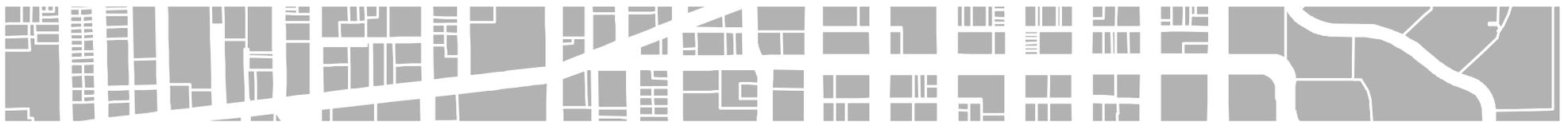


City of Omaha



2021 Affordable Housing Report



City of Omaha
Planning Department

Planning Report #322
June 30, 2021



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Introduction

With the passage of LB 866 by the Nebraska Legislature in 2020 and signed by the governor on August 17th, 2020, cities of the metropolitan, primary, and first class must submit a report to the Urban Affairs Committee of the Legislature detailing its efforts to address the availability of and incentives for affordable housing through its zoning codes, ordinances, and regulations.

This report specifically addresses the following requirements:

- An overview of the city’s current residential zoning requirements;
- The percentage of areas in the city zoned for residential use which permits the construction of multi-family housing and middle housing;
- A breakdown of new residential construction in the city over the previous five years, including the percentage of such construction that was single-family housing, multi-family housing, and middle housing;
- A breakdown of residential units annexed by the city over the previous five years, including the percentage of such units that were single-family housing, multi-family housing, and middle housing;
- An estimate of the per-unit cost of housing in the city;
- Whether such zoning codes, ordinances, and regulations provide for density bonuses or other concessions or incentives which encourage residential density, and the frequency with which such bonuses, concessions, or incentives are utilized;
- Whether such zoning codes, ordinances, and regulations allow the construction of accessory dwelling units;
- What incentives the city applies to encourage the development of affordable housing, including both direct incentives and regulatory relief;
- A demographic analysis of the city with trends and estimates of the housing need classified by housing type and price range; and
- Efforts to adopt an affordable housing action plan as required by the bill.

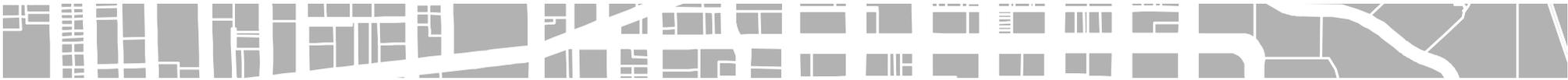
The following terminology from Nebraska’s Municipal Density and Missing Middle Housing Act (LB 866) will assist users of this report.

Accessory Dwelling Unit means an interior, attached, or detached residential structure used in connection with a single-family dwelling and located on the same lot or parcel as the single-family dwelling.

Affordable Housing means residential dwelling units affordable to households earning no more than 80% of the income limits as determined by the U.S. Department of Housing and Urban Development (HUD) [Income Limits Documentation System](#) that existed on January 1, 2020. Figure 1.1 on the right shows Omaha’s 80% income limits outlined in yellow. Omaha’s 2021 income limits range from \$49,200 for a single-person household to \$92,750 for families of eight.¹

Cottage Cluster is a grouping of no fewer than four detached housing units per acre with a footprint of less than 900 square feet each and includes a shared courtyard.

Density Bonus means a density increase over the otherwise allowable maximum density in the City’s zoning codes, ordinances, and regulations.



Middle Housing in this report means duplexes, triplexes, quadplexes, cottage clusters, or townhouses in a compatible scale and form with detached single-family homes and sometimes referred to as “Missing Middle Housing.”

Townhouse means a dwelling unit constructed in a row of two or more attached units where each dwelling unit is on an individual lot or parcel and shares at least one common wall with an adjacent unit.

Workforce Housing in this report means owner-occupied housing units with an after-construction appraised value of at least \$125,000 but not more than \$275,000 to construct, and owner-occupied units in which the cost to substantially rehabilitate the housing unit exceeds 50% of the unit’s assessed value. It may also include upper-story owner-occupied housing. This housing type does not receive federal or state Low-Income Housing Tax Credits (LIHTC), Community Development Block Grant (CDBG), HOME Investment Partnership funds as defined in section 81-1228, or funds from the Affordable Housing Trust Fund.

Figure 1.1: HUD Income Limits Summary

FY 2019 Income Limits Summary

Selecting any of the buttons labeled "Explanation" will display detailed calculation steps for each of the various parameters.

FY 2019 Income Limit Area	Median Family Income Explanation	FY 2019 Income Limit Category	Persons in Family							
			1	2	3	4	5	6	7	8
Omaha-Council Bluffs, NE-IA HUD Metro FMR Area	\$86,000	Very Low (50%) Income Limits (\$) Explanation	30,100	34,400	38,700	43,000	46,450	49,900	53,350	56,800
		Extremely Low Income Limits (\$)* Explanation	18,100	20,650	23,250	25,800	30,170	34,590	39,010	43,430
		Low (80%) Income Limits (\$) Explanation	48,200	55,050	61,950	68,800	74,350	79,850	85,350	90,850

NOTE: Douglas County is part of the **Omaha-Council Bluffs, NE-IA HUD Metro FMR Area**, so all information presented here applies to all of the **Omaha-Council Bluffs, NE-IA HUD Metro FMR Area**. HUD generally uses the Office of Management and Budget (OMB) area definitions in the calculation of income limit program parameters. However, to ensure that program parameters do not vary significantly due to area definition changes, HUD has used custom geographic definitions for the **Omaha-Council Bluffs, NE-IA HUD Metro FMR Area**.

The **Omaha-Council Bluffs, NE-IA HUD Metro FMR Area** contains the following areas: Harrison County, IA; Mills County, IA; Pottawattamie County, IA; Cass County, NE; Douglas County, NE; Sarpy County, NE; and Washington County, NE.

Source: HUD Office of Policy Development and Reserach - FY 2019 Income Limits Documentation System



Zoning

CURRENT RESIDENTIAL ZONING REQUIREMENTS - Sec. 4(1)(a)

Every property in the City of Omaha and within its 3-mile extraterritorial jurisdiction has been assigned a zoning classification. The zoning classification allows it to be used in ways that promote its value, protect it from the adverse effects of adjacent land uses, and ensures a safe, healthy, and harmonious development.

The primary or base residential zoning districts in Omaha are DR (Development Reserve), MH (Mobile Home), R1 - R8, and R-WRN (Walkable Residential Neighborhood District), with density increasing with the classification. Figure 2.1 below indicates the allowable number of dwelling units that can be built per acre as regulated by Omaha’s zoning code.

MH (Mobile Home) is limited to single-family detached and attached units and mobile homes. The minimum gross site area per dwelling unit is 4,500 square feet.

R-WRN (Walkable Residential Neighborhood) is a district that allows a variety of residential housing types by right. It intends to create more walkable neighborhoods in newly developing residential and mixed-use areas of the city. The use of this district is rare, however it would allow a site area per dwelling unit of 2,500 square feet.

Figure 2.1: Site Development Density (Units per Acre)

District	DR	R1	R2	R3	R4	R5	R6	R7	R8
Allowed Dwelling Units per Acre	1 units	2 units	4 units	6 units	9 units	14 units	22 units	44 units	87 units

Source: Source: City of Omaha Code of Ordinances, Ch. 55, Article VI, Residential Districts - Site Development Regulation Sections

Figure 2.2 on the right shows how residential uses are regulated based on these zoning classifications.

In addition to these zoning districts, nine other zoning districts also allow multifamily or middle housing. These include the Central Business District (CBD), Downtown Service District (DS), Neighborhood Business District (NBD), Mixed-Use District (MU), and Transit Overlay Districts (TOD-1-MX, TOD-2-MX, TOD-3-MX, TOD-2-MUR, and TOD-3-MNR). Some of these districts require Conditional or Special Use permits for residential development.

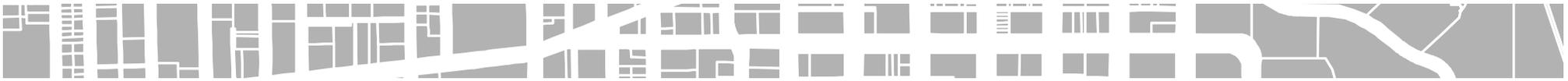
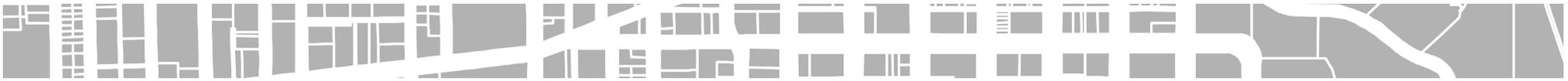


Figure 2.2: Residential Uses by Zoning Classification

District	DR	R1	R2	R3	R4	R5	R6	R7	R8	MH
Single Family Detached	P	P	P	P	P	P	P	P	P	P
Single Family Attached	X	SP	SP	SP	C	P	P	P	P	P
Duplex	X	X	X	X	X	P	P	P	P	X
Two-Family	X	X	X	X	X	P	P	P	P	X
Townhome	X	X	X	X	SP	P	P	P	P	X
Multifamily	X	X	X	X	X	X	P	P	P	X
Mobile Home	X	X	X	X	X	X	X	X	X	P

Source: Source: City of Omaha Code of Ordinances, Ch. 55, Article VI, Residential Districts - Permitted, Conditional and Special Permit Uses Sections

X = Not Permitted.
 P = Permitted
 C = Conditional Use Permit Required
 SP = Special Use Permit Required



PERCENT OF CITY ZONED FOR RESIDENTIAL USE - Sec. 4(1)(b)

Zoning Within Omaha’s City Limits

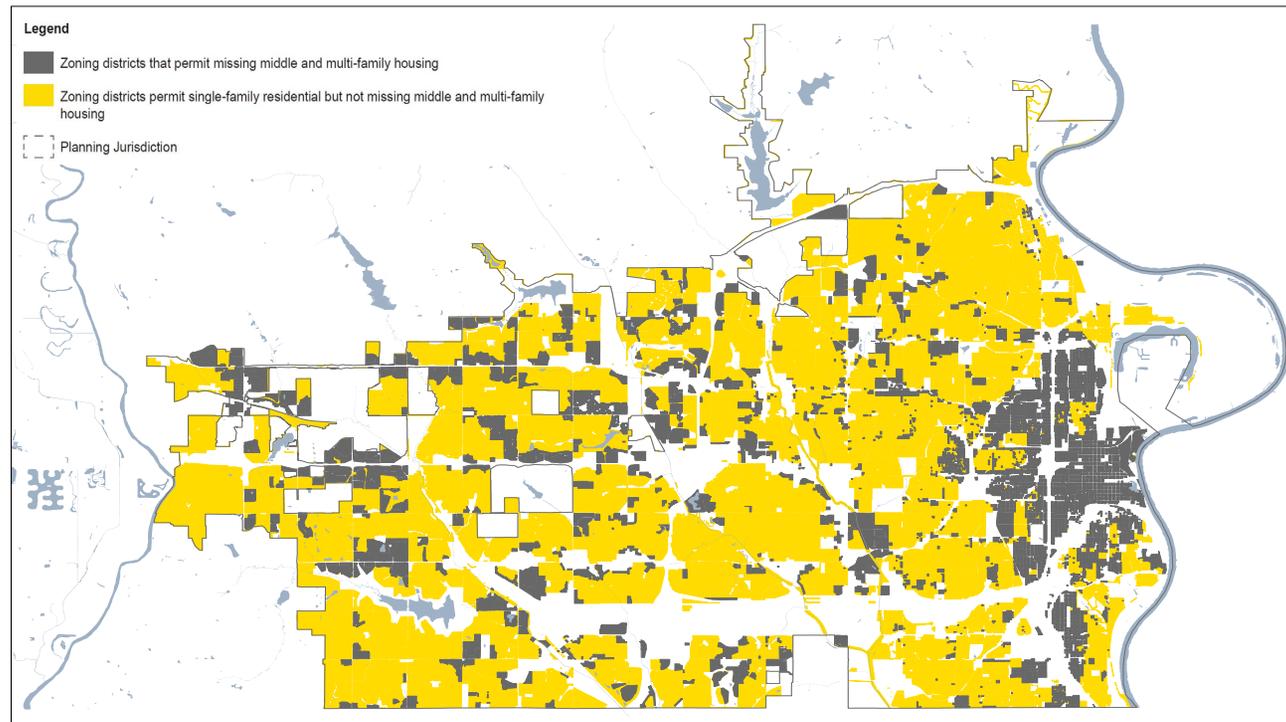
Residential Zoning

The total area zoned for residential use (DR, R1-R8, and MH Districts only) within City limits is 44,016 acres. Of this area, 6,622 acres or 15.5% of the area permit (by right) the construction of multifamily or middle housing. Only R5-R8 districts permit multifamily or missing middle housing by right.

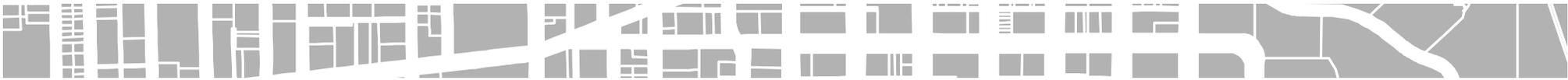
Mixed Use Zoning

The total area of all zoning districts that permit residential uses by right within City limits is 48,742 acres. These districts include AG, DR, R1-R8, MH, CBD, DS, NBD, MU, TOD-1-MX, TOD-2-MX, TOD-3-MX, TOD-2-MUR, TOD-3-MNR, TOD-4-SFA. Of this area, 11,336 acres or 23.3%, allows multifamily or middle housing by right. Districts R5-R8, CBD, DS, NBD, MU, TOD-1-MX, TOD-2-MX, TOD-3-MX, TOD-2-MUR, and TOD-3-MNR allow multifamily or missing middle housing by right.

Figure 2.4: All Zoning Permitting Residential Uses, Multifamily, and Middle Housing within Omaha City Limits



Source: City of Omaha Planning Dept and Douglas County GIS Parcel Data



Zoning Within Omaha's Planning Jurisdiction

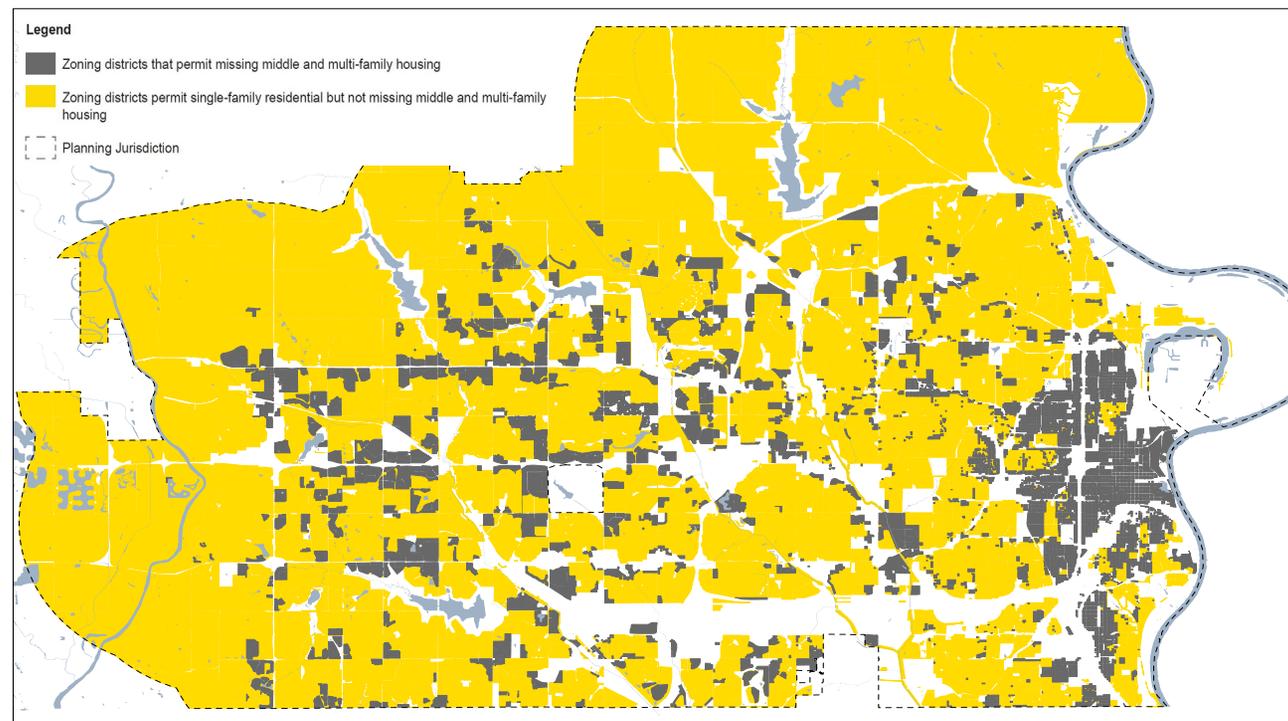
Residential Zoning

The total area zoned for residential use (DR, R1-R8, and MH Districts only) within the City and three-mile ETJ is 64,187 acres. Of this area, 7,672 acres or 12% of the area permit (by right) the construction of multifamily or middle housing. Only R5-R8 districts permit multifamily or missing middle housing by right.

Mixed Use Zoning

The total area of all zoning districts that permit residential uses by right within the City and three-mile ETJ is 103,481 acres. These districts include AG, DR, R1-R8, MH, CBD, DS, NBD, MU, TOD-1-MX, TOD-2-MX, TOD-3-MX, TOD-2-MUR, TOD-3-MNR, TOD-4-SFA. Of this area, 11,993 acres or 11.6% allows multifamily or middle housing by right. Districts R5-R8, CBD, DS, NBD, MU, TOD-1-MX, TOD-2-MX, TOD-3-MX, TOD-2-MUR, and TOD-3-MNR allow multifamily or missing middle housing by right.

Figure 2.4: All Zoning Permitting Residential Uses, Multifamily, and Middle Housing within Omaha's ETJ



Source: City of Omaha Planning Dept and Douglas County GIS Parcel Data

New Construction and Annexation

NEW RESIDENTIAL CONSTRUCTION - SEC. 4(1)(C)

Figure 3.1 below shows the permits issued for new residential construction within Omaha’s city limits and Extraterritorial Jurisdiction (ETJ) over the past five years. Middle housing includes townhomes, duplexes, triplexes, and four-plexes. Omaha does not have a permit type specifically for cottage clusters.

Figure 3.1: Permits for New Residential Construction

Year	Total Units	Single-Family	Percent	Multifamily	Percent	Middle Housing	Percent
2016	2,537	1,363	55.72%	1,072	42.25%	102	4.02%
2017	4,132	1,460	35.33%	2,598	62.88%	74	1.79%
2018	3,129	1,196	38.22%	1,892	60.47%	41	1.31%
2019	2,306	1,117	48.44%	1,146	49.70%	43	1.86%
2020	3,308	1,543	46.64%	1,649	49.85%	116	3.51%
Total	15,412	6,679	43.34%	8,357	54.22%	376	2.44%

Source: City of Omaha Permits & Inspections Division permit data

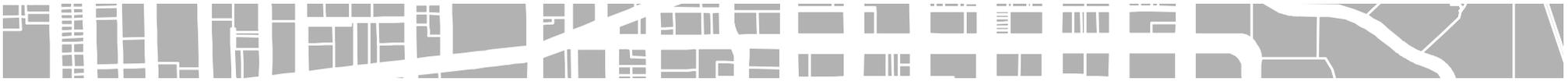
RESIDENTIAL UNITS ANNEXED - SEC. 4(1)(d)

Figure 3.2 below provides a breakdown of the residential units annexed by the City over the past five years. Well over half of the housing annexed has been single-family. Middle housing accounts for 6% of housing in the areas annexed by the City.

Figure 3.2: Residential Units Annexed

Year	Total Units	Single-Family	Percent	Multifamily	Percent	Middle Housing	Percent
2016	2,324	1,616	70%	588	25%	120	5%
2017	514	369	72%	91	18%	54	11%
2018	3,985	3,448	87%	140	4%	397	10%
2019	584	336	58%	248	42%	0	0%
2020	1,732	806	47%	860	50%	66	4%
Total	9,877	6,643	67%	1,927	20%	637	6%

Source: City of Omaha Planning Dept Planning Board Case Logs



PER UNIT COST OF HOUSING - SEC. 4(1)(e)

Based on current information collected from area builders and developers, the average per-unit cost to construct a new single-family home in existing neighborhoods east of 72nd Street is \$227,581. This cost is for materials, labor, permits, plans, grading, utility connections, and overhead for a typical three-bedroom, two-bath home with 1,300 square feet of finished floor area, 1,208 square feet unfinished basement, and 312 square foot single car garage. It does not include the cost of land.

In areas west of 72nd Street, the typical per-unit cost for a single-family starter home is about \$260,000. This cost is for a 1,500 square foot ranch-style home with a two-car garage and an unfinished basement. A midlevel, 1,800 square foot single-family ranch-style home with a two-car garage and unfinished basement has a per-unit cost of about \$282,000. High-End single-family homes have a per-unit cost of about \$310,000 for a two-story 2,400 square foot house.

Multifamily developers reported an average of about \$160,000 per unit for complexes with 100 or more units and \$240,000 per unit for townhomes, although costs can vary between urban and suburban environments. For example, infill housing typically increases the per-unit cost as sites have more constraints and limitations. In addition, developments in existing neighborhoods face the difficulty of assembling lots and more expensive infrastructure connection costs.



Tradewinds Apartments 4910 S 209 Ct



Pier 15 N 168 St & Fort St



4308 Burdette St



1450 S 12 St



2113 Ohio St



Vantage at Stone Creek 661 N 155 Ct

Incentives and Accessory Dwelling Units

INCENTIVES FOR RESIDENTIAL DENSITY - SEC. 4(1)(f) AND ACCESSORY DWELLING UNITS - SEC. 4(1)(g)

The City of Omaha zoning codes, ordinances, and regulations currently offers five incentives for increased residential density.

Transit-Oriented Development (TOD) Zoning is Omaha's newest incentive for residential density. Omaha City Council approved Transit-Oriented Development zoning on October 27, 2020. This change to the City's municipal code enables the development of higher density, mixed-use, walkable neighborhoods centered around public transportation and the development of Accessory Dwelling Units within TOD zoning districts. In addition, the zoning approval coincides with the rollout of Omaha Metro Transit's ORBT Omaha Rapid Bus Transit Service.

TOD Frequency of Use: Four rezonings to date

Walkable Residential Neighborhood (R-WRN) Zoning is another new density-friendly zoning. The R-WRN district permits various housing types ranging from single-family to accessory dwelling units, duplex, townhouse, multifamily, and assisted living. City Council approved R-WRN zoning on August 14, 2007.

R-WRN Frequency of Use: Not utilized to date

Accessory Dwelling Units or ADUs are allowed in Walkable Residential Neighborhood zoning districts, properties zoned for Transit-Oriented Development with Planning Board approval, and any residential district with City Council approval. ADUs help fill the need for housing units for students, seniors, and other population groups. They offer an affordable alternative to larger, single-family housing while maintaining a neighborhood's single-family nature. Only single-family residential detached uses may include ADUs as an accessory. The ADU may be within a structure detached from the primary dwelling unit or attached to or internal to the primary dwelling unit structure. Only one ADU per lot is permitted. Detached and attached ADUs are limited to one-bedroom, and interior ADUs are limited to two bedrooms. The property owner must occupy either the primary dwelling or the ADU as their legal, permanent residence. City Council approved ADUs on October 27, 2020.

ADU Frequency of Use: Not utilized to date within TOD or R-WRN zoning. However, there has been interest and a handful of inquiries about creating them. One goal the City has is to raise awareness about ADUs and promote the opportunity more widely. There are hundreds of existing nonconforming ADUs in older portions of the city.

Planned Unit Redevelopment (PUR) Overlay Districts encourage redevelopment in areas served by existing infrastructure by providing flexibility in site design while ensuring compatibility with the surrounding neighborhood. PURs also enables the implementation of master plan goals that promote redevelopment in older urban areas with complex and often constrained lot conditions. City Council approved PURs on July 15, 2014.

The PUR district can be combined with any base district using the same use types permitted in the underlying base district. Additional uses for certain districts may be permitted as described by [Ch 55, Article XI., Sec. 55-597\(a\)\(1\)a.-c.](#) of Omaha's municipal code, provided they are compatible with the neighborhood.

These include:

- a. Townhouse structures within an R4 base district containing no more than four dwelling units each;
- b. Duplex and two-family residential within an R4 base district, and
- c. Live work and accessory residential structures within an R4, R5, R6, R7, or R8 base district.

PUR Frequency of Use: PUR districts have be utilized 50 times in the past five years.

Inclusionary Density Bonus provides dual purpose incentives for the private development of affordable housing to low-and moderate-income residents and encourages the integration of affordable housing into conventional developments. The provisions apply to housing with five or more dwelling units.

With housing intended for sale to owner-occupants, the applicant may reduce the required site area per unit by up to 20% if she or he certifies the selling price of a percentage of the units will be no more than 2.25 times the current median income for a family of four, as established by HUD.

For housing intended for rental or cooperative ownership by tenants, the applicant may reduce the required site area per unit by up to 20% if she or he certifies the monthly rent of a percentage of the units is no more than Section 8 Fair Market Rents for same-size units for a period of at least five years.

Frequency of Use: This incentive remains unused since Omaha's City Council approved it in 1980.

Figure 4.1: Density Bonus Owner-Occupied Requirements

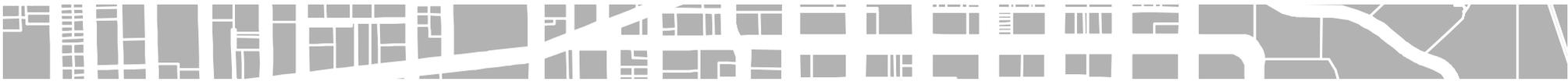
Percentage of Units Within Affordable Range	Permitted Reduction in Site Area per Unit
Less than 5%	No reduction
5% to 10%	5%
11% to 15%	10%
16% to 20%	15%
Over 20%	20%

Source: City of Omaha Code of Ordinances, Ch. 55, Article XVI, Sec. 55-785(b)(2)

Figure 4.2: Density Bonus Rental Requirements

Percentage of Units Within Affordable Range	Permitted Reduction in Site Area per Unit
Less than 5%	No reduction
5% to 10%	5%
11% to 15%	10%
16% to 20%	15%
Over 20%	20%

Source: City of Omaha Code of Ordinances, Ch. 55, Article XVI, Sec. 55-785(c)(2)



INCENTIVES FOR AFFORDABLE HOUSING - SEC. 4(1)(h)

Developers in Omaha currently utilize two direct incentives to create affordable housing.

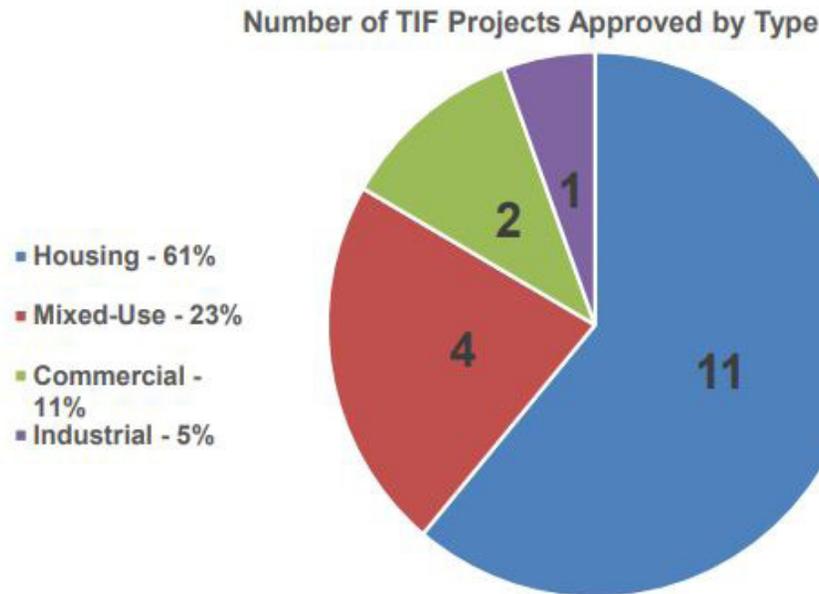
Tax Increment Financing (TIF) is a crucial revitalization tool used by the City of Omaha. TIF helps finance the redevelopment costs of specific types of projects within community redevelopment areas, typically in older areas of the city. TIF is developer financed and essentially allows a developer to borrow against the future the incremental property value of a project for up to 15 years to help fund part of the project's cost. The City of Omaha has used TIF extensively for over 30 years on a wide range of projects, from housing to commercial developments.

The City of Omaha recognizes the importance of providing affordable housing. Over the past ten years, the TIF Program has facilitated at least 37 different projects, or public-private partnerships, to provide approximately 1,427 affordable housing units. These projects involved Low-Income Housing Tax Credit (LIHTC), Community Development Block Grant (CDBG), HOME Investment Partnership, or other affordable housing program funding. About 1,227 affordable units, or 86%, resulted from TIF assisting projects that LIHTC primarily funded. While the number of units provided has not been enough to meet Omaha's affordable housing need, the number of affordable housing units may have been far fewer without the assistance of the TIF Program.

As reported in [Omaha's Annual TIF Report](#), there were 18 redevelopment project plans approved in 2020.² These projects resulted in:

- 975 housing units (up 85 units from the previous year)
 - 22 owner-occupied, market-rate, for-sale housing, of which 12 were for low-income households
 - 12 single-family houses
 - 10 row houses
- 953 units were rental units, of which 84 were for low-income households
 - The 84 units were units within projects that were assisted with Low-Income Housing Tax Credits (LIHTC) or other funding sources; representing 8.8% of the 953 rental housing units
 - 892 units were market-rate apartments
 - 21 units were row houses
 - 33 were single-family homes

Figure 4.3: TIF Project 2020



Source: City of Omaha Planning Dept 2020 Annual TIF Report, Pg. 8.

TIF is the incentive preferred by developers. However, TIF has no mandatory affordability set-asides or requirements to create or retain affordable units. Some developers use TIF to develop affordable housing, but adding mandatory set-asides with other incentives would significantly increase affordable housing development while reducing displacement and encouraging mixed incomes in redevelopment project areas. Such an approach would benefit employers and workforce development as well.

Low-Income Housing Tax Credits (LIHTC) are popular among affordable housing developers in Omaha. While not an incentive created by the City, the Nebraska Investment Finance Authority (NIFA) managed credit provides a dollar-for-dollar credit against the federal income tax liability of the owner, developer, or investor of a low-income housing development. LIHTC, rather than a direct subsidy, encourages private capital investment in creating rental housing by providing a credit to offset an investor's federal income tax liability. The tax credits are claimed in equal amounts for ten years. The rental property generating the credits must comply with the program guidelines and rent restrictions for at least 30 years from the first taxable year of the LIHTC credit period. The amount of credit claimed is directly related to the qualified development costs incurred and the number of low-income units that meet federal requirements for tenant income and rents. Eligible developments may include new construction, substantial rehabilitation or acquisition, and substantial rehabilitation.

Demographics, Market Trends & Housing Needs

DEMOGRAPHIC ANALYSIS, MARKET TRENDS & ESTIMATED HOUSING NEEDED- SEC. 4(1)(i)

Omaha's population is increasingly diverse and overall well educated and young. However, the population is also steadily aging, and a significant proportion of residents have mobility issues and other needs that new housing development will have to meet. For example, households with someone over 65 have increased from 20.3% in 2010 to 23.5% in 2019. The median age is rising too, from 33.7 in 2010 to 34.5 in 2019. In 2019, 18.5% of Omaha's population was 60 or older, up from the previous 15.9% in 2010.

In addition, the number of single heads of households is also growing and changing rapidly. From 2010 to 2019, female heads of households more than doubled from 13.1% to 29.2%. Meanwhile, female householders with children under 18 decreased from 8.4% to 6.2%. In 2019, 16.9% of female householders lived alone, with almost half of those living alone aged 65 or older. However, this also suggests that about 6% of female-led households may include adult children or other relatives. Perhaps more dramatically, male householders increased from 4.6% to 21.4% between 2010 and 2019. The majority, or 15.7%, live alone and are generally younger, with just 3.2% of men living alone age 65 and over. Male householders with children under 18 dropped from 2.3% to 1.6%.

The number of married-couple households remains relatively unchanged during the same period, moving from 42% to 43% of all households in Omaha. The number of married families with children under 18 is also relatively stable, rising by only 1%. In 2019, only 4% of all households included nonrelatives, while cohabiting couples make up 6.3% of households.

As we consider options to meet these diverse needs in an increasingly costly world, we must be innovative in utilizing existing housing and be thoughtful in redesigning homes, neighborhoods, and other community elements. For example, enhancing walkability and zoning that allows a mix of housing types can help solve some of these dilemmas while building a strong sense of safety, community, and social connectivity and can create neighborhoods for residents of all ages to enjoy and interact with fully. Another solution is making universal design standard practice so that homes and spaces are adaptable for all ages and abilities regardless of who lives in or utilizes a space.

The following demographic data for Omaha is from the U.S. Census Bureau's Community Profile³ and 2019 American Community Survey 5-Year Estimates for Omaha⁴, or Douglas County, where place-level data is unavailable.



POPULATION
475,862

Source: U.S. Census Bureau, Data Profile Omaha, NE

About 25% of Omaha's population is under 18 years of age, 16.2% are aged 62 and older, and slightly more than 7% are under age five. Females make up 50.7% of the population, and males 49.3%. The median age in Omaha is 34.5 years old. The population of the Omaha-Council Bluffs Metropolitan Statistical Area (MSA) is estimated to be 961,100.

Omaha is an increasingly culturally diverse city which contributes to its attractiveness for businesses, residents, and visitors. Omaha has long attracted people from around the globe, bringing with them rich customs, traditions, and foods that Omahans have come to know and cherish. Many residents retain those connections, with about 16.6% of Omaha's residents speaking a language other than English at home. In addition, the Metropolitan Area Planning Agency projects that at least one in three metro area residents will be people of color – Latinx, Black/African American, Asian/Pacific Islander, or other groups by 2040.

Disability affects 10.9% of the population in Omaha. An estimated 7.8% of residents with a disability are under the age of 65.

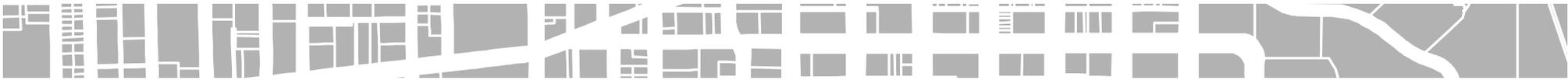
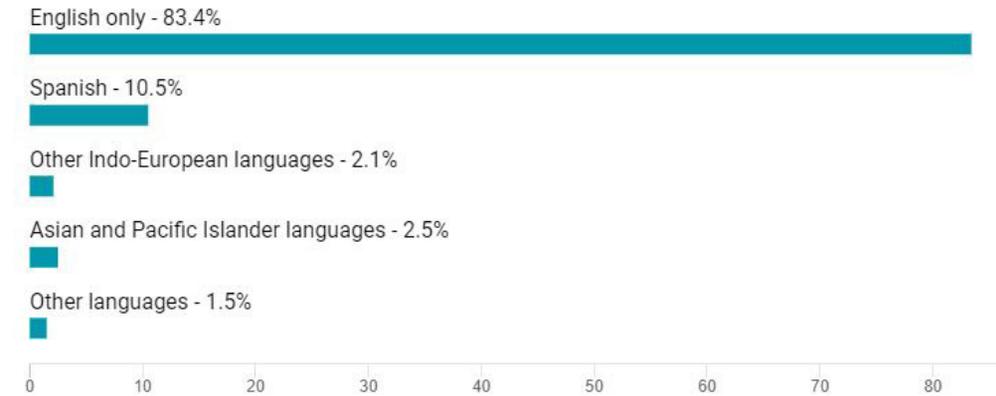


Figure 5.1: Languages Spoken at Home

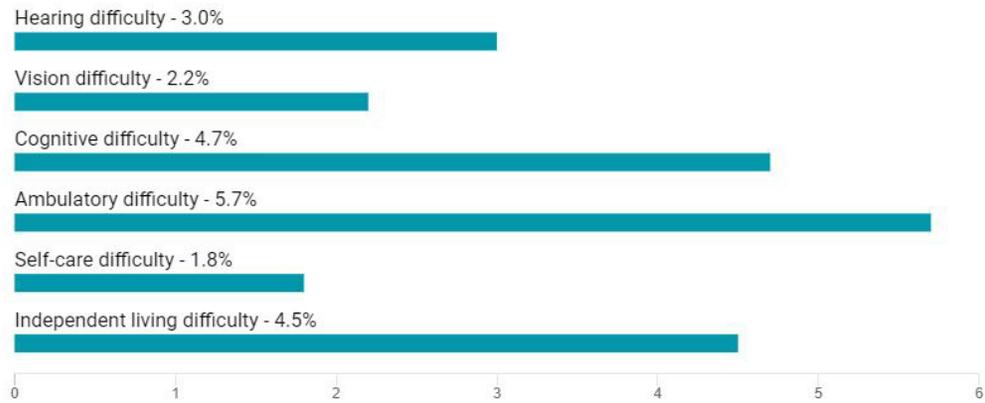
Types of Language Spoken at Home in Omaha city, Nebraska



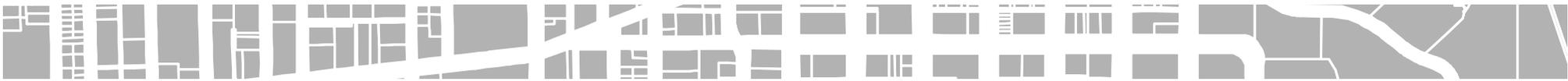
Source: U.S. Census Bureau 2019 ACS 5-Year Estimates

Figure 5.2: Disabilities

Types of Disabilities in Omaha city, Nebraska



Source: U.S. Census Bureau 2019 ACS 5-Year Estimates



MEDIAN HOUSEHOLD INCOME
\$60,092

Omaha’s 2019 ACS Five-Year estimated median household income was \$60,092. The per capita income in the past 12 months (2019 dollars) was \$33,401. The median earnings for men in Omaha are nearly \$9,000 higher than for women. The income disparity widens for minorities, and as women age, decreasing more rapidly for women 45 and older than men’s earnings which remain well above women’s beyond age 65 and older.⁵

Source: U.S. Census Bureau, Data Profile Omaha, NE



MEDIAN HOUSEHOLD INCOME
\$60,092

About 13.4% of the population in Omaha is living in poverty. Of those in poverty, 6.8% are employed, and an estimated 34.5% are unemployed. Nearly 20% of those below the poverty level are children aged 18 and younger. Seniors aged 60 and older account for slightly more than 8% of Omaha residents living in poverty.

Source: U.S. Census Bureau, Data Profile Omaha, NE



MEDIAN HOUSEHOLD INCOME
\$60,092

Overall, Omaha’s residents are well educated, with 89.5% of adults obtaining a high school education or higher. However, those with some college or an Associate’s degree outnumber people with a Bachelor’s degree by about 5%. After-hours child care, tuition subsidies, and employer-supported programs could help more workers obtain higher-level degrees and qualify for higher-wage jobs.

Source: U.S. Census Bureau, Data Profile Omaha, NE

Omaha is returning to levels close to pre-pandemic employment following a 7.6% unemployment rate during the worst months of the COVID-19 pandemic. According to HUD’s Office of Policy Development and Research’s May 17, 2021, Market-at-a-Glance report for the Omaha-Council Bluffs MSA, the unemployment rate before the pandemic was 2.6%, and as of March 2021 was 3.5%.⁶

Three of the eleven employment sectors in the metro area added jobs, with the finance sector seeing the most significant increase adding 1,200 jobs. However, the greatest number of job losses were in the leisure and hospitality sector, which decreased by 10,000 jobs from the previous year. In addition, the largest employment sector in the area, education and health services, fell by 1,000 jobs from the prior year.

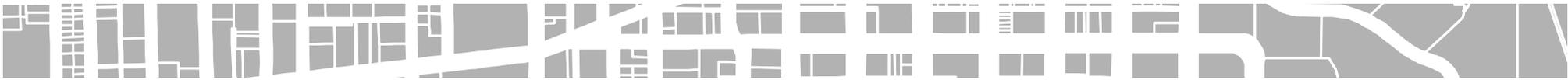
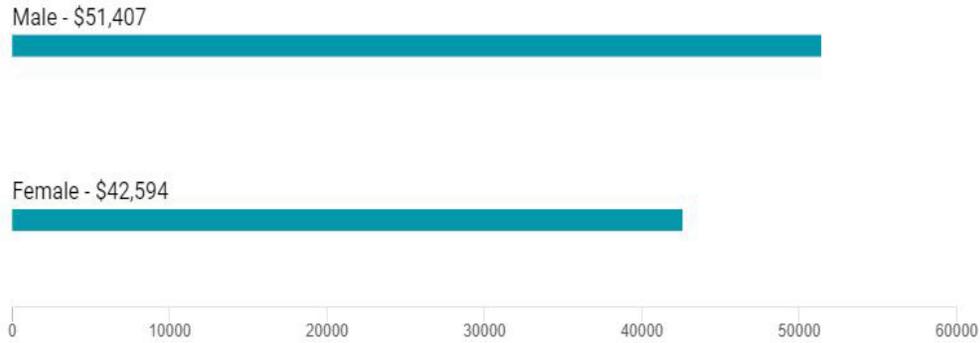


Figure 5.3: Median Earnings by Gender

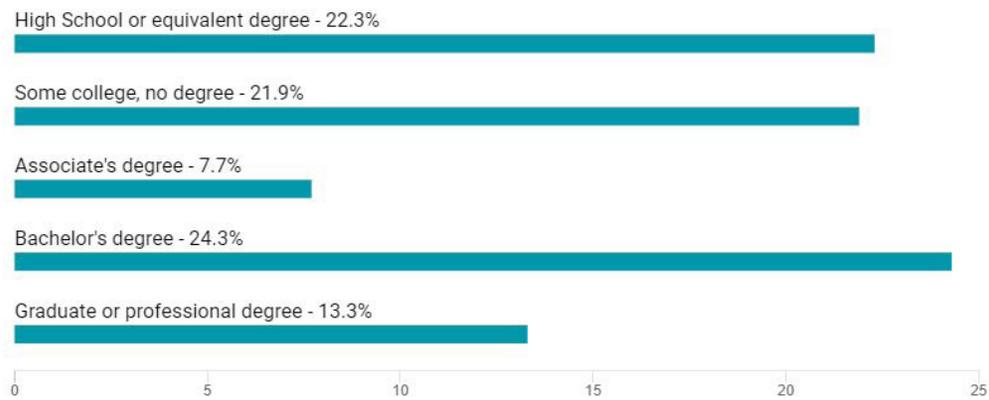
Median Earnings for Fulltime, Year-Round Workers by Sex in Omaha city, Nebraska



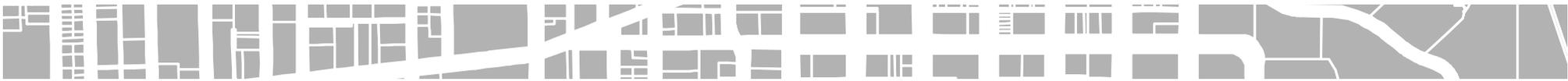
Source: U.S. Census Bureau 2019 ACS 5-Year Estimates

Figure 5.3: Educational Attainment

Education Attainment in Omaha city, Nebraska



Source: U.S. Census Bureau 2019 ACS 5-Year Estimates



MARKET TRENDS

As Omaha Community Foundation's recent [Housing Affordability Assessment](#) noted, a bare minimum of \$19 per hour is necessary for the occupant of a safe, decent two-bedroom unit in the metro area to not be cost-burdened. The report also found that 1 in 4 metro households pays more than one-third of their income toward housing, putting them at increased risk of homelessness or financial calamity.⁷

Further, the report found that there are currently fewer than 20,000 dedicated affordable units in the metro while there are 98,500 households in need of affordable housing. Meanwhile, the Metropolitan Area Planning Agency projects the population in Omaha and the metro area will continue to grow, following its current trend of an overall growth rate of 12.8% since 2010. As the assessment notes, much of this growth has been in suburban and exurban areas of Douglas and Sarpy Counties. However, Omaha rapidly approaches its limits in developable land as it reaches the Elkhorn ridge and floodplain, where infrastructure investments become cost-prohibitive. Instead, we have to continue to promote policies that increase density and reimagine development in adaptable, versatile ways.

While LB 866 specifically addresses affordable housing for middle-income homebuyers, solutions should simultaneously address affordable housing for low- and extremely low-income families. For example, during the creation of [Omaha's Five-Year Consolidated Plan](#), the City found that higher-income households are frequently renting the units affordable to lower-income households in Omaha, effectively pushing them out of a home.

Table 5.5 on the right shows the number of renter households in Omaha with incomes at or less than 30% HUD Adjusted Median Family Income (HAMFI), or extremely low-income, is 21,005, according to [HUD's Comprehensive Housing Affordability Strategy](#) (CHAS) data from 2013-2017, which is the most recent data available for Omaha. The total number of rental units affordable to this population is 9,624 of which they occupy 5,115 units, creating a deficit of affordable housing for the remaining 75% of extremely low-income households. Nearly 50% of renter households in this income bracket pay rents between 30 to 50% of their income. The remaining 25% experienced an extreme cost burden situation. About 3% of those are paying rents higher than the 80% rate under HUD rent guidelines.

Additionally, renter households with incomes higher than 30% but less than 50% HAMFI occupy nearly 16% of the units affordable to extremely low incomes, and renter households with incomes higher than 50% but less than 80% HAMFI occupy about 12% of the units. Curiously, renter households earning more than 100% HAMFI occupy 7% of the rental units affordable to households with less than 30% HAMFI incomes.

While it makes economic sense to maximize one's income and pay the lowest price possible, occupancy of the most affordable units by higher-income households with more options places a burden on families with the fewest options. It puts the lowest income households at risk of homelessness, jeopardizes their ability to purchase food, medical care, necessities, and cover emergencies. Living in constant danger and uncertainty is also stressful, significantly increasing a household's likelihood of developing additional needs and further creating obstacles to escaping poverty.

Of the 780 vacant units affordable to extremely low-income households, many of those units are likely vacant because they are substandard. Evidence that housing condition may cause vacancies appears in the 2013-2017 CHAS data, which shows the lowest income renters are most likely to experience at least one of four housing problems, including overcrowding and lack of complete plumbing or kitchen facilities. Of the units with \leq RHUD 30 rent affordability, 735 lack complete plumbing or kitchen facilities. Evidence that substandard units are inhabited also appears in the 2019 ACS 5-Year Estimates data, which indicates 2,509, or 1.3%, of all occupied housing units in Omaha lack complete plumbing or kitchen facilities. Data from the Douglas County Assessor's 2019 parcel records also point to substandard conditions as 1,517 single and multifamily residential properties are identified as either in poor or worn-out condition.

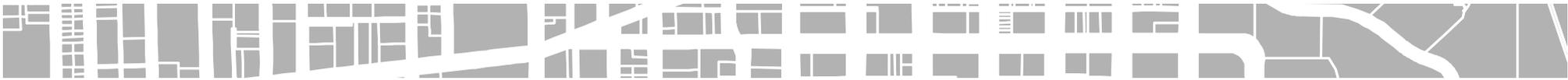
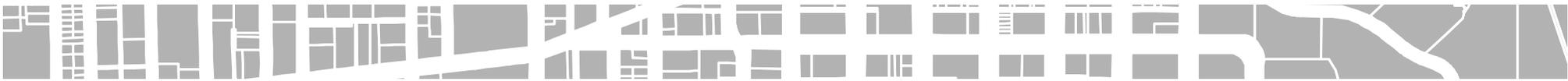


Figure 5.5: Affordable Rental Units Occupied by Median Income

HUD Area Median Family Income (HAMFI)							
Rent Affordability (RHUD)	<=30% HAMFI	>30% HAMFI but <=50%	>50% HAMFI but <=80%	>80% HAMFI but <=100%	>100% HAMFI	>100% HAMFI	Total Units by Rent
<=RHUD 30	5,115	1,515	1,115	394	705	780	9,624
>=RHUD 30 and <=RHUD 50	10,200	8,110	8,380	2,700	3,030	2,990	35,410
>=RHUD 50 and <=RHUD 80	5,005	4,920	7,790	4,760	8,685	1,495	32,655
>RHUD 80	685	495	785	370	2,125	340	4,800
TOTAL	21,005	15,040	18,070	8,224	14,545	5,605	82,489

Source: HUD Comprehensive Housing Affordability Strategy (CHAS) 2013-2017

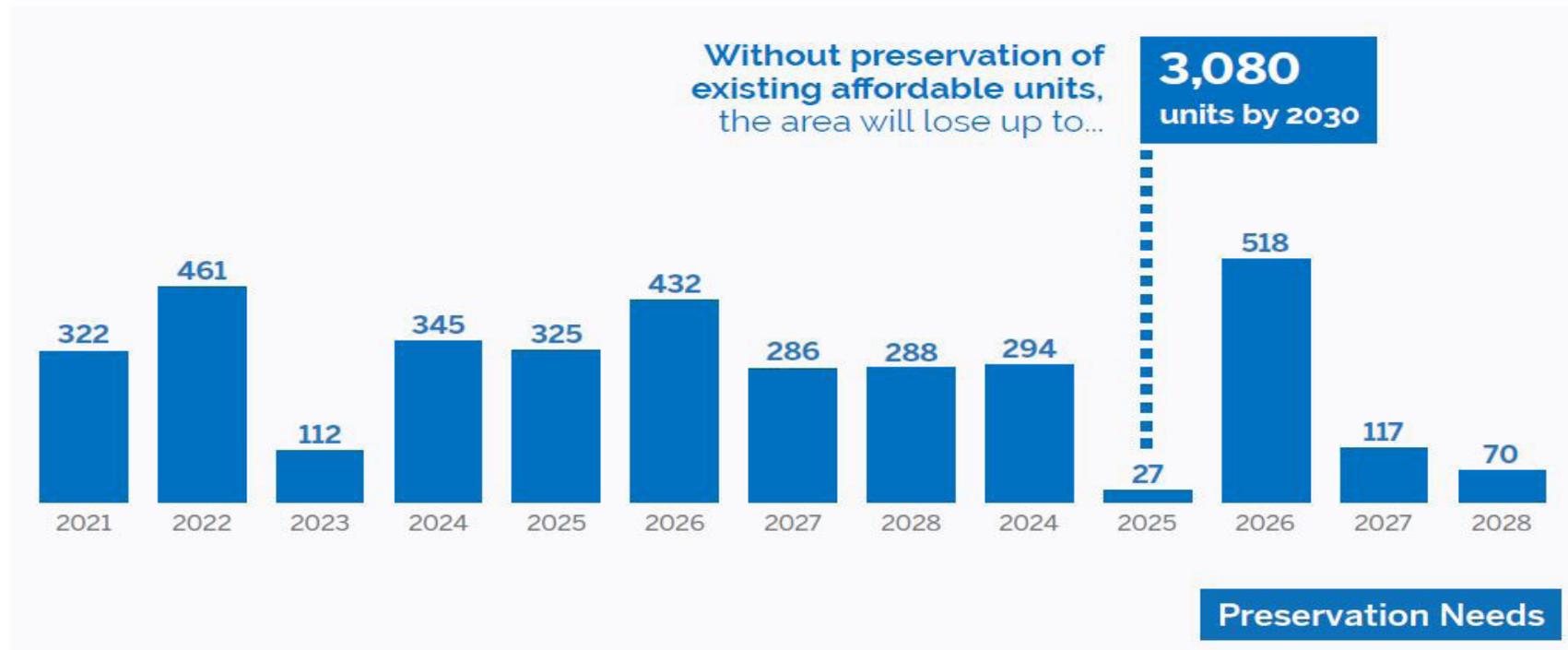


V

Addressing substandard and middle-income housing can alleviate much of this imbalance. However, to ensure affordable housing stability, Omaha must also develop more policies protecting affordable units for low- and very-low-income households. For example, Omaha’s Consolidated Plan found that between 1987 and 2016, an average of 50.5 Low-Income Housing Tax Credit units lost their affordability requirements each year.

While the units might remain affordable for the short term, the longer the housing is not under affordability requirements and receiving a subsidy, the likelihood of losing affordability or deteriorating physical condition increases. The Omaha Community Foundation’s Affordability Assessment reinforces this point, as shown in Figure 5.6, with 3,080 affordable housing units projected to be lost by 2030 due to ending affordability periods.

Figure 5.6: Preservation Needs



source: LIHTC database, assuming potential loss of affordability restrictions at 15 years after the property is placed in service

Source: Omaha Community Foundation, “Preservation Needs.” Housing Affordability in the Omaha and Council Bluffs Area, April 2020, Pg. 46.

In addition to increasing the rehabilitation of existing housing stock, possible affordability preservation strategies could include requiring changes in market-rate developments, such as requiring

- A percentage of all units developed are affordable to low- and very-low-income households,
- Designated units are rented or sold to income-eligible households only, and
- They remain affordable for at least 15 to 20 years

As [HUD's Policy Development and Research Division's market report](#) below shows, within the Omaha MSA, there are an estimated 394,296 housing units, with about 93% occupied. The estimated homeowner vacancy rate is 0.8%, and the rental vacancy rate is 7.4%. The average sales price was \$234,800 during the 12 months ending September 2020, an 8.3% increase from a year earlier. Currently, there is one month of inventory on the market, down from 2 months of inventory a year ago. In addition, single-family home permits during the 12 months ending September 2020 were up 24% from the previous year.

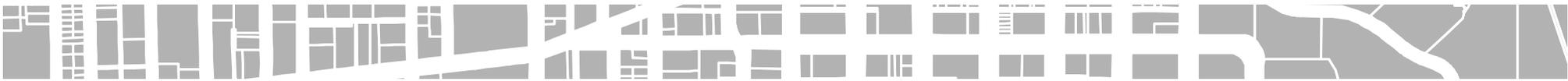
The apartment market has a 4.8% vacancy rate, and the average apartment rent in the MSA is \$979, an increase of 3.9% from the previous year. At the same time, absorption of apartment units has averaged 80 units a month during the past 12 months, a decrease from 230 a month during the last cycle due to new deliveries dropping during the previous 12 months. Meanwhile, there were 2,250 building permits for multifamily units during the 12 months ending October 2020, increasing by 50% over the last period.

Figure 5.7: Housing Inventory by Tenure

Housing Inventory by Tenure				
	2010	2017	2018	2019
	Decennial	ACS	ACS	ACS
Total Housing Units	362,327	386,439	390,387	394,296
Occupied	334,379	359,372	362,764	367,037
Owners	223,303	233,549	235,459	242,457
% Owners	66.8	65.0	64.9	66.1
Renters	111,076	125,823	127,305	124,580
% Renters	33.2	35.0	35.1	33.9
Total Vacant	27,948	27,067	27,623	27,259
Available for Sale	4,271	2,164	2,759	1,881
Available for Rent	12,447	9,036	8,440	10,013
Other Vacant	11,230	15,867	16,424	15,365

Data Source: 2010 Census; 2017, 2018 and 2019 American Community Surveys (1 - Year)

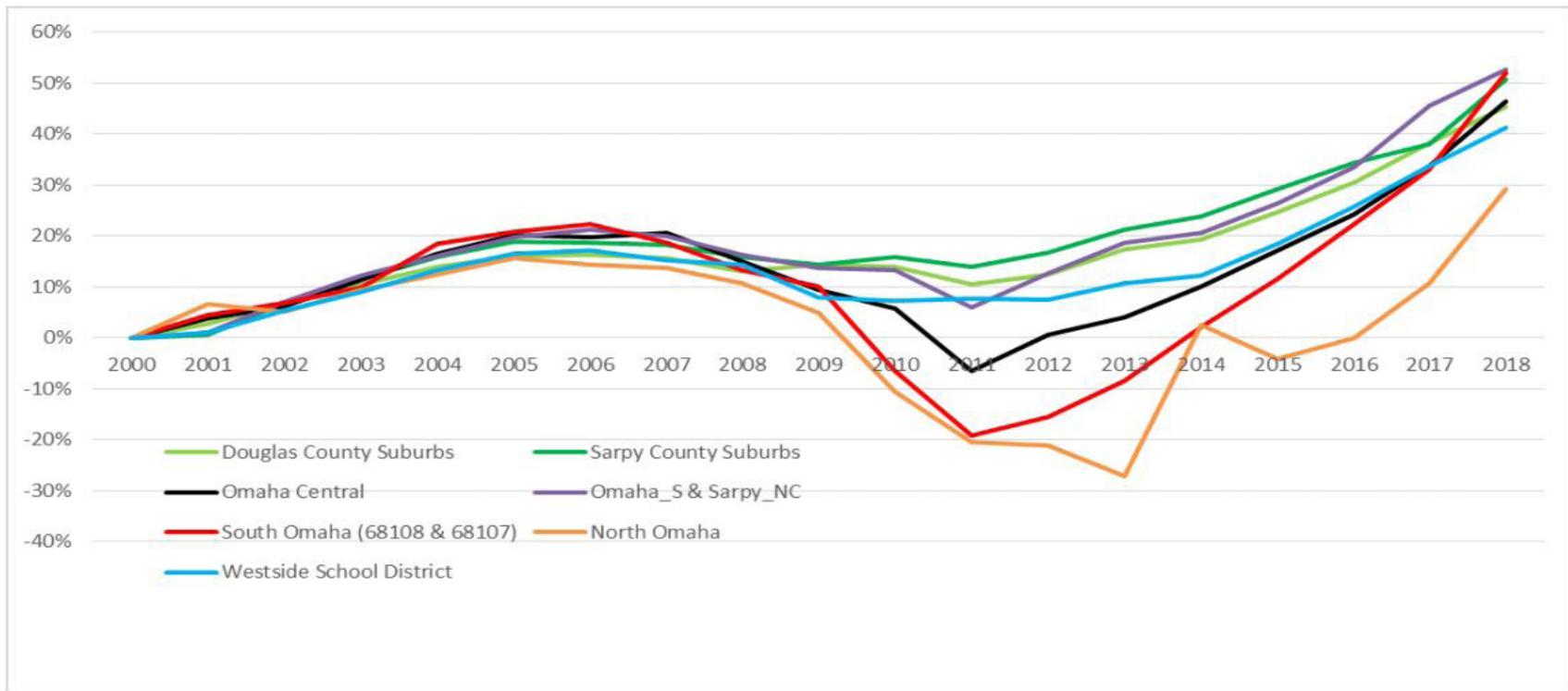
Source: HUD PD&R Market at a Glance Report, for Omaha-Council Bluffs, NE-IA MSA, accessed on May 17, 2021



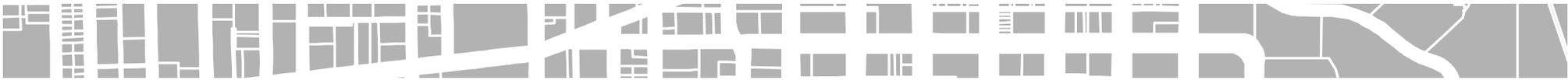
The current housing market in Omaha is tight, particularly for home buyers. In February, the [Omaha World-Herald](#) reported that buyers are often forgoing inspections, making bigger down payments, and submitting above list offers in hopes of beating out other buyers. Part of the reason the market is so competitive, according to area realtors, is because interest rates are so low. It is currently 2.91% for a 30-year fixed-rate mortgage and 2.11% for a 15-year fixed-rate mortgage. However, lingering economic uncertainty created by COVID-19 may keep some would-be sellers from moving right now too.

The other reasons Omaha realtors cite for a tight market are empty-nesters downsizing and shedding bigger homes. At the same time, young adults are moving to Omaha and looking for housing, often in the same areas empty nesters are seeking.⁸ They both typically want walkable, mixed-use neighborhoods with services and other amenities where they can shop, relax, and work.

Figure 5.8: Omaha Price Appreciation (2000-2018) Across 7 Sub-Markets



Source: Shultz, Steven. "Omaha Price Appreciation (2000-2018) Across 7 Sub-Markets." Omaha Single Family Housing Prices (2000 to 2018) Historically High Appreciation Drives Investors & First-Time Buyers East, January 30, 2019, Pg. 10.

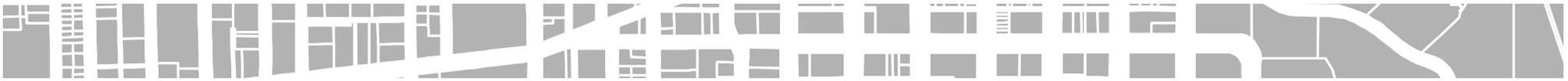


Before COVID or slightly lower interest rates, though, housing prices were appreciating at unprecedented rates, as the [UNO Center for Real Estate](#) found in their 2019 study.⁹ The study relied on sales data from the Multiple Listing Service of the Omaha Board of Realtors of existing detached single-family residences, excluding new construction, within Douglas and Sarpy Counties, on lots smaller than one acre within the \$20,000 to \$600,000 price range.

Between 2000 and 2018, home prices increased by 47%, with a range of appreciation between 29% and 53% across the seven market areas or sectors of the metro area identified in the report. In the last two years, appreciation was between 12.5% and 17%, and last year, appreciation was between 6.4% and 9.5%. These are the highest rates of both one- and two-year price appreciations in Omaha over the past 20 years and exceed housing price appreciations observed nationally and in other cities in the Midwest. While rising home values benefit a homeowner's net worth, it can cause financial hardship when it translates to higher property taxes, particularly for seniors on fixed incomes and other low-income homeowners.

The driver of upward pressure on home prices is, at its core, due to short supply. According to HUD's 2019 Comprehensive Market Analysis for Omaha and the metro area, a six-month supply typically indicates balanced market conditions. However, neither Douglas nor Sarpy counties have had a six-month supply of for-sale inventory since 2011. Across the river in Pottawattamie County, Iowa, there has not been a six-month inventory since 2015. As mentioned earlier, the current for-sale stock for Omaha is one month.

Perhaps the most significant factor contributing to the supply shortage and rising housing costs is the increasingly high cost of building materials. According to the [National Association of Home Builders \(NAHB\)](#), lumber prices increased more than 300% in the past year, adding \$35,872 to the average price of a new single-family home and \$12,966 to the price of a new multifamily home.¹⁰ According to the NAHB, increased lumber costs are chiefly due to supply chain disruptions caused by COVID-19 and tariffs on Canadian lumber imports. However, they also cite insufficient domestic lumber production, which is frequently exported to China and other countries, and increased demand due to disaster recovery construction. The [St. Louis Federal Reserve](#) also found that construction costs closely align with housing price fluctuations, making it a more vital determinant of housing price trends than credit conditions or the existence of another 'housing bubble.'¹¹

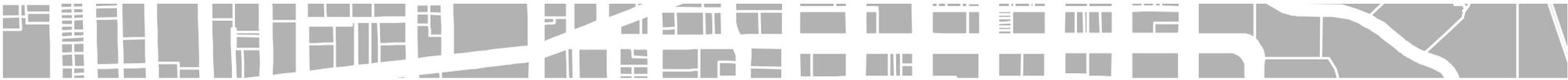


ESTIMATED HOUSING NEEDED

As mentioned in the demographics section previously, housing, whether affordable or market-rate, must have the flexibility to accommodate a wide range of household types and accessibility needs. This was confirmed during the [Affirmatively Furthering Fair Housing \(AFFH\)](#) development¹², formerly known as the Analysis of Impediments (AI), report to HUD, and again during the Consolidated Planning¹³ process. Below are the areas of high need identified through both of these efforts and by the Omaha Community Foundation in their Housing Affordability assessment.

Types of Housing Needed

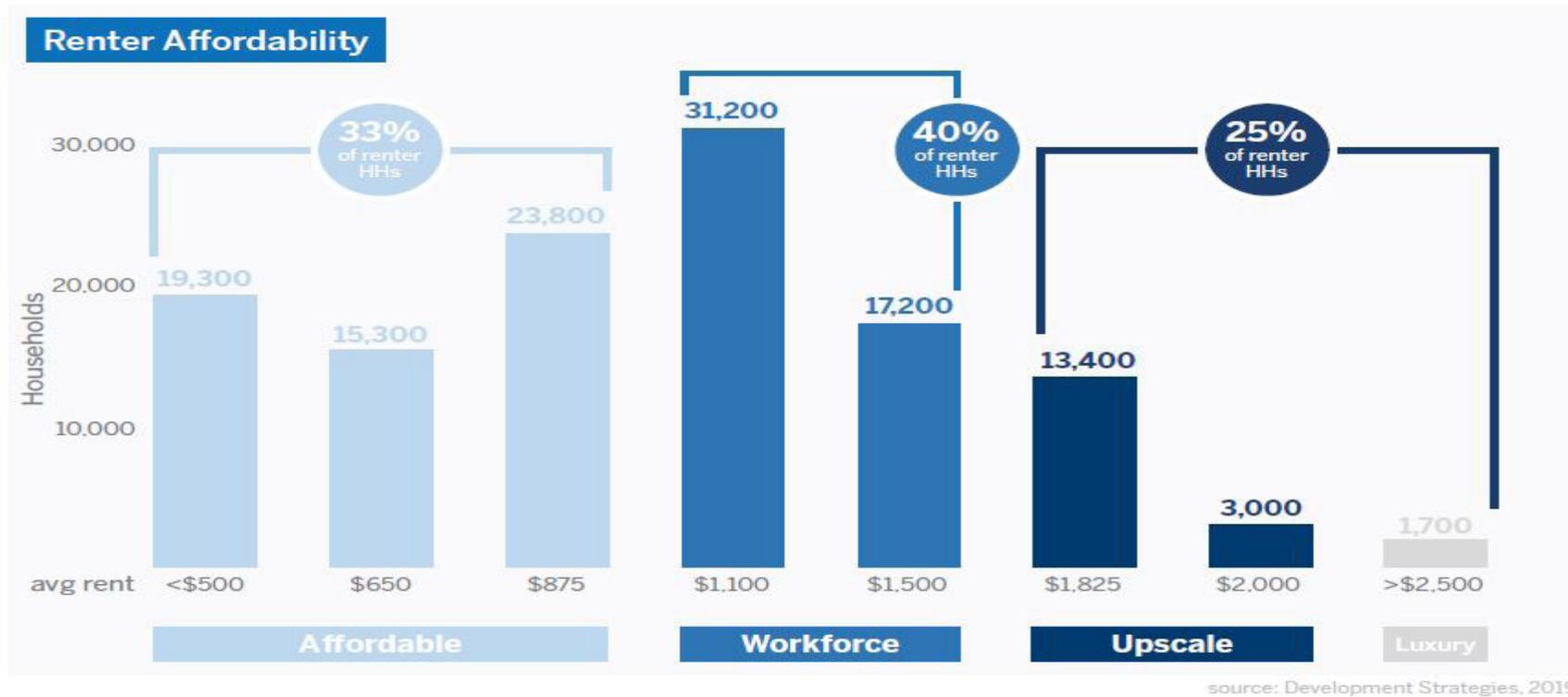
- Senior housing
- Barrier removal
- Support for age in place
- Multi-bedroom (3+ bedrooms) housing to accommodate households with children and multigenerational households
- Affordable housing near transit and employment centers
- Housing with on-site educational opportunities for residents (job training, financial education, etc.)
- Housing with on-site supportive services (case management, daycare, etc.)
- Housing in pedestrian-friendly, safe neighborhoods with access to shopping and services



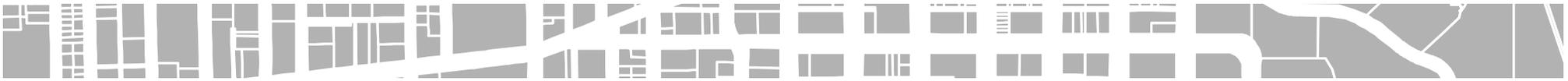
Price Ranges Needed

Omaha Community Foundation’s analysis based on household incomes indicates that the largest group of renter households in the metro area can afford housing in the workforce range between \$1,100 and \$1,500. Still, there is a limited supply of quality options available in that range. Further, many of these households are likely would-be homebuyers with pent-up demand for homes in the \$150,000 to \$225,000 price range.

Figure 5.9: Renter Affordability



Source: Omaha Community Foundation. "Renter Affordability." Housing Affordability in the Omaha and Council Bluffs Area, April 2020, Pg. 34.

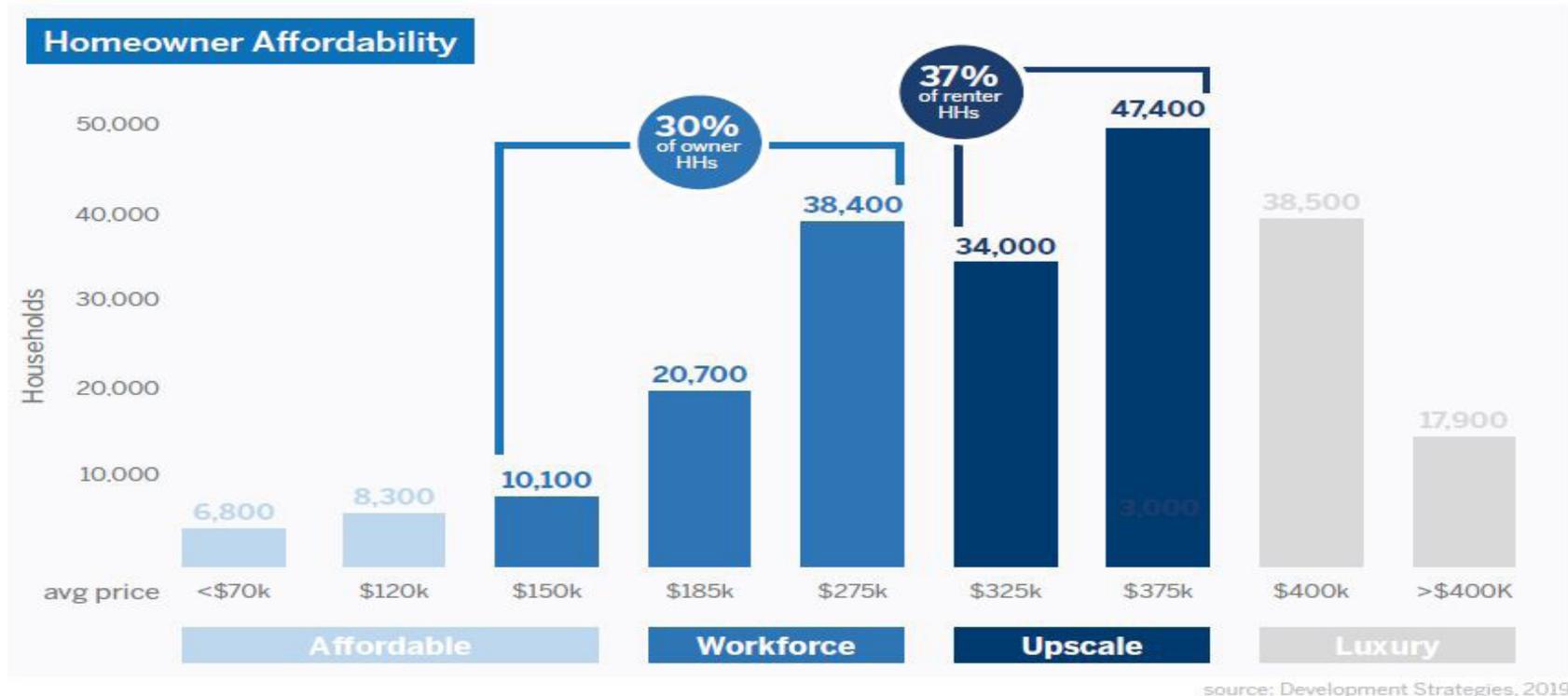


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The homeowner affordability analysis indicates that the most significant demand areas are in the workforce to the upscale range, with 30% in the workforce range at price points between \$150,000 and \$275,000.

With the housing market already tight, and a growing number of millennial renters projected to enter the homeownership market, demand in the workforce range is expected to increase. Costs will likely limit the new construction of affordable housing until lumber and other markets soften, making the renovation of existing units and converting non-residential space into housing more vital.

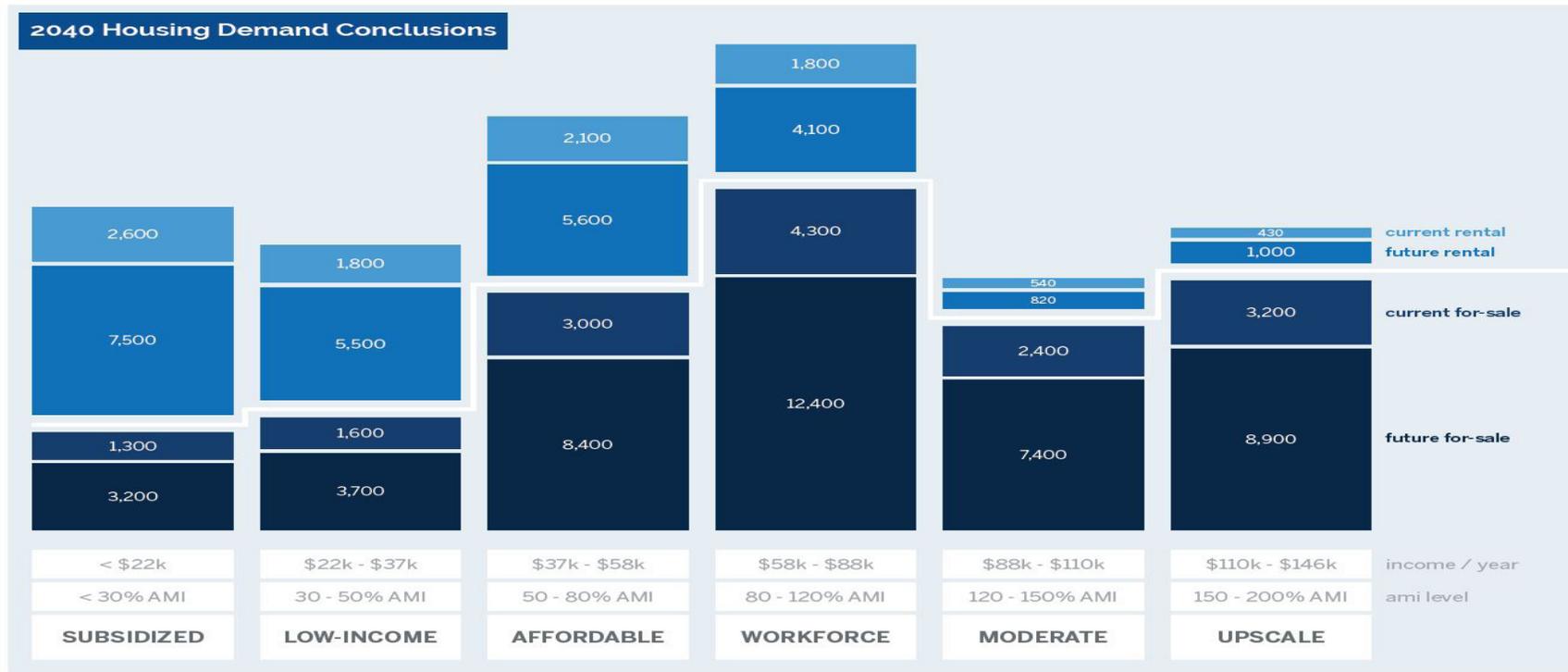
Figure 5.10: Homeowner Affordability



Source: Omaha Community Foundation, "Homeowner Affordability." Housing Affordability in the Omaha and Council Bluffs Area, April 2020, Pg. 38.

The Housing Affordability Assessment estimates that future demand will increase to 80,000 units, or about 55,000 for-sale and 25,000 rental units, over the next 20 years. In addition, about 40% is projected to be affordable housing demand, or 14,000 for-sale and almost 18,000 rental units.

Figure 5.11: 2040 Housing Demand Conclusions



source: ESRI, NOVOCO, definitions established assuming 2.55-person household, the average household size for the study area

Source: Omaha Community Foundation, "2040 Housing Demand Conclusions." Housing Affordability in the Omaha and Council Bluffs Area, April 2020, Pg. 55.

Development of an Affordable Housing Action Plan

EFFORTS TO ADOPT AN AFFORDABLE HOUSING ACTION PLAN- SEC. 4(1)(j)

The City of Omaha creates Five-Year Consolidated Plans and Annual Action Plans mandated by the U.S. Department of Housing and Urban Development (HUD), focusing primarily on housing for low- to very-low-income and homeless households. Omaha's current Consolidated Plan period is 2019-2023, and the most recent annual action plan details the City's federally funded projects for 2021. These plans also address economic development and resource allocation to Neighborhood Revitalization Strategy Areas and areas of extreme need.

As part of Omaha's 2019-2023 Consolidated Plan development, we examined the City's existing density and affordable housing incentives. First, with the completion of the AFFH, which focused on barriers to affordable housing, access to employment centers, transit, and schools. The AFFH also identified areas of housing need, as mentioned above, and looked at the relationship between zoning and other policies as barriers.

During the creation of the Consolidated Plan, we held a focus group with developers to determine why incentives were not used or underutilized and learned that existing incentives, such as Inclusionary Density Bonus, are not cost-effective. Tax Increment Financing (TIF) currently has no affordability or density requirements; however, developers participating in the focus group expressed interest in that approach. Developers also stated that they prefer not to deal with the reporting requirements found in HUD-funded affordable housing development as they are time-consuming. Developing ways to streamline and fast-track affordable housing permitting may also be a possible incentive.

The Housing Affordability Assessment, developed by Omaha Community Foundation in partnership with the philanthropic community, recommends five initiatives the philanthropic community can play a leading role in to address the region's housing challenges. These include creating a preservation fund, development fund, eviction diversion, greenlining fund, and supporting policy changes. In addition, their assessment outlines a strategic framework to prevent housing instability, accelerate production, preserve existing affordable housing, lower costs, and address gentrification.

Omaha is now in the initial stages of developing an Affordable Housing Action Plan that explicitly addresses these issues and "missing middle" housing. Our goal is that this report, combined with the Omaha Community Foundation's efforts and the legislative power of the Municipal Density and Missing Middle Housing Act, will catalyze the rest of the community to prioritize and develop affordable middle housing throughout Omaha.

Endnotes

- 1 <https://www.huduser.gov/portal/datasets/il/il2019/2019summary.odn>
- 2 https://planninghcd.cityofomaha.org/images/TIF_Documents/FINAL_DRAFT_2020_TIF_Report.pdf
- 3 <https://data.census.gov/cedsci/profile?g=1600000US3137000>
- 4 https://data.census.gov/cedsci/table?tid=ACSDP5Y2019.DP02&g=0400000US31_1600000US3137000
- 5 <https://www.payscale.com/data/gender-pay-gap>
- 6 https://www.huduser.gov/portal/MCCharts/MsasCharts_hc_new.html?msaID=313654,36540&msaName=Omaha-Council%20Bluffs,%20NE-IA%20MSA&dt=May%2017,%202021
- 7 <https://omahafoundation.org/wp-content/uploads/2021/05/Housing-Affordability-Assessment-of-Needs-Priorities.pdf>
- 8 https://omaha.com/news/local/in-omahas-crazy-market-no-inspection-and-big-down-payment-are-keys-to-buying-a/article_233e2a9e-7532-11eb-a662-f3f08660d612.htm
- 9 https://www.unomaha.edu/college-of-business-administration/center-for-real-estate-and-asset-management/research/uno_housing_price_appreciation_2000_18_final1.pdf
- 10 <https://www.nahb.org/advocacy/top-priorities/material-costs/solving-the-lumber-crisis>
- 11 <https://www.stlouisfed.org/on-the-economy/2019/september/construction-costs-housing-bubble-driving-housing-prices-high>
- 12 <https://affh.cityofomaha.org/>
- 13 https://planninghcd.cityofomaha.org/images/2019-2023_Consolidated_Plan/2019_AP_amendment_11-2-20_2.pdf

