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**KELLOM HEIGHTS STAGE II:
TRENDS AND CONDITIONS
IMPACTING COMMERCIAL AND
OFFICE SPACE DEVELOPMENT**

by R. K. Piper



**Center for Applied Urban Research
University of Nebraska at Omaha**



May, 1983

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KELLOM HEIGHTS STAGE II:
TRENDS AND CONDITIONS IMPACTING
COMMERCIAL AND OFFICE SPACE DEVELOPMENT

Introduction

This report was prepared in response to a request for assistance from the Omaha Economic Development Corporation for the collection of information pertaining to the development of a neighborhood commercial and office center near 24th and Cuming Streets. The primary purpose of the report is to provide an accurate description of current conditions and significant trends in the immediate Kellom Heights area that would have an impact on the proposed development.

The research to accomplish this task concentrated on obtaining and updating information on employment and public and private investment in the area. In addition, demographic information on area residents, employees, and students was gathered to provide a clearer picture of potential users of the proposed development.

Background of the Area

The general area within approximately a one-mile radius of the Kellom Heights development at 24th to 27th and Cuming to Hamilton Streets has shown the traditional signs of a declining and distressed inner-city neighborhood since at least the late 1950's. As with most areas east of 42nd Street, this area lost considerable population and housing stock

during the 1960's and 1970's. Investment in housing, commercial structures, and infrastructure lagged and resulted in a general physical deterioration.

Redevelopment efforts for the Kellom Heights area were first proposed in 1972 as part of the Riverfront Development Program. Although these plans were never implemented, they did lay important groundwork for present day redevelopment efforts. These early plans made note of the suitability and potentials of the Kellom Heights area for redevelopment because of its scenic appeal and topography, accessibility, and proximity to the Omaha central business district and Creighton University.

These plans were the first signs of an emerging pattern of significant improvement efforts that have already had obvious positive impacts, are currently underway, or are planned for the area in the near future. Major, large scale investments and construction projects such as the already completed St. Joseph's Hospital and the Metro Area Transit facility have provided badly needed anchors, enhanced existing businesses and institutions, and continue to serve as catalysts for other developments and investments.

This report summarizes and describes the scope of such improvements and what the implications may be for further development, with particular regard to Stage II of the Kellom Heights project.

Methodology

A three-part research effort was undertaken involving 1) personal interviews with representatives of major institutions

and corporations, 2) a survey of businesses in the immediate area, and 3) an analysis of 1980 U.S. Census data.

The business survey was conducted by the Center for Applied Urban Research in February and March, 1983, primarily in the Jefferson Square Business Association area directly to the east of the Kellom Heights development, but other nearby businesses were included. Survey instruments were hand delivered to 103 business firms, and 86 were collected for a response rate of 83 percent.

The analysis of the U.S. Census data focused primarily on the demographic characteristics of residents of census tracts within approximately one mile of the project site.

PART I
MAJOR INSTITUTIONS AND BUSINESSES

The nine major institutions and businesses interviewed are all within a one-mile radius of the Kellom Heights project site, and six are within easy walking distance. (See Map 1.) Each of these institutions is a major employer in the area and/or has definite plans for large scale investments or improvements in the Kellom Heights vicinity.

Investment in the Area

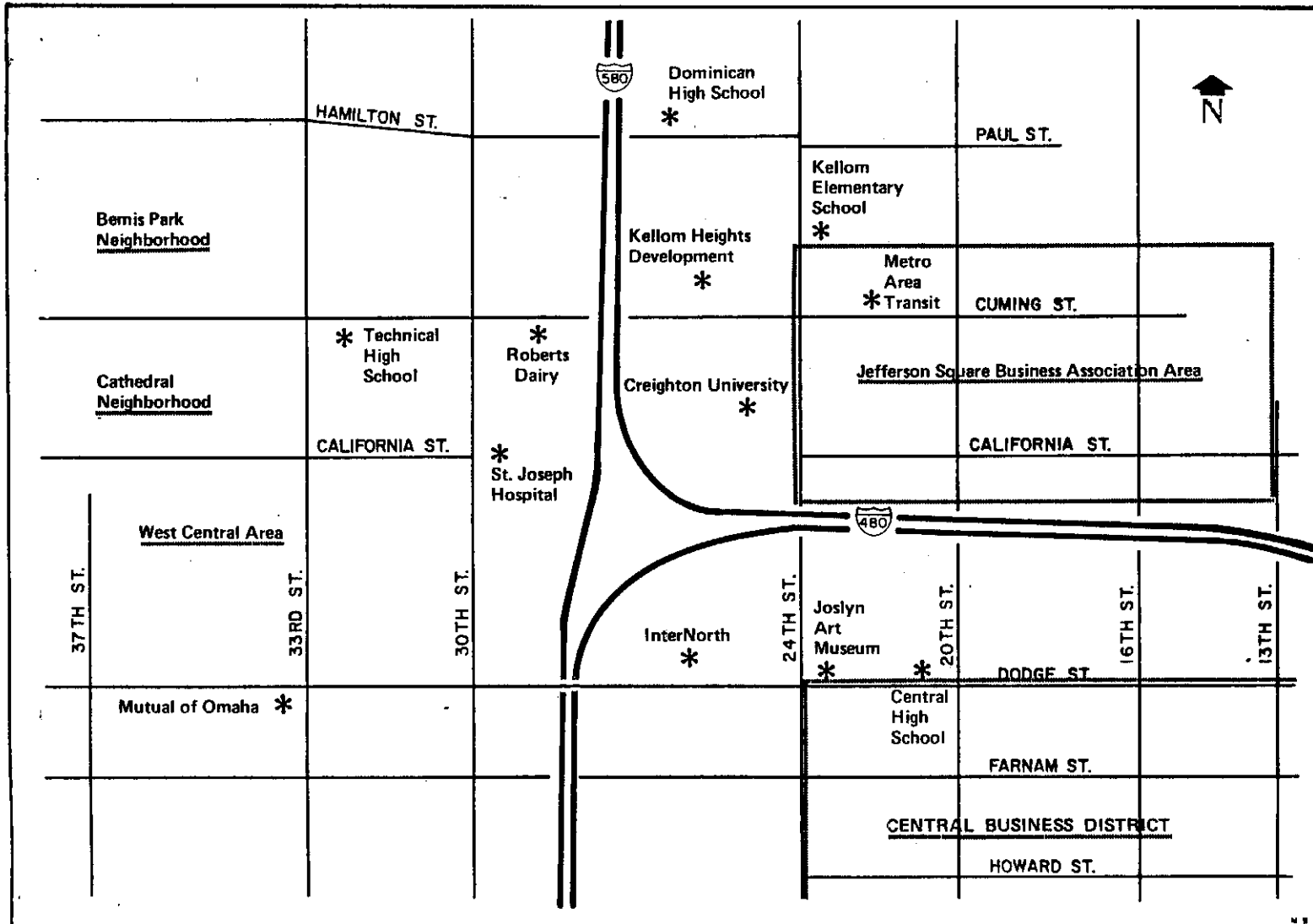
While several of the institutions, especially Creighton University and three Omaha public schools, have long served as economic and social anchors for the area, the construction of a number of new, major institutional facilities has occurred recently, and more are planned. In addition to the new construction, several major renovation and improvement projects have been completed or are currently in progress.

As shown in Table 1, the nine major institutions or employers have made significant financial investments and improvements totaling about \$183 million in the area since 1977.

The completion of the \$75 million St. Joseph Hospital/Medical complex in 1978 is, to date, the largest new addition to the area, both in terms of dollar investment and new employment generation. This massive structure located at 30th and California Streets, includes the Boys Town Institute for Communication Disorders in Children and is the second largest private building in Nebraska.

In addition, Creighton University has virtually rebuilt its 105 year old campus in the past 25 years and added major addi-

**MAP 1
SITES OF REDEVELOPMENT AND INVESTMENT ADJACENT TO THE CBD**



tions and new facilities for the schools of dental science, medicine, pharmacology, nursing, and law. Since 1977 alone, Creighton University has added some \$18.5 million in new facilities, infrastructure and land acquisition. Major new construction projects during this time include a new health sciences center and library, a multi-million dollar computer center, and most recently, the new Alumni Library expansion completed in December, 1982 at a cost of over \$6 million.

TABLE 1

INVESTMENTS/IMPROVEMENTS IN THE KELLOM HEIGHTS VICINITY*

Institution/Business	1977-1982	Projected
1. St. Joseph complex	\$75	\$17
2. Creighton	18.5	20
3. Omaha Public Schools	11.3	5.5
4. Roberts Dairy	4	1
5. InterNorth	11	110
6. Metro Area Transit	22	--
7. Mutual of Omaha	30	30
8. Dominican High School	10	--
9. Joslyn	1	--
	\$182.8	\$183.5

* Figures are in millions of dollars.

Directly east of the Kellom site at 22nd and Cuming the new \$22 million Metro Area Transit (MAT) facility is the second largest new project completed to date. The facility, completed in December, 1982, is the headquarters and garage for the metropolitan area's mass transit operation. Also, adjacent to the Kellom site on the north, the new \$10 million specialized Dominican High School is currently nearing completion.

Omaha Public Schools (OPS) officials report that \$11.3

million has been invested in improving facilities at Technical and Central High Schools and at Kellom Elementary since 1977. The recently announced OPS re-organization plan calls for the conversion of Technical High School into administrative offices for the system at a cost of \$5.5 million and for an increase in the number of students and faculty at Central High.

In addition to the \$182.8 million invested since 1977, six of the nine institutions/businesses plan expenditures totaling \$183.5 million in the area in the near future.

Construction has already begun on the first of five office buildings in a \$108 million office-park development project to house the new InterNorth corporate headquarters. Officials expect the first building to be occupied by April, 1985 and that all five will be completed by the end of the decade. Mutual of Omaha, the largest employer in the area, is also planning a new six-story office building to be completed in the fall of 1984 at a cost of \$30 million in addition to the \$30 million it has invested in the area since 1977.

Several major projects are also planned for both St. Joseph Hospital and Creighton University. St. Joseph has plans for the construction of a new parking structure costing \$2 to \$5 million and a new mental health center projected to cost \$12 to \$15 million. Over the next five years, Creighton University plans to spend over \$20 million for additional improvements to its campus, including: \$12 million for a new fine and performing arts center, \$4 million for a new student union, \$1 to \$2 million to provide housing for faculty and students near the

campus, another \$1.75 million for the expansion of the Alumni Library, and about \$1 million for a new bookstore.

Employment

As shown in Table 2, the nine major institutions/businesses reported a total of 13,135 employees. They draw 8,120 students and over 350 regular volunteers to the area. The St. Joseph Hospital complex admits approximately 32,000 patients annually, and though no figures are kept, the number of visitors per year was estimated by St. Joseph officials to be 100,000. Creighton University officials also estimated that an additional 75,000 visitors are drawn to their campus per year.

TABLE 2
TOTAL EMPLOYEES AND PAYROLL

Institution/Business	Number of Employees	Payroll*
1. St. Joseph Complex	2,555	\$34
2. Creighton University	1,600	25
3. Mutual of Omaha	6,000	120
4. InterNorth	1,995	67.6
5. Metro Area Transit	400	6.4
6. Omaha Public Schools**	300	5.3
7. Roberts Dairy	185	5
8. Dominican High School	40	.75
9. Joslyn Art Museum	60	.5
Total	13,135	\$264.6

* Figures are given in millions of dollars.

** Does not include net gains to the area resulting from the OPS reorganization plan.

Of the 13,135 employees, 12,395 (94 percent) are full-time and a total of 11,955 (91 percent) work the regular day shift.

Only two institutions or businesses reported that they are currently below normal manpower levels. Representatives stated that employment was not down as a result of layoffs but rather because of losses occurring through attrition and non-replacement. All of the institutions/businesses, expect to be at or above normal employment levels within the next five years.

Total Payroll and Employee Earnings

As shown in Table 2, the total annual payroll reported for the nine institutions interviewed is \$264.6 million. The average annual salary per employee is \$20,145, based upon the total employment and payroll figures provided (\$264.6 million/13,135).

In addition, as shown in Table 3, the nine businesses/institutions also provided earnings information for 11,958 (91

TABLE 3

ANNUAL EMPLOYEE EARNINGS BY CATEGORY

Annual Salary	Number	Percent
<15,000	5,198	43
15,000-20,000	2,337	20
20,001-30,000	2,413	20
30,001-40,000	957	8
40,001-50,000	490	4
50,001-60,000	285	2
>60,000	278	2
Total	11,958	99*

*Does not equal 100% due to rounding.

percent of the total employed). Of this total, 43 percent had annual earnings of less than \$15,000, 40 percent earned between \$15,000 and \$30,000, 8 percent (957) earned between \$30,001 and \$40,000, and another 8 percent (1,053) earned over \$40,000 per year.*

*Figures do not include the net gain to the area resulting from the OPS re-organization plan which calls for approximately 300 administrative/leadership personnel and 100 support staff at the new administration facility and a 30 percent increase in faculty/staff at Central.

PART II

ADDITIONAL INVESTMENT, IMPROVEMENTS, RELATED FACTORS

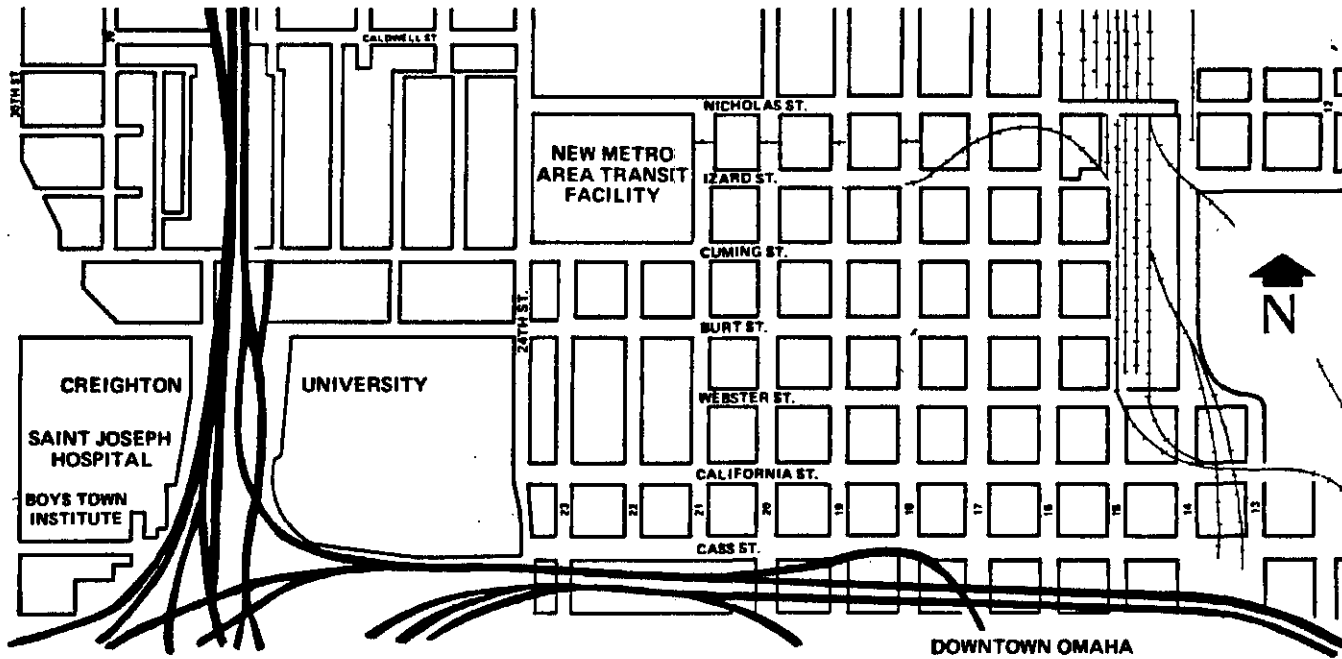
While the investments already made or projected for the Kellom vicinity by the major institutions/businesses have had the most dramatic and visible impacts, other investments, improvements, and factors are also influencing general conditions and the business climate. This section presents the findings of a survey of businesses in the area to gather information on investment, employment, and other business trends. Impacting factors such as public capital improvements and residential improvement and development trends are mentioned as well.

JEFFERSON SQUARE BUSINESS ASSOCIATION SURVEY

The Jefferson Square business area borders the Kellom development site directly to the east and covers approximately 196 acres as shown in Map 2. It is bounded by 13th Street on the east, 24th Street on the west, Cass Street on the south, and Nicholas Street on the north. According to the Jefferson Square Business Association, 150 firms in the area employ approximately 3,167 people.

Survey instruments were hand delivered to 103 business firms in the area, and 86 were collected for a response rate of 83 percent. The area contains a wide variety of business types including retailers and wholesalers, service industries, and light to medium industry and manufacturing. In the Appendix is a list of representative types of businesses located in

**MAP 2
JEFFERSON SQUARE AREA**



Jefferson Square. Printing and lithographing (and related industries), electrical supply and service firms, auto services and parts, and welding services and supplies are among the types of businesses that are strongly represented in the area by several firms.

Results

The 86 firms that participated in the survey reported a total of 2,200 employees, 1,899 or 86 percent of whom were full time and 301 or 14 percent part time. Over three-fourths (79 percent) of the employees worked the regular day shift hours. According to the employers, males comprised about 57 percent of the workforce.

Because of the depressed state of the economy both locally and nationally, employers were asked about their current employment levels. Over three-fifths (61 percent) reported that their employment levels were normal, 32 percent were below, and 7 percent were above. Those employers with below normal employment conditions reported that a total of 84 employees had been laid off. These layoffs represented only about a 4 percent decline in the size of the labor force under normal economic conditions.

Payroll

Sixty firms reported a total annual payroll of \$20,103,283. A breakdown by categories showed that 42 percent of the firms employed less than seven full-time employees and had annual

payrolls of less than \$100,000. Another 48 percent reported between six and 25 full-time employees and payrolls between \$100,000 and \$500,000, 5 percent had between 25 and 32 full-time employees and payrolls between \$600,000 and \$700,000, and 5 percent had 50 or more employees and payrolls in excess of \$1,000,000.* (See Table 4.)

TABLE 4
TOTAL NUMBER OF EMPLOYEES AND PAYROLLS

Number Full-time Employees	Annual Payroll*	Number of Businesses	Percent
<7	<\$100,000	36	42
6-25	\$100,000-\$500,000	41	48
25-32	600,000-700,000	4	5
>50	>\$1,000,000	<u>4</u>	<u>5</u>
		85	100

* Estimates for businesses that did not provide annual payroll figures were based on individual employee earnings information provided by each employer as shown in Table 5.

The average annual payroll for the 60 firms that reported was \$335,000 (\$20.1 million/60). Assuming that the average annual payroll figures were representative of the other 90 firms in the association that did not report payroll expenditures, a total payroll of \$50,250,000 was estimated for all 150

~~*One employer with an annual payroll of between \$100,000 and \$500,000 only had three full-time employees and 120 part-time employees and was categorized by payroll size. The largest employer had more than 500 full-time employees and an annual payroll of approximately \$6,000,000.~~

businesses in the area. This estimate assumed that other major firms with payrolls in the larger categories existed among the 90 firms that did not provide payroll information in roughly the same proportion as in the 60 reporting firms.*

ANNUAL EMPLOYEE EARNINGS

As shown in Table 5, 47 percent of the employees earned between \$10,000 and 15,000 annually while another 19 percent

TABLE 5

ANNUAL EMPLOYEE EARNINGS

Annual Earnings	Number of Employees	Percent
<\$10,000	248	19
\$10,000 to \$12,000	352	26
\$12,001 to \$15,000	286	21
\$15,001 to \$20,000	255	19
\$20,001 to \$25,000	96	7
\$25,001 to \$35,000	72	5
>\$35,000	28	2
Total	1,337	99*

* Does not equal 100 percent due to rounding.

earned between \$15,000 and \$20,000, and 14 percent earned over \$20,000.

*As non-respondents included several of the larger businesses in the area, this assumption and the larger payroll estimate seem justified. The median annual payroll figure for the 60 reporting firms was \$160,000. Using this figure, a total annual payroll of \$34.5 million (\$20.1 million + \$160,000 X 90) would be estimated for all 150 businesses in the Jefferson Square area.

Assuming that these percentage breakdowns were representative of all 3,167 employees in the area, 1,488 employees earned between \$10,000 and \$15,000 annually, 602 earned between \$15,001 and \$20,000, and another 443 earned more than \$20,000 per year. Dividing the estimated payroll of \$50,250,000 by the 3,167 employees in the area yielded an average annual salary of \$15,867 per employee.

Investments

One important element that serves as an indicator of change occurring in an area is total investment. Almost three-fourths (73 percent) of the respondents reported that their businesses had made investments or improvements in the area since 1977. Fifty firms reported a total investment of approximately \$9.4 million in the area in this time period.* A breakdown is shown in Table 6.

TABLE 6
INVESTMENTS SINCE 1977

Dollars	Number of Businesses	Percent
<\$25,000	25	50
\$25,000-100,000	12	24
\$100,001-500,000	11	22
\$500,001-\$1 million	0	0
>\$1 million	<u>2</u>	<u>4</u>
	50	100

In addition, almost half (48 percent) of the businesses had plans for investments or improvements in the area, and

*One firm reported a total investment of \$4.5 million during this time period.

another 5 percent were not sure at the time of the survey. A survey conducted in 1976 by CAUR of businesses in basically the same area showed that only 36 percent had such intentions at that time.*

Forty-five percent of the businesses also reported that they had plans for expansion in the area (assuming that the economy returns to normal), and another 6 percent were not sure at this time. In the 1976 study only 18 percent of the businesses had such intentions.

Of those with plans for investments or improvements in the area, 75 percent indicated that they would seek private financing, 22 percent a combination private financing, and 3 percent said that they would seek only Industrial Development Act (IDA) revenue bonds or other public financing tools.

Assuming that 73 percent or 110 of the 150 businesses (73 percent of the respondents made investments) made the average investment of \$188,293 ($\$9,414,650/50$), a total investment of \$20,712,230 was estimated for the entire area ($110 \times \$188,293$).

As with payroll, this estimate assumed that several major firms made investments in the largest investment categories in roughly the same proportion as did the 50 reporting firms. This estimate seems justified based on the fact that several of the larger businesses were among the known non-respondents.

*Center for Applied Urban Research, Omaha's Traditional Business Districts (July, 1976).

The median investment for the 50 reporting firms was \$22,500.

Business Trends

Businessmen were also asked their opinions about general conditions and business trends in the area.

Forty-nine of the businesses in the area that said they served walk-in sales traffic reported a total of 15,112 customers in a five-day average week or 3,022 per day. In addition to these customers and employers the 86 businesses surveyed also reported that they drew an additional 4,613 individuals to the area on a weekly basis. This category included individuals such as sales people, service people, and distributors, etc.

A total of 29 percent of the businesses that had walk-in traffic indicated that their sales over the past three years had improved or improved considerably, 38 percent said sales had stayed about the same, 24 percent said that sales had declined, and another 9 percent said that sales had declined considerably.

Improvement in their walk-in sales was expected by 44 percent while 53 percent expected them to stay the same. Only 4 percent expected their walk-in sales to worsen in the future.

In terms of future walk-in sales for the entire area, 36 percent expected them to improve, 58 percent thought they would stay about the same, and only 5 percent expected them to worsen.

General Conditions/Improvements Needed

Respondents also commented about their perceptions of the general conditions in the area. Slightly over half (51 percent) said that conditions were improving, 37 percent said they were remaining about the same, and only 12 percent thought conditions were declining.

When asked what they thought would most improve retailing in the area, businessmen most often mentioned improving the area's appearance through the renovation and clean-up of buildings, along with other public improvements. Also cited frequently were removing the undesirables, drunks, and transients from the area, increasing the number of businesses and retail shopping opportunities, and improving traffic flow on 16th and 17th Streets. (See Table 7.)

When asked what still needs to be done for the general improvement of the area, most businessmen repeated those improvements that would benefit retail sales. Improvement of the general appearance of the area through renovation and clean-up of buildings plus public improvements was cited most often, followed by expanding the number of businesses and employment in the area, improving traffic flow and parking, and increasing the number of retail shopping opportunities. The improvements mentioned above are almost identical to the findings of the 1976 study conducted by CAUR when the renovation and rehabilitation of buildings was also cited most often.

TABLE 7
IMPROVEMENTS THAT WOULD MOST BENEFIT RETAILING

Improvement Mentioned	Number of Times Mentioned
1. Improve area's appearance, improve buildings, public improvements	10
2. Increase the number of businesses and retail shopping firms in the area	5
3. Remove undesirables, drunks, and transients	5
4. Traffic flow improvements on 16th and 17th Streets	5
5. Improve parking	2
6. More residential development	2
7. Increase public safety	2
8. Child care center	1
9. Provide business incentives	1
10. Increase availability of bank financing	1
11. Increase advertising	<u>1</u>
Total	35*

* This represents the total number of times an improvement was mentioned, not the number of respondents.

Needs For Services, Retail Establishments

Employers were also asked if they felt that their employees needed certain services or retail establishments in the area. Almost two-thirds (64 percent) indicated they felt such needs existed, and fifteen employers also noted the specific types of establishments. Responses that received more than one mention

included a general shopping center (4), more restaurants and bars (3), a small grocery or convenient food store (2), and a drug store (2). Also mentioned were a dry cleaner, a theater, a banking facility, an auto service station, and a barber shop.

When asked whether they thought a shopping and office center would be successful in the area, 29 percent indicated that it would be, 24 percent thought that it would not, and 48 percent were not certain.

Business Survey Summary

A survey of approximately 150 businesses in the Jefferson Square Business Association located directly to the east of the Kellom site was conducted to measure businessmen's perceptions of and attitudes about the area in general and as a place to conduct retail or other business activity. In addition, the businessmen were asked for their opinions about the future of the area and also about any plans they might have for new investment and expansion in the area.

The following is a brief summary of the findings:

- 1) 73% of the businesses reported that their firm had made investments in the area since 1977
- 2) 48% had plans for investment or improvement in the area in the future and another 5% were not sure at this time (36% had such intentions according to a 1976 study conducted in basically the same area.)*
- 3) 45% had plans for expansion in the area, assuming that the economy returns to normal and another 5% were not sure at this time (18% had such intentions in 1976.)

*Center for Applied Urban Research, Omaha's Traditional Business Districts (July, 1976).

- 4) 44% of the retail firms expected their walk-in sales to improve in the future
53% thought their sales would stay about the same
4% thought their sales would worsen
- 5) 36% of the retailers thought walk-in sales in the entire area would improve
58% thought sales would stay about the same
5% thought sales would decline
- 6) 51% of all businesses surveyed thought general conditions in the area were improving
37% thought conditions were staying about the same
12% thought conditions were declining
- 7) 64% indicated that there was a need among their employees for certain types of services of retail establishments in the area
34% felt there was no such need
2% were not sure

Public Capital Improvements

The major capital improvements planned will greatly improve vehicular traffic flow and the general access to the Kellom area.

The construction of a new, major four-lane boulevard at 24th Street from Dodge to Cuming will serve to connect the central business district and provide an attractive entrance to the Kellom area. The boulevard, which will include landscaping, will run between the new InterNorth site and Joslyn Museum at Dodge Street, past Creighton University, and will feed directly into Cuming Street.

Other traffic improvements include the conversion of 16th and 17th Streets to two-way traffic.

Although the construction of and massive investment in the interstate system and interchange at the junction of Interstate 480 and 580 have already had a dramatic effect on the area and

TABLE 8

1980 U.S. CENSUS SUMMARY:
AN ANALYSIS OF SELECTED VARIABLES FOR
TRACTS WITHIN A ONE-MILE RADIUS OF THE KELLOM SITE

Population Change

	<u>1960</u>	<u>1970</u>	<u>1980</u>
1 mile radius	37,836	25,795	17,708
2 mile radius	—	—	52,855

Housing Unit Change

	<u>1960</u>	<u>1970</u>	<u>1980</u>
	13,356	10,614	7,675

Racial Composition

	<u>White</u>	<u>Black</u>	<u>Indian</u>	<u>Other Races</u>	<u>Total</u>
	53%	43%	2%	2%	100%

Age

31%	18 years old or less
36%	between 19 and 34 years old
15%	62 years old or older

Marital Status

52%	single
24%	married

Income

		<u>One-mile Radius</u>	<u>Two-mile Radius</u>
Average annual household	—	\$10,412	
Average annual family	—	\$12,703	
Aggregate household	—	\$70,647,430	\$280,053,640
Aggregate family	—	\$41,448,785	\$159,446,760

TABLE 8 - Continued

1980 U.S. CENSUS SUMMARY:
AN ANALYSIS OF SELECTED VARIABLES FOR
TRACTS WITHIN A ONE-MILE RADIUS OF THE KELLOM SITE

Employment

47% 16 years and older employed
5% 16 years and older unemployed
48% not in labor force

100% Total

Tenure

Total year-round units	6,668	
Renter households	4,742	(71%)
Owner occupied	1,926	(29%)

Housing Cost as Percentage of Income

	<u>Less than 20%</u>	<u>More than 35%</u>
Renters	29%	34%
Owners	59%	15%
Total households	37%	29%

Household Size

2.61 persons per household
42% single-person households
25% two-person households

from \$5,096 in tract 14 to \$14,061 in tract 50. Average family incomes ranged from \$4,558 in tract 14 to \$27,970 in tract 16.

Both median family and household incomes for most tracts were well below city-wide averages. Median household incomes ranged from \$4,265 in tract 17 to \$10,587 in tract 50, compared with a median figure of \$16,374 for all of Omaha. Significant increases in real income were evident in tracts 15 and 16, however, where real incomes rose by 84 percent and 129 percent respectively from 1969 to 1979.

Median family incomes were substantially higher than median household incomes in nine of the 11 tracts with family medians ranging from \$3,986 in tract 14 to \$40,043 in tract 16, compared with a median figure of \$20,458 for all of Omaha.

In terms of the type of income for each household, 68 percent of the households reported some earned income in 1979; 32 percent reported social security income; 28 percent reported some interest, dividend, or rental income; 20 percent reported some public assistance; and 20 percent reported some other form.

A breakdown of labor force status information from the 1980 Census showed that 47 percent of the residents 16 years of age and older were employed, 5 percent were unemployed, and 48 percent were not in the labor force. The fairly high percentage of individuals not in the labor force included significant numbers of students, social security recipients, and a generally youthful population, along with some households receiving public assistance income.

Transportation and Travel to Work

Of the 6,785 households within a one-mile radius of the Kellom site, 2,754 or 41 percent had no vehicle for transportation. Of a total of 6,223 workers, 2,562 or 41 percent drove alone to work while 27 percent walked, 16 percent carpooled, and 14 percent relied on public transportation. In terms of travel time to work, 30 percent indicated that they spent less than 10 minutes while 49 percent took less than 15 minutes going to work.

Two-Mile Radius

An examination and analysis of an expanded potential market area for the Kellom site to include households within two miles to the north, northwest, west, southwest, and southeast, and one and one-half miles to the south revealed some significantly increased figures for the area. In addition to the 11 tracts within approximately one mile, census data for 16 more tracts (as shown in Map 3) were tabulated. An additional 35,147 individuals living in 15,631 households including 7,370 families were in these 16 tracts. The total population living within the two-mile radius totaled 52,855 individuals living in 22,416 households, including 10,633 family units.

The aggregate household income for these 16 tracts totaled \$209,406,210 with an average annual household income of \$13,397 while the aggregate family income was \$117,997,975 with an average of \$16,010. The aggregate household income within the two-mile radius totaled \$280,053,640 with an average of \$12,494.

Housing Costs as a Percentage of Income

Of a total of 6,668 year-round housing units in the area, 4,742 or 71 percent were renter and 1,926 (29 percent) were owner occupied. Almost one-third (29 percent) of the renters paid less than 20 percent of their incomes for gross rent while a little more than one third (34 percent) paid more than 35 percent. Of the owners, 59 percent paid less than 20 percent of their income for housing costs while 15 percent paid more than 35 percent. When owners and renters were combined, 37 percent spent less than 20 percent of their incomes for housing while 29 percent spent more than 35 percent.

Housing Stock and Population Change

As occurred in all census tracts east of 42nd Street and in all but two east of 72nd Street, the populations in the 11 tracts within one mile of the Kellom site decreased during the 1960's and 1970's. The population declined from 37,836 in 1960 to 25,795 in 1970 (a loss of 32 percent) and by 1980 declined further to the current total of 17,708 (a 31 percent loss).

The population displacement to a great extent parallels the loss of housing stock due to non-residential land use development.* The number of year-round housing units in the area declined from 13,356 in 1960 to 10,614 in 1970 (a 20 percent loss) and further declined to 7,675 by 1980 (a 28 percent decline during the 1970's).

*David R. DiMartino, "Omaha Area Demographic Change 1970-1980." Review of Applied Urban Research, Vol. IX., No. 6., July 1981.

Projections

As noted in a 1979 study conducted by Peschio-Ream Co., much of the remaining housing stock is comprised of 40- to 50-year-old single-family and single-family converted housing units. The continued loss of some of the housing units is likely to continue. However, some indications of stabilization of the population and housing stock in the area may be emerging. In accord with general trends occurring across the country and in Omaha, increased new housing and transportation costs have resulted in a trend toward more conservation and rehabilitation of older, inner-city housing units by private and institutional investors, neighborhood groups, homeowners, and the public sector. In addition, a growing demand for housing closer to the downtown area has resulted in some new housing construction such as the Kellom development itself and other smaller construction projects. Considerable housing rehabilitation and redevelopment has occurred in and around the CBD.

This new construction and the ongoing rehabilitation activity along with the rapidly increasing value of the housing in the area will help offset future losses of population resulting from the diminution of the older housing stock.

In sum, while no concrete evidence can yet be cited to show a reversal of population and housing stock loss trends, stabilization of the population and housing stock is likely to occur as a result of a combination of the following factors: 1) the sizeable employment and student population base, 2) the growing demand for housing near employment and education sites, 3) the increasing interest by developers and others in new construction

and rehabilitation in inner-city areas, and 4) the actual presence and impact of the new housing stock currently under construction that may serve as a catalyst for further residential and commercial development.

PART IV
SUMMARY AND IMPLICATIONS

In order to gather information pertaining to significant trends and conditions in the Kellom Heights area that would impact the development of a neighborhood and commercial office center, a three-part research effort was undertaken. Personal interviews were conducted with representatives of nine major institutions or businesses, a survey of other businesses in the area was conducted, and an analysis of U.S. Census data was made.

Each of the nine institutions/businesses is a major employer in the area and/or has made or has definite plans for large scale investments or improvements in the Kellom vicinity. A total payroll of over \$264 million was reported for the 13,135 employees of these institutions/businesses. Since 1977, a total of about \$183 million has been invested by the nine institutions/businesses for new construction projects and other major renovation, and improvement projects and another \$183.5 million are projected to be invested in the area in the near future.

New, major facilities, most notably the St. Joseph Hospital complex and others by Creighton University, Metro Area Transit, Dominican High School, Mutual of Omaha, and InterNorth, have had or will have positive implications for continued development of the area.

The new facilities and developments already in place have vastly improved the general appearance of the area, and have facilitated the growth and diversification of the sizeable employment and student population bases in the area. The additional improvements planned or currently underway will

likewise serve to further increase the area's residential appeal and commercial potential. The large and growing populations of employees and students in the area, including a substantial segment of employees and professionals in the higher income categories, have even greater positive implications for future residential, commercial, and office space development.

Positive impacts are also to be expected as the Kellom area becomes more accessible as a result of a new four-lane divided boulevard at 24th Street from Dodge to Cuming and the completion of the North Freeway in 1987.

In addition to the nine major employers, the 150 smaller businesses in the Jefferson Square Business Association employ an additional 3,167 persons and have an estimated annual payroll of over \$50.2 million. An estimated \$20.7 million has been invested by these businesses in the area. The attitudinal section of the survey showed a high degree of optimism among the businessmen regarding sales expectations and plans for expansion and new investments in the area.

Table 9 is a summary of the combined investment and employment figures for the major institutions, smaller businesses and other relevant projects.

The information gathered from the major institutions and businesses in the area revealed an emerging pattern of improvement through significant new and planned investment.

A total of 24,772 employees, students, and volunteers is drawn to the area by the major institutions and businesses. The total annual payroll for the employees is \$314.8 million. A

TABLE 9
SUMMARY OF INVESTMENT, EMPLOYMENT, PAYROLL
FOR MAJOR INSTITUTIONS AND BUSINESSES IN THE AREA

Major Institutions	Total Employees, Students, Others	Annual Payroll Expenditures	Investments-Improvements 1977-1982	Projected
1. St. Joseph Complex: A private hospital is the center of the complex which includes Boys Town Institute and Omaha Health Professions Center.	2,555 Volunteers: 150	\$34 million	\$75 million	\$17 million
2. Creighton: A private university that includes a major law school and medical school.	1,600 Students: 5,420	\$25 million	\$18.5 million	\$20 million
3. Omaha Public School District: Conversion of Technical High into a consolidated administrative office complex.	300 ^{a/} Students: 2,500	\$5.3 million	\$11.3 million	\$5.5 million
4. Dominican High School: A private high school built and supported by Boys Town.	40 Students: 200	\$750,000	\$10 million	—
5. Roberts Dairy: The headquarters of the only home delivery dairy in the city.	185	\$5 million	\$4 million	\$1 million
6. Metro Area Transit: Headquarters and garage for metropolitan area mass-transit operation.	400	\$6.4 million	\$22 million	—
7. InterNorth: New corporate headquarters and office park.	1,995	\$67.6 million	\$11 million	\$110 million
8. Joslyn Art Museum: Nationally renowned gallery and art museum.	60 Volunteers: 200	\$498,000	\$1 million	—
9. Mutual of Omaha: Corporate offices of one of the nation's largest insurance companies.	6,000	\$120 million	\$30 million	\$30 million
10. Jefferson Square Business Association: 150 businesses directly to the east of the Kellom Development.	3,167	\$50.2 million estimate ^{b/}	\$20.7 million estimate ^{c/}	not available ^{d/}
11. Kellom Stage 1 Kellom Stages 2 and 3	— —	— —	\$6 million —	— \$13 million
12. Thrifty Scot Motel: A proposed six-story, 120-room motel at 30th and Chicago Streets.	not available	not available	—	\$4 million
13. Public Capital Improvements: A new major boulevard at 24th Street, the extension of Interstate 580, and the Storz Expressway.	—	—	—	\$73.5 million
Totals	16,302 (employees) 8,120 (students) 350 (volunteers) 24,772	\$314.8 million	\$209.5 million	\$274 million

^{a/} Does not include the net gains to the area as a result of the OPS reorganization plan.

^{b/} Payroll estimate for total businesses in the Association area based on the average payroll figures of those reporting.

^{c/} Investment estimate for total businesses in the Association area based on average investment figures of those reporting.

^{d/} 48% of the businesses surveyed had plans for investment or improvement in the area.

total of \$209.5 million has been invested since 1977, and another \$274 million is projected. This projection does not include the Jefferson Square area where 48 percent of the businesses have plans for investment or expansion.

In contrast to the optimistic outlook attested to by recent investments and the growth and stability of the employment base, the analysis of 1980 U.S. Census data showed that the area still retains many of the traditional signs of a distressed inner-city neighborhood. Population and housing stock losses have occurred since at least 1960, and renter households comprised almost three-fourths (71 percent) of all households. The area is racially mixed (53 percent white, 43 percent black, and 4 percent other) and is comprised of mostly young, single individuals. A total of 17,708 individuals resided within a one-mile radius of the Kellom site. They had an aggregate household income over \$70 million. The aggregate income for the 52,855 individuals living within a two-mile radius was over \$280 million, but both median and average annual household and family incomes were well below that for the city as a whole.

The paradox of positive and negative indicators of overall conditions underscores the nature and magnitude of the changes occurring in the Kellom Heights vicinity. The emergent pattern of investment and development, as initiated by several major private and public institutions, has resulted in a growing employment base and the overall improvement of physical conditions and economic stability in the area.

Along with and partly as a result of the institutional and business investments, the addition of new residential construc-

tion and rehabilitation efforts, to meet the growing demand for housing in the area, may be the first signs that stabilization and possible reversal of the population and housing stock losses of the past decades is occurring.

The redevelopment activities occurring in the immediate vicinity of the Kellom Heights site have had and will continue to have significant positive impacts. The resulting improvements in the area's appearance, overall stability, accessibility, and economic vitality greatly enhance the feasibility of commercial and office space development in Stage II of the Kellom project.

APPENDIX

Center for Applied Urban Research
University of Nebraska at OmahaKellom Heights/Jefferson Square Area
Employment Site QuestionnaireSection I. Employment & Business Trends

Valid N

- 1a) How many full- and part-time employees do you currently have?
 (86) Full-time 1,899
 (86) Part-time 301
- (86) b) How many of these are on the regular day shift? 1,731 (79%)
- (84) 2a) Number of males employed 1,093 (57%)
- (84) b) Number of females employed 817 (43%)
- (86) 3) Are you currently above or below your normal employment levels?
6 (7%) a) Above
53 (71%) b) Normal
27 (32%) c) Below If below, how many employees have been laid off? 84
- 4a) If economic conditions return to normal, how many employees do you expect to have a year from now? (80) 2,234
- (57) b) Five years from now? 2,069
- (60) 5) What is your approximate annual payroll? \$ 20,103,283
- 6) Approximately how many of your employees annually earn (70)
248 (19%) under \$10,000
352 (26%) \$10,000 to \$12,000
286 (21%) \$12,001 to \$15,000
255 (19%) \$15,001 to \$20,000
96 (7%) \$20,001 to \$25,000
72 (5%) \$25,001 to \$35,000
28 (2%) more than \$35,000
 1,337 (99%*) Total *Does not equal 100% due to rounding
- (84) 7) One important element, which often serves as a good indicator of the changes occurring in an area, is investment. Has your business made any investments or improvements in the area since 1977?
61 (73%) a) Yes
23 (27%) b) No
- (50) 8) What was the approximate dollar amount of these investments or improvements? \$ 9,414,650
- (82) 9a) Do you have any plans for investment or improvement in the area in the future?
39 (48%) a) Yes
39 (48%) b) No
4 (5%)
- (36) b) If yes, what type of financing will you seek?
1 (3%) a) Industrial Development Revenue (IDA) bonds or other public financing tools
27 (75%) b) Private financing
8 (22%) c) A combination of public and private financing
- 10) Assuming the economy returns to normal, do you have any plans for expansion in the area in the future?
 (82) 37 (45%) a) Yes
40 (49%) b) No
5 (6%) Not sure
- (86) 11) How many additional people, excluding employees and customers, would you say your business regularly brings into the area on a weekly basis? This category includes individuals such as sales people, service people, distributors, etc.
4,613

(Over)

- 12) (Answer only if your business has walk-in traffic)
- a) How many customers would you say you serve on an average day? 3,022 Based on 5-day week and weekly total cited in 12b.
- (49) b) In an average week? 15,112
- c) Which groups of walk-in consumers do you serve mostly? For example, local residents, students, employees in the area, retailers, or others (please specify)?

- (55) d) In general, what has been the trend of your walk-in business sales over the past three years?
6 (11%) Improved considerably
10 (18%) Improved
21 (38%) About the same
13 (24%) Declined
5 (9%) Declined considerably
55 (100%) Total
- (55) e) What do you expect the future to be like in terms of your walk-in sales?
24 (44%) a) Improve
29 (53%) b) Stay about the same
2 (4%) c) Worsen
55 (101%)
- f) In terms of walk-in sales in general in the area?
20 (36%) a) Improve
32 (58%) b) Stay about the same
3 (5%) c) Decline
55 (99%)
- g) What improvements in the area would most benefit retailing or wholesaling efforts?
a) _____
b) _____

Section II. Current Conditions and Trends

- (83) 13) Generally, do you think conditions in the area are improving or declining?
42 (51%) a) Improving
10 (12%) b) Declining
31 (37%) c) About the same
- 14) What still needs to be done in the area to continue its improvement?
a) _____
b) _____
- (55) 15) Is there a need among your employees, that you know of, for certain services or types of retail establishments in the area?
a) yes - 35 (64%)
b) no - 19 (34%)
not sure - 1 (2%)
- (80) 16) Do you think a shopping and office center would be successful in the area?
23 (29%) a) Yes
19 (24%) b) No
38 (48%) c) Not sure
80 (101%)
- (61) 17) Do you foresee any special problems for a shopping and office center in the area?
a) yes 41 (67%)
no 20 (33%)
b) _____

Please explain why or why not:

Thank you.

Representative Types of Businesses
Located in Jefferson Square

Appliance Repair
Audio-Visual Production
Auto and Truck Repairs & Services
Automotive Parts
Bakeries
Building Maintenance
Carpet Retailers
Chemical and Sanitation Suppliers
Cleaning Plants
Coarse Paper Products
Draperies
Electrical Contractors
Electrical Equipment Repair
Electrical Supplies
Electronic Equipment Distributors
Electronic Services
Elevator Manufacturing
Engineering
Envelope Manufacturing
Food Brokers
Furnace and Air Conditioning
Hair Products Manufacturing
Hardware Stores
Home Improvement Centers
Light and Heavy Equipment Manufacturing and Suppliers
Lumber Yard
Manufacturers' Representatives
Office Furniture Manufacturing
Painting Supplies
Plastics Manufacturing
Popcorn Distributor
Printing and Lithographing
Printing Ink Supplies
Rental Services
Service Stations
Tires
Tool Manufacturing
Trade Bindery
Trucking
Vehicle Rentals
Welding and Machine Shops
Welding Supplies
Wood Products Manufacturing