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DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410
AUG 4 1967

Analysis of the
**LINCOLN, NEBRASKA
HOUSING MARKET**

as of October 1, 1966

A Report by the
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION
WASHINGTON, D. C. 20411

August 1967

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ANALYSIS OF THE
LINCOLN, NEBRASKA, HOUSING MARKET
AS OF OCTOBER 1, 1966

Field Market Analysis Service
Federal Housing Administration
Department of Housing and Urban Development

Foreword

As a public service to assist local housing activities through clearer understanding of local housing market conditions, FHA initiated publication of its comprehensive housing market analyses early in 1965. While each report is designed specifically for FHA use in administering its mortgage insurance operations, it is expected that the factual information and the findings and conclusions of these reports will be generally useful also to builders, mortgagees, and others concerned with local housing problems and to others having an interest in local economic conditions and trends.

Since market analysis is not an exact science, the judgmental factor is important in the development of findings and conclusions. There will be differences of opinion, of course, in the interpretation of available factual information in determining the absorptive capacity of the market and the requirements for maintenance of a reasonable balance in demand-supply relationships.

The factual framework for each analysis is developed as thoroughly as possible on the basis of information available from both local and national sources. Unless specifically identified by source reference, all estimates and judgments in the analysis are those of the authoring analyst and the FHA Market Analysis and Research Section.

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ANALYSIS OF THE
LINCOLN, NEBRASKA, HOUSING MARKET
AS OF OCTOBER 1, 1966

Summary and Conclusions

1. In November 1964, the Department of Defense announced that the Lincoln Air Force Base would be inactivated as of June 30, 1966. Even before the announcement, the military strength at the base (which reached a peak of about 6,725 in June 1962) had been declining. As of October 1, 1966, most of the military personnel and their dependents had left the area, and, currently, there are only about 130 men assigned to the base. The phase-out of the Air Force Base has caused a reduction in the rates of employment and population growth in the area as well as a reduction in residential construction and an increase in the number of vacant housing units.

The economy of the Lincoln Housing Market Area is heavily dependent on nonmanufacturing industries. In 1965, the nonmanufacturing sector of the economy provided 86 percent of all nonagricultural wage and salary employment, which totaled about 63,000 jobs. The 1965 nonagricultural wage and salary employment was 10,100 (19 percent) higher than in 1960. The State government ranks first among the sources of employment. In 1965, unemployment averaged 2.2 percent of the work force. This unemployment rate was slightly higher than that of 1964, but it was lower than the 3.0 percent recorded in 1961, when there was a mild recession in the area. During the October 1966-October 1969 forecast period, nonagricultural employment is expected to increase by about 4,875 (1,625 annually).

2. The median income of all families, after the deduction of federal income tax, is approximately \$6,975; for renter households of two-or-more persons, the median income is about \$5,750. By 1969, median after-tax income will rise to approximately \$7,500 for all families and to \$6,175 for renter households.
3. As of October 1966, the total population of the HMA is about 171,000, approximately 15,750 (ten percent) higher than the 1960 total. The population is expected to increase by about 2,750 annually and to total about 179,250 in October 1969.
4. Households in the HMA now total about 53,000, approximately 5,425 (11 percent) higher than the 1960 total. Households are expected to increase in number by about 700 a year during the forecast period.

5. There are about 57,350 housing units in the HMA, an increase of about 6,825 (14 percent) since April 1960. Building permits have authorized 8,250 new dwelling units since January 1, 1960, including approximately 340 units under construction--210 single-family houses and 130 units in multifamily structures. Units authorized by building permits increased from 1,078 in 1960 to a peak of 1,712 in 1962, then declined to 1,033 in 1965.
6. Excluding about 690 vacant military-owned units, there are approximately 2,500 available, vacant, nonseasonal, nondilapidated housing units in the HMA, equal to a net vacancy ratio of 4.5 percent. About 600 units are available for sale and about 1,900 are for rent, representing sales and rental vacancy ratios of 1.7 percent and 9.1 percent, respectively.
7. The annual demand for new privately-owned housing units during the forecast period is estimated at 630 units, including approximately 430 single-family units and 200 multifamily units, exclusive of public low-rent or rent-supplement accommodations. The demand for the single-family units by price class is indicated on page 25. The distribution of the multifamily demand by unit size is on page 27.

ANALYSIS OF THE
LINCOLN, NEBRASKA, HOUSING MARKET
AS OF OCTOBER 1, 1966

Housing Market Area

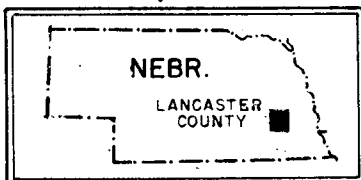
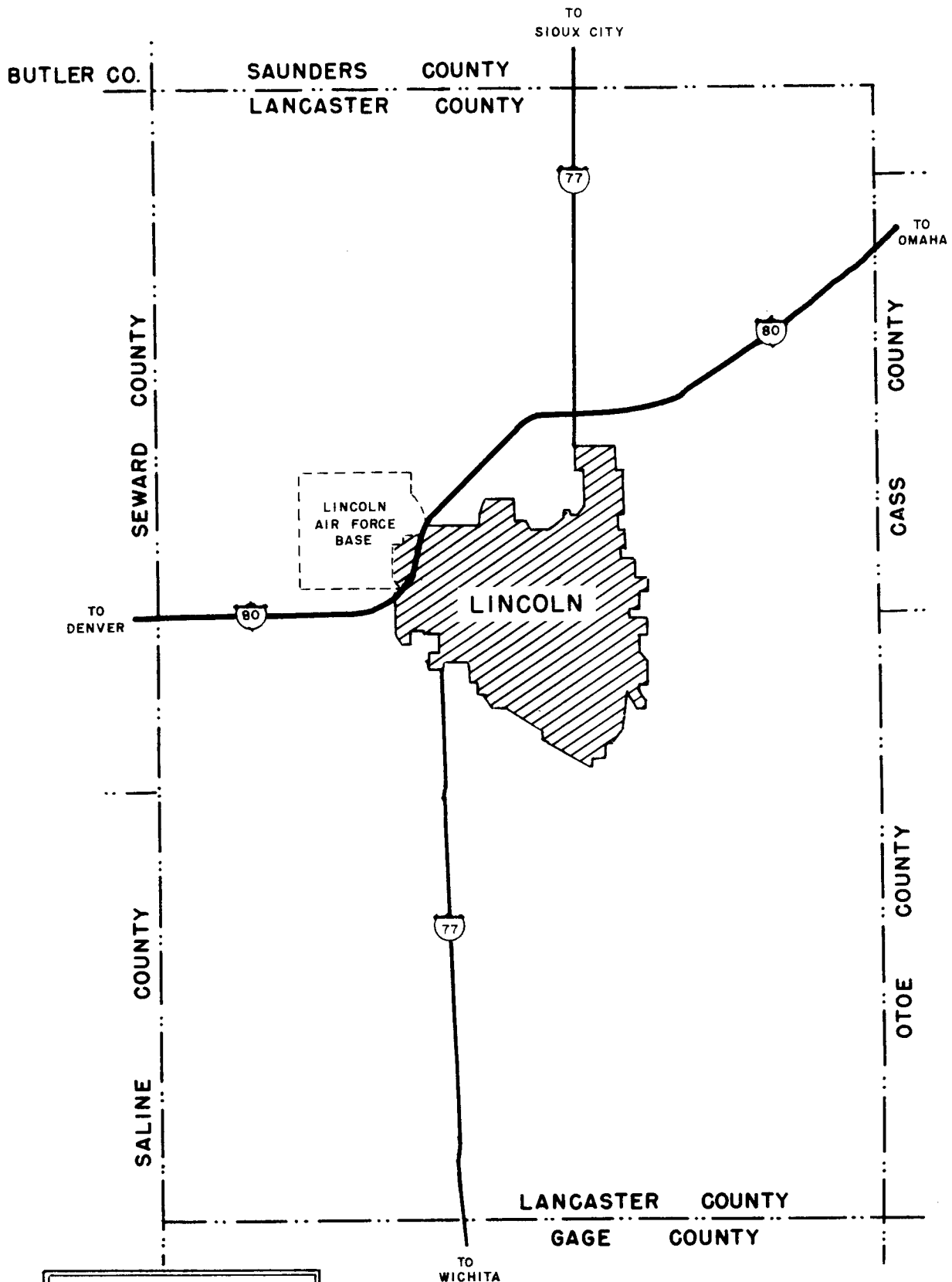
For the purposes of this analysis, the Lincoln, Nebraska, Housing Market Area (HMA) is defined as Lancaster County. The HMA is identical with the Lincoln Standard Metropolitan Statistical Area and the Lincoln Labor Market Area. Lancaster County is located in the southeastern section of the state of Nebraska. In 1960, approximately 155,250 persons resided in the HMA.^{1/}

Lincoln, the county seat and State capital, is the only urban community in the county. The city of Lincoln is located approximately 45 miles southwest of Omaha, Nebraska, 170 miles north of Kansas City, Missouri, and 500 miles east of Denver, Colorado. The area is served by a good network of roads. From Lincoln, Interstate 80 leads to Omaha and to Denver, while U. S. 77 provides connections with Sioux City, Iowa, and Wichita, Kansas. Five major railroads (the Chicago, Burlington, and Quincy, the Chicago and Northwestern, the Missouri Pacific, the Rock Island, and the Union Pacific) provide rail transportation to the area. United Airlines and Frontier Airlines provide air transportation services from the nearby Lincoln Municipal Airport.

The Census of Population reported that of a total of about 60,250 workers who resided in the HMA in April 1960, approximately 525 worked in the counties contiguous to Lancaster. In the same period, approximately 1,550 persons commuted from these counties to the HMA for employment, indicating that there was net daily in-commutation of approximately 1,025 persons. It is judged that this pattern of commutation still exists and will remain unchanged during the forecast period.

^{1/} Inasmuch as the rural farm population constituted only four percent of the total population in 1960, all demographic and housing data used in this analysis refer to the total of farm and nonfarm data.

LINCOLN, NEBRASKA, HOUSING MARKET AREA



Economy of the Area

Character and History

The economy of the Lincoln HMA, as measured by employment trends in tables I and II, is quite stable. The employment and unemployment trends reveal that the national recession of 1960-1961 had only a slight impact on the local economy and that the area is sharing in the prosperity that the nation is experiencing currently, despite the phase-out of the Lincoln Air Force Base. In 1965, nonmanufacturing industries provided 86 percent of all nonagricultural wage and salary employment, which totaled approximately 63,000 jobs.

Although pioneers had settled in the area as early as 1856, Lancaster County was not organized until 1863. Four years later, it was decided that the capital of the State should be located at Lincoln. The population of the county at that time was about 500 persons. By 1870, buildings had been completed to house the State offices, the State University, and an insane asylum. Some largely unsuccessful efforts to produce salt also had been made. The first railroad to reach the area, the Burlington and Missouri River Railroad, was completed from Plattsmouth to Lincoln in 1870. By then, the population of Lancaster County had risen to some 2,500 persons. By 1872, four more railroads had reached Lincoln, linking it with several nearby communities.

The choice as State capital, the establishment of the State University, and the construction of the railroads were the events which contributed to the early growth of Lincoln. These factors are still important in the economic life of the area. Today, employment by the State exceeds all other individual sources of employment. From its modest beginnings, the University now has about 17,100 students, including approximately 570 at the Omaha campus.

The activation of the Lincoln Army Airfield during World War II, its closing in 1945, its subsequent reactivation in 1954 as the Lincoln Air Force Base, and the announced closing as of June 30, 1966, have affected the local economy. The base assisted growth and expansion as its military strength increased; currently, there is a dampening effect caused by the phase-out of the base.

Employment

Current Estimate. Preliminary data indicate that total employment averaged about 73,800 jobs during the first eight months of 1966, slightly higher than during the comparable period in 1965. In the year of 1965, total employment averaged 74,050, about 2,000 (three percent) above the 1964 average. The 1965 total was made up of 63,000 people with nonagricultural wage and salary jobs, 8,100 with "other" nonagricultural jobs, and 2,950 employed in agriculture (see table I).

Past Trend. Nonagricultural wage and salary employment averaged 52,900 in 1960. From this level, wage and salary employment has increased significantly, by 10,100 jobs (19 percent), to the 1965 average of 63,000. The yearly increase ranged from a low of 1,350 (nearly three percent) in the 1960-1961 recession period to a high of 2,550 (more than four percent) in 1964. These small variations in annual increases and the fact that employment increased every year attest to the stability and strength of the local economy.

Trend of Nonagricultural Wage and Salary Employment
Lincoln, Nebraska, HMA
Annual Averages 1960-1965, First 8 Months, 1965-1966

<u>Period</u>	<u>Manu- facturing</u>	<u>Nonmanu- facturing</u>	<u>Total nonag. wage and salary employment</u>	<u>Change from previous period</u>	
				<u>Number</u>	<u>Percent</u>
1960	7,750	45,150	52,900	-	-
1961	7,600	46,650	54,250	1,350	2.6
1962	8,300	48,000	56,300	2,050	3.8
1963	8,400	49,750	58,150	1,850	3.3
1964	8,800	51,900	60,700	2,550	4.4
1965 ^{a/}	8,950	54,050	63,000	2,300	3.8
<u>1st 8 mos. ^{a/}</u>					
1965	8,850	53,450	62,300	-	-
1966	9,350	53,900	63,250	950	1.5

^{a/} Preliminary.

Source: Nebraska Department of Labor;
Division of Employment, Research and Statistics Section.

Employment by Industry

Manufacturing. As indicated above, manufacturing industries provided only 14 percent of all nonagricultural wage and salary employment in the Lincoln HMA in 1965. The proportion of manufacturing to total wage and salary employment has remained relatively stable during the 1960-1965 period. The number employed has increased by an average of about 340 a year since 1961 to the 1965 level of 8,950. Preliminary data suggest that a substantial increase in manufacturing employment will occur in 1966.

In 1965, the manufacture of food products provided an average of 3,050 jobs, unchanged from 1964, and equal to about 34 percent of all manufacturing employment. Employment in the food products industry has increased slowly since the 1961 low of 2,800 jobs. The food products industry consists of two major establishments and several smaller ones. The smaller companies prepare a variety of goods, including soft drinks, flour and bakery products, dairy products, and livestock feed.

Other manufacturing industries employed approximately 5,900 workers in 1965, slightly higher than in 1964, and 1,100 (23 percent) more than the 1961 low. The major establishments in other manufacturing include the Goodyear Tire and Rubber Company, manufacturers of conveyor belts, V-belts, and radiator hoses, and Cushman Motors, makers of small vehicles for local transportation.

Nonmanufacturing. A large proportion (86 percent) of wage and salary employment in 1965 was provided by nonmanufacturing industries. Government, including local, State, and Federal, is the principal source of nonmanufacturing employment. In 1965, the government sector provided an average of about 16,950 jobs, 27 percent of nonagricultural wage and salary employment, the highest proportion during the 1960-1965 period. The 1965 average government employment was 4,200 (about 33 percent) higher than the 1960 total of 12,750, and represents an average increase of about 840 jobs annually. Increases occurred in each year since 1960 and ranged from a moderate 450 (nearly four percent) in 1961 to 1,150 jobs (more than eight percent) in 1963. The relatively high proportion of government employment results from Lincoln's role as State capital, which makes the city host to State and Federal workers in addition to persons employed at local city and county offices. Employment at the University, which has been expanding recently, also boosts total government employment.

Wholesale and retail trade was the second largest source of nonmanufacturing employment in the HMA in 1965, employing about 13,350 workers, approximately 21 percent of nonagricultural wage and salary employment. The annual increases in jobs of 800 in 1964 and 400 in 1965 were considerably higher than in previous years. Net gains in trade in the 1960-1965 period totaled 1,500 jobs, an increase of approximately 13 percent over the 1960 total of 11,850 jobs. The local Chamber of Commerce indicates that about 14 counties are included in the primary trade area of Lincoln. On this basis, the HMA serves as the focal trade and distribution point for about twice as many households as are included within Lancaster County. This accounts for the high proportion of workers employed in trade. In 1965, over 79 percent of all trade employment was in retail trade.

The location of many government and administrative offices, the university, and, until recently, the Air Force Base in the area has resulted in the demand for various services (including hotel, restaurant, business, personal, and amusement services). Because of this demand, services (the third largest nonmanufacturing industry) accounted for about 10,350 jobs in 1965, approximately 16 percent of nonagricultural wage and salary employment. Since the 1960 low of 8,250 jobs, employment in services has increased moderately each year, with job-gains ranging from 300 in 1963 to 550 in 1961.

Employment in transportation, communication, and public utilities averaged 5,100 in 1965, slightly higher than the previous peak of 5,000 registered in 1961. From the 1961 average, employment in this group declined slightly to 4,800 in 1963, then increased by 300 jobs, six percent, in the 1963-1965 period. The railroads, of which the Chicago, Burlington, and Quincy is the largest, accounted for more than 40 percent of total employment in this group in 1965.

Employment in finance, insurance, and real estate averaged 4,600 in 1965, slightly less than in 1964. Employment in finance, insurance, and real estate increased by 600, about 15 percent, in the 1960-1962 period but has remained relatively stable since.

The construction industry provided about 3,700 jobs in 1965, about 200 more than the previous year and 50 more than in 1963, the previous high. Although there was a net increase of 350 jobs in construction in the 1960-1965 period, employment has fluctuated considerably, as slight to moderate yearly increases alternated with comparable losses in response to the varying requirements for workers in residential construction and the construction of university and commercial structures.

Employment Participation Rate. The employment participation rate represents the ratio of nonagricultural employment to total population. In 1960, census data indicated a participation rate of 37.3 percent, slightly less than the rate of 37.9 percent reported in 1950. Since the military is included in total population but not in nonagricultural employment, the lower participation rate reported in the 1960 reflected the substantial increase in the military component of the population. The current participation rate of approximately 41.7 percent reflects not only the departure of the military and military-connected persons from the area but also the large number of women, students, and secondary wage earners who are currently employed. Only a slight increase in the participation rate is anticipated during the forecast period.

Principal Employment Sources

The leading manufacturing employer in the Lincoln HMA is the Goodyear Tire and Rubber Company. The local plant produces various rubber products, including V-belts, radiator hoses, and conveyor belts. Since the plant was built in 1945, employment has increased steadily.

Cushman Motors, another leading manufacturer in the area, produces small trucks and scooters. The company has a long history as a leading employer, dating back to 1903. In recent years, however, employment has fluctuated

considerably in response to varying demand for the products of the company. The management indicates that a new plant will be constructed to replace present facilities.

The American Stores Packing Company and Stover Candies, Inc. also are among the major manufacturing employers. These companies came into the area in the 1942-1943 period. Both are engaged in the preparation of food products. American Stores is engaged in a large expansion program which, allegedly, will double present capacity.

Because Lincoln is both the State capital and county seat, there is a high concentration of Federal, State, and local offices in the city. This gives Lincoln a high percentage of government workers. As of August 1966, the Federal government employed approximately 2,650 workers (about 16 percent of all government employment in the area), including those employed at the Veterans' Hospital and the Lincoln Air Force Base. Since August 1964, employment by the Federal government has declined by about 350 jobs because of the loss in civilian employment at the Air Base. As of August 1966, State and local government employed about 14,100 persons (84 percent of all government employment) including those employed by State and city hospitals and schools and at the University of Nebraska.

The University of Nebraska accounts for a great proportion of State employment. As of April 1966, the university employed some 3,600 persons, including about 1,130 instructors, staff members, and office managers, 880 professionals, technicians and skilled craftsmen, 765 office and clerical workers, and 825 laborers and service workers. In addition, there were some 1,500 part-time employees, mainly students. Historical data on university employment are not available, but university officials indicate that employment has increased significantly since 1962. In light of the projected university enrollment, estimated to increase from over 16,500 in 1966 to approximately 21,400 at the Lincoln campus in 1969, it is likely that during the forecast period, university employment will continue increasing at a moderate rate.

In order to reduce the impact of the closing of the Lincoln AFB and to utilize some of the existing facilities, the city of Lincoln has negotiated successfully for the location of a job corps center at the base. The center began its operation in September 1966 and, currently, there are approximately 300 young men enrolled. Total enrollment at the center is expected to reach 400 by November 1966, and will be approximately 1,100 by June 1967. At present, there are approximately 330 persons employed at the center; the number employed is expected to total 525 when the center is fully operational. A large proportion of the professional employees have been recruited from outside the HMA.

Military. There is one military installation in the HMA, Lincoln Air Force Base, located about seven miles from downtown Lincoln. The base was first activated as the Lincoln Army Air Field during World War II as a training base for aircraft mechanics and a deployment center for B-17 bombers and crews headed for England.

The base was deactivated in 1945 and turned over to the city of Lincoln. It was reactivated in 1954, with the primary mission of providing support for a medium jet bomber wing and an air refuelling squadron, under command of the Fifteenth Air Force of the Strategic Air Command. The base was placed later under the command of the Eighth Air Force and, eventually, under the Second Air Force with headquarters at Barksdale Air Force Base, Louisiana. Units assigned to the base in recent years have included two Bombardment Wings, a Combat Support Group, a Strategic Aerospace Division, and a Strategic Missile Squadron. In November 1964, it was announced that the base operations would be phased out as of June 30, 1966.

As of October 1, 1966, there are (in caretaker status) approximately 130 military personnel at the base, about 400 less than in June 1966, and about 6,600 less than the June 1962 total of approximately 6,725, which was the highest in recent years. Currently, there are about 30 civilians employed at the base, approximately 370 fewer than the June 1964 total of nearly 400. The decline in military strength and in the number of civilians employed at the base is the direct result of the planned phase-out. The strength and employment trends at the Lincoln Air Force Base are shown in table III.

Unemployment

The average number of unemployed persons in the HMA during the first eight months of 1966 is estimated at 1,750, slightly fewer than the 1,850 unemployed during the comparable months in 1965, and equal to approximately 2.3 percent of the work force of about 75,600 persons. In 1965, unemployment averaged about 1,650, approximately 2.2 percent of the work force, and slightly higher than the 1964 average of about 1,550 (2.1 percent), which was the lowest during the 1960-1965 period. Unemployment was at a peak at three percent of the work force during 1961 because of a mild recession. In 1965, there was an average of about 75,800 persons in the work force, some 9,900 (15 percent) higher than in 1960. Since the work force has increased substantially in size in the 1960-1965 period, the persistent low unemployment rate reflects the strength of the local economy over this period. Preliminary data for 1966 suggest that growth in the work force and in nonagricultural employment has been reduced somewhat, but the phase-out of the base has not caused any widespread increase in unemployment.

Future Employment

During the October 1966-October 1969 forecast period, total nonagricultural employment is expected to increase by approximately 4,875 jobs (1,625 annually). The anticipated increase in employment is somewhat less than the average increase experienced in the 1960-1966 period, primarily because of the closing of the Lincoln Air Force Base which has had a dampening effect on the economy of the area, as reflected in the employment data for the first eight months of 1966. It is judged, however, that the major impact of the closing of the base has been felt and that the economy is adjusting successfully. It is expected that nonmanufacturing industries will account for the greater proportion of the increase in employment. Government is expected to add approximately 775 jobs annually, as increased enrollment at the university and other schools helps to increase employment in State and local government and as the staffing of the recently established Lincoln Job Corps Center is completed. As both the student and non-student population in the area grows, trade and services are expected to increase, though at a rate somewhat below the average yearly increase experienced since 1960. Approximately 375 additional jobs are expected in services annually, and about 150 in trade. Other nonmanufacturing industries are expected to contribute to the increase in jobs as finance, insurance, and real estate add about 50 jobs annually and construction and transportation each add another 25 jobs. In the manufacturing sector, the addition of approximately 225 new jobs annually is anticipated, as employment in food products and other manufacturing is expected to rise by 50 and 175 jobs, respectively. The expected increase in jobs in the manufacturing sector is somewhat less than the average for the 1960-1966 period, because, apart from expansion plans discussed under principal employment (American Stores, Cushman Motors, and Goodyear), there are no known firm commitments for large scale expansion or for new industries moving to the area. Employment in manufacturing, however, could increase substantially above the forecast level if local sources are successful in attracting new plants to the widely advertised Lincoln Air Park West or other industrial sites in the area.

Income

Currently, the median income, after the deduction of federal income tax, of all families in the area is about \$6,975. The median after-tax income of renter households of two or more persons is approximately \$5,750. By 1969, the median after-tax income of all families will increase to approximately \$7,500; that of renter households will be about \$6,175.

As indicated in table IV, about 18 percent of all families and 26 percent of renter households have after-tax incomes of less than \$4,000. About 21 percent of all families but only 11 percent of renter households have incomes of \$10,000 or more.

Demographic Factors

Population

HMA Total. The population of the Lincoln HMA was about 171,000 as of October 1, 1966, an increase of 15,750 (ten percent) over the April 1960 total. In the 1950-1960 period, the population of the HMA increased from 119,750 to more than 155,250, a gain of about 35,500 (30 percent). The rate of population growth in the post-1960 period was slower than in the 1950-1960 period and reflected a net loss of about 13,700 military-connected persons. This decrease in the military-connected population in the 1960-1966 period contrasts with an increase of approximately 13,350 military-connected persons who came to the area in the 1950-1960 period. The increase in the student body at the University of Nebraska since 1960 (about 1,050 a year from outside the Lincoln area) could not make up for the decline in the military population.

The Lincoln Building Department issues building permits for the three-mile area surrounding Lincoln as well as for the city itself, and the city usually annexes the contiguous areas before, or soon after, subdivision so that sewer and water mains may be extended. As a result, virtually all of the growth in the population in or near the city of Lincoln tends to accrue to the city itself. Lincoln, including the Lincoln Air Force Base, now accounts for approximately 90 percent of the population of the HMA, compared to about 86 percent in 1960.

Estimated Future Population. It is expected that the population of the Lincoln HMA will increase by approximately 2,750 annually during the forecast period and total about 179,250 in October 1969. An estimated increase of approximately 3,600 in the number of out-of-town students and about 800 job corpsmen will form a substantial proportion of the total growth in population. Because of these components, the projected annual increase in population is slightly above the annual average growth during the 1960-1966 period when the area lost most of its military population. As in the 1960-1966 period, most of the increase in population is expected to occur in or near the city of Lincoln.

Net Natural Increase and Migration. During the 1950-1960 decade, the population increase in the HMA averaged about 3,550 annually. Net natural increase (the excess of resident live births over resident deaths) averaged 2,350, indicating that there was net in-migration of approximately 1,200 persons annually, which was influenced heavily by the reactivation of Lincoln Air Force Base. During the 1960-1966 period, the population increase averaged 2,425 persons annually. Net natural increase averaged 2,850 annually, indicating that there was net out-migration averaging approximately 425 persons a year. The post-1960 experience, a reversal of the 1950-1960 trend, is primarily the result of the deactivation of the base.

Military Population. As of October 1, 1966, the military strength at the Lincoln Air Force Base was approximately 130 persons; including dependents, the military-connected population is estimated at 400 persons, an insignificant proportion of the total population of the HMA. Based on census data, it is estimated that in April 1960 there were approximately 14,100 military-connected persons in the area, including some 5,400 military and 8,700 dependents. These data indicate that, during the April 1960-October 1966 period, the military population declined by about 13,700 persons. This decrease contrasts with the experience in the 1950-1960 period, when the military-connected population is estimated to have increased by about 13,350 persons. Military-connected population is expected to form a negligible proportion of total population during the forecast period.

Following reactivation in February 1954, the military strength at the base increased from about 1,250 in April 1954 to about 5,125 in April 1955, and to a high of 6,225 in June 1959. Military strength declined slightly to about 5,525 in June 1960, increased to a peak of 6,725 in June 1962 and, since that time, has decreased at an accelerated rate, especially since June 1964 (see table III).

Households

HMA Total. The number of households in the HMA is estimated at approximately 53,000 as of October 1966. This represents an increase of about 5,425 (11 percent) since April 1960. Between 1950 and 1960, the number of households increased by about 11,575 (32 percent) from nearly 36,000 to more than 47,575. As indicated in table V, the growth in the number of households, influenced by changes in the military-connected population, was considerably smaller during the 1960-1966 period than during the 1950-1960 decade. The decennial change was influenced, in part, by the change in census definition from "dwelling unit" in the 1950 Census to "housing unit" in the 1960 Census.

Future Households. It is estimated that during the 1966-1969 forecast period there will be a net increase of approximately 700 households annually, and that by October 1969, there will be a total of about 55,100 households in the Lincoln HMA. The increase in the total number of households in the HMA is based on the expected increase in population and an anticipated decline in the average size of households during the forecast period.

Household Size. Currently, there is an average of 3.00 persons per household in the HMA. In 1960, the average number of persons per household was 3.05 persons, unchanged from the 1950 average. The average size of households in Lincoln City (now estimated at 2.97) has been decreasing since 1950, when it was nearly 3.00. The average number of persons per household is expected to continue its slow decline during the forecast period.

Military Households. As of October 1966, it is estimated that there were some 100 military persons who are heads of households in the Lincoln HMA. Military households are expected to remain an insignificant proportion of total households during the forecast period.

In March 1965, according to the latest housing survey, there were approximately 3,385 military household heads in the area. The March 1965 total included approximately 165 household heads who were either voluntarily or involuntarily separated from their families. Of the remaining 3,220 military household heads, about 870 lived in military-controlled on-base houses and 2,350 lived in Lincoln. Of those living in the city, nearly 400 lived in owner-occupied houses, about 250 lived in owner-occupied trailers, and approximately 1,700 lived in rented off-post housing. It is estimated that in April 1960, there were approximately 3,550 military households in the HMA, slightly more than in March 1965. Of the total household heads in 1960, almost 1,000 lived in military-controlled on-base housing.

Housing Market Factors

Housing Supply

Current Estimate and Past Trend. As of October 1966, there were approximately 57,350 housing units in the Lincoln HMA, an increase of about 6,825 (14 percent) since April 1960 (see table V). During the April 1950-April 1960 period, the number of housing units in the HMA increased by about 13,400 (36 percent) from more than 37,100 to approximately 50,500 units. Part of the increase resulted from the definitional change from "dwelling unit" in the 1950 Census to "housing unit" in the 1960 Census.

Type of Structure. As indicated in the following table, changes in the composition of the housing inventory by type of structure have been negligible since April 1960. One-unit structures, including trailers, comprise approximately 72 percent of the total number of housing units, slightly higher than in 1960. The proportion of two-unit structures declined a little, while the proportion of the inventory in larger multiple-unit structures remained virtually unchanged.

Housing Inventory by Units in Structure
Lincoln, Nebraska, HMA
1960-1966

<u>Units in</u> <u>structure</u>	<u>April</u>	<u>October</u>	<u>Percent of total</u>	
	<u>1960</u>	<u>1966</u>	<u>1960</u>	<u>1966</u>
One unit ^{a/}	36,070	41,475	71.4	72.3
Two units	5,258	5,525	10.4	9.6
Three or more units	<u>9,165</u>	<u>10,350</u>	<u>18.2</u>	<u>18.1</u>
Total units	50,493 ^{b/}	57,350	100.0	100.0

^{a/} Includes trailers.

^{b/} Differs slightly from the count of all units in table V because units in structure were enumerated on a sample basis.

Sources: 1960 Census of Housing; 1966 estimated by Housing Market Analyst.

Age of Structure. About 47 percent of the housing inventory in the HMA was built before 1930 (see following table) and is, therefore, more than 36 years old. Nearly 13 percent was built between 1930 and 1950, and approximately 40 percent has been built since 1950. The high proportion of units built since 1950 reflects both the impact of the military and the growth of the University on the housing market of the area.

Distribution of the Housing Inventory by Year Built
Lincoln, Nebraska, HMA

<u>Year built</u>	<u>Percent distribution</u>
April 1960-Sept. 1966	13.8
1955-March 1960	14.9
1950-1954	11.5
1940-1949	7.2
1930-1939	5.2
1929 or earlier	<u>47.4</u>
Total	100.0

a/ The basic data reflect an unknown degree of error in "year built" occasioned by the accuracy of response to enumerators' questions.

Sources: 1960 Census of Housing, and estimates by Housing Market Analyst.

Condition of the Inventory. Approximately eight percent of the housing units in the HMA, mainly in the rental category, are dilapidated or lack one or more plumbing facilities, compared with 11 percent in 1960. The improvement in the condition of the inventory is the result of a substantial number of demolitions and the relatively high proportion of new units constructed since 1960, as well as the upgrading of existing structures.

Value and Rent. The median value of owner-occupied housing units in the HMA is approximately \$12,800. In 1960, the Census of Housing reported that the median value was \$11,400. The increase in the median value of owner-occupied units since 1960 resulted from a slight general increase in the value of real estate, and the high proportion of new single-family units built and sold for \$15,000 or above.

In April 1960, the Census of Housing reported that the median gross rent, including utilities, of renter-occupied units in the Lincoln HMA was \$74. Since most of the rental units constructed since 1960 rent for \$90 or more, and since mainly low-rent units were demolished, the median gross rent has increased somewhat and is probably about \$80.

Residential Building Activity

As measured by building permit authorizations in areas in which more than 97 percent of the 1960 population lived, the number of housing units built since 1960 and those currently under construction total about 8,250 units (an annual average of about 1,225 units). The number of housing units authorized increased from approximately 1,075 in 1960 to more than 1,700 in 1962, but declined in the years that followed to about 1,025 in 1965 (see table VI). Units authorized in the first nine months of 1966 suggest an annual rate of approximately 650. Since 1960, fluctuations in building activity paralleled changes in military strength in the area closely, and the decline in the number of units authorized in 1965 and the first nine months of 1966 reflects the curtailment of speculative construction by local builders because of the phase-out of the Air Force Base.

The average of 1,225 privately-financed housing units authorized by building permits during the 1960-1966 period was slightly more than the average of 1,175 units (not including on-base housing) authorized during the 1950-1959 period. In both periods, the average conceals rather wide fluctuations in activity. In the 1950's, volume reached a peak of about 1,750 units (not including on-base housing) in 1954 and 1955, the years in which in-migration of military-connected persons was greatest, compared with an average of about 1,250 units in the 1950-1953 period. The subsequent decline to less than 700 units annually in the 1957-1958 period reflected the softness of the market resulting from over-building (a decline of about 60 percent in two years).

The curtailment of speculative construction and the growth of population caused some improvement in the market after 1958, and the volume of residential activity increased each year to a peak in 1962 when 1,700 housing units were authorized. The accumulation of a surplus of unsold units in 1962 caused the market to soften. The soft market was aggravated further by the announcement of the closing of the VA Hospital (the order was rescinded afterwards) and the phase-out of the Lincoln Air Force Base. These factors caused the number of units authorized to decline substantially after 1962.

The city of Lincoln, which issues building permits for building within three miles of the city limits, accounted for more than 7,925 (about 96 percent) of the permits authorized in the 1960-1966 period. The villages of Waverly and West Lincoln and the unincorporated parts of the county accounted for the remainder of the units authorized. The following table indicates the housing units authorized by type of structure during the 1960-1966 period.

Housing Units Authorized by Type of Structure
Lincoln, Nebraska, HMA
1960-1966

<u>Year</u>	<u>One- family</u>	<u>Two- to four-family</u>	<u>Five- or more-family</u>	<u>Total units</u>
1960	872	82	124	1,078
1961	954	127	195	1,276
1962	1,165	137	410	1,712
1963	1,063	85	188	1,336
1964	883	94	363	1,340
1965	678	48	307	1,033
1965 (Jan.-Sept.)	526	30	186	742
1966 (" - ")	400	38	40	478

Sources: U.S. Bureau of the Census, C-40 Construction Reports; and local permit-issuing offices.

Of the approximately 8,250 housing units authorized since 1960, nearly 73 percent were single-family houses, seven percent were in two- to four-family houses, and about 20 percent were in five- or more-unit structures. The number of single-family units authorized increased from about 875 in 1960 to nearly 1,175 in 1962, but has trended downward since. The number of multifamily units authorized has averaged about 330 annually but has fluctuated from a low of about 205 in 1960 to a high of 550 in 1962.

Units Under Construction. Based on the record of building permits and on personal contacts and field investigation, it is estimated that, currently, there are approximately 340 housing units under construction in the HMA. The total number includes approximately 210 single-family and 130 multifamily units. The total number of units now under construction (substantially below the 441 units reported by the postal vacancy survey of April 1966) includes a significant number of units, especially in multifamily structures, for which permits had been issued several months ago. The start of construction of many of these units was delayed mainly because of uncertainty about final disposition of the housing units at Lincoln Air Force Base and, to some extent, because of the tight money market.

Demolitions. The available data on demolitions indicate that approximately 1,075 housing units have been demolished since April 1960, including about 400 single-family and 675 units in multifamily structures. Most of the units were demolished as a result of code enforcement or because of changing land use, i.e., for highway construction or for commercial purposes. Inasmuch as there are no known plans for large scale demolitions during the forecast period, it is expected that approximately 450 housing units will be lost from the inventory, most of which will be demolished as a result of code enforcement, disasters, and changes in land use.

Tenure of Occupancy

As of October 1966, there were approximately 53,000 occupied housing units in the Lincoln HMA. Of these, about 34,050 (64 percent) were owner-occupied, and 18,950 (36 percent) were renter-occupied. In keeping with the trend toward increased homeownership observed in most other metropolitan areas, owner-occupancy in the Lincoln HMA increased from 57 percent to 61 percent during the 1950-1960 period. A large part of the increase in the proportion of owner-occupancy in the 1960-1966 period resulted from the departure of many military households, most of whom were renters.

Vacancy

Last Census. The Census of Housing reported that, as of April 1960, there were approximately 1,875 vacant, nonseasonal, nondilapidated housing units available for sale or rent in the HMA, equal to a net vacancy rate of 3.8 percent. Of the total number of available units, about 325 were for sale and 1,550 were for rent, representing sales and rental vacancy rates of 1.1 percent and 7.7 percent, respectively (see table V). About 315 of the units available for sale and 1,200 of those available for rent had all plumbing facilities.

Postal Vacancy Survey. A postal vacancy survey was conducted in the HMA on April 5, 1966. Of the current estimate of about 57,350 housing units in the HMA, 48,272 units (84 percent) were included in the survey. Of the total units surveyed, 2,994 (6.2 percent) were vacant. The units surveyed included 38,760 residences and 9,512 apartments. Of these, 1,899 residences and 1,095 apartments were vacant, equal to vacancy ratios of 4.9 percent and 11.5 percent, respectively. The total number of vacant residences reported included approximately 580 vacant military-controlled units at Lincoln Air Force Base. The results of the postal vacancy survey are summarized in the following table and are presented in greater detail in table VII.

Summary of Results
Postal Vacancy Survey
Lincoln, Nebraska, HMA, April 1966

<u>Category</u>	<u>Units surveyed</u>	<u>Units vacant</u>	<u>Percent vacant</u>
Residences	38,760	1,899	4.9
Apartments	<u>9,512</u>	<u>1,095</u>	<u>11.5</u>
Total	48,272	2,994	6.2

Source: FHA Postal Vacancy Survey conducted by the Lincoln Postmaster.

It is important to note that the postal vacancy survey data are not entirely comparable with the data published by the Bureau of the Census because of differences in definition, area delineations, and methods of enumeration. The census reports units and vacancies by tenure, whereas the postal vacancy survey reports units and vacancies by type of structure. The Post Office Department defines a "residence" as a unit representing one stop for one delivery of mail (one mailbox). These are principally single-family homes, but include row houses and some duplexes and structures with additional units created by conversion. An "apartment" is a unit on a stop where more than one delivery of mail is possible. Postal surveys omit vacancies in limited areas served by post office boxes and tend to omit units in subdivisions under construction. Although the postal vacancy survey has obvious limitations, when used in conjunction with other vacancy indicators, the survey serves a valuable function in the derivation of estimates of local market conditions.

Current Estimate. The October 1966 estimate of vacant housing units in the Lincoln HMA is based on the result of the postal vacancy survey of April 1966 which has been adjusted to represent complete coverage, census concepts, and a decrease in vacancies since the survey date, as evidenced by subsequent data and field investigation. On the basis of these considerations, it is estimated that there are approximately 2,500 available, vacant, nonseasonal, nondilapidated housing units in the HMA, equal to a net vacancy ratio of 4.5 percent, exclusive of about 690 vacant rental units at Lincoln Air Force Base which are presently managed by the Lincoln Housing Authority. About 600 units are for sale, representing a homeowner vacancy ratio of 1.7 percent. Approximately 1,900 units are for rent, equal to a rental vacancy ratio of 9.1 percent. The current proportions of available vacant sales and rental units are considerably above those reported by the 1960 Census, because of an over-all softening of the housing market resulting from the departure of many military households. The number of vacancies and the vacancy ratios for 1960 and 1966 are indicated in the table which follows.

Vacant Housing Units
Lincoln, Nebraska, HMA
1960-1966

<u>Category</u>	<u>April 1960</u>	<u>October 1966</u>
Total vacant	2,940	4,350
Available vacant	1,889	2,500
For sale	334	600
Homeowner vacancy ratio	1.1%	1.7%
For rent	1,555	1,900
Rental vacancy ratio	7.7%	9.1%
Other vacant	1,051	1,850 ^{a/}

^{a/} Includes 688 vacant housing units at Lincoln Air Force Base, operated by the Lincoln Housing Authority and available for rent by selected tenants, such as married students, low income families, job corps personnel, and families unable to find suitable accommodations in Lincoln.

Sources: 1960 Census of Housing; 1966 estimated by Housing Market Analyst.

Of the available vacancies, it is estimated that about 575 sales and 1,525 rental units have all plumbing facilities, of which about 550 sales and 1,150 rental units are judged to be competitive. These estimates of available, competitive, sales and rental vacancies are considerably above the vacancy levels considered compatible with a balanced supply and demand relationship in moderately growing areas like Lincoln.

Vacancies in FHA-Insured Projects. Available data on vacancies in FHA-insured projects indicate that there were 78 vacant units in ten projects with a total of 521 units in March 1966, a vacancy ratio of 15.0 percent. A sampling of FHA-insured projects as of October 1966 indicates that occupancy has improved since March 1966, and that the current vacancy ratio is probably below ten percent.

Sales Market

General Market Conditions. As indicated by the current sales vacancy ratio, the decline in the number of new housing units authorized, and the unsold inventory of new houses, the sales market has softened considerably in the last two or three years. A widespread reduction in the number of speculatively-built homes, however, has prevented a more serious deterioration of the market. Local brokers and realtors are of the opinion that the most critical stage of the slump in the sales market is over. The decline in the number of unsold homes, as revealed by the unsold inventory survey of new houses, indicates that this is probably true. It is expected that the market will improve gradually, provided that there is no irrational resumption of speculative construction. This evaluation, of course, assumes that the approximately 1,000 units of housing at Lincoln Air Force Base remain in the rental category under the present leasing agreement with the Lincoln Housing Authority.

The volume of activity of local brokers and realtors is an important guide when evaluating the market for existing homes. The multiple listing service, to which a majority of local real estate agents subscribe, reported that normally the sales trend parallels the trend of listings. From January 1961 to November 1964, on an average, sales were better than 50 percent of total listings. After the announcement of the intended phase-out of the base, sales declined in December as usual, but listings increased, contrary to usual tendencies. As a result, sales averaged approximately 47 percent of total listings for the year 1964. Sales declined further to 41 percent of listings in 1965. The proportion of sales to listings for the first nine months of 1966 (36 percent, lowest of any comparable period since 1961) suggests that the market for existing homes is still soft. The current tightness of the money market and the difficulty in obtaining mortgage credit have contributed to the decline in the proportion of sales, especially within the last four to six months.

Subdivision Activity. As a result of the decline in residential construction during the last three years, subdivision activity is at a relatively low level currently. There are, however, a few areas where at least 25 to 30 homes are being built annually, and there are several smaller subdivisions. Generally, the areas of greatest subdivision activity lie mainly to the east and southeast of the city and include such areas as Wedgewood, Trendwood, Hope Heights, and South Haven Hills. As indicated by the unsold inventory survey, about 50 percent or more of the units in the subdivisions are built speculatively.

Unsold Inventory of New Homes. A survey of the unsold inventory of new houses was conducted in the HMA by the Omaha Insuring Office as of January 1, 1966. The survey revealed that 304 houses were completed in 30 subdivisions having five or more completions in 1965 (see table VIII). Of the houses completed, 158 were pre-sold and 146 were built speculatively, Of those built speculatively, 128 were sold and 18 (about 12 percent) were unsold. The majority of the unsold houses had been completed three months or less (see following table). In addition, there were seven unsold houses completed over one year. A total of 76 houses were under construction, of which 50 percent were being built speculatively.

The January 1965 unsold inventory survey showed that 480 houses had been completed in 21 subdivisions with five or more completions in 1964. Of these, 234 had been presold and 246 had been built speculatively, of which 57 (23 percent) were unsold. Most of the unsold houses had been completed four months or more. There were six unsold houses which had been completed over 12 months. As of January 1, 1965, 115 houses were under construction, 61 of which were being built speculatively.

The unsold inventory survey of houses built in 1963 indicated that 650 houses had been built in 39 subdivisions in 1963. Of these, 484 were speculative of which 67 (14 percent) were unsold. Most of the unsold units had been completed three months or less. As of January 1, 1964, 171 houses were being built, of which 109 were speculative.

Number of Houses Unsold in Selected Subdivisions
Lincoln, Nebraska, HMA
1964-1966

<u>Survey date</u>	<u>Total</u>	<u>Months unsold</u>				
		<u>One or less</u>	<u>Two-three</u>	<u>Four-six</u>	<u>Seven-twelve</u>	<u>Over twelve</u>
Jan. 1964	67	41	17	7	2	0
Jan. 1965	63	5	15	25	12	6
Jan. 1966	25	6	9	1	2	7

Source: Federal Housing Administration.

Home Prices. The survey of unsold inventory of new homes and local builders and realtors indicate that most new homes in the area are priced between \$15,000 and \$25,000 with the typical price being about \$18,000 or \$19,000. The median price of homes built in the major subdivisions in 1965 was approximately \$19,400, while the median price of

those built in 1963 and 1964 was approximately \$18,400. The 1965 median reflected a more even distribution and a higher proportion of houses priced at \$25,000 or above than had been typical in 1963 and 1964. The sales prices of existing homes which come on the market vary considerably, depending on factors such as age, condition, number of rooms, and neighborhood characteristics. Typical prices, however, range between \$12,000 and \$18,000. The median price of existing homes sold by the multiple listing service in February of 1965 and 1966 was approximately \$14,000, compared to about \$13,500 in February 1964.

FHA Default Terminations and Acquisitions. From January 1960 to June 1966, about 70 FHA-insured loans in Lancaster County terminated through default. There were about five defaults yearly in the 1960-1963 period, but the number rose to about 15 annually in 1964 and 1965, and to approximately 20 during the first six months of 1966. The increase in defaults reflects the softening of the housing market which resulted from the phase-out of the base.

The Omaha Insuring Office reports that sales of FHA-acquired properties in the Lincoln HMA are usually prompt, and that the majority are sold within 90 days. As of October 1966, there are four houses on hand. Their prices ranged from \$9,000 to \$17,000.

Rental Market

General Market Conditions. As indicated by the current high rental vacancy ratio, substantiated by the high proportion of vacant apartments indicated by the postal vacancy survey, data on vacancies in FHA-insured projects, and the significant decline in multifamily units authorized, the rental market in the HMA appears to have a number of soft spots. The present condition of the rental market, however, represents a considerable improvement since the April 1964-April 1966 period, as reflected by available data and the opinions of local realtors, builders, and project managers. With one major exception, vacancies are concentrated mainly among the older apartments, converted rental units, and the less desirable single-family houses. The old units are less competitive with respect to location, household facilities, and other amenities, and consequently remain vacant for long periods.

Despite the large number of vacancies among the poor quality units, most of the new rental units rent readily, especially those in small structures with good location and amenities. The market absorption data assembled by the Omaha Insuring Office indicate that, of a total of approximately 30 projects with about 500 rental units built within the last two years, about 23 projects with approximately 300 units reported virtually full occupancy within four to six months. Many of the smaller structures reached 100 percent occupancy within one month of their completion.

The majority of the rental units constructed within the last two years are one-bedroom apartments; typically, the rents range from \$100 to \$150. A few two-bedroom apartments within the same rental range also were constructed.

Except for projects built specifically for the elderly, it appears that most of the rental units completed within the last two years were occupied by young persons, including office workers, secretaries, and a few students.

Rental Housing Under Construction. The record of building permits, information obtained from local sources, and on-site inspection indicate that there are approximately 130 multifamily units under construction in the HMA. Most of these will be available for rent by March 1967. The majority are in small structures of 12 units or less, with rents comparable to the units completed recently.

In addition to the units currently under construction, only one major rental project is known to be in the planning stage. FHA has issued a commitment, under Section 207 of the Housing Act, for the construction of an 80-unit apartment project in a rehabilitated structure in the downtown area. Mainly because of the difficulty in obtaining mortgage loans, several plans for conventionally-financed rental projects have been cancelled or shelved temporarily.

Military Housing

The 1,006 military housing units at the Lincoln Air Force Base have been declared surplus to the General Services Administration. These include 600 Capehart units, 400 appropriated fund units, and six scattered units which were acquired with the base. The Capehart and appropriated fund units are currently operated for the Air Force by the Lincoln Housing Authority under a protective maintenance contract executed with the approval of GSA. The Housing Authority, which is a local organization operating under Nebraska State Laws but which is unable to participate in Federally-assisted housing programs, reports that of the 1,000 units under contract, 312 are occupied and 688 are vacant. Approximately 130 units are occupied by military personnel, 108 units are occupied by married students, 13 by low-income families, 36 by job corps personnel, and 25 by other residents, including Housing Authority employees, in-migrants, and former low-income Huskerville residents.

Of the 1,000 housing units operated by the Lincoln Housing Authority, about 212 units in the low rent ranges, including some currently occupied, are reserved for married students and low income families; the management is optimistic about attaining reasonable occupancy in these units. Full occupancy of the remaining 788 units (including some units currently occupied by the military) is a major problem, however, as the Housing Authority is limited to accepting the types of tenants mentioned above

(job corps employees, in-migrants, and inadequately-housed city residents). Besides, residence at the base probably would not be attractive to many prospective tenants because of locational disadvantage, such as distance from jobs, shopping centers, schools, churches, clinics, and other neighborhood facilities. The occupancy problem may be solved, in part, if new industries relocate at the Lincoln Air Park West and workers find it convenient to live at the base. Another possible solution, proposed by some local sources, is to utilize some of the units as a federally-assisted public housing or low-rent project. This, however, cannot be done unless authorized by a local referendum.

Demand for Housing

Quantitative Demand

During the three-year period from October 1966 to October 1969, the number of households in the Lincoln HMA is expected to increase by about 700 a year. In addition, some demand will result from the 150 demolitions expected each year. Any calculations of demand for additional housing in the area, however, must take into consideration the present volume of construction and the current stock of competitive vacant housing units, including the approximately 690 housing units at Lincoln Air Base which are available to selected segments of the rental market. On the basis of these considerations, it is estimated that during the three-year forecast period there will be an annual demand for at least 630 new housing units, including approximately 430 single-family units and 200 multifamily units at market-interest-rate financing, exclusive of public low-rent or rent-supplement accommodations.

Qualitative Demand

Single-family Housing. The distribution of the annual demand for 430 single-family housing units in the HMA is presented in the following table.

Annual Demand for New Single-family Housing by Price Class
Lincoln, Nebraska, HMA
October 1966-October 1969

<u>Price class</u>	<u>Number of houses</u>	<u>Percent distribution</u>
\$10,000 - \$12,499	20	4.7
12,500 - 14,999	70	16.3
15,000 - 17,499	75	17.4
17,500 - 19,999	75	17.4
20,000 - 22,499	65	15.1
22,500 - 24,999	35	8.1
25,000 - 29,999	30	7.0
30,000 and over	<u>60</u>	<u>14.0</u>
Total	430	100.0

The foregoing distribution differs from those in table VIII which reflect only selected subdivision experience. It must be noted that the data for these years do not include new construction in subdivisions with less than five completions during the year, nor do they reflect contract construction on scattered lots. It is likely that some of the lower-value homes are concentrated in the smaller building operations. The preceding demand estimates reflect all home building and indicate a slightly greater concentration in some price ranges than the subdivision surveys reveal.

Multifamily Housing

The annual demand for new privately-owned multifamily units in the Lincoln HMA has been estimated at 200 units, exclusive of public low-rent housing or rent-supplement accommodations. The monthly rentals at which these net additions to the aggregate rental housing inventory might best be absorbed by the rental market are indicated for various size units in the following table. These net additions to the rental inventory may be accomplished by either new construction or rehabilitation at the specified rentals. At current costs, minimum rents (including utilities) at which privately-owned rental units can be produced at market-interest-rate financing are approximately \$100 for an efficiency, \$125 for one-bedroom, \$140 for two-bedroom, and \$160 for three-bedroom apartments.^{1/}

The successful marketing of new multifamily units, particularly the below-market-interest-rate segment of demand, depends, in a large measure, on the rental policy of the Lincoln Housing Authority. If the current stock of vacant housing units at Lincoln Air Force Base is made available competitively to the rental market, the projected demand will be modified.

^{1/} Calculated on the basis of a long-term mortgage (40 years) at six percent interest and 1½ percent curtail; changes in these assumptions will affect minimum rents accordingly.

Estimated Annual Demand for New Multifamily Housing Units

Lincoln, Nebraska, HMA

October 1, 1966-October 1, 1969

<u>Unit size</u>	<u>Number of units</u>	<u>Monthly gross rents^{a/}</u>
Efficiencies	5	\$100 - \$109
	10	110 and over
One-bedroom	10	\$125 - \$129
	15	130 - 139
	15	140 - 149
	15	150 - 159
	15	160 - 179
	15	180 and over
Two-bedroom	15	\$140 - \$149
	15	150 - 159
	15	160 - 169
	10	170 - 179
	25	180 and over
Three-bedroom	10	\$100 - \$179
	10	180 and over

a/ Includes utilities.

The preceding distribution of average annual demand for new apartments is based on projected renter-family income, the size distribution of renter households and rent-paying propensities found to be typical in the area; consideration is also given to recent absorption experience of new rental housing. Thus, it represents a pattern for guidance in the production of multifamily housing predicated on foreseeable quantitative and qualitative considerations. Individual projects may differ from the general pattern in response to specific neighborhood or submarket requirements.

Table I

Trend of Civilian Work Force Components
Lincoln, Nebraska, HMA
1960-1966

<u>Components</u>	<u>Annual average</u>						<u>First eight months^{a/}</u>	
	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965^{a/}</u>	<u>1965</u>	<u>1966</u>
Civilian work force	<u>65,900</u>	<u>68,150</u>	<u>69,700</u>	<u>71,250</u>	<u>73,550</u>	<u>75,800</u>	<u>75,550</u>	<u>75,600</u>
Unemployment	1,700	2,050	1,750	1,800	1,550	1,650	1,850	1,750
Percent of work force	2.6%	3.0%	2.5%	2.5%	2.1%	2.2%	2.4%	2.3%
Employment	<u>64,200</u>	<u>65,900</u>	<u>67,900</u>	<u>69,400</u>	<u>72,050</u>	<u>74,050</u>	<u>73,550</u>	<u>73,800</u>
Agricultural employment	3,700	3,650	3,600	3,350	3,200	2,950	3,050	2,950
Nonagricultural employment	<u>60,500</u>	<u>62,250</u>	<u>64,300</u>	<u>66,050</u>	<u>68,850</u>	<u>71,050</u>	<u>70,500</u>	<u>70,900</u>
Wage and salary employment	52,900	54,250	56,300	58,150	60,700	63,000	62,300	63,250
Other ^{b/}	7,650	8,000	8,000	7,900	8,200	8,100	8,150	7,650
Labor-management disputes	0	150	50	50	0	100	100	50

^{a/} Preliminary.

^{b/} Includes proprietors, self-employed and unpaid family workers in nonagricultural industries, and domestic workers in private households.

Note: All data are rounded to the nearest 50; totals may not equal the sum of the rounded items and changes of 50 are not necessarily significant.

Source: Nebraska Department of Labor; Division of Employment, Research and Statistics Section. .

Table II

Nonagricultural Wage and Salary Employment by Type of Industry
Lincoln, Nebraska, HMA
1960-1966

<u>Industry</u>	<u>Annual average</u>						<u>First eight months^{a/}</u>	
	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965^{a/}</u>	<u>1965</u>	<u>1966</u>
Wage and salary employment	<u>52,900</u>	<u>54,250</u>	<u>56,300</u>	<u>58,150</u>	<u>60,700</u>	<u>63,000</u>	<u>62,300</u>	<u>63,250</u>
Manufacturing	<u>7,750</u>	<u>7,600</u>	<u>8,300</u>	<u>8,400</u>	<u>8,800</u>	<u>8,950</u>	<u>8,850</u>	<u>9,350</u>
Food products	<u>2,850</u>	<u>2,800</u>	<u>2,900</u>	<u>2,950</u>	<u>3,050</u>	<u>3,050</u>	<u>3,050</u>	<u>3,050</u>
Other	<u>4,900</u>	<u>4,800</u>	<u>5,350</u>	<u>5,500</u>	<u>5,800</u>	<u>5,900</u>	<u>5,800</u>	<u>6,350</u>
Nonmanufacturing	<u>45,150</u>	<u>46,650</u>	<u>48,000</u>	<u>49,750</u>	<u>51,900</u>	<u>54,050</u>	<u>53,450</u>	<u>53,900</u>
Construction	<u>3,350</u>	<u>3,500</u>	<u>3,300</u>	<u>3,650</u>	<u>3,500</u>	<u>3,700</u>	<u>3,600</u>	<u>3,500</u>
Trans., comm., & pub. util.	<u>4,950</u>	<u>5,000</u>	<u>4,950</u>	<u>4,800</u>	<u>4,900</u>	<u>5,100</u>	<u>5,150</u>	<u>5,050</u>
Trade	<u>11,850</u>	<u>12,000</u>	<u>12,100</u>	<u>12,150</u>	<u>12,950</u>	<u>13,350</u>	<u>13,200</u>	<u>13,200</u>
Fin., ins., & real estate	<u>4,000</u>	<u>4,200</u>	<u>4,600</u>	<u>4,550</u>	<u>4,700</u>	<u>4,600</u>	<u>4,600</u>	<u>4,650</u>
Services	<u>8,250</u>	<u>8,800</u>	<u>9,150</u>	<u>9,450</u>	<u>9,950</u>	<u>10,350</u>	<u>10,150</u>	<u>10,500</u>
Government	<u>12,750</u>	<u>13,200</u>	<u>14,000</u>	<u>15,150</u>	<u>15,900</u>	<u>16,950</u>	<u>16,800</u>	<u>17,000</u>

^{a/} Preliminary.

Note: All data are rounded to the nearest 50; totals may not equal the sum of the rounded items and changes of 50 are not necessarily significant.

Source: Nebraska Department of Labor; Division of Employment, Research and Statistics Section.

Table III

Military Strength and Civilian Employment
Lincoln Air Force Base
1954-1966

<u>Period</u>	<u>Military strength</u>	<u>Civilian employment</u>
April 1954	1,244	365
" 1955	5,114	363
June 1956	5,798	387
" 1957	6,216	349
" 1958	6,216	324
" 1959	6,224	325
" 1960	5,527	320
" 1961	5,839	352
" 1962	6,724	361
" 1963	6,476	384
" 1964	6,304	399
" 1965	3,965	310
March 1966	1,600	215
June 1966	526	138
Sept. 1966	130	30

Source: U.S. Department of the Air Force.

Table IV

Percentage Distribution of Families and Renter Households by Annual Income
After Deduction of Federal Income Tax
Lincoln, Nebraska, HMA, 1966 and 1969

<u>Annual income</u>	1966		1969	
	<u>All families</u>	<u>Renter households^{a/}</u>	<u>All families</u>	<u>Renter households^{a/}</u>
Under \$2,000	5	7	4	6
\$ 2,000 - 2,999	5	8	5	7
3,000 - 3,999	8	11	7	10
4,000 - 4,999	10	15	8	13
5,000 - 5,999	11	13	11	12
6,000 - 6,999	11	12	10	12
7,000 - 7,999	12	11	10	11
8,000 - 8,999	9	7	10	8
9,000 - 9,999	8	5	8	6
10,000 - 12,499	10	7	13	9
12,500 and over	<u>11</u>	<u>4</u>	<u>14</u>	<u>6</u>
Total	100	100	100	100
Median income	\$6,975	\$5,750	\$7,500	\$6,175

^{a/} Excludes one-person renter households.

Source: Estimated by Housing Market Analyst.

Table V

Housing Inventory, Tenure, and Vacancy
Lincoln, Nebraska, HMA
1950-1966

<u>Occupancy and tenure</u>	<u>April 1950</u>	<u>April 1960</u>	<u>October 1966</u>	<u>Change</u>			
				<u>1950-1960</u>		<u>1960-1966a/</u>	
				<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Total housing inventory	<u>37,116</u>	<u>50,522</u>	<u>57,350</u>	<u>13,406</u>	<u>36.1</u>	<u>6,825</u>	<u>13.5</u>
Total occupied units	<u>35,991</u>	<u>47,582</u>	<u>53,000</u>	<u>11,591</u>	<u>32.2</u>	<u>5,425</u>	<u>11.4</u>
Owner-occupied	<u>20,617</u>	<u>29,028</u>	<u>34,050</u>	<u>8,411</u>	<u>40.8</u>	<u>5,025</u>	<u>17.3</u>
Percent of all occupied	57.3%	61.0%	64.2%	-	-	-	-
Renter-occupied units	<u>15,374</u>	<u>18,554</u>	<u>18,950</u>	<u>3,180</u>	<u>20.1</u>	<u>400</u>	<u>2.1</u>
Percent of all occupied	42.7%	39.0%	35.8%	-	-	-	-
Vacant housing units	<u>1,125</u>	<u>2,940</u>	<u>4,350</u>	<u>1,815</u>	<u>161.3</u>	<u>1,400</u>	<u>48.0</u>
Available vacant units	<u>447</u>	<u>1,889</u>	<u>2,500</u>	<u>1,442</u>	<u>322.6</u>	<u>600</u>	<u>32.3</u>
For sale	<u>159</u>	<u>334</u>	<u>600</u>	<u>175</u>	<u>110.1</u>	<u>260</u>	<u>79.6</u>
Homeowner vac. rate	.8%	1.1%	1.7%	-	-	-	-
For rent	<u>288</u>	<u>1,555</u>	<u>1,900</u>	<u>1,267</u>	<u>439.9</u>	<u>340</u>	<u>22.2</u>
Rental vacancy rate	1.8%	7.7%	9.1%	-	-	-	-
Other vacant units	<u>678</u>	<u>1,051</u>	<u>1,850b/</u>	<u>373</u>	<u>55.0</u>	<u>800</u>	<u>76.0</u>

a/ Rounded.

b/ Includes 688 vacant housing units at Lincoln Air Force Base, operated by the Lincoln Housing Authority, and available for rent by selected tenants, such as married students, low income families, job corps personnel, and families unable to find suitable accommodations in Lincoln.

Sources: 1950 and 1960 Censuses of Housing; 1966 estimated by Housing Market Analyst.

Table VI

Private Housing Units Authorized by Building Permits
Lincoln, Nebraska, HMA
1950-1966

<u>Year</u>	<u>Lincoln^{a/}</u>	<u>Remainder of the HMA^{b/}</u>	<u>HMA total^{c/}</u>
1950	1,233	Not available	-
1951	1,302	"	-
1952	1,415	"	-
1953	1,006	"	-
1954	1,650	"	-
1955	1,829	"	-
1956	923	"	-
1957	692	"	-
1958	702	"	-
1959	1,032	"	-
1960	1,057	21	1,078
1961	1,228	48	1,276
1962	1,635	77	1,712
1963	1,275	61	1,336
1964	1,299	41	1,340
1965	987	46	1,033
1966 (Jan.-Sept.)	451	27	478

a/ Includes the three-mile area surrounding the city of Lincoln.

b/ Includes units authorized in Waverly, West Lincoln Village, and the unincorporated parts of Lancaster County outside the three-mile area surrounding Lincoln City.

c/ Does not include 400 units of Appropriated Fund Housing nor 600 units of Capehart Housing approved for Lincoln Air Force Base in 1955 and 1958, respectively.

Sources: Bureau of the Census, C-40 Construction Reports; and local permit-issuing offices.

Table VII

Lincoln, Nebraska, Area Postal Vacancy Survey
April 5, 1966

Postal area	Total residences and apartments						Residences						Apartments						House trailers		
	Total possible deliveries	Vacant units				Under const.	Total possible deliveries	Vacant units				Under const.	Total possible deliveries	Vacant units				Under const.	Total possible deliveries	Vacant	
		All	%	Used	New			All	%	Used	New			All	%	Used	New			No.	%
Lincoln	<u>48,272</u>	<u>2,994</u>	<u>6.2</u>	<u>2,839</u>	<u>155</u>	<u>441</u>	<u>38,760</u>	<u>1,899</u>	<u>4.9</u>	<u>1,781</u>	<u>118</u>	<u>252</u>	<u>9,512</u>	<u>1,095</u>	<u>11.5</u>	<u>1,058</u>	<u>37</u>	<u>189</u>	<u>769</u>	<u>50</u>	<u>6.3</u>
Main Office	7,766	1,266	16.3	1,254	12	61	4,658	870	18.7	858	12	5	3,108	396	12.7	396	-	56	164	45	27.4
Stations:																					
A	6,514	274	4.2	235	39	37	5,033	135	2.7	118	17	37	1,481	139	9.4	117	22	-	15	4	26.7
B	11,112	578	5.2	543	35	86	8,495	294	3.5	273	21	41	2,617	284	10.9	270	14	45	25	1	4.0
Bethany	3,998	126	3.2	101	25	86	3,760	88	2.3	63	25	86	238	38	16.0	38	-	-	1	-	-
C	5,406	360	6.7	355	5	6	4,667	234	5.0	229	5	6	739	126	17.1	126	-	-	12	-	-
College View	6,377	157	2.5	123	34	66	5,784	132	2.3	99	33	56	593	25	4.2	24	1	10	30	-	-
University Place	7,099	233	3.3	228	5	99	6,363	146	2.3	141	5	21	736	87	11.8	87	-	78	549	-	-

The survey covers dwelling units in residences, apartments, and house trailers, including military, institutional, public housing units, and units used only seasonally. The survey does not cover stores, offices, commercial hotels and motels, or dormitories; nor does it cover boarded-up residences or apartments that are not intended for occupancy.

The definitions of "residence" and "apartment" are those of the Post Office Department, i.e.: a residence represents one possible stop with one possible delivery on a carrier's route; an apartment represents one possible stop with more than one possible delivery.

Source: FHA postal vacancy survey conducted by collaborating postmaster(s).

Table VIII

Houses Completed in Selected Subdivisions, by Price Class
Lincoln, Nebraska, HMA
1963-1965

<u>Sales price</u>	<u>Total completions</u>			<u>Presold</u>			<u>Speculatively built</u>					
							<u>Total</u>			<u>Unsold</u>		
	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>
\$10,000 - \$12,499	1	2	1	0	2	0	1	0	1	0	0	0
12,500 - 14,999	100	76	45	15	48	23	85	28	22	3	7	0
15,000 - 17,499	146	123	59	44	75	25	102	48	34	15	13	1
17,500 - 19,999	228	97	57	40	47	32	188	50	25	29	12	7
20,000 - 24,999	143	132	47	38	38	25	105	94	22	19	20	4
25,000 - 29,999	16	32	26	13	16	18	3	16	8	1	3	1
30,000 - 34,999	11	14	58	11	5	30	0	9	28	0	1	2
35,000 and over	5	4	11	5	3	5	0	1	6	0	1	3
Total	650	480	304	166	234	158	484	246	146	67	57	18

Source: Federal Housing Administration.



HUD NEWS

U.S. DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT
WASHINGTON D.C. 20410

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(Phone: 382-4693)

FOR RELEASE:
FRIDAY, AUGUST 4, 1967

HOUSING MARKET ANALYSIS - LINCOLN, NEBRASKA

The Federal Housing Administration today released its analysis of the Lincoln, Nebraska, housing market. The area covered is Lancaster County.

The demand for additional housing is forecast at 630 units a year for the three-year period dating from October 1, 1966. The annual demand consists of 430 single-family units and 200 multifamily units. The demand does not include low-rent public housing or rent-supplement accommodations.

As of October 1, 1966, available vacancies consisted of 600 units for sale and 1,900 units for rent, representing homeowner and rental vacancy rates of 1.7 percent and 9.1 percent, respectively. Available vacancies exclude 690 units previously occupied by military families at the Lincoln Air Force Base, which was deactivated as of June 30, 1966. The forecast of demand assumes that these vacancies, now managed by the Lincoln Housing Authority, will be withheld from competition with private rental housing.

There was a substantial volume of building between April 1960 and October 1966. A net gain of 6,825 new units represented the authorization of 8,250 units of new construction offset by extensive demolitions and units still under construction in October.

A steady growth in employment has minimized the disruption of the economy resulting from the Air Force Base closing. Nonagricultural workers employed in 1965 averaged 63,000, up 10,100 (19 percent) since 1960. Jobs are expected to increase by about 1,625 a year over the three-year forecast period.

(more)

Unemployment averaged 2.2 percent of the work force in 1965. Average annual unemployment has not exceeded 2.5 percent since 1961.

Family incomes are expected to increase. In October 1966, the estimated median annual income of all families was \$6,975, after deduction of federal income tax, while that for renter households of two or more persons was \$5,750. By October 1969, these medians are expected to increase to \$7,500 and \$6,175, respectively.

A continued upward trend in population and the number of households is forecast. The current population of the housing market area is estimated at 171,000, an increase of 10 percent since 1960. By October 1969, the population is expected to total 179,250, an average annual increase of about 2,750. There are approximately 53,000 households, an addition of 11 percent since 1960.

Copies of the complete analysis may be obtained from Mr. Russell M. Bailey, Director, Federal Housing Administration, 215 North 17th Street, Omaha, Nebraska, 68102.

* * * *

Library
Dept. of Housing and Urban Development
Room 103, Normandy Bldg.

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