

**Municipal Density and
Missing Middle Housing Act
Biennial Report
Sidney, NE**

**Submitted to State of Nebraska
Urban Affairs Committee
2021**

Introduction

In August of 2020 the Governor signed into law the “Municipal Density and Missing Middle Housing Act” (LB 866) and was codified as Neb. Rev. Stat. 19-5501 to 19-5506. Neb. Rev. Stat. 19-5504 states that “each city shall electronically submit a report to the Urban Affairs Committee of the Legislature detailing its efforts to address the availability of and incentives for affordable housing through its zoning codes, ordinance, and regulations.” The following is the report for the City of Sidney and is organized to respond to the requirements for the report identified in 19-5504.

(a) Overview of the City’s current residential zoning requirements:

Under Sidney’s current zoning ordinance there are five types of residential zones laid out as follows:

- R-1 Single-Family Zones
 - Permits for single family units
- R-1a Rural Residential Estate Zones
 - Acreage development, permits for single family detached units
- R-2 Light Density Multifamily Zones
 - Permits one- and two-family units
- R-3 Heavy Density Multifamily zones
 - Permits multi-family units
- R-4 Mobile Home Park Zones
 - Permits manufactured housing parks
- Residential units are also allowed in C-2 Neighborhood Commercial Zones and C-3 Heavy Commercial Zones with a ground floor residential use.

(b) Percentage of areas zoned for residential use permitting construction of multi-family and missing middle housing:

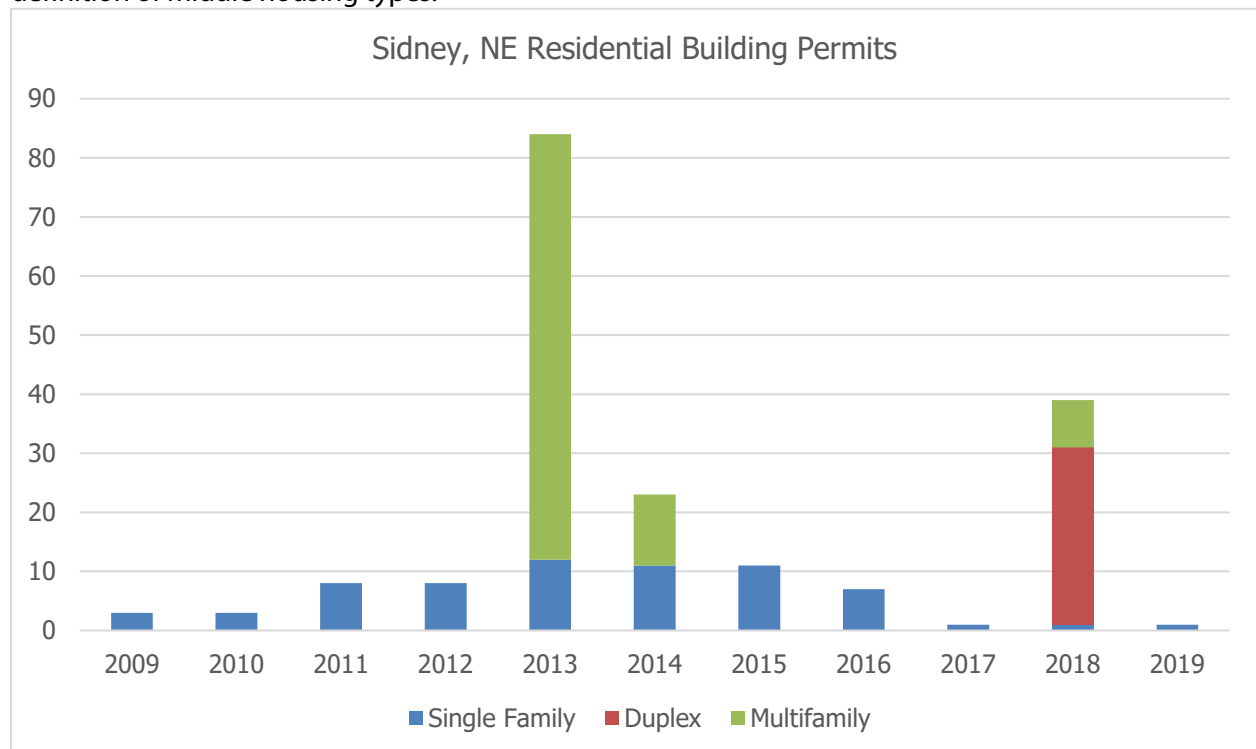
Currently 17% of Sidney’s residential land is zoned R-2, R-3, or R-4. Additionally, higher density development can occur in the C-2 and C-3 districts when the ground floor use is commercial. These districts account for 28% of land zoned that permits residential uses within city limits.

Residential Zoning – Sidney, NE 2021			
Zone	Total Acres	Percent	Permitted Uses
R-1	1,006	46%	Single-family
R-1a	189	9%	Single-family Ag
R-2	225	10%	One & Two-family
R-3	130	6%	Multi-family
R-4	26	1%	Manufactured Housing
C-2	83	4%	Upper story residential
C-3	538	24%	Upper story residential
Total	2,197		

Source: City of Sidney

(c) New residential construction in the city over the previous five years, including the percentage of construction that was single-family housing, multi-family housing, and middle housing:

Between 2015 and 2019 Sidney issued 35 single family unit permits (66%), 10 triplex unit permits (19%), and 8 multifamily unit permit (15%). The 10 triplex permits (19%) were the permits that fit the definition of middle housing types.



(d) A breakdown of residential units annexed by the city over the previous five years, including the percentage of units that were single-family housing, multi-family housing, and middle housing:

In the last five years no annexation has occurred in Sidney.

(e) An estimate of the per unit cost of housing in the city:

In 2019 the median home value in Sidney was \$111,000 (ACS, 2015-19). The median contract rent was \$614 in 2019 (ACS, 2015-19).

(f) Whether such zoning codes, ordinances, and regulations provide for density bonuses or other concession or incentives which encourage residential density, and the frequency with which such bonuses, concessions, or incentives are utilized:

The zoning codes, ordinances, and regulations do not provide for a density bonus, but do allow for developers to develop higher density subdivisions if they dedicate land or pay a fee that goes to buying land that will be used for public purposes.

(g) Whether such zoning codes, ordinances, and regulations allow the construction of accessory dwelling units:

ADUs are not allowed under the zoning and ordinance code.

(h) What incentives the city applies to encourage the development of affordable housing, including both direct incentives and regulatory relief:

Currently Sidney does not have incentives to encourage the development of affordable housing. Within the city's zoning code, they allow for multifamily residential units in R-2 and R-3 as well as in C2 and C-3.

(i) A demographic analysis of the city with trends and estimates of the housing need classified by housing type and price range:

Sidney's extremely low unemployment rate and low vacancy rate would indicate that there is no reason the city should not continue to experience steady population growth, but quality housing options will be essential. To support new growth and meet the needs of the city's current workforce an additional 208 units would need to be constructed by 2030. This is slightly above the last decade and on an annual basis comparable to 2014. This demand is based on the following assumptions:

- The city's real vacancy rate is very low, but units like those held by family members of the elderly or deceased could be brought to the market. This would decrease the vacancy rate over time.
- The number of people per household will remain at 2.3 and the city will lose about one unit per year to demolition or conversion to another use.

The city's development program (below) breaks down the 208 units by price point based on existing percentage of households in different income ranges and assumes the city's current mix of 60% owner and 40% renter occupancy will continue.

Figure 16: Sidney Development Program

OWNER OCCUPIED	2020-2025	2026-2030	TOTAL
Affordable Low: <\$125,000	17	18	35
Affordable Moderate: \$125-200,000	18	19	37
Market: \$200-400,000	12	12	24
High Market: Over \$400,000	15	15	30
	61	63	125
TOTAL RENTER OCCUPIED			
Low: Less than \$500	11	11	22
Affordable: \$500-1,000	11	11	22
Market: Over \$1,000	19	20	39
	41	42	83
Total Need	102	105	208

Source: RDG Planning & Design

These assumptions result in:

- An additional 72 units priced below \$200,000, that will be generated in four potential ways:
 - Production of ownership options that are not the traditional single-family detached, but include duplexes, townhomes, or other medium and higher density configurations that reduce per unit costs.
 - Funding assistance that will offset lot development costs and smaller square footage homes.
 - Rehabilitation of existing housing units.
 - Construction of higher priced units that allow existing households to make the next step up.

A combination of all four of these will likely be necessary.

- An additional 22 rentals will be needed with rents below \$500 a month.
 - Rents at or below \$500 a month have to be generated using financing programs like Low Income Housing Tax Credits or through the generation of higher rent units that will allow higher income households to move out of the city's existing affordable units.

The development program presented in this section is a much more aggressive building scenario than the city has experienced in the last decade. The following chapter will identify strategies for both increasing production and rehabilitating existing units.

(j) Efforts to adopt an affordable housing action plan as required under section 5 of this act:

Sidney is currently in the process of developing an affordable housing action plan.