Review of Applied Urban Research 1983, Vol. 11, No. 03

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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
years, 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, expect to be at 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 business/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 earned between
$30,001 and $40,000, and another 8
percent (1,053) earned over $40,000 per
year.

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, 130 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
manufacturing. 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 survey reported a total of 2,200 employees had full-time earnings.

Almost three-fourths (79 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 during this time period. A breakdown is shown in Table 6.

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 90 firms in the association, 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 category existed among the 90 firms that did not provide payroll information in roughly the same proportion as in the 60 reporting firms.

As shown in Table 4, 27 percent of the employees earned between $10,000 and $15,000 annually while another 19 percent earned between $15,000 and $20,000, and 14 percent earned over $20,000.

TABLE 3

ANNUAL EMPLOYEE EARNINGS BY CATEGORY

<table>
<thead>
<tr>
<th>Number</th>
<th>Per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; $10,000</td>
<td>5,198 43</td>
</tr>
<tr>
<td>$10,000-$20,000</td>
<td>2,307 20</td>
</tr>
<tr>
<td>$20,001-$30,000</td>
<td>2,413 20</td>
</tr>
<tr>
<td>$30,001-$40,000</td>
<td>907 8</td>
</tr>
<tr>
<td>$40,001-$50,000</td>
<td>900 4</td>
</tr>
<tr>
<td>$50,001-$60,000</td>
<td>826 4</td>
</tr>
<tr>
<td>&gt; $60,000</td>
<td>278 2</td>
</tr>
<tr>
<td>Total</td>
<td>11,908 99</td>
</tr>
</tbody>
</table>

*Does not equal 100 percent due to rounding.

Investment Plans for Expansion

Assuming that these percentage breakdowns were representative of all 3,167 employees in the area, 1,488 employees earned between $10,000 and $15,000 annually, 602 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.

TABLE 4

TOTAL NUMBER OF EMPLOYEES AND PAYROLLS

<table>
<thead>
<tr>
<th>Number Full-time Employees</th>
<th>Annual Payroll*</th>
<th>Number of Businesses</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 7</td>
<td>&lt; $100,000</td>
<td>36</td>
<td>42</td>
</tr>
<tr>
<td>7-24</td>
<td>$100,000-500,000</td>
<td>48</td>
<td>48</td>
</tr>
<tr>
<td>25-32</td>
<td>$500,000-700,000</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>&gt; 33</td>
<td>&gt; $1,000,000</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>90</td>
<td>100</td>
</tr>
</tbody>
</table>

*Estimates for businesses that did not provide annual payroll figures were based on individual employee earnings information provided by each employer as shown in Table 5.

Business Survey Summary

The following is a brief summary of the findings:

1) 73 percent of the businesses reported that their firms had made investments in the area since 1977.
2) 48 percent had plans for investment or improvement in the area in the future, and another 5 percent were not sure at this time (36 percent had such intentions according to a 1976 study conducted in basically the same area).
3) 43 percent had plans for expansion in the area, assuming that the economy returns to normal, and another 6 percent were not sure at this time at 1976 had such intentions at that time.

MAP 2

JEFFERSON SQUARE AREA

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.

Forty-five percent of the businesses also reported that they had plans for improvement in the area (assuming that the economy returns to normal), and another 6 percent were not sure at this time. In the 1976 study only 18 percent of the businesses had such intentions.

Of those with plans for investments or improvements in the area, 75 percent indicated that they would seek private financing, 22 percent a combination of private and public financing, and 3 percent said they would seek only Industrial Development Act (IDA) revenue bonds or other public financing tools.

Assuming that 75 percent or 110 of the 150 businesses (73 percent of the respondents made investments) made the average investment of $188,239 ($9,414,650/50), a total investment of $20,712,230 was estimated for the entire area (110 x $188,239).

As with payroll, this estimate assumed that several major firms made investments in the largest investment categories in roughly the same proportion as did the 50 reporting firms. 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 about general conditions and business trends in the area.

Forty-nine of the businesses that reported they served walk-in sales traffic reported a total of 15,112 customers in a five-day average week or 3,022 per day. In addition to these customers and employers the 86 businesses surveyed also reported that they drew an additional 4,613 individuals to the area on a weekly basis. This category included individuals such as sales people, service people, and distributors, etc.

A total of 29 percent of the businesses that had walk-in traffic indicated that their sales over the past three years had improved or improved considerably, 38 percent said sales had stayed about the same, 24 percent said that sales had declined, and another 9 percent said that sales had declined considerably.

Improvement in their walk-in sales was expected by 44 percent while 33 percent expected them to stay the same. Only 4 percent expected their walk-in sales to worsen.

In terms of future walk-in sales for the entire area, 36 percent expected them to improve, 58 percent thought they would stay about the same, and only 5 percent expected them to worsen.

TABLE 5

ANNUAL EMPLOYEE EARNINGS

<table>
<thead>
<tr>
<th>Number of Employees</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; $10,000</td>
<td>248</td>
</tr>
<tr>
<td>$10,000-$12,000</td>
<td>352</td>
</tr>
<tr>
<td>$12,001-$15,000</td>
<td>288</td>
</tr>
<tr>
<td>$15,001-$20,000</td>
<td>255</td>
</tr>
<tr>
<td>$20,001-$25,000</td>
<td>195</td>
</tr>
<tr>
<td>$25,001-$35,000</td>
<td>120</td>
</tr>
<tr>
<td>&gt; $35,000</td>
<td>64</td>
</tr>
<tr>
<td>Total</td>
<td>1,307</td>
</tr>
</tbody>
</table>

*Does not equal 100 percent due to rounding.

TABLE 6

INVESTMENTS SINCE 1977

<table>
<thead>
<tr>
<th>Dollars</th>
<th>Number of Businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;$25,000</td>
<td>25</td>
</tr>
<tr>
<td>$25,001-$100,000</td>
<td>50</td>
</tr>
<tr>
<td>$100,001-$500,000</td>
<td>11</td>
</tr>
<tr>
<td>&gt; $500,000</td>
<td>11</td>
</tr>
<tr>
<td>&gt; $1 million</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
</tr>
</tbody>
</table>

and general access to the area north and northwest of the CBD.

The construction of a new, major, four-lane boulevard at 24th Street from Dodge to Cartwright will serve to connect the central business district and provide an attractive entrance to the area. The boulevard, which will include landscaping, will run between the new Interstate site and Joslyn Museum at Dodge Street, past Creighton University, and will feed directly into Cuming Street.

In addition, construction work on the Interstate site of the North Freeway Interstate 580 has resumed by April, 1983, and completion is expected.
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 northern populations, the growing employment bases in the Riverfront Industrial Park and the CBD, and the airport. Other minor traffic improvements also 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 sign of a reversal of the population and housing stock losses that have occurred for the last two decades.

Excessive housing rehabilitation and neighborhood based community development efforts have been underway for some time in the president Park, Cathedral, and West Central areas along with several other neighborhoods east of 42nd Street and south of Dodge.

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 growing commercial/office complex.

The construction of the 132 new apartment units now nearing completion in Stage A of the Kellom Heights project was initiated to help meet the housing needs arising primarily as a result of the growing employment base in the area. As mentioned earlier, later phases of the development call for another 225 or more units.

Several, smaller scale apartment and condominium construction and conversion projects have also been built, are currently in progress, or are planned to the west and northwest of the CBD. In addition, Creighton University currently houses approximately 2,100 individuals near its campus and, as mentioned earlier, expects to expand another 1 to $2 million for housing.

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, and Mutual of Omaha, and in other developments, have had or will have positive implications for continued development of the area. The new facilities and developments already in place have vastly improved the general appearance of the area, and have facilitated the growth and development and the sizeable employment and student population bases in the area.

Additional improvements planned or currently underway will likewise serve to increase the area's residential appeal and commercial potential.

The large and growing populations of employees and students 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 the 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 3,167 persons and have an estimated annual payroll of over $50.2 million.

An employer of $20.1 million has been invested by these businesses in the area. The tabulation 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 improvement through significant new and planned investment. Table 7 is a summary of the combined investment and employment figures.

A total of 24,772 employees, students, and volunteers is drawn to the area and the total annual payroll for the employees is $134.8 million. A total of $289.5 million has been invested since 1977, and another $274 million (not including the Jefferson Square area where the percentage of the businesses have plans for investment or expansion) is projected.

The emergent pattern of investment and development is initiated by several major private and public institutions, has resulted in a growing employment base and the overall improvement of physical conditions and economic stability in the area. Along with and partly as a result of the institutional investments, the addition of new residential construction and rehabilitation efforts may be the first signs that revitalization and possible reversal of the population and housing stock losses of the past decades is occurring.

Combined with and supported by the recent revitalization of the CBD, the resulting improvements in the area's appearance, overall stability, accessibility, and economic vitality greatly enhance the attractiveness of the area and the likelihood that additional redevelopement activity will occur.