



A Housing Assessment and Strategy Plan for Schuyler

Executive Summary

Prepared for the
City of Schuyler, Nebraska
by
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September, 2006

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A PROFILE OF SCHUYLER

A SOCIO-ECONOMIC PROFILE OF THE COMMUNITY

Regional job growth in the late 1990s makes it challenging to define Schuyler's housing market. This growth brought many new residents to Schuyler in a short time, often overburdening a housing market that could not respond with increased construction. Indeed, before 1995, Schuyler had experienced a pattern of stagnate population growth and demand, reducing the markets ability to produce new speculative housing.

Major findings include:

- **Schuyler's population increased by 32.6% during the 1990s after declining by 2.4% during the 1980s. Expansion in the job market would indicate that most of this growth occurred after 1995, however, 1990 and 2000 Census data is used to evaluate population change.**
- **New migration was most pronounced in Schuyler among young adult households with young children. The majority of the city's newest residents were males, working in the local industry.**
- **According to the 2000 Census, the city's population increased by 33% during the 1990s while the number of households increased by only 7%. This disparity increased the city's average household size from 2.42 to 3.03 people per household. These numbers reflect large family sizes but also help explain one of the city's challenging issues – the doubling-up of multiple families (households) into single units.**
- **The core of the city's growth occurred among Hispanic residents. The city's Hispanic population increased nearly 14 times during the 1990s, while the city's non-Hispanic population decreased by 24%. If the city's job market had not expanded and attracted new workers to the community, the city would have continued to experience a declining population with an estimated decrease of 2.9%.**
- **The city's new population is young, substantially increasing the number of people between the ages of 15 and 39. Growth in this age group also produced a significant increase among children under age nine.**
- **Although Schuyler experienced tremendous population growth it is likely that the 2000 Census actually undercounted the city's true population. The U.S. Census Bureau estimates that nationally the undercount of Hispanics is roughly 1.25%.**

- The only cohort that showed a smaller than expected total population during the 1990s were seniors over the age of 85.
- If the city can meet shortfalls in the housing market it should continue to experience steady population growth resulting in a 2020 population of 6,554.

HOUSING TRENDS AND DEMANDS

HOUSING TRENDS AND DEMANDS

An analysis of U.S. Census and other historical data provides an understanding of the supply and condition of housing in Schuyler. Of particular interest is information on housing vacancy, ownership percentage, and pricing. This information can help identify existing or potential imbalance in the market and may suggest housing policy direction for a variety of issues.

Major Findings include:

- **The number of owner-occupied units in Schuyler grew at a slower rate than rental units, while the vacancy rate among rental units remained extremely low.**
- **The construction rate for single-family units over the past 15 years has not responded to the city's population growth. The lack of new units and increasing rental rates are two reasons many new residents chose to share housing units.**
- **Despite a shortage of new housing, the median value of an owner-occupied unit remained below that of other regional cities.**
- **The city will need to construct 597 units over the next 15 years or approximately 40 units annually to address both the shortfall in housing construction and future demand.**
- **A shortage of housing in the upper ranges has made it difficult for Schuyler to attract residents who are above the average median income, indicating a lack of opportunities for higher-income households to move to higher value housing.**
- **Schuyler's future senior housing market should focus on low-maintenance units that fit the lifestyle of more active seniors.**

HOUSING ISSUES

DEFINING HOUSING ISSUES

Community stakeholders provide important input on the city existing housing stock and future directions. This process included two parts: a housing perception questionnaire and a series of focus groups.

Community perceptions of the city's housing market included:

- **Current housing demand is for market rate housing**
- **The quality and upkeep of existing housing stock was an immediate concern**
- **Multiple households in one housing unit was identified as a major concern for both safety and quality of life.**
- **Participants perceived a need for additional market rate senior housing with some services provided.**

POLICY FOCUSES AND RECOMMENDATIONS

The previous sections of this plan presented information and interpretation of Schuyler's housing market. This chapter integrates that information into a diagnosis of the city's residential issues and a strategic prescription for addressing them.

Schuyler's housing situation is a paradox – accentuated by a strong regional economy. The city has plenty of demand, but relatively little production. It has a shortage of quality older housing as well, resulting in relatively lower housing values compared to other communities. When we typically associate shortages with higher costs, and a shortage of a product as an opportunity that private enterprise inevitably grasps, these conditions make little sense. We believe that the root cause of Schuyler's housing challenges are below average property values for its region. These lower values, in turn, are caused by:

- Enough deteriorated housing or property in poor condition to depress values throughout the city.
- A lack of consistent new housing construction that establishes comparable properties with higher values.
- The inherent perception that higher value houses in a rural town have limited resale markets and, therefore, reduced value.
- The loss of higher wage earners. Although the vast number of management and salaried positions (above the median household income) have remained somewhat constant in the community, many of these positions are now filled by individuals domiciled outside the city. Lower home values and the lack of housing choices will discourage this middle to upper middle market from building or purchasing in the community. Other reasons include:
 - A growing school enrollment and aging school facilities.
 - Available housing alternatives in adjacent communities.
 - A psychological barrier generated by the decrease of 940 non-Hispanic residents during the 1990s (a 24% change) compared to an estimated decrease of 116 (-2.9%).

Overall community development and quality of life have a significant impact on a city. If unaddressed, the above factors will continue to impact Schuyler's housing market.

Like deflation in a national economy, low valued properties cripple healthy housing markets. This condition:

- Discourages local buyers with adequate wealth from buying up in the housing market. It is likely that the cost of “move-up” housing acceptable to these buyers relative to quality, space, and features will exceed the city’s housing price ceiling. For example, it is unlikely that a family will purchase a \$200,000 house if the typical top price commanded by the market is \$125,000.
- Prevents natural filter-up processes, by which households of moderate means buy homes that are sold by higher income families who are buying up. Instead, all residents compete for the same housing stock. Typically, potential new residents, and thus the city, lose out in this competition and the city’s poorer housing does not go through a normal redevelopment cycle. Extending the demand for these units keeps them in the housing supply, consequently continuing to depress housing values.
- Reduces or eliminates the private sector’s willingness, and hence capacity, to address actual housing needs. Simply stated, developers platting subdivisions and homebuilders building houses cannot make money in an undervalued market. Capital and energy moves to enterprises that are profitable. As a result, a city like Schuyler loses the private capacity to respond to many market needs. Certainly, some construction takes place – new homes are built for people who build for themselves rather than for expectation of future returns. Also, federal tax credits encourage construction of some rental housing for low-income households. But neither of these represents the operation of a healthy, self-supporting housing market.

Schuyler’s strategic location and strong demand for employment continue to create opportunities. So what’s to be done? The answer lies in increasing the value of housing in the city. Again, paradoxically, this is done primarily at the *foundation* – the supply and quality of moderately-priced workforce housing, rather than at the *ceiling* – the city’s highest cost housing. Reinforcing value at the base will allow the market’s top end to begin to take care of itself. However, other issues related to Schuyler’s growth and development should continue to be addressed. Especially important is the growing school enrollment and aging school facilities. A strong school system is critical to the marketing and growth of any community.

A comprehensive program based on this fundamental strategy will:

- Reduce the reliance of the city’s moderate income wage earners on substandard, obsolete, and even dangerous housing. When demand for poor housing is reduced, these units must either improve or leave the market altogether through demolition.
- Remove blighted or hazardous housing from the city’s inventory.

- Establish a higher base value for moderate cost housing – still affordable to most earners on a monthly basis, but at the level where value equals or exceeds construction cost.
- Cause housing values to be consistent with actual construction or replacement cost across the residential spectrum, giving move-up residents that expectation that their new house will be a solid investment.
- Consequently, create a private market for higher value new construction, thereby restoring the natural filter-up process and indirectly producing more quality affordable housing.

The implementation components of this program include:

- *A Housing Production Program*, assembling the elements needed to produce new workforce housing in the city, and strengthen the foundation of the housing market.
- *A Site Development Program*, capable of producing buildable lots with urban services, to accommodate new housing.
- *An Existing Housing Conservation Program*, organized to upgrade the existing housing stock and remove unsafe and deteriorated structures from the housing supply.
- *Homeowner Education*, providing new owners with the skills to maintain homes and build equity in the community.
- *Senior Housing Development*, providing quality, appropriate alternatives for older adults that can introduce more quality existing housing into the market.
- *A Community Marketing Program*, to increase the image of the entire city as a desirable and diverse place to work, live, and invest.

1. HOUSING PRODUCTION PROGRAM

The critical first step in restoring health to Schuyler’s housing market is to recognize the tremendous opportunity for economic growth and the prosperity for all residents resulting from this growth. Secondly, creating the capacity to consistently capitalize on this opportunity by producing sufficient numbers of housing units for households both below and above the city’s median income (see Table 18, page 21). This capacity involves

a private or public sector production entity, a financing consortium, and a source of developable land.

DEVELOPMENT COMPANY

Despite the presence of a strong, well-substantiated demand for moderately-priced housing, Schuyler lacks organizations building to this market. Ultimately, this demand should be filled by the private sector working in a healthy construction environment. However, in the absence of this, another entity must fill the gap of developing housing. In many communities, and specifically in redevelopment areas, this role is filled by nonprofit community development corporations (CDC's) – private, nonprofit developers who build housing or other community development projects that normal, profit-making businesses are not yet ready to enter. In some cases, CDC's are organized as Community Housing Development Organizations or CHDO's, having a specific number of community representatives on their boards of directors with access to set asides of low-income housing tax credits and other development incentives.

Community development corporations often grow out of established organizations that have identified housing as vital to their work, or of other community organizations (such as churches, human services groups, or community action agencies) that identify housing as a critical need. The Schuyler Development Company, an existing development corporation with full-time staff, could well function as a CDC for Schuyler. The SDC board has twelve directors, including representation from both local banks, and has rightly established housing development as a priority. The company could work either as a developer itself or create a subsidiary housing development corporation for which they provide stewardship. Organizations like SDC were initially created for economic development and their work typically involved offering incentives to recruit employers and developing industrial parks and speculative buildings. Increasingly, though, housing development has become vital to *economic* development. Without sufficient new available housing, recruiting new employers to Schuyler will be significantly more difficult.

We envision a temporary or transitional role for an organization like SDC in housing markets. At some point, enough activity will emerge to encourage private builders to enter the market by themselves. When that happens, the nonprofit development corporation's housing role may either end or change to another focus. Additionally, the nonprofit should not function as a contractor, but rather work through existing contractors or even manufactured home suppliers.

FINANCE CONSORTIUM

The development group must have a source of financing to do its work. This financing source should be relatively patient, understanding the long-term community benefits of

creating a healthy housing market. We recommend a consortium of lenders active in the Schuyler area, combined with local employers who also may participate in the housing market. This consortium approach is designed to spread the exposure of project financing across several sources. In addition, these cooperative ventures can attract the support of other agencies such as the Nebraska Investment Finance Authority (NIFA) and the Federal Home Loan Bank.

The central programs of a Schuyler Housing Finance Consortium should include:

- *Construction Lending.* The consortium should capitalize and administer a construction loan pool to provide interim financing to the housing development corporation, and ultimately to private builders and developers of affordable housing. These construction loans may be considered non-recourse obligations, paid back on sale of permanent financing of a house or project. Specific classes of activity for the construction loan pool should include:

- Developments of the Schuyler Development Corporation or its housing development subsidiary.
- Speculative, affordable single-family housing construction by private builders.
- Assisted and non-assisted rental housing development. These may include projects that utilize the equity raising capacities of the Section 42 Low Income Housing Tax Credit program. Section 42 provides an income tax credit to owners of newly constructed or substantially rehabilitated low-income rental housing projects.
- Independent senior housing developments.

The construction loan pool is intended to ease the flow of capital to specific, strategic types of projects, and to shift the risk for certain types of projects from individual enterprises to the private community as a whole.

- *Mortgage Financing.* The consortium may be a lender of last resort to low- and moderate-income buyers who are bankable yet fall outside the underwriting standards of lending institutions. In these situations, the corporation should be prepared to hold the loan notes, as secondary markets are not always available. Mortgage financing by the consortium may be blended with deferred second mortgages, capitalized by CDBG and HOME funds, to produce affordable payments and reduce the loan to value ratio of loans in the consortium's portfolio. The consortium should also be equipped to manage long-term lending to certain types of rental projects.

CAPITALIZATION

Capitalization of the Housing Finance Corporation can be accomplished as follows:

- Private lending institutions. Lending institutions active in the city are the probable leaders of the formation and operation of the consortium. Participation can assist lenders in meeting Community Reinvestment Act requirements, which requires them to meet the credit needs of the community's low- and moderate-income neighborhoods.
- Business contributions and investments. The consortium is a public interest financing body, but should by no means lose money. Thus, investments from the city's business community should become important components of the agency's capitalization. These investments might be particularly focused on the construction loan pool, which provides shorter term paybacks. Rental projects accommodate new arrivals in the city, and provide appropriate avenues for business investment.
- Community assistance. Participation by the city should focus on partnership development, rather than direct financial contribution. Thus, the consortium may be a vehicle for CDBG or HOME-assisted public/private partnerships. The city could also consider using some keno funds which can be used for community betterment projects.
- Participation from other agencies. NIFA has been an aggressive supporter of innovative, affordable housing development approaches, and could well be a part of an effort in Schuylers. The Federal Home Loan Bank and USDA Rural Development also have programs to support housing development in rural communities. These agencies are particularly open to partnerships for specific projects.

Organizationally, the consortium should be administered by representatives of participating lending institutions, contributing businesses, and other community interests. It is a lending agency, rather than a development body. Its fundamental purpose is not to build housing, but rather to expedite its development by other private businesses or nonprofit corporations.

A SOURCE OF LAND

The third, and sometimes most difficult, part of the development triad is creating places to build new housing. Two contexts for development exist:

- Vacant lots within the city that are either now open or can be made available through demolition or redevelopment. These lots would be served by urban infrastructure.
- One or more new subdivisions that require new or improved urban infrastructure. Typically, infrastructure development cost will substantially exceed land cost on a per unit basis. The city's 2004 Comprehensive Plan identifies locations for future residential developments that take into considerations many issues including

feasibility of infrastructure extensions. (*The Schuyler Plan*, Chapter Two pages 31-44 and Map 2.5)

The city's primary role should be to supply improved lots for home construction. The Site Development Program is presented below.

PROJECT FOCUSES

The Housing Production Program should focus on specific types of products that respond to market needs. We suggest considering the following project types:

- *Moderately-priced, owner-occupied housing, with effective prices to buyers below \$120,000, and preferably, with financing assistance, below \$100,000.* These units may consider a manufactured housing alternative, provided that design is compatible with conventional housing standards.
- *Acquisition/rehab/resale.* This program is based on the availability of reasonably-priced, basically sound structures that need significant rehabilitation. Here, the development company purchases and rehabilitates existing houses, and sells them at moderate price to new homebuyers.
- *Rent-to-own development.* In the rent-to-own program, the development company develops houses using the Low Income Housing Tax Credit. A portion of the family's rent is placed in an escrow account that is directed toward downpayment. At the end of a specific period, the residents can then use the accumulated escrow as a downpayment to purchase either a new house or an existing unit. Rent-to-own programs have the advantage of providing rental housing to residents, while incorporating aspects of owner-occupancy.

The rent-to-own approach gives young families the opportunity to try out the city as well as building equity and wealth. Such a program is especially well-suited to towns like Schuyler, with its large industrial base. It provides a transitional opportunity by which young households can build equity and become integrated into the larger community. In Nebraska, some rent-to-own units are also being developed by private parties. A successful example is the Crown Homes development in Nebraska City.

2. SITE DEVELOPMENT PROGRAM

Schuyler's housing production program obviously requires improved lots, but providing these can be a challenge. For new subdivisions, streets, sewers, and water lines typically cost between \$12,000 and \$18,000 per lot, a substantial part of the cost of a

home. In addition, in small markets, the carrying costs associated with infrastructure finance can make private subdivision development unfeasible.

The Schuyler housing program anticipates two types of building sites:

- Infill sites, including individual or preferably clusters of vacant lots made available by direct purchase or demolition of deteriorated housing. These sites will typically be served by existing utilities.
- New subdivision lots that require both acquisition and development of streets and urban services in accordance with the city's Comprehensive Plan. (*The Schuyler Plan*, Chapter Two pages 31-44 and Map 2.5)

INFILL SITE ACQUISITION

Infill sites should be located in areas that are substantially sound and attractive, albeit older, neighborhoods that will sustain and be benefited by the higher cost of new construction. Ideal infill sites are clustered together, giving a new development project the critical mass necessary to provide security for buyers and increase values in the surrounding neighborhood. An infill program may include the following components:

- A geographic inventory of vacant lots and deteriorated houses in Schuyler. This will assist the development company and city in defining target sites for new construction.
- An aggressive program to acquire and demolish houses that are so deteriorated that rehabilitation is not feasible.
- Negotiation with property owners to acquire targeted vacant lots. Negotiations may be done privately by the development company or through the city.
- Working with Colfax County to create a Land Reutilization Authority (LRA). An LRA allows the county to clear back taxes and special assessments from properties and to sell them to new owners. In Douglas County, the LRA gives the City of Omaha right of first refusal in specified redevelopment areas.
- In areas with a concentration of possible sites, preparation of a redevelopment plan that permits the city to acquire, prepare, and convey land for redevelopment, and to use tax increment financing to finance these costs. The application of TIF to residential redevelopment is discussed below.

NEW SUBDIVISION DEVELOPMENT

In addition to assembling infill sites, the City should partner with the development company to acquire property and develop improvements in a new subdivision. As a real estate venture, this is analogous to developing land for a business park – a common program of economic development corporations. Public intervention is necessary when the private sector cannot feasibly provide new building lots. New subdivision development will occur in phases, with improvements corresponding to market demand. In affordable development, it is especially important to pay attention to quality design and to features that add distinction and value to the completed project.

DEVELOPMENT FINANCING

Building housing in Schuyler is no less expensive than anywhere else; in fact, in small markets, housing construction costs may actually be higher than in larger areas because of a lack of economies of scale. In Schuyler, builders report local construction costs of approximately \$100 per square foot. Therefore, financing techniques that avoid burdening moderate income homebuyers with land and infrastructure development costs can be extremely important. In many communities, special assessments are used to finance infrastructure. While assessments reduce the initial purchase price of the house, they are retired through monthly payments, and so add to the monthly or overall cost of housing.

We suggest two other devices that can assist with development financing for housing:

Tax Increment Financing (TIF). In redevelopment areas, TIF can be a significant tool for land acquisition and development financing. TIF uses the added tax revenue created by redevelopment to finance project-related costs like land acquisition and public improvements. Use of TIF requires designation of an area as “blighted” according to the criteria established by state law and preparation of a redevelopment plan for the area. Because incremental taxes can only be used for fifteen years after approval of a redevelopment plan, subdivisions using the technique should be phased, with development phases tightly following market demand. New phases can be added by amending the overall redevelopment plan.

How would TIF apply to a residential development? As an example, the city master plans a 50 lot subdivision in an area that is included in a “blight” declaration. The subdivision is divided into five 10 lot phases, with services improved when each successive phase is opened. Each phase requires an amendment to the redevelopment plan that establishes the use of TIF for that phase.

Now assume that each house increases the value of each parcel by \$100,000. Added tax revenues may support up to \$12,000 to \$15,000 in debt, essentially paying back the cost

of public improvements. The front-end cost may be loaned by the finance consortium, or even potentially by the city.

Infrastructure Bank. This approach is similar to a deferred investment. In this concept, the city provides front-end financing of infrastructure cost. This cost then becomes a deferred mortgage, subordinated to the primary mortgage on the house. When the house is sold, the infrastructure loan becomes due. For example, assume a house has a sale price of \$100,000, \$15,000 of which is the cost of infrastructure. The homebuyer makes payments on an \$85,000 house. When the house is sold, however, the initial infrastructure loan comes due. The city may choose to forego interest, may establish an annual simple interest rate, or may participate in the appreciation (or depreciation) of the property. In a participation alternative, assume that in the example discussed above, infrastructure accounts for 15% of the house's cost. When the house sells, the city recovers 15% of the proceeds of the sale. If the property appreciates, the city's repayment also increases; if it depreciates, the principal repayment is reduced.

3. EXISTING HOUSING CONSERVATION PROGRAM

The programs discussed above concentrate largely, but not exclusively, on new construction. This is appropriate to a general strategy that restores health to the city's housing market by increasing housing values. Yet, housing preservation is also a fundamental priority in Schuyler. The city should implement a comprehensive approach to rehabilitation that broadens the reach and effectiveness of rehabilitation efforts, and reduces the amount of substandard housing in the city.

A REHABILITATION PROGRAM

Schuyler's 2004 Comprehensive Plan identified the need for effective housing rehabilitation programs. The more focused analysis and community input conducted in this study substantiates the need for this policy. Recommendations laid out in the 2004 Schuyler Plan are still applicable and include:

A PROPERTY MAINTENANCE STANDARDS PROGRAM

The best conservation programs combine awareness of the need for reinvestment with the tools to finance home repairs and rehabilitation. The strategy begins with a Property Maintenance Standards Program, an effort that encourages voluntary compliance with community standards while also establishing a legal basis for code enforcement.

Components of this program include:

- *Preparing and distributing a Property Standards Manual.* This should be a friendly and clear document that sets out the expectations that Schuyler as a community has for individual building and property maintenance. It can also help to

provide useful information, such as sites to dispose of or recycle unwanted household items. This manual should also be provided in Spanish.

- *Organizing voluntary efforts through church and civic groups to assist seniors and disabled people with property maintenance, including fix-up items, painting, routine repairs, and disposal of trash and other items.*
- *Review and modify the city's current Property Maintenance Ordinance, assuring that the ordinance clearly addresses those items that have the greatest impact on life safety, visual quality, and preservation of community maintenance standards.*
- *Creating a code enforcement mechanism capable of administering city ordinances. A staff person administering maintenance codes should be a helper as much as an "enforcer" – that is, the position should involve finding ways to assist people with voluntary code compliance without resorting to legal action. If possible, the city official should be bi-lingual. The city should also consider creating a full-time non-uniformed code enforcement/building official. Once again, such an official should encourage voluntary action and improvement.*
- *Holding neighborhood focus meetings. City staff and community organizations should set up periodic neighborhood meetings to explain the city's property maintenance standards and to answer any questions. These should be done at locations within each neighborhood and focused to the needs of each area.*
- *Backing up the property maintenance standards program with rehabilitation financing. Possible funding sources are discussed below.*

COMPREHENSIVE REHABILITATION PROGRAMS

A majority of Schuyler's housing units require at least moderate repairs or rehabilitation. A coordinated rehabilitation strategy, operating on a reliable, multi-year basis, is vital to ensure preservation of the area's critical supply of existing housing. A comprehensive rehabilitation program, appropriate to the respective needs of individual residential areas, should include four program types. These include:

- *Emergency repair program.* In 1999 Schuyler received a Community Development Block Grant (CDBG) for \$400,000 to develop an on-going rehabilitation program. These funds are recaptured over time as the loans are paid back into the fund. However, additional funding from both private sources and grants should be added to expand the program. Marketing of the program will also be essential to its success.

- *Direct rehabilitation loan programs.* This program would make direct forgivable loans and grants to homeowners from CDBG funds. The program is most appropriate to homeowners with low incomes who are not otherwise bankable.

- *A leveraged rehabilitation loan program.* This approach leverages private loan funds (often through the FHA Title I Home Improvement Loan program) by combining private loans with CDBG or other public funds to produce a below market interest rate for homeowners. The program works most effectively in moderate income neighborhoods with minor rehabilitation needs and some demand for home improvements. It is effective in expanding the amount of improvements completed by a fixed amount of public funding. Loans in a leveraged loan program can be originated through individual lenders or through the proposed lenders' consortium. The experience of local lenders with FHA Title I can help expedite implementation of this program.

- *Acquisition and rehab programs.* Acquisition and rehabilitation programs are particularly useful in adapting older houses to the preferences of contemporary, moderate income buyers. These programs can take two forms:
 - A program for homebuyers that combines home purchase and rehabilitation into a single mortgage loan. This concept is similar to the FHA 203k mortgage insurance program. However, the FHA program has received criticism for overly complex procedures. A local program may involve the cooperation of lenders active in the city.

 - In this program, presented as one of the housing development company's project focuses, the company purchases and rehabilitates existing houses, selling them at moderate price to new homebuyers.

- *Energy efficiency loans.* Funding can be leveraged through the city owned utility to provide loans that improve the energy efficiency of older homes. These low-interest or no-interest loans could be used to replace windows, heating and cooling systems, or any other upgrades that improve the energy efficiency of the home.

Primary funding for these rehabilitation activities may include Community Development Block Grant (CDBG) or HOME funds, administered by the Nebraska Department of Economic Development.

RENTAL REHABILITATION

In addition to the recommendations identified in the 2004 Comprehensive Plan the city should also consider a rehabilitation program focused on rental properties in the community. Serious fires in Schuyler have produced injury, and call attention to the

need for improved property standards for rental development. This program should also provide financing for the improvement of sound rental properties in need of rehabilitation.

Rental rehabilitation must include effective housing code enforcement to require that units meet minimum housing standards. But the reluctance of tenants to file complaints can seriously hamper effective life safety enforcement. Some communities have instituted rental registration or licensing programs. Here, all rental units must register to be certified for occupancy. Registration requires a life safety inspection and compliance with minimum standards. These programs can be effective, but are staff-intensive and must be administered to avoid displacing low-income households. However, the potential of loss of revenue, combined with available financing, can induce participation by property owners in this kind of program.

Mechanically, the foundation of a rental rehabilitation program should be private financing. An individual institution or the lenders' consortium should take a leading role in marketing the availability of rehabilitation loans to small rental property owners. A reservation of HOME funds should be secured and utilized by the city to assist with blended loans when some form of subsidy is needed.

DEMOLITION OF DILAPIDATED STRUCTURES

The third element of this program involves aggressive demolition of structures so deteriorated that rehabilitation is unfeasible. House removal programs should be structured to provide a buildable site after demolition. The program should also provide for the redevelopment of the site, under the infill construction program. The demolition effort should avoid removing houses that have a reasonable economic life.

4. HOMEOWNER EDUCATION

The City of Schuyler or the Schuyler Development Company should work with local lending agencies, Northeast Nebraska Economic Development District and possibly the local USDA Rural Development office to provide homeowner education covering a variety of topics. Programs should provide education on credit, budgeting and financing, the real estate process, and property maintenance. Agencies providing these types of services include:

- The Family Housing Advisory Services, a non-profit, HUD Certified program that provides training on credit, budgeting, homeowners insurance, and the real estate process. The agency can be contracted to provided the classes within the community and offer a bi-lingual services.
- The Consumer Credit Counseling Service of Nebraska (CCCS), is a non-profit organization with HUD certification. CCCS provides housing

education and counseling including pre-purchase counseling, resolving or preventing mortgage delinquency or default, home equity conversion and reverse mortgage for the elderly, and post purchase education programs. CCCS also offers programs covering homeowner maintenance covering such topics and early maintenance issues and being a good neighbor.

- Readiness Education Awareness Collaborative for Homebuyers and Homeowners (REACH), networks with interested experts in the fields of financing, housing and community development, insurance, and real estate to assure that quality, effective homebuyer education is available in Nebraska. As part of the Nebraska Housing Developers Association, REACH works with affiliated organizations like the Family Housing Advisory Service and CCCS to provide homebuyer education.

Any education program should overlap with the goal of improved property maintenance and the maintenance programs previously identified in this section.

5. SENIOR HOUSING

Senior housing is a significant priority for the city. A substantial market appears to exist for independent living settings, including market-rate development. Market-rate projects should be privately developed, potentially with some level of support through the Finance Consortium.

However, at least one-third to one-half of the senior market includes households of moderate means, and serving this population is a difficult problem. Development of moderately-priced senior housing may be combined with the purchase/rehab/resale concept presented above. Here, the development company builds one or two-bedroom attached units, with a target cost of (for example) \$80,000 per unit. The company agrees to purchase the senior resident's current home at \$40,000. That home is then rehabilitated and resold. The senior purchases the new attached unit, using the sale proceeds of the house as a substantial downpayment. The balance is amortized, with an approximate monthly cost of \$300. Assuming that additional costs for maintenance and utilities are \$125 per month, this is a moderate price for an appropriate new ownership unit.

6. COMMUNITY MARKETING

Schuyler should develop a community marketing program designed to promote the values of its community life and indicating that it is "open for business" as a place for households of all ages to establish themselves. This can both attract new population and add value to the community as a whole. A successful marketing program should be predicated on addressing those issues that have generated a negative community image

in the past. In Schuyler these include a growing school enrollment and aging facilities, housing maintenance issues, and building code enforcement. In addition to addressing the overall value of housing in Schuyler, resolving these issues is essential to any marketing program.

The program should include readily available print and internet-based material to promote aspects of life in the city. The program should be directed toward target groups, establishing the city as a logical choice for both residence and work. This information should be distributed when employees are hired by regional employers including local public agencies, and should be distributed around the region. The information should address:

- Housing programs and approaches tailored to the needs of households.
- Job and career opportunities available in the Schuyler region (including Columbus industries).
- Community features and amenities.
- A directory of key local services and contacts.
- Volunteer opportunities in the city.
- A guide to housing availability and development/financing programs.

The purpose of the program is to demonstrate the attractions of life in Schuyler, and communicating its welcoming message to succeeding generations of residents. In addition, it helps to build a larger regional market for housing initiatives identified in this plan.