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KELLOM HEIGHTS AND JEFFERSON SQUARE

Signs of Revitalization Adjacent to the CBD


By R.K. Piper

Introduction

Over the last five years, the central business district (CBD) in Omaha has shown visible and dramatic signs of revitalization through significant investments by both the public and private sectors. The new Central Park Mall in the core of the CBD has been a focal point for redevelopment. It is bounded by the new construction of a state office and education facility, the regional corporate headquarters for Northwestern Bell, the Central Park Plaza office complex and parking garage, and considerable rehabilitation of commercial, office, and residential space in the Old Market area. An impressive list of other large-scale new construction and rehabilitation projects have also been completed, are in progress, or are planned for the CBD in the near future.

While the redevelopment and revitalization of the CBD has received considerable publicity and is obvious to even the most casual urban observer, a not-so-obvious pattern of reinvestment and redevelopment is likewise emerging to the north and northwest of the CBD. This article describes the extent of this redevelopment activity through an examination of investment, employment, and payroll information gathered from major institutions, businesses, and developers in the area.

Investment/New Construction

While several institutions, located northwest of the CBD, most notably Creighton University and three Omaha public schools, have long served as economic and social anchors for the area, a number of new, major institutional facilities and structures have been built since 1977, and more are planned for the near future. In addition to the new construction, several major renovation and improvement projects have also been completed or are currently in progress.

These developments, as shown in Map 1, are all northwest of the CBD with the exception of Mutual of Omaha and all are within a one-mile radius.

As shown in Table 1, ten institutions or businesses have made significant financial investments and improvements totaling about $189 million in the area since 1977.

The completion in 1978 of the $75 million St. Joseph Hospital/Medical complex, at 30th and California Streets, is the largest new addition to the area, both in terms of dollar investment and new employment generation. In addition, Creighton University has recently invested $18.5 million in new facilities, infrastructure, and land acquisition for its campus. Major new construction projects at Creighton include a new health sciences center and library, a multi-million dollar computer center, and, most recently, the new Alumni Library expansion completed in December, 1982 at a cost of $6 million.

The new $22 million Metro Area Transit (MAT) facility, located at 22nd and Cuming Streets, is the second largest new project completed in the vicinity to date. The facility, completed in December, 1982, is the headquarters and garage for the metropolitan area's mass transit operation. Immediately to the west on Cuming Street at 25th to 27th Streets, the construction of 132 new apartment units, being developed by the Omaha Economic Development Corporation, are now nearing completion. Later phases of the development call for the construction of a neighborhood commercial and office center and an additional 325 or more owner and renter residential units.

Adjacent to this development to the north, the new Dominican High School is also nearing completion. The new $10 million facility is a specialized high school designed and located to serve students who, for the most part, live east of 42nd Street. Omaha Public Schools (OPS) officials report that $11.3 million has been invested since 1977 in improving facilities at Technical and Central High Schools and at Kellom Elementary. The recently approved OPS re-organization plan calls for a conversion of Technical High School into a consolidated administrative office complex for the system at
a cost of $5.5 million and for an increase
in the number of faculty and students at
Central High.

In addition to the $189 million
invested since 1977, seven of the ten
institutions/businesses have plans for
major expenditures totaling more than
$196 million in the area in the near
future.

Construction has already begun on
the first of five office buildings in a $108
million development project to house the
new InterNorth corporate headquarters.
Mutual of Omaha is also planning a new
six-story office building to be completed
in the fall of 1984.

Several major projects are planned for
both St. Joseph Hospital and Creighton
University. St. Joseph has plans for the
construction of a new parking structure
costing $2 to $5 million and a new
mental health center projected to cost
$12 to $15 million. Over the next five
cyears, Creighton University plans to
spend over $20 million for additional
improvements to its campus, including:
$12 million for a new fine and performing
arts center, $4 million for a new student
union, $1 million for a new bookstore,
$1 to $2 million to provide housing for
faculty and students near the campus,
and another $1.3 million for additional
expansion of the Alumni Library.

Employment

As shown in Table 2, the nine major
institutions/businesses reported a total of
13,135 employees. They draw 8,120
students and over 350 regular volunteers
to the area. The St. Joseph Hospital
complex admits approximately 32,000
patients annually, and though no figures
are kept, the number of visitors per year
was estimated by St. Joseph officials to
be 100,000.

Of the 13,135 employees, 12,395 (94
percent) are full-time. A total of 11,053
(91 percent) work the regular day shift.

Only two institutions or businesses
reported that they are currently below
normal manpower levels. Representatives
stated that employment was not down as
a result of layoffs but rather because of
losses occurring through attrition and
non-replacement. All of the institutions/
businesses, except to be or above
normal employment levels within the
next five years.

Payroll and Earnings

As shown in Table 2, the total annual
payroll reported for the nine institutions
interviewed is $264.6 million. The
average annual salary per employee is
$20,145, based upon the total employ­
ment and payroll figures provided
($264.6 million + 13,135).

In addition, as shown in Table 3, the
nine businesses/institutions also
provided earnings information for 11,958
employees (91 percent of the total
employed). Of this total, 43 percent had
annual earnings of less than $15,000,
40 percent earned between $15,000 and
$30,000, 8 percent (957) earned between
$30,001 and $40,000, and another 8
percent (1,053) earned over $40,000 per
year.1

Jefferson Square

While the investments already made or
projected for the vicinity by the major
institutions/businesses have had the most
dramatic and visible impacts, other invest­
ments and improvements by smaller firms
are also influencing general conditions
and the business climate in the area.

The Jefferson Square business area
borders the CBD directly to the north and
covers approximately 196 acres as shown
in Map 2. It is bounded by 13th Street on
the east, 24th Street on the west, Cass
Street on the south, and Nicholas Street
on the north. According to the Jefferson
Square Business Association, 150 firms in
the area employ approximately 3,167
people.

Survey instruments designed to gather
information on investment, employment,
and business trends were hand delivered
to 103 firms in the area, and 86 were
collected for a response rate of 83 per­
cent. The area contains a surprisingly
wide variety of business types including
tailors and wholesalers, service indus­
tries, and light to medium industry and
manuf acturing. Printing and lithographing
(and related industries), electrical supply
and service firms, auto services and parts,
and welding services and supplies are
among the types of businesses that are
strongly represented by several firms.
Employment

The 86 firms that participated in the survey reported a total of 2,200 employees, 1,899 or 86 percent of whom were full time. Over three-fourths (79 percent) of the employees worked the regular day shift hours. According to the employers, males comprised about 57 percent of the workforce.

Because of the depressed state of the economy both locally and nationally, employers were asked about their current employment levels. Over three-fifths (61 percent) reported that their employment levels were normal, 32 percent were below, and 7 percent were above. Those employees with below normal employment conditions reported that a total of 84 employees had been laid off. These layoffs represented only about a 4 percent decline in the size of the labor force under normal economic conditions.

Sixty firms reported a total annual payroll of $20,103,283. A breakdown by categories showed that 42 percent of the firms employed less than seven full-time employees and had annual payrolls of less than $100,000. Another 48 percent reported between six and 25 full-time employees and payrolls between $100,000 and $500,000, 5 percent between 25 and 12 full-time employees and payrolls between $500,000 and $700,000, and 5 percent had 30 or more employees and payrolls in excess of $1,000,000. (See Table 4.)

The average annual payroll for the 60 firms that reported was $335,000 ($20.1 million ± 60). Assuming that the average annual payroll figures were representative of the other 90 firms in the association that did not report payroll expenditures, a total payroll of $50,250,000 was estimated for all 150 businesses in the area. This estimate assumed that other major firms with payrolls in the larger area. This estimate seems justified based on the fact that several of the larger businesses were among the known non-respondents. The median investment for the 50 reporting firms was $22,500.

Business Trends

Businessmen were also asked their opinions about general conditions and business trends in the area.

Forty-nine of the businesses that said they had walk-in sales traffic expected the area (assuming that the economy returns to normal), and another 6 percent were not sure at this time. In 1976 by CAUR of businesses in basically the same area showed that only 36 percent had such intentions at that time. Fifty-four percent of the businesses also reported that they had plans for expansion in the area (assuming that the world economy returns to normal), and another 5 percent were not sure at this time. In 1976 by CAUR of businesses in basically the same area showed that only 36 percent had such intentions at that time.

Assuming that these percentage break-downs were representative of all 3,167 employees in the area, 1,488 employees earned between $30,000 and $15,000 annually, 620 earned between $15,001 and $20,000, and another 443 earned more than $20,000 per year. Dividing the estimated payroll of $50,250,000 by the 3,167 employees in the area yielded an average annual salary of $15,867 per employee.

Investment Plans for Expansion

Almost three-fourths (73 percent) of the respondents reported that their businesses had made investments or improvements in the area since 1977. Fifty firms reported a total investment of approximately $9.4 million in the area in this time period. A breakdown is shown in Table 6.

In addition, almost half (48 percent) of the businesses had plans for investments or improvements in the area, and another 5 percent were not sure at the time of the survey. A survey conducted in 1976 by CAUR of businesses in basically the same area showed that only 36 percent had such intentions at that time. Fifty-four percent of the businesses also reported that they had plans for expansion in the area (assuming that the world economy returns to normal), and another 6 percent were not sure at this time. In 1976 by CAUR of businesses in basically the same area showed that only 36 percent had such intentions at that time.

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in 1987. Once completed, Interstate 80 and the connecting $17 million Storz Expressway to Abbott Drive will greatly enhance the accessibility of the area north of the CBD to the general metropolitan population and, more specifically, the city's northeastern and southwestern populations, the growing employment bases in the Riverfront Industrial Park and the CBD, and the airport. Other minor traffic improvements also already in the area include the conversion of 16th and 17th Streets to two-way traffic.

Residential Investment

Data were not collected nor were estimates made to measure the amount of residential investment occurring in the general vicinity. However, recent developments in the general area indicate that an increase in residential investment may be occurring. These developments may be the first signs of a reversal of the population and housing stock losses that have occurred for the two decades. Extensive housing rehabilitation and neighborhood-based community development efforts have been underway for some time in the Beneis Park, Cathedral, and West Central areas along with several other neighborhoods east of 42nd Street and south of D Street.

Along with rehabilitation of existing stock, construction of some new units has been occurring in the area in response to a pent-up demand for housing near Creighton University, St. Joseph Hospital, and the larger institutions/businesses in the area including a substantial segment of employees and professionals in the higher income categories, have even greater positive implications for future residential, commercial, and office space demand.

Positive impacts are also to be expected as the area becomes more accessible as a result of a four-lane divided boulevard at 24th Street from Dodge to Cuming and the completion of the North Freeway in 1987.

In addition to the ten major investors, the 130 smaller businesses in the Jefferson Square Business Association employ approximately 3,167 persons and have an estimated annual payroll of over $50.2 million. An analysis of payroll of $20.7 million has been invested by these businesses in the area. The median size of the survey showed a high degree of optimism among the businessmen regarding sales expectations and plans for expansion and new investments in the area.

When combined, the investment and employment information gathered from the major institutions/businesses, smaller businesses in Jefferson Square, and other relevant projects and developments revealed an emerging pattern of improved investment through significant new and planned investment. Table 7 is a summary of the combined investment and employment figures.

Summary and Implications

Since 1977, a total of about $189 million has been invested in the area to the north and northwest of the CBD by ten major institutions/businesses for new construction and major renovation and improvement projects. In addition to this amount, over $196 million is projected to be invested in the area in the near future by seven of the same firms.

New, major facilities, most notably the St. Joseph Hospital complex and others by Creighton University, Metro Area Transit, Dominican High School, in the area near its campus

8,120

5,420

40

185

400

1,995

60

6,000

3,167

110

$50.2 million

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$5 million

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$5 million

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