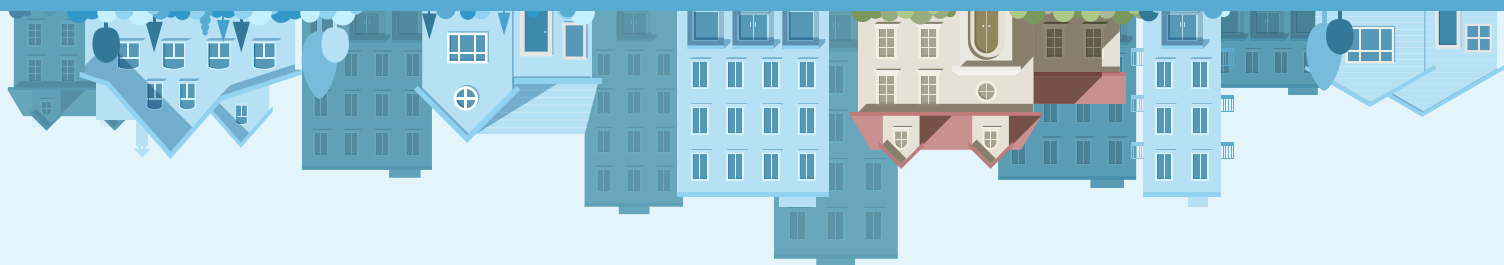




CITY OF  
**LINCOLN**  
NEBRASKA  
*AFFORDABLE HOUSING  
COORDINATED ACTION PLAN*



# ACKNOWLEDGMENTS

The project team would like to acknowledge the contributions of the residents of Lincoln who gave their time, ideas, and expertise for the creation of this plan. It is only with their assistance and direction that this plan gained the necessary depth to truly represent the spirit of the community and it is with their commitment that the plan will be implemented.

---

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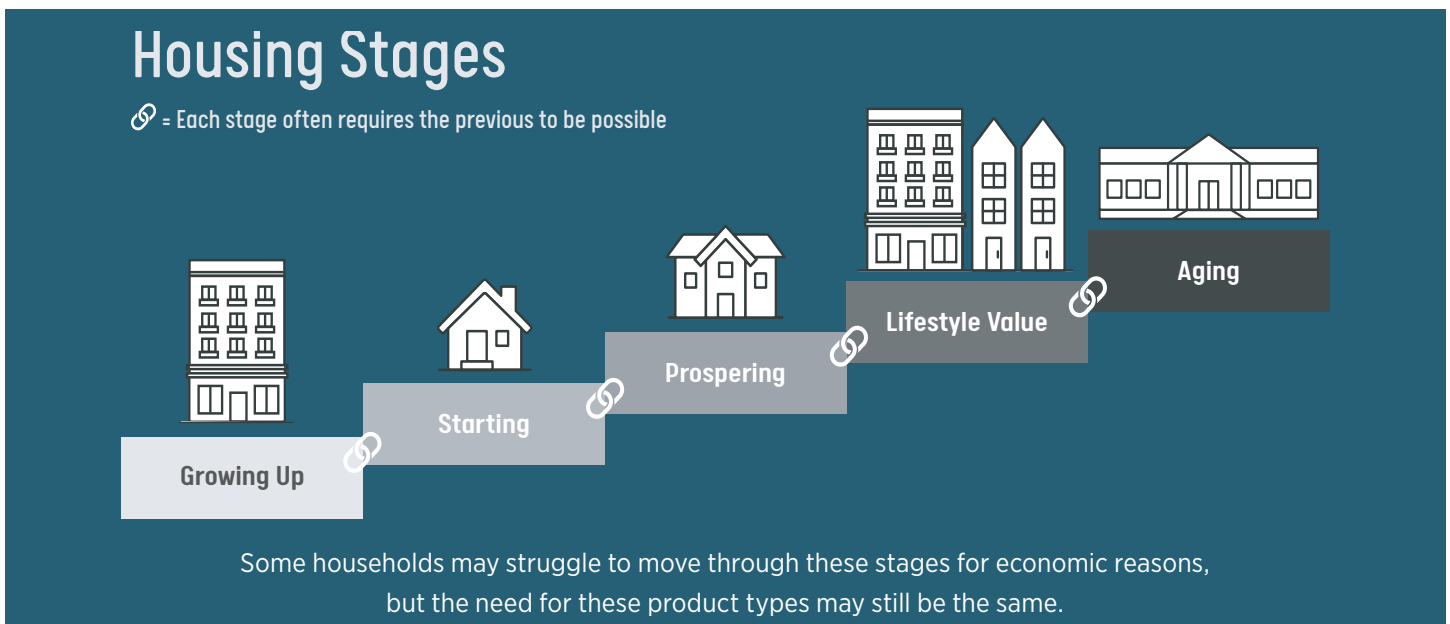
## INTRODUCTION

It is only through study and introspection that a community can navigate a path forward to realize the best future for current and future generations. The Affordable Housing Coordinated Action Plan is built from a wealth of information which forms a picture of Lincoln's housing market today. The market analysis in the first chapter is built on a review of previous housing studies and reports including the South of Downtown Community Development Organization's (SDCDO) Affordable Housing Subcommittee Plan, an assortment of data, and by working closely with the public and a wide variety of stakeholder groups. In addition, concepts from the One Lincoln Initiative (see call out box on the following page) aided in identifying issues and opportunities and developing the path forward. This plan seeks to support the development of a housing market in Lincoln that is reflective of the diverse community of residents that makes up the city. In this way, the process included a variety of stakeholders representing a broad cross section of the housing providers and those looking for housing. Feedback was solicited throughout the development of the plan, beginning at the start with over 24 stakeholder group discussions and ending with a two and a half month open comment period at the end of the process which involved public meetings, presentations, and the opportunity to write in feedback on the draft document.

Knowing quality of life and access to daily needs varies depending on where you live in Lincoln, the action items identified in this document attempt to address these issues and improve the overall economic health in Lincoln and more importantly, protecting and advancing the health, safety, economic opportunity, and quality of life of every resident. This means creating housing options for all income levels and ages throughout the city.

While the main focus of this plan is on how to address housing needs for the city's residents earning less than 80% of the Area Median Income (AMI), no one market stands in isolation. Markets are interdependent on each other, whether that is different income levels or product types. Thus, many residents, through the public engagement process (see Chapter 2), noted the struggle to find "affordable housing," including those households making over 80% of AMI. A healthy housing market allows individuals to move through the market at different stages of life. When the market does not supply the product type a household needs, there can be a break in the system that can affect many different households.

This document also takes into consideration existing studies, such as the Lincoln Homeless Coalition Affordable Housing Task Force Essential Housing Report and the SDCDO Affordable Housing Subcommittee Plan. Information on housing for homeless or near homeless populations is included on page 34, but it is beyond the scope of this plan to do a deep dive into the topic. The initiatives identified in the Lincoln Homeless Coalition's report are important and should continue to move forward. It is also exciting to note that many of the initiatives identified in SDCDO's report are moving forward and many aspects of this plan support those efforts.





## ONE LINCOLN INITIATIVE

Mayor Gaylor Baird's One Lincoln initiative is focused on creating a culture of equity, diversity, and inclusion, both within City Hall and in the community. The goal of One Lincoln is to promote processes, structures, and policies that allow and empower all city employees and residents to achieve their full human potential. This includes working to ensure that the city's workforce is diverse and representative; persons are not discriminated against in employment, housing, and public accommodations; discrimination complaints are handled fairly and expeditiously; unfair inequities in the community are addressed and reduced; and vulnerable populations are adequately supported.

The One Lincoln initiative also champions community policies, practices, and culture change initiatives that advance equity, diversity, and inclusion, as well as foster community conversations around topics like discrimination. This work also includes promoting neighborhood vitality through affordable housing initiatives, redevelopment programs, and efforts to enhance social and community capital through reinvigoration of community spaces. One Lincoln represents the vision of a city in which everyone belongs.

---

*One Lincoln represents the vision of a city in which everyone belongs.*

---

## The Ever Changing Market Environment

When creating a ten year housing plan it must be assumed that during that time period the economy will experience ups and downs. It may occur at the beginning, middle, or end, but it definitely will change the economic dynamics for at least a short time. As this study came to a conclusion in the late-winter/spring of 2020, unprecedented times fell upon Lincoln and the country. However, none of the economic upheaval, both short and long-term, change the need to provide safe attainable housing for all residents of Lincoln. This study serves this core purpose and strives to do that on many levels with a variety of strategies. Many of the gaps identified in this study have only been further highlighted by the events of 2020, supporting the need to continue to move forward.





# Market Analysis

The careful examination of Lincoln today – its historic trends, population demographics, economy, and conditions of the housing market – enable this study to understand current challenges, forecast future needs, and articulate a program to improve Lincoln's

housing market. This chapter summarizes the characteristics of Lincoln that strongly impact the housing market. A thorough understanding of demographics and housing conditions provide the first steps in crafting the housing plan.

## THE TOP 10 TAKEAWAYS:

**1. Lincoln's housing market is affordable for most households, but housing costs are increasing and should be addressed proactively.**

While not wide- spread, there are pockets and populations across the city experiencing significant affordability issues. As a community, Lincoln will need to be proactive to avoid larger housing affordability issues seen in many of the Nation's larger cities.

**2. Despite median incomes keeping pace, many census tracts in Lincoln are cost burdened.**

Lincoln's median income has remained comparable to Omaha, but has outpaced many comparable cities. Since 2010, the city's median income has increased to \$53,000 or just over 30%. This increase in income is only marginally higher than rental rates increased.

**3. The greatest shortage of units is for households making less than \$25,000.**

This price point is not usually supplied by the market and requires additional subsidies to construct. It is important to note households making less than \$25,000 include some retirees living on fixed incomes with no mortgages remaining. Students receiving housing assistance also make up a small (10%) portion of this population.

**4. Lincoln continues to grow at a steady rate.**

Lincoln has been growing at a very consistent rate since 1960 - between 1 and 1.5% annually. The population has also remained a consistent 90% of Lancaster County's population. This growth is strong and sufficient to support continued economic progress.

**5. Over the next decade, Lincoln will need an additional 17,000 units to support projected population growth.**

This is slightly above the average rate over the last 10 years, but addresses both growth needs and pent-up demand that was not constructed during the 2000s and early recession years.

**6. By 2030, Lincoln will need nearly 5,000 rental units affordable to the lowest-income households.**

Of the 17,000 additional units, 5,000 of those units will need to rent below \$1,000 a month and almost 4,000 ownership options will need to be priced below \$200,000.

**7. Lincoln's population is generally young, but the number of residents over the age of 65 will continue to grow.**

The trailing edge of the Baby Boom population will move into their retirement years in the coming decade, resulting in an additional 18,000 residents over the age of 65. This creates a demand for greater housing variety both in product type and price point.

**8. Despite consistent construction activity, the private market is not producing varied housing types.**

Over the past six years, construction activity has been healthy, but it has been focused on two main product types. Of the 11,859 units constructed, nearly 50% were market rate apartments and 37% were detached single-family homes.

**9. Lincoln has a number of existing affordable housing units that will need to be preserved.**

Lincoln's best source of affordable housing exists within units that have already been constructed. According to Census estimates the city has over 39,000 units renting for less than \$1,000 a month and another 43,000 units valued at less than \$200,000 (Figure 1.19). Maintaining these units as affordable will be essential to meet both existing and future demand.

**10. Multiple factors influence the cost of housing and the ability to produce affordable housing; therefore, multiple partners will have to be called upon to address housing needs.**

Housing costs and a households ability to afford housing are influenced by many factors, including the product types being produced, land costs, growth in income, and competition in the market to name a few. For this reason multiple entities will be needed to address Lincoln's housing challenges.

## LINCOLN'S DEMOGRAPHIC CHARACTER

This section reviews Lincoln's demographic trends including population, housing characteristics, income, employment, affordability, and housing demand. Combined, they have a tremendous impact on the nature of the local housing market.

While the decennial census provides more accurate demographic data, it is nine years old and will therefore be used less frequently. In most instances, the 2017 estimates from the American Community Survey will be used to show current trends.

### POPULATION HISTORIC CHANGE

The historic population change provides context for how the community has changed and a trajectory for future growth and development. Lincoln has been growing at a very consistent rate since 1960, between 1 and 1.5% annually. The population has also remained a consistent 90% of Lancaster County's population. This growth is strong and sufficient to support continued economic progress. Map 1.1 shows the growth rate by census tract. Historically, growth tended to happen on the fringes. That continues to be true, but many of Lincoln's core neighborhoods have also experienced reinvestment and growth in the last decade.

FIGURE 1.1: Historic Population Change

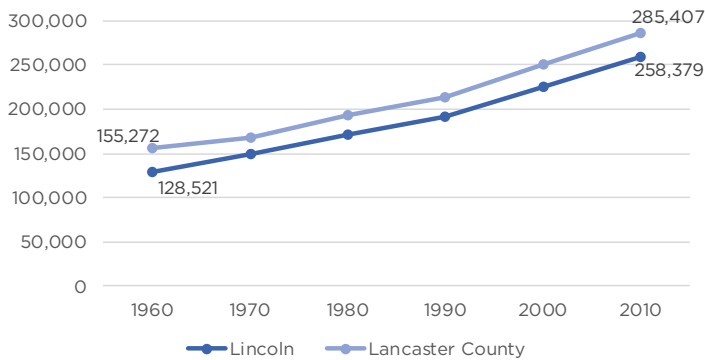
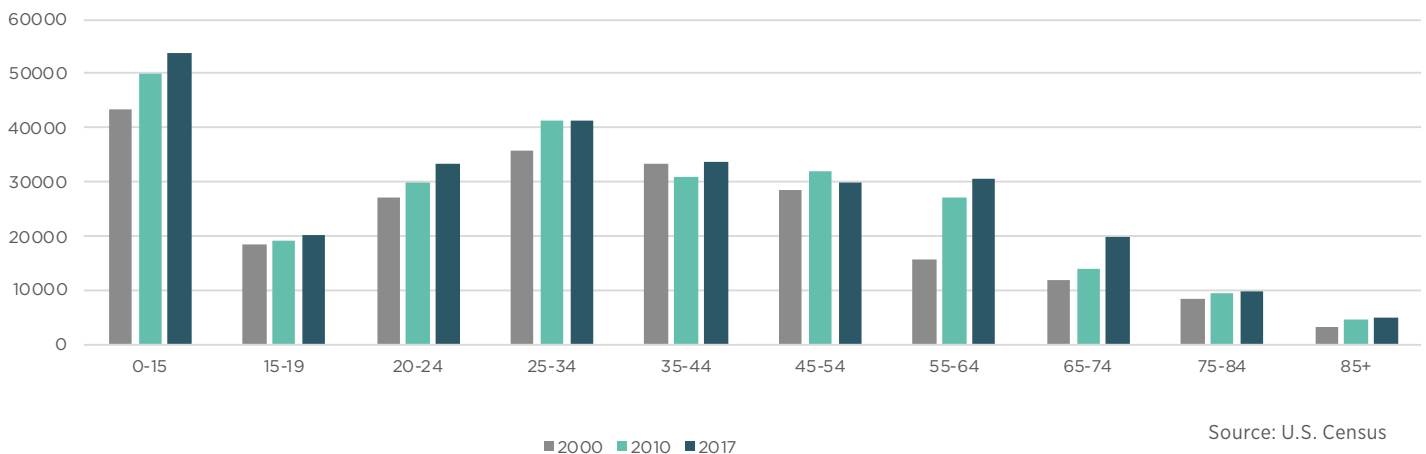


FIGURE 1.2: Population by Age



Source: U.S. Census

## TRENDS IN AGE GROUP

Figure 1.2 shows the population change by age group from 2000 to 2017. The growth that occurred among 65-74 year olds likely reflects Baby Boomers moving into these cohorts. In 2010 the first Baby Boomers were just turning 65.

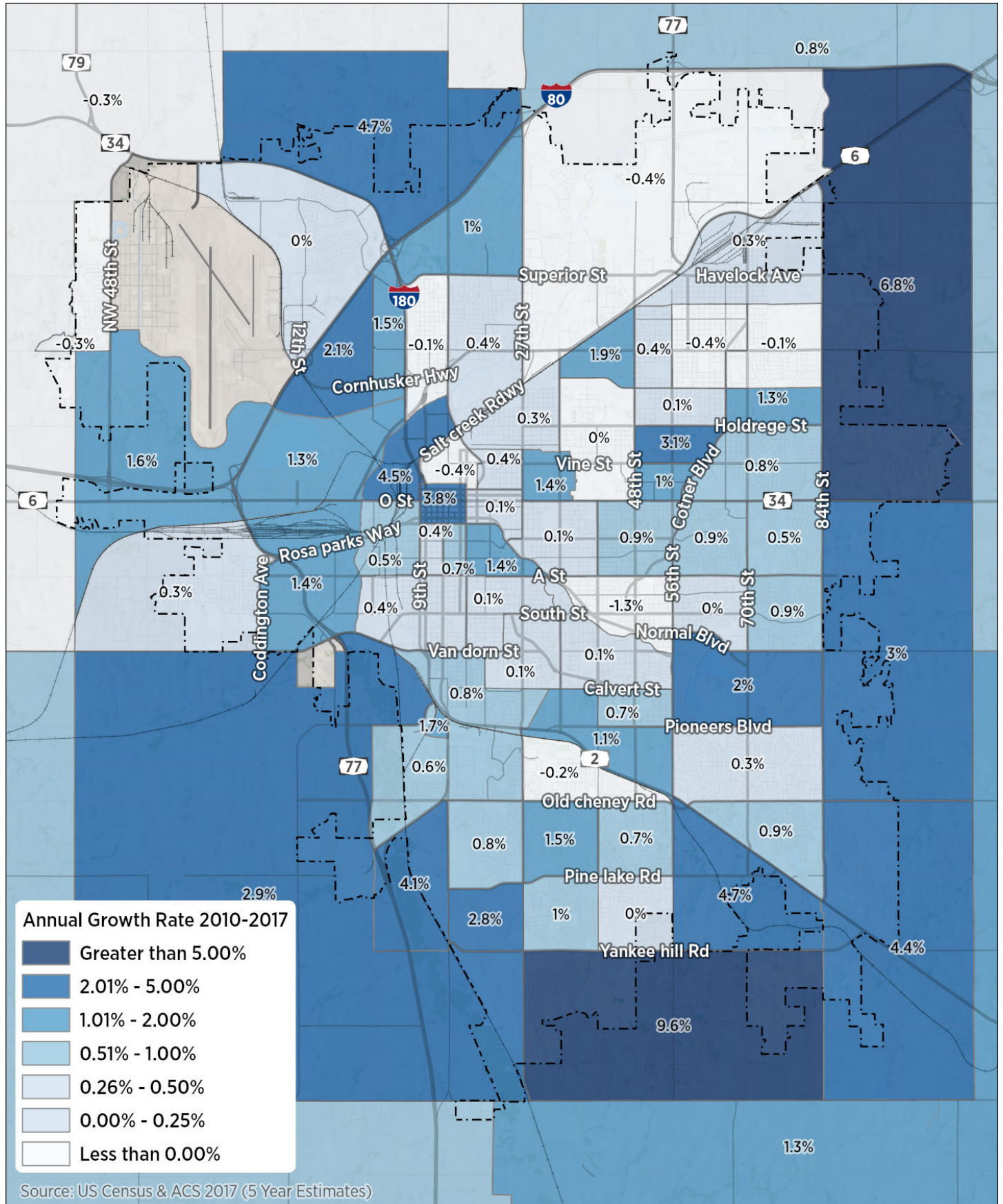
A portion of the growth among 20-24 year olds can be attributed to the student population. As Figure 1.3 illustrates, the student population for UNL increased by 1,469 students during this time. While the other three colleges and universities likely attracted additional students, it is unlikely they accounted for nearly 60% of the cohorts growth. Job opportunities likely attracted non-students to the city, too.

The only major decline in population was in the 45 to 54 year old age group which lost about 2,300 people. Some of this is due to generational shift between Baby Boomers and Gen X, but it may also reflect a struggle for this cohort to find the jobs and housing they desire as they move into their peak earning years.

Map 1.2 shows median age by census tract. The map quickly reinforces assumptions about where students are living, but also provides some insight on potential neighborhood shifts or opportunities. Neighborhoods with higher median ages:

- Could be opportunities for products appealing to empty-nesters and retirees interested in downsizing in their existing neighborhoods or area of the city.
- Are poised for a generational shift from older residents to younger families. This can be most impactful on neighborhood schools.

MAP 1.1: Growth Rate by Census Tract (2010 to 2017)





## Student (Higher Education) Population

The student population is an important part of the market, and for many, the market they perceive receiving the most attention from the development community.

- Data is not readily available for Wesleyan, Southeast Community College, or Union College for historic student enrollment, however, combined they only made up 19% of the 2018-2019 student population.
- In 2017 UNL student enrollment peaked at 26,000.
- Declines in student population will be challenging to reverse over the next 10 years reflective of the overall decline in population for the generation entering college-age years. This will not likely have a large influence on the overall population since students in 2018 only comprised about 11% of the total population.

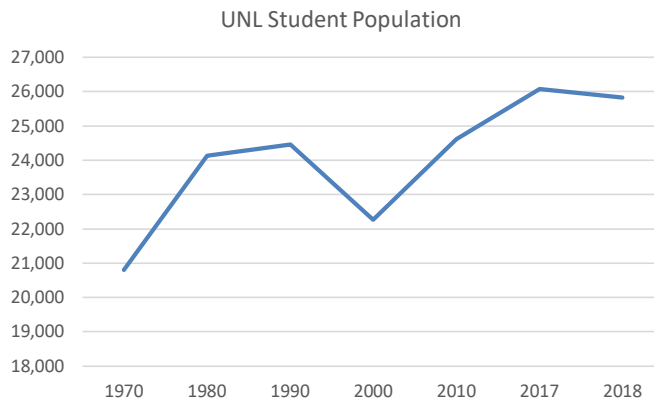
## PEER COMMUNITY COMPARISON

Five communities were identified as peer communities to Lincoln. The criteria for selection included regional proximity, population size, and similar university cities. Since 2000 universities experienced growth as Millennials entered their college years. However, the cities in Figure 1.4 with flagship universities experienced very strong growth rates likely beyond student population growth. Springfield, MO has a substantial student population spread over several universities and colleges, but appears to have not captured the same level of growth. For these cities, the exit of Millennials from college and a much smaller generation following them could be impactful unless they can continue to attract workers and retirees.

FIGURE 1.3: College & University Enrollment

### 2018-2019 Student Enrollment

UNL	25,820
Wesleyan	2,100
SCC	3,279
Union College	832
<b>Total</b>	<b>32,031</b>



Source: UNL, Wesleyan, SCC, and Union College

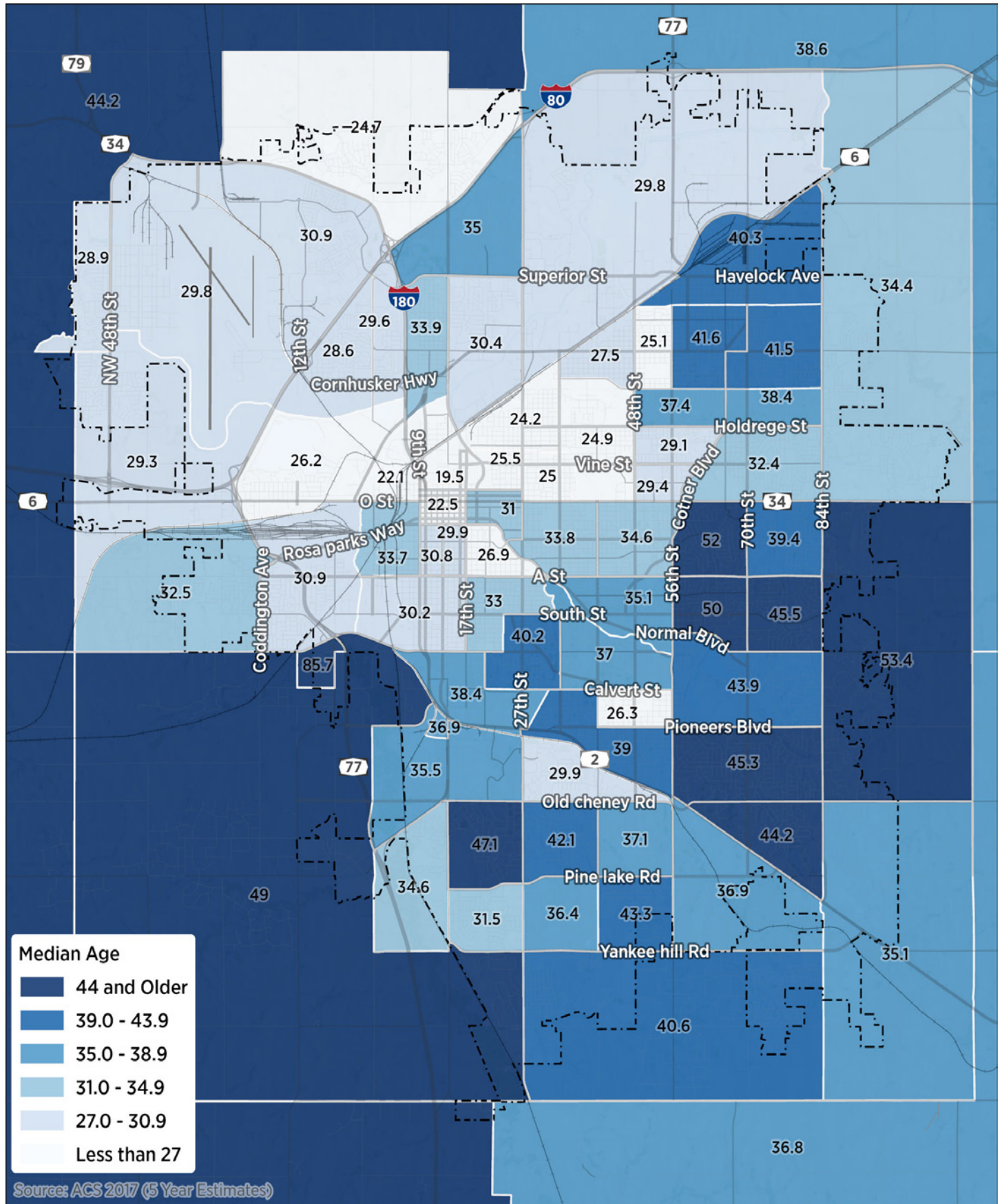
FIGURE 1.4: Peer Communities Population Change 2000-2017

	2000	2010	2017 EST.	CHANGE 2000-2017	% CHANGE 2000-2017
<b>Lincoln, NE</b>	225,581	258,379	277,315	51,734	22.9%
% of 15-24 year olds	20%	19%	19%		
<b>Madison, WI</b>	208,054	233,209	248,856	40,802	19.6%
% of 15-24 year olds	24%	22%	24%		
<b>Iowa City, IA</b>	62,220	67,862	73,415	11,195	18.0%
% of 15-24 year olds	39%	33%	35%		
<b>Champaign/Urbana, IL</b>	103,913	122,305	127,756	23,843	22.9%
% of 15-24 year olds	36%	36%	35%		
<b>Springfield, MO</b>	151,580	159,498	158,945	7,365	4.9%
% of 15-24 year olds	21%	21%	23%		
<b>Omaha, NE</b>	390,007	408,958	407,334	17,327	4.4%
% of 15-24 year olds	15%	15%	16%		

Source: Decennial Census and American Community Survey 2017 estimates



MAP 1.2: Median Age



## POPULATION PROJECTION

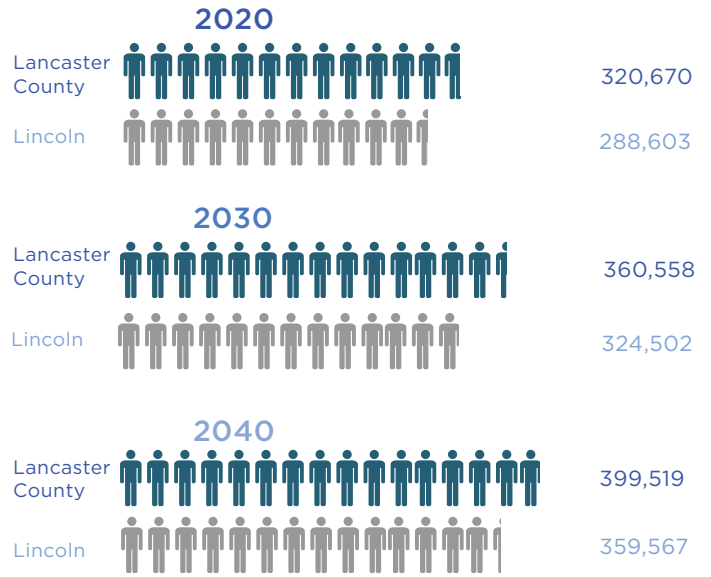
Working with the City of Lincoln, the Nebraska State Data Center prepared population projections for Lancaster County through 2050. For the purposes of this study the projected 2030 population will be used to establish housing demand for the next 10 years. The projected growth rate is expected to match that experienced in the 1990s, approximately 12%.

## RETIREE AND SENIOR POPULATION

Nationally, the number of individuals moving into their retirement years over the next 10 years will be at the highest rates in history. This population shift will have an impact on the housing market. Figure 1.5 outlines the projected population change for the 55 and older age groups by 2030. The population is projected using natural change with a migration factor equivalent to what was experienced in 2010. Of the three age groups, the greatest growth will occur in 75 and older (nearly 73%). This is mostly the result of the Boomer generation aging into their later years. At the same time a decline will occur in 55 to 64 year olds as this generation is smaller than the Boomers. What impact may this have on the housing market?

- › Some seniors may choose to age in place impacting the need for additional in-home services, but also the need to renovate existing homes to accommodate changes in mobility.
- › A portion of this population will look to move to housing that offers reduced maintenance and greater connectivity to community and peers.
- › National market trends indicate aging Boomers are more likely to use in-home services, reducing the need for assisted living and skilled nursing units. For this reason, many providers in the region do not expect a substantial increase in demand for these types of units/beds.

**FIGURE 1.6:** Lincoln Population Projections



Source: Nebraska State Data

**FIGURE 1.5:** Projected Population Change 55 and Over

	2017	2030	CHANGE	% CHANGE
55-64	30,605	28,805	-1,800	-5.88%
65-74	19,914	27,427	7,513	37.73%
75 and Over	14,707	25,400	10,693	72.70%
Total 55 and Over	65,226	81,632	16,406	25.15%
Total 65 and Over	34,621	52,827	18,206	52.59%

Source: Decennial Census and State Data Center

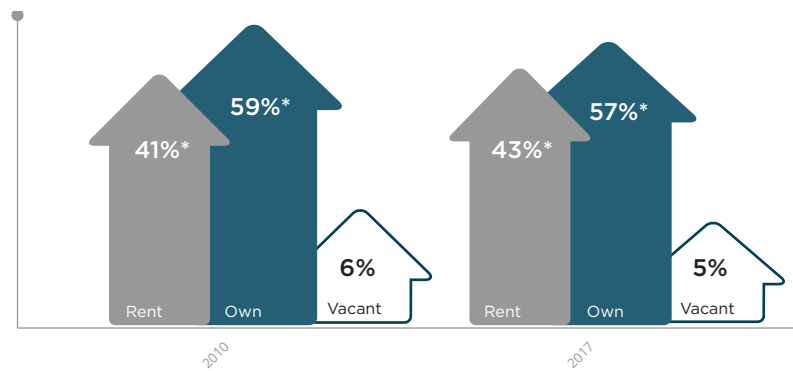
# HOUSING CHARACTERISTICS

## HOUSING OCCUPANCY

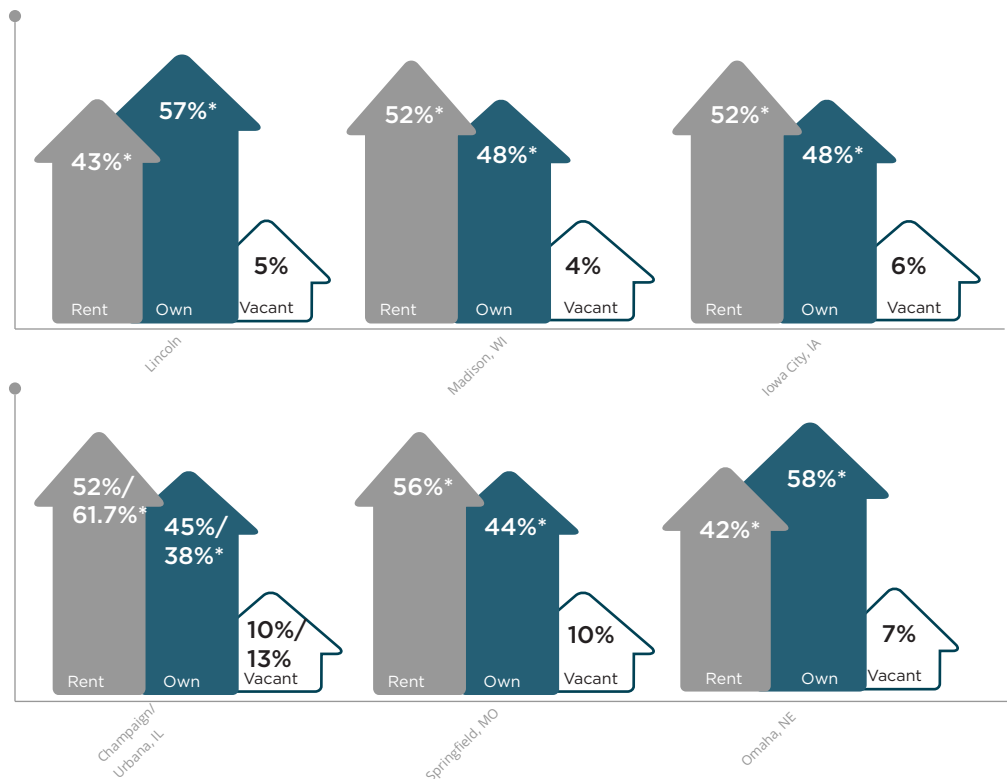
Since 2008, the majority of communities have seen more rental units added to the market than owner-occupied units. This is due to several reasons including more restrictive lending practices at the end of the recession and more young households who traditionally enter the market as renters. The number of vacant units from 2010 declined by nearly 1,200 units. Most categories declined except for seasonal, recreation, or occasional use and units identified as other vacant.

Compared to other cities, Lincoln has a strong home-ownership market (see Figures 1.7 and 1.8). With young adults (under the age of 25) making up a slightly smaller percentage of the overall population compared to other communities Lincoln's renter rates are slightly lower.

**FIGURE 1.7:** Lincoln Housing Occupancy, 2010-2017



**FIGURE 1.8:** Housing Occupancy of Comparable Communities, 2017



Over the last 10 years the percentage of 25-34 year old households owning homes has declined. Potential causes may include:

- › More restrictive lending practices than existed in 2007
- › Changing preferences due to interest in lower maintenance options with greater flexibility
- › Home prices increasing at a faster rate than incomes, making it challenging for first time homebuyers to enter the market
- › Lack of supply of entry level housing

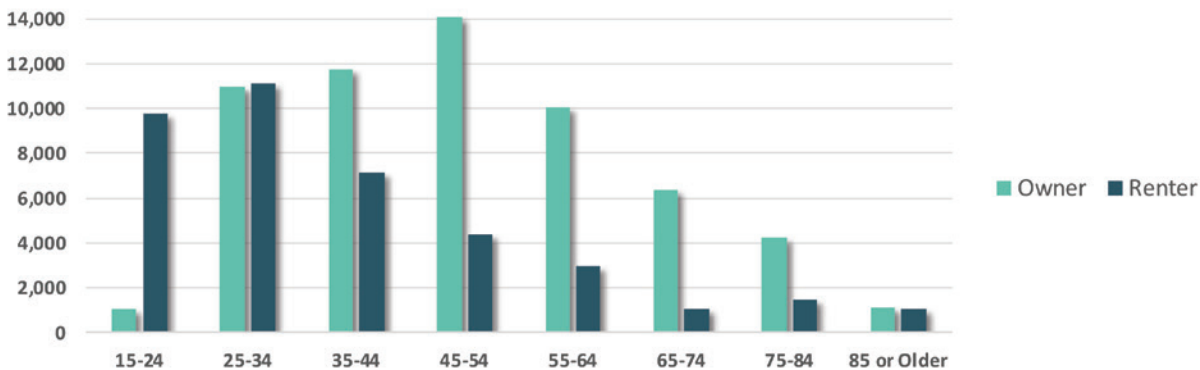
Map 1.3 breaks down owner occupancy by census tract. Neighborhoods closest to the University have some of the highest rental rates, but also neighborhoods that have seen significant conversions and development of units appealing to renters. This includes areas south of downtown and Airpark. Map 1.3 also illustrates areas where greater housing diversity may

be needed. This includes locations where renters may want to stay in their neighborhoods as homeowners or homeowners may want to downsize to lower maintenance options.

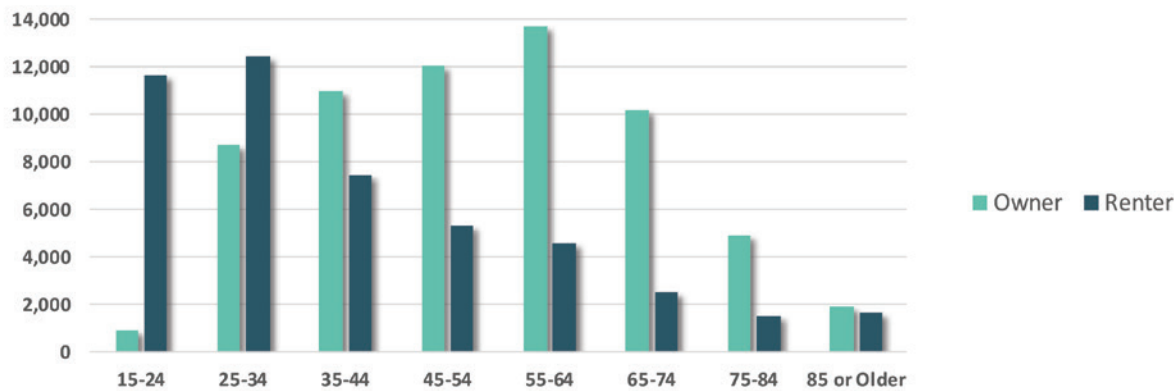
Map 1.4 identifies the percent of homes owned by residents 55-years and older. Neighborhoods with higher percentage of households over 55 are likely to experience shifts in the coming years, as noted when looking at median age by Census tract. Census tracts including those around 56th and Pioneers Blvd, 70th and A Streets, and northwest of 17th and A Streets may offer opportunities for families looking to find housing that meets their family's needs. However, this cannot occur if existing households lack options that meet their changing housing needs (downsizing in maintenance or square footage).

*21% of Lincoln's households have lived in their current housing for more than 20 years.*

**FIGURE 1.9:** Occupancy by Age of Householder, 2007

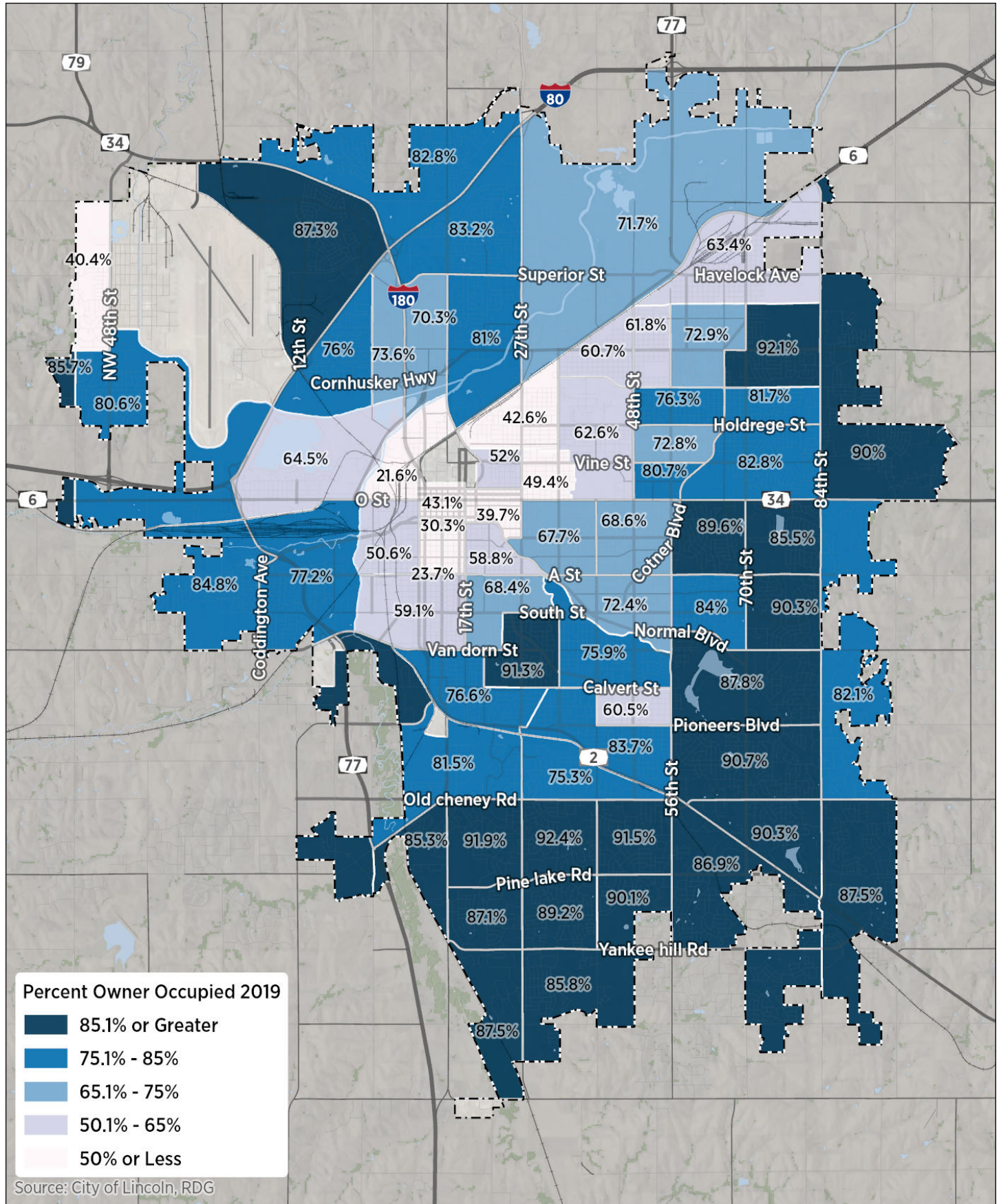


**FIGURE 1.10:** Occupancy by Age of Householder, 2017



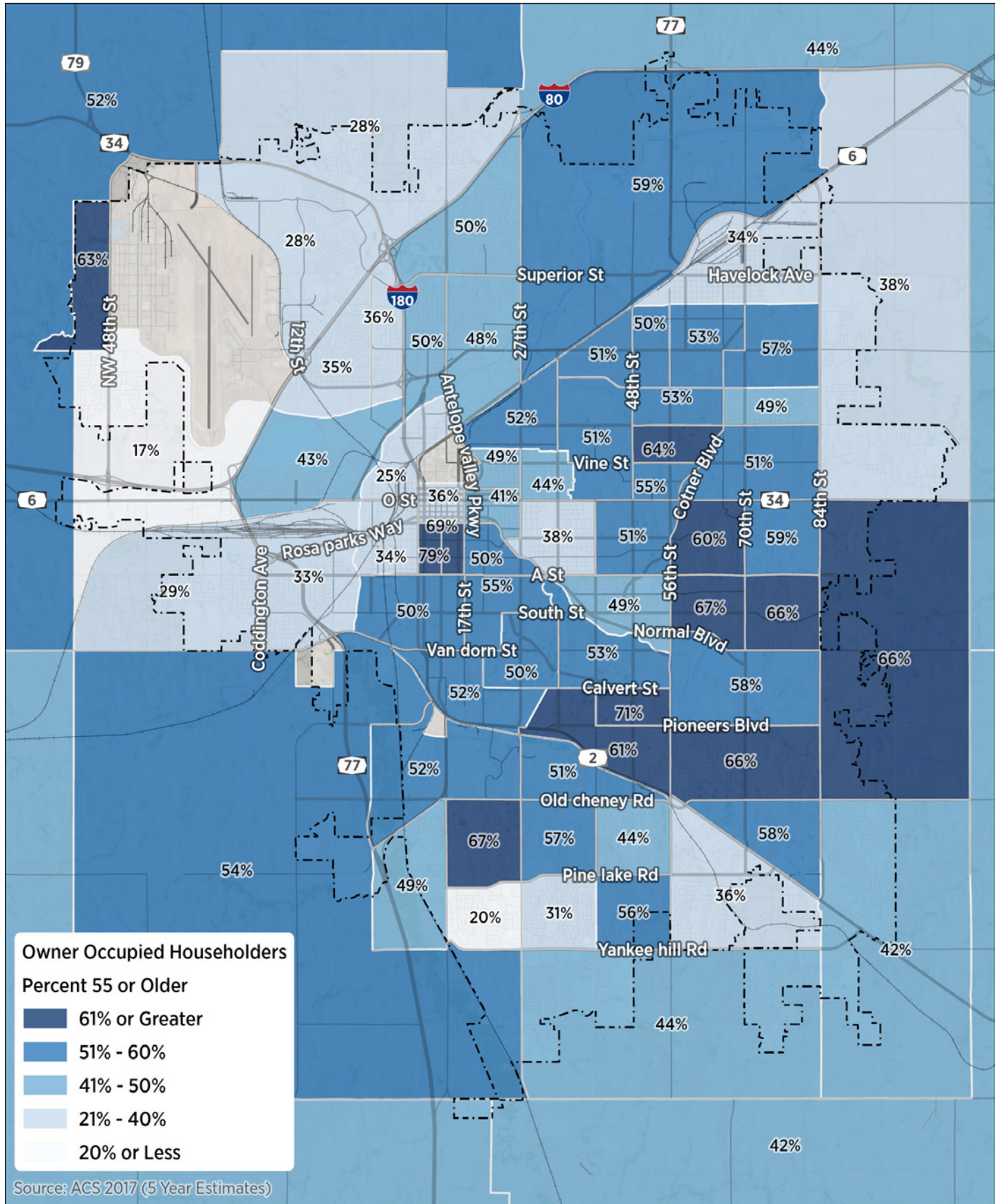


MAP 1.3: Owner-Occupancy





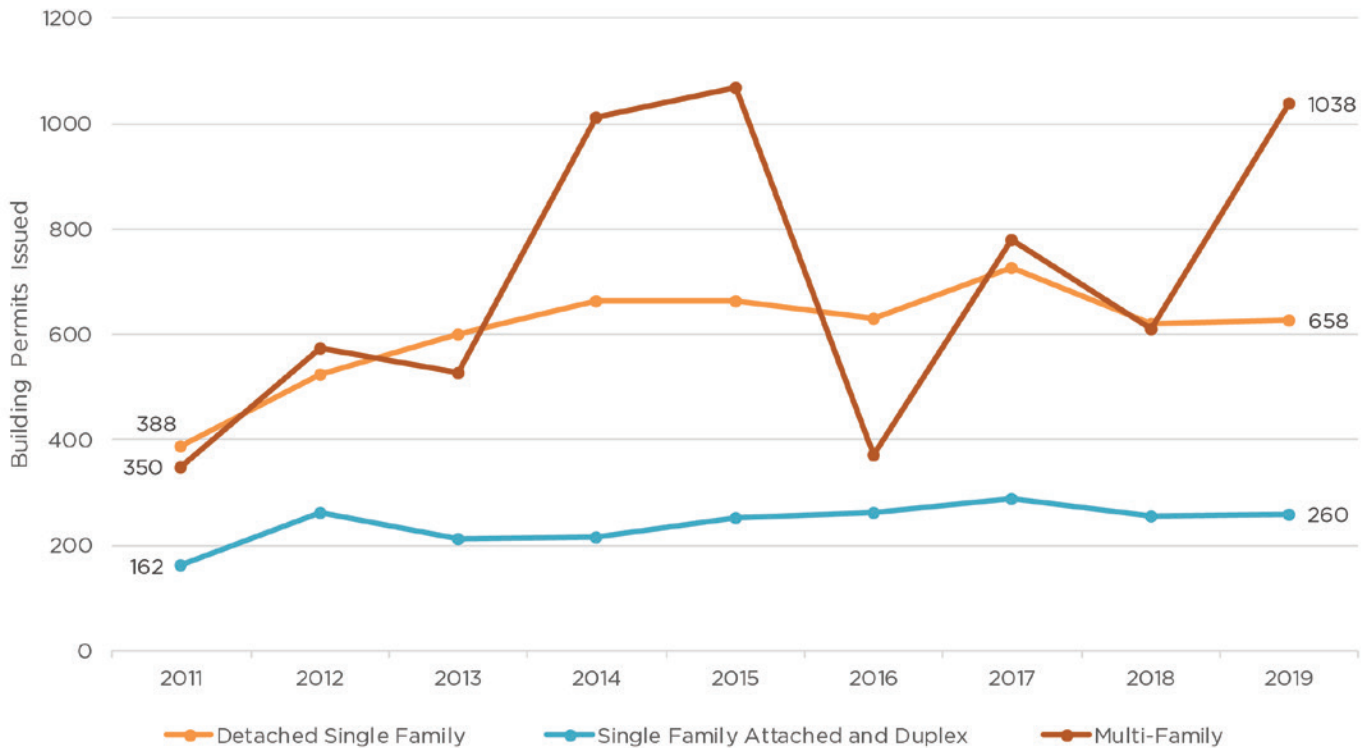
MAP 1.4: Owner Occupancy by Age & Census Tract



## CONSTRUCTION ACTIVITY

Figure 1.11 breaks down construction activity by housing type. Over the past eight years, construction activity has been healthy, but has been focused on two main product types. Of the 11,859 units constructed, nearly 50% were apartments and 38% were detached single-family homes. While single-family construction has remained steady, apartment construction has been more erratic. The construction market often lacked what has been referred to as the "missing middle housing," townhomes, duplexes, and smaller scale or walk-up apartments.

**FIGURE 1.11:** Lincoln Construction Activity



## LOT AVAILABILITY

According to the January 2019 Residential Land Inventory Report, Lincoln has a three-year supply of single-family lots that have been final platted in new growth areas or 2,448 new lots. This is based on a three year average of 818 dwelling units permitted for single-family dwellings, both attached and detached, and duplexes.

Map 1.5 locates the vacant subdivisions with the number of lots ready to build on based on utility status. The data was derived by comparing residential unimproved parcels with utility information for water, sewer, and stormwater. Full utilities are lots with all utilities (sewer, water, waste water) installed. Partial utilities have some of these, but not all three utilities installed. Proposed utilities are lots that will have utilities in the near term. There are 105 lots just outside the city limits without adequate data available to know the utility status.

The number of lots identified in Figure 1.12 would indicate an adequate supply of lots, but costs can also influence the perception of lot availability. In December 2019, the majority of lots listed on realtor.com were priced at \$60,000 and above.

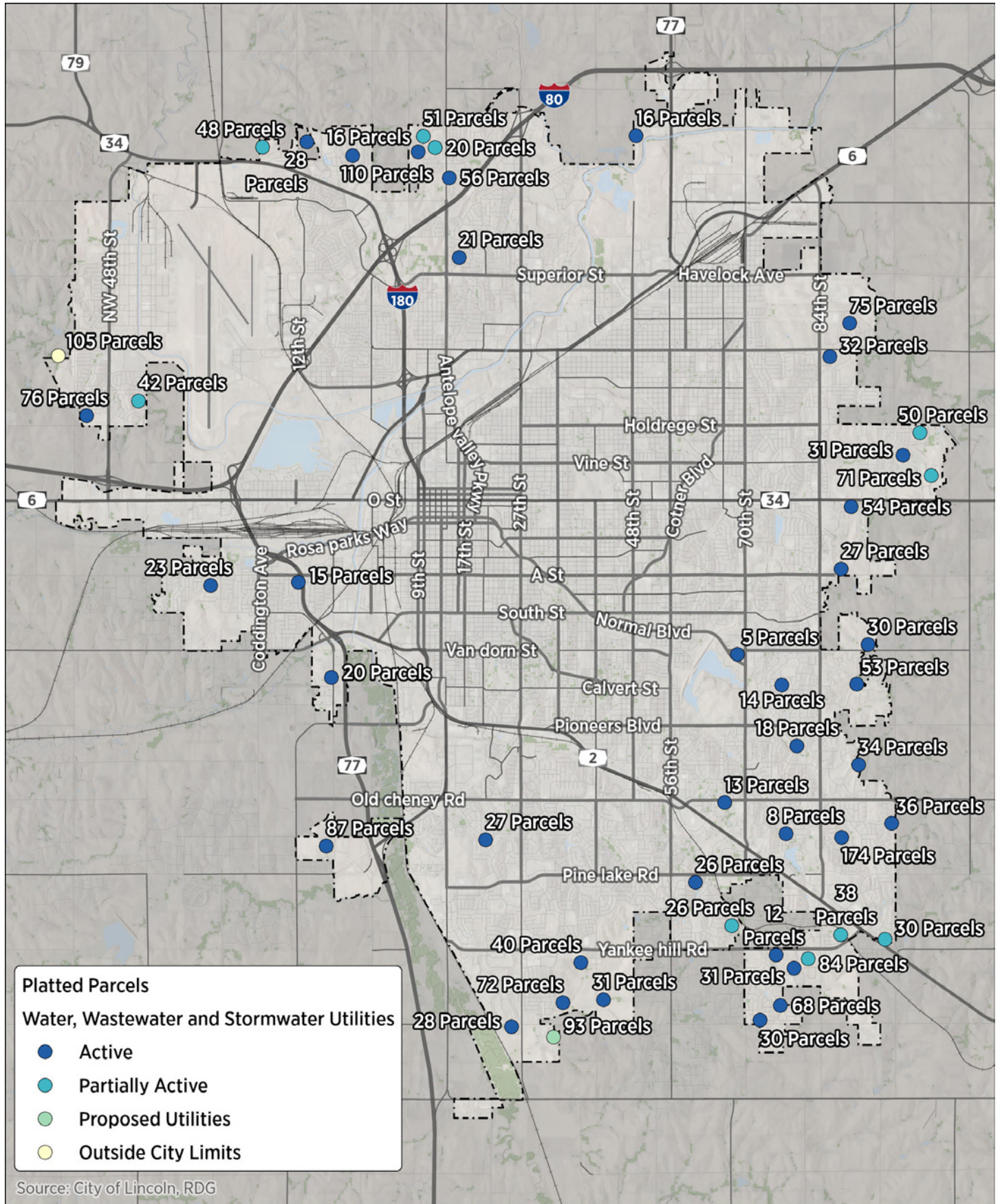
**FIGURE 1.12:** Platted Parcels Without Adjacent Road Constructed

CONNECTION TO UTILITIES (WATER, SEWER, STORMWATER)	NUMBER OF PARCELS
Full Utilities	1,790
Partial Utilities	460
Proposed Utilities	93
Outside City Limits	105

Source: City of Lincoln; RDG



MAP 1.5: Final Platted Parcel Locations





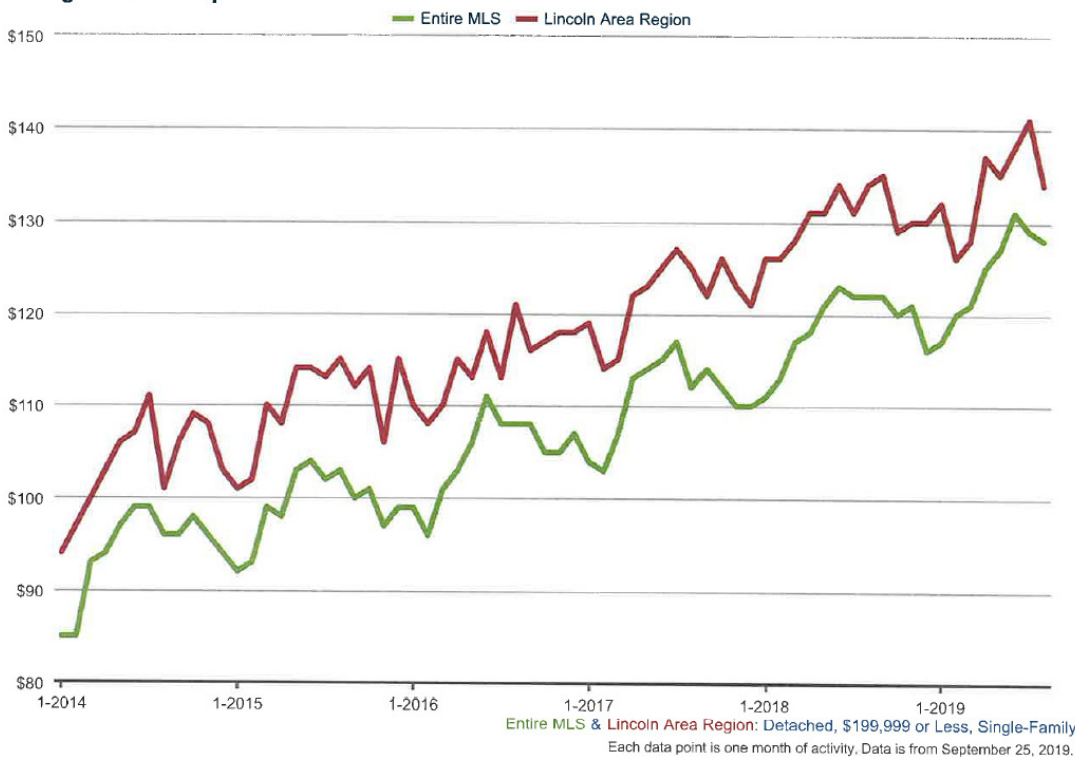
## HOME SALES

Overall trends in home sales include:

- › Increasing prices per square foot.
- › Fewer days on market from a high of nearly 50 days in 2014 to below 10 days during the summer months since 2015. Even during the winter months of 2017, 2018, and 2019, days on market have stayed below 20 days.
  - » New homes stayed on the market an average of 35 day longer than existing homes in 2019.
- › Median closing price for new construction has doubled since 2009.
- › Increasing prices along with shorter days on market reinforce what home buyers and real estate professionals are indicating - housing is in high demand creating a competitive market and increasing prices.
- › As of August 2019, the year-to-date median closing price for existing homes in Lancaster County was \$188,000 or over three times the county's median income.
  - » Median closing price for new construction was \$304,000 or over five times the county's median income.

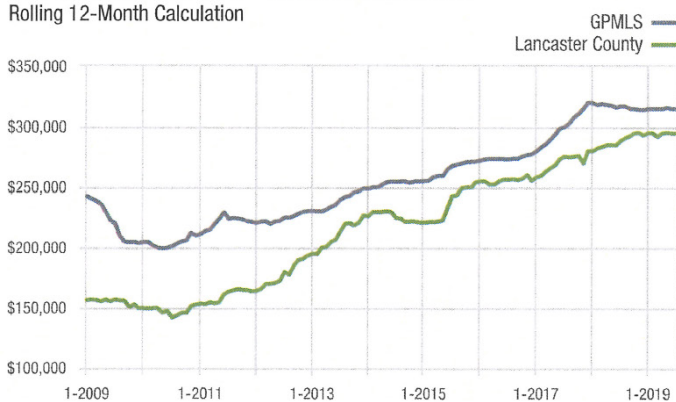
**FIGURE 1.13:** Sales History

### Average Price Per Square Foot



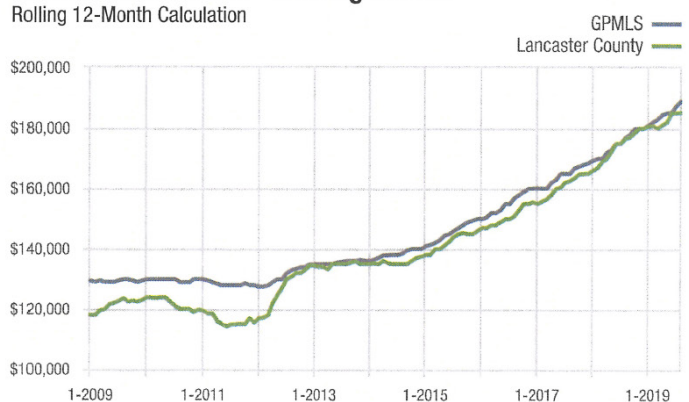
### Median Closed Price - New Construction

Rolling 12-Month Calculation



### Median Closed Price - Existing Homes

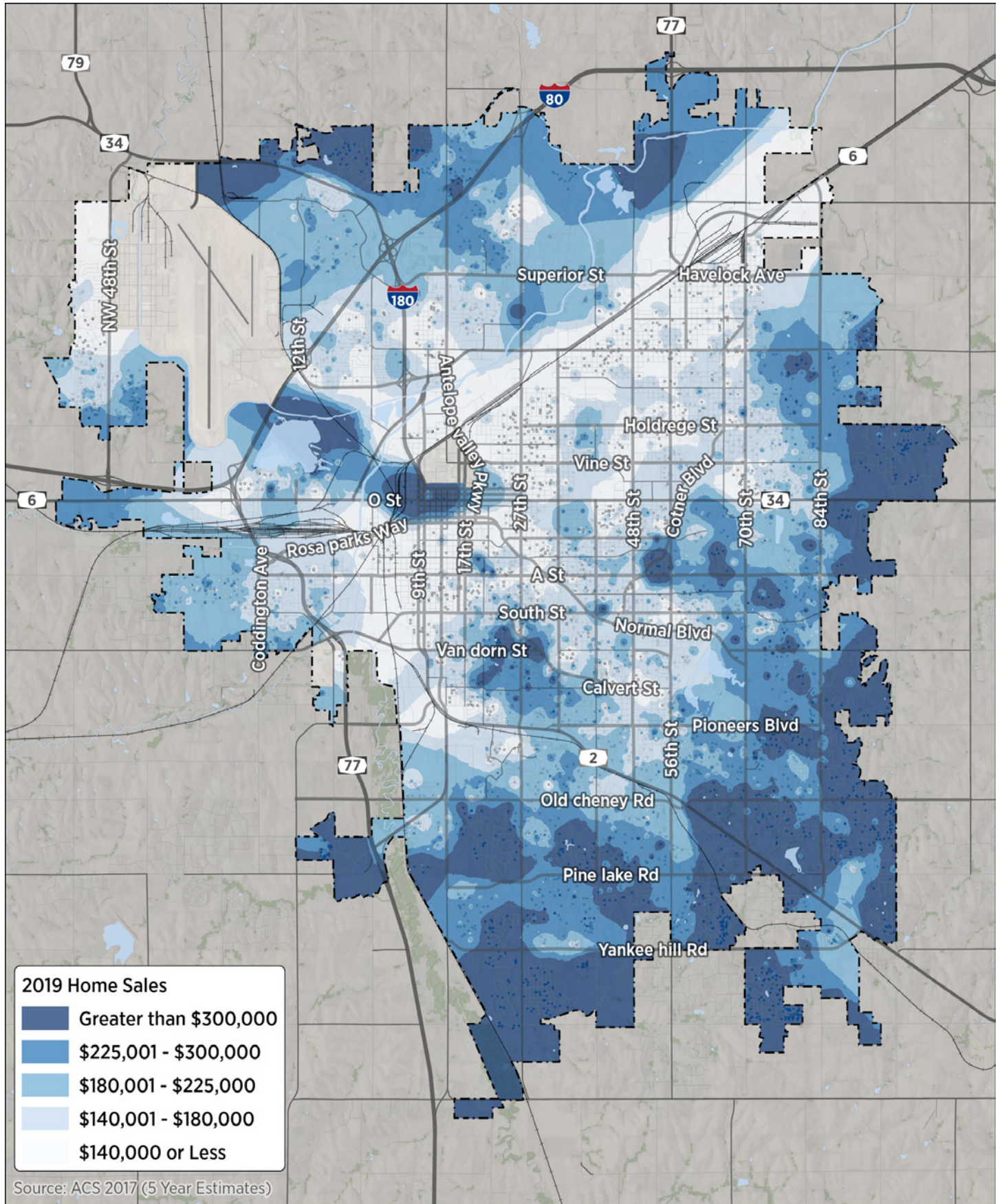
Rolling 12-Month Calculation



A rolling 12-month calculation represents the current month and the 11 months prior in a single data point. If no activity occurred during a month, the line extends to the next available data point.

The Great Plains Regional Multiple Listing Service (GPMLS), also known as Paragon System, includes most of Nebraska and western Iowa. Data labeled "Entire MLS" includes this full region.

MAP 1.6: Home Sales





## LOW INCOME HOUSING TAX CREDIT PROJECTS

Since its inception in 1987, the Low Income Housing Tax Credit (LIHTC) has provided funding for 48 housing projects with 2,036 affordable housing units. These projects include developments that are all affordable units and projects with a mix of affordable and market rate units. Projects were primarily new construction, however several involved acquisition and rehab of existing buildings.

The LIHTC program is often an important source of affordable workforce housing, offering housing options to households earning less than 80% of Area Median Income (AMI). Units in this program are not required to remain permanently affordable. The incentives usually end after 15 years, but in the 1990s this was extended to 30 years with an option to leave after 15 years.

In the 1990s, 27 LIHTC projects were completed in Lincoln, accounting for 959 units. Since 2010, only nine projects have been placed in service with 537 units. While many other programs have experienced decreased support over the years, LIHTC has not suffered the same fate, however recent changes to the federal tax code have made the sale of LIHTC less lucrative and therefore a decline in projects has resulted. Lincoln has clearly experienced a decline in the development of these projects.

It is difficult to predict whether property owners will maintain affordable rents once the requirement has expired, but the loss of hundreds of units would further strain the market for affordable or attainable housing.

## SECTION 8 VOUCHER

Section 8 Vouchers and LIHTC projects are often confused. Section 8 Vouchers are administered by the Lincoln Housing Authority and are funded through the Department of Housing and Urban Development. The program provides rental assistance to very low-income, the elderly, and the disabled. Lincoln Housing Authority has both project based vouchers and choice vouchers. Project based vouchers are tied to a project or specific unit. Choice vouchers are issued to an individual or family and they are responsible for finding a suitable housing unit and landlord that agrees to rent under the program.

Lincoln Housing Authority currently has:

- 248 project based vouchers with 220 planned for 2020-2021
- 2,926 housing choice vouchers (2019 federal funding was insufficient to support the full distribution of these vouchers)

Lincoln, like many communities, has a continual waiting list for the program. Additionally, in a highly competitive rental market those with choice vouchers are struggling to find property owners with units available to the program. This is just one of the reasons that many housing authorities are transitioning vouchers to project based. However, to do this, authorities have to have the units to convert or develop new units, often using the LIHTC program. Like any developer, housing authorities face many of the same challenges with rising land, material, and labor costs.

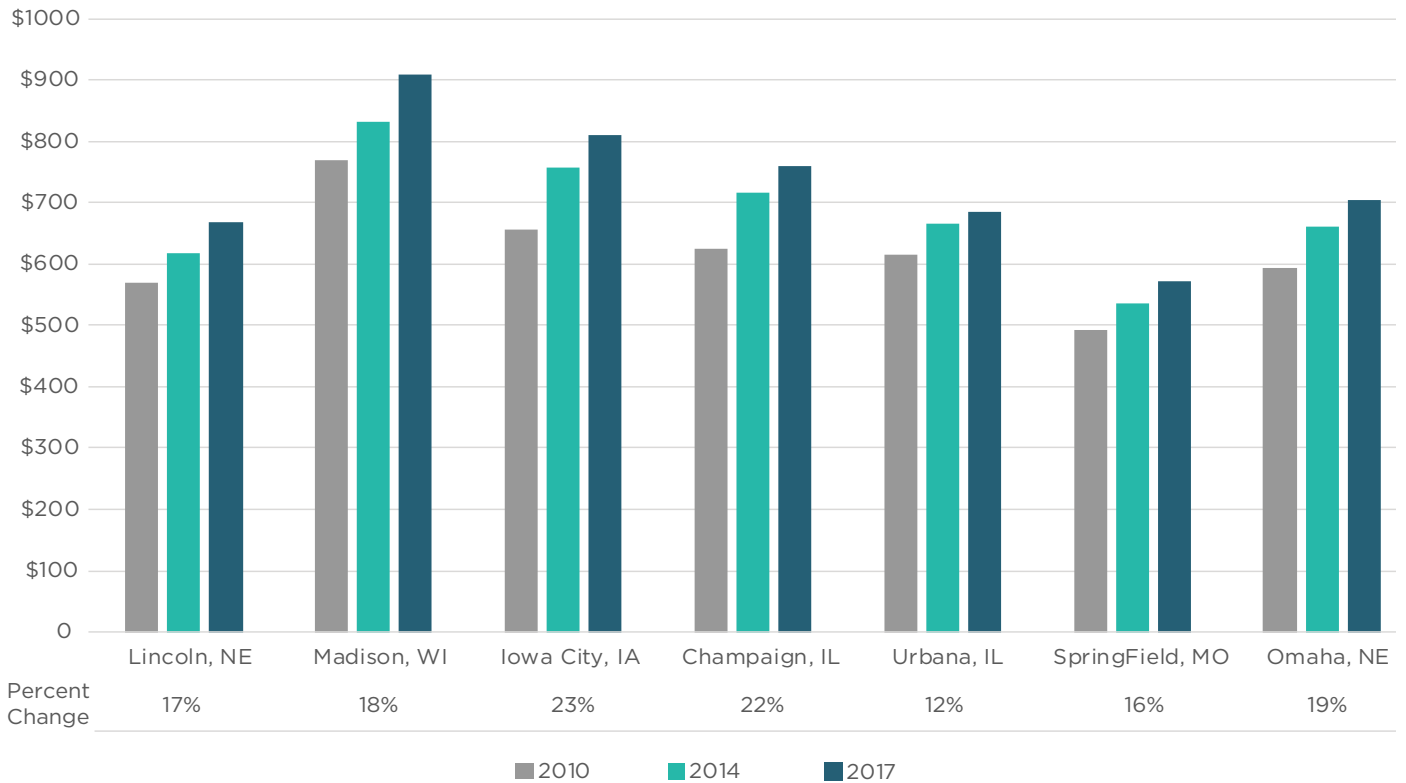
## CONTRACT RENT

Contract rent is the rent agreed upon regardless of any furnishings, utilities, or services that may be included.

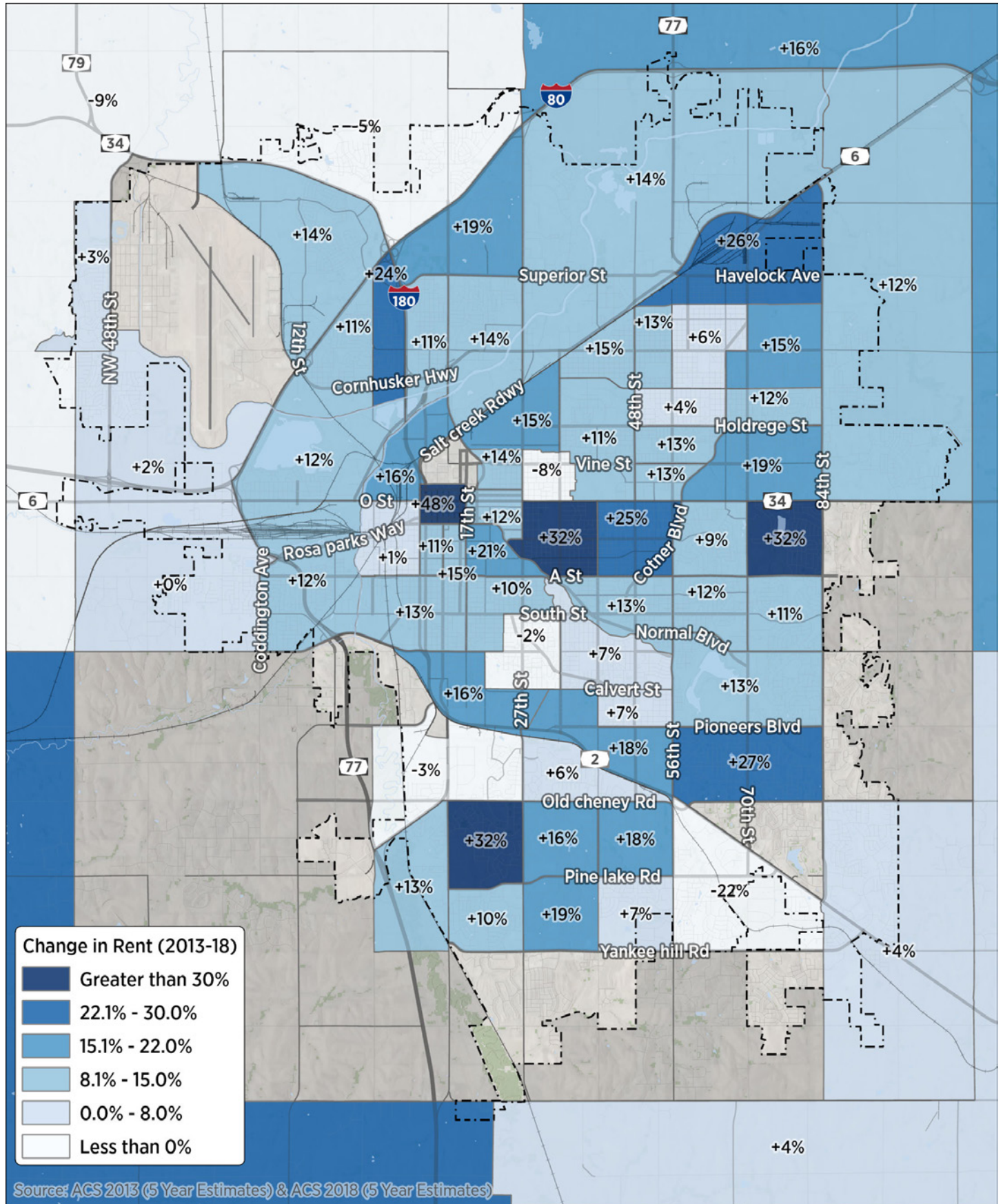
- › Since 2000 the city's median rent has increased by nearly \$200.
- › Compared to other cities in Figure 1.14, only Springfield has a lower median rent.
- › Over the last seven years Lincoln's median rent grew by approximately \$99, while the average for the other cities in Figure 1.14 was \$115.
  - » Map 1.7 shows the change in rent between 2013 and 2018 by census tract. Areas with the highest increase in rent during this time are located south of O Street in downtown, between 27th Street and 40th Street, and between 70th Street and 84th Street. Rent also increased greater the 30% southwest of 27th Street and Old Cheney Road.
  - » New student housing projects in downtown likely played a part in the rising rents.
- › Omaha's median rent has consistently been higher than Lincoln's, which remains below \$700 at \$668 a month.

Growth in rental rates and home values is not out of the norm and can signal a healthy economy, but increases at rates greater than income growth can create greater housing burden. The following sections will look at the city's overall economy and housing affordability.

**FIGURE 1.14:** Median Contract Rent, Lincoln and Comparable Cities 2010-2017



MAP 1.7: Change in Rent (2013-2018)



# INCOME AND EMPLOYMENT

## HOUSEHOLD INCOME

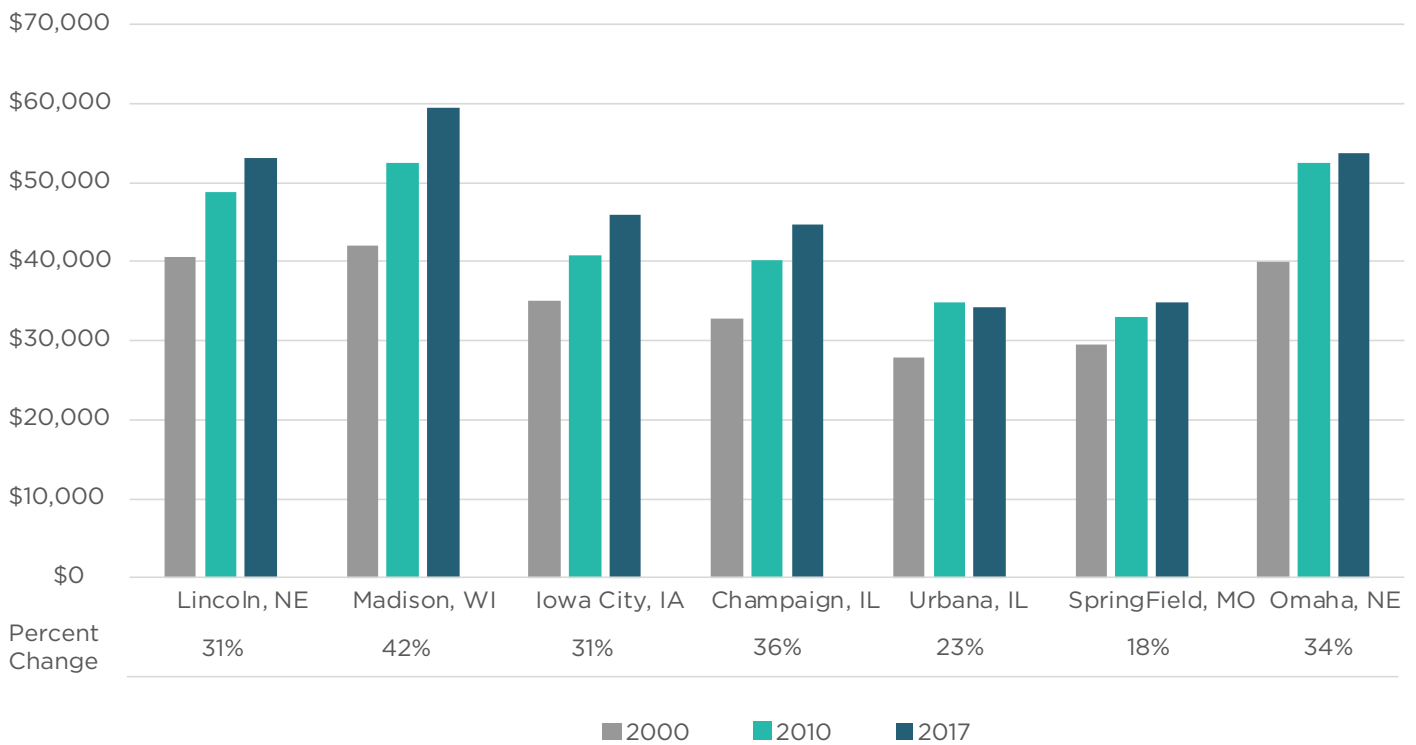
Median household income for Lincoln is estimated at approximately \$53,000. Since 2010, the city's median income has increased by over 30%. This rate is slightly higher than rental rates increased. For these households, affordable rentals will be in the range of \$800 to \$900, and ownership options priced \$160,000. At the median, this means that 50% of the city's households would need housing priced below these rates.

Lincoln's median income has remained comparable to Omaha but outpaced many comparable cities.

Map 1.8 shows median household income by census tract.

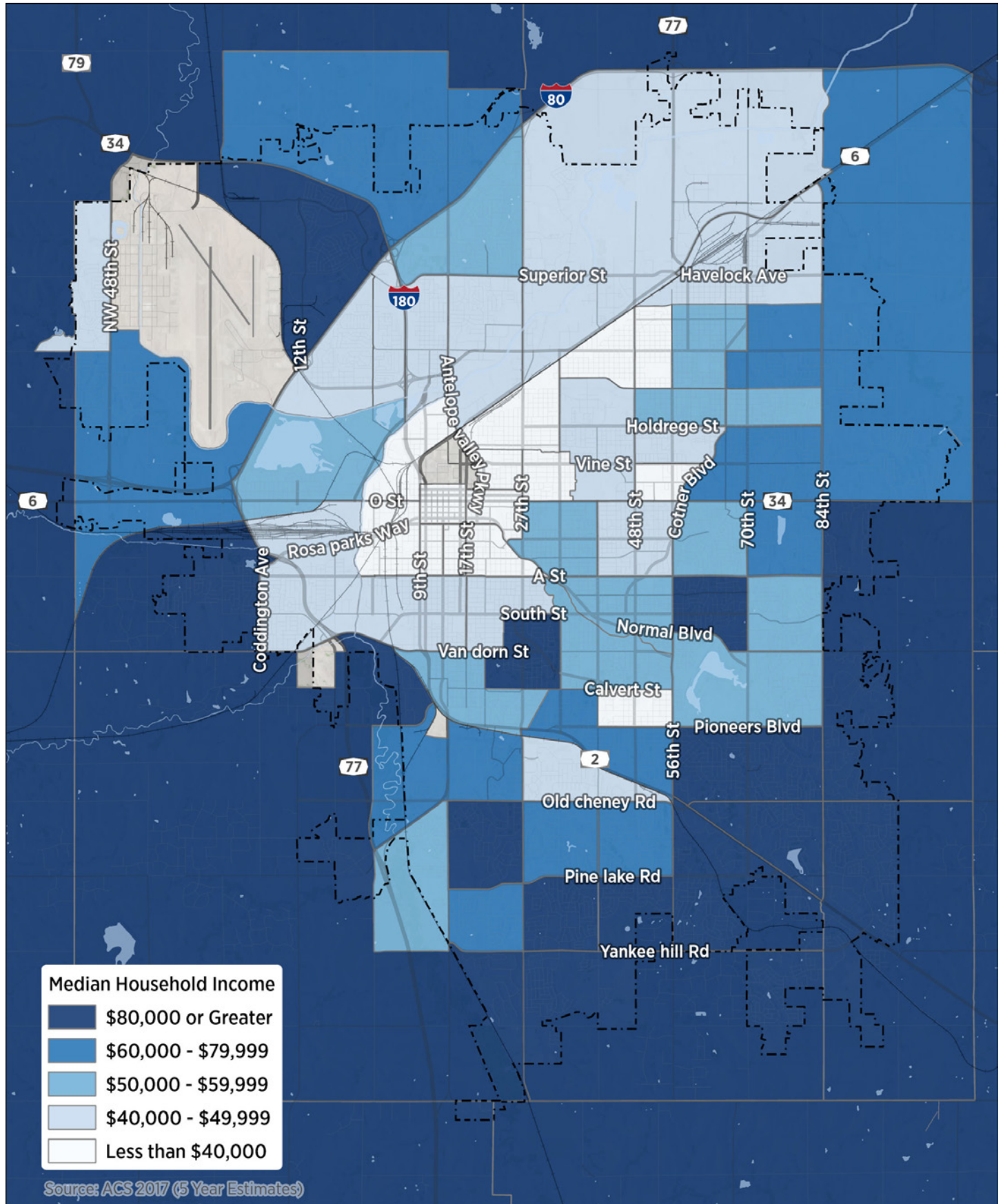
- › Several neighborhoods fall well below the median income for the city. Most of these neighborhoods have the lowest median age and a higher rental occupancy rate. These neighborhoods are also the areas with higher concentrations of students.
- › The highest income census tracts are scattered in the south part of the city with one tract in the Highlands neighborhood that exceeds \$80,000.

**FIGURE 1.15:** Median Household Income, 2000-2017





MAP 1.8: Median Household Income (2017)

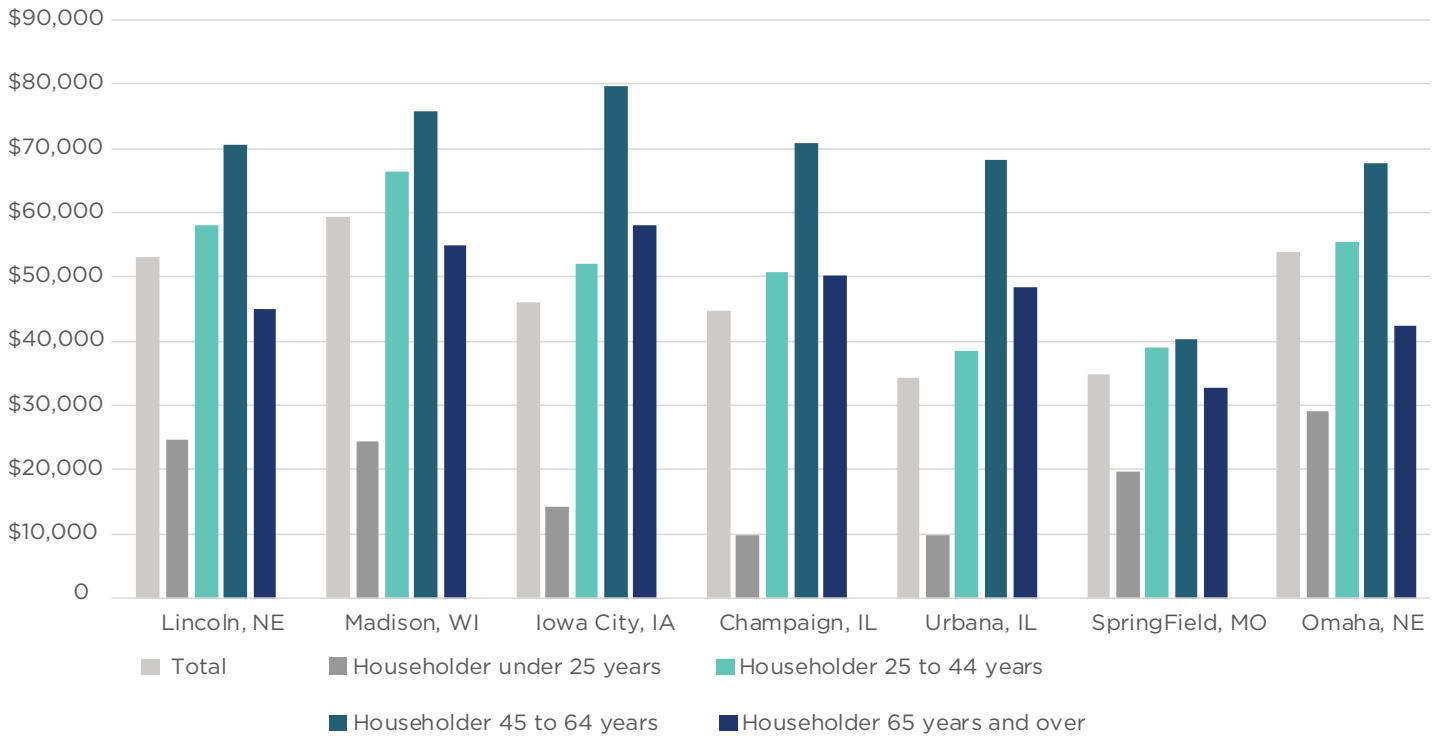


Households under the age of 44 have a median income below \$60,000. These households are the ones often buying their first and second homes, transitioning out of rental housing. In 2019 the median sale price for an existing home was above the affordable rate for 50% of households between 25 and 44. Many of these households have families, requiring larger and higher priced rental units.

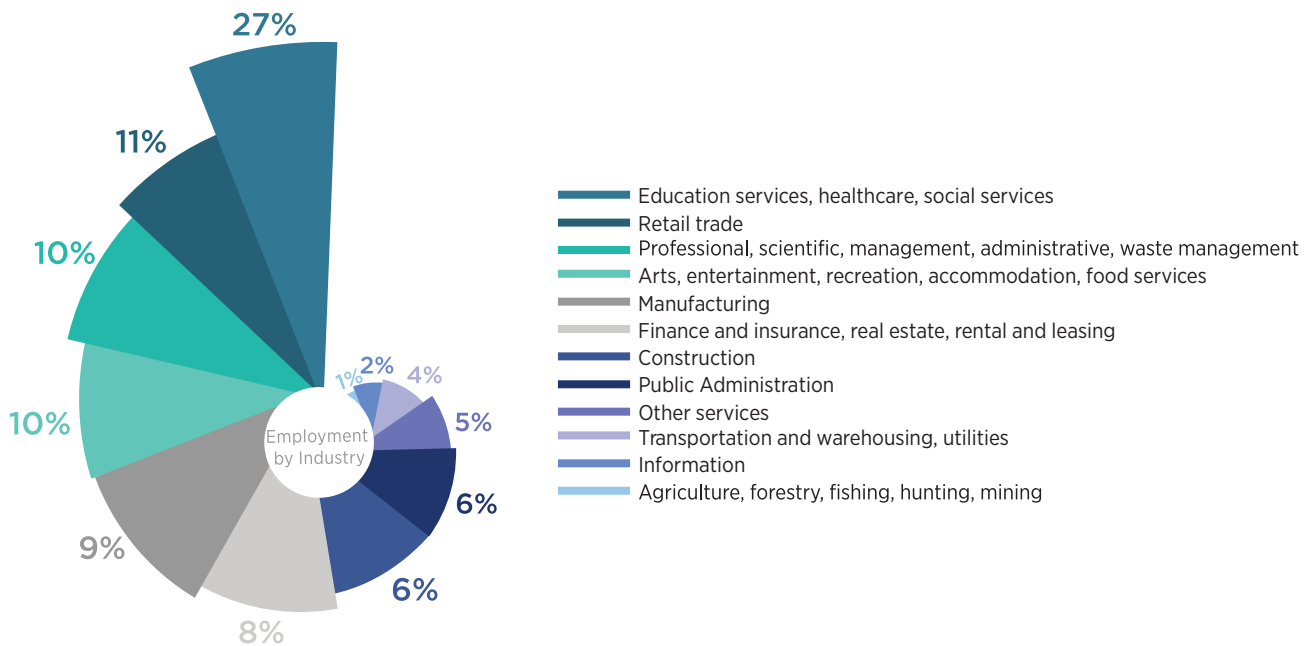
## INCOME BY EMPLOYMENT SECTOR

There are a total of 150,483 employees over the age of 16 working in Lincoln. The largest industry is educational services, health care, and social assistance, reflective of the importance that the city's educational and medical institutions have in the city. Even as the largest employment sector, it comprises just over a quarter of the jobs. The city's employment mix is more balanced and offers some protection in economic downturns.

**FIGURE 1.16:** Median Household Income by Age, 2017

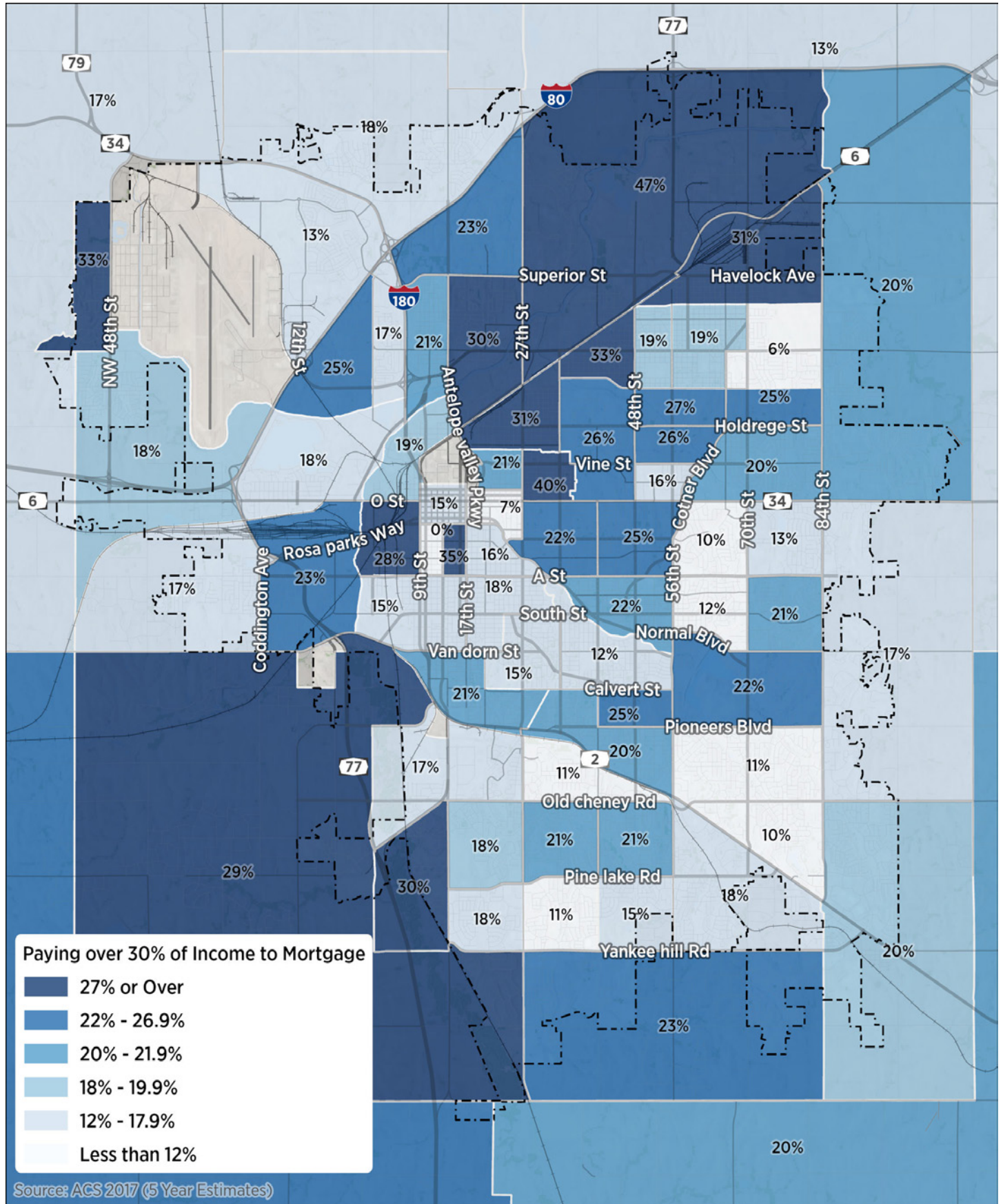


**FIGURE 1.17:** Employment by Industry





**MAP 1.9:** Percent of Home Owners Paying More Than 30% of Income to Mortgage



## AFFORDABILITY

### COST BURDENED HOUSEHOLDS

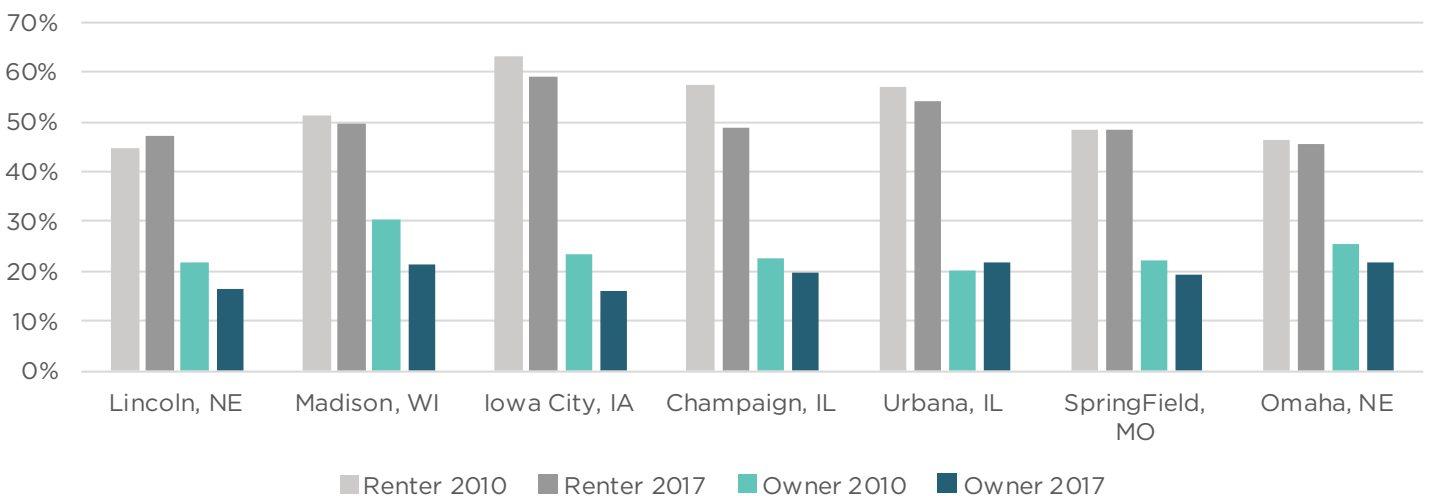
A cost burdened household is defined by HUD as one that spends more than 30% of their income on housing (including utilities, taxes, insurance), either for a mortgage or rent. Maps 1.9 and 1.10 show the percent of households paying more than 30% of their incomes to housing by census tract.

- › For home owners, the northeast neighborhoods around 27th and Superior Streets have the highest percentage of cost burdened residents (47%) compared to the citywide average of 16%.
- › For renters, the share of cost burdened households is more evenly distributed around the city. There is some overlap to home owners at 27th and Superior Streets, however, several tracks south of Cornhusker Highway have nearly 60% of households cost burdened, 15% more than the citywide average. Southeast of 56th and Pioneers Boulevard also has high renter cost burdened households.
- › Lincoln is the only city in Figure 1.18 that experienced an increase in the number of renter households that are spending more than 30% of their income on housing between 2000 and 2017.
  - » Although the number of households that are cost burdened increased, Lincoln and Omaha still have the lowest percentage of households spending more than 30%.
- › The decrease in the number of owner-occupied households that are cost burdened likely reflects both the change in lending practices following the 2008 housing crash and the recovery from the recession.

*Cost burden takes into consideration both local housing costs and incomes. Therefore, if a market has very high housing costs but also has higher incomes then the level of cost burden may be similar to a market with low costs and low incomes.*

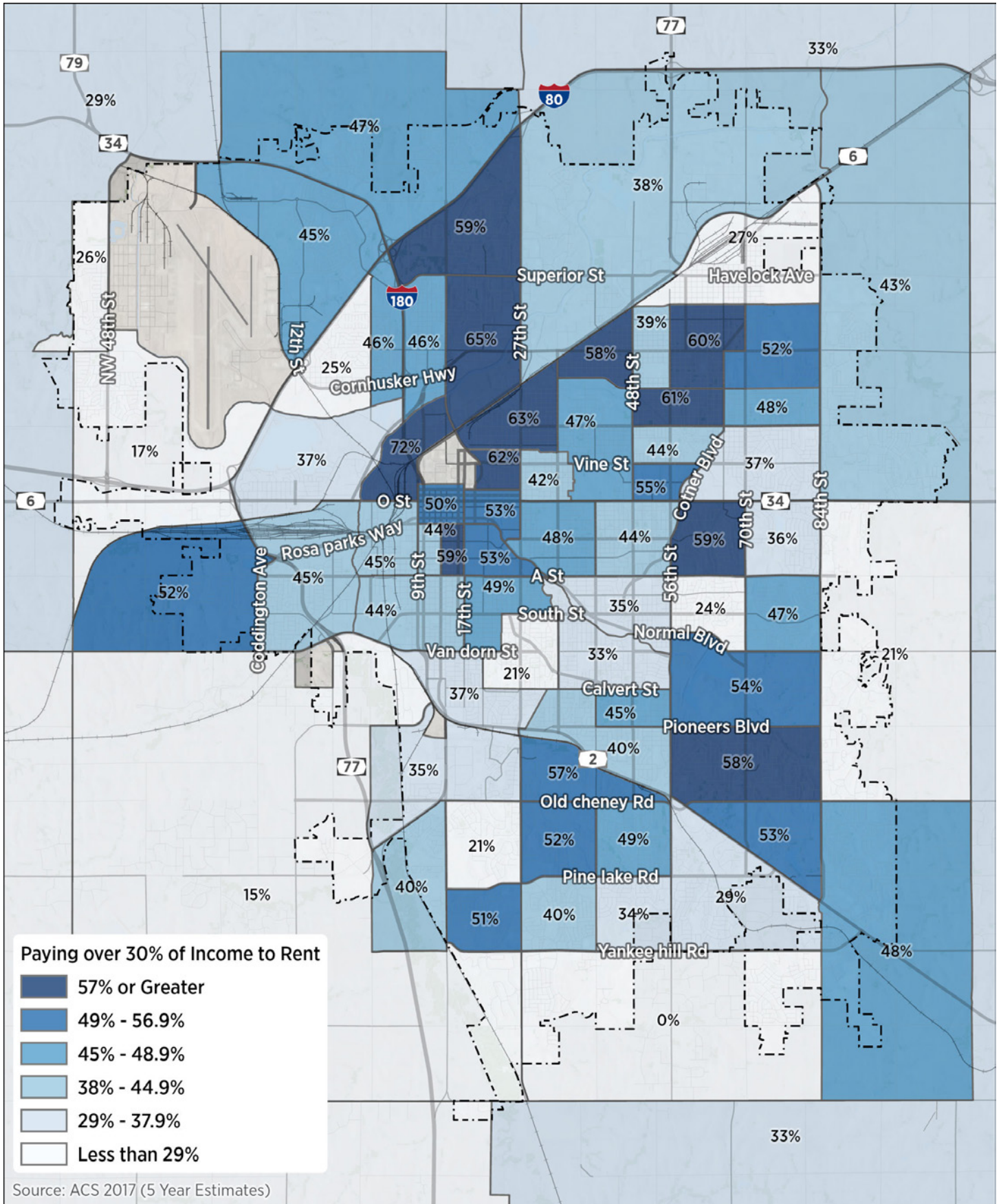
*Interested in additional data on affordability? See the [Assessment of Fair Housing or Five Year Strategic Plan 2018-2023](#) studies completed by the City of Lincoln and Lincoln Housing Authority on the city's website.*

**FIGURE 1.18:** Households Paying More Than 30% of Income on Housing





**MAP 1.10:** Percent of Renters Paying More Than 30% of Income to Rent

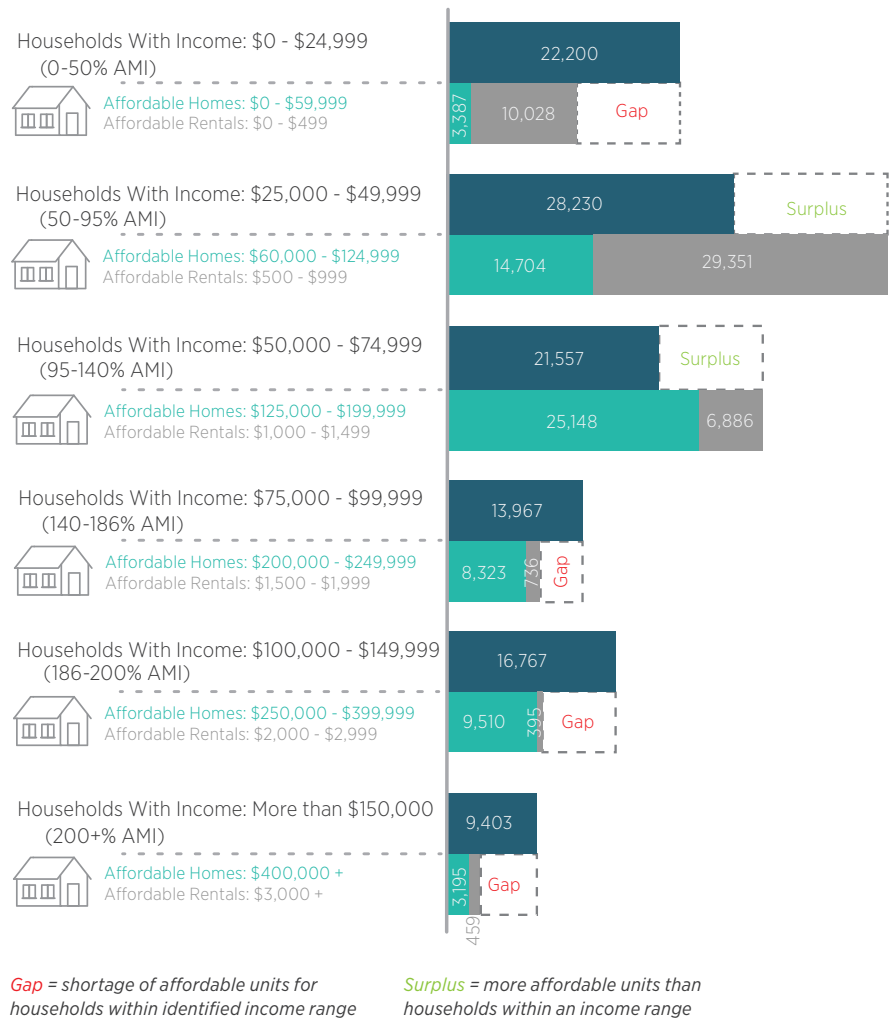


## HOUSING AFFORDABILITY

Figure 1.19 breaks down the number of households by income and the number of owner and renter units available based on affordable ranges requiring households to pay no more than 30% of income towards housing.

- › The greatest shortage of units is for households making less than \$25,000 annually.
  - » This price point is not usually supplied by the market and requires additional subsidies to construct.
  - » It is important to note households making less than \$25,000 includes some retirees living on fixed incomes with no mortgages remaining and students receiving assistance with housing (approximately 25%).
- › A gap appears to exist for households making more than \$100,000. These households are residing in cheaper homes than their incomes would allow them to purchase. Thus, the shortage of housing priced below \$200,000 on the market today.
  - » Some move-up housing may create a filtering effect but greater variety of product types at more moderate rates will likely have a greater impact on the market than attracting households to price points over \$300,000.

**FIGURE 1.19:** Housing Affordability and Availability of Existing Housing Stock



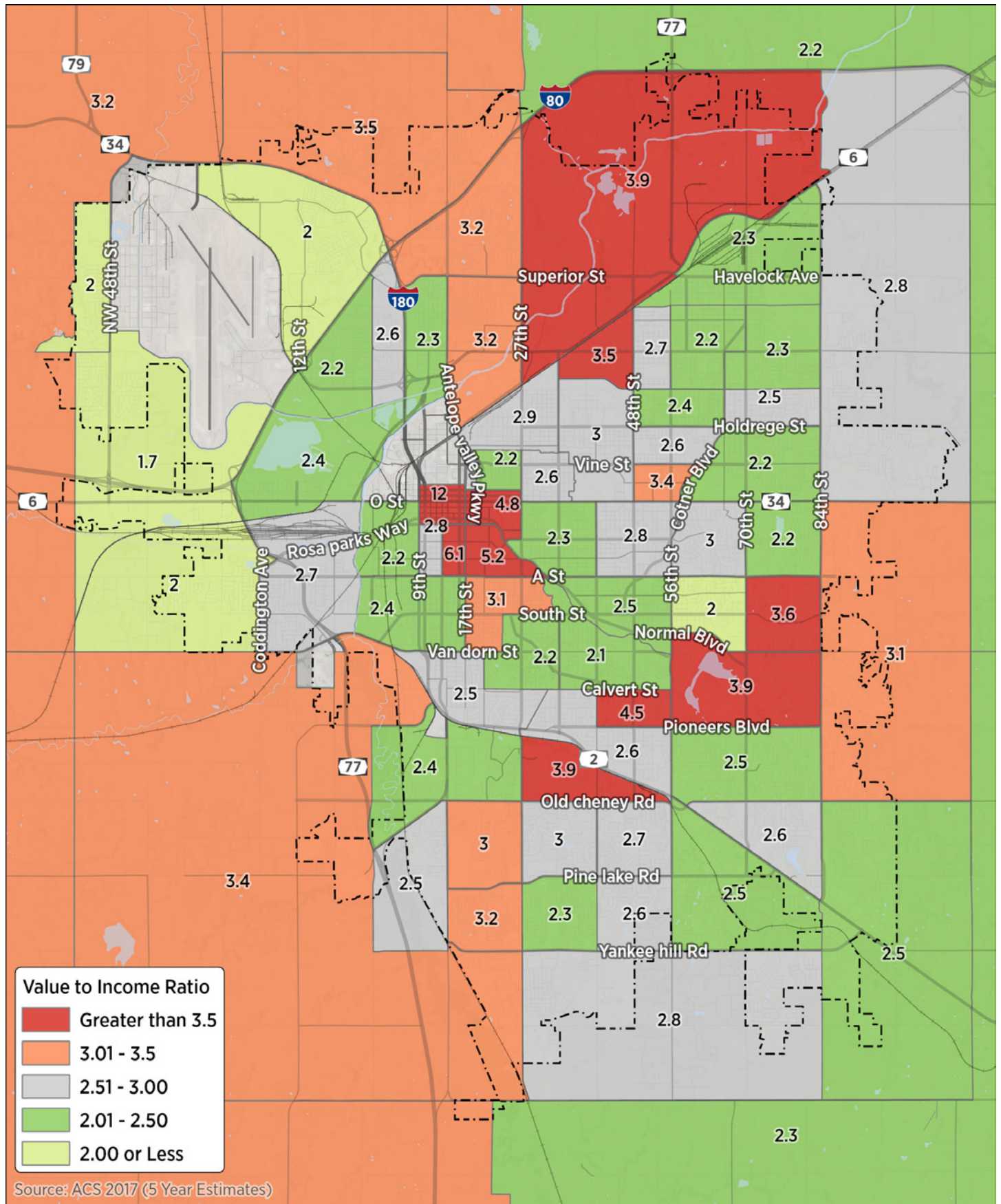
**FIGURE 1.20:** HUD Affordability Levels by Household Size, 2019

HOUSEHOLD SIZE	30% AMI (EXTREMELY LOW)		50% AMI (VERY LOW)		80% AMI (MODERATE)	
	Income	Maximum Affordable Rent	Income	Maximum Affordable Rent	Income	Maximum Affordable Rent
1	\$16,900	\$423	\$28,150	\$704	\$45,050	\$1,126
2	\$19,300	\$483	\$32,200	\$805	\$51,450	\$1,286
3	\$21,700	\$543	\$36,200	\$905	\$57,900	\$1,448
4	\$25,750	\$644	\$40,200	\$1,005	\$64,300	\$1,608

Source: HUD



MAP 1.11: Value to Income



*Why is an undervalued market concerning? The real or perceived instability in a neighborhood may create problems securing funding for new construction or renovation of existing structures in addition to creating concerns or investment security and growth.*

The U.S. Department of Housing and Urban Development (HUD) further defines income limits for housing assistance based on household size. Most housing programs require that households earn less than 80% of the Area Median Income (AMI). Figure 1.20 identifies what those income limits are based on extremely low, very low, and moderate income and size of household. The maximum affordable rent is 30% of a households gross income. It is important to note that for many households this may be more than they can afford based on other household expenses including car loans/maintenance, student loans, and even utilities for low energy efficient homes.

## VALUE TO INCOME RATIO

A traditional metric for evaluating affordability in the ownership market is to compare household income to the value of the home. Map 1.11 on the next page shows the ratio of median home values to median household income by census tract.

- › An affordable, self-sustaining ownership housing market, with adequate value and revenues to support market-rate new construction, typically exhibits a value to income ratio between 2.5 to 3.0.
  - » Ratios above 3.0 present affordability issues while ratios below 2.0 are significantly undervalued relative to income.
- › Generally there is a correlation between areas with affordability issues and census tracts that are cost burdened (Map 1.10). The exception to this are some of the census tracts in and around the downtown where students bring down the income levels and newly constructed owner-occupied units are some of the highest value units in the city. For this reason the cost burden for owner-occupancy is low, but the value to income ratio is high.
- › The only under valued areas is outside the city limits just south of the airport.

## HOMELESSNESS

In 2019 the Lincoln Homeless Coalition announced that over the last six years homelessness had decreased by 54% in Lincoln. While this is encouraging, it should be noted that changes in methodology and definitions from HUD may have caused some changes. At the same time the number of chronically homeless increased by 37% from 2018. These individuals have been unable to find permanent housing and remain in shelters or often on the street.

### HOMELESSNESS BY THE NUMBERS

January 1, 2018 – December 31, 2019

- › Total persons served: 4,879; Adults 3,714, Children 1,134
- › Veterans: 11%
- › Gender: 42% Female
- › White: 60.5%
- › Black: 23.2%
- › Hispanic: 11.1%
- › 40.8% of adults received cash income, of those 41.7% received income of less than \$1,000 per month
- › 17.9% have earned income (of the 3,714 adults)
- › 25.2% have SSI or SSDI income (of the 3,714 adults)

### THE HIGH COST OF HOMELESSNESS

In 2019 it was estimated that it cost:

- › On average, \$34,416 per person annually for the chronic use of emergency services
- or
- › On average, \$16,000 per person annually to provide housing with supportive services

To learn more about the needs of Lincoln's homeless population the *Lincoln Homeless Coalition Affordable Housing Task Force Essential Housing Report*, October 2019 can be found on the Coalitions' website at [www.lincolnhomelesscoalition.org/](http://www.lincolnhomelesscoalition.org/)





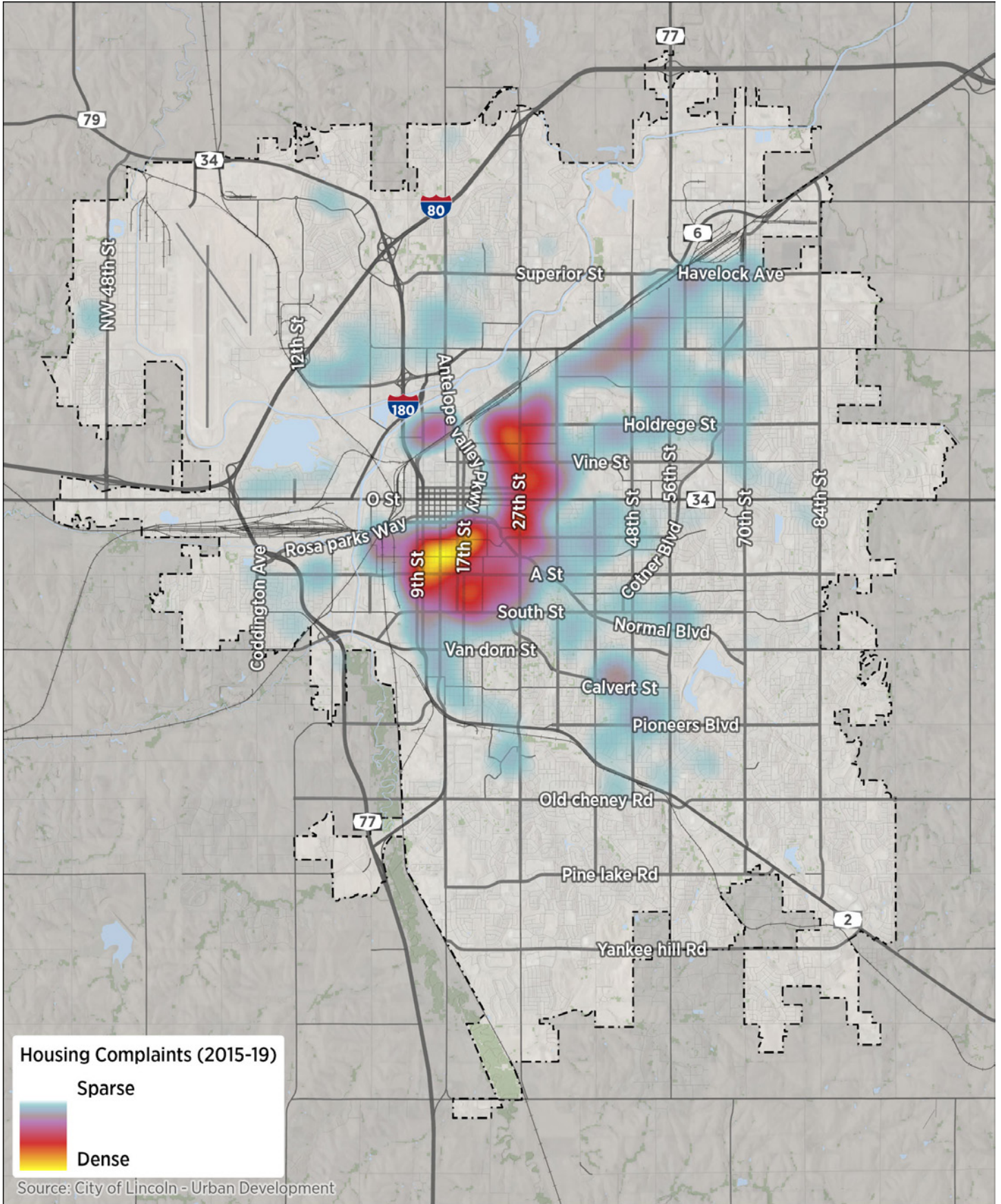
## NEIGHBORHOOD ATLAS

The previous sections reviewed the city demographics, economics, and housing characteristics in tables, charts, and maps. The maps on the following pages, along with the previous maps, form an atlas of the city that highlights neighborhood features. The following maps include:

- › Code Violations: highlighting the hot spots for confirmed residential housing and code violations (see Map 1.12).
- › Residential Year Built: illustrating the radiating pattern of development from the city's core (see Map 1.13).
- › Unimproved Residential Land: highlighting parcels that are zoned or identified by the Assessor as residential property, but lacking structures. These are potential sites for future residential development (see Map 1.14).
- › Residential Value per Square Foot: using the assessed value and the livable square footage to identify value patterns (see Map 1.15).
- › Opportunity Zones: designated areas where new rental units or businesses can be developed through financial incentives to investors in a qualified opportunity fund. The tool has no cap on the amount that can be invested into opportunity zones, meaning there is no limit to the extent the program can be used for the development of affordable housing in these areas (see Map 1.16).

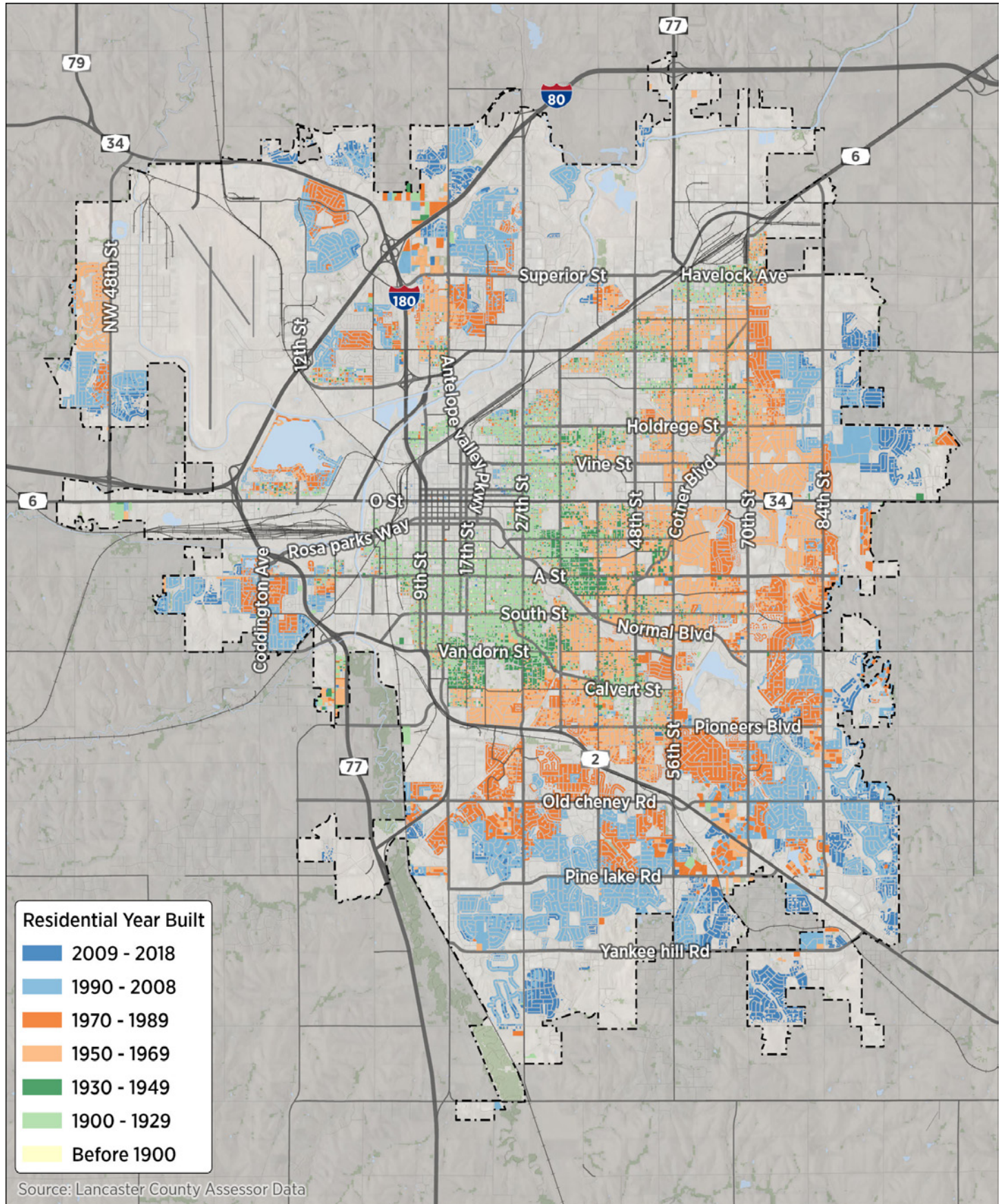


MAP 1.12: Confirmed Housing and Code Violations





MAP 1.13: Residential Year Built



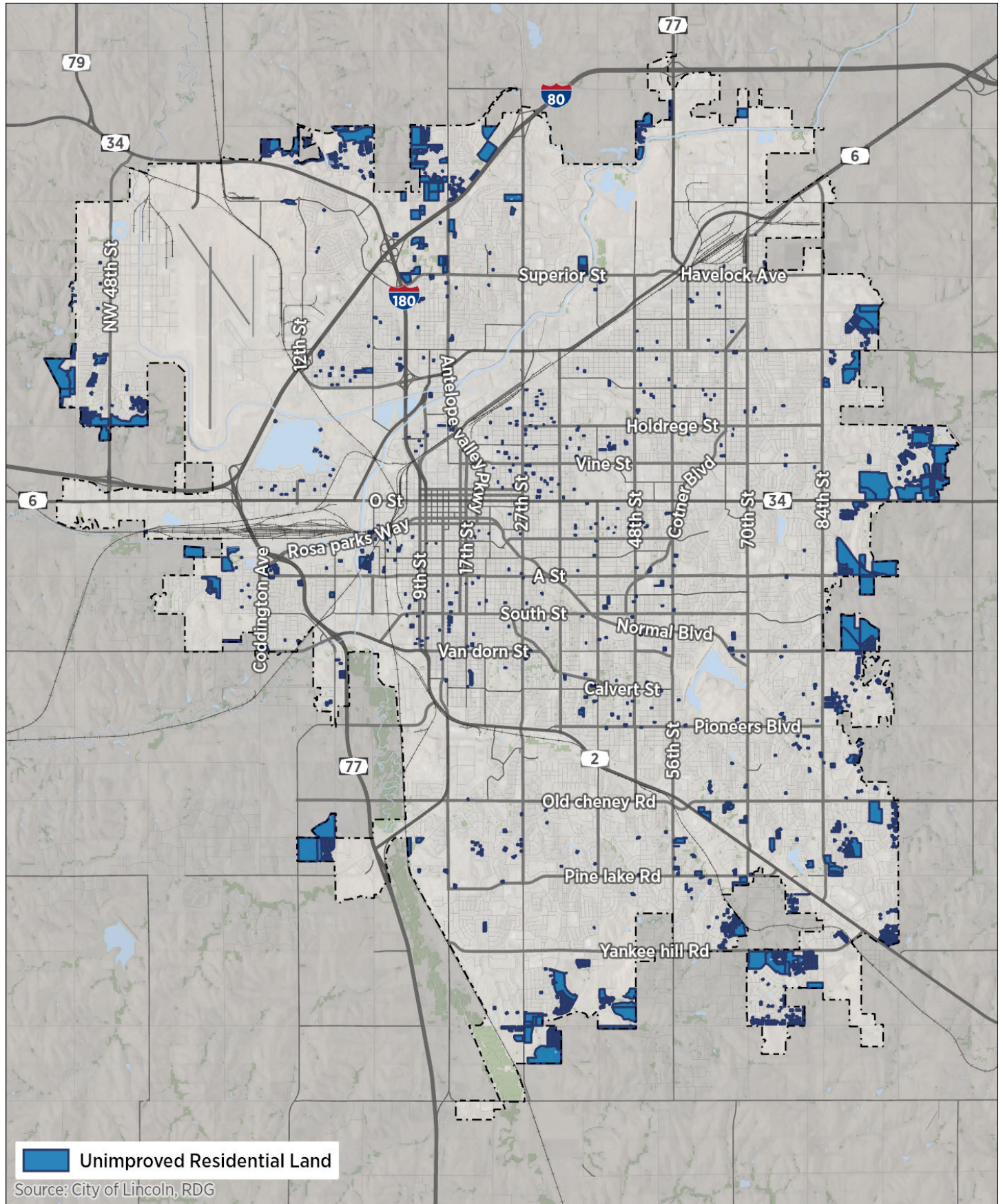


From these maps, opportunities and challenges begin to emerge. These include:

- › The city's oldest neighborhoods have some of the highest code violations.
- › Older neighborhoods also have the most affordable housing.
  - » Housing rehab will be a key strategy for older neighborhoods where purchase and rental rates are difficult to replicate in new construction.
- › There are a significant number of vacant lots with infill potential.
- › The city has a limited number of larger parcels with redevelopment potential.
  - » Larger sites may exist for redevelopment of affordable products, but would require remediation and land assembly. These actions drive up development costs making it more challenging to construct affordable housing.
  - » There are few affordable parcels big enough for the development of larger scale affordable housing developments.
  - » Scale is important in the a development of affordable housing as it allows infrastructure and soft costs to be distributed across more units.
  - » The impact of land costs on housing costs is often most noticeable in the owner-occupied homes, but also has a significant impact on the ability to finance affordable housing developments.



MAP 1.14: Unimproved Residential Land



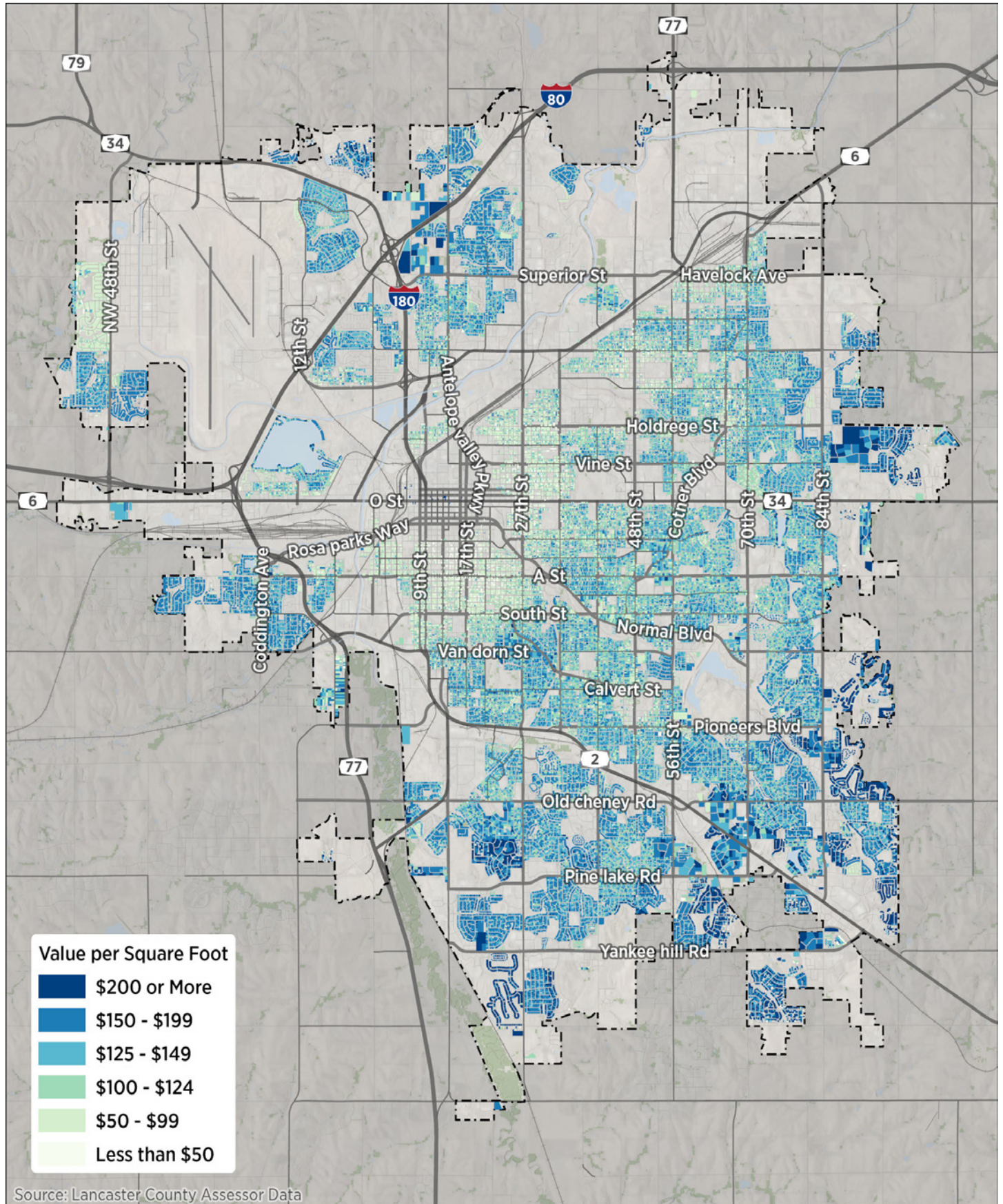




- › Neighborhoods in the southeast quadrant of the city have some of the highest rate of owner occupied households that are over the age of 55.
  - » These households will likely be turning over in the next 10 years creating opportunities for future home buyers.
  - » These neighborhoods may be ideal locations for products that are appealing to empty-nesters and retirees looking to downsize, including both owner-occupied townhomes and rental units. These types of developments are already being built like those at 70th and Yankee Hill.
  - » These neighborhoods potentially offer entry level price points, including pockets south of Pioneers Boulevard that have sale prices below \$225,000. Households moving into these units are often moving out of rentals priced below \$1,000, units that are in the highest demand for households making less than \$50,000.
- › Areas west of NW 48th Street have lower owner-occupancy rate, but those units are predominately filled by households over the age of 55 and are priced below \$200,000. These units will likely come on the market in the next 10 years and will either be an option for entry level ownership or rentals over \$1,000 a month.
- › Neighborhoods in the core have some of the highest value to income ratios, but the lowest percentage of owner-occupied cost burden.
  - » These neighborhoods have a large number of rental units with a high number of students and lower income households. This clusters high income residents in some of the most expensive new housing in the city.
- › The core neighborhoods have higher rental burdens
  - » Core neighborhoods in many cities have some of the lowest income households. These households are often attracted to the transportation options, jobs, and access to other important destinations
  - » Historically much of the city's housing programs were focused in these neighborhoods for the same reasons
  - » New construction in the last several years has tended toward higher market rate units creating greater cost burdens

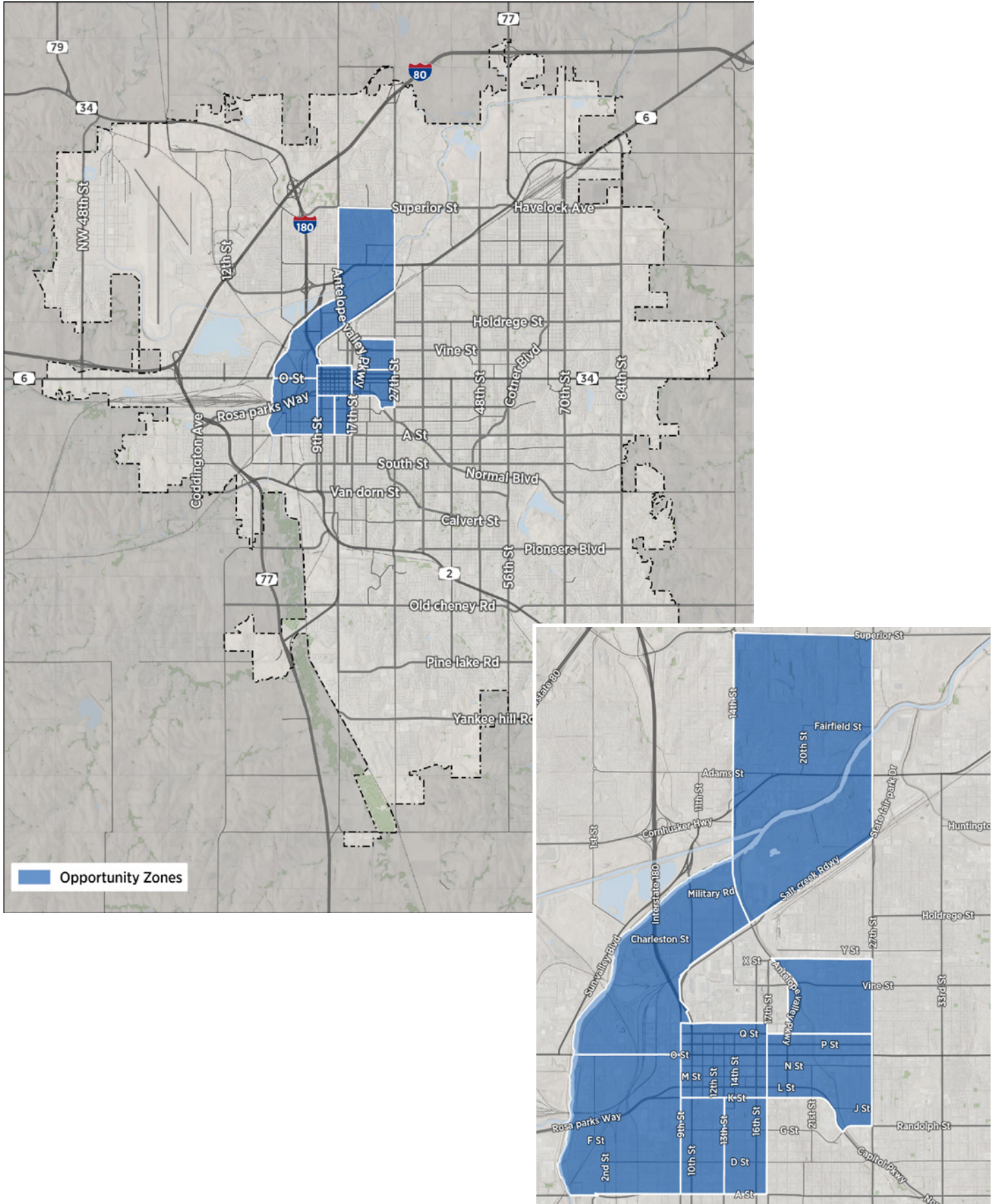


**MAP 1.15:** Residential Value per Square Foot of Lot





MAP 1.16: Opportunity Zones



## HOUSING DEMAND

The housing demand analysis builds on the population projections presented in this chapter, trends, and community conversations to forecast the demand for additional housing. The model is built on the following assumptions:

- Household population will remain stable through 2030.
- Average people per household is expected to remain constant over the next decade. Some growth may occur as Millennials move into their childbearing years, but this forecast focuses on the demand created by increased rentals, which tend to have lower people per household.
- Unit demand at the end of the period is calculated by dividing household population by the number of people per household. This equals the number of occupied housing units.
- A manageable housing vacancy rate provides housing choices for residents moving to the community. At 5%, Lincoln's overall vacancy rate is not low (which includes vacant units that are not on the market), but for-rent and for-sale rates are low. A slight increase in the vacancy rate will add variety to the market and lessen pricing pressure.
- Unit needs at the end of each period are based on the actual

household demand plus the number of projected vacant units that will support a healthy housing market.

- Replacement need is the number of housing units demolished or converted to other uses. Homes in poor condition or that are obsolete should be gradually replaced in a city's housing supply. The number of units lost annually is based on historic demolition trends. While some units will be lost, the first priority should always be on saving units as these are often the most affordable units in a city.
- Cumulative need shows the number of total units needed between the base year of 2020 and the year indicated at the end of the period.

Figure 1.21 shows an average annual construction need of over 1,700 units. This is slightly above the average rate over the last 10 years, but addresses both growth needs and pent-up demand for new greater variety that was not constructed during the 2000s and early recession years.

**FIGURE 1.21: Housing Demand Model**

	2020	2025	2030	TOTAL
Population at End of Period	288,603	306,027	324,502	
Household Population at End of Period	275,160	291,772	309,387	
Average People Per Household	2.39	2.39	2.39	
Household Demand at End of Period	115,130	122,080	129,451	
Projected Vacancy Rate	5.0%	5.5%	6.0%	
Unit Needs at End of Period	121,182	129,178	137,705	
Replacement Need (total lost units)		300	300	600
<b>Cumulative Need During Period</b>		<b>8,296</b>	<b>8,827</b>	<b>17,123</b>
Average Annual Construction		1,659	1,765	1,712

Source: RDG



## HOUSING DEVELOPMENT PROGRAM

Building on the housing demand model, the development program (see Figure 1.22) forecasts production targets for owner and renter occupied units based on the following assumptions:

- Owner-occupied units will be distributed roughly in proportion to the income distributions of the households for whom owner occupancy is an appropriate strategy.
  - Most low-income residents will be accommodated in rental units.
  - The city currently has a split of approximately 60% owner-occupied and 40% renter-occupied. Since 2014, single-family units have been 40% of new construction. The increasing cost of construction and land will likely continue to support construction of higher density owner-occupied configurations and rental units. To meet this demand, the demand model assumes a 50/50 split between rental and ownership units.
- Approximately 2,200 new rental units should rent for less than \$500 a month.
    - › New rental housing construction traditionally demands rents in the range of \$1.10 or more per square foot. Therefore, to produce housing priced below \$500 per month, programs like low income housing tax credits will need to be leveraged.
    - › Students make up a percentage of this income group, but many of them living in dorms and households of two or more individuals. Also, at only 10% of the city's population, their impact is small and the need still great.
  - Approximately 3,800 additional owner units should be priced under \$200,000.
    - › Products being constructed today will not meet this demand. This demand will only be met through older existing units and the construction of products in denser configurations with assistance with land or infrastructure costs.

**FIGURE 1.22: Housing Development Program**

	2025	2030	2017-2030
<b>Total Owner Occupied</b>			
Affordable Low: <\$125,000	611	650	1,261
Affordable Moderate: \$125-200,000	1,236	1,315	2,551
Moderate Market: \$200-250,000	801	852	1,653
Market: \$250-350,000	961	1,023	1,984
High Market: Over \$350,000	539	574	1,113
	4,148	4,414	8,562
<b>Total Renter Occupied</b>			
Low: Less than \$500	1,071	1,140	2,211
Affordable: \$500-1,000	1,362	1,450	2,812
Market: \$1,000-1,500	1,040	1,107	2,147
High Market: \$1,500+	674	717	1,391
	4,148	4,414	8,562
<b>Total Need</b>	<b>8,296</b>	<b>8,827</b>	<b>17,123</b>

Source: RDG



# Where We Are Today

This plan was developed through a comprehensive public engagement process which sought to understand the vision and the needs of residents and stakeholders. The planning team held a series of listening sessions, met monthly with the resource

committee, and conducted a survey to delve into the issues and perceptions of the housing market today. Through this discovery process opportunities and gaps emerged.

# CHAPTER 2: AT A GLANCE

## PROCESS:

A plan must be built from public engagement to ensure it reflects the values and aspirations of the community – today and in the future. The Lincoln Coordinated Action Plan engaged hundreds of residents and stakeholders on issues relating to the housing market. This chapter explores the experience and attitudes of the housing market including challenges, opportunities, and aspirations for the future.

- Project Timeline: 6 months
- Perception Survey: 500 respondents
- Resource Committee: 6 meetings
- Listening Sessions: 24 meetings
- Public Presentations: 3 presentations



## THE TOP 10 TAKEAWAYS:

### **1. The top concern voiced in both the listening sessions and online survey was the lack of quality affordable housing.**

General perceptions included a need to preserve the existing affordable housing stock, increase the supply of affordable owner and renter units, and add more variety in housing types. The challenge is developers need density and mass to be successful building lower price point units in the private market.

### **2. There are many factors that influence the cost of housing and households ability to find housing.**

The cost of housing is influenced by several factors. Additionally, a households ability to pay or desire to pay heavily influence housing choices. For these reasons multiple stakeholders and partners will be needed to address Lincoln's affordability issues.

### **3. There is a struggle to balance costs and the need to ensure safe housing and infrastructure needs.**

City requirements can add cost to development, but are needed to ensure that safe and sustainable housing is built. As a community, Lincoln must find ways to ensure that long-range infrastructure needs are not lost in the desire to solve an immediate need for housing.

### **4. There are a wealth of agencies working towards creating a healthy housing market.**

Many organizations are working together to fill gaps in the housing market. Agencies range from providing assistance with education and finding housing to building missing housing types.

### **5. Good coordination exists among many of the housing service providers.**

Despite the good coordination and communication among groups serving distressed populations, few housing options are available for these populations.

### **6. Better enforcement of property maintenance.**

The most affordable housing supply are the units that exist today. Better enforcement of property maintenance, both interior and exterior, will help preserve affordable housing and encourage residents to take pride in and maintain their homes.

### **7. Many renters who completed the survey are competing for the same housing units.**

Many of the lowest-income households responding to the housing survey were spending more than 30% of their income on housing. At the same time, the highest income households are renting units well below what they can afford.

### **8. Regardless of whether they were owner or renter households, over 65% of respondents interested in moving felt they could not find their preferred housing type.**

Both owners and renters felt strongly that they could not find their preferred housing type; however, renters, many of them looking to buy, felt this more acutely. This was uniform for all product types.

### **9. The perceived needs for certain household types revealed the perception that most households had adequate options.**

The only two groups that respondents did not feel had adequate housing were multi-generational households and families with children. There was a strong perception that students and empty-nesters had adequate options. However, participants in the listening sessions felt there was a lack of options for those looking to downsize, contradicting survey respondents.

### **10. Near retirees comprised 216 of the respondents - of which, 75% wanted to retire in the area.**

For respondents wishing to change housing in the future, 31% would like to live in an owner-occupied home with shared lawn care and snow removal, and 24% would like a smaller house to live independently.

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*Attainable housing is a multifaceted issue that involves many community stakeholders including both the public and private sector to ensure that the overall market remains healthy for all residents.*

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## **PUBLIC ENGAGEMENT**

It takes more than data and maps to understand a housing market. Input from residents, realtors, builders, employers, and the financial community is needed to gain a complete picture of the market. Feedback was gathered from these groups through in-person meetings and an online survey. This section provides an analysis of the community input received through the listening sessions and online survey.

## **LISTENING SESSIONS**

The information gathering process included focus group meetings to better understand the housing issues in Lincoln. During fall 2019 a total of 24 listening sessions were held with a variety of groups ranging from students to housing providers. The following summarizes the broad themes of these meetings:

### **Housing Affordability & Variety**

- Need to preserve the existing affordable units
- The supply of both owner and renter units is low
- Developers need density and mass to be successful building lower price point units in the private market
- More variety is needed, but few builders are constructing new product types
- Employers see the need for housing across all income levels

### **Low Income and Special Needs Populations**

- Few housing options exist for a low-income single person that is not currently homeless or disabled
- Sense that more Low-Income Housing Tax Credit developments are happening in other parts of the state than in Lincoln
- Other cities in the state appear to be helping offset the cost of land for new construction
- Very little housing exists for people with criminal records, transitioning out of homelessness, and who are chronically homeless
- Finding affordable housing is the most common challenge for organizations helping low-income households
  - › Those with Section 8 Vouchers often struggle to find housing that will accept the voucher
- Good coordination exists among groups serving distressed populations, but very few housing options are available for these populations
  - › Housing providers have a core list of landlords who will rent affordable units, but finding new landlords to participate is a challenge
- Housing that has access to transit is essential for low-income and special needs populations



### Retiree/Empty-Nester/Senior Housing

- A need exists for more independent living
- Empty-Nesters do not feel there are affordable options and therefore remain in the units they raised their families in
- Few affordable rental options appeal to older adults

### Student Market

- Despite large number of units that have been constructed in the last several years, quality units are still very competitive
- Lack of awareness exists among students about rental education opportunities
- The number of individuals entering traditional college age cohorts will be declining in the next several years

### Rental Market

- Student housing market does not appear to be saturated
  - › Still experiencing strong rents for older units
- Cost of a mortgage and rent are perceived as about the same
- City's rental rehab program needs to be brought back with new guidelines, possibly targeting specific neighborhoods
- Need more tenant and landlord education

### Codes, Ordinance, & City Policies

- Ordinances and codes are viewed by some as a hurdle to affordable housing
- Zoning code has flexibility, but this can make it confusing to move through the process
- Need to achieve a balance between quality building and long range infrastructure standards and the real and perceived impact on the ability to produce affordable housing

- › City requirements can add cost to development, but are needed to ensure that safe and sustainable housing is built. Need to find balance to ensure long-range infrastructure needs are not lost in the desire to solve an immediate need for housing
- › Need to find a way to address what are viewed as conflicting priorities for residents of Lincoln: high quality development and affordable housing

### For Sale Market

- Stair-step housing is lacking and therefore people remain in lower-price point units
  - › Many are choosing to remodel, putting significant money into existing housing
- Lower- to mid-range price points in good condition are moving fast
  - › Young buyers felt they were having to make snap decisions

### Lot Development

- Lots available for the construction of affordable housing products of all types are in short supply
- Finding affordable lots for non-profits and agencies like Lincoln Housing Authority is very challenging



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## COMMUNITY PERCEPTION SURVEY

In addition to the listening sessions, the study also built from the opinions and perceptions of the general public obtained through an online survey. The survey was available on the project website, linked to the City of Lincoln's website. In addition, the survey was sent to the Chamber of Commerce, Young Professionals Group, and local service providers. The survey resulted in over 500 respondents from across the city and was used to supplement and support the anecdotal information from the listening sessions.

Feedback in the open comments overwhelmingly focused on:

- The need for safe, clean, affordable housing
- The need for rentals for low income households
- Better enforcement of property maintenance
- More housing variety, both in terms of certain price points and housing types
- Perception that high taxes prohibited home ownership or affordable housing options

Other themes included accessible housing, options near transportation, public assistance, communal housing options, management of tax increment financing (TIF) to provide affordable housing, and a focus on employment and training to bring up incomes to match housing costs.

### Geographic Distribution of the Survey

Participants were asked to provide their home and work zip code to better identify the distribution of survey responses. Most respondents live within 15 minutes of their work.

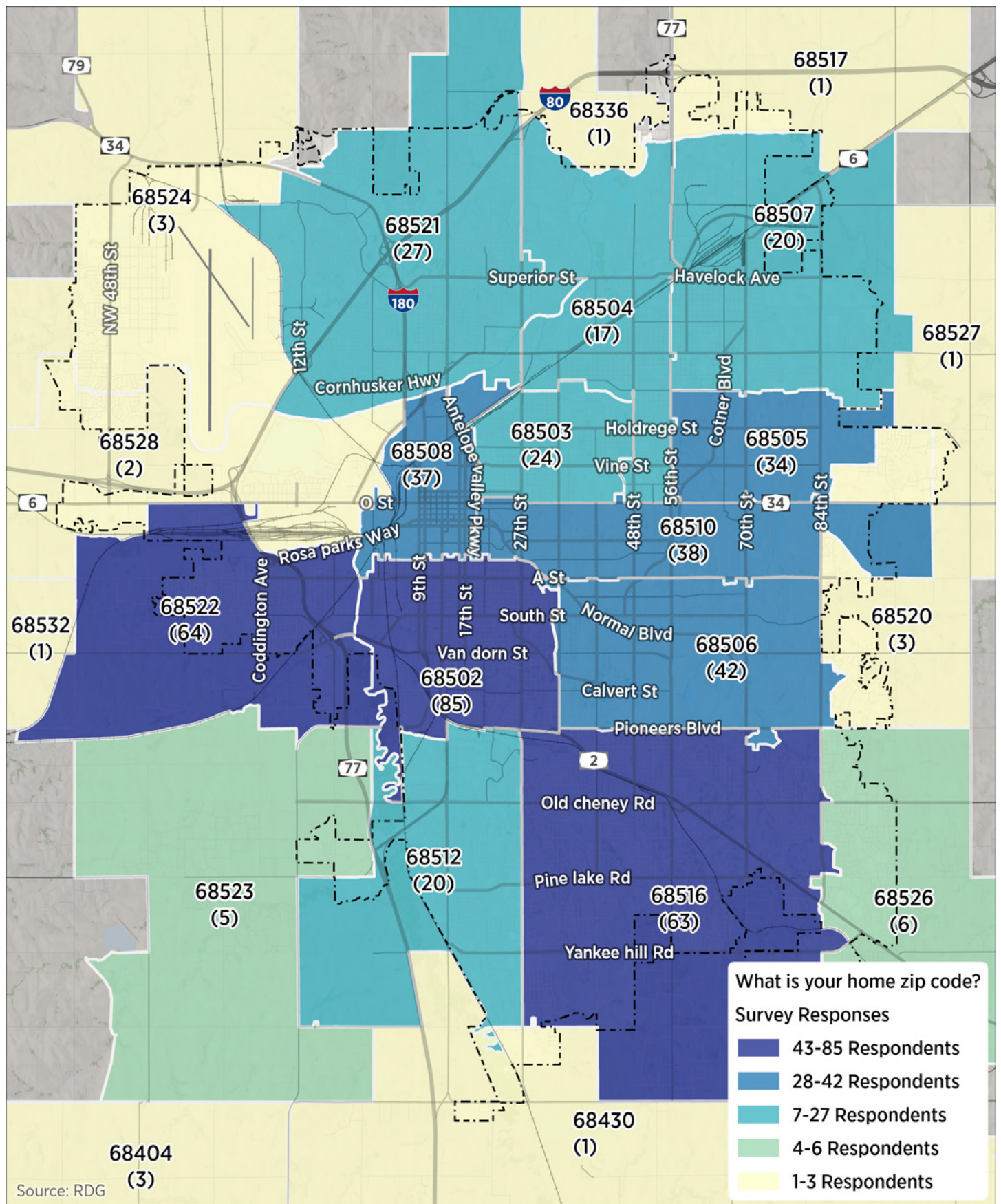
#### Home Postal Codes

- Map 2.1 illustrates the distribution of "Home Zip Codes" by census tract.
- A high concentration of respondents live in the Country Club, Indian Village, and West A neighborhoods. Another high concentration is located in southeast Lincoln.
- Only 10 respondents indicating they lived outside the city.

#### Work Postal Codes

- Not surprisingly, the majority of survey respondents work in downtown Lincoln (see Map 2.2).
- A sizable response came from respondents who work just east of downtown or in southeast Lincoln.
- Most respondents were not interested in living closer to work, likely because of the low commute time that many noted.

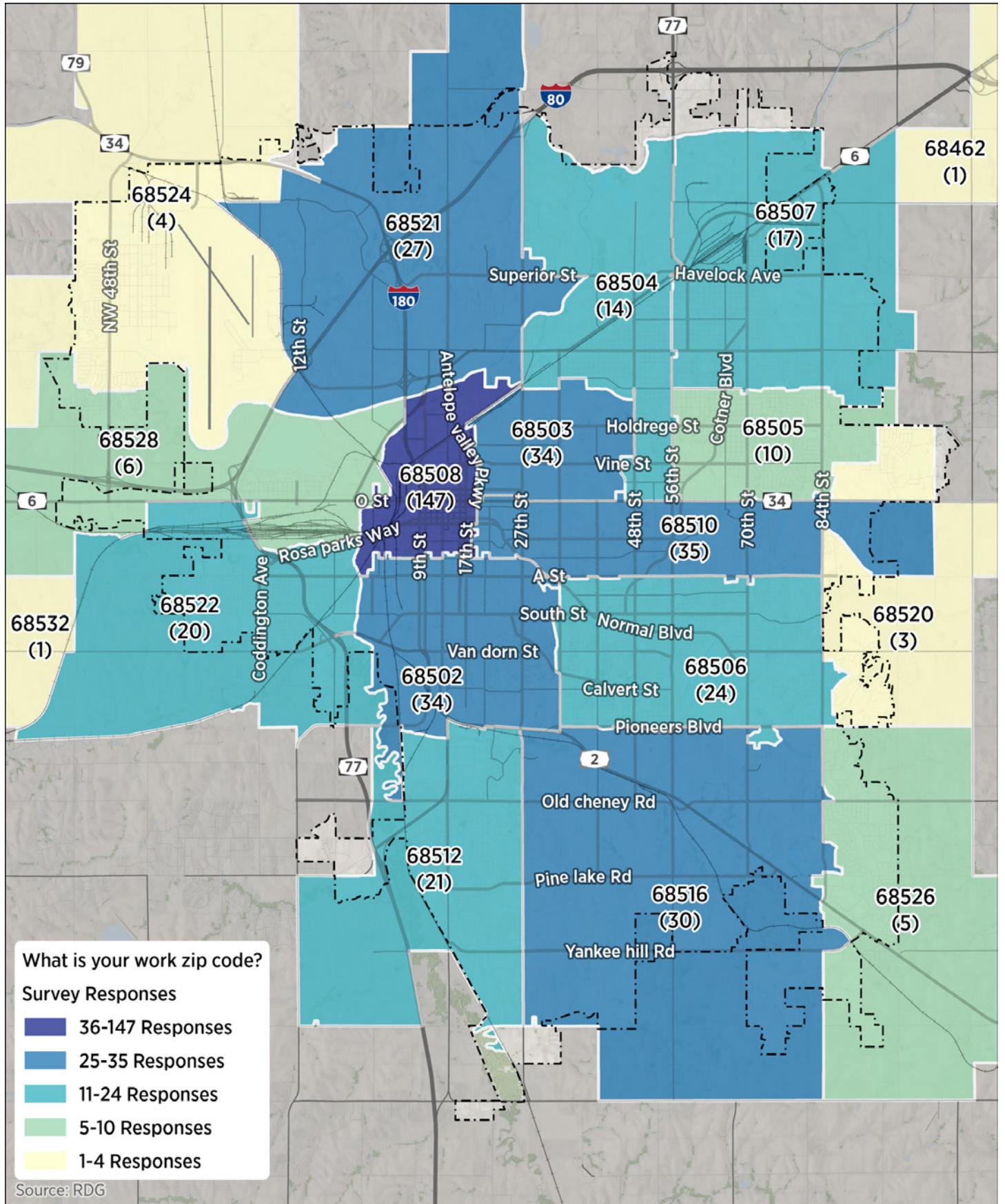
MAP 2.1: Survey Respondents Home Zip Code



Source: RDG



MAP 2.2: Survey Respondents Work Zip Code





## Demographic Patterns

- Nearly three-fourths of respondents own their homes, with 1% renting to own.
  - This is higher than the city's overall ownership rate of 57% of occupied units.
- Almost half of the respondents lived in a two person household, while 18% lived in one person households and about 15% each lived in a 3 or 4 person household.
- Household income was evenly distributed among all respondents except for households making less than \$25,000 which only accounted for 5% of respondents (see Figure 2.3).
- Most respondents paid less than \$1,250 per month on rent or a mortgage, with 36% paying between \$800 and \$1,249 monthly (see Figure 2.1).
- Many of the lowest income rental households are paying more than 30% of their income on housing.
  - For households making less than \$25,000 the max affordable rent would be \$500. The majority of respondents are paying more than \$400 a month.
- A smaller number of high income households are paying very little in rent, thus filling units that are in demand by lower income households.

## Commuting Patterns

- Most respondents (58%) have a short commute to work which takes 14 minutes or less. Only 5% commute more than 30 minutes to work.
  - Respondents short commute is likely why 73% indicated they were not interested in moving closer to work.

FIGURE 2.2: Survey Respondent Owner/Renter Split

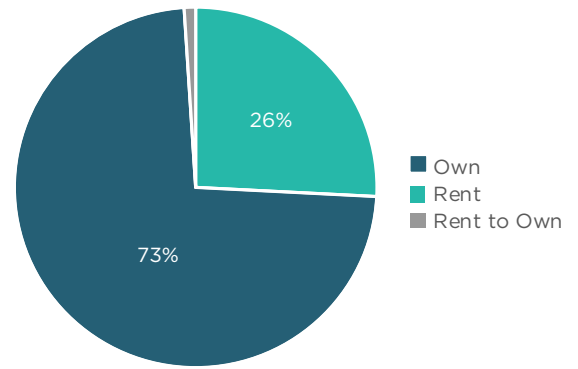
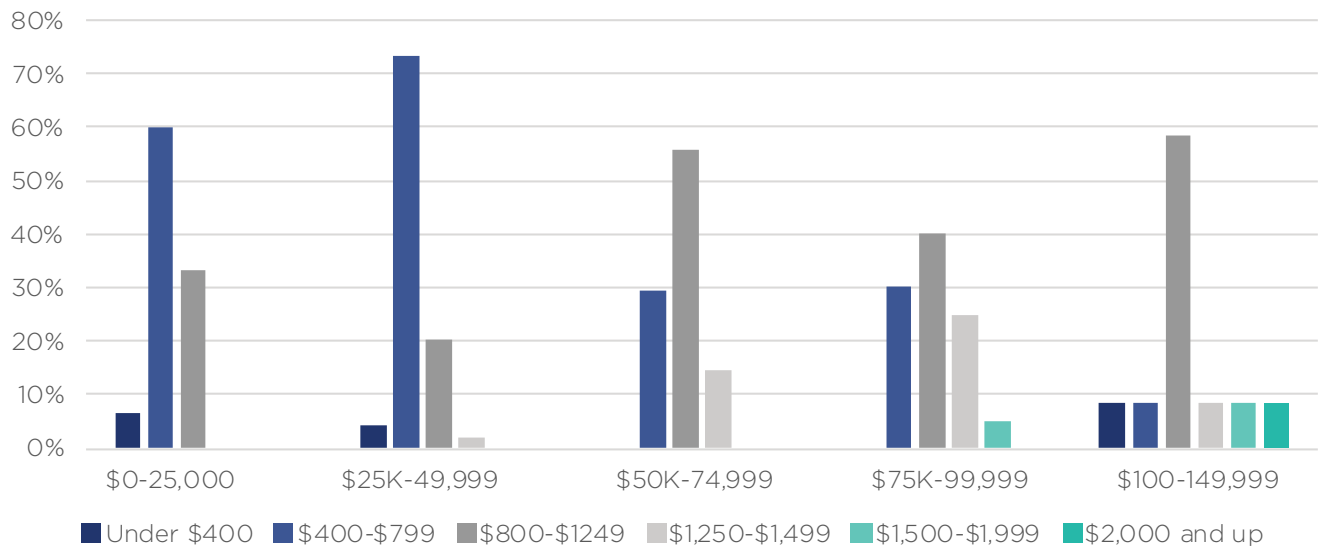


FIGURE 2.3: Household Income of Respondents



FIGURE 2.1: Rent Paid by Annual Income



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## Respondents Preferences

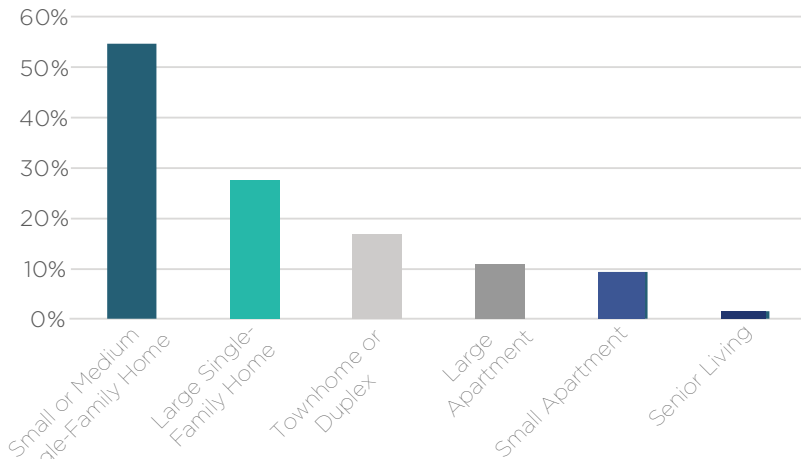
Survey respondents were asked if they were interested in changing housing. Of the 25% that are interested in moving:

- Most were interested in a small or medium size single-family home (1-3 bedrooms).
- Most young professionals were looking for these smaller ownership options, but the next most popular were larger single-family homes. This likely reflects growing families and the need for additional space.
- For those interested in moving they were asked if they felt they could find their preferred unit.
  - › Over 65% felt they could not find their desired housing option in the area.
  - › Both owners and renters (see Figure 2.5) felt strongly that they could not find their preferred housing type, but renters, many of them looking to buy, felt this more acutely.
  - › This did not change by product type. For all product types respondents felt they would struggle to find their preferred housing.
  - › For households making less than \$25,000 and between \$50,000 and \$74,999 nearly 80% of them felt they would not be able to find their preferred housing option.

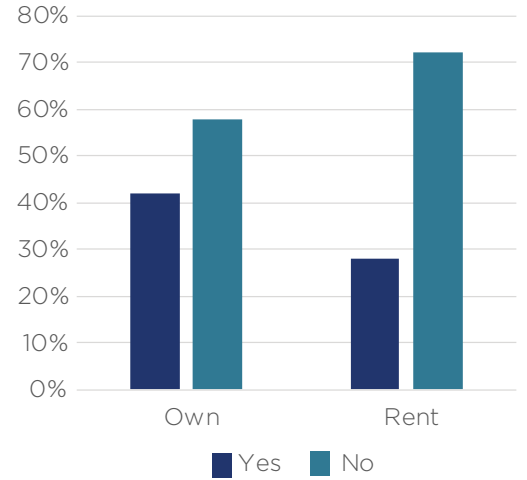
## Perceived Needs

- Respondents were asked whether the current housing supply adequately meets the needs of certain household types. Their responses are summarized below:
  - › Respondents thought that all households had adequate options except multi-generational households and families with children.
  - › While those looking for housing did not believe they could easily find their preferred option the larger survey pool felt that options did exist for most household types.
  - › There was a strong perception that students and empty-nesters had adequate options.
  - › Most respondents selected that they did not know if seasonal workers housing needs were being met.

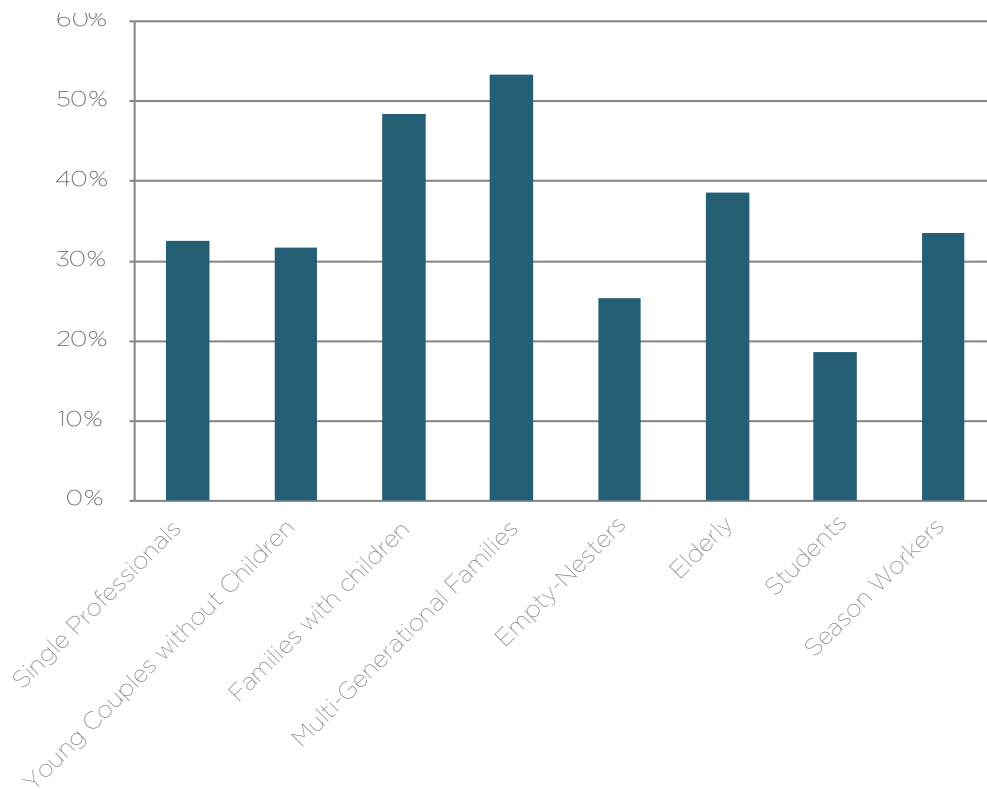
**FIGURE 2.4:** If Interested in Moving, Type of Housing Desired



**FIGURE 2.5:** Ability to Find Desired Housing Type



**FIGURE 2.6:** Housing Does Not Adequately Meet Households Needs



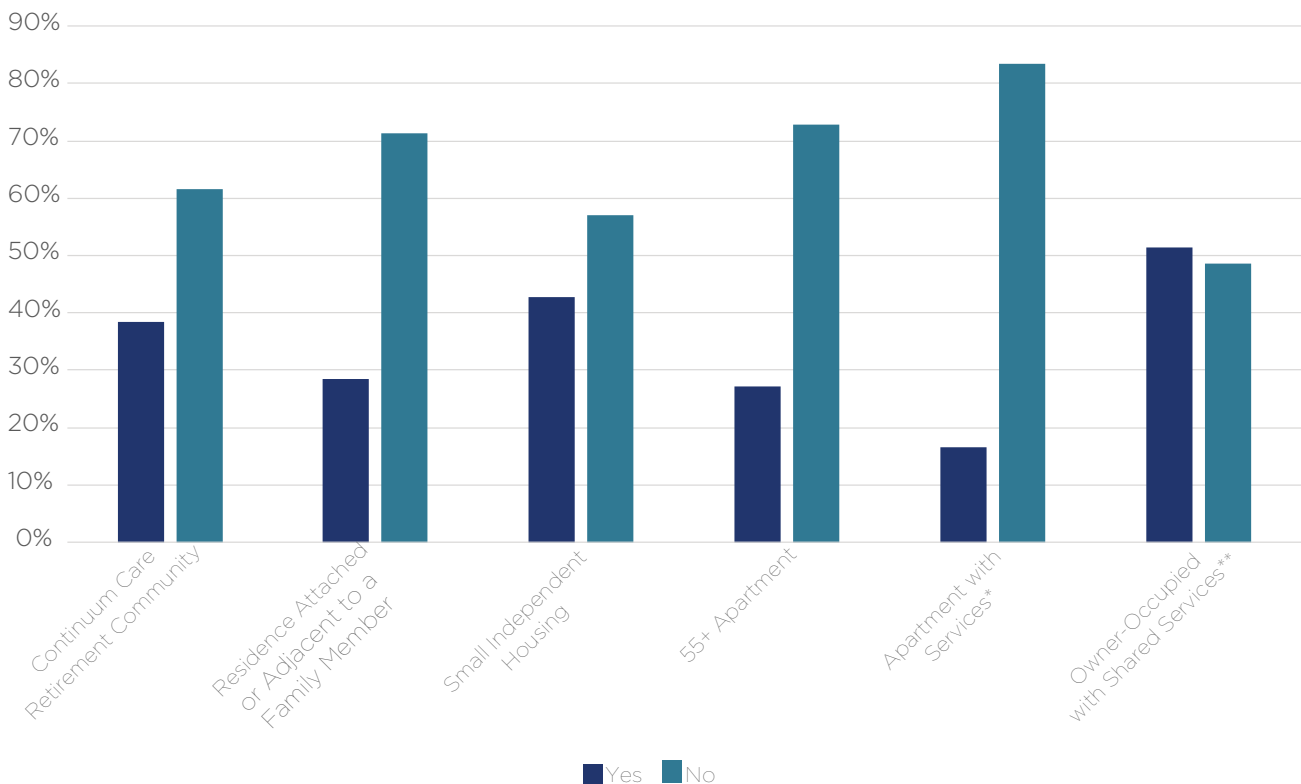


### Near Retirement Demographic

Housing preferences were asked of those identifying as over the age of 55 (see Figure 2.7). These households are often empty-nesters and will be entering their retirement years in the next ten years.

- Three-fourths of the 216 respondents age 55 or older want to retire in the area. There was an almost even split among respondents who wanted to change housing versus stay in their current home in the future.
- For respondents wishing to change housing in the future, 31% would like to live in an owner-occupied home with shared lawn care and snow removal and 24% would like a small house to live independently.
  - › A number of respondents skipped choosing a preferred housing option likely because they are undecided.
  - › Several respondents also felt their age in retirement would change their preferred housing type. In early retirement they would be interested in a more independent option, however later on may need more assistance.
  - › Most respondents who did select a preferred housing option felt that they would struggle to find housing.

**FIGURE 2.7:** 55+ Households Perceived Ability to find preferred Housing Option



## AVAILABILITY TODAY

### FOCUSED ON OBTAINING HOUSING

Following is a list of organizations and groups that work to directly provide safe and affordable housing, either temporarily or permanently. Figure 2.8 summarizes each group and their focus.

#### City of Lincoln

The City of Lincoln Urban Development Department is responsible for a number of programs that support new affordable housing development as well as housing rehabilitation and new homeownership programs. They achieve this through providing land and money to partner organizations as well as management of several in-house assistance programs.

The Livable Neighborhoods Division is focused on improving the well-being of low to moderate incoming persons and encouraging redevelopment that benefits the entire community. Two primary sources of funding are Community Development Block Grants (CDBG) and HOME federal funds. Staff also provides support to the Lincoln Homeless Coalition and administers Federal Emergency Solutions Grant (ESG) funds.

#### Lincoln Housing Authority

The Lincoln Housing Authority builds and manages affordable housing projects throughout Lincoln. Their portfolio includes apartments, townhomes, and senior housing. They also manage the Section 8 Housing Choice Voucher program, the Lincoln Northeast High School Home Building Project, and the Homeless Voucher Program.

#### League of Human Dignity

The League of Human Dignity began in 1971 as a grassroots effort to remove barriers, coordinate community services, and improve public transportation. Services include assistance increasing independence, advocating for renter rights, removing barriers, and finding funding assistance. The organization mainly helps low income individuals with rental applications.

#### NeighborWorks Lincoln

Neighborworks Lincoln is a nonprofit focused on assisting homebuyers. Their target market is individuals making between 80 and 120% area median income. Their programs assist buyers with down payments, closing costs, and property rehabilitation. In addition to helping individuals, the organization focuses on community building through training, policy, and providing neighborhood resources.

#### Lincoln Habitat for Humanity

Habitat for Humanity focuses on providing affordable housing through their program to build new homes which has resulted in 163 new units to date serving 791 people. The homes are constructed to be simple, decent, and affordable with between 1,000 and 1,300 square feet of living space, 2 to 4 bedrooms, and 1 to 2 bathrooms.

#### Affordable Housing Initiative

The Affordable Housing Initiative is a nonprofit focused on renovating neglected housing and occasionally building new homes. The organization recently helped with the design and construction of a 540 square foot house on an existing lot at 224 N 28th Street. While not the standard size of a tiny home, this very small footprint is unusual for new construction in Lincoln, but worked well to meet existing zoning standards on a small lot.

#### Community Action Partnership of Lancaster and Saunders Counties

The Economic Opportunity Act of 1964 created the Network of local Community Action Agencies, but it was not until 1986 that Community Action of Nebraska, Inc. was formed. Operating as one of nine CAA's in Nebraska, the CAP of Lancaster and Saunders Counties is financed through Community Services Block Grants administered by the Department of Health and Human Services.

The Lancaster and Saunders Counties CAP offers 18 programs to assist with four core areas—Early Childhood Education, Homeless Prevention, Financial and Family Well-being, and Hunger Relief and Healthy Food Access. The Homeless Prevention program focuses on housing assistance, education, and individual support. The program includes emergency services (rent, utility, and deposit assistance), a supportive housing program, tenant support services, representative payee program, and affordable housing units. They provide a total of 141 short and medium term (3-24 months) tenant-based rental assistance to help homeless families and individuals move as quickly as possible back into permanent housing.

#### Center for People in Need

The Center for People in Need supports the immediate, basic needs and education of low-income individuals and families in Lincoln to help them gain economic independence. Their services began in 2002 with distribution of food and household goods, but have since expanded to include emergency services, English language classes, educational opportunities, and employment training. Their TRADE program (Tackling Recidivism and Development Employability) works with the Nebraska Department of Corrections to help incarcerated individuals prepare for and reenter the community.

#### Matt Talbot Kitchen & Outreach

Matt Talbot Kitchen & Outreach is a hunger relief and outreach center for the homeless and near homeless with four main areas of focus: hunger, defeating homelessness, addressing addiction, and providing outreach. The mission of Matt Talbot Kitchen & Outreach is to serve the spiritual needs of Lincoln's working poor and homeless through outreach, advocacy, education, and the provision of food and shelter. Matt Talbot is unique in Lincoln as a community kitchen with prevention services on-site, including transitional housing for men and women committed to recovery, permanent supportive housing for the chronically homeless,

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and diversion services for those individuals and families facing imminent homelessness. In total, Matt Talbot Kitchen and Outreach provides 88 site-based beds in the community.

Matt Talbot Kitchen & Outreach provides six housing related programs—landlord liaison project, homeless identification, housing first, transitional housing, street outreach, and homeless diversion. Programs offer both supportive assistance and financial assistance. The First HOPE (Housing Opportunities & Prevention Efforts) program is a HUD-funded program providing rental assistance and supportive services to families and individuals who are chronically homeless. The Landlord Liaison Project helps bridge the gap between landlords/property managers, consumers, and case managers to help reduce homelessness.

### **NIFA**

The Nebraska Investment Finance Authority assists homebuyers through a variety of targeted lending programs and assist renters with finding affordable rental housing. In addition to their own programs, NIFA is designated as Nebraska's housing credit allocation agency for the Low Income Housing Tax Credit program.

### **South of Downtown Community Development Organization**

The mission of the CDO is to enrich the quality of life for residents of Near South and Everett neighborhoods through collaboration, economic opportunities, and community development. A Steering Committee comprised of broad community representation is working on a strategic plan with a significant affordable housing component. An affordable housing subcommittee completed a report to the Steering Committee that identifies many strategies for the area to increase the supply and preserve and protect existing affordable housing. The CDO has developed Lincoln's first Community Land Trust and has purchased two dilapidated properties to redevelop into affordable housing.

### **Nebraska Housing Resource (NHR)**

Nebraska Housing Resource (NHR) – Their purpose is to provide affordable housing opportunities by developing and procuring lots, arranging financing packages for qualified first-time homebuyers, and encouraging homebuilders to enter and expand into this market. NHR is a non-profit organization that develops and sells lots to builders. Previous developments have been public/private partnerships assisting in acquisition and financing. NHR offers \$15,000 down payment assistance financing for income-eligible first-time homebuyers purchasing qualified homes. Homes must sell for \$275,000 or less.

### **Cedars**

Cedars serves the most vulnerable children and families in Lincoln & Lancaster County, providing a variety of services including street outreach, emergency shelter, foster care, transitional living services, home-based support, juvenile justice programming and early childhood development programs. Cedars efforts are made in pursuit of the mission that every child in Lincoln will be safe from abuse and neglect, find stability, and enjoy the benefits of family relationships. Cedars Emergency Shelter opened in 1971. Since that time, thousands of homeless and runaway youth have been provided with safe shelter by supportive and caring staff. Cedars serves children and youth ranging from prenatal family support to transitional living services for young adults. Cedars provides a total of 82 emergency and transitional housing beds, including six facility based beds.

### **Fresh Start**

Fresh Start empowers women experiencing homelessness to change their lives by recognizing and utilizing strengths to overcome barriers to self-sufficiency. The first Fresh Start “home” opened with three beds. Within the first year, nine women were in the home. In 1994, the agency moved to a four-plex to accommodate this number, and to increase bed availability to 16. In July 2007, Fresh Start moved to the Havelock area. A historic building was renovated, resulting in an increase of the bed capacity and living space. The current facility can house up to 24 women at one time. Fresh Start provides everything needed for residents during their stay. However, the transitional shelter program is so much more than just the basics. In addition to safe shelter and other basic needs, residents gain valuable life skills and case management to help them become self-sufficient. Fresh Start provides a total of 17 transitional housing beds, including 10 facility based beds.

### **Friendship Home**

Friendship Home has provided shelter and advocacy to victims of domestic violence for 41 Years. Since 1978, the Friendship Home mission has been and remains, “to shelter and advocate for victims of domestic violence and their children”. Friendship Home is a strengths-centered advocacy and trauma-informed program in how victims and their children are sheltered, and how services are provided. Friendship Home provides a total of 111 beds of emergency shelter and transitional shelter beds, including 50 site-based facility beds.

### **People's City Mission**

People's City Mission is the primary emergency shelter in Lincoln, providing meals and basic services for homeless families and single adults. “The Mission” was founded in 1907 to meet the needs of the homeless and impoverished. The People's City Mission Help Center operates a distribution warehouse, and helps individual and families that may not be experiencing homelessness, but who need help meeting basic needs. People's City Mission provides a total of 342 beds, including 155 beds in the Family Shelter, and 151 beds in the Men's Shelter.



**FIGURE 2.8: Organizations Focused on Obtaining Housing**

Provider	Focus
City of Lincoln	Provides surplus City property for affordable housing projects, manages the Emergency Repair Loan Program and Direct/Deferred Loan Program, and funds programs administered through NeighborWorks Lincoln including the First Time Homebuyer and Homebuyer Training
Lincoln Housing Authority	Operates housing voucher program, Section 8, and both federal and non-federal affordable housing projects
League of Human Dignity	Operates the Center for Independent Living to promote independent living for people with disabilities and provides assistance with finding housing and financial assistance.
NeighborWorks Lincoln	New home ownership focused on 80-120% AMI households with down payment, closing costs, and property rehabilitation through special financing
Lincoln Habitat for Humanity	New construction with a focus on increasing homeownership in neighborhoods
Affordable Housing Initiative	Works on rehabilitation of existing dwellings and construction of new for-sale homes
Community Action Partnership of Lancaster and Saunders Counties	Focused on homeless prevention through programs ranging from emergency rent, utility and deposit assistance to tenant support services
Center of People in Need	Supports the immediate, basic needs and education of low-income individuals and families with food and household goods distributions, emergency services, English language classes, educational opportunities, and employment training
Matt Talbot Kitchen & Outreach	Focused on relieving hunger, defeating homelessness, addressing addiction, and providing outreach. Programs assist in finding housing for those experiencing or near homelessness
Nebraska Investment Finance Authority	Provides a range of financial resources for homeownership and rental housing, in addition to technical assistance for these areas.
South of Downtown Community Development Organization	Work to build vibrant neighborhoods with equitable opportunities for all people to thrive
Nebraska Housing Resource (NHR)	Develops and sells lots to builders and provides down payment assistance financing for first-time homebuyers
Cedars	Serves the most vulnerable children and families in Lincoln & Lancaster County, providing a variety of services including street outreach, emergency shelter, foster care, transitional living services, home-based support, juvenile justice programming and early childhood development programs
Fresh Start	In addition to safe shelter and other basic needs, residents gain valuable life skills and case management to help them become self-sufficient
Friendship Home	Provides shelter and advocacy to victims of domestic violence
People's City Mission	The primary emergency shelter in Lincoln, providing meals and basic services for homeless families and single adults

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## **FOCUSED ON HOUSING ADVOCACY OR PROGRAM FUNDING**

Following is a list of organizations and groups with the mission of advocating or providing support and funding to programs focusing on housing quality and affordability. Figure 2.10 summarizes each group and their focus.

### **Lincoln Community Foundation**

The Lincoln Community Foundation assists donors in accomplishing philanthropic goals, support nonprofit organizations to improve Lincoln's quality of life, and fosters community collaboration to address challenges and opportunities. The foundation's mission is to provide leadership and resources to help build a great city. Their grant programs support housing programs including Cause Collective, CenterPointe, and City Impact.

### **Renters Together**

Renters Together is a grassroots group of Lincoln residents organized to advocate for renters' rights including quality and affordable housing.

### **Lincoln Housing Charities**

Lincoln Housing Charities is a nonprofit created in July 2002 to provide and/or procure a variety of family and individual services and support activities in association with the Lincoln Housing Authority. They provide grants and staff a resource center and assist with fundraising for several programs. One grant goes to aid the RentWise program.

### **Collective Impact Lincoln (CIL)**

Collective Impact Lincoln (CIL) is a collaboration of Civic Nebraska, Nebraska Appleseed and the South of Downtown Community Development Organization. The CIL initiative started in 2017 with a Woods Foundation breakthrough grant. The first three years the organization worked in six core neighborhoods (Near South, Everette, University Place, Hartley, Belmont, Clinton) with the goal of increasing quality of life.

### **Homeless Coalition**

The Lincoln Homeless Coalition consists of representatives from organizations that serve homeless and near homeless families and individuals, and other stakeholders. Participating entities include: State, County and City government, social service agencies, the Lincoln Police Department, the Downtown Business Association, housing developers, neighborhood associations, businesses, foundations and homeless or formerly homeless persons. The Homeless Coalition works with the Urban Development Department to complete the annual application for homeless funding from the U.S. Housing and Urban Development Department. The application includes a "Point-in-Time" count which estimates the number and characteristics of Lincoln's homeless population; an inventory of emergency, transitional, and permanent supportive, and rapid rehousing beds; and strategies and goals to address homelessness in Lincoln.

The Homeless Coalition also organizes and oversees Project Homeless Connect, an annual one-day, one-stop event designed to provide the homeless or those at-risk of homelessness with a wide variety of immediate, on-site services and support for unmet needs. Following are some of the agencies involved in the Lincoln Homeless Coalition.

### **Cause Collective (Human Services Federation)**

Formerly known as Human Services Federation, Cause Collective's mission is to "strengthen nonprofits to better serve the community through collaboration, education and advocacy." Members receive access to trainings, discounts with corporate partners, and peer support. The agency also tracks and advocates for relevant legislation affecting the population their nonprofits serve.

### **CenterPointe**

CenterPointe provides a broad continuum of care, including more than 35 programs in the areas of crisis response, treatment, rehabilitation, housing, and peer support. CenterPointe uses a harm-reduction model to help consumers work towards abstinence and mental stability. CenterPointe began in 1973 as Lincoln Lancaster Drug Projects, also known as Full Circle, and was one of the first programs in the nation to offer integrated substance abuse and mental health care in the 1980s. Housing services were added during the 1990s. CenterPointe serves women, men, teens, and veterans. The majority of CenterPointe consumers experience both severe and persistent mental illness and addiction issues. Nearly every consumer has very low or no income when they enter programming at CenterPointe, and more than 50% of consumers are homeless. CenterPointe oversees a total of 132 scattered site tenant beds, site based beds, and 16 facility based beds.

### **Woods Charitable Fund**

The Woods Foundation operates the Woods Charitable Fund which provides grants to a number of housing agencies including Lincoln Housing Charities, Collective Impact Lincoln, CenterPointe, Cause Collective, South of Downtown Community Development Organization, and dozens of other organizations. The Fund seeks to strengthen the community by improving opportunities and life outcomes for all people in Lincoln.

### The Center on Children, Families, and the Law (CCFL)

CCFL was established in 1987 to serve as a home for interdisciplinary research, teaching, and public service on issues related to child and family policy and services at the University of Nebraska. CCFL's mission is to provide an interdisciplinary and collaborative approach to improve systems and outcomes for children and families. In addition to providing formal and informal administration and support for Lincoln's Homeless Coalition, CCFL designed, developed, and implemented the Homeless Coordinated Entry system for the Balance of State and Lincoln Continuum of Care. Coordinated Entry is a single entry system designed to assist communities end homelessness by ensuring that anyone experiencing homelessness has ready access to the homeless system, is assessed in a standard manner, is prioritized for housing according to need, and referred to the earliest available and most appropriate housing resource in the community. CCFL implements and manages the Homeless Management Information System (HMIS) for the State of Nebraska, including Lincoln. The HMIS is a shared data system that allows homeless agencies to provide efficient services, evaluate the homeless service system, and provide the data necessary for the development of evidence based solutions. Data collected by CCFL is shown in Figure 2.9.

**FIGURE 2.9: Housing Inventory Count (2019)**

Type	Number of Units
Emergency Shelter	384
Transitional Housing	99
Rapid Re-Housing	234
Permanent Supportive Housing	322
Other Permanent Housing	83

Source: UNL Center on Children, Families, and the Law

**FIGURE 2.10: Organizations Focused on Housing Advocacy or Providing Program Funding**

Provider	Focus
Lincoln Community Foundation	Providing grants to local nonprofits
Renters Together	Advocacy organization for better renter protections
Lincoln Housing Charities (501c3)	Fundraising for existing programs and purchases (RentWise; Truckloads of Help Program; etc.)
Collective Impact Lincoln	Initiative to increase quality of life in six core neighborhoods (Near South, Everette, University Place, Hartley, Belmont, Clinton)
Homeless Coalition	Raise awareness and develop a community-wide commitment to the needs and issues surrounding individuals and families near or experiencing homelessness
Cause Collective	Provides support to strengthen nonprofits through training and peer support
CenterPointe	Provides a broad continuum of care, including more than 35 programs in the areas of crisis response, treatment, rehabilitation, housing, and peer support
Woods Charitable Fund	Seeks to strengthen the community by improving opportunities and life outcomes for all people in Lincoln
The Center on Children, Families, and the Law (CCFL)	Interdisciplinary research, teaching, and public service on issues related to child and family policy and services at the University of Nebraska





# 3 Issues and Opportunities

The previous chapters established the outcomes of the market analysis and public engagement process which brought to light a variety of issues Lincoln will need to navigate in the years to come. At the same time, this process identified key assets and opportunities that community leaders can

leverage to ensure a healthy housing market. The purpose of this chapter is to explore the primary issues and opportunities gathered from the previous chapter and identify the strategic housing goals that will guide the policies and initiatives that will be outlined in the following chapter.

## SIX TAKEAWAYS FOR SUCCESS:

### **1. Preserve the existing affordable rental units.**

The best source of affordable housing is in the city's existing building stock. Securing these units for future and existing households should be one of the first steps in ensuring an attainable housing stock. Generally, this will mean that these units remain in a state of good repair while maintaining rent levels that are affordable to households making less than 80% of the area median income (AMI). Some may also result from a filtering effect where higher-income households can move to units that match their income levels, avoiding escalating prices due to competition for units. However, the majority of this effort will be the result of rehabilitation and code enforcement with regards to existing units.

### **2. Improve rental housing quality.**

Many residents raised concerns over the quality of housing, especially in the city's older neighborhoods. The city currently pursues and follows through on all active complaints. Property maintenance and building code penalties should be reviewed and updated. Other strategies around rehabilitation and energy efficiency funding, tenant and landlord education, and awareness of existing codes will also need to be addressed.

### **3. Make the development of affordable housing through programs like LIHTC more appealing.**

Land costs and changes in the tax law, along with the ability to quickly and easily make profits on market-rate products, has made the participation in Low Income Housing Tax Credit (LIHTC) projects less appealing. Lincoln will need to find ways to increase the appeal of these types of projects, which are an essential source of housing for those making less than 80% AMI.



#### **4. Increase mobility in the market through expanded housing options, especially for retirees, seniors, and young professionals.**

Issues of affordability and availability are tied directly to the limited mobility within the housing market. In essence, the existing housing stock is held in stalemate when 'mobility' is driven only by construction of high-cost single-family detached homes, condos, and rental units. A variety of housing products at a variety of price points would create additional mobility that would normalize prices and allow for greater access to the housing market. Additionally, a healthy housing market should allow a resident to transition through several homes in accordance with their lifecycle - from an affordable apartment, to a family home, and eventually to a downsize option for their senior and empty-nester years. This same variety should ideally be offered within Lincoln's individual neighborhoods not just across the entire community.

#### **5. Implement strategies for sharing risk in the development of affordable housing.**

Housing supply and housing rehabilitation will not occur at a significant scale without the ability for developers or contractors to make a profit. It is not the fault of the developer, as any business seeks this goal. The risks associated with housing development of moderate to lower price-point units often show a loss or very small profit margins. Some risk factors include rising material and labor costs; neighborhoods with lower values and perceptions of less stability/safety; soft costs such as fees, regulatory timelines, insurance, and contracting services; and state and federal regulations. Rising land costs and fluctuating interest rates also have a significant impact on the amount of risk that the financing community will allow to be taken. Pre-development planning and setup is the riskiest part of the development and where financing can be the most difficult. Lowering and spreading some of these risks can be essential to creating new product types and lower price-points.

#### **6. Ensure policies and codes support affordable housing.**

Regulations are necessary but should not create unintended barriers. National studies and research reports indicate many external forces prohibiting the ability to provide affordable housing. Many of these are out of a community's control, such as construction costs, financing rates, and limited builders. However, one significant finding is the negative impact of local regulations on housing affordability. Lincoln's ordinance offers a good amount of flexibility to try new approaches and this is visible in some recent projects around the city. The complexity of the ordinance can create hurdles in the form of time and uncertainty for development approvals. In the short-term, all developers should be encouraged to meet early in the process with the city planning staff. In the longer-term, the city should clarify aspects of the code to remove real and perceived barriers to development.



## DEFINING HOUSING ASSETS AND CHALLENGES

The community engagement process and market analysis presented in the previous section brought to light several key challenges and opportunities that face Lincoln as it considers its capacity to meet housing needs in the next 10 to 15 years. The following section summarizes Lincoln's primary resources, assets, and challenges.

### RESOURCES AND ASSETS

Like many places, the service providers and community partners can feel overwhelmed by the complexities of the housing challenges they face. However, the city has key resources and assets with which to build a successful housing strategy. These include:

#### Reasonably Affordable Housing Supply

Cost of construction, land, and maintenance of properties has steadily increased in all markets while the number of existing units coming on the market has slowed. For these reasons it is easy to feel that Lincoln's housing market has become more and more unaffordable. However, median rent in Lincoln is lower than most comparable cities, including Omaha (Figure 1.14), and the percentage of rent burdened households is also the lowest among comparable cities (Figure 1.18). The previous chapters clearly point to areas of concern for the city's lower- to moderate-income households, but when compared to many cities, - including those in Nebraska - Lincoln has a supply of affordable units.

#### Support for New Approaches

A low supply of housing affordable to low- to moderate-income households is not new to many cities. However, the desire to try new strategies has steadily grown. Lincoln Chamber of Commerce identified housing affordability as one of its key policy objectives in 2019 and the South of Downtown Affordable Housing Subcommittee identified a number of new strategies in their 2019 report. Neighborhoods and community leaders realize that housing affordability is a growing issue for more than just the city's lowest income households. Additionally, increasing job prospects, growing industry sectors, and the realization that the lack of housing is impeding growth are creating a sense that "now is the time" to address the issue and ensure that all residents have safe and affordable housing.

#### Steady Population Growth

Lincoln's growth has been steady over the past 50 years and has supported nearly 12,000 new housing units since 2014. But low unemployment (2.4% in December 2019) and job vacancies mean there is a need for workers and thus a demand for local and regional housing. The job market is also varied, with demand for workers at almost every level of the pay scale, from service workers to doctors and engineers. This creates both great opportunities and challenges, especially for the lowest-paid workers. Chapter One's housing affordability analysis (Figure 1.19) illustrated that these households often have to compete with higher-income households, leaving them with the least desirable options. This means a variety of housing types and price points are needed. The traditional single-family detached home is not going to meet the needs of this diverse workforce, but this creates great opportunities for entrepreneurs willing to try new products and configurations.



### **Strong Community Image**

Lincoln has one of the strongest community images in the state and larger region (2018 #5 Best Cities to Raise a Family, *Smart Asset*). The city's quality of life assets are attracting residents on a daily basis. The city's access to services, recreation, and entertainment will continue to make the city an attractive location for families. Today's young families are more vocal about the housing variety they desire. As the second largest city in Nebraska, and home to the state's flagship university, Lincoln's strong image must carry over to its housing market. The image must include housing options that are more difficult to produce in smaller markets and neighborhoods that create the small-town atmosphere that many families desire.

### **Existing Partnerships**

Lincoln has many examples of existing partnerships between the city, nonprofits, employers and economic development organizations. The Lincoln Chamber of Commerce is one of those examples. As illustrated in the final page of Chapter 2 (Figure 2.9 & 2.10), the city also has a number of existing agencies that are doing excellent work serving the city's most disadvantaged residents. The potential to expand or build on these partnerships and agencies is key to addressing housing, and will require using the skill sets and resources that exist in Lincoln.

### **Good Regional Examples**

Efforts are being made across the state and region related to housing development and rehabilitation of existing units. For decades, our smallest communities have struggled with population loss, but some have found innovative ways to grow their housing markets. There is no reason these strategies tried by cities like Schuyler cannot be "scaled up" to a larger market like Lincoln. At the same time, much can be learned from markets like Kansas City and Minneapolis where resources are greater. While some new strategies will need to be introduced, lessons can be learned from all of these markets. Those will be highlighted in the next chapter and should be used as a starting point for community conversations.





## CHALLENGES

Although Lincoln has numerous assets and compared to many cities, even Omaha, Lincoln has many affordable units. However, there are clear challenges that must be overcome to create a housing market that meets all income ranges and supports growth.

### Quality of Low Cost Rentals

Over the last decade, the city has seen the development of high-quality new rental housing. This has likely created some pressure to remodel and improve the quality of older units to remain competitive; however, demand has remained high making it easy for landlords to rent units without upgrades. Residents in the listening sessions and participants in the South of Downtown Affordable Housing Subcommittee repeatedly noted concerns with the quality of rental housing, especially for the city's most vulnerable populations. The city's stock of older rental units is the best source of affordable housing, and maintenance of these existing units is one of the key ways to make sure quality affordable housing exists into the future. Infill lots are also one of the best sources of affordable land, but when adjoining properties are in poor or dilapidated condition, there is little to no incentive to reinvest in these areas.

### Balancing Competing Demands for Quality, Amenities, and Affordability

Adding density to existing areas can be a key strategy to providing affordable housing, but this must be balanced against the concerns of neighbors over their existing quality of life. Corners cannot be cut, housing and infrastructure must be built to standards that are going to last for decades, and neighborhood character must be respected to ensure continued investment in existing housing. Finding this balance will be one of the most important challenges facing cities in the coming decade.

### Limited Housing Variety

Over the past decade, the city's housing construction has focused on market rate multi-family and single-family detached units. Only 13% of the city's 12,000 units constructed since 2014 were townhomes or duplexes, and the vast majority of the multi-family were large scale projects. Many stakeholders expressed interest and desire for greater variety in available housing types. What has been produced in the Lincoln market fills a demand, but lack of variety has also contributed to the shortage of for-sale units. Residents, especially empty-nesters and young retirees, are choosing to stay in their existing homes because of the lack of product and price-point that is appealing. Additional variety is needed to serve a broader demand within the city and offer options for higher-income households that are living in affordable units (Figure 1.9).



### **Limited Number of Nonprofits With Affordable Housing Experience**

Lincoln has two key nonprofits in the market working toward development of affordable housing: NeighborWorks Lincoln and Habitat for Humanity. These organizations have specific missions, and expanding those missions may not be appropriate. Greater involvement in the housing market by housing development corporations can expand the options and leverage additional funding. Communities across the state, from Omaha to Wayne, have examples of nonprofits that are building and securing affordable housing. These nonprofits should operate in the markets where private developers cannot: low revenue price-points and untested products.

### **Development Costs of Affordable Housing**

The cost of development ready land has a significant impact on the cost of housing. Two main factors go into the cost of a lot for development of any type of housing unit: land and infrastructure (water, sewer, storm sewer, and streets). The struggles with these costs were noted by those trying to build affordable housing, including Lincoln Housing Authority and Habitat for Humanity. Additionally, stakeholders noted that much of the developable land (land outside of flood plains, etc) was held by a limited number of individuals; leaving the opportunity for land to come for sale in a few hands. The rising price of materials and labor also has a direct correlation to the cost and interest in lot development. Developers working to produce more affordable housing must also compete with market rate developers and, depending on density and location, the perception that the land should be valued at commercial rates. A decade of strong agricultural prices also pushed up land values on the edges of cities. Demand is high for housing in lower price-points that require cheaper lots (over 5,000 rental units for households making less than \$50,000), but few mechanisms exist to control increasing lot costs. The result is more costly development, and subsequently unit prices.

### **Real and Perceived Zoning Code Issues**

Lincoln's zoning code has areas that need to be examined to make the process clearer and more straight-forward, but the code also has a good amount of flexibility that supports many different approaches. Examples of this are occurring all over the city, including container housing and small lot, mixed-density subdivisions. Despite this, developers noted that they would go back to what they know best because it saved them time and lowered risk. The scale of innovative projects and other factors that add to housing cost must also be addressed to create more affordable units in addition to improving the code.





## STRATEGIC HOUSING GOALS

As Lincoln looks ahead to the next decade, it appears poised to grow at a strong pace. But, a vibrant future depends on the ability of the city to foster conditions of a thriving community - housing being an essential element. Analysis of both the assets and challenges suggest the need for strategic housing goals that include:

### Preserve Existing Affordable Rental Units

The best source of affordable housing is in the city's existing building stock. The Census estimates that the city has over 39,000 units renting for less than \$1,000 a month and 18,000 units valued below \$125,000. Securing these units for future and existing households should be one of the first steps in ensuring an attainable housing stock. Generally, this will mean that these units remain in a state of good repair while maintaining rent levels that are affordable to households making less than 80% of the area median income (AMI). Some may also result from a filtering effect where higher-income households can move to units that match their income levels avoiding escalating prices due to competition for units. However, the majority of this effort will be the result of rehabilitation and code enforcement with regards to existing units. A holistic approach will need to be taken that includes funding for rehabilitation and energy improvement; tenant and landlord education; and expanding understanding of existing property maintenance and building codes.

### Expand the Number of Affordable Rental Units

Maintaining the city's stock of existing units will not fully address needs; some new construction will also need to occur. Population growth alone will demand an additional 5,000 units priced below \$1,000. Some of this demand will be absorbed in existing units but new construction will also need to occur. Community leaders will need to find ways to share risk and make the development of lower price-point units more appealing. Units for households making less than 80% of AMI will also require the involvement of nonprofits as some price-points will be challenging for the private market to produce, even with support from the community. Transportation is an important factor in a household's cost of living, therefore, priority for affordable units should be given to projects within walking distance of public transit.

### Increase Mobility in the Market Through Housing Variety

Issues of affordability and availability are tied directly to the limited mobility within the housing market - i.e: there is a shortage of affordable dwellings for new entrants to the market and a shortage of units for existing residents to move up or downsize. Based on Census estimates, 17,500 households making over \$75,000 are living in units affordable to lower-income households and prefer to live in more modest housing. In essence, "mobility" is driven only by new, high-cost single-family detached and condos being constructed. Over the last ten years 85% of newly constructed units have been either detached single-family or multi-family products in the multi-story, double-loaded interior hallway configuration. Over the next ten years more than 20% of units should be in different product types, including single-family attached, cottage courts, townhomes, live-work, and a variety of three- and four-plex configurations (often referred to as the Missing Middle Housing). A variety of housing products at a variety of price-points would drive additional mobility that would normalize prices and allow for greater access to the housing market.

### Create Mechanisms to Share Risk

The free market has operated with a preference toward low-risk or known-risk endeavors; construction activity proves this out. However, without a slight shift in the type and price-points of homes that are produced each year, the market will continue to become less affordable. To encourage developers to create these shifts, it will be necessary to share or lower the risk for the construction of units priced under \$200,000 or rents under \$1,000. These risks can vary from project to project, and no one solution will create a windfall of new units.





### **Build Strategic Housing Partnerships for Sharing Risk**

The housing market has a direct and profound impact on many community organizations and employers. The level at which Lincoln is able to recruit and retain the workforce correlates directly with the potential of the community and the economy to grow. Attainable housing for this workforce is an essential component. The city has a number of existing partnerships, but they will need to be expanded both in participation and focus on housing. These partnerships would have the explicit mission to pursue strategic housing goals. They would be comprised of all stakeholders and would drive action in housing conservation and development.

### **Expand Neighborhood Reinvestment**

Over the years, the city has implemented a number of initiatives and programs aimed at neighborhood redevelopment and conservation (see Figure 2.9). These programs should continue to be supported and expanded. Focus should be placed on preservation of affordable rental units and designed to create private market investment in neighborhoods. Other issues related to affordability, specifically transportation, should also be considered. Finding ways to connect affordable units to transit options helps grow the financial security of households.

### **Make Available Residential Options For All Residents**

Housing and transportation costs are two of the largest expenses for most households. Therefore, the city should strive to distribute and preserve affordable housing throughout the community to be near jobs opportunities and provide housing choices within existing and developing neighborhoods. Variety of housing products, as noted on the previous page, naturally offers greater options in price points. Housing diversity should not be limited to any particular area of the city but encouraged in both existing and emerging neighborhoods.

### **Affordable Housing Ensure Policies and Codes Support Affordable Housing**

As Lincoln grows, we must be proactive in aligning partnerships, resources, policies, and programs to ensure that Lincoln remains affordable across a wide number of housing choices and personal incomes. The City plays an important role not only by bringing stakeholders together to develop this affordable housing plan, but also in revising and updating City policies, codes, and processes to support the desired outcomes. That work is already occurring and City departments will continue to work to provide a framework within which affordable housing development is prioritized and accelerated.

### **Increase the Percentage of Land Zoned for Multi-Family and Missing Middle Housing in Developing Areas**

In Lincoln today 60% of all land is zoned to allow for two-family or more units. Much of that, 92% of all residential land, caps densities at five dwelling units per acre (R1 to R4 zones). The city should maintain the percentage of a land allowing two or more units within existing areas, and, in support of housing variety, should set a goal to zone 20% of residentially zoned land in developing areas to allow greater than five dwelling units per acre, thus increasing the percentage of area that could address the need for missing-middle housing. It should be noted that 41% of land zoned R1 to R4 have a Planned Unit Development (PUD) or Community Unit Plan (CUP) which often allow densities higher than five units per acre, but the city should strive to allow more housing variety as a by-right use in developing areas.





# A Path Forward

The measure of a plan's success is its ability to create action. In the case of a housing plan where issues are diverse, the responsibility of implementation lies with many constituents. Therefore, the implementation road map is of utmost importance.

This plan was intentionally titled the Lincoln Affordable Housing Coordinated Action

Plan because it is intended to pull all the individual efforts into a coordinated strategy. With the philanthropic sector, builders and developers, and government working together we can ensure a healthy and affordable housing market for current and future residents.



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## BUILDING THE PLAN

A housing market is a complex and ever-changing landscape of countless variables including economic factors guiding production, rehabilitation, and demand. Social factors also influence housing preferences, as does the willingness of renters and buyers to adapt to new products. This fluidity can seem daunting, but all the more important to establish strategies around Lincoln's opportunities and challenges, and the goals identified for the city in the previous chapter. The following section expands on these goals by identifying housing interventions and partnerships that can be used to generate energy in a market. Under each of the following goal areas, strategies will be identified along with steps to move forward.

- Building strategic partnerships
- Creating mechanism to share risk
- Preserving existing affordable housing units
- Expanding the number of affordable units
- Increasing mobility
- Expanding neighborhood reinvestment
- Ensure policies & codes support affordable housing

It is important to note, every housing project is different and there is no one perfect solution to address issues and capitalize on strengths. Therefore, the following tools may need to be combined and altered to meet the unique aspects of different projects. Additionally, case studies are provided throughout the section as examples that can be adjusted to meet the city's needs. Some are from smaller cities that can be scaled up to meet Lincoln's needs, while others are from larger metro areas and will need to be adjusted to meet local policies and regulations.

## STRATEGIES

## BUILD STRATEGIC PARTNERSHIPS

It is always possible to create a greater impact through meaningful partnerships than would be possible individually. This is especially true in a housing strategy where a key to creating ongoing action is accomplished by empowering diverse stakeholders to create positive change relating directly to their mission. Lincoln has a number of existing partnerships in the community addressing many different community needs. These include partnerships between the city's foundations and the school district, and local businesses, lenders, and higher education institutions in the economic development partnership. Some partnerships touch on various housing needs especially among those working to secure housing for Lincoln's most needy. However, a consolidated and strategic approach to these partnerships should be established. This should be thought of in the same vein as the Lincoln Chamber of Commerce. An effective community housing partnership should be able to coordinate and execute project development and financing.

Participants in the partnership should at a minimum include the following.

### The City of Lincoln

The city is responsible for promoting the health, safety, and welfare of its residents including future generations through its regulations, policies, public services, and programs. Lincoln has a number of excellent programs in place that assist lower-income households. There have also been a number of excellent programs that were phased out due to lack of funding. The City of Lincoln will play a key role in any partnership, and expansion of city programs through additional funding from the partnership will be important to the quality and quantity of affordable units. Additional discussion around funding for code enforcement must also be part of the conversation. Many community stakeholders have called for greater enforcement, but this will require additional city funding for staff to expand efforts.

### Service Providers

As identified in Chapter 2, Lincoln has a number of service providers focused on helping low-income residents. Many of these include housing assistance in various forms. The level of involvement these agencies have may vary based upon their mission but knowledge sharing will be an important part of their role. Some organizations like the Lincoln Housing Authority may even be able to expand services with adequate funding, and at a minimum provide excellent knowledge for others in the partnership.

### Nonprofit Housing Developer

Lincoln has two very good nonprofit developers: NeighborWorks

Lincoln and Habitat for Humanity. These groups, along with the Lincoln Housing Authority, have the potential to expand their work. Additionally, the South of Downtown Community Development Organization has the potential to be more actively involved in housing rehabilitation and infill. The expansion of these organizations will be necessary for development of housing products and price points the private market is unable to produce. There may even be potential to expand the number of nonprofits doing this type of work. These organizations can reside within an existing organization, but must have the express mission of implementing housing construction or rehabilitation where the private market cannot find success.

### Major Employers

There is a growing awareness that housing, including quantity, quality, and affordability, impact employers' ability to recruit and retain employees. Each company invests a significant amount of time, energy, and money training their employees and, therefore, it is in their interest to support all aspects of retention, including housing. Employers can play multiple roles in the housing partnership:

- Direct construction of new ownership or rental units.
- Funding assistance to a lending consortium (see section on sharing risk) or nonprofit in the construction of units that will directly benefit their employees.
- Investment in one of the Opportunity Zones to produce housing in distressed neighborhoods and receive the tax benefits.
- More traditional programs such as down payment assistance to employees purchasing homes in the community or moving costs. It is important to note, these particular solutions do not address issues related to quantity or quality of housing.

### Lending Community

The lending community is intimately involved in all aspects of the housing market. While many aspects of their business and practice are tightly regulated, other aspects do permit innovation and proactive participation in the housing market. The role of the lending community in a housing partnership may include:

- The creation of a lending consortium that would allow the community to share investment risk across multiple lenders (see section on sharing risk).
- The application of Community Reinvestment Act (CRA) funding to support housing initiatives led by the nonprofit housing development corporation.

While engagement of our local lending institutions is important, national lenders like Wells Fargo have a growing interest in being part of the affordable housing solution and are dedicating funding to the effort.

### Chamber of Commerce & Economic Development Organizations

## HOUSING INCENTIVES AT SAINT LOUIS UNIVERSITY

### St. Louis, MO

Saint Louis University has provided a housing benefit to its employees through the University's Employer Assisted Housing Program (EAHP). The program's mission is to assist employees with housing but to also support investment in distressed neighborhoods. EAHP provides three benefits for the University employees:

- › Housing information and education on home ownership.
- › When available, preferred rates and reduced closing costs on mortgage and refinancing costs through partnering institutions.
- › When available, forgivable loans for eligible employees, applicable towards the purchase of a new home located in the designated neighborhoods near campus.

This program applies to all current, full-time faculty and staff members. Properties eligible for the forgivable loan program must be located within specific revitalization areas. In the SLU program the percentage of the loan that is forgiven increases with the number of years of employment after origination of the loan, up to 100% of the loan after five years of employment.

This type of program is one way that employers can share risk with the development community in a revitalizing neighborhood. The employer's commitment to fill units, either owner or renter, creates greater financial security in a project.

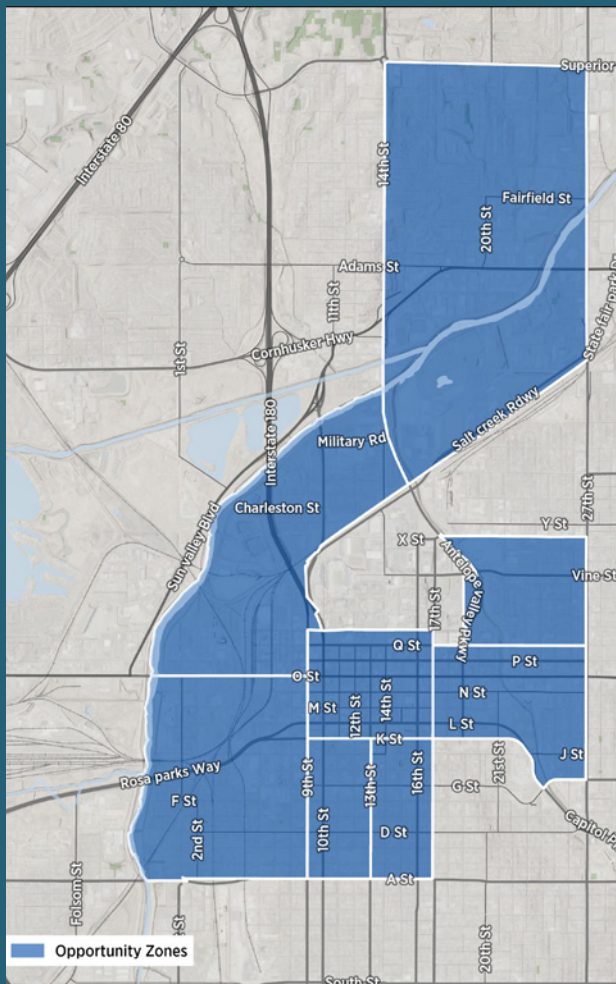
*For Lincoln, the South of Downtown Neighborhood should identify an adjoining major employer that they could partner with to strengthen the neighborhood and provide close, affordable housing to employees.*



## OPPORTUNITY ZONES

Opportunity Zone legislation was established by Congress under the Tax Cuts and Jobs Act of 2017. Under this legislation, states declared qualifying low-income census tracts as Opportunity Zones based on set criteria in Spring 2018. The legislation is intended to spur investment and job creation in distressed areas. Investment in a qualified opportunity fund allows for the deferral of capital gains tax until 2027 and allows holders to reduce their tax liability by up to 15%. Many communities are interested in using the tool to spur investment in rental housing. Ownership housing does not qualify because it is sold and not held within an opportunity fund.

Lincoln's opportunity zones are identified in the map below. No potential project has been officially announced in Lincoln but involvement of housing partnership members will be essential. These zones can also be a starting point for targeted application of the infill and rehabilitation strategies discussed later in this chapter.



Chamber and economic development leaders seek to further the collective interests of their partners while advancing the Lincoln community and region. Housing in Lincoln represents a significant economic factor both in the business of actual housing construction and for its impact on providing a place for business leaders and employees to live. For this reason the Lincoln Chamber of Commerce identified housing affordability as one of its key policy objectives in 2019. The role of economic development in a housing partnership may include:

- Convening the partnership
- Educating the public and its members on the importance of housing to the overall economy and inviting members to expand their role in the partnership.
- Promoting housing incentive programs to employers and their employees.
- Bringing funding partners together and championing their partners' involvement in programs like the lending consortium.

### Philanthropic and Foundations

Philanthropic groups and foundations will continue to play a key role in the affordable housing solution. Groups like the Woods Charitable Foundation provide funding to important programs like NeighborWorks. Groups like the Lincoln Community Foundation have even discussed forming a land trust and will serve as a great partner for carrying out that strategy. Additionally, they serve as providers of information and benchmarks to understand the impact of these programs moving forward.

### Other Partners

There are many other potential partners that are not included in this list, including real estate agents, builders, faith based organizations, and the city's higher education institutions. All can and should have a role in supporting efforts to conserve existing affordable units and bring additional units to the market. Any partnership should begin by seeking to establish a common purpose between each stakeholder. In other words, the reason why each organization will choose to improve the housing market by participating in the effort.

### Moving Forward

The Lincoln Chamber of Commerce has already convened many of the private businesses and organizations that need to be part of a housing partnership. Housing is economic development and, therefore, fits well under their mission. For these reasons they would appear to be the logical convening organization. For the housing partnership, existing members should be expanded to include others with a mission focused on housing, including nonprofits, social service agencies, and the city's Planning and Urban Development Departments. The first priority of the partnership should be development of a pool of funding (see next section on Sharing Risk).



## CREATE MECHANISM TO SHARE RISK

All development comes with a level of risk. The developer often takes on a significant amount of debt in the hope that rent or sale prices will be high enough and units will fill fast enough to cover that debt while providing a living commensurate with the level of risk they take. The banking and financing community take on risk when they loan money to developers. Even the contractors and subcontractors take on risk that payment for their services will come even if the project is not as successful as the developer had hoped. For Lincoln, there are few options for lowering or sharing the level of risk that these partners must take on. Lincoln developers voiced concern over the risk of lot development and the growing costs increasing the amount of debt they must carry, if they can even get the financing. All of this means the development community naturally gravitates to known project types with lower risk; a natural tendency for any business. For these reasons, Lincoln community leaders and stakeholders must find ways to lower or share risk in development of projects that have smaller profit margins or untested products. It should be noted this is true for both the production of new units and the rehabilitation of older units.

Many of the strategies under preservation and creation of affordable housing will include various ways to share risk, but gap financing will be one of the most crucial elements to all of these strategies.

### Lending Consortium

A lending consortium is a cooperative venture among lending institutions active in the market to spread individual risk. In addition, these cooperative ventures can attract the support of major employers or other agencies such as the Nebraska Investment Finance Authority (NIFA), Federal Home Loan Bank, Community Development Financial Institutions (CDFI), and Nebraska Department of Economic Development. A lending consortium is an ideal instrument to:

- Provide a pool of capital that lowers the amount of debt recovery a project must cover through higher rents when developers are tasked with building more affordable housing options or housing untested in the local market.
- Finance the additional capital necessary to “fill the gap” between the cost of housing and appraisals within a depressed neighborhood like those identified as Opportunity Zones.
- Provide short-term financing or “patient financing” for builders and contractors working in older and distressed neighborhoods or in product types missing from the market.
- Provide interim financing for projects developed by local nonprofits, the city, or Lincoln Housing Authority.
- Funding neighborhood stabilization programs like rehabilitation grants for first-time home buyers who do not have the capital to fund rehabilitation through conventional lending (see section on Housing Preservation).

## NEIGHBORHOOD FINANCE CORPORATION

### Des Moines, IA

The Neighborhood Finance Corporation was formed in response to the need to promote reinvestment in the core of the city. The city, the lending community, and countless partners gathered forces and resources to develop a program to target investment to core neighborhoods of Des Moines.

The Neighborhood Finance Corporation provides a variety of programs to homeowners without any income restrictions. Programs include: forgivable home improvement loans, a loan refinancing program, and a program to support the purchase of homes.

*This type of funding source could be an important resource to neighborhoods like South of Downtown looking to proactively support reinvestment in their neighborhood.*

More information can be found at:  
[www.neighborhoodfinance.org](http://www.neighborhoodfinance.org)

## OMAHA 100 INCORPORATED (LENDING CONSORTIUM)

### Omaha, NE

Omaha 100, Inc., brings together consortium of lenders to provide lower interest rates on home loan products, downpayment assistance, and city second mortgages to make homeownership affordable.

Omaha 100 was incorporated during a time when very high interest rates was a significant hurdle for low-income households. Therefore, its mission is to remove this hurdle and enable low and moderate income borrowers to own their own home.

*Lincoln buyers have access to different purchasing programs through NIFA but the concept of bringing lenders together to assist with securing housing for low-income households is similar.*

More information can be found at: [www.omaha100.org](http://www.omaha100.org)

## 4D AFFORDABLE HOUSING INCENTIVE PROGRAM

### Minneapolis, MN

The 4d program in Minneapolis is a good model of combining property tax relief and the preservation of naturally occurring affordable housing (NOAH) units.

The 4d program preserves affordable housing in Minneapolis by assisting apartment building owners with property tax reductions in exchange for their agreement to keep 20% or more of their rental units affordable for a minimum of 10 years. It also provides funding for energy efficiency improvements and solar installations. Affordability is defined as households making less than 60% Area Median Income (AMI).

#### Benefits to Property Owners:

- › 40% tax rate reduction on qualifying units for 10 years
- › \$100 per affordable unit grant (up to \$1,000 per property)
- › Payment of first year application fee for the Low Income Rental Classification (\$10/unit)
- › Free or low cost energy efficiency and healthy homes assessment
- › Cost share funding up to 90% of qualified upgrades for green energy upgrades
- › Priority for Solar Project funding up to \$75,000 per project

#### Requirements/Eligibility:

- › Building must have at least 2 units
- › Can include owner occupant units, but those units are not eligible for 4d tax status
- › Property must not have rental housing license revocations or outstanding housing orders
- › Owner must record a 10-year affordability declaration that runs with the property
- › Annual income verification is not required but as units turn over, new tenants must have household incomes at or below 60% AMI
- › Must accept tenant based assistance (ex: Section 8 vouchers)

*A key component of Lincoln's strategy is to preserve existing affordable units. A 4D type program could be combined with existing rehab programs or toward the construction of new affordable units in census tracts with the highest level of rent burdened households.*

## Housing Trust Fund

Somewhat similar to a lending consortium, a trust fund is a way to pool local dollars that can be used toward specific housing objectives or goals. The advantage of either a consortium or trust fund is increased local control and flexibility. Nebraska Affordable Housing Trust Fund dollars are available to Lincoln projects but these are highly competitive. Local dollars will allow Lincoln to tailor a program to the specific needs outlined in this study and show that Lincoln is "housing ready" when applying for other state and federal housing programs.

## Tax Increment Financing (TIF)

For many years the City of Lincoln has used TIF in the development of housing when it supported the redevelopment of older parts of the city. TIF uses the added tax revenue created by the redevelopment to finance project-related costs such as land acquisition, core and shell rehabilitation, and public improvements. Traditionally, the developer takes on the debt of the project, pays their full tax burden, and then is allocated back the increment to pay down the debt on the pre-identified project-related costs. It is important to note that TIF is not property tax abatement for the developer, but is a financing tool that lowers their risk.

## Property Tax Abatement

Many municipalities and states have instituted programs that allow for some level of property tax abatement with the production of affordable housing. This tool can be especially beneficial in the production of rental housing. Property taxes are passed on to every renter, and by lowering this for a certain period of time, rents can be held at a lower rate. Many of these programs are not permanent abatement but allow for a gradual increase to full property tax levels over a period of three to five years. There is a program in Nebraska based on this concept around the rehabilitation of historic structures (Value Improvement Program), but a change in state laws would have to occur for this to be applied to the full tax levy for affordable housing. However, cities do have control over taxes they collect under their levy, and a program similar to this applied to the city's portion of a property's tax levy is possible.

This type of program must be directly tied to rental rates to help address the nearly 50% of rental households that are rent burdened (Figure 1.18). Specifically the criteria would require that units are affordable to households making less than 80% AMI for at least the time the tax abatement is in place and potentially longer. Some property managers in Lincoln have shied away from these types of programs due to annual income assessments, but a one-time income assessment may also be considered. Under this model, a household would have to qualify only when initially renting the property. Small increases in income are often unintentionally discouraged under many programs. A household making 85% of AMI may lose their unit but still find it very difficult to find housing. As shown in Figure 1.19, these households are often competing with higher income households for the same housing units. Allowing households some ability to increase income and build financial stability should be encouraged whenever possible.

## ***Moving Forward***

As noted earlier, the first priority of the housing partnership should be development of a pool of funding. Leadership of the partnership should engage organizations like NIFA, Nebraska Department of Economic Development (as managers of the Nebraska Affordable Housing Trust Fund), and the Lincoln Community Foundation. These organizations should be strategic partners with expertise that can help assist in the development of a Lincoln specific pool of funding.

Several proposed strategies need to involve additional city departments. Specifically, a property tax abatement program. Urban Development will need to work with the Finance Department to determine the use of tax abatement in census tracts with the highest levels of rent burdened households (see Map 1.9).

## **PRESERVE EXISTING AFFORDABLE UNITS**

Lincoln's best source of affordable housing exists within units that have already been constructed. According to Census estimates the city has over 39,000 units renting for less than \$1,000 a month and another 43,000 units valued at less than \$200,000 (Figure 1.19). Maintaining these units as affordable will be essential to meet both existing and future demand. The City of Lincoln and NeighborWorks Lincoln both have a number of programs that help with rehabilitation. Often, programs are targeted at owner-occupied units. These programs must continue and should be expanded to include affordable rental housing.

### **Rental Rehabilitation Programs**

With Lincoln's low rental vacancy rate (2% compared to an overall vacancy rate of 5%) and continued demand for quality units, there can be limited incentive for rental property owners to make improvements. In the past, the city had a rental rehab program but lack of funding resulted in this program ending. This type of program should be re-established with funding either through federal or state dollars, the city, or the lending consortium. Learning from the past program and feedback from stakeholders the program should consider certain policies:

- All or a majority of the units rehabilitated must be affordable to households making less than 80% AMI for either five years or the loan period plus some additional time.
- Properties should be available for inspection by either the city or a third party. Any property that receives funding must be maintained to basic standards.
- Affordability should be connected to the unit. Under many programs if a household finds a better job or receives a raise they will no longer qualify to live in the unit. Finding quality affordable units for households making between 80-100% AMI is also challenging. Over the last decade rents have risen by 17% but many of our highest percentage renter neighborhoods have some of the lowest incomes (see Figure 1.14 and Maps 1.3 and 1.7). Allowing a household to improve their financial footing without immediately losing their housing should be encouraged. Additionally, the paper work of checking each residents income on an annual basis can discourage some property owners from participating in the program. Only requiring income verification at the time of the rental application can remove some of these hurdles. This type of approach is usually not allowed with the use of federal dollars and therefore would require local funding.



## PHASE 2 PROGRAM

### Sioux City, IA

The Sioux City Phase 2 program is designed to preserve and improve properties currently tagged as uninhabitable. The program does so by providing funds to new owners to bring the property into compliance with applicable building codes and standards. Applicants are required to be a new owner of the property or developer who intends to repair and sell the home.

Currently the program provides up to \$40,000 per home, as a forgivable loan over ten years. Owners must address the building code deficiencies first, then can use the remainder of the funds for additional exterior and interior improvements.

A primary reason for the program adoption was to repair rather than demolish units. Funding for Phase 2 comes from City general funds, money that was previously budgeted for annual demolition of tagged homes not brought into compliance.

*The quality of units for first time homebuyers was a frequent comment left by survey participants in Lincoln. Many first time homebuyers were not prepared to purchase a fixer-upper and therefore stayed in their current housing option, often an affordable rental unit, longer. A program like Phase 2 could help Lincoln free up existing rental units, prevent the loss of affordable units from demolition, and maintain an affordable housing units.*

[www.sioux-city.org/home/showdocument?id=3644](http://www.sioux-city.org/home/showdocument?id=3644)



*Credit: City of Sioux City*

## Code Enforcement

Code enforcement, specifically the expansion of code enforcement, was noted by a number of stakeholders and identified as a priority in the South of Downtown Affordable Housing Report. Like most cities, Lincoln's code enforcement is complaint based. In other words, when a complaint is submitted to the city, it is investigated and enforced. Expanding that mission to include proactive enforcement and engagement of property owners, identification of problems, and development of resources to help owners solve those problems could help preserve and improve more existing affordable housing. This will likely require additional funding for added staff and training.

Landlords have a critical interest in keeping their properties well-maintained. Developing additional resources for property improvements in exchange for rent ceilings for a period of time would help preserve and improve low-income housing. A rental inspection program could be established through a landlord association. The association would establish a set of criteria that could even include issues the city and Department of Health find difficult to monitor/enforce like mold. On a regular basis (annually or bi-annually), units would be inspected. When the units pass they would receive some type of "seal of approval." This recognition could then be used by different organizations or agencies when they receive inquiries about rental housing. Additionally, programs like Rentwise that offer education on how to be a good tenant is also important. Clearly, this will not fully address the issue, and the majority of landlords in the city maintain their properties to a high standard, but this could be one more tool used to encourage continued investment in existing units.

## Small TIF Projects

Traditionally TIF has been used on larger scale projects due to the need to create an increment in the tax increase that creates enough funding. However, some communities are consider the use of smaller scale TIF (see Grand Island Micro-Blight). TIF is regularly used on conversion of older structures to housing and should be explore for the use of upgrading older rental housing developments. The use of the TIF for this type of program should be tied to affordability requirements and may be scaled over the 15 years of the TIF.

## First-Time Homebuyer Rehab Program

The city's Urban Development Department currently administers a housing rehabilitation program targeted at LMI neighborhoods and households that make less than 50% AMI. This program is great for those households already owning units, but today many households in this range cannot find housing to purchase or qualify for conventional lending. This program should be expanded through the use of more local funding to provide additional flexibility. Two approaches could potentially be taken:

- Expansion to households making between 50% and 80% AMI. These households traditionally qualify for assistance under existing purchase-rehab-resale programs administered by

NeighborWorks Lincoln (see below) but demand does exist with households, especially low-income seniors, who are already in a home.

- Expansion to include first-time home-buyers earning between 80-100% AMI. These households may be able to assemble the downpayment and qualify for lending but would not qualify for the additional funding needed to make improvements to an older unit. A low-interest loan or deferred loan, paid out at the time of sale, would create an incentive for more moderate-income households to purchase and rehabilitate older housing units. As noted in Chapter 1, many of these households are currently living in rental units that would be affordable to households making less than 80% AMI. Thus by transitioning them into different housing units, an affordable rental unit is once again available. Requirements can also be put in place regarding residency and penalties for sales that occur within five years to discourage the use of the program by investors.

### Purchase-Rehab-Resale Programs

Currently, NeighborWorks Lincoln administers a purchase-rehab-resale program. Under this program, houses are acquired and sold in a rehabilitated or "turnkey" state to owner-occupants. The model recognizes the limited number of prospective buyers who want to carry out a major home rehabilitation project. The program works best when candidate houses can be purchased at relatively low-cost, usually due to their quality. In some neighborhoods in Lincoln, the competition with investors looking to purchase homes and convert them to rentals can drive-up prices limiting the effectiveness of the program. These types of programs often depend on federal dollars which limit the use of the funds to specific income ranges or non-rental units. By leveraging more local dollars, the program could be expanded with the focus on transitioning income-stable households out of affordable rental units and preserving the city's stock of existing affordable ownership housing. This could potentially be merged with the first-time homebuyer rehab program and administered by NeighborWorks Lincoln.

### Existing Rehab Programs

The city, LES, and nonprofits like NeighborWorks Lincoln have existing rehab programs. These include emergency rehabilitation and energy efficiency programs. However, few people know about these programs and funding for energy efficiency improvements can often go unused. Within the partnership, efforts should be made to expand funding for these programs and develop an awareness campaign to ensure no dollar goes unused in the effort to improve housing quality.



Before and after of one home using Lincoln's existing rehab programs.

### Moving Forward

The quality of affordable rental housing was mentioned numerous times in both the survey and listening sessions (see Chapter 2). Therefore, a priority should be the re-establishment of the rental rehab program. Funding should be identified through the partnership or potentially through a city bond initiative.

Lincoln has many strong neighborhoods but additional targeted code enforcements should be a priority. This will require added funding for staff and community outreach.

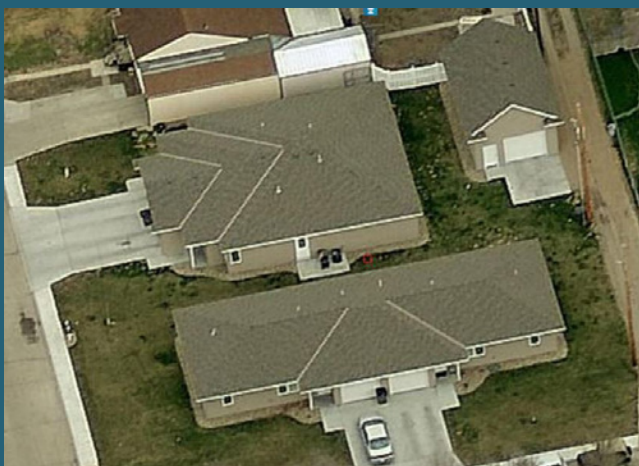
Working with the Chamber, a marketing campaign should be developed to inform residents of available rehabilitation funding. Ahead of this all parties need to confirm they are comfortable with the level of funding these programs have available.

## GRAND ISLAND, NEBRASKA: MICRO BLIGHT REDEVELOPMENT

The City of Grand Island has used tax increment financing to support small scale infill development in existing neighborhoods. Through the use of “micro-tax increment financing”, the city targets small concentrations of blight (vacant lots or dilapidated structures that require demolition). By calculating the additional value that would be created with a new duplex or four-plex, the CRA then issues a grant or loan that is given or sold to a developer that can be used to secure financing from a bank.

Allowable expenses include: property acquisition, demolition, site preparation, utility extensions and connections, sidewalk and landscaping, TIF fees and contracts, city development fees, engineering and architecture costs, and interest and financing costs. In the below example, the City of Grand Island used micro-TIF to support the demolition of a dilapidated single family home (valued at \$48,000) and the development of two duplexes with an estimated value of \$320,000. The redevelopment removed a blighted structure, created an additional four-affordable housing units, and brought additional tax base to the city without requiring additional infrastructure.

*The first step in testing this approach in Lincoln should combine information on unimproved land (Map 1.13) with city data on structures tagged for demolition to identify a site for use of a micro-blight. This could be done with an organization like NeighborWorks Lincoln, who struggle to find affordable sites.*



## EXPAND THE NUMBER OF AFFORDABLE UNITS

Over the next ten years, Lincoln will need 2,200 additional rental units priced below \$500 and another 2,800 priced between \$500 and a \$1,000 a month (Figure 1.22). In addition to maintaining the city’s stock of existing affordable units, new units will need to be added to address these demands. The following strategies provide an array of approaches that may have been used in Lincoln in the past and may be used in an assortment of combinations depending on the type of project.

One of the biggest hurdles to the development of affordable housing is the cost of land and the preparation of that land for development. The following are strategies for lowering these costs and risks as related to infill and new or “greenfield” development on the edge of the city. Additionally, shared risk strategies like TIF and property tax abatement can help increase the number of affordable units.

### Reducing Land Costs - Infill

Infill development has several benefits for communities. First, placing housing on vacant lots sustains the character of established neighborhoods rather than giving a perception of disinvestment. Second, roads and infrastructure already in place reduce the upfront cost of development. On the other hand, infill development does not always cater to large-scale projects, but rather new construction on a lot by lot basis. Additionally, developers are often not interested in working with multiple landowners, and the cost of site preparation (removing dilapidated structures or addressing aging infrastructure) increases costs for the developer. For these reasons, the city will continue to play a key role in the development of infill lots.

Map 1.13 in Chapter 1 identifies unimproved residential land. It is also important to note that infill lots should not be exclusive to those identified in this map. Infill may also include large sites in a redevelopment area or the use of an obsolete commercial site along a major corridor for higher density residential development. It should also be noted that any infill project needs to be well-designed to reinforce neighborhood quality and be appropriately placed. These are key tenets of the city’s existing Comprehensive Plan that are important to reinforce.

- **Land Assembly.** One of the biggest hurdles to infill development is the assembly of lots. Most developers do not have the capital, time, resources, or inclination to assemble lots from multiple property owners. The City of Lincoln and its Redevelopment Authority has played this role in the past and will need to continue to do so, potentially in an expanded effort. Infill sites should be located in areas that are substantially sound and attractive, albeit older, neighborhoods or corridors that will sustain and benefit from the higher cost of new construction. Ideal infill sites are clustered together, giving security for financing entities and increasing values in the surrounding neighborhood. A land assembly program may include the following components:



- › Using data collected by the city and displayed in Chapter 1, including Maps 1.11 through 1.14, priority sites should be identified. These sites could be eligible for expedited review or additional incentives for development of new affordable housing.
- › Expansion of city programs to acquire and demolish houses that are so deteriorated that rehabilitation is not feasible. First priority should always be on housing rehabilitation, but housing is built at different levels of quality over different time periods and may need to be removed. This program may begin with a target application to those areas with the highest number of code violations (see Map 1.11)
- › Negotiation with property owners to acquire targeted vacant lots.
- **Land Bank.** Land banks are governmental nonprofit organizations that can acquire vacant, abandoned or dilapidated properties for renovation or demolish for future development. Land banks are appealing in some communities because they allow for land assembly without the city having to hold and maintain properties. Nebraska current land bank legislation only applies to Douglas and Sarpy county. Legislation has been introduced to expand this beyond these two counties.
- **Free or Reduced Infill Development Lots.** Communities and not-for-profit organizations regularly have the opportunity to acquire property through estate gifts, tax delinquency, or property liens. While these surplus land assets must be maintained, these resources can be used as an incentive to encourage new housing development.

By offering free or discounted lots for new development, the total development cost is significantly less than in greenfield development, and the city reaps the benefit of using its existing infrastructure while also directing investment to help stabilize neighborhoods. Any costs incurred by the removal of a dilapidated structure or legal costs can be recaptured over time with the property taxes generated by the new development.

The partnership should also play a role in lot availability. Entities within the partnership may assemble or prepare land for development of housing targeted at households making less than 80% AMI. This role is no different than the assembling or preparation of land for business and industrial development that has occurred for many years in our communities. Sites should be coordinated with the city to ensure they fit into the overall land use and transportation vision for the city. Appropriate sites should have good access to public transportation and fit within the context of the neighborhood.

## INCLUSIONARY HOUSING

In past studies and during the community engagement process the implementation of inclusionary housing, or more commonly known as inclusionary zoning, was encouraged. These regulations aim to create affordable housing by encouraging or requiring developers to set aside a percentage of housing units to be rented or sold at below-market prices. Opponents often cite concerns over the impact that these regulations will have on pricing and development activity. In other words, the lost revenue on the restricted units will just be shifted to the market rate units or developers will slow production because of lost revenue. These types of regulations have been around for over 40 years in the United States and have grown in popularity since 2000. Despite numerous examples, determining their effectiveness is difficult. The main reason is the wide diversity in the regulations that are established. Inclusionary housing policies can apply to rental or for-sale units and can have varying features, including:

- › Whether they are mandatory or voluntary
- › The set-aside amount
- › Eligibility (such as income limits)
- › How long the units will remain affordable
- › Opt-outs such as in lieu payments or building units off-site
- › Incentives

All of these factors make it very difficult to determine the effectiveness of these programs. With the inability to determine effectiveness and the controversy that these regulations can create it appears that more known strategies for securing affordable housing would be appropriate for Lincoln. However, developer involvement in funding should not be overlooked. Just like any major business or employer in the community, they should play a role in the partnership and potentially assisting in the funding of gap financing when their products only serve higher income households (above 120% AMI). The following page offers one example of a requirement with incentives.

## OPPORTUNITY HOUSING ORDINANCE

### Bloomington, MN

In February 2019 the City of Bloomington passed the Opportunity Housing Ordinance requiring all new housing and substantial housing rehabilitation projects with 20 or more newly created units to offer at least 9% of units at affordable rates of 60% AMI or less<sup>1</sup>. The ordinance took several years to develop and included developers, affordable housing experts, and other stakeholders in the process.

To offset costs developers can use incentives and financing options like housing tax increment financing, land write-down, and project based housing vouchers. Incentives include:

- › Density bonuses
- › Floor Area Ratio Bonuses
- › Height Bonuses
- › Parking Reductions and Enclosed Parking Allowance
- › Minimum Unit Size Reduction
- › Alternative Exterior Materials Allowance
- › Storage Space Reductions
- › Landscape Fee In-Lieu Reduction
- › Development Fee Reimbursement and/or Deferment
- › Expedited Plan Review

The amount of incentives available to the project is directly correlated to the number of affordable units or the amount of affordability. Developers have the option of contributing land or money to the affordable-housing trust fund at a rate of \$9.60 per square foot of market-rate housing they build.

*Lincoln's market is different from Bloomington, a more suburban community. For this reason direct application of this type of program may not have the same results. However, development of an affordable housing fund that is supported by developments designed for households making over 120% AMI could create a pool of funding for affordable housing and encourage development of more affordable housing.*

[www.bloomingtonmn.gov/oh/opportunity-housing-creation-and-preservation](http://www.bloomingtonmn.gov/oh/opportunity-housing-creation-and-preservation)

<sup>1</sup> For newly constructed or infill single-family detached residential developments with 20 or more new units, at least 9% must be affordable to households making up to 110% AMI.

## Reducing Land Cost - New Site Development

The current process for lot development places most of the cost on the developer who then passes on the costs through rental rates or home purchase. This is not the fault of the developer nor the city. The developer must cover their costs and most cities do not have a pot of money from which they can fund new lot development (most are struggling to maintain existing street and infrastructure). For households making at or above the city's AMI and who can afford the market rate rental or homeownership over \$200,000, these costs can be absorbed; therefore, strategies should be targeted to developments that produce units affordable to lower-income households. Additionally, developments should use these programs as efficiently as possible. Low-density, suburban style developments should not be eligible for these programs. Rather, these strategies should apply to higher density developments or innovative medium density (above six units per acre) projects that address what is often referred to as the "missing middle housing."

- **Shared Cost.** The public share might be 30% to 50% of construction cost. Repayment is derived from the added property taxes created by new development. The city has precedence for this, sharing some cost of infrastructure when the units have been affordable, but has no established program. Under a standardized program, shared cost would only occur when 50% or more of the units are affordable with the blend of affordability tied to the level of shared cost by the city.
- **Special Assessments.** In many communities, special assessments are used to finance new infrastructure. While assessments reduce the initial purchase price of the house, they are repaid through monthly payments, and therefore add to the monthly and overall cost.
- **Subordinate Payments.** The city front-ends a portion of public improvements, repaid over a longer period through a second mortgage on the property. This reduces payments over special assessments by extending the loan term and reducing the principal. The city could also use a portion of the property's city taxes to pay down the infrastructure cost.
- **Expedited TIF Process.** The use of Tax Increment Financing is often necessary to make a project work even at market rate rents (the "but for" test). As noted earlier, time can correlate to money. Generally speaking, the City of Lincoln does a good job moving projects through the development process, at least in comparison to other similar or larger size cities. However, the TIF approval process can take several months. An expedited process could be tied to a 40% or more of the units being affordable.

In recent years the use of Sanitary and Improvement Districts has been suggested as away to bring more lots to the market. While it is one approach that can be used in Nebraska for lot development

it does not necessarily help with the production of affordable housing. When the city uses SID's to finance development, it effectively defers property tax revenue gained from new development to finance infrastructure. While it lowers risk to developers it presents other significant implications for city growth:

- Infrastructure costs for SID-installed improvements can be significantly higher than those developed by the city. This is because "soft costs" -- fees for engineering, legal assistance, bond counsel, fiscal agents, and others -- are added to the capital cost of the projects. These costs are then passed on to the homebuyer through property taxes.
- Because SID's can only exist outside of city limits, they tend to encourage decentralized development that can decrease density and increase the cost of routine public services, including public safety coverage.
- The actual taxes paid by property owners can be uncertain. Because debt retirement is based on property tax revenue, slower than expected development requires the SID to raise the tax rates to repay its debt obligations.

### Increasing Number of LIHTC

The low income housing tax credit (LIHTC) program has produced over 2,000 affordable housing units in Lincoln since 1987 but compared to Omaha, Lincoln has had fewer developers using this tool. Adding to this struggle are the changes in the tax code that occurred in 2017. The Tax Cuts and Jobs Act of 2017 lowered the corporate tax rate, which made tax breaks like LIHTC's less appealing. The effect was almost immediate. The value of individual tax credits fell from \$1.05 per credit in November 2016 to 90 cents each. The market has rebounded some, but at less than a \$1 per credit, developers are scrambling to fill the gap. In some places, including Omaha, developers have chosen to focus on market rate developments rather than struggle to find the funding necessary to complete low-income housing.

To increase the appeal of using this program, filling the gap between what the credits can cover and development costs will have to occur. This can happen through a number of strategies including below market rate loans through the lending consortium, TIF, and cost sharing on land and infrastructure.

### Moving Forward

Combining the information in Maps 1.11 to 1.14, older but stronger neighborhoods with good infill potential should be prioritized for infill development. In these areas TIF should be tied to any LIHTC projects. Additionally, the city should review the existing inventory of land owned by the city and identify potential sites for housing development. These sites will then be first priority for a free or reduced lot program when used for affordable housing.

Initiatives identified earlier around the development of a housing partnership and lending consortium can be directly applied to lot development and gap financing for low income housing projects. This should be one of the priorities for the funding pool.

## HOUSING BONDS

### Greensboro, NC

In October 2016, Greensboro put to vote a \$25 million bond project to fund the purchase, construction, and improvements to housing for low to moderate households. Projects include housing or neighborhood revitalization programs or providing loans and grants to individuals, developers, or other organizations for both single and multi-family projects. The bonds are projected to leverage \$54 million in investments on 1,007 housing units.

Projects include:

- › Development or buyer assistance for 320 units of workforce housing
- › Code compliance repair through a revolving load fund for 120 repairs with property liens
- › Handicapped accessibility improvements for 80 units
- › 27 new supportive housing units targeted to homeless/disabled/veterans.
- › Revolving loan fund for 50 low income homebuyers
- › 150 units of heating systems, lead-based paint, health hazards and emergency repairs
- › 150 affordable multi-family units
- › 30 owner-occupied home rehabs

Using a city bond initiative is not exclusive to larger cities like Greensboro. Newton, Iowa population 15,000, used a bond initiative to assist with subdivision development and incentivizing housing construction after the Maytag closing resulted in a loss in confidence by the development community.

*For Lincoln, an affordable housing bond should be used for both the preservation of existing affordable units and the development of new units.*



## EMPLOYEE HOUSING

### Schuyler, NE

The Schuyler Community School District adopted a Workforce Housing Initiative Pilot Program (WHIPP) to reinforce their commitment to the philosophy that employees should reside within the community they work. This philosophy recognizes the mutual benefits to the organization (increased retention), the community (additional residents), and the employee (increased stability and decreased transportation costs). In addition, to developing new single family homes, the WHIPP offers the following incentives to employees to rent or buy the new housing units:

Eligibility for a \$1,000 bonus to employees moving into the district and the following:

- › Home renter subsidy of \$1,000 annually for a maximum of five years; or
- › Home owner subsidy:
  - » \$2,000 annually for a maximum of five years; or
  - » Lump sum subsidy of \$10,000 for downpayment and closing costs on a WHIPP approved home

Funding is budgeted annually by the school district for the program.

*This type of program is a great example of how a major employer and community partner can play a role in housing. For Lincoln, the employer could transfer this type of funding or budget allocation to development of rental units that would be affordable to their particular workforce.*

[www.livene.org/nifa/resources/?item=10688](http://www.livene.org/nifa/resources/?item=10688)



## INCREASE MOBILITY IN THE MARKET

In Lincoln's market today, there are thousands of households earning over \$75,000 a year living in units that are affordable to lower-income households (see Figure 1.19). These households remain in their homes for a variety of reasons including a lack of units that are appealing to their needs and income. This creates low mobility in the market. Some of the previous strategies, which increase the number of affordable units will help, but greater housing variety will also be necessary.

Variety, both in housing type and lot size, provides for interesting neighborhoods and accommodates changing household preferences, but, more importantly, provides affordable housing options. Even describing these units as "missing middle" housing can be too narrow. Housing variety should include townhomes, senior living facilities, low/no maintenance condominiums, accessory dwelling units, multi-family development, and even small lot single-family. In addition to earlier strategies, housing variety can be supported through:

- **Demonstration projects.** While many stakeholders expressed a strong appetite for the types of housing products listed above, there are few contractors building these products. To illustrate these new products or innovative development configurations will work, it may be necessary to develop a demonstration project. While developers can consider incorporating limited elements into their projects voluntarily, a demonstration project may require assistance. Types of assistance include: gap financing, infrastructure assistance, financial or tax assistance, and/or expedited permitting. The recent container housing projects may be a good example of this type of strategy in Lincoln.
- **Empty-nester and retiree housing.** Service providers in the city indicated the market for assisted and skilled nursing will likely continue to be met by the city's current supply, or at least adequate growth in these units has been occurring without intervention. However, many stakeholders noted units that would be appealing to empty-nesters or retirees looking to downsize in either size or maintenance are hard to find. The type of housing a person looks for is directly correlated to his/her stage of life. Approaches to consider include:
  - › Using many of the techniques outlined earlier in regard to lot development. Lots or redevelopment sites can be designated for housing types that would be more appealing to seniors. These should include units with common maintenance, smaller square footage, and universal design standards.
  - › Affordability problems are often most severe among fixed-income retirees. Specific strategies for development of additional affordable units was touched on earlier, and opportunities to combine programs should be encouraged. Under one concept, a nonprofit such as NeighborWorks Lincoln could purchase the resident's existing house for

rehabilitation and resale to a young household, and apply all or part of the purchase proceeds to rent or equity in the new senior setting. This combines the purchase/rehab/resale program with a senior-oriented development.

- › Urban living opportunities, including downtown, mixed-use centers, and revitalization of older commercial corridors can be very appealing options for empty-nesters and newly retired professionals. Lincoln has seen some of this in the downtown condo market, but the vast majority of these units are not affordable to moderate-income households. Low-maintenance units close to services and entertainment allow individuals to live more active lifestyles. The demand for this type of unit by the nation's aging Baby Boomers is only growing. Adding these units to downtown, commercial centers like Havelock, or corridors like South 48th Street would mix housing with services already available to residents. Encouraging these types of development may require zoning changes that allow for mixed-use and high-density developments or gap financing to support the production of units that are affordable to moderate-income households (80-120% AMI).
- **Rent-to-own.** These projects provide a middle-ground approach between ownership and rental occupancy, giving new residents who cannot afford homeownership at present an avenue to build equity in a community. In the rent-to-own program, a portion of the family's rent is placed in an escrow account for a future downpayment. At the end of a specific period, the residents can then use the accumulated downpayment escrow to purchase either a different house or a unit in the program. Rent-to-own programs have the advantage of providing rental housing to residents, while incorporating aspects of owner-occupancy.

In Nebraska, these projects are developed under the NIFA program called CROWN. Traditionally, they have been done as single-family detached units in greenfield developments. For Lincoln, this model may not be as appropriate due to land costs. Instead the program should be used to add ownership on infill lots within a specified neighborhood. As a single-family infill project a minimum of 12 lots within a single neighborhood would be needed. Other ownership configurations should also be explored, such as higher density townhome development. The CROWN program does use tax credits, therefore, gap financing would likely be required.

### **Moving Forward**

As part of the Redevelopment Authority's strategic planning session identified in the Sharing Risk section, the Authority should consider encouraging housing variety when using city incentives. This may include expedited processes when a project is providing a mix of housing products or a product that is a very low percentage of the Lincoln market. This can include price-points in low-supply.

## **COMMUNITY-BASED ACTION & RISK SHARING**

Risk sharing is noted throughout this document as a vehicle for addressing housing challenges. However, communities cannot simply wait around for development opportunities and developer interest. Small communities understand this best. Residents and stakeholders within several communities in Iowa are recognizing the need to take action by pooling their own resources and expertise to act as the developer. Two examples are described below:

- › **Fairfield, Iowa.** A group of local stakeholders combined equity stakes to act together as the developer and builder of 27+ townhomes and duplexes in Fairfield. Risk sharing included private equity, City TIF funds, tax abatement, and Iowa Workforce Housing Tax Credits.
- › **Humboldt, Iowa.** Similar to development in Fairfield, local stakeholders pooled equity to finance 32 single-family and duplex units. The City helped share risk through TIF financing and tax abatement.

*These are a couple examples of local action to share risk and start a grassroots, proactive effort for housing development. For Lincoln, examples like this are not about the product type or price point, but rather, the ability to take action on a local level.*

These projects were assisted in part by 571 Polson Developments, LLC. For more information on these and similar projects in Iowa go to: <https://571polson.com/>

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## EXPAND NEIGHBORHOOD REINVESTMENT

Over the last several decades, Lincoln has made a concerted effort to stabilize and improve older neighborhoods. While there are pockets of troubled housing, the vast majority of the city's housing stock is in good condition. Maintaining housing and improving units that are in disrepair should stabilize neighborhoods and encourage private investment.

Many of the strategies and funding sources identified in the previous sections on preserving and expanding affordable housing will support neighborhood reinvestment. In addition to these strategies, the city will need to be thoughtful about how reinvestment occurs. Respecting and understanding the character and investments residents have made is just as important as the programs that are implemented.

### Balance Expanding Housing Options and Neighborhood Character

Many pre-1940 neighborhoods were developed with a variety of housing types. The neighborhoods often had 4-plexes on corners, duplexes in the heart of a block, and accessory dwelling units scattered throughout a neighborhood. This mix of housing gave neighborhoods variety and character. The desire to add these options and use infrastructure more efficiently has many looking to add density to existing neighborhoods. For current residents, this raises many questions and concerns about what infill and redevelopment would mean to their neighborhood.

It is important for infill development to complement the character of the existing neighborhood and provide appropriate transitions where needed. Principles that should be considered with any infill development include:

- **Transitions.** Provide a transition between higher intensity uses and lower intensity uses to address compatibility issues.
- **Scale.** The size and height of new buildings are in keeping with surrounding buildings or the context of the neighborhood.
- **Context.** The design fits the housing styles around a site even if the type of units are different. Other context variables on a site may include views that enhance the site or stormwater facilities add open space amenities.

### Moving Forward (Neighborhood Policy Areas)

The impact of housing rehab and infill development may be diminished if done in a scattered approach. To avoid this, the city should develop neighborhood policy areas. This process should build on the Nodes and Corridors strategies identified in the current Comprehensive Plan and be expanded upon as part of the 2050 Comprehensive Plan. The approach would involve identifying a limited number of neighborhood types based on common characteristics. Using those characteristics as a starting point, a set of policies would be established that would guide infill, redevelopment, and greenfield development programs and strategies. This would allow the city to begin to better assess and target housing strategies and policies. This process should provide residents and developers with more predictability about the role the city will play and the end result that is expected by both the city and neighbors.



## ENSURE POLICIES & CODES SUPPORT AFFORDABLE HOUSING

Nationally, there is growing discussion regarding the negative impact ordinances have on the development of affordable housing. As shown in this study, there are numerous factors on the ability to produce affordable housing exclusive of codes. However, cities need to make sure that once these hurdles are overcome, the zoning code does not prohibit or add time to the development of affordable housing.

Lincoln's code is like many codes, in such that it was originally produced several decades ago and over time has had numerous amendments. Generally, the code allows for the development of most product types and has very few site development requirements that limit the ability to try new product types. However, the complexity, and thus uncertainty, of the code may create unpredictability and concern about the review and approval process. Thus, developers continue to return to what they know will have the fastest and smoothest approval process.

The following are revisions that should be considered to improve the usability of the code.

- Review past minor modifications and exceptions granted on residential development. If there are more than four or five similar exceptions in a given year, consider making the exception allowed by right.
- Consider reducing or eliminating parking requirements for low-income or affordable housing units, especially if they are within a half-mile of a bus line.
- Review set backs, site coverage, and parking requirements for the nonconforming small or tiny lots that exist in the city today.
- Evaluate nonconforming building regulations to ensure compliance requirements focus mostly on properties with records of nuisance or building code violations rather than merely seeking more properties to align with regulations that did not apply at the time of construction. Examples include:
  - › Restoration after damage - Exempt residential uses in residential zoning districts from the 60% compliance trigger for lot size, setbacks, building size, and parking when damaged. Instead, allow restoration of these damaged structures to the condition at the time of damage.
  - › Adaptive reuse and reconstruction - Specify adaptive reuse and reconstruction is allowed for any nonstandard building so long as the property has no known nuisance complaints or safety violations
  - › Special permits for nonconforming structures - Exempt special permit requirements for reconstruction or structural alteration of residential uses if not changing the setback, height, or area as existing today

## CAMPUS TOWN REDEVELOPMENT INCENTIVE PROGRAM (CTRIP)

### Maryville, Missouri

The CTRIP program was created by the City of Maryville, Missouri in 2013 as a way to encourage infill development and remove blighted and dangerous properties.

- › Purpose: Incentivize property owners within the Campus Town Overlay to enhance the area through infill and development
- › Program: Demolition debris, building permit, and water and sewer tap fees eliminated
- › Success: Supported development of approximately 12 projects in the neighborhood ranging from duplex to a 16 unit building. Approximately 45 dangerous structures removed within three years

*A program similar to the CTRIP could be targeted to neighborhoods struggling with property violations (Map 1.11) and in need of redevelopment. The opportunity zone areas would be a good place to start when considering a program similar to this.*

[www.maryville.org/docview.aspx?docid=32939](http://www.maryville.org/docview.aspx?docid=32939)

- Consider where there are opportunities to increase the city contribution for wastewater, storm drain, and water improvements. An option is to tier contributions at a higher percentage in areas of high-density residential development or when 50% or more of the units will be affordable to households at 80% AMI or less.
- Allow more residential uses in commercial/employment districts.

Policies could be established especially as it relates to city assisted projects that require a certain level of affordability or acceptance of housing vouchers. TIF funded projects in the past have required developers to accept vouchers or set aside a number of units for housing voucher acceptance. The city should consider expanding TIF policy to require creation of affordable units at certain levels of AMI or set aside units for voucher tenants. Another policy could include requiring affordable units as part of developments that require the extension of city utilities and services.

### Moving Forward

City staff will need to review and prioritize the policy and code changes recommended in this section for revision. Once this is complete a "housing affordability zoning ordinance" update should be taken to the community to review and comment. Once the public has provided input revisions would be taken to the Planning Commission and City Council.

## APPLYING THE STRATEGIES

As noted earlier in this document, affordability is defined differently for every household. During discussion with stakeholders, many noted the struggle to find housing for those making between 80% and 120% AMI. Affordability for these households may be an issue, but there will need to be different strategies applied based on household income and product types. The following matrix summarizes program approaches based on household income and affordable housing options.

**FIGURE 4.1: Program Matrix**

Household Incomes	Affordable Rent	Affordable Ownership	
<\$15,000	>\$300	-	<ul style="list-style-type: none"> <li>- Public housing</li> <li>- Section 8 Vouchers</li> <li>- State and federal programs for very low income</li> <li>- Senior only housing tax credit rentals</li> <li>- Existing city emergency housing programs</li> <li>- Gap financing for land and infrastructure costs</li> </ul>
\$15 - \$25,000	\$300-\$500	-	<ul style="list-style-type: none"> <li>- Rental rehab programs</li> <li>- Low Income Housing Tax Credits</li> <li>- Gap financing for land and infrastructure costs</li> <li>- Gap financing for tax credit projects</li> <li>- Free or reduced price infill lots/sites owned by the city for higher density developments</li> </ul>
\$25 - \$50,000	\$500-\$999	\$60,000-\$124,999	<ul style="list-style-type: none"> <li>- Mixture of rental and entry-level homeownership</li> <li>- Market rate rental development with gap financing units that are 80% AMI</li> <li>- Depending on household size Low Income Housing Tax Credit</li> <li>- Gap financing for tax credit projects</li> <li>- Housing rehab grant or loans for first-time home buyers</li> <li>- Sweat equity programs (Habitat)</li> <li>- Rent-to-Own (CROWN)</li> <li>- NIFA program (down payment assistance &amp; first-time home buyer)</li> <li>- Free or reduced price infill lots for units that are 80% AMI</li> </ul>
\$50 - \$70,000	>T1,000	\$125,000-\$199,999	<ul style="list-style-type: none"> <li>- Mixture of rental and homeownership</li> <li>- Market rate rental development</li> <li>- Housing rehabilitation and neighborhood revitalization programs</li> <li>- Infrastructure and lot development assistance for units affordable to 80-120% AMI</li> </ul>
\$70,000+		\$200,000+	<ul style="list-style-type: none"> <li>- Mixture of rental and homeownership</li> <li>- Market rate development</li> </ul>

Source: RDG

## IMPLEMENTATION TABLE

The following table is a summary of the recommendation in this chapter. Each recommendation is characterized according to leadership, needed partners, and timing or priority. It is often challenging for a study to identify every potential program or strategy and the strategies and policies in this study should be viewed as a starting point that can be built upon and evolved to create a healthy housing market for all.

**FIGURE 4.1: Program Matrix**

Recommendation	Leadership	Partners	Timing
Build Strategic Partnerships	Lincoln Chamber of Commerce & City of Lincoln	Multiple partners	Short
Expansion of Nonprofits Development Corporations	South of Downtown Community Development Organization (SDDC) or other motivated organization	City of Lincoln, NIFA, Chamber of Commerce	Short for SDDC Long for new
Lending Consortium/Trust Fund	Chamber of Commerce	Multiple partners	Short
Tax Increment Financing	Redevelopment Authority	Urban Development Department & Planning Commission	Medium
Property Tax Incentives	City of Lincoln & State of Nebraska		Medium
Rental Rehabilitation Program	City of Lincoln	Chamber of Commerce/Lending Consortium	Short
Code Enforcement	City of Lincoln	REOMA	Medium
Landlord Seal of Approval Program	Landlord Association	City of Lincoln & Chamber of Commerce	Short
First-Time Homebuyer Rehab Program	City of Lincoln or NeighborWorks Lincoln	Lending consortium, NIFA	Medium
Land Assembly	City Redevelopment Authority	Lending consortium, NIFA	Medium
Land Bank	Chamber of Commerce	City of Lincoln	LB 424
Free or Reduced Infill Lots	City of Lincoln	Non-profits and housing partnership	Medium
New Site Development Strategies	City of Lincoln	Various city departments	Strategy used would be project specific
Increase number of LIHTC	Chamber of Commerce/Lending Consortium	City of Lincoln	Short
Demonstration Projects	Developer	City of Lincoln, Lending Consortium	Medium to Long
Empty-nester & Retiree Housing	Developer	City of Lincoln, Lending Consortium	Medium to Long
Neighborhood Policy Areas	City of Lincoln	Neighborhood Partners	Medium (2050 Comprehensive Plan)
Ensure policies and codes support affordable housing	City of Lincoln	Planning Commission; Development Community	Short

Source: RDG

## FEEDBACK METRICS

**COMMENT PERIOD: MARCH 1, 2020-MAY 15, 2020**

**COMMENTS RECEIVED: 58**

**MEETINGS HELD: 8**

**LETTERS RECEIVED: 4**

**WEBSITE VIEWS: 216 over 47 days**

The draft plan was posted on the project website and available for review for two and a half months. During the review period, city staff held eight public meetings by Zoom with advocacy and neighborhood groups to gather feedback. Additionally, comments were gathered via mail, email and through the project website from a variety of residents and stakeholders. All comments were reviewed and considered before determining if they would be included in the final report. Fifty-eight (58) comments, representing 8 common themes were received. Comment themes and project team responses are noted below.

- A feasibility study for inclusionary housing is needed.
  - › The city should study the benefits and drawbacks of inclusionary housing in Lincoln.
- Periodic inspections of interior rentals (not just public spaces) should be required in order to ensure the adequacy of Lincoln's existing affordable rental stock.
  - › The plan does recommend expansion of code enforcement to include proactive inspections (see page 80).
- A solution is needed that requires landlords to accept all types of income including housing vouchers.
  - › The city has required acceptance of housing vouchers in individual projects funded through TIF and could expand upon this as identified on page 89.
- Housing affordability is strongly tied to public transportation availability. Several comments supported the need to provide affordable housing with direct access to public transportation and not on the fringe of the city.
  - › This is addressed on page 70, 71 and 83, but more coordination should occur during the preparation of StarTran's Transit Development Plan to ensure route extensions and changes serve affordable housing developments. The upcoming Comprehensive Plan Update could also include language in the nodes and corridors section surrounding placing affordable housing at key public transportation nodes.

- Several comments related to modifying zoning regulations to support more affordable housing options. Specific changes recommended are below, however many of these are addressed on page 89 of the report.
  - › Allow homeowners to convert single-family homes to multiple-family dwellings
  - › Higher density zoning categories in neighborhoods across the city
  - › Remove code barriers to new housing where possible (fewer parking & setbacks requirements, taller height allowances, as much as possible by-right)
  - › Remove household size limits
- Emphasis needs to be placed more on households in the bottom 25% AMI and housing for homeless or near homeless first, before any other issues are addressed.
  - › The Homeless Coalition and other agencies are doing great work in this realm therefore this plan does not focus on strategies specifically targeted at homeless or near homeless groups.
- Increasing costs are a large part of the problem. Rising property values are driving rents up as are labor costs for completing repairs when landlords can find skilled workers (who are also in short supply). Another factor driving housing costs up are tear downs and rebuilds. Existing housing supply needs to be preserved.
  - › Unfortunately rising labor costs and ability to find skilled workers is not easily resolved by a city government. However, supporting preservation of existing housing and avoiding tear downs and rebuilds is a part of the plan beginning on page 79 along with recommended partnerships with organizations in the community that may impact these issues.
- A variety of additional comments were received from individuals including potential financial avenues.
  - › One financial avenue that could now be explored is a land bank, which was approved by the legislature in the summer of 2020.

The Lincoln City Council approved the plan with the following direction:

- As we chart the future of Lincoln's growth, housing affordability in all sectors should be addressed within the Lincoln Lancaster County 2050 Comprehensive Plan.





