

# Supplemental Information

March 2, 2016 Planning Commission Briefing

The following information is intended to assist in explaining and supplementing the presentation from the March 2, 2016 Planning Commission Briefing. This is being provided in response to questions raised and the discussion throughout the presentation. This additional information generally finds that Lincoln's vacancy rates are low, rents are maintaining at steady levels, homes for purchase have been increasing since the 2009-2011 lows, and families are spending more of their income on housing.



## U.S. Census Bureau’s American Community Survey (ACS):

Every ten years, the U.S. Census Bureau conducts the decennial Census. Every single residential address and group quarters is required to fill out information as of April 1<sup>st</sup> of that year. Up until the 2010 Census, the decennial Census also included a “long form” for a random sample of people that asked a variety of questions about more personal details such as income, transportation, and rent. The problem with this data was that by the time it was released for public use, it was already going out of date and it was only available every ten years.

Starting in 2005, the ACS began annual (July 1<sup>st</sup>) random samples of the data previously asked on the decennial “long form”. For a city the size of Lincoln, that might be about 3,000 forms per year. ACS provides “1 year” and “5 year” data. Either is fine to use, but both have pluses and minuses. 1 year data is the best chance to find a break in a trend; if a major change occurred, it would probably show up here. Another advantage is the availability of annual data all the way back to 2005, whereas 5 year data can only go back to 2009. The problem with 1 year data is that the sample size is so small—about 3,000 individuals representing a city nearing 300,000 people. 5 year data is actually an average of the past five years of data. The positive thing is that the sample size is much larger (about 15,000 for Lincoln) versus 3,000. The downside is that a major break in a trend might go unnoticed for a while because of the averaging effect of four previous years of data. In most cases, 5 year data is better for understanding trends because the larger sample size reduces anomalies and irregularities. See examples created from real ACS data below:



Please note the scales of the two charts are identical and start at 75,000 instead of zero so that the trend is visible. These charts illustrate the trend in faster growth of the renter population in relation to the slower growth in the owner population.

## Home Sales by Housing Price

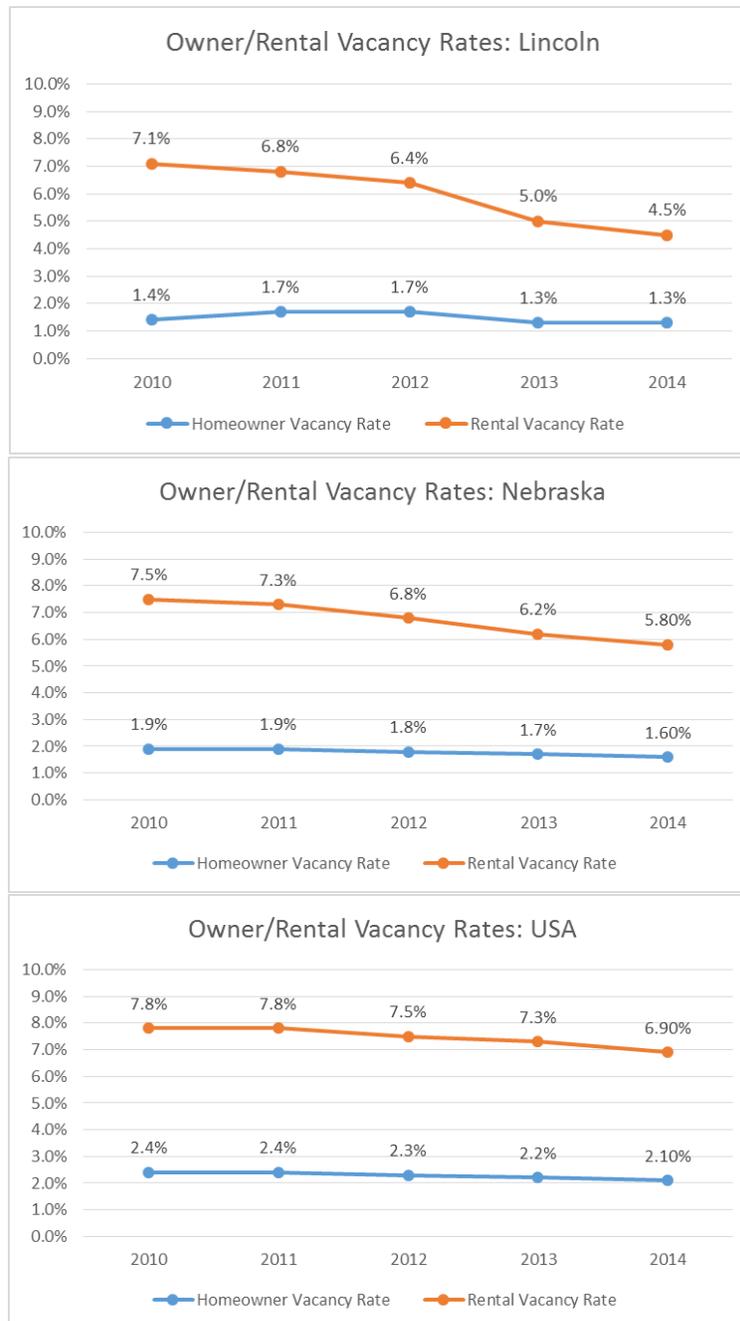
In terms of housing vacancy by price range, we do not have access to that type of information in any timely way. Just since the briefing, the Realtors Association of Lincoln released their annual report: <http://www.lincolnrealtors.com/docs/stats/statsfeb16.pdf> . A few limitations to that data source is that these are only home that utilize the Multiple Listing Service (MLS). Homes for sale by owner or other sources would not be reflected in that data. However, the sample size is significant and represents the best available information that we have access to. Unfortunately, they do not provide vacancy information, but do provide median sale prices and volume of sales.

<b>New and Existing Single-Family Home Sales 2015 - Midlands MLS</b>						
<b>Area</b>	<b>Number Sold</b>	<b>Days On Market</b>	<b>Low</b>	<b>Median</b>	<b>High</b>	
11 NW Lincoln	152	31	\$47,700	\$136,860	\$278,000	
12 NW Lincoln	139	26	\$42,500	\$136,500	\$249,900	
13 NW Lincoln	47	46	\$56,300	\$147,250	\$1,175,000	
14 NW Lincoln	209	30	\$36,000	\$140,000	\$276,000	
15 NW Lincoln	40	38	\$26,250	\$118,000	\$387,500	
16 NW Lincoln	76	76	\$110,750	\$218,975	\$615,000	
50 NW Lancaster	28	25	\$36,000	\$236,860	\$1,040,000	
150 NW out of Lancaster	208	75	\$13,500	\$124,375	\$670,000	
21 NE Lincoln	46	46	\$20,800	\$169,925	\$350,104	
22 NE Lincoln	125	42	\$14,000	\$92,500	\$216,500	
23 NE Lincoln	270	32	\$37,000	\$109,250	\$250,000	
24 NE Lincoln	458	41	\$37,900	\$178,900	\$650,000	
60 NE Lancaster	61	29	\$71,000	\$215,000	\$620,000	
160 NE out of Lancaster	159	50	\$14,000	\$126,500	\$727,000	
31 SE Lincoln	222	29	\$28,000	\$119,625	\$310,000	
32 SE Lincoln	279	33	\$26,110	\$136,500	\$460,000	
33 SE Lincoln	327	28	\$57,500	\$230,000	\$940,000	
34 SE Lincoln	215	22	\$71,300	\$166,000	\$480,000	
35 SE Lincoln	357	34	\$43,500	\$225,000	\$1,140,000	
36 SE Lincoln	201	54	\$125,075	\$289,950	\$1,350,000	
37 SE Lincoln	17	53	\$95,000	\$192,000	\$639,000	
70 SE Lancaster	103	40	\$24,900	\$206,000	\$950,000	
170 SE out of Lancaster	127	52	\$8,200	\$128,500	\$550,000	
41 SW Lincoln	186	32	\$82,000	\$156,500	\$565,000	
42 SW Lincoln	14	14	\$35,000	\$267,000	\$360,000	
43 SW Lincoln	133	48	\$10,000	\$98,500	\$380,000	
44 SW Lincoln	145	33	\$54,900	\$137,000	\$1,250,000	
45 SW Lincoln	198	30	\$82,900	\$207,000	\$1,600,000	
46 SW Lincoln	5	26	\$167,500	\$265,500	\$400,000	
47 SW Lincoln	7	63	\$285,000	\$457,000	\$672,000	
80 SW Lancaster	28	43	\$39,900	\$202,174	\$627,500	
180 SW out of Lancaster	146	81	\$1,700	\$94,500	\$437,500	
<b>All Market Areas</b>	<b>4,728</b>	<b>39</b>	<b>\$1,700</b>	<b>\$155,000</b>	<b>\$1,600,000</b>	

Source: Realtors Association of Lincoln annual report.

## Optimal/Desired Vacancy Rates

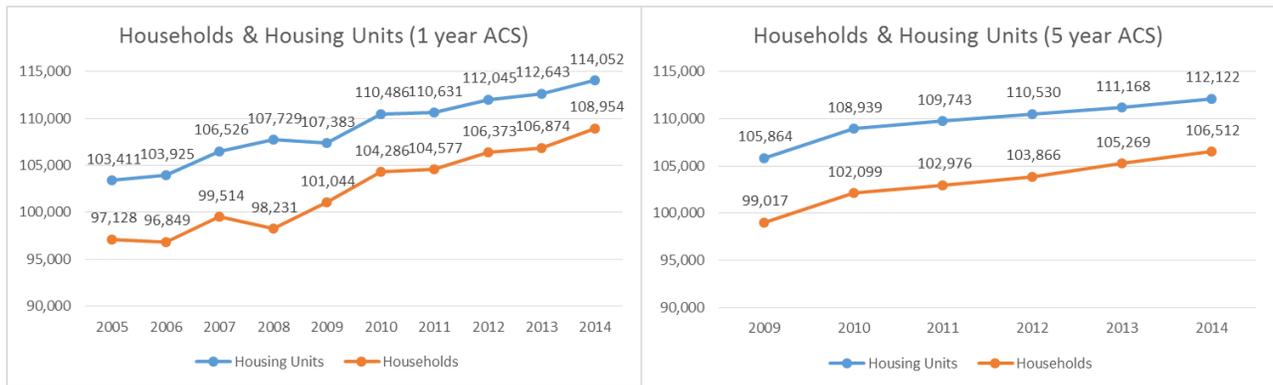
Lincoln's vacancy rates for both owner and renter occupied units are lower than many peer communities (see March 2<sup>nd</sup> presentation). That speaks to the desirability of Lincoln, but at what point do low vacancies begin to push up prices or deter new residents and employees from locating here? We did not find a definitive answer in terms of optimal vacancy rates for owner or renter-occupied housing units. 5% vacancy in general was mentioned by a few sources. Below we have added the state and U.S. vacancy rates for comparison. Lincoln's rates are lower than both Nebraska and U.S. vacancies.



Source: 2014 American Community Survey 5 year data.

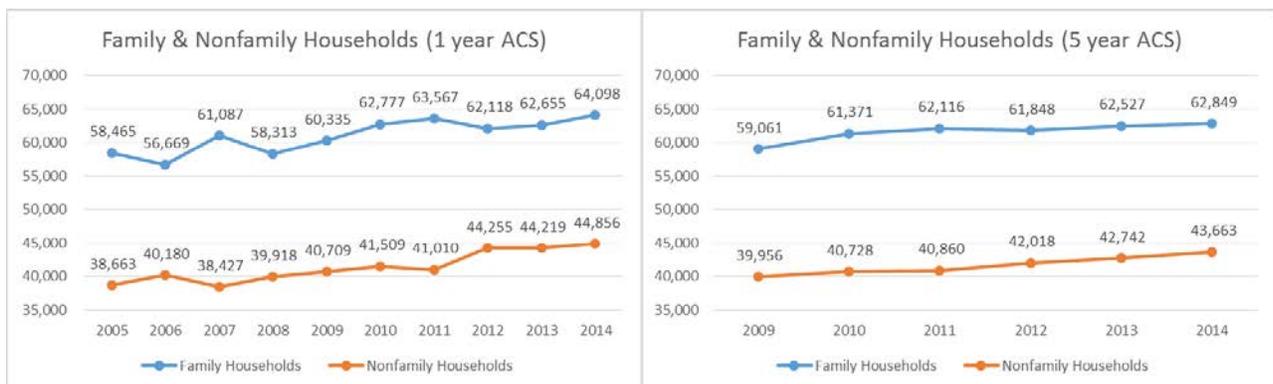
## Population/Household Growth Relative to Vacancy Rates & Housing Units

As you can see below, the supply of (Census defined) housing units is being out-paced by household growth. Generally speaking, as numbers increase in size, you would expect the gap to slightly widen by a small percentage each year in order to maintain a steady relationship between these two closely-related numbers. If the two lines meet, that means that every single housing unit in the City is occupied with a household. It is technically impossible for households to exceed housing units since each occupied housing unit includes either a family or nonfamily household (one household per housing unit). A nonfamily household could include two unrelated families living together in one housing unit. A single person living alone in a housing unit is classified as a nonfamily household.



Please note the scales of the two charts are identical and start at 90,000 instead of zero so that the trend is visible.

As noted in previous briefings, the number of nonfamily households is increasing at a faster rate than family households. The 1 year data appears to show an upswing for family households in recent years, while the 5 year data shows relatively flat numbers.



Please note the scales of the two charts are identical and start at 35,000 instead of zero so that the trend is visible.

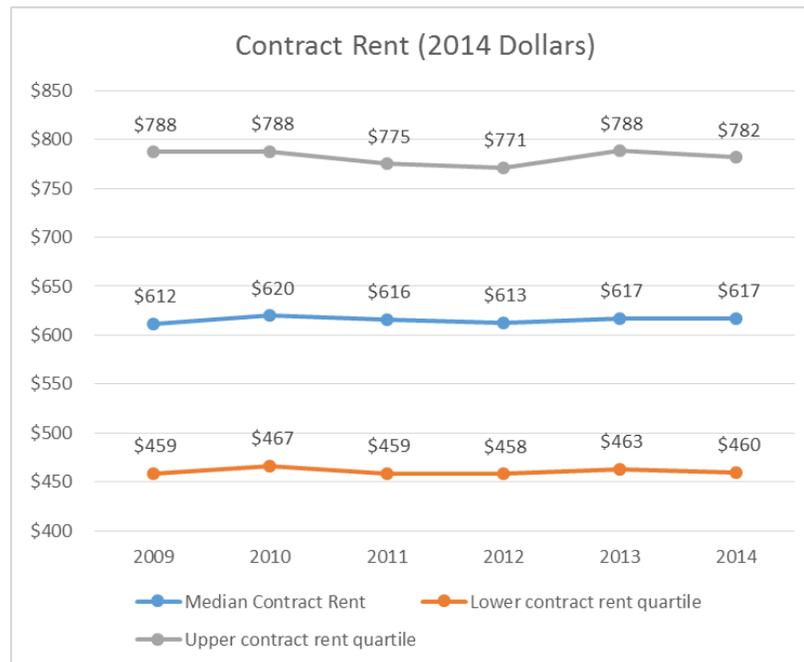
Here we are comparing the percentage growth in housing units to the percentage growth in the population that lives in housing units. The Census divides the population into two categories: population that lives in housing units (such as houses and apartments) and population that lives in group quarters (such as group homes, assisted living, dorms, barracks, and prisons). Here we are looking specifically at the population living in housing units since it is directly related to housing units. As you can see, there may have been an anomaly in 2010 and after that our population appears to be growing faster than the supply of new housing units. The 1 year ACS data fluctuated so much that it is difficult to interpret.



Please note that the nature of the data required that these two charts are at different scales.

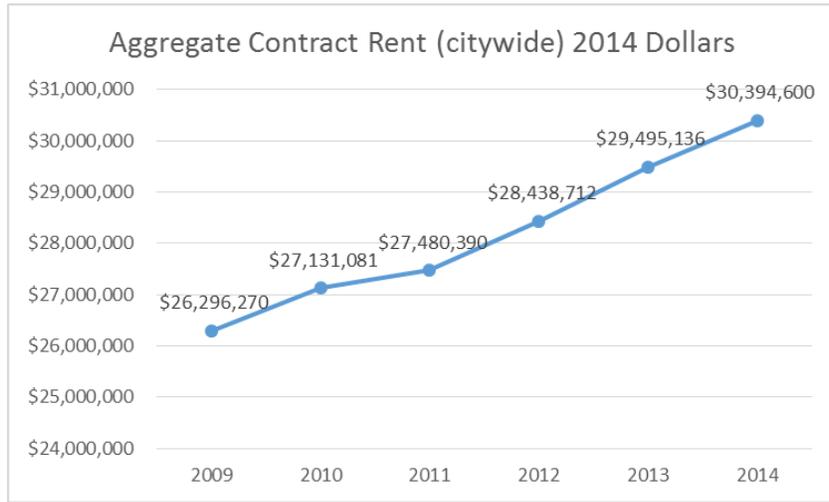
## Rents

With the decrease in vacancy rates in rental units, are monthly rents going up? The chart below uses 2014 5 year ACS data and adjusts for inflation using the Consumer Price Index. It appears that Upper Quartile, Median, and Lower Quartile rents are all holding steady when adjusted for inflation.



Please note the scale of the chart starts at \$400 instead of zero so that the trend is visible.

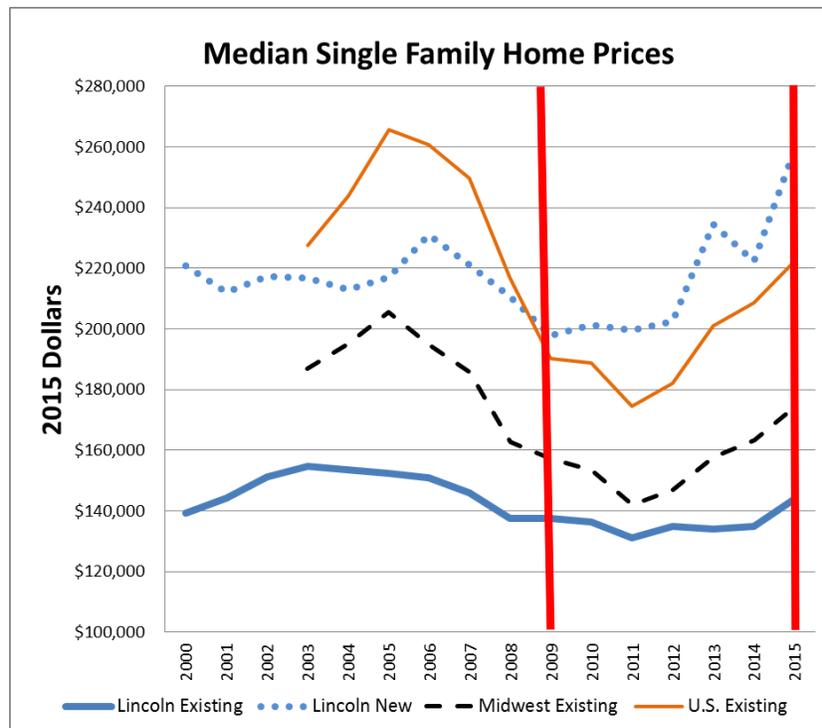
Citywide, aggregate rent collected (and adjusted for inflation) is on the rise, reflecting a steadily growing rental market. Roughly \$4 million (2014 adjusted dollars) more rent was collected in 2014 over 2009.



Please note the scale of the chart starts at \$24 million instead of zero so that the trend is visible. The source is 2014 American Community Survey 5 year data.

## Home Prices

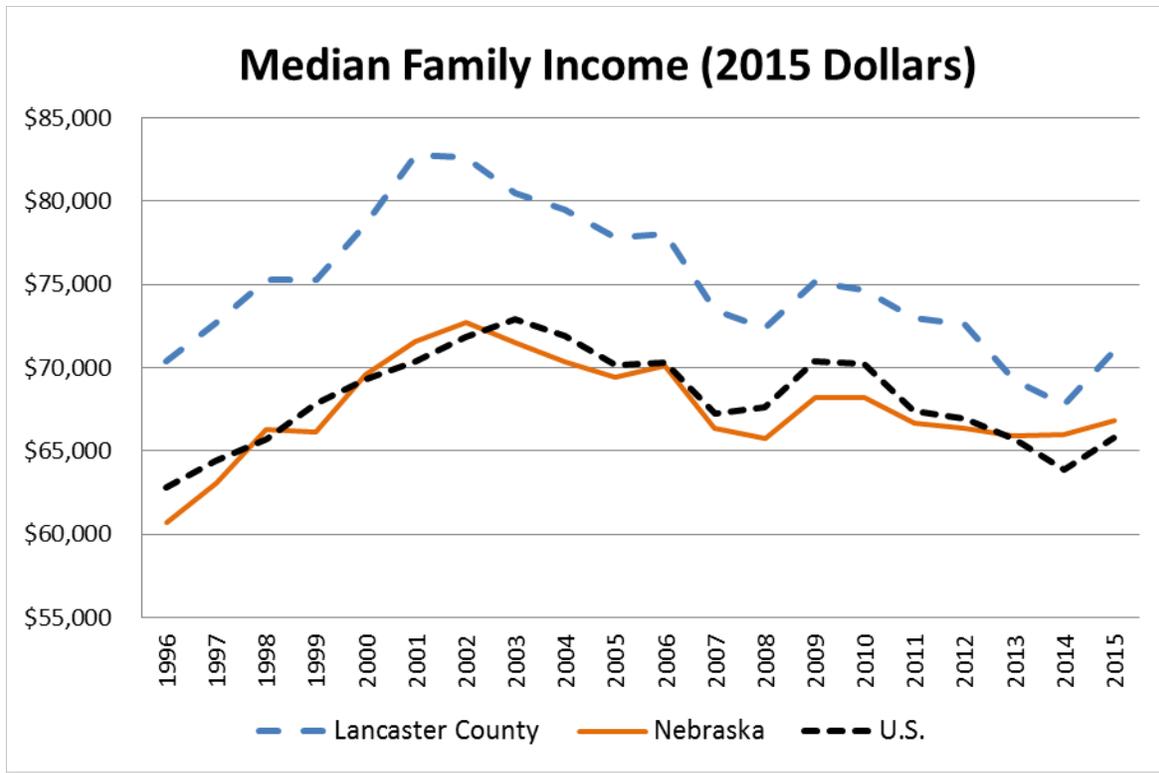
Median single-family home prices have been recovering since the 2009-2011 low points. This data is from the Realtors Association of Lincoln and is adjusted for inflation using the Consumer Price Index.



Please note the scale of the chart starts at \$100,000 instead of zero so that the trend is visible. The source is the Realtors Association of Lincoln and is adjusted for inflation to 2015 dollars.

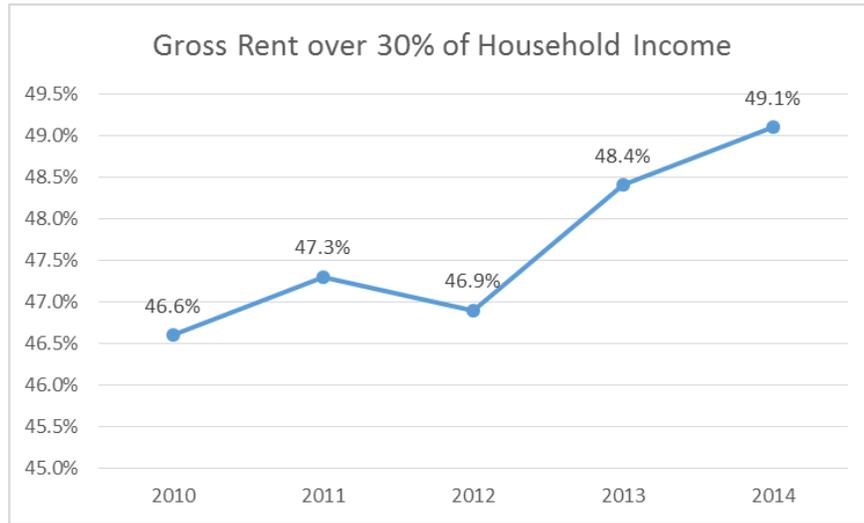
## Affordability Relative to Income

When adjusted for inflation, Lancaster County Family Income went up for the first time since 2009, but is still significantly lower than 2001.



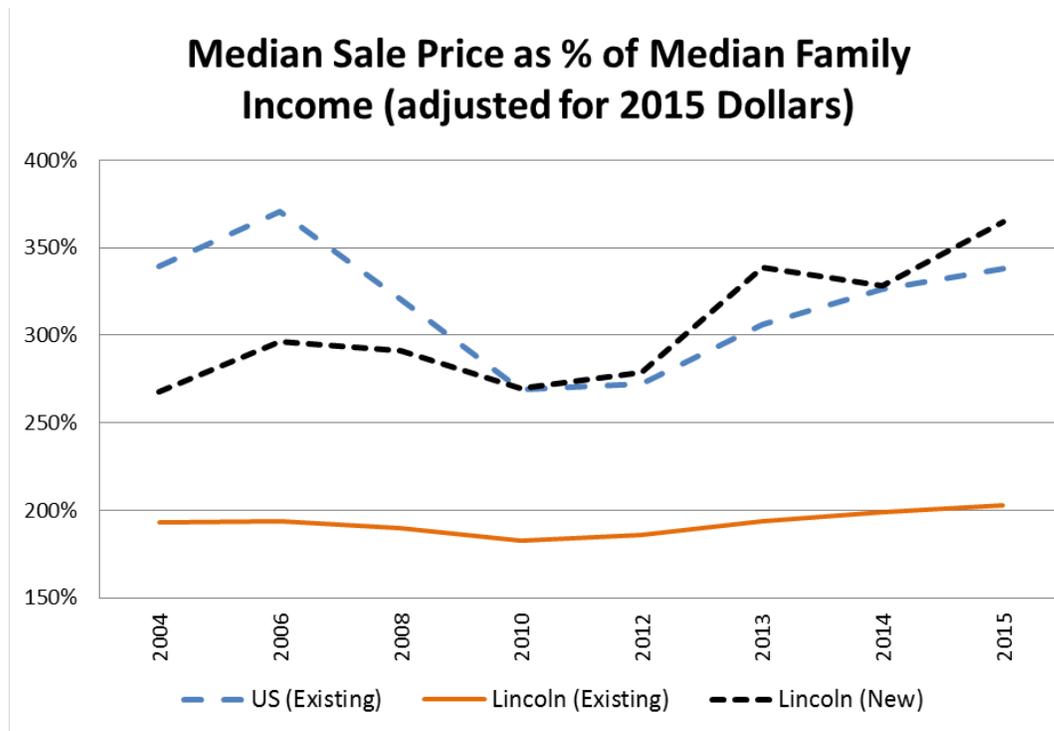
Please note the scale of the chart starts at \$55,000 instead of zero so that the trend is visible. The source is the U.S. Housing and Urban Development and is adjusted for inflation to 2015 dollars.

While rents are holding steady with inflation, income might not be keeping up. A higher percentage of households are paying over 30% of their income on gross rent than in the past.



Please note the scale of the chart starts at 45% instead of zero so that the trend is visible. The source is 2014 American Community Survey 5 year data.

The median sale price (from Realtors Association of Lincoln and adjusted to 2015 dollars) has been trending upward since 2010 as a percentage of Lancaster County median family income (income is from U.S. Housing and Urban Development).



Please note the scale of the chart starts at 150% instead of zero so that the trend is visible. The source is the Realtors Association of Lincoln and U.S. HUD and is adjusted for inflation to 2015 dollars.