

CITY OF LEXINGTON, NEBRASKA

ECONOMIC DEVELOPMENT PROGRAM

Nebraska voters enacted a constitutional amendment in November, 1990, granting cities and villages the power to use local sources of revenue for economic or industrial projects and programs. In 1991, the Unicameral implemented this amendment with the passage of Legislative Bill 840, the Local Option Municipal Economic Development Act.

The Local Option Municipal Economic Development Act is based on the premise that communities should use their own tax dollars in ways that best meet local needs. While ongoing planning processes in many towns have identified development, job creation, and increased economic opportunity as their highest priority for the future, a variety of constitutional and legislative prohibitions kept them from investing local public funds in development programs. The removal of these limitations gives municipalities greater latitude in determining and acting upon local needs.

As towns have witnessed population declines and a loss of younger people, they have thought about their futures and the types of actions and investments needed to reverse these past trends. At the same time smaller towns and cities are beginning to realize a period of significant opportunity. In a period of uncertainty, complexity, and growing concern about the problems and quality of urban life, including cost and relative safety, the advantages offered by the smaller cities have become uniquely attractive. At the same time the revolution in information and communication technology as well as goods distribution has reduced the isolation of small towns. As a result, it is increasingly possible to operate a significant business in growth areas outside of major urban centers.

GENERAL COMMUNITY AND ECONOMIC DEVELOPMENT STRATEGY

Lexington's community and economic development strategy involves building on our strengths to promote existing industries and the retention of jobs and the recruit new industries and jobs to the community. The principal strategy is directed at maintaining a good quality of life for our citizens and a strong workforce; developing community resources; attracting new capital investment; broadening the community's tax base; building economic diversity; and ensuring economic stability and viability for Lexington.

Economic diversification will continue to be a critical priority for Lexington's economic development program. The recruitment of new business from outside and development of new business from inside the city will strengthen diversification. A small business development program can establish the city as a nurturing environment for small business and as a center for economic opportunity. This atmosphere, in turn can encourage people with skills and ideas to move or return to Lexington to make a start in business.

In addition to recruitment, the city can create job opportunities by helping existing businesses in the city to expand their markets and compete more successfully. The successful marketing of Lexington as a center for opportunity is important to the city's effort to expand its labor force and attract new residents.

The City of Lexington recognizes that the attraction of new business and industry to a community or the expansion of existing business or industry takes place in a very competitive market place. In order to keep Lexington, Nebraska as competitive as possible in that market place the community will strive to use all financial and human resources available in a partnership with federal, state, municipal, and private entities.

STATEMENT OF PURPOSE, GENERAL INTENT AND GOALS

It is the general intent of the City of Lexington, Nebraska to implement an economic development program, the purpose and goals which will be: to create well-paying jobs for the citizens of Lexington; to expand labor markets of Lexington and Dawson County; to attract new capital investment to the community to broaden the tax base; to retain existing jobs and make existing businesses more competitive and profitable; and provide economic diversification to ensure economic stability and vitality for the City of Lexington and surrounding areas. The success of the program will be measured by the number of jobs created and retained for the length of the program, the total dollars of capital investment in the community, and finally the growth in total valuation in the City. Each project will be based on its own merits, but priority will be given to jobs created and/or retained at or above the average wages and benefits for the community. The plan will be consistent with other comprehensive development and redevelopment plans for the City.

ELGIBILITY

Eligible Activities

Eligible activities under the economic development program may include, but shall not be limited to, the following:

1. Job credits for full-time jobs created (full-time jobs defined as 2000 hours) to include grants, which are subject to job credit performance.
2. Grants or loans for public works improvements essential to the location or expansion of a qualifying business.
3. The purchase of real estate, options for such purchases, and the renewal or extension of such options.
4. Contracting with an outside entity to implement any part of the program, as necessary.

5. The provisions of technical assistance to businesses such as marketing assistance, management counseling, preparing financial packages, engineering assistance, etc.
6. Expenses for business recruitment activities.
7. Direct loans or grants to qualifying businesses for fixed assets or working capital or both.
8. Expenses for locating a qualifying business into the area.
9. Equity investment or loan guarantees in a qualifying business.
10. The authority to issue bonds pursuant to the Act.
11. Grants or loan agreements for job training.
12. Rehabilitation of commercial buildings or potential commercial buildings.
13. Small business development including expansion of existing business.
14. Tourism related activities.
15. Direct loans or grants to qualifying businesses for the construction or rehabilitation for sale or lease of housing as part of a workforce housing plan. (attached as Exhibit A)
16. The eligible activities described above are considered priority activities for the use of funds generated under the Local Option Municipal Economic Development Act. The City of Lexington recognizes that the attraction of new business to a community or the expansion of existing businesses takes place in a very competitive market place. In order to keep Lexington as competitive as possible in that market place, and in the creation of new jobs in the area, the City retains the right to include as eligible activities those additional activities allowable by law.

Types of Businesses That Will Be Eligible

A qualifying business shall mean any corporation, partnership, limited liability company or sole proprietorship, which derives its principal source of income from any of the following:

1. The manufacture of articles of commerce.
2. The conduct of research and development.
3. The processing, storage, transport or sale of goods or commodities which are sold or traded in interstate commerce.
4. The sale of services in interstate commerce.

5. Headquarters facilities relating to eligible activities as listed in this section.
6. Telecommunications activities, including services providing advanced telecommunications capability.
7. Tourism related activities.
8. The production of films, including feature, independent, and documentary films, commercials, and television programs.
9. The construction or rehabilitation of housing.
10. Retail trade, except that no more than forty percent of the total revenue generated pursuant to the Local Option Municipal Economic Development Act in any twelve-month period and no more than twenty percent of the total revenue generated in any five-year period, shall be used by the City of Lexington for or devoted to the use of retail trade businesses. For purposes of this section, retail trade means a business which is principally engaged in the sale of goods or commodities to ultimate consumers for their own use or consumption and not for resale.

If a business which would otherwise be a qualifying business employs people and carries on activities in more than one city in Nebraska or will do so at any time during the first year following application for participation in the Program, it shall be a qualifying business only if, in each such city, it maintains employment for the first two years following the date on which such business begins operations in the city as a participant in its Program at a level not less than its average employment in such city over the twelve-month period preceding participation.

A qualifying business need not be located within the territorial boundaries of the city if the City Council determines that there is a clear economic benefit to the city. Eligible qualifying businesses may apply more than once and receive program benefits more than once.

BUDGET

This section describes a preliminary source of funds and budget for Lexington's economic development program. It is important to note that this budget must be developed annually and may be modified from time to time by the City Council. In the field of economic development, it is impossible to anticipate every condition or requirement. The City should maintain the flexibility to respond to specific requirements and opportunities on a short-term basis.

Proposed Source of Funding

The source of public funds for Lexington's Economic Development Program will be \$167,500 annually (approximately 1/8th) of the City of Lexington's existing 1% Local Option Sales Tax. The City will be subject to the limitation that no city of the first class shall

appropriate more than four million dollars in any one year. The City of Lexington shall not appropriate an amount in excess of the amount approved by the voters at the election, which approved the Economic Development Program. The restrictions on the appropriation of funds from local sources of revenue shall not apply to the re-appropriation of funds, which were appropriated but not expended during the previous fiscal years. If, after five full budget years following initiation of the approved Economic Development Program, less than fifty percent of the money collected from local sources of revenue is spent or committed by contract for the Economic Development Program, the governing body of the City shall place the question of the continuation of the City's Economic Development Program on the ballot at the next regular election.

Time Period for Collection of Funds and Proposed Total Collections

The Program tax collection will be in effect from May 1, 2020, to April 30, 2030, a ten-year period. The total amount to be collected from the sales tax is \$1,675,000 over the ten-year period. However, uncommitted funds and revenues including but not limited to repayment of loans, return on investments, fees for activities such as loan guarantees, and sales proceeds from properties, may continue to be used for activities contained within the Economic Development Program as such shall be available.

Proposed total collections for the program from local sources:

<u>Year</u>	<u>Estimated Collection</u>
1	\$167,500
2	\$167,500
3	\$167,500
4	\$167,500
5	\$167,500
6	\$167,500
7	\$167,500
8	\$167,500
9	\$167,500
10	<u>\$167,500</u>
Total	\$1,675,000

Preliminary Annual Budget for the Program:

Annual Estimated Funds Collected	\$167,500
Expenditures	
Loan and Grant Programs	\$102,500
Other Eligible Activities	\$ 50,000
Recruitment/Development	<u>\$ 15,000</u>
Total	\$167,500

Bond Authority

Lexington may have a business opportunity or other economic development project that requires initial funds that exceed the single year proceeds of the local option sales tax. In order to take advantage of such an opportunity, Lexington should have the ability to issue debt per state statute. Future sales tax receipts then retire the debt. The City Council may authorize the issuance of bonds to carry out the economic development program following a public hearing.

APPLICATION PROCESS

The intent of the City of Lexington is to administer the Economic Development Program with existing City Staff. The administration of the program will fall under the responsibility of the City Manager (herein referred to as “Program Administrator”).

Phase 1

Phase 1 determines the potential of financing for proposed project or activity.

To be considered for direct financial assistance under this program, an applicant must provide the following unless waived by the Program Administrator.

1. A detailed description of the proposed project.
2. A business plan, including employment and financial projections, current financial statements, financing requirements for the project, and total project costs.
3. A completed City of Lexington Local Option Municipal Economic Development Program Application for Financial Assistance.

Additional information, as necessary to determine the eligibility and economic viability of the proposed project(s), may be requested by the Program Administrator and/or by the City Council.

The Program Administrator will review applications and requests for direct financial assistance in the order in which the Program Administrator receives them. Application review and approval or disapproval by the Program Administrator will be based on project feasibility as determined by review of the applicant’s business plan and other requested information. The potential future economic benefit to the community of Lexington will also be evaluated.

The Program Administrator will be responsible for verification of information in the applications from those eligible businesses, which receive a recommendation for financial assistance before recommendation is made to the City Council.

In the event the City desires to replace the Program Administrator, the above-described responsibilities may be carried out by a contracted entity, by and economic development specialist hired by city or other existing city staff.

Phase 2

Phase 2 is the approval and execution portion of the process.

Upon completion of the negotiations on the terms and conditions of assistance between the Program Administrator and the applicant, the project application will be submitted to the City Council for its review and approval. The City Council will consider the overall benefits to the community and its deliberation and will provide the Program Administrator a decision that fits within the time frame suitable to meet the business requirements of the applicants. Once approved, the Program Administrator will take the necessary actions to execute the agreements made.

ADMINISTRATION OF ECONOMIC DEVELOPMENT PROGRAM

It is the intent of the program that the majority of the funds are used for supporting eligible activities and only the minimum required amount is to be spent to assist in the administration of the program. Three separate groups share the administration of the program. These are:

1. Program Administrator:

- Will be responsible for the day-to-day activities of administering the program.
- Assists applicants and conducts active recruiting for potential applicants.
- Provides someone to serve as ex-officio, non-voting member of the Citizen Advisory Review Committee who will provide that committee with necessary advice and information.

2. Citizen Advisory Review Committee:

-A group of citizens who are registered voters of the City, appointed by the Mayor and subject to approval of the City Council, who will review the functioning and progress of the economic development program and advise the City Council with regard to the program.

-Committee organization will consist of:

- *Not less than five nor more than ten members.
- *At least one individual with expertise or experience in the field of business, finance or accounting.
- *A City official or employee responsible for the administration of the economic development program who will serve as an ex-officio member.

-No member of the committee shall be an elected or appointed city official, a member of any planning commission created under section 19-925, an employee of the City, a participant in a decision-making position regarding expenditures of program funds, or an official or employee of any qualifying business receiving financial assistance under the economic development program or of any financial institution participating directly in the economic development program.

-The Citizens Advisory Review Committee will meet regularly as required to review the program and will report to the City Council annually on its findings and suggestions at a public hearing called for that purpose.

3. City Council:

-Will have final authority on expenditure of funds in support of the economic development program.

-Will select a Program Administrator and approve the membership of the Citizens Advisory Committee.

-Will have ultimate responsibility for the economic development program.

Process to Ensure Confidentiality of Business Information Received:

In the process of gathering information about a qualifying business, the city may receive information about the business, which is confidential and, if released, could cause harm to the business or give unfair advantage to its competitors. State law authorizes cities and other public entities to maintain the confidentiality of business records, which come into their possession.

To protect the business applying for funds and to encourage them to make full and frank disclosure of business information relevant to their application, the city may take the following steps to ensure the confidentiality of the information it receives:

1. The adoption of an ordinance which makes such information confidential and punishes disclosure;
2. A restriction on the number of people with access to the files with the program administrator primarily responsible for their safe-keeping, and
3. A requirement that personnel involved in the program sign statements of confidentiality regarding all personal and private submittals by qualified businesses.

PURCHASE OF REAL ESTATE OR OPTION TO PURCHASE

If and when real estate is to be purchased or optioned by the City under the Program, it should meet the following general criteria:

1. Be properly zoned with no excessive easement, covenants, or other encumbrances.
2. Should conform and be able to be re-zoned to comply with the City or County's Comprehensive Plan.
3. Can be located either within or outside of the City limits.
4. The proceeds from the future sale of such land would be returned to the City's Economic Development Fund for reuse for activities eligible in the Program.

INVESTMENT OF ECONOMIC DEVELOPMENT FUNDS

The City will establish a separate Economic Development Fund.

1. All funds derived from local fund sources of revenue for the Economic Development Program, any earnings from the investment of such funds, any loan payments, any proceeds from the sale by the City of assets purchased by the City under its Economic Development Program, or any other money received by the City by reason of the Economic Development Program, shall be deposited into the Economic Development Fund.
2. No money in the Economic Development Fund shall be deposited in the General Fund of the City except as provided by statute.
3. The City shall not transfer or remove funds from the Economic Development Fund other than for purposes prescribed in the Act and this plan.
4. The money from the Economic Development Fund shall not be commingled with any other City funds.
5. Any money in the Economic Development Fund not currently required or committed for the purposes of Economic Development shall be invested as provided in Section 77-2341 R.R.S. Nebraska.
6. In the event that the Economic Development Program is terminated, any funds remaining will be transferred as provided by statute to the General Fund of the City and will be used on an installment basis to reduce the property tax levy of the City as provided by the Act.
7. If there is a conflict between this plan and State Statute, the State Statute will control.

PROGRAM AMENDMENTS

This Program shall only be amended to:

1. Add a type of qualifying business to those that are eligible to participate in the economic development program or removing a type of qualifying business from those that are eligible to participate in such program if such addition or removal is recommended by the citizen advisory review committee.
2. Make corrective changes to comply with the Local Option Municipal Economic Development Act.

3. Make corrective changes to comply with any other existing or future state or federal law.

Any such amendments to the Program shall be made by the City Council only after it (a) gives notice of and holds at least one public hearing on the proposed amendments, and (b) approves the proposed amendments by a two-thirds vote of the members of the City Council.

Exhibit A

CITY OF LEXINGTON, NEBRASKA



LB840 PLAN - WORKFORCE HOUSING PLAN.

PREPARED FOR:
CITY OF
LEXINGTON, NEBRASKA

PREPARED BY:
HANNA:KEELAN ASSOCIATES, P.C.
COMMUNITY PLANNING & RESEARCH

February, 2019

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INTRODUCTION

This **City of Lexington, Nebraska LB840 Plan - Workforce Housing Plan** provides a **Current Housing Stock Assessment** and **Housing Target Demand** to assist the City in developing necessary programs and partnerships to create new housing for a growing workforce and general population. The analysis includes the identification of **housing “target” demand** for both **new housing development** and **housing rehabilitation activities**, including **by income sector, target populations and price points**, with an emphasis on the development of **housing for the local workforce**.

The City of Lexington is desiring to add the activity of **workforce housing development** to the City’s Local Option Municipal Economic Development (LB840) Plan. As set forth in the Section 18-2710.02 Nebraska Revised Statutes, if a proposed economic development program involves the making of grants or loans for the construction or rehabilitation, for sale or lease, of housing as part of a Workforce Housing Plan, the proposed Plan shall include:

- (1) An assessment of current housing stock in the City, including both single-family and market rate multi-family housing;
- (2) Whether the plan will also include housing for persons of low or moderate income under Section 18-2710.01;
- (3) Such other factors, as determined by the City, which are particularly relevant in assessing the conditions faced by existing businesses in recruiting new employees; and
- (4) Such other factors, as determined by the City, which are particularly relevant in assessing the conditions faced by persons seeking new or rehabilitated housing in the City.

*A Dawson County Area, Nebraska, Housing Study with Strategies for Affordable Housing, including the City of Lexington, was completed in 2018. While the **Housing Study** remains a useful tool in guiding the development of housing programs and partnerships throughout the Dawson County Area, this **Workforce Housing Plan** provides a summary of relevant research and data pertaining specifically to the City of Lexington. The remainder of this **Plan** will be divided into four sections, addressing each of the aforementioned Plan components.*

CURRENT HOUSING STOCK ASSESSMENT.

Population Trends.

Table 1 presents **population trends and projections** for the City of Lexington, in comparison to Dawson County, as per the **Dawson County Area Housing Study**. By 2023, the population of the City of Lexington is projected to increase to 10,603, a 1.5 percent increase from the 2018 population of 10,447. An **Economic Development (ED) Boost** scenario, which accounts for the creation of 700 new full-time employment opportunities in the Dawson County Area by 2023, results in a projected population of 11,040 for Lexington, by 2023. This increasing population is reflected by an increase in the number of jobs and workforce households in the Community by 2023.

**TABLE 1
POPULATION TRENDS AND PROJECTIONS
LEXINGTON, NEBRASKA
1990-2023**

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2018</u>	<u>2023</u>	<u>% Change 2018-2023</u>	<u>2023 ED Boost*</u>
Lexington	6,601	10,011	10,230	10,447	10,603	+1.5%	11,040
Dawson County	19,940	24,365	24,326	24,322	24,291	-0.01%	24,936

*The “Economic Development (ED) Boost” relates to a scenario of creating 700 full-time employment opportunities in the Dawson County Area, by 2023, would create an estimated population increase of 658, including an estimated additional 280 households in the Area.

Source: 1990, 2000, 2010 Census; 2011 & 2016 Census Estimates.
Hanna:Keelan Associates, P.C., 2018.

Household Tenure.

Table 2 highlights the total number of households found in the Community of Lexington, as of 2018, as well as the number of owner and renter households. An estimated 3,384 households existed in Lexington in 2018, consisting of 2,031 owner households and 1,353 renter households. The number of both owner and renter households in the Community is projected to increase by 2023, to an estimated 2,056 owner and 1,411 renter households.

<u>Year</u>	<u>Households</u>	<u>Owner</u>		<u>Renter</u>	
		<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
2000	3,095	1,978	63.9%	1,117	36.1%
2010	3,180	1,991	62.6%	1,189	37.4%
2018	3,384	2,031	60.0%	1,353	40.0%
2023	3,467	2,056	59.3%	1,411	40.7%

Source: 2000 & 2010 Census
Hanna:Keelan Associates, P.C., 2018.

The 2010 Census recorded a total of 3.17 persons per household in Lexington. This is significantly higher than the State of Nebraska rate of 2.53 persons per household. In 2018, Lexington recorded 3.05 persons per household. This is projected to decline slightly, to 3.02 persons per household by 2023.

Housing Vacancy Deficiency (Demand).

Table 3, Page 3, identifies the **occupancy/vacancy status** of both owner and rental housing units in the City of Lexington, Nebraska, in 2018. **Housing vacancy deficiency** is defined as the overall number of vacant units lacking in a Community, whereby the total percentage of vacant, year-round, and code acceptable housing units is less than 6 to 7 percent. A vacancy rate of 7 percent is the minimum rate recommended for Lexington, to have sufficient housing available for new and existing residents.

In 2018, the City of Lexington contained an estimated 3,670 housing units, consisting of 2,108 owner and 1,562 rental units. Of the 3,670 housing units, an estimated 286 were vacant, leading to a total housing vacancy rate of 7.8 percent. A majority of vacant housing units in Lexington, 73 percent, were rental units.

An Adjusted Housing Vacancy Rate (AHVR) only considers owner and rental housing that is available for rent or purchase and meets local housing development codes and standards.

As of 2018, the AHVR for the City of Lexington was 2.9 percent. This includes an estimated AHVR for owner housing of 2.1 percent and 4.4 percent for rental housing. This concludes that Lexington has an overall, as well as an owner and rental housing vacancy deficiency.

TABLE 3 HOUSING STOCK OCCUPANCY/VACANCY STATUS LEXINGTON, NEBRASKA 2018	
a) Housing Stock	3,670 (O=2,108; R=1,562)
b) Vacant Housing Stock	286
c) Occupied Housing Stock	3,384
*Owner Occupied	2,031
*Renter Occupied	1,353
d) Housing Vacancy Rate*	7.8% (286)
*Owner Vacancy	3.6% (77)
*Renter Vacancy	13.4% (209)
e) Adjusted Vacancy Rate**	2.9% (115)
**Owner Vacancy	2.1% (46)
**Renter Vacancy	4.4% (69)
* Includes all housing stock, including seasonal and substandard housing.	
** Includes only year-round vacant units available for rent or purchase, meeting current housing code and modern amenities. Does not include vacant units either not for sale or rent, seasonal units, or units not meeting current housing code.	
Source: 2012-2016 American Community Survey. City of Lexington, 2018. Hanna:Keelan Associates, P.C., 2018.	

The cost of housing in any community is influenced by several factors, though primarily the cost of construction, availability of land and infrastructure and the organizational capacity of the community to combine these issues into an applicable format and secure the appropriate housing resources, including land and money. The Lexington Community is challenged to organize necessary resources to meet the needs of residents, including both financial and organizational resources.

Table 4 identifies the current and projected median rent and owner housing value for the Community of Lexington. The 2016 American Community Survey estimated a median rent of \$688 and a median owner housing value of \$83,600. The City of Lexington is significantly below the State of Nebraska median rent and owner housing value for 2016, which recorded a median rent of \$745 and a median owner housing value of \$137,300.

As of 2018, Lexington experienced a median owner housing value of \$86,900, and median rent of \$702. Both the median owner housing value and median rent are expecting to increase by 2023, to \$99,000 and \$739, respectively.

TABLE 4 ESTIMATED GROSS RENT & OWNER OCCUPIED HOUSING VALUE LEXINGTON, NEBRASKA COMMUNITIES 2000-2023		
<u>Year</u>	<u>Median Rent</u>	<u>Median Value Owner Housing</u>
2000	\$467	\$61,900
2016*	\$688	\$83,600
2018	\$702	\$86,900
2023	\$739	\$99,000

*Specified Data Used. 2016 Estimate subject to margin of error.
Source: 2000 Census, 2012-2016 American Community Survey Estimate.
Hanna:Keelan Associates, P.C., 2018.

Cost Burdened Households.

According to HUD standards, a housing unit is considered to have problems if overcrowded (more than one person per room) and/or if the household lacks complete plumbing. **Table 5** identifies the number of cost burdened, both owner and renter, households by income range in Lexington.

In 2018, an estimated 467 owner households in Lexington, or 23 percent of all owner households, were cost burdened or had housing problems. Additionally, an estimated 688 renter households in the Community, or 50.8 percent of all renter households, were cost burdened or had housing problems.

Substandard Units / Overcrowded Conditions.

A substandard unit, as defined by HUD, is a unit lacking complete plumbing or one that includes more than 1.01 persons per room, including bedrooms, within a housing unit. The 2000 and 2010 Census; Dawson County Assessor’s Office and field observations completed by Hanna:Keelan, produced data identifying substandard housing units and housing units having overcrowded conditions.

TABLE 5		
ESTIMATED OWNER & RENTER HOUSEHOLDS BY INCOME COST BURDENED WITH HOUSING PROBLEMS		
LEXINGTON, NEBRASKA		
2013 & 2018		
<u>Owner</u>	2013*	2018
<u>Inc. Rng.</u>	<u># / #CB-HP</u>	<u># / #CB-HP</u>
0-30% AMI	105 / 95	114 / 92
31-50% AMI	130 / 60	154 / 61
51-80% AMI	405 / 185	466 / 196
81-100% AMI	260 / 75	302 / 74
<u>101%+ AMI</u>	<u>815 / 55</u>	<u>995 / 44</u>
Totals	1,715 / 470	2,031 / 467
<u>Renter</u>	2013*	2018
<u>Inc. Rng.</u>	<u># / #CB-HP</u>	<u># / #CB-HP</u>
0-30% AMI	230 / 170	186 / 173
31-50% AMI	385 / 245	421 / 297
51-80% AMI	380 / 160	370 / 165
81-100% AMI	160 / 35	204 / 37
<u>101%+ AMI</u>	<u>125 / 15</u>	<u>172 / 16</u>
Totals	1,280 / 625	1,353 / 688
*Specified data		
# = Total Households # = CB-HP = Households with Cost Burden – Housing Problems		
Source: U.S. Department of Housing & Urban Development, CHAS Data Query Tool. Hanna:Keelan Associates, P.C., 2018.		

Housing structural conditions provided by the Dawson County Assessor’s Office identified **394 housing units in “Fair” condition and an additional 37 units in a “Badly Worn” condition** in the City of Lexington. During the next five years, these housing structures should be targeted for moderate to substantial rehabilitation or demolition/replacement. Units targeted to be demolished should be replaced with appropriate, modern, safe and decent housing units, with a special focus on the local workforce populations. **As per the 2012-2016 American Community Survey, 206 housing units in Lexington were experiencing overcrowded conditions and 18 units lacked complete plumbing.**

Affordable Housing Stock

With the population and number of housing units projected to increase by 2023, it is important that an appropriate, affordable housing stock of various types be available in the Community, including housing for the existing and future workforce, retirees and the elderly. Residents and local housing stakeholders have expressed a need for larger, more affordable housing units to meet the demand of families, as well as an active role in housing rehabilitation for homes that are cost effective for such activity.

Table 6 identifies the occupancy of selected affordable rental housing options in the City of Lexington. A total of **nine affordable rental housing programs were reviewed in Lexington**, via the **Dawson County Area Housing Study**, comprising a total of **325 units**. These programs are financially supported by any one or more funding sources, including the Nebraska Investment Finance Authority’s LIHTC and CROWN Credit-To-Own Housing Programs, USDA-Rural Development and the Department of Housing and Urban Development and unclude single family, duplex and multifamily apartment complexes. At least 90 percent occupancy was being reported in six of these rental housing programs.

**TABLE 6
OCCUPANCY OF SELECTED AFFORDABLE RENTAL HOUSING OPTIONS
DAWSON COUNTY AREA COMMUNITIES, NEBRASKA
2018**

<u>Name & Address</u>	<u>Year</u>	<u>Units</u>	<u>Project Type</u>	<u>Rent Range</u>	<u>Occupancy/Wait List</u>
Lexington Public Housing Authority 609 E. 3 rd St. Lexington, NE 68850		2-Bd: 15 3-Bd: 12 4-Bd: 5	HUD	30% Income 2-Bd: \$475 3-Bd: \$628 4-Bd: \$675	91% Yes
Dawson Estates 909-1003 Reagan Drive Lexington, NE 68850	2008	3-Bd: 15	NIFA (LIHTC) CROWN	\$632	100% Yes (17)
Eagle Run Apartments 809 Erie Street Lexington, NE 68850	1994	104 Total Units	USDA-RD	30% of Income	N/A
Eastlawn Apartments/Homes Scattered Sites Lexington, NE 68850	1964/ 1980	Apts: 1-Bd: 46 2-Bd: 3 SF/Dup. 2-Bd: 7 3-Bd: 20 4-Bd: 5	HUD Elderly/ Multifamily	30% Income Apts: 1-Bd: \$486 2-Bd: \$550 SF/Dup. 2-Bd: \$495 3-Bd: \$628 4-Bd: \$669	Apts: 100% Yes (7) SF/Dup. 100% Yes (61)
Pioneer Homes Scattered Sites Lexington, NE 68850	2000s	3-Bd: 7	HUD Multifamily	30% of Income	N/A
Legend Oaks II West 20 th Street Lexington, NE 68850	2014	2-Bd: 18	NIFA (LIHTC)	2-Bd: \$412-\$445 3-Bd: \$478\$488	N/A Yes

CONTINUED:

TABLE 6 (CONTINUED)

**OCCUPANCY OF SELECTED AFFORDABLE RENTAL HOUSING OPTIONS
DAWSON COUNTY AREA COMMUNITIES, NEBRASKA**

2018

<u>Name & Address</u>	<u>Year</u>	<u>Units</u>	<u>Project Type</u>	<u>Rent Range</u>	<u>Occupancy/Wait List</u>
Lexington Estates Scattered Sites Lexington, NE 68850	2015	3-Bd: 12	NIFA (LIHTC)	\$627	100% Yes (10)
The Row at Lexington Scattered Sites Lexington, NE 68850	2017	4-Bd: 20	NIFA (LIHTC) & Market Rate	\$800-\$1,000	100% N/A
Southhaven Apartments 1116 Wagon Wheel Lane Lexington, NE 68850	1980s	1-Bd: 8 2-Bd: 20 3-Bd: 8	USDA-RD HUD Multifamily	30% Income 1-Bd: \$388 2-Bd: \$420 3-Bd: \$443	86% Yes (5)

N/A = Not Available.

Source: Project Developers & Property Management Agencies, 2018.

Nebraska Investment Finance Authority, 2018.

Hanna:Keelan Associates, P.C., 2018.

HOUSING DEMAND POTENTIAL

The identification of the **housing “target” demand** in the City of Lexington, with an emphasis on housing for the **local workforce, includes units targeted to persons of low-, moderate- and high-income, as well as various target populations and price points.** The assessment of the current housing stock allowed for the determination of the housing demand potential.

Overall Housing Unit Target Demand.

Table 7, Page 11, identifies the estimated housing target demand for the City of Lexington, by 2023. Community leadership and local housing stakeholders and providers need to be focused on this housing target demand and achieving reasonable goals that will effectively increase the quantity and quality of housing throughout the Community.

The total estimated **housing target demand** in the **Community of Lexington, by 2023, is 306 housing units, including 138 owner and 168 rental units,** at an estimated development cost of **\$63.4 Million.** Of the 306 new housing units, an estimated **14 units** should be targeted for **Downtown Lexington, consisting of four owner and 10 rental housing units.**

The **ED Boost** scenario, which accounts for the creation of 700 new full-time employment opportunities in the Dawson County Area by 2023, results in a projected target demand of **496 total housing units, including 212 owner and 284 rental units,** at an estimated development cost of **\$100.92 Million.**



**TABLE 7
ESTIMATED HOUSING TARGET DEMAND
LEXINGTON, NEBRASKA
2023**

	Target Demand*		Total Target Demand	Est. Required Target Budget (Millions)
	<u>Owner</u>	<u>Rental</u>		
Medium (Pop. Proj.):	138	168	306**	\$63.4
ED Boost (Pop. Proj.):	212	284	496	\$100.92

*Based upon **new households**, housing for cost burdened households, replacement of occupied **substandard/dilapidated housing stock** (including housing stock experiencing **plumbing, overcrowded conditions**), absorb **housing vacancy deficiency** of structurally sound housing units, build for “**pent-up**” **demand** and calculation for local housing development capacity.

**Includes Downtown Housing Demand: 14 Total Units (Four Owner and 10 Rental Units).

Source: Hanna:Keelan Associates, P.C., 2018.

Housing Demand By Income Sector.

Table 8, Page 12, identifies **household area median income (AMI)**, for Dawson County, including the City of Lexington, while **Table 9, Page 12**, identifies the **estimated housing target demand by income sector** for Lexington, by 2023. The Lexington Community should focus on addressing the owner housing needs and demands of individuals and families who have an AMI of 31 percent or higher. For rental housing, programs assisting families and individuals of all income sectors will need to be examined. A majority of housing development in the City of Lexington should be directed at persons and families between 81 and 125 percent AMI.

**TABLE 8
HOUSEHOLD AREA MEDIAN INCOME (AMI)
DAWSON COUNTY, NEBRASKA
2018**

	<u>1PHH</u>	<u>2PHH</u>	<u>3PHH</u>	<u>4PHH</u>	<u>5PHH</u>	<u>6PHH</u>	<u>7PHH</u>	<u>8PHH</u>
30% AMI	\$13,200	\$15,050	\$16,950	\$18,800	\$20,350	\$21,800	\$23,350	\$24,850
50% AMI	\$21,950	\$25,050	\$28,200	\$31,300	\$33,850	\$36,350	\$38,850	\$41,350
60% AMI	\$26,340	\$30,060	\$33,840	\$37,560	\$40,620	\$43,620	\$46,620	\$49,620
80% AMI	\$35,100	\$40,100	\$45,100	\$50,100	\$54,150	\$58,150	\$62,150	\$66,150
100%AMI	\$43,900	\$50,100	\$56,400	\$62,600	\$67,700	\$72,700	\$77,700	\$82,700
125%AMI	\$54,875	\$62,625	\$70,500	\$78,250	\$84,625	\$90,875	\$97,125	\$103,375

Source: U.S. Department of Housing and Urban Development.
Hanna:Keelan Associates, P.C., 2018.

**TABLE 9
ESTIMATED YEAR-ROUND HOUSING DEMAND BY INCOME SECTOR
LEXINGTON, NEBRASKA (MEDIUM POPULATION PROJECTION)
2023**

	<u>Income Range</u>					<u>Totals</u>
	<u>0-30% AMI</u>	<u>31-60% AMI</u>	<u>61-80% AMI</u>	<u>81-125% AMI</u>	<u>126%+ AMI</u>	
Owner	0	8	22	42	66	138
Rental	10	42	28	72	16	168

Source: Hanna:Keelan Associates, P.C., 2018.

Housing Demand By Target Populations/Workforce Sector

Target populations include elderly, family and special needs populations, per **Area Median Income (AMI)**. The housing types in Lexington include both owner and rental units of varied bedroom sizes. This will allow housing developers to pinpoint crucial information in the development of an affordable housing stock for the right population sector. The majority of new housing options in the Community should be directed towards family populations, especially the local workforce.

The **Dawson County Area Housing Study** identified housing target demand **for specific population groups** by 2023, as provided in **Table 10, Page 14**. An estimated 342 units were recommended to be targeted for the workforce population of the County. **In the City of Lexington, an estimated 193 housing units, consisting of 85 owner and 108 rental units should be targeted for the workforce population, by 2023.**



**TABLE 10
HOUSING DEMAND POTENTIAL – TARGET POPULATIONS
DAWSON COUNTY AREA, NEBRASKA COMMUNITIES
2023**

HOUSEHOLD - AREA MEDIAN INCOME (AMI)							
<u>OWNER</u>							Workforce
<u>UNITS</u>	<u>0%-30%</u>	<u>31%-60%</u>	<u>61%-80%</u>	<u>81%-125%</u>	<u>126%+</u>	<u>TOTALS</u>	<u>Sector</u>
Elderly (55+)	0	0	10	28	64	102	24
Family	0	2	30	95	40	167	148
Special							
<u>Populations¹</u>	<u>0</u>	<u>6</u>	<u>4</u>	<u>2</u>	<u>0</u>	<u>12</u>	<u>2</u>
Subtotals	0	8	44	125	104	281	174
RENTAL							
<u>UNITS*</u>	<u>0%-30%</u>	<u>31%-60%</u>	<u>61%-80%</u>	<u>81%-125%</u>	<u>126%+</u>	<u>TOTALS</u>	Workforce
Elderly (55+)	4	20	14	28	10	76	12
Family	8	48	37	70	6	169	154
Special							
<u>Populations¹</u>	<u>6</u>	<u>6</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>16</u>	<u>2</u>
Subtotals	18	74	55	98	16	261	168
Totals	18	82	99	223	120	542	342

* Includes Credit- or Lease-to-Own units.

¹ Any person with a special housing need due to a cognitive and/or mobility disability.

NOTE 1: Housing demand includes both new construction and purchase-rehab-resale or re-rent.

NOTE 2: **Workforce Housing Need:**

Lexington: Owner – 85 Units; Rental – 108 Units.

Source: Hanna:Keelan Associates, P.C., 2018.

Five-Year Housing Action Plan.

A “**Dawson County Area Five-Year Housing Action Plan**” was prepared for the Dawson County Area, including the City of Lexington, to address all aspects of housing, including new construction, housing rehabilitation, the removal of “bad” housing, the reuse of infill residential lots, appropriate housing administration and code and zoning enforcement. The greatest challenge for the City of Lexington will be to develop housing units for low- to moderate-income families, with special attention given to workforce households. In total, Lexington should strive to build up to **306 new units; 138 owner and 168 rental housing units, by 2023.**

The following chart presents the “**general**” housing development programs, with a focus on housing for workforce populations, proposed for the City of Lexington during the next five years, to ensure housing development exists as an ongoing community and economic process. Identified is both rental and owner housing, estimated costs and the percentage and estimated costs of “**gap financing**” that will be needed to produce affordable housing for all age and income sectors. “Gap Financing” will need to be delivered in the form of LB840 dollars, Tax Increment Financing, Low-Income Housing Tax Credits, HOME Funds, Nebraska Affordable Housing Trust Funds, Community Development Block Grants, State and Local Foundations, and other Federal, State and/or Local funding sources available for affordable housing development.



	<u>Activity.</u>	<u>Est. Total Cost.</u>	<u>“Gap Financing”.</u>
1.	<p>Single Family Rental, CROWN Rent-To-Own Program, 24 Housing Units, all Workforce Units:</p> <p>Scattered Site, Mixed Income, 3+bedroom single family homes with standard amenities to meet the affordable housing needs of low- to moderate-income workforce households (51% to 80% AMI).</p>	\$5,700,000.	60% \$3,420,000
2.	<p>General Rental Housing Program, 144 Housing Units (84 Workforce Units):</p> <p>Scattered Site, Mixed Income, duplexes, triplex and multifamily units, consisting of 2 & 3 bedrooms with standard amenities, to meet the affordable rental housing needs of low- to moderate-income households, including workforce families and individuals (51% to 125% AMI).</p>	\$24,100,000.	35% \$8,435,000
3.	<p>Family Homeownership Initiative, 138 Housing Units (85 Workforce Units):</p> <p>Mixed Income, single family units, 3+ bedroom units, attached and/or detached, with standard amenities to meet the affordable housing needs of low- to upper-income households (51%+ AMI), including workforce families and individuals. Units can include both new construction and units for purchase-rehab-resale.</p>	\$39,000,000.	35% \$13,427,000

ASSESSMENT OF CONDITIONS FACED BY BUSINESSES IN RECRUITING NEW EMPLOYEES.

Economic Profile

The Dawson County Area enjoys many economic development benefits. In addition to having the ability to utilize local tax dollars for economic development purposes, via LB840, the City of Lexington is also recognized as an “Economic Development Certified Community” which means, as per the Nebraska Department of Economic Development, have *“demonstrated preparedness for business growth and are ready to meet the needs of companies seeking new business and industrial locations.”*

The City of Lexington also has a designated **“Opportunity Zone”** to allow for modern community and economic development programs. The **Tax Cuts and Jobs Act of 2017** allowed for all State Governors to designate Census Tracts as “Opportunity Zones” to promote investment and economic development activities in areas deemed “low income and/or economically disadvantaged.” Developers choosing to construct facilities and buildings on sites in an opportunity zone can take advantage of various tax incentives and deferrals as a means of creating economic opportunities in these areas.

As per the Nebraska Department of Economic Development website, a Census Tract qualifies as an opportunity zone if it meets the following criteria:

- a) The tract poverty rate was at least 20%, or:
- b) If located in a metropolitan area, the tract’s median family income did not exceed 80% of the greater of (i) the median family income in the metropolitan area or (ii) the statewide median family income, or;
- c) If located in a non-metropolitan area, the median family income for such tract did not exceed 80% of the statewide median family income.

Census Tract #9684, in Lexington, is a designated “Opportunity Zone”.

The following is a review of relevant labor force data, annual employment trends and the identification of major employers for Dawson County, which includes Lexington, Nebraska. This information closely reflects the statistics and economic environment for Lexington.

Employment Trends.

Table 11, Page 20, identifies trends in employment for Dawson County, Nebraska. Between 2005 and 2018, the unemployment rate in Dawson County ranged from a high of 5.2 percent to a low of 2.7 percent. During this period, the total number of employed persons increased by 351. By 2023, an estimated 12,589 employed persons will be employed in Dawson County, with an unemployment rate of 2.6 percent.

Employment By Type.

Table 12, Page 21, highlights employment by workforce sector for Dawson County. Data obtained from the Nebraska Department of Labor highlights Dawson County's largest employers in 2018. An estimated 11,340 persons work in a non-farm place of employment. The largest concentration of workers are employed in the Local Government, Retail Trade, Wholesale Trade, Health Care & Social Services and Accommodation & Food Service sectors.

**TABLE 11
EMPLOYMENT DATA TRENDS AND PROJECTIONS
DAWSON COUNTY, NEBRASKA
2002-2023**

<u>Year</u>	<u>Number of Employed Persons</u>	<u>Change</u>	<u>Percent Unemployment</u>
2002	11,873	--	4.0%
2003	12,093	+220	4.2%
2004	12,073	-20	4.3%
2005	11,752	-321	4.4%
2006	12,037	+285	3.2%
2007	12,011	-26	3.0%
2008	12,110	+99	4.0%
2009	11,881	-229	4.7%
2010	11,825	-56	5.2%
2011	12,026	+201	4.3%
2012	12,031	+5	4.5%
2013	12,129	+98	3.6%
2014	12,243	+114	2.8%
2015	12,440	+197	2.7%
2016	12,628	+188	3.1%
2017*	12,224	-404	2.4%
2023	12,589	+365	2.6%
2002-2023	11,873-12,589	+716	4.0%-2.6%

*Estimate as of October, 2017.

Source: Nebraska Department of Labor, Labor Market Information, 2018.

Hanna:Keelan Associates, P.C., 2018.

TABLE 12	
WORKFORCE EMPLOYMENT BY TYPE	
DAWSON COUNTY, NEBRASKA	
2018	
<u>Workforce</u>	
Non-Farm Employment (Wage and Salary)	11,340
Agriculture Forestry, Fishing & Hunting.	0
Mining, Quarrying and Oil/Gas Extraction.	*
Utilities.	18
Construction.	347
Manufacturing.	*
Wholesale Trade.	531
Retail Trade.	995
Transportation & Warehousing.	405
Information.	85
Finance & Insurance.	365
Real Estate & Rental/Leasing.	17
Professional, Scientific & Technical Services.	179
Management of Companies & Enterprises.	93
Administrative/Support/Waste.	318
Educational Services.	*
Health Care & Social Assistance.	711
Arts, Entertainment & Recreation.	107
Accommodation & Food Service.	678
Other Services (except Public Administration).	399
Federal Government.	106
State Government.	149
Local Government.	2,008
*Data not available because of disclosure suppression.	
Source: Nebraska Department of Labor, Labor Market Information, 2018. Hanna:Keelan Associates, P.C., 2018.	

Major Employers.

In addition to agriculturally-based employment business activity, major employers in the Dawson County Area include, but are not limited to Tyson Fresh Meats, VVS Canteen, Nebraska Plastics and Paulsen Inc. Each of these companies employs over 300 employees, with Tyson, located in Lexington, employing over 2,700. An additional six companies in the Area employ between 250 and 500 people. **A significant boost in employment opportunities is possible with the addition of 700 new jobs in the Dawson County Area, including the City of Lexington. These and other employers could form a partnership to create various owner and rental housing types, including single room occupancy/transitional housing for their employees.**

Several programs and organizations of economic and community development are available to Lexington residents. **Dawson Area Development** provides the technical assistance needed to attract, grow and retain employment and economic opportunities for the Community, by providing grant and resource development and project implementation. **West Central Nebraska Development District, the Lexington Housing Authority** and other local, both public and private/non-profit organizations and Foundations also provide economic, community and housing development support in the Community.

City of Lexington/Major Employer Involvement in Housing Development.

Discussions with City of Lexington leadership highlighted an active, ongoing relationship between City leadership/administration and local major employers. The City's largest employer, Tyson Fresh Meats, has contributed \$500,000 towards land acquisition in the City for the purpose of developing housing for the local workforce. Additionally, other employers including Lexington Public Schools and Lexington Police Department are actively implementing ways to support housing development to help with recruiting new teachers and police officers for employment. These and other creative initiatives should be utilized by all major employers in and around Lexington to ensure good community stewardship and the continuation of advancing affordable housing development in the Community.

ASSESSMENT OF CONDITIONS FACED BY PERSONS SEEKING NEW OR REHABILITATED HOUSING.

Availability of Affordable Housing for Workforce and Others.

The estimated, overall **adjusted housing vacancy rate** for Lexington, Nebraska, is **less than 3 percent**. This percentage represents a housing shortage. Housing shortages exist for affordable starter homes and three-bedroom rental apartments and houses. The lack of affordable homes impacts both businesses and job stability, in Lexington; business expansion and employee securement is difficult without an available supply of affordable workforce housing choices.

Housing Rehabilitation & Demolition

Housing rehabilitation or preservation activities are important for the City of Lexington. The field analysis completed as an activity of the **Dawson County Area Housing Study** included both a field assessment of the condition of the existing housing stock and data available with the Dawson County Assessor's Office. Overall, the housing stock throughout the Area is in "Average" condition, suggesting that a large number of homes are in need of one or more forms of moderate rehabilitation activities including, but not limited to: siding, window and door replacement, paint, plumbing repairs, porch repairs and landscaping.

"Pockets" of areas where houses have deteriorated to the extent of needing substantial rehabilitation, or in some cases, demolition, exist in the Community of Lexington. Generally, these pockets are located near the Downtown "core" and/or the oldest neighborhoods of the Community. Housing that is not cost effective to be rehabilitated should be targeted for demolition and replacement to take advantage of the existing infrastructure for new affordable housing development. **Other community development activities should complement housing redevelopment and rehabilitation activities. This includes street paving, street lighting and sidewalk installation, implementing nuisance abatement and community cleanup activities and other local incentives that enhance vehicular and pedestrian safety.**

Table 13 identifies the **estimated rehabilitation and demolition target demand** for the **City of Lexington**, by **2023**. Up to **169 units** could be targeted for **rehabilitation in the Community** at an estimated cost of **\$5.74 Million**. An additional **61 housing units** are considered **not cost effective for rehabilitation and should be demolished**. The estimated cost of demolition will range, depending on acquisition of the housing unit.

TABLE 13	
ESTIMATED TARGET HOUSING REHABILITATION / DEMOLITION DEMAND* LEXINGTON, NEBRASKA	
2023	
# Rehabilitated / Est. Cost \$ (Million)	Demolition
169 / \$5.74	61
*Based upon County Assessor Records & Field Assessment. Source: Hanna:Keelan Associates, P.C., 2018.	

Land being occupied by “bad and unsafe” housing located in Lexington should be secured in a single, Community-Wide “Land Bank,” reserved for future housing development. Local public, private and non-profit housing groups, in partnership with Dawson Area Development, will need to take a proactive role in housing development and rehabilitation activities in the Community. It is recommended that the City consider tools of redevelopment such as LB840 Community Development Block Grants, Tax Increment Financing, etc. to assist in revitalizing the Community’s housing stock.

The City of Lexington should address and identify vacant land suitable for new housing development. These areas should generally be free of natural and man-made constraints to growth, such as floodplains and steep topography, but located in close proximity to current developments and Community amenities. Additionally, the Community should continue the designation of **“Redevelopment Areas”** where Tax Increment Financing (TIF) could be used as a tool of **“Community Enhancement”** for blighted and substandard properties. TIF can be used for public infrastructure and utility improvements associated with both new residential development and housing preservation/rehabilitation activities. .

In 2018, the Nebraska State Legislature passed “Legislative Bill 496,” which allows for the use of TIF to assist in financing the development of workforce housing.

Recent Housing Development/Rehabilitation Activities

The City of Lexington has taken an aggressive role in developing housing for local and prospective populations in an effort to expand housing availability and choice in the Community. The following highlights current and recent efforts in creating housing opportunities in Lexington:

- Lexington has invested heavily in utilizing Tax Increment Financing (TIF) for development projects involving housing. The **Illustration** below highlights the location of five designated “**Redevelopment Areas**” in the City where TIF is frequently used. They include large portions of central and southern Lexington, as well as in the northwest portion of the Community along Nebraska State Highway 21.
- The City has invested in the installation of public infrastructure to spur new and supplement existing development. The City of Lexington invests in a 15-year payback program, via property and sales tax, to make development projects become a reality in the City.
- An average of two “spec” housing units per year are constructed and funded by the Lexington Community Development Agency.
- The “Southwest Workforce Housing Project” has been a major undertaking for Lexington, but has been providing new housing and land development opportunities for the Community. The Project proposes the development of 320 housing units, including 116 single family, 30 duplex and 144 multifamily housing units. To date, 73 units have been completed with an additional four units under construction. The City projects a total of 44 housing units to be developed as part of the Project in 2019.
- A total of 85 single family lots are available in northwest Lexington with a goal of attracting medium density residential development. City infrastructure is in place with this development project.
- In addition to workforce housing development, the City is also supporting the development of a 12 unit condominium project for the local senior/retiree population. This is important to the effort of providing housing choice for seniors, as well as opening up single family homes for new and prospective workforce families for Lexington.

