

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

**STINNER:** Senator Clements is here so we can start now. Welcome to the Appropriations Committee hearing. My name is John Stinner. I'm from Gering and I represent the 48th Legislative District. I serve as Chair of this committee. I'd like to start off by having members do self-introductions, starting with Senator Clements.

**CLEMENTS:** Rob Clements from District 2, Cass County and eastern Lancaster.

**McDONNELL:** Mike McDonnell, LD 5, south Omaha.

**STINNER:** John Stinner, District 48, all of Scotts Bluff, Banner, and Kimball County.

**WISHART:** Anna Wishart, District 27, Lincoln and Lancaster County.

**KOLTERMAN:** Mark Kolterman, District 24: Seward, York, Polk, and a sliver of Butler County.

**HILKEMANN:** Robert Hilkemann, District 4, west Omaha.

**STINNER:** I'll let Senator Vargas weigh in here.

**VARGAS:** Are we introducing ourselves?

**STINNER:** Please do.

**VARGAS:** District 7, downtown and south Omaha, Tony Vargas.

**STINNER:** Assisting the committee today is Tamara Hunt, and to my left is our fiscal analyst, Clint Verner. Our page today is Jason Wendling. At each entrance, you'll find the green testifier sheets. If you are planning to testify today, please fill out and sign the sheet, hand it to the committee clerk when you come up to testify. If you will not be testifying at the microphone, but want to go on record as having a position on a bill being heard today, there are white sign-in sheets at each entrance where you may leave your name, other pertinent information. These sign-in sheets will become exhibits in the permanent record. To better facilitate today's proceedings, I ask that you abide by the following procedures. Please silence or turn off your cell phones. Order of testimony will be introducer, proponents, opponents, neutral, and closing. We ask that when you come up to testify that you spell your first and last name for the record before you testify. Be concise. It is my request that you limit your testimony to five minutes. Written materials may be distributed to the

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

committee members as exhibits only while a test-- testimony is being offered. Hand them to the page for distribution to the committee and staff when you come up to, when you come up to testify. We need 12 have copies. If you have written testimony, but don't have 12 copies, please raise your hand and the page-- so the page can make copies for you. With that, we will begin today's hearing with LB1033. Good afternoon, Senator.

**ARCH:** Good afternoon, Senator Stinner, members of the Appropriations Committee. For the record, my name is John Arch, J-o-h-n A-r-c-h, and I represent the 14th Legislative District in Sarpy County. I'm here this afternoon to introduce LB1033. First, I want to acknowledge the rare, but very challenging task this committee is being asked to undertake: determining how \$1.4 billion should be allocated to appropriately address the negative impacts of COVID-19 pandemic. It's an awesome responsibility you have. I appreciate your willingness to receive input for this once-in-a-lifetime occasion. It's also a once-in-a-lifetime opportunity, as we know, an opportunity to utilize these one-time funds in a manner that results in positive outcomes for years to come. And that's the intent of LB1033. As indicated by the ARPA eligibility checklist, I-- they're-- the page is passing out right now, LB1033 aims to provide assistance to small businesses and industries negatively impacted by the pandemic, specifically, the industries of manufacturing and processing, transportation, distribution, and logistics. These businesses and industries suffered significant revenue loss due to supply chain disruptions. Workforce shortages declined workforce productivity and inflation. One of the lessons the pandemic taught us is that Nebraska's supply chain infrastructure is woefully inadequate to withstand significant disruptions and we've seen that in dramatic fashion, such as the disruption of when the pandemic began and the disruptions that continue to exist today. According to sources, global supply chain pressure and volatility is at its highest ever and these challenges are disproportionately higher in the Midwest. The systemic gaps in our state's supply chain, including the availability of inventory and product distribution, have resulted in supply shortages and reduced workforce. There continues to be system-wide complications from high demand, rising costs of raw materials, and transportation challenges. These problems are all exacerbated by the workforce shortage. Fourth quarter 2021 data from the Nebraska Department of Labor indicates there are 30,000 fewer people in the workforce than there were before the pandemic from the state of Nebraska. More than 90 percent of Nebraska manufacturers reported to the Department of Labor that the COVID-19 pandemic had a significant impact on their business, with

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

hiring difficulties being the most reported problem. Add to this the number of workers out sick, quarantining, or taking care of family members continue to increase supply chain volatility and hurt workforce productivity. Of course, supply shortages, workforce shortages, and stymied productivity have driven up costs for businesses and manufacturers and naturally this leads to higher costs for Nebraska consumers and families. LB1033 proposes to invest \$195 million in Nebraska's supply chain infrastructure. The funds will bolster four existing programs, first, boosting critical infrastructure capacity, including water and sewer systems, supporting existing businesses to ensure job retention and stabilization, and allowing for the development of mega sites to promote economic security. So the bill calls for a \$10 million infusion into the Rural Project Act, \$15 million into the ImagiNE Nebraska Revolving Loan Fund, and \$160 million into the Site and Building Fund, with \$150 million being dedicated to a mega site development. With respect to the Site and Building Fund, I do want to recognize and thank Governor Ricketts for suggesting \$60 million to that fund in his ARPA, ARPA proposal. Finally, LB1033 seeks an additional \$10 million for the Economic Opportunity Program administered by the Department of Transportation. However, you heard about this program earlier in a companion bill, LB751, which I came and testified to the Appropriations Committee. It was a statute change required if this bill passes. And after some additional conversations, it appears this program might not be a good fit for ARPA funds at this time. So that's the EOP. Our supply chain challenges are not going to go away overnight. Over 58 percent of small businesses report continued negative impacts due to COVID and half of all small businesses report ongoing supply chain disruption. With hiring and transportation costs rising, nearshoring and onshoring has become very competitive globally and many manufacturers are considering moving production closer to customers and relying less on foreign-made products. As I said, this has presented us with an unprecedented opportunity, an opportunity to address the needs of these hard-hit businesses and industries and help Nebraska workers and families recover from the extraordinary economic impacts of the pandemic. This one-time investment has already proven Nebraska programs will enhance critical infrastructure and will put us in the position to weather future storms. This concludes my testimony and I encourage you to include the provisions of LB1033 in your final ARPA package. With that, I would be happy to answer questions or there are those behind me to testify as well if I'm not able to answer those questions.

**STINNER:** Any questions? Seeing none, thank you.

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

**JONATHAN JANK:** Chairperson Stinner and members of the Appropriations Committee, my name is Jonathan Jank, J-o-n-a-t-h-a-n J-a-n-k, and I serve as the president and CEO of the Seward County Chamber and Development Partnership. The SCCDP is the sole combined chamber of commerce and economic development organization in Seward County, with a standing membership of 280 public and private sector business partners. I am also an active member of the Nebraska Economic Developers Association, or NEDA, and chair their scholarship committee. Additionally, I am the immediate past president of the Nebraska Chambers Association, a statewide network of chamber of commerce professionals. I'd like to go on record as a representative of the Nebraska Chamber of Commerce and Industry, the Nebraska Economic Developers Association, Greater Omaha Chamber of Commerce, Lincoln Chamber of Commerce, and Nebraska Bankers Association and enter this written testimony in support of LB1033. As we all have witnessed, COVID-19 brought to light serious concerns surrounding the United States supply chain. Individuals and businesses in Nebraska have been hurt because of our dependence upon source-- sources of goods and services that are unreliable in their cost and timeliness. Rather than risk continued harm by relying on faraway suppliers, Nebraska recognizes the need to localize supply chains, develop manufacturing, and invest in critical infrastructure like rail, water sewer systems, and broadband connectivity. Our long-term goal should be a self-reliant Nebraska and United States. LB1033 would help push us towards that goal. The appropriation of funds in LB1033 would respond to COVID by bolstering existing and effective programs that support state GDP growth, ensure job retention, and spur job creation, while enhancing quality of life and growth in our local communities. Nebraska's prime location between coasts and borders, robust transportation network, and talented workforce is primed for a significant and needed investment in our manufacturing and infrastructure, which has been hampered with supply chain challenges, increased cost, and workforce shortages due to COVID. Seward County has done just that, investing substantially in land and infrastructure, and we can testify to the power and effectiveness of leveraging investment dollars for economic resilience. Seward took a bold step in 2010 to begin developing the Seward/Lincoln Regional Rail Campus, or the Rail Campus, a 300-acre rail served greenfield industrial property. At that time, the Nebraska Department of Economic Development invested \$75,000 in site due diligence, including a phase one environmental study, site brown-- boundary survey, utilities capacities analysis, and other site ready-- readiness activities. Since then, the city of Seward has invested roughly \$7.8 million in, in the Rail Campus land and infrastructure. The first Rail Campus

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

tenant, Petsource by Scoular, a freeze-dried pet food manufacturer, arrived in 2019 and constructed a \$51.2 million, 105,000 square-foot facility, which created 100 new jobs. This was after a competitive recruitment effort that involved six states and almost 60 development sites in the Midwest. Just a couple of months ago, Petsource announced their plans to invest an additional \$75 million, expand their facility to 70,000 square feet, and create an additional 80 new jobs by early 2023. Via recent economic impact analysis completed by Nebraska Public Power District, the city of Seward's return on Rail Campus land and infrastructure investments is clear. By 2023, Petsource will have created approximately 255 direct and indirect full-time jobs, with compensation totaling \$13.6 million per year that will be spent to support local businesses. Taxes on production and imports totals nearly \$850,000 per year. These taxes include only local property and option sales taxes. State sales and income taxes are separate and in addition to this tax figure. The estimated increases in total retail sales for the Seward area economy is estimated at \$2 million annually. This data is real and the evidence is undeniable that investing in industrial land and infrastructure development sites produces results, strengthens supply chains, and supports business and communities. The state's \$75,000 in 2010 led to the city of Seward investing \$7.8 million in the Rail Campus, which attracted a \$126.2 million investment from Petsource by Scoular that is creating annual local and state economic impacts and new employment opportunities. Seward County anticipates additional companies and investment to follow at the Rail Campus in the years to come. This has been evidenced by an increased amount of interest in economic development project activity from companies looking at the state of Nebraska and Seward County since COVID-19 began. As of March 1 of this year, I have been working in the industry of economic development and chamber of commerce work for ten years. My favorite quote that I've learned during this time is that the greatest force for change is a job. If we want to positively impact generations to come in Nebraska, please consider supporting LB1033 that will give Nebraska's current and future residents the ability to make a living and provide for themselves and their families as we all emerge from this pandemic. Thank you for your time and consideration.

**STINNER:** [INAUDIBLE]. Questions? Seeing none, thank you.

**JONATHAN JANK:** Thank you.

**STINNER:** Afternoon.

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

**KEVIN STRATMAN:** Good afternoon, Senators. My name is Kevin Stratman, S-t-r-a-t-m-a-n, first name, Kevin, K-e-v-i-n. I'm here as a member of the business community, more specifically as a member of the commercial real estate industry. I've been with Omaha-based Investors Realty for about 11 years. I solely focus on industrial and site selection and so I've had a, a good number of-- good background in the site selection process and that's part of what I come here to, to share with you guys today. Although my primary focus or my primary market that I work in is, is the Omaha metro, I have, on behalf of clients, conducted transactions across the state, so as far west as Sidney, Lincoln, Omaha metropolitan area, and many places in between. There's a common theme, and this is, this is throughout the state, not one community in particular, but we do have a, a lack of shovel-ready industrial sites in this, this state. Shovel ready, for my purposes, means that infrastructure is to the site, utilities are to the site. There's been some rough grading to the site. There's been some site investigation in terms of environmental assessments, if there's any easements or restrictions that would inhibit development of the site. And in general, is the site graded? But the, the, the expensive part is the infrastructure and the utilities, which, which this bill addresses. To give this group a little bit of a peek into my perspective and, and how I see these, these inquiries for some of the businesses looking to expand in Nebraska and throughout the Midwest, I generally, as a broker, will get an inquiry. It might be from a company, it might be from the CFO of a company, it might be from a site selection group, it might be from a broker. They're looking at several states. They might say we want identify plants or a distribution facility in the Midwest and they're calling Nebraska, they're calling on Iowa, they're calling on Kansas, they're calling on Missouri. And, and their job or their primary task is going to be I want to present this list of, of opportunities to, to the client or, or to the company and then I want to narrow that list down. Generally speaking, at that initial part of the list, all they care about is time. They care about speed to market. They care about speed to, to production, speed to putting the asset into, into, into the, into the workforce. And so they're not really at that point talking about tax incentives, they're not talking about money, they're not talking about prices, they're simply talking about time. If you do not have the sites that are identified with infrastructure in place or a plan to put infrastructure in place or some preliminary governmental approvals from local or state authorities, you will get eliminated from that list. And so hypothetically speaking, if Nebras-- if we were to get this call on, let's say, a 100-acre development, you know, we said in Nebraska-- you know, Kevin Stratman sends a list of, I don't know,

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

five, six sites throughout the state. Somebody in Iowa might be able to send ten. Somebody in Missouri might be able to send 15. Somebody in Kansas might be able to send 20. And I'm making these numbers up for, for, for illustration purposes, but the gist of it is if we are not able to produce sites that are ready or shovel ready, we quickly get eliminated from that list because if you have a list of 100, you know, sites that you're considering throughout the Midwest, you want to get that down to a manageable number so that you could start comparing, you know, the nuts and bolts of, of the community support, the cost of development, the infra-- the, the tax incentives, those kind of things. And so we as a state oftentimes will get eliminated from some of those conversations before we really even get our foot in the door. And, and, and I think a lot of people would, would agree that, that Nebraska is a great place to do business. When people come here and explore this state and they meet with the people here, they meet with our civic leaders, they come away impressed, they, they come away willing to make an investment. We need to have the sites in order to have those conversations. In order for us to bring those people here, we just simply have to have the sites, we simply have to be able to produce or illustrate that we can produce in a timely manner. Specifically as it relates to COVID-19, the, the warehousing industrial industry, certainly through supply chain, has, has had struggles and issues. But some of the things that we're seeing is, is, is companies holding more inventory. You need physical space in order to hold more inventory. If you don't have physical space, you need sites in which to do that. E-commerce has been a high-growth sector in our, in our economy the last couple of years. We need to make sure those jobs go to Nebraska. We don't want, you know, them to, to do a larger facility in Kansas City with the idea that they could service Nebraska. We want jobs here in this state and that's really what I'm here to speak on behalf of today. I appreciate all your time and I'm happy to answer any, any of your questions.

**STINNER:** Any questions? Seeing none, thank you.

**KEVIN STRATMAN:** Thank you.

**KENT GRISHAM:** Good afternoon, Mr. Chairman and members of the committee. My name is Kent Grisham, K-e-n-t G-r-i-s-h-a-m, and I'm the president of the Nebraska Trucking Association. You're probably thinking, what's a big, old trucker doing in a committee hearing like this? Well, truckers are very blessed in Nebraska because the vast majority of our citizens realize that when the world stops, for whatever reason, our trucks keep rolling. So on behalf of our more than 860 members, ranging from single-truck owner-operators right up

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

through the largest-- some of the largest trucking companies in North America, I am here to speak in favor of Senator Arch's introduced legislation, LB1033. It might also interest you to know that in 2021, the Nebraska Grain and Feed Association and the Nebraska Trucking Association entered into a joint effort as the Grain and Feed Association was dissolving. Under our joint effort, the NTA's Agricultural Commodities and Marketers Council was formed, absorbing members from the NGFA. By doing so, we are working to ensure that the NTA is an effective voice for all trucking in Nebraska, whether commercial or agricultural. Our trucks carry more than 84 percent of all the freight that moves in Nebraska, with about half of all of our Nebraska communities receiving truly everything they need to survive by truck alone. So it is in that transportation and logistics mindset that we speak in favor of LB1033 and its provisions to develop roads and other essential infrastructure for current and developing needs. Nebraska is in an enviable position among the states, both geographically and economically. Our fiscal conservatism and matters of running the state keeps us in a position of being able to weather many storms that might otherwise bankrupt some other states. The double-edged sword of that position, however, is that we can be less competitive for economic development projects that require ready-to-develop sites. We have often found ourselves scrambling to put in public infrastructure roads and related infrastructure somewhat under the gun because the private and commercial industrial development is already underway. Infrastructure that is built proactively tends to be easier and cheaper to install as opposed to retroactively. Just imagine, if you will, the benefits that could have been realized had we built the Lincoln South Beltway all those many years ago when we first realized its need. Today's transportation and supply chain systems are rapidly evolving. More and more shippers and receivers are moving to a hub-and-spoke supply chain versus point-to-point logistics. This way of thinking in supply chain management makes it possible for you to order just about anything and get it in about two days. It's how Nebraska-based industries, trucking companies, shippers, and receivers can handle on-demand and just-in-time inventories. For the trucking industry, we know younger and new professional drivers want to be home more and these evolutionary changes in our industry and the supply chain help make that possible. Our neighboring states have seen that potential and tout several shovel-ready commercial and industrial development sites, complete with roads and infrastructure. Nebraska has a unique opportunity now to catch up and position the state in more equal footing with LB1033 laying the foundation. The trucking industry offers many new high-quality and high-paying jobs in Nebraska every

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

year. I can get any one of you a job driving a truck today, if you'd like. However, we, like many others, are finding it difficult to fill those jobs. We believe some forward-looking investments in infrastructure and workforce development will help change that picture and make it easier to keep our Nebraska kids in Nebraska and position the state as a destination of choice for building a good life to those who live elsewhere. So with that, Mr. Chairman, I will be happy to take any questions.

**STINNER:** Thank you. Questions? Seeing none, thank you.

**KENT GRISHAM:** Thank you.

**DAVE TAYLOR:** Good afternoon, Senator.

**STINNER:** Afternoon.

**DAVE TAYLOR:** Members, my name is Dave Taylor, D-a-v-e T-a-y-l-o-r, and I serve as the president of the Grand Island Area Economic Development Corporation and I am here in support of LB1033. In Grand Island, the Cornhusker Army Ammunition facility was built in 1942 and as I hear the testimony about controlling our supply train [SIC], that really was the ultimate of what the United States needed to do at that time to control our, our supply train [SIC] during that time of need. This is a 19-acre camp-- a 19-square-mile campus where we manufactured heavy ammunitions, bombs, and chemical compounds. At the time, this facility was state of the art and arguably provided central Nebraska with the largest economic impact boom in our history. When the Army decommissioned the ammunitions facility in 1989, Grand Island and Hall County went to work remediating the campus. Tens of millions of dollars were spent to correct the intense soil and water contaminations that were spread throughout that whole facility. Through the five-- fine-- five bomb line productions and the two ammunition magazine areas, there was extensive contamination that has all been cleaned up, 645 dilapidated buildings were demolished, and millions of pounds of concrete and debris were removed. By the time the Cornhusker facility was considered suitable for brownfield sites, funds had run out to supply basic, basic utilities for expansions or rail upgrades. It's important to note we currently have 23 miles of rail in place at our Cornhusker facility. This is 90-pound rail. This rail can only handle empty, empty cars and it's also important to note that this is what's called a dual-served site; on the north side, Burlington Northern Santa Fe is, is, is serviced and on the south side, the Union Pacific is serviced. We only have one business currently working off of those rail lines and that is a railcar repair

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

company. For the past three years, the Grand Island Area Economic Development Corporation has responded to over 70 RFPs looking for dual-served sites. It's a very popular request, as you, as you have heard. As we reflect on those projects, one of the common denominators that kept on coming back was our lack of heavy rail or this 90-pound rail that won't hold a, a full car. With the use of these funds, we would upgrade this 90-pound rail to 115-pound rail, which is an industry standard, to operate what's called a short line, which this facility is. We believe Grand Island's application is modest, but would create a monumental impact for not only Grand Island, but our region, the state of Nebraska, and with the potential of upgrading all 23 miles of this 90-pound rail to a 115-pound rail, theoretically could have a huge impact in central United States. Today, more than 100 UP and BNSF trains pass through Grand Island every day. That's 20,000 railcars that pass through Grand Island that do not stop and assist in our industries. We do not get the benefit of receiving or shipping central Nebraska products using either one of those lines. Ninety percent of Nebraska's freight is moved by truck. We're all very aware of the extensive use of our interstate transportation system. Studies shows that if Grand Island would utilize rail to capture just 10 percent of our outputs, just 10 percent of our products, that would leave, on Nebraska rail instead of truck, we would use 3,225 railcars, as opposed to 14,337 18-wheeled trucks that would be on the road. This would reduce our, our annual mileage, just from that 10 percent, 12.4 million miles off Nebraska highways and our interstate system annually. With this simple change of utilizing rail instead of truck, our existing Grand Island area business would save over \$116 million annually in just transportation costs. Additionally, our local businesses would have the opportunity to open up new markets. By having reduced dredge, which is getting your product to, to where it's going to be ultimately shipped, to Grand Island, as opposed to Omaha, Kansas City, Denver, or beyond, our products would be competitive in new markets. These benefiting industries are locals-- local industries that back our community T-ball teams. They provide wealth-producing jobs to our residents and they're the first to step up in all of our community-led projects. Mill grain and animal feed are the two largest commodity groups within a 200-mile radius of Grand Island that would see the largest portion of these savings. These projects are largely traveling to China and Japan and central Nebraska's-- and they are central Nebraska's top two countries of export.

**STINNER:** You do have a red light, by the way.

**DAVE TAYLOR:** OK. Grand Island would have a robust rail network, but we lack the access and modernization to connect with these rails. As it

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

currently stands, our growth potential is capped. With, with the collaboration, we can change this. We're rel-- we have relatively quick timelines and we anticipate having the mainline completed in calendar 2022 and the rest of the upgrades done in the next 18 months, considering a June-- a July 1, 2022, start date. Thank you for your time.

**STINNER:** Thank you. Questions? Seeing none, thank you.

**JACK RUSSELL:** Good afternoon, Chairman Stinner, members of the committee. Thank you for allowing me to speak here today. My name is Jack Russell. That's J-a-c-k R-u-s-s-e-l-l. I am the policy and research coordinator for the Lincoln Independent Business Association. Our organization represents around 1,000 businesses in Lincoln and Lancaster County and I'm here to deliver testimony on their behalf in support of LB1033. Our organization understands that with the influx of unprecedented federal funding, there are a lot of different ideas on how to spend it. Many of them are very valid concerns worthy of the conversation. The reason LIBA is supporting LB1033 is to emphasize the importance of infrastructure and economic development. Shoring up supply chains, encouraging the development of local manufacturers, investing in critical, critical infrastructure and broadband, and stabilizing businesses would be a smart investment. Throughout the pandemic, we have seen delays in delivering materials that impact housing and commercial construction, county infrastructure maintenance, and other various industries. Many businesses that were disrupted by COVID-19 are still feeling the impact. Addressing supply chain concerns is an important step to getting our economy back to pre-pandemic levels. A deliberate investment by the Legislature would go a long way in building up our existing infrastructure and expanding services such as broadband to communities with need. The attraction and retainment of quality jobs in Nebraska is a major priority. LB1033's substantial allocation to the Economic Opportunity Program will help grow our state and produce strategic infrastructure improvements that will better provide a safe way for consumers to reach businesses and allow for more efficient supply chain routes. This relief would directly benefit businesses across Nebraska. LB1033 represents a meaningful way to allocate federal dollars. This bill places a clear priority on infrastructure and economic development. For these reasons, LIBA supports the advancement of LB1033. I want to extend our appreciation to Senator Arch for bringing this bill forward and to the committee again for allowing me to speak here today. I'd be happy to try and answer any questions you may have.

**STINNER:** Thank you. Questions? Seeing none, thank you.

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

**JACK RUSSELL:** Thank you.

**GARY PERSON:** Senator Stinner, Appropriations Committee members, my name's Gary Person, spelled like "person," P-e-r-s-o-n. I'm president and CEO of the North Platte Area Chamber and Development Corporation. North Platte Area Chamber and Development Corporation is very appreciative of Senator Arch and Nebraska Chamber of Commerce and Industry's efforts to craft LB1033, which addresses multiple high-need and critical funding areas to conduct effective economic development. All these programs have been severely impacted by the pandemic. Our corporation is comprised of 600 businesses and organizations in the North Platte area and strongly supports LB1033. We support all aspects outlined in the bill impacting economic opportunity, workforce training and infrastructure, site and building development, large commercial industrial shovel-ready sites, and the Rural Projects Act specific to rail park development. We understand the criticalness and the effectiveness of having a shovel-ready business park. We have one that is-- could be served by truck. In fact, we had 11 new warehouse and commercial buildings built just in the last 18 months. We're working on developing an industrial park at our airport and I came before the committee last week and outlined the all-important proposed industrial rail park near North Platte at Hershey, Nebraska. You heard the uniqueness of our story last week. I want to respect your time and not be redundant to what you, you heard then, but obviously we've had no rail access availability for 75 years and we're in the process of changing that thanks to you, the support of the Legislature, and what you did last year and what you're contemplating doing this year. So thank you for your service.

**STINNER:** Thank you. Questions? Seeing none, thank you. Any additional proponents? Any opponents? Anyone in the neutral capacity? Seeing none, Senator Arch, would you like to close?

**ARCH:** Thank you to the committee. I think we heard a lot of good testimony today that talked about the various projects that are-- would be possible through this. I, I just want to, I just want to walk through slowly the LB1033 and what exactly is the request here. So the first was-- and these are in existing programs now, so to place one-time-- a one-time transfer of funds into these existing projects or programs: the Economic Opportunity Program, Department of Transportation, that was one that I mentioned in my opening testimony that that one may not be the best fit for ARPA and so with that, you can consider that. The Rural Project Acts-- Act is, is an additional request of \$10 million of these funds. That's run by the Department of Economic, Economic Development. The Site and Building Development Fund

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

was \$10 million. That's run through the Department of Economic Development as well. The ImagiNE Nebraska revolving loan fund is \$15 million through the Department of Economic Development and the last one would be the mega site development and the request there is for \$150 million through the Department of Economic Development. So these are, these are deposits into the departments where they can expand their programs, offer more grants, do more infrastructure development. And in addition to that, the, the mega site has, has, has targeted the opportunity for two locations, one in eastern Nebraska, one in western Nebraska of approximately 500 to 1,000 acres, and, and have that ready for major recruitment efforts, both in western and eastern. So with that, I will close and answer any questions you might have.

**STINNER:** Senator Erdman.

**ERDMAN:** Thank you, Senator Stinner. Just one simple question, Senator Arch.

**ARCH:** Yes.

**ERDMAN:** Define western Nebraska.

**ARCH:** Oh, that sounds like a dangerous question to answer.

**ERDMAN:** No, I was just-- I'm trying to get your opinion on where--

**ARCH:** Anything--

**ERDMAN:** You said western Nebraska.

**ARCH:** --anything that isn't eastern. How's that?

**ERDMAN:** Are you neutral?

**ARCH:** No, no, I'm a proponent.

**STINNER:** Any additional questions? Seeing none, thank you.

**ARCH:** Thank you. Thanks for your time.

**STINNER:** We have three letters of support for LB1033 and that concludes our hearing on LB1033. We'll now open with our hearing on LB1070. Senator Williams.

**WILLIAMS:** Good afternoon, Chairman Stinner and members of the Appropriations Committee. I'm Matt Williams, M-a-t-t W-i-l-l-i-a-m-s, from Gothenburg, representing Legislative District 36. I'm here to

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

introduce LB1070, which requests \$20 million of ARPA funds to be directed to the Department of Economic Development for purposes related to the Workforce Housing Investment Act. The act addresses the ongoing workforce shortages and workforce housing shortages in Nebraska. This feels a little bit like deja vu all over again. This is the third time that I've had the fortune of being in front of the committee talking about various aspects of this bill and the process going forward. With that in mind, I have shortened everything. You don't need to hear about the history again. You've heard it enough times and I've also asked many of those people that have testified before to not come up and testify today. What you have heard before is clearly there is a need for the housing that we have talked about and you've also heard about the solution that we have been using that has proven to be very successful. There happens to be an article in the World-Herald today talking about housing construction in Nebraska and how housing construction in Nebraska changed following the Great Recession of the end of 2008 and '09. From 2010 to 2019, in all of Nebraska, there were 46,996 homes built. That is less than half of the homes that were built the previous decade. Think about that. I believe that LB1070 proposes an allowable use of the ARPA funds under the category of water, sewer, broadband infrastructure. LB1070 emphasizes infrastructure, but since LB1070 was drafted, we've also learned from the final rule promulgated by the Treasury there is an allowance for demolition, which is included in the legislation. I believe the bill, as written, gives the Department of Economic Development the authority to determine all allowable uses for the funds for workforce housing investments. As you've heard, the Rural Workforce Housing Program has proven to be extremely successful, so successful that the Governor included additional funds for the program using ARPA funds in his recommendations. While the Governor's recommendation directed \$50 million over the course of the next two fiscal year program, LB1070 requests \$20 million. We are requesting less due to concerns about whether or not the ARPA funds can be used in a revolving type program, which is how most of these funds are being used. And the second one is very practical in nature that we do not believe in working with the Department of Economic Development that they can get \$50 million out the door and spent in the time frame that is necessary to qualify for ARPA. We're much more comfortable with a \$20 million effort. As you know, I've introduced three bills that combine to take care of this issue: LB1069, which was heard between-- in front of the Business and Labor Committee yesterday, is the bill which updates the underlying act and makes those technical changes and a few substantive changes to bring the act up to date following the fact that we have used it now since 2017 and there are some things that needed to be changed and

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

updated; LB1070, which is before you today, requesting \$20 million of ARPA funds; and LB1071, which I was in front of you with last week, that talks about using \$30 million of cash funds to work together with the ARPA dollars. I've been asked by several people, how does this work in combination? And I think the best way is to give you an example of what could be a real-life request that, that I will run over with you quickly. Let's make the assumption a rural community needs workforce housing. We know that's there. There is not a local developer who is able or willing to invest and take the risk in this type of housing project. The community creates a community nonprofit development organization to take on a housing project with plans to develop lots, build three housing units per year over the next five years. The initial development of the lots is projected to cost half a million dollars, which is broken down to about \$50,000 per lot. That's the lot, the infrastructure, streets, water, sewer. Each housing unit is projected to cost to build about \$230,000. This cost does not include the cost of the lot. That's simply the building. Based on current market values, these units are projected to sell for between \$275,000 and \$300,000 each. Using only one application, which we think is unique with the Department of Economic Development, the nonprofit development organization makes their application to DED under the Rural Workforce Housing Investment Act for an \$800,000 grant and they raise \$400,000 of their own money. So you've got \$1.2 million counting the whole thing together. You can see from those numbers why it would be very difficult for a private developer to take on this kind of project when you look at the, the risk involved and the, the lack of that capital to do those kind of things. That grant application then would hopefully be approved by the Department of Economic Development and the nonprofit development organization begins work on the project. The DED award of \$800,000 would be \$500,000 from, in this case, ARPA, because that's the infrastructure cost that they could be used to cover that, and \$300,000 from their other bucket of funds, from the cash funds, to cover the one-time housing unit construction cost. So you-- the Department of Economic Development, through one application, would basically have two buckets of money. They have the ARPA money that they can allocate based on the application for infrastructure. They have the cash funds money that they can allocate into the project based on the total application. The cash funds could be used for infrastructure, but it can also be used for the revolving thing. That's the beauty of the program. In the first year, you can see that the development organization itself will spend down nearly all of the money, \$1.190 million, from \$500,000 for the infrastructure and contract with a builder to build three homes. At the end of that period of time when the homes are built, the homes go up for sale. The

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

realtor hope-- hopefully sells those homes for in that price range of the \$275,000 to \$300,000, replenishing the money back to the nonprofit development corporation so they can begin the process over. And that's the reuse portion or the redevelopment so that the, the houses for the next round, the next three houses the next year can get built. It, it helped me a great deal, sit down and, and walk through that so people can think about how that would work. With that, I think we have clearly shown through the previous history the need that is there all across our rural areas for this type of housing. The lack of being able to build a, a workforce is, in most cases, a reflection of not having rooftops for these people. This is a proven solution and I hope you will advance LB1070 and so that we can move forward with making a combination of LB1069, LB1070, and LB1071.

**STINNER:** Very good.

**WILLIAMS:** Thank you, Mr. Chairman.

**STINNER:** Questions?

**CLEMENTS:** Yes, please.

**STINNER:** Senator Clements.

**CLEMENTS:** Thank you, Mr. Chairman. Thank you, Senator Williams. What is the amount of funds that have already been put into this program in the past?

**WILLIAMS:** In 2017, the first year of the program, we took \$7 million from the Affordable Housing Trust Fund and then that-- the results of that in-- investment, I will call it, has, as of 2021, resulted in over 800 housing units being built in the state and \$110 million. In 2020, we appropriated \$10 million of General Fund money that was fully allocated and has all been awarded in grants. So there's no grant money available right now and through LB1069, the bill that updates the act, the act is extended for five years through the 2026-27 fiscal year. So we believe the combination of \$20 million of ARPA funds and \$30 million of cash funds, \$50 million, could be used \$10 million a year over the next five years is how they would use that.

**CLEMENTS:** Thank you.

**STINNER:** Senator Erdman.

**ERDMAN:** Thank you, Senator Stinner. Senator Williams, have you seen the fiscal note on how many people they're going to employ to do this?

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

**WILLIAMS:** Yes, I have.

**ERDMAN:** So if we already have an existing program, why does it take three and a half more people?

**WILLIAMS:** It does-- it, it's a strange fiscal note, Senator Erdman, because with the current program, until we pass LB1069, ends the end of this fiscal year. So in their budget, they already cut those people out of the budget. This is just putting the same people back into the budget that they've already had that they were using.

**ERDMAN:** OK.

**WILLIAMS:** It's not more people.

**ERDMAN:** All right, very good, thank you.

**WILLIAMS:** I was-- when I looked at that fiscal note, I had to do this a couple of times.

**ERDMAN:** Yeah. Thank you. That was a good answer. I appreciate it. The other question I had, so these are workforce housing and so you said \$285,000 is the sale price. Just doing back-of-the-envelope estimation, that house is going to have \$5,500 in property tax. They're going to have another \$200 a month in insurance and the payment is going to be \$1,300 or more. These people are going to have to make \$90,000, \$95,000 to afford that mortgage. Is that what you call workforce housing?

**WILLIAMS:** It's called middle-income housing is the actual definition through the University of Nebraska Omaha that they're using for this. And so far, these houses, they have not had any trouble finding buyers for these homes. These are generally homes where the new teacher in town, the new nurse at the hospital and with her husband, are buying these kind of homes. Those are the jobs we're trying to fill.

**ERDMAN:** I thought our teachers were underpaid. I didn't think they would be able to afford \$285,000 house, just saying.

**WILLIAMS:** Was there-- was that a--

**ERDMAN:** No, it was a comment.

**WILLIAMS:** Was that a question?

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

**ERDMAN:** It's just-- it's strange that, that workforce housing would be considered a \$300,000 house.

**WILLIAMS:** I think what we run into-- and this is where we have this difference and we have an appraisal issue with this and we kind of hinted at that last time, these houses sometimes not appraising for what they cost to build. Construction costs right now make it, it hard to build a home. These are generally homes that are about 1,400 square feet on the main floor, unfinished business-- basement, two-car garage. And it's shocking that that's what they're costing to build, but that's--

**ERDMAN:** And they're having trouble getting them appraised?

**WILLIAMS:** Yep, they're not appraising for the cost oftentimes.

**ERDMAN:** Need a diff-- may need a different appraiser.

**WILLIAMS:** We could find that too if you--

**ERDMAN:** OK.

**WILLIAMS:** --if you would apply to come to what I would call central Nebraska.

**ERDMAN:** Right, I know where that is.

**WILLIAMS:** You know what I mean.

**ERDMAN:** Yeah.

**STINNER:** You could also use TIF money now to buy down that mortgage by, say, \$20,000 to make it more affordable from--

**WILLIAMS:** It's possible. Some of the programs that have used this have used TIF; most have not. The ones that have, have been the more recent ones because of running into trying to buy down the price to stay under \$285,000. Under LB1069, that-- what is currently \$285,000 goes to a, a max cap of \$325,000, so that hopefully-- I don't think people generally want to use TIF for this unless they have to.

**STINNER:** Understand. Additional questions? Seeing none, thank you. Afternoon.

**ROBERT HALLSTROM:** Chairman Stinner, members of the committee, my name is Robert J. Hallstrom, H-a-l-l-s-t-r-o-m, appear before you today on behalf of the Nebraska Bankers Association and with the Chairman's

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

permission and the way these hearings have been run, I have put the support on record for LB1070, LB1252 with regard to the middle-income housing portions of that bill, and LB940 with respect to both the rural workforce housing and the middle-income housing portions of that particular legislation. Like Senator Williams, I'll be respectful of the committee's time. The Bankers Association has been before this committee on a number of occasions and we've bestowed the merits of the success of the work-- Rural Workforce Housing Initiative Act and would do so again. I think when you look at this issue, the ARPA funds, as Senator Williams noted, can be used for sewer, water, infrastructure, demolition. Those are all issues that many communities have deferred and even delayed further because of the pandemic and that is a critical component of being able to jump-start these types of projects with the use of the rural workforce housing funds. And with that, I'd conclude my testimony and be happy to address any questions.

**STINNER:** Thank you. Questions? Seeing none, thank you for your brevity.

**ROBERT HALLSTROM:** Thank you.

**CLEMENTS:** When does western Nebraska start?

**STINNER:** Any additional proponents?

**CAROL BODEEN:** Good afternoon, Chairperson Stinner and members of the Appropriations Committee. I know that you have seen me before this week as well and I will also comply with keeping things brief. My name is Carol Bodeen, C-a-r-o-l B-o-d-e-e-n, the director of policy and outreach for the Nebraska Housing Developers Association and we would like to go on record in support of LB1070. We are very much in support of anything that's going to help the housing situation that we have throughout the state and so we hope that this bill would advance.

**STINNER:** Thank you. Questions? Senator Clements.

**CLEMENTS:** Thank you. Thank you. Have, have your companies been involved in the rural workforce housing program so far?

**CAROL BODEEN:** Yes, yes, very much. I know that Cliff Mesner from Mesner Development has testified on at least one or two of the other bills and, and even I, myself, as the former executive director of Lincoln County Community Development in North Platte, we're a nonprofit-- we were a nonprofit affordable housing developer and our

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

organization also used rural workforce housing funds to construct a rental development for low to moderate income.

**CLEMENTS:** Thank you.

**STINNER:** Additional questions? Seeing none, it's good to see you. You're getting to be a regular.

**CAROL BODEEN:** I am. Thank you so much.

**STINNER:** Any additional proponents? Any opponents? Anyone in the neutral capacity? Seeing none, Senator, would you like to close?

**WILLIAMS:** Well, thank you again, and I appreciate the people not taking up a lot of your extra time today. Again, we have a definite need here, a proven solution, and as I said last time when I sat in this chair, you have the keys to these new homes. It's interesting to me, I think we're being prudent in using \$20 million rather than the Governor's proposed \$50 million. I think those monies could be better used somewhere else than here, but I certainly think this \$20 million and the \$30 million that we requested last week are appropriate. Thank you and I'd be happy to answer any final questions.

**STINNER:** Thank you. Questions? Seeing none, thank you.

**WILLIAMS:** Thank you.

**STINNER:** We also have eight letters of support for LB9-- excuse me, ten-- excuse me, eight letters of support for LB1070. So that concludes our hearing on LB1070. We'll now open on LB968. Good afternoon.

**DORN:** Good afternoon, Chairman Stinner and fellow members of the Appropriations Committee. For the record, my name is Myron Dorn, M-y-r-o-n D-o-r-n, and I represent District 30, which includes Gage County and part of Lancaster County. I'm here today to open an LB968, a bill to appropriate \$8 million of American Rescue-- ARPA dollars to create additional affordable housing capacity aimed at vulnerable population like refugees. LB968 also includes \$2 million in ARPA funds for job training and employability programming for refugees. As this committee well knows, affordable housing, particularly in rural areas of Nebraska, has been a long-term problem that the supply chain disruptions and economic impacts of the COVID-19 pandemic, pandemic only exasperated. As Blueprint Nebraska reported, Nebraska only had 41 affordable units for every 100 households in extreme poverty. When Americans troops withdrew from Afghan [SIC] last year, another crisis,

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

humanitarian crisis, collided with a lack of affordable housing. The old adage there's no place like home is true. For refugees who have fled violence, religious, or government persecution, home has a variety of meanings. For many years, they spent months or years in a refugees camp, or a U.S. military base in the case of Afghan refugees, prior to their arrival in Nebraska. These men and women are anxious to build a new home and a new life, leaving everything except for their clothes on their back behind them. Securing safe, affordable housing serves as a jumping off point for refugees to enroll their children in schools, find jobs, and build language skills. A recent Nebraska Chamber of Commerce report found that 92 percent of businesses indicated that finding a skilled workforce remained a top challenge from the economic impacts of the COVID-19 pandemic. Nebraska offers a welcoming, caring, and economically thriving environment in which to welcome those affected by the events abroad. Many industries like hospitality, manufacturing, and meatpacking rely on and benefit from refugees workers. Refugees serve as dedicated employers, business owners, homeowners, students, and community leaders. As you'll hear from testifiers today, LB968 represents a down payment to address affordable housing and workplace development challenges with the potential to leverage additional private dollars. What's more, the type of use envisioned under LB968 clearly falls within the Department of Treasury's requirement for usage. Both a type of program, affordable housing, and targeted population, refugees and other census tract population, meet the Treasury Department's requirements. LB968 provides a unique solution to affordable housing and workforce development challenges across the state, with a priority on projects in rural areas. I see this bill as a modest investment, which will continue to reap benefits for Nebraska communities and for the people who call Nebraska home. Happy to answer any questions, but I wanted to point out a little bit too. We-- LB968, we have an amendment that, LB1919 [SIC--AM1919], that I think we handed out in the bill, which it originally referred to housing as having a gross income over \$100,000 or less. Well, that's not the poverty or whatever. That was a placeholder in this bill. So we've since ended that, it-- replace it with a 185 percent or below the federal poverty level. You would need to meet that guideline to qualify for this. So that is a correction that we have for the bill or whatever. But the-- some of the nonprofits came to me with this bill. This is a bill targeted, as Senator Williams has, with workforce, workforce housing development, but it really kind of deals in on some of the-- what our state has had in the last few years. I call it the people that have migrated or, or, or moved into our state and dealing with the housing issues they are

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

also facing, just like all the rest of our low-income people in the state of Nebraska. So thank you. We'll be around for closing.

**STINNER:** OK.

**DORN:** Oh--

**STINNER:** Questions? Senator Erdman.

**DORN:** Yeah.

**ERDMAN:** Thank you, Senator Stinner. Senator Dorn, thank you for coming. So define what that means, a workforce house-- I see what the requirement is, 185 percent of the poverty level--

**DORN:** Yeah.

**ERDMAN:** --but it, it isn't going to be a \$285,000 house like Senator Williams--

**DORN:** No, no.

**ERDMAN:** Define what a house like that would be. What kind of house would these people [INAUDIBLE]?

**DORN:** This would help them-- they could receive grants under this to help with them in that-- building that type of a house, also help with some of their rental maybe so they can define-- so they can come up with housing to live in, period.

**ERDMAN:** So would this-- this wouldn't pay for rent, this is just when they purchase a property?

**DORN:** We'll have some of the other guys behind us answer that specific question. I, I would like to answer that, but I'm afraid I'd answer it wrong, OK?

**ERDMAN:** OK. Thank you.

**DORN:** Yeah.

**STINNER:** Any additional questions? Seeing none, thank you, Senator.

**CLEMENTS:** I think I passed [INAUDIBLE].

**CHRIS TONNIGES:** Good afternoon, Senator Stinner and members of the Appropriations Committee. My name is Chris Tonniges C-h-r-i-s

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

T-o-n-n-i-g-e-s, president and CEO of Lutheran Family Services of Nebraska, testifying today on behalf of support of LB968. We are grateful to Senator Dorn for introducing legislation to address one of the most-- or some of the most critical issues and challenges emerged in Nebraska today; the lack of affordable housing and lack of workforce across the state. As Bryan Slone, president of the Nebraska Chamber of Commerce, shared in December, Nebraska has 50,000 to 80,000 jobs it cannot fill across the state of Nebraska. In this next decade, Nebraska needs to attract 100,000 to 200,000 18- to 24-year-olds to fill those jobs. And Nebraska has a lot of open jobs and yet our labor force participation rate, at nearly 7 percent higher than the national average, means nearly all available workers are already in jobs across the state. LB968 has the ability to solve both these problems with a key human resource; people with refugee status. We've heard from mayors, business leaders from Hastings, Grand Island, Kearney, and other communities in greater Nebraska-- central and western Nebraska to keep the joke going-- Nebraska, where unemployment is dangerously low, recognizing the workforce solution that people with refugee status can provide in our current labor market. For example, in Omaha/Council Bluffs, immigrants, including people with refugee status, strengthen the local job market, allowing companies to keep jobs on U.S. soil and help preserve or create 3,400 local manufacturing jobs that would have otherwise vanished or move elsewhere in 2019, according to new research from the New American Economy. These Omaha/Council Bluffs residents paid over \$483 million in taxes and held \$1.4 billion in spending power in 2019. For new Nebraskans, it's not just about getting a job. People with refugee status arrive with strong desire and motivation to contribute to their newest-- new state and country. For example, many are highly skilled and educated or have specific skill sets like healthcare professionals, engineers, technology specialists, and pharmacists. Earmarking some of the funds from this bill for programming allows us to work with other collaborative partners on professional placement, advancement, language training, or certifications to get skilled workers into those higher-level jobs for which they are qualified. It can also mean partnering with Nebraska's universities, community colleges to develop programs that help people find a career in something that they're passionate about. It can mean leveraging their skills and shortening the window for people with refugee status to get them into the workforce in these skill-based jobs tied to healthcare, IT, and those areas in open positions where we desperately need to fill in the state of Nebraska. This fall, I attended the Platte Institute's symposium on economic development, where I heard the following quote: housing is where jobs sleep. If we are to fully

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

leverage the human resource potential of people with refugee status and their families, more affordable housing is needed. The funds from this bill can be a catalyst for investment in housing units that are both affordable and flexible to meet the social service needs of these vuln-- of this vulnerable population, especially in areas that are not traditionally earmarked for larger, affordable housing complexes similar to 100 to 10-- or 100 to-- 800 [SIC] to 100 unit complexes such as Lexington, Grand Island, and North Platte, to name a few. We envision housing that will, will aim to solve the problem of much-needed units for refugee populations and begin to solve the need for workforce development housing and other temporary to semi-permanent housing needs in those communities. Our goal is to provide a landing place for families to stabilize, acclimate, and thrive in the communities they call home. For all the positive economic impact immigrants bring to our communities because of the unique needs and circumstances of the arriving families, it is extremely difficult to access safe, decent, and affordable housing. Most of these people with refugee status fled only, only what-- with whatever they could carry as they boarded the U.S. military transport-- or military transport planes. Another unique aspect of finding housing is that-- is this subset of arrivals who are part of a large, multigenerational family. They have different requirements from a, from a social services and programming aspect too. Because the rental market is already tight, we often face housing costs that are not financially attainable or sustainable like three- to four-bedroom houses. These larger, multigenerational families require a different approach to access-- accessing housing and services such as language assistance and cultural orientation. Splitting up families is, is not ideal under any circumstances, but oftentimes we are forced with that, that decision. To kickstart the program, a private donor has stepped up with \$6 million-- a \$6 million gift specifically directed to address the housing needs of Nebraska's marginalized populations with an emphasis on refugee populations. These funds can be used for the acquisition of existing property or new development. The donor hopes that this will inspire and motivate other private donors, local community partners, and state entities to match their investment and assist in addressing one of the greatest needs for the great state of Nebraska. Thank you for your time and I'm happy to answer any questions you may have.

**STINNER:** Thank you. Questions? Senator Erdman.

**ERDMAN:** Thank you, Senator Stinner. Thanks for coming. So explain what these workforce housing-- looks to me like you're going to build some apartment complexes.

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

**CHRIS TONNIGES:** Yeah, so the intended uses for multiuse-- or for multifamily housing. It could take the form of redevelopment of existing properties. It could be new development. It just depends on what the community's specific need is and what the, the opportunity is in the, in the different communities.

**ERDMAN:** So, so then these people would live-- would pay rent and live in those apartment complexes?

**CHRIS TONNIGES:** Correct, correct.

**STINNER:** Additional questions?

**KOLTERMAN:** I have a question.

**STINNER:** Senator Kolterman.

**KOLTERMAN:** Thank you, Senator Stinner. Thank you for being here today. When these refugees arrive in Nebraska, are the bulk of them in eastern part of the state or do you get some transferred out to rural Nebraska as well?

**CHRIS TONNIGES:** So Lutheran Family Services is-- has a registered refugee resettlement site in both Omaha, Lincoln, as well as Lexington and so we're-- and we have service area of 100 miles from those registered locations. So effectively, we are either resettling refugees in, in-- across the entire state or through secondary migration, assisting those individuals with housing and other programming literally across the entire state of Nebraska.

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

**CHRIS TONNIGES:** Um-hum.

**STINNER:** Senator Hilkemann.

**HILKEMANN:** You got-- following up on Senator Kolterman's-- so are you the only agency that's placing these-- or how many other agencies are there doing this?

**CHRIS TONNIGES:** No, there's three agencies in the state of Nebraska. Lutheran Family Services has resettled over 700 Afghan refugees so far as part of this particular surge. We anticipate an-- probably an additional 100 before the end of the month and there's two other agencies that also resettle across the state and-- or in-- one in

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

Omaha and one in Lincoln, which you're going to probably hear from both of those later on in the testimony.

**HILKEMANN:** And you receive a stipend from the federal government for each family, is that correct--

**CHRIS TONNIGES:** That's correct.

**HILKEMANN:** --or is it per person?

**CHRIS TONNIGES:** It's both depending upon what that stipend is for.

**HILKEMANN:** And that stipend is enough for approximately how, how long?

**CHRIS TONNIGES:** 60 to 90 days.

**HILKEMANN:** 60 to 90 days. Thank you.

**STINNER:** Additional questions? Seeing none, thank you.

**CHRIS TONNIGES:** Yep, thank you.

**STINNER:** Good afternoon.

**SHAFIQ JAHISH:** Good afternoon, Senator Stinner and members of the Appropriations Committee. My name is Shafiq Jahish, S-h-a-f-i-q J-a-h-i-s-h. Thank you to Senator Dorn for introducing LB968 and for your commitment to creating housing capacity for refugees in Nebraska. I'm originally from Afghanistan. I worked as an interpreter for the U.S. military in Afghanistan, which led me to coming to the United States and to Omaha. I worked as a battlefield interpreter with different branches where we went out on some very dangerous missions. Working with the U.S. military made us a target for Taliban and other terrorist groups in Afghanistan. And while the U.S. troops were decreasing in numbers, we applied for the special immigration visa to come to the United States. After serving for eight years with the U.S. military, I was able to get my special immigration visa and come to the United States in 2014 with my wife and three kids. When we came, we were resettled in a two-bedroom apartment in Omaha. It was hard back then to find affordable housing for these new Americans, but with the help from the resettlement agencies, we were able to find a job to pay our rent and other bills. I lived in that apartment for three years and our family grew from five to seven people till we were able to buy our own house. The biggest barrier for me at that time was getting a job in the field that I had experience and could work. But with my background from Afghanistan, it was hard for companies to

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

believe that I could do the job, so they wouldn't even call me for interview. I started as a driver for one of the nonprofit agencies and made my way up to become a supervisor. While working full time, I attended college and graduated with a bachelor degree in MIS. I am currently IT analyst with one of the banks in Omaha. Most refugees like me work hard and they buy their own houses within three to five years. I'm here and safe, but I worry about my family, especially now that the Taliban took over the whole country and have been going after people who worked for the Americans during the past 20 years. I am urging senators to do whatever they can to save the families of those Afghans who worked-- who served for this country and fought along the U.S. military in Afghanistan. Today, I'm here to support LB968 introduced by Senator Dorn to appropriate funds for affordable housing. I have been volunteering with the new Afghan refugees for the past few months and I see that affordable housing is one of the major issues and concerns that they are facing. Many of these refugees that-- they are new to Omaha, they cannot get a job. They cannot enroll their kids into school. They cannot get a driving license because they don't have an address. I see many of these refugees living in temporary housing due to the lack of affordable housing in Omaha. I hope that we can all come together and give these people a hand so that they too can be homeowners in the next three to five years to support our economy. Thank you for your time. I am happy to answer any questions you may have.

**STINNER:** Thank you. Senator Kolterman.

**KOLTERMAN:** Shafiq, thank you for being here. We talked earlier in the Rotunda. When you came from Afghanistan, did you have a choice of where you would land?

**SHAFIQ JAHISH:** Yes, so I came through the special immigration visa and when we were in Afghanistan, we could choose any city in the United States. I had a friend that came to Omaha six months before me and he told me all the good things about Omaha, so that's why I came to Omaha.

**KOLTERMAN:** And you, you drove a, a vehicle and transported people when you first got here and then you went to school full time and you became interested in information technology--

**SHAFIQ JAHISH:** Yes.

**KOLTERMAN:** --and you work for a large bank in Omaha now--

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

**SHAFIQ JAHISH:** Yes.

**KOLTERMAN:** --is that correct?

**SHAFIQ JAHISH:** Yes, that's correct.

**KOLTERMAN:** Have you had any trouble settling into the, the state of Nebraska?

**SHAFIQ JAHISH:** It was easier for me because I worked with the Americans for eight years, so I knew about the culture. And before coming to the United States this time, in 2005, I came as an exchange student and I finished my last year of high school in Michigan. So it was an easier adjustment for me, but harder for my family and especially more harder for those people that they don't speak English, which many of these new Afghans that are arriving recently, most of them, they don't speak English. So they, they need more support from the resettlement agencies and from the community as a whole.

**KOLTERMAN:** When they come now, like when they come in an emergency eviction, so to speak, as they had, do they have a choice in where they land or--

**SHAFIQ JAHISH:** Not--

**KOLTERMAN:** --do they just end up here?

**SHAFIQ JAHISH:** --not this time. I know-- I talked to many of the families here that they know somebody from-- that lives in Texas or California or Virginia. But those big states, which are, like, more famous in Afghanistan and there are more Afghans living there, they are already taken. So they don't have the capacity to take more refugees there, so now they just send you wherever they want to send you.

**KOLTERMAN:** Well, I'd like to thank you for your service.

**SHAFIQ JAHISH:** Thank you.

**STINNER:** Thank you. Additional questions? Seeing none, thank you very much.

**SHAFIQ JAHISH:** All right, thank you.

**MAHAMED JIMALE:** Good afternoon. My name is Mahamed Jimale, M-a-h-a-m-e-d. My last name is J-i-m-a-l-e. Today, I'm here for East

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

African Community [SIC] Development Association of Nebraska. It's a nonprofit who supported refugees from East Africa. Basically, we're a state [INAUDIBLE]. We are not assignment office like Lutheran, but we are helping, like, people when they're assaulted, they come to our office. They come as a community. We raised a bond, a place people will comfort each other and have time with the community. So whenever the people come to Nebraska, they join for the community because they knew we were together for the refugee camp. I used to be a refugee before I came to United States. I was in Kenya, then I landed for New York, then I went to Minneapolis. Then I moved to Nebraska because one of my friend told me Nebraska is available job, so that's why-- the reason I move. Before I came, I was Minneapolis. So today I would like to introduce something about this community [INAUDIBLE]. East African population in Omaha are low-income families. Some of them, they become a U.S. citizen, but there's still the remaining for-- challenges about language, culture, and other [INAUDIBLE]. Mostly, they live in, like, apartment or low-income families for, like, 20 years. They facing the challenges for 20 years. Imagine someone who can-- 2,000 and still live in apartments or low-income families. They never move out because they didn't have any opportunity. They'd have-- never had opportunity that they can move out and own-- ownership-- housing. So people I'm listing today is people who stay five to six, eight or ten years or less. So I'm asking today to support LB968 because the community I represent in this, East Africa has very hard worker, most of them with, with the many companies in the state of Nebraska, some of them Grand Island, Sioux City, Schuyler, and Omaha and Council Bluffs. Those families are still behind. No one knows their problem. They never come and show up. They still remaining because they have a body language. They have-- not having a good communication where they can represent for their people. Basically, I founded this organization, East Africa-- called EADAN, two years ago when COVID-19 hit Nebraska, especially Omaha, where many people had a challenge of rent assistance and food, food, food pantry and other resources. So basically today I'm supporting this LB968. Thank you, [INAUDIBLE], today we meet in the morning, so I would like-- the families, I'm saying there's a lot of refugees. I'm not denying those one-- there's still a lot of refugees in Nebraska, but particular this East African, they have a challenge about housing issues. So I would like, if you supported this, it would be-- help a lot of families and they are hard work-- they are very hard work families. As I say, they work-- they're supporting economic for Nebraska's economic. They work many companies. So if you have any question, I will try to--

**STINNER:** Thank you. Questions? Seeing none, thank you very much.

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

**MAHAMED JIMALE:** Thank you. Thanks so much.

**TOM VENZOR:** Good afternoon, Chairman Stinner and members of the Appropriations Committee. My, my name is Tom Venzor, T-o-m V-e-n-z-o-r, and I'm with the Nebraska Catholic Conference. The Catholic Church's social teaching has a long-established care and concern for the refugee. Throughout the Old Testament, we repeatedly witness the Jewish people being exiled from the Promised Land. While this forced migration was an immoral act and an undesirable situation for them, the Jewish people came to a deeper understanding of God's love through their suffering. This experience helped them develop a deeper sympathy and support for those who came to Israel as immigrants from the distant lands. When you look at the life of Christ as an infant, he became a refugee. Jesus, Mary, and Joseph fled to Egypt and escaped the intended murder of Jesus by King Herod. In Christ's challenging words in Matthew 25, Jesus charged us to welcome the stranger. In the spirit of Christian charity, Catholic Social Services of Southern Nebraska, the charitable outreach arm of the Diocese of Lincoln, which covers the state of Nebraska, south of the Platte River, has long been serving the refugee community arriving in Nebraska. While the federal government's U.S. refugee admissions program did not formally begin until 1980, CSS began resettling refugees in 1940, assisting people displaced by World War II. Since then, over the last 80 years, CSS has assisted Czech, Hungarians, Jews, Latvians, Poles, Ukrainians, Cubans, Vietnamese, Cambodians, Ethiopians, Laotians, Syrians, Sudanese, among others. And in short, we've served refugees from across the world. Since 2021, CSS has welcomed and resettled around 150 refugees. And while the numbers are not yet established, there will be another wave of Afghan refugees anticipated in the next several months. This is in addition to the standard refugee work that CSS undertakes. Last year, they assisted around 50 refugees and this year they anticipate assisting another 80 refugees. When refugees come to Nebraska, they bring with them a unique set of circumstances and needs, needs that we as individual Nebraskans and collectively as a state and country owe a responsibility toward. In the area of housing, finding accessible, affordable, and safe housing for refugees is a real challenge. As refugees are beginning to see more placements in rural communities in our state, they face the same housing access challenges that this committee is well aware of. This is in addition to accessibility issues in our urban communities. Due to the housing shortage, CSS spent around \$50,000 on short-term stay hotels until safe and affordable housing could be secured, funds and staff time that could have been spent-- better spent on core services and longer-term

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

investments to serve our communities. As well, access to housing is often difficult because refugees come in with no prior rental history, no credit, and no employment. When housing is obtained, it is too often found in unsafe neighborhoods and in buildings, which too often fail to keep up with safety and sanitary standards. Given the challenges-- given these challenges, LB968 would go a long way in investing in our refugee community as they make their start in the United States. The grant money allocated by LB968 could generate creative solutions to the housing and employment issues refugees face and in particular, I'd like to comment to Senator Erdman with your question earlier. So I think the key term in the bill is more affordable housing and not workforce housing. So with these grants, for example, in talking to CSS and, and their executive director, she had mentioned that they could do things like identify maybe like a six-plex or a ten-plex or some sort of facility like that where they could have multiple families there establishing their credit, paying rent, getting a job, getting on their feet. So the funds for this could be used for those types of innovative and creative types of housing opportunities that, that could be done in both the-- in, in the places where we place refugees. And so as this Appropriations Committee continues to deal with the challenging work of listening to and identifying key priorities for ARPA spending, we encourage you to maintain a keen awareness for those communities who have been most impacted by the pandemic, particularly those in poverty and in other communities such as refugees who are adapting to the American way of life during a global pandemic. So I thank you for your time and thank you, Senator Dorn, for introducing this bill and happy to take any questions.

**STINNER:** Questions? Senator Clements.

**CLEMENTS:** Thank you. Thank you, Mr. Venzor. What parts of the state is the Catholic Conference active in with refugees?

**TOM VENZOR:** Yeah, so I can get the-- I can get a better number for you-- or I can get a-- the better locations. I know predominantly most of Catholic Social Services' work is going to be in Lincoln, but I do-- they have a Hastings office as well and I'm-- I need to-- I was trying to get that information before the hearing, but I didn't, so I'll get that for you in terms of where exactly we're putting refugees, placing them.

**CLEMENTS:** OK, thank you.

**STINNER:** Additional questions? Seeing none, thank you.

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

**TOM VENZOR:** All right, thank you.

**STINNER:** Any additional proponents? Any opponents? Anyone in the neutral capacity? Seeing none, would you like to close, Senator?

**DORN:** Thank you for letting us have this in front of the committee or whatever. I think this points out another part of our-- call it our workforce housing or affordable workforce housing across the state. And it's not only for Lincoln and Omaha, but it's also many of the areas of the state where we have the meatpacking plants and that, which we need this type of housing for immigrants and, and refugees and stuff. But it is just another part of the low unemployment that we have, helping solve that issue and then the workforce-- the housing that we need for that workforce, so thank you. If there's any questions, I'll answer them. Otherwise, we'll visit with you some other time. Thank you.

**STINNER:** Any questions? Seeing none, thank you. We have eight letters of support for LB968, and that concludes our hearings on LB968. We will now open with the hearing on LB1252. Go ahead, Senator.

**VARGAS:** Senator Clements. Good morning, Chairman Stinner, members of the Appropriations Committee. My name is Tony Vargas, T-o-n-y V-a-r-g-a-s. I'm proud to represent District 7 here in the Nebraska Legislature, the communities of downtown and south Omaha. Today, I'm here to open on LB1252. I'm handing out a one-pager and there's only one other change I'll make to that one-pager is the-- this proposal is \$20 million of ARPA funds and \$20 million of General Funds. LB1252 would appropriate \$20 million from the federal American Rescue Plan of 2021, or ARPA, to the Department of Economic Development to award grants for the development of middle-income housing in urban areas authorized by the Middle Income Workforce Housing Investment Act and \$20 million in General Funds to the same Middle Income Workforce Housing Investment Act. I would like to thank Governor Ricketts. He did include, in his proposal, appropriations from federal ARPA funds for the rural workforce housing and the middle-income workforce housing. He put \$50 million for the rural workforce housing and \$25 million for the middle-income workforce housing. This would add an additional \$20 million to it. This way, it's somewhat even and equitable so we're investing in both rural and workforce housing. So I'm additional-- I'm adding additional funds to the already-- the Governor's request. A little bit of background: the Middle Income Workforce Housing Investment Act was created by the Nebraska Legislature and signed into law by Governor Ricketts in 2020. The act incentivizes the use of new and existing resources to support creation

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

of workforce housing-- housing investment funds. Such funds will be used to encourage development of workforce housing in Nebraska's urban and underserved neighborhoods and communities. As I'm sure you all know, the COVID-19 public health emergency led to inflated costs for housing materials for workforce housing units, specifically those activities related to demolition and water and sewer infrastructure, which impacts the ability of Nebraska's urban communities to recruit and retain workforce and hampers the ability to communities and to maintain and develop viable, stable, and thriving economies. It's exactly why LB1252 is needed. The development of middle-income housing options would lead to the recruitment and retention of new workforce in Nebraska's urban communities. There are currently over 50,000 jobs available and-- 50,000 jobs available and unfilled jobs in our state, but less than 20,000 people seeking these jobs. There are several testifiers behind me who could speak further on the need for this type of project and funding and I've even received some of these awards in their first iteration of it and I'd be happy to answer any questions, although they probably be better off to answer some of these questions. Last thing I'll say, this is very similar in terms of the structure of the rural workforce housing. It's more grant focused, but it is sort of-- it has been tailored-- these programs both exist, have both been put into law, and have both been managed and overseen by the Department of Economic Development. We're just talking about, similar to rural workforce housing, putting money into programs that we know work and exist rather than starting something brand new, you know, from scratch. So thank you.

**STINNER:** Thank you. Questions? Senator Erdman.

**ERDMAN:** Thank you, Senator Stinner. Senator Vargas, you've seen the fiscal note. Is it the same exact answer to why they need three and a half people-- what Senator Williams gave us?

**VARGAS:** Correct.

**ERDMAN:** This program has ceased and now they're going to just start up again and these are the three and half people needed to do the program?

**VARGAS:** That is my understanding, yes.

**ERDMAN:** Thank you.

**STINNER:** Senator Clements.

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

**CLEMENTS:** Just a clarification, the statement of intent talks about \$20 million from federal funds, but then the fiscal note has \$20 million of General Funds. So the-- it's a combination in this one bill?

**VARGAS:** Yep, it's got \$20 million in federal ARPA funds and then a request of \$20 million in General Funds, one time.

**CLEMENTS:** OK, thanks.

**VARGAS:** Yeah.

**STINNER:** Additional questions? Seeing none, thank you.

**VARGAS:** Thank you. I'll also hand this out. This is just the ARPA checklist.

**STINNER:** Proponents.

**STEVE PEREGRINE:** Good afternoon, senators. I am Steve Peregrine, S-t-e-v-e P-e-r-e-g-r-i-n-e. I'm with Nebraska Housing Resource, a Lincoln-based nonprofit created in 1998 by leaders of the Home Builders Association of Lincoln. NHR's purpose are to increase the supply of decent, affordable housing in and around Lincoln and the state of Nebraska, to apply for and receive grants from private and governmental sources, and to provide, educate, and assistance to builders, developers, financial institution, and prospective homebuyers in and relating to home ownership, housing affordability in low- to middle-income housing. Since NHR was established, the organization's primary role has been in lot acquisition or development and sales. The lots are sold to homebuilders and various state and federal financing resources have been used to encourage and provide incentives to builders to build affordable homes for first-time homebuyers. NHR also offers income-qualified first-time homebuyers subordinated financial assistance to purchase some of these homes. NHR has also sold 15 lots below market to Habitat for Humanity and the Lincoln Housing Authority for their Northeast High School build program. Last year, NHR received funding from Middle Income Workforce Housing Fund, established by LB866. NHR just finished capitalizing our \$2 million-plus revolving fund in December of '21 after receiving the funds awarded by DED and NIFA to add to our Lincoln Community Foundation and our own cash match. NHR'S workforce housing investment fund will act primarily as a participation lender in participation with banks to incent private developers to initiate projects in the target geography and support them with below-market financing that

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

creates the middle-income workforce housing ownership opportunities. NHR will also offer homebuyer incentive financing and gap financing if needed and appropriate in the form of subordinated down payment financing for the resulting units created. NHR has two projects in our pipeline and we are in contact with more private-sector builders, developers, and investors all the time. NHR is working closely with the two other Lincoln nonprofits that receive funding to maximize the revolving funds benefits in Lincoln. LB1252 would greatly increase the funds available and injecting more funds in the workforce housing investment funds cleanses-- sends a clear message to the private sector. The program is not short lived, but has long-term support, motivating builders, developers, and investors to plan and focus on this housing market. Revolving funds will leverage private dollars in many multiples and the result is an increase in the sales and property taxes that returns even more on the initial investment. But they also impact lives and families, providing opportunities for improving living conditions, stabilizing families, and impacting future generations. I would offer two considerations that LB1252 could also address to increase the overall eligible workforce housing projects and resulting homes. One, projects should be eligible not just in HUD-qualified census tracts, or QCTs, but also in locally designated blighted areas, per Nebraska Community Development Law. And two, the new funding should not require a dollar-for-dollar match. Both are required by LB866. Allowing projects in a designated blighted area would increase the areas where potentially larger sites could be used to build more units to meet this well-documented housing need. The HUD-designated QCTs in Lincoln offer few opportunities for builders and developers to build out to scale, which allows for an overall lower cost. And finally, rather than the required equal match, the Housing Workforce Investment Fund should be required to leverage private-sector financing and developer equity, a strong multiple of, for example, three or four to one. Thank you.

**STINNER:** Thank you. Questions? Seeing none, thank you.

**CYDNEY FRANKLIN:** Good afternoon.

**STINNER:** Good afternoon.

**CYDNEY FRANKLIN:** Senator Vargas, thank you for the invitation to be here. Senators and members of the Appropriations Committee, my name is Cydney Franklin. Hi. I'm the president and CEO of Seventy Five North Revitalization Corporation. For those of you that may be unfamiliar, we are a small nonprofit community development organization. Our entire existence is on the strengthening and revitalization of north

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

Omaha's Highlander community, which from a historic standpoint is one of Omaha's most economically distressed and devastated neighborhoods. It is, or was, depending on, you know, where, where your vantage point is, the site of multiple public housing sites developed in the '40s and the '50s that have been since demolished, excuse me, in the late 1990s and 2010s. There is still an existing public housing site there. Since our inception, we've invested more than \$105 million into the Highlander neighborhood through investments in high-quality mixed-income housing, including workforce housing and commercial investments and in amenities that strengthen well-being and health outcomes, so all of the things that we want for ourselves and for our children in terms of vibrancy in health and life. We've also got-- we've also have a partnership with Omaha Public Schools. We're now year six in a ten-year community partnership agreement with Omaha Public Schools to strengthen our neighborhood school, which is Howard Kennedy Elementary, which has facilitated the development of an early learning center to feed into Howard Kennedy that was developed in 2019. I'm here to share my support for this proposed bill. Opportunities like what's being proposed is a central piece of what makes our investment strategy possible and successful. I'm proud to share that Seventy Five North is a recipient of \$1 million, an award from the 2020 Middle Income Workforce Housing Grant. We're so appreciative of the state and the Department of Economic Development and Governor Ricketts for that award and in concert, we've raised \$1 million in matching funds through corporate philanthropy, larger foundations and almost half a million dollars from NIFA. These funds have allowed Seventy Five North to expand homeownership opportunities in Highlander for households with moderate incomes in a part of north Omaha that really needs it. So I'm here to support LB1252 so that nonprofit housing developers like Seventy Five North can build workforce housing for families using a mixed-income strategy and ultimately strengthen neighborhoods. So again, my name's Cydney Franklin and I'm happy to answer any questions.

**ERDMAN:** Spell your name.

**CYDNEY FRANKLIN:** Oh, C-y-d-n-e-y, Franklin is F-r-a-n-k-l-i-n.

**STINNER:** Thank you.

**CYDNEY FRANKLIN:** Thank you.

**STINNER:** Questions? Seeing none, thank you.

**CYDNEY FRANKLIN:** Thank you.

**STINNER:** Afternoon.

**WAYNE MORTENSEN:** Thank you, senators. My name is Wayne Mortensen, W-a-y-n-e M-o-r-t-e-n-s-e-n, and I'm the CEO of NeighborWorks Lincoln. As of Thursday, a total of 56 single-family homes were listed in the Lincoln market. Of those, five were available for less than \$150,000 and only one of those boasted livable conditions. Even that unit was in a flood plain and needed extensive exterior repairs. Just 24 additional properties were available for less than \$300,000 and I cannot speak to their condition. The most current MLS data for the Lincoln market reports a month's supply of inventory, MSI rating of 0.5, meaning that if no new listings came on board, we would exhaust everything that was listed in two weeks. For the last year, Lincoln has spent its-- most of its year between 0.4 and 0.7 of MSI. For a good frame of reference, a healthy market operates between 4.0 and 6.0, so the Lincoln market is inelastic to be sure. New construction in Lincoln enjoys a more reasonable MSI of 4.3, but also boasts a median price of nearly \$400,000, which is \$165,000 higher than that of the existing home median price. Nebraska's deficit of middle income or workforce housing is its largest obstacle to long-term economic growth and job creation. This is true for both small rural communities and large urban ones like Lincoln. In Lincoln, we are operating in a market that more closely resembles the dynamics of Silicon Valley than the Salt Creek. It has been three years since the Lincoln Chamber of Commerce identified housing as a cornerstone priority for economic growth and we have now quantified a deficit of 17,000 housing units, more than 10,000 of which we would-- would be considered affordable to low- or middle-income families. Major employers like Kawasaki have shifted their entire recruitment strategy because there are no homes for recruits from outside the region. The same is true for the university, healthcare providers, and other major manufacturing industrial interests in the region. The pandemic has only exacerbated these dynamics. Supply chain issues and material shortages have driven the cost of construction up nearly 30 percent in two years' time, with displacement and more exclusive housing markets being the result. There's never been a more critical moment for public investment in housing to accessible-- that has-- that is accessible to low- and middle-income families and NeighborWorks applauds Senator Vargas and Senator Hunt for their understanding of these dynamics and their resolve to address them. Over the course of 36 years, we have become a perennial grantee of the Department of Economic Development, the Nebraska Investment Finance Authority, and HUD through our partnership with the city and we were also one of the ten inaugural organizations selected last fall to administer the Middle Income Workforce Housing

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

Fund. So we have a keen understanding of the array of available programs in Nebraska and it can assert that an investment in workforce housing will have a more immediate and lasting impact if it can be structured in a way that avoids some of the pitfalls of those other programs. Local match requirements, as Steve mentioned, intense geographic restrictions; prohibitions on layering and leveraging with other funding sources, or overly prescriptive cost thresholds would blunt the ability of these funds to be as impactful as they can be within the window required by the rescue plan support. Please do not simply add these monies to the existing LB866 pot and extend the same requirements of that program. Instead, a focus on shovel-ready projects in established neighborhoods with existing infrastructure that will create new and renovated housing for buyers in the 80 to 120 percent median income range are the only qualifiers necessary to realize the maximum impact this bill is seeking. We also endorse the choice of the Department of Economic Development to administer the funding. The staff at DED have demonstrated even recently an ability to distribute funds like these in an efficient and empowering way when Legislature allows. We look forward to working with the Legislature and the DED on guidelines and funding process and encourage the committee to advance LB1252. Thank you.

**STINNER:** Questions? Seeing none, thank you.

**WAYNE MORTENSEN:** Thank you.

**STINNER:** Good afternoon.

**AMANDA BREWER:** Good afternoon, senators. My name is Amanda Brewer, A-m-a-n-d-a B-r-e-w-e-r, and I'm the CEO of Habitat for Humanity of Omaha, serving five counties: Douglas, Washington, Sarpy, Burt, and Cass counties. I'm here today in support of LB1252 and as the longtime CEO of Habitat for Humanity and a past user-- user is not the right word-- but recipient of middle-income workforce housing funds, I think this is something that we should support. As you've heard from all the other speakers today, housing is a problem in Nebraska-- sorry-- housing is a problem in Nebraska. We have a shortage and in my opinion, this is an all-hands-on-deck moment. We've done a great job as a state promoting economic development, bringing business to Nebraska, but we don't have enough housing units in our state. The housing shortage has become so critical in our area in Omaha. Several companies have approached us requesting our expertise to help their employees find housing solutions in homeownership. These corporate partners have made the correlation that healthy housing makes for a healthy workforce. The leadership of these organizations understand

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

that the lack of housing is a barrier to bringing new employees to our community and it's something that we need to address. Habitat for Humanity in Omaha adds about \$10 million worth of housing stock each year to our market and it doesn't-- it's just not even a dent-- makes a dent. So I think, as I said, that this investment is really important so that we can add additional housing stock. Thank you.

**STINNER:** Very good. Questions? Seeing none, thank you.

**AMANDA BREWER:** Thank you.

**MATTHEW CAVANAUGH:** Good afternoon, Chairman Stinner and members of the Appropriations Committee. My name is Matthew Cavanaugh. I'm the executive director of Holy Name Housing Corporation in Omaha and I'm also speaking on behalf of the Nebraska Housing Developers Association today, of which I'm a member. I'm here to speak in favor of LB1252. Holy Name Housing Corporation is a nonprofit affordable housing developer that has operated in Omaha for very nearly 40 years. Over that time, we've completed over 500 new construction housing units and rehabilitated 172 homes. In 2021, we are fortunate to be the recipient of a Nebraska Middle Income Workforce Housing Investment Program grant of \$1 million from the Department of Economic Development. In compliance with the grant requirements, these funds were matched dollar for dollar by private funding sources, providing more than total-- providing us with a total of \$2 million in revolving loan funds to be used for the development of workforce housing in Omaha's qualified census tracts. We're excited to make use of these funds and will break ground this spring on the first of eight homes to be financed by this program. These eight homes will be completed and on the market for sale in early summer of 2023. Though we have not yet broken ground on this program, I can already tell you that it's exceedingly flexible and user friendly in comparison to all others. For example, due to the allocation of award funding upfront as opposed to a reimbursement basis, we will save approximately \$7,000 per home in construction, lending, and interest fees. Additionally, we are using this program to expand our community partnerships. For the first time, we will partner with the Apprentice Academy to give hands-on opportunities for young and aspiring tradespeople to work in the construction-- on the construction of a new home from the design phase all the way through the completion, developing the next generation of home builders in a comprehensive and confidence-building manner. I haven't spoken much about the need, but the market demand for owner-occupied homes is strong. Anecdotally, we've all seen that and I know that this committee receives data that supports that perception. I've been encouraged to see the growing consensus around the need for

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

action on increasing our housing supply. This program is an excellent example that unanimity of opinion. In round one, we saw businesses, nonprofits, philanthropy, and governments each chip in to jumpstart the housing supply in the areas where it's most desperately needed. There's no doubt in my mind that a round two, with the benefit of experience and momentum of success will be even more impactful and I ask that the committee support this LB1252 and I'm happy to answer any questions.

**CLEMENTS:** Did he spell his name?

**STINNER:** We need you to spell your name.

**MATTHEW CAVANAUGH:** Of course, Matthew Cavanaugh, M-a-t-t-h-e-w C-a-v-a-n-a-u-g-h.

**STINNER:** Senator Clements.

**CLEMENTS:** Thank you, Mr. Chairman. Thank you, Mr. Cavanaugh. You said you have eight homes in progress. What will, what will be the sale price of those homes?

**MATTHEW CAVANAUGH:** Yeah, that's a good question. So our approach to the program will be to sell them right on the-- right at cost, so-- which includes the, the-- our costs and, and fees, but-- so we will, we'll get pre-appraisals to understand that the pro-- that the homes will price within the program guidelines so that we know whatever we're going to build is going to comply with the program guidelines. Then at the end, we'll put, we'll put the homes on the market right at the cost that, that it cost us to build them and hopefully find willing buyer, buyers that we can support with a second mortgage if necessary through this program.

**CLEMENTS:** Does the middle-income housing program have an upper limit--

**MATTHEW CAVANAUGH:** It does, yeah.

**CLEMENTS:** --on price?

**MATTHEW CAVANAUGH:** So you're testing me, I guess, but is it, is it-- \$150,000 to \$275,000, I think. Is that the range?

**CLEMENTS:** All right. I might ask Senator Vargas.

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

**MATTHEW CAVANAUGH:** Yeah. Yeah, it's clear in the bill there and if I did my homework, I would have been able-- been more certain, but that's about the range.

**CLEMENTS:** OK.

**STINNER:** Additional questions? Seeing none, thank you.

**MATTHEW CAVANAUGH:** Great. Thank you very much.

**STINNER:** Good afternoon.

**JAMIE BERGLUND:** Good afternoon, Senator Stinner and members of the Appropriations Committee. Thank you, Senator Vargas, for introducing LB1252. So I'm Jamie Berglund. My name is spelled J-a-m-i-e B-e-r-g-l-u-n-d and I'm with an organization called SPARK. We're based in Omaha, Nebraska, and we support community development in neighborhoods across east Omaha. Through this Middle Income Workforce Housing Fund initiative that became an opportunity last year, we collaborated with the six other organizations that received funding in Omaha to seek out the fundraising match. And so we played kind of a lead facilitating role in partnership with all the organizations to bring on, I think, a total of 11 funding sources. And so what was really also compelling about that experience was how many of them were local employers that also see the value of investing in this program. And as Amanda alluded, the, the request from the local employment-- local employers in Omaha to be creative about addressing some of the workforce housing needs in the community is very apparent and needed. And so I would just offer that from a, you know, community collaborative perspective, there's a lot of that coordination happening, a lot of discussion and strategizing around how we can build our programs to support one another, but then also triage homebuyers, developers. Some of us are, like our organization, actually working with emerging developers to build their skill sets in real estate development. We know we need to build that pipeline of developers in the Omaha area, as with the rest of the state, and we hope that this program provides that learning opportunity for them and then more housing, of course, in our community. And while also many organizations are using these funds to provide the sole source of financing of housing, we're using ours as a gap source to leverage bank debt. And so, as Steve mentioned, one of the ways that maybe we could continue to grow this program is to think about how we partner with financial institutions to provide the primary source or the first loan and then use these funds to consider as second sources or subordinate sources. But there's, I think, a lot of creativity that's

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

available and I just want to encourage this group to continue to fund, re-up the funding, add funding from ARPA-- ARP dollars, but then also from the General Fund and allow as much flexibility and fewest strings as possible to make it successful. Thank you.

**STINNER:** Any questions? I have a question--

**JAMIE BERGLUND:** Yeah.

**STINNER:** --or two since you're suggesting that there are six other organizations that are trying to develop workforce housing in the--

**JAMIE BERGLUND:** In the Omaha area that received this funding, yes

**STINNER:** --predominantly in the census tracts that we were talking about?

**JAMIE BERGLUND:** Yes.

**STINNER:** And you said 11 funding sources were available. Do you have an idea of what the total of that 11 funding sources are?

**JAMIE BERGLUND:** Yes, we secured just short of \$14 million. So each of the-- I'm sorry, short of \$7 million because the \$7 million that came from the state or just under \$7 million then was matched by that just under \$7 million from those other 11 sources, so Nebraska Investment Finance Authority being a critical piece of that along with several employers and foundations.

**STINNER:** OK. With the \$7 million, how many houses did you build?

**JAMIE BERGLUND:** So we applied for the funding in the spring and-- or I'm sorry, late spring and then were awarded the funds or, or received our award notification in the summer, in June, and then spent the summer and into the fall building up the program and getting our matching funds secured. And so actually, I just got notification today that within the next two days, our DED funds will be coming into our account. So it's taken a little bit of time for the dollars to come into our account, but I think we're going to be just fine and get moving, as Steve shared-- I think it was Steve or somebody shared they've got a couple of folks in their pipeline. We have a couple of projects in our pipeline. Habitat already has projects under construction. There's others that are working with, with their own programs and, and emerging developers. I talked about our work in Omaha. We've also had connection with the three Lincoln recipients.

**STINNER:** Sure.

**JAMIE BERGLUND:** And that's been an interesting process as we've tried to, you know, kind of start to navigate how maybe the ten of us, the ten of our organizations can be leveraging knowledge and, and resources together.

**STINNER:** So it sounds like you get the \$7 million in these organizations and it's going to take a while to get it out to build.

**JAMIE BERGLUND:** Well, we have until, I believe, the middle of 2024 to have our first units under construction and we have until the end of-- I'm sorry. Help me out, folks, if there's somebody who remembers the date-- I'm getting the ARP dollars and the middle-income dollars, I think, a little messed up in my head, but I believe it's the end of 2025 to have our-- all of our housing units built with the funds from the first round of middle income.

**STINNER:** And you're aware that we have to have commitments by 2024 for certain--

**JAMIE BERGLUND:** Yep and 2026 to expend the dollars, yes.

**STINNER:** So if you had \$20 million or \$40 million--

**JAMIE BERGLUND:** Yes.

**STINNER:** --could you do that?

**JAMIE BERGLUND:** I feel very confident that we could and I'm going to talk about this in a little bit with LB940. There is a vast housing ecosystem and I think the challenge we've experienced in the past is that, you know, folks will be like, well, why haven't nonprofits in particular done more? We haven't had the resources to do more. And with this influx of resources coming in and the relationships we've been building, the connections that we have, the deep knowledge that we have of these neighborhoods, I am completely confident, in partnership, of course, with the private sector; developers, builders, banks and our public-sector partners that we can get going. And the other part of this is development is expensive. So while \$20 million, \$40 million is a lot of money in real estate development, it will go far, but it's, it's going to be used up pretty quickly.

**STEVE PEREGRINE:** OK. I'm, I'm just trying to get a feel for what the market is out there, what the demand, qualified buyers, timeline--

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

**JAMIE BERGLUND:** Sure.

**STINNER:** --those types of things, so if we had \$100 million, would that be a little more testy?

**JAMIE BERGLUND:** Would that be--

**STINNER:** Would it--

**JAMIE BERGLUND:** --a challenge?

**STINNER:** --I mean, yes. Could you--

**JAMIE BERGLUND:** So one way to look at this is the ARP dollars in particular have to be fully expended by the end of 2026. So the first round of funding that we would get or one way to look at it could be the nonprofits that lend dollars like our organization. We could lend funds up through maybe the middle of this period and then the money that we would get back would have to be fully expended through grants. There would be op-- organizations from the get-go that would use the funds immediately and the funds would be expended. They wouldn't get paid back. You would, you know, check your box for your ARP requirement that the funds would be fully expended. You could-- I mean, to build a house is \$175,000, \$200,000. If you're looking at \$125 a square foot for an apartment building, you know, do the math on how many different apartments that you'd be able to, to construct with that. You know, those are, of course, maybe construction prices in the Omaha area, but I would imagine that they're not much different across the state. So I think these dollars will go very quickly and I know we've also got our challenges around our construction pipeline with supply chain issues and labor costs. That is something I think in partnership with our community colleges-- they both have strong technical-- well, in Omaha, we have several that are strong in the technical trades. But I think working in partnership with the, the community colleges in other parts of the state, we could build--

**STINNER:** I think too in the census tract, you can use that as revolving funds. Is that what your understanding is or no?

**JAMIE BERGLUND:** So we can-- so with the ARP dollars, you can revolve until the end of, end of 2026--

**STINNER:** '26.

**JAMIE BERGLUND:** --and then the funds have to be expended.

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

**STINNER:** OK. I'll look that up and make sure that--

**JAMIE BERGLUND:** Yes, that's been a question, I think, for all of us. I'm looking at the--

**STINNER:** I thought there was an exception in that, but that's--

**JAMIE BERGLUND:** Yeah.

**STINNER:** --that may be a little-- Senator Kolterman.

**KOLTERMAN:** Thank you, Senator Stinner. Along those same lines--

**JAMIE BERGLUND:** Yeah.

**KOLTERMAN:** --that Senator Stinner was talking about, before you got up here, we listened to an individual from Lincoln and the price of housing and what the average price is and how there's no affordable houses in Lincoln, so to speak. I come from what I consider rural Nebraska. We're-- we have that same problem.

**JAMIE BERGLUND:** Yeah.

**KOLTERMAN:** You can't, you can't find lots.

**JAMIE BERGLUND:** Um-hum.

**KOLTERMAN:** So do you have developers? Is the money going to be used to buy down the price of lots and is there raw land available to build these houses on in, in these zip codes that we're talking about?

**JAMIE BERGLUND:** Qualified census tracts? Yes, so--

**KOLTERMAN:** Because I don't know where you'd even go in Lincoln to--

**JAMIE BERGLUND:** Sure.

**KOLTERMAN:** --find a plot of land--

**JAMIE BERGLUND:** Yeah.

**KOLTERMAN:** --where you could develop and put affordable housing there.

**JAMIE BERGLUND:** In qualified census tracts in east Omaha and really throughout, there are, in many cases, particularly in the northeast part of the city, an abundance of lots. Just along the North 24th corridor within a quarter mile going east and west, we have over 100

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

acres of land that is vacant. Now whether it's all accessible and available to purchase and get right now is another story and that's part of the process of getting an acquisition strategy in place, but we don't want to do that until we have the funds in line to do that. I would say by being able to open it up beyond QCTs and looking at other areas of the community, that's going to give us a little bit more flexibility in being able to expend the dollars and still meet the need because affordable housing and workforce housing is needed across the geographies within our community.

**KOLTERMAN:** So that-- so here's another twist to that. The "philanthropers" that you--

**JAMIE BERGLUND:** Um-hum.

**KOLTERMAN:** --deal with--

**JAMIE BERGLUND:** Yep.

**KOLTERMAN:** --people that have the money, can they open those doors for you?

**JAMIE BERGLUND:** Open the doors to be able to acquire property?

**KOLTERMAN:** Well--

**JAMIE BERGLUND:** In some cases, we have very-- yes, I would say there, there could be an opportunity to do that. I would also go back to we as organizations also have those direct relationships with those property owners, whether they be individual homeowners or individuals that have lived in the community, but also landlord associations, property owners associations that we've built relationships with over time.

**KOLTERMAN:** OK, thank you.

**JAMIE BERGLUND:** Yeah.

**STINNER:** Senator Dorn.

**DORN:** Oh, thank you, Senator. And my question maybe isn't for her because you brought up something that I have had a question on before. When we say by the end-- and may be our staff will have to help. When we say expended by the end of 2026, does that mean that a house is built and done and basically sold or does that mean that we have allocated that funding to a private nonprofit or whatever, some

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

entity, I guess? I-- because she brought up the comment of have no problem having those funds dispersed by the end of 2026 and I guess I don't, I don't know. I'm-- and maybe it's the wrong time to ask it and we'll wait until later.

**STINNER:** I, I have to say this to you. You said I'm not going to go into an acquisition strategy before I know I get funds. We'd like you to get into an acquisition strategy, get back to us because these are valuable funds.

**JAMIE BERGLUND:** Yes.

**STINNER:** Everybody's competing back and forth.

**JAMIE BERGLUND:** Absolutely.

**STINNER:** So I'm looking to these types of hearings to get a feeling for what is the demand, the workforce out there? Can you execute within the timeframe work? And we know there's demand.

**JAMIE BERGLUND:** Yes.

**STINNER:** And we know there's a need, but we have to fill the gaps. What, what can you execute in that time frame work with the, with the workforce you have, with the costs--

**JAMIE BERGLUND:** Um-hum.

**STINNER:** --associated with it, all the rest of that stuff? And again, we've got shortage on the supply side, so when you're at-- you know, trying to get appliances and the like of that--

**JAMIE BERGLUND:** Sure.

**STINNER:** --there may be some gaps. And I get that, but that's what we need to be able to understand. I know there was people in south Omaha, north Omaha. We've got a really good view of what the demand is.

**JAMIE BERGLUND:** Um-hum.

**STINNER:** Now what kind of dollars do we need to allocate? And that's more of an acc-- [RECORDER MALFUNCTION] and what you can execute on.

**JAMIE BERGLUND:** Well, and I should say--

**STINNER:** Does that makes sense too?

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

**JAMIE BERGLUND:** Oh, absolutely. No, and I should step back my comments on that. I-- we have an acquisition strategy. There is no shortage of data and information and strategy to help us kind of plot out our path moving forward. We're not going to go out and start having conversations with those property owners, though, until we have that money--

**STINNER:** OK.

**JAMIE BERGLUND:** --because we don't want to be jacking up prop-- you know, property values much more than what they already are, and so that's kind of more where I was coming from on that.

**STINNER:** Be nice if you'd do a little homework for me and help me out on that.

**JAMIE BERGLUND:** Yeah. Well, I mean-- yeah, yes, absolutely.

**STINNER:** OK. Anyway, additional questions? Thank you.

**JAMIE BERGLUND:** Thank you.

**KOLTERMAN:** I'll be back.

**CESAR GARCIA:** Good afternoon.

**STINNER:** Afternoon.

**CESAR GARCIA:** Cesar Garcia, C-e-s-a-r G-a-r-c-i-a. Thank you for your time today. I'm the executive director of Canopy South, a nonprofit organization, 501(c)(3) working in revitalization of areas of south Omaha, most specifically in zip code 68107, the neighborhoods of Indian Hill and Southside Terrace. If you know, you get to get a map, you realize that what I'm talking about is located where some of the biggest employees for refugees and immigrants is located. That is the meatpacking plants. In addition to that, we have major community college just in the area, OneWorld Community Health Center, and these organizations employ thousands of people from the neighborhood and around the neighborhood. When I talk to them and when I see what are the biggest challenges for their organizations, because what we do as-- as a community developer is not only focused on housing, but we need to bring in a holistic way all the tools and resources for this community to-- to thrive. So when I talk to these organizations, one of the biggest issues is housing for the employees, right? If you know, Omaha is not the greatest in transportation and access to job is critical. So if they're not able to recruit within the area, it's a

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

bigger challenge. Now imagine now, because we're talking here about ARPA, funds for communities that have been heavily affected by COVID, and this is what we're seeing now. So on top of all those things that have already been problematic for 2020, now we have families with no resources, and now we don't have opportunities to create as matched investments that we had before. You know, everybody's checking the press and seeing they-- we have low unemployment, but cost of living is increasing and, you know, also are the materials for construction. Now Canopy South was lucky, one of the recipients for the fund-- for the funds from Middle Income Workforce Housing, and we're in the process of establishing that program. And now we ask ourselves-- you see, \$1.65 million, that's what we receive, actually, \$825 million from the Nebraska Department of Economic Development, and then with the support of many organizations that are here today, we're able to get the rest of the money, the one-to-one matching. So when we look into our programs, you see \$1.65 million be able to do everything we want to do. So if we-- the biggest challenge is there's not a lot of land in south Omaha, so we've got to have to come, and basically we don't want to take anybody out, but I think there's opportunities to relocate organizations and companies because we need this whole area for housing, right? So that's going to come costly. Second, cost of materials, and then the escalation calls for now until 2025, when we have to meet all the requirements, so is it needed, that-- these General Fund? I would say, absolutely, yes. Do we have the capacity? I believe that, as he was demonstrating before and those that came before me, and we're talking about working as a team not only in the Douglas County, Sarpy County, but also include Lancaster organizations. And the last thing I will say is, you know, when the opportunity came for applying for Middle Income Workforce Housing for De-- Department of Economic Development last year, I had-- you know, I was looking at my capacity, the staff, and-- and by the way, none of these funds go to capacity. All these go to-- we-- each organization here will have to go and fund-raise their own to be able to manage these funds. But we're looking into that. You know, I hesitated because it's a lot of work to do. And what came very clear for us is that we were the only organization located in south Omaha that would be able to do this, and that opened my eyes. And why is that? There's no support. There's no other-- you know, why would you do this if you have to just basically work with no tools and no resources? So I'm here once again in support of LB1238-- LB1252. Thank you.

**WISHART:** Thank you. Any questions? Seeing none, thank you. Additional proponents? Opponents? Anyone in the neutral? Seeing none--

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

\_\_\_\_\_ : He just had to-- he needed to step out for a little bit, but he should be back, but he can just speak on our closing on the next one [INAUDIBLE]--

**WISHART:** We'll go ahead and let him waive his clothing--

\_\_\_\_\_ : I'll go check on him real quick.

**WISHART:** --his clo-- closing there.

\_\_\_\_\_ : I'll go grab him.

**WISHART:** And we do have letters that we're going to have to read in. Oh, here we go. We have letters of support, five that we'd like to read into the record. And that closes our hearing for LB1252, and we will open the hearing for LB940. Is that also Senator Vargas? So we are waiting on Senator Matt Hansen. Good afternoon. Welcome to Appropriations.

**SARAH WAGELIE:** Thank you. Good afternoon, Senator Wishart and members of the Appropriations Committee. My name is Sarah Wagelie, S-a-r-a-h W-a-g-e-l-i-e, and I'm the legislative aide of Senator Matt Hansen. Senator Hansen could not attend today's hearing due to a family commitment. I'm here today to introduce LB940 which would allocate \$200 million in federal American Rescue Plan Act funds towards housing programs in Nebraska. Specifically, LB940 would appropriate \$50 million to the Workforce Rural Housing Investment Fund, \$50 million to the Middle Income Workforce Housing Investment Fund, \$50 million to the Nebraska Investment Finance Authority, and \$50 million to the Affordable Housing Trust Fund. Our office has worked on housing issues for a number of years, and the senator thinks this is a once-in-a-generation opportunity to provide these programs with vital funds to strengthen the housing infrastructure in Nebraska. These four programs were shown-- chosen to show comprehensive support for existing housing programs administered by the state in the face of the glaring need. For example, the Blueprint Nebraska report, authored in 2019, suggested building 50,000 new housing units across the state, but a more recent report from the Omaha Community Foundation found that there is a need of 100,000 housing units in the Omaha metro area alone for this coming decade. While the \$200 million proposed in LB940 might seem like a large ask, when divided by the need for housing across the state, it is actually quite a small investment on a per-unit basis. The senator would suggest that his proposal in LB940 be viewed as the companion bill to the other bills being heard in committee today and housing programs contained in the proposed budget,

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

many of which dedicate funding to more specific programs in the same departments. Ultimately, Senator Hansen's goal was to support as much of these federal funds being addressed to housing as possible, as he views that as the most significant investment the state can make with these funds. With that, I will close and ask for your support for housing in Nebraska. Thank you.

**WISHART:** Thank you for being here. Any questions from the committee? Seeing none, thank you. Any proponents for LB940? Good afternoon, Walt.

**WALT RADCLIFFE:** Good afternoon, Senator Wishart and members of the Appropriations Committee. My name is Walt Radcliffe, W-a-l-t R-a-d-c-l-i-f-f-e. I'm appearing today before you as a registered lobbyist on behalf of Nebraska Realtors Association and the Lincoln and Omaha Homebuilders Association in support of LB940. We have submitted letters on a number of these bills that you're hearing today on behalf of these clients in support of all of them. I thought, for the sake of your time, obviously not mine-- I actually testified on one of the earlier ones-- but that I would just testify on one bill, and LB940 seem to be that bill because it really covers the waterfront with all the various entities that it's appropriating money to. It's obvious, I think, that something's going to have-- that-- that some money is going to be appropriated for housing. I don't think there's any question about that. I think all of you know it. And hopefully-- hopefully it's enough to move the needle. I mean, we're here to support whatever you collaboratively come out with. It's going to be a policy decision that this committee is going to have to make, and I don't think anybody in the-- sitting in this chair has the breadth of information that you're going to have to make that decision. I hope that whatever you do, it will do two things: number one, be sufficiently significant to help; and number two, provide enough flexibility as-- as it moves forward that if-- if-- if it's dedi-- dedicated to one area and that area for some reason doesn't materialize as strongly as something else, that the money can be shifted over. So with that, I'll close my testimony, be happy to answer any questions, and look forward to working with all of you when you decide how the ARPA money is going to be allocated and when the bill comes out on the floor.

**WISHART:** Thank you, Walt. Any questions? Seeing none, thank you.

**WALT RADCLIFFE:** Thank you.

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

**WISHART:** Additional proponents? If you're a proponent, if you'll move towards the front.

**JAMIE BERGLUND:** All right. I'm back.

**WISHART:** Hello again.

**JAMIE BERGLUND:** Hello. Thank you, Senator Wishart and members of the Appropriations Committee. I'm here to testify in support of LB940, but I'd also like to have it on record that we support LB968, LB1070, LB1252, as I testified earlier, LB1041, and LB1142. My name's Jamie Berglund, spelled-- spelled J-a-m-i-e B-e-r-g-l-u-n-d. As I shared, I'm with an organization called SPARK, based out of Omaha, and we work on community development issues in the metro area. So even though we focus our efforts in the Omaha area, we know that our entire state is in a housing crisis. In nearly every village, town, and city across Nebraska, there are simply not enough quality and affordable places for Nebraskans to live. This was the case before COVID, and it has gotten significantly worse over the last two years. And while our state's housing challenges are on display every day, we also have an abundance of data and studies and community surveys that lay out these problems. Among them include an issue with volume. We need funds to develop significantly more housing units, both for homeowners and renters alike. As we've learned, Blueprint Nebraska has said we need a lot of housing: 30,000 to 50,000 units. It also says that employers have been unable to expand their businesses because housing shortages prevent recruiting additional employees and the lack of housing deters new businesses from locating in our communities. And, as we have also learned from the more recent housing affordability study that was done in the Omaha area, we have a gap of about 78,000 affordable housing units that will grow to more than 100,000 housing units by 2040 if we don't act now. We have an economics issue. We need funds to support housing development for a variety of income levels, including moderate and middle-income families and households, workforce housing, affordable housing, and housing for those with very low or no income so that everyone, regardless of how much money they make, has a home to live in. Before the pandemic started, nearly a quarter of households in Nebraska-- that's about 175,000 households-- experienced housing cost burden, meaning that more than 30 percent of their incomes were going to housing costs. And as you've also heard, Blueprint Nebraska says 41 out of 100 units-- or, excuse me, 41 affordable units for every 100 units of households are in extreme poverty. We have a quality issue. We need funds to support more rehab and renovation so we can preserve the housing stock that we have. Thousands of units have code violations or in-- or are slated for

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

demolition. We have a diversity issue. We need more types of housing so that we can meet the needs and demands of our continually changing population, household sizes, and living preferences. Gone are the days of the one-size-fits-all. And we have a prevention issue. We need more funds and services so we can keep our most vulnerable Nebraskans housed. Basic needs assistance and supportive services are fundamental for homelessness prevention. Fortunately, despite all these issues, we have solutions too. By moving LB940 forward, you'll ensure the rehabilitation and development of thousands of owner-occupied and rental housing units for communities across the state. You'll move forward the numerous shovel-ready 4 percent and 9 percent Low-Income Housing Tax Credit projects that need gap financing and otherwise would not be able to proceed. You will afford funding for the demolition of dilapidated housing, site remediation and preparation. You'll provide downpayment assistance for homebuyers with lower incomes. You'll preserve existing affordable housing units. And by respectfully considering an amendment to this bill, you could include funds for programming that would deliver quality services and financial assistance for very low-income individuals and persons at risk or currently experiencing homelessness. All these el-- activities are eligible under the American Rescue Plan. Additionally, as I shared before, I am confident there is sufficient capacity in the collective public, private, and nonprofit housing ecosystem to deploy these funds. Over the last six months alone, more than 60 entities from across Nebraska have been regularly meeting to strategize and support one another in our quest to seek more funding for housing needs. When we submitted a proposal to the Appropriations Committee in October, nearly 60 organizations signed onto that. We are collaborative, creative, and committed to making excellent use of these resources to bring about more meaningful change for our state. We believe housing is a right, it is a necessity. We need more for our residents to thrive, for our neighborhoods to be places of choice, stability and aspiration, and for our businesses and communities to flourish. And I also just wanted to share one thought. If we have a \$200 million allocation towards housing that has to be expended by the end of 2026, that's about \$50 million a year. If we also think about how that gets divided up across the state-- the state, across three congressional districts-- districts, that's \$16.7 million a year per district. I think we have more than enough projects to absorb those-- those dollars, and I think with our collective work together we can make that happen.

**STINNER:** Thank you.

**JAMIE BERGLUND:** Thank you, and I'm happy to answer questions.

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

**STINNER:** Questions? Seeing none, I wore you out--

**JAMIE BERGLUND:** Thank you.

**STINNER:** --the last time.

**JAMIE BERGLUND:** That's OK. Thank you.

**MALINDA WILLIAMS:** Good afternoon.

**STINNER:** Afternoon.

**MALINDA WILLIAMS:** How are you doing? So I am Malinda Williams, deputy executive director for Omaha 100, Incorporated; and it's spelled M-a-l-i-n-d-a W-i-l-l-i-a-m-s. Just want to say thank you to the members of the Appropriations Committee and Senator Hansen for the opportunity to provide support for LB940. Established in 1990, Omaha 100, Incorporated, is a community development financial institution that is certified with the U.S. Department of the Treasury to expand economic opportunity in low- to moderate-income communities. CDFIs are highly collaborative, semi-regulated organizations that generally finance and support communities and projects with responsible, affordable lending tools in areas where traditional financing may be more difficult to obtain. When those funds are repaid, these dollars should come back to the organization and then be redeployed to other residents and projects, which makes CDFIs a very critical partner for the impact of state philanthropic and grant dollars to the-- to be able to go even further. For over 30 years, Omaha 100 has worked to bridge the homeownership divide, providing homeownership opportunities through mortgage financing to underserved populations. LB940 would allow for the Middle Income Workforce Housing Investment Fund to provide housing for upwardly mobile families. Omaha 100, Incorporated, will work with developers to provide financing in the creation of homes for traditionally underserved families, and with the funding to LB940 organizations like ours can increase our lending capacity and, therefore, offer more affordable, flexible funding to create housing, stable businesses, stronger neighborhoods and better support residents in our most vulnerable communities for generations to come. Thank you for your support of LB940. I'll take questions.

**STINNER:** Thank you. Questions? Seeing none, thank you very much.

**MALINDA WILLIAMS:** Thank you.

**CAROL BODEEN:** I know, here I am again. Good afternoon, Chairperson Stinner and members of the Appropriations Committee. My name is Carol

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

Bodeen, C-a-r-o-l B-o-d-e-e-n. I'm the director of policy and outreach for the Nebraska Housing Developers Association. I'm here to testify in support of LB940. Our organization would also like to go on record in support of LB968 as well. I'm not going to read my prepared testimony. We've been working in the collaborative that Ms. Berglund was just talking about up here, and so I would just reiterate all the things that she shared with you. One of the things I wanted to share, just because there was talk about the cost of construction and-- and sales prices and that type of thing, when I was in North Platte, we had a demo new construction program that our nonprofit worked on, and it was the Affordable Housing Trust Fund that helped us with that program. We would find a home that was condemned. We would purchase it. The city would help us out with demolition. We would construct a new home on that and sell it to a first-time home buyer. The price of construction on just a simple 1,200-square-foot home with a single-car garage, no basement because we don't do basements in North Platte, I had bids for \$140,000 probably a year and a half ago to build a house like that. When I went out to bid in the fall of last year, or late summer, that price had gone up to \$166,000 for the same house, so \$138 dollars a square foot, so that does not count the cost of the lot, does not count appliances, nothing like that. The people that we were serving, they could not afford to pay \$166,000. We did, as a part of that program, provide some down payment assistance, and then we were also able to sell that house for lower than the cost that it was to build it. So that would get a family into the home. The people that we were selling to, one-- one of the ones that I had sold to was a young police officer moving to North Platte with a family, and he was able to purchase one of those homes. So those-- that's the situation that-- that we're dealing with. And so the-- the funds that we're able to get from, say, the Affordable Housing Trust Fund or Rural Workforce Housing, that helps us to subsidize that so that those people can get into that home and be able to start building some equity. And, you know, then later on down the road, they can sell that home and-- and move on to-- to something else. But as a-- as a nonprofit, we're able to do that. We don't have to make a profit on that, but it's-- but the only way we're able to stay in business as a nonprofit is to get that subsidy of money from one of these housing programs. And the other thing that's important to note is the administration money that comes along with those grants also helps an organization such as a nonprofit to be able to continue to build those homes and administer those funds. So I guess down-- or bottom line is that the programs can work if-- it-- it does take time, and so if-- with this round of funding, if we can have less restrictions and be able to get those funds and get them out the door as quickly as possible, then I think that-- that

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

we can be-- you know, as you heard, the need is there. And if we can just build the houses, you know, I think that we can use these funds. And my light's on, and so, anyway, that's all I have.

**STINNER:** Well, thank you. Questions? Seeing none, thank you.

**CAROL BODEEN:** I hope that was helpful. Thank you.

**AMANDA BREWER:** Hi-- hi, Senators. I'm Amanda Brewer, again, from Habitat for Humanity of Omaha, A-m-a-n-d-a B-r-e-w-e-r, and I'm submitting the written testimony that I was planning to say. But instead, I want to just speak to some of the questions that you had and also some of the comments that other folks have made. I do want to make it clear that today, in addition to Habitat for Humanity of Omaha, I am representing Habitat affiliates from across the state, including Lincoln, Grand Island, Fremont, North Platte, Scottsbluff and Columbus. I'm also from Norfolk, Nebraska, so I understand the differences in the communities in Nebraska. Some of the things that were discussed were an inventory and capacity and making sure that we had the capacity to do the work. I think that's a really good question, Senator Stinner, and I want to assure you that we do. And I'm speaking for our collaborative in Omaha but what I also see from across the state. Habitat for Humanity in Omaha alone did a capacity assessment to see how we could spend the ARPA dollars, and we concluded that we could also get match money for this too. It doesn't have to all be ARPA, but our capacity in four years is \$108 million for housing solutions. That would include home repair, downpayment assistance, mortgage readiness, and then the creation of homeownership units. The last speaker talked about restrictions. I do think that's an issue. Already, we've lost a lot of time. We have been looking at the CDBG-DR money, the disaster recovery money. It's been three years since the flood in Nebraska, and that money has still not been allocated. And so I want to just say that getting the restrictions so that it's easy to access and spend the money is very important. I would also say, with NAHTF, Nebraska Affordable Housing Trust Fund, we are longtime users of NAHTF and that is-- they do a great job, but there's a cap, so there's only so much you can ask for. So every year I hear rumors that that money can't all get spent. It could get spent, but there's a cap, so an organization can only ask for so much. So there's some limitations to how the structures have been set up that do create problems in the spend, so we would-- we would ask that that be looked at. Want to also talk about something that we see, and this hasn't been mentioned as much, but there is a problem with out-of-state investors buying properties in our state. It's a very big problem in-- in-- and they're coming in and buying whole bunches of

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

properties. We know one investor that's bought 70 properties in Omaha and-- and the way to compete against that is through home ownership. Our people are not benefiting from the increase in the home value when they're renting. And-- and just to reference my dad, you know, a farm boy from Schuyler, said never rent when you can buy. And-- and that's what this ARPA money can create, is those homeownership opportunities, and one of those ways is through downpayment assistance. You cannot buy a new house in Omaha for less than \$300,000 right now, and that prices a whole bunch of folks out, and so down payment assistance would help in that. We've gotta give tools to compete against the investors. That's it. Any-- any questions?

**STINNER:** Thank you.

**KOLTERMAN:** I've got a question.

**STINNER:** Senator Kolterman.

**KOLTERMAN:** Thank you, Senator Stinner. Thank you for being here again. Earlier you were here and you talked about Habitat for Humanity. Are all of your houses new homes or do you invest in houses that have been built for years and go in and fix them up and--

**AMANDA BREWER:** Yeah.

**KOLTERMAN:** --remodel them and make them livable?

**AMANDA BREWER:** It's-- it's both. And that's across the state, so we do both new and then full-house renovations. But we're also, because we believe in the-- the importance of homeownership, we are also just helping families buy houses that need only a little work. So it's all three. A mortgage is actually cheaper than rent these days, and then you're getting the benefit of access. But, yes, Habitat for Humanity does both.

**KOLTERMAN:** OK, thank you.

**STINNER:** Additional questions? Seeing none, thank you for the information.

**AMANDA BREWER:** Thank you.

**STINNER:** Appreciate it.

**KASEY OGLE:** Hello.

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

**STINNER:** Hi. Afternoon.

**KASEY OGLE:** Good afternoon. Chairperson Stinner and members of the Appropriations Committee, my name is Kasey Ogle. I'm a staff attorney with Nebraska Appleseed for Collective Impact Lincoln. Nebraska Appleseed is a nonprofit organization that fights for justice and opportunity for all Nebraskans. Collective Impact Lincoln is a partnership between Nebraska Appleseed and Civic Nebraska that works with residents of six Lincoln neighborhoods to build community, develop neighborhood leaders, and take action on policy that is responsive to their needs. I'm here today on behalf of Collective Impact Lincoln in support of LB940. Collective Impact Lincoln advocates for better housing quality, more affordable housing, and fair rental practices for low-paid Lincolniters. We support LB940 because it offers an opportunity to make a substantial investment in affordable housing in our state. As of 2019, Nebraska had a shortage of 51,306 available and affordable rental units. When there is a shortage of affordable and available rental units, renters are forced to pay more of their income than is affordable on their housing. In Nebraska, 67 percent of very low-income renters and 86 percent of extremely low-income renters are cost burdened by their housing situation. In fact, 65 percent of extremely low-income renters are extremely cost burdened by their housing situation, which means they pay more than 50 percent of their income on-- on their housing situation. More specifically, in Lincoln, 42 percent of all renters at all income levels are cost burdened by their housing situation, and 85 percent of extremely low-income renters are living in unaffordable housing. According to the National Low Income Housing Coalition, a worker earning a minimum wage in this state has to work 59 hours a week to be able to afford a modest one-bedroom rental at the fair market rent of \$695 per month. Thirty-- excuse me. Thirty-four percent of Nebraska residents are renters, and many of them struggle to afford their housing. LB940 makes significant investments in affordable housing to ease this burden. We do have a few suggestions for LB940 to ensure that it complies with federal guidance and serves the lowest-income families in our states-- in our state, excuse me. First, according to the Department of Treasury's recently released guidance, ARPA funds can be used to respond to the public health and economic impacts of COVID-19. However-- however, ARPA funds must be responsive to the needs of those impacted by the pandemic. To ease in the administration of these funds, Treasury has explained that there are certain populations that it's presumed to-- that it does presume to be impacted, as well as population it presumes to have been disproportionately impacted by the pandemic. Very generally, among

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

other indications of impact, households are presumed to be impacted by the pandemic if they are low- or moderate-income households. Treasury defines low- and moderate-income households as those whose income is at or below 300 percent of the federal poverty level-- level or at or below 65 percent of the area median income. Generally, this means using income thresholds for the appropriate household size, but it is possible to use a default household size of three when it's easier for administration or when measuring income for a general community. So to ensure that these housing investments comply with Treasury guidance, any ARPA funds invested should target families whose income is at or below 300 percent of the federal poverty level or at or below 65 percent of the area median income. In our view, the easiest way to do this would be to have the money administered through the Affordable Housing Trust Fund as a special grant fund targeted at those income levels. Additional restrictions could be placed on the funds to ensure that appropriate amounts-- amounts are invested in both rural and urban communities, as well as homeownership and rental properties. Our suggestion would be to ensure the funds are placed proportional to population in need, but you could place additional restrictions on how these funds are allocated. It is clear that our state needs significant investment in affordable housing, and we support LB940 because it does just that. And I'd be happy to take any questions.

**STINNER:** Probably need you to spell your name, please.

**KASEY OGLE:** Oh, I'm sorry. Yes, Kasey Ogle, K-a-s-e-y O-g-l-e.

**STINNER:** Any questions? Seeing none, thank you.

**KASEY OGLE:** Thank you.

**KAREN BELL-DANCY:** Good afternoon.

**STINNER:** Afternoon.

**KAREN BELL-DANCY:** Members of the Appropriations Committee, my name is Karen Bell-Dancy, K-a-r-e-n B-e-l-l hyphen D-a-n-c-y, and for the past six years, I've served as the executive director of the YWCA of Lincoln. YWCA of Lincoln, we've been in this community over 134 years, primarily serving women and girls. As of the pandemic and as a result of the pandemic, we received the CARES Act last year and we began a program of serving families in general and we utilized over \$70,000 in five months helping families. Today, I would like to talk about the funding crisis here in Nebraska, the housing crisis, and as it relates to the proposal for LB940. And I won't read all of the comments

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

because a lot of what we would like to lift up has already been stated, but I would really like to talk about those families that are women-led, single, head of households, especially black households. We have over 80 percent of black families that are led by women. They are primarily renting and, as we've heard before about the lofty rental rates and how really hard it is for a family to keep up with the rent, there's been several proposals that have been heard urging the use of federal funds coming into the state to help rent. Once a family gets behind on rent, it's really hard to catch up and then evictions happen. And we noted that even throughout the moratorium, there were evictions that are happening. To help turn this type of crisis around that is occurring here in Lincoln, Nebraska-- we talk about the whole state-- we serve the Lincoln community-- these type of funds are necessary. Helping families to become more established, more economically stable, home ownership means a lot, and I can personally attest to that as I found myself in 1998 a newly divorcée with two children and I received some assistance to purchase my first home. That enabled me to not pay those really high rental rates, but to now have enjoyed the luxury of home ownership and to be able to save for college for my two daughters. I'm hoping that we consider that type of scenario for these families here in Lincoln. They regularly come through our doors at the YWCA daily. We receive requests for assistance at least on the average of about ten a week, and it's ever increasing. So we are in support of LB940. And I will end with that. And if you have any questions for myself, I will entertain those.

**STINNER:** Thank you very much. Questions? Seeing none, thank you.

**KAREN BELL-DANCY:** Thank you.

**STEVE PEREGRINE:** Hello again, Senators.

**STINNER:** Afternoon.

**STEVE PEREGRINE:** I'm Steve Peregrine, P-e-r-e-g-r-i-n-e, as I said, with Nebraska Housing Resource, a nonprofit started 23 years ago by leaders of the Lincoln Homebuilders Association. I've been involved in Nebraska's housing community and economic development landscape since 1983, having worked for the Nebraska Department of Economic Development, NIFA, the Fannie Mae Nebraska partnership office and, since 2015, with Nebraska Housing Resource. Since NHR was established, we have produced over 270 lots in seven different developments in Lincoln. The most recent assessed values of the homes built on NHR lots totals over \$55 million. More recently, NHR is partnering with a developer to produce affordable rental housing by being the nonprofit

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

partner required by DED and NIFA to leverage the federal Low-Income Housing Tax Credit program. NHR invests in acquisition and pre-development costs that can be paid back by the developer when all financing is in place. An example of that, NHR support for affordable rental housing is with Gatehouse Rows, a 98-unit urban rowhouse designed infill project along 36th Street in Lincoln's Hartley neighborhood on the west edge of Wyuka Cemetery. NRH has also partnered with affordable rental developments in Grand Island, West Point, and Valentine. As you heard earlier, NHR was funded through the Middle Income Workforce Housing Fund. NHR has two projects in our pipeline that will in 2022, with two different developers, build six new townhomes and rehab a historic landmark building into four condos, all to be sold for owner occupancy at the \$250,000 to \$275,000 price point. LB940 would greatly bolster the very successful Nebraska Affordable Housing Trust Fund, allowing many more critically needed housing economic development projects across the state to be completed. And injecting more funds, as I stated earlier into workforce housing sends a clear message to the private sector that these programs are not one and done and they should focus on this housing market and many more projects will come along. And not-- as a nonprofit organization created by private-sector homebuilders and to those same home builders that NHR relies on to do our work, we adhere to the simple phrase that's sometimes seen as a bumper sticker: Housing equals jobs and jobs equals housing. Thank you. I'll answer any questions.

**STINNER:** Thank you. Questions? Seeing none, thank you.

**JAKE HOPPE:** Members of the Appropriations Committee, thank you for this opportunity. I was typing fiercely. I have much I could say about housing and I'll try and keep it brief. My name is Jake Hoppe, H-o-p-p-e. I'm a principal at Hoppe Development, and we focus nearly exclusively on partnering with communities around their affordable housing needs and how we can do it in a scalable and for-profit model that lines up with many of the partners that we work with in this room. Right now, we have 200 units of affordable housing in development, not only a 98 project-- a 98-unit project that we're working on with Nebraska Housing Resources in Lincoln, Nebraska, but also a 15-unit project in Valentine, Nebraska, and a 22-unit renovation in West Point. I say that to give you the breadth of the communities that-- where these programs are being implemented. We have 400 units of workforce housing, workforce rental housing, and we have 300 units of inventory of for-sale housing being priced at levels of between \$175,000 and \$225,000 in communities throughout the state. We develop in urban areas. We develop in rural areas. We focus on

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

innovating within these programs to deploy the resources flexibly and creatively to meet the community's needs. I wanted to chat because many of our nonprofit partners and others are in this room and wanted to give you a little bit of the context of some of the folks that they work with. We would be a user of these funds. We would be a collaborator in these partnerships. And a bit of general context, you know, our focus is really, how do you meet the needs of these communities where we work between 30 and 120 percent median income at scale? How do we focus on for ourselves building a business model around these programs that can sustain us through-- over many years that is not only, again, coming back to that concept of scale, but also replicable by other for-profit developers? There is a great community, great for-profit development community that is ready to take action in partnering with a lot of the nonprofits that you hear in deploying these funds. Many times it takes developing certain models and then disseminating those models throughout that community in order to achieve the scale we're talking about. But I wanted to respond a bit to some of the questions that-- that scale exists, these partners, like us, exist, and we're ready to work alongside our nonprofit partners. A little bit of additional general context, you know, I-- I think about a couple of-- of buzzwords or-- or things that anchor me when I think about this discussion around \$200 million in housing. One is just simply the concept of leveragability. This funding, you can think of it as maybe \$20,000 a housing unit. It is just highly leveraged when it is put into the context of housing. We're talking about 10-- the potential for 10,000 housing units for something like \$200 million. And the-- the impact and the filtering of that dollars throughout the communities where it goes to serve is just huge. I think about rural and impact. We work across both sides of those communities. Many of the folks in this room similarly do. These are programs that have different flavors. Lincoln and Omaha have certain needs. Rural Nebraska has certain needs. The most successful of these programs are flexible to serve across those different needs and get housing in-- in each of those contexts. I think about quality of projects brought forward. There are-- we-- we came up with a thesis a few years ago where we started acquiring vacant nursing homes in certain communities because they were available and because we could turn them into housing at around two-thirds of the cost of-- of brand-new construction. Having the programs that enable us to take the risk to buy that first housing, that first nursing home, has enabled us to not only get a telephone call every time a nursing home is available, but has enabled innovation within the space to be able to deliver housing at price points that are-- are needed in communities. The last thing I just want to talk about is-- is this is potentially a

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

one-- or could be critiqued as a one-time investment in housing. The capacity that gets built around this investment, however, is permanent. There are people out there with business models in housing who do not understand how to work within the affordable housing context and do not know how to work within the programs that exist. As has been mentioned, a-- a program of this size and magnitude would bring those people to the table as such that the knowledge of how to navigate those programs would become permanent and they would continue to develop and meet the needs throughout the state in the future. Thank you again for the time.

**STINNER:** Senator Kolterman.

**KOLTERMAN:** Thank you, Senator Stinner.

**JAKE HOPPE:** Yeah.

**KOLTERMAN:** I appreciate you working on nursing homes.

**JAKE HOPPE:** Yeah.

**KOLTERMAN:** Thanks for investing in my district--

**JAKE HOPPE:** Sure.

**KOLTERMAN:** --in Milford, Nebraska, right?

**JAKE HOPPE:** Yes. Yes, we are-- that--

**KOLTERMAN:** Appreciate that.

**JAKE HOPPE:** --is one of the locations.

**STINNER:** Additional questions? Oh, you've gotta spell your first name.

**JAKE HOPPE:** J-a-k-e.

**TAMARA HUNT:** And I'll have you fill out a green sheet as well.

**JAKE HOPPE:** Sure.

**STINNER:** OK. Any additional questions? Seeing none, thank you.

**JAKE HOPPE:** Thank you very much.

**WAYNE MORTENSEN:** Hello again, Senators. Wayne Mortensen, W-a-y-n-e M-o-r-t-e-n-s-e-n, CEO of NeighborWorks Lincoln. I will spare you the

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

recitation of MLS data that I shared with you with the previous bill and really just say that NeighborWorks Lincoln and its board and clients strongly advocates for the prioritization of rescue funds for affordable and workforce housing, full stop, period, end of sentence. These populations have been most adversely impacted in these last two years, and we have the full confidence in the ability of NIFA and the DED through the LIHTC and Housing-- Affordable Housing Trust Fund programs, respectively, that those groups will be able to allocate the funds to agencies that will be most effective and most impactful in the shortest amount of time. I wanted to spend-- because I believe we've reached a level of nuance in the committee about how we're spending this money, I wanted to spend the last few minutes of my time talking about the earlier concerns that I brought up with allocating 50 percent of these funds to the workforce housing programs that we referenced before. I don't want to seem as an ungrateful grantee. We were one of the first ten grantees for the urban Middle Income Workforce Housing program made possible by LB866. We appreciate that very much. But I want to just caution the committee that, in order for those expenditures to be as impactful as possible, we would have to significantly relax or exempt the requirements of those programs to make the Rescue Plan funding helpful. Those fundings include a 100 percent match for grantee organizations. Quite frankly, we've exhausted our grant sources in the last round of funding, so that would be very difficult for us to pull off. The prohibition of layering, we're not able to layer the workforce funds with any other program, so it can't serve as a down payment or a gap assistance tool, and so that's another difficult aspect for the program for us. The timing, you know, it's a two-year window for the LB866 program. The rescue funds have a three-year time frame, and what we're talking about today are investing in projects that don't necessarily exist, which you got into a little bit with our friends in Omaha relative to the chicken and the egg: Do we have projects before we have money to-- to pay for them? The limited geography, we're limited solely to census tracts with the workforce programs, and that does not allow us to be as responsive and-- and flexible as we would otherwise be. The revolving funds, I don't know that there's broad understanding that the workforce funding is a revolving loan program that has to be repaid. It's not a grant program, and so we can't simply just put money into projects. We have to invest it with the expectation that we'll get a return and earned interest. And then finally, income and cost thresholds, which, as Kasey, I think, highlighted, may have some difficulty com-- comporting with the federal funding restrictions that are associated with the Rescue Plan support. So again, with flexibility and-- and latitude for all of the developers in this room

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

that do an incredible job of meeting the needs of working-class families across the state, we can meet the spirit of these workforce housing initiatives while not necessarily being bound to the more restrictive aspects of their implementation. If NeighborWorks Lincoln can be of support in the development of this legislation, please don't hesitate to engage us. And I'm happy to answer any questions that you have.

**STINNER:** Questions? Seeing none, thank you.

**CESAR GARCIA:** Hello again. Cesar Garcia, C-e-s-a-r G-a-r-c-i-a, executive director of Canopy South. So I just want to put it in the record. Enough have been said. I will add a couple of things based on-- on, you know, questions about how many-- is the money going to be enough? How much money is needed? Year 2021, there was a comprehensive study that was performed in the Omaha greater area and included also Council Bluffs. By that report, in 20 years we'll need \$17.3 billion to be at the level of the demand of housing. Included with that, that would be also about 100 new-- 100,000 new units in 20 years from now. So if \$200 million for the appropriation to be able to provide workforce housing seems like a lot, now just thinking about \$17.3 billion that is needed, according to that report. So Canopy South, it is a proponent of bill LB940.

**STINNER:** OK, thank you. Questions? Seeing none, thank you. Good afternoon.

**RYAN DURANT:** OK. Good afternoon, Chairman Stinner and other senators. I was before you last year in October. I-- I'm a-- let me spell my name before I forget.

**STINNER:** Please do.

**RYAN DURANT:** Ryan, R-y-a-n, Durant, D-u-r-a-n-t. I'm a commissioner for the Governor's Commission on Housing and Homelessness. I've been on there since around 2012. They oversee a lot of these programs we're talking about today, and I want to commend the DED staff for working very hard to make the programs more user-friendly. They've gone to an online system, which is very beneficial for people who are applying for the money, and they've also taken away a lot of regulations that mimicked federal regulations, which state funds aren't federal money, so they don't need federal regulations. So I commend the staff for working very hard on cleaning up some of these programs, and they've also had to create a lot of new programs you've thrown-- thrown at them over the years and have done an outstanding job, so they should

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

be commended. The reason that I'm here is to support LB940, LB1041, and LB1142 and LB1252. These are all great ideas that will help support, you know, housing in Nebraska. I-- I think-- I've heard some concern about \$200 million maybe being too much. I'd be concerned if we didn't do that much at this point. And what you see in front of you is one project that I'm working on. I currently have a pipeline of about 500 units that I'm working on; 160 of them, of those units, would have to basically-- or they would not happen if-- if this does not move forward. That example that I'm giving you right there is a single-family house in Plattsmouth that we submitted to NIFA and was-- were awarded early last year, and you can see the increase from year over year. That was about \$73,000. And unfortunately, that number has gone up even since we've done that exercise in November. That's the scary part. So every project I'm working on has a gap, about \$2-3 million, quite honestly. Interest rates have gone up. They continue to go up or are projected to go up multiple times over the next year, which obviously hurts affordability for housing. The other thing is rents have gone up, so a lot of families are getting squeezed. I think the national trend for rent year over year was an increase of 13 percent. Families are dealing with housing problems and now inflation with, you know, filling up their gas and getting groceries and all that stuff. It's-- it's-- it's squeezing people and it's creating a lot of, you know, concern for families, you know, whether they're going to pay for their housing or they're going to put food on their table, and that's not a fun position to be in. So with that said, I want to keep this brief because we've all been sitting here a long time and I know you guys-- have thrown a lot of stuff at you and people before me are a lot smarter than I am and have given you some really good ideas and facts. And so if there's any questions, I'd entertain them; otherwise, please let me know. Hopefully we can get this pushed forward.

**STINNER:** Questions? Seeing none, thank you. Any additional proponents? Seeing none, any opponents? Seeing none, anyone in the neutral capacity? Seeing none, Senator, would you like to close? Is there a senator--

**WISHART:** His staff-- Courtney is here. She is--

**STINNER:** Courtney, are you here? Do you want to close or-- she waives closing. OK, we have 11 letters of support for LB940. That concludes our hearing on LB940. We'll now open on LB1041.

**McDONNELL:** Thank you, Senator Stinner, members of Appropriations Committee. My name is Mike McDonnell, M-i-k-e M-c-D-o-n-n-e-l-l. I

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

represent Legislative District 5, south Omaha. LB1041 would add an additional \$21 million to the Nebraska Investment Finance Authority, NIFA, to provide for grants using ARPA money to low-income housing developments. I envision these grants being used in two types of scenarios that were created as a result of COVID. The first scenario would be a situation where a development project had previously applied to NIFA and, due to the increased costs of labor and materials, the project no longer meets the financial feasibility standard that NIFA uses. Additional grant money could be used to supplement these projects that were stalled or stopped altogether on this basis. The second scenario which these funds could be utilized is in rural communities where there is an-- there's ample evidence of the adverse impact of COVID has had on housing and low-income housing over the last two years. The additional grant money could be used to assist with housing projects and developments in these rural areas. I know this committee has been presented with a number of proposals as it relates to housing, some of which are broad in scope and others which are narrow. I would suggest that we-- we as a committee make housing a priority moving forward with available-- available ARPA money. And I would submit that the low-income housing developments through NIFA be a part of these dis-- discussions. I will also point out to this committee that I am aware of the technical issue with the legislation, as noted in-- in the fiscal note. NIFA is not a state agency and, therefore, ineligible to receive appropriations. This can be remedied simply by appropriating funds to the Department of Economic Development, who can then administer funds directly to NIFA. Here to testify after me today is John Wiechmann, president and CEO of Midwest Housing Equity Group. He can explain more about the low-income financing projects and answer any technical questions you may have. So this-- this bill narrows it a little bit more, as I mentioned in my opening, about those projects that have gone through the-- the process and now, because of labor and material costs, are no longer eligible, according to the-- the formula. The other idea was to try to look at the rural areas and really focus on areas that we could show evidence of the true impact of since COVID started in March of-- of 2020. I know we're going have a discussion about a number of these-- these bills, we're going to discuss all these bills, but trying to look at possibly putting together a package with-- as we know, there-- there is a-- definitely a housing issue, but trying to take maybe parts of all these-- this legislation that's been introduced and work one bill, I think, might be appropriate for this committee. Any questions?

**STINNER:** Questions? Seeing none, thank you. Afternoon.

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

**JOHN WIECHMANN:** Good afternoon, committee members. My name is John Wiechmann; that's J-o-h-n W-i-e-c-h-m-a-n-n. It's spelled just like it sounds, no kidding. I'm the president and CEO of Midwest Housing Equity Group. We are a Nebraska nonprofit corporation that was formed in 1993 to support the financing of quality, affordable housing through-- rental housing throughout the state of Nebraska. Since that time, we've been pleased to invest around \$725 million in the state of all private sector dollars. We've spread that around 50 different counties and then 67 different towns and cities throughout the state. It's helped create about 6,300 units of affordable rental housing. I'm here today to testify in support of LB1041, introduced by Senator McDonnell. LB1041 provides much-needed resources for housing development across our state. I mean, everybody's already said it. We need more housing. Every study, every interview, every town hall, every editorial, no one says we have too much housing. We need more. And the positive impacts of quality housing are many, right? Like the good jobs, the good schools, the good civic activities, none of that stuff comes if you don't have the good housing first, if you don't have affordable housing first. I think there was a good article in the Herald and the Journal Star today that was again talking about how folks trying to hire folks, trying to bring them to town, trying to give them jobs, and people keep, like, taking the job and then rescinding that acceptance because they can't find a place to live. This bill is going to help address some of that, not all of it. You've heard some other great proposals today, that'll-- that'll also move the needle in other areas. So how do we create more housing, make our communities more viable, provide some additional resources that will lever up with our existing federal and state programs that we already have? What I'm talking about today is the-- using this money to lever up with the state Affordable Housing Tax Credit and the federal Affordable Housing Tax Credit. You've heard good proposals as well for the Rural Workforce Housing Fund, the Middle Income Workforce Housing Fund, and more money for the State Affordable Housing Trust Fund. Those are all great resources that can also-- ARPA can also supplement and leverage. So this bill allocates \$21 million to the Nebraska Investment Finance Authority. As Senator McDonnell mentioned, probably gonna have to do a technical correction, run that through DED, and then earmark it for NIFA to administer, no problem there. And NIFA in turn takes that money and it makes grants and/or loans. It's going to be grants for now, but we're not done working with folks at the federal level to see if those can be loans. But in any event, under today's guidance, they're going to be grants for the development of affordable housing. So these grants have to be twinned with the tax credit program. What you're going to get here then is some massive

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

leverage of these dollars, I think conservatively about 10:1. So if you put \$21 million of this money over to NIFA, you probably end up with about \$210 million of housing investment, and that's because this money is going to serve primarily as a gap filler in the capital stack when NIFA allocates tax credits to developers to build more affordable housing. So I think that's probably a little light. I think it could be up to \$20 (million), but I'm very comfortable telling you that this \$21 million will create \$210 million of-- of new housing development. Let's go with roughly a unit of housing depends on the county. It depends on what type of housing we're building, if this is for-rent townhomes versus three-story, garden-style walk-ups. But let's just say it's \$225,000 a unit, roughly. Again, that's a pretty big-- we're drawing some pretty big conclusions across the state here, OK? But if we can do that, we're going to get almost a thousand units of additional housing out of \$21 million, right? So you've only gotta put in 21 grand to get a-- per unit to get a thousand new units of housing. That's a pretty good return on investment, right? So the communities get more housing. We're actually going to see some tax revenues increase because, first, we're gonna have sales tax, and then we're going to have some greenfield development, which will generate some more property taxes, hopefully at a lower level through some other legislation. And we'll probably see some better personal income taxes, too, because now folks are going to have a place to live in your communities, so now they can take those jobs that are sitting empty. Let me just close, too, by saying we're not reinventing the wheel here. NIFA has experience administering these federal funds. They've done it before in '08-09, so the federal government sent us what were called 1602 exchange funds and TCAP funds that NIFA administered in connection with the federal Housing Tax Credit program, and they did it very efficiently then. I think they can do it efficiently now. We heard-- I heard a little bit of questions about deadlines and can we move the money. The tax credit program is currently oversubscribed by about 4:1, so I-- I think we can get the money out the door. The federal program also requires that the properties be built within two years, so we've got some federal guidelines that are already going to force us to get this money out the door well before 2026. And again, NIFA has already subscribed roughly 4:1 on a programmatic basis. With that, I'll be quiet. Thank you for your time, and I'm happy to answer any questions.

**STINNER:** Any questions? Seeing none, thank you.

**JOHN WIECHMANN:** Thank you very much, Senators.

**STINNER:** Good afternoon.

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

**SHANNON HARNER:** Good afternoon, Senator Stinner and Appropriations Committee. My name is Shannon Harner, S-h-a-n-n-o-n H-a-r-n-e-r, and I'm the executive director of the Nebraska Investment Finance Authority. I'm pleased to be with you today. Mr. Wiechmann just gave a very robust description of-- of how the funds under this bill could help people across the state build more LIHTC, Low-Income Housing Tax Credit, units. And I just wanted to share with you, there's some written testimony which I will just let you read, and just share with you some additional information. So there are two types of tax credit projects. There are 9 percent projects, which are limited by the federal government. There's a formula and we receive, based on our population, a certain number. There was actually a reduction in that number because there was a sunset of an increase. So this year, Nebraska's expecting to receive around \$5 million in 9 percent Low-Income Housing Tax Credit programs-- credits. We are oversubscribed, significantly oversubscribed, in the 9 percent program, so we have developers who are ready, willing and able to build, but we cannot give them all those allocations. Gap funding would help us to stretch that amount. On the 4 percent program, while the-- the tax credits are not limited, we are limited by the amount of private activity volume cap that we have that then pairs with the 4 percent credits, but you have to have a 50 percent debt ratio using bonds in order to get the 4 percent. And what that means is that those projects are hard to do, and having gap financing could really significantly help. Last year, there was a technical fix to the 4 percent program that actually fixed the 4 percent at 4 percent. We were calling it 4 percent before, but it was a variable rate that floated under 4 percent. That fix, by itself, along with us pairing some of the 4 percents with the Affordable Housing Tax Credit from the state actually created more units that-- that would not have existed last year, and this type of a bill could help exponentially increase that. So 2019, 2020, there were no 4 percent projects that happened at all. Last year, in 2021, we had projects that created 454 units. That's a significant increase in-- in units. We expect that that could exponentially increase this year, especially with some of this ARPA funding. So one thing to note is that the Low-Income Housing Tax Credit program over-- over time, and it's listed in here, has created 19,557 units. Of those, however, they come off of being affordable and we are now 30 years into this program, and so we're starting to see units come off. In the next five years, in the state of Nebraska, we expect 472 units to leave the LIHTC program, so it's more important than ever that we continue to put money and focus at this problem in order to maintain and grow the amount of affordable units that are available. I would be happy to answer any additional questions.

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

**STINNER:** Any questions? Senator Dorn.

**DORN:** One-- one question. When you're talking rental units, you're talking single rental units or co-- complexes of rental units?

**SHANNON HARNER:** Both.

**DORN:** Both?

**SHANNON HARNER:** Yes, so we have some houses that are single-family houses that are in the LIHTC program, duplexes, multiplexes, the whole thing.

**DORN:** Thank you.

**SHANNON HARNER:** Yep.

**STINNER:** Additional questions? Seeing none, thank you. Additional proponents?

**CAROL BODEEN:** You knew I'd come again. My name is Carol Bodeen, C-a-r-o-l B-o-d-e-e-n. I'm the director of policy and outreach for the Nebraska Housing Developers Association. I'd like to go on record in support of LB1041 on behalf of the Nebraska Housing Developers Association and the Nebraska Economic Developers Association, whatever it takes to get the housing problem solved.

**STINNER:** Very good. Questions? Seeing none, good to see you again. [LAUGHTER] Any additional proponents? Seeing none, any opponents? Seeing none, anyone in the neutral capacity? Senator, would you like to close?

**McDONNELL:** Unless there's questions, I'll waive.

**STINNER:** Senator waives closing. There are-- there are seven letters of support for LB1041, and that concludes our hearing on LB1041. We'll now open with our hearing on LB1142. Senator Vargas.

**VARGAS:** Good afternoon, Chairman Stinner, members of the Appropriations Committee. My name is Tony Vargas, T-o-n-y V-a-r-g-a-s, and I am proud to represent District 7 in south Omaha and downtown Omaha. Today, I'm here to open on LB1142. We'll hand these out once our page comes in here. LB1142 would appropriate \$25 million from the federal American Rescue Plan Act of 2021, or ARPA, to the-- oh, I got a new page-- to the Nebraska-- Nebraska Investment Finance Authority, or NIFA, which you just heard, for the development of affordable

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

housing units. And I do have an update similar to Senator McDonnell's. A little background on NIFA, NIFA was created by the Nebraska Legislature in 1983 as a successor entity for the Nebraska Mortgage Finance Fund, the Nebraska Agricultural Development Corporation, and the Nebraska Development Finance Fund. With partnerships and collaboration across the state, as you heard, NIFA uses resources, data, knowledge and technology to promote Nebraska communities through affordable housing solutions and agribusiness. NIFA is designated as Nebraska's housing credit allocation agency. Their mission is to grow Nebraska's communities through housing and does not use Nebraska tax dollars to achieve this, as NIFA is self-funded. Now what's the federal Low-Income Tax Credit program? LIHTC was created in 1986 to promote the development of affordable renting housing for low-income individuals and families. The LIHTC is designed to subsidize either 30 percent or 70 percent of the low-income unit cost in a project. The 30 percent subsidy, or 4 percent tax credit, covers new construction that uses additional subsidies or the acquisition cost of existing buildings, 70 percent subsidy or 9 percent tax credit, supports new construction without any additional federal subsidies. As we all know, the COVID-19 pandemic has disrupted the economy at unprecedented levels, including a decline in the GDP, a shortage in labor force, and increasing unemployment. Together, these challenges further exacerbated our state's ongoing housing shortage and affordability crisis. It is my fundamental belief that everyone deserves access to safe, clean, affordable housing. LB1142 would serve as a building block for how we can make this a reality for more of our neighbors and fellow Nebraskans. I'd also like to note that our office, similar to Senator McDonnell, we notify-- we were notified that because NIFA is not a state agency, they cannot receive such funding directly, and we are already working on the remedy, again, to try to address this that can work through DED, and then they can be a pass-through and it can be earmarked. The only thing that I'll-- I'll share, and there's the similarities to Senator McDonnell's, mine's more narrow, and-- and the narrow component is, and this is kind of similar to the workforce housing, the workforce housing was trying to address the issues with workforce shortages in our urban communities and to work with existing programs that we know work. The-- the narrow language in here with the 4 percent and 9 percent LIHTC projects and providing gap financing and making it narrow is that there's an inherent need that we're seeing right now and we know the money can get out the door. We already heard this. So it's really trying to react to a problem that has been pressing amidst this pandemic and continues to grow, and so doing that is a direct investment. We heard a lot of the numbers of up to a 10:1 return on investment on these. They are over extended, these tax

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

credits, but-- but this is something that's going to immediately be utilized, so this is just a, I would say, a narrow focus of how we use these funds. And I appreciate you and hope we can put this into a package of affordable housing and workforce housing. And I'm happy to answer any questions. We'll have some similar testifiers. Thank you.

**STINNER:** Very good. Questions? Seeing none, thank you.

**VARGAS:** Thank you.

**STINNER:** Proponents?

**SHANNON HARNER:** Hello again.

**STINNER:** Good--

**SHANNON HARNER:** My name is Shannon Harner--

**STINNER:** Good to see you.

**SHANNON HARNER:** --S-h-a-n-n-o-n H-a-r-n-e-r, and I'm the executive director at the Nebraska Investment Finance Authority. We'd just like to support this bill. It does what Nebraska needs to have done for the LIHTC program in order for us to help more units get built in the ground. I have nothing further. If you have other questions, I'm happy to answer.

**STINNER:** Senator Clements.

**CLEMENTS:** Thank you. Thank you, Ms. Harner. Would you also clarify how this is different or more narrow than Senator McDonnell's LB1041?

**SHANNON HARNER:** Honestly, Senator, I do not have the bill in front of me, but I can actually supplement the record with some additional information. But because I don't have it in front of me, I would-- I hate to specify at this moment.

**CLEMENTS:** Oh, all right.

**STINNER:** Additional questions? Seeing none, thank you.

**SHANNON HARNER:** Yes, thank you.

**CLEMENTS:** Carol Bodeen, B-o-d-e--

**McDONNELL:** Carol, when did you get here? [LAUGHTER]

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

**CLEMENTS:** --B-o-d-e-e-n.

**CAROL BODEEN:** Well, at least you're going to remember me, so-- and this may be the last time that you see me, so--

**McDONNELL:** This is the last bill?

**CAROL BODEEN:** --my name is-- my name is Carol Bodeen, C-a-r-o-l B-o-d-e-e-n. I'm the director of policy and outreach for the Nebraska Housing Developers Association. I'm here to support LB1142 on behalf of NHDA. As you can see, we're here to help in any way we can. And thank you very much for listening to all of us as we've talked to you about these housing issues, and I have every confidence that we're going to come up with some-- some good solutions to get this moving along, so thank you very much.

**STINNER:** Well, congratulations. You set an all-time record for a single person coming on the most bills in one day.

**CAROL BODEEN:** Goodness.

**STINNER:** Thank you.

**CAROL BODEEN:** I'm sorry I won't see you again next year. I'll be here, but you won't.

**JAKE HOPPE:** Thank you again for the opportunity to-- to testify. Name is J-a-k-e H-o-p-p-e, Jake Hoppe, from-- with Hoppe Development. I just wanted to give a little bit of context, additionally, and it is an incredibly exciting time to be a developer of affordable housing. I think Ms. Harner referenced it earlier. There was a technical fix in one of the programs two years ago that made a-- a huge number of programs that were previously not viable at all in the state, in fact, a program that was unutilizable in the state, have taken that program from being an afterthought in Nebraska to something that is producing hundreds of units this year, and this is really the first year we're seeing the impact of that. The-- the challenge in this sort of in-- inflationary period, though, is that we now have a number of projects that are truly at the precipice of being viable, and even small amounts of gap funding can push those over; even just the confidence that gap funding exists can enable to proceed, given the long duration of development time cycles that sometimes exist in these projects. We have a project that we have looked at in Lincoln that would be a catalyzing project in a-- in a high-poverty area. It's about 100 units. The gap that we are coming up with is in the range of \$5,000 a unit, very limited for-- for just enabling a project to move forward.

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

What I think is extremely exciting in this time is that the gap to create kind of the project that meets a lot of the programmatic needs of the community where it exists, which potentially mixes income types, mixes commercial and residential uses, is something around \$15,000 a unit, in the grand scheme of things a very limited amount of gap that exists to go from no project at all to a project, and a-- and a similarly modest amount of gap to go from a project to a project that truly catalyzes the redevelopment of that neighborhood. It is not just an urban issue. It's a rural issue, as well, a project in Valentine, which hopefully, we'll find out shortly, is able to move forward. Because of the-- the location in a rural community of less than 5,000 people, our tax credit syndicators and partners will not allow hard senior debt on the project. They're unsure of-- I mean, in many cases, they're unsure of what to do with Lincoln and Omaha. They're certainly unsure of what to do with a community in Cherry County and how to think about the investment and stability of that community. In the-- in the case of the project that we're bringing forward, we ended up working with the community over the course of about six months to create a second loan that is subordinated to the rest of the project and the tax credit investment such that it converts into a cash flow loan that is backed by the commitment from the city itself and sponsored and funded by the utility in the community. I only go through the lengthy description of that to give you some idea of how long that took put-- to put together and how complex that ends up being when you're educating one small community after another small community. A flexible source of gap financing that allowed us to go into a community of less than 5,000 people and say, hey, we don't need to go through, we don't need to bend over backwards, we don't need to invent new processes or wheels in order to enable a project that your community needs, we have a source from DED in partnership with NIFA that can fill that gap, would be incredibly powerful. So it hits both rural and urban communities. It allows significant innovation and we're very excited. The only reason I'm testifying for this version of it versus the \$21 million, having read both texts of both versions and not seen a huge discrepancy in the text, is just because there's \$4 million more in the \$25 million version. So with that, I'll-- I'll end my testimony and any questions, happy to address.

**CLEMENTS:** I have a technical question.

**STINNER:** Senator Clements.

**CLEMENTS:** Thank you. Thank you for that explanation. That's-- that's helpful. Then I was sitting here wondering if state dollars is the

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

only thing that goes in, or are there federal funds that also contribute to some of these projects?

**JAKE HOPPE:** No, there are a tremendous amount of federal funds, so that's part of the leveragability that I think Mr. Wiechmann was referring to earlier. There's-- there's not only the tax credit that allows you to secure private investment. There are other federal programs that come into these projects. There are certain limitations on those programs, like dollars per project and other complexities, that make them, in certain circumstances, difficult to use. But you can think of those as also being leveraged in most of these contexts. They would-- they would incorporate a combination of funds between the private equity tax credit investment, which is private dollars, the public federal programming, which would come in usually as maybe a half-million-dollar forgivable loan, and then these state funds as well, so that's part of the leverage [INAUDIBLE].

**CLEMENTS:** Oh, thank you.

**JAKE HOPPE:** Yeah.

**STINNER:** Additional questions? Seeing none, thank you.

**JAKE HOPPE:** Thank you.

**RYAN DURANT:** I'm not going to beat Carol's record today, but-- I gave you a sheet earlier for it. Sorry. I can write another one out after this. It's Ryan, R-y-a-n, Durant, D-u-r-a-n-t, and I also just want to support this bill. It is very important. There are-- I can tell you, my 160 units are shovel ready. They've already been awarded from NIFA last year. We could break ground if we had this gap financing. If we don't get the gap financing, there will be no projects in Plattsmouth, Blair, and Omaha. You know, these are units. Just to give you an example, that four bedroom, single-family house I gave you, those rents go from \$750 up to \$1,200, and they're restricted to people whose income is 60 percent or less. And those are the people that are really struggling right now. You know, they just don't have the incomes to pay the high rents and-- and-- and keep up with the inflation that we're dealing with right now, living day to day. So I just want to say that, again, I-- I support this bill. It's-- it's very important to these projects. The investors that are coming into this deal have been very skittish because, you know, COVID-19, I mean, that's just-- they-- they don't want to-- these projects are already stretched, as it is, and-- and so any little bit that we can get will

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

definitely go a long ways for these projects, so it's very, very crucial. So thank you.

**STINNER:** Thank you. Questions? Senator Dorn.

**DORN:** Thank you, Chairman Stinner. Thank you for being here again. What-- the 160 units, you said that they're shovel ready.

**RYAN DURANT:** Yeah.

**DORN:** If you started tomorrow, when would they all be done?

**RYAN DURANT:** We could have Plattsmouth and Blair-- so in Plattsmouth, we've got 20 single-family homes, the plans I showed you. We have the same thing-- we replicated the same thing in Blair, 20-- 22 single-family homes. We could have those basically-- we could probably have units on in about six to eight months. If you told me tomorrow that I could have this money, I'd have you probably half those units in six to eight months and the rest would come on within 12 months. So by this time next year, you'd have those units online.

**DORN:** Thank you.

**STINNER:** Thank you. Good evening.

**NAOMI HATTAWAY:** Hello. This is the really heavy, awkward chair. Good afternoon, Chairperson Stinner and members of the committee. My name is Naomi Hattaway, and while I am here in my profession-- professional capacity, my own personal lived experience and story about the impact of housing stability and housing as a human right--

**STINNER:** Naomi, could you spell your name for--

**NAOMI HATTAWAY:** Yes, N-a-o-m-i, last name is Hattaway, H-a-t-t-a-w-a-y.

**STINNER:** Thank you.

**NAOMI HATTAWAY:** --spans a childhood spent outside of North Platte, in Wellfleet, and then the opportunity to become a Habitat for Humanity homeowner as a young single mom way back in 1998. That set me up for a lifetime of housing stability with my family across many states in the United States, two international moves in India and Singapore, and now continues we-- when we moved back to Nebraska in 2017. I'm here today in support of many of the bills that have been discussed, but with a focused support for LB1142 on behalf of Front Porch Investments, a

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

nonprofit organization that was established last year in response to the assessment that many testifiers have referenced today to address the housing crisis. Front Porch focuses on innovative and leveraged investments of private dollars for affordable housing and homelessness prevention in the greater Omaha area through grants and loans. I'm the director of communications and community initiatives at Front Porch. As you've heard from the developers today, they are struggling to close on existing affordable housing projects due to increased costs in materials and labor associated with the COVID-19 pandemic. These financing gaps put affordable housing projects that are ready to go at risk from moving forward at a time in Nebraska when literally every unit counts and when time is of the essence. The consequences for the region if we fail to prioritize this funding are significant. We know that families and individuals across Nebraska face housing insecurity. Our neighbors face physical and mental health issues caused by poor quality and unsafe housing. Our state's kiddos are not all in a position to reach their full potential, and the economic growth and vitality of our communities, cities, and towns is constrained. The pandemic brought many of these housing challenges to the forefront as a sudden loss of income pushed many families on the brink of losing their homes. The pandemic has also had disproportionate impacts on people of color, who have suffered both the health and economic impacts of the crisis at a greater rate than their white counterparts. It is more clear than-- it is more clear now than ever how important safe, stable, quality housing is to community well-being and to equity across our state. Without it, we put our neighbors, our essential workforce, and the overall vitality of our communities at risk. As Ms. Berglund from SPARK mentioned already, page 15 of the Blueprint Nebraska summary shows us that Nebraska already committed to building 30,000 to 50,000 achievable, livable housing units by 2030. This commitment sets out to scale current state and regional initiatives, helps to increase public-private housing opportunities, housing incentive, and innovative ways to improve housing affordability. Affordable housing development creates jobs and tax revenue. We've heard that before, as well, from other testifiers. For every 100 units of affordable housing, it generates \$7.9 million in local income, \$830,000 in tax revenue, and 122 jobs in the first year, with ongoing economic-- I can't speak anymore-- economic benefits in every year following. As Mr. Hoppe mentioned 10,000 possible units with \$200 million, I'll let someone else do the math on that economic impact. LIHTC is the main source of revenue for the creation of affordable housing across the state of Nebraska. Develops-- developers have the LIHTC awards but have been delayed by the pandemic and they now face increased costs, time restrictions on funding, and project deadlines.

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 15, 2022

If these additional sources of funding are not made available, these developers may be forced to abandon the development of ready-to-go, affordable unit projects and/or may choose to develop in neighboring states where ARPA funding is being allocated to LIHTC programs. In closing, appropriating this \$25 million in funding to the DED, earmarked to NIFA, is the right thing for Nebraska to do to address these financing gaps. Doing so ensures the affordable housing units currently planned for in our communities across Nebraska can be built. Thank you.

**STINNER:** Thank you. Questions? Seeing none, thank you.

**NAOMI HATTAWAY:** Thank you.

**STINNER:** Any additional proponents? Any opponents? Anyone in the neutral capacity? Seeing none, Senator, would you like to close? Senator waives closing. We have six letters of support for LB1142, and that ends our hearing on LB1142 and our hearings for today.