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Urban Affairs Committee August 13, 2021
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WAYNE: [RECORDER MALFUNCTION] Justin Wayne. I represent Legislative District 13, which is North Omaha, and northeast Douglas County, and I serve as Chair of Urban Affairs. We'll start off by having members of the committee and staff do self-introductions, starting to my right with Senator Blood.

BLOOD: Good afternoon. I'm Senator Carol Blood, and I represent District 3, which is western Bellevue and southeastern Papillion, Nebraska.

HUNT: Hi, everyone. I'm Senator Megan Hunt, and I represent District 8, which includes the neighborhoods of Dundee, Benson, and Keystone in northern Midtown Omaha.

TREVOR FITZGERALD: Trevor Fitzgerald, committee legal counsel.

ARCH: John Arch, Papillion, La Vista: District 14.

LOWE: John Lowe, District 37: Kearney, Gibbon, and Shelton.

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

WAYNE: I was looking in the room. I know we have Senator McKinney, who also has an interim study, but was seeing if there was any other senators in the room. Don't see any other. Thank you. This afternoon we'll be hearing four interim study resolutions, and we'll be taking them up in the order listed outside of the room. And in light of the recent CO-- CDC revised guidelines, we respectfully ask you to wear a mask and covering while in the hearing room. Testifiers may remove their masks during their testimony to assist committee members and transcribers in hearing-- clearly hearing and understanding testimony. On the table outside of the back of the room, you will find blue testifier sheets. If you are planning to testify today, please fill out one and hand it to Angenita when you come up. This will make sure our records are accurate at the hearing. If you do not wish to testify, but would like to record your presence, please fill out a gold sheet in the back of the room-- outside the back of the room. Also, I will note that the Legislature policy that all letters must be recorded or must be received by the committee by 5:00 p.m., the previous day, in order to be a part of the record. Any handouts that are submitted by testifiers will also be included part of the record as exhibits. We ask that you, if you have handouts, provide us with ten copies. If you don't, please just give them to Angenita; we'll make sure the committee has them. Testimony for each interim study

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will begin with the introducer's opening statement. After the opening statement, we will hear from invited testifiers, after which we will open it up to the public for testimony. Since we-- since this is an interim study of the hearings, there are no proponents, opponents; it's just testimony and we're gathering information. We ask that you begin your testimony by first stating your first and last name, and spelling them for the record. We ordinarily use a four-minute light system in Urban Affairs, but we don't have that with us, so we're going to try to do four minutes, and I'll let you know when there's one minute left, and to wrap it up when you come close to the four-minute time, I would remind everyone, including senators, to please turn off your cell phones or put them on vibrate. First, we will begin with today's hearing with LR69 And since I am the introducer, I will turn things over to Senator Hunt.

HUNT: Thank you, Senator Wayne-- if you'd like to introduce LR69.

WAYNE: Thank you, Vice Chair Hunt and members of the Urban Affairs Committee. My name is Justin Wayne, and normally we go down there and testify back. But since we're here, we're just going to talk and have you guys come up. First, I want to thank the city of Omaha and Douglas County for allowing us to use this facility. We really appreciate it. We were trying to find something to meet the CDC guidelines and this was available, so I really do appreciate that. Should've said that in my opening, but oh well. Again, my name is Justin Wayne, J-u-s-t-i-n W-a-y-n-e, and I represent Legislative District 13, which is northeast Omaha-- northeast Douglas County and North Omaha. In 2020, the Legislature passed LB866, which adopted the Municipal Density and Middle-- Missing Middle Housing Act. Among the requirements of the act was required-- requirement that, on or before July 1st 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 Urban Affairs Committee regarding its current effort to address the availability of, and incentives for, affordable housing. Since this is the first time the cities have filed the reports, I introduced LR69 to provide a forum to hear from committees, to let the committee hear from the cities firsthand the challenges they face in addressing the shortage of affordable housing. The broader purpose behind L-- LB866 was to explore the role of municipal zoning requirements and what they-- how they play or may play in making it more difficult in building affordable housing and examining the ways the Legislature can continue to provide local tools to promote affordable housing and its development. At today's hearing, the committee will receive invited testimony from six cities and their

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reports: Omaha, Columbus, Fremont, Lincoln, Bellevue, and Papillion. I look forward to the presentations today and I'd be happy to answer any questions the committee may have at this time.

HUNT: Thank you, Senator Wayne. Are there any questions from committee members? Seeing none, we have a series of invited testimony for LR69, and we'll make sure that everybody gets a chance to testify. But I'll start by inviting up Mr. Derek Miller, from the city of Omaha. Welcome to your Urban Affairs Committee.

DEREK MILLER: Good afternoon, Chairman Wayne and members of the committee. I'm Derek Miller, with the city of Omaha Planning Department; that's D-e-r-e-k M-i-l-l-e-r. Rather than going through our 33 pages of our report, I passed-- you all should have a copy of a prepared presentation, and we can go through, hit with the high-level points and then, at the end, ask questions if need be. So the first couple of pages, basically, list out the requirements of LB866 on the state-required report. The next page gets into-- and I think most communities, when I looked at their housing reports, get into talking about their zoning and how many dwelling units per acre are allowed within each of our-- each of ours and theirs-- residential zoning districts. And then the next page really gets into residential uses by zoning classification. When we first saw this requirement to really detail out the requirements of our zoning regulations, that's pretty hard to do, and it's pretty extensive, so we tried to meet the intent of the law. But moving on to-- the 6th page of the presentation really gets into the next question, as far as total area zoned, for everything that has residential zoning within our corporate limits. And that's about 44,000 acres, and then, of that, 6,000 acres allows by rights, missing housing-- missing middle housing and multifamily housing. One of the nuances, we have other zoning districts that allow residential zoning, multifamily, missing middle, and that's our mixed-use zoning, and some of our newly adopted TOD zoning. And when you add that into-- and this is all again, this is all in our report-- that brings it up to 23 percent of our area zoned within the city limits that allows multifamily or middle housing. And then, when you get into adding our entire ETJ, our jurisdiction, that gets-- just for the residential zoning, it allows multifamily, missing middle-- that's 12 percent. And then when you add in the zoning-- other zoning districts that allow missing middle housing and multifamily, that's about a little less than 12 percent. Then getting into the next page, on page 8, permits for new residential construction for the last five years. It basically gives a broad overview of the total number of units, by year, for single family, multifamily, and then middle--

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middle housing and gives all the percentages. And then the other requirement, looking at what we have annexed over the last five years for single family, multifamily, and middle housing, and the percentages, as well. And then, the next requirement was cost per unit. Most of this we did, reaching out to our development community and also used internal data from our Community Development Division within the Planning Department. And when you look at single-family housing, currently it's about \$227,000 per unit. That's east of 72nd, that came from numbers from our Community Development Division. Compare that to west of 72nd, it's \$260,000 to \$310,000. The difference there is the numbers-- our numbers doesn't include land value, land cost. So that's why there's a difference there. When you get into multifamily, it's around \$160,000 per door, per unit, with 100 units or more. And then for townhomes, it's around \$240,000 per unit. And again, multifamily and the townhomes may vary depending on building in suburban areas versus building in our urban areas with constrained environments. Costs tend to go up in more constrained environments. Page 11, we got into density incentives and frequency of use. So the first one is our planned unit redevelopment overlay district, a very popular tool that we've utilized over 50 times, probably more now that we've gone through a couple of months or a-- yeah, a couple of months of new planning, more cases that was enacted in 2014. That tool was-- made it more flexible for infill development, made it more-- and it's-- like I said, it's been very popular. The next one: accessory dwelling units. Back in 1987, the city of Omaha adopted the ordinance that we have today for zoning that included accessory apartments. Those are allowed today. However, there's quite a cumbersome process to get there. Back in last year we adopted our TOD zoning districts that also included accessory dwelling units. So as of today, we have-- have-- have not had any accessory dwelling units approved in the city of Omaha. And then transit-oriented development, which again-- the simplest way to put that is, it allows more density, more units, and it's more of a form-based type of code rather than a suburban-based type of code. And since 2020, last year, we've approved four cases for developments. The next is walkable residential neighborhood zoning which, again, allows accessory dwelling units and is more flexible. That was approved in 20-- 2007; we've had zero cases. And then finally, since 1980, which predates our existing 1987 ordinance, our inclusionary density bonus, which allows more dense development if you have affordable units, anywhere from 5 percent to 20 percent. That was enacted in 1980, and we've had none follow that route to use that density provision. Moving on to page 12, talking about incentives and frequency of use. So in 2020, this comes

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out of our state TIF report that we put together on an annual basis. It gives you an overview, broken down to how many units that have been approved; it's 975 five housing units in 2020, utilizing TIF. So then really the main two incentives we have for development and for affordable housing is through tax increment financing and LIHTC, or low-income housing tax credits. And then page 13 kind of gets in the demographics. I'm not going to cover this to a great degree, because we put a lot of effort and a lot of information into the report. And you can go over that, if you haven't already. Then we get into the market trends. We had a good section on market trends just because I've had a lot of recent reports, recent studies to pull from. It really gets at the supply side and the demand side. And this explains, through either materials, inventory on the supply side, what's impacting affordable housing, and then on the demand side, income and cost burden, loss of affordable units over time, rising appreciation, appreciation and increasing population. And then the last two pages are pulled from a report that a local foundation did a couple of years ago, a housing assessment for Omaha, Council Bluffs. And it gives a breakdown of how many units we'll need over a certain time period in the future. So on the next-to-the-last page-- page 16 gets into what-- what is the gap in financing that we need to have to build the housing that we need to provide, depending on the population that we we'll-- we'll see over the next 20 years. And it's quite timely. There's a World Herald article that came out today, talking about our population because all the community populations came out recently. And then finally, the last requirement, talking about our efforts to adopt an affordable housing action plan. In the next three to four weeks, we're going to issue an RFP to complete a housing action plan, as described by the state law, update our consolidated plan at the same time, and also update our AFFH, or our Affirmatively Furthering Fair Housing-- surprised I was able to get that out-- so fun to say. And then-- so we'll start the process in January, complete it in late fall, and have it approved by Council by the end of next year. So that was a lot in a short amount of time. I don't know if you have any questions for me?

HUNT: Thank you, Mr. Miller. Any questions from the committee? Senator Blood.

BLOOD: Thank you, Chairperson Hunt. And thank you, Mr. Miller, for coming in. I know that you have a lot of information in here. I am curious about the TOD. Can you touch down on that a little bit, 'cause it showed that you had four zonings to date? Can you give me an idea of where that's at in the city and how that's been working?

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DEREK MILLER: Yes. So the TOD zoning, there was a major effort by the-- by our department, and our partner, and our community partners. But basically, the TOD zoning covers an area from 10th and Dodge to 680 and Dodge, a half mile north and south. And it's an opt-in tool. The developer can come in and opt in, and rezone his or her property to TOD. And that's more of a form-based code and less of a use-based code. So we want to get the correct form right, so basically funnel in and provide development that will support transit-- our new orbit route on Dodge Street. It's going relatively well. The thing is, is with the TOD, we-- we learned a lot from our PUR, our planned unit redevelopment tool. Over the last several years with that, took everything we learned from that and put it into this TOD-type zoning tool. So it's-- it's a more flexible tool, and again, like I said, it allows more density on the site and really get in-- a major feature of that is the urban design. We're not just putting a bunch of density along Dodge Street. At the same time, we're actually providing a better end product for the neighborhoods. And equally as important is, it needs to fit within the neighborhood. So we spent a lot of time drilling into the neighborhood and meeting with neighborhood associations and other partners along Dodge Street to make sure we get it to fit within the existing neighborhood, because that's very important, that new development and redevelopment-- refill development puts it then with the existing context. So that's the easiest way to say it right at this point. It's pretty complicated. I could go on for a few hours, but I don't know if you want that.

BLOOD: Would you say that-- I'm sorry, I didn't mean to talk over you; I apologize. Would you say that, when it comes to these dense, mixed-use neighborhoods, though, that it's been kind of a natural fit?

DEREK MILLER: Yes, yes. And there are some areas where it doesn't, but there's some--

BLOOD: Right.

DEREK MILLER: --historic districts that we actually pulled out of the-- out of our TOD policy area just because it's the zoning patterns, the existing land use, the existing zoning, like I said, and the historic nature of those areas really didn't fit, and we wouldn't really see any redevelopment in those areas anyway. There are other areas like our Blackstone District that have seen tremendous amount of redevelopment, and that-- it's been working pretty well in there. They're still utilizing the plan re-- planned unit redevelopment tool, but we're slowly transitioning to the TOD tool. So it's more permanent

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and long-term. The PUR tool is more temporary in nature. But yeah, it's-- from what we've seen from the four cases, five cases to date, it's been well received. There-- on all of our infill development, we see a lot of input from the neighborhood because, you know, they're concerned, their neighborhood is changing. They want to make sure--

BLOOD: Right.

DEREK MILLER: --what's happening in their neighborhood is done correctly. But so far it's been pretty short. I-- was in September there, when we had-- about September, the council approved it. So it hasn't been that long, so it's a more long-term game here.

BLOOD: Well, I appreciate you explaining that because, when I read through all of that, that was the one that really I found to be the most interesting because it seemed like such a logical fit.

DEREK MILLER: Um-hum.

BLOOD: And you're telling me that, indeed, that's exactly what happened. So thank you for--

DEREK MILLER: Sure.

BLOOD: --for answering the question.

DEREK MILLER: You're welcome.

HUNT: Thank you, Senator Blood. Any other questions from the committee? Senator Wayne.

WAYNE: Thank you. I noticed that walkable residential district neighborhood zoning districts was created in 2007, and the inclusionary density bonus was created in 1987, which are both tools designed to incentivize multifamily units. Yet nobody's used them. So has the city dug into why nobody used them and how are they planning to restructure these tools to incentivize people to use them?

DEREK MILLER: Well, at the city level, we come and we receive cases from developers about sorts and sizes. But as far as-- honestly, I can't really tell you why the density bonus tool hasn't been used to date. I just don't think developers have wanted to use it. There could be a sense that they don't know about it. And when we have the chance, we talk to the development community, we mention it. But as far as a specific reason why it hasn't been used, I'm not sure. Maybe it's more

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on the financing side of things. Maybe it's more complicated on financing to make these developments happen. I'm not sure.

WAYNE: I mean, just with the big push of affordable housing, clearly, if we have a tool and it's not being used-- I mean, 'cause when we try to introduce a bill to include density bonuses, every city said they was against it and they can do it. And here you have a tool that has sat since 1997. And clearly affordable housing in Omaha is a big issue,--

DEREK MILLER: Yeah.

WAYNE: --but it hasn't been used. And so I'm just taken a little bit back by that. On page 11 of your report, it shows that the overwhelming majority of the residential units that are annexed are single-family residential units. And I'm assuming most of them are because of SIDs. If the city could require new SIDs to contain certain percentage of affordable housing, do you think that would help generate more affordable housing since the-- that's typically how the city of Omaha grows, is using SIDs?

DEREK MILLER: I mean, we talked about that. When you-- when you get to that level of detail, I think more discussions would need to take place. Just throwing down the hammer instead of a carrot would be difficult to do. So I think, getting into next year when we get into our housing action plan, I think that's the area where we can have those conversations to work those details out, because not having those conversations, I think would be problematic, both for our elected officials and our community. But a big part of this housing action plan, for me, is just education and discussing what the issue is today. And a lot of us that are in this business and are related to housing and development, we understand there's a huge problem with affordable housing; the general community doesn't. And so until we have a full conversation with the whole community, I don't think we can have those requirements put into place until we have that.

WAYNE: I'm not, you know, picking on you per se, I'm just trying to-- I'm trying to figure out that, 'cause-- since I've been in the Legislature for five years, affordable housing has continued to be-- at least for the last five years-- so why haven't those conversations occurred?

DEREK MILLER: I think they have been happening. I-- we don't have a community-wide conversation happening. I don't think your regular

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people like my parents, they don't-- they don't think we have an affordable housing issue. I know that people, like I said, the people that work in this area, from our nonprofit builders to our for-profit builders and foundations, they understand there's a problem. I mean, the local foundation that paid for that housing assessment,--which they had, that was done in 2019-- so I think they've been-- they were working on that for quite a while. I think, now that we have the tools like that housing assessment, and the conversations that are happening at the state level with your work-- more people are understanding there is a problem. But I don't think we've got to that tipping point within the community that has brought the issue to light.

WAYNE: Thank you.

HUNT: Thank you, Senator Wayne. Any other questions? I have a couple, Mr. Miller. So I'm looking at the-- at the packet here, and it says you have 975 housing units that were built with tax increment financing. Right?

DEREK MILLER: Um-hum.

HUNT: How many of those 975 units were affordable?

DEREK MILLER: I knew you were going to ask that. And it's in the report. Here it is. On page 16 of the report, it breaks it down even further, at the bottom of page 16. So 975 housing units and then other-- for owner-occupied, there's 12 single-family houses. And then under renter, there were 84 units.

HUNT: So 96 out of 975 housing units built with TIF, with-- with tax increment financing were affordable. Why so low?

DEREK MILLER: That I can't answer. I do know, within the last-- actually it was in the last couple of months-- we have seen-- how many projects, Eric?

ERIC ENGLUND: Just in here.

WAYNE: State your name for them.

ERIC ENGLUND: Eric Englund, E-r-i-c E-n-g-l-u-n-d, assistant planning director for the city of Omaha Planning Department. I just wanted to add, sometimes, you know, when we do the reports on the calendar cycle, we have had probably four or five TIF projects that have approved or are at planning board stage in the first half of this

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year, probably totaling about 400 or 500 units with the TIF project. So you know, whether that's just, you know, an isolated scenario, if we do the same report next year, those those numbers would be at least--

HUNT: OK.

ERIC ENGLUND: --five-fold.

HUNT: What was your last name, Eric?

ERIC ENGLUND: Englund, E-n-g-l-u-n-d.

HUNT: OK. For future-- for testifiers, you'll have an opportunity to come up and speak, so we'll just do one testifier at a time in this hearing. But Mr Miller, could you tell me-- I was also interested in this other slide about transit-oriented development. How many affordable units have been built along transit-oriented development routes, so those routes where there's public transportation?

DEREK MILLER: Yeah, so in TOD right now, it's-- it's just on the Dodge Street corridor today. Hopefully in the future, we'll see more of that. Out of the four cases, I don't believe any of those projects had affordable housing.

HUNT: OK. You don't think any?

DEREK MILLER: Not-- none of those four.

HUNT: OK, ok. Thank you, Mr. Miller. Any other questions from the committee? Seeing none, thanks for your testimony today.

DEREK MILLER: Sure.

HUNT: And again, we'll make sure that everybody has a chance to come up and testify. So if you have thoughts based on things that you've heard in this conversation, or you have things to clarify, just go ahead and come up later. Next, I'll invite Tara Vasicek, from the city of Columbus. Welcome to your Urban Affairs Committee.

TARA VASICEK: Thank you. Thank you for having me. You all obviously have the report from Columbus, so rather than going through it page-by-page-- of course, if you have questions, I will answer them-- but I wanted to just kind of talk through the issues related to housing in Columbus. Obviously, it's going to be very different than

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what's going on in Omaha. For example, we have a planning department of one, and that position is currently vacant, which is why you have me here. So the city of Columbus has made a positive impact on the availability of housing in the community, over the last few years, by attracting and incentivizing housing projects of all kinds: workforce housing, a few affordable housing, market rate housing. In 2019, with the utilization of tax increment financing, local economic development funds, and rural workforce housing funds, the city was able to attract two apartment complexes to Columbus. Before those two projects, any-- no apartment complexes, actually, in 22 years in Columbus. The majority of those units are market rate, but their availability on the market has caused a minor shift in the market, causing those less desirable or older units to not increase their rental rates, or at least maintain their rates, which is unusual in Columbus. Year over year, no matter what the condition, with the age, those rents are increasing. So we've been able to at least hold that a little. Columbus is not unique. We're living through the simple law of supply and demand, a shortage in housing supply and an increase in demand. As you all know, it's not a singular problem that is contributing to the housing crisis. We're also experiencing extreme shortages in many areas, including affordable land, infrastructure contractors, electricians, plumbers, framers, developers in general, general contractors; we're short in all those areas. This is all contributing to increased costs to build new or rehab existing units. In the last few years, Columbus has taken many actions to encourage housing, and I've listed a few for you here in this overview. Number one is, we updated the Unified Land Development Ordinance. We've-- in Columbus, we've allowed planned unit developments for 22 years. We'll continue to allow planned unit developments. Not very many developers use that tool. We also, when we updated the LDO, we allow housing by right in downtown above the first story, no off-street parking required. We have allowed accessory dwelling units for 22 years, no off-street parking required. Not very many people use it. We-- in our update recently here, we increased density allowances in all zones just by right. There isn't any requirement to put in affordable units or-- or anything like that. We just increased it because-- mainly because of the cost of infrastructure and land. That alone is escalating the price of housing, and if we don't do something to give developers a tool to lower that, then we're just-- we're just paddling upstream here. We also, in that LDO update we've got-- we added an additional zone, and it's called nontraditional housing. So that allows much smaller lots than previously-- than previous zones allowed, and allows all housing types, so everything from mobile to tiny homes, container

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homes, and everything in between. The second thing that I wanted to hit on is that we're-- we completed a community-wide blight and substandard study and designated ten areas. We did that in late 2017. So between 2018 and currently we've had 380 housing units utilize tax increment financing. Obviously, those projects would not have happened without TIF in Columbus. Two of those were those apartment complexes I talked about earlier. Number three, we received two rounds of the Rural Workforce Housing Funds. In 2018, we received \$850,000. We used our local economic development fund, \$750,000 matching, and raised other funds locally. In 2020, we got another \$750,000 from Rural Workforce Housing, and are working right now on soliciting projects. I'll talk more a little bit about that later. Number four, we reauthorized our local option sales tax for economic development, and encourage-- with every housing developer, anybody that expresses any interest in doing any housing, we give them that tool. We funded the Rural Workforce Housing, we funded infrastructure. We're promoting the use of those funds for revitalizing older housing units, missing middle types in existing neighborhoods and in existing structures. We haven't had anybody use those tools yet. Number five, we hired a planning and economic development coordinator to focus on housing specifically. That position is vacant right now. It's very hard to find qualified staff and keep them around. Number 6, in July, 2021, we received a NIFA grant for updating our 2017 housing study. As part of that study, we'll be getting that affordable housing action plan done considerably quicker than the-- the new law requires us to, because we are interested in doing as much as we can for housing and affordable housing, as well-- especially. Columbus has ex-- had experienced-- you'll see at the top in just the stats-- 2016, 88 new housing units, 2019, 351 new housing units. So we've done things to make a positive impact, but the downside to that surge, many developers that were interested in Columbus couldn't continue to-- didn't expect the market to continue to absorb that many new houses. A year or so projects that we had had in the pipe stopped 'cause they were worried that all those new units coming on their project wouldn't be as successful as those first ones coming on the market. And then COVID hit, so a lot of even our local developers slowed way down on what their plans were. Today, this morning, I looked up-- there are over 2,000 jobs available in Columbus and there are 30 homes on the market. So this is not just an affordable housing issue. This is an all housing issue in Columbus. The 80-unit apartment that I-- one of the apartments, was-- at just 80 units-- it opened last summer and, in less than one month, it was 100 percent occupied, and 40 percent of those people were new to Columbus. We have another 180-unit complex that's opening one building at a

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time. Each building is full-- fully leased before it's opened to the residents. And we haven't gotten percentages on new versus existing on their residency. So our last housing study estimated that Columbus' adult population nearly doubles during the normal workday due to employment within the community. Many of those families want to live in Columbus-- I hear this on a daily basis-- but cannot for a number of reasons that I've talked about: affordability, just pure lack of housing. We're working to attract more projects and cause 2020 building permits to look a lot like that 2019 number, but there are major barriers. Right now we have about \$2 million sitting in our revolving loan fund from the Rural Workforce Housing. And developers-- two developers that used the first round are telling me they probably won't even apply for it because they do not believe that they can build owner-occupied units for less than \$285,000 that the Columbus market demands. So there's lots of issues, and it's not just related to affordable housing. It will be difficult for residents to-- we've talked to a number-- a number of times in public forums about what else we can do at the local level, getting more creative, talking about missing middle, talking about increased density, accessory dwelling units, even the Airbnb by right in all residential zones. Those things in Columbus are not popular. They're difficult conversations for us to have. The open-mindedness is not there. So we're trying our best to educate the community. But I just wanted you to know that ,as state senators, that at the local level outside of Lincoln and Omaha, people don't want multifamily units in R1 districts. R1, to them, is single-family residences only. So, too, and the question that came up earlier, I kind of wanted to address-- address because, when we updated our-- our Unified Land Development Ordinance, we talked a lot about required percentages of open space and required percentages of affordable housing in certain developments. And the developers simply said: You're just shifting the cost, you're just going-- you're requiring affordable units, but you're just going to make those market rate units more expensive, you know. So is that something we want to do to developers that are already struggling now? I mean, that's-- that's difficult all around. So we're, of course, interested in any incentives that are available. We've applied for every incentive and received every incentive that we can in Columbus, but we're still struggling. You guys have any questions?

HUNT: Thank you. And can you spell your name for the record for me?

TARA VASICEK: Sure, it's Tara, T-a-r-a, Vasicek, V-a-s-i-c-e-k.

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HUNT: Thank you very much. Any questions from the committee? Senator Blood.

BLOOD: Thank you, Chairperson Hunt. So I've been writing numbers down while you've been talking, and-- and I don't want to get too far off track, 'cause we're here talking about affordable housing. But one of the issues that I hear you saying isn't necessarily the affordable housing as much as you have 2,000 jobs that you can't fill. But then I looked up what the average wage was in Columbus, and it looks like it's around-- individually, not household-- \$24,862. And if you spend 30 percent of your income on housing, which is kind of the rule of thumb, you're spending at least \$200 more for housing than you're supposed to be spending. So even if we were to provide housing, I see like this the cycle that you guys need to pull out of.

TARA VASICEK: And we are--

BLOOD: But what can we do to encourage people to pay people more money, maybe, so they can afford to live even in affordable housing?

TARA VASICEK: Yeah, our median household income is over \$50,000 a year. But I agree with you. And Columbus is like probably most compete-- communities Columbus' size. We are not working to attract those employers that need 300, 400, 500 jobs. We are not working for that. We are working towards higher-income earners, you know, and we have done a good job of-- of that. But we also-- Columbus is the most industrialized, per capita, city in Nebraska, and we have existing employers that we need to maintain in Columbus, as well.

BLOOD: Absolutely.

TARA VASICEK: And they have to run a business, as well. So I can't-- we've tried, but I cannot go to BD Medical and tell them that their job is now to address affordable housing. So that's not their job. Their job is to run their business.

BLOOD: But I-- I expect--

TARA VASICEK: I get what you're saying.

BLOOD: Do you hear what I'm saying? I mean, would you need affordable housing if you're paying people a living wage?

TARA VASICEK: Right.

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BLOOD: And that's-- that's-- looking at your numbers, I think that that's part of the issue that I see here in Columbus. And I was curious that there isn't anybody even addressing that. Do you know what the average pay is for those 2,000 jobs that are open?

TARA VASICEK: They're probably around-- well, when we did our last housing study, that average, per hour for an hourly employee, \$17.50.

BLOOD: Thank you.

HUNT: Thank you, Senator Blood. Any other questions from the committee? Seeing none, thank you for your--

TARA VASICEK: Thank you.

HUNT: --testimony today, and thanks for coming to Omaha. The next invited testifier we have is Dan Marvin, from the city of Lincoln. Welcome to your Urban Affairs Committee.

DAN MARVIN: Thank you for having me. My name is Dan Marvin, D-a-n M-a-r-v-i-n, and I'm from the city of Lincoln. I'm with the Urban Development Department. Let me begin by just kind of giving you a snapshot of where Lincoln is right now, so you can get a picture of the issues that we have with housing. In the city-- you know, the MLS will tell us there are 40-- 439 homes for sale in Lincoln right now. Of those, 151 of them are new, 288 are existing. Of the 288 that are existing, 246 are single-family homes, 90 of those are for sale for under \$200,000, 60 are for sale for between \$200,000 and \$300,000, and 96 are for sale for over \$300,000. So we have a very small inventory of homes in the city of Lincoln, probably a population of about 275,000. I think some of the comments that I'd like to make really focus on Section H, which are really the incentives on how we're trying to address affordable housing. We do use tax increment financing to address affordable housing. Normally what we embed into TIF agreements would be a percentage of those homes or of those apartments to be available to a 60 percent area median income at a 30 percent cost burden level. And it's to find out in those TIF agreements, we have been using extremely blighted, which then has asked us to ask for additional units. We haven't done too many programs under the-- under the 20 year TIF. But that would also not only yield additional units, but also we would create an affordability period that runs the length of the TIFs, so that would be stretching it from 15 to 20 years. We are working on providing low-income housing tax credit projects. That's something that has not happened in the

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city of Lincoln for a very long period of time. We did get two LIHTC projects done in this current year. One is a 100-unit project that addresses affordability. One is one for our-- our VA campus and would provide affordable housing for people in the service, too. In the past, we've used a tool called turnback tax, which is unique to Lincoln. These would be turnback dollars that come to the city of Lincoln, and there's an override where-- where 10 percent of those funds can go into an affordable housing fund, and we've used those dollars to help generate additional affordable housing units. We did that in the downtown area and that, in conjunction with tax increment financing, yielded an additional 41 affordable housing units for the TIF period. We're working on creating a consortium, and we're-- we do have a CDFI in the city of Lincoln. So the CDFI, we believe, can play a role in helping address housing affordability, be a lender of-- that provides some gap financing to affordable housing units. On the zoning issue, well, one of the things, I want to thank this committee for adopting both the bill and in this legislative conversation that we're having today, is it generates conversations within communities. So for instance, and this is all anecdotal, but we had a developer come into a meeting and I said to him, I said: Tell me how you design your apartments. And he says: Well, I'll tell you, we design our apartments from the-- from the parking lot forward. First, we have to look at our parking lot to know how much land we can build on for our apartments. And so that created a conversation where we started within the Planning Department, Urban Development, and then with developers, which has then yielded a change in our zoning requirements for the number of parking units that we require on our apartments. We've gone from two parking stalls per apartment unit to one and a half parking stalls. And this isn't to drive cars to be parked out in the street, because, as someone that's worked for the neighborhoods, I can tell you that that's an irritant for neighbors. But it's data driven, and we found that the number of parking-- cars that people are needing today are different than the number of cars might have been in place when those original zoning codes were put in place. So we work with neighbors, we work with developers. And this has created an ability to increase the amount of density, lower the cost for those apartments because they're building more units on the same-- on the same number of-- on the same amount of land. And all of that, I think, is-- is, in part, an outgrowth of LB866. It's created those kind of conversations. Reports that are being filed here or being asked to file by communities are creating those kinds of conversations on how to address these kinds of issues. And so these changes in the zoning code that we've had, our way to address that-- our city council just

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recently made some amendments to the mayor's budget. And included in that budget are an additional three quarters of a million dollars that will be used towards affordable housing. Again, all of that, I believe, is an outgrowth of the conversations that documents like this are creating in communities, to try to address that. When we start back at the top, when I say we had 439 homes for sale in the city of Lincoln, no, we haven't addressed that problem. But we are-- we are encouraged to work towards coming up with solutions that help address that problem. And I think that's what LB866 has done, and other issues such as that. I think the other thing that we are working on in the city of Lincoln is the most affordable housing is the housing we currently have. So we can't let the housing stock that exists, the buildings that were built in the '30s, the '40s, and the '50s, apartments or homes that were built on the go, that's our affordable housing stock. So how do we create mechanisms to rehab those properties but don't rehab them in such a way that it drives rents up to unaffordable levels. To address that issue, again, we've used tax increment financing for projects that we've done. We've created a district TIF in the SoDo neighborhood, which is an area near the Capitol. And that neighborhood will have District TIF, that then will allow grant opportunities back to apartment operators, but to apartment operators who maintain the existing rent levels. But then we can use that to help. We have the existing housing stock. So I think we have to do the twin goals of creating additional housing within our communities. But at the same time, we have to try to figure out ways of coming up with funds to address the current housing stock and try to keep it in rehab shape so that it can be maintained-- and be maintained and still be able to provide affordable rents. With that I'll stop, and I'd be happy to answer any questions.

HUNT: Thanks, Mr. Marvin. Any questions from the committee? Seeing none, I appreciate your testimony today.

DAN MARVIN: Thank you.

HUNT: Thank you. The next invited testifier we have is Jennifer Dam, from the city of Fremont. And then, for everyone's information, after that I have Tammi Palm, from Bellevue, and Mark Stursma, from Papillion. And then we can open it up for public testimony. Welcome to your Urban Affairs Committee.

JENNIFER DAM: Good afternoon, senators. My name is Jennifer Dam, J-e-n-n-i-f-e-r D-- as in David-- a-m-- as in mother. I'm the planning director with the city of Fremont. Thank you for the opportunity to

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testify today. The city of Fremont recently partnered with the Greater Fremont Economic Development Council to update the housing study for Dodge County. This was required due to the floods of 2019, as well as the opening of the Costco chicken plant. We will be working with GFDC to develop our housing plan. The city of Fremont, at the time of the plan-- the study-- had about 2,000 units in apartment complexes and lots that had been approved. Hanna:Keelan noted that the additional housing demand would be 635 owner units and 506 rental units by 2026. If we have a big economic development surge, a company with 1,000 additional jobs, the workforce housing demand would grow to over 1,500 units. Currently, all of our zoning districts allow multifamily housing, duplexes, quadruplexes, single-family detached, except in the rural district. However, the only districts in which multifamily housing is allowed by right are the general commercial and downtown commercial developments-- or districts. All of the other districts require a conditional use permit, which requires review by the Planning Commission and City Council. That process can add two and a half months or more. Several-- several of our recent developments have been quite controversial and, in some cases, have added over six months to the development-- to the timeline. We do have reasonable minimum lot sizes. They vary from 3,500 square feet with a minimum lot width of 30 feet, to 11,000 square feet with a minimum lot width of 70 feet. The higher lots are typical of what you would find in your traditional suburban development. The lower ones are typical of an older part of town. This provides an opportunity for that range of housing types and also for infill development. Many of the lots in the older parts of our town would not be buildable if we didn't have these requirements. Our mayor, our city council are very supportive of ensuring that the lots in the older parts of town can be built upon, and that individuals can renovate or rebuild the housing in those areas. We're currently in the process of updating our comprehensive plan and zoning regulations. We will be presenting the initial framework for the land use plan next week. And we have many-- many months ahead of us to have these kind of conversations. Some of the most challenging things that we're running into are construction costs. However, first I'll talk about the increase in housing. With the opening of the chicken plant, the growing workforce has led to an increase in the construction of the middle-type housing, particularly 2019 and 2020. We had no multifamily units constructed in 2016 or 2017. We had 12 duplex units, 12 triplex units, and 39 multifamily units in 2019 and, by 2020, we had 52 duplexes, nine triplex units, eight fourplex units, and 260 multifamily units. So we have seen a big surge in middle-type housing over the last couple of years. We've had

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a variety of subdivisions that offer a range of housing, and I'll-- I'll provide an overview of those. Sunridge: it was the first housing development and it was controversial because it did have mixed density and is more dense than what has been traditionally seen in Fremont, which is the large lot, single-family detached development. It has lots that can accommodate-- small lots that can accommodate single-family detached duplexes and multifamily lots. A 39-unit subsidized apartment complex has been developed. There's about a dozen new houses and duplexes that are split down the middle, so there's a-- each side is on its own lot. The new housing is sized from about 1,200 to about 1,500 square feet. The Bluestem Commons development was also controversial. It contains a number of row houses, which is a fairly new development form in Fremont, detached single-family, triplex and duplex units, as well as multifamily units. The first 25 units that have just recently opened have received NIFA tax credits. Bluestem Commons is in an SID. It's our second recent SID. Gallery 23 was our first recent SID. It's a market rate, mixed-use development that will contain commercial uses, single-family row houses and multifamily. To date, we've developed four sets of row houses and about three single-family houses. One of the issues in Fremont is that we have a very high water table, and a lot of the area is in a floodplain. In Gallery 23, the water table is very high, so the houses have to be built on a slab, which is a product that people in the Fremont area aren't accustomed to. People like to have a basement, so that-- that has been a little slow. The Fountain Springs development is a 55-plus multifamily development. Upon completion, it will contain 216 units. It is the only housing development that we've used TIF on. The school supported that because it was for elderly housing. The school has been reticent to encourage TIF financing for developments where there would be children using the schools. And finally, Fremont Commons is a market rate, multifamily project that has received the Workforce Housing grant. The housing costs in Fremont are high, like they are across the state. According to data from realtor.com, the average listing price this June was \$271,000, the median listing price was \$225,750. So that shows you that it is skewed to the more expensive housing. And that compares to a meeting held-- median listing price of \$169,000 in 2019. There are 75 homes currently on the market; 51 of those are pending and 23 are available. Rents are similarly high. A two-bedroom house can range from \$600 to \$1,500 a month. But one of the local realtors shared with me that you would have to spend at least \$1,200 a month to rent a decent, livable house for a family with children. The modest single-family homes that I mentioned in the Sunridge development are currently listed between \$255,000 and

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\$340,000. I talked to four of our developers and our assistant city administrator for utilities, about the costs of development and the costs to extend utilities. Land costs vary greatly across the city, as does the requirement for fill, and that has an immediate impact on the cost of development. As I mentioned earlier, a lot of the land around Fremont is in the floodplain or there's the-- the ground is gumbo kind of a condition. So you have to take out the bad soil, bring in better new soil, which adds a lot to the cost of development. The estimate, a reasonable estimate-- estimate that I got across the board from the four-- the cost to develop a lot-- not construction, but just the development costs that include land, holding costs, design fees, legal and infrastructure-- ranged from \$35,500 to \$45,000 per lot. City costs include the cost of oversized water and sewer mains, paving the intersection, over-wide pavement, gas mains; and that's about \$5,300 per lot. For multifamily development, for the 55-plus development, the costs there were almost \$21,000 per unit. Two of the developers shared that there is a persistent gap of between \$25,000 and \$35-- \$30,000 per lot of what it costs a developer to build a unit and what is affordable for the community to spend. So if you had a-- rent needed to be \$1,100 a month, based on the cost of development, the community might only be able to afford \$900 a month. Likewise, with single-family housing, what they found is that a house needs to sell for at least \$240,000, but to be affordable, the rate would be about \$200,000. One of our developers said we can't build ourselves out of the affordable housing shortage; it just isn't financially feasible. In terms of incentives, our Unified Development Code doesn't allow for density bonuses. We do allow accessory dwelling units. The density bonuses have not been utilized to date by a developer. We've used tax increment financing for one development. We have donated \$1 million to the GFDC Here We Grow Homes Fund, and the GFDC does a lot-- has a number of programs to provide, with affordable housing and gap financing. I've attached, to the back of the packet, a number of pictures of the middle-type housing that are under development in Fremont. And with that, I'm happy to answer any questions.

HUNT: Thank you, Miss Dam. Are there any questions from the committee?

WAYNE: I got a short one.

HUNT: Yes. Senator Wayne.

WAYNE: It appears that, in contrast to Omaha area, the use of SIDs in Fremont has been used more frequently to do affordable housing, at least multi-unit housing. Is this primarily by developers' choice or

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has this been-- what-- or what steps did the city take to promote or promote this type of development in SIDs?

JENNIFER DAM: in the past, SIDs just really hadn't been used in Fremont. They're --the two SIDs that we have have been utilized by developers that have come in from outside of Fremont, the traditional developers inside Fremont, who own a lot of land in Fremont, that they kind of control the development because they own the land, have just traditionally done it a few lots at a time, and haven't had the need to use an SID.

WAYNE: Thank you.

HUNT: Thank you, Senator Wayne. Any other questions? I have a quick question, too. I'm looking at the pictures of the middle housing at the back of your packet, and when you were talking about housing costs, you were saying that a local realtor estimated it would be about \$1,200 a month to rent a place-- a house for a family with two kids. But does that--

JENNIFER DAM: And that's a [INAUDIBLE].

HUNT: Does that include--

JENNIFER DAM: [INAUDIBLE] house.

HUNT: Does not include apartments, too, or is that just talking about many houses?

JENNIFER DAM: She was talking about a house, and it would be an existing older house in the city of Fremont.

HUNT: OK.

JENNIFER DAM: The Fremont Commons apartment, if you look at that, one of the newer ones, a studio in that complex starts at \$900. And I think that a three-bedroom goes up to over \$1,800.

HUNT: OK.

JENNIFER DAM: I really don't know--

HUNT: That is much more than someone makes on minimum wage,--

JENNIFER DAM: Right.

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HUNT: --of course, which--

JENNIFER DAM: Exactly.

HUNT: --probably should be said on the record. So--

JENNIFER DAM: Right.

HUNT: Thank you for being here today. Any other questions from the committee? Seeing none, thanks for coming here today.

JENNIFER DAM: Thank you.

HUNT: Next I'll invite up Ms. Tammi Palm, from the city of Bellevue. Welcome.

TAMMI PALM: Good afternoon, Chairman Wayne, members of the committee. My name is Tammi Palm, T-a-m-m-i P-a-l-m. I'm the planning manager for the city of Bellevue. Thank you for having me here this afternoon. First, I just wanted to hit a few highlights of the report. As far as demographics go, Bellevue is Nebraska's third largest city, population of approximately 53,000 people. After several annexations in 2019, we anticipate we will be probably over 60,000 at the next census count. One item of note is, approximately 18 percent of our city's population has veteran status, and we are the home to OFFUTT Air Force Base, So that is no surprise. Approximately 16 percent of our residents reported speaking another language, other than English, at home, median age of 33.8. Also, the median household income for the city is approximately \$65,000 a year. Bellevue has approximately 21,500 housing units. Of those, approximately 62 percent are owner-occupied, while 38 percent are renter-occupied. Median value of owner-occupied housing is \$148,000. The median gross monthly rent is approximately \$945. As far as our zoning ordinance goes, we have nine residential zoning districts in our ordinance. Five of these districts permit multifamily housing and middle housing as a permitted use by right. We don't have a specific definition or ordinance for accessory dwelling units. However, since our ordinance was first enacted in 1965, we allowed guest houses as accessories in every single residential zoning district that we have. As far as tools, we do have a Planned Subdivision overlay that is very similar in nature to a PUD overlay. That is a tool that is used frequently by our developers for multifamily and high-density residential housing. That PS overlay allows for flexibility in design and density. It allows flexibility as far as minimum setbacks, also allows for additional density and

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smaller lots. So that is a tool that is very popular, like I said, with our multifamily and our high-density residential developments. Currently 20 percent of our city is zoned to allow for multifamily housing and middle housing as a permitted use. Bellevue is probably a little bit unique for a suburban area, in that we have a fair number of agricultural zoned property, whether it's conforming or legal nonconforming. So a lot of times we will have a situation in which a developer will have to come in and [INAUDIBLE] to those residential districts. In regards to permitting data from the previous five years, we had over 900 single-family residential permits, we had approximately 8 permits for duplexes, triplexes, quadruplexes, and we had 37 multifamily residential buildings constructed, to include over 700 units within those buildings. We-- the software that we currently use, it is a bit hard to differentiate some of that middle housing or affordable housing aspect. So going forward, I think we'll have a better handle on some of those triplex, quadruplex situations. Currently, depending on how it's inputted, there's a situation, or there could be a situation in which those triplexes or quadruplexes are defined as multifamily. So going forward, we will work on that with our software. As I previously mentioned, we did many annexations in 2019. We had over 3,600 units annexed in that five years previous. 25 percent of these units were multifamily or middle housing. We are seeing the trend, especially with our SIDs-- it's been discussed earlier this afternoon-- a lot of our developers are not only doing a single-family component, but they will also do-- add a portion of the development which will be either multifamily or a higher-density residential. Of recent developments that come to mind, we've had developers that have utilized zoning for townhomes and duplexes, in addition to single-family, and those are in our SID developments. I would say that has been primarily market driven. We have developers coming in, and that's what they are wanting to do. As far as housing need, in 2020, there was a study that was done after the 2019 floods, and that was done by the Sarpy County Communities, Nebraska County-wide Housing Study, with strategies for housing affordability. A lot of data contained within that study, a lot of good data for us, moving forward. One of the situations that Bellevue has experienced recently is-- obviously we were hit hard in the 2019 floods. We are still recovering from that. Almost 400 housing units were lost in the 2019 flooding, and those were primarily low-income rental units. And I would say the majority, if not all, of those units were in Bellevue's jurisdiction. So that's one thing we've really been working on in the last couple of years, is getting those areas cleaned up, going through mitigation efforts, and then trying to work with developers to replace

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that gap that has been left over. The study also noted that our greatest need is for three-bedroom units, at an average purchase price in the range of \$165,00 to \$246,000. Also for rental units, two-plus bedroom units with an average monthly rent in the range of \$800 to \$1,200 are the most needed housing types for the workforce population. That study also pointed out that we need to focus on housing rehabilitation to include purchasing, rehabilitating, and reselling or re-renting existing housing units. So I think that's something else that we can focus on. As far as city incentives, encouragement of affordable housing, Bellevue is similar to the other communities you've heard from this afternoon. TIF is very popular. Our city council has been good to-- when statute allows, they have approved those projects. The city has also done items such as waiving permitting fees in certain situations. For example, Habitat for Humanity, when they come in, those requests have been made and been honored by our city council. We have also supported developers using tax credits. Also, in this market where its construction timelines have been extended because materials are hard to come by, workforce just isn't there, the city has really tried to work with developers as far as getting them through the public hearing process and streamlining those requests when possible. So if we have multiple requests in the form of TIF, a rezoning site plan, things of that nature, we're trying hard to really streamline that process and get developers through in a timely manner so that these projects can happen. One of the things that we've been struggling with, just like Fremont, Columbus, again, is construction costs, timelines. We've had a couple projects that were recently approved, utilizing NIFA, and just found out recently that one of those projects is not going to move forward because construction costs came in way too high for them, and they just can't afford to do it. This is extremely unfortunate because, again, the necessity of that affordable housing is needed in Bellevue, as other communities I've heard from. So again, moving forward, we will continue to work with those developers and do what we can to support those endeavors. With that, I'd be happy to answer any questions that you folks have.

HUNT: Thank you, Ms. Palm. Any questions from the committee? Seeing none, great presentation today.

TAMMI PALM: Thank you.

HUNT: Thank you so much for coming. And next, I'll invite up Mark Stursma, from the City of Papillion. Welcome to your Urban Affairs Committee.

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MARK STURSMAS: Hello. Thank you for allowing us the opportunity to testify today. My name is Mark Sturmsma; and that's spelled M-a-r-k S-t-u-r-s-m-a. I am the planning director for the city of Papillion. And again, appreciate the opportunity to come. As others have said, I'm not going to go through the details of the report. You should have that in front of you. I did offer a summary and some-- some new imagery that-- that may be pertinent for discussion today. I don't think it's any secret-- Papillion, for its size, is a high-growth community, you know, for the number of units between 2015 and 2020-- in the report, 3,100 new units. And this year we're-- we're breaking records, at least earlier in the year, on our monthly building permit for residential units. So again, I think it was down in July, due to challenges in getting materials. But we were breaking new records, month by month, through this year. One thing you'll notice in the data that I provided is that the type of housing defined as middle housing is steadily increasing. And so you-- virtually none five years ago and up to-- I think we have one year at 12 percent. So-- so that's, I think, a positive thing. We often talk in terms of housing diversity versus affordable housing. It's very hard for us, as a smaller community, to manage what is charged for rent, what-- what actual costs are. But what we can do is work with our developers on different-- providing different housing types. And I think that that's-- that we're getting more of that is an indication of a changing market and, also, I think the perception that Papillion is willing and actually promoting that type of housing. That changing market, I think, is the result of a number of things. Part of it is demand. If you look at the changes in demographics, you look in-- in what residents are demanding for housing, not everybody wants a large, single-family house with a yard. I think that was, for-- for quite a while, a niche in the market in Papillion. Real-- you know, really, that was part of our identity; we were known for that. But as we continue to grow as a city, as we have grown into providing services, having retail, providing jobs, and-- and have evolved from a-- I hate to use the term "bedroom community," but-- but you know, from-- from that being our identity to, really, a city that needs to be able to stand on its own and provide housing for the workforce and for the jobs that were created. So-- so those have become priorities in Papillion. In terms of what's changed in recent years, I would say the last five new residential developments in Papillion-- some have been approved, some are still going through entitlements-- all have more diversity in housing. We don't see strictly single-family SIDs anymore, as we haven't for some time. And I think that's partially demand, partially that's perception that Papillion is open for

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business, but I think a big part of it is cost. It is almost impossible to be financially successful on a strictly single-family development anymore, with the cost of land and the cost of labor and the cost of materials. And so by incorporating diversity, by incorporating higher-density development into our development, our SID development, it actually makes them more financially viable. So again, that's a good thing because that diversity helps us provide more affordable housing. Things that-- that Papillion is doing to try to accommodate and promote this diversity, we're on the verge of adopting an update to our comprehensive plan. There's some imagery in the-- in the handout that very specifically targets and promotes more diversity in housing and higher density in housing. With the emergence of the sewer agency that creates hope for development south of the ridge line. You'll see the-- the first image shows the growth area in Papillion. We haven't done a lot of planning in that area because we-- it couldn't be served. Now that's possible. The Capehart Road quarter very specifically-- if you think about employment in Sarpy County, you've got Offutt Air Force base in Bellevue on the east. You've got the emerging industrial development along Highway 50 and I-80 on the west, a future interchange along that corridor with I-80. That's an important corridor, so we're planning ahead. It's mostly rural today, but it will develop quickly. We want diversity. We want higher-density residential and, specifically, middle-type housing along that corridor. And so that's-- that's in the-- the handout. Other things that we're doing. We rely heavily on PUDs and mixed-use type of development to allow flexibility in development to accommodate new styles in housing. Sometimes our ordinances don't necessarily keep up with modern types of development. I will say that-- that our zoning ordinances do allow the middle-type housing in all residential districts except R1. And I've been with the city for 17 years. We haven't had a single housing development request for R1 zoning in that time. So why don't we see middle housing in our existing neighborhoods? Part of it-- it wasn't designed for that type. Part of it, you have restrictive covenants that prevent that type of housing. And I think, again, part of it's perception. We've heard some testimony, I think specifically from Columbus, that there is a lot of opposition to building multifamily or even middle housing next to existing single-family. You know, those are uncomfortable public hearings. One of the things we've been doing, we have been building a lot more multifamily in Papillion in the last few years. We've been strategic about locating it in locations that are not directly adjacent to existing single-family. And that's been successful. Moving forward, the-- the new developments-- by incorporating it up front,

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it's already planned, it's already approved, and we avoid that conflict. So we hope that that's going to help us, again, get more diversity in our housing. Other next steps-- in addition to the comprehensive plan that we hope to adopt this year, it has a recommendation of following that up with a housing study. There was mentioned by Bellevue, the Sarpy County housing study. Papillion was part of that. We hope to take the recommendations from that, and then work that into our comprehensive plan, but-- but expand on that and have those discussions about the necessity for diversifying our housing and trying to address affordable housing. And it was mentioned before, the cost of the new. In a high-growth community like Papillion, we're-- we're building a lot of new housing. But it is-- it is almost impossible to build what's defined as affordable housing in construction. That doesn't mean it doesn't benefit us because, when you build new housing, you create opportunity for people to vacate the existing housing that-- that is our affordable housing, move up to something new, and then that older housing opens up. It's not a perfect solution, but-- but it's a practical one. The other thing, hopefully to-- to result from this housing study that we've been talking about is looking at our entitlement process, simplifying it. You know, like I said in our comp plan, we're specifically targeting and promoting the middle-type housing in the higher-density housing. We need to make it easier for developers to do that. And that's something we-- we continue to look at our regulations and make sure that they're matching and making it easy to-- to get the housing that we want. And I think there were some questions about a density bonus. We've-- we've tried tools on-- that promote density, and we've tried to create incentives for developers. Historically, as was the case in Omaha, they simply weren't used. I think that's because developers often have an idea of what they want to build. They've done their due diligence. And at least historically, density wasn't a value in a-- at least in our suburban market. But again, I think that that market is changing. I think the demand, the perception, and the affordability need is-- is making some changes. And I'll reiterate another previous comment. I think the work that this committee has done, that LB866 has really prompted further discussion. I know it's prompted internal discussions in our community and-- and hopefully that will help us all, moving forward. And with that, I'd be happy to answer questions.

HUNT: Thank you, Mr. Stursma. Any questions from the committee?
Senator Arch.

ARCH: Thank you. Thank you, Mark, for being here today. I-- you know, having lived in that district for 30 years, I've seen this transition

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from bedroom community, which is what it was known for. You lived in Papillion and you worked in Omaha. And now you see larger employers coming in, and I-- you can't help but drive around the district and you see, you know, multiple apartment complexes, lots of different than the single-family-- than the single-family home. You-- you mentioned that ridge and the ability to develop on the other side of the ridge. How do you think that's going to impact middle-- middle income, as you do planning for the other side of that ridge?

MARK STURMSMA: Yeah, I think that in Papillion, we've always been sensitive to the market. I mean, I think it's a-- it's a blessing and a curse. We-- we are at a point-- have been, at a point in time, where we were prime for development. We were attractive to developers. And part of that's location, part of that's having infrastructure in place. There's a-- there's a lot of factors that play into that. It's very easy, when you're-- you're in a desirable location to just accept what comes your way. What I see, through our planning process is-- is looking at that opportunity to the south, and-- and really targeting. I don't know that we're quite sure of how to provide incentives. Incentives are a difficult thing. And as I mentioned, with density bonuses, they-- they haven't really worked for us in the past. But we know that density creates efficiency, both in the cost of providing services, which is important to us, and it's-- it's cheaper for the developer. One of the challenges is developers that can do different types of development. We've seen, in the Omaha market historically, compartmentalization of-- of developers, where you've got a developer that's creative doing single-family, a different developer that's creative in multifamily, a different developer, again, doing commercial. We have seen, you know, through the market I think, some changes where you've got developers that are more comfortable doing multiple types of development, creating those partnerships and being able to incorporate, you know, mixed-use into a single development. So by-- by putting on paper in our plan that we want that, by the mere fact that the sewer agency is going-- it's a very expensive endeavor, and-- and the fees associated with that sewer service are very high. It's going to drive density, because it's-- that's what's going to be necessary to afford development in that area.

ARCH: I-- I just have a follow up comment, and that is that, you know, you-- we-- and we've talked about this even before the hearing-- the-- the demand for, I mean, Amazon at Highway 50 and 370, and Papillion, in that area, is getting larger employers, which is certainly going to drive the demand for middle-income-- middle-income housing in proximity to-- to location of employment. So I really applaud you for

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what you're doing here in anticipation and forethought of how to address that issue. So thank you.

HUNT: Thank you, Senator Arch. Any other questions from the committee? I have a comment, and it's not about your-- it's not about Papillion specifically, but a-- a topic that has come up from a lot of testifiers. And serving on the Urban Affairs Committee, I've been in a lot of hearings like this. And as an advocate of public housing, I've been-- or affordable housing-- I've been in a lot of hearings like this. And every Nebraskan, we should all be interested in decreasing segregation in our communities. And you know, whether that's economic segregation or racial segregation, what you come to find out is that economic segregation is racial segregation, and the history that we have in Omaha and other parts of the state of redlining, of inaccessibility to land, you know, folks being given land in the homesteading act that wasn't accessible to everybody, loans and financial assistance not being accessible to everybody. And still, generations later, people are seeing the effects of that in economic segregation in our communities. And so when we say that we're against some of this multifamily housing, the NIMBYism-- you know, not in my backyard-- you know, I don't care if they're in our community, but I don't want them next door to my house with my picket fence and my yard, all of these things are contributing to economic segregation, which is felt most of all by, you know, historically underrepresented groups in our communities. So I applaud the city planners and the city administrators who recognize that, and who are trying to have those hard conversations and trying to turn public opinion toward that. So thank you, Mr. Stursma. Yes.

MARK STURSMAS: One thing that's in your packet, and I'm going to respond to that, if it-- if I may. There's some imagery from the Prairie Queen redevelopment in Papillion, which is-- technically it's just a multifamily development. But it-- it really, from a design perspective, is-- is more in line with the middle-housing type. It's higher density than most traditional multifamily projects. It's-- it's over 25 units per acre. But it's-- it's smaller units, and it-- it has a development pattern that feels more like a neighborhood. I think it's a-- it's, to some degree, a model for what you're talking about because it's got a real diverse price point. You have-- and it's not affordable housing, but it's \$900 units up to \$3,500 units, and they're all mixed within the same neighborhood. And the developer, Jerry Reimer, can speak very eloquently about how he was even surprised at how that economic-- or the income diversity is one of the great outcomes of the design, and how that really contributes to it

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feeling like a neighborhood. And you can tell stories of interactions of-- of families and individuals that have very different income levels, and how that's-- that's absolutely a benefit to to all the residents of the neighborhood and actually contributes to a feeling like a-- a true neighborhood. And so there's-- there's all kinds of lessons to be learned from the design of that project, but also to what you're talking about, the benefit of not separating people-- race, income, all of those things-- it's really critical, so thank you for that comment.

HUNT: Thanks, Mark, yeah. Any other questions? Seeing none, thanks for your testimony today.

MARK STURMSMA: Thank you.

HUNT: And now we can move into some public comment. Does anybody else want to testify on LR69? Come on down. Just say your first and last name, and spell it for us, please.

TODD STUBBENDIECK: My name is Todd Stubbendieck; that's T-o-d-d S-t-u-b-b-e-n-d-i-e-c-k, and I'm the state director of AARP Nebraska. AARP is a nonpartisan, nonprofit organization that helps empower people to choose how they live as they age, strengthens communities, and fights for the issues that matter most to families, including the promotion of livable communities. According to AARP's 2018. "Home and Community Preferences" survey, nearly 80 percent of adults, aged 50 and older, want to remain in their communities and their homes as they age. To do this, they need a round-- range of housing options that accommodate their needs as they get older. AARP Nebraska was pleased to support the passage of the Municipal Density and Missing Middle Housing Act, because we believe it's an important step toward creating greater housing diversity and addressing the housing needs of older Nebraskans. In response to the passage of the Municipal Density and Missing Middle Housing Act, AARP Nebraska has been working to support the communities impacted by the legislation. This included partnering with the Metropolitan Area Planning Agency, the League of Municipalities, and the Nebraska Investment Finance Authority-- Finance Authority to sponsor a Webinar last December with Dan Parolek of Opticos Design. Dan is a native Nebraskan and first coined the term "missing middle" housing. In addition, he was involved in the Prairie Queen project in Papillion. The purpose of it was-- of the seminar-- was to introduce the concepts and discuss the potential benefits of missing middle housing in Nebraska. We look forward to continuing to work with these communities as they implement the Missing Middle

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Housing Act. One quick common on accessory dwelling units, or ADUs. The Municipal Density and Missing Middle Housing Act requires communities to report if their zoning codes, quote, allow the construction of accessory dwelling units. ADUs are smaller, secondary, self-contained housing units that exist on the same property as a single-family residence. Amongst other things, these types of housing units make it possible for homeowners to age in place in their own home with live-in care, or allow for homeowners to provide adjacent housing for their aging parents. As the committee begins to analyze the reports that you're receiving today on ADU zoning, I would draw your attention to legislation recently passed by the Connecticut legislature that allows single-family homeowners to create ADUs on their property. The bill contains a provision that allows local governments to opt out of the zoning change. But it is still an important first step to promoting ADUs, and perhaps a model for legislative action here in Nebraska. Again, thank you, Senator Wayne and members of the committee, for the opportunity to speak today, and for all your work on housing diversity and for holding today's hearing. AARP Nebraska looks forward to continuing to work on this issue in the future.

HUNT: Thank you, Mr. Stubbendieck. Any questions from the committee? Seeing none, thanks for coming today.

TODD STUBBENDIECK: Thank you.

HUNT: Any other testifiers on LR69? Anybody? OK. We have no letters for the record. Senator Wayne, would you like to close?

WAYNE: No, thank you.

HUNT: OK. So that'll close our hearing on LR69-- oh, I'm sorry. Come on down.

MELISSA POLENDO: Hi. Do I need to give my address as well?

HUNT: You don't need to give your address. Just spell your name for the record.

MELISSA POLENDO: OK. So my name is Melissa Polendo; last name is P-o-l-e-n-d-o. I just actually came here for the next section, but I wanted to speak on affordable housing. I'm a licensed real estate agent here in Nebraska-- in Omaha, Nebraska, but I focus on Omaha. My community is primarily North Omaha. And I just wanted to address kind of affordable housing as it's defined-- isn't to me apartment

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complexes. For me-- and what I would consider affordable housing would be somebody who can build equity in the community and to be able to pay like property taxes and things, so they can be grounded and have families and build the community up. It's super important that people who live in the community have some permanence. So with affordable housing, the tax credit from NIFA-- I have experience working as a leasing agent for an apartment complex that was a tax credit, and the rent was far from affordable. It was-- I think it was 2016. It was a two-bedroom for \$875. And I worked there and I couldn't afford the rent. So there was a discrepancy, because they base their rent off of the national tax credit laws instead of looking at the local income. If you look in North Omaha, I couldn't pull up the 2020 census, but I believe our income median is about \$29,000. So if you divide that by 12, divide that by three, it's really low. And then you could only do a third of that for rents, and there is nothing available out here. So we're dealing with a really bad housing crisis. Right now, as of August 2020, we have 22,000 people who are unemployed. So they might be paying things with COVID assistance, but once that ends, you're going to have a huge housing issue again, that will not will not be solved by apartment complexes in Papillion, Columbus, and Fremont. For one, I do not feel welcomed in any of those communities. I do want to put that out there. Lack of transportation, lack of infrastructure is another issue here. And not even Omaha, but the North Omaha community has a hard time finding work outside of the North Omaha community because our busses are horrible. Our cost of owning a car is like the highest in the United States. Our taxes are extremely high. So if you're dealing with poverty and you're trying to get out of poverty, trying to find work, there's an issue there. The young lady that was representing Columbus spoke on the issue of not having enough workers. There's 126 labor unions just in Omaha alone, and the lack of diversity is very, very high. Issue with that is they require IQ tests-- algebra and reading comprehension. And OPS alone has a 73 percent graduation rate. There's 244 school districts in Nebraska; we're not even top 50. The college-going rate is 62 percent, and many of those people who go to college do not stay in the state of Nebraska. So we have a hard time keeping talent. We have a hard time creating an employable workforce. We have a hard time getting kids to graduate, let alone pass an IQ test. So if you're going to look at affordable housing and do a study of affordable housing as a whole, giving developers money as tax credit money to create more apartment complexes, it's not going to solve your problem. I'm sorry. I don't want to waste a lot of time. What else? So as of right now, looking at the MLS as of today, looking at all active listings for single-family

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homes, we have 597 homes on the market. That should speak for itself. Many of these homes are not getting housing inspections because of the market. People are outbidding each other. So if you have a VA loan and an FHA loan, you're probably not going to be able to buy a house right now because cash buyers and conventional buyers are going to be leading the way. Many of my clients that I'm trying to help become homeowners have a financial literacy issue. So that's again, another failure of our school system. And if they are able-- say they have good credit and they work-- the amount that they get approved for is not in the \$200,000 range; it's about \$100,000 to maybe \$180,000. And again, we have issues with jhaving money for a down payment, having money for inspections. And the last thing I want to note is the landlord issue. We have Omaha housing and Douglas County housing, which a lot of people cannot get on because of the income requirements. But I wish I could because they're the place that will actually do an inspection of an apartment before you move in. I had to go to a nonprofit called the Omaha Health-- Healthy Kid Alliance recently because I've been in my house for three years. I am renting. Just from personal experience, they had to come into my home. I asked for a radon test. I'm waiting on the results of that. An expert in lead says that my lead was high, even though I'm outside of the lead Superfund area. And they had a checklist of other things I needed to get done that my landlord refused to do, and they had to use their grant money to come fix my home. So right there there's a discrepancy between land-- like landlords and residents. There is no protection for renters at all. So if you want to consider all of those factors when you're looking at affordable housing, I would appreciate it. We need to fix our schools and our infrastructure. We need to get more people working. People do not need to keep renting. They need to buy. We need to build. If we had more people getting their general contractors' licenses and getting into labor unions and working under finance [INAUDIBLE] contractors, we would solve a lot of housing issues and employment issues, and it would fix itself. But we're not in-- we're not investing the money in the right places. So that's all I've got to say. Thank you.

HUNT: Thank you, Ms. Polendo. Any questions? Hold on a second. Let's see if there's questions for you. I don't see any. Thank you for coming and sharing your experience with us.

_____ : [INAUDIBLE].

HUNT: Oh, we're--

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_____ : No, no, no.

HUNT: Would you like to come testify? We don't take questions from the audience.

MELISSA POLENDO: Oh, OK. Sounds good, thank you.

HUNT: Thank you. If you'd like to come testify on LR69, you're welcome. OK. I'd ask you to keep it to four minutes, if you can.

MELISSA POLENDO: [INAUDIBLE].

HUNT: Sure.

MOHAMED JIMLE: Good afternoon. Thank you so much for this opportunity you give me today. My name is Mohamed Jimle, M-a-h-m-e-d [SIC] and last name J-i-m-l-e. I'm representing my group of refugees and immigrants from East Africa, especially from Somalia. Those families are having an issue about housing, affordable, and only in housing they are being low-income families more than two decade and they still remaining for two generations there, many for low-income families. We just represent them, those families, to get a chance to get affordable housing or only housing. So those are major things. So the state are unaware of these families, and I would like you guys to have-- see these families, their [INAUDIBLE] here, because they have been here for the last 20 years, since 2001. And the issue has not been raised by public, so they remain silences. So I would like any-- I met last time for Justin Wayne's office, and we talked about this issue. So I would like these people being considered then. For the last 20 years, they may [INAUDIBLE] like one apartment for two generations. So this my concern today, and I would like-- if you can help these families, it would be great. And I work for like East Africa Development Association of Nebraska-- it is a nonprofit organization-- and for these families from the East African population in Omaha, Douglas County. Thanks so much.

HUNT: Thank you, Mr. Jimle. Any questions? Seeing none. Does anybody else wish to testify on LR69? Seeing none, this will close our hearing on LR69. We'll move on to LR172, introduced by Senator McKinney. Welcome, Senator McKinney.

McKINNEY: How you all doing? Good afternoon, members of the Urban Affairs Committee. My name is Terrell McKinney, T-e-r-r-e-l-l M-c-K-i-n-n-e-y. We're here today to-- to discuss LR172, an interim study to examine the negative impacts of an oversaturation of

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nonprofit organizations and philanthropy in densely populated areas of poverty. As you all know, I represent District 11, which encompasses most of North Omaha. My district has benefited from little to no investment over the last 30 years of my life since I've been alive. Even so, new nonprofits sprout up each year and millions of foundation, foundational, philanthropic and even government dollars go out to support these causes. Some in my-- some of my community view some of these nonprofit entities and philanthropists as merely being self-serving while operating under the guise that they are benefiting the North Omaha or greater Omaha community. To use the informal lexicon, a term for this is the "poverty pimp." To elaborate, the definition of poverty pimp is by way of reSPIN, public relations, which is an organization based in Washington, D.C., Those who use this appellation suggest that those so labeled profit unduly from the misfortune of others and therefore do not really wish the societal problems that they appear to work on to be eliminated permanently, as it is not in their interest, own interest for this to happen. The most frequent targets of this accusation are those receiving government funding or that solicit private charity to work on issues on behalf of various disadvantaged individuals or groups, but who never seem to be able to show any-- thing, any amelioration of the problems experienced by their targeted populations. Some even suggest that if profit were eliminated as a factor, greater steps in the alleviation of the oppressive situations could begin to truly occur. I want to preface this by saying that I do believe that there is a need for nonprofit organizations and philanthropies in, in our communities. Even so, I would not be living up to my duties as a state senator if I did not look into this issue and task the Urban, the Urban Affairs to do so as well. This study shall include, but not limited to an examination of, one, how an oversaturation of nonprofit organizations and philanthropy may stifle economic growth and independence in areas of high poverty. Two, how decisions in communities of high poverty are effective based on different philanthropic donors and organizations. Three, possible solutions to create a more balanced-- more balance and less of the negative impacts of nonprofit organizations and philanthropy in areas of high poverty. And four, how other states and nations handle this issue to promote economic growth and independence in areas of high poverty. I often wonder how there, how there can be so much investment in nonprofit organizations and social programs, but little to no investment in things that could do more to potentially lift communities out of poverty, and the very individuals who live there. The current nonprofit industrial complex lacks balance, especially when it comes to working itself out of existence. The nonprofit

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industrial complex, it's a system of relationships between state, local and federal governments, the owning class, foundations and nonprofits and social service and social justice organizations that results in surveillance, control, derailment and everyday management of political movements in which these entities have been found to use nonprofits to monitor and control social justice movements, divert public moneys into private hands through foundations, manage and control dissent in order to make the world safe for capitalism, redirect activists' energies and career-based modes of organizing instead of mass-based organizing capable of actually transforming our society, allow corporations to master exploitative and colonial work practices through philanthropic work, encourage social movements to model themselves after capitalist structures rather than to challenge them. I have one question for those within the nonprofit sector, what is-- what is, what is your and what is your organization's plan to alleviate the need for your organization? While I recognize that many soci-- societal ills that we seek to eliminate have been festering for centuries, the ultimate goal, as I imagine, is to help our communities' for-profit local businesses and for, and also to help individuals become self-sustainable. We've had feel-good, feel-good programs for forever, but communities like North Omaha are still the most impoverished. Currently, we have multiple entities that buy land and have minimal impact for years, but benefit from paying little to, little to any property taxes. These entities often outbid community groups to purchase land, which is fair on the surface, but it al-- but it also hinders the growth within a community. Even if they decide to do something, the community has little input and individuals have also been propped up as spokespersons for the community to shield them from any backlash or criticism that might come their way. In Omaha, we have the Land Bank, which is a nonprofit that houses a majority of its property [INAUDIBLE] in North Omaha. With that being said, though, home ownership in our North Omaha is low. Why is that? This study is critical because the way business has been conducted in North Omaha and small communities across this state has to change if we ever want to decrease poverty. From where I stand, this must be a collaborative effort by the state, local and federal governments, nonprofit organizations, philanthropists, and most importantly, our communities. Thank you.

WAYNE: Thank you, Senator McKinney. Any questions from the committee as we start?

McKINNEY: Thank you.

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WAYNE: Thank you. We do not have invited testifiers here. This is open-- for this particular hearing, this is open to the public. How this works is we will ask you to come up and speak, state your name for the record. Spell your name, first and last name. We will try to limit this to four minutes. I do have a stopper on my, I mean, on my computer. I'll tell you when there's one minute remaining and then tell you when to wrap things up. So if there are anyone who want to speak on this topic, just go ahead and use common courtesy, and let the first person go, and then come up at the second person. So we will take any speakers at this-- at this time. Any speakers who would like to come up?

MELISSA POLENDO: Hi.

WAYNE: Welcome to your Urban Affairs Committee.

MELISSA POLENDO: Thank you. My name is Melissa Polendo, P-o-l-e-n-d-o. I just want to reiterate some of the issues with-- the same thing that Terrell was saying, I just want to reiterate it. My particular issue again would be the land issue with nonprofits holding and not paying taxes, primarily in North Omaha, specifically the Land Bank. The nonprofit status doesn't necessarily mean that they are community-based, it's just the way they operate their businesses. And I think that they should be held more accountable and have a more public way of presenting their numbers and the work that they've done for the community, better recordkeeping and some more transparency.

WAYNE: Thank you for being here. Is there any questions from the committee? Seeing none, thank you for your testimony today. Any other testifiers? So for the public who doesn't, who don't know and those who are watching the video, [INAUDIBLE] Senator McKinney's staff recording this and putting it on, so how typically an interim study will work is that we take invited testifiers, but staff still continues to dig through the issues and come out, at least with the senators, not just the senator's staff, but the Urban Affairs staff, to dig through the issues and kind of at least put out a report or put some kind of email together on possible legislation to that senator or to the committee. And we kind of work through it that way. So it's not just if you don't talk, don't ever contact us. Still contact Senator McKinney and still contact my office, the Urban Affairs office, to continue to move this process along. With that, the next testifier. Welcome to your Urban Affairs Committee.

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CHERYL WESTON: My name is Cheryl, C-h-e-r-y-l, Weston, W-e-s-t-o-n. Thank you for this opportunity to stand before this committee. And also, I'd like to thank Senator McKennedy for-- McKinney for bringing this issue forth. As I said, this, there is a large-- and I'm going to talk because I'm more interested in, you know, self-preservation northeast Omaha, that's where I've lived for many, many years. Not going into how many, but for many, many years. And it's very close to my heart. And there is an oversaturation of nonprofits in the area. The nonprofit sector doesn't do-- there's, there's something that is kind of like the elephant in the room. There's not a lot of diversity in the nonprofits that operate. And I'm not going to say that nonprofits don't do a good job. There are some that do and some that don't. But they do hinder the individuals and the group of people that they're supposedly trying to help. It's because nonprofits, any group that gets started in northeast Omaha, and if they become a nonprofit, they can't be sustainable without those grants, without that income. And that's not helping them to come out of poverty. As it's stated, if you can put the poverty rate in northeast Omaha, particularly for black children, is like almost number one in the nation. And these different nonprofit agencies have been existing for more than 50 years, some of them, within that, in our northeast Omaha area. And it's to the point now that every time you turn around, another nonprofit organization gets started. And, of course, it's looked upon that the individuals that they're going to be helping, and, and it's recognized that they're going to be people of color. And those people of color are seen to be labeled as handouts and charity, and they're not valuable citizens. And these supposedly have to come in and help them to become empowered, valuable citizens. There's many reasons why the saturation of nonprofit organizations are existing in our area. And one of the reasons is I think nonprofits, you need to look at the makeup. Eighty-two percent of nonprofit CEOs are what? White. Ninety-four percent of the foundation presidents are white. Eighty-six percent of the board members are white. So you're going to come in and you're serving a predominantly black, Latino community, but where are you getting input from those individuals? How can you change something that you have not had anything to base your change upon other than the stories? How have you-- you haven't lived through this, and nonprofits need to start looking up-- looking at becoming more diversified and having leadership roles for individuals that come from this area that you're trying to make. Because what you're doing is you're trying to change them instead of trying to help them to be able to continue to be, to be citizens in the, in the, in our state, in our city. And these are individuals that you should be looking at that would know

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how to solve these. But we don't. You don't. You decide what's best for them, you're not taking in what is best for them by them being able to serve on these different boards and committees to help.

WAYNE: One minute.

CHERYL WESTON: And so what I'm saying is I agree with Senator McKinney, that there needs to be a study and something needs to be done that, so that the individuals who are making the decisions for social change, that the nonprofits need to recruit people from the area that they're trying to assist to serve in leadership positions. And I thank you for the time. And did I make it?

WAYNE: You're good. Any questions from the committee? So one of the things that I've seen over the years is that if you are a talented minority, that rather than going to a for-profit industry, it seems in Omaha you are tapped to run, or to have a higher position, not actually run, but have a higher position in the nonprofit sector. What do you think about-- what do you think that does to the entrepreneurial spirit and the idea of black ownership or brown ownership within North and South Omaha? How do you think that'll affect over the years?

CHERYL WESTON: I think it's killed it. And because individuals say, well, if I get to go to this nonprofit and they make me, oh, supervisor or a manager, that takes away that ideal spirit because you got to have a living. Whereas if you did go and many have that ideal, it's not, it's not encouraged to go to these for-profit companies for higher positions. It's-- it's not encouraged to take an entrepreneurship. So I think it hurts us. Doesn't help us.

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

CHERYL WESTON: Thank you.

WAYNE: Any other testifiers on LB172? Any other testifiers on LR-- come on down. Please state your name and spell your first and last name for the record. Welcome to your Urban Affairs Committee.

SCOTT THOMAS: Thank you. My name is Scott Thomas, S-c-o-t-t T-h-o-m-a-s, I'm with Village in Progress. It's a nonprofit here in Nebraska, and we monitor for human rights compliances in policies, I'm a policy analyst. And we don't take any sort of government grant money because we audit the government, too. and our core function is to

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reduce criminality and poverty in our society. And we believe that that is accomplished through human rights protections. One thing that we've found is a barrier in actually moving the ball forward is sometimes aligning communication. And so we're talking about essentially the difference between access to a viable outcome or inaccess. And so people who incorporate specifically for the public benefit, who don't serve one specific group, who rather serve the core function of society overall, don't have those same avenues of access, I guess you could say. And so one thing I would just like to go on record as is we don't serve a specific demographic, and we don't think that what's good for one group isn't good for another group. We serve human rights, which are enumerated in the Universal Declaration of Human Rights in 1948. And I'm a certified human rights consultant, so that is the basis of the authority of all of our audits. And I believe that that is a standard of human dignity and decency that doesn't translate differently into different communities. I think there's one overall standard for human rights. That's all I have to say.

WAYNE: Thank you.

SCOTT THOMAS: I'd take questions.

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

SCOTT THOMAS: Thank you, sir.

WAYNE: Any other testifier on LR7-- LB172? Welcome to your Urban Affairs Committee.

CAROLYN WILLIAMSON: Hello. I didn't intend to do this, I just wanted to come and listen because I wanted to hear what this bill was all about.

WAYNE: Please state your--

CAROLYN WILLIAMSON: My name is Carolyn Williamson. Will-i-am-son is how you spell it. Should I go letter by letter?

WAYNE: Letter by letter.

CAROLYN WILLIAMSON: W-i-l-l-i-a-m-s-o-n. I will, next month will have lived 75 years in Omaha, and I'm well-versed with what's going on in the Omaha community. And I'm not sure. I came today because I'm not sure what this bill is about. I think people are getting up here

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saying one thing, but I think the bill is really about something else. Senator McKinney, I do work in the nonprofit, have worked in the nonprofit for over 20 years. Never seen you in it, my nonprofit. I don't know if you have went in any others, but I kind of, I object to some of the things that you are saying about the nonprofit world. And I know we as black people, we always say, you know, the white people are always in charge and, and then they have a few, few black folks in there or whatever that work in the organizations. I really invite you to come. I work at Girls Inc. I invite you to come to Girls Inc. and see what it is that we do. And if you still want to talk about it and say what it is that you say, then I can give you the information that you need to make what you're saying true. Because right now what I heard today is not there. And so I guess I find it hard, because I think it's what you, what that LR172 is really-- it's at maybe Sherwood Foundation and, you know, nobody is calling names or anything in here, but that's kind of been on the lips of North Omaha for, you know, for a long time. Sherwood Foundation buying land and all of this other kind of stuff. I say, let's talk. Do your homework and, and, you know, maybe we can work together to make some things happen. But Senator McKinney, you know, you're new and I think you're young, and certainly young compared to me. And I'm not sure what you're saying is really what it is. So that's all I have to say. I am at Girls Inc., I can give you my phone number. You can call, we can meet. Same thing, Ms. Cheryl, I know her, too. Let's talk about it. What is it that-- what's, what's the real deal? What is it that you want to talk about? And that's all I have to say.

WAYNE: Thank you. Any questions from the committee? I-- I do want to interject and just say I don't think it's an indictment on nonprofits when I read this. I think part of our job, particularly in Urban Affairs, is we, nonprofits are a creature of the Legislature. And so at times we need to go back. Whether I sit on Natural Resources and there is a-- a plant out in Mead who is abusing its power, we have an interim study on environmental things as it relates to those regulations around plants. I think what we're trying to study and what we're trying to figure out is what roles nonprofit has. And I can understand your perception of how the LR comes across, but I also can tell you that I think we're all open to that dialogue. And that's what this is-- there isn't a proponent or opponent. It's we're here to gather information, get as much data as we can, even going down to how many nonprofits are housed per block, and see what's really the role of them in the sense of, if we have-- if poverty rates continue to go up and we continue to have more nonprofits, there's a disconnect if,

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if those sections of nonprofits are trying to solve the poverty rate. So-- so some of this is disconnect, and so part of our jobs is to have that conversation and create a forum like this for you to bring your information and us to make sure we have your contact information. So I don't think you have a blue sheet, make sure we get a blue sheet from you, and we have a dialogue. Because I think there are some good nonprofits and I think there's other ones that we probably need to have a conversation of their role. So I'm not defending Senator McKinney, I just want to know, you to know the process of what we're, we're trying to, trying to do here. So I appreciate your comments, and thank you for being a-- coming out and being active. It's really important for people to do that, so I appreciate it.

CAROLYN WILLIAMSON: OK, thank you.

WAYNE: Thank you. Any other testifiers on this particular LB172?

ALEXANDRA GOSWAMI: Good afternoon. My name is Alexandra Goswami, G-o-s-w-a-m-i. And I don't live in North Omaha or in any way represent North Omaha, so I'm not going to speak to that specifically. I'm going to speak to what I know. I have worked as a finance and accounting professional in nonprofits in an audit and in a specific nonprofit capacity for a number of years now, specifically in Omaha. And I agree in particular with something Senator McKinney said earlier about how the question that he would present, I'm paraphrasing, so pardon me if I misquote, the question he would present to nonprofits is: What are they doing to work themselves out of business? And as an accounting and finance professional, I would also pose that question to a number of nonprofits in Omaha. I see a lot of wealth concentrated in nonprofits. I see a lot of focus on boards and sustaining the organization itself in a fiduciary capacity and a capacity that is imbalanced in terms of the mission a lot of the time. In particular to what Cheryl Weston was talking about, a lack of focus on the mission and working themselves out of business and centering people who are being, you know, probably they would say served by these nonprofits and more focus on the business aspect of the nonprofit. So I very much encourage this interim study. I think that there is a large missed opportunity throughout Omaha, probably Nebraska at large, for policymakers and nonprofits to partner. Because presumably there is a lot of the same desired impacts for serving the public, and I think that a lot of times nonprofits are focusing on donations and pleasing donors and less on a policy focus that would actually alleviate some of the root causes of the problems that cause these nonprofits to exist in the first place.

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WAYNE: Any questions from the committee? Seeing none, thank you for being here today. Any other testifiers on LB172? Any other testifiers on LR172? Senator McKinney, would you like to close? And just to note that there is a lot of confusion and then, and I don't fault Senator McKinney because sometimes Omaha Municipal Land Bank holds themselves out as a government nonprofit. There is no real such thing as a government nonprofit. They are technically a political subdivision, not a nonprofit corporation. So they, they don't have nonprofit tax status with the IRS, they are actually like a political-- I mean, they do have--

TREVOR FITZGERALD: They do have.

WAYNE: They do have nonprofit status, sorry, with the IRS. But they are actually like the city of Omaha, Papillion, they're actually a political subdivision by-- technical by nature. But that's part of the confusion that we sometimes create ourselves. So go ahead, Senator McKinney.

McKINNEY: Thank you. A part of the reason for this study, honestly, is to highlight how there is an imbalance in how we address a decrease in poverty, specifically in North Omaha. If we're giving \$100 million to North Omaha, but it's only going to nonprofits, that's the problem. Why aren't we investing in businesses that create equity and that empower those communities? I have a daughter, and she has spent the summer at Girls Inc., so I'm aware of those organizations in the community that are actually doing a good job. But there are some in our community, and we have to be honest, that are hindering progress within the community and they're considered nonprofits or philanthropy or things like that. I think we have to look at ways to create more balance, not to say we need to get rid of nonprofits or everyone is horrible. But if we're really going to change what's going on in North Omaha, if we're really going to be intentional about 13-year-old kids dying in our community, it can't all go to nonprofits. If we have \$100 million, in my opinion, in a perfect world, \$50 million should go to businesses in North Omaha. And that's where I'm trying to get at. It's-- it's not to point fingers, necessarily, but there are some bad actors and we got to be honest about that. We have to create more balance and equity within communities like North Omaha, because I've seen the stats. For the past 30 years, the poverty rate in North Omaha has pretty much stayed the same. But we can probably get a list of how much money has been put into nonprofits over the past 30 years and it would be outrageous. And then we could look at what's been given to small businesses in North Omaha, and that's the problem. We have to

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change the way we do business in North Omaha if, if everyone in here really cares about these families and these kids. Thank you.

WAYNE: Any questions from the committee? Senator Blood.

BLOOD: Thank you, Chair. Senator, I have a disconnect. I need you to help me. So where does the money come from that you're talking about that should be put into-- and I-- I don't disagree that money should be put into the businesses and to help to, to get boots on the ground. But you keep talking about the money that comes to these nonprofits. Where does this money come from and how through policy would we have influence on that?

McKINNEY: Money, it comes from philanthropy and funders, but also the government as well. How do we address that? That's-- that's why I introduced this study, to try to better understand how do we address it, how do we make sure the money is more balanced and as far as its disbursement within the community.

BLOOD: So do you feel that there is-- so let's go with the government entity, because that's obviously what we represent.

McKINNEY: Yeah.

BLOOD: So what funds are you thinking could be better distributed from the state level to where you believe it belongs?

McKINNEY: There needs to be more money from the state level that goes to small businesses, especially minority-owned businesses in not only North Omaha, but across the state.

BLOOD: So like NDEE?

McKINNEY: Yes.

BLOOD: Or not EE--

McKINNEY: NDEE.

BLOOD: Yeah, sorry, I've been working with them on another issue. All right, that makes sense to me. Thank you.

WAYNE: So one of the areas obviously, I helped pass the middle income housing grant, and one of the areas I continue to struggle with is does it make sense to make a for-profit builder partner with a

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nonprofit builder? Because it just seems like we're, there's another level of where somebody has got to make a little bit of money. And so I keep struggling with all the programs we have where nonprofits are tied to versus somebody in the community. And that's-- that's a little bit different than like food services and things like that. But on that line, how, how do you see nonprofits helping or hurting small businesses? Do you feel like they compete in North Omaha or, or how do you view that?

McKINNEY: I think they, in, in some cases compete. For example, in the past we had a high number of, you know, family-owned daycares in the North Omaha community. But since we've been getting educators and inside of the North Omaha community a lot of those businesses are going out of business because they cannot compete.

WAYNE: And you think that's in part because of the tax structure of those?

McKINNEY: Yes.

WAYNE: And then another question along those lines is, I'm not sure if I want to ask it. Because so many people in North Omaha who we would consider educated and moving up take the nonprofit role as senator-- as Cheryl Weston-- I promoted you to senator, Cheryl-- testified to, what impact does that have on policies and how, how do you see, or have you heard of nonprofits using their real job to influence policy decisions? That's an unfair question, don't worry about it. All right, I won't-- don't answer that question. You-- I'm, I'm almost done, so I got like three years left. You got a longer time, so don't worry about that one. Any other questions from the committee? Seeing none, thank you. And again, this will close-- oh, there is a letter for the record. No. Yeah, there is a letter, Matthew Cavanaugh from Holy Name Housing Corporation, for the record. I do want to close this hearing on LR172. And again, I just want to remind folks that we will take data, we will take information, we will still continue to take thoughts. This is just a hearing on the interim study, but the study continues to happen throughout the rest of this year. So please feel free to contact us and provide us with information. And that will close the hearing on LR172, and I will turn this back over to Senator Hunt.

HUNT: Thank you, Chairman Wayne. Next on the schedule is LR124 from Senator Wayne, if you'd like to--

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TREVOR FITZGERALD: History [INAUDIBLE],--

HUNT: -- introduce--

TREVOR FITZGERALD: --if you want to skip some of the history, go ahead.

WAYNE: Now that everybody is clearing out the room, these next two will be not as long. But I think it's one of the most interesting ones just 'cause-- not because I introduced it-- because I think it's interesting. 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. LR124 is the first of three interim studies I introduced this year to start looking at various provisions under the community development law, with an eye towards potentially making some clarifying changes to the law in the upcoming session. LR124 is designed to examine the implementation of extremely blighted provisions underneath the Community Development Law.. Committee members will likely recall the history behind LR-- I mean behind extremely blighted. In 2019, a legislator-- the Legislature adopted LR14CA, which placed a constitutional amendment on the ballot to extend the maximum length of time for repayment for TIF indebtedness from 15 to 20 years, but only in cases where more than half of the-- one half of the property in the project was designated as extremely blighted. Nebraska voters approved this amendment-- Amendment 2-- at the November 2020 election, with just over 61 percent of the vote. Amendment 2 was implemented this year with the approval of LB25. As currently defined underneath community law, an extremely blighted is a substandard and blighted area with the average rate of unemployment in the area, for that period covered by the most recent census, of at least 200 percent average unemployment rate during that same period, and the average poverty rate that exceeds 20 percent. In addition to being eligible for extended TIF repayment, an extremely blighted designation also makes eligible two other incentives that were passed in 2019. First, it was to provide income tax credit for any individual purchasing a resident-- a residence in the area that has been designated as extremely blighted. Second, it provides a funding preference for grants and loans, under the Affordable Housing Trust Fund, for affordable housing projects in the area that have been designated as extremely blighted. The city of Omaha and the city of Lincoln have each designated a number of neighborhoods as extremely blighted, and I believe the city of Fremont is currently exploring that. I'm going to kind of shorten this up a little bit to just make sure we have time, but the purpose of the extremely blighted really

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was to make sure that developers will look at North and South Omaha and those areas across the state that have the highest poverty rates and some of the highest unemployment rates, and target those areas so people can have access to a different financing mechanism in those extremely poverty areas versus TIF being used everywhere else. I think it's important to note that some of these explicitly now-- skip that because we're going to get to testimony, and I'm really not that important. In your materials, you'll find a report by the Pew Trusts-- Charitable Trusts, which focuses on place-based economic development for programs like TIF. Many of the best practices included in the Pew report are certainly applicable to both this study and the next one. I thought it was important to highlight these recommendations at this point. Of the-- of note is the-- is the importance of systematically assessing geographic targeting. That is the regularly examining where businesses using programs are located in order to identify and correct instances where wealthier areas unintentionally benefit from programs designed to target areas for distress. And that is critical when we look at TIF. It is critically important that cities utilize the 20-year TIF ongoing forward, as it needs to be, make sure it's used in its intended purpose. And I want to just be clear. If you look east of here, this entire area has been designated as extremely blighted. I fundamentally have a problem with that, but we'll hear testimony about why. And I think we have to tighten the law to make sure, if it's about affordable housing, that's all it should be used for. Again, the purpose of this is just to find out how it's-- how it's going. Again, it's no secret Senator McKinney and I sent a letter to the city of Omaha when they were going to designate the downtown area as extremely blighted, as being a huge concern. I find it hard to have an area that's extremely blighted when you have a condo that's selling for \$2 million in that area; that doesn't seem blighted. I understand the reasons behind the city, and I hope we can work together to-- to solve that issue as far as my concerns. And with that, I end my closing-- or opening.

HUNT: Thank you, Chairman Wayne. We don't have any invited testimony for LR124, but I invite up the first testifier. Welcome to your Urban Affairs Committee.

CHERYL WESTON: Cheryl Weston, C-h-e-r-y-l W-e-s-t-o-n, and I don't know whether I want to thank you or not, Senator Wayne, for promoting me, but anyway [LAUGHTER], I'm going [INAUDIBLE] on this. What I wanted to talk to is because I think this is-- definitely needs-- the state definitely needs to look at tightening this up. I come down to the city council meeting or either watch it on-line, and it's almost

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like every single week or every other week there's a TIF. And if you look up what the city of Omaha sets as their program goals: 1) support and encourage economic development; B) job creation through business development attraction, job creation through retention and expansion of existing businesses, invest in an area to eliminate blight and substandard conditions that generate value, growth, mixed-use or industrial projects linked to workforce housing. And number 2) to encourage community development in neighborhood revitalization. And it's supposed to be there for affordable housing, as well as to encourage jobs. Well, the project that really just teed me off two weeks ago-- three weeks ago-- was for downtown, the O'Keefe Elevator, supposed to be in a blighted area. And what they wanted was-- I think it was 1.7 I wrote down here, and that could be \$1.7 million, and I could be all wrong-- off on that. And here's what it was. They wanted to build 14 condos that are going to sell for \$514,000. And there was no idea-- where are you going to create those jobs? Who's going to benefit from jobs in that area? And you're selling. Who's going to buy? Is that affordable housing? How many of you, I will ask. Can you go out and buy those condos? Well, I know North Omaha or the blighted area, we're not going to be able to go and buy any of those condos. And then how many people from the blighted area, which you're supposed to be helping through these tax increments, where it says to create jobs, how many of those are you into? The city is not making [INAUDIBLE] individuals who want to do these, use TIF funds to be able to put down. Where-- where are the jobs coming from? Outline those jobs then. How are people-- if you give them jobs, maybe they'll be able to go out and buy-- don't think so on what you're going to pay them, but I don't think they're going to be able to buy that \$514,000 condo. I mean, I'd love to have it, but I know I don't have that kind of money. I think they need to tighten these up. And like I say, that's just one example that just teed me off. You have the WarHorse Casino. You had a project on 84th Street. Go out to the project that's at the Crossroads, the project that's at 84th and Dodge, right in front of Methodist Hospital. They say they're going to have mixed-income housing. The place is going to have swimming pools and exercising. How-- OK, how long? You're going to start out, and then you're going to have the discrimination of finding the individuals that's going to meet that income guideline. I just think, Senator Wayne, that this is-- this definitely needs to be looked at, tightened up. The city needs to be held accountable for if they're going to keep-- I mean, every single time you come, they're giving TIF. That's not right. That's not what I believe the state put this program into, but that's [INAUDIBLE]. It's not following the rules. And I know I'm

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looking at-- and I can read quite well what they say their program goals are, and I don't believe that's happening. So if you have any questions for me, and I'll be willing to talk to anybody individual here, city as well. This is not right. This is not what TIF was supposed to be for. If you go back and look at what the state did, this was not what TIF was supposed to be. And then one other thing that bothered me was, I happen to know a young man personally who went to apply for this, and he was told: No, you can't get TIF. Developer-- and he's going to develop in northeast Omaha, but he was denied. So I just think that there needs to be some changes made, and I hope that you will take this, do the study or whatever you have to do. And really, you don't need a study. There's going to be too entailed because it's very evident. And I know all of you can read it and see it, and you hear about it each and every day. Thank you. And I hope I didn't go over my four minutes. Do you have any questions?

HUNT: Thank you, Ms. Weston. Are there any questions from the committee?

LOWE: It's OK to go over 'cause you're a senator [LAUGHTER].

CHERYL WESTON: That's right. I forgot about that.

HUNT: Thanks for sharing your experience with us.

CHERYL WESTON: Thank you.

HUNT: Next testifier for LR124. Welcome back.

DAN MARVIN: Thank you. Dan Marvin, city of Lincoln Urban Development. I spell my name D-a-n M-a-r-v-i-n. This is probably be-- a free, free flowing discussion about what the city of Lincoln has been doing. Obviously, extreme blight was something that did not have a 20-year element to it when it originally was passed as LB86, and so what the city of Lincoln did in January 2020, is we declared as many areas as we could that would qualify, that had been previously been blighted. We declared those areas as extremely blighted if they qualified under the standards. And what that afforded the public was the ability to get ahold of the \$5,000 tax credit for owner-occupied purchases of homes. And it also allowed nonprofits to be able to do projects and earn additional points. And then on that issue, it's easier to define whether somebody earned the \$5,000 tax credit. And then they'd know that a project that was done by a nonprofit to be able to get the points. But we do have a project on South Street that's brought

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forward by CenterPointe. I think that project was extreme-- aided by extreme blight, and that project is going to provide housing for people with annual incomes of around \$5,000 a year. So that's a-- a noted project and we're happy that that project is coming forward. I think that the city's history-- Lincoln's history was not to do-- well, first of all, we don't perform within-- in-house-- the blight studies. They're paid for generally by people with an expertise in drawing the boundary lines and meeting the state statutes in determining whether an area is blighted or not. Consequently, the number of times the city created blighted areas was limited to much larger areas where we did Antelope Valley, areas up on North 48th Street. A lot of the areas that were brought forward by developers would have been more corridors, which you can meet the state statutes, under the Community Redevelopment Act, being blighted because they were older areas of town. But those areas typically were businesses and didn't-- didn't create the opportunity for people to be able to get the \$5,000 tax credit. Consequently, after we did the extreme blight area designations, we looked at a map and tried to identify those areas that were-- that were eligible for blight but had never been blighted before to see if we would be able to, again, offer homeowners the ability to be able to tap into a \$5,000 tax credit. And Belmont was one neighborhood that we brought forward to the city council recently, and they approved that. The other one was Northwest 48th Street, an Air Park area of Lincoln. And that's in the process of being brought forward through the city council. So those are examples of where we looked at the boundaries that were not driven by business interests, but were really to get more to the point of how do we identify areas in Lincoln that could tap into a \$5,000 tax credit for owner-occupied. After the voters approved the 20- year TIF, but we weren't exactly sure when that would be enacted by the state of Nebraska, we started getting requests for 20-year TIF. So we went to the mayor's office and got some direction from the mayor on what are the criteria, if we go from 15 to 20 years. What are the criteria that we are going to ask developers as we move to something like that? And the answer that we got back from the mayor was, it should address affordable housing. It should-- if it's not a housing project, it should address energy efficiency measures that go above and beyond code, because the city council had recently adopted a climate resiliency task force. And in some areas that have been blighted in the city of Lincoln, they are in areas where we are-- we struggle with flood regulations and flood difficulties. So we have stringent regulations on how you develop into the floodplain. But in the event that a project were to come forward and ask for 20-years TIF, how can

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they further the cause of trying to relieve flooding issues in the South Salt Creek neighborhood or the North Bottoms neighborhood? Since that time, some examples of what we've done, in terms of 20-year TIF, we are in the process of doing a LIHTC project over on about 35th and O Street. It's 100 units of affordable housing. It's called Gatehouse Rows. It would all be 100 units of affordable-- they went from 15 to 20 years. And we're going to support that project in that particular case. And we also think that's a good project for the neighborhood, because while it does generate an estimated two million dollars in tax increment financing, there's some unpaved roads over in that neighborhood. And the TIF will then go and help address paving those particular roads so that the residents that are driving to the new housing unit aren't going to stir up a lot of dust for their neighbors. Another project that we have coming, that is going to go from 15 to 20 years, is a redevelopment project. It's an investment in the SoDo neighborhood. Earlier, I spoke about how-- what we need to do to preserve housing. We need to encourage development to come into older neighborhoods. This is a multi-million dollar investment in an older apartment complex in the downtown. That project, as part of the conditions of the redevelopment, will throw off an additional \$285,000 that will go into a redevelopment fund in the SoDo neighborhood so that we can not only use the developers' funds to-- to reinvigorate an older apartment building, but we can also create a fund within the SoDo neighborhood that residents in that neighborhood can then use those funds to, again, reinvigorate some of the apartments in SoDo. An example of energy efficiency project, we have an older office building in the downtown-- Atrium. Atrium is coming forward with a redevelopment project there. And again, we asked, while it doesn't provide any housing, we asked that that particular project look at energy efficiency measures that they can do in that building. And what they're going to do is use some of the tax increment financing to provide additional energy efficiency, help in that building that goes beyond code because we only pay on those energy efficiency efforts that go above and beyond code, those energy efficiency efforts that go beyond code that will then generate additional savings in terms of energy. I can close on that particular point, and be happy to answer any questions.

HUNT: Thank you, Mr. Marvin. Any questions from the committee? Seeing none, thank you for coming today. Next testifier for LR124. Welcome.

BRIAN NEWTON: Good afternoon. Urban Affairs Committee, I'm Brian Newton, city administrator at the city of Fremont; B-r-i-a-n N-e-w-t-o-n. First of all, thank you very much. It was because of your

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efforts, and it took a couple of years to do it, but LR99 [SIC] which was-- thanks to Senator Wayne-- got us in the extremely blighted to be able to use that advantage here and be able to use it in Fremont. Had it not been for that, we-- we butt up pretty close to the 35 percent, which is the max that we can serve in the blight in the city. That gave us the relief. Now we can go ahead and ex-- do some more blighting. And the reason that I asked for that was, is that the particular area that qualifies in the census tract was the area that was devastated so hard in the 2019 flood. And so I think there are some development opportunities. There's some potential to do some things in that area that, without that LB99, we wouldn't have been able to do that. Since that time, we have hired JEO. We don't do our own blight studies either, just like Dan mentioned. We're having JEO take a look at that area. It's a fairly large area. It's-- it's really almost the whole southwest quadrant of Fremont. It's probably 20 to 30 percent of the area of Fremont that was hit down there. That's in that census tract, and so it's a good tract. Fortunately, Dan said, it's also in the floodplain. And so it's going to be very difficult, I think, with the extreme blight designation. We might be able to help the developers out, to be able to do something that is certainly going to take a lot more money to develop in that area because it's in the-- it's in the floodplain. We do not-- we currently have not used TIF. And I think Jennifer spoke to you earlier today. We've not used TIF for residential. We have kind of-- kind of a gentleman's agreement with the school district. We currently don't use it. They've been gracious enough to allow us to use TIF for some senior housing. We're also using TIF for the 505 building. That's a restoration project for downtown. But they've not really allowed-- or I should say it's not up to them-- we've not really taken advantage of TIF residential. When-- when and if we get this extreme area designation, you know, in the southeast part of town or southwest part of town, we may go to them again and talk to them about possibly using TIF financing to help for investments. We certainly need affordable housing. We certainly need multifamily. It might be an opportunity to be able to use TIF for multifamily, but it could be an uphill battle-- battle. But again, we're working hard. We should, hopefully by the end of the year, have the area designated as extremely blight. And thank you again for the work that you've done. We really appreciate it. So I'm entertaining any questions.

HUNT: Thank you, Mr. Newton. Any questions from the committee?

BRIAN NEWTON: Thank you.

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HUNT: Seeing none, thanks for coming today. Next testifier for LR124? Welcome.

JENNIFER TAYLOR: Good afternoon, Chairman Wayne, members of the Urban Affairs Committee. My name is Jennifer Taylor, J-e-n-n-i-f-e-r T-a-y-l-o-r, and I'm an attorney for the city of Omaha. Been before you guys a few times. I'm happy to-- and actually, primarily give you a little background on how we have employed the use of the extremely blighted area in the city of Omaha to date, which is not a long history because we've had about less than a year to utilize this tool, so-- and then again, thank you to Senator Wayne and this committee, and for all the work they have done to-- to put this into place and to-- all the work done on the constitutional amendment that allows the 20-year term. I'm excited about what we can do with this additional-- with this additional tool to help further some of the efforts we have, both in North Omaha, South Omaha, and-- and downtown and the eastern areas of the city. And then I'm happy to answer any questions you might have. But let me start with the way that we look at tax increment financing in general, community redevelopment areas, and using the tools in the Community Development Law. We intend to use those tools to address the purposes that are set forth in the Community Development Law, i.e., addressing areas that are unsafe, unsanitary, inadequately laid out, have a poor street design, overcrowded, excessive land coverage, lack of proper air and light. And the purposes that are set forth in the Community Development Law are extensive. But if you boil them down, they're generally centered around transportation, traffic, and then, you know, by way of that, increasing tax base and revenue, so that gets you to housing, to jobs and employers, and ways to increasing better-- some of the older, what we consider to be older areas of our city. So when you look at the extremely blighted designation, obviously-- Senator Wayne has mentioned it, others have mentioned it-- it's-- oftentimes you're really targeted towards housing and affordable housing. And we've had a lot of conversations today about affordable housing. It is obviously a huge thing for the city of Omaha to try and address. As we have grown, and we're getting a larger and more successful and prominent city, we are starting to lose our ability to have that affordable aspect, which has always been one of our-- our big problems, things that we saddle as-- as coming to the city of Omaha. So we need to make sure that we have ways to ensure that there's affordable housing, and [INAUDIBLE] housing for all areas of the community. So in utilizing the extremely blighted area designation, we did much like the city of Lincoln did, which is, we took a look to start with, as to what areas

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would qualify, and identified as many as possible, primarily to make sure that we afforded all of our residents that could get it, the ability to get that \$5,000 tax credit. Going forward from there, we have taken and looked at additional areas that can be designated, particularly they might further certain projects. So since we have done that, we have actually approved two and have one pending project that we have approved for the 20-year period. One was a project that is north of downtown, which the additional term of five years primarily fostered the ability for them to put in a three-acre park. So that was something we looked at as being a general public amenity, and something that didn't necessarily generate great tax revenue or money for the developer, but it actually brought a great public or civic amenity to the city itself. The second project was a building downtown, which was actually a historic building. So that's another thing. And I think sometimes we need to look at, in using Community Development Laws, how do we take historic buildings or older buildings and save them, keep that-- keep that history around and available to generations to come? And restoring historic buildings is incredibly expensive. I-- you know, you look at like the Blackstone Hotel. That's, you know, they have to use every historic tax credit tool available to them and every other available financing tool that we can give them to save that building. But it's going to turn into a beautiful project, and it's been great for that district. So historic rehabilitation, I think, is another useful goal when you're looking at utilizing tax increment financing. And lastly, we're in the process of improving the Wintergreen Apartment rehabilitate-- or redevelopment, which is 88 single-family homes at 51st and Sorensen Parkway. So obviously this furthers affordable housing in the areas of the city where we desperately need it. So what we look at, in trying to employ or use the tool, the extremely blighted area, that additional five-year term particularly is for projects that we think really need that additional five-year monetary term to promote certain laudable goals. Those goals would be furthering affordable housing, whether it's a mixed-income project or a combination project that-- that provides affordable housing. Projects that do increase in density, we-- you heard earlier talking about the TODs, so projects that would be in a TOD district, for example. Again, furthering densified affordable housing, public transportation and public streets, public infrastructure. So in places in the eastern area of the city where it's cost-prohibitive sometimes to do a project because the road infrastructure isn't there, and the street infrastructure isn't there, sidewalks aren't there, sewers aren't there. If it's a project that comes to us because it incorporates a significant public

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infrastructure or a street or a transportation component, that would be something that would make sense to utilize this tool. You know, otherwise historically, rehabilitations are another one that would kind of look at for possible industrial development. But as we move forward, I appreciate having a little bit of leeway to make sure that we have the ability to utilize this tool to foster a variety of really good projects, and appreciate the state's willingness to let us explore that, knowing that we'll do so to kind of take care of using that tool in the way that it should be meant to be used. So to that end, the city of Omaha is considering adopting a policy similar to the city of Lincoln, where we would identify specific goals or policies that we want to see achieved, and we want to approve a 20-year term. And those goals would be affordable housing, significant public infrastructure, street rehabilitation, public amenities, civic uses, and possibly the storm rehab. So those are the goals that we want to further by utilizing extremely blighted area designation and the 20-year term, particularly in downtown. I think there's oftentimes a challenge, and we've seen this with some affordable projects that try to get done in downtown Omaha. The cost of land and the infrastructure being inside the core makes it almost impossible to build affordable housing inside the core of the downtown. Now inside the core of the downtown area, you're close to transportation, you're close to jobs. So it's a place where you want to make sure you have a variety of housing options. You do have high-end apartments and condos, but you also want to have affordable housing. And it's very difficult to build affordable housing in some of those areas because the mechanics, the land cost, and the infrastructure cost is just prohibitive. So we can use an additional five-year term to encourage both projects in North Omaha and South Omaha, but possibly affordable projects in public transportation and infrastructure projects in the core. I think those are all great goals that we can use to further and better the city of Omaha. And I'm happy to answer any questions.

HUNT: Thank you, Miss Taylor. Any questions from the committee? I have no questions; thank you.

JENNIFER TAYLOR: Thank you.

WAYNE: All right, I will ask a question.

HUNT: OK. Chairman Wayne.

WAYNE: No, we'll have conversations off-line. I won't keep talking. Yeah, there's no question.

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JENNIFER TAYLOR: You know how to find me.

WAYNE: Yeah.

JENNIFER TAYLOR: All right. Thank you.

HUNT: Thank you, Ms. Taylor. Any other testifiers for LR124?

WAYNE: I'm first; you're already up to ask questions [LAUGHTER].

_____ : I know. I know.

HUNT: Well,--

_____ : I'm an attorney.

HUNT: --don't be shy. OK. We have a letter for the record for LR124 from Josh Goodman at Pew Charitable Trusts. And that will close our hearing on LR124. Next is our final hearing for LR125, introduced by Chairman Wayne.

WAYNE: Thank you, Chairwoman Hunt and members of the Urban Affairs Committee. Just so people know that we are going to continue to work with the city of Omaha and figure out some of those issues in the last-- I just didn't want to have a long drawn out Friday. 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, northeast Douglas County. LR125 is the second of three interim studies that I have introduced this year, looking at various provisions underneath the Community Development Law, with a eye towards making changes or clarifications to the law this upcoming session. While most people think Community Development Law is simply a TIF statute, there are a number of other provisions related to community development or redevelopment. One such tool is a financing option known as enhanced employment areas, which was added to the law in 2007. Under the enhanced employment area statutes, a developer-- a developer enters into an agreement with a municipality to develop predefined enhanced employment area. The occ-- an occupation tax is imposed upon the business-- upon businesses within the enhanced employment area, with revenues from the occupation tax pledged to pay off revenue bonds issued by the municipality to finance improvements within the enhanced employment area. Enhanced employment areas are designed so that they can be used in conjunction with TIF or a separate-- or as a separate project. Looking at the projects that have utilized the enhancement employment area statute since 2007, while a handful of-- of them have been large projects that utilize TIF

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and both occupational tax, many of-- many have been in areas that are not otherwise eligible for TIF because they do not meet the definition of substandard and blighted, as required by TIF. As noted by committee counsel in his memo, a growing number of municipalities have begun looking at-- looking to the enhancement employment area tool for a development of major commercial projects, commonly-- most common mall and hotel redevelopment projects. As we look at these statutes for the first time since they were passed in 2007, I would draw the committee's attention to several potential issues. First, what are the prop-- procedures utilized by municipalities to use enhanced employment areas? With TIF, there are significant-- significant procedural steps that the city have to follow, from conducting a blight study to planning-- planning board approval, to multiple public hearings. While the city of Omaha has generally followed the same procedure in their own internal process for TIF projects for enhanced public employment areas, these steps are not required by statute. It may be worth considering a specific review and approval guidelines for enhanced employment areas should be codified in statute. Second, there are different eligibility criterias for improvements that can be funded with occupation tax within the enhanced employment area, depending upon whether the area is also an area that is declared substandard and blighted. For areas that have not been declared substandard and blighted, there is also additional job creation requirements that must be met. Again, these criterias have not been examined since 2007. A representative from multiple cities may or may not come up and testify regarding the tools that they use, but it is just a opportunity for those cities to talk about it and for this committee to be aware that we will be looking at this and potential legislation in upcoming session. And with that, that concludes my opening remarks.

HUNT: Thank you, Chairman Wayne. Any questions from the committee? Seeing none, we don't have any invited testimony for LR125, so anybody who'd like to testify, come on down.

TREVOR FITZGERALD: I don't know if he does.

HUNT: Welcome.

_____ : So you can just create an area that [INAUDIBLE].

TREVOR FITZGERALD: Yeah, it's an agree-- it's a contractual agreement between the city and the developer.

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PAULA DENNISON: Thank you and good afternoon. I am Paula, P-a-u-l-a, Dennison, D-e-n-n-i-s-o-n. I'm here representing the city of Gretna. Appreciate the opportunity to speak before you this evening to give you a little bit about my community and about Nebraska's premier shopping experience that we have located within the city of Gretna. Our 2010 population, 4,905-- the '19 estimate, 5,058. As I learned today, the 2020 population, 5,083. We have a civilian workforce percentage of 74.2 percent, median household income \$83,103, estimated per capita income \$35,342, and an estimated persons-in-poverty percentage of 5.5 percent. So let me take you back a little bit to 2013. Where Nebraska Crossing Outlet Mall is located, that was a blighted area, according to the blighted study that we had performed. They were-- they were storefronts in a strip-type shopping environment. There was a used car lot located on the property. Sarpy County Tourism Office was located on the property. There was a day care, as well as a caterer and event rental space. They might have had about 15 percent of their storefronts filled at the time, in 2013. It was a poor representation of Nebraska and, especially, a poor representation of Nebraska along the interstate. They had poor signage. They were not inviting to travelers nor to shoppers. It was in dire need of redevelopment, reinvestment, and some life. So move forward to 2013. Nebraska Crossing Outlet Mall had the employment enhancement act implemented in March of 2013, when the Gretna City Council approved it, and they were open in November of 2013. There were 80 new stores. On average, each store created 20 new jobs per store, for a total of 1,600 jobs. Private investment was over \$100 million. We continue to see annual 5.2 million shoppers come to that one piece of property. There's an estimated over \$1 billion-- with a B-- in sales tax since the opening that was-- official opening in 2014. We have estimated a \$15 million city sales tax turnback, an estimated 10 percent return on investment from this employment enhancement district. And Tourism is key, because they record the shoppers that come to the outlet mall, and 30 percent of the sales that occurs at the outlet mall is from outside the state of Nebraska. One of the things that is very unique for-- for this property, it is the only development in Nebraska to use the tax increment financing, the employment enhancement act, and the city sales tax turnback all at the same time. In the jobs that were created, the hourly rate is \$14 to \$15 per hour with subsidized benefits, and, if you're salaried with benefits, it's \$60,000 to \$75,000. We have had no issue with the district or with any collections, and we continue to see the progress of the Nebraska Crossing outlet mall. A couple of changes that we were thinking about-- and I even touched base with the outlet mall

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developer-- a couple of changes in the future, as you take this under advisement and consideration, is allowing a broader use of these type of funds, possibly for more horizontal construction, tenant finishes, which can be rather expensive if there's great turnover in the store front, because some of them are rather drastic in the amount of construction activity that they had to do, and marketing, not just marketing the businesses once they come, but marketing to get the businesses and, therefore, the shoppers there. I'm happy to answer any questions that you may have regarding your shopping experience in Gretna.

HUNT: Thank you, Ms. Dennison. Any questions from the committee about the shopping experience in Gretna?

PAULA DENNISON: And I'll be happy to see all of you there.

HUNT: Yes. Thank you, Ms. Dennison.

PAULA DENNISON: Thank you.

HUNT: Appreciate it. Anyone else for LR125? Welcome back.

DAN MARVIN: As long as I was here-- we-- Lincoln does not have-- I'm Dan Marvin, Lincoln, Nebraska, Urban Development; D-a-n M-a-r-v-i-n. Lincoln does not have an extensive use of this particular tool. We've done it once. And one of the issues that I was going to bring up in the previous case, but applies to this, when we went and did a blight study and we blighted a neighborhood, and we told the individual that lived in there, he says: Oh good, now I live in a blighted area. And then we go back and say: Well, we're going to extreme-- well, now I live in extremely. We might want to think about the names that we use for some of this, because that's clearly an issue. And--

_____ : Something has to--

DAN MARVIN: --and this-- this played a role-- the word tax played a role. Not that we want to hide from words, but that did play a role in one of the city council members who voted against the SouthPointe expansion-- was that he didn't want to put a tax on individuals, so he voted no on it. It passed 6-1. It was a parking garage that is now out in SouthPointe. It's not in a blighted area. It was the only tool that they were using to build an elevated parking garage that provides 1,000 stalls, at a cost of \$19 million. But that parking garage then creates far more denser development. And I know it's the process that they went through, as they went to all the different shops at that

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time, and they said: This is what we want to do. We want to build a parking garage so we can have more customers in your store. Are you OK with that?-- at a public hearing. And there were some restaurant owners that were out in that area, and they said: I'm already paying a 2 percent occupation tax for food and beverages; I don't want to pay another 2 percent. So they worked through that issue. But the store owners did buy into that, and it was not imposed on people until they had a public hearing and they got store owners to sign on to the area. So I do think it's a viable tool. It's created a parking garage out in an area, to allow more dense development in this area, and it's nonrecourse back to the city of Lincoln. And when I first inherited the current position I have-- Urban Development manages all the parking garages that are city-owned in the city of Lincoln. And there were delays in this particular parking garage getting off because we were getting-- the construction of this garage was from Corslatch [PHONETIC], which was flooded during this development. And so it was delayed, and we were concerned about the fiscal impact. Well, it's all nonrecourse back, so there aren't consequences back to the city of Lincoln from this particular development. And the shops in this particular area wanted to be able to expand the additional parking in the-- in this development. I don't think they were aware of the impact of Amazon and other kind of issues that have impacted retail since that time. But this has worked out as a tool. But again, just like with the extreme blight, the tax element as a issue, I think, was-- was an item that was discussed at the time. And it has an occupation line. It says for parking, it doesn't say tax on the-- on the-- on the bill of sale when people to go through there and-- and purchase items at SouthPointe. I'll stop there and answer any questions.

HUNT: Thank you, Mr. Marvin. Any questions from the committee? Seeing none, thanks for your testimony today. Anybody else for LR125? Welcome back.

JENNIFER TAYLOR: Hello again. Good afternoon. My name is Jennifer Taylor, J-e-n-n-i-f-e-r T-a-y-l-o-r, and I just- I'd share a few things about how the city of Omaha has utilized this particular tool in the Community Development Law. First, I think I would put in a couple of things that I have learned since we started using this tool recently, one of which is, inside of the CRA, the use-- yeah, the use of the enhanced employment area occupation tax tool has to go through the same process that the utilization TIF does. So when we utilize the EEA, as we call it, it has to be inside-- it has to be considered as part of the redevelopment plan. It has to be identified as being a tool you're going to use as part of the redevelopment plan. So it will

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have a public hearing in front of the planning board and city council as part of the plan. We try to make sure that that happens. Second of all, in doing some initial research, when we did our first EEA, I went back and looked at the legislative hearings for when this tool was actually adopted, and a lot of the conversation was that the-- this tool was put in place because sometimes, even with TIF, there's still a margin gap, and that projects won't happen, particularly inside of the CRA in an extremely-- or in a-- in a blighted, substandard area. So that, again, much like as I said earlier, the Blackstone Hotel, you can have, you know, all the tools available to you, and you have to use every single last one to be able to get that project to, quote unquote, pencil out. So sometimes, even though you're using TIF and even though you're using, you know, other-- other things that are available to you, you still have that margin gap. This is one additional tool that can be used to make sure that project gets done. Secondly, I'll share with you-- and I'll use the Blackstone Hotel as an example-- the city of Omaha has employed the use of an EEA oftentimes to either get those projects over the line, as with key important projects, or to-- to kind of address a large district that is anchored by a particular project, so if you look at the Blackstone. So the Blackstone area, the businesses in the Blackstone area that are subject to the occupation tax, were all actually businesses-- in order to have the tax imposed, we require that the property owner actually sign on to the application, so the property owners have to agree to it. And then when those property owners are actually landlords to tenants, the city of Omaha also asks that they get, essentially, acknowledgment and consent from the tenants so that those tenants that are in place understand what's being imposed upon them and they are-- they agree to it. So for example, with the Blackstone, we had letters of acknowledgment and acceptance from every single tenant in the district that was going to be subject to the occupation tax. They did this because of-- you know there's tenant-- twofold. One, yeah, the occupation-- the EEA tax, the occupation tax for the Blackstone went to support the redevelopment of the Blackstone Hotel. By redeveloping the Blackstone Hotel, you're bringing people in. That's a destination-type of a-- of marketing to that area, which then benefits the restaurants and the businesses that are in that area. So they feed off each other. It would continue to support the new office building that's being rehabilitated with the Kiewit loft next door. So again, you're looking at-- you're seeing an A-- EEA there that supports that whole area and actually enabled the rehabilitation of the Blackstone Hotel. Another place that we've used in the EEA would be the Logan in downtown. So the Logan building, which is across from the Federal

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Courthouse, has been vacant for at least five, ten years. As that project came through approval process a couple of years ago, I joked that, in my previous career as a private developer attorney, I took at least two developers for that project, trying to get it done. That hotel, that building is a unique, historic building. It is an unchallenging site. And so in order to find a way to get it rehabilitated into a useful use, it took a lot of different financing tools, including using the EEA. So those are two different ways that the city of Omaha has utilized the EEA to encourage projects, either extremely challenging and difficult projects or to create a district, you know, like the Capitol, the Logan, the Landmark hotels. Outside of the CRA, we have employed the use of an EEA oftentimes to help infrastructure development, so for example, Avenue One. Avenue One is inside the city limits, so SID financing is not available with them. They're utilizing EEA to put in streets and sewers of greenfield development in that area of town. So again, we're looking to create a large district that will benefit the community as a whole. So those are the goals that we generally see when we utilize an EEA, but also the safeguards we put in place, ensuring that those requests go through an internal city committee and have a public hearing, as well as get agreement and acceptance from all of those entities or businesses or owners that would be subject to that tax. So we try to put those safeguards in place to ensure that everyone knows what's happening, why it's happening, how it's happening, and the benefits they get from it. I'd be happy to answer any questions you might have.

HUNT: Thank you, Ms. Taylor. Any questions from the committee? Senator Wayne.

WAYNE: So how do you determine the area of who's going to be subject to a tax?

JENNIFER TAYLOR: That's actually-- it comes from the actual requester. So they have to own the property or control the property inside the tax area. We do not place that tax or designated area that's outside of what has been owned or controlled by the person who is actually asking for the-- the occupation tax. So--

WAYNE: So I'm--

JENNIFER TAYLOR: --for example, you look at the Capitol District. So the Capitol District, the developer of the Capitol District brought it and said: I would like to have an enhanced employment area and an occupation tax put on this entire property-- the apartments, the

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retail, and the hotel. He owned all the property, and then all of the businesses that were inside that district agreed to it. And that's where he placed the tax. I'm not going to-- we're not going to include in an area any property owner that did not request that.

WAYNE: So what about future businesses? How do you make sure?

JENNIFER TAYLOR: Well, future businesses are on notice that that tax is in place--

WAYNE: OK.

JENNIFER TAYLOR: --because it's on record. So if you buy into that area, you know it's-- it's been in place there. If you're coming into that area as a tenant, you know it's there already. So but-- but anyone that has imposed that-- and has that tax imposed upon them has to agree, ask for, and accept it.

WAYNE: And how long does that tax last?

JENNIFER TAYLOR: Inside of the CRA, it will last for as long as the-- the bond is, so it depends on how much you authorize. Once that bond is paid off, it's done. Outside of a CRA, it's 20 years. Now some of our CRAs-- or some of our EEAs that have been inside of a CRA, we have put specific sunset provisions on, so they'll end after 20 or 25 years. The only one, I think, that we have that doesn't have a sunset provision inside of a CRA is the Blackstone.

WAYNE: Interesting.

JENNIFER TAYLOR: I'd be happy to talk about it-- EEAs at any time, off-line, as well.

HUNT: Thank you, Chairman Wayne. Any other questions? Seeing none, thank you again, Ms. Taylor.

JENNIFER TAYLOR: Thank you.

HUNT: Any other testifiers for LR125? Seeing none, we have no letters for the record, Senator Wayne, you interested in closing?

WAYNE: No, thank you.

HUNT: OK. Then that will close our-- our hearing on LR125 and close our hearings for today. Thank you, everybody, for coming.