

# HOUSING NEEDS ASSESSMENT

FOR

# NEW CASTLE/HENRY COUNTY

January 2000

*Prepared for:*

The New Castle Housing Authority

And

The New Castle/Henry County Economic Development  
Corporation

*Prepared by:*

**BONAR**  
GROUP

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## **Section 1 - Purpose of the Study**

The purpose of this study is to provide the City of New Castle and the Henry County area with a broad assessment of the needs for housing in the area. The needs assessment is to be used to help Henry County leaders to identify housing needs and issues within the county. The assessment highlights the make up of the community, the perception of housing issues in the community, prioritizes projects, and helps identify funding sources for potential projects.

The City of New Castle and Henry County are facing many of the same challenges experienced by other communities across the state. It is often difficult to attract developers to work on the type of housing projects that the community needs. Having a solid handle on the housing market and the gaps in residential housing opportunities is an important tool when planning for the future of a community. The study is to be used as a tool to help New Castle and Henry County promote development to support housing needs and identify funding opportunities to support these needs.

## **Section 2 - Background of the Study**

The first part of the study focuses on what the demographic, economic, and social data show about the housing market in this area. Demographic analysis can indicate general trends in the community, and this data can be used to help highlight current and future housing needs.

Additionally, information has been gathered through the input of community members who specialize in a variety of areas that directly relate to housing. Included in the group are: the New Castle Housing Authority, the New Castle/Henry County Economic Development Corporation, Citizens State Bank, ERA Realty, American Red Cross, United Fund, H.C. Homebuilders, Back Home in Indiana Alliance – Indiana Institute on Disability and Community, Henry County Employment and Training (ECO), Christian Love Shelter, USDA – Rural Development, the Interlocal Community Action Program (ICAP) and the Raintree Square.

Members met to discuss housing issues in the community and to identify housing needs. The current housing situation was assessed, and the group found that the higher priced housing market appeared to be operating fairly smoothly. Affordable housing opportunities for low-income and moderate-income individuals, as well as elderly, were identified as the biggest needs in the community. Transitional housing and a domestic crisis center also were identified as community needs. However, the need for rental opportunities was identified as necessary on all income levels. Members provided information from their various organizations that was incorporated in the study.

## **SECTION 3 - Social and Economic Data Analysis**

### **3.1 Population**

In 1999, the median age in Henry County is 37.2 years old. The following chart indicates population size, growth and projected growth for Henry County.

	Henry County
Population (1990)	48,139
Population (1999)	48,772
Population (2004)	48,914

### **3.2 Households**

From 1980 to 1990, Henry County experienced a decline in households from 18,796 to 18,642. However, the number of households in Henry County increased from 1990 to 1999 with current households at 19,405. In addition, there is an increase in the number of Henry County households projected from 2000 to 2004 by approximately 347 new households. This increase is likely to be projected due to the economic growth Henry County is experiencing. While growth in housing is consistently expected to increase from 1990 to future projections the rate of increase in households is very moderate.

	Henry County
Households (1980)	18,642
Households (1990)	19,405
Households (1999)	19,752
Households (2000)	19,752

### **3.3 New Residential Permits by County**

In 1998, there were 40,824 new residential permits that were issued by the State of Indiana. Residential permits increased 64.3% from the number of permits issued in 1990. In 1998, Henry County issued 194 residential permits, compared with 162 permits that were issued in 1990. This represented a positive change of 19.8%.

While Henry County is behind the State with respect to growth in new residential permits issued, Henry County is still experiencing significant growth. Residential permits are issued for rehabilitation projects as well as new housing starts.

The Henry County Planning Commission reports the following for permits issued over the last 4 years:

**New Construction and Rehabilitation Investment in Homes and Businesses**

	1995	1996	1997	1998	1999
Duplex	2	2			2
House Stick Built	103	96	95	103	112
House - Modular	58	31	53	61	26
Remodel-Repair-Storage	269	295	286	387	288
Business	18	17	38	8	19
Business Addition	25	37	40	27	14

**Number of Newly Constructed and Rehabilitated Homes and Expanded Businesses**

	1995	Av. Cost	1996	Av. Cost	1997	Av. Cost	1998	Av. Cost	1999	Av. Cost
Duplex	\$360,000	\$180,000	\$304,800	\$152,400					\$300,000	
House Stick Built	\$12,304,170	\$119,458	\$11,808,885	\$123,009	\$11,604,200	\$122,149	\$12,856,000		\$14,840,550	\$132,504
House - Modular	\$356,245	\$60,970	\$3,084,361	\$60,477	\$3,296,710	\$62,202	\$3,909,800		\$1,613,100	\$62,042
Rehabilitation	\$1,955,692		\$2,562,941		\$2,648,219		\$3,378,889		\$3,558,062	
Business	\$3,169,900		\$3,970,550		\$8,734,119		\$1,105,639		\$7,463,400	
Business Addition	\$1,837,047		\$2,364,263		\$4,735,152		\$1,716,265		\$6,312,856	

The housing creation has been fairly stable from 1995-1999. The average costs of stick homes moderately increased during this time period. While the average costs of modular housing remained fairly consistent. The Henry County Planning Commission retained a separate record for the New Castle Correctional Facility for improvements and construction totaling \$110,000,000, which was issued in 1999. The correctional facility investment greatly exceeds all other business investment over this time period.

Total permits issued for new addresses from 1991-1999 is 1827 permits.

**3.4 Employment**

As of August 1999, Henry County employed 24,660 employees, out of a total workforce of 25,500. Henry County had an unemployment rate of 3.3%, compared to the State's unemployment rate average of 2.5%. While the unemployment rate is slightly higher than the state average, Henry County's unemployment rate is still considered to be experiencing low unemployment.

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The largest areas of employment in Henry County are through service, retail, and manufacturing industries. While the manufacturing jobs have the highest annual salaries, the retail and service jobs are some of the lower paying jobs. As of October 1999, Henry County had 52 local Indiana Manufacturers. Eight of these Manufacturers employ over 100 employees. These eight manufacturers are: Allegheny Ludlum Steel Corporation, (1) Avesta Sheffield Plate, Inc., (2) Chatsworth Products Inc., (3) Daimler-Chrysler Corporation, (4) Draper, Inc., (5) Foam Rubber Products, (6) Grede, New Castle, (7) Liebhart, Inc., and (8) Modernfold Inc. Daimler-Chrysler is by far the largest manufacturing employer, employing 1675 workers.

### **3.5 Low-to-Moderate Income Levels**

	Henry County
Knightstown	34.01%
Spiceland	27.06%
Kennard	33.16%
Middletown	26.05%
New Castle	49.05%
Lewisville	39.76%
Shirley	47.44%
Henry County	37.17%

According to the 1990 Census data, 37.17% of Henry County residents are of low-to-moderate income, which is a middle range of low-moderate-income individuals as compared with other Indiana counties. New Castle has a relatively high level of low-to-moderate income individuals at 49.07%, and it is also the highest level of low-to-moderate income individuals in the County.

### **3.6 Average and Median Household Incomes**

As indicated by this chart from the Indiana Housing Finance Authority's County Residential Profile, the average household income for Henry County has grown by a rate of 39.2% from 1990 to 1999. The average household income is also expected to increase by a rate of 18.9% from 1999 to 2004.

	Henry County
Average Household Income (1990)	\$30,367
Average Household Income (1999)	\$42,338
Average Household Income (2004)	\$50,340

Median household incomes in the county have increased significantly from 1990 to 1999. There is also a significant increase in household incomes projected between 1999 and 2004 by a rate of 18.7%

Henry County	
Median Household Income (1990)	\$25,713
Median Household Income (1999)	\$35,469
Median Household Income (2004)	\$42,114

### ***3.7 Current County Low and Moderate Income Limits***

The following indicates the low-to-moderate income limits for families making 80% of the county's median income level, and the low-income limits based upon families making 50% of the county's median income level. Based upon family size, the income levels are used by HUD to determine families who qualify for their programs. These levels are effective throughout Henry County.

	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Low to Moderate	\$24,400	\$27,900	\$31,400	\$34,900	\$37,650	\$40,450	\$43,250	\$46,050
Low Income	\$15,250	\$17,438	\$19,625	\$21,813	\$23,536	\$25,282	\$27,032	\$28,782

Typically these income levels are higher in counties possessing more metropolitan areas. Since Henry County has a significant amount of agriculture, its income levels are slightly lower than other parts of the state.

### **3.8 Housing Sales**

Nearly 75% of households in Henry County own their own homes compared with 65% of the households in New Castle. This is typical as compared to the rest of Indiana that sees heighten homeownership in more rural areas.

The Henry County Association of REALTORS (HCAR) tracks the number of sales transactions and the average sale price for the areas covered by its member. Henry County has only been on the multiple listing service for three years. Here is a three-year history of the sales as recorded through the Multiple Listing Service.

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\* Note: There is some overlap in this reporting period from previous reporting period.

### **3.9 Rental Unit Rent Prices and Occupancy Levels**

	Total Units	Low Rent	High Rent	Average Rent	Occupancy
Studio	15	\$379	\$494	\$460	100%
1 Bedroom	289	\$245	\$548	\$439	99%
2 Bedroom	202	\$270	\$550	\$456	100%
3 Bedroom	20	\$420	\$590	\$556	95%
4 + Bedroom	0				
Total	526			\$450	99%

As indicated by this chart from the Indiana Housing Finance Authority's County Residential Profile, the rental market in Henry County is almost completely at capacity.

## **SECTION 4 - HOUSING MARKET**

### **4.1 Homeownership Opportunities**

Henry County is seeing housing growth in the recent construction of several new single family subdivisions. The homes generally sold in the \$150,000 or above price range.

Greensburo Pike Estates, 5.5-acre sub-division north of Knightstown, will add four lots for the development of medium ranged priced homes.

Henry County's Westwood area has been growing. Orchard Park at Road 200S between Ind. 3 and Spiceland Pike was constructed, consisting of housing ranging from \$175,000 to \$475,000. The subdivisions, Ridgewood Hills and Blackberry Woods, were developed in this area. Ridgewood Hills, consists of 31 lots and offers home with the average price in the \$200,000 range. The lots for



this development sold quickly. In Blackberry Woods, most of the homes are estimated to cost between \$140,000 to \$175,000.

#### **4.2. Housing Sales**

Realtors currently view the housing market in Henry County as a “buyer’s market”. This is indicated by the amount of time that houses listed with the Multiple Listing Service (MLS) remain on the market. The current amount of time that houses remain on the market has increased significantly from the recent history of local housing markets. However, there still appears to be a need for new housing in the moderate price range. The following is a list of home sales data from the MLS:

	All Residential Sales	Residential Sales \$0 to \$49,000	Residential Sales \$50,000 to \$99,999	Residential Sales \$100,000 to \$149,999	Residential Sales from \$150,000 to \$199,999	Residential Sales \$200,000 and Over
Total Units Sold	335	76	171	76	11	3
Av. Selling Price	77,505	34,263	69,940	\$116,746	\$162,129	\$255,000
Sales Rate	59.60%	39.70%	60%	65.80%	42.90%	20%

This chart shows that the largest volume of housing sales is in the \$50,000 to \$99,999 range at 171 housing units sold with the second highest sales rate at 60%. Housing in the \$100,000 to \$149,999 range has the highest sales rate and ties with housing in \$50,000 to \$99,999 range for the second highest number of units sold. This data from the 12 month period ending June 1999 supports that housing in the moderate range is still marketable.

#### **4.3 Maintaining Existing Housing Stock**

The average age of housing in Henry County is 28 years. Seventy percent of the housing outside of the incorporated limits of New Castle consists of older structures. Many of these existing homes in Henry County are in need of maintenance. Lack of maintenance on homes is often the result of the individual homeowners’ lack of capital to put towards the upkeep of their homes. Helping homeowners to identify potential programs to assist them with projects will help promote higher housing quality standards in New Castle and Henry County. However, New Castle is beginning to see rehabilitation efforts of some of its existing housing stock occur.

#### **4.4 Rental Opportunities**

The existing multi-family housing stock is typified by average to below average conditions. Some of the rental stock in the community is substandard. Because there is a great shortage in affordable rental housing, substandard rental housing continues to be occupied. Although many units are provided by small properties

comprising 20 units or less, there currently are only two properties comprising 100 units or more, and two other properties with 40 to 50 units. As noted below several new apartment opportunities are in the process of being constructed.

25.5 percent of Henry County residents rent homes or apartments. This percentage may be low estimate of individuals who rent in the community because it is not reflective of those individuals who are living with friends and family. In addition, new HUD regulations require that voucher recipients cannot spend more than 50% of their vouchers on housing costs. There is a perception that more rental housing is needed at every level.

The following are two recent apartment projects:

- A new apartment complex with eight separate buildings will be constructed at South 27<sup>th</sup> Street between C Avenue and Plum Street. The development will provide low to moderate income housing offering primarily two-bedroom apartments. Construction on these apartments will be early in 2000. The City rezoned this area from single to multi-unit development. There will be approximately 10 houses.
- Autumn Oaks Apartments, a new apartment complex, is in the process of being constructed on the northeast corner of 14<sup>th</sup> Street and G Avenue. It will offer 72 apartment units, about 20 percent will be leased to low-to-moderate income individuals. Rent will range from \$350 to \$550 monthly. The project includes six residential buildings housing one, two, and three bedroom apartments, as well as a clubhouse and recreational area. The developer used the name New Castle Realty, LLC to obtain tax credit assistance from the Indiana Housing Finance Authority, and the property was recognized by the City as an economic revitalization area.

It is important to wait until these projects in the area are completed before further assessing the need for moderate-income housing opportunities.

There is a tight market to support decent, affordable and livable rental opportunities for low-income housing. This was evidenced when the Bradway Building closed, and a collection of Henry County human resource agencies had to scramble to find apartments for several residents who needed a one-bedroom or efficiency apartment. Additionally, with the rental housing at near capacity, it is the low income individuals who struggle to find adequate housing. There is a need for low-income efficiency housing for single males. One possible alternative for housing for these individuals is to investigate the potential to convert a portion of the current YMCA to transitional housing if another YMCA facility is constructed, or to adapt another older building. It would be necessary to determine the feasibility and costs associated with such a renovation project.

As of 10/26/99, the current waiting list for public housing was as follows:

**Waiting List for Public Housing as of 10/26/99**

**Individuals on the List**

<b>One bedroom (Elderly)</b>	49
<b>Two bedroom</b>	122
<b>Three bedroom</b>	65
<b>Four bedroom</b>	1
<b>Section 8**</b>	122

\*\* May be (and probably are) the same applicants on the public housing list

These numbers further support a significant demand for low-income rental opportunities for both two and three bedroom apartments. They additionally support the creation of more one-bedroom opportunities for elderly individuals.

The City appears to be supportive granting of tax abatements and annexation services to investors and builders to promote the low-to-moderate income housing opportunities. This support is essential to creating an ample housing stock for lower-income individuals. The high cost of taxes in the New Castle City limits is prohibitive to housing growth.

**4.5 Elderly Housing**

Forty-seven percent of the elderly residents in Henry County are on fixed incomes. There are currently approximately 300 subsidized units in New Castle, and there are additional units in the county. The current elderly housing facilities are the Riley Park Apartments, the Maplewood Terrace, the Willow Glen, the Faith Manor, the Raintree Square, and the Bethany Village. Each of these facilities maintains a waiting list of interested potential residents. However, some of the same names may be on different facilities' lists.

Academy Place, located in Knightstown, has approximately 30 subsidized units. A new 34-unit housing development for the elderly will be placed on Indiana 103 on property south of Riley Road in New Castle and will be targeted for low-to-moderate income individuals.

More affordable housing, such as condominium housing, is needed for independent elderly residents. These condominiums could range in the \$80,000s and should include double garages. Because many senior citizens are on fixed incomes, they cannot afford to pay high housing costs, but they still require nice housing that suits their present needs.

The essential elements to elderly housing are that the housing is centrally located and has low maintenance needs. Such housing should be constructed in close proximity to services provided to the elderly and near a commercial area

with a grocery store and pharmacy. Additionally, according to providers of senior citizen housing, seniors are not interested in efficiency apartments because they want more living space than an efficiency apartment provides.

Many of Chrysler's and Modernfold's employees are approaching retirement age. As Chrysler employees begin to retire, the need for elderly housing in the community will likely see a significant increase.

#### ***4.6 Perceptions of the Economy***

In 1998, the City of New Castle lost more than 400 jobs when the New Castle State Development Center closed.

The Indiana Department of Corrections is constructing a state-of-the-art facility for "special needs" prisoners. The prison, which is scheduled to be completed by the fall of 2001, will create approximately 650 new jobs. Expected staffing needs include correctional officers, medical personnel, counselors, social workers, teachers, administrative positions, and maintenance staff. Prison workers salaries are anticipated to average around \$20,000 annually. Correctional officers would start at \$24,000. There will be a need for affordable housing with this great employment increase in the area.

The economy in New Castle/Henry County has experienced some job growth at existing businesses. The New Castle Building Commissioner reports an increase in the number of building permits for commercial buildings. The Commissioner indicates that several businesses are expanding while new employers are locating in the area.

At the same, New Castle is likely to lose some manufacturing jobs. Both Imperial Wall Covering and Modern Fold are considering closing their plants in the area. However, Imperial Wall Covering is investigating other options such as converting from commercial to residential wall coverings, and this would keep jobs in New Castle.

Knightstown and Middletown are currently experiencing growth. Yorktown in surrounding Delaware County is also growing. Businesses are expanding in Knightstown largely due to its proximity to Interstate 70. In neighboring Wayne County, there is the potential for a new industrial park at Interstate 70 and Highway 1.

#### ***4.7 Housing Growth***

The New Castle Building Commissioner reports record high numbers of residential permits issued. These permits are also reflective of housing rehabilitation improvements.

While the housing market for higher priced homes appears to be supporting itself, the housing opportunities for affordable housing is more limited. There is a demand for homes priced between the \$75,000 and \$80,000 range. Realtors report that housing in the \$40,000 to \$150,000 range are moving. As shown by the housing sales data from the Henry County Association of Realtors, average housing prices for houses sold in the county is approximately \$80,000.

There are various programs that Henry County could access to help promote housing development in the affordable range. A family of three with moderate income should be able to afford a home at approximately \$78,500. This is calculated by multiplying HUD's median income level for a family of three by 2 and half percent. This is the standard way to determine the price of a home that a person of moderate income could afford.

Henry County has more people who work and live in the county than any of its surrounding counties. More commuters come into the county to work, than commuters who leave the county. Henry County should consider conducting a survey of the major employers in the County to determine if their employees would be interested in living in the County if more housing were available and the price range of the home that would interest them. The survey could consist of a standardized form to be circulated throughout local businesses and industries. This would further support the need for housing to developers and potential funding partners. In addition, interested individuals could even be pre-qualified for homes.

The Prison will bring growth, but it is challenging to estimate how much housing is needed to support the growth. In order to assess this situation, New Castle and Henry County should look at other communities where correctional facilities were constructed. Peru-Miami County would be a community to examine since it recently completed a correctional facility on the Grissom Airbase.

A further market study should be conducted before each project recommended under this plan is completed.

#### ***4.8 Targeting the Established Revitalization Area***

Within the City of New Castle, exists a designated revitalization area. The area consists of census tract 9765. The area has been targeted because it contains heighten levels of low-income families and has been an area that has not seen a good deal of reinvestment. Because of its revitalization designation, the area is

more competitive in state and federal programs for grant resources. New Castle should evaluate the type of redevelopment projects that are desirable and feasible in the area. Once these projects are identified, they should be targeted, developed, and prioritized. After potential projects have been prioritized, potential funding sources can be identified for these projects. It is recommended that a housing task force be identified to address housing challenges in this area to assist with project implementation.

#### ***4.9 Transitional Housing Projects***

There is a lack of transitional housing to support individuals who are temporarily without housing. While the Christian Love Shelter, Inc. operates a homeless shelter that provides temporary housing in its shelter, there is no available housing to support families as they transition to permanent housing. With increased efforts statewide to promote self-sufficiency for low-income families, transitional housing becomes increasingly important to enable very low-income families the opportunity to "get back on their feet".

Henry County has the resource of the Interlocal Community Action Program (ICAP). ICAP works to help individuals and families overcome the barriers of poverty, thus enabling them to lead independent lives, free of government subsidies. In conjunction with transitional housing, ICAP could work to help families into a long-term structured situation. With additional resources, ICAP could offer more case management support as these families transition to permanent homes. Families that need transitional housing often suffer from problems with financial management and behavior issues. In order to support transitional activities, ICAP could provide counseling and educational programs to help these families reintegrate into the community and to live in a safe, clean environment.

#### ***4.10 Domestic Abuse Shelter***

There currently is no domestic abuse shelter in Henry County to support victims of domestic abuse. The Christian Love Shelter, Inc. is unable to meet the needs of victims and does not allow victims of domestic abuse to be temporarily housed in its homeless shelter. Because the Christian Love Shelter is supported by volunteers, it simply does not have the needed security or the resources to respond to the needs of victims of domestic abuse. Domestic abuse shelters must have tight security, trained staff, and close coordination with the local law enforcement agency.

Currently, victims of domestic abuse must travel to Muncie for the closest shelter. This discourages families who need safe housing from seeking it because it imposes serious logistical challenges for mothers or requires mothers to completely uproot their families from the community. This creates serious problems when the mother has a job locally or the children are in school or

daycare locally. A local shelter would help ensure that families in crisis have a safe environment to protect them from dangerous and abusive situations.

#### ***4.11 Housing Challenges***

There is nowhere else to grow within The City of New Castle unless the City annexes additional property. In his State of the City, Mayor Boles indicated that the annexation proposal on the table will pass. This will include annexing Blue River Valley, Wildwood Memorial Park, and Whites Estate. There are areas on the parameter of the City where utilities are not far from the property. New residential growth around the Prison may be possible depending on how the infrastructure extending to the Prison is developed.

Homeowners and home developers see a need for more capital investment from the City. There are additional tools that the city can implement which would increase development opportunities. A demolition plan and a Barrett Law assessment could help spur positive development and can improve the overall community appearance.

High sewer and water rates impact the growth in New Castle. One possible solution to help reduce the initial utility burden and support growth is to make adjustments to sewer and water hook-up fees that would encourage rather than inhibit investment. In addition, the City of New Castle could help support growth by creating cooperative public and private efforts. In Middletown, the developer pays for the costs of infrastructure materials for streets and sidewalks, and the town uses its manpower to construct the infrastructure.

The tax assessment mechanism within the City of New Castle also discourages development. Increasing the tax base in the community decreases that overall tax rate for families who currently live in the community. While annexing existing development as proposed will help spread the local tax burden, the City of New Castle can further support development in the community by granting further tax abatements for projects that strengthen the overall tax base.

The City of New Castle and Henry County should work together to promote housing growth. Most of the housing growth is currently taking place in the county.

## **SECTION 5 - Housing Recommendations**

1. Henry County has an excellent human resources network. The City of New Castle and Henry County should team to form a Housing Coalition, comprised of the Human Resource Providers, City, Town and County representatives to comprehensively address housing needs. Because the creation of ample affordable and low-income housing opportunities for individuals is the most difficult area of housing to address, the emphasis of the group should be to work to address these housing issues and services (if necessary) to support them.
2. The New Castle/Henry County housing market shows a demand for affordable housing. This demand will increase as the New Castle Correctional Facility is completed. New Castle should be proactive in supporting the construction of affordable housing opportunities to ensure that it also experiences residential growth to further expand its tax base. Affordable housing in Henry County consists of homes with an average price range of \$78,500. The Indiana Department of Commerce, Rural Development, and the Indiana Housing Finance Authority have funding to support such a project.

A further market analysis should be conducted before such an affordable housing project is attempted. Surveys should be circulated through local businesses and industries to assess the interest of such housing opportunities.

3. Henry County should continue to evaluate rental housing needs. Because several new housing projects are currently being constructed for affordable housing needs, it is recommended that the impact of the new apartments be evaluated before more affordable rental housing is constructed. It is possible that these new apartments will open the existing rental market for low-income individuals. However, with the currently tight rental market, the County and communities should encourage the development of additional subsidized apartments to support the needs of low-income individuals.

Under new HUD regulations, individuals who receive vouchers cannot spend more than 40% of their income on housing. The City of New Castle or Henry County may want to encourage or investigate the renovation of the YMCA or other buildings to support efficiency apartments. Many of the buildings in the downtown area that currently have vacancies on the upper floors could be transformed into apartments. Rural Development and the Indiana Housing Finance Authority have programs to support these projects.



4. Elderly housing for more independent seniors is needed in the affordable range. Condominium housing that is centrally located to a commercial area is recommended. The Indiana Housing Finance Authority, Rural Development, and Fannie Mae have funding to support these projects.
5. Transitional housing is needed for those who are homeless and are committed to moving their families into a long-term structured situation. The transitional housing should be accompanied by programs to support these individuals as they make this transition. This investment in transitional housing and programmatic support by a unit of local government will help ensure that these individuals combat some of the challenges that have limited them from functioning and being productive members of the community.
6. Further investigation into the creation of a domestic abuse shelter is recommended. With the closest facility in Muncie, women in need of help are often discouraged from taking the necessary steps to ensure their and their families safety. Funding is available for domestic abuse shelters from the Indiana Department of Commerce and the Indiana Housing Finance Authority.
7. Henry County and the City of New Castle should team with other communities in the County to host meetings to educate homeowners about available assistance for housing rehabilitation. The meetings should include presentations from local financial institutions, the Indiana Housing Finance Authority, and Rural Development representatives.
8. The City of New Castle and Henry County should continue to be aggressive in attracting developers to build in the community. The City of New Castle should continue to support affordable and low-income housing projects through tax abatements. In addition, the City should consider policies and programs such adjusting water and sewer hook-up charges, sidewalk improvement programs and implementing a Barrett Law.

## **Section 6 - Funding Opportunities**

The following is a brief summary of different programs offered for rental, rehabilitation, construction, elderly and temporary housing opportunities.

## USDA Rural Development

### **Single Family Housing Direct, Leveraged and Guaranteed Loans (Section 502)**

Private lenders work with RHS to offer loans to individuals interested in building or purchasing a home. Loans are made to individuals for up to 100% of the appraised value of the home. Qualified lenders include any state housing agency, lenders approved by HUD, the U.S. Veterans Administration, Fannie Mae or Freddie Mac and other lenders participating in guaranteed loan programs. Funds can be used to build, repair, renovate or relocate a home, or to purchase and prepare site, including providing water and sewage facilities. Eligible applicants may have an income of up to 115% of the median income for the area. Henry County is targeted for a special funding pool through this program.

### **Multi-Family Housing Programs**

Eligible lending partners for Rural Housing Service Multi-Family loans are those currently approved and eligible from the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, Federal Housing Finance Board, or Department of Housing and Urban Development. State Housing Finance Agencies are also considered eligible lenders. Other lenders have the opportunity to enter into a correspondent bank relationship with approved lenders in order to participate in the program.

### **Rural Rental Housing Guaranteed Loan Program (Section 538)**

This program funds construction, acquisition, or rehabilitation of rural multifamily housing for low-income occupants. The Rural Housing Service guarantees up to 90% of the amount of the loan from a private lender to a housing developer. Residents of the completed housing facility must be very low-to-moderate income households; or elderly, handicapped, or disabled persons with income not in excess of 115% of the median income of the surrounding area.

## Indiana Department of Commerce

### **Community Focus Fund (CFF) Program**

The infrastructure in support of affordable housing grants are used towards the infrastructure costs associated with the construction of new subdivisions. The infrastructure costs savings are passed directly on to the new homeowners and typically buy-down the costs of the homes by at least \$10,000. This program can be used in conjunction with other programs to further reduce the costs of the homes.

## Indiana Housing Finance Authority (IHFA)

### **First Home/One Down**

This program allows qualified first-time homebuyers to obtain mortgage with a down payment of as little as one percent. The loans will be offered through IHFA and its statewide network of participating lenders. Under First Time/One Down, applicants receive five or ten percent down payment assistance in the form of a zero-interest forgivable loan. The balance of the home purchase, up to 95% of the price, will be supported by the IHFA First Home loan.

### **Rental Housing Tax Credits**

Rental Housing Tax Credits (RHTC) are competitively allocated to for-profit and not-for-profit developers of affordable rental housing. RHTCs provide access to equity capital, and the demand for tax credits runs about four times higher than available resources.

IHFA allocated tax-exempt multi-family revenue bonds to support the debt needs of developers planning affordable rental housing. Allocations of bond volume are made in cooperation with the Indiana Development Finance Authority.

### **Multi-Family Revenue Bonds**

IHFA issues tax-exempt multi-family revenue bonds to support the debt needs of developers planning affordable rental housing. Allocations of bond volume are made in cooperation with the Indiana Development Finance Authority. Local governments are able to issue the bonds, but IHFA is also authorized by statute to issue multi-family bonds. Additionally, IHFA will consider 501(c) 3 bond insurance.

### **Indiana Equity Fund**

The Indiana Equity Fund provides financial aid and technical assistance to not-for-profit developers and less experienced for-profit developers working in partnerships with not-for-profit developers. An investment pool of financial institutions invest in rental housing developments by purchasing the rental housing tax credits by IHFA to the developments.

### **Owner-Occupied Rehabilitation (Community Development Block Grant)**

Rehabilitation projects will preserve housing units as decent, safe, and affordable for the long term. Any major household system repaired or replaced as part of the rehabilitation process must meet current building codes. Funds may be used to remedy conditions that represent an ongoing threat to the structural integrity of a building and may eventually result in an emergency situation. Projects may concentrate on rehabilitation to improve accessibility for a targeted class.

**Rental Rehabilitation (Community Development Block Grant)**

IHFA encourages investments that will preserve housing units as decent, safe, and affordable for the long term. The program is targeted to projects for the rehabilitation of existing or vacant rental units. Projects may consist of any unit number and may contain any variety of unit mix.

**Transitional Housing (Community Development Block Grant)**

IHFA has funding for transitional housing projects that serve homeless individuals or families that lack fixed, regular, and adequate nighttime residences.

**Emergency Shelter (Community Development Block Grant)**

Emergency shelter projects must serve homeless individuals or families that lack fixed, regular, and adequate nighttime residences. CDBG funding provides assistance for acquisition, rehabilitation, and/or new construction of public facilities designed to provide shelter for persons having special needs including, but not limited to, shelters for the homeless and shelters for the victims of domestic violence.

**Owner-Occupied Rehabilitation (HOME Investment Partnership Program)**

IHFA encourages investments that will preserve housing units as decent, safe, and affordable long term. Rehabilitation activities must bring each assisted unit totally up to local rehabilitation standards or minimum property standards.

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**Housing Creation/Conversion (HOME Investment Partnership Program)**

Eligible projects must be able to demonstrate that supplemental financing is necessary to make the units affordable to low-to-moderate income persons. Eligible projects include acquisition, rehabilitation, conversion, and/or new construction of housing units for sale or rent to low-to-moderate-income persons. Demolition in preparation for new construction or rehabilitation is also eligible.

**Transitional Housing (HOME investment Partnership Program)**

Rehabilitation and new construction activities must bring each assisted unit to local rehabilitation standards or the minimum property standards. Transitional housing provides homes on a short-term basis for homeless families with children, including abused women and their children, or individuals with disabilities. The purpose of transitional housing is to move homeless people to permanent housing within 24 months.

**CHDO Projects (Home Investment Partnerships Program)**

Eligible applicants for this program are state-certified community development organizations (CHDOs) that propose to own, develop, or sponsor a HOME project. Projects must demonstrate that supplemental financing is necessary to make the units affordable to low-and-moderate-income persons.

**Homeownership Counseling/Down Payment Assistance (HOME Investment Partnership Program)**

Homeownership counseling must be proposed as a component of all down payment assistance requests under this HOME-funded activity. HOME funds for homeownership counseling activities must benefit 100% low-to-moderate-income households only. The intended result of a homeownership counseling program must be the purchase of a home by households participating in the program within a 24-month period.

**HISTORIC TAX INCENTIVES****Historic Rehabilitation Tax Credits**

To qualify, a building must be listed in or eligible for the National Register of Historic Places, either individually or as a "contributing" structure in a designated historic district. The property can be a commercial building, a factory, or even an old house. The end project must be an income-producing activity, and renovations of old buildings for apartment use qualify.

**Rehabilitation Tax Deduction**

Indiana taxpayers who rehabilitate historic structures and commercial properties as well as private homes can qualify for a tax deduction if the work increases the assessed value of the building. The program allows the owner of a historic property to deduct 50% of the increase in the property tax that results from the renovation work.

**FANNIE MAE****Targeted Affordable Housing Project**

Assistance is available for refinancing existing properties and for permanent financing of new construction or rehabilitation. This program provides flexible underwriting standards and financing terms for properties serving low-and-moderate-income residents, including streamlining mortgage credit reviews, reduced debt service coverage requirements, and acceptance of subordinate financing.

**Forward Commitment Product**

Serving both Targeted Affordable Housing and new construction of market-rate apartments, this product provides the borrower with a locked-in rate for permanent loan in advance of the property being made available to tenants. This

allows developers to know what their debt service will be in advance of construction.

#### **Rehabilitation Product Line Initiative**

Fannie Mae offers permanent financing for multi-family properties in need of moderate renovation, provided 100% of the units area affordable to median income tenants. Financing is available for repairs, replacements, and improvements up to \$15,000 per unit.

#### **Senior Housing**

Fannie Mae offers financing for all kinds of senior housing ranging from independent living to service-enriched properties, including congregate care and assisted living facilities.

#### **Credit Enhancement for Tax Exempt Financing**

Lenders that are experienced in bond transactions can provide credit enhancements for tax exempt multi-family bonds. The program guarantees the timely payment of principal and interest on outstanding bonds backed by multifamily mortgages.

#### **Employer-Assisted Housing (EAH)**

The EAH program offers a three-way partnership between an employer, Fannie Mae, and a lender. The employer offers the housing benefit, often in the form of a forgivable second mortgage loan or grant, some type of matched savings plan or guarantee, or homebuyer education that helps the employee achieve homeownership. The employee participates by applying to receive the benefit, meeting the criteria set up by the employer to receive the benefit, and fulfilling the necessary qualifications to become a home buyer. The lender is involved with the first mortgage underwriting and origination and manages the relationship with the employee.