

# Sutton, Nebraska

## Housing Study

April 2016



Prepared by JEO Consulting Group and  
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## EXECUTIVE SUMMARY

The city of Sutton is located in south-east Nebraska as part of the Hastings Micropolitan Statistical Area. This study exists to examine the housing market of Sutton and document area housing data and conditions. The goal of the document is to provide support for community decisions and strategies regarding housing improvement and development in the community. It is understood that housing is an integral component of economic development and community quality of life.

### Study Process

The Sutton Housing Needs Study is developed in conjunction with a series of focus group meetings, engaging select stakeholders in housing and economic development to discuss housing needs and opportunities in Sutton.

The first step in the study is to develop a Profile of Sutton. This profile is an understanding of Sutton, its residents, its and housing stock. The purpose of the Profile is to identify who the residents of Sutton are, the condition of their existing housing and what their future needs may be. The profile data was then presented to a steering committee, focus groups and a town hall meeting of the general public as an educational base prior the engagement step.

Next the community was engaged to garner public opinion on the housing needs of Sutton. Citizen participation is of the utmost importance in identifying the strengths, weaknesses, opportunities, and threats (SWOT) for housing development in the community. The residents, employees, and business leaders of Sutton have the most intimate understanding of the issues the community faces every day.

The third step of the planning process includes projecting future housing needs and demands. Utilizing socioeconomic data and trends of the existing population, a forecasted population base and housing demand are developed. These projections are designed to assist community leaders and private concerns in policy and investment decisions.

Stakeholder input, in conjunction with pointed community data, is utilized in the final step of the planning process. Recommendations are development based on input gained throughout the planning process and targeted opportunities. A community action-plan is created with strategies for addressing issues that may currently prohibit housing development in the community.

### Community Profile

#### Population

Since 1910, the population of Sutton was steadily in decline losing 26.4% up until 1960 when population began to turnaround where the overall population grew nearly 20% through 2010. Sutton, like many rural communities, loses a significant portion of young individuals after completing primary education. Typically these individuals migrate to additional educational or professional opportunities not available in smaller communities. Recapturing these age groups as they settle into careers and start families is pivotal to community growth. Sutton has had some recent success in this aspect. The community has

also gained a significant share of elderly population, likely due to the housing opportunities and medical services available in the community.

## Housing

The prevailing issue surrounding the existing housing stock of Sutton is its age. Over 50% of the existing housing stock is over 75 years old. And while many households have been well maintained over time, this is difficult to sustain. Some housing units have fallen into disrepair and are dilapidated beyond repair. Modern housing amenities are in high demand in Sutton. Many current residents are living below their means whether by choice, or lack of upgrade opportunities. This prevents many opportunities to free up housing for new residents.

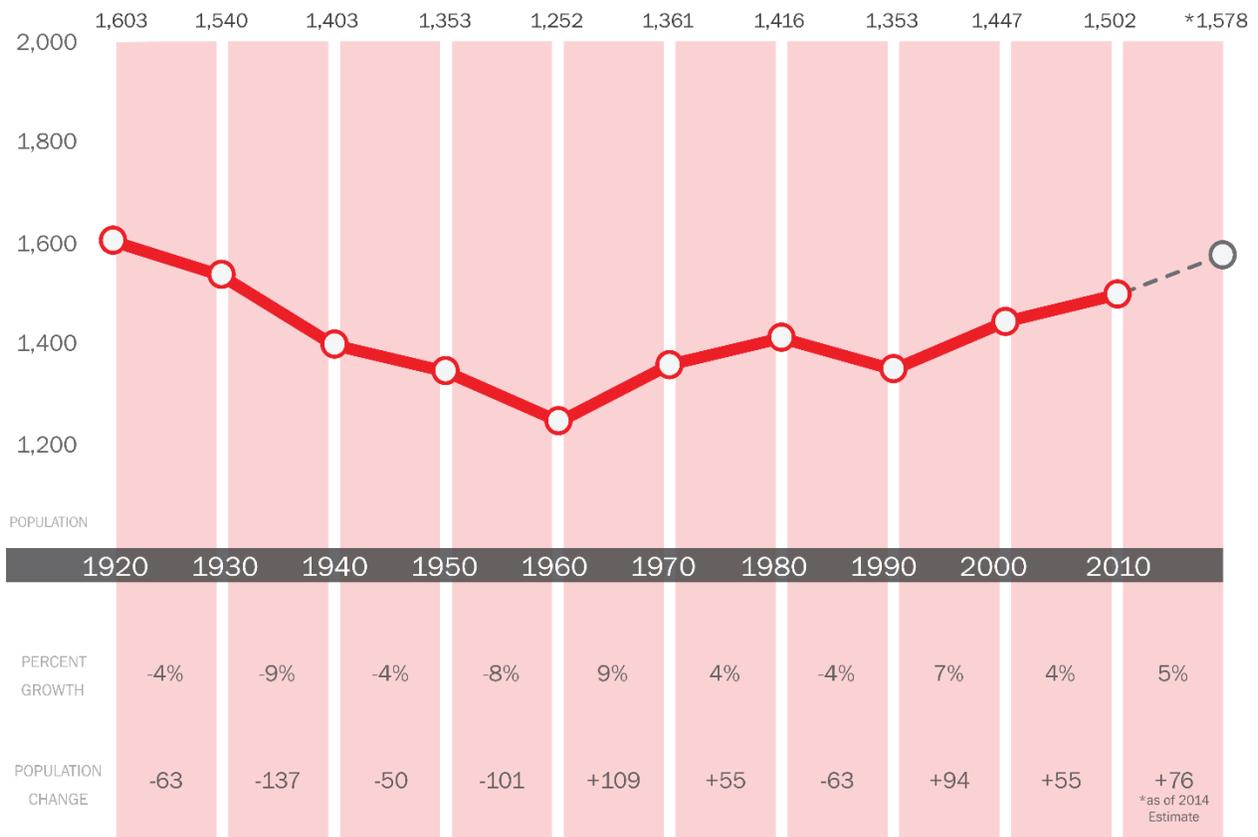
The condition of housing in Sutton is extremely diverse throughout the community as a whole. There is little-to-no isolated areas of excellent conditions or significant blight. This has a compounded effect of pulling down property values of new or well-maintained housing while making it difficult to prioritize areas for investment.

## Community Engagement

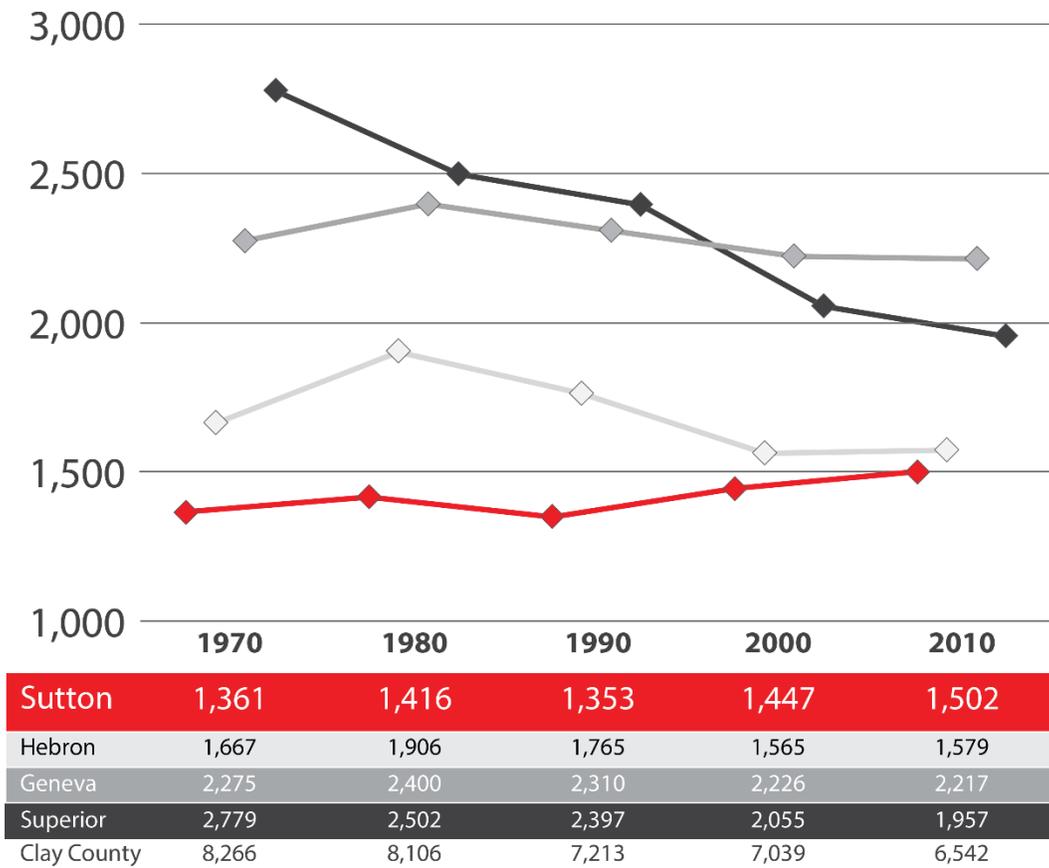
A series of focus groups were designed to solicit input from targeted stakeholders in the housing market. Participants included representatives of:

- Realtors
- Landlords
- Major Employers
- Lenders
- Community Leaders
- Young Professionals, and
- High School Youth

The responses overwhelmingly echoed and expanded on findings of the profile findings. Limitations to housing growth include; availability, housing choice, condition, and a backlog of demand. Modern housing with family-friendly amenities are lacking in the community, and yet have the greatest amount of demand. New housing, priced around \$130,000-\$200,000 is the targeted desire of most participants. Stakeholders desired existing or new subdivisions with larger lots, 3 bedrooms, and a 2 car garage. While two modern subdivisions exist with buildable lots, the public expressed affordability issues with constructing a new house. However, they believed this does provide opportunities not only for potential residents to Sutton, but also allow for existing residents to upgrade their current housing situation.



Peaking in the 1910's, at 1,702, the population of Sutton was in a steady decline until 1960. At that time the population began to grow upward with exception national farm crisis during the period 1980-1990. Census figures cite the 2010 population at 1,502, a 4% increase from the previous decade. Figures for 2014 estimate a population of 1,578, a 5% increase from the 2010 Census totals.

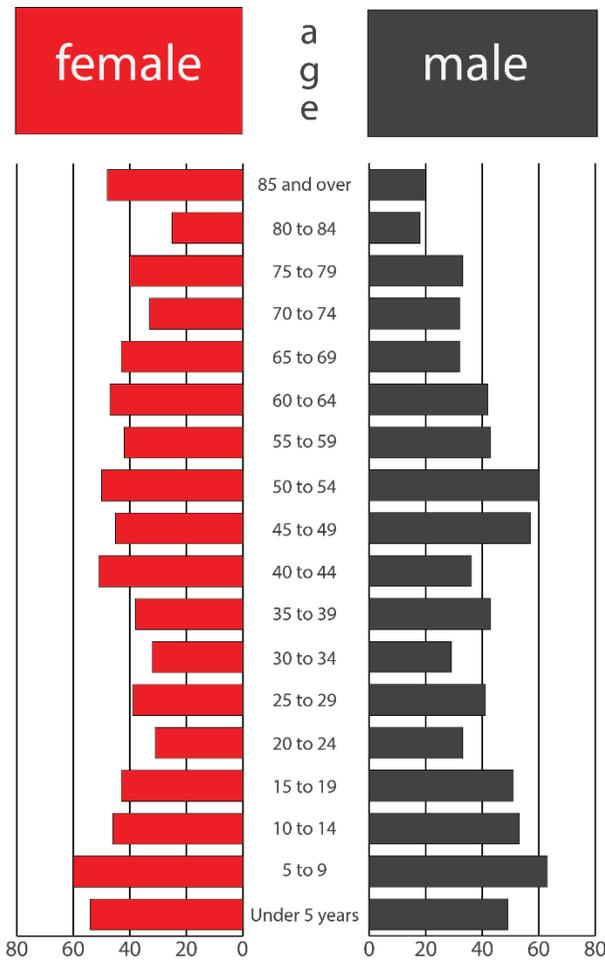


Sutton has seen an overall trend of growth since 1970 which goes against the trend of population decline representative of many communities in the region. Many cities in South Central Nebraska have seen relatively steady decline for the past forty years. This can occur as employment shifts from these rural areas to the greater metro areas of Hastings and Grand Island as well as Lincoln, as in the case of Sutton in the mid-80's with the dip in the agricultural economy.

|                                     | <b>Sutton</b> | <b>Hebron</b> | <b>Geneva</b> | <b>Superior</b> | <b>Clay County</b> |
|-------------------------------------|---------------|---------------|---------------|-----------------|--------------------|
| <b>2010 Total Population</b>        | 1,502         | 1,579         | 2,217         | 1,957           | 6,542              |
| <b>2010 Total Housing Units</b>     | 664           | 698           | 926           | 948             | 3,001              |
| <b>2014 Median Household Income</b> | \$54,792      | \$37,470      | \$49,091      | \$35,846        | \$50,682           |
| <b>2014 % Poverty</b>               | 3.8%          | 17.7%         | 9.9%          | 13.6%           | 10.1%              |
| <b>2010 Homeownerip Rate</b>        | 73.4%         | 70.5%         | 73.3%         | 71.8%           | 77.3%              |

Select population characteristics allow a community to consider context towards population, housing, and economic characteristics. More than ever, regional influences allow for flexibility in residential and employment options over a wide geographic plane. For this reason, the context of Sutton’s standing with respect to similar cities within the region is explored in this section. Comparable communities were selected based off similar populations and geographic proximity to Sutton.

The Sutton community is at or above regional averages in terms of housing units per population and home-ownership rates. Relative to the comparison communities Sutton has a much lower rate of poverty and higher median household income as well as a slightly higher rate of homeownership. These factors suggest an overall higher standard of living for the residents of Sutton.



The age cohort chart allows the graphic depiction of the age structure of Sutton’s population. The distribution of ages across a population can be an indicator for a community’s ability to grow naturally as individual age groups progress through age ranges. A bottom-heavy cohort chart, with the majority of population in the youngest age groups, is a good indicator of growth. A top-heavy cohort chart can be an indication of an aging population and population decline.

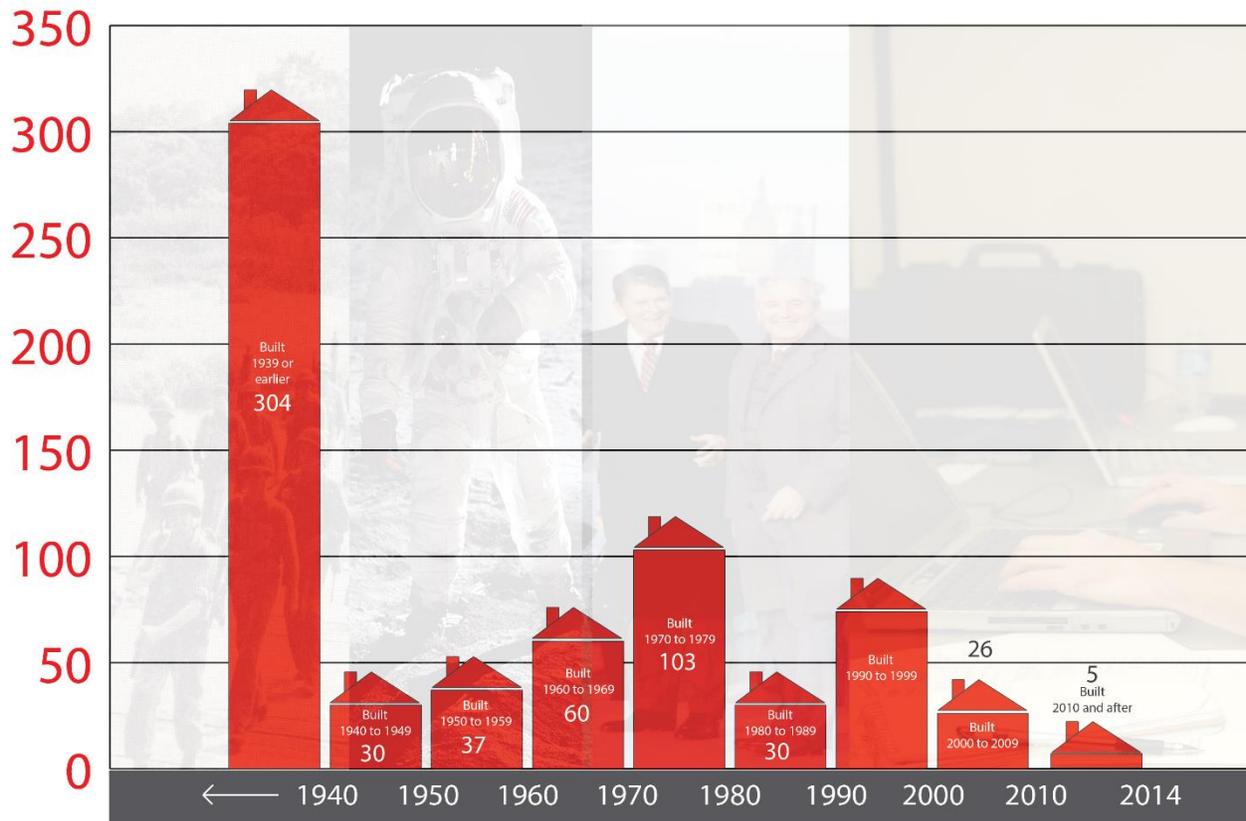
Sutton’s age cohort chart is relatively narrow without a clear majority although there is a definite dip in four cohorts from young adults (i.e. 20 to 24, 25 to 29) to onset of middle age (i.e. 30 to 34 and 35 to 39). While this trend may be an indication of a declining population, Sutton has maintained enough of the child rearing population to sustain itself. An expansion of the cohort chart at the oldest age groups is what weights the median age of Sutton higher. The elderly population is usually attracted to medical facilities and housing opportunities that fit their special needs. Both of these amenities are available in Sutton.

To achieve long term community growth, Sutton must prioritize recruitment and retention of young adults and families. These age groups support population growth as they establish careers and new families with children.

| Age Cohort | Sutton | Hebron | Geneva | Superior | Clay County |
|------------|--------|--------|--------|----------|-------------|
| 0 to 4     | 6.9%   | 5.4%   | 6.0%   | 4.6%     | 6.2%        |
| 5 to 9     | 8.2%   | 3.8%   | 6.3%   | 5.4%     | 7.4%        |
| 10 to 14   | 6.6%   | 5.6%   | 6.8%   | 5.3%     | 7.0%        |
| 15 to 19   | 6.3%   | 6.0%   | 9.2%   | 5.5%     | 7.3%        |
| 20 to 24   | 4.3%   | 3.7%   | 3.1%   | 3.3%     | 4.2%        |
| 25 to 29   | 5.3%   | 4.1%   | 3.8%   | 4.2%     | 4.7%        |
| 30 to 34   | 4.1%   | 4.0%   | 5.2%   | 4.2%     | 5.3%        |
| 35 to 39   | 5.4%   | 4.6%   | 4.2%   | 4.3%     | 4.9%        |
| 40 to 44   | 5.8%   | 5.5%   | 6.2%   | 4.6%     | 5.5%        |
| 45 to 49   | 6.8%   | 5.6%   | 6.1%   | 6.8%     | 7.8%        |
| 50 to 54   | 7.3%   | 6.8%   | 6.1%   | 7.9%     | 8.2%        |
| 55 to 59   | 5.7%   | 8.0%   | 6.4%   | 6.6%     | 7.2%        |
| 60 to 64   | 5.9%   | 6.8%   | 6.0%   | 5.9%     | 6.6%        |
| 65 to 69   | 5.0%   | 6.6%   | 5.1%   | 5.9%     | 4.9%        |
| 70 to 74   | 4.3%   | 5.8%   | 4.6%   | 6.8%     | 3.6%        |
| 75 to 79   | 4.9%   | 4.9%   | 4.3%   | 5.0%     | 3.7%        |
| 80 to 84   | 2.9%   | 4.4%   | 4.1%   | 6.2%     | 2.7%        |
| 85+        | 4.5%   | 8.4%   | 6.3%   | 7.5%     | 2.9%        |
|            |        |        |        |          |             |
| Median Age | 43.1   | 51.3   | 44.3   | 51.3     | 43.2        |

Comparing the composition of Sutton’s population with its peers again gives context to the analysis of the population. This comparison clearly shows were Sutton sufficient or lacking in population age groups with respect to similar communities. Noted comparisons are:

- Higher population in between the ages of 20 to 39
- Less share of population older than 75
- Median age lowest relative to comparison cities
- Share of population 0-9 years is higher (15.1%)



As Sutton developed historically, its housing stock followed suit. Sutton’s population peaked in the 1920’s and has declined steadily to 1960 and has since rebounded through present day. Immediately noticeable is the large majority of Sutton’s housing stock was built prior to 1940. Over 50% of Sutton’s housing stock is over 70 years old. This has a lot of implications on the housing style and condition community-wide.

The nearly 70/30 split indicated in the figure below represents a relatively ideal ratio of owner units to renter-housing units. Viable rental opportunities are important in a community’s housing stock. Renting provides an opportunity for introduction into a community by new employees entering the local workforce.



|                              | 1990  | 2000  | 2010* |
|------------------------------|-------|-------|-------|
| Population                   | 1,353 | 1,447 | 1,578 |
| Persons in Households        | 1,316 | 1,414 | 1,539 |
| Persons per Households       | 2.04  | 2.41  | 2.56  |
| Family Households            | ----- | 407   | 441   |
| Family Household Percentage  | ----- | 69.5% | 73.4% |
| Family Average Size          | ----- | 2.97  | 2.99  |
| <b>HOUSEHOLDS</b>            |       |       |       |
|                              | 1990  | 2000  | 2010* |
| Total Housing Units          | 610   | 650   | 664   |
| Single Family Units          | 552   | 571   | 604   |
| Duplex/Multiple Family       | ----- | 67    | 58    |
| Mobile Home                  | ----- | 12    | 2     |
| Occupied Housing Units       | 560   | 586   | 601   |
| Owner-occupied Units         | 446   | 461   | 438   |
| Renter-occupied Units        | 114   | 125   | 163   |
| Vacant Housing Units         | 50    | 64    | 63    |
| Owner-occupied vacancy rate  | 1.8%  | 3.2%  | 4.1%  |
| Renter-occupied vacancy rate | 13.0% | 12.6% | 0.0%  |
| <b>UNITS</b>                 |       |       |       |

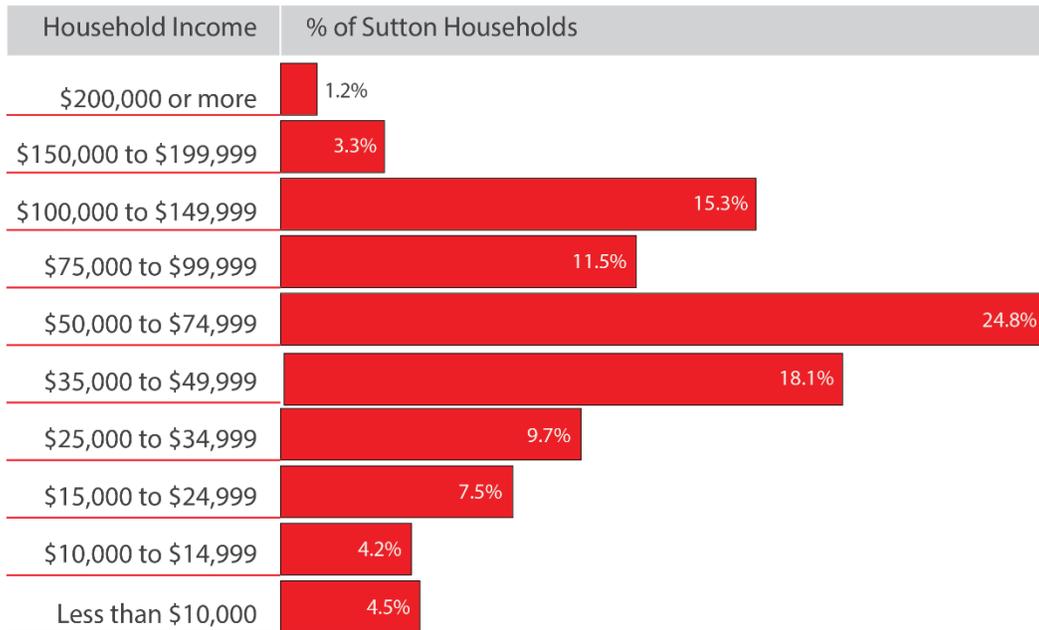
Sources: 1990-2010 US Censuses, Profile of General Population and Housing Characteristics (DP-1)

\*2010-14 ACS 5-YEAR ESTIMATES, Selected Housing Characteristics (DP04)

Changing housing characteristics through time reflect shifts in community demographics and lifestyles. Nationally, household and family size has shrunk since 1990. In Sutton, both household and family size have increased over the same period. Increasing housing size has put even more strain on Sutton's older housing stock. On the whole, older homes tend to be smaller with less bedrooms and bathrooms per house. Modern homes reflect current housing demands of more bedrooms, baths, and garage space. The replacement and addition of new housing stock has not kept pace with the population.

Sutton has consistently displayed low vacancy rates, especially among owner-occupied units. While generally thought of as an amenity, when there is a demand for housing, a low vacancy rate can represent a lack of available inventory and housing choice. Both residents and employers have expressed desires for more housing, citing a backlog of demand for housing in Sutton. A higher vacancy rate would represent more housing available for immediate occupancy, and an asset for recruiting new

residents and employees to Sutton. Typically a certain percentage of vacant housing is due to dilapidation and represents uninhabitable units. This further reduces the inventory of units available for purchase and occupancy.

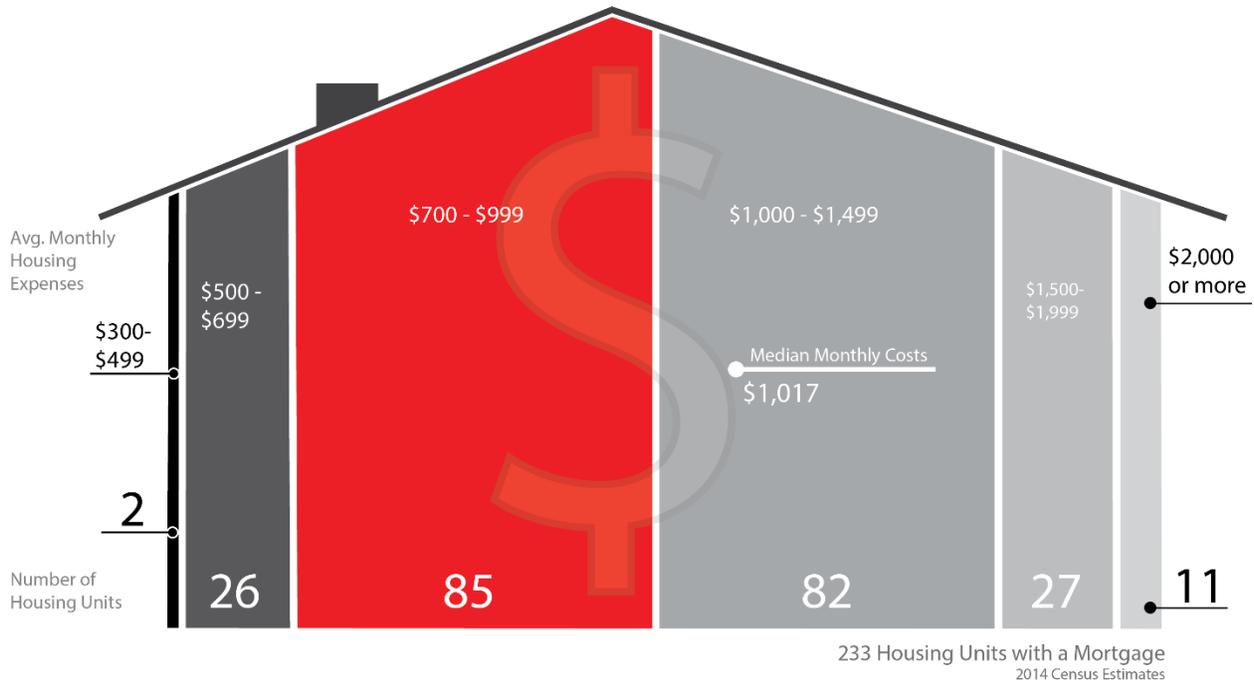


| Income Source     | % of Sutton Households | Mean Income |
|-------------------|------------------------|-------------|
| Earnings          | 78.9%                  | \$64,501    |
| Social Security   | 36.6%                  | \$19,169    |
| Retirement Income | 13.6%                  | \$12,051    |

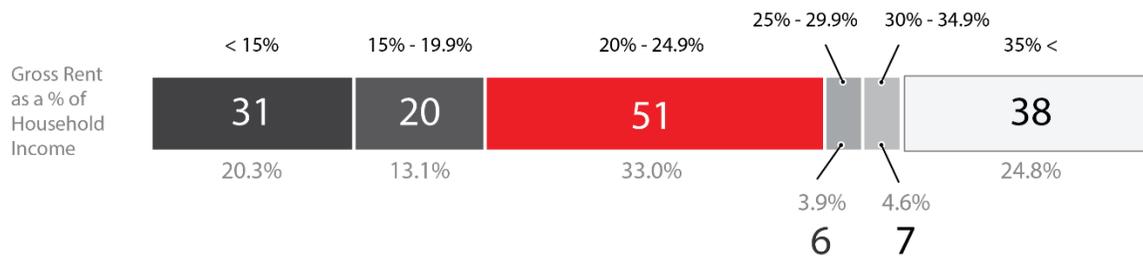
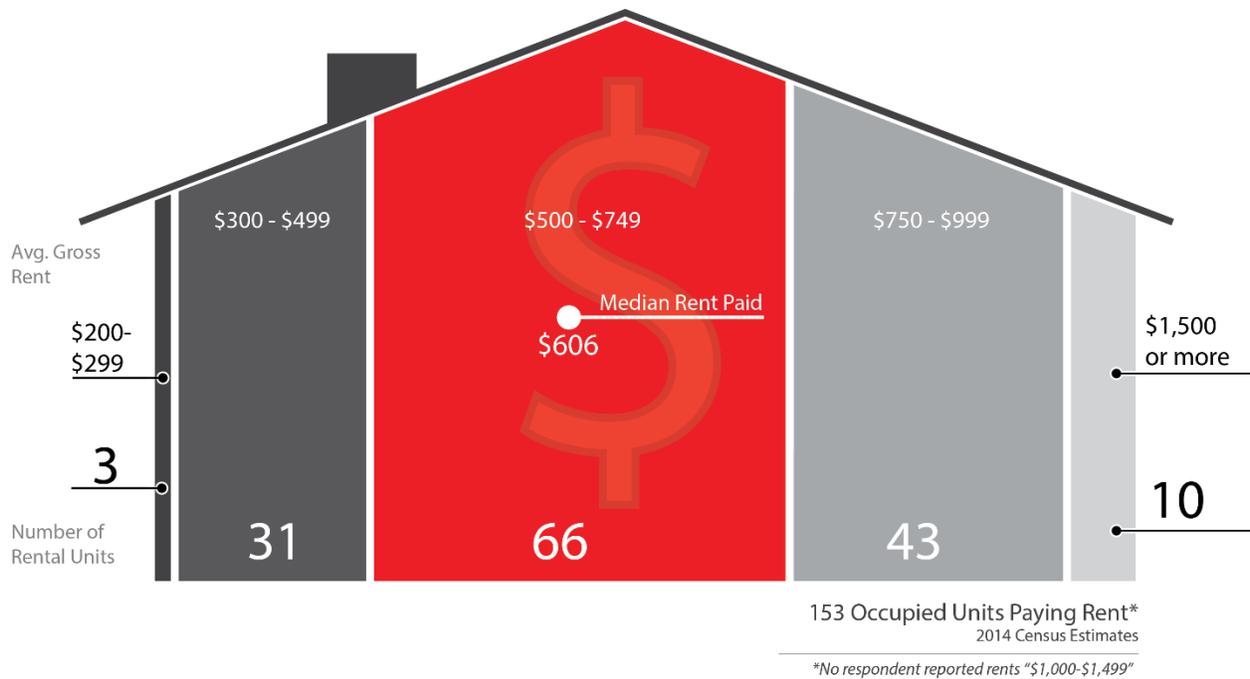
|                         |          |
|-------------------------|----------|
| MEDIAN HOUSEHOLD INCOME | \$54,792 |
| MEAN HOUSEHOLD INCOME   | \$66,490 |

Income is a major, if not the definitive factor, in terms of housing choice for a resident. The figure above documents the household income levels of Sutton residents. According to the Census estimates, 44% of Sutton households' income lies under \$49,999. That has a drastic effect on the demand and condition of housing in the community. However, the data also indicates that a similar percentage of household income consists of, or is supplemented by, social security or retirement income. This is an indication that a number of households are out of the workforce, likely due to retirement.

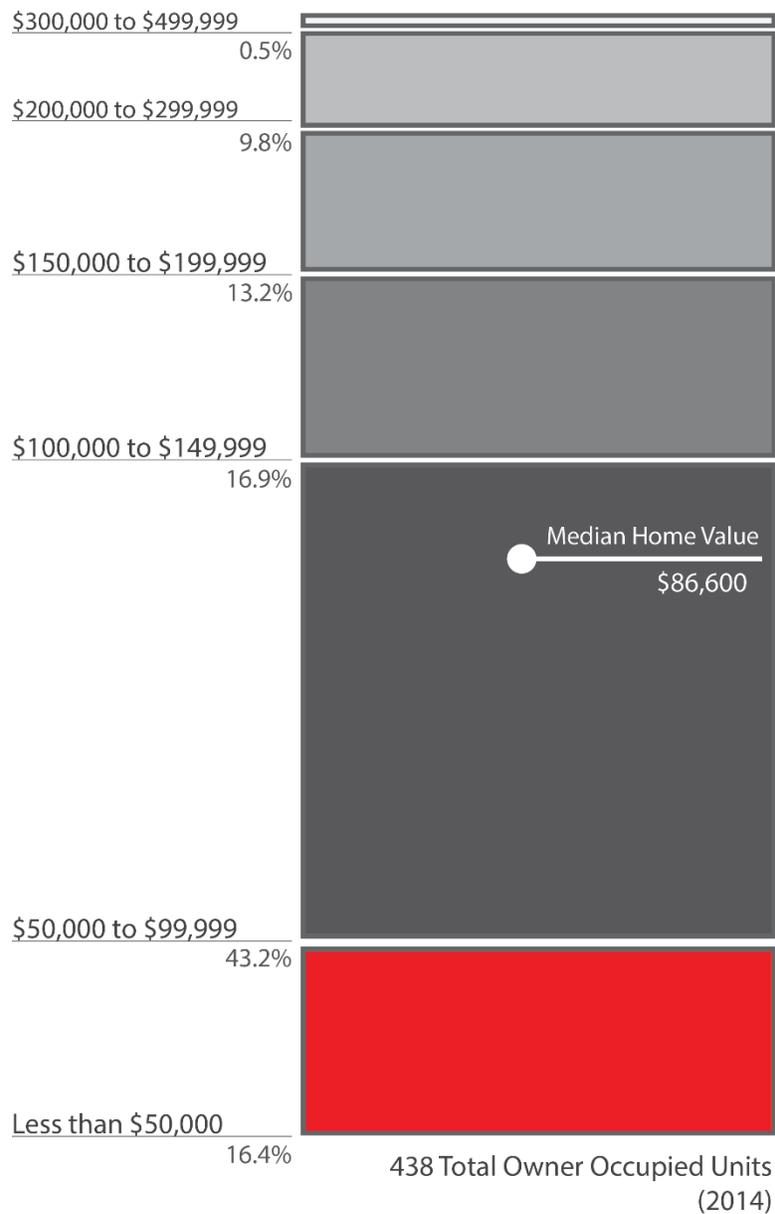
The number of elderly citizens in Sutton also skews the median household income data. The mean income for households whose income source includes social security or retirement is less than \$20,000. The mean income for households whose income is derived from earnings is \$64,501. This demographic more likely consists of working families with steady income.



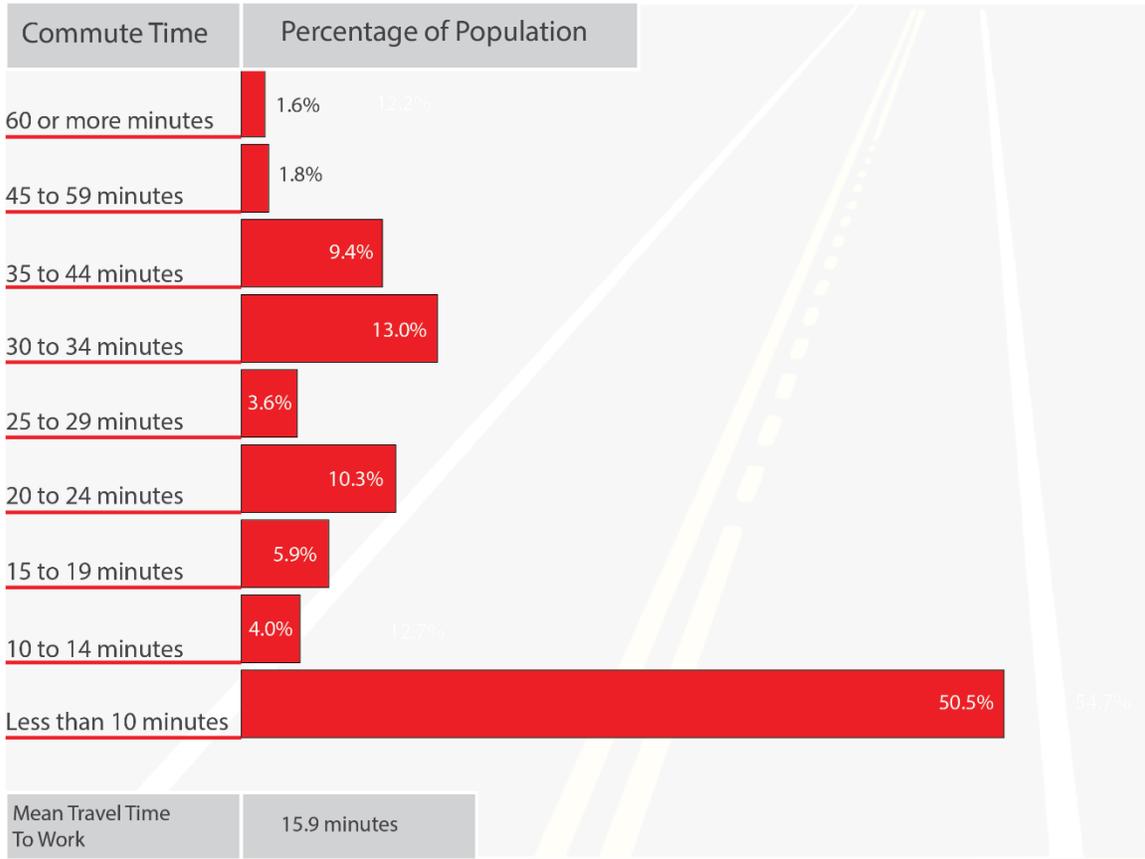
The relationship between income and housing can be further explored when analyzing the monthly housing costs for both owners and renters. The U.S Census defines housing costs as the sum of mortgage/rent payments, taxes, insurance, and utilities for a household. Households with total costs exceeding 35% of their income level are described to have a housing burden. Of owner-occupied units, the median monthly costs are \$1,017. An estimated 10.7% of households have a housing burden, while almost 77% of households spend less than 25% of their household income on housing costs. Low housing costs allows for the use of income on savings, home maintenance, and discretionary income that benefits the local economy.



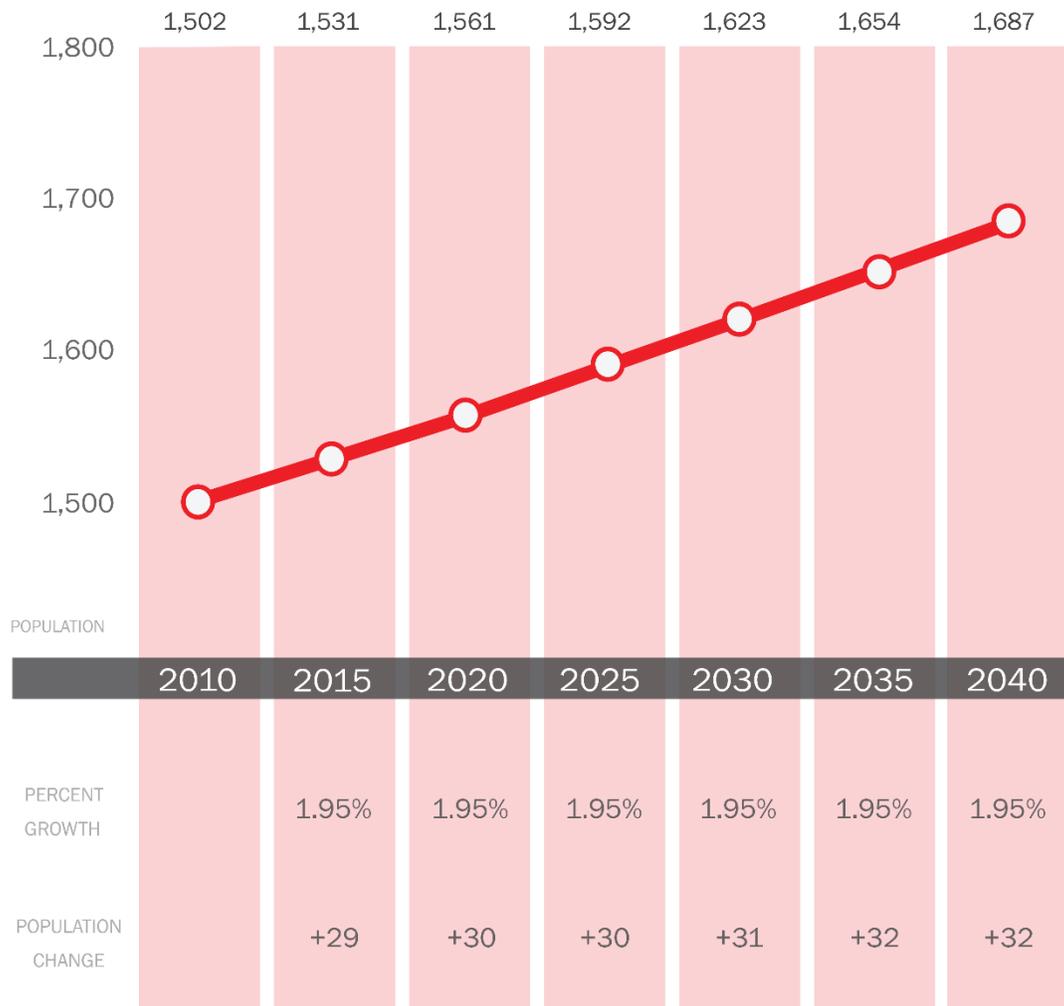
With a median rent of \$606, renters in Sutton experience more difficulty with affordability of housing. An estimated 24.82% of renters experience a housing burden, with gross rents exceeding 35% of their household median income. On a more positive note 66.4% of renters in Sutton pay less than 25% of their household income on rent. During the public participation meetings, participants stated a general lack of availability in quality rental opportunities. With nearly two-thirds of renters paying less than 25% and 20.3% paying less than 15%, there is some opportunity for higher-quality rental units, charging more in rent. The required rent for new housing units may be a social value impediment to existing residents that are unaccustomed to a greater percentage of income consumed on housing.



The age and condition of Sutton’s housing stock can best be quantified in the overall value of homes in the community. The estimated median home value was \$86,600 in 2014. The majority of homes in Sutton (59.6%) are valued at less than \$100,000. During the citizen participation process, participants expressed desire for more housing options priced at or above \$150,000. Only 23% of existing households fall into this price point.



An analysis of commuting patterns indicates the majority of Sutton residents also work in or near Sutton. A total of 50.5% of residents commute less than 10 minutes to work. While the mean travel time to work is 15.9 minutes, that number is weighted by 25.8% of residents commute 30 minutes or more to their place of employment. It is likely these residents are commuting to the job centers in Hastings less than 40 miles away or even Grand Island, nearly 50 miles away. The heavy presence of residents working in Sutton is a benefit to the local economy. A commuting population significantly reduces the population of the community during the workday. When those residents are working within the community, the propensity to consume local goods and services is increased.



By utilizing the past 50 years of data, an annual growth rate was established, 0.4%, and then applied to five-year increments, 1.95%. This linear growth model is likely a conservative estimate since the US Census estimated a 2014 population of 1,578. A number of primary aged school-children, combined with a high number of migration of professionals and elderly into the community, Sutton projects continued population growth.

Population projections are important to plan for future needs of community infrastructure, employment, and housing. In this instance, the projections can be measured against current housing occupancy trends to determine future housing demand.

## HOME SALES

There were nearly 300 real estate transactions involving households in Sutton during the 2013 calendar year. Of these, many were deed holder changes, often internal to family structures. However, 154 of these transactions involved a sale price on real estate containing a housing unit. The average price per square foot of a Sutton home sold in 2013 was \$37.84. The average age of a home sold in 2013 is over 80 years. Some home sales approached and exceeded \$100 per square foot. These tended to be newer houses, constructed after 1970.

## DEMOLITION

Uninhabitable and dilapidated houses can be extremely detrimental to community quality of life. Often, the prevalence of these structures can reduce home values for entire blocks and neighborhoods. In recent years, the city of Sutton has been active in acquiring and demolishing dilapidated structures. City data estimates that 14 structures have been demolished in the 5-year period between 2010 and 2014.

Demolition is an important step in improving the overall quality of housing stock in a community. Not only does the removal of a dilapidated structure benefit the community in an “addition by subtraction” scenario; demolition also frees up existing lots, encouraging infill development. Replacing a blighted structure, with a new house provides exponential benefits for an existing neighborhood.

## PROJECTED HOUSING NEEDS

Comparing existing housing trends with projected populations provides insight for future housing needs and specific development benchmarks to meet demands. Utilizing the average household size for both owner-occupied and renter-occupied households allows an appropriate breakdown of owner and rental developments in the future.

The analysis can be further expanded by projecting specific housing markets based on income levels in Sutton. With income being the largest determinant of housing choice, it’s important to analyze the market based off what consumers can afford.

While the existing housing stock is able to support existing population, the quality of the existing housing stock must be able to meet the demands of the population. Throughout the planning process, public input reflected serious concern over the existing quality of the housing stock and creation of community growth. Thus, new housing units will be required to serve even the existing and future increasing population of Sutton.

|                   | 2015  | 2020  | 2025  | 2030  | 2035  | 2040  |
|-------------------|-------|-------|-------|-------|-------|-------|
| Owner Population  | 1,116 | 1,138 | 1,160 | 1,183 | 1,206 | 1,229 |
| Renter Population | 415   | 423   | 431   | 440   | 448   | 457   |
| Owner Units       | 421   | 445   | 453   | 462   | 471   | 480   |
| Renter Units      | 176   | 179   | 183   | 186   | 190   | 194   |

The demand for number of units, both owner-occupied and renter-occupied, is calculated based off the current occupancy rate for each tenure. In 2010, 72.9% of Sutton residents lived in occupied homes they owned while 27.1% of residents rented their home. This ratio was utilized to estimate the projected population of owners and renters based off the projected total population described earlier in this chapter. These population numbers were further divided by the average household size of both owner-occupied (2.65 persons per household) and renter-occupied units (2.36 persons per household). This number equates to the total number of owner and renter housing units required to house the estimated future populations.

Based on the population projections and these assumptions, by 2040, Sutton will need approximately 42 owner occupied units and an additional 31 rental units. It is important to note that these figured do not take into account the quantity and rate of vacancy. The projected numbers quantify the demand for desirable, or occupiable, housing units. For a number of reasons, any community will have an inventory of unoccupiable housing units. So the listed projections equate demand for satisfactory units, and will not be a representation of the total units in the community, which will be slightly (approximately 5-10%) higher.

## MATCHING HOUSING BY PRICE AND INCOME

| Annual Household Income | # of Sutton Households | Sutton Home Values     | Sutton Housing Supply | Surplus/Deficit |
|-------------------------|------------------------|------------------------|-----------------------|-----------------|
| Less than \$10,000      | 27                     | Less than \$50,000     | 72                    | -25             |
| \$10,000 to \$14,999    | 25                     |                        |                       |                 |
| \$15,000 to \$24,999    | 45                     |                        |                       |                 |
| \$25,000 to \$34,999    | 58                     | \$50,000 to \$99,999   | 189                   | 131             |
| \$35,000 to \$49,999    | 109                    | \$100,000 to \$149,999 | 74                    | -35             |
| \$50,000 to \$74,999    | 149                    | \$150,000 to \$199,999 | 58                    | -91             |
| \$75,000 to \$99,999    | 69                     | \$200,000 to \$299,999 | 43                    | -26             |
| \$100,000 to \$149,999  | 92                     | \$300,000 to \$499,999 | 2                     | -90             |
| \$150,000 to \$199,999  | 20                     | \$500,000 or More      | 0                     | -27             |
| \$200,000 or more       | 7                      |                        |                       |                 |

*\*Does not take into account rental housing or renter customers*

The market for housing is comprised of many submarkets, each defined by tenure and price ranges. To analyze conditions in each submarket, we compare the demand for housing (measured by the number of households) with the supply of housing (measured by the number of housing units).

It is recommended that households seeking to own their home can afford a house with a value up to, but not exceeding 3.0 times the household's annual income.

The households in a market can be categorized into groups according to the household's income. Similarly, homes can be divided into categories according to the price levels affordable to each income group. The income and home values subsets in Census data, do not coincide perfectly. Some minor modifications were made to align these two datasets for comparison.

The assumption is that owners in the \$50,000 to \$74,999 household income range can afford a home valued in between \$150,000 and \$225,000, or three times their annual income.

The count of households in each income category is compared to the count of homes in each corresponding value category. Where there are more homes than households, a surplus exists; where there are more households than homes, a deficit exists.

A negative number indicates the percentage of the household in this category who must find housing in another category because of a shortage of housing in the affordable category. For the lowest income category, this represents a hardship in that these households have no choice except to consume housing from within a higher price range imposing a housing affordability hardship. For the upper-income categories a shortage is less of an issue. For these households, it is possible for them to consume lower-cost housing; however, consumption within a lower price category means fewer units for those household who can only afford units the lower price category.

The data clearly indicates a significant number of households earning in between \$50,000 and \$100,000 who are living “below their means”. This point of view was also emphasized during the focus group meetings – whether by preference or the fact there is very little housing value over \$200,000 available in the community. Allowing these households to upgrade housing choice frees up housing opportunities for those in lesser income brackets.

A positive number indicates the scale of the surplus homes in the individual price and income category. Where surpluses exists, households from other categories can enter these submarkets and consume that surplus without creating a hardship for the households whose income places them there.

## HOUSING CONDITION ANALYSIS

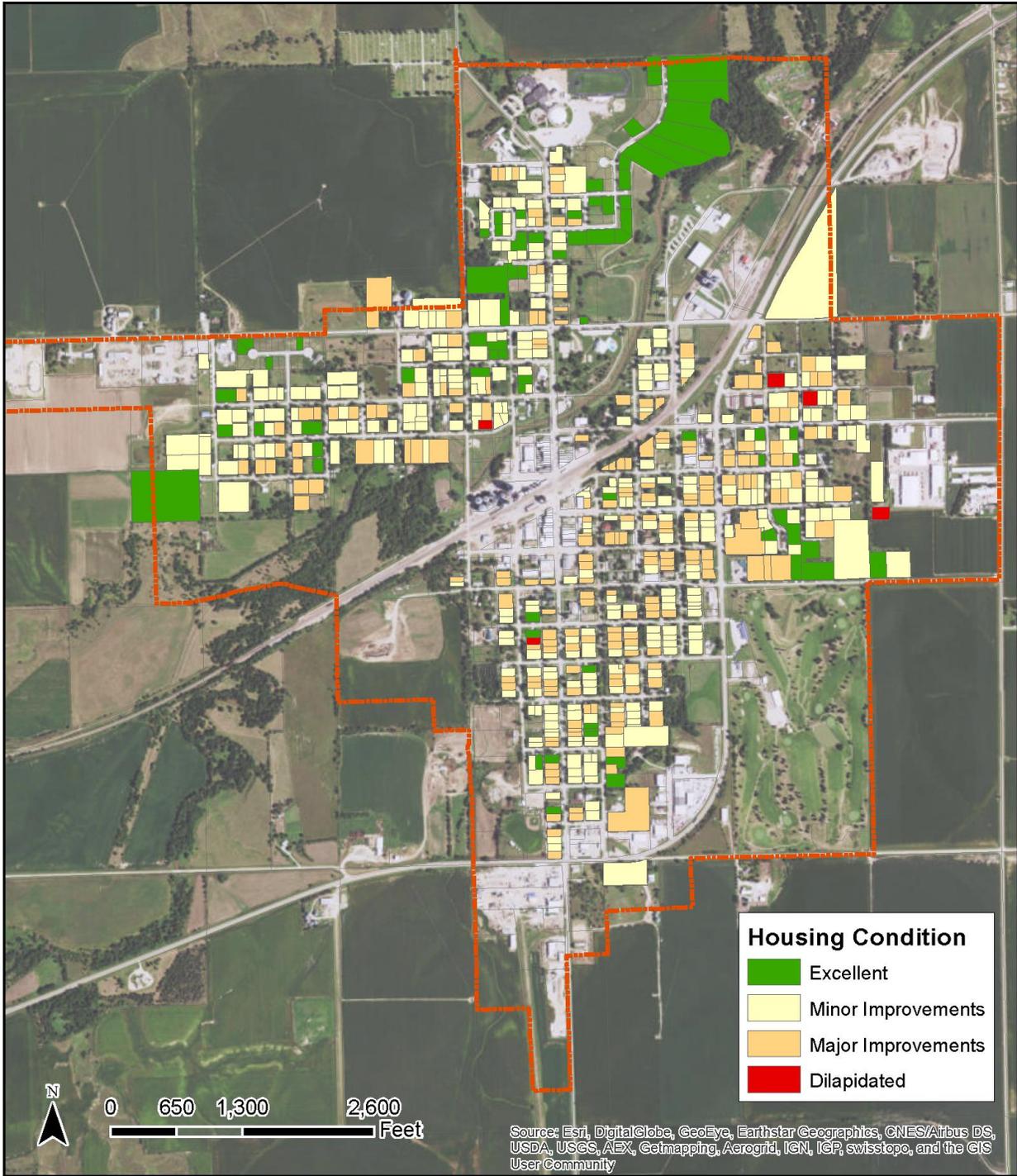
A windshield assessment of housing conditions was conducted in the fall of 2014. Housing units were analyzed on structural integrity utilizing the Federal Housing and Urban Development guidelines.

Excellent – No improvements required

Minor Improvements – Improvements required that a typical homeowner could repair

Major Improvements – Improvements required that would likely be contracted

Dilapidated – Unsuitable for habitation



|  |  |
|--|--|
| <p><b><i>Sutton Housing Study</i></b></p> <p><b>Basemap with Parcels</b></p> | <p>Created By: CPS<br/> Date: October 2015<br/> Revised: NA<br/> Software: ArcGIS 10.2<br/> File: 150816.00</p> <p><small>This map was prepared using information from record drawings supplied by JEO and/or other applicable city, county, federal, or public or private entities. JEO does not guarantee the accuracy of this map or the information used to prepare this map. This is not a scaled plot.</small></p> <div style="text-align: right;">  <p><b>JEO CONSULTING GROUP INC.</b></p> </div> |
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The survey results mirrored both the sentiment of the public participation as well as the age of the housing stock in the community. What is evident in the survey results is a very diverse housing stock in terms of condition. There lies no distinct neighborhoods of consistent housing condition throughout the community. Any given block consists of varying housing conditions. There also does not appear to be any one neighborhood that is severely dilapidated or excellent. This may present some challenges for implementing housing improvements, as there is no one area that can be easily identified for prioritization. It also adds to the difficulty of housing choice. The value of a property in good condition could easily be reduced by a neighboring house in poor condition. Several residents cited this situation in the focus group meetings.

## RECOMMENDATIONS

### Housing Quality

Local and regional programs for financing and statutory control can be extremely effective channels for ensuring residential property maintenance and investment. Local statutory measures such as property maintenance and rental codes can provide the legal backing for the city of Sutton to enforce housing standards. Local nuisance codes are another resource for enforcing the appropriate integrity of private property. Sutton leadership should strongly consider these types of programs to ensure proper maintenance of its housing stock and avoid the negative effects of property blight. Whenever possible, the city should partner with third-party enforcement of these measures.

Financial assistance is also available for voluntary investment in property rehabilitation. The Nebraska Investment Finance Authority (NIFA), Nebraska Department of Economic Development (DED), and local

Financial assistance programs through the Nebraska Economic Development are available to assist both owner and rental-occupied housing units. Demolition of dilapidated structures is also an eligible use of select assistance programs.

### New Housing Development

There are several submarkets that demonstrates demand in Sutton. All of which would yield positive results for the community. Because of the deficit of market-rate workforce housing (\$150,000 to \$225,000) it is recommended that this market be prioritized for future development. Development in this area would not only be a viable option for new residents, but would also provide an opportunity for existing residents to upgrade. In this case an upgrade can be from an existing homeowner, or from a renter looking for ownership opportunities.

The continued use of Tax Increment Finance is encouraged to incentivize housing development. Local guidelines should be adopted that directs TIF usage for to established housing sub-market needs in the community.

### Housing Goal

The following goal, objectives and action steps are from the sister document Vision Implementation Plan (VIP) that specifically addresses housing in Sutton.

***Goal #2: To improve the housing choice for all current and future residents of Sutton.***

Throughout the participation process, citizens cited the lack of quality housing as a major deterrent to growth. While the Grandview and Horseshoe Bend Housing Subdivisions both have single family residential lots available to build new homes, the existing housing choice is very limited. Also, within these subdivisions there are covenants which prevent renting, leasing or multi-family development,

which could make it difficult to fulfill housing needs and discourage developers. The availability of land and infrastructure for new subdivision development with a variety of housing choices is a key factor in reducing the cost barriers for this type of development. The City of Sutton should review policies and programs to facilitate private subdivision development including potential incentivizing strategies such as the use of tax increment financing (TIF) to provide lots suitable for a variety of housing types.

New homes should provide 'move-in ready' quality with modern amenities. These are currently in high demand within Sutton. New housing allows for not only housing options for future residents, retirees and families, but also allows current Sutton residents the option to upgrade or downsize, increasing the inventory of available housing. The city should encourage the development of a mix of housing types including traditional single family homes and multi-unit housing options including duplexes, apartments, condominiums, or row houses. A healthy mix of housing types can help achieve a housing stock that spans multiple demographics. Consideration should be given to annexation of adjacent developments to provide the city greater control over the future development plans of peripheral area. Additional residential growth benefits the school district, local business and provides more households to reduce the local tax burdens.

Existing empty or developable lots within the city should be inventoried and analyzed to understand if a single family home and what size or another housing type would be desirable for the lot. Through this process the city should work with existing lot owners to prepare a list of lots that can be provided to potential home builders or developers to fit the preferred housing type and size they desire to build.

The city's existing housing stock is its largest total physical investment. The neighborhoods' quality as a living environment is largely determined by the quality of its housing structures. Since most of the housing supply that will be present by the end of 2025 is already standing today, conservation of the existing housing supply is very important to the vitality of the community. Consequently, Sutton should consider establishing an owner-occupied, single family housing rehabilitation program and a renter-occupied housing rehabilitation program, if demand warrants. The investment of these resources will provide the financing to significantly improve living conditions of low and moderate-income homeowners of the area; property-owners who could not otherwise afford a conventional loan. Strategically utilizing public/private resources will allow financial assistance to be provided to lower-income homeowners/landlords, at a rate which will accommodate their payback capacity.

Lastly, JEO recommends that the city take on a larger role in actively promoting and marketing housing growth to potential developers and builders. The city and school district should partner to produce marketing materials highlighting the strengths of the community and the attractiveness to potential new

residents. These materials should be shared with potential residents and builders through active solicitation.

### Topics Identified During the Strategic Planning Session

- Quality housing stock is an issue/need some rehab (both owner and rental)
- Two (2) housing Subdivisions with lots available– 4 at Horseshoe Bend – 12 at Grandview
- Enforcement of building codes and nuisance properties
- Housing authority has 34 + 8 market rate transition housing
- 20 – 30 on waiting list for the housing authority units
- Low vacancy rate for owner and rental
- Have enjoyed stable property value
- Need housing education (rental vs. ownership costs)
- Few new houses built every year
- Need for seniors transitioning into apartments to free up houses for sale and extended family
- People looking for 3-bedroom homes
- Biggest Need
  - 2 – 3 bedroom townhouses w/2-car garage for family (market rate)
  - 1 – 2 bedroom townhouses w/bigger garage for seniors (market rate)
  - Maintenance free
  - 3 bedroom houses
- Homes currently being built in the \$130 - \$200 per square foot range
- Need for private investment group to encourage housing
- Need to think about “Return of Investment” vs. return on investment
- City has buildable lots and possible incentives (TIF, LB840, etc...)
- Rental rates (market rates) may not support new construction
- 2<sup>nd</sup> story residences in downtown not feasible

### **Objective #2-1: Provide an environment that encourages and promotes residential development.**

#### Action Steps:

1. Revisit the City’s Housing Study annually and review the recommendations and action plans as to whether they are still applicable to today’s environment.
2. Conduct an update to the Housing Study in 2020 (if needed) to quantify and qualify the present housing needs of Sutton. Present the results of the Study to the public and private housing developers.
3. In conjunction with the school district, prepare marketing materials that highlight the strengths of the community and attractiveness to potential new residents.
4. Hold a Housing Developers/Builders Summit to discuss housing demand opportunities and local policies.

5. Actively solicit potential housing developers/builders within the region.
6. Review the goals and policies contained within the adopted Sutton Comprehensive Development Plan and Zoning Ordinance, and Subdivision Regulations that support housing development.
7. Develop public/private partnerships, where necessary, to facilitate new housing development.
8. Consider all public financing options that may be used to promote, incentivize, and stimulate housing development on infill properties and new developments including the use of tax increment financing (TIF).
9. Prepare an inventory of available infill properties and the desired housing types and sizes for each.
10. Visit with peripheral landowners and discuss the ability to obtain purchase options on their property that can be shared with potential housing developers.
11. Creation of other housing incentives by the Community Redevelopment Agency (CRA) for moving the existing lots in Horseshoe Bend Subdivision
12. Consider adding more garages on Nolde apartments.
13. Review prices on city owned lots and consider discounting to encourage more residential development.
14. City should consider purchasing nuisance lots that need cleaned up and then sell to a developer or build houses on via CRA.
15. Creation of an incentive to lower or reduce the risk to a builders and developers.

Timeline: 2016

**Objective #2-2: Consider adjacent land and existing subdivisions within the City's Extraterritorial Jurisdiction to be legally annexed into the corporate limits.**

Action Steps:

1. Identify potential land and existing subdivisions to be legally annexed, as indicated in the Comprehensive Development Plan and other studies.
2. Conduct an annexation study on specified sites to determine feasibility, cost-benefit and legality of the annexation.
3. Consider the initial and ongoing cost of extending public infrastructure/utilities to these new areas.
4. Consider the potential revenues generated of these new areas.
5. Determine the cost-effectiveness of annexing these specific sites.
6. Hold a public hearing of the Sutton Planning Commission and City Council to solicit public input on the annexation.
7. Approval of annexation ordinance.

Timeline: 2018

**Objective #2-3: Provide financial assistance for the rehabilitation of the City's existing housing stock.**

Action Steps:

1. Develop a Housing Rehabilitation Program. Discuss any issues that hindered the efficient and effective implementation of past housing rehabilitation programs.
2. Where appropriate, formulate and officially adopt revised guidelines which will govern the fair and effective implementation of Sutton Housing Rehabilitation Program. Include specific language that addresses the responsibilities of the homeowner during the compliance period.
3. Continue to identify local, regional, state and federal resources available for housing rehabilitation activities.
4. Consider applying for funding to establish the Housing Rehabilitation Program.
5. Package and secure funding for housing rehabilitation activities.
6. Structure resources to accommodate payback potential of low- and moderate-income homeowners.
7. Consider Program Guidelines that would govern the implementation of a Sutton Renter-Occupied Housing Rehabilitation Program. Review Guidelines from previous Programs implemented in other communities. Discuss any issues that may have hindered the implementation of those programs.
8. Formulate and officially adopt revised guidelines which will govern the fair and effective implementation of Sutton Renter-Occupied Housing Rehabilitation Program. Include specific language that addresses the responsibilities of the landlord during the compliance period.
9. Secure funding for a renter-occupied housing rehabilitation program.
10. Structure assistance to accommodate payback potential/return on investments for landlords that own rental properties in the study area.
11. Advertise the Sutton Housing Rehabilitation Programs, using local media outlets, online resources, direct mailing, and/or social service agencies.
12. Conduct a town hall meeting to discuss eligibility requirements for participation in the Program.
13. Accept applications from eligible homeowners; verify eligibility.

Timeline: 2017-2019.

Responsible Groups/Agencies

Sutton, Sutton Planning Commission, Sutton residents, DED, city staff, property owners, media outlets, social service agencies, private developers, economic development corporation, and local lending institutions.

### Potential Resources

Local lending institutions, Tax Increment Financing, private funds, Nebraska Energy office, , Nebraska Investment Finance Authority Programs, Nebraska Department of Economic Development Housing Programs, and U.S.D.A. Rural Development Programs.

### Measurable Outputs

The existing housing stock can be measured through the number of homes, variety of types of homes, and the net property values of the city.

Improving the quantity, quality and appearance of the city's housing stock is a short-term and ongoing priority of the community