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University of Nebraska at Omaha

# REVIEW

of

## APPLIED URBAN RESEARCH

VOLUME VIII

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### PART I: THE SPATIAL PATTERN OF DEVELOPMENT

# An Analysis of the Omaha Apartment Market

By Donald A. Nielsen and John P. Zipay

## Introduction

IN MOST AMERICAN CITIES during the first half of the twentieth century, the distance between worksite and residence tended to increase. This was due to improvements in transportation corridors, advances in real income, and availability of the automobile to the middle-income class which correlated with the purchase of new homes in the suburbs. Traditionally, the journey to work took the labor force to areas in or near the central business district of the city. In the recent past, however, the movement away from these centers by industry, retail establishments, offices, and other users of downtown space has led to the establishment of other work center nuclei. With their birth has come a change in the direction of daily commuting and a restructuring of residential living patterns.

In Omaha this movement of plants, offices, and retail establishments into the suburbs has been aided by transportation routes such as the interstate system. These corridors have improved access to larger, cheaper land packages in the developing perimeter of the city. In addition, primarily east-west arteries provide reasonable access to these new employment centers as well as to the city core. Many of these streets have been modified over the years to increase their carrying capacities which have provided a wider range of access in the search for housing.

The purpose of this article is to examine the current conditions within one portion of the housing market—the apartment sector. Before these conditions can be viewed in their proper perspective, establishment of the background of

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locational development is necessary. The authors feel strongly that general statements concerning market conditions must be understood within this framework. While there is always an average rent or average vacancy rate to be estimated, the diversity within the market is so extreme as to make these numbers virtually meaningless. Part 1 of this article will examine the evolving locational characteristics of apartments. Part 2, which will appear in a future issue of the *Review*, will focus on changing monetary policies that affect apartment construction, rents, vacancies, condominium conversions, and the prospects for the future.

## The Mapping Process and Characteristics of the Data

Before proceeding with an analysis of the construction pattern of the 1950's, some technical notes are in order concerning the graphic technique used. Figures 1 through 6 represent a specific five-year period of apartment construction using proportional circles to show apartment "complexes." The names ascribed to units, as well as specific ownership records, aided in this identification. Individual building permits issued by the City of Omaha, City of Ralston, and the former City of Millard were the source data used. The volume of each circle is in direct visual proportion to all others and is positioned at the centroid of each development. Circles drawn with a solid

line represent those permits issued for privately-owned housing in structures containing three or more units; those with a dashed line represent permits authorized by the Omaha Housing Authority issued specifically for public ownership and management. The data represent units for new construction only and do not include units converted from other uses. The term apartment, as used in this article, is a dwelling unit within a structure containing three or more units available for rent or ownership.

The apartments constructed within each of the three cities mentioned above represent only a portion of the Omaha metropolitan area of Douglas, Sarpy, and Pottawattamie Counties. Because consistent data were not available through the entire three-decade study period, only the urbanized portion of Douglas County is represented. Although data published in the Bureau of the Census C-40 *Construction Reports* series cannot be identified for apartments in the 1950's, well over 90 percent of construction was estimated to be within Omaha. In the 1960-1964 period this remained high at 90.3 percent but declined to 85.9 percent in the latter half of the decade. The effect of suburban development in Sarpy County brought this figure down to 78.0 percent in the 1970-1974 period. In the latter half of the 1970's, urban Douglas County represented only 62.2 percent of metropolitan apartment construction.

## Developments Prior to 1950

In the past hundred years the United States has changed from a nation of renters to one where home ownership is an increasingly desirable venture. Contrary to some beliefs, however, the concept of the apartment building constructed as such was not part of the early



rentership pattern. Basements or the upper stories of single-family homes were rented as well as flats above stores; boardinghouses and sleeping rooms were also popular in addition to rentals within hotels, blocks, buildings, and halls.

Not until 1892 was the first apartment building constructed in Omaha. This building, called the Mengedoht, was a four-story brick structure containing 34 share-bath units located in the 800 block of South 22nd Street. After this construction the increased demand for apartments in the city subsequently produced the Lorraine in 1894 and a half-dozen other structures prior to 1900.

During the first three decades of the 1900's, a number of apartment units were constructed at various locations. Some of these were rather sizeable developments of 30 or more units located generally on the southwestern fringe of the central business district, along the Dodge Street commuting corridor, or along the street-car lines of North 16th Street. The financial crash of 1929 found the Omaha apartment market overbuilt with nearly all buildings incurring some vacancies. This situation was not alleviated until the later 1930's when a growing Omaha population occupied the units but at greatly depressed rents. In 1942 rent control was introduced to the Omaha market with rents frozen at the earlier reduced levels. These controls, accompanied by high building costs and a lack of private-sector initiatives, impeded nearly all apartment construction for several years. During the middle and late 1940's a number of apartment units were constructed in Omaha under several Federal Housing Authority programs passed to encourage multi-family property development.

Another way of looking at this same period is through the inventory provided by *Polk's City Directory*. The *1930 Directory* lists a total of 5,570 units that can be generically identified as "apartments." Of this total, 3,273 or 58.8 percent were located in the area of downtown Omaha bordered by the Missouri River on the east, Cumming Street (900 N.) on the north, 30th Street on the west, and Pacific Street (1100 S.) on the south. In 1940 that total had grown to 6,090 units with 3,326 or 54.6 percent located within the described area.

According to the 1954 yearbook of the Omaha Building Owners' and Managers' Association, approximately 8,000 units of constructed apartments were part of the housing stock. In addition, an estimated 1,000 units existed that had been

converted from other uses under a program sponsored by the Federal Public Housing Authority. According to this source, under this program the old Arlington Block, Seminary Building, Drexel Hotel, the old Clarkson Hospital, and many other smaller buildings were converted to apartments. While the *1950 City Directory* analysis does not dispute the general findings of this report, it does suggest that an exaggeration might have occurred as to the number of Omaha apartments. This research identifies only 7,408 units of which 3,774 or 50.9 percent were located within the rather narrowly defined downtown zone.

**The Decade of the 1950's**

The declining importance of downtown Omaha as the base for apartments continued with the construction patterns of the early 1950's as noted in Figure 1. Although the 233-unit Rorick was located in the downtown area, much of the other construction was oriented close to Dodge Street and west of 30th Street. Most structures of this period contained a relatively small number of units although a few approached 100 units in size. The Omaha Housing Authority was also quite active with the construction of three family-housing complexes totaling 700 units.

The latter half of the 1950's represented in Figure 2 depicts a trend away from the Dodge Street axis and the construction of smaller complexes, particularly in the northern part of the city. During this period the area west of 72nd Street was entered with the 208-unit Pacific Garden development and the first portion of the Westgate apartments on South 82nd Street.

**The Decade of the 1960's**

The first half of the 1960's shows a dramatic change in intensity and location as indicated by Figure 3. In this period a large number of three-story, one-bedroom, single lot "slip-ins" were built in the vicinity of North Saddle Creek Road and in the Dodge Street area immediately to the east. While these were impressive in the sheer number of structures, some sizeable developments occurred throughout the city, often in concert with adjoining complexes. Particularly noteworthy were the clusters bordering Ames Avenue and North 72nd Street and the Masonic Manor high-rise on South 52nd Street. Most of these units did not possess the amenities of swimming pools,

clubhouses, and tennis courts initiated in the latter portion of the 1960's.

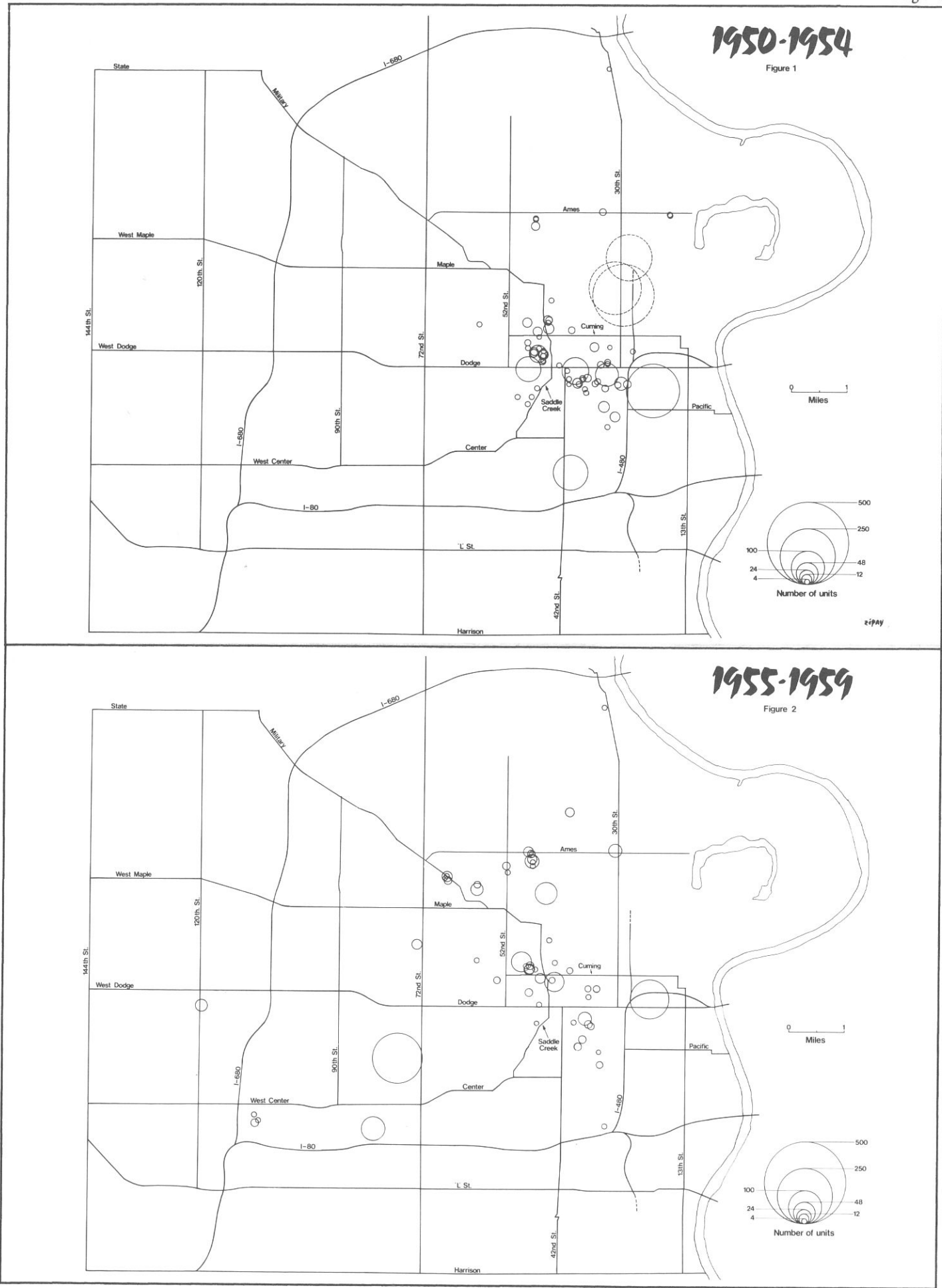
The suburban expansion begun in the early 1960's was now in full swing as shown in Figure 4. Although some developments occurred in the core area of Omaha, the direction was clearly westward. Apartment complexes in excess of 100 units were relatively commonplace throughout much of the area west of 72nd Street. Again the clustering along major transportation routes was evident. Apartments with access to West Maple Road, West Dodge Road, "L" Street, and the Interstate system were particularly numerous. Although the bulk of the development was west, a number of non-profit agency projects and Department of Housing and Urban Development "Section 236" complexes were built within the eastern part of the community. Also in this area were a total of 710 elderly high-rise units placed by the Omaha Housing Authority.

**The Decade of the 1970's**

The first half of the 1970's was the so-called "golden Age" of Omaha apartment construction. More units were planned and built during this time than ever before, and probably such extensive construction will not be duplicated in the future. As Figure 5 shows, some of the apartment complexes in the suburban areas approached 500 units in size. As in the earlier five-year period, most were located close to the major transportation routes and were relatively evenly balanced between northwest and southwest Omaha. The virtual abandonment of the older central city area also occurred.

As this part of the decade drew to a close, the bottom fell out of the entire housing market. The so-called "crunch" came as a rude shock to an era blessed with unparalleled growth. The practice of building an apartment project and borrowing on reachable resources while soliciting for fresh capital, which resulted in builders becoming overextended, was incompatible with the recessionary times that were soon to come. The market was clearly overbuilt, vacancy rates were universally high, and apartment owners promised an assortment of gimmicks to induce rentership.

The second half of the decade stood in stark contrast to this boom period. In 1975, for example, a total of eight apartment units were authorized in Omaha compared to 3,600 only three years earlier. None of the 587 units represented (Continued on Page 6)



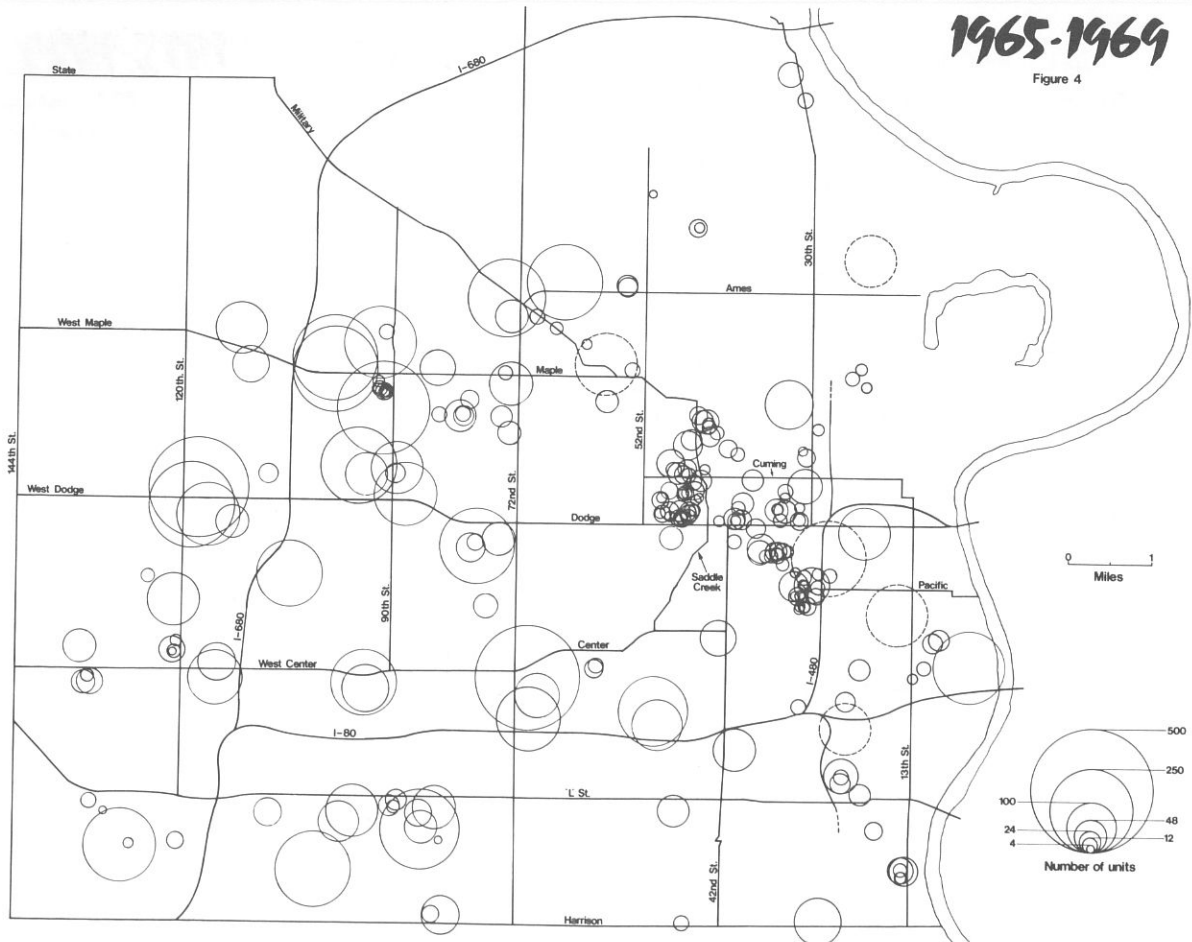
**1960-1964**

Figure 3



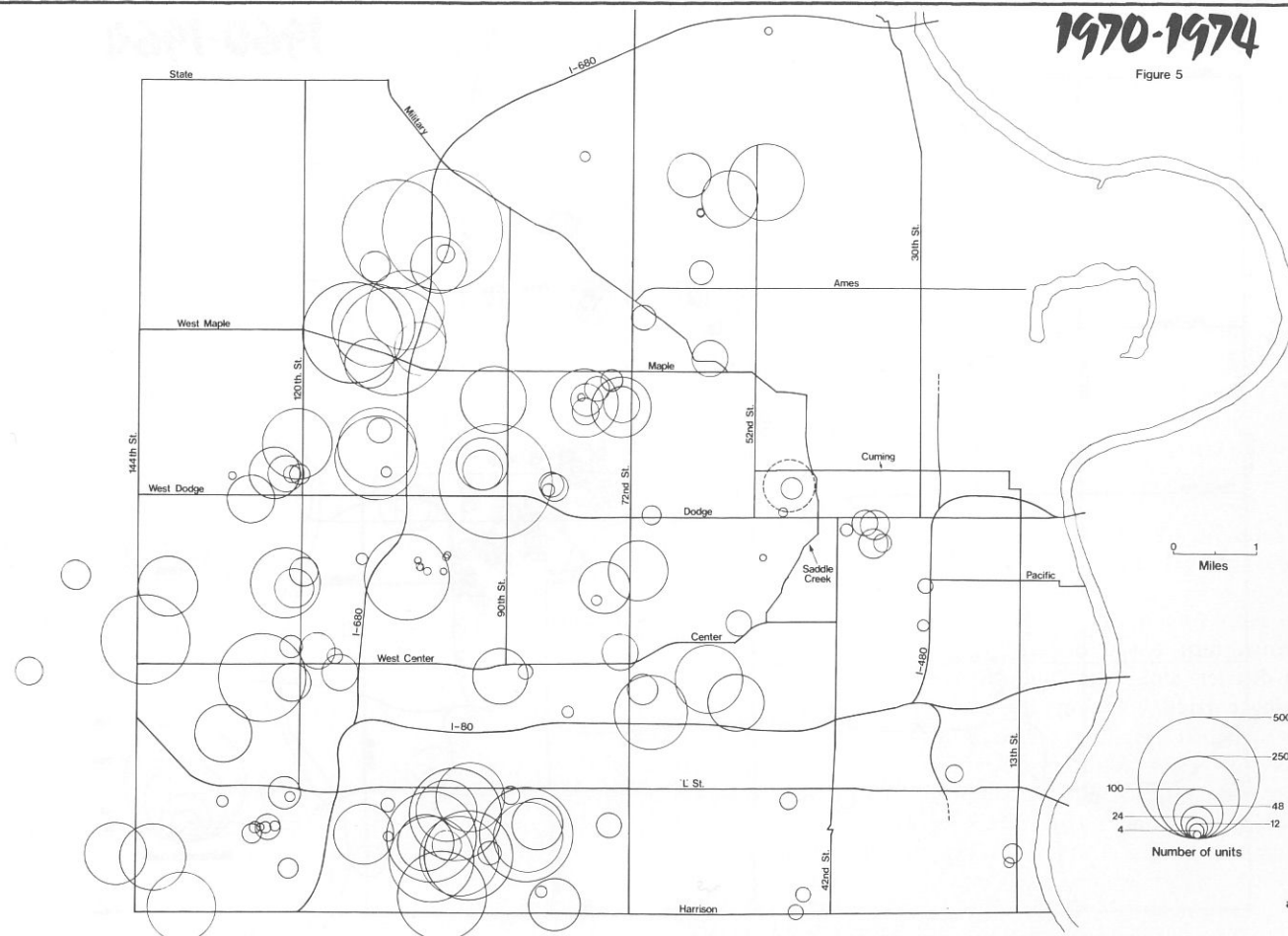
**1965-1969**

Figure 4



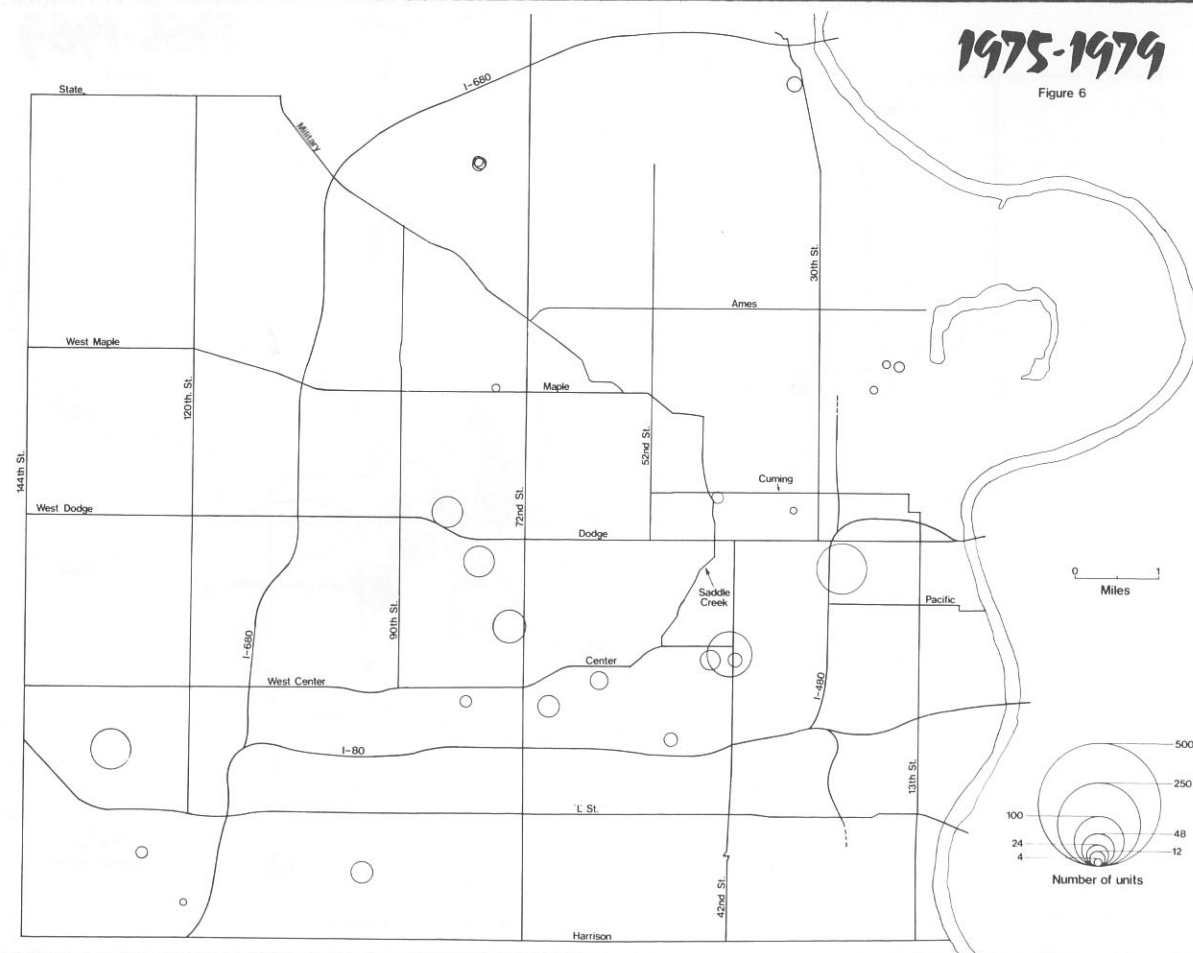
1970-1974

Figure 5



1975-1979

Figure 6



(Continued from Page 2)

on Figure 6 fell into the classification of "public" housing, but 302 or 51.4 percent were aided in their construction by federal mortgage and rental assistance inducements. The limited number of apartments authorized for construction exhibited a pattern of disbursement

throughout the community.

### Conclusion

Many of the units built in the downtown area prior to 1950 have been in the path of the Interstate system or otherwise suffered fates associated with age and functional obsolescence. Those remaining

join the developments built since 1950 to form the existing apartment stock. Age of unit, size of development, locational character, bedroom size, on-site amenities, and a host of other factors contribute to current rent and occupancy patterns. This diversity has shaped the current housing market as well as prospects for the future.

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