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Hamilton County's residential boom leaves affordability behind

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Margaret Shreve lived in Kentucky for 17 years, but after retiring, she wanted to move closer to her son in Westfield.

She looked at senior apartment complexes throughout Hamilton County, but kept running into one problem—high prices. One place she toured cost $2,200 a month.

"And I thought, 'Are you crazy?'" said Shreve, now 69.

Only about 2 percent of the avalanche of residential units built in Hamilton County the last five years is dedicated to affordable housing.

Low-income housing supporters argue that's a problem for a community seen as a desirable place to retire, one with plenty of entry-level jobs but few places for those employees to live. But some elected officials aren't convinced affordability is a problem, and they aren't rolling out the welcome mat for lower-rent projects.

Hamilton County Area Neighborhood Development, a not-for-profit dedicated to finding housing solutions, is pushing to change that so housing options are available in places where people want to live and work.

Shreve managed to land one of the apartments at 52-unit Spicewood Gardens in Sheridan, where rent is based on an individual's income and ranges from $350 to $550, but she knows not everyone is so lucky. Spicewood Gardens has a nearly three-year waiting list.

"As nice as what we have, we could not go out and rent an apartment if it wasn't based on income," Shreve said.

Close to 1,500 affordable-housing residences are available in Hamilton County, with about 230 dedicated for senior citizens, according to HAND. Most affordable-housing units are in Noblesville, with a few in Westfield, Sheridan, Arcadia and Fishers.

According to the National Low Income Housing Coalition, affordable rent is $488 for an "extremely low-income" individual in Hamilton County, while the median rent is $919.

Affordable housing accounts for less than 1 percent of the county's housing stock, compared with 2.5 percent in Marion County.

Residents in affordable housing have to meet income restrictions, which vary based on the number of people living in the unit and the county's median income. Hamilton County's median household income was $82,468 from 2009-2013, according to the U.S. Census Bureau. A common threshold prohibits residents from earning more than 60 percent of the area's median income, which would be about $50,000. According to a report from HAND, more than 25 percent of households are below that threshold.

Residents are considered "cost burdened" when housing expenses exceed 30 percent of their income.

In the two largest Hamilton County industries—retail and health care—annual pay averages around $26,535 and $25,123, respectively, according to HAND research. Individuals in those jobs would spend more than 40 percent of their paychecks on housing in a median-level rental unit.

"I don't think people often understand the gap between what people's incomes really are and what the rents are," said Linda Couch, senior vice president for policy for the National Low Income Housing Coalition.

Middle-class county

Hamilton County has fewer cost-burdened renters (35 percent) than most surrounding counties and the statewide average.

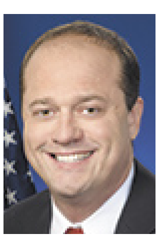
The statewide rate is 53 percent, and in Marion County, 56 percent of renters are unable to afford a two-bedroom apartment, according to the housing coalition.

As of 2014, Marion County had more than 10,000 affordable-housing units, according to the Indianapolis Housing Authority. The U.S. Census Bureau estimates the county's housing total at 400,000 units, making the affordable-housing stock portion 2.5 percent.

No developments in Carmel are dedicated to affordable housing, and the median rent is more than $1,000.

But Mayor Jim Brainard said the city has plenty of affordable options for renters and homeowners, including several apartment communities that offer one-bedroom units for $500-$600 a month.

"That's pretty good rent," Brainard said, noting that price would be unheard of in New York or Chicago.


Glynn

Hamilton County Council member Fred Glynn agreed that the county has pricing variety. He acknowledged that newer apartment complexes are expensive, but cited Gramercy in Carmel, which used to be known as Mohawk Hills, as a reasonable-cost example.

The complex offers one-, two- and three-bedroom apartments from $760 for a one-bedroom to as high as $1,400 for a three-bedroom, two-and-a-half bathroom unit.

“I don’t think there’s a lack of affordable housing,” Glynn said. “It’s a middle-class county.”

Couch said all cities struggle with offering enough affordable housing, even wealthy cities.

“If you don’t think that’s true, then you’re really fooling yourself,” she said.

Finding funding

A variety of state and financing options are available for developers and organizations building affordable housing, but the most commonly used is low-income housing tax credits, which can cover 70 percent to 90 percent of a project’s expenses.


Lichti

“It is by far the mechanism that funds the most affordable housing,” said Nate Lichti, executive director of HAND.

Every two years, the Indiana Housing and Community Development Authority establishes guidelines for how those tax credits will be awarded in what’s known as the “Qualified Allocation Plan.”

Competition for those dollars is fierce. John Sullivan, vice president of tax credit development for TWG Development LLC, said his company submits applications every year and is successful only about half the time.

The average development is about 40 units, and fewer than 20 projects were awarded last year, Lichti said.

The day the awards are announced is stressful, according to Sullivan. Months of preparation go into applying for the credits, and developers could walk away with no funding.

Laurren Brown, spokeswoman for Indianapolis-based Herman & Kittle Properties Inc., said her company also relies on low-income housing tax credits to fund projects and occasionally uses federal grants.

Other support can come from the U.S. Department of Housing and Urban Development HOME Investment Partnerships Program, the Neighborhood Stabilization Program, local government tax abatements, historic rehabilitation tax credits or other non-competitive tax credits. But those financing options are typically used as gap fillers because the funding is usually only enough for five to 10 units.

“There are lots of different sources, and none of them are easy to get,” Sullivan said.

Missing the mark

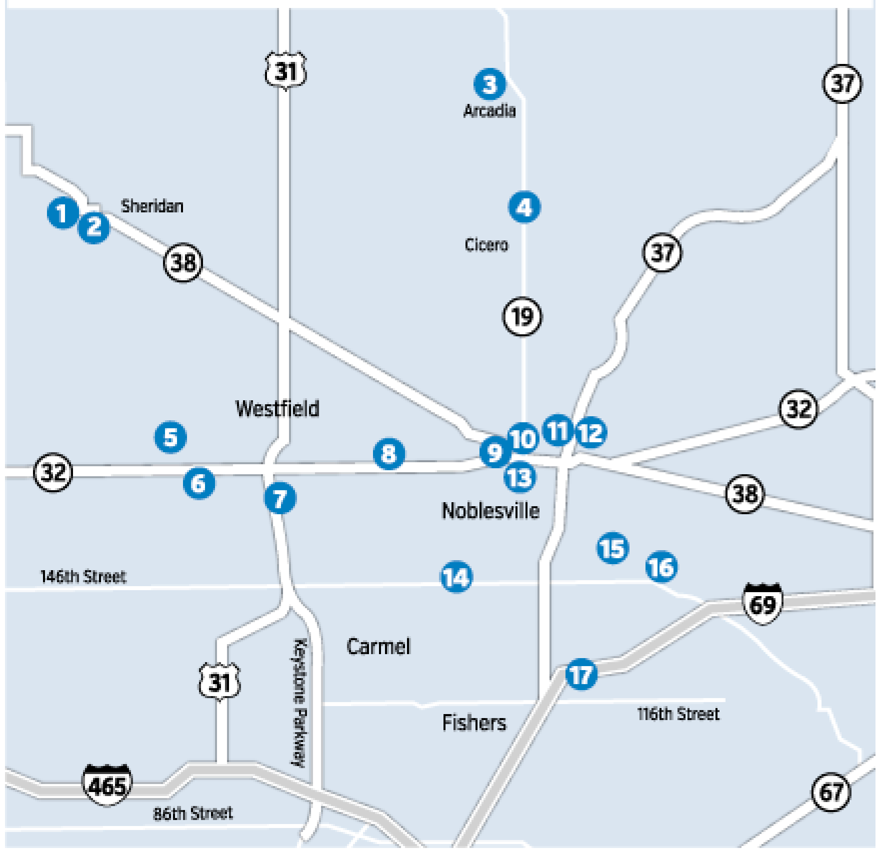
Few and far between

Hamilton County's 400 square miles offer fewer than 1,500 units of affordable housing for an estimated population of 300,000. More than half the units are in Noblesville; Carmel has none.

Housing	Units	Housing	Units
1. Spicewood Garden Apartments [eight more under construction]	52*	9. Roper Capstone [under renovation]	6
2. Sheridan Community Apartments	5	10. The Roper Lofts	8
3. Hamilton Place	54	11. Noble Manor Apartments II	73*
4. Lakeside Gardens of Cicero	5*	12. Princeton Lakes Apartments	208
5. Casey Acres	227	13. Plum Tree Gardens	6*
6. Commons at Spring Mill	66	14. Greystone Apartments of Noblesville	236
7. Valley Farms Apartments	92	15. Meredith Meadows	84*
8. Pebble Brook Gardens	9*	16. Deer Chase Apartments	128
		17. Cumberland Crossing	232

*for seniors

Sources: Hamilton County Area Neighborhood Development and IBJ research



The state’s two-year road map for allocating low-income housing tax credits sets aside portions of the funding for not-for-profits, large cities, senior care developments and rural areas.

Sullivan said the goal is to spread out dollars and diversify the awards, without favoring a particular geographic area.

Since 2011, more than 11,000 housing units have been developed in Hamilton County, about the same amount as built in Marion, Lake and Allen counties combined, according to HAND data.

In that time frame, those counties received low-income housing tax credits for nearly 3,000 units total. Hamilton County has been awarded none.

“There are really scarce resources available to build affordable housing,” Couch said. “You can’t fault the developers. There’s no profit for developers.”

Lichti would like to see the allocation plan favor areas where people want to live. Specifically, he’d like to increase the percentage of developments dedicated to affordable housing from 2 percent to 10 percent.

“I think it’s fine if you have high standards,” Lichti said. “Just find a way to subsidize it for people who can’t afford it.”

Sullivan said, because the county doesn’t struggle to attract development, it’s not seen as a priority location for the tax credits. The state’s focus has mostly been on redeveloping blighted, abandoned communities.

“Hamilton County is pretty new. … It doesn’t lend itself well to being competitive in the [qualified allocation plan],” Sullivan said. “That certainly doesn’t mean there isn’t a demand for affordable housing.”

Lichti said he wants to find a better balance.

In an attempt to garner support, HAND is organizing a one-day conference in November for community leaders to discuss the problem and possible solutions with affordable-housing and business experts.

Lichti hopes getting elected officials on board will help the county reach HAND’s 10-percent affordable-housing ratio for new development, the common mandate in states that require an affordable-housing target.

If the county had 10 percent of new development dedicated to affordable housing, 350 such units would have been under construction within the last year. Instead, HAND received funding for six units in downtown Noblesville and eight in Sheridan.

“It’s six to eight apartments when 3,500 were built,” Lichti said.

Roadblocks ahead

Local officials aren’t likely to seek out developers for affordable-housing projects, as they prefer higher-end communities that support the tax base.

Indiana municipalities are limited to collecting 2 percent of assessed value in taxes on residential property.

Hamilton County Commissioner Christine Altman said “it’s silly” for cities to consider residential projects with homes less than $150,000, because the property taxes won’t cover the costs of additional government services.

“That’s working against every community in Hamilton County,” Altman said, noting it was an unintended consequence of the tax caps.

But if a proposal were brought forward, it could be successful.

“If there was a market for it, I’d support it,” Glynn said.

He said he’s hesitant to require projects to have a certain percentage of units set aside for affordable housing because the cost gets pushed onto the market-rate tenants, which results in a society of rich and poor, but no middle class.

“You gotta be careful,” Glynn said. “I just wouldn’t want to be a county where the middle class couldn’t live.”

Sullivan, with TWG, said it takes time for a community to understand and accept affordable housing.

“The people who live in [affordable housing] are paying their own rent,” Sullivan said. “People that just don’t necessarily have the highest income, but they want to live in a nice area.”

Luckily for TWG, most projects have been in struggling areas where any redevelopment is welcomed.

“The amount of pushback isn’t as high as it always would be,” Sullivan said.•

Erdody joined IBJ in February 2015 to tackle the “North of 96th” beat, covering the new and ongoing developments in the fastest growing part of Indiana.

Since graduating from the Indiana University School of Journalism in May 2012, the Michigan native has spent time at The Arizona Republic in Phoenix, The State Journal in Frankfort, Kentucky and The Herald-Times in Bloomington.

She’s covered courts, cops and government at every level and helped start the Govtracker blog during her time at the H-T.

Erdody still cheers for the Detroit Lions and Pistons, but she’s a dedicated IU basketball fan. She enjoys running, playing tennis and traveling in her time off.