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EDITORIAL: Residential litmus test impedes diversity

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Noblesville's decision to begin analyzing the ratio of tax revenue to city expenses on housing-development proposals further strangles financial diversity in affluent Hamilton County.

Low-cost housing options have long been few and far between in Hamilton County, where the median home price is now \$230,000 and median rent is \$920. As IBJ reporter Lindsey Erdody's front-page story last week showed, government officials in Hamilton County are increasingly concerned about whether the revenue collected from residents of new neighborhoods will cover the cost of infrastructure for and services to that neighborhood.

Noblesville officials in particular are trying to crunch the numbers to come up with a break-even price point that will show when a new subdivision theoretically supports itself, a marker they can use to give a thumbs-up or thumbs-down to new projects. But city officials acknowledge that many variables on both sides of the equation are nebulous, making possible only crude estimates.

Other Hamilton County cities have imposed upscale building requirements—including higher square footage and vinyl-siding prohibitions—to ensure higher home prices that will add to the tax till. These choices further choke out middle-class and low-income residents.

It's understandable, and appropriate, that officials are thinking about whether residential developments they're considering will eventually become a financial drag. After all, many units of government have struggled to maintain basic services since the General Assembly imposed property tax caps in 2008.

But the solution is not to crowd out families of lesser means. The county is already paying the price for its mindset, through its struggle to fill an abundance of low-wage retail and health care jobs. Too few county residents want the jobs; too few out-of-county residents have reliable transportation options (i.e. no mass transit north of Marion County) to reach them.

Only 1 percent of Hamilton County's housing stock is subsidized affordable housing; only 2 percent built in the last five years falls into the category. If new developments are now to be run through a tax-worthiness gauntlet, even starter homes will become taboo. A housing developer told Erdody his company is "at the point now that we can't develop new housing for people of modest or below-modest incomes."

A variety of new neighborhoods, and new neighbors, bring richness to a community—contributions that can't be measured by a municipal-finance litmus test, if a reliable one could ever actually be devised.

Officials who are quick to tout what they see as vast—yet difficult to quantify—benefits of tax-subsidized stadiums and concert halls should think twice before demanding that every three-bedroom ranch pull its own weight. •

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