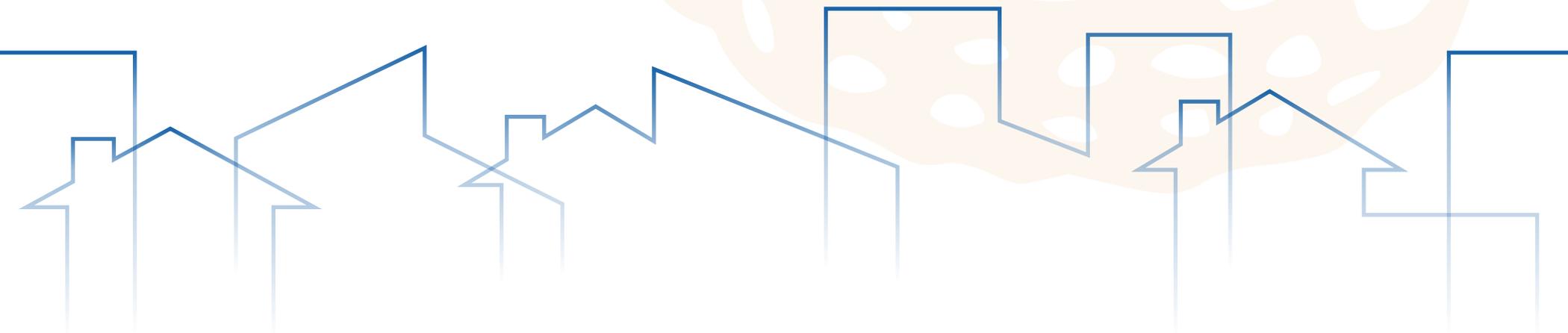


# PAPILLION

## AFFORDABLE HOUSING ACTION PLAN



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# INTRODUCTION



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## Introduction

The City of Papillion's Affordable Housing Action Plan provides an analysis of current and future needs for affordable, workforce, and other housing options to bridge gaps in housing demand and supply. Each strategy in the study is tied to a wealth of information that forms a picture of Papillion's housing market today. This assessment provides recommendations that the city, and community partners could take to help build an affordable, safe, and sustainable housing market for all. It includes qualitative and quantitative sources to analyze factors for Papillion.

Traditional economic development policies place emphasis on job attraction and retention. Today, communities are emphasizing quality of life and housing as leading economic development policies. To be successful, an area must provide a variety of housing types.

Without housing, the demand and desire to live in the area cannot be captured. Indeed, housing development is economic development. Without available, affordable, quality housing, Papillion will not be able to accommodate the people the city needs to move forward. The shortage of housing can result in price inflation and growing unaffordability for a wider range of households.

## Organization & Role of the Plan

This housing plan was designed to explore, evaluate, and identify strategies to address housing issues in Papillion and its extraterritorial jurisdiction (the area two miles out from city boundaries). To understand the state of housing supply and demand in Papillion, this study combines public input and analysis of the demographic and market trends to identify the city's housing goals and strategies. Within this document you will find an overview of the major findings within the market assessment along with detailed goals and strategies.

This plan will address the requirements of LB 866 - the Municipal Density and Missing Middle Housing Act (Nebraska Statute 19-5501 to 19-5506). In the Goals and Strategies section of this document, those items that specifically address LB 866 are denoted with an icon -



## Data Used in the Study

A variety of sources were used to develop the demographic and economic analysis. These include:

- The U.S. Decennial Census and American Community Survey (2020 and 2021 5-year Estimates)
- Multiple Listings Service (MLS) data provided by local Realtors
- Bureau of Labor Statistics
- Local city building permit data, provided by local city staff
- County GIS Department
- United States Geological Survey (USGS) and National Resources Conservation Service (NRCS) mapping data
- Past plans, studies, and city ordinances provided by city staff
- Housing Foundation for Sarpy County's housing study
- Sarpy County & Communities, Nebraska
- County-Wide Housing Study With Strategies for Housing Affordability

## Housing Terminology & Abbreviations Used in this Study

### Abbreviations

- ADA - Americans With Disability Act
- ADU - Accessory Dwelling Unit
- AMI - Area Median Income
- ARPA - American Rescue Plan Act
- CDBG - Community Development Block Grant
- HUD - U.S. Department Housing and Urban Development
- SID - Sanitary and Improvement District
- TIF - Tax Increment Financing

### Terminology

Several terms and phrases are used in housing lingo today, but many are not easily understood without explanation and some mean different things to different people. When used in this document, these terms are defined as follows:

- **Accessible (Housing).** Housing that is physically adapted to the individuals who are intended to occupy it, including those who are disadvantaged by age, physical or mental disability or medical condition, and those who are victims of a natural disaster.
- **Accessory Dwelling Unit.** An interior, attached, or detached residential structure that is used in connection with, or that is accessory to a single-family dwelling and is located on the same lot or parcel as such single-family dwelling (Nebraska's Municipal Density and Missing Middle Housing Act).

- **Affordable Housing.** Housing for which the occupant is paying no more than 30 percent of gross income for housing costs, including utilities.
  - Nebraska's Municipal Density and Missing Middle Housing Act defines affordable housing as residential dwelling units affordable to a household earning not more than 80% of the income limit as set forth by the United States Department of Housing and Urban Development under its Income Limits Documentation System, as such limits existed on January 1, 2020, for the county in which the units are located and for a particular household size.
- **Appraisal.** An assessment of the current market value of a property and usually a key requirement when a property is bought, sold, insured, or mortgaged. Comps (comparables) are needed; these are properties located in the same area, have similar characteristics, and have an established value (recent sales).
- **Attainable Housing.** Any housing that is not financially burdensome to a household in a specific income range. Financially burdensome could be housing expenses that exceed 30% of household income. However, it could also include situations where a household has high day care costs, student debt, or other expenses that limit income to spend on housing. Subsidized housing by Federal programs can be included in this definition.
- **Contract Rent.** For renter-occupied units, the contract rent is the monthly rent agreed upon regardless of any furnishings, utilities, or services that may be included. Data for contract rent excludes units for which no cash rent is paid (Census.gov).

- **Cost Burdened.** The household spends more than 30% of HUD Area Median Income on housing.
- **Cottage Cluster.** A grouping of no fewer than four detached housing units per acre with a footprint of less than 900 square feet each and that includes a common courtyard (Nebraska’s Municipal Density and Missing Middle Housing Act).
- **Density Bonus.** A density increase over the otherwise maximum allowable residential density under a city’s zoning codes, ordinances, and regulations (Nebraska’s Municipal Density and Missing Middle Housing Act).
- **Empty-Nester.** A single person or couple without children living at home. Empty-nesters can include any age range but most often refers to older adults whose children have moved out and no longer live at home.
- **Gap Financing.** Refers to a short-term loan for the purpose of meeting an immediate financial obligation until sufficient funds to finance the longer-term financial need can be secured.
- **Gross Rent.** Gross rent is the contract rent plus the estimated average monthly cost of utilities (electricity, gas, and water and sewer) and fuels (oil, coal, kerosene, wood, etc) if these are paid by the renter (or paid for the renter by someone else) (Census.gov).
- **Market Rate.** The price that the broad number of home buyers or renters are willing to pay for housing. Market rate housing does not have any restrictions on price. Generally, when the demand goes up, the market rate price will also go up; when supply goes down, the market rate price tends to go up. Note, the market rate price may also be a price buyers must pay because there are no other options for their situation, making them housing cost burdened.
- **Median Household Income.** This includes the income of the householder and all other individuals 15 years old and over in the household, whether they are related to the householder or not. The median divides the income distribution into two equal parts: one-half of the cases falling below the median income and one-half above the median. For households and families, the median income is based on the distribution of the total number of households and families, including those with no income (Census.gov).
- **Missing Middle Housing.** A range of house-scale buildings with multiple units—compatible in scale and form with detached single-family homes—located in a walkable neighborhood (missingmiddlehousing.com).
  - Nebraska’s Municipal Density and Missing Middle Housing Act defines middle housing as duplexes; triplexes; quadplexes; cottage clusters; or townhouses.
- **Mixed-Use.** Mixed-use districts are areas with two or more different uses such as residential, office, retail, industrial and civic in a compact urban form. Typical residential uses in a mixed-use district range from medium density to high density uses. Most MU multiple-family residential have a density of 20 - 21 units/acre.
- **Naturally Occurring Affordable Housing.** Residential properties that are affordable, but are unsubsidized by any federal program.
- **Soft Costs.** Costs that are indirectly related to materials, labor, or the physical building of the project such as design fees, permitting fees, and interest payments.
- **Townhouse/Townhome.** A dwelling unit constructed in a row of three or more attached units where each dwelling unit is located on an individual lot or parcel and shares at least one common wall with an adjacent unit (Nebraska’s Municipal Density and Missing Middle Housing Act).
- **Universal Design.** The process of creating products that are accessible to people with a wide range of abilities, disabilities, and other characteristics. Ideally, the concept extends to neighborhoods.

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# MARKET ASSESSMENT

*The current state of Papillion - its historic trends, population demographics, economy, and conditions of the housing market - reflects challenges, forecasts future needs, and helps articulate a program to improve the local housing market. A thorough understanding of demographics and housing conditions, along with the community engagement, provide the first steps in crafting the housing plan.*

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## Market Assessment

The current state of Papillion’s housing market is a cumulation of historical trends, population demographics, economy, and conditions of the metro area housing market. These baseline conditions narrow the scope of what challenges and opportunities could be adapted to influence forecasted housing needs. This more focused approach can begin to articulate which programs could be implemented to improve the local housing market.

### WHAT MARKET DATA TELLS US

Figure 1.0 summarizes the variety of elements that influence housing supply and demand. Quantitative data describes past trends in population, housing occupancy, affordability, and other objective measurements. Market data gives a quick and straightforward representation of the city and how it compares to other metro cities. It helps explain why conditions are the same or different compared to other areas to tailor successful policies.

### WHAT MARKET DATA DOES NOT TELL US

Census and other objective data have limitations, so it provides only one element of understanding the housing market. Market data does not capture the feelings and observations of residents. It does not indicate how those quantitative conditions affect people in different areas. It does not fully capture the condition of housing or community amenities. Lastly, market data is subject to sampling error and insufficient data. Ultimately, the conclusions and strategic directions compare data with on the ground observations and discussions.

### REGIONAL COMPARISON

Throughout this chapter comparisons are made to metro communities. The regional comparison provides a baseline to evaluate whether conditions in Papillion are different than other cities in the metro or state. The analysis uses several communities throughout the document. While each community is similar to Papillion in one way or another, every community ultimately has a unique set of circumstances that set it apart from each other.

FIGURE 1.0: HOUSING MARKET INFLUENCES



## PAPILLION DEMOGRAPHICS

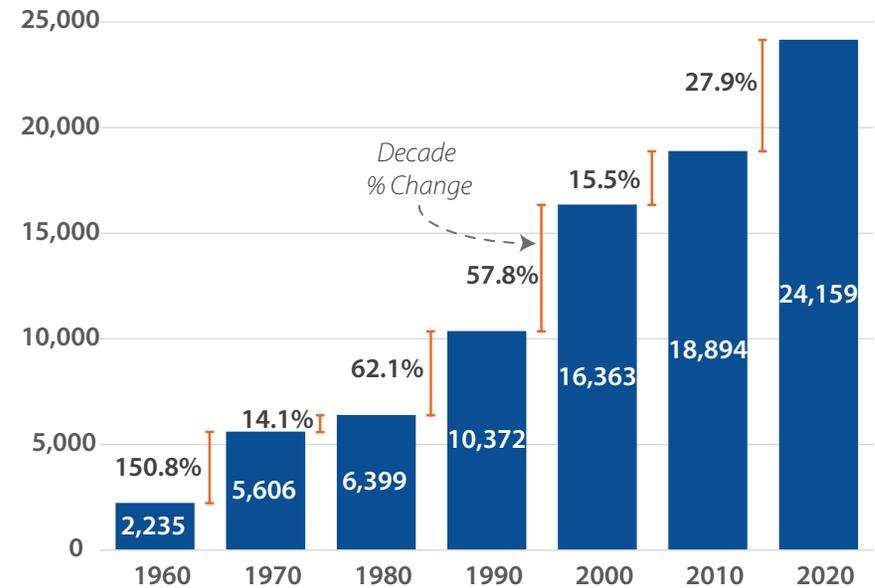
### POPULATION GROWTH

Annexations have a significant impact on the city's population growth from decade to decade. Much of the city's new growth occurs just outside city limits in Sanitary and Improvement Districts (SIDs) and the annexation of these areas is what largely drives the city's population growth from Census count to Census count. In fact, much of the development that was occurring in the 1990s and 2000s in the SIDs drove the city's population growth in the 2010s.

Papillion's Extra Territorial Jurisdiction is home to approximately 23,163 residents, with almost 40.0% of this population increase occurring in the past seven years. Projecting forward and following population trends, this growth is anticipated to continue.

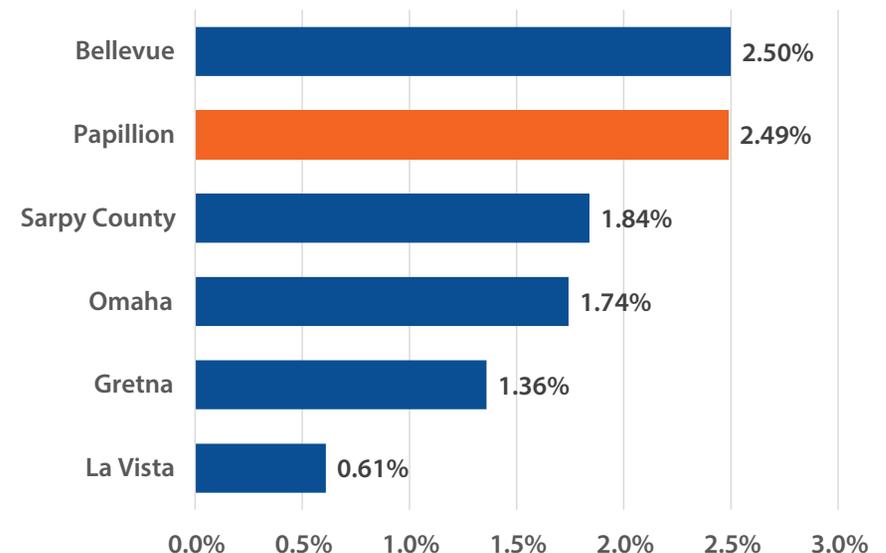
Within the county, Gretna experiences a very similar pattern. More new housing development likely occurred in the Gretna jurisdiction in the 2010s than in the 2000s but that growth is not yet reflected in the city's 2020 population count. At the same time, older and more geographically restricted cities like Bellevue and La Vista have different growth patterns. Bellevue's growth may actually slow in the coming decades with fewer opportunities for new developments. Annual growth rates also tend to slow as the starting population becomes larger, which is true for Sarpy County as a whole, where the population grew from 158,840 in 2010 to 190,604 in 2020.

FIGURE 1.1: PAPILLION HISTORICAL POPULATION CHANGE



SOURCE: US CENSUS BUREAU

FIGURE 1.2: 2010-2020 ANNUAL GROWTH RATE



SOURCE: US CENSUS BUREAU; RDG PLANNING & DESIGN

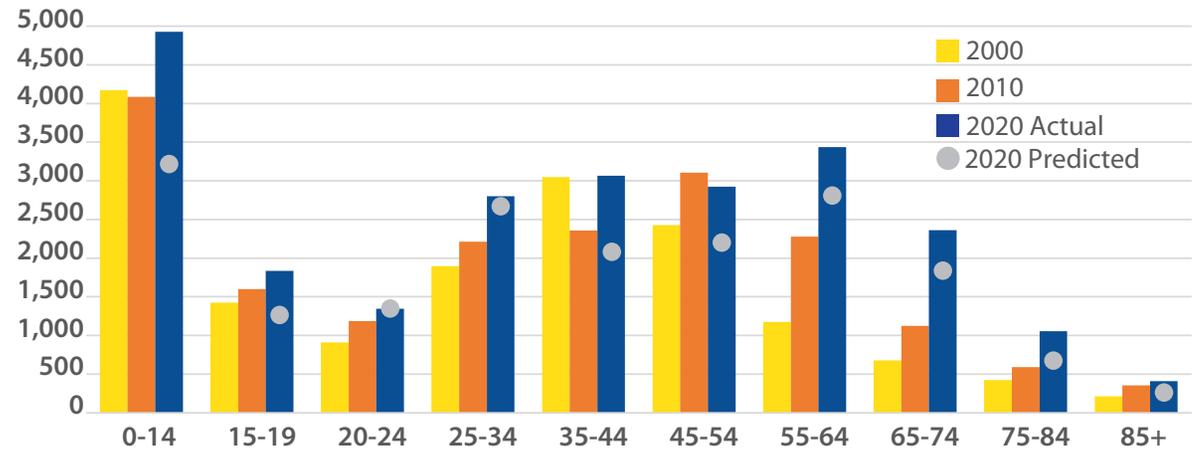
Note: The data on this page focuses only on city limits. It does not encompass information related to Papillion's Extraterritorial Jurisdiction (ETJ).

### Age and Migration

Understanding age characteristics puts perspective into population growth (losses) by seeing which age groups are moving in and out of Papillion. Changes in different population age groups have different implications for housing demand and future needs. An examination of Papillion’s population indicates:

- Papillion has experienced growth in every age cohort except 45 to 54 year olds. In 2010 this was the tail end of the Baby Boom generation and in 2020 it was the leading edge of the Generation X, a much smaller generation.
- Even though the 45 to 54 year old group is slightly smaller, it still experienced in-migration compared to what would have been predicted for 2020.
- The 55 to 64 year old age group is the largest age group outside of those under 14 in Papillion. In the next ten years these households will likely become empty-nesters (if they are not already) and moving into their retirement years. In these years, households often look for housing options that are different from where they raised their families.
- Papillion experienced an in-migration over what would have been predicted for every age cohort except 20 to 24 years, a population that often leaves a community to attend college or begin careers.
  - Historically, Papillion has lacked rental housing options, the traditional housing choice for 20 to 24 year olds.
- Papillion experienced a much higher than predicted population of children under the age of 14. This is driven by both a higher than predicted birth rate and a higher than predicted population of 35 to 44 year olds.

FIGURE 1.3: PAPILLION POPULATION BY AGE



SOURCE: US CENSUS BUREAU; RDG PLANNING & DESIGN

FIGURE 1.4: PAPILLION PREDICTED VERSUS ACTUAL POPULATION

AGE	PREDICTED 2020	ACTUAL 2020	DIFFERENCE	% VARIANCE
0-15	3,321	4,928	1607	48.4%
15-19	1,367	1,836	469	34.3%
20-24	1,449	1,344	-105	-7.2%
25-34	2,759	2,800	41	1.5%
35-44	2,190	3,067	877	40.1%
45-54	2,302	2,923	621	27.0%
55-64	2,915	3,435	520	17.8%
65-74	1,938	2,361	423	21.8%
75-84	778	1,055	277	35.6%
85+	360	410	50	14.0%
<b>Total</b>	<b>19,379</b>	<b>24,159</b>	<b>4,780</b>	<b>24.7%</b>

SOURCE: U.S. CENSUS BUREAU; RDG PLANNING & DESIGN

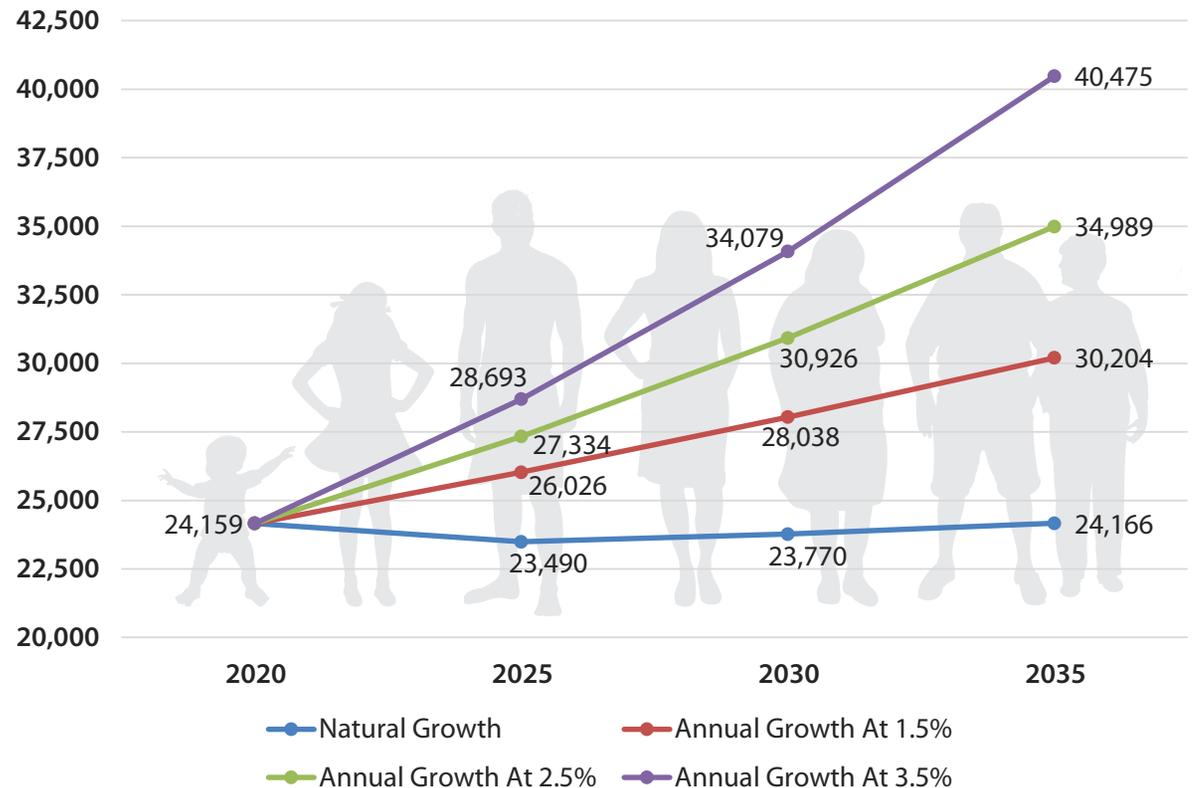
Note: The data on this page focuses only on city limits. It does not encompass information related to Papillion’s Extraterritorial Jurisdiction (ETJ).

### Future Population

The city's future population will drive future demand for housing. Additionally, the make up of that population will influence the type of housing, while at the same time, the type of housing that is constructed will determine the population the city attracts.

During the 1980s and 1990s, Papillion was growing by over 4% annually. In the 2000s the growth slowed but this was a reflection of fewer annexations as much as building activity. Through the early 2010s, Papillion had one of the most robust building rates in the metro area but still slowed to approximately 2.5% annual growth. Papillion is well positioned for continued growth and the new South Sarpy Sewer area will open more ground for development in Papillion's southern jurisdiction. With this area and new approaches to development, Papillion could sustain a 3% annual growth rate and reach a total population of over 37,639. This similarly follows the potential population that exists within areas to be annexed.

**FIGURE 1.5: POPULATION PROJECTIONS (WITHIN CITY LIMITS)**



SOURCE: U.S. CENSUS BUREAU; RDG PLANNING & DESIGN

*Note: The data on this page focuses only on city limits. It does not encompass information related to Papillion's Extraterritorial Jurisdiction (ETJ).*

**Economic Snapshot**

Papillion's economy is heavily influenced by the metro area. Job growth in both Sarpy and Douglas County benefits Papillion and supports much of Papillion's housing demand. The city is also home to many Offutt Air Force Base employees, including just over 2% of the workforce that is active duty and many more that work at the Base as civilians.

- Residents of Sarpy County and Papillion are nearly fully employed. Not only are the number of individuals actively looking for work (unemployment rate) is low, but the labor participation rate for those over the age of 16 is very high (70%).
- Only 10% of Papillion's workforce lives in Papillion.
- 12% of Papillion residents work in retail but 21% of jobs in Papillion are in the retail sector.
- Of the over 10,000 residents that leave Papillion for work, 56% are heading to Omaha.
  - Omaha is also the location where Papillion employees are living.

**FIGURE 1.6: EMPLOYMENT CHARACTERISTICS**



LABOR FORCE  
*August 2023* **10,776**



**10,542**  
*Employed*

**234**  
*Unemployed*

**97.8%**

**2.2%**

SOURCE: 2021 AMERICAN COMMUNITY SURVEY (5-YEAR ESTIMATES); NEBRASKA DEPARTMENT OF LABOR

**FIGURE 1.7: COMMUTING PATTERNS**



SOURCE: US CENSUS BUREAU, ONTHEMAP 2020

*Note: The data on this page focuses only on city limits. It does not encompass information related to Papillion's Extraterritorial Jurisdiction (ETJ).*

- The unemployment rate remains very low across the metro area. This likely means that to fill existing or new jobs, employees will have to move to the metro area. These individuals will need adequate housing options.
- Papillion continues to have one of the highest median household incomes in the metro area.
- Many housing programs are designed to assist households making less than 80% of the area median income (AMI). While the exact number is dependent on the size of the household, the income limit to qualify for assistance is higher for Papillion and Sarpy County than the average starting pay for those who educate, care for, or protect the residents of Papillion.

**FIGURE 1.8: UNEMPLOYMENT RATE STATISTICS**

	AUGUST 2020	AUGUST 2021	AUGUST 2022	AUGUST 2023
<b>Bellevue City</b>	4.0%	2.8%	2.7%	2.2%
<b>Omaha City</b>	4.7%	3.1%	2.9%	2.3%
<b>Papillion City</b>	3.7%	2.6%	2.3%	2.2%
<b>Sarpy County</b>	3.4%	2.5%	2.4%	1.9%

SOURCE: NEBRASKA DEPARTMENT OF LABOR, LOCAL AREA UNEMPLOYMENT STATISTICS

**FIGURE 1.9: 2010-2021 MEDIAN HOUSEHOLD INCOME**

	2010	2021	80% OF 2021 MEDIAN INCOME	2010-2021 %CHANGE
<b>Bellevue</b>	\$56,761	\$73,534	\$58,827	22.8%
<b>Gretna</b>	\$67,375	\$85,476	\$68,381	21.2%
<b>La Vista</b>	\$57,697	\$70,310	\$56,248	17.9%
<b>Omaha</b>	\$46,230	\$65,359	\$52,287	29.3%
<b>Papillion</b>	\$72,581	\$95,293	\$76,234	23.8%
<b>Sarpy County</b>	\$68,280	\$88,408	\$70,726	22.8%

SOURCE: AMERICAN COMMUNITY SURVEY (5-YEAR ESTIMATES); RDG PLANNING & DESIGN

Note: The data on this page focuses only on city limits. It does not encompass information related to Papillion's Extraterritorial Jurisdiction (ETJ).

# Housing Snapshot

## Occupancy

Occupancy status provides some understanding of the current housing mix and where opportunities may exist.

- Papillion has one of the highest owner occupancy rates in the metro area.
- Based on Census data the number of owner-occupied units grew nearly three times faster than the number of renter-occupied units over the past 10 years.
- Despite the higher number of multifamily units constructed over the last ten years, the portion of rental units in the overall housing stock has not increased.
- Papillion has a very low vacancy rate, likely indicating significant competition in the market for quality units.
- While rental units appear to be the largest portion of total vacant units, this does not mean there is an adequate number of rental units.
  - Of total rental units, the 123 vacant units would only be about 4% of the rental stock, a rate that provides some options but is still likely a competitive market for moderate priced options.

FIGURE 1.10: OCCUPANCY STATUS

	% Owner Occupied			% Renter Occupied			Vacancy Rate		
	2010	2020	#Units Change '10-'20	2010	2020	#Units Change '10-'20	2010	2020	#Units Change '10-'20
<b>Bellevue</b>	66.8%	63.8%	3,025	33.2%	36.2%	2,598	7.0%	4.3%	-326
<b>Gretna</b>	69.6%	64.2%	135	30.4%	35.8%	209	4.6%	3.5%	-7
<b>La Vista</b>	54.6%	53.9%	284	45.4%	46.1%	319	3.8%	3.1%	-24
<b>Omaha</b>	58.3%	56.2%	13,897	41.7%	43.8%	17,085	8.4%	6.5%	-1,352
<b>Papillion</b>	<b>69.7%</b>	<b>70.8%</b>	<b>1,544</b>	<b>30.3%</b>	<b>29.2%</b>	<b>534</b>	<b>4.4%</b>	<b>3.5%</b>	<b>7</b>
<b>Sarpy County</b>	71.2%	69.6%	7,464	28.8%	30.4%	4,607	6.2%	4.0%	-928

SOURCE: US CENSUS BUREAU; RDG PLANNING & DESIGN

FIGURE 1.11: VACANCY DISTRIBUTION

	2021 ESTIMATE	PERCENT OF VACANT UNITS	
<b>For rent</b>	123	54.7%	} 60.0%
<b>Rented, not occupied</b>	0	0.0%	
<b>For sale only</b>	12	5.3%	
<b>Sold, not occupied</b>	0	0.0%	
<b>For seasonal, recreational, or occasional use</b>	23	10.2%	10.2%
<b>For migrant workers</b>	0	0.0%	0.0%
<b>Other Vacant</b>	67	29.8%	29.8%
<b>TOTAL</b>	225	100.0%	

SOURCE: 2021 AMERICAN COMMUNITY SURVEY (5-YEAR ESTIMATES); RDG PLANNING & DESIGN

Note: The data on this page focuses only on city limits. It does not encompass information related to Papillion's Extraterritorial Jurisdiction (ETJ).

- Within owner-occupied housing, 52% of householders are over the age of 55.
  - In the next decade, a portion of these households will desire or require new housing.
  - These households often occupy some of the city's older and most affordable housing.
- Residents often have concerns that new rental housing will create enrollment pressures on the school district. In Papillion's 68046 zip code, only 17% of children under the age of 18 live in rental housing compared to 24% in Sarpy County.



**52%**

**Householders  
over the age  
of 55**



**17%**

**Children Under  
18 in Rental  
Housing in the  
68046 Zip Code**

*Note: The data on this page focuses only on city limits. It does not encompass information related to Papillion's Extraterritorial Jurisdiction (ETJ).*

### Affordability

Comparing median household incomes to median home values is a metric often used to determine the affordability of a housing market. An affordable, self-sustaining housing market, with adequate value and revenues to support market-rate new construction, typically exhibits a value to income ratio between 2.5 and 3.0. Ratios above 3.0 present significant affordability issues while ratios below 2.0 are significantly undervalued relative to income. For Papillion a few key trends should be pointed out:

- Despite one of the highest median home values in the region, Papillion’s higher household income indicates that housing would be affordable for most residents.
- For households under the age of 25 the median household income is approximately \$45,286. Rental housing for these households is a must, as ownership options are likely out of their reach in the Papillion market.
- Contract rents have grown in the last several years across the region. This is due to high demand, increasing construction costs, and increasing insurance, taxes, and maintenance costs that property owners are facing. Papillion’s rental housing appears in line with the overall metro area.

FIGURE 1.12: HOUSEHOLD INCOME AND COSTS

	Value to Income	Median Household Income	Median Home Value	Median Contract Rent	% Cost Burdened
<b>Bellevue</b>	2.44 	\$73,534	\$179,300	\$894	Owner: 18.0% Renter: 39.4%
<b>Gretna</b>	2.27 	\$85,476	\$194,100	\$917	Owner: 10.2% Renter: 31.9%
<b>La Vista</b>	2.65 	\$70,310	\$186,200	\$957	Owner: 14.9% Renter: 44.6%
<b>Omaha</b>	2.72 	\$65,359	\$177,700	\$837	Owner: 19.3% Renter: 46.2%
<b>Papillion</b>	2.43 	\$95,293	\$231,600	\$860	Owner: 15.2% Renter: 34.7%
<b>Sarpy County</b>	2.57 	\$88,408	\$227,000	\$961	Owner: 15.7% Renter: 39.5%

SOURCE: 2021 AMERICAN COMMUNITY SURVEY (5-YEAR ESTIMATES); RDG PLANNING & DESIGN

### Defining Housing Affordability

Affordable housing is defined by a household’s income. What is affordable to one income bracket is not affordable to another. The cost of housing can also be defined as either market rate or below market rate.

Units that are below market rate require some assistance to be built. The rent or value of these units would be priced below construction costs and therefore builders need assistance to cover the cost of development and construction. These assistance packages vary, but ensure that communities have safe and affordable housing for households in the lowest income ranges.

Note: The data on this page focuses only on city limits. It does not encompass information related to Papillion’s Extraterritorial Jurisdiction (ETJ).

Households are considered house burdened if they spend more than 30% of their household income on housing. Traditionally, this number is lower for owner-occupied units due to lending requirements that should limit this scenario. For renters, the number of households that are struggling is actually lower than a number of other communities. Papillion has a good number of newer rental units, which tend to demand higher rents. This could lead to the assumption that more rental households would be burdened, however, a few items should be noted:

- Incomes are slightly higher, supporting the higher rental rates.
- More renters may be looking for roommates, spreading the costs over more than one income.

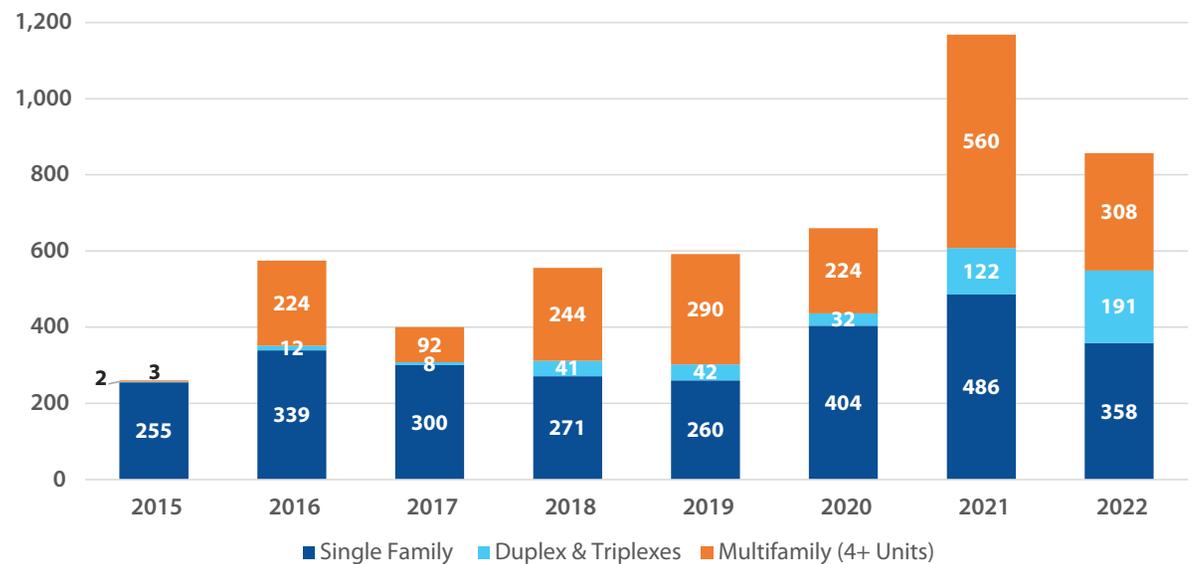


### Housing Construction

Papillion has experienced strong building activity from 2015 to 2022. The majority of residential construction takes place within the City’s Extra Territorial Jurisdiction (ETJ). The make-up of this activity is of interest:

- There has often been the perception that multifamily has been a significant portion of the building activity. Multifamily housing has actually only accounted for 38% of all units constructed in the last eight years.
- An uptick in multifamily construction is not surprising, as there is likely pent-up demand after nearly two decades of very little new multifamily construction.
- Housing variety is a concern. The market in the last eight years has been dominated by single family and multifamily structures with very few small, low maintenance options.
  - Why is housing variety important? Variety ensures that households have housing options for every stage of life and different building approaches create more price variety.

FIGURE 1.13: 2015-2022 BUILDING PERMIT ACTIVITY



SOURCE: CITY OF PAPILLION

Note: The data presented on this page pertains to **both** Papillion’s city limits and its Extraterritorial Jurisdiction (ETJ).

### Housing Sales

How quickly homes sell in a market is a leading indicator of housing demand and supply. Figures 1.14 & 1.15 show single-family home sales data from 2019-2022. In Papillion, similar to other areas in the county:

- The number of new construction listings has increased since 2019 but the number of existing homes going on the market has declined.
  - While existing home prices have increased, these homes are still a more affordable option to new construction.
- Papillion’s new home listings account for 32% of all new homes listings in Sarpy County and 24% of existing homes listings.
- Days on market was very low in 2019 and remained extremely low in 2022. This indicates homes are selling quickly and likely a highly competitive market. The more competitive a market the more likely that price inflation occurs.
- Starting in 2022, interest rate hikes have slowed the market, most notably for the new construction market. Through May of 2023 the number of new listings was down 28% compared to the previous year.
- The National Association of Realtors notes that historically a six month supply is associated with moderate price appreciation and a lower level of supply tends to result in more rapid price inflation
  - In May 2023 Sarpy County had 0.8 months, the 68046 zip code had 0.7 months, and the 68133 zip code had 1.3 months.

FIGURE 1.14: PAPILLION EXISTING HOME SALES, 2019-2022

EXISTING HOMES	2019	2020	2021	2022	% Change
<b>New Listings</b>	950	836	714	682	-28%
<b>Median Days on Market</b>	18	14	5	7	-61%
<b>Median Closed Price</b>	\$270,000	\$286,250	\$314,750	\$363,875	35%
<b>Average Close Price</b>	\$284,527	\$305,201	\$339,853	\$375,975	32%

SOURCE: 2022 GREAT PLAIN REGIONAL MLS (MULTIPLE LISTING SERVICES);

FIGURE 1.15: PAPILLION NEW HOME SALES, 2019-2022

NEW CONSTRUCTION	2019	2020	2021	2022	% Change
<b>New Listings</b>	323	427	479	446	38%
<b>Median Days on Market</b>	60	90	35	36	-39%
<b>Median Closed Price</b>	\$383,485	\$367,699	\$406,201	\$434,658	13%
<b>Average Close Price</b>	\$379,992	\$374,524	\$413,792	\$454,428	20%

SOURCE: 2022 GREAT PLAIN REGIONAL MLS (MULTIPLE LISTING SERVICES);

*Note: The 2022 MSL data is sourced from the Great Plains Regional MLS, which tracks data by County, region (Omaha and Lincoln), and zip code, but not by individual city. Consequently, the information on this page is only available for 68046 and 68133 and does not cover the Papillion zip codes 68059 and 68157, nor does it include data related to Papillion’s Extraterritorial Jurisdiction (ETJ).*

### Days on Market

Days on market is the total number of days a home is on the active market before an offer is accepted and a contract is completed.

## HOUSING DEMAND

The housing demand analysis builds on population projections, housing trends, and community conversations to forecast the demand for additional housing. The model is built on the following assumptions and a 3.5% annual growth rate:

- The proportion of the household population (those living in households and not in dorms, skilled nursing, or prisons) will remain stable through 2030.
- Average people per household is expected to slightly decline over the next decade as recent mixed-use projects are completed. Some growth may occur as Millennials move into their childbearing years, but Baby Boomer households will also continue to shrink.
- A manageable housing vacancy provides housing choices for residents moving to the community. As noted earlier, Papillion’s vacancy rate is low. The competition created by low rates can result in price inflation. For this reason, the rate should increase over time.
- Replacement need is the number of housing units demolished or converted to other uses. Papillion’s housing stock is in very good condition and therefore the loss of units will likely be minimal.

Figure 1.16 shows an average annual construction need of 517 units, less than the construction rate experienced in 2021 and 2022. The increase in interest rates has slowed production but the lack of supply will likely mean a fairly short period of slower production.

**FIGURE 1.16: HOUSING DEMAND SUMMARY**

	2030	2035	Total
<b>Population at End of Period</b>	34,079	40,475	
<b>Household Population at End of Period</b>	33,634	39,947	
<b>Average People per Household</b>	2.60	2.57	
<b>Household Demand at End of Period</b>	12,961	15,544	
<b>Projected Vacancy Rate</b>	5.2%	6.5%	
<b>Unit Needs at End of Period</b>	13,673	16,616	
<b>Replacement Need (total lost units)</b>	21	15	36
<b>Cumulative Need During Period</b>	3,246	2,958	6,204
<b>Average Annual Construction</b>	464	592	517

SOURCE: RDG PLANNING & DESIGN

*Note: The data on this page focuses only on city limits. It does not encompass information related to Papillion’s Extraterritorial Jurisdiction (ETJ).*

## DEVELOPMENT PROGRAM

Building on the housing demand model, the development program forecasts production targets for owner and renter-occupied units based on the following assumptions:

- Owner-occupied units will be distributed roughly in proportion to the income distributions of the households for whom owner occupancy is an appropriate strategy.
- Most low-income residents will be accommodated in rental units. It is challenging for low-income residents to save for a down-payment and maintain the savings necessary for maintenance of a home (replacement of a roof or furnace). Rental units can be many types of housing, that include apartments, townhomes, duplexes, and single-family homes and, as they are now, should continue to be spread throughout the city.

The model illustrated in Figure 1.17 targets a split of 60% owner- and 40% renter-occupied units. This accounts for commercial corridors that may begin to add density through redevelopment projects and the continued need for rental options in new development areas.

- Renter does not have to mean large-scale apartment buildings, and owner-occupied does not mean single-family detached homes but can include a wide range of housing models that are both owner and renter-occupied.

Approximately 2,276 additional owner-occupied units priced below \$250,000 (in 2023 dollars) are needed. Based on current land, materials, and labor costs this price point will be challenging to produce. This demand will be met in four potential ways:

FIGURE 1.17: PAPILLION HOUSING DEVELOPMENT PROGRAM, 2023-2035

	2023-2030	2030-2035	2023-2035
<b>Owner Occupied</b>			
Affordable Low: <\$200,000	586	534	1,121
Affordable Moderate: \$200,000 - \$250,000	604	551	1,155
Market: \$250-350,000	845	770	1,615
High Market: Over \$350,000	1,043	951	1,994
	1,947	1,775	3,722
<b>Renter Occupied</b>			
Low: Less than \$500	282	257	539
Affordable: <\$1,000	337	307	644
Market: \$1,000-1,500	322	294	616
High Market: \$1,500+	357	326	683
	1,298	1,183	2,482
<b>Total Need</b>	<b>3,426</b>	<b>2,958</b>	<b>6,204</b>

SOURCE: RDG PLANNING & DESIGN

- 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.

The 539 units needed with rents below \$500 a month will likely require programs that assist with construction of new units and maintenance of existing units, specifically targeted to lower income and elderly households.

Like ownership demand, many of the below market rate units exist in the market, but are already occupied.

## Residential Zoning

The reviewed data provided a look at what the community will need to build in the next 10 years. This section assesses what can be built under the city's current zoning ordinance.

PAPILLION RESIDENTIAL ZONING DISTRICTS (SEE PAGE 24 FOR FULL MAP)

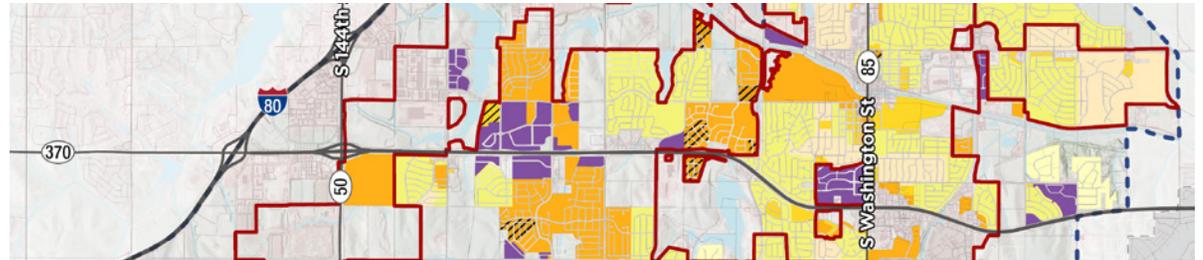


FIGURE 1.18: RESIDENTIAL ZONING DISTRICTS (WITHIN CITY LIMITS AND ETJ AREA)

DISTRICT	USE TYPES P= Uses Permitted by Right S= Uses Permitted by special Use Permit	TOTAL ACRES	PERCENT OF TOTAL
AG Agricultural	P= Single-Family Detached, Manufactured	13,795.54	65.20%
R-1 Single Family Residential (Low Density)	P= Single-Family Detached, Manufactured S= Single-Family Attached	817.67	3.86%
R-2 Single-Family Residential (Medium Density)	P= Single-Family Detached & Attached, Manufactured S= Duplex, Two-Family	2,563.93	12.12%
R-3 Urban Family Residential	P= Single-Family Detached & Attached, Manufactured, Duplex, Two-Family, Retirement Residential, Townhouse and Condominium	713.83	3.37%
R-4 Multiple-Family Residential	P= Single-Family Detached & Attached, Manufactured, Duplex, Two-Family, Townhouse, Condominium, Retirement Residential, and Multiple-Family. S= Mobile home Park, Mobile Home Subdivision	1,848.24	8.73%
RE Rural Residential Estates	P= Single-Family Detached, Manufactured	325.11	1.54%

CONTINUED TO NEXT PAGE

The city currently allows for attached units and greater densities in 87% of residentially zoned areas. Structures with three or more units are allowed only in 8.26% of residential areas.

Residential uses are not limited to just residentially zoned areas in Papillion. Some level of residential uses is allowed in all commercial districts creating opportunities to place housing close to jobs.

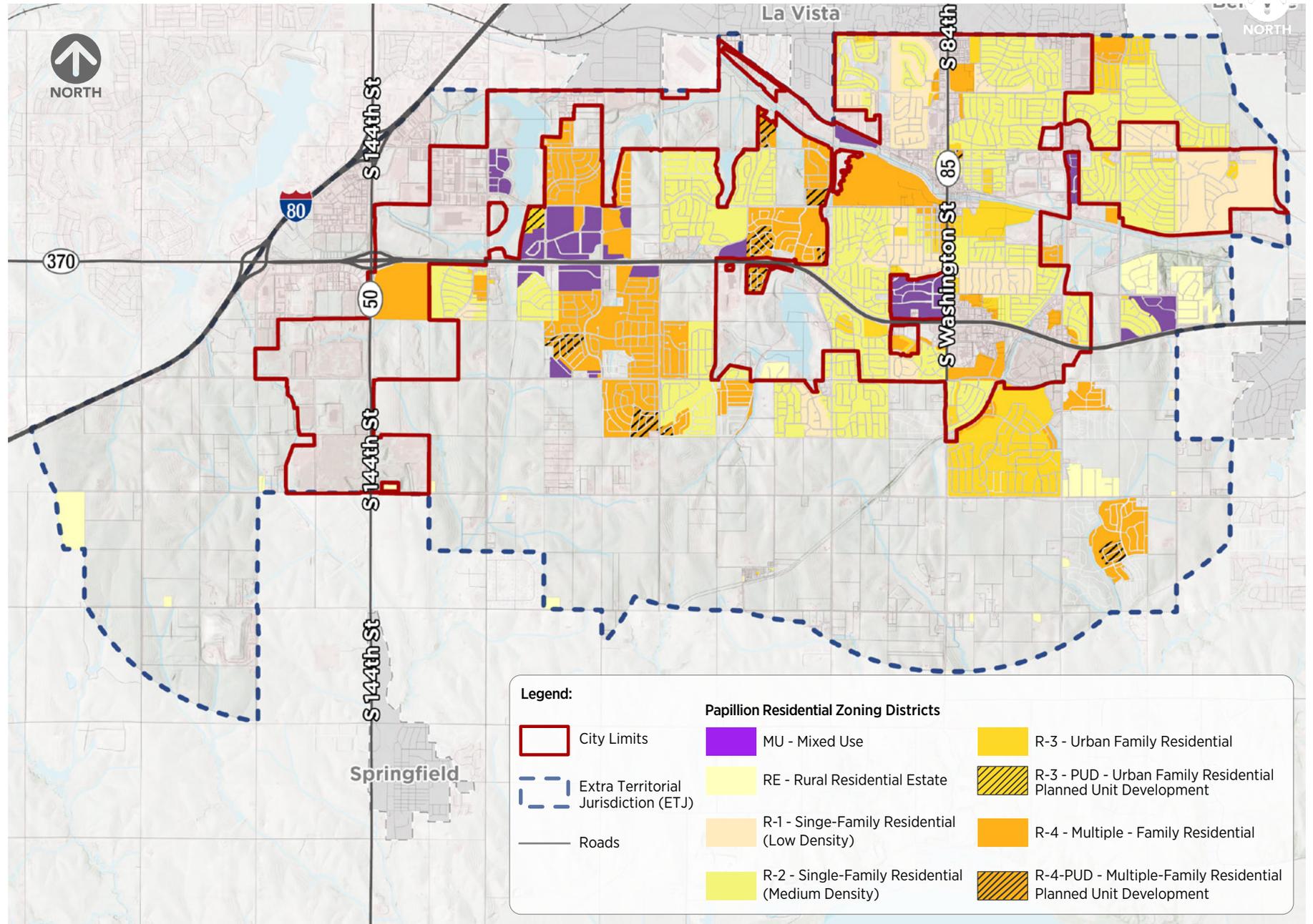
The development program outlined in Figure 1.17 assumes 40% of new units will be in rental configurations, but it should not be assumed that all ownership will be at very low densities or that rentals will be at high densities. Ownership options could and should include attached and/or condo units that offer lower maintenance ownership opportunities.

**FIGURE 1.18: RESIDENTIAL ZONING DISTRICTS (WITHIN CITY LIMITS AND ETJ AREA) - CON'T**

DISTRICT	USE TYPES	TOTAL ACRES	PERCENT OF TOTAL
	<i>P= Uses Permitted by Right</i> <i>S= Uses Permitted by special Use Permit</i>		
<b>O Office</b>	S= Single-Family Detached & Attached, Manufactured, Duplex, Two-Family, Townhouse, Retirement Residential, Multiple-Family	44.41	0.21%
<b>LC Limited Commercial</b>	P= Downtown Residential S= Single-Family Detached & Attached, Manufactured, Duplex, Two-Family, Townhouse, Multiple-Family	36.68	0.17%
<b>CC Community Commercial</b>	P= Downtown Residential S= Multiple-Family	208.09	0.98%
<b>CBD Central Business District</b>	P= Downtown Residential, Multiple-Family S= Retirement Residential	6.43	0.03%
<b>GC General Commercial</b>	P= Downtown Residential	310.45	1.47%
<b>MU Mixed Use</b>	P=All housing types* <i>* Residential uses are only permitted in some MU Districts</i>	489.27	2.31%
<b>TOTAL</b>		21,156.65	100.00%

SOURCE: CITY OF PAPILLION; RDG PLANNING & DESIGN

FIGURE 1.19: PAPILLION RESIDENTIAL ZONING DISTRICTS



SOURCE: CITY OF PAPILLION

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# MOVING FORWARD



02

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In the late summer of 2023, a series of listening sessions were held with community stakeholders. These discussions, along with the market analysis reviewed in the last section, bring to light Papillion's housing opportunities and challenges.

## HOUSING OPPORTUNITIES

### NEED FOR HOUSING VARIETY

There is not only demand from people who want to live in Papillion from the larger metro area, but many people living in Papillion would like to move to new housing. Over 50% of households are over the age of 55. While not everyone of these households will want to move in the next 10 years, many will look for housing that better suits their stage of life. Additionally, a number of young households would look to move from rental options to become homeowners. The smaller percentage of children in rental housing clearly demonstrates this preference in Papillion. Building a variety of housing units helps keep existing rental and smaller homes at manageable price appreciation and helps stabilize existing affordable units.

### DESIRE TO AGE WITHIN PAPILLION

Many people that live in Papillion want to remain living in the community or even their neighborhoods or many years after retirement. They may eventually need living options with one floor, accessible entrances, and accessible interiors. Communal options are also a popular option for these households, with shared lawns, gathering areas, or shared maintenance managed by the property manager. Infill lots are ideal for these arrangements where older households can move within their neighborhood and open up their house for a new family.

### HIGH-QUALITY HOUSING STOCK

Existing housing in Papillion is well-kept, with few concentrated dilapidated areas. Lower quality areas are typically in older areas but the desirability of Papillion has resulted in continued investment in these areas. Existing homes are an essential asset because these homes will typically be the most affordable options in Papillion compared to new construction with a similar size and location.

## HOUSING OPPORTUNITIES (CONT'D)

### **DISTINCT COMMUNITY CHARACTER & REPUTATION**

Growth in Papillion is an effect of many economic and locational factors. The strong economy of the larger metro area is a driving force in the growth of Papillion. While the economic growth of the region creates demand, it is not the sole reason that households choose to make Papillion home. A high quality of life is an essential part of this equation. This is driven by many factors and includes continued community investments in parks and recreation, the downtown and most importantly, the perception that Papillion is a safe place to raise a family.

### **HIGHLY RESPECTED SCHOOLS**

The above section lauds Papillion's quality of life and one of the most important things a family considers when choosing where to live is the quality of a school district. Papillion's schools are highly respected in the metro area and make the community a desirable place to raise a family. For many years this desirability along with housing options that were affordable to young families was an important part of the city's reputation. Rising housing prices are creating some concerns that Papillion will no longer be the same destination for young families.

## HOUSING CHALLENGES

### ATTAINABLE OPTIONS FOR RESIDENTS TO AGE IN PAPILLION

Home appreciation and the overall number of the baby boom generation reaching retirement and beyond creates tough decisions for many older households. Competition for accessible homes with no stairs and maintenance provided is high. While older housing in Papillion has experienced strong inflation, households may still not have enough equity to purchase a newly built unit, even if it is a smaller unit. This leaves some households questioning whether they are ready to move to rental options or finance the difference.

### LIMITED HOUSING VARIETY

Housing construction permits show a dominance of traditional single family development and large apartment development. The Prairie Queen development has broken the mold but the size of these structures is not widely seen, even across the metro, and any townhome development is still something very new to the Papillion market. Townhomes and small scale multifamily are ideal products for first-time homebuyers, short and long-term renters, and empty nesters who may currently occupy 3-4 bedroom homes. The Tower District is a prime opportunity to create a neighborhood with a mix of housing types, where young Papillion residents can start their lives and families and retirees can live out their golden years.

### UNCERTAINTY WITH CHANGING HOUSING PREFERENCES

Public meetings for multifamily housing projects are often characterized as the public voicing opposition to the projects. However, community members express concerns with the rising cost of housing and the ability of young families, even their own children, being able to live in Papillion. Across the Midwest, there is a growing understanding that the type of housing that has been built for the last 50 years is becoming harder to financially sustain. The connection between types of housing, the financial implications to both households and cities, and the desires of households is a change that creates uncertainty for many long-time residents.

## HOUSING CHALLENGES (CONT'D)

### LIMITED SUPPLY OF FIRST-TIME HOMEBUYER OPTIONS

Despite challenges to homeownership, many people want to buy a home but are restricted by available options within their price point, generally below \$300,000. This results in people renting for longer than they would like, living with someone else to save, or moving to other parts of the metro area.

### AFFORDABLE LOT DEVELOPMENT

The cost of lots has a direct impact on the cost of a home. Two main factors go into the cost of a lot :

1. Land
2. Infrastructure (water, sewer, storm sewer, and streets).

A decade of strong agricultural prices and metro area growth has pushed up land values and the rising costs of materials and labor associated with infrastructure create more costly lot development. Home prices are subsequently higher to accommodate the higher costs of land acquisition and development. Few mechanisms exist to control increasing lot costs and demand for affordable homes requires more affordable lots.

# HOUSING GOALS

As Papillion looks ahead to the next decade, it appears poised for growth. The city’s future depends on achieving and maintaining a sustainable level of growth. The analysis of challenges and opportunities suggest the need for a housing and community strategy that achieves the following:

## Creates a Mechanism to Share Risk

The objectives of sharing risk should be to:

- Successfully increase the availability of various housing products/types.
- Increase the financial ability of builders and developers to try different housing products that are attainable for more households.



Address the need for 2,303 affordable units.



Encourage lower purchase prices of homes by reducing the cost of lots and site development.

## Increases the Variety of Housing Types

The objectives of increasing the variety of housing types should be to:

- Provide rental options beyond traditional apartments, including duplexes, townhomes, and accessory dwelling units.
- Lower the risk for the development of under built housing products that fill local needs.
- Ensure housing options for every stage of life, including the different financial stages of life.

Housing product gaps in the private market, especially “missing middle” housing types, require economies of scale to be profitable for many larger private market developers.

## Preserves Existing Attainable Housing

The objective of preserving existing attainable housing should be to:

- Continue to maintain the most attainable housing in the county.
- Spread awareness of programs for housing conservation.
- Address the competition between investors and first-time homebuyers.

Good conditions in many areas of the city today are not guaranteed in the future. Monitoring and encouraging investment regularly should protect “naturally occurring affordable housing.” In certain instances, protecting the existing housing in good condition from demolition through design standards may be necessary.

## Streamlines the Approval Process

The objectives of streamlining the approval process should be to:

- Decrease approval timelines for quality, community-driven projects that meet the goals identified in this plan.
- Match zoning codes, building codes, and financing restrictions.

Zoning code amendments to allow different housing types alone will not trigger more variety. However, mitigating these potential barriers upfront is a passive form of filling housing gaps.





## STRATEGIC HOUSING STRATEGIES

### What the Housing Strategy Can & Cannot Do

The strategies identified in this plan will not overcome all housing challenges but should be seen as a first step in a journey that is regularly re-evaluated. Although the city led the creation of this Plan, many others (state, developers, nonprofits, philanthropic community, etc.) play a role in implementation. It should be noted that macroeconomic situations at the state and national level also influence the housing market and are often out of the control of local leaders and advocates.

### What the Housing Strategy CAN do

- Establish a blueprint for new public policy and programs geared towards housing goals.
- Stimulate conversation on existing programs and level of funding.
- Show builders and developers the high demand for different products, and the price points needed.
- Motivate other partner involvement in solutions - through staff assistance, housing development, or direct funding of programs.

### What the Housing Strategy CANNOT do

- Force builders or developers to construct a certain housing product, or housing at all.
- Affect challenges at the national level, including interest rates, lending standards, raw material costs, and federal funding sources.
- However, it can help organize policy/programs that decrease risk in lending, create gap financing methods, and offset material costs when appropriate.
- Require redevelopment of any specific site or building.

## GOAL: Creates a Mechanism to Share Risk

Certain products are not being built today because the ability to make profits is viewed harder or riskier. The success of many other goals depends on the ability for multiple entities form partnerships and reduce the risk for targeted housing needs. Most of this focuses around reducing costs and thus reducing the risk. The following summarizes potential ways to fill gaps in financing key projects.

### Community Land Trusts & Shared Equity Housing

Land trusts and shared equity housing are a great way to create permanent affordability.

- **Shared Equity Housing.** These units usually have a legal agreement securing the affordability of the unit between 30 and 99 years.
- **Community Land Trusts (CLT).** A CLT is a private, nonprofit organization that owns land on behalf of a community to ensure affordability. In a CLT, homeowners purchase just the improvements, and those units may have deed restrictions that limit the appreciation of the home. In this shared equity model, a homeowner builds equity, but the amount of equity is limited in order to maintain affordability for the next homeowner.

CLT's are not usually formed or owned by the city but the city would be a partner in the initial establishment. The partnership could include providing lots/land, assisting with site prep, or providing funding for the initial housing construction.

### Difficult Development Areas

The Department of Housing and Urban Development (HUD) has designated certain Census Tracts as "Difficult Development Areas." These areas have high development costs relative to incomes. The Census Tract east of 72nd in Papillion meets this definition. This designation is important to Low Income Housing Tax Credit projects as it offers access to greater tax credit investment. In the simplest terms, these credits allow developers to fill the gap between development costs and what many workers can afford.

### Develop or Identify a Non-profit Developer

Sometimes there needs to be an entity that produces or preserves housing in ways that the private market cannot do successfully. Typically, the action falls to housing products with price points at or well below the market rate. Within Omaha there are several of these organizations already in existence but they have tended to focus on specific areas of the city or targeted demographics. In Sarpy County, the Housing Foundation of Sarpy County has started to take on this role in the last several years. Creating partnerships with the Foundation or other metro area non-profits might be a first step. Groups like Habitat for Humanity are often looking for affordable sites close to job centers. A partnership with this type of non-profit to provide housing close to some of the city's largest employers could be attractive to both the non-profit and the employers. A non-profit development entity will also be necessary to implement other strategies discussed later in this section, including implementation of a purchase-rehab-resale program.

### Reducing Site Costs

Lot development today occurs through the Sanitary and Improvement District (SID) process. The cost for this process, including the additional soft costs in creating an SID (legal assistance, bond counsel, fiscal agents, and others), is passed onto the property through property taxes, which is factored into rental rates for renters.

For households making above the city's AMI and who can afford the market rate rental or homeownership over \$300,000, these costs can be absorbed; therefore, lot development strategies should be targeted to developments that produce units affordable to households making less than 120% of Papillion's median household income. In 2023 dollars this equates to ownership options that are roughly at \$285,000 or less. To reach these types of price points, developments will have to maximize land and infrastructure. Low-density developments would generally not be eligible for these programs. These strategies should apply to higher density developments or innovative medium density (above six units per acre) projects that address missing middle housing.

- **Shared Cost.** In a cost share model, the public would share 30% to 50% of construction cost with the developer. Repayment is derived from the added property taxes created by new development. Cities outside the Omaha metro area have some precedence in this approach, sharing some cost of infrastructure when the units have been affordable or fill a housing gap. Under this type of program, shared cost would only occur when 50% or more of the units are affordable with the blend of affordability tied to the level of shared cost by the city.

## GOAL: Creates a Mechanism to Share Risk (Con't)

### Economic Development Fund

Often referred to as LB840, these funds can be used to fill gaps. Papillion would first need to gain voter approval for establishment of this fund. The funds can be used for:

- Grants or loans for the construction or rehabilitation of housing for persons of low or moderate income (based on Papillion/Sarpy County income levels).
- Grants or loans for the construction or rehabilitation of housing as part of a Workforce Housing Plan.
  - This Housing Affordability Action Plan identified a need for over 2,200 units priced below \$250,000 and another 1,400 units renting for less than \$1,000 a month. These price points directly align with many of the workers in Papillion and Sarpy County who are teaching, taking care of, or protecting residents on a daily basis.

### Housing Development Fund

Such a fund could be in many forms. The funds could be managed by the city but they are often held by other partner organizations like an economic development entity. Two ways to fund include:

- Developers either provide some affordable units or pay a fee into a fund to support affordable housing or other product types that cannot make a profit.
- Thinking of housing just like we have for economic development funds to build business parks and industrial sites – cities devote funds annually to housing endeavors. Funds could also come from other entities, such as major employers that want to support the building of housing that is affordable to their workforce.

### TIF Policies

Tax Increment Financing is one of the few local financing tools for the development of housing. To use this tool, developers must receive approval from the city. Historically, this is not a tool that has been used extensively in Papillion but has been used by many other communities and traditionally used for infill or redevelopment sites. Unlike many rural Nebraska communities, Unlike many rural Nebraska communities, Papillion does not need to use TIF to attract new development so the use of TIF should likely continue to focus on infill and redevelopment areas in the oldest parts of the city. Policies should be reviewed or established regarding the use of TIF for housing. Items to consider include:

- A requirement that any subsidized or unsubsidized affordable unit be replaced one for one.
- Requiring a percentage of affordable units or a payment in lieu.
- Expedite projects that:
  - Have housing products that add variety to the market or address under served populations.
  - Have at least 50% of units designed using universal design standards.
  - Are mixed-income.
  - Are entry level TIF projects, with total development costs between \$250,000 and \$500,000.



## GOAL: Preserve Existing Attainable Housing

Although Papillion has a very good stock of older housing, some residents expressed a concern that older housing is being purchased by investors who are competing with first-time homebuyers. The investor's ability to pay cash or out bid the first-time homebuyer makes it even more challenging to find entry level homeownership options.

Programs should be specifically targeted to:

- Preserving housing that is 50+ years old for homeownership.
- Older multifamily housing that should naturally be more affordable due to land and infrastructure costs being paid for decades ago.

### Purchase-Rehab-Resale Program

Under this program, a non-profit developer purchases existing houses, rehabilitates them, and resells them to new homebuyers, often first-time buyers. The program recognizes the limited number of prospective buyers who want to carry out home rehabilitation projects and a properly capitalized non-profit is better equipped to compete with the investor looking for properties to rent. The program works best when houses need basic modernizations and upgrades and have no structural issues.

Depending on the funding sources, this may require households to make 80% or less of the area median income (AMI). Using local dollars through a development fund can potentially broaden this to 80% to 120% of AMI. These households are much more likely to be bankable, and based on Realtor input, have the most challenging time finding quality housing in Papillion.

A similar approach can also be used for dated multi-family developments.

### First-Time Homebuyer Assistance

Many households at or just below the city's median household income (\$95,000) may be able to assemble the downpayment and qualify for lending but would not qualify for the additional funding needed to make improvements to an older unit. A low-interest loan or deferred loan, paid out at the time of sale, would create an incentive for more moderate-income households to purchase and rehabilitate older housing units. Many of these households are currently living in rental units that would be affordable to households making less than 80% AMI. Thus by transitioning them into different housing units, an affordable rental unit is once again available. Requirements can also be put in place regarding residency and penalties for sales that occur within five years to discourage the use of the program by investors.

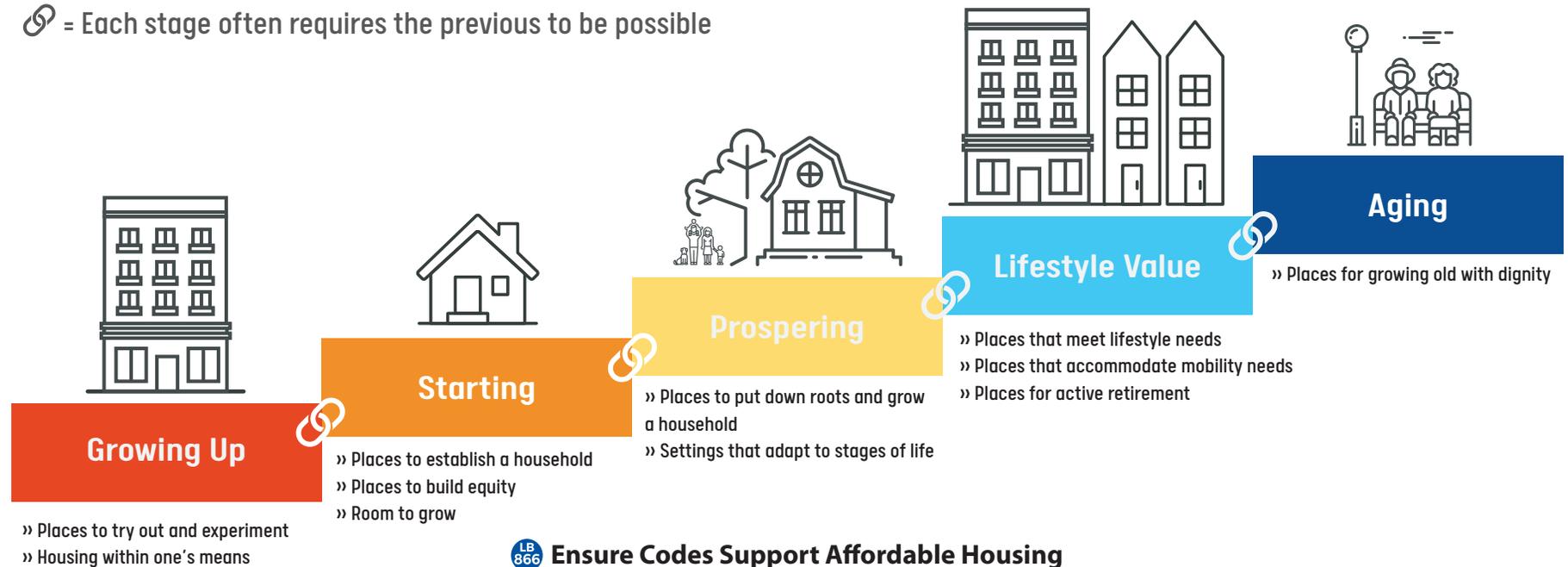
NIFA (Nebraska Investment Finance Authority) provides various programs and assistance for first-time homebuyers in Nebraska. This may include down payment assistance, low-interest rate loans, or other initiatives to facilitate home ownership and access to affordable housing lending options.



## GOAL: Increase The Variety of Product Types

# Housing Stages

 = Each stage often requires the previous to be possible



### Ensure Codes Support Affordable Housing

By creating more variety in the type of housing products that are being produced, Papillion should expand housing opportunities for households at every stage of life. This should include products beyond traditional apartments and larger single-family homes, including duplexes, townhomes, and accessory dwelling units, with the use of universal design.

Nationally, there is growing discussion regarding the negative impact ordinances have on the development of a broader range of housing and therefore, on affordable housing. There are numerous factors impacting the ability to produce affordable housing exclusive of codes. Once these hurdles are overcome, the cities need to ensure that the zoning code does not prohibit or add time to developing affordable housing.

Most product types are allowed in Papillion's code and there are very few site development requirements that limit the ability to try new product types. However, the approval process can create unpredictability and concern about delays and redesigns. Thus, developers continue to return to what they know will have the fastest and smoothest approval process.

The following are revisions that could be considered to improve the usability of the code.

- Allow more residential use types and variety across all districts.
  - Allow medium-density residential uses in R-1, specifically attached single-family and duplexes. This would increase the amount of Missing Middle uses within residential districts by 13%.
  - Allow more housing typologies and mixed density in R-2, R-3, and R-4.
- Consider creating a use type that covers 3 to 6 unit buildings and making the multiple-family use type start at more than 6 units.

## GOAL: Increase The Variety of Product Types (Con't)

**LB 866** Enable the creation of use types for cottage clusters as outlined in LB 866.

- **Cottage cluster:** *A grouping of no fewer than four detached housing units per acre with a footprint of less than 900 square feet each and that includes a common courtyard (Nebraska's Municipal Density and Missing Middle Housing Act).*

**LB 866** Consider adopting the definition of ADUs from LB 866.

- **Accessory dwelling:** *An interior, attached, or detached residential structure that is used in connection with, or that is accessory to a single-family dwelling and is located on the same lot or parcel as such single-family dwelling (Nebraska's Municipal Density and Missing Middle Housing Act).*
- Reduce minimum front and interior yard setbacks in R-2 and R-3 to better align with allowed minimum lot sizes and allow for more housing design options. It is important to note, these are minimums not maximums.
- Reduce minimum lot sizes for townhomes in R-3.
- Reduce the minimum lot size for single-family uses in R-4.
  - Reducing lot sizes in certain districts and uses allows more variety in housing types, sizes, and price points. Lower lots sizes reduces land costs and allows development costs to be spread across more units. A smaller house that costs less to build could still be less affordable if it has to be on a lot/land that is larger than needed.
- Consider creating a pocket neighborhood district, with maximum lot sizes and setbacks.

- Allow duplexes and two-family by-right in R-2.
- Allow smaller multifamily uses such as four- and six-plexes in R-3. Consider increasing the maximum height requirements for multifamily in R-4 to make projects more financially feasible.
- Re-evaluate whether special use permits are needed for any residential uses, including in commercial districts.
- Allow more residential above commercial building types with the goal to reduce the approval and review times for MU districts.
- For affordable housing developments, include bonuses that allow reduction in lot sizes, setbacks, and parking requirements.
- Reevaluate all fees for residential development and determine opportunities for fee reductions on desirable housing projects.

### Create Incentives for Missing Middle-Density Housing

After amending codes and establishing design criteria, developers may still be leery of changing their building model. The tools in this assessment can be leveraged as incentives and financing mechanisms targeting these missing product types.

Focusing on incremental development through pre-packaged sites allows some developers or non-profit organizations to create “missing middle” structures on a site by site basis. Gap financing or local assistance may be needed for a small scale project to pencil out for private market developers, along with zoning code adjustments for smaller lot size and higher density allowances. These types of projects are not new to Papillion but are often overlooked, as larger scale subdivisions and apartment complexes dominate the market.

### Rethink Neighborhood Design – Design not Density

Many pre-1940 neighborhoods were developed with a variety of housing types and neighborhoods often had 4-plexes on corners, duplexes in the heart of a block, and accessory dwelling units scattered throughout a neighborhood. This mix of housing gave neighborhoods variety and character. The desire to add these options and use infrastructure more efficiently has many looking to add density to existing neighborhoods. For current residents, this elicits questions and concerns about what infill and redevelopment would mean for their neighborhood.

Infill development needs to complement the existing neighborhood's character and provide appropriate transitions where needed. Principles to consider with any infill development include:

- **Transitions.** Provide a transition between higher-intensity uses and lower intensity uses to address compatibility issues.
- **Scale.** The size and height of new buildings are in keeping with surrounding buildings or the neighborhood's context.
- **Context.** The design fits the housing styles around a site, even if the type of units are different. Other context variables on a site may include views that enhance the site, stormwater facilities, and additional open space amenities.

### International Residential Code (IRC) Adoption

- Allow City Council to adopt an ordinance permits the use of the International Residential Code (IRC) instead of the International Building Code (IBC) for housing that has 3-4 dwelling units.

## GOAL: Streamline the Approval Process

There are ways to increase opportunities for administrative site plan approval. As housing proposals meet the city's comprehensive plan goals and targeted housing needs, reduced concern for public approval is needed, as the comprehensive planning process includes heavy public participation to frame the vision, goals, and actions for the city's future. A well-structured and design-oriented zoning ordinance will prevent possible adverse effects of density, building mass, land use conflicts, and transportation. Exceptions include:

- The project requests an amendment to the comprehensive plan.
- The project requests a change to the zoning or subdivision ordinance.
- The project requests a rezoning.
- State or Federal law requires a public hearing because of specific funding or permit procedures.

### Prepackaged Site Plans

There are few developers building anything beyond single-family homes or large apartment/condo complexes. That is understandable because historical consistency in profits and evidence of past local approvals reduces the risk of a project falling through. By creating a package of example site plans and products that will get approved, a level of risk is taken off the builder.

Even with a smoother process, it may still be necessary to provide demonstration projects. While missing-middle projects like Prairie Queen have been successful, an ownership model has yet to occur. A demonstration project may include a non-profit leading development or the lending consortium providing financial assistance. Types of assistance include gap financing, infrastructure assistance, financial or tax assistance, and expedited permitting.

## The Development Process - A Primer

A general understanding of the housing development process is essential to maximize the potential benefits of each strategy. Each component of the development process - from initial land search to final sale - presents an opportunity to address housing goals. The below text is supplemented by a diagram on the following page that illustrates this process.

### The Producer Perspective

From a business perspective, housing producers (developers, subdividers, homebuilders) are driven by two fundamental and highly rational objectives: maximizing return and minimizing risk. Clearly, people in the industry are motivated by other factors as well – the desire to help build their community, contribute to society, continue family businesses and traditions, and gain personal satisfaction by doing good work.

But regardless of secondary motives, their business viability depends on two basic objectives: maximizing return and minimizing risk. Thus, each step in the development process seeks to address these two factors.

### The Consumer Perspective

The development process is also heavily influenced by what housing consumers want to live in or live next to, both owners and renters. Their most essential expectation is for an affordable home that provides a safe, secure, and comfortable place to establish a household, raise a family, or live out various periods of their respective lives. But the meaning of that expectation varies for people in different situations. The relative value of a house is determined by a variety of factors: changing market tastes, the condition and character of the structure itself, the state of the neighborhood and surrounding property, marketplace competition, and the availability of financing, among other things.

## GOAL: Streamline the Approval Process

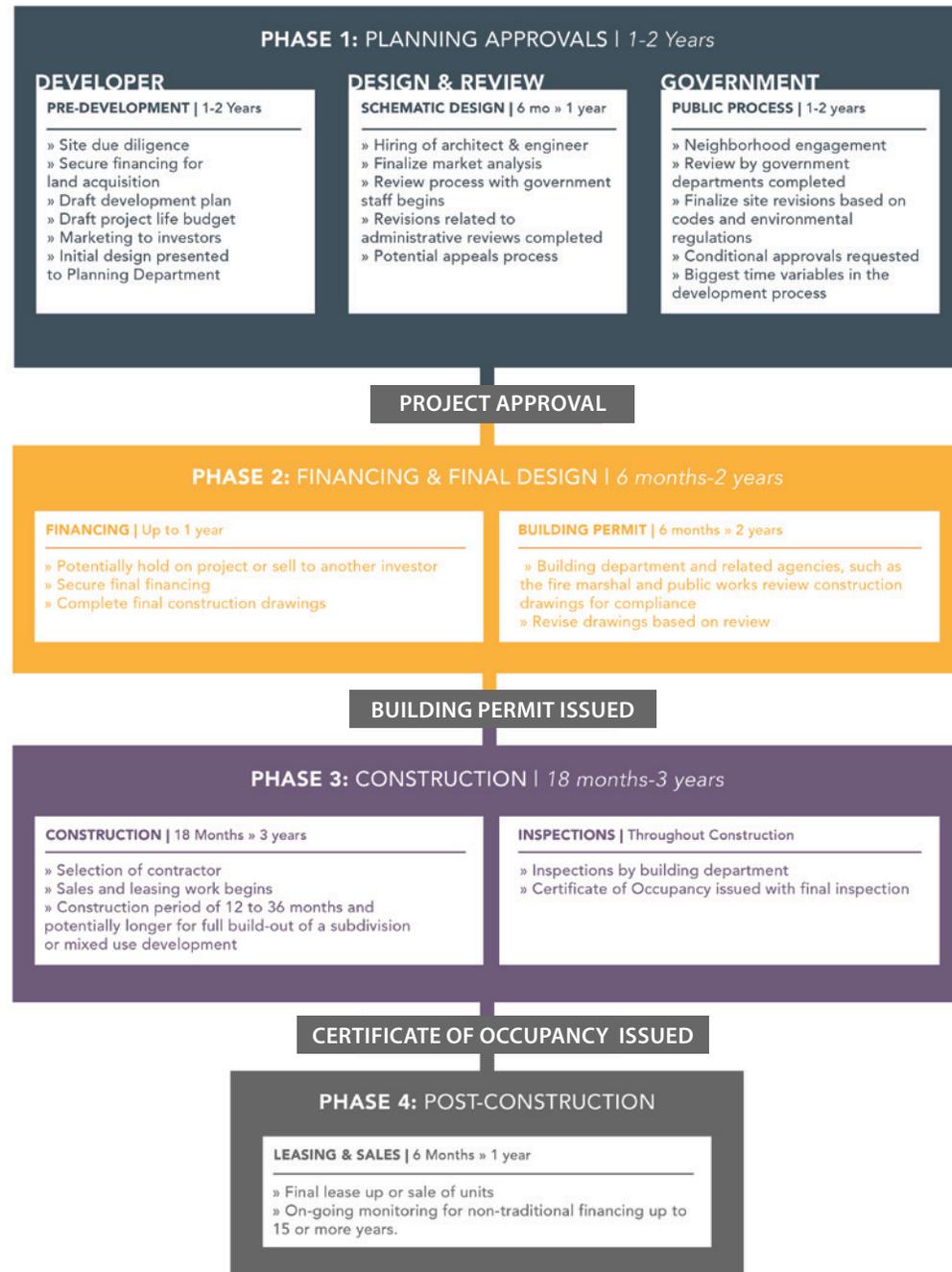
### Small lot, Townhome, and Middle-Density Playbook

The city could establish a set of pre-approved plans that encourage housing diversity through a streamlined processes. There are ways to accelerate approval for more desired products – a possible incentive to reduce development costs. This can come from a coordinated departmental review where administrative approval criteria are agreed upon.

### Review Frequently Requested Variances in Older Neighborhoods

The city should review the exceptions or modifications that are routinely being requested or granted in neighborhoods with older housing stock. If items are frequently requested and granted, allowing them by-right would streamline the process. Removing steps in the process reduces costs for the property owner and potentially removes a barrier for improving a property. Common barriers in cities include setbacks related to additions or garages on historically smaller lots or the ability to create an ADU within an existing unit.

#### THE DEVELOPMENT PROCESS



## Going Forward

A targeted approach is needed to provide housing for current and potential new residents of the city and stabilize increasing housing costs. Without intervention from the governing entities and their partners, housing for all age groups will continue to be in short supply, the housing market will continue to be less affordable, and Papillion will struggle to have adequate housing options for young families, the workforce, and aging populations.

## Priority Action Items

The City Council amended the adoption resolution to include the following Priority Action Items to provide immediate impacts:

- Give priority in process of applications that encourage affordable housing per the types identified in this study.
- Promote the financing programs of NIFA, the state and the federal government that assist home buyers and developers of affordable housing within the Mayors monthly Letter to residents and City website.
- Create an Affordable Housing Committee in 2024 to provide a complete review of this plan and city policies as they relate to affordable housing for recommendation to the City Council.





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