

HASTINGS PLANNING COMMISSION WORKSESSION

A worksession of the Hastings Planning Commission has been scheduled for Tuesday, November 7, 2023 at 4:00 PM Hastings Municipal Airport 3300 W 12th Street, Hastings NE 68901.

AGENDA:

1. Call to Order
2. Roll Call
3. Pledge of Allegiance
4. Motion to adopt the current agenda for the Planning Commission Meeting
5. Public Notice - Official Notice of the Regular Meeting was published in the Hastings Tribune on Friday , October 27, 2023. Pursuant to Nebraska Revised Statute Section 84-1412, the public is advised that a copy of today's agenda and all reproducible written material which will be discussed at today's meeting is available to the public. Also, a current copy of the Nebraska Open Meetings Act is accessible to members of the public.
6. Special Order of Business
 - a. Review the draft City of Hastings Affordable Housing Plan, dated October 27, 2023, created by Marvin Planning Consultants and Community Planning Insights.

Adjourn

Department: Development Services
Staff Contact: Chad Bunger
Planning Commission Meeting Date: 11/7/2023
File No: 2023-635
Prepared By: Chad Bunger, Director of Development Services

AGENDA ITEM SUMMARY SHEET

Description of Item:

This work session is intended to discuss the draft of the City of Hastings Affordable Housing Plan, created by Marvin Planning Consultants and Community Planning Insights. No formal decision should be made at this work session. City staff would appreciate feedback and comments on the draft plan.

Names of People/Business affected by this action:

Why Planning Commission action is required:

Type of action requested:

No Action Required

Suggested motion:

Deadlines associated with action:

Department head comments:

Recommendation:

Staff Memorandum



To: City of Hastings Planning Commission
From: Chad Bunger, AICP, CFM Director of Development Services
Date: October 27, 2023
Re: City of Hastings Affordable Housing Plan

The City of Hastings Affordable Housing Plan is designed to meet the requirements of the Municipal Density and Missing Middle Housing Act (Nebraska Revised Statute (N.R.S.) 19-5501 – 19-5506). The City’s Comprehensive Plan Update Team, Marvin Planning Consultants and Community Planning Insights researched and created the plan.

The Municipal Density and Missing Middle Housing Act was adopted in 2020 by the passing of LB866. The act recognizes that there is an affordable housing need across the state and providing more dense residential developments can help alleviate this need. The Act requires municipalities with a population over 20,000 to do certain activities to evaluate the local housing situation and to develop an action plan to address the needs within each community.

Every two years, starting in 2021, municipalities are required to submit a report to the Legislative Urban Affairs Committee. The requirements of the report can be found in [N.R.S. 19-5504](#). The report that Development Services submitted last July is attached.

For municipalities with a population of less than 50,000, the municipality must adopt an affordable housing action plan by January 1, 2024. The minimum requirements of the action plan are specified in [N.R.S. 19-5505](#). If the action plan is not adopted by the due date, the Act requires that the municipality allow the development of:

- a) Middle housing in all areas in the city zoned for residential use that allow for the development of detached single-family dwellings; and
- b) A duplex on each lot or parcel zoned for residential use that allows for the development of detached single-family dwellings.

Considering the impacts of not adopting this action plan would have on our local control of zoning and land use issues, the Development Services Department is working hard to get it adopted before the deadline.

The tentative timeline for the adoption of the City of Hastings Affordable Housing Plan is:

November 7, 2023: Planning Commission Work Session to introduce the plan.

November 13, 2023: City Council discussion item on the regulation meeting to introduce the plan.

November 14, 2023: Planning Commission Public Hearing to recommend adoption of the plan.

December 11, 2023: City Council Public Hearing to adopt the plan by resolution.

City staff received the plan on October 20th for an initial review. We recognize that the timing of receiving the document and the deadline does not allow for opportunities for engagement and feedback from our regional partners and the community. City staff plans to fully reach out to our regional partners and the community to discuss the planning document and will work to update the action plan appropriately in the upcoming months. The ultimate goal is to have the final, refined action plan incorporated into the City's Comprehensive Plan Update. Marvin Planning Consultants are nearing the completion of the Comprehensive Plan draft. It is anticipated that the draft plan will be presented to the community, the Planning Commission, and the City Council after the first of the year for review.

This is a work session to introduce the Affordable Housing Plan and to discuss the plan's details. No action on the plan's adoption will be taken at this meeting. The formal adoption process is scheduled to begin at a public hearing on November 14th at the City's Planning Commission meeting.

Attachments:

1. Draft City of Hastings Affordable Housing Plan – dated October 20, 2023
2. City of Hastings 2023 Affordable Housing Report

CITY OF HASTINGS

AFFORDABLE HOUSING PLAN

October 27, 2023



ACKNOWLEDGMENTS

Corey Stutte- Mayor

CITY COUNCIL

Jeniffer Beahm - Ward 1

Steven Huntley - Ward 1

Butch Eley - Ward 2

Brad Consbruck - Ward 2

Joy Huffaker - Ward 3

Marc Rowan - Ward 3

Shawn Hartmann - Ward 4

Matt Fong, Council President - Ward 4

ADMINISTRATION

Shawn Metcalf - City Administrator

Chad Bunger - Development Services Director

Planning consultants:



CONTENTS

OVERVIEW	1
STAKEHOLDER ENGAGEMENT	3
HOUSING CONDITIONS	5
HOUSING MARKET ASSESSMENT	15
HOUSING CHALLENGES, GOALS AND STRATEGIES	21



OVERVIEW

This plan is designed to address the requirements of LB 866 - the Municipal Density and Missing Middle Housing Act (Nebraska Statute 19-5501 to 19-5506). This plan will be updated during the development of the city's Comprehensive Plan.

The Missing Middle Act requires cities with populations of 20,000 or more to adopt an affordable housing action plan. The statute requires each plan, at a minimum, to contain the following:

1. Goals for the construction of new affordable housing units, including multi-family housing and middle housing, with specific types and numbers of units, geographic locations, and specific actions to encourage the development of affordable housing, middle housing, and workforce housing;
2. Goals for a percentage of areas in the city zoned for residential use which permit the construction of multi-family housing and middle housing;
3. Plans for the use of federal, state, and local incentives to encourage affordable housing, middle housing, and workforce housing, including the Affordable Housing Trust Fund, the Local Option Municipal Economic Development Act, tax-increment financing, federal community development block grants, density bonuses, and other non-monetary regulatory relief; and
4. Updates to the city's zoning codes, ordinances, and regulations to incentivize affordable housing.

TERMINOLOGY WITHIN THE PLAN

There are a number of abbreviations and terminology used throughout this plan and the Missing Middle Act.

Abbreviations

- ADA - Americans With Disability Act
- ADU - Accessory Dwelling Unit
- AMI - Area Median Income (see table below)
- CDBG - Community Development Block Grant
- HUD - U.S. Department of Housing and Urban Development
- SID - Sanitary Improvement District
- TIF - Tax Increment Financing

Terminology and Definitions

For purposes of the Municipal Density and Missing Middle Housing Act:

- **Accessory Dwelling Unit (ADU)** means an interior, attached, or detached residential structure that is used in connection with, or that is an accessory to, a single-family dwelling and is located on the same lot or parcel as such single-family dwelling;
- **Affordable Housing** means residential dwelling units affordable to a household earning not more than eighty percent (80%) of the income limit as set forth by the United States Department of Housing and Urban Development under its Income Limits Documentation System, as such limits existed on January 1, 2020, for the county in which the units are located and for a particular

HUD 2020 Income Limits	Persons In Family							
	1	2	3	4	5	6	7	8
30% AMI	\$15,300	\$17,500	\$21,720	\$26,200	\$30,680	\$35,160	\$39,640	\$44,120
50% AMI	\$25,550	\$29,200	\$32,850	\$36,450	\$39,400	\$42,300	\$45,200	\$48,150
80% AMI	\$40,850	\$46,650	\$52,500	\$58,300	\$63,000	\$67,650	\$72,300	\$77,000

household size (the 2020 income limits are listed on page 1 for reference);

- **Cost Burdened Households** are those that pay more than 30% of their income for housing expenses.
- **Cottage Cluster** means a grouping of no fewer than four (4) detached housing units per acre with a footprint of less than nine hundred (900) square feet each and that includes a common courtyard;
- **Density Bonus** means a density increase over the otherwise maximum allowable residential density under a city's zoning codes, ordinances, and regulations;
- **Middle Housing** means:
 - a. Duplexes
 - b. Triplexes
 - c. Quadplexes
 - d. Cottage clusters
 - e. Townhouses
- **Townhouse** means a dwelling unit constructed in a row of two or more attached

units where each dwelling unit is located on an individual lot or parcel and shares at least one common wall with an adjacent unit; and

- **Workforce Housing** means:
 - a. Housing that meets the needs of working families;
 - b. Owner-occupied housing units that have an after-construction appraised value of at least one hundred twenty-five thousand dollars but not more than two hundred seventy-five thousand dollars to construct;
 - c. Owner-occupied housing units for which the cost to substantially rehabilitate exceeds fifty percent of a unit's assessed value;
 - d. Upper-story housing for occupation by a homeowner;
 - e. Housing that does not receive federal or state low-income housing tax credits, community development block grants, HOME funds or funds from the Affordable Housing Trust Fund.



STAKEHOLDER ENGAGEMENT



Understanding how the public, developers and other stakeholders perceive the challenges and needs of the Hastings housing market is a key component in developing achievable goals and strategies that are embraced by the community and lead to successful outcomes.

During the initial development of the comprehensive plan, stakeholder interviews were conducted, which included housing developers, non-profit organizations, builders, local officials, Realtors, property investors and residents. The stakeholder input relevant to housing has been incorporated into the affordable housing plan.

This plan will be updated as the city's comprehensive plan is developed and additional stakeholder input is gathered.

The general themes and comments from the initial engagement process are summarized below.

FINDING QUALITY, AFFORDABLE HOUSING IS CHALLENGING AND AFFECTS QUALITY OF LIFE

- The housing market in Hastings is considered healthy, which means there is a reasonable vacancy rate and units are available. In October 2023, the projected rental vacancy rate was 9.43% and the ownership vacancy rate was 1.42%.
- While housing might be available, it is expensive and the quality can be an issue, particularly rental housing.

-
- Many developers and builders indicated the costs to construct housing (materials, labor, etc.) make building affordable housing a challenge without public subsidies.

A VARIETY OF HOUSING TYPES ARE NEEDED

- Stakeholders felt there is strong demand for higher-density and “missing middle” housing in Hastings;
- There is strong demand across the entire housing spectrum for new housing, including rental and ownership.
- Accessible housing is a challenge to find, and assisting those residents wanting to age in place should be a priority.

ACTIVE MARKET ENGAGEMENT IS CRITICAL TO SOLVE THE HOUSING CHALLENGES

- Developers felt most housing projects are not feasible without public financing such as TIF.
- As interest rates rise, single-family production may stall due to increased borrowing costs and lessening affordability; allowing builders to respond with alternative housing types such as townhomes, duplex, and triplex products

will be necessary over the next 5 to 10 years.

- Stakeholders felt Hastings should be more proactive and less reactive in supporting housing construction.

HOUSING IS AN ECONOMIC DEVELOPMENT AND WORKFORCE ISSUE

- Housing is a major issue affecting talent recruitment and the ability of firms to expand.
- Businesses leaders expressed concern about future workforce availability, and housing shortages may cause some businesses to relocate.

DEVELOPING HOUSING IN HASTINGS CAN BE A CHALLENGE

- Stakeholders are concerned about the lack of land for sale, or the high costs of such land.
- Excessive public infrastructure and development requirements, such as overly wide streets, add to the cost of housing.
- Some felt that Hastings puts up small road blocks to development or other activities.
- A few stakeholders said it was easier to develop and work with Grand Island than Hastings.

HOUSING CONDITIONS



This section examines the existing and projected housing market conditions for Hastings, with a focus on affordable and missing middle housing, at risk households and how Hastings compares to the larger State of Nebraska.

Data used in this study comes from a variety of sources including the U.S. Census Bureau, U.S. Department of Housing and Urban Development, Adams County Assessor, third-party vendors, and qualitative data from focus group participants.

Ultimately the demand analysis is based on several factors, including:

- Estimated vacancy rates
- Projected population and household change from third-party providers.
- Current structural conditions (structures needing to be replaced or improved)
- Estimated pent up demand

POPULATION AND HOUSEHOLD TRENDS

Overall, Hastings has seen relatively modest growth over the past two decades, both in population and households. As table 1 illustrates, Hastings grew 3.5% between 2000 and 2010 and 1.0% between 2010 and 2020.

The ESRI current estimate and five-year projection anticipate a slight decrease in population and 0.61% increase in households between 2020 and 2023, and a slight decrease in overall population over the next five years.

While these projections anticipate a growth rate significantly less than historical averages, we do not anticipate Hastings losing population based on current building permit activity. However, significant changes to the economic base of Hastings and the Tri-Cities over the next five years will likely have an impact on the population and household growth, and ultimately housing demand.

Current Vacancy Rates

A housing market is considered healthy when the effective vacancy rates are between 5% to 7%. This ensures an adequate product for new housing moving into a community and for existing residents to move into housing that better supports their household needs. A constrained housing market leads to price escalation, potential difficulties in attracting workers to a region, exasperating a tight labor market and hampering economic growth. The lack of available housing may also cause frustration from existing residents who may not find the desired product for their current lifestyle and may choose to leave the community in search of housing that fits their needs.

Conversely, a housing market with high vacancy rates can be problematic for a community. High vacancy rates may place downward pressure on for-sale and rental housing. While lower-cost housing is advantageous for renters and home buyers, it can result in less operating income for rental housing and less ability to borrow against a home's equity, leading to deferred maintenance and improvements.

The 2021 5-year ACS estimates Hastings' overall vacancy rate is 8.1%. However, the effective vacancy rate is 3.7%. The effective vacancy rate excludes non-full-time housing units such as seasonal units, migrant housing and "other vacant units." The estimated for-sale vacancy rate is 1.1%, and the estimated rental vacancy rate is 9.4%. As a comparison, the Q2 2023 average for-sale

vacancy rate was 0.6% and the rental vacancy rate for the Midwest states was 6.9%.

The current rental vacancy rate is higher than expected and higher than the Midwest average. According to the 5-year ACS data, there was a 63% increase in the number of available rental properties between 2019 and 2020. This may be a result of COVID-19's impact on the 2020 census collection efforts or the temporary move to on-line classes at Hastings college and students on off-campus housing moving home.

Between 2020 and 2021 the Census indicates an increase of 4.4% in the number of available rental properties (379 in 2021). However, the number of available rental housing in 2021 (379 units) has nearly doubled since 2018 (168 units).

HOUSING AGE AND CONDITION

The housing stock in Hastings continues to age, and the share of older units is more than the state overall. As each year passes the housing stock ages, and if new units are not placed in service or existing units are not maintained or renovated, neighborhoods can deteriorate, leading to disinvestment and dissatisfaction.

As Table 2 illustrates, the number of housing units by year of construction. Over half of the structures constructed in Hastings were built before 1963, which is older than the overall state. Just over 11% of the housing in Hastings has been constructed in the past two decades.

Table 1. Hastings Population and Households

	Population	% Change	Households	% Change
2000	24,071		9,661	
2010	24,907	3.5%	10,110	4.6%
2020	25,152	1.0%	10,333	2.2%
2023*	25,144	0.0%	10,396	0.6%
2028*	25,139	0.0%	10,446	0.5%

Source: U.S. Census, *ESRI estimates

Table 2. Number of Units by Year Built

	Hastings		State of Nebraska	
	Units	Share	Units	Share
2020 or later	10	0.1%	1,412	0.2%
2010 to 2019	602	5.4%	62,939	7.5%
2000 to 2009	656	5.9%	95,309	11.3%
1990 to 1999	1,020	9.1%	95,299	11.3%
1980 to 1989	836	7.5%	79,856	9.5%
1970 to 1979	1,627	14.5%	132,047	15.7%
1960 to 1969	1,307	11.7%	92,043	10.9%
1950 to 1959	1,433	12.8%	78,353	9.3%
1940 to 1949	1,359	12.1%	39,443	4.7%
1939 or earlier	2,360	21.1%	164,101	19.5%
Total	11,210		840,802	
Median Year Built	1963		1973	

Source: 2021 ACS

Hastings has struggled to maintain the quality of its housing. As Table 4 illustrates, approximately 21.8% of the residential structures are considered below average by the Adams County Assessor's Office. This accounts for nearly 2,400 structures throughout the city. If properties are allowed to fail into disrepair either because the owner does not have the resources to maintain the structure or simply through neglect, properties can become highly dilapidated. At some point, if there is no intervention, it may cost more to rehabilitate the structure than is economically feasible and in many of those cases, these properties become abandoned.

HOUSING TYPE

A diverse variety of housing types within a community enables residents to more easily find housing that fits the current needs of their household. Hastings has a more diverse housing stock compared to the overall State of Nebraska. As Table 5 illustrates, 70% of Hastings' housing are single-family detached units, compared to 72% in the overall state.

"Missing middle" units are also better represented in Hastings compared to the overall state. Approximately 15% of Hastings housing meets the definition of Missing Middle Housing, compared to just under 9% within the entire state.

In addition to a variety of housing types, the diversity of bedrooms is equally important to ensure the housing stock is appropriate for the size of a community's families and households. The mix of bedroom diversity in Hastings is similar to the state overall as illustrated in Table 3.

Table 3. Number of Bedrooms

Bedrooms	Hastings		Nebraska	
	Units	Share	Units	Share
0	388	3.5%	17,445	2.1%
1	1,338	11.9%	90,706	10.8%
2	3,322	29.6%	212,612	25.3%
3	3,927	35.0%	305,356	36.3%
4	1,594	14.2%	159,293	18.9%
5 +	641	5.7%	55,390	6.6%
Total:	11,210		840,802	

Table 4. Residential Condition by Year Built

Residential Condition	Before 1900	1901-1919	1920-1939	1940-1959	1960-1989	1990-2010	After 2011	Total Structures	% Of Total
Very Poor	11	7	7	0	0	0	0	22	0.2%
Poor	41	61	27	15	73	21	0	238	2.2%
Below Average	334	450	526	458	267	97	5	2137	19.4%
Average	442	659	1158	1573	2275	875	240	7222	65.7%
Good	21	39	74	80	271	465	63	1013	9.2%
Very Good	12	4	13	6	229	23	16	303	2.8%
Excellent	1	4	3	4	2	0	50	64	0.6%
Total Structures	862	1224	1804	2137	3117	1481	374	10,999	

Source: Adams County Assessor's Office

Table 5. Existing Housing Type

	Hastings		State of Nebraska	
	Units	Share	Units	Share
Single-family, detached	7,866	70.2%	607,101	72.2%
Single-family, attached	360	3.2%	33,467	4.0%
Duplex	515	4.6%	16,113	1.9%
Tri- or Quadplex	906	8.1%	21,018	2.5%
5 to 9	379	3.4%	34,237	4.1%
10 to 19	110	1.0%	39,737	4.7%
20 to 49	312	2.8%	32,615	3.9%
50 or more	404	3.6%	30,068	3.6%
Mobile home	358	3.2%	26,242	3.1%
Boat, RV, van, etc.	0	0.0%	204	0.0%
Total	11,210		840,802	

Source: 2021 ACS

COST BURDEN AND AT-RISK HOUSEHOLDS

Other key factors to examine are those households at risk of entering into a housing crisis, becoming homeless, or due to income constraints not able to maintain their housing. The 2021 ACS poverty rate estimate for Hastings (15.1%) is slightly higher than the overall poverty rate in Nebraska (10.3%). Those households tend to be the highest risk for homelessness because they are living on the financial edge and may have issues of income, food and housing insecurity.

Table 6 illustrates the number of Hastings residents that may be at risk or have challenges finding appropriate housing. An estimated 2,640 households (25.8%) in Hastings contain at least one member with a disability. The disability may be mobility, sensory or cognitive.

As the population ages, the number of households with a person having a disability will likely continue to grow. There will likely be increased demand for additional in-home care and there will be a need to construct or renovate existing housing to be fully accessible or visitable.

A visitable home is one that can be lived in or visited by people who have trouble with steps

or who use wheelchairs or walkers. A house is considered visitable when it meets three basic requirements:

1. One zero-step entrance
2. Doors with 32 inches of clear passage space
3. One bathroom on the main floor accessible by wheelchair.

Efforts should be made to ensure new home construction and publicly funded renovation programs work toward increasing the number of visitable homes in Hastings. The additional cost to make these improvements is small, but will pay large dividends by extending the time a person can age in place and allow mobility-challenged individuals to visit friends and family.

The U.S. Department of Housing and Urban Development defines cost burdened households as those spending more than 30% of their household income on housing costs. Severely cost burdened households are those spending 50% or more of their household income on housing costs. Housing costs include mortgage or rent, and utilities.

As Table 7 illustrates, over 13.8% of Hastings households are cost burdened and an estimated 11.3% are severely cost burdened.

Table 6. At Risk Households

	Hastings	Share
2021 Households Below the Poverty Level	1,549	15.1%
2021 Households with 1+ Persons with a Disability	2,640	25.8%
2021 Population with a Disability	3,209	12.8%
Hearing Difficulty	1,028	4.1%
Vision Difficulty	603	2.4%
Cognitive Difficulty	1,211	5.2%
Ambulatory Difficulty	1,552	6.6%
Self-Care Difficulty	466	2.0%
Independent Living Difficulty	1,058	5.5%

Source: 2021 ACS

Table 7. Cost Burdened Households

Cost Burden	Owner Occupied	%	Renter Occupied	%	Total	%
Greater than 30% but less than or equal to 50%	665	10.4%	730	19.5%	1,395	13.8%
Greater than 50%	255	4.0%	895	23.9%	1,150	11.3%
Not Cost Burdened	5,460	85.4%	2,025	54.0%	7,485	73.8%
No Income	0	0.0%	95	2.5%	95	0.9%
Grand Total	6,390	100.0%	3,750	100.0%	10,140	100.0%

Source: 2016-2020 Comprehensive Housing Affordability Strategy (CHAS)

AFFORDABLE RENTAL HOUSING

Communities can have a mismatch, or gap, between the number of units with affordable rents, versus the number of households who can afford those rents without becoming cost burdened. Table 8 estimates the number of renter households living in units that are affordable to their respective household income cohort, compared to the number of units available which are affordable for that household.

The columns are the estimated number of rental units affordable to Hastings households by income range. For example, there are an estimated 544 rental units that are affordable to households earning less than 30% AMI.

The rows estimate the number of rental households within each income range. For example, there are an estimated 1,000 renter households who earn less than 30% AMI.

Of those households, only 245 live in units that have rents affordable to those earning less than 30% AMI, 505 live in housing with rents affordable to households making between 30% and 50% AMI, 180 live in housing affordable to households making between 50% and 80% AMI, and 70 live rental housing affordable to households making between 80% and to 100% AMI.

Taken as a whole, Table 8 illustrates there is a likely a need for approximately 456 units (1,000 - 544) with rents affordable for those who earn

Table 8. Affordable Rental Units by Household Income

Household Income	Occupied Units With Affordable Rents				
	Less than 30% AMI	30% AMI to 50% AMI	50% to 80% AMI	80% to 100% AMI	Total
Less than 30% AMI	245	505	180	70	1,000
30% AMI to 50% AMI	110	595	165	25	895
50% to 80% AMI	39	405	190	29	663
80% to 100% AMI	20	270	140	4	434
Greater than 100% AMI	130	190	380	60	760
Total	544	1,965	1,055	188	3,752

Source: 2016-2020 Comprehensive Housing Affordability Strategy (CHAS)

less than 30% AMI. Interestingly, an estimated 130 households earning more than 100% AMI are living in units affordable to those earning less than 30% AMI. There is likely demand for step-up rental housing, which could open up lower cost units for low- and moderate-income residents.

AFFORDABLE OWNERSHIP HOUSING

Similarly to renters, homeowners may be living in homes above or below what they can afford for their household income. Table 9 estimates the number of homeowners living in homes whose prices are affordable to their respective household income cohort.

As the table illustrates, an estimated 3,300 homeowners live in homes estimated to be affordable to households earning less than 50%

AMI. Approximately 1,410 of those owners earn more than 100% AMI, or well under what they might be able to afford.

The table also indicates there is likely demand for existing homeowners looking for "step-up" housing that is newer, and with more modern amenities. There are 3,665 households earning more than 100% AMI, and most are living in homes with estimated values that are significantly lower than they can afford.

Table 9. Affordable Ownership Units by Household Income

Household Income	Ownership Units With Affordable Prices				Total
	Less than 50% AMI	50% to 80% AMI	80% to 100% AMI	Greater than 100% AMI	
Less than 30% AMI	210	80	14	10	314
30% AMI to 50% AMI	505	110	35	60	710
50% to 80% AMI	655	170	45	25	895
80% to 100% AMI	520	215	35	30	800
Greater than 100% AMI	1,410	1,275	415	565	3,665
Total	3,300	1,850	544	690	6,384

Source: 2016-2020 Comprehensive Housing Affordability Strategy (CHAS)

EMPLOYMENT AND JOBS

The regional economy has a direct effect on the housing market. Job growth without the corresponding increase in housing units can create upward pressures on the housing market, leading to price inflation and dissatisfaction with the perceived value of neighborhoods. Existing homeowners during these periods of price escalation may see the upward movements of prices as a great return on their investment, while renters may see the opportunities for home ownership out of reach.

In addition, potential new residents may see high housing costs as a reason to look to other communities for employment. Conversely, if there is an economic downturn and a corresponding loss of jobs within the community, there may be downward pressures on the housing market pushing values lower because the demand has lessened. Homeowners may see this as a loss in their equity, while renter households may see this as an opportunity to move into homeownership because they were previously priced out.

Employment and jobs data for this study are derived from the Census Bureau's Local Employment Dynamics (LED) Partnership program. The LED program integrates existing data from state-supplied administrative records on workers and employers with existing censuses, surveys and other administrative records. This data provides insights into where residents within a community work, their earnings, basic demographics and industry sectors. The LED program also provides data on the types of jobs within a community and the characteristics of commuters who fill those jobs.

According to the 2020 LED, which is the most current data, there were 12,503 jobs in Hastings. Between 2012 and 2020, there was a slight decline of -9.3% in the number of jobs in Hastings. The decline in jobs was likely accelerated by the COVID-19 pandemic since the majority of job losses were in the retail and services sectors. See Table 11 on the next page.

The top five sectors with the largest growth in jobs between 2012 and 2020 included:

- Healthcare and Social Assistance (150)
- Construction (138)
- Public Administration (88)
- Manufacturing (77)
- Agriculture, Forestry, Fishing and Hunting (13)

The top five sectors with the largest loss in jobs between 2012 and 2020 included:

- Retail Trade (-371)
- Education Services (-368)
- Other Services (-276)
- Utilities (-230)*
- Accommodation and Food Service (-139)

* The decline in the Utilities sector is due to Hastings Power being integrated into the city organization.

Despite the -9.3% loss of jobs in Hastings, the number of employed residents remained relatively stable during that same period. In 2012, there were an estimated 11,410 employed residents, compared to 11,337 in 2020. This suggests that residents commuted to other locations as local employment declined. Table 10 illustrates the top five Hastings resident employment sectors.

Table 10. Top Five Resident Employment Sectors

	Jobs	Share
Health Care and Social Assistance	2,111	18.6%
Manufacturing	2,012	17.7%
Retail Trade	1,120	9.9%
Educational Services	986	8.7%
Accommodation and Food Service	956	8.4%

Source: U.S. Census 2020 LED Program

Table 11. Jobs in Hastings by Industry Sector

	2020		2016		2012		Change 2012-2020	
	Count	Share	Count	Share	Count	Share	Count	%
Agriculture, Forestry, Fishing and Hunting	43	0.3%	28	0.2%	30	0.2%	13	43.3%
Mining, Quarrying, and Oil and Gas Extraction	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Utilities	5	0.0%	231	1.7%	235	1.7%	-230	-97.9%
Construction	734	5.9%	698	5.1%	596	4.3%	138	23.2%
Manufacturing	2,337	18.7%	2,029	14.9%	2,260	16.4%	77	3.4%
Wholesale Trade	346	2.8%	435	3.2%	437	3.2%	-91	-20.8%
Retail Trade	1,346	10.8%	1,699	12.5%	1,717	12.5%	-371	-21.6%
Transportation and Warehousing	114	0.9%	158	1.2%	144	1.0%	-30	-20.8%
Information	99	0.8%	127	0.9%	133	1.0%	-34	-25.6%
Finance and Insurance	284	2.3%	310	2.3%	291	2.1%	-7	-2.4%
Real Estate and Rental and Leasing	79	0.6%	92	0.7%	100	0.7%	-21	-21.0%
Professional, Scientific, and Technical Services	315	2.5%	364	2.7%	375	2.7%	-60	-16.0%
Management of Companies and Enterprises	74	0.6%	75	0.6%	83	0.6%	-9	-10.8%
Administration & Support, Waste Management and Remediation	517	4.1%	411	3.0%	599	4.3%	-82	-13.7%
Educational Services	1,023	8.2%	1,365	10.0%	1,391	10.1%	-368	-26.5%
Health Care and Social Assistance	3,009	24.1%	3,201	23.5%	2,859	20.7%	150	5.2%
Arts, Entertainment, and Recreation	102	0.8%	136	1.0%	130	0.9%	-28	-21.5%
Accommodation and Food Services	1,108	8.9%	1,260	9.3%	1,247	9.0%	-139	-11.1%
Other Services (excluding Public Administration)	386	3.1%	529	3.9%	662	4.8%	-276	-41.7%
Public Administration	582	4.7%	468	3.4%	494	3.6%	88	17.8%
Total	12,503		13,616		13,783		-1,280	-9.3%

Source: U.S. Census 2020 LED Program



HOUSING MARKET ASSESSMENT



The demand for additional housing in Hastings is modest, and the need exists for both new ownership and rental housing units. The addition of new housing can be completed through new construction, or the substantial rehabilitation of units not currently on the market.

According to the 2021 5-year ACS, the current estimated rental vacancy rate is 9.43% and the estimated ownership vacancy rate is 1.42%. The overall effective vacancy rate is approximately 4.21%.

The effective vacancy rate is a measure of the actual number of vacant properties that are available for sale or rent. A healthy housing market should have an effective vacancy rate of between 5% and 7%. Below, we discuss the

potential housing demand and production needs to achieve an effective vacancy rate between 5% and 7%.

HASTINGS DEMAND ANALYSIS

The housing demand for Hastings is determined by four major elements: Current needs, projected household change, pent up demand, and commuter capture.

- 1. Current Needs** are the net number of housing units needed to bring the housing market into a healthy vacancy rate. It is the difference between units needed and existing units that are for-sale or for rent.
- 2. Projected Household Change** is the forecasted change in the number of households in Hastings. The five-year

projection indicates a small increase in housing units are expected.

- 3. **Commuter Capture** is the potential demand from those commuting into Hastings for work.
- 4. **Pent-Up Demand** is demand that exists within existing households whose housing situation is less than ideal. Pent-up demand is comprised of three main sources: those who are living in substandard conditions (overcrowding, poor condition, etc.), cost-burdened households looking for a more affordable housing alternative, and lastly those households who may be looking to "move up" to a more expensive home.
- 5. **Pipeline Projects** are housing projects that are currently underway or in the final planning stages and likely to move forward in the next 12 - 18 months.

As Table 12 illustrates, over the next five years Hastings' population is expected to remain relatively flat and may decrease to 25,139 persons, within 10,466 households. This is a relatively flat growth prediction when the margin of error is considered and the population may in fact increase slightly.

Based on the current homeownership and rental vacancy rates, and historic absorption rates of new housing units, this population projection may be low, and Hastings might increase in both households and population. However, this growth will likely be extremely modest and economic factors such as company expansion will be a key factor.

While the number of households is projected to increase slightly, the number of vacant units is projected to continue to increase. A rehabilitation incentive program should be an element of the housing strategy to decrease the growing number of vacant structures.

Table 14 illustrates current and projected estimated households by income range. The first two columns are the 2020 HUD Area Median Income ranges and associated incomes. In 2020, 25% of the households earn less than 30% AMI, and 35% earn more than 100% AMI. As the table indicates, much of the household growth will occur in households earning over 100% AMI. However, this can change based on inflationary pressures and changes in wages throughout the area.

Table 12. Current and Projected Housing Units by Tenure

	2020 Census		2023 Estimate		2028 Projection		2022 -2028
	Number	%	Number	%	Number	%	% Change
Population	25,152		25,144		25,139		0.0%
Total Housing Units	11,279	100.0%	11,504	100.0%	11,585	100.0%	0.7%
Occupied Units	10,333	91.6%	10,396	90.4%	10,446	90.2%	0.5%
Owner	6,451	63.3%	6,772	65.1%	6,914	66.2%	2.1%
Renter	3,882	37.6%	3,624	34.9%	3,532	33.8%	-2.6%
Vacant Units	946	8.4%	1,108	9.6%	1,139	9.8%	2.7%

Source: ESRI, Census

Table 13. Current Housing Needs

	Current Rates	Current Needs			Current Demand		
		Low vacancy	Average Vacancy	High Vacancy	Low vacancy	Average Vacancy	High Vacancy
Rental Vacancy Rate	9.43%	6%	8%	10%	6%	8%	10%
Ownership Vacancy Rate	1.42%	1.0%	1.5%	2%	1.0%	1.5%	2%
Effective Vacancy Rate	4.21%						
Units Available							
For Sale Units	96	68	102	135	-28	6	40
Rental Units	342	217	290	362	-124	-52	21
Total Available Units	438	285	392	498	-153	-46	60
Effective Vacancy Rate		3%	4%	5%			

Source: ESRI, CPI

Table 13 illustrates the current needs and demand based on existing estimated vacancy rates in Hastings. The rental housing vacancy rate is estimated to be 9.43% and the estimated homeowner vacancy rate is 1.42%.

Based on these rates, at any given time, there are approximately 96 for-sale units and 342 for-rent units available. The Current Needs columns illustrate the number of needed for sale or rental

units to satisfy the current needs by vacancy rate. In other words, it's the number of units that should currently be available in a healthy housing market.

The Current Demand columns illustrate the potential demand, which is calculated as (current needs - current supply). A positive number indicates demand for net new units, and negative number indicates a housing surplus. These needs are based on current vacancy rates.

Table 14. Median Income by Household

Area Median Income Range		Households				
		2020		2028		Change
0% - 30%	Less than \$26,200	2499	25%	2315	22%	-184
31% - 50%	\$26,201 - \$36,450	986	10%	712	7%	-274
51% - 80%	\$36,451 - \$58,300	1558	16%	1,543	15%	-15
81% - 100%	\$58,301 - \$72,900	1407	14%	1,013	10%	-394
101% - 150%	\$72,901 - \$109,350	1639	17%	2,150	21%	511
Greater than 150%	Greater than \$109,351	1752	18%	2,682	26%	930
Total Households		9,841		10,415		574

Source: ESRI, CPI

Potential Housing Demand

There is high demand for new housing units in Hastings. Table 15 illustrates the estimated potential housing demand generated through current needs, pent up demand, and potential commuter capture.

There is an estimated potential demand for between 802 and 944 new housing units. Most of this demand is for rental housing, and it is important to note that a significant amount of demand is driven by the ability to attract existing commuters to Hastings

The demand for additional housing over the next five years is not anticipated to grow much more than the current demand, as illustrated in Table 16.

The ESRI population and household projections indicate relatively flat growth, thus the five-year housing demand projections are nearly identical to the current needs. These population projects are likely low given the current vacancy rates and historic growth. Additionally, a positive change in the employment base should induce housing demand above the current projections.

Table 15. Current Housing Demand

	Current Demand		
	1.0%	1.5%	2%
Effective Ownership Vacancy Rate			
New For Sale Units	-28	6	40
10% Substandard Ownership Units	14	14	14
5% COMMUTER CAPTURE	214	214	214
"STEP UP" DEMAND	71	71	71
PIPELINE PROJECTS	30	30	30
Potential Ownership Demand	240	203	237
Effective Rental Vacancy Rate			
Effective Rental Vacancy Rate	6%	8%	10%
New Rental Units	-124	-52	21
15% Cost Burdened Renters	244	244	244
10% Substandard Rental Units	15	15	15
10% Commuter Capture	428	428	428
Pipeline Projects			
Potential Rental Demand	562	634	707
Total Potential Demand			
Total Potential Demand	802	837	944

Source: CPI

Table 16. Future Demand - 2028

	2028 Demand		
	1.5%	2.0%	2.5%
Effective Ownership Vacancy Rate			
New For Sale Units	-27	8	42
10% Substandard Ownership Units	14	14	14
5% COMMUTER CAPTURE	214	214	214
"STEP UP" DEMAND	71	71	71
PIPELINE PROJECTS	30	30	30
Potential Ownership Demand	241	276	310
Effective Rental Vacancy Rate			
Effective Rental Vacancy Rate	6%	8%	10%
New Rental Units	-130	-59	11
15% Cost Burdened Renters	244	244	244
10% Substandard Rental Units	22	22	22
10% Commuter Capture	428	428	428
Pipeline Projects			
Potential Rental Demand	564	634	705
Total Potential Demand			
Total Potential Demand	805	910	1015

Source: CPI

Workforce Housing Needs

The previous section discussed the overall housing demand presently and in 2028. This section examines the portion of the demand focused on workforce and affordable housing.

Workforce housing demand is similar to the overall housing demand, but accounts for households in certain income ranges. Pent-up demand is limited to those households earning over 80% AMI. Commuter capture is limited to those workers earning more than \$3,333/month for owner occupied demand, and more than \$1,251/month for rental housing demand.

Table 17 and Table 18 illustrate the potential workforce housing demand. Table 17 is the current demand; while, Table 18 is the anticipated demand in 2028.

The current potential workforce housing demand, ranges from 160 total units to 373 total units. These numbers account for between 20% to 40% of the total housing demand in Hastings.

There are currently 30 housing units within two pipeline projects that meet the definition of workforce housing. There is lower demand in the rental side of the housing market.

By 2028, the estimated workforce housing demand remains unchanged. The potential housing demand is heavily influenced by the number of commuters working in Hastings.

Affordable Housing Needs

Affordable housing means residential dwelling units affordable to a household earning not more than eighty percent (80%) of the Area Median Income (AMI). In 2021, there were approximately 94,477 households who met this definition.

As discussed in the previous section, there are a significant number of cost burdened households, particularly rental households, and there is a lack of rental housing affordable to those make less than 30% AMI.

There are approximately 2,558 renter households earning 80% AMI or less, and there are approximately 3,564 rental units that are meet the definition of affordable housing. While there are technically enough affordable units compared to overall households, an estimated 755 extremely low-income households are living in non-affordable units.

The affordable rental housing gap is approximately 456 rental units targeted to those who earn less than 30% AMI. If additional affordable, or "step-up" units were developed, this may free up existing affordable units

Within the ownership market, there are approximately 1,919 homeowner households earning at or below 80% AMI. According to HUD estimates, within Hastings, there are approximately 5,150 occupied ownership units that are considered "affordable".

While technically there is no affordable housing "gap" in the ownership market, many focus group participants raised concerns about ongoing affordability due to high property taxes, and concerns about being able to age in place due to a lack of ADA accessible housing.

Given that nearly a quarter of Hasting's households have at least one person with a disability, efforts should be made to encourage accessible or visitable housing in all future developments, particularly those that receive public assistance.

Table 17. Current Workforce Housing Demand

Effective Ownership Vacancy Rate	Net Demand		
	1.0%	1.5%	2%
New For Sale Units	-28	6	40
10% Substandard Ownership Units (80% AMI)	5	5	5
5% COMMUTER CAPTURE (earning \$3,333+ / month)	87	87	87
"Step Up" Demand	95	95	95
Pipeline Projects	30	30	30
Total Ownership Demand	129	163	197
Effective Rental Vacancy Rate			
	6%	8%	10%
New Rental Units	-124	-52	21
15% Cost Burdened Renters	2	2	2
10% Substandard Rental Units	4	4	4
10% Commuter Capture (earning \$1,251+ / month)	150	150	150
Pipeline Projects	0	0	0
Total Rental Demand	31	103	176
Total Potential Demand			
	160	266	373

Source: CPI

Table 18. Future Workforce Housing Demand

Effective Ownership Vacancy Rate	Net Demand (2028)		
	1.0%	1.5%	2%
New For Sale Units	-27	8	42
10% Substandard Ownership Units (80% AMI)	5	5	5
5% COMMUTER CAPTURE (\$3,333+ / month)	87	87	87
"Step Up" Demand	95	95	95
Pipeline Projects	30	30	30
Total Ownership Demand	130	165	199
Effective Rental Vacancy Rate			
	6%	8%	10%
New Rental Units	-130	-59	11
15% Cost Burdened Renters	2	2	2
10% Substandard Rental Units	4	4	4
10% Commuter Capture (\$1,251+ / month)	150	150	150
Pipeline Projects	0	0	0
Total Rental Demand	25	96	167
Total Potential Demand			
	156	261	366

Source: CPI

HOUSING CHALLENGES, GOALS AND STRATEGIES



HOUSING CHALLENGES

The housing challenges faced in Hastings are not unique, and are found in one form or another across the Midwest and throughout the country. Housing production has not kept up with demand and most markets are tight which affects economic development, community prosperity and financial security for millions of residents.

Through analysis and focus group discussions, the biggest housing challenges within Hastings include:

- High cost burden for renter households
- Difficulty finding available housing
- Lack of housing type variety
- High development costs
- Quality of existing housing

ZONING FOR MISSING MIDDLE HOUSING

The map on page 22 and table 19 illustrates the major residential zoning districts where “missing middle” housing can be constructed under the current zoning regulations either by-right or through conditional approvals. Approximately 30% of the land in Hastings can currently accommodate missing middle housing.

Hastings should increase the number of districted where missing middle housing is either permitted by-right or conditionally permitted, including in the R-1 district, especially in areas with existing public utilities. Expanding missing middle housing to the R-1 district would enable this housing type throughout most of Hastings as illustrated on page 23.

AREAS CURRENTLY ZONED FOR MISSING MIDDLE HOUSING

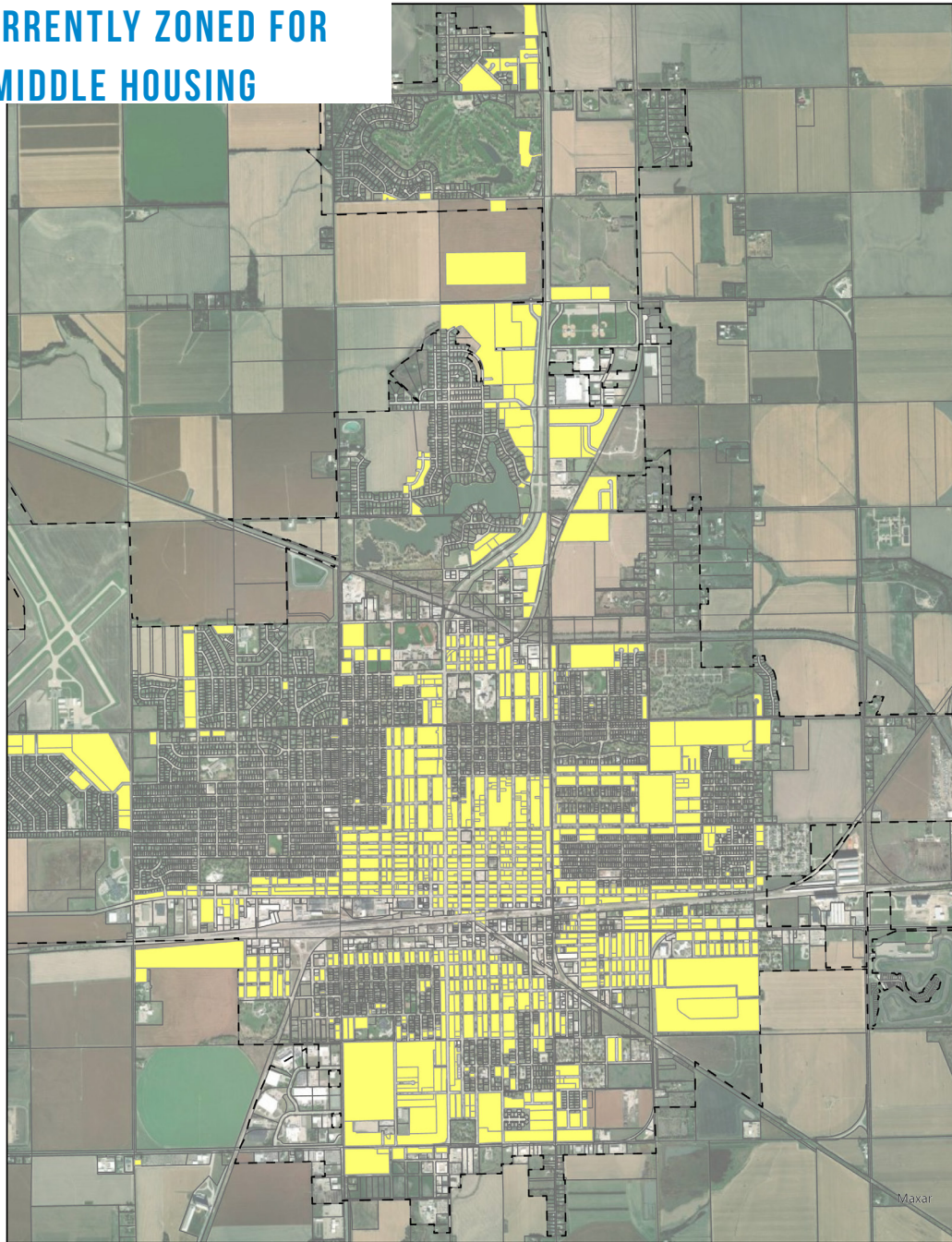
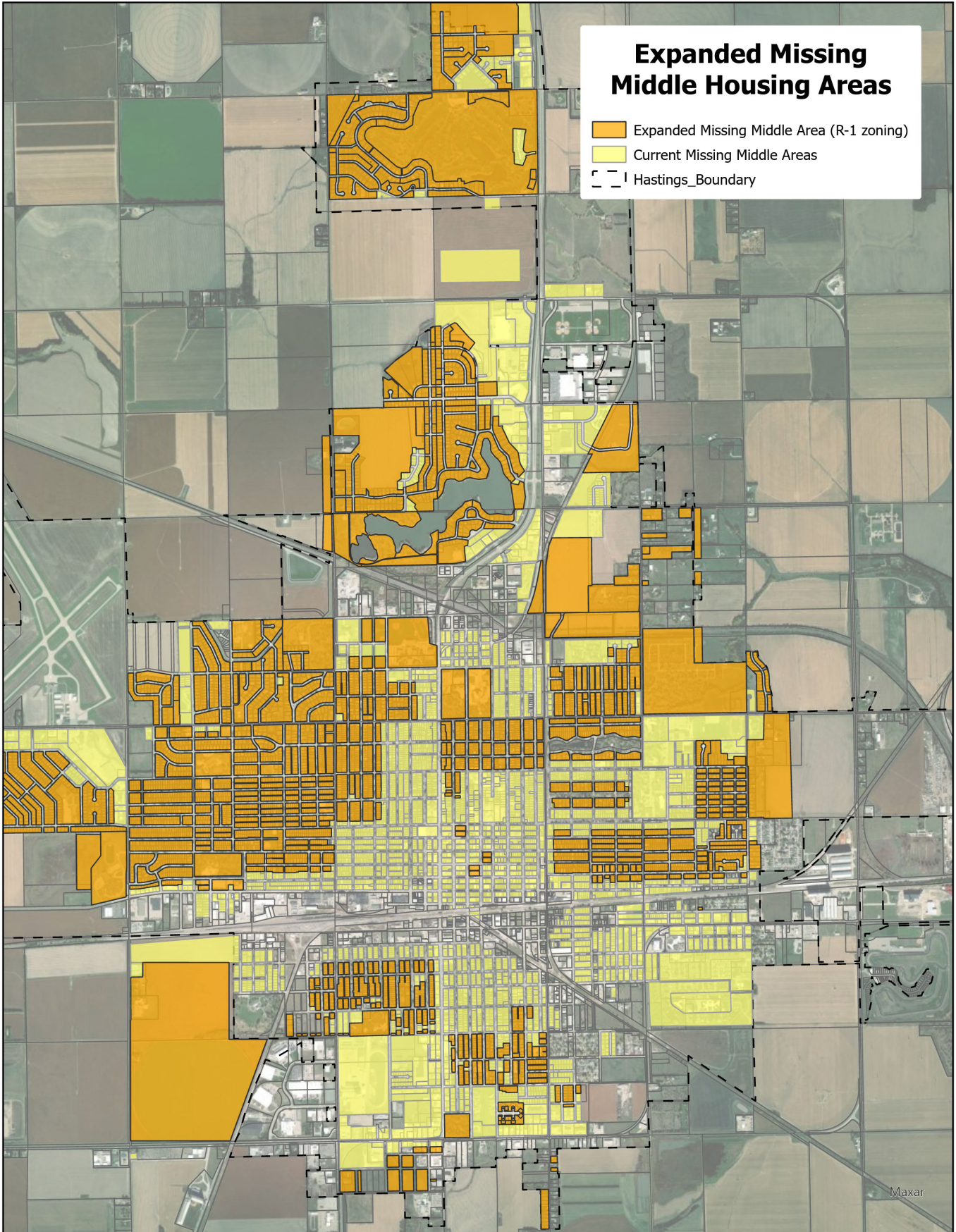


Table 19. Missing Middle Zoned Land

District	Acres	Share	District	Acres	Share
R-2 Mixed-density Neighborhood District	1,358.3	14%	C-1 Local Business District	123.8	1.28%
R-3 Multiple-Family Residential District	647.8	6.7%	C-2 Central Business District	91.3	0.94%
R-4 Urban Neighborhood District	0.4	0.001%	C-3 Commercial District	540.8	5.59%
C-0 Commercial Office Non-Retail District	43.4	0.45%	CMP - Institutional Campus	23.2	0.24%

Source: Hastings / CPI



HOUSING GOALS AND STRATEGIES

The housing challenges Hastings faces are not new and have taken decades to manifest themselves. The strategies outlined in this study should be re-evaluated on a regular basis to ensure resident needs are being met and the implementation of this plan is being carried out by all stakeholders in the development arena.

It should also be noted that economic cycles will play an impact in the housing market, and those cycles are often out of the control of local leaders and housing advocates and developers. .

The goals of the strategy recommendations are to facilitate the transition to a balanced housing market that supports the needs of Hastings' households at all stages of their lives.

Goal #1: Increase the number and types of housing units to meet the needs of Hastings' current and future residents.

Outcomes:

- **Residents have access to a variety of housing options:**
 - Missing Middle housing will account for 20% of the housing types, up from 15.9% today.
- **Working households have access to housing that meets their budget**
 - 20% of new housing construction meets the definition of "Workforce housing".
- **Vacancy rates will reflect a healthy housing market**
 - Homeownership vacancy rates will be between 1.0% and 1.5%.
 - Rental vacancy rates will be between 6% and 8%, down from 9.43% today.

Strategies:

1. **Prioritize public funding for projects that incorporate affordable, missing middle and/or workforce housing.**
 - 1,1 - Consider performance requirements as a

condition for TIF approval such as a minimum set-aside requirement for affordable or workforce housing units.

1.2 - Incorporate missing middle housing in a portion of Rural Workforce Housing Fund applications.

1.3 - Waive building permit and tap fees for affordable housing projects which are restricted to those earning less than 80% AMI.

2. **Explore creating a Community Land Trust**

2.1 - Community Land Trusts are designed to ensure the long-term affordability of housing within a particular development. A community land trust is a development where the underlying land is owned, typically, by a trust or community non-profit whose mission is to create affordable housing. The home buyer owns the improvement and is usually granted a long-term lease that is at least the term of the mortgage or 99 years. The key distinction is there is a deed restriction or restrictive covenant running with the land, thus, ensuring affordability by limiting the income of the subsequent home buyers, thus ensuring long-term affordability.

The Land Trust is established to enforce the restrictions, which are civil matters and not under the jurisdiction of the City or County. In lieu of establishing a single-purpose entity for administration of the trust, that function could be carried out by a local Community Development Corporation.

3. **Explore Shared Risk Loan Pools for higher-risk workforce and affordable housing projects**

Many communities have recently funded targeted shared-risk loan pools that are used to spread the risk in emerging markets. The concept revolves around a loan fund that is seeded through contributions by local banks, businesses, or federal programs such as the Community Development Financial Institutions Fund (CDFI Fund).

Shared risk pools are designed to invest in all types of housing, not just single-family for-sale housing. The loan fund can invest in

various housing projects as determined by a governing board. The investment capital would be structured as patient capital that is in a subordinate position to the primary debt. **This is not a grant.** The purpose of the investment is to lower the amount of primary debt the project needs to service, thus making the project more financially feasible. When a project is refinanced, in the future, the fund would recoup its investment. Alternatively, the fund could be the primary lender and each investor in the fund would only risk a pro-rata share of the investment.

4. **Revise zoning regulations to encourage housing variety and affordability.**

While the zoning code does permit missing middle housing in some residentially zoned districts, those districts should be expanded.

Hastings should explore encouraging affordable or missing middle housing by amending the code to:

1. Permit townhouses in R-1 and R-2 districts where public utilities exist.
2. Eliminate residential height restrictions for principal structures.
3. Permit higher-density missing middle housing (triplex and quads) under certain conditions such as:
 - Infill lots in the R-1 and R-2 districts
 - When within 1/2 to 1-mile of an existing elementary or middle school
4. Eliminate residential parking requirements, or reduce parking requirements for units with two or fewer bedrooms to 1 space per unit.

Goal #2: Improve and preserve existing affordable housing.

Outcomes:

- **Existing affordable housing will remain affordable for the most vulnerable residents.**
- **The overall quality of housing in Hastings will improve**

Strategies:

1. **Target redevelopment strategies toward vacant and abandoned properties.**

The 2021 ACS indicates that of the 922 vacant units, 267 (28.9%) are “vacant-other”. These units are neither for sale, or for rent, are likely abandoned structures, and can quickly become dilapidated which may lead to neighborhood deterioration and loss of confidence by area residents. These structures can also be rehabilitated and placed in service if the deterioration is not too far along, and should be prioritized as part of any neighborhood revitalization effort.

2. **Target CDBG funds toward property improvement for low and moderate income residents.**

Many low- and moderate-income residents, particularly seniors, struggle to maintain their homes due to rising costs. Additionally, many older homes are not designed for those who may become physically disabled.

3. **Develop programs to promote the private renovation of vacant homes. Encourage the promotion of existing programs such as FHA 203K loans.**

A FHA 203K loan combines the cost of the initial purchase plus the cost of renovations or expansions into one loan product that is insured by FHA. This unique loan product is particularly well suited for those interested in purchasing a vacant house, or one needing substantial renovations. The benefit of the loan product is the interest rates are fixed, and the loan amount is based on the current purchase price, plus the cost of the improvements. The program also protects lenders by allowing them to have the loan insured before the condition and value of the property may offer adequate security.

Despite the benefits, this loan product is not well utilized throughout Nebraska. Only one Nebraska lender has originated a 203(k) loan in the past 12 months:

- Castle & Cooke Mortgage, LLC - Blair

The FHA 203K loan product could be a very useful tool for those who wish to purchase and rehabilitate a home in Hastings. Since the program has not been utilized here, there will be a learning curve for all parties involved.

Goal #3 Reduce development costs where possible.

Outcomes:

- **The amount of housing that meets the definition of “workforce housing” will increase.**

Strategies:

1. Explore partnerships with the Nebraska Manufactured Housing Association to work with local housing manufactures to develop a palette of neighborhood context sensitive home plans that can be constructed on infill lots;

Today’s modular and manufactured housing factories can modify almost any set of plans and home design to be constructed in an off-site manufacturing facility. Designs can be contemporary or modern. All of the pictures on this page are examples of modular homes constructed in Indiana.

One of the many concerns expressed was the high cost of construction and lack of quality subcontractors. Modular and manufactured housing (industrialized units) can help bridge this gap. Typically, there are two types of industrialized housing products: modular housing, which is constructed using a state adopted building code, and manufactured housing, which is constructed using a HUD approved building code. For the purposes of this report we will use the generic term “industrialized housing” to refer to both.

Generally speaking, industrialized housing can cost between 10% - 20% less than conventional site-built housing, and depending on the type of product, can be



more energy-efficient than conventionally constructed housing.

Note however, the customization options are significantly limited, so this is probably not a product for the upper-end price points, but is a good option for entry-level and moderately priced new construction.

2. Proactively extend public utilities to reduce the costs of development and encourage development in appropriate areas.

The cost of extending water and sewer utilities is expensive and significantly adds to the cost of developing land. The city could proactively finance and extend the main lines which would 1) reduce development costs, and 2) actively direct where development will occur in a more planned and orderly manner.



- Evaluate and streamline trade licensing requirements and processes.
Builders expressed frustration that Hastings, and Grand Island had different licensing requirements for plumbers, which reduced the pool of plumbers willing to work in Hastings. Efforts should be undertaken to review local building codes to reduce barriers where possible.

Goal #4 Improve household stability

Outcomes:

- The number of severely cost burdened renters are reduced**
- Very low income households are appropriately housed and the risk of homelessness is reduced**

Strategies:

- Work with existing subsidized housing owners to ensure their properties are well maintained and the affordable units are preserved.
Within Hastings, there are approximately 421 subsidized units within 11 non-public housing developments that serve very low income residents and / or persons with disabilities. These developments provide housing for some of the most vulnerable populations and should be preserved.
- Work with affordable housing developers to

create additional rental housing for very-low income families.

The affordable rental housing gap is approximately 456 rental units targeted to those who earn less than 30% AMI. These households tend to be large families with one wage-earner and may be on the edge of homelessness.

Affordable housing projects seeking public assistance should have a portion of their units targeted toward this income cohort.



Implementation Matrix			
Public Policy Action Items	Partners	Funding	Timeframe
Goal #1: Increase the number and types of housing units to meet the needs of Hastings's current and future residents			
1. Prioritize public funding for projects that incorporate affordable, missing middle and/or workforce housing.	1, 2, 3, 4	1, 3	1 to 3 years
1.1 - Consider performance requirements as a condition for TIF approval such as a minimum set-aside requirement for affordable or workforce housing units.	1, 4	3	1 to 3 years
1.2 - Incorporate missing middle housing in a portion of Rural Workforce Housing Fund applications.	1, 3, 4	1, 3	1 to 3 years
1.3 - Waive building permit and tap fees for affordable housing projects which are restricted to those earning less than 80% AMI.	1	7	1 to 3 years
2. Explore creating a Community Land Trust	1, 3, 4	1, 4, 5	3 to 5 years
3. Explore Shared Risk Loan Pools for higher-risk workforce and affordable housing projects	1, 5	4, 5	3 to 5 years
4. Revise zoning regulations to encourage housing variety and affordability.	1	7	1 to 3 years
4.1 - Permit townhouses in R-1 and R-2 districts where public utilities exist.	1	7	1 year
4.2 - Eliminate residential height restrictions for principal structures.	1	7	1 year
4.3 - Conditionally permit higher-density missing middle housing (triplex and quads) under certain conditions such as: <ul style="list-style-type: none"> • Infill lots in the R-1 and R-2 districts • When within 1/2 to 1-mile of an existing elementary or middle school 	1	7	1 to 3 years
4.4 - Eliminate residential parking requirements, or reduce parking requirements for units with two or fewer bedrooms to 1 space per unit.	1	7	1 to 3 years

Organization:

1. Hastings
2. Adams County
3. Hastings Economic Development Corporation (HEDC)
4. Hastings CRA
5. Local Developers / Home Builders

Incentive Sources:

1. General Funds
2. Bonding
3. TIF
4. Grants
5. Private Funds
6. Sales Tax/Occupational Tax
7. Non-monetary

Implementation Matrix			
Public Policy Action Items	Partners	Funding	Timeframe
Goal #2: Improve and preserve existing affordable housing.			
1. Target redevelopment strategies toward vacant and abandoned properties.	1, 4, 5	1, 2, 3, 4, 5	1 to 3 years
2. Target CDBG funds toward property improvement for low and moderate income residents.	1	4	1 to 3 years
3. Develop programs to promote the private renovation of vacant homes. Encourage the promotion of existing programs such as FHA 203K loans.	1, 5	5	1 to 3 years
Goal #3 Reduce development costs where possible.			
1. Explore partnerships with the Nebraska Manufactured Housing Association to work with local housing manufactures to develop a palette of neighborhood context sensitive home plans that can be constructed on infill lots;	1, 3, 5	1, 4, 5	3 to 5 years
2. Proactively extend public utilities to reduce the costs of development and encourage development in appropriate areas.	1	1, 2, 3, 4	3 to 5 years
3. Evaluate and streamline trade licensing requirements and processes.	1	7	1 to 3 years
Goal #4 Improve household stability			
1. Work with existing subsidized housing owners to ensure their properties are well maintained and the affordable units are preserved.	1, 2, 5	3, 4, 5	5 or more years
2. Work with affordable housing developers to create additional rental housing for very-low income families.	1, 3, 5	1, 3, 4, 7	3 to 5 years

Organization:

1. Hastings
2. Adams County
3. Hastings Economic Development Corporation (HEDC)
4. Hastings CRA
5. Local Developers / Home Builders

Incentive Sources:

1. General Funds
2. Bonding
3. TIF
4. Grants
5. Private Funds
6. Sales Tax/Occupational Tax
7. Non-monetary





2023 Report to the Legislature
Housing Affordability and Missing Middle
Report



June 29, 2023

Elsa Knight, Legal Counsel
Nebraska Legislature Urban Affairs Committee

Dear Ms. Knight,

Please find attached the City of Hastings 2023 Affordable Housing Report to satisfy the requirements of the Municipal Density and Missing Middle Housing Act. The City of Hastings and our regional partners are working diligently to improve the affordability of housing for our current and future residents.

The City completed a Housing Needs Assessment in 2021 that established the groundwork to address affordable housing on the community. As part of the City's Comprehensive Plan Update, an action plan is being created to provide the Development Services Department, other City Departments, and our regional partners with implementation steps to address this important housing need.

Please find below descriptions and items for the nine elements of the required Affordable Housing Report. If you have any questions or need additional information, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink that reads "Chad Bunger".

Chad Bunger, AICP, CFM
Director of Development Services
City of Hastings, Nebraska
402-461-2368
cbunger@cityofhastings.org

(a) An overview of the city's current residential zoning requirements;

The City's zoning code ([Chapter 34 of the Code of Ordinance](#)) allows for a wide variety of housing types by right. Single-family homes are a permitted use in 10 of the 14 available zoning classifications, that also includes single family homes constructed as Type A or B Manufactured Housing. Middle housing, such as duplexes and townhouses, are allowed in 5 different zoning classifications. Multifamily dwellings are allowed within 5 zoning classifications. The minimum lot sizes range in size from 5-acres in the agriculture zone to no minimum in the commercial zones. All but two zones have a minimum lot size of 20,000 square feet or less.

(b) The percentage of areas within the corporate limits of the city zoned for residential use which permit the construction of multifamily housing and middle housing, including whether such areas are zoned specifically for residential use or generally allow residential use, and whether such construction is permitted with or without any additional permit requirements;

The [Table 200-1: Uses and Districts Table can be found in Section 34-200](#) of the City's Code of Ordinance. The middle housing and multiple-family housing is permitted in the various districts listed below.

District	Permitted/ Conditional Use	Area (Acres)	Percentage
Total City		9669.1	
R-2 Mixed-density Neighborhood District	Permitted	1358.3	14.05%
R-3 Multiple-Family Residential District	Permitted	647.8	6.70%
R-4 Urban Neighborhood District	Permitted	0.4	0.001%
C-O Commercial Office Non-Retail District	Permitted	43.4	0.45%
C-1 Local Business District	Permitted	123.8	1.28%
C-2 Central Business District	Permitted	91.3	0.94%
C-3 Commercial District	Permitted	540.8	5.59%
CMP – Institutional Campus District	Permitted	23.2	0.24%
Total		2829.0	29.26%

(c) A breakdown of new residential construction within the corporate limits of the city over the previous five years, including the percentage of such construction that was single-family housing, multifamily housing, and middle housing;

Unfortunately, for a variety of reasons, the City of Hastings development records have not historically been well maintained. Without being unduly burdensome to department staff, most of this information is not readily available currently. The City incorporated a new building permit record system in 2022. Moving forward, this type of data will be more easily retrievable and presentable.

The 78-unit multi-family building and the two, two-family (townhome) projects would meet Hastings’ categorization of Middle Housing, as the valuation of construction was at or below the City’s price range of \$150,000 - \$225,000. All single-family homes were built for “at-market” rate and were above the City’s Middle Housing price range.

Year	Single-Family	% Single-Family	Two- & Three-Family	% Two- & Three-Family	Multiple-Family	% Multiple-Family	Middle Housing	% Middle Housing
2022	36	30.5%	4	3.4%	78	66.1%	80	67.8
2021	25	100%	0	-	0	-	0	-
2020	40	80%	10	20%	0	-	0	-
2019	40	23.5%	46	27.1%	84	49.4%	0	-
2018	31	100%	0	-	0	-	0	-

(d) A breakdown of residential units annexed by the city over the previous five years, including the percentage of such units that were single-family housing, multifamily housing, and middle housing;

The City did not annex land into the corporate boundaries that has existing residents on it. Any land annexed into the City was either “green grass” development or existing non-residential land.

(e) An estimate of the per-unit cost of housing within the corporate limits of the city;

The estimated per-unit cost for all housing in the City of Hastings is \$156,495. This estimation was calculated by taking the valuation of each residential property and dividing it by the number of dwellings for the property, then averaging that result.

For new construction over the last two years, the average per-unit cost is estimated to be \$313,581. The table below further breaks down the 2-year average for new construction by housing type.

Housing Type	2022 per-unit estimate	2023 per-unit estimate
Single-family	\$315,398	\$394,791
Two- & Three-family	\$177,036	\$166,947
Multi-family	\$111,155	-
Single-family remodel	\$39,706	\$43,747

(f) Whether such zoning codes, ordinances, and regulations provide for density bonuses or other concessions or incentives which encourage residential density, and the frequency with which such bonuses, concessions, or incentives are utilized;

The City does not currently incentivize residential developments, based on density.

(g) Whether such zoning codes, ordinances, and regulations allow the construction of accessory dwelling units;

Accessory dwelling units are allowed with a conditional use permit within one zoning classification. Conditional use permits must go before the Planning Commission and be approved by City Council.

(h) What incentives the city applies to encourage the development of affordable housing, including both direct incentives and regulatory relief;

The City of Hastings has not directly provided financial assistance or incentives to encourage the development of affordable housing, yet. The Hastings Economic Development Corporation did utilize the tax increment financing tool in a designated redevelopment area to incentivize development of apartments, two-family dwellings, and single-family detached homes. The initial plan was for this development to address work force and affordable housing needs. However, the local market forces did not allow this to occur, as originally planned. These dwellings are renting and selling at market rate.

(i) The percentage of areas within the corporate limits of the city zoned for residential use which have been declared substandard and blighted areas under the Community Development Law;

The Hastings Community Redevelopment Authority is the local organization that manages the community for conserving and rehabilitating substandard or blighted areas within the City. The Hastings CRA has declared approximately 21.3% of all residentially zoned land within the City to be substandard or blighted. This equates to roughly 27.3% of the total land the CRA has declared as substandard or blighted (2709.6-acres) to be residentially zoned.

(j) The percentage of areas within the corporate limits of the city zoned for residential use which have been declared extremely blighted areas under the Community Development Law;

The Hastings Community Redevelopment Agency has not declared any areas in the City as extremely blighted. The percentage of areas within the Hastings corporate limits zoned for residential uses that is designated as extremely blighted is 0%.

(k) A demographic analysis of the city with trends and estimates of the housing need classified by housing type and price range;

The City of Hastings has had a relatively stable population. The current population, according to the 2020 U.S. Census' American Community Survey (ACS) 5-year Estimates (*Table DP05*), 25,247. Over the course of the last ten years, based on U.S. Data, the average percentage of growth has been 0.20%. Apply this rather modest growth rate for the future, Hastings is anticipated to grow to roughly 25,700 people by 2030.

The 2021 estimated total number of households is 10,288 (*U.S. Census, Table DP02*). As expected, the number of households in the City has remained relatively stable, with a modest growth rate of 0.24% over the last ten years. The occupancy rate of all households in Hastings is a relatively high 91.6% (*U.S. Census, Table B25002*).

The 2021 U.S. Census ACS estimated the median household income to be \$54,606 (*U.S. Census, Table S2503*). Utilizing the same U.S. Census table to estimate the percentage of owner- vs. renter-occupied house, approximately 63.9% of Hastings' households are owner-occupied compared to 36.1% for renter-occupied housings.

On the topic of affordable housing, 25.3% of all Hastings households spend 30% or more of their monthly incomes on housing costs (both owner-occupied and renter-occupied) (*U.S. Census, Table S2503*). Across the board, the "less than \$20,000" income bracket has the highest number of households who pays 30% or more on housing costs. Separating this analysis by owner-occupied or renter occupied; 14.9% of owner-occupied households spend 30% or more on housing costs. The income bracket that has the highest percentage of households spending 30+% on housing costs is the "\$20,000-\$34,999" grouping.

For renter-occupied housing, 44.8% of households spend 30% or more on housing costs. The income bracket with the largest percentage is "less than \$20,000", with 32.4%. The next highest is "\$20,000 - \$34,999" with 11.2%.

Item (I) Efforts to adopt an affordable housing action plan as required under section 19-5505.

The City is currently working on an affordable housing action plan in conjunction with our comprehensive plan update. This action plan will establish implementation tasks to address the topics found in this report and the City's Housing Needs Assessment. Since the population is under 50,000 the plan is not due until January 1, 2024. The comprehensive plan update and affordable housing action plan is on schedule be completed before the Act deadline.