

SECTION 4



**HOUSING UNIT TARGET DEMAND/
NEEDS ANALYSIS.**

SECTION 4: ***HOUSING UNIT TARGET DEMAND/NEEDS*** ***ANALYSIS.***

INTRODUCTION.

This Section of the Grand Island, Nebraska Housing Study with Strategies for Affordable Housing provides a Housing Needs/Demand Analysis. The needs/demand analysis includes the identification of housing “target” demand for both new housing development and housing rehabilitation activities.

HOUSING DEMAND POTENTIAL.

To effectively determine housing demand potential, three separate components were reviewed. These included (1) housing demand based upon new households, the replacement of substandard housing units and the need for affordable housing units for persons/families cost burdened, (2) vacancy deficiency (demand), and (3) local “pent-up” housing demand. The following describes each of these components.

(1) HOUSING DEMAND-NEW HOUSEHOLDS, REPLACEMENT & AFFORDABLE DEMAND.

New households, the replacement of substandard housing and the assistance that can be provided to maintain affordable housing, for both its present and future households, are important considerations in the determination of a housing demand potential for any particular neighborhood or community.

Future Households.

The Community Grand Island is projected to increase in both population and households by 2024. Population is projected to increase an estimated 3.4 percent from 2019 to 2024, or from 52,850 to 54,675, representing a “medium” population projection. Households are projected to increase from the current (2019) estimated 19,825, to 20,551, by 2024. Housing development programs will need to be implemented to insure safe, decent and affordable housing is provided for both current and new residents.

Substandard Units/Overcrowded Conditions.

A substandard unit, as defined by HUD, is a unit lacking complete plumbing, plus the number of households with more than 1.01 persons per room, including bedrooms, within a housing unit. The 2000 and 2010 Census and the field work completed by Hanna:Keelan produced data identifying substandard housing units and housing units having overcrowded conditions.

- According to the Grand Island Regional Planning/Community Development Department's analysis of Hall County Assessor's records, **893 total housing structures in "Badly Worn/Average" or "Badly Worn" condition.** An additional 110 housing structures were identified in **"Worn Out/Badly Worn" or "Worn out"** condition. During the next five years, these structures should be targeted for substantial rehabilitation or demolition. Units in poor to salvage condition have the highest potential to be targeted for demolition and should be replaced with appropriate, modern, safe and decent housing units, with a special focus on the local workforce populations.
- Currently, an estimated 842 units, or 4.5 percent of all housing units in Grand Island have overcrowded conditions, while 55 units, or 0.3 percent of all housing units, lack complete plumbing. This number of overcrowded housing units could increase by 2024 if action is not taken to provide appropriate housing to accommodate larger families.

Cost Burdened Households.

Owner and renter households experiencing cost burden are paying more than 30 percent of their income towards housing costs, including maintenance and mortgage payments. **Currently, an estimated 30.6 percent, or 3,940 of the total 19,462 households in Grand Island, are considered cost burdened.** This equals an estimated 2,427 owner and 3,530 renter households. By 2024, the number of renter and owner (housing) cost burdened households is projected to decline. Action should continue to be taken to create more affordable housing units in the Community.

(2) HOUSING VACANCY DEFICIENCY (DEMAND).

Housing vacancy deficiency is defined as the number of vacant units lacking in a Community, whereby the total percentage of vacant, available, code acceptable housing units is less than 6 to 7 percent. A vacancy rate of 6 percent is the minimum rate recommended for Grand Island, to have sufficient housing available for both new and existing residents.

An **adjusted housing vacancy rate** considers only available, year-round, vacant housing units meeting the standards of local codes and containing modern amenities.

Currently, the City of Grand Island has an overall estimated housing vacancy rate of 5 percent. The overall “adjusted housing vacancy rate,” which considers housing units strictly for sale or for rent and meet City code, is an estimated 3.1 percent. This includes a 3.5 percent owner housing vacancy rate and a 2.4 percent renter housing vacancy rate. A vacancy deficiency exists in both the Community’s owner and rental housing stock.

(3) “PENT-UP” HOUSING DEMAND.

The “**Pent-Up**” housing demand is defined as those current residents of Grand Island needing and/or wanting to secure a different and/or affordable housing type during the next five years. This would include persons from all household types and income sectors of the Community, including elderly, families, special populations, etc., very-low to upper-income. This includes persons and families needing a different type of housing due to either a decrease or increase in family size, as well as households having the income capacity to build new and better housing. Most often, pent-up housing demand is created by renter households wanting to become a homeowner, or vice-a-versa.

HOUSING UNIT TARGET DEMAND.

Table 4.1 identifies the **estimated housing target demand** for Grand Island by 2024. Community leadership and local housing stakeholders and providers need to be focused on this housing target demand and achieving reasonable goals that will effectively increase the quantity and quality of housing throughout the Community.

The total estimated five-year housing target demand is **1,361 units, including an estimated 740 owner and 621 rental units.** The total estimated **development cost** is **\$382.2 million.** **Housing projects should include both, new construction and purchase/rehab/resale or re-rent activities.**

A demand for rehabilitated and/or new housing units exists in Downtown Grand Island. A total of 70 additional units, consisting of 24 owner and 46 rental housing units, should be targeted for Downtown Grand Island, by 2024.

**TABLE 4.1
 ESTIMATED HOUSING UNIT TARGET DEMAND
 (MEDIUM POPULATION PROJECTION)
 GRAND ISLAND, NEBRASKA
 2024**

<u>Owner</u>	<u>Rental</u>	<u>Total Target Demand</u>	<u>Est. Required Target Budget (Millions)</u>
740	621	1,361	\$382.19

*Based upon new households, housing for cost burdened households, replacement of occupied substandard/dilapidated housing stock (including housing stock experiencing plumbing, overcrowded conditions), absorb housing vacancy deficiency of structurally sound housing units, build for “pent-up” demand and calculation for local housing development capacity.

NOTE 1: Housing development activities should include both new construction and purchase-rehab/resale or re-rent activities.

NOTE 2: Downtown Housing Demand (new and rehabilitated): 24 Owner Units, 46 Rental Units.

Source: Hanna:Keelan Associates, P.C., 2019.

HOUSING DEMAND BY INCOME SECTOR.

Table 4.2 presents the **estimated household Area Median Income (AMI)**, per household size for Hall County, Nebraska. AMI is determined by finding the “100 percent” median income of households in a given geographic area, ranging in household size from one- to eight persons. That “median” amount of income is considered to be “100 percent” for a geographic area for each household size category. For example, in the Table below, a four-person family in Hall County, with an annual family income of \$68,000 is considered to be making “100 percent of the local AMI”. This information allows for the determination of “**affordability**” and associated **housing price points (products)** for various household sizes.

TABLE 4.2

**AREA HOUSEHOLD INCOME (AMI) BY PERSONS PER HOUSEHOLD (PHH)
 HALL COUNTY, NEBRASKA HUD METRO FMR AREA
 2019**

	<u>1PHH</u>	<u>2PHH</u>	<u>3PHH</u>	<u>4PHH</u>	<u>5PHH</u>	<u>6PHH</u>	<u>7PHH</u>	<u>8PHH</u>
30% AMI	\$14,700	\$16,800	\$18,900	\$21,000	\$22,700	\$24,400	\$26,050	\$27,750
50% AMI	\$24,500	\$28,000	\$31,500	\$35,000	\$37,800	\$40,600	\$43,400	\$46,200
60% AMI	\$29,400	\$33,600	\$37,800	\$42,000	\$45,360	\$48,720	\$52,080	\$55,440
80% AMI	\$39,200	\$44,800	\$50,400	\$56,000	\$60,500	\$65,000	\$69,450	\$73,950
100%AMI	\$49,000	\$56,000	\$63,000	\$70,000	\$75,600	\$81,200	\$86,800	\$92,400
125%AMI	\$61,250	\$70,000	\$78,750	\$87,500	\$94,500	\$101,500	\$108,500	\$115,500

Source: U.S. Department of Housing & Urban Development
 Hanna:Keelan Associates, P.C., 2019.

Table 4.3, Page 4.6, identifies the **estimated year-round housing target demand, for Grand Island, for 2024, by income sector.** Approximately 1,361 new units, consisting of 740 owner and 621 rental units, should be targeted by 2024. A majority of the owner units should be provided to families and individuals having an Average Median Income (AMI) of 81 percent or higher, while a majority of rental units should focus on households between 81 percent and 125 percent AMI. The City will need to plan for housing for all AMI categories.

Of the 740 total owner unit housing demand, an estimated 628 units should consist of new construction, while the remaining 112 should be utilized as part of a purchase/rehab/resale program. For rental units, an estimated 527 of the total 621 units should be new construction, with the remaining 92 units as part of a purchase/rehab/re-rent program.

TABLE 4.3
ESTIMATED YEAR-ROUND HOUSING UNIT TARGET DEMAND BY
AMI INCOME SECTOR (MEDIUM POPULATION PROJECTION)
GRAND ISLAND, NEBRASKA
2024

	<u>Income Range</u>					<u>Totals</u>
	<u>0-30%</u>	<u>31-60%</u>	<u>61-80%</u>	<u>81-125%</u>	<u>126%+</u>	
	<u>AMI</u>	<u>AMI</u>	<u>AMI</u>	<u>AMI</u>	<u>AMI</u>	
Owner*:	24	46	84	192	394	740
Rental**:	52	88	130	226	125	621

*Estimated 628 units of new construction; estimated 112 units for Purchase/Rehab/Resale.

**Estimated 527 units of new construction; estimated 92 units for Purchase/Rehab/Re-Rent.

Source: Hanna:Keelan Associates, P.C., 2019.

HOUSING EXPECTATIONS FOR SPECIFIC POPULATION GROUPS & PRICE POINTS (PRODUCTS).

Target populations include elderly, family and special needs, per Area Median Income (AMI). The housing types in Grand Island include both owner and rental units of varied bedroom types. This will allow housing developers to pinpoint crucial information in the development of an affordable housing stock for the appropriate population sector. A majority of homes in the Area should be geared toward family populations, including those in the local workforce.

Table 4.4 identifies housing target demand for the Grand Island, for specific population groups, by 2024. In Grand Island, 1,361 units will be needed by 2024, consisting of 740 owner and 621 rental units. This includes an estimated 459 total units for elderly (55+) populations, 821 total units for families and 51 total units for special populations, or those with a mental and/or physical disability(ies). An estimated 795 of the total units, consisting of 488 owner and 307 rental units, should be built for the workforce population in the Community.

TABLE 4.4
HOUSING UNIT TARGET DEMAND –HOUSEHOLD TYPE BY AMI
GRAND ISLAND, NEBRASKA
2024

OWNER UNITS	<u>HOUSEHOLD AREA MEDIAN INCOME (AMI)</u>					Totals	Workforce Sector
	<u>0%-30%</u>	<u>31%-60%</u>	<u>61%-80%</u>	<u>81%-125%</u>	<u>126%+</u>		
Elderly (55+)	0	8	12	78	124	222	54
Family	14	7	63	108	270	482	426
Special							
<u>Populations¹</u>	<u>10</u>	<u>11</u>	<u>9</u>	<u>6</u>	<u>0</u>	36	8
Subtotals	24	46	84	192	394	740	488
RENTAL							
<u>UNITS*</u>							
Elderly (55+)	10	36	40	80	71	237	35
Family	30	36	80	139	54	339	266
Special							
<u>Populations¹</u>	<u>12</u>	<u>16</u>	<u>10</u>	<u>7</u>	<u>0</u>	45	6
Subtotals	52	88	130	226	125	621	307
Totals	76	134	214	418	519	1,361	795

* Includes lease- or credit-to-own units.

¹ Any person with a special housing need due to a cognitive and/or mobility disability.

Note: Housing demand includes both new construction & purchase/rehab/resale or re-rent.

Source: Hanna:Keelan Associates, P.C., 2019.

Table 4.5 identifies **proposed housing types by price point (product)** with the given Area Median Income (AMI) for Grand Island, by 2024. The owner housing type most needed will be units with three or more bedrooms, for persons or households at or above 126 percent AMI with an average affordable purchase price of \$372,000. Two-bedroom rental units, with an average affordable monthly rent of \$1,140, present the greatest need in the Area. A demand exists for nearly all AMI categories and unit sizes.

Three-bedroom units at an average purchase price of \$189,000 and two-bedroom units at an estimated average monthly rent cost of \$825 are the most needed housing types for the workforce population in Grand Island.

TABLE 4.5
HOUSING UNIT TARGET DEMAND – UNIT TYPE/PRICE POINT (PRODUCT) BY AMI
GRAND ISLAND, NEBRASKA
2024

PRICE – PURCHASE COST (Area Median Income)

Owner Units*	(0%-30%) \$88,630*	(31%-60%) \$133,000*	(61%-80%) \$207,000*	(81%-125%) \$310,000*	(126%+) \$372,000*+	Totals	Work Force \$189,000*
1 Bedroom ¹	0	0	0	27	31	58	0
2 Bedroom ¹	7	20	30	60	80	197	56
<u>3+ Bedroom</u>	<u>17</u>	<u>26</u>	<u>54</u>	<u>105</u>	<u>283</u>	485	432
Totals	24	46	84	192	394	740	488

PRICE – PURCHASE COST (Area Median Income)

Rental Units**	(0%-30%) \$425**	(31%-60%) \$640**	(61%-80%) \$925**	(81%125%) \$1,140**	(126%+) \$1,420**+	Totals	Work Force \$825**
1 Bedroom ¹	20	26	32	64	32	174	36
2 Bedroom ¹	22	50	68	108	72	320	178
<u>3+ Bedroom</u>	<u>10</u>	<u>12</u>	<u>30</u>	<u>54</u>	<u>21</u>	127	93
Totals	52	88	130	226	125	621	307

¹ Includes Downtown Housing Units.

*Average Affordable Purchase Price; varies with unit type and household size.

**Average Affordable Monthly Rent; varies with unit type and household size.

Note: Housing demand includes both new construction & purchase/rehab/resale or re-rent.

Source: Hanna:Keelan Associates, P.C., 2019.

HOUSING REHABILITATION & DEMOLITION DEMAND.

Table 4.6 identifies the **target rehabilitation and demolition demand for Grand Island, by 2024.** The data presented is based on information collected from the Hall County Regional Planning Department. A total of **592 units should be targeted for moderate or substantial rehabilitation in Grand Island, at an estimated cost of \$23.1 Million.** Moderate rehabilitation typically includes homes needing “cosmetic” and minor “structural” improvements such as new siding, windows, paint, roof surface, doors, etc., while substantial rehabilitation includes homes needing the previously listed improvements, but also includes repairs to structural and infrastructure elements of the house, such as foundation, baring walls and roof lines/structural repairs and plumbing/electrical upgrades.

An additional 289 housing units should be considered not cost effective for rehabilitation and should be demolished, by 2024. The estimated cost of demolition will range, depending on the ownership and/or acquisition of the housing unit. Demolition of dilapidated and worn out housing units creates an opportunity for new housing types to be developed and take advantage of existing public infrastructure.

Land being occupied by “bad and unsafe” housing located in Grand Island should be secured in a “Land Bank,” program and reserved for future housing development. This could be created through acquisition by a local housing provider or development entity, or simply monitored by local economic and community development organizations. The Community will need to take a proactive role in housing development and rehabilitation activities.

TABLE 4.6		
ESTIMATED HOUSING UNIT		
REHABILITATION / DEMOLITION TARGET DEMAND		
GRAND ISLAND, NEBRASKA		
2024		
	# Rehabilitated /	Demolition
	<u>Est. Cost*</u>	
	592 / \$23.1M	289
*Based upon Hall County Assessor Data, Field Inspections and Age of Housing Data. Source: Hanna:Keelan Associates, P.C., 2019.		