

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 6, 2024
Rough Draft

McKINNEY: Affair's Committee. Today is February 6th, 2024. I am Senator Terrell McKinney. I represent District 11 in the state Legislature, which is north Omaha. Before we get started today, I'll ask each senator on the committee to introduce themselves. Starting at my right.

HARDIN: Senator Brian Hardin, District 48: Scottsbluff, Banner, Kimble Counties.

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

HUNT: Megan Hunt, and I represent the northern part of midtown Omaha.

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

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

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 6, 2024
Rough Draft

provide ten copies. You can give those to the clerk or the page. Following all proponent, opponent, and neutral testimony, the bill's presenter is, is given the opportunity to close with final remarks. As a committee, we will work diligently to give fair and-- give a fair and full hearing. We will make every effort to accommodate any special request as well. At this hearing, we ask you to be respectful of the process and to one another. And lastly, please turn off your phones or silence them. Senator Wayne, you're welcome to open.

WAYNE: Thank you, Chair McKinney. 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 north Douglas County. Today is a bill that I mistakenly introduced. I don't say mistakenly because it's a bad bill. It was the one that I told Senator McKinney I, I would draft for him. And then I got it drafted, and then I literally dropped it in a stack of my bills. So that's how it got here. What happened is, Senator McKinney, two years ago, passed legislation to create an I-Hub. Then also those same two years we funded a I-Hub. I guess we made a designation within two miles of the airport there would be some funding streams. In that there were some key dates that were set. One of them was an application deadline on page three. That is-- I'm removing, because what we found out was only Omaha and one in Lincoln applied. In contacts with Valentine and a couple other areas out in rural Nebraska, we feel it's important that we take out that application date and allow DED to open up new applications. And then page two in the amendment that I just passed out clarifies that when an I-Hub is established, it has to be in an economic redevelopment area or an enterprise zone. This bill adds an inland port, mainly before-- for Hershey, North Platte, Bellevue, who, who have obviously established inland ports. But the amendment also adds 30 miles within the reservoir, which is around the Ogallala I-80 area, and then any county that has a population of less than 100-- 100,000. And the reason for that is, is when looking at the map of an enterprise zone, an economic redevelopment area, most of our small-- smaller counties in numberwise, don't have economic redevelopment areas. So it largely left out the entire state. And the thought was back then, this was kind of for Omaha and Lincoln. But recently, as of last week, there was a speaker by the name of Bruce Katz who came in and spoke to the chamber. And then I sent out an email of his slide on February 1st, and it was titled Future Growth for Nebraska. And what, what he presented was pretty interesting, that most states and cities that are growing are growing through innovation-type hub or innovation district. And so leaving out most of the state is probably bad for

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 6, 2024
Rough Draft

business, but also it hinders growth, particularly up in the Valentine area, Ogallala area, Kearney area, and Grand Island area where some of these I-Hub innovation, particularly around ag, could occur. It doesn't make sense to me that most of our ag software that John Deere and other users are using are is being developed in Silicon Valley and sometimes in a different country, and tested in different countries, when arguably we can be doing that here in Nebraska. So this I-Hub and the, the foundation that Senator McKinney laid, is a perfect example of why we should have these throughout the state, not just in Omaha and Lincoln. And so that's what this bill does. It opens it up to the rest of the state. There is a bill in-- two bills in revenue where it's some tax credits. One's called the Pioneer Tax credit, the other one is a Community Assistance Development Act, where these I-Hubs can get some sustainable funding as-- if they grow and if they participate. So, it's kind of two different bills, but it's, again, a way for us to open this up to the rest of the state because we believe, and I'm saying we as me and Senator McKinney and I believe innovation is kind of going to be the future around growth here in Nebraska. And with that, I'll answer any questions.

McKINNEY: Thank you. Are there any questions from the committee? No? Thank you, Senator Wayne.

WAYNE: I do have a bill up in Banking second, but I'll try to stay for closing.

McKINNEY: Thanks. I'll welcome up any proponents? Are there any proponents? Are there any opponents? Are there any neutral testifiers? Senator Wayne, you're welcome to close.

WAYNE: Just to answer any questions you may have, now that they read the two page bill. If there's any questions, if not, I love hearings like this.

McKINNEY: No? Oh. Senator Hunt.

HUNT: Thanks. Thank you, Senator Wayne. I don't have a question, but I guess I wanted to say, for the record, with a bill like this that doesn't have any testifiers, I will probably look at it closer and talk to you personally and Senator McKinney, Chairman McKinney, and, you know, delve into it a little bit more.

WAYNE: Thank you.

HUNT: Thank you.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 6, 2024
Rough Draft

McKINNEY: Thanks. that'll close our hearing on LB1344.

HUNT: Next up, we have LB1314, introduced by Chairman McKinney.
Senator McKinney, whenever you're ready.

McKINNEY: Good afternoon, everyone, and thank you, Urban Affairs Committee. My name is Terrell McKinney, T-e-r-r-e-l-l M-c-K-i-e-e-- M-c-K-i-- M-c-K-- I'm spelling my name wrong. M-c-K-i-n-n-e-y. I represent District 11 in the state Legislature. I'm here to present LB1314. LB1314, in sum, provides for grants under the Municipal, Municipal Inland Port Authority Act. This is done through the creation of an Inland Port Authority Fund, which receives, receives funds from the following sources. First, interest earned as of July 1, 2024 on federal funds allocated to the state of Nebraska from the federal Coronavirus State Fiscal Recovery Fund. Second, funds are received from the investment earnings from the investment money from the Perkins Canal Project Fund and Nebraska Capital Construction Fund. LB1314 provides the necessary component for inland port authorities to cross Nebraska. To a-- through a stable funding source, inland port authorities will have a, a, a strength to fully carry out its purpose. Primarily used is for an inland port authority in a city of metropolitan class to develop a large shovel-- to, to to develop large, shovel-ready commercial and industrial sites to serve as a regional merging point for multi-modal transportation and dis-- and distribution of goods to and from ports and other locations in other regions. Inland port authorities are crucial for economic development of our state, and this investment will turn around and give back to the community several times over. And that's the point of this. We, we heard a similar version of this when we did the amendment earlier this year. I brought this bill mainly as a placeholder, just in case we had to use this bill, but it's pretty much just transferring funds that already got appropriated last year to the Inland Port Authority that was created by the city of Omaha earlier this year. Thank you. I'll answer any questions.

HUNT: Thank you. Chairman McKinney. Are there any questions from the committee? Senator Lowe.

LOWE: Thanks. So this is just a placeholder bill?

McKINNEY: Yes.

LOWE: OK.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 6, 2024
Rough Draft

McKINNEY: Yep.

HUNT: Any other questions? Seeing none, thank you for your introduction. Are there any proponents for LB1314? Any proponents? Any opponents? Anyone wishing to testify in the neutral capacity? Seeing none. Senator McKinney, you're welcome to close. He waives closing. We have no letters on LB1344. And with that, I'll close this hearing and turn it back over to Chairman McKinney, and Senator John Cavanaugh for LB1046.

McKINNEY: Oh, I'm ready. I was waiting on you. Sorry.

J. CAVANAUGH: No, you're all right. Good afternoon, Chairman McKinney and members of the Urban Affairs Committee. My name is Senator John Cavanaugh, J-o-h-n C-a-v-a-n-a-u-g-h, and I represent the 9th Legislative District in midtown Omaha. I'm here today to introduce LB1046, which amends the Nebraska Housing Agency Act to require a public housing agency in a city of the metropolitan class to provide appointed counsel for tenants of public housing in an eviction proceeding or termination hearing. Right to counsel on evictions is an issue that I have been passionate about throughout my time here in the Legislature. As-- and in volunteering as an attorney in the eviction court, unrepresented tenants face a tremendous disadvantage in eviction proceedings. While landlords are almost always represented by counsel, tenants are generally not legally trained and often have little understanding of their legal rights. An attorney can advise them of valid defenses and be able to negotiate a settlement to keep them in their home. The power imbalance is even more pronounced when it comes to public housing, when the entity seeking to evict is a government agency. I firmly believe the government is going to seek-- if the government is going to seek termination of someone's property rights-- and let's be very clear, a tenancy is a property right-- that the government has a greater responsibility to provide protections under the law. Providing a civil right to counsel in this-- in the instance where the evicting authority is a public housing agency, is a small way to balance the scales. Residents of public housing who are facing eviction very likely will have nowhere else to turn. If they lose their home, they are likely to end up homeless. You'll likely hear from the Housing Authority representative today, who will tell you that they don't seek evictions-- don't seek to evict people for frivolous reasons, and they rarely, and they rarely evict. But that's hard to square with what we've seen and what you will hear from proponents of this bill today. LB1046 represents an important protection for people in poverty. I'd like to ask the committee's

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 6, 2024
Rough Draft

support, and I'd be happy to take any questions. And I circulated an article from the Flatwater Free Press for you to take a look at. And the one part I would draw your attention to is, I think it's on page 2 of that article, where it says OHA has filed evictions for-- more than 400 times this year, being 2023, 85 for those-- for-- were for-- over money allegedly owned by the tenants. And the next line says, a handful of tenants received eviction notices for amounts comparable to a dinner at a restaurant: \$35, \$65, \$75. In all, OHA filed for eviction more than 4 dozen tenants who owed less than \$300. So that's what we're talking about. People-- folks who are living in what's supposed to be supported-- supportive housing for low-income folks, and the state actor is taking action against them to evict them for amounts as small as \$35. So that's my proposal here today, is to balance that a little bit. So, be happy to take any questions.

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

LOWE: Thank you. The map on the one--

J. CAVANAUGH: Didn't come out very clearly?

LOWE: No, but it looks like most of it is on the east side of Omaha and down, from the north to the south. Can you explain a little bit more on, on that?

J. CAVANAUGH: Sure. Well, so--

LOWE: Maybe give me an idea of where these are at.

J. CAVANAUGH: Yeah. Thank you for the question, Senator Lowe. Most of these are going to be folks who live in the housing units. So in my district, there's Jackson Tower, which is on 28th and Jackson, Underwood Tower, which is in Senator Hunt's district, on 49th and Underwood, and, you know, there's several other specific, I guess, tower-style housing. And those, those were a lot of the places we're talking about. So they're kind of very, very compact. I'm a-- I, I don't know. I mean, there's some-- and this one in particular, your map is worse than mine, it looks like. But if you get way out by Boys Town, there's one out there. I don't know what that specific facility is.

LOWE: OK. Thank you.

McKINNEY: Thank you. Are, are there any other questions from the committee? No? Thanks, Senator Cavanaugh. Welcome up first proponent.

ERIN FEICHTINGER: It's been too long since I've been in front of [INAUDIBLE] my favorite committee. Chair McKinney, members of the Urban Affairs Committee, my name is Erin Feichtinger, E-r-i-n F-e-i-c-h-t-i-n-g-e-r, and I'm the policy director for the Women's Fund of Omaha. National HUD data shows that around 74% of public housing residents are female heads of household, and 32% of those include children. As an organization advocating for gender equity, the number of women impacted by decisions and policies made by OHA are of critical concern to our mission, particularly as it relates to housing justice. The amount and the nature of OHA evictions is of concern, given the compounding problems that you've heard about in this committee, of our affordable housing crisis, the absence of emergency financial assistance for those facing evictions, and I would add, as well, OHA's mission as a public housing authority to advance housing stability for those who would otherwise find it incredibly difficult. Looking at the data for 2022 and 2023, OHA eviction cases represent around 8% of the total evictions filed in Douglas County Court. On average, 83% of those evictions are filed for nonpayment, despite public comments in this committee last session that the number of evictions for nonpayment is actually very small. The majority of OHA nonpayment eviction cases are filed for amounts of less than \$1,000, 59% in 2022, and 70% as of July 2023. I understand that \$1,000 for a public housing authority tenant could represent a longer span of time than an eviction in the private market. And at the same time, \$1,000 is likely a much more significant burden on an OHA tenant than one in the private market. Additionally, OHA late fees and their policy in 2023, of adding \$350 to eviction cases, just for going to court, amounted to \$70,494 of public and private assistance across 2022 and 2023, including \$26,000-- 700-- \$26,750 in court fees that were paid for by emergency rental assistance funds that could have otherwise gone to help families-- other families in the community. These funds would have been available to other households, including other OHA tenants. And what we've seen is instances where something like a \$60 nonpayment case filed by OHA turns immediately into a \$410 eviction case, which is a much larger financial hurdle, hurdle for the tenant. At this point in our community, there really is almost no more financial assistance available to help folks who are facing eviction. And every demand by OHA made on those already strained funds in our community puts them further out of reach for others. I would also note that data from our continuum of care, the primary collector of all

the-- our homelessness data, shows that tenants evicted from OHA housing are more likely than those in the private market to enter the homeless service system, and sooner. I recognize that OHA is likely one of the largest landlords in the city, and that their job is perhaps more difficult than a private landlord. Even so, these eviction numbers are startling and should cause some concern for OHA and for the state. I have watched numerous OHA eviction cases play out in court, and though I do not have specific demograph-- demographic information of all OHA evictions, I have watched trials proceed against multiple elderly tenants, including one with an Alzheimer's diagnosis, who was told by the OHA lawyer in court that she had more than enough time to read the notices that she received in the mail. I am not intending to say that OHA is inherently bad, rather, that when a government agency is acting in a way which causes harm, we should put checks in place for oversight and accountability. And LB1046 would help us get there in Omaha. I'm happy to answer any questions you may have to the best of my ability.

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

HUNT: Thank you, Chairman McKinney. So you talked about a pot of financial assistance that OHA has, for the whole community. What does that look like, in terms of how much they have and how much they're able to dole out?

ERIN FEICHTINGER: Yeah. And I, I may not have clarified that in my testimony. So really, what I was talking about was this larger pot of financial assistance that's available, like in the community generally, to anybody who's facing eviction. And there's a lot. We had 5,975 eviction filings in Douglas County, in 2023. So what OHA has-- you know, we had these pots of money, particularly during the Emergency Rental Assistance Program, where lots of money was coming into the community. And OHA ended up receiving \$2.6 million of those federal funds.

HUNT: Out of how much?

ERIN FEICHTINGER: I think we-- I couldn't get you the exact number, but it was. And when we had, I think \$140, maybe more, million. But still, this is a federal agency. I think there's testifiers behind me, too, who helped people-- tenants who were facing-- OHA tenants who were facing eviction, navigate that process of securing assistance.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 6, 2024
Rough Draft

And they could talk definitely more in depth about the particular issues that may be associated with that.

HUNT: OK. Do you know what the cost is of OHA con-- conviction-- eviction? Eviction?

ERIN FEICHTINGER: I, I know that, in, in 2023, what we were seeing was tenants who were receiving eviction notices would see that their-- the amount that they owed would jump by \$150, basically, just for receiving an eviction notice.

HUNT: Just for, just for getting the notice? Because of the--

ERIN FEICHTINGER: Yeah. And then if you went to court, what we were finding in negotiations in that courtroom were that there was an additional-- in order to settle the case, there'd be an additional \$350 added-- or maybe-- I'm sorry, additional \$250 to \$300 added on top of it.

HUNT: OK. Thank you.

McKINNEY: Thank you. Are there any other questions? I got a question. So I'm going through the online comments. And it seems like there's a form online comment thread going around because most of the comments seem like a copy and paste thread to oppose this bill. And many of the opposition is-- are, are not from Omaha, and it's not necessarily pertaining to the concerns of the tenants that live in Omaha housing. It's just opposing tenants in Omaha housing, or just anybody that would be going through an eviction, having an attorney. Why would anybody be concerned with individuals in Omaha housing having an attorney going through an eviction process?

ERIN FEICHTINGER: That's a great question. This bill specifically deals only with Omaha Housing Authority properties. It does not apply to Section 8. It is only those evictions initiated by-- so we would see on the court filings by Omaha Housing Authority, not by any private landlord in the city. Having not read the online comments, I couldn't be certain. But I guess just as a general note for citizens to-- you know, it's always good to read the bill.

McKINNEY: Yeah. Thank you. Any other questions? No? Thank you.

ERIN FEICHTINGER: Thanks.

McKINNEY: Are there other proponents?

SCOTT MERTZ: Thank you. My name is Scott Mertz, S-c-o-t-t M-e-r-t-z, the director of Legal Aid of Nebraska's Housing Justice Project, and I have extensive experience representing low-income Nebraskans over 14 years as a practicing attorney. I also have valuable experience, both individually and collectively, with other attorneys at Legal Aid, in representing public housing tenants all across the state. Thank you for the opportunity to appear today in support of LB1046. I also want to thank Senator Cavanaugh for introducing this bill and for inviting Legal Aid of Nebraska to testify today. The Legal Aid of Nebraska is the only statewide nonprofit law firm that provides free civil legal services to all low-income Nebraskans. For thousands of low-income Nebraskans, Legal Aid is the only place they can turn to for legal assistance when their income, benefits, or housing is in jeopardy. And access to secure, safe, affordable housing is a top priority for Legal Aid and our clients. Legal Aid of Nebraska thus created the Housing Justice Project in order to address Nebraska's low-income housing needs, evictions, foreclosures, utility burdens, unsafe conditions, and post-tenancy damages. And although we are a statewide organization, a substantial portion of our housing work occurs within the Omaha metro area. 2023, of the 3,423 unique housing cases that were closed at Legal Aid Nebraska, 49% of those cases were just within the confines of Douglas County. And within those housing cases in Douglas County, roughly about 7% of all of those housing cases involved the Omaha Housing Authority as an adverse party. Public housing evictions are a top priority for Legal Aid of Nebraska, because tenants with low or fixed income-- incomes need to be in subsidized income-based housing, and a large portion of the state subsidized housing comes from the public housing authorities. Preservation of the public housing tenancies is paramount for our client population. And we know if a tenant is evicted from public housing, that that eviction's not only going to cost the family the immediate housing needs and concerns, but that the consequences of that eviction is going to follow a family for years and prevent reentry into any public housing authority across the country. In Omaha, one can be banned from reentry into public housing for 2 or 3 years after an eviction, even a lifetime ban in some instances. Because of these severe long-term consequences, we put that high priority on preserving tenancies in public housing whenever possible. Now, rules and regulations that govern public housing tenancies are more complex, more involved than tenancies that govern the private market. Each individual public housing authority will have its own administrative plan. They have more stringent notice requirements and more significantly, every single housing authority has to adopt and

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 6, 2024
Rough Draft

enforce individual grievance procedures that comport to federal law. And that grievance process is in place to resolve conflicts and protect tenants and avoid eviction whenever possible. However, tenants often do not engage with this administrative grievance process. But with the aid of an attorney, tenants can better navigate this process and assert their rights and preserve their housing, all without going to court. I do see my time is up. I do thank you for the opportunity, but I do want to be available for any questions that the committee may have.

McKINNEY: Thank you. Are there any questions? Senator Hunt.

HUNT: Thank you, Chairman McKinney. Mr. Mertz, were there any-- did you get your thoughts out? Did you, did you have anything else you wanted to say for sure on the record?

SCOTT MERTZ: I just wanted to talk a little bit about what I'm-- the grievance process with respect to how that's a distinguishing factor of these public housing evictions that are [INAUDIBLE] different from a normal tenancy to normal eviction.

HUNT: Because there's that recourse.

SCOTT MERTZ: Yes. You have a right-- you have a right to engage with the housing authority, with the landlord, pre-court, keep the dispute out of court and potentially resolve it before court. That's there. That's there by federal law, those-- that option and those rights. But we just see a lot of our clients not actually engage with that. And we know this because they come to court not having engaged with that process. And we know from representing clients at Legal Aid of Nebraska, pre-court, with the grievance process, we, we can more often than not avoid the necessity of court. So that's a real benefit to connecting individuals in public housing with an attorney before actually going to county court.

HUNT: In your experience working with evicted people in Omaha, have there been instances where you've seen that OHA is not follow-- not following either federal or state laws and guidance around the evictions of their tenants?

SCOTT MERTZ: Yes. And we'll assert those arguments both in the administrative process and in the county courts, as well. We'll, we'll see--

HUNT: So is--

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 6, 2024
Rough Draft

SCOTT MERTZ: --problem-- go ahead.

HUNT: So is OHA notified of these breaches, I guess?

SCOTT MERTZ: Well, our roles as advocates and attorneys, we make that note, both maybe in negotiation, settlement discussion with the attorneys for OHA, and if need be, actually to the court, to argue where it is that we see a discrepancy between the actions of OHA, often just within the 4 corners of a notice that are missing requirements, what should be in a notice under federal law, or in what is being demanded of the, of the tenants in the nonpayment notices, demanding of funds, of monies that they should not be demanding of those tenants.

HUNT: OK. So the city of Omaha has said that this program, under LB1046, is going to cost the city over \$400,000 a year to administer. Since Legal Aid has been working on things like this, in your experience, you know, what do you think about that type of estimate? What are your thoughts on that?

SCOTT MERTZ: Well, I, I would not be in a position to say what the city is going to pay for an attorney. I know what we expend in resources at Legal Aid of Nebraska, on just our housing work, and our housing work as it's, it's specific to OHA. And to our budget for our housing work-- and as I said, about half of it is within the city of Omaha. And then 7% of that half is dealing with OHA. So, you know, we're, we're not expending over \$100,000 ourselves in just doing our OHA-related casework. But I think the-- going back to my point about the grievance process, we really don't know how many people are actually engaging with that, and more importantly, how many people would engage with that once they know they have the benefit of an attorney to help them engage with that process. That could, in turn, reduce the actual cost and certainly, time of cases going to court, the filings of OHA county court cases, if we have more engagement with the OHA tenant population just in that grievance process before actually--

HUNT: Yeah.

SCOTT MERTZ: --having to go to court.

HUNT: The evictions might actually go down or something. I, I get this stuff with estimates because sometimes it's like you don't know until you know. It's like, maybe it costs this much. But with, with people

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 6, 2024
Rough Draft

like Legal Aid-- not-- with organizations like Legal Aid in the community that are already working on this kind of thing, I think we can put our heads together and-- I don't know. It's, it's not my field, but it makes sense to me. And finally, maybe you don't have specific demographic information, but in your experience with Legal Aid, who is OHA evicting? What do those populations look like?

SCOTT MERTZ: Populations, it's low income. So there's extenuating circumstances that make the individuals low income: single parents, a lot of elderly individuals are our clients, a lot of individuals who have some form of disability or medical impairment. It's referenced to a client of Legal Aid of Nebraska has had Alzheimer's. You see a lot of individuals who have some matter of mental health impairments, and another reason why a lot of these individuals are on some fixed income like Social Security, either retirement or disability.

HUNT: Doctor Feichtinger said-- she talked about OHA charging attorney fees to tenants. Can you speak more to that from Legal Aid's--

SCOTT MERTZ: Yes. We've--

HUNT: --experience?

SCOTT MERTZ: --you know, brought this issue up in, in county court. And I, I, I think it was, it was mentioned in the testimony about how there's a distinction of those fees, where there's some fees that get put on automatically just because of the notice, in, in and of itself, so that we're seeing-- we're not seeing individuals actually in court. They might have actually just paid those fees at the notice stage. Before the case got to county court, more fees were added to the, the ledger for those tenants. Again, these are hundreds of dollars for that which is often related to just the issuance of paperwork and the filing of itself, putting aside whatever time goes into what is just a \$50 filing fee for every single eviction action that was county.

HUNT: It's a lot of-- death by a lot of paper cuts, you know, for the people who can't afford it in the first place. I don't think I have any other questions, but I'll reach out to you if I do. Thank you.

SCOTT MERTZ: Thank you, Senator.

McKINNEY: Thank you. Are there any other questions? I have one, or maybe two. In your experience, how, and you kind of mentioned it with Senator Hunt, how knowledgeable were the tenant-- tenants of the grievance process?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 6, 2024
Rough Draft

SCOTT MERTZ: Often, when we're the ones helping, it's because they have not engaged in the grievance process on their own. They, they come to us for that assistance. So--

McKINNEY: Did they know it existed?

SCOTT MERTZ: Well, it-- it's in the notice. There is certainly, a, a requirement by federal law, that there, again, be a grievance process, period, but that that is an-- tenants are informed of that within the notice. But logic-- you'll see, this is in, you know, hundreds of words worth of text within every note, as to-- often buried at the end. And, and, and part of it also goes with the timeline that one-- the deadline that one has to actually utilize that. People sometimes don't really pay much attention until it's pretty late, like when it goes to court.

McKINNEY: That was kind of getting to the second part of my question. Do you-- in your exper-- experience, did it seem like OHA was proactive in their outreach to their tenants about the grievance process and saying, like, hey, here's an opportunity to resolve these matters before we take it to eviction court?

SCOTT MERTZ: I don't want to speak to the intent of OHA or, or doing [INAUDIBLE]. I, I can speak to like, what is literally within the confines--

McKINNEY: Um-hum.

SCOTT MERTZ: --of these notices, that are to inform OHA tenants agreements [INAUDIBLE]. It's not highlighted. It isn't anything up front in big, bold letters, with respect to, hey, you know, we will talk to you. We can engage in informal meetings first, formal hearings second, all a process that does take some time, but also actually gets one-on-one engagement between tenant and landlord, via the property manager. You know, again, I think OHA would say they, they give grievance hearings, certainly. But to your point about emphasizing or de-emphasizing, it's not anything that's front and center anytime there's a termination notice given out to an OHA tenant.

McKINNEY: All right. Thank you. Any other questions? Senator Lowe?

LOWE: Thank you. And thanks for coming to testify today. In the lease, are these extra fees described?

SCOTT MERTZ: I cannot speak to whether or not they actually say in the lease agreement how the fee structure would work. I mean, there are fees, late fees and other penalty fees in the lease agreement. I, I, I would have to defer as to whether or not that, that-- and any given tenants who had encountered these type of fees, that was actually reflected in their lease agreement.

LOWE: Thank you.

McKINNEY: Thank you. Any other questions? No? Thank you for your testimony. Other proponents.

CATHERINE MAHERN: Chairman McKinney and members of the Urban Affairs Committee, my name is Catherine Mahern, C-a-t-h-e-r-i-n-e M-a-h-e-r-n, and I'm a professor emerita from Creighton University School of Law. I've been engaged in the practice of law for nearly 44 years, with my entire career dedicated to representing low-income individuals and families. In my nearly 28 years as director of the Milton Abrahams Legal Clinic at Creighton Law School, a significant portion of our practice there consisted of representing tenants in eviction cases, with a priority on tenants receiving subsidies that made their rent affordable. I have represented tenants not only in evictions in county court, but I have sued the public housing authorities and federal court numerous times for their denial of tenants' fundamental due process rights under the federal law. Since my retirement in 2020, I have continued my work as a volunteer attorney with the Nebraska Volunteer Bar Association's Tenants Assistance Project. No doubt most of you understand that public housing, that housing that is owned and operated by a public housing authority, is considered housing of last resort. In the inventory of public housing units, the majority are dreary, dingy and often dangerous places, but are better-- but is better than facing homelessness, where even if you could access a shelter, a family may be broken up because of rules related to having older males in the household. The National Housing Act, which established the public housing authorities, provides public housing tenants with numerous rights under federal law, and it also imposes additional responsibilities on its tenants. In addition to federal law, public housing authorities and their tenants are subject to a plethora of federal regulations. Those laws and regulations that are intended to benefit the tenant are not something that your public housing tenants are aware of or have access to. In fact, there may only be a handful of lawyers in the entire state that have a passing familiarity with the laws and regulations intended to protect these tenants. Public housing authorities can and do make mistakes, or

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 6, 2024
Rough Draft

misinterpret federal law and regulations, or have bad facts when they decide to evict a public housing tenant. Only by having robust representation by an attorney familiar with all these laws and regulations, as well as the Nebraska Landlord Tenant Act, can this tenant and family avoid a possible wrongful eviction. Last September, I volunteered with the Tenants Assistance Project, and I was appointed a public housing tenant in an eviction for nonpayment of rent. Fortunately, this client had brought in several letters that she had received from the Housing Authority from several months earlier, indicating rent had gone up substantially, but only because of my own deep background representing subsidized tenants that I knew the--

McKINNEY: Excuse me.

CATHERINE MAHERN: --housing authorities letter-- I'm sorry. Time's up?

McKINNEY: Could you-- I'll give you 30 seconds to close.

CATHERINE MAHERN: OK. The Housing Authority had denied this client her due process rights. And not only this client, but as far as I could tell from my research, every public housing client-- tenant, whose rent was adjusted in the last 5 years, was denied that due process rights.

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

HUNT: I'll, I'll ask you the same question I asked the previous testifier, just to be clear and direct. In your experience, are there instances where OHA is not following either federal rules or state rules governing eviction of their tenants?

CATHERINE MAHERN: They have denied-- and every time they have increased rent on a tenant, as far back as I can find, they have failed to notify them of their right to dispute the calculation of their rent. The rules and the law under the federal courts and under these laws and regulations, is that action that increase in rent cannot take effect until the due process is offered and then completed. This means, the client I was starting to speak about, at the time of her eviction for her, her daughter, and her grandchild--

HUNT: Yeah, he shared about that. Yeah.

CATHERINE MAHERN: She was about to be evicted. I pointed out this problem, and they dismissed the case. Rightfully so. I went back and

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 6, 2024
Rough Draft

looked at her record, as well as her tenant ledger. And for my calculated, I think they owe her \$10,000. And yet that day, she faced eviction. I believe every tenant who has had adverse action taken against them, as far as fees or rent, have been denied due process.

HUNT: OK. Thank you.

CATHERINE MAHERN: And without an attorney who would be able to bring, bring that up.

HUNT: Right. Who would know that? Yeah. OK. Thank you.

McKINNEY: Thank you. Are there any other questions? I got a question. Could you send me the-- where we could get a copy of that exact federal law or statute?

CATHERINE MAHERN: Yeah, it's-- yeah. I can send you both the federal law, which is 42 U.S.C. 1437, and then 24 CFR, in many different sections in the 600s. But I can send you the specific ones about the right to due process, and the failure to do that.

McKINNEY: Yes. I would love that.

CATHERINE MAHERN: All right.

McKINNEY: Thank you. Thank you. Other proponents?

JASON FELDHAUS: Chairman McKinney and members of the Urban Affairs Committee, my name is Jason Feldhaus, J-a-s-o-n F-e-l-d-h-a-u-s. I am the executive director of the Metro Area Continuum of Care for the Homeless, or MACCH. I want to thank Senator Cavanaugh for introducing LB1046 and strongly support its potential to maximize our community's ability to eradicate homelessness. MACCH is a collective impact agency that sets the shared priorities and practices used to achieve our unwavering mission to end homelessness in our community. We don't just envision on this goal, we actively collaborate with countless individuals and groups to make it a reality. During the pandemic, MACCH managed the COVID-19 relief funds, the Emergency Rental Assistance Program, in partnership with the city of Omaha. MACCH's ERAP program was on the front line of assistance and distributed over \$85 million in rental assistance and \$10 million in utilities assistance, for a total of \$95 million to maintain housing for the metro's most vulnerable families and individuals. With the removal of these historic supports and resources by the federal government, it is essential that Nebraska looks at other ways to support vulnerable

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 6, 2024
Rough Draft

families from being evicted and entering our homeless system. MACCH supports LB1046 because evictions create housing instability and sends families into crisis, devastating the family's credit and rental history, ultimately leaving the family vulnerable to predatory, unsafe housing situations in the future. In over 40% of Nebraska Department of Health and Human Services child removal cases, housing instability is listed as a contributing factor as a just-- justification for removal. National data has shown, without a right to counsel bill, on average, 3% of tenants are represented nationwide, compared to 81% of landlords. In addition, a study out of Hennepin County, Minnesota, found that first, represented tenants were twice as likely to stay in their homes, receive twice as long to move, and were 4 times less likely to use a homeless shelter. Second, 78% of represented tenants left with a clean eviction record, compared to 6% of unrepresented tenants. MACCH's data compared with national data shows legal representation is essential in reducing the homeless system. Since January 1, 2021, to the present, we have seen 961-- or 9,611 individuals taken to eviction court in Douglas County. Of those, 9,000-plus, 648 of them were OHA residents, with 44% ending in an eviction. Of those 44%, 29% later returned or reported to the homeless shelter. In addition, since May of 20-- 2021, MACCH spent an average of \$2,839 for 5 1/2 months of delinquent rent for 191 OHA tenants who received ERAP funds. This averages \$560 monthly in delinquency, compared to the average housing cost in Omaha of \$1,191 a month for an apartment. MACCH supports legal representation due to the proven approach of individuals who enter the homeless system and builds the community focus on supporting individuals where they live. I'll take any questions if you have any.

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

HUNT: Thank you, Chairman McKinney. Thanks for being here today. Can you speak to-- because, because part of the thing we're talking about here is cost, you know--

JASON FELDHAUS: Yeah.

HUNT: --to the city, to OHA, to tenants, to landlords. What is the cost of an eviction--

JASON FELDHAUS: Sure.

HUNT: --in, in Omaha, to the community, to taxpayers, etcetera?

JASON FELDHAUS: I think that's-- so I can give you a hard cost. To the taxpayer, I can't break it out exactly to the taxpayer, but I can give you a full, solid cost of what we think. In partnership with several of our providers in the community, we're tracking about \$5,500 per individual that gets evicted or has to be rehoused. So you have first and last month's rent, you have deposits, you have fees, you have deposits for rental-- or excuse me, for utilities, deposits to restart any kind of new living situation. So we're seeing about \$5,500 per those individuals. And then when we have cases of troubled rental history, we'll see certain incentives that we've used in the community, or other incentives for landlords to encourage that housing of individuals. And that could be an additional incurred fee on the back side.

HUNT: OK. Thank you.

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

JASON FELDHAUS: Thank you.

McKINNEY: Other proponents?

DESTINY FANT: Good aft-- good afternoon, Chair McKinney, members of the Urban Affairs Committee. My name is Destiny Fant, D-e-s-t-i-n-y F-a-n-t. I'm a tenant assistance project specialist with Together, which means I work with families facing eviction to connect them with assistance or resources so their housing instability does not result in homelessness. Over the past few years, I have worked at the Douglas County Eviction Court where we see more OHA tenants than tenants renting from any other landlord. Often, OHA tenants are not aware of their right to a hearing with OHA before an eviction is filed. Once it's filed and the tenant is evicted, the tenant is responsible to pay OHA \$150 for the filing, plus another \$200 for just having to come to court. A lot of times, these charges are more than the tenant's monthly rent, or more than what the tenant even owes. Once a tenant is evicted from public housing, it is very difficult to find housing. Most enter the homeless system, and this is especially true for the older individuals on a fixed income, since the eviction also makes them ineligible for, for housing choice vouchers. LB1046 is important because tenants who have the support and knowledge of counsel will be more likely to take advantage of their right to a hearing, where HUD encourages housing agencies to work out a payment plan or negotiated settlement as opposed to terminating their lease. An advocate will also be able to connect tenants to service providers like Together,

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 6, 2024
Rough Draft

where the earlier we're able to help, the more options we have to defuse a crisis that may otherwise lead to a lack of housing. Having appointed counsel will also ensure that OHA follows HUD requirements and complies with the law. I urge this committee to advance LB1046, and I'm happy to answer any questions.

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

HUNT: Thank you, Chairman McKinney. Thank you, Destiny, for being here today. So you work to help people facing eviction get financial assistance to avoid an eviction judgment. Is that right?

DESTINY FANT: Correct.

HUNT: How much-- I'll ask you the same question I've asked other testifiers. How much does avoiding an eviction judgment cost in your experience, at Together? Or I could put it this way. What-- I know, I know some things about what Together does. What typically happens to a tenant after an OHA eviction?

DESTINY FANT: A lot of times, they end up sleeping in their vehicles, at a shelter. We expend a lot of resources because we try to prioritize them because they're a very vulnerable population. And having to connect them to other resources for housing navigation, where we're then incentivizing landlords to overlook the eviction barriers, the income barriers, things of that nature, plus having to pay now, first month and deposit, sometimes moving expenses, things of that nature.

HUNT: OK. How do you incentivize landlords to, to take these tenants?

DESTINY FANT: They're given a financial incentive, depending on the severity of the housing barrier that they're facing.

HUNT: OK. Thank you.

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

SCOUT RICHTERS: Good afternoon. My name is Scout Richters, S-c-o-u-t R-i-c-h-t-e-r-s, here on behalf of the ACLU of Nebraska in support of LB1046. Access to the courts is fundamental to our democracy. Although people have the right to seek redress in the court system, the remedy rings hollow when people do not have access to the courts or don't

have the expertise to assert their rights. Put simply, representation by counsel allows people to assert the rights that are guaranteed to them under the law. Legal representation for renters facing evictions is critically-- a critically important intervention to keep people in their homes and prevent the long-term harms of eviction. ACLU National released a report in 2022, assessing the impacts of eviction and how they contribute to a cycle of poverty that frequently results in homelessness and harms to the community, as you've heard. The report also examined-- that-- examined, shows-- provide that legal representation to renters is a well-documented, cost-effective intervention that can really mitigate the, the mass eviction crisis. Many families facing evictions, again, as you heard, are already overwhelmed with daily struggles and are often confused about the eviction process, court proceedings, and the likelihood of imminent loss of their homes. They do not know their rights, what options they have, or how to articulate any defense they might have to the action that's pending against them. When it comes to something as fundamental and necessary as a home, people need to have an attorney representing them. So for those reasons, we offer our full support.

McKINNEY: Thank you.

HUNT: Thank you.

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

SCOUT RICHTERS: Thank you.

McKINNEY: Other proponents? Are there any opponents? Is there anyone here in the neutral? Senator Cavanaugh, you're welcome to come up. And for the record, there were 15 proponents online, there were 30 in opposition, and zero in the neutral.

J. CAVANAUGH: Well, thank you, Chairman McKinney and members of the Urban Affairs Committee. I, I guess this must be a consent calendar bill. So, I got another letter to hand out here. I, I think you all got this, but I didn't see it in the comments, from the National Right to Counsel Coalition, submitted a letter, and there were just a few things I wanted to point out in it that I thought were relevant to the conversation we're having today. You'll get it in a second here, but it goes through, you know, the ancillary effects, the other effects of eviction, which includes-- it's in the third paragraph. It says, additionally, the impacts of eviction on tenants' education, employment, child custody, mental/physical health, and housing

eligibility have significant financial consequences for cities and states that must pay for homeless shelters, emergency medical care, unemployment benefits, and foster care. And we heard, I think it was from-- I'm looking-- Mr. Feldhaus, I think, from MACCH, about the \$5,500 per individual is the cost we're talking about when someone is evicted. So that's some of these costs we're talking about. And if you continue on in this paragraph here, it states, the city of Baltimore, which started a right to counsel, found that the \$5.7 million investment that they're making for right to counsel saved the city \$36 million, \$36 million for \$5.7 million. City of-- or the state of South Carolina is estimating \$7.2 million in investment for \$21 million in savings. So, you know, this bill, we're talking about the most vulnerable people in our community. We're talking about housing of last resort. We're talking about housing that's meant for folks who can't necessarily afford housing. And then they're being evicted for small amounts of money. They're not getting their due process through this agency. This is a government actor. And so this is distinguishable from other conversations about this. But if we can prevent these evictions that are not meant to happen, we can decrease those costs to our community as a whole and save large amounts of money. So I think that there is a huge financial benefit to doing this. I would like to take a minute to talk about the fiscal note, which was an estimated \$425,000. That, of course, is an estimate. As Senator Hunt said, estimates are very hard to come up with. I would just point out that the OHA budget for legal expenses-- so this is the agency every incident, every eviction we're talking about, would be encompassed under the same-- would be a, a-- oppositional to OHA, their actual expenditure in 2022, \$288,000 for legal services. So that includes all of the other things they're doing, not just their evictions. So I think that that is a overestimation of how much it would cost to represent the folks being evicted from the Omaha Housing Authority. I would also-- Senator McKinney, you pointed out and you asked, why are folks sending in these letters? And yes, they are-- there's a good number of them that are similar. Right. And I kind of was going through and underlining-- one part of it that jumped out at me, there's no precedents in Nebraska that one side of a civil proceeding has an attorney paid for by the taxpayers, which I think is interesting, because in this case, we're talking about one side is the state. The state actor is the Omaha Housing Authority. Their attorney is paid for by the taxpayers. They're adverse to the citizens who are being evicted and having their property right taken away from them, their home taken away from them, and it's resulting in external costs to our society as a whole. So this is an opportunity that we have to

talk about one specific bad actor, which is the Omaha Housing Authority, who, by the way, I don't think they submitted a letter. So I guess-- I, I don't know where-- how we're supposed to interpret their position on this. I, I-- one could say, without them submitting a letter or coming and testifying, that they agree that we should pass this bill. So I guess I would-- with that, I would take any-- be happy to take any questions.

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

HARDIN: To be appropriately lawyered up on this one. So to echo Senator McKinney's statement, we're going to pay \$400,000 to pay for the incompetency of another state agency?

J. CAVANAUGH: Well, like I said, I don't think it's \$400,000. But yes, we're not going to pay it.

HARDIN: A large amount of money to pay for the incompetency of another state agency.

J. CAVANAUGH: Yes, but we are not going-- the, the state of Nebraska is not going to be paying this amount. There is an amount in there that the courts say would be, be required for them to administer-- or to allow for the court filings. But that comes out of the court's cash fund. But there would be no General Fund amount. The, the fiscal note on this is the city saying how much it would cost to them. And I have had conversations with the city. They don't think they should be required to pay because they say that Omaha Housing Authority is a separate entity. And I think there is room to have that conversation, of whether the city of Omaha is required to pay. The reason, in this bill, that the city of Omaha was put on the financial hook for it is because OHA, though, is a separate entity, the board is entirely appointed by the city of Omaha. So the city of Omaha does have some control over the behavior of the Omaha Housing Authority, though they do not actually fund them, which is the city's point in that, and the funding comes from other sources. So-- but none of it would come from the state.

HARDIN: OK. Just curious. With this organization, and I know this isn't your purview, but who does have that authority over them to say, do your job rights, in the 70% of the time that you're not?

J. CAVANAUGH: That's an excellent question, Senator Hardin. So, well, the city of Omaha does a point. However, I would point out Senator McKinney has a bill that would reconfigure the board in some way that would require the election of board members, if I remember correctly, Senator McKinney, by residents. Senator McKinney could probably speak to it better than I could. But I do recall that, that bill, or this-- we have had a hearing in this committee where we are attempting to exert a little bit more control over the, the bad actor of the Omaha Housing Authority. And I would point out, this bill is specific to the Omaha Housing Authority, in part because of the conduct that is in that article I handed out. There was an art-- a story on Channel 7, in Omaha, last night, about some of their bad conduct. There's another, the Flatwater Free Press article I could share with you. But it, it is not specific. We're not-- we are not attempting to require the Lincoln House-- Lincoln Housing Authority, the Douglas County Housing Authority, or any other housing authorities. And that is more of a representation of the bad actor.

HARDIN: Thank you.

McKINNEY: Thank you. Any other questions? I got-- I guess, do you think it's odd that the Omaha Housing Authority didn't show up at all?

J. CAVANAUGH: I do think it's odd. I would think that, based on the last hearing we had, which I think was your hearing, Senator McKinney, Chairman McKinney, where they did come and push back on your suggested bill, I would have thought that they would have come and, and at least expressed their opinion, whether it was positive-- I, I don't think that-- I don't think they needed to come negative. I don't think they would have had-- I don't think it's a foregone conclusion that they oppose the idea of their tenants getting representation. And it's because I think the intention of Omaha Housing Authority is a meritorious one, and a lot of the people involved in that organization are well-intentioned. And so, I think it's-- I-- but I do think it would be at least a courtesy to tell the Legislature their position.

McKINNEY: I agree. Because I remember last year, there were a couple bills that touched other entities, and the entities didn't show up. And then when bills hit the floor, they acted as if the, the world was ending. And people were like, you didn't show up to the hearing. How do we-- why, why wouldn't we say yes to this, and you offered no position on the bill when you had a chance. So if the bill-- if this bill or any other bill touches the floor and they offer no position, why wouldn't a senator vote yes?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 6, 2024
Rough Draft

J. CAVANAUGH: I would intend to vote yes on this bill.

McKINNEY: I'll bet. All right. Senator Hunt.

HUNT: I would just say, since there's no opposition, I think we should put my bedbug bill into this and make a package, and there you have it.

J. CAVANAUGH: Which is relevant to the bedbug--

HUNT: It is.

J. CAVANAUGH: --problem at the Omaha Housing Authority on 49th and Underwood.

HUNT: You know, I lived at 49th and Underwood for 8 years, and not in the Housing Authority building, but catty-corner from it. And I lived there for 8 years with my kid, and I ran a clothing store about a block away for 8 years. And we had so many customers coming from that Housing Authority building, coming in all the time. And they told us about a lot of problems that they had. And yeah, to, to my mind, this is one way to address some of those things, because these problems are known and they're not being fixed.

McKINNEY: Yep. Thank you.

HUNT: Thank you.

McKINNEY: That'll close our hearing on LB1046. Next up is Senator Raybould.

KATE WOLFE: Good afternoon, Chair McKinney and members of the Urban Affairs Committee. My name is Kate Wolfe, K-a-t-e W-o-l-f-e, appearing before you on behalf of Senator Jane Raybould. Senator Raybould regrets that she cannot be here and asked me to introduce LB1384. LB1384 would direct the Nebraska Department of Economic Development to create the Transforming Cities and Villages program to award grants for the purpose of constructing housing to address affordable housing needs in cities and villages. The bill states that the Legislature appropriates \$10 million to be transferred to the Affordable Housing Trust Fund from the Intern Nebraska Cash Fund. The bill also makes changes to the Affordable Housing Trust Fund to expand its allowable use. The committee may remember Senator Dungan's LB707. LB1384 has the same intent. But rather than limiting the program to cities of the primary class, it is available to any community that works with a

Community Development Financial Institution, or CDFI. The bill specifically re-- specifically requests \$10 million from the Nebraska Intern Cash Fund to be allocated to the Department of Economic Development to support affordable housing development through a CDFI. Senator Raybould could talk to you for days about affordable housing and the mechanisms in place that can be utilized to make progress towards solving our housing crisis across the state. Unfortunately, you're stuck with me, and I'm resorting to borrowing, with his permission, from Senator Dungan's opening on LB-- on LB707 to ensure an accurate record. A CDFI is a nonprofit organization that provides financing to support the development of underserved, often defined as low and moderate income, communities. The CDFI designation is granted by the U.S. Department of Treasury CDFI Fund. In this case, the CDFI can support the development of affordable housing by providing loans that are challenging for a bank to provide. There are two key advantages to investing in a CDFI. First, an investment in a CDFI is an investment in a loan fund, so these resources will be lent to finance affordable housing, be repaid, and then invested again. And that's a cycle that's going to repeat in perpetuity. Second, an investment into a CDFI can be leveraged, as the CDFI can use the principal investment to access an additional five, possibly even ten times, of what the initial investment is, significantly increasing the amount of capital available, available for affordable housing lending. To put it another way, the \$10 million that we're asking for here could be very easily turned into \$70 million, or possibly up to \$90 million, based on some of the leveraging techniques. Another difference between LB1384 and LB707 seven is the funding source. When Senator Raybould worked on finding creative solutions to problems facing our state, she became aware that the intern Nebraska Cash Fund was being significantly underutilized. In fact, the fund had earned more than it had expended. Senator Raybould wholeheartedly supports the Intern Nebraska program. But at a time when housing, especially affordable housing, is in crisis, she feels the Legislature should leave no stone unturned. With that, I'll encourage the committee to support LB1384. Hope that there are no questions. And thank you.

McKINNEY: Thank you. Are there any questions? Senator Hunt.

HUNT: I know we're not supposed to ask questions of staff, but are you saying Intern Nebraska? Intern Nebraska?

KATE WOLFE: Intern Nebraska Cash Fund. And that's the-- the handout shows this the, the cash flow of that fund, the money that is in there, what has been expended, and what it has earned, and--

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 6, 2024
Rough Draft

HUNT: Is this--

KATE WOLFE: --I believe that it's got a-- it was funded with \$20 million. It's expended less than \$500,000 and earned over \$500,000 roughly, maybe expended \$384,000.

HUNT: Is this the fund that the Department of Economic Development is supposed to use for the Intern Nebraska program? OK. OK.

KATE WOLFE: Yes.

HUNT: Thank you.

KATE WOLFE: I shouldn't nod. Yes, Senator. Thank you.

HUNT: Thank you.

McKINNEY: Thank you. Anyone else? No. Thank you. Are there any proponents?

WARD HOPPE: Chairman McKinney and members of the committee, hello again. My name is Ward F. Hoppe, W-a-r-d F H-o-p-p-e. I'm a principal of Hoppe Development. We build affordable and workforce housing across this state. We support this bill. It would provide needed gap financing for affordable housing projects at affordable rates. The gap is the difference between what the cost of construction if an affordable housing project is, net of any low income housing tax credit equity, and the amount that the annual rents can pay off in time, both in terms of debt and expenses. Nowadays, every LIHTC project has a gap. Lower rents obviously create greater gap. So when we're trying to reach a lower income tranche, we have-- we have to go out and find more gap financing because the LIHTC doesn't pay it off. We've used Community Development Resources, a Lincoln based CDFI with a mission of affordable housing, for lending as a lender of zero interest and low 2% interest loans on projects in the past, without which we could not have done the projects. A grant under this program would increase their capacity, thus obviously support an increase in affordable housing. And since the gap financing is generally a soft second loan, it would be leveraged and provide much more housing than the amount of the fund. Further, since the money would go into projects as a loan, the money's recycled. CDFIs are particularly important in the affordable housing space, not only to fill gap, but to participate and enable acquisition and development loans by mitigating primary lender risk. A&D loans are tough to get in the market rate world. They're extremely tough to get in the affordable

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 6, 2024
Rough Draft

housing world, and having a CDFI to mitigate risk, or essentially open up a broader-- a broader group of lenders to participate is extremely important. And it's-- getting A&D loans is tough. Anyway, this would be a good use of funds to increase affordable housing. And one caveat we have is, we don't care where the money comes from. And I know that maybe where that money comes from might be an issue to some on the bill. But the importance is being able to get some money to the CDFIs because they have a critical lending portion or lending place in the affordable housing world. Any questions?

McKINNEY: Thank you. Are there any questions? I guess I have one. Is it-- is money just the issue though, for affordable housing? Because in a perfect world, if we-- even if we had all the money to address it, could we even pull it off?

WARD HOPPE: Well, I, I don't exactly, know how to answer that question. I mean, are you saying is there enough capacity in home builders in--

McKINNEY: Yeah.

WARD HOPPE: --the state of Nebraska to, to--

McKINNEY: Address the.

WARD HOPPE: --to address the entire? No, there's probably not.

McKINNEY: So what else do you think we need outside of money?

WARD HOPPE: Well, there are a lot of things we need. We need labor. That'd be extremely helpful. We need more reasonably priced and a better flow of materials. There's particularly certain materials that are necessary and cause a delay. Electrical components, we've had problems with. We've had problems with reasonable inspectors, you know, matching our projects with-- you know, that we build according to plans and specs, and yet we've had trouble getting them to approval, because, you know, as odd of things as they didn't like who did the work. OK. Well, those are all elements that interfere. But money's necessary, because some of that stuff we can overcome with money and, you know, and even though we can't fulfill all the demand, we got to try, because there's just too much need for affordable housing, you know. So we got to build as much as we can for-- you know, our company, our goal is we think everybody deserves a home. And unless we get going, there's a lot of people out there that don't have it.

McKINNEY: All right. Thank you.

WARD HOPPE: Yeah. Any other questions?

McKINNEY: Are there other proponents?

CHRIS TONNIGES: Good afternoon, Chairman McKinney and members of the Urban Affairs Committee. My name is Chris Tonniges, C-h-r-i-s T-o-n-n-i-g-e-s, appearing before you today as president and CEO of Lutheran Family Services in support of LB1384, and the allocation of additional funding for affordable housing through the creation of the Transforming Cities and Villages program. LFS is grateful for the Legislature's commitment to the overall health and well-being of the people of this great state of Nebraska, and continuing to explore ways to elevate the standard of living for all Nebraskans. As one of the state's largest health and human services providers, LFS impacted nearly 20,000 lives in over 90 counties in 2023. We have 132-year history of pivoting to the needs of the clients and communities we serve. Whether through adoption, foster care, mental health or refugee resettlement, Lutheran Family Services has been a proud provider of new beginnings in this state. In 2021, we started seeing a trend in our customer surveys centered on the social determinants of health. Starting that year, over 85% of all respondents stated that housing insecurity was their number one concern. That was the first time that's been seen in the last ten years. That number has now risen to over 90% of all of our respondents. The interesting part wasn't so much the percentage, because it follows the national trends around affordability and the burden of housing costs. What our clients are worried about is the lack of access to attainable and safe housing. It just doesn't exist in the numbers that we-- that are needed across the state. In response, our agency started to investigate the issues of attainable housing for the client populations we serve. We quickly learned the challenge is expansive and touches villages the size of Bruning and Gresham, as well as our urban centers in Lincoln and Omaha. Your support of LB1384 will provide funding that tackles the diverse nature of the affordability gap by allocating funds to both existing housing stock, as well as the potential new development of affordable housing. LB1384 is good for our clients, it's good for all citizens, and good for the state of Nebraska. It should be considered a catalyst investment in our communities and to a healthy population by providing additional access to much needed, safe and attainable housing. LFS recommends the Urban Affairs Committee advance LB1384. That creates funding in the development of the Transforming Cities and

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 6, 2024
Rough Draft

Villages program. Be happy to answer any questions about the programming that we have at LFS.

McKINNEY: Thank you. Are there any questions from the committee? Thanks. What kind of program do you have?

CHRIS TONNIGES: Yeah. So, to tackle a little bit of the question that you asked Fred-- we think it's a multifaceted approach. So we took over as fiscal agent for what was Omaha Healthy Kids Alliance, which is now Healthy Housing. And so that approach of attacking both existing housing stock and making sure that there's investment in safe, attainable housing at the-- at the existing housing stock spectrum, but then also, projects like we just announced on 30th and Lake in partnership with Salem Lea-- or Salem and Urban League in developing new housing along that 30th and Lake corridor, is an important part of, we think, solving for the problem. So part of it is an education base in taking roughly those 20,000 clients that we impact every year, educating them on the importance of a safe home, and getting them allocated or, or, introduced into either programming or funding that's available to make sure that they're, the place where they live is both safe as well as attainable.

McKINNEY: Thank you.

CHRIS TONNIGES: Yeah.

McKINNEY: Any other questions? No. Thank you.

CHRIS TONNIGES: Yeah. Thank you.

McKINNEY: Other proponents?

LYNN REX: Senator McKinney, members of the committee, my name is Lynn Rex, L-y-n-n R-e-x, representing the League of Nebraska Municipalities. We're here today in support of this bill. In particular, in-- kind of in concept only. We think that this ought to be among the many other issues that you're looking at in terms of affordable housing, what package you put together, that this should be on the table. All these issues should be on the table. We basically don't know if this is the right funding source, and we defer to the committee in terms of from whence the money would come, if you will. I don't frankly know enough about this intern program. It seems to me it's a fantastic program. And I'm sure Senator Raybould would agree with that as well. So we defer to you in terms of where the funds would come from. But we think that this is an issue that should be on

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 6, 2024
Rough Draft

the table, along with the many other efforts that you, you've been working on as a committee on affordable housing. With that, I'm happy to respond to any questions that you might have.

McKINNEY: Thank you. Are there any questions? No. Thanks.

LYNN REX: Thanks for all your work on this very important issue. Thank you.

McKINNEY: No problem. Are there any other proponents? Any opponents? Anyone here to testify in the neutral? Kate, are you closing?

KATE WOLFE: I'll waive, Senator McKinney.

McKINNEY: OK. Thank you. That'll close our hearings for today.