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Legislature's Planning Committee August 29, 2023
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DeBOER: All right, I guess we-- if you all are ready, we might get started then.

SHANNON HARNER: Yep. Sure.

DeBOER: OK, so I guess we will wait and see if we're joined by Teresa and Eliot as we proceed. But thank you all for being in person with me, since last time, I was not able to be here with you. But I'm glad to be here with you now. We're talking about housing today. Next time is childcare. And one of the things we want to remember to do before we're done is childcare is a very broad topic. And so, Doctor Schafer has asked if we would sort of give her a direction to point, so that we can have a little more focused discussion for next time. So that is something that we'll want to talk about at the end of, of today. But that's just a little telescoping where we're going to go. Last time, we had some questions, and maybe Dr. Schafer could address those briefly, some of the questions that we had last time on our demographics presentation. You sent a couple of, I don't know--

JOSIE SCHAFFER: Briefs.

DeBOER: Briefs? Thank you. That was the word I was looking for-- to answer our questions. It's a little hard, because I didn't get to see who asked them, since I was trapped in the screen last time. But remote work in Nebraska was one of the questions. Do you want to just kind of address what we have here?

JOSIE SCHAFFER: So you have one on for-- the foreign work population. There were a couple questions. I explained international in-migration being one of the only sources of growth in the state of Nebraska, so there was a little bit of a follow-up on, well, who are these folks? Where are these folks? I think that was your question, Senator Holdcroft. So just a little bit of a brief on that. And then we were talking a lot about how the workforce was shifting. I think there were probably a lot of open questions in that area. But as remote work has become sort of a hot topic, the question was, well, do we have a lot of remote workers in Nebraska working for a company in another state or vice versa? And the brief says that's not what we're seeing in any real way. There's a little-- there's some commuter patterns between here and Iowa, but the rest of that is really, really small numbers. So we just don't have a lot of that happening. There were probably some more questions, but those were two I knew I could answer for you

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quickly to be with that. And I could talk more if there are questions on that.

DeBOER: Do you-- do you know, has the remote work percentage increased drastically?

JOSIE SCHAFFER: Yes. So it did increase drastically. I might have included the numbers in there, but going back to 2019, they have in-- it has increased a lot, just the overall amount of people that say they work remotely. But that's-- they're not working remotely from Nebraska for another-- a company in another state. We're not seeing that. But we're actually fairly low-ranking for the amount of remote work here compared to other states. And that has a lot to do with the composition of our workforce, similar to what we talked about last time.

_____: [INAUDIBLE]

JOSIE SCHAFFER: It's up. It's up everywhere, but it's up in other states more than [INAUDIBLE].

DeBOER: Anybody have any follow-up questions on-- hello, Senator Bostar. Welcome. We're talking about the remote work and the other brief that's on your desk in front of you, which are follow-ups from last time about foreign-born population in the workforce.

ARCH: Just, just anecdotally, what I'm hearing is that the remote work being shifting back towards the office, not 100%, but that, that being a general trend.

JOSIE SCHAFFER: Yes. So what I, what I presented last time, and actually, I pre-- presented something similar to the board of regents one time, I think you were there, as well. Our workforce composition, we tend to have more folks that are in jobs that can't go remote as easily: healthcare, food service, building grounds, cleaning and maintenance. Those are jobs, right, who must be present. And our workforce is more of those types of jobs versus those knowledge jobs or innovation jobs like tech, computer, math, you know, business and finance. Those jobs can move remotely more easily than those jobs that require in-person work. And that is just not a large portion of our workforce at this time. So generally, we just-- there's not as many jobs that can move. Now, I do think there is a cultural shift back to in the office after some change. But again, there's just some jobs

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that were never been able to move out of the office. That's where our workforce is who we then expect we have a few, few [INAUDIBLE].

DeBOER: Any other questions? OK, well, that's last week. If you have additional questions, I'm sure Dr. Schafer would be happy to answer them, follow up with us as they are generated. Reports from the subcommittees.

HOLDCROFT: How exciting.

DeBOER: So we have two subcommittee chairs. We have the "Rural Futures" and the "Urban Futures" subcommittee chairs here. John Cavanaugh has agreed-- "voluntold" agreed to chair of that subcommittee. Similarly, I think you were sort of "voluntold." But thank you for taking it on. So, we'll start with the Rural Futures subcommittee. Oh, well, here's another Rural Futures subcommittee member coming in just now.

HOLDCROFT: Teresa said she's on her way.

DeBOER: That, that's, that's helpful information, Rick. So if you wanted to go ahead and just kind of tell us what your discussions were and what, what you guys kind of came up with respect to housing?

HOLDCROFT: Well, I don't know if we came up with a lot of stuff. We had one meeting and, unfortunately, Senator Vargas couldn't, couldn't-- we couldn't hook up with him, and then I left the country for a week so. But Teresa and I had spoken, and most of these ideas are coming from Teresa. But the first, the first approach is to focus on some funding incentives. So the-- and this was actually in the budget and the Governor vetoed it. But it was the idea was to try and incentivize smaller contractors to build smaller construction projects. Right now, a lot of the-- when you get out west, large acreages, million dollar houses, you know, and that's where they make a lot of money is with the big--

DeBOER: Sure.

HOLDCROFT: --projects. And so this would incentivize them to go with more like single-family, smaller square footage, smaller acreage, and more of those types. So, Teresa, do you want to add to any more? You said--

IBACH: You're doing great.

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HOLDCROFT: --you were going to talk to the Governor about it. Did you get a chance?

IBACH: We had a short conversation to be addressed additionally in the future.

HOLDCROFT: So additionally in the future, that's kind of what we're going to be looking for.

DeBOER: Is this the missing middle or the lower income housing? Do you know which you're-- you sort--

HOLDCROFT: We haven't gotten to that specifics yet.

DeBOER: OK.

HOLDCROFT: What the--

IBACH: Affordable is a different-- I mean, when you talk about affordable, you're talking about lower income or subsidized housing. And so we don't like to use affordable when we talk about workforce because more of workforce housing is affordable, but it's more of a middle class or starter homes.

DeBOER: We used to call this the missing middle.

IBACH: Yes.

DeBOER: And I think from my freshman year, the Planning Committee prioritized the missing middle rural workforce housing bill.

IBACH: Yeah. And it's still the number one requested in my district or my area when you go anywhere. I even went to Kearney to the State Chamber meeting. And the number one thing that Kearney is even missing is that middle starter housing. And for Kearney, who's a very white color community, for them to say that, it's probably even more imperative.

HOLDCROFT: So when we say missing middle, you're basing that on their income or on the cost of the housing?

IBACH: Both.

DeBOER: Both.

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HOLDCROFT: Both. So that's one approach. The other idea, and again, it's primarily Teresa's idea, is prefab or pre-assembled. And it started-- it's picking up in western Nebraska. We've got a couple different companies are doing that. And, we'd like to work more identifying that, how it works and what kind of a cost reduction there is in housing--

IBACH: If there's--

HOLDCROFT: --to do that.

IBACH: --if there's an incentive for that.

DeBOER: Is there any sort of-- look, I was a year old when the tornado of '75 went through Omaha down Dodge Street. So is there any concern on prefab?

HOLDCROFT: This is not mobile home. This is not your mobile home trailer type.

DeBOER: These are prefabs, but they may have a, a basement?

SHANNON HARNER: So when they're modular they're built to local code. You're thinking about manufactured that's built with the HUD code.

DeBOER: Thank you.

SHANNON HARNER: But the modulars are built to local building code.

DeBOER: Perfect. Thank you.

IBACH: I have--

HOLDCROFT: There's two different, there's two different methods there, I think, what you're talking so.

DeBOER: Yeah.

IBACH: Well, pre-constructed which would be in an enclosed location, that they can put the trusses in the walls. They can build all of that--

DeBOER: Got it. Got it.

IBACH: --and then move it on site and assemble it.

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DeBOER: Yeah.

IBACH: So I did visit with Gothenburg the other day though, and they said they lost \$75,000 per house doing that, because the, the construction costs actually were more than they anticipated.

SHANNON HARNER: They're generally not cheaper.

IBACH: So which is a problem, a bigger challenge because construction companies to build on site are very few too.

SHANNON HARNER: Yes.

IBACH: [INAUDIBLE].

DeBOER: OK.

HOLDCROFT: So that's, that's where we are.

DeBOER: OK. So the main problem from your perspective is inventory, especially in the middle area?

IBACH: Yes.

HOLDCROFT: Yeah.

DeBOER: OK.

IBACH: And starter for young or small families.

DeBOER: OK. Good. Anything else?

HOLDCROFT: Nope.

DeBOER: Thank you, subcommittee.

HOLDCROFT: Teresa, did you have anything more you wanted to add?

IBACH: I think you covered it all.

HOLDCROFT: Thank you, Senator. Thank you, Senator.

CLEMENTS: I had a comment. I was at a different meeting with some people from DED were there. And in 202-- this relates to the veto of housing this year. In 2022, \$30 million was in was budgeted, appropriated for housing. And DED said that it was at least \$5 million

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that still has not been distributed in September. It was either \$5 or \$10 million. It was a pretty good-sized number. Might have been 10, but it hadn't all been awarded. And in September, DED is coming up with another award program. Only contractors and developers can access that money, and they-- but they're just probably aren't enough developers out there that could use it that fast. And so that's--

HOLDCROFT: No.

CLEMENTS: There has been a delay in allocating the 2022 \$30 million. And in September, they're expecting to have another round of grants for that.

DeBOER: That maybe something that we might get to in our presentation. [INAUDIBLE] and we can ask questions as that comes up.

CLEMENTS: OK.

DeBOER: Good, good point to, to highlight for us. Thank you. All right.

IBACH: I'd be interested to know if that was applied for and just not distributed yet, or if those are funds that have not been applied for yet.

SHANNON HARNER: In the first application round on the rural workforce housing, the applications were \$6 million short of what was in the fund. And so they're opening a second round. My understanding from the people who did apply and who would have applied but didn't apply was because, not necessarily bandwidth, but the limitations that we had on the price for the rural workforce housing to be able to sell. They weren't confident at that time that they could build it and sell it without losing money. But you tweaked that last round so.

CLEMENTS: Thank you.

_____: So on this next round, because of that tweak that will not be-- theoretically, that [INAUDIBLE].

SHANNON HARNER: That would theoretically not be an issue. Building permits this year to-date are down from last year to-date because of the increased cost in carrying costs and building. So I think having additional subsidy, like rural workforce housing or middle-income housing, will be key to getting people to actually decide to build.

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DeBOER: Senator Cavanaugh?

J. CAVANAUGH: Yeah, the urban subcommittee. Anybody else on the urban subcommittee?

DeBOER: Me. Anybody else want to be? Do you want to be on the urban?

J. CAVANAUGH: Eliot should be on it.

BOSTAR: Sure.

DeBOER: OK. Eliot's on it. This is how this committee process-- subcommittee process works.

HOLDCROFT: Can I offer you--

DeBOER: Look, we're a committee of three now. Would you like to be on urban?

ARCH: No, thank you.

HOLDCROFT: [INAUDIBLE].

DeBOER: Oh. Senator Arch says no. What did you say?

HOLDCROFT: I cannot think of a finer individual to be on it than Eliot Bostar.

BOSTAR: Well, I appreciate that. Your confidence. Thank you.

J. CAVANAUGH: [INAUDIBLE] Lincoln's perspective.

DeBOER: All right, so.

J. CAVANAUGH: Well, the thing I would say about housing, and we, you know, we haven't had-- we didn't have a formal meeting, but a lot of the same things in urban we're seeing is what was brought up in rural. Which is, of course, lack of starter homes. In Omaha in particular, you can't buy a house for under several hundred thousand dollars. I mean, and that's pricing people out of getting that starter home. And then, of course, the middle, middle-- missing middle home is unavailable because they're all--

DeBOER: Missing?

J. CAVANAUGH: They're all-- well, the homes exist, but the prices don't anymore. And so that I think is the biggest problem with hurdle to homeownership in Omaha. We have a lot-- we don't have the same problems with construction necessarily because we have the workforce closer. But still, I think, yeah, we are seeing a slowdown in building out in places like Bennington, I think, where there's a lot of construction going on in Omaha.

DeBOER: There's a lot of construction out there.

J. CAVANAUGH: And not a lot going on in my part of town. So, yeah. So those are issues [INAUDIBLE] addressed. Density in my part of town of course is an issue. And we've had some zoning changes in Omaha to allow for more density, which has caused some pushback and concern about destroying older homes in place of maybe more densely populated homes. So I don't know, that's just something thinking about-- and yeah, shaking your head back there because, right? It's in the, it's in the neighborhood of UNO is where we're tearing down some of these older homes and building. Two blocks from my house, tore down three homes to build, I don't know, 20 homes, 20 townhomes or something like that, which is one of the ways to solve the problem. But that causes the neighborhood to get real skittish about what exactly is going to happen. So those are the issues we're facing at the moment, I think.

DeBOER: I think there's the affordability piece and also the availability piece in, in Omaha too, that we are lacking those. And I still think that we're working on the low-income piece with the north and South Omaha project. I talked to Senator Wayne yesterday, and there's \$10 million there for low-income housing that's part of that project. And that is, you know, their work, that's such a huge project they're working on, getting all of that coordinated and going out. But I don't-- the missing middle, I mean, it is absolutely true that they-- as somebody, one of the builders said they will build a house for less than 250 because there's just no-- they just can't get anything out of it.

ARCH: Can't.

DeBOER: Yeah,

ARCH: Right.

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DeBOER: And that they-- it basically costs very little difference to build a \$250,000 house and a \$400,000 house. So why would you spend the time doing the \$250? But then we're starting to get in trouble.

J. CAVANAUGH: Well, and mortgage rates I think are about 7% now, which means you can borrow to, to buy a \$250,000 house if you don't have any equity already.

SHANNON HARNER: Yeah.

DeBOER: OK. Well thank you, subcommittees. And I think that as we're looking forward to our next month's meeting on childcare, that's something that I think we can even more strenuously work with our subcommittees to talk about. Because I think those needs between urban and rural might actually have some overlap and then some pretty distinct differences to think about that as well. So thanks for that. And now I think we are ready for our presentation for today. We'll shift to completely talking about housing. And we're lucky to have Shannon Har-- what's your-- are you director? Are you--

SHANNON HARNER: Yeah, I'm the executive director.

DeBOER: OK. Executive director.

SHANNON HARNER: That's what the statute says.

DeBOER: OK.

SHANNON HARNER: I prefer it said CEO, but whatever.

DeBOER: Shannon Harner, from NIFA, with backup singer Josie Schafer, as you all know. And we're going to talk some about housing, so please take it away.

SHANNON HARNER: So in front of you, you should have a copy of this presentation. A "Who can afford homeownership in today's market?" and just the executive summary of the state housing framework. So this can kind of guide us a little bit. From what I heard you talking about, I'm going to skip around a little bit and talk about things that seem interesting to you because you've got the whole presentation in front of you. So the, the first thing I'm going to note is you guys are talking about the right issues. It's, it's that, that missing middle. It's, it's the availability, it's the manufactured housing. These are all things that we're looking at as, as either challenges or strategies to solve the, the housing problems that we have. If you

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look on this sheet, you will see that in the state of Nebraska, and these, these occupations that are here are about 46% of the workers in Nebraska on this sheet, right, in these occupations. Food prep, office and admin, sales, construction, first responders, education and library, business and financial operations. OK, that, that is about 46% of the workers in the state of Nebraska. You can see here what their average income is and what home price they could affordably purchase based on that, that income, assuming they are one, one household-- you know, one-earner household right there. And then you can see so for people in food prep and serving right now on the market, there are 1,736 units in the state of Nebraska for sale for-- at \$86,550 or below. And then that's, that aggregates all the way up. So, if you're in business and operations, you could buy something as low as \$86,000, but you could also afford something up to \$217,000.

DeBOER: Does that, I mean, it doesn't account for the fact that probably food prep and serving is more likely to be in Omaha, Lincoln, Kearney, that sort of thing. And maybe some of the lower cost housing is not--

SHANNON HARNER: Correct. Correct.

DeBOER: [Inaudible].

SHANNON HARNER: We didn't norm for that. So yes, this actually probably looks worse because these are average, you know, prices. And but in Omaha, you know, or in Lincoln, if, if you're buying a house for \$86 550, what condition is that house in, right? That's basically a tear-down. You might be able to purchase it, but you're not actually going to be able to probably live safely in it. So what that tells us is a lot of people are just-- there's the housing that they would be able to purchase isn't necessarily in a condition for them to be able to live in it. So this is one need that I would lift forward, is rehabilitation funding. There are a couple of small programs that DED has and some small amount of funds that go to some of the economic development districts for rehabilitation, but it's very, very small. I think last year, DED said that their program, and it might have been out of state affordable housing trust funds, they were able to rehab four units. That's not moving the needle anywhere. And, and especially if you, if you live in rural. But you see it in urban as well. But in rural as you drive through a town and you see those little houses that are dilapidating and just sitting there on some of the side streets, and you don't know whether somebody lives in them, but probably somebody shouldn't be living in them. Those are the types of houses

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that if you could catch them when the roof is just starting to peel off, when, you know, some of the siding is starting to come off, if you could rehabilitate it then then you're saving that housing stock in a way that we're really not-- we're just not spending time focusing on preserving affordability for that housing. One of the other key things we see is that the, the age of our seniors, I mean, we're going to have more and more people becoming over the age of 65. It's between now and 2030 it's like 46% increase in people who are going to be over the age of 65 in the state of Nebraska. And what that tells us is that people are living in housing that soon isn't really going to be good for them to be living in because they're stairs, because maybe it's, it's too big and now they're on fixed incomes and, you know, the-- it doesn't have the good windows and so their utility bills are really high. If we can help those seniors move into appropriate housing, and especially in rural areas, they want to stay in their community. They don't want to have to move 50 miles away or move to Lincoln if, if they're from Broken Bow, right? They want to they want to stay in Broken Bow. So whatever we can do to help incentivize the creation of senior housing, in order to move people from their big family homes into the senior housing and then probably help with a little bit of rehabilitation of those family homes that, that probably need it because they haven't been fixed. Yeah, Senator?

CLEMENTS: On this chart, this is average income for one person?

SHANNON HARNER: Yes.

CLEMENTS: We don't have a high number of two-income households. And wouldn't that increase the home price that you could afford?

SHANNON HARNER: It, it would, it absolutely would. So if you have double-earner households, that would increase. Here, though, you see the median entire household income by age in the blue. So over here is the average income by occupation, and that's for one person. But here in blue you see the average income per household by age.

CLEMENTS: OK.

SHANNON HARNER: Yes, Senator Bostar.

BOSTAR: These average income numbers for occupation, are those Nebraska-specific--

SHANNON HARNER: Yes.

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BOSTAR: --or are they--

SHANNON HARNER: Nebraska-specific, from the Department of Labor.

BOSTAR: Surprising. Thank you.

SHANNON HARNER: Yes. And then you can see the, the age of-- in the state of Nebraska, we have about 66% of people who own homes. But you'll notice here the age of those people who are-- who own homes is high. So here, 45 to 65 is, you know, well more than than half. And people aren't right now in the current environment able to get into homeownership. So over the next 10 to 15 years, we will see significant reductions in the percentage of homeownership in the state, if we can't help people be able to afford to get into a house in the first place. The reason that's important, is on the back side of this, you'll see the Federal Reserve, just in April, came out with a stat saying that at current state, people who own homes based on the appreciation, whatever it-- are more than 40 times worth-- net worth than people who rent. So it's important for generational wealth-building, for stability for families to be able to get into, into homeownership. So that's why this is, it's an important issue. And when we talk about missing middle, when I think about it, I think about it in terms of, yes, those people who are, you know, at or under probably 120% area median income, you know, down all the way down, but really to probably 81%, right? That's where we don't really have any programs to help support those people. They aren't low enough to get subsidized. They're not high enough to really afford what they need to be able to, to live in. And, and missing middle refers from my understanding, not only to that income level, it's also the, the density. So a reference of, you know, how many units are close together in an area, but also to the type of housing. So one way that they used to back in the, you know, 1950s deal with missing middle was they would have a beautiful, a beautiful looking house that had maybe three units in it. And they all had outside entrances. You wouldn't necessarily be able to tell that it wasn't one big house. We don't really design that way anymore. So we're, we're throwing in fourplexes or sixplexes or twentyplexes in the place of some of that. But if we really had a, a better infill strategy, we don't have to ruin neighborhoods like in Lincoln's near south. You know, at some point in the 70s, when they knocked down stuff they put in infill apartments that were not characteristic with the neighborhood. You don't have to do it that way. You can still get more density and make it pleasing for people. You still get some parking issues. Yes?

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HOLDCROFT: Do nonprofits like Habitat for Humanity have an impact on this or are they pretty much small numbers?

SHANNON HARNER: You know, in Omaha, Amanda is doing great things. So I think that they are, they are starting to have an impact. And, and that Omaha Habitat is starting to provide lending to some of the other Habitats to help them grow their programs. It really, though, depends on the Habitat. There may be a Habitat that does 2 or 3 units a year. But in a, in a town, you know, in a town of 2,000, 2 to 3 units a year would be huge, right, at that price point. So I think it makes an incremental difference. Are they-- is Habitat going to build our way out of this problem? No. But are they an important component? I think yes. OK. So I'm just I'm going to flip into the presentation itself. So, as you know, NIFA, we're the state's housing finance agency. The reason that we're kind of out banging the drum on this is because we now know-- you can't talk to an economic development person in the state who doesn't say housing is part of economic development. It just is. Because if we can't have places for people to stay, then we don't have a way to recruit businesses or, or keep businesses or even, in small towns, keep the teachers in the town where because if the teacher is living 20 minutes away and they have to drive in and they get an offer in the town they're living in, they're going to take that job. And they are in high demand. So there are just a variety of community health issues that we need to make sure we're covering with this. Homes are where our jobs sleep at night. Nicole Sedlacek, made-- gave us that lovely quote. So what are the, the biggest problems we're facing? Well, it's a lack of available and diverse housing. So the types of different housing and the affordability and attainability of the housing. You know, initially we talk about capital A affordable housing, and that does refer to subsidized housing. That's low-income housing tax credits. That's Section 8 vouchers. But when you say affordable housing in general, what we're talking about is housing that doesn't cost you, whoever you are, more than 30% of your gross income.

HOLDCROFT: Could you go back to that previous line, please?

SHANNON HARNER: Yes.

HOLDCROFT: When you say diverse--

SHANNON HARNER: Yeah.

HOLDCROFT: --housing. What do you mean diverse?

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SHANNON HARNER: So we mean small starter homes. We mean medium-sized home. We need-- we mean homes for the CEO in a, in a hospital in a small town.

HOLDCROFT: OK. Do-- is there a national breakdown by category? I mean, is there a--

SHANNON HARNER: Of the types of housing?

HOLDCROFT: Yes.

SHANNON HARNER: Yes, yes. So we could we could provide you with that information about how many duplexes and townhomes and single-family homes with certain, certain square footages there are. One thing to note here, I think this is a really interesting stat. The-- we "Nebraskad" this, but it was the Realtors Association recent magazine has this. So these are Nebraska numbers though. But you can see the average square footage in 1960 of a house was 1,289 square feet, and the average number of people who lived in it was 3.33. And today, in Nebraska, the average square footage of a house is 24,091, and the number of people who live in it is 2.53. And, and then you can see the cost changes along the bottom. So, you know, in, in many ways we've built ourselves into unaffordability because the expectation that people have for the size of a house isn't what it used to be.

CLEMENTS: I just divided those out, in 1968 was 387 square feet per person. In 2020, 985 square feet per person.

SHANNON HARNER: Yeah.

DeBOER: Tripled our size.

SHANNON HARNER: Yeah. So, you know, to the, to the extent we can increase density, because when you increase density, you reduce the size of the properties, not only does that save you on the lot cost, it also saves you on the house cost because you're making a smaller house. So, you know, part of this is we, we need to have a discussion with our builders. They're building for people who have wants, not people who have needs. And we need the builders to build for people who have needs.

J. CAVANAUGH: But they have to make money.

SHANNON HARNER: They, well, apparently they do. And this is-- and they're making money by making bigger houses because it's about the

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same amount of effort for them, but at a lot larger price point. So, so this is, you know, this is the market. The free market is driving us toward larger houses that are more expensive. But what we need are smaller houses that are less expensive. So how do we get-- how do we get these guys to do the thing that we need as opposed to the thing that they want?

J. CAVANAUGH: Has anybody solved that problem?

SHANNON HARNER: Not that I'm aware. I mean, no.

HOLDCROFT: Keeping up with the Joneses. I mean you have a bigger house than your parents did.

SHANNON HARNER: Yeah. Well, you know, I mean, if-- I don't know what the answer is there. I mean, part of it is finding builders who are community-minded and willing to with, you know, with whatever we can, we can say to them, like, if you do this, this, it's a community good. It's a this, it's a-- we understand and we do have we do have builders who are performing community good. A lot of them are my affordable housing developers. But there are others in communities that are, that are doing that too. So part of this, I don't know, might just be a campaign to help them understand, like, they're part of the solution or they're part of the problem. And we need them to be at least partially part, part of the solution. I mean, when we see this in Lincoln, when you get tax increment financing for housing, you have to put 20% of those units need to be affordable. So then we get developers who were only developing things that were absolutely market rate, adding 20% of their units to be affordable. You know, is it solving the problem? No. Is it helping? It's helping. And it's also getting some of those developers to start having conversations with us about doing more affordable housing, because it wasn't as bad as they thought it was so--

DeBOER: Is part of this is something that we can do with respect to the programs that we create, like we have a ceiling for you can only charge this much for a house, right? You said that didn't get enough people to buy because they didn't know if they could afford to do that.

SHANNON HARNER: But part of that I think can be, can be solved-- I mean, you can solve that in a couple of ways. And by drafting some flexibility into it because you just had a here's the price, right? Well, then when inflation happens, when this happens, when that

happens, it wasn't self, you know, increasing. And so it really hit a limit. But if you, if you do some of those things in a formulaic manner, if you also talk about density and square footage, you will naturally keep some of those things down. And this kind of comes to one of the other things that we're, we're looking at in pillar two of the framework, which is our, our pillar on education and policy. We have lots of different zoning or lack of zoning across the state of Nebraska. One of the challenges of builders is if they have a house that they know they can build in Lincoln, they don't know what changes they're going to have to make to the plans in order to build that house in Imperial. And, and while nobody likes the idea of forcing zoning, maybe there is a way to incentivize people to, to utilize zoning and pre-approve certain plans so that somebody could say, I have a house that I know I can build in 50 communities. And that's going to speed up the time for me to get that product out there on the market, because I'm not going to have to go to each single place and do a negotiation about, you know, what's, what's the size of the lot or how many square feet, what's the setback, what's the-- you could make the process just a little bit easier and faster. I think that's-- that could be a win. And like I said, I wouldn't suggest that that's a stick. I would suggest that that's a carrot. OK. I'm gonna keep moving on here. So the five themes that we saw in the needs assessment for the housing framework were we obviously have the deficit of housing unit production. So this, this started with the crash, 2006-2007, and we just never came out of it to the extent that we should have, because Nebraska kept growing. But the housing units stopped growing. And the age and quality and occupancy of the houses is, is challenging. We have some communities where the age of the houses are on average in the 1940s. You know, and that's where we also get that dilapidation and the need for really a focus on how do we have effective rehabilitation programs so we don't just lose that housing altogether. And that housing, while it's small, is maybe, you know, to this point where the housing sizes should be for, for affordability, as well. We know that it's our employers that are making the-- a, a large need for housing in the communities. They need to bring people in. They don't have places for their people to be. But the challenge to having great employers, is that you can't produce it in rural Nebraska. This is why we talk about manufactured housing as a potential solution for that. Because we know that across the state, the more remote you are-- the Rural-Urban Continuum Code, the higher your Rural-Urban Continuum Code, the less likely it is that you have construction workforce, the less likely it is that you have construction going on in, in your community. So we've got to solve a

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little bit for that workforce pipeline. And part of that is that manufactured housing. Now manufactured housing is not-- that modular housing is not going to be cheaper by and large. So if we could start doing, and, and we've started talking to a variety of communities, if we could place a large bulk order, we might get some, some pricing breaks for that. But it's still not, not a huge thing. But we're we're looking at it. There is a company out of Canada that we've been talking to. It's called Orca, O-r-c-a, that has pop-up on-site manufacturing for houses. They only, they only need 30 houses in a place to, to justify coming in and doing a pop-up factory to create the housing. And instead of using wood, it's using metal and they just manufacture right, right on site. It's fascinating. We're in conversations with them, but I think that might be a helpful solution if we can figure that out, them getting to us. Yes?

ARCH: Are you are you seeing more employers step in to, I mean, they need employees. I was just, I was talking to one the other day and they said, we're, we're now going to start pre-- we're now going to start being landlords to, in order to attract.

SHANNON HARNER: So and this is a bit of a mixed bag. So they're-- really large national employers say "we don't make pizza." In other words, we don't do housing. You want us here, you figure it out for us, and we'll be here. It's the medium size employers who are here are more interested. They, you know, some of them would, would own the housing, kind of do the company town. But most of them just that's not what they do. They don't want to do it. But, but we could incentivize them, and some of them already are, to invest in, in a fund that would help create the housing so.

ARCH: Well, if housing is the reason that they can't get employees close by--

SHANNON HARNER: Yeah.

ARCH: --you know, in the community, then they have to do something or move. I mean, they have to have employees.

SHANNON HARNER: They do have to have employees.

ARCH: I just, I-- I'm just saying that anecdotally, I'm hearing--

SHANNON HARNER: Yep.

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ARCH: --employee-- employers starting this conversation. I mean, it's-- I wouldn't liken it to the mines--

SHANNON HARNER: Yeah.

ARCH: --where they, where they had their houses. But it's a similar model where, where we'll, we will not, not provide free but subsidize in some way. We can make, we can make housing affordable.

SHANNON HARNER: Some of them will do that and some of them won't. So I know NEBCO, actually, which is a town, you know, in, in Lincoln-- company, they do housing. They think it's an advantage and they want to do it. There have been conversations with larger, employers out in western Nebraska who are willing to pledge a little bit. But then when it comes down to writing the check, aren't. There are-- so I mean, it, it's a whole variety. And those really big national companies, that's not what they're doing.

DeBOER: They'll just move somewhere to a different state that has better housing stocks. Are there states with better housing stocks in Nebraska?

SHANNON HARNER: Yes, there are. I mean, we're not, we're not horrible.

JOSIE SCHAFER: We're not horrible. We rank OK in lot of things. But in terms of building, like having a lot of accessibility, right, it's kind of-- they can make it more affordable if the stock is there. But we're-- most of the places we're talking about very, very limited. And so it's not as easy as dealing with [INAUDIBLE]. Yeah. I mean, like, we could definitely do like a number of houses per person number or something like that to compare to other states. We, you know, we're not super populous. We're not growing as fast as some states. So we don't have that boom cycle of build, which is not a terrible thing. But we're pretty low on [INAUDIBLE].

DeBOER: Do you know what-- like I was at a thing with CSG and there was a panel and they were talking about, you know, my state, somebody said, is this many units short. This one said, my state is this many units short.

SHANNON HARNER: Yeah.

DeBOER: Do you know approximately how many units short we are in Nebraska?

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SHANNON HARNER: We're probably 120,000 units short, and we're probably 32,000 to 35,000 units short for people who are under \$25,000 a year. So people on fixed incomes who are trying--

DeBOER: How many-- what did you say that was?

SHANNON HARNER: About, about probably 32,000 to 35,000 units.

DeBOER: So we've got 90,000 or so that are not in that lowest income level.

SHANNON HARNER: They're not the lowest income, but, you know, the current median price of a house in in Nebraska is \$280,000. And if, if you look at affordability here, so the, the-- so on NIFA, as you know, we, we do our first home loans. We sell NIFA bonds, we do tax-exempt loans for first-time homebuyers, so it's lower than the market rate to help people get into a home. So on our rates, even on conventionals, you see the monthly down payment and the required income, right? And that's, that doesn't match up here. You see on average the median household income of an owner-occupied person is \$83,791. Well, 58% of the people who live in Nebraska make as a household less than \$75,000.

DeBOER: So you're saying that there's not a lot of people--

SHANNON HARNER: Who can afford to buy a house right now.

ARCH: Oh, so yeah, go back to the blue, the blue bars here. So as you just think about how life happens, under 25, a lot of singles.

SHANNON HARNER: Yep.

ARCH: In an apartment, starting a career. Getting a, getting their first job, that that kind of a thing.

SHANNON HARNER: Yep.

ARCH: 25 to 44, probably more dual-income households at that point. Maybe have found a spouse, maybe have found somebody that is sharing costs or, or, or doing something. Now at \$75,000, you're saying that that could afford a \$217,000 home?

SHANNON HARNER: Yes.

ARCH: Right?

SHANNON HARNER: And the median cost of homes is \$280,000. Correct.

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ARCH: And yeah. And yeah.

DeBOER: So you're saying that the people in the 25 to 44-year-old range, which is probably where people are having kids--

ARCH: But the median, but the median cost of home is also-- is also a median.

SHANNON HARNER: It is the median. Absolutely.

DeBOER: Right. If our medians aren't lining up, is what I'm saying.

SHANNON HARNER: Yeah. And so--

ARCH: Oh, yeah.

SHANNON HARNER: --this is why where you look here for sale, the units that are available for sale in these price ranges. So, so right now there are 3,097 units across the state of Nebraska that are for sale that someone who makes \$72,000 could afford. And there are 1,736 units for sale for somebody who is in food prep and serving. Once again, those are probably not livable units.

DeBOER: How much? So there's 390-- 3,097. How many people in that basic income range need housing?

SHANNON HARNER: Well, all of them need housing.

DeBOER: No, what I'm saying is, like they don't currently have--

SHANNON HARNER: Have housing. Right?

ARCH: As in homeless?

DeBOER: They're looking for a home or they don't have, because I guess--

IBACH: [INAUDIBLE].

DeBOER: Yeah.

_____: Like apartment dwellers.

DeBOER: My question, my question is, if there are 3,097--

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JOSIE SCHAFFER: 3,000 total units available in that price range is not good. That is an extremely small number.

DeBOER: That's what-- we don't have a, we don't have a, a-- like 3,000 seems like a lot of houses if I--

SHANNON HARNER: OK, well let me--

DeBOER: --line them up next to each other.

SHANNON HARNER: OK, so--

JOSIE SCHAFFER: So I can tell you how many people work in business and finance. And, right, they're not turning all the time. But it is a group of people who would want to buy a house.

SHANNON HARNER: And also that-- this isn't just for business and finance. This is the 3,000 units for business and finance and all the people up the chain.

DeBOER: Right.

JOSIE SCHAFFER: That are making that amount of money.

SHANNON HARNER: That are making that amount.

JOSIE SCHAFFER: 3,000 total units available [INAUDIBLE].

DeBOER: I mean, that's the, that's the majority of our, of our 25 to 44--

SHANNON HARNER: Yeah.

DeBOER: --probably-year-old folks are roughly searching for that kind of a house.

SHANNON HARNER: Yeah. Yeah, so--

ARCH: So then, so then you go to the bottom chart.

SHANNON HARNER: Yep.

ARCH: And you see a monthly payment. I mean, even at, even at 1,900, I mean, we've all seen the explosion of apartments around, around the metro area in particular.

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SHANNON HARNER: Yes.

ARCH: And they're not cheap.

SHANNON HARNER: No.

ARCH: They're--

SHANNON HARNER: No. Because the same inputs that go in--

ARCH: Right.

SHANNON HARNER: --you know, go in for that owner.

ARCH: But they are less square footage.

SHANNON HARNER: They are less square footage.

ARCH: They're smaller.

SHANNON HARNER: Yes.

ARCH: And so that-- the smaller square footage in part makes them affordable?

SHANNON HARNER: Yes.

ARCH: Right.

SHANNON HARNER: Well, yes. The smaller scope, because you do get-- in more dense housing, it is less per square foot, unless the finishes are crazy.

Speaker 1: Yeah. I mean, at the end, at the end of the day, it's cost per square foot. And, and less square feet means less cost.

SHANNON HARNER: Yeah.

ARCH: And that typically means more affordable.

SHANNON HARNER: So here you look at who can afford a market rate rental unit. OK, the median income for a rental household is \$41,441. The average rental income for a rental household is \$35,000. So one bedroom for market rent, and obviously this is statewide, so it's going to be different in rural than it is in, in urban. But one bedroom fair rent, \$789. So that's somebody \$31,000 or more can afford

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that. And that leaves out-- so that means your food service people, they are living with somebody. Whether it's a roommate, whether it's a spouse. But if you have a single mom who's a food service person, she's on a subsidy because she has to be. Because there's not even a one bedroom-- and she's living in a one bedroom, not a two bedroom with her kid or kids. So that's

HOLDCROFT: What kind of assumptions are you making as far as the percentage of how much of their income is going towards rent? Did you--

SHANNON HARNER: So when we say something as affordable, in, in parlance, what that means for a renter is that no more than 30% of their gross household income goes to rent and utilities.

HOLDCROFT: 30%.

SHANNON HARNER: 30%.

HOLDCROFT: I remember when that was 10%.

ARCH: You do?

HOLDCROFT: Yeah. That's what [INAUDIBLE]

ARCH: Wow.

DeBOER: Yeah. I used to show apartments, and a one bedroom used to be like \$550 for a nice-ish one bedroom.

SHANNON HARNER: Yeah.

DeBOER: So that was not that long ago. That was in this millennia, so--

SHANNON HARNER: Yeah.

DeBOER: --that's gone up precipitously in the last 20 years.

SHANNON HARNER: Well, right now, what you see is that so many people can't afford to purchase that there's a lot of demand on the rental side. And so that, you know, there, there are people who are living in the one bedroom when they could maybe afford a two bedroom, which means the people who need that one bedroom are double-dooring with other people or living, you know, with their parents or, you know, whatever it is in order to get somewhere.

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HOLDCROFT: And your figures here for the monthly payment, is that just the payment on the house or does that includes insurance and--

SHANNON HARNER: That's includes taxes, insurance. Yep.

IBACH: Can I revisit your comment on Canadian--

SHANNON HARNER: Yep.

IBACH: --manufacturing?

SHANNON HARNER: Yeah.

IBACH: Would it not be smarter for us to invest more in businesses that construct homes that are already here for-- from an economic development perspective?

SHANNON HARNER: Well, they don't-- they, they are leasing a technology to our builders.

IBACH: OK.

SHANNON HARNER: Is what they would do.

IBACH: So they would be manufactured here or--

SHANNON HARNER: Yes

IBACH: --built here. So that would--

SHANNON HARNER: Onsite.

IBACH: --keep that economic development piece here.

SHANNON HARNER: Yep.

IBACH: And to your point, we, we house all of our employees in rural. We have four houses right now that we--

DeBOER: On your--

IBACH: --maintain.

DeBOER: On your farm?

IBACH: Business.

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DeBOER: OK. Business.

HOLDCROFT: Slumlord.

IBACH: Slumlord.

DeBOER: You're, you're--

SHANNON HARNER: So--

DeBOER: --slumlording?

SHANNON HARNER: So are they, are they-- is that part of their income or--

IBACH: Yes.

SHANNON HARNER: So you just you give them the place and you say, this is part of your pay. You have a place to stay.

IBACH: Yeah. But we need far more.

SHANNON HARNER: Right.

IBACH: And so to that point, I don't think even in rural Nebraska there's ever enough. But that's a really good perspective when you think about bigger businesses or companies that are providing the housing--

DeBOER: But that's my concern--

IBACH: --like Tyson does in Lexington.

DeBOER: That's my concern, is that if we want to bring some of these companies, some of them are going to be like, I have to provide housing in Nebraska. I don't have to provide a housing in--

IBACH: Chicago. Yeah.

DeBOER: --Iowa.

SHANNON HARNER: Right? I mean, and that's what we're seeing, is that the really, the really big ones just say like, this is not our problem. This is your problem. If you want us here, this is your problem. But it's the medium size and the smaller sized businesses who might be willing to do this. So for instance, Blackshirt Feeders in

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North Platte, they are looking at what they can do-- now, they aren't planning to own their-- but they're planning to try to help a development happen, right?

IBACH: Sustainable Beef.

SHANNON HARNER: Sus-- oh, I'm sorry.

IBACH: Blackshirt is [INAUDIBLE].

SHANNON HARNER: You're right. Blackshirts, yeah. Blackshirts [INAUDIBLE]. Yeah, so Sustainable Beef, they're looking at what can we do in order to create a development that is targeted at people who can afford it? Because they want their workforce to live there, because they know if the workforce lives there and owns a home, they're much more likely to stay. So that's sticky for them. But, you know, they've-- they're trying to figure that out and they're not going to own it and run it. Most employers, that's a distraction. Like they don't want to have to become a landlord and worry about what, what if their tenant quits paying rent because they're not just giving it to them and the tenant works for them? If they have to evict the tenant, then they lose the person. They've soured the relationship of the employment, you know? So I mean, it's tricky. You know, it's, it's tricky. So there are-- how do you, how do you get in there? Now, if you can have employers say we are going to do like a bank does with CRA, we're going to throw some money into a fund to help develop something. If we could, if we matched funds and we said, if you've got employers who are throwing money in, then you know, we'll throw some money in and we'll, we'll help you do something a little bit better. But, you know, when we, when we look at how are we trying to get affordability so put together-- so we know that the current cost of new construction in the state of Nebraska is about \$440,000. Now to that point, you know, those are big houses, right? Because people aren't generally buying new construction for starter homes because they just don't make them for that anymore. But at \$225,000, there's an 18,000-unit demand for housing. 18,000 people in the state of Nebraska could and want to buy a house that's \$225,000 or less. But we don't make those houses. You make them with rural workforce housing, right? Generally. But the fastest way to get the cost down is the land cost. The cost of infrastructure and the carrying costs of the, the con-- the developers puts-- you know, if you can get a lot cost down to \$25,000 to \$35,000 and put the house on top of it, you could do \$225,000 for a smaller house. But right now we're selling, you know, we're selling the land. And then the infrastructure that goes into it

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is being financed by the developer. So that goes in. And now with their interest rates up, that just jacks it up and jacks it up. So if we can creatively think about how to, how to get the infrastructure in there, even if it's an over-time long payback and, and then we keep affordability on those, you know, on, on those houses, so in future they're being sold to people who income qualify, that's, that's a tactic that, that other states have taken.

J. CAVANAUGH: How is that different from an SID?

SHANNON HARNER: Well, it's kind of like an SID, except it's done by the city instead of necessarily outside of, of the city. Yeah. I mean, it's, it's a little bit different in that it's-- you can bond it. You can, you can make a special assessment. But, but yeah, it's like an SID.

J. CAVANAUGH: Isn't that what TIF is then, if it's inside the city?

SHANNON HARNER: It could be. It could be.

DeBOER: What about a land bank? Could a land bank do it so that the land bank could because--

SHANNON HARNER: A land trust could do it. A land bank just takes the land, clears the title and then sells it. They're not putting infrastructure in or, or developing it.

DeBOER: Because, OK, there's this silly show. It's not silly, it's a good show. As I've been renovating my house, I've been watching HGTV.

SHANNON HARNER: Yeah.

DeBOER: There's a show called Bargain Block, and these guys go in and they get from the Detroit Land Bank a house--

SHANNON HARNER: Yep.

DeBOER: --that, you know, is missing a roof or, you know, is otherwise completely uninhabitable.

SHANNON HARNER: Um-hum.

DeBOER: And they get the house on the lot for a thousand bucks.

SHANNON HARNER: Yep.

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DeBOER: And then they renovate it and they can sell it for \$100,000.

SHANNON HARNER: Yes. Our land bank can do that. Right now--

DeBOER: But we do not have very many properties?

SHANNON HARNER: Omaha has a land bank. Norfolk is looking at it. But the current legislation requires that the land bank be regional. So then you have to find somebody who wants it to be regional with you, so it's, it's getting other land banks out there has been a little tricky. But land banks are good, I think, a good tool, because then you can take those abandoned properties that they couldn't even sell the property taxes on that are just sitting out there, clear those liens off it, get the land over. And then this also feeds back into that, the rehabilitation piece.

DeBOER: And that-- what you were talking about earlier with the land and, and the carrying costs being some of the worst, I remember a few years ago I was in Bertrand, which is where my mom is from, or her family. And we were looking at her grandmother's house [INAUDIBLE] and there was a lot like three over. And it was like, free.

SHANNON HARNER: Yeah.

DeBOER: You can just have the lot if you'll build a house.

SHANNON HARNER: Yeah.

DeBOER: And so is that-- is there something to-- I just remember being sort of finding that odd.

SHANNON HARNER: Yeah.

DeBOER: Is that a thing that we're doing where we just--

IBACH: Bertrand is a great model because they, they also have 65 local people that give \$100 a month to their match fund. And that's how they've started their developments. And then they roll the profits into the next one.

SHANNON HARNER: So they're an investment club for housing.

IBACH: Yeah, they're a great model.

SHANNON HARNER: And that's, that, that is a great model. The investment club for housing is a great model. But yes, there are some

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of those things. So Lexington, for instance, is they've got 70 lots that they actually have. And, you know, I'm so excited that they did this. They have the lots prepared with the infrastructure in them already. And they're saying, we will provide these lots to builders who agree to come in and build on these lots. So they've got one, one guy he's breaking ground-- well, it should be now he's breaking ground, and he's doing one spec house. It is, he's using cement forms from, from Nebco like you do in commercial buildings that it's, you know, three inches of styrofoam-- bunch of-- and then three inches of styrofoam. I guess that's [INAUDIBLE]. Whatever. But they, they're building that house to see how that will work. And if it works, they'll continue. It's like a thousand bucks for the entire lot with the infrastructure because they want to have that done. Now, the problem with that is they can do that because of LB840. But not every community has LB840 and cities can't give land to a private citizen.

DeBOER: What is LB840? Is that the-- I don't know numbers?

SHANNON HARNER: Well, this is a great thing. I don't know, Lynn always-- Rex always tells me what it actually stands for, but she always refers to it as LB840. But it, it allows-- it gets around the constitutional prohibition of cities being able to give something to a private person for less than market value in some way. I don't know enough about that.

_____: Mobile Option Municipal Economic Development Act.

SHANNON HARNER: That's it. Thank you.

_____: Mobile Option Municipal Economic Development Act. LB840 from '91.

SHANNON HARNER: Yeah.

_____: So everyone can hear that.

ARCH: But the land has a cost but the infrastructure has real cost.

SHANNON HARNER: Yes, both.

ARCH: You know, so I mean, cities have long done development of commercial areas. They put in the streets, they put in the parking lots sometimes--

DeBOER: Sewer.

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ARCH: --and all the infrastructure is there to attract developers. Then they don't have those, they don't have those costs.

SHANNON HARNER: Yep.

ARCH: So like an SID, you know, I mean cities, cities could do that today.

SHANNON HARNER: And they should.

ARCH: And they could make-- they can make their bond payments if they had to bond, or they could make their bond payments off the growth in property taxes off that area.

SHANNON HARNER: Yep.

ARCH: Like an SID pays off, pays off their debt.

SHANNON HARNER: And maybe that's just a tool we need to educate them on and say, this is what you should be doing. But that's a, that's a huge barrier, because right now the-- everybody is waiting for the developer to come in for the developer to get the loan for the developer to pay for that--

ARCH: But then-- and frankly--

SHANNON HARNER: And then the risk.

ARCH: --it's too much risk. Particularly with small--

Speaker 2: Particularly in small.

ARCH: In small communities.

IBACH: I amended that into LB249, though, where infrastructure is included in the match money. So if like the community of Grant, they have a great location, but they-- the city doesn't have the funds to get the infrastructure over there. So they applied for match money so that they can get the infrastructure, sewer and water to that development.

DeBOER: Which one was LB249?

IBACH: Rural workforce housing. It was, it was Briese's bill that I prioritized.

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DeBOER: And, and it was--

IBACH: Vetoed. Yeah.

DeBOER: Yeah, that's what I thought. I don't want to say that word unless-- you don't want to call that down on somebody.

IBACH: That's OK.

SHANNON HARNER: Yeah. Yeah, but, but you're right. I mean, communities could do it. And maybe it's just that they don't think they can do it and so they're not doing it. But helping them to understand that--

ARCH: It's risk. I mean, you know, you're not going to, you're not going to do that for two lots.

SHANNON HARNER: Right.

DeBOER: Right.

ARCH: You're going to have to do a development. And that-- and you're, you're betting that those lots will sell and houses will be built and property taxes will go up or you're stuck with the debt.

SHANNON HARNER: Yes.

JOSIE SCHAFFER: You're also betting that there's land to buy.
[INAUDIBLE].

SHANNON HARNER: Yes.

JOSIE SCHAFFER: [INAUDIBLE].

SHANNON HARNER: Yep, they are, they are deserts. I mean, it's you know, it's, it's odd because here they are. All the land around them, but there's none of it that's developable land. That can be a, a real issue. I know Senator Cavanaugh, you're like, why? Well, it's because the farmers want to keep it in their family. They're farming it. It's they don't want to give it to the city. So there, there it's-- but, you know, those are issues, those are local political issues that people have to solve. You know, going out and talking to those landowners and helping them understand how important that is to the community. OK. Appraisal gap is a, is a big issue, especially out in rural and in blighted urban areas. So it may cost you \$300,000 to build something. Nothing's been built in that area and so the

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appraiser comes back and goes, well, this thing's worth \$250,000, and then you can only get a loan on 90% of \$250,000. And so then you have, you know, \$150,000 gap from what, what the thing should be selling for. So how, how do you fix that? We're looking as NIFA at a, a potential ability to go in and subsidize the appraisal gap for the first 4 or 5 in a, in a development so that you can get the comps established, to settle that out. But I think, you know, that appraisal gap issue is one of the things that keeps developers from wanting to build in rural and, and lenders from wanting to lend in rural. Because they just don't know that somebody is going to be able to buy it unless they have cash to make up that appraisal difference. And most people don't. In-- increased interest rates just exacerbate all of the problems. And then in rural it's that inability to define the developable land.

DeBOER: Is that true also in the urban areas?

SHANNON HARNER: Yeah. In the blighted urban areas, it is. So in north Omaha, south Omaha, places where there just, there hasn't really been redevelopment yet. And so, if you go in and try to get a comp on something, it's way undervalued. Part of that's because of redlining and just historic disinvestment in those areas. And part of it is because they're just-- nothing's happened, so there's not a comparable value close.

DeBOER: So that's sort of the, the, the difficulty to begin problem is that the first person who would go in and say, we're going to rehab this area in wherever, let's say Lincoln, that is in bad shape.

SHANNON HARNER: Yep.

DeBOER: And the first person there who does that is kind of lose their shirt on it because they can't sell for what it cost them to do it.

SHANNON HARNER: Yeah, probably the first four people are going to lose their shirt on it because until you normalize the value, and an appraiser isn't just going to look at 1 or 2 houses, it's got to be at least 4 or 5. So that that provides an issue. You know, we talked already about the naturally affording-- naturally occurring affordable housing from old people moving out. And that's not really happening today. Part of it is because sometimes moving out-- if you've got your house paid off and you aren't paying anything and you need to move into a new place, the new place right now might be slightly more expensive than what you're going to be able to get. And, you know,

somebody on a fixed income is not going to go get a mortgage. So that sort of keeps them where they are right now. So this is the-- I was talking about the Rural-Urban Continuum Codes. So the, the dark colors are the high, it's the RUCC nine, RUCC 7 marked too. So it's how far-- how small is your community and how far are you from a metropolitan area? That's what determines, how many construction workers you can have coming into your area. And the amount of building that's happening in your area is directly related to what RUCC you're in. Oddly, it is RUCC 7 which has the fewest number of construction workers per household. But that's probably Scott and Cherry County in it would be my guess as why. So rural challenges, lack of construction workforce. Nobody is going to come out to do two houses, if they have to come out because there isn't a construction workforce. They want to do 30 or 60 or, you know, so regional building is something that, you know, we're talking to the, the smaller towns about how do we create a pipeline for regional building that makes it worthwhile for someone to come out and do that work. But we also know when you have to pay someone to come out and do that work, that house is going to cost an additional 15%. We have a developer who built the same plan house in Valentine and in Grand Island, and it was 15% more just because they had to bring in the workforce to Valentine. And then that once again, get back to the appraisal gap, which is how much is that house worth in Valentine versus how much is that house worth in Grand Island? You know? So 58% of Nebraska households, I think I said this before, earn \$75,000 or less. And at current interest rates, none of those people at \$75,000 or less could afford to purchase a house of \$280,000. And even if they, they could, it's are those houses in existence and available and livable at this time? And for a rental perspective, only 8% of people who earn \$35,000 or less can actually afford the one bedroom market rate. So in-- and you'll see it at the, at the, the front page of your thing. This, this QR code will take you to the housing framework on the NIFA website, if you want to look at it. But here's how we're attacking this problem. Pillar 1 is financing. And that's the pillar that's basically been coming to you to talk about, like, what are the different mechanisms that the state might be able to help incentivize the development that we need to have happening in, in those areas? They're working together again, hopefully-- last year was a little chaotic because we just came out and then everybody had an idea, and then we had like 27,000 ideas. And that was maybe not the best approach. So hopefully this year, people will coordinate more and we'll have fewer deeper things to talk to you about instead of a lot of things. And then it's confusing as far as, you know, what, what's going to be most effective? Education and pillar policy. This is where

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we're creating a tool kit for communities to learn how to approach development. It's mainly focused on rural communities, because most of those people who are running rural communities from a governmental standpoint are not full-time, you know, they're not employees. They're doing this because their city needs them to do it. And so the learning curve is high for them. So we're putting together that type of a toolkit to help them. We're also advocating for things like the policies and potential zoning. How do we make it easier across the state to get housing put in more efficiently and quickly? Pillar 3 is special populations. This is talking about our, our Olmstead folks, talking about our seniors. And just trying to make sure that there is sufficient housing addressing the needs of those folks. And then workforce. We know that, you know, we need more people in the trades. So how are we going to approach getting people in the trades? And in the meantime, this is the, the modular strategy in rural, because we can't wait 10 years to get people in the trades to fix the problem in rural. We've got to, we've got to get units out in rural today, not in a decade. So pillar 1, you know, we talked about the appraisal gap, developer carrying costs, enabling innovation. So 2022 to 2023, I just want to point this out. Year to date through the end of June, the increase in interest rates and, you know, just market conditions mean that we are, we're off from where we were. 2022 was a very good year for permits compared to previous years. It was starting to ramp back up. We had 11,000 permits overall, but year to date we had 6,000. And year to date now, we only have 39--

DeBOER: These are new housing starts?

SHANNON HARNER: Yes, these are new housing starts. So we're, we're off. We're projected to be off unless something big happens. And we're now heading into the latter part of the year, so I think we're going to be off. That's not awesome news. Down payment assistance--

ARCH: And builders aren't building because buyers aren't buying?

SHANNON HARNER: I, I think part of it is that--

ARCH: Interest rates-- interest rates, affordability.

SHANNON HARNER: Yeah. Yeah, I think that the builders are just not confident. I mean, I think there's-- they're not confident that someone's going to be able to purchase the house. So yes, they are not building. And also the-- several of the builders that I've talked to

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have just said the carrying costs now are, are such that the risk is too great--

ARCH: Yeah.

SHANNON HARNER: --even if they think ultimately there might be people, that it's just the risk calculation is too high right now.

ARCH: But again, your cost per square foot of new has to be way higher--

SHANNON HARNER: Yes.

ARCH: --than existing.

SHANNON HARNER: Yes.

ARCH: Now, if there's no existing and you can't afford new, then there's nothing moving.

SHANNON HARNER: Then there's nothing moving.

ARCH: Yeah.

SHANNON HARNER: Yep. And we are still, you know, on existing housing, if it's in good condition and if it's under \$250,000, you're getting multiple offers day one on, on those properties because it's, it's a really rare thing to find. So competition is very high. And that unfortunately itself actually drives up the prices because things are going above list price because people really need them.

ARCH: And then property taxes go up.

SHANNON HARNER: Yeah. And then the property taxes go up.

ARCH: Right.

SHANNON HARNER: Although, I mean, hopefully you guys fixed some of that last, last time. We'll see.

DeBOER: Well, one of the ways to fix it is to have enough houses that the prices don't go up crazy.

SHANNON HARNER: Yes.

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DeBOER: I mean, the best way to keep our property taxes down would be to not have them-- the valuations go up so precipitously every year because there's enough housing.

SHANNON HARNER: Yeah.

ARCH: Yeah.

SHANNON HARNER: Agreed.

ARCH: Supply is bigger.

SHANNON HARNER: Yeah. Supply is bigger. Yep. So this is the the pillar 2, the model, model codes and zoning is what they're looking at. The community toolkit. We should have a draft of the community toolkit-- next week we're having a housing council meeting, but we expect to launch that at the end of the year for communities. And pillar 3 is looking at their own toolkit for specific development for special needs populations. Colorado has a really effective model. And so we're looking at what they are doing. But they over the last couple of years have built almost 2,000 units specifically targeted for this population based on how they are approaching development. So we're hoping to learn from them. And yeah, so that's what they're working on. And four is our workforce timeline. We're working with community colleges. We're working with home builders. We're trying to just make sure that we're getting the word out to young kids all the way up through, how do we get more people in, in the trades? We're also looking at a reentry program. K.C. Belitz and I are going to go talk to the prison folks.

DeBOER: Corrections.

SHANNON HARNER: Yeah. In South Dakota, there's something called the Governor's House. And actually, it's been exported to Iowa. But what happens there is inmates who are within the last six months of release, they actually have a manufactured housing facility on their prison grounds. And people learn the trades. They sell the houses to people at affordable rates who make, you know, a certain amount or below. So it's a win-win. People are getting, a three bedroom house for \$65,000. And then, these people who are learning those trades come out with a, with a valuable skill. So I'm, I'm hoping that we can talk through that. But that's what our, our sister states have been doing, and we're interested in looking at that. This is the QR code for the data dashboard. If you're interested in looking at housing or other

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reports regarding communities across the state or within areas of the state, that's one way to get to it. That's, that's all I had for you guys.

DeBOER: So I have a couple of questions. I'm sure some others do as well. Go ahead.

HOLDCROFT: I'd just like more-- know more about your organization. Because you're not a state organization, right? You're a nonprofit?

SHANNON HARNER: We're not a nonprofit. We are quasigovernmental, so we're statutory. We were up-- we just had our 40th anniversary last week. We were created in 1983 by the Unicameral. And our mandate is to be the state's housing finance agency. As you know, the state of Nebraska doesn't go into debt. We do that for the state. So we perform essential public functions. We fund bonds, we allocate private activity volume cap. Along with that, we allocate the federal tax credit, and we're officially the state's housing finance agency.

HOLDCROFT: So do we-- what's you're funding then? Do you get from--

SHANNON HARNER: You don't generally fund us. We got some ARPA money from you for some low-income housing tax stuff. But we fund ourselves through the NIFA bond program and through the fees from tax allocation. So we're self-funding.

HOLDCROFT: OK. Thank you.

SHANNON HARNER: Yep.

CLEMENTS: Are those bonds tax-exempt?

SHANNON HARNER: Yes. Well, we have two sets. We just launched a taxable program to help with workforce lending and the, the taxable program, our taxable bonds. But, by and large we, we issue mostly tax-exempt bonds. So we just closed a bond sale this morning. That was about \$110 million in, in NIFA bonds. And we're preparing for another bond sale that will go to market in October.

DeBOER: Teresa, did you have? OK. So a couple of different things. One, we talked in the past, you and I, about one of the perceived problems or things that people are saying to me is that housing is sort of housed--

SHANNON HARNER: Yeah.

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DeBOER: --in multiple places in our government. We have no just one-stop-shop. We go talk to this person, this is the housing guru. They know everything about housing and can send you to the various subplaces you should go.

SHANNON HARNER: Yeah.

DeBOER: Where we add on the development of sort of funneling everybody to one place. My understanding was that NIFA kind of saw itself as that--

SHANNON HARNER: We do.

DeBOER: --one-stop shop.

SHANNON HARNER: Yeah, we do see ourselves as, as that in, in other states. I mean, I feel like NIFA is a little bit under-- underutilized in that the-- our, our focus is really housing. So we, we've opened up discussions with, with K.C. Belitz at DED about how we can work more closely together, are there opportunities to statutorily we can share staff or, you know, what are the things that we can do to, to really, streamline in? There, there are three-- well, there are four groups that deal with housing in the state of Nebraska from the state/federal funding level. That's DED's housing department. That is DHHS, because they utilize some housing funding. It is NDEE, because they utilize some housing funding and are getting some funding from the Inflation Reduction Act. We're also working with them and looking at things like Solar for All and that type of stuff to help put some of that money into housing. And then NIFA as the state housing finance agency. So, I would say it's slow-going, but discussions are ongoing.

DeBOER: To kind of get everybody on the same page--

SHANNON HARNER: Yes.

DeBOER: --and going together.

SHANNON HARNER: Facilitate everybody together, make decis-- and that's part of what's pillar 2 is about what the education and policy, is analyzing what are the programs now, if we stack programs, if we do-- like today, I've got my tax credit allocation staff and DED are sitting in the NIFA boardroom scoring applications for low-income housing.

DeBOER: Right, yeah.

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SHANNON HARNER: Because we do, yeah.

DeBOER: Great.

SHANNON HARNER: Because we do a joint application. And, and sometimes that comes in with the DR funding. So it's just how do we, how do we do more of doing those things together so that everybody's on the same page all the time instead of, oh, DED did this and DHHS did this and NIFA did this.

DeBOER: Yeah. Because, I was just at NCSL in Indianapolis and I went to their "need more housing" seminar basically.

SHANNON HARNER: Yeah.

DeBOER: And the takeaway, it was not a particularly good session. Their takeaway was make a plan.

SHANNON HARNER: Yes.

DeBOER: So make a plan. So do we have--

SHANNON HARNER: Yes.

DeBOER: --a coordinated statewide plan--

SHANNON HARNER: Yes.

DeBOER: --going forward? OK.

SHANNON HARNER: We do. That's the statewide housing framework. We have a core team, which includes all of the state agencies that deal with housing, as well as nonprofits and our-- and it's a, it's a large group of people. It's about 65 people or so. But we meet, we, we meet next week. We meet monthly within our pillar groups to continue to work toward the, the goals that we've set within the housing framework. And that's kind of what I was saying, what are the pillars working on? That's the plan. And we're working on the plan. We didn't just, like, do the plan, and now we've stuck it on a shelf. We're actually in the implementation phase of the plan. So there, there are-- yeah. I mean, I, I hope that we'll be able to come back at the be-- at the beginning of next session in January and give you an update where are we on the plan versus where we want to be on the plan. Because it's a five-year plan.

DeBOER: What have been our most successful programs?

SHANNON HARNER: Rural workforce housing, number one most successful program. The middle-income workforce housing, I hope will be successful. It hasn't-- we haven't really-- it hasn't really gotten as far off the ground as the rural workforce housing has. But I have high hopes for it. But those two-- and the reason that they work are because they're very flexible from a funding standpoint. You didn't, you didn't legislate down to, you know, absolutely [INAUDIBLE]. By the time it goes out to people, it's, it's locally controlled funding. My, my one beef with it is we only matched the first round that you had. I think we matched \$6 million on rural and \$5 million on urban. And the part that we matched, we required they put into revolving funds, and I wish they did-- it had all had to be in revolving funds. Because we're creating an endowment for the future when we revolve funds. Which when we're just giving a grant, we're, we're not doing. So that would be something that I'd just like for you to think about, is revolve funds.

DeBOER: OK.

SHANNON HARNER: I think that, it makes-- even, even if it's OK, it's going to revolve in 30 years and we aren't here, but we're planting a tree for, for somebody else.

DeBOER: Do others have questions or should I just keep-- Senator Clements.

CLEMENTS: Back to the sheet here, I see a very small difference in your interest rate compared to conventional market rate. It's a quarter of a percent.

SHANNON HARNER: It's about, it's about 0.25.

CLEMENTS: Yeah, 0.25.

HOLDCROFT: That would be a quarter of a percent.

CLEMENTS: Yeah.

SHANNON HARNER: And the, the difference for us is that we also provide down payment assistance of up to 5% at 1% interest, which this chart was--

CLEMENTS: I was assuming there must be a difference. You have 10% down shown here.

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SHANNON HARNER: Yeah. And, and for one of our people, the 10% down would be 5% of that. We typically-- we also do FHA, where it's up to 5% down, so someone can get into a NIFA loan for \$1,000. They just have to have \$1,000 of their own money. They can have the down payment assistance of up to 5% at a 1% loan, plus the, the lower than interest rate.

CLEMENTS: All right.

SHANNON HARNER: We can't go too low because then we're competing with the bankers.

CLEMENTS: OK.

SHANNON HARNER: Even though the bankers are the ones who are originating our loans. We have about 65, NIFA len-- NIFA-certified lenders across the state.

CLEMENTS: All right. Thank you.

SHANNON HARNER: Yes, Senator Cavanaugh.

J. CAVANAUGH: Is there a finite number of those loans available then?

SHANNON HARNER: Yes and no. So we, the-- because it's tax-exempt bond financing, those are limited by the volume cap that we can generate with the bond sales. So there's-- we typically don't run out of loans, like we have enough, we have enough loans to generate for people. And on the taxable side, we're not limited. It's just market value, you know, how many people want. But the tax-exempt side is the one that's most important, I think, for, for Nebraska. But typically we're generating-- this year we should do probably \$300 million in the tax exempt loans. And we have about \$1.4 billion outstanding in the, in the indenture. So we, we will-- by January we will have done 100,000 loans for first-time homebuyers.

J. CAVANAUGH: And the \$300 million of the \$1 billion is the total amount of value of the loans, not the amount of money that you're outputting?

SHANNON HARNER: That's the, that's the amount of bonds outstanding that we're getting paid back the principal and interest on.

J. CAVANAUGH: OK. And I, I-- unrelated question, but you made me think of it. So with the interest rates going up, you know, we're hearing

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about it, at least in other states, out-of-state folks buying up homes--

SHANNON HARNER: Yes.

J. CAVANAUGH: --single-family homes and turning them into rentals.

SHANNON HARNER: Yep.

J. CAVANAUGH: Are we seeing that in Nebraska?

SHANNON HARNER: Yes, we are seeing that in Nebraska, particularly in Omaha. Yes, and it is a problem. And the reason it's a problem is that one, the houses that are being purchased are generally the ones that would be more naturally affordable, because they're buying them and instead of, you know, slapping some paint on them and flipping them, they're holding them and putting them in for rent. And typically they're held by corporations that are national. And so it's a long-term strategy. And sometimes from a national level, I know we, we had some of them come in and talk to us the last time I was at a state housing finance agency convention. Some of them, their strategy is just to, you know, take it down to by the time they're done with it, it's not worth anything. It's a tear-down. Some of them say that that's not their strategy and eventually they will sell. But it, it does constrict homeownership.

J. CAVANAUGH: Yeah, and as interest rates go up and these people are cash purchases that they are able to buy more.

SHANNON HARNER: Yeah.

J. CAVANAUGH: Is there anybody that's taking policy actions to curtail that kind of conduct?

SHANNON HARNER: You know, it's, it's difficult to take action. I mean, there's a lot of discussion about what could be done. There are some, some housing-related players who want to come in and start offering cash to homeowners so that they are as, as good of an offer, and then committing to put it back into homeownership in the neighborhood. That's probably as good as we're going to get.

J. CAVANAUGH: So the nonprofit community is stepping in where policy fails?

SHANNON HARNER: Yeah.

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DeBOER: Other questions?

CLEMENTS: I had one more. On your-- the NIFA lending. To qualify for NIFA, do you have to have a certain lower income--

SHANNON HARNER: Yes.

CLEMENTS: --limit?

SHANNON HARNER: Yeah. So, for the, the First Home program, you have to be at 100% area median income or less. So and that depends on the county that you're in, as far as what, what's the, the area median income. On the Welcome Home side, which is not--

CLEMENTS: That's household?

SHANNON HARNER: --the first home-- household.

CLEMENTS: OK.

SHANNON HARNER: Entire household income. For someone who is on the Welcome Home side, they can be up to 150% of area median income. That's the nontax-exempt side. And typically those are the loans that, that we generate for people who are first-time homebuyers who are now buying into their next home and still need down payment assistance. That's typically who we're, we're serving in that loan product.

CLEMENTS: And the \$83,791 is Nebraska, Nebraska-wide median?

SHANNON HARNER: Yes. For, for owner-occupied. For just the entire state of Nebraska, it's \$66,000, including renters and owners.

CLEMENTS: Right? Yes.

SHANNON HARNER: Yes.

CLEMENTS: All right.

BOSTAR: Net area and area income, that's county or--

SHANNON HARNER: For the NIFA loan, it's by county. So what county you in-- you are in determines what your household income can be.

BOSTAR: Because it's just taking from that county what the median is?

SHANNON HARNER: Yeah.

BOSTAR: OK.

SHANNON HARNER: Yep. So it's higher in, higher in Douglas County than it is in Chase County.

DeBOER: Can we talk for a second about rehabilitation funding?

SHANNON HARNER: Yeah, um-hum.

DeBOER: Because it seems like, OK, new housing starts are down. We have some things like that. But we have a lot of inventory that, as I understand it, is not livable currently or has problems currently but could be rehabilitated.

SHANNON HARNER: Yes.

DeBOER: So what efforts are we going to as a state to sort of coordinate that? I mean, obviously there's flippers everywhere, but-- I'm flipping my own house right now, for example. But there are-- there are a lot of people who are working on it themselves, but is there any kind of coordinated strategy to get those homes that are-- because I'm not going to buy a home without a roof.

SHANNON HARNER: Right.

DeBOER: There's some that are just--

SHANNON HARNER: Well, and those ones are not even rehabilitations. Those are just infill lots. So you knock them down and you start, start over. So the rehabilitations are the ones that are 30 years old or 40 years old that you're starting to see, you know, they haven't replaced the roof because maybe they didn't have insurance on it. And so, you know, that, that's happening or the--

DeBOER: They have black mold or they have-- I could go through the--

SHANNON HARNER: Yeah.

DeBOER: --laundry list of what's going on in my house.

SHANNON HARNER: Yeah.

JOSIE SCHAFFER: For the aging population, which is rural Nebraska, right? You have to get up stairs. The cement on the stairs into the house are crumbling, right? Things that to be able to live in that house for a certain population must be done, otherwise they're moving.

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DeBOER: Yeah.

JOSIE SCHAFER: Right? And when they move, maybe their family moves or they're not spending in that community anymore. Now those are the rehabs to keep folks in place in those homes. Versus a flip to a new [INAUDIBLE].

DeBOER: Yeah. Is there any, is there any statewide project towards rehabilitation right now?

SHANNON HARNER: Not really. You know, I-- that's one of the things that we're-- I'd like to, to look at, because I think it's important. But like I said, the state of Nebraska funding through the, the trust fund, we funded four units for, for that last, last year. And, we just, we just don't-- there's not--

DeBOER: Is it that the, there aren't the folks to do the work or is it that--

SHANNON HARNER: Well, I think it's both problems, right? Because if you're a contractor, would you rather build something new or get in to do a rehabilitation? You'd rather build something new than worry about what's-- once you get in there, what's going to go wrong? And it's worth less than you're going to go and you're going to wire a whole house, versus I'm going to go in and try to take this knob and tube stuff out of here. So that is a problem. But, but also just the funding to do it is, is a problem.

JOSIE SCHAFER: There was a study between UNO and the Area Agency on Aging, which is a regional group, that went out to many of those sites and talked to those folks. And retrofitting houses to be able to age in place was a big topic. Some of them have come up with small funds to help with little things, so there's like talk about doing that through a state program. But the biggest request was there needs to be a lot more of that and what they could provide. You know, they were just sort of taking a little bit of their program funding and helping where they could versus actually having a strategy to offer that. But that is a group that is trying to do it and really aware of the problems, connections to the folks that have that issue.

SHANNON HARNER: So from a federal perspective, NIFA has the ability under our tax exempt program to generate rehabilitation loans for \$15,000, but that's a cap. And that is a ridiculous amount of money.

DeBOER: Yeah, that's [INAUDIBLE].

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SHANNON HARNER: So there's federal legislation right now that we are hoping will pass that would move that up to \$50,000. And if that happens, then we would be promoting a new NIFA program for rehabilitation.

DeBOER: That would work. \$50,000 would do it. \$15,000, you can't really do anything for \$15,000 anymore.

SHANNON HARNER: There's-- yeah, I mean, that's not even the roof. So, yeah.

DeBOER: Any other questions? The last thing I'll ask you is what-- if there could be one legislative intervention that would most help you in your work, what would that be?

SHANNON HARNER: That's a great question.

DeBOER: And I suppose you could get back to us. I didn't mean to put you on the spot.

SHANNON HARNER: Yeah. Yeah, I'd like to get back to you because I want to be thoughtful about it.

DeBOER: OK.

SHANNON HARNER: All right, I'm going to ponder that. One legislative intervention.

HOLDCROFT: Only one.

SHANNON HARNER: All right.

DeBOER: Well, you could list 2 or 3.

SHANNON HARNER: OK.

DeBOER: But, you know, if you had a couple of magic wands.

SHANNON HARNER: Yeah.

DeBOER: Suddenly everyone in the Legislature does what you want for five minutes.

SHANNON HARNER: Yeah. What would that be?

DeBOER: What would that be?

SHANNON HARNER: OK.

DeBOER: All right. We've got a few minutes left, so don't go anywhere yet. Don't pack up your stuff yet. OK. Is this an area that folks on the committee think that-- because we do have a, a priority bill. So as we're going through these different areas and thinking about things, last year, since we hadn't had the interim before to do stuff, it was just a kind of a random priority bill. But this year, you know, I want us to be thinking now as we're going through these things, what areas we might want to prioritize. So that's-- I'll put that on your radar as a, you know, think about what we might prioritize, this year. We're going to be preparing a report. So rural and urban futures folks, as you think about now having been through this discussion, are there things you want to add to the mix or make sure that we include in our report so that the rest of the body can hear? So are there specific pieces of information or specific projects you might want to point to or pieces of data? So if that's the case and you find something, anything like that that you have that you would like us to include in our report, Izabel there would be happy to receive from you all. And she'll be kind of gathering the stuff together so that we can put it in the report at the end of the year. And then also that report, I'm hoping we will suggest some, as I call them, legislative interventions. And those will be bills that we introduce, perhaps, or you know, people might introduce. And then from that kind of selection, we'll probably try to focus on, on a priority bill. So that's, that's a piece that I wanted you to think about. But anything else you all want to discuss about housing in terms of you were surprised by how-- I was surprised by a 120,000 units short, I have to be honest with you. That is a very large number, considering we have as few people living in our state as we do.

J. CAVANAUGH: 10%.

DeBOER: Yeah, I mean, that is a very, very large number.

JOSIE SCHAFER: I was, I was thinking about that number two, and it really just doesn't allow for any churn. That 3,000 open units at that thing, right? I have another kid or I get a promotion, I don't have the house to move to, right? It's not even just an affordability thing, it's I don't have that option, right? 3,000, let's assume most of those are in Omaha, Lincoln, York, anywhere else may not have any option at all. So there's just no dynamic nature to our housing market that says, yeah, you can live throughout the lifespan, do as well as

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you want to do and still live where you want to live. That's how limiting [INAUDIBLE].

DeBOER: I guess, you know, I'm-- so when I moved-- bought the new house, I haven't moved there yet. But when I bought the new house, I was limited to one legislative district. So that was a limiting thing for me, and a variety of other things. There was really two neighborhoods I could move to, very large neighborhoods-- the largest in the state, one of them, the one I moved to-- or am moving to. There's literally no houses for sale for the last two weeks in that neighborhood or the other one that I could have moved to. So I can't imagine what that's like in a small town.

JOSIE SCHAFFER: I, I have a good story. So we had a friend who was a principal at a school here in Omaha, was hired as the superintendent of a rural school district. The only house that was for sale was the former superintendent's who had to leave due to not great things that he was doing. So, of course, no one wants to move into that one house that was available to then lead a rural school district, right? So, you know, it's-- there's a supply and demand problem in the urban area in terms of driving up prices, but there's just no supply in a lot of those rural, rural areas. And right when you move, you want a certain type of house. And so a 30-year-old house, even if that's what you can afford, is not what folks are looking for. So to sort of make those communities, right, you want business and finance people to live in those communities. That was the point of the remote work brief, this idea that I can live in a rural area, but make an urban salary. Not if the housing is not available. So they're really stuck if that's sort of the vision.

DeBOER: Got it. Other things about housing? OK. So next meeting will be about childcare. The Speaker has suggested September 29 for the day that he's most interested in coming. So that's a day that works for me. I think Josie said that you guys could make that day work. So if September-- that's the day before a Nebraska home game, so I thought for Teresa, if you were coming to the game, it might be a little easier.

IBACH: Nothing's easy.

J. CAVANAUGH: I'll be out of town, I think.

CLEMENTS: I'm available.

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DeBOER: OK, so we'll send a Doodle poll around. But that's the day that I think, if we can try to find if that's the best day, and we'll talk to Senator Briese as well. Also, maybe Briese will come for a football game the next day. So we'll send that Doodle poll around. Now, just the narrowing for Dr. Schafer. If you want to come up, if that's easier, you can. Do folks have a kind of a narrowing idea of what they want to specifically talk about with in childcare? Because there's about seven problems that are all intertwined. One would be just having enough supply of childcare. One would be the wages of childcare workers and having enough childcare workers. One would be the affordability of childcare, which has gone up drastically as our supply has again gone down. What other ones.

JOSIE SCHAFFER: Sort of quality, right? What are we, what are we making available to children? What do we want to make available to children? I'm inter-- you know, adding to your lists, I think there might be some interest in how many folks need childcare, which we covered a little bit as part of that workforce piece last time. But we do have a population that works, even if they're double income, means you need some childcare. So a little bit about the trajectory of who needs childcare and where.

J. CAVANAUGH: Is there data that's available, like number of childcare workers and number of other workforce people that are freed up as a result of like a one increase--

BOSTAR: Yes.

J. CAVANAUGH: --in child-- yeah. Eliot says yes.

DeBOER: What-- can you say more about it?

J. CAVANAUGH: So my question is, let's say we we find a way to increase one childcare worker. Does that free up five more people to work, does it free up-- I mean, what's, what--

JOSIE SCHAFFER: Yeah, it would certainly be doable.

DeBOER: Paternal investment per childcare worker?

JOSIE SCHAFFER: And there are-- right. So childcares have to maintain state ratios. But so we could really figure that number out, although in-home has slightly different things. Which sometimes those are OK too. So, yeah. Yes, we could figure out that number. How many peo-- how many more people can work. I'm actually doing a project for the

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Women's Fund right now, and I think one of their things was that idea. And in fact, so many women in households with children already work. It's not going to free up as many people as we'd like. But we could certainly come up with that number.

DeBOER: So one thing I'm interested in is our deficit. Where are we at? Where is the deficit the worst?

JOSIE SCHAFFER: So deficit in terms of number of--

DeBOER: Number of slots of we need this--

IBACH: Available childcare.

DeBOER: We need this available childcare. What are others interested in?

HOLDCROFT: I'd be interested in the cost. I mean, and what do you get for the cost? I mean, if you drop off your child at 8:00, pick them up at 4:00, or does it have to be till 6:00? Or what kind of-- and what ages? I mean, obviously there must be a range of costs depending on whether it's an infant or--

JOSIE SCHAFFER: Yeah. So it is usually more expensive, but it really brings up a good point. You know, most schools let out at 3:00, public, private, doesn't matter, right? There's a kind of time, and most people work till at least 5:00. And because of housing, a lot of people commute to get home from those jobs. So we could certainly look at childcare, not just that early childhood education, but the availability and access to programs for all ages.

DeBOER: Afterschool.

HOLDCROFT: And what's the difference between the cost of that? And, I mean, what's the minimum you can pay?

JOSIE SCHAFFER: So kind of like the ratios she was sharing about affordability?

HOLDCROFT: Yeah.

JOSIE SCHAFFER: OK.

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IBACH: There are some programs that are after school that are free. Cozad has a grant program that, from 3:30 until 5:30. So if your kids need daycare.

DeBOER: School age. If they're school age.

IBACH: If they're school age, it works great. Yeah.

HOLDCROFT: Do we have something in St. Matthews too where afterschool care, and it's, it's really, it's really shaped-- or for the, the, the military folks on the base. They're mostly getting off at 4:00 or 5:00 and that's when they come to pick up their children.

DeBOER: What? But then also the question would be, what happens in the summer, right? So they'd have to--

IBACH: This program goes all summer long.

DeBOER: So they would just do 8:00-5:00 during the summer?

IBACH: And they're-- they provide lunch.

DeBOER: So it's-- it seems like a lot of our interest is in areas of affordability, availability.

BOSTAR: I think quality is important though as well. Because the quality, from working on issues at least related to childcare, the quality is pretty stratified. I'd also like to understand if we have sufficient policy in place to prevent a child that is in the custody of childcare from dying in that custody.

DeBOER: At the very minimum.

BOSTAR: Yeah.

_____: Just had in my district.

BOSTAR: So that would be good to evaluate whether or not there is more that needs to be done to make sure that, appropriate procedures are in place so that children don't die.

JOSIE SCHAFER: Would it be OK to have a couple speakers, and we'll tell them to--

HOLDCROFT: No. Just one.

JOSIE SCHAFFER: --keep it shorter? The sort of the health, well-being, quality and workforce accessibility. I, I might imagine I need a couple different people to cover it as well. And you all ask great questions, so I want you to have what you need. But we'll just have to be mindful of time if we bring in a couple people, but that should be OK.

DeBOER: That sounds, that sounds great, if you can find the folks to provide those overviews for us. All right.

JOSIE SCHAFFER: Think I can.

DeBOER: Well, unless anybody has anything else, I think, the rural folks, if you guys can meet again and talk about childcare. And urban folks who want to talk about childcare will do so. And yeah, thank you, Josie, for everything. Thanks.

JOSIE SCHAFFER: Thank you. I took a couple notes on possible housing points that I might try to do an additional brief on. But if you ever wonder something, just send it along in an email. I left some, some cards. And we will make sure we get it turned around for you.

DeBOER: Thanks, everyone, for being here.