

Housing Choice in the Midwest Scoping Session Summary

Session Details

Location: Indianapolis, Indiana

Date: October 12, 2004

Participants:

- Mark Stewart, Southeast Side Neighborhood Development
- Bill Shaw, U.S. Department of Housing and Urban Development Indianapolis Office
- Maury Plambeck, Department of Metropolitan Development
- Chris Pryor, Metropolitan Indianapolis Board of Realtors
- Sherry Seiwert, Local Initiatives Support Corporation
- Christie Gillespie, Indiana Association of Community and Economic Development
- Dennis Harney, Indiana Manufactured Housing Association
- Steve Lains, Builders Association of Greater Indianapolis.

Facilitator: Stuart Meck, FAICP

Notetaker: Ty Simmons, Indiana University-Purdue University Indianapolis

Methodology

The Indiana APA chapter assisted APA in the selection of participants in the scoping sessions who would represent a broad range of interests. The scoping session was held in conjunction with the *APA Planning at the Crossroads* multi-chapter conference, which draws participants from IL, IA, KY, MI, MN, MO, OH and WI. Prior to the scoping session, APA distributed a list of 17 questions to be addressed in the sessions. The session was taped and transcribed. APA staff then conducted a content analysis of the transcript, and coded the responses to identify key themes, which are listed below.

Key Themes

- Downtown, High-End Housing
- Homelessness
- Homeownership Focus
- Housing the Mentally Ill
- Impact of Federal Programs (HOPE VI, Sections 8, etc.)
- Lack of Support at State Legislative Level
- Affordable Housing: Perception vs. Reality
- Reactive Programming
- Role of the Developer
- Service Gap for the Very Low-Income
- State of Economy: Boom/Bust, Stable, Growing, Shrinking, etc.
- State Funding for Housing
- Urban vs. Rural Market Differences
- Education, Training and Capacity Building

- Manufactured Housing
- Missing Regional Approaches
- Need for Mixed Development
- NIMBY
- Overstatement of Need for Elderly
- Political Acceptance of Affordable Housing for Senior vs. Affordable Housing for Other Groups
- Terminology
- Public/Private Partnerships
- New Housing Production
- Aging Housing Stock
- Use of Tax Credits
- Other Demographic Impacts
- Impact of the Local/Regional Tax Structure

Session Summary

A dramatic restructuring in Indiana's economy over the past 25 years has led to a state where affordable housing is largely available in the lower two-thirds and needed in the northern portion, agreed participants in a housing scoping session sponsored by the American Planning Association on October 12, 2004 in Indianapolis. The Fannie Mae Foundation funded a series of scoping sessions

“If you look at large swaths of our state 25 years ago,” observed Steven Lains with the Builders Association of Greater Indianapolis, “all these people were working at Delco Remy, they were making wonderful money, they were going to retire in 20 or 25 years, they had wonderful benefits.”

“Well, now you go into those communities and they're, you know, there's a sense of desperation about it. You know, those plants are boarded up and it's like a

whole culture is gone. If you go into a community where once there were 2500 or 3500 workers at a major General Motors plant and now there are 200 left, you know, what, you got to that community there are 200 employees left at General Motors and the retirees that retired from there and everybody else is gone.”

In the central part of the state, particularly in the Indianapolis area, this shift has meant that “housing is affordable here to own,” said Bill Shaw, with the Indianapolis office of the U.S. Department of Housing and Urban Development. The Section 8 housing voucher program “works quite well in this state in the sense that people can afford to find housing. There are relatively high vacancy rates in the rental market.”

Still, Shaw said, “the problem is that there’s far less assistance than there is need.” When the Indianapolis Housing Agency opened up their lists in June 2004, Shaw related, “they got a hundred thousand requests for applications. Twenty-seven thousand replied, actually filled out the application, and then from that they selected 5,000 for their waiting list.”

“Hammond just opened up their waiting list this summer,” Shaw recalled. “They had so many thousands of people that they didn’t expect waiting in line, that they had to cancel it early. Now that wasn’t just local folks. People were coming from Chicago, people came from Washington State. One of the reasons, of course, is affordability. If you get a voucher, a housing choice voucher, you can take it anywhere around the country.”

The process of housing filtering from rental to ownership has had some consequences. “A lot of people are moving from rental houses as well as rental apartments, into homeownership, meaning that there’s a press on the finances to keep

people in rental housing,” said Shaw. “And these older houses that are used as rental stock, if you don’t get somebody in there that’s paying a decent rental income, you’re not going to be able to maintain it. And over a period of time it’s going to deteriorate and you may end up abandoning it as a landlord.”

Indianapolis/Marion County itself suffers from a lack of high-end housing, said Maury Plambeck, the city’s director of the Department of Metropolitan Development. High-end housing is being built instead in the areas north of Interstate 465, in areas like Carmel and Zionsville, which draws people out of the city.

“There is a difference between Indianapolis as a City and the entire region,” added Chris Pryor, with the Metropolitan Indianapolis Board of Realtors. “And there’s really an imbalance in the housing choices within the region. There’s an overabundance of affordable stuff, really, in Marion County [Indianapolis], but you do get the higher end stuff on the suburban side and have trouble bringing that into Indianapolis.”

“In Indianapolis,” said Plambeck “we’ve built more houses than we’ve created families.”

In Indianapolis, said Christie Gillespie of Indiana Association of Community and Economic Development, neighborhoods on the far east side of the city, which would be considered the first ring suburbs, were built to house the people who worked at manufacturing plants run by Ford, Chrysler, and General Electric. “When those plants closed, then you had this impact on the housing stock there. I’m not sure exactly what we’re going to do with this housing stock.” The housing, built in the 1950s and 1960s, are not easily retrofitted to modern standards, especially space. “Some of the materials

weren't that great, as opposed to the inner-city neighborhoods, where at least many of those houses had some historic value or architecture that people want to preserve."

Where there has been increased need, said Sherry Siewert, of the Local Initiatives Support Corporation, is in "the very low thirty percent and below median income," income ranges in which it is nearly impossible to build or supply housing without a subsidy. "We haven't provided, at least in Indianapolis, sufficient housing for the very, very low income," Siewert said.

A consequence of this need, said Bill Shaw, are relatively high levels of homelessness that, he said, is partly the result of deinstitutionalization.

Manufactured housing is filling affordable housing needs in the rural areas of the state, especially the southern third. These areas are our "hottest markets," said Dennis Harney, with Indiana Manufactured Housing Association. The reason, he said, is "a real lack of sub-contractors and builders in those areas. With the manufactured product, a builder can put up three or four times as many houses with half the crews and it eliminates all kinds of sub-contractors."

Even though a state statute forbids discrimination against them, a manufactured home "is forced to go through a number of hurdles that site filled housing isn't required to go through simply by virtue of it being built in a factory. And much of this is historic-- it's just difficult to change. In some parts of the metropolitan areas, for instance, our homes have to have a special exception before they're allowed in and it doesn't relate at all to the construction or the appearance of the home. But the very fact that they have to go get a special use permit if they have a home built in a factory and they don't have to have one if they have a home built on site, says something about the product, [and

causing] a 90 day to six month delay.”

“There are significant low-income areas in our rural areas that people don’t realize,” said Bill Shaw. Shaw identified Orange County and Switzerland County, “two of the counties that just come to mind with huge unemployment rates and very high poverty rates and that have significant problems. We have elderly housing stock around this state which brings other problems. There’s a lot of people that are housed and it’s affordable but they’re living in housing that is, has very serious structural problems.”

Maury Plambeck pointed to the northern area of the state, especially Gary, as having a higher need for affordable housing. Bill Shaw added Hammond, to a lesser extent, East Chicago to a greater extent. “There are needs in our smaller, significant needs in our smaller communities such as Terre Haute,” he said. Shaw said that higher employment rates have drawn Hispanic workers to northern Indiana, and that is a factor in the need for more affordable housing there.

Panelists pointed to a number of cities in Indiana that are doing a good job in addressing affordable housing. In Fort Wayne, said Christie Gillespie, the city established citywide housing strategy task force several years ago. “They brought together all kinds of people to talk about housing strategy and then I think they’re actually in the process of implementation. They’ve then from that extrapolated that the community development department within the city needed to re-think how they are distributing their money. It’s now more competitive, [with a] scoring system.”

Indianapolis has pushed conversions of buildings downtown for owner-occupied housing, especially in historic areas. One is Fall Creek Place, a 380-unit HUD-supported project for homeowners. It was “wildly successful,” said Plambeck, because of its close

proximity to downtown and its location along a well-traveled commuter route. Another 400-unit conversion is currently in pre-sale, he said. Recently, Indianapolis created an affordable housing trust fund, capitalized at \$1.0 million, a portion of which came from the sale of municipal property to private developers. The mayor has established a housing task force that meets on a regular basis.

While the State of Indiana has 66 public housing authorities, the state itself does have a dedicated revenue source for affordable housing, said Bill Shaw. For those areas that do not have a housing authority, the State of Indiana, through the Family and Social Service Agency (FSSA), functions as one.

Dennis Harney said that a big barrier for affordable housing is minimum lot sizes set by local health departments for septic tank leach fields. He noted that the Indiana State Board of Health is proposing new regulations that tighten the requirements for the installation of septic tanks in the State of Indiana. “It’s going to make it much, much more expensive for septic tanks to be installed,” he predicted.

Most Promising Strategies

Midwest participants identified the following strategies as the most promising:

- Planners need to focus on cooperative efforts outside of government, creating partnerships to ensure affordable housing is constructed. (Chris Pryor)
- “I think good training of the local planning commissions produces affordable housing because people get on plan commissions and then view their job as protecting the community from all these undesirable elements

rather than trying to have any kind of comprehensive look on how community ought to develop.” (Steve Lains)

- “We need to find ways to do a UNIGOV sort of approach to housing for our region so that those of us that can afford and enjoy the life of the suburbs and benefit from all the things that happen in that core pay for things that also aren’t so good happening in the core and spreading it around.” (Mark Stewart)