

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee August 6, 2021
Rough Draft

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WAYNE: [RECORDER MALFUNCTION] north Omaha and northeast Douglas County. Yeah, I started walking through the construction zone and one of the people who were walking in with me said, that said hard hats only. I have a construction company, so I-- I felt normal walking into the construction zone, so I apologize for that. We'll start off with-- actually, we'll start off with introductions, but because this is Kearney and Senator Lowe's district, I'll start with Senator Lowe. He can do a welcome and-- and go from there.

LOWE: Thank you, Chairman, and my name is John Lowe, represent District 37, which encompasses the UNK campus and-- and all-- all of Kearney and Gibbon and Shelton. Thank you all for attending today.

ARCH: I'm John Arch. I represent District 14, which is in Sarpy County, Papillion and La Vista, the cities of Papillion and La Vista.

HUNT: I'm Megan Hunt and I represent District 8 in midtown Omaha, so like Dundee and Benson, and I'm the Vice Chair of this committee. Welcome.

BRIESE: I'm Tom Briese. I represent District 41.

ANGENITA PIERRE-LOUIS: Angenita Pierre-Louis, committee clerk.

TREVOR FITZGERALD: Trevor Fitzgerald, committee legal counsel.

WAYNE: This afternoon we will be hearing three interim study hearings. Is there any other senators in the room maybe that came up for this? Didn't see any. They're probably out fishing, where I want to be, but we'll take up-- these interim study resolutions will be taken up in the order listed outside the room. In recent-- in recent days, the CDC revised its guidelines, and we respectfully ask that if you-- that you wear a mask or a face covering while in the room. Testifiers may remove their mask to testimony-- to assist committee members and transcribers in clearing hearing-- clearly-- clearly hearing. It's important that you talk loud enough. These mikes are pretty sensitive, but they will be transcribed back in Lincoln for our part of our official record, so please speak loudly and clearly. We won't get mad if you tend to yell at us. I'm-- I'm used to having people yell at me anyway, [LAUGHTER] at least that's what I tell my kids when-- about their mother sometimes. Anyway, that's all on the record. Love you, babe. [LAUGHTER] On the tables in the back of the room, you'll find

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blue testifier sheets. If you are planning to testify today, please fill out and hand a blue testifier seat to the committee clerk, Ms. Angenita, when you come up. This will help us keep accurate records for the hearing to make sure your names are spelled-- spelled correctly. If you wish to testify, please-- if you do not wish to testify but would like to record your presence at the hearing, please fill out the gold sheets in the back of the room. And I would also note that it's the legislative policy that all letters for the record must be submitted to the committee by 5:00 p.m. the day prior to the hearing. Again, we're-- it's-- it's an interim study, so we'll be a little flexible with that. If you have stuff, you know, like handouts, please make sure you include ten copies. If you don't have ten copies, please hand it to the committee clerk and we'll provide copies to the-- to the committee. Testimony for each of the interim studies will begin with the introducer's opening statement, followed by invited testifiers which we'll take, and then we'll take testimonies from the public. Since this is an interim study hearing, there are actually no proponents or opponents. We ask that you begin your testimony by spelling your first and last name for the record. We ordi-- ordinarily used the four-light-- minute system, but our remote system does not come-- come with the four-- four-minute light. So I'll-- I'm reading what he thinks is-- so what I'll do is probably like wave and say like one minute. Just look at me and we'll try to wrap things up. I'm not in the habit of cutting off people, but if it gets a little long, I'll ask you to wrap things up. I would remind everyone, including the senators, to please turn off your cell phones or put them on vibrate. With that, we will begin. Oh, Senator Hansen, joined us. It was not Senator Hansen's fault. We had lunch and they gave him the wrong sandwich and he was adamant about getting his right burger, so [LAUGHTER] I will--

M. HANSEN: Senator Matt Hansen, District 26, northeast Lincoln.

WAYNE: He had this great hamburger. So we will start today with LB-- or LR69, which is mine. I normally come down and testify, but due to some of the restrictions, I'm going to try to limit some of the movement that I can, so I will testify from here. What I won't do is ask too many probing questions because we normally don't allow the testi-- the opener to ask questions, and then we will go from there. So we will begin this hearing. It's going to sound weird for me saying this, but we-- because this is being transcribed, every opener will say who they are, what-- who they represent, and kind of go through an

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introduction. So I'm going to actually turn this over to Chairman-- Chairwoman Hunt and members of the Urban Affairs Committee. Thank you. My name is Justin Wayne, J-u-s-t-i-n W-a-y-n-e, and I represent Legislative District 13, which is north Omaha and northeast Douglas County. In 2020, the Legislature passed LB866, which adopted the Municipal Density and Middle-- Missing Middle Housing Act. Among the requirements in the act was a requirement that on or before July 1 of this year and every two years after, each city of the metropolitan class, city of the primary class, and city of the first class with a population over 20,000, must submit a report to the Urban Affairs Committee regarding its current effort to address the availability of and incentives for affordable housing. Since this was done for the first time, cities have filed their reports. I have introduced LR69 to provide a forum for the committee to hear firsthand from the cities the challenges they face in addressing the shortage of affordable housing. The broader purpose behind-- behind LB866 was to explore the role that municipal zoning requirements play in making it more difficult to build affordable housing when-- and examining the way the Legislature can continue to provide tools to the locals to help them with affordable housing development. At today's hearing, the committee will receive invited testimony from five cities: Grand Island, Hastings, Kearney, Norfolk, and North Platte, and we'll open it up to public comment. I look forward to the presentation and I'll be happy to answer any questions from the committee.

HUNT: Thank you, Chairman Wayne. Are there any questions from the committee? Seeing none, we have some invited testimony and we can start with Brenda Jensen from the city of Kearney. Welcome to your Urban Affairs Committee. And I can kind of watch the time for you.

BRENDA JENSEN: OK. Thank you. Can you guys hear me OK?

HUNT: Yeah.

BRENDA JENSEN: OK. My name is Brenda Jensen, B-r-e-n-d-a J-e-n-s-e-n. I am the director of development services for the city of Kearney. And I'm really here-- obviously you received our report, but I'm here to just give you a couple of the key takeaways from our report. I'm going to first start with the zoning aspect. We have 17 different zoning districts within the city of Kearney. Eleven of those 17 do allow for middle housing types. We do feel like we have a very inclusive zoning district which allows for a variety of residential and commercial-use

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types to be permitted within the same zoning districts. In Kearney, middle housing types would include duplexes all the way through six-unit townhouses. Almost 35 percent of Kearney that is zoned allows for middle and-- middle housing and multifamily housing types, so out of all of our corporate limits, 35 percent of the zoned areas would allow for these housing types to be constructed, which we feel is a pretty good statistic. Moving onto the back side of the re-- the handout that I provided, for building permits over the last five years, so we're looking at total year, so 2016 through 2020, in regards to new construction, we've seen 37 percent of middle housing types built within Kearney. Twenty-two percent was for multifamily and then 41 percent was for single family detached. We had a total of 901 new housing units built within that five-year time period. I do believe that these building permit-- or the building permit data helps show that our current zoning has not hindered middle housing-type or multifamily housing construction within our community. And we really have seen a very good balance of construction from the private sector in Kearney of single-family all the way through higher density, you know, three-story apartment complexes, which, for in Kearney, is very good, so-- and then looking at the per-unit cost, we have seen estimates increase over the five-year period, so again 2016 to 200-- or to 2020. That's to be expected in the construction world. But what we do show is in the middle housing types, it is approximately half of the cost for a per-unit estimate at \$185,000 versus the single family per-unit cost of just under \$340,000. So this does help show that middle housing, and then also multifamily housing, is-- would be considered more affordable than single-family housing within Kearney. So some of the next steps that we see over the next few years, first and foremost, with community planning, we expect to get new census data in the next couple of weeks, which we're very excited about. In our world, that's a very big deal, so getting-- anytime we can get new census data to help evaluate our community is important. So we will, as soon as get-- we get that data, take a look at that and-- and analyze that. Additionally, over the next several months, our city manager is conducting several town hall sessions throughout our community. That's going to range in a variety of topics, really anything within Kearney. But I'll be excited to see what input, if any, from the housing side would come from those town hall sessions. And then we will continue to assess our zoning regulations and options for allowing for flexible development. And then by January 1, per the legislative bill, we will have our affordable housing action plan

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submitted. So I just want to thank you guys for your time and would entertain any questions if you have any.

HUNT: Thank you so much, Brenda. Are there any questions from the committee? Senator Lowe.

LOWE: Thank you, Brenda, for coming today. What would the infrastructure cost be for an average lot in-- in Kearney?

BRENDA JENSEN: For an average lot? So if we're looking at paving, water, sewer and storm sewer, it's going to be about \$40,000 for a traditional single-family lot, so single family detached, and I'm going to say that's about a 75-foot-wide lot, which is pretty typical.

HUNT: Any other questions? Senator Wayne.

WAYNE: Sorry. I'm not supposed to ask questions, but I'm kind of really interested in this. So-- so in your new family housing, you said \$45,000-- \$40,000 roughly for your sewer utilities basically?

BRENDA JENSEN: Yes, and paving.

WAYNE: What-- what has been the-- the bigger driving force for your-- your rise over the last four, five years of cost?

BRENDA JENSEN: Construction materials is going to be a very large factor.

WAYNE: And did you all apply for the rural workforce housing grants or anything like that?

BRENDA JENSEN: Through our economic development, so as countywide, our Buffalo County Economic Development did apply for the LB840 funds. I would say that primarily those were focused in some of the smaller communities within Buffalo County but, yes, Buffalo County was a recipient of those funds.

WAYNE: If there was one thing we could do to help you or tools that we could help you, what would those be?

BRENDA JENSEN: From the state side?

WAYNE: From the state side.

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BRENDA JENSEN: One thing I feel like-- our-- our zoning regulations, I feel very comfortable with what it does and helps-- it fits our community, so I think that's important, is maintaining local control for zoning regulations on that aspect of it. On the flip side, costs are what costs are, so I don't know if there is any way that you can help lower building material cost, but that would be-- or help offset. If there's some way to offset some of those construction costs, that would be I think the biggest factor.

WAYNE: This is an unfair question, but what is your-- what are you projecting right now to be your waiting list for single-family home or multifamily home?

BRENDA JENSEN: Mean for people who are looking to move to Kearney or just buy new houses in Kearney?

WAYNE: Correct.

BRENDA JENSEN: I think we-- I actually heard someone say-- and I try to keep a pulse on it, but it fluctuates. I think we have 18 homes for sale in Kearney right now, which for a healthy housing market we should have approximately 150, probably even a little bit more than that, so we have a very, very tight housing market in our community and that is very challenging.

WAYNE: Thank you.

HUNT: Thank you, Senator Wayne. Are there any other questions from the committee? I have a question.

BRENDA JENSEN: Yep.

HUNT: So I'm looking at Figure 2, which shows the zoning districts, and a lot of these districts are commercial zoning districts, so like office, limited commercial, community commercial, general commercial. What kinds of middle housing is built in these commercial districts?

BRENDA JENSEN: Honestly, any-- any are permitted.

HUNT: OK.

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BRENDA JENSEN: So it's up to the property owner on what they want to build, what they see, what fits compatible with the adjacent land uses. But it could be all the way down to a duplex--

HUNT: OK.

BRENDA JENSEN: --next to a commercial office.

HUNT: Is that common?

BRENDA JENSEN: Yeah.

HUNT: OK, great.

BRENDA JENSEN: It is, yep.

HUNT: Thank you, Brenda. Any other questions? Seeing none, thanks for your--

BRENDA JENSEN: Yeah, thank you.

HUNT: --testimony today. Next I'll invite up Andy Colvin from the City of Norfolk. Welcome.

ANDREW COLVIN: Thank you, Chairman Wayne. Members of the Urban Affairs Committee, my name is Andrew Colvin, A-n-d-r-e-w C-o-l-v-i-n, and I am the city administrator for the city of Norfolk and I'm here representing the city in my capacity as administrator. What I handed out to you is five, six pages of some slides that I printed it out in summarizing our study or-- or brief responses that we did for your-- your questions you were asking us, so very similar to what-- what Kearney was just reporting in some ways, but I'll just kind of run through this. So our zoning as a whole for the city does make considerations for smaller, older, existing lots for infill rehab. We felt that that's a pretty important component to try to redeveloping our neighborhoods and-- and to provide some of those affordable lots and also help redevelop our neighborhoods. Sixteen percent of the city limits zoned for multifamily and middle housing right now. And just in-- in comparison, 40-- almost 48 percent is zoned for single-family, so those are the two percentages total within the city. So well over half of our-- our total area is zoned for residential. Three zoning districts may permit accessory dwelling units within a detached accessory structure. So over the last five years, it's been very

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interesting in Norfolk. We-- the housing study was completed in 2016 that identified several needs. From that study, multifamily was-- was a big one, which I think surprised a lot of-- lot of folks in Norfolk. But as far as residential construction goes, 11 percent middle, 63 percent multifamily, and 26 percent single-family, so as you can see, the multifamily, the volume of that might skew the numbers a little bit, just because that volume has been pretty significant and-- and we're seeing that continue for demand in Norfolk. The construction cost estimated per unit is around \$136,000 for middle, \$79,000 for multifamily per unit, and \$241,682 for single-family. So we-- we do have that affordable missing middle, similar to what you've seen from Kearney. We have six new residential developments that have used TIF-- have used TIF for financing, and we have had annexation take place for new and residential housing. We haven't annexed units as a city recently, so most of the land we have annexed has been just bare land within our-- our growth area to accommodate new housing. So again, I'll just kind of summarize here: In 2016 our housing study identified 762 total units, our '19 housing study revision identified 596 total units, and in 2021, we do have a housing study in progress right now, so we'll see where we're at. So in Norfolk, we have a subcommittee of our city council. It's called the economic development subcommittee. And we often talk about how we can do better with housing, how is our zoning, how is our codes, you know, what kind of flexibility can we offer for residential housing specifically and commercial and all businesses. Some of the ideas we've had is, of course, finding room for tiny houses and how we can accommodate those. We've talked about reducing parking to help accommodate some of those arrangements for dwellings. I know that can get pretty spending and-- and-- for-- for your-- your builders. And, you know, cities can do infrastructure well. That's-- that's what we do. That's all we do, essentially, in development. So looking at things how we can help reduce those development costs on lots, reducing the width of streets-- I-- I live on a street right now that it-- it-- it's built like a freeway, it feels like, even though it's a residential street, a lot of concrete. And I think fixing those-- those kinds of things can help reduce that, that per-lot cost, and so also allowing accessory dwelling units and more residential districts and really trying to be creative and hearing from our developers in town and hearing from what they're trying to tell us for what they need to try to drive down some of those costs. So I guess with that, I'll-- I'll-- I'll try to keep it

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short and sweet. I'd love to answer any questions that you might have for me.

HUNT: Thank you, Andy. Any questions from the committee? Senator Hansen.

M. HANSEN: Thank you, Vice Chair Hunt. And thank you for being here, Mr. Colvin. So question for you-- you said you don't annex any-- you haven't annexed any kind of built structures, so I presume that means you don't use sanitary improvement districts?

ANDREW COLVIN: The-- the city does not.

M. HANSEN: Yeah. So what-- what is kind of the primary like financing mechanism that developers in Norfolk use to build new neighborhoods and subdivisions?

ANDREW COLVIN: Well, tax increment financing has been one that's been used in Norfolk now, particularly within the last five to six years--

M. HANSEN: OK.

ANDREW COLVIN: --I'd say pretty heavily, is maybe what you've seen in Norfolk in the past. Not all areas-- we've had some requests that-- for the type of housing and-- and the home values, we've had inquiries for the possibility of using TIF, blighting the land, and-- and they were nonstarters from the beginning. So, no, they-- they never really made it across to a preliminary conversation, so we-- we try to look at areas and-- and developers that want to come in and try to build a product that is really-- is in that middle and offers a variety of housing types. The more variety that we see and the-- the more income levels that they can meet, the better, is how we've looked at it.

M. HANSEN: Thank you. And-- and just touching upon the other thing you said is you mentioned you have the zoning for accessory dwelling units?

ANDREW COLVIN: [INAUDIBLE]

M. HANSEN: Have you actually had many of those built in the last few years?

ANDREW COLVIN: No.

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M. HANSEN: OK.

ANDREW COLVIN: Not as-- not as much, no.

M. HANSEN: All right. Thank you.

HUNT: Thank you, Senator Hansen. Any other questions? Senator Arch.

ARCH: I noticed that in your last page you mentioned tiny houses. Have you-- have you explored that further?

ANDREW COLVIN: Not officially. I've-- I've heard some discussions of a potential project that might be wanting to-- to start that would incorporate some tiny homes. You know, one of the-- you know, one-- one of the things going on in Norfolk is, you know, I'm sure everybody's heard about the riverfront development happening and just a lot of different things happening with their downtown. And from what I've heard, there's-- there's some interest in possibly incorporating that-- tiny home concepts into that. I can't tell you where. I can't tell you any of those things right now. But-- but somewhere around the central part of our town, I foresee that becoming an option and-- and mixed in with-- with-- with townhomes and-- and apartments and-- and everything. So I think all those things do create that kind of environment that-- that I think we want and we need. Yep.

ARCH: Thank you.

HUNT: Thank you. Senator Lowe.

LOWE: Thank you, Vice Chair. What is the cost of infrastructure per lot, if you--

ANDREW COLVIN: You know--

LOWE: Would you have any idea?

ANDREW COLVIN: --I would say it's pretty close to Kearney's.

LOWE: OK.

ANDREW COLVIN: You know, I think you're ranging from in the-- in the \$30,000 to \$50,000 per-- per lot.

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LOWE: OK. And along with the tiny home option here, mobile home parks or modular home parks, I-- I know I was just out in Utah this last week and I checked the price of a brand-new, small two-bedroom mobile home, and it was right at \$48,000. It seemed to be a good option. What are the city's views on modular home parks or mobile home parks?

ANDREW COLVIN: Sure. We do have a zoning category for that. We have-- just have not had any requests or really any discussions or inquiries about it. If that was something that a developer or somebody was interested in doing, we'd certainly sit down and have a conversation and find out where-- where they want to-- want to build that, where they want to have it. And it would-- it would go through, just like any other project would, through that review process. But we just haven't had any inquiries for that.

LOWE: Thank you.

HUNT: Senator Briese.

BRIESE: Thank you, Vice Chair Hunt. And thank you for your testimony here today. How many homes are for sale in Norfolk at this point?

ANDREW COLVIN: You know, those numbers have been fluctuating. I know there's some folks from Norfolk here today that might know that answer. Just in my-- my looks, I've seen anywhere in the last number of weeks from 40 or 50 down to 20. I mean, it's just-- it's-- I really can't answer that question for you. That might be better for a builder or a realtor that might be here today, but it's-- it's nowhere near what I think we should have in a community the size of Norfolk.

BRIESE: Fair to say that you may have a substantial number of vacant properties that aren't really in the inventory because the owner chooses to-- not to lease them or sell them?

ANDREW COLVIN: That-- that could be a possibility. I-- I can't tell you what number that would be--

BRIESE: OK.

ANDREW COLVIN: --but certainly those do exist.

BRIESE: Has Norfolk adopted a vacant property registration ordinance?

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ANDREW COLVIN: We have not yet.

BRIESE: Are you-- are you considering that?

ANDREW COLVIN: Those-- that is on my to do list as-- as something that I think we need to look at with our partners, so yes.

BRIESE: OK, very good. Thank you.

HUNT: Thank you. Any other questions? Seeing none, thank you for coming today--

ANDREW COLVIN: Thank you.

HUNT: --Mr. Colvin. Our next invited testifier is Judy Clark from North Platte. And just so you know, next we have-- after that, we have Lisa Parnell-Rowe and then Chad Nabity, so those are invited testifiers for LR69. Welcome, Ms. Clark.

JUDY CLARK: Good afternoon, Judy Clark. I'm the city planning administrator for the city of North Platte and also for Lincoln County, so I kind of wear two hats. But I'm here today on behalf of the city of North Platte, and what I have in front of you is just kind of an over-- overview of the submitted report that you received. And I kind of went at this maybe a little bit differently than the first two communities. So that first chart that you see there is our different residential districts and what is allowed by right, which is basically they would come in and get a per-- building permit, and what is allowed by conditional use. So North Platte does a pretty good job with middle housing, but it does--they do have to jump through a couple of different hoops. Some of the middle housing in some of the residential districts takes special use permits in order to get there. And I highlighted the percentage of acreage in the city of North Platte that is only by right, again, missing middle housing allowed by right. That gets the city of North Platte up to about 17.5 percent of the residential-zoned property where all missing middle types are allowed directly by right. The next thing that I highlighted was just building construction when it comes to single-family, multifamily missing middle housing, mobile home, which would be set-down permits, between the years of 2016 and 2020. So we had 133 single-family homes built, 34 units of missing middle-type housing, which was about 14 buildings, 48 units of multifamily housing, and then 49 mobile homes.

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Then this was not included in the original report, the 2021 statistics when it came to building. So this is just from January 1 to August 6, just gives you a highlight of where we're at right now: 10 single family homes. Right at the present moment, we really don't have any missing middle other than the multifamily, which we're currently under construction of 10 different buildings with 80 additional multifamily dwelling units, and then so far this year, 24 mobile home units. Those mobile home units could just be moving maybe across town to a different mobile home park or it could be new set-downs. And North Platte, I think, does a really good job with providing incentives. Sometimes we struggle with getting some construction going out there, so we use a lot of different methods for incentivizing some building construction. Tax increment financing is a big one that we use. Our local economic development corporation did apply for workforce housing, and so we have some funds there, plus we have a couple of organizations that work really good. Lincoln County CDC, which is our local home, affordable housing nonprofit organization, and the city of North Platte always partners with them to try and help them buy some infill lots, clear some infill lots. We work a lot with the demolition with them and also with Habitat for Humanity trying to help with some infrastructure improvements to get those affordable housing-- housing units going in North Platte. I guess that's it. Recently, we do-- I guess I can go into the zoning area of it. We do have a little bit of work to do, I think, getting more things allowed by right instead of having to go through conditional use permit processes to do that. We've already started that process. Anticipating LB866 being approved, we have already amended our comprehensive plan, which is going to allow for more of that rezoning and-- and zoning changes to allow for more of that missing middle housing. But I'll open it up to questions at that point.

HUNT: Thank you very much.

JUDY CLARK: Yep.

HUNT: Any questions?

WAYNE: I just want to say thank you for your report. It was really detailed and very well done.

JUDY CLARK: Thank you.

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WAYNE: I really appreciate it.

JUDY CLARK: Thank you, appreciate it.

HUNT: All right. Seeing no other questions, thank you for coming today.

JUDY CLARK: Yep.

WAYNE: Thank you.

HUNT: We appreciate it. The next invited testifier is Lisa Parnelle-Rowe from the city of Hastings. Welcome.

LISA PARNELL-ROWE: It's nice to take the mask off. So I'm Lisa Parnell-Rowe, director of development services, L-i-s-a P-a-r-n-e-l-l, hyphen, R-o-w-e. I want to start by saying thank you. Thank you for inviting all of the municipalities to take part in this and giving us all an opportunity. I think it's pretty obvious each, you know, municipality has-- each community has a different set of strengths and needs, and so I think it's very important, you know, that we all have a plan of our own based on what our communities' needs are, and each recipe is going to be a little different. So I thank you for your time. We are very similar to some that have spoke. I would say that a lot of our zoning code is outdated. We're in the midst of getting ready to update our-- our zoning code ordinance and our comprehensive plan that sets us back a little bit. On the first four pages, you'll see our residential zoning. I did just include the residential zoning because of the applicability here, but really there are seven of them. We have four of them that are for single-family housing only. We have two of them that are roughly for the multifamily, and that encompasses everything from townhomes, condos, duplexes. And, you know, if you have two-- two families, there is one zone that allows for that. That's our R2 zone, along with single-family homes. I would say that there's a few of them that probably-- in fact, you'll see on the fourth slide-- that we don't really use at all. I think the R4 zone is one that we're hopeful that we'll use as we grow and be-- become more urban. But at the same time, I would also offer that Hastings, one of the things that our community says, as we found in community engagement on various long-term plans and whatnot, is that they really relish the small-town charm that we have. And when you look at the housing, when you come in off of Burlington, whether you're coming in

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north or south, we get-- especially towards the north end near the museum, you see all the nice homes, the older homes that are nice and charming. One of the things that, you know, we want to do is sort of preserve that, so our look at, you know, middle-income housing and providing that opportunity, really, our focus is to revitalize a lot of the houses. We have a lot of homes that have some conditions to them that need updated. I'll go into that in my report. I'll do my best to glean through this as quickly as I can. I tend to be very comprehensive and sometimes a little overelaborative. So, you know, we did a housing study in 2019. We were lucky enough to get an award from NIFA, a grant to help us. And then several of us went in on that, so HEDC, CRA, city of Hastings, Chamber of Commerce, and then we hired-- we hired the Marvin Planning Consultants to help us with that. We're lucky in that because what that's done is it's-- it's really given us a clear map on the overall annual household income for everyone in the city of Hastings. And in doing that, we know that 50 percent-- the lower 50 percent make less than \$50,000, so that's about our halfway mark. So we know that if you were to map that to the standard that most lending agencies do, with a ratio of 3:1, that really our middle-income housing starts at about \$150,000, the valuation that they can afford, going up to around \$83,000, which is their annual income top sort of level, which maps to \$250,000 as the top end of that, so \$150,000 to \$250,000, so that study was very helpful in allowing us to map that. We know this also because they did a quantitative data, but they also did a qualitative survey, and one of the questions in that survey was what was the most they could afford for a home, and 51.6 percent of them were right in that-- that ball range, as well as much of the focus feedback. Mary Lanning [INAUDIBLE] as part of that had said the 20 percent of the workforce lives in Hall County and further north than Hastings. And so when you talk about that, there's a large amount of people that work in Hastings that are actually commuting, and I know it goes back and forth between Grand Island and Hastings quite a bit. Another thing you asked about was housing types. When it's focused into middle-income, I really don't have that, but I do know from two survey questions that we asked, what type of home are you looking for, single family homes is right up there in the 60th percentile. Townhomes and duplexes were about 7 percent, and then acreages for houses was 11 percent, condos 5 percent, and then 8 percent seeking 55-plus housing, as well as senior living complexes. And so we know that-- you know, what they can afford also from the question that we asked, housing needs by price range.

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Again, this was about 336 people answered, so, you know, this is pretty small based, but when that question is answered, 15 percent said they could afford \$136,000 to \$175,000; 14 percent said \$176,000 to \$225,000 and 10 percent went up from there.

HUNT: Thank you, Lisa. I'm going to ask you to wrap it up [INAUDIBLE]

LISA PARNELL-ROWE: Oh, sure. Some of the things that are really important is our conditions. We have 1,500-- nearly 1,600 structures that are falling apart and dilapidated. One of the things that we've done is to hire a code enforcement administrator so that we can focus on the property maintenance issues. I really feel like land banking is very important for us. We have 400 vacant lots that if we could clear up those loans-- those liens against the property so that developers are encouraged to-- to do that, that would be great. We do expect in the future to have-- our theater development district is bringing us two apartment complexes with 78 units each, and those are going to be geared at 55-plus. So we do have lots of great things in the future, but I would say if there's one thing that our developers are complaining most about, it's probably the infrastructure costs. And one thing that I do see with our specific developers is a lot of them are farmers that are taking that land and redeveloping it, and they're wanting to do it in small, incremental plats. And so we end up doing a lot of very small plats, and the reason for that is because once they-- once they say that they're going to develop that and they replat it and rezone it to do so, then they have to pay the taxes for that. And so you see that's discouraging, so then we end up doing, you know, 22 replats. It's-- it's sort of dysfunctional. If there were some sort of an incentive that I could suggest to you it would be maybe the taxes against property for zoning. If it falls into middle-income housing and they promise to do that, I think that might be a good proposition.

HUNT: Thank you for your testimony.

LISA PARNELL-ROWE: Yeah.

HUNT: Are there any questions from the committee?

LISA PARNELL-ROWE: Feel free to--

HUNT: [INAUDIBLE]

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LISA PARNELL-ROWE: I gave you the link to our housing study. If you have any questions for me, please feel free to reach out to me via email or give me a call.

HUNT: OK. Thank you very much for being here today.

LISA PARNELL-ROWE: You're welcome.

HUNT: Next I'll invite Chad Nabity from Grand Island.

CHAD NABITY: Thank you very much. My name is Chad Nabity, C-h-a-d N-a-b-, as in "boy," -i-t-, as in "tom," -y, and I am the planning director for the city of Grand Island and Hall County and have been for the last 21 years. I do have prepared comments and you have a copy of my prepared comments in front of you so you can kind of follow along, and I'll be happy to take any questions when we-- when I'm done. Thank you for the opportunity to testify and represent the city of Grand Island. I know that you have all had the opportunity to review the report submitted to the committee on July 1 of this year. I'd like to take some time to point out what I believe to be salient points from our report, as well as a review of our housing needs, recent changes to our zoning and subdivision regulations, and how those relate to the history of housing development in Grand Island. I'm not sure what the correct mix of housing types is, but what I do know and would like to point out is that in the last five years, prior to the passage of the Municipal Density and Missing Middle Housing Act, one in five housing units built in Grand Island meet the statutory definition of missing middle, and that is fourplex or less, attached single family. So we did use fourplex as opposed to sixplex, which I think some of the others used, and that may be something that you would want to clarify so that you're comparing apples to apples. 20.751 percent have been townhomes, duplexes, or three- or fourplex buildings; 38.76 percent have been detached single-family dwell-- homes; and 37.1 percent were apartment buildings with five or more units. We also have issued permits for 31 mobile homes, or 3.43 percent of the new units in Grand Island between 2016 and 2020. Even without mandates from the state to mix the housing-- to-- the mix of housing is spread among all types. Another part of the study asked the city to identify zoning districts within the city that allow missing middle housing as a matter of right. In the study, and within this testimony, I have included a map-- it's on page 3-- showing the-- I've included a map showing the areas that allow missing middle housing as

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a matter of right. Grand Island has 24 zoning districts and housing of any type is permitted in 15 of those districts. I do need to correct that. Mobile homes-- single-wide mobile homes are not permitted in all of those districts. But other than single-wide mobile homes, housing of any type, whether apartments, missing middle, or single-family, are permitted in 15 of those districts. Missing middle housing is permitted by right in 12 of those 15 districts that allow for any type of residential construction. The three districts that only allow single-family development are our AG1, AG2, and transitional agriculture zones located in the two-mile extraterritorial jurisdiction of-- of the city. We do allow farmer-owners to build a house on their farm. The other nine districts are commercial and industrial districts. Grand Island regulates the density of housing in our residential districts. In some districts, the minimum lot size allowed would permit only a single-family home to be built. In other districts, the minimum lot size would permit a duplex, triplex, quadplex, or even a multistory apartment building. We have two districts that allow unlimited density and buildings up to 165 foot tall. In those cases, the only real limitation to density is our requirement for two parking spaces to be provided for each dwelling unit, and even that can be reduced for apartments that are meant for se-- for senior living. The city of Grand Island has recognized for years that housing and housing development of all types is an issue within the community. Every 5 years we do an extensive housing study, and for the 20 plus years that I have been with the city of Grand Island we have always had a deficit in the number of housing units. With vacancy rates across the city that have not exceeded 3 percent for both rental and owner-occupied units during that 20-year period, it is extremely difficult to catch up. Our developers, contractors, and citizens never manage to build as many units during that-- those five-year periods as the plan predicts are needed. To address the need for more and more affordable housing, the city of Grand Island has made numerous changes to our regulations to encourage new and different types of development and to lower the cost of development. We created and approved a new zoning district, the R3-SL medium-density small lot district, that has a minimum lot size of 3,000 square feet for single-family homes and as low as 2,100 square feet for row houses. We have also changed our street width standards to allow development of narrower streets in certain circumstances. The first lots plotted in Grand Island by the railroad and early city fathers were all grid-pattern blocks with standard lots of 66-foot by

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132, with a 16-foot alley between the lots and 80 foot of right-of-way around each block. Each block plotted in early Grand Island occupied a rectangle of 344 feet by 360 feet with eight lots and adjoining right-of-way. That is 2.84 acres, more than three football fields. For eight lots, that would typically have provided space for eight housing units. The streets that were built in that 80-foot right-of-way were almost always 37 foot wide, curb and gutter. They did not start out that way, but when the improvements were made, that is what city officials, citizens, and property owners chose to pay for. Much of that development occurred more than 80 years ago. I checked the 1938 photographs of my childhood neighborhood, and it had paved curb-and-gutter streets with sidewalks in front of the house on the property I grew up on in 1938. There are many challenges to the issue of increasing the number of housing units in the city of Grand Island and every community across the state of Nebraska. These challenges relate to the economics of housing, including the cost of materials and property to build, on the prevailing wage of workers in the community, the expectation of both new and long-term residents of the city regarding what development should look like, and the history of the community. Despite the long-term investment in and defined community character that traditional development patterns provide, the city of Grand Island is open to and is making changes in what is allowed in an attempt to close the gap between the number of housing units that we have and the number of housing units that we need. It is in the best interest of the city to encourage diverse development strategies and types. We don't need just missing middle housing, but all types of housing. And I believe that the actions of the Grand Island city staff, and especially the elected officials, demonstrate our commitment to encouraging and enabling the private market to meet those needs. Thank you for the invitation and the time to present. As many of you know, I've spoken before you on this topic previously and am a strong advocate of local control. If you would like, I'm happy to volunteer to assist as needed if you choose to consider changes to the current Municipal Density and Missing Middle Housing Act. What questions do you have regarding my testimony or housing in Grand Island?

HUNT: Thank you for your testimony, Mr. Nabity. Any questions from the committee? Senator Lowe.

LOWE: Thank you, Vice Chair. And thank you, Mr. Nabity, for coming to Kearney today.

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CHAD NABITY: Certainly.

LOWE: You had stated that single-wide mobile homes were not permitted in those 15 districts.

CHAD NABITY: They-- correct, they are permitted in a mobile home--

LOWE: In a mobile home--

CHAD NABITY: --in a mobile home park, mobile home overlay district, yes.

LOWE: OK. Are-- are double-wide or double-wide modular homes permitted in--

CHAD NABITY: A manufactured home that meets the standards as defined by statute: 18 foot wide, 900 square foot, two-and-a-half 12-pitch roof on a permanent foundation is considered a house.

LOWE: A house, OK. All right, thank you.

HUNT: Thank you, Senator Lowe. Senator Briese.

BRIESE: Thank you, Vice Chairman Hunt. Thank you for your testimony here today. I-- I assume that Grand Island has a percentage of-- an amount of vacant properties, developed and undeveloped. Have they-- has Grand Island adopted a vacant property registration ordinance?

CHAD NABITY: We have not. Two years ago, we did do an extensive survey of our utility records and had our meter readers identify houses that were not drawing electricity, and so we knew what those vacant houses were. There are approximately 20,000-- little over 20,000 dwelling units in the city of Grand Island, and there were under 300 that met that criteria. And some of those certainly are people that are in nursing homes and the family is just not ready to--

BRIESE: OK.

CHAD NABITY: --move on with that property yet.

BRIESE: Has Grand Island considered adopting a vacant property registration [INAUDIBLE]

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CHAD NABITY: We've looked at it, but we're not sure if it's really solving a problem that we have.

BRIESE: OK.

CHAD NABITY: And that's really the position that we've taken at this point--

BRIESE: Fair-- fair.

CHAD NABITY: --is, does it add more bureaucratic overlays into the issue when less than-- you know, right at 1 percent of our properties potentially fall into that?

BRIESE: OK, fair-- fair enough. Thank you.

HUNT: Thank you. Any other questions? Senator Wayne.

WAYNE: So we're hearing about \$40,000 a lot to develop basically the sewer, utilities, infrastructure. I'm assuming that's probably around the same for you. And for those who were testifying earlier, if you could find me aft-- afterwards and give me an answer on this, that'd be great too. Is that one of the bigger hindrance-- it can't be for infill, so we got to be talking outside the site--

CHAD NABITY: Right.

WAYNE: --because infill, it's kind of already there. If that's one of the bigger hinderance, is there a way for you to pinpoint those exact costs? Let's say in a hypothetical world, there's a whole bunch of federal dollars coming to Nebraska and we were to create a grant for cities just for that purpose.

CHAD NABITY: If you were to create a grant for cities to extend sewer and water infrastructure throughout those developments, that would cut a significant cost off of the cost of the lots if that would not need to be repaid. But the cost of that infrastructure-- and we do have some areas inside the city of Grand Island that do not have sewer or water at this point because they were annexed 30 years ago and the people that live there have not approved an assessment district to actually pay for those things. And they point to the older areas of town and say, well, they didn't pay, they just bought that house, they didn't pay for sewer and water. Somebody did. The city didn't pay for

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the sewer and water that's in-- on an 80-year-old lot. The developer paid for it and sold it or the property owner paid for it and sold it with those improvements in place, and they're still there. That investment was made a long time ago, so that would certainly help and would be one of the things that could be done to help lower the cost of housing and properties. I'll get to this in my next testimony, but when I was doing housing research for the Department of Economic Development back in 1997, I had a banker tell me that, yeah, lots are selling for \$25,000 and we won't let you put a \$60,000 house on a \$25,000 lot, the idea being that they want a house that is worth four to five times the cost of the property to go on that lot. If the residential lot cost \$50,000, that puts the minimum house that a bank is willing to finance at \$250,000 to \$300,000. So it's a numbers game and if you can lower those costs, that certainly helps.

WAYNE: It wouldn't be too burdensome, that type of grant, would it be? Because that's going to be the argument that I hear.

CHAD NABITY: It depends on how it's done. I mean, we do grants all the time. Depending on what the reporting-- reporting requirements are, depending on what the-- what the strings attached are, maybe it would be too burdensome.

WAYNE: I just want it to go to the lower cost.

CHAD NABITY: If it goes to lower the cost, I think there's some ways that we could make that work.

WAYNE: Thank you.

HUNT: Thank you, Chairman Wayne. Any other questions from the committee? Seeing none, thanks for your testimony today.

CHAD NABITY: Thank you.

HUNT: Does anybody else want to testify on LR69? Seeing nobody-- oh, you, Miss? Come on up. Welcome.

SADIE BRANDT: Hi. My name is Sadie Brandt, S-a-d-i-e B-r-a-n-d-t. I'm a program specialist and certified public housing manager for Kearney Housing Agency. We have eight different programs between two counties, both Kearney and Buffalo, and we have programs for elderly, disabled, and for multifamily. We have 455 subsidized units and/or vouchers and

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461 units total. According to the National Low Income Housing Coalition, housing is the key to reducing intergenerational poverty and increasing economic mobility. Research shows that increasing access to affordable housing is the most cost-effective strategy for reducing childhood poverty and increasing economic mobility in the United States. It's also found that about 31 percent living in neighborhoods with lower poverty-- poverty have a lower like-- likelihood of becoming single parents and for living in not low-income neighborhoods as adults. Across all of our programs, it has been common during the pandemic for our one-bedroom waitlist to grow exponentially while our two-bedroom waitlists have dwindled and shrunk. One of our biggest obstacles at this time are our single, nonelderly, nondisabled households. Not only do we not have the available units to house these individuals in a timely fashion, but with the Section 8 housing choice voucher program, many of them are not able to find one-bedroom units. They will then attempt to find a two-bedroom household and the prices are above their budget to receive a voucher. I personally manage two programs, the Plaza Boulevard apartments here in Kearney, which is subsidized by the USDA, and the scattered site homes, which is HUD public housing. Since the start of COVID, we closed our office in March of last year, and so our paperwork and our procedures have been different. We've done a lot of it by mail and we have found that a lot of our families have difficulty getting us the information that we need. With Plaza Boulevard, I only have 12 one-bedroom apartments, so the elderly, the disabled, or the single-family homes, nobody has moved, but we find it difficult keeping two-bedroom apartments filled. I did include some of the numbers of what we have on our waitlists. Currently, my one-bedroom for Plaza Boulevard has 116 applicants and the first applicant that applied was back in September 26 of 2019, so we are sitting at almost two years out on our one-bedrooms. The scattered site program, we have both two-, three-, and four-bedroom houses. These lists move a little bit quicker. However, our four-bedroom homes, which is for the larger size families, is a three-plus year wait. However, in my experience, most of our four-bedroom people are housed after they've been in the three-bedroom for three years. Our housing choice voucher, we have 242 people on our waitlist right now with a one-year wait. And then I also included the other-- the other programs we have: Kearney Manor, Minden, Gibbon, Axtell and Autumn Village, which is frail, elderly. All of this information suggests that there is a housing need, especially for low-income individuals

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and families in and around the Kearney area. Housing prices in this locality are not conducive to our low-income population and the need is high, as evidenced upon our waitlist numbers and the amount of time each waitlist takes before approval of applicants or before a unit becomes available. I would be glad to answer any questions.

HUNT: This is great information and really, really interesting to me. Being an urban senator, you know, I'm familiar with the housing problems in midtown Omaha, for example, but it's pretty similar in Kearney.

SADIE BRANDT: Yes, yes.

HUNT: So thank you. Are there any questions from the committee? Seeing none, we appreciate you being here today.

SADIE BRANDT: OK. Thank you.

HUNT: Thank you, Sadie. Anyone else wishing to testify on LR69? Come on up. Welcome to your Urban Affairs Committee.

JUDI SICKLER: Thank you. I'll be brief. My name is Judi Sickler. I'm the president and CEO of the Kearney Area Community Foundation.

HUNT: Would you spell your name for me?

JUDI SICKLER: Sure. Judi, J-u-d-i, Sickler, S-i-c-k-l-e-r.

HUNT: Thank you.

JUDI SICKLER: Recently I served as the Kearney area disaster relief group chair after the 2019 devastating floods. I have been very aware of the housing situation because of that position in our community. I also serve as the Kearney works chair and also serve on the Buffalo County Community Response Team, and several of our members are here today to testify. I'll be brief, because they're the folks that are on the front line, but I wanted to raise awareness with the lens of the folks that need this housing. We are neutral. We are not political, but we do want to make sure you hear the voice of the folks that do need housing in our community. Part of the mission of the Kearney Area Community Foundation is to effectively respond to our community's needs, and we feel like housing is one of them. And one of the handouts I gave you today is from the Kearney Area Disaster Recovery

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Group. And just to be brief, it just talks about the affordable housing and how it's defined with housing cost being only 30 percent of the household's monthly gross income. In 2021, the fair market rent in Buffalo County for a one-bedroom was \$631; two-bedroom, \$832; and for three-bedroom, \$1,136. The examples of how there's a lack of affordable housing for two populations that I want to raise today is-- one is for those living on Supplemental Security Income, SSI. If their benefits pay no more than \$794 per month, which equals \$9,528 a year, if you take 30 percent of that and divide that by 12 months, that gives them \$238 per month for housing. For a single parent of one child working 40 hours a week at \$13 an hour, that equals \$27,000 per year. Thirty percent of that annual salary is \$8,111. You divide that by 12 months, that's \$676 per month for rent. The second handout I have for you today is from the S.A.F.E. Center, which is our local spouse abuse-- I'm probably saying the acronym wrong because she's not here today to present that, but they take care of folks that have-- survivors of domestic violence and sexual assault. Housing also is a safety issue, and for many victims that stay in abusive relationships because they're not able to find any housing or they're on these waiting lists that the lady before we spoke about. Sometimes those waiting lists or several months or years, so they stay in a domestic situation that's not helping. Victims also-- often experience financial abuse, so their controlling spouse or partner controls access to their money. Filling out housing applications can be problematic. They have no rental history, no credit history, bad credit history, etcetera. Survivors with children who can find housing may have trouble maintaining their situation due to child-- childcare cost, lack of reliable transportation, cost of utilities, and other unforeseen expenses, and large families have trouble finding suitable and affordable housing. And then sometimes, unfortunately, landlords may be reluctant, and I understand why, that they don't want that violence potentially coming to their property. I just am one of many voices here in the community to hope to raise voices for those that can't be here today to speak on their behalf. Did you have any questions?

HUNT: Thank you so much for your testimony, Judi Sickler. Are there any questions from the committee? Seeing none, thank you for--

JUDI SICKLER: Thank you.

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HUNT: ----coming here today. Anyone else here to testify for LR69? Welcome.

MARTHA MARFILENO: Good afternoon. My name is Martha Marfileno, spelled M-a-r-t-h-a M-a-r-f-i-l-e-n-o, and I am representing Buffalo County Community Response. The sheets that are being handed out are examples of the amount of the cost for the hotel stays that we've been providing to temporarily shelter people who have been evicted, people who have experienced homelessness. We've also assisted with these funds to help with rental deposits and one-time expenses for their rent. I'm just going to share what I had typed up here. I didn't get a chance to print it. [INAUDIBLE] I'll just share. So workforce housing and adequate, affordable rentals are issues that low-income and minority households have faced even before the pandemic hit. It's hit those with various immigration statuses the hardest. In Nebraska, the homeownership rate for Latinos and Hispanic residents is 42 percent, compared to the 70 percent for non-Hispanic/Latino white residents. There is a need for housing options. Buffalo County Community Partners is working with other nonprofits to coordinate and serve very distressed populations, but there are a few-- there are very few housing options available for these populations in our community. I would like to ask that, as you discuss, as you plan and strategize, studies, funding programs and other solutions towards housing, that it be anchored in equitable and fair access to housing opportunities for all residents in Nebraska. I also had typed up that a lot of the times that residents have difficulty with housing is because of the lack of affordable day care, because of their wages, different reasons like that, and so I just wanted to bring these information to your attention. And if there's any questions that you guys would have, I'd be happy to answer.

HUNT: Thank you, Martha. Are there any questions? Seeing none, thank you so much for the work that you do, and thanks for coming today.

MARTHA MARFILENO: Thank you.

HUNT: Anyone else here for LR69? Seeing none, we have a letter for the record from Jamie Berglund at Spark CDI. Senator Wayne isn't here, so he's going to waive close, and next we can move to LR131, introduced by Senator Matt Hansen.

M. HANSEN: Thank you. If it's all right, I'll go from there.

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HUNT: Yeah, that's fine.

M. HANSEN: Thank you, Vice Chair Hunt, and good afternoon, colleagues. My name is Matt Hansen. M-a-t-t H-a-n-s-e-n, and I represent District 26 in northeast Lincoln. I'm excited to be here in Kearney today to talk about my LR131, the interim study to examine the lack of affordable housing here in Nebraska. This is an issue that I've been involved with throughout my time in the Legislature, and we've made significant progress and significant investments in the issue, but I believe there's still more we can and should do. It's clear that there is an existing housing shortage, which has been exacerbated by the increasing cost of labor and supplies. The average price of a home in Nebraska has increased from \$147,000 in 2016 to well over \$200,000 today. The 2019 Blueprint Nebraska report identified the need for additional 50,000 affordable housing units to meet the demand for our state's workforce. The housing shortage negatively impacts the availability of communities across the state to recruit and retain quality workforce. As a legislative body, we've taken two paths to address this very broad issue. We provided investment and grant opportunities to rural and urban communities to incentivize workforce housing and development. We've also provided tools to address the existing dilapidated housing stock. In 2016, we made the local municipal economic development plan, often known as LB840, dollars available for workforce housing, something similarly done in 2020 through grants available to urban communities. And in 2018, we made workforce housing development achievable with TIF for rural communities. We've incentivized community-level affordable housing action plans with the Municipal Density and Missing Middle Housing Act in 2020. I'm appreciative of all the cities who came here today as part of that. And we've authorized land banks across the state to address vacant and tax delinquent properties. One goal of this interim study was to collect existing data on the number of affordable housing units still needed to address the statewide housing shortage. The most recent numbers available appear to be from the Blueprint Nebraska report, which set a goal of building 30,000 to 50,000 affordable housing units. You can see the housing has gotten more expensive, but we don't have clear data on whether we're on track to meet that need. Now we can cobble together some idea from the numbers of affordable housing reports and plans from various cities, which is important, but we do not have that data readily available statewide. The policy changes the Legislature has implemented are not small, and they will

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have market impact in housing in Nebraska in the years to come. However, I've consistently heard from nonprofits and developers who have difficult-- difficulty accessing some of the funds and programs we've put into place. Because multiple agencies are responsible for administrating different grants and loans, those who are trying to access them have found inconsistencies and duplicate requirements that cause difficulty accessing what they need to create affordable housing in the state. Next year I hope to bring a bill to continue the conversation started by LB446 last year, looking about having one housing department in the state which would oversee grants and programs and help to streamline the process, as well as to collect existing data on the number of affordable housing units still needed to address the statewide housing shortage. This could also take the lead in creating a comprehensive statewide strategy and assist communities in financing their affordable housing plans that they are required to utilize-- that they are required to use or utilize many grants the state provides. In closing, I would like to thank everybody who's already testified today, who's planning on testifying today, to coming out and talking about this important issue, and I look forward to the ongoing discussion. Thank you, Madam Vice Chair.

HUNT: Thank you, Senator Hansen. Are there any questions for Senator Hansen from the committee? Seeing none, I would invite up anyone who is here to testify on LR131. Come on up. Welcome to your Urban Affairs Committee.

ZANE FRANCESCATO: Thank you. Chairman Wayne, members of the Urban Affairs Committee, my name is Zane Francescato, Z-a-n-e F-r-a-n-c-e-s-c-a-t-o, and I serve as the development and government affairs director for the Seward County Chamber and Development Partnership. We're located just 20 minutes west of Lincoln. As a sole combined chamber and economic development corporation in Seward County, we have a standing membership of 272 private and public sector members, including municipalities and large-scale employers. And our organization would just like to put Seward County's housing issues and needs on record and support the studies proposed in LR131. I was brought on SCCDP's team in February 2020, exactly three weeks before COVID-19 kind of took over our-- our economy, which was an interesting time to start in economic development. My kind of fo-- sole focus is on housing development. And, you know, my hiring was a byproduct of an organizational push to address affordable housing issues in Seward County communities as identified in our October 2019 Seward

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County-wide housing study. This study was not only used in the incorporation of SCCDP's multiyear strategic plan in 2020, but helped in the development of a Seward County quality growth study, as well as SCCDP successfully receiving a rural workforce housing fund grant in April of this year. It's our hope to leverage the \$1.2 million that we receive with that grant into \$12 million of affordable housing units across Seward County. As we kind of heard-- already heard today, housing is a unique subject matter that is vital to community growth and development and there's really no one solution for-- a blanket solution for-- for our communities. Not a day goes by in my communications with community leaders, school districts, businesses, and potential residents that housing is not mentioned. Spoken at length about Seward County's housing needs to many groups at the local, regional, national levels. In fact, just last week we had a housing summit in Seward that had about 70 community and economic development professionals in Seward County. We unpacked the topics of availability, affordability, and sustainability, and kind of the takeaway was we need to be more partnership focused, aggressive, strategic, directed, and creative to address housing issues. Our kind of housing study in Stewart County identified we need 488 total units to address population growth by 2024. When broken down, about 350 of these should be targeted for owner occupation and 140 for renter occupation. Over 50 percent of those structures, about 280 units, should be targeted for affordable workforce housing. Currently Seward has a problem kind of fulfilling that need as more new constructions fall within \$300,000 or above. We have a two-bed-- a two-- three-bedroom, two-bedroom duplex that falls about \$286,000, slab on grade, currently right now on the market. So we're-- we're having a hard time hitting those price points. This data is unique to Seward County, but the same problem has befallen communities across the state of Nebraska. As Seward's-- as Seward's mayor often reminds our team, studies are great, but they have a shelf life. We feel the interim study be the right pathway to help our communities take hold of the housing issue in its entirety, but we do ask the committee to support increased affordable housing development by prioritizing-- sorry, prioritizing the expansion and permanent establishment of programs like the Rural Workforce Housing Fund and Middle Income Workforce Housing Investment Fund, exploring and identifying other funding opportunities to provide locally controlled, non-income-restricted gap financing incentive programs to housing developers to help incentivize them to build affordable housing, and supporting the creation of a

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statewide action plan to address housing issues which requires accountability and goal setting at the local level in order to be eligible for any housing fund program. At the end of the day, strong Nebraska communities are maintained by the people who live in them, and every person who lives and works in a Nebraska community deserves to live there. With that, I want to thank the committee for your time today and I'm happy to answer any questions.

HUNT: Thank you, Zane. Any questions from the committee? Seeing none--
_____ : [INAUDIBLE]

HUNT: Oh, I'm sorry. Go ahead, Matt-- Senator Hansen.

M. HANSEN: Thank you, Senator Hunt. And thank you for being here. Can you expand a little bit more what you envision when you're talking about the non-income-restricted gap financing?

ZANE FRANCESCATO: Yes. So kind of the logic behind that is we're-- we're looking at the Rural Workforce Housing Fund we just received. We did receive some NIFA funds and those funds are-- there's a portion of that that is income restricted. But with non-income restriction, it opens up the door. We-- you know, we-- we-- we like to see the-- that final sale price be set on a house. That's kind of the main focus of it. By setting that final sale price and not identifying kind of those income levels, it kind of opens up the door for opportunity, more developers to take advantage of that program. Now with the emphasis on local controlled, we want-- you know, we have a fund advisory working group kind of controlling our rural workforce housing fund that, you know, either at the end of the day they say-- they say yes or no to the project, and then that's how we move on. So with that local control, we-- we-- we're really-- we're really kind of honing down on-- on affordable housing units, more specifically, multifamily housing units, apartments. So that's kind of what we-- we like about the-- the Rural Workforce Housing Fund is it-- it's-- the basis of it's focused on that final sale price and what goes into that unit, not necessarily the income that it's based. Now this is a Seward County problem. Our-- our base income is \$67,000, so it's-- it's a fairly rich county. And-- and I understand the needs are different in other communities across the state, but this is just kind of our perspective in Seward County, kind of what we're looking at with our problems.

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M. HANSEN: Thank you very much.

ZANE FRANCESCATO: You bet.

HUNT: Thank you, sir. Seeing no other questions, appreciate your testimony today.

ZANE FRANCESCATO: Thank you, Senator.

HUNT: Next testifier for LR131. Welcome.

STEVE NORDHUES: Good afternoon, Senators. My name is Steve Nordhues, S-t-e-v-e N-o-r-d-h-u-e-s. Didn't really intend to speak on this at all today. It's-- I'm waiting for the next hearing. But I was a board member for our local Habitat for Humanity for 17 years, and what we did as an organization is we helped our homeowners gain wealth and we did that by providing homes to them at zero interest that the-- the payments were based on their ability to pay. The biggest thing that typically held us back was lack of funding on our side. We-- we just could only build so many. And we work on a revolving fund idea, you know, type of setup where we take the money that we bring in, we're asking for donations, and we take that money that-- and reinvest it from what our homeowners have given us and what our donations are. If the state had a-- a means to go to the-- the communities such as Grand Island and Kearney in North Platte and Norfolk and Omaha and Lincoln and-- and do some type of a co-op program with the Habitats for-- in those communities and possibly those communities that have housing authorities are into building homes and basically have a grant fund that they could help those pe-- help those entities build more homes, and that money would revolve back into their funds that they could in the future proceed to build more homes on the low-in-- income side of it. And I think it could-- I think it can be done and it would just be a commitment on the Legislature's part where they're going to have to fund X number of homes in each one of those communities for X number of years until they're producing the-- the rollback funds from the homeowners that would enable them to continue building. And then at some point, the Legislature can cut off that funding. Build-- let them build up their funds, have a revolving fund that they can draw into, and continue building homes on that low-income level. What I see in our own community is we-- we aren't building the homes on the-- for the low-income side. We-- we're insisting basically that they got to have master bathrooms and laundry on the main floor and walk-in

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closets and, you know, the-- there's so many amenities being added in to some of these homes that the low-income folks are being priced out of it immediately. One of the other things we did with our Habitat program is we co-oped with our local college, community college, and they did all the construction for us. And so they-- they did the framing, they did the electrical, they did the plumbing, they did the mechanical, and we were gaining-- all those kids were getting just that much more experience, which got them to be more able to get a job once they graduated. They-- they had just that much more experience. Those co-op programs work great, because every one of those Habitat homes in our community were ba-- were built on an infill lot. They were lots where the homes were dilapidated, termite infested, just weren't worth fixing anymore, so the owner of those properties would donate those properties to Habitat or the housing authority. They would go to their CPA, get whatever tax credit they could that way, and then they would build the homes. And then we had a low in-- the-- the college would build the homes, and then we would have homes for low-income people to get a loan-- or to get a new home. And I think it's something that could be looked at and expanded throughout the state and other communities. We're not going to get, you know, 500 homes a year out of it, but we're going to make a difference, you know, and maybe that's-- in some communities that's only one or two homes a year, but that's one or two homes a year that we didn't have before. In other communities like Omaha, I think they build quite a few Habitat homes every year. They have the ability to do that, so does Lincoln, and-- and I think it's an organization that can provide a path to help on some of this, along with the local housing authorities.

WAYNE: Thank you. And I do want to apologize for getting up and-- today is payday in my small company, so at noon everybody gets checks. And so I-- I get a lot of phone calls about things, so I do apologize for--

STEVE NORDHUES: Yeah. So any questions?

WAYNE: Thank you for having us here-- thank you for coming today. Is there any questions from the committee? So on average, how many homes-- you said some communities it's one, but how many do you usually do on infill?

STEVE NORDHUES: it-- across the board?

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WAYNE: Yeah.

STEVE NORDHUES: Oh, that'll vary from year to year, but there's probably-- between the Habitat and-- and the housing authority, probably about five, six homes a year.

WAYNE: What's your number-one driver you've seen over the years for increasing costs besides just-- I mean, it's probably material, but what else is--

STEVE NORDHUES: You know, and I hate to say this, but there are some parts of the codes that do drive up costs and there's just no getting around that. I personally try to minimize that as much as I can. But it-- I mean, it's a factor. There's just no getting around it. The one thing we do on our end that Habitat did with theirs is that, when we did do those infill homes, we replaced water and sewer all-- all the way up to the-- to the city mains because we weren't going to leave anything in-- in the ground that was going to cause our homeowners pain in the future, because some of those were 80- to 100-year-old lines coming into those homes. If you leave them there, they're-- they're going to fail. If they haven't failed already, they're a short ways from doing it and it's too expensive for homeowners in that income range to typically go back in there and have to spend \$5,000 or more to replace that.

WAYNE: Is there any questions? No? Thank you for being here today. Any other testimony? Step on up. Don't be shy. Thank you for coming.

ROGER NADRCHAL: Good afternoon. My name is Roger Nadrchal, spelled R-o-g-e-r; Nadrchal is N-a-d-r-c-h-a-l. I'm the CEO of NeighborWorks Northeast Nebraska, based in-- in Columbus and Norfolk. We have offices in both communities, and we are a nonprofit housing development organization, been doing this for 27 years now. And so it's our-- our primary purpose is to provide affordable housing to our residents in our communities. We serve seven counties. The counties consist of Colfax, Cuming, Madison, Pierce, Platte, Stanton, and Wayne County. Over the 27 years we've been able to develop over 850 single-family housing units. We've done some single-family, but-- but-- or, excuse-- we've done some multifamily, but by far single-family is our priority. And one program that we work with mostly is what we call our purchase-rehab-resell program. We buy existing homes, rehab them, get them ready for sale, and then we sell

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them to our income-qualified families. And with using existing homes like that, of course, the price point is much more affordable for our clients that we work with versus new construction, so majority of our homes are through our purchase-rehab-resale. Of those 850 homes, about-- about 700 are-- are purchase-rehab in the various communities. In those seven counties, there's about 35 different communities in the seven counties and we've been able to provide housing in 28 of those 35 communities. So I'm glad that you're conducting this study, as well as-- as-- as they mentioned several times already today, there are housing studies that we do in our communities. Both the city of Norfolk and Columbus are in the process of updating the housing study, so about the end of this year we'll have updated housing studies. The ones that are in place right now are about 2017 with some updates in 2019, but-- so we're anxious to see a new report other than, you know, probably not going to be any surprises. We can pretty much tell what they're going to say right now, but it's good to have that document done by a third party so we can have that documented for us and-- and review and-- and work from that. Over these 27 years, we've been a recipient of the Nebraska Affordable Housing Trust Fund. We've had about 18 different grant awards over the years in excess of \$7 million. And by far we've used those funds for our purchase-rehab-resell program. We've done some new construction. But I really want to nail the-- the purchase-rehab-resell program. With that, the trust funds, we can serve the incomes that have household income of 120 percent of the area median income. In our communities, that-- for one person, that's about \$60,000 annual income, or for a family household of four, it's about \$86,000. So we're grateful that we have that resource available to us here in Norfolk and Columbus and our other communities, as well as the state of Nebraska. I also serve on the Commission of Housing and Homelessness, been appointed by Governor Ben Nelson when he was Governor at the time, been on since then, So been in the know and been involved in that from-- from-- for many years. And not many states have a trust fund like we do here in Nebraska, so we're very grateful as developers and nonprofit developers to have access and have that resource and that tool to use in our communities. And over the years, every time the grant round comes out, it's always very much oversubscribed, so we as an organization have to strategically think about what do we want to apply for that we think we would get funded for, and it's always our purchase-re-- rehab-resell program because we see a huge need on that. There's many more things we would like to do if there were more funds.

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The trust fund is obviously supported by doc stamps. It's the only housing source in Nebraska that's funded locally. Our average grant award is about \$500,000 and we can do about 14 homes that way, so every year we can do about 14 homes through our trust fund applications and our awards. If that award was double, you know, we could do 28, so 14 in a 7-county area, not-- not a huge impact, so we-- we leverage that with other funds. We do get some funds from the NeighborWorks America, as well as from the federal program-- grant program called the Home Program that's administered by the Department of Economic Development, so combination and leveraging all those funds brings us to having an average about 35 homes a year. Twenty-- 2019, we had a record year of doing 47; 2020, we were down to-- last year we were down to about 20 and this year we're right at about 20 again. So it's not that the in-- the-- the need is decreased by far. It's just the lack of affordable housing, the lack of housing, the lack of inventory on the market, which definitely affects our purchase-rehab-resell program because we're trying to buy homes at a price-- price point that our clients can afford with that income level and then re-- rehab them and put them back on the market. So with the limited inventory, those prices are going up and it's getting tougher and tougher for us to purchase those homes and use the same amount of subsidy that we would use in-- in previous years. So that way that we can maybe do more homes and keep our level at around 35 is have access to more resources to be able to get those price points down and affordable for our clients. We also have used and are using the Rural Workforce Housing Fund. We are a two-time recipient of that grant award. In 2016 and then in 2021, we were recipients for the city of Columbus, and so we as NeighborWorks Northeast Nebraska are administering that fund for Columbus, and we obviously have local matching dollars. So we have a little over a \$3 million housing fund for the community of Columbus. And there's no income restrictions on that; it's-- it's workforce housing. Yes, there are limitations as far as-- as far as the values of the homes, whether it's single-family for home or for rent, but it's not necessarily what I consider affordable, because affordable is looking at the income levels that our clients have to-- to meet and be within. Definitely, workforce housing is a-- definitely a great tool and it helps with-- the way we're administering it is we are providing a below-interest-rate loan to developers to add homes to the community, as well as do some rehab on homes as well. But the valuation is \$285,000 for homes for sale and \$215,000 for rentals. And so I just wanted to make it a little bit

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clear that the-- when we look at affordable, we're looking at the income levels of the households, not so much as the-- far as the value. As I mentioned, barriers, for us, it's housing developed in the last two years is a continued cost. Wages are stagnant and the prices continue to increase. It's no secret there is a shortage of housing in Nebraska, and especially-- especially for those that are affordable for those under the 120 percent of the area median income. In 1987, we built our very first-- I'm sorry, '97, 1997, we had our very first home, new home in Norfolk. The cost of that house was \$87,000. Today that same house is \$250,000, very basic, \$250,000. So from \$87,000 to \$250,000 in 25 years, that's a reality. That's what we are experiencing there in Norfolk, our community. I know there is the recovery funds available and coming to the state of Nebraska, so as an advocate of affordable housing and serving on the Commission for Housing and Homelessness, I really would like to ask the-- the legislative body to really look at that of-- of using some of those funds for the housing industry, especially on the affordable housing side, to increase the-- the-- the pool of the Nebraska Affordable Housing Trust Fund. We, as developers, plain and simple, need more capital to do what we do with the same dollars that we have today versus what we had ten years ago. Maybe the dollars are there, but the impact, what we can do with those dollars is a lot less as far as the number of units that we can develop on a-- on an annual basis.

WAYNE: I'm going to ask you to wrap up, please.

ROGER NADRCHAL: OK, and I'm glad to address any questions that you might have for me.

WAYNE: Any questions from the committee? Seeing none--

ROGER NADRCHAL: OK.

WAYNE: --thank you for coming today.

ROGER NADRCHAL: Sure. Thank you.

WAYNE: Next testifier on LB131-- or LB-- LR131. Welcome to your Urban Affairs Committee.

GENE ECKEL: Good afternoon, Senator Wayne, members of the Urban Affairs Committee. Some of you already know me. My name is Gene Eckel.

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I am on the board for the Nebraska Association of Commercial Property Owners and the Apartment Association of Nebraska.

WAYNE: Can you spell your name for the record?

GENE ECKEL: Yeah, I'm sorry. G-e-n-e, first name is Gene, E-c-k-e-l is the last name. I apologize, Senator. A lot of the things we've heard today, our industry agrees with. There just is not enough housing. It's a supply and demand issue. And if you look at Nebraska, according to our statistics, about 45 percent of Nebraska's units were built before 1980. So we have an older stock of housing and that housing needs to be rehabilitated. There needs to be funds for that, and we've heard that today, that there is definitely a need for funding. Some of the things we've heard about across the country, I think some of the things that I think we could probably look at, obviously, we need to incentivize more low-income housing tax credit properties. We also look at use of government property that isn't being used and can we now use that to develop multifamily. Another issue that we're encouraged about is employer housing. So, for example, you have the Tyson plant that was in Fremont. Couldn't Tyson have built multifamily housing near the plant so those workers could get to their job a lot easier than having to drive from a long distance? And we think those type of things could be used all across the-- the state of Nebraska. And I think if we could try to incentivize something like that, I think that would help people, as well, especially when they could get a better paying job in a different part of the city and maybe the bus line doesn't drive out that way. But if we could have our employers incentivize them to do those type of things, I think that would help as well. And then [INAUDIBLE] I just talk about the increasing funding for the rehabilitation of our older stock and maybe even public-private partnerships. I think all those things we can look at and I-- I-- I'm encouraged by a lot of what we heard today, and I'm confident that I think if we could all get together and we could roll up our sleeves and talk about these things, obviously, we're-- we're the industry that builds. And I think that if we can take what we know about building and how we need to incentivize the owners and developers to build these things, I think we could come up with a plan that can probably work. And I think one of those things we could look at is maybe to reduce the valuations if you build and if you provide maybe lower rent rolls. So I'm just throwing out some ideas. I don't have all the answers. But I guess what I'm saying is we're extending our hand to say, look, we want to help, we can help. And I think if we

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all get together and actually have a meeting, I think we could come up with some ideas. So I don't know if I can answer any questions, but I just wanted to come today and pitch some of these ideas and see what we can do.

WAYNE: Any questions from the committee? Seeing none, I know my office will be out-- reaching out to you here shortly. We're trying to set something up--

GENE ECKEL: Appreciate that, Senator.

WAYNE: --in September with Senator Hansen and--

GENE ECKEL: We-- we encourage that.

WAYNE: --we're looking at a number of things that we're trying to do this next session.

GENE ECKEL: OK, thank you very much. Appreciate it.

WAYNE: Any other qu-- or any other testimony? Might have to start a waiting/on-deck section here. [LAUGHTER] Welcome to your Urban Affairs Committee.

COURTNEY LYONS: Thank you. Good afternoon, Chairman Wayne and members of the Urban Affairs Committee. My name is Courtney Lyons, C-o-u-r-t-n-e-y L-y-o-n-s, and I'm the executive director of the Nebraska Housing Developers Association. We are a membership organization with over 70 members across the state committed to the development and availability of safe, affordable housing for all. We do this by supporting statewide renter and home buyer education programs, offering assistance to affordable housing developers, and by advocating for policies that support affordable housing. Our members include nonprofit and for-profit developers, nonprofits that provide housing services, housing authorities, government agencies and economic development organizations. It's no surprise to any of you to hear that we desperately need more affordable housing in the state. Rising labor and supply prices, coupled with high demand over the course of the pandemic, has made an existing housing shortage worse, all in a year when the importance of safe, affordable housing is clearer than ever, as families took shelter from the spread of COVID-19. As Senator Hansen mentioned, a report released in 2019 from Blueprint Nebraska, a statewide econom-- economic development

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initiative, showed that we need an additional 50,000 affordable housing units to meet demand for the state's workforce. The average price of a home in Nebraska has skyrocketed from \$147,000 in 2016 to \$207,000 today, increasing 12 percent in just the last year. These conditions have made the dream of owning a home out of reach for not just low-income families, but everyone except those with the highest incomes. And even if you're lucky to have the money, as you've also heard, there might not be a house to buy where you want to live. Realtors and city officials across the state have reported a severe lack of-- of homes available for sale at any price point. Members who work in housing development have reported to me multiple issues faced over the course of the pandemic, including material delays, rising costs, and labor shortages when trying to hire employees. So my main ask from all of you is that we use funding from the American Rescue Plan towards the development and rehabilitation of affordable housing. Using the state and local fiscal recovery funds that you all get to allocate towards housing would be a great investment because it follows the intent of using the funds to recover from the pandemic while also creating homes that will last far into the future. Instead of creating a large ongoing expense with the funds, we would instead build the infrastructure of housing needed for homeowners to then take over. Recent guidance from the U.S. Treasury Department explicitly says that states and local governments can and should use some of this money to address the housing crisis and the effect that the pandemic has had on the housing market. Through the work of all of you, we already have an existing funding structure set up through the Nebraska Affordable Housing Trust Fund, the Rural Workforce Housing Fund, and the recently created Middle Income Workforce Housing Investment Fund. All three of these have contributed to the building of affordable housing and communities across the state, but only the trust fund has an ongoing funding mechanism. Putting money from ARPA into these funds would quickly and efficiently allow communities to start getting houses up to meet the demand and start bringing down costs. This is, of course, just one of the most simple solutions available. I've handed out to all of you a table from the National Low Income Housing Coalition that lists all the housing programs policymakers in other states have already passed or have proposed using these funds. Illinois, as you can see, passed legislation that uses \$75 million to set up the COVID-19 Affordable Housing Grant program. Colorado passed legislation allocating \$550 million to an affordable housing cash fund for their state division of housing to spend, along with creating a

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legislative housing task force to help allocate these funds. There are other solutions available, like Senator Hansen mentioned, to address the lack of affordable housing, which includes local zoning reform and policy changes to better coordinate housing efforts at the state level. However, while we work on these issues, we can get housing built for communities that need it most through our existing incentive structure. I'll end there and take any questions.

WAYNE: Any questions from the committee? You can ask questions [INAUDIBLE] Do we know where those 50,000 are, like do we have a pretty good idea of where those are, or are we just estimating?

COURTNEY LYONS: The Blueprint-- the Blueprint report doesn't say, but there was a task force involved in coming to that number, so I'm sure we could figure out. And like other testifiers have said, each city has had-- a lot of cities have had their own housing studies that you could kind of look at where the need is across the state. But right now it's everywhere, so.

WAYNE: When we're looking at-- I have one question. When we're looking at housing study, one of the big things that I'm trying to figure out is how do we balance rentals versus home ownership. What are your thoughts on that? Unfair question, so you can defer and say, I'll get back to you, but--

COURTNEY LYONS: Well, I would say all. I've especially heard lately-- actually Zane here, they had a great housing summit last week where a lot of people told me that incentivizing rental housing in rural areas is a problem right now just because it doesn't make sense for developers. By the time they put all the costs in, the-- what the rent would be without any additional funding is too high to be affordable housing, so I think that's kind of something that rises to the top for a need.

WAYNE: Thank you.

COURTNEY LYONS: Yeah.

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

COURTNEY LYONS: Thank you.

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WAYNE: Next testifier.

CHAD NABITY: Thank you, Senator Wayne and Urban Affairs Committee members. Again, my name is Chad Nabity, C-h-a-d N-a-b-i-t-y. I am the planning director for the city of Grand Island and Hall County. And I do not have prepared testimony that I'm going to read to you this time, so this will be a little bit more off the cuff. But I have been involved in housing and housing research in Nebraska since 1996. In 1996, I was an intern with the Department of Economic Development, working with Jim Knotwell. And the research that we did at that point led to the Nebraska Affordable Housing Trust Fund. So I've been a part of this for many, many years. There are a number of things that I see as barriers to affordable housing. One of the key barriers that I see to affordable housing is the wage structure across Nebraska, that there are many things-- there are not many things that we can do to lower the cost to produce a house. And if we can't get that house produced at what is affordable to the prevailing wage, you can't build the house; or, as the presenter before me said, if you build multifamily and the wage structure in the community is not enough to allow them to pay the rent necessary to pay for that apartment building, you can't make that work. Your bank is going to tell you, no, we're not-- we're not lending on that. So those are some of the key issues. Those were key issues in 1996. They're still key issues. We've had some other things that have happened in the last 10, 15 years, the 2007-2008 housing crisis. One of the things that we've seen in Grand Island is that many of the houses that would have been considered first-time homebuyer houses, older homes, that the typical first-time homebuyer would buy the house my wife and I bought when we moved to Grand Island in 1999 for \$37,000. You know, those kinds of houses, many of those were picked up by investors in 2007, 2008, and they are rentals and they are no longer available for that step-up development that allows people to build equity, and that's part of our capitalistic market system. I'm not criticizing that, but that is one of the factors that does play into, why don't they just buy an older, cheaper house? In Grand Island, two months ago, there were 38 houses for sale. There are 21,000 dwelling units, houses, single-family and apartments. About 14,000 of those are single-family across the city and there were 38 on the market. That is not a number that works. The-- there are a number of tools that cities are using. We've heard from Norfolk that they're using TIF to develop new lots for housing; Hastings is; Grand Island is. A number of communities have stretched

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that tool to end up at that position where we're able to do that and we're helping subsidize the development so that we can get new lots available. We had the testimony on Habitat for Humanity and the work that they do. In Grand Island, Habitat for Humanity is built on numerous infill lots. We're almost out of them. They developed a subdivision because they didn't have lots to build on, and they actually put streets and storm and sewer and water and everything in, in their new subdivision, so that they would have a supply of lots for the next five years. The-- one of the things that I've heard, it was introduced with a legislative bill a couple of years ago, was the concept of counting lots as business inventory instead of real property. Potentially then, as business-- I'm not sure it's legal. I'll start off with that.

WAYNE: [INAUDIBLE] I just-- I just-- I just-- if you heard me, I said that was a Senator Groene idea.

CHAD NABITY: I-- [LAUGHTER] I'm not going to go on record with my thoughts on that, OK? [LAUGHTER] But-- but I will say that that particular idea, from what I hear from developers in Grand Island, that would be something that would encourage them to develop more lots quicker. Lisa commented about Hastings and developers doing 15, 20 lots at a time and not doing 50 or 60. Well, part of the reason you don't do 50 or 60 is because if your absorption period is two years, you can maybe pay the taxes on those lots for two years. But if you're paying the taxes on those lots, the increased value on those lots for five years or ten years, you're not making any money. And if you're not making any money, why would you invest in land development? So that would be a way, if it's legal and if it could be done, to think about it. And if that's business inventory and not taxable as real property until it's either sold or a building permit is issued on it, that would reduce the cost. And if you've got a \$50,000 lot and a 2 percent property tax rate, that's a thousand dollars a year. Pay that for ten years on a lot, you-- you know, you've got to make a lot more money on that to make that work. So that would be something that I would seriously consider looking at as an incentive and one that realistically doesn't cost the communities anything, because how much police and fire protection and schools do you need for a vacant lot? Not very much. There's not a lot of cost to the communities of providing services to those vacant lots. Inventory on the market is one of the things that we've-- you've heard multiple times today, and it's just getting harder and harder. We need housing of all types. I

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know this is affordable housing, but the reality is that we need housing of all types in our communities, not just affordable housing. And I think we need to look at how we build that housing infrastructure and help the developers afford to put in that infrastructure. And, Senator Wayne, you asked about programs earlier. I think that there are things that we could do. Obviously, does it cost more to do that than it's worth is something that each community is going to have to deal with at that point in time. At that-- at this point, I would be happy to take any questions and end my testimony.

WAYNE: Any questions from the committee? Seeing none, thank you
[INAUDIBLE]

CHAD NABITY: Thank you very much.

WAYNE: Any other testifiers? Come on up. Welcome to your Urban Affairs Committee.

JADEN LONGFELLOW: Hello. My name is Jaden Longfellow, J-a-d-e-n L-o-n-g-f-e-l-l-o-w. I'm a local resident here in Kearney who's been concerned with affordable housing in our community for quite a while. In 2008, my mother lost her job in the Recession, as with many other people, and ever since then we struggle to pay rent, and many times we were just one bad day away from being homeless. Because of my mother's abuse, I was homeless for one summer after my freshman year of college. I was unable to get enough hours or work despite being available whenever to be able to pay rent or for much else than feeding myself. I lived off the generosity of my friends, and that next year I decided to run for city council because of the inaction I saw on affordable housing here in Kearney. Housing has been a very important issue to me because of this story, and it is something that is a fascinating topic. An interesting thing I saw, ironically about five minutes before I learned about this committee hearing, is that the average house price in the United States, if it had risen since-- with wages since 1950, would be \$61,000. The current average price in Nebraska is \$206,000. The largest cause of this, the largest driver of changes in house prices is the cost of land, which is the reason why I'd like to recommend this book, Rethinking the Economics of Land and Housing. It's where I got a lot of these ideas from. But in the United States, a minimum wage worker cannot afford the average rent in any county and, because of this, we are likely to see various economic problems that will come about this. If people can't simply afford to

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live, it's hard to do much else economically productive. The question before us is, what can be done about this? By far, across the world, the direct construction of affordable housing is the most common and most useful solution to this problem. So somewhere, somehow, money needs to be put towards explicitly-intended programs designed to build more affordable housing because, at least the way we have our market structure currently, there is a lot less incentives to build affordable housing than there are to build average market price or luxury apartments. This money should ideally be put into the control of local agencies, whether-- who exactly those agencies would be is a topic up for discussion. But ultimately, local communities just don't have the resources currently to be able to address this problem. So it needs to be cooperation between state and local governments. As for how these-- what should be done, I believe the best way to address affordable housing is to directly build homes and distribute them to either public housing authorities, form them into housing cooperatives, or to be sold directly to various people in need, or have certain affordable housing requirements for new developments that would maintain for long periods of time and restrict the increases in rent to maintain affordability. There should also ideally be changes to the way in which the market itself works to encourage the development of affordable housing through something like a vacancy tax that could encourage landlords to-- that would prevent house-- landlords from waiting on properties while in order to potentially get larger rents in a little bit of time or unimproved land taxes to help address the problem of land speculation that has been driving up housing costs so high by making-- by putting a price on holding and not doing anything with land. This would obviously need to exempt certain things, such as those lands that are currently waiting on permits. Those obviously should not be considered unimproved if they're at least trying to do so. I'm pretty excited to see that the State Legislature has acted on working to increase medium-density zoning in cities because that's a very important thing as to helping to address affordable housing and fill the missing middle. Policies such as that and mixed-use zoning and inclusionary zoning can be very effective in helping to encourage affordable housing, as we've seen across the globe, and, in a bit of a strange side note, could also be help-- helpful to combat climate change, which I found fairly interesting. But along with these programs, there also needs to be a push to strengthen tenant protections and to at least encourage or tolerate alternative models of ownership. Strong tenant protections

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can help marginalized communities find housing security, prevent exploitation of tenants, and to help keep gains in affordable housing around for future generations so that we're not back at this problem-- problem within 50 to 70 years. A tenant's bill of rights, and especially just-cause eviction requirements, could go a very long way into addressing this problem. And some work regarding encouraging and promoting community land trusts and other forms of alternative models of ownership could help increase democratic and community control over the land in these communities and allow these communities to both have more control over their local environment and increase affordable housing-- increase affordable housing in our local communities. Housing cooperatives and other forms of democratic ownership can also be very beneficial towards allowing communities to build up their own wealth naturally without needing to-- and hopefully at least reduce the amount that they are dependent on others and can do a lot towards improving local economic development in more ways than just providing affordable housing.

WAYNE: I'm going to ask you to wrap it up, please.

JADEN LONGFELLOW: That is all I have to say. I'm more than happy to answer any questions. I would highly recommend the book Rethinking Economics of Land and Housing. It has some very interesting perspective on this issue. Thank you.

WAYNE: Thank you. Any questions from the committee? I will tell you that the housing co-op is something that my office is looking at. We-- I know New York has a couple of them that started in the '30s. But actually in Nebraska we have a special, unique co-op bracket for businesses that hardly anybody uses. So we're-- we're looking at all those, so thank you for your testimony.

JADEN LONGFELLOW: All right. Thank you.

WAYNE: Any other testifiers today? That's a thick notebook you're walking up here with, just want you-- [LAUGHTER] Welcome to your Urban Affairs.

CLIFF MESNER: Good afternoon. My name is Cliff Mesner, C-l-i-f-f M-e-s-n-e-r. I want to begin by thanking you for coming out to the western part of the state for this hearing. I think it speaks well of you that the Urban Affairs Committee is heading out this direction. My

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wife Kathy and I are recovering attorneys and real estate developers from Central City, Nebraska. We've been doing housing development across Nebraska and Kansas for almost 30 years. We've done nearly 70 LIHTC, low-income housing tax credit, projects and we're currently working on our seventh Rural Workforce Housing Fund project. I served as an economic development director for 25 years and tend to come at housing from an economic development perspective. Kathy has a broader perspective, having served for many years on the Nebraska Housing Commission. Kathy also recently chaired the housing industry council for the Blueprint Nebraska effort. Because we are working in a number of communities, we always work with a local partner. We are currently working in Fremont, Schuyler, Columbus, Norfolk, York, Aurora, Grand Island, Hastings, Holdrege, Cozad, and a little in Central City, so we tend to work across the state. My testimony talks-- starts off talking some about the senior problem. Frankly, if you don't understand the senior problem, you don't understand the housing problem, and I find that many of the communities that we go to do not understand the senior problem. It's one of the reasons I'm excited about LB446, because I think that might be a way to help explain to communities, put together a system to explain to communities what the problem is and what they need to-- to be looking at. However, in the interest of time, I'm going to skip over that and we're going to go-- I want to talk about funding and the funding sources. You've heard several people talk about the fact that the cost of construction has outpaced the wage, and clearly that has happened. It has been a growing problem. We have-- we're always asked to fill a gap every place we go. How can we buy down the cost of construction? And if you look at the third page of my testimony, I list the-- I just went through and made a quick list of the funding sources that we've used in the last 10 or 12 years to fill that gap and to buy down the cost of affordable housing. By far and away, the two most powerful tools on that list, in my opinion, are tax increment financing and the Rural Workforce Housing Fund. I don't have much experience. I've been consulted with, but I've not really been involved with, the Middle Income Housing Fund, but I think it will be as powerful as the Rural Workforce Housing Fund. If you look at the complexities of some of these programs, we've done 70 LIHTC projects, but look at the different funding sources we've had to use under LIHTC in order to buy down the cost to make that system work. And the cost of construction, particularly in the western part of the state, is making it more and

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more difficult all the time. This year, the LIHTC awards only provide 24 new units and 24 rehab units west of Lincoln.

WAYNE: That's all?

CLIFF MESNER: That's all. Ninety-two percent of it is Lincoln or east, so 24 new units isn't going to cut it for the whole out state. So that program-- that program is just-- isn't getting it done for us right now, so we have to look for some other-- for some other stuff. The Rural Workforce Housing Fund has been-- has been wonderful. We worked in four communities with it last year and we built 200 units in those four communities with the-- the Rural Workforce Housing. You compare that with the tax credit and-- and you can see the impact of it is-- is pretty significant. The first round of the Rural Workforce Housing, the state put in \$7 million, which led to \$18 million invested and \$109 million of housing. That's produced 787 new units and 32 rehab units and almost all of that money is still there; almost all of it is being paid back into the fund and recycled. We're paying back money right now in all of our communities and they're using that money to start doing new housing, so it's going to continue to grow and it's going to have a long-term impact. I know that there are some funds available through the American Rescue Fund. I don't know what you have, where you're going to go with all of it, but my pitch would be that the Rural Workforce Housing Fund, and I assume the Middle Income Housing Fund, are a prime target for some of that money. When we did the Blueprint Nebraska meeting, there were 16 industry councils. We all met in the same room here in Kearney and we all voted on what priorities were. We voted on priorities for all 16 industries and then we voted on our overall priorities. And when you put the tax people and the energy people and the broadband people and everybody in the room and said, what's your number-one priority, the one that rose through the list was 30,000 to 50,000 thousand new housing units, and understand that's a gain of 30,000 to 50,000 new housing units because we have to replace about 9,000 units a year in the state just to replace what's worn out. So if you want to gain 50,000 new units in the next ten years, we've got to build 14,000 units a year and we need some help to do that. I really like the way the Rural Workforce Housing program has worked. I like the fact that communities have had to commit. We know that we're working with communities that are trying to get it done, and I just think that's a very valuable program. And with that, I'll answer any questions and get out of your hair.

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WAYNE: Any questions from the committee? So in here you listed the qualified bidders. Obviously, I'm a general contractor. I don't do much-- I think about it. I don't do much, hardly anything east of-- or west of Kearney, actually. What's the-- what's the barriers for bidders coming out here?

CLIFF MESNER: What really happened, Senator, was since 2008 the industry just got decimated, and we had so many businesses that went out. And when things started to recover, people discovered that they could make more money by going to Lincoln and Omaha. And the farther to the west you are, the harder the problem is. If you go out to Scottsbluff, you'll find that they get a constant stream of really good, young contractors and they get them for about two or three years and the Front Range calls and they can make more money in Fort Collins than they can in Scottsbluff and they're gone. And there's just-- there's a gap out here. And it's a hard problem because you're going to have to-- you're going to have to grow that. And I think-- I think people don't understand that. I think people think that-- that throwing money at the thing, is this-- all this necessary? You know, when you had a rental problem with the COVID, you could throw some money at it and guarantee some rents and you could find some ways to make that work. But we're talking about new houses and somebody actually has to build them, and that just takes a lot of people and a lot of time. And right now, we don't have the people, and the problem is nationwide, so it's hard to steal them from surrounding states because they have the same problem that we're facing.

WAYNE: Are the projects there for the people?

CLIFF MESNER: Pardon?

WAYNE: Are the projects actually there for the people?

CLIFF MESNER: Yes. If you want work in outstate Nebraska, call me, OK? I'm serious. The-- we have-- we're trying to find ways to bring contractors together to do-- so people can start working on-- on what they do best. When we went to Norfolk, for example, we had one group went in and put the subdivision together, and that group did the subdivision and bought the TIF bonds. We then brought in four different builders into that project to build out parts of that. We had one group that specialized in apartments. They did apartments, some of us are doing townhomes, and three groups that are actually

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doing single-family homes. And we just brought the contractors in and said, you do that. Meanwhile, we turn around and look for another spot to go. And trying to coordinate some of that, we're doing the same thing in Hastings and in Aurora. In Hastings, we had a project that I hope to have a contractor do where we're working with four contractors there now. And we're having one of those contractors work for us in Aurora and Grand Island. We just don't have enough-- enough bodies to go around.

WAYNE: How's your material lag time?

CLIFF MESNER: The-- the cost? Right now-- right now, we're not seeing a lot of break in the cost, but based on what's happened with the-- the future prices, we think that there's going to be a break or at very least it's going to-- it's going to average out. There is still a market, even with a higher price. What we don't want to get caught up in is have the price go way up and then build a bunch of housing and have the price go way down. Right now, we're building houses with material we bought a year ago, so we haven't really seen the pain yet. And what we're doing right now is developing lots so that we're available to go when-- when we think the pricing is stabilized. But to give you an example, we built townhomes in Schuyler and sold them for \$160,000 a year ago. We know we're going to have to build-- we had one left over that we rented to the school superintendent. That came back, so we decided to sell it. We wanted it to-- we wanted to put it in at a different price in order to help us out with the appraisal on the new one, so we're going to be across the road. So we priced it at \$189,000. That's a \$29,000 increase in one year. We were a little uneasy about that, but it didn't have anything to do with the price of the house. It had the price-- it had to do with the appraisals. Our builder went, had three people show up the first night. All three people said, yeah, we'll take the house. The market's there. It's one of the things that makes it difficult to sort out what we should be building right now, because if you build anything in Grand Island, Nebraska, for example, it will sell.

WAYNE: That was going to be my next question, is, where-- where is this? I mean, I'm hearing a lot-- Senator Lowe asked earlier about modular homes, premanufactured homes. I'm hearing a lot about townhomes, single-family and then multilevel. Where-- where are you seeing the most demand and where are you seeing the most opportunity to buy down costs?

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CLIFF MESNER: What we've been working with the most is townhomes, mostly duplexes that fit into a residential neighborhood. We find it does a couple things for us. One, it buys down the cost. But the market that's out there right now that's driving a lot of it is seniors who are trying to downsize. They're literally trapped in a three-bedroom home. They can't downsize. And if we do a series of townhomes with a homeowner's association that says, we'll mow the lawn and scoop the walks, they flock to it. We call it first-time and last-time homebuyers because it's also adequate for somebody that's that is a first-time homebuyer that doesn't have more than one or two children, but that's not who's buying them. They're all being purchased by seniors that are downsizing and moving out of their-- their houses. So that's what we're focusing on and that relates back in part to the-- to the senior, that whole senior issue. That's been very effective for us, very effective for us, and we think that the communities like it because all those seniors are making a three-bedroom home available at a modest price and we just can't build those three-bedroom starter homes that the price tag that people can afford. So rolling the housing stock is-- is the target that we go after, and it's worked well in every community we've done it.

WAYNE: Any other questions? I-- I can keep asking you, but we'll-- we'll grab a drink somewhere and talk because--

CLIFF MESNER: Yeah, call me. [LAUGHTER]

WAYNE: I'm just fascinated-- obviously I'm fascinated by the bills I introduced. I'm just fas-- fascinated by this topic, so thank you for being here.

CLIFF MESNER: Thank you.

WAYNE: Next, or any other testifiers. Should have brought the four-minute, didn't think of it. Senator Lowe knows how to bring them out. Welcome to your--

LOWE: Welcome-- welcome to my community.

WAYNE: [LAUGH] Welcome to your Urban Affairs.

LISA LIETH: Mine will probably be four minutes.

WAYNE: All right.

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LISA LIETH: My name is Lisa Lieth, spelled L-i-s-a L-i-e-t-h. I am the case manager at the Kearney Salvation Army and I am a member of the Kearney Housing Task Force. This group was formed at the-- as a response to the pandemic early in 2020. We consist of representatives from 30 different agencies, nonprofits and churches.

WAYNE: [PHONE RINGS] That was a quick four minutes.

LISA LIETH: Does that mean I win? [LAUGHTER] OK, maybe I'll go on.

WAYNE: It's somebody's-- who got up's phone.

LISA LIETH: So-- OK.

WAYNE: Just say hello and see what happens. [LAUGHTER] Go ahead. Sorry.

LISA LIETH: No, you're fine. And so this group, this housing task force, we have several folks here that are hoping to give you a fair assessment of what our housing situation in Kearney is. It's tough. It is hard to find a place to live, regardless of your income level. However, as case manager for the Salvation Army, I'm here to speak for the folks who fall into the lower income cat-- category, as most of my clients do. Our first response to folks who are homeless is to refer them to Crossroads, which is our local shelter; therefore, the ones that we actually put up in a hotel are unable to stay in the shelter, either because it's full or because they didn't qualify. Additionally, Salvation Army-Kearney guidelines allow us to help folks only in an emergency situation once a year for a maximum of three times in a lifetime. So we are-- there-- there are limited repeat customers. So on these numbers I give you, I want you to keep that in mind. In the last 18 months, we've provided \$20,508 in rental assistance, \$24,041 in utility assistance, \$6,539 in hotel rooms. We are only authorized to pay for a day or two in a hotel and we have negotiated rates, so that number is conservative. In 2020 we distributed 3,100 farmer-to-family food boxes and we have also helped with our regular pantry guest vouchers and clothing vouchers. In 2020 we served 5,118 clients, which is a lot compared to our population. Some of these numbers may seem like they don't fall into the rental category, but with rents so high, it make-- can make it hard to cover all the rest of the bills. Now I'm sure, and I know from today, that you guys hear lots and lots of statistics in your position. But in my position, I

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look into the eyes of the folks that need the help. I could tell you a hundred stories, everything from the young mom leaving a domestic violence situation with her three kids to a couple sleeping in the car because one of them lost their job to the senior who decided they had to pay for their medicine-- chose to pay for their medicine and couldn't then pay their rent, folks that have COVID, folks who had COVID and are still trying to recover six months later, under-- unemployed people, underemployed people, veterans. I had a little widow that came in last month. Her husband died three weeks before. Her income was suddenly cut in half and she didn't know how in the world she was going to pay the rent. There are also those who have maybe used some poor judgment and ended up in jail or-- or are in recovery or just getting out of a halfway house, but those folks need places to live, too, and that is the thing. The one thing that all the people that I just talked about and thousands more have in common is that they need an affordable place to live. As of this last Wednesday, we did-- did a quick vote phone-- phone survey of the local apartments and we found less than ten available apartments; and some of them, as you've heard today, have a wait list of two to three years. The task force that I mentioned earlier, we met weekly for a year or so and more recently moved to a biweekly meeting. It's been amazing to work with those folks, and on the back side of the-- of the sheet I gave you, it says all the different organizations that are in that group. There are movers and shakers and we streamlined. We got rid of duplicating procedures. We created new online ways to collect information, and we have helped a lot of people. The one limiting factor that we have is the lack of affordable housing. I hope you can help with that. That's it. I told you I would be short.

WAYNE: I-- I hope we can too. Any quest--

LISA LIETH: I don't have solutions. I'm just here to speak for the folks that need it.

WAYNE: I understand. I appreciate that. Any questions from the committee? Seeing none, thank you for coming today.

LISA LIETH: OK.

WAYNE: Any other testifiers on LR131? Going once, going twice. Closing? Senator Hansen waives closing-- waives closing, not "clothing," for the transcribers. And next, we will open on your own,

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Senator Lowe. Wait, we got letters for the record: Colby Coash, Nebraska Association of School Boards Association; Jamie Berglund, Spark CDI; Kasey Ogle, Collective Impact of Lincoln; Shannon Harner, Nebraska Investment Trust Fund and-- and what?

_____ : Investment Finance Authority.

WAYNE: --Investment Finance Authority, not Trust Fund-- sorry. That closes the hearing on that. Next we'll open up on LR2-- LR211, Senator Lowe.

LOWE: Thank you, Chairman Wayne and the rest of the members of the--

_____ : They're all the rest.

WAYNE: [LAUGH] You want to take-- you want to take a restroom break or just go ahead?

LOWE: Would you like to take a restroom break? The-- these people have been here for three hours now, so maybe we ought to just keep on going.

WAYNE: I'm OK with keeping on going.

LOWE: All right.

WAYNE: All right. Sorry, Senator Lowe. Continue.

LOWE: Oh, that's fine. I'm just trying to find everybody. My name is John Lowe and I represent the-- the 37th District. That's J-o-h-n L-o-w-e. I want to welcome you all to Kearney, or, those that live in Kearney, welcome. And welcome to UNK, which also is in my district. As you see, at UNK, they're going through a lot of remodeling, so parking might have been at a little premium out there. And now on to LR211. LR211 opens the discussion in regard to the idea of permanent Nebraska State Construction Codes Advisory Committee. Remember, this is an LR, this is not a bill, so this is just discussion. This concept that has been circling around here for Nebraska for over a decade, some very good conversations occurred regarding this idea back when Senator McGill chaired this committee. Nebraska is now in the top five states as updated codes, which means 45 other states are able to build their houses for less than Nebraska because of our updated codes. I hope that today's hearing will allow us to build off of those previous

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conversations that we've had in the past. I would like to mention two states who have taken on this concept. One is North Dakota and the other is Utah. We believe some of the people who are out there can get a little more into how those states operate with this kind of committee. I have a longer intro to this, but I see there are a lot of people here still wanting to speak. I brought this because last year, during COVID, we look at our committee up here, or used to be up here, [LAUGHTER] and we are seven members. We have one with pretty in-depth construction knowledge, myself, who knows enough to get himself in trouble, and then a couple other lawyers and-- and a-- a businesswoman and a retired grandmother and John Arch, [LAUGHTER] not to single you out or anything. Our knowledge of construction and what needs to be done is limited. The person that probably knows the most about it is Trevor Fitzgerald, our legal counsel, because he knows the statutes and is required to read all the codes that are-- are brought up to us. But we are just a seven-member committee with limited knowledge, and I think maybe we need some help. And this year, during COVID, our testimony was very slim. We didn't have many people show up to try to help us out to gain our knowledge into passing these codes, and it always worried me. So every time we pass one of the new updates on the codes, it raises the cost of building a building, a house. And we're looking for affordable housing, but yet we willingly raise that cost of that house every time we update. And is the house any safer with the new code than it was the previous year when we were using maybe a three-year updated code? Maybe a little more safer, but is it that much safer so you price somebody out of a house? So that is my opening and now I open it up for discussion, and I will take any questions from either Senator Wayne or Senator Arch.

WAYNE: Any questions, Senator Arch?

ARCH: No, not at this time. Thank you.

WAYNE: I-- I don't-- I don't either. So this is why we transcribe them, though. Actually, it's used against us later in the-- in the legislative process, just so--

LOWE: Especially me.

WAYNE: [LAUGH] So next we'll start off with testimony, first come, first serve. Come on up. Welcome back to your Urban Affairs Committee.

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STEVE NORDHUES: Yes. Name is Steve Nordhues, S-t-e-v-e N-o-r-d-h-u-e-s. Thank you, Senators, for having this. And, Mr. Lowe, thank you very much, because you're right, this has been needed for a very long time. Since I started as a building official in my jurisdiction, I've been involved with every code adoption that I could because I felt there were things to offer that sometimes the code I didn't agree with. And I-- I tend to try to make it easier for the builders, for all the contractors. The code can be pretty daunting when you're looking at it and I just think that, as Mr. Lowe referred to, that there are times that the code isn't necessarily thinking about the affordability of homes. And we have-- we have aspects of-- of homes now that have changed so much in-- in the time that I been involved in the construction industry, I used to be a builder. My dad was a builder. I was former president of our local home builders association in Norfolk, Nebraska. And to see what's happened with housing over that amount of time, the basics haven't changed that much. I can take out my dad's old 1976 code book and the span charts for floor joists and ceiling joists, all that stuff are basically the same. They haven't changed very much. What has changed are some of the things that we're putting into our homes and-- and that includes the energy code and the electrical code. You can still get a per-- a basic HVAC system that's fairly efficient, that doesn't, you know, require you to break the bank when you put it in. But between-- of all the codes, the things that have affected it the most are probably electrical code and the energy code. And in some ways, that's good. You know, I-- I have always been an advocate of-- of a strong energy code. I think we do an exceptional job in our community. We have amended it down to a one-page document that every contractor, when they come in or start a project, everyone doing the inspections can look at the one sheet and go through that house and say, yep, the windows meet this element, the sidewalls, the foundations, it all meets, and it's a one-page document and there is no confusion to it. And it is-- it has been well received by-- by everybody in our community, by the-- the contractors. And since I'm doing out-- out there doing almost 100 percent of the energy, the insulation inspections, I appreciate it because I don't have a document that is for other ways of checking insulation. That is just-- you have to look at so many different things and it's not like the house you just did. It's different. With our code, it's all the same. And so I think there are things that we can do as code officials to make things easier and better for the contractors, but our input isn't asked for. It's really

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never been asked for us to provide input for you guys to help you with some of this. And we've always been there as a resource, but we've never been utilized. I don't know of a code official in this state that wouldn't answer your questions and go into to way more detail than what you want on what you're asking if you asked. I mean, that's what we're there for. That's what we inherently do is we help our homes be better. And we-- we're just there to try and make everything safer and better, and so I think this is something that really needs to be done. I think it's-- it's past time for us to do this. I mean, we're-- we're-- we're behind what other states have done. North Dakota is doing this, Utah. I mean, there are so many states that have already done this, it's time for us to catch up and have a more comprehensive way of adopting codes in this state and allowing everybody that's out there in the field working to have some input on this. I'd like to see this commission be made up of-- of general contractors for both residential, commercial, plumbing, HVAC, and energy, and I think we need to have those folks involved and at the table talking this all over before these codes are being presented to you folks to have adopted by the state. Any questions?

WAYNE: Any questions from the committee? So generally-- I get what you're saying and I appreciate you being here. But generally our are different groups and--

STEVE NORDHUES: Yeah, some of them are now. Yep.

WAYNE: Most of them are. I'm trying to think of which one isn't, actually. So we leave it to the locals to write their own code, and that's how we try to leave it to-- and I'm just-- we're just talking so I'm trying to understand--

STEVE NORDHUES: Right.

WAYNE: --and I want to make sure people understand that when we adopt a state code, typically it's everything outside of a municipality because most municipalities have their own [INAUDIBLE] code and we encourage them to adopt a local code. Would you rather have it at the local level or would you rather have all the input and in statewide across?

STEVE NORDHUES: So what we have at-- at our ability locally is the ability to amend what the state has adopted. And so the state is

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adopting the, you know, this last session, the-- the 2018 IRC, the 2018 IBC, so we have the ability to-- to amend that locally. Now the state does adopt-- or amend out the requirements for sprinkler systems. And thank you for doing that, because that-- that's a huge fight on every local level between parties that want to get together but it's going to be just-- it's going to be a huge fight, and so thank you very much for doing that. But when the state adopts a code, it is now a default code for the-- for the entire state. It never used to be up until just two years ago, and so that is helpful. But every jurisdiction does have the ability to amend what the state has adopted and that's what's happening. And we make very few adoption-- or amendments to it. We do amend out, for instance, the-- the need to put drywall on the underside of floor joists in the basement. There's a few of those things that we do to keep them-- the home more affordable at the time of new construction and then to take care of those things as that home is fini-- that basement is finished off, for example. Same way with the energy code, we don't require the basements to be insulated at the time of new construction; but when they do, our code requires them to insulate that at a much greater degree than what a REScheck program would. And so we-- we-- we make them-- a hou-- the home more affordable on the front end and then we make up for some of those differences afterwards.

WAYNE: So it sounds like it works for you, so I'm trying to figure out where-- where we can improve it, because I-- trust me, I get it. Omaha adopts their own code and outside of Omaha, I have to do a different code everywhere. So I get it. I get the frustration. I'm just-- if there's ways that we could do it, I don't know if the-- I'm still open to the idea of a-- of a committee. I'm just trying to figure out in the current process how we can make it better for you.

STEVE NORDHUES: I just think there's a lot of folks throughout the state that don't feel that they have input--

WAYNE: Right.

STEVE NORDHUES: --into the process at all, and I think this is one way to get input and buy-in from across the state, from contractors, whether they be general contractors, plumbing, HVAC. I think you get buy-in from everybody and you guys aren't getting all those phone calls saying, are you crazy, why would you-- why would you do this to us? And I think it's just-- it-- it's going to be more inclusive and I

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think it's going to-- to-- to make it more acceptable to all the contractors and building officials throughout the state once it's done.

WAYNE: Since I kind of introduced a bill to do it, I'm just going to tell you the reason-- the start of the bill, for people who are here, or at least on a couple of the bills, was we had that massive hailstorm four years ago, five years ago, and insurance thought-- wouldn't-- wouldn't redo people's roofs outside of the city because there wasn't a default code and they were arguing about standards. That was the genesis of some of these issues is outside of the city, counties didn't really have codes. And if a plumb-- contractor came in and didn't put the sewer in right, what-- how do you sue and what's the standard you sue under--

STEVE NORDHUES: Right.

WAYNE: --is a huge problem. So I'm open to more input and I will make sure I-- we reach out to more people, and I appreciate that.

STEVE NORDHUES: And-- and what opened my eyes to it was a number of years ago I had someone that wanted to be a contractor in our community. And he came in and said, so what do I need to know to be a contractor here? And I said, well, you know, there's paperwork that you got to fill out. And I said, you know, every project is pretty much the same, you're going to start with your footings and work up from there. And his question is, what are footings?

WAYNE: That's a problem.

STEVE NORDHUES: And that's a problem. And-- and yet, even with that comment, I didn't have a way to say, nah, you can't be a contractor here.

WAYNE: Right.

STEVE NORDHUES: And so-- al-- although I did say, I don't think this is a good place for you to be, you know. And so, you know, there's just-- just those things out there and--

WAYNE: I understand.

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STEVE NORDHUES: --and I think it's time for us all to be-- in this trade to be more professional and to have-- maybe to have more input into the process.

WAYNE: I agree. I agree. I totally agree with that. Especially in January, in the middle of winter, hearings come up, you may only have seven days to figure out a response. We could-- we could do better.

STEVE NORDHUES: Yeah, and wouldn't it be great to have, you know, 10 to 15 experts there helping advise you? And I-- I look at contractors as experts. There's some of those contractors that know a whole lot more than I do. I've been in this since my dad handed me a broom when I was 12 years old. I've been doing this my whole life, so basically 50 years. And so-- but I don't know it all and no one in this room knows everything there is to know about the construction industry. But if we get everybody together at a table, we can all hash it out, and so when we leave, everybody's at least got some inkling of what everybody else is trying to get to.

WAYNE: Well, I appreciate it. Any questions? Senator Arch.

ARCH: Yes. This is my first exposure to this concept on-- on the Urban Affairs. But there is something similar that happens on the Health and Human Services Committee. It's called the 407 process. And Senator Wesely's sitting out here in the-- in the audience. He knows it well. It was under his direction, but it-- it was this-- it was this issue of things were coming to the HHS Committee that were extremely technical and the Legislature was being asked to rule in particular on-- on scope of-- of practice for various providers in healthcare. And-- and an-- and an outside advising group was created to do exactly that, to help the Legislature, because it became-- the decisions became political. The decisions were-- were-- without that technical knowledge, were-- were less than the best.

STEVE NORDHUES: Yeah.

ARCH: And so there is-- there is something similar on the health and human services side, and maybe something like that could be looked at for something like this as well.

STEVE NORDHUES: Yeah. And-- and, you know, with this just be an exploratory thing, I think it's-- I think it's a great idea to-- to at

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least go that far with it and-- and see what we can make happen here. And maybe it ends up we can't all get on the same page, but let's give it some effort and see what we can get done.

WAYNE: Any other questions from the committee? Seeing none, thank you for being here.

STEVE NORDHUES: You bet. Thank you.

WAYNE: Next testifier. Welcome to your Urban Affairs Committee.

DON WISNIESKI: Hello, folks. My name is Don Wisnieski, D-o-n W-i-s-n-i-e-s-k-i. I'm a general contractor out of Norfolk. I work under this guy you just heard from. He's not as easy it is to work under, OK? Don't let him fool you. [LAUGHTER] I'll pay for that later on the jobsite, I'm sure, somewhere. I am a general contractor out of Norfolk. I'm also the state-- the Nebraska State Home Builders Association president. I've been very involved with it on a local level, a state level, and a national level as well. I just want to go on record saying that the State Home Builders Association is excited about this potential process; and if the process can get put together, we definitely want to be at the table helping figure out where-- where or what it's going to look like. And that's simply my testimony. We are excited about it. We want to be part of it, so hopefully it goes the direction we want it to. So Steve hit on most of the stuff, so I'm not going to repeat any of it. So if there's any questions, I'll answer them.

WAYNE: Any questions from the committee? Seeing none, thank you for being here.

DON WISNIESKI: Thank you. Have a good day, guys.

WAYNE: If he gives you an extra inspection, let me know.

WAYNE: It'll cost me. [LAUGHTER]

RICHARD HAUFFE: Good afternoon, Senator Wayne--

WAYNE: Welcome.

RICHARD HAUFFE: --and Senators. Thank you so much for this opportunity to address you on this concept. What Steve Nordhues did not tell you

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about his son, who is contemplating going into construction, is that he instead went into dentistry. So I am just going to just run through this handout just to kind of go over some of the major points. I think what would probably serve this best is to appoint some kind of exploratory committee that would look into this, because there's a lot of questions for something like this to work start-- you know, including would something like this work, is it a good fit for Nebraska? And down the bottom, first page, who should be represented on the board? What's the maximum number and how many is too many? What defines the various stakeholders? And if they represent Lincoln, Omaha and greater Nebraska, should all construction codes be placed under one state code-- construction code advisory board? What is the funding source for a permanent board? Should it be assigned to a particular state agency, as it is in other states, or can it be a creation of the State Legislature similar to-- I believe it's the state child support committee. Is that correct? How many hearings should be held during the consideration of the next state building codes update? What's a good fit for bene-- that would benefit everybody in Nebraska, or should it be tabled for another time and give it-- but I think it deserves some close examination. Just briefly, the International Code Council, which is who I represent-- I'm-- I'm a resident of Sioux Falls, South Dakota, but Nebraska and Iowa, the Dakotas, Minnesota, and Wyoming are in my territory. I just recently got Wyoming and I enjoy Wyoming. But there's-- these states use the international codes. The international codes are-- are used in all 50 states. The-- what makes the international codes distinctive is the governmental consensus process. So we take our 15 codebooks and there's everything from performance code to zoning code out-- you know, personal disposal code to the-- the granddaddies, the building code and the residential code. But we-- every three years we update these codes. We divide-- essentially divide them in half into different subject groups with subject matter experts assigned to committee action or act-- code action committees. And they break it all down. They go through everything, review it: Does something need to be changed? Did this work. That doesn't work. They get input in this first year, and there's two hearings for each half. And for the first hearing, they invite everybody under the sun to come testify. The public is welcome to come. Everything that is-- all the testimony is live streamed and recorded for review later on, and they come up with a series of amendments. They're voted on, and we have an online voting system in which anybody that's an ICC member can vote on the amendments, and

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then it goes forward to the second round. Now the first round is in spring. The second round, which is coming up, we call it group A. There's group A and group B codes, OK? We divide them in two. But group A is going to be voted on with the final comment hearing in Pittsburgh, and of course that will be live streamed and held in late September. And then after that, all the members who are online can vote. Now, in this last go-around, the members, it's the governmental members and they're the people, like the officers here from the Nebraska Code Officials Association, are the ones who get to vote. They-- they tell what it's going to be before it goes out the door for publication, and that's because it's important to have that local input. OK, when the books are published and they come to Trevor, who is required to read everything--

WAYNE: No, he actually enjoys reading them. [LAUGHTER]

RICHARD HAUFFE: You need a life, Trevor, [LAUGHTER]--

TREVOR FITZGERALD: That's on the record.

RICHARD HAUFFE: That's what my wife tells me. But, you know, when they come to Trevor, they're really-- they-- they're really meant to go out and be disbursed and some-- they actually do find their way out into a lot of different hands, the different stakeholders that are involved. And then you get your input and it goes-- it could-- you know, you find somebody to be the sponsor of the bill and-- and it goes to the floor. In these other states-- I'll take North Dakota as an example. They have it divided. You could see the list of people that are on the committee, but they have two building officials, somebody from the state fire marshal, electrical boards, Society of Professional Engineers, mechanical contractors, AIA, builders, general contractors, and then there's reps there from the Department of Commerce. That is the agency that is in charge of conducting these meetings. And I've got listed there the codes that they use. North Dakota also used the Uniform Plumbing Code. Utah has a more layered system. And if you go to the following page, you'll see all the different subcommittees that go underneath the one large committee, and they're you've-- I-- I've put in the names of people so you have an idea of who is selected to-- or appointed to be part of that particular committee. So the subcommittees report to the main committee; the main committee reports to the legislature. OK. So I also included in your handout a letter from the state building official for the state of Utah. He's also on

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the International Code Council Board of Directors. His name is Tom Peterson. And he gives you a description of how this is worked. The second letter, last two pages of my handout, are from Bruce Taralson. He's the city building official for the city of Fargo, North Dakota, and he describes here how this works and how that it-- it's-- it is a success. The-- his last paragraph in his letter, I think, is really key. That system has worked very well for the interests of North Dakota's built environment. There's been attempts in the legislature to go back to the old legislative model and they just get roundly defeated in the last session. The primary factors were the insurance and the banking industries, their lobbies. So I-- I think this is-- you know, that this engages a lot of people. I think it's-- it's good for whatever evolves into legislation and gives-- certainly gives you opportunities to be a liaison or-- or get involved in that-- in that process. That is the end. Any questions for me?

TREVOR FITZGERALD: Any questions from the committee? Seeing none--

RICHARD HAUFFE: More than you wanted to know,

TREVOR FITZGERALD: --thank you. No, it's good that-- I appreciate this. This is actually really helpful. Thank you.

RICHARD HAUFFE: Thank you.

TREVOR FITZGERALD: Next testifier. Welcome to your Urban Affairs Committee.

BRIAN ROGERS: Thank you. Good afternoon, members of the Urban Affairs Committee. My name is Brian Rogers, B-r-i-a-n R-o-g-e-r-s, and I am vice president of field services for the International Association of Plumbing and Mechanical Officials, otherwise known as IAPMO. Today I'm here to discuss the idea of forming a code review committee to determine updates to the state building codes, which include the Uniform Plumbing Code, by IAPMO. Now I am a 30-year licensed plumber. I have-- carry a master license in the state of Iowa, a master HVAC license holder, master mechanical hydronics and refrigeration, so I have spent many years in the field turning the wrenches and working with the plumbing and mechanical codes in the state of Iowa. Currently I cover Iowa, Kansas, Nebraska, and Missouri and work with state and local jurisdictions across that region to help them develop plumbing and mechanical codes, along with swimming pool, hot tub codes,

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hydronics codes, anything that deals with plumbing and mechanical systems. IAPMO supports regularly adopting strong building codes that will protect the public's health and safety. Our organization develops model codes for plumbing, mechanical, swimming pools, spas, hot tubs, hydronics, geothermal and solar, as well as efficiency standards for plumbing fixtures and alternate water sources. The volunteer technical committees, who are charged with scrutinizing every detail of the code, are comprised of industry experts with a wealth of knowledge to ensure codes are safe, protect the public's health, and contain the most innovative and efficient installation measures and materials at the-- at that time. Jurisdictions throughout Nebraska are tasked with adopting codes, which specific codes and additions suit their needs the best. At times, some jurisdictions are unable to keep up with updating codes, which may create a safety issue. As a result, state officials do their part to update statewide codes that offer a minimum standard for jurisdictions that may not have the resources to review codes on their own. In fact, during this past legislative session, senators passed LB131, which updated default building codes, including the 2018 Uniform Plumbing Code. Those specific building codes the state has adopted has served Nebraskans for decades and are intended to provide the best installation and material guidance possible. The state selected IAPMO's uniform plumbing codes. It is developed by industry experts and has consistently protected the health of Nebraskans and guided the installation of safe water and plumbing systems. This is the same reason they chose to adopt the International Code Council's building code and residential code. Their members have immense expertise in that sector, not so much plumbing and mechanical, and can be relied upon to produce great codes in those specific building arenas. As the state deliberates over establishing a review committee that would help determine which additions of building codes would meet the state needs, IAPMO strongly urges the following considerations. Be mindful of how the review committee is structured, staffed, and funded. When appointing members to the committee, consider diverse representation of industry expert ranging from contractors, installers, manufacturing, labor, and code officials. For instance, the state of Iowa has established a Building Code Advisory Council and has separate board for specific industries, such as the plumbing and mechanical systems, board with experts pertaining to those fields, IAPMO is proud to serve as a partner of the industry and state official and state officials, and it will support what the state

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decides is best for its residents. I'm happy to answer any questions that you may have. Thank you for the time.

TREVOR FITZGERALD: Any questions from the committee? Senator Lowe.

LOWE: Thank you, Chairman Wayne. And-- and thank you for coming and testifying today. You state that this is-- when IAPMO does something, it-- it's for the best of-- for the plumbing. When we're trying to build affordable housing, as we've stated in the last two LRs, do we need the best for affordable plumbing or can we get something that will work efficiently and so that everything works properly?

BRIAN ROGERS: Yeah, and, you know, that's the whole goal of IAPMO's codes is to provide the latest innovations. That's why we update our codes every three years, because there's innovations that happen every three years. Manufacturers come to the marketplace with products that are-- are more affordable, that speed up labor. So we take those products, we look at them, and we integrate those into our codes so every three years there's updated innovations and-- and standards that the industry can utilize.

LOWE: I-- I can understand updating with PEX from copper or lead pipe.

BRIAN ROGERS: Right.

LOWE: And-- and that-- but I'm getting into something that-- it doesn't do with plumbing, but to put six six-inch fur-outs in a basement to make it more insulated doesn't seem to be-- need to be done in something. So I-- you know, I-- I kind of question when we adopt a whole building code.

BRIAN ROGERS: You know, and-- and the way it stands now is the jurisdictions throughout Nebraska are able to make those amendments to their codes, to the building codes, to the residential code. To any code they wish to adopt, they can make amendments that is best for their jurisdiction. If they don't feel there's a particular installation method or product that suits their needs, they-- it's their, you know, prerogative to-- to make amendments to that.

LOWE: All right, thank you.

BRIAN ROGERS: I don't know if that answered your question or not.

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LOWE: It was just discussion--

BRIAN ROGERS: Yeah, yeah.

LOWE: --just discussion.

BRIAN ROGERS: Sure.

WAYNE: Any other questions from the committee? Seeing none, thank you for being here today.

BRIAN ROGERS: Thank you very much.

WAYNE: Next testifier. I thought you submitted written testimony.
[LAUGHTER] I could have banned you. Welcome to your Urban Affairs Committee.

JUSTIN BRADY: Chairman Wayne and members of the committee, my name is Justin Brady, J-u-s-t-i-n B-r-a-d-y. I appear before you today as the registered lobbyist for the Metro Omaha Builders Association and the Home Builders Association of Lincoln in opposition to this idea. It's-- you heard from the State Home Builders that they said they like this concept of punting the ball to somebody else. We don't. We feel we have a great interaction with this committee, with the Legislature. And over the years, over the last 20-some years of working for the Lincoln and Omaha homebuilders, I have sat down with whoever's on this committee, our builders have come down and sat down with whoever is on this committee, and explained why they either are for or against code updates. An example this year, they came in and supported the plumbing code update. They had-- are opposed to the electrical update right now because it adds about-- in their opinion, about \$2,000 to the cost of a home. We don't see why taking this idea to a outside committee is going to benefit from the industry side is the one at the end who is paying for it and passing on that cost to their consumers. Senator Arch, you mentioned the 407 process. I'm also familiar with that. I think the one thing that's different from that to here is, no, you aren't experts in codes, but other than one of you, I don't think any of you are an expert in running a hospital. But yet you're still going to deal with the hospital issues in your-- in the Legislature. The 407 process gets more into that technical health safety of whether or not a doctor should be able to use a laser on an eye or not, I mean, some of that, as opposed to codes and whether or not you want to agree to

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increase the cost to build homes or not. A couple of states they mentioned, they said it was all over and they only kept coming back to two states, North Dakota and Utah, two concepts in those states when looking at those. North Dakota and Utah take the whole process out of your hands. This-- the committee they created in North Dakota, they have the final say. If they say, yes, we update a code, that code is updated. It does not come back to the legislature. First of all, I think, and I-- and I've talked with the individuals from the ICC and to their lobbyist, and I appreciate them reaching out. And I pointed that out. I don't think under our laws you could actually give your authority, legislative authority to a committee to just update the codes. Yes, it is a resource, Senator Lowe, if you look at that. I think you're going to be back to the same place of having a committee that is the code-- set up heavily on the code side, membership coming in and saying, yes, let's update our codes quicker, faster. You're going to have the industry saying, we want time to review it, we want time to understand why it's increasing cost. And over time, some of those cost, as some of you know-- I look at Trevor-- know, you know, I mean, last time we updated the electrical code, the costs were tremendous when it first came out. After a couple of years of delay and waiting and understanding, that cost went from \$1,000, \$2,000 increase down to about \$100. By the time the manufacturers of some of these components and stuff were able to get their production up, that cost came down and eventually the builders said, we understand for a \$100 increase that makes sense. So I would-- am happy to try to answer any questions but just submit I think the process we have works, and willing to talk and listen to anybody but believe it works the way it is.

WAYNE: Any questions or comments? I do think, just so people who aren't familiar with the process, usually legal counsel reaches out, when there is an idea or new code, to all the associations. The pain I'm hearing, and the pain I understand, is the-- is the contractor or the person who's not necessarily plugged in with the association never gets to maybe be heard or the smaller contractor who isn't politically in the associations sometimes get left out. But we reach out to everybody and have multiple meetings, especially with your group, who usually opposes everything we do, [LAUGH] and-- and we try to do our best, so-- but I think we can figure out ways to improve it for the smaller contractors and for other people. But I think this is a good

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discussion because I don't-- I don't know where I stand on that right now. I'm kind of just--

JUSTIN BRADY: One thing I'd say, Senators, you know, as far as reaching out, a state that-- South Dakota is one and what they've done is they actually-- now they also are one where an agency, their electric commission can just update the code. It doesn't go through the legislative process. But they just passed a bill this year that requires-- before any code is updated, they have to go out and get-- in essence, put more work on Trevor. But in essence, Trevor has to reach out to a builder in the Omaha area, Lincoln area, and outstate area and get a bid. What would it cost? And then in essence he has that knowledge to share with you that this is what we're hearing it costs, as opposed to you kind of end up with this he-said-he-said-she-said process that you've all witnessed as we've sat here. But that's an idea that's in the neighboring state, too, that said, let's get you the information, get the information not from the code side, but from the actual industry side.

WAYNE: [INAUDIBLE] appreciate it. Any questions, thoughts, comments? None? Thank you for being here.

JUSTIN BRADY: Thank you.

WAYNE: Welcome back, my friend.

JERRY STANDERFORD: [INAUDIBLE] must be opposition.

WAYNE: [LAUGHTER] That's right. [INAUDIBLE] I don't think-- it's summertime, so I can say this. I-- I don't think you've ever supported a bill from me.

JERRY STANDERFORD: I did. I'll-- I'll look it up and see.

WAYNE: I like-- I like giving you a hard-- I like giving you a hard time.

JERRY STANDERFORD: Good afternoon, Senator Wayne, members of the Urban Affairs Committee. Senator Lowe, thank you for bringing this to our attention.

WAYNE: Spell your name.

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JERRY STANDERFORD: My name is Jerry Standerford, J-e-r-r-y S-t-a-n-d-e-r-f-o-r-d. I'm a longtime Omaha homebuilder. In fact, when Mr. Nordhues talked about the 1975 code book his dad had, I built my first house in 1975 and I do have that code book still in my office. So I'm here. I represent the two companies that I have managed for over 40 years, Sherwood Homes and Lane Building Corporation. We only build in Douglas and Sarpy County. And I'm also here speaking on behalf of the Metropolitan Omaha Builders Association. You know, interesting, a lot of-- a lot of things come to mind when you talk about a committee like this. I guess my-- my main opposition to a committee like is it seems pretty cut and dried that we hand off to someone else, whether I get to be a part of it or my friend gets to be a part of it or whoever, we do know that those codes that are-- that are passed by the International Code Council are voted on, but they're voted on by only members of the International Code Council. They're not builders. They're not developers. They're not consumers. And in Nebraska, you know, we have a-- we have a really diverse situation here. I can't imagine what it's like for these guys to try and build a house in Scottsbluff, Nebraska, with the labor that's available there, like they probably have no desire to come to Omaha and build houses in our jurisdictions either. Senator Wayne, you know, you're a registered contractor in Omaha. You know what it's like there. I will differ with you that Omaha writes its own codes. I think the only code that I'm aware of that affects residential housing right now that differs is the Omaha plumbing code. And I think if we live long enough, we're going to beat that down too. But, you know, the codes in Omaha, several years ago, the Metropolitan Omaha Builders Association and others discover-- could see a need for builder reg-- not builder registration like we have at the state of Nebraska where you send in \$25 and you're registered, but builder licensing. Our builders are all-- you know that to get a building permit in Omaha, you have to be a re-- a licensed builder. The same happens in-- in Bellevue. Mr. Christensen from Bellevue is here today. He requires a bill-- he requires the ICC license. The ICC license, to obtain that, one thing you have to do is take the ICC test, which is strictly over the code book, so you can-- so you do understand the code book in and out. You know what works. You know what-- what doesn't. Then you have continuing education that's required. The continuing education is required, part of it, to be provided by the city of Omaha, and it's all required over the code and on. So it's a bit different-- it's a bit different in Omaha and Lincoln than it is there in Omaha and-- and

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Bellevue and Sarpy County than it is maybe in other jurisdictions. One thing we've always scratched our head out about is, whether you live in Lincoln or you live in Grand Island or wherever, the state passes a code requirement and there's no-- there's no enforcement with it. Once you get outside the code jurisdictions-- you know, and you've seen those people come before your committee. I've been there when the people come who live outside the-- the inspection jurisdiction, and it doesn't matter whether it's a-- whether it's the latest code, the best in the nation, no matter what, there was no accountability to that builder who took the-- the person's money. So that's-- that's another thing. We can keep saying we're going to update the code. We get a new code. We need a new code. You know, that's a-- that's a problem in the state. It's a bit of a different deal. As far as the-- you talked-- you talked about the-- and it's always a big deal how when I come to-- to the hearings and hear the proponents for the new code and we need to update the code and-- and move on, you know, it's always said, well, there's new products that come out and we have to include those in the code. You know, there's new products come out in between every code cycle. And remember, I lived in Omaha where we didn't up-- update the code for a number of years. A lot of people snickered about it. But I'm going to tell you, nobody died over that. No one was injured over that. When new products came out, they were assessed. The manufacturer or the person who wanted to use them brought them to the building official. They were evaluated. There's tons of testing and evaluation labs up there, out there to get reports from. So we-- it wasn't like we were a backwards bunch of group-- a group up there trying to build houses that weren't moving forward and keeping up with the times. The most important thing I can say is the codes have to be left. The-- even the ICC, when they first developed and presented the codes to us-- and I've been on every code review committee in the city of Omaha and other since the-- the 2000 IRC code came out. It's always been put forth to the code-- or to the building officials that these codes are to be amended at the local level. The local level in Nebraska is a lot different than it is, in my opinion, in Omaha, Nebraska, than it is in Scottsbluff, for example, because of the distance. And if we would ever lose our ability to amend the codes at the local level, it would be a travesty. I can tell you in Douglas and Sarpy County, what typically happens is Omaha sits down with a group of builders. They'll bring in an architect and engineer. They'll review the code. They'll write the amendments and then-- and present those. You spoke about everybody is not a member of an association.

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You know, I've been on a lot of code committees when more than members of associations were represented. And then also remember that every time that one of these amendments come forward or the city has to adopt a new code, the building official brings it to the city council, with or without amendments, if they didn't write amendments. He brings it to the city council. There's a public hearing on it. It's published and then voted on by the city council. And we've been to a lot of public hearings where there are proponents and opponents and it goes on for a while, whether it's the city of Omaha, the city of Bellevue. But it's-- one thing that licensing does is that the builders that are in-- that are in Omaha and in Bellevue, they're all--they have that, They have to update their information all the time, and their continuing ed. They know when the-- when a new code is coming out. They're able to be contacted, whether they belong to the-- the Remodelers Council, the Metropolitan Omaha Builders Association. Build Omaha is another building group in-- in Omaha. You know, it's not like we all get in one little room up there. So I guess I don't have much to add other than I think we maybe are throwing another layer on. I appreciate your recognition of the fact, and I heard more times today since affordable housing was included in this, that there is a real realization that codes equal cost; updated codes add a ton of cost, and I don't know where we stop. I mean, we just really-- you know, we pull our hair out with this trying to-- whether I'm trying to build a house for a \$400,000 or a \$200,000 client and we go all the way in between. It's still a money deal and every time we put that six inches of insulation in that basement that was-- that way exceeds the-- the numbers, you know, you just add the money. So with that, I'll be quiet and get out of here and answer any questions you might have.

WAYNE: Thank you. Any questions?

LOWE: Thank you.

JERRY STANDERFORD: OK.

WAYNE: Thanks for coming down.

JERRY STANDERFORD: Thank you.

WAYNE: We appreciate it.

JERRY STANDERFORD: Appreciate it.

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WAYNE: Next testifier. Any other testifiers?

RODGER KNAGGS: I'll talk.

WAYNE: Oh, yes.

RODGER KNAGGS: You guys [INAUDIBLE] get off.

_____ : Quicker.

WAYNE: Thought we were going to go over to Lowe's house afterwards. Welcome to your Urban Affairs.

RODGER KNAGGS: Well, I'm Rodger Knaggs, R-o-d-g-e-r K-n-a-g-g-s. OK, I kind of see the different point of view. I'm on a couple of committees in the state, you know, and they're like focused on energy codes or this or that. What we really need to do is be able to bring in other points of view. I mean, sure, I was on the committee that helped work on the-- the new 2018 energy code. But, you know, we need to be looking at-- Lincoln and Omaha do stuff totally different than, of course, the western part of the state. So leaving the ability in to amend would be very important. But we also need a bill-- bill to bring education too. A lot of these communities don't have jurisdictions. When you build there, it's just a zoning permit. So codes, there's no such thing as codes in half of Nebraska. So we need to find a way to bring education to those type of builders, but we also need to-- I can also see the point of view of, gee, it's nice to build that perfect house. It's a great energy code, perfectly logical and so forth. But then if they can't afford it, then what are the consequences? That means they got to go back and live in a, say, a pre-1978 home. Well, now they live in-- with lead-based paint, asbestos, you know, high energy bills. So we need to find a way to make a medium on this. And we probably need to bring in the affordable housing group, the energy group, you know, and so we can all put this information together and maybe give it to you guys so you can make the final decision. But I really think, yeah, the codes are getting more complicated all the time. And they're-- you know, if I pulled out the energy code book, I couldn't explain half of it to you, and that's what-- a lot of what I do. So we need to work on setting a standard somewhere where our code officials can amend out to fit their community. I mean, like you look at little towns like Sutherland, you know, they'll have no jurisdictions at all. So we do need to set a standard somewhere, which

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we should set at the state level, but we need to make sure that standard is the minimum standard and affordable to fit-- to fit our whole state because we really have multiple zones that we got to contend with. So that's my opinion.

WAYNE: Thank you for being here. Any questions? Seeing none, thanks again. Any other testimony? Not seeing anybody hopping up, Senator Lowe, you want to close or are you going to waive closing?

LOWE: I'll give a short closing.

WAYNE: That sounds like a winner.

LOWE: First of all, I want to thank the Urban Affairs Committee for coming out to Kearney and spending the day with us out here and for getting here on such a short time after lunch. It-- it was a-- we were out by the Younes Complex [SIC] Center and we had ten minutes to get here. And I'm glad to see there are other people that agree with me, that don't agree with Justin all the time. You know, I-- I-- I think when we look at our building codes, because of the diversity in Nebraska, we need to be flexible and we need to continue to build Nebraska because there's a huge demand for housing out here, all over the state, whether you're in Omaha, Lincoln, Kearney, Humphrey, just anywhere in Nebraska. So this is just a discussion. This is not a bill, but I appreciate everybody coming out and being with us today. Thank you.

WAYNE: Before anybody leaves, if you don't have--

_____ : [INAUDIBLE] for the record.

WAYNE: Oh, I got letters for the record too.

_____ : Yeah.

WAYNE: Letter for the record: Transduction Technology, David Holtzclaw. Please contact my office if we're-- if you're-- if you're interested in affordable housing, including the code aspect of it, because, like I said, Senator Hansen and I have been working on it for the last couple of years and we're looking at having some meetings in September after our special session on redistricting to really try to hammer out. And we-- we recognize that there's going to be some dollars. We don't know where those dollars are all necessarily going.

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But I do think, and part of the reason we had it out here at Kearney even though I wanted to go to Scottsbluff-- and now you're going there, so we could have went there, just want you to know that-- is that we got to figure-- it's not just an Omaha problem. Omaha and Lincoln have a very unique problem of-- of infill-- more infill issues, but we got to-- we got to solve this affordable housing problem. So we are going to probably have some-- some bigger meetings of-- of talk about solutions, not-- not just the issue anymore, but figure out solutions. So you haven't, contact Senator Hansen's or my office just to get on an email list so we can-- we can stay in contact because with the federal dollars coming in and everything, it's-- it's-- probably the time is right to have that conversation about how do we push some grants out or some dollars out with the entire body. So please do so. Thank you, and this will conclude the Urban Affairs interim study hearing at Kearney, Nebraska.