

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 25, 2025

McKINNEY: All right. Thank you. Good afternoon. Welcome to your Urban Affairs Committee. I am Senator Terrell McKinney from Omaha, representing District 11 in north Omaha, and I'm the chair of the committee. The committee will take up bills in the order posted. This public hearing is your opportunity, opportunity to be a part of the legislative process and to express your position on proposed legislation before us. If you're planning to testify today, please fill out the green testifier sheet that are on the-- on, on the table at the back of the room. Be sure to print clearly and fill it out completely. When it's your turn to come forward to testify, give the testifier sheet to the page or the committee clerk. If you do not wish to testify but would like to indicate your position on a bill, there are also yellow sign-in sheets back on the table for each bill. These sheets will be included as an exhibit of the official record. When you come up to testify, please speak clearly into the microphone. Tell us your name, and spell your first and last name to ensure we get an accurate record. We will begin each bill hearing today with the introducer's opening statement, followed by proponents of the bill, then opponents, and then finally, by anyone speaking in a neutral capacity. We will finish with a closing statement by the introducer, if they wish to give one. We will be using a five-minute light system for all testifiers. When you begin your testimony, the light on the table will be green. When the yellow light comes on the table, you have one minute remaining, and the red light indicates you need to wrap up and give your final thoughts and stop. Questions from the committee may follow. Also, committee members may come and go, as they have hearings in other committees. This has nothing to do with your-- the importance of the bills being heard; it's just part of the process, as senators introduce in other committees. As a-- a few final items to facilitate today's hearing. If you have handouts or copies of your testimony, please bring up at least 12 copies and give them to the page. Please silence or turn off your cell phones. Verbal outbursts or applause are not permitted in the hearing room; such behavior may be cause for you to be asked to leave the room. Finally, committee procedures for all committees state that written positions on a bill to be included in the record must be submitted by 8 a.m. the day of the hearing. The only acceptable method of submission is via the Legislature's website at nebraskalegislature.gov. Written position letters will be included in the official record, but only those testifying in person before the committee will be included on the committee statement. I will now have the committee members with us introduce themselves, starting on my right.

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J. CAVANAUGH: Good afternoon. John Cavanaugh, District 9, midtown Omaha.

QUICK: Dan Quick, District 35, Grand Island.

ROUNTREE: Victor Rountree, District 3, Bellevue and Papillion.

CLOUSE: Stan Clouse, District 37, Kearney, Shelton, and Gibbon in Buffalo County.

ANDERSEN: Good afternoon. I'm Bob Andersen, representing District 49: northwest Sarpy County and Omaha.

McKINNEY: Also assisting the committee today is our legal counsel, Elsa Knight, to my right; to my left is committee clerk Sally Schultz. Our pages today are Emma Jones, she's a junior at UNL, a political science major. And also Arnav Rishi, a junior at UNL, a poli-- a political science major. With that, we will begin with today's hearings, LB321. Senator Sanders.

RACHEL HAUSE: Well, I'm not Senator Sanders, but good afternoon, Chairman McKinney and members of the Urban Affairs Committee. I'm Rachel Hause, R-a-c-h-e-l H-a-u-s-e, Senator Sanders' legislative aide. She represents District 45, which encompasses Bellevue and much of the Offutt community as well. LB321 is designed to clarify and streamline how assessments are applied to properties in relation to public improvements made outside of district boundaries. Under this bill, real property outside the district's corporate boundaries that is not specifically-- specially benefited by improvements made by the district will not be assessed. This ensures only properties directly benefiting from improvements contribute to the cost. However, if a property outside the district is indeed benefited by these improvements, the owner will be required to pay a sum equal to the benefit received. Additionally, in cases where public improvements are deemed a general benefit to the entire district, the board or administrator will have the authority to levy special assessments on properties that are specifically benefited. These costs can be covered either by taxes, unappropriated funds, or special assessments on properties benefiting from the improvements, even if they fall outside the district boundaries. This bill ensures fairness, transparency, and accountability when it comes to property assessments and public improvements, while making sure that the financial burden is only placed on those who directly benefit from the improvements. There is an amendment, it's AM29; that's what this is kind of referring to, but I

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believe Matt Schaefer can speak more on the bill itself and answer any questions.

McKINNEY: All right. Thank you.

RACHEL HAUSE: Thanks.

McKINNEY: We'll welcome up any proponents.

LARRY JOBEUN: Good afternoon, Mr. Chair, members of the committee. Larry Jobeun, L-a-r-r-y J-o-b-e-u-n. I'm an attorney, real estate development attorney in Omaha metropolitan area. I represent a number of sanitary and improvement districts so for the last 35 years, so I'm very familiar with the sanitary and improvement district laws and development laws, generally. Really, what this is, these requested revisions are based upon a case that was heard by the district court in Douglas County, and then was appealed and went to the Supreme Court of the State of Nebraska, and I think it was really a, a misinterpretation of the law as it existed, primarily "bekay"-- because of a, a word usage in the original statute. And so, that case was SID No. 596 v. THG Development, LLC, and what-- the statute that you have in front of you, there is Nebraska Revised Statute 31-752, and that statute's been involved or been in-- adopted for a long, long time, since 1947 or whatever. I think it was amended in 1967; I'll get to that in a minute. But essentially, there's two methods of assessing properties for public improvement costs. One is a process inside the corporate limits of the SID; that's where the board of trustees publicly bids, runs resolutions of necessity, notifies everybody about public improvements that are going to be installed that will eventually have special assessments assessed inside the corporate limits. The board of trustees then sits as a board of equalization, and they levy the special assessments. That's inside the corporate limits, OK? And so, there's an appeal process for a property owner that's inside the corporate limits. So, there's substantive and procedural due process, process protected there. What the statute that's before you that's being revised-- like I said, it's really a corrective revision-- is 31-752, and that is for the purpose of levying special assessments outside the corporate limits to the extent there's a special benefit conferred by the public improvements installed essentially outside the corporate limits of the district. And so, the original statute talks about non-assessable property-- which is property that's owned by churches, schools and hospitals-- and then it refers to property located outside the corporate limits of the district, and that property is "exempt property." The district court unfortunately-- and the Supreme Court affirmed it-- that said "exempt" means tax exempt, but it doesn't. What

they were talking about is exempt meant non-assessable and property located outside the, the district-- the corporate limits of the district, because it says "such exempt property," meaning those two categories could have special assessments levied against them. But the statute says first, you attempt to agree on the amount of special benefit conferred, and if you can't agree, then you can file an action in district court to have the district court determine how much special benefit is conferred on the property based upon the public improvements that have been installed by the SID. And so, what the district court actually held, which is interesting, is the, the district court held that the SID can levy assessments against churches, schools, and hospitals, but not for for-profit entities, which seems kind of bizarre, right? You would think it would be the opposite, but that's not what the ruling was. And so, I have the legislative history that I brought here. I'm happy to make it part of the record; I did not bring 12, if you need them. This is from 1967, and the legislative history at the top talks about the intent of LB21-- LB121, which is-- was an amendment to the statute that we're talking about, 31-752. The intent of LB121 is to require the board of trustees of a sanitary and improvement district to levy special assessments on all lots, parcels or piece-- pieces of real estate especially benefited to the extent of the special benefits of such property. They're talking about outside the corporate limits. There was a, an amendment, and that was discussed in the legislative history below that said the committee adopted the amendment so that nonprofit organizations such as schools, churches, hospitals would be assessed for the fair amount of the improvement costs. So, unfortunately the district court kind of took the bottom and didn't read the top, and ruled that you can levy special assessments against nonprofit organizations, but not for-profit. But that wasn't the intent. So, this is really a clarification, and so what I did in my revisions to the statute was I got rid of the word "exempt," because apparently that means tax exempt; I don't think it does. The tax status of a property owner is sort of irrelevant to levying special assessments that confer a special benefit on property, whether it's inside or outside the corporate limits. So, that's really what this is about; it's a clarification statute, I think, to just avoid that interpretation that "exempt" means tax exempt. I don't think that's what was intended, and that was in-- from 1967. I don't think that was intended. So, this is-- and, and this is something that we've done for years and years. Now, most of the time, under the statute, we can agree before you have to file a district court action; in this particular case that got to the Supreme Court of the State of Nebraska, we couldn't agree, so we went there, it was appealed, and that was the interpretation. So, that's what that is all about as far as the

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revisions that are before you today, and I'm happy to answer any questions that you might have.

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

J. CAVANAUGH: Thank you, Chairman. Thanks for being here, Mr. Jobeun. I-- you went through it really quickly, and I'm sure very thoroughly, but just so I can fully understand. I mean, first up, who was the district court judge? Just for my own kind of curiosity.

LARRY JOBEUN: Alioth.

J. CAVANAUGH: Oh, Alioth?

LARRY JOBEUN: Alioth, yeah. I-- I'm a real estate development attorney. I, I haven't been to court for a long, long time.

J. CAVANAUGH: I was just-- I'm just curious. It has nothing to do with anything. And so-- OK, so you are seeking to clarify what you thought it used to be, but it was the interpretation of the court--

LARRY JOBEUN: Yes. So, this is the original statute, and it talks about property not assessable or property not included within the district. In such cases where such exempt property-- and they were talking about non-assessable or property outside of corporate limits, you attempt to agree; if you can't agree, you go to district court. They ruled that it was only the non-assessable property that that applies to. So, you could, you could levy special assessments against churches, schools, and hospitals, but not for, in this particular case, a landscaping company.

J. CAVANAUGH: OK. And so-- and this is the question. So, the churches and hosp-- schools and hospitals, were they inside the corporate boundary?

LARRY JOBEUN: They-- well, they can be. Sometimes they're inside, sometimes they're outside.

J. CAVANAUGH: OK.

LARRY JOBEUN: But what this-- but that's a different process, remember. If they're inside, then you're running resolutions of necessity, notice to contractors, you're publicly bidding-- you're publicly bidding public improvements outside, as well. But the whole procedure is a little different. So, you notice-- notify the property owners, you give

them a schedule of assessment, you tell them what the costs are. Actually, you could-- if you were inside the corporate limits, you could actually protest some kind of resolution of necessity if you want to do. That doesn't happen generally, because the developer controls the SIDs, you know, way into the future. But then, once the total cost of all the public improvements that are to be specially assessed are determined, the board of trustees sits as a board of equalization, and they levy the special assessments. That's inside the corporate limits. You can appeal if you're a property owner inside the corporate limits, that's the due process there. When it's outside the corporate limits, we're an SID, we, we are-- have a self-sustaining taxing authority. We're a political subdivision of the state in Nebraska, right? So, we incorporate our boundaries. We can't really do anything outside of our boundaries unless we're allowed to by a subdivision agreement between the governing jurisdiction or some interlocal cooperation agreement with another political subdivision. That's the only way we can really go outside and do the public improvement. So, the case involved here, we actually put in, on 204th Street and Vinton, just south of Center Street, we put in a dedicated turn lane, we put in a dedicated decel lane, we put in a traffic signal on the highway. We have a five-lane section going into the development. They-- this property was on the south side, my development with the SID was on the north side. We constructed Vinton Street for probably a half mile, put a water main all the way in, and-- which benefited this property. Believe it or not, they said if that was a church, school, or hospital, we could have levied the special assessments, but because it was a landscaping company that makes millions and millions of dollars a year, we couldn't.

J. CAVANAUGH: OK, now I'm following.

LARRY JOBEUN: All right. Yeah.

J. CAVANAUGH: So, the change in this bill will allow you to--

LARRY JOBEUN: What you could have done in the first place.

J. CAVANAUGH: Right.

LARRY JOBEUN: It, it-- the, the, the-- if you read the case, they talk about exempt meaning tax-exempt, and I think that's where the failure was. It-- the, the-- it should have been exempt property means non-assessable and property located outside the corporate limits of the district. So, I just eliminated the word "exempt" to avoid that problem again. And so, if you notice, I say, you know, the board of trustees or

the administrators shall not assess real property that is not assessable or not included within the corporate boundaries of the district for any improvements that are constructed or installed outside the corporate limits, except as provided in this section, which is, you attempt to agree; if you can't agree, you can file an action in district court. So, this was just a clarification.

J. CAVANAUGH: Yeah. All right, well, I think I've-- I think I figured it out. Or, I think I understand what you're saying.

LARRY JOBEUN: Yes.

J. CAVANAUGH: So, I appreciate it. Thank you.

LARRY JOBEUN: Yeah. Thank you.

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

LARRY JOBEUN: Thank you very much.

McKINNEY: Other proponents.

PATRICK SULLIVAN: Good afternoon, Chairman McKinney, and other committee members. My name is Patrick J. Sullivan, P-a-t-r-i-c-k; Sullivan, S-u-l-l-i-v-a-n. I'm actually here for the main part of LB321, and that is to try to bring some clarity to 31-735. A little bit of background on SIDs. SIDs were formed by statute almost 75 years ago. They're an infrastructure-type entity; that's their sole purpose, they don't act like a city council and pass dog ordinances or anything else. It's simply to get the infrastructure put in. These SIDs are a gover-- a government entity, but they're sort of almost a branch of the local government, because we are heavily scrutinized when we do these developments through a subdivision agreement, and then all the improvements that we do, both cost-wise and how they're designed, are scrutinized by public works and the planning departments of-- whether it be a city or county. What has worked so well-- they're, they're used all over the state, but in particularly in the metro Omaha area, Sarpy, Douglas County, Cass County, and now going into Dodge County-- is that it takes away the risk of the cities or the counties to participate in some of the infrastructure. Instead, the SID takes on 100% of its responsibility, and those are funded through bonds that are sold to investors, and if there is an issue or problem, the city doesn't-- isn't at risk; it's actually investors in those bonds that are at risk. A couple of years ago, the Legislature decided to amend 31-735 on how long, essentially, the developer could be in control of the SID, and

the statute read really odd because it talked about the first four years of the, of the SID mostly in the hands of the developer, and then-- it then referred to after eight years, it would go to a board that was three residents and two non-residents. That's-- it would talk about eight years, and then it would, in the next sentence, talk about six years. It was just a very poorly-written statute. So, I think they went to go to clarify it, and when I looked at it initially, to, to be honest, I missed that. And they ended up adopting six years instead of eight years for when there's that flip. And so, the question is, why would you want to have this go any longer than necessary to allow the residents in that SID to be able to be in control? Well, part of the problem is, is that these SIDs are phased; there may be four, five, six different phases to the development, and a lot of things that you agree in the subdivision agreement, they will not-- they'll, they'll postpone or defer it toward the later phases so that you have enough valuation so that you can actually support it. And you'd be surprised at the things that we put in: arterial road improvements, intersection improvements, and everything that-- for example, 192nd and 370, the signals there alone were \$1.2 million, which is surprising how expensive things are. So, a lot of times, on those big expenses, they'll allow us to defer it to the later phases. Well, if we get into the later phases and we're past that window where the-- we now have the residents in control, we may have residents say, well, I don't want to take on that expense, or I don't want that neighborhood coming in, and we would be in violation of the subdivision agreement and be-- have a disruption in development. So, if we continue on this six year road-- I've experienced it with a couple of the residents already. Fortunately, I've been able to walk them through them and talk about their obligations, but I'm trying to be proactive in the sense instead of reactive, because at some point we're going to have a situation where we're going to have a board that's not willing to comply with the subdivision agreement, our improvements are going to slow down, our arterial road developments are going to slow down, and it would, in a sense, then drive cities to not defer these improvements, and then these SIDs become that much more precarious from a financial standpoint, to bring on those expenses when they don't have the valuation. So, I'm just trying to get clarity when we-- the bill-- I'm sorry, the statute-- was poorly-written in the past, and when-- I think when it cleaned up, all of us had anticipated as we had been treating it for years, that it would be after the eighth year, and when it finally came out, it was actually in the sixth year. So I'm just trying to get it back to what we had been doing for 50, 60 years.

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

CLOUSE: Yes. Thank you, Senator McKinney. So, I-- when I look at this, the underlines, elections-- first, at the, at the elections held first-- four years after, but then six years. So, where does-- how am I getting the eight? Because those-- that's--

PATRICK SULLIVAN: So, what I'm trying to move is, is they-- when we made the-- cleaned up the statute in '22, we went to the point where at-- after the six-year mark, it would go to three residents, two non-residents. And in the past, it had always been treated as eight years. The statute was a little ambiguous, and I think when it got-- to clean it up, I think that no-- none of us really testified or did anything in regard, because we just thought it was cleaning it up to clarify that it was eight years. And now, when it finally came out, it was six years. In fact, a lot of the election commissioner-- or, the election office was sending out the wrong ballots because they were used to eight years, and they were having to then correct themselves to six years. So, we're just trying to get back to eight years to try to get an orderly type of development, and in a sense, we're just a subcategory of government under whichever county or city that is anyway, because they scrutinize-- you wouldn't believe how much they scrutinize everything that's done within an SID through its development.

CLOUSE: Thank you.

McKINNEY: Thank you. Any other questions from the committee? No? Thank you.

PATRICK SULLIVAN: Thank you.

McKINNEY: Other proponents. Any opponents? Anyone here testifying in neutral? You're welcome to close. For the record, there was no online comments. So, thank you. That will close our hearing on LB321 and move on to Senator Andersen, LB614.

ANDERSEN: Good afternoon, Chairman McKinney, and fellow members of the Urban Affairs Committee. For the record, my name is Senator Bob Andersen, B-o-b A-n-d-e-r-s-e-n, and I represent District 49, the best district in Sarpy County, Omaha, Nebraska. And today, I'm introducing LB614. After I was elected last fall, a constituent approached me and asked about an issue that he had recently encountered, encountered in Sarpy County. He started building a new machine shed on his farm, but

was subsequently notified his shed was inside the extraterritorial jurisdiction, or ETJ, of one of Sarpy County's cities. Therefore, the local commercial building code and other codes applied to his new machine building. After a considerable effort, my constituent was able to work out a complicated solution with the city and ultimately resolve the issue, but it highlighted a problem in the stat-- in the statute. This is what led me to introduce LB614. There are going to be conflicts when cities expand, and areas which were previously solidly rural became closer and closer to the cities. LB614 is a common-sense solution for farming and agriculture to coexist within the city's ETJ to plan for its future zoning and infrastructure projects. LB614 provides flexibility for cities to exempt farm buildings from a city building codes and other ordinances. This will provide resolution for cases like my constituent's. I want to thank the parties involved, and the United Cities of Sarpy County for working together to find a common-sense compromise to prevent this from happening again. I thank the committee for your time and attention. I believe there's an expert in the room behind me who can answer any of the technical questions, but I am standing by to answer your questions at this time.

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

CLOUSE: Yes, thank you, Senator McKinney. When we look at page 3, section [SIC] (b) on that, why, why do we have to define the, the size of the farmstead and the production?

ANDERSEN: Page 3, section--

CLOUSE: Yeah. Right at the top, section 1-- or, page-- paragraph 1(b).

ANDERSEN: Yeah, I believe that's just what defines it as agricultural farmland, because it has to be at least 20 acres and produce at least \$1,000 worth of farm product every year. I believe that's the pure definition of it.

CLOUSE: Well, because I'm thinking there might be times when it's just a horse barn and they're not selling anything; it's just an ag area. It says-- I don't know. That's just a question I had in my mind.

ANDERSEN: Yeah. That's just the definition from 77-1359.

CLOUSE: Thank you.

McKINNEY: All right. Thank you. Other questions from the committee? No?
Thank you.

ANDERSEN: Thank you.

PATRICK SULLIVAN: Thank you again, Chairman McKinney, as well as the other members. I also want to thank you for-- there's only two bills I have to testify; they're both right in a row and in the same room, so it worked out well. LB614 is really kind of configured after an existing statute. And going to your question earlier is-- there's a county regulation that says that you can't regulate farm buildings, but they didn't want every little-- well, and I don't want to say "casual farmer," or-- what do I want to say-- anybody that claims that they're farming, and so they could just put up a building anywhere. So, that's kind of what that definition is. This person really needs to be in farming to be able to do that. And kind of embedded in our heritage, and it-- and you hear this a lot in a lot of bills that come forward-- is that agriculture is a right in Nebraska, and we don't, we don't want to take away that heritage; we want to preserve it. There's been, in Sarpy County in particular, after a kind of loosening of the rights to annex massive areas of farm area that's been taken over that will be farm areas for 50, 60 years, but are controlled under the zoning of a, of a city, particularly areas even in Sarpy County, where the idea of developing it for a city or town life is never going to be seen in my lifetime, probably not in my children, basically because of the topography and what it would take to get public utilities to it. In the meantime, though, because they're in this ETJ zoning, they sit at a greater disadvantage than their fellow farmers because the rest of the farmers in the county have a-- that's outside of the ETJ-- have the ability to put up farm buildings and, and without permits. And so, we're trying, as this huge ETJ area has been kind of been grab-- somewhat of a land grab through annexations is to give these farmers that are still farming the ability not only to build buildings, but if a building got knocked down, or a tornado got hit or something to that effect, that they have-- be able to rebuild it like their neighbors that's just over a imaginary line right next to them. So, very in support of this bill. On further review of it-- and probably something I should have looked at a little bit harder-- I am concerned a little bit about the, the process, because it's an automatic right when it's in the county, and this process does require to go through the board of adjustment. I think that language needs to be tweaked a little bit. But other than that, I think that it, it-- it's a good bill, it's a good concept, a good idea, and I appreciate Senator Andersen bringing it before this committee.

McKINNEY: Thank you. Any questions from the committee? Yes, Senator, Senator Clouse.

CLOUSE: Thank you, Senator McKinney. OK. Let's go back to that question. So, if they call it a farm building, then it has to meet this definition.

PATRICK SULLIVAN: That's correct.

CLOUSE: But if they call it the barn or a shop, it doesn't have to.

PATRICK SULLIVAN: Well, no. I have a barn on my property. That's what we call it. But I live on seven acres, and it's mostly got yard tools and other things in it. What-- it doesn't matter what they call the building. If it's being used for a farm purpose, and they meet those definitions of 20 acres, producing that type of income, then that gives them the ability to say, yes, you are using it for ag purposes. This isn't a hobby, or you aren't trying to get around things. Very similar to where we have greenbelt taxes; there was a lot of people building \$1 million homes on five acres, and they'd say the other four acres is a farm. And so, they put parameters into place to try to address that, and I think this is sort of what the statute's done.

CLOUSE: So, like, if they used the farm for commercial gain or something [INAUDIBLE].

PATRICK SULLIVAN: Yes.

CLOUSE: Thank you. Oh. You mean now, man. I just got a note that I am now chair, and I didn't mean now. Thank you. Senator Cavanaugh.

J. CAVANAUGH: Thank you, Vice Chair Clouse. Thanks for being here, again. I just was curious, is the ETAJ [SIC] different size based off on the municipality size?

PATRICK SULLIVAN: Yes. So, a city of the first class has two mile, and metropolitan, I believe, goes three miles. Then, you go down to the smaller classes like a class two and villages, it's one mile. So, for instance, Gretna-- class one is 5,000, so-- Gretna just hit 5,000. So, when they went through and did their annexation, they not only increased their-- where they could control zoning by, by virtue of annexation, but by virtue of becoming a city of first class. They jumped from one mile to two miles, as far as jurisdiction goes.

J. CAVANAUGH: And so, just so I understand-- so, now that Gretna's a first-class city--

PATRICK SULLIVAN: Mm-hmm.

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J. CAVANAUGH: If your farm is within two miles of the-- whatever.
First--

PATRICK SULLIVAN: The city limits.

J. CAVANAUGH: --of the city limits, then you would not be able to build
a barn un-- unless you go through the city zoning requirements--

PATRICK SULLIVAN: Correct.

J. CAVANAUGH: --if you're in that two miles. But with this, you'd be
able to go through this process.

PATRICK SULLIVAN: That's correct.

J. CAVANAUGH: And you mentioned you might need a tweak. Do you have a
suggestion, or should we come back to you on that one?

PATRICK SULLIVAN: No, I can-- I-- my suggestion would be-- and, and
again, this is probably me coming a little too late to, to the issue,
is, is under the county zoning, it's not-- it's a right. It's sort of
like what we have for ag; ag is a right in Nebraska. That's just
embedded in us, and I think that if it was that you had that same right
as you have in a county, then yes, that would be my preference as
opposed to going through this process, because we certainly could see a
situation where cities may just say, well, we've got that zone, or our
future map says it's going to be housing, so your building doesn't fit
with what we-- you want to do. And it-- going back to Gretna, Gretna
has tons of farm ground that's down in areas that are along the Platte
River. Those people would not be able to build those buildings under
this circumstance without going through that, and my experience that
I've had with Papillion is they don't even have an ag zoning, so they
make it light industrial, and we have to meet the building codes and
everything else of light industrial.

J. CAVANAUGH: OK. And so your suggestion would be, essentially, to
treat somebody who's 1.9 miles the same as you would treat somebody
who's 2.1 miles?

PATRICK SULLIVAN: That's correct.

J. CAVANAUGH: OK.

PATRICK SULLIVAN: Yeah.

J. CAVANAUGH: Thanks.

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CLOUSE: Any other questions? OK. Thank you.

PATRICK SULLIVAN: Thank you.

CLOUSE: Any additional proponents? And how about opponents? Neutral? OK. Senator Andersen. And while he is getting here, LB14-- LB614 had 3 proponents, zero opponents, zero neutral, and zero ADA online.

ANDERSEN: Thank you, Vice Chairman Clouse, and my fellow members of the Urban Affairs Committee. LB614 is a common-sense solution for farming and agriculture to coexist with a city's needs to plan its future zoning and infrastructure projects. It provides flexibility for cities to exempt farm buildings from the city building codes and other ordinances. I thank the committee for your time and attention, and look forward to working with you to bring this bill out of committee for consideration by the full Legislature, and I'm happy to take any final questions.

CLOUSE: OK. Do we have any questions for Senator Andersen? OK.

ANDERSEN: Thank you.

CLOUSE: Thanks, Senator. Do we have anyone here representing Senator Dover on this next bill? OK. Let's take about a five-minute break until Senator Dover gets here.

[BREAK]

CLOUSE: Are we ready? Senator Dover, you ready?

DOVER: Yes.

CLOUSE: OK. OK. Next up is Senator Dover, with LB626. Senator Dover, it's all yours.

DOVER: Thank you, Chairman Clouse. And good afternoon, committee members. For the record, my name is Robert Dover, R-o-b-e-r-t D-o-v-e-r. I represent District 19 which consists of Madison County and the south half of Pierce County. Catch my breath here again [INAUDIBLE] they had this different room here, but-- LB626 is about affordable housing. Tax incremental financing, or TIF, is one of the only two tools available to municipal-- municipalities to reduce the cost of housing, a much-needed resource in our state today. The other tool is LB840 monies. What LB626 does is simple. One, it amends the Community Development Law to allow affordable housing permitted as a use of TIF. Many times in our communities across the state, the Community

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Development Law has been stretched to allow for affordable housing. It's time to clearly include this use in the Community Development Law. Two, it adds to the definition of, quote, blighted area, quote, unplatted land. This eliminates the need to find the traditional blighted and substandard ground, and then stretch the study area to include undeveloped ground, which was the intended target of the study all along. It's also adds to the definition of "blighted area" an area with less than 20% of affordable housing; affordable housing is defined as less than 60% of medium income. And three, it adds to the definition of "substandard area" an area with less than 20% of affordable housing, as defined again as 60% of median income. I'm currently working on an amendment that will raise the medium income to make sure that it will work with current affordable housing. This legislation will make it easier for affordable housing to be built across the state, and for that reason, I support LB626. Thank you for your time and attention.

CLOUSE: OK. Thank you. Any questions for Senator Dover? I, I have one.

DOVER: Sure.

CLOUSE: And you mentioned in-- there's, there's just work-arounds now that use TIF, and so this just eliminates that or takes that out of the-- out of the equation?

DOVER: Yeah, a lot of times-- I'm sure you know, you-- as-- you know-- asked, Mayor Clouse, in a lot of our communities, they have to be blighted or substandard, so finding the area-- we had a situation in Norfolk where they found, oh, an old salvage yard on Norfolk Avenue, and they-- so, they went down here and got the salvage yard, and then they went the full mile north to Benjamin Avenue and included the whole area in the blighted/substandard study because they wanted all that open area, the cornfield, right? Because [INAUDIBLE] could just make it look great, room for a lot of affordable housing. Now, it's known as Meadow Ridge. And so, I think it's kind of a workaround. So, why don't we-- instead of trying to make this work for affordable housing, why don't we just say it's for affordable housing? Because really, that's what it-- I mean, I think it's one of the-- that would be the number one reason TIF is used for the state today. And so, it just-- it makes it work. And we had the part 2, where it says that, that, that if, if it doesn't have a plat-- so obviously, that would be bare ground, so we-- but now you could go out to a cornfield, say this would be a great place for affordable housing, and, and build it without having to try to stretch over somewhere. And the one thing I would say is this, is we currently have in here-- the definition of affordable housing is 60% of medium income. That will probably change, and I'll be working with the

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committee to find a number that works, because obviously, when you start to get affordable housing, you start layering things. And so, your base is going to be TIF, so let's say \$40,000; you're going to get down payment assistance, maybe that's another \$30,000, so it would really-- I don't know that 60% of medium income's enough, but that's just where we started.

CLOUSE: OK. Thank you. And I, and I know-- I don't think that we've ever used that in Kearney, because it-- for utilizing TIF for housing, but-- I-- we always thought we thought we could, so this is--

DOVER: Oh, wow. That's interesting.

CLOUSE: Yeah. We just never did.

DOVER: Yeah, we, we started in Norfolk probably, I'm guessing maybe 20 years ago, but [INAUDIBLE] nice thing, sometimes people will, will complain about TIF because you're taking those houses off the tax roll. The thing is that TIF and the down payment assistance allows for houses to be built that couldn't be built otherwise, and so they never would have hit the tax rolls. And we've been at it long enough that we now have property going off the tax rolls, new developments and properties in the past coming back on, because they're-- they-- it's supposed to be TIF for about 15 years; usually, they figure it for-- it ends up being about 12 years. So, we now have projects coming on the tax rolls as properties go off the tax rolls. So, it works, works really, really well.

CLOUSE: OK. Thank you. Any other questions? Senator Andersen.

ANDERSEN: Yeah, thank you, Vice Chair. Thank you, Senator Dover, for being here. We've had a number of discussions about TIF funding and the utilization, and one of the issues that came up in actually this committee a previous day was-- the comment was made that if somebody needs to do TIF funding, then the government now has the ability to direct how they build, to what codes, what specifications, and make certain mandates. Is that, is that your belief as well?

DOVER: No, no. There's a number of different ways to do TIF. It really-- so, you can have either, either a CDA governing body in, in the, in the town, which is-- basically the CDA means is exactly the same as the city council. Or a CRA, which is basically number of [INAUDIBLE] that people that get together to do it. So either one of those bodies can, can deal-- can set up the redevelopment plan for TIF. So they, they can, if they want to, set up whatever they'd like to do.

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In fact, one of the TIF projects I was involved in, they took one-third of the money and used it for a water detention area for the area of town that was flooding. So, there was another use of the TIF. So, it-- not only did we lower the cost of our duplexes we were selling, but also created a water detention cell that the city did not have to fund, then.

ANDERSEN: OK. So, it is your view that those are two completely separate issues.

DOVER: Correct.

ANDERSEN: The building codes and requirements and energy efficiency and TIF funding's completely different as a funding mechanism, not as a building code.

DOVER: Correct. This simply allows you to usually-- you-- easily and use TIF for affordable housing, where it, it really wasn't [INAUDIBLE] it really wasn't allowed before; it had to be a blighted sub-- specifically, a substandard area of town. And so, you-- this says, yes, you can use TIF for that. If, if the community decides they'd like to do that.

ANDERSEN: OK. Following question is on page 5, paragraph 1, it just talks about what the definition is of affordable housing. And it's kind of interesting, because we have-- when we look at something that is impoverished, it means certain income thresholds and all that stuff. You know, a lot of times we use whatever percentage of the poverty level, 100%, 200%, 300%, 400%, whatever. But in here, you reference section 42 of the IRS code and 60% of the median income. I'm not sure what the differences are. I'm kind of curious, why did you pick these references?

DOVER: Because they're currently, they're currently used in low-income housing tax credits, I believe. And, and there's people behind me that can explain that. And I do think that probably I'll be working with the committee to actually probably raise that up. That 60%, you can't, you can't build to that, at least in single-family housing that I'm aware of. Because again, you need to have the TIF-- TIF, you-- basically allows you to have a lot for free except for land cost. And then, with the down payment assistance, you, you can get to an affordable home, but otherwise you really can't. So, I don't think 60% is enough, but that's where we started. And, and people following up because we're talking-- this TIF that we use-- I'm used to single-family residential houses and duplexes, but obviously, there's apartments and low-income

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housing tax credits, and it gets much more complex. But that's a level I don't operate in.

ANDERSEN: Thank you.

DOVER: Thank you.

CLOUSE: Senator McKinney?

McKINNEY: Thank you. Thank you, Senator Dover. Quick question that I just was thinking, just off the top of my head. Should there be a requirement that the affordable housing be built in the blighted areas? Did you kind of consider that?

DOVER: It, it-- well, well, I would say yes, and that, and that is part of the requirements for it, because-- this, this simply allows you to have more freedom. So, let's say that you're in area, and let's say that you're in a blighted/substandard area, but there's a cornfield there that's been there forever, right? And the amount of money it's going to take to go in and knock those things down, you, you either-- the city-- and again, I'll say this, is the CDA or the CRA is going to decide what they want to do is local control. So, if the local control says we want to-- we want to clean up this block and put in affordable housing, they can. This simply allows in-- at least communities I'm familiar with, we did a large development called Meadow Ridge development, or another one called Legacy, and they're cornfields. Because we just don't really-- we have some infill lots. I mean, Norfolk, you know, our town is only, what, two miles either direction, pretty much? And, and that's-- and obviously many communities across this-- across the state are very similar or even smaller. So, Lincoln and Omaha probably would be different, but Lincoln and Omaha will decide where the-- where they-- what they-- where they would TIF and what they would TIF.

McKINNEY: I, I know. I guess that's probably, like, my biggest concern. Because, for example, the city of Omaha pretty much blighted the whole downtown, and there's no affordable housing downtown. And I would-- like, I do think affordable housing is needed for TIF; it's just without, like, the stick with TIF to say, "you have to build affordable housing." Hoping that they do it is what I struggle with, because I had a conversation with the city, and they got about almost 2,500 units of TIF that are about to be developed, but only about 5% of those are considered affordable. And that's kind of just-- kind of what I'm wrestling with.

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DOVER: Really, it's [INAUDIBLE] I guess-- probably both, both house-- both types of housing, both le-- income levels are probably needed. I'm guessing, for people working downtown, they may need the other ones too. But I, I do-- I mean, I-- again, it's just my personal opinion, and community can decide, but I really think TIF is best used for affordable housing, because that's what we need. We need more affordable housing, and that's what I believe TIF should be used for. But again, other, other people vary as far as they-- what they think it should be used for. But I would agree it should be used for affordable housing.

McKINNEY: Senator Clouse.

CLOUSE: Thank you, Senator McKinney. So, the intent of-- originally, the intent of TIF was for, generally, commercial, because you're going to get more tax increment to help pay that down sooner, to help increase your tax, your tax rolls. So, this is an extension of, of TIF to allow affordable housing, which generally won't have as much tax increment going forward. So, I think, I think that might be, Senator McKinney, kind of what you're thinking, is that you can't just lock it into that, because your tax increment-- they don't match, is my-- is that correct, do you think? You're a Realtor, do you know? If you're going to get more tax increment, you're going to do commercial and, and--

DOVER: Well, yeah. I mean-- and basically, when you, when you start doing developments and you throw an apartment or two in the development, it really starts to work. Because you're going from very-- you know, basically, the way TIF works, is you have this-- let's just say a cornfield, right? And then, you put in houses, and then you put in some apartments. Well, those apartments, you know what's an apartment-- what's a-- or apartment houses are worth a lot of money. So basically, between this raw ground at, say at \$10,000 an acre, which is crazy prices for some people, but that's about what-- what's it worth in Norfolk. So, if we're \$10,000 an acre to, you know, millions of dollars, that, that increment between those ta-- taxation goes to pay the sort of-- to surrender the bonds, that's a given. So, you can do infrastructure, you can do parks, you can do a lot of different things that you just can't do without the TIF. I mean, we, we cannot build affordable housing, even with TIF. But it is one tool that we have.

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

DOVER: All right. Thank you, Chair McKinney. I may not be back to close. I have another hearing in Appropriations, but I, I may--

McKINNEY: OK. Are there any proponents?

JAKE HOPPE: Thank you, Senators. My name is Jake Hoppe, J-a-k-e H-o-p-p-e. And a, a-- I'm a developer of affordable housing and work in both the urban and rural areas. We are a big proponent of this bill. We have a lot of examples of TIF being utilized for affordable housing in a range of different communities, but we also run into a lot of constraints in those communities where we might be working, or we might be looking at doing a development project that the community wants, has identified a location for that project, but that location doesn't necessarily fall within their historic blighted and substandard area. This bill would allow us to make that extension so the TIF could be available in that part of the community where the community is ready to develop. And in addition, making affordable housing as an, as an eligible use for TIF is also an important concept that's in this bill, making it so that-- a lot of the TIF-eligible uses, in, in some of these scenarios, depending on the community, we may struggle to meet some of the eligible uses as defined by that community; this would make affordable housing in itself an eligible use for TIF. So, I'm happy to answer any sort of more technical questions about sort of how we've used TIF, and I think, Senator, your question about-- a little bit about the urban core in Omaha-- I think what this would do, is it, it-- Omaha is a bit unique, where there's a lot of development ground in areas that are currently blighted and substandard. In a community like Lincoln, there really isn't as much developable ground in some of the same areas that are blighted and substandard. Lincoln has had a big push to decentralize where the affordable housing is located. This would give the community of Lincoln a tool that they could use to help catalyze that redevelopment in what they call their outer-area TIF policy.

McKINNEY: OK. Thank you. Senator Clouse.

CLOUSE: Senator McKinney, thank you. So, in, in your view, if this was allowed in the communities that use TIF develop in, you would be building a lot more affordable housing?

JAKE HOPPE: Yeah. Absolutely.

CLOUSE: Thank you.

JAKE HOPPE: And give us more flexibility on the locations of where we're able to do it.

McKINNEY: Thank you. Senator Cavanaugh?

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J. CAVANAUGH: Thank you, Chairman. Nice to see you, Mr. Hoppe. Thanks for being here. It's an interesting idea. So, just so I understand, it would allow-- it, it would allow for the use of TIF outside of blighted and extremely blighted areas?

JAKE HOPPE: It would allow us to blight areas based on their lack of affordable housing.

J. CAVANAUGH: Oh, OK.

JAKE HOPPE: So, we would still have to go through the blight and substandard process in the Community Development Law, we'd still have to have that be accepted and ratified by the city council. It would just allow us to-- I think the delineation that Senator Dover was making is the idea that they would have incorporated a, a, a legacy industrial park in order to TIF the, the, the-- they draw the TIF boundaries of an area that would include qualified assets and non-qualified assets when they TIF the entire area is what's done now. It would allow you to just say, hey, we want this area to be developed, we want it to be developed for affordable housing and it doesn't have affordable housing now. And so, it'd be a, an element of the blight and substandard. So, you'd still go through all the same blighted and substandard process that you would with TIF, is my understanding.

J. CAVANAUGH: OK.

JAKE HOPPE: It would just give you more flexibility on the geography that you choose.

J. CAVANAUGH: And so essentially, what it would do is create smaller pockets. I mean, like, I'm not familiar with other communities' blight, but like Senator McKinney-- it's basically the whole eastern half of Omaha is--

JAKE HOPPE: Yeah.

J. CAVANAUGH: --blighted, including most of my district. I think your neighborhood, honestly.

JAKE HOPPE: Probably.

J. CAVANAUGH: Our neighborhood.

JAKE HOPPE: My house is probably contributing to that.

J. CAVANAUGH: Yeah, I-- your house is probably-- yes. My house certain is. So, I guess I'm just trying to wrap my mind around what exactly-- so, when you, when you want to blight a new area, you have to-- it goes before the-- in Omaha, it'd go before the planning board?

JAKE HOPPE: I believe it goes to planning board and city council--

J. CAVANAUGH: And then the city council--

JAKE HOPPE: --so you get a blight and substandard study done, which documents the elements of blight exhibited by the piece of land where you might be doing work, or it-- by the district of the area that you're going to [INAUDIBLE]. So you, you create a redevelopment area that's larger than-- usually larger than any one project, but it typically would demonstrate the elements of blight that are defined. We would be adding to those elements of blight the lack of affordable housing--

J. CAVANAUGH: OK.

JAKE HOPPE: --as one of the--

J. CAVANAUGH: And would then have to meet all the other standards, or is it, like, a total, total score or something like that? How does the-- I mean--

JAKE HOPPE: I think they-- I can't remember the way it's written. I think it's a, a-- maybe they have to exhibit three of some number, or I-- I'm not entirely sure on how many they have to exhibit, but I think they have to exhibit a couple of the elements, but-- or, it could be one. I don't-- you 'd have to [INAUDIBLE]

J. CAVANAUGH: OK. I'm, I'm, I'm-- was looking at the Constitution--

JAKE HOPPE: Yeah.

J. CAVANAUGH: --thinking about the-- those parts, because it does-- they do have to have it be blighted, otherwise you can't get TIF.

JAKE HOPPE: Yeah. It would, it would still be blighted.

J. CAVANAUGH: OK.

JAKE HOPPE: Yeah.

J. CAVANAUGH: All right. Thanks.

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JAKE HOPPE: Just the element of blight would be lack of affordable housing.

J. CAVANAUGH: OK. Gotcha. Thank you.

McKINNEY: I guess my question, looking at Section 3, where it says affordable housing means workforce housing, housing targeted for households earning less than 60% of the median income for the county in which the housing is located, and housing under Section 42 of, of the Internal Code, and I guess that's-- deals with low-income housing credits. Do you-- did you work with Senator Dover on this?

JAKE HOPPE: We did. It sounded like this is an element that he was evaluating, what the precise definitions are. The, the, the--

McKINNEY: Oh, OK.

JAKE HOPPE: It sounds like the definitions were chosen based on their-- how they align up-- Section 42's the low-income housing tax credit program. 60% median income is the key median income typically looked at for the low-income housing tax credit program, so those are, in my mind, a little bit synonymous. The workforce housing, it sounded like maybe he was working on an amendment to help define that more precisely, but-- yeah. Go ahead.

McKINNEY: All right. Thank you.

JAKE HOPPE: Yeah.

McKINNEY: Any other questions? No? Thank you.

JAKE HOPPE: Yeah. Thank you.

McKINNEY: Other proponents?

HUNTER TRAYNOR: Chairman McKinney, members of the Urban Affairs Committee, good afternoon. My name is Hunter Traynor, spelled H-u-n-t-e-r T-r-a-y-n-o-r. I'm here today on behalf of the Nebraska Chamber of Commerce and Industry, the Greater Omaha Chamber and the Lincoln Chamber of Commerce in support for LB626. This past summer, the state Chamber participated in two interim studies, both dealing with housing; one before the Appropriations Committee on which Senator Dover sits, and one before the Urban Affairs Committee, and this bill and some of the concepts found therein were talked about in meetings revolving around that Urban Affairs interim study, which occurred prior to the Appropriations interim study. For the chambers and the business

community in general, we see workforce as being necessarily linked to the provision of accessible, affordable housing throughout the state of Nebraska, and we spent a lot of time this interim talking with folks-- both businesses that are members of ours, but also developers just like Jake-- who work on housing not only in Omaha and Lincoln, but around the state. And what we heard time and time again, particularly for outstate developers, is that there is not housing being built in the state of Nebraska that is affordable for entry-level, middle-income workforce families that is not utilizing TIF. And there are communities that have done a very good job of this. I know North Platte is, is one of them. But for us-- and the analogy that Senator Dover spoke to, and how I've talked with people about this bill, is it-- for the past couple of years, because of the market realities, TIF has grown to be a necessary tool for the provision of affordable housing. And then, looking at the blight and substandard definition-- which, in this analogy, I'll describe as a circular hole-- the application of TIF is a square block, and the criticism has been we need to change the size of the block, because the blight and substandard definition doesn't contemplate the use of this tool to provide housing on this plot of ground. And I think this bill takes the smart approach and changes the size of the hole, rather than shaving down the block. I think it's a smart approach. I think it's a worthwhile conversation for this committee and the Legislature to have, because, as we hear from our businesses all around the state every day, we need more housing, and tax increment financing is a very powerful tool for local communities to decide to use to provide that housing. I'd be happy to answer any questions.

McKINNEY: Thank you. Any questions from the committee? I got one. If we're saying we need to use TIF for blighted areas for affordable housing--

HUNTER TRAYNOR: Yeah.

McKINNEY: --should we be-- should there be a guarantee that at least some percentage of that blighted area be affordable? Just-- because there-- although the intent is there--

HUNTER TRAYNOR: Yeah.

McKINNEY: --there is no guarantee.

HUNTER TRAYNOR: To say that if the TIF--

McKINNEY: Yeah.

HUNTER TRAYNOR: --were awarded based on the provision within how we characterize blight and substandard that if the use case would have to go towards actually building housing, right?

McKINNEY: Right.

HUNTER TRAYNOR: You know, Senator, I think that's a fair point. I'm not sure it's something that necessarily has to be addressed within the Community Development Law, understanding that local city councils and local CRAs are going to evaluate these individual TIF projects and understand that if the blight study used to then generate the project, they're then going to make the, the step of evaluating what the TIF award is going to go towards, what the project's going to look like. And so, I would wonder if that would happen locally anyway. Do you see what I mean by that?

McKINNEY: I, I get what you're saying. I guess I've just seen the example in Omaha where they blighted areas--

HUNTER TRAYNOR: Yeah.

McKINNEY: --and only 5% is being utilized for TIF-- like, for affordable housing.

HUNTER TRAYNOR: For affordable housing.

McKINNEY: That's my concern, is that we're going to allow this and then-- maybe initially the housing is affordable--

HUNTER TRAYNOR: Yeah.

McKINNEY: But then ten years down the line, we get into a situation where rents increase again and it's not affordable anymore.

HUNTER TRAYNOR: Mm-hmm.

McKINNEY: But we have nothing-- you kind of get what I'm saying?

HUNTER TRAYNOR: Yeah, I do. And if you-- if I may. I mean, I think the, the definition and how we characterize what is affordable is kind of a, a moving target. I mean, I think the definition that makes the most sense to me personally is one that care-- that factors in what the cost burden is relative to the inhabitants' income. So, to be not burdened by housing costs, you would be spending about 30% of your gross income on that housing. And if you can afford that, then it's lower-case-a affordable. And so, that, that threshold may move, and I think that's

probably a definition that makes a lot of sense, at least as it relates to this idea. That's how we-- as I understand it, under, under the current statute for TIF and, and its use for workforce housing in extremely blighted areas, there's some consideration of that income, but that at least gives the statute flexibility, as I see it, as real estate prices change, but then additionally, how incomes grow in aggregate and what that does to our, you know, writ-large ability to afford housing. So, that's a-- I think that's a fair discussion for the committee to have. But I think the concept, at least, is, is a really good one for the state to consider.

McKINNEY: Thank you.

HUNTER TRAYNOR: You're welcome.

McKINNEY: Other questions? Senator Andersen.

ANDERSEN: Yeah. Thank you, Chairman. Mr. Traynor--

HUNTER TRAYNOR: Yeah.

ANDERSEN: --don't want the 5% only being in blighted areas, and I think Omaha is what Senator McKinney is talking about. Are you aware of any commercial projects, they want to come in and do renovation? And the reason I ask you that is-- so, I'm originally from Detroit.

HUNTER TRAYNOR: OK.

ANDERSEN: A long time ago. It went through a renaissance where it, it, it became very blighted; it had a very bad downtown. And then they had reinvestment, and a lot of companies came in, and housing and all that. So, they did it, and a combination of both government and with corporations-- are, are you aware of any efforts by companies to come in and help renovate and modernize downtown Omaha?

HUNTER TRAYNOR: Personally, I mean, there's a lot of investment interest in, in downtown Omaha. I think the city has taken huge strides. I don't want to speak on behalf of the Omaha Chamber in particular, but as I've perceived it, being a former Omahan myself-- now living in Lincoln-- but I think the city of Omaha has taken a keen eye towards trying to bolster this economic development flywheel, particularly in downtown Omaha. I-- Senator McKinney can likely talk to this as well. But if your question is specifically, do I know of outstate companies looking to come in and, and, and do investment in downtown Omaha? Not in particular. But I do know that the city of Omaha, and, of course, the Greater Omaha Chamber, has what I think to

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be, you know, a compelling vision for revitalizing downtown Omaha and investing in the, the urban core. I, I don't know if that answered your question sufficiently.

ANDERSEN: No. But I'll keep asking. Thank you. I appreciate [INAUDIBLE].

HUNTER TRAYNOR: You're welcome.

McKINNEY: All right. Thank you. Other questions? No? Thank you.

HUNTER TRAYNOR: Thank you all.

McKINNEY: Other proponents?

EMMA CRAIG: Good afternoon, Chairman McKinney, and members of the committee. My name is Emma Craig, E-m-m-a C-r-a-i-g, and I'm the housing policy and legislation manager at the Nebraska Investment Finance Authority. Today, we're pleased to provide testimony on LB626. Changing the definition of blight and substandard to include an area where less than 20% of the available housing in the area is affordable will open the door to increased opportunities for development. As it stands, Nebraska is facing a shortage of affordable housing across the state, with current estimates sitting between 100,000 to 120,000 units across the market. Since 2004, Nebraska has grown by almost 250,000 residents, with additional stress in certain areas due to migration to population centers, yet only 161,000 building permits for housing-- an average of just over 8,400 units per year over the last 19 years-- were issued, and 1%, or approximately 7,800 properties annually, continue to dilapidate beyond use, meaning that the additional permits issued did not solely add to the usable housing stock, but also replaced dilapidated units. These factors, among others, have laid the foundation for unaffordable housing for the median Nebraska household. Between 2020 and 2023, the median household income grew by 1.05% from \$71.8 thousand to \$72.5 thousand, while the median cost of a home grew 21.25%, from \$203.9 thousand to \$247.2 thousand in the same time frame. The median household would need to make almost \$20,000 more per year to afford the price of a median home. Renters are faring no better, as the median household income for renters in Nebraska is \$46.1 thousand, while the median rent for a two-bedroom rental is \$1,245 per month, plus average monthly bills for electricity, gas, water, sewer, et cetera of about \$196, for a total of \$1,441 per month. The median renter household would need to make almost \$11,477 more per year to afford the median rent. As our state grows, Nebraska needs safe, accessible, affordable, and diverse types of housing to accommodate our

changing population, and financing methods such as TIF that encourage housing development are key to alleviating supply and affordability stress on the market. Utilizing TIF to further the development of affordable housing in areas that will benefit from its investment is vital for communities who want to address their need for housing to ensure continued community growth and vibrancy, and supporting further economic development. Expanding the definition of blight and substandard to include areas that lack affordable housing could have a positive significant impact, alleviating the affordability and availability pinch currently felt across the state. Not only will the long-term economic impact of providing housing for business expansion and employee retention help our communities, even the short-term impact of building is impactful. Research from the National Association of Home Builders indicates that on a national average, the first full-year impact for every 100 units of housing created is \$32.4 million in local income in taxes for single-family units, and \$13.9 million for multi-family. These estimates hypothesize a substantial return on investment for increased development in affordable, attainable, and diverse housing. In short, we need more housing, and we need additional tools to start making that a reality now and not tomorrow. To tackle Nebraska's housing shortage, we need a "yes, and" approach, which includes investing state and local dollars-- including TIF--into housing development. The state of Nebraska faces a shortage of available and attainable housing for a growing population, and stands to reap a significant return on investment by bolstering our investment in housing. We not only need to catch up to the pent-up demand of housing in the state, but to prepare for future growth. It is imperative that we consider not only the direct economic return of housing investment, but the added community benefits of investing in housing. When we invest in communities, communities invest in our state and our people. Thank you for the opportunity to share testimony today, and I'll yield for questions.

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

CLOUSE: Thank you. Thank you, Senator McKinney. So, with the Nebraska Investment Finance Authority--

EMMA CRAIG: Mm-hmm.

CLOUSE: --and the community development, you, you work with a lot of them that is affordable housing, right? Other projects?

EMMA CRAIG: Yes.

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CLOUSE: So, the development-- Community Development Law was not really written for affordable housing, right? It's just being added to it--

EMMA CRAIG: Mm-hmm.

CLOUSE: --as to enhance the Community Development Law. Or, act. So-- or, the Community Development Law. So, I-- do you think we're-- somehow, the focus has changed, that this is-- the only purpose for this is affordable housing, when really isn't. Is that right? Is that fair? I don't mean to put you on the spot, I'm just-- as a finance person, I would think you'd-- you know, that you might be the subject-matter expert. I think we're getting twisted here, that it's all for affordable housing when it really isn't. We're just allowing this for an act that already exists for multiple developments. That's how I see it. Is that correct?

EMMA CRAIG: I mean, I feel like that is, in, in a way, a valid way to read it. But in my personal understanding, it kind of just opens the door for these funds to be used for--

CLOUSE: To allow--

EMMA CRAIG: --additional projects.

CLOUSE: It's not the driver of the community--

EMMA CRAIG: It's not the-- yeah.

CLOUSE: Right.

EMMA CRAIG: Exactly.

CLOUSE: OK.

EMMA CRAIG: We're in support of avenues that allow for further development of affordable housing. So, this opens the door to that, and thusly, I'm-- sat in this chair.

CLOUSE: OK. Thank you.

McKINNEY: Thank you. Other questions from the committee? I have a couple, probably. So, I'm just curious. If we're going to allow for areas that are-- we're going to blight areas because of a lack of affordable housing. Shouldn't we guarantee that there's going to be some affordable housing there?

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EMMA CRAIG: I mean, perhaps in-- a consideration for a future amendment.

McKINNEY: Because my concern is the way-- and I'm using Omaha, because that's the--

EMMA CRAIG: Yeah.

McKINNEY: --my only example that I have. But the way they've used blighted and extremely blighted, if you talk to the per-- the individual that wrote that language, it goes against that.

EMMA CRAIG: I'm sorry, could you say that one more time?

McKINNEY: That-- because-- my concern is if we don't say specifically there has to be some affordable housing, there could be some creative ways to use this and say this area doesn't have any affordable housing; we're going to be blight it and develop it, but there's never actually affordable housing constructed there. And that's just my concern, because the city of Omaha blighted and extremely blighted some areas, and-- which goes-- and, and their intent goes against the intent of the bill that was passed.

EMMA CRAIG: Sure. I think-- as the bill is written currently-- I guess we're in support of the spirit of the bill in that it strives to go, I think, in a good direction by looping in the lack of affordable housing into the overall conversation. That being said, I, I, I do see your point about making sure that there are, there are things woven in to ensure that the intent of the bill is--

McKINNEY: Yeah. No, I--

EMMA CRAIG: --is carried forward.

McKINNEY: I get the intent of the bill. I just think there some-- should be some assurances--

EMMA CRAIG: Sure.

McKINNEY: --in place for it to, to make sure that-- if we're going to blight something because of something--

EMMA CRAIG: Yeah.

McKINNEY: --we should make sure that something is there. That's all. But thank you.

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EMMA CRAIG: Yeah, of course.

McKINNEY: Any other questions?

EMMA CRAIG: Questions?

McKINNEY: Thank you.

[DISRUPTION].

McKINNEY: Other proponents?

ANDERSEN: SpongeBob SquarePants, is that [INAUDIBLE]--

CAROL BODEEN: It's always good when you're smiling when somebody walks up, so. 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. I'm testifying today on behalf of NHDA, as well as the Nebraska Economic Developers Association. NHDA is a membership organization with over 70 members from across Nebraska. Our mission is to champion affordable housing. NHDA often works collaborative-- collaboratively with the Nebraska Economic Developers Association, sometimes called NEDA. NEDA is a professional membership organization made up of more than 300 economic development professionals from also across Nebraska. We testify today in favor of LB626, which will add the lack of affordable housing as a consideration for an area to be declared eligible for tax increment financing. And thank you to Senator Dover for his support for housing and for bringing forth this bill. We have established housing programs in Nebraska, such as the Affordable Housing Trust Fund, the workforce housing funds, and affordable housing tax credits. These programs are successful in facilitating the many different kinds of developments that are needed in Nebraska to address affordable housing shortages. However, in addition to these programs, innovative finance strategies such as TIF can provide that additional community investment that can make affordable housing development more feasible. This bill will make this tool more flexible and clear in its purpose. We support an all-of-the-above approach to increasing the housing supply within our state, and this is the type of approach that assists in affordable housing development in a way that leverages both local and state investment. Thank you for your consideration of this legislation. I'm happy to answer any questions. And I will say that I agree with the point that you're making, Senator McKinney, about that if we're going to blight it for affordable housing, that there should be some way to ensure that, yes, there will indeed be affordable

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housing in that development. I don't know exactly how that will be incorporated into the legislation or into how things-- the project or how things would be finished up, but, you know, from our standpoint, we definitely would agree with, with trying to come up with some way to, to ensure that. So.

McKINNEY: All right. Thank you.

CAROL BODEEN: You're welcome.

McKINNEY: No problem. Any questions from committee? Senator Clouse?

CLOUSE: Yes, thank you, Senator McKinney.

CAROL BODEEN: Yes.

CLOUSE: So, have you worked with TIF projects before?

CAROL BODEEN: I have not.

CLOUSE: You have not.

CAROL BODEEN: No, no. That's probably an--

CLOUSE: Because you would have individual TIF projects within a blighted and substandard area. So, you have a blighted, substandard area--

CAROL BODEEN: Mm-hmm.

CLOUSE: --and then you go to your CRA or whatever--

CAROL BODEEN: Yes.

CLOUSE: --[INAUDIBLE] the project you're going to do within that blighted area, correct?

CAROL BODEEN: Mm-hmm. OK. Yes.

CLOUSE: I'm-- just want to make sure I'm following, following--

CAROL BODEEN: Yes.

CLOUSE: --the process as I think I know it.

CAROL BODEEN: OK.

CLOUSE: So, that project that goes for TIF funding--

CAROL BODEEN: Yes.

CLOUSE: --specifies what that projects for, whether it's an apartment complex--

CAROL BODEEN: Mm-hmm.

CLOUSE: --or it's for a convention center or whatever. So--

CAROL BODEEN: Yeah.

CLOUSE: --if the-- if that TIF project is specified for a housing project, then it has to meet the definition of affordable housing and all those type of things for that project in that section, subsection of that area. Is it-- is that-- am I on the right track?

CAROL BODEEN: That makes sense to me. I-- but I am in no-- by no means any sort of expert on TIF, so.

CLOUSE: So, I, I think that's how it works. So, the challenge you have at the end of the-- how do we keep it affordable, is basically your point.

CAROL BODEEN: Right.

CLOUSE: Because you can build it [INAUDIBLE] here, and then, with inflation, if you put people in that housing, I'm assuming they'll want their valuations to go up. Not their property taxes, but their valuations, they'll want to go up.

CAROL BODEEN: Right.

CLOUSE: So, I, I, I just wanted to make sure I was following your--

CAROL BODEEN: No, I, I think you're correct. And that's what we were just talking about. We're just not sure how, in a practical manner, you could ensure that. But I mean, we would have no problem with that.

CLOUSE: Trying to define it and make sure that it stays affordable.

CAROL BODEEN: Yeah. Yeah. Yeah.

CLOUSE: Thank you.

CAROL BODEEN: You're welcome.

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

ANDERSEN: Thank you, Chairman. Thanks for your time in testifying.

CAROL BODEEN: Sure.

ANDERSEN: Can-- how does an area become blighted? Is it declared as blighted? Is there a definition of it?

CAROL BODEEN: I, I cannot tell you the definition. I know that there has to be a study completed that makes that determination.

ANDERSEN: So, when I think of blighted, I think of a run-down area. I think of--

CAROL BODEEN: Right.

ANDERSEN: --broken-out windows. You know, just--

CAROL BODEEN: Yeah.

ANDERSEN: --a place I didn't-- most people don't want to live.

CAROL BODEEN: Sure, sure. Well, and I think that's been the challenge with using-- trying to use TIF for affordable housing is that oftentimes, when you look at those areas that, that are being proposed for development, they don't appear to be blighted. And usually, the neighbors around there don't really want to consider the fact that the cornfield next to them is then now being-- making it so that their neighborhood that's near that is also being talked about as blighted and substandard. So, I think what the senator is trying to do is that-- because there is no development in that cornfield, so-to-speak, that-- and the fact that it can then be with the intention of using it for affordable housing, that that is worked into that definition of blighted. So, it's, it's changing kind of the spirit of that definition of the blighted and substandard.

ANDERSEN: [INAUDIBLE] that's not what I would have pictured. I said earlier, I'm from Detroit, right? So, there are plenty of blighted areas in Detroit.

CAROL BODEEN: Yeah. Yeah. So, I think--

ANDERSEN: But an empty cornfield does not make those areas a blighted area.

CAROL BODEEN: Yeah. So, what, what, what I think what we're trying to do-- and I lived in North Platte for quite a while, and that was one of

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the, the issues that were being dealt with there, is that once you're trying to expand areas for additional development, it-- if you want to make it affordable, it's really difficult because there's no infrastructure in those areas. And so, by the time you go through the normal development process and, you know, get all the, the streets and sewer and water and all of that into it, then you-- you're putting so much cost into it that then that detracts from trying to be able to develop it in a manner that is more affordable for people to-- so that your end, your end product is more affordable for people to, to purchase or to be able to rent.

ANDERSEN: [INAUDIBLE].

CAROL BODEEN: I don't know if I'm explaining that very well.

ANDERSEN: I think, I think there's a lot of the-- you're using a lot of different terms. Like, what's affordable housing?

CAROL BODEEN: I knew someone was going to ask that when I came here.

ANDERSEN: So, in other different--

CAROL BODEEN: I know.

ANDERSEN: --committee hearings, it's been up to \$375,000.

CAROL BODEEN: I know.

ANDERSEN: Well, I don't-- I know a lot of people that that's not affordable.

CAROL BODEEN: Right, right.

ANDERSEN: Right?

CAROL BODEEN: Right.

ANDERSEN: Do you know, with the TIF funding, are there priorities to different areas? Like, is blighted areas-- if, if you want to build in a blighted area, is there additional priority to you? Or is it a [INAUDIBLE]

CAROL BODEEN: I don't believe that there is, at this point. I know that-- I believe that, as the Senator has written this, that he is trying to come up with a definition for that that can help out with that. And I think that's the part where he was talking about with the

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amendment, that he wants to work more on those definitions and those percentages, so.

ANDERSEN: All right. Thank you.

CAROL BODEEN: You know, TIF is, TIF is complicated.

McKINNEY: Thank you.

ANDERSEN: Affordable housing is complicated.

CAROL BODEEN: Yes.

McKINNEY: Thank you. Senator Clouse?

CAROL BODEEN: Yes.

CLOUSE: Yeah, thank you, Senator McKinney. I think maybe it might answer some of your questions, too, Senator Andersen. But you take a community and, and you hire an engineer, and they come in and they have all the criteria they follow. And you could have multiple districts within your community. Is that correct?

CAROL BODEEN: Mm-hmm. Mm-hmm.

CLOUSE: Want to follow me? So, if you have a project, it might be in district three, but it's a-- declared a blighted, substandard. And your, your community is only allowed a certain percentage. There's a cap on the percentage in your community that could be blighted, substandard.

CAROL BODEEN: Mm-hmm. That sounds correct.

CLOUSE: So, as the community grows and expands and annexes and grows, then-- you've increased, then, your potential for more blighted and substandard through a study of an engineer--

CAROL BODEEN: Yes. Yes.

CLOUSE: --for a-- based on some criteria that they have. That's correct?

CAROL BODEEN: That's-- yes. That would be my understanding.

CLOUSE: Thank you.

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

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McKINNEY: Thank you. Any other questions? No? Thank you.

CAROL BODEEN: All right. Thank you so much.

McKINNEY: Yep. Other proponents?

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. I'm here representing the League of Nebraska Municipalities, and we first want to thank Senator Dover for introducing this bill. I know this committee has heard in multiple occasions and from all the testifiers before me, affordable housing is a big issue in the state of Nebraska. I kind of want to just focus in on a part of the bill that hasn't really been discussed much, but wanted to bring to your attention this bill does eliminate some of the restrictions currently in law for workforce housing. Right now-- I always use Waverly as my poster child example of this-- so, currently in law, you can only do workforce housing when they're-- if you're in a rural community or if you're in an extremely blighted area. So, what that means is if you're in Sarpy, Lancaster, or Douglas County, you can't do workforce housing unless it's in an extremely blighted area. So, I'm back to my friends at Waverly. They live in Lancaster County. They may not have any extremely blighted areas in Waverly, but because they are in Lancaster, they're not considered rural. This bill eliminates those restrictions, and will allow communities like Waverly to do workforce housing. So, we are definitely in support of the elimination of those restrictions. I also just want to mention briefly, Senators-- try to maybe answer some of your questions. Substandard and blighted are both very well-defined in the Community Development Law. If you look at page 6 of your bill, that's where the definition of blighted is, and we get this question a lot. Blighted, Senator Andersen, as you're thinking about it in, in Detroit is very different than, I think, what the Community Development Law defines blighted as it is. So, what you will see if you-- you have a definition of blighted, first of all, you have to meet the criteria in sub (a). And then, you see on line 14 it says "and" you have to meet at least one of what's in sub (b). So, sub (a) is-- you know, you have unsafe conditions, you have deterioration, you-- you know, you're-- you have no platting, et cetera. And then, you have to meet at least one of these other definitions. And that's where Senator Dover has added this 20% of that area is affordable housing. So, I just want to point that out, that it's kind of a two-part thing that you have to meet to meet the definition of blighted. You have to meet whatever's in part (a), and you have to meet at least one in part (b). If you're looking at what the different definition of substandard is, substandard is on page 32-- or, I'm sorry, page 11, line 14. Again, that's the definition of

substandard. So, the Legislature has taken great pains to define those two terms because, as you know, the term "substandard and blighted" is used in the Nebraska Constitution, but the Legislature is the one who has defined those terms. So-- I apologize; I don't mean to walk you through this bill, but that-- I hope that answers some of the questions of what substandard and blighted means. I will, unfortunately, now do a shameless plug for the League. We do an update every year, our guidelines for the Community Development Law. It's our little-- we call it our TIF guidelines, and it's sent to every communities to help them understand TIF and how to do it, and just some helpful checklists and other things that they can have to help them do the TIF project better. So, thank you for that shameless plug. I see my amber light. I will stop talking, but happy to answer any questions you might have.

McKINNEY: Thank you. Senator Cavanaugh.

J. CAVANAUGH: Thank you, Chairman. Thanks for being here, Ms. Abraham.

CHRISTY ABRAHAM: Sure.

J. CAVANAUGH: So, the part you highlighted about Waverly, where is that?

CHRISTY ABRAHAM: OK. Yeah. And forgive me that-- I, I, I may have explained this sort of convoluted. So, on page 2 of the bill, on lines 3 through 6, you will see some language that's stricken, and then the other place that you will see language stricken is on page 11, lines 4 through 6. So, what that language has done-- currently, what it says is "in a rural community or in an extremely blighted area" you can use TIF for workforce housing. As I read the bill, while this is eliminating that language-- so, what that's going to open it up to is that you can, you can use TIF for workforce housing anywhere; you don't have to meet these restrictions that are currently there, which is you have to be in a rural community or you have to be in an extremely blighted area.

J. CAVANAUGH: OK.

CHRISTY ABRAHAM: Sorry. For some reason, the second time is going better than the first time, so I'm sorry.

J. CAVANAUGH: I'm-- well, I'm trying to reconcile this with Senator Ballard's bill we passed last year, where we expanded the work-- Urban Workforce Housing Fund to be eligible for--

CHRISTY ABRAHAM: Right.

J. CAVANAUGH: --Waverly--

CHRISTY ABRAHAM: Right. Thank you. See--

J. CAVANAUGH: --and Sarpy County.

CHRISTY ABRAHAM: Waverly is our poster child for all things. Yes, that-- that's another good example. That was about workforce housing funds that were not eligible for Waverly because they lived in a metro county. I mean, they live in Lancaster, so they weren't considered rural, but they weren't-- they-- I mean, they're not Lancaster-- or, they're not Lincoln. So, sometimes Waverly gets sucked in, so I use them as my poster child. And so, the same scenario here. Obviously, that was workforce housing funds, this is TIF, so it's a separate thing. But the way the law is currently written, communities in Lancaster, Sarpy, and Douglas County cannot use TIF for workforce housing.

J. CAVANAUGH: OK. And this actually changes it from workforce to affordable as well.

CHRISTY ABRAHAM: It does. It does. And the definition currently in this bill of affordable housing includes workforce housing.

J. CAVANAUGH: OK. Gotcha. Now I'm with you.

CHRISTY ABRAHAM: Yeah, no, I'm sorry. It's, it's me, Senator Cavanaugh. It's not you.

J. CAVANAUGH: As long as it's not me. Thank you.

McKINNEY: Thank you. Senator Andersen?

ANDERSEN: Thank you, Chairman. And I would submit, yes, maybe it is him. If you look on page 6, on the [INAUDIBLE] all blighted area. If you look at Section (iii)-- I know it's a three-- more than half the plotted areas, subdivided the property, unimproved land [INAUDIBLE] 40 years unimproved during that time. So, doesn't that mean that when Senator Dover is talking about a cornfield, as long as it's within the city, that that already applies as being blighted? Is that-- am I reading that right?

CHRISTY ABRAHAM: So-- and Senator Andersen, I want to be responsive. So, if-- to meet the definition of blighted, you have to meet the criteria in-- listed, outlined in sub (a) and at least one of the things in sub (b). And you're correct. Like, one of the things in sub

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(b) is you have to have residential or communit-- commercial units that's at least 40 years old. So, if you have a situation where-- and the older I get, Senator Andersen, 40 doesn't seem all that old anymore, but--

ANDERSEN: I'm older than you are.

CHRISTY ABRAHAM: So-- and I think that's back to-- I think the definition of blighted isn't always what we think of, because I think a lot of us would look at a community with 40-year-old homes and think, oh, that doesn't really meet the definition of blighted. But we have to remember that you also have to meet the definition in sub (a) as well as at least one of the criteria in sub (b). And so, what Senator Dover has done is added-- there's one more thing, like-- and if you can prove that less than 20% of the housing in the area is affordable housing, then you meet the criteria in sub (b). But that can't-- that isn't the only thing. That's not the only test you have to meet.

ANDERSEN: OK. Thank you.

McKINNEY: Thanks. Just kind of simps-- same question I've kind of been asking. Do you think if we're using the lack of affordable housing as a reason to blight an area, should we also make sure that there's affordable housing in that area?

CHRISTY ABRAHAM: I think that's a great question, Senator McKinney, and I wish I had a, a better answer for you. Obviously, I'm sitting here with my League of Nebraska Municipalities hat on, and I'm going to say we really appreciate local decision-making and that each community should probably put into their redevelopment plans those kinds of criteria. As you know, both Lincoln and Omaha, as I understand it, do have some affordable housing criteria that has to be met for TIF projects. I think in Lincoln, you either have to build a certain percentage of affordable housing, or you have to donate so much money to the city so they can build affordable housing. So, I think there are committees that are trying to work toward that, just-- the League is going to say we-- our preference always is going to be local decision-making in those areas.

McKINNEY: OK. Thank you. Senator Rountree?

ROUNTREE: Thank you so much, Chairman McKinney. Yes, I just wanted to take a moment to read-- I thank you for all of that information. I recall some years ago, even in our Old Town Bellevue, when it was declared blighted, and it really got a lot of the citizens upset about

that term "blighted" and so forth. I just want to read a couple of things out of this, talking about-- and that's why my computer came on while ago; I was looking to see what we'd done with that. But it said the city of Bellevue, Nebraska has identified blighted areas and has taken steps to address them, including affordable housing projects and rehabilitation efforts. So, in 2021, the city identified substandard and dilapidated housing stock that needed to be replaced. In 2024, the city declared an area blighted and substandard to make way for affordable senior housing. Then, on the affordable housing, the city has an affordable housing action plan that includes purchasing, rehabilitating, and reselling existing housing. And then, the city has targeted downtown Bellevue for affordable housing to support the community's services and central business district. Then, it goes on to rehabilitation and other efforts; who they've worked with to make sure that we can get a type of affordable housing action plan and housing opportunities for our local workforce. So, in this plan that we have here in our Legislature before us, I go over to Senator McKinney, saying at least if we can get a number designated for the affordable workforce housing that we're want to build in that. So, if it's 200 units, we can maybe designate 150, or-- I'm just throwing a number out. But if there's a way we can get that worked in and make sure you got that, codifying that would be great, too.

CHRISTY ABRAHAM: Sure.

ROUNTREE: Thank you.

CHRISTY ABRAHAM: Certainly. And, and the League stands ready, Senator McKinney and Senator Rountree, to work with this committee, obviously, for any language that you would like to propose. So.

McKINNEY: Thank you. Any other--

CHRISTY ABRAHAM: Thank you so much.

McKINNEY: Any other questions? No? Thanks.

CHRISTY ABRAHAM: All right. Thank you.

McKINNEY: Other proponents.

KORBY GILBERTSON: Good afternoon, Chairman McKinney, members of the committee. For the record, my name is Korby Gilbertson; that's spelled K-o-r-b-y G-i-l-b-e-r-t-s-o-n. I'm appearing today as a registered lobbyist on behalf of Habitat for Humanity Omaha, the Nebraska Realtors Association, the Nebraska State Homebuilders Association, and the

Homebuilders Association of Lincoln, Metro Omaha Builders Association Coalition. Now that I've used up all my time-- I won't try to take up a lot of time because the other proponents said a lot of what I was going to say, but all of you know that TIF is one of the only tools that local municipalities have to do economic development. And I think when Senator Clouse was saying earlier about whether or not we're kind of changing the shift of the-- or shift of our attention from community development to housing, I think the issue that comes back to us, like, time and time again, is it doesn't do much good to do other development when you don't have housing for people to live in to support that other development, and we're really at a time in Nebraska where housing is at a critical level, and anything we can do to try to help municipalities do additional housing is worth it. Senator Andersen, I did want to talk a little bit about your question. Is-- you know, is \$300,000-- \$370,000 home affordable? That issue came up, I think it was four years ago, maybe five years ago, because of the cost of housing. And the, the facts of the matter where you-- they literally could not build homes for what they could sell them for. And so that le-- that amount was raised in order to be able to continue to provide housing, even though, at the time, materials, labor, things like that made buildings so difficult to try to keep things affordable. And in order for them to be able to qualify for the workforce housing funds, those changes were made to the statute, so. But I do think it also depends on when you look at, across the state, the different values of homes. And, you know, yes, there are affordable homes being sold in Omaha for 140-- for \$340,000 for starter homes. So, it kind of goes all over the place, depending on where you are.

McKINNEY: Thank you. Any questions? No? Oh, Senator Andersen.

ANDERSEN: Thank you, Chair. Thank you for being here. A couple questions based on what you said. Have you seen a trajectory of building costs, is that still going up? Levelled off? Going down?

KORBY GILBERTSON: You know, I don't know. I, I, I know on some of the discussions surrounding potential tariffs, the estimation is that costs will go up-- continue to go up, or go up again. So, I think it-- there's a lot of variables that we don't have the answers to right now. So, it's hard to say.

ANDERSEN: OK. What'd you say that it costs, a starter home [INAUDIBLE] \$140,000?

KORBY GILBERTSON: 3-- there are some affordable housing units in Omaha that are selling for \$340,000.

ANDERSEN: 340.

KORBY GILBERTSON: Yeah, those are the starting prices for those.

ANDERSEN: You know, I don't know what income you have to have that supports a \$340,000 mortgage.

KORBY GILBERTSON: Right. And I think--

ANDERSEN: But that's just not \$40,000 a year.

KORBY GILBERTSON: Right. And I think part of the issue is, for some of those houses, I know for specifically, like, Habitat houses, those people also get other assistance to help those become affordable for them, so. There's different programs, and that's why it's hard to put everything into one bucket, especially when you're looking at the different geography of the state.

ANDERSEN: So, it's a chicken and the egg problem.

KORBY GILBERTSON: It is. It really is, yeah.

ANDERSEN: Thank you.

McKINNEY: Thanks. Any other questions? No? Thank you.

KORBY GILBERTSON: Great. Thank you.

McKINNEY: Other proponents? Any opponents? Anyone here to testify in neutral? No. For the record, there was 1 proponent, 1 opponent, zero neutral for the online comments, and that will close our hearing for LB626. And we'll move on to LB702.

CLOUSE: OK. Thank you, everyone. Senator McKinney.

McKINNEY: Thank you.

ANDERSEN: [INAUDIBLE]

McKINNEY: 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 in the Legislature, which is in north Omaha. We're here today to discuss LB702, the Neighborhood Empowerment Act; a bill that will make a real difference in Nebraska communities by giving neighborhood associations the funding they need to improve their areas. This is not just another government program, it's an investment in people who know their communities best and want to make them better.

This idea for-- the idea for this bill originated through-- originated from two key conversations after the last session. The first was during my trip to Hungary, where I was on an exchange trip where I spoke to elected officials who shared that their government provided unrestricted funds to neighborhood organizations to support engagement, development, and community-building. The second was one of many discussions I've had with Kimara Snipes, the executive director of One Omaha, about the need to increase neighborhood engagement and why investing in these organizations is so important because many neighborhoods across our state struggle with issues like rundown parks, poor lighting, lack of job opportunities, and limited community programs. Local residents often have great ideas for fixing these problems, but lack the resources to make them happen. LB702 changes that by providing \$5 million each year in grants to neighborhood groups so they can take action on these issues that matter most to them. One of the best things about this bill is that it keeps it simple. Too often, government funding is tied up in so much red tape that it never reaches the people who it's needed for. This bill makes sure that applying for funds is easy, neighborhood associations-- neighborhood associations just need to show that they are active, have regular meetings, and have a plan for how they will use the funds to bring residents together and improve their community. The grants can be used for a wide variety of projects, including fixing up parks, improving street lighting, improving community event-- organizing community events, supporting local businesses, and making neighborhoods safer. But, but there, there are clear rules to ensure the money is used responsibly; it cannot be spent on salaries, political campaigns, or anything that doesn't serve the public good. And to keep everything transparent, neighborhoods that receive funding must report how the money is used so taxpayers know their dollars are being put to good use. This bill also makes sure that funding is spread fairly across Nebraska, so both rural and urban communities benefit. It prioritizes neighborhoods that have been historically overlooked, making sure resources go to where they needed the most. At the heart of this bill is a simple question: "Do we want stronger, safer, and more engaged neighborhoods?" If the answer is yes, then LB702 is the way to make it happen. By advancing this bill, we're giving Nebraskans the tools to take control of their communities rather than waiting on the government to solve the problems for them. It's important LB702 means believing in the power of the people to make positive change where they live. It, it means investing in local solutions and, and, and, saf-- and safer streets and safer connections between-- and safer connections between them. This is an opportunity to do something that will have a lasting impact for our state, because I think fundamentally, it's all about

priorities and investing in our people. We talk about a lot of issues and things that go on across the state, and I think it all goes back to the local level. And what I've seen-- I was a former organizer, and just being in the community-- and, and I also kind of have worked across the state-- it's just that lack of local engagement and the lack of resources for neighborhood associations, neighborhood alliances and community organizations to do a lot of the work that, you know, us as elected officials, we can't do. And we sometimes wonder why people don't, you know, be as engaged, and I think it's because the, the resources aren't there for the community organ--the, the neighborhood associations, the community org-- and the community organizations to actually do, you know, a lot of outreach that is needed. And that's why I think this bill is important, and when I was discussing this, this topic in, in Hungary, I was like, really? Like, y'all really give, you know, your neighborhood associations, unrestricted funds? And I was, like, so are they unrestricted? They're just like, yeah, they just can't, you know, do political stuff, pretty much. And I was like, OK, that makes sense. But besides that, they was like we take a hands-off approach; we let the people do what they want with-- want with the funds, and from what I could tell, it's-- it-- from those conversations, there-- it wasn't any issues. But with that, I'll answer any questions.

CLOUSE: Thank you. Any questions for Senator McKinney? OK. I have one. Oh, go ahead.

ANDERSEN: No, that's all right. Go ahead.

CLOUSE: On section 2, which is on page 3, you know, when we talk about to be eligible to receive the grant. Would you be open to some type of wording in there that it's in partnership with their local jurisdiction, their municipality or whatever? And the reason I ask that, is I'm thinking of scenarios where they might want to put decorative lighting up, and the city's not-- they're not going to do that, because it's not their-- under their purview. But they should say-- but I could see something coming back, you know, ten years down the road: hey, our lighting needs to be replaced and they're like, well, we didn't have anything to do with that. Or, if they want to put, like, the speed bumps you had mentioned here, when that's out on the streets and things like that, you know, I think there should be some mechanism in there where the, the municipality, the jurisdiction says, yeah, we're OK with this, you can go for it. You know? Because we wouldn't do it with our own budgets and all these things. I, I-- I'd just like to see something in there that-- some-- either co-signing-- that would be-- I think that would even pull more weight if the

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neighborhood association filled out their grant application and it was co-signed by the mayor or city manager, saying, yeah, we're fine with this. Is there something like that we could do, do you think?

McKINNEY: Yeah. It-- it's something to consider, because I think, especially, for like a infrastructure project, like a speed bump or lighting, I, I, I, I do see the need for, you know, collaboration with the city. So, I understand that piece. I guess my thinking is, is how we write it, because let's say for, like, a community event, I don't want a co-sign; you shouldn't need a co-signer from the city to have a, have a community event. But I do see the need for, like, a speed bump, because I agree. Or, like, some-- or, like, some street lighting. So, we--

CLOUSE: Yeah.

McKINNEY: We could talk about it.

CLOUSE: And we-- we've got some-- a couple pretty aggressive ones in Kearney that I could think of, and, you know, it'd be great partnership to do their neighborhood cleanup--

McKINNEY: Yeah.

CLOUSE: --and they'll take the roll-off boxes and put it on there. So, some good partnershi-- I don't want it to be where the, the city or the jurisdiction is, like, no, you're in control of this. But I think there should just be some type of partnership [INAUDIBLE].

McKINNEY: OK. Thank you.

CLOUSE: Thank you.

ANDERSEN: Thank you, Vice Chair, and Senator McKinney. The Neighborhood Empowerment Advisory Board is appointed by the governor. How would-- how is that allocated? I mean, it's a pretty diverse state. All right? So, if you have nine people appointed by the governor, are they going to represent all of the Nebraska associations-- how do you envision that working?

McKINNEY: Well, we have three congressional districts, so we probably could pick three people from each congressional district to represent. That's kind of what I'm thinking. Just to kind of be fair, just let it split the three-- the, the nine up, up by congressional district.

ANDERSEN: It should be [INAUDIBLE] the majority. [INAUDIBLE] do it by land mass, or you do it by people. So, the majority of the people are in District(s) 1 and 2.

McKINNEY: No, I think, I think congressional district might just make it easier on the brain, and-- just administratively, too, if we say three people from CD1, three people from CD2, and three people from CD3, I think that might be easier, instead of kind of getting into the deeper geo-- geographic context.

ANDERSEN: OK. The grant funding prioritization, what--

McKINNEY: Can you say that again?

ANDERSEN: Is there a prioritization scheme of-- for how you would allocate the money, the \$5 million?

McKINNEY: So, that-- the, the allocation would be-- so, there's a-- the advisory board that would kind of monitor that, that allocation, and community organiz-- neighborhood associations would apply to the-- apply, and then the community-- the Neighborhood Empowerment Advisory Board would evaluate, then. But are you talking about, like, how would you break down the allocation per congressional district?

ANDERSEN: No, just basically in general. I mean, you got \$5 million a year to give away. Everybody's applying, you know, you get ten applications for \$500,000 each. How do you prioritize-- how do you [INAUDIBLE] the prioritization on how many awards?

McKINNEY: I guess, I guess it's less about priority and probably more about, like, the nature of the projects, and just try to be-- that-- I, I think that's what the advisory board is for, to kind of evaluate, like, what, what the projects are. Do they make sense? Because you could have ten people submit a proposal for \$500,000, but two of them actually are, like, viable or make a lot of sense to do. So, that's why I wanted to put in the advisory board.

ANDERSEN: And I suppose they're unpaid positions, right?

McKINNEY: Yes.

ANDERSEN: What about the oversight and, and compliance and accountability? Is that the advisory board again?

McKINNEY: Yeah, the advisory board, but also there's reporting as well that would take place.

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ANDERSEN: Every two years, right?

McKINNEY: Yeah.

ANDERSEN: And the intermediary that handles these things, is that a-- do you envision that as a 501(c)(3)?

McKINNEY: Yes.

ANDERSEN: And is that part of the, the fiscal note?

McKINNEY: Yeah. That's what DED put in. That's that extra-- why they needed a consultant, I guess. But actually, we could probably rewrite the bill and just put a percentage in for that so it's not over the \$5 million, so. I probably should have put that in before.

ANDERSEN: All right. Thank you.

McKINNEY: No problem.

CLOUSE: Any other questions for Senator McKinney? OK. Thank you.

McKINNEY: Thank you.

CLOUSE: Think you'll stick around?

McKINNEY: Yeah.

CLOUSE: Any proponents?

KIMARA SNIPES: Go ahead and start?

CLOUSE: Yeah. Name, and we're ready to go.

KIMARA SNIPES: Yes. My name is Kimara Snipes, kind of like Wesley, just hopefully easier on the eyes. K-i-m-a-r-a S-n-i-p-e-s. I'm a proud resident of the Legislative District 7 in south Omaha. I am the executive director of One Omaha, and I also serve as vice president of the Omaha Public Schools, Board of Education. So, Chairman McKinney, Vice Chair Clouse, and members of the Urban Affairs Committee, thank you for the opportunity to testify today in support of LB702, a bill that invests in what I believe to be the backbone of our communities, which is our neighborhoods. I stand before you-- or, sit-- not just as the executive director of One Omaha or just any, like, an official, but as someone who deeply understands neighborhoods from both personal experience and professional commitment. My grandfather was from Hastings, and while I live and work in Omaha, my passion for

neighborhood development extends across this entire state. I have traveled to Scottsbluff, Norfolk, North Platte, Grand Island, South Sioux, Hastings, Kearney, and across this nation, making it a point to listen and learn about how communities large and small function and thrive. At One Omaha, we work with and for neighborhoods using asset-based community development as our guiding principle. Time and time again, research-- some of which I have emailed to all of you-- has shown that when residents are connected to their communities and local government, social and economic development follows. This bill is about creating real investment in Nebraska's neighborhoods, putting resources directly into the hands of the people who live there because they know their communities best. One, through our work, we help neighborhood alliances build space for understanding local processes; how city decisions are made, and how to navigate them. Two, meeting their neighbors and elected officials, because real change happens through relationships. In fact, it's in these spaces that I first met leaders who represented me, like Heath Mello and Congressman Don Bacon. And despite political differences, I have built a strong, positive working relationship with all of them. Building capacity: helping residents organize and access funding so that they can problem-solve at the local level. And four, creating a meaningful sense of community ownership, because people who feel invested in their neighborhood will work to make it better. When these four elements come together, they lead to change. Through research, not through more government intervention, but through neighbors solving problems together and taking ownership of their community's future. We often talk about the gap nonprofits and government try to fill when communities lack resources, but what if we close that gap at the source? What if we empowered people to shape their own futures rather than waiting for outside solutions? This is what LB702 does. The process is merit-based, and every neighborhood association, rural or urban, has equal access to apply. The bill doesn't favor any one type of community, but rather empowers local residents to solve their own problems instead of relying on state agencies or external organizations. By keeping decision-making at the local level, we ensure resources are used effectively and aligned with the priorities of the people who live in these communities. This approach isn't just about funding; it's about trusting Nebraskans to lead their own communities. I have always believed in the power of neighborhoods to drive long-term, sustainable change, and I would be honored to help guide this work going forward as well. If an advisory board is created, I would be eager to serve and ensure that this funding truly reaches the communities that need it most across the entire state of Nebraska. I often use myself as an example of what happens when neighborhood organizing is done positively. When I got

involved with neighborhood associations in 2006, I was living in poverty, not doing that great but these relationships. And what I learned, I tell everybody, "look at me now," and I would love to see thousands of Kimara Snipes running across Nebraska, really empowering their communities where they're at. So, I urge you to support LB702 and invest in the people who make our communities strong. Thank you for your time, and I welcome any questions that you have.

CLOUSE: OK. Thank you. Do you have any questions? Senator Rountree?

ROUNTREE: Thank you so much, Vice Chair. Thank you so much for your testimony today. So, I'm looking at you now. So, can you give me just a couple of things that you did in community activity and involvement that was really something that really stood out [INAUDIBLE] for those communities together?

KIMARA SNIPES: Absolutely. So, to give you a little bit of background, I got involved with the Highland South/Indian Hill Neighborhood Association in 2006. A couple of years later, I got involved with the South Omaha Neighborhood Alliance. I actually recently served with their president for four years. When I was on the school board the first time-- this is my second time-- we experienced something called COVID, and literally everything that I learned just started kind of coming out. It was really a trauma response, to be honest with you. But everything I had learned, I saw it go into action. And many people don't know this, but I actually created Omaha's first COVID-19 task forces. And really, learning how to collaborate and rely and work with other people-- I mean, we had everyone from Congressman Bacon's office on down to just your average everyday organizer. We weren't bragging about it, right? I was working part-time; I was also on the school board, and so, I spoke with Willie Barney of Omaha, Nebraska about taking that and continuing it because I didn't have the platform for it. But our group brought in almost \$1 million to the county. Right? And so, that's just such an example of people really, really taking things into their own hands and working with the city. At One Omaha, we provide support for free to organizations who apply for the mayor's neighborhood grants. I have a great relationship with Mayor Stothert; I went and talked with her about One Omaha and our work, and I'm actually trying to schedule something else as well. We love the mayor's neighborhood grant program; the Omaha Community Foundation has a neighborhood program, but still, there are so many organizations who want to do so much more without some of those restrictions that apply. So, I hope that answered your question. That's just one example. We also do the spring cleanups. I heard you talk about the cleanup; that's something we've done with Highland South/Indian Hill each and every

year. The amount of people that it connects us with, the grassroots, even fundraising, we're able to do it through that-- yeah, I could go on for days.

ROUNTREE: Well, thank you so much. We certainly appreciate you being willing to take the lead and step in and continue so we can develop our neighborhood relationships.

KIMARA SNIPES: Thank you so much.

ROUNTREE: Thank you. I appreciate it.

KIMARA SNIPES: It's much more than just community gardens. I mentioned those four things that happen: people understanding process, building relationships with neighbors. When you know your neighbors, statistically, it shows that crime goes down. Building your individual and organizational capacity, and then creating that meaningful sense of community ownership. Again, those four things together, through research, shows that they are precursors to systemic change.

ROUNTREE: All right. Thank you so much.

CLOUSE: Any other questions? Senator Cavanaugh?

J. CAVANAUGH: Thank you, Vice Chair. Thanks for being here, Ms. Snipes, and I-- this is, you know, an exciting and interesting bill, and I appreciate all the work that you've done. Obviously, I love my neighborhood cleanup days. What-- I mean, I don't really have any specific question about most of the stuff you talked about. I really appreciate your testimony. But I was-- when you said you were-- your willingness to serve, it made me think of a question I meant to ask Senator McKinney, was-- that we limit the terms on the advisory board to two years and no consecutive terms. Does that seem like enough time for somebody to serve on the board?

KIMARA SNIPES: Two years-- for me, I would say yes. Right? But also, "learner" is my number one. So, I would go into a situation like that and do fine. I think it's wise to start off with people who have been involved. Now, Omaha is a little bit different in that they have a very structured sort of neighborhood association program, right? The city has the neighborhood directory, that has a place that they can go to. The neighborhood groups work with the planning department. I would love to see that in other cities as well, but I think two years is a long enough time to do things. And if you do it correctly, it's also a long enough time to bring other people into that. You're consistently succession-planning, what you're doing in neighborhood associations

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anyway. I mean, we do this work-- I mean, now I'm at One Omaha, right? But I was a neighborhood organizer for free for years. And so, I think that when you're doing that, you're always succession-planning. It's just something that maybe we have to teach people. And like I said, I am more than willing to step up and do what I can to make sure this is a-- this is successful, and help people in other cities, towns, rural areas to be successful as well.

J. CAVANAUGH: Thank you.

CLOUSE: Thank you. Any other questions? Senator Andersen?

ANDERSEN: Yeah, thank you, Vice Chair. And thank you, Ms., Ms. Snipes, is that right?

KIMARA SNIPES: Yes.

ANDERSEN: Thank you for being here.

KIMARA SNIPES: Thank you for having me.

ANDERSEN: You said you are the CEO of One Omaha, is that right?

KIMARA SNIPES: I'm the executive director, correct, of One Omaha.

ANDERSEN: Executive director. So, you're the boss. Is that a 501(c)(3)?

KIMARA SNIPES: It is a 501(c)(3).

ANDERSEN: OK.

KIMARA SNIPES: It is.

ANDERSEN: In here, they mention local and intermediary organizations. As a 501(c)(3) and One Omaha, do you kind of connect between the granting organizations and then the communities? Is that kind of the role?

KIMARA SNIPES: So, two. We do. We offer support to individuals who are applying for the Omaha Community Foundation Neighborhood Grant, and also offer support to those applying for the mayor's. But we also have our own grant program. When I got to One Omaha in 2023, we were giving away \$2,000. Last year, we gave away \$10,000. And I'm really working to diversify our own revenue. I love our foundations; they definitely fill a gap, but I'm also looking to diversify that-- which I have somewhat-- so that we can really increase that even more and be more of a support for our resident-led projects that happen in Omaha.

ANDERSEN: So, is it realistic that you'd take-- One Omaha would be one of the intermediary organizations--

KIMARA SNIPES: I would love to see that.

ANDERSEN: --or something like that?

KIMARA SNIPES: And I say that as the head of One Omaha, knowing the seriousness that we have when it comes to investing in neighborhoods the proper way, making sure all dollars are accounted for and really going towards the priorities and the goals of this work.

ANDERSEN: What does that mean when it has on here, on page 3, subsection (iii) [INAUDIBLE] it says "ensures equitable distribution of resources to historically underserved communities." Is that, is that the focus? Is that the priority? Is that--

KIMARA SNIPES: Well, here-- when you look at neighborhoods, when you have neighborhoods that have not been invested in, they typically need a little bit of work, more work.

ANDERSEN: Sure.

KIMARA SNIPES: Kind of like if I go to the doctor and I broke my elbow, I don't really want him looking at my toes at that moment, if that makes sense. But it is designed to be fair and to be accessible to all of Nebraska, not just specific parts. But we definitely always want to pay attention to those communities that may need a little bit more investment.

ANDERSEN: OK. Yeah. I just thought it was kind of odd, because the first one wanted-- they're providing services, you know, "technical assistance and resources" and "facilitates leadership." And then, the next one says, you know, historically underserved communities. So, it switched from functionality to geographic- or demographic-based, which I thought was interesting. But thank you.

KIMARA SNIPES: Thank you.

CLOUSE: Any other questions? I have a, I have a question. When you mentioned the governor's grant-- or, the-- governor-- mayor's grant--

KIMARA SNIPES: Yes.

CLOUSE: What is that program about?

KIMARA SNIPES: So, the mayor has a neighborhood grant program where individuals can apply for funding. In the past, like the neighborhood association I was with, we got \$1,000 that we were able to use for National Night Out. A great program, but, you know, the city has other priorities as well. Which-- we all completely understand that sometimes, that takes precedence over our neighborhood associations. And on top of that, many of our neighborhood-- active neighborhood groups that exist, they talk about some of the barriers that exist with some of these applications, as well as just the need for more funding to do different projects. Our neighborhood leaders have really great ideas, when we sit down and talk with them and listen to them, but they're not always ideas that are able to be carried out. I would love to be able to seek and acquire sponsorships and be able to support all of these groups, but unfortunately, I'm new to fundraising and I just don't know if I can raise \$5 million in a year to be able to do that.

CLOUSE: OK, so, I, I guess, another question. So, you work closely with the city on, on your projects?

KIMARA SNIPES: So yeah, I would say that we do. We've had-- we have regular meetings with the planning department. I don't get to see the mayor as often, but I keep in touch with her staff. Yesenia left now, but we did have someone from the mayor's office on our board, but she recently acquired another position. But like I said, I keep those lines of communication open. I went and met with the mayor last year. We have some talks about maybe even doing, like, a Good Neighbor Week, which I would also love to see across the state of Nebraska as well. But yeah, a really great working relationship. She's very clear on our priorities and our goals, and they are in tune with what the city wants to do as well.

CLOUSE: I had the opportunity to meet Yesenia yesterday. She's a nice lady.

KIMARA SNIPES: OK. Yes.

CLOUSE: Any other questions? OK. Thank you.

KIMARA SNIPES: Thank you for your time.

CLOUSE: Appreciate it. Any other proponents? OK. Any opponents? In neutral? Senator McKinney. We have on-- 18 proponents, 3 opponents, zero neutral, and no ADA.

McKINNEY: Thank you. And thank you, Kimara, for, for coming and spending your day at the Legislature to speak on LB702. I think it's a

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really, you know, important bill, because I think we should be empowering our neighborhoods, especially our neighborhood associations, to be more involved in our communities, to build up our communities across the state, because I, I think that's how we build a stronger Nebraska, whether rural communities or urban communities. And that's really why I brought this bill, because at my heart, I'm still a community organizer; I still like to work in the community, I work with the people, and I know there's a lot of value there, especially when it comes to just-- not even political stuff, just different issues that prop up in the community, and not having a foundation or a base of people that you can go to to have those conversations. And having that type of engagement, it, it creates a lot of issues, and I think that's why this is important, that we invest back into our communities and our neighborhoods. And I'm open to any kind of conversations with the committee. I know it does have a price tag, but again, it's about priorities, for me. So, thank you.

CLOUSE: OK. Any questions for Senator McKinney? Senator Andersen?

ANDERSEN: Thank you, Vice Chair, Senator McKinney. Sounds like this is right up your alley as a community organizer. This is, this is, this is built for what you did, right? And still-- I guess you probably still do it to a certain extent. One question. The grants are annual, up to \$5 million, then why is the reporting every two years? Just out of curiosity. Why wouldn't it be annual reporting, or wouldn't the reporting period match the award period?

McKINNEY: I mean, I'm sure there still will be-- because DED, whoever is the agency that-- I'm sure it might be DED. Yeah, it would be DED.

ANDERSEN: It says DED in here [INAUDIBLE].

McKINNEY: There would still be reporting mechanisms, but the overall reporting period being two-- I mean, it could be one year, but-- two years, but just-- overall, just programmed just to see what's going on. But there's still-- although it says every two years they're still reporting throughout the year.

ANDERSEN: OK.

McKINNEY: Yeah.

ANDERSEN: Thank you.

CLOUSE: Any other questions? Comments? I, I just have a-- oh, I'm sorry. I like it. I think if it gets approved, we'll be back later on

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making changes and get-- trying to get more money and trying to expand the terms and all those things. So, I think it's a good start.

McKINNEY: Thank you.

CLOUSE: Senator Rountree, sorry.

ROUNTREE: That's all right. Thank you, Vice Chair. I just want to say I appreciate the bill, Senator McKinney. It's definitely one that works at bringing all the neighborhoods together, and I really appreciate the fact that it bring people that are ready to step in, and also make sure that everyone has a seat at the table. We've talked about not having the seats, and about other committees and so forth, so this would be fair and equitable. So, I appreciate that. And we talk about the fiscal note on it. I remember growing up in the country, we didn't have running water, but we did have a pump, and we used to have to pull that water and then prime it. Once you got that primer started, then the water started to come forward. So, I see this fiscal note as a little primer to get in there and get it off the ground, and it'll turn around and it'll take care of itself. So, thank you.

McKINNEY: No problem. Thank you.

CLOUSE: Any other questions, comments? Thank you, Senator McKinney.

McKINNEY: Thanks.

CLOUSE: This concludes the hearing part of the night. Are, are we going to have an exec session, Senator?

McKINNEY: Yes.