



City of Kearney Affordable Housing Report

Municipal Density & Missing Housing Act Report Update
as Mandated in N.R.S.S. §19-5504

6/30/25

Introduction:

The City of Kearney Development Services Staff has prepared an affordable housing report update as required by the Municipal Density and Missing Middle Housing Act per the specifications of N.R.S.S §19-5504. In July 2021 and 2023, Staff submitted a report to the Urban Affairs Committee and, as requested by said committee, presented its findings. Since the last submitted report and presentation, Staff has continued to monitor and prepare for the required report update. The following report update addresses the following themes:

- Section 1: Current Residential Zoning Requirements (§19-5504: 1a)
- Section 2: Areas in Kearney Zoned for Middle Housing (§19-5504: 1b)
- Section 3: Data: New Residential Construction, Annexed Unit Data, & Estimates of Per Unit Cost for Housing (§19-5504:1c, 1d, & 1e)
- Section 4: Housing Incentives (§19-5504: 1f & h)
- Section 5: Accessory Dwelling Units (§19-5504: 1g)
- Section 6: Housing Needs (§19-5504: 1i)
- Section 7: Housing Action Plan Efforts (§19-5504: 1j)

The City of Kearney, since its beginning as a crossroads for the Union Pacific Railroad, has grown into a destination stop for many travelers heading east or west along Interstate 80. It is home to many local and international businesses, from retail to manufacturing, and more recently, an anchor for the hospitality industry in Central Nebraska. The City is home to the University of Nebraska at Kearney, Central Community College, and two regional hospitals. As a regional economic hub for many communities within Nebraska and northern Kansas, Kearney has seen great potential in various industries.

Since 1980, the City has experienced steady population growth with an average percentage of growth of 12% (Decennial Data, Census.gov). In 2020, the total population of Kearney was 33,790, with an average household size of 2.36 and a reported average family size of 2.96 (2020 Decennial Data, Census.gov). Most of the City of Kearney's housing stock (45.6%) was built over a twenty-year period from the 1970s to the 1990s (2021 ACS 5-year Estimates, Census.gov). Kearney has experienced much of its residential growth to the west, with more infill development along the east.

Section 1: Current Residential Zoning Requirements (§19-5504: 1a)

The City of Kearney has 18 base zoning districts providing consistent development requirements for residential, commercial, and industrial development. Along with the base zoning districts, the City has one special district and eight overlay districts. The City of Kearney administers zoning and permitting within an extra-territorial jurisdictional boundary that extends two miles beyond the corporate limits to ensure the City's development is consistent with the future growth between the City, County, and surrounding communities.

Of the City's 18 zoning districts, residential development can occur in 15 of the 18 base zoning districts. The Housing Type Matrix (Figure 1) outlines the different housing use types defined by Kearney's Unified Land Development Ordinance (ULDO). It indicates which zoning districts allow residential development to occur by permitted right (P), conditional use permit (C), or planned development (PD). Kearney has 11 zoning districts that allow for Middle Housing types as defined in the State Statute §19-5504 (See highlighted areas of Figure 1).

Figure 1: Housing Type Matrix with Middle Housing types (highlighted)

Zoning Districts/ Residential Use Types	Single-Family Detached	Single-Family Attached	Duplex	Two-Family	Townhouse	Multiple-Family	Downtown Residential	Group Residential	Lodging House	Manufactured Housing Residential	Mobile Home Park	Mobile Home Subdivision	Retirement Residential
AG: Agricultural	P									P			
RR-1: Rural Residential (Rural Standard)	P									P			
RR-2: Rural Residential (Intermediate Standards)	P									P			
R-1: Urban Residential Single-Family (Low Density)	P									P			
R-1D: Residential District	P	P	P										
R-2: Urban Residential Mixed-Density	P	P	P		P					P			PD
R-3: Urban Residential Multi-Family (Medium Density)	P	P	P		P	P		P		P			PD
R-4: Urban Residential Multi-Family (High Density)	P	P	P		P	P		PD		P			PD
RM: Mobile Home Residential	P	P	P							P	P	P	

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UC: Mixed Use Urban Corridor	P	P	P		P	P				P			
C-O: Office	P		P		P	P							
C-1: Limited Commercial	P	C	P		P	P		PD	PD				PD
C-2: Community Commercial	P		P		P	P		PD					
CBD: Kearney Center Mixed Use	P		P		P	P	P	PD					PD
C-3: General Commercial	P		P		P	P		PD					

P - Permitted by right or right subject to supplemental regulations PD – Planned Development required C – Conditional Use Permit required Blank – Use not permitted

The City's zoning code provides 11 zoning districts in which the defined Middle Housing types can be built. Many commercially zoned districts allow for various housing use types to address Kearney's housing needs. While they are not explicitly defined as "mixed-use" districts, they are used in the same manner. For large-scale developments, the City has a defined special district, Mixed-Use District, to provide solutions to combine compatible land uses into an integrated development that allows residential, commercial, office, and accessory uses. The Mixed-Use District can be applied to areas with a minimum of two acres, establishes its use types, and must accommodate multi-modal transportation. This special district zoning classification provides options for Middle Housing development, but has not been used for residential development within the City of Kearney (to date).

Along with the City's special use district, the City has eight overlay districts, including Planned Development (PD), Traditional Neighborhood Development (TND), Rural Conservation Development (RC), Neighborhood Conservation (ND), Pioneer Park Neighborhood Conservation (ND-1), Floodplain/Floodway (FP/FW), Aviation (AV), and the Wellhead Protection (W) overlay districts. The Planned Development overlay district has been Kearney's most frequently used tool to create residential and commercial development solutions. In addition, two of the City's overlay districts, Pioneer Park Neighborhood Conservation and Neighborhood Conservation, provide development options for infill developments within the City's historic areas. The Traditional Neighborhood Development and Rural Conservation Development overlays have not been applied to residential development.

In 2022, the City of Kearney approved code changes updating three of the City's residential districts, which directly apply to Middle Housing development:

- R-2, Urban Residential Mixed-Density District,
- R-3, Urban Residential Multi-Family (Medium-Density) District, and
- R-4, Urban Residential Multi-Family (High-Density) District.

Staff evaluated these residential districts and found that the metrics for lot sizes, site area per housing units, and lot widths could prevent a developer from meeting the density requirements outlined in the zoning district's purpose statement, often resulting in less dense developments. Changes were approved to all three districts, allowing site development regulators to more accurately reflect the ability for developers to reach the densities outlined and intended for the respective zoning district. The changes ensure properties are zoned accurately to reflect the development density of each housing type or mixed-use development.

Another highlight of code changes approved in Kearney since 2021 was how site development regulators could be deviated within a Planned Development. This directly impacts the ability for developers to flexibly design their sites to meet their needs, including for Middle Housing developments (almost all Planned Development projects relating to housing are for Middle Housing projects). The City's code, through the Planned Development process, has always allowed for flexible yard setbacks. However, Planned Developments are often approved, including lot size reductions, lot width reductions, and sometimes even height restrictions. The code now clearly states that Planned Developments could be approved for various site development regulation deviation requests, as they have been done in practice.

Following the City's approval of the Affordable Housing Action Plan (December 2023), Staff evaluated options for creating a new residential district that would provide more flexibility for developers and add gentle density. The R-1 district only allows for single-family homes, and then the next zoning district, R-2, would allow single-family homes, duplexes, and four-unit townhomes (fourplexes). Various developments were requesting the R-2 district, solely intending to build single-family homes and duplexes. However, if the lot layout permitted, they could also build fourplexes. This would sometimes cause concern for existing homeowners, as the R-2 zoning would allow the fourplexes to be built, which would not always match the existing neighborhood character. Therefore, we would see instances of neighbors protesting a rezoning request to R-2 because of the concern of more dense development.

In January 2024, the City Council approved a new residential district (R-1D). The R-1D zoning district creates the ability to add gentle density, bridging the R-1 district, which is only single-family residential to the R-2 district, allowing up to a four-unit townhome. In

addition to allowing single-family homes and duplexes, the zoning district also eliminated the minimum lot size requirement. This provides additional flexibility for using this zoning district throughout the City, especially when considering infill development opportunities.

Section 2: Areas in Kearney Zoned for Middle Housing (§19-5504: 1b)

As discussed in Section 1, many of the City's zoning districts provide options for Middle Housing development. Middle housing, defined by N.R.S.S §19-5503, includes housing types from duplexes to six-unit townhouses. The City of Kearney's zoning ordinances would classify anything larger than a six-unit townhouse as multi-family development.

Since the initial 2021 and 2023 reports, the continued code changes and the new R-1D residential zoning district in Kearney have allowed for more Middle Housing development. The single-family or low-density residential zone (R-1) comprises of 35.15% of the residential housing land use. While this number remains consistent with past percentages, it is declining (2021, 35.77% and 2023, 35.27%). Zoning districts that allow for the development of Middle and Multi-family Housing have increased by 1.34% since 2023 (35.49%) and an overall increase of 2.35% since 2021 (34.48%). As we have seen with recent developments and infill opportunities taking advantage of the new R-1D district, we anticipate a continued growth in Middle Housing type developments. Figure 2, below, shows the percentage breakdown of Kearney's zoning districts.

Figure 2: Percentage Breakdown of Kearney's Zoning Districts

Zoning Districts		Percent of Area
AG	Agricultural	10.53%
RR-1	Rural Residential (Rural Standard)	0.65%
RR-2	Rural Residential (Intermediate)	0.78%
R-1	Urban Residential Single-Family (Low Density)	35.15%
R-1D	Residential District	0.39%
R-2	Urban Residential Mixed-Density	6.49%
R-3	Urban Residential Multi-Family (Medium Density)	8.18%
R-4	Urban Residential Multi-Family (High Density)	0.19%
R-M	Mobile Home Residential	1.20%
UC	Mixed Use Urban Corridor	0.39%
C-O	Office	3.60%
C-1	Limited Commercial	0.84%
C-2	Community Commercial	9.20%
CBD	Kearney Center Mixed-Use	1.10%
C-3	General Commercial	5.02%
BP	Business Park	2.15%
M-1	Limited Industrial	11.67%
M-2	General Industrial	2.37%
M-U	Mixed Use	0.23%

Total Percentage of Areas Zoned for Residential Use, which Permits the Construction of Middle & Multi-family Housing:

36.83%

Section 3: Data: New Residential Construction, Annexed Residential Unit Data, & Estimates of Per Unit Cost for Housing (§19-5504:1c, 1d, & 1e)

New Residential Construction (§19-5504:1c)

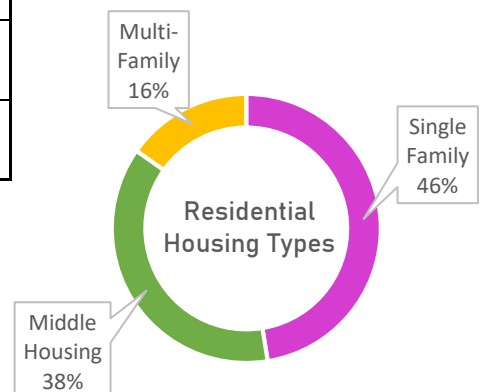
New residential construction data is gathered from the permits pulled within the Development Services Department. General residential building in Kearney has been steady yet impacted by the increasing construction costs, increasing interest rates, and limited availability of skilled labor. While single-family and duplexes are the most popular housing types built in the City, we have had a few permits for triplexes and fourplexes over the past two years. The past five years have seen a decline in Multi-Family development until 2024, when two 24-unit building permits were pulled to construct workforce housing. Middle Housing continues to be the second highest housing type built in Kearney.

The University of Nebraska at Kearney (UNK), as a State entity, is not required to pull building permits from the City. Since late 2020, UNK, in partnership with a private developer, has completed construction of 188 units of housing consisting of apartments (1 & 2 bedrooms) and townhomes. These market-rate housing units offer rental opportunities for anyone in the community. At the time of this report, it was noted they were at 95% capacity and had a low turnover rate of tenants.

Besides UNK's public-private development, 38% of Kearney's building permits from 2019 to 2024 were for Middle Housing types. While this is a decrease from the last report (41%), future development according to rezonings and annexations indicates we should see this begin to increase if it aligns with the rezoning requests. See Figure 3 for a full breakdown of residential building permit numbers.

Figure 3: Building Permits from 2019-2024

	2019	2020	2021	2022	2023	2024	5-YR TOTALS
Single Family	58	87	75	49	37	58	381
Middle Housing	53	99	69	20	41	18	300
Multi-Family	120	0	0	0	0	2	122
ANNUAL TOTALS	231	186	144	69	91	82	

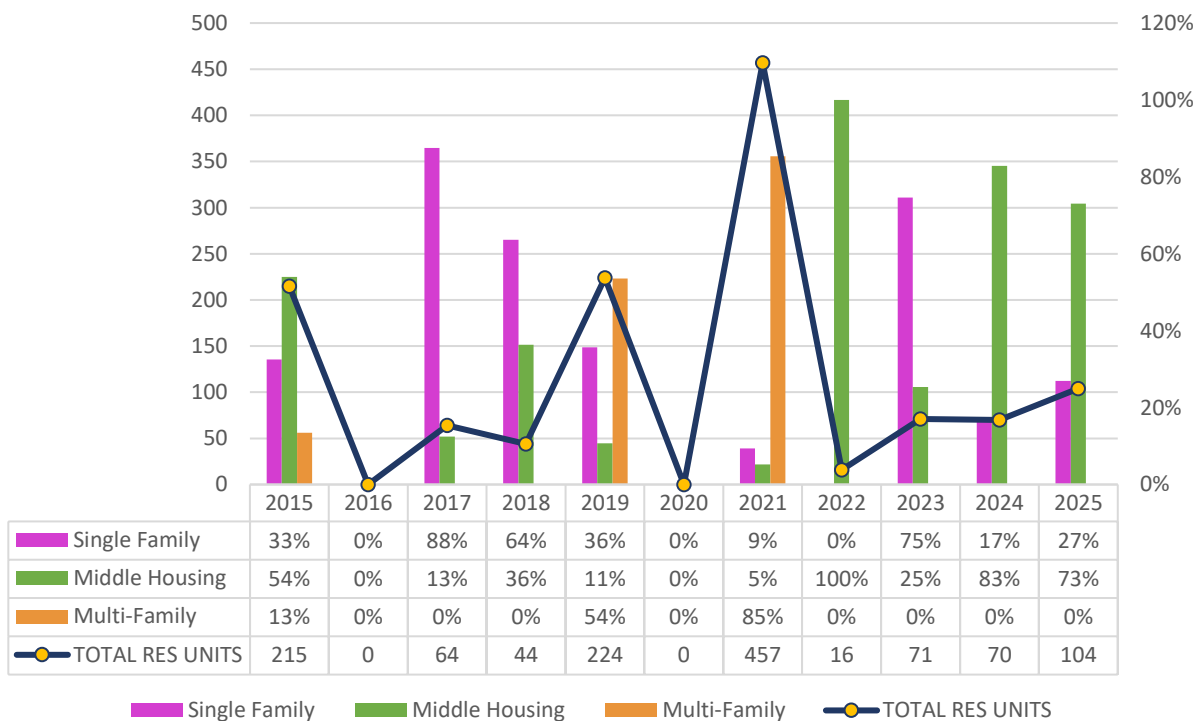


Annexed Residential Unit Data (§19-5504:1d)

Kearney has seen a steady rise in residential annexations since the last report in 2023. While we have seen an increase in solely residential annexations, we have had a few that include both residential and commercial components. The annexations that contain commercial projects are zoned such that there is a potential to have housing options within them. However, at this time, no finalized permits or projects have been proposed. As reported in 2021, single-family residential units were the most significant residential annexations (Figure 5). But with the exception of 2023, the City is seeing more developments that include a mix of single-family and duplex development options. This is attributed to the new R-1D zoning district.

While residential annexations are on the rise, we have yet to see an increase in the desire for solely multi-family development. It is anticipated that many of the commercially annexed areas will see a mix of commercial and multi-family development. Future Land Use plans have multiple areas to allow for such development along major corridors such as 2nd Avenue, 39th Street, and 56th Street.

Figure 5: Annexed Residential Units *



*No residential units were annexed in 2016 & 2020. Data through 30 June 2025.

Estimates of Per Unit Cost for Housing (§19-5504: 1e)

The average total per unit cost of housing from the past two years is \$349,875.84, a 15% increase since the last report (\$298,920.04). The unit cost of housing trends from year to year by housing type indicates that the single-family price point has increased by nearly 42% (\$187,889) since 2016 (Figure 6).

The per-unit cost of housing for the Middle Housing types was stabilized from 2018 to 2020 to an average of \$186,708. In 2021, the average cost decreased by nearly 7% from 2020; however, in 2022, there was nearly a 34% increase in costs to build Middle Housing. In the past two years, the average price per unit of Middle Housing is \$263,919.64. As indicated in Figure 6, Middle Housing types are more affordable to build, on average, than single-family residences; our building permit data shows that it is 38% less expensive to build Middle Housing versus Single-Family in Kearney.

Overall, Multi-Family units in Kearney are an affordable development option according to the per-unit costs. However, as seen from previous years, the average cost for development has risen (nearly 22%). Figure 6 below provides the year and the average cost per unit according to housing type and the estimated per-unit cost. Per unit cost was estimated using building permit data averaged over the number of permits pulled by housing type each year.

Figure 6: Estimates of the Per Unit Cost of Housing by Housing Type & Year			
	Housing Type		
Year	Single Family	Middle Housing	Multi-Family
2016	\$ 256,361.90	\$ 125,636.36	\$ -
2017	\$ 259,078.13	\$ 111,676.92	\$ 104,000.00
2018	\$ 301,247.64	\$ 186,492.89	\$ -
2019	\$ 343,876.55	\$ 188,581.75	\$ 166,666.67
2020	\$ 337,104.03	\$ 185,050.02	\$ -
2021	\$ 338,498.58	\$ 171,865.78	\$ -
2022	\$ 445,021.84	\$ 230,888.30	\$ -
2023	\$ 556,860.97	\$ 252,196.96	\$ -
2024	\$ 444,250.80	\$ 275,642.32	\$ 212,492.92

Section 4: Housing Incentives (§19-5504: 1f & h)

Incentives to Encourage Residential Density (§19-5504: 1f)

The City of Kearney currently does not provide any density bonuses or other incentives to encourage increased residential density. However, the Unified Land Development Ordinance (zoning regulations) encourages residential density in multiple ways. All of the City's commercial districts provide options for residential uses, from single-family homes to multi-family developments. In addition, the City has eight exclusive residential districts of which five of those districts permit the development of various housing types that encourage increased density. The City adopted a new residential zoning district to allow further flexibility to add gentle density to areas throughout the City. Additionally, the application of overlay districts and special districts also provides development opportunities to increase housing density.

The frequency with which development decisions are swayed by residential density is difficult to track in the City of Kearney, considering the zoning regulations allow for such increased density uses across both commercial and residential zoning classifications. However, as seen through annexations and rezoning requests with Planned Development Overlay Districts and the recently approved R-1D zoning district, the City is expanding residential developments that target denser housing options.

Over the past two years, two residential developments, Arbor View Fourth and The Meadows Second Addition, have taken advantage of the R-1D zoning. Habitat for Humanity, with its recent three-phase development, has also opted for the R-1D zoning district to explore options in developing single-family attached homes. As more developers take advantage of the R-1D zoning district, including no minimum lot size and higher density number (up to 12 units per acre). Staff is evaluating options to eliminate minimum lot sizes from other zoning districts and evaluate setback options to find more creative housing solutions without seeking additional approvals through the Planned Development process. UNK, as a landlocked entity, uses creative development solutions, resulting in denser development, especially regarding housing. They have built new dorm-style housing and new Greek housing (currently under construction) in addition to the public-private partnership housing developments at University Village.

Incentives for Affordable Housing (§19-5504: 1g)

The City has no direct financial incentives to encourage affordable housing development. In 2024, the City partnered with Buffalo County Economic Development Council and three separate developers to submit three Nebraska Affordable Housing Trust Funds applications. Unfortunately, Kearney was not awarded funds for any of the projects. As Developers explore Low-Income Housing Tax Credits, we work with them to provide the

necessary documentation to support the projects, assuming zoning and building codes allow the proposed project. Another project currently under construction is a 6-plex being constructed by a local non-profit, Kearney Community Sustainable Housing. This project is explicitly tagged for refugee and low-income families with the purpose of providing safe, sustainable housing and transformational support that will empower individuals and families to thrive in our community. The non-profit purchased a 1-acre lot from the City of Kearney to construct their first two 6-plexes. The first one is slated to have tenants move in by December 2025.

The City will always help explore funding opportunities for affordable housing development in Kearney. The Planned Development Overlay District is a regulatory tool the City has used to reduce development costs. When applied to residential development, this overlay has been used in various ways to approve increased unit density, reduced street widths, and reduced setbacks.

Additionally, the newly created R-1D district allows increased density with no minimum lot size requirement, providing flexibility for housing design options, potentially reducing development costs as smaller homes can be built on smaller lots. City Staff works with developers to find ways to facilitate building affordable housing. One such way is to waive fees associated with platting, rezoning, and building permits. Projects subject to these reductions have typically been given to non-profits such as Habitat for Humanity or within historic preservation projects in Downtown Kearney.

Section 5: Accessory Dwelling Units (§19-5504: 1g)

The City of Kearney's zoning codes, ordinances, and regulations do not allow accessory dwelling units (ADUs) to be constructed. In 2017, the Kearney Housing Study indicated that providing accessory dwelling units as an option for rental units could provide needed variety within the rental housing market.

As part of the Affordable Housing Plan, one such action was to review options for ADUs in Kearney. In 2024, the Planning Staff provided educational and outreach opportunities regarding ADUs. This effort was conducted over the Spring and Summer of 2024. Staff presented the various types of ADUs and then asked generally what they (the public) thought of ADUs in Kearney. We gathered a variety of feedback, with most people agreeing that ADUs could be allowed but should be regulated, though some neighborhood groups opposed them outright. After receiving the feedback Staff worked through some scenarios for changes, but felt that due to the strong opposition, any code changes proposed would be opposed, and no amount of regulation would be seen as satisfactory to regulate ADUs. As a result of that effort, no changes were made to the code that would allow for ADUs at that time.

While no changes were made in 2024 regarding ADUs, Staff continues to review and monitor efforts established by Omaha and Lincoln. The City anticipates there is potential to add ADUs with regulations that can address parking concerns, regulating the number of individuals allowed to live in an ADU without impacting already dense neighborhoods. Looking to peer cities for established policies is essential in finding support for this proposed change and providing another viable housing solution.

Section 6: Housing Needs (§19-5504: 1i)

The Kearney Housing Study (2017) outlined potential population trends, housing demand, and housing needs according to affordability, as shown in the following tables. However, the study did not provide housing needs by housing type. The City is exploring options to update the housing study and analyze housing needs by type.

FIGURE 2.16: Population Projection

EXCLUDING STUDENTS	2015	2020	2020	2030
1.0% Annual Growth Rate	29,991	31,521	33,129	34,819
1.2% Annual Growth Rate	29,991	32,309	34,806	37,496
1.8% Annual Growth Rate	29,991	32,790	35,849	39,193
PROJECTION PLUS STUDENTS				
1.0% Annual Growth Rate	32,217	33,669	35,196	36,800
1.2% Annual Growth Rate	32,217	34,418	36,788	39,342
1.8% Annual Growth Rate	32,217	34,873	37,778	40,953

Source: Kearney Housing Study, US Census

FIGURE 2.17: Housing Demand Model

	2017-2025	2026-2030	TOTAL
Population*	36,788	39,342	
Household Population*	34,342	36,726	
Average Household Size*	2.42	2.42	
Household Demand*	14,191	15,176	
Projected Vacancy Rate	5.40%	5.40%	
Annual Replacement	5	5	70
Total Unit Demand*	1,729	1,066	2,796
Average Annual Construction	192	213	200

Source: Kearney Housing Study, RDG

FIGURE 2.18: Housing Development Program

	2015-2025	2026-2030	2017-2030
Total Need	1,729	1,066	2,796
Total Owner Occupied	1,038	586	1,624
Affordable Low: <\$125,000	349	197	546
Affordable Moderate: \$125-\$175,000	240	136	376
Moderate Market: \$175-\$250,000	195	110	305
High Market: >\$250,000	254	143	397
Total Renter Occupied	692	480	1,172
Low: Less than \$450	217	151	368
Affordable: \$450-\$700	255	177	432
Market: Over \$700	219	152	372

Source: Kearney Housing Study, RDG

Section 7: Housing Action Plan Efforts (§19-5504: 1j)

The City, per State Statute 19-5505, adopted the City of Kearney – Affordable Housing Action Plan in December 2023. The report was then submitted to the Urban Affairs committee as required. The plan consists of three sections: City of Kearney Housing Snapshot, Public Engagement Efforts, and Goals & Action Steps. Staff researched the housing market and conducted stakeholder listening sessions. Data was gathered and evaluated, consisting of historical permit data, population data, a review of the previously approved Kearney Housing Study (2017), and economic information to create a snapshot of housing in Kearney at that time. Staff engaged with six different stakeholder groups through five listening sessions, which provided opportunities for citizens to provide feedback about housing in Kearney. In addition to the listening sessions, a target survey was sent to the managers of high-density rental units to help us better understand Kearney's rental community.

The statute provided requirements to address as part of the plan. These included:

- Goals for the construction of new affordable housing units to encourage the development of affordable housing, middle housing, and workforce housing;
- Goals for the percentage of areas in the City zoned to permit multi-family and middle housing types
- Plans for the use of financial tools from Federal, State, and Local sources
- Updates to the City zoning code, ordinances, and regulations to encourage affordable housing

Action steps were created to reflect the goals provided, data gathered, and the feedback from listening sessions and the survey. Implementation of the action steps was set to occur over 10 years. Following the plan's adoption, the City adopted (January 2024) a new residential district, R-1D Residential District, to allow for both single-family and duplex housing options. This zoning district provides opportunities for new development and infill areas to add gentle density to Kearney. Staff also evaluated the feasibility of changing the code to allow for ADUs. As discussed previously (see Section 5), this change was not adopted, but Staff continues to evaluate this option for a housing solution.

The Affordable Housing Action Plan is an additional guide for the City, community partners, and developers to look for solutions regarding affordability and housing inventory options. While this plan provides goals and action steps for development, it is not a “magic bullet” to fix housing in Kearney. This plan is supplemental to the adopted City of Kearney Comprehensive Plan (2016) and Kearney Housing Study (2017). The City of Kearney, in the next two years, will begin the process of updating its comprehensive plan and anticipates additional updates to the housing element of the plan based in part on information found through the Affordable Housing Action Plan.