

**Aspire Johnson County
September 25, 2019
Franklin Community High School**

Welcome- Eric Vermilion
Introductions

Moderator- Zach Churney- Worked for MIBOR for 3.5 years, high school teacher and econ. Development. Now doing software engineering. Excited to be here with Chris Pagano, Lee Ann Balta, Steve Hatchel, Brad Coffing. Wants to make sure we have time for questions and this event flows like a conversation.

The panel is made up of Brad Coffing, data analyst, Lee Ann Balta- realtor, chair of Econ. Development council for MIBOR; knows what's going on in the housing market. Steve Hatchel- with Arbor homes. Knows what is going on in Indianapolis. Chris Pagano- from southside, realtor, very engaged in the community and knows what is happening in the market.

Easy question to start out- Where is your favorite place to travel?

Chris- likes Gulf Shores. Easy to walk. Fort Myers Beach. Loves to see the ocean.

Steve- favorite places, Turks and Caicos. African safari to Cape Town.

Lee Ann Balta- Scotland, highlands

Brad- Germany, Berlin.

Zach- Need to be forthright- put it all in conversation. We're having the same conversations that we were 4 years ago. Need to have all of the stake holders at the table.

If you had to describe the housing marking in 1-2 sentences?

Brad- constrained, tight, lots of demand. Not a lot of inventory.

LeeAnn- low supply, high demand. We've been talking about it for years now. Natural progression, students are trying to get into their first homes, but the product isn't available.

Chris- unavailable at an attainable price point. Underserved in lower price point. Low inventory.

Steve- low inventory. Tough to find homes for buyers. New builds- having trouble keeping up because lack of trades workers.

Zach- question for Realtors. How does market here compare to other markets? Misinformation about comps- people believe if you build a house of lower value next door.

Chris- District 3 rep for MIBOR. Brown county and Johnson county meetings. Compared to Hamilton, Avon, higher price points. Shelby county – lowest price. Johnson County 3 or 4th in for price/ home values.

What do you tell your clients regarding comps?

Chris- tells his clients to not be nervous if they build a lower priced neighborhood next to yours. Appraisers looks for similar homes, similar size, age etc. even if the roads connect to a lower priced neighborhood. He has seen neighborhoods on southside, with custom homes built and then production homes are added to neighborhood later. They do a good job copying what's there and customizable features and match pricing.

Lee Ann- former preschool director. Educate clients about comps. They want to compare a house to their neighborhood, their home's age group. They are looking for similar built home, similar features. Echo what Chris said about production home builders coming into a custom-built neighborhood. Liked what he said about connectability, mixed use.

Steve, from your perspective local regulations, zoning, how does that impact attainability for all? How does it impact that ability to build?

Steve- NAHB found that 25% of the cost of new homes is coming from regulations- required brick, impact fees, roof line etc. For example, a \$200,000 house with \$50,000 in costs due to regulations. Johnson County- between Franklin and Greenwood and Whiteland, over 6-7 years the sales price went from \$160,000 to \$230-\$240,000. Think about that impact on teachers, fireman; it's restricting. Have had good conversations. Want to address it where everybody wins.

LeeAnn- people that are buying start to look for something different. They want something somewhat unique, but current regulations don't allow that. Certain density. Young people or older people want denser, more shops, more walkability, more entertainment. Regulations don't allow for that sort of thing.

When we talk about talent attraction, globally, are there types of housing that aren't being built here? What do you see as the future of housing? He's seeing more about shipping containers, 1 story home with a basement for example.

Steve- has done travelling and looked for other products. Sees more dense product other places, narrow, built up with 1 car garage. What they are finding out is more people looking for lower price points are coming from smaller apartments. They are not looking for 2800 sq. ft home. Perception of size is different.

One thing that is tough, as you look at denser product and walkability, also impacts cost If you want shops, restaurants, etc. Look at Clay Terrace, they've created that, but those aren't inexpensive. A lot of people don't want to see gridded streets. How do we take layouts with added density, but give the city some relief? Mixing stone and brick, siding, etc. to give a different feel. He sees that in other cities with different regulations. Unheard of most of the rest of the county.

Lee Ann- We need to see a lot more private, public partnerships, even private citizens. Work comes from volunteers. Business and city with citizens- more partnerships. A builder can't come do all of it; the city can't do all of it. Conversations where people are able to break it down and do something unique is what it's going to take to make change happen.

Brad- Need to flip this on its head. We're the ones to share the idea of what our communities can be for the next 20 years. What are the opportunities? We've been on this model for 20 years, sprawl and driving to places. Trends change that people want to live closer to work. Interest in product choice among young, middle aged, and older. Bring more balance to inventory. Amenities make a place a great place to live. We have an opportunity to look at gaps in our communities to be a tool. How do we implement what we want for what we want to be? Starting a new study at MIBOR. Did 2 studies last year- how housing should be hand in hand with economic development. Other study was a consumer preference piece and what they want to live in. What types of products exist that don't exist here and what the barriers are to get that type of housing is up next to survey. Will consumers demand it?

Chris- better variety of homes- Aberdeen, for example, featured custom builders in the country. Has a place for concerts, where people can be a community. Used to live outside Syracuse NY. Has great memories, riding his bike and having 20-30 friends to play baseball with. His daughter plays with her friends in New Whiteland. We need people outside, talking to their neighbors. Get off of our phones. Could solve a lot of societal problems that way. Thinks Mayors are doing a great job, they talk to each other, they come to Southside MIBOR meetings. People want to be able to walk to stuff, some people want to live in the country. People that are aging and don't want to take care of a yard. Has several older clients looking for months and can't find anything to move to. Need to provide housing for that age range.

Zach- In economic development, we talk about college grad rate, literacy rate, unemployment rate, but we're talking about people in our community. If we want to retain people, you have to have the housing for them. If we aren't providing that, people will leave. If people in your community had to walk to walk somewhere, to a doctor appointment, what would that look like? There is no reason that you can't walk to those communities. Is it dangerous, is it people friendly? **Last question is about the macro economics. What is the alignment between income and housing? What else contributes to barriers?**

Brad- if you live outside the Indy region, it looks like a good deal. Neighbors moved here from the Bay Area; it's very affordable if you're coming from somewhere else. Not outrageous pricing but becoming tight. We tend to look at what people can afford on paper rather than what people can pay in reality. In consumer preference study, they asked what are the barriers and the answer received was student debt. The interesting thing about that, would think that's young people, but you see it across generations. People took on their kid's debt or people went back to school. Also see it in people that are approaching retirement. Credit card debt -Millennials didn't report it. Saw it more with GenX and Baby Boomers reporting that. Working full-time and still feel like they can't take on the debt of affording a home. No quick fix to that. If you look at State of IN, we incentivize a production-based economy. Becoming more skilled to do jobs, but if you look at the macro sense, much more of the economy is skill based. Tax policy hasn't caught up with that. Look hard at how we incentivize businesses and the pay that the jobs produce. Healthcare is going to be booming for the next 10 years. You'd think that healthcare pays well, but for every 1 high wage, there are 5 jobs that have to support that. Also, childcare is a barrier. He pays more for childcare than for his house monthly.

LeeAnn-Looking at the MIBOR study it takes 2.3 people to afford a household. You have young men or women that are single. How can they buy a home?

Brad- people aren't getting married at the rates that they did in the past. Putting it off.

Steve- Unemployment rates are almost non-existent. Median income \$58,000. 70% of people can afford a home up to \$220,000. Average new home is \$325,000-\$330,000. Gap is really widening. Somehow need to address the gap. If an existing home comes available under \$220,000 people are skipping inspections to purchase it! Wages are not increasing the rate that prices are increasing.

LeeAnn- shortage of labor is impacting the rate that new homes can be built.

Steve- a lot of the people left during the economic downturn. They'll build 7000 new homes this year. Could be building 9000-10,000. There isn't the development or labor force to help with that. Debt to income ratio. When they graduate, not every kid is a right fit for college. Can make a lot of money being an electrician, plumber, etc.

LeeAnn- need to figure out how to say that college isn't right for everyone.

Zach- Some people treat it like you're not professional, but how many people can plumb?

Brad- Talk about skilled jobs.

To take conversation a different direction- what makes a place desirable? Safety, schools, sense of community. People want to be able to do stuff- eat out, but unique. We want brew pubs, coffee shops, stores. If you can't develop a place where those people can afford to live, the restaurants are going to close down. Think about the number of jobs they pass as they drive to their jobs? If you think about what it takes to create a community, it requires everyone to have a shot. He loves looking at the long term, what's good for 10-20 years out. If you are going to sustain our communities, look long term at housing and economic development strategy. It's not one thing. It's hard. You have to build right things, right place, right price point. You are all very important to our communities. Think hard about what you want your communities to be.

Zach- think about being an ecosystem. Think about a swamp with fish, fowl, bacteria. There isn't a balance currently. Have to think balance, not overcorrect.

Questions- Gayle- manage over 80 scholarship funds. Driving people to go to skilled trades. They don't have people to work. Personally, they own a building, but can't find a handyman trained, with insurance. Her favorite scholarships are geared towards trades. Seeing that you don't have to come out of college with debt, can be a plumber, welder.

Jack- at Center Grove- trying to change the narrative that it's ok if your child doesn't go to a 4-year college. Trying to create change. Have friends that own a plumbing company and they can't get people to come work there. If you are a C student, why would you do college and take on that debt. It's going to take a while; You can still brag about our kids. Proud of Central Nine here.

LeeAnn- HR meeting recently talked about how many job openings, creating mini- commercials to attract people for those jobs.

Bonnie- thank you! Glad you talked about the salary discrepancy. Struck by average salary in Johnson County and housing costs. Makes no sense to build houses that people can't afford. Thank you LeeAnn and Chris for bringing up collaboration. So important. Bringing the right people to the table. Do we have all of the voices we need to hear from? Any communities that are doing this well? Only can be solved by collaboration.

Steve- works closely with a few mayors. Lebanon. Looking for opportunity for entry level house pricing and utility company. Have worked with Franklin as well. People are driving past jobs. There is a \$20,000 price break where they will drive to save money on their house. Franklin, Lebanon, Greenfield and others. If that trend continues, you'll see beautiful places where the community is aging, and schools are overstaffed. People can't afford to move out of their house because no one can afford to move in.

Brad- what's a house worth? It's worth what people are willing to pay. If you think you are protecting your asset by limiting the people that can buy in house in your community, when you want to turn around to sell it, where is the pool of people that will be able to buy it?

Lisa- bought house knowing that farmland will be developed. Neighborhood forced city to make bigger lots, bigger homes. They think it will impact the value of their homes. She's the one person that advocated for houses people can afford. How do you change the group mentality that things have to be bigger and better to increase home values?

LeeAnn- NIMBYism. Starts with education. They have an uneducated argument.

Lisa-polarizing argument. Could people like Brad can come out with his stats and show people. Yes- he'd come!

Steve- Homes are huge purchases for people and it's emotional. When you start talking about what it can impact. People get irrational and hard to have impact even with facts and stats. Education is the biggest thing. Don't know how you get beyond that. Have all of the people at the table.

Zach-when they were looking at mass transit. 20 people would say they are anti-transit. The most powerful person in the room is the one asking the questions. What is it you are against? Why do you think that? Can you explain the comps process to us? Get people to start questioning themselves.

Dr. Spray- tax structure, we incentivize large boxes. Distribution, selling our souls. We need labor. We don't need kids to move boxes. Will tell that to everyone. That's not what he's in the business to do. Skilled labor is important because it has a future. It's up to them if they do a trade, 2 years or 4 years of education. etc.

Impact on what you're seeing now, 10 years later from the economic downturn. Lots of money was used to purchase housing inventory cheaply. In his school community, large national chains rent out homes CP Morgan has a large percentage of home that are owned by rental companies.

Steve- not slowing down. Corporations are gobbling up houses everywhere. They are teaming up to build communities that are rentals. Know there is an affordability crisis. Doing it as a detriment to the housing industry. They are not in favor. Arbor wants to sell to someone that wants to buy and live in it not just to a big corporation. Seeing big hedge funds buying big chunks of stuff.

Dr. Spray- They are paying at a higher tax rate- 2% so there are pros and cons as a school corporation. Once they rent, they stay for a period of time. Getting growth on southeast segment of Greenwood, will see growth when homes turnover.

LeeAnn- see neighborhood HOA's get involved. What is that balance and how to educate HOAs to get that balance. Many are bringing down the percentage allowed of rentals.

Thanks for this conversation. Agree on home economics should be put back into the schools. Dire situation.

Dr. Spray- Budgeting continues to be in curriculum. It's not being modeled to students. Personal finance is required. Need to have business partners.

Collaboration conversation- probably aware of ALICE data. Living wage from MIT is powerful. Let's continue this conversation and develop action plans.

Randy- standing against developments has happened in his area. Heard about missing middle in the housing market. Slowed projects- have they done the wrong thing? Talking about shortage- live on southeast side of Greenwood. Can't seem to get anyone to develop into housing. Run a group of people that want to develop that land into residential. How can they attract developers?

Lee Ann- has there been a housing study?

Already zoned for housing. More than willing to step behind a developer. He's good with mixed use, lower density, apartments. Etc.

Steve- best way is a conversation with local administration that you support that. Study from Purdue came out years ago- if your house is under \$350,000, you aren't contributing enough to support schools, police with 1% tax cap. Has been a real pushback from governmental agencies. It's a misnomer and look at the money spent. Those conversations help that discussion. They love Johnson County. The hurdle is generally what is accepted in that community and the price point.

Terry-Diversity- older housing being rehabbed to an affordable price point. Generally, on small lots with 1 car garage, walkable. City leaders allowing rehabs to happen. That seems to be the affordable housing market as opposed to in Fountain Square where houses sell for \$300,000!

Steve- those homes have good bones, been around for a long time with a lot of character, different. Unique touch and story. One of the issues, in Indy, INHP group that is doing a lot of work. There isn't a similar entity doing that work. Lots of opportunity to do more, but not a lot of capital.

New housing and infrastructure to support it? Where do impact fees go?

Steve- most expensive part of the neighborhood is the first part. In Louisville, they have the largest and most active builder's association. Work with counties, have a fee \$1000 of every permit goes towards road improvements- the county is responsible to do that. They have to track and report back. Most cohesive group doing what is best. Depoliticize the process and get to the table to have those conversations that prohibit development.

Iddo- older house is easy under \$200,000. New house for under that price- what does it look like?

LeeAnn- can't build anything new under \$200,000.

Zach- one of the reasons we are talking about that is the regulation in place. On backlog for months due to missing labor. How do we impact that?

Steve- Nationally Arbor is part of Berkshire Hathaway family. 10 builders in the properties group. Founders are working on affordable housing, developing something new. What is efficient from production side? That's the number one initiative of their company to find a product in the \$150,000-\$175,000 price point. Someone is going to deliver that product.

Brad- MIBOR was a big backer of transit in Indy- red line, blue line, purple line. When we talk about people wanting to live closer to work. Transit takes a problem and allows people to have access to amenities, but they don't have to live right "there". Transportation connects people to the economy. Your world view of your opportunity is tied to where you live. If you live near doctors, lawyers, your world is open. If you live where people haven't "made it", that's your world view. If you connect them to what is possible, it has a trickle up effect. A lot people are against transit- it doesn't pay for itself, but roads don't either (or they'd look really nice). Allows options, helps people contribute. Our transit costs are very high in Indy. We spend a lot of getting from point A to point B. There's a real cost tied to generational upward mobility. Greenwood would have the first opportunity to add on to the Red Line. Big opportunity.

Zach- takes the red line every day. Everyone on the panel can stick around to answer more questions.

Dana- thank you!

Bev- announcement- working with under resourced. Conversation about affordability about housing- thank you! Event at Grace United Methodist at 6:30pm. Dinner at 6pm.

Dana- Her takeaway- collaboration- talked recently with Gibson County. Toyota was complaining that people are late to their jobs and if they lived closer to where they worked, they wouldn't have these issues. Did a public private partnership, TIF'd an area, covered costs for infrastructure. Built \$125,000-\$175,000 neighborhood to house Toyota employees. People are now less than 10 minutes away from work. Toyota also helped with down payments for their employees. Also, the fact that we are struggling with trades. Someone building a spec building, their timeline is backed up because of waiting on truck drivers. How many of us will be struggling to get coffee because people can't afford to live here and work in a service industry. Change verbiage. Love the signing days at C9 with kids going into trades.