CommunityScale

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2024

MACOG
Regional Housing Study

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Overview

Regional Housing Strategy

This report addresses housing needs, production, and policy recommendations at the regional scale, combining county-by-county and region-wide analysis, literature review, and extensive stakeholder outreach.

The report consists of the following sections:

Housing needs assessment, including links to county-by-county assessments and a tabulation of needs and a housing production target at the regional scale.

Regional context, describing factors that impact housing demand and production across the 3-county region.

Strategy toolkit, compiling approaches and policy ideas to support progress toward housing production and affordability goals across scales, from local to regional.

Implementation plan, recommending strategies, policies, and action steps for MACOG to reinforce its role as a regional catalyst for housing development and technical assistance.

The housing needs assessment combines extensive quantitative data analysis with consideration of the community’s goals for its future to produce a 10-year housing production target.

Housing needs assessment

County-by-county Housing Needs Assessments. Links to full reports documenting demand and housing production targets for each county. The results of these county-level reports directly inform the findings and recommendations presented in this regional-level strategy document.

Regional demand. An assessment of housing demand at the regional level, considering an aggregation of the county-by-county assessments along with factors that operate at a broader regional scale.

Regional production target. An estimate of the housing volume and mix that is likely achievable over the next 10 years given current and projected funding resources, development capacity, and market opportunity.

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County reports

Housing needs assessment

County-by-county reports

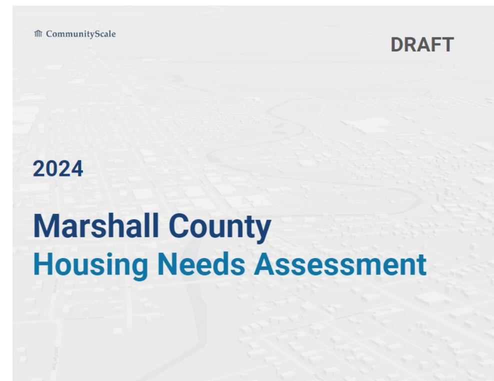
Source: CommunityScale

The Regional Housing Study includes Housing Needs Assessments for each of the region's three counties, considering need and demand as understood from within the context of each. The links at right lead to each county's report.

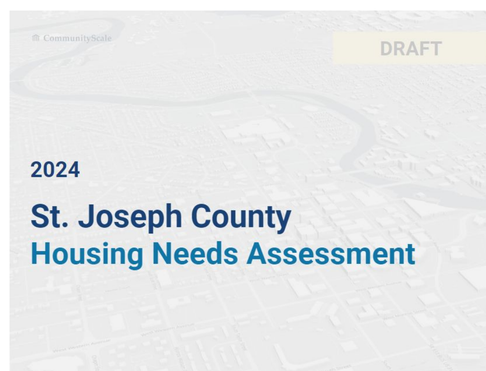
The following slides synthesize these county-level findings into a regional assessment of housing demand and recommended region-wide production targets over the next 10 years.

County-by-county Housing Needs Assessments

[Elkhart County HNA]



[Marshall County HNA]



[St. Joseph County HNA]

Regional demand

Housing needs assessment

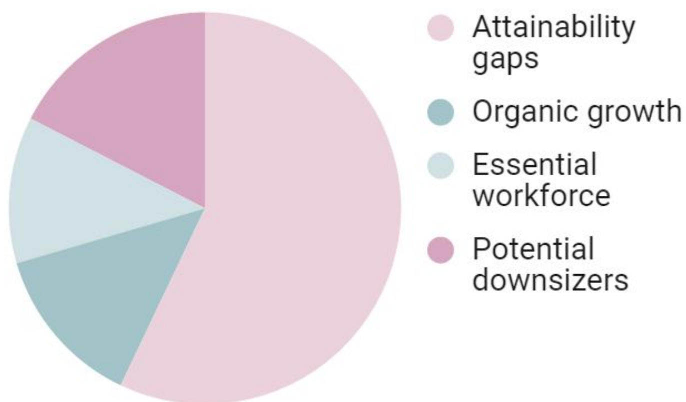
The sources of regional housing demand

Source: CommunityScale

The Regional Housing Needs Assessment measures housing demand as derived from the following four sources:

- **Attainability gaps:** Affordable units needed to balance the costs of housing with households' ability to pay across income levels and price points.
- **Organic growth:** Units needed to accommodate projected net new households.
- **Essential workforce:** Units needed to house middle-income workers, typically 80-120% AMI.
- **Potential downsizers:** Units that accommodate the needs and preferences of empty nesters and seniors looking for smaller housing options.

Regional housing demand by demand driver



Demand driver	Total demand (units)
Attainability gaps	34,080 - 42,590
Organic growth	8,010 - 10,020
Essential workforce	7,220 - 9,020
Potential downsizers	10,410 - 13,010
Total	**59,720 - 74,640**

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Regional demand

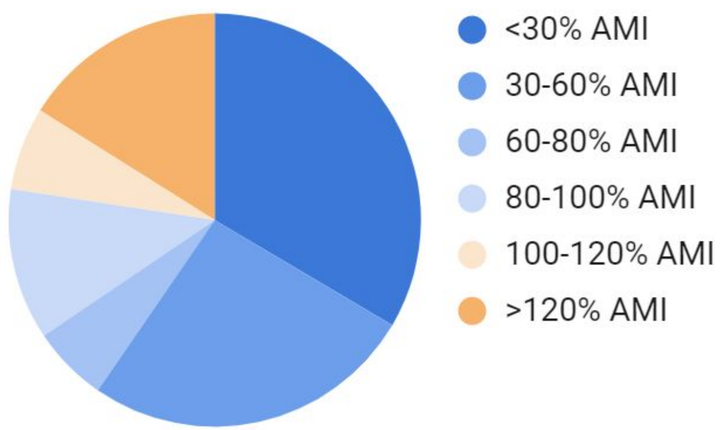
Housing needs assessment

Total regional demand by income based on what is needed

Source: CommunityScale

Most of the region's housing demand is driven by low-income households, especially those unable to find affordable housing under current circumstances. There is also significant demand at the higher end of the income spectrum. About one third of demand is driven by households earning between 60-120% AMI.

Regional housing demand by income level



Income (AMI)	Total demand (units)
<30%	20,000 - 24,990
30-60%	15,590 - 19,490
60-80%	3,550 - 4,440
80-100%	7,080 - 8,850
100-120%	3,880 - 4,860
>120%	9,610 - 12,010
Total	**59,710 - 74,640**

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Regional production target

Housing needs assessment

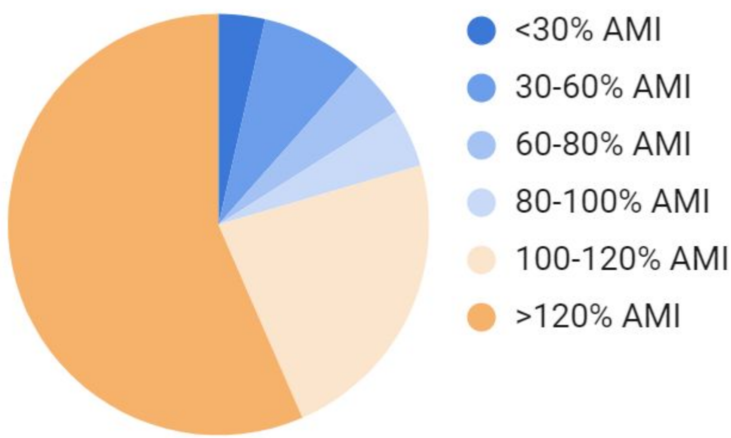
10-year production target by income based on what is feasible

Source: CommunityScale

Regardless of overall need or demand, only a limited number of units can realistically be built each year. The housing production target summarized at right combines the demand analysis with estimates of the practical limits of applicable subsidy programs (i.e. how many units each program typically supports each year) and development industry capacity (i.e. how many units developers have collectively proven able to produce each year) for quantities that are ambitious but also achievable.

In spite of these practical constraints, accelerated housing production is possible with strong leadership, political will, increased resources, and community support. This production target should be considered a goal that is meant to be exceeded.

10-year regional housing production target by income level



Income (AMI)	Production target (units)
<30%	480 - 600
30-60%	1070 - 1340
60-80%	600 - 750
80-100%	600 - 750
100-120%	3090 - 3,860
>120%	7,600 - 9,500
Total	**13,440 - 16,800**

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Regional production target

Housing needs assessment

Translating production targets into price points

Source: CommunityScale

The table at right translates the housing production target into units by overall monthly cost and approximate purchase price and lease rent these costs correspond with.

Monthly costs represent the maximum range households at each income level can spend on housing without becoming cost burdened (i.e. spending over 30% of their income on housing). These costs include both mortgage/rent as well as utilities, taxes, insurance and other fundamental housing expenses.

The affordable purchase price and lease rent represent the buying power each monthly cost level represents.

10-year regional housing production target by monthly cost and price points

Income (AMI)	Production target (units)	Affordable monthly cost	Affordable purchase price	Affordable lease rent (per month)
<30%	480 - 600	\$520 - \$640	\$43,340 - \$52,970	\$410 - \$510
30-60%	1070 - 1340	\$1,040 - \$1,280	\$103,490 - \$126,490	\$920 - \$1,120
60-80%	600 - 750	\$1,400 - \$1,710	\$143,600 - \$175,520	\$1,250 - \$1,530
80-100%	600 - 750	\$1,750 - \$2,130	\$183,710 - \$224,530	\$1,590 - \$1,950
100-120%	3090 - 3,860	\$2,100 - \$2,560	\$223,700 - \$273,420	\$1,930 - \$2,350
	13,440 - 16,800			

Supplementing the county-by-county Housing Needs Assessment reports, this section addresses topics that affect all three counties and should be understood from a regional perspective.

Regional context

Regional dynamics: Macroeconomic trends and other factors that are best understood at the regional scale, such as employment patterns, wages, federal affordable housing funding, and interstate migration.

Barriers to development: Issues and conditions that have been raised over the course of numerous stakeholder conversation as particularly significant impediments to housing development and affordability.

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Regional dynamics

Employment growth and household growth

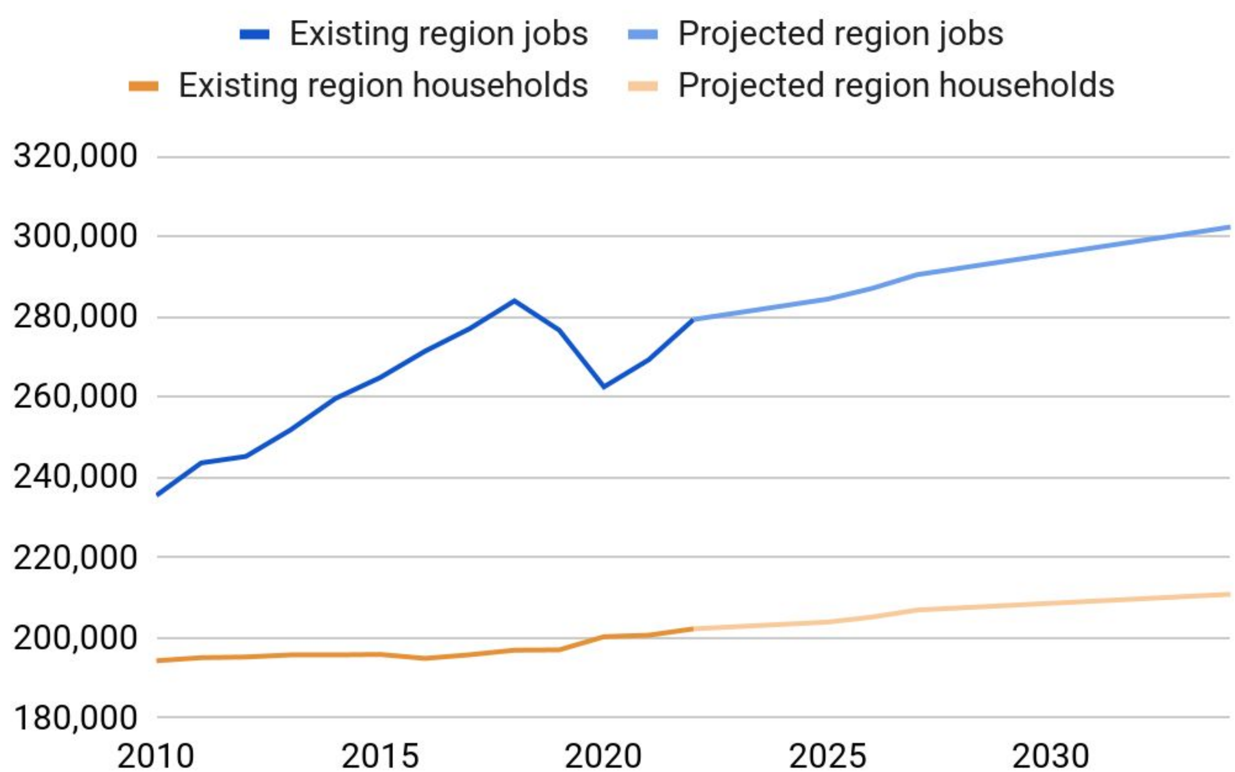
Sources: US Census, Longitudinal Employer-Household Dynamics dataset, 2021, South Bend Tribune, South Bend Chamber

Two major employers recently announced plans to open facilities in the Indiana Enterprise Center in northwest St. Joseph County which are projected to create up to 2,700 jobs:

- Amazon data center: 1,000 jobs
- GM EV battery plan: 1,700 jobs

At a rate of 0.7 households per job (the prevailing jobs-to-households ratio), these two employers could add nearly 1,900 new households to the region, likely mostly concentrated in St. Joseph County but with some impact in Marshall and Elkhart Counties as well. However, it is also possible an outsized portion of these jobs will be filled by existing residents either shifting from other, less desirable jobs or re-entering the workforce after temporary disengagement.

Recent and projected region-wide jobs and household growth



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Regional dynamics

Wages and ability to pay for housing

Sources: ACS 5-year, 2022

Employment and wages are a direct determinant of a household's ability to pay for housing. The table at right summarizes median wages (annual and hourly) for typical occupations in the region. These earnings are translated into AMI as well as the amount this income can afford in rent or to purchase a home without cost burden.

Given these are median wages, it should be assumed there are subsets of people earning more and less than these figures.

52% of households in the region include multiple earners such that their household income reflects combinations of these wages. For example, a household with a median-wage manager and a median-wage firefighter would earn 126% AMI.

Median wages by occupation and ability to pay for housing
(Reflects individuals' wages - many households are multiple earners combining wages)

Occupation	Median wage	Hourly equivalent	AMI equivalent	Affordable rent	Affordable home
Management	$72,387	$34.80	81%	$1,665	$243,062
Business and financial operations	$64,233	$30.88	72%	$1,477	$212,391
Computer and mathematical	$71,946	$34.59	81%	$1,655	$241,403
Architecture and engineering	$81,588	$39.23	92%	$1,877	$277,672
Life, physical, and social science	$41,682	$20.04	47%	$959	$127,566
Community and social service	$46,113	$22.17	52%	$1,061	$144,233
Legal	$78,437	$37.71	88%	$1,804	$265,819
Educational instruction, and library	$44,717	$21.50	50%	$1,028	$138,982
Arts, design, entertainment, sports, and media	$38,572	$18.54	43%	$887	$115,868
Health diagnosing and treating practitioners	$73,790	$35.48	83%	$1,697	$248,340
Health technologists and	$45,921	$22.08	52%	$1,056	$143,511
Healthcare support	$32,087	$15.43	36%	$738	$91,474
Firefighting and prevention	$39,684	$19.08	45%	$913	$120,050
Law enforcement	$66,447	$31.95	75%	$1,528	$220,719
Food preparation and serving related	$13,132	$6.31	15%	$302	$20,175
Building and grounds maintenance	$27,519	$13.23	31%	$633	$74,292
Personal care and service	$25,310	$12.17	28%	$582	$65,983
Sales and related	$33,802	$16.25	38%	$777	$97,925
Office and administrative support	$37,915	$18.23	43%	$872	$113,396
Farming, fishing, and forestry	$44,971	$21.62	51%	$1,034	$139,937
Construction and extraction	$52,815	$25.39	59%	$1,215	$169,442
Installation, maintenance, and repair	$57,954	$27.86	65%	$1,333	$188,773
Production	$50,861	$24.45	57%	$1,170	$162,093
Transportation	$43,830	$21.07	49%	$1,008	$135,645
Material moving	$33,706	$16.20	38%	$775	$97,564

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Regional dynamics

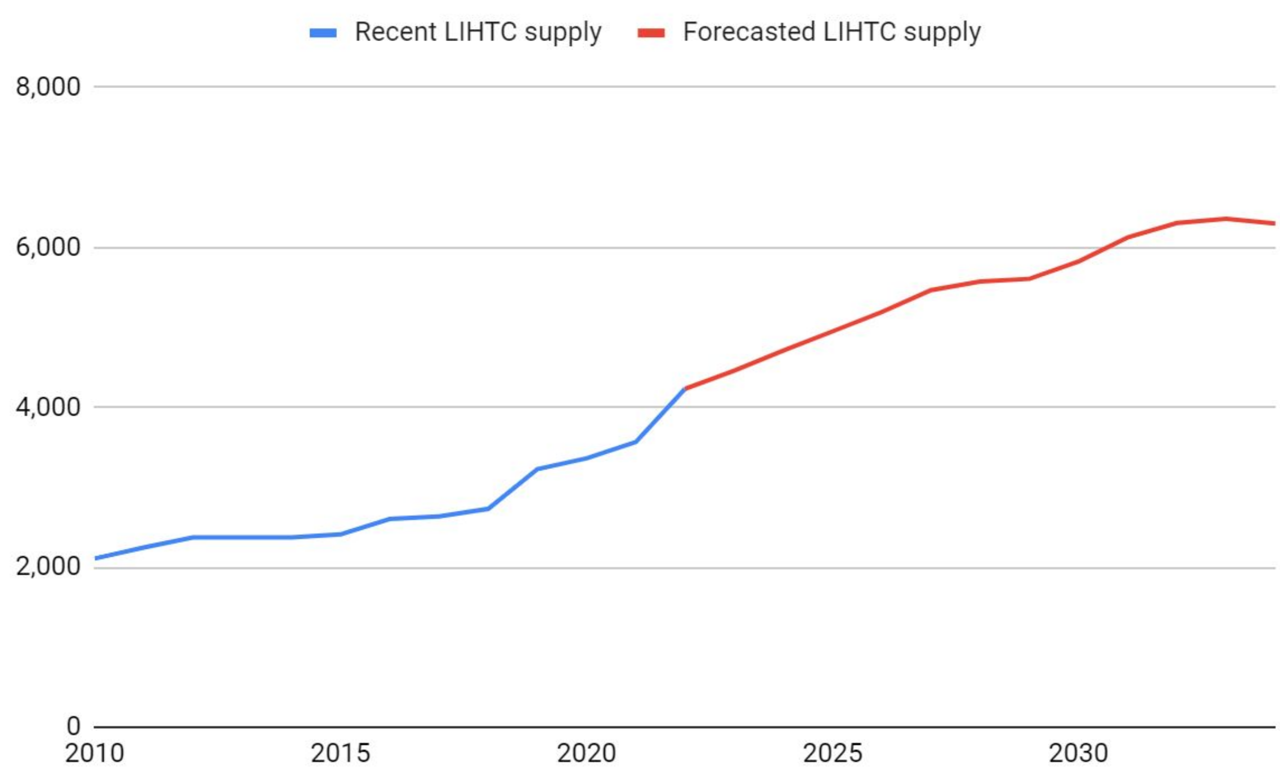
Low Income Housing Tax Credit supply

Source: HUD's Low-Income Housing Tax Credit Database

Low Income Housing Tax Credits (LIHTC) represent one of the most prevalent and effective tools with which to deliver housing affordable to households earning 60% AMI and below. In many communities across the country, there are very few financing alternatives outside this program to provide this level of affordability.

The LIHTC supply is limited and its allocation is competitive on a state-by-state basis. The graph at right tracks LIHTC-funded units over the past 15 years and projects likely supply through 2040. The region's ability to deliver new housing at 60% AMI and below will be largely dependent on how well local developers and their partner municipalities and stakeholders can compete for an outsized share of Indiana's LIHTC allocation.

The region's recent and projected supply of LIHTC-funded affordable housing



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Regional dynamics

Migration

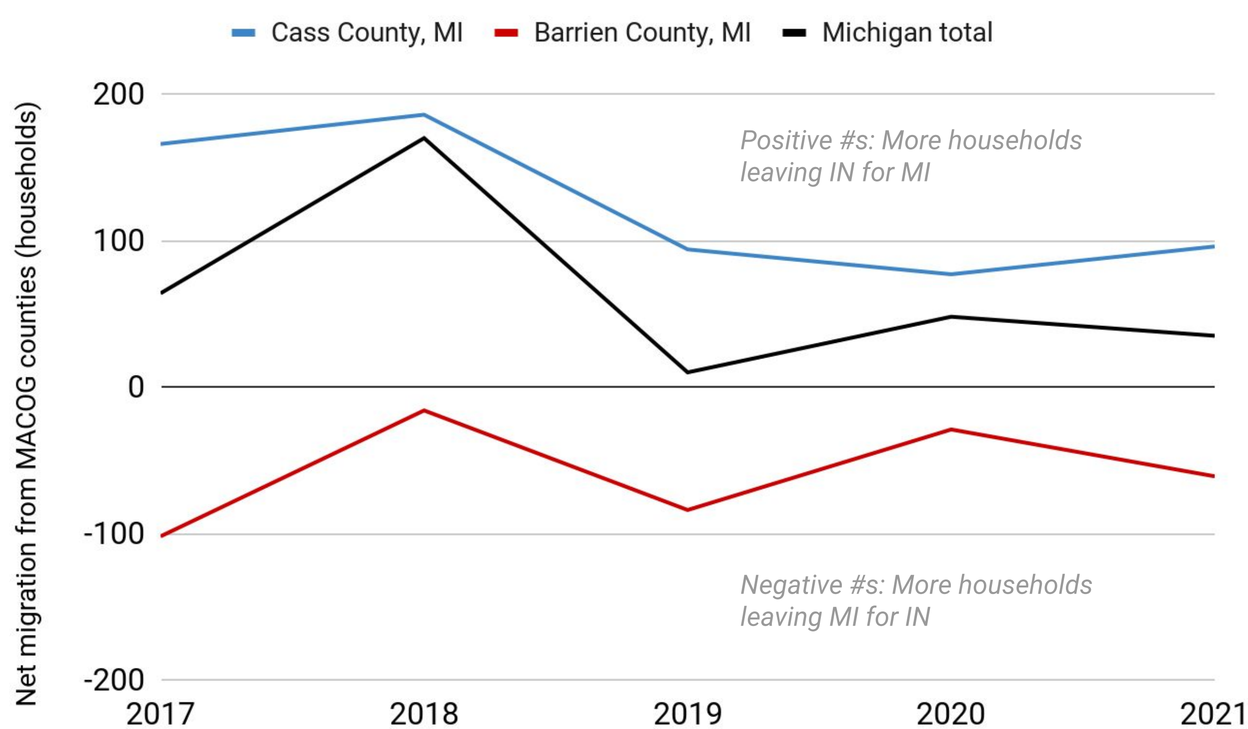
Source: IRS SOI migration data

As the region's growth extends into Michigan, there are concerns about losing population and investment out of state. Migration trends over the past several years suggest a small degree of net out-migration from St. Joseph and Elkhart Counties to Michigan, an average of 65 households per year.

However, the flows are not evenly distributed between Michigan counties. While the region nets an average annual loss of about 125 households to Cass County, MI, the region net gains about 60 from Barrien County, MI.

Overall, net out-migration to Michigan does not seem to be a significant problem for the region at present but monitoring these trends is worthwhile in case this changes in the future.

Annual household net migration to adjacent Michigan counties



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Barriers to development

Project-scale barriers

Sources: US Census, Longitudinal Employer-Household Dynamics dataset, 2021, South Bend Tribune, South Bend Chamber

The following barriers impact developers' ability to deliver new housing development in the region:

Development costs

Especially since the pandemic's onset, several fundamental development costs have increased substantially, making it more difficult to finance and build housing within price ranges that most can afford. For example, interest rates drive up the cost of construction and permanent loans that typically underwrite the bulk of a development's budget. Construction materials and labor costs have also risen sharply, adding costs to development projects that can only be passed on to tenants and buyers to a point before becoming too expensive to compete in the market.

Infrastructure limitations and costs

While most community's central plants have sufficient capacity to support growth, local sewer and water distribution is often limited to areas that have already been largely built out and extending to new redevelopment districts can be very costly. Though all sides acknowledge sewer and water connections are central to unlocking new development opportunities, there is not always agreement about who can or should fund and implement the needed system extensions. Municipalities and utilities may lack the capital on hand and developers may not be able to justify the expense without compromising a project's financial feasibility.

Labor shortage

Many developers have reported a lack of construction labor that impedes their ability to meet production goals and keep up with the opportunities in front of them. This includes both licensed and unlicensed trades. For the tradespeople that are available, their costs may be elevated and scheduling difficult given the high demand for their time and skills.

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Barriers to development

Regulatory and structural barriers

Sources: US Census, Longitudinal Employer-Household Dynamics dataset, 2021, South Bend Tribune, South Bend Chamber

The following barriers impact developers' ability to deliver new housing development in the region:

Public debate

From an analytical perspective, all communities in the region are experiencing some degree of housing shortage or under production relative to local need and projected demand. However, local leaders and residents may not be fully informed and/or on the same page regarding the extent of this challenge or the steps necessary to address it. For example, some may be concerned about the impacts of new development, higher density, rental housing, and other changes on the capacity of local services or the character of the local community despite a general desire for more housing. Resistance to change, disagreement about the nature of the problem, and conflict over the steps to address it can slow or prevent solutions from developing or taking effect.

Zoning and regulations

Most of the region's housing was built years or decades ago under different market conditions than exist today. For example, zoning in many neighborhoods reflects a legacy of large homes suitable for families with children on relatively large lots. However, current trends see households shrinking and preferences shifting toward smaller units near amenities and downtowns. The minimum lot sizes, building square footages, and other massing and density parameters in force by local zoning does not always align with the housing typologies and land use patterns today's households would prefer - especially smaller units on compact lots that would more likely be affordable to middle class households and seniors.

Infill challenges

Vacant, abandoned, and derelict (VAD) properties are a significant driver of blight and devaluation in many neighborhoods, especially (but not exclusively) in the region's larger cities. Infill development refers to the process of converting VAD and other underutilized properties into new, quality housing, often with affordability protections. Despite the large number of VAD parcels, there are several hurdles to transforming these sites. For example, significant resources are required to inventory, acquire, remediate, and reposition these sites. Developers have trouble financing small, individual projects (especially when opportunities exist elsewhere for larger, more efficient and profitable projects). Financing resources such as trust funds and land banks and are not widespread.

The strategies introduced in this section could be adopted by municipalities and counties as part of their housing planning, policy making, and investment activities.

Strategy toolkit

Developing housing at scale is more challenging now than in recent memory - especially if affordability is a priority. Costs and interest rates are high, real estate and regulatory environments are complex, and the market is still reeling from the shock of the pandemic and other shifts in employment and household preferences. Overcoming these challenges requires a strategic and collaborative approach to planning, capital investment, and development.

Informed by analysis, best practices, and conversations with dozens of stakeholders, this section compiles recommended strategies and tools that can help streamline housing production and foster more affordability at local and regional scales, including the following:

- Infill development
- Construction workforce pipeline
- Proactive infrastructure investment
- Manufactured housing
- Land banks
- Housing trust funds
- Interlocal infrastructure development funds
- Community land trusts
- Zoning reform
- Transparent approvals process
- Coordinated development standards
- Tax increment financing
- Tax abatement
- Housing database

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Strategy toolkit

Infill development

Infill housing consists of new housing added to established neighborhoods, either built on underutilized parcels or added to already-improved parcels. Infill development can take many forms, from small ADUs and carriage houses to townhomes to small multifamily buildings. Often, infill housing requires context-sensitive architecture and urban design to help new structures fit in with their existing neighborhood settings.

Especially in urban neighborhoods, infill development represents a significant opportunity to both add housing units and also revitalize parts of the community suffering from disinvestment.

The following can help promote infill development:

- Assess zoning codes to ensure potential new units fitting constrained lots are allowed by right.
- Proactively upgrade water, sewer, and other utility connections to avoid adding these costs to new development.
- If municipally owned such as through tax taking, prepare property for streamlined disposition and development, for example by remediating contamination and cleaning titles.
- Collaborate with a land bank or land trust.

A typical South Bend neighborhood block showing potential development of vacant lots using the pre-approved building types.

Image source: [South Bend neighborhood infill design guidelines]

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Strategy toolkit

Construction workforce pipeline

Developers and builders have reported a labor shortage within the construction industry that has impeded their ability to build at pace with the opportunities available to them. This shortage includes both unlicensed and licensed workers, driving prices above industry standards and contributing to construction delays. Tradespeople such as electricians and plumbers are difficult to schedule and can charge a premium which ultimately leads to higher prices for renters and buyers.

There are many workforce development and trade school programs across the region. Local and workforce development organizations in the area should assess this shortage in collaboration with developers and builders and consider promoting and adding resources to training pipelines for trades and other skilled construction professions. The Indiana Department of Workforce development reports average construction wages at nearly $34/hour, the highest rate among surveyed occupations from their May 2024 Labor Market Review. Messaging around construction workforce development could emphasize the ability to earn a living wage in a job that will likely be in high demand for many years to come.

Statewide Average Weekly Hours & Earnings by Industry for May 2024			
Industry	Average Earnings (per hour)	Average # of hours worked (weekly)	Average Earnings (per week)
Construction	$33.85	40.1	$1,357.39
Manufacturing	$25.54	39.8	$1,016.49
Durable Goods	$26.40	41.3	$1,090.32
Fabricated Metal Product Manufacturing	$26.83	43.2	$1,159.06
Transportation Equipment Manufacturing	$28.54	41.4	$1,181.56
Non-Durable Goods	$23.12	36.1	$834.63
Retail Trade	$18.72	28.5	$533.52
Financial Activities	$27.60	37.1	$1,023.96
Health Care and Social Assistance	$29.09	32.4	$942.52
Accommodation and Food Services	$16.10	24.8	$399.28
Food Services and Drinking Places	$15.70	23.8	$373.66

Source: https://www.gotoworkone.com/_files/ugd/35d8a7_b683fd1b2eee403da33c06da31a2e951.pdf

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Strategy toolkit

Proactive infrastructure investment

Infrastructure costs are one of the most widely cited impediments to new housing production across contexts, from urban to suburban to rural. New or upgraded sewer and water connections can add over $30k to the cost of an infill unit (even after potential municipal rebates). Extending sewer and water service to new development sites in rural communities represents a capital expenditure developers cannot justify on top of elevated costs for other project elements. In the event a developer does take on these infrastructure expenses, the costs are invariably passed on to future tenants and homebuyers, reducing housing affordability at a time when mid-range “starter homes” and rentals are in greatest demand.

To help reduce development costs and accelerate housing production, municipalities should consider making critical infrastructure investments prior to developers’ involvement. This would include prepping infill sites with water, sewer, and other utility connections and proactively extending water and sewer districts to new development areas.

Costs can be managed through strategies such as executing infill upgrades blocks at a time rather than lot-by-lot and pooling resources with other communities into a infrastructure development fund to finance larger capital projects.

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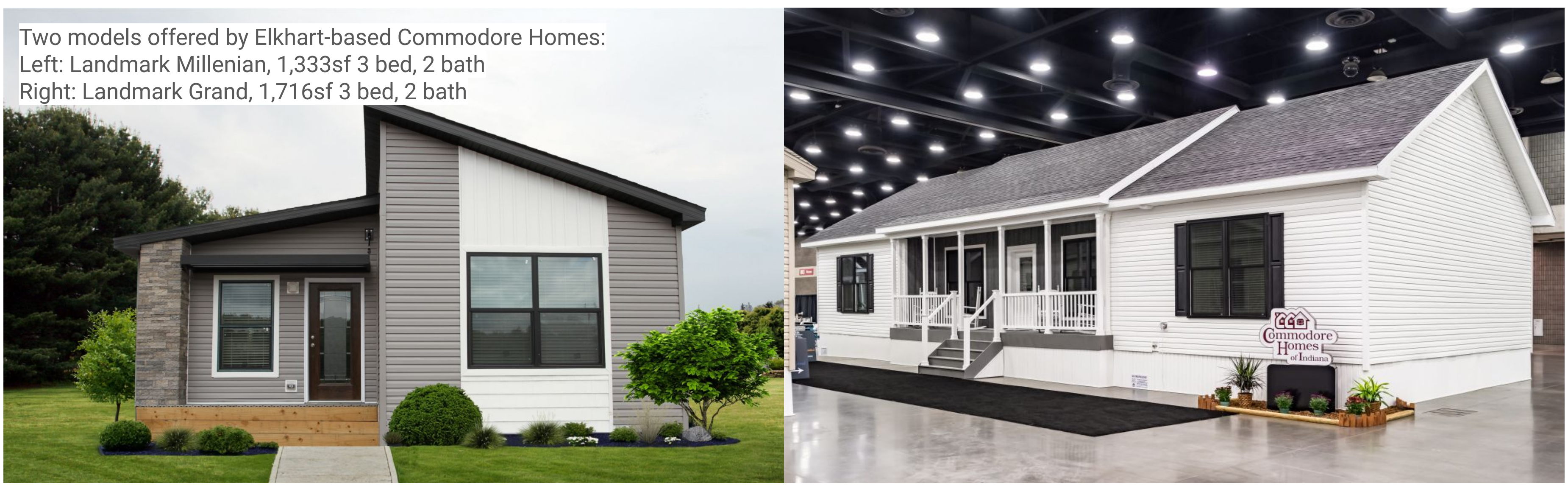
Strategy toolkit

Manufactured housing

Elkhart is a national leader in manufactured housing production with units shipped nationwide and beyond. However, these products are underrepresented locally in part because zoning codes in many communities are designed to exclude manufactured units in favor of more conventional stick-built construction that appears more permanent and higher value. While manufactured homes may historically have been less varied and attractive in their appearance, modern options are often indistinguishable from conventionally built units. GIven the high time and labor efficiency of factory production, manufactured homes can cost less and perform better in terms of energy usage and assembly quality, leading to lower operating expenses. Transportation costs, typically significant when shipped to most places, could be limited with local delivery. Quality control could be coordinated with local building inspectors to ensure units meet aesthetic and durability expectations.

Manufactured homes could represent a larger share of the region's moderately priced inventory with more permissible zoning codes and increased collaboration between producers, developers, and local land use and economic development officials.



Two models offered by Elkhart-based Commodore Homes:
Left: Landmark Millenian, 1,333sf 3 bed, 2 bath
Right: Landmark Grand, 1,716sf 3 bed, 2 bath

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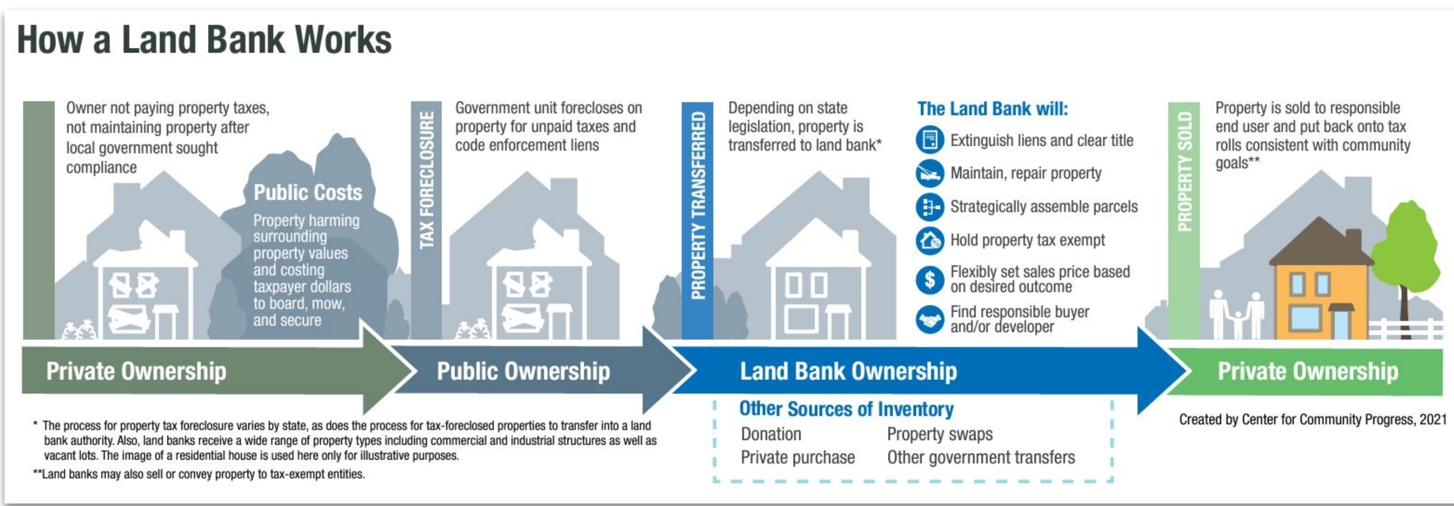
Strategy toolkit

Land banks

A land bank is an entity that acquires, manages, and repurposes vacant, abandoned, and tax-delinquent properties to foster neighborhood revitalization, reduce blight, and support economic development and affordable housing initiatives. Land banks may be administered at the municipal level or regionally through collaboration between multiple jurisdictions under a designated managing organization and fiscal sponsor. Land banks are often paired with housing trust funds which help finance construction and other redevelopment activities. Properties are typically sold to income-eligible households earning below 80% AMI.

Often, land banks acquire and reposition land taken for tax delinquency by municipalities. While held by the land bank, property can be cleared, remediated, and otherwise prepared for development. Proactive steps such as restoring or upgrading water, sewer, and utility connections and cleaning the title can facilitate quick redevelopment by private or nonprofit development partners and reduce the overall cost toward a lower sale price at disposition to the benefit of lower-income homebuyers.

The Regional Housing Collaborative proposed by the Community Foundations of Elkhart, St. Joseph, and Marshall Counties would be an effective combination of the land bank and housing trust fund concepts. More details available in this memo.



From the 2023 report "Establishing a Land Bank in South Bend and St. Joseph County" by the Center for Community Progress.

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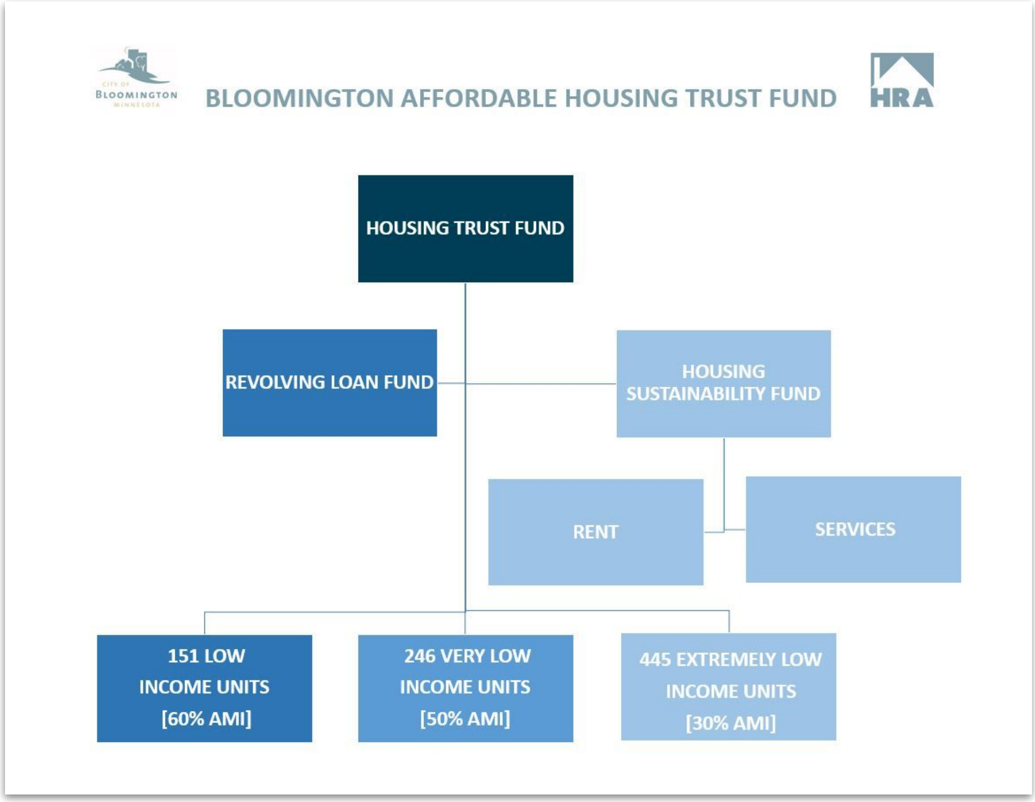
Strategy toolkit

Housing trust funds

A public or private fund established to support the creation, preservation, and/or maintenance of affordable housing, housing trust funds can be financed through a variety of sources, including local taxes, developer fees, municipal surpluses, grants, and donations. The funds support affordable housing construction, renovation, and related services.

Housing trust funds could be paired with strategies such as land banks and community land trusts to provide a financing vehicle that compliments either land assembly and disposition or management functions.

The Regional Housing Collaborative proposed by the Community Foundations of Elkhart, St. Joseph, and Marshall Counties would be an effective combination of the land bank and housing trust fund concepts. More details available in this memo.



Bloomington Affordable Housing Trust Fund structure

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Strategy toolkit

Interlocal infrastructure development funds

Sources: US Census, Longitudinal Employer-Household Dynamics dataset, 2021, South Bend Tribune, South Bend Chamber

Especially in suburban and rural contexts, new housing development is contingent on extending water and sewer service to reach and supply the development site. More than a new or upgraded hook-up to an existing trunk line (as might be the case in an urban infill context), these connections must be scaled to serve the entire development and routed through land that the developer might not own (such as along public rights of way leading between existing distribution lines and the new site). In many cases, neither the developer nor the municipality is equipped to assume the cost, complexity, and time commitment required to implement this threshold investment.

By pooling resources, a group of jurisdictions could establish the critical mass of funds and financing capability to address catalytic capital investments like sewer and water extensions for new housing development. An infrastructure development fund could be managed at the county level, such as by the economic development corporation.

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Strategy toolkit

Community land trusts

A Community Land Trust (CLT) is a nonprofit organization that acquires and manages land to provide long-term affordable housing. It separates land ownership from building ownership, ensuring housing remains affordable for future generations by controlling resale prices and prioritizing community stewardship and stability. Properties are typically leased to income-eligible households earning below 120% or 80% AMI.

CLTs can operate at multiple scales, from a focus within a single municipality to a broader county or regional expanse. Like land banks, CLTs often collaborate with local governments, agencies, and nonprofits to acquire underutilized and surplus land and plan redevelopment concepts.

CLTs may also collaborate with trust funds and other financial programs oriented toward affordable housing.

Indiana examples:

- Northeast Neighborhood Revitalization Organization (South Bend)
- Summit Hill CLT (Bloomington)

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Strategy toolkit

Zoning reform

Most of the region's housing was built under significantly different market and demographic conditions than exist today. For example, dynamics such as smaller households, remote work, pent up demand by first time homebuyers, and an aging baby boomer generation are fueling demand for alternative housing options that, while not dramatically different than the current stock, may be different enough to conflict with underlying zoning and therefore be difficult to produce.

Zoning modifications that can help support increased and more streamlined housing production include:

- **Allowing smaller houses:** Many singles and couples without children are interested in homeownership but prefer a small house on a compact, low maintenance lot. In some places, minimum building and lot sizes might not accommodate this model. Zoning revisions would allow this smaller-scale development model desired by the market. The regulations could include design standards that help ensure the new construction fits into the neighborhood context in terms of front setbacks, massing, and other placemaking parameters.

- **Encouraging ADUs and multifamily rental conversion:** Many communities dominated by single family detached houses do not offer options for households interested in renting locally. Beyond simply designating an area of town for multifamily development, zoning can be amended to allow new units within existing neighborhoods, such as accessory dwelling units (ADUs) on single family lots and conversion of larger single family structures into multifamily.

- **Reducing parking requirements:** Off-street parking requirements can limit housing density regardless of local support for more housing otherwise. In many cases, there is sufficient on-street parking capacity to accommodate many of the vehicles owned by nearby households and their visitors. Some take the approach that off-street parking supply should be a market decision left to developers and zoning should not require it. Another approach is to impose a parking maximum rather than minimum to divert more land toward housing production instead of parking supply.

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Strategy toolkit

Zoning reform (continued)

Zoning modifications that can help support increased and more streamlined housing production include (continued):

- **Allowing manufactured homes:** Given the potential cost-savings and efficiency advantages of manufactured homes (such as those produced at scale in Elkhart), local zoning codes should find ways to accommodate these units with regulations that help them fit into the neighborhood context but also permit their often smaller footprint.
- **Reflecting development feasibility thresholds:** In some cases, developers need to reach certain height or massing minimums to achieve densities that support financial feasibility. This can be accommodated in some cases with relatively minor changes to height and massing regulations, such as by permitting an extra floor or a slightly larger building footprint. Communities can work with local developers to right-size zoning envelopes and other design parameters to reflect these trade-offs.
- **Permitting alternative housing typologies and household configurations:** Most housing - and the underlying zoning that regulates it - is designed for a relatively rigid definition of a household and housing unit. Each unit is positioned to house a single, discrete household (often called a “family”). However, in practice, units and households exhibit more flexibility, such as in multigenerational and roommate configurations. Zoning and related regulations should enable units designed for alternative (but decreasingly uncommon) living arrangements, for example by loosening the definition of “household,” allowing shared facilities (kitchens, bathrooms) and “swing rooms” (bedrooms can can be attached to one unit or the other on-demand, similar to an adjoining hotel room), and other flexible and adaptable features.

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Strategy toolkit

Transparent approvals process

Uncertainty is often the biggest threat to a development project's successful implementation. Some uncertainties cannot be controlled, such as interest rates. However, approval risk is one that communities can address. Developers are less likely to build in communities that have ambiguous or subjective regulatory and approvals criteria. Communities with more up front, objective, and transparent zoning and approvals process tend to attract more developers with more satisfactory project outcomes, such as following best practices including:

- **Pre-approvals meetings** including developers, municipal staff from relevant departments, and local leadership to compare notes and discuss preliminary design and development feedback ahead of the formal process and before significant resources have been invested on design drawings. The closer and more coordinated all parties can be going into the process, the smoother and quicker the process is likely to go.
- **Objective and measurable design parameters** that reflect the community's vision and will be supported by leadership if adhered to. The better a developer understands what the community wants in a project, the more closely they can design to that vision up front and with confidence that the project is headed in the right direction.
- **Clear evaluation criteria** that are as objective and measurable as the governing design parameters to help the developer shape and describe the project in terms of how the community will evaluate and approve it.
- **Defined approvals process** with defined submittal requirements and fixed timelines and milestones that all parties commit to up front. Time costs developers money (which contributes to higher housing costs for tenants and buyers) and can delays when the community will benefit from a project's taxes and added housing supply.
- **Modest flexibility** in design and other parameters to accommodate situations where a developer needs to slightly deviate from requirements to make a project work efficiently.

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Strategy toolkit

Coordinated development standards across jurisdictions

One commonly voiced challenge facing the region's developers and builders is the significant variation in key standards and regulations between jurisdictions and among building inspectors and planning officials. For example, different municipalities employ different sets of zoning definitions and building standards that require builders to learn multiple systems in order to operate in each location. Ultimately, many developers and builders simply settle into the one or few places they have eventually figured out and disregard other places in the region. This leads to a partitioning of resources that ultimately does not serve the region as well as a pool of developers and builders that could more freely follow housing needs and opportunities from place to place.

While it is unreasonable to expect all or even most jurisdictions to completely consolidate around a uniform set of codes and standards, it should be possible to strategically and incrementally improve alignment and compatibility between at least some of the more impactful regulations to start reducing this friction.

County officials and/or MACOG could take a leadership role in identifying and addressing opportunities for better regulatory alignment. Model regulations and standards could be crafted in collaboration with jurisdictions and developers/builders to reflect mutual needs and priorities. To help keep the process manageable, participants could prioritize topics and work through the list gradually, starting with low hanging fruit that offer meaningful impact without too much controversy.

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Strategy toolkit

Tax increment financing (TIF)

Tax increment financing (TIF) is a tool that allows municipalities to utilize the net increase in tax revenue from a redevelopment district to help fund certain components of its implementation, such as site acquisition, infrastructure, site preparation, and public realm improvements.

TIF represents a critical component of the financing strategy for many of the largest and most impactful mixed use projects across the region. Developers cite TIF as essential for making these complex projects possible, especially when combined with other incentives and grants such as READI.

Municipalities should consider using TIF to help catalyze additional housing development wherever appropriate and feasible. To ensure the incentive most directly addresses local priorities and vision for a given initiative, the community should clearly articulate planning goals and design expectations before seeking developer partners interested in delivering the desired projects and taking advantage of the benefit. TIF benefits should be restrained to just those projects that embody the envisioned purpose and managed to sustain numerous investments over time if possible.

TIF districts should be strategically demarcated to include not only sites where reinvestment is currently planned but also sites where reinvestment is likely to occur over the coming years, such as blocks under consideration for redevelopment by CDCs and related entities that would benefit from TIF support.

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Strategy toolkit

Tax abatement

Municipalities can incentivise housing development and renovation project through tax abatements which temporarily shield the net increase in property value from a corresponding net increase in tax liability. Eligible investments include new construction and reinvestment in existing structures through remodeling, renovation, and repair. The abatement period can extend for up to 10 years, though the net new taxes may incrementally phase in across all or a portion of that time.

Tax abatements could apply to new infill or greenfield housing development to help improve financial feasibility for developers and/or lower overall costs for more affordable rent or sales prices for renting or owning households.

Abatements can also help households avoid displacement and remain in their homes by mitigating the long-term cost of essential repairs, accessibility retrofits, and energy efficiency upgrades.

Real Property Abatement Schedule

Real property abatement is a declining percentage of the increase in assessed value of the improvement based on one of the following time periods and percentages as determined by a local governing body. Land does not qualify for abatement.

Year	Ten Year	Nine Year	Eight Year	Seven Year	Six Year	Five Year	Four Year	Three Year	Two Year	One Year
1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
2	95%	88%	88%	85%	85%	80%	75%	66%	50%	0%
3	80%	77%	75%	71%	66%	60%	50%	33%	0%	0%
4	65%	66%	63%	57%	50%	40%	25%	0%	0%	0%
5	50%	55%	50%	43%	34%	20%	0%	0%	0%	0%
6	40%	44%	38%	29%	17%	0%	0%	0%	0%	0%
7	30%	33%	25%	14%	0%	0%	0%	0%	0%	0%
8	20%	22%	13%	0%	0%	0%	0%	0%	0%	0%
9	10%	11%	0%	0%	0%	0%	0%	0%	0%	0%
10	5%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Average	49.50%	49.60%	45.20%	39.90%	35.20%	30.00%	25.00%	19.90%	15.00%	10.00%

Example tax abatement schedules

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Strategy toolkit

Housing database

While a community's housing goals may be well established and its policy strategies well intentioned, it can be hard to execute plans and track progress without good data highlighting opportunities and informing activity along the way. Effective data management and communication can accelerate progress toward achieving housing production goals, such as:

- **Housing supply inventory:** Often, there is a significant difference between how a community anecdotally understands its housing supply and what actually exists. A comprehensive and detailed inventory of existing housing supply can help the community more effectively manage its housing stock, assess the relationship between supply and demand, track affordability, and pinpoint gaps to address with targeted new development.

- **Opportunity site inventory:** A complete inventory of development opportunity sites helps match potential developers with property that matches their interests and capabilities, from vacant city-owned infill parcels to larger priority growth areas.

- **Pipeline development tracking:** By documenting pipeline development in detail from planning through occupancy, communities can monitor progress toward meeting housing production goals and track success (or inform improvement) of policies tied to certain projects.

- **Infrastructure capacity mapping:** Most communities have detailed documentation of existing infrastructure such as water and sewer facilities but these records are often fragmented and limited to description of location and design. From a housing development standpoint, it would be helpful to also document details such as condition, available capacity, and opportunities for new connections and expansion at localized and overall network scales. This information could help inform feasibility and cost assessments for infrastructure associated potential housing projects and identify areas where proactive infrastructure investment could unlock new development opportunities most cost effectively.

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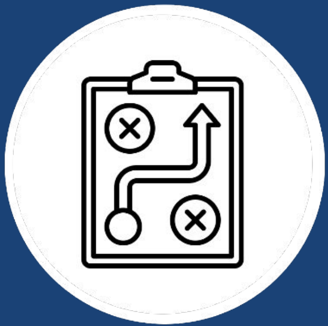

These recommendations focus on ways MACOG and its regional partners can promote more effective housing policy and production moving forward.

Implementation plan

MACOG is uniquely positioned to establish a leadership role around housing planning, policymaking, and organization at multiple scales, from local technical support to regional program administration. Its regional partners such as the South Bend-Elkhart Regional Partnership and local Community Foundations can help integrate housing priorities into regional economic development initiatives and channel funding toward housing production projects and programs. This section provides recommendations to help MACOG and its partners shape and expand their housing roles in the region along with performance metrics to measure and track progress.

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Implementation plan

Manage a regional land bank and housing investment fund

Especially within some of the region's more established cities and neighborhoods, there are concentrations of vacant, abandoned, and derelict (VAD) properties that are negatively impacting local communities and creating burdens for municipalities left taking ownership and management responsibilities while losing tax base. A land bank could provide the mechanism to help transform these properties from sources of blight to vehicles for homeownership. Operating regionally and staffed by MACOG, a land bank could leverage economies of scale on multiple fronts, from administrative capacity to portfolio volume to funding support, maximizing positive impact in communities large and small across St. Joseph, Elkhart, and Marshall Counties. Coupling the land bank with a regional housing investment fund would add capacity and flexibility to utilize more public, private, and philanthropic funding sources and support more projects.

The Regional Housing Collaborative, a proposed land bank and housing investment fund that follows this model, should consider the following:

- **Bundle parcels for development** so builders can apply economies of scale to make land bank projects competitive with other opportunities from a construction and cost efficiency standpoint. Consider batches of about 10 that are proximate to each other.
- **Prepare sites as shovel-ready** to reduce developers' cost, complexity, and time investment. Before marketing a property, perform site preparation tasks such as demolition, clean up, utility hook-ups, and title cleaning so developers can focus on efficient and affordable construction.
- **Balance funding between new construction and renovation** to introduce more units with less funding. The total units created or impacted can be measured in terms of program investment per unit. Renovation investments can total a fraction of new construction investments, helping stretch supporting funds' resources across more units.
- **Distribute parcels across the local builder community** taking advantage of each builder's strengths to extend the land bank's mission and purpose. For example, allocate portions to nonprofit developers like Habitat for Humanity to leverage their resources and capabilities around affordable homeownership.
- **Introduce revolving funds** that support homebuyers but also cycle back into the program as houses are sold by their first owners. For example, sell homes at appraised value and provide a low interest secondary mortgage to income qualified buyers that must be repaid when they sell the home later. Recycle these proceeds back into the revolving fund for the next new homebuyer.
- **Track program performance and economic impact** as the program launches and grows to measure economic effectiveness and inform policy, procedure changes, and funding allocations over time as needed to help insure investments translate into desired outcomes.

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Implementation plan

Integrate housing strategy with NIRDA initiatives

The Northern Indiana Regional Development Authority (NIRDA) was formed in 2015 to spur investment in quality-of-life projects for Elkhart, Marshall and St. Joseph Counties and the municipalities within the region. NIRDA is focused on the long-term prosperity of the region and is focused on raising per capita income of its residents. Focusing efforts on five key areas, or pillars, will help the region match national per capita income by 2025:

- Educating a world-class workforce
- Recruiting and retaining great talent
- Attracting and growing new economy companies in complement to our remarkably strong manufacturing industries
- Helping entrepreneurs thrive
- Promoting inclusion and sparking opportunities for women and minorities

The housing strategies outlined in the South Bend-Elkhart region's READI 1.0 and 2.0 plans aim to address the region's growing housing needs while supporting broader economic goals, particularly increasing per capita personal income and attracting talent. Key initiatives focus on developing workforce housing near employment centers, encouraging infill development in underutilized urban areas, and promoting mixed-use developments that enhance the live-work-play environment. Through public-private partnerships and regulatory updates, the region seeks to create more affordable and accessible housing options, ensuring alignment with economic development and population growth.

READI 2.0 further builds on these strategies by emphasizing sustainable housing initiatives, rural housing development, and innovative housing models to address diverse housing needs. The region is focused on ensuring that housing supports not only population growth but also talent attraction by offering affordable, accessible, and connected housing options. By fostering collaboration between cities, counties, and developers, the South Bend-Elkhart region aims to ensure a holistic approach to housing that aligns with its North Star goal of increasing per capita personal income through the attraction and retention of a highly skilled workforce.

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Implementation plan

Elevate housing attainability as a Community Foundation priority

The Community Foundations of Elkhart, Marshall, and St. Joseph Counties are partners in the development and delivery of this Regional Housing Strategy in part to help inform how they may integrate housing-related priorities and initiatives into their future funding and and other programs. The following are potential strategies and initiatives these Community Foundations should consider adapting into their current and upcoming work:

- Establish local funds to help catalyze housing production (especially in concert with the proposed regional land bank and affordable housing investment fund).
- Establish a Marshall County Housing Authority - or connect Marshall County housing stakeholders with counterparts in adjacent counties to help expand capacity.
- Help establish and scale Community Development Corporations (CDCs).
- Assist in pursuing philanthropic resources for affordable housing initiatives.
- Provide convening power and creditably among non-profit developers, public agencies, and elected officials.

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Implementation plan

Convene a regional housing dialogue

As the region's overarching planning agency, MACOG is uniquely positioned to provide a broad perspective on the housing discourse across municipalities and counties that compliments its members' and partners' more local purviews. MACOG should build on the foundation this study has established to serve as ongoing convener of dialogue and collaboration around housing issues, opportunities, and policymaking for region.

This role could include activities such as:

- **Routine check-ins with members and partners** regarding local housing opportunities and challenges.
- **Proactive networking** to keep regional stakeholders connected and in dialogue with each other.
- **Roundtables and speaker events** convening stakeholders, experts, and decision makers around housing-related topics of widespread interest or concern.
- **Community outreach and messaging** to build widespread awareness and knowledge about housing topics to support informed public discourse.
- **Digital engagement** through social media, news, and other channels.
- **Regional Housing Study maintenance** providing periodic updates and timely resources for members, partners, and stakeholders.

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Implementation plan

Provide ongoing technical assistance

In its role as regional planning agency, MACOG should build on this study to establish a suite of housing-related technical assistance services and resources to offer member communities as they address housing issues and opportunities in their local planning, policy making, and investment activities.

Technical assistance offerings could include:

- **Housing plans** providing community-wide long-term visioning, goal setting, and policy recommendations focused on housing.
- **Master plans** assessing specific opportunity sites within communities and providing development options and action steps to advance implementation.
- **Policy advisement** supporting housing plans and housing elements of comprehensive plans.
- **Regulatory review** auditing zoning codes and approvals processes for opportunities to streamline
- **Data analysis and mapping** to inform plans as well as opportunity-specific investigations and due diligence.
- **Fundraising support** such as assistance identifying grant opportunities and development applications.

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Implementation plan

Expand in-house housing capacity and policy integration

Explore opportunities to expand MACOG's in-house housing policy and planning expertise and capacity, considering ideas such as:

- **Hire a housing expert** with development/finance experience to support smaller municipalities that can't keep this capability in house (suggested by stakeholder interview)
- **Align MACOG's transportation, infrastructure, and brownfields functions with housing goals** to support a holistic planning perspective around housing production (especially in particularly complex areas/sites where coordination is needed across these perspectives to unlock housing opportunities) - maybe there's a shortlist of priority sites that hit all of these notes and thus would benefit from MACOG shepherding.

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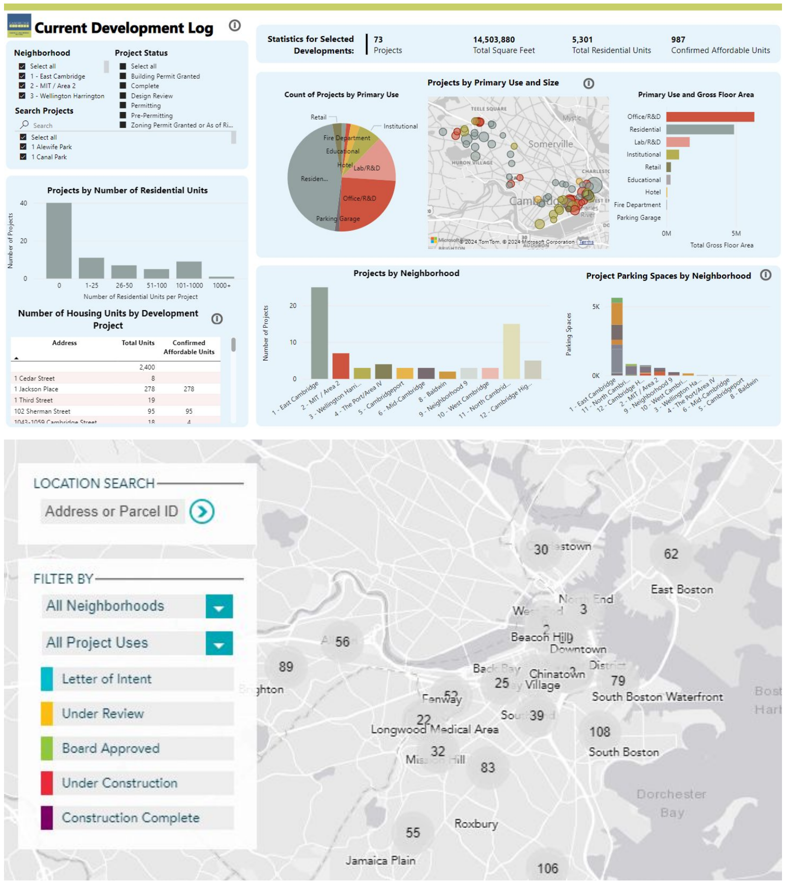
Implementation plan

Assemble and manage a regional housing database

Related to the housing database strategy in the previous section, MACOG could develop and manage a regional housing database accessible by area municipalities, counties, stakeholders, and others that offers perspective and analytical support for planning and policy making across the region. In addition to gathering compiling existing data from member communities and partner organizations, MACOG could take a leading role in the development and maintenance of new regional datasets that support and build on those maintained by individual counties and municipalities. In addition to providing a valuable resource for analysis and planning, the database could help MACOG and area stakeholders quantitatively track progress toward regional housing goals and objectives over time.

The regional database could include the following:

- **Housing supply inventory** with details such as year built, unit mix, tenure, property value, and current rents.
- **Opportunity site inventory** including estimates of development capacity, site constraints and challenges, and the community's vision for its future, especially if a major component of local housing planning.
- **Pipeline development tracking** with details such as anticipated unit count, bedroom mix, affordability allocation, and timeframe.
- **Infrastructure capacity mapping** with focus on areas identified for housing development, especially where new capital investment may be needed to unlock opportunities.



Example dashboards from Cambridge (top) and Boston visualizing development databases. There are few examples of places that combine all of the elements listed at left, but it is possible given technology available and some communities are working toward this goal.

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Implementation plan

Performance metrics: Leading indicators

To set and measure progress toward housing goals, MACOG and its partners should consider the following “leading indicator” performance metrics which track proactive and catalytic actions led or supported by the partnership:

IMPLEMENTATION PLAN PROGRESS: What is the status of each implementation plan action item?

Operational status of each strategy (Binary started/not started)

Progress toward full implementation for each strategy (% complete/online)

POLICY IMPACT: To what degree have municipal policies adapted to reflect housing issues and encourage more housing production?

Comprehensive plan housing elements updated (# of plans since X date)

Zoning code updates (# of codes revised to promote more housing production since X date)

Zoning capacity increases (increase in acres of multifamily allowable by right)

Explicit connections to and synergies with other plans (references in other regional plans such as CEDS)

LEVERAGE: How has the partnership leveraged outside investment to amplify impact in terms of resources mustered and units produced?

Units produced through specific programs (such as land bank)

Federal funding secured (total $, # of grants)

State funding secured (total $, # of grants)

Grant funding dedicated to housing (total $, # of grants)

Total private capital leveraged ($ and as % of total capital committed)

Affordable housing investment catalyzed through CDCs ($)

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Implementation plan

Performance metrics: Trailing indicators

To set and measure progress toward housing goals, MACOG and its partners should consider the following "trailing indicator" performance metrics which indicate the broader impact of partnership action on community housing issues:

SUPPLY SIDE: How has the housing supply evolved relative to production rates and affordability?

Construction starts (units/time)

Construction starts by program and/or affordability level (units/time/category)

Annual building permits (Census via FRED API)

Monthly median list price (Realtor.com via FRED API or Zillow ZHVI)

Average rents in recently constructed properties by bedroom count (CoStar - no API)

Housing absorption (MF absorption rate via CoStar; SF days on market via Realtor.com or similar)

Housing stock quality (Overcrowding rates; substandard rates - both Census)

DEMAND SIDE: How have need and demand evolved, especially in response to partnership interventions and investments?

Cost burden prevalence (by AMI level)

Minority homeownership (minority homeowners via ACS)

Jobs to housing ratio (actual compared to goal)

Commute times (by income, Census)