



# Indiana Uplands

## REGIONAL HOUSING STUDY

Brown — Crawford — Daviess — Dubois

Greene — Lawrence — Martin — Monroe

Orange — **Owen** — Washington



REGIONAL  
OPPORTUNITY  
INITIATIVES

September 2019







# Acknowledgments

## STEERING COMMITTEE MEMBERS

Lisa Abbott- Bloomington Board of Realtors

Jesse Belcher - Crawford County Economic Development Commission

Zachary Brown - Orange County Economic Development Partnership

Sabrina Burdine- Washington County Economic Growth Partnership

Neil Elkins- Tri-CAP

Brianne Jerrels- Greene County Economic Development Corporation

Greg Jones- Southern Indiana Development Corporation

Jim Kemp- Brown County Redevelopment Commission

Joe Lannan- Martin County (eSolve Solutions)

Geoff McKim- Monroe County Council

Bryant Niehoff - Daviess County Economic Development Corporation

Shance Sizemore- Lawrence County Economic Growth Council

Mike Spinks- Spencer Town Council

Mike Thissen - Crawford County Economic Development Commission

## CONSULTANTS

Amy Haase, AICP

Stephanie Rouse, AICP

Charlie Cowell, AICP

Marty Shukert, FAICP

Brett Kelly, MA



## ROI BOARD OF DIRECTORS & STAFF

Mark Franklin - German American Bank

Laura Hammack - Brown County Schools

Dan Handel - IU Health

Chuck Johnson - Vincennes University

Gareth Jolly - General Motors Bedford Casting Operations

Doug Kellams - Tri-County Builders

Pam Loughmiller - Loughmiller Machine, Tool & Design

Thomas Morrison - Indiana University

Dan Peterson - Cook Group

Tina Peterson - ROI CEO & President

Jeff Quyle - Radius Indiana

Greg Sapp - Artisan Electronics

Becky Skillman - Radius Indiana

William Stephan - Indiana University

Jennie Vaughan - Ivy Tech Bloomington

Matt Weinzapfel - Jasper Engines

Lauren Travis - City of Bloomington

## EX OFFICIO MEMBERS

Tom Peske, Crane Army Ammunition Activity

Tim Powers, Naval Support Activity Crane

Kyle Werner, Naval Surface Warfare Center Crane





# TABLE OF CONTENTS

INTRODUCTION . . . . .	7
SECTION ONE: REGIONAL PROFILE. . . . .	11
POPULATION CHARACTERISTICS & CHANGE . . . . .	14
ECONOMIC ASSESSMENT. . . . .	17
HOUSING AND HOUSEHOLD ASSESSMENT. . . . .	23
PUBLIC INPUT . . . . .	35
SECTION TWO: COUNTY PROFILE . . . . .	41
SECTION THREE: A PATH FORWARD FOR THE UPLANDS . . . . .	67
DEFINING HOUSING ASSETS & CHALLENGES. . . . .	69
STRATEGIC HOUSING GOALS . . . . .	72
REGIONAL STRATEGY . . . . .	74
NEXT STEPS FOR THE UPLANDS. . . . .	94



*West Baden Springs & French Lick are nationally recognized destinations that have bolstered the local economy with hundreds of diverse jobs.*

# INTRODUCTION

*The Indiana Uplands Regional Housing Study represents an in-depth study of the housing conditions of 11 counties - Brown, Crawford, Daviess, Dubois, Greene, Lawrence, Martin, Monroe, Orange, Owen, and Washington - that constitute the economic region of southwest central Indiana.*

*The communities and counties within the study display unique characteristics and housing challenges. Some have undertaken individual housing studies on their own, but often challenges can best be met on a cooperative basis, pooling the resources and capabilities of the region into a unified housing program. The study examines the unique circumstances of each county plus communities within those counties with populations of 5,000 or more. Through this analysis common themes will be derived that can be addressed by cooperative action across the region.*

## Why a Housing Study

As Regional Opportunity Initiatives (ROI) advanced community development plans and initiatives for the region, workforce housing arose as a major factor in creating an economically vibrant region. The region has experienced job growth especially within the life sciences, defense, advanced manufacturing, and tourism sectors. However, the region lacks the workforce to support this diverse economy. An essential element to attracting and retaining a workforce is adequate housing - adequate in quality, quantity, and cost.

Decades of slow to no population growth in many parts of the Uplands has resulted in little to no new construction, and, therefore, insufficient housing stock to meet a diverse workforce needs. In the last several years the economic outlook for many of these communities has been improving, but the housing market has been slow to respond. Thus, housing development is becoming part of the economic development conversation. Without available, affordable, and quality housing that is close to jobs, the region will not be able to accommodate the people needed to prosper.

Communities are also realizing that quality housing is essential to economic diversity. The region must attract new enterprises, creative entrepreneurs, and young households who will become future civic and business leaders. These people (including the region's own children and grandchildren) must find a place to call home in the Indiana Uplands Region.

### **What is workforce housing?**

*Workforce housing is housing that is safe, affordable, and close to jobs. A healthy housing market offers options for residents at all income levels and stages of life. Therefore, this study will not focus on just one price point or income range but what is needed to a healthy and diverse market.*



## Role of the Housing Study

The Housing Study is designed to be a strategic and frequently used road map to identify and meet current and future housing priorities. This tool can be used by several groups and individuals including:

- Development organizations and other groups who make policy, conceive and execute programs, and seek funding to meet housing needs
- Service providers who serve specific populations and need information to support their work and evaluate their effectiveness
- Local and county governments who establish priorities, evaluate development proposals, and establish the plans that become the basis for action
- Housing professionals, including developers, builders, real estate agents, and financial institutions who make decisions that influence the supply and construction of housing
- Employers who seek to attract talent to the region and grow their business
- Existing and prospective businesses, who use housing supply to influence their investment and location decisions
- Consumers, prospective residents, citizens, and a wide variety of other users



## Organization of the Study

The Housing Study includes a thorough analysis of all aspects of the region's housing market, along with practical recommendations and tools to help address housing issues and opportunities. The document is organized in a way that allows individual counties and communities to easily access local analysis with implementation tools that can be leveraged at the local or regional level. The study is organized as follows:

- Section 1 looks at the region, examining housing, demographic, and economic trends across the Indiana Uplands. A summary of outreach efforts comprised of community listening sessions and on-line surveys is also included.
- Section 2 profiles the individual counties, assessing county-wide data, census tract highlights, and survey trends. A profile of communities with a population greater than 5,000 according to the 2017 American Community Survey, offers a closer assessment of housing, population, and economics on the local level. Finally, a housing development program is identified along with specific goals, strategies, and solutions for each county.
- Section 3 summarizes the housing issues, resources, and challenges to establish overall housing goals. Building on these goals, strategies, programs, and policies are identified that will move the region forward.

## Development of the Study

---

The Indiana Uplands Regional Housing Study included a comprehensive public engagement process to help understand the vision and needs of the region. The planning team worked closely with the technical committee which included representatives or advocates for each county.

To broaden public input, a series of stakeholder groups and public meetings were held in each of the counties, and two surveys (a general county-wide survey and workforce survey) together received more than 2,100 responses. Building on the community input, a wide variety of sources were used to develop the demographic and economic analysis. These included:

- The U.S. Decennial Census and American Community Survey
- State of Indiana Management Performance Hub (MPH) data
- County and city data on building activity
- Existing studies completed by economic development organizations, counties and cities
- County GIS Departments
- USGS and NRCS mapping data





*Bedford and many other communities are seeing a growing interest in housing reinvestment. For many communities, the stock of older, well-maintained housing is the best source of entry level homeownership.*





# SECTION ONE

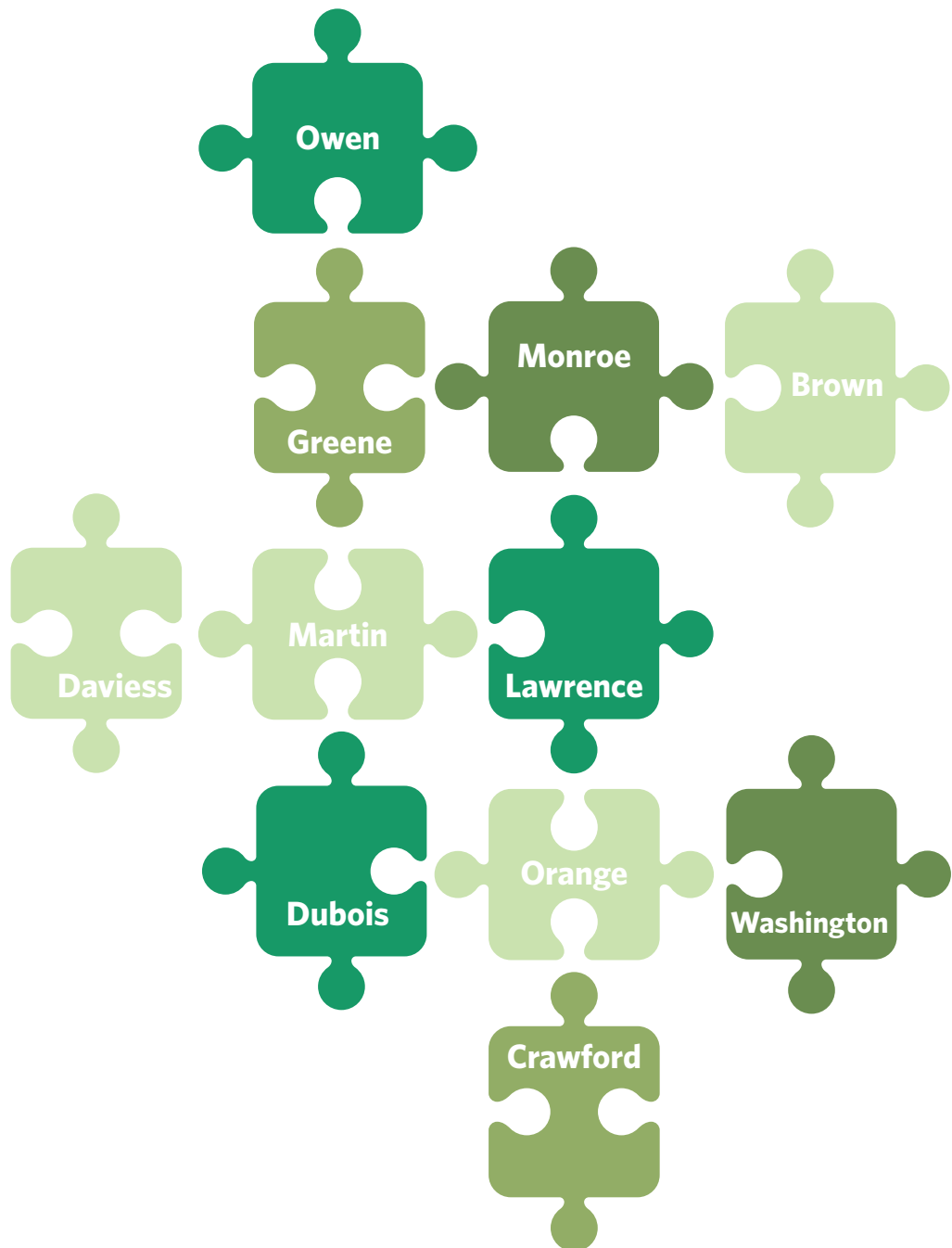
## REGION PROFILE

A PROFILE OF THE REGION  
ECONOMIC ASSESSMENT  
HOUSING AND HOUSEHOLD  
REGIONAL TRENDS



## REGIONAL PROFILE

*The Indiana Uplands Region is a rich tapestry of cultural and environmental assets. To understand the region, it is important to understand the counties and communities that form the fabric of the area. This section will provide a broad overview of the region. For the most part, this story will be told through a series of maps that illustrate the story and trends found within the region.*



## Population Characteristics and Change

This section reviews the region's demographic trends—historical population growth, trends in age distribution, and geographic distribution. These trends provide a perspective on where the region has been and challenges to overcome.

### Historic Trends

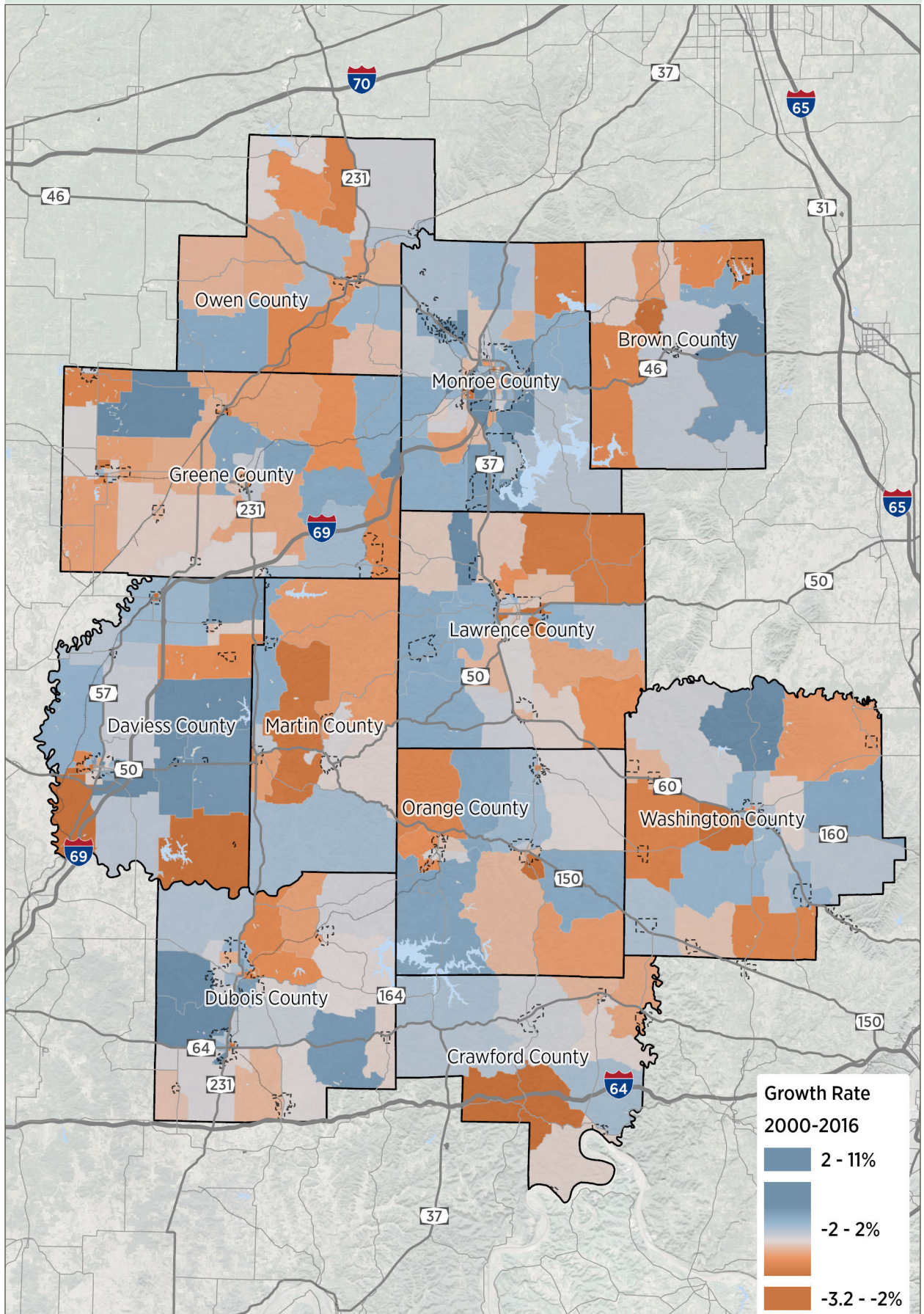
Overall, the region has experienced growth since 1960, starting with a population of 248,322 and almost doubling to a 2017 estimated population of 401,903. Map 1.1 and Figure 1.1 illustrate the region's current and historic population trends. These figures and maps show:

- A mix of both growth and decline across the region, with Monroe, Daviess, and Dubois experiencing the most consistent rates of growth between 2000 and 2017. Three counties were growing at a significant rate even during the economic downturn, whereas Crawford, Martin, and Owen Counties lost population.
- Rural counties experienced high rates of population decline, with Martin County losing 3% of its population between 1960 and 2010.
  - » Despite the growth at Crane Naval Base, Martin County appears to be missing out on capturing the population growth that would naturally result from additional jobs.
- Most communities and census tracts located along the I-69 corridor have experienced some growth with the construction of this route.
- Growth was most pronounced in the larger communities of region, including Bloomington, Jasper, Nashville, and Huntingburg.
- The region grew at an average annual rate of 1% between 1960 and 2010, exceeding the growth in the state as a whole which was 0.70% during the same time frame.

**Figure 1.1: Population Change - Indiana Upland Counties**

	1990	2000	2010	2017 Estimate	Current Share of Region	1960-2010 Annual Growth Rate
<b>Brown</b>	14,080	14,957	15,242	15,007	3.73%	1.56%
<b>Crawford</b>	9,914	10,743	10,713	10,598	2.64%	0.49%
<b>Daviess</b>	27,533	29,820	31,648	32,777	8.16%	0.30%
<b>Dubois</b>	36,616	39,674	41,889	42,379	10.54%	0.80%
<b>Greene</b>	30,410	33,157	33,165	32,431	8.07%	0.50%
<b>Lawrence</b>	42,836	45,922	46,134	45,669	11.36%	0.47%
<b>Martin</b>	10,369	10,369	10,334	10,219	2.54%	-0.10%
<b>Monroe</b>	108,978	120,563	137,974	144,436	35.94%	1.70%
<b>Orange</b>	18,409	19,306	19,840	19,623	4.88%	0.32%
<b>Owen</b>	17,281	21,786	21,575	20,957	5.21%	1.28%
<b>Washington</b>	23,717	27,223	28,262	27,807	6.92%	0.93%
<b>Region Total</b>	<b>340,143</b>	<b>373,520</b>	<b>396,776</b>	<b>401,903</b>	-	<b>1.00%</b>
<b>State of Indiana</b>	5,544,159	6,080,485	6,483,802	6,691,878	-	0.70%

Source: U.S. Census

**Map 1.1: Growth Rate by Census Tract**

Source: 2010 U.S. Census; 2016 American Community Survey

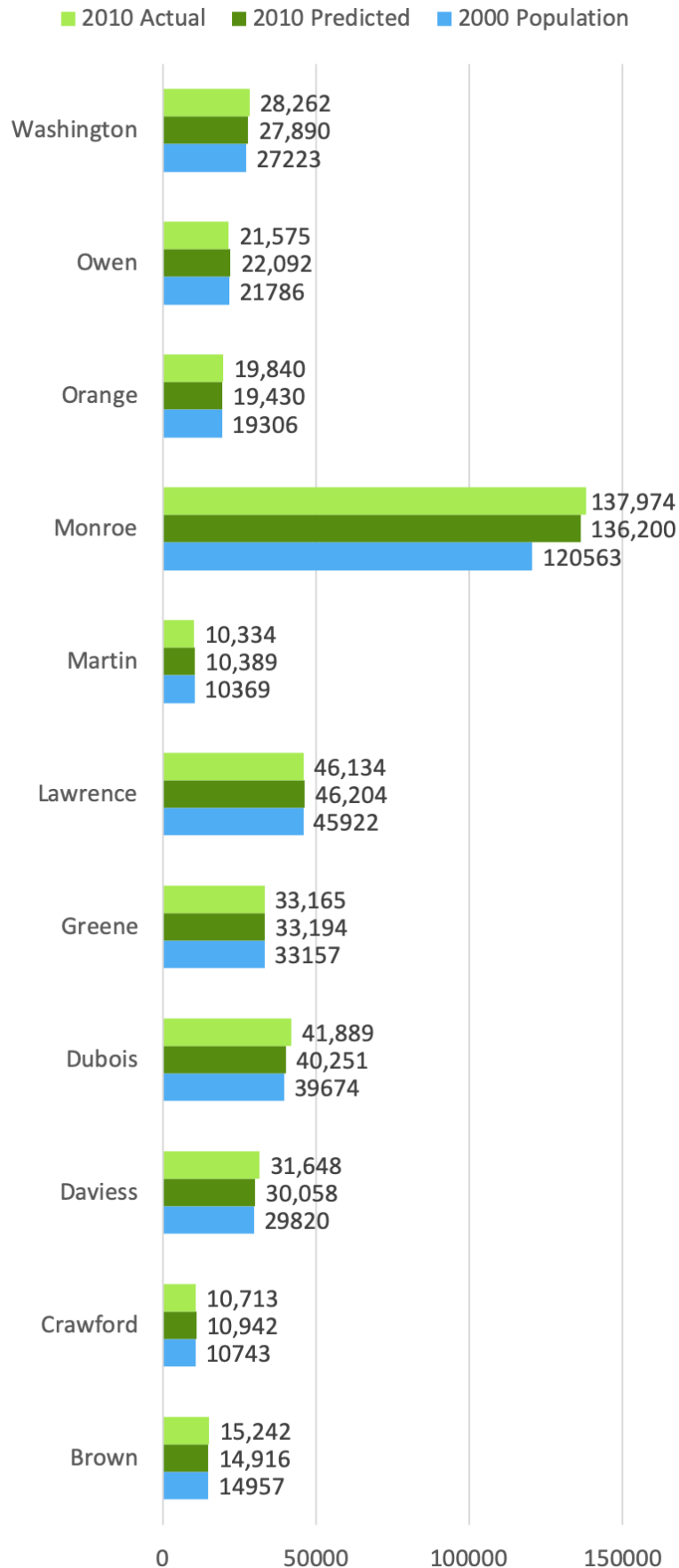


## Migration Patterns

Figure 1.2 shows the 2010 predicted population versus the actual 2010 Census counts. The forecast is built from average birth and death rates for five-year age groups. This analysis can provide a better understanding of in- and out-migration. When actual is larger than predicted, in-migration occurred. When actual is less than predicted, then out-migration occurred. The difference in these numbers provide some understanding of the scale of the in- or out-migration. This comparison indicates:

- Many of the counties out performed the predicted population indicating strong in-migration during the decade.
- All counties except Brown were projected to grow naturally, a result of a higher number of births than deaths.
- Brown County was predicted to lose population, driven by the lack of a younger population having children and adding to the population. The population increase that occurred indicates that in-migration occurred.
- Daviess, Dubois, and Monroe Counties all experienced significant in-migration during the 2000s, adding just over 5,000 residents over what was predicted.

**Figure 1.2: 2010 Predicted Vs. Actual Population**



Source: 2010 U.S. Census

## Economic Assessment

A region's economy, including workforce needs, incomes, and unemployment rates impact housing options and development. The following section provides an overview of basic economic characteristics and how these characteristics relate to housing.

### Household Income

Figure 1.3 and Map 1.2 illustrate the region's household incomes.

- All the region's counties are below the state of Indiana's estimated median household income except Brown and Dubois counties.
- The largest population centers within the region had some of the lowest median household incomes. Incomes rose in the census tracts surrounding those communities, indicating higher income households are either looking for or only finding the housing they desire outside the core communities.
- Some census tracts within large cities like Bloomington saw relatively low median incomes at or below \$15,000, but also included census tracts where income jumped to over \$100,000. The city's large student population has lower incomes, but often has many expenses subsidized.
- Most of the region has a median household income between \$20,000 and \$48,000 with only a few census tracts above \$85,000.
- The region's rural counties that have struggled to maintain populations also have the lowest incomes.
- There is no clear geographic pattern to where household income levels are the highest or lowest.

*Important Terms:*

*Average: number obtained by dividing the sum total of a set of figures by the number of figures*

*Median: middle number in a list of numbers*

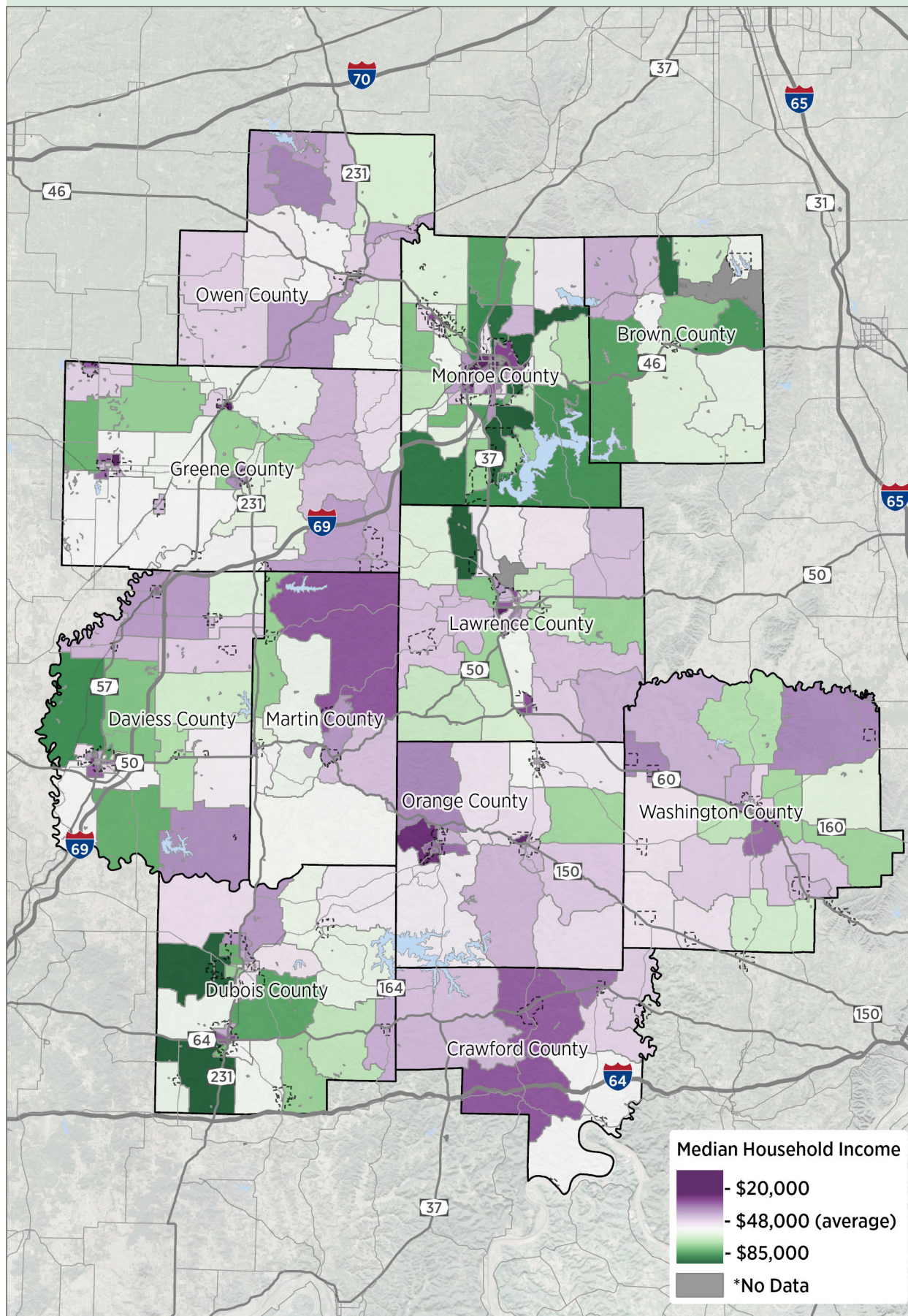
*Estimate: a value derived from a rough calculation or judgment based on existing data. The American Community Survey provides data estimates based on a survey of only a portion of the population between the full census conducted every 10 years.*

**Figure 1.3: Median Household Income**

	2017 Population	2017 Estimated Median Household Income	80% of Median	50% of Median
<b>Brown</b>	15,007	\$59,292	\$47,434	\$29,646
<b>Crawford</b>	10,598	\$40,067	\$32,054	\$20,034
<b>Daviess</b>	32,777	\$48,355	\$38,684	\$24,178
<b>Dubois</b>	42,379	\$57,307	\$45,846	\$28,654
<b>Greene</b>	32,431	\$49,648	\$39,718	\$24,824
<b>Lawrence</b>	45,669	\$49,985	\$39,988	\$24,993
<b>Martin</b>	10,219	\$49,372	\$39,498	\$24,686
<b>Monroe</b>	144,436	\$45,689	\$36,551	\$22,845
<b>Orange</b>	19,623	\$42,803	\$34,242	\$21,402
<b>Owen</b>	20,957	\$48,315	\$38,652	\$24,158
<b>Washington</b>	27,807	\$46,861	\$37,489	\$23,431
<b>State of Indiana</b>	6,666,818	\$52,182	\$41,746	\$26,091

Source: U.S. Census

**Map 1.2: Median Household Income by Census Tract**



Source: 2016 American Community Survey; \* No Data results from a sample size that is too small for sharing due to confidentiality



## Employment

The data provided in Figure 1.4 uses a combination of 2017 American Community Survey (ACS) estimates and Bureau of Labor Statistic data to illustrate labor force participation and unemployment rates.

- According to the 2017 ACS estimates, most counties are at or below the state unemployment rate of 6.1%, however Washington County has a higher rate at 7%, Greene at 6.2%, and Owen and Monroe at 6.3%. Dubois County has a very low unemployment rate down at 2.9%.
- When considering more recent data from the Bureau of Labor Statistics, the unemployment rate in all of the counties has been trending down since the 2017 ACS estimates. In December of 2018, all counties were estimated at 5% or below with most counties hovering around 3% unemployment.
  - » Unemployment rates below 4% often indicate near full employment. This can be viewed as both a positive and negative. For workers, options are higher and sometimes wages increase, but employers can struggle to fill positions and establish a stable workforce, which can stifle growth.
  - » Many counties are now in line with the current state-wide unemployment rate of 3.6%, but some counties, such as Crawford, have unemployed workers. However, that labor may not be properly trained or close enough to the available jobs in the region.
- According to the 2014 Strategic plan for Economic and Community Development in SWC Indiana, the region lost 1,565 jobs between 2001 and 2012. Without considering Monroe County which added 3,120 jobs during that time, that number would actually triple to a total loss of 4,685 jobs.

The very low unemployment rates mean employers have to recruit from the larger region, and especially from outside the region, potentially even from outside the state. However, many employers noted the lack of affordable and quality housing supply for these recruits, an issue across all income pay ranges. The struggle for every region lies in striking an appropriate balance between workforce development, housing, and job growth—all of which must go together.

**Figure 1.4: Labor Force and Unemployment Rates**

	2017 Population	Labor Force	Unemployment Rate	
			2017 ACS	December 2018 BLS
<b>Brown</b>	15,007	7,177	5.9%	2.90%
<b>Crawford</b>	10,598	4,432	4.3%	5.20%
<b>Daviess</b>	32,777	15,012	5.4%	2.70%
<b>Dubois</b>	42,379	22,577	2.9%	2.40%
<b>Greene</b>	32,431	15,192	6.2%	4.80%
<b>Lawrence</b>	45,669	21,702	5.2%	3.80%
<b>Martin</b>	10,219	5,016	4.2%	2.70%
<b>Monroe</b>	144,436	76,649	6.3%	3.50%
<b>Orange</b>	19,623	8,844	4.6%	3.50%
<b>Owen</b>	20,957	10,091	6.3%	4.30%
<b>Washington</b>	27,807	12,858	7.0%	3.30%
<b>State of Indiana</b>		3,326,494	6.10%	3.60%

Source: U.S. Census &  
Bureau of Labor Statistics

## Jobs and Education

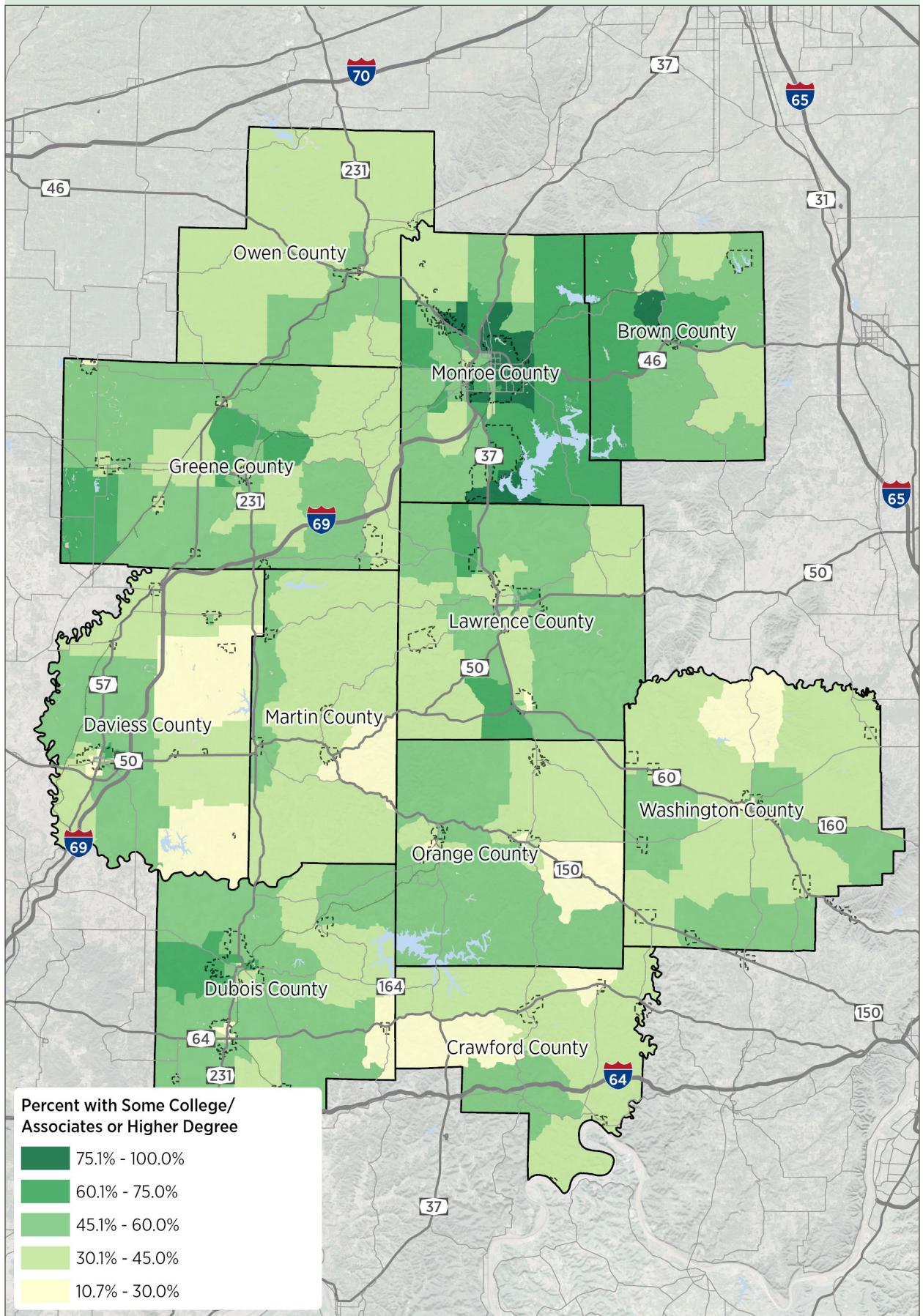
The largest employers in the region are often identified in community and county planning documents, but often where those workers live is not as well understood. In some of the more rural communities, employers rely heavily on in-commuters. Figure 1.5 shows the industries with the highest number of employees for each county, regardless of the employee's home location, and the top sector employing only residents of that county. These numbers often differ because of high rates of in-out commuting. One example is Martin County, which shows national security/internal affairs as a top industry for the county because of CRANE Naval Base, but the largest employer for residents is actually educational services.

Employers' needs usually have a direct impact on the education and income levels of a region. The Indiana Uplands Region is no different. Most of the residents have at least a high school degree or GED (see Map 1.3). Monroe County is the only county with census tracts prominent in graduate/professional degree attainment. Daviess has a few census tracts with a preponderance of residents with less than a high school degree. The 2014 Strategic Plan for Economic and Community Development in SWC Indiana demonstrated the relatively similar educational attainment levels in the region compared to the state, but fewer residents with some college or formal degrees.

**Figure 1.5: Top Industry Employer by County, 2016**

	<b>Top Industry Sector for Employment</b>	<b>Number of Employees</b>	<b>Top Industry Sector for Employment of County Residents</b>	<b>Number of Employees</b>
<b>Brown</b>	Educational Services	320	Educational Services	1,501
<b>Crawford</b>	Educational Services	260	Manufacturing	1,071
<b>Daviess</b>	Manufacturing	1,787	Manufacturing	2,957
<b>Dubois</b>	Manufacturing	8,902	Manufacturing	7,243
<b>Greene</b>	Educational Services	786	Educational Services	2,942
<b>Lawrence</b>	Manufacturing	1,724	Educational Services	4,938
<b>Martin</b>	National Security/ Internal Affairs	5,738	Educational Services	863
<b>Monroe</b>	Educational Services	13,113	Educational Services	25,537
<b>Orange</b>	Accommodation and Food Services	1,637	Manufacturing	2,052
<b>Owen</b>	Manufacturing	1,362	Manufacturing	2,126
<b>Washington</b>	Manufacturing	1,177	Manufacturing	2,846

Source: IBRC, American Community Survey 2013-2017

**Map 1.3: Educational Attainment by Census Tract**

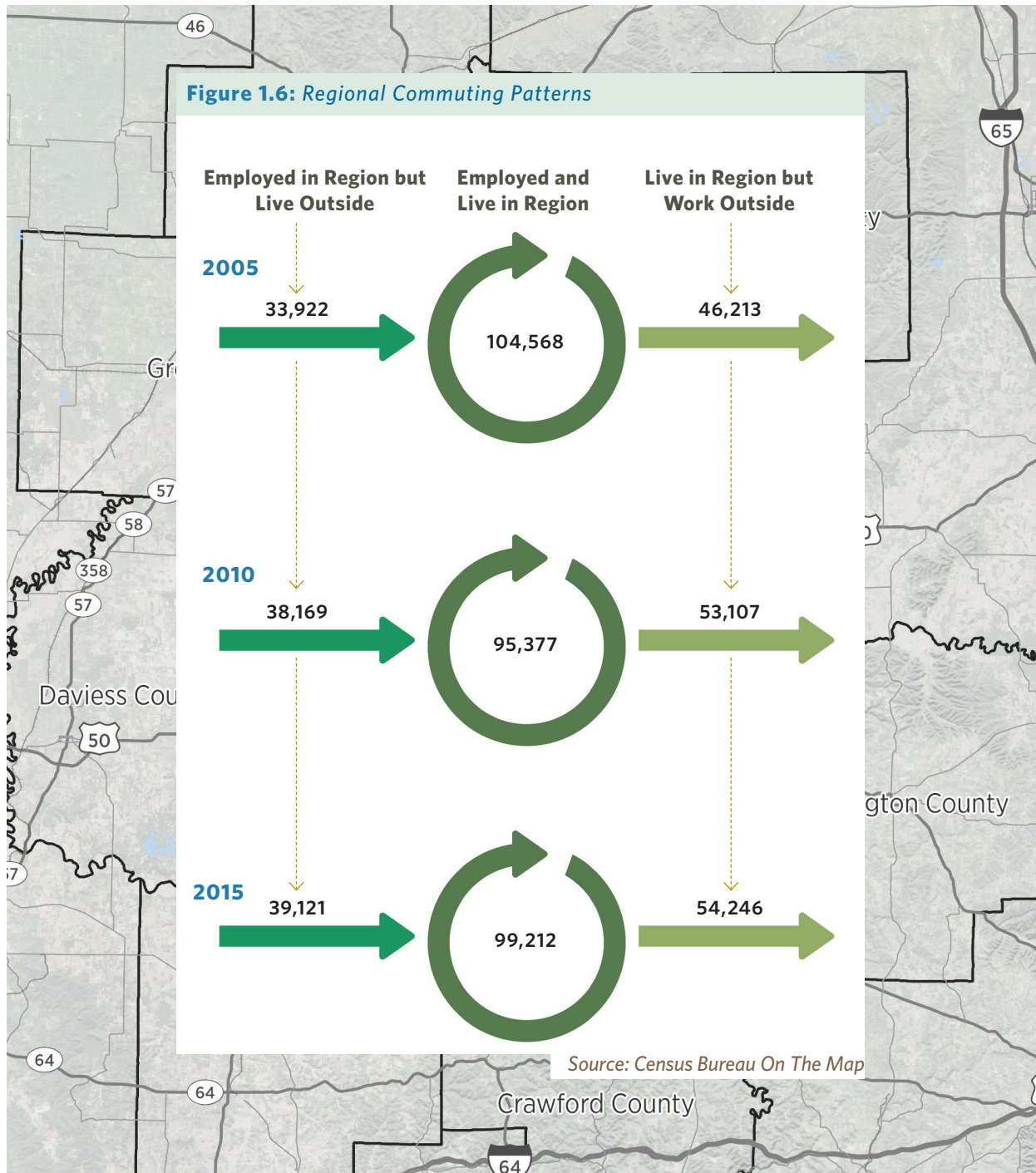
Source: 2016 American Community Survey



## Commuting Patterns

As noted earlier, the balance between jobs and housing has become an important community and economic development issue. Figures 1.6 illustrate the inflow and outflow of residents in the region. Below are key highlights of regional commuting patterns, however further analysis for each county is provided in the following chapters.

- Since 2005, the region has steadily grown its workforce through in-commuters.
- More residents appear to be finding jobs outside the region since 2005. The reasons for this may vary from household to household, but it can be theorized that it is related to shifting job markets during the recession or potentially individuals choosing to live in the region because of quality of life attributes or amenities.



## HOUSING AND HOUSEHOLD ASSESSMENTS

In the following chapters, an assessment of housing and household trends will be provided for each of the counties and larger communities. This section offers an opportunity to directly compare housing trends by county.

Building on the population characteristics discussed previously, Map 1.4 on the following page illustrates the size of households across the region. Differing factors can drive average household size, especially median age. Pockets throughout the region have substantial Amish populations that can drive the demographic composition, including larger families with more children and older family members who are less likely to live on their own. This is an important factor when considering the demand for retirement housing in these areas. Other rural areas have more traditional aging populations who tend to live on their own and, thus, have a declining household population. Figure 1.7 shows the median age from 2000 to 2010. All but Daviess and Monroe Counties saw the median age rise, with the greatest increase in age occurring in the more rural counties. For some of the communities it is not unusual to see an increased number of occupied housing units with little to no population growth. The same population living in smaller households results in more housing units being filled. Therefore, when a rural area has an aging population (usually one or two person households) and new households with much smaller families, the demand for new units still exists.

*Households will be abbreviated as HH in tables and charts throughout the document*

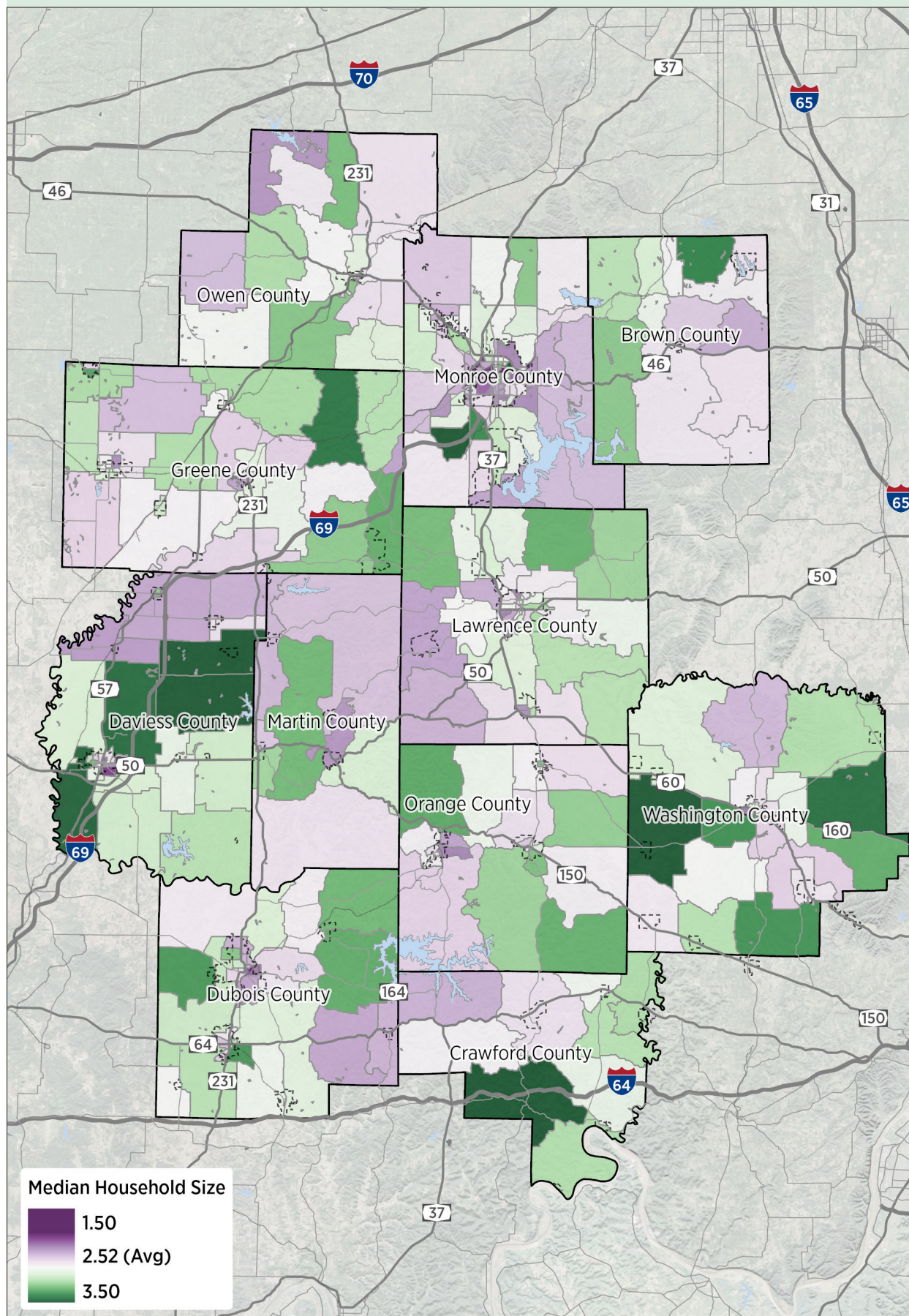
**Figure 1.7: Median Age 2000 to 2010**

	2000	2010	Difference
<b>Brown</b>	41	47	6
<b>Crawford</b>	37	42	5
<b>Daviess</b>	36	35	-1
<b>Dubois</b>	36	40	4
<b>Greene</b>	38	41	3
<b>Lawrence</b>	38	42	4
<b>Martin</b>	39	42	3
<b>Monroe</b>	28	28	0
<b>Orange</b>	38	41	3
<b>Owen</b>	38	42	4
<b>Washington</b>	36	39	3

Source: U.S. Census

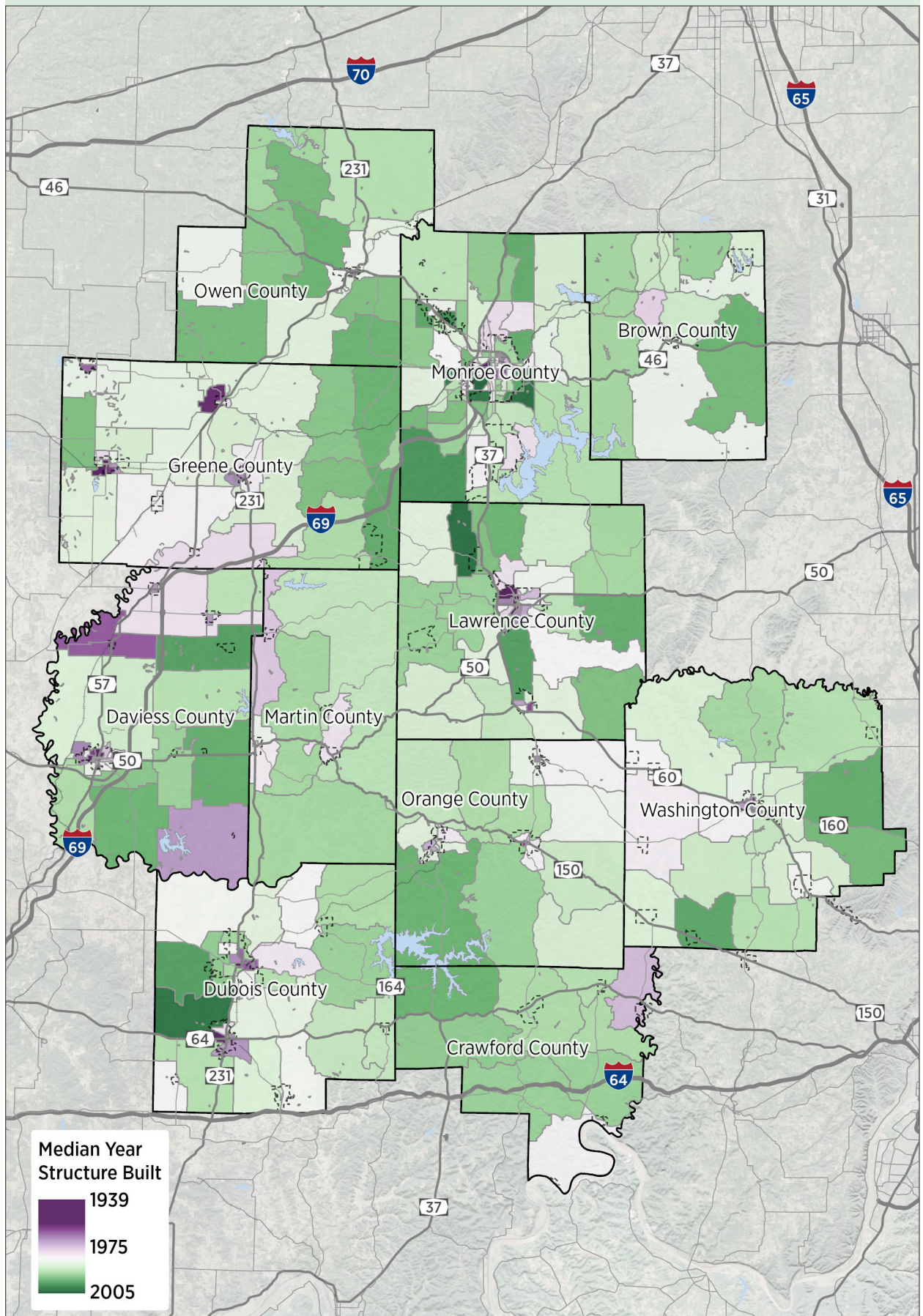


**Map 1.4: Median Household Size by Census Tract**



Source: 2016 American Community Survey

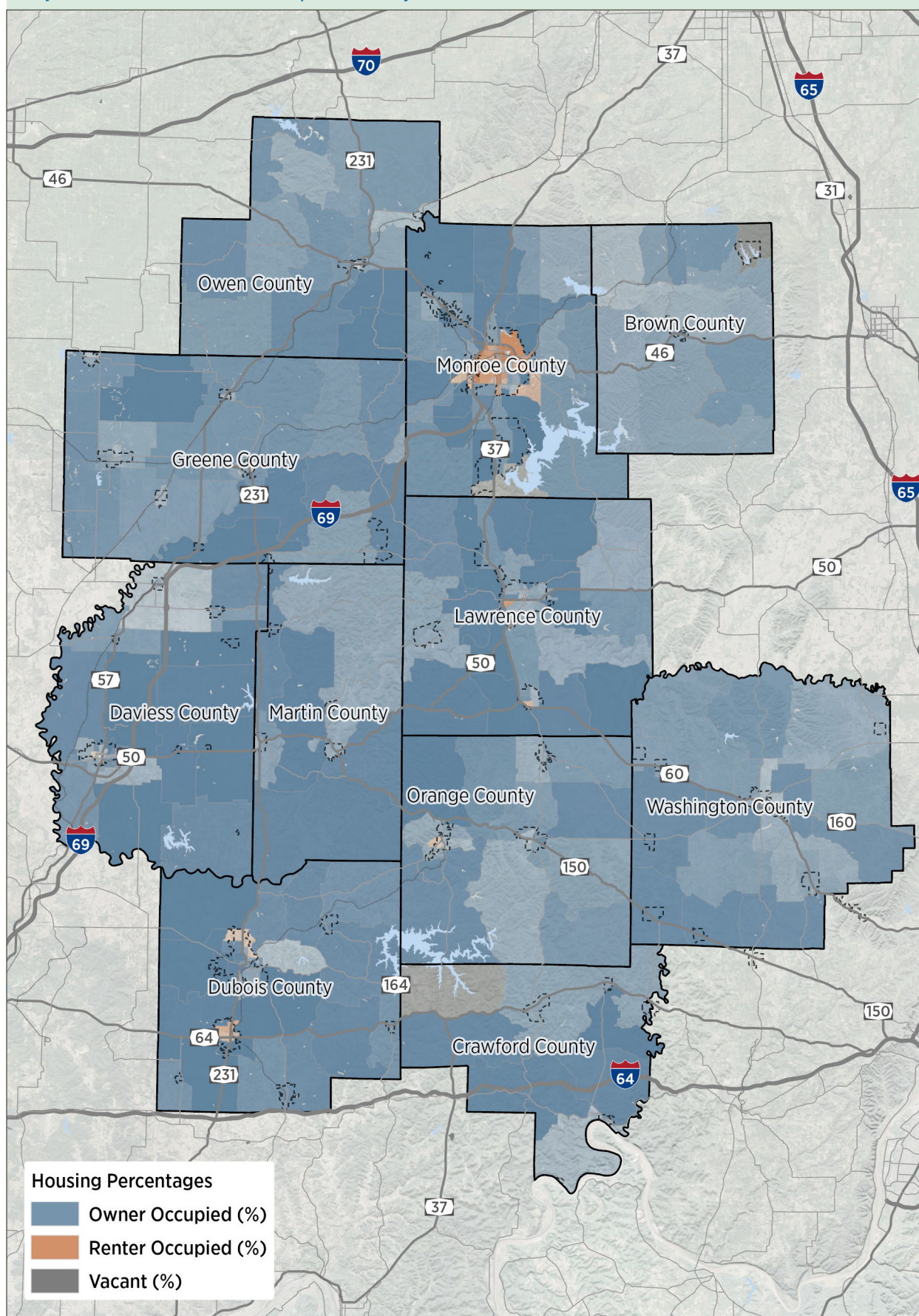


**Map 1.5: Median Year Built (Residential Structures) by Census Tract**

Source: 2016 American Community Survey



**Map 1.6: Owner Vs. Renter Occupied Units by Census Tract**



Source: 2016 American Community Survey



## Housing Characteristics

A region's occupancy and housing age can tell a lot about the makeup of the housing market, gaps, and opportunities.

### Age of Housing

As shown in Map 1.5, the region's newer housing stock is predominately located outside of the communities in more rural settings. Many of the larger communities have a housing stock that is aging. With median year built in the 1970s or older, these homes are 40-plus-years-old and if not updated and well maintained these units may begin to show significant structural issues. Additionally, it is not uncommon that the oldest and smallest homes within communities are being used as rentals with a high perception of low property maintenance.

### Occupancy

The region is primarily composed of owner-occupied housing units (see Map 1.6). The only county with a significant percentage of renter occupied housing is Monroe (46%) and that is generally dominated by student rentals. A few other larger communities within the region have greater shares of rental housing, but several communities have almost no census tracts with rental housing (Washington, Crawford, Martin, Greene, Brown, and Owen counties). Most counties have an owner-occupied share of around 80%, which has stayed consistent since 2010 and is slightly counter to the trend in many states, including Indiana as a whole, where the percentage of rental occupancy has increased slightly since the recession.

Vacancy rates in the region vary widely, some exceeding the state rate of 11%, others falling below. In counties with a strong tourism and seasonal market, vacancy rates are very high, nearing 30% (Brown and Crawford). Seasonally vacant units not only include owner-occupied second homes, but also units that are leased out on long- and short-term basis. This includes condos and cabins that owners rent to vacationers throughout the summer season, but leave vacant during the winter months.

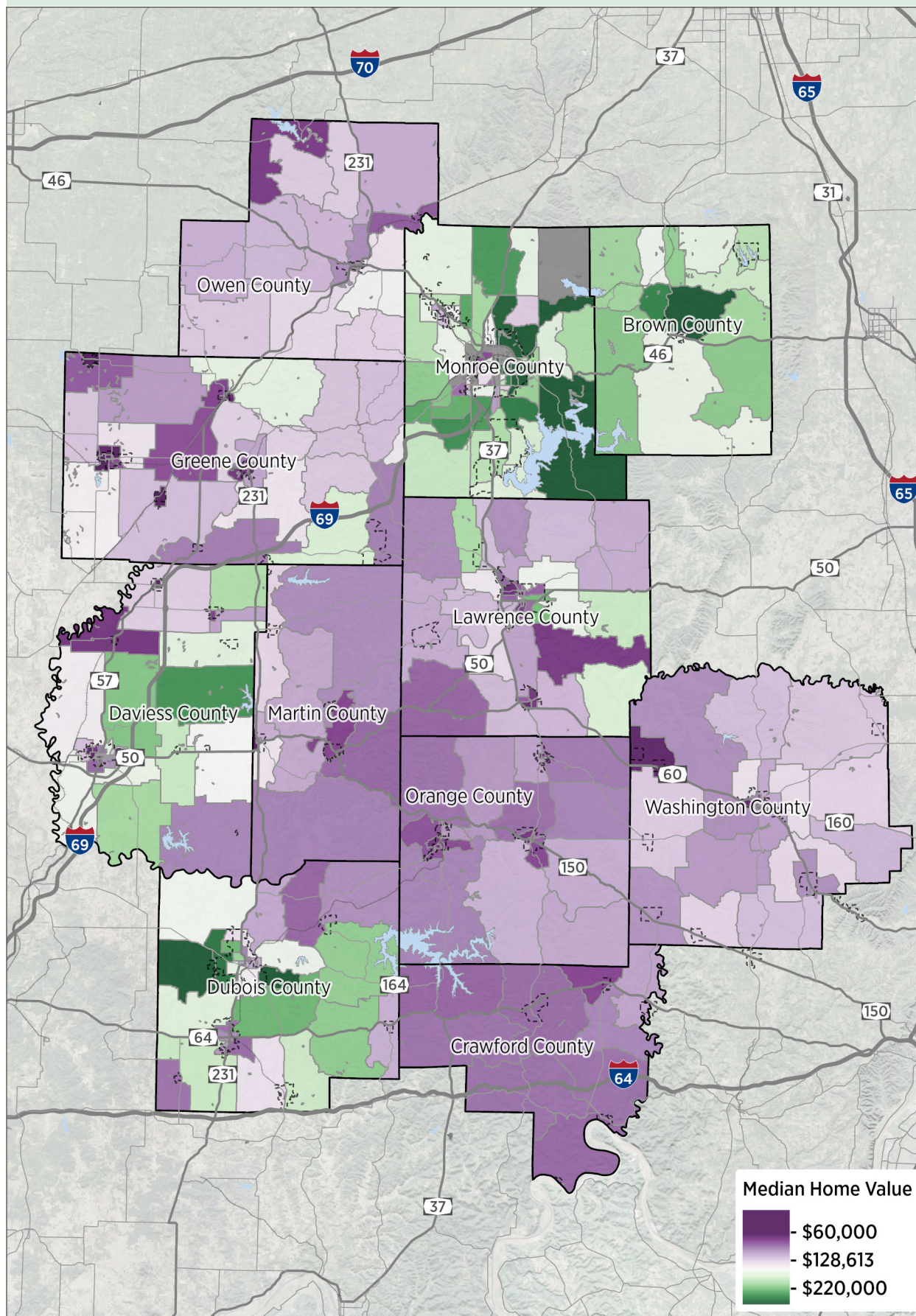
Other counties such as Orange, Owen, and Martin still have high vacancy rates (around 15%), but its likely because of poor housing conditions rather than seasonally occupied units. When considering only units vacant for sale or rent, the rates drop to 6% and below for all communities. Overall vacancy rates have risen in all communities between 2010 and 2017, a trend that should be reversed. These units will either need to be brought up to modern standards or replaced. See Figure 1.8 for more detail.

**Figure 1.8: Occupancy Characteristics 2010 to 2017**

	2010		2017		
	% Owner Occupied Units	Vacancy Rate All Units	% Owner-Occupied Units	Vacancy Rate All Units	Vacant For Sale/ Rent Only
<b>Brown</b>	84%	25%	84%	30%	5%
<b>Crawford</b>	83%	22%	83%	28%	2%
<b>Daviess</b>	75%	9%	74%	9%	4%
<b>Dubois</b>	77%	7%	77%	7%	3%
<b>Greene</b>	78%	11%	80%	17%	6%
<b>Lawrence</b>	76%	11%	79%	13%	6%
<b>Martin</b>	81%	12%	81%	12%	2%
<b>Monroe</b>	53%	7%	54%	10%	5%
<b>Orange</b>	75%	14%	75%	15%	5%
<b>Owen</b>	80%	16%	79%	16%	5%
<b>Washington</b>	78%	11%	76%	14%	4%

Source: U.S. Census, 2017

**Map 1.7: Median Home Value by Census Tract**



Source: 2016 American Community Survey





Gosport (2018)

## Housing Cost

This section looks at housing costs from different perspectives, including median home value, mortgages, rents, and cost of housing to income.

### Home Values

- Median home values range widely across the region, from the lowest of \$86,700 in Crawford to the highest in Brown County at \$174,800 (see Map 1.7).
- Some of the highest valued homes are in Dubois, Daviess, Monroe, and Brown Counties. Almost all of Monroe County has home values at or above \$186,000.
- The lowest valued homes are in Martin, Orange, and Crawford counties. There is a correlation between the smallest population centers, lowest household incomes, and census tracts with housing values at or below \$70,000. While this could mean there is a good supply of entry level affordable housing, it also raises questions that are further informed by stakeholder interviews including:
  - » Are home values so low that they negatively impact appraisals and thus stagnate new construction?
  - » Are the lower values a reflection of housing condition and maintenance? (Another factor that can depress new construction)
  - » Home values in Monroe County are higher, is this forcing many lower wage and entry level workers employed in the Bloomington area to drive substantially farther, increasing transportation costs and making the region less affordable?



Bedford (2018)



Harrodsburg (2018)

## Mortgage and Rental Costs

Monthly mortgage payments compared to home values and incomes begin to paint an interesting picture across the region.

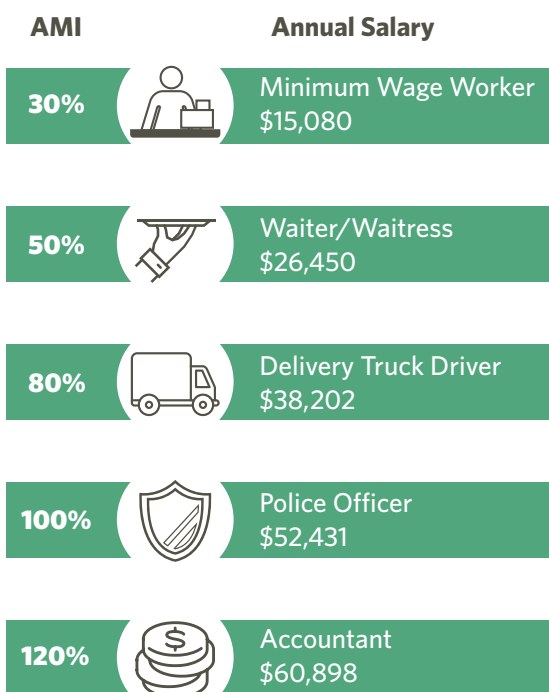
- Monthly median home costs with a mortgage are relatively in line with median household incomes throughout the region. Brown County has both the highest median household income and the highest monthly housing costs. Conversely, Crawford County has the lowest incomes and the lowest mortgage and rental costs.

- » Rental costs are highest in Monroe County as expected with Bloomington accounting for most of the highest rental rates.
- » Despite the higher rental rates in Monroe County, there are pockets in the western portions of the county that have more affordable rental costs.
- » In some housing markets, rental rates are reaching the cost of a mortgage, however, the Indiana Uplands region seems to be avoiding this problem. One reason could be the relatively small share that rentals comprise of the housing market and low rates of new rental construction outside of Bloomington.

- Construction of new rental housing is often hampered by two issues in rural areas.
  - a. Traditionally, new construction of rental housing can only be supported by minimum rental rates of \$1 per square foot. Lower rental rates, as is the case around the region, mean that there are very few rental rates comparable to new construction. Financing institutions often look for comparables when financing projects as one sign that a project will be able to repay any debt.
  - b. Frequently there is a perception that housing should cost less in smaller communities or rural areas. However, the cost of construction and maintenance is often the same or even higher than larger cities. In larger communities bulk production and access to supplies and labor can help control costs.

Both of these issues can result in little new construction or updates to existing units despite demand.

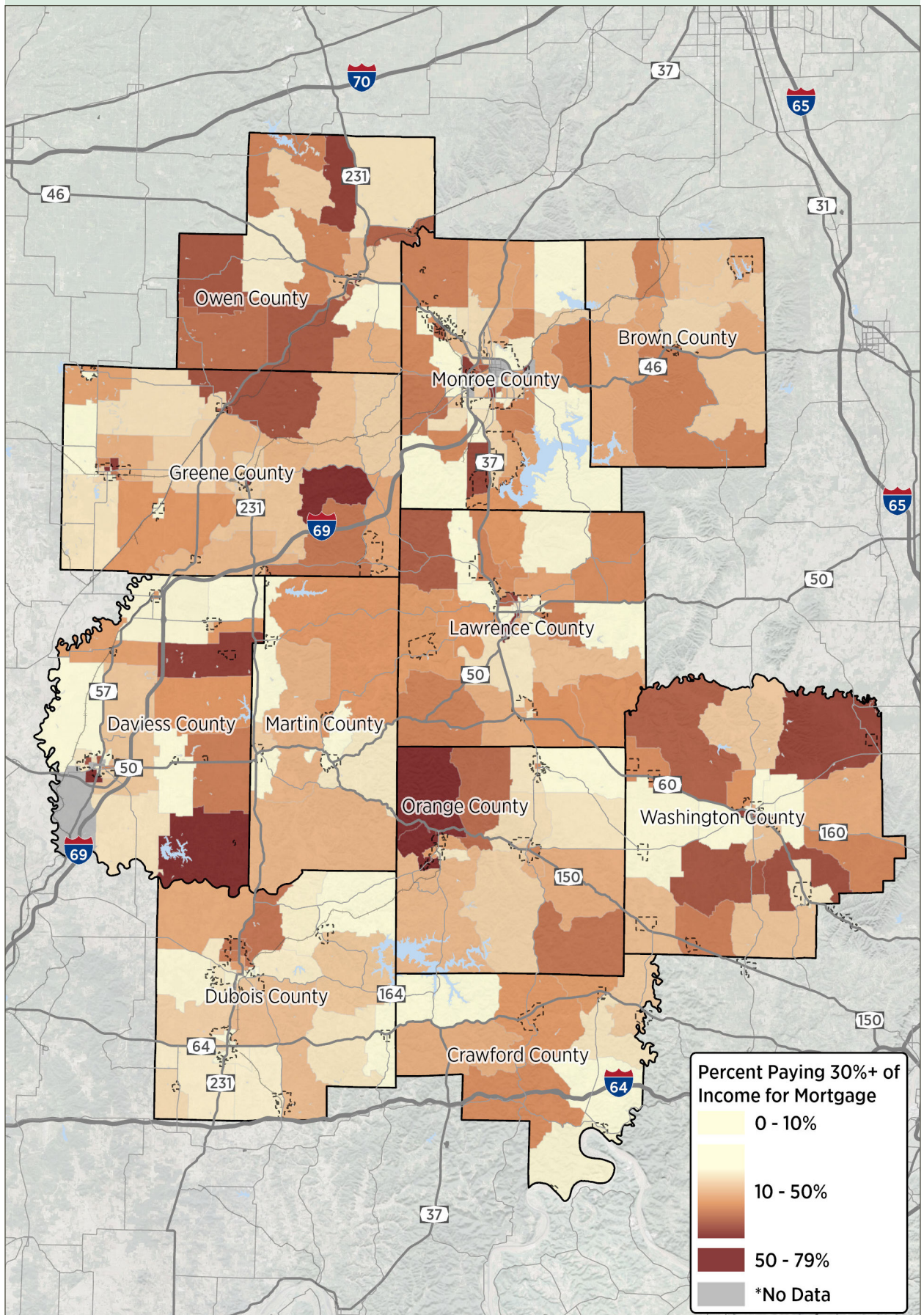
**Figure 1.9: What Workers Make**



AMI=Area Median Income.

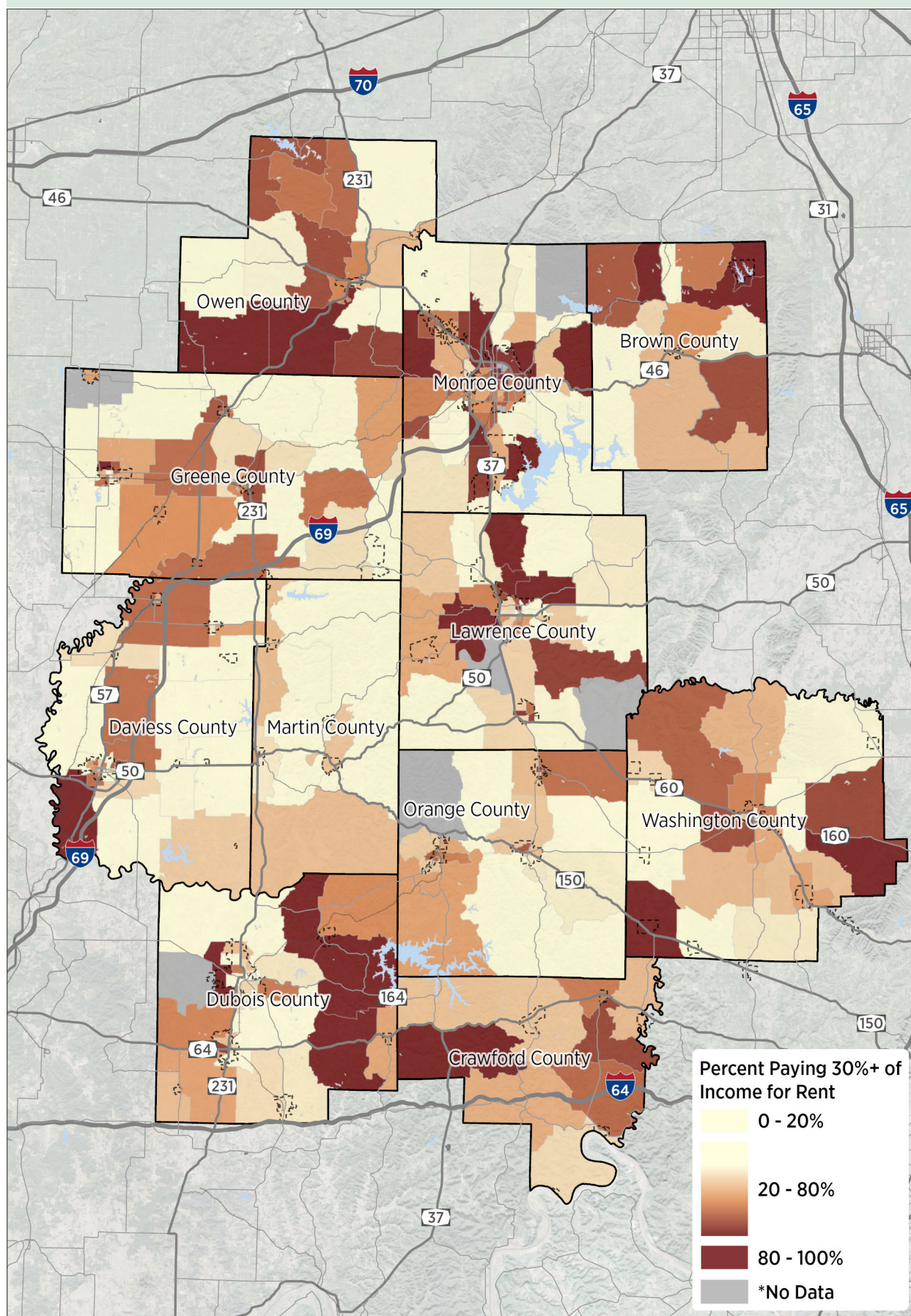
Source: Based on annual salary data from the 2017 Paycheck to Paycheck Database for the Indianapolis-Carmel-Anderson, IN region and the 2017 Bloomington, IN MSA median household income



**Map 1.8: Percent Paying over 30% Income to Mortgage by Census Tract**

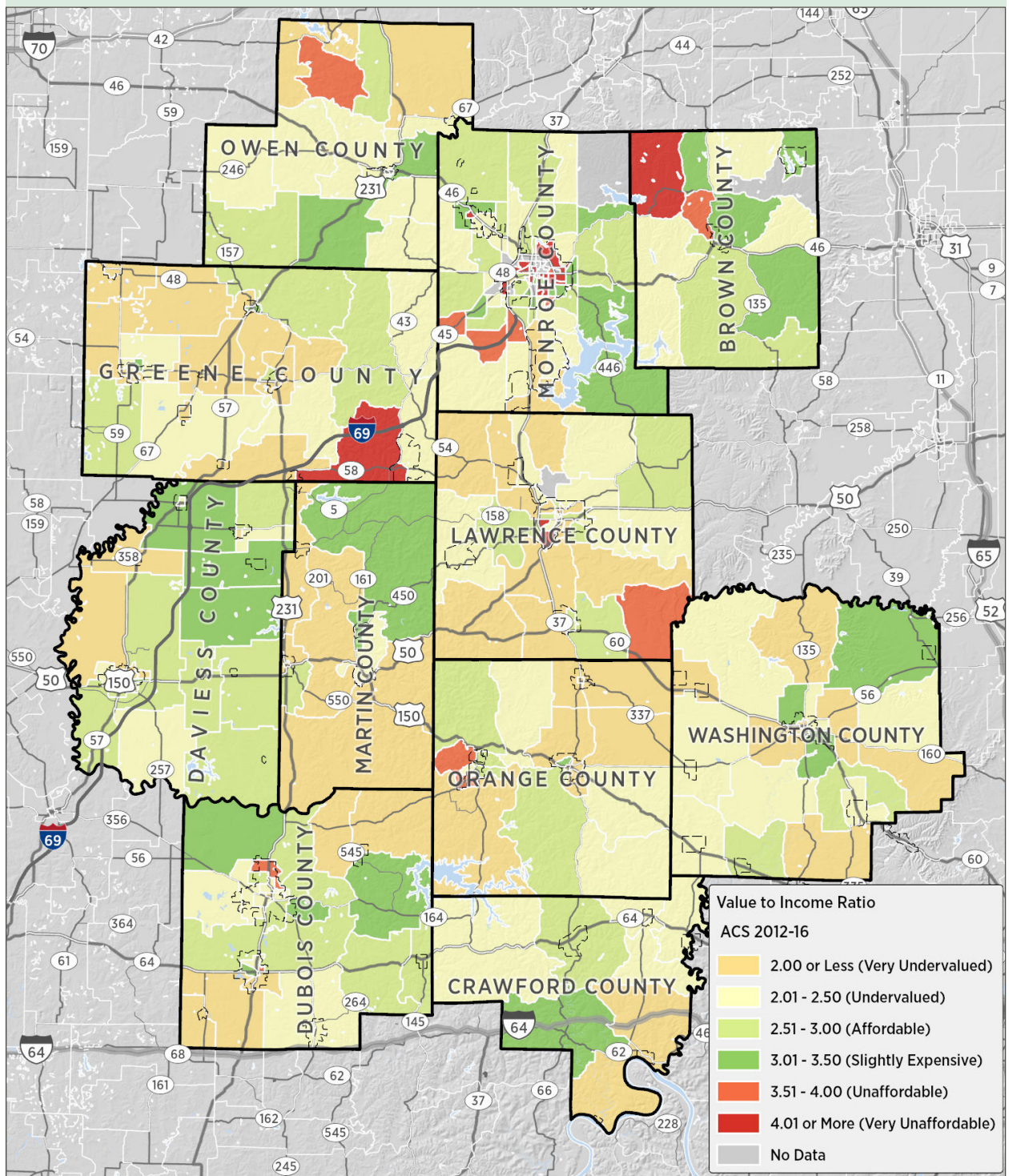
Source: 2016 American Community Survey; \* No Data results from a sample size that is too small for sharing due to confidentiality



**Map 1.9: Percent of Households Paying over 30% Income to Rent by Census Tract**

Source: 2016 American Community Survey; \* No Data results from a sample size that is too small for sharing due to confidentiality



**Map 1.10: Value-to-Income Ratio by Census Tract**

Source: 2016 American Community Survey; RDG Planning &amp; Design

## Cost to Income

The following sections include a detailed assessment of housing characteristics with an assessment of affordability within each county. For most households, an affordable owner-occupied home will be approximately 2.5 times the household's annual income. Housing that costs more than 3 times or less than 2 times a household's income both indicate issues in the market.

- Housing costs over 3 times a household's income results in housing costs that consume over 30% of a household's income, making it more difficult to find affordable housing, assemble adequate downpayments, or qualify for financing. See Maps 1.8 and 1.9 on the previous pages for households paying more than 30% of their income towards housing.
- Undervalued housing, that is, median housing values less than 2 times median household income, is also an issue. Undervalued markets often stagnate new construction driven by appraisals that are below construction costs or profit margins that are not worth the risk to construct new speculative housing.

Map 1.10 and Figure 1.10 illustrate housing affordability across the region.

- Most of the region's counties have a relatively stable value to income ratio, somewhere between 2 and 3.
  - » Greene and Martin Counties both appear to have undervalued markets, and therefore struggle to finance new construction.
  - » Other counties with census tracts that struggle with an undervalued market include Orange, Lawrence, and Crawford. Some of these counties also struggle with a number of lower quality mobile homes, further devaluing adjoining properties.
  - » Undervalued housing markets tend to be those with rural populations and smaller communities. Larger population centers including Bloomington, Bedford, Jasper, and Washington tend to have housing at the higher end of the affordable scale, tipping into unaffordable in some census tracts.

*An affordable, self-sustaining housing market, with adequate value or revenues to support market rate new construction, typically has a Value to Income (V/I) value between 2.5 and 3.*

*Ratios below 2.0 are significantly undervalued relative to income and make it difficult to support new construction costs*

*Ratios above 3.0 exhibit significant affordability issues*

**Figure 1.10: Housing Affordability**

	Median Household Income	Median House Value	Median Monthly Costs with a Mortgage	Median Contract Rent	VI Ratio
<b>Brown</b>	\$59,292	\$174,800	\$1,299	\$680	2.95
<b>Crawford</b>	\$40,067	\$86,700	\$887	\$348	2.16
<b>Daviess</b>	\$48,355	\$115,400	\$974	\$457	2.39
<b>Dubois</b>	\$57,307	\$146,000	\$1,087	\$451	2.55
<b>Greene</b>	\$49,648	\$95,900	\$997	\$417	1.93
<b>Lawrence</b>	\$49,985	\$109,200	\$988	\$493	2.18
<b>Martin</b>	\$49,372	\$97,900	\$1,053	\$391	1.98
<b>Monroe</b>	\$45,689	\$163,900	\$1,172	\$738	3.59
<b>Orange</b>	\$42,803	\$90,400	\$936	\$423	2.11
<b>Owen</b>	\$48,315	\$110,200	\$1,065	\$498	2.28
<b>Washington</b>	\$46,861	\$106,200	\$987	\$453	2.27
<b>State of Indiana</b>	\$52,182	\$130,200	\$1,109	\$617	2.50

Source: U.S. Census



## Public Input

To understand a housing market, it takes more than just looking at Census data and maps. To fully understand the market, residents, realtors, builders, employers, and the financial community must share their perspectives. Input from these and other stakeholders was gathered through in-person meetings, a community survey, and workforce housing survey. This section will provide a broad overview of community input, with more detailed analysis of individual county perspectives later in this document.

### Surveys

Two surveys were conducted as part of this study. One was directed to the general population residing in the 11 county region, and a second directed at the region's workforce. The community survey included questions focused on how residents felt about their current housing situation, options available, and their ability and desire to relocate. The workforce housing survey included questions on where respondents lived, commuting patterns, desire to live closer to work, and reasons for their current housing location.

### Community Survey

The community survey was made available online from December 2018 through February 2019. The survey was taken by almost 2,000 individuals across the 11 counties and several surrounding counties. Monroe County was well represented with 37% of the responses. Most counties had between 100 and 200 respondents, except for Crawford, Daviess, Greene, and Washington Counties which had under 100 respondents.



### Housing Perspectives

**71% support** greater property maintenance codes and **82% support** public funding to remove dilapidated housing.

The market is lacking in homes for sale **under \$200,000 or for rent at \$800 or less.**

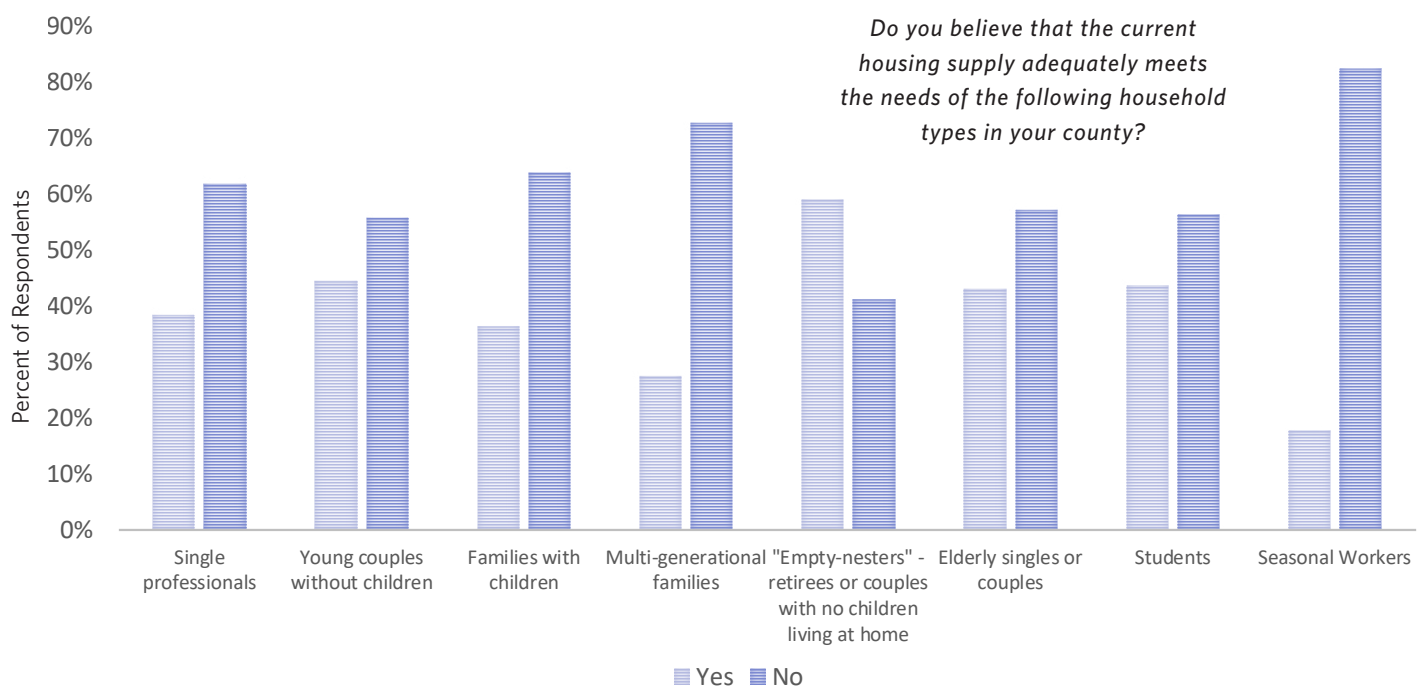
Just over half of respondents felt **there was an undersupply of buildable lots.**

**Housing supply inadequate for:** seasonal workers (82%), multi-generational families (73%), families with children (64%)

**All housing types likely to succeed in region** except for larger homes and large lot residential.

**Seniors need more independent housing options** such as an apartment with additional services or owner-occupied home with shared maintenance.

**FIGURE 1.11: Housing Supply Adequacy by Household Type**



**Demographics of Respondents**

- Most respondents lived and worked within the same county (73%).
- The age distribution was evenly distributed among those 30 years and older, however the population under age 29 was less represented (only 11% of respondents whereas the share of the population between 15 and 34 years old is 31%). The region's median age ranges between 35 and 47, excluding Monroe (see Figure 1.7)
- Most households earned at or above median household incomes and very few earned less than \$25,000 (7% of respondents).
- Matching the census data for the region, majority of respondents who own their own home made up 82% with the remainder renting (only 1% were renting to own).
- Household size was dominated by two to three person households, however a fair share (28%) had four to six person households.

**Respondents perception of positive impacts on county attractiveness:**

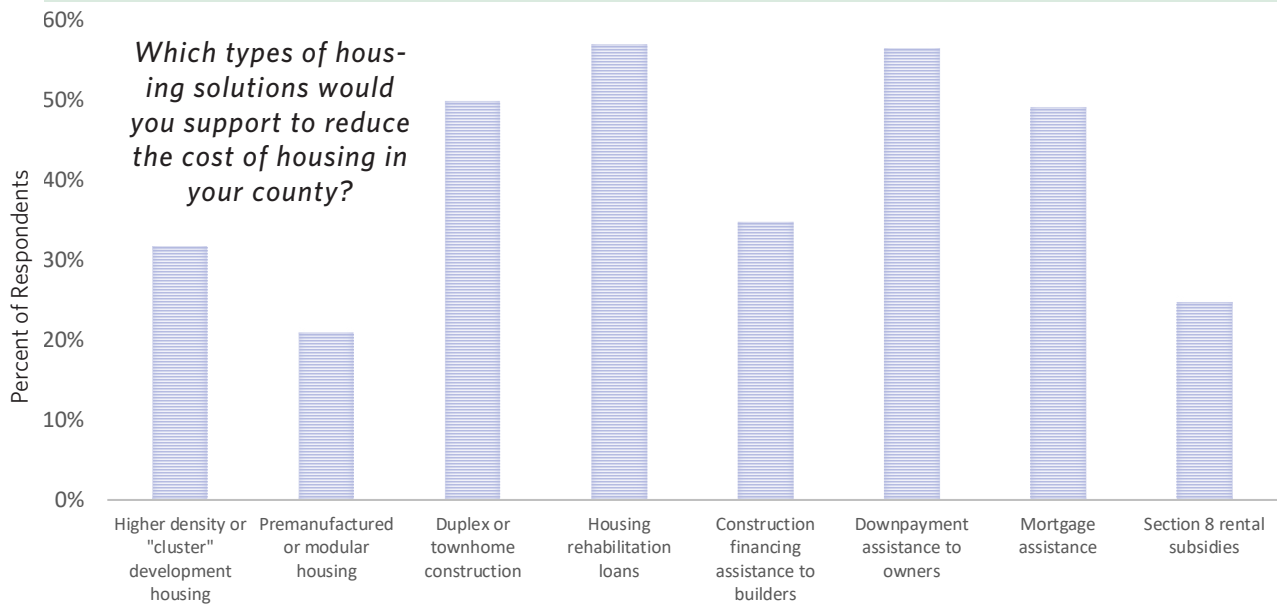
1. Schools
2. Parks and recreational facilities
3. Community and cultural facilities and churches

**Respondents perception of negative impact on county attractiveness:**

4. Affordable housing
5. Convenience to transportation facilities

**Additional open-ended questions were asked with the most frequent comments focused on:**

- Lack of property maintenance
- Gaps in the housing market for workforce housing and entry level housing
- Need for better infrastructure
- Senior housing options

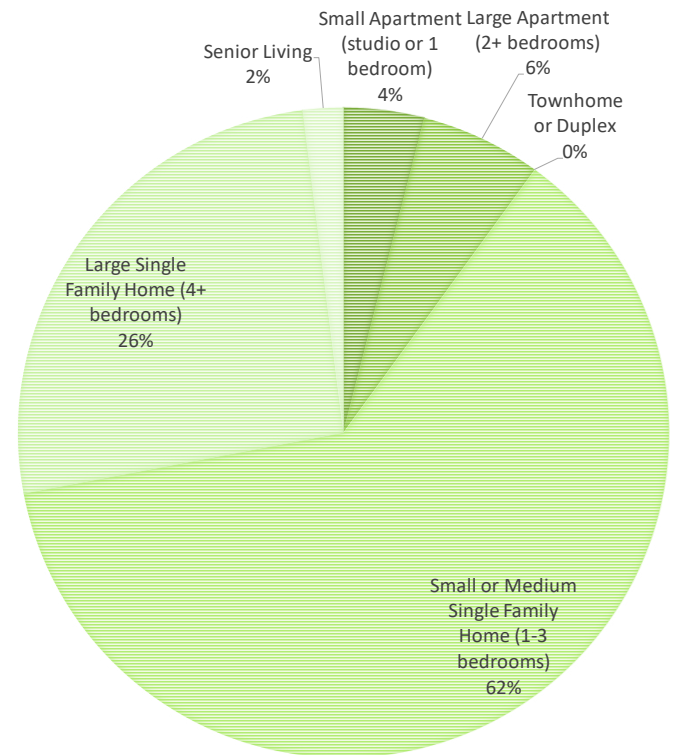
**FIGURE 1.12: Housing Solution Support**

**FIGURE 1.13: Desired Housing Type**

### Workforce Housing Survey

The workforce housing survey was available online during the months of February and March 2019. In total, the survey received 137 responses and was less representative than the community survey. No data was collected from residents of Brown, Crawford, or Orange Counties and less than five respondents were from Daviess, Lawrence, Martin, Owen, and Washington Counties. Greene County saw the most respondents within the region (68), comprising 50% of the responses.

For those completing the survey, a majority stated that housing availability did not affect their employment decision (95%). Most respondents (62%) stated they would prefer a small or medium single-family home (one to three bedrooms), followed by a large single-family home with four or more bedrooms (26%). The greatest factors in where respondents chose to move was school quality (46%), followed by commuting times, and cell reception (32%), with internet speed close behind (29%).



*If you are interested in moving, what is your desired housing type?*

*"Housing has been a struggle in our community. There is not enough affordable smaller homes for young families. The value of homes is much higher than neighboring communities causing the individuals to buy elsewhere." - Survey Comment*

*"Lack of housing is a major issue for new employees coming from outside of the area to the Crane Navy base. Most settle in Bloomington which is an economic loss for smaller communities surrounding Crane." - Survey Comment*

## Stakeholder Summary

The planning process included focus group meetings in all 11 counties to define key housing issues in the region. These groups were defined by geography, but included local experts from financial institutions, real estate, chambers of commerce, local government, major employers, local businesses, builders and trades people, and school districts. The following summarizes some of the broad themes of these meetings:

### Workforce Housing

A significant demand exists across the region for adequate housing that meets the needs of a diverse workforce. This includes workers in the service industry working at or just above minimum wage and those in the manufacturing and defense sectors with higher wages. The reasons for this lack of housing, and specifically housing diversity, varies slightly from county to county with some of the common themes outlined in this section.

### Lot Development and Infrastructure

In almost all of the counties, there was concern over the development of affordable lots. Main issues affecting lot development included:

- Steep slopes that make it challenging to achieve necessary densities to support infrastructure
- Land costs, both real and perceived
- Both over- and under-regulated areas. Over-regulated processes create additional soft costs for developers, and under-regulation creates uncertainty
- Aging infrastructure, especially septic systems, result in homes sitting vacant
- The rising costs of infrastructure (both materials and labor) making it challenging for the private sector to assume the risk of development in smaller communities

### Rental Housing

New residents to an area and young adults first entering the housing market traditionally gravitate to the rental market. Over the past 20 years, the rental or multi-family market in the region has focused on either students or seniors. Units geared toward students tend to be out of the price range for most area workers and in configurations that are not appealing to small households. For the more rural areas, low valuation and comparable properties deter market rate construction. Financial institutions need comparable priced or appraised properties when financing new construction. Therefore, the vast majority of new rentals have been subsidized. The state's property tax structure taxes rentals at a higher rate, a cost that is passed on to the renters.



West Baden Springs (2018)





Harrodsburg (2018)

### *Rehabilitation*

The ability or interest in rehabilitation of existing housing has been slow in many communities. Maintenance programs are lacking, especially within the rental housing market. The low value of existing housing and economic capacity are likely the most common reasons. Many aging manufactured homes need to be replaced with new units. Low-value markets can stagnate reinvestment and new construction in rural communities. Additionally, when rehabilitation costs more than the final appraisal of the property, there is little to no motivation to invest in housing stock.

### *Housing Diversity and Empty Nesters*

In the community survey, it was noted that empty nester housing needs are being met. This market can often be an unseen opportunity, and this was noted in almost all of the counties. Survey respondents are probably correct; the empty nester market has secured housing and are often not looking to move. However, many participants noted that there is an interest among this group to downsize or transition to something that is lower maintenance. These types of products are rare in the area, even in the Bloomington market where few housing options outside of student housing have been constructed in recent years. Participants saw a need to provide these options as one way to create more movement in the market and provide housing for new residents.

### *Regulatory Inconsistencies*

The region has a significant pendulum swing with regards to regulations. Outside of Monroe County and Bloomington, many jurisdictions lack local zoning and subdivision codes or lack the staff to enforce those codes. This can create inconsistencies in building and land use, and decrease predictability, which can be a deterrent for some investors. Additionally, it was noted that some traditional financing cannot be used when basic building and occupancy permits are not provided. Ultimately, lending institutions want to know that they are providing a loan for a sound property. At the other end of the pendulum, Bloomington's process can extend the upfront design phase and create additional soft costs which can deter more affordable housing options. Local barriers are not the only hurdle. Several state regulations were noted as problems for smaller communities, particularly for rental inspections and the ability to use state level incentive programs.





# SECTION TWO

OWEN COUNTY PROFILE





# OWEN COUNTY

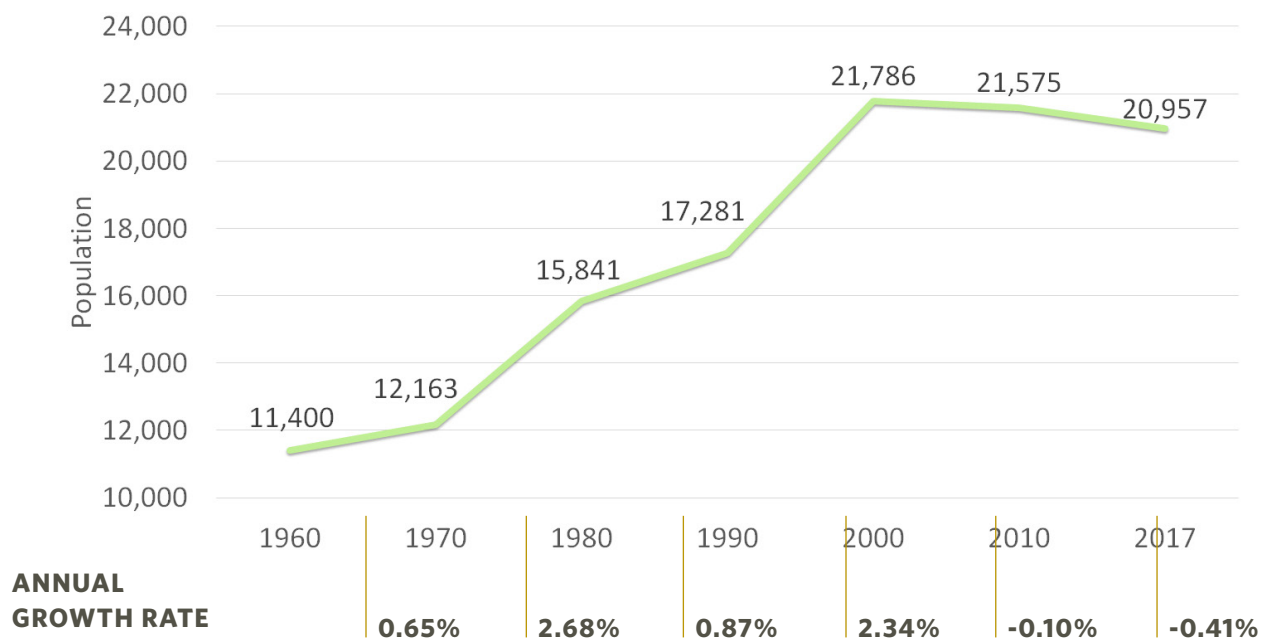
Owen County is located in the far northwest corner of the Indiana Uplands. Unlike many other counties in the region, there is very little forest land except for the Owen-Putnam State Forest and the McCormick's Creek State Park. Spencer, the county's largest community, is well located with easy access to Bloomington, Terre Haute, and Indianapolis. Many live in the county for its rural acreages and work in the larger region, but Spencer, the county's largest community, is working to capture some of this market. Recent downtown streetscape improvements have reinvigorated the district. Investment in historic homes is helping to return aging housing stock to the market as well. The following chapter provides an overview of the issues and opportunities within Owen County.

## Population Characteristics

The population characteristics and trends shine a light on current housing needs and provide a base for projecting future population and housing demand.

**Historic Trends.** Owen County grew between 1960 and 2000, but much of that growth occurred outside the county's two largest communities of Spencer and Gosport. Spencer grew during the 1970s and Gosport's population remained somewhat flat until gaining over 100 residents in the 2000s. Much of the population increase that has fueled the county's growth has occurred outside the two communities, led by workers from the Bloomington area looking for rural housing or more affordable options.

**FIGURE J.1: Historic Population Change**

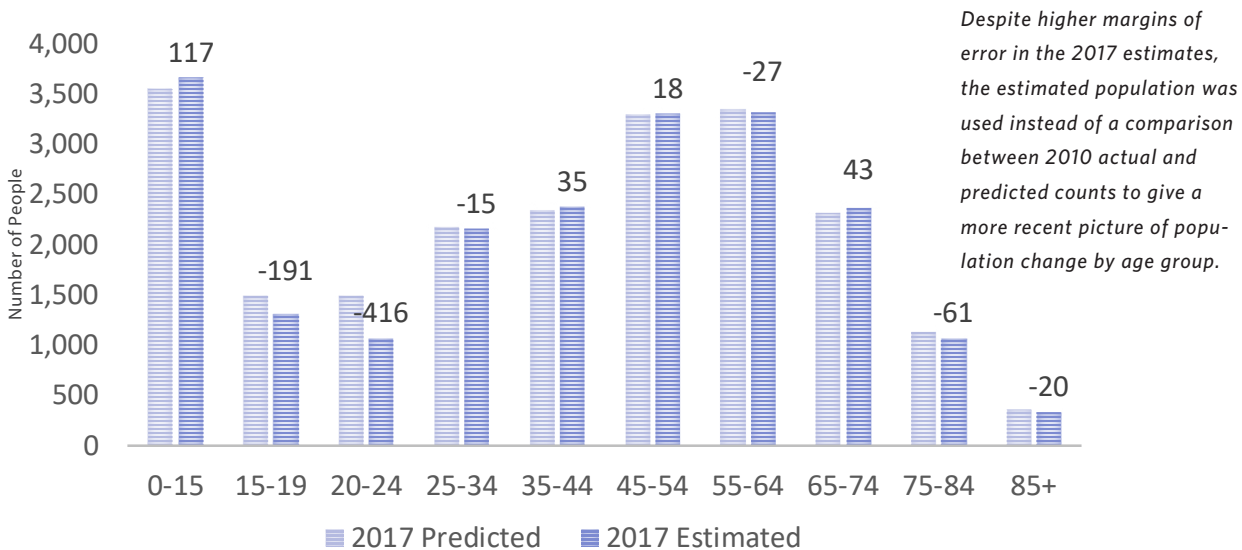


Source: US Census

**Predicted vs Estimated.** Figure J.2 illustrates a comparison of the 2017 ACS estimated population versus the population predicted by the 2010 census assuming no migration between 2010 and 2017 (i.e. – natural population change based on birth and death rates). Differences between predicted and estimated population levels are likely the result of migration in or out of the community. The 2017 predicted versus actual population shows:

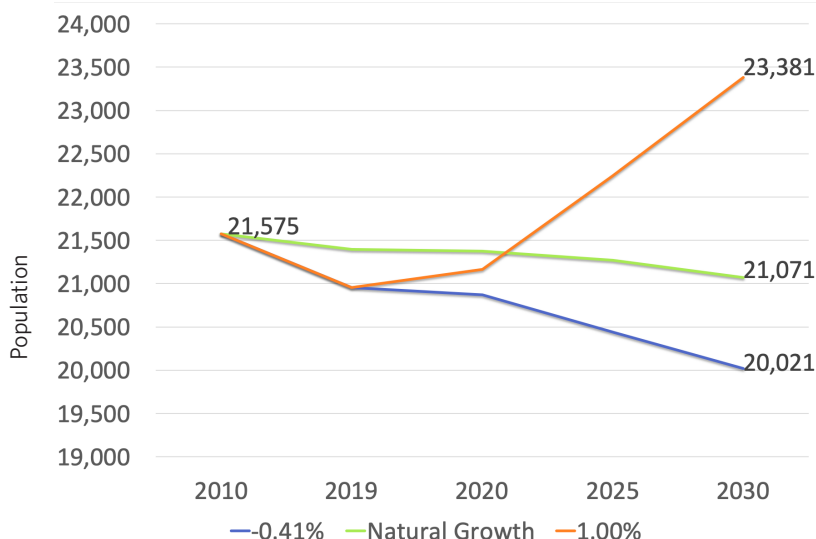
- An overall out-migration has taken place in Owen County since 2010 (518 fewer residents than predicted). The greatest loss was seen in the age cohort between 20 and 24 as they left to attend college or join the workforce.
- The greatest under prediction occurred for 0-15 year olds, which is reflective of in-migration among 35 to 44 year olds and potentially a higher than expected birth rate.
- The county appears to be attractive to established households, 35 to 54 year olds, but may lack the housing empty-nesters want.

**FIGURE J.2: 2017 Predicted versus Estimated Population**



Source: 2010 US Census; 2017 American Community Survey

**FIGURE J.3: Future Growth Rate Scenarios**



**Growth Can Continue Again.** Based on long-term historic growth rates and current opportunities, three population projection scenarios were developed for Owen County (Figure J.3). The rates include natural growth, which assumes no in-migration and a low birth rate, the historical growth rates that occurred between 1990 and 2010 (1%), and between 2010 and 2017 (-0.4%). Based on historic trends and stakeholder input, it appears that the county is positioned to grow again and should strive to reach a moderate 1% annual growth rate.

Source: 2010 US Census; RDG Planning & Design



## Economic Characteristics

No one industry dominates the civilian employed population of 9,455 residents over the age of 16. Of the occupations listed in the 2017 American Community Survey estimates, one fourth of the population was in management, business, science, and arts occupations, and 21% were employed in production, transportation, and material moving occupations. The trend in unemployment has been downward, but leveled off over the last two years with the Bureau of Labor Statistics showing a 5.4% unemployment rate in February 2019.

**Industry Breakdown.** Figure J.4 illustrates the percent of people employed in each industry in Owen County. As noted, no one industry dominates the job market. The largest employer is manufacturing (22.5%) followed by educational services, health care, and social assistance (20.5%), and a distant third is construction (12%).

- The major employment hub for Owen County is Spencer with two major employers: Boston Scientific and Cook Medical. A few companies are scattered along the highways in the east, and one small employment center is located at the junction of Highways 43 and 46 as demonstrated in Map J.1.

*Employment by industry describes the kind of business conducted by the person's employer, as opposed to employment by occupation which relates to the kind of work a person does on the job.*

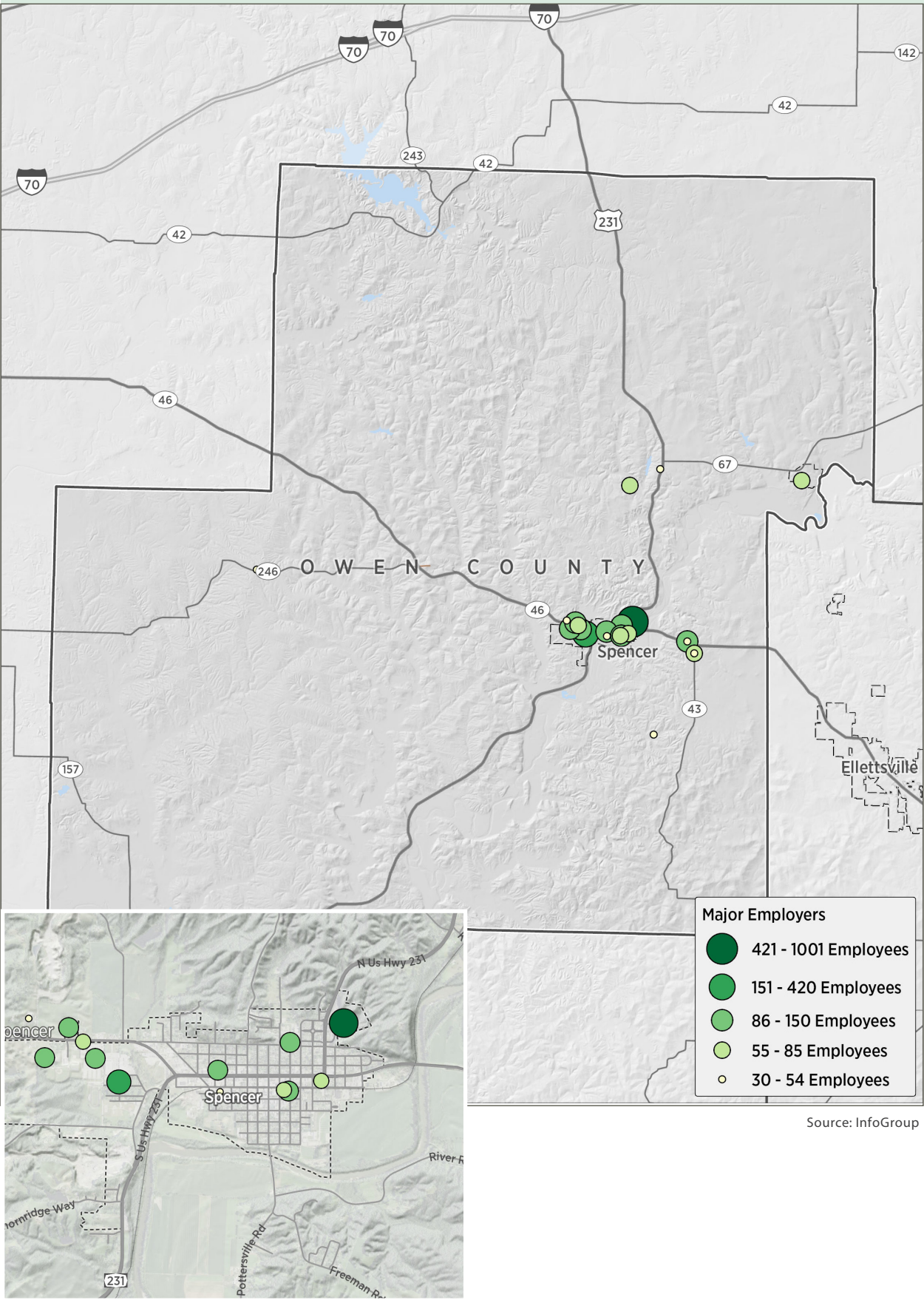
**FIGURE J.4: Employment by Industry, 2017 Estimates**

MANUFACTURING <b>2,126   22.5%</b>	EDUCATIONAL SERVICES, HEALTH CARE, SOCIAL ASSISTANCE <b>1,935   20.5%</b>	CONSTRUCTION <b>1,110   11.7%</b>	RETAIL TRADE <b>887   9.4%</b>	TRANSPORTATION AND WAREHOUSING, UTILITIES <b>592   6.3%</b>
ARTS, ENTERTAINMENT, RECREATION, ACCOMMODATION, FOOD SERVICES <b>563   6.0%</b>	PROFESSIONAL, SCIENTIFIC, MANAGEMENT, ADMIN., WASTE MANAGEMENT SERVICES <b>522   5.5%</b>	OTHER SERVICES, EXCEPT PUBLIC ADMINISTRATION <b>457   4.8%</b>	FINANCE, INSURANCE, REAL ESTATE, RENTAL AND LEASING <b>327   3.5%</b>	PUBLIC ADMINISTRATION <b>288   3.0%</b>
AGRICULTURE, FORESTRY, FISHING, HUNTING, MINING <b>231   2.4%</b>	INFORMATION <b>217   2.3%</b>	WHOLESALE TRADE <b>200   2.1%</b>	Civilian employed population 16 years and over <b>9,455</b>	

\*Number represents the number of people employed within the industry, percentage represents share of all workers within the industry  
Source: 2017 American Community Survey



Map J.1: Employers by Size (25 Largest Employers)

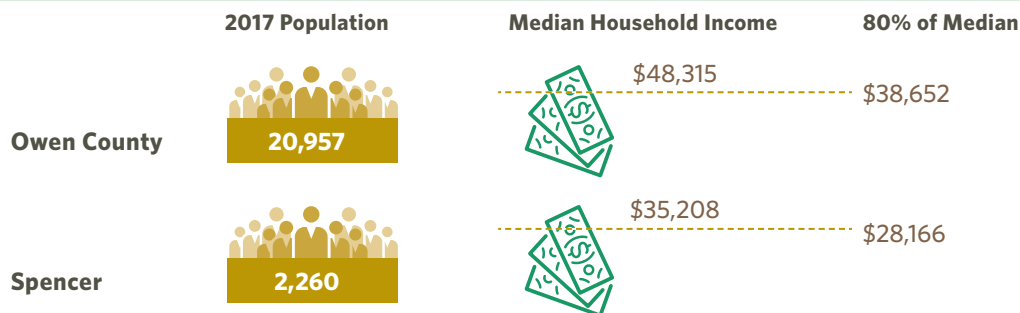


Source: InfoGroup

**Figure J.5: 2016 Commuting Patterns (Source: IBRC)**

**Commuting Patterns.** Owen County has a low share of in-commuters and an average number of employees that both live and work within the county as shown in Figure J.5.

- While a large number of residents live and work in the county, over 30% work outside.
- Since 2010 the number of workers living and working in the county has declined while the number driving into the county has remained fairly constant.
- The mean commute time in Owen County is 30.8 minutes, with 82% of the workforce traveling alone by car, truck, or van. Just over 10% of the workforce carpools.

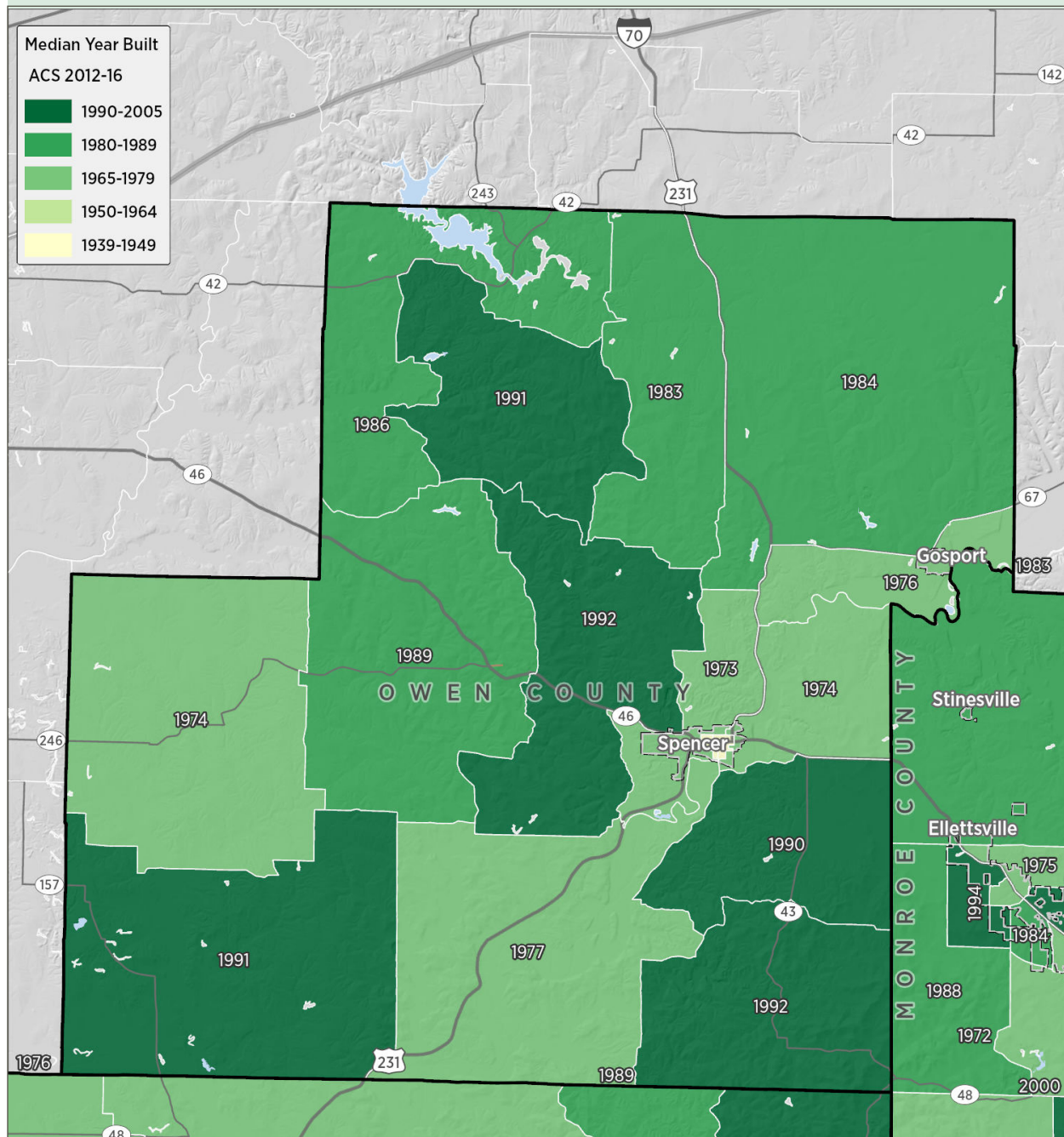
**FIGURE J.6: Household Income**

Source: 2017 American Community Survey

**Household Income.** Figure J.6 provides an overview of the county's estimated household incomes.

- Owen County's median household income is estimated at just over \$48,000, the fifth lowest in the 11 county area and 92% of the state's median.
- Most housing assistance programs are based on household size and income and are focused on households making 80% or less of the area median income (AMI). For a single income household this is an hourly wage of \$18.58. This leaves many lower-income households struggling to find quality housing.

**Map J.2: Median Year Residential Structure Built by Census Tract**



Source: 2016 American Community Survey

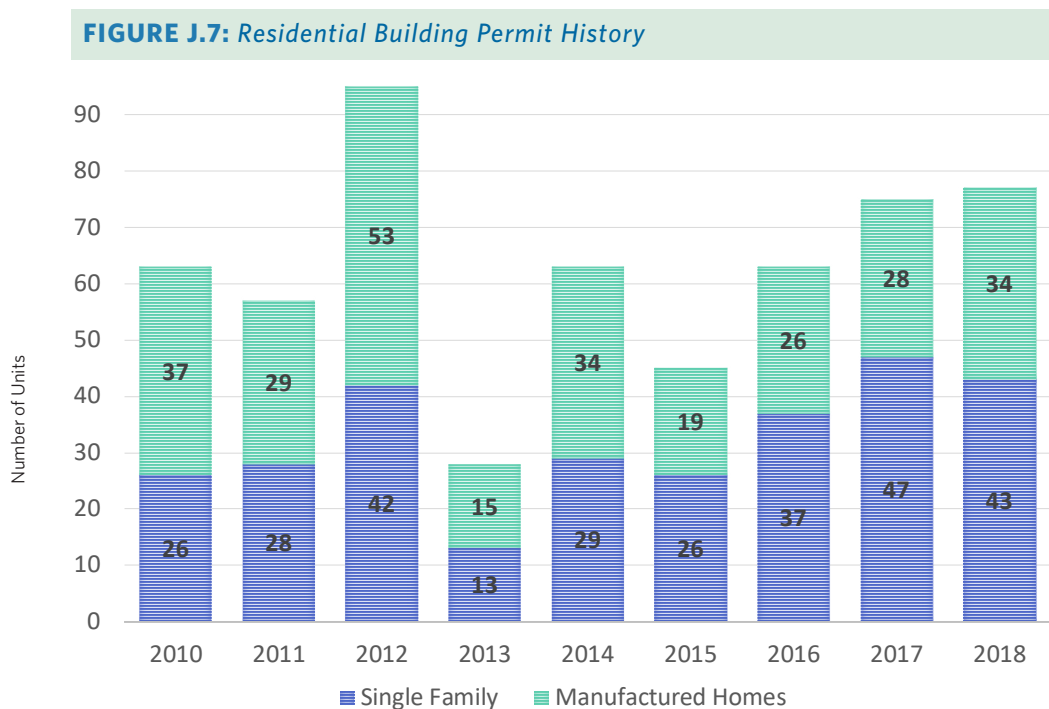


## Housing Characteristics

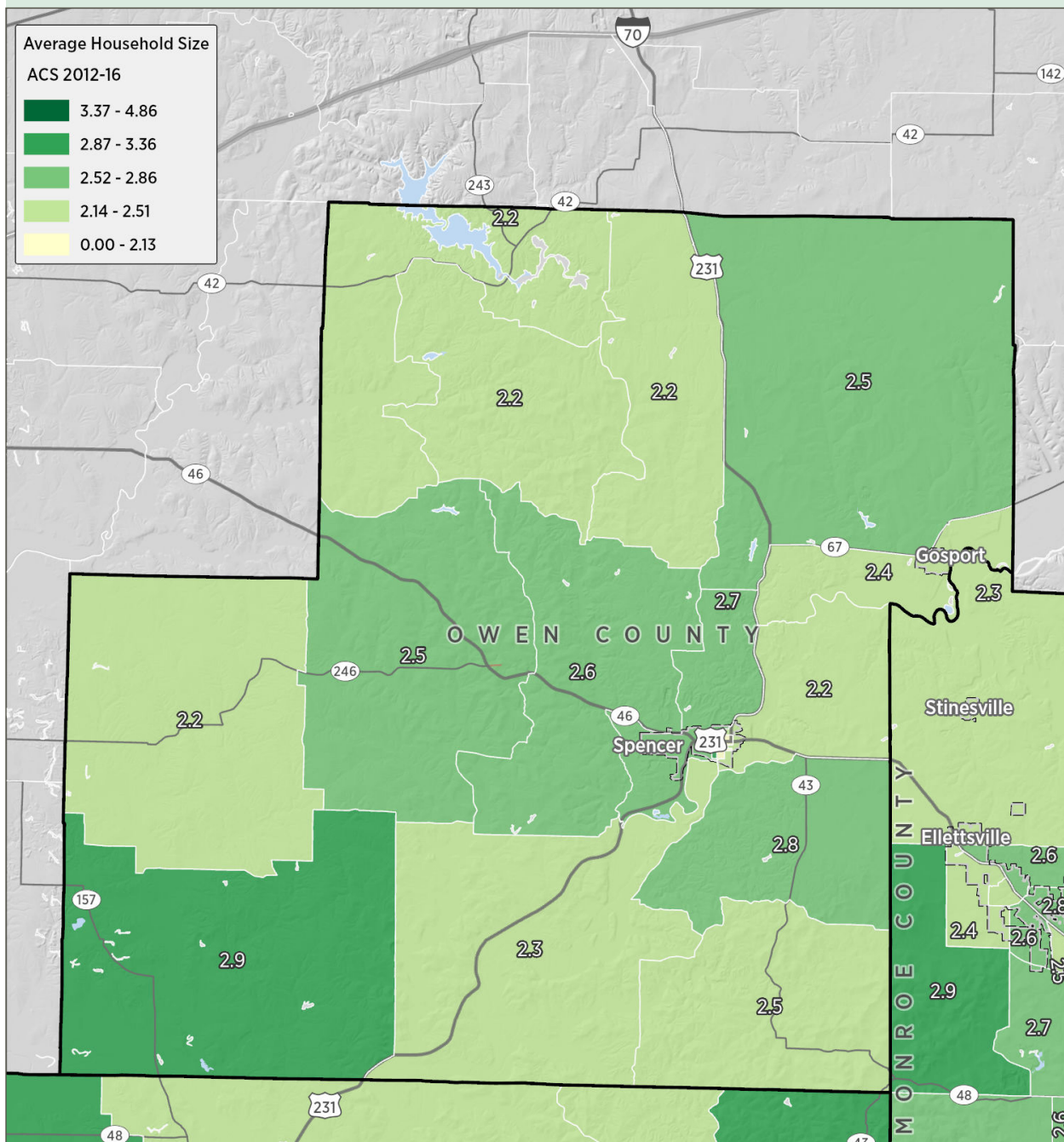
This section uses the U.S. Census and local data to evaluate the supply, cost, and condition of housing in Owen County. This information can help identify existing or potential imbalances in the market and may suggest policy directions for a variety of issues.

**Housing Age and Building History.** As Map J.2 shows, the median year built for structures in Owen County varies by location.

- The median year built for structures in all of Owen County is 1983, a fairly new housing stock when compared to the region. This is not reflective of the median year built for renter-occupied structures however, which is 1975.
- Several census tracts have a median year built within the 1990s, a newer housing stock than much of the region. These census tracts appear to reflect the demand created by the Bloomington market and the draw of Owen-Putman State Forest and Cagles Mill Lake.
- Figure J.7 shows the construction activity in Owen County dating to 2010. No multi-family housing was constructed, and the rate of construction for single family and manufactured homes was 38 units per year for a total of 566 units.
- The number of home sales that closed in 2017 and 2018 remained fairly constant at about 170 or about 2.5% of the county's owner-occupied housing stock, but significantly less than Monroe at 5% and higher than Greene at 1.5%



Source: Owen County

**Map J.3: People Per Household by Census Tract**

Source: 2016 American Community Survey

Household size impacts the number of units needed to house a population. The larger the household size the fewer the units needed and vice versa, the smaller the household size the more units needed to support the same population.



**Housing Occupancy.** Map J.3 shows the average household size throughout the county.

- The average household size for the county is 2.43 people per household, a decline from 2.58 since the 2010 Census.
- Overall the household sizes within the county are relatively small, with only one census tract nearing three people per household. Most are however just over two people per household.
- Occupancy status has changed very little from 2000 to 2017, with a current split of 79 owner-occupied and 21% renter occupied units.
- The current vacancy rate is 15.5% which is attributed to over 1,000 units being classified as other vacant or seasonal/recreational use. When considering only those for sale or rent the vacancy rate is only 5%.

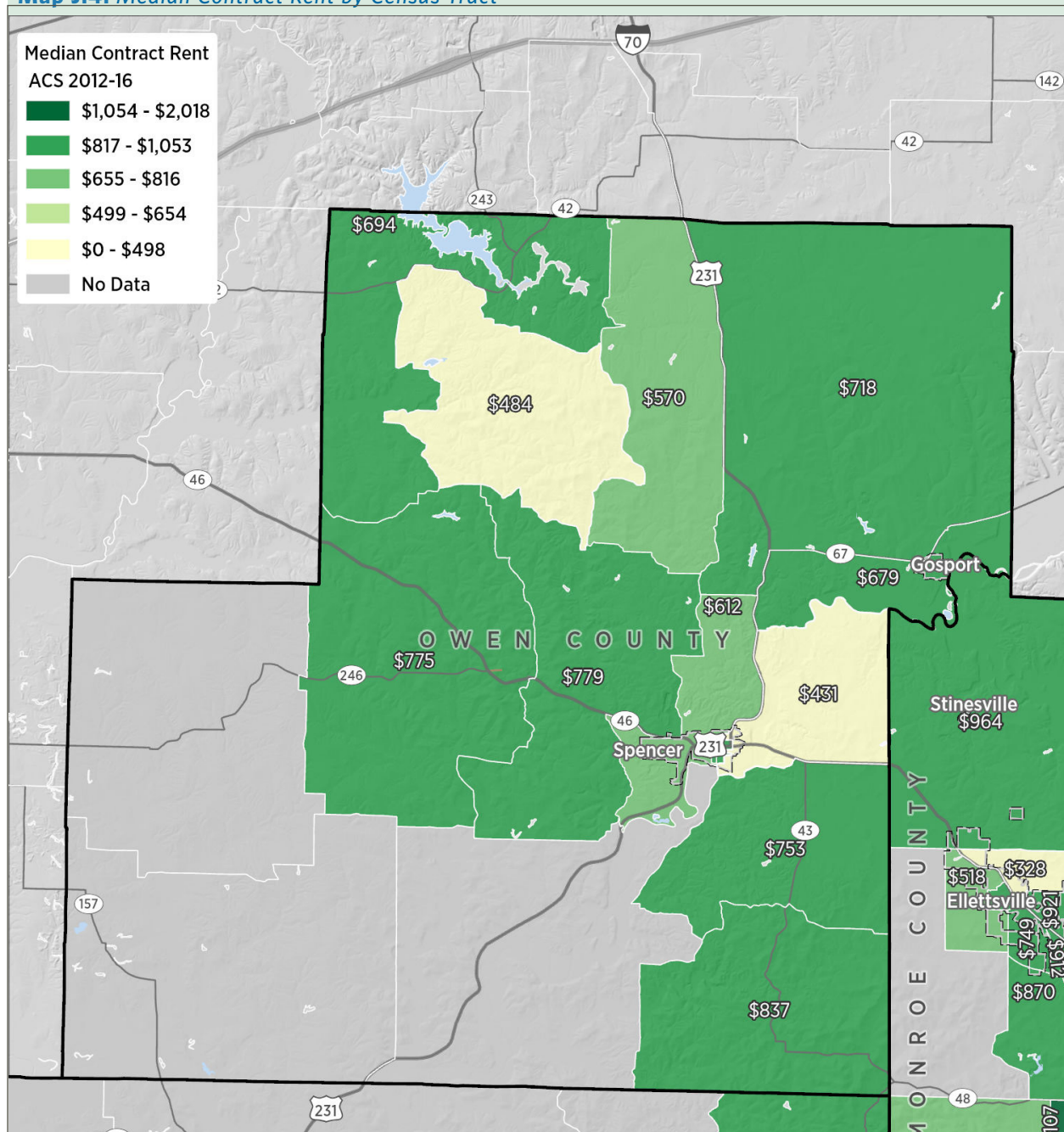
*"Other vacant" is defined by the Census as units "held for settlement of an estate, held for personal reasons, or held for repairs." This includes uninhabitable, abandoned, or condemned properties.*

**FIGURE J.8: Occupancy Status**

	2000		2017		Change 2000-2017
	Number	% of Occupied Units	Number	% of Occupied Units	
<b>Owner-Occupied</b>	6,759	81.6%	6,762	79.1%	3
<b>Renter-Occupied</b>	1,523	18.4%	1,789	20.9%	266
<b>Total Vacant</b>	1,571		1,566		-5
<b>Vacancy rate</b>	15.9%		15.5%		
<b>Total Units</b>	9,853		10,117		264

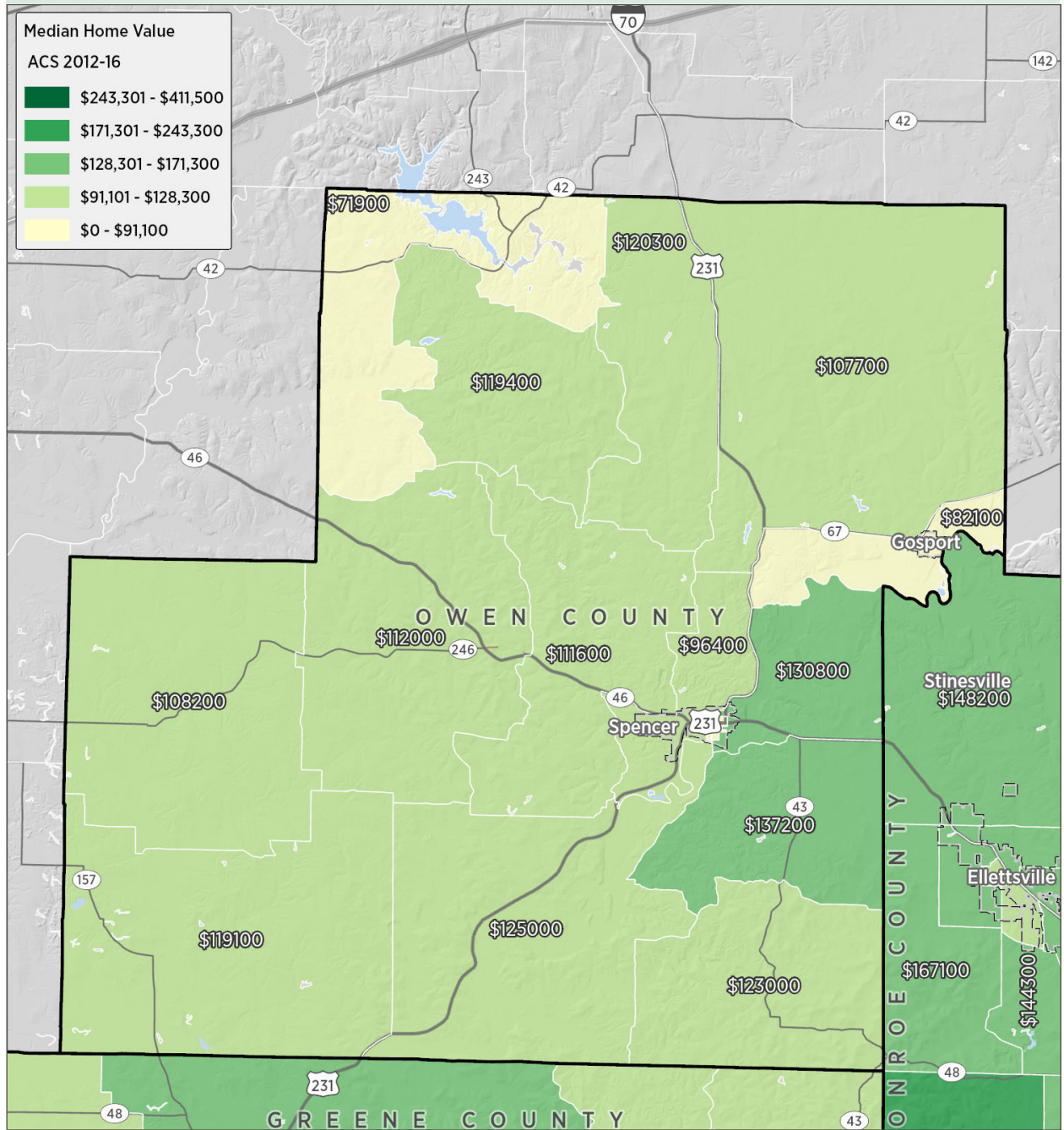
Source: 2010 US Census; 2017 American Community Survey



**Map J.4: Median Contract Rent by Census Tract**

Source: 2016 American Community Survey

*"Contract Rent" is defined by the Census as monthly rent not including furnishings, utilities, or services that may be included.*

**Map J.5: Median Home Value by Census Tract**

Source: 2016 American Community Survey





**Costs and Incomes.** According to the U.S. government, households spending more than 30% of their income on housing are considered cost burdened.

- Approximately 39% of Owen County’s households living in rental housing spend more than 30% of their income on gross rent. Only 25% of households living in owner-occupied housing spend more than 30% of their income on housing.
- Median rents are \$498, reflective of an older rental housing stock. A breakdown by census tract is illustrated in Map J.4. Many census tracts reach median rents of \$700-800.
- Median home values are \$110,200 which is higher for the region, but reflects the newer housing stock. A breakdown by census tract is illustrated in Map J.5. For census tracts where the sample size is too small data is not shared.

*An appraisal assesses the current market value of a property and is usually a key requirement when a property is bought, sold, insured, or mortgaged. Comps (comparables) are needed; these are properties located in the same area, have similar characteristics, and have an established value (recent sales).*

**Figure J.9: Owen County Housing Affordability, 2017**

Median Household Income	Median Contract Rent	% paying more than 30% in Gross Rent*	% paying more than 30% for owner costs*	Median House Value	Value / Income Ratio
\$48,315	\$110,200	2.28	39%	\$110,200	\$498

\* Gross rent includes utilities & owner costs include mortgage, mortgage interests, property taxes, and maintenance  
Source: 2017 American Community Survey



**Figure J.10: Housing Affordability Analysis, 2017 Estimates**

Income Range	# HHs* in Each Range	Affordable Range for Owner Units	# of Owner Units	Affordable Range for Renter Units	# of Renter Units	Total Affordable Units	Balance
<b>\$0-24,999</b>	1,780	\$0-49,999	1,080	\$0-400	556	1,636	-144
<b>\$25,000-49,999</b>	2,637	\$50,000-99,999	1,952	\$400-800	1,154	3,106	469
<b>\$50,000-74,999</b>	1,865	\$100,000-149,999	1,474	\$800-1250	79	1,553	-312
<b>\$75-99,999</b>	964	\$150,000-199,999	989	\$1,250-1,500	0	989	25
<b>\$100-149,000</b>	988	\$200,000-299,999	835	\$1,500-2,000	0	835	-153
<b>\$150,000+</b>	317	\$300,000+	432	\$2,000+	0	432	115

\* HH = Households

Source: 2017 American Community Survey

Figure J.10 compares the number of households in an income range with the number of units that would be affordable to that household (the balance).

- The greatest shortages are for households making between \$50,000 and \$74,999 a year. Additional shortages exist for incomes below \$25,000 and between \$100,000 and \$150,000. It should be noted that the market for those in the lowest income ranges is very tight, but includes seniors living on fixed incomes in homes they own.
- The vast majority of Owen County's rentals are priced between \$400 and \$800, but a large number of people compete for these units because they are likely the better quality.
- The county has a large number of homes priced below \$150,000, however, stakeholders noted a shortage of units priced at the high end of this range. The large number of units priced below \$100,000 are likely not meeting the quality or amenity desires of buyers.

Overall, the housing market in Owen County is considered slightly undervalued. A healthy, self-sustaining housing market will have a value to income ratio around 2.5. Owen County has a value to income ratio of 2.28 which is low especially when interest rates are also low. Lower interest rates offer more buying power. When a market is slightly undervalued investors are more concerned about their investments providing the necessary return. The lower ratio is driven by the county's population centers. In the more rural areas housing becomes unaffordable (Map J.6 following page), but this may reflect second home market or retirees living in homes they own with no mortgage.

***Value to Income Ratio.** An affordable, self-sustaining housing market, with adequate value or revenues to support market rate new construction, typically has a Value to Income between 2.5 and 3*

*Ratios below 2.0 are significantly undervalued relative to income and make it difficult to support new construction costs*

*Ratios above 3.0 exhibit significant affordability issues*

**Map J.6: People Per Household by Census Tract\***





**Home Sales.** Home sales over the past six years reinforce the perceptions of many stakeholders.

- The demand for housing has steadily increased. Following the recession, buyers are re-entering the market at a record pace.
  - » Increased demand has shortened the number of days quality homes will be on the market. Buyers noted having to look at homes the day they went on the market.
- Sale prices have steadily increased and owners are asking more.
  - » Since 2012, the median sale price in Owen County has increased by 99%, at the same time, the Census estimated median household income has only increased by 13%. This is the most largest gap in increased housing values compared to incomes within the region.

**Figure J.11: Home Sales, Owen County**

	2012	2013	2014	2015	2016	2017	2018	% Change
<b>Listings</b>	124	136	157	178	197	210	203	64%
<b>Median Days on Market</b>	78	74	63	54	43	42	43	-45%
<b>Median List Price</b>	\$74,900	\$91,450	\$96,900	\$99,900	\$118,900	\$126,950	\$139,000	86%
<b>Median Sale Price</b>	\$67,450	\$90,250	\$89,500	\$96,500	\$115,000	\$120,950	\$134,000	99%

Source: 2018 MLS





**Housing Demand Analysis.** The housing demand analysis builds on the population projections, housing trends, and community conversations to forecast the demand for additional housing. The model is built on the following assumptions with a 1% growth rate:

- Household population (the number of people living in household and not dorms, prisons, or skilled nursing) will remain stable through 2030.
- Average people per household is expected to remain constant over the next decade rather than continue to decline due to Millennials moving into their childbearing years.
- Unit demand at the end of the period is calculated by dividing household population by the number of people per household. This equals the number of occupied housing units.
- The vacancy rate in this scenario will remain constant. The rate is high and the number of "other vacant" units should be addressed but these units are not likely to return to the market or be replaced on a one-for-one basis.
- Unit needs at the end of each period are based on the actual household demand plus the number of projected vacant units.
- Replacement need is the number of housing units demolished or converted to other uses that will need to be replaced.
- Cumulative need shows the number of total units needed between the base year of 2017 and the year indicated at the end of the period

Figure J.12 shows an average annual construction need of 116 units or roughly doubling the current rate. Employment opportunities within Owen and Monroe County position Owen County for this kind of growth if certain strategic initiatives can be completed. Some demand would also be met by lowering vacancy rate and supporting even greater population growth. Additionally, while the number is for county wide housing demand, much of new housing production will likely be in incorporated areas where infrastructure is readily accessible for extensions.

**Figure J.12: Housing Demand Summary**

	2019	2019-2025	2026-2030	Total
<b>Population at End of Period</b>	20,957	22,246	23,381	
<b>Household Population at End of Period</b>	20,766	22,043	23,168	
<b>Average People Per Household</b>	2.4	2.4	2.4	
<b>Household Demand at End of Period</b>	8,551	9,077	9,540	
<b>Projected Vacancy Rate</b>	15.5%	15.5%	15.5%	
<b>Unit Needs at End of Period</b>	10,117	10,739	11,287	
<b>Replacement Need (total lost units)</b>		60	50	110
<b>Cumulative Need During Period</b>		683	599	1,282
<b>Average Annual Construction</b>		114	120	116

Source: 2017 American Community Survey

**Housing Development Program.** Building on the housing demand model, the development program forecasts production targets for owner and renter occupied units based on the following assumptions:

- Owner-occupied units will be distributed roughly in proportion to the income distributions of the households for whom owner occupancy is an appropriate strategy.
- Most low-income residents will be accommodated in rental units.
- The county currently has a split of 80% owner-occupied and 20% renter-occupied. Based on a low rental vacancy rate and stakeholder input additional rental housing is likely needed. Therefore, the county's housing demand (1,282 units) should be divided 60/40 between owner- and renter-occupied units.
  - » Approximately 295 new owner-occupied units should be priced below \$130,000. This market will be met by the county's existing housing stock or products that do not fit the traditional single-family homes, creating a filtering effect.
  - » Nearly 310 rental units will need to be produced with rents below \$700 per month. These units will have to be generated through programs like low-income housing tax credits or gap financing.

*Filter effect occurs when higher income households are "filtered" out of housing units that are well below the price points that they can afford. Often it involved "move-up" housing freeing up existing, more affordable housing. Today, the moves can be lateral in square footage but upgrades in locations or amenities.*

**Figure J.13: Housing Development Program**

Owner Occupied	2019-2025	2026-2030	Total
Affordable Low: \$60-100,000	72	63	135
Affordable Moderate: \$100-130,000	88	77	165
Moderate Market: \$130-200,000	113	99	212
High Market: Over \$200,000	137	120	257
	410	359	769
Total Renter Occupied	2019-2025	2026-2030	Total
Low: Less than \$450	82	72	154
Affordable: \$450-700	82	72	154
Market: Over \$700	109	96	205
	273	240	513
<b>Total Need</b>	<b>683</b>	<b>599</b>	<b>1,282</b>

Source: 2017 American Community Survey



## Development Potential

A suitability map was developed for Owen County using data from a variety of sources. By combining population and job centers, steep slopes, flood plains, government land, and major corridors, a map was created showing three tiers of suitable development areas. Very suitable land was defined by:

- A 30-minute drive time to a population center
- Proximity to a major corridor
- Relatively flat terrain
- No flood plains or government land

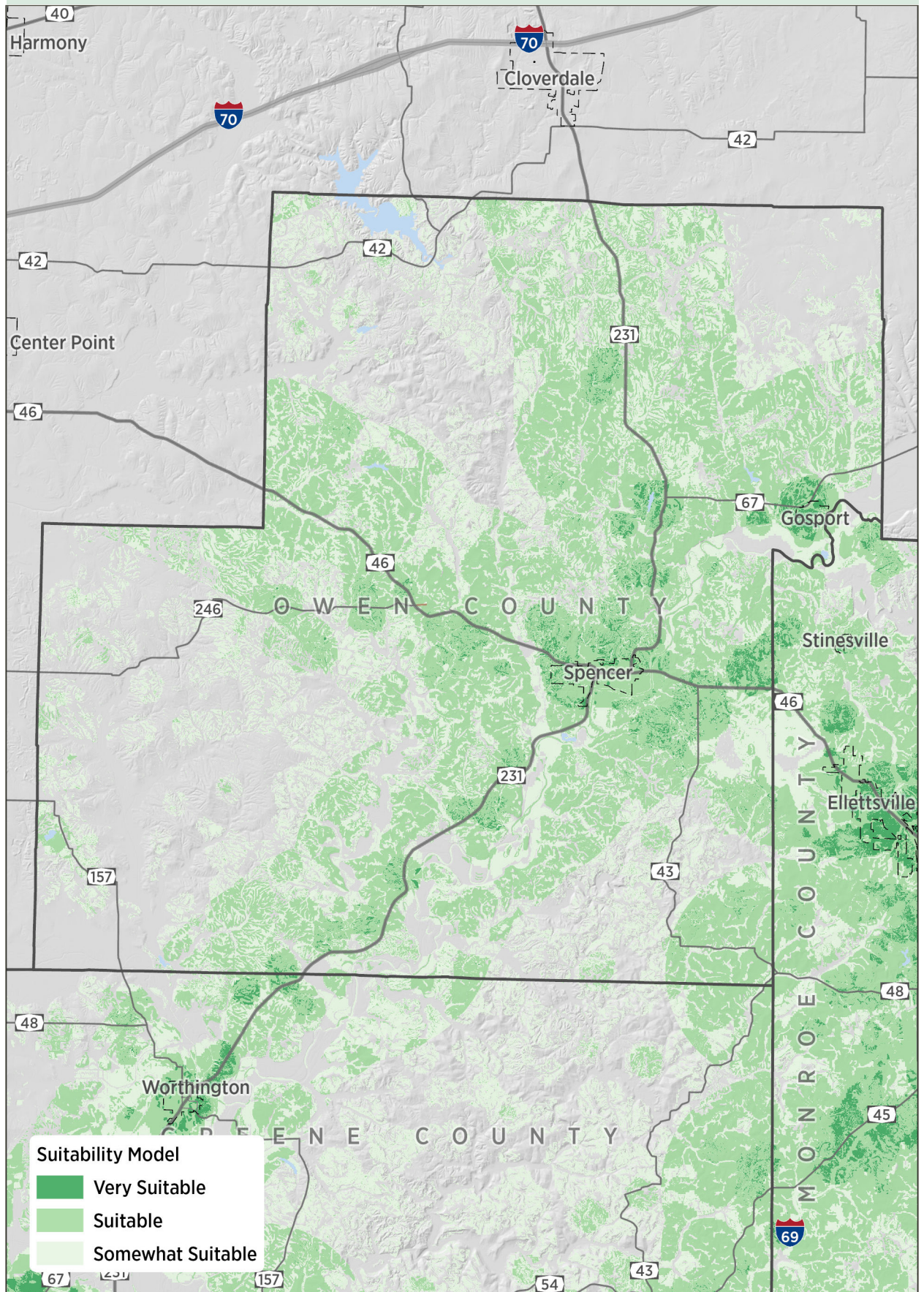
As natural features became more prevalent and proximity to jobs and infrastructure decreased, the areas became somewhat less suitable. This map is intended to be a high-level overview of where development would be most suitable from a land use and environmental perspective. It does not consider the status of properties (whether they are available for purchase, served by utilities, etc.).

As Map J.7 demonstrates, much of the highway corridors in Owen County are considered suitable for development. Areas in the southwest and northwest are less viable for development given their agricultural value and distance from any major population centers. Areas near Gosport and east of Spencer are considered very suitable for development based on their access to transportation and the existing population within the area.

Development priorities should target opportunities in Spencer and Gosport, the largest communities in Owen County and highest potential to efficiently provide infrastructure. Recent entryway improvements, amenities, and downtown improvements make Spencer a great place for all ages and should be leveraged to focus on:

- The long term plan to improve State Highway 46 to four lanes provides public investment that can support development sites east of Spencer where there is some interest in residential development if services are provided. Services should not jump over undeveloped areas unless there are major environmental issues.
- Corridors on US Highway 231 and State Highway 67 in the county are higher priority locations to prioritize subdivision development.
- Flooding limits options in southern Spencer. Programs and policies for new development can focus on western areas along the State Highway 46 corridor.
- Gosport has recent development and an attractive community. Area north of town along State Highway 67 are most feasible for new development and targeted programs.



**Map J.7: Suitability Map**

Source: ESRI; RDG Planning &amp; Design



## Community Perceptions

The regional survey, reviewed in Section 1, asked residents to identify their county of residence. This section explores the 155 respondents who identified Owen County as their primary residence.

### *How would you rate the impact the following amenities currently have on the attractiveness of your county?*

Respondents were asked to rate a series of amenities based on their impact to the attractiveness of the county from highly positive to very negative.

- Parks and recreational facilities were rated a highly positive amenity for Owen County. Amenities ranking high as somewhat positive included county safety and security and community and cultural facilities and churches.
- Convenience to transportation facilities was ranked high for its negative impact on community attractiveness, followed by nearby shopping.

### *What new housing products do you think would be successful in your county today?*

Respondents were asked to respond to whether they felt a series of different housing products would be successful in Owen County. The intent of this question was to explore the type of housing products that may be needed in Owen County.



- Small two- or three-bedroom homes, mid-size three-bedroom and independent senior housing were perceived by respondents to have the **greatest potential for success**. Over 90% of respondents supported the smaller more affordable homes.



- Majority of respondents **also supported** apartment options, townhome/duplexes and downtown living. The investments made in downtown Spencer have likely helped respondents visualize this as a housing opportunity.



- Most respondents felt strongly that large homes with four or more bedrooms and large lot residential housing were **not what was needed**.



***Which types of housing solutions would you support to reduce the cost of housing in your county?***

Respondents were asked about the types of housing solutions they would support to reduce the cost of housing. This will be important as area leaders begin to determine the strategy for addressing housing issues in the county.

- Housing rehabilitation loans and duplex or town-home construction were the top two most supported housing solution (53 and 52% respectively). Strong support was also given to down payment assistance to owners (46%).
- When asked whether respondents would support the use of public funding to remove dilapidated housing, 81% said yes. However, when asked whether public acquisition of dilapidated properties should be used as a housing solution only 43% said yes.
- The least favored housing solution was Section 8 rental subsidies (22%).

*70% of respondents would support greater enforcement of property maintenance codes.*





## Strategic Directions

A trend has emerged in Owen County for rehabilitation and revitalization of not only housing, but downtown districts which have successfully filled storefronts. To keep this momentum going, investment in supportive services for the employees in the region are needed. Additional challenges include infrastructure development and the education system.

### Themes

- **Need for supportive services such as daycares.** This is not a challenge unique to Owen County and is a systemic issue for dual income households trying to manage housing costs with the costs and availability of childcare. Employer assisted daycare models has been explored by some employers, but liabilities and risk deter full implementation. Partnerships and innovative models are needed to ensure that households, both single and dual parent households, have the options for childcare that are high quality and affordable and does not detract from the price point of the home they can afford.
- **Infrastructure development is a challenge that inhibits lot development.** Floodplains and topography create some challenges throughout the county, as well as general funding for infrastructure development. Sites are available (or at least are feasible for infrastructure extensions), but costs for the development community are prohibitive.
- **Education system is weak (real or perceived) and needs improvement to attract families.** A school district is a significant determinant for families choosing a place to live. The proximity to Bloomington and several other school districts creates a competitive environment for Owen County in which they must show their school district is a reputable option in the region. Public education, outreach, and programming could help create a valued image of living in Owen County.



## Goals

### *Work with local philanthropic community to expand high quality daycare options*

Quality daycare and early childhood education have a multitude of benefits. For many it is being viewed as an important quality of life feature that is necessary to attract new young families to the county. In addition, many studies have shown the long term benefits to the children and families that are able to be part of high quality early childhood education. Several examples around the country exist of local philanthropists becoming involved in early childhood education.

### *Identify ways to share risk on lot development*

The cost of lot development has risen at a much faster rate in most communities in the Midwest than incomes. When done by the private sector this cost is passed along to the home buyer, resulting in higher cost homes that only meet the housing needs of households that can afford a \$225,000 or more home. Additionally, in slow growth markets, developers are challenged to find financing for projects that may take 10 or more years to complete. For lot development to occur and for those lots to be more affordable, some risk will need to be shared. The cities will need to establish a strategy that is comfortable to them, but can involve site preparation on infill sites to assistance in infrastructure extension. These approaches will be further explored in the final section of this document.

### *Pool funding to fill gaps necessary for the development of higher to medium density housing to add variety to the market*

The existing rental stock is not meeting residents needs. If communities want to attract residents back to their home county or young people filling jobs at business like Boston Scientific, then the rental housing needs to meet their expectations for both quality and cost. The current market for rental housing is older and at price points below what can support new construction. Initial projects may need assistance with gap financing until higher rate price points can be proven. Some lower cost rental housing will still be needed and likely have to be generated through low-income housing tax credit programs.







## SECTION THREE

### A PATH FORWARD FOR THE UPLANDS

DEFINING HOUSING ASSETS & CHALLENGES

STRATEGIC HOUSING GOALS

REGIONAL STRATEGY

NEXT STEPS FOR THE UPLANDS



# A PATH FORWARD FOR THE UPLANDS

*The measure of a study's success is its ability to create action. In the case of a housing study where the issues are diverse and implementation lies with many constituents that have a vested interest in the housing market, the implementation roadmap is of utmost importance. Desired action from a housing study should increase housing variety and affordability.*

*In the words of respected urban planner Alexander Garvin "[public investment] has to do something that will generate a wide-spread and sustained reaction by the private market." Actions must be strategic to generate a positive shift in the housing market necessary to better serve the population of the Indiana Uplands for generations to come.*

## Defining Housing Assets & Challenges

The community engagement process and market analyses presented in the previous section brought to light several key challenges and opportunities that face the Indiana Uplands region as it considers its capacity to meet housing needs during the next 10 to 15 years. During the process, goals were identified for each county. The following chapter provides the policy framework and program directions necessary for addressing those goals and the region's housing priorities.

### Resources and Assets

Like many places, the local municipalities, counties, and economic development partnerships of the Indiana Uplands can feel overwhelmed by the complexities of the housing challenges they face. However, the region has key resources and assets with which to build a successful housing strategy. These include:

#### *Good Job Prospects*

Low unemployment and job vacancies mean there is a need for workers and thus a demand for local and regional housing. The job market is also varied, with demand for workers at almost every level of the pay scale, from service workers to doctors and engineers. This means a variety of housing types and price points are needed. The traditional single-family detached home and the subsidized multi-family structure are not going to meet the needs of this diverse workforce.

#### *Employers are Engaged In the Issues*

Based on the public engagement process, employers are aware that many factors go into the recruitment and retention of employees; quality housing and quality of life features being key factors. Traditionally, employers have assisted with moving costs or housing for short term workers (ex: the resident at the local hospital) but often these forms of assistance were focused on higher paying positions or jobs that required special skills or training. Today, the conversation is expanding to include more skill sets and income ranges. Additionally, employers are realizing that covering costs of moving or providing signing bonuses can prove to be ineffective incentives if housing is not available to rent or buy.





### *Existing Partnerships*

The region has many examples of existing partnerships between municipalities, counties, nonprofits like ROI, employers, and economic development agencies. The potential to expand or build on these partnerships is key to addressing housing, and will require using all the skill sets and resources that exist in the Uplands region.

### *Natural Resources*

The Indiana Uplands has an abundance of natural resources that attract visitors and residents alike. Places like Brown County are known for attracting creative thinkers looking for a connection to nature. Leveraging but also protecting these resources will be important to the continued economic vitality of the region. In that light, new housing development should allow residents to be close to these resources while also protecting both the natural assets and the cost of housing. Housing development cannot extend resources and infrastructure in ways that will be financially unsustainable in the long term.

### *Strong School Districts*

Over the last several years school districts across the region have made continued investments in schools and specifically in STEAM (science, technology, engineering, arts, mathematics) programs. Schools with workforce initiatives are essential to creating economic stability in a community and thus supporting demand for new housing development. Schools are one of the key factors that new residents consider when choosing where to live. A poor quality school district will lower interest from prospective buyers in a community and thus lower the interest from the development community.

### *Good Regional Examples*

Efforts are being made across the region related to housing development and rehabilitation of existing units. While some new strategies will need to be introduced, lessons can be learned from communities and counties across the Uplands region. Those will be highlighted later in this chapter and should be used as a starting point for many municipalities.

### *Sense of "Now's the time"*

A low supply of housing is not necessarily new to many of the region's communities, especially those in rural areas. Housing options, in particular quality rentals, have been in low supply for nearly 20 years. However, increasing job prospects, growing industry sectors, and realization that the lack of housing is impeding growth are creating a sense that "now is the time" to address the issue.

## Challenges

Although the region has numerous assets, there are clear challenges that must be overcome to facilitate a housing market that meets demands and supports growth.

### *Low Supply of "Affordable" Lots*

The cost of lots has a significant impact on the cost of a home. Two main factors go into the cost of a lot - land and infrastructure (water, sewer, storm sewer, and streets). The rising cost of materials and labor has a direct correlation to the cost and interest in lot development. A decade of strong agricultural prices also pushed up land values. Demand is high for housing in lower price points that require cheaper lots but few mechanisms exist to control increasing lot costs. This results in more costly lot development, and subsequently home prices.

### *Significant Pockets of Low Housing Quality*

The region has some quality new and older housing, but there are pockets of lower quality housing stock. Often, the lower quality housing units are in more remote areas or in the counties' smallest communities but every community in the region has neighborhoods that are suffering from disinvestment. The region's stock of older homes is the best source of affordable housing, and maintenance of this existing housing is one of the key ways to make sure that quality affordable housing exists into the future. Infill lots are also one of the best sources of affordable lots, but when adjoining properties are in poor or dilapidated condition, there is little to no incentive to reinvest in these lots.

### *Inconsistent Building Codes or Permitting Systems*

For almost all of the counties, the need to establish basic building codes and enforce those codes was a common theme. Inconsistent rules and enforcement can lead to concern by developers interested in building more than one unit because of the impact the quality of adjacent properties could have on their investment. Poor quality units bring down property values for everyone on the block. Additionally, residents noted the concern for basic life and safety standards. Regulations should not be burdensome but should establish basic ground rules that offer security to surrounding owners and protect the life and safety of the youngest and oldest residents.

### *Infrastructure Costs Deter Development*

Traditional development practices have required the developer or private market to cover all infrastructure costs. Rising infrastructure costs and slower build-out rates have deterred or even prohibited development of new lots in smaller communities. In larger communities in the region the outcome has been a focus on projects with the greatest return on investment, which has traditionally been high-end custom built homes or very high density developments.

### *State Tax Rate Structure Deters Rental Development*

Under the current state tax structure, multi-family housing is taxed at a higher rate than owner-occupied housing. For some developers this is not a deterrent, but that cost is passed on to the renters themselves. This additional cost increases the price that property owners must charge in order to make a profit on a property. In some smaller communities it deters new construction, encourages investment in smaller, older single-family homes as rental properties. This further depletes the number of quality, entry level homes and limits the creation of options in the market for new residents and those looking to downsize.

## Strategic Housing Goals

Within the individual county analyses in Section 2 a set of goals were laid out for each county. These goals are meant to guide the development of a housing strategy for each county. Some goals overlapped across counties, and there are also some broad goals the entire region should adopt.

### *Develop plans for sharing risk with developers to lower the high cost of new and repaired infrastructure*

Infrastructure costs were a common theme across all counties. For some counties, the concern centered around the cost of installing new infrastructure necessary to develop new lots. For others, it was around the cost of replacing and updating deteriorating infrastructure, especially aging septic systems. The lack of involvement by the private sector shows there is little perceived economic incentive to take this problem on. Public-private partnerships have to be established to share this risk. This should be done to both incentivize new housing and stabilize existing housing.

### *Develop consistent codes and code enforcement across the region to elevate housing quality*

Concern about the state of current housing was a consistent theme across the region. Stakeholders were worried about the ability to find quality housing, the impact poor quality housing had on property valuations and desirability of communities, and, ultimately, the life and safety of the region's most vulnerable residents (often noted as young children and seniors). The development of a consistent set of basic codes that mid-size and smaller communities can establish and implement will create a level playing field. A clear set of ground rules and potentially shared costs will elevate housing quality and perception of the housing market across the region.

### *Find nonprofit developers and the technical assistance to support these efforts*

Not-for-profit developers should be established to work in those areas where the private market perceives the risk too great or profit margins too small. While one developer that works in the entire region may be unrealistic, spreading resources and capacity too thin, multiple developers may be needed that can focus at the community or county level. Technical assistance will assist could be provided at the regional level to the nonprofit developers. Once established, local nonprofits should focus on the main issues facing the community or county they work in, but their capacity can be expanded through regional assistance and support. Regional cooperation can often attract more funding and support on a state or federal level, too.

### *The Rise In Home Prices*

*One factor in the rise in home prices is the actual size of homes. In 1950, the average home was approximately 1,000 square feet with two bedrooms and one bath, according to the National Realtors Association. Today, based on census estimates, the average home is closer to 2,500 square feet. Of note is that household sizes have also decreased during this same period.*





### *Expand housing options, especially for retirees, seniors, and young professionals*

During the late 1990s and early 2000s, much of the housing development focused on single-family detached housing. Following the recession, most of the construction activity focused on custom built homes or high density multi-family largely in the Bloomington area. There were some duplexes constructed but not at a significant level. This has left large gaps in the housing market for seniors, young individuals starting their careers, and empty-nesters looking to downsize. Housing programs should focus on adding housing variety to the market. Programs that assist with infrastructure should be tied to creating greater housing variety for every stage of life.

### *Further the development of high-speed internet and quality schools*

This is not a new or unfamiliar goal to the region but remains very important. Housing is one piece to attracting new residents and filling jobs. However, if prospective employees feel their child's educational needs cannot be met or internet access needed for work, school, or play is unavailable, they will look to other jobs and regions. Many noted that housing, schools, and high-speed internet are all necessary to make the region a magnet for growth.

### *Find ways to bring developable land to market*

It was noted in a number of cities that developable land adjoining the city existed but that owners were not interested in selling. This is a challenging issue, often the land has been in the same family for generations. However, their ancestors moved to the region to establish better lives, communities, and places for their children to find prosperity. A marketing package needs to be assembled that focuses on the need, legacy, and pride all have in their communities. Landowners have an important opportunity in helping provide families with quality housing and establishing a legacy as a community builder.

### *Address the current state tax structure that prioritizes owner-occupied versus renter-occupied structures to encourage more rental construction in the rural counties*

Under the current tax structure, rental properties are taxed at a higher rate than owner-occupied units. This cost is directly passed onto the renters, increasing the cost of rental housing and making it more difficult to offer affordable housing. This is a challenging issue because tax dollars to support roads, public safety, community services, and schools are all tight. This issue may need to be addressed at a state legislature level, but local strategies should be established to offset either the cost to renters or the loss in revenue that a change in tax law would create.

The following sections outline several strategies from funding to programs that will assist the region in meeting the above stated goals.



## Owner-Occupied Housing Rehabilitation Program: Iowa City, Iowa

The City of Iowa City provides zero-interest loans and/or grants for homeowners to make improvements to their homes. Single-family owner-occupied homes within Iowa City limits with owners who met income eligibility criteria qualify.

### Types of eligible rehabilitation:

- Comprehensive rehabilitation
- Emergency repair assistance
- Housing Exterior Loan Program (can include rental properties)
- Exterior repair
- Residential accessibility for homeowners with disabilities
- Manufactured home repair
- Energy efficiency



## REGIONAL STRATEGY

A housing market is a complex and ever-changing landscape of countless variables including economic factors guiding production, rehabilitation, and demand. Social factors also influence housing preferences, as does the willingness of home buyers to adapt to new products, and the perception of the community. The following section explores housing interventions and partnerships that can be used to generate energy in the market. It is important to note that there is no one perfect solution to address issues and capitalize on strengths. Therefore, the following tools are included as a menu of options that will need to be combined and altered to meet the unique aspects of different communities.

The following section will be built around the key themes that emerged and informed the larger strategic goals identified in this document.

### 1. Elevate the Quality of Existing Housing

The best source of affordable housing is the existing housing stock. Land and material costs make it challenging to impossible to produce housing priced below \$180,000 or rents below \$800 without some assistance. Therefore, maintaining the region's existing stock of housing will be essential to meeting the demand for more affordable housing.

#### Housing Conservation

The condition of the housing stock varies greatly throughout the region. The rehabilitation of homes is essential to providing quality entry-level housing in any community, and continual maintenance and rehabilitation is a high priority. Strategies may involve:

**An emergency repair program.** For very low-income residents, an emergency repair program should be established. This type of program is usually funded through Community Development Block Grant (CDBG) funds in the form of grants or forgivable loans. Emergency repair programs are designed to meet critical individual needs, but also to keep viable housing from deteriorating further. Thus, when funds are limited, assistance should be focused on fundamentally sound structures.

- Most federal and state funding sources will not allow funds to be used on manufactured

homes (mobile homes), but if using local funds, every community can decide how to approach manufactured homes. Emergency repair dollars should not be used on manufactured homes that are not HUD certified. If a unit is certified the soundness of the unit should be evaluated. For those units not in sound quality emergency housing programs may need to be used.

**Direct rehabilitation loan program.** This program would make direct forgivable loans and grants to homeowners, traditionally from Community Development Block Grant (CDBG) funds. The program is most appropriate to homeowners with low incomes who are not otherwise eligible for bank loans. These efforts should generally be focused in strategic areas where loans support other area investments, such as substantial infill development.

**A leveraged rehabilitation loan program.** This approach leverages private loan funds (often through the FHA Title I Home Improvement Loan program) by combining private loans with CDBG or other public funds to produce a below-market interest rate for homeowners. The program works most effectively in moderate income neighborhoods with minor rehabilitation needs and some demand for home improvements. The program is effective in expanding the number of improvements completed by a fixed amount of public funding. Loans in a leveraged loan program can be originated through individual lenders or through the proposed lenders' consortium (see details on a lending consortium page 324).

**Energy efficiency loans.** Funding may be leveraged through the region's utility providers to offer loans that improve the energy efficiency of older homes. These low-interest or no-interest loans can be used to replace windows, heating and cooling systems, or any other upgrades that improve the energy efficiency of the home.

**Rental rehabilitation programs.** With little or no code enforcement in most communities and a tight rental market, there is often no incentive for rental property owners to make improvements. Rental rehabilitation programs should focus on workforce and student rental housing, providing leveraged loans combined with code enforcement. Market demand and market pressures should address most issues with any seasonal housing rentals, outside of seasonal worker housing. With limited



## IHCDA Owner-Occupied Rehab Program

The Indiana Housing and Community Development Authority (IHCDA) Owner-Occupied Rehab Program provides eligible local units of government and not-for-profit organizations grant funding to complete repairs to owner-occupied residential properties. The funding is secured through Community Development Block Grants (CDBG) through the federal government. Funding of up to \$25,000 per home could be used to address conditions in the home that, if left unattended, would create an issue with the integrity of the home or become a detriment to the residents' quality of life. This program would be integral for counties that struggle to maintain a supply of good housing stock and struggle with home maintenance concerns. Two counties already enrolled in this program include Lawrence and Martin, as are some individual communities within the study area.





## Neighborworks of Northeast Nebraska Purchase/Rehab/Resale Program: Columbus, Nebraska

Over a five year period NeighborWorks Northeast Nebraska has implemented a highly successful Purchase Rehab Resale program. Under the program a qualifying household identifies a home and an assessment of the home for structural stability is completed. Subsequently, NeighborWorks Northeast Nebraska purchases the home to complete any repairs needed. Repairs can range from \$2,000 to \$25,000. Following completion of the repairs the home is sold to the applicant who identified the home. Down payment assistance can also be provided at 20% of the final purchase price (up to \$20,000). For Columbus, Nebraska this has resulted in 140 homes being updated and owned, often by first time home buyers.

[www.nwnen.org/what-we-do/homeownership-assistance/purchase-rehab-resellprogram](http://www.nwnen.org/what-we-do/homeownership-assistance/purchase-rehab-resellprogram)



new multi-family construction in many communities (outside of Bloomington) over the past 20 years, the rental market often depends on single-family homes. In most of the region's communities, these homes tend to be some of the oldest housing and are often in poor condition. Rehab programs provide financing for the improvement of sound rental properties in need of rehabilitation.

- Rental rehabilitation must include both incentives and consequences to create a balanced "carrot and stick" based program. This is why effective housing code enforcement is the key to ensure that units meet minimum housing standards.
- Rental registration or inspection programs were mentioned by a number of stakeholders. Indiana law restricts this ability to inspect or charge a fee if a community did not have a registration or inspection program in place before 1984 (See Indiana Code Title 36. Local Government § 36-1-20-4.1). The region may want to leverage their collective voice to change these limitations. As of the drafting of this study (2019) House Bill 1372 would make many of these changes. Inspection and registration programs can be effective, but are staff-intensive and must be administered in a way that avoids displacing low-income households. Smaller counties and cities should consider forming partnerships to share staff and defray costs (see page 328 Partnerships).

**Purchase-Rehab-Resale programs.** In this model, houses are acquired and sold in a rehabilitated or "turnkey" state to owner-occupants. Traditionally these programs are administered by a nonprofit housing developer or development corporation (learn more about nonprofit developers and development corporations on page 330). The model recognizes the limited number of prospective buyers who want to carry out a major home rehabilitation project. This program works best when candidate houses can be purchased at relatively low cost, usually due to their quality. Under the program, a development corporation purchases existing houses, rehabilitates them, and resells them to new homebuyers. The lending community may participate cooperatively in this effort by providing interim financing. Mortgage financing for low- and moderate-income buyers may be assisted by CDBG or HOME "soft-second" loans. Realtors may also participate by reducing commissions on selected projects.

**Property maintenance codes and enforcement.**

Property maintenance codes received high support in the community survey. People understand that poor property maintenance often leads to dilapidated homes and a decrease in surrounding property values. Communities should share resources to develop necessary codes and fund staff to enforce these codes across the communities. Further details are provided in the Codes & Code Enforcement strategy.

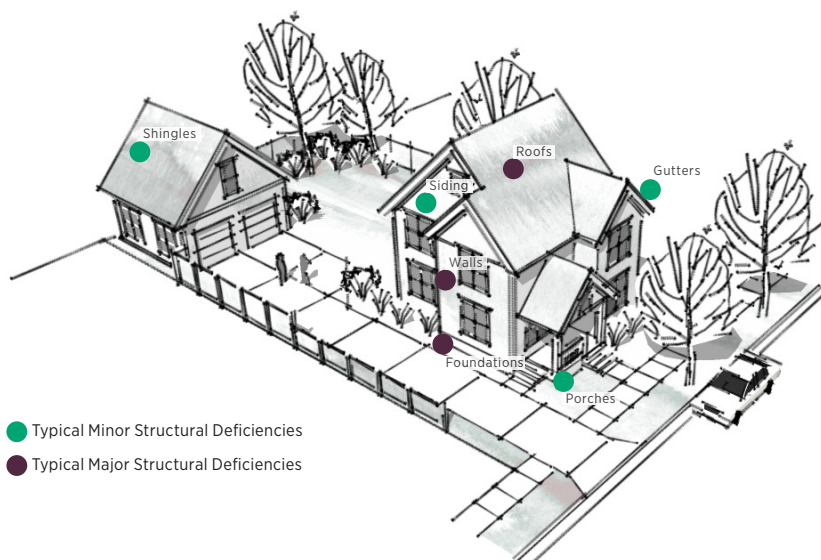
**Training of next generation contractors.** There is a nationwide deficit in skilled trades people. The long-term solution is to develop innovative workforce development approaches to train new workers.

**Neighborhood Conservation**

Many of the tactics described in the last section will have an important impact on neighborhoods. Elevating value and the sense of financial security in a neighborhood is important to supporting housing quality and improving values.

**Reinvestment Areas.** The impact of housing rehab and infill development may be diminished if done in a scattered approach. To avoid this, communities should complete a general assessment of housing conditions, sometimes referred to as a windshield survey. Using this survey, a strategy can be developed for creating programs that will have the greatest impact. By targeting the strategies listed in this section, change is more visible and momentum can be built for greater involvement by the private market.

*A windshield survey is a drive by assessment of housing conditions from the street. Each house is ranked on a scale of 1 to 5 based on the condition of siding, roofing, windows and doors, and foundation where visible.*



## Campus Town Redevelopment Incentive Program (CTRIP): Maryville, Missouri

The CTRIP program was created by the City of Maryville, Missouri in 2013 as a way to encourage infill development and remove blighted and dangerous properties.

- **Purpose:** Incentivize property owners within the Campus Town Overlay to enhance the area through infill and development
- **Program:** Demolition debris, building permit, and water and sewer tap fees eliminated
- **Success:** Supported development of approximately 12 projects in the neighborhood ranging from duplex to a 16 unit building. Approximately 45 dangerous structures removed within three years
- **Opportunities:** Expand past the Campus Town area to include the entire city

<https://www.maryville.org/docview.aspx?docid=32939>

## Ownership Variety: Housing Type

- Single Family Detached (Small, Medium, and Large)
- Single Family Attached (Small, Medium, and Large)
- Townhome
- Condominium

## Ownership Variety: Function

- Entry Level / Workforce Home
- Downsize Opportunity

## Rental Variety: Housing Type

- Single Family Detached (Small, Medium, and Large)
- Single Family Attached (Small, Medium, and Large)
- Accessory Dwelling Unit
- Apartment
- Townhome
- Live / Work Space

## Rental Variety: Function

- Student Housing
- Entry Level / Workforce Home
- Downsize Opportunity

## 2. Overcoming Under Valuations

Closely tied to housing quality, an undervalued market can inhibit new development and deter investors. When homes cannot be appraised at what it costs to construct or when a rehabilitated home cannot recoup investments, housing investment is deterred. This can often be an invisible struggle because some homes are still being built. For higher income households who can afford larger down payments, banks will still finance construction loans. This issue can also apply to the construction of new rental housing. Rents necessary to cash-flow new rental units are often well above average rents within many rural communities. A lack of comparable rents will often deter traditional financing, requiring developers to raise more personal capital to finance new construction.

### *Housing Variety*

Addressing the issue of under-valuation can be challenging. A stock of affordable homes in areas with lower incomes offers housing options for all residents, but greater housing variety can also ensure more variety of price points within a market.

Variety, both in housing type and lot size, provides for interesting neighborhoods and accommodates changing household preferences, but more importantly, provides affordable housing options. Housing types should range from townhomes, senior living facilities, low/no maintenance condominiums, multi-family development, and small lot infill. Smaller lot sizes are also an easy way to reduce home buying costs as land infrastructure costs are spread across more property.

**Support demonstration projects.** While many stakeholders expressed a strong appetite for the types of housing products listed above and to the left, there are few contractors building these products. To illustrate that these new products or innovative development configurations will work, it may be necessary to develop a demonstration project. While developers can consider incorporating limited elements into their projects voluntarily, a demonstration project may require assistance. Types of assistance include: gap financing, infrastructure assistance, financial or tax assistance, and/or expedited permitting. For the more rural markets it may be a single project that can be replicated in other locations across the region. For Bloomington, it may be a single project designed to show that a concept is viable in the market, but at a scale that may be more challenging to replicate in smaller markets.



**Senior housing.** A variety of housing types directly addresses housing demand across a diverse demographic. The type of housing a person looks for is directly correlated to his/her stage of life. Diversifying the housing stock also addresses housing demand indirectly by encouraging movement in the housing market and freeing up homes like those lived in by seniors who want to downsize out of 3 to 4-bedroom single-family homes. Approaches to consider include:

- Using many of the techniques outlined later in regards to lot development, lots or redevelopment sites can be designated for housing types that would be more appealing to seniors. These should include units with common maintenance, smaller square footage, and universal design standards.
- Additional assisted living may be needed in some communities. A developer in Salem, Indiana had success and can be a resource to other communities in the region. Many developers or financing institutions will require a deeper market analysis to determine eligible population and market penetration then is provided in this study.
- Affordability problems are often most severe among fixed-income elderly. Specific strategies for developing low-income housing are discussed later, and opportunities to combine programs should be encouraged. Under one concept, the housing development corporation could purchase the resident's existing house for rehabilitation and resale to a young household. All or part of the purchase proceeds can then be applied to rent or equity in a new senior setting. This combines the purchase/rehab/resale program with a senior oriented development.
- Downtown living can also be a great option for empty-nesters and newly retired professionals. This is probably more likely to be successful in the region's larger communities. The demand for this type of unit by the nation's aging Baby Boomers is only growing. These more "urban" settings allow for low maintenance and high access to community amenities. These units are not necessarily marketed to this demographic but provide one more option within the overall market.



### **Small Project, Big Impacts: Leoti, Kansas**

**Leoti is a farming community of 1,400 people in western Kansas. In an effort to offer more housing variety the economic development organization purchased land and deeded it to a developer. The developer then built two rental duplexes (4-units). The units were filled by four widowers who then placed their homes on the market. The homes of those four widowers were filled by young families in the community and the widowers now have maintenance free housing allowing them to live in the community and on their own for longer.**

## Sharing Risk

To increase variety in the market and prove that new construction and market rate rents can be supported, the region will have to find ways to share risk. The following are just some of the ways risk can be shared, but what is defined as risk can be different, and each community needs to make sure they clearly understand what the perceived and real risks are in the market before moving forward.

**Gap financing.** This type of financial support is needed to cover the difference between cost and appraisals or the extra capital required by traditional lending for untested or demonstration projects. This financing may come from a variety of sources:

- **Lending Consortium.** A lending consortium is a cooperative venture among lending institutions active in the market to spread individual risk. In addition, these cooperative ventures can attract the support of major employers or other agencies such as the Indiana Housing & Community Development Authority, Federal Home Loan Bank, and Indiana Economic Development Authority. A lending consortium is an ideal instrument to:
  - » Finance the additional capital necessary to "fill the gap" between the cost of housing and appraisal. Gap financing should be used when the cost of construction is more than the finished value of the home or when developers are tasked with building more affordable housing options or housing that is untested in the local market.
  - » Provide short-term financing or "patient financing" for builders and contractors in the community, and to provide interim financing for projects developed by local housing partnerships, cities, or even the county.
  - » Offer down payment assistance for new homeowners. A major hurdle for many young or lower income households looking to buy includes saving enough money to make a down payment, even though these households may not meet federal criteria to be considered low income. Assistance in the form of grants or forgivable loans helps these households get into housing ownership and begin to build equity in the market. Local lenders will offer a deeper understanding of this issue when forming the consortium and may view this as a lower priority as other programs exist both at the state and federal level.

## Housing Trust Fund

*Somewhat similar to a lending consortium, a trust fund is a way to pool local dollars that can be used toward specific housing objectives or goals. The advantage of either a consortium or trust fund is increased local control and flexibility. Local dollars allow communities to tailor a program to their specific need and also show that a community is "housing ready" when applying for other state and federal housing programs.*

**Partnerships.** It is always possible to create a greater impact through meaningful partnerships than would be possible individually; this is especially true in a housing strategy where a key to creating ongoing action is accomplished by empowering diverse stakeholders to create positive change relating directly to their mission. Within each county a housing partnership should be developed with the flexibility to address the specific and diverse needs across the community. This would be somewhat similar to the economic or business development partnerships that many communities have had and could even grow out of these same organizations. An effective community housing partnership should be able to coordinate and execute project development and financing, while also providing expertise in marketing and management.

Any partnership should begin by seeking to establish a common purpose between each stakeholder; in other words, the reason why each organization will choose to improve the housing market by participating in the effort.

**Mobile home buy-out program.** Several communities noted a large number of manufactured or mobile homes in deteriorated condition. Often, these units are one of the few sources of affordable housing for the region's lowest income households. Manufactured homes can be a good source of affordable housing and newer, HUD Certified units are built to a higher quality. But, these units must be well maintained, like any housing unit, or deterioration can happen quickly.

Two important concerns arrive with regards to deteriorated manufactured homes. First, abandonment leaves a dangerous eyesore within a community or county. Second, are units that continue to be occupied because households can find no other housing within their price range. These units need to be removed from the market and potentially replaced.

Communities have developed programs that provide funding for purchasing and removing dilapidated units. For the Indiana Upland region this may be done at a regional level or by an individual community, if they feel the need is great enough. Funding generally has to be raised locally. A push for implementation could be paired with the construction of new affordable housing. Most households living in these units will qualify for housing programs (making less than 80% of area median income), providing them with a safe housing alternative.



## Mobile Home Buyout Program: Faribault, Minnesota

**The Housing and Redevelopment Authority (HRA) in Faribault has used its Mobile Home Buyout Program to acquire and remove substandard housing from its existing mobile parks.**

**Through this voluntary program, owners of uninhabited, dilapidated, or substandard mobile homes may apply to participate in the buyout program. If the unit is determined to be substandard, uninhabited, or dilapidated, the HRA will buy the mobile for a flat rate of \$2,000, not including property tax or lot rent. Upon acquisition, the home is then properly demolished, removed, and the lot repurposed.**

***[www.ci.faribault.mn.us/427/  
Mobile-Home-Buyout-Program](http://www.ci.faribault.mn.us/427/Mobile-Home-Buyout-Program)***





### Newton Housing Initiative: Newton, Iowa

**In an effort to stimulate housing development after a year with no new home construction, Newton took it upon themselves by devoting \$3.65 million in bonds for a coordinated Housing Initiative. The goal of the Initiative is to protect neighborhood property values, increase curb appeal, and create momentum for housing development.**

**The dollars obligated by the city targets housing demolitions, public infrastructure, and private incentives to homebuyers. Most funds spent as of 2016 were on acquisition and demolition costs for over 50 homes. Other projects include installation of new playground equipment at a park, major street renovation, and installation of a sewer line.**

## 3. Lot Development

Two key issues in lot development exist:

1. Sheer quantity or availability of lots for all types of housing
2. The supply of "affordable" lots

Logically, there is a direct relationship between the cost of a lot and the cost of a home. The more expensive the lot, the more the home that is built costs to maintain a profit margin. In other words, an entry level home cannot be built on a large lot with extensive infrastructure cost. More lots and more affordable lots can be brought to the market in two ways, new lot development and infill lots.

### New Lot Development

Traditionally, policies and strategies for lot development are directly impacted by a community's lot absorption rate. Larger cities like Bloomington and Jasper have had regular growth and could support steady development of lots. However, in recent years the costs of development of lots has increased and the generation of risk takers that speculated in lot development have started to retire or went out of business during the recession. In Bloomington, the risk involved in student housing has been perceived to be lower and the reward greater, resulting in very few new lots being developed by the private market. Another issue is the lack of available land for development in the city limits.

In the region's smaller communities, growth has been lower or stagnant and thus the build out of developments much slower. This slower rate greatly increases the risk to developers and may even make it a challenge to secure funding (very few can self fund this type of speculative work). Additionally, when lot development is driven by the development community, all of those costs have to be passed along to the home buyer, making the stock of "affordable" lots slim. This is not the fault of the developer, they are for-profit businesses needing to recover their costs for infrastructure design and development.

Large and small communities alike will have to find ways to lower costs and potentially lower risk for the development of new affordable lots. Potential approaches include:

**Shared Cost.** The public share might be 30% to 50% of construction cost. A city can require that units on these lots fall within targeted price points that provide moderately priced entry level housing. Repayment is derived from the added property taxes created by new development.

**Special Assessments.** In many communities, special assessments are used to finance infrastructure. While assessments reduce the initial purchase price of the house, they are repaid through monthly payments, and therefore add to the monthly and overall cost of the house.

**Subordinate Payments.** A city front-ends a portion of public improvements, repaid over a longer period through a second mortgage on the property. This reduces payments over special assessments by extending the loan term and reducing the principal.

**Deferred Payment.** The city finances the infrastructure as a deferred loan. The infrastructure loan is paid back upon sale of the house. The repayment represents the same percentage of the sale proceeds that the initial infrastructure loan made up of the original price.

**Tax Abatement.** Tax abatement programs have been used in communities in the Uplands Region, specifically by Huntingburg, to reduce the costs of development. Tax abatement can come in a variety of forms, but simply provides an offset in property taxes paid. For the developer of lots, this reduces the costs they have in the lots and lessens the pressure to sell the lots. This strategy can be especially effective with rental developments where the cost of higher taxes are not passed on to the renter, thus keeping rents lower.

**Grants.** While often highly competitive, the Federal Home Loan Bank, USDA, or state-administered Federal programs such as CDBG or HOME can help with infrastructure financing. Sources like a lending consortium or local housing trust fund can provide more flexibility to cities using less restrictive local dollars.

**Tax Increment Financing (TIF) & HOTIF.** The use of TIF would be new to many of the region's smaller communities, and technical assistance would be very beneficial. TIF uses the added tax revenue created by the development to finance project-related costs, such as public improvements.



## HOTIF

The Housing TIF program was added in 2006 by the Indiana General Assembly, which permits Redevelopment Commissions throughout the state to undertake a housing tax increment program. There are nine findings that a redevelopment commission must satisfy to approve a HOTIF within their jurisdiction. The criteria relate to lack of occupancy, property tax delinquencies and code violations. If met, the redevelopment commission can establish the HOTIF area to capture the increment from all real property improvements in the area and apply it to projects for neighborhood renovation. There are three HOTIF projects located within the state, all within the City of Indianapolis.

The relatively few projects that have utilized the HOTIF tool and their consolidation within Indianapolis point to a difficulty in meeting the requirements to establish and use this funding source. Despite this hurdle, communities should meet with representatives who have experience working with the HOTIF program to determine if the creation of a local district would be beneficial and feasible in their area.

*Most participants in the survey supported greater code enforcement and use of public funds for removal of dilapidated properties but were not supportive of public acquisition of dilapidated properties. However, it is often essential that either the city or a development corporation gain control of properties. Most small-scale developers are deterred by the land assembly process, and vacant lots with demolition liens tend to sit vacant for longer than any one desires. Through control of the lot by either the city or a development corporation, a proactive strategy can be put into place.*

It should be noted that the market has been able to support higher value homes on higher cost lots. For a healthy, diverse market, these units need to continue to be built, but intervention is likely not needed and even inappropriate.

### **Infill Lots**

Infill development has several benefits for communities. First, placing housing on vacant lots sustains the character of established neighborhoods rather than giving a perception of disinvestment. Second, roads and infrastructure are already in place that reduce the upfront cost of development. On the other hand, infill development generally does not cater to large-scale projects, but rather new construction on a lot by lot basis. Additionally, contractors are often not interested in working with multiple landowners, and the cost of site preparation (removing dilapidated structures or addressing aging infrastructure) increases costs for the developer. For these reasons, communities will play a key role in the development of infill lots.

**Land Assembly.** One of the biggest hurdles to infill development is the assembly of lots. Most developers do not have the capital, time, resources, or inclination to assemble lots from multiple property owners. Communities and/or the development corporation should assemble lots in the most strategic way possible. Infill sites should be located in areas that are substantially sound and attractive, albeit older, neighborhoods that will sustain and benefit from the higher cost of new construction. Ideal infill sites are clustered together, giving security for buyers and increasing values in the surrounding neighborhood. A land assembly program may include the following components:

- A geographic inventory of vacant lots and deteriorated houses completed by each of the communities. This will assist the cities in defining target sites and guiding the development community.
- An aggressive program to acquire and demolish houses that are so deteriorated that rehabilitation is not feasible.
- Negotiation with property owners to acquire targeted vacant lots.
- In areas with a concentration of infill sites, preparation of a redevelopment plan that can guide developers and builders. For larger redevelopment projects, the community can also solicit proposals for a master developer to undertake the project.



- Where a concentration of contiguous infill sites cannot be found, the resources of multiple partners and programs can be applied to make a scattered site redevelopment appealing to a developer looking to use their resources to build more than one unit at a time.

**Free or Reduced Infill Development Lots.** Communities and not-for-profit organizations regularly have the opportunity to acquire property through estate gifts, tax delinquency, or property liens. While these surplus land assets must be maintained, these resources can be used as an incentive to encourage new housing development.

By offering free or discounted lots for new development, the total development cost is significantly less than in greenfield development, and the city reaps the benefit of using its existing infrastructure while also directing investment to help stabilize existing neighborhoods. For smaller communities, this incentive may be absolutely necessary. Any costs incurred by the removal of a dilapidated structure or legal costs can be recaptured over time with the property taxes generated by the new development.

**Septic systems.** Across the region, aging septic systems are a growing problem. In some counties this has left houses abandoned due to the cost of the septic system making an older home unaffordable. A regional funding pool should be established for low-interest or no-interest loans to replace these systems. These programs may need to be paired with other housing rehab programs.



## Community-Based Action and Risk Sharing

Risk sharing is noted throughout this document as a vehicle for addressing housing challenges. However, communities cannot simply wait around for development opportunities and developer interest. Residents and stakeholders within several communities in Iowa are recognizing the need to take action by pooling their own resources and expertise to act as the developer of new lots. Two examples are described below:

- **Fairfield, Iowa.** A group of local stakeholders combined equity stakes to act together as the developer and builder of 27+ townhomes and duplexes in Fairfield. Risk sharing included private equity, City TIF funds, tax abatement, and Iowa Workforce Housing Tax Credits. Units were priced between \$160K-\$220K.
- **Humboldt, Iowa.** Similar to development in Fairfield, local stakeholders pooled equity to finance 32 single-family and duplex units. The City helped share risk through TIF financing and tax abatement. Units are priced between \$230K-\$280K.

These are a couple examples of local action to share risk and start a grassroots, proactive effort for housing development. These projects were assisted in part by 571 Polson Developments, LLC. For more information on these and similar projects in Iowa go to:

<https://571polson.com/>



### Wayne Community Housing Development Corporation: Wayne, Nebraska

Wayne, Nebraska is a thriving community of 5,500 in Northeast Nebraska with a mixed economy based on a small state college, strong industries, and regional agriculture. Over 20 years ago, the leaders of Wayne saw the need to provide housing for their workforce and formed the Wayne Community Housing Development Corporation (WCHDC).

Growing out of the local economic development organization, WCHDC is a proactive nonprofit with the mission to improve the region through affordable housing development. Offering a purchase/rehab/resale program, home buyer education, and assistance on local projects, like new rent-to-own housing, WCHDC works to expand housing options for the local workforce.

## 4. Need for Below Market Rate Housing

Since the recession of 2008, there has been a growing divide between housing costs and incomes. Often this has resulted in a growing number of households that make too much to qualify for many programs but too little to afford new construction. This trend, along with a shortage of housing, has resulted in a growing number of households spending more than 30% of their income on housing.

### **Nonprofit developer or development corporation.**

Within Bloomington and Jasper, there are some nonprofits doing housing work but for most communities there is no entity that exists that focuses on housing issues. These types of organizations should support communities or counties and focus on the unique needs and goals identified in the previous sections. These organizations can reside within an existing organization such as an economic development group or even a church, but must have the express mission of implementing housing programs where the private market cannot find success. Its board of directors and stakeholders should be comprised of partners whose mission is impacted by the housing market. The not-for-profit can accept an assortment of funding sources, can implement a variety of housing programs, and can work on behalf of its partner organizations to strengthen a county's housing market for the mutual benefit of all.

The benefits of the organization include:

- An entity dedicated solely to addressing housing issues and serving partner organizations including employers, institutions, the development community, and resident groups.
- A nonprofit status allows the corporation to operate in markets where private developers cannot (low revenue price points or untested products).
- The ability to execute and coordinate an assortment of housing programs and policies, using a variety of funding mechanisms including tax increment financing, charitable gifts and donations, and federal and state dollars.

Figure 3.1 breaks down housing strategies by income and price point.

**Figure 3.1: Program Matrix**

Household Incomes	Affordable Rent	Affordable Homeownership	Applicable Housing Type & Strategies
<b>&lt;\$15,000</b>	<\$400	-	Rental <ul style="list-style-type: none"> <li>▪ Public housing</li> <li>▪ Section 8 certificates &amp; vouchers</li> <li>▪ IHCD Programs for extremely- &amp; very-low income</li> <li>▪ Senior only housing tax credit rentals</li> </ul>
<b>\$15 - \$25,000</b>	\$450-\$650	<\$50,000	Rentals <ul style="list-style-type: none"> <li>▪ IHCD Programs</li> <li>▪ Low Income Housing Tax Credit rental development</li> <li>▪ Senior only housing tax credits</li> </ul>
<b>\$25 - \$50,000</b>	\$650-\$800	\$50,000 - \$125,000	Mixture of rental and entry level homeownership <ul style="list-style-type: none"> <li>▪ Market rate rental development with infrastructure assistance</li> <li>▪ Housing rehabilitation/neighborhood revitalization programs</li> <li>▪ Infill development</li> <li>▪ IHCD Programs</li> <li>▪ Down payment assistance programs</li> <li>▪ Market rate senior housing</li> </ul>
<b>\$50 - \$70,000</b>	>\$800	\$125 - \$175,000	Mixture of rental and homeownership <ul style="list-style-type: none"> <li>▪ Market rate rental development</li> <li>▪ Housing rehabilitation/neighborhood revitalization program</li> <li>▪ Infrastructure and lot development assistance</li> <li>▪ Infill development</li> <li>▪ Infrastructure and lot development assistance</li> </ul>
<b>\$70 - \$100,000</b>	>\$800	\$175 - \$250,000	Mostly homeownership with some rental <ul style="list-style-type: none"> <li>▪ Market rate rental development</li> <li>▪ Subdivision development with infrastructure and lot development assistance</li> </ul>
<b>&gt;\$100,000</b>	>\$800	>\$250,000	Majority homeownership <ul style="list-style-type: none"> <li>▪ Market based single-family development</li> <li>▪ Subdivision development with infrastructure financing under specific conditions</li> </ul>





## Opportunity Zones

Opportunity Zone legislation was established by Congress under the Tax Cuts and Jobs Act of 2017. Under this legislation, states declared qualifying low-income census tracts as Opportunity Zones based on set criteria in Spring 2018. The legislation is intended to spur investment and job creation in distressed areas. Investment in a qualified opportunity fund allows for the deferral of capital gains tax until 2027 and allows holders to reduce their tax liability by up to 15%. Many communities are interested in using the tool to spur investment in rental housing (ownership housing does not qualify because it is sold and not held within an opportunity fund). Within the Uplands Region opportunity zones were identified in Bedford, Bloomington, Crawford County (Leavenworth area), Huntingburg, French Lick/West Baden Springs, Salem, and Washington.

## Rental Programs

For those households making below 80% of area median income (AMI) the most common programs include:

- **Section 8 Vouchers.** A rent assistance voucher that can be applied toward market rate rentals.
- **Low-Income Housing Tax Credits.** LIHTC developers are issued a tax credit for the development of rental housing targeted to lower-income households.
- **Indiana Housing Trust Fund.** Dollars from this program can be used for housing the extremely low- and very low-income households, including homeless families.

While some states are developing programs to assist in the development of rental housing for those making between 80% and 120% of AMI, local strategies will still need to be developed. This may include some of the programs previously discussed, including:

- Land assembly
- Infrastructure assistance/lot development
- Financing assistance through a lending consortium or trust fund
- Use of Tax Abatement or TIF

Cities may choose to adopt a policy requiring that the use of these types of incentives/risk sharing must result in a certain percentage of housing units are affordable to those making less than 120% of AMI. This type of policy may be more common for larger communities where some development is occurring rather than smaller communities that need a more open-ended policy to jump start development.

## Equity Housing

Young households need entry level housing to build equity for the purchase of a move-up home later or to simply build their financial stability. For the purposes of this section, price points for entry level housing refers to options below \$180,000. New housing may be built either in existing subdivisions or on infill lots within built-up areas.

Potential programs and approaches include:

**Rent-to-Own.** In the rent-to-own program, homes are traditionally built using the Low-Income Housing Tax Credit but local funding from community partnerships may also be used. A portion of the household's rent is placed in an escrow account for a future down payment. At the end of a specific period, the residents can then use the accumulated down payment escrow to purchase the home they are living in or another unit in the community. Rent-to-own programs have the advantage of providing rental housing to residents, while incorporating aspects of owner-occupancy. Developers do exist that specialize in or are familiar with this type of product who could be recruited or just tapped for their knowledge.

**Purchase/Rehab/Resale.** Outlined earlier in this section, this program offers a way to provide older more affordable housing in a "turnkey" state.

**Affordable Lot Development.** As noted earlier, lot development is an important cost in the final sale price of a home. Therefore, the creation of affordable residential development lots is essential to provide housing at lower price points. As noted with rental units, cities may choose to develop a policy that the use of incentives/risk sharing programs must result in a certain percentage of housing units affordable to those making less than 120% of AMI. It should be noted that with owner-occupied units it does not have to be the traditional single-family ranch home, it can include townhomes, small lot single-family, or any new innovative strategy communities are willing to try.

Programs like Habitat for Humanity or student-built homes should not be forgotten. These are great local examples from which knowledge should be shared in the region. This includes Bloomington's Habitat program, which has built hundreds of affordable homes over the past decade and Paoli Community Schools' students who build approximately one home a year.



## Housing Incentives at Saint Louis University

Saint Louis University has provided a housing benefit to its employees through the University's Employer Assisted Housing Program (EAHP). The EAHP provides three benefits for the University employees:

- Housing information and education on home ownership.
- When available, preferred rates and reduced closing costs on mortgage and refinancing costs through partnering institutions.
- When available, forgivable loans for eligible employees, applicable towards the purchase of a new home located in the designated neighborhoods near campus.

This program applies to all current, full-time faculty and staff members. Properties eligible for the forgivable loan program must be located within specific revitalization areas. In the SLU program the percentage of the loan that is forgiven increases with the number of years of employment after origination of the loan, up to 100% of the loan after five years of employment.



## Code Enforcement Officers

*Communities have taken many different approaches to code enforcement but the staff implementing the code can make a significant difference. A customer service oriented approach, that includes community education in the job description can be essential in a community that is new to the process. This is one of the reasons why many larger communities staff this position outside of the police department.*

## 5. Codes and Code Enforcement

Across every county, stakeholders and survey participants voiced strong support for greater code enforcement. In many communities these codes do not exist and there is a strong sense of property rights, making the implementation of these codes more challenging. This makes the need for a high level of communication and education very important.

Each community has a different level of existing regulations and ability to implement them. This section will review strategies and partnerships for implementation.

### Regulations

For communities with no existing ordinance, a data base of existing ordinances from the region should be developed. Using these resources, cities should establish codes that are most appropriate for their community. However, as noted below, development of similar ordinances across a county can create a sense of a level playing field. Regional technical assistance may also be provided through this database.

Communities with existing ordinances should also review the data base. The review should be done to identify gaps or better practices that can be applied to their existing ordinances.

### Partnerships

Once property maintenance and building codes are established, one of the most challenging aspects of implementation can be staffing. Code enforcement requires trained staff that can follow-up on complaints and educate the public. For smaller communities partnerships may be essential to overcoming this hurdle.

**County health departments.** Currently, county health departments already do some code enforcement, including septic system permitting/inspections. Communities and counties may consider forming partnerships or inter-local agreements with their local health departments for the implementation of codes.

**Inter-local agreements.** Many communities do not have the capacity to keep a trained code enforcement officer on staff full time. Sharing this resource with surrounding communities or with the local county can lessen the cost to individual communities. Additionally, common ordinances could be passed across communities, making it easier for one officer to implement but also to create a level playing field across a county.



## Programs

The best property maintenance programs include awareness and outreach. This strategy begins with a Property Maintenance Standards program, an effort that encourages voluntary compliance with community standards while also establishing a legal basis for code enforcement.

**Preparing and distributing a Property Standards Manual.** This should be a friendly and clear document that sets out the legal requirements and expectations for individual building and property maintenance. It can also help to provide useful information, such as sites to dispose of or recycle unwanted household items. It can be distributed by real estate agents and landlords or be the first step in the enforcement process. Often communities will send a letter notifying a household that they have a violation and have a certain number of days to address the issue before further action. This document could be included with the letter. This material exists in Bloomington but is not distributed to students moving off campus. These materials should be provided to students with information on “how to be a good neighbor.”

**Organizing voluntary efforts through church, civic, or college groups.** These efforts might focus on assisting seniors and disabled people with property maintenance, including fix-up items, painting, routine repairs, and disposal of trash and other items. Many communities already have these types of efforts in place.

**Review and modify existing Property Maintenance Ordinance.** The review should focus on assuring that the ordinance clearly addresses those items that have the greatest impact on life safety, visual quality, and preservation of community maintenance standards.

**Backing up the property maintenance standards program with rehabilitation financing.** Possible funding sources are discussed on pages 318 and 319.



## Aging Septic Systems: Oronoco, MN

An aging vacation community on the Zumbro River in Oronoco, Minnesota began experiencing issues with septic systems in the early 2000s. Without available space and the proximity to the river, residents were faced with an expensive problem to fix. The Township provided governmental oversight of the project and will own and manage the community sewer system for the 23 homes that are part of the cluster system. Grant and loan assistance from the Land and Legacy Funds covered 72% of the cluster mound, grinder pumps and collection system costs. The remainder was \$13,300 assessed over 20 years to each resident through a low-interest construction loan plus an annual \$475 maintenance fee. Residents could opt out of the system (two properties did) and the Township was responsible for fronting the construction costs.



## Premium Park Enhancements: Brookings, South Dakota

The City of Brookings recognized the importance of Hillcrest Park and the opportunity to use its strategic location to market the premium image of the park but also the community as a whole. Located along U.S. Highway 14 between Interstate 29 and downtown, in spite of high quality amenities, Hillcrest Park had an unassuming highway frontage and was frequently overlooked by visitors. Through a conscious investment in the image of this park, gateway signage, landscaping, and an iconic art installation, Hillcrest Park is now recognized as a premium amenity that reinforces the quality of Brookings to residents and visitors alike.



## 6. Invest in Quality of Life Features

Strategies to create more housing opportunities mean little if regional employees do not want to live and age in a community. Amenities like quality schools, parks, libraries, and grocery stores are highly valued and attractive to potential residents. The Indiana Uplands region has two unique advantages. The first is the scenic beauty and recreational opportunities at its disposal. The second is the work being done by ROI, specifically around their Quality of Place and Workforce Attraction Plans and Education and Workforce Initiatives. These efforts recognize that attracting employees goes beyond housing to also providing quality communities with visible signs of community investment. Counties in the region should capitalize on their location, natural amenities, and regional resources, enhancing them with the following strategies.

**Invest in basic infrastructure.** If cities ask residents to elevate the level of property maintenance then city property must be held to the same level. Maintaining existing streets and sidewalks creates a positive image of the community and shows the city cares. Often public investment can stimulate private property owner investment.

**Maintain city property.** Like investing in infrastructure, city property (library, city hall, vacant lots, etc.) should be kept to a level comparable to the level you want residents to maintain their personal property.

**Schools.** Quality schools are an essential component to a healthy and vibrant community. Many of the districts across the region have made significant investments in expanding programs and elevating curriculum. The Education Initiatives by ROI have been there to help with a number of these efforts. For those communities that have lost their schools over the years, attracting and retaining residents becomes even more challenging. Unique assets should continue to be promoted for each community.

**Broadband.** Lack of broadband or high-speed internet is an important issue in many areas. Many young families are not going to move to an area where this service is lacking. The region is well aware of the issue and making efforts to address it, which is essential to grow the local economies and populations.

**Parks & Recreation.** This includes both the facilities and programming opportunities. Well maintained and accessible parks have a positive impact on the quality of life of a communities residents. A good park system is often part of the decision process for people when selecting housing.

**Trails.** At a minimum, sidewalks or pathways to community destinations should be developed. Regional trail connections are becoming a desirable feature for households and require a broader collaborative approach.



## State Programs

Indiana offers several programs that can support the rehabilitation of existing housing and construction of new housing either through improvements to infrastructure, direct construction, or rehabilitation of the housing units. Below are some programs that communities should consider.

### Waste and Water Disposal Loan and Grant Program

- Communities with populations of 10,000 or less can apply for the Waste and Water Disposal Loan and Grant Program through the state of Indiana. Funding is provided for 40 years as a low fixed rate loan to help improve drinking water, sanitary sewage and sanitary solid waste disposal and storm water drainage to households and businesses in rural areas. This program could be especially helpful to those communities in rural areas struggling to maintain aging infrastructure.

### State Revolving Fund (SRF) Wastewater and Drinking Water Loans

- The SRF Loan programs provide low interest loans to eligible entities for the planning, design, construction, renovation, improvement, or expansion of wastewater and drinking water systems. SRF Program Loans or other financial assistance is available for improvements to wastewater and drinking water plants, sewer line, and water line extensions projects. These loans are fixed rate 20-year loans and funding is provided continuously throughout the year. This program should be considered for those counties struggling to provide buildable lots due to infrastructure challenges.

### Community Focus Fund (CFF)

- The Indiana Office of Community and Rural Affairs administers the CFF grant program, funded through federal Community Development Block Grant funds. The funds are to benefit low-to-moderate income persons or eliminate blight in communities. Projects include infrastructure improvement, fire protection, downtown revitalization, and other construction projects including infrastructure to support housing. Smaller cities which do not receive CDBG funds directly can apply for up to \$500,000 for an individual project. A 10% local match is required, and grants are awarded twice per year.



## NEXT STEPS FOR THE UPLANDS

---

A targeted approach is needed to provide housing for regional employees and the growing population. Without intervention from the governing entities and their partners, housing for all age groups will continue to be in short supply, the housing market will continue to be less affordable, and communities will continue to struggle to have adequate housing options and stable or growing populations.

This housing assessment recommendeds several approaches to address the regions housing needs. Some of these programs may be appropriate in one community but not another. However, a regional approach may make more sense to allow larger scale opportunities for developers and to share resources among communities. By participating in this study, leaders have already recognized a need for action. This recognition needs to be combined with strong leadership from each of the communities and local/regional partners to implement the long-term strategies.

The next step is for community leaders to organize the partnerships necessary to a develop strategic program that address the goals in this chapter. ROI can serve as a regional leader, coordinating and disseminating information, but it is up to each of the counties and communities within the region to participate and drive implementation in their own backyards.