

OMAHA-COUNCIL BLUFFS

# COMPREHENSIVE HOUSING

Affordable Housing Study

ASSESSMENT





An aerial photograph of a densely populated urban neighborhood, showing a mix of residential buildings, trees, and streets. The image is overlaid with a semi-transparent blue filter. The text is white and positioned in the upper left and lower right areas.

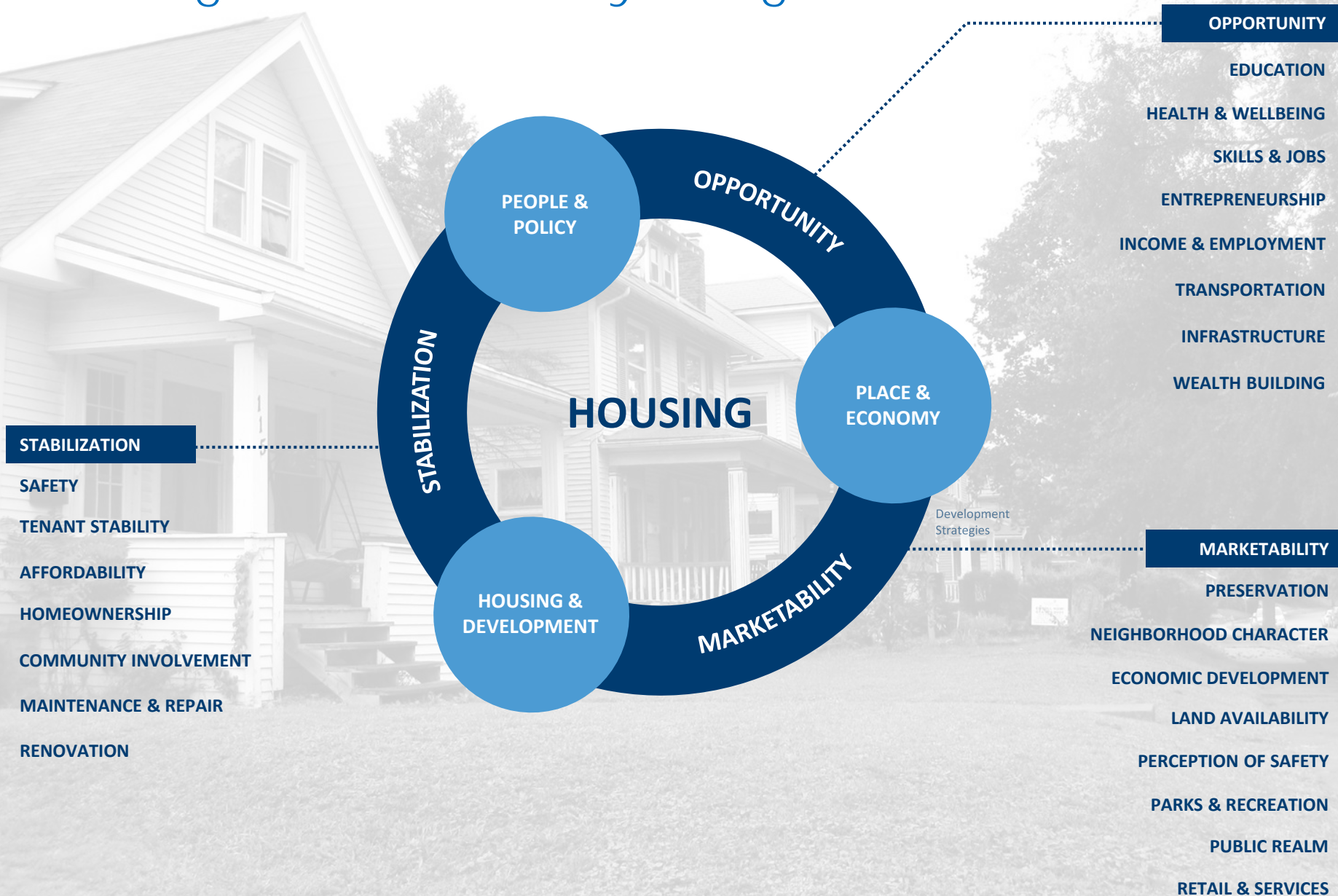
Our charge is to...

**...identify housing**  
initiatives for philanthropy  
to support equitable  
growth in the community

Making the Case



# Housing touches everything





Affordable housing is an investment in health



# A child living with housing insecurity...

**28%**  
more likely  
to be  
**underweight**

Have a  
higher risk  
of **family  
Separation**

**59%** more  
ER visits due to  
asthma

## ...and in Omaha-Council Bluffs...

**250**

children across the state of NE were removed from homes last year due to unstable housing conditions

**20,000**

children living in homes paying more than half their income on housing

**15%**

of households pay **more than half their income** on housing





Affordable housing is an  
investment in education



# A child who **moves a lot** because of housing insecurity...

falls at least  
**3 months**  
behind after just  
one move

and experience  
homelessness are **21**  
**percentage points**  
less likely to  
graduate

A blurred background image of a classroom with students sitting at desks, focused on their work. The lighting is bright, suggesting a window in the background.

...and in **Omaha-Council Bluffs**  
in areas with high eviction  
rates...

**67%**

of students score  
below average on  
standardized test

compared to

**<50%**

at low-eviction  
schools





Affordable housing is a cost-effective way to prevent and address homelessness

# Nationally...

taxpayers pay  
**\$36,000 per  
year**

to provide emergency and  
health services for each  
individual experiencing  
**chronic homelessness**

versus  
**\$13,000  
per year**  
to provide  
supportive housing



# ...and in Omaha- Council Bluffs...

**\$27 million**  
spent on homeless  
services in 2018

**3,500  
people**  
experienced  
homelessness for  
the first time in  
2018

**20%**  
of the homeless  
population includes  
households with  
children





Affordable housing drives  
economic development



An aerial photograph of a city skyline, likely Chicago, with a large body of water in the foreground. Two large blue circles with white dotted borders are overlaid on the image, containing text about the economic impact of affordable housing.

Nationally, for every **100 units** of affordable housing, in just the first year...

**\$8 million**  
in local income  
and **122 jobs** from  
every 100 units of  
affordable  
housing

Families in affordable  
housing are able to  
spend 5x more on  
**health care**, 30%  
more on **quality food**,  
and 2x more on  
**retirement savings**



...between 2009 and 2018, **2700 LIHTC units** were added to the region, resulting in an initial economic impact of...

**\$215  
million**  
in local income

**\$22.4  
million**  
in tax  
revenue

**3,300 jobs**  
in the local  
economy



# High-Level Findings

Housing cost burden is prevalent in the region, particularly impacting renters and people of color and escalating amid COVID-19

There is a deep, unmet need for quality, dedicated affordable housing

Demand for quality affordable and workforce housing is growing far more quickly than the current system produces it

Thousands of units could lose their affordability restrictions without preservation action



Some areas—including those that are currently more **“affordable”**—are experiencing rapid rent and/or home value increases

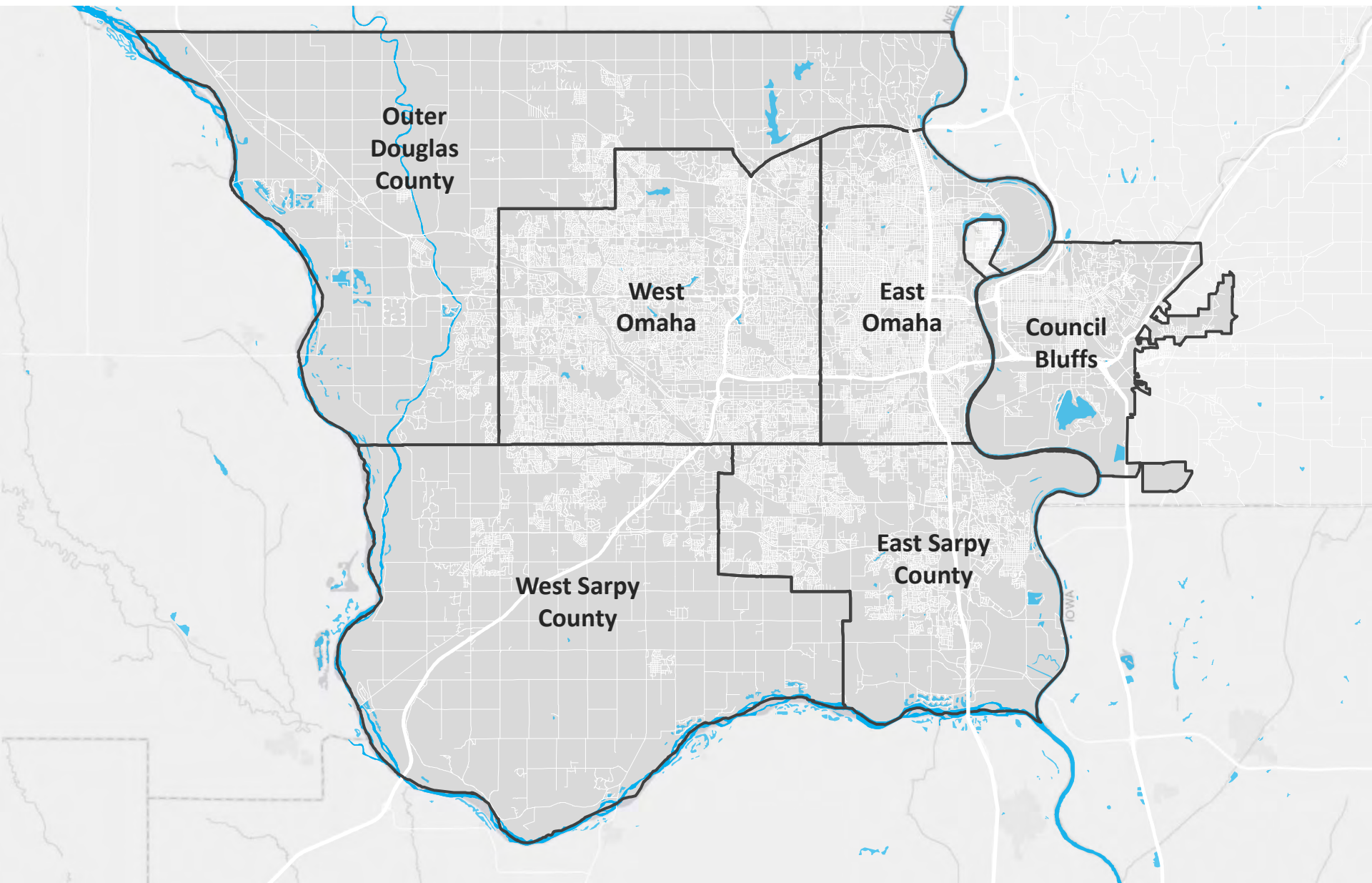
Dedicated affordable housing is not located/produced in areas that currently support access to opportunity

The shortage of workforce-affordable housing puts middle-income buyers and/or renters in competition with low-income households, restricting them to the very lowest-quality options.

# Focus Area Analysis



STUDY AREA OVERVIEW  
SIX SUBAREAS



1

Understanding affordability is a critical starting point for the conversation.

**\$930**

per month

to rent a 2-bedroom unit  
of safe and decent quality,  
including utilities

Based on FY19 HUD Fair Market Rent for Omaha-Council Bluffs, NE-IA HUD Metro

**\$18/hr**

housing wage

bare minimum to afford a 2-  
bedroom unit of safe and decent  
quality plus utilities

Calculated based on a \$930 FMR (gross rent), assuming 30% of income toward rent and utilities, full-time employment



Households paying  
>30% of income  
toward housing

24%

26%

37%

27%

19%

24%

Conditions vary widely across  
the Omaha-Council Bluffs  
area.

27%

**“Affordable” areas still**  
experience rapid price  
increases.

26%

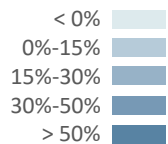
34%

27%

33%

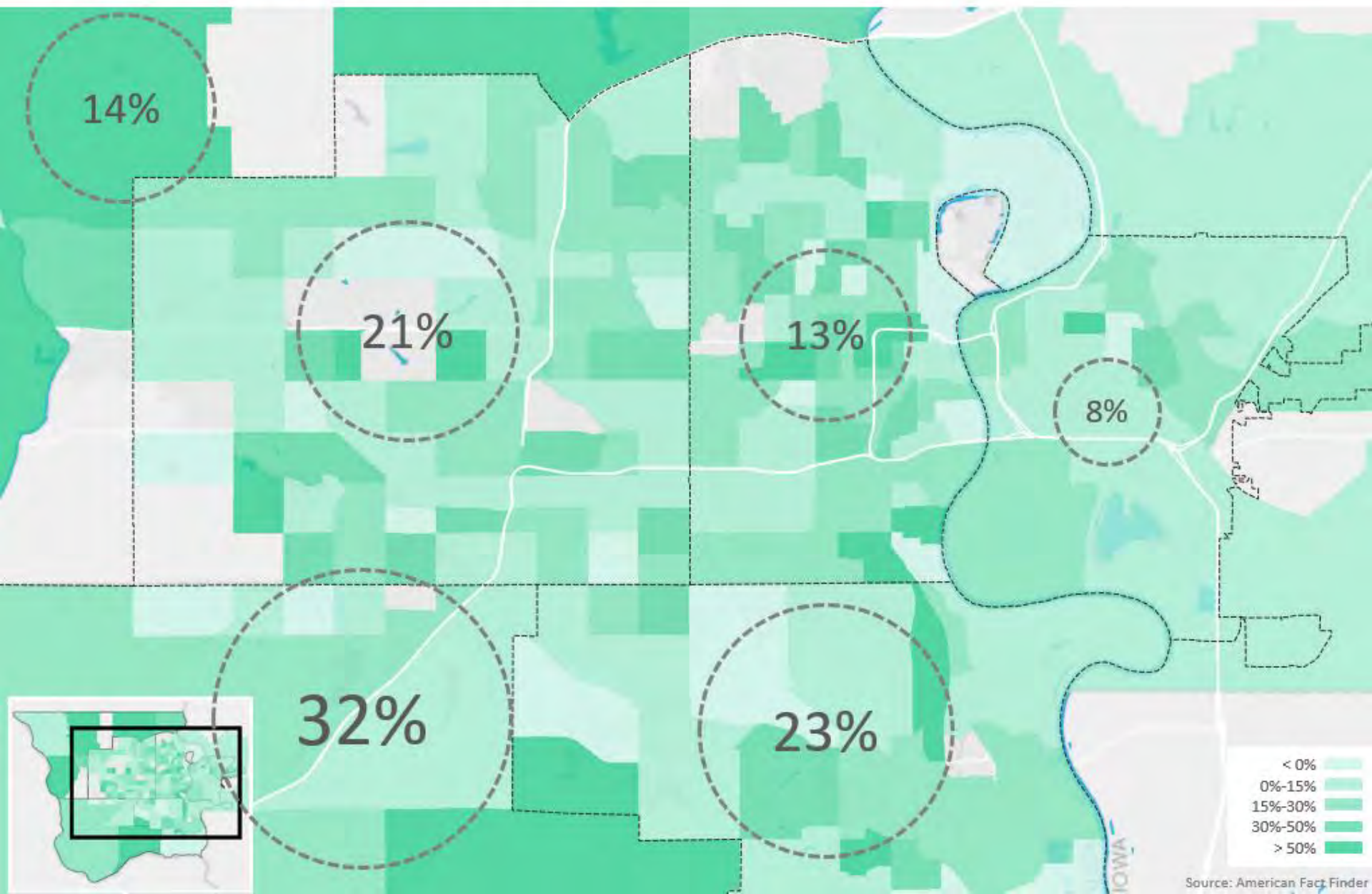
26%

Home value growth  
2010-2017





## MEDIAN RENTS BY CENSUS TRACTS PERCENT CHANGE FROM 2010 - 2017

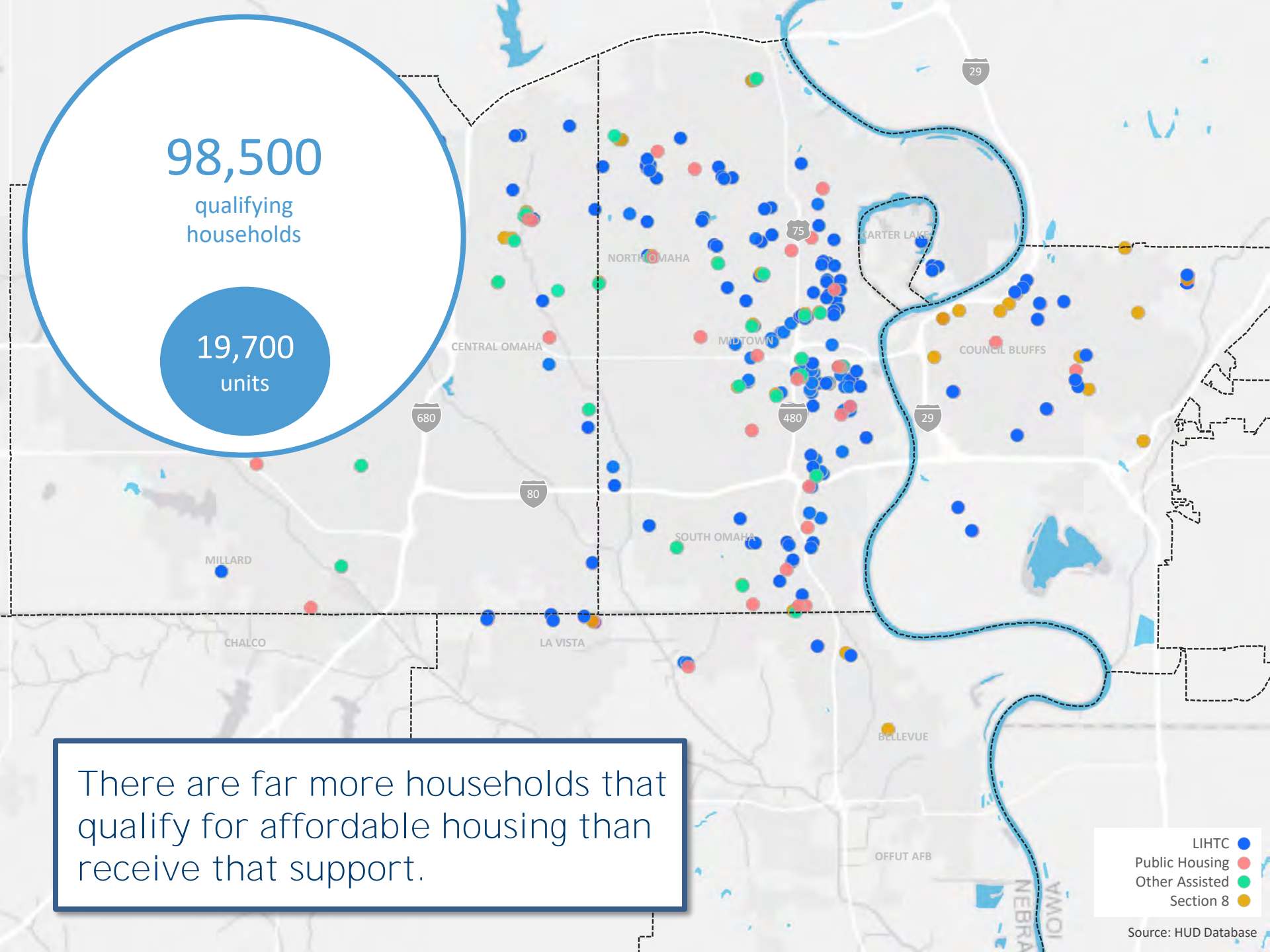


98,500

qualifying  
households

19,700  
units

There are far more households that qualify for affordable housing than receive that support.

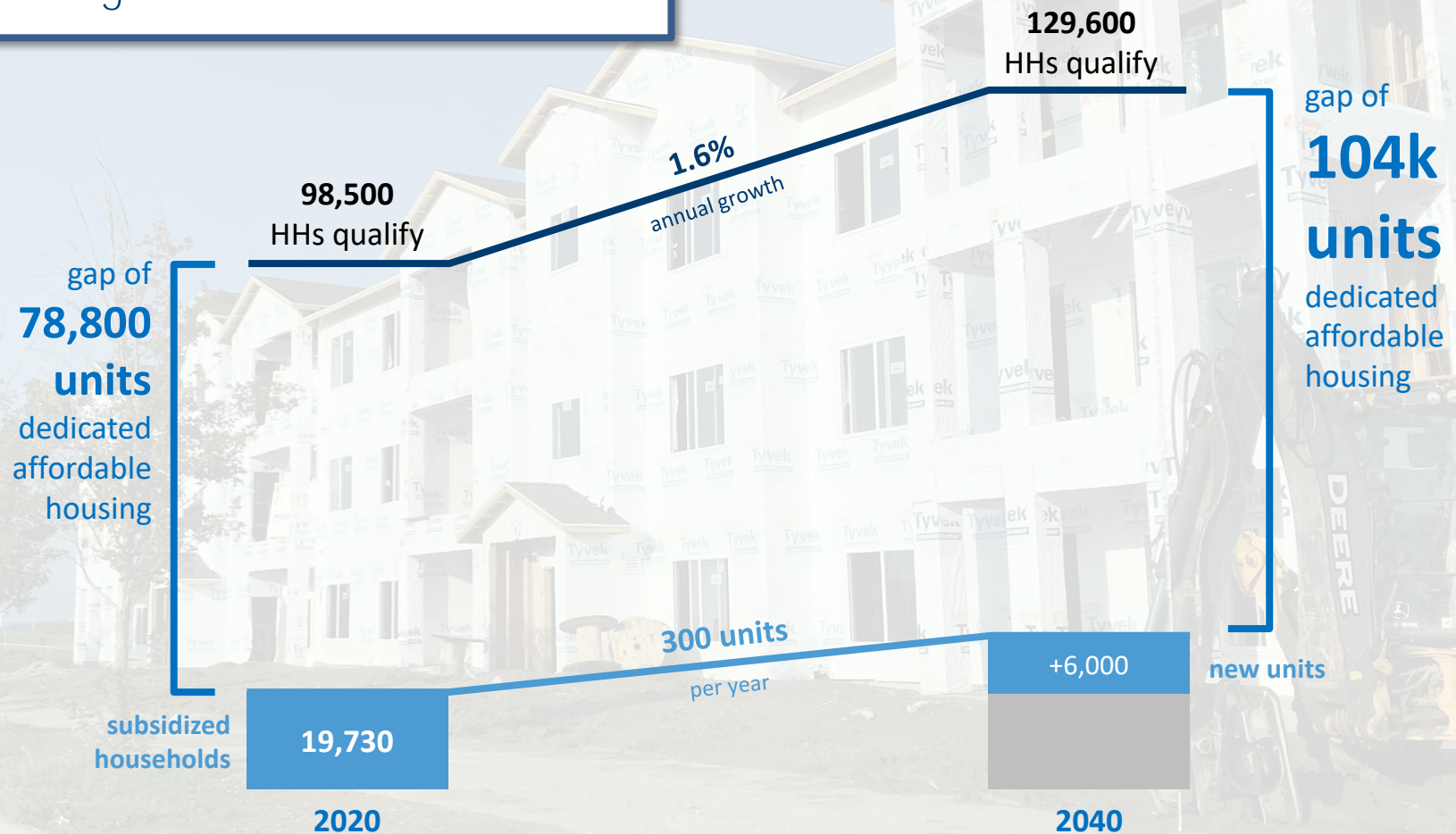


LIHTC ●  
Public Housing ●  
Other Assisted ●  
Section 8 ●

Source: HUD Database



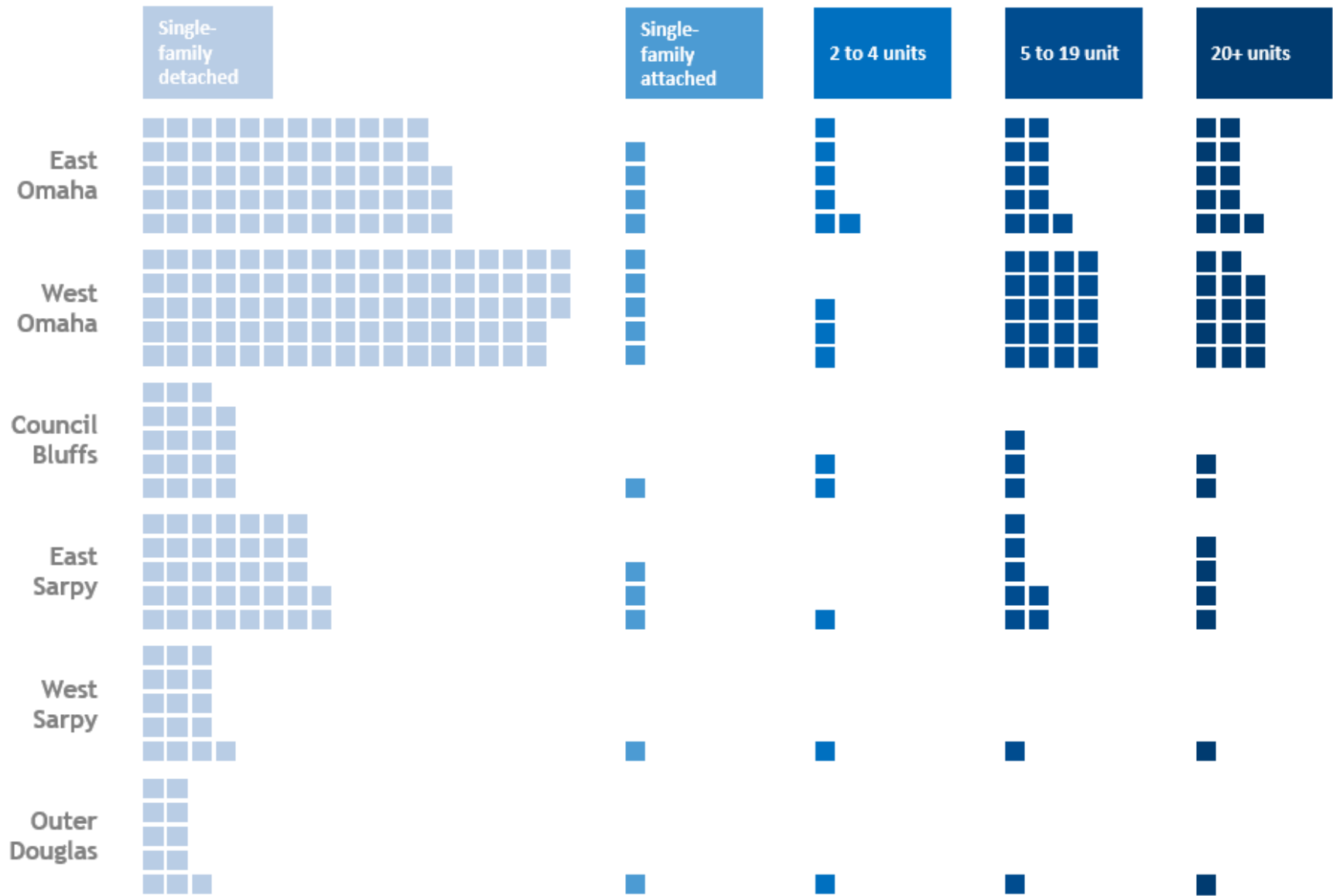
**The current system isn't**  
producing enough affordable  
housing to meet the need.



Source: production based on past 10 years of LIHTC allocations; demand based on estimate of households with incomes below 60% AMI; growth based on Heartland 2050; subsidized households includes units and vouchers

# SUPPLY OVERVIEW

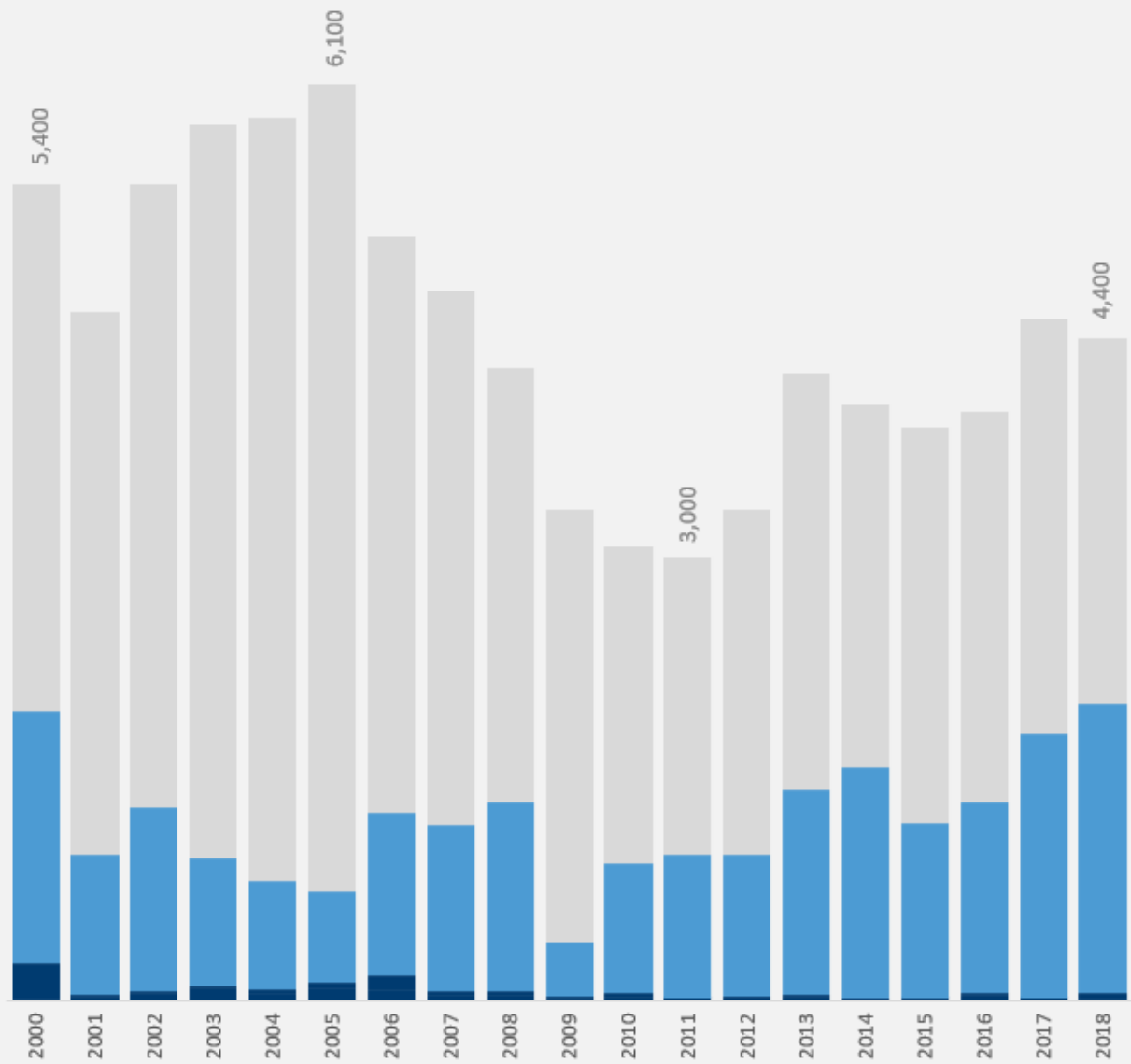
## WHAT EXISTS?





# SUPPLY OVERVIEW

## WHAT HAVE WE BEEN BUILDING?



Since 2000...

**73%**

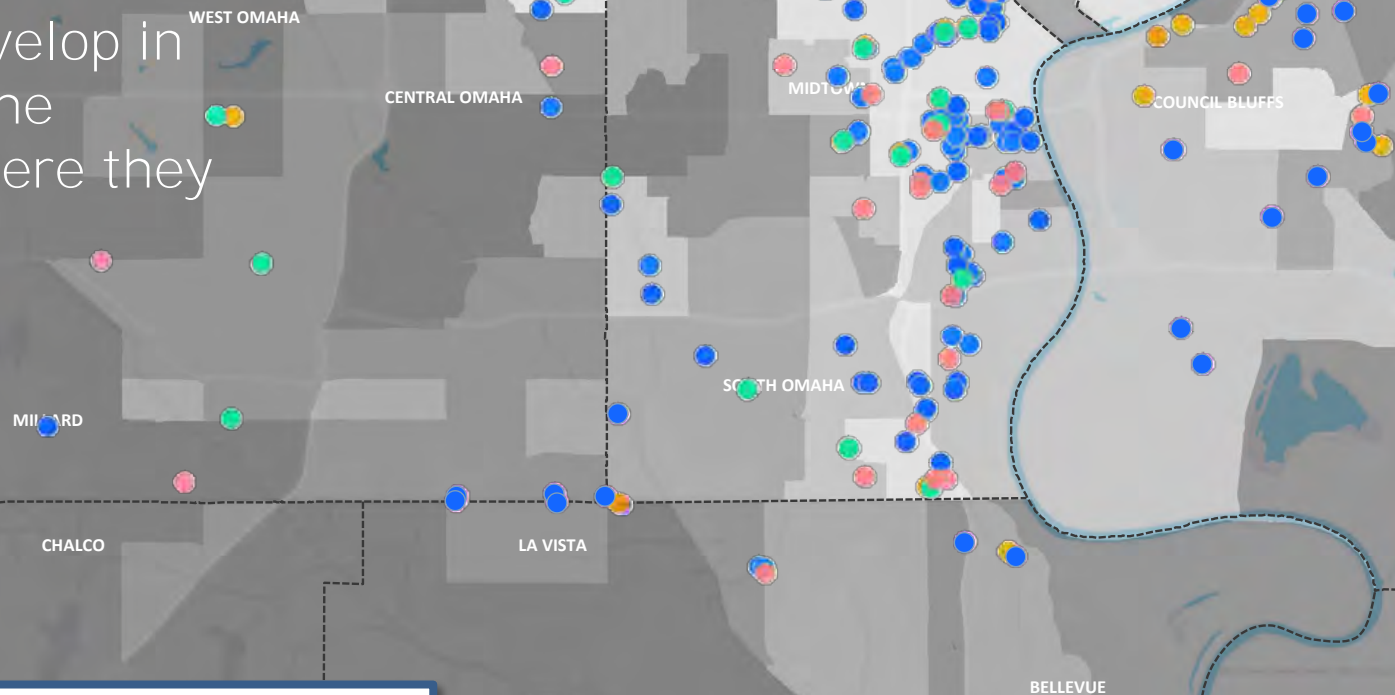
of new residential construction has been **single-family**

and just **2%**

in buildings with **2 to 4 units**

Source: HUD SOCDC Building Permits Database

The Child Opportunity Index (COI) maps the quality of resources and conditions (educational, economic, and environmental) that matter for children to develop in a healthy way in the neighborhoods where they live.



The location of existing affordable housing does not support access to opportunity.

**Affordable Supply**

- LIHTC
- Public Housing
- Other Assisted
- Section 8

**COI Index**

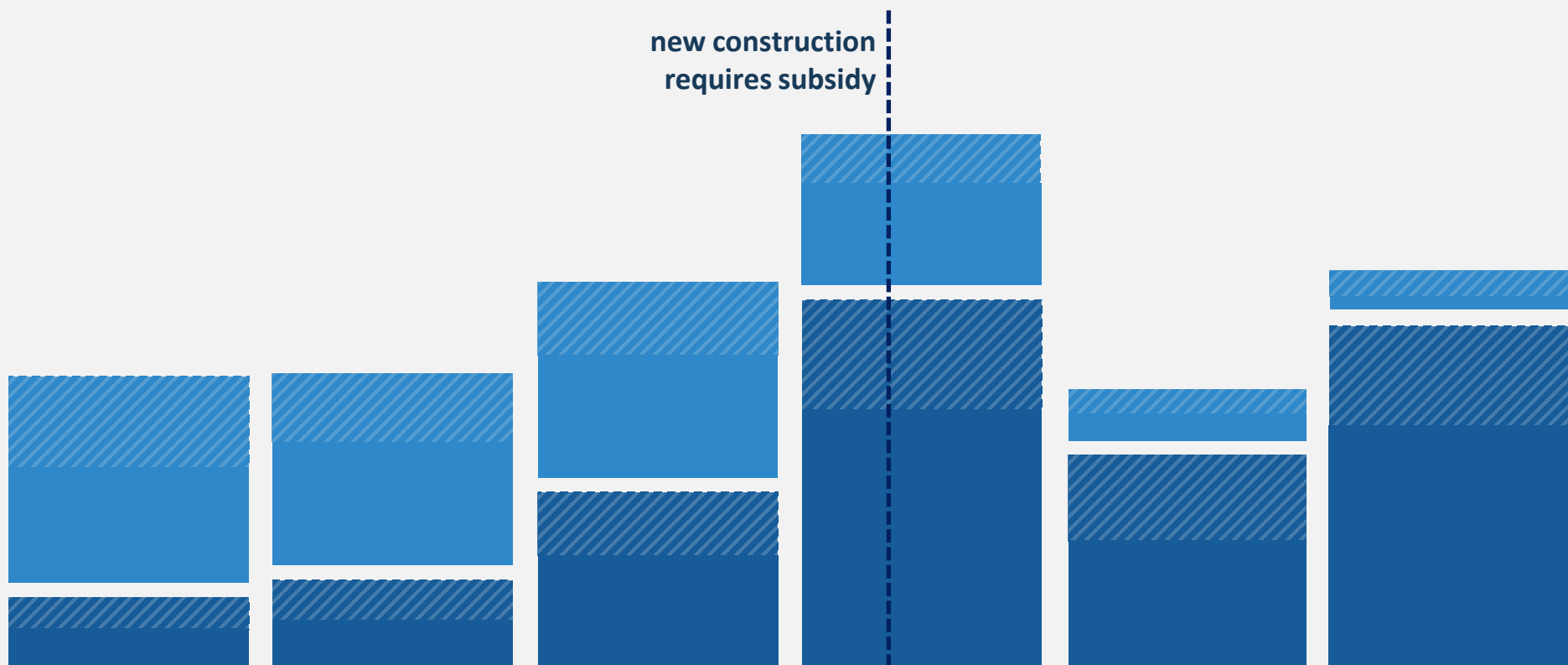
- 0-20
- 20-40
- 40-60
- 60-80
- 80-100



# WHAT TYPES OF HOUSING ARE NEEDED?

85,000 TO 100,000 UNITS BY 2040

| SUBSIDIZED | LOW-INCOME       | AFFORDABLE     | WORKFORCE        | MODERATE          | UPSCALE            |
|------------|------------------|----------------|------------------|-------------------|--------------------|
| < 30% AMI  | 30 – 50% AMI     | 50 - 80% AMI   | 80 – 120% AMI    | 120 - 150% AMI    | 150 - 200% AMI     |
| < \$22k/YR | \$22k - \$37k/yr | \$37k – 58k/yr | \$58k - \$88k/yr | \$88k - \$110k/yr | \$110k - \$146k/yr |



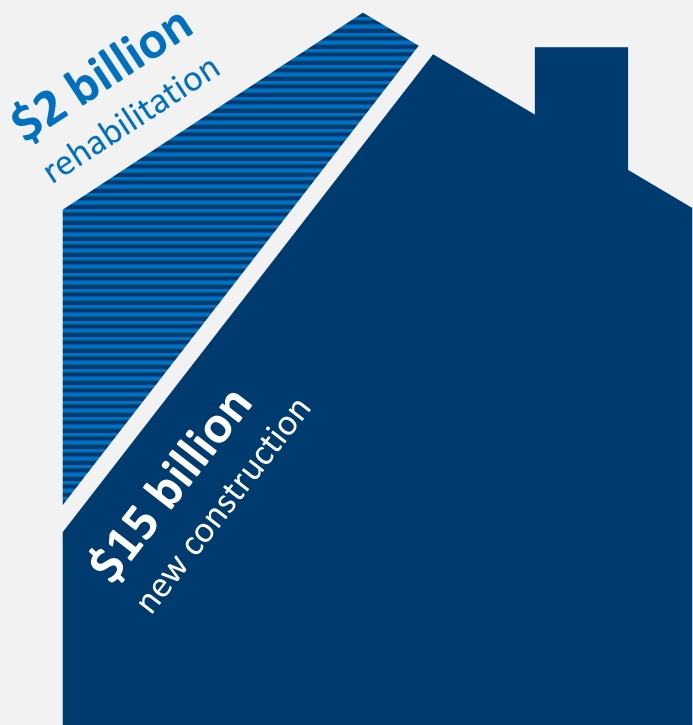
rental demand (current / future)  
for-sale demand (current / future)

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

Cost of the Problem



**The Omaha-Council Bluffs Metro Area will require a 17.4-billion-dollar investment over the next 20 years to supply the needed additional rental and for-sale housing**



\* in today's dollars

## PHILANTHROPY IN OMAHA-COUNCIL BLUFFS

### INVESTMENTS & IMPACTS

The participants in this  
study awarded  
**\$425 million**  
in grants in Omaha-  
Council Bluffs in 2018.



# PHILANTHROPY IN OMAHA-COUNCIL BLUFFS

## INVESTMENTS & IMPACTS IN FY2018

**Education**  
**\$103 million**

**Civic Investment  
/ Arts**  
**\$98 million**

**Human  
Services**  
**\$55 million**

Homeless  
services  
\$16m

**Housing**  
**\$20 million**

Capital  
investments in  
shelters  
\$12m

**Health & Food  
Initiatives**  
**\$31 million**

**Faith-based  
initiatives**  
**\$17 million**

\$5m

Environment

**Youth Development**  
**\$58 million**

\$2  
m

Jobs /  
Economic Development

**Community  
Services**  
**\$29 million**

With every passing year,  
this challenge grows...

but for the  
eviction moratorium,

**108,000**  
**households**

in NE would have been **eligible for**  
**eviction** just in September

Legal Aid

**home prices**  
have increased  
**\$13,000**  
in just this  
last year

Zillow home price index  
Omaha-Council Bluffs

rents have  
increased  
**\$60 /month**  
in just this last year (\$720 a  
year)

Zillow rent index  
Omaha-Council Bluffs



# Ecosystem Analysis

# ECOSYSTEM ANALYSIS

## WHO IS DOING WHAT?

### Physical Development

Arch Icon  
Clarity Housing Development Co  
J. Development  
Mercy Housing  
Nustyle  
Housing Foundation for Sarpy Co  
Omaha Housing Authority  
White Lotus

712 Initiative  
75 North  
Council Bluffs Housing Trust Fund  
GESU Housing  
Habitat for Humanity  
Holy Name Housing  
InCommon Community Development  
Neighborworks  
Southside Redevelopment Corp

City of Omaha  
HUD Field Office  
IA Finance Authority  
NE Investment Finance Authority

Omaha 100  
Omaha Economic Development Corp  
Midwest Housing Equity Group  
Spark

### Investments in People

Habitat for Humanity  
Omaha Housing Authority

Heartland Family Services  
Heartland Workforce Solutions  
InCommon Community Development  
Legal Aid  
Lutheran Family Services  
MACCH  
One Omaha  
Restoring Dignity

Omaha 100

### Focus on Policy

HOUSING PROVIDERS

Douglas County Health Dept  
Heartland Workers Center  
Omaha by Design  
Omaha Chamber  
Omaha Together One Community  
NE Housing Developers Assoc

NONPROFIT / SOCIAL SERVICE AGENCIES

City of Omaha  
HUD Field Office  
MAPA

GOVERNMENTAL AGENCIES

BANKING / FINANCIAL INSTITUTIONS



# What did we learn from stakeholders and local housing experts?

1 Prevent & address **housing instability**

1<sup>st</sup> priority

2 Accelerate affordable housing **production**

2<sup>nd</sup> priority

3 **Preserve** existing affordable housing

3<sup>rd</sup> priority

4 Foster innovations to **lower housing costs**

4<sup>th</sup> priority

5 Provide **relief** in gentrifying areas

5<sup>th</sup>

# What priorities did practitioners convey?

## 1 Prevent & address **housing instability**

- **Source-of-income** protections
- **Tenant counsel**
- Permanent **supportive housing**

## 2 Accelerate affordable housing **production**

- Non-profit **developer capacity**
- **Incentive policies** (TIF)
- **Gap funds**

## 3 **Preserve** existing affordable housing

- **Expiring LIHTC** restrictions
- At-risk **Section 8** and **public housing**
- **State LIHTC** program

## 4 Foster innovations to **lower housing costs**

- Flexible **financing**
- **Land acquisition** assistance

## 5 Provide **relief** in gentrifying areas

- Better **mortgage products**
- **Community investment trusts**
- Property **tax relief**



Strategies - High Level

# PRIORITY STRATEGIES

## SUMMARY

1

Preservation Fund

To preserve **existing affordable housing** assets at a high standard of **quality**

2

Development Fund

To **address the affordability gap** at a faster pace than existing resources make possible

3

Homeowner Greenlining Fund

To expand access to **homeownership** and strengthen **neighborhoods**

4

Tenant Counsel

To prevent a cycle of eviction, **housing instability**, and homelessness, especially at this time of crisis

5

Policy Change

To **maximize impact** of other efforts

A multi-story brick apartment building with white horizontal siding on the upper floors. A vertical sign on the building reads 'NOW LEASING!'. The building is set against a dark blue background.

1

# Preservation Fund

To preserve existing  
affordable housing at a  
high standard of quality



### THE ISSUE

- 3,000 units of **dedicated affordable housing** are at risk in next 10 years
- Many “**naturally-occurring**” **affordable housing** properties are also at risk
- Existing tools and subsidies are not sufficient to support preservation at scale

PROMISING PRECEDENT

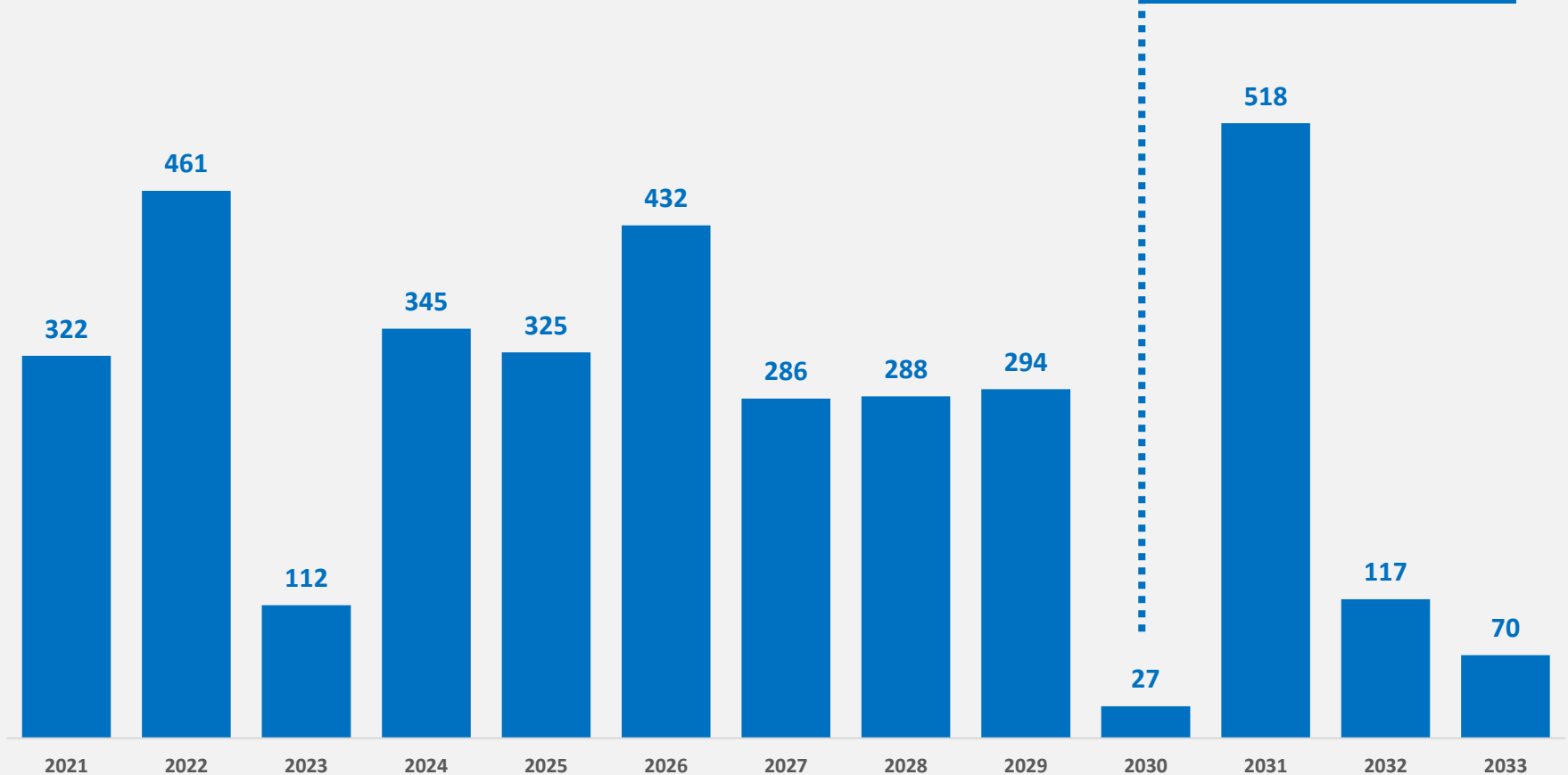
THE POTENTIAL IMPACT



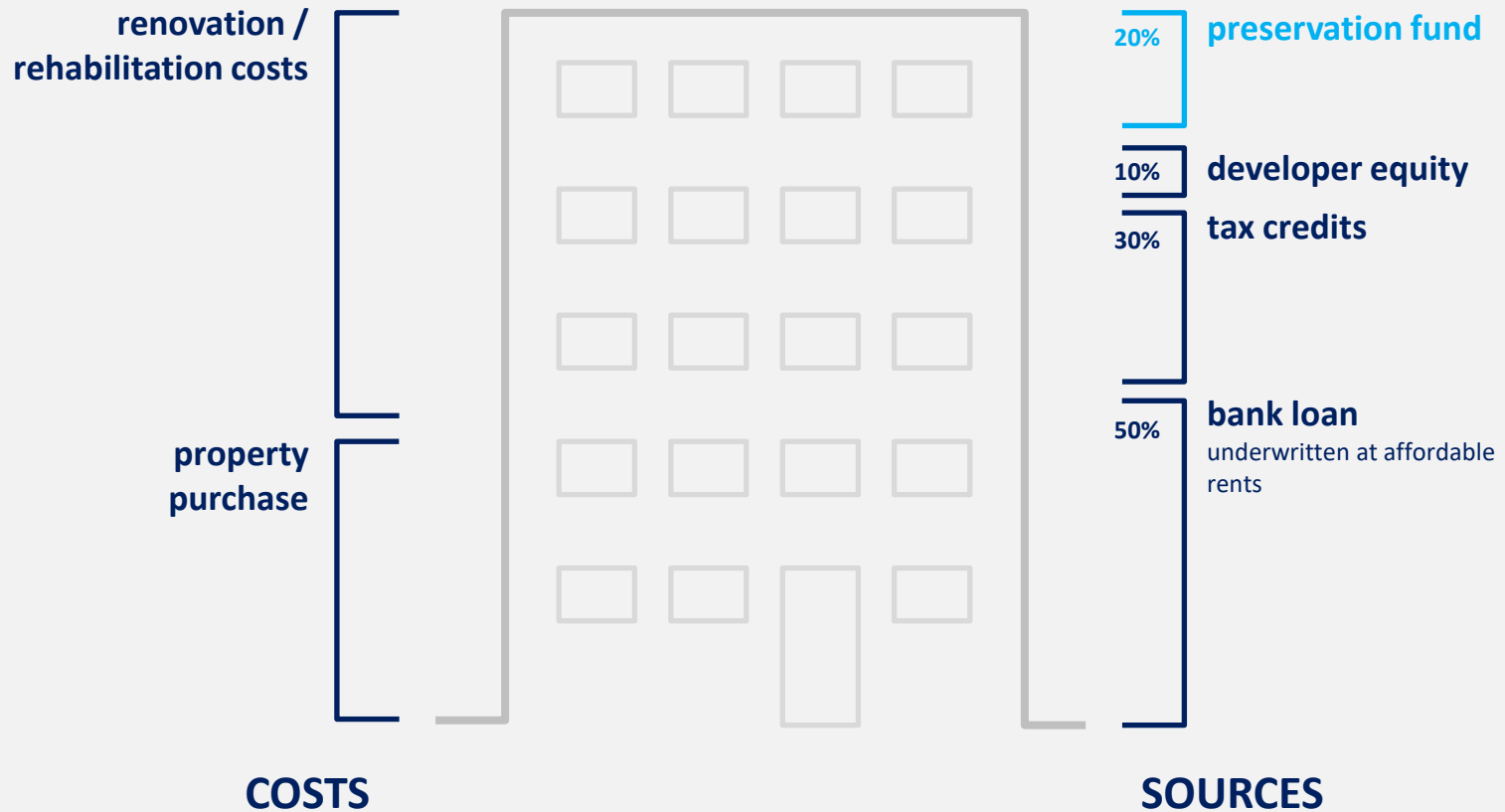
Without preservation of  
existing affordable units,  
the area will lose up to...

**3,080**

units by 2030



A new gap-financing source would fill that gap, **make more preservation work possible.**





1

## PRESERVATION FUND

### EXAMPLES OF LOST PRESERVATION OPPORTUNITIES

**Expiring LIHTC  
restriction**



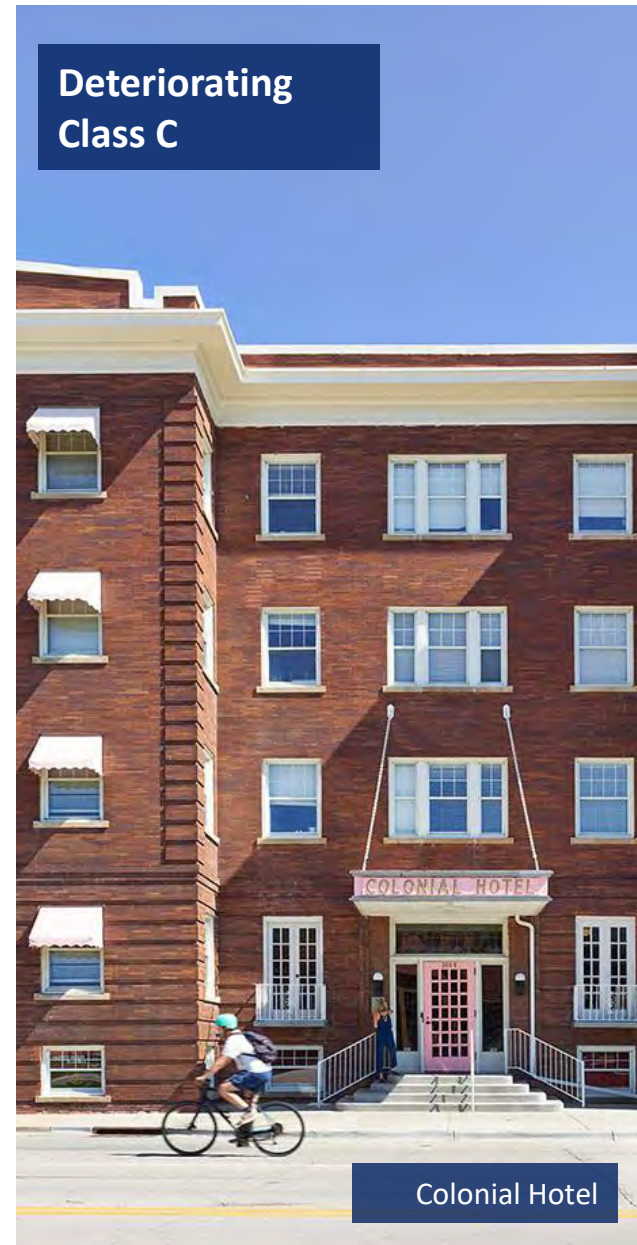
Kellom North

**Upgrade/conversion to  
market rate**



St. James Manor

**Deteriorating  
Class C**



Colonial Hotel

## THE ISSUE

## PROMISING PRECEDENT

**Detroit Housing for the Future Fund**

- Public-private fund to **preserve 10,000 units**, develop 2,000 new units
- \$50m already committed; a **\$75m target**
- Seeded with **\$10m from the Kresge Foundation**; will operate as a loan guarantee
- Fund offers **grants**, low-interest **loans**, preferred **equity** products
- Managed by the Local Initiatives Support Corporation (**LISC**)

## THE POTENTIAL IMPACT





1

# PRESERVATION FUND

## POTENTIAL IMPACT

### THE ISSUE

### THE APPROACH

### THE POTENTIAL IMPACT

Average investment per unit: \$30k | total investment: \$60m

**2,000 units preserved**

- **2/3 of units that could expire in the next 10 years**







2

## Development Fund

To fill the affordability gap at  
a faster pace than existing  
resources make possible

## THE ISSUE

- 5 households qualify/compete for every unit of dedicated affordable housing
- Affordable housing production is **not occurring at the pace needed**
- Households **make difficult choices**:
  - Undesirable location
  - Pay more for transportation
  - Double up
  - Unhealthy conditions
  - More than they can afford
  - Sacrifice spending on other priorities

PROMISING PRECEDENT

THE POTENTIAL IMPACT



## THE ISSUE

## PROMISING PRECEDENT

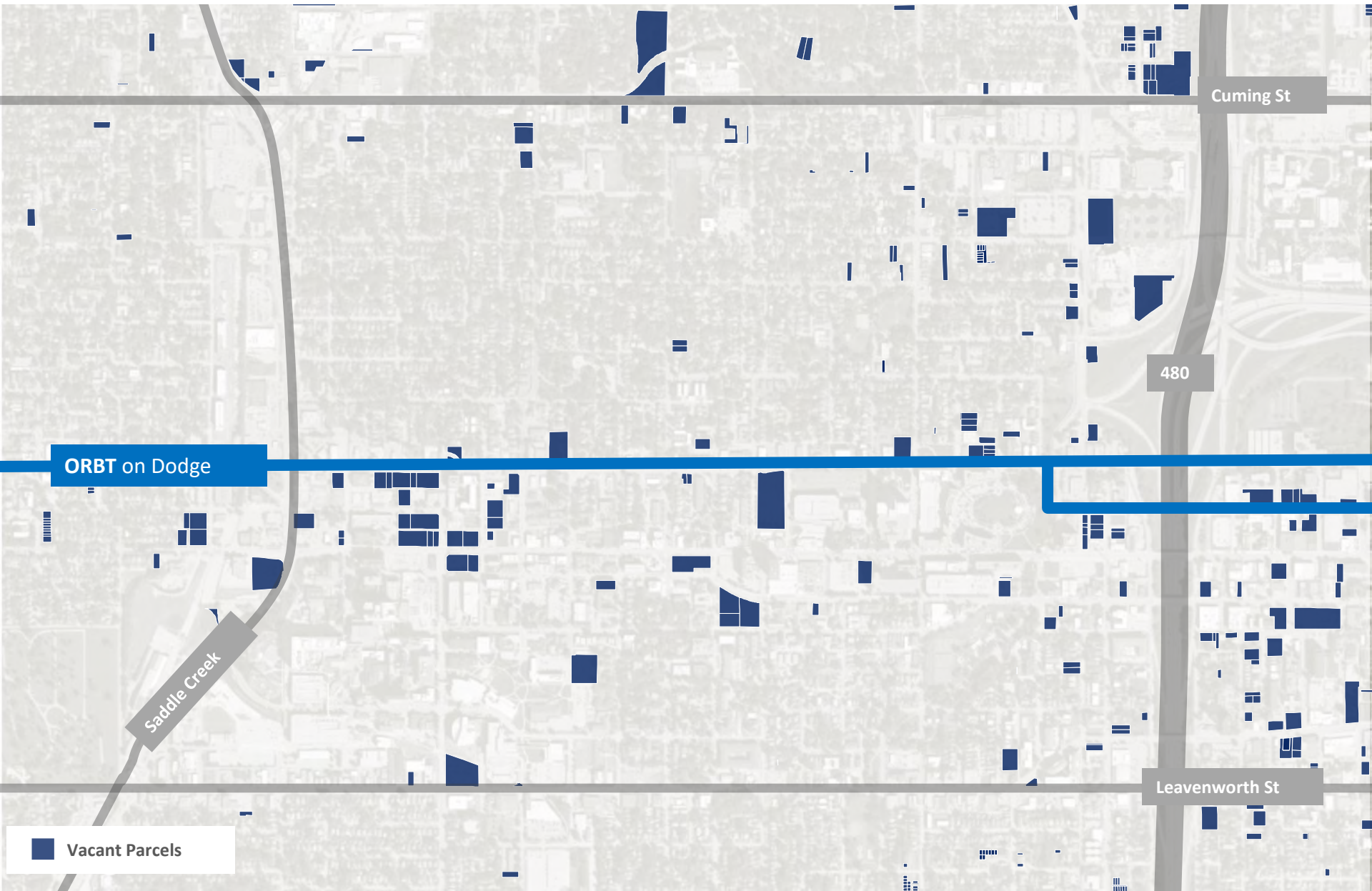
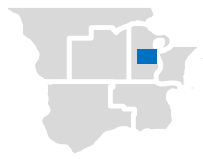
## Charlotte Housing Opportunity Fund

- **\$100m public-private fund**
- Seeded by a \$10m from the Foundation for the Carolinas
- Target to finance **2,000 mixed-income**, multifamily units of housing
- Managed by **LISC**
- Philanthropy participates through **grants** and via **program related investment (PRI)**

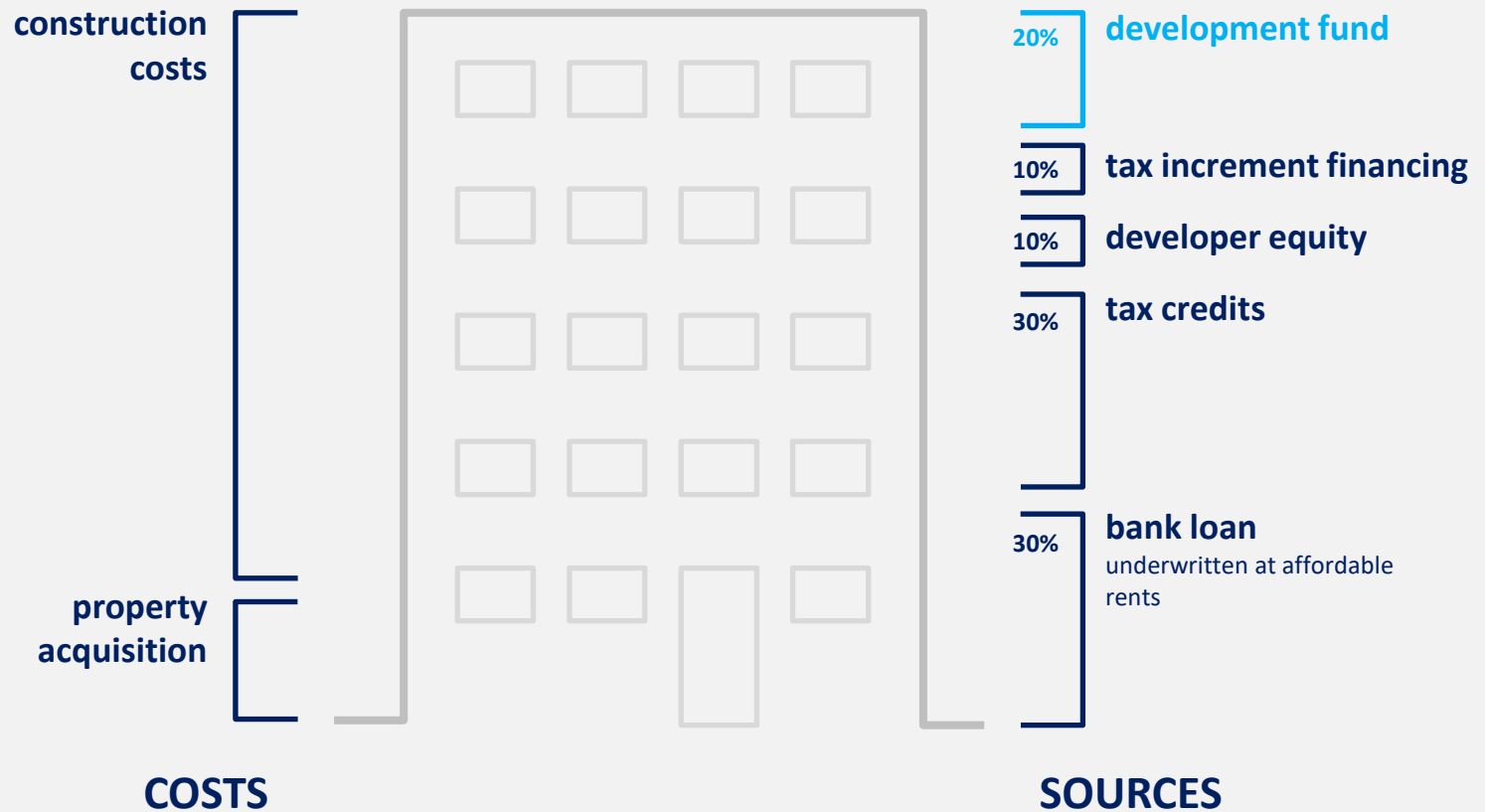
## THE POTENTIAL IMPACT







A new gap-financing source would fill that gap, help  
make more great projects possible



## THE ISSUE

## THE APPROACH

## THE POTENTIAL IMPACT

Average investment per unit: \$40k | total investment: \$50m

**1,250 units created**

- Could nearly **double the pace of production**
- In 2018 alone, **\$16m** in operating support for **homeless services**





A woman with blonde hair, wearing a light-colored jacket, stands in front of a brick house. She is looking down at a small object in her hands. The ground is covered with a large pile of cardboard boxes, some of which are labeled 'APPLES' and 'MADE IN U.S.A.'. There are also some white buckets and other debris scattered around. The house has a white door and a green awning over a window. The overall scene suggests a state of disrepair or a recent move.

3

## Tenant Counsel

To prevent cycles of eviction,  
housing instability, and  
homelessness

## THE ISSUE

- Renters are **not guaranteed legal counsel**
- Tenants with representation are **80% more likely to avoid an eviction**
- Evictions have **negative impacts** on mental and physical health, family unity, and economic well-being
- In Omaha, evictions are strongly correlated with poor **academic performance**

PROMISING PRECEDENT

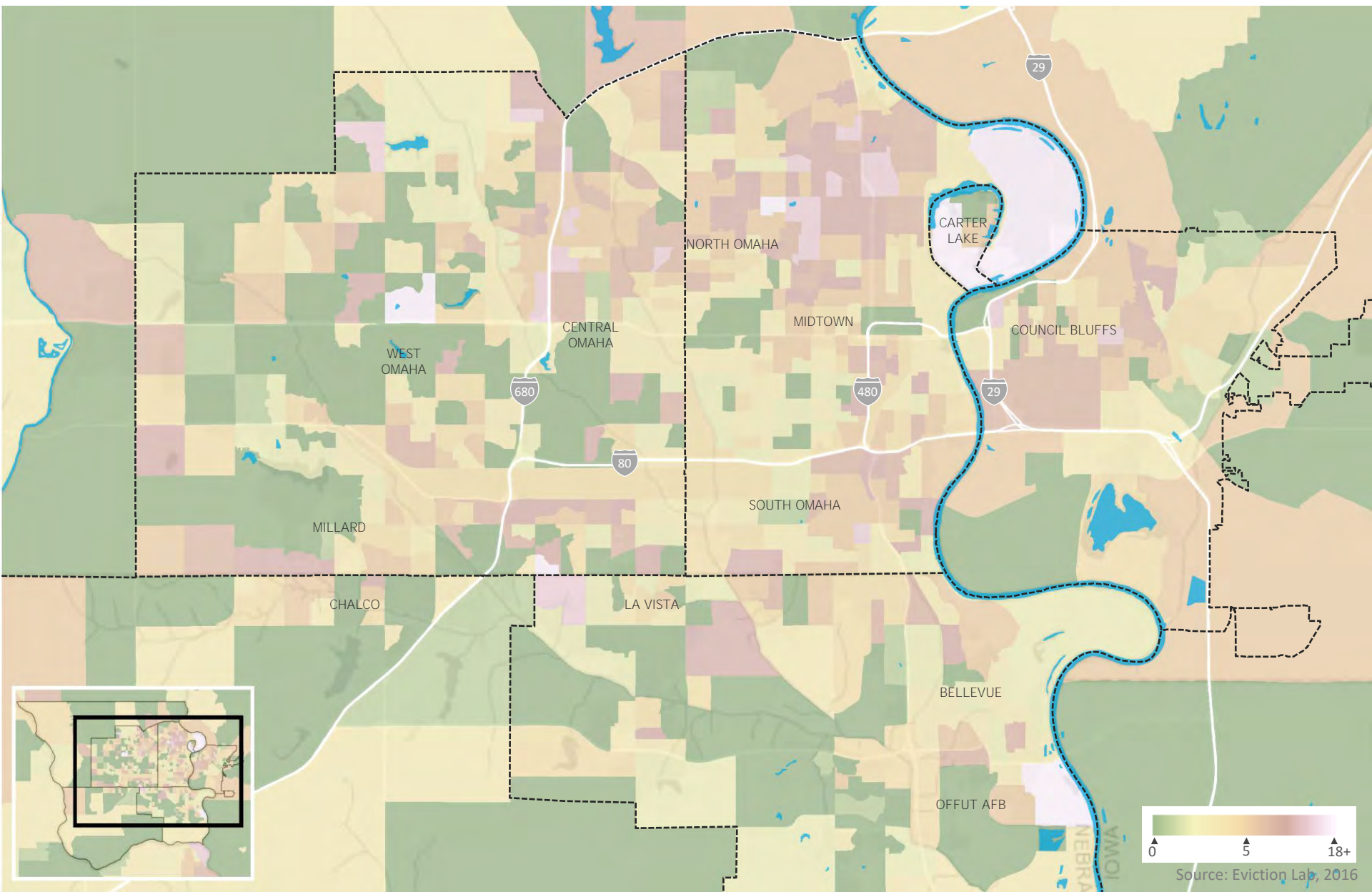
THE POTENTIAL IMPACT





## TENANT COUNSEL

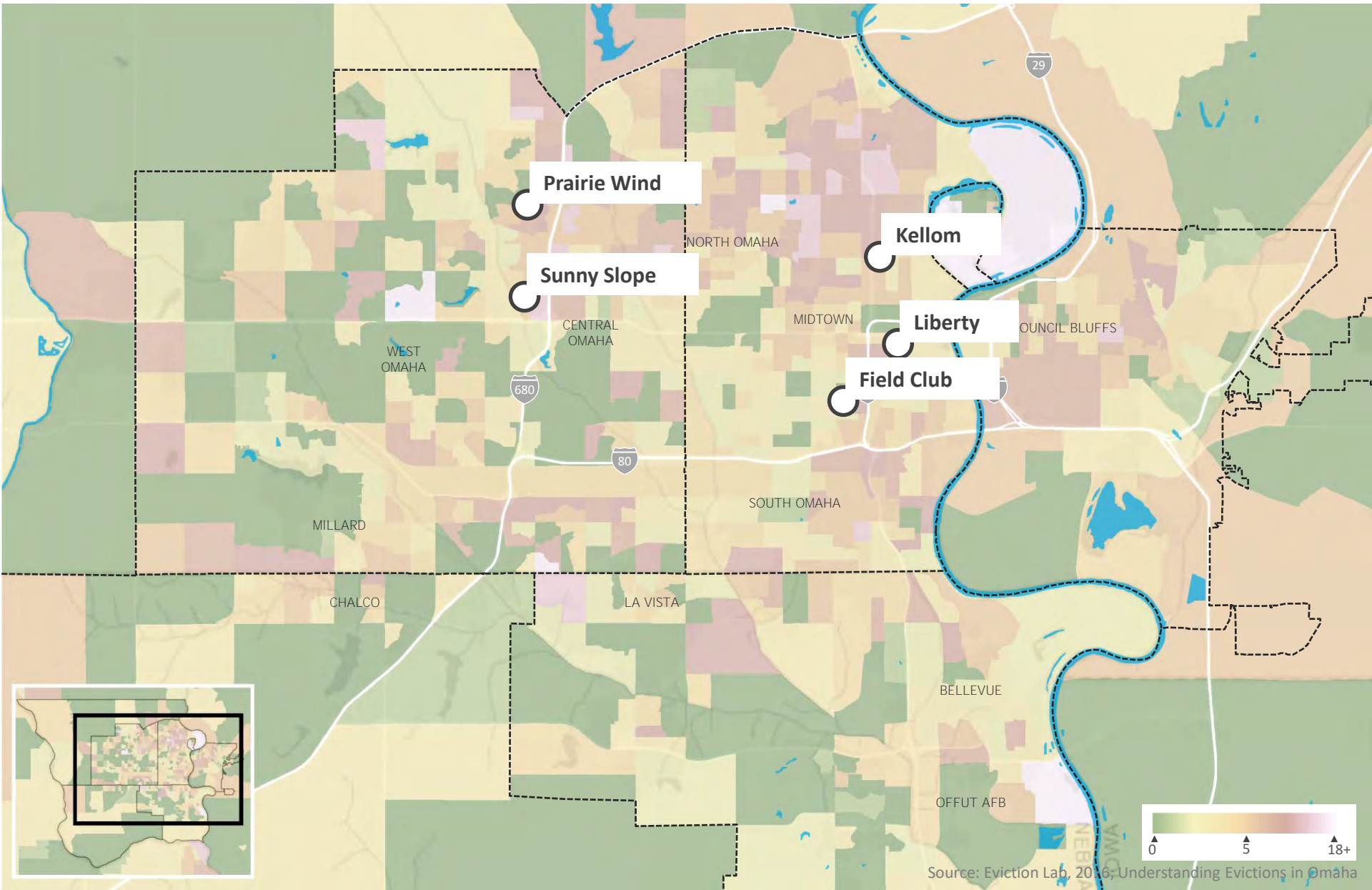
### THE PREVALENCE OF EVICTIONS BY CENSUS TRACT





## TENANT COUNSEL

## ELEMENTARY SCHOOLS WITH MOST EVICTIONS IN ATTENDANCE AREA (2012-2019)



## THE ISSUE

## PROMISING PRECEDENT

## Cleveland Right to Counsel Law

- **established free legal counsel in eviction cases** for families living below the federal poverty level
- connects families to **other needed services**
- **partnership** b/w the City, United Way, Legal Aid
- United Way pledged **\$3m to the program**

## THE POTENTIAL IMPACT



## THE ISSUE

## PROMISING PRECEDENT

## THE POTENTIAL IMPACT

Average cost per household: <\$100 | total investment: \$2m

**20,000 households assisted**

- With tenant representation, **80-90% of cases are dismissed** (v. 10% w/o an attorney)





The background of the slide is a photograph of a row of suburban houses, likely in a neighborhood like Levittown. The houses are two-story with gabled roofs and multiple windows. A semi-transparent white circle containing the number '4' is positioned on the left side of the slide. A white horizontal bar spans the top of the slide, containing the title. A dark blue rectangular box is located in the bottom right corner, containing descriptive text.

4

## Homeowner Greenlining Fund

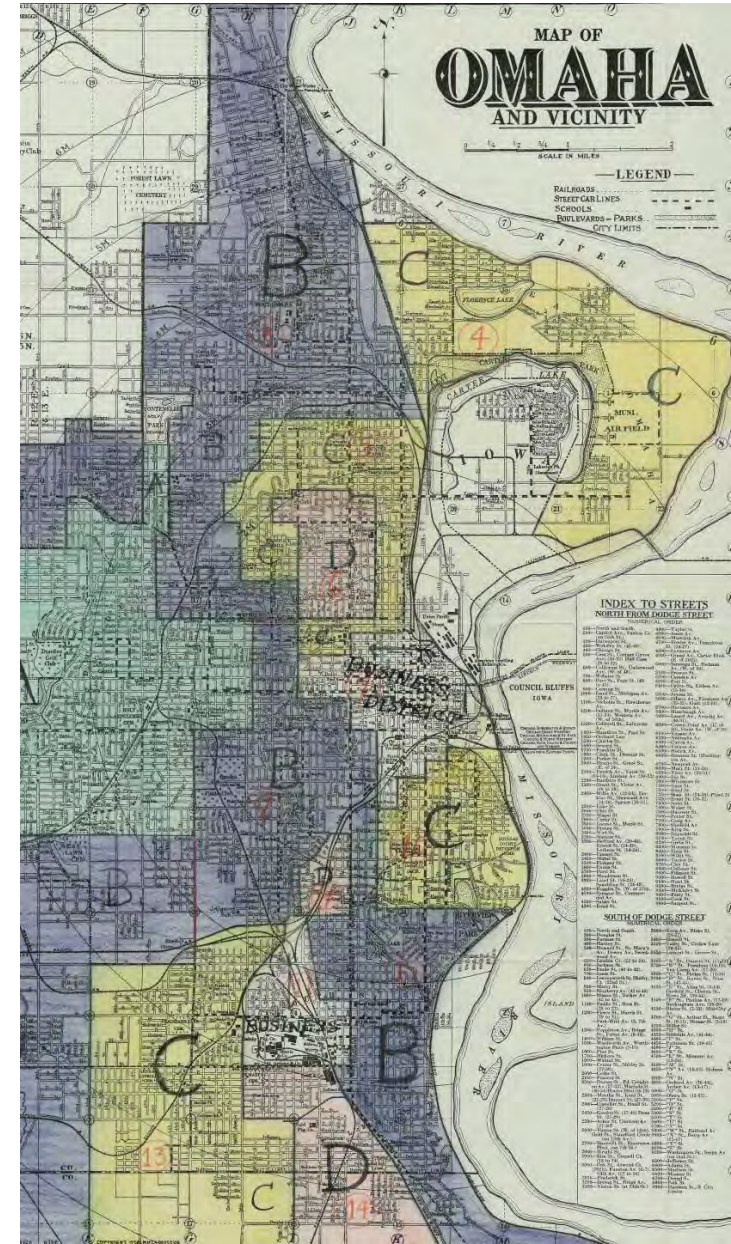
To expand access to homeownership for low- and moderate-income households with the existing stock

### THE ISSUE

- Many neighborhoods have an **“appraisal gap”** where values are too low for borrowers to get sufficient financing
- Result of redlining**, and other historical patterns of disinvestment
- Prevents investment** in affordable for-sale housing, these neighborhoods
- Compounds other **barriers to homeownership**
- “Greenlining” funds** address these persistent effects of redlining

PROMISING PRECEDENT

THE POTENTIAL IMPACT





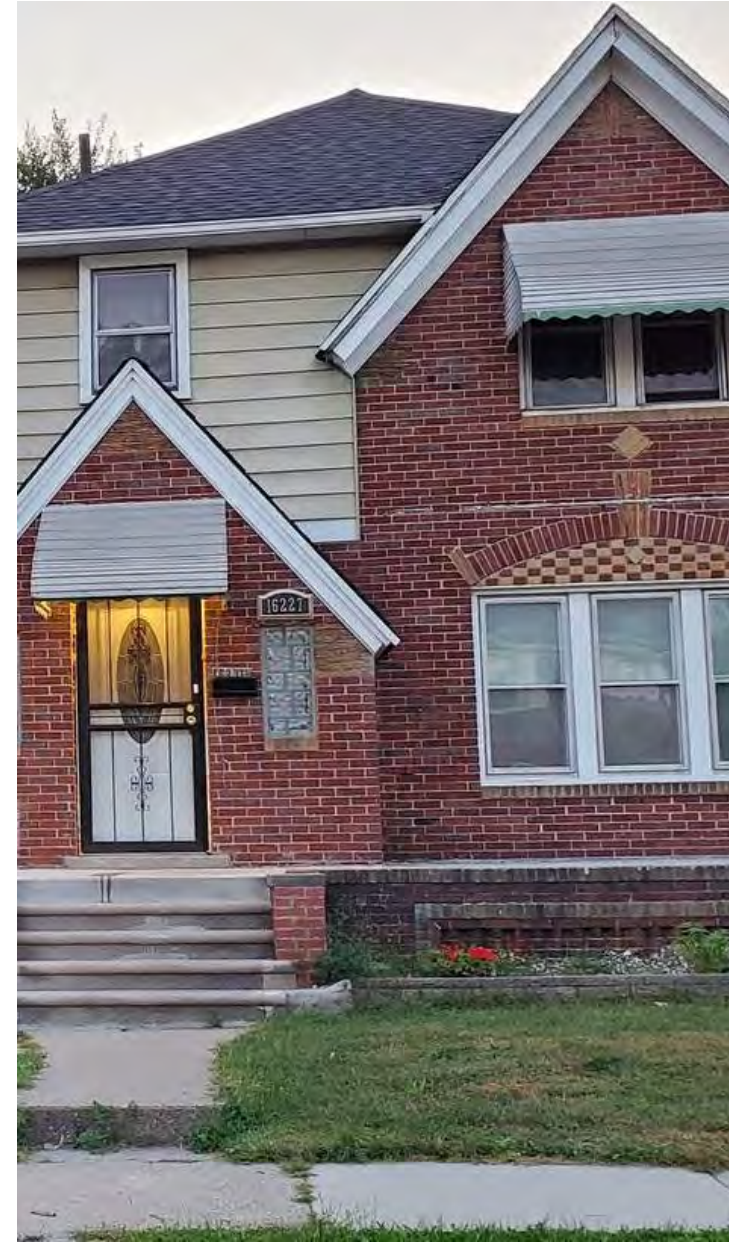
## THE ISSUE

## PROMISING PRECEDENT

## Detroit Home Mortgage Program

- \$40m fund for second mortgages (up to \$75k) to **close the appraisal gap**
- Can be used to:  
**buy** a move-in-ready home;  
**buy and renovate** a home; or  
**refinance and renovate** an existing home
- Broad public-private partnership, including loan **guarantees from Kresge and Ford Foundations** (\$9m in support)

## THE POTENTIAL IMPACT





### THE ISSUE

### PROMISING PRECEDENT

### THE POTENTIAL IMPACT

Average second mortgage: \$40k | total investment: \$50m

**1,250 mortgages**

- In the Omaha-Council Bluffs metro area:
  - **35% of Black residents** own their home
  - v. 48% of Hispanic residents
  - v. 69% of White residents



A person with dark curly hair, wearing a light-colored shirt, is speaking into a microphone. They are standing in front of a seated audience. The audience consists of people of various ages and ethnicities, some wearing bright green shirts. The setting appears to be a large hall or auditorium with large windows in the background. The entire image has a blue tint.

5

# Policy Change

To maximize the  
impact of other efforts

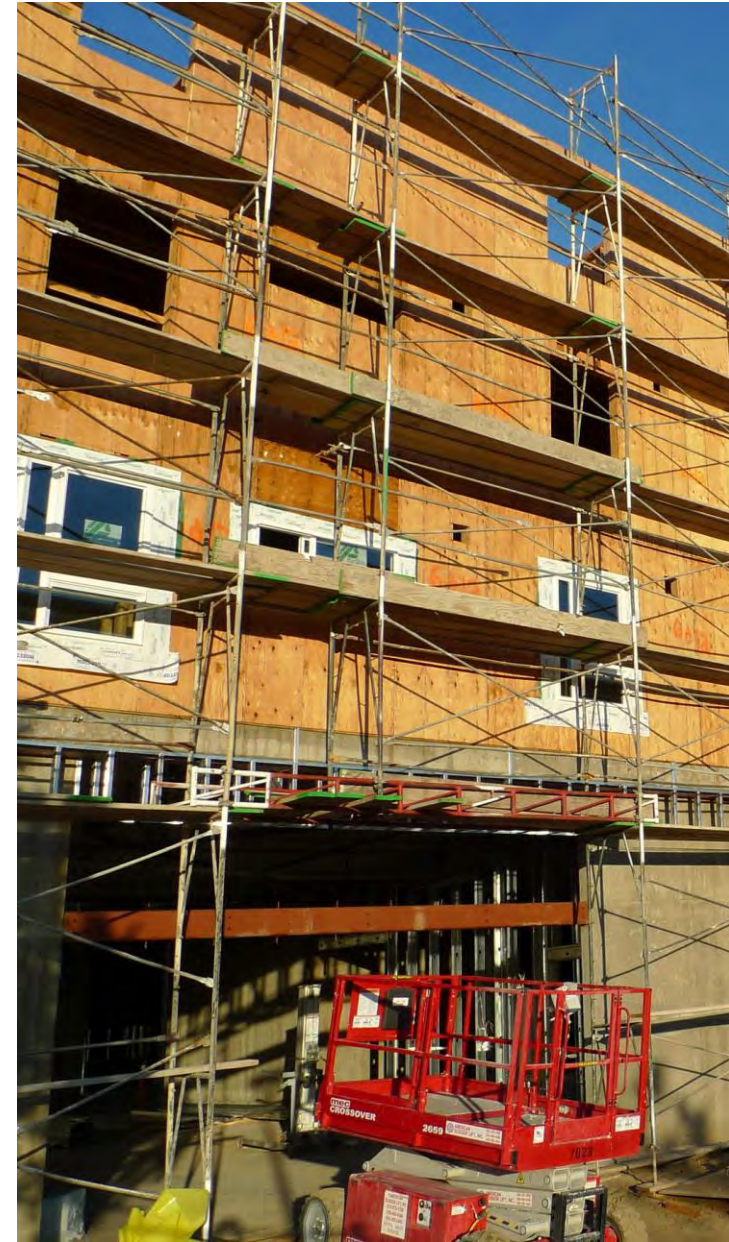


## THE ISSUE

- **Source-of-income discrimination**  
renters with assistance are rejected by landlords
- **State LIHTCs to match federal 4% credits**  
preservation projects receive less state assistance than they could
- **Missing middle zoning reform**  
Limited allowance for duplexes, small multifamily, etc. that can help with affordability
- **TIF to support affordable housing**  
Limited local incentives to create affordable housing, encourage mixed-income development

## PROMISING PRECEDENTS

## THE POTENTIAL IMPACT





## THE ISSUE

## PROMISING PRECEDENTS

- **Source-of-income discrimination**  
Source-of-income **protections** | St. Louis, MO  
**Risk mitigation fund** | Portland, OR
- **State LIHTCs to match federal 4% credits**  
**Oklahoma**  
**Texas**  
**Illinois**
- **Missing middle zoning reform**  
**Minneapolis, MN**  
**Tulsa, OK**
- **TIF to support affordable housing**  
**Cincinnati, OH**  
**Chicago, IL**

## THE POTENTIAL IMPACT



## THE ISSUE

## PROMISING PRECEDENTS

## THE POTENTIAL IMPACT


- Source-of-income discrimination  
Access to **greater educational choice**  
Improved **effectiveness** of rent assistance
- State LIHTCs to **match federal 4% credits**  
**Many more units** each year  
Ability for projects to move more **quickly**
- Missing middle **zoning reform**  
**Lower cost of** providing housing
- **TIF** to support affordable housing  
**100 affordable units** each year (15% setaside)\*

\*based on 2018 development activity



Projected Impact



An aerial photograph of a residential neighborhood, showing a dense arrangement of houses with varying roof colors and styles, interspersed with green trees. The image is faded to serve as a background for the text.

What could be the  
combined impact of  
these efforts?

TOTAL IMPACT IN THE STUDY AREA  
PRIORITY STRATEGIES

# Housing Impacts

**1,250**  
new affordable  
units

**2,000**  
units  
preserved

**1,250**  
new  
homeowners

**17,000**  
fewer evictions

TOTAL IMPACT IN THE STUDY AREA  
PRIORITY STRATEGIES

# Broader Impacts

fewer  
**ER visits**  
for asthma

**375 jobs**  
from new  
units alone

**\$5.5 million**  
tax revenue each year  
from new units alone

**improved school  
performance**  
via better attendance  
and lower mobility



What does **cross sector leadership** look like in working towards addressing the affordable housing need in our community?