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Memorandum

DATE: June 30, 2025

TO: Urban Affairs Committee of the Nebraska Legislature

FROM: Jean Van Iperen, Planning & Economic Development Coordinator

RE: Current efforts to address the availability of and incentives for affordable housing

The City of Columbus has been working to address the local housing shortage by encouraging private developers to invest in new construction through the use of Tax Increment Financing (TIF) and Workforce Housing Funds. While there have been some successes, the pace of new construction has not kept up with the growing demand.

Columbus has experienced steady population growth since the 1990s, and with more than 1,000 job openings currently available, the need for housing continues to rise. The most recent U.S. Census showed a 8.7% increase in population, and that trend is expected to continue given our strong local economy.

However, housing construction is not keeping pace with demand. According to the 2021 Columbus Housing Study, the city would need to add 614 new housing units by 2025—an average of 122 units per year—just to meet projected needs. Falling short of this projection, the actual numbers built were:

- 2021: 88 new units (shortfall of 34)
- 2022: 77 new units (shortfall of 45)
- 2023: 50 new units (shortfall of 72)
- 2024: 54 new units (shortfall of 68)

Due to this continued gap in construction, the current adjusted housing projection is 345 new units this year to meet demand and make up for previous shortfalls.

Despite available funding programs like TIF and Workforce Housing funds, developers still face financial challenges that make many projects difficult to pursue. Interest rates, construction costs, and infrastructure expenses all contribute to the hesitation.

In response, the City has also taken several proactive steps to support housing development, including:

- Adopting a modernized land development code
 - Loosening regulations to reduce barriers to construction
 - Enhancing incentive programs to make projects more viable
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- Promoting affordable and workforce housing to meet the needs of a diverse population
- Developing a City driven housing subdivision

The City's primary goal remains clear: to expand the supply of affordable and workforce housing and ensure prices remain within reach for residents at all income levels. While progress has been made, there is still work to do and the City continues to use every tool available to support developers and encourage housing growth in Columbus.

1. Residential Zoning Requirements

The City of Columbus has established five primary residential zoning districts to support a variety of housing needs and promote thoughtful community development:

1. Rural Residential (RR): Designed for very low-density areas, this district blends rural and urban living. It accommodates homes on large lots and institutions that require a residential setting.
2. Single-Family Residential (R-1): Intended for traditional, low-density neighborhoods with single-family homes on spacious lots.
3. Two-Family Residential (R-2): Supports medium-density neighborhoods with a mix of single-family homes, duplexes, and two-unit townhomes on small to moderately-sized lots.
4. Multiple-Family Residential (R-3): Offers flexibility for a range of housing types, including apartments and other multi-unit housing options.
5. Non-Traditional Residential (NTR): Created to accommodate innovative and affordable housing solutions, such as tiny homes on individual lots, when properly planned.

In addition to these residential districts, Columbus has also established two mixed-use zoning districts that support the integration of residential, commercial, and office uses:

- Urban Commercial (UC)
- Central Business District (CBD)

For a detailed overview of the zoning requirements and permitted uses for each district, please refer to Attachment #1.

2. Multifamily and Middle Housing Percentages

Multifamily housing is permitted "by right" in five zoning districts, which together account for approximately 18.48% of the total area of the City of Columbus. Middle housing—including duplexes, two-family residences, and townhouses—is allowed by right in four zoning districts, covering about 16.92% of the city's total area. Mixed-use residential development is permitted by right in four districts as well, representing approximately 13.21% of the city's land area.

The Non-Traditional Residential (NTR) zoning district, though more recently established, also allows non-traditional housing types—such as tiny homes on individual lots—by right. However, as of now, no applications for rezoning to the NTR district have been submitted.

These percentages reflect the proportion of the city's total land area where each type of housing is permitted without requiring a special permit or rezoning. Other areas of the city may have different zoning designations that limit or restrict these housing types and may require additional approvals for development.

Overall, these zoning provisions demonstrate the City's ongoing commitment to expanding housing options and supporting a diverse, inclusive housing market that meets the needs of residents across income levels and lifestyles.

A map of Columbus' current zoning districts is included in Attachment #2.

3. Breakdown of new residential construction

2020

47 – Single Family Homes

62 – Duplex/Townhomes

2021

68 – Single Family Homes

20 – Duplex/Townhomes

2022

29 – Single Family Homes

48 – Duplex/Townhomes

2023

26 – Single Family Homes

24 – Duplex/Townhomes

2024

32 – Single Family Homes

26 – Duplex/Townhomes

2 – Multi Family Apartments (30 units per building)

4. Breakdown of Residential Units Annexed

In the last two years the City has not annexed any land into city limits that resulted in an increase in residential units.

5. Estimate of Per-Unit Cost of Housing

The estimated per-unit cost of housing in Columbus was calculated by determining the total cost of housing units built in 2023-2024 and dividing that figure by the total housing units added to the city. That resulted in the following:

Total cost of single-family housing units in 2023: \$9,376,092

Total Units added in 2023: 26

Estimated per unit cost (total costs/total units): \$360,618.92

Total cost of duplex/townhomes units in 2023: \$5,952,646

Total Units added in 2023: 24

Estimated per unit cost (total costs/total units): \$240,026.92

Total cost of single-family housing units in 2024: \$10,253,641

Total Units added in 2024: 32

Estimated per unit cost (total costs/total units): \$320,426.28

Total cost of duplex/townhomes units in 2024: \$7,339,640

Total Units added in 2022: 26

Estimated per unit cost (total costs/total units): \$282,293.85

Total cost of apartment units in 2024: \$9,901,643

Total Units added in 2024: 60

Estimated per unit cost (total costs/total units): \$165,027.38

6. Density Bonuses and Other Incentives

In the updated Unified Land Development Ordinance (ULDO), Density Bonus incentives are not offered within the City of Columbus. However, the City has implemented a variety of regulatory concessions and incentives designed to support and encourage housing development across all residential zones. These include:

- Reduced setbacks
- Smaller minimum lot sizes

- Increased maximum impervious coverage
- Reduced off-street parking requirements
- Flexible floor area regulations

A major innovation in the ULDO is the creation of the Non-Traditional Residential (NTR) zone and the associated NTR Subdivision. These zones are designed to support higher-density, lower-cost housing options, such as tiny homes and other small-scale residential units. By re-zoning to NTR and using the subdivision option, developers can take advantage of smaller lots and accommodate a greater number of units per acre, making it easier to deliver affordable, compact housing to the market.

Additionally, the ULDO allows for the creation of overlay districts that provide further flexibility and benefits. Two key overlay districts include:

- Planned Unit Development (PUD) District: Offers flexible design standards for integrated, mixed-use, or residential communities.
- Creative Cluster Development District: Encourages innovative, arts-based, and mixed-use developments aligned with specific community objectives.

Together, these tools demonstrate the City’s commitment to affordable housing, creative land use planning, and smart, sustainable growth. By leveraging these regulatory concessions and zoning options, developers have new opportunities to meet Columbus’s evolving housing needs.

Additional information on NTR zoning and the overlay districts can be found in Attachments #3 and #4, respectively.

7. Allowance of Accessory Dwelling Units (ADU)

Under the current Unified Land Development Ordinance (ULDO), the City of Columbus permits the construction and use of Accessory Dwelling Units (ADUs) in a variety of zoning districts. ADUs fall under the ULDO’s definition of “Two Single-Family Residential” use. This classification includes housing arrangements for two families, such as duplexes, two detached single-family homes on a single lot, or two-unit townhomes.

The Two Single-Family Residential use is permitted “by right” in all residential zoning districts, meaning property owners in these areas may construct and occupy ADUs without needing special approvals or variances.

In certain commercial zoning districts, including Limited Commercial, Central Business, and General Commercial, this use is allowed by special permit. Property owners in these zones can apply for a permit to construct ADUs, subject to a formal review process. This process typically involves evaluation by the Planning Commission to ensure compliance with all applicable regulations and conditions set forth in the ULDO.

Allowing ADUs in both residential and selected commercial zones increases housing flexibility and affordability across Columbus. These smaller, secondary units—located on the same lot as a primary dwelling—can serve a variety of needs, such as:

- Housing for extended family or caregivers

- Rental income opportunities
- Multigenerational living arrangements

This approach supports the City's goals to diversify housing options and promote more efficient land use.

For specific code references and regulatory details related to Two Single-Family Residential use, please refer to Attachment #5.

8. Incentives to Encourage Affordable Housing

The City has taken a proactive approach to supporting affordable housing through a variety of incentives. One key tool is Tax Increment Financing (TIF), which has been used to help advance residential developments that include affordable housing options. There are currently 1 TIF projects in various stages of development.

To further expand affordable housing opportunities, the City along with community partners also established Rural Workforce Housing Funds, which have supported projects by helping create additional affordable units. In cases where TIF didn't apply, the City stepped up by using a portion of its local sales tax dollars allocated for housing to cover infrastructure costs, ensuring that critical projects could still move forward.

9. Demographic Analysis of the City and Housing Needs

An analysis of current demographic data (see Attachment #6) shows that Columbus has continued to experience steady population growth since the 1990s, reinforcing its strong reputation as a desirable place to live and work. The city's current population stands at approximately 25,126, with an average annual growth rate of 0.84% and a total population increase of 8.7% over the past decade. This steady growth reflects the strength of Columbus's local economy, diverse business base, and high number of available jobs—all factors contributing to continued population increases.

However, housing construction has not kept pace with this growth. While new home construction increased briefly in 2019 and 2020, the pace has since slowed due to rising interest rates and elevated construction supply costs. As a result, the city continues to face a housing shortage that affects both homebuyers and renters.

According to the 2021 Columbus Housing Study, the city needs to add approximately 153 housing units per year through at least 2025 to meet the needs of its growing population. Hitting this target is critical not only for increasing the overall housing supply but also for making more units available to households earning at or below the median income.

Columbus has the highest median household income among its peer cities, which should support continued housing growth. However, most newly built homes are priced at \$350,000 or more, which limits accessibility for middle-income families. This contributes to an ongoing need for lower-cost housing, which can only be met through turnover of existing units or through subsidized or incentive-driven development.

To expand housing availability, the City is focused on promoting a greater variety of housing types, including smaller-lot single-family homes, townhouses, ADUs (Accessory Dwelling Units), and non-traditional residential developments. Expanding these options may encourage homeowners of lower-value homes (typically \$250,000 or less) to sell, helping to unlock more affordable inventory for first-time buyers and working families.

In 2020, Columbus had 9,963 total housing units, with 9,477 occupied, resulting in a 4.9% vacancy rate. While close to what is considered a healthy rate, many of the vacant units were not available for sale or rent. In 2022, for example, fewer than 50 homes were on the market at any given time, underscoring the lack of available inventory.

To better understand how current and planned housing development is impacting supply and demand, the City of Columbus will conduct a new Housing Study in 2025. This study will provide updated data and projections, helping guide future decisions around zoning, development incentives, and strategic housing investments.

Ultimately, the supply of for-sale homes and available rental units remains insufficient, and addressing this challenge will require a multi-faceted approach. The City will continue using both traditional planning tools and creative strategies to increase housing supply, promote diverse housing types, and support construction that meets the evolving needs of the community.

10. City Led Development Vitality Village Subdivision

Recognizing the urgent need to increase housing stock and reduce financial barriers for developers, the City of Columbus has taken direct action by purchasing land and installing full infrastructure in a newly developed subdivision known as Vitality Village.

By investing in streets, water, sewer, and other infrastructure upfront, the City is able to offer fully serviced lots at a reduced cost, significantly lowering the initial investment burden for developers and increasing the viability of housing construction.

Vitality Village is a planned residential community that will be fully built out within the next two years and includes a wide range of housing types to meet the city's diverse needs. Once completed, the subdivision will feature: 240 apartments, 18 townhomes, 68 rowhomes and 9 single-family homes.

The first units to become available will be the apartments, with initial occupancy expected to begin in January 2026.

This proactive approach demonstrates Columbus's commitment to bridging the gap between housing demand and supply. By directly facilitating development, the City is not only encouraging private investment but also ensuring affordable, accessible housing options are being delivered at the scale and speed necessary to serve its growing population.

Through a combination of public-private collaboration, long-range planning, and bold action, Columbus continues to work toward a balanced, inclusive, and forward-thinking housing market.

11. Efforts to Adopt an Affordable Housing Action Plan

The City of Columbus has adopted a collaborative, community-driven approach to addressing affordable and workforce housing needs, with the City taking a leadership role alongside key partners. Among these partners is the Housing Committee of the Columbus Area Chamber of Commerce, whose involvement has been instrumental in identifying challenges and supporting strategic housing initiatives.

This public-private partnership enables the City and its stakeholders to combine expertise, resources, and networks to develop and support projects expanding access to housing and promote long-term affordability. By working together, Columbus is able to pursue a more comprehensive and coordinated strategy to meet the evolving needs of its growing population.

In 2021, this collaboration resulted in the adoption of an updated Housing Study, funded through a NIFA grant, City support, and NeighborWorks Northeast Nebraska. The study has served as a foundational tool to guide the City's housing policy and investment over the past several years.

The Housing Committee's continued involvement also reflects a broader understanding that affordable housing is both a housing and economic development issue. Ensuring workers, families, and seniors have access to quality, attainable housing supports a healthy local economy and a more equitable community.

Looking forward, the City remains committed to this collaborative approach. Developers, nonprofit organizations, financial institutions, and community members will continue to play a key role in shaping housing solutions reflecting the needs and values of Columbus.

As part of this ongoing work, the City is actively preparing to complete a new Housing Study in 2025. Once the updated data is available, the City will reassess how current and projected housing stock aligns with community needs. At that time, Columbus' Affordable Housing Action Plan will be reevaluated and adjusted as necessary to ensure it remains responsive, effective, and aligned with long-term goals for affordable housing in the community.