

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Urban Affairs Committee February 3, 2026  
Rough Draft

**McKINNEY:** --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 cause for you to be asked to leave the hearing. Finally, committee procedures for all committees state that written position comments on a bill to be included in the record must be submitted by 8:00 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 hearing record, but only those testifying in person before the committee will be including on the committee statement. I will now have committee members with us today introduce themselves, starting at my right.

**SORRENTINO:** Tony Sorrentino, Legislative District 39: Elkhorn, and Waterloo.

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

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

**ROUNTREE:** Good afternoon. Victor Rountree, District 3: western Bellevue, eastern Papillion, and the lands between up to Douglas County.

**QUICK:** Good afternoon. Dan Quick, District 35: Grand Island.

**McKINNEY:** Thank you. Also assisting the committee day to my right is legal counsel Elsa Knight and, also to my right, committee clerk Sally Schultz. Our pages for the committee today are Thomas, he's a junior at UNL, he's poli sci major; and Kyanne, a senior at UNL, she's a sociology major. And with that, we'll begin today's hearing with LB1130, Senator Jacobson.

**JACOBSON:** Thank you, Senator Chairman McKinney. I, I haven't been before your committee yet this year, and I don't know how many times I'll be back here. But I've forgotten how impressed I am with the membership makeup of your committee. You've got some interesting guys here. So thank you. Well, I won't go any further with that. Well, I want to thank you again for letting me speak before the Urban Affairs

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Committee. My name is Mike Jacobson, M-i-k-e J-a-c-o-b-s-o-n, I represent District 42. I'm here to introduce LB1130, the Community Improvement District Act. This bill gives cities and villages a new tool to support neighborhood infrastructure improvements through local initiative. It allows property owners within a municipality to voluntarily form a community improvement district, or CID. A CID lets neighbors come together, raise their own district-specific revenue, and invest directly in projects like upgrading streets, sidewalks, or utilities. No state or general fund dollars are used. The people who benefit are the ones who choose to pay, keeping the burden off the general taxpayer. I want to emphasize that participation in a CID is entirely voluntarily and locally driven. LB1130 does not mandate any new district or impose anything on unwilling owners. As it simply gives communities a new option in their toolbox. This approach is rooted in the principle that, that those closest to a problem are often best-- often in the best position to solve it. Here's how a CID would be formed under LB1130. First, local petition. A majority of property owners in the proposed district must support the idea. If the people in the area don't want it, it doesn't move forward. Two, public hearing and notice. A public hearing is required with given notice to all affected property owners. Everyone gets a chance to understand the proposal and weigh in. Three, city approval. The city council or village board must approve the CID by ordinance. Local elected officials stay in control at every major step, ensuring strong public oversight. Once formed, a CID is governed by a board of local property owners elected by the district. It operates under open meeting laws, must file annual budgets and audits with the state auditor consistent with existing law, and remains accountable to both the city government and the state. Board members are subject to recall by the district. And the state officer-- or the state auditor retains limited last-resort backup authority if a district runs into trouble. The funding structure is also intentionally limited and targeted. District revenue is raised only within the boundaries of the CID and can only be spent on improvements that benefit that area. Cities set the cap, and nothing can be imposed without local approval. That means neighbors can invest in their own streets, their own infrastructure, and their own priorities on a timeline that works for them. This is not a mandate. It's an opt-- opt-in framework. If a group of homeowners see a need and are willing to fund a, fund a resolution themselves, LB1130 gives them that opportunity. And if you-- if they don't, nothing changes. The goal is to provide flexibility, not forced

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participation. Other states like Missouri and Kansas have used this model with, with success to revitalize neighborhoods, improve infrastructure, and spur investment. It has become a practical option in their economic development efforts and plan-- planning strategies. In short, this is a common-sense approach that lets local communities take ownership of their own improvement. It, it protects the general taxpayer, supports local control, and promotes smarter infrastructure improvement. It also-- I also want to note that we have been working collaboratively with the Auditor of Public Accounts and the Nebraska Department of Transportation on a small set of technical clarifications to this bill. These discussions have focused on clearly defining agency roles and ensuring there are no unintended state obligations, particularly around audits, administrative backstop provisions, and coordination with state highways are and-- when coordination with state highways are involved. These are not policy changes to the CID concept itself but technical clarifications to ensure the bill functions as intended and aligns with existing state practices. If the committee has any questions on these items, I'm happy to address them. And we also have subject matter experts testifying after me who will go into further detail. I have been working with the Welcome Home Coalition to bring this bill. With that, Senator McKinney, I would yield any questions.

**McKINNEY:** Thank you, Senator Jacobson. Any questions? Senator Sorrentino.

**SORRENTINO:** Thank you, Chairman McKinney. Welcome, Senator Jacobson, I--

**JACOBSON:** It's great to be here.

**SORRENTINO:** Yeah, I second your observation regarding the makeup of the committee. To real-- I support this bill. I have two quick questions because I'm not all that familiar with them. What kind of improvements in a public municipality wouldn't take care of itself that the private homeowners have to gather and do it themselves? What would be an example of that?

**JACOBSON:** Well, I think part of this is that you can look at extension districts that happen in a lot of municipalities where you're extending infrastructure. And that's where the city fronts the cost and then they go out and assess the property owners for the repayment

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of that cost. In those situations, the city is fronting the dollars, taking on the debt, in many cases, to make that happen. And in a lot of those cases, we've got cities and villages who maybe need their street repaved or they need something done. The city or village really is in the position to do it themselves and assess it out. So you can go do this city improvement-- community improvement district and fund it yourself, assess yourselves the property tax to pay it, and it never hits the balance sheet of the city or village. It's really just this bond out there that's gonna be serviced by those who benefit in this neighborhood. To me, I think it feels, as, as you probably know, I, I've been a big proponent of TIF. And TIF works when you're doing new subdivisions, when you're doing new areas, but it doesn't really fit for what we're doing here. This, I think, really fits a niche and fills a hole that's out there today that I, I see. And I think you're going to find in many-- some areas of town that maybe haven't been as focused on. And then you also look in the villages and, and, and smaller towns out west that, that really aren't focused on really doing improvement districts, and so in a lot of cases, it really takes those in the neighborhoods to, to do something like this.

**SORRENTINO:** Thank you for that. One more question. If I'm a private property owner and we develop a, a community improvement district because we want to maintain some particular public infrastructure. So we're-- we assess ourselves basically, somehow or another we pay. Maybe I wasn't one of the people who was all for it, they started assessing my property, I don't pay it. Does this result in a lien on the property?

**JACOBSON:** It does. I mean, this is, this is--

**SORRENTINO:** No different than a property tax.

**JACOBSON:** Virtually the same as the property tax, and it does also have the super priority lien status that would put you ahead of any lien holders. So, you know, if you're a, if you're a bank that's got the mortgage on the house, you better make sure the lien gets paid.

**SORRENTINO:** OK, thank you.

**McKINNEY:** Thank you. Any other questions? Senator Clouse.

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**CLOUSE:** Yes, thank you, Senator McKinney. Senator Jacobson, just a few questions. I'm-- because this is pretty long, I haven't had a chance to go through it.

**JACOBSON:** I don't take any responsibility for that.

**CLOUSE:** But the boundaries, is it, is there a set limit on the boundaries, or--

**JACOBSON:** I, I, I will defer to the subject matter experts, but I think it's what-- I think there is a limitation. But it's, it's, it gets-- it could be fairly large. But most of-- it's really intended to be neighborhood-restricted

**CLOUSE:** And then do they have the criteria for example if you're doing a city street and the street you're on is a lower priority in the list for the city, and you want to move it ahead and take it yourself, does it say in here they have to meet, meet city standards? In other words, if their city goes concrete, curb and gutter--

**JACOBSON:** Right.

**CLOUSE:** --and they think, well, we're just going to pay-- an asphalt overlay.

**JACOBSON:** I-- my understanding would be that if you're doing this within the city, you've got to build it according to city code. So I've seen this a lot when we've seen subdivisions going outside, even in the two-mile radius-- two-mile jurisdiction where they've used asphalt and no curb and no gutter and so on, because they're building out a subdivision. But this is really coming into an existing city or village, and you're doing improvements really that have to be in line with the, with the city code.

**CLOUSE:** And can they force, for example, if you have a, a sewer project, and next thing you know, they're wanting to tap into the main, but the main isn't part of that and they've got to put a lift station or something like that, and the city would have to-- what's the safeguards there?

**JACOBSON:** I would expect, and again, I would defer to the subject matter experts, but I would expect that the, the group that puts this together to begin with has probably had conversations with the city

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about what's the city's plans for a replacement and what's the city plans for the other infrastructure and how they can connect it. And I would guess in many cases, the city would say, look, we'll pay for this part of the connection if your CIP wants to come together and do the rest of it.

**CLOUSE:** But can they proceed if the city says no?

**JACOBSON:** Pardon me?

**CLOUSE:** Can they proceed if the city says no?

**JACOBSON:** Well, I would guess that, that if you're not gonna be able to get connected, you're, you're not gonna get connected. You know, the city--

**CLOUSE:** What I'm saying is that, you know, you can have a one part of town that landowners have all the money, so they're going to, you know-- and can the city say, no, this is-- it's not a uniform growth, things like that. Can the city say no?

**JACOBSON:** Well, I think at the end of the day this has got to get the approval of the city council, and so it would seem to me that from that standpoint they, they could say no. I would find it a rare situation where they would probably not want that neighborhood to go ahead and fund their own infrastructure.

**CLOUSE:** OK, thank you.

**McKINNEY:** Thanks. Senator Andersen.

**ANDERSEN:** Thank you, Chairman. Thank you, Senator Jacobson, for being here. Very interesting. I'd never heard-- I've heard of CIDs, but I didn't know anything about them until [INAUDIBLE].

**JACOBSON:** Well, as of two weeks ago, I didn't either, so.

**ANDERSEN:** 62 pages is pretty extensive. So I had in my notes, why create a CID? And it sounds like to the conversation as it's evolving, it sounds like there's gaps that aren't being filled or people that don't feel like they're being provided the services they want, and that's in-- this is an initiative to try and do it themselves as opposed to reliance upon the city. Is that, is that correct?

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**JACOBSON:** That would be my interpretation. I had the very same question you did. You know, I'm looking at, well, we've got TIF. We've got all these other tools.

**ANDERSEN:** Right.

**JACOBSON:** What does this really do? And then the more they talked to me about it, it became pretty clear that, you know, you've got a lot of cities right now that really don't want to go into debt or further into debt and do something like an extension district where they would front those costs themselves and, and, and then basically go back and assess the property owners. And so if they want to move forward and do it, this is a tool in which it can be done where they would issue the, the-- through the city, the debt, and it would become a property tax above and beyond the existing property tax that only those homeowners would pay. So it would not be a property tax to the general taxpayer, it would only be those who are affected by the project.

**ANDERSEN:** Interesting concept. Yeah, so I had another question about the extra layer of bureaucracy, a different layer, I guess, of the additional tax levy. But that, that is true, it would assess another levy. And I'll just be frank with you. I'm not trying to be clever, but it almost seems like it could end up creating in, in whatever town that is that you have one section that's really nice, and then the other section that's not so nice. The section with the CID is fancy nice rows, no potholes, everything-- all the street lights have light bulbs in them, and the other side, well, not so much. It-- wouldn't that be a concern that this could create something like that? Would that, would that [INAUDIBLE]?

**JACOBSON:** Well, my own experience is, I look at North Platte, and I, I can drive around town and I can show you what decade this part of town was built and what decade this part town was built and so on.

**ANDERSEN:** Well.

**JACOBSON:** And, and if you, if you look at those sections, the newest section is where obviously a lot of people want to live in.

**ANDERSEN:** Sure.

**JACOBSON:** And, and then you go back to some of those older sections of town and one in particular that I was looking at, it's, it's over 40

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years since that section of town was built. They're really fairly nice homes and it's, it's a good neighborhood. But believe it or not, those houses qualify for TIF today, because it's an old enough section of town. So but that kind of naturally occurs with the, with the growth of your town. And, and when you annex in and maybe do a TIF project to put in the public infrastructure, that now becomes a brand new area of town with brand new housing. So what, what these CIDs will do, is allow you to really upgrade your, your section of town that could fall really into severe dilapidation if you allow it to continue to deteriorate. So I really see this as, as you take the oldest section of town, if you create a CID maybe in a section that's a decade newer, they could leapfrog above this older section of town because of the public improvements they made.

**ANDERSEN:** Sure. One, one last question for you. Any thoughts that this may have a de-emphasizing or de-prioritizing impact on the cities? That they'd say why should I pay for what this CID that these guys can afford it over here? We're not gonna do it, let them do it on their own. I don't know--

**JACOBSON:** I, I think--

**ANDERSEN:** --any concern about that?

**JACOBSON:** Not really. I think that you're going to have to have some pretty motivated neighborhood leaders. I think you're gonna say, I want to go through the brain damage of putting this together. I mean, I, I mean, I've kind of glossed over it to make it sound fairly simple, but there, there's a lot of work that's going to go into putting this together. And I, I really see this happening more along the line of the city has got you scheduled 15 years down the road.

**ANDERSEN:** Sure.

**JACOBSON:** And I, I, I would kind of like have it done before then. And if you've got pretty much that mindset, they can expedite maybe some of that. And, and as we all know, when it comes to rehab, it's more expensive the more you have to rehab. The longer you go with deferred maintenance, the more costly it's gonna be. So no, I think the cities, and again, I look at North Platte, they've got their plan for where they do paving, where they do overlays. It's just that they can only do about so much a year. And then the Legislature is always talking to

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them about, we'd like to see you cut your spending back. And so this is kind of a way, if they're cutting back some of those improvements, a CID has the ability to do it themselves if they feel that they can absorb the additional cost. But, but now it's a self-imposed property tax, not one that we're imposing on them.

**ANDERSEN:** Which is a great change, isn't it?

**JACOBSON:** Isn't it, isn't it great? It's a really-- yes, very much so.

**ANDERSEN:** Yeah. OK, last question. I lied, this is the last question. Is it for cities of all size, metropolitan class--

**JACOBSON:** Yes.

**ANDERSEN:** --all the way down to villages?

**JACOBSON:** Villages, too.

**ANDERSEN:** OK, thank you.

**McKINNEY:** Thank you. Senator Quick.

**QUICK:** Thank you, Chairman. So I, I know you talked about there would be a vote of the people to establish it. Is that the vote of whole community or just a few?

**JACOBSON:** No, this, this is basically you're going to have people go out and petition within the neighborhood to get more than 50% of the people in the neighborhood to say, we want to do this. And then it's got to go to the city council and get approved by the city council to go the next step. So it, it only has to be voted on or basically, if you will, the petitions only need to be signed by the people that live within the neighborhoods involved.

**QUICK:** And like a size of a neighborhood, and that's going to determine what kind of project you're looking at because you're going to want more people putting money into it. So you're gonna be maybe widening or narrowing--

**JACOBSON:** Scale makes a difference, it does, yeah. The-- and so I would expect that whatever you're gonna try to do, you're gonna want to make-- you're going to want to try to scale it.

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**QUICK:** OK, all right, thank you.

**McKINNEY:** Thanks. Senator Clouse.

**CLOUSE:** Thank you, Senator McKinney. So you're saying it's a, a simple majority, but should it be a super majority when you're talking about taxes?

**JACOBSON:** Well, the, the way the bill is put together, it's a simple majority, but there are provisions to opt out. And, again, I'll let the subject matter experts explain how that works.

**CLOUSE:** OK, thank you.

**JACOBSON:** And I'm happy to take more questions. My only nervousness is that Senator Hallstrom is running the Banking, Commerce and Insurance Committee. So the state may be in trouble in the meantime, so.

**McKINNEY:** Thank you. Other questions? Senator Andersen.

**ANDERSEN:** Yeah, I lied. Something we had before was, was a public improvement districts. What would you-- are you familiar with those and what's the difference?

**JACOBSON:** I, I'm not sure that I'm familiar with what, what, what exactly is involved with those.

**ANDERSEN:** OK.

**JACOBSON:** But and I, I, I guess I've gotten a pretty good education on what this is. I, I don't think I know all of this. I, I, I still regard myself as somewhat of a TIF expert, but, but I don't know, maybe over time I'm going, I'm going to become a CID expert.

**ANDERSEN:** I can talk to you about TIF on a different time.

**JACOBSON:** All right, that'll be good.

**ANDERSEN:** Thank you.

**McKINNEY:** Other questions? I got one, I think, one. How do you feel about the eminent domain power in this?

**JACOBSON:** Well, I got to tell you, I, I've got very mixed emotions about eminent domain. And this has come up a lot, and I know Senator Cavanaugh and I spent some time on the Natural Resources Committee, and we had several discussions about eminent domain over the years. And, you know, I, I see the need for eminent domain on where there is public benefit. I, I continue to have my own reservations about I'm going to go to someone, say that we need your property for public benefit, and you are going to sell it to us and you're going to sell it to us at the fair market value. And if I, if I don't want to sell the property, why should I have to sell to you at fair market value? And so I've always struggled with should there be some premium pay or how should that work, or should you even have the ability to use eminent domain depending on what it is. Ultimately I've kind of come down on the idea that depending on what it is and how, I guess, how much it's gonna negatively impact you, in other words, putting in a sewer line, putting in power line and using eminent domain, I don't know that it significantly changes the, the use of your property unless you're putting a power line across a quarter section of land that the pivot won't go around. But there, there are times when it's really gonna be necessary. And if you've got enough people there that, that that's really the only way you can get there, I tend to feel like we've got to have that tool in your toolbox. But it should be used very sparingly.

**McKINNEY:** All right, thank you. Other questions? No? Thank you.

**JACOBSON:** All right. Thank you

**McKINNEY:** Welcome up the first proponent.

**ADAM FLANAGAN:** Good afternoon, Chairman McKinney and members of the Urban Affairs Committee. My name is Adam Flanagan, A-d-a-m F-l-a-n-a-g-a-n, and I'm here today representing the Welcome Home Coalition and several other organizations that have submitted letters of support for LB1130. First, we'd like to thank Senator Jacobson for introducing LB1130 and for his leadership in addressing the housing and economic development challenges facing communities across Nebraska. The Welcome Home Coalition is made up of individuals, businesses, financial institutions, and non-profit organizations committed to working with elected officials to improve public policy so that young families, first-time homebuyers, future Nebraskans have the opportunity to own a home. Nebraska is facing a documented housing

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shortage of more than 120,000 units statewide. Communities of every size, rural, suburban, urban are experiencing the effects of limited supply, rising construction and borrowing costs, and increased cash requirements, and a tighter lending environment. Simply put, we do not have enough homes to meet current or future demand, and the existing tools available to communities are not sufficient to close that gap. One of the key barriers to housing development is the upfront cost of infrastructure, which directly drives up the price of lots and ultimately the cost of the home. As LB1130 was developed, the goal is to give communities an additional way to manage and reduce these upfront costs. Community improvement districts allow infrastructure costs to be financed over time rather than all at once, making more projects feasible and more homes attainable for Nebraskans in both urban and rural areas. LB1130 also supports redevelopment by allowing communities with local government approval to address improvement needs in areas with failing infrastructure, recently annexed neighborhoods or situations where special assessments are currently the only option. Community improvement districts provide a more flexible and predictable alternative that can be tailored to local needs. From port authorities and urban cores to growing communities like North Platte that are attracting new industry, this bill provides cities and villages with a financing tool that is currently only available outside city limits. By allowing districts to bond over time, communities can reduce risk, lower costs and better plan for responsible growth. Importantly, LB1130 is not a mandate. It preserves local control by simply giving municipalities another optional tool. Communities can choose whether or not to use it and compare it with other financing or incentive mechanisms as they see fit. That flexibility is, is essential in a state as diverse as Nebraska. No single policy will solve our housing challenges. However LB1130 is a meaningful step forward that expands local options, supports infrastructure investment, and helps lower the cost of housing for young families, first-time homebuyers and future Nebraskans. We respectfully ask that the Urban Affairs Committee advance LB1130 and allow the full Legislature to consider this important local control solution to Nebraska's housing shortage. Thank you for your time and consideration, and I'd be more than happy to answer any questions that you may have.

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

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**CLOUSE:** Thank you, Senator McKinney. On the sheet here we talk about income tax-exempt municipal bonds. How, how can they do that as a-- is-- explain to me how the municipal bond works.

**ADAM FLANAGAN:** Yep, that's correct. So community improvement districts have their own debt issuance ability, and that-- the debt issuance that they can do are tax exempt. So both on the short-term debt side and on the long-term bonds, the debt that CIDs will issue will be, you know, income tax exempt, therefore reducing the interest rates that the district has to, you know, issue to borrow. So we're reducing, we're reducing the cost of borrowing by, by having the CID have the ability to issue tax-exempt debt.

**CLOUSE:** OK, thank you.

**McKINNEY:** Thanks. Senator Cavanaugh.

**J. CAVANAUGH:** Thanks, Chairman. Thanks for being here, Mr. Flanagan. And this is an interesting idea. I appreciate the conversation. So I, you-- are you from Omaha? I can't remember.

**ADAM FLANAGAN:** I am.

**J. CAVANAUGH:** OK, so you might remember this. Loveland neighborhood in midtown Omaha has some terrible roads for historical reasons, I guess. And the city of Omaha has, has a mechanism where essentially they assess to repair the roads. The people who, who live on that road can vote to assess against themselves to repair the road. Is the, is this like that similar mechanism? And I guess if that mech-- if they're already able to do that, how come we have to create a new--

**ADAM FLANAGAN:** This mechanism actually allows to issue long-term 20-year bonds as opposed to specially assessing each individual homeowner and each individual lot. So this allows for the improvement to be financed over a much longer period of time, and therefore reducing the cost on an annual basis that the homeowners have to pay. There's multiple examples of different neighborhoods with that same issue that Loveland had, Equestrian Ridge Estates in Gretna had the same issue. There's been an issue out at Fremont Lakes with a retaining wall that they needed to put in to ensure that the natural gas line didn't erode into the lake. In that Fremont Lakes example, each homeowner ended up having to pay \$20,000, and they found out in April. And they were told they had to pay it by June. So you either

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had to go find a way to finance that yourself, or you had to just come up with \$20,000 of cash out of your own pocket. In this, in this utilizing the CID mechanism, you could have issued a bond to do that and then pay for that over 20 years, and pay a significantly smaller annual amount than you did-- than what they had do in that. In the same situation within the Loveland neighborhood, they could issue a much longer bond issue and then pay for that over a longer period of time, saving on an annual basis, saving each owner significant money.

**J. CAVANAUGH:** OK. And in that, just to go on that example, you know, obviously, repaving the roads, eminent domain would be necessary to maybe, if they needed to put in curb cutouts and things like that. That's an instance where you'd need to maybe take, take a little bit of somebody's properties. Is that right?

**ADAM FLANAGAN:** The, the curbs are actually still technically in the right-of-way, so there would not be any eminent domain needed in that particular instance. As for the eminent domain inside the CID bill, to take private property it has to be approved by the city. On public ground it is only for right-of-ways or easements, so, so the CID does not have the ability to take, you know, state ground or city ground that's already in the city. And then in that particular case, there's already right-of-ways in place so that, you know, if the city so choose to put in a gutter there, they would have that ability anyways. So there would not be a necessary, you know, to use eminent domain in that case.

**J. CAVANAUGH:** OK. So in the instance of the eminent domain here, who-- so the city would still have the final say on whether there's a taking?

**ADAM FLANAGAN:** Correct.

**J. CAVANAUGH:** So the CID board would decide that they need to put in an electrical line or something or whatever, utility line. They'd have to go to the Omaha City Council and ask for approval to do that?

**ADAM FLANAGAN:** That's correct.

**J. CAVANAUGH:** OK. Thank you.

**McKINNEY:** Thank you. Other questions? Senator Quick.

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**QUICK:** Yeah, thank you, Chairman. So I know it's brought up a little bit earlier that people can opt out, but yet-- so is that just on the vote, or they're saying I don't want to be part of it, but yet they can have a lien assessed on it if they don't-- if they aren't assessed?

**ADAM FLANAGAN:** So as part of the process of forming a CID in an existing neighborhood, you would need a majority of the property owners in that neighborhood to sign the petition for the formation of that. That will go in front of city council. From there, you know, we would expect that there would be, you know, neighborhood meetings just like you have on new development where, you know, the residents who are trying to form that CID would have the discussion on what the purpose of the CID is for, how much it's going to cost, what our maximum levy is going to be. And that is also part of the petition process to the city council, as each of these CIDs will have a maximum levy set at the city council level with their application. At that point in time then is when a homeowner can make their case on if this is going to benefit them or not. And at the city council level, they can determine that if the improvements will not benefit that property owner, then you can carve those property owners out of the boundary of the CID and then form that CID across the property owners that will benefit from the improvement.

**QUICK:** All right, thank you.

**McKINNEY:** Senator Clouse.

**CLOUSE:** Yes, thank you, Senator McKinney. So what's the biggest risk to this?

**ADAM FLANAGAN:** The biggest risk is no different than every risk of, of development, is if there's macro issues where, you know, like the late 70s, early 80s when interest rates went into the high teens and development, you know, stopped. Or 2009 to 2012 when we had a housing recession and development stopped. It would-- in fact, we believe that this mechanism de-risks a lot of those issues that arose during those different time periods because this mechanisms allows for more time for development. We feel that this is an excellent mechanism for public infrastructure to use, you know, a public entity and public funds to be able to finance those public improvements.

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**CLOUSE:** And I guess I'm thinking of, OK, if you're within a boundary, that's fine. But what about the adjacent properties, if it's a, a sewer project and all sudden outside that boundary then all of a sudden we didn't have this problem until the CID went in. Now we got all kinds of sewer issues, backups, things like that, and what's been your experience anything like that? Or have you had anything like that?

**ADAM FLANAGAN:** There, there shouldn't be any of those issues. Again, the CID is going to be formed per, you know, the city or village's development plan so as, you know, it should be a collaboration with the city or village on where these CIDs will be implemented for new development, for redevelopment. So as part of the CID formation, that should be when you're having those conversations with city staff, with city engineers on, you know, existing sewer lines and where these new sewer lines are going, new roads are going, et cetera, all infrastructure. I do think it'll be very beneficial especially for, you know, to Senator Jacobson's point, on older areas of different municipalities on having a mechanism to fix some of that aging infrastructure, some of those aging water lines, sewer lines, et cetera. And being able to do that in kind of an organized manner so that you're working in conjunction with the city and, and revitalizing or new development according to the plans that, that city or village wants.

**CLOUSE:** Thank you.

**McKINNEY:** Thank you. Senator Cavanaugh.

**J. CAVANAUGH:** Thank you, Chairman. Thanks again. I thought of another question. So in, you know, I'm just thinking of what type of development this would be is potential that it's somebody owns all of the land is like an LLC or something like that. So who signs the petition in that instance?

**ADAM FLANAGAN:** The owners of that LLC. So on, on new development, on greenfield development that is still inside city limits, you may only have one property owner. That property owner will be able to sign that petition and application. It'll be very simple for them. They're the only property owner, they would be the board of trustees for that CID. At the implementation of that CID, all the same, you know, rules apply. Everything still goes through the city. Everything still needs

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city council approval as far as what improvements will go in on the new development side. And it's just an easier application process, obviously, if you own all the ground.

**J. CAVANAUGH:** And is the determination of, I guess, how many votes you get, you know, you need a majority of the people that sign it, is it based off of number of properties or square footage of property or--

**ADAM FLANAGAN:** So for residential, it is per lot. And then for commercial, it is per acre. So and we do envision the community improvement districts being able to be utilized for all different types of real estate. So single-family all the way to industrial, you know, and new retail office, et cetera. Any, any real estate that pays property taxes, the CID should be, be able to be utilized for that infrastructure.

**J. CAVANAUGH:** All right. Thank you.

**McKINNEY:** Thank you. Other questions? Senator Rountree.

**ROUNTREE:** Thank you so much, Chairman. Thanks for your testimony today. I wanted to go back to what Senator Jacobson said, when he talked about the lien earlier. Can you tell me a little bit more about it? This is a voluntary process. So let's say I live in the Blue Star neighborhood. And they want to increase the size of the water line, the water main to get better pressure in their homes. I'm not up to that because what I'm receiving is satisfactory for me, but they decide to go forward with the project. Since I'm on the line, I'm going to be forced to pay for that particular-- or be taxed or be-- have a lien put on my house, is that how that would work? So I'm not voluntary?

**ADAM FLANAGAN:** So from the CID formation, again, it goes through the city council. So if that is an initiative of, of the city, the city is going to find a way to probably make that improvement one way or the other. That, that is where we set up mechanisms within the bill to have the ability to oppose as a property owner and, and state, you know, the property owner's case of that I am not, I am not benefiting from this improvement. My water pressure is fine, I don't, I don't need this improvement and I should not be within these boundaries of this particular CID if that is what they're going to utilize to, to make those improvements. I think there's-- I think in this there is

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actually more mechanisms for opposition for, you know, having the ability to testify at a public hearing than there probably is otherwise in other potential mechanisms. This actually provides probably more of a public, you know, space to, you know, to kind of declare if you should be part of this or not.

**ROUNTREE:** Thank you.

**McKINNEY:** Thank you. Other questions? I have one. For somebody that might be watching, that might be a little confused, what is the difference between an SID and a CID?

**ADAM FLANAGAN:** Community improvement districts are inside city limits. So currently, sanitary improvement districts are not allowed to be inside city. These CIDs are mechanisms where you can, you can finance improvements inside city limits. So it's just allowing for another tool, and I know Senator Jacobson is a huge proponent of TIF, and so are we. But this allows another alternative to finance improvements inside city limits.

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

**ADAM FLANAGAN:** All right, thank you very much.

**McKINNEY:** Next proponent.

**BILL SWANSON:** Chairman McKinney and members of the Urban Affairs Committee, my name is Bill Swanson, B-i-l-l S-w-a-n-s-o-n, and I'm here today on behalf of the Nebraska Realtors Association. We represent over 5,100 realtors across the state in support of LB1130. Since 1917, the Nebraska Realtors Association have served as the voice of real estate in Nebraska, working hard to protect and advance the American dream of homeownership. And LB1130 provides another tool for developers and loc-- and local elected officials to support housing development within their communities. The Nebraska Realtors recognize the need for community improvement districts in many areas across the state and believe that when developers, property owners, and local officials determine that they are appropriate, they should have the option to use them. And thank you for your time. I welcome any questions.

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**McKINNEY:** Thank you. Any questions from the committee? No? Thank you.  
Next proponent.

**PHIL GREEN:** Good afternoon, Mr. Chairman, and good afternoon to the members of the Urban Affairs Committee. My name's Phil Green, P-h-i-l G-r-e-e-n. I have the privilege of being the city administrator for the city of Blair, a country mile north of Omaha. So small rural cities, such as Blair, have, I think, in my opinion, had an economic disadvantage regarding subdivision development over the last 30 years. I know there's been a lot of questions over whether this bill could be utilized for neighborhood redevelopment or for new development. Blair looks at it as, as an incredible new tool for new development. All subdivisions in Blair during the last three decades have been installed and financed either 100% by the developer at his own personal risk, or by the municipality with approximately 90% of those costs then being assessed back to the benefited lots through assessment districts. Those assessment districts, though, are a challenge because oftentimes they've tended to be on the shorter time period, maybe 10 or 15 years. This bill allows 30 years to stretch it out, so, therefore, the costs could be lower on an annual basis. And assessment districts-- or assessments tend to be in front of any loan. And so oftentimes, when those lots are sold, the bank just requires you to pay that off completely, roll it into the loan, which just increases the cost of, of the initial purchase for the house. So both of these approaches put the developer at a substantial financial risk from the time of the development until all of the individual lots had been sold. During these three decades, developers have weighed the personal risk of this kind of infrastructure development that we do in Blair compared to the ability to create SIDs, which you've talked a little bit about already, the sanitary improvement districts. Again, SIDs allow for a separation of some general obligation costs, that are borne by the entire subdivision, and then improvement costs, that specifically benefited certain properties and therefore assessed to those properties. SIDs partially help to isolate therefore the developer for some-- from some personal financial risk for that development. It's been extremely difficult for Blair to encourage developers to come because we traditionally have not done SIDs, and primarily because current Nebraska law requires SIDs to be outside city limits. Outside city limits means no property tax growth for the community. Now for larger communities in some of the more urban areas with significant commercial and retail locations, they always annex

those commercial and retail location, even though they may not annex the residential areas. And that's fine for them because they get all of that sales tax, therefore, from the people who live nearby. But for smaller rural communities such as Blair, with limited commercial and retail locations, developments outside the city limits have very little impact for the city. For years, I have dreamed about somehow how could we get the financial benefits of an SID blended together with being in the city limits that would be of benefit to the community. Finally, I actually sat down with some of the, the loan developers and asked the question, why not? Why couldn't this be done? I spoke with the SID financiers from Bluestem Capital Partners, and they started to do some research. And it turned out that other states do allow SID-like development inside corporate limits. Thus, you have before you this Community Improvement District Act, the CID, not SID. Again a CID has the funding benefits of an SID, but it allows it to exist in the municipality, and there's a blending therefore of services that are allowed. This allows for this blended approach to public services and the financing that goes along with it. The benefited properties still have individual assessments, but there are also some general obligation costs that will be borne by all of the properties in the new subdivision, and this little higher levy that they have agreed to impose on themselves helps pay that off over time. But property taxes are still paid to the municipality for the regular public services that are then provided: law enforcement, fire protection, snow removal, library services. You're actually a part of the community. And I think all of you maybe have heard of some of the horror stories of people moving into neighborhoods and then finding out, well, I, I thought I was part of the city. My mailing address is the city, I go to the city school district, but I'm not part of a city. For Blair, we would like to try to avoid that. So the Community Improvement District Act also is a safeguard for personal property rights, as we've talked about. There is a separately-elected board of trustees. All of the approvals have to go back to the city council for approval. There's public bidding for all of the selected contractors. And again, oversight continues from the beginning to the end to be provided by the municipality, including the establishment of that maximum levy that's set by the municipality over and above their regular municipal levy, which is used simply to pay off the public improvements that are done in that particular area. Finally, I believe that the lack of attainable housing, caused partly by the lack of development incentives in rural communities like Blair, is a crisis

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for Nebraska, and I do believe it warrants the emergency clause that is currently in the bill. So thank you for the opportunity to appear today.

**McKINNEY:** Thank you. Any questions from the committee? Senator Cavanaugh.

**J. CAVANAUGH:** Thank you, Chairman. Thanks for being here, Mr. Green. How long is a country mile?

**PHIL GREEN:** It is more than a mile, so it's about 20 miles.

**J. CAVANAUGH:** Thank you.

**PHIL GREEN:** Yeah.

**McKINNEY:** Senator Clouse.

**CLOUSE:** Thank you, Senator McKinney. I should have asked this question of the previous Mr. Flanagan, but when we talk about SIDs and CIDs, last year we had the bill that if you have an SID and somebody on the outside connects to it because of the infrastructure is now there, the water and sewer and they don't have to pay for that, have-- I'm sitting here thinking, well, if now I'm the CID, how do they recover? They can sit there and say, look, this is all good quality infrastructure because we invested in it. If it's-- I'm just trying to get my arms around how would that work. If it's municipal bond, they pay for it in their taxes or whatever. But that's different. So I'm trying to figure out what recourse somebody that's paying on a SID or CID could say no, you're not paying this.

**PHIL GREEN:** You know, every situation is obviously unique and so you have to look at them that way. But one of the things I'm really intrigued by this bill is it allows for orderly growth for the municipality, because ultimately all of this property is in, within the city limits. Therefore the city ultimately really is responsible for all of that infrastructure. This just happens to be brand new infrastructure that they're willing to pay for on their own. Again, right now with the assessment districts, it is the municipality that, that ultimately levies that long-term debt, and it's a general obligation for the city. Now, ultimately, it's those individual assessments that are applied to those properties that we hope to eventually get back. But there are occasionally times where properties

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don't sell, maybe that current landowner doesn't pay their annual assessments that are due, and then you face foreclosure sometime down the road. But what's nice about this is there is no debt obligation on behalf of the city, and yet you're inside the city limits. I know several of you have asked, too, a little bit about TIF, and Blair has used TIF extensively at various times, and it works in good ways. But one of the things that's unique about this particular bill is on TIF, one of the concerns oftentimes is the other taxing entities who are excited to see development occur, but it's going to be anywhere from 10 to 15 years down the road before they get any benefit to that. Here with the CID, they would see that benefit from taxation right away. They would get their, their piece, if you will, of any of that development that might occur. So does the municipality. Plus, again, we're able to offer the normal municipal services that we would to any neighborhood to those in that area. They just happen to have that little higher levy that helps pay off that infrastructure.

**McKINNEY:** Thank you. Other questions? No? Thank you.

**PHIL GREEN:** Thank you.

**McKINNEY:** Next proponent.

**NATE MCHARGUE:** Good afternoon, Chairman McKinney and members of the Urban Affairs Committee. My name is Nate McHargue, spelled N-a-t-e M-c-H-a-r-g-u-e, and I serve as a government relations leader at Olsson. Olsson is a national-recognized design firm based in Nebraska with over 2,400 employees across 11 states. I'm here today on behalf of Olsson, the Lincoln Chamber, the Omaha Chamber, and the Nebraska Chamber of Commerce and Industry in support of LB1130, the Community Improvement District Act. Nebraska communities continue to face infrastructure financing challenges that slow development, increase housing costs, and limit the ability of municipalities to guide high-quality growth. LB1130 provides a responsible and highly-structured solution by authorizing community improvement districts or SID-- SIDs [SIC]. These voluntary property-owned-- driven districts that finance public infrastructure improvements within municipal boundaries without creating that financial liability for cities. This creates a long-term tax-exempt finance much like the previous testifiers brought, brought to us. Beyond housing, CIDs are also a significant tool for industry and commercial development. Nebraska employers such as manufacturers, logistic firms, agribusiness

and others consistently identify infrastructure readiness as a barrier in expansion. CIDs help in three different ways. One, industrial site readiness, as far as roads, utilities, stormwater, and other public infrastructure can be financed up front by the district instead of relying entirely on municipal budgets, private capital, or state financing. Accelerated project timelines through coordinated planning with municipal-- municipalities critical when completing for regional and national investments. Timeliness is critical as we're competing for large-scale projects and site readiness. And finally, lower initial capital outlays for employers, making Nebraska industrial sites much more competitive by spreading infrastructure costs over 20 to 30 years using this tax-exempt financing tool. LB1130 creates a harmonized framework where cities and villages must approve that district formation, improving plans and changes, ensuring alignment with zoning, utilities, school access, and long-term service needs. The CID operates then within its own levy dedicated only to district improvements, and CIDs are really a balanced, responsible and locally-driven tool that empowers community support development and strengthens Nebraska's overall competitiveness within the space while respecting municipal authority and protecting school funding as well too. This is a critical piece for us as a state to really elevate where we are to our neighboring states and really remain competitive throughout the Midwest. We respectfully urge the committee to advance LB1130, and I want to thank you all for your time this afternoon. I'd be happy to answer any questions. Thank you.

**McKINNEY:** Thank you. Any questions from the committee? No? Thank you. Next proponent.

**JUSTIN BRADY:** Senator McKinney and members of the committee, my name is Justin Brady, J-u-s-t-i-n B-r-a-d-y. I appear before you today as the registered lobbyist for the Nebraska State Home Builders Association, for the Metro Omaha Builders Association, and the Home Builders Association of Lincoln in support of LB1130. As you've heard, the developers and builders look at this as a new tool. Is it going to work in every situation? Probably not. But is it something that if it worked for one or two and start to expand residential properties in this state, it's worth it from their mind. Passing out a letter both from MOBA and from HBAL as well. They look at it as it helps lower that infrastructure cost at the front end, especially to the developer, which should result in lower land cost, which then hopefully results in lower house price to that first-time homebuyers

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in these developments. So I can go on. You've heard a lot from others, but I ask that you support LB1130. With that, I will try to answer any questions. Thank you.

**McKINNEY:** Any questions from the committee? Senator Andersen.

**ANDERSEN:** Thank you, Chair. And thank you, Mr. Brady, for being here. Previous discussions have been in the context of established cities, established neighborhoods, and everything else. If they're already established, then why is it important for homebuilders, if it's already in established areas?

**JUSTIN BRADY:** As I understand it, Senator, you know, as the testifier from Blair spoke, you do have some city areas that are undeveloped that sit around the edges, or even sometimes in the middle of town. That's where I think a lot of times residential developers look at and say, if we can take this tool and utilize it to build housing development in those areas, it could be benefit to them.

**ANDERSEN:** So I can see that, that for the developer and builder side, I get that. But it's the people that are the current residents that have to vote for the CID, right? That have to actually--

**JUSTIN BRADY:** Correct.

**ANDERSEN:** --get it approved?

**JUSTIN BRADY:** Yes. And so in a lot of cases, I don't-- when we've talked about it, was you might have one or two developers that in essence own that land and come together and then go to the city, not necessarily going to 50 citizens and saying hey, can you get behind me doing this development at least from a residential standpoint.

**ANDERSEN:** Interesting. Thank you.

**JUSTIN BRADY:** Yes.

**McKINNEY:** Thanks. Other questions? No? Thank you.

**JUSTIN BRADY:** Thank you.

**McKINNEY:** Next proponent.

**TRACIE MCPHERSON:** Chairman McKinney, members of the Urban Affairs Committee, my name is Tracie McPherson, and I'm here today on behalf of Habitat for Humanity of Omaha in support of LB1130. Thank you for the opportunity to testify. Habitat for Humanity of Omaha is a nonprofit housing developer focused on creating affordable home ownership opportunities for working families. Every day we see the real impacts of Nebraska's housing shortage. Families who are mortgage-ready, working full-time and deeply invested in their communities, but who simply cannot access housing they can afford. Nebraska faces an unprecedented housing shortage, rising construction costs, limited land availability, all the things this committee has heard before. And the high upfront infrastructure expenses continue to stall housing development, especially in communities with fewer resources. For nonprofit developers like Habitat, the cost of streets, utilities, water, sewer and other basic infrastructure is often the biggest barrier in getting homes built. LB1130 helps address that challenge by authorizing community improvement districts, or CIDs, within the city and village limits. CIDs are a proven locally-driven tool used in many other states to fund infrastructure and public improvements that support development and long-term community stability. They are typically formed with local approval and governed locally and funded by those who benefit from the improvements. They offer several important benefits. They allow infrastructure costs to be financed over time rather than paid entirely upfront, which would be tough for non-profit developers such as Habitat. They significantly reduce the development risk and helps make projects financially viable, especially affordable housing projects where margins are already very tight. Second, they provide a way to fund essential improvements like streets, lighting, sidewalks, and utilities that improve safety, reduce blight, and strengthen neighborhoods. Third, because they can use tax increment financing, CIDs can lower borrowing costs, creating savings that ultimately benefit homeowners. For Habitat for Humanity of Omaha, this tool means we can stretch limited resources further, reduce per-home costs, and serve more families. But the benefits extend beyond construction alone. This bill also creates an opportunity to better support homeowners associations and communities with fewer resources. In many affordable housing developments, HOAs are responsible for maintaining shared infrastructure in common spaces, yet they often lack the financial capacity to cover major repairs or long-term maintenance. A CID structure can help fund those shared responsibilities more

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sustainably, reducing the risk of deferred maintenance and helping neighborhoods remain stable and well, well cared for over time. Just as important, LB1130 preserves local control. It is not a mandate. Communities may choose whether to use this tool based on their specific needs and priorities, and they can combine it with other financing or incentive programs if appropriate. That flexibility matters in a state as diverse as Nebraska. No single bill will solve our housing shortage, but LB1130 is a meaningful, practical step forward. It equips communities with another option to support housing development, strengthens public, private, and nonprofit partnerships, and helps ensure that affordable housing remains attainable for families now and into the future. On behalf of Habitat for Humanity of Omaha, I respectfully urge the Urban Affairs Committee to advance LB1130. Thank you for your time, your leadership, and your continued commitment to expanding housing opportunities across Nebraska.

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

**TRACIE McPHERSON:** Thank you

**McKINNEY:** Next proponent. Any opponents? Anyone here testifying neutral?

**JILL BECKER:** Good afternoon, committee members. My name is Jill Becker, J-i-l-l B-e-c-k-e-r, and I'm a registered lobbyist for Black Hills Energy. I'm appearing today in a neutral capacity, and I'll grab my sheet for the clerk in just a second. I wanted to let you know that we are working with the proponents of this bill. We support almost all aspects of the bill, we just wanted some clarifying language to ensure that our facilities can't be condemned by the CID. And it just kind of gets into a weird section because we are a public utility, but a private company, and so we just wanted some clarifying language. The proponents have been willing to talk to us on that, and I just wanted to raise that issue for the committee. We'd be happy to see that in the committee state-- in the committee amendment to the bill. And that's really all I have, so happy to answer any questions.

**McKINNEY:** Thank you. Any questions from the committee? Senator Cavanaugh.

**J. CAVANAUGH:** Thank you, Chairman. Thanks for being here, Ms. Becker. I just wanted to point out that you're doing it the right way. A lot

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of people miss this opportunity to come up and give us a constructive thing and then we all end up having to fix these things later. So I, I appreciate you coming neutral and pointing out the technical thing you, you're asking for.

**JILL BECKER:** Yes. Happy to do so.

**McKINNEY:** Thank you. Other questions? No? Thank you.

**JILL BECKER:** Thank you.

**McKINNEY:** Next neutral testifier.

**DAVID CARY:** Good afternoon, Senator McKinney and members of the Urban Affairs Committee. My name is David Carey, D-a-v-i-d C-a-r-y, and I'm the director of the Lincoln-Lancaster County Planning and Development Services Department. I'm here on behalf of the city of Lincoln in a neutral position for LB1130, and I want to thank the members of this committee for your time today. I first want to thank the team from Bluestem Capital for being very open to working with the city team to ensure that the proposal-- proposed legislation aligns with existing city development processes. That was very important to us. And although the general concept started with SIDs inside the town or a city, the two processes are very different. And one obvious difference, and significant difference, is that the city residents enjoy city services like police, fire, health, parks and other services from the city, and they fund those services through their existing city taxes. We want to make sure that as residents of the city, people receive the services they are entitled to, and that there are no overlapping charges for those services. And that's one big reason why we focused on expanding the financing options for developers in this legislation while maintaining the existing development review process for the city. We felt that it is very important for the developers to feel that the development review process from the city is the same as they understand it, understand it and are familiar with it. That helps not only existing developers, but could also create opportunities for more players to become involved in the development process, building more homes and apartments and creating competition that benefits everybody. In Lincoln, we understand our role as partners with the private sector to help grow our city and grow the community. We've made some substantial changes recently to try to improve our process and review times and making

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sure that we are doing what we can to make sure that growth and housing can happen as easily as possible. And we're committed to continue to do that. In the past, Lincoln has testified in opposition to SID-like bills and. In this case, we feel that the bill before you creates additional opportunities for growth, it maintains the current development process, and allows each project to demonstrate that it can balance developer financing needs against homeowner costs. I would note, and maybe this is a constructive feedback, part of this testimony is that, as we were looking at the, the details of the bill, we do feel like there may be some additional changes in many other sections of Nebraska statutes that might need to be changed or updated to make sure we have everything aligned before moving forward with this bill. And we'd be happy to talk about that and help talk through that if needed. So from a neutral position, we believe that while not all projects may use this financing option, there may be some that could very much benefit from it, and, and it can expand our options for development and for building housing. So with that, I would be happy to answer any questions that you may have.

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

**DAVID CARY:** Thank you.

**McKINNEY:** Other neutral testifiers?

**CHRISTY ABRAHAM:** Senator McKinney and members of the Urban Affairs Committee, my name is Christy Abraham, C-h-r-i-s-t-y A-b-r-a-h-a-m, here representing the League of Nebraska Municipalities. So much of what we wanted to say has already been said. We first want to thank the supporters of this bill for being so collaborative with us. They came to us with this idea months ago, were very receptive to any concerns that we had and tried to make those changes as we went along. As we've heard, this is a new tool for municipalities, the Community Improvement District. And I just want to reiterate that at virtually every step when these CIDs are being created, it requires some sort of municipal approval. So for example, the first step is if even to create one, it needs municipal approval. If they want to acquire real or personal property, the city needs to approve that. If they want to use eminent domain, the city needs to approve it. If you want to install infrastructure, you want do special assessments, you wanna enlarge, you want to get smaller, all of this requires city approval. Plus there is specific language that says all regulatory authority,

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zoning jurisdiction and other jurisdictional provisions of the city must be followed where the CID is located. So again, we just want to thank the proponents of this bill. They have made sure that these new tools really go hand in hand with what the municipality wants and they are part of all the major decisions that CIDs are going to make. We are here in a neutral position, because as the city of Lincoln said, this is 60-plus pages of new language. There's just a lot of stuff in here, friends. And have I read all of it? Yes, I have. Thank you, I've have. But that doesn't mean there might be some tweaks that we need to think about. With every new concept, there are always sometimes unintended consequences or things we don't think of. So we just want to tell this committee we want to move slowly, we want to make sure that everybody has all their ducks in a row. But again, we just want to thank the proponents for being so collaborative with us and making sure that municipalities are really involved at every step on the CID issue. So I'm happy to take any questions that you might have.

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

**CHRISTY ABRAHAM:** Thank you so much.

**McKINNEY:** Other neutral testifiers? No? I will welcome Senator Jacobson up. And for the record, online testimony, there were 4 proponents, 0 opponents, 1 neutral, and no ADA testimony. Thank you, you may close.

**JACOBSON:** Thank you, Chairman McKinney. Sorry, I had to step out for a moment, but they have a packed house over in Banking and Commerce, and the next bill up is the one that they're here for, so I'm not in any hurry to get back. So I, I would say that I really appreciate the neutral testifiers. I don't always appreciate neutral testifiers, but the ones you had today were very-- had very worthwhile information to bring. And I tend to agree with every one of them. You know, I think that there is a lot of new information here. You've got to make sure this all fits. And I would concur with that. I know as I visited with our economic development director in North Platte, he wasn't wild about this bill when he first looked at it. But I think it's grown on him. And this really is about bringing an additional tool for the toolbox because of the severe housing shortage that we're dealing with. And the most expensive way to do development is to annex and start with all new. It's very expensive, very time-consuming. So anything we can do to rehab areas or create, I guess, a, an

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environment where rehab would take place. If you have broken down streets or improper infrastructure, people are really reluctant to spend a lot of money on their property. Then they start thinking about, should I move somewhere else or what do I do? And I, I look at North Platte, and there's areas of town, particularly on the north side, where if they don't do something fairly soon, they're going to be dealing with the scrape and rebuild, and that's going to be much more expensive. But there are, there are gravel streets in parts of town and, and there are, there are streets that could have more improvement than what they have today, and it would make the entire area more conducive for folks to live there. What I like about this bill is that it, it fills a niche that's not being served today. It's got constant oversight by the city council. You don't have to play if you don't want to play. It's driven by the neighborhoods themselves. And so I think that we've checked a lot of the boxes that may be missing. And you know, TIF isn't for everything, but it fits, it fits a lot of them. But I can name a number of cases where we can't get there with TIF, but we could get there with this bill. And that's why I ultimately agreed to bring it and I would encourage you to move forward.

**McKINNEY:** Thank you. Any questions from the committee? Senator Andersen.

**ANDERSEN:** Thank you, Chairman. Senator Jacobson, just thought about what happens when you have a CID, right, and they have the tax levy, and somebody sells the house. So the levy continues with the new buyers, right?

**JACOBSON:** Sure. It would, yes.

**ANDERSEN:** Full disclosure as long as [INAUDIBLE].

**JACOBSON:** And the title, title insurance commitment would show that lien being out there. And so there'd be full disclosure to, to the buyer, that they would be well aware that that is an obligation.

**ANDERSEN:** Thank you.

**McKINNEY:** Thank you. Other questions? No? Thank you.

**JACOBSON:** Thank you very much.

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**McKINNEY:** That will conclude our hearing on LB1130. And we'll move on to LB1163, Senator Fredrickson. Ready.

**FREDRICKSON:** All right. Good afternoon, Chair McKinney and members of the Urban Affairs Committee. For the record, I am John Fredrickson, that's J-o-h-n F-r-e-d-r-i-c-k-s-o-n, and I represent the 20th Legislative District, which is in central west Omaha. I'm here today to introduce LB1163, which was a needed update to our PACE program statutes. PACE, or Property Assessed Clean Energy, was passed with bipartisan support here in Nebraska in 2016 and was enabling legislation that allows municipalities to opt in to create PACE districts within their communities. Currently, there are several communities across the state that have created PACE districts, including Beatrice, Columbus, Fremont, La Vista, Papillion, and Norfolk, but Omaha is the only municipality with an active PACE program. PACE-enabling legislation has been passed in 40 states, plus Washington, D.C., and there are currently 32 active PACE programs in the states, including D.C. PACE is a financing tool that provides low-cost fixed-rate financing for energy-efficient updates to properties that are designed to reduce the electric, gas, water, or other utility demand or consumption. Examples of energy-efficient updates include heating or cooling distribution systems, energy-efficient windows, air sealing, updating electrical wiring, and energy-efficient water heaters. The loan is then repaid as an assessment assigned to the property and therefore transfers automatically if the property is sold. LB1163 is a very modest but critical technical amendment to the existing Nebraska PACE statutes. C-PACE has been used successfully in Nebraska since authorized, with over \$150 million in private funding being provided to local businesses in the state. One very successful example is Rocket Carwash, I'm sure many of you might be familiar with, which has used C-PACE multiple times to help finance new car wash locations across the state. This technical amendment is necessary to clarify the authority of cities and counties to enforce the C-PACE lien in the case of a delinquency in repayment by a property owner. The clear intent of the original law was that a C-PACE lien was to be treated the same as a property tax, with the same lien priority and consideration under the law. However, county tax collection authorities have expressed their hesitation to treat delinquent C-PACE liens in the same manner as a delinquent property tax for the purposes of their enforcement processes without clear authorization by the

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Legislature. In order to authorize cities and counties and to remove all doubts, this technical amendment makes explicit that delinquent C-PACE assessments are to be treated the same as delinquent property taxes under city and county enforcement actions. Without this action, C-PACE investment in Nebraska will likely dry up because companies will not invest if they don't believe that they have a remedy available in the unfortunate situation where a property owner does not repay them. Following my testimony, you will hear from Michael Yaki, who is senior counsel and senior vice president for Petros PACE Financing, the leading C-PACE finance company in the state. Mr. Yaki was also involved with the original PACE legislation and will share more detail about LB1163. I'm happy to answer any questions that the committee may have. Thank you.

**McKINNEY:** Thank you, Senator Fredrickson. Any questions from the committee? Senator Andersen.

**ANDERSEN:** Thank you, Chairman. Thanks, Senator Fredrickson. I got a question for you. So [INAUDIBLE] PACE in the past, we discussed it was philanthropic in nature. Non-profits would donate the money to do these kinds of things. So if there's a lien assessed to the property, if they didn't get the return they're expecting or, or whatever, and they can't pay the bill, does that mean they can lose their house?

**FREDRICKSON:** So it's not philanthropic in nature. It's usually private financing that this has done through. And so essentially what this is, is it was to be a homeowner, for example. Let's say, so another example of this is the Cottonwood Hotel in Omaha. When they refurbished that, they needed to do updates to all the windows. So they used PACE financing, where they were able to get a, a private loan at a preferred rate for that. So they need to pay back that loan just like they would with their property tax. Now, if they were to sell that property, the new owner that would be disclosed that they has a PACE loan on the property that they would have to buy. The issue is that what's happened is that some banks have said-- so basically, if there's a delinquent loan, counties are able to put a lien or should be able to put a lien on the property for a delinquent loan, just like if someone had a delinquency on, on any loan that they would have. That was the original intent of the law. But this just makes that explicitly clear that counties have that abil-- ability.

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**ANDERSEN:** So they could be foreclosed on based on this?

**FREDRICKSON:** I mean, I think I'm gonna defer that to Mr. Yaki, who might be able to elaborate a bit further on that. But yeah.

**ANDERSEN:** OK, so it says subject to the same collection process for real estate taxes, special assessments. To me, that means if you don't pay your taxes, they can, they can foreclose your house and put it up for tax auction.

**FREDRICKSON:** Yeah. I mean, you want to have some teeth to it, right? You want to ensure people who are--

**ANDERSEN:** That's a lot of teeth to it.

**FREDRICKSON:** Well, if you're taking it if you are taking it a loan, there's a, there's a responsibility that comes with that. And so you want to make sure that there, there are teeth. But Mr. Yaki will clarify whether or not there's a foreclosure there.

**ANDERSEN:** Thank you.

**FREDRICKSON:** Yeah.

**McKINNEY:** All right, thank you. Other questions? Senator Sorrentino.

**SORRENTINO:** Thank you, Senator-- or Chairman. And I'll ask this of someone else, if you want.

**FREDRICKSON:** Yeah.

**SORRENTINO:** I just-- these liens are going to be filed as special assessments, and I'm working on the priority that my understanding is that general municipal tax liens on real estate are considered a first lane and have priority over special assessment liens. I can ask that to somebody else, if you wish, or do you know?

**FREDRICKSON:** Is the question whether or not this would be on the same level as--

**SORRENTINO:** Right. I think special assessments are second to general municipal tax liens.

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**FREDRICKSON:** I, I believe that this would make it secondary. But again, I will defer to Mr. Yaki.

**SORRENTINO:** OK, I'll ask [INAUDIBLE]. Thank you.

**McKINNEY:** Thanks. Senator Andersen.

**ANDERSEN:** Yeah, one last question. The last page it says, since an emergency exists. Why is the E-clause in there?

**FREDRICKSON:** Just so it goes into effect immediately.

**ANDERSEN:** OK, thanks.

**McKINNEY:** Other questions? No? Thank you, Senator Fredrickson. I'll welcome up first proponent.

**MICHAEL YAKI:** Thank you, Mr. Chair, senators. My name is Michael Yaki, M-i-c-h-a-e-l Y-a-k-i, senior vice president and senior counsel for Petros PACE Finance based in Texas. We are actually the largest C-PACE provider in Nebraska. I'm going to digress and just answer the questions that were come out. Senator Andersen asked a question about the foreclosure issue. C-PACE, which has been in, in effect in Nebraska for, for over 10 years. I'd like to say it passed by a score that was reminiscent of the 1973 football team, 45-0. And the-- this real-- this only pertains to commercial properties. There is no, there is home issue involved in, in this amendment. So this is all about hotels, offices, retail, that kind of stuff. So there's no home, homes at stake. For Senator-- for Senator Sorrentino, the question that he was asking about the priority. In, in the language, as it is for all special assessments, it says that they are first and prior. Now, now first and prior simply means that they above anything that's recorded after them as a, as a security on the property. C-PACE is very different in that we have to have the consent of any secured lien-owner mortgage, mortgage holder on the properly. But with regard to what you're saying, there is the difference between priority and what's called the waterfall. And the waterfall is, if you take an action, who gets paid first? And it is always going to be the city or county property taxes that get paid first out of any proceeds in a foreclosure. Second would be the special assessments. Third would be any secured-mortgage holders on the property.

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**SORRENTINO:** Thank you.

**MICHAEL YAKI:** So I just want to just emphasize really very briefly, and thank you for the time, that this is important because it closes a technical loop that perhaps I forgot to write 10 years ago when I was working with Senator Mello on this legislation. It's-- the legislation clearly says it's to be treated the same and collected the same and, and treated the same as a property tax. But back in 2016, we weren't quite as sophisticated in C-PACE as we are right now. And now we are in a situation where we need to make sure that when the counties ask us to say, we need explicit authorization in order to put you in with us when we deal with collection and enforcement issues, we want to give that to them. And all-- that's all this language does, is it just gives them the authority to proceed. They want the authority, they have no objection to the authority. They just want it explicitly given, given to them by the state Legislature, and that's all this language does. Thank you very much. If you have any other questions, I'll be glad to answer them.

**McKINNEY:** Thank you. Questions from the committee? No? Thank you.

**MICHAEL YAKI:** Thank you.

**McKINNEY:** Other proponents?

**DAN SMITH:** Good afternoon, I'm Dan Smith with Smith Pauley Law in Omaha. And I'm here representing Petros, but I work with almost all the PACE Lenders, I think all of the PACE lenders, in Nebraska. And we've worked with every community that does PACE in Nebraska, and we've helped to establish the programs in a number of cities across Nebraska. And I also do real estate financing at every level of real estate development and financing. Most of what I would have said has been said, thankfully, for you guys, but I'm happy to answer any questions. I will tell you that on the residential side, it's exceedingly rare across the country for anybody to do PACE on residences. I've never heard of it in Nebraska. The process is a little too involved, I think, for, you know, an average homeowner to try to work their way through for what benefit they get. And I just remind the committee the purpose of PACE is to have developers and owners put in improvements that reduce the use of natural resources. And it does that by making available to those folks the energy savings that exist between the baseline of a city code, a city building code,

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and the improvements that are actually installed. So they're incentivized by PACE to put in more efficient improvements in many areas. It could be solar panels, it could be HVAC, it could be chillers in a commercial building, could be windows. It's lots of things. So those improvements that are more efficient are generally more expensive. And this helps developers and owners do more efficient buildings. And that's the basic concept of it. And it's working very well. We've done many projects in Omaha, and we've done many projects across the state. I am in close contact with the law departments of the various communities, and I did talk to the Omaha law department. Jen Taylor is here, and if I say something she disagrees with, she can throw something at me. But I think the city of Omaha, the law department's position is, they're fine with this. This problem arose in talking to them and to Sarpy County, in that they sell-- we wanted them to sell these assessments at the annual sale of property taxes, which is what's done with almost every other assessment and real property taxes. And they said, we're not sure we see enough guidance in the statutes to allow us to do that, unlike some other statutory schemes. So we said well, we'll write something into the law that's really specific on that subject, so you'll feel comfortable with it. Sarpy County takes the same position. I talked to Andrea Gosnold-Parker, who's in their law department, and she says, she's asked around, nobody has any objection to this. They just want there to be clarity from the Legislature as to how to proceed. So if I can answer any questions, I've done a million of these, I'd be happy to answer them.

**McKINNEY:** Thank you. Any questions?

**DAN SMITH:** Thank you.

**McKINNEY:** Thank you. Other proponents?

**LUKE BONKIEWICZ:** Chair McKinney and members of the Urban Affairs Committee, my name is Luke Bonkiewicz, L-u-k-e, last name spelled B-o-n-k-i-e-w-i-c-z, and I'm a research analyst and lobbyist for the Nebraska Association of County Officials. First of all, Jon Cannon, our director, does send his regard and his apologies. I'm pinch-hitting today because there's just so much going on right now. So please bear with me, OK? I believe that Senator Fredrickson has done a really good job of framing the issue. I'm not going to echo everything he said. Instead, I'm going to simply highlight three or

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four issues that kind of primarily pertain to, to counties here. As we've discussed, this would be a narrowly-targeted technical amendment to the commercial provisions of the Nebraska's existing Property Assessed Clean Energy statute. And even though the statute states that the PACE assessments are not collected in the same time and manner as property taxes, the law did not explicitly grant counties the authority to enforce delinquent PACE assessments in the same way. So as a result, here are the three or four things that we're concerned about, which we feel that this bill will address. First of all, some counties have concluded that they lack clear legal authority to enforce delinquent PACE assessments. Second of all, commercial PACE providers, despite having invested in Nebraska, relying on the statutory framework, lack of viable remedy if these assessments become delinquent. And then finally, without clear enforcement, without a clear enforcement mechanism, Nebraska's PACE market faces serious risk, jeopardizing-- potentially jeopardizing future investment in our state. So NACO really believes that LB1163 ensures this really important financing tool that can remain viable by giving local governments clear authority to enforce delinquent assessments just as they do with other property-related obligations. And for these reasons, we do respectfully urge the committee to advance LB1163, and I would entertain or as-- answer any questions that you might have.

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

**LUKE BONKIEWICZ:** Thank you.

**McKINNEY:** Other proponents? Any opponents? Anyone here to testify neutral? Senator Fredrickson, you're welcome to come up. And for the record, there were 11 proponents, 0 opponents, 0 neutral, no ADA online comments.

**FREDRICKSON:** Thank you, Chair McKinney. So I'll make this quick. So as the previous testifier said, first of all, I want to thank them for coming out to testify. I want to thank my staff and all the folks who worked on this legislation. This is a pretty, I think, straightforward cleanup. It just sort of clarifies in the statute that counties have the ability to put a lien on properties who are delinquent with their payments. So happy to take any questions.

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

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**FREDRICKSON:** All right. Thank you.

**McKINNEY:** All right, and that will end our hearing for LB1163. And we'll move on to LB1041, Senator Rountree.

**ROUNTREE:** Good afternoon, Chair McKinney and members of the Airmen Affairs Committee. My name is Victor Rountree, V-i-c-t-o-r R-o-u-n-t-r-e-e, and I represent District 3, which is made up of Bellevue and Papillion. Today I'm here to introduce LB1041, which would allow the building of accessory dwelling units in all communities in Nebraska. An accessory dwelling unit, or ADU, is described in current Nebraska statute as-- accessory dwelling unit means an interior attached or detached residential structure that is used in connection with or that is an accessory to a single-family dwelling and is located on the same lot or parcel as such single-family dwelling. For instance, this could be a standalone structure in your backyard, a retrofit apartment in your garage, or a basement unit that is self-contained. ADUs offer a variety of benefits when it comes to Nebraska's current housing crisis. As I've stated in previous hearings, our state is facing a shortage of roughly 120,000 units in our state. With this deficit, it is important we look at all options to add much-needed housing to our market. ADUs are smaller, self-contained units that do not have the same cost as larger homes. ADUs also offer easily accessible units that can be built and modified to meet the needs of individuals. LB1041 lays out a framework for accessory dwelling units to be allowed to be built in all communities in our state. Currently, Nebraska has a patchwork system with different zoning regulations from community to community. This bill will put forward a standard approach that allows for units to be constructed to meet needs of our state. I have spoken with the League of Municipalities and other stakeholders about their concerns with this bill. LB1041 is modeled off of legislation passed in Iowa a couple of years ago. While there has not been issues in other states with similar legislation, I understand the concern about mandating specific zoning requirements for municipalities. We have discussed the possibility of using this legislation as a framework for communities, while possibly looking at other ways to incentivize ADU construction. I see LB1041 as one possible way to begin addressing our housing shortage. This is not a silver bullet, but is a tool in the toolbox. Units that allow individuals to age in place or finding starter homes is something our housing stock severely needs. I appreciate your

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attention to this bill, and would be happy to answer any questions that you may have.

**McKINNEY:** Thank you, Senator Rountree. Any questions from the committee? Senator Andersen.

**ANDERSEN:** Yeah, thanks, Chairman. Thank you, Senator Rountree. Just out of curiosity, who brought this bill to you?

**ROUNTREE:** This is one that I brought, Senator Andersen. I was really-- we've attended a lot of housing opportunities over the course of the summer, and one of the units or meetings that we attended we talked with the AARP. They were really excited about the possibility of ADUs.

**ANDERSEN:** AARP, you said?

**ROUNTREE:** But they didn't, didn't ask me to do that, but they were really excited about that as we went to the housing briefings during the course of the summer. But I was aware that-- I think I saw a news article on TV that Iowa had implemented theirs fully, and I knew that was something that had been discussed. So that's why we tried to model after what Iowa has. So this is one that we've had a lot of discussion, but to say that I wanted to bring that one.

**ANDERSEN:** So this, this, this literally mandates that cities and counties shall allow these on a, a residential property.

**ROUNTREE:** Absolutely we've had--

**ANDERSEN:** Can't be restricted.

**ROUNTREE:** Yes, you're going to have some testifiers that's going to come behind me, proponent and opponent, we've talked about the shalls. We wrote the bill as a "shall" with an opportunity to go to "may" but still allow that local control.

**ANDERSEN:** OK, so they use as you define this bill could be a prefab house, right?

**ROUNTREE:** It would meet certain standards. Size, as long as it's on the same lot, it could be a prefab that I might put in the back of my home, which will allow my mother-in-law to come and live with us, but it'll meet standards.

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**ANDERSEN:** Sure but it could be a mobile home too, right?

**ROUNTREE:** It may exceed that standard, Senator Andersen.

**ANDERSEN:** Yeah, I think it said in there they're got to be hooked up to a concrete pad.

**ROUNTREE:** Yeah.

**ANDERSEN:** Yeah, it says dwelling unit must-- a structure part of-- a structure that's used for home residence or sleeping place. I don't really know-- understand what the definition. Can you tell me what the definition of a sleeping place is?

**ROUNTREE:** A sleeping place would be one that has a bedroom. It could be a down in my basement, which I could consider restructuring that. All I need to do is put a kitchen in it and I can have that converted to an accessory dwelling unit, would be a sleeping place that has bedroom. Sleeping room, bathroom, shower. The only thing it misses now is having a kitchen unit.

**ANDERSEN:** I never heard of it called a sleeping place. So in my, in my-- I live in an SID, right, and my HOA says, thou shalt not have RVs in the driveway. You can't have extra sheds. I mean, it's very prescriptive of what you can and cannot do. And I think that's more the norm than the exception, at least in the city.

**ROUNTREE:** That's true.

**ANDERSEN:** So what protection does it-- so what if I decide to put an ADU-- we pass the bill, I put an ADU on my property because I had enough space. What protection does my neighbor have for any decline in the property value because I have an RV on a pad on my side driveway?

**ROUNTREE:** It will still be subject to the local zoning laws. I said as I wrote this bill, we had it as a "shall." We've had a lot of discussion on it. So I know that "shall" is not going to go. I brought it so that we can have opportunity for discussion. And as you're listening to the testifiers, proponent and opponent, behind me, we're gonna try to work to get something together so that it would allow those local controls to remain in place but get ADUs out and available.

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**ANDERSEN:** Thank you.

**McKINNEY:** Thank you. Any other questions from the committee? Senator Clouse.

**CLOUSE:** Yes, thank you, Senator McKinney. Senator Rountree, thank you for bringing this. I'm sorry, I was at another committee. I had to bill present, so I apologize if I missed quite a bit here. I, I would just tell you that in Kearney, we, we talked about that, and we spent probably a year or so with community hearings, bringing groups together. And at the end of the day, we decided this wasn't-- it was too convoluted, and it wasn't something we wanted to pursue. So does that still give that, the city the ability to say, no, we don't want any part of this?

**ROUNTREE:** If the city say no, they don't want any part of it. It won't be mandated for them

**CLOUSE:** Thank you.

**McKINNEY:** Thank you. Any other questions? No? Thank you, Senator Rountree. I'll welcome up the first proponent.

**NICK KNIHNISKY:** I'll let the lobbyists go next. All right. Good afternoon, members of the committee, Senator McKinney. Senator Sorrentino, I'm actually a constituent of your district in the Elkhorn area. My name is Nick Knihnisky, N-i-c-k K-n-i-h-n-i-s-k-y, and I'm here representing my design-build company called Platte and Pine Construction and Remodel. I'm based out of Omaha. We specialize in accessory dwelling unit, ADU, development. I started this business after seeing a growing need among Nebraska families for flexible, practical housing solutions that allow families to remain close to one another without sacrificing independence or dignity. The families I work with are not seeking widespread density or dramatic neighborhood change such, such as an RV in their front yard. Instead, most are simply trying to solve a very human problem: how to care for aging parents, how to help adult children return home temporarily, or how to allow loved ones to live nearby without moving into costly retirement facilities or leaving the community altogether. For many seniors, aging in place is not a preference or even a luxury, but rather a necessity. Traditional retirement housing, as many of you know, is expensive, it's isolating, and far removed from family support

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systems. ADUs, on the other hand, offer a quieter, more personal alternative. They allow seniors to remain independent while staying connected to family, neighbors and local services. This is especially important in a state like ours, where we value family, self-reliance and community ties. But unfortunately, for many communities around our state, these solutions are far more difficult to pursue than what I believe they should be. Today, only a small number of Nebraska communities clearly allow ADUs. And even where they are technically permitted, the rules vary significantly and often carry burdensome red tape. From city to city, homeowners face different zoning standards, parking requirements, design mandates, approval timelines, and discretionary review processes. As a builder, I routinely see projects delayed or even abandoned, not because homeowners lack interest or the financial capacity, but instead because the regulatory-- regulatory process is unpredictable, time-consuming, and costly. The existing patchwork creates uncertainty for families and discourages investment before it even begins. LB40-- LB1041 addresses this issue in a practical and balanced way, positioning Nebraska at the forefront of ADU development in the Midwest. This bill does not, in my opinion, eliminate local control, and it does not force high-density development into Nebraska neighborhoods. Instead, it establishes a clear statewide baseline so homeowners and local governments understand the rules from the beginning. It ensures that ADUs are treated reasonably and consistently rather than being subject to additional restrictions that do not apply to your standard single-family home. LB1041 removes the most common barriers while still requiring compliance with building codes and safety standards. This bill simply prevents unnecessary red tape that stops good projects before they even begin. From an economic perspective, this bill also makes sense. ADUs help homeowners build equity, expand housing options without new subdivisions, and modestly increase its local property tax bases. They allow retirees to remain in Nebraska longer, close to family, instead of relocating out of state. And they do so without requiring new infrastructure, new roads, or public-- or major public investment, all of which we've talked about in previous bill hearings today. Perhaps most importantly, LB1041 reflects Nebraska values. It supports families caring for another. It respects property rights while maintaining neighborhood character, and it provides a straightforward, predictable framework that benefits homeowners, local governments, and communities alike. As Senator Rountree mentioned, Iowa adopted a nearly identical law last year, and

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I believe Nebraska now has an opportunity to lead the Midwest by embracing a proven family-centered approach to housing policy. For these reasons, I respectfully urge the committee to advance LB1041. I thank you for your time, and I'd be happy to answer any questions including anything regarding building code and the, the applicability of what is permissible for an ADU.

**McKINNEY:** Thank you. Any questions from the committee? Senator Clause and then Senator Andersen.

**CLOUSE:** Thank you. You said you've done some of these already?

**NICK KNIHNISKY:** Mm-hmm.

**CLOUSE:** What type of situations were they in? Were-- and, and have you encountered anything with that's counter to homeowners association?

**NICK KNIHNISKY:** I'll start with the homeowners association first. So I live in a homeowners association. I'm on the HO-- I'm on the board of my homeowners association, I'm in Indian Point, Senator Sorrentino. Covenants regarding homeowners association carry with the property. They supersede anything related to, to city code. So if there is a homeowners association that prevents or prohibits ADU development, and I'm, I'm an attorney as well for the background, that would supersede the, the municipal code that applies.

**CLOUSE:** OK, and then, so some what you built, what type of areas were they in?

**NICK KNIHNISKY:** Yeah, so when I initially started this company, my assumption was that it-- they were going to be primarily on the suburban parts of town, right, where people have larger lots? Instead, what I found is just the opposite. People are looking to do these in the more-- in the denser part of town. That is because, I believe, you start seeing an older population around that area. Now, the typical unit that we are building is between 500 and 950 square feet. You know, you get start getting above that, it doesn't make sense to be able to put that on the lot. We still are, are beholden to setback rules, things like that.

**CLOUSE:** OK.

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**McKINNEY:** Thank you. Senator Andersen.

**ANDERSEN:** Thank you. How does it work with the utility hookups? Are there any challenges with that?

**NICK KNIHNISKY:** We pull them from the house. So by definition, accessory dwelling unit is accessory to the primary structure. So we have to pull them from the line to the house, meaning we trench out across the backyard, coming off the main water line where it plugs into the house.

**ANDERSEN:** So as a lawyer, which I'm not, if we have state law that says that you can do an ADU, but you have an HOA that says, says no, you can't, what repercussion does an HOA have to enforce it?

**NICK KNIHNISKY:** I'm not going to give this as legal advice. But again, when it comes--

**ANDERSEN:** [INAUDIBLE].

**NICK KNIHNISKY:** Yeah. When it comes to an HOA, the covenants carry with the land, right? And so any covenants, whether it's I need my house to be a certain color, I need my shingles to be certain color, I still have to follow those covenants as a, a resident within that HOA. I can't sit there and fight those just because the city doesn't, you know, carry the same, the same burdens. Same thing would, would exist for an ADU, right? If my HOA prevents an ADU, which we're going through a proc-- a similar process with a homeowner right now, I'm beholden to what the HOA covenants govern.

**ANDERSEN:** Thank you.

**ANDERSEN:** Thank you. Senator Quick.

**QUICK:** Yeah, thank you, Chairman. So like on some of these smaller lots, is there a set-- I mean, if I put on like a utility shed, it's got, got to be set so far back from the house. And then, of course, then you got your easement back there. So do you find that difficult in some situations to maybe add that in or--

**NICK KNIHNISKY:** We know going in what the setbacks are. They're typically 5 feet from the side 8 feet from the back. We know it needs to be behind the front plane of the house. So for the most part,

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knowing those things going in, we're able to do even on an initial site visit say, hey, generally speaking, this is the area that we have to work with. You know, from there that really governs how big it can be as well. I would hate to put something all the way going into, you know, the, the very end of a lot because I know homeowners, the neighbors, aren't going to love that. So think of this really as like a util-- or like a secondary garage that you see so so commonly over the last 60, 70 years. Very similar idea. So we're, we're beholden to those same setbacks.

**QUICK:** And then with that, can, can it be an add-on to the house then too, I mean, connected right to the house?

**NICK KNIHNISKY:** Yeah, think of that really like an addition. When it's added onto the house, all we're doing is creating a separate entry into the home. That is where it becomes the accessory dwelling unit in lieu of an addition.

**QUICK:** OK. Thank you.

**McKINNEY:** Senator Clouse.

**CLOUSE:** Yeah, thank you, Senator McKinney. Another question, that some of the stuff started to come back to me now because I've been shifting into a whole different mindset. But one thing we talked about is if somebody has a garage and wanted to convert it, because that's, you know, might be a detached garage, we're going to convert it as an ADU.

**NICK KNIHNISKY:** Mm-hmm.

**CLOUSE:** Well, a lot of times they're on slabs, there's no foundat-- no footings. And so you have safety issues that could prevent that. And, and you never know where that's going to happen. And being from a college town, yeah, it's OK if grandma's gonna stay there but what if it's my junior in college and cars and parking and street park-- all that stuff? Those, those do become issues.

**NICK KNIHNISKY:** Yep

**CLOUSE:** And have you encountered all those types of things?

**NICK KNIHNISKY:** I have not encountered any, any situations with the parking concerns. I mean, you know, we're not putting a situate--

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we're not put in a multi-unit accessory dwelling, right? There would be at most one additional car going on that street. It's not like you're adding high density to most--

**CLOUSE:** So most of yours are a new building where you put in the footings and build to code?

**NICK KNIHNISKY:** That's right. Now to answer your question regarding a garage conversion, there we are still beholden to code. So code requires us to go to build a foundation below frost. So any time-- we've had plenty of consultations where people want to convert their garage. My very first check when I'm out there is what the foundation looks like. If it's sitting on a four-inch slab, we've got to tear up that four-inch slab and dig down and put in a real foundation.

**CLOUSE:** OK. Thank you.

**NICK KNIHNISKY:** And I suppose that would be similar to Senator Andersen's previous questions to Senator Rountree, where he was asking regarding a mobile home, can you just plop that down in the, in the yard? The answer is no. It still needs to be on a to-code foundation.

**CLOUSE:** Thank you.

**McKINNEY:** Senator Andersen.

**ANDERSEN:** Which is kind of concerning in and of itself, right? I mean, it's one thing to put something down temporarily, but if you put a whole pad out there, where you're pouring a foundation and stuff, that's not temporary, that's a permanent structure.

**NICK KNIHNISKY:** Right, and that, that's really where the different-- the distinction would be between just saying, hey, a mobile home is going to act as a, as an accessory dwelling unit versus actually building an accessory dwelling unit. If you're going to plop down a mobile home, it still needs to be on a foundation, just like you would see with a, lack of a better term, a trailer park.

**ANDERSEN:** And, and speaking of the parking, it does say in here, require that the lot contain a single-family residence. It tells that you have to have additional parking beyond that required for a single-family residence or require a fee to be paid in lieu of

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providing some additional parking. I, I don't know if you have commentary on that or I can ask Senator Rountree.

**NICK KNIHNISKY:** I don't have specific commentary on that.

**ANDERSEN:** OK, I'll ask.

**NICK KNIHNISKY:** I think the only way-- the only places that we've run into the parking regulation have been down in Lincoln. Lincoln requires additional parking.

**ANDERSEN:** Thank you.

**McKINNEY:** Thanks. Senator Sorrentino.

**SORRENTINO:** Thank you, Chairman McKinney. Welcome to one of my constituents. Thank you for being here. Real quick question. It doesn't sound like it's relative to this, but I think it is. When you build these, these structures as ADUs, is there special financing that goes with those, or can they be blended into the mortgage on the main structure?

**NICK KNIHNISKY:** Great question. So, it'd be like any other remodel where we see people financing them. There are, you know, obviously if a traditional HELOC, it can be leveraged for something like this. But oftentimes you're adding a second mortgage onto the home if you're seeking to finance one.

**SORRENTINO:** Thank you.

**McKINNEY:** Thanks. Senator Quick.

**QUICK:** One other question, maybe this has been talked about, but so do they-- I suppose depending on who's going to be living there, do you build them so like if you need a rail by the toilet or if you have to have a, a shower that they are in a wheelchair they can get into, is it just specific to each individual that's going to be living or is it--

**NICK KNIHNISKY:** Yep, specific to each individual. I would actually encourage you guys to, to visit one that we're in the process of building right now that is full-- I'm not going to say it's ADA-compliant, because that's not necessarily what we're worried about there in terms of public regulation regarding ADA compliance, but it

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is ADA-aligned, where we are eliminating all thresholds in the home. It's a wheel-in shower where there's no curb sides to that shower. We have a wheel-under vanity. We've got cabinetry that includes all of the optionality wider doorways, things like that. So that is commonly what we'll hear for aging in place is that we want something close to ADA-ready.

**QUICK:** All right, thank you.

**McKINNEY:** Senator Clouse.

**CLOUSE:** One other quick question. Thank you, Senator McKinney. We've had in this committee for a couple weeks ago we talked about the building codes, and have you encountered anything different from different communities [INAUDIBLE]. Some of them adopt the federal code, building, electrical, and some don't. What's your thoughts on that? Have you had any experience of that?

**NICK KNIHNISKY:** I'm generally going to follow the 2018 IRC. That's what, you know, I'm mandated to follow for my license in Omaha. I will typically build above and beyond that for energy efficiency and insulation purposes. But for the most part, we're building to code.

**CLOUSE:** Thank you.

**McKINNEY:** Thank you. Other questions? Thank you.

**NICK KNIHNISKY:** Awesome. Thanks, guys.

**ZEKE ROUSE:** Chair McKinney and members of the Urban Affairs Committee, good afternoon. My name is Zeke Rouse, Z-e-k-e R-o-u-s-e, and I serve as a policy analyst and lobbyist for Spark, a nonprofit organization based in Omaha dedicated to revitalizing disinvested neighborhoods. I also lead Spark's Emerging Developers Action Group, a network of more than 140 members, most of whom are graduates of our developer academy. These are local small-scale developers working to bring high-quality housing and commercial spaces to neighborhoods that have historically lacked investment. I'm here today in strong support of LB1041. Accessory dwelling units are one of the most practical, flexible and cost-effective tools available to expand affordable housing options in our state. As the AARP notes in a report on ADUs, ADUs make smart use of existing land and infrastructure while providing adaptable housing for people at every stage of life, whether that's young adults seeking

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an entry-level rental to families caring for aging relatives, to older Nebraskans hoping to age in place. In Omaha, we've already seen the positive impact of this approach. In March, 2024, Omaha adopted a zoning code amendment permitting ADUs by right in 9 zoning districts and by conditional-use permit in 12 others. This landmark change opened traditional single-family neighborhoods to a second smaller home on the same lot, a change that allows for incremental density and makes use of existing infrastructure while maintaining neighborhood character. ADUs are also an affordable housing solution. Because the land already belongs to the homeowner, the cost of creating an ADU is for the structure alone. The law is in effect free. ADUs come in many forms and can even exist within an existing structure such as a garage, basement or second story, creating new housing units without any noticeable external change. This makes ADUs a far more attainable path to home creation than traditional new construction. They can also generate rental income that helps homeowners cover mortgage payments or make ends meet, an especially meaningful benefit for older adults living on fixed incomes. And unlike large-scale developments, ADUs allow neighborhoods to grow gently, adding smaller, more affordable homes with minimal or no visual impact and without sprawl. Again, as the AARP highlights, ADUs tend to be just the right size, typically between 450 and 1,000 square feet, which makes them ideal for today's smaller households. They require fewer resources to build and maintain, use significantly less energy for heating and cooling, and are inherently more environmentally sustainable than larger homes. Perhaps most importantly, ADUs are age-friendly, even endorsed by the Housing Coalition for Older Adults. Many are built so loved ones can live nearby, whether that's an older parent, an adult child returning home, or a family caregiver. Because they're often managed by homeowners who live on-site, ADU's also tend to main-- maintain neighborhood stability and long-term affordability. They create opportunities for intergenerational living, help families stay together, and expand access to neighborhoods that might otherwise be out of reach for lower or moderate-income renters. For these reasons, Spark respectfully urges the committee to advance LB1041, and I thank you for your time.

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

**ZEKE ROUSE:** Thank you.

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**McKINNEY:** Other proponents?

**TODD STUBBENDIECK:** Chair McKinney and members of the Urban Affairs Committee, my name is Todd Stubbendiek, T-o-d-d S-t-u-b-b-e-n-d-i-e-c-k, and I'm the state director of AARP Nebraska. And since Nick started it, I'm also going to tell Senator Sorrentino, I am a constituent of yours as well, so.

**SORRENTINO:** My lucky day.

**TODD STUBBENDIECK:** There's strong support for this bill in your district.

**SORRENTINO:** Thank you.

**TODD STUBBENDIECK:** According to AARP Nebraska's 2025 vital voices survey, 92% of Nebraskans aged 45 and older say being able to live independently in their own home as they age is extremely or very important to them. Aging in place isn't just a personal preference, it's a deeply held value for older Nebraskan across our state. But in order for people to be able to age in place and remain in their homes and that low, lowest level of care possible for as long as possible, we need a greater variety of age-appropriate housing options. Far too options-- far too often those options simply don't exist. AARP Nebraska believes that ADUs represent one important piece of the solution. ADUs alone will not solve Nebraska's housing shortage, but they are a practical, family-friendly tool that can help meet the needs of older adults and their families. ADUs provide flexibility. An older adult may add an ADU to house a family member or caregiver who can offer support as they age. Likewise, a family may use an ADU to care for a parent, grandparent or other older relative. In both cases, ADUs help older Nebraskans stay in their homes, remain connected to their communities, and delay or avoid more costly, higher levels of care. AARP of Nebraska has worked for many years to promote and educate communities about ADUs. In 2024, we partnered with housing stakeholders in Omaha to launch the state's first ADU design competition called An ADU for U. The competition produced over 20 professionally designed build-ready ADU plans and helped spark meaningful conversations about age-friendly housing. Last year, that work came to life through the ADU at the Riverfront Project led by Omaha by Design with financial support from AARP Nebraska that actually built the winning design competition-- entry from our design

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competition. Thousands of people were able to visit that ADU at the Heartland of America Park and saw firsthand how those homes could work for real Nebraska families. While we are encouraged that some communities like Omaha have updated their zoning codes to allow ADUs, relying on our piecemeal community-by-community approach to this will take too long and leave too many Nebraskans without options. We respect concerns about local control, and I'm sure you're going to hear more about those from the opponents of the bill. However, Nebraska's housing shortage and the need to support aging in place has reached a point where thoughtful state action is necessary to create a consistent, predictable regulatory framework. State legislative action is not a new idea. In fact, states as politically diverse as Texas, Colorado, Maryland, Montana, Arkansas, New Hampshire, and Iowa have all passed state legislation that impacts local zoning but is designed to spark housing growth. Nebraska can and should do the same. We thank Senator Rountree for introducing LB1041, and encourage the committee to support the bill. Thank you.

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

**CLOUSE:** Thank you. Based on your last comments, it sounds to me like you don't like local control.

**TODD STUBBENDIECK:** Totally like local control. I think there's at some point at which if we're going to do this city by city, community by community, that's what we'll do. But I think state action to make a level playing field and a solidified regulatory framework makes much more sense.

**CLOUSE:** OK, so in other words, it takes local control away because the state's going to tell you what to do. OK. Thank you.

**McKINNEY:** Other questions? No? Thank you.

**TODD STUBBENDIECK:** Thank you.

**McKINNEY:** Other proponents?

**JUSTIN BRADY:** Senator McKinney, members of the committee, Justin Brady, J-u-s-t-i-n B-r-a-d-y, appearing again as the registered lobbyist for MOBA, Metro Omaha Builders Association, HBAL, Home Builders Association of Lincoln, Nebraska State Home Builders, and Nebraska Realtors in support of LB1041. And really it's come down to

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the option to produce more housing. You know, we've had-- I can tell you all these organizations have had a lot of discussion very similar to what you all have had here today. You know where does it fit on property rights? Where does it fit on local zoning? And they look at it as, again, it's an option that they can do. They're, they're comfortable with this bill by Senator Rountree. Previous bills in the past have also gone further and said it trumps the HOA, it trumps the local covenants. It's just everybody can do it. And that's then when I sat in a different position here in opposition to say, you know, if you're taking these properties and you're having a contract and you've agreed to take that property under the HOA, we shouldn't be able to trump it. But to sit there and say, you know, to not have a patchwork across the state is something that we'd like to at least start with the option that you can do it unless you personally have taken that decision to contract that right away. So with that, I'll try to answer any questions.

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

**JUSTIN BRADY:** Thank you.

**McKINNEY:** Other proponents? Any opponents?

**DAVID CARY:** Good afternoon, Senator McKinney and members of the Urban Affairs Committee. My name is David Cary, D-a-v-i-d C-a-r-y, I am the director of the Lincoln-Lancaster County Planning and Development Services Department and here on behalf of the city of Lincoln to testify in opposition to LB1041. I want to thank the members of the committee for your time today. I also want to thank Senator Rountree for beginning a discussion with us about finding the best language that will garner more support for this bill that intends to help get more housing built in our communities. We've been working very hard over the last year and a half or so in Lincoln to improve our processes to make sure our approvals happen faster and we get more housing built. Something that we're very much focused on, and, and the ADU topic is part of that as well. An example of that current local effort in Lincoln is that we have undertaken a process to develop additional ADU ordinances that allow more opportunity for property owners to build and construct an ADU. We, we currently allow them on a more limited basis. We are taking the step as we speak to expand that. And while I can't share the specifics of that with you today, I will provide that information to you and I can do that more publicly. But

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we are committed to making sure ADUs happen more easily and more frequently in our community. So Lincoln is supportive of finding ways to approve more to ADUs and build housing as much as possible, and it is a good option for many folks. We believe that it absolutely is a lower price point than single-family housing, and it absolutely is a great option for aging in place. So we do agree with that, that point made earlier. We also very strongly believe that local jurisdictions provide the best local guidance and regulation on how to construct ADUs and, and how they are to be planned for in our communities. We therefore feel that any state legislation that supports local jurisdictions to allow ADUs to be built more easily, while allowing them to continue to have local control and local rules and how to implement them as, as a good type of housing is the best option. I do want to be clear that as this written currently, it does take away local control. I think it's very important to note [INAUDIBLE] this hearing. But with that in mind, we are prepared to work with Senator Rountree to move forward to amend language in this bill and to provide more opportunities for ADUs to be built in our communities across the state. So with that, I certainly will answer any questions that you might have.

**McKINNEY:** Thank you. Any questions from the committee? Senator Quick.

**QUICK:** Yeah, thank you, Chairman. So the process now for someone who would want to put an ADU unit in, what's that process like for, for Lancaster here?

**DAVID CARY:** Yeah, so, so here in Lincoln, right now, one of the rules that we have in place is that, and this is, this is precisely the rule that we're changing as we are working on this now currently, is we need to have a lot that's big enough to allow for a duplex. That's been in place for several years now. Quite frankly, we haven't had a lot of ADUs get built, partly because of that restriction. So we're going to get rid of that restriction. So we gonna go from, you know, only about 20% of our single-family lots that qualify up to about 80% with the proposal that we're working on. So it is really gonna kind of advance us quite dramatically here locally.

**QUICK:** OK, all right, thank you.

**McKINNEY:** Other questions? Senator Clouse.

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**CLOUSE:** Thank you, Senator McKinney. So that lot size is the biggest issue you encounter, or have you haven't encountered other things that's been problematic for you?

**DAVID CARY:** I wouldn't even say it's been problematic. I think it's more having conversations with our neighborhoods folks, mostly older neighborhoods where there's this little bit of a hesitancy about opening the doors wide open to this new type of housing or a different type of housing. I think what we've done is we've over the years, we've kind of shown that this isn't a real big threat to the, the, the residential nature of our neighborhoods. But, but we also are hearing from them that we do want to have some other things, like making sure parking is provided. So there's a balancing act, it's a lot of what I work on on a regular basis to make sure that we're listening to everybody and trying to find that right-size version of a local ordinance.

**CLOUSE:** So do you think that, and you mentioned, I think, this takes away local control. Do you think this is too tight?

**DAVID CARY:** Yeah, the, the purpose for me to be here in opposition is not to be against ADUs, it's, it's just to say that we really feel like there needs to be a little bit more of a balance to allow local jurisdictions to have their local rules in place as well.

**CLOUSE:** Thank you.

**McKINNEY:** Thank you. Other questions? Senator Andersen.

**ANDERSEN:** Yeah, thank you, Chairman. And thank you for being here for your testimony. One of the things that, that I find concern is the words it has here, it says the city shall not impose restrictions more restrictive than that of a house. But then it says, [INAUDIBLE] limited to maximum building heights, OK. Minimum setback requirements, OK. Minimum lot size on that might be tough, right, because you're not putting two houses-- one is an ADU and the other is a house house-- on the same lot size. Minimum frontage, that, that would be challenging, I would think, in most lots. Maximum lot coverage, same way. And then aesthetic architectural standards or requirements. Additionally, it shall not require an accessory dwelling unit to match the exterior design of roof pitch or finishing materials. So you could have a house that has a beautiful brick front, a nice, beautiful roof, and then you

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could a orange ADU sitting next to it with a bright green roof on it. Am I, am I misinterpreting this?

**DAVID CARY:** No, you're not. And that's a good example. And I think going back to the, going back to the lot size is a good item to talk about in this context. We have-- many cities have this, lot of older lots that were built, you know, 100 years ago, quite small. And, and if there isn't some local interpretation of what is the minimum size to have second unit on a lot, the way that it's written is that that type of lot would also have to be allowed to have the ADU. And this was context that there's sometimes there's some local interpretation is needed to make sure that we're right-sizing some of these rules. And you, you make a good point about we have locally, we have some in our older neighborhoods that are historic in nature, we have some neighborhood design standards. They're not really onerous. There are things like making sure there's roof pitch, there's windows and doors that, that kind of open up to the community. But if we weren't allowed to apply those local rules, you could have something that's very odd-looking in a neighborhood. It doesn't mean it's going to happen all the time, but it could the way that it's written right now.

**ANDERSEN:** Yeah, I know in my neighborhood there's a stipulation on what the percentage is of concrete compared to grass. You can only have so much concrete in your driveway, in your house--

**DAVID CARY:** Yeah.

**ANDERSEN:** --all those things. But it sounds like this is written so that those would, would be waves that the city or county could not enforce those, is what it sounds like.

**DAVID CARY:** Many, many of those local rules would not be able to be enforced, the way that it's written.

**ANDERSEN:** Thank you.

**McKINNEY:** Thanks. Other questions? Senator Cavanaugh.

**J. CAVANAUGH:** Thank you, Chairman. Thanks for being here, Mr. Cary. I asked some very similar questions to what Senator Andersen was asking. I had the exact same thought specifically permeable surfaces. Is there some constraint you could put on here-- so my property is 50 feet by 100 feet, and so there's not really a lot of room on my property to

put something else. And so if you were to put a 1,000 square foot second structure on my properties and there would be no grass left at all. So is there maybe a way to say you can't have more than X percentage of the surface area covered or something like that?

**DAVID CARY:** I think that's a very good example of what we want to continue to talk about. Like what are the items that we want to make sure that there's still that allowance for local interpretation of what's best for the community. But you bring up a very good point that, especially on smaller lots, you, you quickly get to that impervial [PHONETIC] surface number. So I would like to have that conversation. I'd like to keep talking about that. There may be other items that we want talk through. I don't have the answer sitting here today, but I think that's what we want to talk about.

**J. CAVANAUGH:** And but I guess the ultimate question is you're, yeah, you're saying there are lots of things that we could work around the edges to change here. The question is it sounds like all the folks came in favor of this is looking for certainty in terms of if we're going to pursue a project, we need to be able to say: if I pursue this project, it is going to get approved. And the flexibility is essentially the thing that they're at push and pull with, right? If there's too much flexibility, they have no certainty. And so the bill seems to be geared towards creating and say, if you meet X criteria, that's a place you could build an ADU. And it creates that certainty for all these folks. And so I think that there is-- some of the things you're saying are, we just need the flexibility of the city to make every individual determination. But what that's led to is, and I don't know this, but less than the, the needed number of ADUs being built, so.

**DAVID CARY:** Yeah, and like again, I'll go back to we're currently working on a, a zoning package that's going to really expand the opportunity. And I think that's been more in the Lincoln's case, more, more of the topic that we want to talk about is we do want to allow it to happen more often and more easily. But there, there probably still are some of those local rules that make some sense that we'd want to be able to have.

**J. CAVANAUGH:** So, well, like I said, I'm not going to put you on the spot here today, but if we just feel, you know, the committee decides

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we really feel like we got to do this, will you work with us to make sure that we do it in a way that would answer all those problems?

**DAVID CARY:** Absolutely.

**J. CAVANAUGH:** All right. Thanks for being here.

**McKINNEY:** Thank you. Other questions? Senator Andersen.

**ANDERSEN:** Yeah, last question. I, I get the compassionate use of aging parents, right? And kids that may have had a hard time I had to move back home and you're providing for them. But this comes in here and says the city shall not restrict an ADU from being used as a rental property. That's not along the compassionate use side. Any idea why that's included in there?

**DAVID CARY:** Yeah, I'm not quite certain the intent behind that. There certainly-- there absolutely is a-- the purpose of an ADU can also be for the property owner to get some level of revenue by renting it out. And I think that's important to acknowledge that as well.

**ANDERSEN:** All right, thanks.

**McKINNEY:** Thank you. A couple questions. I understand the, the local control side of this, but how do you balance that with the feeling, I think, since I've been in the Legislature, it's been this conversation about this, this housing crisis? And there's people that feel, whether right or wrong, that local entities and municipalities are not-- and even the state is not responding to whatever the crisis is, as fast as possible.

**DAVID CARY:** I would say that-- I'll speak for Lincoln. That's exactly the legislation locally that we're putting-- going to be putting forward right now as we speak, which is to be more responsive to, at least on the ADU front of this, that we're really going to rally open up the opportunity to many, many more residential lots than what currently is allowed. So that's our response right now as, as part of that conversation to have-- get more housing to happen. We are going to do that right now. And again, I think it was, was noted in earlier testimony, I don't think ADUs are going to really solve, push-- you know, move the needle a lot on the housing crisis that we have. But it

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is part of the-- we need to do what we can do in this area of it as well. And Lincoln's gonna do that.

**McKINNEY:** All right. Another one, just kind of going on for what Senator Andersen had mentioned, but couldn't someone rent an ADU to their son that maybe can't afford a larger space on the market but could afford \$500 to pay for the ADU at their parents' house?

**DAVID CARY:** Yes.

**McKINNEY:** All right, thank you. Other questions? Senator Andersen.

**ANDERSEN:** Is he a proponent or opponent?

**DAVID CARY:** Currently an opponent.

**McKINNEY:** Yeah.

**ANDERSEN:** Thank you.

**McKINNEY:** Yeah, all right. Thank you.

**DAVID CARY:** Thank you.

**McKINNEY:** Other opponents.

**LYNN REX:** Senator McKinney, members of the committee, my name is Lynn Rex, L-y-n-n R-e-x, representing the League of Nebraska Municipalities. I'm testifying today on behalf of the League and also the greater cities of Nebraska. We're in opposition of this bill as written. However, we really appreciate the tone that Senator Rountree has presented, which is working with us. He made the comment that if it's a mandate, that this would not pro-- provide a mandate what cities can and cannot do. But certainly we know that cities can do more. I wanted to let you know, cities are doing more all across the state of Nebraska. I talked to the city administrator of Columbus, Nebraska this morning, and Columbus has gone through a very extensive rewrite of zoning, everything else to figure out how can they incentivize more affordable housing. But the one issue that really, in essence, was the rising of the proletariat was on the issue of ADUs in R1. So we have a number of cities that allow ADUs in other areas. But with R1, you end up with a different scenario. And I think that's probably indicative of what happened perhaps in Kearney. And I don't

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think Kearney allows ADUs at all at this point. But for example, I think it's-- while I appreciated Justin Brady's testimony, which is on page 2 relating to lines 9 through 15 about basically that ADUs can't trump whether you have covenants and other restrictions. So what that kind of tells you is, if you're living in one of those areas, then your home would not be, I'm going to say subjected, if you will, to the kind of scenario that you raised of having a brick home and then maybe an orange ADU next to you or something like that. But to be said, I just think it's really important to understand that you want to provide this kind of housing throughout municipalities, throughout the state, but it has to be done the right way. And so we appreciate the fact that senator has indicated he's willing to work with us on this. We're certainly willing to work with him. I also want to indicate I think it's really important to look at the definitions. Last week we were before the Revenue Committee on LB1094, opposing LB1094 for a number of reasons, which I won't go into here. But again, they have got a definition of ADU that's different than missing middle, that's difference than this. So it just seems to me that from a legislative standpoint, even having a definition of what is an ADU in the state of Nebraska would be helpful. But that said, I think it's really important to keep local control. I think it's important for folks to know that they-- that their neighbors get a chance to participate in terms of how they want their neighborhood, what the character of their neighborhood would be. I think that's important. In addition, when you look on page 10, I'm not going to go through this line by line, but just to give you some ideas here, some things to consider, that a city cannot require that a property owner be a resident or have any kind of family connection. But can a city then prevent something from being an Airbnb? So, basically, somebody puts in an ADU, and all of a sudden that becomes the party facility in that whole area. I mean, one has to look at those kinds of considerations too. So we really appreciate Senator Rountree's willingness to work with us on this. And just to emphasize the fact that the number of municipalities in the state, whether it's Papillion, Lincoln, Omaha, other cities that have really-- and Kearney has too, really working hard to look at affordable housing considerations, and we look forward to working with this committee in that regard. But again, I just think there's a-- this will go a long way to help look at and open up the discussion for ADUs in the state of Nebraska, and do it in a way that preserves local control, which we appreciate Senator Rountree talking about, but yet providing flexibility and also some reliability for the

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developers that want to come to our state. But I can also assure you, too, that, you know, one of the things that we also have to consider is that municipalities, large and small-- we've got 376 villages in this state, plus cities of the second class, first-class cities, Omaha and Lincoln, and they all want housing. And I've mentioned before, last week before the Revenue Committee, I think NIFA's come up with some really innovative things here in terms of purchasing modular homes so that, for example, in Minatare, Nebraska, they might be able to put one or two modular homes there. And then you look at what the implications might be for an ADU as well, because you're not going to get a builder typically to go out to Minatare, Nebraska, or even up to Chadron or Valentine for five homes. You know, they can't make it cash flow to do that. You can build 50 homes in Grand Island, probably 100, 200 homes in Lincoln or Omaha, but there are other things too that one has to take into consideration for affordable housing. I think ADUs are an important part of affordable housing, and everyone's kind of conceded that's not the only solution. It isn't, but it's an important of it. And we look forward to working with this committee and others, and certainly Senator Rountree, on this issue. I'm happy to respond to any questions that you might have.

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

**J. CAVANAUGH:** Thank you, Chairman. Thanks for being here, Ms. Rex. First off, so I was looking for the definition. So there is a definition in statute already. It's 19-5503. An accessory dwelling unit means an interior attached or detached residential structure that is used in connection with or that is an accessory to a single-family dwelling and is located on the same lot or parcel as such single-family dwelling. Is that, if Senator Rountree puts that in place, the definition that's in here, would that absolve that?

**LYNN REX:** Well, for example, in this bill and also in LB1094, so there are just several, several other bills that are changing the definition, if you will. But they're not amending that. And so--

**J. CAVANAUGH:** I'm just asking if that definition works for you.

**LYNN REX:** Oh, well, we will take it back to our gr-- we've got groups of folks working on this, and so we're happy to take it back to our

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cities of the first class, Lincoln, Omaha, and some of our other representation throughout the state and talk to them about that.

**J. CAVANAUGH:** OK. And so I mean your, your testimony was that you are willing to work with Senator Rountree.

**LYNN REX:** Absolutely.

**J. CAVANAUGH:** And I mean, I guess am I misreading situation, but you're willing to with them to actually pass some version of this bill that would have a requirement that cities-- all cities would have some permissible structure for ADUs?

**LYNN REX:** We're willing to talk to him about what we can do to preserve local control but yet incentivize ADUs in the state of Nebraska, and those are two different things.

**J. CAVANAUGH:** OK, so not necessarily work on making changes to this, so we can--

**LYNN REX:** Not a mandate.

**J. CAVANAUGH:** --to pass this.

**LYNN REX:** Or to work with this bill. I mean, there's some good things in this bill, and we're prepared to work on that. But to have a mandate that municipalities will be required to have ADUs, that would be a different, different discussion.

**J. CAVANAUGH:** Could you--

**LYNN REX:** But incentivize them, yes.

**J. CAVANAUGH:** OK. Could you give me like just one suggestion that we could put into this bill that would accomplish that goal?

**LYNN REX:** Well, for example, I mean, in order to incentivize municipalities, they still need to be able to have certain requirements that this bill would take away. I mean this bill really takes away local control. So the bill-- that's why we're here in opposition, Senator Cavanaugh. The bill as written, we oppose. We're prepared to work with him, certainly, and this committee, as we told the Revenue Committee, prepared to work with them too. I think it's important that the Revenue Committee and the Urban Affairs Committee

work together in terms of looking at what the current definition is, how these bills would interface with that and move forward with it.

**J. CAVANAUGH:** Well, yeah, I mean, it's always good to steal somebody else's work. If there's a definition out there that's, that works, that works. So, you know, just so you don't like the mandate telling you-- would, would a lesser mandate of like saying that every municipality has to come up with some standard that meets a very minimal standard that allows for ADUs, so we create certainty?

**LYNN REX:** We might be able to work with something like that. Yes.

**J. CAVANAUGH:** OK. All right, thank you.

**LYNN REX:** For sure. But I'm just thinking it's really important to look at what this bill as drafted presents versus how people can work together to come up with something that will incentivize others to do it, because cities across the state are working hard to do this. At our annual conference, we had a half-day session on basically affordable housing, what folks can do. The city administrator of Columbus did a fantastic presentation on how they went back to redo zoning and everything else to try to incentivize various things, including ADUs. But that's when I said the line in the sand for them was in R1s, not allowing them in R1s.

**J. CAVANAUGH:** OK, because people that live in R1s don't want to have more people living there?

**LYNN REX:** No, I don't think that's the case. I think that, and I guess I would defer to Senator Clouse because as a former mayor, he, he has lived through this. But I can tell you that, and you know, I think we all know, that for many people, their largest investment is their home. And so how that impacts property values, how that, for example, maybe, maybe enhance a property value if we're able to have an ADU next to you that fits certain requirements. But for example when you look at page 2, lines 27 to 30, a city shall not require an accessory unit dwelling unit-- dwelling unit, I'm sorry, to match the exterior design, roof pitch, or finishing materials of the single-family residence. I mean, those are the kinds of things that matter to people that are concerned about the character of their neighborhood.

**J. CAVANAUGH:** Yeah, I got you. I appreciate it. Thanks.

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**LYNN REX:** You're welcome.

**McKINNEY:** Thank you. Any other questions? Senator Quick.

**QUICK:** Thank you, Chairman. So in any of the other communities, or I mean, when they're looking at building any of these units, do they ask for like financial assistance like maybe apply for TIF or like any other public housing funds, or is it, it's just private money that goes into build these?

**LYNN REX:** To build the ADUs, I mean, it's private money, yes.

**QUICK:** Private money. OK.

**LYNN REX:** And I do think that there is a lot of, lot of not just compassion, but a lot a willingness of folks to look at what can be done, for example, if you're going to maybe renovate a garage, whether that garage is attached or not, and how you might be able to use that as an ADU, as opposed to how else you're gonna be able to, to develop that throughout the city. It depends where you are, frankly.

**QUICK:** Yeah, all right. Thank you.

**McKINNEY:** Thanks. Other questions?

**LYNN REX:** Thank you for your consideration.

**McKINNEY:** No problem. Other opponents.

**LUKE BONKIEWICZ:** When you follow Lynn Rex, there's always a temptation to just say "what she said" and move on out the door. But I am Luke Bonkiewicz, L-u-k-e B-o-n-k-i-e-w-i-c-z, from the Nebraska Association of County Officials. Once again, Jon Cannon, our director, sends his regards and apologies, tied up in other committees. I'm gonna get right to it. We are concerned about local control when we talk about this particular issue. There are some other things, but just to sort of emphasize a couple of these things. We totally understand the intent to expand housing options. We think that's laudable, we think that's admirable. We just are a little bit concerned about the language of LB1041 and how it may create some concerns for counties and local, and local governments. I think one thing that we'd like to point out is that counties have already thoughtfully developed a lot of ADU provisions tailored to their own land use patterns, to their

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on. We might call infrastructure capacities and their community needs. And I think NACO's position is that LB1041 would override these existing local zoning regulations, even when these zoning regulations were adopted through extensive public engagements and, and, and really careful planning. We also are concerned that this might undermine Nebraska's longstanding framework of local planning and zoning authority and local control. And that's just a principle that NACO has always stood behind. Statutes delegate planning and zoning authority to cities and counties, and I think that's important. And this, this structure grants land use decisions which are best made by local governments, excuse me, such as municipal and county governing boards, and they really are the closest to the community. I also think that that's an important and that it should be said. And local officials, I think, really understand issues like road capacity, utility access, emergency service limitations, environmental constraints. And we're just concerned about the local control removal by mandating these uniform statewide allowances. And I guess at the end of the day, this one-size-fits-all ADU requirements do not really reflect the realities faced by Nebraska counties. There are infrastructure limitations, septic capacity, road access, as I mentioned before, some other ones, groundwater protections, whatever it is, and these vary significantly across counties. And we believe that local governments must retain the flexibility to regulate ADUs in ways that protect health, safety, property rights, while still allowing appropriate accessory housing where feasible. So we would respectfully urge the committee to oppose LB1041. Excuse me. And I do appreciate your time. I would take any questions, and not to be too glib here, but since I'm not the director or a deputy director, my answers will probably be along the lines of kind of, sort of, maybe.

**McKINNEY:** Thank you. Any questions? I got one. What if this bill stated that the state will give municipalities a year, maybe two years, to come up with some framework around allowing ADUs. Would that too far.

**LUKE BONKIEWICZ:** Kind of, sort of, maybe. So let me answer your question directly. I think that it's important to say that the counties in NACO is not coming out against this type of-- against ADUs because this has been very, very useful in many parts of the states. And one of the things that we hear continually at conferences and other places, is affordable housing, along with child care, broadband, those other pillars. And so I think if there were some, some wiggle

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room and some flexibility to talk about this and to give them an opportunity, that-- I think that is something they might be more receptive to. I certainly think that's something that we would take back to our people to discuss rather than just the firm line in the sand.

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

**LUKE BONKIEWICZ:** Thank you.

**McKINNEY:** Other opponents.

**ROY HELM:** Hello, I'm Roy Helm, R-o-y H-e-l-m. I identify with the pronouns of he and him, and I am a resident of Lincoln, which is on Otoe-Missouria land. And I do oppose this legislation as it's written because I, I, I really do think and feel that, that these issues need to be left in the hands of local municipalities. I'm very optimistic about the actions that Lincoln is taking and working on to improve access to ADUs. But to be blunt, I don't trust you guys to legislate and mandate to a city what we should or should not do. And, and I'll tell you why. We the people spoke and said we wanted medicinal cannabis. You failed to deliver that. We the people spoke and said we want to raise the minimum wage in the state of Nebraska. You failed to deliver that. We the people spoke and said no public funds for private schools. You failed. So how am I, as a resident of this state, supposed to have confidence in you to fairly legislate and dictate to the community I live in what we should or should not have in ADUs? Every municipality has the ability to legislate for themselves and determine, based on their own communities and their community input, what we want in ADUs and what will work. Our city planning understands the infrastructure of this city. They have a plan. The neighborhoods have input. Every neighborhood is different. Every city is different. To have an umbrella plan mandated by this state, and this corrupt state, led by a corrupt Governor, is suspect. This feels like political bullying. This is a partisan issue, is, is the way it feels to, to me. This is an opportunity for senators from small locations in extremely right-leaning parts of the state to try to dictate to more blue locations what they can and cannot do. This is "Nebraska nice." This is what we're supposed to hold up and say, we're proud to be Nebraskans. We're proud of this. I don't think so. So let's have some common sense apply here and let communities decide what is appropriate for zoning. What are the right requirements for each location? These

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ADUs are not appropriate on every lot in every town. They may not be appropriate in any town. And I fully support ADUs, I think they're an essential element of, of solving some of our housing crisis and, and offer a way to age at home, offer a way to support our family members. But we cannot and should not have state-dictate-- mandated requirements. You got no trust. You got trust from me. So how are you going to reinstalled that trust? Are you gonna let our communities decide? Please, soften this language, make it optional. I just want to close by saying we need to work on providing liberty and justice for all, not just for some. So, let's also get ICE out of Nebraska.

**McKINNEY:** Thank you. Hold on. Might have some questions from committee. Any questions from the committee? Good to go. Thank you.

**ROY HELM:** Thank you. Have a blessed day.

**McKINNEY:** Any other opponents?

**JENNIFER TAYLOR:** Good afternoon, Chairman McKinney, members of the committee, my name is Jennifer Taylor, J-e-n-n-i-f-e-r T-a-y-l-o-r, and I am the deputy city attorney with the city of Omaha, and I'm here on behalf of the city Of Omaha. The city of Omaha is in opposition to LB41-- LB1041, but to be clear, we are not in opposition to ADUs. The city recognizes the need for additional housing opportunities, particularly throughout the city and within our urban core. In fact, in, in acknowledgement of that in 2024, the city adopted an entire ordinance dedicated to permitting by right ADUs in various zoning districts within the city of Omaha. Those districts are oftentimes tied to transit corridors because that seems to make a lot of sense, and has other kind of zoning regulations related to that, as well as adopting new zoning districts by which you can have ADUs by right. To that end, we also do allow ADUs by conditional use permit in other areas. Over the last year in 2025, the city of Omaha approved only approximately 25 conditional use permits providing for ADUs to be built in areas that aren't able to be built in by right and numerous permits, building permits, for ADU's in areas where you can build them by right. So to the extent that we have made a framework and a provision within the city of Omaha where you can build an ADU. If you want to, if you are within the proper zoning district and you have-- and you meet the proper regulations, you can do so without getting any further permission but going to get a building permit. So to Senator Cavanaugh's point, there is certainty within what the city of Omaha

has done to be very specific about where, when, how, and under what circumstances you can build an ADU. We are concerned about having like-kind materials and respect the surrounding neighborhoods, respect the city zoning regulations, respect driveway regulations to ensure that those ADUs fit into the neighborhood appropriately. So, you know, again, while we recognize the extreme importance of ADUs as another option, another tool in the toolbox-- a phrase I hate, but another option for addressing our housing shortages, and it's a good one. It's obviously not the only one, but we do want to facilitate that we are working hard towards that. But we do believe, as been said before, I'm gonna say the words, with the regulation of ADUs is a zoning matter that is really better suited to local control that can address some of the local nuances of every neighborhood. When it's done at the local level, we are able to ensure that those ADUs respect the look and scale of existing neighborhoods and that they, you know, while ensuring efficient use also of city infrastructure. So specifically with ADUs, I can just share with you, you know, an individual experience where sometimes when we try to locate an ADU in an older area of town, access to, access to a street from that ADU that isn't using maybe a single-car driveway, you want to have a separate access. Well, if you're going to have separate access, all of a sudden now your access is on to an arterial street where you're not allowed. So I just, I mean, there's unique things like that that each neighborhood kind of needs to handle when trying to permit ADUs. I very much respect Senator Rountree's willingness to work with the cities and kind of address these issues. To the points that have been made previously, you know, I agree with Lynn Rex, because who doesn't. And the city of Lincoln, I appreciate those comments, and we agree with them. But we would be happy to work Senator Rountree to advance a bill that would respect what the city already has in place, so to the extent that we could look at that bill and say these provisions would occupy the field and prohibit what we have already put in place through our city council. That we could, we could ease those into respecting what we've done, I think is something that we would be very interested in assisting with. And with that, I'll have-- answer any questions you might have.

**McKINNEY:** Thank you. Any questions? Senator Clouse.

**CLOUSE:** Yes, thank you, Senator McKinney. Curious about the conditional use permits.

**JENNIFER TAYLOR:** Mm-hmm.

**CLOUSE:** What were some of the conditions, and have you had issues with those?

**JENNIFER TAYLOR:** Actually, no. So a conditional use permit actually in the city of Omaha is under our zoning code, certain zoning classes, whether it be R1, R2, R3, or R4, certain of those zoning classifications you can build an ADU by right. Certain zoning class specifications you can built an ADU pursuant to a conditional use permit, which just means you have to have an extra level of kind of review and a public hearing. Conditional use permits in the city of Omaha are actually approved at the planning board level. They do not go to the city council. So you only have to go to one public hearing, you don't have an onerous layer of government oversight. But you do go to planning board where you present your plans, you acknowledge that you've spoken to your neighbors, and that in general what you are asked to do, although it is not something you can do by right, you are, are presenting something that is workable within the neighborhood and that you're not kind of putting out anyone else. For example, sometimes you can build, if you can build an ADU that's two stories and 1,500 square feet in your backyard, and you know, the house that it's being built on is a three-story house, but behind it is a bungalow, that two-story ADU is really going to overshadow and kind of be detrimental to the, the neighbor and the property behind you. So understanding that in these conditional use permits, you simply present your plans and you say to the planning board, is this something that is appropriate for the neighborhood? And you give your neighbors an opportunity to express their concerns.

**CLOUSE:** OK, that sounds more like a variance to me than a conditional use permit, because I would consider a conditional use permit like a daycare or something like that that's actual use of the property.

**JENNIFER TAYLOR:** It's just how we present conditional use permits under our code. So we have conditional use permits and we have special use permits. Special use permits all are required to go to city council. And again, they are like use waivers, but they're more of you, you have the right to apply to this as opposed to having it be a waiver of code. You have under your zoning code the actual right to

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apply for this use if you go through this process as opposed to asking the zoning board for appeals to waive zoning code for you.

**CLOUSE:** OK, thank you.

**JENNIFER TAYLOR:** Mm-hmm.

**McKINNEY:** Thanks. Other questions?

**JENNIFER TAYLOR:** Senator Cavanaugh.

**McKINNEY:** Senator Cavanaugh.

**JENNIFER TAYLOR:** Sorry.

**J. CAVANAUGH:** Thanks for being here, Ms. Taylor. I just want to ask a little bit about the, the "by right" part. So I, I'm right on the cusp of the trans oriented elements. So I can't remember. We'll just for the sake of argument, say my house is in trans oriented development. You heard me talk earlier about how small my lot is. So I can't just build an ADU on my lot just because I'm in the transitory development, they still have to meet some--

**JENNIFER TAYLOR:** There's still some restrictions. I mean, you still have setback restrictions. You would still have I believe impervious coverage restrictions, et cetera. Could you build a small ADU? Very likely. I mean maybe, maybe you want to build a 250-square-foot ADU that's more like a little studio one. Not knowing what your house looks like and your lot looks like, maybe that's something that would work on yours, as opposed to a 750 square foot ADU that's more like a house. The city did participate in the design competition that was referenced earlier as well as is facilitated placing those plans for free on, on the city website, so that we tried to make those available. So we are actually taking significant steps to try and provide not only plans, but also opportunities for people to build ADUs in the city.

\_\_\_\_\_: Not lying, someone has locked this computer and now it's ringing [INAUDIBLE].

**J. CAVANAUGH:** I'll ask you a follow-up question.

**JENNIFER TAYLOR:** I can appreciate that sometimes you get tired of hearing me talk, but that's a little excessive.

**J. CAVANAUGH:** I think we'll, we'll introduce that later. So, OK, just I appreciate you working through the difficult situation. But so just to kind of clarify, you have zoning overlay where somebody can build an ADU by right, but it doesn't mean without any kind of restriction you can build--

**JENNIFER TAYLOR:** Correct.

**J. CAVANAUGH:** There's still some reasonableness to it.

**JENNIFER TAYLOR:** Correct. And I think you want that reasonableness, because you want to avoid the example I gave earlier, which is, you know, for example, my three-story house, you could build a two-story, 1,500-square-foot ADU in my backyard and it might be like [INAUDIBLE] with my house. But my neighbor behind me who has a bungalow, because, you know, in midtown Omaha, your housing styles are, are vast and varied, even in the same block, that it's not necessarily maybe fair to my neighbor to build a structure that is overwhelming to theirs. So some of these rules, I think, need to be in place just to respect not only the opportunities for what you want to do with your own property, but to ensure that you're not overly infringing upon your neighbor's use of theirs.

**McKINNEY:** OK, thank you.

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

**JENNIFER TAYLOR:** Thank you.

**McKINNEY:** Other opponents? Anyone here to testify neutral? Senator Rountree, you're welcome to come up. And for the record, online comments, there were 10 proponents, 3 opponents, 0 neutral; and no ADA testimony.

**ROUNTREE:** Chair McKinney to our Urban Affairs Committee members, especially to all of our testifiers, both proponent and opponent, I think we achieved the goal which I desired today, really was to have good discussion. Great questions about the ADUs and about this bill. As I stated before, I'm willing to work with each one to see if we can get a bill that will meet the needs of all. So for each one that had

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opposition, some have already sent me some of the things that they oppose in the bill. But I will ask you, if you would take it and go back through it. It's a little bit of work for you, but because I know it would be kind of hard for me to get everybody together at one time to kind of go through those. But if you could within the next couple of days take an opportunity, I know the testimony is here for the record and so forth, but kind of draft me what you would like to see in this particular bill so that we can also bring it back before this committee and work with it. But we'd like to get a blueprint going forward and go ahead and have the ADUs in their place. I totally respect local control, as everyone has said, each community is different. And we wanna make sure that what we do with those ADUs do align with those communities and meet the need of our people. So with that, sir, I am open to any questions from our committee and anybody else.

**McKINNEY:** Thanks. Any questions from the committee? Senator Andersen.

**ANDERSEN:** Thank you, Chairman. Senator Rountree, in here, there's, there's no fiscal note. Is that correct? That's what I saw. I was like, no fiscal note.

**ROUNTREE:** No, we don't have a fiscal note.

**ANDERSEN:** OK, so there's no, no fiscal note, no cost at the state level, but if we now expect the counties and the cities to track multiple dwellings on one property, that means they're gonna have to update their software, because now you don't have one address, you have two addresses for one parcel. And you also will be looking at assessors because they're assessed as real property, right? Isn't that [INAUDIBLE]?

**ROUNTREE:** So it's gonna be that whether we pass the bill or not. For the municipalities that are already approving their ADUs, they're gonna take care of their needs.

**ANDERSEN:** OK, but, I mean, you say they're real properties and therefore they have to be assessed. That's an unfunded mandate you're now sending down to the counties, right?

**ROUNTREE:** I don't see it that way.

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**ANDERSEN:** OK, so if there's one lot, one house, now you have one lot and two houses, and they're both considered real property, they're both assessed, they both have a tax liability. That's a change that is, it's real, right? I mean, it's functional. They have to change their software, they'd have to change, change their paperwork on how you have two addresses on one lot.

**ROUNTREE:** Well, when we pushed this bill through it did not come out of our office with a fiscal note. So I'll work with NACO, I'll work with the leading municipalities and see if it does generate an unfunded mandate for the counties.

**ANDERSEN:** OK, thank you.

**ROUNTREE:** That's a great question.

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

**ROUNTREE:** Thank you so much.

**McKINNEY:** And I'll give the reins over to Senator Clouse, the Vice Chair of the committee.

**CLOUSE:** OK, thank you everyone. Senator McKinney, open on bill LB981.

**McKINNEY:** Thank you, Vice Chair Clouse and 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. I'm here to present LB981. LB981 is essentially a reintroduction of my bill, LB9-- well, LB287 from last year. Some portions have been amended out, but the main point of the bill still stands. As a refresher, LB981 amends the Nebraska Housing Agency Act to provide responsibilities for a housing agency for a city of the metropolitan class in response to bedbugs in dwelling units. The following are some responsibilities added to the bill: an inspection from a pest control professional within 10 days after receiving a complaint of bedbugs, obtaining and providing remedial services from a pest control professional within 21 days at the receipt of the complaint, maintain a written record of the complaint and any control measures provided, visually inspect the unit for any evidence of the presence of bedbugs, submitting a report every six months to a city of the metropolitan class and the Urban Affairs Committee. An additional part is added: a resident who is dissatisfied with the resolution of his or her complaint may bring an action

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against the agency under the terms of his or her lease agreement. Each responsibility and privilege is crucial to helping people who reside in these properties. At its core, LB981 is about a basic promise. If you live in publicly-administered housing, you deserve the same expectation of safety, habitability, and responsiveness that we demand everywhere else. And you deserve a system that takes your complaint seriously, fixes problems quickly, and is transparent about outcomes. Time after time, we've heard about and seen the conditions occurring in the Omaha Housing Authority properties which still persists. I had multiple town halls over the interim speaking with residents, and it's just frustrating that honestly. I believe that the responsibility in this bill will bring us one step closer to maintaining livable conditions for all. Lastly, and most importantly, and it was said a lot earlier, this is a tool for a municipal-- a municipality. It is not a mandate. And it gives them this tool to address an issue that should matter to us all, which is poor living conditions and management of public housing. And we can go on and on repeating these stories, or we can try to make good and tangible changes. And that's what I think we should be doing in this legislative body. And with that, I'll answer any questions.

**CLOUSE:** Thank you, Senator McKinney. Any questions for Senator McKinney? I guess I, I have maybe one or two just kind of going through this. The reporting mechanism, when you talk about the complainant, is that like a apartment complex or something like that? So when they fill it out, it's not individual apartments, it's here's this facility and this is what we're finding?

**McKINNEY:** Are you talking about the complainant or the complaint?

**CLOUSE:** The complainant.

**McKINNEY:** The complainant would be the resident. The complaint would go to the housing authority.

**CLOUSE:** OK, on the facility like a--

**McKINNEY:** Yeah, so if I live in Jackson's Towers, I would, my--

**CLOUSE:** It would go to that.

**McKINNEY:** Yeah.

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**CLOUSE:** OK.

**McKINNEY:** But it would go eventually to the overall housing authority.

**CLOUSE:** How was that different than with HUD, you know, like if you filed a complaint with HUD about it, what's their process?

**McKINNEY:** With who?

**CLOUSE:** HUD.

**McKINNEY:** I'm not-- well, HUD, I'm trying to think of HUD's process. I mean, it's hard to get HUD to even engage in this conversation, if I'm being honest.

**CLOUSE:** Because I don't necess--

**McKINNEY:** I've tried to, over the past few years, engage HUD to figure out, you know, other solutions and the HUD office in Omaha hasn't necessarily been that responsive to responding. I mean, there's been two administrations, budgets being cut, so it's been an issue. So I really don't know their process, but the process would be, if I'm a resident and I got an issue, I would file it with the housing agency. And I would hope that they would respond. HUD has some standards that they have to adhere to. And what was it, I think a couple years ago, we passed something else that kind of made some other standards about a grievance process. But still there are issues that persist.

**CLOUSE:** OK, and I don't know the answer, I just was thinking on the-- since they are HUD-funded, that you would go to them, the housing authority, and they would just follow HUD standards for what they did. I don't have the answer either, I'm just curious.

**McKINNEY:** Yep.

**CLOUSE:** OK, thank you.

**McKINNEY:** No problem.

**CLOUSE:** Other questions? Senator Andersen.

**ANDERSEN:** Thank you, Vice Chair. Senator McKinney, why is it only cities of the metropolitan class?

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**McKINNEY:** Because to date I have not received any complaints about other housing authorities across the state to this level, and there-- that's just it. Like the severity of what's going on in the city of Omaha is, is why.

**ANDERSEN:** OK, why is it only about bedbugs?

**McKINNEY:** Because they have a bad, bad bedbug infestation problem. But it's, it's pest control too, it's not just bedbugs, it's pest control.

**ANDERSEN:** OK. So if you then transfer the authorities over to the housing agency, right? How, how are those people paid?

**McKINNEY:** What do you mean?

**ANDERSEN:** Well, you're transferring the responsibility, right?

**McKINNEY:** No. No, there's another bill next that deals with a public housing trust that sets up a trust to oversee the management of public housing. But this bill will give the city of Omaha, if they would like to take it, it will be a tool. And I would like be clear about that. They don't have to pass an ordinance to try to hold Omaha Housing Authority more accountable. Because when I take this issue, and I've taken this issue to the city and to council people, for whatever reason, they feel as though they don't have the power. But last year when, and last I knew, unless something changed, our Governor vetoed my bill partially because he said they do have the power. Now, I-- somebody is wrong here. Either I'm wrong or they're not telling the truth and they're exercising their power. So I brought the bill back to say take your power, if you want to. I'm not telling you to, but you can if you want.

**ANDERSEN:** So in Section 1 paragraph 40 on page 11, it says requiring a housing authority of the city of the metropolitan class to comply with the city rental inspection and registration of ordinance code enforcement, inspection of residential rental properties. Right? So that's what gives them the authority and tells them that we're supposed to go do. But if we tell them to go do, then we should send money to pay for people to do it, right?

**McKINNEY:** Tell who to go do?

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**ANDERSEN:** The people at the housing authority.

**McKINNEY:** To, to follow a rental registry ordinance?

**ANDERSEN:** Right, that's, that's what it says. So if we're telling them to do something, because right now they're told what to do by HUD, right?

**McKINNEY:** Yeah.

**ANDERSEN:** Because they're funded by HUD.

**McKINNEY:** Uh-huh.

**ANDERSEN:** So if we tell them to do something, and they're funding what we're telling them, then it-- the logic tracks that we would have to pay their salary because we're telling them what to do, not HUD.

**McKINNEY:** I mean there's already a rental ordinance, rental registry in Omaha and we're just saying follow it.

**ANDERSEN:** So has this been coordinated with HUD, and they signed off and said we're good?

**McKINNEY:** No, I said I haven't talked to HUD.

**ANDERSEN:** Right. Because they're not responding to you.

**McKINNEY:** Yeah, I guess you could say that, but I've talked to--

**ANDERSEN:** I, I thought that's what you said.

**McKINNEY:** Yeah, but I've talked to somebody definitely high up in D.C. who has, so that might change very soon, but keep going.

**ANDERSEN:** OK, that's it. You tell someone to do, you gotta pay for them to do it.

**McKINNEY:** Yeah, that's why I brought the other bill.

**ANDERSEN:** OK.

**CLOUSE:** Thank you. Any other questions? OK, thank you, Senator McKinney.

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**McKINNEY:** All right, thank you.

**CLOUSE:** Do we have any proponents? Good afternoon. You've been here all day waiting for this one.

**ALICIA CHRISTENSEN:** I guess, and I just messed it up already, so I'm off to a good start.

**CLOUSE:** Name and--

**ALICIA CHRISTENSEN:** All right, good afternoon, Vice Chair Clouse and members of the Urban Affairs Committee. I'm Alicia Christensen, A-l-i-c-i-a C-h-r-i-s-t-e-n-s-e-n, and I'm here in support of LB981 on behalf of Together, an Omaha-based service provider committed to ensuring that everyone in our community has enough nutritious food to eat and a safe, affordable place to live. Nebraska's affordable housing crisis has made it increasingly difficult to help individuals and families achieved and maintain housing stability. There are very few rentals that are available and affordable for those with the lowest incomes. Public housing provides a stable inventory of dedicated affordable units that aren't subject to private market forces or landlord participation like the Housing Choice Voucher Program This makes public housing an essential resource for all of us in our communities. Pest infestations, though, including bedbugs, materialize-- or materially affect tenants' health and safety. Tenants-- Together, as case managers, see it up close each day and are often called upon to help tenants deal with or mitigate the effects. We also see how stigma surrounding bedbug infestation harms tenants. Often the pernicious myth that bedbugs are the result of dirty conditions or poor hygiene is deployed by property owners and managers as a convenient justification for declaiming their obligation to maintain pest-free premises, when it is the property owner who is in the best position to fully eradicate an infestation, particularly in multifamily housing. I'm here in support of LB981 because participants are Together's priority, and bedbug infestation continues to take a toll on the physical and mental health of those individuals. However, it is essential to acknowledge that Congress has chronically underfunded public housing, limiting public housing authorities' ability to address significant capital needs. As a result, successfully addressing bedbug infestation requires thinking through the constraints on housing authorities and how things would work in application. Together also supports the delegation of housing

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authority oversight to the city of Omaha. From our perspective and, you know, of course, I don't know everything about how that would work on the ground, but this would be an efficient and responsive way to regulate metro area housing authorities. LB981 would allow stakeholders with a thorough understanding of community-specific challenges and available resources to forge workable and responsive solutions. So in conclusion, I urge the committee to support LB981 and also to consider implementation, including Public Housing Preservation Trust Fund, proposed in the upcoming bill, to ensure that housing authorities have what they need to provide decent and safe rental housing for Nebraska's low-income families. Thank you so much.

**CLOUSE:** OK, thank you, Mr. Christensen. Any questions? OK, thank you. Do we have any additional proponents?

**RYAN NICKELL:** Greetings, just collecting my thoughts here. My name is Ryan Nickell, spelled R-y-a-n N-i-c-k-e-l-l, I'm here in my own capacity in favor of LB981. So I talked to some-- a lot of workers. But they tell me that they're pretty passionate about this issue concerning bedbugs, but they can speak on behalf of themselves, if, if they wish. I do have a concern about their ability to create accurate reports, and I've been going to their meetings to press them on compliance with LB840, specifically the part about providing their contact information. So I will recite statutes here because reciting statutes is not unauthorized practicing of law. 71-15,106 (2), a housing agency for a city of the metropolitan class shall make all contact information for senior leadership and commissioners publicly available at the agency's offices and on the agency's website. Such contact information shall include telephone numbers and email addresses for each person covered under this section. So agency's office is, I understand, meaning like every tower has an office in it. And the AGC's website meaning the OHA's website. So I know that on October 22, 2025, they finally put their own contact information for the commissioners on their website. Their phone numbers are pretty generic though. I mean, they're all the same phone number. And then I went to Florence Tower on January 29, 2026. I didn't find where it was listed in their office. Also on November 7, 2025, there was a hearing, LR222, the interim study of the investigation of prevalence of bedbugs in public housing located within the cities of the metropolitan class. That hearing began on 10:00 a.m., and they submitted a report to this body, I want to say, 25 minutes before the hearing for LR222. However, those reports were due on 8:00 a.m., so I went to their body and asked

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them for a physical copy of the report because it's not on the public record, which they happily gave to me. And I'll note that while reading it going off of memory, that does say that they have a pretty good track record of submitting reports in a timely manner. And I would like to know what that means exactly. So thank you.

**CLOUSE:** OK, thank you. Any questions? Thank you for being here.

**RYAN NICKELL:** Thank you.

**CLOUSE:** Any other proponents? Any opponents?

**JENNIFER TAYLOR:** Good afternoon, Vice Chair Clouse, members of the committee. My name is Jennifer Taylor, J-e-n-n-i-f-e-r T-a-y-l-o-r, and I am here before you on this bill as a commissioner for the Omaha Housing Authority, so not in my capacity as a deputy city attorney, just to make that clear. What is being handed out to you now are some additional statistics, reports on our, our programs addressing bedbugs and pest control, as well as our actual pest control policy. So what I wanted to do to start with is, is to first and foremost say that we're not in opposition to any sort of attempts to ensure that we control-- we have pest control at our facilities or that we address bedbug issues. We have been diligently in, in trying to address the, the bedbug issues and, and any other issues we have regarding pest control at our, our towers in particular for, for years. But you'll see in the notes there. The last, I want to say 12 months, our confirmed bedbug prevalence has remained below 6.3%, and that in the last six months, it has averaged just under 4%. And this is actually a function of a number of different attacks that we've taken towards addressing the problem. So we have done what we call kind of a combined effort of both addressing the bedbug issues through heat rooms, through different types of treatments, through kind of collaborative treatment with in conjunction with residents. You'll see all of that laid out there in our, our policies. So what I'm really, I think, here to say, you know, our objection is not to requiring that we address bedbugs, that we address and kind of remedy pest controls. That's as important to me as it is to any of you. As far as I'm concerned, and in my entire tenure on the board, what's important to me is that we do provide safe, affordable, and decent housing for those in our community that need it the most. It is an unfortunate fact of life that oftentimes bedbugs are more prevalent, as was noted in one of our previous testifiers, are more prevalent in multifamily facilities.

This is, this is a fact, particularly when you have multifamily facilities that are incredibly dense. So it, it is a challenge. It's not an excuse. It's just, I'm just pointing out a fact that means it is a challenging thing to deal with, and we are working hard to do that. The objection to this particular bill is that I don't know that we can necessarily legislate bedbugs out of our units. To have a legislative reporting requirements or, or things set forth for us in law that are contradictory or duplicative or somehow counteract what we are already doing just makes it harder for us to actually do our jobs and have the resources to do what we need to do. So which is why I wanted to provide for you today what we do actually do as far as our policies are concerned, how we take complaints, how address those complaints, the timelines with which we respond to those complaints, so that if, if, if there's something you see that you think we aren't doing well or we could improve on, then let's discuss that. As opposed to just kind of having a blanket, I think here's a solution as to how you might make the housing authority address this issue better, I would prefer that we start with how we are addressing it and then take input as to how we can improve what we're already doing. That collaborative effort, I think, is really important, especially on issues like these. So, you know, there's some other information that I provided to you so you don't have to listen to me talk endlessly about the things that I object to. But I just want to point out that we, we have made significant progress in addressing bedbugs. Some of the language in the bill that I think is problematic is it does require a certain action to be taken by the housing authority based on complaint alone before we verify what kind of infestation there is. So if I treat every bedbug complaint as being a bedbug infestations, oftentimes, in fact, more often than not, they aren't. It's a flea or it's a cockroach or it something else, which requires and dictates different treatment protocols. So to put kind of a one-size-fits-all on every bedbug complaint must be dealt this way, we would suggest that you need to determine what that, that infestation is and then treat it and then implement your protocol. And that's just one example. I'm almost out of time, so it's why I wanted to provide this material to you in writing so that you can review it. And I would be happy to, as I've said before in previous testimony, to welcome any of you at any time without notice to any facility. Mayor Ewing, Councilman Festersen, Councilman Begley have all visited towers. We've walked them through at length, and I would be happy to do that for any

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one of you on, you know, one minute's notice. We don't need preparation. You're welcome any time. Happy to answer any questions.

**CLOUSE:** Thank you. Do we have any questions? So in quickly looking at this, because there's a lot of information here, 90%, is that your numbers, that are-- it's on page-- next to the last page, I think.

**JENNIFER TAYLOR:** I handed you my copy. Yes, there are some national figures in there and, and it's-- those national figures are just to give some perspective on it. Not to say, again, we're not looking to be excused from trying to remedy the issues. We definitely want to remedy the issues. It's just to put into context that where we are as far as our documented conferred bedbug presence is actually better than the national average.

**CLOUSE:** OK, thank you. Any other question? Senator Cavanaugh.

**J. CAVANAUGH:** Thank you, Vice Chairman. Thanks again for being here, Ms. Taylor. I mean, it looks impressive. Can you, for context, tell us what, before the previous, in the last 12 months, what the rate was?

**JENNIFER TAYLOR:** No, but I can get you more detailed and lengthy background.

**J. CAVANAUGH:** Yeah, I, I would appreciate it.

**JENNIFER TAYLOR:** Yeah.

**J. CAVANAUGH:** And certainly, we'll look at all these things. In terms of just reasonable timeframe of response, what is the, like, if somebody makes a bedbug complaint, from when they make it to when somebody comes and checks to determine whether it's a flea or a bedbug, and then moves to the next step after that?

**JENNIFER TAYLOR:** That's why I gave you the policy because I don't know what off top of my head. But I will say this much, you know, we do promptly respond--

**J. CAVANAUGH:** It is in here, though.

**J. CAVANAUGH:** Yes.

**J. CAVANAUGH:** OK.

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**JENNIFER TAYLOR:** Oh, thank you. Now, now I can read it in front of you. We do respond promptly to all complaints and then we do have to balance the privacy and the needs of the tenant with our ability to access. So once we receive a complaint, we have to find the opportunity to enter the unit and to do the inspection. So there is some coordinating with tenants or with residents that is necessary to do that. And then once we actually get to the point where we know what we're dealing with and what has to be treated, then we still have to continue to coordinate with the resident and the pest control service provider to make sure that that unit is treated, which again, when you have something like a very hard and fast deadline between availability of tenants to respect their privacy, securing a contractor, sometimes you may not be able to make that hard and fast deadline. To the extent that we pursue all of those activities expediently, we do. But we also do want to-- one of the things I think gets sometimes forgotten is, although we provide public housing and we want to do so in a way that ensures that our residents have their privacy and their dignity, so to over-regulate sometimes what has to be done or what they have to allow people to do in their own units, we, we want balance that. These are these people's homes. So they are our residents, they are our friends, our families, our neighbors, and these are their homes. So we do have to respect that just like we would anyone else's home. And so particularly when we start broadcasting or identifying adjacent unit infestations, et cetera, you run the risk of actually violating someone's privacy. I mean, I don't know that everyone wants their neighbors to know that they have bedbugs. So to the extent that we are identifying surrounding units to be inspected publicly, well, now you've kind of outed your neighbor. So there's a number of things that I think we try to balance here, which is not only ensuring that all of our residents have clean, safe, decent housing, but also that we respect their privacy as well.

**CLOUSE:** Thank you. Any other questions?

**JENNIFER TAYLOR:** Oh.

**J. CAVANAUGH:** I got another one.

**CLOUSE:** I'm sorry.

**J. CAVANAUGH:** Thanks. Thank you, Vice Chair. So I don't think you did talk about this other section, I guess part of Section 1, that's

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paragraph 40 of the bill, to require any housing authority in a city of metropolitan class to comply with the city rental inspection, registration, ordinance, code enforcement inspection of all residential rent-- rental properties.

**JENNIFER TAYLOR:** We are, we are heavily inspected by HUD to begin with. We are actually subject to the city's code, building code. And you can, you can call an inspection of the cities health-- or city's personal inspections department. If you have a complaint about an OHA property, you can called it into the city and the city will come out and inspect it. I've seen them do it. On rental registration, you know, one of the issues there, and I'm now digging back into my brain from when I wrote that particular set of code, but I think we did either exempt them from fees or exempt them for rental registration simply because the housing authority has over 3,000 units. So at \$125 a unit, that's a pretty significant cost to the city, and it's also pretty significant expense-- it's significant cost to the housing authority, and its significant expense to the city to inspect that additional chunk of units that are already being annually and biannually inspected by HUD. And actually, to be honest with you, HUD's inspection protocol is far more stringent than the city's.

**J. CAVANAUGH:** So is the objection then to that section, just the fees that would be associated with it and then the mandate that it be inspected?

**JENNIFER TAYLOR:** I think that the issue we would have is one, the fee would be significant. And then whether or not the city has the manpower to actually inspect us, inspect that additional 3,000 units that would come onto the rental-- I mean, obviously the city knows, the intent of the rental registration ordinance was so that we could identify what units are being rented to people and, you know, kind of better manage that aspect. For the housing authority, what we rent to the public is public knowledge. I mean, it's all out there. So the city knows what's an OHA unit and what's not, and we actually have a really good relation-- working relationship with the city. I think I've talked about that before at this committee. Partly because of my participation on the board, I have a good relationship with HUD. So to the extent that we can talk to HUD about how some of the issues that we may have are impacting. If Senator McKinney would like to have a conversation with HUD, I'd be happy to facilitate that. We have a good relationship with HUD. I have a good relationship with my employer,

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the city of Omaha. So the coordination between the two does happen quite regularly. If anything comes up where planning department or permits inspections gets a complaint about a housing authority property, it immediately goes to Joni, and it gets told to senior staff. And oftentimes I hear about it too. So frankly, if it goes that route, it probably gets, it gets a fair amount of attention, just as anything else does.

**J. CAVANAUGH:** But it is still subject to city inspection if somebody were to file--

**JENNIFER TAYLOR:** Correct.

**J. CAVANAUGH:** [INAUDIBLE]? OK, and code enforcement things?

**JENNIFER TAYLOR:** Correct.

**J. CAVANAUGH:** Thank you

**CLOUSE:** Any other questions? I have one, and this was written by David Levy. So but I'm-- he just talked about the additional costs. What's that volume look like? You know, put in that perspective, the costs would be the unfunded mandate, I guess, if you want to call it that, to comply and do all these things. What-- you got a feel for what that would be?

**JENNIFER TAYLOR:** I don't know, because I'd have to spend a little more time looking at exactly how it goes, runs up against our HUD requirements. We're required to report to HUD on a regular basis. If, if the State Legislature and Senator McKinney would like copies of what we already provide to HUD and all of those, we have a significant reporting obligation to HUD. Happy to provide all of that. But then to package up that information in a different format, in a different timeline, in a different way to provide it to a different entity, that's to me is-- we struggle with the staff time that we do have and our ability to address what we've got. I try to be protective and not to impose upon our staff more administrative duties than are necessary. But I'm happy to do and share what we are already producing. I just-- to have to take that and put it into a different format and do it in a different timeline and have a different set of-- it does take administrative staff time. I mean, to the extent that my guess is you'd be looking at probably a half a person on an annual basis, it might be that. Our, our current reporting requirements

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require significant staff time. So to add to that would just be adding on to what is already an excessive administrative burden that we are subject to because we are subject to HUD and HUD requirements.

**CLOUSE:** Thank you.

**JENNIFER TAYLOR:** Mm-hmm.

**CLOUSE:** Any other questions? Senator Cavanaugh.

**J. CAVANAUGH:** Sorry, I was still working on another one. I appreciate it.

**JENNIFER TAYLOR:** Of course.

**J. CAVANAUGH:** So, all right. One question, and just generally not to pin you down or anything, but on that section, so if we just struck the "and registration ordinance" and just said that the housing authority is subject to the rental inspection ordinances, code enforcement, and inspection of residential, residential-- rental property, that would be--

**JENNIFER TAYLOR:** I think, I think we already, we already do all that.

**J. CAVANAUGH:** It would be redundant, but not, not onerous?

**JENNIFER TAYLOR:** To the extent that the city might have a different opinion about what it might, might impact, it was mentioned earlier that there was, you know, a permissive option for the city to take over oversight management. To the extent of the city would have any opinion on that, I'm not here to speak to the city's opinion on this.

**J. CAVANAUGH:** OK, but the housing authority wouldn't object to being subjected to rental-- to inspections, code enforcement, all of those [INAUDIBLE].

**JENNIFER TAYLOR:** No, because we already are.

**J. CAVANAUGH:** And then as to, I mean, I don't think you have an issue with the definition of bedbugs or professional licensed, commercial applicator, pesticide, probably?

**JENNIFER TAYLOR:** I don't think so. I mean, we do, we use a combination of in-house and third-party pest control companies, so to ensure

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that-- I don't know if that definition would prohibit us from using our in-house.

**J. CAVANAUGH:** OK.

**JENNIFER TAYLOR:** And we do have oftentimes obligations to allow some of our residents to provide services, if they're qualified to do so. So I would want to make sure that whatever the definition of bedbug contractor is, it would allow us to use all of the resources that we're currently using to address bedbugs.

**J. CAVANAUGH:** OK, and then on, I think, the big part, which is sort of all of the other restrictions, if there was some way to change it-- I mean, not having read your restrictions yet, but if there was some way to basically put into statute or codify that there is this requirements like this, that they're readily available and things like that. I don't know. I was going to look on the website, but I haven't been able to see is this available on the website?

**JENNIFER TAYLOR:** I don't know, but if-- I, I think it's available internally, and this is again how we handle. So from an internal perspective, it's how the housing authority staff handles complaints. So it's more of a standard operating procedure for our staff. Obviously there's a number of different ways that residents can submit complaints. They can submit them directly to their property manager, they can call the office, I mean, there is a number of different ways.

**J. CAVANAUGH:** Well, I'm just, you know, brainstorming here in terms of trying to problem-solve for everybody. But if there was a way to say you have to have a plan, it has to be available, because, you know, one of the concerns is sometimes people don't know what their rights are, right? So if you have your plan on the website, somebody can say, was I supposed to have heard back within X number of days? So that's, you, know, one of the problems we're trying to solve for here is that I think there are people who maybe something isn't-- maybe they fell through the cracks and they don't know that they fell through the cracks and they don't know that they should be--

**JENNIFER TAYLOR:** I, I, I completely agree, and I appreciate that approach. What I really, I think what we're really asking this committee for, and even Senator McKinney, is let's problem-solve. So let's put out here what we are doing today and how we're doing it

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today. And I welcome anyone's input on how we might be able to do that better. You know, if we can, can have those conversations. And if your issue is I want to make sure that all of your residents know what that policy is, OK, then let's do that. Let's find a way to make sure that that becomes available. That I have no problem with. I just don't want us to continually try to legislate an answer to a problem that we were actively trying to solve. I would much prefer partnership with our governing bodies to say this still seems to be a problem, please tell me what you're doing to address it. And then have our, our partners, our legislative partners say, OK, is there another way you can handle this? Or if, if-- bring me specific instances. If there is somebody who said, I didn't know what my rights were when it came to reporting a complaint on bedbugs. OK, great. Let me figure out, let me make sure that that to the resident in that instance gets addressed. So I-- it's much easier for us to address problems when we can specifically identify what they are. And at that point, yes, please, happy to collaborate, want to collaborate. We are in the process of building, now I just got on a soapbox, sorry, and I'll stop. But we're in the process of building brand new housing, some great housing. So we have our existing housing stock that is aging, and it is challenging. But at the same time, we are building brand-new housing both in north and south Omaha to give our residents better opportunities to have better places to live. That's my goal. And so, you know, to the extent that we do want to make sure that our residents that are living in some of our older facilities still have good, clean, safe, decent housing, yes. But at the time we're also trying to dedicate resources to building new housing and providing new opportunities.

**J. CAVANAUGH:** Thank you.

**JENNIFER TAYLOR:** You're welcome.

**CLOUSE:** Any other questions? OK, thank you.

**JENNIFER TAYLOR:** All right, thank you so much for your time.

**CLOUSE:** Any other opponents? Anyone in the neutral? OK, Senator McKinney to close.

**McKINNEY:** So that was a great conversation. First of all, thank you for those who did come testify in support of this. I still don't think-- I don't know, it's kind of annoying. I guess I'll say that.

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Because to say, let's be collaborative and all these type of things is very interesting. And, you know, I'm, I'm also frustrated-- or not frustrated, I'm not. But it's interesting that a member of the board who is also the city of Omaha's mayor-designee on the board, which to me is a soft city of Omaha doesn't want to support this because they don't want to actually hold OHA accountable, that's how I read that testimony. And if I'm wrong, I'm wrong, but that's how take it. It's not a blanket solution. These talks of things being great or improved, when did I have-- I've had multiple town halls with people that live in towers over the last year. And if they were able to make it and had the means to make it, I would guarantee, and I would bet my legislative seat that they all would say what was stated in that testimony is 1,000% wrong. So they could bring these numbers, and I would like to see, like Senator Cavanaugh said, what was it the year before? I would love to see all that, because it has been an issue. And I would argue, it still is an issue. OHA is selling off properties or giving away management of properties because they don't want to address the problem. They say they don't have the money or the resources, which is true, because of HUD. At the end of the day, it is public housing, and we should be doing what we can to take care of people. And people shouldn't live in the conditions that they're living in. And if you went and visited a tower or some public housing, you would probably feel how I feel. If you had people that you grew up with, parents, I have a friend whose father died in, in a tower, and she had to walk up many flights of stairs because the elevator was broke, to find her father dead in a tower. And that's great management that they would say they're doing. I know people who have had issues with bedbugs. They can't go nowhere. They can even go see their families because their family know that they live in the towers. And nobody wants anybody that lives in the towers to come to their houses because of the bedbug issue. So for me, it's about helping people, it's public housing. They already are required to follow the, the, the rental ordinance. So it's not putting a new mandate, it's not making them do something they shouldn't be doing already. Yeah, HUD is regulating them, but if anybody paid attention to what was going on, what is going on in D.C., that could change tomorrow. That could change at the stroke of a tweet. Let's just be honest, like the reality that we're living in is not normal. And the condition that these people are living in is not normal. And we should be doing what we can as a body to at least give some optional authority to our city to say, hey, you could take these tools. Everybody wanna talk about

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tools until it's dealing with holding people accountable for managing these properties horribly. So I'm all for being collaborative, but it shouldn't take for my office to find out that they already weren't following the law by putting information on their website, people on the board that I don't think should be on the board. It's just many things that being collaborative is very int-- is a very interesting term to use. And I'll take that testimony, I'll review it and find a solution to it. But in my opinion, the city of Omaha doesn't want to do nothing about OHA, and that's how I take it. Thank you.

**CLOUSE:** Any other questions for Senator McKinney? Just one, just make sure that it's cities of the metropolitan class.

**McKINNEY:** Yeah. Yep.

**CLOUSE:** OK, with that, thank you. That concludes LB981. And we'll turn right into LB1045, Senator McKinney.

**McKINNEY:** Thank you, and good afternoon and thank you, Vice Chair Clouse and members of the Urban Affairs Committee. My name is Terrell McKinney, T-e-r-r-- M-c-K-i-n-n-e-y, and I represent District 11 in the Legislature. I'm here today to introduce LB1045, the Nebraska Public Housing Preservation Trust Act. LB1045 is something very simple but very important: whether Nebraska will protect affordable housing we already have before we lose it. Across our state, public housing provides stability for seniors, families, people with disabilities, and individuals living on fixed or limited incomes. But much of our public housing stock is aging. Years of deferred maintenance, rising construction costs, and inconsistent capital funding have placed these properties at risk of deterioration or permanent loss. Too often our housing systems respond only after, after buildings become unsafe or uninhabitable. When the cost to repair is higher, residents are displaced and communities lose irreparable-- irreplaceable affordable units, which is happening in Omaha. By then, preservation becomes far more expensive and far less effective. LB1045 is designed to change that trajectory. This bill establishes a Nebraska Public Housing Preservation Trust Act to create dedicated accountable framework to preserve and rehabilitate existing public housing, ext-- to extend the life of these properties and protect long-term affordability for the people who rely on them. The goal of this bill was not an expansion for expansion's sake, it is preservation. It is stability. It is ensuring that public housing remains a viable option in communities

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across Nebraska. LB1045 supports local housing authorities by providing a tool focused on capital needs, long-term planning, and responsible stewardship, helping them address repairs and improvements before, before conditions reach a crisis point. Importantly, this bill includes safeguards and accountability. Funds are limited to preservation purposes. Oversight and report requirements ensure transparency, and intent of the act is clear: to protect residents, prevent displacement, and maintain affordability, not to privatize or eliminate public housing. LB1045 recognizes that the, the most cost-effective affordable housing is the housing we already have. At its core, LB1045 is a house and stability bill. It is an equity bill, it is a fiscally responsible bill, and it's rooted in the belief that preservation works. This bill does not wait for failure, it intervenes early. I look forward to your questions. This bill came from just trying to look around the country and just look around and see what can we do to address the issue with-- and it's a fair, it's, it's a fair argument from these housing agencies that federal funding is limited and they can't do all that they can to keep up, keep up properties as best as possible. I think this, it could be a tool that could be used to, you know, give them some more options to manage the properties and keep them more up-to-date as possible. Especially with an ever-changing federal administration and things changing all the time, I think it's important for us as a state to look at ways to assist as much as possible. And, you know, just with poor housing management in Omaha, I just was looking at this as a way to at least try to help the people that are living in these horrible conditions that is being managed by the Omaha Housing Authority. So that, that is all for me. I'm just trying to put things on the table, whether we move it out of committee or not. I just wanted to try to provide something that could be helpful, and I'm sure there will be some opposition from housing agencies saying I'm being duplicative. I'm trying to think of the other words I read in the comments. They'll probably say them, and then I'll listen. But my intent is to help the people that are living housing. It's also to try to provide these housing authorities with another tool to assist in preserving our housing stock, and making sure those that are most vulnerable are not disproportionately affected because they live in public housing. With that, I'll take any questions.

**CLOUSE:** OK, do we have any questions for Senator McKinney? Yes, Senator.

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**ANDERSEN:** Thanks, Vice Chair. Senator McKinney, what, what-- I didn't see any fiscal note to this. Is there no cost?

**McKINNEY:** I mean, there's always a cost, but the trust, the way it would be set up, it'd be-- a lot of the funding would be based off of the vouchers and things like that, so, yeah.

**CLOUSE:** I'm sorry, like the what?

**McKINNEY:** Off the, the housing vouchers, because you create a trust. Yeah.

**ANDERSEN:** So what does that mean?

**McKINNEY:** What does what mean?

**ANDERSEN:** The fund is going to be funded by the vouchers.

**McKINNEY:** It'll be-- it's, it's based off of-- let me read it. Where is it? So they'll be able to issue bonds and those type of things. I'm trying to remember the page. Just slipping my mind. So yeah, bonds issued by the trust shall be backed by project-based federal vouchers, contributions from municipalities or counties in which development is located, funds available in the capital housing capital stabilization fund.

**ANDERSEN:** Where are you reading that, [INAUDIBLE]?

**McKINNEY:** I'm on page 8.

**ANDERSEN:** Yeah, where--

**McKINNEY:** Section 12, line 4, down. But this also, because the one thing that I still honestly don't understand, especially in Omaha and kind of in the state, we always hear that we have one of the biggest or best philanthropy communities in the nation that provides all type of projects and things like that. But one thing I still can't wrap my head around is, why isn't philanthropy giving to public housing in some type of way? So this at least opens up that option for donations and things like that as well. And if municipalities want to contribute as well, so that's where I got this from. That's what it--

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**ANDERSEN:** So these funds that are going in here that you listed from the different places, those are going somewhere now, right?

**McKINNEY:** Just going to the housing agencies.

**ANDERSEN:** So, OK, so if then you move those, what left to the housing agency?

**McKINNEY:** I mean, they would transfer the authority of the management of the housing, then the vouchers would be used to be able to do trust bonds and those type of things to help fund the preservation of the housing stock.

**ANDERSEN:** There's multiple trusts too, right?

**McKINNEY:** It's one trust.

**ANDERSEN:** What? Here, the Public Housing Capital Stabilization Fund.

**McKINNEY:** Yeah, to receive--

**ANDERSEN:** The Nebraska Public Housing Preservation Trust.

**McKINNEY:** Yeah, you have the trust, but you have the fund. The fund is for private donations or federal grants and those types of things.

**ANDERSEN:** OK.

**McKINNEY:** Yep.

**CLOUSE:** OK, any other questions? OK. Thank you, Senator McKinney.

**McKINNEY:** All right.

**CLOUSE:** OK, do we have any proponents for Senator-- or LB1045?

**ALICIA CHRISTENSEN:** Good afternoon, Vice Chair Clouse and members of the Urban Affairs Committee. I'm Alicia Christensen, A-l-i-c-i-a C-h-r-i-s-t-e-n-s-e-n, director of policy and advocacy at Together. Our pantry and housing services are offered for individuals and families facing food insecurity, housing instability, and homelessness. Our housing programs offer a wide spectrum of services from prevention-focused interventions to assistance for those exiting homelessness. Public housing plays a critical role in this work by

limiting housing costs, so low-income families including older adults and people with disabilities on fixed incomes have money left to pay for other necessities like food, healthcare, child care, and transportation. Housing that's affordable for these Nebraskans is incredibly scarce because what these extremely low-income households can afford to pay in rent isn't enough to cover the cost of building and operating the property. Without public housing, there are vanishingly few rental units that are affordable and suitable for the people Together serves. These folks end up devoting an outsized share of their income to housing costs, have less money for other needs, and can be one illness, car repair, or other unforeseen expense away from housing insecurity and eviction and homelessness. Unfortunately, decades of chronic underinvestment, as I mentioned in my last testimony, have led to a big need in capital funds for public housing entities. There's a backlog of unmet net renovation needs that are estimated in the vicinity of \$90 billion that would be required to address necessary repairs and rehabilitation. Without intervention, Nebraska's aging public housing stock will become uninhabitable. Our communities will lose a massive share of affordable housing units, and low-income households will be left without viable housing options. I'm sure that there are viable logistical concerns with LB1045, but what it essentially proposes is a constructive strategy to address this very real crisis, and the scale of need makes it clear that preserving and improving public housing requires collaboration across multiple sectors. Progress depends on assembling and adapting a mix of financing mechanisms, old and new, federal and state, public and private that together can help fill the gap and help preserve and maintain our public housing for current and future generations. The Public Housing Preservation Trust would make a much-needed intervention to facilitate revitalization of Nebraska's public housing and keep it operational for the low-income tenants who rely on it. Therefore, I ask for your support of LB1045 and urge the committee to advance the bill to General File. Thank you.

**CLOUSE:** OK, thank you. Any questions? Senator Cavanaugh.

**J. CAVANAUGH:** Thank you, Vice Chair. Thanks for being here, Ms. Christensen. I just wanted to ask about the infographic on here. I like it. It's a 28% of children are, well, who are the 28% of [INAUDIBLE]?

**ALICIA CHRISTENSEN:** So it's the paragraph right above it. I don't have it in front of me, so I don't want to-- but those are the people that live in-- that are, that are housing cost-burdened, if i'm not mistaken. 87,000 people, so their households.

**J. CAVANAUGH:** OK, so it's 28--

**ALICIA CHRISTENSEN:** 28% of those households are housing cost-burdened. Thank you.

**J. CAVANAUGH:** OK. Now we got you so 87,000--

**ALICIA CHRISTENSEN:** Sorry, that's not at all clear.

**J. CAVANAUGH:** --people. So 40% of the 87,000 people are working adults, 17% of 87,000--

**ALICIA CHRISTENSEN:** Yes.

**J. CAVANAUGH:** --are seniors. OK, now I got you. Thank you.

**ALICIA CHRISTENSEN:** That's a, that's a good note on my handout. Sorry.

**CLOUSE:** OK, any other questions? Senator Rountree.

**ROUNTREE:** Thanks so much, Vice Chair. And thank you so much for your testimony. Still looking at that infographic. We have 24% have a disability. Is it-- is the housing appropriate for those? Does it meet the disability needs?

**ALICIA CHRISTENSEN:** I'm not sure as far as this resource didn't specify, so it's mostly just kind of Census Bureau stats. So it doesn't really speak to what kind of, one, what kind of disability that would require maybe a certain kind of accommodation, and also whether that is actually met.

**ROUNTREE:** OK.

**CLOUSE:** OK, thank you. Any other questions? I have one again on the infographic, 9 billion. What's the-- do you have any idea what the number is for Nebraska? That's the national number, I believe. Right?

**ALICIA CHRISTENSEN:** I don't. They don't-- they, I think that they base it off of kind of like a refinancing estimate that some public housing

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authorities have used called RAD. And I can't, of course, off the top of my head remember what that is. I bet somebody over here does know. So they extrapolate from like real data to estimate the number. So they take a certain number of years, and I'm not sure on the methodology. So I think that the reason that is necessarily a national-- nationwide total is because I don't know if there's a real way to get that down into the details. It's certainly not for a national sort of organization. And we might be able to do that at the local level and have that like a real estimate, you know, for those kind of needs.

**CLOUSE:** OK, thank you. Any other questions? OK, thank you.

**ALICIA CHRISTENSEN:** Thank you.

**CLOUSE:** Any additional proponents? Any opponents?

**CHRIS LAMBERTY:** Good afternoon, committee members. My name is Chris Lamberty, C-h-r-i-s L-a-m-b-e-r-t-y, I'm the executive director of the Lincoln Housing Authority. I am also here to represent Nebraska NAHRO, which is a professional organization of over 100 public housing authorities in the state. And I'm representing the Nebraska Housing Developers Association, who asked me to testify their opposition to this bill today. And there's two other housing authorities represented who are going to speak after me on this bill. There are 93 public housing authorities who operate public housing in the state. They operate 118 developments, and that's apparently what this bill is trying to apply to. Majority of these developments are located in small communities serving senior elderly populations. Indeed, the majority of public housing units in Nebraska are zero and one-bedroom apartments serving seniors and persons with disabilities. The housing professionals in our state are fundamentally invested in our local communities and are dedicated providing high-quality affordable housing that encourages opportunities and stability for our residents. We appreciate your interest in our shared goal of the preservation and modernization of public housing properties. Unfortunately, this bill will not achieve that. It was developed without any input from any professionals who actually work in this field in, in Nebraska, and it does not reflect the operating conditions or the operating environment of public housing in this state. The bill envisions issuing state bonds to loan to public housing developments and creates a new state oversight and management board that will need to be funded and

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staffed, so there will be a fiscal cost. It's unclear if it's intended to be a voluntary agreement or an attempt by the state to take over all local public housing developments. If the state of Nebraska wishes to prioritize investment in public housing modernization, which is a goal we share, we would respectfully suggest working collaboratively through existing state structures such as NIFA, that many of us are already a part of working groups on, and facilitate a working group that can analyze the needs and capacities of local public housing authorities across the state, and determine whether a state bond financing would even be a useful tool, which I question whether it would be. Public housing improvements will best be achieved through such a collaborative effort that respect the local conditions and decision-making. And unfortunately, this bill does not achieve that goal. With that, we respectfully request that the committee indefinitely postpone the bill.

**CLOUSE:** OK, any questions? Senator Andersen.

**ANDERSEN:** Thank you, Vice Chair. And thank you, sir, for being here. In the bill it says your traditional federal funding streams have been insufficient to maintain safety and sanitary conditions. So if the state takes over all funding, any idea what the cost is above and beyond what we get from the federal government?

**CHRIS LAMBERTY:** No, I can't quantify it. I think the bill is trying to-- I'm not 100% sure what the bill is trying to do, Senator.

**ANDERSEN:** OK, fair enough.

**CHRIS LAMBERTY:** So I think you're cau-- you're talking about creating a new regulatory structure at the state level, so.

**ANDERSEN:** Right. Multiple trusts that will-- funds that will pay for it.

**CHRIS LAMBERTY:** Someone will have to manage all that. Yes.

**ANDERSEN:** Right.

**CHRIS LAMBERTY:** And the way I understand it, you're going to sell bonds that you're gonna loan to the local development. So the developments still have to figure out a way to pay it back, which is typically the challenge in affordable housing, is it's not that you

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can't borrow money. I can borrow money. It's that you need the income stream to, to cover the debt service. And that's where, that's where subsidies will have-- you need to get subsidies to do that.

**ANDERSEN:** Thank you.

**CLOUSE:** Thank you any other questions. Thank you. Oh, I'm sorry. Senator Cavanaugh.

**J. CAVANAUGH:** Thank you, Vice Chair. Thanks for being here, Mr. Lamberty. You did sort of hit on this about the voluntariness. So I went back, I thought it was voluntary. So Section 5 says no later than January 1st, 2027, the trust shall enter into an agreement with each local housing agency that wishes to participate in the Nebraska Public Housing Trust.

**CHRIS LAMBERTY:** Yeah, that was--

**J. CAVANAUGH:** Trust Act.

**CHRIS LAMBERTY:** That was the only part of the bill that seemed to indicate it was intended to be voluntary. There was one word, "wishes." I just wanted to be clear that-- I prefer a little more specificity on what the goal is that we're actually trying to achieve.

**J. CAVANAUGH:** I got you.

**CHRIS LAMBERTY:** I don't-- I wouldn't anticipate any housing authorities would participate in it.

**J. CAVANAUGH:** Thank you.

**CLOUSE:** Thank you. Other questions? Thank you.

**CHRIS LAMBERTY:** Thank you.

**CLOUSE:** Do we have any additional opponents?

**JENNIFER TAYLOR:** Good afternoon, Vice Chair, members of the committee. My name is Jennifer Taylor, J-e-n-n-i-f-e-r T-a-y-l-o-r, and again, I am here on behalf of the Omaha Housing Authority. I am a member of the Omaha Housing Authorities Board of Commissioners. I will attempt to be brief and noting the late hour and say Mr. Lamberty basically well-represented our concerns, our primary concerns with this bill.

I-- we are concerned that although it does say "wishes," I'm not sure that, that that's clear that we can wish to not participate. And to the extent that as Mr. Lamberty said, this bill was developed without any input from the housing authorities that are going to be subject to it. If it is voluntary, again, we're back into that collaborative concept of if you, you're presenting a voluntary option to housing authorities in the state of Nebraska, I think if you want those housing authorities to participate, you need to collaborate with them into how this is going to look. Otherwise, it's, it's a structure that I don't know upon review that our agency would know how to participate or how to manage. But first and foremost, I think that the financing structure is a concern. I mean, that's what we struggle with. The, the sources for payment, as were indicated by Senator McKinney, are the sources we already have available to us. Now those sources are often, often heavily restricted as to how and where we can use those funds because that's what the federal government does. But those sources are already available to us. So I would like to just then point out it was mentioned by Senator McKinney in his opening that he wanted to know where philanthropy was in funding our public housing needs. And philanthropy does participate significantly. So one of the things that the city of Omaha has done and Omaha-- the city of Omaha and the Omaha Housing Authority have done was pursue HUD grants in significant amounts to try and produce additional new and better housing. So to that end, the Omaha Housing Authority, in partnership with the city of Omaha and philanthropy, have applied for and secured in the last five years \$80 million of HUD grants. So that \$80 million is being invested into both south Omaha and north Omaha in two large projects. The only way that we get that money from HUD is if we can demonstrate to HUD that we can leverage those dollars on a 4-to-1, 5-to-1, 6-to-1 basis. So for every dollar that HUD grants us, we have to show that we've got 6 other dollars coming from somewhere else, whether it comes from housing authority funds or a lot of it comes from philanthropy. So that \$80 million generates over \$300 million of investment in north and south Omaha, much of which is funded by philanthropy or participated in with through philanthropy. So philanthropy is already assisting in our housing projects and trying to address housing needs through what the housing authority already does. So we are taking advantage of tools and opportunities that are available to us. I am, I'm disappointed and I'm frustrated that Senator McKinney thinks that the housing stock the housing authority manages is in such poor condition. I don't know that I necessarily agree with him. So again, I

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would take the opportunity to invite any one of you to come and tour a tower or facility at any point in time that, that you can find the time to make yourselves available. We also have new housing that's been built in north Omaha and it's being built in south Omaha that I would love for you all to see what we're doing there. So we work hard to produce and maintain good, decent-- safe and, and I've always hated that phrase, safe, decent housing. Because actually I think our residents deserve even better than safe, decent housing. And to the extent that we work hard to try and make the best of what we have to provide for them, we do that. So this bill, I am all for new tools and other ways to fund housing. This one appears to be a transfer of the housing authorities' assets and jurisdiction to the state without any additional money coming to it. So frankly, the state would end up having to try and make up that, that whatever gap we have that we can't fund ourselves would then be left to this Housing Trust to try and provide those additional funds. When I first started on the housing authority, I was explained to me that every year HUD determines how much money you need to run your housing, and then they give you a percentage of that. So when I first started on the board years ago, it was a 93%. So if you needed a million dollars to run your housing, they would give you \$93,000 or \$930 million-- \$930,000. Math is not my strong point. But that's what they would do. And every year, that percentage has been reduced. So to the extent that you are looking for an identification of what the gap is, that's the gap that we live with. The federal government says, here's how much money you need and here's how much we will actually give you, which is less than what you need. Figure out how to make do with what you get. So, under this bill, the state and the trust that is being proposed here would have all the same funds we have and have all the same problems we have, only with an added administrative burden.

**CLOUSE:** Any questions? Senator Andersen.

**ANDERSEN:** Yeah, thank you. And so how many years did you say that \$80 million was over?

**JENNIFER TAYLOR:** I'm sorry?

**ANDERSEN:** You said \$80 million in HUD grants over how many years?

**JENNIFER TAYLOR:** Oh, we actually got, the first grant we got was for North Omaha. That was \$25 million. We had an added \$5 million. And

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that was four years ago, the added \$5 million was three years ago. And then the 30-- \$50 million that we got for south Omaha was just two years ago. So actually we--

**ANDERSEN:** [INAUDIBLE].

**JENNIFER TAYLOR:** --yeah. So we were just, and to be clear, we were awarded the CNI grant from HUD in two of-- I think two, two separate grants in the span of like four years. We are the only-- we're only one of three cities in the entire country that has been awarded two separate CNI grants, and we are the only city that has awarded two grants of that nature that close in time. Which is an indication of what HUD thinks that we are doing as far as trying to produce better housing for our community.

**ANDERSEN:** So you see this as simply a financial takeover of the federal dollars.

**JENNIFER TAYLOR:** I think it is, and I think it's one that, you know, there is no fiscal note here. So I don't know that there is a structure here that demonstrates how this trust would manage those same dollars and produce anything better than what we're already doing with the years of experience we have doing it, and with the success that we've had in, in garnering other funds to produce housing.

**ANDERSEN:** Thank you.

**JENNIFER TAYLOR:** Mm-hmm.

**CLOUSE:** Other questions? Senator Rountree.

**ROUNTREE:** Thank you so much, Vice Chair. And thank you so much for your testimony.

**JENNIFER TAYLOR:** Of course.

**ROUNTREE:** For the new housing being built in north and south Omaha, when do you expect those to be online, and how many units are you have planned out?

**JENNIFER TAYLOR:** We have multiple projects, some of which are already online. So for example, you can go to the Seventy Five North area, the Highlander area. There's a multifamily complex that has recently been

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built. There's a set of townhomes that have been built. There's actually some single-family homes. There's a whole development there that we have built with the CNI grant funds and through that program. All brand new housing, all fantastic. And I really would-- Davis Ridge was-- we had a ribbon cutting for Davis Ridge a year ago, and that was one of the last ones. But we've got some, some wonderful townhome developments that are just on the east side of 30th Street, 30th and Parker, multifamily on 30th and Parker. And then in south Omaha, we are just breaking ground on our first project there through that CNI grant. So there will be a significant amount of housing constructed there that's brand new housing. If you would like, I'd be happy to supplement the committee with a rundown of all of those projects.

**ROUNTREE:** Thank you so much.

**JENNIFER TAYLOR:** You're very welcome.

**CLOUSE:** Any other questions? OK.

**JENNIFER TAYLOR:** All right, thank you so much for your time.

**CLOUSE:** Do we have any other opponents?

**RITA HEINEMANN:** Good afternoon, Chairperson McKinney, and members of the Urban Affairs Committee. My name's Rita Heineman, R-i-t-a H-e-i-n-e-m-a-n-n, and I'm the executive director of the Norfolk Housing Agency. Appreciate the opportunity to speak before you this afternoon. I've worked all across Nebraska at housing agencies from my small town of 800 citizens to, to Fremont size, which I believe is around 26,000. So have been in the housing industry for three decades and it's been my passion to help others, and it's a great-- been a great opportunity for me to help people. And that's why I started in it, so I just wanted to share a little bit about what this might do, this bill. We appreciate you, your interest in preservation and long-term sustainability of public housing. The intent to protect residents, modernize aging properties, and ensure accountability is thoughtful and well-meaning, and those goals are shared by the housing professionals across the state of Nebraska. We don't do this for the money. We do it because we care about people. And that's especially true in the rural areas, but also in the urban areas. However, Nebraska's public housing system is fundamentally different from that of larger, more urban states. Our public housing authorities are

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overwhelmingly small to very small rural housing agencies that operate with limited staffing, many times a part-time director and part-time maintenance that runs those properties of 10, 20, 30 units. We do that with tight budgets as, as HUD cuts funding. Some years they give us a little more, some years a little less. And extensive federal oversight. So all housing authorities, no matter their size, end up following the same rules. Doesn't matter if it's New York City or a town of 800 people, the rules stay the same and you have to comply with them in order to have the housing. These agencies are deeply embedded in their communities and already work under a high-- highly-regulated environment established by HUD. Many of the concepts outlined in LB1045, resident protections, transparency, public ownership, oversight, reporting and compliance mechanisms, they're already required under existing HUD regulations. Public housing agencies must meet rigorous federal standards related to government-- governance, financial management, physical inspections, residents' rights, and long-term planning. Adding a parallel state structure that mirrors these requirements does not necessarily improve outcomes and may instead create duplicative oversight and conflicting administrative demands. Unfortunately, LB1045 was developed without meaningful input from the professionals who work daily with the Nebraska Public Housing System. As written, the bill does not reflect the operational realities of rural public housing agencies where even modest increases in administrative or reporting obligations can have outsized impacts. For small agencies, additional layers of oversight mean less time and fewer financial resources devoted to property maintenance, resident services, and direct community engagement. And I would like to mention, at the small agencies, we are the social service worker, we are the attorney, we are everything for those people. And, you know, they come to us with things that aren't necessarily what we do, but they come hoping that we have a resource, a nonprofit that they can get assistance at. And so we're already filling bigger shoes than we would normally do, if that makes sense. If the state of Nebraska identifies public housing preservation and rehabilitation as a priority worthy of additional investment, I respectfully suggest a more effective path would be to work through existing state structures. And one of those structures is NIFA. Many of the rural communities have worked with NIFA to do low-income housing tax credit projects, and it brings brand new housing into the community, another option for people that benefits the community. For example, they could facilitate a working group of housing

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professionals, residents, and stakeholders to determine whether a pool of state bond funds would be a useful or practical tool for public housing agencies in Nebraska. That collaborative process would allow the state to understand the actual needs, capacities, and constraints of rural housing agencies, creating a new financing or governance model. Instead, LB1045 establishes a new state oversight and management entity that would require staffing, administration, and ongoing funding. For rural housing agencies already managing extensive HUD compliance, the new structure risks adding bureaucracy without delivering proportional benefits to the residents. It will take us away from what we can do to aid the residents in other ways.

**CLOUSE:** That's your time, Ms. Heinemann.

**RITA HEINEMANN:** OK.

**CLOUSE:** Have any questions from-- the rest I think [INAUDIBLE].

**RITA HEINEMANN:** Yep.

**CLOUSE:** No questions? OK, thank you.

**RITA HEINEMANN:** Thank you.

**CLOUSE:** Are there any other opponents? OK, and in the neutral? OK. Senator McKinney to close.

**McKINNEY:** Thanks for the testimony. The mention that public housing authorities are dedicated to providing high-value housing for his residence, it's not true in Omaha. It's really alarming that the representative from Omaha does not think that there is public housing in Omaha that is not in bad shape. That's really alarming. Then to say that this trust would inherit the same problems is true, but the difference is it won't be the same people, which I would argue probably would make sure that things get better and not the same who has been doing it for forever and people are still living in horrible conditions. Why oppose this if you won't participate anyway, if it's voluntary? I don't get your opposition. If it's voluntary, we won't even participate. So why do you care? \$80 million in projects, but didn't hear about any of that \$80 million going to towers. New housing developments, but not current housing stock that has been deteriorating for a while. I mean, if "wishes" needs to be changed to "may," that's a simple suggestion. That's easy. So if you wanted to

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say that any housing agency that may participate in the Public Housing Preservation Act, and then you could define the terms. This doesn't-- I don't see it as duplicating efforts. You're giving the authority to manage certain properties over to the trust. That is not a duplication. Because if you're giving the management over to trust, that means you're not managing. So I don't see how that's duplicating anything. Yeah, I think that's confusing. No, I didn't reach out to any of the housing authorities on this, which is a fair argument. I didn't because, one, I knew this was going to be a wild concept that was going to receive pushback. But I was cool with introducing this legislation because we come into this session in a budget crisis, and it's going to be hard to get anything passed anyway. So one of my philosophies going into this year was to put things on the table that made people think. Maybe it passed, maybe it didn't. But at least going into the next biennium, I had a starting point on what I wanted to do. And that's partially why I didn't collaborate with y'all, because I didn't see a real reason to. It's hard to get people to come in the interim. Everybody has busy schedules, and I thought we would have a better conversation during these hearings, honestly. So if you took it as disrespect, please don't take it that way. I introduced a bunch of bills this session just to have conversation because our state is broke. But on the topic of public housing, one of my priorities before I leave here is to try to pass more legislation to improve public housing for people who are living in public housing, as much as possible. Whether I'm the Chair or not the Chair, I will continue to do that, because maybe not in your communities and maybe in places where I'm just oblivious to, public housing is amazing. But my constituents write me. I've had town halls. I have had meetings and those type of things. I've seen pictures, and I've been through public housing in my district, and it's not in good shape. So I'm going to continue to do whatever I can as a senator that represents multiple public housing properties to improve them. Thank you.

**CLOUSE:** Any other questions? Thank you, Senator McKinney. What did we have ADA? Yeah, I forgot to read that last time. OK, which one are we on, LB1045? We had 8 proponents, 4 opponents, 0 neutral, and no ADA testimony. So that concludes our, concludes our hearing for today. Thank you, sir.

**McKINNEY:** Thanks.