

SIDNEY

HOUSING

STUDY



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SIDNEY

HOUSING STUDY

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INTRODUCTION

A housing study serves several purposes. At a basic level, the housing market impacts the quality of life for residents of the region, people interested in moving to the area, and businesses seeking to recruit (and retain) employees. However, how much housing is built and the housing people want/need do not always correlate. This is not because builders and owners/renters do not want it too. Instead, other forces often influence decisions. Many times these forces will self-correct to achieve needs.

For Sidney, the housing market is not in balance. Like many other areas, forces are hindering a timely self-correction.

- Building Cost
- Wages versus Home Costs
- Uncertainty in the Market
- Second Homes
- Age (Housing and People)

In 2021, Sidney leaders began a process to determine why there is not balance in the housing market and how this affects its residents. Through community engagement, interviews, community tours, and market analysis, the process unveiled the market gaps and desires of residents and stakeholders. The following chapters summarize these opportunities and identify potential strategies to correct the housing market.

This study also meets the requirements of an Affordable Housing Action Plan

WHY NOW?

Traditional economic development policies place emphasis on job attraction and retention. Today, communities are looking to quality of life and housing as leading economic development policies. To be successful, the city must provide a variety of housing types. The investments that have been made in trails, the schools, and hospital mean the city is not short on livability. The shortage of labor in key industries and the growing option to work from anywhere has created new demand for housing that has not been seen since before 2016.

Without housing, the workers and second home seekers will be a lost opportunity. Indeed, housing development is economic development. Without available, affordable, quality housing, the city will not be able to accommodate the people they need to move forward.

STUDY ORGANIZATION

The Study includes an analysis of Sidney's housing market, along with practical recommendations and tools to help address housing issues and opportunities. The organization on the following pages allows combined understanding of physical and socio economic conditions with implementation tools that can be leveraged at the local or regional level. The assessment is organized as follows:

- Chapter 1 profiles a summary of outreach efforts comprised of community listening sessions and on-line surveys.
- Chapter 2 examines housing, demographic, and economic trends. The community profile along with the community input are used to then build the projections for what is needed in the future.
- Chapter 3 summarizes the housing issues, resources, and challenges to establish overall housing goals. Strategies, programs, and policies are then identified that will move the city forward on its goals.

PRIMER IN HOUSING TERMINOLOGY

Several terms and phrases are used in housing lingo today, many are not easily understood without explanation and some mean different things to different people. The following terms are used throughout this document to explain the housing market:

Affordable Housing. Any housing that is not financially burdensome to a household in a specific income range. Affordable housing in terms of housing subsidized by Federal programs can be included in this definition.

Attainable Housing. Much like affordable housing, this is housing that is not financially burdensome to a household in any income range. This term does not have the association with many state and federal programs that affordable housing has.

Workforce Housing. According to the Urban Land Institute, Workforce Housing is any housing that is affordable to households earning between 60% and 120% of the area median income. For many rural Nebraska communities workforce housing is any housing that meets the needs of a full range of income levels.

Empty Nester. A single or couple without children living at home. Empty-nesters can include any age range, but most often refers to older adults and seniors whose children have moved on to college and no longer live at home.

Senior Housing. Often thought of as nursing homes and assisted living facilities, senior housing in the context of this study is more broadly defined and refers to housing that caters to older adults. These housing options could include ground floor apartments, condos, housing with limited assistance, or other options that allow seniors to live independently with less maintenance.

Cost Burdened. Any household spending more than 30% of their monthly income on housing.

CHAPTER 1

HOUSING INSIGHTS

The data, analysis, and community observations discussed throughout this document cannot tell the whole story of housing needs in Sidney. The housing market analysis builds from the valuable ideas and opinions obtained from the community members.

LISTENING SESSION AND COMMUNITY SURVEY INSIGHTS

Residents, real estate agents, builders, employers and members of industry provide vital input for understanding a community and its housing market. Listening sessions were conducted as well as a community survey to gain insight from the community members' perspectives. This chapter will provide a broad overview of the community input and additional comments will be spread throughout the chapters.

Community Survey

The community survey was open at the end of 2020 and received over 70 responses.

Demographics

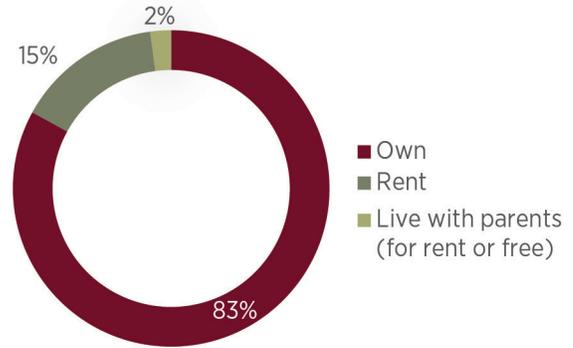
The demographic patterns of survey respondents help understand the situations these households are in when answering the housing perception questions. A comparison with reported Census data in Chapter 2 shows whether survey respondents are representative of the broader city.

Owner and renter occupancy. A higher percentage of respondents own their homes than compared to the overall population of the city.

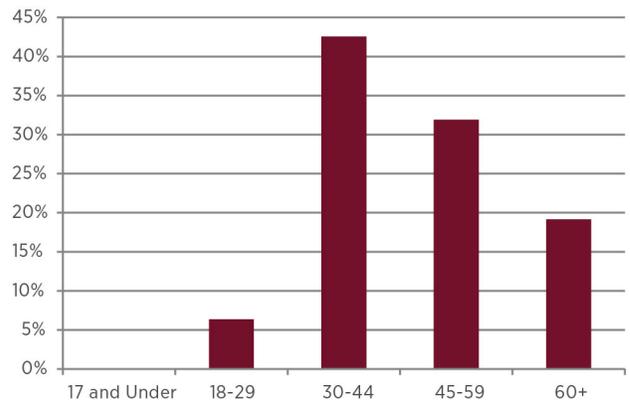
Age of respondents. Many of the survey respondents are in their family rearing years or are empty-nesters. Proportionally this is a fairly good representation of those heading households. The large percentage of households under 44 would indicate many have likely been in the housing market in the last five years, purchasing or looking to purchase first or move-up homes.

Household incomes. The estimated median household income in Sidney in 2019 was approximately \$55,000. The majority of respondents to the survey had household incomes over \$100,000. It is easy to assume that these households could afford more for housing and could skew the survey toward higher price point and larger units, but generally Nebraskan's are fiscally conservative and tend to spend less on housing.

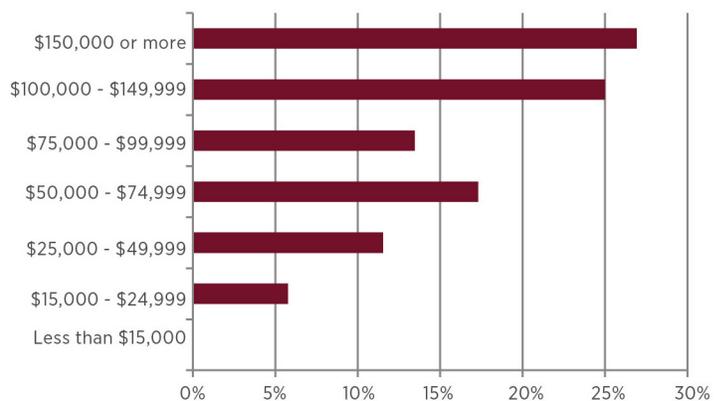
Self-identified occupancy of respondents



Identified Age of Respondents



Identified Household Income of Respondents

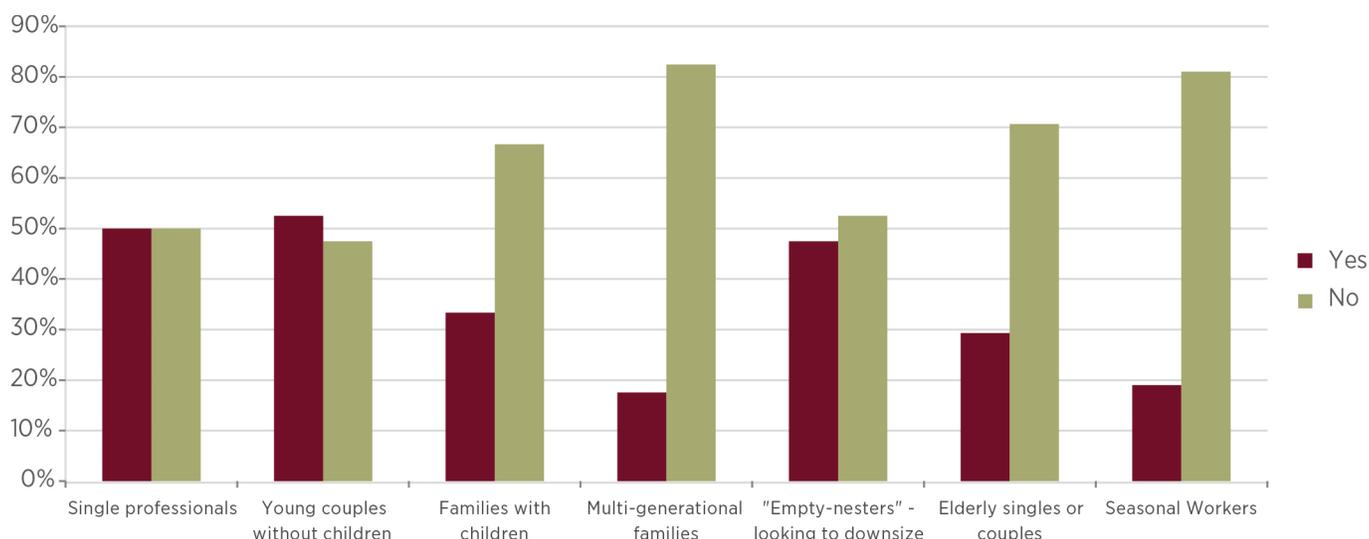


Cost of housing. Approximately 48% of respondents pay more than \$1,000 a month in rent or mortgage and another 19% have paid off their mortgage. This is reflective of the higher incomes of respondents, but also illustrates that a number of households are spending well below 30% of their income on housing.

How much is your monthly rent or mortgage payment?

ANSWER CHOICES	APRIL 2020
Paid off mortgage/living rent free	19%
Under \$500	6%
\$500 - \$999	28%
\$1,000 - \$1,499	26%
\$1,500 - \$1,999	15%
\$2,000 - \$2,999	6%
Over \$3,000	0%

Does the current housing supply meet the needs for different household types?



Survey Themes and Issues

Household Needs. A large percentage of respondents felt there was not an adequate supply of housing for most household types except single professionals and young couples without children. Respondents felt strongly that there was not adequate housing for families, the elderly, and seasonal workers.

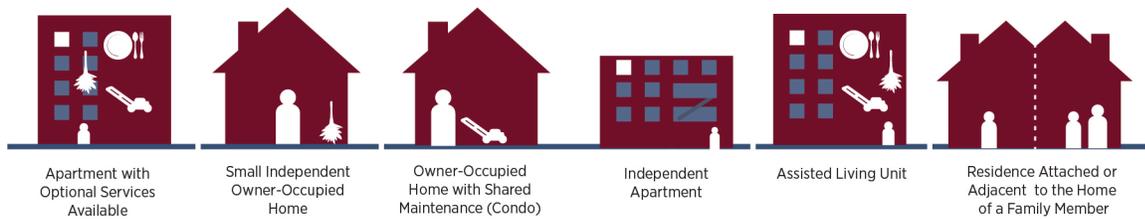
Needed Product Types. Respondents were asked how successful certain product types would be if they were available. Generally, their responses reflect the needs of certain households. Products like three-bedroom homes for families and townhome/duplexes for empty-nesters and retirees were seen as opportunities. Overall, respondents see a need for a greater variety of housing options and only feel less sure about accessory dwelling units, row houses, and upper-story housing.

Would the following products be successful in Sidney?

HOUSING TYPE	PERCENT RESPONDING "YES"
Affordable, small two- or three-bedroom house	88%
Mid-size, three-bedroom house	93%
Larger home with four or more bedrooms	54%
Townhouse or Duplex	72%
Row Housing	31%
Apartment	66%
Downtown upper-story residential	49%
Independent - Senior Living Housing	74%
Accessory Dwelling Unit (ADU, also known as "granny flats")	47%

*Successful means if available, people would want to live in this product.

What type of housing do you believe retirees and the elderly are most interested in?



Most Interested **Least Interested**

Senior and retiree options. Smaller owner-occupied units and apartments with services were seen as being the most popular option. It is important to note that almost 50% of respondents are under the age of 44 and it could be inferred that they are answering this question based on what they think their older family members would want.

Lot supply. New housing requires desirable and available lots. Almost 50% of respondents felt that there is an undersupply of buildable lots in the city. The city actually has a good number of lots still available in the area west of the hospital, therefore, the number and type of current development may be driving the perception that there is a lack of buildable lots.

Movement in the market. Respondents were asked why they would look to move. Most respondents were not interested in moving, but for those interested they are looking to purchase instead of rent or move up in size. Movement in the market is necessary for existing affordable units to become available to others wanting to live in Sidney.

Housing supply. For those who have looked for housing in the last three years there was a perception of an undersupply of houses priced between \$100,000 and \$200,000 and renting at all price points except over \$2,000 a month. It should be noted that most respondents indicated that they did not know what the supply was like for rental units over \$2,000 a month. Additionally, it should be emphasized that over 83% of respondents are homeowners and have likely not had recent rental experience.

How would you rate the supply of buildable lots in your community?

ANSWER CHOICES	RESPONSES
Severe oversupply	11.54%
Moderate oversupply	1.92%
Adequate supply	30.77%
Moderate undersupply	28.85%
Severe undersupply	19.23%
Don't know	7.69%

Source: Sidney Community Survey

Perceived undersupply of housing for those who have looked to purchase in the last three years

ANSWER CHOICES	UNDERSUPPLY
Under \$100,000	42.86%
\$100,000-\$149,000	57.14%
\$150,000-\$199,999	57.14%
\$200,000-\$299,999	45.45%
Over \$300,000	40.91%

Source: Sidney Community Survey

Perceived undersupply of housing for those who have looked to rent in the last three years

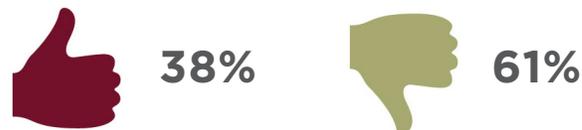
ANSWER CHOICES	UNDERSUPPLY
Under \$500	100.00%
\$500 - \$999	40.00%
\$1,000 - \$1,499	60.00%
\$1,500 - \$1,999	60.00%
Over \$2,000	40.00%

Source: Sidney Community Survey

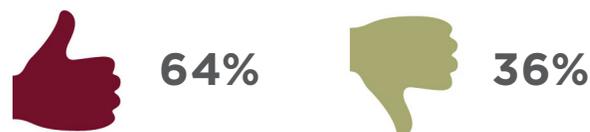
Support for programs. Several questions were asked regarding different programs and housing solutions. Respondents indicated:

- Strong support for the removal of dilapidated structures, but less support for greater enforcement. This likely reflects the current effectiveness of code enforcement.
- Respondents were nearly split on providing additional public assistance for the rehabilitation or renovation of housing. Like greater code enforcement, this likely reflects the quality of housing in the community today. While there are scattered homes with issues (therefore the support for removing those homes) the majority of the housing stock is in good condition.
- An interest in expanding the variety of housing products through the production of units, like townhomes, duplexes, and preservation of the city's existing housing stock.

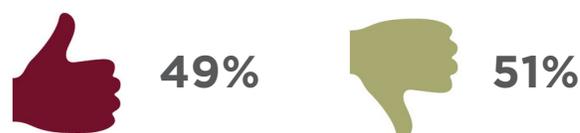
Support greater enforcement of property maintenance codes....



Support removing dilapidated housing....



Support housing rehabilitation or renovations...



Which types of housing solutions would you support to reduce the cost of housing in your community?

ANSWER CHOICES	PERCENT WHO SELECTED
Duplex or townhome construction	51%
Housing rehabilitation loans	44%
Downpayment assistance to owners	44%
Grants or low-interest loans to housing developments	36%
Construction financing assistance to builders	31%
Pre-manufactured or modular housing (not mobile homes)	27%
Public development of infrastructure	27%
Mortgage assistance	24%
Higher density or "cluster" development housing	16%
Free or reduced infill lots	13%
Other (please specify)	9%
Section 8 rental subsidies	7%

Source: Sidney Community Survey

LISTENING SESSIONS

The planning process included listening sessions with nearly 20 participants to hear community and site-specific issues and opportunities. The sessions included local experts from financial institutions, real estate, chambers of commerce, local government, major employers, local businesses, builders and tradespeople, and school districts. The following is a summary of the major themes.

General Market

Themes that appear to be impacting or driving the market in 2021 include:

- The market lacks variety, especially options for individuals looking to downsize
 - › Most options for downsizing have income restrictions
- Sidney lacks a local Housing Authority Office, therefore, applicants have to drive to Scottsbluff/Gering to submit an application
 - › Either a local office with hours that accommodate individuals working needs to be opened or an online application process
- Banking community has been skeptical of the potential for new housing since Cabela's closed
- The larger homes on the market are often older needing significant updates, but also asking prices that have the perception of being move-in ready
- In 2018 the city lost 13-14% in valuation and another 10-12% on 2019, but this is reversing and gaining again
 - › This means the city is trying to maintain a consistent level of services with lower revenues and higher materials and labor costs



Ownership Market

Over the last 15 years the housing market nationally has experienced some extremes from the recession of the 2009/2010 to 2021's record low interest rates and extreme shortages of housing stock. For Sidney this included a flood of homes on the market in 2017. Common themes or comments regarding homeownership included:

- Record low number of homes on the market (over 200 in 2018 to less than 20 in 2021)
- Large number of Colorado or front range buyers
 - › Purchasing second homes to retire now or in the future and while they add to the population they do not add to the workforce
 - › These buyers are often making cash offers and beating out individuals trying to fill jobs in Sidney
- Demand is especially high in the \$200,000 range, but everything is selling fast



New Construction

- There is plenty of land with necessary infrastructure to build new housing
 - › May need to identify additional areas for medium to higher density housing
- Bigger issue may be finding builders, many left after 2017
 - › Some builders may need to rebuild their reputation too

Housing Conditions

- Housing conditions issues can be very scattered
- A few more vacant homes on the north side
- The city had a committee that worked on condemnation of dilapidated houses, but disbanded in 2015
- The city has a code enforcement program

Rental Market

- During the Cabela's boom rental prices went up significantly, but have moderated in the last few years
- Rental rates appear to be below a \$1 per square foot, below even 2019 construction costs
- The Housing Authority has a number of 1-bedroom units available at Sioux Village
- Housing can be affordable, but utility bills can be the bigger struggle
- Rental units are still in demand with landlords getting calls twice a week and units filled in days
- It is hard to find a unit at the top end of the market (\$1,000+ a month) and demand for those units is not perceived as great
- Lodge Pole units appear to have a fairly low vacancy rate
 - › Rents on these units have dropped below \$1,000 a month

CHAPTER 2

Market Assessment

The current state of Sidney - its historic trends, population demographics, economy, and conditions of the housing market - reflects challenges, forecasts future needs, and helps articulate a program to improve the local housing market. A thorough understanding of demographics and housing conditions, along with the community engagement in Chapter 1, provide the first steps in crafting the housing plan.

MARKET ASSESSMENT

Sidney is a unique community in Nebraska with one of the newest and strongest housing stocks in western Nebraska. Housing markets are not exclusive to municipal boundaries. Examining regional market trends establishes a base to understand challenges that are common to all communities. Once this foundation has been set, unique challenges and opportunities can be identified.

What Data Can tell us

It is best to understand the baseline conditions before developing implementation strategies. Baseline data helps measure progress, but also verify the issues heard by residents. If data and conversations with residents differ, the reasons should be explored.

This chapter presents data on a variety of topics pertinent to housing. The current state of Sidney today – its historic trends, population demographics, economy, and conditions of the housing market – combine to build an understanding of current challenges, forecasts future needs, and will help articulate a program to improve the local housing market.

Information for analysis comes from a wide variety of sources. These include:

- The U.S. Decennial Census and American Community Survey.
- County and city data on building activity.
- Existing studies completed.
- USGS and NRCS mapping data.

What market data does not tell us

Census and other objective data has limitations, which is why it provides only one element of understanding the housing market. Market data does not capture the feelings and observations of residents. It does not fully capture the condition of housing or community amenities. For these reasons, the conclusions and strategic directions compare data with on the ground observations and discussions.



SIDNEY DEMOGRAPHICS

Population Snapshot

After three decades of population decline Sidney has experienced steady population increases. In 2017 the city likely saw a slight reversal of this trend, which is reflected in the Census' 2019 estimate. However, the very low vacancy rate would indicate that some of this population has returned. However, real estate agents indicated that some of these households may not occupy

their residence full time, but rather on a seasonal basis, with plans to move permanently at some point.

Only Sterling and Gering have experienced larger increases in population. Sidney's rebound since 2017 may actually place it more on par with Gering.

Figure 1: Sidney Annual Growth Rate

	POPULATION	ANNUAL GROWTH RATE
1960	8,004	
1970	6,403	-
1980	6,010	-
1990	5,959	-
2000	6,282	0.53%
2010	6,757	0.73%
2019	6,572	-
2000-2019		0.24%

Source: U.S. Census Bureau and RDG Planning & Design

Figure 2: Percent Population Change Comparison

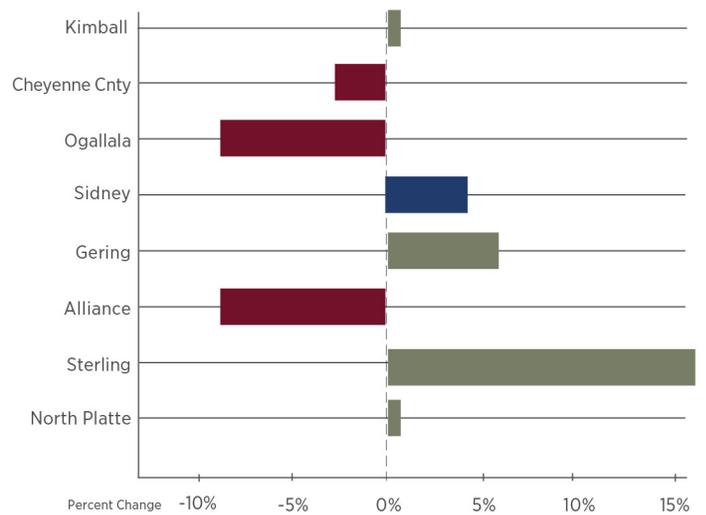


Figure 3: Total Population Change

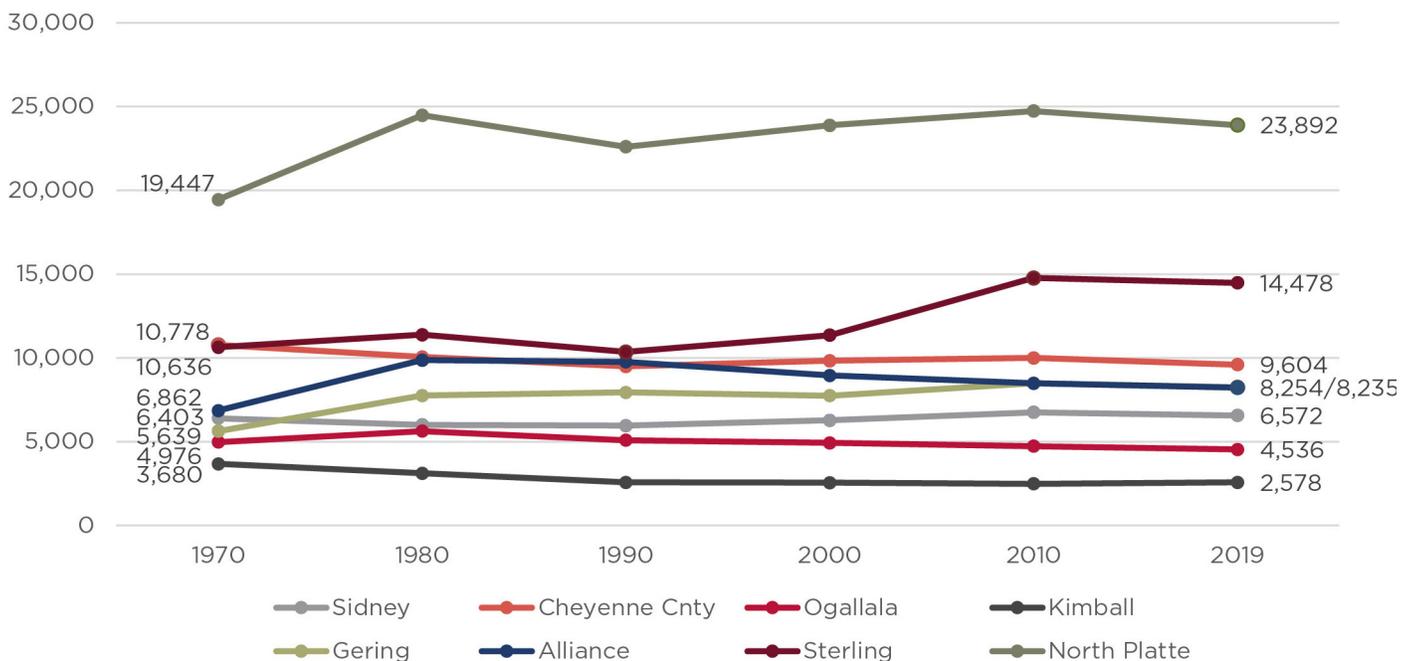
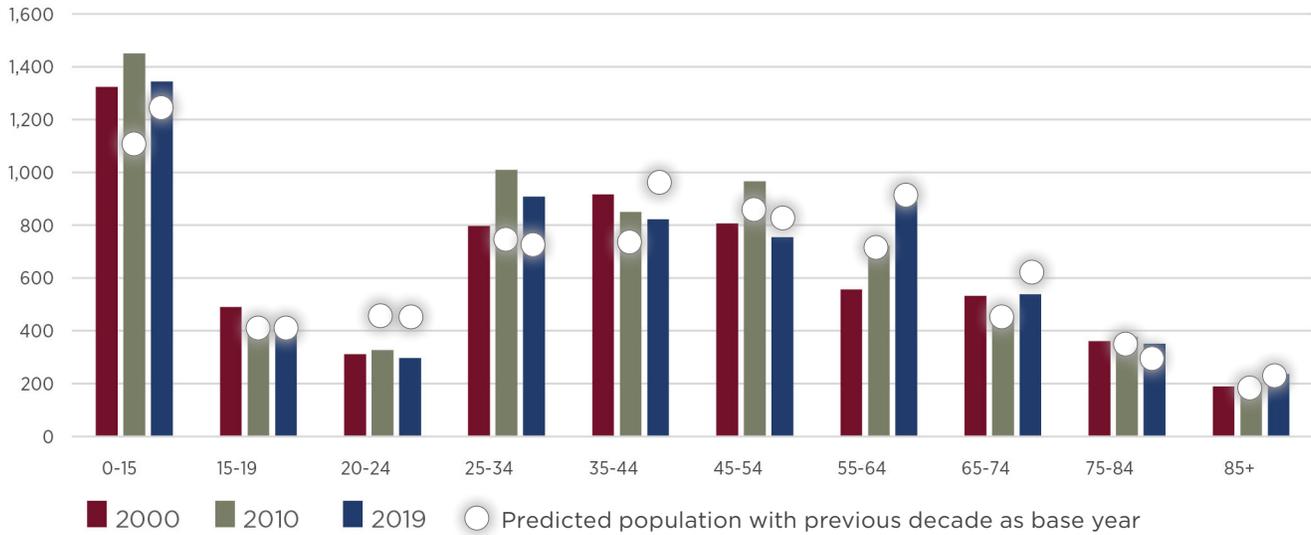


Figure 4: Sidney Population by Age, 2000-2018



Age and Migration

Understanding age characteristics puts perspective into population growth (losses) by seeing which age groups are moving in and out of Sidney. Changes in different population age groups have different implications for housing demand and future needs. An examination of Sidney’s population indicates:

- Over the past two decades Sidney has been successful at attracting young workers between the ages of 25 and 34. This should support growth among children under the age of 15.
- The loss of higher level management jobs may be reflected in the lower than predicted population among those over the age of 35.
- Based on input from real estate agents a number of adults over the age of 55 have been attracted to Sidney the last few years, which may drive up the number of people in these age groups in the coming years.
- The population patterns for Cheyenne County are very similar to the City except for 55 to 64. The city appears to have retained more of these individuals.

Figure 5: Cheyenne County Population Predicted vs. Actual

	2019 PREDICTED	2019 ACTUAL	DIFFERENCE
0-15	1,832	1,872	40
15-19	673	597	-76
20-24	596	467	-129
25-34	1,128	1,161	33
35-44	1,207	1,158	-49
45-54	1,346	1,226	-120
55-64	1,449	1,344	-105
65-74	857	920	63
75-84	495	532	37
85+	328	327	-1
Total	9,911	9,604	-307

Source: U.S. Census Bureau and RDG Planning & Design

Figure 6: Population Projections

	2019 ESTIMATE	2025 FORECAST	2030 FORECAST
Natural (Low Birthrate)	6,572	6,445	6,411
0.34% Annual Growth Rate	6,572	6,684	6,799
0.73% Annual Growth Rate	6,572	6,816	7,069

Source: RDG Planning & Design

Future Population

The city’s future population will drive future demand for housing. Additionally, the make up of that population will influence the type of housing, while at the same time, the type of housing that is constructed will determine the population the city attracts.

If the city grows at 0.73% annually, similarly to what was experienced in the 2000s, the city will reach a population close to 7,100 by 2030. On the other hand if construction rates remain similar to the 2010s the city will grow to approximately 6,800. If the city can produce a mix of housing and products that can appeal to both workers and retirees the city should be able to grow to over 7,000 in the coming decade.

Economic Snapshot

Sidney has historically been a little more economically isolated and therefore been a regional hub for smaller communities. However, since the Spring of 2020 employees working patterns have been changing, creating more opportunities for Sidney to attract workers looking for an affordable and high-quality community. Figures 7, 8, and 9 offer a comparison of Sidney to other communities in the region. This analysis indicates:

- An almost equal number of people commute into Sidney for work as commute out
- The region has returned to full employment and has a labor shortage

- Sidney’s job base is slightly less service oriented and therefore supports slightly higher wages.
 - › These estimates do not reflect the growing number of individuals working remotely for Denver businesses, this would likely increase the median income

Figure 7: Unemployment Rate by County

	APRIL 2020	MARCH 2021
Cheyenne	7.2	3.2
Kimball	4.1	2.4
Scotts Bluff	6.4	2.9
Morrill	4.8	2.6
Keith	5.5	2.2
Lincoln	6.6	2.3
Red Willow	4.5	2.1
Box Butte	7.1	2.5
Dawes	3.9	1.9

Source: Bureau of Labor Statistics

Figure 8: Regional Incomes

	2019 POPULATION	MEDIAN HOUSEHOLD INCOME	80% OF MEDIAN INCOME
Sidney	6,572	\$55,346	\$44,277
Ogallala	4,536	\$41,765	\$33,412
Kimball	2,578	\$46,484	\$37,187
Gering	8,254	\$56,907	\$45,526
Alliance	8,235	\$48,805	\$39,044
Sterling	14,478	\$45,647	\$36,518
North Platte	23,892	\$54,357	\$43,486

Source: US Census Bureau

Figure 9: Employment and Commuting Patterns



Figure 10: Occupancy Status

	2000		2010		2019		CHANGE 2000-2019
	NUMBER	% OF OCCUPIED UNITS	NUMBER	% OF OCCUPIED UNITS	NUMBER	% OF OCCUPIED UNITS	
Total Units	2,890		3,184		3,339		449
Occupied	2,621		2,893		3,051		430
Owner-Occupied	1,832	69.9%	1,907	65.9%	1,853	60.7%	21
Renter-Occupied	789	30.1%	986	34.1%	1,198	39.3%	409
Total Vacant	269		291		288		19
Vacancy rate	9.3%		9.1%		8.6%		

Source: ACS 2014-19 Estimates

HOUSING SNAPSHOT

Occupancy

Over the past two decades a growing number of households are renting over owning. This is not surprising because the city has been successful at attracting young workers, who tend to rent before they buy. This was also a national trend coming out of the recession. A 40% renter occupancy may remain constant in the next decade as Baby Boomers downsize to lower maintenance options.

Based on conversations with community members, including real estate agents and landlords, an 8.6% vacancy rate would appear to be high. A deeper analysis of the vacancy rate, provided in Figure 11, breaks down the number of vacant units into greater detail. This data is based on 2019 estimates and in July of 2021 realtor.com listed 34 homes for sale (note that many of these are likely occupied and not vacant for sale). Landlords also indicated very few vacancies in market rate rentals. However, a good number of the small units in the Sioux Villa apartments run by the Sidney Housing Authority are vacant, but because of the income restrictions and the size of the units they do not meet much of the city’s workforce rental needs. Based on the Census estimate it would appear that much of the city’s vacancy rate is in “other vacant” units. These are units that are being used for storage, in poor condition, or held by families for elderly residents

Figure 11: Sidney - Vacant Units, 2019

2018 ESTIMATE	ESTIMATE	PERCENTAGE OF TOTAL UNITS
Total:	281	
For rent	17	} 6%
Rented, not occupied	0	
For sale only	64	
Sold, not occupied	0	
For seasonal, recreational, or occasional use	47	4%
For migrant workers	0	
Other vacant	153	12%

Source: ACS 2015-19 Estimates

no longer able to live at home or who have passed. A utility report indicated that there are 22 houses that are disconnected but that does not indicate quality of the units. Converting those units identified as “other vacant” or removing them can address some housing needs and quality issues.

Figure 12: Household Income and Costs

	VALUE TO INCOME	MEDIAN HOUSEHOLD INCOME	MEDIAN HOME VALUE	MEDIAN CONTRACT RENT	% PAYING MORE THAN 30% ON
Sidney	2.01	\$55,346	\$111,000	\$614	Owner Costs: 31% Gross Rent: 32%
Ogallala	2.57	\$41,765	\$107,200	\$444	Owner Costs: 32% Gross Rent: 44%
Kimball	1.68	\$46,484	\$78,200	\$539	Owner Costs: 33% Gross Rent: 31%
Gering	2.43	\$56,907	\$138,200	\$568	Owner Costs: 49% Gross Rent: 40%
Alliance	2.16	\$48,805	\$105,600	\$496	Owner Costs: 26% Gross Rent: 46%
Sterling	3.00	\$45,647	\$136,800	\$666	Owner Costs: 31% Gross Rent: 51%
North Platte	2.19	\$54,357	\$118,900	\$635	Owner Costs: 29% Gross Rent: 41%

Source: 2015-2019 American Community Survey; RDG Planning & Design

Affordability

One metric used to determine the affordability of a housing market is to compare median household incomes to median home values. An affordable, self-sustaining 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 significant affordability issues while ratios below 2.0 are significantly undervalued relative to income. For Sidney a few key trends should be pointed out:

- Ratios under two can create undervaluations concerns. Lower valued properties discourage investment in adjoining properties or construction of new housing.
 - › Sidney’s low ratio appears to be the result of a higher median income than low property values. A median home value over \$100,000 indicates that while pockets of low value homes exist the new construction in the past decade provide comparable properties.
 - › It should be pointed out that pockets of low value homes can discourage reinvestment

along a block or in a neighborhood. Low value homes discourage new construction because new units cannot be appraised at a value that equals the cost of construction. This limits the profits for developers and more broadly, for-profit construction in general. It can also discourage reinvestment in existing housing, if that investment is perceived to have little return.

Households are considered house burdened if they spend more than 30% of their household income on housing. Traditionally, this number is lower for owner-occupied units due to lending requirements that should limit this scenario. The percentage of owner-occupied households struggling in Sidney is generally comparable to other cities in the region. On the rental side the number of households that are struggling is actually lower than a number of other communities. Sidney has a good number of newer rental units, which tend to demand higher rents, than the other communities. This could lead to the assumption that more rental households would be burdened, however, a few items should be noted:

- Rental rates on these newer units dropped after

Figure 13: Affordability Analysis

INCOME RANGE	# HHS IN EACH RANGE	AFFORDABLE RANGE FOR OWNER UNITS	# OF OWNER UNITS	AFFORDABLE RANGE FOR RENTER UNITS	# OF RENTER UNITS	TOTAL AFFORDABLE UNITS	BALANCE
\$0-25,000	656	>\$60,000	241	\$0-499	290	531	-125
\$25,000-49,999	675	\$60,000-124,999	836	\$500-999	801	1,637	962
\$50,000-74,999	713	\$125,000-199,999	509	\$1,000-1,499	107	616	-97
\$75,000-99,999	451	\$200,000-249,999	89	\$1,500-1,999	0	89	-362
\$100,000-150,000	296	\$250,000-399,999	161	\$2,000-2,999	0	161	-135
\$150,000+	260	\$400,000+	17	\$3000+	0	17	-243

Source: RDG Planning & Design

2017 and have not returned.

- Incomes are slightly higher, supporting the higher rental rates.
- Construction of new units potentially created positive market reactions. For Sidney these new units provide a quality alternative for higher income renters. While a lack of new construction in some of the other communities creates greater competition and older units can demand higher rents leaving lower income households paying more for housing.

Figure 2.9 is a third and more detailed way to assess affordability. This provides an assessment of housing costs to incomes that begins to identify gaps in the market. Monthly costs for owner units are generally considered affordable if the overall housing unit cost is between 2.5 and 3.0 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. This analysis evaluates the availability of affordable housing and compares the quantity of housing that is affordable to each income group. A positive balance indicates a surplus of housing within the affordability range of each respective income group, while a negative balance indicates a shortage. This analysis is meant to illustrate larger trends and not exact demand in certain price ranges. For Sidney those trends include:

- A fairly large supply of owner occupied units valued below \$200,000 are filled by households making more than \$75,000 annually.

Defining Housing Affordability

Affordable housing is defined by a household’s income. What is affordable to one income bracket is not affordable to another. The cost of housing can also be defined as either market rate or below market rate.

Units that are below market rate require some assistance to be built. The rent or value of these units would be priced below construction costs and therefore builders need assistance to cover the cost of development and construction. These assistance packages vary, but ensure that communities have safe and affordable housing for households in the lowest income ranges.

- › This market was often noted as being in short supply which is likely true. These units are filled by existing households that are remaining in their homes due to lack of other options or preferences related to location or budgetary philosophies.
- › These units are also the hardest to produce because they are either below cost of construction or have very small profit margins.
- The market potential for homes priced between \$200,000 and \$250,000 appears to be strong.
 - › This is a price point that is more appealing, and frankly more feasible, for the private market.

- › This can also begin to address the need for “move-up” housing that was noted in Chapter 1.
- Sidney appears to have a very large supply of market rate rental units. These units are often found in the newer construction or traditional single-family homes that are owned by investors.

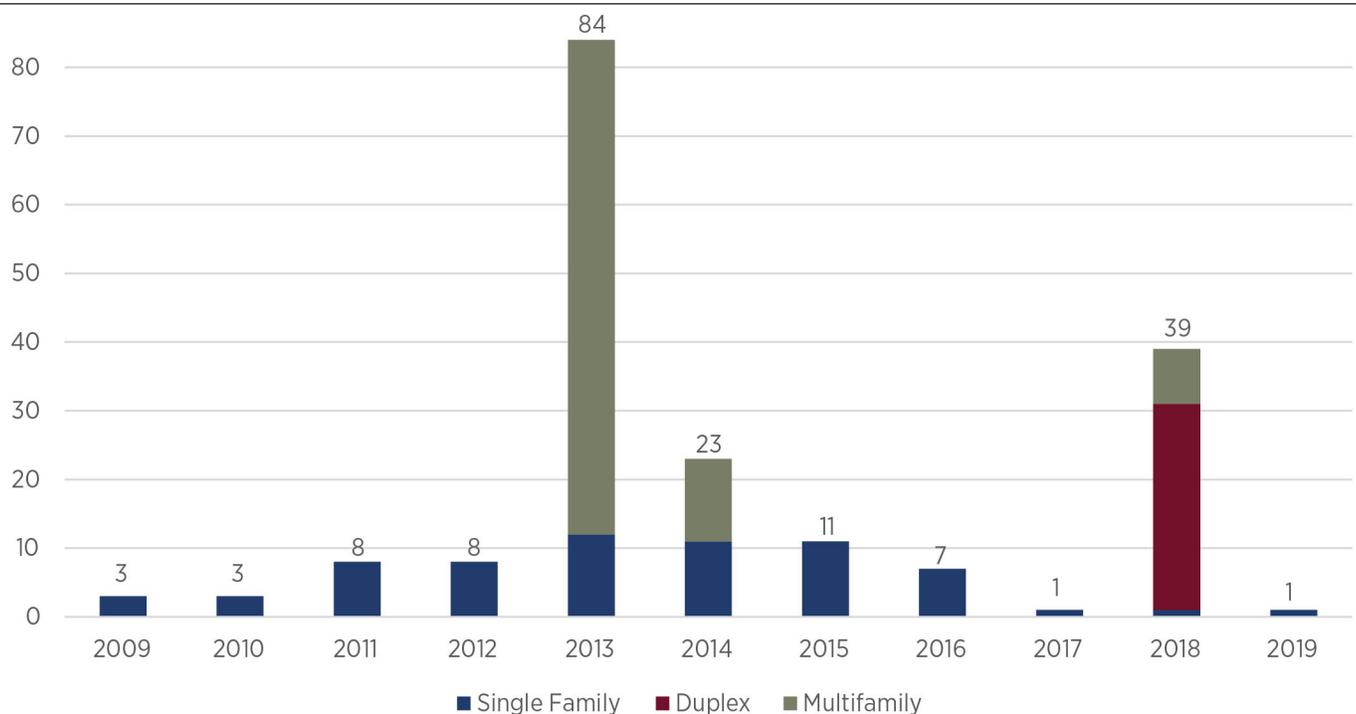
While it would appear that the market just needs to build more higher end housing, that is not the complete answer to the region’s housing needs. Construction of higher value units will create some filtering, but many households are happy where they are or may be more interested in moving laterally to something that is lower maintenance or in a location they prefer.

It should be noted that the above analysis does not take into consideration housing quality or mortgage status.

Housing Construction

Sidney has experienced more building activity in the past decade than many comparable communities. This activity, especially on the single-family side, experienced a significant decline following the Cabela’s move. However, new rentals and duplexes have positioned the market with greater strength than many other communities. The low vacancy rate would indicate that demand has rebounded in almost all product types.

Figure 14: Building Permit Activity





PROJECTED POPULATION AND HOUSING NEEDS

Sidney’s extremely low unemployment rate and low vacancy rate would indicate that there is no reason the city should not continue to experience steady population growth, but quality housing options will be essential. To support new growth and meet the needs of the city’s current workforce an additional 208 units would need to be constructed by 2030. This is slightly above the last decade and on an annual basis comparable to 2014. This demand is based on the following assumptions:

- The city’s real vacancy rate is very low, but units like those held by family members of the elderly or deceased could be brought to the market. This would decrease the vacancy rate over time.
- The number of people per household will remain at 2.3 and the city will lose about one unit per year to demolition or conversion to another use.

The city’s development program (Figure 16)

Figure 15: Housing Demand Summary

	2020	2020-2025	2026-2030	TOTAL
Population at End of Period	6,572	6,816	7,069	
Household Population at End of Period	6,473	6,713	6,962	
Average People Per Household	2.30	2.30	2.30	
Household Demand at End of Period	2,814	2,919	3,027	
Projected Vacancy Rate	9.0%	8.5%	8.0%	
Unit Needs at End of Period	3,093	3,190	3,290	
Replacement Need (total lost units)		5	5	10
Cumulative Need During Period		102	105	208
Average Annual Construction		20	21	21

Source: RDG Planning & Design

Figure 16: Sidney Development Program

OWNER OCCUPIED	2020-2025	2026-2030	TOTAL
Affordable Low: <\$125,000	17	18	35
Affordable Moderate: \$125-200,000	18	19	37
Market: \$200-400,000	12	12	24
High Market: Over \$400,000	15	15	30
	61	63	125
TOTAL RENTER OCCUPIED			
Low: Less than \$500	11	11	22
Affordable: \$500-1,000	11	11	22
Market: Over \$1,000	19	20	39
	41	42	83
Total Need	102	105	208

Source: RDG Planning & Design

breaks down the 208 units by price point based on existing percentage of households in different income ranges and assumes the city’s current mix of 60% owner and 40% renter occupancy will continue.

These assumptions result in:

- An additional 72 units priced below \$200,000, that will be generated in four potential ways:
 - › Production of ownership options that are not the traditional single-family detached, but include duplexes, townhomes, or other medium and higher density configurations that reduce per units costs.
 - › Funding assistance that will offset lot development costs and smaller square footage homes.
 - › Rehabilitation of existing housing units.
- Construction of higher priced units that allow existing households to make the next step up.

A combination of all four of these will likely be necessary.

- An additional 22 rentals will be needed with

rents below \$500 a month.

- › Rents at or below \$500 a month have to be generated using financing programs like Low Income Housing Tax Credits or through the generation of higher rent units that will allow higher income households to move out of the city’s existing affordable units.

The development program presented in this section is a much more aggressive building scenario than the city has experienced in the last decade. The following chapter will identify strategies for both increasing production and rehabilitating existing units.

RESIDENTIAL ZONING

The previous section looked at what the community will need to build in the next 10 years and this section assess what can be built under the city’s current zoning ordinance.

The city currently allows for two-family and greater densities in 46% of areas where residential uses are encouraged or permitted. Residential uses are allowed in the Agricultural Residential district but this is a district intended for the extraterritorial jurisdiction and not within the city. The R1A district is similar and should occur only in areas that are outside city limits and outside areas where city services (water and sewer) will be extended to support future growth.

When thinking about future needs, it is important to note that Figure 17 summarizes all land in the city and, therefore, includes areas that are already built out. The city does not have a 1,000 acres available for future medium density development. However, infill sites should encourage medium density developments that allow two- to four-unit structures that are done at a residential scale (no more than 2 stories) and meet off-street parking needs.

The development program outlined in Figure 16 assumes 40% of new units will be in rental configurations, but it should not be assumed that all ownership will be at very low densities or that rentals will be at high densities. Ownership options could and should include attached and/or condo units that offer lower maintenance ownership opportunities.

Figure 17: Residential Zoning

ZONE	TOTAL ACRES	PERCENT	PERMITTED USES
R-1	1,006	46%	Single-family
R-1a	189	9%	Single-family Ag
R-2	225	10%	One & Two-family
R-3	130	6%	Multi-family
R-4	26	1%	Manufactured Housing
C-2	83	4%	Upper story residential
C-3	538	24%	Upper story residential
Total	2,197		

Source: City of Sidney

CHAPTER 3

Moving Forward

An effective housing study provides leaders and stakeholders with a strategy to begin addressing housing issues and leverage housing assets and potential incentives to meet the needs of current and future residents. This section identifies Sidney’s strategic housing goals and then lays out the policies and programs that will support those efforts.

ISSUES & OPPORTUNITIES

The community engagement process, information, analysis, and inventory presented in the previous chapters indicate several key issues and opportunities that face Sidney as it considers its capacity to meet housing needs during the next ten years. The conclusions in this section summarize the issues and opportunities that will drive the city's housing goals and priorities.

Issues

Bringing Confidence Back

Following the loss of Cabela's, a large number of homes entered the market as both for sale and for rent. This left some in the community with a sense that additional units were not in high demand and wary about financing more than a custom built home. However, today Sidney, like cities all across the country, is experiencing a severe shortage of for sale units. The very low unemployment rates means the city needs to attract additional workers, but also meet the growing demand created by retirees and remote workers looking to move to Sidney for quality of life. These factors are creating renewed demand and confidence in the market.

Loss of Valuation

In the past five years the city did experience some loss in valuation. Much of this was driven by the large number of homes that came on the market and the competitive pricing this created. All cities have basic expenses - street repairs, park maintenance, snow removal, etc. - that have to be funded through local property and sales tax dollars. Similar to many businesses, material and labor costs have not declined over the last five years. These factors make it difficult for the city to address concerns with property taxes. Services like libraries, parks, and potholes repairs either have to be cut or property tax revenues remain at least constant. With regards to housing, one of the most effective long term strategies is to encourage smaller lot development. Smaller lot development allows for more housing units to connect to a unit of infrastructure which lowers the infrastructure costs for each household. It should be noted that in the last year valuations do appear to be increasing again.

Competing Markets

During the listening sessions, real estate professionals noted the larger number of buyers from out of state. The buyers are either buying homes and working remotely or retiring to the area. This is good for Sidney because it brings new customers to the city's business. However, these households are often not filling local jobs and are competing for housing with those in the local workforce. It was noted that often these new households were coming from much higher value markets where they can leverage the equity they had in their homes in ways the local workforce finds hard to compete with, such as cash purchases.

Continued Demand for Rentals

Unlike many regional communities, Sidney had some new rental housing construction. These units have been a great addition to the market, but rental demand appears to remain strong. Landlords noted that while it started to take a little longer to fill units in 2017 and 2018, the market appears to be rebounding. Units are easy to fill and landlords can maintain their standards around job history and background checks. Much of the rental housing built in the last 10 years have been more traditional multi-family structures while demand for townhome and duplex options are still present.

Services to Low Income Households

Sidney has a fairly good stock of income qualifying housing units. This includes units for the working poor and elderly or disabled households. However, getting services can be very challenging. For the Housing Authority units, individuals often have to travel to Gering to fill out forms and submit applications. These trips require adequate transportation and often mean taking a day off from work. These types of hurdles do not help a households build savings and independence.



Cost of Construction

Often individuals outside of rural America believe everything is cheaper when you go to smaller communities; however, that has never been the case for building materials. Transportation costs and the struggle to buy in large quantities often means prices are higher. The pandemic further strained this issue with materials tripling or more in 2020/2021. It appears that some of these costs are starting to come down, but some gap financing may be necessary to reach targeted prices points.

Opportunities

Housing Variety

Sidney has a great opportunity to expand the city's variety of housing options. Demand for these products has already been proven on smaller scales. The new rental units have low vacancy rates and units like duplexes and townhomes fill quickly. Providing variety in the market will be one of the most effective ways to control costs and create movement in the market.

Attractive Market For Retirees & Remote Workers

Sidney is well located to provide high quality and affordable living for many households. Even before the pandemic many homes were being purchased by resident of the higher price markets in the Denver area. The pandemic appears to have only accelerated this trend and expanded it to include remote workers. These individuals bring new customers to Sidney, but are not filling many of the city's jobs, therefore, workforce housing is still in high demand.

Lot Supply

The city's supply of lots appears to be adequate with a good number of single-family lots available west of the hospital and west of Fort Sidney Road. There may be some need to identify more medium to higher density housing locations.

Quality Housing Stock

One of Sidney's greatest strengths is the quality of the existing housing stock. Over the past decade the residents have invested in many older properties and the city itself has invested in code enforcement. Some pockets of disinvestment exist and is most notable in older housing built to meet short-term needs. The city's older housing stock is the best source of affordable housing and maintaining these units will be essential to providing affordable rental and first time homebuyers options into the future.

Recent Construction

The city's recent construction is essential to supporting future building activity. Often rural communities have experienced little construction over the past two decades. This means that comparable homes do not exist in the market, thus making financing of new construction even harder. The gap between new construction and comparable units is not as great in Sidney making financing new construction less challenging.



STRATEGIC HOUSING GOALS

As Sidney looks ahead to the next decade, it appears poised to continue growing. The city's future depends on achieving and maintaining a sustainable level of growth. The analysis of challenges and opportunities suggest the need for a housing and community development strategy that achieves the following:

Increases the variety of housing to include small scale multi-family and maintenance free options

A healthy housing market offers housing for every stage of life. Sidney has a large stock of entry level housing, but that housing is filled with individuals who see little to no options that are appropriate for them and their stage of life. In order to increase variety of housing the percentage of area zoned that allows for two-family or greater should not decrease from the current 46% (see page 28).

Find ways to share risk to demonstrate demand and fill gaps

Preserving the housing stock, expanding housing options, and reinvigorating single-family construction will not occur without some risk-sharing by all players in the local housing market. This includes the city, financial institutions, economic development agencies, and even employers to find new ways to address gaps in the private market. These players may have different roles, but all need to be at the table.

Use strategic rehab to preserve naturally occurring affordable housing

As noted in the opportunities, the city's housing stock is generally in good condition, but the city's older housing stock is in the greatest danger of falling into disrepair. These older units and units built with efficiency such as duplexes and townhomes are often referred to as naturally occurring affordable housing. These homes did not require subsidies or gap financing. Maintenance and reinvestment in these units is essential to preserving affordable options in a city.

STRATEGIC DIRECTIONS

This section establishes a path forward through a housing program built around the goals identified on the previous page.

What is right for Sidney?

As the following section explores housing interventions and partnerships that can be used to generate energy in the housing market, it is important to note that there is no silver bullet to address all aspects of the housing market. Additionally, there are portions of the housing market, including higher-cost products, that do not require policy interventions. The tools included here are options to help address the variety of issues the community faces. Mixing and matching these tools traditionally provides the best outcomes.

Housing Program Focuses

Sidney's housing program should focus around three key areas:

1. Sharing Risk
2. Adding housing variety
3. Preserving existing affordable housing

Housing Partnership to Share Risk

Sharing the risk of housing development is an overarching goal. The success of many other goals depends on the ability for multiple entities to come together in a partnership and reduce the risk for developers to undertake housing projects.

Housing production and housing rehabilitation will not occur at a significant scale without the ability for the developer or contractor to make a profit. It is not the fault of the developer, as any business seeks this goal. Some risk factors include rising material and labor costs; soft costs such as fees, regulatory timelines, insurance, and contracting services; state and federal regulations; and uncertainty in approval procedures. Pre-development planning and set-up is the riskiest part of development and where financing can be the most difficult.

Strategies

PARTNERSHIP

Sidney should organize community partnerships around housing in support of economic development and achieving a more balanced housing market. Partners can provide project development, financing, and marketing capabilities using the tools and methods identified in this chapter. Partnerships can include any stakeholder interested in housing, and must extend beyond traditional partnerships. For example, employers should be involved to understand what their employees need and desire are.

NON-PROFIT DEVELOPER

A non-profit developer can broaden the work being done in housing. These types of organizations can work areas where the private market cannot be successful. This may not need to be an entirely new organization, but could grow out of or be part of an existing non-profit such as a church or economic development organization. The key is a mission around housing and staff dedicated to implementation. Work may include new construction of below market rate housing, rehabilitation of older housing, construction of new product types, or conversion of historic structures that seem too risky to the private market (schools or hospitals are a good example).

CASE STUDY

Wayne Community Housing Development Corporation

Wayne, Nebraska is a thriving community of 5,500 in Northeast Nebraska with a mixed economy based on a small state college, strong industries and regional agriculture. Over 20 years ago, the leaders of Wayne saw the need to provide housing for their workforce and formed the Wayne Community Housing Development Corporation (WCHDC).

Growing out of the local economic development organization, WCHDC is proactive nonprofit with the mission to improve the region through affordable housing development. Offering a purchase/rehab/resale program, home buyer education, and assistance on local projects, like new rent-to-own housing, WCHDC works to expand housing options for the local workforce.

FUNDING POOLS

Financing tools are a necessary element in all strategic directions. Funds should be used to fill gaps in financing of:

- › Unique projects that are untested in the market
- › Address rising construction costs relative to surrounding property values to create more parity
- › Fill the profit gap in the production of units affordable to moderate income households
- › Leverage state and federal dollars that a non-profit developer can access

Potential approaches may include:

Housing trust fund. A housing trust fund provides a source of seed capital which can include the banking community, unconstrained by program regulations, for a community/county to use for the purpose of developing needed housing types. Housing trust funds may be able to expand programs to meet specific needs within the region with additional, targeted funding from city sources.

Lending Consortium. A lenders consortium is a cooperative venture among lending institutions active in the area market to spread individual risk. In addition, these cooperative ventures can attract the support of other agencies such as the Nebraska Investment Finance Authority (NIFA), the Federal Home Loan Bank, and the Nebraska Department of Economic Development. This type of financing program is designed for maximum leverage, shared risk, and quick turnover rather than long-term financing.

Economic Development Fund. Often referred to as LB840, these funds can be used to fill gaps. Schuyler used these dollars for a contractor and developer business loan program targeted at the construction of speculative housing. They also used these funds as the local match for a Rural Workforce Housing Fund grant that the community development organization received.



SPEC HOMES & NEW PRODUCTS

Carrying Costs. One of the biggest concerns that builders have when considering construction of speculative housing or a new product type are the carrying costs. Carrying costs are the loan and interest payments that have to be made until the house is sold or rented. Reducing even the chance of this risk can be a significant incentive. Cities, economic development organizations, or a funding consortium can pledge to cover these costs up to a set amount. In Newton, Kansas the city will cover the carrying cost after the certificate of occupancy is issued up to \$10,000. Many communities find the money is never needed and homes are sold before they are even completed, but the good faith effort by the community says a lot about the confidence community leaders have in their city.

Housing Variety

A variety of housing types directly addresses housing demand generated by a wide variety of ages and incomes. The type of housing a household looks for is directly correlated to their stage of life. Diversifying the housing stock also addresses housing demand indirectly by encouraging movement in the housing market and freeing up homes. For example, a seniors who want to downsize out of 3-4 bedroom single-family homes opens up a home for a young family.

Examples of Housing Diversity:

- Townhomes and duplexes
- Multi-family structures
- Small lot single-family
- Accessory dwelling units (ADUs)
- Manufactured & modular housing
- Downtown units

Almost all of these product types were seen as being potentially successful in the Sidney market by survey participants.

Strategies

REMOVING REGULATORY BARRIERS

During the second half of the 20th Century many communities viewed single-family housing as the highest and best residential zoning that could exist. This philosophy made it more difficult to produce housing that is appropriate for those first entering the housing market and those needing something lower maintenance later in life.

Traditionally, Sidney has been willing to work with a builder wanting to expand housing options, but added steps in the process can add costs and discourage investment. The city should complete a review of ordinances to determine:

- Are there opportunities to add residential uses to some commercial districts. Currently, residential uses are not a permitted use in the C-1 district (there are grandfathered units). Additionally, multi-family uses that don't require commercial spaces may be considered in

CASE STUDY

Grand Island, NE Micro Blight Redevelopment

The City of Grand Island used tax increment financing (TIF) 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
- Sidewalks and landscaping
- TIF fees and contracts
- City development fees
- Engineering and architecture costs
- Interest and financing costs

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 four additional affordable housing units, and brought additional tax base to the city without requiring additional infrastructure.

C-3 where affordable housing can be placed adjacent to service jobs.

- Assess where medium density development is already occurring and how that type of development can be incorporated into new development areas.
- Review amount of land zoned for R2 and R3. Are there opportunities to convert more areas to R3. Expanding opportunities for medium density development is a specific goal of the state's new Missing Middle Housing legislation (LB 866).
- Update the city's comprehensive plan to include greater flexibility for residential uses and identify areas for expanding medium density housing.

INCENTIVES/RISK SHARING

If producing the units listed above were easy and profitable the private market would be doing them, at least at similar levels to single-family detached homes. To encourage more of these units incentives and risk sharing may need to happen. These may include:

Land bank. A land bank can be used to assemble land infill lots and secure deteriorated housing. These lots can be a great opportunity to add new housing back into an existing neighborhood or rehabilitate older housing. Sidney has a limited supply of vacant infill lots, but a program like this could be effective in an area like North Sidney. Land banks are most effective in the state's largest cities with larger pockets of disinvestment and small communities that have a significant number of older deteriorated homes.

Micro TIF. Small scale TIF may be a more effective tool for Sidney than a land bank because of the limited opportunities that a land bank would have in Sidney. These projects usually require adding some density to a neighborhood, such as replacing a single-family home with a duplex or townhomes. These units should fit with the character of the neighborhood, often referred to as house scaled, and address parking needs.

Site Preparation. Site preparation may include removal of dilapidated structures, improvement of infrastructure or extension of infrastructure to new lots. It is important to remember that while



this generates front end costs, the city will recoup those dollars, and then some, over time through the property taxes and sales taxes generated by a new household.

Gap financing. Often certain products are not produced because a gap exists between construction costs and appraisals/rental rates. To fill this gap, financing tools like those discussed in the previous section may be necessary.

DEMONSTRATION PROJECTS

Demonstration projects will illustrate the viability of a project type, but often have to be done by a non-profit. A demonstration project should only be pursued or incentivised if the community is confident in long-term success. Success includes an appropriate scale, location, and design. Demonstrations should not sacrifice quality for getting a project done. A low quality project does not add long-term value to the community and may actually deter future investment if the project deteriorates or obtains a bad reputation. Success also means financial success. The community must consider the long term consequences to a community's infrastructure.

Preserving Existing Housing

The existing housing stock is any community's single greatest asset. Each existing home will forever be an affordable housing unit that cannot be generated by new construction. Qualitatively, existing homes give character to each community that residents know well and can attract new residents who seek the character of well-established neighborhoods. Strategies should include a mix of city led and community partner led.

Strategies

PURCHASE/REHAB/RESALE.

A purchase/rehab/resale program is a great example of a community partner led program that is usually done by a local non-profit developer. In this program, houses are acquired and sold in a rehabilitated or "turnkey" state to owner-occupants. It recognizes the limited number of prospective buyers who want to carry out a major home rehabilitation project. This program works best when candidate houses can be purchased at relatively low cost. Under the program, a development corporation purchases existing houses, rehabilitates them, and resells them to new home-buyers. The lending community may participate cooperatively in this effort by providing

CASE STUDY

**CASE STUDY:
NEIGHBORWORKS
OF NORTHEAST
NEBRASKA PURCHASE/
REHAB/RESALE
PROGRAM**

Over a five year period NeighborWorks Northeast Nebraska has implemented a highly successful Purchase Rehab Resale program. Under the program a qualifying household identifies a home, an assessment of the home for structural stability is completed, followed by a NeighborWorks Northeast Nebraska purchasing the home to complete any repairs needed. Repairs can range from \$2,000 to \$25,000. Following completion of the repairs the home is sold to the qualifying household often with down payment assistance of 20% of the final purchase price, up to \$20,000. For Columbus, Nebraska this has resulted in 140 homes being updated and owned, often by first time home buyers.

<https://www.nwnen.org/what-we-do/homeownership-assistance/purchase-rehab-resellprogram>

BEFORE



AFTER



interim financing. Mortgage financing for low- and moderate-income buyers may be assisted by CDBG or HOME “soft-second” loans. Realtors may also participate by reducing commissions on selected projects.

By using local dollars, the non-profit or development corporation may be able to target those dollars to households at or above the area’s median income. These households are much more likely to be bankable and find it hard to compete with cash offers that are occurring. There may also be the opportunity to expand the number of houses eligible for the program.

NEIGHBORHOOD REVITALIZATION PROGRAM

The city may want to take a more targeted approach with a rehab program by targeting certain areas of the city. This type of program creates greater visual impact for a neighborhood rather than scattered homes being done around the city. Often this visual impact creates a sense of security that is needed for individual homeowners to invest in their properties and lowers the sense of risk for an infill project.

Homeowner Rehabilitation Programs.

Rehabilitation programs can bridge the financing gap for lower income or older homeowners by providing financial assistance for certain major repairs. Common qualifying repairs include roof replacements, siding or paint repair, deteriorated decks and porches, window replacement, and foundation repair. Any program in Sidney should be paired with a structural assessment to prevent repairs that are merely cosmetic and do not fix underlying problems such as foundation crumbling, rotting wood, or moisture leaks.

Rental Rehabilitation Programs. Sidney should also consider a rehabilitation program focused on rental properties that provides leveraged loans combined with code enforcement. In a tight rental market there is often no incentive for rental property owners to make improvements beyond the minimum required to meet building codes. Many rentals are in small single-family homes. These homes tend to be some of the oldest housing and the least energy efficient units. This program should provide financing for the improvement of sound rental properties in need of rehabilitation and energy improvements.

CASE STUDY

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.

<https://www.sioux-city.org/home/showdocument?id=3644>