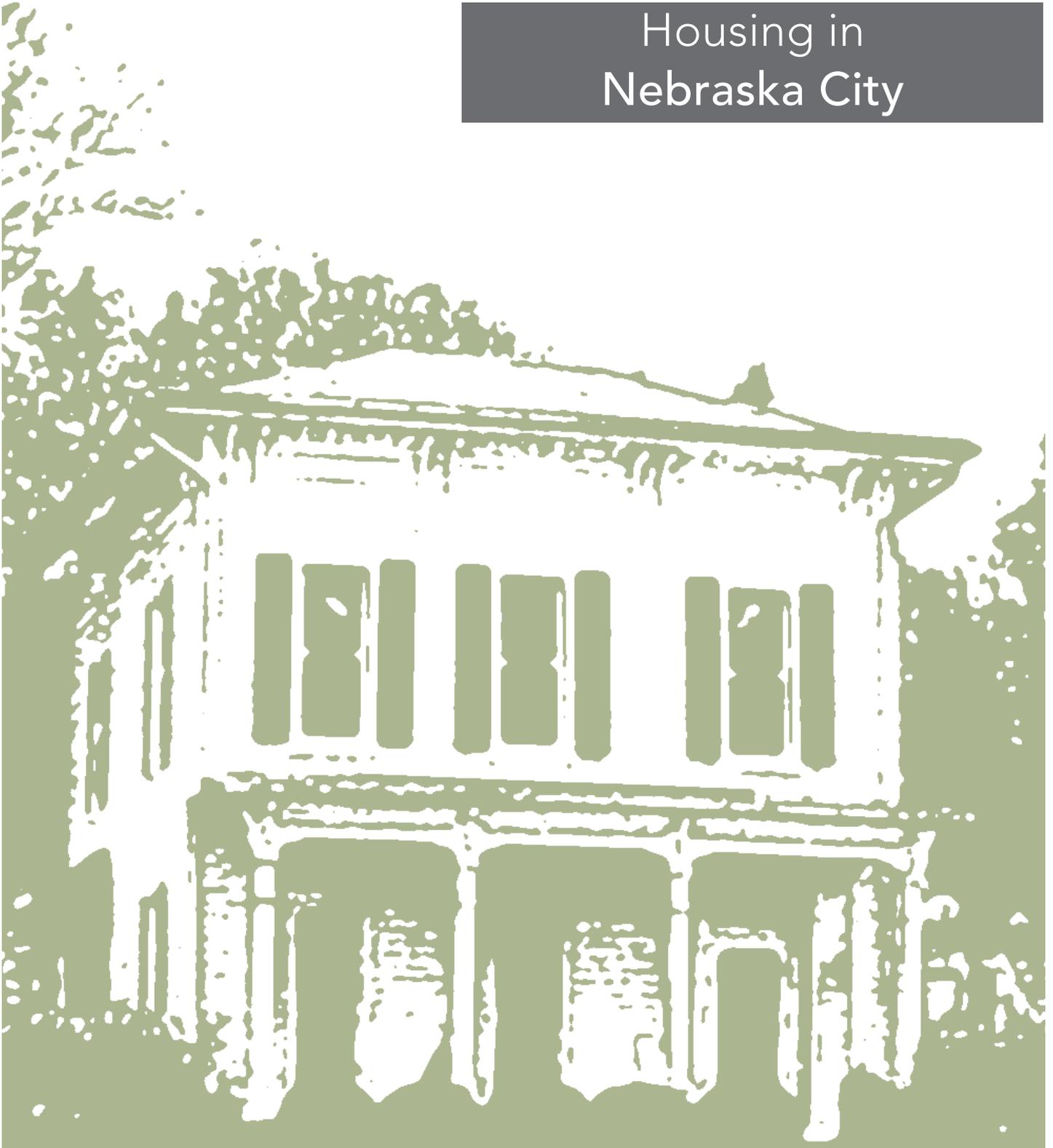


Housing in Nebraska City



Prepared with the Nebraska City Housing Authority,
the city of Nebraska City & Nebraska Investment
Finance Authority

By RDG PLANNING & DESIGN

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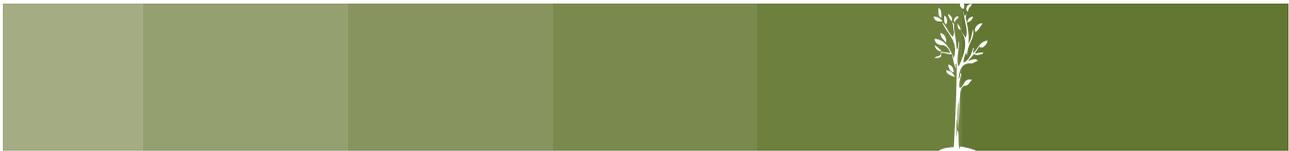


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Chapter 1

A PROFILE OF NEBRASKA CITY

Nebraska City has a strong regional and state-wide reputation as one of the premier communities and tourism destinations in Nebraska, however, this reputation has not made the city immune to stagnant population growth in recent decades. Unlike other parts of the country, the local housing market did not experience inflated housing values and overly poor lending practices. Foreclosures have occurred but not at devastating levels. The city's strong reputation positions Nebraska City to capture growth in a reviving economy.

This chapter examines demographic trends and issues that have a major impact on housing demand in the Nebraska City area. Measures such as historical and projected population growth, migration to and from the area, household growth and size, and age distribution will help explain pressures on the housing market. This information is then used to identify future housing demands and appropriate pricing.

A SOCIO-ECONOMIC PROFILE OF THE COMMUNITY

Major findings of this chapter include:

- During the 1990s, Nebraska City experienced the strongest decade of growth in 50 years; however, it was unable to sustain this level into the new century.
- A high birthrate and the continued attraction of seniors by retirement housing and condos support Nebraska City's stable population.
- If the city can continue to expand the job market and provide the necessary housing, a moderate growth rate should result in a 2030 population of 7,900.
- While Nebraska City's household income is comparable to surrounding communities, the city has a smaller percentage of higher income earners than the state as a whole.

POPULATION CHARACTERISTICS AND CHANGE

Examining population characteristics is necessary to quantify housing needs. The following analysis presents historical and future population trends for Nebraska City.

Nebraska City has experienced fluctuating population patterns over the past 50 years with the strongest growth occurring in the 1990s. Figures 1 and 2 examine historic population change and compare Nebraska City's with other First Class cities.

Compared with other First Class cities, Nebraska City has experienced a stable population, but has not matched the strong growth of other cities with large and dominate employers. Despite growth in other nearby cities, out-migration in the rural areas of Otoe County have increased Nebraska City's percentage of the county's overall population.



FIGURE 1: Historical Population Change, Nebraska City

Year	Population	Decennial Change	Decennial % Change	Average Annual Rate of Change
1900	7,380			
1910	5,488	-1,892	-25.6%	-2.92%
1920	6,279	791	14.4%	1.36%
1930	7,230	951	15.1%	1.42%
1940	7,339	109	1.5%	0.15%
1950	6,872	-467	-6.4%	-0.66%
1960	7,252	380	5.5%	0.54%
1970	7,441	189	2.6%	0.26%
1980	7,127	-314	-4.2%	-0.43%
1990	6,547	-580	-8.1%	-0.85%
2000	7,228	681	10.4%	0.99%
2010	7,289	61	0.8%	0.08%

Source: U.S. Bureau of the Census

FIGURE 2: Population Comparison

	1960	1970	1980	1990	2000	2010	% Change 2000-2010
Nebraska City	7,252	7,441	7,127	6,547	7,228	7,289	0.8%
Plattsmouth	6,244	6,371	6,295	6,412	6,887	6,502	-5.6%
Crete	3,546	4,444	4,872	4,841	6,028	6,960	15.5%
Seward	4,208	5,294	5,713	5,641	6,319	6,984	10.5%
Gering	4,585	5,639	7,760	7,946	7,751	8,500	9.7%
Blair	4,931	6,106	6,418	6,860	7,512	7,990	6.4%
Sidney	8,004	6,403	6,010	5,959	6,382	6,757	5.9%
McCook	8,301	8,285	8,404	8,112	7,994	7,698	-3.7%
York	6,173	6,778	7,723	7,940	8,081	7,766	-3.9%
Alliance	8,745	6,862	9,920	9,765	8,959	7,491	-16.4%
Otoe County	16,503	15,576	15,183	14,252	15,396	15,740	2.2%
Nebraska City as a % of Otoe County	43.9%	47.8%	46.9%	45.9%	46.9%	46.3%	

Source: U.S. Bureau of the Census

FIGURE 3: Predicted versus Actual Population Change

		Difference	% Difference
Predicted 2010 Population	7,092		
Actual 2010 Population	7,289	197	2.8%
Predicted Female Population	3,691		
Actual Female Population	3,842	151	4.1%
Predicted Male Population	3,401		
Actual Male Population	3,447	46	1.4%

Source: U.S. Bureau of the Census; RDG Planning & Design





FIGURE 4a: Estimated and Actual Age Cohort Change, Nebraska City

Age Group	2000 Actual	2010 pred.	2010 Actual	(Actual - Pred.)	% variance: Actual/Pred
Under 5	470	383	510	127	33.2%
5-9	484	364	483	119	32.7%
10-14	540	469	483	14	3.0%
15-19	556	483	445	-38	-7.8%
20-24	355	537	418	-119	-22.1%
25-29	409	551	451	-100	-18.2%
30-34	381	352	387	35	10.0%
35-39	501	405	393	-12	-3.0%
40-44	546	376	375	-1	-0.4%
45-49	453	492	509	17	3.5%
50-54	478	530	529	-1	-0.3%
55-59	369	431	426	-5	-1.2%
60-64	312	441	447	6	1.4%
65-69	287	323	347	24	7.3%
70-74	286	255	276	21	8.2%
75-80	294	213	244	31	14.7%
80-84	230	182	215	33	18.4%
85+	277	306	351	45	14.8%
Total	7,228	7,092	7,289	197	2.8%

Source: U.S. Bureau of the Census; RDG Planning & Design

Comparing a community's expected population, based on natural population change, with the actual outcome of the 2010 Census produces a deeper analysis of population trends. This analysis can begin to indicate both a community's capacity for natural population growth and the likelihood that it is gaining or losing population through migration from other communities.

Figure 3 summarizes the results of such an analysis for Nebraska City. These estimates are based on the following assumptions:

- A cohort-survival forecast method is used to forecast population. A cohort is a group of individuals within the same five year age range. These groups

FIGURE 4b: Estimated and Actual Age Cohort Change, 68410 Zip Code excluding Nebraska City

Age Group	2010 pred.	2010 Actual	(Actual - Pred.)
30-34	58	30	28
35-39	84	41	43
40-44	95	64	31
45-49	129	106	23
50-54	144	116	28
55-59	100	82	18
60-64	103	71	32

Source: U.S. Bureau of the Census; RDG Planning & Design

are "aged" by computing how many of them will survive into the next five-year period. Cohort survival rates used were developed by the National Center for Health Statistics.

- For cohorts within childbearing years, average birth rates are applied to generate the estimated number of children born in the community.

These assumptions illustrate that despite an aging population, Nebraska City has been able to grow. Between 2000 and 2010, deaths should have exceeded birth rates resulting in a population loss of 136, yet the city actually exceeded the predicted population by 197 residents. This indicates that, over the past ten years, the city:

- Experienced an in-migration of new residents
- Experienced a slightly higher than predicted birth rate

Figure 4a compares the actual and projected populations by specific age groups during the 2000s. This cohort analysis indicates that:

- The majority of Nebraska City's population growth occurred among those under 9 and over 75 years of age. These numbers would likely be influenced by higher birth and lower death rates than would have been predicted. It is also likely that Nebraska City was attractive to retirees in the region.



FIGURE 5: Change in Household Size, Nebraska City

	1990	2000	2010	Change 1990-2010	Change 2000-2010	% Change 2000-2010
Population in Households	6,391	6,953	7,029	638	76	1.09%
Number of Households	2,711	2,898	2,933	222	35	1.21%
Persons Per Households	2.36	2.40	2.36	-	-0.04	-1.67%

Source: U.S. Bureau of the Census

- The increase in 30-34 year-olds does support some of the growth among children under the age of nine.
- The city has struggled to retain young adults early in their work careers and those at the peak of their careers.
- Figure 4b illustrates that those in their 30s, 40s, and 50s were not leaving the area but instead living just outside Nebraska City. This likely reflects a lack of the types of rental and ‘move-up’ housing desired by these cohorts within the city.

This same analysis was completed in the 2006 Housing assessment. During the 1990s the city exceeded the predicted population by 805 residents. During this period the job and housing market supported strong growth among residents over the age of 30. Compared to the 1990s, the city attracted more seniors with quality services in 2006.

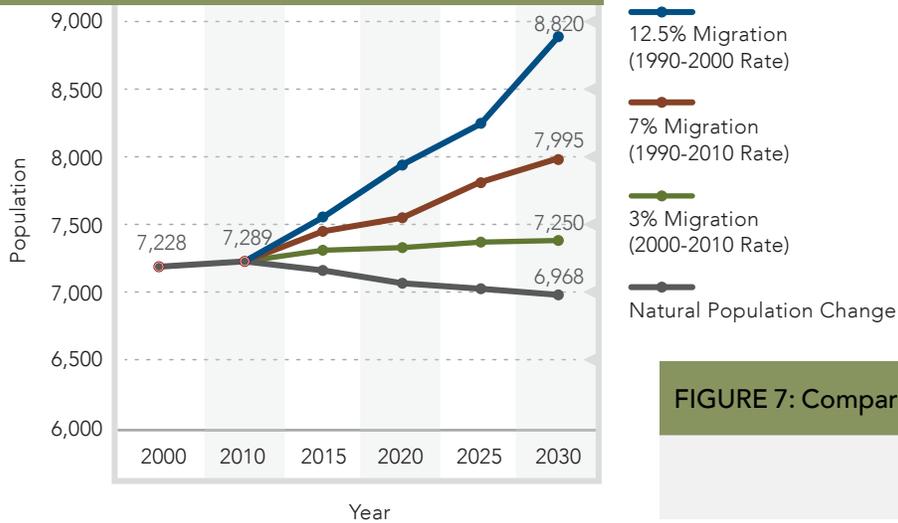
CHANGE IN HOUSEHOLD SIZE

Households, rather than population, actually determine housing unit demand. Even if a community’s population decreases or remains stagnant, when the number of people living in each housing unit (people per household) decreases then the demand for housing units increases. Between 1990 and 2000, Nebraska City experienced strong population growth, especially among families with slightly larger households, driving the demand for housing. In the 2000s the city’s population didn’t grow, but the



number of individuals living in each unit decreased, supporting new housing. Figure 5 presents household change over the past 20 years. The increase in the number of households was likely driven by the city’s growing population over the age of 70. These households tend to be smaller, often a single person.

FIGURE 6: Population Projection Scenarios



POPULATION PROJECTIONS

Projections of population through the year 2030 help predict housing needs for the future. Later, this information will be combined with assumptions regarding trends in household size to determine the estimated number of new units required to meet the housing demands of the community.

Future population for the city is forecast by:

- Generating several scenarios based on varying assumptions about population migration and growth.
- Selecting the most probable scenario based on historic economic and regional growth trends.

Figure 6 displays alternative population projections based upon natural population change (a zero migration rate) as well as migration rates based on historic patterns. Over the coming decades, initiatives identified in this plan and other city planning processes should begin to accelerate growth. Hence, the city should strive to grow at a moderate 7% migration, achieving a 2025 population of 7,771.

FIGURE 7: Comparative Household Income, 2010

	2000	2010	% Change, 2000-2010
Nebraska City	\$34,952	\$43,063	23.2%
Plattsmouth	\$38,844	\$50,678	30.5%
Crete	\$34,098	\$39,576	16.1%
Seward	\$41,264	\$55,901	35.5%
Gering	\$35,185	\$44,175	25.6%
Blair	\$41,214	\$56,049	36.0%
Sidney	\$33,935	\$47,969	41.4%
McCook	\$31,105	\$38,974	25.3%
York	\$34,207	\$44,344	29.6%

Source: U.S. Bureau of the Census

ECONOMIC ISSUES

Figures 7 and 8 compare median household income figures for Nebraska City with other First Class cities in Nebraska.

Nebraska City’s estimated median household income was \$43,063 in 2010, reflecting strong growth and comparable to Gering and McCook but lower than Plattsmouth, Seward and Blair. Based on the analysis in Figure 4b, it is likely that many of the highest income earners live just outside the city limits.

Figure 8 shows the distribution of households by income category for Nebraska City and the state of Nebraska.



FIGURE 8: Household Income Distribution, 2010

	Nebraska City	Nebraska
Income Category	% of Households	% of Households
Under \$10,000	6.96%	6.37%
\$10,000-\$14,999	7.47%	5.85%
\$15,000-\$24,999	14.01%	11.49%
\$25,000-\$34,999	15.55%	11.70%
\$35,000-\$49,999	12.72%	15.22%
\$50,000-\$74,999	21.75%	20.61%
Over \$75,000	21.55%	28.76%

Source: U.S. Bureau of the Census

Nebraska City has a greater percentage of residents earning between \$15,000 and \$35,000 and a lower percentage of very high-income households. This suggests a large percentage of workers in industrial and service employment. As with population, it can be assumed that many of the areas highest income earners are living just outside Nebraska City. For the 68410 zip code, the median household income is estimated at over \$47,000. Approximately 3,000 households in Nebraska City earn less than 20% of the area median income making affordable housing an issue for many.

Figure 9 displays labor statistics for Otoe, Cass, and Nemaha Counties for 1990, 2000 and 2010. Economic growth north of Nebraska City was especially strong in the 1990s, and drove significant job growth. This trend reversed in the 2000s for Cass County while Otoe County continued to experience

FIGURE 9: Employment Trends, 1990-2010

	1990	2000	2010	Percent Change, 2000-2010
Otoe County				
Labor Force	7,117	8,367	8,939	6.8%
Employed	6,932	8,105	8,512	5.0%
Unemployment Rate	2.6%	3.1%	4.8%	
Nemaha County				
Labor Force	3,527	3,794	3,404	-10.3%
Employed	3,388	3,643	3,198	-12.2%
Unemployment Rate	3.9%	4.0%	6.1%	
Cass County				
Labor Force	10,502	13,624	13,386	-1.7%
Employed	10,194	13,246	12,606	-4.8%
Unemployment Rate	2.9%	2.8%	5.8%	

Source: U.S. Bureau of the Census

growth. The unemployment rate has also remained the lowest in the area, possibly indicating a continued labor shortage and demand for housing to support a strong labor market.

Chapter 2

HOUSING TRENDS & DEMANDS

This chapter examines the supply and future demand for housing in Nebraska City, using U.S. Census data and historical trends. The overall characteristics of housing - specifically ownership status, cost of housing, and vacancy trends - are particularly important to understanding the existing and future demands. This information can help identify existing or potential imbalances in the market and may suggest housing policy direction for a variety of issues.

HOUSING TRENDS

Major Findings include:

- Nebraska City remains a fairly affordable housing market, relative to Omaha and Lincoln.
- The market will generate a demand for over two hundred housing units in the coming 15 years.
- There is an acute need for housing both for low-income residents and middle-class residents looking to 'move up' into larger or more well-appointed homes.
- The small amount of multi-family construction has likely encouraged the conversion of ownership units to rental use, inhibiting their rehabilitation.
- Nebraska City remains a popular market for retiring Baby Boomers. As this population ages, additional housing catering to their needs will be required to retain them as residents..

OVERALL HOUSING CHARACTERISTICS

HOUSING OCCUPANCY AND VACANCY

Figures 10 and 11 display occupancy and vacancy changes in Nebraska City housing stock between 1990 and 2011. Statistics within these figures are based on the U.S. Census Bureau's Decennial Census and American Communities Survey.

The figures indicate that:

- Despite significantly greater growth in the 1990s, the total number of housing units increased by nearly the same amount. This likely reflects both a decreasing household size in the 2000s and pent-up demand for new housing that was still being met in the 2000s.



- The number of owner-occupied housing units has decreased, a change that has likely not been seen in Nebraska City in the past 50 years. This reflects the dramatic change in lending practices that has occurred in the last five years and the increasing demand for rental housing.
- The overall vacancy rate has grown, mostly among vacant for sale units. This may be anomaly in the Census data. A total of 93 vacant for sale houses would suggest that almost all houses for sale in Nebraska City are vacant, which not likely the case.
- With increasing demand for rental units those that remain vacant are likely in the worst condition and in need of reinvestment.



FIGURE 10: Housing Units and Occupancy, Nebraska City

	1990	2000	2011	Change 2000-2010	% Change
Total Units	2,955	3,146	3,336	190	6.0%
Total Occupied Units	2,711	2,898	3,063	165	5.7%
Owner Occupied	1,810	1,962	1,948	-14	-0.7%
% Owner	66.8%	67.7%	63.6%		
Renter Occupied	901	936	1,115	179	19.1%
% Renter	33.2%	32.3%	36.4%		
Vacant	244	256	273	17	6.6%
% Vacant	8.3%	8.1%	8.2%		

Source: U.S. Bureau of the Census

FIGURE 11: Analysis of Vacancy, Nebraska City

	1990	2000	2011	Change 2000-2010	% Change
Vacant Units	244	256	273	17	6.64%
For Sale	39	40	93	53	132.50%
For Rent	103	128	119	-9	-7.03%
Occasional Use	10	9	9	0	0.00%
Other Vacant	92	79	52	-27	-34.18%
For-Sale Vacancy Rate	16.0%	15.6%	34.1%		
For-Rent Vacancy Rate	42.2%	50.0%	43.6%		

Source: U.S. Bureau of the Census

Figure 12: Residential Permit Activity

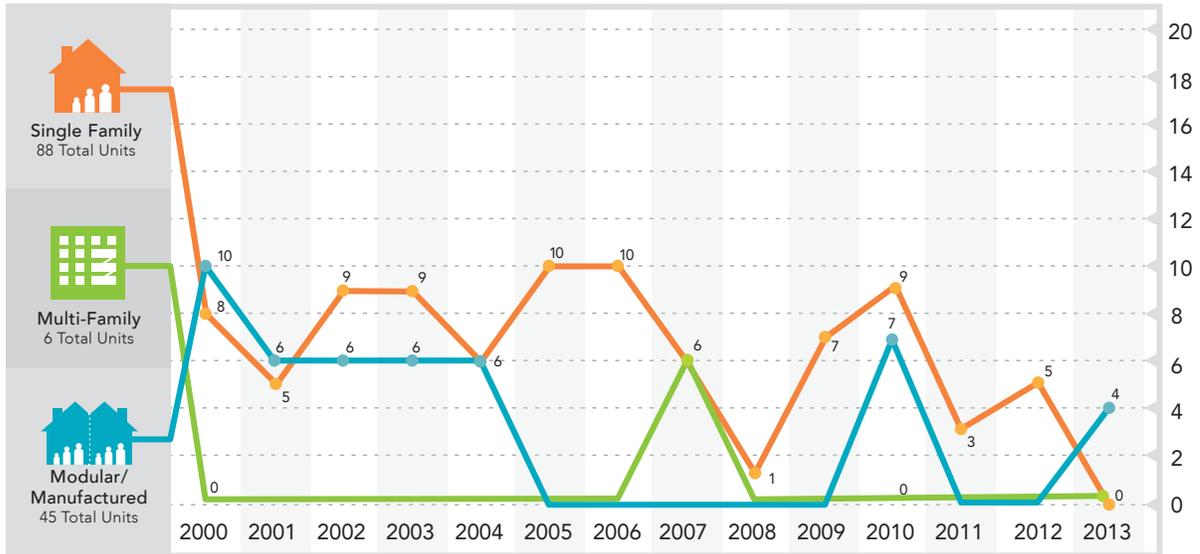


Figure 12 reviews the city’s construction activity over the past 13 years. The city’s lack of multi-family construction during the 2000s combined with the downturn in the housing market has likely left the city with significant rental housing needs. Easy money and the drive to make ownership an option for all lead to construction practices that focused on the single-family owner-occupied market. The change in lending practices has tightened this market and left many who would have purchased a home at the beginning of the century now looking for quality rental units. This type of situation can ultimately mean that some of the city’s worst housing stock is not rehabilitated or removed from the market. A lack of quality rental units could ultimately drive young professionals to live in other markets, never establishing roots in the community.

Figure 13: 2000-2010 Median Value of Owner-Occupied Housing, Nebraska City & Comparison Communities

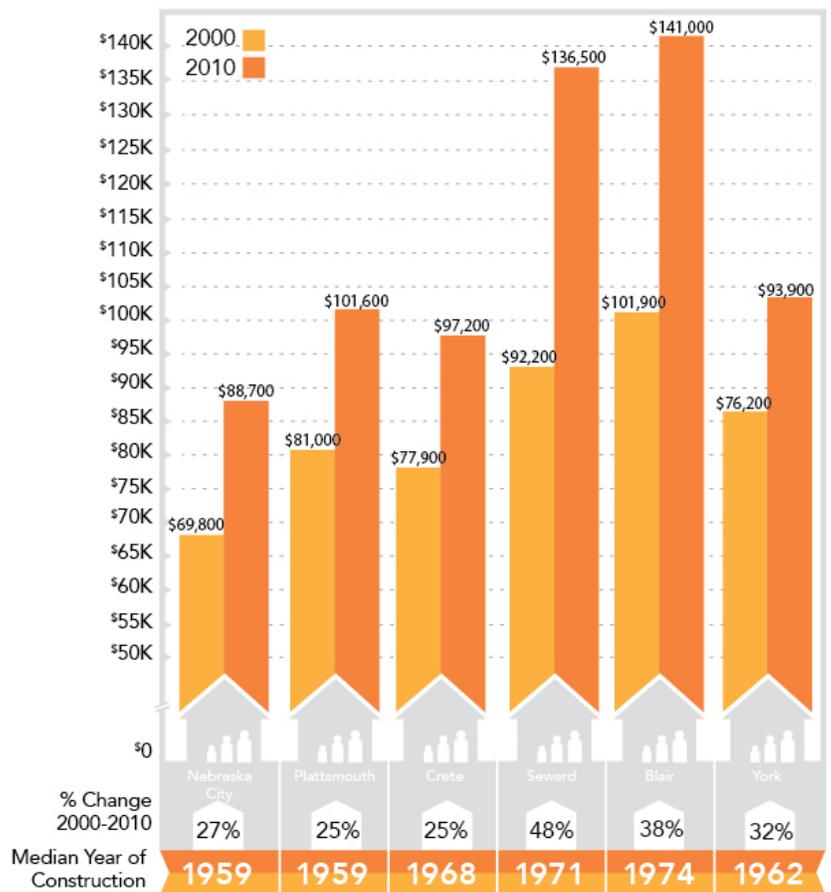




Figure 14: 2000-2010 Median Gross Rent for Nebraska City & Comparison Communities



HOUSING VALUES AND COST

Figures 13 and 14 show changes in housing prices and rental costs for Nebraska City and comparable cities. From 2000 to 2010, the value of housing in Seward and Blair appreciated at a faster rate. Although Crete and Plattsmouth home values appreciated at a slower rate, the overall value of housing in the communities remains higher than Nebraska City. If new construction can not be appraised at cost, this can be a disincentive to building new housing in a community. Nebraska City has a significant supply of older homes, often these homes have smaller square footage and require significant upgrades.

The rental market is a growing portion of the city's housing stock, and the cost and quality of rental housing traditionally has the largest impact on

households in the lowest income brackets. Cost of rental housing in Nebraska City remains above that of many surrounding communities and comparable to the Plattsmouth market. The perception of a quality community with good amenities may drive this but the unit make-up may play an important role. While very few rental units have been constructed in the last ten years, the overall rental market has grown, indicating that the market is dependent on older single family homes. A single-family home can often garner slightly higher rents. Limited new construction and aging rentals can also raise the issue of quality to cost.

Nebraska City remains an affordable option in the region but for some workers commuting to Lincoln from Seward or York may be more affordable.



PROJECTED HOUSING NEEDS

Population, household, and vacancy information can be used to estimate the number of new housing units that will be required by a community in the future. The forecast can be compared to current development activity and available land for future development to set priorities for the types and locations of housing development that should be encouraged. The Affordability Analysis section compares the income distribution of Nebraska City’s population with the price of housing to determine where specific housing needs occur.

The housing demand projections were based on the 2012 American Community Survey Data from the U.S. Census Bureau and estimates, construction activity since 2000, and the following assumptions:

- The household size in Nebraska City will remain fairly constant. The city’s higher birth rate and the larger Millennial generation moving into their childbearing years should off-set the aging Baby Boomers smaller households.
- The city’s non-household population (students in the dormitories, or residents in nursing homes) does not produce a demand for conventional housing units, and will make up the same proportion of the population in the future as in 2010.
- Nebraska City’s vacancy rate will decrease moderately, reflecting the removal and rehabilitation of the city’s most deteriorated properties.
- The projection model assumes a replacement need of up to three units per year, reflecting demolition of substandard units, including mobile home units, and conversion of some residences to non-residential uses. This rate reflects the needs identified in the housing conditions survey and aligns with residents concern over housing quality.

The demand analysis in Figure 15 shows a need for

FIGURE 15: Projected Housing Development Demand

	2013 (Base)	2014- 2018	2019- 2023	2024- 2028	Total
Population at the End of Period	7,356	7,500	7,689	7,906	
Household Population at End of Period	7,091	7,230	7,412	7,621	
Average People/Household	2.37	2.37	2.37	2.37	
Household demand at End of Period	2,992	3,050	3,128	3,216	
Projected Vacancy Rate	7.88%	7.38%	6.88%	6.38%	
Unit Needs at End of Period	3,248	3,294	3,359	3,435	
Replacement Need	--	15	15	15	
Cumulative Need	--	61	80	91	232
Average Annual Construction	--	12	16	18	15

Source: RDG Planning & Design

an additional 232 units in the city by between 2013 and 2028, or an average annual construction of 15 units. This may be conservative estimate, impacted by important factors:

- Removal of some of the lowest quality rental units with the construction of new units.
- Construction of housing targeted specifically at the senior population that would provide housing for both local seniors or attract new residents to the community.

Providing a variety of housing in appropriate settings will essential to increasing this demand.



AFFORDABILITY ANALYSIS

The following analysis matches housing supply by price bracket to household incomes. The pricing of a community's housing supply in relation to the income of its residents helps show whether the city's housing is affordable for its citizens. A household budget must be divided among basic housing costs, other essential needs, and costs to maintain a home. Those households that must spend a disproportionately large share of their income for basic housing have less money for other essentials, and fewer resources to maintain their homes.

Monthly costs for owner units are generally considered affordable if the overall housing unit costs 2 to 2.5 times the household's yearly income. This ratio covers all housing costs, including taxes, insurance and utilities. Affordable rental units (including utilities) are considered to have monthly rents less than 30% of the household's monthly gross income.

In Figure 16 A positive balance indicates a surplus of housing within the affordability range of each income group, while a negative balance indicates a shortage.

In Figure 17 A ratio above 2.5 can mean that housing costs are greater than what many in the market can afford.

Nebraska City's housing supply is heavily weighted towards more affordable and lower-cost units.

Figure 16 compares the quantity of housing provided in Nebraska City that is affordable to each income group. This analysis indicates that in 2010 Nebraska City's greatest housing shortage was among households making less than \$25,000 a year. This corresponds to monthly rents under \$400 a month. There is also a shortage of housing options for those earning more than \$75,000.

FIGURE 16: Housing Affordability Analysis, Nebraska City

Income Range	% of City Median	% of Households	Households in Range	Affordable Range for Owner Units	# of Owner Units	Affordable Range of Rental Units	# of Rental Units	Total Affordable Units	Balance
\$0-25,000	0-58%	29.25%	896	\$0-49,999	242	\$0-399	105	347	-549
\$25,000-49,999	59-116%	24.98%	765	\$50,000-99,999	743	\$400-799	770	1513	748
\$50,000-74,999	117-174%	23.18%	710	\$100,000-149,999	583	\$800-1249	202	785	75
\$75-99,999	175-232%	12.18%	373	\$150,000-199,999	211	\$1250-1,499	18	229	-144
\$100-150,000	233-348%	7.97%	244	\$200-\$299,999	150	\$1500-2,499	0	150	-94
\$150,000+	Over 348%	2.45%	75	\$300,000+	19	\$2500+	20	39	-36

Source: U.S. Bureau of the Census



FIGURE 17: Value to Income Ratio

	2010 Median Household Income	2010 Median Home Value	Value to Income Ratio
Nebraska City	\$43,063	88,700	2.06
Plattsmouth	\$50,678	101,600	2.00
Crete	\$39,576	97,200	2.46
Seward	\$55,901	136,500	2.44
Blair	\$56,049	141,000	2.52
York	\$44,344	93,900	2.12

Source: U.S. Bureau of the Census



The shortage of housing in the lowest price points was noted by residents (see Chapter 4). The demand for lower cost units is further squeezed by those higher income households living in lower cost units. This may also reinforce the perception that the price of housing to quality is out of balance. Demand for this housing is slightly elevating the price and allowing lower quality units to remain on the market.

It should be noted that often those households in the lowest income brackets are headed by individuals over the age of 65 on fixed-incomes. Based on U.S. Census data, 16% of households earning less than \$25,000 in Nebraska City are headed by individuals over the age of 65. (Over 65 make 30% of all households). Of those households, 68% are owner occupied. This may indicate a substantial demand for affordable low maintenance units for seniors. While these seniors may own their homes out right, the data would indicate that they have few options if they wish to downsize. Their existing units are also likely an important stock of affordable housing.

The housing priced below \$150,000 is traditionally difficult to fill through new construction. For Nebraska City the competition for this price range includes the majority of households that can afford an owner-occupied setting. Basic construction costs make it difficult to build housing priced below \$150,000, especially in a market where large scale speculative construction can not be supported as it is in the Lincoln or Omaha market. Developers often find

Understanding Housing Affordability (Figures 16 & 17)

- Traditionally, owner-occupied housing that costs between 2 and 2.5 times a household's yearly income is considered affordable.
- Affordable rental units (including utilities) should be about 30 percent of a household's monthly income.

the profit margins lower and the risks higher in this range. Within the lower ranges of the \$100,000 to \$150,000 market, new construction often requires some form of subsidy.

The city does have policy options for addressing higher-earning households living in lower-valued houses. These include:

- Direct production of moderately-priced housing to provide new housing stock for under-served populations.
- Encouraging higher-value housing developments that provide realistic "move-up" options to higher-earning households.
- Creating alternative housing settings, such as independent living units, for older adults that can free up some of the supply of sound affordable housing.

Figure 17 compares Nebraska City's overall affordability to that of other regional communities. An value to income comparison would indicate that Nebraska City has a more affordable housing stock.



HOUSING DEMAND BY COST RANGE

Figure 18 presents a 15-year development and pricing program for Nebraska City. The program provides production targets for various types of rental and owner-occupied units based on the following assumptions:

- New development in Nebraska City needs to be approximately 50% owner-occupied and 50% renter-occupied, a higher percentage of rental than today's mix (Figure 10) but necessary to address previous shortfalls in rental construction.
- Owner-occupied units will be distributed roughly in proportion to the income distribution of households for whom owner-occupancy is an appropriate strategy. Most low-income residents will be accommodated in rental units.

Based on 2010 estimated income distributions for Nebraska City:

- Approximately 35% of all owner-occupied units, or 41 units, should ideally be priced below \$130,000 (current dollars). Some of these units may be produced indirectly by developing higher-cost housing

that serves the "move-up" market of owners that now occupy the lower-value homes.

- The greatest demand for rental units is among moderately priced market rate units.

Affordability ranges are also influenced by interest rates – people can afford more expensive homes when interest rates are low. Increases in residential interest rates may reduce the list of affordable "workforce housing."

In order to support future economic growth, the housing supply must be diverse. Units at the lowest cost end will meet the needs of entry-level production workers and those in the service sector, while higher-cost housing will attract and retain manager- and executive-level positions. Entry level housing is typically produced in two ways:

- Direct production, using various techniques to produce new or rehabilitated housing affordable to the city's workforce.
- Developing higher-cost or alternative housing that frees up the existing housing stock for more moderate income households.

FIGURE 18: Projected Housing Development Program

	2014-2018	2019-2023	2024-2028	Total
Total Need	61	80	91	232
Total Owner Occupied	30	40	46	116
Affordable Low: 60-100,000	4	6	7	17
Affordable Moderate: 100-130,000	6	8	9	24
Moderate Market: 130-200,000	10	13	15	38
High Market: Over \$200,000	10	13	15	37
Total Renter Occupied	30	40	46	116
Low: Less than 450	10	14	16	40
Affordable: 450-700	12	16	18	46
Market: Over \$700	8	11	12	30

Source: U.S. Bureau of the Census



SENIOR HOUSING DEMANDS

In 2010, 20% of Nebraska City’s population was over the age 65. This population will continue to grow as large numbers of Baby Boomers began turning 65 in 2010. Over the next decade the Census Bureau projects that the nations senior population will increase by 55%. The regions’ aging population combined with Nebraska City’s amenities make the city attractive to seniors. Today, America’s aging population wants to live in great communities, close to arts, education, and active living environments Nebraska City can offer.

This section examines population characteristics and trends in the city to quantify demand for senior housing. These households are the primary market for targeted new residential products, including maintenance-provided ownership settings, senior independent living, and assisted living.

During the past decade Nebraska City was successful at attracting seniors over the age of 75. Continu-

ing this trend will require providing the housing options that are most appealing, especially to active Baby Boomers. Older adults have certain housing preferences, and will move elsewhere to find appropriate settings, especially if their children are no longer living in the community.

Senior Population Change

Figure 19 displays population changes in the study area for various age groups and shows that the city’s Baby Boomers began making their appearance in the city’s older cohorts (55-64). Those between the ages of 55 and 64 are often considered the “sandwich” years, as they are possibly supporting older children attending college and beginning careers, while also taking an active role in their aging parents lives. This can create unusual housing needs.

To determine how older adults moved into and out of the city, the population over age 55 predicted by natural population change (based on survival factors

FIGURE 19: Study Area Senior Population Change, 2000-2010

	Nebraska City		Otoe County Outside of Nebraska City		Total		
	2000	2010	2000	2010	2000	2010	% Change
Total Population	7,228	7,289	8,168	8,451	15,396	15,740	2.23%
55-64	681	873	804	1,130	1,485	2,003	34.88%
65 and Over	1,374	1,433	1,451	1,538	2,825	2,971	5.17%
Population Cohorts							
65-69	287	347	359	403	646	750	16.10%
70-74	286	276	360	324	646	600	-7.12%
75-79	294	244	303	281	597	525	-12.06%
80-84	230	215	217	242	447	457	2.24%
85 and Over	277	351	212	288	489	639	30.67%

Source: U.S. Bureau of the Census



FIGURE 20: Population Ages 55 and Over, Predicted versus Actual

	2010 Prediction	2010 Actual	Difference	% Difference
Population 55-64	872	873	1	0.10%
Population 65-74	578	623	45	7.71%
Population 75 and Over	700	810	110	15.72%

Source: U.S. Bureau of the Census; RDG Planning & Design

determined by the Bureau of the Census) is compared with the city's 2010 actual population. The difference between the actual and the cohort survival projections show the probable amount of net migration.

As a whole, Nebraska City appears to have been most attractive to adults over the age of 75. For the empty-nesters or possibly "sandwich" cohorts between 55 and 64 growth was flat. This could indicate a lack of housing or job choices for those residents in their highest wage earning years.

A variety of housing types may be appealing to this population in the coming years. This may include:

- Townhomes in condo ownership configurations that decrease maintenance demands.
- Independent living units with some additional services, such as cleaning and laundry services.
- Assisted living.

If the migration rates of the previous decade are applied to a 2020 projected population, the city would have almost 2,600 residents over the age of 55. If the average household size among this population is 1.5, they would account for 1,730 households. If only 1% of these households demand alternative independent housing settings, a demand for 173 units would be created. This could be higher if the larger region is considered the true market area.

FIGURE 21: Proj. Senior Population by Cohorts

	2020 Projected Population	2000-2010 Migration Factor	2020 Population with Migration
55-64	950	0.10%	951
65-74	741	7.71%	798
75 & Over	732	15.72%	847
Total 55 & Over	2,422		2,595

Source: U.S. Bureau of the Census; RDG Planning & Design



Chapter 3

HOUSING CONDITIONS & NEIGHBORHOOD OPPORTUNITIES

The city's housing stock is its largest single capital investment and residents generally form their image of a community based on the quality of its neighborhoods. The previous chapters of this plan considered existing and projected housing trends. This chapter summarizes housing conditions on a neighborhood level and identifies specific geographic areas for targeted housing strategies.

AN ANALYSIS OF NEBRASKA CITY'S NEIGHBORHOODS

Nebraska City's traditional development patterns have allowed for easy neighborhood connections and movement around the community. Like many cities its size, Nebraska City's residential land use is dominated by single-family housing styles; however, demand for rental housing in the last 10 years has increased the number rental homes. Many structures that, traditionally, have been single-family homes have evolved into rental properties over the years. The mixing of rental and owner-occupied units also means that many neighborhoods are economically diverse.

This section examines Nebraska City's housing on the neighborhood level and provides the basis for neighborhood conservation and improvement policies. A good city is formed by a network of healthy parts and their boundaries are fluid as people travel and conduct daily business throughout the community. A key priority should be elevating the quality of strategic neighborhoods, there by elevating the quality of life for the entire community.

The four Nebraska City neighborhood planning districts (see Map 1), are divided by 11th Street running north and south and 4th Corso going east and west.





MAP 1: Neighborhood Planning Districts

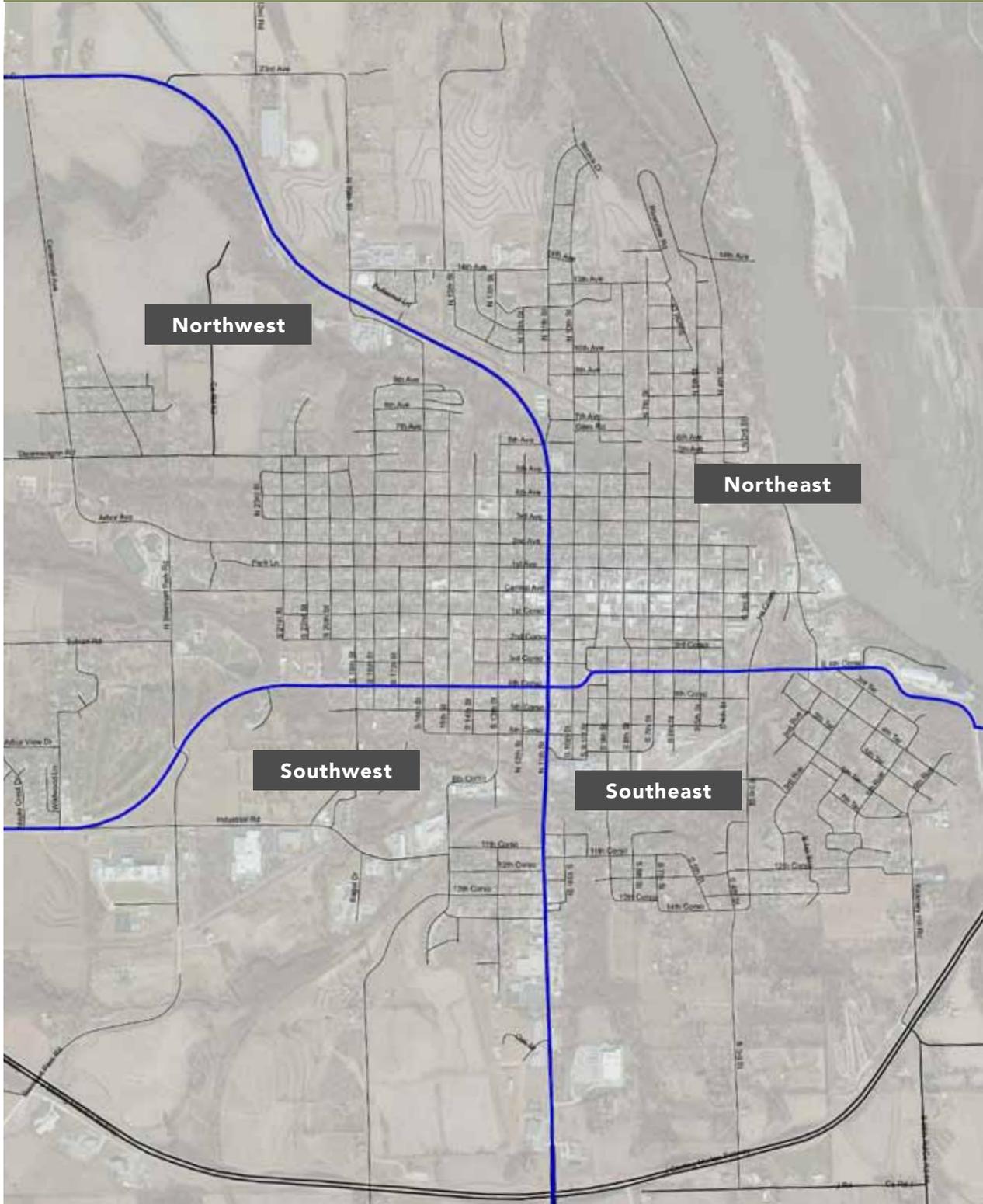




FIGURE 22: Nebraska City Housing Conditions

Housing Type	Excellent	Good	Fair	Poor	Dilapidated	Total	Percents:
Single Family	162	1405	732	98	10	2,407	335.2%
2-4 Family	6	55	34	6	4	105	14.6%
Multi-Family	14	139	40	0	5	198	27.6%
Mobile Homes	0	0	40	42	35	117	16.3%
Totals:	182	1,599	846	146	54	2,827	
Percents:	6.4%	56.6%	29.9%	5.2%	1.9%		
Vacant Lots						147	
Site Conditions						26	

Source: U.S. Bureau of the Census; RDG Planning & Design

HOUSING CONDITIONS

Figure 22 summarizes the results of a citywide housing conditions survey conducted in March of 2013. The assessment is based on a “windshield survey” approach or observation of the residential structures from the street. Structures were rated:

1. Excellent: no rehab or maintenance needs evident; new, recently restored, or otherwise excellent
2. Good: sound conditions, little evidence of repair or maintenance needs, deficiencies would be minor and non-structural

3. Fair: structurally sound, but approximately three or more minor non-structural deficiencies exist
4. Poor: major rehabilitation is needed for non-structural and possibly one structural deficiency
5. Dilapidated: deteriorated beyond saving with noted structural deficiencies

The survey included an assessment of the city’s mobile home parks. The condition assessment was done for the entire mobile home park and not on each individual unit. Within those parks the total number of units was counted and assigned the parks overall rating.





MAP 2: Housing Built Prior to 1945

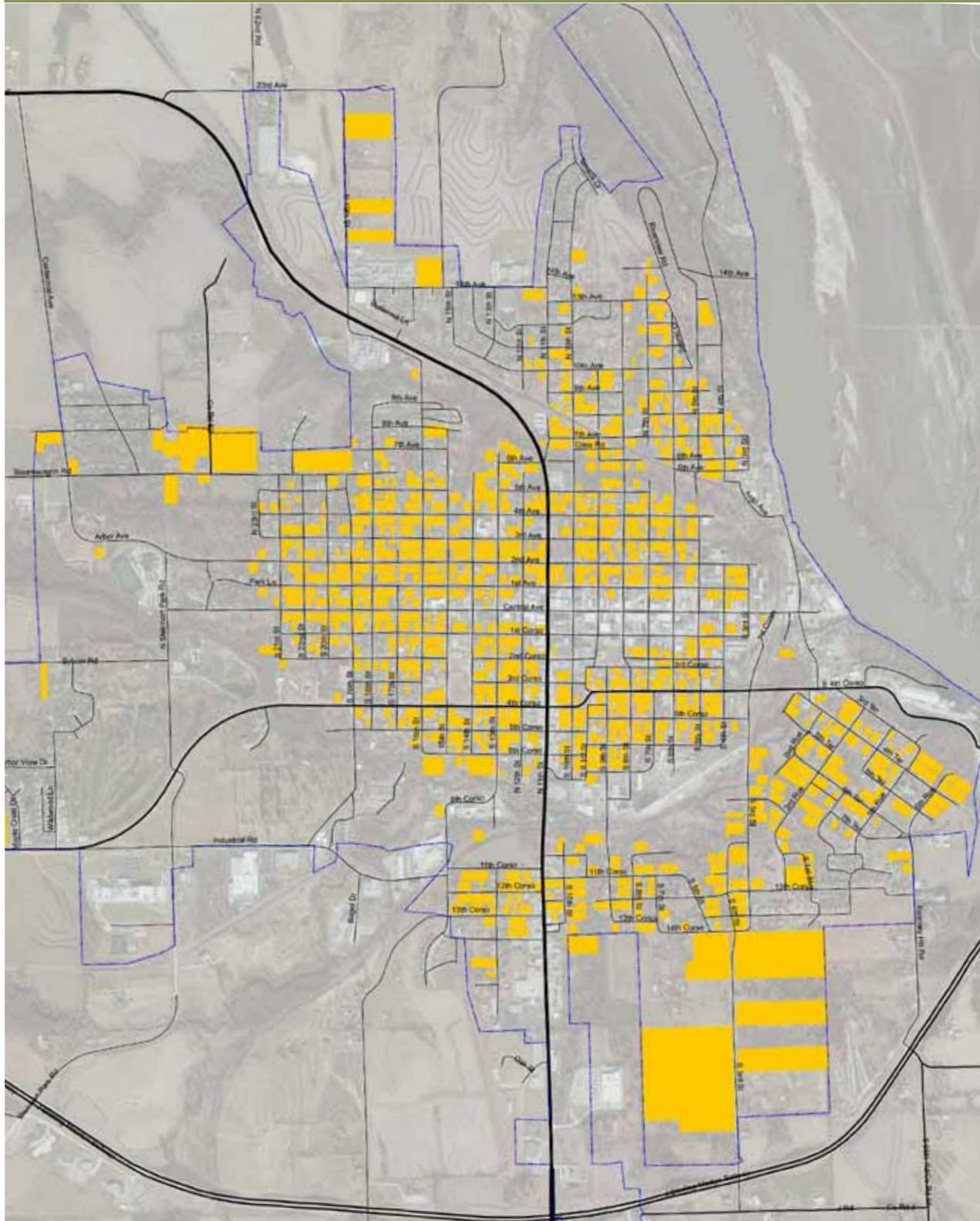




FIGURE 23: Nebraska City Housing Conditions by Age

Condition	Pre-1945	%	1945-1970	%	1971-1990	%	1991 to present	%
Excellent	5	0.4%	8	1.4%	32	12.0%	107	38.9%
Good	598	50.0%	420	72.2%	195	73.3%	153	55.6%
Fair	507	42.4%	141	24.2%	38	14.3%	12	4.4%
Poor	80	6.7%	11	1.9%	1	0.4%	3	1.1%
Dilapidated	7	0.6%	2	0.3%	0	0.0%	0	0.0%
Total	1,197	51.6%	582	25.1%	266	11.5%	275	11.9%

Source: U.S. Bureau of the Census; RDG Planning & Design

For most of the single-family lots within the city, age of structure data was available from the County. Figure 23 assesses the condition of single-family housing based on age.

The survey found:

- 7% of the city's housing stock is in poor or dilapidated condition.
- Another 30% is in fair condition with some non-structural deficiencies.
- Nearly 52% of the city's housing stock was built before 1945. As illustrated in Map 2, the city's older housing stock is not concentrated in one location but dispersed across the city.

- Those homes built before 1945 account for 84% of all poor or dilapidated homes.
- The city is heavily dependant on traditional detached single family homes to meet rental demands. While 36% of the city's total housing stock is renter occupied (Figure 10) only 12.5% of units are in 2-4 family or multi-family configurations.
- While mobile homes provide an important source of affordable housing, a significant number were constructed before the modern HUD requirements. Many of these units have reached their design life and will need to be replaced.



FIGURE 24: Northwest Nebraska City Housing Conditions

Housing Type	Excellent	Good	Fair	Poor	Dilapidated	Total	Percents:
Single Family	52	558	156	18	0	784	81.2%
2-4 Family	4	28	10	0	0	42	4.3%
Multi-Family	0	76	21	0	5	102	10.6%
Mobile Homes	0	0	0	3	35	38	3.9%
Totals:	56	662	187	21	40	966	
Percents:	5.8%	68.5%	19.4%	2.2%	4.1%		
Vacant Lots						37	
Site Conditions						6	

Source: U.S. Bureau of the Census; RDG Planning & Design

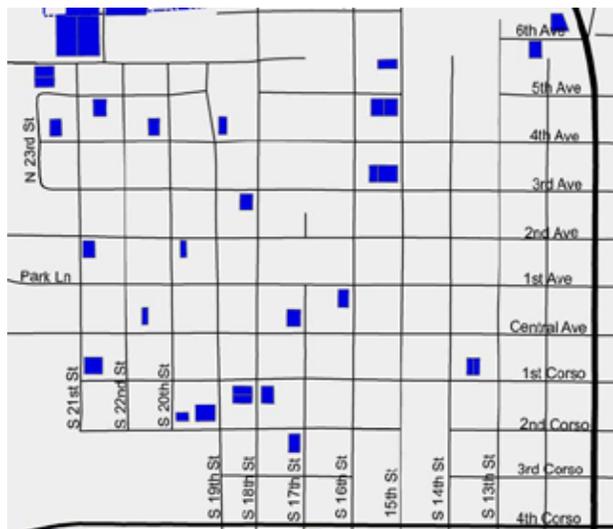
Northwest Nebraska City

Northwest Nebraska City contains the large percentage of the city's housing units and many of the city's newest houses. This includes the housing just west of Wildwood Golf Course and housing north of 6th Avenue/Steamwagon Rd.

Housing Characteristics & Conditions

- With 34% of the city's housing stock, the majority of the units are good to excellent condition.
- Northwest Nebraska City has no dilapidated single-family structures but a number of mobile homes that are older and in poor condition.
- As a percentage of total housing within the quadrant the number of dilapidated units is smaller than the southern portions of the city. Many of these units are concentrated in the mobile home parks and in the areas southwest of downtown.
- The mobile home park east of 16th Street and the hospital site could provide some of the best opportunities for new quality affordable housing.

- Since 1990 the area has also seen a number of houses built on existing lots or replacing dilapidated structures. With 37 vacant lots the area still has significant potential to meet future housing needs using existing services.



Housing built in the historic neighborhoods of Northwest Nebraska City since 1991.



FIGURE 25: Northeast Nebraska City Housing Conditions

Housing Type	Excellent	Good	Fair	Poor	Dilapidated	Total	Percents:
Single Family	12	298	191	26	4	531	91.4%
2-4 Family	0	10	11	4	0	25	4.3%
Multi-Family	0	19	6	0	0	25	4.3%
Mobile Homes	0	0	0	0	0	0	0.0%
Totals:	12	327	208	30	4	581	
Percents:	2.1%	56.3%	35.8%	5.2%	0.7%		
Vacant Lots						27	
Site Conditions						3	

Source: U.S. Bureau of the Census; RDG Planning & Design

Northeast Nebraska City

The eastern portions of Nebraska City include some of the most beautiful views of the Missouri River valley. The hills that allow for these views also create some of the most challenging lots for building housing.

Housing Characteristics & Conditions

- Some of the city's oldest and most historic housing is located just north of the downtown. Much of this housing is well cared for but a few of the units have been divided into rentals or fallen into disrepair.
- With schools, parks and senior services the area is rich with services and amenities.
- The majority of housing is in good condition but over 35% is in fair condition. These houses currently do not need significant repairs but neglected maintenance could quickly result in an increasing number of poor or dilapidated houses.
- The majority of infill housing has occurred north of 5th Avenue, in the bluff areas above downtown.

- Much of the redevelopment in this area includes a combination of poor houses and vacant lots. Terrain may make some of these areas more difficult to develop.
- Northeast Nebraska City has the fewest multi-family structures. Besides the Nebraska City Housing Authority, most of the rental units in the neighborhood are located in traditional single-family houses.





FIGURE 26: Southeast Nebraska City Housing Conditions

Housing Type	Excellent	Good	Fair	Poor	Dilapidated	Total	Percents:
Single Family	6	240	226	38	5	515	91.6%
2-4 Family	0	6	8	0	4	18	3.2%
Multi-Family	0	24	5	0	0	29	5.2%
Mobile Homes	0	0	0	0	0	0	0.0%
Totals:	6	270	239	38	9	562	
Percents:	1.1%	48.0%	42.5%	6.8%	1.6%		
Vacant Lots						50	
Site Conditions						14	

Source: U.S. Bureau of the Census; RDG Planning & Design

Southeast Nebraska City

Southeast Nebraska City contains some of the city's oldest and most historic structures and is a major gateway into the community from Interstate 80. For many visitors, Southeast Nebraska City is their first impression of the city.

Housing Characteristics & Conditions

- Southeast Nebraska City is generally known for the Kearney Hill neighborhood. A neighborhood that is slightly isolated from the remainder of the city by its steep bluffs and poor transportation connectivity. This isolation plays some role in the lack of housing investment.
- This portion of the city has the smallest percentage of housing in excellent condition but has seen a growing number of new homes built south of Kearney Hill.
- The area has a large number of vacant lots. Many of these lots are located along south 3rd Street.
- The isolation of some of the Southeast neighborhoods may be one reason the area has more site

conditions issues. Problem site conditions were noted if driveways, retaining walls or steps were structurally deteriorated, if there was un-screened storage or upholstered or indoor furniture located in the front yard or porch. The 14 units or lots noted as having site conditions issues is more than double of any other neighborhood, yet Southeast has the smallest number of total units.





FIGURE 27: Southwest Nebraska City Housing Conditions

Housing Type	Excellent	Good	Fair	Poor	Dilapidated	Total	Percents:
Single Family	92	309	159	16	1	577	80.4%
2-4 Family	2	11	5	2	0	20	2.8%
Multi-Family	14	20	8	0	0	42	5.8%
Mobile Homes	0	0	40	39	0	79	11.0%
Totals:	108	340	212	57	1	718	
Percents:	15.0%	47.4%	29.5%	7.9%	0.1%		
Vacant Lots						33	
Site Conditions						3	

Source: U.S. Bureau of the Census; RDG Planning & Design

Southwest Nebraska City

Like the Southeast quadrant, much of Southwest Nebraska City is separated from the historic core by the creek and railroad. The housing located south of the railroad has limited access and most traffic uses 11th Street to reach the area.

Housing Characteristics & Conditions

- Over 62% of the areas housing is in excellent to good condition.
- Southwest Nebraska City has the largest number of mobile homes. Most of these are in fair to poor condition because of the age of the structures.
- Units built before HUD standards should not be allowed to move into the parks and as older units become available they should be replaced with new units.
- There are very few lots with site condition issues and over 30 vacant lots.





HOUSING AND NEIGHBORHOOD OPPORTUNITY AREAS

Based on the housing assessment and an analysis of available lots, a diagram of the community’s opportunity areas begins to develop. Map 3 identifies:

- **Infill/Rehabilitation Areas.** These areas have clusters of housing in fair condition, more serious housing deficiencies and vacant lots. These sites are large enough and clustered enough that a target program to remove deteriorated structures and develop vacant lots will have a major impact.
- **Redevelopment Areas.** These sites are focused on areas with a combination of vacant lots and deteriorated structures. These areas are large enough to support significant investment in new affordable

housing. Infrastructure improvements and removal of deteriorated structures should create safe affordable housing and stronger neighborhoods. Infrastructure improvements should address stormwater drainage, urban street standards and any water and sewer infrastructure. New affordable housing in these areas could take many different forms including new mobile or manufactured housing.

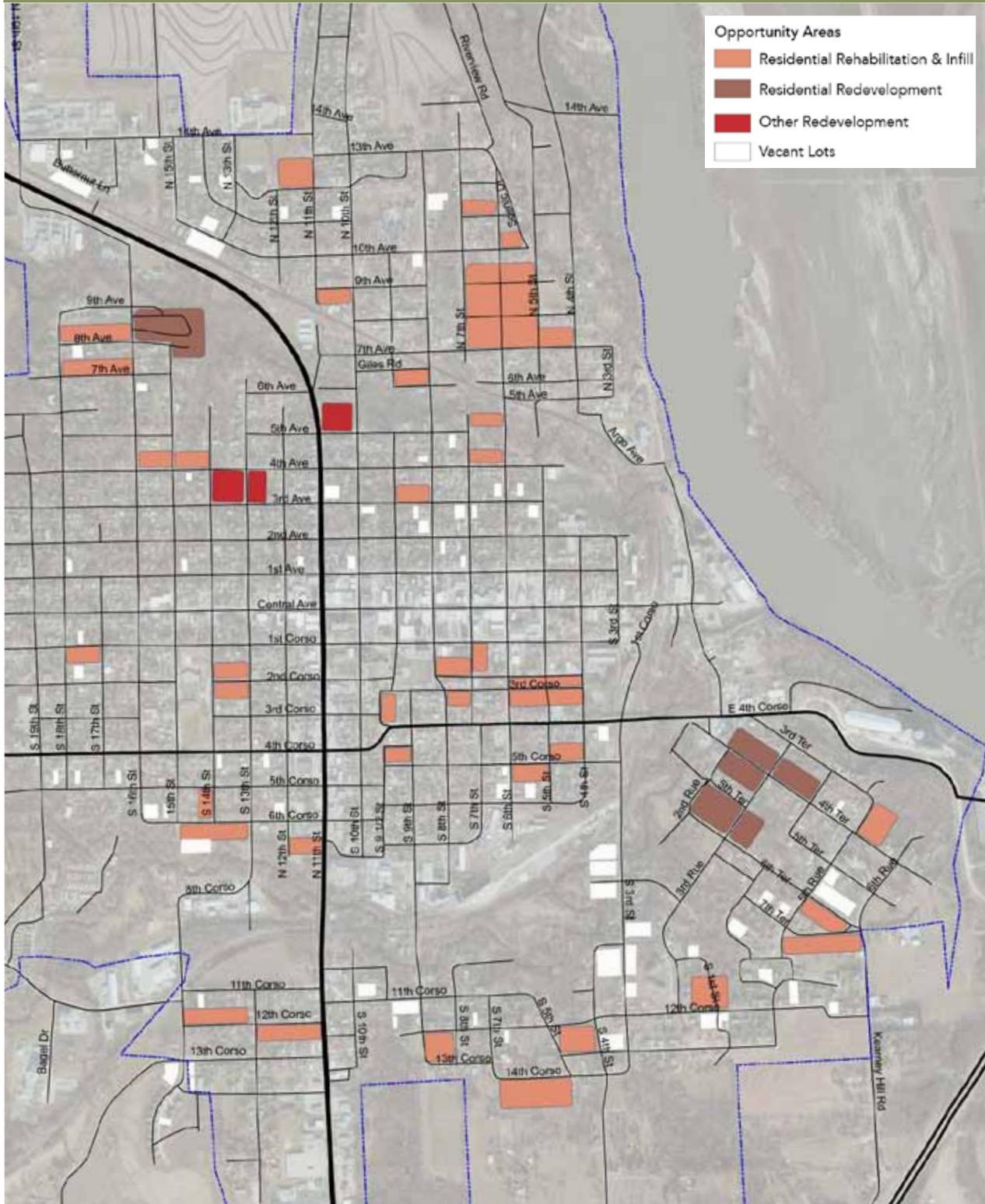
- **Other Redevelopment.** These sites include the existing hospital which will be relocating to southern Nebraska City and the former grocery store site. Both sites offer a significant opportunity for new investment in the core of the city. These sites may be redeveloped with new affordable housing or may be used for other service or commercial use.

Specific strategies related to these opportunity areas are identified in Chapter 5.





MAP 4: Housing & Neighborhood Opportunity Areas





Chapter 4

DEFINING HOUSING ISSUES

The previous chapters of this plan considered existing and projected housing conditions and trends. This chapter summarizes a process by which stakeholders defined housing issues in Nebraska City. This process included surveys of workers and seniors and a series of stakeholder group discussions.

HOUSING ISSUES

Major findings included:

- Thirty percent of local employees who live elsewhere would be interested in moving to Nebraska City, under the right circumstances.
- Twenty-two percent of responding workers have a commute to work of over 20 minutes, suggesting that they live well outside Nebraska City, and possibly even outside Otoe County.
- Eighty percent of respondents over the age of 55 plan to retire in Nebraska City. Most of these respondents would prefer to retire in an independent living facility or in an apartment where some services are included in their rent.
- Most survey respondents and focus group participants felt that young families with children exhibited the greatest need for housing in Nebraska City. This is a market typically served by starter homes and quality rental units with multiple bedrooms.

WORKFORCE HOUSING SURVEY

In order to better understand the public's need for housing in Nebraska City, a survey was distributed to workers and seniors in the community. The Workforce Survey was distributed to employers around the community, these included:

- St. Mary's Community Hospital
- The Ambassador
- Lied Lodge
- Otoe County Offices
- Golden Living
- McDonalds
- Cargill

The survey was completed by 137 employees and asked them questions regarding their current and future housing needs. What follows is a summary of the survey findings.





Currently Living in Nebraska City



Length of Commute	
0-9 minutes	67%
10 to 19 minutes	11%
20-29 minutes	8%
30+ minutes	14%

Source: RDG Planning & Design

- Of those not living in Nebraska City, 30% would be interested in moving. Reasons for not wanting to move to Nebraska City included:
 - Family
 - Owning a home in another location
 - Concerns about crime
 - Cost of living
- Those commuting into Nebraska City live either in the area immediately surrounding Nebraska City (11%) or outside Otoe County with commutes over 30 minutes.
- There was almost a 50/50 between owning and renting homes among respondents. .

Monthly Rents



Monthly Mortgage Payment



Household Incomes

\$0-25,000	36%
\$25,000-49,000	25%
\$50,000-74,000	18%
\$75,000-99,000	13%
\$100,000-149,000	8%
\$150,000+	0%

Source: RDG Planning & Design

- The average household size for respondents was three.
- While the Census estimates (Figure 8) that approximately 50% of households earn less than \$50,000 in Nebraska City just over 61% respondents fell into this category. For these households affordable rents would fall below \$800 a month or homes valued below \$100,000 (Figure 16).



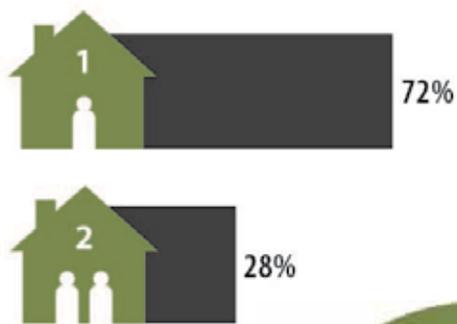
How many bedrooms would you need?



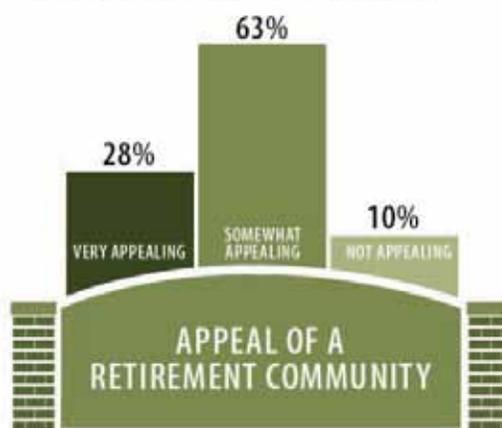
SENIOR SURVEY

In addition to understanding the needs of Nebraska City's workforce it was also important to understand the housing needs among seniors and those nearing retirement age. The Workforce Housing Survey included a set of questions that respondents over 55 were asked to complete. A second survey was distributed to older residents at locations such as the Senior Center. Forty-six respondents filled out at least a portion of the over 55 section on the Workforce survey while another 43 Senior Surveys were returned. The follow section summarizes the results of these surveys.

Number of residents in households over 55?

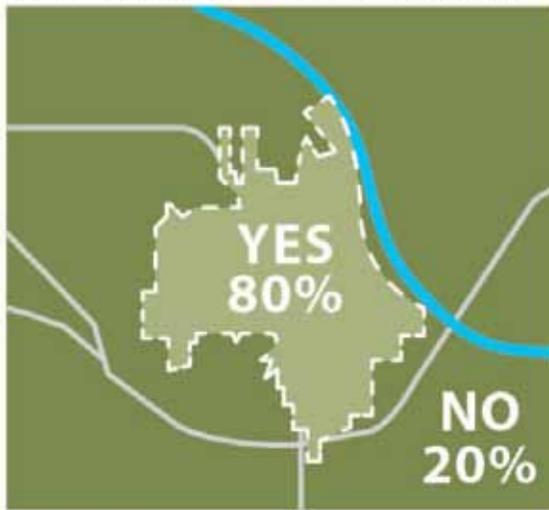


APPEAL OF A RETIREMENT COMMUNITY

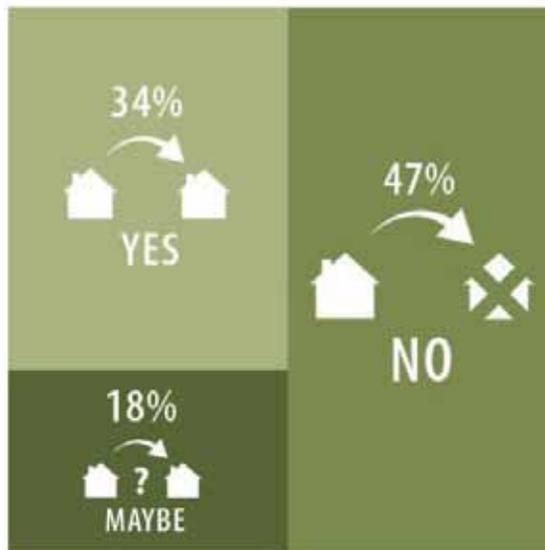




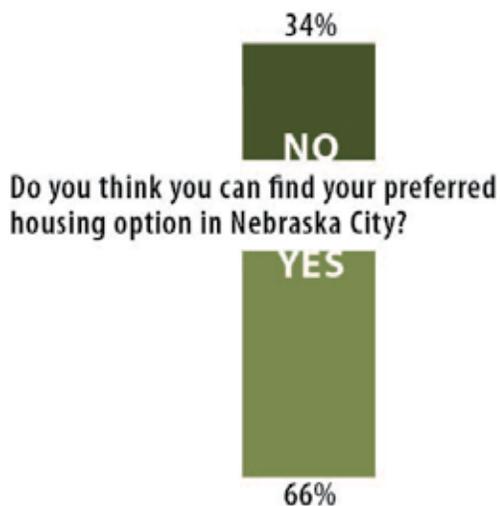
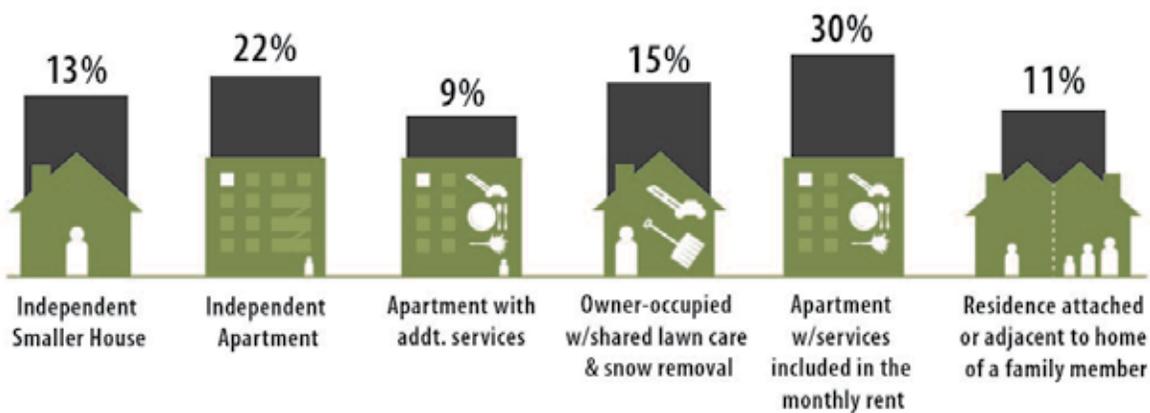
DO YOU PLAN TO RETIRE IN NEBRASKA CITY?



WOULD YOU LIKE TO CHANGE HOUSING?



Preferred housing option



- Most respondents want to stay in Nebraska City and feel that they could find their preferred housing type.
- Fifty-three out of 80 respondents felt they could find their preferred housing type in Nebraska City. However, 30% would like an apartment with services included, a housing option that is not common in Nebraska City.



COMMUNITY DISCUSSION

The planning process included a program of focus groups to define key housing issues in Nebraska City. These groups were defined by profession, and included financial institutions, builders and developers, real estate agents, business representatives, and the public sector. These conversations work in tandem with the surveys to identify issues and trends within Nebraska City's housing market. Major conclusions from the proceedings included:

OWNER-OCCUPIED HOUSING

- Participants identified a need for housing priced below \$125,000.
- Demand for housing under \$100,000 is strong. The biggest issue with housing in this range is quality of the housing to cost.
- Individual voiced some concern with job stability and the impact that could have on the housing market.
- Participants generally felt that housing in Nebraska City was priced slightly higher than surrounding communities and that amount of square footage to price was lower in Nebraska City.

RENTAL HOUSING

- Need for quality rental housing has increased in the last eight years.
- Quality to cost is an issue however, many rental properties have improved since the completion of the 2006 Housing Study.
- Quality rentals, even at the highest price points, remain filled with waiting lists.
- Many of the vacant rentals are likely vacant because of quality issues not because of demand.
- Few options for lower income families looking to rent.
- There are some new rentals that provide additional services for seniors. These seem to be popular and easily rented.



- Most participants felt there was an undersupply of housing below \$600 and over \$800. For housing priced below \$600 the issue may relate more to quality housing rather than quantity of housing.

LOT SUPPLY AND NEW CONSTRUCTION

- The cost of lot improvements can be a hurdle to new construction.
- There are lots available in the community and in-fill lots continue to remain an option but there is a moderate under-supply of buildable lots.
- Lot costs range between \$28,000 and \$41,000.

MARKET DEMANDS

- The majority of participants felt that the needs of young professionals, young couples and families with children were not being met.
- Most participants felt that young families with children exhibited the greatest need for housing in Nebraska City.
- Low or moderate-income households were perceived to be the target market for new rental apartments with young professionals and recent college graduates also in need of better housing options.
- Interest in developing additional downtown housing exists but many are concerned about the real or perceived hurdles to developing that housing



SENIOR HOUSING

- Most felt that the range of choices for seniors was less than adequate and that there is a demand for additional independent-living options.
- Seniors looking to downsize have very few options.
- Most felt that seniors would be most interested in owner-occupied housing with shared maintenance. This should be counter balanced against the surveys in which 30% of respondents picked apartments with services included in the rent and 11% picked owner-occupied with some services.



Chapter 5

POLICY FOCUSES & RECOMMENDATIONS

This chapter identifies strategies and directions for Nebraska City’s community housing program. It includes an overall assessment of resources and challenges that affect housing policy in Nebraska City, based on statistical and demographic analysis and stakeholder group interviews presented earlier in the study. It then presents strategic goals for Nebraska City’s program, and proposes policies and actions designed to meet these goals.

HOUSING RESOURCES AND ASSETS

For many communities, the past five years have been a challenging time for housing growth. While many of Nebraska’s cities have weathered the economic downturn, the changes in the national housing market have impacted everyone. However, Nebraska City has many of the same positive resources and assets with which to build a successful housing program as it did in 2006. These include:

- Nebraska City Tourism and Commerce
- Partners for Otoe County
- Southeast Nebraska Development District

These organizations provide a wealth of experience and capacity that can address community housing needs. This will be important when the community looks at developing new programs. Organizational capacity within the community will be important to implementing these programs.

COMMUNITY CHARACTER AND HISTORY

Nebraska City is a beautiful town, and its character and history are distinct assets. Features like the Arbor Lodge and numerous museums, historical structures and districts contribute to making Nebraska City a unique Nebraska community. The community and state as a whole is clearly aware of these assets and should continue to increase the marketing of them.

CITY AMENITIES

Complementing Nebraska City’s physical character is an enviable array of community and cultural amenities and events. The home of Arbor Day and the National Arbor Day Foundation is the largest and most visible of these features. The city’s history including Lewis and Clark, J. Sterling Morton and John Brown’s Cave, make it one of the more historically rich communities in Nebraska. The city offers a number of community events, a strong recreation system, distinctive museums, and other features that make life in Nebraska City especially rewarding. In addition, residents can easily access the amenities of Lincoln and Omaha while enjoying the qualities of a small town atmosphere.

ORGANIZATIONAL CAPACITY

Nebraska City and Southeast Nebraska have a number of organizations that promote the city and region, and provide significant knowledge to the community. These include:

- Nebraska City Housing Authority
- Nebraska City Area Economic Development Corporation

UNIQUE DOWNTOWN

Few cities of any size feature a downtown of historic character as Downtown Nebraska City. The district, listed on the National Register of Historic Places, is the fruit of a building boom in the 1870s and 1880s



after much of the district was destroyed by fires in the 1870s. Following completion of the 2006 Downtown Revitalization Plan, investments have been made in the downtown. These include the removal of deteriorated buildings and construction of a new city fire and police station. Momentum should continue to build, capitalizing on its positive features.

ATTRACTION TO SENIORS

A combination of good health care, community amenities, institutions, proximity to the larger markets of Lincoln and Omaha, and other features have made Nebraska City an attractive retirement community. The hospital expansion should only add to the attractiveness of Nebraska City for retirees. However, developers have only made small inroads into this market since the 2006 plan. Demand still exists for maintenance-provided townhouses or attached housing marketed to older adults.

INFILL PROJECTS

The city has actively worked to identify seriously deteriorated houses and to work with owners to rehabilitate or demolish these structures. Annually, the city budgets for the demolition of two-to-three houses per year. Unlike many communities, these lots often do not remain vacant. Numerous successful infill projects have provided affordable units that utilize existing services. The smaller lot sizes, usually 48 feet wide, make modern single-family homes difficult to construct, call for detached garages or alley accessed garages. The city should continue to identify deteriorated properties and work with developers and property owners to redevelop these sites. Where possible, lots should be consolidated to provide adequate sites for infill development.

QUALITY HOUSING STOCK

Nebraska City’s housing inventory is generally in excellent condition. The city has made an active effort to address the few deteriorated structures in the community. This provides an excellent base for new housing development, and a perception of a stable housing market.



HOUSING ISSUES AND CHALLENGES

Although Nebraska City has numerous assets, the city does have some clear challenges that it must face to ensure a housing market that meets market demands. These include:

NEIGHBORHOOD REVITALIZATION

Although deteriorated housing is scattered throughout the older parts of the city, several key neighborhoods have significant revitalization potential. Opportunity areas are identified in Maps 3 and 4 on pages 27 and 28. These include older areas south of downtown, Kearney Hill and the mobile home park along north 16th Street. These sites are large and clustered enough to make a major impact if developed. Infrastructure improvements and removal of deteriorated structures can turn these areas into great neighborhoods. Improvements should address stormwater drainage, urban street standards and any water and sewer infrastructure issues. Street improvements in the Kearney Hill area will have a significant impact on the neighborhood, creating a turning point for revitalization.





HOUSING CONDITIONS

While the city's overall housing stock is in good condition a number of deteriorated structures are scattered amongst otherwise strong neighborhoods. These units can often create the "one bad house syndrome," where one deteriorated structure on an otherwise strong block can bring down the value of the other properties and therefore discourage investment in those properties. Map 4 identifies focused areas that should be addressed where a targeted effort could have a substantial impact on the remaining neighborhood. The city also has a number of small, older homes that are less than 900 square feet. Many of these are in poor condition or were not constructed to current building standards. Low production of entry-level housing maintains a market for poor quality and small units which should either be improved or removed. The city also lacks a strong rehabilitation program.

PRODUCTS FOR OLDER ADULTS & YOUNG PROFESSIONALS

Nebraska City has been able to attract seniors but has struggled to attract young professionals back to the city. There has been limited construction targeted at the senior market and almost no construction oriented toward young professionals. Stakeholders identified both of these groups as an important market that needs to be better served. There are strong similarities between both markets. They are both likely to be attracted to lower maintenance housing units that allow them to enjoy the freedom their stage of life provides. While seniors may be more interested in an owner configuration, young professionals and millennials are more likely to look for rental options. The development community has generated no new multifamily units in the last seven years and few attached housing or townhome developments, combining designs that have a single-family character with common maintenance. The few duplex projects that have occurred appear to have been popular.



RENTAL COST TO QUALITY

Agencies and stakeholder groups often reported a lack of affordable rental units and mentioned the higher cost of rents in the community. Research into the census data (Figure 16) and conversations with landlords would indicate that rental rates are within appropriate range. It is more likely that the cost of units as it relates to quality and square footage is the greater issue. For families in the lowest income ranges, finding a home with enough bedrooms and in good condition is an issue. Participants noted that housing quality has likely improved since the completion of the 2006 study, however issues still exist for low income households. The recession has made construction of affordable units even more challenging, while often wages have stagnated for many of these households. In addition to a lack of quality new affordable units being constructed, the slow construction of market-rate units leaves higher income earners filling units affordable to lower-income households.

LAND CONSTRAINTS

While natural features and man-made obstacles can limit future growth, the city has a number of opportunities for future growth both within the city and adjacent to city limits. The addition of residential lots around the new hospital site, and new lots south of Kearney Hill and on the north side will expand the city's lot supply. The update of the comprehensive plan should evaluate potential new growth areas and avoid acreage developments within the beltway where extension of infrastructure is feasible. The city should also review zoning and subdivision regulations and ensure consistent development policies for projects inside and outside city limits.



NEBRASKA CITY HOUSING DIRECTIONS

STRATEGIC GOALS

Nebraska City's location and quality of life reputation position it for growth in the coming years. Yet, new residents need housing that meets their needs. This includes young professionals entering the housing market for the first time, young families looking for appropriate ownership options, and seniors looking for services within a small town atmosphere. Analysis of both the city's assets and issues suggests a housing and community development strategy for Nebraska City that:

1. *Improves the overall housing quality.* By improving the quality of its housing, the city serves the interests of all Nebraska City residents from the perspectives of physical and economic wellbeing. Upgrading housing quality creates market security and increases values and marketability across the city. Conversely, deteriorating housing inevitably produces deteriorating housing values.
2. *Develops partnerships to expand the number and quality of affordable rental units.* Despite its deserved reputation as a high quality (and in some ways high-income) community, Nebraska City has a large number of low and moderate-income households. With the exception of a few projects such as the Crown Point rent-to-own development, most new housing developments have focused on single-family market rate construction, leaving low income households with few options.
3. *Increases the number of market rate rentals.* During the early part of the decade, low interest rates and easy financing reduced the short-term costs of home ownership and discouraged rental development and occupancy. Consequently, in many communities, few rental units (outside of tax-credit assisted developments) were built. With the crash of the subprime market in 2007-08, mortgage financing standards became more rigorous and new demand has re-emerged for rental housing. At the same time the millennial generation, a much larger cohort than the Gen X'ers, is moving into the housing market for the first time. While some smaller cities around Nebraska are seeing younger residents return, many with an entrepreneurial spirit, Nebraska City has not seen this and a piece of this puzzle has to be quality rental housing.
4. *Promotes the development of existing sites and lots.* In the 2006 Housing Study a lack of buildable lots was a concern. While this number has not greatly expanded, it appears to be less of a problem. Nebraska City also does not lack the builders to fill those lots. However, the recession has left many unable or unwilling to take on the risk of building speculative housing, which is a market that was struggling for Nebraska City in 2006. Programs and policies to reduce these risks should be combined with a community marketing program that targets local workers living outside of Nebraska City and makes potential buyers and builders aware of the existing programs.
5. *Increases the appeal of rehabilitating housing.* While most existing housing is in good condition, a number of structures need rehabilitation while others are obsolete and sometimes too small to meet contemporary needs. In older neighborhoods, one or two poor houses on a block can also affect the marketability of the entire area.



NEBRASKA CITY HOUSING PROGRAM FOCUSES

Nebraska City's housing strategy should have five primary focuses. These include:

1. Housing Development Partnership
2. Program Focuses
3. Redevelopment Initiatives
4. Rehabilitation and Property Maintenance Program
5. Land Development

1. A NEBRASKA CITY HOUSING PARTNERSHIP

A focused housing approach will require a community partnership, mobilizing the community, existing and potential homebuilders, financial institutions, and the city. This was a focus that was recommended in the 2006 Housing Study but lacked the passion and interest to move the partnership forward. This may have changed in the past seven years. The engagement of the Housing Authority in this process and the understanding of the housing needs in the community may provide the necessary energy to facilitate these partnerships.

Members of a Nebraska City Housing Partnership should include:

- The City of Nebraska City
- Nebraska City Housing Authority
- Current and Prospective Homebuilders
- A Lenders Consortium

In 2006, the creation of a Community Housing Development Corporation was recommended. The corporation would function as a nonprofit developer. This would still be an excellent approach and would provide focused attention on housing issues, but can often be challenging for cities to organize. The formation of this organization would likely need to come out of an existing entity that identifies housing as a vital priority. Although a development corporation has access to certain funds and programs that would be very beneficial to Nebraska City, there



are many partnerships and programs that can be initiated without a development corporation. These include:

Lending Consortium

Many of the city's housing strategies must have a source of financing to do its work. Such a financing program should be designed for maximum leverage (in the language of community development, leverage is the ability of program dollars to generate private investment in response); shared risk; and quick turnover rather than long-term financing. The development of a housing partnership should include a "lenders consortium;" a cooperative venture among lending institutions active in the Nebraska City market that spread individual exposure. In addition, these cooperative ventures can attract the support of other agencies such as the Nebraska Investment Finance Authority (NIFA) and the Federal Home Loan Bank.

A lending consortium is an ideal instrument to provide short-term financing or patient financing for builders and contractors in the community, and to provide interim financing for projects for projects developed by the housing partnership, cities or even the county.



Housing Trust Fund

A Housing Trust Fund provides a source of seed capital, unconstrained by program regulations, for a city or development corporation to use for the purpose of developing needed housing types. The popularity of trust funds can be attributed to their inherent flexibility. For Nebraska City, these dollars could be used to support construction of new entry level housing or rehabilitation of existing housing. Trust funds can be generated in several ways, including dedication of a specific share of local option sales taxes, fees, local revenue bond issues, or grants and charitable contributions.

The City of Nebraska City

Cities generally have the responsibilities of providing and maintaining urban infrastructure and municipal services, and, under the Nebraska Community Development Law, have the ability to act as community redevelopment authorities. Consistent with these powers, the city should finance capital improvements using techniques that reduce and/or defer the front-end cost of lots; assembles or acquires property for development or redevelopment as needed; and acts to promote other projects or remove obstacles to desirable development. The role of each for the City of Nebraska City in the housing partnership could include:

- Acquisition and site preparation of infill redevelopment sites
- Financing assistance through CDBG, TIF and other programs

- Subdivision development with infrastructure
- Funding and management of energy saver programs through their local utilities
- Funding and management of any residential incentive loans

Builders and Realtors

Builders' and realtors; role in the housing partnership will be through infill home construction and the marketing of new houses.

2. PROGRAM FOCUSES

Three special project focuses appear most appropriate in Nebraska City given housing demand and economic character: affordable equity housing, rental housing development, and rent-to-own projects.

Affordable Equity Housing

New owner-occupied housing can upgrade the city's housing stock by attracting new households looking to build equity in the city. New housing may be built either in existing subdivisions or on infill lots within built-up areas. While Nebraska City has successfully filled many of its infill lots, the next step may be to identify clustered redevelopments. Components of these projects may include:

- A local housing trust fund may provide recoverable, front-end funding for such items as project design;
- The city may acquire property or develop infrastructure through TIF or revenue bonds;



- Dollars from the Nebraska Affordable Housing Trust fund, which may now be used for demolition associated with redevelopment projects;
- A development corporation, potentially, functioning as the master developer could contract with private builders for home construction;
- o The lending consortium providing interim financing.

Realtors may also participate by reducing commissions on selected projects. Potential target markets for new affordable units may include younger households, people with stable incomes, and downsizing empty-nesters.

Acquisition/Rehab/Resale Program

In this program concept, houses are acquired and sold in a rehabilitated or “turnkey” state to owner-occupants. It recognizes the limited number of prospective buyers who want to carry out a major home rehabilitation project. This program works best when candidate houses can be purchased at relatively low cost – a common condition in some parts of Nebraska City. Under the program, a development corporation purchases existing houses, completely rehabilitates them, and resells them to new homebuyers. The lending community may participate cooperatively in this effort by providing interim financing. Mortgage financing for low- and moderate-income buyers may be assisted by CDBG or HOME “soft-second” loans. Realtors may also participate by reducing commissions on selected projects.

By using local dollars, the development corporation may be able to target those dollars to households at or above the area median income. These households are much more likely to be bankable. There may also be the opportunity to expand the number of houses eligible for the program.



Rental Housing

Demand for rental housing in Nebraska City crosses several income ranges. New rental housing should include market-rate rentals for professionals, workforce housing, and housing for people with urgent needs.

Funding sources such as the lending consortium and housing trust fund can be used to develop new inventory, and tax credits may be employed to address the needs of lower income households. Tax Increment Financing, CDBG/HOME funds, and tax credits can also help create affordable multi-family housing. The housing partnership and lending consortium should be active participants in multi-family housing finance by distributing the risk of projects across several lenders.



Rent-to-Own (CROWN)

The existing CROWN project on the north side appears to be successful and a second rent-to-own project could be absorbed in the market under a different approach.





CROWN projects can be done as scattered site projects. This approach was taken in Dawson County where units were split between three communities, but units may also be scattered within a single community or neighborhood. The largest challenge to this approach is assembling land. Most developers do not have the interest or capacity to assemble 12 lots from 12 different land owners. The city or development corporation would have to assist in this process.

Proximity of those lots to each other is also important when controlling construction costs. Ideally, the city could target one neighborhood, like the Northeast or Kearney Hill areas, where a deteriorated structures and vacant lots could be combined. Nebraska Affordable Housing Trust Fund dollars could be used to remove the poorest quality units from the city. These lots would need to be mixed with some vacant lots to assemble the necessary area for 12 units. Scattering the units around the city, or even within a quadrant of the city, may help avoid some of the stigmatization associated with income assisted housing.



3. REDEVELOPMENT INITIATIVES

Nebraska City should encourage and help finance one or more significant housing redevelopment projects in areas identified through the housing inventory (Map 4).

The city should identify a targeted housing redevelopment area that provides the critical mass necessary for success. In many cases, vacant lots or obsolete houses are scattered so that their redevelopment can stabilize an entire block. In other cases, a cluster of lots is needed to create a “tipping point” that can successfully change a neighborhood and provide buyers with the security necessary to sustain market values.

While the more scattered approach would work in many areas of Nebraska City, Map 3 identifies larger areas that could have a significant impact on housing quality and equity. These include relatively substandard or obsolete mobile home developments.

The first step in target area development is preparation of a redevelopment plan to guide implementation. The plan identifies areas for land acquisition, project phasing, relocation and housing options, and funding arrangements.

Buildable vacant lots can be acquired through demolition of vacant or seriously deteriorated units, tax sales, and negotiated purchases. Housing development for the infill projects may be accomplished by a development corporation and/or private builders and financed by the Lenders Consortium. When private developers own infill lots, the city should continue to work creatively with them, encouraging innovative project designs and planned unit developments that may require different standards from conventional development.



4. REHABILITATION AND PROPERTY MAINTENANCE PROGRAMS

The city should implement a comprehensive approach to rehabilitation that broadens the reach and effectiveness of rehabilitation efforts, and reduces the amount of substandard housing in the city.

Nebraska City’s rehabilitation program focuses should include:

Owner Assistance

A large number of Nebraska City’s housing units require at least moderate repairs or rehabilitation. A



coordinated rehabilitation strategy, operating on a reliable, multi-year basis, is vital to ensure preservation of the area's critical supply of existing housing. A rehabilitation program, appropriate to the respective needs of individual communities, may include five program types. These include:

- *An Emergency repair program.* For very low-income residents, an emergency repair program should be established. This type of program is usually funded through Community Development Block Grant (CDBG) funds in the form of grants or forgivable loans. Emergency repair programs are designed to meet critical individual needs, but also to keep viable housing from deteriorating further. Thus, when funds are limited, assistance should be focused on fundamentally sound structures.
- *Direct rehabilitation loan program.* This program would make direct forgivable loans and grants to homeowners from CDBG funds. The program is most appropriate to homeowners with low incomes who are not otherwise bankable. These efforts should generally be focused in strategic areas where loans support other area investments, such as substantial infill development.
- *A leveraged rehabilitation loan program.* This approach leverages private loan funds (often through the FHA Title I Home Improvement Loan program) by combining private loans with CDBG or other public funds to produce a below-market interest rate for homeowners. The program works most effectively in moderate income neighborhoods with minor rehabilitation needs and some demand for home improvements. The program is effective in expanding the amount of improvements completed by a fixed amount of public funding. Loans in a leveraged loan program can be originated through individual lenders or through the proposed lenders' consortium.
- *Acquisition/rehab/resale programs.* As discussed above, a purchase/rehabilitation/resale program is particularly useful in adapting older houses. Several development corporations in Nebraska have extensive experience with this type of program, including Wayne Community Housing Development Corporation, who could provide guidance on these programs.

- *Energy efficiency loans.* Funding may be leveraged through the Nebraska City Utilities to provide loans that improve the energy efficiency of older homes. These low-interest or no-interest loans can be used to replace windows, heating and cooling systems, or any other upgrades that improve the energy efficiency of the home.

Primary funding for these rehabilitation activities may include Community Development Block Grant (CDBG) or HOME funds administered by the Nebraska Department of Economic Development. Leveraging local dollars to support any of these programs would provide for greater flexibility and opportunities to take a broader county wide approach. Cities have developed residential construction incentive loan programs that offers loans for renovation of homes or rental units. Advertisement and marketing can also be important to any of these programs. Communities will see limited use of these programs due to a lack of public awareness, however if they can be combined with a code enforcement effort they can act as an incentive for bringing structures



up to a reasonable standard.

Rental Rehabilitation

The city should also consider a rehabilitation program focused on rental properties that provides leveraged loans combined with code enforcement. With little or no code enforcement and a tight rental market there is often no incentive for rental property owners to make improvements. With limited new multi-family construction in the past 10 to even 20 years the city's rental market often depends on single-family homes. These homes tend to be some of the oldest housing and in poor condition. This



program provides financing for the improvement of sound rental properties in need of rehabilitation.

Rental rehabilitation must include effective housing code enforcement to ensure that units meet minimum housing standards. The reluctance of tenants to file complaints can seriously hamper effective life safety enforcement. Some communities have instituted rental registration or licensing programs. Here, all rental units must register to be certified for occupancy. Registration requires a life safety inspection and compliance with minimum standards. These programs can be effective, but are staff-intensive and must be administered to avoid displacing low-income households. However, the potential of loss of revenue, combined with available financing, can induce participation by property owners in this type of program.

Mechanically, the foundation of a rental rehabilitation program should be private financing. An individual institution or development corporation, acting as a referral agency, may take a leading role in marketing the availability of rehabilitation loans to small rental property owners. A reservation of



HOME funds could be used by the city to provide blended loans when some form of subsidy is needed.

5. LAND DEVELOPMENT

In addition to assembling infill lots the city may partner with a private developer or development corporation to complete a specific project. Such a development should produce a distinctive environment that differentiates itself in the market by expressing the traditional character of Nebraska City. The project could use the lending consortium’s interim financing pool, allowing construction of a critical

mass of moderately-priced homes that would otherwise be impossible for a small-scale home builder in the Nebraska City market.

Financing Partnerships

Financing techniques that avoid burdening moderate income homebuyers with land and infrastructure development costs can be extremely important, and can give Nebraska City competitive parity with land in other parts of the region. In many communities, special assessments are used to finance infrastructure. While assessments reduce the initial purchase price of the house, they are retired through monthly payments, and so add to the monthly or overall cost of housing. Other devices include:

- *Infrastructure Bank.* In a new subdivision targeted specifically to affordable ownership housing, Nebraska City should consider an “Infrastructure Bank” approach. Here, the city finances the infrastructure as a “participatory” deferred loan. The loan is paid back upon sale of the house. The repayment represents the same percentage of the sale proceeds that the initial infrastructure loan made up of the original price. In addition, the property taxes generated by a house that might otherwise not be built must also factor into the equation. Grants from the Federal Home Loan Bank, TIF, NIFA, or state-administered Federal programs such as CDBG or HOME can also help with infrastructure financing.
- *Tax Increment Financing (TIF).* In redevelopment areas, TIF can be a significant tool for land acquisition and development financing. TIF uses the added tax revenue created by the redevelopment to finance project-related costs such as land acquisition and public improvements. Because incremental taxes can only be used for 15 years after approval of a redevelopment plan, subdivisions using the technique should be phased, with development phases tightly following market demand. New phases can be added by amending the overall redevelopment plan. This use of TIF is also an excellent approach to the reuse of structures such as the hospital.