybould, you're welcome to come up. And for the record, there was letters, two, two proponent letters in support, one opponent letter and zero neutral.

RAYBOULD: Thank you all very much. I want to thank all the folks that came to testify on this. We know building affordable housing is a, a urgent need in our state and I appreciate the comments that we can take with us and work out some of the, the kinks that they have

clearly identified and hopefully bring something back, certainly-- maybe this year or certainly, for the, the next session that we have, that we can work with the-- bills that have been presented.

McKINNEY: All right, Thank you. Any questions, Seeing none, thank you.

RAYBOULD: Thank you all for your time.

McKINNEY: That closes our hearing on LB481. Senator Blood.

BLOOD: We will now open the hearing for LB533. Welcome to your Urban Affairs, Senator McKinney.

McKINNEY: Thank you, Senator Blood. Good afternoon, members of the Urban Affairs Committee. My name is Terrell McKinney, T-e-r-r-e-l-l M-c-K-i-n-n-e-y, and I represent District 11, which is in north Omaha, and I'm here to present LB533. Firstly, for, for cities of the primary class, LB533 will modify the quantity of sitting members on the plumbing board from 5 to 7 members. Secondly, for all cities and villages, the bill also updates licensure requirements for plumbers, by allowing the aforementioned municipalities, that have not established a plumbing board, from acquiring the licensure of plumbers. The Bureau of Labor Statistics estimate Nebraska has just under 3,000 working plumbers and pipe and steamfitters. Currently, plumbing boards exist within cities and villages. And they exist to ensure the expertise of particular individuals is brought to local plumbing needs. Cities of the metropolitan class require eight board members, primary cities require five board members and cities of the first and second class and villages require no less than four board members. The board members must present certain certifications in order to be selected. LB533 would amend existing requirements for cities of the primary class if passed. The existing five members would also welcome as-- a gas fitter and registered water conditioning contractor. These two positions, master gas fitter and registered water conditioning contractor, are to be appointed by the mayor with the city council's approval. Currently, only one of the five individuals needs to have master plumber certification, but LB533 will require two of the seven to obtain master plumber certification. Other sections also amend current law by saying that the four voting members of the board constitute a quorum for cities of the primary class and that nothing shall prohibit a city or village without a plumbing board from requiring the licensure of plumbers. LB533, in its contained three sections, would ensure all municipalities of Nebraska are served by plumbers of appropriate expertise and knowledge to address the

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needs of municipalities. If we are to ensure long term safety and health of our communities, it is important we focus our attention on the boards of professional [INAUDIBLE]. With that, I'm happy to answer any questions.

BLOOD: Thank you. Senator McKinney. Are there any questions? Senator Cavanaugh.

J. CAVANAUGH: Thank you. Thank you, Chairman McKinney, for bringing this bill over here. So this-- I'm just reading it. It looks like it adds the master gas fitter and water conditioner to the city of the primary class, but not the metropolitan class. Is that on purpose or am I misreading it? Or is there a reason for that? I guess somebody coming behind this can answer that question. I'll save that question.

McKINNEY: OK.

J. CAVANAUGH: Thank you.

McKINNEY: Yeah. All right.

BLOOD: Any other questions? All right. With that, we will move on to proponents.

McKINNEY: Thank you.

BLOOD: Thank you, Senator McKinney. Any proponents to LB533? Welcome to the Urban Affairs Committee. Please spell your name.

CHAD BLAHAK: Sure. My name is Chad Blahak, that's C-h-a-d B-l-a-h-a-k, All right. Thank you. Like I said, my name is Chad Blaha, and I want to thank the committee for allowing me to speak here and especially, Senator McKinney, for bringing this forward, even though you didn't have the pleasure of participating in the interim study, regarding this matter a couple of months ago. This-- I'm here to support this-- bill that makes all the changes that Senator McKinney described, and I won't go through them in, in detail again. But essentially, what the bill does is allows us to operate or administer our [INAUDIBLE] registration program more efficiently. I wasn't going to speak, but I, I can address that, that question about the, the water fitter and-- or the water conditioner and the gas fitters. Previously, the city of Lincoln had not, not just the one plumbing exam board, but three exam boards: one, one for master plumbers, the plumbing exam board and one for gas fitters, specifically, and one for water conditioners. We felt it was more efficient to combine those expertises into the one board.

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And that's why we asked to have those two specific types of folks added to our plumbing exam board. So we only have one board that needs to meet during its periodic times throughout the year and all of those folks who wish to work in water conditioning in-- but not care to take on the credentials of doing everything a master plumber could do. They can still do that, because it's a lot more extensive to get a master plumber license than to just get a registration as a water conditioner. The same answer for gas fitters. So it allows some flexibility from the contractors in our community to, to decide which-- how far they wanted to go with their, their plumbing career. And once again, just thank you for the time to hear and I-- or time to speak here. And I'd appreciate any, any support you guys can give and answer any questions if there are any.

BLOOD: Thank you, Mr. Blahak. Are there any questions? Yes.

HARDIN: Question: has it gotten messy to work through three boards? Is that why we're-- I mean, one board seems simpler than three boards. But I mean, can you kind of paint a picture [RECORDER MALFUNCTION].

CHAD BLAHAK: Well, there was three boards that took our chief plumbing there, had to operate and chair or administer in three separate meetings throughout, throughout-- we meet quarterly. So that was three meetings quarterly. Now each quarter there wasn't always a gas fitter taking a test, there wasn't always a water conditioner contractor taking a test. And so they didn't always have three meetings each quarter. But when there was those additional, you know, persons, they had to do multiple meetings during those quarters. And so finding the boards is, is much less time involvement for, for our staff.

BLOOD: Any other questions? Senator Cavanaugh.

J. CAVANAUGH: Thank you, Senator Blood. And thank you for being here, Mr. Blahak. Thanks for answering that question. So does Omaha not have a separate or does Omaha have a separate master gas [INAUDIBLE].

CHAD BLAHAK: I do not have knowledge on how Omaha treats the different disciplines within the plumbing industry.

J. CAVANAUGH: Thank you.

BLOOD: Any other questions? Seeing none, thank you for your testimony. Any other proponents on LB533? Welcome to Urban Affairs.

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CHRISTY ABRAHAM: Thank you so much. My name is Christy Abraham, C-h-r-i-s-t-y A-b-r-a-h-a-m, here representing the League of Nebraska Municipalities. I, too, want to thank Senator McKinney for introducing this bill. And again, unlike Senator McKinney, the League was very happy to participate in the interim study that this committee had last year. We were grateful that they reached out and asked us, you know, about which communities are having plumbing boards and which don't. And I hope that your new Chair and new legal counsel will continue to do that, as we move forward on this project. We thought it was interesting that the report found that there are about 10 municipalities that license plumbers but don't have plumbing boards. [INAUDIBLE] is perfectly acceptable under the current law to allow them to do that. But we appreciate that LB533 very specifically outlines that, that is perfectly fine, that you can go ahead and license your plumbers in your community, even without having a plumbing board. Only the city of Omaha is required to have a plumbing board. For every other municipality, it's discretionary. You can have one or you don't have to have one. And what the report found, I think, is, you know, most of your cities in the first class do have one. But we get to smaller municipalities, they're less likely to have one. So I'm happy to answer any questions this committee might have about this. And again, thanks to Senator McKinney for introducing it.

BLOOD: Thank you for your testimony. Do we have any questions? Seeing none, thank you so much for coming in.

CHRISTY ABRAHAM: Thank you.

BLOOD: Any other proponents of LB533? Proponents for LB533. Seeing none, we will move on to opposition. Any opposition to LB533? Opposition for LB533? Seeing none, any in the neutral for LB533? With that, I invite Senator McKinney to come back up and close.

McKINNEY: Thank you. And thank you for those who came to testify in support of LB533. Senator Cavanaugh, the city of Lincoln asked for that change. That's why it's different than Omaha. I'll try to get some research on why-- what is the requirements for the board with Omaha, but that's, that's the reason for that difference. And with that, I'll close and answer any questions.

BLOOD: Do we have any questions for Senator McKinney? Seeing none, thank you--

McKINNEY: Thank you.

BLOOD: --Senator McKinney, McKinney. And we will close this hearing on LB533. We would like to note for the record, there are no letters in support, no letters in opposition and no letters in the neutral on LB533.

McKINNEY: Now, we'll open up with him at AM861, Senator Wayne.

WAYNE: Thank you, Senator McKinney and Urban Affairs Chair. My name is Justin Wayne, J-u-s-t-i-n W-a-y-n-e, and I represent Legislative District 13, which is north Omaha and northeast Douglas County. And first, let me say, I'm so glad I'm not dealing with plumbing codes and plumbing boards. I will not miss that issue. So today, I am going to talk about-- and I want to thank Senator McKinney for allowing this hearing to go forward. It's just me putting on belts and suspenders. We had a hearing on LB477 in Appropriations. However, at the time, the amendment only mentioned the 100-- the line going to the north Omaha, to the airport and to belt and suspenders, how we-- I think we can solve the issue of affordable housing in a sustainable way. I just wanted to make sure we had another hearing on this amendment. Again, this entire topic, everything was talked about, in depth, at Appropriations, so I think we covered it. But just in case, I thought it was appropriate, since it dealt with TIF, to bring it back to this jurisdiction, to have a conversation about the TIF implications, implications from this amendment on LB477, now LB532. I'm going to walk through this. It's going to be a little painstaking, but I just want to make sure we get everything. One of the issues-- everybody knows about the streetcar, whether you're for it or against it or indifferent. And I was the one who initially was against it. But one of the things that I've been trying to do is not just be against things, but try to figure out solutions to move something forward. So the first thing I started to do and Senator McKinney was there, we started having conversations with the mayor and the mayor's office about north and south lines. If we're going to move people, we should move people to where I think jobs are going to be. But not just that, where people who need the most public transportation are at. This is not a new thing for me. This committee heard regional transit three years ago. It was vetoed. And then over-- we-- this body overrode the Governor, as far as creating a regional transit for the Omaha metropolitan area, because public transportation is important. So looking at the streetcar and looking at what it wants to do and what it wants to become, I started digging into the data on, on, on behalf of the city. I got a lot of information that I-- hopefully, I'll go through very shortly and you can read later. But what we are asking for and originally, LB477 was to appropriate \$100 million to the city

of metropolitan class for a streetcar that would not only go within two miles of the airport, but would definitely have to connect to the airport at some point. But the bigger issue and the reason why I wanted to have this separate meeting, is on the amendment, on page-- starting on page 4 of the amendment through page 5, one of the things that-- and I'm going to talk about, the, the TIF analysis and the municipal-- muni report, is that we found out is that-- and even today, in the, in the mayor's State of the State, that she announced that they have over \$1 billion of development already ready to go, into the streetcar line, around that area. But one of the issues that we addressed and I helped fix, five years ago, was-- there was somebody abusing the idea of creating a TIF district and then putting it-- putting the proceeds of that TIF district somewhere else. I won't name the city, but we'll just say that person is now in the Legislature. So we fixed that, because it was part of our audit report saying can they-- they don't have the statutory authority to do so. So what that means is if they have a TIF district over here and they have more money being generated, they were taking the generation of the extra-- the profits of that and putting it somewhere else. We closed that loophole, saying that, no, you can't do it. Well, what happened in the city of Omaha is when we start talking about the billions that is going to be built along this TIF district of the streetcar, we have been struggling with affordable housing. We have been significantly struggling with affordable housing. So if we can allow the city of Omaha and not just allow, if we mandate the city of Omaha, that the TIF district where the streetcar is going, if it produces more money, (1) they can pay off their, their TIF bonds faster or earlier, but the excess revenue doesn't have to stay just in this TIF district. In fact, you can use it for other community redevelopment plans or areas for affordable housing. And the goal of this is to create a sustainable plan for affordable housing that, that they don't have to come back down to the Legislature and ask for affordable housing dollars anymore. That's the goal, and I think we can achieve that, when you talk about the dollars that are, are coming in to this. So what these two sections are trying to do, what they are doing in that if you take that TIF money or that extra proceeds, not only can you pay off the bond, but when you have these extra dollars in this TIF district, one, you can use it in other places in the city of Omaha for single family homes and condos. That's important is because, through our LB1024 process, we've-- we figured out or we believe-- when I say we, I say Senator McKinney and I. The only way to [INAUDIBLE] the wealth gap is through equity. And that's either in small businesses and growing small businesses or through home ownership. And the one

thing we didn't want to do is create more landlords to just create more profits. We wanted to create wealth in our community. So what we did with the city of Omaha, through multiple conversations, is say, OK, if we put in some dollars, we want to make sure that along the street, street, streetcar corridor, there'll be affordable housing. So we're going to mandate up to 30 percent has to be affordable housing. But then outside of that area, you can only use those dollars for single family homes and condos. And the reason why single family homes are important is because we have a lot of parcels that just sit there in between houses and they're very hard to build. So now I'm going to walk through quickly the TIF analysis and the research-- you can read the research on, on the streetcars. There's research saying it's good. You can go out and find that there's research saying it's bad, but if it's [RECORDER MALFUNCTION] and what I mean by that, that it's not just for economic development, but also-- transit. It's been successful everywhere it's, it's gone. And so that's why we're adding this north Omaha, if you want to call it north Omaha, line. So briefly, if you will turn to TIF analysis, this is the muni, muni report. And what this means for people is basically, they found that this is one of the most conservative companies who does this kind of public financing and they tout themselves on being the one-- one of the most conservative organizations to do public financing, because they tout their record as saying that they've always hit their numbers. Because they are one of the most conservative organizations. So because of that, basically, they said that there's about \$1.5 billion-- I'm just using simple numbers. I'm not going to get into the specifics of actual revenue or revenue that will come from this TIF district. Out of that, we're only going to take a certain amount and that's only going to be half of that. So we're looking at \$700,000-- I mean \$700 million. I'm not using the exact numbers, but I'm telling you the thought process. And out of that, half of-- out of that, we're only going to let you bond 40 percent. So that's where the \$400 million in bonding comes from, actually a very, very conservative number when you look at the overall property build out and the valuation increase and the money that will derive, derive from the streetcar. So I want everybody to flip to the current map. That will be great. And then I'm going to walk to the proposed map. This is the current streetcar map. You'll see it goes from the Blackstone [INAUDIBLE] 42nd Street, down to CHI, which is downtown. This already-- currently, this corridor has over \$1 billion of on the books, getting ready to start investment. The problem with that is if it takes off, that entire-- proceeds are stuck in this area, per statute. So they'll have extra money that they can't do anything with

except for pay off their bond early, which they can still do and they'll have left-- leftover evaluations. And so, instead of the city of Omaha coming down every year and, and the Metro coming down every year for the middle income housing tax credit or the middle income housing grant, that [INAUDIBLE] along with this Legislature, is we can almost probably remove that in the next five years, because if we take this extra proceeds and allow it to go in north and south Omaha, it'll sustain itself through affordable housing. And how I write this-- how I wrote this bill is every line that would apply to, so every expansion that it occurs to, that would also go into this [INAUDIBLE] fund for "simplicit" purposes, this fund for affordable housing, for single family homes and condos. I think one day, we could, we could expand it to apartments. I'm not there yet, because I'm not into creating more landlords. I'm trying to create equity and wealth in this community. So the line that we're proposing-- on the proposed line where it says maps, is pretty simple. And there's two, one at a large scale and one at a very detailed scale. The large scale is basically, it'll start from the downtown line and go down Florence Boulevard, 9th Street. Part of the reason why it can't run straight down 16th Street, is there's an old MUD line that runs all the way down there that might double or triple the cost because it's really, really old. If you don't-- I'm sure you guys had that bill talking about old sewer lines in Omaha. Then it'll go down to the lake and it'll go down to 16th Street and it'll jump down to Fort and connect to the airport. Now, why, why is that important? Because, one, you can get all the airport traffic. And the airport traffic, I think, will be one of the primary users when they get off the airport to go downtown, it's a way to take them. The second reason is every study has showed where streetcars go, density and development occurs. This body, for-- to a, a 47-1 vote, said the Airport Park is a district that we want to invest in as a state. We've already set aside \$65 million there. I think, this year, Senator McKinney is going to ask for an additional \$40 (million), due to inflation and some other things. But if we're going to already invest there, if we can get a, a streetcar line there, then development will take care of itself. And what I mean by that is the current investment plus this development will, will produce enough synergy that the rest of the development will take care of itself. And so I won't go through the second map, that's a little more detailed, because I know I'm the last hearing and I want to be respectful of your time. It just shows how it would connect to the airport with that second map. Now, why is that all important? The last thing I'll show you is the airport study. And this is what, truly, LB1024 was built around. Every conversation, as Senator Lowe and

Senator Blood and Senator Cavanaugh knows, started with the map of the Airport Park district. We had a study. It said it can produce over 500 to 1,000 jobs. That was before we even talked about the streetcar. And so where that line would run through is just north of that yellow section. It would actually run along the yellow section on the north side and it will run directly through the white [RECORDER MALFUNCTION] is all white and highlighted in blue. So we're talking about an investment that could fundamentally change this community and hopefully-- not hopefully, it will create a sustainable way that we can fund affordable housing without having to rely on state dollars. I think as-- economy may take a downturn and things may happen, state dollars for that affordable housing is going to be [INAUDIBLE]. But what I'm more concerned about is we have \$1billion [INAUDIBLE] already slated that hasn't started and we need to capture those dollars and be able to use those dollars for affordable housing. And the one thing I believe in is local control, until I don't. And I'm just being consistent, I like local control until I don't. But the one thing I've said over and over is I don't [RECORDER MALFUNCTION] dictate to the city what [RECORDER MALFUNCTION] without-- unless we put a little bit of our own skin in the game. And so, by putting some money into the game-- and I understand \$100 million is a big number. I think we can go \$50 million. I'm willing to sit down with this committee and negotiate anything. But I think we have to put something into the, into the pot, in order to say, OK, city, we're willing to put money in. In exchange, you will make sure up to 30 percent along the line is going to be affordable housing. And in addition to any extra proceeds you receive, the only thing you can do is pay off the bond or pay off-- yeah, pay off the bond and, and end your TIF early or you have to use it for affordable housing in these blighted areas, which is pretty much all of east Omaha. There is some sections that are of west Omaha. So two things this does, I guess or three things, is create affordable housing that generates wealth. Two, it helps-- it does help the streetcar produce a line that I think is more public transit friendly. And three, I think it will get the state off the hook for affordable housing long-term, because then every time they build a line-- and they have, right now, in the plans, additional 3 to 4 lines, one going south and one going up to Aksarben and then the one in north Omaha. If, if any of the studies on the most conservative are half wrong, we're still looking at about \$3.54 billion of investment. We need to capitalize on that so we don't have to keep coming down here, as a city, saying give us \$100 million for affordable housing, when we can generate it ourselves. We just got to give them the tools to do so. So with that, I'll answer any questions.

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McKINNEY: Thank you. Any questions? Senator Blood.

BLOOD: Thank you, Chair. Senator Wayne, we miss you in this committee. I'm just saying. So I was looking [RECORDER MALFUNCTION] up and the line that goes to the airport, what was that called again?

WAYNE: I call it the Wayne line, but we took it off before Appropriations. But when I asked my staff to print it, I guess I forgot to-- yeah. We'll leave with the Wayne Line for this demonstration purposes I call the proposed line. I made the change, but I forgot on this one.

BLOOD: I just wanted to clarify, you know, if that was part of the deal, that we had to name it after you or--

WAYNE: No, it is not part of the deal. Trust me. They will not name anything after me in the city of Omaha.

BLOOD: --so [INAUDIBLE] harassing [INAUDIBLE] real question.

WAYNE: Yes.

BLOOD: So a lot of what you and Senator McKinney have been working on are generation-- is generational [RECORDER MALFUNCTION]--

WAYNE: Correct.

BLOOD: --which is so important to both north and south Omaha, especially and quite frankly, the last two generations, regardless of whether they're from the black and brown community--

WAYNE: Right.

BLOOD: --but especially from the black brown communities. So do you feel that better access to this type of transportation is going to also make better jobs more accessible to those areas, in addition to the benefits that we can see with housing?

WAYNE: Yes. And two, two reasons why: once we continue to develop the Airport Park, two, those would be light manufacturing jobs. We have five companies that have committed to coming down, to produce about 250 jobs. Most of-- all of them paying at least \$50,000. But one of our biggest [INAUDIBLE] is, is access to transportation. So by running this line, we are connecting people to those jobs and connecting people to downtown. So I do think it solves the job issue. And by

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allowing the city to create this fund and I'm using this word fund as a-- term, but-- to set aside money for affordable housing will solve the infill problem we have in north and south Omaha, where we just have six houses and one lot in them. And so it makes it, kind of, harder, when you talk about, cost to scale up that kind of cost for just one house. So I do think it solves both.

BLOOD: Thank you.

McKINNEY: Questions? Senator Lowe.

LOWE: So did you give Appropriations the same discount on your \$100 million or did you--

WAYNE: Yeah.

LOWE: --tell them 25, and you're telling us 50?

WAYNE: No. I, I told them, I told-- actually, I didn't give them a discount. I stayed at 100, but I like this committee more so-- no, I think I said 50 in both. I'm pretty sure.

McKINNEY: Thank you. Any other questions? Senator Cavanaugh.

J. CAVANAUGH: Thank you, Chairman. And thank you, Senator Wayne, for bringing this bill. So this is, basically, it's two parts. There's the money that would go to help build it and then, the other part is the capture and the redistribution of money along the streetcar route. Do you think that if we just did the capture part and didn't give you the \$50 (million) or \$100 million, it wouldn't work?

WAYNE: So there's three, three bills here. There's another bill in, in Transportation that creates a statewide safety, which has to happen for federal-- federal regulation requires it. I don't, I don't know if the, if the city would-- I think the city would be OK with it. I just have a problem with telling somebody without putting skin in the game, so it's more of a me thing. And I think it's harder for them, too. Well, the issue is I want to make sure north line is going. And so for me, it's like, part of the feedback I continue to hear, who are against the streetcar, was we wanted to make sure it serves north and south [INAUDIBLE]. It's easy as that, that, I think, obstacle. So I think it could still happen. I think it becomes still, a little more difficult for the streetcar to move forward. Because, because even if we do this, I think we're not giving them anything. So, I mean, why would they want it if we're not going to give them something in

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return? Because all-- because they can do the affordable housing right now. And they-- in fact, the mayor announced today that they were going to do affordable housing, inside the current corridor. They can't go outside of the corridor without that change. And I don't know why they would be enticed to do it unless we give them something.

J. CAVANAUGH: At what price point at which we incentive-- successfully incentivize them to build the north line?

WAYNE: So it costs about \$50 million per line. And so here's where I get-- why I say 50, Senator Lowe. The 50 will get us crossed down to Lake Street, but I believe the, the development in the airport corridor, so that, that East 4th Street and 16th Street, so from, basically, this [RECORDER MALFUNCTION], all the way up and all the way down, I think the, the increased value in development will pay for that last line. It's that gap, right now, of about a mile that we-- that [RECORDER MALFUNCTION] current financing they can't do. So by us putting the \$50 million in, we'll pay for that first line--first mile and then, I think that last mile will take care of it-- well, I know the last mile will take care of itself, based off of the development.

J. CAVANAUGH: Thank you.

McKINNEY: All right. Any other questions? No? Thank you, Senator Wayne.

WAYNE: I didn't bring you a whole lot of testifiers. So.

McKINNEY: Are there any proponents? Welcome.

JENNIFER TAYLOR: Good afternoon, Chairman McKinney, members of the Urban Affairs Committee. I'm Jennifer Taylor, J-e-n-n-i-f-e-r T-a-y-l-o-r, and I'm assistant city attorney in the city of Omaha. I will not take up very much of your time, but I would just like to express the city's support of Senator Wayne's amendment and the efforts he's making there to-- affordable housing in north Omaha, next in the line north. We're very supportive of that and I'm happy to answer any questions.

McKINNEY: Thank you. Are there any questions? Senator Cavanaugh.

J. CAVANAUGH: Thank you, Chairman. And thank you for being here.

JENNIFER TAYLOR: I was afraid of that.

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J. CAVANAUGH: You're afraid of that? Well, all right. If it's too hard a question, feel free to, to refuse to answer it.

JENNIFER TAYLOR: I have an answer.

J. CAVANAUGH: But same question I asked Senator Wayne. What's the price point at which the city will actually incent-- will actually successfully incentivize the city to build this line?

JENNIFER TAYLOR: The north line? The city has already started to try and work towards figuring out exactly how to build that line and how that line-- what that line will cost. I can't say if it has to be that or more or less. I think Senator Wayne is correct, in that trying to find the gap between what can be funded by the development that will come from that line and what the cost of the line is. If that's accurately \$50 million, that's probably what we would need to incentivize that. We have always stated that we will-- that we will build these lines with the development that comes from the line and not from any [INAUDIBLE] general fund taxpayer dollars. So if we were to be short in that amount of money that would be verified along the line, yeah, we would need some assistance.

J. CAVANAUGH: So what I'm hearing is the city wants to do this, but it's, perhaps, on a much later time scale than the current line. Is that what it sounds like?

JENNIFER TAYLOR: Well, the current line, we already have the alternatives analysis, we've already gone through 30 percent design. We've actually engaged [INAUDIBLE] contractor. So the, the existing line is obviously going to, by timing alone, going to be built before north Omaha line. However, we are building the current line or intend to build the current line in a way that can be extended very easily-- looking at building the vehicle maintenance facility so it can accommodate an extension. So what we're doing now will actually put into place what is necessary in order to extend it.

J. CAVANAUGH: OK. And just so if I remember, the plan is to basically get the Farnam Street line we're talking about, like, 2026, is the timeline we are talking about?

JENNIFER TAYLOR: Yes, that's correct.

J. CAVANAUGH: And do you have any idea of what a timeline would be for a north line?

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JENNIFER TAYLOR: I, I don't. We do have to go through the alternative-- alternatives analysis, and that usually takes 6-8 months. If someone from HGR were here, they would probably correct me. But we have to do that, determine exactly how and where that line will go. then we can start to identify the funding source for that, what those fundings will be and then, we can start planning how to-- the, the actual line and construction.

J. CAVANAUGH: OK. I'm going to ask a different question then. So this other thing in the bill about the affordable housing, would it allow for the use of the money generated at 40th and Farnam, to be used for the line going north, as well? Not just housing, but development of the actual line?

JENNIFER TAYLOR: The way that this bill was done, no, we would have to go back and amend the plan. Now, it's something we could do. However, the existing plan-- the current plan for that line has identified, and as Senator Wayne has noted, any excess funds that exist after we paid off the bonds, are to be used for affordable housing within that district. What Senator Wayne's amendment would do would allow us to use the funds, also, for affordable housing outside the existing area that we've identified. So it would not, I think, allow us to use those funds to contribute towards the extension unless we change the plan. What it does do and the current plan does is target those funds for affordable housing.

J. CAVANAUGH: Thank you.

McKINNEY: Thank you. Are there any other questions? No? Thank you.

JENNIFER TAYLOR: Thank you very much.

McKINNEY: Are there any other proponents? Any opponents? Anybody here to testify in the neutral? Senator Wayne, you're welcome to come up. He waives closing. And that ends our hearing AM861. And I don't think there were no comments on it. Zero. Yeah.