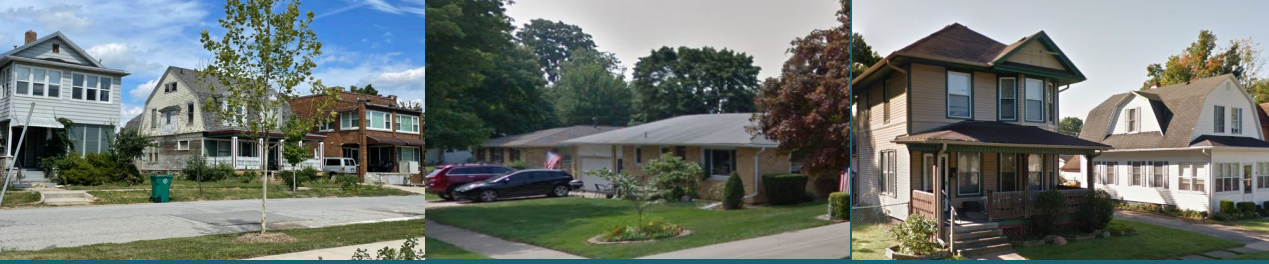




CITY OF LA PORTE HOUSING STRATEGY

Briefing Book | December 7, 2022





Housing is the foundation of the La Porte community, impacting the health and stability of its residents and the economic competitiveness of its local businesses.

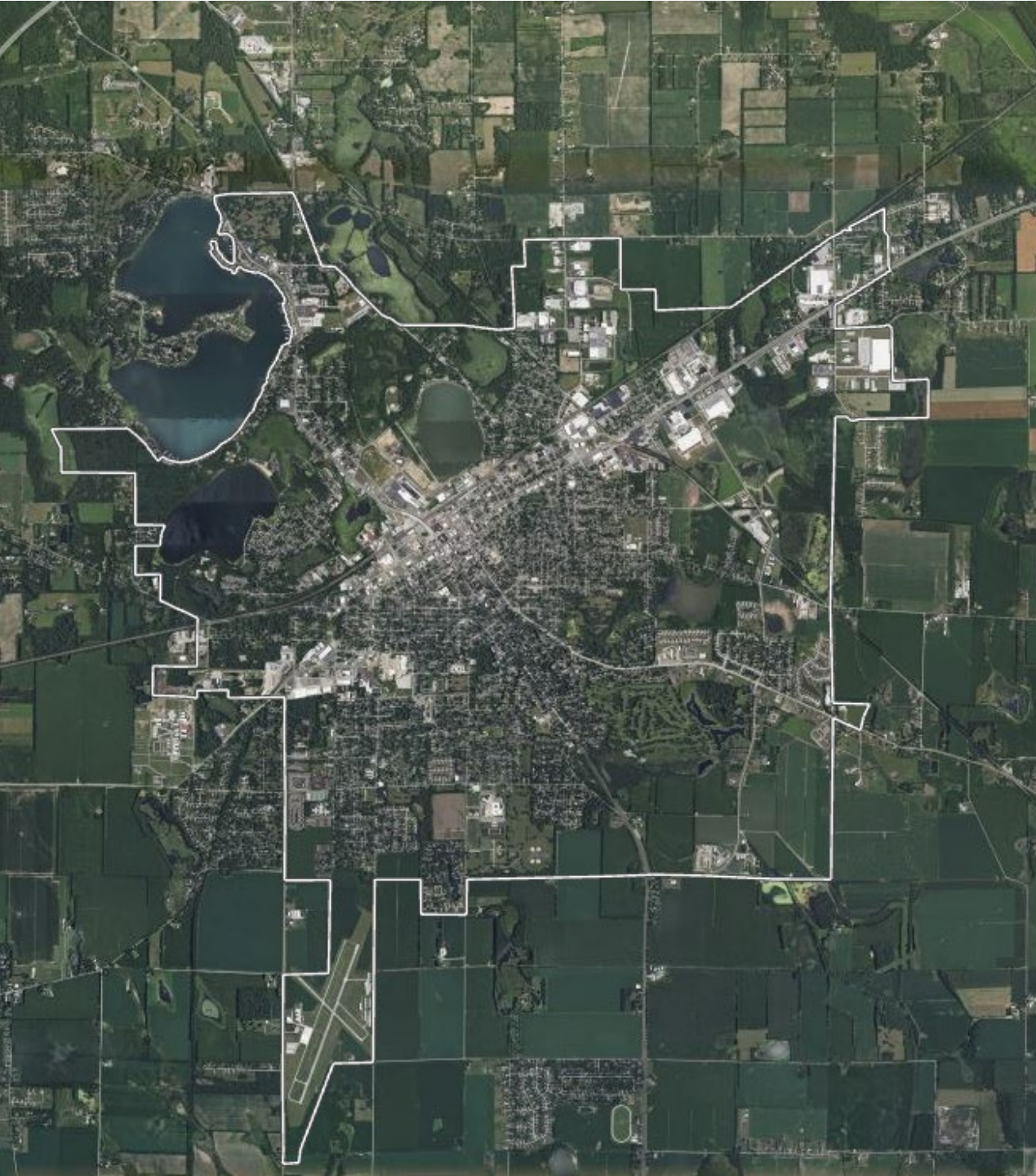
INTRODUCTION

Housing and where we live influences all aspects of our lives, including our health and safety, access to opportunity, economic mobility, and quality of life.

Our housing needs also evolve over time based on our stage of life, from a young single worker, to households looking to raise a family, to non-traditional households, to elderly and aging households. Housing is also the single greatest expenditure for nearly all households and can be a financial burden for many households.

The City of La Porte-- like many other communities throughout the country-- is facing several housing-related challenges, including a constrained for-sale housing market, underproduction of new housing in recent years, and a limited supply of workforce and rent-restricted housing and housing for people with special housing needs.

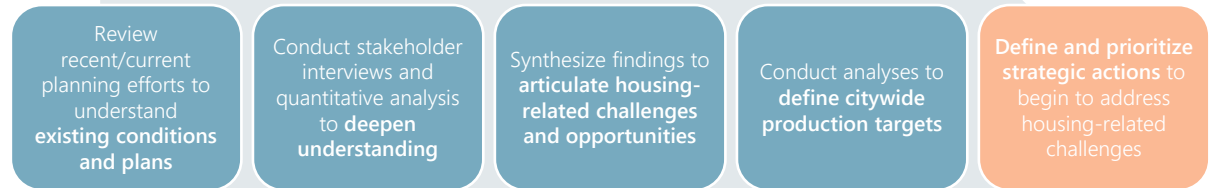




INTRODUCTION

This housing strategy articulates the housing-related challenges that different populations or housing market segments experience within the City of La Porte, and defines housing production targets for beginning to address those challenges and unmet needs. Our process for defining the strategy is outlined below.

HOUSING STRATEGY PROCESS

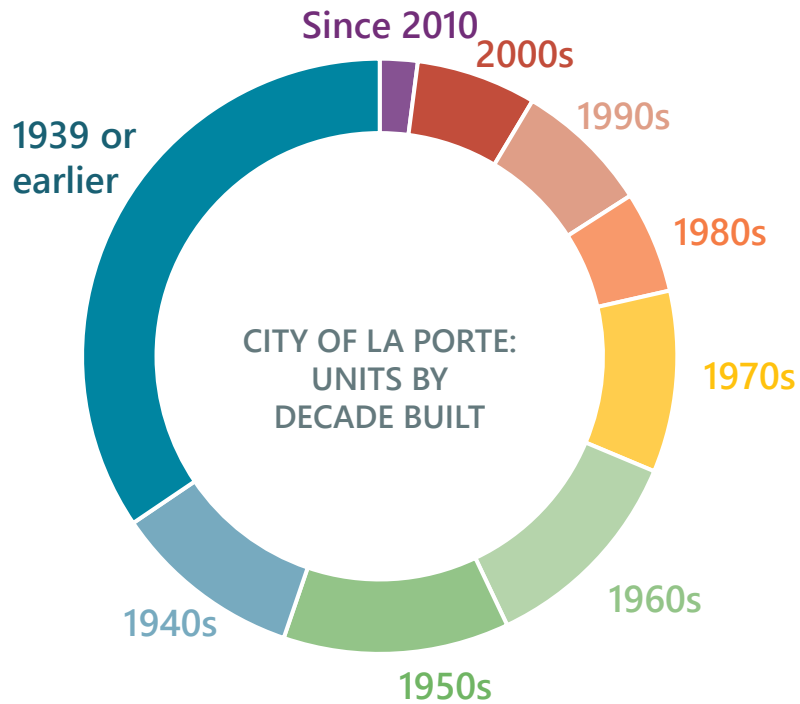


Addressing housing-related issues can be a heavy lift and requires the commitment of variety of local stakeholders. Defined within is a series of strategies that could be implemented locally to begin to address the City of La Porte's housing-related challenges.

EXISTING CONDITIONS

A summary of the existing conditions data that informed this strategy is outlined below and on the following page.

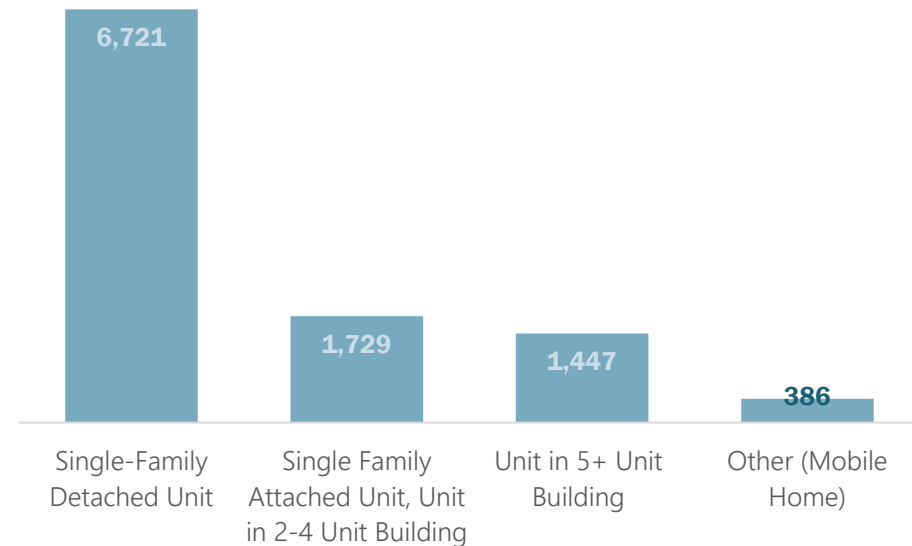
In 2020, there were **10,283** housing units in the City of La Porte. Those built since 1980 account for only **21%** of La Porte’s housing stock.



Approximately **62%** of occupied housing units in the City of La Porte are owner-occupied, while **38%** are renter-occupied.

Single-family detached units comprise **65%** of the housing stock.

CITY OF LA PORTE: UNITS BY HOUSING TYPE



EXISTING CONDITIONS

In 2020, there were **9,183 households** in the City of La Porte.

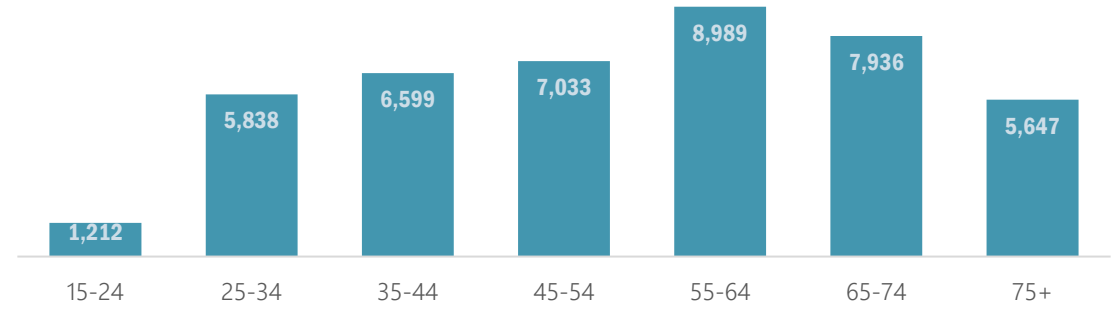
The median household income was **\$42,000**.

La Porte County's population is expected to remain stable over the next five years.

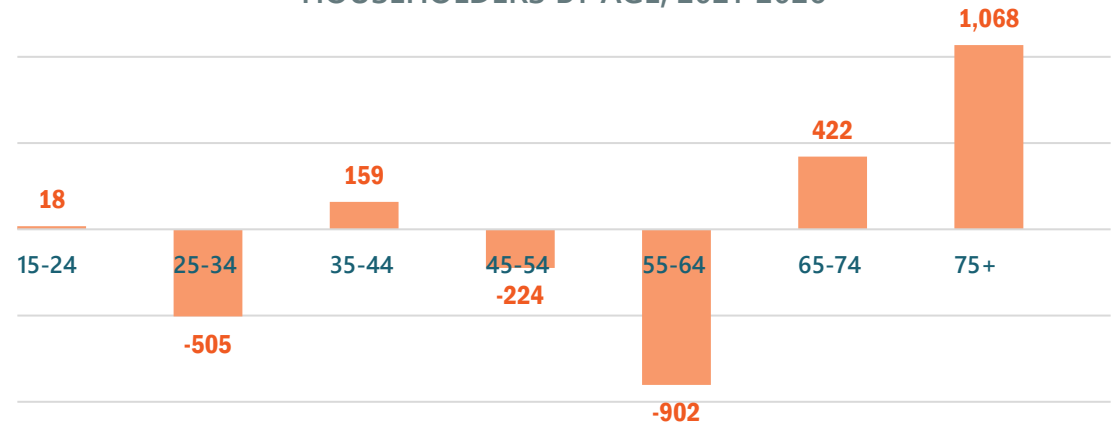
The number of households headed by people 75 and over will increase by **1,000** in the County.



LA PORTE COUNTY HOUSEHOLDERS BY AGE, 2021



PROJECTED CHANGE IN LA PORTE COUNTY HOUSEHOLDERS BY AGE, 2021-2026

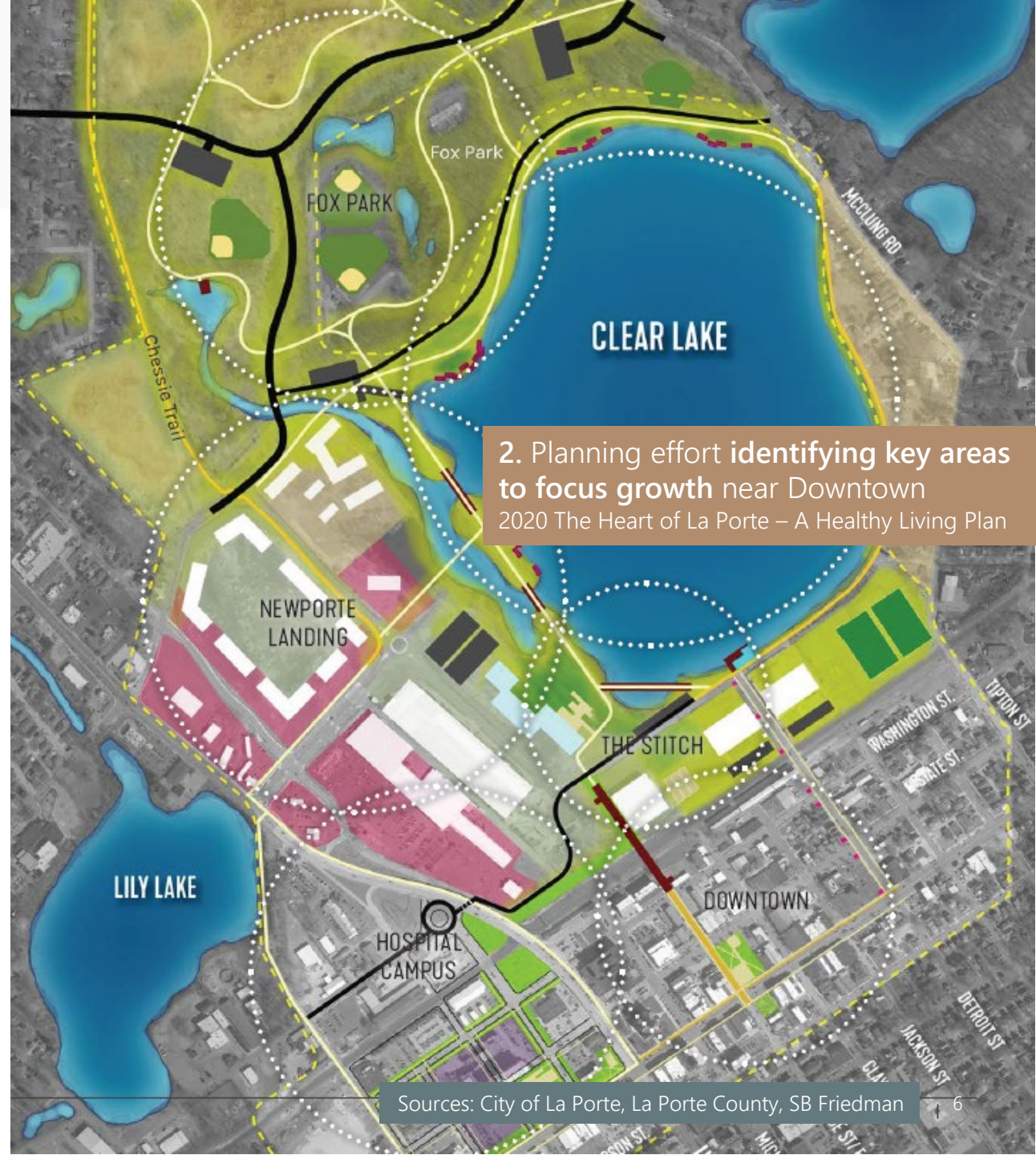
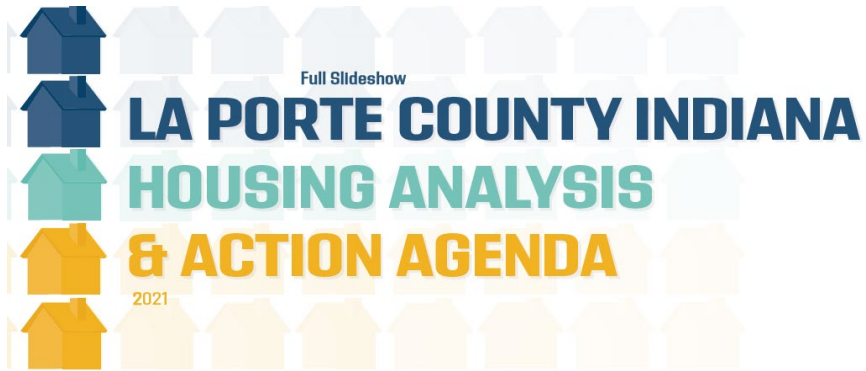


CURRENT PLANNING EFFORTS

A summary of the key local planning efforts that informed this strategy are outlined below.

1. Identified need for **5,700 new housing units** in La Porte County by 2030 (across all income cohorts)

2021 La Porte County Indiana
Housing Analysis and Action Agenda



2. Planning effort identifying key areas to focus growth near Downtown
2020 The Heart of La Porte – A Healthy Living Plan

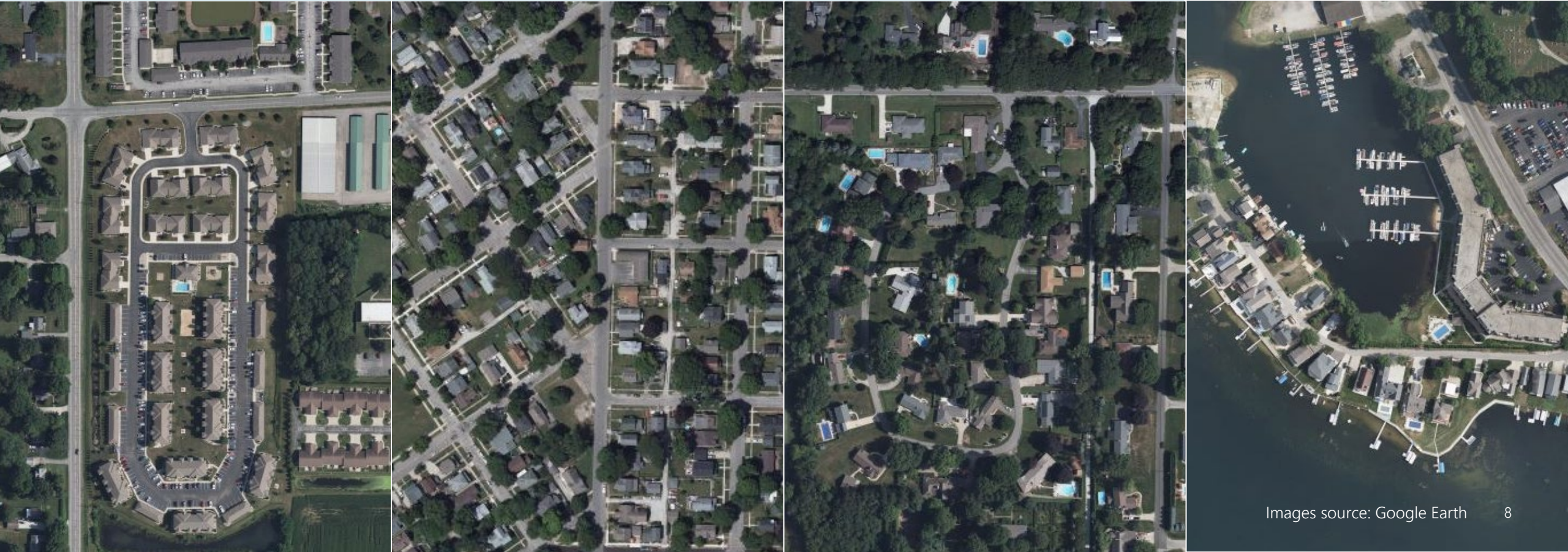
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2. Housing Market Segments
3. Housing Development Community
4. Housing Production and Preservation Strategy

1

LA PORTE'S HOUSING MARKET TODAY

It is critical to understand existing conditions and prior planning efforts within a community in order to define and prioritize strategic actions.



HOUSING MARKET TODAY



The City of La Porte's competitive position in the region

Key themes from stakeholder interviews:

- The City of La Porte is located on the edge of both Northwest and North Central Indiana.
- Per local stakeholders, this offers both advantages and disadvantages.
- La Porte is economically tied to Northwest Indiana because of time zone geographies; however, long commute times to Chicago has been a disadvantage historically.
- Improvements to the South Shore Line will soon make La Porte within a similar commuting time as many of Chicago's outer suburbs.
- Despite the distance, some former Illinois residents are moving to the area due to its more favorable tax climate.
- Anecdotally, the area has also seen population growth as a result of COVID-19-related migrations, particularly as households leave larger cities.
- In terms of new residents, La Porte competes with a variety of communities:
 - Valparaiso and Chesterton, which have experienced more recent development activity and may be more appealing to higher-income households given local amenities
 - Michigan City, from which residents are increasingly seeking housing in La Porte
 - Lake Michigan communities, which benefit from a deeper second home market

HOUSING MARKET TODAY

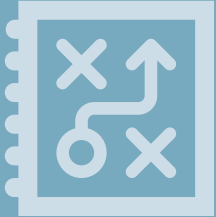


The City of La Porte's perceived housing market strengths

Key themes from stakeholder interviews:

- The City of La Porte offers several competitive advantages relative to these communities.
- Despite recent increases in housing costs, La Porte is more affordable relative to many other communities in the region.
- Furthermore, the community also has a significant amenity base, including:
 - Walkable, mixed-use downtown, with recent placemaking investments
 - Recreational amenities, including parks, a beach and a trail network
 - Access to several inland lakes
 - Easy access to major interstates
- Regional developers see opportunity for additional housing development in La Porte, particularly when introduced to the community and the level of amenities.
- City government and LEAP (La Porte Economic Advancement Partnership), the local economic development organization, are also proactive in attracting investment to the community and are viewed as a strong partner to the development community.
- There is also a strong network of local stakeholders and non-profit/philanthropic groups working to advance the community.

HOUSING MARKET TODAY

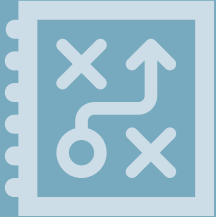


The City of La Porte's perceived housing market challenges

Key themes from stakeholder interviews:

- Housing costs have increased significantly in recent years, due in part to an underproduction of new housing and migration trends results from the COVID-19 pandemic (e.g., households moving from larger cities).
- Much of the existing housing stock is older and experiencing deferred maintenance.
- Lack of a diverse housing supply is leading to households living in less-than-ideal housing arrangements (e.g., seniors remaining in their single-family home due to limited options).
- Local homebuyers are competing with investor owners for existing product, and recent tax legislation has led to an increase in foreclosures and certificate sales.
- Employers find it difficult to identify housing for new employees locally.
- Extremely limited housing options are available to low-income households and households with special needs (e.g., people with disabilities, people in recovery, formerly incarcerated individuals).
- Generational poverty is compounding housing-related challenges for portions of the local population, including low-income households, the homeless, and those at-risk of homelessness.

HOUSING MARKET TODAY



The City of La Porte's perceived housing development challenges

Key themes from stakeholder interviews:

- Several factors are limiting new housing development, including:
 - Few larger scale development-ready sites and improved single-family lots are available within the City limits.
 - Few active single-family homebuilders are constructing speculative properties, requiring that many homebuyers enter the re-sale market.
 - Developers and builders are struggling to find adequate local trade workers to undertake construction and renovation projects.
 - Supply chain issues associated with the COVID-19 pandemic have led to material shortages, delays and price inflation.

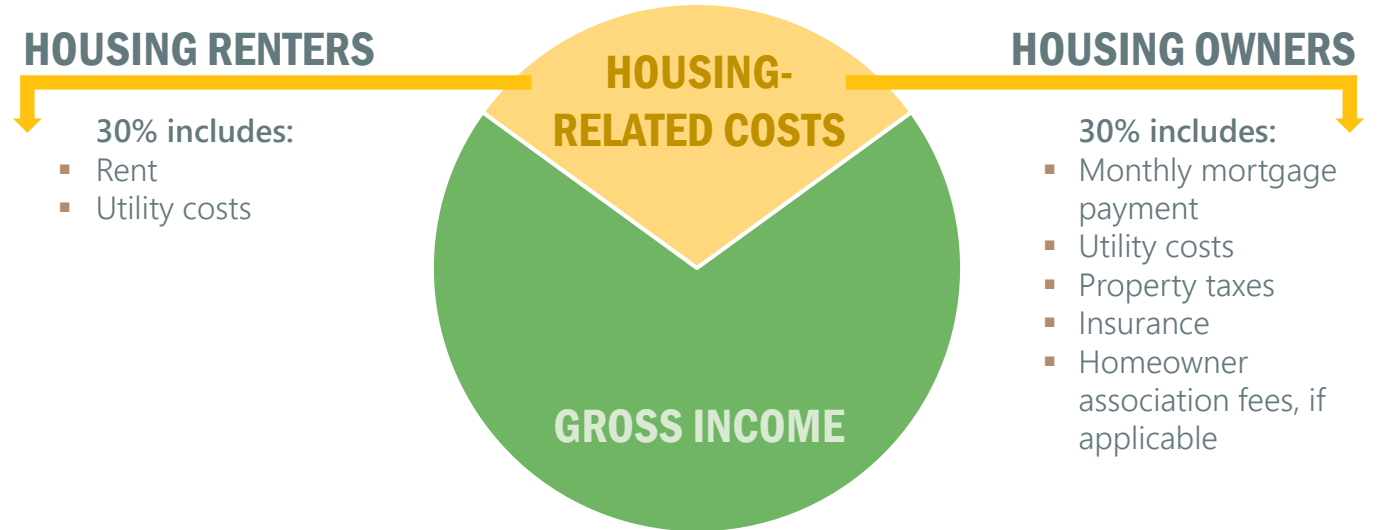
HOUSING MARKET TODAY



Understanding housing affordability

Generally, housing is considered affordable if a household spends no more than 30% of their gross income on housing-related costs.

- Housing-related costs vary based on whether a household rents or owns.



HOUSING MARKET TODAY



Defining housing affordability in La Porte County

“Rent-restricted” affordable housing tends to be for households 50% AMI and below

New construction/ renovated rentals tend to be affordable to households at 80-120% AMI

New construction ownership units tend to be affordable to households at 150% AMI or greater

Income thresholds set relative to the area median income (AMI) define the affordability of housing.

- AMI is the midpoint of an area’s income distribution – half of households in an area earn more than the median and half earn less. These metrics account for the size of the household and define the affordability of housing by income cohort.

LA PORTE COUNTY 2020 AMI MAXIMUM INCOME TARGETS BY HOUSEHOLD SIZE

Household Size	<30% AMI	30-50%AMI	50-80% AMI	80-120% AMI	120-150% AMI	>150% AMI	100% AMI
	“Extremely Low Income”	“Very Low Income”	“Low Income”	“Moderate Income”	“Middle Income”	“High Income”	Median
1	\$13,750	\$22,900	\$36,600	\$54,950	\$68,700	>\$68,700	\$45,800
2	\$15,650	\$26,150	\$41,800	\$62,600	\$78,225	>\$78,225	\$52,150
City average household size: 2.25 people							
3	\$17,650	\$29,400	\$47,050	\$70,550	\$88,200	>\$88,200	\$58,800
4	\$19,550	\$32,600	\$52,250	\$78,250	\$97,800	>\$97,800	\$65,200
5	\$21,200	\$35,300	\$56,450	\$84,700	\$105,900	>\$105,900	\$70,600

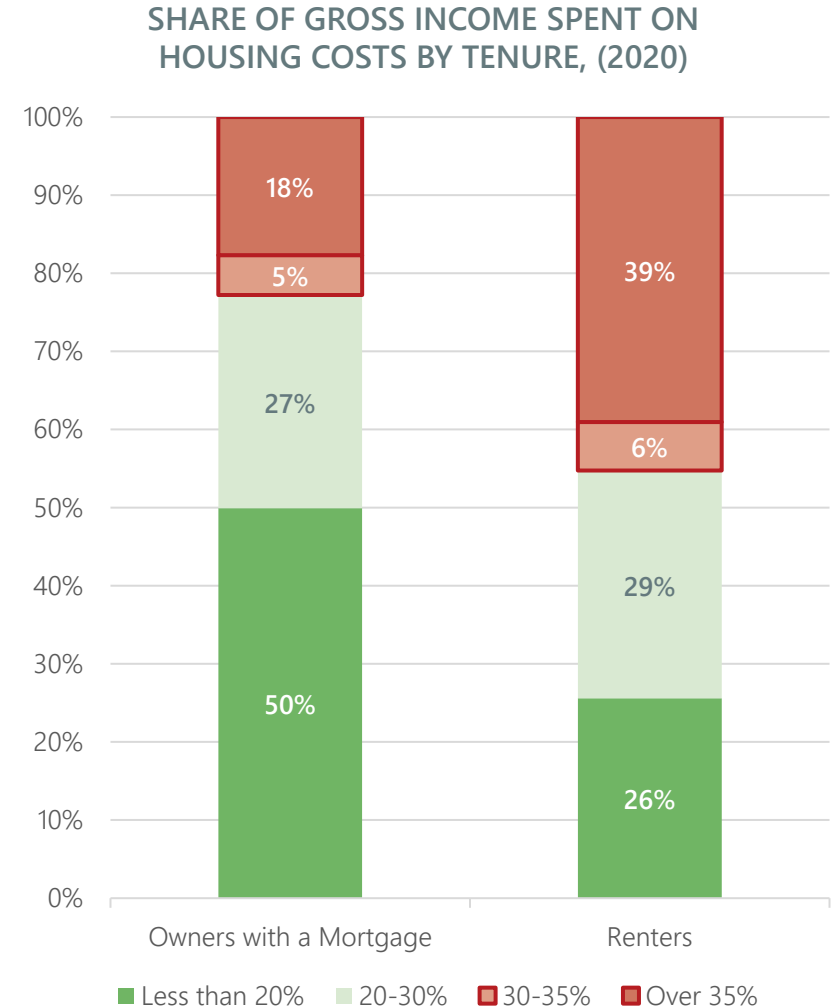
HOUSING MARKET TODAY



Understanding housing cost burdens in the City of La Porte

Households who spend more than 30% of their gross income on housing-related costs are considered “housing cost burdened”.

- In the City of La Porte, 23% of owner households with a mortgage and 45% of renter households are considered housing cost burdened.
- Lower-income renters are especially vulnerable in the City of La Porte.



HOUSING MARKET TODAY



Understanding the impact of transportation costs on cost-burdened households

Households who spend more than 45% of their gross income on housing- and transportation-related costs are considered “H+T cost burdened”.

- The 2021 La Porte County Indiana Housing Analysis and Action Agenda concluded that while the County appears “relatively affordable”, residents spend a high share of their income on transportation costs, and many are “H+T cost burdened”.
- City residents generally spend less on “H+T” compared to County residents, because City residents are better located relative to services.

A HOUSEHOLD’S TYPICAL HOUSING AND TRANSPORTATION COSTS, (ACS 2011-2015)

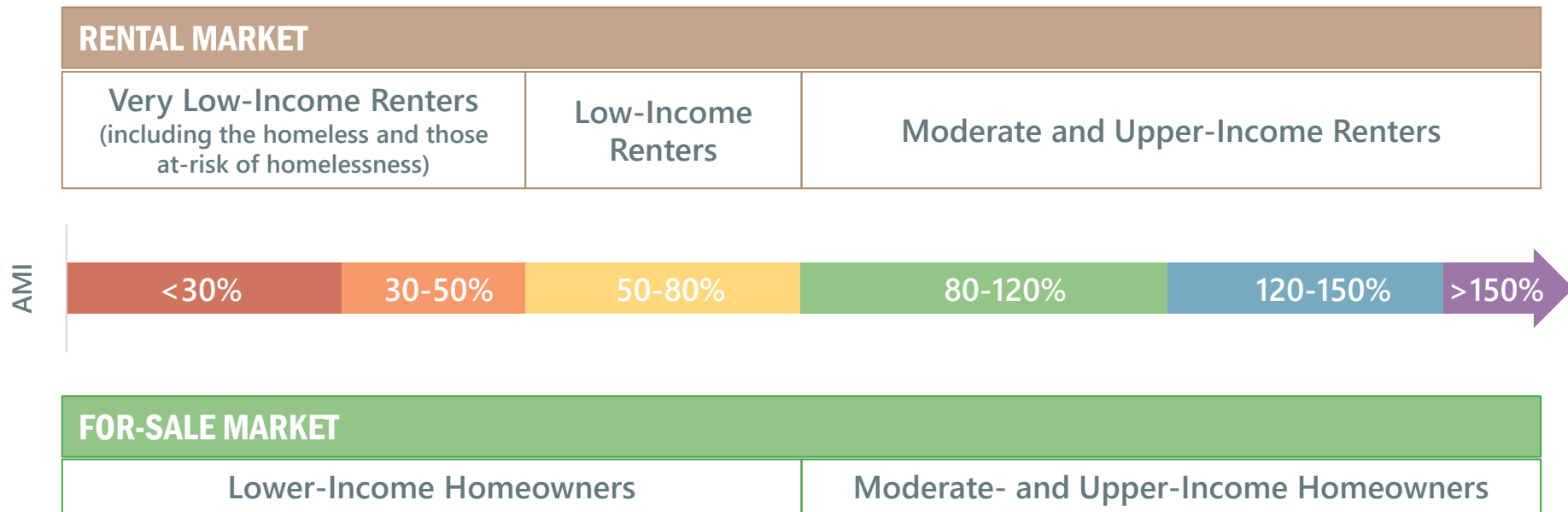
80% AMI	City of La Porte	La Porte County
Housing Costs/ Income	27%	32%
Transportation Costs/ Income	27%	30%
H+T/ Income	54%	62%

100% AMI	City of La Porte	La Porte County
Housing Costs/ Income	21%	25%
Transportation Costs/ Income	25%	28%
H+T/ Income	46%	53%

2

THE CITY OF LA PORTE'S HOUSING MARKET SEGMENTS

It is important for households of all sizes and incomes to have access to housing that is both affordable and in good condition. The following sections outline the housing-related challenges experienced by various housing market segments. These market segments were defined using AMI metrics.



Populations represented throughout the identified housing market segments:

- Entry-level homebuyers
- Young professionals
- Workforce
- Empty nesters and active seniors looking to downsize
- Seniors
- Newcomers

RENTAL MARKET



Key characteristics of the rental market

Key themes from stakeholder interviews and analysis:

- The City of La Porte has experienced limited new rental housing development, with recent development targeting moderate- and higher-income households.
- While there has been some recent new development, the rental stock is primarily older properties, with many 2–4-unit buildings in the Downtown and First Ward areas.
- Many of these properties are former single-family homes built before 1930 that have been converted to accommodate several rental units.
- Due to the age of this supply, it appears to be challenging for market rents to cover operating and maintenance costs, contributing to a cycle of deferred maintenance.
- Informal lease arrangements are common with these properties, as landlords view leases as difficult to enforce.
- With limited options, many renters are a “captive audience” as rents increase without improvements to housing conditions.

RENTAL MARKET



Spectrum of rental units available in the City of La Porte

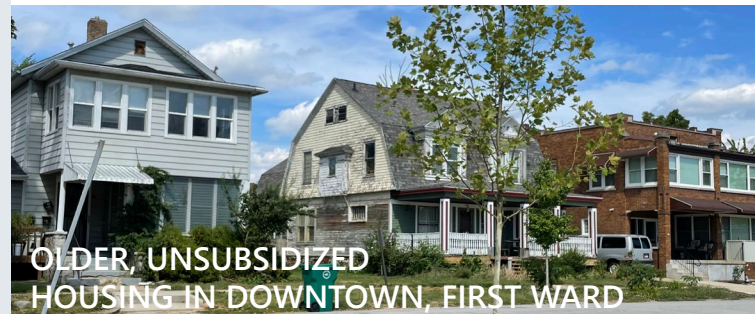
Limited housing options are available to renters.



1106 MICHIGAN AVE
(RENT-RESTRICTED)



MAPLE TREE (RENT-RESTRICTED)



OLDER, UNSUBSIDIZED HOUSING IN DOWNTOWN, FIRST WARD



80-100% AMI
MAPLE COMMONS
(RENOVATED)



120% AMI
THE BANKS

<50% AMI

RENTAL MARKET



Impact of investor-owners on the rental market

Key themes from stakeholder interviews and analysis:

- In the last decade, investor-owners purchased many current or former single-family homes in the City of La Porte's central neighborhoods, often through portfolio sheriff sales.
- There is a perception locally that these owners are contributing to a cycle of deferred maintenance and deteriorating housing conditions.
- Analysis indicates that there does not appear to be a correlation between building quality and whether the investor is from Indiana or out-of-state.
- However, rental properties owned by investors with larger portfolios tend to be in worse condition than rental properties owned by smaller investors.
- Among these properties owned by large-portfolio owners, homes that were subdivided into multiple units tend to be in the worst condition.
- Properties designed and built as apartments, rather than converted single-family homes, tend to be in better condition.

RENTAL MARKET



Correlation between household income and rents

As with many jurisdictions, the City of La Porte's rental housing market is not balanced.

- More affluent households are occupying housing affordable to lower-income levels which applies downward pressure on the housing market.

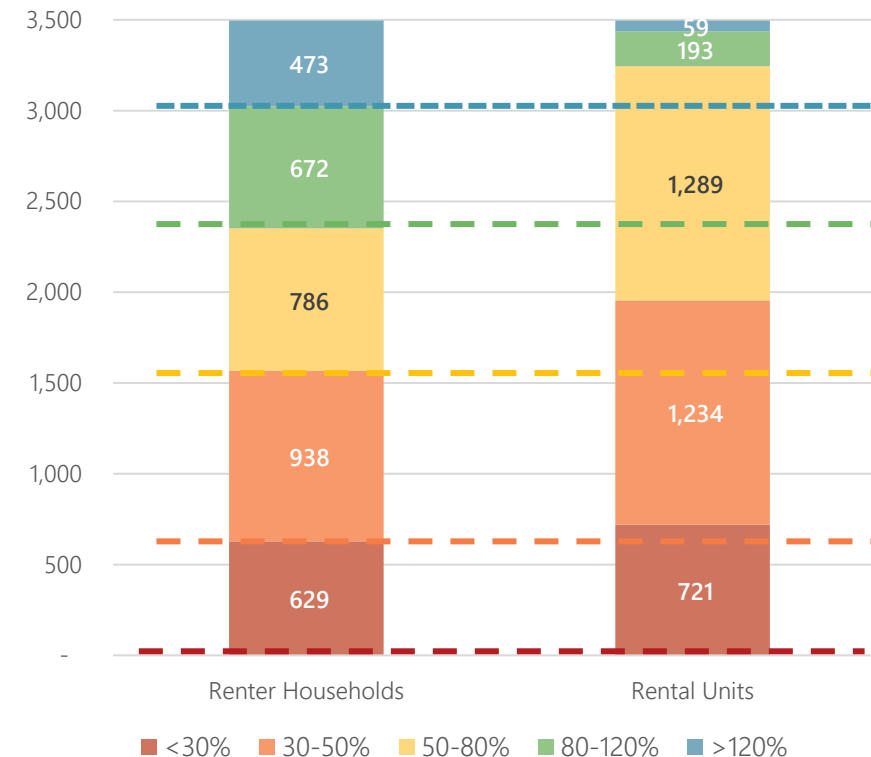
RENTER INCOME AND AFFORDABLE RENT BY INCOME LEVEL ASSUMPTIONS

Income Level	Approx. Annual Gross Income (a)	Affordable Gross Housing Costs (b)	Affordable Contract Rent (c)
>120%	>\$65,000	>\$1,600	>\$1,450
80-120% AMI	\$43,000-65,000	\$1,100-\$1,600	\$950-\$1,450
50-80% AMI	\$27,000-43,000	\$700-\$1,100	\$550-\$950
30-50% AMI	\$16,000-27,000	\$400-\$700	\$250-\$550
<30% AMI	<\$16,000	<\$400	<\$250

Methodology notes:

- (a) City of La Porte average renter household size is 2.25 people. Approximate annual gross incomes (and corresponding rents) are based on a weighted average of incomes and rents for 2-person and 3-person households that reflects the average household size
- (b) Includes utility costs that renters typically pay (electric, heating)
- (c) Excludes estimated utility costs

RENTERS AND RENTAL UNIT AFFORDABILITY 2016-2020 ESTIMATES



RENTAL MARKET



Experience of very low-income renters (under 50% AMI)

Income Level	Approximate Annual Gross Income	Affordable Gross Monthly Housing Costs	Affordable Contract Rent
30-50% AMI	\$16,000-27,000	\$400-\$700	\$250-\$550
<30% AMI	<\$16,000	<\$400	<\$250

Renters under 50% AMI are the most housing-vulnerable group in the City.

- The City of La Porte has a limited supply of rent-restricted (subsidized) affordable housing; therefore, many households in this income cohort reside in older houses that are not maintained (e.g., missing appliances, electrical and plumbing issues, illegally subdivided units).
- Limited options are also available to those who need transitional housing (e.g., people in recovery, formerly incarcerated individuals, etc.)
- Recent rental developments are out-of-reach for this group and with recent inflation trends, tenants are paying more for units despite poor quality.
- These tenants are often in informal lease arrangements with no tenant protections.
- These residents are also vulnerable to displacement due to low-quality issues and building flips.
- Smaller landlords (who were interviewed and tend to rent to this segment) reported issues with some tenants; however, this represents a relatively small share of their overall tenants (10-20%).

RENTAL MARKET

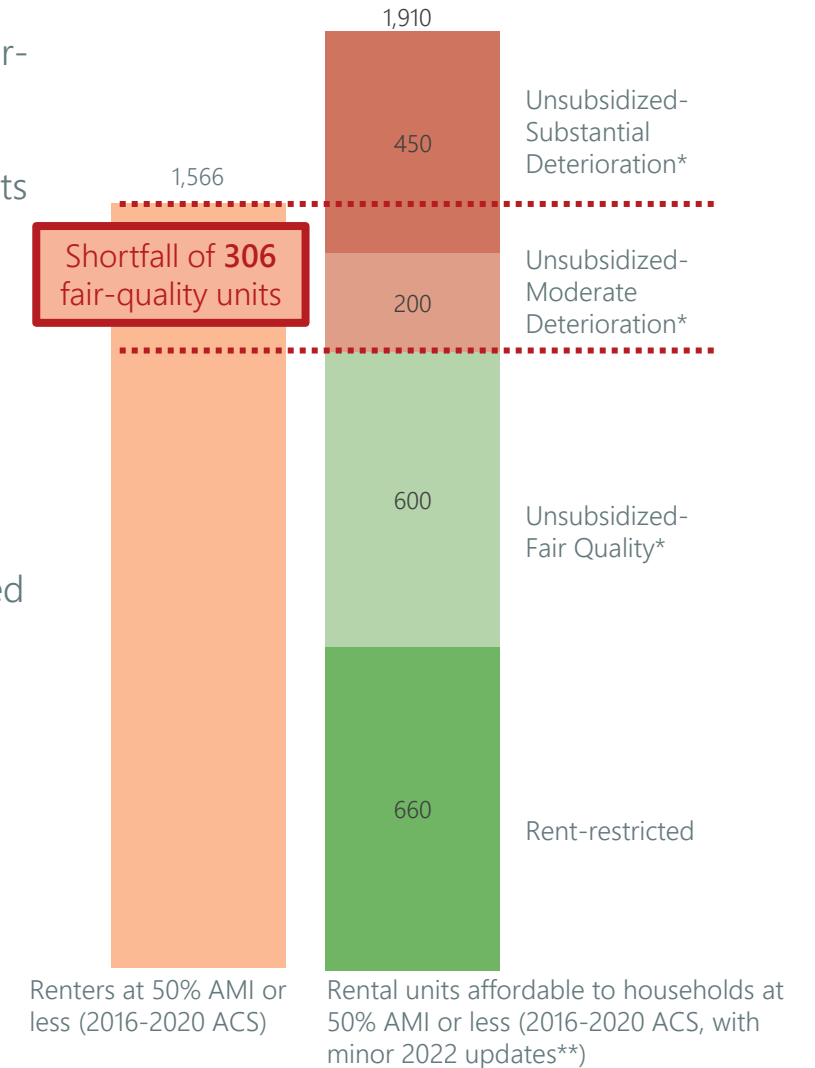


Housing available to very low-income renters (under 50% AMI)

Income Level	Approximate Annual Gross Income	Affordable Gross Monthly Housing Costs	Affordable Contract Rent
30-50% AMI	\$16,000-27,000	\$400-\$700	\$250-\$550
<30% AMI	<\$16,000	<\$400	<\$250

Renter households under 50% AMI exceed the number of fair-quality units affordable to them.

- There is a shortfall of approximately 300 fair-quality units for very low-income renters.
- It is likely that the unmet need of rental units affordable to this group is even greater given that some units have converted to owner-occupancy as homebuyers face a constrained supply.
- It is estimated that approximately 400 households in higher-income segments (>50% AMI) live in these units due to limited supply and/or maintaining lower costs.



*Building condition estimate based on SB Friedman fieldwork data on unsubsidized rentals in Census Tract 423, where a large portion of the lower-income rental units are located.

**This chart incorporates two 2022 projects that impacted the supply of <50% AMI rental housing: 1) Maple Commons, which was unsubsidized housing affordable to households at 50% AMI and below was rehabilitated and is now renting at levels affordable to households at 80-100% AMI. This results in a decrease of 46 units; 2) Housing Opportunities' 2022 acquisition/rehab project at 1106 Michigan Avenue added eight unsubsidized lower-income units to the rent-restricted inventory.

RENTAL MARKET



Experience of low-income renters (50-80% AMI)

Income Level	Approximate Annual Gross Income	Affordable Gross Monthly Housing Costs	Affordable Contract Rent
50-80% AMI	\$27,000-43,000	\$700-\$1,100	\$550-\$950

A plurality of rental units (37% of units) in the City of La Porte are affordable to households in the 50-80% AMI range.

- It is challenging to produce new-construction units in this income bracket:
 - Most affordable housing financing sources produce <50% AMI units
 - Market-rate rental developments tend to serve households >80% AMI
- This segment will still benefit indirectly from the recommended strategies, which aim to alleviate market pressure overall.

RENTAL MARKET



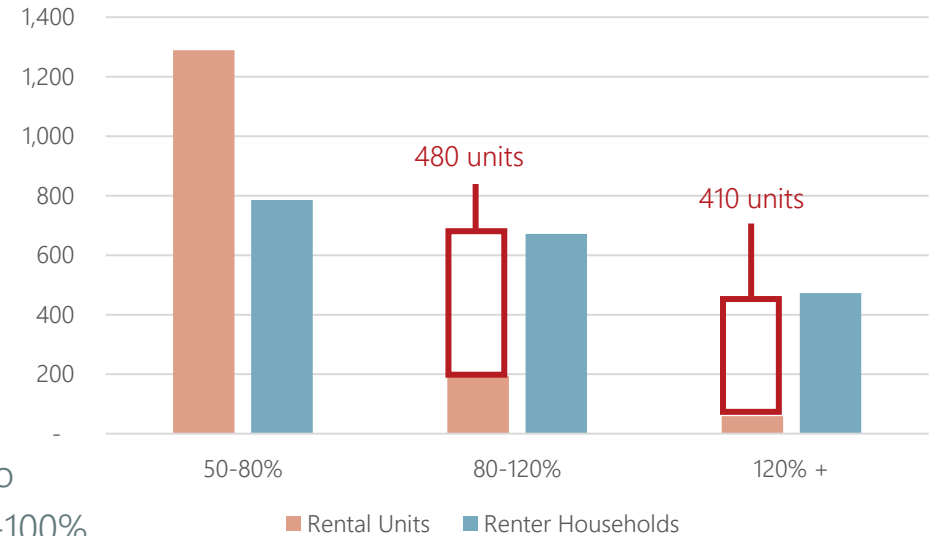
Experience of moderate- to upper-income renters (80%+ AMI)

Income Level	Approximate Annual Gross Income	Affordable Gross Housing Costs	Affordable Contract Rent
>120%	>\$65,000	>\$1,600	>\$1,450
80-120% AMI	\$43,000-65,000	\$1,100-\$1,600	\$950-\$1,450

Rental households earning 80% or more of AMI are an underserved market segment that could likely translate to sufficient demand for more units.

- Strong lease-ups at recently opened rental apartment projects are filling a void for these households seeking high-quality rentals.
- The Banks added 194 units affordable to 120% AMI (doubling the supply of units at this income bracket).
- Maple Commons renovation also added 38 units affordable to 80-100% AMI.
- Focus group participants viewed the Banks as very desirable in terms of amenity package and location just outside downtown.

CITY OF LA PORTE: RENTAL UNIT SHORTFALL FOR MODERATE- TO UPPER-INCOME RENTERS, 2016-2020 ESTIMATES



*This chart does not incorporate the 194 recently built units at the Banks and the 38 recently renovated units at Maple Commons, both in the 80-120% AMI range.

RENTAL MARKET



Near-term rental housing production goals

There appears to be a need for a minimum of 750 rental housing units in the City of La Porte, due in large part to underproduction historically.



450-550

New market-rate rental units, targeted to households over 80% AMI



300+

New rent-restricted affordable housing (<50% AMI) units

- These production targets would aim to address unmet housing needs for existing renters and expand the overall housing supply in the City of La Porte.

FOR-SALE MARKET



Key characteristics of the for-sale market

The City of La Porte's for-sale market is characterized by very limited housing production and buyers have faced strong competition.

- Detached single-family homes comprise most of the for-sale inventory.
- Very limited new housing production has occurred in recent decades, requiring that most homebuyers enter the resale market.
- Of a Redfin sample of 314 single family/condo units that sold in the last year:
 - Only 8% (25 properties) were built 1980 or later
 - 62% (196 properties) were built before 1950
- The for-sale market lacks diversity in housing types.
- Attached for-sale housing (duplexes, townhomes) is less common; however, these typologies can be very in-demand when tailored to the needs of underserved market segments (e.g., active seniors and demand for units at the Sagamore and Regency developments).

FOR-SALE MARKET

Lower-cost homes tend to be older, smaller, and closer to Downtown La Porte.



Spectrum of for-sale units available in the City of La Porte

SINGLE-FAMILY DETACHED (representative sales)



Source: Google

Built in the 1910s, with around 1,100 square feet on 0.15 acres



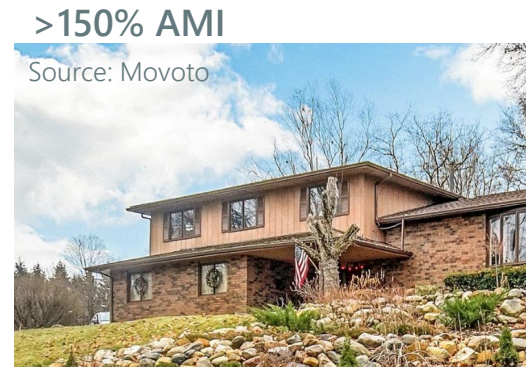
Source: Google

Built in 1950 with around 1,500 square feet on a quarter-acre



Source: Google

Built in the 1940s, with around 1,300 square feet on 0.15 acres



Source: Movoto

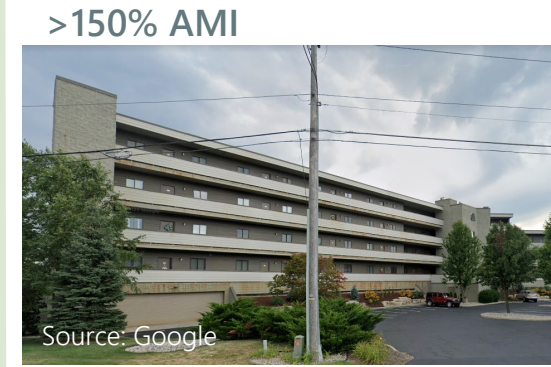
Built in the 1960s/70s with over 3,000 square feet on over a half-acre

CONDOS



Source: Google

Regency and Sagamore condos: ranch duplexes built in the 1990s that are popular among active seniors



Source: Google

Outlook Cove condos: garden-style condos built in 2005 on Pine Lake, popular among out-of-towners

Based on 109 single-family and condo sales in the City of La Porte between 8/2021-8/2022 with sales data (Redfin)

FOR-SALE MARKET



Correlation between household income and home values

As with many jurisdictions, the City of La Porte's for-sale housing market is not balanced.

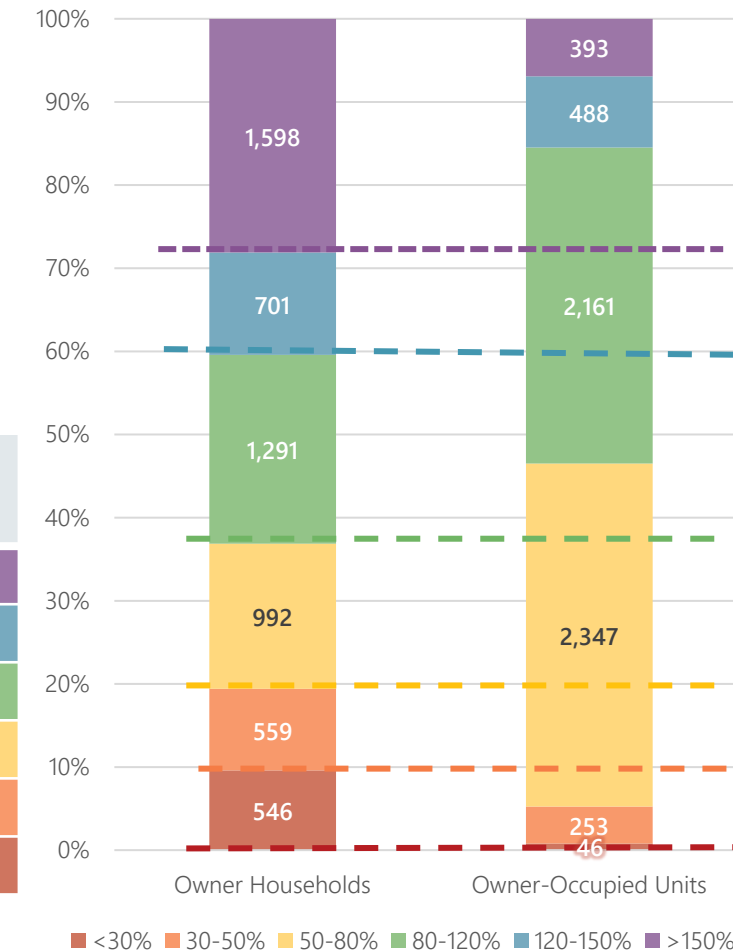
- More affluent households are buying housing that is affordable to lower-income households.
- Owners are also staying in their homes longer because there are few options for downsizing.
- Both trends apply downward pressure on the housing market.

OWNER INCOME AND AFFORDABLE HOUSING COSTS BY INCOME LEVEL ASSUMPTIONS

Income Level (AMI)	Approximate Annual Gross Income	Affordable Gross Monthly Housing Costs	Approximate Home Value Estimate
>150%	>\$81,000	>\$2,000	>\$290,000
120-150%	\$65,000-81,000	\$1,600-2,000	\$200,000-290,000
80-120%	\$43,000-65,000	\$1,100-1,600	\$125,000-200,000
50-80%	\$27,000-43,000	\$700-1,100	\$55,000-125,000
30-50%	\$16,000-27,000	\$400-700	\$11,000-55,000
<30%	<\$16,000	<\$400	<\$11,000

Methodology notes: (a) City of La Porte average owner household size is 2.25 people. Approximate annual gross incomes (and corresponding housing costs) are based on a weighted average of incomes and rents for 2-person and 3-person households that reflects the average household size

OWNERS AND OWNER UNIT AFFORDABILITY 2016-2020 ESTIMATES



FOR-SALE MARKET



Experience of lower-income homeowners (under 80% AMI)

Income Level (AMI)	Approximate Annual Gross Income	Affordable Gross Monthly Housing Costs	Approximate Home Value Estimate
50-80%	\$27,000-43,000	\$700-1,100	\$55,000-125,000
30-50%	\$16,000-27,000	\$400-700	\$11,000-55,000
<30%	<\$16,000	<\$400	<\$11,000

Lower-income homeowners are likely to live in older housing and may be unable to keep up with maintenance or repair costs.

- Recently built market-rate housing is out-of-reach for this group.
- These households have likely owned their properties for a long period.
- It is estimated that slightly over half no longer have a mortgage to pay, which means they have more stability compared to renters.
- However, they likely live in older housing, and may have challenges maintaining their units (e.g. Habitat for Humanity sees clients considering abandoning their homes).
- With recent inflation trends, owners must pay more for housing upkeep.
- Many of these households experience compounding challenges related to generational poverty. They also have limited access to certain County-administered social service agencies, such as the Department of Family Services, and the Division of Family Resources (administers SNAP, TANF, IMPACT), both of which are in Michigan City.

FOR-SALE MARKET



Experience of moderate- to upper-income buyers (80%+ AMI)

Income Level (AMI)	Approximate Annual Gross Income	Affordable Gross Monthly Housing Costs	Approximate Home Value Estimate
>150%	>\$81,000	>\$2,000	>\$290,000
120-150%	\$65,000-81,000	\$1,600-2,000	\$200,000-290,000
80-120%	\$43,000-65,000	\$1,100-1,600	\$125,000-200,000

There is a constrained supply of single-family for-sale units as moderate- to upper-income buyers compete for limited product.

- During the height of the market, buyers were often waiving contingencies and submitting offers over asking price.
- Moderate and high-income buyers are trying to purchase similar units. High-income buyers are more able to submit competitive offers, meaning moderate-income buyers have very limited options available.
- Realtors indicate the greatest need is for homes in the \$150,000-\$250,000 range.

FOR-SALE MARKET



Experience of seniors

The unmet need for active senior housing is high and puts pressure on the entire for-sale market.

- There are limited local options for active seniors looking to downsize.
- Ranch duplex units in two subdivisions (Sagamore Condos and Regency Place) are in such high demand among seniors that they tend to sell via word-of-mouth.
- Active seniors therefore tend to hold onto their properties longer than they would like, or they are competing with first-time home buyers for the same product.
- Traditional senior housing, such as independent and assisted living, is also limited locally.



FOR-SALE MARKET



Experience of upper-income newcomers (80%+ AMI)

Income Level (AMI)	Approximate Annual Gross Income	Affordable Gross Monthly Housing Costs	Approximate Home Value Estimate
>150%	>\$81,000	>\$2,000	>\$290,000
120-150%	\$65,000-81,000	\$1,600-2,000	\$200,000-290,000
80-120%	\$43,000-65,000	\$1,100-1,600	\$125,000-200,000

Upper-income newcomers represent a small but growing group with unique, specialized needs.

- New upper-income residents include second-home buyers, often from the Chicago metro area, preparing to retire, and people taking advantage of more space during the pandemic.
- Indiana’s favorable tax climate is also a pull factor.
- These households can often afford higher price points than existing residents.
- While they are most interested in very specific product (living in higher-end units along the lakes) they may be increasing pressure on the overall housing market.
- Previously stated production targets may be conservative because they correlate to the unmet housing needs of existing residents.
- Newcomers have more specialized needs that are challenging to quantify.
- Refining marketing efforts would likely increase housing demand for these groups.
- Any increase in marketing should be paired with actions to support other market segments.

FOR-SALE MARKET

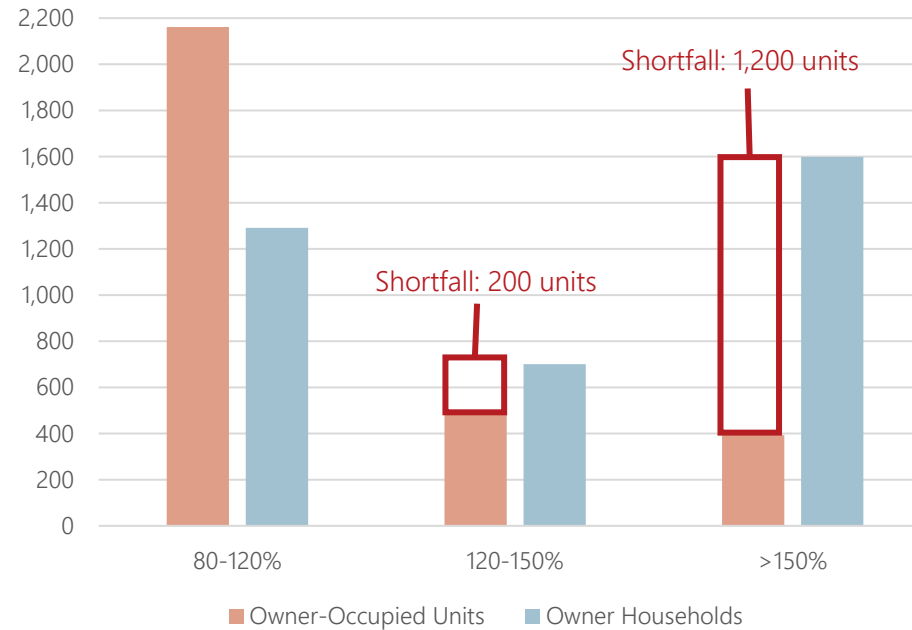
There are **+1,000** more owner households over 120% AMI than housing units affordable specifically to this group.

- These units would likely be priced at \$290,000 or above.



Unmet ownership housing needs

LA PORTE: OWNERS AND OWNER-UNIT AFFORDABILITY, 2016-2020 ESTIMATES



FOR-SALE MARKET

There appears to be a need for a minimum of 900 for-sale housing units in the City of La Porte, due in large part to underproduction historically.



Near-term ownership housing production goals



900-1,000

New market-rate for-sale units, targeted to moderate- and higher-income households

- Most units should target a price point under \$400,000
- A phased approach should be undertaken to test market depth above \$400,000

35-50%

Share of new market-rate for-sale units that should be targeted to active seniors (i.e. ranch duplexes)

- These production targets would aim to address unmet housing needs for existing residents and expand the overall housing supply in the City of La Porte.

3

LA PORTE'S HOUSING DEVELOPMENT COMMUNITY

The following section outlines the challenges experienced by those working to address housing-related issues in the City of La Porte.

HOUSING DEVELOPMENT



Experience of affordable housing developers and operators

Affordable developers are critical to producing new rent-restricted units but need more streamlined access to resources to do their work.

- Affordable housing developers and operators identified a lack of acquisition opportunities as a major challenge, particularly 4–12-unit buildings that could be rehabbed.
- Affordable developers often compete with buyers with conventional access to capital that can provide upfront funds for acquisition.
- Successful acquisitions are often from “one-off” mission-driven sellers, while organizations, such as Habitat for Humanity, are dependent on land donations.
- Recently developed rent-restricted affordable housing projects are fully occupied with long waiting lists.
- For-sale programs, such as Habitat for Humanity, also experience long wait lists.
- Habitat indicated it is challenging to find potential buyers who earn under 80% AMI who also could qualify for mortgage; prospective homebuyers are often lower-income homeowners unable to maintain their older homes.
- Affordable housing developers and operators have indicated that it can be challenging to understand where multifamily housing is permitted under the current zoning code (and overlays can be confusing to interpret).

HOUSING DEVELOPMENT



Experience of market-rate rental developers

Larger-scale developers from the broader region are showing increasing interest in the City of La Porte.

- Non-local developers are often initially unaware of the amenities the City of La Porte offers.
- These developers are often looking for development-ready sites, free of any environmental remediation issues.
- Due to the larger scale of market-rate rental projects, these developers tend to rely on out-of-town construction, which can be difficult to secure and more expensive.
- Developers are unsure of the depth of market but are generally optimistic about pursuing infill projects that are more complex.
- Per interviewed developers, sites for new construction market-rate rental projects would require a minimum of 5 acres for a typical surface-parked project.

HOUSING DEVELOPMENT



Experience of for-sale, market-rate homebuilders and developers

The network of local homebuilders is limited.

- These homebuilders tend to be smaller shops with deep connections to the community.
- These builders tend to focus on a small number of units at a time.
- They also benefit from strong relationships with local contractors but are face increasing costs and project timelines due to labor shortages.
- In contrast to the market-rate multifamily market, there are a lack of active homebuilders from outside the La Porte area.

HOUSING DEVELOPMENT



Government

City government is proactive in attracting investment to the community and viewed as a strong partner to the development community.

- The City has set a goal of growing to 30,000 people by 2030.
- There are few vacant sites within the existing City limits that are already served by City infrastructure (e.g. sewer, water).
- The City's primary strategies to grow are through identifying infill opportunity sites within City limits or annexing land, which would require expansion of infrastructure.
- The City has limited control in activities that the County administers.
 - This includes the Sheriff and tax sale process for foreclosed properties, and the assessment process.
 - Property owners tend to have leverage in keeping assessed values low, which drives absentee property ownership.
- The City is actively investing in placemaking, including removing trucks from Lincolnway.

4

HOUSING PRODUCTION AND PRESERVATION STRATEGY

The following section outlines housing production targets, as well as strategic actions and tools that could be implemented to begin to address the housing-related challenges facing the City of La Porte.

PRODUCTION TARGETS



The City should target production of 1,650 to 1,850 new units for a variety of incomes and household types, to meet existing unmet housing needs.

RENTAL UNIT TARGET

450-550

New market-rate rental units, targeted to households over 80% AMI

300+

New rent-restricted affordable housing (<50% AMI) units (including production and acquisition/preservation)

OWNER UNIT TARGET

900-1,000

New market-rate for-sale units, targeted to moderate- and higher-income households

35-50%

Share of new market-rate for-sale units that should be targeted to active seniors (i.e. ranch duplexes)

IMPLEMENTATION ACTIONS



Key strategic actions could be undertaken to begin to address local housing-related challenges.

IDENTIFY STEWARDS OF THIS STRATEGY

- Establish a non-profit housing entity or program manager
- Consider a housing-focused position in City government
- Consider a central housing resources position to assist vulnerable populations

DEVELOP A SITE ACQUISITION STRATEGY TO FACILITATE NEW HOUSING PRODUCTION

- Identify appropriate sites for market-rate, workforce, and rent-restricted housing
- Consider direct acquisition
- Identify partnerships with existing landowners
- Develop land bank to acquire distressed properties

IMPLEMENTATION ACTIONS



Key strategic actions could be undertaken to begin to address local housing-related challenges.

SUPPORT EXISTING AFFORDABLE HOUSING PROVIDERS AND SOLICIT NEW DEVELOPERS

- Identify target list of developers, conduct outreach
- Undertake site-specific RFPs with clear housing production goals
- Prioritize allocation of public and gap financing resources to close 20% financing gap for 4% LIHTC projects
 - Residential TIF, HOME funds, philanthropic grants
- Consider bridge financing for site/building acquisition
- Align affordable housing efforts with the provision of supportive services, leverage NMTC program
- Consider community land trust for for-sale affordable housing development

SUPPORT EXISTING MARKET-RATE DEVELOPERS AND SOLICIT NEW DEVELOPERS

- Identify target list of developers, conduct outreach
- Undertake site-specific RFPs with clear housing production goals
- Prioritize allocation of public and gap financing resources to close financing gaps
- Consider impact investing or crowdfunding for projects where there is some market uncertainty

IMPLEMENTATION ACTIONS



Key strategic actions could be undertaken to begin to address local housing-related challenges.

CONTINUE AND EXPAND HOUSING REHABILITATION EFFORTS

- Continue code enforcement efforts focused on improving conditions
- Develop revolving loan fund to finance improvements
 - Address both housing conditions and accessibility improvements
 - Focus on priority areas
- Advocate for tenants' rights to adequate housing conditions at the state level

CONSIDER ADDITIONAL EFFORTS TO ADDRESS MARKET CHALLENGES

- Establish working group to strategize how to address building trade labor shortages
- Coordinate marketing efforts to attract additional residents and investment

