

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Urban Affairs Committee February 13, 2024  
Rough Draft

**McKINNEY:** Good afternoon. Welcome to your Urban Affairs Committee. Today is February, what is it, 13, 2024. I am Senator Terrell McKinney, Chair of the Urban Affairs Committee. Before we start today, I would ask each senator on the committee to introduce themselves, starting on my right.

**HARDIN:** Brian Hardin, District 48: Banner. Kimball, Scotts Bluff County.

**DAY:** Good afternoon. I'm Senator Jen Day. I represent Legislative District 49 in Sarpy County.

**LOWE:** John Lowe, District 37, the southeast half of Buffalo County.

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

**McKINNEY:** At my right is committee legal counsel, Elsa Knight. And at my left is committee clerk, Raquel Dean. Our pages for today is Kristen, who is a senior poli sci major at UNL, and Collin, who's a senior criminal justice major at UNL as well. Today and before all hearings, they will be posted outside the hearing room. The senator introducing the proposed legislation will present first. Senators who serve on the committee are encouraged to ask questions for clarification. That said, the presenter and those testifying are not allowed to directly question senators serving on this committee. For purposes of accuracy for the record, we ask each presenter to state one's name, spell it, and state who you represent, if not yourself. If you're planning to testify today, please fill out a testifier sheet that are found in the binders on the tables at the back of the room. Be sure to print clearly and fill it out completely. When it's your turn to testify, give the testifier sheet to a page or the committee clerk. If you do not wish to testify but would like to indicate your position on a bill, please complete the sign-in sheets with the LB, LR or AM number. These can be found in the binders on the back table. The sheets will be included in the exhibits for the record. In your Urban Affairs Committee, we use the light system to promote maximum engagement wishing to-- for each individual wishing to express their position on proposed legislation. We will use the light system. We will use a 3 minute, you, you will be given a green light. At 1 minute, you will be given a yellow light. And at red, you'll be asked to conclude your testimony. We will recognize proponent, opponent, and neutral testifiers. We will also acknowledge letters or online comments for the record from all concerned parties. Should you have

handouts you wish to share, please share 10 copies or ask the clerk to make copies for you. The clerk will then distribute any handouts to all committee senators. Following all proponent, opponent and neutral testimony, the bill presented will, will be offered the opportunity to close with final remarks. As a committee, we will work diligently to give a fair and full hearing. We will make every effort to accommodate special requests of assistance at this hearing. We ask you be respectful of the process and of each other. And lastly, please put your phones on silent or vibrate or turn them off. And Senator McDonnell, you are welcome to introduce your LB1359. Thank you.

**McDONNELL:** Thank you, Chair, Chairman McKinney, members of the Urban Affairs Committee. My name's Mike McDonnell, M-i-k-e M-c-D-o-n-n-e-l-l. I represent Legislative District 5, south Omaha. LB1359, a pivotal proposal aimed at amending provisions related to the issuance of bonds by cities of the metropolitan class. This bill underscores a democratic approach to fiscal responsibility and community involvement in significant urban development projects. LB1359 mandates a crucial requirement for any bond or series of bonds exceeding \$80 million earmarked for a specific project. The consent of the registered voter-- voters of the metropolitan city must be sought and obtained. This provision ensures that the voice of the community is not just heard, but is integral in the decision-making process for large-scale financial undertakings that have a profound impact on the city's future and its residents. In discussing LB1359, it's important to distinguish that, unlike states' appropriations that do not increase debt, the bill addresses the potential taxpayer liability for city projects, necessitating repayment regardless of the project's financial success. By bringing such financial decisions to the public vote, LB1359 aims to foster transparency, accountability, and civic engagement, ensuring that the projects financed by these bonds truly reflect the will and the needs of the community. It is a step-- is a step towards more participate-- par-- participant governance, where the residents become active stakeholders in the urban development narrative. The requirements set forth in, in LB1359 to involve registered voters in decisions for significant financial undertakings aligns with our commitment to democra-- democratic principles and responsible for fiscal management. It acknowledges the importance of ensuring that the large-scale projects which have the potential to shape the city's infrastructure, economy and community life for years to come are embarked upon with widespread public support and scrutiny. As we discuss the nuances of the implications of LB1359, I invite you to consider the broader vision it represents, a vision of a city that

values the input of its residents, ensures prudent use of its financial resources, and embarks on transformative projects with a clear mandate from its people. Look forward to a constructive and insightful discussion on LB1359. Here to try to answer any of your questions. This has to do with, with the streetcar. When the streetcar was being discussed, people started coming forward. After the stre-- there was a decision on the streetcar, people asked, why did not-- why did not-- we did not get a chance to vote on that dollar amount? Looking at the current statute, asking some questions about, about that and where we are as a state, it was a reasonable-- it was a reasonable question. If we're going to go ahead and look at bonding on streets and it was over \$200 million of bonds and the people had a chance to vote, why not? Why not on all on bond-- on all bonding, general obligation bonds, why not look at the idea of taking that time to educate the citizens, answer their questions, making sure they're part of the process, but they're also supportive because they are going to be on the hook for that potential dollar if those-- if those projects going forward aren't successful. But you also make sure you understand that the people what they want. And right now it's been overwhelming, people asking that they'd like to vote on the current streetcar in Omaha. And the reason we came up with the \$80 million still looking at the, the idea of local government being able to have some flexibility, but at the same time making sure those citizens at a point and we used \$80 million, willing to discuss that with the committee and others, that they should have a chance to, to vote on those, those bonds. I'm here to answer any questions.

**McKINNEY:** Are there any questions from the committee? Senator Cavanaugh.

**J. CAVANAUGH:** Thank you, Chairman McKinney. Thanks for bringing this bill, Senator McDonnell, and I'm just looking at it here. So it adds this \$80 million part, which certainly seems like it addresses what you're talking about, but it kind of crosses out some other sections. Is that intentional or is that kind of one of the situations Drafters thinks it's an opportunity to clean something else up?

**McDONNELL:** So no, that's, that's intentional based on if you look at some of that language has been there since 1921. I have asked for an Opinion from the Attorney General based on past practice. Has there been things that have been ignored? When, you know, the idea of when the last time this was addressed, the statute, but also have there's been bonds in the past that should have been voted on. But if you look at the, the-- what's crossed out, the numbers on how low the, the

dollar amount is, it's, it's definitely dating back many, many years. And again, the history on it went back to 1921. But that is we're trying to say local government, and we're using \$80 million at this time, whatever that x should be, should it be \$70 million? Should it be \$90 million? I'm looking for input on that, but we are trying to clean it up going forward.

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

**McKINNEY:** Thank you. Are there any other questions? Senator Lowe.

**LOWE:** Thank you. So what is, say the bonds that are being passed now without voter approval, are they \$50 million? Are they \$10 million? You know, I, I think of a school bond or something like that. It's probably \$80 million now.

**McDONNELL:** So yeah, you've got general obligation bonds, revenue bonds. Right now, using the streetcar as an example, we could be over \$430 million. Utilizing the \$80 million and trying to look at an average, that's why we, we came up with the, the \$80 million. Not to take away all of the ability and responsibility of that local elected body, but at the same time to say at a certain point, you should go to a vote of the people for, for their support and make sure that you educate them before they have a chance to vote.

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

**McDONNELL:** I'll be here to close.

**McKINNEY:** All right. Are there any proponents? Any opponents? Any neutral testifiers? You're welcome to close. And for the record, there were 13, no, for online comments, there were 3 proponents, 1 proponent and 0 neutral. Yeah.

**McDONNELL:** Thank you. Again, trying to get input, brought this legislation based on the idea of people's frustration over the streetcar, not having the ability to, to vote. I'm looking at that balance. And again, I started with the, the \$80 million looking for input from this committee. And, and again, and I think transparency builds trust. The idea that the more we can get the citizens involved and get their input and educate them and give them an opportunity to, to vote, I think it only helps our, our communities and our, and our state as a whole.

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**McKINNEY:** Thank you. And that'll close our hearing for LB1359. Senator McDonnell.

**McDONNELL:** Thank you.

**McKINNEY:** It's come this way.

**Speaker 2:** Oh, no.

**Speaker 1:** Oh, yeah. Yeah.

**Unidentified:** I said to a Jasper wrangler and. Jesus. Yeah, that was great.

**DAY:** Good afternoon, Chairman McKinney and members of the Urban Affairs Committee. My name is Jen Day. That's J-e-n D-a-y, and I represent LD 49, which is north-central Sarpy County, including the areas of Chalco, portions of Gretna and western Papillion-La Vista. I'm here this afternoon to introduce LB947, which establishes independent third-party safety inspections for certain projects that require building permits and establishes guidance on virtual inspections. This is a change from the current system, which in many instances allow-- allows these inspections to be done by the builder. I know that any time you get into the building code, a bill will quickly get technical in nature. But the top line that we all should think about during this hearing is a simple idea that it creates negative incentives when entities are in charge of inspecting their own work. LB947's main goal is to make sure that inspections on projects that require building permits be done in an objective manner. That the idea that if we're ret-- if we're, excuse me, the idea that if we're already going to require these inspections, the entity involved should have an independent set of eyes to check their work. Under current law, the determination of which types of construction require inspection and who conducts these inspections depends on a few factors. For instance, if a project involves electrical framing or plumbing work, the inspection is done either by the state agency or at the municipal level subsequent to obtaining a permit to build, and is necessary to receive a completion permit and certificate of occupancy. However, if the work involves masonry or painting certifications, then it is initiated by the engineer scope of work requirements and will vary whether the inspection is done by an independent inspector or the installer themselves. So LB947 would change this process by adding the requirement that if these inspections are required, they must be done by an authorized third-party inspector. Additionally, LB947 creates a

process for virtual inspections where an inspector can remotely check work in a live setting with the individual holding the building permit. Finally, in the interest of transparency, the bill requires that inspection records be made available to the public for as long as the inspected buildings remain standing. By emphasizing authorized building inspectors, we can also increase our state's capacity for evaluators that are experts in compliance with an increased knowledge of industry standards, building codes, and state regulations. In bringing this bill, I am sensitive to the cost argument. However, I would contend that in the current system, if qualified inspectors are being used already, the cost of an independent inspector should not sig-- should not be significantly higher, and that even an upfront cost of an objective inspection can be quickly minimized by avoiding just one case where a rework, legal dispute, or reputational damage is avoided. When you think about something like building inspections, it's the kind of issue where no one ever thinks about the process until something goes wrong. LB947 represents a critical step towards ensuring the safety and integrity of construction projects across our state, mandating independent third-party inspections and introducing guidelines for virtual inspections, enhancing accountability and transparency, and ensure safe and quality outcomes in our state. Before I conclude, I do want to mention AM2418, which I'm suggesting as a committee amendment. We didn't quite make, excuse me, we didn't quite make the authorized inspector requirement clear enough in our original draft. So this just clarifies that it would be a requirement. And with that, I'm open for questions, but also want to mention Jon Nebel, Neeble [PHONETICALLY] I think it's Neeble, sorry. I apologize if I'm mispronouncing his name from the IBEW, and Ed Black from the bricklayers will be testifying after me, and they're probably best equipped to answer any questions you have.

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

**HUNT:** Thank you, Senator Day. You might have said this, but I was listening to understand what is an authorized inspector? Like, who authorizes? What determines that?

**DAY:** That's a really good question.

**HUNT:** Perfect.

**DAY:** And I think that Jon will likely be able to answer that for you.

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**HUNT:** Thank you. Sounds good.

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

**DAY:** Thank you.

**McKINNEY:** We'll welcome up any proponents.

**JON NEBEL:** Good afternoon. My name is Jon Nebel, J-o-n N-e-b-e-l. I represent the Nebraska State Council of Electrical Workers and the Nebraska southwest-- and Southwest Iowa Building and Construction Trades Council. So obviously, we're proponents of the bill today. It was something we-- it's-- it seems like a not a big thing, but I think it's a pretty big task to, to create public oversight without creating a government entity to do that. I think we accomplished it just by creating this public records portion of it and, and, of course, authorized inspector on that. And the other part would be that we're trying to get ahead of technology, based off of something we saw during COVID where we were kind of forced not to be around each other and that kind of established this virtual inspection platform that, really, it's kind of like the Wild, Wild West where we, we just allowed anybody around the country to kind of develop it. We went from anything, we just take a picture of your inspection or you to get on FaceTime or Zoom with the inspector and schedule a time to do it. So we landed on it's best to do it live through a FaceTime or a Zoom so it's almost like the inspector can walk the site with us. And, and of course, we wanted to limit it to a smaller scale of operation, beings it's just easier to kind of develop the technology and get comfortable with it on a smaller scale. So that's why we stuck with just a residential property under 10,000 square feet. To speak-- just to tell a little bit of a story on why the virtual is, is something that's near and dear to us is, as someone who has asked an inspector come-- to come along and inspect my work before, I know through the course of the job, what was easy to accomplish and what was hard to accomplish. And I don't-- I'm not giving myself up here, but there is-- there is an avenue where you can say, hey, let's go ahead and look at this over here, mister Inspector, and not look at this thing that was really hard for me to accomplish. There was a time where-- and this is from an inspector. I did not do this. I just want to put that on the record. If you put, like a, you're doing something in an old residence or something, and it was particularly not up to code that you, you get into a situation where maybe you put a can of pop there and it attracts a lot of bugs or something to make the inspector uncomfortable, to, to kind of move around it. So this, in a weird way,

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would allow the inspector to say, hey, you go-- you go around that can of pop you put there and, and we're going to see and we're going to get that inspection there. So the technology, I think, can be helpful, used in the right way. And I know my time's almost up. So I'll just clarify on the authorized inspector portion. The main goal of that is, is to allow the municipal to decide what is an authorized inspector, but it's definitely not self-inspection. So that's what we want to get away from is you can't have the person who did it be the person who signed off on that it was done all aboveboard. So that would be that.

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

**HARDIN:** Thanks for being here. This is not the main thrust I think of what this bill is accomplishing. But with virtual inspections, how is odor handled? I ask because I have friends back in our neck of the woods who've now, I think, spent over \$100,000 on a home that they purchased, sight unseen, with the exception of watching it virtual, you know, virtually on an iPad by the realtor and so on and so forth. And it didn't smell nice. And they spent an awful lot of money trying to fix it. And so is there any kind of fallback or accountability in a situation with an inspection? In this case, it was pets.

**JON NEBEL:** Sure. This, I think we're limiting our scope here to just the construction of the property, not one that has been lived in.

**HARDIN:** OK.

**JON NEBEL:** So I don't think we would have a remedy for odor until Smell-O-Vision is--

**HARDIN:** Smell-O-Vision [INAUDIBLE]

**JON NEBEL:** Yeah. But for us, yeah, it would be primarily as long as the steps to build it and, and trap any odors there, vapor barriers or whatever, that would be something I think we would be concerned with is just the construction of the property.

**HARDIN:** The construction piece of that.

**JON NEBEL:** Yeah. Not the current state.

**HARDIN:** Thanks for your help.

**McKINNEY:** Thank you. Senator Lowe.

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**LOWE:** Thank you. And thanks for coming to testify. Baking soda solution works well.

**JON NEBEL:** OK.

**LOWE:** The-- what other sorts of tricks do you use so the inspectors don't--

**JON NEBEL:** Sandwiches, you know, anything, no. Inspectors know what the problems are and they're, they're really good at identifying the problem portions of the building. So it's, it's very helpful that they show up and be there. It was-- it was a nice story to tell, I think, to, to kind of say, hey, there's, there's, there's ways to get around something being seen on an inspection. That's why we wanted to do it live. That way the inspector could say, hold on. It looks like there was something covering up part of this building. You need to go back instead of just relying on a back and forth between, hey, I took a video and submitted it to you; did you see anything wrong type of thing.

**LOWE:** Thank you.

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

**J. CAVANAUGH:** Thank you, Chairman. Thanks for being here, Mr. Nebel. So this wouldn't require that everybody be a virtual inspection. It's just an option?

**JON NEBEL:** Yes, it provides the option for it, not requiring it.

**J. CAVANAUGH:** And in those first ones, like, so you kind of addressed it there, are there times in the inspection that you need to manipulate something? I mean, I'm thinking like move the wires or something like that, or how is that addressed in a virtual situation? Or is it--

**JON NEBEL:** There is times where we can't quite get it done according to how the engineers drew it up. At that time, we look for guidance from the inspector to say, OK, here's, here's what we did. Does this satisfy the concerns or do you have a remedy that would work to, to work around it? But it's hand in hand, working with the inspectors to, to find the solution.

**J. CAVANAUGH:** Thank you.

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

**JON NEBEL:** Thank you.

**McKINNEY:** Other proponents.

**ED BLACK:** Hi. Good afternoon. Name's Ed Black, E-d B-l-a-c-k. I'm the rep for the Bricklayers Union Local 15 here in Nebraska. Also one of the delegates for the Nebraska and Southwest Iowa Building Trades. Part of the third-party inspection that they were talking about is private and needs to be made public because there are people that deviate from the specs and on projects, and they're not being done correctly. And this is throughout the state. Third-party inspectors do not have the authority to stop grouse placement. All they can do is report it. And sometimes the buildings are up, roofs are on, steel is all placed before the engineers or the owners ever even know there was an issue. So the others, you know, and then someone has to go in. The engineer has to design a fix for it. Someone has to go in, cut out the wall and replace stuff in there to patch in the voids. And sometimes it's caught early enough so the contractor doing the work foots the bill. But if it's caught too late and the building's already been turned over, it could fall on the owners of the building or the insurance companies that provide insurance for the building. So it could be a real big cost down the road for one of them two. And sometimes, you know, it just gets pushed on because the structural engineer don't think it's that big of a deal. But later on down the road for the owner, it becomes a big deal. So that's what I have for-- to say about the inspection part.

**McKINNEY:** All right. Thank you. Are there any questions from the committee? Senator Cavanaugh.

**J. CAVANAUGH:** Thank you, Chairman. Thanks for being here, Mr. Black. Can we just talk for a second about the difference between private, the private and public? You said it needs to be public. What do you mean by that?

**ED BLACK:** Just the results need to be made public because the third-party inspector, when he's on site, he's not allowed to stop you. The only thing he's allowed to do is write down in his report the work that you did incorrectly. So that's why we need to make it public, so we can show that there are people that are not doing it the right way.

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**J. CAVANAUGH:** Oh. And where would it be? Would it be published on a website or?

**ED BLACK:** That's where you guys would come in to figure out how it is to be published. But yes, I would assume just a website.

**J. CAVANAUGH:** OK.

**ED BLACK:** That should be pretty simple I would think would be to put it on the website. Whenever they do their inspections, just the engineers would have to turn it in.

**J. CAVANAUGH:** OK. Thanks.

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

**ED BLACK:** [INAUDIBLE] Thank you.

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

**KORBY GILBERTSON:** Good afternoon, Chairman McKinney, members of the committee. For the record, my name is Korby Gilbertson. It's spelled K-o-r-b-y G-i-l-b-e-r-t-s-o-n, appearing today as a registered lobbyist on behalf of the Home Builders Association of Lincoln and the Metro Omaha Builders Association in opposition to LB947. I want to start by saying that I have talked to the lobbyist and the president of the IBEW. We're not necessarily trying to kill this bill. We're trying to figure out what it's doing. And I think that your questions have kind of illustrated that there might be some confusion here as well. Several of the comments that we had when we were reviewing this, none of the builders that I talked to were even aware that there are self-inspections going on. They obviously said they would never want the liability of doing a self-inspection because then it's not being done by a professional. So we're not actually sure what that is discussing. And I, unfortunately, didn't get it any clearer during the proponents' testimony. The second thing that is a concern with us is the recordkeeping for the city or county that is maintaining all of these records for as long as the building stands. This will be-- this is obviously an unfunded mandate, and the cost of doing this will be passed on to everyone that takes out a permit. We are not convinced that there is an issue that needs to be solved in order to make this requirement in statute. The third concern is on page 2, line 23. This states that the individual requesting or holding the building permit has provided a list of personnel who are completing the work on site. Does that mean every single person that's doing work on this project

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has to be listed before you can get a permit? That seems a bit broad to us. Why would you need the, the names of painters or carpet layers or other people who are there at the same time doing this? Otherwise, is it just to try to figure out who's working on different projects? We don't know the intended reason for that language. So with that, we're-- and the final discussion was about who is the authorized inspector. I realized there was an amendment passed out before the hearing. I have not seen that. But we are very much willing to sit down with the IBEW representatives and try to work through these and see if there's something that we can agree to. I'd be happy to answer any questions.

**HUNT:** Thank you very much. Are there any questions from the committee? Senator Cavanaugh.

**J. CAVANAUGH:** Thank you, Vice Chair Hunt, and thanks for being here, Ms. Gilbertson. So I apologize. I was a little distracted when you first started talking. So you're saying that the bill requires that inspections be done by someone who didn't perform the work and you're saying no one would do that.

**KORBY GILBERTSON:** We're not sure-- that-- I have asked-- I sent a blast email out to everyone. The question was, I had talked to IBEW representatives and said, what they're trying to stop is self-inspections. Everyone said, we don't know what that is. We don't self-inspect. Now if they are-- there is something specific that we weren't thinking of, I don't get that. There might be different sized projects that are affected, but we don't know what they're trying to get at with this. We definitely wouldn't want self-inspections either.

**J. CAVANAUGH:** I apparently have to go introduce a bill in Banking, Commerce and Insurance.

**KORBY GILBERTSON:** OK, I'm sorry.

**J. CAVANAUGH:** But while I'm on the way out, if somebody wants to take my next question was, what's wrong with changing the law to say that you shouldn't do something that you're not doing? So I'll just leave that out there. I'll throw that and then walk out.

**KORBY GILBERTSON:** I don't think that this necessarily says that. I think it says you have to have it inspected by a-- an authorized inspector, which isn't well defined. And so our concern is that if you're having a private party that is authorized by the state, when

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you look at the definition, it could be a third-party inspector that's registered. For years we've dealt with home inspectors and issues with registered home inspectors that miss things and then have no liability for what they missed. We're somewhat concerned that this will take us down that same route.

**HUNT:** OK. Any other questions? Senator Blood.

**BLOOD:** So reading through this bill and, and looking at my notes and listening to what we've heard so far, isn't part of the enforcement by inspections-- I think we keep saying-- I think that part of it is that we're saying the words out of sync. So isn't it enforcement by inspections?

**KORBY GILBERTSON:** Right.

**BLOOD:** Right, we're talking about code-- building codes.

**KORBY GILBERTSON:** Um-hum.

**BLOOD:** But isn't part of that like the ratio of apprentices to journeymen, isn't that part of that?

**KORBY GILBERTSON:** Not on all projects. I suppose that you could have that on some, but I-- but this says you have to list-- a list of personnel who are completing work, the work on site.

**BLOOD:** But isn't that why we're doing that is what I'm asking?

**KORBY GILBERTSON:** Well, I don't know. That-- we can't determine what they're getting at here. What good does it do to have a list of every single person that's working on a project? If you're having electrical work inspected, wouldn't you just want to know the electrical people that are working on that?

**BLOOD:** I personally would want to know everybody responsible, but I'm probably the wrong person to ask that question.

**KORBY GILBERTSON:** Right. Well, I think, I mean, I don't see-- we don't understand what the-- why you would want to know the names of the painters or.

**BLOOD:** Did you speak with Senator Day about this bill and why [INAUDIBLE]?

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**KORBY GILBERTSON:** Yes, I did.

**BLOOD:** And what was her response?

**KORBY GILBERTSON:** She was not sure. She told me to talk to the IBEW. So I did, and we've had a conversation. And unfortunately, there have been some issues and we have not been able to communicate this week.

**BLOOD:** And so you just haven't completed the communication yet. So we're still kind of treading water.

**KORBY GILBERTSON:** I will let that-- I will-- I will let you ask them that question. But we have not been able to--

**BLOOD:** I can't [INAUDIBLE].

**KORBY GILBERTSON:** I know. I'm not trying to say anything negative, but they have not been available this week for personal reasons and I have not wanted to pressure them on it. And so we are very happy to get together and would like to get together to discuss it.

**BLOOD:** So you could meet out in the hallway ultimately, and kind of hash it out.

**KORBY GILBERTSON:** Well, my clients aren't with me to meet out in the hallway.

**BLOOD:** Even better.

**KORBY GILBERTSON:** But we're very much willing to. We just need to understand everything that this bill is trying to do.

**BLOOD:** Fair enough. Thank you.

**HUNT:** Thank you. Any other questions from committee? Seeing none, thank you for being here today.

**KORBY GILBERTSON:** Thank you.

**HUNT:** Any other opponents for LB947? Welcome.

**JERRY STANDERFORD:** Thank you. I guess I won't say good afternoon, Chairman McKinney, but good afternoon, Vice Chairman. My name is Jerry Standerford. I'm a long-time contractor. I've been building houses in Omaha all my life. I still go to work every day and, and build houses. There are a couple points in this code that are-- I'm sorry. I didn't

spell my name. Thank you, Senator Lowe. J-e-r-r-y S-t-a-n-d-e-r-f-o-r-d. There are a couple points in here that-- and I've talked with some of the building officials in Omaha and there, there are-- there is a place for virtual inspections. There's a place where you should be able to submit photographs to the inspector. However, in the current code, nothing. There's no allowance for that. There's nothing in the current building code that lets you do that. So there is a place for that. Maybe it's a roof inspection. Maybe to be determined. One of the code officials that I spoke to in the metro area said they use virtual inspe-- they tried to use virtual inspections for new construction residential during COVID. And for them, it was a failure, that they'll-- they could miss a lot. They would miss a lot more with a virtual inspection than they would on site really seeing what's going on. I think what we've heard so far, I did hear, I believe, Senator Day saod-- talked about the painter's inspections. What we're talking about is inspection according to the code, whether-- whatever it is, whether it's the 2018 or the 2021, the International Residential Building Code or the International Building Code. The item-- all the items in there are lined out, require a permit, they state what, what a-- what item is required for a permit. I can see where-- and so all the-- all the permits that we take in Douglas and Sarpy County are inspected by the building department. All the builders in Omaha are licensed and are responsible for their job. They're required to use licensed electricians, licensed plumbers. And so we never have a-- we never have an inspection or a job that doesn't get inspected by the building department, by certified, qualified building inspectors. As far as listing the-- with the records keeping, I think we need to tweak that a little bit. If-- I can tell you that there's very few jobs that ever don't have a red tag, meaning that they're turned down for this or that or whatever. I can also tell you that there's never a week that goes by in my office that we don't have an item on a red tag that is erroneous, that some build-- that a building inspector employed by the city maybe didn't understand the code. Maybe he has a different idea how it should be. But we weekly go back, it seems like maybe more than once a week, go back to the building official and say, you know, the code says this. This is how we did it. We got a red tag for that. And they say, yes, go on. Well, if we have to keep and record and provide to the public all of our red tags, not only-- I don't care if that, that's a lot of recordkeeping to the city. That's, that's up to them. But those red tags have been rectified, some of them placed there erroneously. And I think it's a smear on my name, on my reputation. It also provides fodder for the insurance companies down the road. And already the records are kept of

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what permits are taken and what permits have passed. And so that is available to the insurance companies, to anybody that wants to go on there, those records are available.

**HUNT:** Could I ask you to wrap up your thoughts?

**JERRY STANDERFORD:** Oh, sure.

**HUNT:** You've got the red light.

**JERRY STANDERFORD:** Sure. I think the bill does have some good points. But I think there's quite a ways to go. I think a lot of what we heard pertained to commercial inspections. It also pertained to the electrical, of course, where electricians across the state maybe are self-inspecting some of the work they do. I don't know that, but I do know that a lot of this is, is not for residential construction.

**HUNT:** OK. Let's see if we have any questions. Questions from the committee? Senator Lowe.

**LOWE:** Thank you. So how long does it take you to get an inspector to come out and view your work for the day or for the week?

**JERRY STANDERFORD:** Well, typically we have to give 20, at least a 24-hour request time. So we usually we'll see-- if we get our request in 24 hours ahead, we'll usually see it when we request it, which would be a day or two later. We hate-- it needs to be a short time because we want to make sure it's ready. We don't want to call ahead and say, oh, yeah, we're going to be ready. But it's usually-- it's usually 24 hours. If they're really backed up, might take a couple days.

**LOWE:** OK. Thank you.

**JERRY STANDERFORD:** Sure.

**HUNT:** Thank you. Any other questions? Seeing none, thanks for being here today.

**JERRY STANDERFORD:** Thank you.

**HUNT:** Any other opponents for LB947? Seeing none, anyone here to testify neutral? Seeing none, Senator Day, I'll invite you back up to close. And as she's coming up, on this bill we had some letters. We had 1 proponent, 1 opponent and 1 neutral.

**DAY:** OK. Thank you to everyone who came and testified today. I know that we have been working on satisfying some of the concerns of-- Korby's concerns, and we will continue to do that. I will mention, first, in terms of self-inspections happening, we do know that self-inspections are happening on painting projects like water towers and bridges that rely on proper sealant to maintain integrity of the structure. So maybe-- and home builders don't experience self-inspection or it happens so rarely that they don't hear about it, but it is happening in other areas. And that's what we're trying to eliminate the potential of self-inspection at any level. And I think you can see that outlined specifically in the bill on page 2 under Section 2, line 6. It does define authorized inspec-- excuse me. It does define authorized inspector: means an individual credentialed with the state agency, county, city or village issuing permits or a third-party inspector registered or licensed with the state of Nebraska contracted as a result of project specification requirements. And then that next line that says: Authorized inspector does not include an individual performing a self-performed inspection for the individual's own permit or building. That's where we're eliminating the possibility of self-inspection. And the other thing that I wanted to mention is one of the main purposes of what we're attempting to do here is essentially right now, depending on a couple of factors, as current law stands, there's a patchwork of what inspection looks like and who's going to do that inspection. So we're just trying to create a universal standard across the board for who's going to be doing the inspections and what that looks like. So that's the other thing that I wanted to make sure that I mentioned. And then also, again, if Ms. Gilbertson has anything she wants to add in the definition of authorized inspect-- inspector, we're happy to work with her. The remarks that she mentioned about the fiscal impact, I will draw your attention to the fiscal note. On the very first page, it says: Counties and cities estimate minimal fiscal impact in both increased costs and savings associated with the bill. And additionally, there is no fiscal impact to state agencies. So we don't foresee it being an issue in terms of costs. The counties don't either. But again, if that's a major issue and, and we need to alleviate that before moving it forward, certainly willing to work with her and the other opponents in finding a solution to that. So I'm happy to answer, try to answer any questions you may have.

**McKINNEY:** Thank you. Senator Blood.

**BLOOD:** Thank you, Chair McKinney. Senator Day, I kind of understand some of the confusion that I'm hearing.

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**DAY:** Yeah.

**BLOOD:** And I don't think that reflects on you in any way, but I like the more that I read into it. I have a couple questions that I think I'd like to get on record.

**DAY:** OK.

**BLOOD:** And hopefully I'm in the right vein. So we're talking about inspections that are basically live in some of these instances where, say, for instance, I think the ratio to apprentice to journeyman is 3 to 1. Does that sound right?

**DAY:** Yes. That sounds right.

**BLOOD:** I'm going to assume, someone gave me that thumbs up over there. And that we've heard in, in past hearings is that sometimes workers can be misclassified so they can get around, you know, like, oh, yeah, we really do have the ratio 3 to 1 where without a live inspection, we might not know that that is--

**DAY:** We might not know.

**BLOOD:** --indeed true. Is that part of what I'm hearing?

**DAY:** I'm not sure. I can't speak to that specifically.

**BLOOD:** But the inspector could see who's actually doing the work.

**DAY:** Yes, yes.

**BLOOD:** So I think that that's part of the disconnect.

**DAY:** Right.

**BLOOD:** It seems to be like phantom inspector--

**DAY:** Right.

**BLOOD:** --and the work's already done and-- but it seems like it's also about what's being done at that moment. And I'm really surprised nobody said anything about drones for the inspections. But, yeah, apparently people are still pulling out Polaroids and stuff and making virtual inspections out of that. But, all right. So that's-- I just wanted to get that on the record--

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**DAY:** Yeah, thank you.

**BLOOD:** --because I think that thank you for the clarification.

**DAY:** And, yeah--

**BLOOD:** [INAUDIBLE]

--and we're happy to get any of that clarified for you after the hearing as well, just to make sure that we're on top of all of that as well.

**BLOOD:** In, in this committee, we've talked about misclassifications before and, and I think that that's kind of part of where they're going--

**DAY:** Yep.

**BLOOD:** --for but.

**DAY:** OK.

**BLOOD:** All right.

**DAY:** Thank you.

**McKINNEY:** Thank you. Any other questions? No. Oh, Senator Lowe.

**LOWE:** Thanks. Ms. Gilbertson brought up on page 2, line 22 and 23 has a list of all personnel, personnel who are completing the work on site. Does that include the painters, the drywallers, the guy cleaning up the mess that you just brought in for the day?

**DAY:** I'm not sure exactly who all that would pertain to, but I would be happy to find out.

**LOWE:** OK.

**DAY:** Thank you.

**McKINNEY:** Thank you. Any other questions? No. Thank you. That will close our hearing on LB947.

**HUNT:** Next we'll move on to LB1118 introduced by Chairman McKinney. Welcome to your Urban Affairs Committee.

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**McKINNEY:** Thank you, Vice Chair Hunt and members of the Urban Affairs Committee. My name is Terrell McKinney, T-e-r-r-e-l-l M-c-K-i-n-n-e-y. I represent District 11 in the Legislature. I'm here to present LB1118. LB1118 will require the city council to, to be an additional, additional party that consents to an officer's removal as conducted by the mayor. This is a change from the current law for cities of the second class, which allows mayors of cities for-- of the second class to remove officers without any checks. This bill was brought to us by the city of Yutan. Behind me, a representative from the city will testify as to why this change is necessary, and will be able to answer why any technical questions you-- and will be-- will be able to answer any technical questions you have. Even from an outsider's perspective, it is clear to see that this change will promote uniformity across our statutes. Cities of the metropolitan class, primary class, first class, and villages all have the city council as a check in their removal of municipal officers. In the case of cities of the metropolitan class, this has been in statute since 1921. This standard works and has been proven by the longstanding use by other classif-- classification of cities. I appreciate your time to the subject, and I'm happy to answer any questions. Thank you.

**HUNT:** Thank you, Chairman McKinney. Any questions from the committee? Seeing none, thanks for your introduction.

**McKINNEY:** Yeah.

**HUNT:** Any proponents for LB1118? Welcome.

**CHRISTY ABRAHAM:** Thank you, Senator Hunt, and members of the Urban Affairs Committee. My name is Christy Abraham, C-h-r-i-s-t-y A-b-r-a-h-a-m, here representing the League of Nebraska Municipalities. We first, first want to thank Senator McKinney for introducing this bill. We really appreciate it. This is one of these little, I call it quirky-- I guess that's the word I'm going to use-- quirky little things in state law. As most of you probably know, what happens in the city of the first class and in villages, if there is an appointed official and appointed officials are typically folks like your clerks, your treasurers, your engineer, your city attorney, those are appointed officials. So when they get appointed, the mayor or the village board chair recommends their appointment, and then the city council or village board approves it. So then the opposite happens in reverse. If someone wants to remove those, then in first-class cities and villages what happens is the mayor or village board chair says, oh, I'd like to remove this appointed official. But then the city

council or village board has to consent. For some reason, that has never been the case in cities of the second class. In cities of the second class, the mayor can just decide to remove a clerk or treasurer. And I think when the city of Yutan brought us this, this idea, there was concern not only for consistency, that it would be nice to have it consistent across the classes of city, but also just a bit more protection for those appointed officials. I am not saying that we have rogue mayors. All mayors of-- who are all watching are all wonderful people. But just a little bit more protection for those important municipal workers that the city council would need to approve their removal. It wouldn't just be the mayor's decision. So again, we thank Senator McKinney for introducing this bill so just we could have, as we said, some more consistency across all classes of cities. And I'm happy to answer any questions.

**HUNT:** Great. Thank you so much. Any questions from the committee. Senator Lowe.

**LOWE:** Do all cities have-- of the second class have the city council and not a board?

**CHRISTY ABRAHAM:** Right. Great question. Cities of the second class all have city councils and mayors. Only villages have village board chairs, which as you know, they don't have mayors. They just have the village board chair. Yep.

**LOWE:** And what happens if this is in reverse, where you have the mayor who wants to keep him and the rest of the city council wants to remove the person?

**CHRISTY ABRAHAM:** Great question, Senator Lowe. So in that situation, the mayor is the one-- she has to bring forward the idea that this official-- that she wants the official removed. So it's incumbent upon the mayor to say, you know, this clerk and I don't really get along. I'd like to remove her. The mayor can bring that before the city council; but the city council can say, no, we love the clerk. We'd like to keep them. So it really-- it takes both entities to remove that person. But that's not the situation right now in cities of the second class. Right now, if the mayor doesn't like the clerk, the mayor can just remove the clerk.

**LOWE:** OK.

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**CHRISTY ABRAHAM:** I know, clear as mud. Sorry. It felt clear in my head.

**HUNT:** Any other questions? Seeing none, thank you for being here today.

**CHRISTY ABRAHAM:** Thanks so much.

**HUNT:** Any other proponents for LB1118? Seeing none, anyone in opposition? Anyone wish to testify neutral? Seeing none, Senator McKinney, you're welcome to close. He waives closing. We have no letters on LB1118. And with that, I'll close this hearing and move on to LB1190, introduced by Chairman McKinney. Welcome.

**McKINNEY:** Good afternoon, Vice Chair Hunt and members of the Urban Affairs Committee. My name is Terrell McKinney, T-e-r-r-e-l-l M-c-K-i-n-n-e-y. I represent District 11 in the Legislature, and I'm here to present LB1190. LB1190 creates the Professional Service Contract Reporting Act. This act would require qualified cities, counties and state agencies to submit a report to the Department of Administrative Services detailing the entity involved in a professional service contract, the total dollar value of the contracts, and a description of any effort made by the entity to increase the number of contracts located within economic redevelopment areas in qualified census tracts. Failure to comply will result in allocated funds being withheld from the city or county. LB1190 increases transparency in our state, while allowing boundaries to be set clearly between a consumer and provider through a professional relationship. We need to see who is receiving government contracts and where the individuals receiving these contracts are from. This is crucial as millions of dollars are spent yearly, but a very small percentage of those dollars in contracts are given to businesses that are located, particularly within economically development areas or qualified census tracts. Within these communities, government contracting helps attack the wealth gap and decrease poverty. However, we need first to see where the money is going, what sectors, in what areas, and what are areas of opportunity. It is also, in my opinion, I think it's just good to just understand first to see what the problem is. You know, I think we hear a lot of times that people aren't getting contracts and there's issues with government contracting all the time, whether federally or statewide or within cities. But I think first we need to see where the contract's going and how is-- how is tax dollars being spent. Then I think we could better address the, the concerns of many of our constituents. And that's why I brought the

bill, mainly for my constituents, because they come to me all the time saying, hey, Senator McKinney, we try to get contracts with the city or the state. And, you know, we have a lot of times-- hard times with procurement and those type of things. And they make the process so difficult for us, and we can't never get contracts. And if we do, they nitpick everything we do or they make it difficult or the jobs that they do get don't really make a lot of sense. So my first attempt at attacking this problem is just trying to see where the contract's going, and then we can figure out the rest and I'll answer any questions.

**HUNT:** Thank you, Chairman McKinney. Any questions from the committee? Seeing none, thank you for introduction.

**McKINNEY:** Thank you.

**HUNT:** Move on to proponents for LB1190. Any proponents? Seeing none, anyone here in opposition? Seeing none, anyone here to testify in a neutral capacity? Seeing none, we had 1 letter in opposition to LB1190. And I'll invite you to close, Senator McKinney.

**McKINNEY:** I guess, am I closing? I know some people-- I had talked to people from the city earlier, somebody from Lincoln, and they said they had actually, they weren't against the bill. They had some technical suggestions that they would send over to me to try to make some improvements to it, which I think is always good. So I'm open to any type of fixes. I just think, you know, report-- reporting is good, and I think it's always good to see where dollars are going to try to address these issues. And I was talking to somebody earlier about a different issue. And, and I was just explaining to them in the Legislature, sometimes we have to take steps to solve problems. And maybe, you know, this isn't the end goal, but to, to get to the end goal, we have to take steps. And I think sometimes, you know, the public is like, you need to introduce this bill to solve this problem. I really agree with you, but we're in the Legislature and it's a process. So this is part of the process to try to get something done to address a bigger issue that I think many people have been concerned about around government contracts. I think it's a way to address the wealth gap is to make sure if, like, the government is spending money, whether it's the state or the city, we're making sure, you know, those who are from communities that, you know, don't got the, you know, best, you know, the greatest economic conditions can take advantage of some of those contracting services, especially the business owners,

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to, to build them up. So thank you. And, you know, hopefully we can figure this out and try to get something passed. Thanks.

**HUNT:** Thanks, Chairman McKinney.

**McKINNEY:** No problem.

**HUNT:** Any questions, colleagues? Seeing none--

**McKINNEY:** All right.

**HUNT:** --with that, I'll close the hearing on LB1190.

**McKINNEY:** I have to run to another.

**HUNT:** OK.

**McKINNEY:** Yep.

**HUNT:** Thank you, Chair McKinney. The next bill is from Senator John Cavanaugh, and we're just waiting for him in another committee. So we'll stand at ease until he's able to come back. Or are you able to introduce? OK. My bad. Welcome. Open the hearing on LB1219.

**DAVE SUND:** Thank you, Vice Chair Hunt and members of the Urban Affairs Committee. I'm Dave Sund, D-a-v-e S-u-n-d. I'm the legislative aide for Senator John Cavanaugh in the 9th Legislative District in midtown Omaha, here to introduce LB1219, which updates the International Building Code, International Residential Code, and the International Energy Conservation Codes from the 2018 to the 2021 editions. This bill was originally introduced last session as LB164, which became the vehicle for one of the committee priority bills. Introducing LB1219 at this time gives the committee the opportunity to update the building codes if they so choose. I will be brief in my introduction. Senator Cavanaugh wanted to echo comments from Senator McKinney last session, that we just can't keep putting off the updates to the building codes every time they come up or we'll fall further behind. With that, I want to thank the committee for your time and ask for your support to move the bill forward.

**HUNT:** Thank you, Mr. Sund. It's not customary to ask questions of staff, so I'll thank you for your opening. And I'm sure we'll catch up with Senator John Cavanaugh if we have questions. Any proponents for LB1219? Anyone testifying as a proponent? Seeing none, anyone in opposition? Welcome to your Urban Affairs Committee.

**MATT KINNING:** Thank you. Good afternoon. My name is Matt Kinning, M-a-t-t K-i-n-n-i-n-g. I'm here on behalf of the Home Builders Association of Lincoln. I want to start out by saying, yes, energy efficiency and good quality homes is always at the top of our list and, and a priority for us to build in the state of Nebraska here. But we do also have to keep in mind that code is a minimum standard. A house can always be built way above code. So when we are in the affordable housing crisis that we're in right now and, and having problems just getting families to be able to afford a home, we need to be very, very diligent about any type of cost that we add to that. You know, things like, in this new energy code here to give some examples of what I'm talking about, EV ports for electric vehicles in the garage being required as a minimum standard; being solar ready, putting everything in there that needs to be so that they can run the wires and install the solar panels on the top of the house. Those are things that are not life safety issues. That has nothing to do with that. You know, I move on to what I handed you there on some of the cost, the actual hard costs that are added to this. These are on a-- on a townhome over in Lincoln here that we have qualified for down payment assistance in a lot of the entry level type housing, workforce housing. This code alone, as you can see down there, would add an additional \$8,010 at minimum of cost. That equates to roughly \$59 a month and \$21,000 over the lifetime of a standard conventional loan, 10% down. Though we have not had the chance to run the science on it, these codes, you know, there's nothing that the-- oh, where am I at here? Nothing that the \$550 for that charging port does nothing to take off the 50 or take \$59 off of their energy bill and consume less energy. It's just simply not there. We just need to take a break on the codes. It takes us a while for technology and everything to keep up with them. Nationwide we're not behind what other states are doing. I just want to wrap it up with we-- the affordable housing is huge and being able to get that done. This bill, if you campaigned on affordable housing, creating housing, this bill is the complete opposite of that. With that, I'll wrap up, take questions.

**HUNT:** OK. Thank you for your testimony.

**MATT KINNING:** Yep.

**HUNT:** Any questions from the committee?

**MATT KINNING:** All right. Thank you.

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**HUNT:** Thank you for being here today. Any other opponents for LB1219? Welcome.

**NICK DOLPHENS:** Good afternoon, members of the Urban Affairs Committee. My name is Nick Dolphens, N-i-c-k D-o-l-p-h-e-n-s. I'm at 9719 Giles Road in La Vista, Nebraska. While attending college, I was the housing intern for the Nebraska Department of Economic Development and since I've been a homebuilder in Omaha and the surrounding area for 21 years. I'm here to oppose LB1219, speaking on behalf of the Metro Omaha Builders Association. Nebraska is in a well-documented housing affordability and availability crisis. I feel it's our job as industry professionals and yours as elected officials to question all mandated costs that do not prevent imminent danger. In a 2019 NAHB study, for every \$1,000 increase of home price pushes 127,560 buyers out of the market. The exhibit I handed you is our Ellison [PHONETIC] plan. It's 2,500 square foot, 2 story. We've built this around 150 times in Omaha. It represents one of the more affordable homes one could purchase in the neighborhoods we build in. Our direct costs for this plan have increased 80% in 7 years. For those of you who aren't familiar with the term direct costs, that'd be the sticks and bricks just to build the home, the structure. So 80% in 7 years is over \$156,000 for the exact same plan that somebody got 8 years ago. Nebraska is hoping to over-- Nebraskans hoping-- homebuyers are trying to overcome these cost increases, inflation, interest rates, taxes and they're getting nothing more to show for it. There are so many cost factors that are outside of our control in home building. We are at the mercy of large commodity price swings, labor scarcity, code changes, and others. I'm asking that you continue to help Nebraskans by questioning every dollar that isn't absolutely necessary to ensure we are not continuously pushing more and more buyers away from the possibility of owning a new home. Thank you.

**HUNT:** Thank you, Mr. Dolphens. Any questions from the committee? I appreciate you being here today. Thank you.

**NICK DOLPHENS:** Thank you.

**HUNT:** Any other opponents for LB1219?

**ADAM FLANAGAN:** Good afternoon, members of the Urban Affairs Committee. My name is Adam Flanagan, A-d-a-m F-l-a-n-a-g-a-n. And I'm testifying in opposition of LB1219 on behalf of the Welcome Home Committee. As some of you know, we're an organization comprised of individuals, businesses, financial institutions and other nonprofits committed to

partnering with elected officials to make meaningful changes and improvements in the public policy area to allow young families, first-time homebuyers and future Nebraskans to own a home. We're particularly focused on improving the regulatory environment in our communities. I think we can all agree that the housing shortage in Nebraska is real and it is significant. We lack tens of thousands of available affordable housing units in our state. Like many of you, we are concerned about what our communities are going to look like in 5 or 10 years if we continue on the path that we are on. To that end, we know that Senator Cavanaugh recognizes the need for more available housing. However, we think LB1219 stands in the way. As discussed in the prior testimony, these new standards aren't free and are actually quite expensive. It's likely that all of our houses don't meet the standards that are outlined in these new requirements, and we're all going to go home to them tonight anyways. You've all heard about the study published by the National Association of Home Builders, shows that government regulations account for approximately 24% of the final price of a new single family home. Likewise, Governor Pilleen often quotes the UNL study that says that in the Omaha metro area, regulations account for approximately 33% of the cost of a new house. Whatever that number is, we all must ask ourselves, when presented with an additional regulation where the final cost will be passed on to the homebuyer, is this cost or delay worth keeping families out of the homebuying market? The National Association of Home Builders data, updated in '23, states that in the Grand Island metro area, for every thousand dollar increase in the price of a home, 22 households are priced out of the market. In the Lincoln metro area, the number is 70 households. And in the Omaha/Council Bluffs metro area, that number jumps to 435 households. Good intentioned but unnecessary regulations and bureaucratic delays are pricing families with teachers, first responders, small business owners, out of a home \$500,000 or even \$8,000 at a time. Homebuyers are struggling to afford the current regulatory environment, and they certainly can't afford to adopt unnecessary federal standards that add more cost. We want to work with you, the administration, and other organizations to find solutions that would make it possible for families in every neighborhood in Nebraska to own a home. Again, I appreciate Senator Cavanaugh's good intentions. I just don't think that we can afford to adopt them without looking at exactly how much they're going to impact the cost of a home and how many families they're going to price out of the market. Thank you.

**HUNT:** Thank you for your testimony today. Senator Blood.

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**BLOOD:** Thank you, Vice Chair Hunt. Just a quick question. After hearing a couple of you speak, what is your definition of the cost of an affordable house?

**ADAM FLANAGAN:** The definition is typically the median income of what, what the median income household can afford is typically the definition of an affordable house.

**BLOOD:** And so median income in Nebraska means?

**ADAM FLANAGAN:** Roughly \$70,000 I believe

**BLOOD:** That's the median household income.

**ADAM FLANAGAN:** Correct.

**BLOOD:** All right. This is 70.

**ADAM FLANAGAN:** I did not look that up prior to coming here.

**BLOOD:** So I know--

**HUNT:** I'd love that.

**BLOOD:** --it is in certain areas. I don't know if it is statewide. Probably Sarpy.

**ADAM FLANAGAN:** I work mainly in Douglas and Sarpy.

**BLOOD:** So then what would an affordable-- I won't hold you to any of this. So then what would an afford-- the cost of an affordable house be?

**ADAM FLANAGAN:** Well, the cost of the affordable house today is--

**BLOOD:** Rangewise to make it easy on you.

**ADAM FLANAGAN:** \$350,000 to \$400,000.

**BLOOD:** Wow. That does not sound affordable.

**ADAM FLANAGAN:** That's why we are continuing to work with housing officials, administrations, local municipalities on adjusting current regulations to move towards a product that we can build that is cheaper than what we are currently able to build per current regulations.

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**BLOOD:** But wouldn't-- and I don't want to get us too much off topic here, but wouldn't so much of that be-- and we've seen this in other states-- be about working with the political subdivisions and changing some of the code enforcement rules and housing rules they have. For instance, you know, when we talk about things like mother-in-law suites and.

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

**BLOOD:** So why has-- I have not seen a big-- I keep seeing efforts like this. Please, please don't enforce rules because we don't want the cost of the houses to go up, which I respect, but I don't see these same organizations coming in here and, and asking us to-- because we are a [INAUDIBLE] state so political subdivisions, follow us politically with what we put in statute. Why are we not working harder on the code enforcement aspect of it and the community planning aspect of it?

**ADAM FLANAGAN:** You did mention the mother-in-law suites. There were some duplex language that the state-- I believe the state Legislature is working on as well. A lot of our work has been on density. What are-- what are setbacks that are going to be required? How much density can we put in, in a certain area? Unfortunately or fortunately, young Nebraskans have been able to build a affordable home on a, you know, large suburban lot for a long time. We're now kind of catching up with the housing requirements on some of the other more populated areas of, of the country where density is the focus, where you see less large yards, homes go vertical as opposed to going horizontal. We are--

**BLOOD:** I just-- I'm just curious because I don't see those efforts here in Nebraska.

**ADAM FLANAGAN:** We work very hard all the time with the local municipalities on reducing some of those regulations so that we can provide more density.

**BLOOD:** Can you give me an example of when that's been done?

**ADAM FLANAGAN:** Well, there is a project out on 204th and Q Street in Omaha that is a for sale, rowhouse project. We are still working with the local municipalities on reducing some of the additional water hookups, some of the sewer hookups to maybe make it more of a apartment style regulation as opposed to the single family regulation

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where every single unit has to have a separate hookup. Those add extra costs. But everybody's concerned about safety regulations. Everybody's concerned about, you know, making sure that each, each home is a quality constructed home. We are obviously very concerned about that as well. But that is a project that has been able to be constructed at a cheaper price than anything else that is a standalone project-- product. We're working on maybe refining that with each municipality and we're continually reducing that price.

**BLOOD:** Would it-- would it be accurate-- and again, I mean this very respectfully. I am not trying to, to be negative in any fashion. I just-- I just since I've been here, I've heard nothing about-- over and over again all we hear is affordable housing, which we definitely need. And then the things that are brought forward to me seem not affordable. And I wonder sometimes if it's because we don't have enough builders who are willing to downsize the amount of money that they generate on these projects. Do you think that that might be part of the issue is that we need people that are more willing to, to make less to, to give us more?

**ADAM FLANAGAN:** I don't think that's correct.

**BLOOD:** OK.

**ADAM FLANAGAN:** Going back-- I'm going back over a decade now to my days financing construction loans. The margins on a lot of these homes are in the single digits, and they're building a lot of homes to, you know, generate a company because they're also employing their own staff. They're also employing a lot of contractors. As Mr. Dolphens testified to, the hard costs of new construction have drastically increased for various amount of different reasons, which has now kind of taken the-- kind of taken the issue that maybe some of the other states that have, have had to deal with and brought it to Nebraska. We are behind on having those regulations in place to allow for more density. The other states have those already because they had to face this problem 30, 40 years ago. We are now facing the same problem. We are working on, on creating smaller side yards, on creating a product that may look more like something that is built in Boston or is, you know, built in New York, where there-- it's not just a sprawling suburban neighborhood, which we were able to build for decades in an affordable manner just due to the economic situation at the time.

**BLOOD:** And again, I, I don't fault you guys for wanting to make a profit. I just having sat on this committee for a while, I, I just

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hear the same issues over and over again. And I'm always a little puzzled what the disconnect is. So you just happen to be the person in front of me when I start asking these questions.

**ADAM FLANAGAN:** Welcome Home is a nonprofit so.

**BLOOD:** That I'm aware of.

**ADAM FLANAGAN:** I just wanted to point that out. But I do not believe the profit margins have changed in 15 years between what, you know, the Celebrity Homes and Prairie Homes and Hearthstone Homes were building at the time. The profit margins have not increased. In fact, probably have decreased due to the ceiling that homebuyers are able to afford these days.

**BLOOD:** Fair enough. Thank you.

**ADAM FLANAGAN:** Thank you.

**HUNT:** Thank you, Senator Blood. Any other questions from the committee? Seeing none, thank you for your time today. Thanks for coming. Any other opponents to LB1219?

**BLAIR MacDONALD:** Vice Chair Hunt and members of the Urban Affairs Committee, my name is Blair MacDonald, spelled B-l-a-i-r M-a-c-D-o-n-a-l-d, and I appear before you as a registered lobbyist for the Greater Nebraska Cities in opposition to LB1219. The Greater Nebraska Cities is a municipal association representing the cities of Aurora, Grand Island, Hastings, Holdrege, Kearney, Lexington, and Minden. And our opposition to LB1219 is specifically in regards to the adoption of the 2021 International Energy Conservation Code, or IECC. My comments are specifically directed towards the energy code, and we do not take any issue with the International Building Code. We are opposed to LB1219 for the same reasons that we were opposed to LB164 as originally introduced last year. The member cities of the Greater Nebraska Cities have implemented the 2018 IECC to align with the state's adoption in 2019 after many years of operating on the 2009 IECC. Local contractors were vehemently opposed to the update due to the increased supply and labor costs that arose as a result of compliance with the 2018 code requirements, and we fear that would be the case again with the adoption of the 2021 IECC. Furthermore, costs of building materials still remain high due to inflation and workforce shortages. The 2021 IECC further increases costs of materials for the contractor and thus the end homebuyer. And these material requirements

from the 2021 IECC go far beyond increasing the real value of a structure and require high-efficiency appliances and mechanical equipment. The homebuyer or owner is unlikely to ever see a savings or return on investment for what will be significant upfront costs in energy efficiency savings. We have an estimate from one of our chief building officials that the 2021 code would increase building costs for a single home by between \$8,700 and \$11,900 for a home built with 2021 versus the 2018 code. The housing crisis is truly hitting a peak, and we have very low inventory of what we would call affordable. The--our cities also see the overwhelming need for affordable and workforce housing, as does this committee. And so for these reasons, we are still opposed to the 2021 IECC code update and LB1219.

**HUNT:** Thank you very much. Any questions from the committee? Seeing none, thanks for your testimony today.

**BLAIR MacDONALD:** Thank you.

**HUNT:** Any other opponents to LB1219? Welcome.

**JERRY STANDERFORD:** Good afternoon again. My name is Jerry Standerford, J-e-r-r-y S-t-a-n-d-e-r-f-o-r-d. I'm here on behalf of myself and the 2 companies that I manage to build houses in Omaha. And I'm here in opposition to this bill because of the cost and mainly because it drives us up. Our phones ring off the hook about affordable housing and affordable housing. And I heard you refer to what about the codes and the zoning. The zoning, Senator Lowe has a couple of bills here that will help some of that with accessory buildings, accessory dwellings, let us build duplexes on single family lots. However, to me, affordable housing is hard if you cut the cost of the lot in half. If you take an average lot that we build on today at \$64,000 retail, and you make that \$30,000, you only take \$34,000 off of that \$375,000 or \$400,000 affordable house that he had. Now the rest of it is in the codes. The huge increases since 2000, when we adopted the IR-- the IRC in the-- in 2000 and every year subsequent have done more to drive up the cost of affordable housing than any other single thing in the state of Nebraska. I go back and look at my job cost, I've been involved in these codes since 2000. I see it as just on and on and on. This is a big number this time, but it isn't the only one. We have the electrical hook coming back up again. We will see the building code again. And the way these are set up has, has really increased the cost. So again, I'm opposed to this that gets us an infinitesimal amount of additional savings. So that's the end of my story. Thank you.

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**HUNT:** Thank you for your testimony. Are there any questions? Senator Lowe.

**LOWE:** Thank you. And thanks for testifying again today.

**JERRY STANDERFORD:** Sure.

**LOWE:** The-- can you give us some idea of how much these codes increase the cost of building [INAUDIBLE] would you say 2001?

**JERRY STANDERFORD:** 2000 was the first. The 2000 IRC or IBRC was the first I code that was adopted in the state of Nebraska.

**LOWE:** How much has that increased the cost?

**JERRY STANDERFORD:** I knew you were going to ask me that, and I don't know that number. I mean, it's--

**LOWE:** Tens of thousands? 20--

**JERRY STANDERFORD:** Oh, tens of thousands. I think we're-- I think we're more than tens of thousands of dollars. Yeah, I think we're talking more, yeah, more than tens of thousands.

**LOWE:** Are the houses worth that much of an improvement to safety then?

**JERRY STANDERFORD:** You know, we've talked about why not go back to the 2000 IRC and this-- and, you know, everybody rolls their eyes at us when we talk about that. And I'm talking about in my office and among some of these guys. There are a few amendments that would have to be made to the 2000 to bring it up to where we think it would be the essential life safety items, like maybe a basement window, an egress window in every basement, maybe the stair geometry that wasn't the same as it was in 2-- or is the same as it is now. But overall, we don't give up a ton of safety. I mean, how safe is-- how safe can we make it? I mean, that's-- so if we were to roll that back, it would be interesting. And, you know, at some point we're probably going to have to do that. We'll have to see where that is. I don't even know if there's an appetite for that.

**LOWE:** By doing that, would you be able to save \$40,000, \$50,000 on the cost of a house?

**JERRY STANDERFORD:** I would think so. I would think so. Depending on the size of the house, of course. And the other--

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**LOWE:** An affordable house.

**JERRY STANDERFORD:** Right.

**LOWE:** Two bedroom, maybe a 3-bedroom house, ranch style something.

**JERRY STANDERFORD:** Sure.

**LOWE:** OK. Thank you.

**JERRY STANDERFORD:** Thank you.

**HUNT:** Thank you, Senator Lowe. Any other questions? Seeing none, thanks for being here today.

**JERRY STANDERFORD:** Thank you.

**HUNT:** Any other opponents for LB1219? Seeing none, is anyone here to testify in the neutral capacity? Seeing none, Senator Cavanaugh, would you like to close?

**J. CAVANAUGH:** Thank you, Vice Chair Hunt and members of the Urban Affairs Committee. I apologize, I missed the introduction and most of the testifiers, so I can't really respond to what anybody has to say. I just thought I'd make myself available if there were any questions I might be able to answer. I was looking at testimony from this bill-- it's very similar-- I don't know if this was in the introduction, but this is a bill that was introduced last year that is no longer a live bill so being reintroduced. And according to one of the testifiers last time, Senator Lowe, it was \$5,582 would be the additional cost of adopting the 2021 energy code, which I think is what we're talking about here. So I don't know if that helps.

**HUNT:** All right. Any questions from the committee? OK. Seeing none, thank you for your closing. This bill had 7 proponent letters, 7 opponent and 0 neutral. And with that, I'll close this committee hearing. Thank you all for coming.