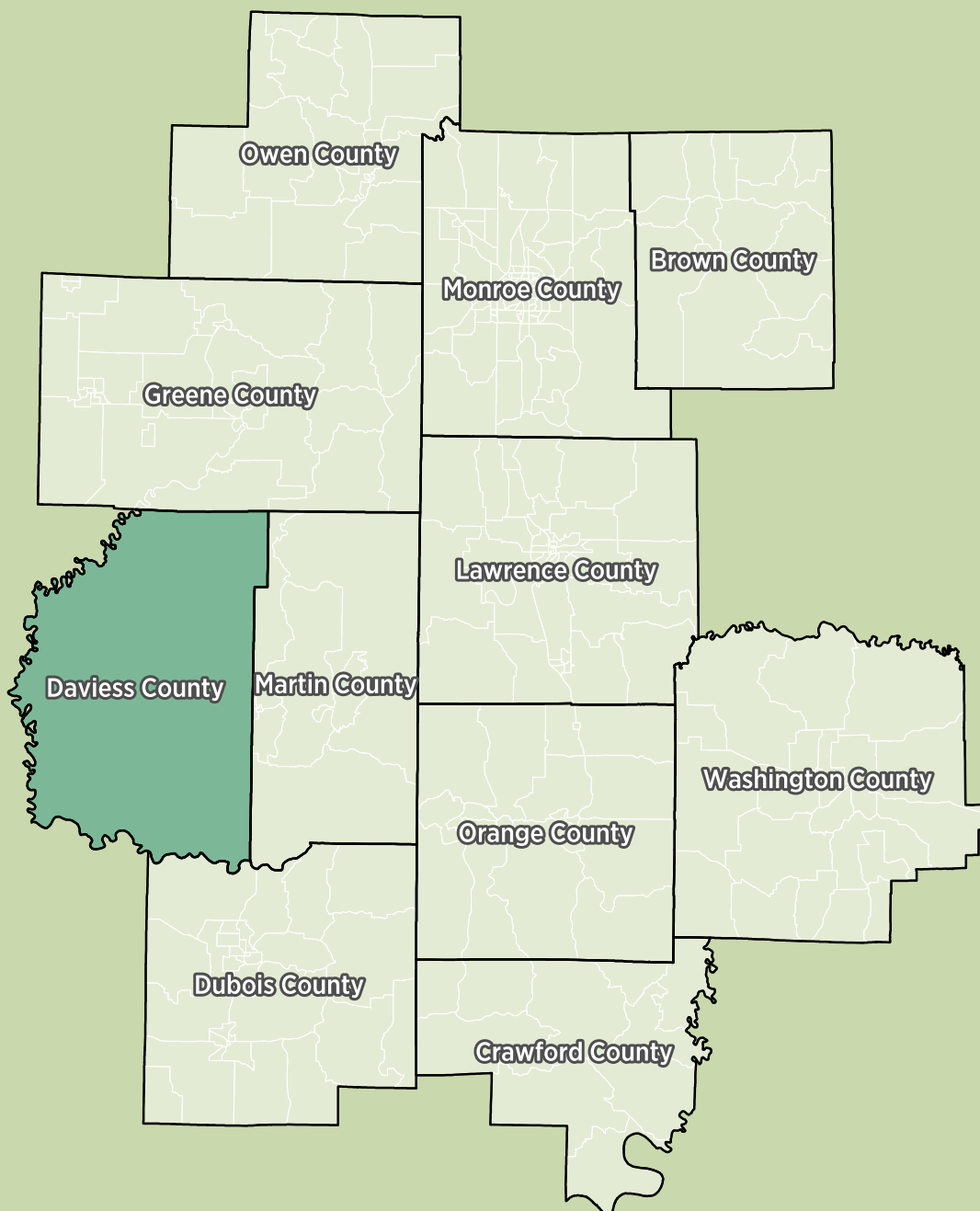


ADDENDUM 2.C

DAVISS COUNTY

This section provides an updated overview of the issues and opportunities related to housing within Daviess County as of 2023. It builds upon the findings of the previous study and takes into account changes and developments that have occurred in the housing market since the last study was conducted in 2019.

To access details from the 2019 Regional Profile Section visit regionalsoportunityinc.org/housing.



Population Characteristics

Historic Trends.

- Daviess County surpassed the 2017 estimated population and experienced over a half percent annual growth rate.
- In the last 30 years, the county has added nearly 6,000 residents, with an average annual growth rate of 0.64%.

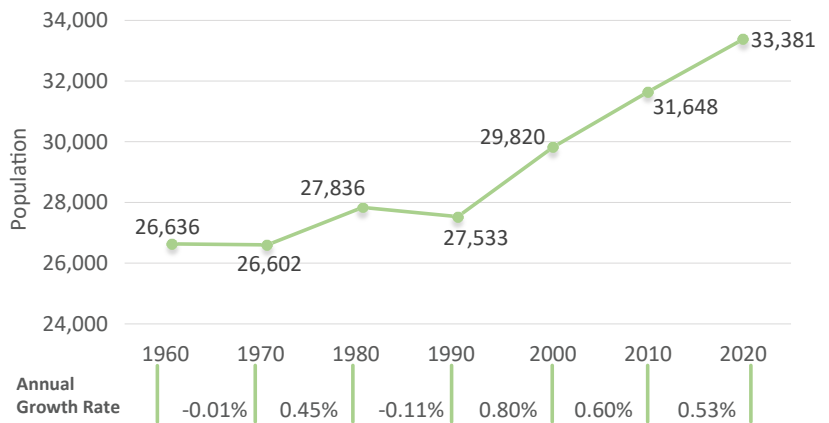
Predicted vs Actual. Daviess County appears to have an in-migration of approximately 1,500 residents than predicted.

- Based on the large number of 0 to 15 year olds, it would appear that the county experienced a much higher birth rate than predicted.
- It would appear that the county's population growth was supported by a small increase in 35 to 44 years and a much higher than predicted birth rate (0-15 increase). These households often are looking for "move-up" housing that better fits their families needs.
- The county does not serve as a destination for retirees.

Growth is Forecasted to Continue. Historic growth rates, current trends, and birth and death rates are the basis for the three population projection scenarios in Figure C.3.

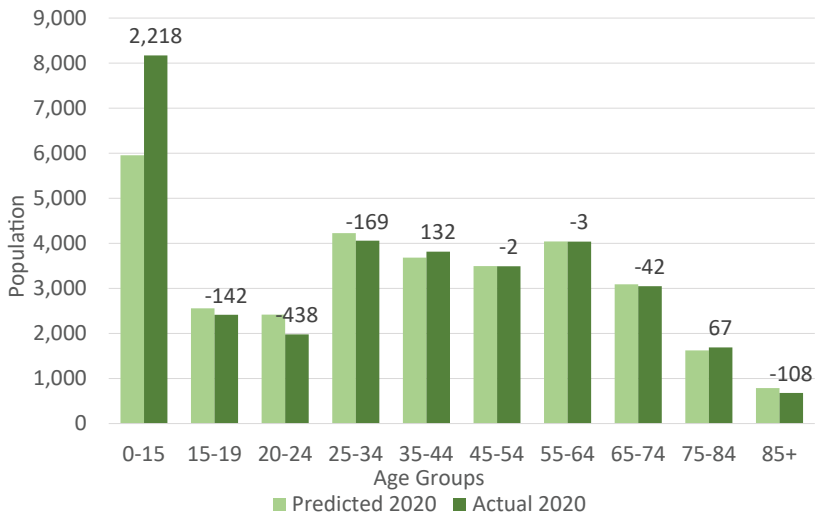
- There is no reason that Daviess County should not be able to grow at a rate similar to the last decade.
- While this scenario will be used for projecting future housing demand, if additional housing can be constructed it may be possible for the county to experience a growth rate similar to the 1990s.

FIGURE C.1: Historic Population Change



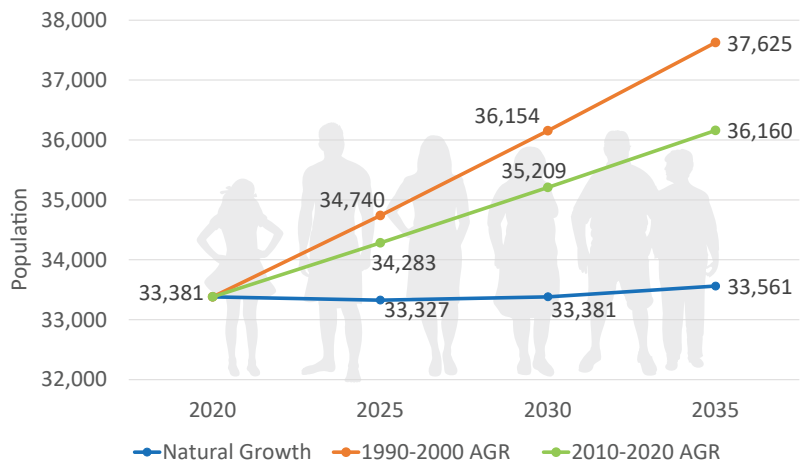
Source: US Census Bureau; RDG Planning & Design

FIGURE C.2: 2020 Predicted vs Actual Population



Source: 2020 US Census Bureau; RDG Planning & Design

FIGURE C.3: Future Growth Rate Scenarios



AGR - Average Growth Rate

Source: 2020 US Census Bureau; RDG Planning & Design

Economic Characteristics

Industry Breakdown. Figure C.4 illustrates the employment by industry for Daviess County residents (employed in or out of the county). Map C.1 illustrates the major employers in Daviess County.

- Manufacturing and Educational Services, Health Care and Social Assistance remain the two largest industries (39.2% combined).
- Employers are located throughout the county but the largest employers are in or around Washington (Map C.1 on the following page)

Commuting Patterns.

- Daviess County continues to be a job center in the region but more workers today are living and working in the county while the number of in- and out-commuters remained fairly constant.
- Most in-commuters are coming from Martin or Knox Counties while out-commuters are likely headed to Knox, Martin, or Pike counties.

Household Income. Figure C.6 provides an overview of the county and Washington’s median incomes.

- Higher wage households appear more likely to live outside of Washington in the broader county.
- The 2021 estimates appear to be capturing some of the wage increases that have occurred in the last two years with median incomes rising by nearly \$9,000 compared to the 2019 study.

FIGURE C.4: Employment By Industry

Manufacturing 3,373 22.7%	Educational Services, Health Care, Social Assistance 2,447 16.50%	Construction 1,860 12.5%	Retail Trade 1,820 12.3%	Entertainment, Recreation, Arts, Accommodation, Food Services 937 6.3%
Public Administration 922 6.2%	Professional, Scientific, Management, Administration 801 5.4%	Transportation & Warehousing, Utilities 777 5.2%	Agriculture, Forestry, Fishing, Hunting, Mining 748 5.0%	Other Services, Except Public Administration 432 2.9%
Finance, Insurance, Real Estate, Rental & Leasing 280 1.9%	Information 224 1.5%	Wholesale Trade 209 1.4%	Civilian employed population 16 years and over 14,830	

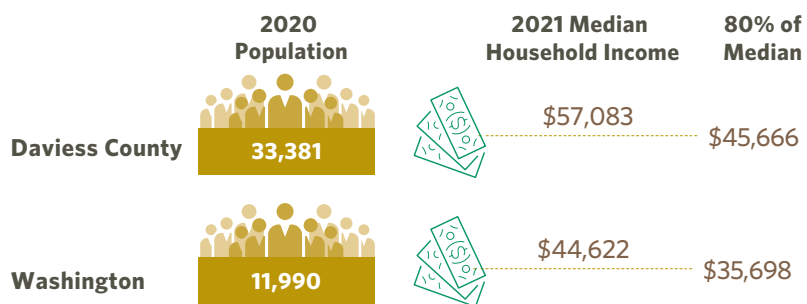
Source: 2021 American Community Survey (5-Year Estimates)
*Number represents the number of people employed within the industry, percentage represents share of all workers within the industry

Figure C.5: 2021 Commuting Patterns



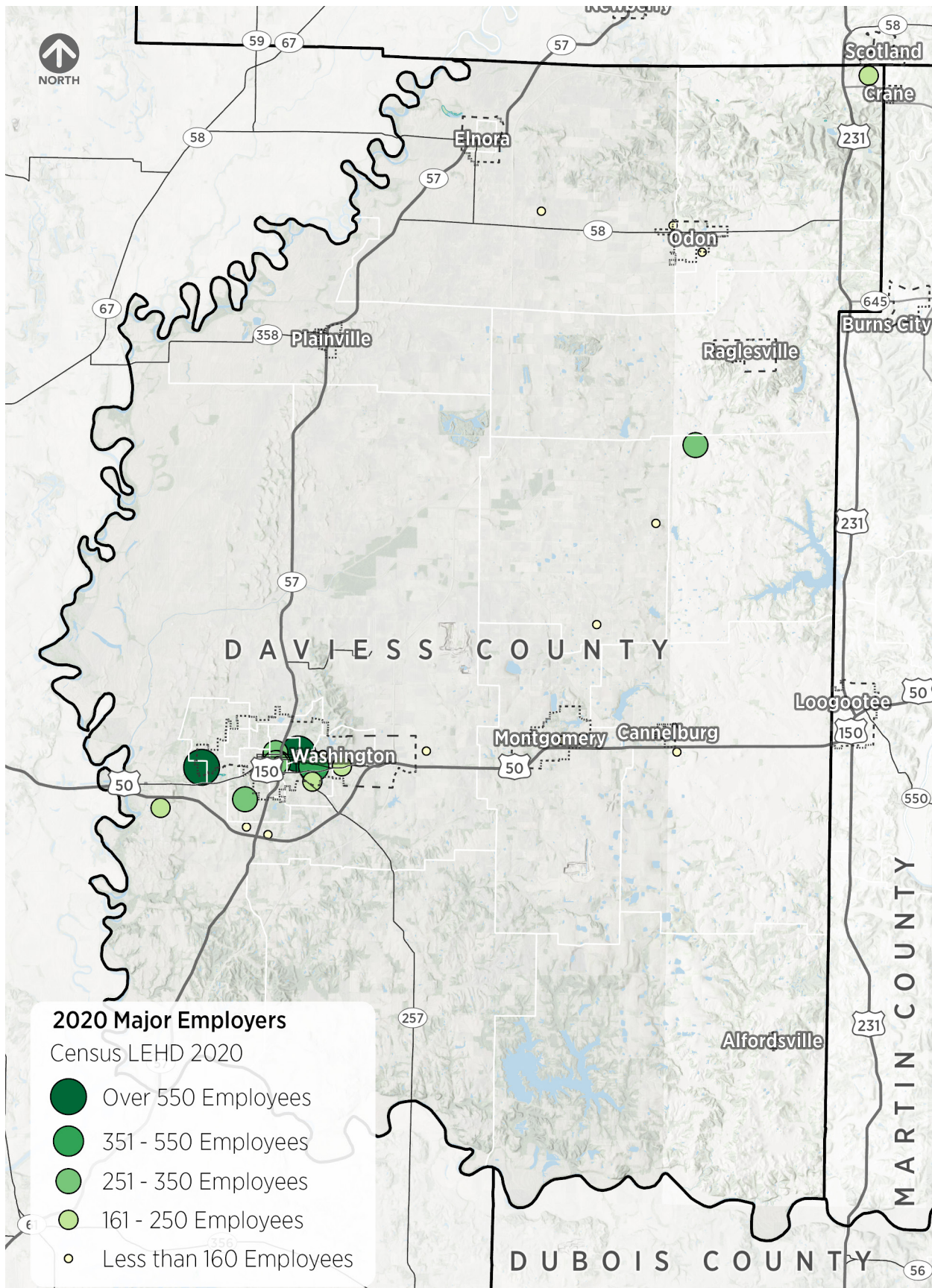
Source: 2021 STATS Indiana

FIGURE C.6: Household Income



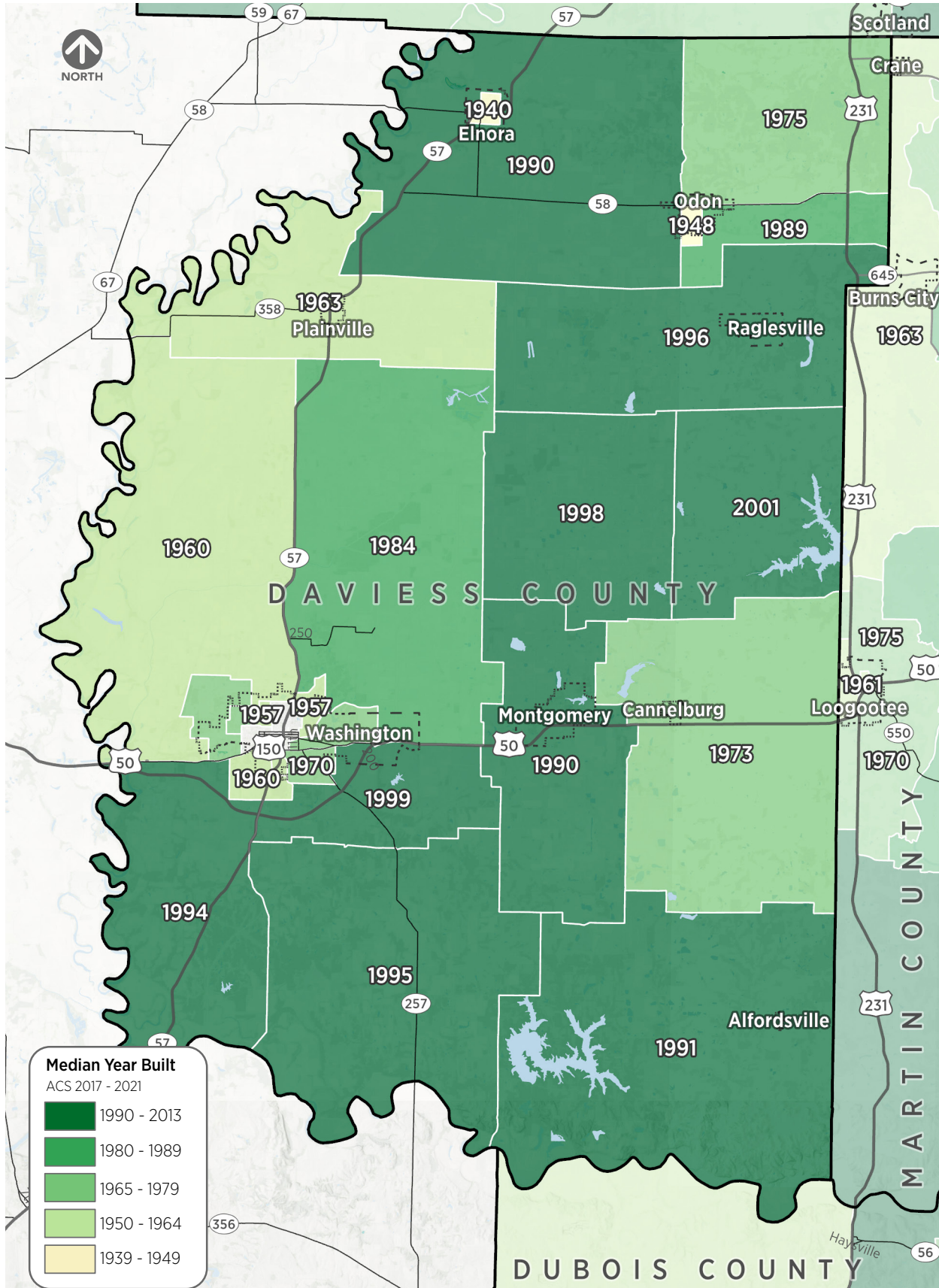
Source: 2021 American Community Survey (5-Year Estimates)

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



Source: 2020 Census Longitudinal Employer-Household Dynamics (LEHD)

Map C.2: Median Year Residential Structure Built



Source: 2021 American Community Survey (5-Year Estimates)

Housing Characteristics

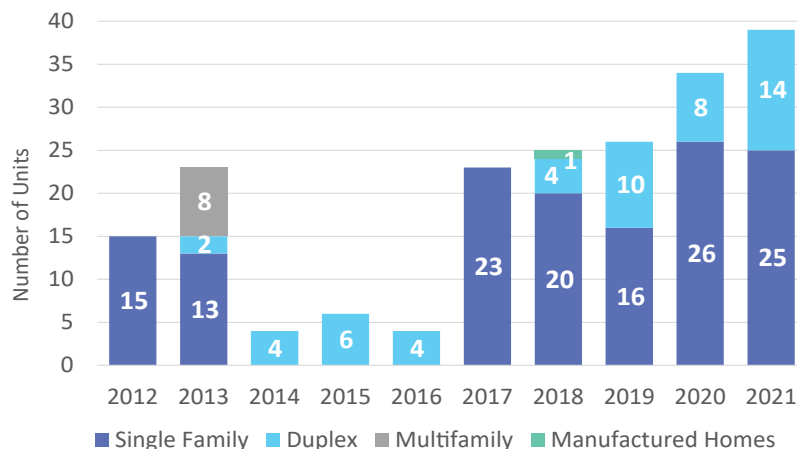
Housing Age and Building History.

- The previous section noted that higher incomes are located in the county. This would appear to support the newer housing stock in those areas (Map C.2)
- Construction activity has been dominated by single-family homes but duplexes have become a greater part of the housing activity.
- Building activity would appear to indicate a continued shortage of rental units and likely many rentals coming from older single-family homes.

Housing Occupancy.

- The growth in the number of rental occupied units beyond building activity (Figure C.7) would support the assumption that many older single-family homes are being converted to rental occupancy.
 - » Conversion of single-family units to investment properties lowers the number of affordable first-time home buyer options.
- The current vacancy rate is slightly higher at 7.9%, which is attributed mostly to “other vacant” units. These units are usually not available because they are in poor condition, used as storage, or involved in an estate settlement. The actual number of available units is very low.

FIGURE C.7: Residential Building Permit History



Source: Daviess County Building Department

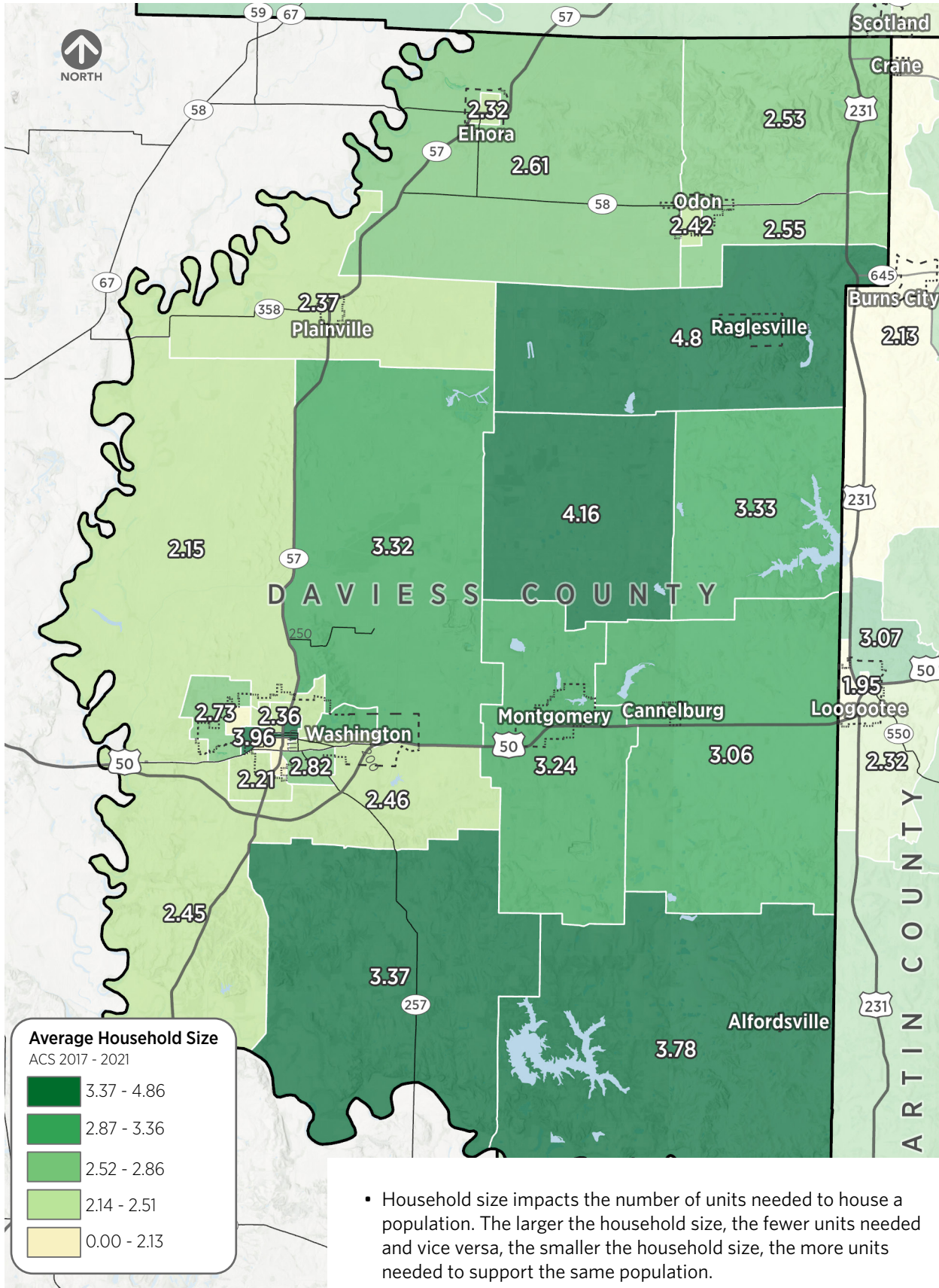
FIGURE C.8: Occupancy Status

Occupancy	2000		2020		Change 2000-2020
	Number	% of Occupied Units	Number	% of Occupied Units	
Owner-Occupied	8,559	78.60%	8,524	72.60%	-35
Renter-Occupied	2,335	21.40%	3,213	27.40%	878
Total Vacant	1,004		1,001		-3
Vacancy rate	8.40%		7.90%		
Total Units	11,898		12,738		

Source: US Census Bureau

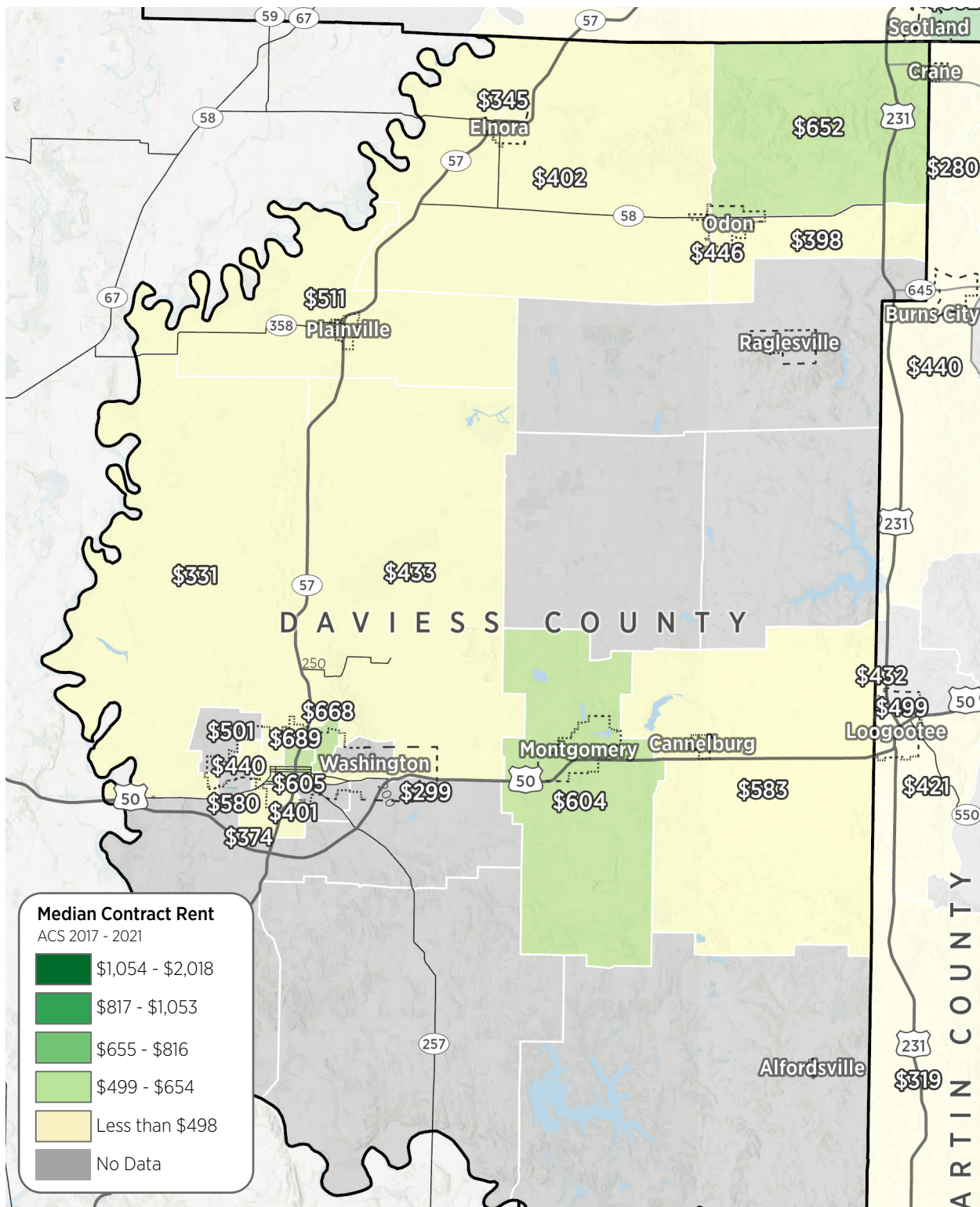
- Many areas of Daviess County have a higher than normal number of people per household. This is driven mostly by the Amish population that have a long history in the county and a tradition of multi-generational housing.

Map C.3: People Per Household



Source: 2021 American Community Survey (5-Year Estimates)

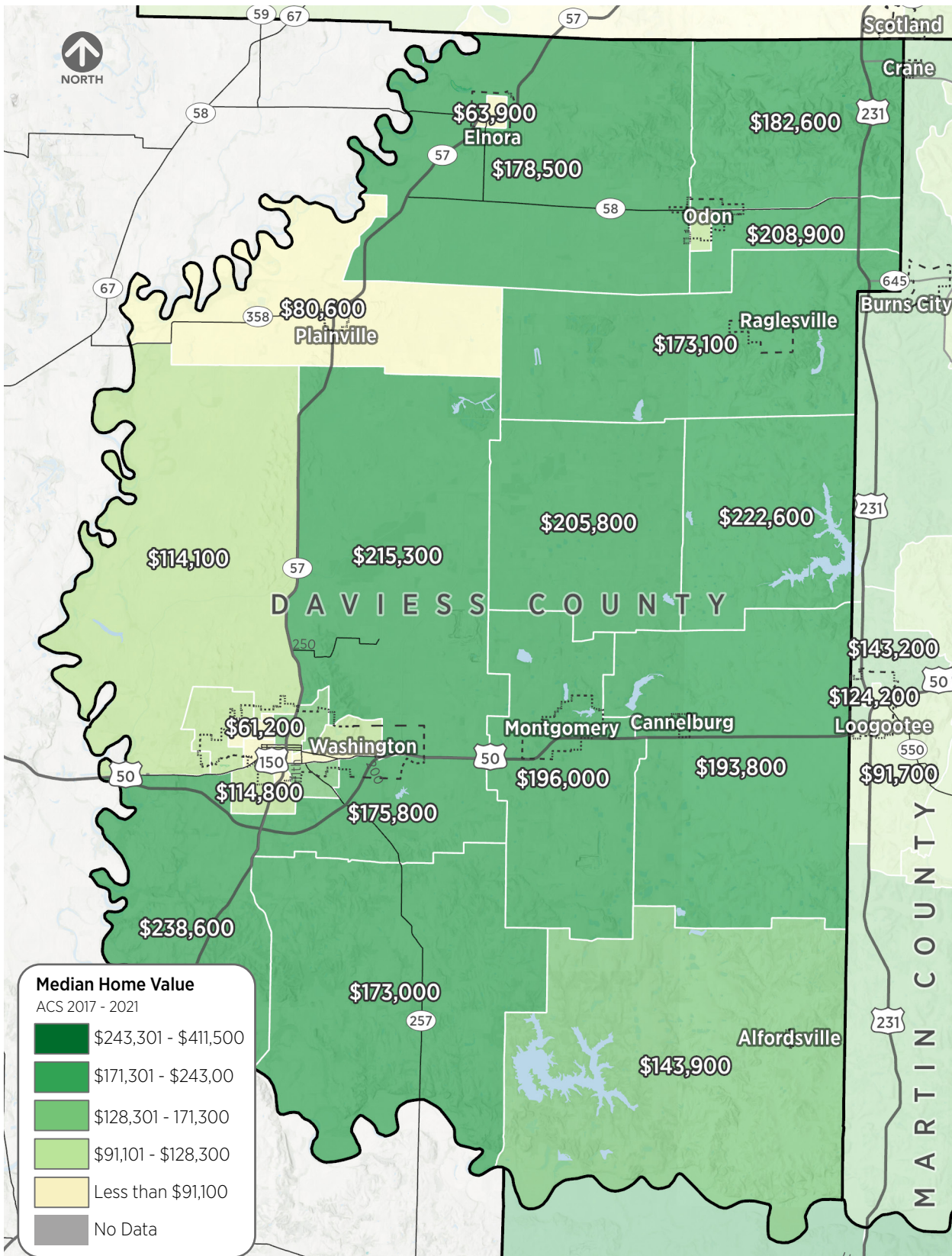
Map C.4: Median Contract Rent by Census Tract



Source: 2021 American Community Survey (5-Year Estimates)

- Contract rent is defined by the Census as monthly rent not including furnishings, utilities, or services.
- Median contract rents have remained fairly constant since the completion of the 2019 study. Some areas have rates that are well below rates needed to support new construction.

Map C.5: Median Home Value by Census Tract



Source: 2021 American Community Survey (5-Year Estimates)

- Higher values closely correlate with age of housing (Map C.2)

Costs and Incomes. A healthy, self-sustaining housing market will have a value to income ratio between 2 and 3.

- Home values have grown at a faster rate than household incomes since the 2019 study, driving up the value to income ratio.
- Median home values are the highest in some areas with the highest people per household, which likely reflects housing that is accommodating multiple generations.
- Despite some areas of the county having value to income ratios over 3.0 (Map C.6) the number of cost burdened owner households is very low. This may indicate households that have no mortgage and lower incomes.
- Rents increased by much less than owner-occupied housing costs over the past four years.
 - » Generally the percentage of households that are rent burdened (spending more than 30% of their income on housing) has remained constant since 2019.

FIGURE C.9: Daviess County Housing Affordability

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
\$57,083	\$527	41.93%	12.17%	\$156,000	2.73

* Gross rent includes utilities. **Owner costs include mortgage, mortgage interests, property taxes, and maintenance. Source: 2021 American Community Survey (5-Year Estimates)

Figure C.10 compares the number of households in an income range with the estimated number of units that would be affordable to that household.

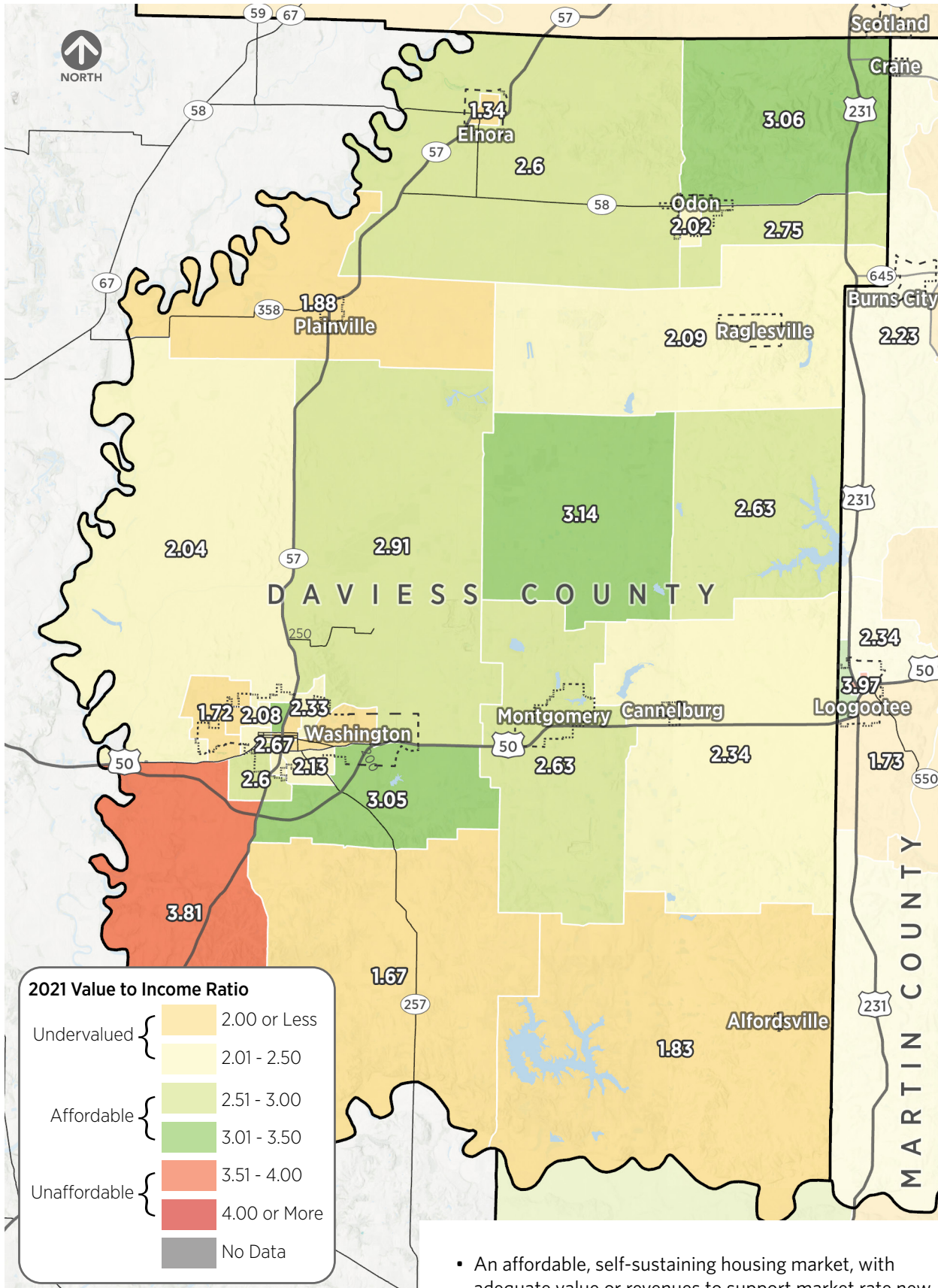
- A slight increase in income combined with generally stagnant rents and home values that are still reasonable has resulted in an even greater shortage of housing for those in the higher income ranges. Items to note:
 - » Inflation in the housing market that has occurred in the last few months may not be reflected in this data but, based on earlier data points, low values/rents appear to remain an issue.
 - » Data appears to indicate that a large number of owner households are living in housing units well below their means across the county.

FIGURE C.10: Housing Affordability Analysis

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
\$0-24,999	2,293	>\$60,000	817	\$0-499	1,657	2,474	181
\$25,000-49,999	2,661	\$60,000-124,999	2,410	\$500-999	1,699	4,109	1,448
\$50,000-74,999	2,282	\$125,000-199,999	2,178	\$1,000-1,499	13	2,191	-91
\$75-99,999	1,480	\$200,000-249,999	1,027	\$1,500-1,999	113	1,140	-340
\$100-149,999	1,830	\$250,000-399,999	1,310	\$2,000-2,999	0	1,310	-520
\$150,000+	1,075	\$400,000+	353	\$3000+	44	397	-678

* HH = Households Source: 2021 American Community Survey (5-Year Estimates)

Map C.6: Value to Income Ratio



Source: 2021 American Community Survey (5-Year Estimates)

- 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.

Home Sales. The demand for housing has steadily increased over the past 10 years.

- Sale prices are not far behind the county’s overall median home price but has nearly doubled in the last ten years.
- Due to the increase in demand for housing, the number of days quality homes on the market has decreased significantly.
- Unlike many markets, the number of listings increased in 2021 but these homes sold fast, supporting one of the biggest increases in median sale price.

FIGURE C.11: Home Sales, Daviess County

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	% Change
Listings	304	300	272	266	288	264	260	263	246	301	244	-20%
Median Days on Market	50	76	74	69	49	69	36	25	28	13	20	-60%
Median List Price	90K	95K	98K	95K	107K	120K	130K	119K	154K	169K	178K	98%
Median Sale Price	85K	87K	90K	86K	100K	89K	112K	120K	130K	160K	165K	94%

Source: 2022 MLS

Housing Demand Analysis. The housing demand analysis builds on the population projections, housing trends, and previous analysis done for the 2019 study. Figure C.12 shows the factors determining the forecast:

- A slower growth rate than was used in the 2019 study and therefore slightly lower annual production.
- Average people per household is expected to remain constant over the next decade. However, if adult children living with parents create their own households, then a greater number of units will need to be generated.
- If those units categorized as “other vacant” can be brought to the market, few homes will have to be built to support the population growth.
 - » “Other vacant”: Typically seasonally occupied units, units that are available for residents living or moving to the county.
- Demand for rental housing likely remains high and could adsorb a good portion of the unit demand.

FIGURE C.12: Housing Demand Summary

	2020	2023-2025	2026-2030	Total
Population at End of Period	33,381	35,209	36,160	
Household Population at End of Period	32,768	34,563	35,496	
Average People Per Household	2.82	2.82	2.82	
Household Demand at End of Period	11,620	12,256	12,587	
Projected Vacancy Rate	7.9%	7.9%	7.9%	
Unit Needs at End of Period	12,611	13,301	13,661	
Replacement Need (total lost units)		80	50	130
Cumulative Need During Period		634	409	1,043
Average Annual Construction		79	82	80

Source: 2021 American Community Survey (5-Year Estimates); RDG Planning & Design

Housing Development Program. Figure C.13 distributes the demand by price point based on the 2021 distribution of household incomes in Daviess County.

- Over the next several years, greater variety will be needed in the market. The number of rental housing has increased despite the lack of new rental construction. Between now and 2035, more traditional rental housing needs to be constructed. The model then assumes that 50% of new units will be rental.
- Due to the cost of land, materials, and labor, the production of housing priced below \$250,000 will be challenging to impossible. The nearly 390 units in these price ranges will be generated in four different ways:
 - » Production of ownership options that are not the traditional single-family detached, but duplexes, townhomes, or other medium and higher density configurations that reduce per unit costs.
 - » Funding assistance that will offset lot development costs and smaller square footage homes.
 - » Rehabilitation of existing housing units.
 - » Construction of higher priced units that allow existing households to make the next step up.

Figure C.13: Housing Development Program

Total Owner-Occupied	2023-2030	2030-2035	Total
Affordable Low: <\$125k	90	71	161
Affordable Moderate: \$125-\$200k	78	60	138
Moderate Market: \$200-\$250k	50	39	89
Market: \$250-350k	62	48	110
High Market: Over \$350k	37	28	65
	} 317	} 246	} 563
Total Renter-Occupied	2023-2030	2030-2035	Total
Low: Less than \$500	83	43	126
Affordable: \$500-\$1,000	97	50	147
Market: \$1,000-\$1,500	83	43	126
High Market: \$1,500+	54	28	82
	} 317	} 164	} 481
Total Need	634	410	1,044

Source: RDG Planning & Design

Source: 2021 American Community Survey (5-Year Estimates); RDG Planning & Design

Community Profile: Washington

Washington has experienced moderated growth since 1990, after two decades of population loss. As the largest city in Daviess County, Washington is a hub of commerce and community services for the county and also for residents living in the western portions of Martin County. Located along I-69, the potential for growth remains strong.

Overview

- Washington has seen growth rates since 1990, ranging from 0.1% to 0.5% annually.
- Over the next 10 years, Washington could reach a population of nearly 13,000 by maintaining a 0.5% annual growth rate.
- The city's estimated median home value in 2021 is \$97,400. While this may not reflect recent inflation, homes sales across the county would indicate lower median values. This is well below the cost of new construction and may require gap financing to cover the difference between appraisals and construction costs.
- Since 2010 the number of renter occupied units increased by over 230 units, likely indicating the conversion of single-family homes from owner to renter occupancy.

Figure C.14: Projected Growth

Growth Rate	2020	2025	2030	2035
Natural Growth	12,017	12,005	11,991	11,975
0.11%	12,017	12,085	12,153	12,222
0.50%	12,017	12,320	12,632	12,951

Source: US Census Bureau; RDG Planning & Design

Housing Demand Analysis

- The housing demand model (Figure C.15) is based on an assumed 0.5% annual growth rate, stable 2.46 people per household, and a vacancy rate dropping slightly each year from 9% supported by the loss or conversion of approximately two units annually.
- Cumulative need by 2030 will be 277 units, or approximately 22 units annually. However, if vacant units cannot be convert to occupancy, then additional units will need to be constructed.

FIGURE C.15: Housing Demand Summary

	2020	2020-2025	2026-2030	Total
Population at End of Period	12,017	12,632	12,951	
Household Population at End of Period	11,563	12,154	12,461	
Average People Per Household	2.46	2.46	2.46	
Household Demand at End of Period	4,700	4,961	5,086	
Projected Vacancy Rate	9.3%	8.1%	7.3%	
Unit Needs at End of Period	5,182	5,398	5,489	
Replacement Need (total lost units)		16	10	26
Cumulative Need During Period		176	102	278
Average Annual Construction		22	20	22

Source: 2021 American Community Survey (5-Year Estimates); RDG Planning & Design

Housing Gaps

Figure C.16 compares the number of households in an income range with the number of units that would be affordable to that household.

- Since 2019, the number of households living well below their means has only increased.
- It would appear that Washington has an adequate supply of lower priced housing units but lacks move-up housing for those looking to transition out of their first homes.

FIGURE C.16: Housing Affordability Analysis

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
\$0-24,999	1,404	>\$60,000	420	\$0-499	1,058	1,478	74
\$25,000-49,999	1,232	\$60,000-124,999	1,048	\$500-999	1,260	2,308	1,076
\$50,000-74,999	859	\$125,000-199,999	613	\$1,000-1,499	12	625	-234
\$75-99,999	586	\$200,000-249,999	173	\$1,500-1,999	35	208	-378
\$100-149,999	461	\$250,000-399,999	90	\$2,000-2,999	0	90	-371
\$150,000+	201	\$400,000+	34	\$3000+	0	34	-167

* HH = Households
 Source: 2021 American Community Survey (5-Year Estimates)

Housing Development Program

Building on the housing demand model, the development program forecasts production targets based on a 50/50 split between owner- and renter-occupied. While this is a greater portion of rental units than exists in the market today, it tries to address the shortfall in quality rental units that participants noted in 2019 and has likely not been addressed.

- The demand of housing priced below \$200,000 can likely be met through the existing market by providing move-up options to those households.
- However, for products in the \$200,000 to \$300,000 range, new greater product variety and shared risk with infrastructure may be needed to fill these units.
- The market can clearly support the construction of new market rate rental units.

FIGURE C.17: Housing Development Program

Total Owner-Occupied	2023-2030	2030-2035	Total
Affordable Low: <\$125k	32	19	51
Affordable Moderate: \$125-\$200k	23	13	36
Moderate Market: \$200-\$250k	15	9	24
Market: \$250-350k	12	7	19
High Market: Over \$350k	6	3	9
	88	51	139
Total Renter-Occupied	2023-2030	2030-2035	Total
Low: Less than \$500	30	17	47
Affordable: \$500-\$1,000	27	15	42
Market: \$1,000-\$1,500	18	11	29
High Market: \$1,500+	13	8	21
	88	51	139
Total Need	176	102	278