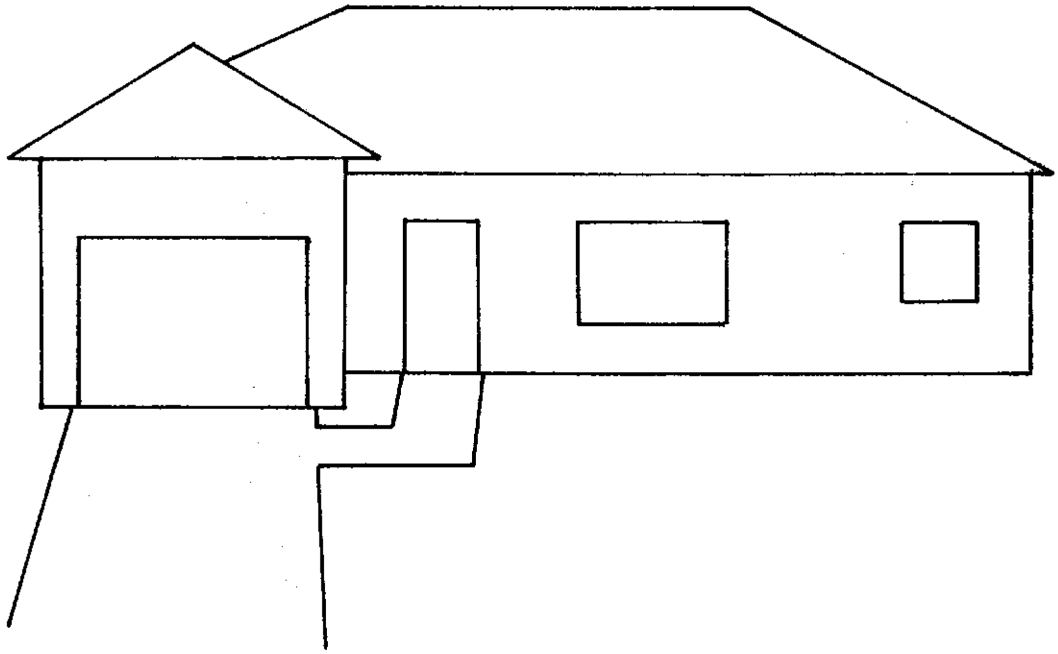
A Guide Toward Residential Land Development in the City of Norfolk

Center for Public Affairs Research (CPAR)
University of Nebraska at Omaha



A Guide Toward Residential Land Development in the City of Norfolk

City of Norfolk
Community Development Program

A GUIDE TOWARD RESIDENTIAL LAND DEVELOPMENT IN THE CITY OF NORFOLK

This report was a cooperative undertaking between the City of Norfolk, Community Development Program and the Housing Division, Center for Applied Urban Research, the University of Nebraska at Omaha, and was partially funded by the Old West Regional Commission and administered by the Nebraska Department of Economic Development.

Center for Applied Urban Research
University of Nebraska at Omaha

June, 1978

ACKNOWLEDGMENTS

This report is the result of a cooperative effort between the City of Norfolk and the Housing Division, Center for Applied Urban Research, University of Nebraska at Omaha. Mr. Richard Janulewicz, Director of Norfolk's Health Department and Community Development Program and Ms. Kay Agnew from Norfolk's Community Development Program contributed much time and effort to local data gathering. Garneth Peterson and Gene Hanlon from the Center for Applied Urban Research conducted the surveys of builders, lenders and realtors. In addition, Ms. Peterson assisted in drafting the report. Scott Samson from the Center for Applied Urban Research provided excellent service in map preparation. All their efforts made possible the development of the report in a timely manner. The project was directed by Jack Ruff, Housing Coordinator for the Center for Applied Urban Research.

This page intentionally left blank.

FOREWORD

This report is designed to introduce the reader to the City of Norfolk and provide understanding of the opportunities for housing investors and developers within the City.

It is our intention that this report will highlight some of the facts about Norfolk's housing situation and that the information provided in this report will assist both private and public investors in making any decisions which will affect the supply of housing in our city.

This report consists of both field work and secondary research. The investigators were particularly interested in obtaining perceptions of the various elements of the building industry in Norfolk. Builders, lenders, realtors and private owners of vacant lots were interviewed. The findings of those interviews are presented in this report. The first 4 sections of the report discuss the dynamics of the Norfolk housing market and the opportunities which that market presents. To deal with constraints in meeting particular housing needs, we believe the programs discussed in Section 5 and the recommendations made in Sections 6 and 7 offer guidance for achieving some of the housing goals Norfolk has established.

TABLE OF CONTENTS

Page

ACKNOWLEDGMENTS i

FOREWORD iii

LIST OF TABLES AND FIGURES vi

SECTION

1. INTRODUCTION 1

2. THE NORFOLK HOUSING SITUATION 5

   Age of Existing Units 5
   Scarcity and Cost of Vacant Lots 6
   Family Income and Housing Cost 7

3. SURVEY OF NORFOLK BUILDERS 9

4. SURVEY OF NORFOLK LENDERS 13

5. FEDERAL PROGRAMS FOR AID IN SECURING HOUSING 17

   Introduction 17
   Veteran's Administration Programs 17
   Farmer's Home Administration Programs 18
   HUD/FHA Financing for Single Family Housing 20
   HUD/FHA Financing for Multi Family Housing 26

6. NEEDS AND POTENTIALS 29

7. CONCLUSIONS AND RECOMMENDATIONS 41

APPENDIXES 43

A. HOME BUILDERS' SURVEY 45

B. HOME LENDERS' SURVEY 47

C. SURVEY OF NORFOLK VACANT LOT OWNERS 49

LIST OF TABLES AND FIGURES

Page

TABLE

1. PERCENT OF EXISTING HOUSING UNITS CONSTRUCTED BEFORE 1939 IN NEBRASKA CITIES OF 10,000-50,000 6
2. STATUS OF NORFOLK HOUSEHOLDS REQUIRING ASSISTANCE 7
3. REPORTED NORFOLK DWELLINGS CONSTRUCTED IN 1977, BY SALE PRICE 9
4. REPORTED 1977 NORFOLK RESIDENTIAL MORTGAGE LOANS, BY SALE PRICE OF DWELLING 14
5. COMPARISON OF PAYMENT SCHEDULES OF LEVEL PAYMENT MORTGAGE AND GRADUATED PAYMENT MORTGAGE 24
6. NORFOLK INCOME THRESHOLDS, BY HOUSEHOLD SIZE 29

FIGURE

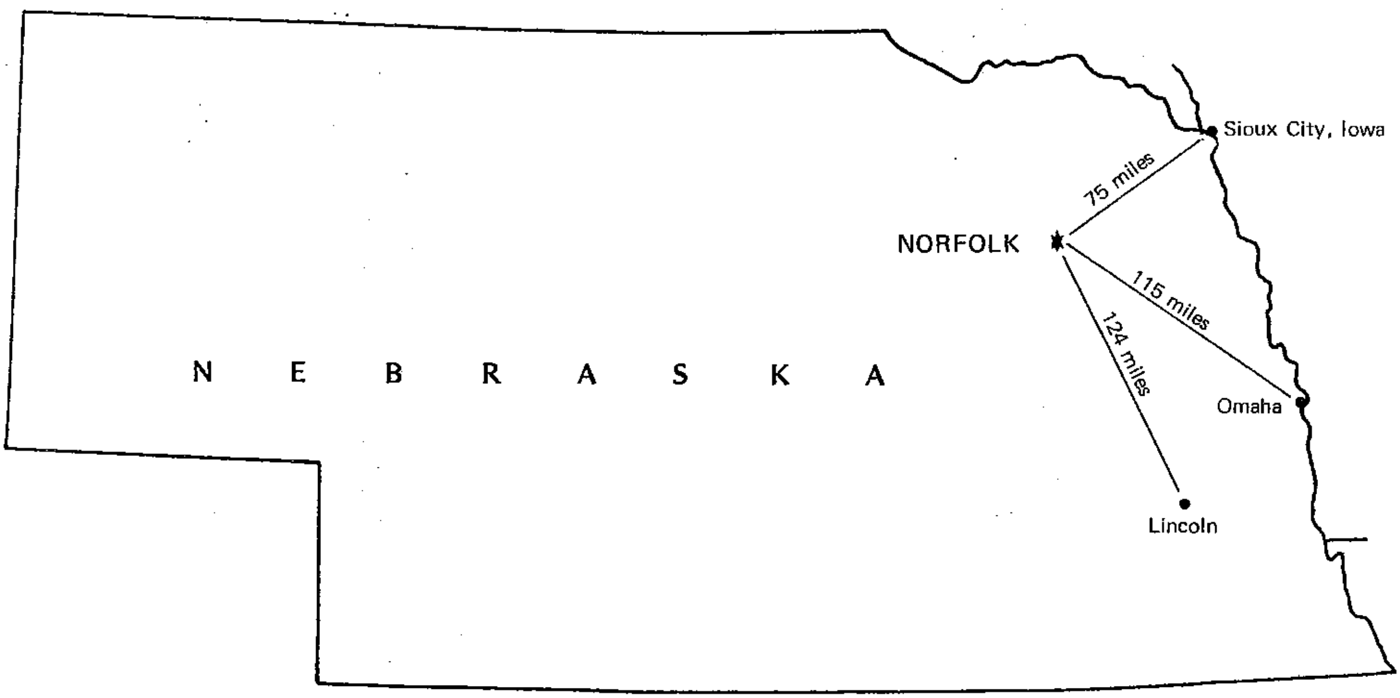
1. NORFOLK AND SURROUNDING METROPOLITAN AREAS 1
2. NEBRASKA HUD/FHA SECTION 235 MORTGAGE LIMITS 23
3. SOILS AND FLOODPLAINS IN THE NORFOLK VICINITY 32
4. EXISTING VACANT RESIDENTIAL LOTS IN NORFOLK, 1978 33
5. CURRENT ZONING AS OF APRIL, 1978 38
6. PROPOSED ZONING AS OF APRIL, 1978 39
7. PROPOSED LOCATIONS FOR NEW MODERATE COST HOUSING UNITS IN NORFOLK 39

SECTION 1

INTRODUCTION

Norfolk is Northeast Nebraska's regional trade, education and health services center. At the junction of 2 U.S. and 2 Nebraska highways, the City has a prime location for marketing, manufacturing, and wholesale activities. Norfolk lies between farm land to the east and the sand hills cattle country to the west. Metropolitan areas nearby include Sioux City, Iowa, 75 miles to the northeast; Omaha, 115 miles southeast; and Lincoln, 124 miles south (Figure 1). Transportation facilities include 6 truck lines, 3 bus lines, and 4 flights daily from the local airport. A main line of the Chicago and North Western and a branch line of the Union Pacific provide railroad transportation.

FIGURE 1
NORFOLK AND SURROUNDING METROPOLITAN AREAS



The estimated 1976 Norfolk population was 18,925, a 39% increase over the 1960 population of 13,640. Since 1960, manufacturing employment in Norfolk grew 408 percent, which may help explain the population expansion. The Greater Norfolk Corporation and the Industrial Action Committee work to attract new industries and develop land for them. Currently, about 2,575 acres of land are zoned for industry in and around Norfolk and sell for $2,000 to $10,000 per acre. An industrial park owned by the Greater Norfolk Corporation is located southeast of the City near U.S. 275 and the Chicage and North Western railroad line. Platted lots range from 1.2 to 6.7 acres.

A variety of manufacturers operate in Norfolk. Many of the products relate to agriculture, the major livelihood of the surrounding area. Manufacturers market farm scales and automatic livestock waterers, livestock and poultry feeds, and food products such as milk, cottage cheese, ice cream, eggs, butter, dressed beef and pork sausage. Other industries make electronic products, medical supplies, concrete, and steel products.

Norfolk is also a center for services. Education and health care employ a number of Norfolk residents and provide northeast Nebraska with needed services. Both public and parochial schools serve Norfolk children. Northeast Nebraska Technical Community College, located in Norfolk, serves twenty counties in that section of the state. Approximately 1,500 students attend the school, which offers Associate of Arts and Associate of Applied Science degrees. The College also maintains an adult and continuing education division which conducts classes in more than 40 outlying communities for a total of 8,000 students. Nebraska Christian College offers students a curriculum in Christian education and theology, serving about two hundred students.

As a center for health care, Norfolk's two hospitals provide 180 beds for a variety of services. In addition, the Norfolk Regional Hospital, a State psychiatric facility established in 1888, has 226 beds. This hospital serves 24 northeast Nebraska counties. Also located in the City is the Northern Nebraska Comprehensive Mental Health Center, which maintains outpatient clinics in each of the 22 counties it serves. This group's services include counseling, psychological testing and consultation for community groups and organizations.

Norfolk's recreation facilities offer a variety of activities for its residents. Eight parks offer space for picnics, camping, fishing and playing fields for various sports. Two private golf courses, several swimming pools, tennis courts, skating areas and a bowling alley are also available. In addition, the City recreation department sponsors year-round activities including soccer, softball, flag football, volleyball and creative arts activities for adults and children.

The 1977 comprehensive plan update examined other facets of life in Norfolk and made a number of suggestions for changes. One area of concentration in the update was a more efficient major thoroughfare plan. The plan recommended conversion of Norfolk Avenue for four blocks to a pedestrian mall and widening the streets north and south of it to four lanes for east-west traffic. Another alternative for handling central business district traffic was to extend Braasch Avenue west to 7th Street, which would connect the downtown with the northwest section of the City. The intersection widening and turning lanes, or rerouting of traffic to streets north and south of Norfolk Avenue, according to the plan. Several other recommendations dealt with improving streets in growing areas of the City. to handle increased traffic. (The existing and proposed zoning maps are discussed further in Section 6.)

The comprehensive plan examined growth and future educational needs as well. Planners predicted that an increase of 1,370 students in elementary school enrollment would require replacement or additions to some schools. The planners anticipated a number of students in the northwest suburban Bel Air area and the Westside area northwest of Sunset Plaza shopping center. Predictions showed the public high school and the junior high would probably serve the community without expansion until the late 1980's.

The comprehensive plan also suggested consolidation of City offices, development of a City museum, rehabilitation of the old library and possible changes for the City fire department.

The housing element of the comprehensive plan update indicated a need for construction of 1,680 additional single family units and for rehabilitation of 2,250 units between 1978 and 1988. The remainder of this report describes the Norfolk housing situation. Section 2 briefly examines the characteristics of Norfolk households, existing housing and current construction. Sections 3 and 4 present results from surveys of Norfolk builders and lenders regarding their 1977 activity and their perceptions of Norfolk's housing needs.

Section 5 summarizes Federal housing assistance programs available to Norfolk residents. Section 6 maps Norfolk soil and floodplain conditions, existing vacant residential lots, current and proposed zoning, and proposed sites for moderate cost housing to be constructed. The concluding section recommends specific housing projects and sources of Federal assistance with the greatest potential for meeting Norfolk's housing needs.

SECTION 2

THE NORFOLK HOUSING SITUATION

As in other areas of the nation, Norfolk's housing problems stem from the increased cost of construction in relation to the growth of income. The Housing Assistance Plan indicates that as many as 2,500 households require some sort of housing assistance. Approximately 50 percent of those requiring assistance are elderly households. Although the City is utilizing Community Development Block Grant Funds to establish a rehabilitation program, there is a growing concern that rehabilitation is not sufficient to provide adequate housing for all those who need and desire better shelter accommodations.

The Norfolk housing need which has received the least amount of activity is moderate cost single family housing. New families find it difficult to afford home ownership. Three conditions indicate this problem: the age of existing Norfolk houses, the scarcity and cost of vacant lots, and the income of Norfolk residents in relation to housing costs.

Age of Existing Units

One measure of the potential need for lower cost units is to examine the age of existing units. According to the 1970 census, 60% of Norfolk's housing stock had been constructed before 1939. Of all Nebraska municipalities with populations between 10,000 and 50,000, Norfolk had the second highest percentage of older units. Although many older houses are in good repair and quite livable, age of housing stock is generally associated with removal and replacement needs (Table 1).

There has been considerable growth in housing stock since 1970. That expansion has contributed to the availability of rental units. From 1970-1975, 912 units were authorized for construction in the City. Of that total 418 were apartment or duplex units (412 apartment and 6 duplex units).

TABLE 1

PERCENT OF EXISTING HOUSING UNITS CONSTRUCTED BEFORE 1939
IN NEBRASKA CITIES OF 10,000-50,000

City	%	City	%
Beatrice	63	Scottsbluff	50
Norfolk	60	Grand Island	49
Hastings	54	Fremont	46
Kearney	52	Columbus	41
North Platte	51	Bellevue	10

Scarcity and Cost of Vacant Lots

The number of available vacant lots suitable for new housing in Norfolk is inadequate. This shortage has resulted in lot prices which inhibit the ability of a builder to finance moderate cost housing.

In our survey of builders, the 13 who provided information related to the lowest and highest prices paid for single family lots (utilities included), indicated that the mean low price was $5,500 and the mean high price was $7,750. Not surprisingly, the builders who acquired lower cost lots tended to pass the savings on to the buyers through lower sales prices. Those who reported lower cost lots also reported some lower cost houses. The 13 builders reported building 91 of the 199 single family units which were built in Norfolk in 1977. None built a house which sold for under $30,000. The median price for a new house was reported in the $45,000-$60,000 price range.

The builders indicated two other concerns. First, the supply of houses in the $60,000 range seemed adequate for the time being. Second, the cost of lots was so high that they did not believe that the moderate cost housing needs could be met through new construction.

When asked about the use of vacant lots in older areas as a possible method of meeting the low cost housing needs, builders indicated that many of the lots were not adequately platted for building, and furthermore, too few lots were available to meet the need for moderate cost housing. Finally, the costs of building on existing lots in older neighborhoods are often increased by problems encountered during excavation. Some additional lots will be available as the City acquires and demolishes dilapidated structures in the Community Development Block Grant target area. It is estimated that 10 lots will be cleared during 1978 which could be made available for lower cost housing.

Some concern has been expressed among planners and builders that the production of modest cost housing should be scattered throughout the community. It is our estimate that perhaps 20-30 existing vacant lots might be available for this purpose in older portions of the community. Nevertheless, the use of those lots will be insufficient to meet the housing needs. (Existing vacant lots are discussed further in Section 6.)

Family Income and Housing Cost

Converting 1970 Census data income into 1977 consumer price dollars, the 1977 median family income for Norfolk may be estimated at $12,935 and the 1977 mean income at $14,382.

This essentially means that more than 1/2 (probably closer to 2/3) of Norfolk households could not afford the average single family newly constructed unit in the City without some assets to off-set the difference between housing cost and family income. The Housing Assistance Plan presents the following information.

TABLE 2

STATUS OF NORFOLK HOUSEHOLDS REQUIRING ASSISTANCE[a/]

Households Requiring Assistance	Total	Elderly or Handicapped	Family (4 or less)	Large Family (5 or more)
Owner Households	1,656	815	806	35
Renter Households	823	405	400	18
Additional Families Expected to Reside in Community	65	25	33	7
Total Housing Assistance Need	2,544	1,245	1,239	60

[a/] Households are defined as requiring assistance if they a) occupy a substandard structure, b) are overcrowded, or 3) have low incomes.

The lack of modest cost, newly constructed single family units in Norfolk is further substantiated by the activities of the Farmers Home Administration in Norfolk in 1977. They made 19 loans, but only one was for a new home and that was an interest credit loan.

Moderate cost single family housing has been a neglected portion of the construction market in Norfolk. That shortage must be made up through the actions of builders and developers ready to provide moderate cost homes for young families and elderly households who often find it difficult to afford home ownership. Because 60% of homes in Norfolk were built before 1939, they may be too large for today's smaller families, and too expensive to maintain in an energy-conscious age. Although land costs are high, some lots in established areas of the City will be available and more will be opened up as dilapidated structures are removed. In addition, new subdivisions may be organized for moderate cost housing. Rehabilitation of older homes will continue to meet a portion of the housing market needs. The Norfolk median family income of $12,935 in 1977 indicates that a strong market potential for moderate cost homes exists for builders and developers who want to fill the void.

SECTION 3

SURVEY OF NORFOLK BUILDERS

Home builders certainly play a major role in producing low cost housing. In March, 1978, 37 builders in the Norfolk area were surveyed by mail about the type and price range of dwellings built, lot costs, types of financing they used, characteristics of home-buyers, and opinions on housing needs and costs in Norfolk. The builders surveyed were all those listed on building permits issued by the City of Norfolk in 1977. (See Appendix A for the questionnaire.) Eighteen (48.7%) of the builders responded to the survey. Almost all the respondents indicated they had built single family homes, and 7 had built multi family dwellings. Surprisingly, 14 builders responded that they would consider building multi family housing in the future. If there is a need for multi family housing in Norfolk, there should be no problem finding builders to construct these units.

During 1977, the majority of homes these builders constructed were speculative. Of the 117 homes they listed, only 40 were custom built and 77 were speculative.[1] The builders were also asked to classify the single family homes they built in 1977 into price ranges. These totals are as follows:

TABLE 3

REPORTED NORFOLK DWELLINGS
CONSTRUCTED IN 1977, BY SALE PRICE

Price of Dwellings	Number of Homes[a/]	%[b/]
Less than $30,000	0	0
$30,000-$45,000	41	39
$45,000-$60,000	48	46
$60,000 and above	15	14
	104	99

[a/] Totals are not the same on each question because some builders failed to record their construction in all categories.

[b/] Percentages do not total 100 because of rounding.

[1] Although respondents represent less than half of the identified Norfolk builders, they built almost 60% of the homes in Norfolk according to the City office of permits and inspections, which recorded 199 single family homes and duplexes constructed in 1977.

As Table 3 shows, no homes listed by these builders sold for less than $30,000. More than 85% of the homes sold for a price between $30,000 to $60,000, and only 15 sold for $60,000 or above. These figures represent only the 104 homes listed by the builders, but they provide a good idea of the types of homes being built in Norfolk. The figures also show that low cost housing is not being built, perhaps because the new housing is being constructed in suburban areas which tend to allow only single family moderate to high cost homes. These figures indicate that if a market exists for low cost housing, its needs are not being met at the present time.

Lot costs, including pavement and utilities, were another indication of home building costs and the current state of the business. Builders were asked to record the lowest and highest prices paid for lots used for new homes in 1977. The least paid for single family home lots ranged from $1,900 to $8,200, while the highest costs ranged from $3,000 to $15,000. Although only a few builders could supply lot costs for multi family housing, the lows ranged from $8,000 to $10,000 and highs from $10,000 to $24,000. Clearly the high cost of vacant land in and around Norfolk helps to drive up the price of housing; the lack of available low-cost land may be one of the reasons no homes selling for under $30,000 were constructed by these builders in 1977.

Of the 72 single family homes for which types of financing were identified, 61 were financed by conventional loans and only 5 under FHA (Federal Housing Administration) loans. Evidently the variety of loans offered by FHA and FmHA (Farmer's Home Administration), the main governmental agencies for assisting home building, are not being utilized in Norfolk. Only 3 builders sought financing for multi family homes, all seeking conventional loans as their source.

In an effort to discover who bought the new homes, the builders were asked to identify whether buyers were long-time residents moving from older homes in Norfolk, rural residents moving into Norfolk, or new community residents. Of the 102 home buyers, 52 were long-time residents moving from older homes in Norfolk, another 30 were new community residents, 14 were rural residents moving into Norfolk and 6 were in none of these categories. This breakdown may help explain why most homes built sold for over $45,000.

Since half of the new buyers were long-time Norfolk residents moving from older homes, the possibility exists that they were moving voluntarily to a new home and thus could specify the type of home and price range they desired. The same possibility exists for rural residents moving into town, which could conceivably be farmers retiring to a new home in town, in which case they could specify the type of home and cost. Certainly the wants and desires of custom home buyers must be taken into account, but the figures still show that a family of low to moderate income seeking a new home in Norfolk would have difficulty finding one. The question then becomes whether existing housing can accommodate the needs of these people.

Norfolk builders were asked their opinions in several questions regarding need, location, and problems with moderate cost housing. Of 13 responses, 12 builders supported the need for additional low and moderate income housing in the City, especially single family dwellings. Several builders felt these homes would meet the needs of young families and older people who might not have the assets to put into a more expensive house.

However, builders cited several barriers to construction of moderate income housing. Some pointed out that with lot and construction costs so high, builders could not afford to sell a home for less than $45,000. One builder stated that he believed Norfolk developers and realtors did not want moderate cost housing and they prevented it from being constructed. For example, covenants in some new subdivisions prohibit low cost housing. The need for moderate cost housing is supported by the builders, but the economics of the situation tends to prevent the carrying out of plans for such construction.

In regard to location of moderate cost housing, several builders suggested a new development made up entirely of this type of housing. One builder cautioned that such a development should maintain high standards so it would not deteriorate in ten or fifteen years. Other suggestions included utilization of vacant lots in older portions of the City in areas where lower land costs could keep the price lower. In terms of specific locations for new developments, the eastern section of Norfolk was favored. Areas near the Northeast Nebraska Technical Community College and the Norfolk Regional Center were mentioned, as well as the southeast portion of the City. These areas were formerly in the floodplain of the North Fork of the Elkhorn River. Since a new diversion channel and levee have been developed, this area is safe for housing and provides a chance for Norfolk to grow in a new direction. (These considerations are discussed further in Section 6.)

A number of problems recur among builders who want to utilize vacant lots in older areas of the City. Most often, builders stated the lots were too small to erect dwellings on. Next most frequently mentioned were problems of high lot costs and the high costs of materials and labor. As mentioned above, the combination of high lot costs and cost of constructing a quality building on a small size lot serve to prohibit builders from attempting to erect dwellings in these areas. Code restrictions and the lack of enough R-3 (zoned multi family) land were also cited as problems in building on vacant lots. Several builders complained that few vacant lots were available within the City, even for single family homes. Other builders stated it was too hard to sell new homes in older areas surrounded by older dwellings.

Although the size of existing vacant lots was the most frequently cited problem, two builders pointed out that most older lots can be adapted to some style of home. For them the problem becomes how to build a quality home in a moderate price range.

The factors discussed above point out some of the reasons that moderate cost housing has not been built in Norfolk recently. Because there is a shortage of such housing, a market exists for builders and developers who seek to utilize it. Builders indicated a willingness to cooperate if they could find available land on which they could afford to place moderate cost housing. As mentioned above, the eastern section of the City includes land formerly in the floodplain of the North Fork of the Elkhorn River. Since the area is now safe for housing, it seems a natural spot to develop new subdivisions, some of which could contain moderate cost housing. Both Northeast Nebraska Technical Community College and the Norfolk Regional Center are on the northeast edge of Norfolk, providing potential markets for new homes.

SECTION 4

SURVEY OF NORFOLK LENDERS

Financial institutions in Norfolk were consulted to determine the amount and character of lending throughout 1977. Opinions of 6 Norfolk lenders were solicited in telephone interviews in February, 1978. (See Appendix B for the interview form.) Of these 6, 2 reported they did not make any home loans, leaving 3 savings and loans and the Norfolk Farmer's Home Administration office to supply data.

Approximately 1,000 home loans were made by the 3 Norfolk savings and loans and the FmHA in 1977 for new or existing homes. The percentage of all loans financing new homes ranged from 5% by one institution to 20-33% by the other 3, with the remainder of the financing going toward existing dwellings. New homes were most often located in new subdivisions. One institution estimated only 50% of new homes they financed were in new subdivisions, but estimates for the other lenders were 75-80%, 95%, and 100%.

All 3 of the savings and loans offer a variety of loans: conventional, FHA, VA, construction and insured conventional. When asked about the number of each of these loans made, however, the 2 institutions which supplied information estimated that at least 80% of their loans were conventional, with a few FHA and some VA loans.

The Farmer's Home Administration (FmHA) offers an additional form of loan support. This agency utilizes an interest credit program which reduces interest payments for families with adjusted incomes of $11,200 or less. Income and family size determine the amount of interest credit. Families can qualify for interest rates as low as 1%. Homes built under this system must be modest in design and cost. The interest credit arrangement is reviewed every two years and interest increased or reduced to match changes in family size and income. The Norfolk FmHA office used the interest credit system in financing 12 of 19 home loans in 1977.

The lenders were asked to identify what percentage of their total home loans fell in each of 5 price categories. One savings and loan with a significant portion of the market could not supply this information.

TABLE 4

REPORTED 1977 NORFOLK RESIDENTIAL MORTGAGE LOANS, BY SALE PRICE OF DWELLING

Home Price	Total Number of Loans-3 Lending Agencies[a/]	%[b/]
Less than $20,000	46	9
$20,000-$30,000	94	19
$30,000-$40,000	194	39
$40,000-$50,000	130	26
$50,000-above	30	6
	494	99

a/ The number of loans was calculated by the Center for Applied Urban Research from lender estimates of the percentages of their total loans in each category.

b/ Percentages do not total 100 because of rounding.

Table 4 reveals that the number of loans for these three agencies peaks between $30,000 and $40,000, the value of 194 of the 494 loans reported. On either side of the peak, 94 loans were made for houses valued between $20,000 and $30,000, and 130 for houses valued at $40,000 to $50,000. The lowest numbers of loans are in the highest and lowest categories, 30 and 46 respectively.

The savings and loans were asked what guidelines they use in determining whether they will lend funds for a home mortgage. Beside examining the credit worthiness of the loan applicant, all agencies mentioned reliance on an appraisal of the home for its market value. Market value was defined as the value of a comparable home in a comparable area. Lenders also examine the cost to replace the home, and depreciation to determine if the price is commensurate with value of the home. One lender mentioned the relation of the neighborhood to both services and schools as being an important factor which may push prices up. All lenders stressed that location makes no difference in approval of loans in Norfolk. A buyer with good credit who wants to purchase a home in good repair in Norfolk should have no trouble acquiring a loan, no matter where the home is located.

By examining these data, we can see that lending for the home building industry and financing of homes maintained a rapid pace, with approximately 1,000 home loans made during 1977. Less than 1/3 of these loans were for new houses. Less than 20% of the homes purchased in Norfolk during the year used Federally insured loans.

Approximately 40% of the reported loans were for houses in the moderate price range of $30,000 to $40,000. However, as was seen in Section 3, builders reported that the high cost of labor, materials and land limit construction to homes costing buyers more than $45,000. Builders and buyers generally seek conventional loans for homes in these price ranges. The loans in price ranges below $40,000, specifically those in the $30,000 to $40,000 range which commanded the most loans, may largely represent purchases of previously owned houses rather than moderately priced new houses. Norfolk lenders stated that their loans were based on appraisal of the value of the house, and were not affected by its location.

Most loans made by 3 lending agencies were in the price range of $30,000 to $40,000, well within the mortgage limits of both HUD/FHA and FmHA loans (see section 5). Thus, the funding is available for families and builders who seek to utilize it, either through Federally insured loan programs or through conventional loans. The number of loans made for homes selling at $40,000 and below demonstrates a demand for moderate cost housing that needs to be met in Norfolk.

SECTION 5

FEDERAL PROGRAMS FOR AID IN SECURING HOUSING

Introduction

Three Federal programs have potential for assisting Norfolk residents and businessmen to meet their housing needs. The Veterans Administration (VA) guarantees mortgage loans made by conventional lenders to military veterans. The Farmer's Home Administration (FmHA) offers 6 types of low interest loans and loan insurance for purchase, rehabilitation or rental of housing in nonmetropolitan areas. The Federal Housing Administration (FHA) offers 3 loan insurance programs and 2 loan programs for purchasing or refinancing houses, especially for families with low incomes or other hardships. The FHA also offers 6 programs designed specifically for construction, rehabilitation or rent of multi family dwellings.

Veteran's Administration Programs

The Veteran's Administration provides loan guarantees to aid veterans in purchasing homes at a reasonable interest rate. After the veteran applies for a loan from a commercial lender, either he or the lender will apply for a VA Certificate of Eligibility prior to closing the loan. The Certificate guarantees the lender against loss up to $17,500 for home loans, and thus enables the lenders to make larger loans than they otherwise would. No down payment is required in most cases, but there are closing costs for which the loan applicant is responsible. The repayment period is 30 years or the remaining economic life of the structure, whichever is greater. Should the veteran default on his payment, the VA will reimburse the lender up to $17,500. The veteran must then repay the VA for their funding.

Farmer's Home Administration Programs

The Farmer's Home Administration (FmHA), a division of the United States Department of Agriculture, provides loans in rural areas for housing and improvement of facilities. Rural areas are defined as open country and places with population of 10,000 or less that are not associated with urban areas. These loans are made in areas with 10,000 to 20,000 population if the locale is outside of a standard metropolitan statistical area, and the vicinity has been determined to lack a sufficient amount of mortgage credit. Besides making insured loans, FmHA guarantees loans made and serviced by private lenders, thus limiting any loss to the lender. FmHA loans may be used to buy land for housing or to buy new or existing dwellings, and to repair or modernize a home. In addition, funds can be used to provide adequate water and waste disposal systems.

FmHA loans were conceived to aid moderate and low income families in finding decent homes. Families earning less than $3,000 adjusted income annually are not eligible for FmHA assistance. Loans may provide up to 100% of the appraised value of a building site, new home or financing or repair of a new home.

Section 502 - Basic Homeownership Program

Section 502 of the FmHA is the largest housing program administered by the organization. Named after the section of the 1949 Housing Act which created it, Section 502 provides loans to purchase existing or newly built structures, or to build, repair, or relocate single family dwellings. Applicants for this loan must not exceed a maximum adjusted income of $15,600. Up to 30 years may be taken for repayment, with interest rates ranging from 1% up to the current market rate. FmHA uses an interest credit system which reduces interest payments for individuals with adjusted incomes of $11,200 or less. Income and family size determine the amount of interest credit. Houses built under the plan must be modest in size and design. FmHA representatives review interest credit arrangements every two years and may reduce or increase the credit with changes in family size and income.

Section 502 has another Special Rehabilitation and Repair Program concerned exclusively with home improvement and enlargement for low income families. These loans cannot exceed $7,500 and are eligible for interest credit. Families qualifying for these loans must not exceed $7,000 in adjusted income. Rehabilitation includes improving property to "decent, safe and sanitary conditions. . .from a condition requiring more than routine or minor repairs." Substantial rehabilitation may involve renovation or remodeling to adapt or convert a structure for new uses.

Section 504 - Home Repair Loans and Grants

Section 504 home repair loans and grants seek to reach senior citizens and others who cannot qualify for Section 502. These loans cannot exceed $5,000 and must be repaid after 20 years. Interest rates do not exceed 1%. Section 504 loans may be used to pay for minor improvements such as repairing roofs or structural supports, supplying screens, providing a sanitary water and waste disposal system or indoor bathroom facilities, or adding a room when necessary to remove hazards to the health of the family.

Rural Rental Assistance Program

This program aids low income rural families by paying the portion of their rent that exceeds 25% of their adjusted annual income. The maximum income limit for eligible families is $10,000 adjusted income. Adjusted income represents the total income of all adult family members living at home, with a standard deduction of 5% plus $300 for each minor child. Families must live in FmHA-financed rental housing to be eligible for funding. These funds may be utilized for new or existing projects. For new projects, the rental assistance agreement lasts for 20 years; for existing projects, 5 years. An additional 5 years is allowed for renewed agreements. Nonprofit and limited profit organizations are eligible to participate in the program.

Section 515 - Rural Rental Program

Section 515 provides rental housing loans for construction of homes for middle and low income families and persons age 62 and older. These loans must be made in rural areas--open country and communities up to 20,000 people. Both rehabilitation and purchase of existing buildings and new construction of apartment-style housing, such as duplexes or other multi-unit dwellings, are eligible for loan assistance. Applicants for Section 515 can be individuals, associations, partnerships, state or local public agencies, and profit or nonprofit corporations. Fifty years is allowed for repayment of loans for senior citizen projects, while 40 years is the term for other dwellings. Nonprofit organizations and state or local public agencies can receive loans for up to 100% of the appraised value or development cost, whichever is less, while loans for other applicants are limited to 95% of the lesser of appraisal or development cost. Loans for purchase of buildings less than one year old are limited to 80% of the appraised value.

Section 523 - Self-Help Technological Assistance Grant

This program grants loans to family groups who provide a major portion of labor required in construction of their home. Particular expenses may include payment of workmen's compensation, liability insurance, social security, purchase and rent of tools, office supplies, and payment for training or technical and consultant services. Loans can also be made to qualified public bodies and private nonprofit groups for development, administration and coordination of efforts in assisting families in the self-help process. Private, nonprofit corporations applying for these funds must be organized for the purpose of assisting low and moderate income families attain safe and adequate housing. The organization must have local representation among its membership and be able to prove its ability by other business management or administrative projects.

Section 524 - Rural Housing Site Loans

Section 524 rural housing site loans are available to public bodies and private nonprofit organizations to finance purchase and development of adequate housing sites. The funds may be utilized for construction of streets, installation of water, sewer and utility lines, and provide landscaping, seeding, sod, walks and driveways. The loan must be paid off in 2 years, with an interest rate of market rate, except in the case of self-help housing sites, for which it is 3%. Private, nonprofit organizations applying for the funds must have a membership of at least 10 community individuals. The building sites acquired may be sold only to low or moderate income families who qualify for a Section 502 loan.

HUD/FHA Financing for Single Family Housing

The U.S. Department of Housing and Urban Development (HUD) was created in 1965 to administer and coordinate the principal programs which provide Federal assistance for housing and other development in local communities. The activities of the Federal Housing Administration (FHA) were then transferred to HUD, although many of the widely used programs continue to use the FHA designation. HUD/FHA programs include mortgage insurance, rehabilitation, rental assistance, elderly assistance and other financial and related assistance. Most of the HUD programs related to local communities such as Norfolk are authorized by the comprehensive National Housing Act, which is amended constantly by new legislation.

Section 203(b) - Home Mortgage Insurance

Section 203(b) from Title II of the National Housing Act is the original FHA home mortgage insurance plan. This plan aids families in financing acquisition of new or existing homes or refinancing existing mortgage debts with a 30 year repayment period. Borrowers do not need to meet any special income qualifications to apply for an insured mortgage. Section 203(b) may also include smaller multi family dwellings, up to four families. The total amount insurable for a single family home is $60,000; for a 4 family residence, $75,000. Special terms are available for veterans under this program.

Section 221(d) (2) - Home Mortgage Insurance for Low and Moderate Income Families

This program is much like Section 203(b) but serves low and moderate income families because of its mortgage limit of $36,000 for single family homes and $42,000 for larger families in high cost areas. Limits for 2 family units are $45,000; for 4 family homes, $68,400. Section 221(d) (2) has a 30 year repayment period and can be used to finance rehabilitation of substandard property as well as for new construction. This program also serves families displaced by government action or those in a presidential declared disaster area.

Section 222 - Mortgage Insurance for Military Personnel

Section 222 of the National Housing Act insures mortgages to aid military personnel who have served on active duty for at least 2 years in purchasing single family homes. The funds may be used for purchase of existing dwellings or in building new homes within the United States or its possessions. The highest mortgage amount under Section 222 is $60,000 with the longest repayment term set at 30 years at the current interest rate. HUD/FHA charges a mortgage insurance premium of 1/2 of 1% a year on the average scheduled mortgage balance outstanding during the year. This premium will be paid by the Department of Defense as long as the serviceman is on active duty. If the serviceman should die, the premium payments are continued for another 2 years on the survivor's benefit, or until the house is sold.

Section 235 Home Ownership Subsidy Program

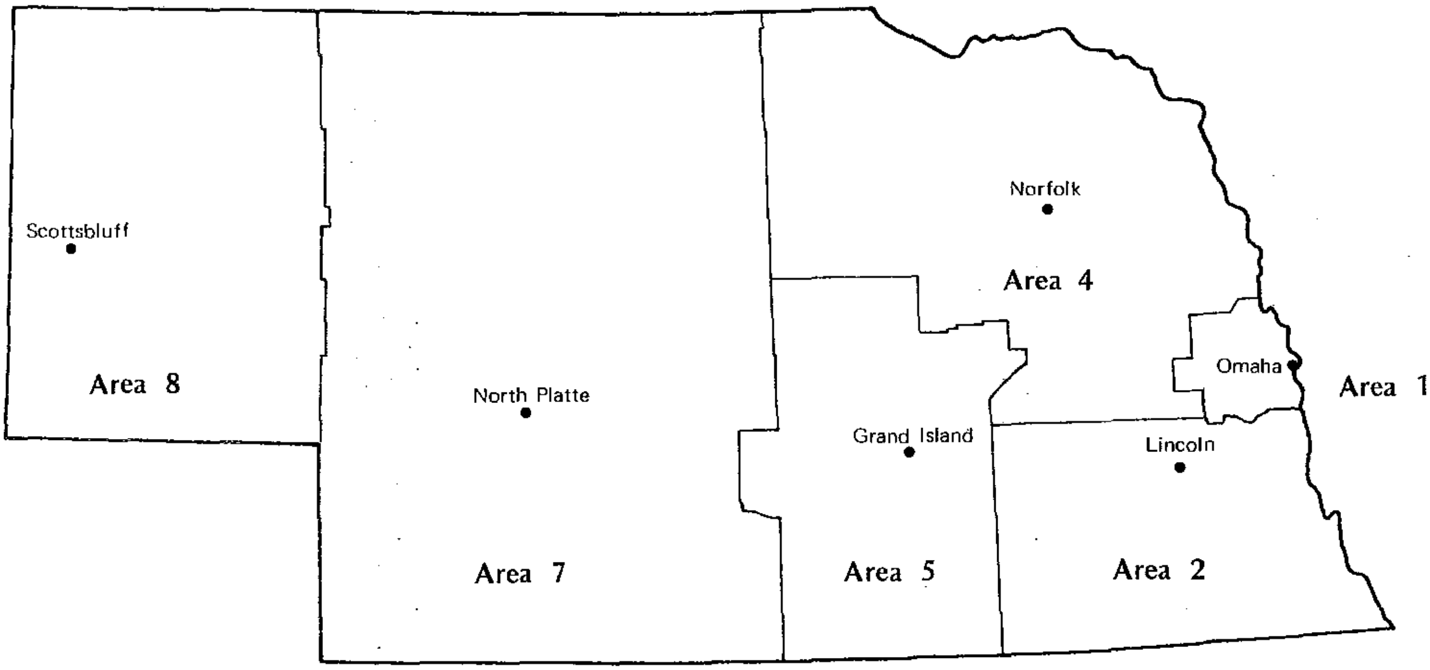
Section 235 provides loans to low and middle income families for purchasing new or substantially rehabilitated attached or detached homes. The program provides an interest subsidy which reduces the interest rate as low as 4%, in accordance with the buyer's income and housing expenses. The maximum income level of a homeowner is fixed at 95% of the area's median income. The maximum mortgage amount for single family housing is $38,000 in high cost areas such as Nebraska, and up to $44,000 for families of 5 or more requiring 4 bedrooms.[2] No more than 40% of the houses in any one subdivision can receive Section 235 assistance. The provision was intended to limit HUD's financial exposure, but it may help to promote a greater economic mix in subdivisions and avoid an over-concentration of assisted homes in particular areas. Figure 2 shows Section 235 Limits.

Section 245 - Graduated Payment Mortgage Program

Section 245 is a graduated payment mortgage program for prospective homebuyers, particularly young couples who cannot meet monthly payments under the present schedule. This program allows purchasers to start home-ownership with lower monthly mortgage payments if they show increased income potential. The principal amount will increase during the initial years as unpaid interest is added to the mortgage balance. Five different alternative programs are available under Section 245. Three plans increase the mortgage payments by 2 1/2, 5, or 7 1/2% over the first 5 years. Two other plans allow mortgage payments to increase by 2 or 3% annually over 10 years.

[2] Slightly less in Norfolk.

FIGURE 2
NEBRASKA HUD/FHA SECTION 235 MORTGAGE LIMITS



Area			3-bedroom	4-bedroom (5-member family)
Area	1 -	Omaha	$38,000	$44,000
"	2 -	Lincoln	$38,000	$44,000
"	4 -	Norfolk	$37,250	$43,250
"	5 -	Grand Island	$37,600	$43,600
"	7 -	North Platte	$38,000	$44,000
"	8 -	Scottsbluff	$38,000	$44,000

Source: U.S. Department of Housing and Urban Development, Omaha Area Office, January, 1978.

TABLE 5

SECTION 245 - GRADUATED PAYMENT MORTGAGE

COMPARISON OF PAYMENT SCHEDULES OF LEVEL PAYMENT MORTGAGE AND GPM

$35,000 Loan at 8 3/4% Interest,[a] 30-year Term
Principal and Interest Figures Only

		GPM Plans				
Year	Level Payment Loan	I	II	III	IV	V
1	$275	$250	$228	$208	$243	$229
2	275	257	239	223	248	235
3	275	263	251	240	253	242
4	275	270	264	258	258	250
5	275	277	277	277	263	257
6	275	283	291	298	269	265
7	275	283	291	298	274	273
8	275	283	291	298	280	281
9	275	283	291	298	285	289
10	275	283	291	298	291	298
11	275	283	291	298	297	307

Source: HUD Omaha Mortgage Credit Branch, 1978.

[a] Interest rate may vary.

HUD/FHA Financing for Multi Family Housing

Section 221 (d)(3) - Mortgage Insurance for Multi Family Low and Moderate Income Housing

Section 221(d)(3) provides mortgage insurance for low and moderate income multi family housing. A loan for as much as 100% of the cost may be provided for nonprofit sponsors for building or rehabilitating multi family dwellings. Forty years repayment is allowed on new construction. As in 221(d)(2) special preference for occupants is given to families displaced by government action or the result of a disaster.

Section 221(d)(4) - Multi Family Moderate Income Housing

Section 221(d)(4) of the National Housing Act provides aid in building 5 or more multi family housing units for families of moderate income. Funds are not limited to new construction, but may be applied to rehabilitation of buildings. The program provides a 10% builder's and sponsor's profit and risk allowance for assisting in financing construction. No income limits are placed on prospective tenants, and projects may vary in layout, size and design, depending on the type of tenants to be served. The program may be utilized by individuals, partnerships or corporations, with the repayment period limited to 40 years. The maximum mortgage amount cannot exceed 90% of the HUD/FHA estimate of the replacement cost of the project. When divided on a per unit basis, the maximum mortgage amount ranges from $20,625 for a one-bedroom apartment to $34,846 for a 4 bedroom apartment in a building without an elevator. These sums may be increased up to 75% in high cost areas.

Section 202/8 - Direct Housing Loan Program for Elderly and Handicapped

Section 202/8 provides 100% direct loans to private, nonprofit sponsors for construction of rental housing for low and moderate income senior citizens. Sponsors are allowed a 40 year repayment period. As part of the 202 program, HUD offers a rent subsidy to those who qualify for Section 8 rent assistance, discussed later in this section. These funds make up the difference between 15% or 25% of a resident's income and the approved unit rent.

Section 231 - Rental Housing for Elderly and Handicapped

This program provides mortgage insurance to aid in development of rental housing for persons over age 62 and handicapped people. Nonprofit sponsors can qualify for a 100% loan, while profit-motivated sponsors may receive a 90% loan. Either new construction or rehabilitation of existing units is acceptable for support under Section 231. A 10% builder's and sponsor's profit and risk allowance may be paid to profit-motivated sponsors of such a project; under a nonprofit sponsor, eligible tenants may receive rent supplement assistance. Except in the case of persons receiving rent assistance, no income requirements are necessary for prospective tenants. These projects must contain at least 8 units of detached or semi-detached multi family structures which vary in layout, size, and design according to the prospective market. Up to $34,846 can be mortgaged for a 4 bedroom unit, with the repayment term limited to 40 years. In high cost areas, the cost per family unit may be increased up to 45%.

Section 8 - Rent Subsidy Program: Existing Units

The Section 8 program provides a rent subsidy for low income and elderly persons. Named after Section 8 of the Housing and Community Development Act of 1974, the program allows renters to look for homes on the private market, for which they pay between 15 and 25% of their adjusted income. The Federal government subsidizes the difference between "fair market rent" and what the renter can pay. Lower income families qualify for Section 8 housing if they have an income that does not exceed 80% of the median income for the locality. Very low income families qualify with an adjusted income that does not exceed 50% of the median income of the area. Homes can be newly constructed, substantially rehabilitated or existing housing, and owned by private or public owners. Owners of newly constructed or substantially rehabilitated housing are required to rent 30% of the units to very low income persons and also to attempt to maintain that percentage later on.

The Public Housing Authority determines family eligibility and gives them a Certificate of Family Participation. They may seek housing anywhere within the Public Housing Authority's jurisdiction. If they find a unit that is in "decent, safe, and sanitary condition" and the rent is within the fair market rent, a lease is executed between the owner and family and between the owner and the Public Housing Authority. This ensures that the owner will receive payments sufficient to make up the differences between the family payment and the fair market rent asked.

Section 8 - Rent Subsidy Program: New Construction or Substantial Rehabilitation

When the supply of suitable existing housing is insufficient, builders may erect new dwellings with the purpose of renting a portion of them under the Section 8. When the need has been established, HUD field offices advertise for proposals for building a specified number of units with a certain economic mix. Builders then provide a sketch of the site, building, and plans, along with data on unit sizes, rent, equipment and utilities. HUD determines which proposal offers the best combination of rent, site and experience of the developer in making its decision. Preference is given to projects providing for 20% or less of the units to be subsidized. Section 8 provides subsidies only so the new units are built with conventional, HUD-insured or other types of financing.

Developers who anticipate HUD financing for buildings of this type file a Site and Market Analysis (SAMA) application with their Section 8 preliminary proposal to the HUD regional office. Filing of the SAMA will aid in a preliminary reservation of Section 8 funds for a particular project and continuation of HUD processing. HUD processing may hinge on approval of Section 8 assistance.

When the project is completed, the owner manages the property. Automatic annual adjustments in rent are determined by HUD, allowing for increased subsidies to cover substantial increases in taxes or utilities. The owner bears the risk of unoccupied units, except in cases where the tenant breaks a lease. For this occurrence, HUD will pay 80% of the contract rent for up to 60 days. Even if all units in a development are under contract for assistance payments, the builder can collect subsidies only on occupied units. This method insures that the prospective developer must determine the need for such units before construction.

This page intentionally left blank.

SECTION 6

NEEDS AND POTENTIALS

The information presented in this report may be summarized under 3 headings. The first 2 parts will discuss some financing opportunities in Norfolk. The third portion labeled Physical Considerations will discuss floodplains, existing vacant lots, zoning, and potential areas for the development of moderate cost housing.

Norfolk's housing market has been active and the data gathered for this report indicated a continuation of strong building activity. Throughout the study there were references to needs for moderate cost single family housing. This need is supported in the City's Housing Assistance Plan and was corroborated by the builders' responses.

Financial Assistance

In an effort to determine the income thresholds indicative of the income which would require financial assistance, the following chart was composed by using HUD Section 8 guidelines.

TABLE 6

NORFOLK INCOME THRESHOLDS, BY HOUSEHOLD SIZE

	Income Ceiling	
Household Size	% of Median Income (Median Household Income = $12,935)	Dollar Amount
1	50	$ 6,467
2	64	8,278
3	72	9,313
4	80	10,348
5	85	10,995
6	90	11,641
7	95	12,288
8+	100	12,935

Essentially, the third column of Table 6 indicates the income by family size below which the household might be classified as requiring housing assistance. In addition, those families whose incomes fall over the average might find it difficult to purchase existing or newly constructed houses. The 235, 245, and 502 programs discussed in Chapter 5 seem to offer potential for meeting some of their needs.

Sanitary and Improvement District

Another possibility is to establish a Sanitary and Improvement District for the development of moderate cost housing. Close coordination between the City's planning activities and the development of this SID will be required. This approach should be considered in an effort to reduce the land cost. As the Housing Cost Task Force appointed by HUD Secretary Harris noted, land costs reflect about 20% of the housing costs of a typical single family house. A careful application of zoning regulations and building codes coupled with the opening of new lands with smaller lots could assist the residents of Norfolk in providing moderate cost sites for moderate cost housing. As the builders' reasons indicated, savings due to less costly lots are generally passed on in reduced buyer prices.

Physical Considerations

In the Norfolk vicinity floodplains and soil types are the primary environmental considerations related to residential development. Figure 3 shows that the southern section of Norfolk lies partially in a floodplain and development in that area will be expensive. However, the southwestern, eastern and northeastern sections of the City appear to afford an opportunity for single family development. As development spreads into outlying areas, it is important to note the soil conditions. Figure 1 shows most of the area east and southeast of Norfolk is built on Muir silty clay loam soil of 0 to 2% slope, which is similar to soil conditions in much of the established Norfolk areas. The areas northeast and northwest of the City which have potential for future development contain more varied soil types.

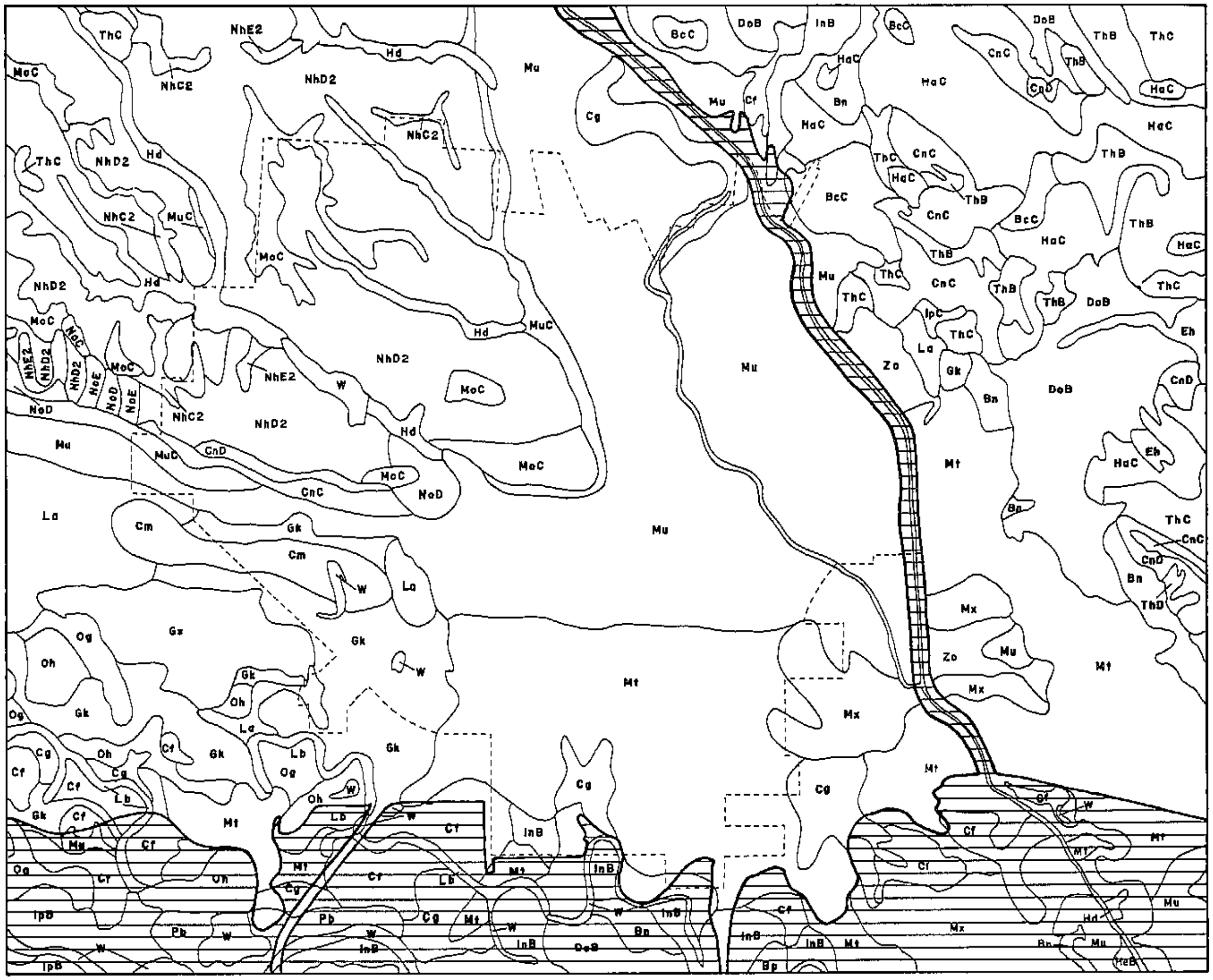
There are several vacant lots within the City which could afford some opportunities for acquisition and construction of moderate cost housing. Appendix C contains a copy of a survey instrument based on a sample of vacant lot owners. Some owners expressed an interest in selling their vacant lots. The location of these can be visualized by looking at Figure 4.

Figures 5 and 6 depict the current and proposed zoning. One will note that the east areas which we recommend for moderate cost single family housing are zoned appropriately on both maps. However, the southwest area which we believe should also be considered as a site for moderate cost single family housing is currently zoned agricultural and would need to have the current zoning changed to the proposed zoning before it could be developed.

Figure 7 shows the rehabilitation area of the City's Community Development Block Grant Program. This area has some vacant lots and the City could make more lots available as the program moves into the acquisition and demolition phases. The use of these lots for single family housing is important if the neighborhood redevelopment effort is to continue its present success. The overlay also shows the general areas on the east and southwest which appear to offer a potential for the development of moderate cost housing.

When all things are considered it appears that Norfolk offers the developer or builder who can acquire and develop moderate cost lots an opportunity to build for the $45,000-and-less sales price market.

Soils and Floodplains in the Norfolk Vicinity



Source: Conservation and Survey Division, The University of Nebraska

BcC	Bazile soils, 2 to 6% slopes	Mu	Muir silty clay loam, 0 to 2% slopes
Bn	Blendon fine sandy loam 0 to 2% slopes	MuC	Muir silty clay loam, 2 to 6% slopes
Bp	Boel fine sandy loam, 0 to 2% slopes	Mx	Muir silty clay loam, clayey subsoil, 0 to 2% slopes
Cf	Cass fine sandy loam, 0 to 2% slopes	My	Muir silty clay loam, Terrace, 0 to 2% slopes
Cg	Cass loam, 0 to 2% slopes	NoC	Nora silty clay loam, 2 to 6% slopes
Cm	Clamo silty clay loam, 0 to 2% slopes	NoD	Nora silty clay loam, 6 to 11% slopes
CnC	Clarno loam, 2 to 6% slopes	NoE	Nora silty clay loam, 11 to 15% slopes
CnD	Clarno loam, 6 to 11% slopes	NhC2	Nora-Crofton silt loams, 2 to 6% slopes, eroded
Co	Colo silty clay loam, 0 to 2% slopes	NhD2	Nora-Crofton silt loams, 6 to 11% slopes eroded
CrC2	Crofton silt loam, 2 to 6% slopes, eroded	NhE2	Nora-Crofton silt loams, 11 to 15% slopes, eroded
DoB	Doger loamy fine sandy, 0 to 3% slopes	Og	Ord fine sandy loam, 0 to 2% slopes
Eh	Elsmere loamy fine sand, 0 to 2% slopes	Lb	Lawet silty clay loam, 0 to 2% slopes
Gk	Gibbon silty clay loam, 0 to 2% slopes	Ot	Orwet loam, 0 to 2% slopes combined with Lv Loup loam, drained, 0 to 1% slopes
Gs	Gibbon-Saltine silty clay loams, 0 to 2% slopes	Oh	Ord loam, 0 to 2% slopes
HaC	Hadar loamy fine sand, 0 to 6% slopes	Pb	Pits and dumps
Hd	Hobbs silt loam, 0 to 2% slopes	ThB	Thurman loamy fine sand, 0 to 3% slopes
HeB	Hobbs silt loam, channeled, 0 to 6% slopes	ThC	Thurman loamy fine sand, 3 to 6% slopes
InB	Inavale loamy fine sand, 0 to 3% slopes	ThD	Thurman loamy fine sand, 6 to 11% slopes
IpB	Inavale-Boel Complex, channeled, 0 to 3% slopes	VaD	Valentine fine sand, 3 to 9% slopes
La	Lamo silty clay loam, 0 to 2% slopes	Wb	Wann fine sandy loam, 0 to 2% slopes
Ld	Lawet silty clay loam, 0 to 2% slopes	Zo	Zook silty clay loam, 0 to 2% slopes
MoC	Moody silty clay loam, 2 to 6% slopes		
Mt	Muir silt loam, 0 to 2% slopes		

W — Water

Floodplains

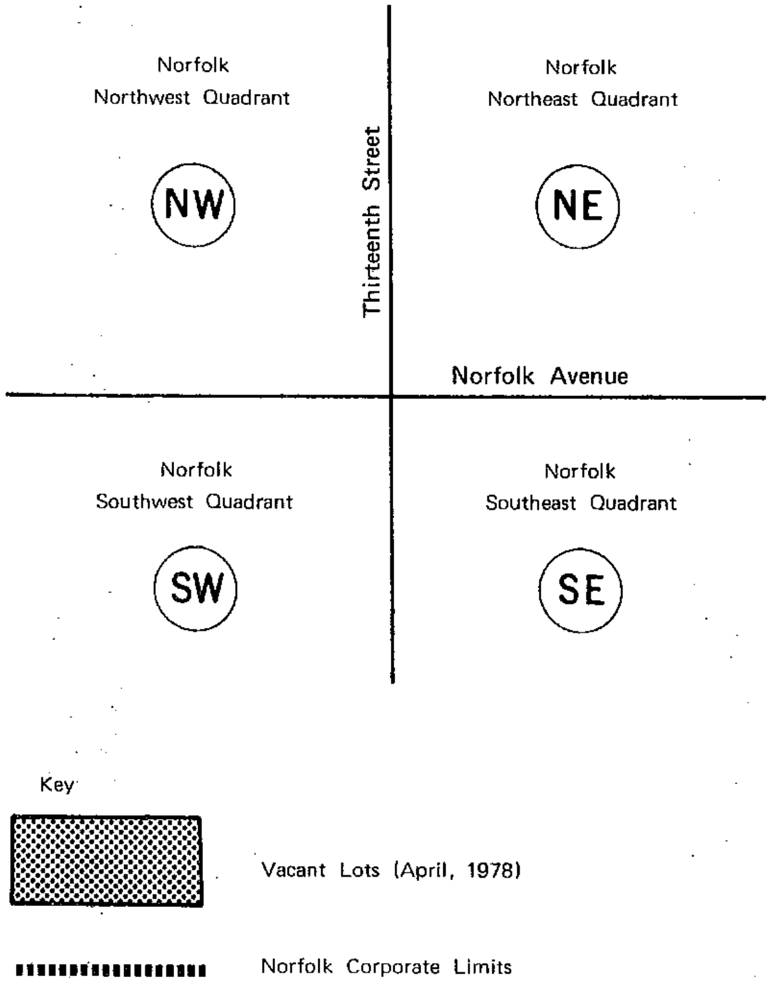
City Limits

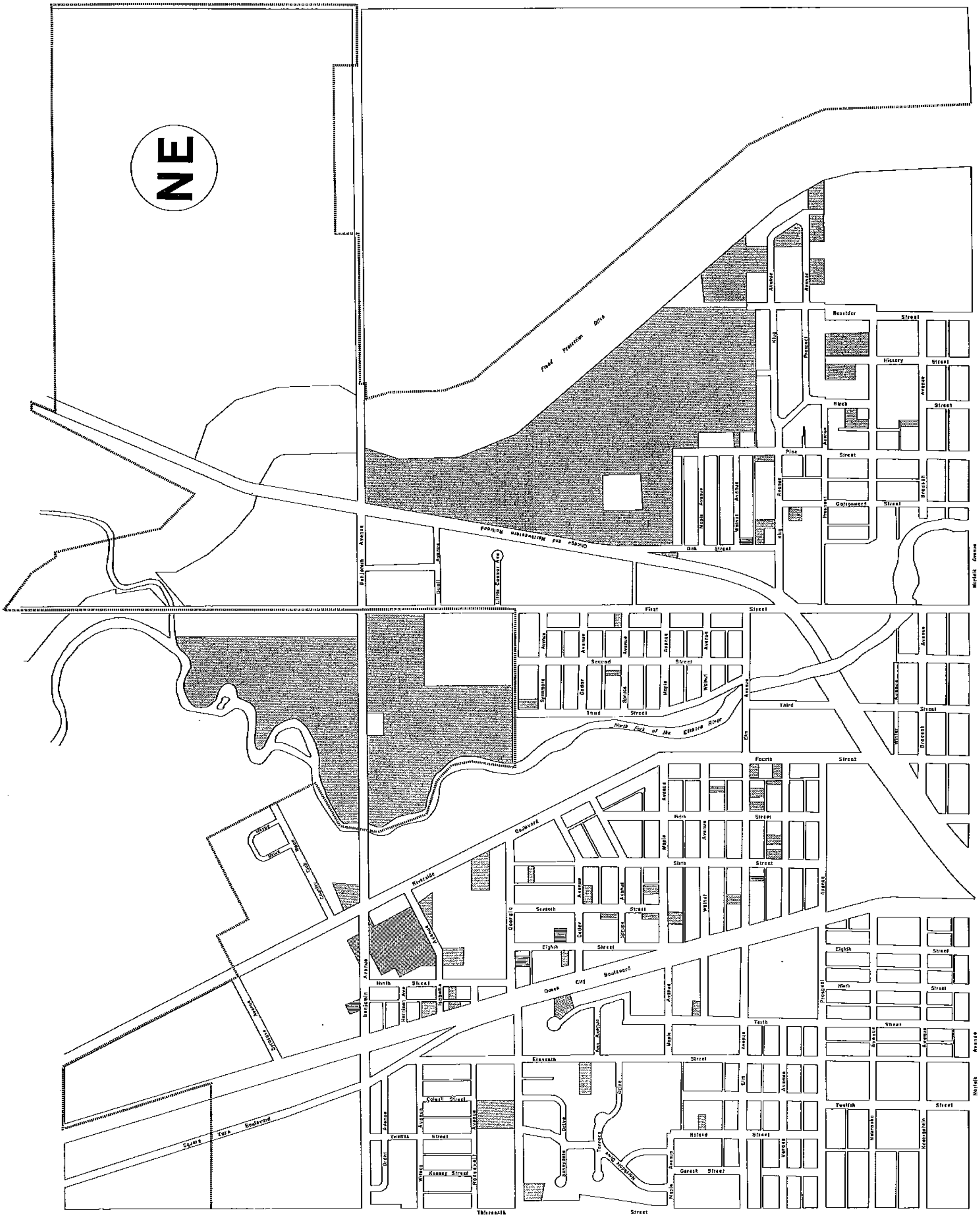
FIGURE 3

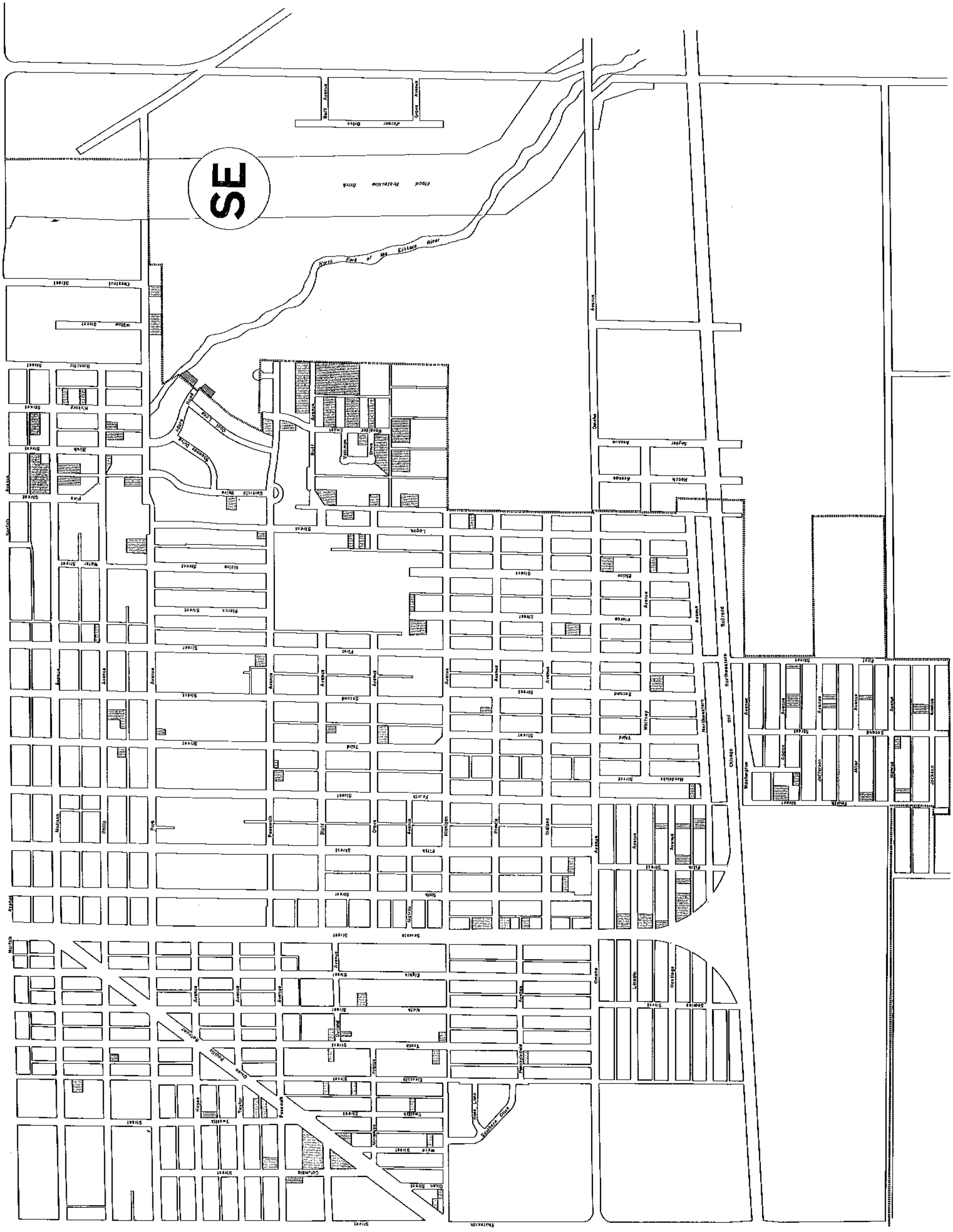
FIGURE 4

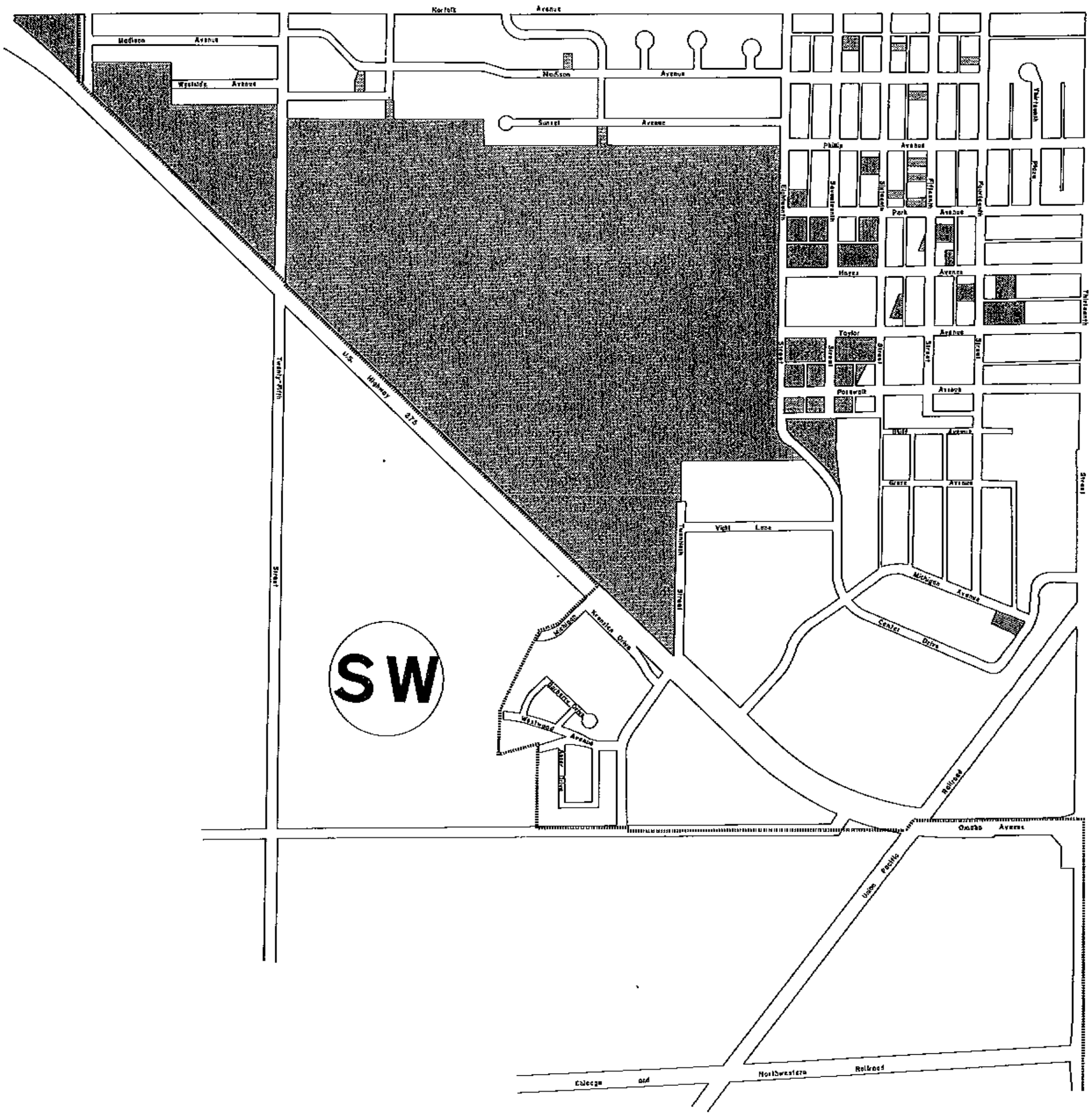
EXISTING VACANT RESIDENTIAL LOTS IN NORFOLK

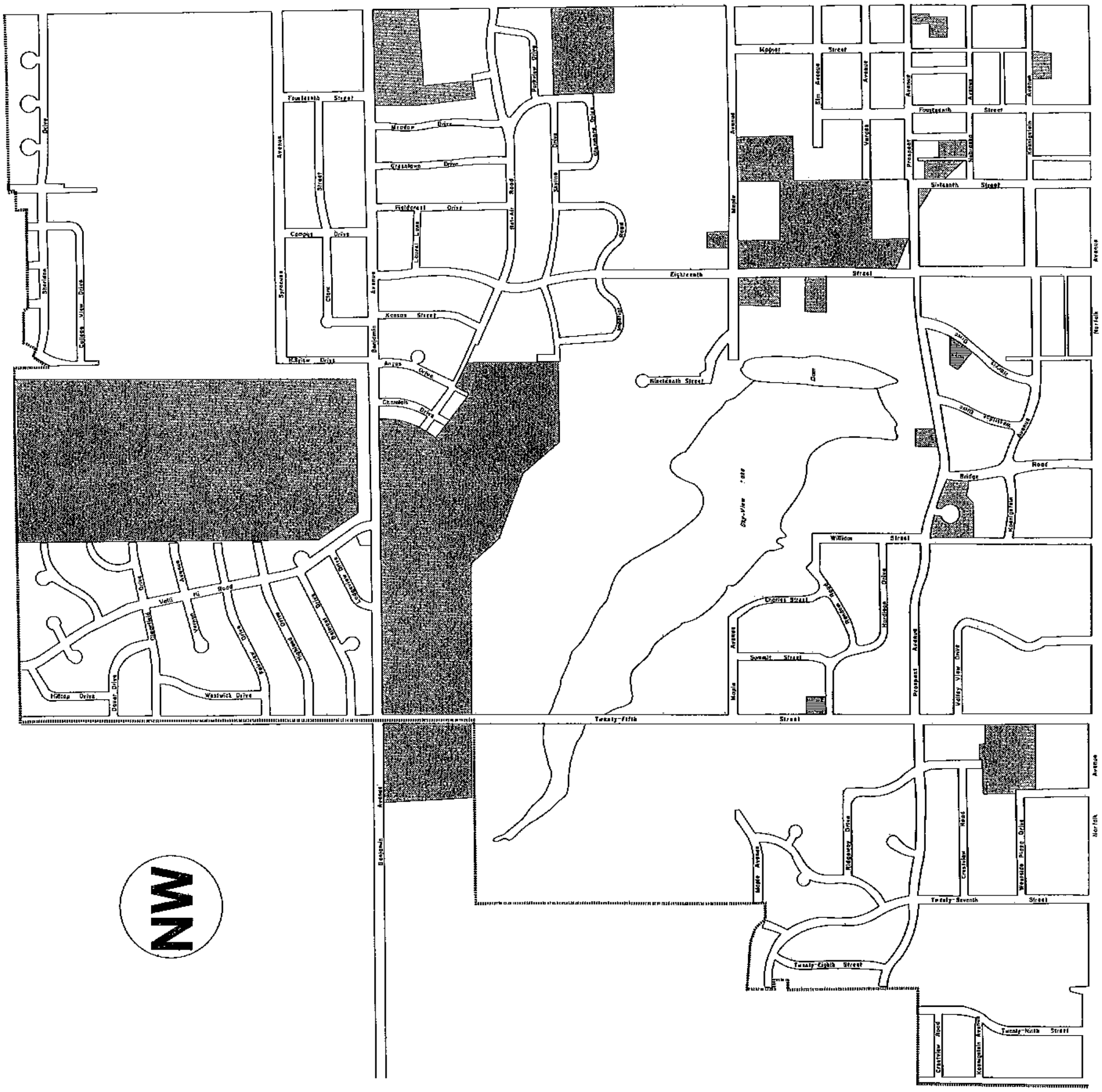
INDEX TO QUADRANT MAPS




NE


SE


Norfolk Avenue
Madison Avenue
Westside Avenue
Madsion Avenue
Sunset Avenue
U.S. Highway 275
Twenty-Fifth Street
Omaha Avenue
Union Pacific Railroad
Chicago and Northwestern Railroad
SW


NW

This page intentionally left blank.

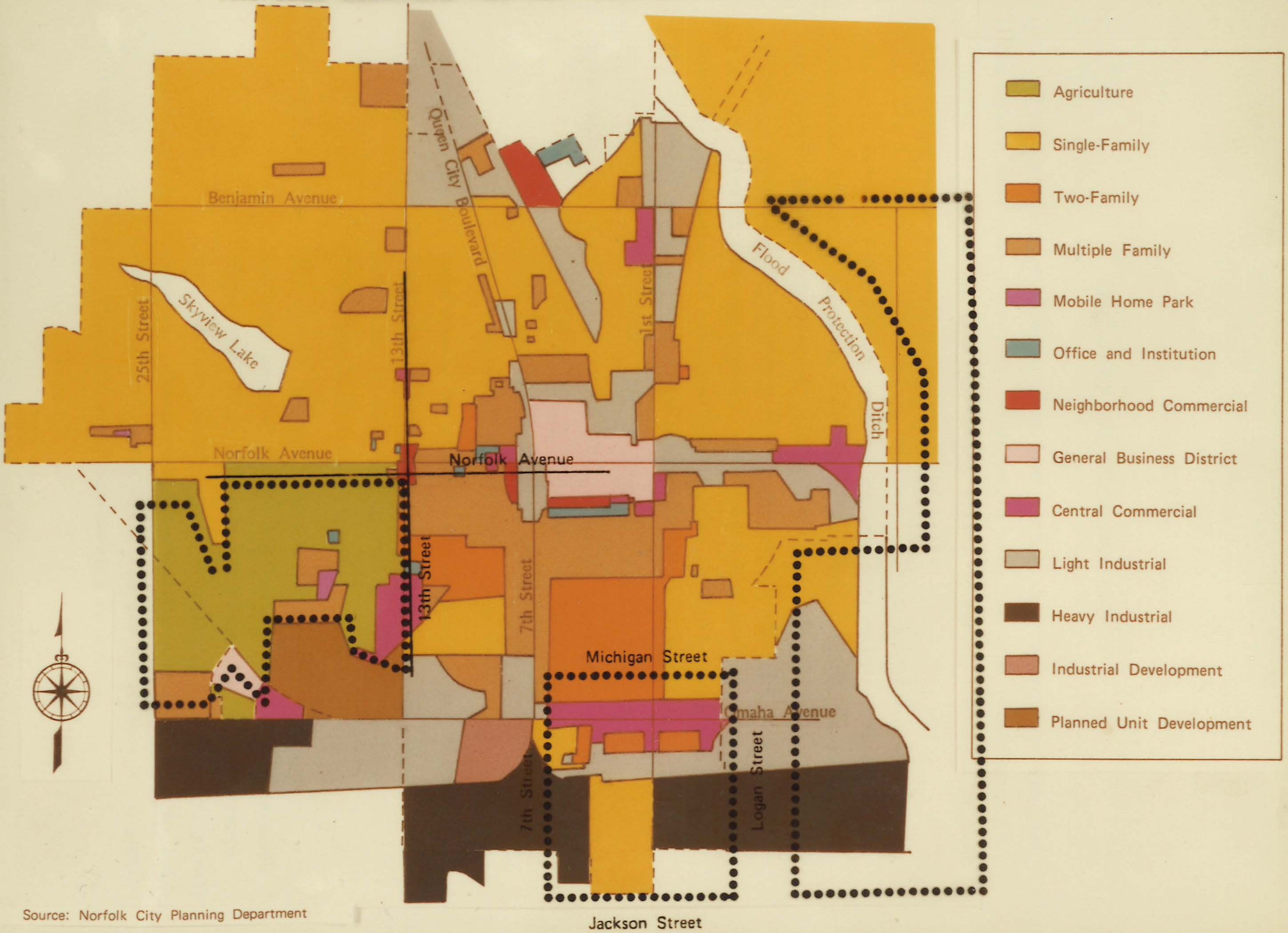
PROPOSED ZONING AS OF APRIL, 1978

urce: lk C nning rtme

CURRENT ZONING AS OF APRIL, 1978

FIGURE 7

PROPOSED LOCATIONS FOR NEW MODERATE COST HOUSING UNITS IN NORFOLK



Source: Norfolk City Planning Department

SECTION 7

CONCLUSIONS AND RECOMMENDATIONS

The Norfolk housing market has been active, and indications are that the future will also be active. However, a need has been established for a better balance in the type of housing built. A specific concern is that more moderate cost houses will need to be built.

The solutions to the problems outlined in this resource guide are going to require a substantial capital outlay, particularly because of an inadequate number of existing building sites which could be suitable for the construction of modest cost housing. Many of the subdivisions presently being developed have a different purpose and are intended to serve a different housing market. Lot sizes and restrictive covenants make the development of moderate cost housing in these areas impractical. The following recommendations are suggested as steps which could assist in the provision of moderate cost housing.

Recommendation 1: Suitable vacant lots in older areas of the City and lots cleared by the City as part of their Community Development Block Grant Program should be utilized to provide some moderate cost housing. (See Figure 4.)

Recommendation 2: Land should be acquired and subdivided for moderate cost single family housing. The areas to the east and northeast of the City appear to offer potential for this type of development.

Recommendation 3: The use of Federal programs for new construction of moderate cost single family housing should be increased. Since Norfolk is eligible for financing by the Farmers Home Administration, their programs should be aggressively pursued. The mortgage limits and interest rate flexibility available under FmHA could provide a valuable alternative to presently available housing options.

Recommendation 4: HUD/FHA Section 235 and 245 housing financing could provide additional options which would both complement and supplement the FmHA lending activity in the area. These programs are designed to make housing more affordable by reducing payments to fit moderate incomes.

Recommendation 5: Small multi family projects for the non-elderly are needed. Larger complexes for both the elderly and 1 and 2 person non-elderly households have been constructed in recent years. However, there is a lack of 2 and 3 bedroom units in projects with 6 to 8 units. Projects of this nature scattered around Norfolk would meet some of the rental needs of larger families. Indeed, the financing of these types of units with Section 8 rental assistance would greatly contribute to the fulfillment of Norfolk's Housing Assistance Plan.

APPENDIXES

This page intentionally left blank.

APPENDIX A

HOME BUILDERS' SURVEY

1. How many housing units you built in 1977 were financed by:

	Single family	Multi family
a. Conventional loans	______	______
b. FmHA loans	______	______
c. VA loans	______	______
d. Section 235 FHA loans	______	______
e. Other FHA loans	______	______
f. Other (please specify) ______	______	______

2. Have you built or would you build single family or multi-family housing units?

Single Family		Multi family	
Have Built	Would Build	Have Built	Would Build
Yes___ No___	Yes___ No___	Yes___ No___	Yes___ No___

3. Which units do you prefer to build? (check one)

   Single family units________ Multi family units________

4. How many single family houses you built in 1977 were:

   Custom built________ Speculative________

5. How many single family houses you built in 1977 sold in each of the following price ranges:

Selling Price of House	Number of Houses
Less than $30,000	______
$30,000 to $45,000	______
$45,000 to $60,000	______
$60,000 and above	______

6. The price of buildable lots is often indicated to be a constraint on producing moderate cost housing. Please indicate the highest and lowest lot costs which you incurred for housing in 1977. (Note that your price should include the costs for utilities and streets.)

	Highest Price	Lowest Price
Single Family	______	______
Multi family	______	______

7. Where did your new home buyers come from in 1977? Estimate the number from each group.

	Number		Number
a. Long-time residents moving from older homes in Norfolk	______	c. New community residents	______
b. Rural residents moving into Norfolk	______	d. Others (please specify) ______________	______

8. Do you think there is a need for low and moderate income housing in Norfolk? Why or why not? Which type of housing do you think would be most suitable in this price range, single or multi family dwellings? (Please continue your answer on the back if necessary.)

____

____

____

9. If it is possible to produce moderate cost housing (selling price of about $35,000), where in Norfolk do you consider, from a builder's viewpoint, to be the most suitable area for such housing? (Be as specific as possible.)

Comment:______________________________________

____

____

10. As a builder, what problems would you expect to encounter in building low to moderate cost housing on vacant lots in older areas? For example, are older lots too small for multi family housing?

Comment:______________________________________

____

____

____

Thank you for your help. Please return the questionnaire in the enclosed business reply envelope or send to:

Housing Division
Center for Applied Urban Research
University of Nebraska at Omaha
Box 688
Omaha, NE 68101

APPENDIX B

HOME LENDERS' SURVEY

Name of Agency______________________________Contact Person_____________________________

What kinds of mortgage loans do you make?

	Yes	No
a. Conventional	___	___
b. FHA	___	___
c. Veteran's Administration	___	___
d. Farmers Home Loans	___	___
e. Builder Loans	___	___
f. Mobile Home Loans	___	___

g. Other (Please Specify)____

Approximately how many home mortgage loans did you make last year (1977)?____________

Approximately what percentage were conventional________FHA________VA________?

What percentage of loans were for new homes?________Previously owned dwellings?________

3 What was the approximate number of families buying homes in these ranges in 1977?

Home Cost	Number of Families
$ 0 -$20,000	____________________
$20,000-$30,000	____________________
$30,000-$40,000	____________________
$40,000-$50,000	____________________
$50,000______	____________________

How many new homes were built in new subdivisions in comparison to those built on in-fill lot or other locations in 1977?

	Number	
New Subdivisions	______	
In-Fill Lots	______	
Other (Please Specify)	______	____

What guidelines are used in determining the amount you will lend for a house mortgage?

____

____

This page intentionally left blank.

APPENDIX C

SURVEY OF NORFOLK VACANT LOT OWNERS

Name____Phone Number_______________

Legal Description____________________________________Zoning______________

Street Address____________________________________Size of lot______________

Hello, my name is Kay Agnew and I'm the city planning assistant for Norfolk. We're working on a housing plan and are interested in the availability of land for future building. I'd like to ask you a few questions about the vacant lot(s) you own at (street address).

Is the lot for sale? YES____________ NO____________ DON'T KNOW______________

If YES or DON'T KNOW

What price are you asking?______________

If NO

What are your future plans for the lot?______________________________
(Is it available for housing?)

What utilities are available?

Water____________

Gas____________

Electricity____________

Sewer____________

NOTES:

Thank you for your cooperation.