INTRODUCTION

The purpose of this study is to provide an in-depth analysis of the current housing situation in the City of Benkelman in order to allow formulation of a forecast of housing needs over next ten years. A second, and perhaps more important purpose of this study, is to determine how best the Community can respond to continuing declines in population through the provision of housing of the proper type and cost which would attract more residents to the Community.

This study was conducted under the direction of the City of Benkelman Planning Commission and the Mayor and City Council and was funded in part by a Community Development Block Grant from the Nebraska Department of Community Development with matching funds provided by the City of Benkelman. Stahr & Associates, Inc., a Nebraska-based community planning, research and economic development consulting firm working in consultation with Marvin Planning Consultants, was retained to coordinate and conduct the necessary to accomplish the above stated purposes. Stahr & Associates, Inc. was greatly assisted in this effort by members of a housing needs focus group, a volunteer group of local citizens representing local real estate, financial, social and governmental services.

This study consists of several components as follows:

I. **Analysis of the Effective Housing Market Area**
This analysis defines the geographical area influenced by the City of Benkelman as it relates to housing needs.

II. **Demographic Profile**
This component provides a statistical analysis of historic population trends and other current demographic data for the effective housing market area to generate a basis from which future housing needs and strategies can be derived.

III. **Economic Profile**
This component provides an analysis of labor, employment and income trends in the effective housing market area to provide data on which to evaluate current housing affordability and to evaluate housing affordability needs for the future.

IV. **Benkelman Housing Focus Group Inputs**
This component describes the processes and results of the current housing situation and future housing need evaluations conducted by the Housing Focus Group.

V. **Housing Stock and Residential Site Analysis**
This component summarizes the findings of surveys conducted regarding the type, condition and age of the existing housing stock and the availability of lots for housing development or redevelopment including opportunities and constraints.

VI. **Housing Market Demand**

This component provides a market demand forecast of housing needs over the next ten years.

VII. **Housing Development Concepts and Affordable Housing Strategies**

This component provides the description of housing types and price ranges to respond to the housing demand for the general population and special needs population of the City in the future. This component also defines funding sources and strategies to accomplish the purposes of this study.

The research approach used in this Study consisted of summarizing demographic, economic and housing data available derived from the Censuses of Population, Censuses of Population and Housing and other statistical data available through the Nebraska Department of Economic Development. Data not available from these sources, field surveys or input from the Benkelman Housing Focus Group was generated by statistical analysis conducted by Stahr & Associates, Inc. with reliance from persons familiar with the housing situation and housing market in the Community.

EFFECTIVE HOUSING MARKET AREA

In order to provide a basis on which to generate accurate demographic, economic and related data, it is necessary to define the geographic area which is influenced by the City of Benkelman. The retail trade area of the City, the population distribution and general commuting patterns are used to define this area. Consideration was given to several factors regarding the City. These include: 1) Benkelman is a County Seat and 2) Benkelman, even though limited in population, functions as a trade center for the extreme southwestern portion of the State.

Reilly's Law of Retail Gravitation was employed as the primary determinant of the boundaries of the Effective Housing Market Area. This law and its mathematical formula is based on the assumption consumers living at any point between city A and city B will be attracted to each city in accordance with the relative population (P) of the two cities (A/B) and inversely with the square of the relative highway distance (d) of that point from the two cities [(dB/dA)2][1]

This law is expressed by the following formula

$$dA = \frac{dAB}{1+\sqrt{\frac{PB}{PA}}}$$

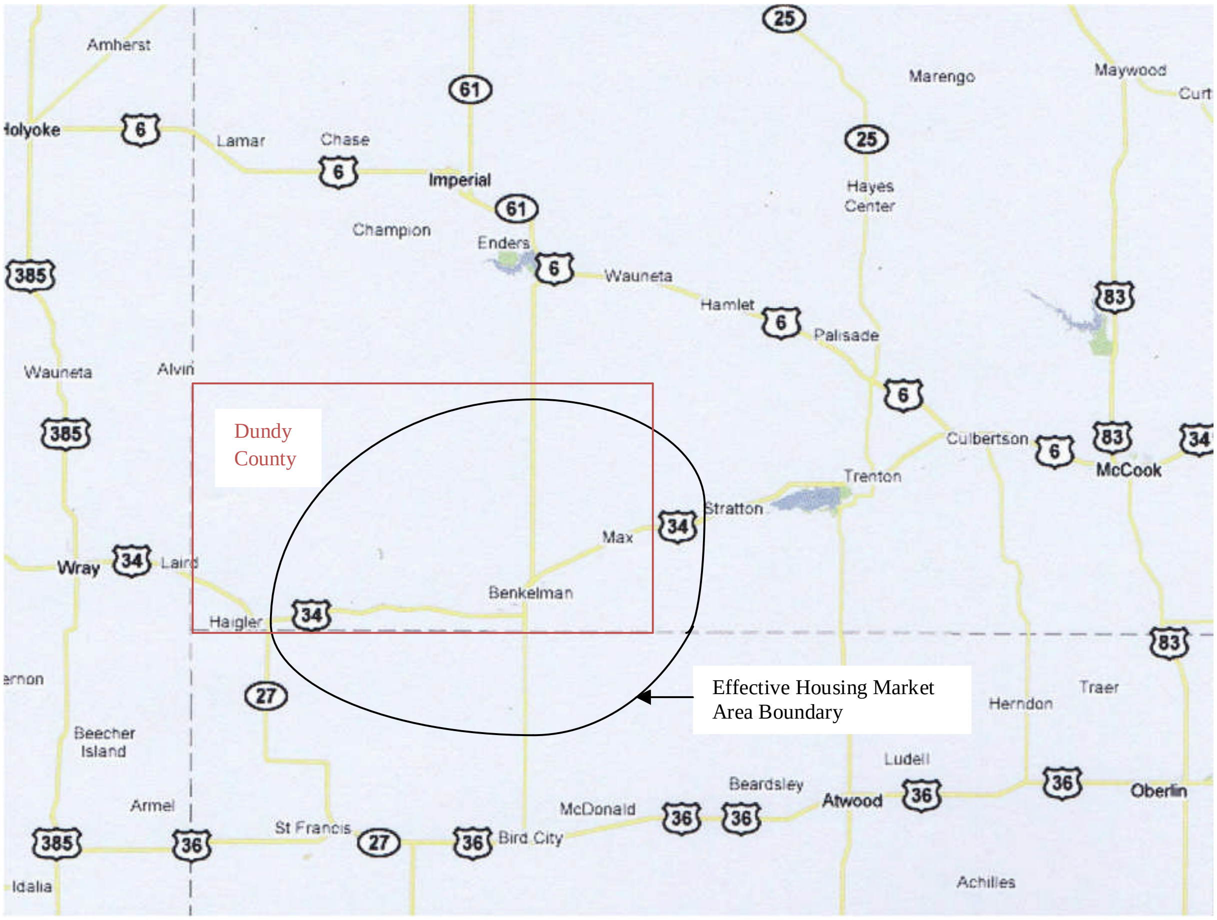
where dA equals the distance of the trade area boundary from City A.

Application of the law to the geographic region around Benkelman and communities with populations large enough to provide similar retail and housing offerings results in an Effective Market Area as depicted on Figure 1.

Analysis of the geographic area included within the Effective Market Area indicates that the total land area contained within the Area, inside and outside of Dundy County indicates that the land area is very close (within 3%) to the total geographic area of Dundy County. Further analysis of the rural population densities of all of the counties included in the Effective Market Area indicates that said rural population densities are essentially the same.

Due to this virtually identical rural population and due to the availability of historic and current population, housing and economic data, it was determined that utilizing data from just Dundy County would be virtually the same as including data on the other counties included in the Effective Market Area.

[1] Taylor, Peter J., Quantitative Methods in Geography, Boston: Houghton Miffin Company, 1977.



EFFECTIVE HOUSING MARKET AREA - BENKELMAN, NEBRASKA

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DEMOGRAPIC PROFILE

The current and projected population and the variables thereof are the basis for any urban area planning and development decisions. Analysis of the components of and the historic and recent trends regarding the population assist in understanding the changes which have and are occurring in Benkelman.

Where available, the population data and projections presented in the updated Comprehensive Plan for the City of Benkelman, prepared under the auspices of Marvin Planning Consultants. Where additional statistical data was needed, such data was derived through the Censuses of Population and Population and Housing, field surveys and input from the Benkelman Housing Focus Group.

Population Trends

Population trends and projections for the City of Benkelman and the Effective Housing Market Area, between 1970 and 2010 are presented in Tables 1 and 2.

TABLE 1: POPULATION TRENDS AND PROJECTIONS - BENKELMAN, NEBRASKA

		TOTAL		ANNUAL	
YEAR	POPULATION	CHANGE	PERCENT	CHANGE	PERCENT
1970	1,349	-	-	-	-
1980	1,235	-114	- 8.5%	-11	- 0.8%
1990	1,193	- 42	- 3.4%	- 4	- 0.3%
2000	1,006	-187	-15.7%	-19	- 1.6%
2007	931 (871)*	-135	-13.4%	-13	- 1.3%
2008	922 (859)**	- 12	- 1.4%	-12	- 1.4%
2010	914 (838)***	- 21	- 2.4%	-10	- 1.2%

Source: U. S. Census Bureau, Census of Population, 1970 - 2000
*Comprehensive Plan estimate
**U. S. Census Bureau estimate
*** Stahr & Associates, Inc. estimate based upon 2010 occupied housing structure field survey

As indicated in Table 1, the City of Benkelman has experienced declines in population every decade since 1970. Since 1970 to the present day, the population of the City has declined by some 435 to 511 persons, representing a 32.2% to 37.9% decline over the last 40 years, depending on which forecasted 2010 population level is used.

A full evaluation of the probably housing demand in the City of Benkelman requires that an evaluation of the population of the Effective Housing Market Area also be evaluated. This evaluation of the population of the Market Area requires that the population of the City of Benkelman be deleted from the Market Area data to determine the population trends for the balance of the Market Area. As indicated in Figure 2, the population trend for the Area has, with the exception of the decade from 1970 to 1980, been one of decline. Since 1980, the population of the Market Area has declined by an estimated 505 person or 31%.

TABLE 2: POPULATION TRENDS AND PROJECTIONS - EFFECTIVE HOUSING MARKET AREA BENKELMAN, NEBRASKA

		TOTAL		ANNUAL	
YEAR	POPULATION*	CHANGE	PERCENT	CHANGE	PERCENT
1970	1,577	-	-	-	-
1980	1,626	+ 49	+ 3.1%	+ 5	+ 0.3%
1990	1,388	- 238	- 14.6%	-24	- 1.5%
2000	1,286	- 103	- 7.4%	-10	- 0.7%
2008**	1,143	- 143	- 11.1%	-14	- 1.1%
2010***	1,121	- 22	- 1.9%	-11	- 1.0%

Source: U. S. Census Bureau, Census of Population, 1970 - 2000
*Excludes the population of the City of Benkelman
**U. S. Census Bureau estimate
*** Stahr & Associates, Inc. estimate

It is notable that the rate of population decline (31%) in the Market Area was less than the nearly 32.2% to 37.9% rate of decline in the population of the City of Benkelman during the same time period. This implies that the rate of out-migration and / or the natural decrease (deaths exceeding births) in Benkelman is greater than that of the Market Area. Due to this notable difference in trends between the City and its Effective Housing Market Area, it is imperative to evaluate this difference in more detail to determine the reasons for the difference.

Population Migration

An analysis of the migration of the population over time allows an understanding of a specific demographic factor that influences the overall population of the City of Benkelman. Migration indicates the portion of the population that has either moved into the Market Area or has moved out of the Market Area. Population migration is the remaining portion of the population after natural change, births minus deaths, is subtracted from the total change in the population. In Table 3, the total change in population in Market Area together with the natural increase of decrease (births minus deaths) since 2000 is indicated. The migration of the population is also indicated. A negative number in the Total Migration column indicates the number of persons moving out of the Market Area while a positive number indicates that people are moving into the Market Area to live.

TABLE 3: POPULATION MIGRATION ANALYSIS - EFFECTIVE HOUSING MARKET AREA BENKELMAN, NEBRASKA

Time Period	Effective Market Area Population Change	Natural Change (Births minus Deaths)	Total Migration
2000 - 2008	-290	-110	- 180

Source: Nebraska Department of Health and Human Services, Vital Statistics Reports, 1990-2005

As indicated in Table 3, the number of deaths in Market Area has exceeded births by a total of 110 persons since the year 2000. During this same time period the population of the Market Area is estimated to have decreased by 290 persons. This indicates that during this 8 year period a total of 180 persons have migrated out of the Market Area, which is an average of 20 persons per year.

An evaluation of the change in rural population change in the Market Area can provide insight into where the out-migration in the Market Area is originating. As indicated in Table 4, the rural (unincorporated area) population change in the Market Area from 2000 to 2008 is estimated to be a negative 118 persons. Assuming the death to birth ratio in the unincorporated portions of the Market Area are equivalent to the overall area, a reasonable assumption, the total reduction in the rural population of the Market Area through out-migration can be estimated to be 60 since the year 2000. These 60 persons either migrated out of the Market Area or migrated to one of the municipalities in the Market Area.

TABLE 4: POPULATION TREND ANALYSIS - EFFECTIVE HOUSING MARKET AREA BENKELMAN, NEBRASKA

Community	2000	2008	Total Change	Percent Change
Benkelman	1,006	914 (859)	- 92 (- 147)	- 9.1% (- 14.6%)
Haigler	211	186	- 25	- 11.8%
Unincorporated	1.075	957	- 118	- 11.0%
TOTAL	2,292	2,002	- 290	- 12.6%

Source: U. S. Census Bureau, Census of Population, 2000 and Population Estimates

Even with an assumption that the all of the people who left the unincorporated areas of the Market Area migrated to areas outside of the Market Area for employment or retirement, an assumption that is faulty, such population losses do not explain the decline in population for the communities in the Market Area at a rate estimated to be even higher than the unincorporated portion of the Market Area.

Population Age Components

To further evaluate the population decline in Benkelman during this time period it is necessary to examine the trends in the composition of the population to determine what age groups are moving and where they are moving to. This is accomplished through evaluation of the age structure of the Market Area and Benkelman populations.

As indicated on Tables 5 and 6, there are three notable trends in the composition of the population of both the Effective Housing Market Area and the City of Benkelman, all of which will have some level of impact on future housing needs.

TABLE 5: AGE CHARACTERISTICS ANALYSIS - EFFECTIVE HOUSING MARKET AREA* BENKELMAN, NEBRASKA

Age Group	1990 Number	1990 % of Total	2000 Number	2000 % of Total	1990 – 2000 Change	1990 – 2000 % Change	1990 – 2000 Cohort Change	1990 – 2000 % Change
0 - 4	80	5.8%	77	6.0%	- 3	-6.2%	77	-
5 - 9	113	8.1%	88	6.8%	-25	-28.1%	88	-
10 - 14	133	9.6%	102	7.9%	-31	-27.0%	+22	+27.5%
15 - 19	91	6.6%	97	7.5%	+ 6	+4.8%	-16	-14.2%
20 - 24	53	3.8%	41	3.2%	-12	-14.2%	-92	-69.2%
25 - 34	190	13.7%	126	9.8%	-64	-36.3%	-18	-12.5%
35 - 44	210	15.1%	200	15.6%	-10	-8.6%	+10	+5.3%
45 - 54	137	9.9%	203	15.8%	+ 66	+59.6%	-7	-3.3%
55 - 64	143	10.3%	137	10.7%	- 6	-20.6%	-0	-0.0%
65 - 74	143	10.3%	126	9.8%	-17	-43.1%	-17	-11.9%
75+	95	6.8%	89	6.9%	- 6	-1.1%	-149	-62.6%
Total	1,388	100.0%	1,286	100.0%	-102	-7.3%	-102	-7.3%

Source: U. S. Census Bureau, Census of Population, 1990 - 2000
*Excludes the population of the City of Benkelman

TABLE 6: AGE CHARACTERISTICS ANALYSIS - BENKELMAN, NEBRASKA

Age Group	1990 Number	1990 % of Total	2000 Number	2000 % of Total	1990 – 2000 Change	1990 – 2000 % Change	1990 – 2000 Cohort Change	1990 – 2000 % Change
0 - 4	50	4.2%	45	4.5%	- 5	-10.0%	45	-
5 - 9	83	7.0%	53	5.3%	-30	-36.1%	53	-
10 - 14	78	6.5%	52	5.2%	-26	-33.3%	+2	+4.0%
15 - 19	74	6.2%	76	7.6%	+ 2	+2.7%	- 7	- 8.4%
20 - 24	46	3.9%	34	3.4%	-12	-26.1%	- 44	-56.4%
25 - 34	138	11.5%	83	8.3%	-55	-39.9%	- 37	-30.1%
35 - 44	150	12.6%	129	12.8%	-21	-14.0%	- 9	- 6.5%
45 - 54	88	7.4%	156	15.5%	+68	+77.3%	+ 6	-4.0%
55 - 64	129	10.8%	79	7.9%	-50	-38.8%	-9	-10.2%
65 - 74	170	14.2%	108	10.7%	-62	-36.5%	-21	-16.3%
75+	188	15.7%	191	19.0%	+ 3	+1.6%	-167	-46.6%
Total	1,194	100.0%	1,006	100.0%	-188	-15.7%	-188	-15.7%

Source: U. S. Census Bureau, Census of Population, 1990 – 2000

These trends include:

- There has been a very substantial decline in the 20 - 24 age group in the Market Area since 1990. The persons in this age group are recent high school graduates who are leaving the Area for higher education or employment. Persons in the age group are not migrating to Benkelman as the City of Benkelman has experienced a similar "brain drain". This on-going loss of nearly two-thirds of the next generation implies that housing demands over the next 10 years will not be for younger adults forming families.

- There has been a slight increase in absolute numbers of persons in the 35 - 54 age cohorts. In fact, there was an actual small in-migration of persons in the 35 – 44 age cohort in the Market Area during the last decade. The City of Benkelman experienced a similar small, but significant in-migration of persons in the 45 - 54 age cohort. This would imply that near term demand for housing in Benkelman will be housing for this age cohort as they reach retirement age.

- There has been a very notable decline in the number of persons in the age 65 – 74 and the 75+ age groups. A portion of this decline is, of course, attributable to the deaths of persons in these age groups Based upon the birth and death ratios presented earlier in this Study, there are an average of 30 deaths per year in the Market Area and Benkelman. Assuming that the majority of these deaths are of persons in these older age groups, a reasonable assumption, approximately 250 of the 354 persons lost in these age cohorts can be attributed to deaths. The balance of the losses in these age groups can be attributed to persons retiring and seeking senior care facilities of various types. The fact that the cohort changes in both the Market Area and the City of Benkelman in these age groups are quite similar implies that there will continue to be a limited demand for senior housing in Benkelman.

ECONOMIC PROFILE

A detailed analysis of the economic characteristics and income levels of the population in the City of Benkelman and its Effective Housing Market Area is critical to determining housing needs. This analysis is structured to determine, as accurately as available data allows, the financial ability of the population to rent or purchase their housing. This analysis will also provide additional indicators for the determination of the size, type and affordability of housing demanded in the next 10 years.

Employment by Industry

A primary consideration in determining future housing demand in any given locality is the employment opportunities available in that locality. To obtain some insight into this issue in the City of Benkelman and its Effective Housing Market Area an evaluation of overall employment trends is appropriate.

As indicated in Tables 7 and 8, overall employment in the City of Benkelman and its Market Area has declined since 1990. The combined areas experienced a net loss of 99 employment opportunities from 1990 to 2000 or slightly over 8% of the total employment. The trend in population decline from 2000 to the present indicates that the decline in local employment opportunities have very likely also continued.

By far the greatest loss in employment was in agricultural production. Due to the substantial changes in farming economics over the last two decades, agricultural employment in the Market Area declined by over 25%, representing a loss of over 100 employment opportunities. A portion of the loss in agricultural employment has been offset by persons leaving the farm but being employed in other portions of the economy. The number of persons residing in the Market Area who are employed in construction, manufacturing, wholesale trade and professional services increased since 1990. Unfortunately, given that these same categories of employment in Benkelman experienced declines during this same period, these increases in employment have been provided outside the Market Area.

TABLE 7: EMPLOYMENT BY INDUSTRY - EFFECTIVE HOUSING MARKET AREA
BENKELMAN, NEBRASKA

Industry Category	1990 Number Employed	1990 % Of Total	2000 Number Employed	2000 % of Total	Change 1990 - 2000	% Change 1990 - 2000
Agriculture, Forestry, Fisheries and Mining	413	60.3%	309	49.7%	-104	-25.2%
Construction	20	2.9%	26	4.2%	+ 6	+30.0%
Manufacturing	3	0.4%	10	1.6%	+ 7	+233.3%
Wholesale Trade	10	1.5%	20	3.2%	+10	+100.0%
Retail Trade	72	10.5%	54	8.7%	- 18	-25.0%
Transportation, Warehousing and Utilities	27	3.9%	15	2.4%	- 12	-44.4%
Finance, Insurance and Real Estate	10	1.5%	5	0.8%	- 5	-50.0%
Professional, Scientific, and Waste Management	7	1.0%	15	2.4%	+ 8	+114.3%
Educational, Health and Social Services	99	14.5%	117	18.8%	+18	+18.2%
Arts, Entertainment, Recreation, Accommodation	8	1.2%	8	1.3%	0	0
Other services (except public administration)	5	0.7%	33	5.3%	+28	+560.0%
Public Administration	11	1.6%	10	1.6%	-1	-9.1%
TOTAL EMPLOYED PERSONS	685	100.0%	622	100.0%	-63	-9.2%

Source: U. S. Census Bureau, Census of Population, 1990 – 2000
*Excludes the population of the City of Benkelman

TABLE 8: EMPLOYMENT BY INDUSTRY - EFFECTIVE HOUSING MARKET AREA BENKELMAN, NEBRASKA

Industry Category	1990 Number Employed	1990 % Of Total	2000 Number Employed	2000 % of Total	Change 1990 - 2000	% Change 1990 – 2000
Agriculture, Forestry, Fisheries and Mining	59	11.4%	58	12.1%	-1	-1.7%
Construction	51	9.9%	42	8.7%	-9	-17.6%
Manufacturing	16	3.1%	8	1.7%	-8	-50.0%
Wholesale Trade	23	4.4%	17	3.5%	-6	-26.1%
Retail Trade	109	21.1%	68	14.1%	-41	-37.6%
Transportation, Warehousing and Utilities	40	7.7%	32	6.6%	-8	-20.0%
Finance, Insurance and Real Estate	20	3.9%	31	6.4%	+11	+55.0%
Professional, Scientific, and Waste Management	30	5.8%	20	4.3%	-10	-33.3%
Educational, Health and Social Services	114	22.1%	143	29.7%	+29	+25.4%
Arts, Entertainment, Recreation, Accommodation	14	2.7%	22	4.6%	+8	+57.1%
Other services (except public administration)	19	3.6%	26	5.4%	+7	+36.8%
Public Administration	22	4.3%	14	2.9%	-8	-36.4%
TOTAL EMPLOYED PERSONS	517	100.0%	481	100.0%	-36	-7.0%

Source: U. S. Census Bureau, Census of Population, 1990 – 2000

Further analysis and comparison of the employment trends in Benkelman versus its Effective Housing Market Area provides at least some indication of what types of employment opportunities in Benkelman has attracted additional residents to the community or, at least, caused persons to continue to reside in the Market Area. As indicated in Table 8, during the decade of the 1990's, the City of Benkelman experienced positive gains in employment in the employment categories of finance, education and health and other (probably information technology related) services. From the standpoint of future housing demand the increases in these categories is a positive because employees in these categories are typically higher paid, thus making housing more affordable.

Population Income Trends

An analysis of income levels in Benkelman and its Effective Market Area is critical to determining the ability of the population to afford housing, to determining the market demand for various types of housing and, to a lesser degree, the type of housing that will be demanded in the marketplace.

As indicated in Tables 9, per capita personal incomes have increased notably since 1990. Personal income is defined as the income received by individual persons from wages, proprietary income, rental, interest, governmental payments and other income. Per capita personal income is the personal income of the residents of the Area divided by the population of the Area as of July 1 of the referenced years.

From 1990 to 2007, per capita personal incomes in the Market Area increased by $12,737 per year or nearly 62%. In 1990 per capita personal income in the Market Area was nearly 15% greater than that of the entire State of Nebraska. However, since 1990 gains in per capita personal incomes in the Market Area have lagged behind the State as a whole. In 2007, per capita personal income in the Market Area was 8.3% less than that of the State. This, most probably, is a result of the overall population and employment decline in the Market Area.

TABLE 9: PER CAPITA PERSONAL INCOME - EFFECTIVE HOUSING MARKET AREA BENKELMAN, NEBRASKA

Year	Effective Housing Market Area		Nebraska	
	Income	% Change	Income	% Change
1990	$ 20,619	-	$ 17,983	-
2000	$ 26,970	+30.8%	$ 27,626	+53.6%
2007	$ 33,356	+23.7%	$ 36,372	+31.7%

Source: Bureau of Economic Analysis, U. S. Department of Commerce

An important factor to consider when analyzing income data is whether the local incomes are keeping pace with inflation. The Consumer Price Index, a measure of inflation, indicates that from 1990 to 2007 the CPI was 58.6%. In the Market Area, the per capita personal income increased from $20,619 in 1990 to $33,356 in 2007, a 61.8% increase. This indicates that the per capita personal incomes in the Market Area have been increasing at a rate slightly greater than the rate of inflation, which, in turn, indicates that the average person was earning more in real dollars in 2007 than in 1990. This is a positive indication with regard to housing demand in the near future in Benkelman as it is a positive indication of improvement in housing affordability.

To better relate income levels to housing demand, an evaluation of household income is necessary. Household income is defined as all income from all persons over age 15 in each household. Such residents do not necessarily need to be related, only residing in the household.

As indicated in Table 10, household and family incomes in the year 2000 were widely varied. Slightly over 54% of all households and slightly less than 67% of the families in the Market Area had incomes in excess of $25,000 per year. Of these households and families, 202 or 32% of all households and 271 or 44% of families had incomes above $40,000 per year.

On the down side, in 2000 there were 434 households with incomes less than $25,000 per year. This represented just under 46% of all households in the Market Area. The majority, 54%, of these lower income households were "non-family" households. The majority of these non-family households were single person households and, as herein documented, these were retired persons with limited incomes. Also in 2000 there were 195 families with incomes less than $25,000 annually. This number represented just over 20% of all families in the Market Area.

TABLE 10: HOUSEHOLD AND FAMILY INCOME - EFFECTIVE HOUSING MARKET AREA BENKELMAN, NEBRASKA

2000					
Income	**Households**		**Families**		**Non-Family Households**
		% of Total Hshlds.	**Married Couple Families**	**Female Householder No husband**	
Less than $10,000	128	13.5%	42	4	82
$10,000 - $14,999	99	10.4%	31	2	63
$15,000 - $19,999	107	11.3%	52	7	50
$20,000 - $24,999	100	10.5%	57	0	41
$25,000 - $29,999	78	8.2%	62	0	16
$30,000 - $34,999	57	6.0%	36	6	15
$35,000 - $39,000	73	7.7%	51	0	19
$40,000 - $44,999	26	2.7%	24	0	2
$45,000 - $49,999	47	4.9%	42	0	2
$50,000 - $59,999	81	8.5%	70	2	5
$60,000 - $74,999	62	6.5%	52	0	10
$75,000 - $99,999	49	5.2%	38	0	11
$100,000 - $124,999	18	1.9%	18	0	0
$125,000 - $149,999	13	1.4%	10	3	0
$150,000 - $199,999	12	1.3%	12	0	0
$200,000 or more	0	0	0	0	0
TOTALS	950	100%	597	24	316

Source: U. S. Census Bureau, Census of Population, 2000

In the City of Benkelman, as indicated in Table 11, household and family incomes in the year 2000 were also widely varied. Slightly less than 55% of all households and slightly more than 77% of the families in the City had incomes in excess of $25,000 per year. Of these households and families, 149 or 33% of all households and 131 or 51% of families had incomes above $40,000 per year.

In the year 2000 there were 206 households residing in Benkelman with incomes less than $25,000 per year. This represented just over 45% of all households in the City. The majority, 66%, of these lower income households were “non-family” households. The majority of these non-family households were single person households comprised of retired persons with limited incomes. Also in 2000 there were 69 families with incomes less than $25,000 annually. This number represented just over 25% of all families in the City.

A comparison of household and family incomes in Benkelman to that of the Market Area indicates that in the year 2000, Benkelman had 10% more families with incomes above $25,000 per year than in the Market Area. In addition, there were 7% more families with incomes above $40,000 per year in comparison to the Market Area. The City also had a notably higher percentage (12% higher) of non-family households with incomes less than $25,000 per year. This is due primarily to the availability of assisted living and nursing home facilities in the City.

TABLE 11: HOUSEHOLD AND FAMILY INCOME - BENKELMAN, NEBRASKA

2000					
Income	Households		Families		Non-Family Households
		% of Total Hshlds.	Married Couple Families	Female Householder No husband	
Less than $10,000	58	12.7%	6	4	48
$10,000 - $14,999	55	12.1%	11	2	39
$15,000 - $19,999	42	9.2%	11	4	29
$20,000 - $24,999	51	11.2%	31	0	20
$25,000 - $29,999	33	7.3%	25	0	8
$30,000 - $34,999	38	8.4%	24	4	10
$35,000 - $39,000	29	6.4%	20	0	9
$40,000 - $44,999	10	2.2%	8	0	2
$45,000 - $49,999	19	4.2%	19	0	0
$50,000 - $59,999	56	12.3%	47	2	3
$60,000 - $74,999	25	5.5%	21	0	4
$75,000 - $99,999	25	5.5%	25	0	0
$100,000 - $124,999	5	1.1%	5	0	0
$125,000 - $149,999	7	1.5%	4	3	0
$150,000 - $199,999	2	0.4%	2	0	0
$200,000 or more	0	0	0	0	0
TOTALS	455	100%	259	19	172

Source: U. S. Census Bureau, Census of Population, 2000

Since the year 2000, household incomes in the Effective Housing Market Area have increased notably. As indicated in Table 12, median household incomes increased by $13,735 per year or 67% during the period from 1990 to 2008. In 1990 and 2000 median household income in the Market Area was between 15% and 17% greater than that of the entire State of Nebraska. However, since 2000 gains in the median household incomes in the Market Area have lagged behind the State as a whole. In 2008, the median household income in the Market Area was 5.8% less than that of the State. This, most probably, is a result of the overall population and employment decline in the Market Area.

TABLE 12: MEDIAN HOUSEHOLD INCOME - EFFECTIVE HOUSING MARKET AREA BENKELMAN, NEBRASKA

Year	Effective Housing Market Area		Nebraska	
	Income	% Change	Income	% Change
1990	$ 20,619	-	$ 17,983	-
2000	$ 32,494	+30.8%	$ 27,626	+53.6%
2008	$ 34,354	+23.7%	$ 36,372	+31.7%

Source: U. S. Bureau of the Census, Censuses of Population and Housing and Estimates

The Consumer Price Index, a measure of inflation, indicates that from 1990 to 2008 the CPI was 64.7%. In the Market Area, the median household income increased from $20,619 in 1990 to $34,354 in 2008, a 66.6% increase. This indicates that the median household incomes in the Market Area have been increasing at a rate slightly greater than the rate of inflation, which, in turn, indicates that the average person was earning more in real dollars in 2008 than in 1990. This is a positive indication with regard to housing demand in the near future in Benkelman as it is a positive indication of improvement in housing affordability.

Population Income Profile

Another income factor that must be considered in any housing analysis is the distribution of the incomes of the households in Benkelman according to whether the households owns or is purchasing a home or if the household is renting its housing.

As indicated in Table 13, in the year 2000 of the 427 households in Benkelman, 322 or 75% were owner households and 25% were renter households. Just over 29% of owner households had incomes less than $20,000 per year while just over 57% of renter households had this same limited income. On the plus side, 71% of owner households and 43% of renter households had annual incomes greater than $20,000. Of these, 46% of owner households and 18% of renter households had incomes greater than $35,000 annually. Overall, owner households had incomes slightly over 50% greater than renter households.

TABLE 13: OWNER AND RENTER HOUSEHOLDS BY INCOME GROUP - 2000
BENKELMAN, NEBRASKA

Income Group	Owner Households		Renter Households	
	Number	% of Total	Number	% of Total
Under $10,000	34	10.6%	27	25.7%
$10,000 - $19,999	60	18.6%	33	31.4%
$20,000 - $34,999	77	23.9%	26	24.8%
$35,000 - $49,999	56	17.4%	4	3.8%
$50,000 or More	95	29.5%	15	14.3%
TOTALS	322	100.0%	105	100.0%

Source: U. S. Census Bureau, Census of Population, 2000

This data implies several things with regard to future housing demand. First, given the distribution of owner versus renter households, it implies that the majority of future demand for housing in the Community will be for owner-occupied housing. Second, the data implies that, since nearly 50% of owner households have incomes exceeding $35,000 annually, the majority of future housing demand will be from middle income households. Finally, the data implies that nearly 60% of the demand for rental housing will be from households with limited incomes.

A measure of housing affordability that is used in most federal and state housing programs and by many private mortgage lending entities is that persons renting their home should not pay more than 30% of their income for housing and utilities and that persons purchasing a home, can qualify for a mortgage provided that such mortgage costs do not exceed more than 30% of their gross income and they not have overall debt payment obligations exceeding 45% of gross income.

Application of this affordability standard to the households that were in place in Benkelman in the year 2000 provides an indication of affordability of housing in the City and, when combined with household income by income category, provides an indication of future subsidized and unsubsidized housing demand.

As indicated in Table 14, a total of 35 owner households or 11% of all owner households had mortgage and/or housing costs in excess of the 30% affordability standard. Also as indicated, a total of 19 renter households or 22% of all renter households had monthly rental costs excess of the 30% standard. In comparison, renter households exceed the affordability standard at twice the rate of owner households.

TABLE 14: OWNER HOUSING COSTS AND RENT AS PERCENTAGE OF HOUSEHOLD INCOME - 2000 BENKELMAN, NEBRASKA

Income	Owner Households	Renter Households	All Households
Less than $10,000			
Less than 30%	13	7	20
30% or more	12	15	27
$10,000 - $19,999			
Less than 30%	42	23	65
30% or more	18	4	22
$20,000 - $34,999			
Less than 30%	75	18	93
30% or more	2	0	2
$35,000 – 49,999			
Less than 30%	53	19*	72
30% or more	3	0	3
$50,000 or more			
Less than 30%	95		95
30% or more	0		0
Totals (computed)	313	86	399
(not computed)	9	13	22
All Incomes			
Less than 30%	**278 (88.8%)**	**67 (77.9%)**	**345 (86.5%)**
30% or more	**35 (11.2%)**	**19 (22.1%)**	**54 (13.5%)**

Source: U. S. Census Bureau, Census of Population, 2000 *$35,000 or more

For owner households with annual incomes of less than $20,000, a total of 35% had housing costs in excess of 30% of their income. For owner households with incomes less than $10,000, a total of 48% exceeded the affordability standard.

For renter households with annual incomes of less than $20,000, a total of 39% paid 30% or more of their income for monthly rent. For renter households with annual incomes of less than $10,000, a total of 68% exceed the affordability standard.

Over a total of 13.5% of all households in the City had housing or rental costs exceeding the affordability standard. This indicates that 1 in every 8 households, in the year 2000, were spending more on housing than 30% of their income.

Another factor to consider in any housing market analysis is the number of persons with special needs. As indicated in Table 15, in 2008 there were a total of 460 persons or an estimated 53.6% of the population of the City of Benkelman, who received some form of social security income. The majority of these recipients were retired persons, widows and widowers and those wives and children who received benefits. The balance of the recipients were those with either physical, mental or work related disabilities.

Additional 2000 Census data indicates that of those with disabilities, 18 had sensory disabilities, 50 had physical disabilities, 17 had mental disabilities and 19 had employment disabilities. Of these a total of 17 persons had disabilities severe enough to require more than self care. This implies that there will be a limited, but continued need for housing for special needs persons.

TABLE 15: PERSONS RECEIVING SOCIAL SECURITY INCOME - 2008
BENKELMAN, NEBRASKA

Social Security Income by Group	Number of Beneficiaries
Retired Workers	350
Disabled Workers	50
Widows and Widowers	60
Wives and Children (Survivors)*	45
Children**	20
TOTAL (December, 2008)	460
*Includes persons in retirement and disability categories	
**Includes persons in retirement, disability and survivor categories	

Source: Social Security Administration, 2008

COMMUNITY INPUT

In the preparation of this housing market study, Stahr & Associates, Inc. utilized the input of two important community participation groups. These included the input from a local (housing) focus group and input from local realtors and business leaders. The Consultant conducted a focus group meeting in April, 2010 to present pertinent local population and economic data and to distribute a written questionnaire. The questionnaire was designed to allow respondents to identify what they believe are the major housing issues in the City of Benkelman and to identify what they believe are the positives and negatives of the Community, what housing barriers exist to providing marketable and affordable housing and what housing needs and opportunities exist.

Interviews were also conducted with local real estate brokers, lenders and other business leaders to obtain data regarding housing sales, housing demand, rental housing rates and also to evaluate the availability of building lots for additional housing in the City. The following identifies the issues and factors related to the provision of housing in Benkelman:\

BENKELMAN – THE POSITIVES

- Family oriented Community
- Friendly, caring citizens
- Great school system
- Hard working citizens
- Municipally owned fair equipment
- Good emergency services and health care
- Willingness of citizens to become involved in organizations
- Small city living, but close to larger urban area
- Clean air and quality of life
- Willingness of citizens to help each other
- Good recreation facilities
- Hilly scenic Community

BENKELMAN – THE NEGATIVES

- Citizen attitude of “Let someone else take care of it”
- Citizen attitude of “If it was good enough for Grandpa, leave it alone”
- Lack of civic pride
- Citizens are not good team players
- Resources for starting or recruiting new business are almost non-existent
- Citizens are beat down because of lack of “wins” economically
- Lack of middle-income homes
- Overall poor appearance of parts of the City
- Streets are dirty
- Substantial number of “nuisance” properties and lack of pride in property

BENKELMAN – HOUSING BARRIERS

- Need to clean up existing housing
- Lack of investors willing to develop good quality, but affordable multi-dwelling facilities
- Quality housing is not available
- Deposit for utility hookup is too high
- Lack of lots with infrastructure in place
- Cost of lot and cost to build and affordability discourages new subdivision development
- Poor condition of housing in some areas discourages investment

BENKELMAN – HOUSING OPPORTUNITIES

- Economic development efforts and community pride are improving
- Southwest Nebraska Community Betterment Corporation offers economic development assistance
- There are several businesses that want to notably expand employment in the next five years
- There are land areas within and around the City available for development

- Substantial opportunities exist to clean-up and rehabilitate existing housing to provide affordable housing

Housing needs as identified by the Housing Focus Group as generated through the Housing Market Analysis questionnaire and responses from interviewed housing survey participants are presented in Table 16. The housing needs are presented in the priority order established by the responses to the questionnaire and interviews.

TABLE 16: HOUSING FOCUS GROUP AND CITIZEN IDENTIFIED HOUSING NEEDS BENKELMAN, NEBRASKA

Housing Need Characteristics	Greatly Needed	Somewhat Needed	Not Needed
Housing for:			
Low-Income Families		X	
Middle-Income Families	**X**		
Upper-Income Families		X	
Single-Family Housing Size:			
One Bedroom		X	
Two Bedroom	**X**		
Three Bedroom	**X**		
Rental Housing Size:			
One Bedroom			X
Two Bedroom	**X**		
Three Bedroom	**X**		
Manufactured Homes		X	
Mobile Homes			X
Condominiums		X	
Duplex Housing		X	
Single-Room Housing (Boarding House)			X
Independent Living Housing for Disabled Persons			X
Group Home Housing for Disabled Person			X
Retirement Housing (Rental)		X	
Retirement Housing (Owned)	**X**		
Retirement Housing for:			
Low-Income Persons		X	
Middle-Income Persons		X	
Upper-Income Persons		X	
Subsidized Financing for:			
Rehabilitating Owner-Occupied Housing	**X**		
Rehabilitation Renter-Occupied Housing		X	
First-Time Homebuyers	**X**		

Price Range for Owner-Occupied Housing most needed: **$60,000 to $100,000** **Median Price $78,000**

Monthly Rental Rate Range most needed: **$250 to $550** **Median Rate: $350**

Housing Amenities most needed: Lawn Care, Snow Removal

Source: Stahr & Associates, Inc. Focus Group Input and Citizen interviews, 2010

A summary of the Housing Focus Group, Real Estate Brokers, Lenders and business leader inputs to the housing market analysis indicates the greatest housing needs in the City of Benkelman include:

- Develop affordable housing for middle-income homebuyers and renters
- Encourage development of subdivision with infrastructure in place
- Rehabilitation of existing owner and renter housing to enhance appearance of the City and improve marketability of existing housing to provide affordable housing
- Provide financing assistance for first-time homebuyers
- Develop additional owner-occupied retirement housing
- Remove dilapidated houses and buildings to improve appearance and desirability of vacant lots

- Purchase dilapidated housing and replace with new housing
- Consider development of condominium approach to single-family housing for retired persons

HOUSING PROFILE

The purpose of this component of the Housing Market Analysis is two-fold. First, a determination of whether an adequate supply of marketable housing currently exists within the City of Benkelman and second to formulate projections of future housing needs over the next ten years.

To address the first purpose, an evaluation of the existing housing situation in the City of Benkelman must be conducted. To that end, a field survey of all housing structures in the City was conducted by the Consultant in January, 2010 to determine the approximate age and condition of each housing structure. The survey also identified vacant housing units.

During the field survey, each component of each structure in the Analysis Area was examined to determine whether it was in sound condition or had minor, major or critical defects. Two types of building components were evaluated. These included:

- Major Components
  These components include the basic structural elements of any building; the foundation walls, load bearing walls and columns and roof structure.

- Minor Components
  These components include the necessary secondary elements of any building; the wall surfaces and condition, paint or wall covering condition, the roof condition, windows, doors, porches, steps and stairways, fire escapes, chimneys and vents, gutters and downspouts, etc. Both the major and minor components were evaluated and ranked in one of four categories and each category was assigned a numerical value as follows:

Ranking Category	Numerical Value
No problems	1
Minor problems	2
Major problems	3
Critical problems	4

The numerical rankings of each major and minor component were then combined to generate an overall building condition evaluation comprised of five categories as follows:

Major Component Numerical Ranking	Minor Component Numerical Ranking	Combined Numerical Ranking	Overall Building Condition
2 or less	6 or less	8 or less	Sound
3 - 5	7 - 8	10 - 13	Minor Deficiencies
6 - 7	9 - 17	14 - 24	Major Deficiencies
7 - 9	18 - 19	25 - 29	Substandard
10 or more	20 or more	30 or more	Dilapidated

The overall building conditions are defined as follows:

SOUND: A sound building is one that has been and can be kept in good condition with normal maintenance. A sound building has no major component defects, no minor component defects ranked as major or critical or with major deficiencies, but may have up to three minor components ranked as having minor defects.

MINOR DEFICIENT: Buildings ranked as deficient are those that require only minor repairs, which have not more than one major component defect that is minor in nature, which has not more than one minor component defect ranked as major in nature, nor more than three minor component defects ranked as minor in nature.

MAJOR DEFICIENT (DETERIORATING): Buildings ranked as deficient are those that require major repairs, which have not more than one major component ranked as critical or not more than two ranked as having deficiencies that are major in nature, nor more than five minor component defects ranked as major in nature.

SUBSTANDARD: A structurally substandard building contains defects which are so serious and so extensive that the building may not be economically repairable. Buildings classified as substandard have not more than two major component defects ranked as critical or major in nature, nor more than four minor component defects ranked as critical.

DILAPIDATED: A dilapidated building contains such a combination of serious defects that there is no question that the building is uninhabitable and should be razed. All major components of a dilapidated building have defects that are major or critical in nature or a combination of less serious major component defects together with at least four minor component defects that are ranked as critical in nature.

The results of this field survey are presented in Table 17.

TABLE 17: HOUSING STOCK AGE AND CONDITION - 2010
BENKELMAN, NEBRASKA

	Age		Condition				Mobile	Vacant
	1-40 years	40+ years	Sound	Deteriorating	Substandard	Dilapidated	Homes	
No. of Housing Structures	108	379	357	85	21	25	41	46

Source: Stahr & Associates, Inc., Field Survey, January, 2010

The field survey indicated that 77.8% of the existing housing structures were constructed over 40 years ago. This implies that there will be more housing structures in less than sound condition due to age. Although the majority of the housing structures in the City are in sound condition, there are a notable number of such structures that are in deteriorating condition or worse. The survey indicated that there are 85 housing structures or nearly 18% of the housing stock that is in deteriorating condition and in need of rehabilitation. Further, there are 46 housing structures that are in substandard or dilapidated condition. These structures represent just over 9% of all housing units. Of the structures in substandard or dilapidated condition, 41 such structures are vacant.

Further analysis of the existing housing stock is necessary to evaluate various characteristics which have and will influence future demand. As indicated in Table 18, the number and type of housing units in the Market Area and City of Benkelman have changed substantially since 1990. There was a moderate 8.3% growth in the number of single-family housing units in the Market Area. The majority of these additional housing units were developed outside the City of Benkelman, as the total number of single family housing units in the City declined by 24 units or 4.9% since 1990. In fact, since 1990 only 6 permits for new housing unit construction were issued.

Other than the increase in single-family housing units in the rural portions of the Market Area, the only other increase in housing units was in the rental apartment projects with 10 or more housing units. These additional apartment complexes were developed in the City to better address the need for subsidized and conventional rental housing units.

TABLE 18: HOUSING STOCK CHARACTERISTICS - 2000
BENKELMAN, NEBRASKA AND EFFECTIVE HOUSING MARKET AREA

	City of Benkelman			Effective Housing Market Area		
Number of Housing Units	1990	2000	% Change	1990	2000	% Change
1 Unit (attached and detached)	485	461	- 4.9%	1095	1,186	+ 8.3%
2 - 9 Units	88	63	- 28.4%	88	87	- 1.1%
10 or more Units	2	11	+450.0%	2	11	+ 450.0%
Mobile Homes	33	46	+ 39.4%	134	108	-19.4%

Source: U. S. Census Bureau, Census of Population, 2000

The occupancy and vacancy characteristics of the current housing stock will also impact future housing demand. As indicated in Table 19, in 2000 the vacancy rate of for sale owner housing units was 6.2%. In the same year, vacancy rate of for rent housing was 22.9%. Overall, the vacancy rate for housing in the City was 12.2%. The field survey of housing in the City of Benkelman, conducted in January, 2010, combined with interviews of apartment complex managers indicated that the current vacancy rate for housing in the City is still near 12%.

TABLE 19: HOUSING UNIT VACANCY CHARACTERISTICS - 2000
BENKELMAN, NEBRASKA AND EFFECTIVE HOUSING MARKET AREA

	City of Benkelman			Effective Housing Market Area		
Housing Units	Occupied	Vacant*	Vacancy Rate	Occupied	Vacant*	Vacancy Rate
Owner Units	347	23	6.2%	699	35	4.8%
Rental Units	111	33	22.9%	262	66	20.1%
Total Year-Around Units	**458**	**56**	**12.2%**	**961**	**101**	**10.5%**
Not for sale or rent		37			75	

Source: U. S. Census Bureau, Census of Population, 2000 *Vacant units for sale or rent

In the Effective Housing Market Area, vacancy rates for both for sale owner housing units and rental housing units was lower in comparison to those in the City of Benkelman. This is due primarily to the higher occupancy rates of farm and ranch housing in the rural areas of the Market Area.

Housing affordability is another critical factor in determining market demand. Housing unit values for owner-occupied housing are provided in Table 20. As indicated, in the year 2000, the vast majority of owner-occupied housing in the City of Benkelman (73%) was valued at less than $50,000. In fact, given the indicated median housing value of $31,900, the majority of the owner-occupied housing has a value of under $30,000.

In the Effective Market Area, the vast majority of owner-occupied housing was also valued at less than $50,000, although at a slightly lesser rate (71%). The median value of housing in the Market Area was $32,600, only slightly greater than that in the City of Benkelman.

TABLE 20: OWNER-OCCUPIED HOUSING VALUES - 2000
BENKELMAN, NEBRASKA AND EFFECTIVE HOUSING MARKET AREA

	City of Benkelman	Effective Housing Market Area
Housing Unit Value		
Less than $50,000	235	328
$ 50,000 - $ 99,999	72	110
$100,000 - $149,999	12	16
$150,000 - $199,999	3	3
$200,000 - $299,999	0	0
$300,000 or more	0	1
Total Units	**322**	**458**
Median Housing Value	**$31,900**	**$32,600**

Source: U. S. Census Bureau, Census of Population, 2000

To better determine the future housing demand at marketable values, it is necessary to evaluate household income levels as it relates to the value of housing in the City of Benkelman and its Effective Market Area.
As indicated in Table 21, the majority of owner-occupied households in the City with incomes of less than $20,000, those households considered to be poverty level or very low income, reside in housing valued at less than $40,000 with 50% of the households residing in housing valued below $20,000.

TABLE 21: OWNER-OCCUPIED HOUSING VALUES BY HOUSEHOLD INCOME- 2000
BENKELMAN, NEBRASKA AND EFFECTIVE HOUSING MARKET AREA

	City of Benkelman	Effective Housing Market Area
Household Income by Housing Unit Value		
Less than $10,000 income	34	63
Housing Value < $10,000	6	14
$10,000 - $19,999	9	10
$20,000 - $29,999	8	14
$30,000 - $39,999	7	11
$40,000 - $49,999	0	0
$50,000 - $59,999	2	2
$60,000 - $69,999	0	0
$70,000 - $79,999	2	2
$80,000 - $89,999	5	5
$90,000 - $99,999	5	0
$10,000 - $19,999 income	60	90
Housing Value < $10,000	3	5
$10,000 - $19,999	13	15
$20,000 - $29,999	20	30
$30,000 - $39,999	1	12
$40,000 - $49,999	5	10
$50,000 - $59,999	9	9
$60,000 - $69,999	2	2
$70,000 - $79,999	0	0
$80,000 - $89,999	3	3
$90,000 - $99,999	2	2
$100,000 - $199,999	2	2

$20,000 - $34,999 income	77	101
Housing Value < $10,000	3	3
$10,000 - $19,999	20	31
$20,000 - $29,999	15	21
$30,000 - $39,999	20	22
$40,000 - $49,999	6	6
$50,000 - $59,999	6	6
$60,000 - $69,999	2	2
$70,000 - $79,999	5	5
$80,000 - $89,999	0	0
$90,000 - $99,999	0	1
$100,000 - $199,999	0	4
$35,000 - $49,999 income	56	82
Housing Value < $10,000	0	2
$10,000 - $19,999	7	9
$20,000 - $29,999	21	25
$30,000 - $39,999	9	17
$40,000 - $49,999	4	6
$50,000 - $59,999	3	5
$60,000 - $69,999	1	5
$70,000 - $79,999	6	6
$80,000 - $89,999	0	0
$90,000 - $99,999	0	2
$100,000 - $199,999	5	5
$50,000 - $74,999 income	63	75
Housing Value < $10,000	5	7
$10,000 - $19,999	2	2
$20,000 - $29,999	18	18
$30,000 - $39,999	2	5
$40,000 - $49,999	10	10
$50,000 - $59,999	14	18
$60,000 - $69,999	3	3
$70,000 - $79,999	0	0
$80,000 - $89,999	2	2
$90,000 - $99,999	3	5
$100,000 - $199,999	4	4
$200,000 or more	0	1
$75,000 - $99,999 income	21	30
Housing Value < $10,000	0	0
$10,000 - $19,999	0	2
$20,000 - $29,999	0	0
$30,000 - $39,999	6	6
$40,000 - $49,999	8	8
$50,000 - $59,999	0	0
$60,000 - $69,999	0	0
$70,000 - $79,999	0	0
$80,000 - $89,999	5	5
$90,000 - $99,999	0	7
$100,000 - $199,999	2	2
$200,000 or more	0	0
$100,000 or more income	11	17
Housing Value < $10,000	0	0
$10,000 - $19,999	0	0
$20,000 - $29,999	2	2
$30,000 - $39,999	5	5

\$40,000 - \$49,999	0	0
\$50,000 - \$59,999	0	0
\$60,000 - \$69,999	0	2
\$70,000 - \$79,999	0	0
\$80,000 - \$89,999	0	0
\$90,000 - \$99,999	2	6
\$100,000 - \$199,999	2	2
\$200,000 or more	0	0

Source: U. S. Census Bureau, Census of Population, 2000

An important component of this poverty and very low income group is that over 1/3 of these household reside in housing valued in excess of \$70,000. This implies that these households own their home outright and are probably retired persons. This, in turn, implies that these higher value homes will come on the market in at least the next two decades as the persons in these households reach the end of the lives. However, using average age of death, this indicates that only an average of 1 housing unit in the \$70,000 to \$100,000 value range will come on the market each year.

An important characteristic of the current household income and housing value relationship is that it is not until incomes exceed \$50,000 does the pattern of residing in housing valued at less than \$40,000 changes. This, combined with the fact that nearly 54% of the population is retired and on some form of social security income, implies that a majority of households with incomes less than are retired households or working age households with incomes that restrict the ability to purchase higher valued homes.

For households with incomes over \$50,000 per year, the average housing unit value ranges between \$50,000 and \$70,000. It is this income group that will be most able to qualify for a mortgage to purchase a home in the City. Given the 64% increase in the Consumer Price Index and the corresponding increase in household incomes, this implies that new homes most in demand in the City over the next 10 years will be in the \$80,000 to \$90,000 price range.

Rental housing in the City of Benkelman, in the year 2000, had a wide range of gross rent rates. As indicated in Table 22, 50% of the gross rent rates were less than \$300 per month. At today's construction cost and given the reality that rental vacancy rates in the City exceed 20%, it is not financial feasible to develop additional rental housing for at least ½ of the rental market. This implies that in order for the City to attract additional rental households to the community, additional rental housing will either have to be subsidized through one or more federal housing programs where rental rates are based upon income or, perhaps a more feasible option, the rehabilitation of existing housing units utilizing federal grant funds which can then be used to address lower rental rates.

**TABLE 22: RENTAL HOUSING GROSS RENT RATES - 2000
BENKELMAN, NEBRASKA**

	City of Benkelman	Effective Housing Market Area
Monthly Rent Rates		
Less than $250	25	25
$250 - $299	28	35
$300 - $499	30	39
$500 - $749	3	13
$750 - $999	0	0
$1,000 or more	0	0
Total Units	**105**	**184**
Median Monthly Gross Rent		
2000	**$255**	**$286**
2008	**$325**	**$340**

Source: U. S. Census Bureau, Census of Population, 2000

Any housing market analysis for any given municipality must also consider the issue of affordable housing, particularly for lower income persons and households. Affordable housing for such persons and households typically exists as housing units are projects which have been developed with federal and/or state funding assistance to provide housing at a cost based upon the occupant's income or ability to pay. In the City of Benkelman, there is one facility that provides such housing. This facility is the Rainbow Fountain Park housing complex located in the south-central portion of the City. Rainbow Fountain Park is a HUD Public Housing funded facility operated by the Benkelman Housing Authority. This facility, constructed in 1963 and updated since construction, provides 40 housing units. Rent rates are income based with the average rent rate being $230 per month. The complex is fully occupied and has a waiting list.

An analysis of current housing costs in the City of Benkelman is necessary to evaluate the affordability of housing, which, in turn, will provide information regarding the affordability needs for future housing.

The majority of single-family housing units sold in Benkelman in the last year averaged between $40,000 and $50,000 per sale. The asking price for current homes on the market in Benkelman ranges from $29,000 to 198,000, with the majority of homes in the $40,000 to $50,000 price range. The average cost per square foot was $35 to $45 for existing housing units. Although there have not been any new homes constructed recently in Benkelman, data for new home construction in other cities indicate today's cost for new housing construction is approximately $100 per square foot for new construction. This data indicates that the minimum range of affordability for homeownership in Benkelman would require an annual income ranging between $25,000 to $27,000 for existing housing and $40,000 to $42,000 for new construction.

Another important factor to consider with regard to affordability of existing housing is whether there is a mortgage associated with the housing unit. In Benkelman, there are 100 housing units with a first mortgage, 5 with a second mortgage and there are 222 housing units with no mortgage. This level of housing units without a mortgage explains why a number of lower income households are able to afford the house they reside in.

With regard to current rental housing affordability an analysis of rental rates for 2008, the latest available data year, was conducted. As indicated in Table 23, contract rent rates (less cost of utilities) ranged from less than $100 per month to over $450 per month. This substantial range reflects not only the size of the rental unit, but its age, condition and attractiveness. The median contract rent today is estimated at $325 per month.

As indicated in Table 24, the majority (47%) of rental units are single bedroom units. 26% are 2 bedroom units while 19% have 3 bedrooms. This mix of rental unit size can be expected to continue in terms of future demand for rental units.

TABLE 23: RENTAL HOUSING CONTRACT RENT DISTRIBUTION - 2008
BENKELMAN, NEBRASKA

Monthly Rental Rate	Number of Renters
Less than $100	1
$100 - $149	4
$150 - $199	13
$200 - $249	24
$250 - $299	17
$300 - $349	7
$350 - $399	3
$400 - $449	2
$450 - $499	2
No cash rent	19
Median Rent Rate $325	

TABLE 24: BEDROOMS IN RENTER-OCCUPIED APARTMENTS - 2008
BENKELMAN, NEBRASKA

No. of Bedrooms	Number of Renters
0	0
1	49
2	27
3	20
4	7
5 or more	2

HOUSING MARKET FORECAST

One indicator of future housing needs in any market area is the projection of various population characteristics. These characteristics include the future total population, the number of persons in households and the number of persons per household.

Although the population in the City of Benkelman and its Effective Housing Market Area has declined over the last 40 years, the City of Benkelman has the potential for growth. The City is geographically situated at distances from larger municipalities that encourage people in the trade area to trade with local businesses and utilize the health care, educational and recreational facilities available in the City. This, combined with the fact that there is at least one business in the Community that is poised for a notable expansion in employment, indicates that if the City becomes aggressive in its economic development efforts and in the provision of needed housing the downward trend in overall population can be reversed.

As indicated in Table 25 and in the updated Comprehensive Plan for the City of Benkelman, it is forecasted that the City could grow in population by a modest 3.9% over the next ten years, reaching a total population of 950 by the year 2020.

TABLE 25: HISTORIC HOUSEHOLD OWNER AND RENTER CHARACTERISTICS, TRENDS AND PROJECTIONS BENKELMAN, NEBRASKA

Population / Households	1990	2000	2010	2020
Total Population	1,193	1,006	914	950
Persons in Group Quarters	64	56	50	46
Number of Households	539	458	422	441
Persons in Households	1,129	950	864	904
In Owner Households	826	742	676	690
In Renter Households	303	208	188	193
Persons per Household	2.09	2.07	2.05	2.05
Per Owner Household	2.18	2.14	2.12	2.12
Per Renter Household	1.88	1.86	1.80	1.80

Source: U. S. Bureau of the Census, 1990, 2000 with projections by Stahr & Associates, Inc.

The following housing market analysis includes forecasts of future housing needs based on several factors that generate demand for housing. These factors include housing demand created by general population growth, housing demand created by

As indicated in Table 26, the anticipated growth in the population of the City is estimated to create a demand for 19 additional housing units assuming a vacancy rate of 6% of the housing stock.

Also as indicated in Table 26, there are currently 21 housing units in the City which are in substandard condition. At least 50% of these housing units are in such poor condition that it is not economically feasible to rehabilitate them. This removal of these housing units will thus create a housing replacement demand of 11 units.

TABLE 26: HOUSING DEMAND FROM GENERAL POPULATION GROWTH PROJECTION BENKELMAN, NEBRASKA

	2000	2010	2020
Population	1,006	914	950
Persons in Households	950	864	904
Persons per Household	2.07	2.05	2.05
Number of Households	458	422	441
Vacancy Rate	6.2%	6.5%	6.0%
Vacant Unit Demand	29	28	27
Total Unit Demand	487	450	468
Housing Units Available	514	487	487
Housing Units Needed	-	-	19
Replacement Demand	-	-	11
TOTAL HOUSING DEMAND	-	-	30

In addition to the forecasted additional and replacement housing unit demand, there is also a critical housing rehabilitation demand. There are currently 85 housing units in the City which are in deteriorating condition and are in need of rehabilitation. The typical cost of completely and properly rehabilitating a typical housing unit ranges from $16,000 to $20,000 per unit which will equate to a total cost of $1,360,000 to $1,700,000. To satisfy this rehabilitation demand, the City should initiate an on-going owner and renter occupied housing rehabilitation program utilizing several different approaches and grant funding sources.

Initiation and continuance of this housing rehabilitation program will be critical to satisfy another housing demand inherent to any community. A national survey of housing conducted by the HUD and the Department of Commerce indicates that in a typical urban area approximately 11% of current residents feel their existing housing does not satisfy their housing needs. These residents will seek other housing if such housing is available and affordable. Given the cost of new construction, the key to providing desirable and affordable housing to meet this demand will be through rehabilitation of the existing housing stock.

HOUSING DEVELOPMENT CONCEPTS AND STRATEGIES

In order to effectively address the estimated future housing demand, the City and interested citizens should initiate a multi-pronged approach to satisfying the demand over the next ten years.

ADDITIONAL HOUSING DEVELOPMENT

With regard to new housing development, two, possibly three problems exist. The first problem is the lack of building lots that are in desirable locations and neighborhoods. The second is the cost of development of the infrastructure in the subdivision pushes lot prices to a point that development of housing that is affordable to the market very unlikely. Finally, given the financial risk associated with subdivision development may discourage a private sector developer or land owner to take such risk.

To address the first problem, development of a new subdivision is critical. This subdivision should have the following attributes:

- It should be located in an area with a fairly level to rolling land to allow for the development of fairly level to hillside(walk-out basement) lots;
- It should have close proximity to, but not penetrated by major streets;
- It should be located in an area with minimal land use conflicts. Where such conflicts might exist, the subdivision should be designed to minimize such conflicts through landscape screening;
- It should be located a close has possible to major community facilities including schools, health care and shopping areas as opposed to a subdivision on the outer periphery of the Community;
- It should be located in a area of the Community where public infrastructure is in close proximity and not require major utility or other infrastructure extensions;
- It should offer a variety of lot types and sizes to provide for a range of lot price, housing styles and housing sizes. The total number of lots in the subdivision will be dependent on the availability of land, but would ideally contain approximately 20 lots overall.
- Ideally, the subdivision should be equipped with some "common area" amenities such as landscaped, lighted walking trail to enhance the quality and desirability and thus demand for lots in the subdivision.

To address the second problem, that of the cost of development of the subdivision infrastructure, it is suggested that the City consider the feasibility of installing water, sewer and electric utilities at municipal expense and recapture the cost over time through the added utility revenues. The balance of the infrastructure, grading, street paving, trail, lighting, appropriate landscaping can be accomplished through the establishment of an assessment district. To limit the risk associated with an assessment district, the subdivision should be developed in phases of 3 to 4 lots at a time. This method of financing the subdivision infrastructure will allow lot cost to be minimized while still providing reasonable profit for the subdivision developer.

In an assessment district, the cost of financing the development of the subdivision is assessed proportionately to each lot. When each lot is sold the assessment against that lot is due and payable. This assessment being payable at the time of purchase increases the lot cost thus impacting affordability of the lot and housing. To minimize the impact of the assessment, it is suggested that Tax Increment Financing (TIF) be used to pay the assessment over time. To qualify for the use of TIF, the lot purchaser would have to agree to build a new home within one year of purchase of the lot, thus ensuring that there will be an increase in real property tax which would be used to pay the assessment with interest.

HOUSING REPLACEMENT AND REHABILITATION

To address the remaining housing needs, to provide affordable housing for those households which cannot afford to build a new home, the City should initiate a coordinated and on-going approach to improvement of the existing housing and enhancement of the quality of existing residential neighborhoods.

First, the City should initiate efforts to have those housing units and related buildings which are dilapidated and vacant demolished and the lots cleaned up. Accomplishing this effort can utilize three different approaches. The first, would be to have the local fire department conduct practice burns to eliminate these dilapidated buildings with the lot clean-up provided by the City. Utilizing this approach could be utilized without acquisition of the lot, with the owner's approval. The owner's could then place the lot on the market for new home construction thus providing alternative locations and lot price competition.

A second approach would be the same as the first, but with acquisition of the lot, by a local public entity such as the Benkelman Housing Authority. This approach would be utilized in situations where the property owner would prefer to donate the lot to the Community or sell it a very reasonable cost.

A third, but less preferred approach, would be for the City to force the removal of these dilapidated buildings through a declaration of a public nuisance and public safety hazard. This approach would be used only when the property owner refuses the other options.

Elimination of the 41 dilapidated residential structures and associated buildings will do much to enhance the image of the neighborhoods in which they are located and improve the marketability of the available lots.

Elimination of the dilapidated buildings from the existing residential neighborhoods will not be adequate in some of the existing residential neighborhoods to enhance the quality and desirability of housing in the area, due to the condition of existing occupied housing units. To address this issue, the City should initiate an on-going housing rehabilitation program utilizing several grant and HUD funding sources. This program and the dilapidated housing removal program should be coordinated and concentrated on a block by block basis to maximize the impact of enhancing the desirability and marketability of the lots and existing housing, as well as enhancing the quality of life for existing residents.

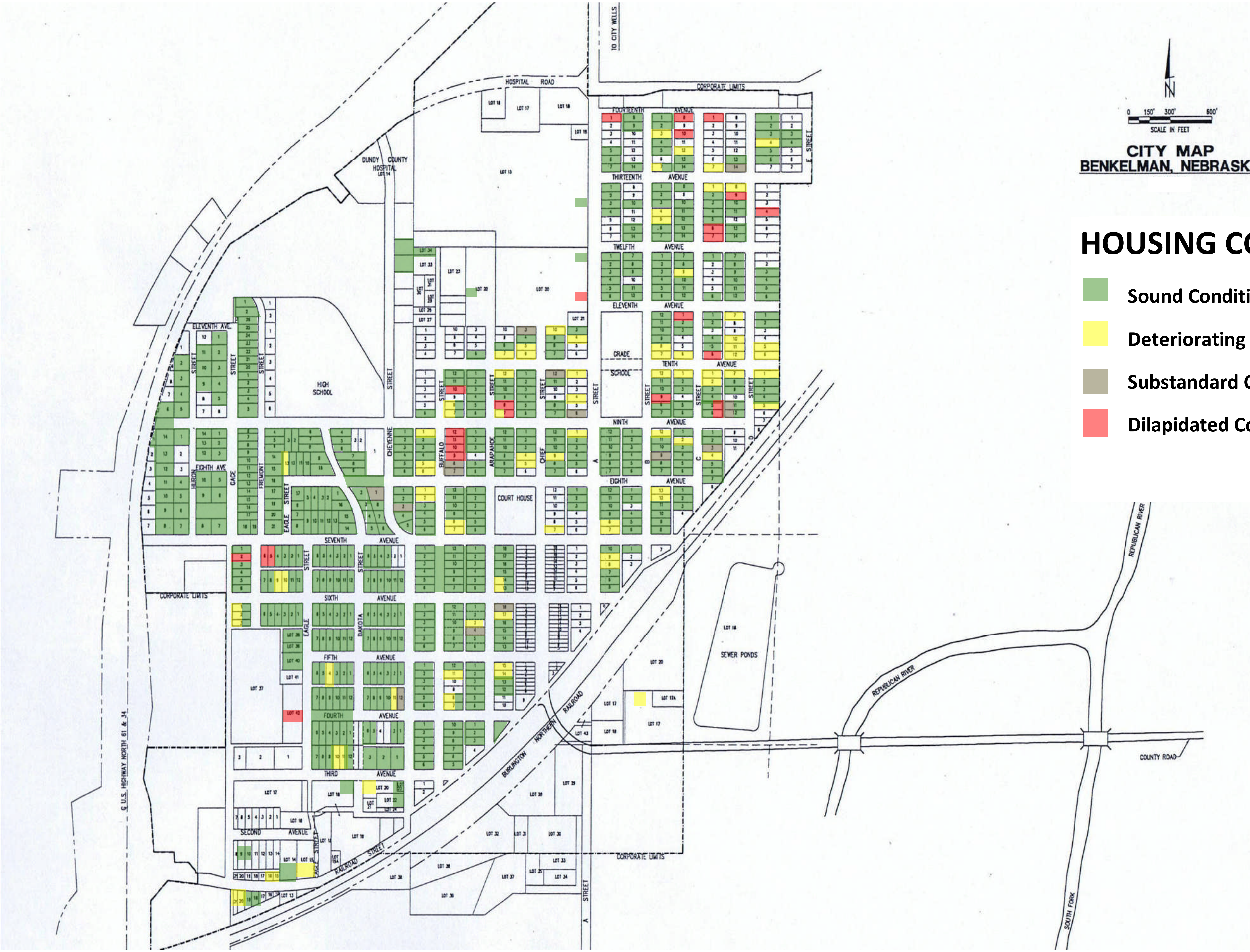
As previously indicated, there are some 85 residential renter and owner-occupied housing units in the Community that is in need of various levels of rehabilitation. Some of these housing units will be occupied by persons who would not considered moderate to low income and thus use of grant funds would not be possible.

Also as indicated, the typical cost for a complete rehabilitation (not just paint-up and fix-up) will be between $16,000 and $20,000 or more per housing unit. Given the scale of the needed rehabilitation effort and the limitation of grant funds to carry out the program (the maximum Community Development Block Grant is $250,000 per grant period) secondary approaches to funding the housing rehabilitation will be needed.

A number of the renter occupied housing units that are in need of rehabilitation may be owned by persons who do not have the financial capability to rehabilitate the units and to pay the higher property taxes that typically result due to higher market value of the rehabilitated housing unit. Similarly, a number of housing units in need of rehabilitation are owner-occupied, but the owner does not have the financial ability to conduct the needed rehabilitation. In many instances these renters and owners would qualify in terms of household incomes for assistance through the HUD Section 8 housing program. Where appropriate, it is suggested that the Benkelman Housing Authority consider acquiring these housing units, rehabilitating them and then have them occupied by the current residents.

Some residents of the Community will voice opposition to use of HUD and other grant funds and housing programs because they believe it is unneeded welfare and will attract the wrong kind of people to the Community. It is important to understand that the approach to housing rehabilitation herein proposed would be for the benefit of current residents who have limited incomes, many of them will be elderly residents on a fixed income, who could truly use the assistance.

The reality is that successful implementation of the housing replacement and rehabilitation program will accomplish several things. First, it will enhance the desirability and marketability of existing housing through enhancing the appearance of the residential neighborhoods where the work is completed. Second, it will provide the potential for providing additional replacement housing that is affordable to middle-income persons. Third, the program will generate on-going employment within the Community because contractors and laborers will be needed to implement the program. Finally, the program will enhance the overall appearance and quality of life in the Community and demonstrate a can do attitude in the Community that will attract others to actively participate in other Community development efforts.



HOUSING CONDITIONS – 2010

- Sound Condition - Minor Deficiencies
- Deteriorating Condition
- Substandard Condition
- Dilapidated Condition