



chapter **6**

HOUSING IN CUMING COUNTY

Every community, subdivision, and neighborhood in Cuming County should provide a positive living environment for its citizens. This chapter examines housing conditions and the market demand for future housing. The issues and opportunities identified in this chapter lay the ground work for a future housing directions and strategies for creating a stronger, more vibrant Cuming County.

HOUSING IN CUMING COUNTY

This section examines U.S. Census and other historical data to evaluate the supply and condition of housing in Cuming County. Of particular interest is information on housing vacancy, ownership percentage, and pricing. This information can help identify existing or potential imbalance in the market and may suggest housing policy direction for a variety of issues. Given that, in the most literal sense, it is where we live, housing is one of the most important land use considerations in the planning for future populations in any area. With this in mind, this chapter of the Cuming County Comprehensive Plan identifies areas of need in the housing market and suggests strategies to alleviate these imbalances.

Housing Condition Survey

This section examines Cuming County’s housing on the community level and provides the basis for housing projections and policy interventions. A strong region is formed by a network of healthy communities and their boundaries are fluid as people travel and conduct daily business throughout the area. A key priority should be elevating the housing quality in the communities and thereby elevating the quality of life for the entire county.

Housing Conditions

Figure 6.01 summarizes the results of a survey of housing in Beemer, Bancroft, and Wisner conducted in May of 2013. The assessment is based on a “windshield survey” approach or observation of the residential structures from the street. Structures were rated:

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



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

The survey found:

6.3% of these communities’ housing stock is in poor or dilapidated condition.

Another 30% is in fair condition with some non-structural deficiencies.

A limited number (4%) of the housing units are in traditional apartment settings, despite a robust demand for quality rental housing.

These communities are heavily dependent on single-family units (both traditional single family structures and mobile home units) to meet the current housing demand.

The assessment was completed at a community level, and “heat maps” were generated for each of the surveyed communities. These maps and a short assessment of issues and opportunities follow.

Figure 6.01: Housing Condition Inventory – Cuming County Communities

	Excellent	Good	Fair	Poor	Dilapidated	Totals	Percents
Single-family	41	590	313	58	9	1,011	95.2%
Multi-family		37	6			43	4.0%
Duplex		8				8	0.8%
Totals	41	635	319	58	9	1,062	
Percents	3.9%	59.8%	30.0%	5.5%	0.8%		

BEEMER

Figure 6.02 – Housing Inventory Heat Map – Beemer, NE



Issues & Opportunities

Beemer’s housing stock is older and maintenance will be essential to ensuring a viable housing stock.

Investments in housing rehab programs and code enforcement will extend the life of much of the city’s housing.

Like many rural communities, the cost of new construction will not match the assessed values of many homes in the community. This will make construction of new housing more challenging.

Figure 6.03: Housing Condition Inventory – Beemer, NE

	Excellent	Good	Fair	Poor	Dilapidated	Totals	Percents
Single-family	12	151	78	18	2	261	95.6%
Multi-family	0	12	0	0	0	12	4.4%
Duplex	0	0	0	0	0	0	-
Totals	12	163	78	18	2	273	
Percents	4.4%	59.7%	28.6%	6.6%	0.7%		

BANCROFT

Figure 6.04 – Housing Inventory Heat Map – Bancroft, NE



Issues & Opportunities

Like Beemer, Bancroft’s housing stock is older and maintenance will be essential to ensuring a viable housing stock.

Identification of new building sites and the maintenance of existing structures will be essential to creating a stable housing market.

The limited number of rental units does make it challenging for new arrivals to find housing. Often rental units are smaller, older homes with significant heating and cooling costs.

Code enforcement and nuisance abatement should be reviewed in light of the impact it can have on new investments.

Figure 6.05: Housing Condition Inventory – Bancroft, NE

	Excellent	Good	Fair	Poor	Dilapidated	Totals	Percents
Single-family	9	121	90	11	3	234	95.5%
Multi-family		11				11	
Duplex						0	
Totals	9	132	90	11	3	245	
Percents	3.7%	53.9%	36.7%	4.5%	1.2%		

WISNER

Figure 6.06 – Housing Inventory Heat Map –Wisner, NE



Issues & Opportunities

As the largest of the three communities, Wisner has the most multi-family units but still depends heavily on single-family units to support the rental market.

New subdivisions have opened in Wisner with the capacity for additional single-family units.

Sites for new multi-family or senior housing should be identified.

Figure 6.07: Housing Condition Inventory – Wisner, NE

	Excellent	Good	Fair	Poor	Dilapidated	Totals	Percents
Single-family	20	318	145	29	4	516	94.9%
Multi-family	0	14	6	0	0	20	3.7%
Duplex	0	8	0	0	0	8	1.5%
Totals	20	340	151	29	4	544	
Percents	3.7%	62.5%	27.8%	5.3%	0.7%		



Figure 6.08: Housing Demand Projection

	2013	2014-2018	2019-2023	Total
Population at End of Period	5,744	5,717	5,735	
Households Population at End of Period	5,664	5,637	5,655	
Average People per Household	2.44	2.41	2.39	
Household Demand at End of Period	2,326	2,339	2,371	
Projected Vacancy Rate	7.90%	7.90%	7.90%	
Unit Needs at End of Period	2,526	2,539	2,574	
Replacement Need		25	25	50
Cumulative Need During Period		39	60	99
Average Annual Construction		8	12	10

WEST POINT HOUSING ASSESSMENT

In 2011 a Community Housing Study was completed for the City of West Point. This study also included a survey of housing conditions. The study found that 21 structures were considered to be in dilapidated condition and not cost effective to rehabilitate.

The study identified Priority Housing Activities for the city that included:

- Low- and moderate-income elderly households
- Low- and moderate-income family households
- First-time homebuyers
- Middle-to upper-income elderly persons and families
- Housing administration and implementation

HOUSING DEMAND

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

The housing demand projections were based on 2010 Census counts and estimates, housing condition data, and the following assumptions:

- The household size in Cuming County will remain fairly constant with only a slight decrease. The construction of higher quality rental units could begin to supplant the existing, older homes that have been converted into rental units. The county's aging population and ability to attract new seniors to the area could also somewhat decrease the household size.
- The county's non-household population (residents in nursing homes, or people who are incarcerated) does not produce a demand for conventional housing units, and will make up the same proportion of the population in the future as in 2010.
- Cuming County's 2010 vacancy rate of 7.9% should remain constant providing variety in the market and supporting the removal of the most deteriorated struc-



tures.

- The projection model assumes a replacement need of up to five units per year, reflecting demolition of substandard units, including mobile home units, and conversion of some residences to non-residential uses. This rate reflects the needs identified in the housing conditions survey and aligns with residents' concern over housing quality.

The demand analysis in Figure 6.08 shows a need for an additional 99 units in the county, outside of West Point, between 2013 and 2023, or an average annual construction of ten units. This may be a conservative estimate, impacted by important factors:

- Removal of some of the lowest-quality rental units with the construction of new units.
- Construction of housing targeted specifically at the senior population that would provide housing for local seniors or attract new residents to the community.
- Providing a variety of housing in appropriate settings will be essential to increasing this demand.

Housing Affordability Analysis

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

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

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

Figure 6.09 compares the quantity of housing provided in Cuming County that is affordable to each income group. This analysis indicates that in 2010, Cuming County's greatest housing shortages were among households slightly below and well above the area's household median income. The biggest imbalance is among those households earning from \$75,000 to \$150,000. This corresponds to owner-occupied units priced over \$200,000.

Figure 6.09: Housing Affordability Analysis, Cuming County outside West Point

Income Range	% of County Median	% of Household	# of Households in Each Range	Affordable Range for Owner Units	# of Owner Units	Affordable Range for Renter Units	# of Renter Units	Total Affordable Units	Balance
\$0-24,999	53.00%	16.65%	387	\$0-49,999	389	\$0-399	452	841	454
\$25,000-49,999	54-104%	29.35%	682	\$50,000-99,999	497	\$400-799	135	632	-50
\$50,000-74,999	108-160%	16.31%	379	\$100,000-149,999	389	\$800-1249	23	412	33
\$75,000-99,999	161-213%	12.82%	298	\$150,000-199,999	180	\$1250-1499	0	180	-118
\$100,000-149,000	213-350%	17.38%	404	\$200,000-\$299,000	164	\$1500-1999	0	164	-240
\$150,000+	Over 320%	7.49%	174	\$300,000+	95	\$2000+	0	95	-79
Median	\$46,847								



Figure 6.10: Income to Value Ratios

County	Median HH Income	Median House Value	Value/Income Ratio
Cuming County	\$46,847	88,300	1.88
Burt County	45,813	84,000	1.83
Colfax County	46,685	81,800	1.75
Stanton County	49,236	88,100	1.79
Wayne County	46,418	95,700	2.06

Source: U.S. Census Bureau, 2011

Overall, many of the county’s moderate to higher income households are living in lower cost units and thus squeezing that market for lower income households. This is further strained by competition from the rental market, which encourages the conversion of ownership units into rental tenancies.

A shortage of owner-occupied housing priced below \$150,000 is traditionally difficult to fill through new construction. The high end of this range is often equal to basic construction costs. Costs can be even higher depending on initial lot costs. Thus, developers often find the profit margins lower and the risks higher in this range. Within the lower ranges of the \$100,000 to \$150,000 market, new construction often requires some form of subsidy.

Traditionally, owner-occupied housing that costs between 2 and 2.5 times a household’s yearly income is considered affordable. A ratio higher than this can suggest that a significant amount of housing is not affordable to area incomes, potentially as a result of constrained supply.

Alternately, a ratio below two suggests that housing is undervalued relative to area incomes. This does not, however, ensure an oversupply of units. Frequently an undervalued housing market can establish housing prices such that it is not reasonable to develop new properties or re-invest in existing housing.

Figure 6.10 presents income to value ratios for Cuming County and adjacent counties. In 2010, Cuming County’s was estimated at 1.88. While this is on the low side, it is comparable to the income/value ratios seen in neighboring counties.



Development Program

Figure 6.11 presents a 10-year development and pricing program for Cuming County. The program provides production targets for various types of rental and owner-occupied units based on the following assumptions:

- New development in Cuming County will be approximately 50% owner-occupied and 50% renter-occupied, a significantly higher percentage of rentals than today’s mix, but necessary to address previous shortfalls in rental construction.
- Owner-occupied units will be distributed roughly in proportion to the income distribution of households for whom owner-occupancy is an appropriate strategy. Most low-income residents will be accommodated in rental units.

Figure 6.11: Housing Development Program 2014-2023

	2014-2018	2019-2023	Total
Total Owner Occupied	19	29	48
Affordable Low: 60-100,000	3	4	7
Affordable Moderate: 100-130,000	4	6	10
Moderate Market: 130-200,000	6	9	15
High Market: Over \$200,000	6	10	16
Total Renter Occupied	20	30	50
Low: Less than 450	7	10	17
Affordable: 450-700	6	10	16
Market: Over \$700	7	10	17
Total Need	39	59	98



Based on 2010 estimated income distributions for Cuming County:

- Approximately 36% of all owner-occupied units, or 18 units, should ideally be priced below \$130,000 (current dollars). Some of these units may be produced indirectly by developing higher-cost housing that serves the “move-up” market of owners that now occupy the lower-value homes.
- The demand for rental units is roughly uniform across income ranges. Many households in the lowest income ranges may include seniors on fixed incomes living in homes with no mortgage. A further analysis of household income by age (Figure 6.12) indicates that the vast majority of lower income households are over the age of 65. This group demands a very different housing style compared to young families and professionals.
- The market demand for new higher-end rental units appears to be strong and may be even higher, especially given the desire for quality rental units.

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

Figure 6.12: Households Earning Less Than \$25,000, Cuming County

Age of Householder	%
Under 25	8.0%
25-44	14.9%
45-64	17.1%
65+	60.0%

Source: U.S. Census Bureau, 2011



HOUSING RESOURCES AND ASSETS

As is the case in many regions, Cuming County residents can become frustrated by the housing challenges they face. There are, however positive resources and assets with which to build a successful housing program. These include:

Stable Employment

Cuming County, like the rest of Northeast Nebraska, has experienced fairly stable employment through the “Great Recession.” Despite the closing of a major employer in West Point in the last ten years, the community rebounded and filled the space with a dairy business and new jobs. Rural Nebraska has tended to struggle more with a lack of employees than with a lack of jobs, unemployment in Cuming County has remained low.

Affordable Housing Supply

A sizeable share of Cuming County’s housing stock is made up of homes valued below \$150,000, creating the assumption that entry level housing is plentiful. However, much of this housing needs significant upgrades. The ongoing challenge will be bringing many of these homes up to modern standards within a market of buyers that wants move-in ready housing.

Continued Demand

A stable population, shrinking household sizes, and the demolition of substandard units continue to generate a demand for housing. Despite this demand, the private construction market has been slow to respond. In part, this has been influenced by the national economy. As economic conditions improve, Cuming County and its partners in the region cannot afford to relax their efforts at improving housing quality and selection.

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Construction Capability

Despite the limited amount of construction activity, the county does have some quality builders. Many of these have gravitated toward the more secure custom build market. Lending practices have also made the construction of speculative housing challenging. Future policies and programs should engage these builders and limit their risk.

Housing Issues & Challenges

Although Cuming County has a number of assets, there are some clear challenges that it must face to ensure a housing market that meets market demands. These include:

Community Revitalization

Cuming County, like much of rural Nebraska has some communities facing a number of challenges. These almost invariably have an effect on the value and marketability of properties. After years of stagnant wages and a struggling rural agriculture economy, the investments in both public infrastructure and private housing lagged, leaving a demand for significant reinvestment.

Of the 1,062 units inventoried, 36% are rated in fair to poor condition. These structures can create the “one bad house syndrome,” where one deteriorated structure on an otherwise strong block affects the value of the other properties, discouraging investment in them. Also, the size, condition, finishes, and interior configuration of older homes often does not appeal to younger buyers.

Cost to Quality

Many residents note a lack of housing that was priced in the lower ranges below \$600 a month. At the same time there were concerns about the quality of housing. Census data indicates a surplus of housing priced below \$400 a month. This likely indicates that the issue is related more to the quality of housing. Affordable housing is available, but much of this housing is in poor condition. In addition, there are strong assumptions that rental costs should be cheaper in rural areas. The challenge is that construction and maintenance costs for these units is the same, or greater, in rural communities than in larger cities. This mentality often discourages developers and landlords who believe they cannot get higher rents.



Rental Demand and Development

Residents often reported difficulty finding acceptable rental units at all income levels. Market projections and community input both identified a demand for market-rate rental property in Cuming County. In many places, subprime mortgages, balloons, very lenient underwriting, and other unstable financing instruments made the cost of home ownership appear artificially low, and discouraged new, market-rate rental construction. Changes in the mortgage financing environment will make “home ownership” less universally available, increasing demand for quality rentals.

In light of increasing demand, a lack of construction also results in high occupancy of otherwise uncompetitive, substandard units, which then remain in the market instead of being repaired or demolished. New multi-family units may also open up some single-family homes to new home buyers; however, these units may also need significant upgrades to meet home buyer demands.

Affordable Move-Up Housing

Cuming County's market consists of a large number of homes priced below \$90,000 and leaves few options for the area's many middle-income buyers. This market is also important to attracting residents from the larger region. Identifying development areas and a strong infill program will be essential to addressing this need.



CUMING COUNTY HOUSING DIRECTIONS

Strategic Goals

Cuming County's strong agricultural economy and assets position it for stable growth in the coming years. Yet, new residents need housing that meets their needs. This includes agricultural workers, returning members of farming families, young professionals entering the housing market for the first time, and mid-career professionals looking for appropriate ownership options. Analysis of the county's assets and issues suggests a housing and community development strategy that:

Improves overall housing quality

By improving the quality of its housing, the county serves the interests of all residents from the perspectives of physical and economic wellbeing. Upgrading housing quality creates market security and increases values and marketability across the county and its industries. Conversely, deteriorating housing inevitably produces deteriorating housing values.

Increase the number of quality market rate rentals

During the early part of the decade, low interest rates and easy financing reduced the short-term costs of home ownership and discouraged rental development and occupancy. Consequently, in many areas, few rental units (outside of tax-credit assisted developments) were built. It also made the conversion of traditional single family homes to investment properties very appealing. With the crash of the subprime market in 2007-08, mortgage financing standards became more rigorous and new demand has re-emerged for rental housing. Added to the increased demand was the natural pent-up demand created by a lack of construction over the past 20 years. Cuming County has several affordable rental options, but many residents said the area lacked good quality market rate rentals for families and young professionals.

Promote the development of sites and lots that have urban services in place

In focus groups, some expressed the sentiment that there is a lack of buildable lots in communities across the coun-

ty. Often these lots exist within the communities but deteriorated structures need to be removed or small lots need to be combined. These lots have existing streets, water, and sewer lines. The infrastructure may need some improvements but extension of services are not required. Additionally, the recession has left many unable or unwilling to take on the risk of building speculative housing, especially when they are asked to take on the risk of preparing a site for development. Programs and policies to reduce the cost of the lots should be combined with a marketing program that targets local workers living outside of Cuming County and makes potential buyers and builders aware of the existing programs.

Increase the appeal of rehabilitating housing in communities countywide

A strong rehabilitation program would meet two important needs in the county. The first would be the need for affordable entry-level housing and the second would be the stabilization of the older housing stock. The lack of interest in taking on larger rehabilitation projects has discouraged reinvestment in existing housing. Many potential buyers can be overwhelmed by large renovation projects, suggesting a demand for contractors willing to take on these projects. Programs that offer advice and assistance to property owners looking to make substantive upgrades to their properties should be established and promoted through the real estate community.



Housing Strategies

Cuming County’s housing strategy should include three elements:

- Developing Housing Partnerships
- Target Program Focuses
- Redevelopment Initiatives

Developing Housing Partnerships

Cuming County should develop strategic partnerships with the flexibility to address specific housing needs. Effective housing partnerships should provide project development, financing, and marketing capabilities. The county may consider developing a housing development corporation. A development corporation is a nonprofit developer governed by a board of directors and operating in the same entrepreneurial way as a conventional developer. With a limited number of volunteers and resources, creating this type of entity can be challenging but ensures a focus effort toward housing. Alternatives do exist for more rural areas. Relationships and partnerships with chambers, economic development, regional housing developers or groups such as NeighborWorks Northeast Nebraska or Goldenrod Regional Housing Agency, can assist in moving many of the county’s housing strategies forward.

The most significant role that these partnerships can play is in leveraging financing for housing strategies. Components of a Cuming County Housing Partnership should include:

- A Lenders Consortium
- Housing Trust Fund
- City Partnerships

Lending Consortium

Many of the county’s housing strategies must have a source of financing to do its work. Such a financing program should be designed for maximum leverage (in the language of community development, leverage is the ability of program dollars to generate private investment in response); shared risk; and quick turnover rather than long-term financing. The development of a housing partnership should include a “lenders consortium,” a cooperative venture among lending institutions active in the

Cuming County market that spreads individual exposure. In addition, these cooperative ventures can attract the support of other agencies, such as the Nebraska Investment Finance Authority (NIFA) and the Federal Home Loan Bank.

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

Housing Trust Fund

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

City Partnerships

Cities generally have the responsibilities of providing and maintaining urban infrastructure and municipal services. Under the Nebraska Community Development Law, they have the ability to act as community redevelopment authorities. Consistent with these powers, the cities should



finance capital improvements using techniques that reduce and/or defer the front-end cost of lots, assemble or acquire property for development or redevelopment as needed, and act to promote other projects or remove obstacles to desirable development. The role of each of the cities and villages in Cuming County in the housing partnership could include:

- Acquisition and site preparation of infill redevelopment sites
- Financing assistance through CDBG, TIF and other programs
- Subdivision development with infrastructure
- Funding and management of energy saver programs through their local utilities
- Funding and management of any residential incentive loans

Target Program Focuses

Three special project focuses appear most appropriate in Cuming County given housing demand and economic character: rental housing development, rent-to-own, and senior housing.

Rental Housing

Demand for rental housing in Cuming County crosses several income ranges. New rental housing should include market-rate rentals for professionals, workforce housing, and housing for people with urgent needs. Funding sources such as the lending consortium and housing trust fund can be used to develop new inventory of market rate properties. Sources like tax credits may be employed to address the needs of lower income households. Tax Increment Financing, CDBG/HOME funds, and tax credits can also help create affordable multi-family housing finance by distributing the risk of projects across several lenders.

Rent-to-Own (CROWN)

CROWN 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 the rent-to-own program, a developer may build houses using the Low Income Housing Tax Credit. A portion of the family's rent is placed in an escrow account for a future down payment. At the end of a specific period, the residents can then use the accu-



mulated down payment escrow to purchase either a new house or an existing unit. Rent-to-own programs have the advantage of providing rental housing to residents, while incorporating aspects of owner-occupancy.

The rent-to-own approach gives young families the opportunity to try out the county as well as building equity and wealth. It provides a transitional opportunity in which young households can build equity and become integrated into the larger community. In Nebraska, some rent-to-own units are also being developed by private parties with successful examples in Wayne and Nebraska City. Dawson Area Development in Dawson County, Nebraska used the program to do what is referred to as a scattered site program. They split the number of houses between Lexington and Cozad limiting the number of homes that had to be absorbed in each community while addressing the need for affordable entry level housing.

Senior Housing

As the population of Cuming County continues to age, senior housing will only grow in significance. A substantial market appears to exist for independent living settings; some of this demand will be for market rate units but a greater demand likely exists among the county's lowest incomes. Approximately 60% of all households earning less than \$25,000 a year are over the age of 65. For many of these households their home is likely paid for but maintenance and utility costs could be a significant struggle. Seniors may choose to stay in their own home because

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of limited affordable options while also not being able to maintain the home, putting further strain on the stock of quality housing within the communities.

Market-rate projects should be privately developed, po-

Figure 6.13: Households Earning Less Than \$25,000, Cuming County

Age of Householder	%
Under 25	8.0%
25-44	14.9%
45-64	17.1%
65+	60.0%

Source: U.S. Census Bureau, 2011

tentially with some level of support through the lending consortium. Serving the lower-income market can be more challenging. Low-income housing tax credits can be leveraged to address some of this demand. Development of moderately-priced senior housing may be combined with a purchase/rehab/resale concept presented below. Here, through the housing partnership, a development arm would build two-bedroom attached units. The partnership would then agree to purchase the senior resident's current home. The home is then rehabilitated and resold. The senior purchases the new attached unit, using the sale proceeds of the house as a substantial down payment.

Figure 6.14: Housing Reinvestment Areas – Beemer, NE



Redevelopment Initiatives

Each of the cities and villages should encourage and help finance one or more significant housing redevelopment projects in areas identified through the housing inventories (Figures 6.14, 6.15 and 6.16).

West Point and Wisner should identify a targeted housing redevelopment area in their respective communities that provides the critical mass necessary for success. For Bancroft and Beemer these initiatives could be more village-wide, but targeted areas to begin with are identified in the maps. In many cases for all of the communities, vacant lots or obsolete houses are scattered so that their redevelopment can stabilize an entire block. In other cases, a cluster of lots is needed to create a "tipping point" that can successfully change a neighborhood and provide buyers with the security necessary to sustain market values.

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

Figure 6.15: Housing Reinvestment Areas – Bancroft, NE



Figure 6.16: Housing Reinvestment Areas – Wisner, NE



Buildable vacant lots can be acquired through demolition of vacant or seriously deteriorated units, tax sales, and negotiated purchases. Housing development for the infill projects may be accomplished through a partnership with an organization such as NeighborWorks Northeast Nebraska or Goldenrod Area Housing Agency and/or private builders and financed by the Lenders Consortium. When private developers own infill lots, the communities should work creatively with them, encouraging innovative project designs and planned unit developments that may require different standards from conventional development.

Rehabilitation and Property Maintenance Programs

The county should work with each of the communities to establish and implement a uniform approach to rehabilitation that broadens the effectiveness of rehabilitation efforts, and reduces the amount of substandard housing across the county. For Cuming County, rehabilitation program focuses should include:

Owner Assistance

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

- *Emergency repair program.* For very low income residents an emergency repair program should be established. This type of program is usually funded through Community Development Block Grant (CDBG) funds in the form of grants or forgivable loans. These funding sources would have to be managed by the individual communities. Regardless of the funding source, the loans are recaptured over time to continue to support the funding. Emergency repair programs are designed to meet critical individual needs, but also to keep viable housing from deteriorating further. Thus, when funds are limited, assistance should be focused on fundamentally sound structures.
- *Direct rehabilitation loan programs.* These programs would make direct forgivable loans and grants to homeowners from CDBG funds. The program is most appropriate to homeowners with low incomes who are not otherwise bankable. These efforts should generally be focused in strategic areas where loans support other village or area investments, such as substantial infill development.
- *A leveraged rehabilitation loan program.* This approach leverages private loan funds (often through the FHA Title I Home Improvement Loan program) by combining private loans with CDBG or other public funds to produce a below market interest rate for homeowners. The program works most effectively in moderate income neighborhoods with minor rehabilitation needs and some demand for

home improvements. The program is effective in expanding the amount of improvements completed by a fixed amount of public funding. Loans in a leveraged loan program can be originated through individual lenders or through the proposed lenders' consortium.

- *Purchase/rehab/resale programs.* A purchase/rehabilitation/resale program is particularly useful in adapting older houses to the preferences of contemporary, moderate-income buyers. Under this program a housing partnership or development corporation acquires houses that are then rehabilitated and resold on a "turnkey" basis to new owner-occupants. The lending community may participate cooperatively in this effort by providing interim financing. Mortgage financing for low- and moderate-income buyers may be assisted by CDBG or HOME loans. This approach recognizes the limited number of prospective buyers who want to carry out a major home rehabilitation project. It works best when candidate houses can be purchased at relatively low cost. Several development corporations in Nebraska have extensive experience with this type of program, including Wayne Community Housing Development Corporation.
- *Energy efficiency loans.* Funding may be leveraged through NPPD to provide loans that improve the energy efficiency of older homes. These low-interest or no-interest loans can be used to replace windows, heating and cooling systems, or any other upgrades that improve the energy efficiency of the home.

Primary funding for these rehabilitation activities may include Community Development Block Grant (CDBG) or HOME funds, administered by the Nebraska Department of Economic Development. Leveraging local dollars to support any of these programs would provide for greater flexibility and opportunities to take a broader countywide approach. The City of Wayne has developed a Residential Construction Incentive Loan Program that offers loans for renovation of \$5,000 per house or \$5,000 per unit. Advertisement and marketing can also be important to any of these programs. Communities will see limited use of these programs because of a lack of public awareness, however, if they can be combined with a code enforcement effort, they can act as an incentive to bring structures up to a reasonable standard.

Rental Rehabilitation

The county should also consider a rehabilitation program focused on rental properties that provides leveraged loans combined with code enforcement. With little or no code enforcement and a tight rental market, there is often no incentive for rental property owners to make improvements. This, combined with a sense that higher rental rates cannot be supported, results in limited reinvestment in rental housing. With almost no new multi-family construction in the past 10 to 20 years, the county's rental market has depended on single-family homes. These homes tend to be some of the oldest housing in their communities and in poor condition. This program provides financing for the improvement of sound rental properties in need of rehabilitation.

Rental rehabilitation must include effective housing code enforcement to require that units meet minimum housing standards. While it is often difficult to bring individual communities, with their own priorities and characters, together, this should be a joint effort across the county. By establishing a uniform code and shared staffing, a level playing field can be established across the county and costs can be minimized for the individual communities.

Some communities have instituted rental registration or licensing programs. Here, all rental units must register to be certified for occupancy. Registration requires a life safety inspection and compliance with minimum standards. These programs can be effective, but are staff-intensive and must be administered to avoid displacing low-income households. However, the potential loss of revenue, combined with available financing, can induce participation by property owners in this kind of program.

Mechanically, the foundation of a rental rehabilitation program should be private financing. An individual institution or the development corporation, acting as a referral agency, may take a leading role in marketing the availability of rehabilitation loans to small rental property owners. A reservation of HOME funds could be utilized to provide blended loans when some form of subsidy is needed.



Property Maintenance Program

The best housing and neighborhood conservation programs combine awareness of the need for reinvestment with the tools to finance home repairs and rehabilitation. The strategy begins with a Property Maintenance Standards Program, an effort that encourages voluntary compliance with community standards while also establishing a legal basis for code enforcement. Components of this program include:

- Preparing and distributing a Property Standards Manual. This should be a friendly and clear document that sets out the expectations that residents of Cuming County, as a community, have for individual building and property maintenance. It can also help to provide useful information, such as sites to dispose of or recycle unwanted household items. Many communities have great examples to build on and should be used as resources.
 - Organizing voluntary efforts through church and civic groups to assist seniors and disabled people with property maintenance, including fix-up items, painting, routine repairs, and disposal of trash and other items.
 - Reviewing current status of Property Maintenance Ordinance. Communities may have no ordinance or limited funding for implementing an ordinance. Again a uniform approach that clearly addresses those items that have the greatest impact on life safety, visual quality, and preservation of community maintenance standards may be the most effective approach. This review should be done in light of recent efforts to identify those areas that remain a concern or continual issue.
- Holding community meetings. Following review of existing ordinances, community staff and organizations should set up public meetings to explain the city's property maintenance standards and to answer any questions. These should be done at locations within each community and focused on their individual needs and concerns.
 - Backing up the property maintenance standards program with rehabilitation financing. Possible funding sources are discussed above.



