

# City of Kearney Affordable Housing Report

Presented to the Urban Affairs Committee  
as Mandated in N.R.S.S. §19-5504

## Introduction:

The City of Kearney Development Services staff has prepared an affordable housing report regarding the specifications of N.R.S.S §19-5504. Staff from the City of Kearney will be available to present this report and respond to inquiries at the request of the Urban Affairs Committee or their representatives. Requests and inquiries may be submitted to the City of Kearney Development Services Director:

Brenda Jensen, AICP  
 City of Kearney Development Services Dept.  
 18 E 22<sup>nd</sup> St  
 Kearney, NE 68847

### **§19-5504 (1a) An overview of the city's current residential zoning requirements:**

The City of Kearney has 17 base zoning districts providing consistent residential, commercial, and industrial development. Along with the base zoning districts, the City has one special district and eight overlay districts. The City of Kearney administers zoning and permitting within an extra-territorial jurisdictional boundary that extends two miles beyond the corporate limits to ensure the City's development is consistent with the future growth between the City, County, and surrounding communities.

Of the City's seventeen zoning districts, residential development can occur in 14 of the 17 base zoning districts. The Housing Type Matrix (Figure 1) outlines the different housing use types defined by Kearney's code and indicates which zoning districts allow residential development to occur by permitted right (P), conditional use permit (C), or as a planned development (PD). Kearney has 11 zoning districts that allow for Middle Housing types as defined in the LB 866 (See highlighted areas of Figure 1).

**Figure 1: Housing Type Matrix with Middle Housing types (highlighted)**

Zoning Districts/ Residential Use Types	Single-Family Detached	Single-Family Attached	Duplex	Two-Family	Townhouse	Multiple-Family	Downtown Residential	Group Residential	Lodging House	Manufactured Housing Residential	Mobile Home Park	Mobile Home Subdivision	Retirement Residential
AG: Agricultural	P									P			
RR-1: Rural Residential (Rural Standard)	P									P			
RR-2: Rural Residential (Intermediate Standards)	P									P			
R-1: Urban Residential Single-Family (Low Density)	P									P			
R-2: Urban Residential Mixed-Density	P	P	P		P					P			PD
R-3: Urban Residential Multi-Family (Medium Density)	P	P	P		P	P		P		P			PD

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R-4: Urban Residential Multi-Family (High Density)	P	P	P		P	P		PD		P			PD
RM: Mobile Home Residential	P	P	P							P	P	P	
UC: Mixed Use Urban Corridor	P	P	P		P	P				P			
C-O: Office	P		P		P	P							
C-1: Limited Commercial	P	C	P		P	P		PD	PD				PD
C-2: Community Commercial	P		P		P	P		PD					
CBD: Kearney Center Mixed Use	P		P		P	P	P	PD					PD
C-3: General Commercial	P		P		P	P		PD					

P - Permitted by right or right subject to supplemental regulations  
Blank - Use not permitted

PD – Planned Development required

C – Conditional Use Permit

The City's zoning code provides 11 zoning districts in which the defined Middle Housing types can be built. To address the housing needs of Kearney, many of the commercially zoned districts allow for housing a variety of use types. While they are not explicitly defined as "mixed use" districts, they are, in a sense, used in the same manner. For large-scale developments, the City has a defined special district, Mixed Use District, to provide solutions to combine compatible land uses into an integrated development that allows residential, commercial, office, and accessory uses. The Mixed Use District can be applied to areas with a minimum of two acres, establishes its use types, and must accommodate multi-modal transportation. This special district zoning classification provides options for Middle Housing development however has not been used for residential development to date within the City of Kearney.

Along with the City's special use district, the City has eight overlay districts, including Planned Development (PD), Traditional Neighborhood Development (TND), Rural Conservation Development (RC), Neighborhood Conservation (ND), Pioneer Park Neighborhood Conservation (ND-1), Floodplain/Floodway (FP/FW), Aviation (AV), and the Wellhead Protection (W) overlay districts. The Planned Development overlay district has been the most frequently used to create residential and commercial development solutions in Kearney. In addition, two of the City's overlay districts, Pioneer Park Neighborhood Conservation and Neighborhood Conservation, provide development options for infill developments within the City's historic areas. The Traditional Neighborhood Development and Rural Conservation Development overlays have not been applied for residential development.

**§19-5504 (1b) The percentage of areas in city zoned for residential use which permit the construction of multi-family housing and middle housing:**

As mentioned in the previous section, many of the City's zoning districts provide options for Middle Housing development. Middle housing, defined by N.R.S.S §19-5503, includes housing types from duplexes to six-unit townhouses. Anything larger than a six-unit townhouse would be classified as multi-family development by the City of Kearney's zoning ordinances.

After analyzing Kearney's zoning map, single-family or low-density residential zoned areas make up 37.6% of the residential housing land use. The combined zoning districts which allow for Middle Housing and multi-family development are a comparable 34.48%. Figure 2, below, shows the percentage breakdown of Kearney's zoning districts.

<b>Figure 2: Zoning District percentage breakdown with classification highlighted that allows for Middle Housing types (highlighted)</b>		<b>Percent of Area</b>
Zoning Districts		
AG	Agricultural	12.07%
RR-1	Rural Residential (Rural Standard)	0.68%
RR-2	Rural Residential (Intermediate)	0.78%
R-1	Urban Residential Single-Family (Low Density)	35.77%
<b>R-2</b>	<b>Urban Residential Mixed-Density</b>	<b>6.21%</b>
<b>R-3</b>	<b>Urban Residential Multi-Family (Medium Density)</b>	<b>8.01%</b>
<b>R-4</b>	<b>Urban Residential Multi-Family (High Density)</b>	<b>0.19%</b>
R-M	Mobile Home Residential	1.20%
UC	Mixed Use Urban Corridor	0.39%
C-O	Office	3.49%
C-1	Limited Commercial	0.85%
C-2	Community Commercial	8.98%
CBD	Kearney Center Mixed-Use	1.11%
C-3	General Commercial	3.82%
BP	Business Park	1.15%
M-1	Limited Industrial	12.67%
M-2	General Commercial	2.39%
<b>M-U</b>	<b>Mixed Use**</b>	<b>0.23%</b>

Total percentage of areas zoned for residential use which permits the construction of Multi-Family & Middle Housing:

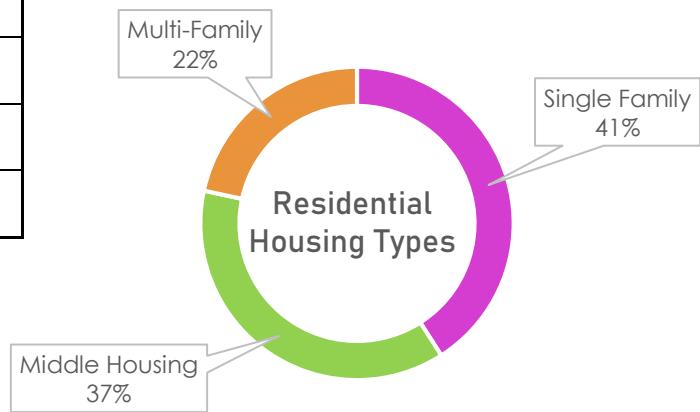
**34.48%**

**§19-5504 (1c) The breakdown of new residential construction in the city over the previous five years, including the percentage of such construction that was single-family housing, multi-family housing, and middle housing:**

New residential construction data is gathered from the permits pulled within the Development Services Department. The University of Nebraska at Kearney (UNK), as a State entity, is not required to pull building permits from the City. In addition to the data provided above, UNK is currently building 84 apartments and 4 townhomes. These units of housing will be market rate and offer rental opportunities for students and non-students. Not including UNK's public/private development, 37% of Kearney's building permits from 2016 to 2020 were for middle housing types.

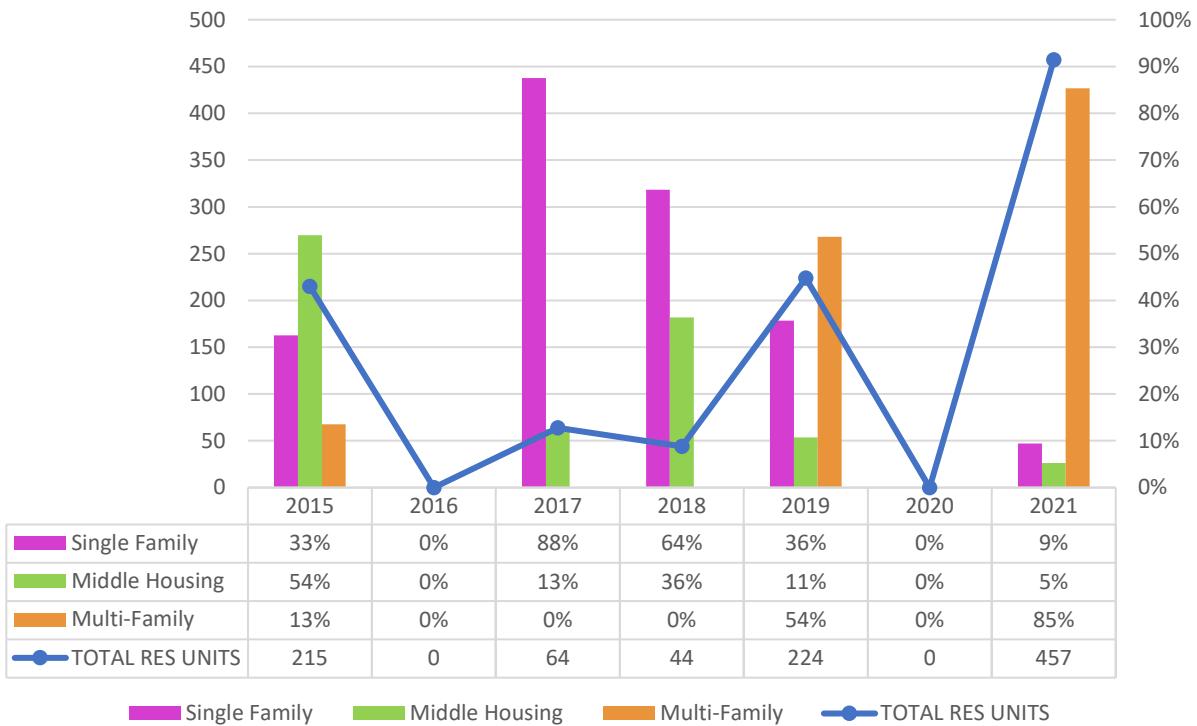
**Building Permits from 2016 - 2020**

	2016	2017	2018	2019	2020	5-YR TOTALS
Single Family	84	64	76	58	87	369
Middle Housing	44	65	76	53	99	337
Multi-Family	0	75	0	120	0	195
<b>ANNUAL TOTALS</b>	<b>128</b>	<b>204</b>	<b>152</b>	<b>231</b>	<b>186</b>	



**§19-5504 (1d) The breakdown of residential units annexed by the city over the previous five years, including the percentage of such units that were single-family, multi-family, and middle housing:**

Kearney's most significant residential annexations are single-family residential units (Figure 3, on the following page). However, the Millennial Estates (R-2/PD) residential development, completed in five platting phases over this time period, utilized the Planned Development overlay to increase the density of single-family development by decreasing lot widths and building setbacks. This development also included a mix of duplexes throughout the 150 plus lots. The second-largest group of annexations over the last five years has been the housing types addressing Middle Housing. As seen in 2015, a significant increase in Middle Housing annexations took place. One major factor was the Fox Creek development which was exclusively middle housing types, 125 units of triplexes and quadplexes. As noted, there were no residential annexations in 2016 or 2020 and no multi-family development annexations were approved in 2016 – 2018, or 2020.

**Figure 3: Annexed Residential Units \***

\*No residential units were annexed in 2016 & 2020. Data through 31 May 2021.

#### **§19-5504 (1e) The estimate of the per unit cost of housing in the city:**

The average total per unit cost of housing from the past five years is \$221,969.73. Looking at the unit cost of housing trend from year-to-year by housing type indicates the single-family price point has increased by nearly \$80,742 since 2016 (Figure 4). The per unit cost of housing for the Middle Housing types has stabilized over the last three years to average \$186,708. While a sizeable multi-family development (390 units) was recently annexed into the City, a previous multi-family development was built in 2017, and the average per-unit cost was \$104,000. Figure 4 below provides the year and the average cost per unit according to housing type of the estimated per unit cost of housing.

**Figure 4: Estimates of the Per Unit Cost of Housing by Housing Type & Year**

Year	Housing Type		
	Single Family	Middle Housing	Multi-Family
2016	\$ 256,361.90	\$ 125,636.36	\$ -
2017	\$ 259,078.13	\$ 111,676.92	\$ 104,000.00
2018	\$ 301,247.64	\$ 186,492.89	\$ -
2019	\$ 343,876.55	\$ 188,581.75	\$ 166,666.67
2020	\$ 337,104.03	\$ 185,050.02	\$ -

**§19-5504 (1f) Whether such zoning codes, ordinances, and regulations provide for density bonuses or other concessions or incentives which encourage residential density, and the frequency with which such bonuses, concessions, or incentives are utilized:**

The City of Kearney currently does not provide any density bonuses or other incentives to encourage residential density. However, the Unified Land Development Ordinance (zoning regulations) encourages residential density in multiple ways. All of the City's commercial districts provide options for residential uses from single-family homes to multi-family developments. In addition, the City has seven exclusive residential districts in which four of those districts permit the development of a variety of housing types that encourage increased density. The application of overlay districts and the special district also provide opportunities for developments to increase housing density.

The frequency for the use of encouraging residential density is difficult to track in the City of Kearney, considering the zoning regulations allow for such increased density uses across both commercial and residential zoning classifications. However, as seen through annexations and rezoning requests with Planned Development overlay districts, the City is expanding in residential units that target denser housing options. For example, the Millennial Estates housing development blends single-family and duplexes while reducing street widths and setbacks, providing an increased density overall. Over the five phases of development, this adds nearly 181 units of housing, with 24% of it providing Middle Housing within Kearney. UNK, as a land locked entity, uses creative solutions for development which results in denser development especially in regards to housing.

**§19-5504 (1g) Whether such zoning codes, ordinances, and regulations allow the construction of accessory dwelling units:**

The City of Kearney's zoning codes, ordinances, and regulations do not allow for the construction of accessory dwelling units. In 2017, the Kearney Housing Study indicated that providing accessory dwelling units as an option for rental units could provide needed variety within the rental housing market. However, the City of Kearney is still exploring this as a viable housing solution.

**§19-5504 (1h) What incentives the city applies to encourage the development of affordable housing, including both direct incentives and regulatory relief:**

The City does not have any direct financial incentives to encourage affordable housing development. The Planned Development overlay district is one such regulatory tool the City has used to reduce development costs. When applied to residential development, this overlay has been used in various ways to approve increased unit density, reduced street widths, and reduced side and rear-yard setbacks.

**§19-5504 (1i) A demographic analysis of the city with trends and estimates of the housing needs by classified housing type and price range:**

The Kearney Housing Study (2017) outlined potential population trends, housing demand, and housing needs according to affordability as shown in the following tables. However,

the study did not provide housing needs by housing types. The City is exploring options to update the housing study and analyze housing needs by type.

**FIGURE 2.17:** Housing Demand Model

	2017-2025	2026-2030	TOTAL
Population*	36,788	39,342	
Household Population*	34,342	36,726	
Average Household Size*	2.42	2.42	
Household Demand*	14,191	15,176	
Projected Vacancy Rate	5.40%	5.40%	
Annual Replacement	5	5	70
Total Unit Demand*	1,729	1,066	2,796
Average Annual Construction	192	213	200

Source: Kearney Housing Study, US Census Bureau, 2015

**FIGURE 2.16:** Population Projection

EXCLUDING STUDENTS	2015	2020	2020	2030
1.0% Annual Growth Rate	29,991	31,521	33,129	34,819
<b>1.2% Annual Growth Rate</b>	<b>29,991</b>	<b>32,309</b>	<b>34,806</b>	<b>37,496</b>
1.8% Annual Growth Rate	29,991	32,790	35,849	39,193
PROJECTION PLUS STUDENTS				
1.0% Annual Growth Rate	32,217	33,669	35,196	36,800
<b>1.2% Annual Growth Rate</b>	<b>32,217</b>	<b>34,418</b>	<b>36,788</b>	<b>39,342</b>
1.8% Annual Growth Rate	32,217	34,873	37,778	40,953

Source: Kearney Housing Study, RDG Planning & Design

**FIGURE 2.18:** Housing Development Program

	2015-2025	2026-2030	2017-2030
<b>Total Need</b>	<b>1,729</b>	<b>1,066</b>	<b>2,796</b>
<b>Total Owner Occupied</b>	<b>1,038</b>	<b>586</b>	<b>1,624</b>
Affordable Low: <\$125,000	349	197	546
Affordable Moderate: \$125-\$175,000	240	136	376
Moderate Market: \$175-\$250,000	195	110	305
High Market: >\$250,000	254	143	397
<b>Total Renter Occupied</b>	<b>692</b>	<b>480</b>	<b>1,172</b>
Low: Less than \$450	217	151	368
Affordable: \$450-\$700	255	177	432
Market: Over \$700	219	152	372

Source: Kearney Housing Study, RDG Planning & Design

**§19-5504 (1j) Efforts to adopt an affordable housing action plan as required under Section 5 of this act:**

Before January 1, 2024, the City of Kearney will actively evaluate and pursue the development of an action plan based on the initial findings of this report. Further research needs to be conducted to provide more information regarding housing type desirability and updates to needs analysis based on newly acquired decennial census data. City staff shall evaluate the effectiveness of current code, ordinances, and regulations to seek further improvements to providing affordable housing options.