

BRIEFING NOTES

NAME OF GROUP: PLANNING COMMISSION

DATE, TIME AND PLACE OF MEETING: Wednesday, March 2, 2016, 11:30 a.m., Bill Luxford Studio, Room 113, County-City Building, 555 South 10th Street, Lincoln, Nebraska.

MEMBERS IN ATTENDANCE: Michael Cornelius, Maja Harris, Chris Hove, Jeanelle Lust, Dennis Scheer and Lynn Sunderman; (Cathy Beecham, Tracy Corr and Ken Weber absent).

OTHERS IN ATTENDANCE: David Cary, Brandon Garrett, Mike Brienzo, Kellee Van Bruggen Stacey Groshong-Hageman, Paul Barnes and Teresa McKinstry of the Planning Department; Wynn Hjermstad of Urban Development; Brendan Lilley of Lancaster County Engineer; and Larry Potratz of Lincoln Housing Authority

STATED PURPOSE: Briefing “**LPlan 2040 Comprehensive Plan Update**” by Planning staff

Chair Chris Hove called the meeting to order and acknowledged the posting of the Open Meetings Act in the back of the room.

David Cary stated that today’s briefing is regarding Chapters 6 and 7 of the Comprehensive Plan. A lot of the updates will be regarding things that have already happened. We want to have a discussion about policy as well. By the end of March, we will have reviewed all the chapters.

Brandon Garrett stated that the Planning Commissioners have probably noticed a lot of reference to these chapters in staff reports. Major topics for Chapter 6, Mixed Use Redevelopment include nodes and corridors, conversion of commercial land to multi-family and greater downtown. He showed a map for the mixed use Nodes and Corridors showing where there may be greater opportunity for redevelopment. Along N. 27th St. and S Street is new residential called Hartley Flats. Holdrege and Idylwild is a higher profile project. That is a mixed use with residential on the upper floors. Since the adoption of the Comprehensive Plan, we have experienced a lot of conversions from residential and other land uses in the plan. N. 14th St. and I-80 has completely filled in with apartments. S. 91st and Pine Lake Rd. is actively building apartments. Wilderness Ridge has a large office area shown in the Comprehensive Plan, but it has filled in with a lot of apartments. There has been some additional approvals for the undeveloped parcels. N. 84th St. and Holdrege was approved in the late 1990’s as an office park. Apartments were approved and constructed. North of S. 40th St. is the Super Target.

Area surrounding it was zoned for office and they opted to plat it out for townhomes. SW. 30th St. and West A is apartments that was previously shown as commercial. N. 33rd St., north of Peter Pan Park was an industrial remnant. It was infilled with residential.

Harris questioned if the development for SW. 30th Street is on the City Council agenda. Paul Barnes believes the applicant is trying to coordinate an appeal.

Garrett continued that since 2010, there has been building permits for 1,170 dwelling units in greater downtown. This is over 3,200 bedrooms. In addition to that, the University of Nebraska Lincoln (UNL) has added 272 suite-style units. This is 1,034 bedrooms. Since 2010, 4,200 new bedrooms have been added. The six year growth is greater than the population of 33 Nebraska counties.

Lust wondered how staff feels about converting industrial and commercial to housing. Garrett believes the plan encourages housing into commercial areas. In a lot of cases, it is not wiping out all the commercial. Northwoods is an example of mixed use with residences and commercial. He believes it is in line with our goals. Another part is the huge inventory of commercial land. He thinks there are multiple things happening.

Garrett continued with the Neighborhoods and Housing Chapter. With regard to Building Activity, building permits have increased. Multi-Family has accounted for 46.4% since 2010. There seems to be strong demand continuing for multi-family.

Lust inquired if the rental rates are tracked. How affordable is some of this? Garrett thinks that is something we can look into using American Community Survey data. He believes the data is available. He will pursue this.

Hove finds it surprising that building activity for duplexes was only 0.2%. Garrett believes duplexes are a dying breed. They seem to be more typical of older neighborhoods. Many areas were downzoned. Design Standards may have made it more difficult as well. There is the possibility that in terms of lending practices, it may be more difficult to obtain a loan of two units on one single lot.

Lust would like clarification of a duplex versus a townhome. Garrett replied they a lot of similarities. The main difference is that townhomes each have their own lot. Duplexes are two units on one lot. There are fire code differences as well.

Garrett stated that building permits have been very consistent. The single family market dipped down in 2010, but there seems to be a change going forward.

He believes a lot of heated testimony before Planning Commission has been related to Special Needs Housing. We have projections from our consultant for population. This helps us to

predict our needs for that type of housing. The most recent data shows that our population over age 65 will about double from 2014 to 2040. With the 85 and over group, it is more common to need a little more assistance. We get questions on how much more demand there is for assisted living. He thinks it is good to know that there is no end in sight for demand in the long term.

Harris inquired how communities like Bishop Square and elective retirement communities are factored in. Garrett replied that staff doesn't track assisted living very closely. We have a list of approvals, but we don't go out and survey to find out where the concentrations of older residents live. Aging in place is number one in a survey. Harris wondered if staff thinks this is the desire to be independent as long as possible. This could curb the demand. Garrett believes he was being conservative in his numbers. You will have people with needs or disabilities that other people their age don't have. Cary added that if there was a shift over the next 25 years or so, if a product was put out to entice a higher population to go into assisted living, there would be an impact on existing housing stock. He doesn't know what this option would be, but it is something we could take a closer look into. Garrett thinks part of the answer is housing, but a larger part is the service provision. Getting prescriptions and groceries delivered to your house is already being done.

Garrett stated that a letter was sent to Planning Commissioners from Larry Potratz of the Lincoln Housing Authority. He is in the audience today to answer any questions.

Lust inquired what types of things are envisioned that would encourage affordable housing. Larry Potratz replied that part of the problem is cost. As long as the city keeps growing, there will be demand for rental units. Lenders putting the brakes on loans will slow the movement from rental to homeownership. One of the biggest programs out there helps with new construction. There is a federal program aimed at the working poor. These are individuals that don't qualify for housing assistance, or they may qualify but it is not enough. That program stopped developing in Lincoln about 2011 or 2012. That was a direct result of action by the Lancaster County Assessor's office. They put values on the tax credit properties as if they were market rate properties. Under the program, there was maximum rents for those with income under 60 percent of the median. Rents are capped to accommodate these individuals. The Assessor came in and valued the properties as if they were market rate units. We haven't developed new tax credit units since that time. He wants to encourage looking more at existing housing stock. The problem we find is that older housing stock is lacking in condition. Inspections and quality standards are basic minimums. Relying on the existing housing stock and providing affordable housing is the way to go in Lincoln. Development of new housing will be very rare. As we go through and redevelop downtown or areas near there, we are losing affordable housing stock and that isn't being made up. When the city grows, so does the number of low income individuals. There are a lot of service type jobs in Lincoln. They are minimum wage and many times, no benefits. That is not enough income to afford a rental unit.

Hove asked when the Assessor evaluated those properties at market rate, does the owner pay the higher real estate tax? Potratz stated that we have gone to court to have land use restrictions and the rent caps considered, and use the income approach to determine the value of the units. The court case was just recently solved this last year. Hopefully that will be incentive for others to get involved in that program. Right now, housing is such an important economic development in smaller communities. Low income housing is an economic development program. If you are spending fifty to seventy percent of your income on housing, you have less money to spend on other things. This affects the economy. Right now we are seeing a lot of older people who have lost their job or retired. They rely solely on social security. That is not enough money to pay rent. With that as their sole means of income, it is not enough to live on. Affordability and the elderly will be an issue as we go forward.

Lust questioned if Lincoln has a big waiting list for Section 8 housing. Potratz replied yes. There are about 4,000 households on the waiting list. We have an open waiting list. You can come in and apply, but victims of domestic violence, lost your housing because of a storm or homeless, you have priority. On average, we turn over about 40-50 vouchers a month. We are seeing a new phenomenon of individuals from other cities who know we have an open list. We see a lot of people who come to Lincoln to take advantage of the voucher program. Under the voucher program, you have to stay here one year then they can go back to the state they came from with their voucher. We get a set amount of money every year. If someone goes back to San Francisco for example, the rent is three times more expensive than Lincoln and it eats up more funding. In 2013-2014, we had a federal sequester of funds. The voucher program was cut off. After that, the U.S. Housing and Urban Development Department (HUD) funded us, but there was a major cut. We subsidize private rents and rents are going up.

Harris noted that Potratz mentions in his letter a desire to bring housing to code. What triggers an inspection? Potratz replied that the maximum number of units we inspect each year is about 2,800. We don't inspect all units in the city, just those that want to participate in the program. The quality of standards are very minimum. Lead based paint can be an issue. A lot of owners of older buildings don't want to participate for that reason. We inspect each unit that we assist at least yearly. Elderly housing is inspected every other year. Every voucher has to be inspected before they move in and then yearly after that. You can go to www.l-housing.com for more information.

Garrett continued that there has been an increase in Lincoln's rental market. Looking at occupancy numbers and homeownership, the renter occupied units have increased. Owner occupied has gone down a little. 2,083 owner occupied units have been added since 2009. 5,412 renter occupied units were added in the same timeframe. These numbers are from the U.S. Census Bureau's American Community Survey.

Hove sees that in the last five years, owner occupied has declined slightly. He wondered if these are being replaced by people who buy the properties and rent them out. Garrett replied

that could be a possible answer. He was surprised by the numbers. He would have expected a rise in owner occupied. Cary added that we don't have the numbers to prove it, but there could be units being rented out. Cornelius believes that is probably likely. Potratz noted that the period of 2008-2009, rental units were being built at 300 a year for three or four straight years. What you are seeing now is a result of that demand. A lot of families were doubling up. Garrett added that staff talked about larger household size and census data supports that.

Garrett stated that the vacancy rate of homeowner units is 1.3% for a 5 year average. The rental vacancy rate is 4.5% for a five year average. He wanted to see how Lincoln was doing in comparison to peer cities. In comparison to Omaha, they have a much higher vacancy rate. Columbia, MO had a sharp drop in vacancy rates. Des Moines, IA is a little up and down. Lawrence, KS was very flat on their rental vacancy rate. Madison, WI rental vacancy rate has taken quite a crash. Topeka, KS is very high with their rental vacancy rate.

Cary would like Garrett to address how this information relates to the number of apartments built in Lincoln. Garrett stated it would seem we are getting ahead of ourselves, but what we are observing is that units are being absorbed for a number of reasons. The houses are not all college students. He believes that is probably a minor percentage of the whole. Young people and working families are moving to Lincoln and need a place to rent. The concern is that we haven't been declining as much as other cities, but this is something we need to keep an eye on. This is an economic development situation as well. We have employers growing, but if workers can't find an affordable place to live, that could slow the economy.

Lust wondered with so many unrelated people living together, as we see more of a trend toward a larger household size, if the two are related or not. Garrett stated that staff has not looked at this internally. There are two sides. Some of the existing neighborhood organizations might oppose an expansion of unrelated people living together. Three unrelated people is the restriction. Other cities have restrictions as well. Cary would say to a large extent, this regulation is enforced on a complaint basis. He wouldn't think this is a major issue.

Scheer inquired if there is any research that indicates what a healthy community should look like, or if this is just a comparison. Also, it makes sense that if the graph line is pretty flat, it is a good indicator instead of extreme up and down. Garrett thinks that the five to ten percent range is good.

Lust is interested in the housing vacancy rate. Houses in a certain price range seem to be selling quite fast. Cary stated that staff will do some research on Commissioners questions and get back with answers. Cornelius would like to see population relative to the vacancy rates.

Cary stated that staff will do some research on the questions raised. Lust stated that she is mostly interested in the housing vacancy rate. Cornelius believes another interesting question is the population relative to the vacancy rates, over time. Hove questioned how many units

have gone online in 2014. How many are rentals units? Garrett believes we can roughly answer that from looking at building permits. He noted that just because it is multi-unit property doesn't mean it is rental. There is also a data lag. The available information is from July 1, 2014. Cary pointed out that if you allow multi-family structures as a good approximate for rental structures, every year we should be building at least 300-400 more rental units to keep up with our growth.

Garrett continued that there is an increasing population below the poverty level. Adjusted for inflation, the yearly income is declining. 35 percent of households in Lincoln earn less than \$35,000.00 a year. 50 percent of households earn less than \$50,000.00 a year. A detached single family home has gone down in price. New homes are up and down, but slightly up. He believes new data will show a slight rise.

Lust doesn't know if that is good news. People used to buy homes knowing that it would increase in value. Your home is an investment. Garrett stated that some people's preference is changing. There are those who like the flexibility of renting. Some other changes and updates to note: Text Amendment No. 14010 was approved in 2014. This increased pedestrian easements from five feet to fifteen feet. The block length was defined. A lot of residential infill has been apartment complexes adding units. N. 63rd St. and Holdrege added three buildings. S. 56th St. and Highway 2 just pulled a building permit last week. The apartments east of Wyuka Cemetery added more units. Georgetown at S.70th St. was approved to add another building. S. 56th St. and Van Dorn built low density infill. On Holmes Park Rd., a duplex development was built. A section in the Comprehensive Plan speaks to accessory dwelling units. Staff feels this would be a great option. This was part of the initial reFORM effort. It was removed for future discussion.

Beecham mentioned acreages and water availability. She believes a new acreage proposal should be accompanied by information on water quality and quantity.

Garrett stated that staff is not sure yet if new areas will be added for low density residential. We are going to run a study of what is already approved, what is built and what remains. There is no guidance in the plan today for redeveloping acreages. Many areas are becoming engulfed or surrounded. City services are immediately adjacent to some areas, but not across the road. Some of these areas have aging homes and private infrastructure.

KAHOOT

Question: How many bedrooms have been added to UNL and downtown since 2010?

Answer: 4,200

Question: What percentage of permitted dwelling units have been multi-family since 2010?

Answer: 46%

Question: The population over 85 years old is expected to increase from 4,800 today to what in 2040?

Answer: 16,800

Question: Lincoln's rental vacancy rate has decreased from 7.1% in 2009 to what in 2014?

Answer: 4.5%

There being no further business, the meeting was adjourned at 12:50 p.m.