FREMONT

Affordable Housing Action Plan

SEPTEMBER 16, 2023

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FREMONT HOUSING STUDY

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INTRODUCTION

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

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

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

In 2023, Fremont leaders began a process to determine why there is not balance in the housing market and how this affects its residents. Through interviews, community tours, and market analysis, the process unveiled market gaps and the desires of residents and stakeholders. The following chapters summarize these opportunities and identify potential strategies to correct the housing market.

ORGANIZATION & ROLE OF THE STUDY

This housing study was designed to explore, evaluate, and identify strategies to address housing issues in Fremont. To understand the state of housing supply and demand in Fremont, this study combines public input and analysis of the demographic and market trends to identify the city's housing goals and strategies. Within this document you will find an overview of the major findings within the market assessment, along with detailed goals and strategies.

This plan will address the requirements of LB 866 - the Municipal Density and Missing Middle Housing Act (Nebraska Statute 19-5501 to 19-5506). In the Goals and Strategies section of this document, those items that specifically address this legislation are denoted with an icon. LB 866

DATA USED IN THE STUDY

A variety of sources were used to develop the demographic and economic analysis. These include:

- The U.S. Decennial Census and American Community Survey (2020 and 2021 5-year Estimates)
- Multiple Listings Service (MLS) data provided by local Realtors
- Bureau of Labor Statistics
- Local city building permit data, provided by city staff
- County GIS Department
- United States Geological Survey (USGS) and National Resources Conservation Service (NRCS) mapping data
- Past plans, studies, and city ordinances provided by city staff

HOUSING TERMINOLOGY & ABBREVIATIONS USED IN THIS STUDY

Abbreviations:

ADA - Americans With Disability Act

ADU - Accessory Dwelling Unit

AMI - Area Median Income

ARPA - American Rescue Plan Act

CDBG - Community Development Block Grant

HUD - U.S. Department Housing and Urban Development

SID - Sanitary and Improvement District

TIF - Tax Increment Financing

TERMINOLOGY

Several terms and phrases are used in housing lingo today, many are not easily understood without explanation and some mean different things to different people. When used in this document, these terms are defined as below:

Accessible (Housing). Housing that is physically adapted to the individuals who are intended to occupy it, including those who are disadvantaged by age, physical or mental disability or medical condition, and those who are victims of a natural disaster.

Accessory Dwelling Unit. An interior, attached, or detached residential structure that is used in connection with, or that is accessory to a single-family dwelling and is located on the same lot or parcel as such single-family dwelling (Nebraska's Municipal Density and Missing Middle Housing Act).

Affordable Housing. Housing for which the occupant is paying no more than 30 percent of gross income for housing costs, including utilities.

Nebraska's Municipal Density and Missing Middle Housing Act defines affordable housing as residential dwelling units affordable to a household earning not more than 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 household size.

Appraisal. Assesses the current market value of a property and is usually a key requirement when a property is bought, sold, insured, or mortgaged. Comps (comparables) are needed; these are properties located in the same area, have similar characteristics, and have an established value (recent sales).

Attainable Housing. Any housing that is not financially burdensome to a household in a specific income range. Financially burdensome could be housing expenses that exceed 30% of household income. However, it could also include situations where a household has high day care costs, student debt, or other expenses that limit income to spend on housing. Housing in terms of housing subsidized by Federal programs can be included in this definition.

Contract Rent. For renter-occupied units, the contract rent is the monthly rent agreed upon regardless of any furnishings, utilities, or services that may be included. Data for contract rent excludes units for which no cash rent is paid (Census.gov).

Cost Burdened. The household spends more than 30% of HUD Area Median Income on housing.

Cottage Cluster. A grouping of no fewer than four detached housing units per acre with a footprint of less than 900 square feet each and that includes a common courtyard (Nebraska's Municipal Density and Missing Middle Housing Act).

Density Bonus. A density increase over the otherwise maximum allowable residential density under a city's zoning codes, ordinances, and regulations (Nebraska's Municipal Density and Missing Middle Housing Act).

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

Gap Financing. Refers to a short-term loan for the purpose of meeting an immediate financial obligation until sufficient funds to finance the longer-term financial need can be secured.

Gross Rent. Gross rent is the contract rent plus the estimated average monthly cost of utilities (electricity, gas, and water and sewer) and fuels (oil, coal, kerosene, wood, etc) if these are paid by the renter (or paid for the renter by someone else) (Census.gov).

Market Rate. The price that the broad number of home buyers or renters are willing to pay for housing. Market rate housing does not have any restrictions on price. Generally, when the demand goes up, the market rate price will also go up; when supply goes down, the market rate price tends to go up. Note, the market rate price may also be a price buyers must pay because there are no other options for their situation, making them housing cost burdened.

Median Household Income. This includes the income of the householder and all other individuals 15 years old and over in the household, whether they are related to the householder or not. The median divides the income distribution into two equal parts: one-half of the cases falling below the median income and one-half above the median. For households and families, the median income is based on the distribution of the total number of households and families, including those with no income (Census.gov).

Missing Middle Housing. A range of house-scale buildings with multiple units—compatible in scale and form with detached single-family homes—located in a walkable neighborhood (missingmiddlehousing.com).

Nebraska's Municipal Density and Missing Middle Housing Act defines middle housing as duplexes; triplexes; quadplexes; cottage clusters; or townhouses.

Mixed-Use. Mixed-use districts are areas with two or more different uses such as residential, office, retail, and civic in a compact urban form. Typical residential uses in a mixed-use district range from medium density to very high density uses.

Naturally Occurring Affordable Housing. Residential properties that are affordable, but are unsubsidized by any federal program.

Soft Costs. Costs that are indirectly related to materials, labor or the physical building of the project such as design fees, permitting fees, and interest payments.

Townhouse/Townhome. 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 (Nebraska's Municipal Density and Missing Middle Housing Act).

Universal Design. The process of creating products that are accessible to people with a wide range of abilities, disabilities, and other characteristics. Ideally, the concept extends to neighborhoods.

CHAPTER 1

Market Assessment

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

MARKET ASSESSMENT

What Data Can tell us

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

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

What market data does not tell us

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

Figure 2.0: Housing Market Influences

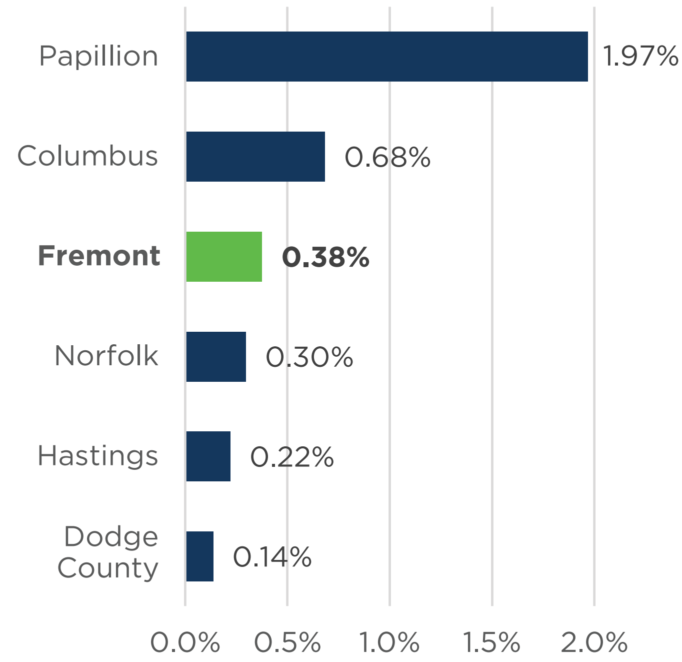
Source: RDG Planning & Design

FREMONT DEMOGRAPHICS

Population Snapshot

Since the 1990s, Fremont has experienced steady growth and grew by nearly 0.4% in the 2010s. When reviewing 2020 Census data it should be noted that some communities have raised concerns over undercounts. Minorities and those in poverty are most likely to be under counted. In 2020 approximately 19% of the of Fremont residents identified as Hispanic or Latino, another 5% of the population identified as Black, Indigenous, or a person of color (BIPOC). Only Columbus has a higher percentage of population identifying as Hispanic or BIPOC. With potentially over 20% of the population in a group that is at high risk for undercount, it is likely that Fremont did experience an undercount and therefore a higher growth rate than 0.4%.

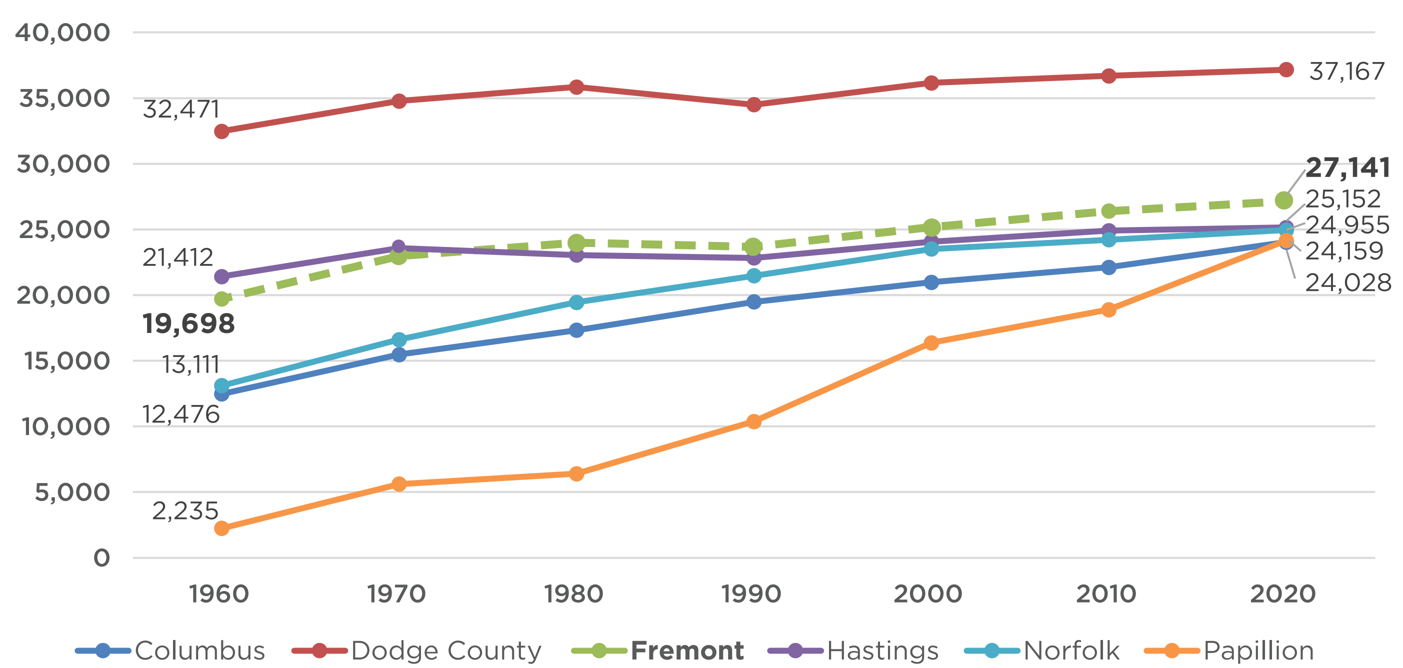
Figure 2.2: AGR of Peer Cities, 2000-2020



AGR - Average Growth Rate

Source: US Census Bureau; RDG Planning & Design

Figure 2.3: 1960-2020 Historical Population Change Peer Communities



Source: US Census Bureau; RDG Planning & Design

Age and Migration

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

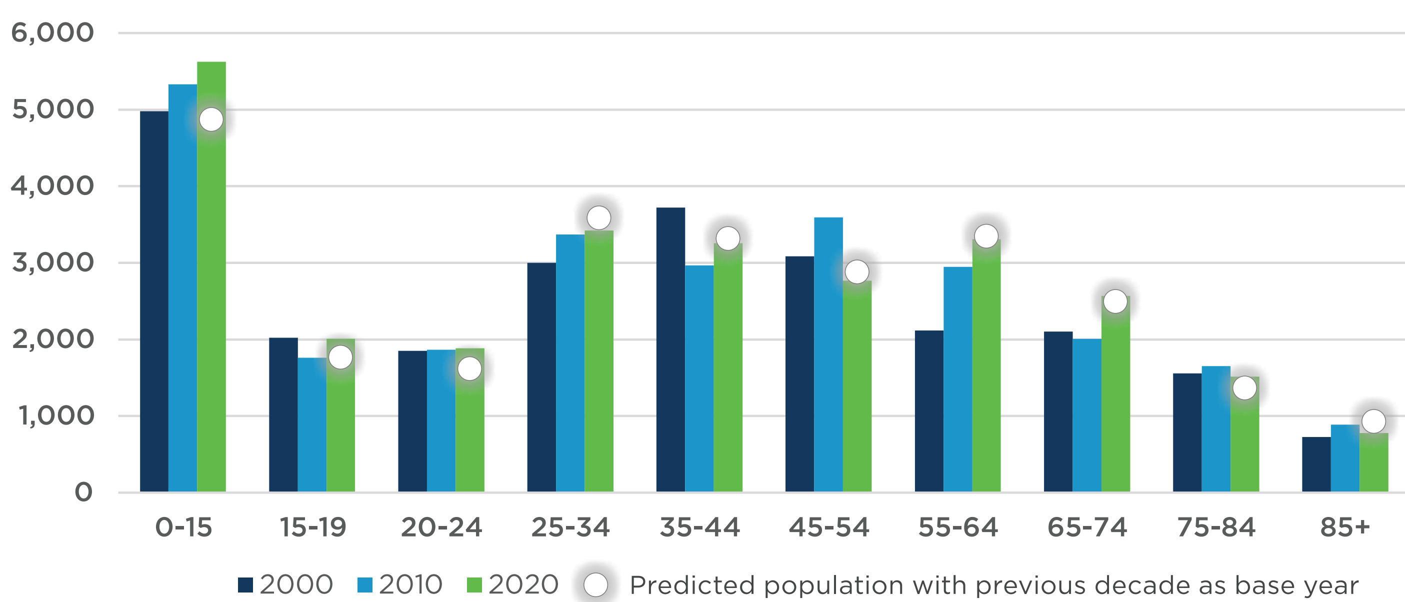
- A higher than expected birth rate, with over 740 residents under the age of 15 yet out-migration with in their parents' age groups (25 to 44 year olds).
- Out-migration within the age groups that should make up the city's workforce 25 to 64 year olds.
- Many of Fremont's jobs may be appealing to young households with an in-migration of 15 to 24 year olds along with the student population at Midland University.
- Starting in 2019, the majority of Fremont's new units have been in apartment style units. These tend to be filled by younger households or those looking to downsize.
  - Anecdotally, property managers noted that many of these units are filled with individuals new to Fremont and likely supporting new population growth.

Figure 2.4: Fremont Population Predicted vs. Actual

	2020 PREDICTED	2020 ACTUAL	DIFFERENCE
0-15	4,882	5,625	743
15-19	1,781	2,008	227
20-24	1,620	1,884	264
25-34	3,597	3,423	-174
35-44	3,335	3,258	-77
45-54	2,900	2,770	-130
55-64	3,370	3,307	-63
65-74	2,508	2,569	61
75-84	1,380	1,517	137
85+	943	780	-163
Total	**26,316**	**27,141**	**825**

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

Figure 2.5: Fremont Population by Age, 2000-2020



Source: US Census Bureau; RDG Planning & Design

Economic Snapshot

Historically, Fremont has a strong job base that supports growth or maintaining a stable population. Growth on Omaha's western edge and better highway access has created more job and housing opportunities for Fremont over the past 30 years. Additionally, since the Spring of 2020, nationally white-collar employees working patterns have been changing, creating more opportunities for Fremont to attract workers looking for an affordable and high-quality community. Figures 2.6, 2.7, and 2.8 offer a comparison of Fremont to other communities in the region. This analysis indicates:

- After a decades long peak in unemployment rates in 2020, Fremont now has rates that would indicate near full employment.
- In Nebraska, the labor force participation rate is over 69% and over 66% in Fremont. (Source: U.S. Bureau of Labor Statistics). This means that nearly 70% of those over the age of 16 are participating in the labor force. Those not participating include:
  - School age youth - 18% of the population in Fremont
  - Retirees over the age of 65 - 23% of the population is over 65 in Fremont
  - Others choosing to stay out of the workforce to take care of family members (children or aging adults)
- Fremont has a slightly lower median household income, likely reflective of the city's job mix and older population in their retirement years.
- As many workers drive into Fremont for work as those that leave the community every day for work.

As shown in figures 2.6 and 2.8, overall, Fremont relies on workers from outside the community to fill jobs and likely has no capacity to fill positions with existing residents.

Figure 2.6: Unemployment Rate Peer Cities

	2020 ANNUAL RATE	2021 ANNUAL RATE	2022 ANNUAL RATE	AUGUST 2023
Columbus	4.0%	2.4%	2.2%	1.6%
Dodge County	3.6%	2.5%	2.2%	1.9%
Fremont	3.7%	2.6%	2.2%	2.0%
Hastings	4.3%	2.6%	2.2%	1.7%
Norfolk	4.2%	2.7%	2.2%	1.9%
Papillion	4.5%	2.7%	2.4%	2.2%

Source: Nebraska Department of Labor

Figure 2.7: Regional Incomes, 2021

	2020 POPULATION	MEDIAN HOUSEHOLD INCOME	80% OF MEDIAN INCOME
Columbus	27,141	$60,586	$48,469
Dodge County	24,028	$60,962	$48,770
Fremont	37,167	$57,551	$46,041
Hastings	25,152	$54,606	$43,685
Norfolk	24,955	$52,021	$41,617
Papillion	24,159	$95,293	$76,234

Source: US Census Bureau; ACS 2021: 5-Year Estimates

Figure 2.8: Commuting Patterns, 2020

Source: US Census Bureau: On TheMap

HOUSING SNAPSHOT

Occupancy

Over the past two decades, an increasing number of households both nationally and across the state have opted for renting over owning, as home buying has become more challenging than it was in the early 2000s. These challenges initially stemmed from tighter lending practices after 2008 and later from a reduced supply of homes for sale. A 40% renter occupancy may persist into the next decade, driven by Baby Boomers downsizing to lower-maintenance options and the rising interest rates that make financing more challenging.

The decline in the number of total units may seem unusual for a community like Fremont and could indicate an anomaly in the Census data collection. The loss in units, paired with population growth and the potential for undercounting, should have resulted in a vacancy rate closer to that noted in 2000. Conversations with community members, including real estate agents and landlords, suggest that a 6.1% vacancy rate appears to be high. A more in-depth analysis of the vacancy rate, provided in Figure 2.9, breaks down the number of vacant units in greater detail.

Figure 2.9: Fremont - Vacant Units, 2021

2021 ESTIMATE	ESTIMATE	PERCENTAGE OF TOTAL UNITS
For rent	263	3.3%
Rented, not occupied	14	
For sale only	71	
Sold, not occupied	31	
For seasonal, recreational, or occasional use	36	0.3%
For migrant workers	0	
Other vacant	281	2.5%
Total:	696	6.1%

Source: ACS 2021: 5-Year Estimates

Many of those counted as vacant may actually be occupied by the undercounted population, as those most likely to be undercounted in Fremont typically reside in rental housing. Additionally, the 281 “other vacant” units include a number of units that would require significant work before they could be occupied.

Figure 2.10: Occupancy Status

	2000		2010		2020		
	NUMBER	% OF OCCUPIED UNITS	NUMBER	% OF OCCUPIED UNITS	NUMBER	% OF OCCUPIED UNITS	CHANGE 2010-2020
Total Units	10,576		11,427		11,398		-29
Occupied	10,171		10,725		10,702		-23
Owner-Occupied	6,446	63.4%	6,552	61.1%	6,397	59.8%	-155
Renter-Occupied	3,725	36.6%	4,173	38.9%	4,305	40.2%	132
Total Vacant	405		702		696		
Vacancy rate	3.8%		6.1%		6.1%		

Source: US Census Bureau;

Affordability

There are several ways to evaluate housing affordability. One is to compare median household incomes to median home values. An affordable, self-sustaining housing market, with adequate value and revenues to support market-rate new construction, typically exhibits a value to income ratio between 2.0 to 3.0. Ratios above 3.0 present significant affordability issues while ratios below 2.0 are significantly undervalued relative to income.

A second way to evaluate affordability is the number of households identified as cost burdened. A household is cost burdened if they spend more than 30% of their household income on housing.

Figure 2.11 evaluates housing costs and indicates:

- Compared to other regional cities, Fremont home values are moderate but lower incomes result in a slightly higher value to income ratio.
  - These lower incomes also result in a slightly higher percentage of cost burdened owners
- The number of cost burdened renters has increased since 2010 but the total number of renters grew at a greater rate resulting in a smaller percentage of cost burdened renters.

Defining Housing Affordability

The US Department of Housing and Urban Development defines affordable housing as housing for which the occupant pays no more than 30% of gross income for housing costs, including utilities.

Below-market-rate refers to housing in which the rent or cost of ownership is reduced below the market rate. This can be accomplished by non-profit developers who put the profit that would be generated by housing prices or rents back into the housing to reduce the cost. This can also be accomplished by governmental or private programs that subsidize the cost of housing with programs such as vouchers, tax credits, down payment assistance, or lower interest rates.

Figure 2.11: Household Income and Costs, 2021

	VALUE TO INCOME RATIO	MEDIAN HOUSEHOLD INCOME	MEDIAN HOME VALUE	MEDIAN CONTRACT RENT	% COST BURDENED HOUSEHOLDS
Columbus	2.64	$60,586	$159,700	$664	Owner: 12% Renter: 38%
Dodge County	2.41	$60,962	$146,900	$636	Owner: 16% Renter: 38%
Fremont	**2.61**	**$57,551**	**$150,000**	**$649**	**Owner: 18%** **Renter: 38%**
Hastings	2.44	$54,606	$133,300	$613	Owner: 16% Renter: 47%
Norfolk	3.14	$52,021	$163,500	$630	Owner: 18% Renter: 37%
Papillion	2.43	$95,293	$231,600	$860	Owner: 15% Renter: 15%

Source: ACS 2021: 5-Year Estimates; RDG Planning & Design

Figure 2.12 is a third and more detailed way to assess affordability. This provides an assessment of housing costs to incomes and begins to identify gaps in the market. As noted above, spending more than 30% of income on housing is a threshold for affordability. This analysis evaluates the availability of affordable housing (at the 30% max) to the quantity of households that can afford that housing. A positive balance indicates a surplus of housing within the affordability range of each respective income group, while a negative balance indicates a shortage. This analysis is meant to illustrate larger trends and not exact demand in certain price ranges. Trends for Fremont include:

- Based on estimated incomes and values it would appear that the greatest shortage of housing exists for households making less than $25,000 and more than $75,000.
- Participants in the listening sessions noted a need for ownership options under a price of $250,000.
  - It would appear that the largest shortage in the market is for homes priced between $200,000 and $250,000.
  - The largest supply of housing in the market would appear to be valued between $125,000 and $199,999. Demand of these units is likely high and while these units exist they are occupied by households that either do not have other options or a desire to move.
- Fremont would appear to have a large supply of rental units below current market rates for new construction (approximately $1,000). Again, these units are filled with households that could likely afford more or are looking for units that are a higher quality.

Figure 2.12: Housing Affordability Analysis

INCOME RANGE	HOUSEHOLDS IN EACH RANGE	AFFORDABLE RANGE FOR OWNER UNITS	OWNER UNITS	AFFORDABLE RANGE FOR RENTER UNITS	RENTER UNITS	TOTAL AFFORDABLE UNITS	BALANCE
$0-24,999	2,074	<$60,000	480	$0-499	1,126	1,606	-468
$25,000-49,999	2,317	$60,000-124,999	1,817	$500-999	2,813	4,630	2,313
$50,000-74,999	1,982	$125,000-199,999	2,272	$1,000-1,499	315	2,587	605
$75-99,999	1,851	$200,000-249,999	450	$1,500-1,999	16	466	-1,385
$100-149,999	1,658	$250,000-399,999	803	$2,000-2,999	45	848	-810
$150,000+	739	$400,000+	430	$3000+	54	484	-255

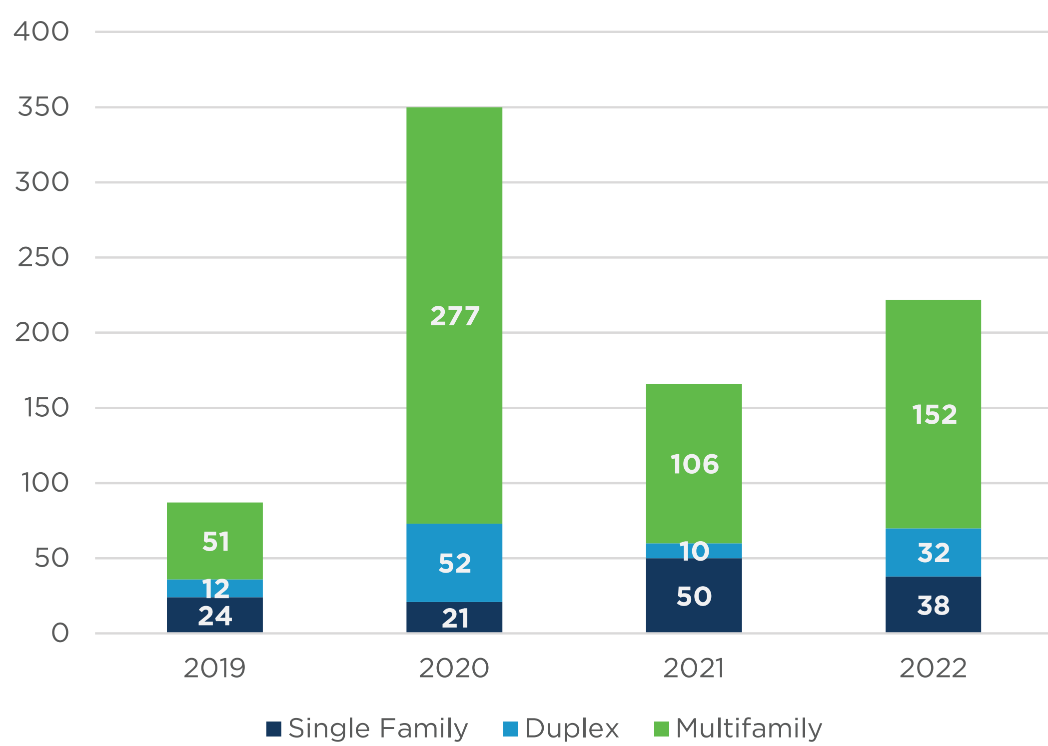
Source: 2020 U.S. Census Bureau and RDG Planning & Design

Housing Construction

The number of rental units increased between 2010 and 2020, but the construction of new rental housing surged even higher after the Census count in the spring of 2020. Therefore, it could be assumed that a significant number of new rentals were being created through the purchase of single-family homes by investors. These homes are often the most affordable units for first-time homebuyers, who typically find it challenging to compete against investors, especially those paying in cash.

- The low vacancy rate reported by property managers would likely indicate continued demand for rental housing.
- At the same time, very few units that are not in multi-family structures have been constructed in Fremont.
  - Multi-family construction includes rowhouses, which can be individually owned.
- The demand for housing, especially in ownership options, remains high.
  - It is important to note that ownership options do not have to be only single-family detached homes. More variety in the market allows for movement and for households to move out of units that may not fit their stage of life.

Figure 2.13: Building Permit Activity



Source: City of Fremont

Housing Sales

Figures 2.14 and 2.15 summarizes sales data for the 68025 zip code, the zip code that covers Fremont and some of the surrounding area.

- Demand for existing homes has been stronger than new construction, indicated by the days on market dropping to record lows in 2021.
- Home prices for existing homes has steadily increased, further indicating that existing homes are highly sought.
  - Fremont's slightly lower median household income would tend to push homebuyers toward the existing market, where home prices are below that of new construction.
- The median closing price of new homes in 2022 was below that of many in the Omaha metro area. For example, the Sarpy County median closing price in 2022 was $434,132.
  - Many of the costs going into the construction of new housing are the same in Fremont as in the metro area, specifically materials and labor. Land costs are likely lower in Fremont, but the higher return on investment and lower risks that a builder may even perceive in a market like Sarpy County will draw them away from doing work in Fremont.
- The increase in interest rates is increasing days on market but demand for appropriately priced existing homes remains high.

Figure 2.14: Fremont New Construction Home Sales, 2019-2022

NEW CONSTRUCTION	2019	2020	2021	2022	THROUGH 9/2023	% CHANGE
New Listings	22	45	58	57	93	322.7%
Median Days on Market	81	90	71	71	86	6.2%
Median Closed Price	$303,000	$215,750	$272,000	$293,084	$312,490	3.1%
Average Close Price	$312,831	$251,078	$282,480	$311,878	$325,457	4.0%

Source: 2022 Great Plains Regional MLS (Multiple Listing Services)

Figure 2.15: Fremont Existing Home Sales, 2019-2022

EXISTING HOMES	2019	2020	2021	2022	THROUGH 9/2023	% CHANGE
New Listings	529	439	422	452	331	-37.4%
Median Days on Market	30	29	16	19	22	-26.7%
Median Closed Price	$163,000	$173,000	$196,000	$205,000	$242,500	48.8%
Average Close Price	$183,878	$204,406	$224,504	$231,239	$277,907	51.1%

Source: 2022 Great Plains Regional MLS (Multiple Listing Services)

Future Population

The city's future population will drive future demand for housing and the make up of that population will influence the type of housing. At the same time, the type of housing that is constructed will determine the population the city attracts.

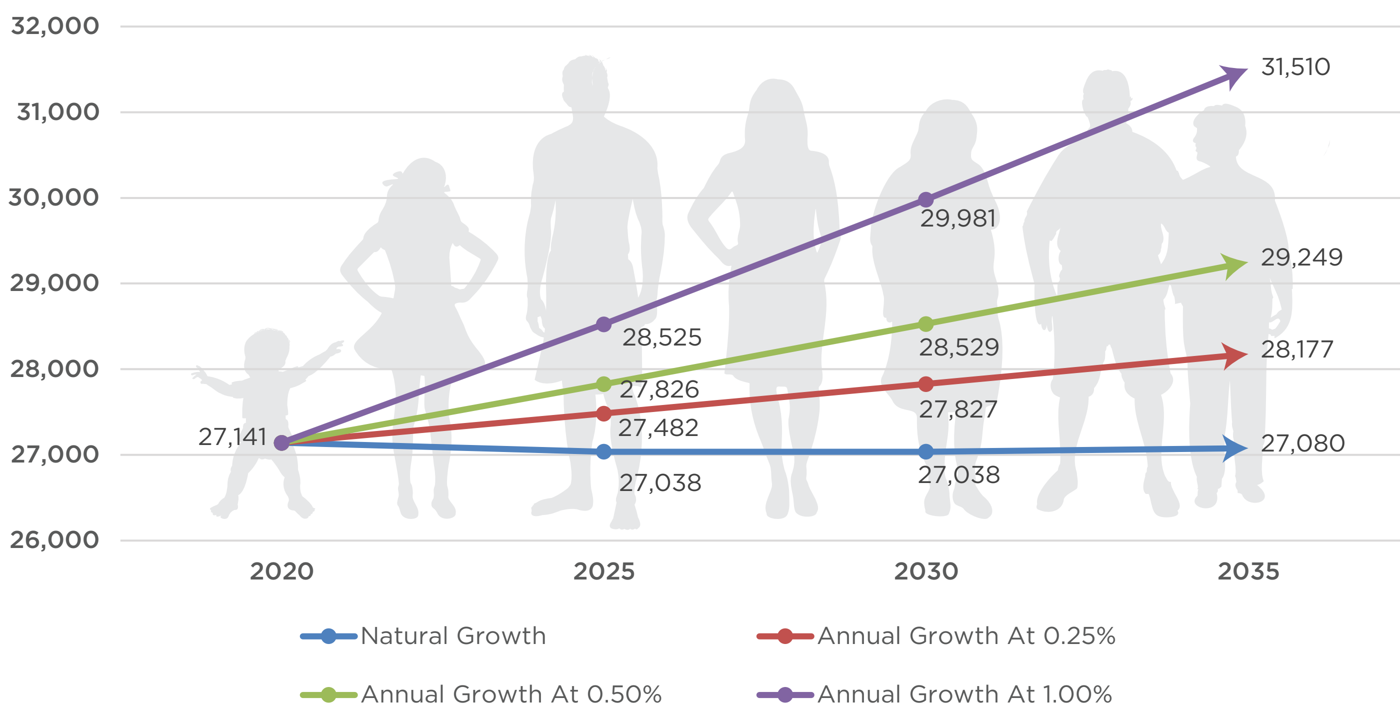
If the city grows at 0.5% annually, similarly to what was experienced in the 2010s, the city will reach a population close to 29,000 by 2035. On the other hand, if construction rates remain similar to the last four years the city could grow to nearly 31,510. The increasing interest rates may slow building in the next year to two years but demand for housing in Fremont and within Eastern Nebraska remains high. Jobs remain strong and the need to attract new residents from outside the region to fill those jobs will drive new population growth. This demand will likely drive the same or a higher level of growth than Fremont experienced in the last couple decades.

Figure 2.16: Fremont Annual Growth Rate

	POPULATION	ANNUAL GROWTH RATE
1960	19,698	-
1970	22,962	1.55%
1980	23,979	0.43%
1990	23,680	-0.13%
2000	25,174	0.61%
2010	26,397	0.48%
2020	27,141	0.28%
2000-2020		0.38%

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

Figure 2.17: Fremont Population Forecast, 2020-2035



Source: US Census Bureau; RDG Planning & Design

PROJECTED POPULATION AND HOUSING NEEDS

Fremont's building activity in the last five years would indicate a population growth that was higher than that experienced in the previous decade. The city's low unemployment rate and low vacancy rate would indicate that there is no reason the city should not continue to experience steady population growth. Based on the recent building activity and the potential undercount that occurred in 2020, a higher growth rate would indicate the need for an additional 1,588 units by 2035.

This demand is based on the following assumptions:

- The people per household and vacancy rate will remain constant. Although the real vacancy rate maybe lower, a 6% vacancy would be an appropriate estimate.
- The city will lose approximately 10 units annually to demolition or conversion to other uses.

Figure 2.18: Housing Demand Summary

	2020	2020-2030	2020-2035	TOTAL
Population at End of Period	27,141	29,981	31,510	
Household Population at End of Period	26,310	29,063	30,545	
Average People Per Household	2.49	2.49	2.49	
Household Demand at End of Period	10,566	11,672	12,267	
Projected Vacancy Rate	6.1%	6.1%	6.1%	
Unit Needs at End of Period	11,258	12,436	13,070	
Replacement Need (total lost units)		70	50	120
Cumulative Need During Period		903	684	1,588
Average Annual Construction		129	137	122

Source: RDG Planning & Design

Figure 2.19 distributes the forecasted demand by price point based on the 2021 distribution of household incomes in Fremont. The following assumptions create the program:

- Over the next several years, greater production of options should focus on pent-up demand and the need to offer more affordable variety beyond traditional single-family detached dwellings. Therefore, the development program has a greater portion of the city's future demand for renter-occupied and alternative owner-occupied options (60%/40%).

Based on current proportions of household income, an additional 658 units priced below $250,000 will be needed. These will be generated in four potential ways:

- Production of ownership options that are not the traditional single-family detached, but include duplexes, townhomes, or other medium and higher density configurations that reduce per unit costs.
- Funding assistance that will offset lot development costs and smaller square footage homes.
- Rehabilitation of existing housing units.
- Construction of higher priced units that allow existing households to make the next step up.

The 160 units needed with rents below $500 a month will likely require programs that assist with construction of new units and maintenance of existing units, specifically targeted to lower income and elderly households.

It is important to note that over 50% of the rental housing that is needed will support market rate construction.

Like ownership demand, many of the below market rate units exist in the market, but are already occupied

Figure 2.19: Fremont Development Program

OWNER OCCUPIED	2020-2030		2030-2035		TOTAL	
Affordable Low: <$200,000	273		207		479	
Affordable Moderate: $200-250,000	117	542	89	411	206	953
Market: $250-350,000	105		80		185	
High Market: Over $350,000	47		36		82	
TOTAL RENTER OCCUPIED					**TOTAL**	
Low: Less than $500	91		69		160	
Affordable: $500-1,000	102	361	77	274	179	635
Market: $1,000-1,500	87		66		153	
High Market $1,500+	81		62		143	
Total Need		**903**		**684**		**1,588**

Source: RDG Planning & Design

RESIDENTIAL ZONING

The previous section looked at what the community will need to build in the next 10 years and this section assess what can be built under the city's current zoning ordinance. Unlike many cities, Fremont has an ordinance that has been updated in the last twenty years and incorporates more mixing of residential use types.

The zoning ordinance currently allows:

- Duplexes, two-family dwellings, and townhouses are permitted in 89% of the city's residential districts.
- Multi-family is allowed with administrative approval (limited permit) in 33% of residentially zoned districts.
- Some residential is also allowed in various commercial districts in the city.

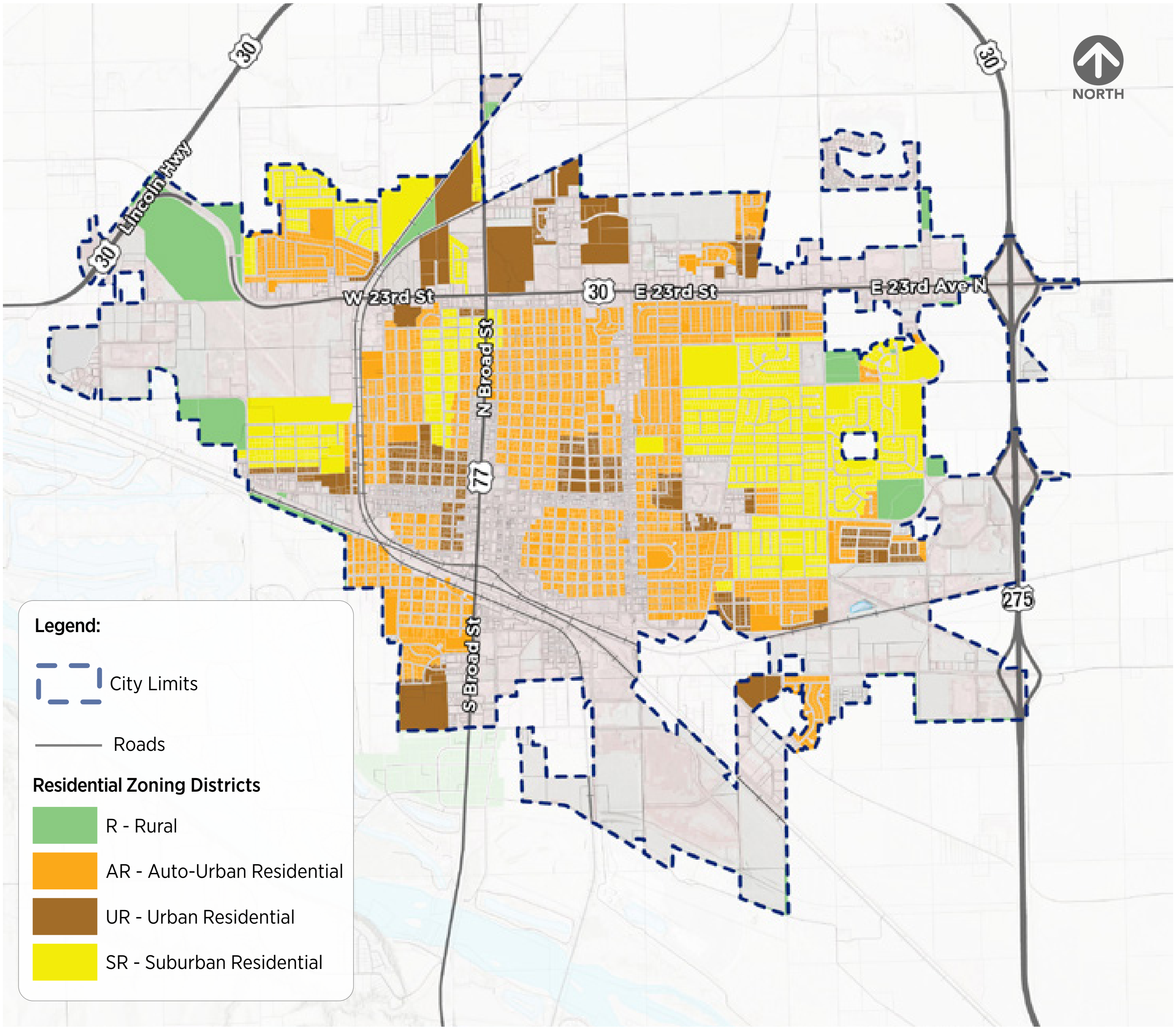
The development program outlined in Figure 2.19 assumes 40% of new units will be in rental configurations, but it should not be assumed that all ownership will be at very low densities or that rentals will be at high densities. Ownership options could and should include attached and/or condo units that offer lower maintenance ownership opportunities.

Figure 2.20: Residential Zoning Districts

ZONE	P= *PERMITTED USE* C= *CONDITIONAL USE PERMIT* L= *LIMITED PERMIT*	TOTAL AREA (ACRES)	PERCENT
R - Rural	**P= Single-Family Detached (One Family Dwelling)** C= Accessory Dwelling Unit (ADU), Single-Family Attached (Duplexes, Two-Family dwelling and Townhouses)	305.72	11.05%
AR - Auto Urban Residential	**P= Single-Family Detached (One Family Dwelling), Single-Family Attached (Duplexes, Two-Family dwelling and Townhouses)** C= Multi-Family residential L= Accessory Dwelling Unit (ADU)	1,087.20	39.28%
SR - Suburban Residential	**P= Single-Family Detached (One Family Dwelling),** C= Single-Family Attached (Duplexes, Two-Family dwelling and Townhouses) L= Multi-Family residential, Accessory Dwelling Unit (ADU)	899.37	32.49%
UR - Urban Residential	**P= Single-Family Attached (Duplexes, Two-Family dwelling and Townhouses)** C= Multi-Family residential, Accessory Dwelling Unit (ADU) L=Single-Family Detached (One Family Dwelling)	475.55	17.18%
	Total	**2,767.84**	**100.00%**

Source: City of Fremont

Map 2.0: Fremont Residential Zoning Districts



Source: City of Fremont

CHAPTER 2

Moving Forward

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

The data discussed in the previous section cannot tell the whole story of housing needs in Fremont. The housing market analysis builds from the valuable ideas and opinions obtained from community members.

A series of listening sessions where held with community stakeholders in the early fall of 2023. The following highlights key themes and recurring opportunities and challenges.

LISTENING SESSIONS

Overall Market

- Sense that housing costs are rising faster than pay rates.
- Supply continues to be an issue and the 2019 floods only made the tight housing supply more concerning.
- Extremely low-income housing is challenging to fill as many working poor make just over the income thresholds.
- Concern that investors are purchasing homes that would be affordable to first-time home buyers.
- Concerns over how immigrants and low-income households are being treated in the housing market.
- Qualified contractors and trades are hard to find.
- Housing is just one aspect of quality of life.

Programs & Partnerships

- The Greater Fremont Development Council (GFDC) has provided several successful housing programs, demonstrating the need for these resources.
- Partners like the Community Foundation and major employers are looking at ways to solve the gaps that exist in the housing market.
- Affordability has always been a challenge for the lowest income households but is a growing issue for even households making up to 150% of area median income (AMI).
- There has been a hesitancy to use certain programs, like TIF for housing, that are commonly used in other cities.

Rental Market

- Rental market has remained strong and recent projects have filled quickly.
- High demand has pushed rental rates to new highs in the last several years.
- Within one new rental project, nearly 50% of the tenants moved from outside of Fremont.

Ownership Market

- Rising costs mean that traditional development patterns will likely have to change. Greater density may be needed in order to offset development costs.
- Rising land and infrastructure costs are directly passed on to the homeowners and renters through increased home prices and rents.
- Historically low interest rates that were 3% or below for a 30-year mortgage may result in homeowners who refinanced their mortgage or took out a new mortgage to stay in their homes longer than they otherwise would.
- Very few options exist for empty-nesters or retirees to downsize. Those that exist are very popular.
    - Newer units often cost more than retirees want to pay or can afford to spend on housing. The current rise in interest rates impacts the ability of some to downsize.
- There is a perception that someone can get more house for the same amount of money in western Omaha.
- Manufactured housing could be a viable option but it often has a negative stigma.

Rehab and Infill

- Vacant properties and lots should be viewed as a key opportunity for infill development.
- Sense that rehabbing older housing is an important way to address the affordable housing needs.
- Infill could be an important part of the community's housing strategy because of the existing infrastructure.
- There are a number of dilapidated homes that could be restored or replaced as both a viable affordable housing option and to avoid neighborhood deterioration.
- Conditions in some of the mobile home parks are still concerning but others have improved.

Regulations

- Generally, the city has been easy to work with on new projects.
- The issues with building more affordable housing have not been the regulations, rather the cost of materials and land.
- Sense that the number of available lots is the best it has been in years, but still need more lots for development.
- Dealing with stormwater is the biggest challenge and fill dirt for many sites is a significant development expense.
- Need more density to offset the rising cost of development.
- Need to encourage more density with infill housing, examples include row houses or townhomes.
- Perception that contractor licensing is overly stringent and may need to be reviewed.

ISSUES & OPPORTUNITIES

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

Issues

2019 Flood Impact

The impact of the 2019 flood on housing was more than just the handful of lost of units. The loss of these units and the struggles that came with replacing them had an impact on those residents, but there were also more discrete impacts. Before the flood the city had a shortage of quality affordable housing and efforts were underway based on the Dodge County Housing Study. During and after the floods, many leading these efforts had to shift their focus away from filling the gaps in housing to address the immediate needs of displaced households and to begin rehab of damaged homes.

Lost Decades

Nearly 74% of Fremont's housing stock was built before 1980. The economic downturn of the 1980s was the start of a three decade decline in production. Following the Great Recession, production dropped even further. The lack of production in the 1980s and 1990s is causing difficulty in today's market. These units would now be 30 to 40 years old and serve as the entry level house that most first-time home buyers would be looking for, but these units were never built. This means that the options for first time homebuyers are even older homes that may need more work or newer products that are more expensive.

Rising Costs

Inflation rates started to rise in early 2021, following over a decade of very low inflation. The percent change in t he Consumer Price Index peaked June, 2022 at 9.9%. The change in the Producer Price Index for construction materials showed a similar trend, peaking in March, 2022. The increased costs in materials and labor increase the cost of construction, which are passed on to buyers and renters. At the same time, the Federal Reserve continually increased interest rates in an attempt to reduce inflation. The "Federal Funds Rate" (the rate at which the Federal Reserve lends to banks) increased from 0.25% in March, 2020 to 5.5% in July, 2023. This translates to an interest in mortgage rates from 3.25% in March, 2020 to 7.79% in October, 2023. The increase in the construction costs and the increase in interest rates decreases the amount of a loan that a home buyer can afford. Similarly, increases in construction costs and interest rates impact landlords, who pass the costs on in higher rents. This impacts housing affordability, particularly for those households making less than 80% AMI. Some stakeholders noted that affordability issues in Fremont impact those making up to 150% AMI.

Environmental Constraints

The constraints created by the Platte River, Rawhide Creek and Elkhorn River floodplains along with the high water table (the level below which the ground is saturated with water) create challenges for developing new areas. Federal housing programs cannot be used in flood zones. This policy exists for a good reason - development in a flood zone puts lives and property at risk when a flood occurs. Additionally, placing fill in a flood zone; although allowed by federal, state and local regulations, can ultimately lead to an increase in the depth or area of the flood zone. While not all of Fremont is in a flood zone, the city is flat and low. Developing almost any where in Fremont requires fill dirt to be brought to the site, which increases the final cost of housing.

Opportunities

Proven Programs

A number of programs to assist with housing production and rehabilitation have been in place for several years. These include programs administered by GFDC, Northeast Nebraska Economic Development District (NENEDD), the Fremont Community Foundation, and the city. All of these programs have been successful but demand for quality, safe, affordable housing remains high. The proven track record of these programs provide a base from which to expand housing production.

Community Partners

Addressing a community's housing issues takes a team of partners. No one organization or entity will be able to address all the needs within the housing market. As noted above, a number of community partners have come to the table over the last several years to assist with this issue. These organizations, and more, will be needed to build on the good work that has been done in the last several years.

Proven Demand

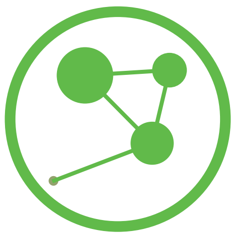
Over the past several years a number of new projects have proven the demand in the market. After nearly two decades of almost no new rental production several projects have come online and have filled quickly, often with workers that were commuting to Fremont previously. The small number of duplexes, townhomes, and downtown units that have been constructed remain full and interest in these remains strong. The rate at which these units fill and the number of workers that travel into Fremont every day for work illustrates that demand remains strong.

Vibrant Commercial District

Fremont's core commercial areas, especially Downtown, have remained strong. The downtown has a tremendous opportunity to capture future housing opportunities. Recent projects have been successful and investments in other stores and businesses create a vibrant environment. The further expansion of housing will add a 24/7 vibrancy to the district and support a variety of businesses and services outside of the traditional workday hours.

STRATEGIC HOUSING GOALS

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



Find ways to expand risk sharing in order to fill gaps

Preserving the housing stock, expanding housing options, and reinvigorating construction will not occur without some risk-sharing by all players in the local housing market. Partners, like GFDC and the Community Foundation, have demonstrated the success that comes from risk sharing. Expanding these partners, including the city, financial institutions, and even employers, will be important to implementing new strategies. These players may have different roles, but all need to be at the table.

Objective:

- Lay the groundwork for the following goals.
- Fill gaps between cost of construction and desired price points.
- Expand the awareness and partnerships in addressing the city's housing needs.
- Lower the risk of developing under-built housing products that fill local needs.

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

A healthy housing market offers housing for every stage of life. Fremont has a large stock of entry level and middle density housing, but that housing is filled with individuals. Many of the owner occupied units are filled by households who see little to no options that are appropriate for them and their stage of life. In order to increase variety of housing the percentage of area zoned that allows for two-family or greater should not decrease from the current 89% (see page 24).

Objective:

- Address the need for over 800 units of affordable housing in the next 12 years.
- Build and free up more housing for middle income as well as those that do not qualify for low-income programs.
- Address the need for options beyond apartments and detached single-family, such as duplexes, townhomes, and downtown living.
- Increase the number of universally designed units for individuals with accessibility issues.

STRATEGIC HOUSING GOALS (CON'T.)

Preserve existing housing and strategically reinvest in neighborhoods

The production of new units will not fully address the need for units affordable to households making less than 120% of AMI. Securing and conserving existing housing and available lots is a way to provide affordable housing and reduce the impact on the environment. The most affordable and sustainable unit is one that already exists. Traditionally, the preservation of existing units through maintenance was enough to ensure a supply of affordable housing. However, due to low number of houses built during the 1980s and 1990s, many people who could afford to move up are staying in place due to a lack of options.

Objective:

- Maintain and protect the most attainable housing in the city.
- Target programs to strategic areas of most need and opportunity.
- Stabilize neighborhoods to create healthy and vibrant areas.
- Increase affordable housing in proximity to jobs, services, and community destinations.
- Ensure zoning regulations do not limit affordability and housing variety.

STRATEGIC DIRECTIONS

The information in the previous sections of this document indicate that housing demand remains high and that not all populations are being adequately served. Understanding housing gaps means little without a plan to address them. The private market alone is unable to fill these gaps. Therefore, this section's strategies explore how the local government, organizations, builders, and other partners can work together to meet the housing needs of Fremont.

Market Influences

Many forces influence the housing market and these are often outside of local control, such as the cost of lumber. The strategies outlined in this chapter focus on policies, actions, and incentives that local governments and organizations can use to influence, direct development, and/or help offset housing market inefficiencies. A few examples include:

- Pooling resources and funding mechanisms to encourage housing products that are otherwise difficult for the private market to produce.
- Assisting with workforce development to meet the needs of builders and subcontractors.

These types of strategies will be illustrated later in this section.

Housing Program Focuses

The following section explores housing interventions and partnerships that can be used to generate energy in the market. It is important to note that there is no one perfect solution to address issues and capitalize on strengths, nor is there one entity that can be responsible for all strategies. The following tools are included as a menu of options that will need to be combined and altered to meet the unique aspects of different communities.

The following section is built around the key themes that emerged and informed the strategic goals identified in the previous pages.

What Housing Strategy can and cannot do

The strategies identified in this study will not overcome all housing challenges but should be seen as a first step in a journey that is regularly re-evaluated. The City led the creation of this Study but many others (GFDC, Community Foundation, state, county, developers, nonprofits, philanthropic community, etc.) play a role in implementation. It should also be noted that macroeconomic situations at the state and national level also influence the housing market and are often out of the control of local leaders and advocates.

What the Housing Strategy CAN do

- Establish a blueprint for new public policy and programs geared toward the housing goals.
- Stimulate conversation on existing programs and level of funding.
- Show builders and developers the high demand for different products, and the price points needed.
- Motivate other partners to get involved in solutions - whether staff assistance, housing development, or direct funding of programs.

What the Housing Strategy CANNOT do

- Force builders or developers to construct a certain housing product, or housing at all.
- Affect challenges at the national level including interest rates, lending standards, raw material costs, and federal funding sources.
  - However, it can help organize policy/ programs that decrease risk in lending, create gap financing methods, and offset material costs when appropriate.
- Require redevelopment of any specific site or building.

Find ways to expand risk sharing in order to fill gaps

Objective:

- Lay the groundwork for the following goals.
- Fill gaps between cost of construction and desired price points.
- Expand the awareness and partnerships in addressing the city's housing needs.
- Lower the risk of developing under-built housing products that fill local needs.

Housing Partnerships

The housing market touches many organizations, both directly and indirectly. Because the housing market impacts each partner, it is in the collective interest that each partner takes on a responsibility in a housing partnership to share some of the risk and pursue the community's housing goals.

Any partnership should begin by seeking to establish a shared purpose between each stakeholder. In other words, each organization should participate in the effort to improve the housing market.

A housing partnership should include the following organizations:

- City representatives
- Non-Profits
- Economic Development
- Major employers (private & public)
- Banking community
- Realtors, builders, & developers

The role each of these partners could play is explained below but a group like the Fremont-Dodge County Housing Task Force could be re-established to help organize these partners.

City Representatives

The City of Fremont is responsible for promoting the health, safety, and welfare of current and future generations through its policies and investments in community services. Involvement by the city may vary based on the type of project but could include any of the following as needed:

- Review of land development regulations and guidelines to eliminate barriers to infill and affordable housing development.
- Assist with the acquisition and site preparation of infill redevelopment sites.

- Technical assistance and expedited land development processes for innovative proposals.
- Assistance with housing development that addresses the city's need for housing affordable to households making less than 120% AMI. This support can vary, with specific examples provided later in this section.
- Code enforcement on property maintenance standards and conditions.

Non-Profits

Organizations like Habitat for Humanity, LifeHouse, GFDC, and Rebuilding Together have played important roles in the affordable housing realm but one of the most important is as a developer, working in the areas where the private market cannot be successful. It should be noted that often non-profits are at capacity and to add services or projects will require additional funding and staffing.

Major Employers (private & public)

One of the main reasons this study emerged was the growing awareness that the housing market impacts major employers in recruiting and retaining. Each company invests a significant amount of time, energy, and money into training their employees; it is in their interest to support all aspects of retention, including housing. While many recruitment and retention elements fall within the company walls, including wages, workplace culture, and opportunities for advancement, many employers have begun to recognize that housing (quality, affordability, and availability) plays a major role in their ability to recruit and retain talent.

Employers can play multiple roles in the housing partnership:

- Direct the construction of new ownership or rental units or support other partners to construct new affordable housing products.
- Provide rent subsidies and down payment assistance for employees residing within the county. Certain employers operate a housing plan, much like a 401(K) plan. The employer provides a matching contribution to be used for a down payment on a home within the community or a specific part of the city.

Risk Sharing

Residents and stakeholders within smaller communities are recognizing the need to take action by pooling their own resources and expertise to act as the developer. While these communities are smaller and may not be examples of the product types or price points needed in Fremont, they are good examples of taking action on a local level. Two examples are described below:

- **Fairfield, Iowa. A group of local stakeholders combined equity stakes to act together as the developer and builder of 27+ townhomes and duplexes in Fairfield. Risk sharing included private equity, City TIF funds, tax abatement, and Iowa Workforce Housing Tax Credits. Units were priced between $160K-$220K.**
- **Humboldt, Iowa. Similar to development in Fairfield, local stakeholder pooled equity to finance 32 single-family and duplex units. The City helped share risk through TIF financing and tax abatement. Units are priced between $230K-$280K.**

These projects were assisted in part by 571 Polson Developments, LLC. For more information on these and similar projects in Iowa go to: https://571polson.com

- Market local housing opportunities including rental and ownership options, rehabilitation, or other programs.
- Help integrate new employees into the community through driving-tours of the city, welcome-liaisons, and social connections to local organizations, such as young professional organizations.

Economic Development Officials

Greater Fremont Development Council (GFDC) seeks to provide leadership for growth initiatives and aggressively pursue targeted growth opportunities that will result in quality job creation and retention. Housing in Fremont represents a significant economic factor in the actual construction of housing and providing a place for employees to live.

The role of GFDC and other economic organizations in a housing partnership may, or already do, include the following:

- Local matching partner and administrator for state level programs like Workforce Housing.
- Marketing opportunities and shovel ready sites for development and redevelopment.
- Educating the public and partners on the importance of housing to the overall economy and inviting them to expand their role.
- Promoting housing incentive programs to employers and their employees.

Banking Community

The banking sector is involved in all aspects of the housing market. While many aspects of their business are tightly regulated, other aspects permit innovation and proactive participation in the housing market. The role of the banking sector in a housing partnership may include:

- Creating a lending consortium to allow the community to share investment risk across multiple lenders.
- Banks can help finance non-traditional projects by pooling resources to finance new development and reduce the risk for any one financial institution.

Realtors, Builders, & Developers

The role of real estate agents, builders, and developers in the partnership will be as the contractors, marketers, and when appropriate, financial partners. In particular, real estate agents play a vital role in a housing partnership that involves informing builders, the city, and others on the preferences of buyers. The secondary role of real estate includes marketing new or rehabilitated housing to potential residents, and working with employers to match recruits with housing that fits employees' needs.

Funding Pools

Funding and gap financing is one of the traditional ways that risk is shared. Funds should be used to fill gaps in financing of:

- Unique projects that are untested in the market.
- Address rising construction costs relative to surrounding property values to create more parity.
- Fill the profit gap in the production of units affordable to moderate income households.
- Leverage state and federal dollars that a non-profit developer can access.
- Offer down payment assistance for new homeowners. For the last decade the lower interest rates have made this less of a pressing issue but with rising home costs along with rising interest rates, reducing the principle makes home ownership easier for some households.

Potential approaches may include:

- **Housing Development Fund** pools together local funding, similar to an economic development fund, in order to share risk.
- **Lending Consortium** is a cooperative venture among lending institutions active in the market to spread individual risk.
- **Housing Trust Fund** can be generated in several ways, including dedication of a specific share of local option sales taxes, fees, local revenue bond issues, or grants and charitable contributions.
- **Economic Development Fund,** often referred to as LB840, these funds can be used to fill gaps. Communities have used these dollars for contractor and developer business loan programs targeted at the construction of speculative housing. Some have also used these funds as the local match for a Rural Workforce Housing Fund grant. Housing is economic development and these funds often fit the mission of expanding economic opportunities in Nebraska.

Risk Sharing Policies

Establishing clear policy or guidelines on sharing risk will be important. This is especially true for the city, where a standard approach creates clarity for all involved. The following table outlines policies and incentives based on price point. Some of these policies and programs will be discussed in greater detail later in this section.

Figure 2.21: Risk Sharing Policy Approaches

Price Range	% of Demand	Policy	Incentives
High Market: Over $350,000 or rents $1,500	14%	• May receive incentives if the project avoids displacement within infill or downtown areas.	• Special assessments if contiguous and urban density. • May receive front-end infrastructure financing if a small part of a more affordable development.
Market: $250K-$350K or rents between $1,000-$1,500	21%	• Must be contiguous with existing city services. • Potentially eligible for incentives within infill and downtown areas.	• Special assessments. • Potential front-end financing of infrastructure when producing new to market or filling housing gap. • Lot assembling and site prep assistance in infill and downtown locations (see land bank discussion). • Gap financing for redevelopment areas through the Partnership or other state/ federal programs.
Moderate-cost: $200K-$250K or rents $500-$1,000	24%	• Must be contiguous with existing city services. • Eligible for incentives within infill and downtown areas.	• Front-end financing of infrastructure tied to the number of moderate to affordable units. • Lot assembling and site prep assistance in infill and downtown locations (see land bank discussion). • Tax Increment Financing. • Gap financing for redevelopment areas through the Partnership or other state/ federal programs..
Affordable	41%	• Eligible for all city incentives if located close to jobs and /or transit services. • Must be contiguous with existing city services.	• Front-End financing of infrastructure tied to the number of moderate to affordable units. • Lot assembling and site prep assistance in infill and downtown locations (see land bank discussion). • Tax Increment Financing • Gap financing for redevelopment areas through the Partnership or other state/ federal programs.

Source: RDG Planing & Design

Increases the variety of housing

Objective:

- Address the need for over 800 units of affordable housing in the next 12 years.
- Build and free up more housing for middle income as well as those that do not qualify for low-income programs.
- Address the need for options beyond apartments and detached single-family, including duplexes, townhomes, and downtown living.
- Increase the number of universally designed units for individuals with accessibility issues.

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

Examples of Housing Diversity:

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

Almost all of these product types were seen as being potentially successful in the Fremont.

Removing Regulatory Barriers

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

Traditionally, Fremont has been willing to work with a builder interested in expanding housing options, but added steps in the process can add costs and discourage investment. Potential revisions to Fremont's code includes:

- Clarify residential zoning districts and in the process allow townhomes and small scale multifamily (less than 6 units) by right in 25% of districts and multifamily over 6 units allowed by right in at least one residential zoning district.
- Make small, nonconforming residential lots that historically had homes on them a conforming lot for new housing within residential zoning districts.
- Consider development of an overlay district for older commercial and mixed-use corridors to allow for an appropriate mix of residential and commercial that fits the character of the corridor and neighborhood.
- Explore incentives such as reducing building permit fees or lowering parking requirements,for low-income housing. Incentives such as waiving fees and lowering parking requirements.
- Evaluate nonconforming building regulations to ensure compliance requirements focus mostly on properties with records of nuisance or building code violations rather than merely seeking more properties to align with regulations that did not apply at the time of construction.
- Evaluate the buffer yard requirements between multifamily and other uses.
- Explore removing the maximum size requirement for accessory buildings and let impervious coverage ratios address the size of the structure, particularly on small infill lots.

Permanent Affordability

Shared equity housing is a way to apply permanent affordability to housing units. There are several models:

- Community Land Trust (CLT). In this model, the CLT retains ownership of the land, homeowners purchase the improvement, and there is a 99-year ground lease.
- Limited Equity Cooperative. The co-op owns the buildings and the land underneath, tenant-shareholders own a share of the corporation and receive a long-term "proprietary lease" to their units, and is democratically governed by tenant-shareholders.
- Classic Deed Restriction. Homeowner holds title to both the land and the home, deed includes restrictive covenants 30-99 years, and tend to be embedded within a larger organization or government.

Lawrence Community Housing Trust - Lawrence, KS

The Lawrence Community Housing Trust (LCHT) in Lawrence, KS offers a stock of affordable renovated or newly constructed homes at subsidized sale prices to buyers with low to moderate incomes. The homes are built or renovated by Tenants to Homeowners, a local non-profit housing developer. The buyers agree that at resell they will sell to another income-eligible buyer at a formula price that provides affordability but allows the seller to gain some equity. This provides a permanent affordable unit.

- Review the impact of building permit fees on affordable housing and potentially reduce fees for projects that have a certain percentage of designated affordable housing.
  - When evaluating the viablity of public works infrastructure review fees, consider reducing or eliminating the potential fee for affordable housing projects.

Missing Middle for Chattanooga, TN

With help from the Incremental Development Alliance, Chattanooga leaders and stakeholders undertook an intensive developer workshop to identify solutions for missing middle housing types. The process resulted in a development packet that outlines the framework for a developer to pursue these projects, including:

- Picking a building type based on the developer's financing options and site circumstances.
- Guides and site plans for good urban design amid traditional single-family neighborhoods.
- Technical considerations for packaging development applications.
- Bank packages for different building types to show how to bring the project to life by proving profits for lenders.

Learn more at Chattanooga Neighborhood Enterprise or Incremental Development Alliance

Prepackaged Site Plans & Development Agreements

With prepackaged site plans, communities show what will be approved and trigger interest by potential investors. Development agreements can be leveraged to produce greater variety.

Site Plans. The development approval process can be further streamlined by having prepackaged site plans available. Builders will often continue to build what they know - single-family homes or large apartments - because of historical consistency in profits and evidence of past local approvals. By creating a package of example site plans and products that will get approved, a level of risk is taken off the builder. The city or GFDC could go as far as to release a request for proposals (RFP) to develop assembled sites under specific criteria and standards. Both methods are straightforward ways to eliminate approval risks.

Pre-purchase Sites. For infill development projects, assembling a site can remove a significant time and cost barrier to a builder. Most builders do not have the capacity to work with multiple land owners, negotiate purchases, and prepare sites. Removing this hurdle makes infill development more cost effective and gives the city or economic development group the opportunity to establish what they would like to see on a site. The same can be said for a new development areas. In this case it would be no different than the creation of an industrial or commercial park as an incentive to attract a business to a community. The City often does not play this role but rather economic development groups. The potential role of a Land Bank in this process will be discussed in the following section.

Development Agreements. A development agreement should be used any time the city uses a tool like TIF or assistance with infrastructure. Under this agreement, the city can set the mix of housing products and even set the maximum price points for those homes in certain circumstances.

Preserve existing housing and strategically reinvest in neighborhoods

Objective:

- Maintain and protect the most attainable housing in the city.
- Target programs to strategic areas of most need and opportunity.
- Stabilize neighborhoods to create healthy and vibrant areas.
- Increase affordable housing in proximity to jobs, services, and community destinations.
- Ensure zoning regulations do not limit affordability and housing variety.

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

Land Bank

A land bank is a public entity with the primary goal of facilitating the return of vacant, abandoned, and tax-delinquent properties to productive use. The advantage of a land bank is to assemble land that can be then used for redevelopment. The assembling of lots is one of the biggest hurdles for infill development. It can be a time-consuming process, and for developers that correlates to costs that cannot be recovered in the sale price or rental rates. The land bank acquires the burden of purchasing the property, which can involve tracking down owners, clearing the title, and addressing back taxes. The land bank may also partner with the city to remove a dilapidated structure and prepare the lot for development. All of these steps make it easier and more appealing to construct a new housing unit. Under Nebraska legislation, cities of the First, Second, and Village Class can only form land banks through interlocal agreements with one or more communities. Fremont could explore this opportunity with surrounding communities, where assembling of lots could help address the regions housing issues.

Opportunity Zones

Opportunity Zones are the result of a Federal Opportunity Zone Program created by Congress through the Tax Cuts and Jobs Act of 2017. The goal of the program is to promote private investment and stimulate economic growth within low-income and/or economically disadvantaged communities. These are areas where new rental units or businesses can be developed through incentives to investors. The tool has no cap on the amount that can be invested into opportunity zones, meaning there is no limit for the use of the program to develop affordable housing.

Purchase/Rehab/Resale

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

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

Tax Increment Financing (TIF)

Tax Increment Financing is one of the few local financing tools for the development of housing. To use this tool, developers must receive approval from the city. Historically, this is not a tool that has been used in Fremont for housing but has been used by many other communities and is traditionally used for infill or redevelopment sites. Unlike many rural communities, where little to no new development has occurred in the last decade, the use of TIF should likely continue to focus on infill and redevelopment areas in the oldest parts of the city and workforce or affordable housing. To address some of the concerns with the use of TIF, policies should be established. Items to consider include:

- A requirement that any subsidized or unsubsidized affordable unit be replaced one for one.
- Requiring a percentage of affordable units or a payment in lieu for not providing affordable units. This payment could go into a fund to assist local organizations with providing housing assistance or development.
- Expediting projects that:
  - Have housing products that add variety to the market or address undeserved populations
  - Have at least 50% of units designed using universal design standards
  - Are mixed-income
  - Are entry level TIF projects, with total development costs between $250,000 and $500,000

Rehab Programs

Fremont's existing housing stock will be essential in meeting the demand for more affordable housing. A variety of programs can assist with maintaining the housing stock. Some of these programs could be managed by other entities like GFDC while others may require the city to fund the programs and the staff necessary to administer the program.

Rehab Programs - Owner

Maintaining housing and improving units that are in disrepair should stabilize neighborhoods and encourage private investment. Sustainable funding will be essential for these programs to make a long-term impact.

Direct rehabilitation loan program. This program would provide direct forgivable loans and grants to homeowners. Traditionally these types of programs have been funded through Community Development Block Grant (CDBG) funds, however, these funds are often labor intensive to manage. If possible, this program should be funded through local sources, such as a housing development fund. The program is most appropriate to homeowners with low incomes who are not otherwise eligible for bank loans. These efforts should generally be focused in strategic areas where loans support other area investments, such as a substantial infill development.

A leveraged rehabilitation loan program. This approach leverages private loan funds by combining private loans with public funds to produce a below-market interest rate for homeowners. The program works most effectively in moderate income neighborhoods with minor rehabilitation and home improvement needs. The program is effective in expanding the number of improvements completed by a fixed amount of public funding. Loans in a leveraged loan program can be originated through individual lenders or the proposed housing development fund.

Energy efficiency loans. Funding may be leveraged through the region's utility providers to offer loans that improve older homes' energy efficiency. These low-interest or zero-interest loans can replace windows, heating and cooling systems, or any other upgrades that enhance the energy efficiency of the home.

An emergency repair program. For very low-income residents, an emergency repair program should be established. This type of program is usually funded through Community Development Block Grant (CDBG) funds in grants or forgivable loans. However, leveraging local funds would provide greater flexibility and would likely require less staff time to manage. Emergency repair programs are designed to meet critical individual needs and keep viable housing from deteriorating further. Thus, when funds are limited, assistance should be focused on fundamentally sound structures.

Most federal and state funding sources will not allow funds to be used in flood zones or on manufactured homes (mobile homes), but if using local funds, a community can decide how to approach these two scenarios. Emergency repair dollars should not be used on manufactured homes that are not HUD certified. If a unit is certified, the soundness of the unit should be evaluated. Emergency rehousing programs may need to be used for units not in sound quality.

First-Time Homebuyer Rehab Program

Housing rehabilitation programs typically target low to moderate-income (LMI) neighborhoods and households that make less than 50% AMI. These programs are great for those households already owning units, but today many households in this range cannot find housing to purchase or qualify for conventional lending. A program should be established, likely funded by the housing development fund, to provide additional flexibility. Two approaches could potentially be taken:

- A program for households making between 50% and 80% AMI. These households traditionally qualify for assistance under purchase-rehab-resale programs but demand does exist for households, especially low-income seniors, who are already in a home.
- A program for first-time home-buyers earning between 80-100% AMI. These households may be able to assemble the down payment and qualify for lending but would not qualify for the additional funding needed to make improvements to an older unit. A low-interest loan or deferred loan, paid out at the time of sale, would create an incentive for more modest income households to purchase and rehabilitate older housing units. Many of these households are currently living in rental units that would be affordable to households making less than 80% AMI. By transitioning them into different housing units, an affordable rental unit is once again available. Requirements can also be put in place regarding residency and penalties for sales that occur with five years to discourage the use of the program by investors.

Rental Rehabilitation Programs

Through Nebraska Department of Economic Development, Northeast Nebraska Economic Development District was awarded a rental housing rehab grant for properties in Fremont. This grant will allow for the improvement of rental properties and ensure that those properties remain affordable. This program could make a significant difference in the quality of rental housing in Fremont. The program should be monitored to determine the success of the program and ways that it could be improved. If the program works as intended local additional funding should be identified to expand the program.