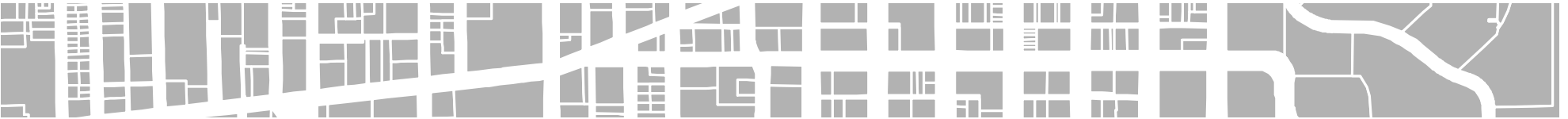


City of Omaha



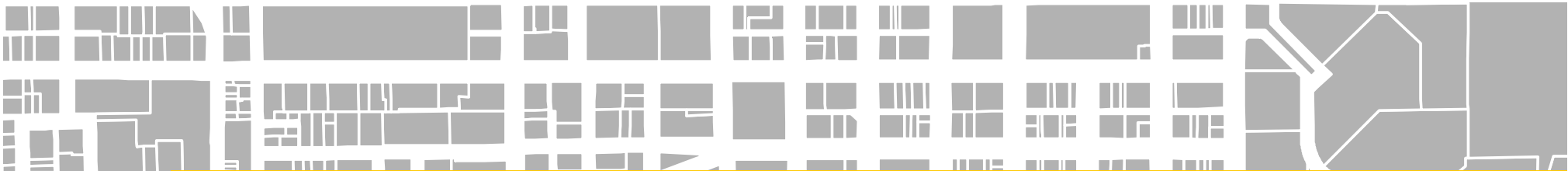
2023 Affordable Housing Report



City of Omaha
Planning Department

Planning Report #328
June 29, 2023





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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 in this report 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 page 5 shows Omaha’s 80% income limits as of 2020, outlined in yellow. Omaha’s 2023 income limits have increased to \$56,400 for a single-person household to \$106,350 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.

While this definition is from LB 866, workforce housing is commonly defined as residential dwelling units affordable to households earning between 80% and 120% of the income limits as determined by the U.S. Department of Housing and Urban Development (HUD).

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 Research - 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 three-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 zoning district has never been utilized, however it would allow a site area per dwelling unit of 2,500 square feet.

Figure 2.1: Site Development Density

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 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 by right. 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). Several other office and commercial 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*

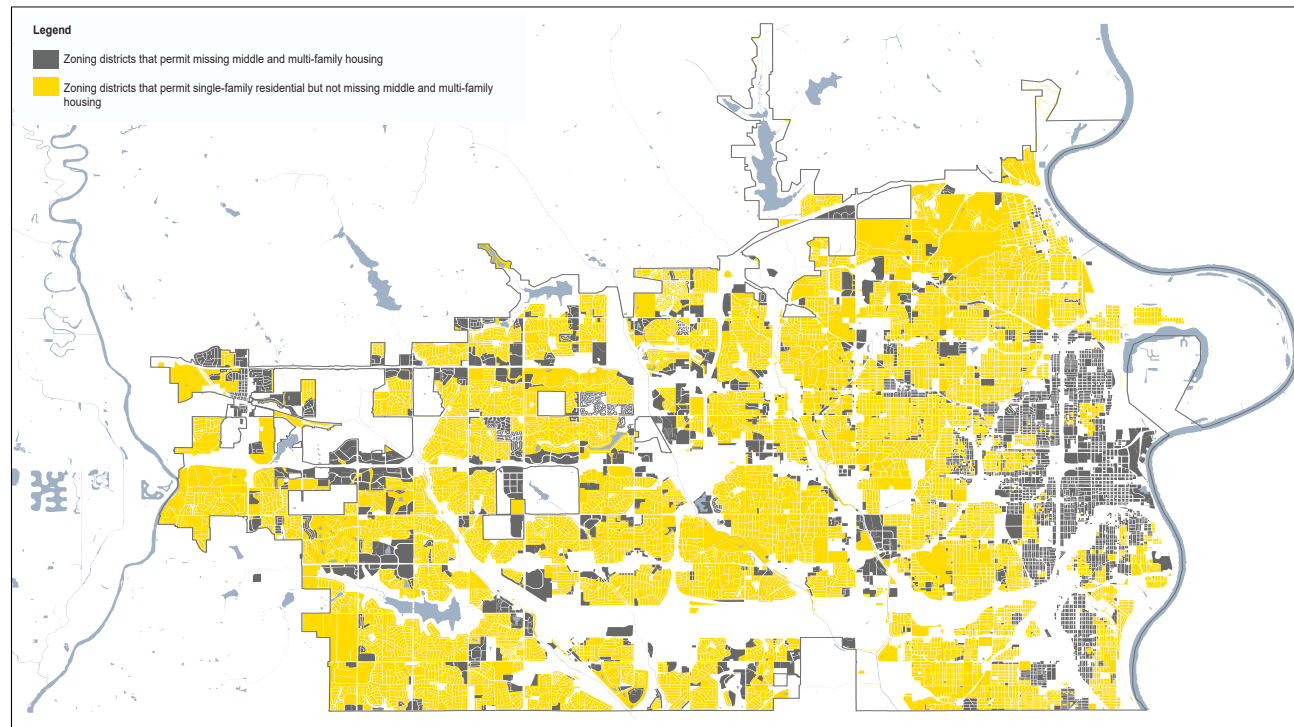
Residential Zoning

The total area zoned for residential use (DR, R1-R8, and MH Districts only) within City limits is 43,471 acres. Of this area, 7,785 acres or 17.9% of the area permit (by right) the construction of multifamily or middle housing. The R5-R8 Districts permit multifamily or missing middle housing by right.

Mixed Zoning

The total area of all zoning districts that permit residential zoning by right within City limits is 48,333 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, and TOD-4-SFA. Of this area, 11,540 acres or 23.9%, 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 2.3: 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
*Excludes areas within parks and the floodway



Zoning Within Omaha's Three-mile Extraterritorial Jurisdiction (ETJ)*

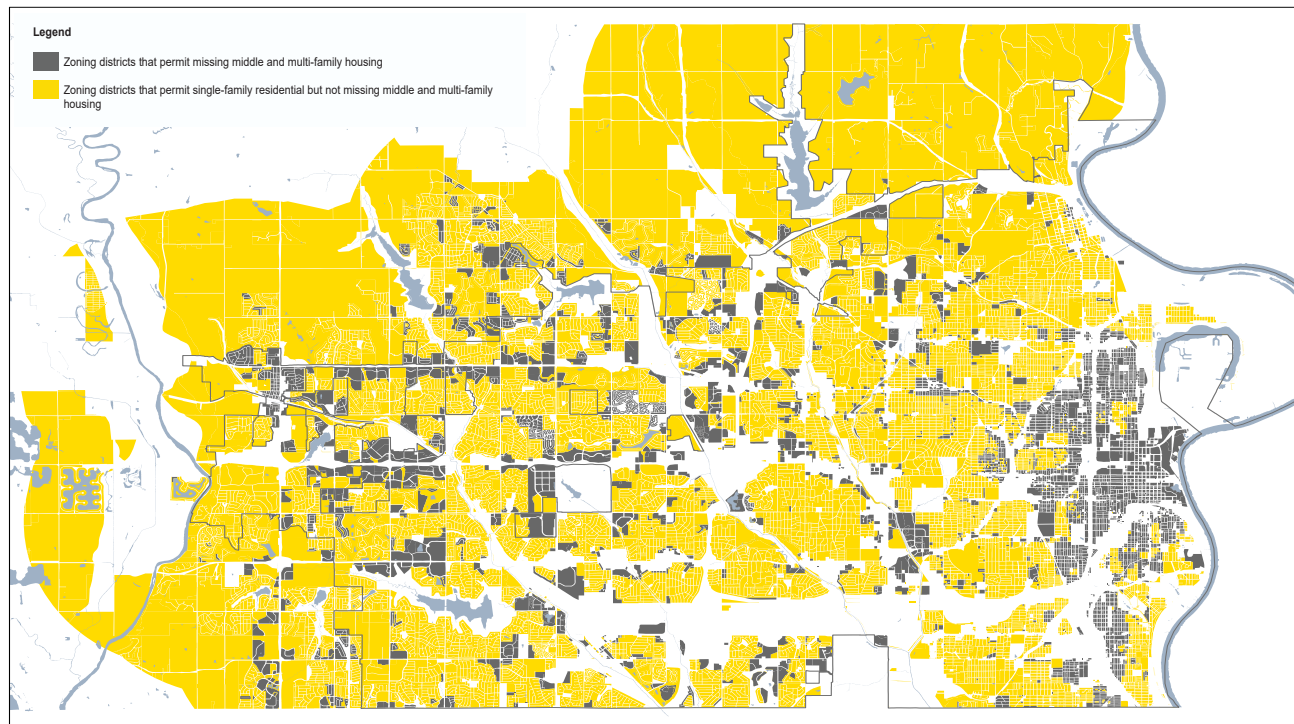
Residential Zoning

The total area zoned for residential use (DR, R1-R8, and MH Districts only) within the City and three-mile Extraterritorial Jurisdiction (ETJ) is 64,786 acres. Of this area, 9,153 acres or 14.1% of the area permit (by right) the construction of multifamily or middle housing. The R5-R8 Districts permit multifamily or missing middle housing by right.

Mixed Zoning

The total area of all zoning districts that permit residential zoning by right within the City and three-mile ETJ is 97,754 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, and TOD-4-SFA. Of this area, 13,612 acres or 13.9% 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
*Excludes areas within parks and the floodway

New Construction and Annexation

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

Figure 3.1 below shows the number of 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
2018	3,129	1,196	38%	1,892	60%	41	1%
2019	2,306	1,117	48%	1,146	50%	43	2%
2020	3,308	1,543	47%	1,649	50%	116	4%
2021	3,170	1,412	45%	1,511	48%	247	8%
2022	3,284	1,141	35%	1,892	58%	251	8%
Total	15,197	6,409	42%	8,090	53%	698	5%

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
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%
2021	666	68	10%	598	90%	0	0%
2022	190	4	2%	186	98%	0	0%
Total	7,157	4,662	65%	2,032	28%	463	6%

Source: City of Omaha Planning Dept Planning Board Case Logs



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

Based on data collected from area builders and developers, new multifamily housing east of 72nd Street currently has per unit hard costs of approximately \$188,335 for 1,100 square foot two-bedroom units. In 2021, the per unit hard costs for similar units were \$146,910.

Multifamily developers west of 72nd Street report per unit hard costs averaging \$216,240 for two- and three-bedroom luxury townhomes with an average unit size of 1,345 square feet. Meanwhile, apartment complexes with studio or one-bedroom units average \$157,345 per unit with an average unit size of 820 square feet.

The average per unit cost to construct a new single-family home in existing neighborhoods east of 72nd Street is \$302,220. This cost is for materials, labor, permits, plans, grading, and utility connections for a typical three-bedroom, two-bath home with 1,530 square feet of finished floor area, an unfinished basement, and an attached single-car garage. It does not include the cost of land.

The approximate per unit cost to construct a new single-family home in suburban newly developing neighborhoods is \$292,500 for a 1,500 square foot ranch-style home with a two-car garage. The cost per unit increases to \$348,800 for a two-story 2,400 square foot home. In the previous report submitted in 2021, these costs were \$260,000 and \$310,000 respectively.



Ida Villas



Hanover Flats



Blackstone East



1450 S 12 St



2113 Ohio St



Roanoke Apartments

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. Transit-Oriented Development zoning districts and regulations were approved 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. Implementation of this zoning coincided with the rollout of Omaha Metro Transit's ORBT Omaha Rapid Bus Transit Service.

TOD Frequency of Use: Twelve rezonings to date

Walkable Residential Neighborhood (R-WRN) Zoning is another 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. The R-WRN zoning district became available 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 residential districts in conjunction with a PUR Overlay 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. An 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: Two utilized with a PUR Overlay District. There has been additional 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 made PUR Overlays a part of the City's zoning code on July 15, 2014.

The PUR Overlay 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 been utilized more than 80 times in the past seven 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 adoption of this code.

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)



IV

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

Developers in Omaha currently utilize two primary 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 incremental property value of a project for up to 15-20 years to help fund part of the project’s cost. The City of Omaha has used TIF extensively for nearly 40 years on a wide range of projects, from housing to commercial developments.

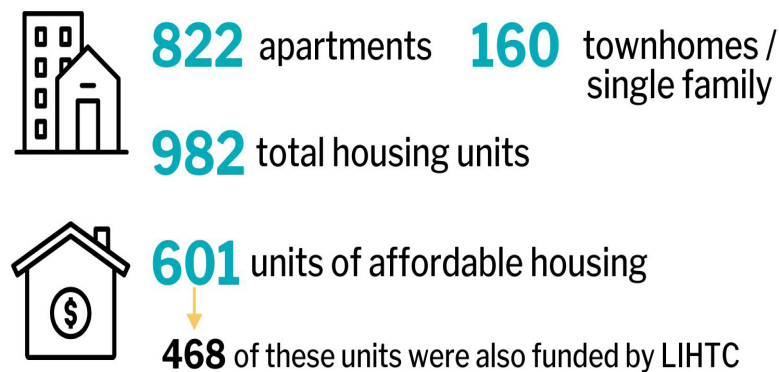
The City of Omaha recognizes the importance of providing affordable housing. Each year, the TIF Program partners with other funding programs such as LIHTC, CDBG, HOME and/or other affordable housing programs to create affordable housing opportunities.

Between 2010 and 2020, the TIF Program facilitated the approval of at least 37 different projects, through public private partnerships, to provide approximately 1,427 affordable units of housing. Approximately 1,227 affordable units or 86% were the result of TIF assisting projects that were also largely funded by LIHTC. While the number of units provided has not been enough to meet Omaha’s affordable housing need, without the assistance of the TIF Program, the number of affordable housing units would likely have been far fewer.

Since 2020, 720 affordable housing units have been approved in TIF projects. Approximately 577 affordable units or 80% of this total were the result of TIF assisting projects that were also funded by LIHTC. The cumulative total of affordable housing units assisted through the TIF Program since 2010 is approximately 2,147 affordable housing units and approximately 1,804 of those units or 84% were the result of funding from the LIHTC program.

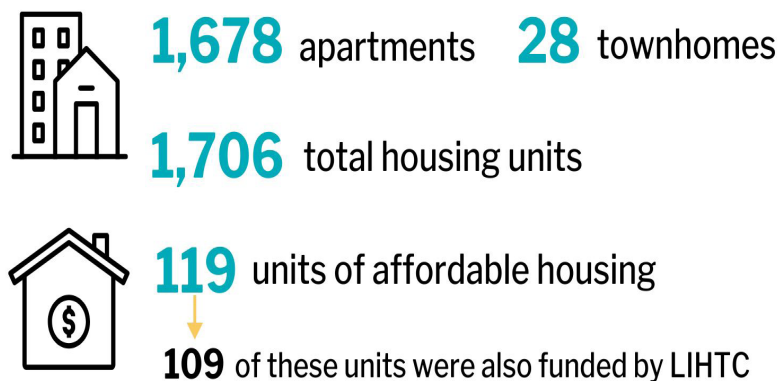
As reported in [Omaha’s Annual TIF Reports](#), the following represents proposed TIF redevelopment activity for 2021 and 2022:

Figure 4.3: Approved 2021 TIF Project Activity



Source: City of Omaha Planning Dept, 2021 Annual TIF Report

Figure 4.4: Approved 2022 TIF Project Activity



Source: City of Omaha Planning Dept, 2022 Annual TIF Report

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

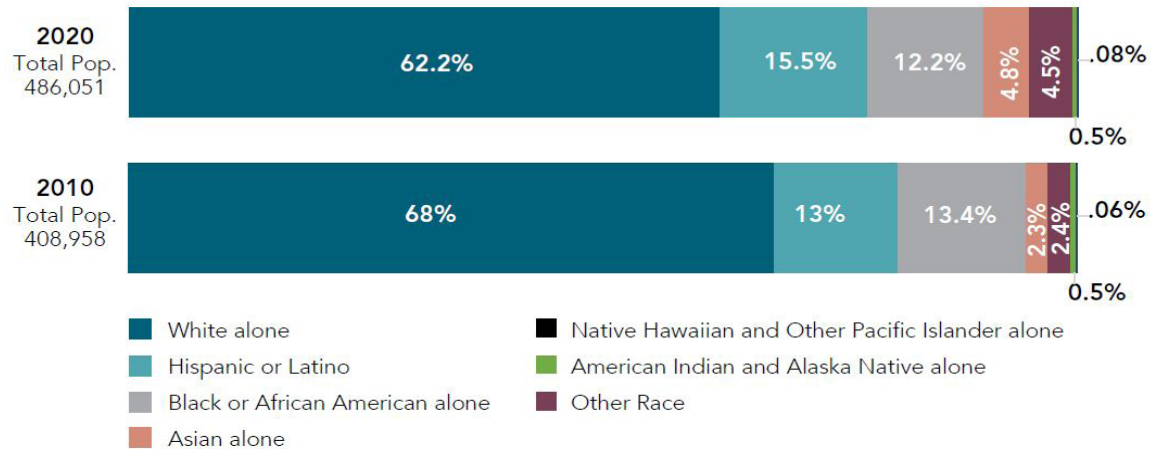
DEMOGRAPHIC ANALYSIS, MARKET TRENDS & ESTIMATED HOUSING NEEDED- SEC. 4(1)(i)

Demographic trends, market trends, and housing needs identified in the previously submitted 2021 housing report were further reinforced during the development of Omaha’s 2022 Housing Affordability Action Plan (HAAP) and continue to hold true for this year’s report. As the most diverse city in Nebraska, Omaha requires a housing market that meets a wide range of housing needs and preferences. For more in-depth demographics data and market analysis from the HAAP, please see [Omaha’s 2022 Housing Affordability Action Plan, Appendix A](#).

A summary of the findings include:

- The median age for Omaha is 35, slightly younger than the state-wide age of 37.
- Almost 17% of households speak a language other than English at home.
- 10.7% of Omaha residents are foreign-born, compared to 7.4% for the state of Nebraska.
- Almost 3% of the population moved from a different state in the last year.
- Approximately 32% of the Nebraska’s Hispanic or Latino population resides in Omaha.
- Just over 62% of Nebraska’s Black or African American population resides in Omaha.
- Approximately 19% of Omaha’s population is disabled and living independently (not in an institutional setting like skilled nursing).
- 42% of the disabled population that lives independently is over age 65.

Figure 5.1 Race



Source: U.S. Census Bureau



Household income often determines how much and the type of housing a household can afford.

- The U.S. Census estimated median household income for Omaha is just over \$62,200.
- Households tend to be in their peak earning years starting in their late 40's. These households are more likely to own a home and have some equity in the home that can support newer housing products.
- Women continue to make less income than men by 25%, making homeownership more difficult to obtain.
- Some of Omaha's lowest income households (See Figure 5.5 on page 20) are also some of the youngest households. These households also tend to have the longest commutes to work.

About 25% of households in Omaha include someone 65 or older

Figure 5.3: Population



Figure 5.4: Household Income by Sex

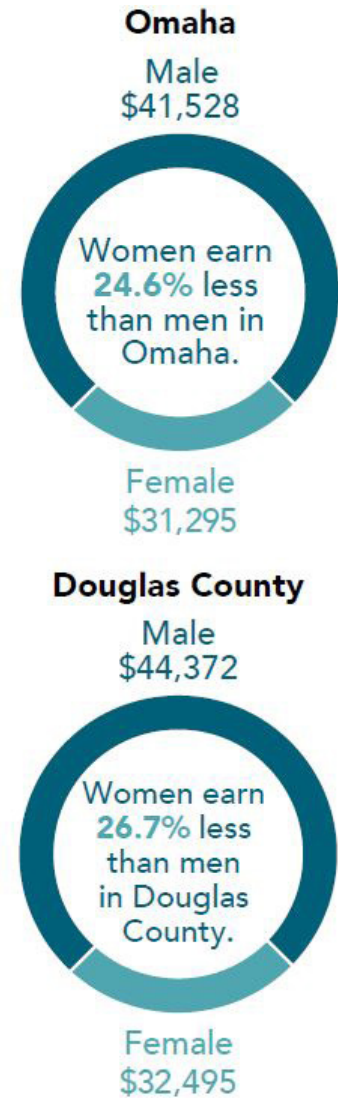
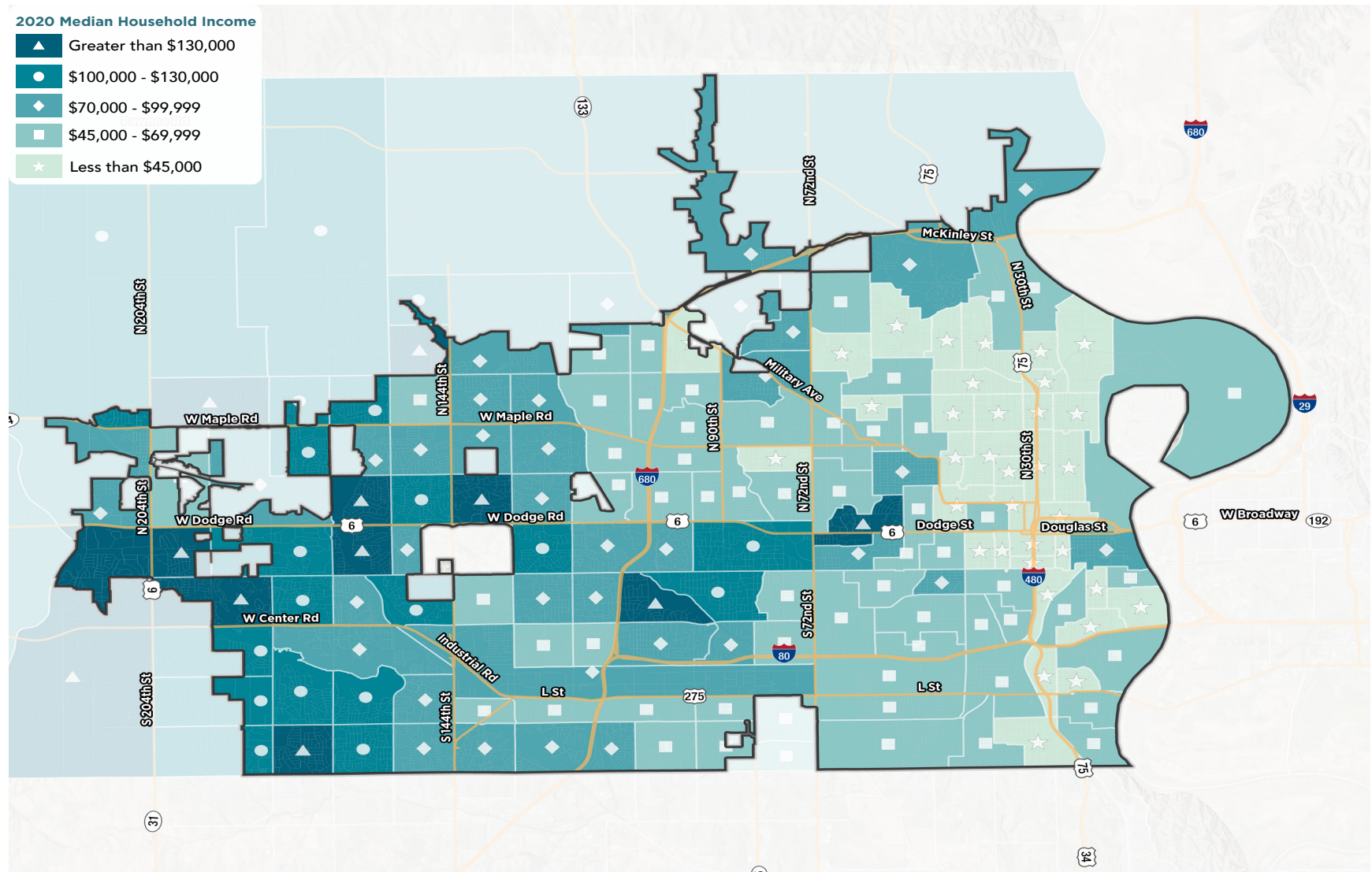


Figure 5.2: Household Income by Age of Householder



Source: ACS 2020 (5-Year Estimates)

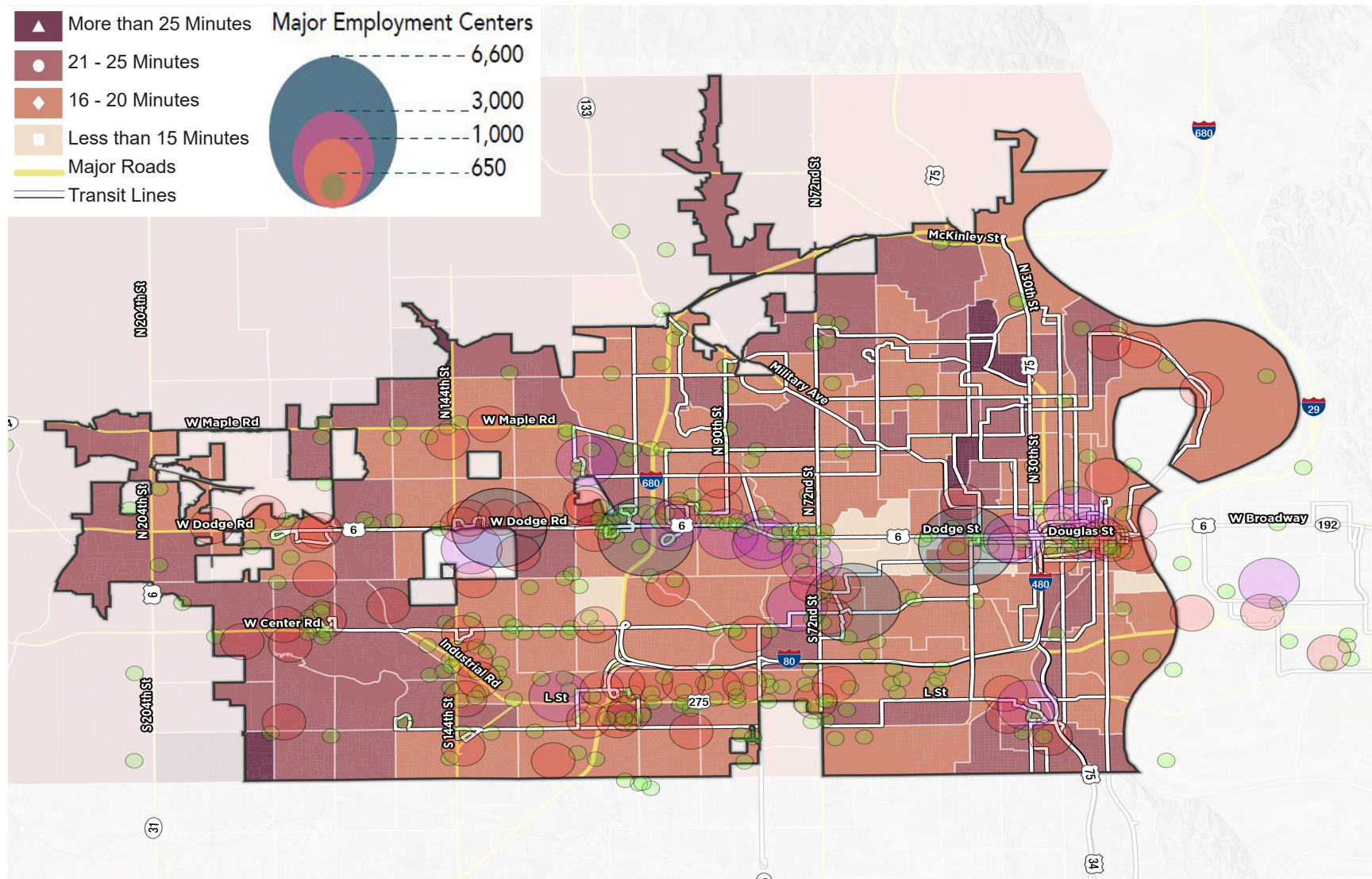
Figure 5.5: Median Household Income



Source: ACS 2020 (5-Year Estimates)



Figure 5.6: Mean Travel Time to Work, Transit Lines, and Major Employment Centers



Source: ACS 2020 (5-Year Estimates)



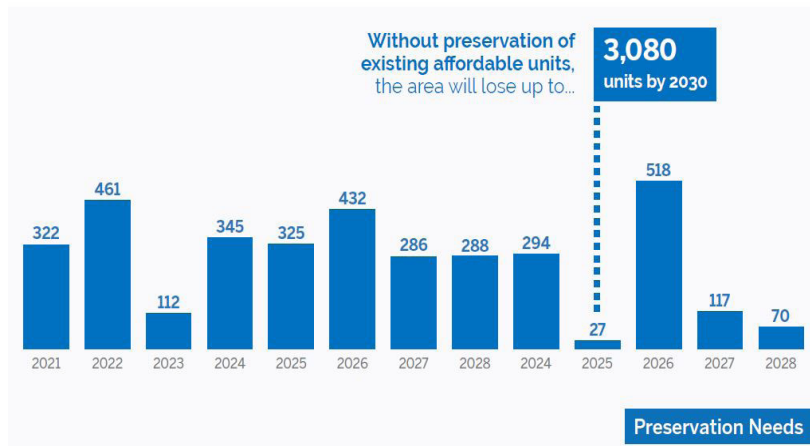
MARKET TRENDS

As Omaha Community Foundation’s 2021 [Housing Affordability Assessment](#) noted, a bare minimum of \$19 per hour is necessary for the occupant of a safe 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 and financial calamity.²

Further, the report found there is approximately one dedicated affordable unit in the metro for every five 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.

During the creation of [Omaha’s Five Year Consolidated Plan](#), it was found that higher-income households frequently occupy units affordable to lower-income households. In addition to addressing affordable housing for middle-income homebuyers, solutions should simultaneously address affordable housing for low- and extremely low-income families. Therefore, providing higher-income households additional units is needed, as well as providing additional units for middle- low- and extremely low-income households.

Figure 5.7: Preservation Needs



- Nearly a quarter of Omaha’s residential structures were built before 1950.
- Almost all of these units are located east of 90th Street, with some pockets in Elkhorn and Millard areas.
- Housing over 20 years old will need significant investments to maintain the quality of the structure (roofs, heating and cooling systems, etc.)
- The City’s oldest housing stock is located east of Interstate 680.

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

HUD’s Policy Development and Research Division’s most recent [2021 Housing Market Profile](#) found that within the Omaha MSA, there were an estimated 406,840 housing units, with about 95% occupied in 2021. The report also found that the average sales price of existing homes in Omaha increased more rapidly than new home sales prices. New home sales prices averaged \$364,500 during the 12 months ending November 2021, a 9% increase from a year earlier, while the average sales price of an existing home was \$228,600, or 11 percent higher from a year earlier.

As of May 2023, the monthly report from the Great Plains Regional MLS indicates this trend is not abating but growing worse. The median sales price for single-family detached homes in Omaha is now \$300,500. Figure 5.9, below, shows Omaha’s existing home year-to-date average closing price is \$311,342.

Higher interest rates create a disincentive to sell or buy, greatly exacerbating the affordable housing problem and forcing more would-be buyers to rent. The inventory of existing homes for sale in Omaha has remained less than one month’s supply for 12 months. New construction averaged 7 months supply for the past year.

The current housing market in Omaha remains tight, with buyers continuing to forego pre-purchase inspections, make more significant down payments, and submit above listing price offers in hopes of beating out other buyers. According to Freddie Mac’s [Primary Mortgage Market Survey](#), the weekly average interest rate for 30-year fixed rate mortgages was 3.02%, and 2.34% for 15-year fixed-rate mortgages the week of June 24, 2021. As of the week of June 29, 2023, the average interest rate for 30-year fixed-rate mortgages was 6.71% and 6.06 % for 15-year fixed-rate mortgages.

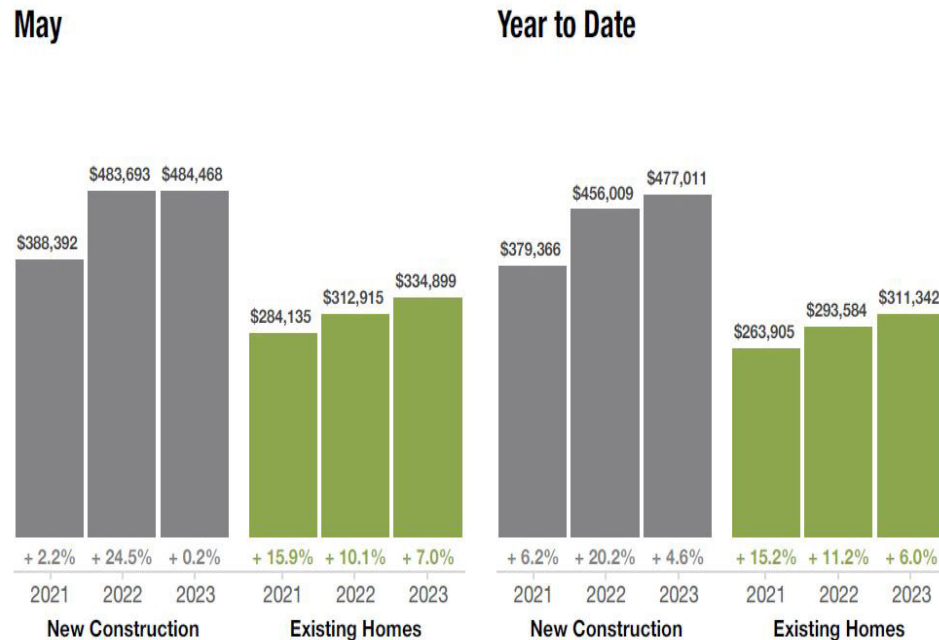
Figure 5.8: New and Existing Sales Prices



Note: Prices are for single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc.

Source: HUD PD&R Housing Market Profiles, Omaha-Council Bluffs, NE-IA MSA, December 1, 2021

Figure 5.9: New and Existing Average Closed Price



Source: Great Plains Regional MLS Monthly Indicators Report, May 2023, as of June 13, 2023.



ESTIMATED HOUSING NEEDED

Figure 5.10 Housing Affordability by Income Range breaks down the number of households by income versus the number of owner-occupied and rental units available based on affordable ranges requiring households to pay no more than 30% of their income on housing.

- The greatest shortage of housing is for households making less than \$25,000.
 - 30% of all households making less than \$25,000 a year are over the age of 65.
 - 32% of individuals over the age of 65 have some type of disability.
 - Over 70% of households over 65 are in owner-occupied units.
- A gap appears to exist for households making more than \$75,000. These households are residing in cheaper homes than their income would allow them to purchase, reinforcing the finding that higher income households are often spending well below 30% of their income on housing.

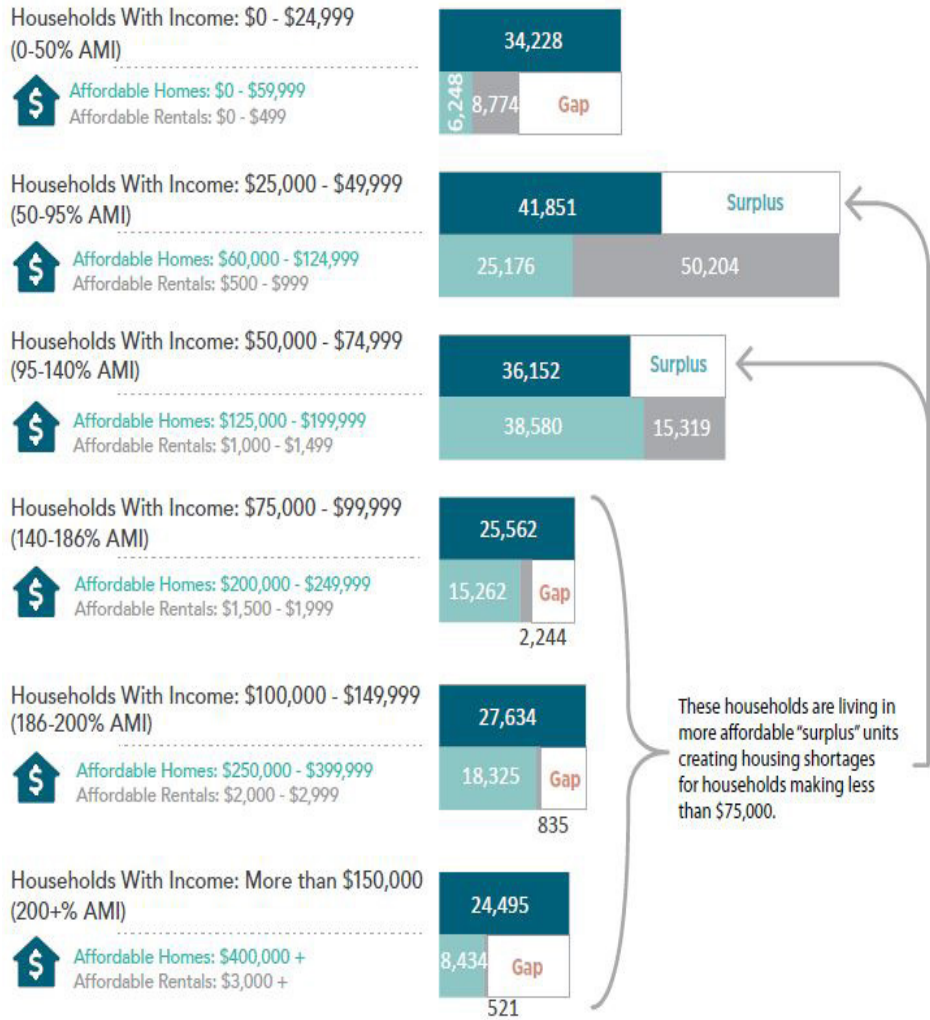
Figure 5.11 compares the change in the number of households within a given income range to the change in the number of units affordable to that income range.

- There was a loss of units affordable to households making less than \$50,000, but there were also fewer households in this income range.
- Households making more than \$75,000 grew by more than the units affordable to those households.
- Most households making less than \$35,000 spend over 30% of their income on housing.
- Most households earning over \$75,000 are spending below 20% of their income on housing.

This would likely indicate that Omaha is a very affordable housing market for most higher-income households. Yet, there is a significant disparity compared to moderate and lower-income households.



Figure 5.10: Housing Affordability by Income Range, 2020



Gap = Shortage of affordable units for households within identified income range. **Surplus** = More affordable units than households within an income range.

Source: Omaha Housing Affordability Action Plan, Appendix A: Market Assessment, Page 42.

Figure 5.11: Change in Households by Income and Affordability 2010-2020

Income Range	Change in Households	Change in Affordable Units
\$0-24,999	-7,974	-2,453
\$25,000-49,999	-2,784	-4,524
\$50,000-74,999	5,165	9,330
\$75,000-99,999	6,977	8,791
\$100,000-150,000	11,293	10,827
\$150,000+	14,231	4,938

Source: U.S. Census Bureau; RDG Planning & Design



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As the city grows, these needs will also increase. Due to growth from annexation, understanding Douglas County’s growth patterns is just as important as understanding the city’s growth. The Metropolitan Area Planning Agency (MAPA) estimates that Douglas County will grow to a population over 623,000 by 2030. Douglas County grew slightly more than was predicted for 2020. If the county grew at its 20-year trend of 1.1% annually, there would be a need to produce approximately 3,700 units annually.

- Over the past ten years, the Omaha area (the city and its ETJ) has produced more than 3,000 permitted units only in 2017 and 2021.
- The 3,700 units addressed some of the pent-up demand. However, nationally, sources estimate a shortage of anywhere from 1.5 million (Moody’s Analytics) to 3.79 million (UpForGrowth.org), illustrating how challenging it is to determine the actual housing shortfall.

How Omaha grows will also be very important. Omaha growth is limited to county boundaries and the Elkhorn ridgeline, which forms the area’s western edge that can be served by the Papio Creek watershed interceptor sewers. The City’s 2021 Building and Development Summary noted that if greenfield development continues at densities similar to the past 5 years, only 47,777 units will be accommodated. However, if development patterns are similar to Midtown Omaha’s medium-density neighborhoods, over two times as many units will be possible at 108,735.

Figure 5.12: Forecasted Population Growth in the MAPA Region, 2010 to 2050

County	2010	2020	2030	2040	2050
Douglas	517,110	571,311	625,173	680,008	736,658
Sarpy	158,840	196,701	233,688	274,837	317,618
Pottawattamie (TMA*)	80,509	81,909	84,705	85,968	85,646
TOTAL	756,459	802,432	943,566	1,040,813	1,139,922

*TMA - Transportation Management Area
Source: MAPA

Source: MAPA, Omaha HAAP, Appendix A: Market Assessment Report, Pg 56



Figure 5.13: Developable Limits



● Undeveloped Land in Douglas County **● Developed Land in Douglas County**

Source: Omaha Planning Department

Development of an Affordable Housing Action Plan

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

On December 13, 2022, the City of Omaha's City Council approved Ordinance 43207 to amend the City's master plan to include the [Housing Affordability Action Plan \(HAAP\)](#) for the City of Omaha. The Mayor signed the ordinance on December 15, 2022. A copy of the HAAP, including the supplemental market assessment and public engagement report, is incorporated here as part of the City of Omaha's Affordable Housing Report.

The HAAP identifies five goals, along with twenty-nine supporting strategies, so that all residents of Omaha have a choice of housing type and location, regardless of income. The goals are:

1. Increase the Types of Housing to Meet Current and Future Needs
2. Preserve Existing Affordable Units
3. Ensure All Parts of the City Have Affordable Housing
4. Foster Housing Innovation to Lower Costs
5. Advance Housing Stability

Omaha is in the initial stage of HAAP implementation, laying the foundation for future actions. This includes structuring the implementation committee into three, interconnected teams: a steering committee; workgroups; advisory committees. The steering committee and workgroups are comprised of City staff; advisory committees of community stakeholders. The HAAP's five goals are put into 4 groups, with goals 1 and 3 combined since many of the anticipated deliverables will relate to changes in zoning ordinances. All three teams have kicked off their work, with City staff starting to evaluate existing codes, programs, and processes. An updated HAAP project website will become available in August 2023, making the history of the HAAP available, sharing notes from advisory committee meetings, and sharing implementation status by goal.

Endnotes

- 1 <https://www.huduser.gov/portal/datasets/il/il2019/2019summary.odn>
- 2 <https://omahafoundation.org/wp-content/uploads/2021/05/Housing-Affordability-Assessment-of-Needs-Priorities.pdf>

