

Steering Committee Meeting #3: Housing Demand, Gap, and
Socioeconomic/Racial Impacts

LA PORTE COUNTY INDIANA HOUSING ANALYSIS & ACTION AGENDA

March 26, 2021

greenstreet



Today's Agenda

Socioeconomic/Racial Impacts

Demand

Gap

Discussion



Schedule

Task 1: Project Start

Steering Committee: January 15th, 2021

Task 2: Housing Supply Baseline

Meeting Date: February 19th, 2021

Task 3: Housing Demand, Gap, and Socioeconomic/ Racial Impacts

Meeting Date: March 26, 2021

Analyzing projections and demand against the inventory to identify important gaps. These will be described by market segments (age group, incomes, other preferences). Understanding important differential housing impacts on socioeconomic and racial/ethnic groups.

Task 4: Opportunities for Growth

Understand and describe key sites to market to the development community. Trip #2.

Task 5: Summary and Action Agenda

Final Meeting: May/June

An executive summary of the Housing Analysis, with an Action Agenda implementation plan organized by a vision and goals.

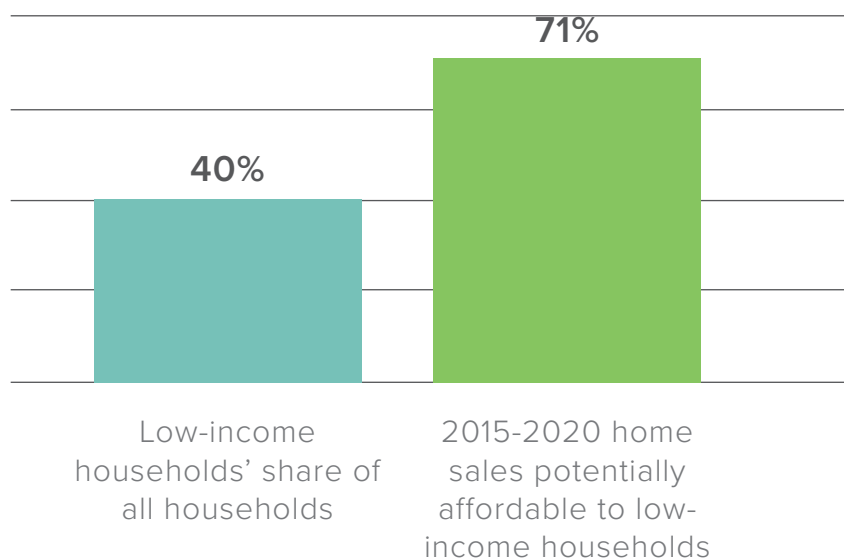
Socioeconomic/Racial Impacts

The Mirage of Affordability

La Porte County seems to have limitless affordable housing inventory.

RECENT HOME SALES AFFORDABLE TO LOW-INCOME HOUSEHOLDS

La Porte County, 2015-2020



Area Median Income (AMI)

\$65,200 (HUD)

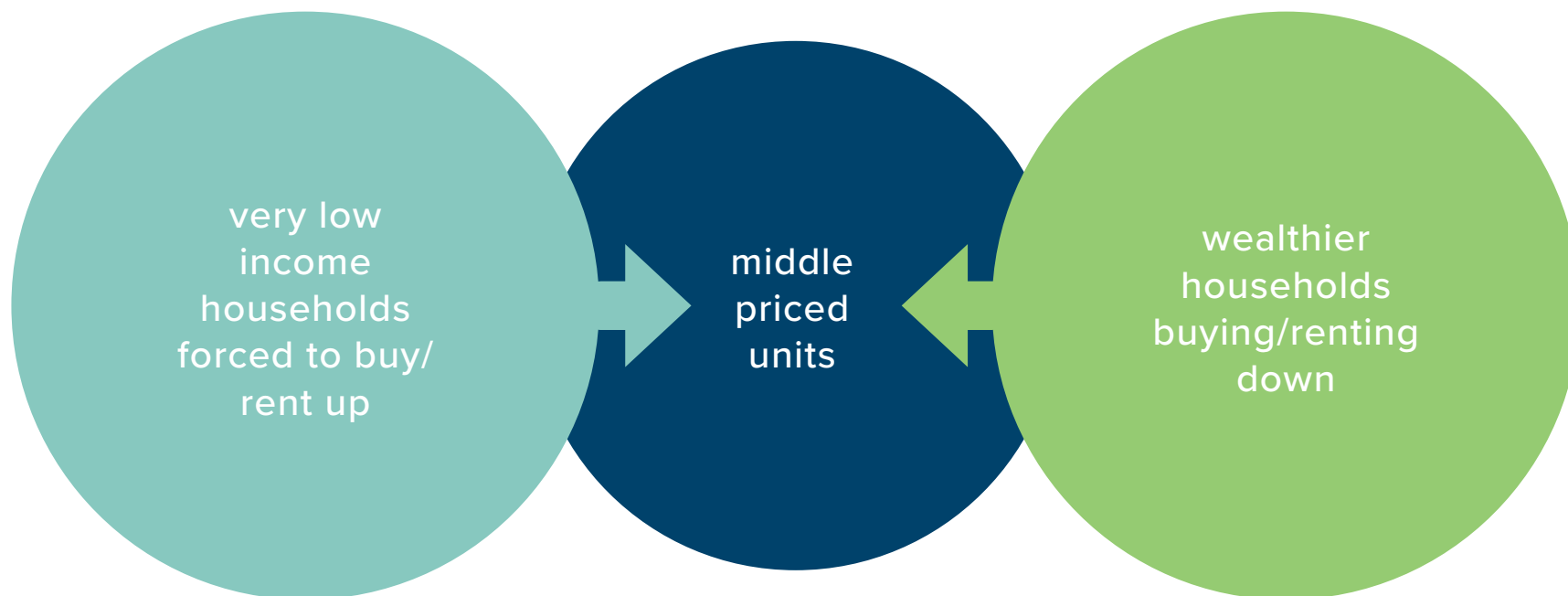
Low Income Households

80% of AMI (for a family of four):
\$52,250

Source: HUD, LPCAR, Greenstreet Analysis

Affordable Unit Scarcity

But much of what might be an affordable housing stock is absorbed by other income levels.



SHRINKING OPTIONS

Very low income households have very limited options, so most have to “buy up” and out of their price range. Higher income households are competitive when buying or renting choice homes well within their means

OTHER HOUSING HURDLES

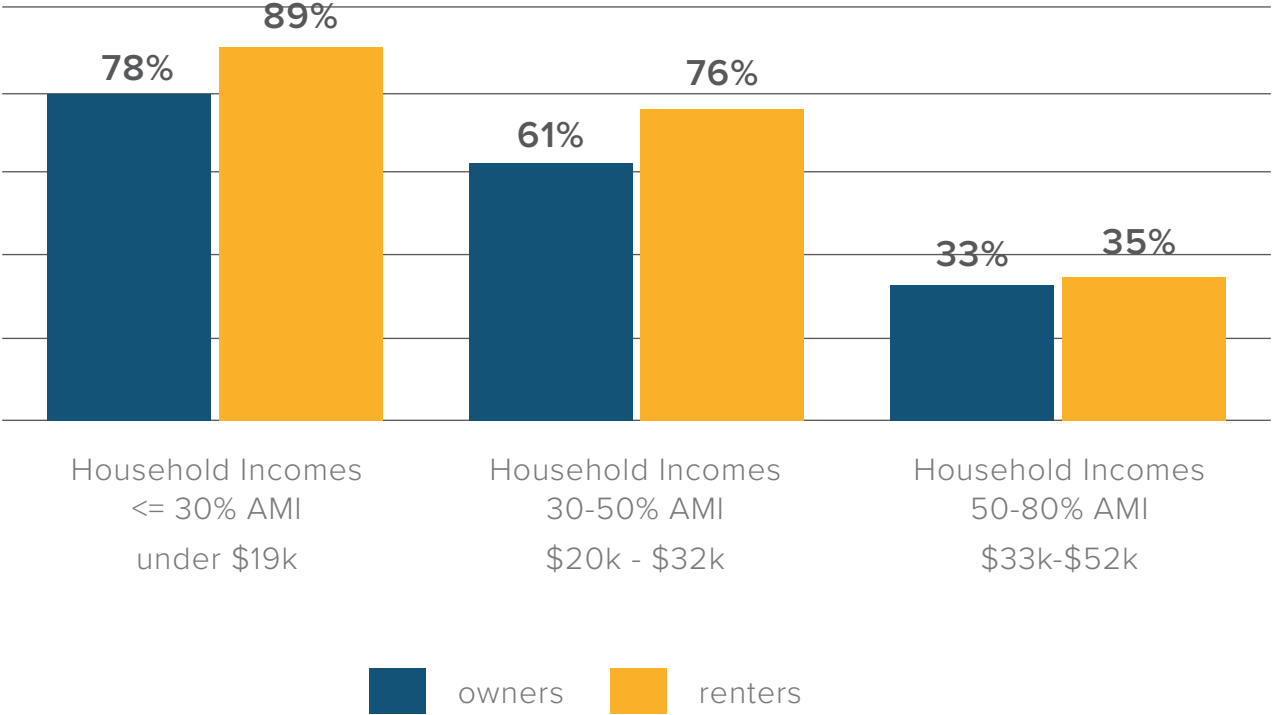
Other factors can include high rents from landlords despite lower home values, other problems with the home including mold or rodent issues, and trouble competing against investors for limited affordable housing in areas with access to jobs and services.

Cost Burden by Income Level

Due to many factors, many low-income households suffer from poor housing conditions.

LOW-INCOME HOUSEHOLDS WITH COST BURDEN OR HOUSING PROBLEM

La Porte County, 2020



Area Median Income (AMI)

\$65,200 (HUD)

Low Income Households

80% of AMI (for a family of four):
\$52,250

Cost Burden

Spending more than 30% of income on housing. Includes rent/mortgage, utilities etc.

Housing Problem

A housing unit lacking a kitchen, plumbing, or crowded with more than 1 person per room.

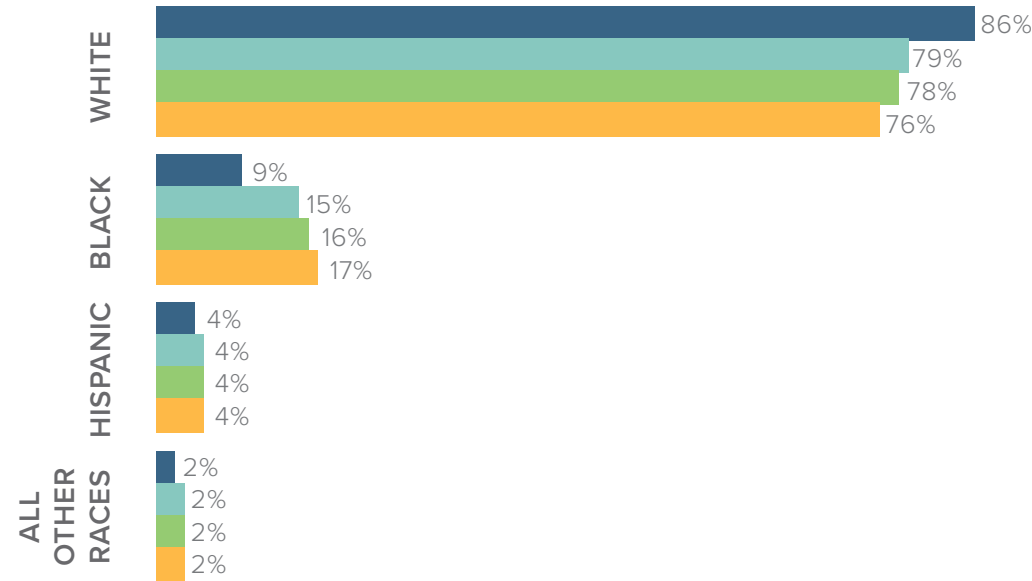
Source: HUD, LPCAR, Greenstreet Analysis

Housing Issues by Race

Minority-led householders suffer higher rates of cost burden and housing problems.

HOUSEHOLDS WITH COST BURDEN, HOUSING PROBLEM BY RACE OF HOUSEHOLDER

La Porte County, 2020



Total Households

Low Income Households

80% of AMI (for a family of four):
\$52,250

Cost Burdened

Spending more than 30% of income on housing. Includes rent/mortgage, utilities etc.

Low-Income + Housing Problem(s)

A housing unit lacking a kitchen, plumbing, or crowded with more than 1 person per room.

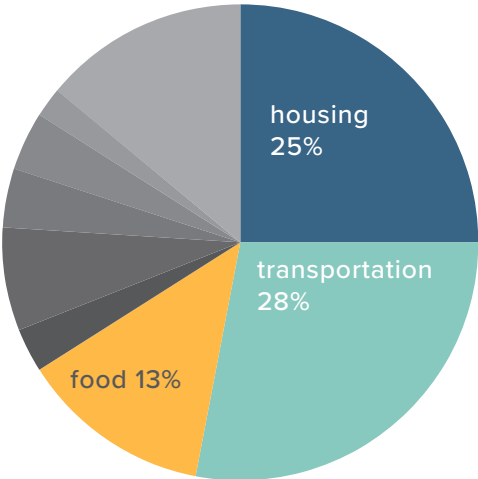
Source: HUD, LPCAR, Greenstreet Analysis

Housing Cost Impacts

The consequences of high housing costs on lower income households can be severe.

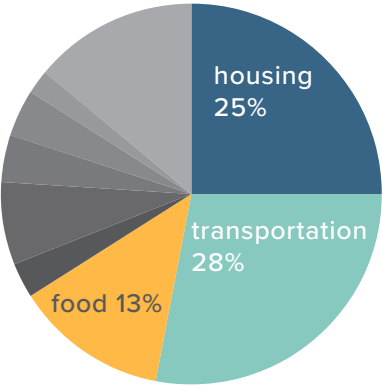
La Porte County Household Budget (Family of Four)

At AMI \$65k



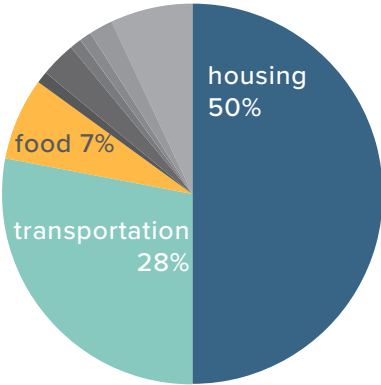
monthly food budget
\$706

Low Income \$52k



monthly food budget
\$566

Low Income \$52k
Severe Cost Burden



monthly food budget
\$305

Source: CNT Housing and Transportation Affordability Index, Esri, Greenstreet Analysis

Housing and Workforce Development

For low income renters, these cost burdens limit economic mobility.

The consequences of high housing and transportation costs are far-reaching.

Workforce development efforts need to consider housing and transportation costs.

STRUGGLES OF A PROMISE PROGRAM

Over 300 programs across the U.S. have sought to replicate the Kalamazoo Promise. A March 2021 study of the Detroit Promise Path program showed continued challenges of moving the needle.

The program paired free tuition/fees with other supports:

- Campus coaching support
- \$50 monthly stipend
- Management information system
- Summer engagement

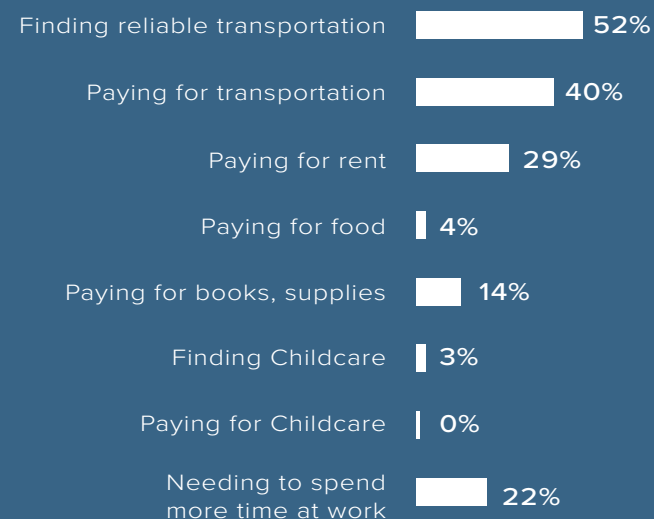
“Although the program was providing them with additional resources, for some students, it wasn’t enough to allow them to fully focus on being a student and really have to continue to deal with those life challenges.” said Colleen Sommo, MDRC. After three years, this enhanced Promise program did not produce more graduates than those just receiving tuition assistance, however there are signs of numerous other benefits.

source: <https://www.mdrc.org/publication/motor-city-momentum>

<https://www.detroitnews.com/in-depth/news/education/2021/03/18/detroit-promise-path-falls-short-but-hopes-remain/4744633001/>

WHY THEY STOPPED TAKING CLASSES

“Of 306 Detroit Promise Path students who responded to a MDRC survey, 88 of them indicated they were no longer in classes. These are key issues they said factored into that decision.”¹

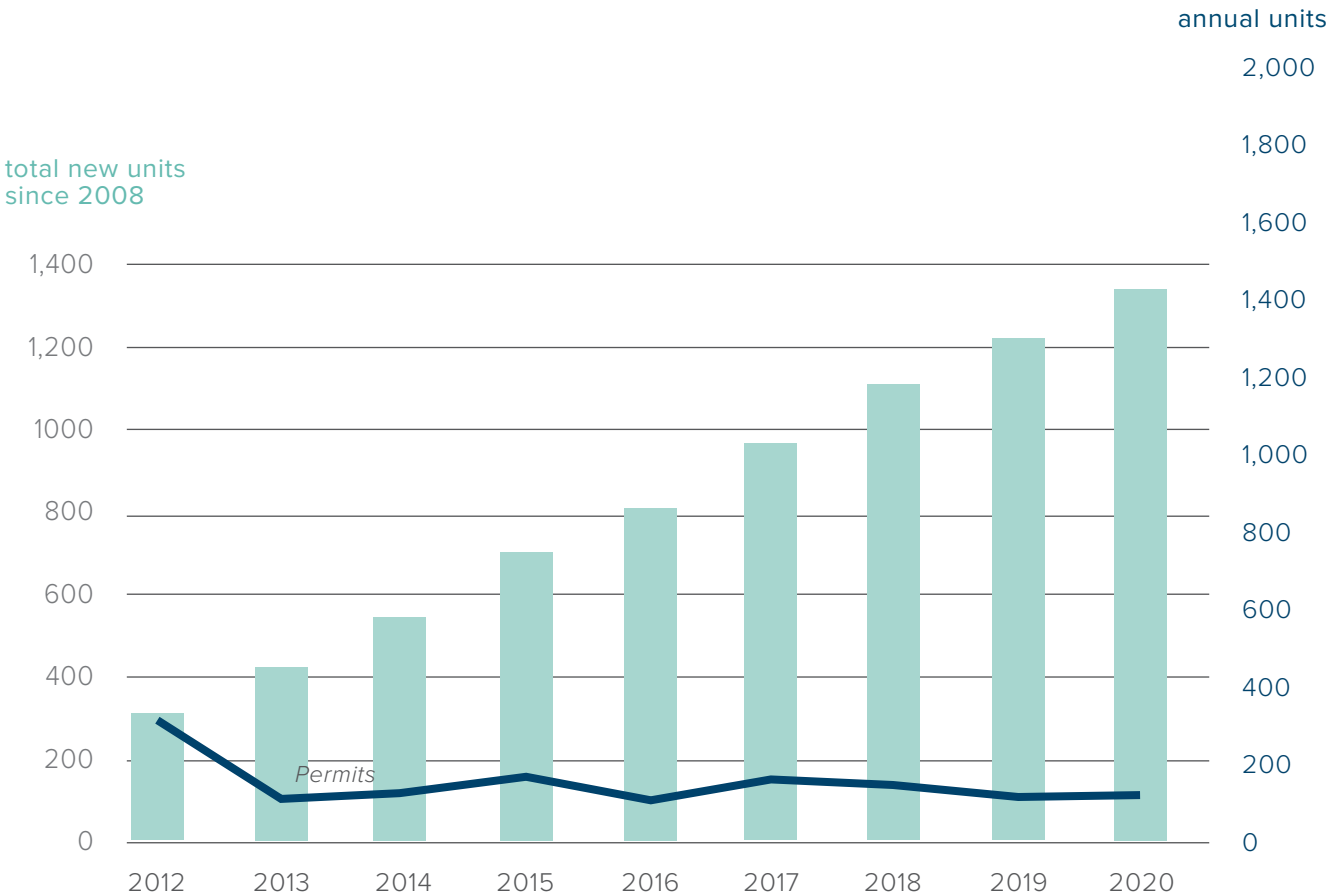


¹ Detroit News. *Detroit Promise Path Falls Short but Hopes Remain.* 2021

Housing Demand

Recent Supply – Building Permit Trends

Building permits have trended around 100–150 per year since 2013, revealing a slow homebuilding market.



Annual Building Permits

Annual building permits reflect the annual units requested to be built between January 2012 - 2020, according to the U.S. Census Bureau.

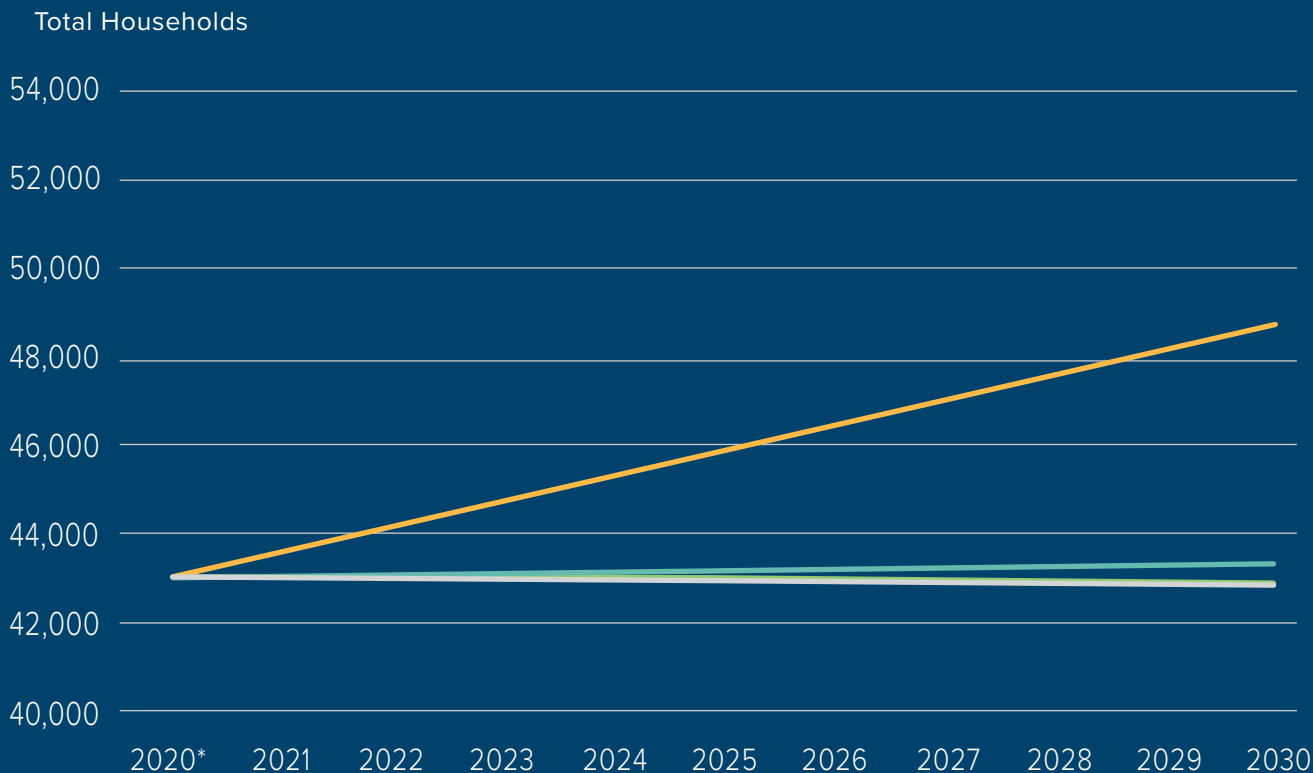
Total New Building Permits

Total building permits reflect the cumulative total units requested to be built between 2012 - 2020.

Source: Census, 2020.

Household Projections

Various projections show a range of futures for La Porte County: from no growth to 570 units demanded per year.



Combined Growth Goals

City of La Porte: 30,000 people by 2030

Michigan City: *NIRPC Double Tracking Enhanced* growth projection 2030 (Momentum)

Esri Business Analyst

Esri Business Analyst utilizes Census data and a proprietary method to project 2025 households, or 28 new housing units per year. This is extended to 2030 for illustrative purposes.

Indiana Business Research Center

Indiana Business Research Center population projections are converted to households at 2.4 people per household.

Northwestern Indiana Regional Plan Commission

NIRPC is La Porte County's Metropolitan Planning Organization, which projects county households, population, and employment to 2050.

*note: For comparison purposes, varying 2020 household estimations were corrected to 43,060.

Demand – Tenure

To meet these goals, over 4,000 homes would need to be built by 2030.

	Combined Growth Goals	Flat
NET NEW DEMAND*	5,741	0*
OWNED - 74% UNITS	4,248	0
RENTED - 26% UNITS	1,493	0

**note: Demolitions, reconstruction, and new construction may still occur.*

Gap and Market Segments

Five Year Change – Age by Income

Wages are slowly rising, and households are aging, pushing incomes into higher categories.

2020–2025 Change in Household Income, La Porte County

	Total	<\$25,000		\$25,000-\$74,999		\$75,000+	
Total	138	-821		-370		1,329	

Source: Esri, 2020. Greenstreet calculations.
 note: incomes expressed in 2020 dollars.

Five Year Change – Age by Income

The only growing age groups are millennials entering 35–44 age bracket, and baby boomers reaching retirement age.

2020–2025 Change in Household Income, La Porte County

Age of Householder	Total	Total
	Total	138
	<25	-9
	25-34	-432
	35-44	128
	45-54	-453
	55-64	-812
	65-74	591
	75+	1,125

Source: Esri, 2020. Greenstreet calculations.

note: incomes expressed in 2020 dollars.

Five Year Change – Age by Income

Even if La Porte County's growth was flat, the mix of households will continue to change, driving demand for new housing types.

2020–2025 Change in Household Income, La Porte County

Age of Householder	Total	<\$25,000		\$25,000-\$74,999		\$75,000+	
	Total	138	-821		-370		1,329
	<25	-9	-19		-3		13
	25-34	-432	-219		-252		39
	35-44	128	-130		-80		338
	45-54	-453	-200		-327		74
	55-64	-812	-407		-470		65
	65-74	591	-74		212		453
	75+	1,125	228		550		347

Source: Esri, 2020. Greenstreet calculations.

note: incomes expressed in 2020 dollars.

Housing Gap

With projections flat, there is not currently a measurable projected gap.










But the current housing inventory is showing signs that it's constrained with little sign of pressures lifting soon, from low interest rates to high construction costs.

Job growth and other major investments can push demand further, but only if the right homes can be built in the right location.

Key Market Segments

Depending on what growth looks like, the size of these markets could change.

Signs point to a lack of options for most segments in La Porte County.

	 FAMILIES WITH CHILDREN	 MULTI- GENERATIONAL	 WORKING AGE ADULTS	 EMPTY NESTERS/ RETIREES	 OTHER
EST. CURRENT SHARE	26%	4%	34%	26%	10%
CHANGE					-
HOUSEHOLD SIZE	3+	3+	1, 2	1, 2	mixed
INCOMES	low-high	low-high	moderate-high	moderate-high	mixed
AGE GROUPS	all	all	16-64	65+	mixed
TENURE	own, rent	own, rent	rent, own	own, rent	all

Key Market Segments

The biggest and most influential generations, Millennials and Baby Boomers, represent important housing trends.

MILLENNIALS (AKA GEN Y, ECHO-BOOMERS)

Born 1980-1999

Smaller households

Many of La Porte County's 1- and 2-person households are Millennials.

Have driven push for walkable living in cities and walkable suburban communities

A confluence of factors have pushed many Millennials to own get around by means other than a car, and prefer walkable communities.

Marriage → House → Kids

This typical story is no longer the case. Nationally, younger Millennial homebuyers have the highest rate of buying as an unmarried couple (21%).¹

In 2019, 55% of Millennials lived with a spouse and/or their own child. This compares with 66% of Gen Xers in 2003, 69% of Boomers in 1987 and 85% of members of the Silent Generation in 1968.²

A diverse generation

44% of Millennials are minorities.³

¹ NAR. 2020 Home Buyers and Sellers Generational Trends Report. March, 2020.

² Pew. How Millennials Approach Family Life. 2020

³ Brookings. The Millennial Generation: A Demographic Bridge to America's Diverse Future. 2018

BABY BOOMERS

Born 1946-1964

Smaller households

Many of La Porte County's 1- and 2-person households are Baby Boomers.

Have driven push for walkable living in cities and walkable suburban communities

A confluence of factors have pushed many Millennials to own get around by means other than a car, and prefer walkable communities.

Retirement is changing

4 in ten Americans over 55 rent by choice.¹

People in their 50s and 60s have accounted for the biggest increase in renters on record.²

Active lifestyles, both physically and socially, will be increasingly important as Boomers age and housing needs change.

Aging Housing Stock

Much of La Porte County's aging housing stock is owned by Baby Boomers, who need options for their next home before than can sell their current home.

¹ AARP. More Boomers and Retirees Choosing to Rent. 2017.

² *ibid.*

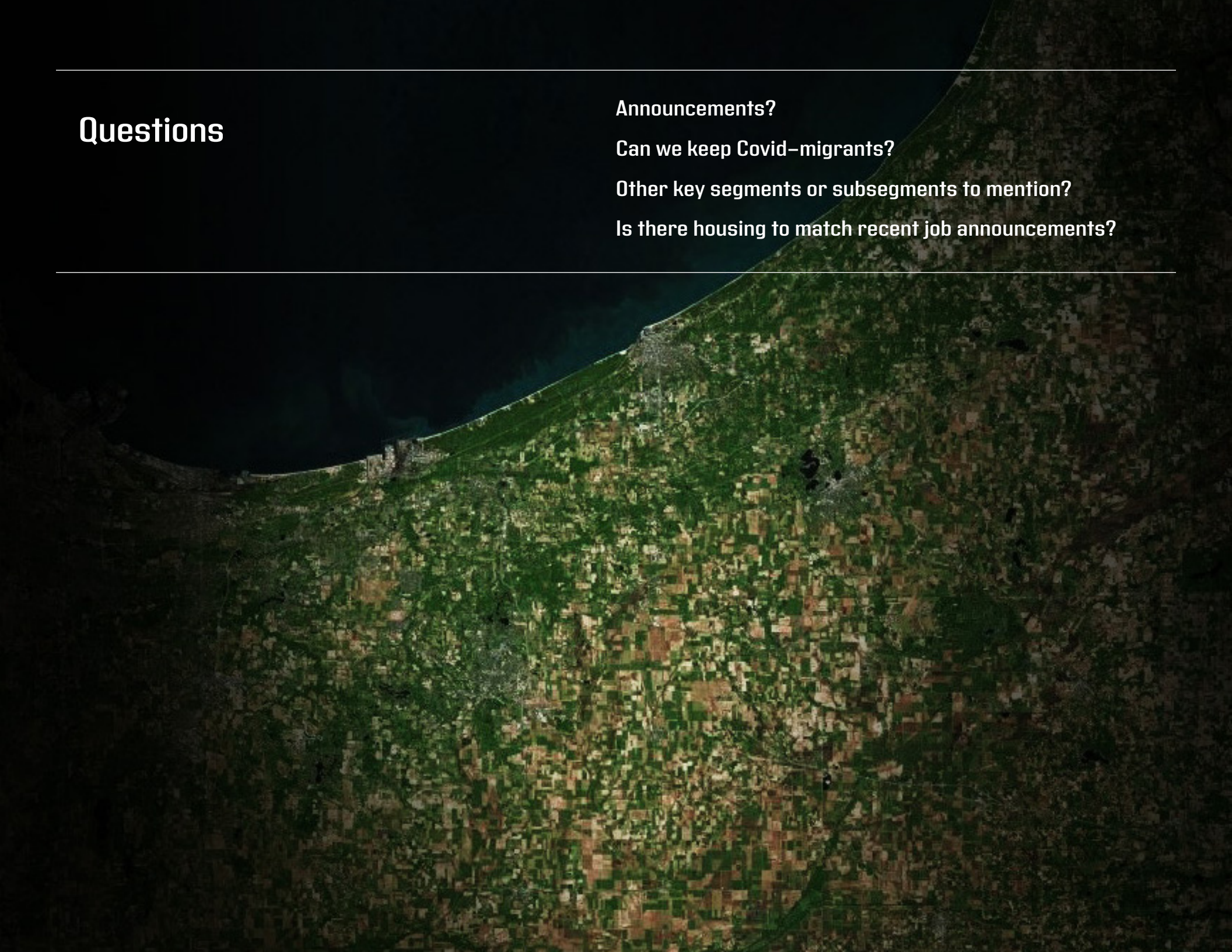
Questions

Announcements?

Can we keep Covid-migrants?

Other key segments or subsegments to mention?

Is there housing to match recent job announcements?



Thank You

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