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A HOUSING NEEDS ASSESSMENT

OF:

HAMILTON COUNTY, INDIANA

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Prepared for:
Jennifer Miller
Executive Director
Hamilton County Area Neighborhood Development (HAND), Inc.
347 S. 8th Street, Suite A
Noblesville, IN 46060

Prepared by:
Novogradac & Company LLP
6700 Antioch Road, Suite 450
Merriam, KS 66204
913.677.4600

I. EXECUTIVE SUMMARY

COMMUNITY PROFILE – MARKET AREA DESCRIPTION

Hamilton County is located in central Indiana in the Indianapolis-Carmel-Anderson Metropolitan Statistical Area (MSA). The MSA consists of a total of 11 counties: Marion, Hamilton, Hendricks, Johnson, Madison, Hancock, Morgan, Boone, Shelby, Putnam, and Brown. Marion County is the most populated county within the MSA and is home to the anchor city, Indianapolis; Hamilton County is the second most populated county within the MSA. Marion County and Indianapolis are located immediately south of Hamilton County. Hamilton County is, however, the fastest growing county within the MSA (and the state) with a reported population increase of 17.8 percent since 2010, compared to 7.7 percent in the state and 5.9 percent nationally. This growth is projected to continue through 2050.

Hamilton County contains four cities (Carmel, Fishers, Noblesville, and Westfield), four towns (Arcadia, Atlanta, Cicero, and Sheridan) as well as unincorporated areas and covers approximately 402 square miles. Noblesville is the county seat and is fairly centrally located within the county. All four of the cities are located in the southern half of the county, serving as suburbs to Indianapolis, while the towns are located in the northern half of the county and remain relatively rural; this is consistent with typical patterns of development given that the original principal city of the area, Indianapolis, is located south of Hamilton County. For the purposes of this report, where appropriate, we will refer to the four cities as the southern communities and the four towns as the northern communities of Hamilton County.

COMMUNITY PROFILE – DEMOGRAPHIC ANALYSIS

Extremely low-income (ELI) households are defined as households with incomes equal to or below 30 percent of AMI; very low-income households (VLI) are defined as households with incomes above 30 but equal to or below 50 percent of AMI; low-income (LI) households are households with incomes above 50 but equal to or below 80 percent of AMI; and, middle-income (MI) households with incomes above 80 but equal to or below 100 percent of AMI.

The following illustrates the primary conclusions from the demographic analysis.

- Population growth in Hamilton County is over twice that of the MSA, over three times national growth, and over four times statewide growth. Population growth in Hamilton County is projected to continue to be the strongest statewide through 2050.
- The majority of the population in Hamilton County resides within the four cities (Carmel, Fishers, Noblesville, and Westfield) and this trend is projected to continue through 2022.
- The majority of the population growth in the county from 2016 to 2017 was through net domestic migration, followed by natural growth. The county had the highest level of net domestic migration in the state and the third highest natural increase.
- Households in Hamilton County are dominated by family households, and significantly more households in the county are family households than is the case for the state or nation as a whole. Conversely, significantly fewer households are persons living alone or with persons unrelated by marriage, birth, or adoption.
- Hamilton County has a smaller percentage of the population with a disability as well as a smaller percentage of veterans, single-parent households, grandparents responsible for grandchildren, and minority households when compared to statewide and nationwide trends. Conversely, Hamilton County has a significantly higher percentage of the population with a Bachelor’s degree or higher.
- While Hamilton County has historically and continues to have significantly more households with children than the statewide or nationwide average, senior population growth is outpacing total population growth in the county, by 2035 the median age in the county is projected to surpass that of the state.

- The median household income in Hamilton County is over 1.5 times that of the MSA, Indiana, and nation as a whole. Within the county, however, there is significant variation in terms of incomes, with the highest incomes in the cities and the lowest incomes concentrated in the towns.
- The AMI for Hamilton County, which is based on data for the Indianapolis, IN HUD Metro FMR Area, peaked in 2018 with a significant increase of 10.9 percent over the 2017 AMI. On average the AMI has increased by 1.5 percent annually since 1999.
- Nearly 18 percent of households in Hamilton County have incomes below $40,000 and the percentage of households with incomes below $40,000 increases with age.
- Although renter households are more likely than owners to have incomes below $40,000, in terms of counts there are more owner households at all age levels with incomes below $40,000 than there are renter households; this is a function of the relatively small number of renter households in the county.
- The Hamilton County housing market is dominated by owner-households, with over 75 percent of the housing stock occupied by owner households. Senior households ages 62 and over constitute approximately 20 percent of all renter households.
- Senior households in Hamilton County are more likely to have lower incomes and be smaller in size when compared to the population of general households.
- According to calculations by the ALICE Project (United Way), the bare minimum budget for Hamilton County ranges from 175 to 263 percent of the federal poverty line. According to calculations by the Indiana Institute for Working Families, the Self Sufficiency Standard wage for Hamilton County is equivalent to 389 percent of the federal minimum wage and 296 percent of the federal poverty line.
- From July 2017 to June 2018, 42 percent of calls to Connect 2 Help 2-1-1 were for housing related needs (utilities and housing), which is slightly more than the statewide average of 38 percent.
- In 2017, approximately 1,644 requests were made to Township Trustees for assistance and a total of 804 households were provided with some form of assistance. The vast majority of the assistance provided in each township was for housing related costs, including utility assistance. There was also a significant number of emergency shelter nights provided (both with and without township funds).
- The majority of persons identified in recent homeless counts were children. Additionally, an estimated 25 percent of homeless adults were employed at the time of the count.

COMMUNITY PROFILE – ECONOMIC ANALYSIS

Employment levels in the MSA either remained stable or increased from 2002 through 2007 before starting to decrease in 2009 due to the national recession. The largest decrease in total employment in the MSA occurred in 2009, similar to national trends. During the most recent national recession, the MSA experienced a contraction of 6.6 percent in total employment compared to a 4.8 percent contraction nationally. Total employment in the MSA recovered quickly with strong growth in 2011 as well as from 2012 through 2016 relative to national trends. Both the MSA and the nation reached pre-recessionary levels in 2014. Finally, while the 2018 year-to-date numbers indicate a slightly slower rate of growth when compared to national trends, from April 2017 to April 2018 total employment growth in the MSA did outpace growth in the nation as a whole. Over the next five years, the MSA is projected to experience average annual employment growth of 0.77 percent. Only one industry, manufacturing, is projected to experience a decline in jobs, though the decline is smaller in magnitude than that projected nationally. The strongest employment growth in the MSA is projected in the natural resources/mining/construction, leisure and hospitality (which includes food and accommodations), professional and business services, education and health services, and retail trade occupations. These industries span a wide range of the wage distribution; this suggests a future housing need for homes at a variety of price points and product types.

The unemployment rate in the MSA has historically remained similar to or below the national unemployment rate and has generally mirrored national trends in terms of growth and contraction. The 2018 year-to-date unemployment rate in the MSA is 3.1 percent, below the 4.0 percent reported in the nation as a whole. Further, the unemployment rate in April 2018 was just 2.8 percent compared to 3.7 percent nationally. Economists generally agree that full employment, or the natural rate of unemployment, ranges from four to five percent. When unemployment dips below this rate of full employment, employer competition for employees puts an upward pressure on wages and depending on the speed and breadth of this pressure, can lead to an increase in inflation. According to a recent article (July 6, 2018) on Bloomberg.com titled "Full Employment", the relationship between unemployment and inflation is more complicated following the recent recession as we have yet to see the upward pressure on wages that one might expect given the low unemployment rate. Interviews with local stakeholders indicate some upward pressure on wages locally, but the magnitude of the increase varies depending on sector and the targeted labor market. According to the first quarter 2018 data (most current available) on county wages released by the US Bureau of Labor Statistics, of the 350 largest counties in the country, Hamilton County experienced the 76th fastest 2017 to 2018 year-over-year employment growth and the 101st largest growth in the average weekly wage, which grew by 3.8 percent.

Overall, we believe the local MSA economy will continue to outperform the nation as a whole going forward. The point at which inflation kicks in, however, is an important trend to watch as the local labor market does appear to be entering the early stages of those pressures with an unemployment rate below the national average. Additionally, the negative impacts of labor shortages on economic development can be exacerbated in counties with a high cost of living and limited affordable housing options such as Hamilton County.

Within the MSA, Hamilton County is a consistent to high performer, with rising total employment and low unemployment. Total employment in Hamilton County increased by 16.9 percent between 2013 and 2017; the bulk of this increase was in private sector employment (17.5 percent growth, adding 18,778 jobs) rather than public sector employment growth (11.3 percent growth adding 1,423 jobs). The strongest growth in terms of both total persons employed and percent growth occurred in the finance and insurance, information, professional/scientific/technology services, and accommodation/food services industries. The geographic distribution of the industries experiencing strong growth is consistent with population growth as both are reportedly heavily concentrated in the cities in southern Hamilton County.

Hamilton County's major employers represent a wide diversity of industries which are primarily concentrated within the insurance sector, accounting for 16,101 jobs and representing five of the top 10 employers in Hamilton County. Employment among persons living in Hamilton County is concentrated in the healthcare/social assistance, manufacturing, professional/scientific/technology services, and retail trade sectors, which together comprise approximately 47.3 percent of total employment compared to 42.4 percent of national total employment. Compared to the nation, the manufacturing, professional/scientific/technology services, and finance/insurance sectors are particularly overrepresented in the county. Conversely, Hamilton County is underrepresented compared to the state in the accommodation/food services and construction sectors. The below average representation of the construction industry is particularly noteworthy given that Hamilton County is the fastest growing county in the state. Given that the construction industry in the MSA is comparable in size to national trends, this suggests that construction workers may be commuting into Hamilton County from other areas of the MSA for employment. Within the county, the four cities have a significantly higher percentage of persons employed in the management, business, science, and arts occupations than the towns. Conversely, a significantly smaller percentage of persons in Carmel are employed in the natural resources, construction, and maintenance occupations as well as the production, transportation, and material moving occupations. Fishers and Noblesville also have a smaller percentage of persons employed in service occupations when compared to other places within the county.

The average annual wages in both the MSA and Hamilton County have increased since the most recent recession. Additionally, the average annual wage in the county has consistently been above that for the larger MSA. Within Hamilton County, the utilities, wholesale trade, finance, information, and public administration (federal government) occupations appear to have the highest average weekly wage as of 2017, while retail trade; arts, entertainment, and recreation; and, accommodation and food services are well below those of other industries. It is worth noting that there are a large number of jobs in the lowest paying industries, particularly in the healthcare/social assistance (notably healthcare support and home health aides), retail trade, and accommodation/food services industry which together accounted for approximately 47,602, or approximately 27.4 percent, of total employees in Hamilton County in 2017.

HOUSING SUPPLY CHARACTERISTICS OVERVIEW

Hamilton County has a newer housing stock than that of Indiana or the nation as a whole, with nearly 67 percent of the housing stock built since 1990 compared to nearly 31 and 32 percent in the state and nation, respectively. Detached single-family homes dominate the housing markets of all places considered. The second most common structure type as a percentage of the housing stock varies by place within Hamilton County. Duplexes are more common in Atlanta and Sheridan, particularly when compared to the cities; small multifamily buildings (fewer than 20 units) are more common in Noblesville and Arcadia than the other places within the county; large multifamily, while less common in the county as a whole when compared to state and nationwide trends, is most common in Carmel; finally, mobile homes are most common in Atlanta and Sheridan.

Hamilton County has consistently maintained a significantly lower housing unit vacancy rate when compared to the state and the nation as a whole, and this trend is projected to continue through 2022. Within the county, the housing unit vacancy rate varies. Arcadia, Atlanta, and Sheridan have vacancy rates above the countywide average, but more in line with statewide and national trends. Conversely, Fishers has the lowest average housing unit vacancy rate. The relatively low vacancy rates in places such as Carmel, Fishers, and Westfield despite the significant new additions to the housing supply are indicative of strong demand for housing in the market as a whole and in these places in particular. When compared to historical trends, the housing unit vacancy rate decreased in Hamilton County as a whole as well as in the Noblesville and Westfield markets. Vacancy however varies considerably by tenure with significantly higher vacancy among rental units than owner units in most areas of analysis.

Within Hamilton County, housing problems are not evenly distributed by tenure, income, or place. While renter households are disproportionately likely to have a housing problem, including being cost burdened, when compared to their owner counterparts, because the vast majority of housing units are owner-occupied, the majority of households with a housing problem and who are cost burdened (on a count basis) are owner households. Further, ELI and VLI income households regardless of tenure are more likely than not to be cost burdened and within these income categories renters are more likely to be both cost burdened and severely cost burdened with respect to their owner counterparts. Overall, although the county has a lesser percentage of renter-occupied housing units when compared to statewide and nationwide trends, there is a higher vacancy rate among rental units when compared to owner units, and a larger percentage of renter households have a housing and severe housing problem including cost burdens when compared to owner households.

Finally, traditional measures of housing affordability account only for housing costs. In recent years, however there has been an increased recognition that transportation costs, which oftentimes account for the second largest expenditure in a household budget, play a significant role in the overall affordability of housing. As a result, researchers and planners alike have started to focus more on the combined impact of housing and transportation costs on household budgets to determine the affordability of communities. In places that are dominated by commuters and where public transportation is limited, transportation costs are oftentimes even more significant in terms of their impact on a household budget. On average, Hamilton County households spend 35 percent of household income on housing and 26 percent of household income on transportation. The average for the Indianapolis-Carmel-Anderson MSA is 25 percent on housing and 25 percent on transportation, or 50 percent on housing and transportation combined. Hamilton County has a significantly larger percentage of cost burdened households and the majority of this trend is driven by high housing costs.

Within Hamilton County, households in Carmel, Fishers, and outlying areas of northwest Hamilton County have the highest housing and transportation cost burden.

FOR-SALE MARKET CHARACTERISTICS

Overall, the Hamilton County for-sale housing market is generally outperforming the state and national housing market in terms of sale prices, home values, and housing unit vacancy rate. Additionally, closing prices for both new construction and existing homes countywide are trending upward, though closing prices for existing homes are generally lower than those for new construction homes. Within the county, Carmel has the highest median closing price for both new construction and existing homes. In fact, the median closing price for an existing home in Carmel is in line with new construction prices in other places within the county. One reason for the higher median price in Carmel however could be the greater percentage of large unit types (four and five-bedroom units) when compared to the distribution in other places throughout the county, many of which are dominated by three-bedroom units. Having said that, the largest percentage of housing units in Fishers is four-bedroom units and therefore it is likely that at least some of the price premium for housing in Carmel is due to location. Of the three other cities, Noblesville has had the most affordable median closing price for existing homes, while Westfield has the most affordable median closing price for new construction homes. There is a fairly normal distribution of new home sales by price centered on the $320,000 to $400,000 range within Hamilton County in the past year, with the majority of new construction homes in all markets selling for $240,000 or above. Conversely, the existing home sales closing price distribution is somewhat positively skewed, though starting from a lower price point at the $160,000 to $240,000 range. Fishers, Noblesville, and Westfield all had the largest number of existing home sales close at prices between $180,000 and $240,000, compared to $300,000 to $400,000 in Carmel. In Cicero and Sheridan, the largest number of existing home closings is those homes with prices between $120,000 and $240,000. Noblesville and Westfield had the largest number of existing homes close with prices under $160,000.

There are a variety of ways to calculate affordability for owner-occupied housing units. In order to preserve the integrity of the data set, time series data sets generally do not change assumptions despite potential changes in the corresponding markets. For example, time series data that tracks affordability of homeownership may continue to rely on the assumption of a 20 percent down payment as this was the general convention historically. In recent decades, however, the average percent down has decreased and as such a cross sectional analysis of homeownership should rely on a lower down payment assumption. The consequence is that models that assume a 20 percent down payment consequently assume a lower loan value which therefore impacts the household income that would be required to be considered affordable. As a result, while we have included time series data on affordability in this report, we caution the reader that in the current for-sale market, a model with an assumption of a lower down payment more consistent with current market practices would result in a lesser percentage of qualified households and consequently an even lower affordability ratio than that presented in models that rely on the 20 percent down assumption.

To provide an illustration of an alternative measure of affordability using a lower down payment assumption, we performed an affordability threshold analysis in which we derived the household income necessary to afford either a new construction or existing home in each market assuming the current median closing price and a ten percent down payment. According to this analysis, the income thresholds required for homeowner affordability are generally lower in the northern towns. Of the cities, homeowner affordability is most attainable in Noblesville and Westfield, followed by Fishers and then Carmel. The current Housing Area Median Family Income (HAMFI) is $77,200. Based on the above analysis, new construction in all markets within Hamilton County appears to be outside of the range of affordability for households with incomes at or below 100 percent of the HAMFI. Existing homes on the other hand, would be affordable in all markets except Carmel, which would continue to be unaffordable for households with incomes of 100 percent of HAMFI or below. In general, income thresholds required for homeowner affordability under this scenario are generally lower in the northern towns and of the cities; homeowner affordability is most attainable in Noblesville and Westfield followed by Fishers.

As of the 2011 to 2015 CHAS data, there were approximately 13,540 cost burdened owner households and 4,575 severely cost burdened owner households in Hamilton County; this equates to approximately 16 and seven percent of owner households, respectively. Of cost burdened owner households, approximately 75 percent have incomes below 100 percent of the HUD Area Median Family Income (HAMFI) leaving 25 percent of owner households that are cost burdened with incomes above 100 percent of HAMFI. Of severely cost burdened owner households, approximately seven percent have incomes above 100 percent of HAMFI. It is worth noting that although owner households are less likely to be cost burdened than their renter counterparts, given the relatively small percentage of renter households in Hamilton County, overall there are more owner households that are cost burdened than there are renter households.

According to Realtytrac.com, there are currently one in every 2,662 housing units in Hamilton County in some stage of foreclosure (where stages of foreclosure include default, auction or bank owned), which is below the state and nationwide levels. The majority of properties in Hamilton County that are in some stage of the foreclosure process are between $100,000 and $300,000, are greater than 2,600 square feet in size, offer three or four bedrooms, and were built between 1990 and 1999.

Finally, homeownership is significantly more expensive than renting for two-, three-, and four-bedroom units but is comparable for five-bedroom units given the assumptions contained herein. For all scenarios, the cash necessary for homeownership, including down payment and closing costs, is likely to still be a barrier to many families. First-time homebuyers can have difficulty saving for a down payment. It should be noted that the rent/buy analysis is for Hamilton County overall, and variations in actual rental cost and home prices will vary significantly based on location as well as characteristics of the respective home and rental units.

RENTAL MARKET CHARACTERISTICS

Hamilton County consists of three of the 23 submarkets of the Indianapolis multifamily rental market including Carmel/Zionsville/Westfield, Fishers/Noblesville, and Outlying Hamilton County. While the former two are among the top performing submarkets in the metro area in terms of effective rent, a trend driven in large part by the significant percentage of the housing stock consisting of four- and five-star units, because of significant increases in supply between 2015 and 2016, both markets continue to have an above average vacancy rate. The vacancy rates in both submarkets are projected to increase through 2022. These trends are consistent with gross rent trends illustrated in the American Community Survey data, which suggests that the high median rent of Hamilton County is driven by rents in Carmel, Fishers, and Westfield. It is worth noting that rent growth is not evenly distributed throughout the rent distribution of a given market area. While market rents in the greater Indianapolis metro market area reportedly grew by approximately 3.4 percent in the past year, HUD's FMRs vary from a 0.2 percent decrease to a one percent increase depending on unit size. In other words, it appears that rents at the top end of the distribution grew considerably more than rents for units in the lower 40 percent of the distribution. Finally, over half of renter households in Hamilton County have incomes below 80 percent of HAMFI; this is significantly higher than owner households, of whom only 25 percent have incomes below 80 percent of HAMFI.

We have analyzed three rental markets in additional detail for the purposes of this analysis: the subsidized market where rents are based on income, the affordable market where rents are based on a fixed percentage of the Area Median Income (AMI), and the conventional market rate market. In total, the survey includes approximately 90 percent of all rental units in the market including subsidized (429), affordable (1,528), market rate units at mixed-income properties (250), and market rate units at fully market rate properties (18,115).

In total there are six subsidized properties and 16 affordable properties, of which five also offer market rate units, in Hamilton County; this equates to 429 subsidized units and 1,526 affordable units, or 1,955 total units that target households with incomes at or below 80 percent of the AMI. In 2017 there were approximately

25,434 renter-occupied units in Hamilton County. Thus, the subsidized and affordable housing stock accounts for approximately 7.7 percent of the total renter-occupied housing units in the county, while approximately 67 percent of renter households in the county have incomes at or below 80 percent of the AMI, making them eligible for such units.

Both subsidized and affordable properties are scattered throughout the county, but the larger properties are concentrated in the Noblesville area; very few of these units are located in Carmel, the highest price market. The concentration or exclusion of income-based and affordable units in particular markets is due to a variety of factors including, but not limited to land costs, land availability, city regulations and construction fees, concerns about school overcrowding and crime, and the not in my back yard (NIMBY) phenomenon. If the existing subsidized units were evenly distributed throughout Hamilton County on a per capita basis, Arcadia, Cicero, Noblesville, and Sheridan would lose 25, 17, 244, and 14 units, respectively, while Atlanta, Carmel, Fishers, and Westfield would gain one, 134, 139, and 26 units, respectively. If the existing affordable units were distributed evenly throughout Hamilton County on a per capita basis Arcadia, Noblesville, and Westfield would lose 45, 409, and 158 affordable units, respectively, while Atlanta, Carmel, Cicero, and Fishers would gain five, 459, 21, and 255 units, respectively.

The majority of the subsidized and affordable housing stock targets a general tenancy. In fact, only 23 percent of subsidized units and five percent of affordable units are age-restricted units. Overall, the affordable rental market is performing well. Vacancy is low, waiting lists extensive, and rent growth within the past year strong. Additionally, the affordable rental market has gained or is slated to gain several new developments, indicating that new construction affordable development is financially feasible in the market. Further, vacancy has remained low despite these additions. Despite the strong demand, since 2016 numerous LIHTC applications for projects in Hamilton County have failed to be competitive in the statewide LIHTC application process. At least two of these deals were on the waiting list and were offered a lesser amount of credits, but the projects were unfortunately not feasible at the lesser allocation. Blackhawk Commons, allocated in 2017, will be the first allocation in the county in the past three years. Despite the general lack of success, applications continue to be submitted for projects in the county, including in the recent 2018 competitive round.

We included 71 market rate properties and 18,115 units in the market rate analysis. Nearly half of the properties are located in Carmel. The Carmel and Fishers markets appear to have experienced the largest amount of new supply since 2010, and those additions appear to have slowed somewhat over the number of units that were being added in 2015 and 2016. The majority of the properties require three times the monthly rent in order to qualify and only three reportedly accept Section 8 Housing Choice Vouchers (though no one is using one at the present time); this suggests that even at a higher payment standard voucher tenants would have difficulty accessing the conventional market. The average occupancy rate at the stabilized properties is a healthy 96 percent and 20 percent of the properties reportedly maintain waiting lists. Additionally, 76 percent of properties for which rent growth information was available reported rent growth over the past year ranging from one to 29 percent with an average of three percent. Finally, the most common response to the open-ended question about housing needs in the community was that more affordable housing was needed. Overall the market rate market appears to be performing well and is expected to continue to do so going forward.

DEMAND ANALYSIS

The *Demand Analysis* illustrates the housing needs of Hamilton County based on an overall demand analysis by place and tenure, an affordable housing gap analysis for the county as a whole, and finally an affordability analysis by place, tenure, and type of employment including by both occupation (MSA wage data) and industry (county wage data).

Overall Demand

The overall demand analysis indicates that by 2022 there will be a need in Hamilton County for an additional 497 rental units and 9,912 for-sale units above and beyond the supply which is recently completed or currently under construction/permitted for which information was available. The majority of the need for rental units will be in Fishers, Noblesville, and Westfield, while the majority of the need for for-sale units will be in Carmel, Fishers, and Noblesville followed by Westfield. It is worth noting that two markets in particular appear to be slated for a surplus of rental units: Carmel and Sheridan. While Carmel has experienced a significant amount of additions to the multifamily rental market in the past ten years, to date the demand appears to have maintained pace with or lagged only slightly behind the rate of construction. As a result, it is possible that the projection for an area such as Carmel which is in extremely high demand may be understated. Sheridan, on the other hand, is a rural market but one which has a limited amount of quality affordable rental supply. The units that will be added will be affordable units. As a newly constructed affordable property in a rental market dominated by older housing structures it is reasonable to assume that this property will be quickly absorbed and any surplus supply will be older properties, likely single-family classified listings, some of which may then benefit from infill redevelopment opportunities.

Gap Analysis

While the above analysis provides projections for housing unit needs by tenure and place, it does not provide any insight into the existing housing needs of the community in particular to address the gaps between the affordable and available supply and existing households by income level. For this, we conducted an affordability gap analysis at the county level (data is not available by place), which identifies the number of households (by tenure) within pre-defined income categories (extremely low income, very low income, low income, middle income, and above median income), the number of units affordable at those same AMI restrictions, and then analyzes occupancy patterns to determine how many, if any, of the affordable units at a particular rent level are in fact also available (occupied) to (by) households with incomes at that level.

For the purposes of this analysis, we rely on the income categories:

Extremely low-income households (ELI) are defined as households with incomes equal to or below 30 percent of the HUD Area Median Family Income (HAMFI).
Very low-income households (VLI) are defined as housheolds with incomes above 30 percent but equal to or below 50 percent of HAMFI.

- Low-income households (LI) are defined as households with incomes above 50 percent but equal to or below 80 percent of the HAMFI.
- Middle income households (MI) are defined as household with incomes above 80 percent but equal to or below 100 percent of the HAMFI
- Above median income households (AMI) are defined as households with incomes above 100 percent of the HAMFI.
- Note that the affordability analysis assesses aggregate gaps assessing need for units at or below 30 percent (ELI), at or below 50 percent (VLI), at or below 80 percent (LI), and so on. In other words, an ELI renter household with an income below 30 percent of HAMFI would also be included as a VLI renter household because the income is also below 50 percent of HAMFI.
- Affordable and available units to a particular income group are those units that target and are occupied by that income group as well as units that target a lower income level and are occupied by the specified group, as well as all vacant units that are affordable for the specified group. For example, all units that target Extremely Low Income (ELI) households that are occupied by ELI households are considered

both affordable and available. However units that are affordable for ELI households but which are occupied by higher income households are not considered available. Further, units that target Very Low Income (VLI) households that are occupied by VLI households are considered affordable and available as are units that target ELI households; the inverse however is not true, however as an ELI household occupying a unit targeting VLI households would be cost burdened and as such the unit would not be considered affordable despite it being available. Gaps in both affordable and the affordable and available supply matter. A gap in the former indicates a lack of supply while a gap in the latter indicates a mismatch between the targeted rent/owner cost and the household income of the occupants, a mismatch that is driven largely by higher income households occupying units that are affordable to lower income households.

- Overall, there are 27 affordable and available rental units for every 100 ELI renter households, 34 affordable and available rental units for every 100 VLI and below renter households, and 69 affordable and available units for every 100 LI and below renter households, indicating a sizeable gap in the affordable housing supply in the county. For ELI and VLI households, the gap is driven by both a lack of affordable units at the respective income levels as well as higher income households occupying the already insufficient affordable housing supply. For LI and below renter households the gap is driven exclusively by higher income households occupying the affordable housing rental supply. This occurs because the majority of the affordable rental supply in the county is not rent and income restricted, as these restricted units comprise only 7.7 percent of the rental housing stock. As a result, higher income households are eligible for these units. Overall, there is shortage of 2,205 rental units for ELI households, 3,955 rental units for VLI households and 3,465 rental units for LI households in Hamilton County.

- Overall, there is a shortage of affordable and available owner units at all income levels. The need is particularly high on a count basis for MI owner households, with a shortage of 6,700 units. In terms of need on a per household basis, however, the need is greatest among VLI and below owner households where there are only 40 units for every 100 households in this income category. The shortages at all levels are driven exclusively by higher income households occupying units that are affordable to households with lower incomes. For example, only 21 percent of owner units affordable for VLI and below owner households are in fact available to these households; the remaining 79 percent are occupied by owner households with higher incomes. Further, approximately 66 percent of units affordable for LI, VLI, and ELI owner households are occupied by owner households with incomes above 100 percent of HAMFI.

Affordability by Employment Analysis

While the first analysis provided an estimate of the number of units that would be needed to keep up with demand in the market, it ignores variations in need within the income distribution as well as existing affordabiltiy housing needs. The second analysis addresses the weaknesses of the first as it focuses on existing needs broken down by tenure and household income, but in doing so it ignores variation by place (due to data limitations) and it does not provide much insight into price points to target based on employment patterns. The final analysis seeks to address these weaknesses by illustrating the relationship between employment (by occupation and industry) and affordability by tenure and place. There are three important caveats to this analysis. First, the analysis is based on the median wage within a particular occupation or industry. We acknowledge that there is variation within both occupation and industry. The conclusions presented herein are based on the assumption that the earner is earning the median wage. Second, the analysis assumes median rents and home prices based on the most reliable and accurate data available. Again, we recognize that there is variation within each market and acknowledge that the findings presented assume the median rent and home prices within a particular market. And third, the dual-earner analyses assume two earners within the same occupation or industry. We acknowledge that this assumption is unlikely to be consistent with many household patterns, but given the number of possible permutations of dual-earner households, we argue that this assumption is the most reasonable in order to illustrate how having a second earner in the household increases access and affordability.

A single earner working in the majority of occupations is at risk of being cost burdened based on the median gross rents; this equates to approximately 72 percent of total employment. In particular, persons employed in the farming, fishing, and forestry; personal care and service; and food preparation and serving related occupations would be cost burdened as a single-earner renter household for all unit types. A police officer or fire fighter could afford a studio or one-bedroom unit, but would be cost burdened for a two, three, or four-bedroom unit. A teacher could afford to rent a studio, one-, or two-bedroom unit, but would be burdened for a three or four-bedroom unit. A single earner working in the arts, entertainment, and recreation or accomodation and food services industries, is likely to be cost burdened in all markets in Hamilton County for any unit type. Additionally, two-bedroom units or larger are likely to be unaffordable to one-earner households in both of the aforementioned industries as well as the public administration, educational services, retail trade, other services industries. By contrast, adding a second earner to the household vastly increases the affordable housing options within the county for renter households. The primary exceptions are for larger unit types for workers in the personal care and service and food preparation and serving related occupations. Overall, while larger unit types remain unaffordable to occupations at the bottom of the wage distribution in all markets, smaller unit types would be affordable in most markets. In other words, while smaller families with dual-earners in these occupations could avoid being cost burdened in most rental markets in Hamilton County, any family needing three or more bedrooms would likely be at risk of being cost burdened in most markets.

In terms of employment by industry, single-earner households employed in industries that pay, on average, at the bottom end of the wage distribution such as public administration, educational services, retail trade, other services, arts, entertainment, and recreation or accomodation and food services industries, are all at risk of being cost burdened according to the median gross rents for the county, though this will depend in part on the unit type occupied; this equates to approxiately 31 percent of all employees. Within the county, a single earner working in the arts, entertainment, and recreation or accomodation and food services industries is likely to be at risk of being cost burdened in all rental markets in Hamilton County for any unit type. Additionally, two-bedroom rental units or larger are likely to be unaffordable to one-earner households in both of the aforementioned industries as well as the public administration, educational services, retail trade, other services industries in most markets. A dual-earner household decreases the potential for cost burdens for nearly all industries; the two exceptions being the arts, entertainment, and recreation or accomodation and food services industries, which continue to be vulnerable based on the median wage by industry and median gross rent. A dual-earner renter household employed in industries that pay, on average, at the bottom end of the wage distribution such as the arts, entertainment, and recreation or accomodation and food services industries, are likely to be at risk of being cost burdened in the Hamilton County rental market. Overall, dual-earner households in most industries should be able to afford any rental unit type in any of the markets; the main exceptions are larger unit types for dual-earner households employed in industries at the very bottom of the distribution in all markets and the Carmel and Fishers markets in particular.

New home prices are likely to be unaffordable to a one-earner household for any occupation. Existing homes are more likely to be affordable but only for select occupations in select markets. Having a second earner in the household opens the door to significantly more affordable home purchase options in Hamilton County. In particular, new homes are likely to be affordable to dual-earner households with occupations in the top third of the distribution in all markets and existing homes are likely to be affordable to dual-earner households with occupations in the top third of the distribution in Carmel, the top half of the distribution in Fishers and Westfield, and the top two thirds in Cicero and Westfield. Despite additional opportunities that are available by having a second earner, for some occupations even having a second earner does not provide affordable access to the Hamilton County housing market. For example, for a dual-earner household both of whom work in protective services (police or fire), with the exception of an existing home in Cicero and Sheridan, affordable homeownership is not accessible in Hamilton County. Further, a dual-earner household in construction and extraction; installation, maintenance, and repair; education, training, and library; community and social services; arts, design, entertainment, sports, and media; office and administrative support; production; protective services (for example police and fire); transportation and material moving; healthcare support; sales; building and grounds clearing and maintenance; farming, fishing, and forestry; personal care and service (for example home health aides); and food preparation and serving related occupations at risk of being cost burdened for new homes in every market in Hamilton County while dual-earner households in the majority of the above would also be at risk of being cost burdened for existing homes in most markets in Hamilton County.

With the exception of the utilities, wholesale trade, and management industries, one-earner households employed in most industries in Hamilton County (approximately 92 percent of all employment) are unlikely to be able to afford a new construction home without being cost burdened. Existing homes are affordable to a slightly larger percentage (22 percent of total employment versus six percent for new homes) of the total employment of Hamilton County including one-earner households in the public administration (federal), financial, and information industries. One-earner households employed in the educational services, retail trade, other services, arts/entertainment/recreation, and accommodation and food services industries are unlikely to be able to afford a new or existing home in any market; this equates to 31 percent of total employment. Similar to previous analyses, having a second earner in the household opens the door to affordable homeownership opportunities in additional markets for more industries. With the exception of new construction in Carmel, new construction and existing construction homes are likely to be affordable for dual-earner households employed in industries in the top two-thirds of the employment by industry distribution. On the other hand, dual-earner households employed in healthcare and social assistance, public administration (state), educational services, retail trade, other services, arts/entertainment/recreation, and accommodation and food services are unlikely to be able to afford new construction in the majority of markets in Hamilton County. Further, a dual-earner household employed in the accommodation and food services industry is unlikely to be able to afford new construction or an existing home in any market without being at risk of being cost burdened.

Given *the scope of work, many assumptions had to be made regarding the market. These projections should be considered preliminary and a macro level estimate of demand only.*

STAKEHOLDER MEETINGS & PUBLIC INPUT SURVEY

In order to gain a better understanding of the challenges and opportunities facing the local housing market, we hosted six local stakeholder meetings throughout the county. The meetings were held during the week of July 9, 2018, and took place in Westfield, Sheridan, Arcadia, Fishers, Carmel, and Noblesville. The meetings were held during the day with the assumption that this would increase attendance of key local officials and stakeholders for whom housing related issues are part of his/her employment, namely elected officials, bureaucrats, representatives of the various Chambers, developers, service providers, and major employers. The meetings were, however, also open to the general public and were publicly advertised. Attendance at the meetings is summarized below:

- Westfield: 24
- Sheridan: 6
- Carmel: 11
- Arcadia: 7
- Fishers: 10
- Noblesville: 13
- Countywide: 71

Those in attendance included elected officials, county and local government officials, business owners, developers, as well as representatives of nonprofit service providers, the chambers of commerce, and faith-based community, community organizers, media outlets, and members of the general public. The structure of the meetings was intentionally flexible, as the primary goal for these meetings was to bring together key stakeholders to discuss the primary housing needs in the community, the primary barriers to meeting those needs, suggested solutions to those needs, and what effect, if any, those housing related needs are having on the local community. Finally, we had attendees complete a brief two question survey at the end of each session. We then transcribed and coded the responses and the information presented herein is a summary of the most common responses by meeting.

Overall, in every stakeholder session the relationship between affordable housing and economic development or economic growth was one of the key topics of discussion. Additionally, of the 37 attendees who completed the two question survey, 65 percent ranked affordable housing as the number one priority housing need in their community. The next most common response was diversification of the housing stock. In the towns, home repairs and dealing with blighted property was also a common response.

In addition to the stakeholder meetings, we also administered an online survey to solicit public input. The survey was available online for one month from the second week of July to the second week of August. The survey was also available in hard copy at the Cicero library in order to increase access for residents of the northern towns, a larger percentage of whom do not have broadband in their homes. Given the lack of an acceptable sampling frame from which to sample and time constraints, we relied on a snowball sampling design where the only inclusionary criteria were that the respondent either lived or worked in Hamilton County. A link to the survey was distributed to all attendees and invitees of the stakeholder sessions and we asked that the link then be shared among these individuals' personal and professional networks. The link was also advertised in local media and online on HAND's website. Finally, the link was provided to surveyed multifamily rental properties and asked that it be distributed to residents. In total we received 604 responses. One respondent left more than 50 percent of the responses blank and was then dropped from the data set.

The full data set was subdivided in two ways for the purposes of analysis. First, we divided the sample into residents of Hamilton County and nonresidents of Hamilton County. Second, we further subdivided the residents of Hamilton County sample into eight smaller samples by place. Of the 603 retained respondents, we divided the data set into two primary comparison groups: those that live in Hamilton County (n=563) and those that do not live but do work in Hamilton County (n=40). We then further divided the resident sample into eight subsamples based on place of residence within Hamilton County. The by place samples consist of residents of Arcadia (n=9), Atlanta (n=5), Carmel (n=150), Cicero (n=28), Fishers (n=99), Noblesville (n=159), Sheridan (n=18), and Westfield (n=83); 12 respondents live in unincorporated Hamilton County. The following section provides a summary of the key results from the survey; the complete summary statistics for each of these data sets available in the addenda of this report

Overall, the results from the survey are consistent with those from the stakeholder listening sessions as well as the secondary data analysis. Housing costs in Hamilton County are high and while household incomes are also higher, there is still a sizeable percentage of households who live in the county for whom housing costs remain a burden, as well as persons employed in the county but who live outside of the county due to the lack of affordable housing options. When asked about the primary barrier to housing choice, both samples selected affordability. The second most commonly selected barrier by both groups was transportation. Additionally, while the most selected housing type needed among both samples was affordable housing, respondents who do not live in Hamilton County were more likely to select permanent supportive housing, transitional housing, rent/income restricted housing, and workforce housing compared to their counterparts who live in Hamilton County. Further, the primary difference between respondents who live in Hamilton County and those that do not live in Hamilton County in terms of services needed is that the percentage of respondents who do not live in Hamilton County selected rent/mortgage assistance (regular and permanent) as services that are needed in the county. This is consistent with other results, which indicate that respondents who live out of the county have lower incomes, difficulties with transportation and paying the rent/mortgage, and were more likely to say that affordability of the housing is the reason that the current housing was selected. Finally, when asked what the top priorities should be for Hamilton County, both groups indicated that affordability should be a top priority along with safety (for residents).

Within the county there are some notable differences by place. First, while residents of Atlanta, Cicero, and Sheridan were most likely to choose housing affordability as the reason for choosing the housing in which he/she currently resides, residents of Carmel, Fishers, and Westfield were most likely to choose close to a good school, and residents of Noblesville and Atlanta were most likely to choose housing features. Second, residents in Sheridan and Atlanta were most likely to experience an inability to make needed home repairs, while residents of Sheridan, Arcadia, and Noblesville were most likely to experience signs of disinvestment or unkempt housing in the neighborhood. Third, the largest percentage of residents in all places selected affordability as a barrier to housing choice. Residents of Cicero were also more likely than not to indicate that distance to employment is a barrier to housing; in Fishers, Carmel, and Sheridan it was transportation. Finally, residents of both Sheridan and Atlanta were more likely than not to indicate that the condition of housing units is a barrier to housing choice.

LOCAL AREA PROFILES & RECOMMENDATIONS/STRATEGIES REVISITED

Local area profiles are available for each of the eight places in Hamilton County. We also revisit the strategies recommended in 2013 and provide updated strategies based information collected in the current needs assessment. Complete local area profiles including photographs of each locality are included in the body of the report.

ARCADIA, ATLANTA, CICERO

One set of strategies was made in the 2013 report for three of the northern communities: Arcadia, Atlanta, and Cicero. This update follows a similar approach, and these are presented here given that the location of the stakeholder meeting was in Arcadia. We begin with the strategies identified in the 2013 report.

- *Develop programs which promote the rehabilitation of existing housing units and downtown structures which are currently in disrepair to provide a variety of housing options as well as opportunities for commercial development. Help homeowners make repairs to their homes.* This strategy is still applicable, as experiencing signs of divestment or unkempt housing in the neighborhood was the number one item selected by Arcadia residents in the public input survey (35 percent of respondents) and inability to make needed repairs to your home was the number one item selected by Arcadia respondents (40 percent).
- *Develop opportunities to establish or enhance connections and collaborations between the three communities (Arcadia, Atlanta, Cicero) within Jackson Township to strengthen and control development potential.* This strategy is still applicable.
- *Educate community officials and residents about strategic growth potential and tools available to support and promote planned development responding to the needs and expectations of the community; see community buy-in.* This strategy is still applicable.
- *Strengthen partnerships to update and expand infrastructure and encourage planned development.* This strategy is still applicable.

All of the previous strategies remain relevant five years later. We would add the following strategies:

- Develop a strategy to address problems with slumlords.

- Develop partnerships with developers and non-profit service providers to help to bring quality affordable housing opportunities and services to the towns.
- Develop strategy for improved delivery of assistance to individuals and households experiencing economic hardship and those who are homeless or are at risk of becoming homeless in particular. With just over ten percent, eviction was the second most common experience reported by residents of Arcadia. Relatedly, 20 to 40 percent of Atlanta respondents and just under 20 percent of Cicero respondents reported having difficulties paying utilities and/or housing costs/repairs. Additionally, 100 percent of Atlanta respondents indicated that transitional housing, rent assistance, and mental health services should be prioritized in the county.
- Develop programs to help senior homeowners age in place, including programs designed to help seniors with home modifications to improve accessibility.

CARMEL

We begin with the strategies identified in the 2013 report.

- *Neighborhood revitalization*
  - *Home rehabs*
  - *Public beautification projects*
  - *Home repairs for homeowners*
  - *Historic preservation*
  - *Community building in Home Place in particular*
  - *Build strong schools and parks*
- *Mixed Income Neighborhoods*
- *Senior Housing*
- *Transportation*
- *Supportive Housing*
- *Education and Awareness about the needs of affordable housing*
- *Financial Counseling and Individual Development Accounts*

Of the previous strategies/recommendations, neighborhood revitalization, mixed-income neighborhoods, senior housing, transportation, and education and awareness about the needs of affordable housing are all still applicable. The need for supportive housing and financial counseling were not identified in any of the data as continuing to be applicable to Carmel. To the above, we will add:

- Education about the impact that the lack of affordable housing can/is having on a community including impacts on economic growth and development through a magnification of labor shortages in times of low unemployment.
- Education about the impact that the lack of affordable new construction can/is having on a community, namely that seniors who would otherwise want to downsize are instead aging in their larger older homes, a critical component of the housing stock for young families.
- Education about successful mixed-income developments in other communities to address concerns about crime, safety, disrepair, and overpopulation of schools.
- Develop a strategy to address the mismatch between what developers are proposing and the housing specific needs of the community including a strategy to incentivize a more diverse housing mix.
- Develop a strategy to increase awareness of available mental health services.

FISHERS

We start with the Strategies identified in the 2013 report:

- *Education and policy advocacy are needed to deal with misperceptions of renters, multi-family, housing, and affordable housing. A better understanding is needed of the role renters and rental properties play in the local economy and community.* This strategy remains applicable.
- *Plans should be developed to deal with an aging population, and to help retain young persons as they start out in their careers.* While the senior population in Fishers continues to grow, it remains significantly lower than that of the rest of the county. This strategy is less applicable than others.
- *Develop programs to help homeowners rehabilitate or maintain homes. Modifying homes for seniors to promote accessibility and helping homeowners with major system repairs could contribute to long-term stability.* For same reasons as those indicated above, this strategy is less applicable than others.
- *Contribute to infrastructure improvements and beautification projects that create safe, walkable communities.* This strategy remains applicable.

To the above we add the following:

- Develop partnerships with developers interested in bringing affordable units to the city.
- Develop a strategy to address the mismatch between what developers are proposing with the housing specific needs of the community including a strategy to incentivize a more diverse housing mix.
- Education about the impact that the lack of affordable housing can/is having on a community including impacts on economic growth and development through a magnification of labor shortages in times of low unemployment.
- Education about the impact that the lack of affordable new construction can/is having on a community, namely that seniors who would otherwise want to downsize are instead aging in their larger older homes, a critical component of the housing stock for young families.

NOBLESVILLE

The following list illustrates the strategies identified in the 2013 Housing Needs Assessment.

- *Education: Noblesville will be aware of the needs, and options, to support the development of sustainable housing.*
- *Coordination: The community will better coordinate services to help families maintain stable, quality housing.*
- *Community development: Neighborhoods will be increasingly sustainable.*
- *Emergency: There will be local housing options for those facing housing crisis.*

All of the above strategies remain applicable today. We would also add the following:

- Develop partnerships with developers interested in bringing affordable units to the city.
- Develop a strategy to address the mismatch between what developers are proposing and the housing specific needs of the community including a strategy to incentivize a more diverse housing mix.
- Education about the impact that the lack of affordable housing can/is having on a community including impacts on economic growth and development through a magnification of labor shortages in times of low unemployment.
- Education about the impact that the lack of affordable new construction can/is having on a community, namely that seniors who would otherwise want to downsize are instead aging in their larger older homes, a critical component of the housing stock for young families.
- Develop a strategy to increase awareness of available mental health and substance abuse services.

SHERIDAN

The following strategies were identified in 2013.

- *Rehabilitate downtown homes and promote infill construction.*
- *Grow strategically and build housing that supports economic development*
- *Improve the infrastructure in town, especially sidewalks and streets. Clean up the streets so people can see the potential.*
- *Help seniors with home maintenance and accessibility.*
- *Improve civic pride. Mobilize volunteers to do community work, make repairs to homes, and build on the pride people have in Sheridan schools.*

All of the above strategies continue to be applicable, particularly the home repair program as nearly 40 percent of respondents to the public input survey who live in Sheridan indicated that in the past year he/she have been unable to make needed repairs to his/her home and nearly 35 percent indicated that he/she sees signs of disinvestment or unkempt housing in the neighborhood. To the above, we add the following:

- Develop a strategy to address problems with slumlords.
- Develop a strategy to obtain possession of blighted properties and then solicit proposals from developers interested in bringing affordable housing to the community.
- Develop a strategy to increase awareness of available mental health and substance abuse services.
- Develop a strategy to increase access to financial counseling services.

WESTFIELD

The following illustrates strategies identified in the 2013 Housing Needs Assessment.

- *Financial Counseling*
- *Senior Housing*
- *Home Repairs for Homeowners*
- *Rehab Vacant Homes*
- *Support local entrepreneurship*

While senior housing, home repairs for homeowners, and rehab vacant homes were all identified as needs in at least one of the data analyses (stakeholder sessions, public input survey, and/or secondary data analysis), the primary need in Westfield relates to the workforce. Stakeholders indicated that labor shortages due to the low unemployment rate in the county are exacerbated by a lack of available affordable housing in the city. Unlike Carmel and Fishers and to some extent Noblesville, Westfield is located too far from Indianapolis to consider that housing stock as Westfield's affordable housing supply, particularly in times of low unemployment and high transportation costs. Therefore, we recommend the following strategies:

- Education about the impact that the lack of affordable housing can/is having on a community including impacts on economic growth and development through a magnification of labor shortages in times of low unemployment.
- Education about the impact that the lack of affordable new construction can/is having on a community, namely that seniors who would otherwise want to downsize are instead aging in their larger older homes, a critical component of the housing stock for young families.
- Develop partnerships with local developers interested in bringing affordable and maintaining ownership of those units to the city.

- Develop a strategy to address the mismatch between what developers are proposing and the housing specific needs of the community including a strategy to incentivize a more diverse housing mix.