



March 2019

Assessment of the State and Division Neighborhood

Deliverable II for the City of Elkhart Redevelopment Commission



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BACKGROUND

This document is a detailed analysis of the State and Division neighborhood that focuses on the demographic structure of the neighborhood and the physical characteristics of the housing units in the neighborhood. **The purpose of this document is to provide empirical data to support the types of housing units that should be developed in the State and Division neighborhood.** This document is outlined as such: availability of housing, affordability of housing, neighborhood amenities, housing conditions, and the current state.

AVAILABILITY

The availability of in-demand housing units is a key parameter to quantify. This section presents data that quantifies the availability of diverse housing in the State and Division neighborhood. Figure 1 presents three comparisons for housing types in the City of Elkhart.

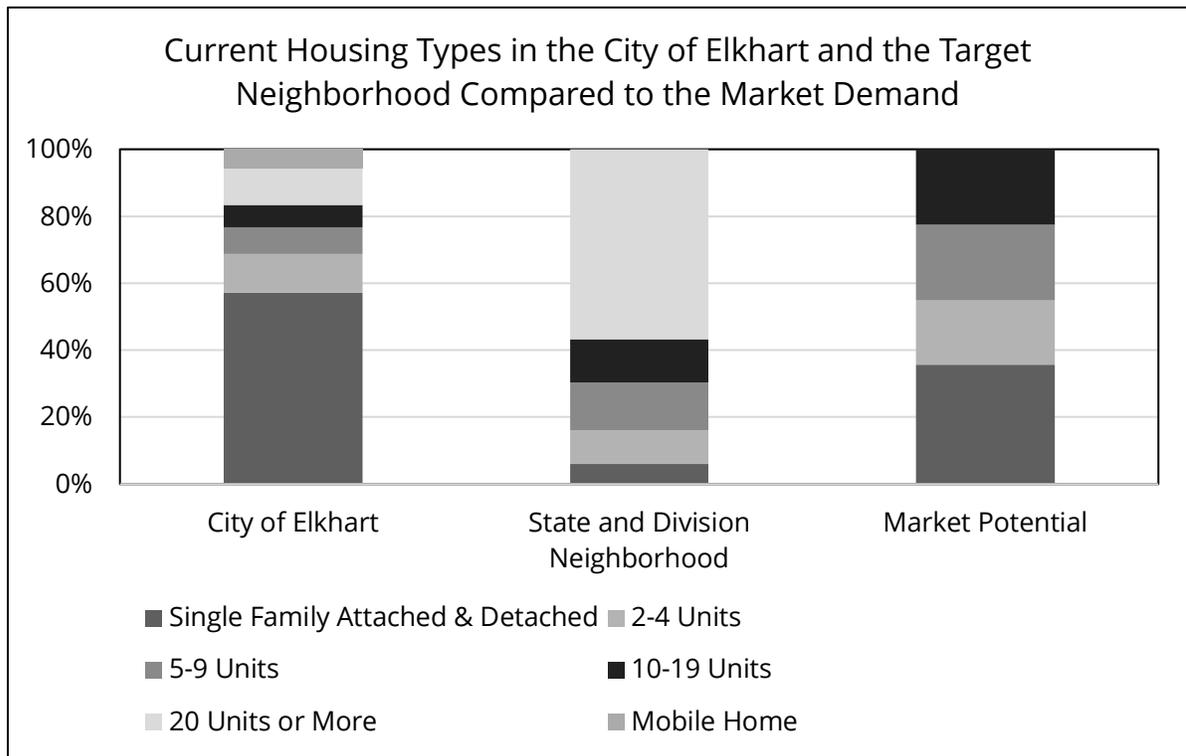


Figure 1. Housing types in the City of Elkhart overall, State and Division Neighborhood, and recommended from a 2017 market analysis study. Definitions include: Single Family: Single family detached, townhouse, rowhouse; 2-4 Units: Duplexes, quadplexes, condo; 5-9 Units: Microloft, studio, loft, apartment, condo; 10-19 Units: Microloft, studio, loft, apartment, condo; 20 Units or more: Microloft, studio, loft, apartment, condo. *Sources:* US Census (2017); Zimmerman & Volk, An Analysis of Residential Market Potential for the Downtown Elkhart Study Area (2017). Marshalltown Housing & Community Development. Townhomes, Rowhouse, Condos, Single-Family Attached Homes and Duplexes: What are the Differences?

Figure 1 indicates that there is a large market for single-family dwelling units. These would include single-family detached homes. Further, it indicates a large demand but low supply of 2-4-unit dwelling units, such as duplexes, condos, and small apartments. Lastly, Figure 1 shows that there is a large market rental unit ranging from structures that contain 5 to 19 units.

Another piece of information that is vital to assess the availability of housing in the State and Division neighborhood is the distribution of number of bedrooms per unit (Figure 2).

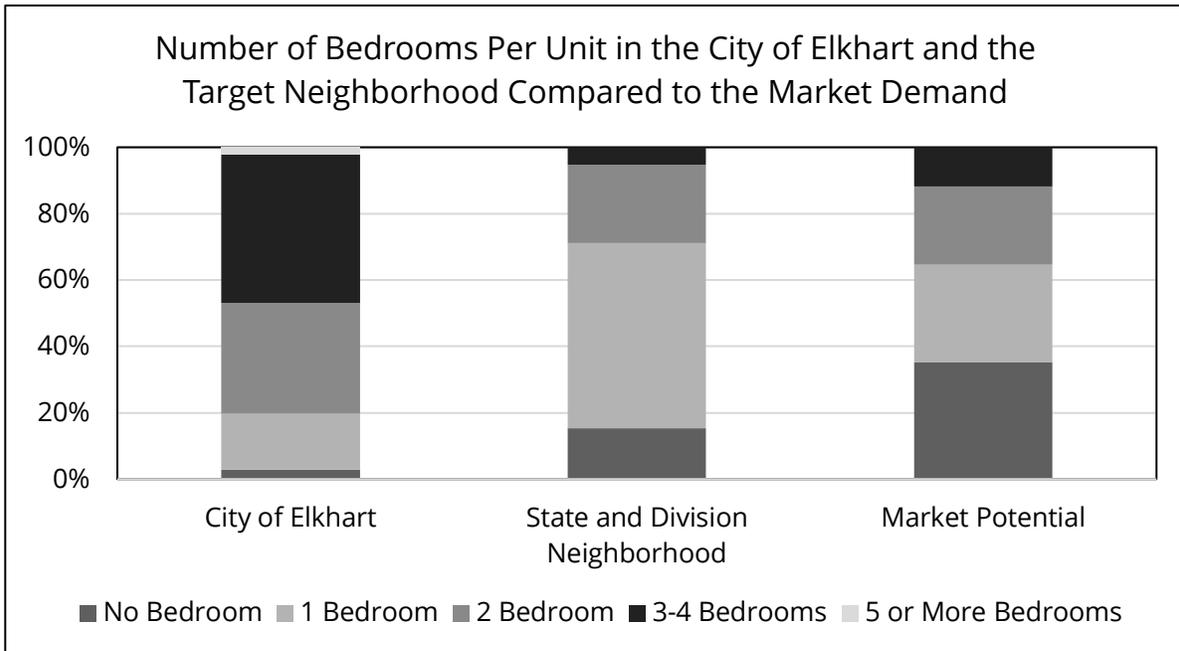


Figure 2. Percent of dwelling units by number of bedrooms in the City of Elkhart overall, State and Division Neighborhood, and from a 2017 market analysis study. Sources: US Census (2017); Zimmerman & Volk, *An Analysis of Residential Market Potential for the Downtown Elkhart Study Area* (2017).

Figure 2 indicates that 15% of available units are studios, 56% of the available units are one-bedroom, 24% are 2 bedrooms, and 5% are 3-4-bedroom units in the State and Division neighborhood. The 2017 market study of the City of Elkhart indicated a strong demand for studio apartments. The State and Division neighborhood should double the current number of studios and double the current number of 3-4-bedroom units to fulfill the market demand. The City of Elkhart tells a different story, however. The City housing has an excess of 3-4-bedroom units and instead should increase the number of studio apartments by 900% and 1-bedroom apartments by 47%.

The final figure that paints the picture of available housing units in the City of Elkhart is presented in Figure 3. Figure 3 is a snapshot of both available rental and available for sale units in the City of Elkhart. Figure 3 indicates a very low supply of rental housing Downtown.

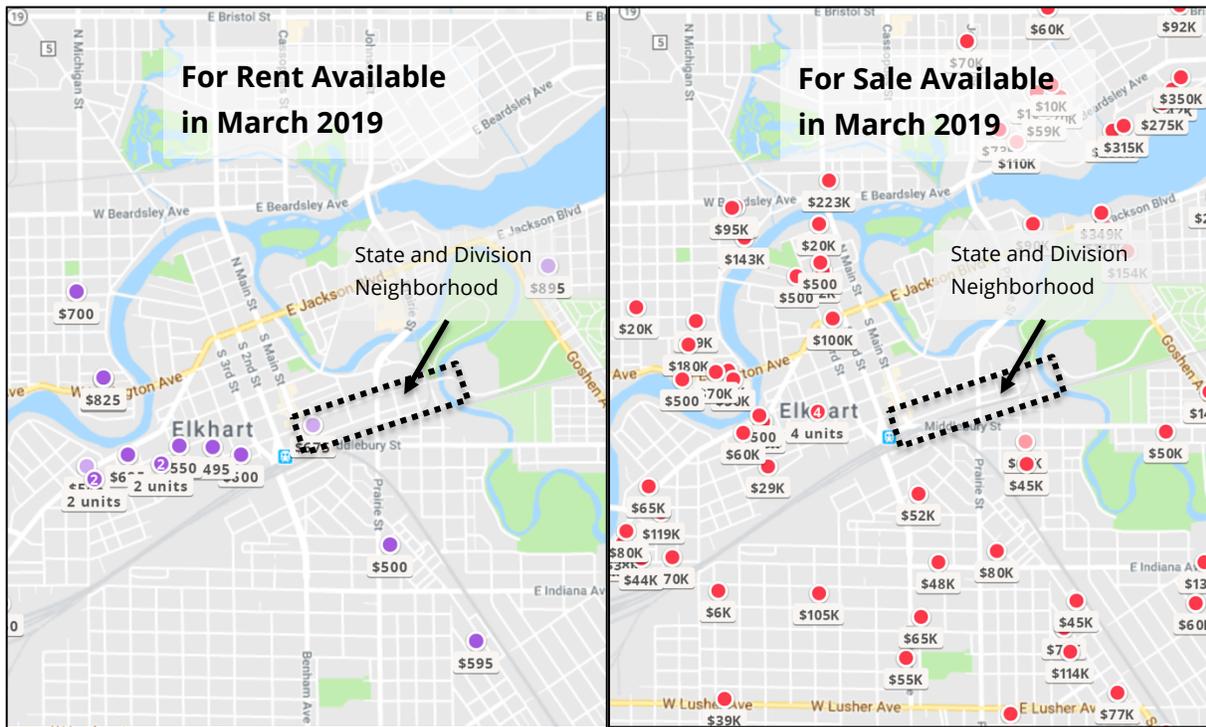


Figure 3. Current availability of for-rent and for-sale housing units in the City of Elkhart updated as of March 2019. *Source:* Zillow.com

In conclusion, this section indicates that there are large gaps between the current inventory of housing types in the City of Elkhart and what the market analysis identified as key areas of demand. There is an especially high demand for rental properties.

AFFORDABILITY

Housing affordability is defined as the ratio between a household cost (rent or mortgage payment) and the household income. The standard set by the U.S. Department of Housing and Urban Development (HUD) for affordable housing is considered 30% of household income or less. Table 1 is the mean household income for residents within the State and Division Neighborhood.

Table 1. Mean Household Income for the State and Division Neighborhood . *Source:* US Census American Community Survey (ACS)

Year	Minimum	Maximum	Mean Income Per Household
2017 – Census Tract 29: Block Groups 1 and 2	\$0-\$10,000	\$75,000-\$99,999	\$20,671 ± \$17,428

Table 1 indicates that a resident earning the mean household income of \$20,671 in the State and Division neighborhood could affordably pay rent of \$517/month before taxes.

Table 2 is a summary of room types and the median rent per month in the City of Elkhart. It is important to notice that the median monthly rents in Table 2 are all \$750 and higher, which is 45% higher than what would be considered affordable rent for a resident earning the mean income in the State and Division neighborhood (Table 1).

Table 2. Cost of housing in the City of Elkhart sorted by number of rooms. *Source:* RentLinx, LLC (2019) and US Census (2017).

Number of Bedrooms	Median Rent Per Month (as of January 2019)
Studio	\$795
1 Bedroom	\$750
2 Bedroom	\$873
3 Bedroom	\$825
4 Bedroom	\$975

Table 3. City of Elkhart rent prices by proportion present in the city (a) and (b). *Sources:* RentCafe (2019) and US Census (2017).

(a)

Median Rent Per Month (as of February 25, 2019)	Percentage of Total
<\$500	2%
\$501-\$700	37%
\$701-\$1,000	59%
\$1,001-\$1,500	2%

Table 3 further tells the story about the proportion and distribution of monthly rent costs throughout the City of Elkhart. The bulk majority (59%) of rent costs in the City are between \$701-\$1,000 dollars per month. In order to affordably meet this supply, an Elkhart resident would need to make between \$28,000 to \$40,000 per year.

The affordability of the for-sale housing market differs from the rental market. Figure 4 is a map of homes that have sold within 90 days of the publication of this document. Table 4 quantifies and characterizes the homes that are highlighted in Figure 4.

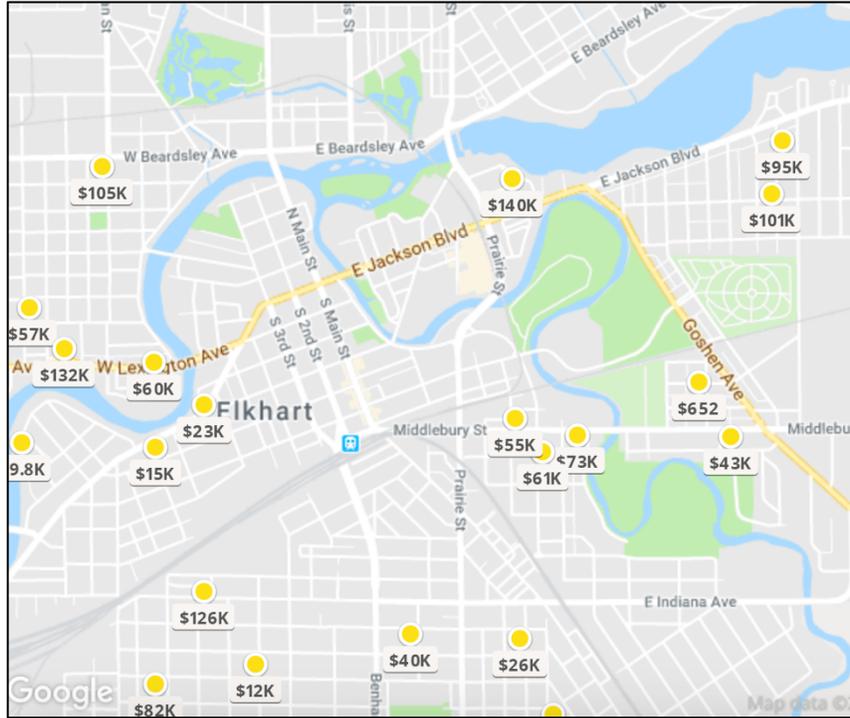


Figure 4. Map of homes sold within 90 days of March 19, 2019 within Downtown Elkhart City. Source: Zillow.

Table 4. Selling prices and house characteristics of recently sold (within 90 days) homes in Downtown Elkhart. The homes listed are pictured in Figure 4. Source: Zillow.

Number of Bedrooms	Number of Houses Sold	Recently Sold Cost	Average Square Footage	Maximum Monthly Mortgage with 30-Year Loan, 4.6% interest, and 20% Down Payment
1	None	None	None	None
2	3	\$53,000 ± \$53,000	1070	\$551
3	11	\$76,000 ± \$45,000	1530	\$639
4	7	\$47,000 ± \$34,000	1780	\$405

In conclusion, there is a large rental affordability gap between the mean income of State and Division Residents and the supply of rental units. The gap differs between for-sale units. Thus, this section indicates that a builder of rental units will be able to get market-rate profits from a new multi-family property. But, a builder of

a for-sale home is going to have to use building methods that cut down on costs to keep the affordability low.

Neighborhood Amenities

There are key neighborhood indicators, such as amenities, that lead insight into the resources available for residents. This section briefly summarizes what amenities are available to residents and what could attract future residents. Table 5 contains a list of amenities, within walking distance, and the name.

Table 5. Amenities present near the State and Division neighborhood sorted by type and distance from the edge of the neighborhood. A walkable distance is considered as being within 0.25 miles. Sources: Crump, Jeff, *Neighborhood Assessment Workbook*; Google Maps (2019), Great School (2019), InterUrban Trolley (2019).

Amenity	Within Walkable (0.25 miles) Distance of Boundary		Name or Business
	Yes		
	Could be Improved		
	No		
Housing Development Resources			Elkhart City Building
Lenders Available			1 st Source Bank, Chase Bank, Chemical Bank
Educational Programs for First-Time Homebuyers			Elkhart Public Library
High-Quality Schools			Elkhart High School – C Grade (2018) Beck Elementary School – F Grade (2018)
Retail Services			Martin’s, Goodwill
Day Care			Open Arms Child Care Preschool,
Recreational Facilities			Central Park, Elkhart Plaza, Kardzhali Park
Medical Services (doctor, dentist, clinic, hospital, pharmacy)			Dentist, Integrative Pain, General Practice
Public Transportation			InterUrban Trolley
Neighborhood Center			Two Churches in the Neighborhood: Open Gate Deliverance and Praise and Servant’s Heart Community Church

Table 5 demonstrates that the State and Division neighborhood is ideally suited with a majority of amenities ranging from healthcare to retail shops. In the future however, it will be important in the neighborhood identity to identify if there is a neighborhood center. Further, an improved school system and public transportation system will also increase the rate of residents moving into the neighborhood.

The last piece of information regarding amenities is that the State and Division neighborhood contains a larger than average proportion of residents that are 65 and older (Figure 5).

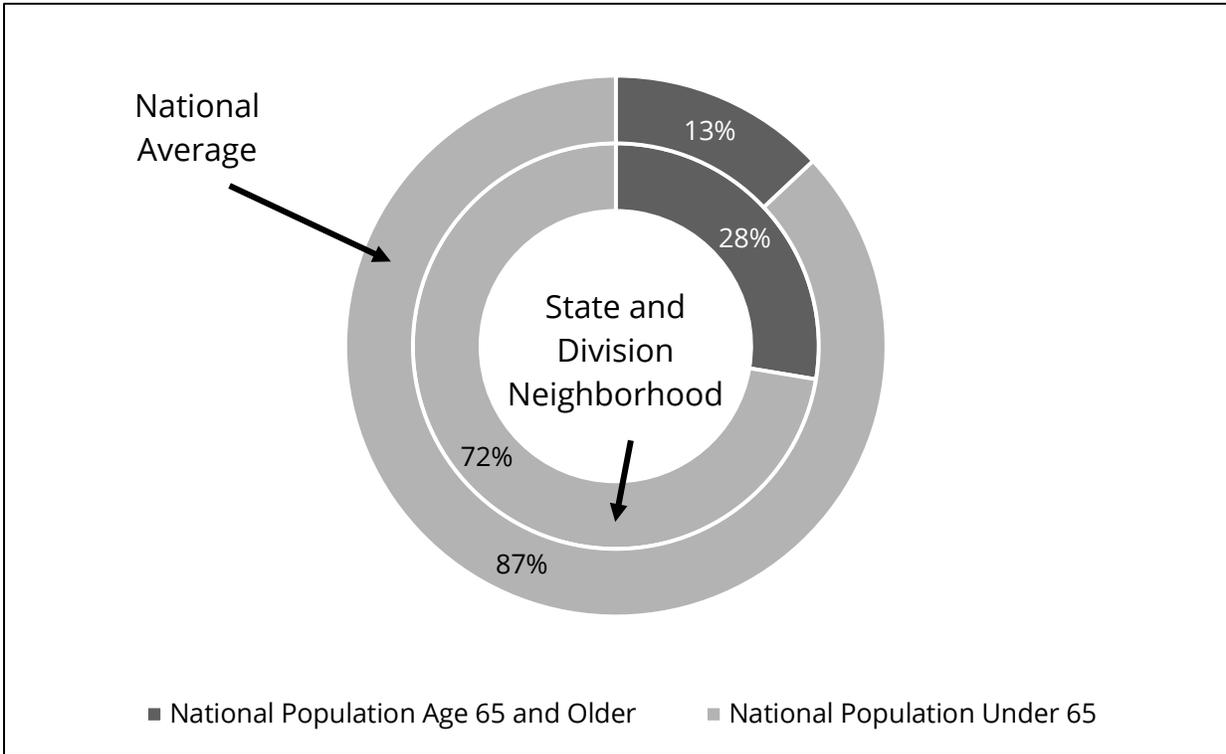


Figure 5. The national average population that is of the age 65 years and older compared to those age 65 and older in the State and Division Neighborhood. *Source:* US Census (2017).

To conclude, State and Division is ideally suited to attract residents due to the amenities present within walking distance. If considering incentivizing commercial businesses to come to the neighborhood, it is recommended to attract services that would attract a diverse range of ages.

NEIGHBORHOOD HOUSING CONDITIONS

This section provides satellite images of selected rental and for-sale properties in the State and Division neighborhood. The style of architecture varies from Greek Revival to Craftsmen. Figures 6 through 10 survey the styles and conditions of the various rental properties in the State and Division Neighborhood with images taken from Apartments.com.

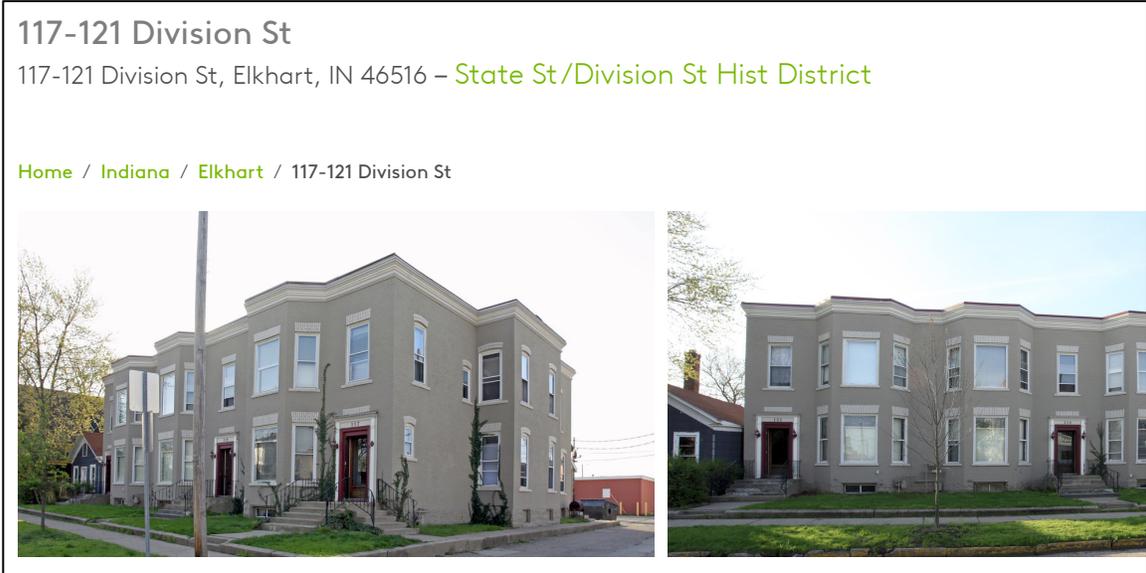


Figure 6. 11-Plex rental property on 117-121 Division Street. 117 Division has 2 one-bedrooms, and 1 two-bedroom each with 1 bath; 119 Division contains 3 studios, 1 one-bedroom each with a bath; 121 Division is 4 one-bedroom each with a bath. *Source:* Apartments.com

147 Division St

147 Division St, Elkhart, IN 46516 – State St/Division St Hist District

[Home](#) / [Indiana](#) / [Elkhart](#) / 147 Division St



Figure 7. Multi-family rental property on 147 Division Street that contains 7 bedrooms and 1 bathroom. *Source:* Apartments.com

169 State St

169 State St, Elkhart, IN 46516 – State St/Division St Hist District

[Home](#) / [Indiana](#) / [Elkhart](#) / 169 State St



Figure 8. 10-Plex multifamily rental property located at 169 State Street. *Source:* Apartments.com

310 Division St

310 Division St, Elkhart, IN 46516 – [State St/Division St Hist District](#)

[Home](#) / [Indiana](#) / [Elkhart](#) / 310 Division St



Figure 9. 8-Plex multi-family rental property located at 310 Division Street. *Source:* Apartments.com

132 State St

132 State St, Elkhart, IN 46516 – [State St/Division St Hist District](#)

[Home](#) / [Indiana](#) / [Elkhart](#) / 132 State St



Figure 10. Multi-family rental property with 5 beds and 2 baths located at 132 State Street. *Source:* Apartments.com

As the pictures indicate, the housing stock in the State and Division neighborhood is aging. Further, the bulk majority of rental units are in 4-6-unit configurations per structure.

Current State Analysis

Low Appraisals

The Indiana housing market is known to be one of the most affordable, alongside Ohio, Michigan, and Kentucky. To compound this fact, the values of homes in the City of Elkhart are lower (Figure 4). The cost of building does change some with geographic location, but overall, the cost to build a house is increasing with increasing tariff rates on building goods such as steel. Thus, the City of Elkhart has a large gap between the cost to build a house and the low appraisal of that house. This fact has been verified through resident and contractor interviews. This information is further supported by the following data.

Between 2004 and 2017, the median home values in the City of Elkhart and the State and Division Neighborhood have fluctuated (Figure 11). The City of Elkhart median home values have increased by 12% whereas the median home values in State and Division have decreased by 27% between 2004 and 2017.

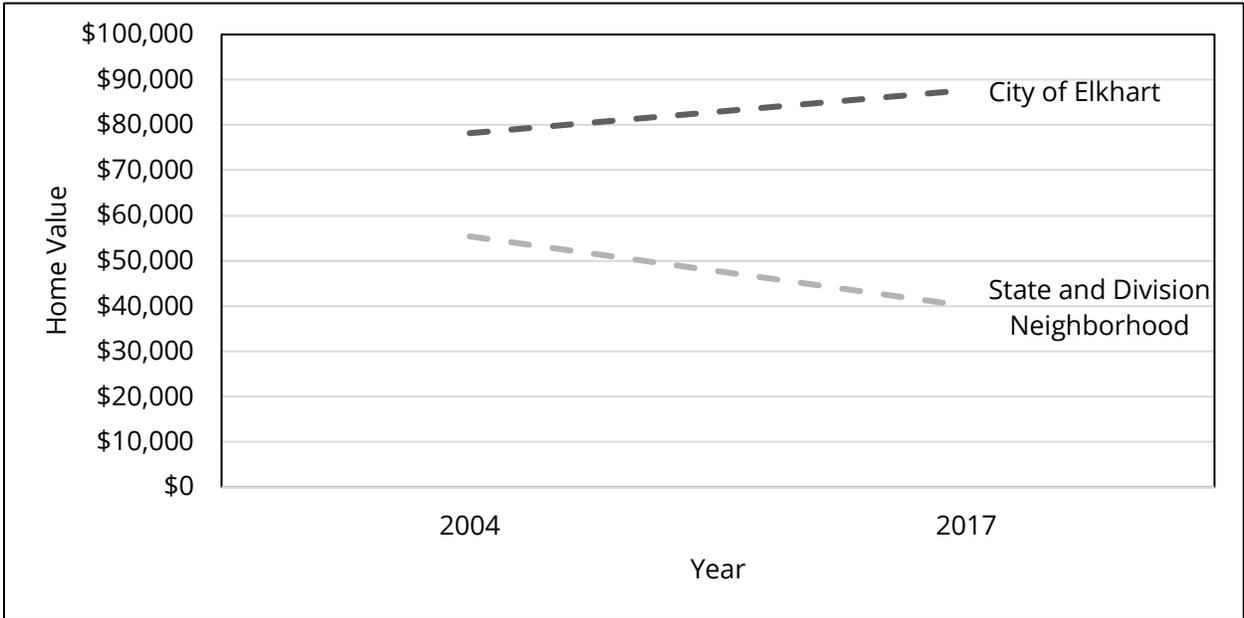


Figure 11. Median home values of owner-occupied housing units in the City of Elkhart between 2004 and 2017 in two study areas: the city overall and the State and Division neighborhood. Source: US Census American Fact Finder (2017), City of Elkhart Code Enforcement

What is recommended from the knowledge in Figure 11 is for creative financing that fund the gap between low home values and the high cost of construction in the State and Division Neighborhood.

High Renter and Buyer Demand

This section assesses the vacant or tax delinquent properties owned by the City of Elkhart in the State and Division neighborhood, current as of January 2019. In order to suggest the future development of these properties, it is critical to first understand the distribution and demand of for-sale and for-rent properties. Figure 12 indicates that the State and Division neighborhood is comprised of 93% renters and 7% homeowners. It also shows that though there is a market demand for renters in the City of Elkhart, more than half (55%) of that demand should be fulfilled by home-buyers. Thus, if the new development in the State and Division neighborhood were to be only for-sale properties, the demand could be fully met.

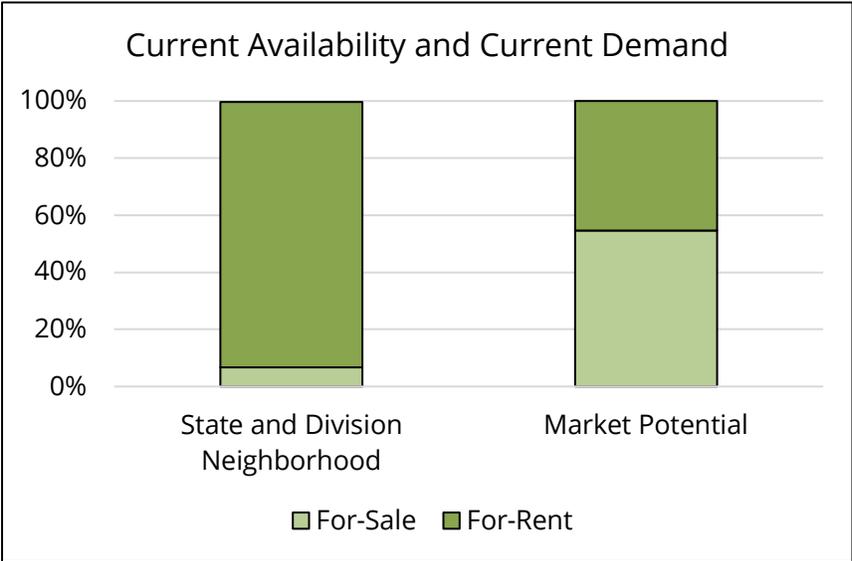


Figure 12. Owner occupied and renter occupied units in the State and Division neighborhood compared to the market potential. Sources: US Census (2017); Zimmerman & Volk, *An Analysis of Residential Market Potential for the Downtown Elkhart Study Area* (2017).

Because there is a high demand for homeowner occupied dwelling units, it's important to further breakdown the demographics of the homebuyers. Figure 13 indicates that 87% of new homebuyers will seek either a single-family attached townhome or a single family detached home. Only 13% of new homebuyers in the

City of Elkhart are seeking condos. On the other hand, 100% of renters in the City of Elkhart are seeking dense, multi-family housing and there is no demand to rent single family units, whether attached or detached.

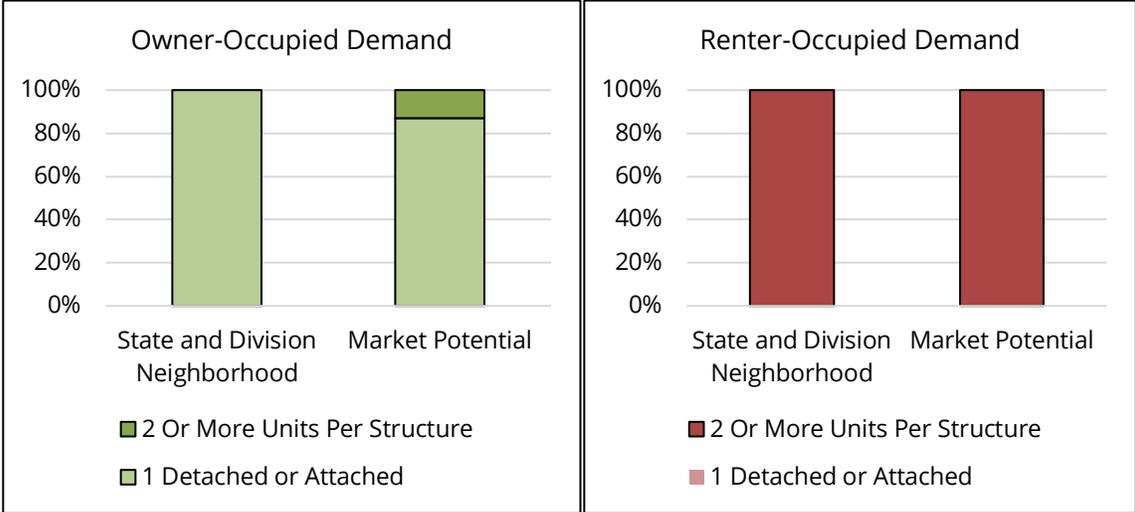


Figure 13. Owner-Occupied residence-type distribution in the State and Division neighborhood compared to the market study (left). Renter-Occupied residence-type distribution in the State and Division neighborhood compared to the market study. Sources: US Census (2017); Zimmerman & Volk, An Analysis of Residential Market Potential for the Downtown Elkhart Study Area (2017).

Thus, from Figures 12 and 13, it is recommended that 1 out of the 5 owner-occupied units are built in a condo-like setting with multiple units and that all of the rental units be built in a structure with multiple units.

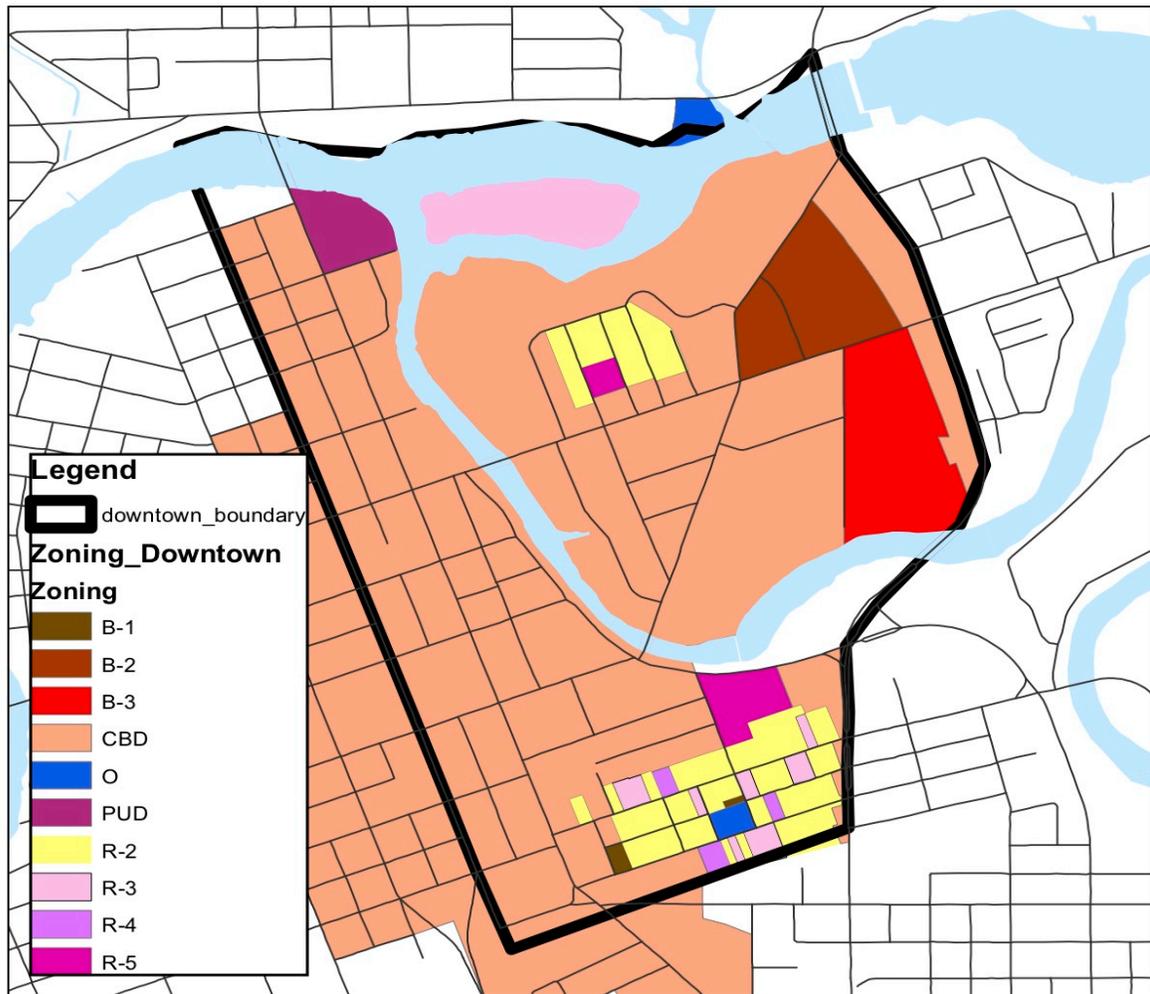
Existing Parcels that Meet Demand

Table 6 includes all of the existing, City-Owned parcels and their zone designation. What can be seen is that there are 13 R-2 zoned properties, which are zoned to only meet single-family detached homes. These properties do not need to be rezoned because there is still a high demand (65%) of homebuyers in the City of Elkhart that want a single family detached home. Figure 14 is a map of the current spot zoning that aligns with Table 6.

Table 6. Available City of Elkhart owned properties in or within proximity of the State and Division neighborhood sorted by current zoning. Source: City of Elkhart, GIS Data (2019).

Zoning	Number of Parcels Owned by the City of Elkhart	Allowable Uses Zoning Ordinance	Suggested Use to Meet Market Demand
R2	13	Single family detached residences	3-4 Bedroom Single-Family Detached for Sale
R3	1	Single family detached and two-family dwellings	3-4 Bedroom Single-Family Detached for Sale
R4	1	Multi-family dwellings including studios	4-6 Unit Rental Apartment
R5	9	Single family dwellings, accessory structures, two family dwellings, multi-family dwellings up to and including six (6) units, studios	3-4 Bedroom Townhouses/Condos for Sale and 3-4 Bedroom Single Family Detached Homes, 4-6 Unit Rental Apartment
B1	2	Neighborhood business, one residential dwelling above or over the rear of a commercial use	Studio apartments above mixed use
M-1	4	Wholesale businesses, manufacturing	Rezoning to a residential use
Total	30		

City of Elkhart Downtown Zoning



Disclaimer: This graphic data may be inaccurate or out of date. Any person who relies on said information for any purpose does so at their own risk.

Date: 10/23/2018

N

0 230 460 920 1,380 1,840 Feet

1 inch = 718 feet



Figure 14. Map of the zoning code in Downtown Elkhart City.

Because over half of the demand for housing in the City of Elkhart is for single-family homes, the existing City of Elkhart plots do not need to be re-zoned. Further, there are enough multi-family-zoned parcels to meet the need. There is one large single-family (R-2) vacant parcel located between 214 Division St and 236 Division St that has huge potential to be a multi-family for-sale lot which should be re-zoned to R5.

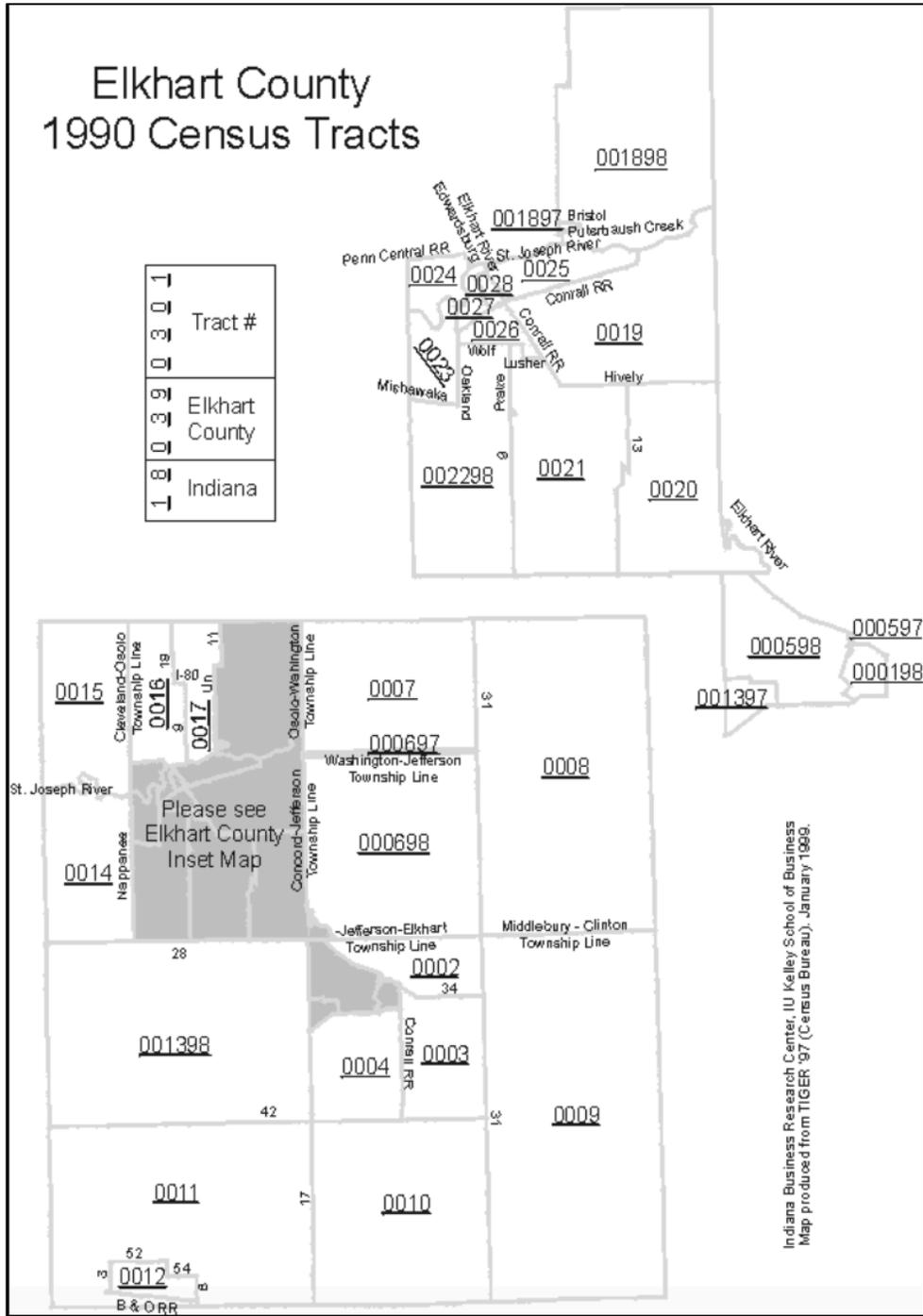
Conclusions

The objective of this document was to provide a neighborhood assessment of the State and Division neighborhood that analyzed housing availability, affordability, amenities, and conditions. Key conclusions that are gathered are:

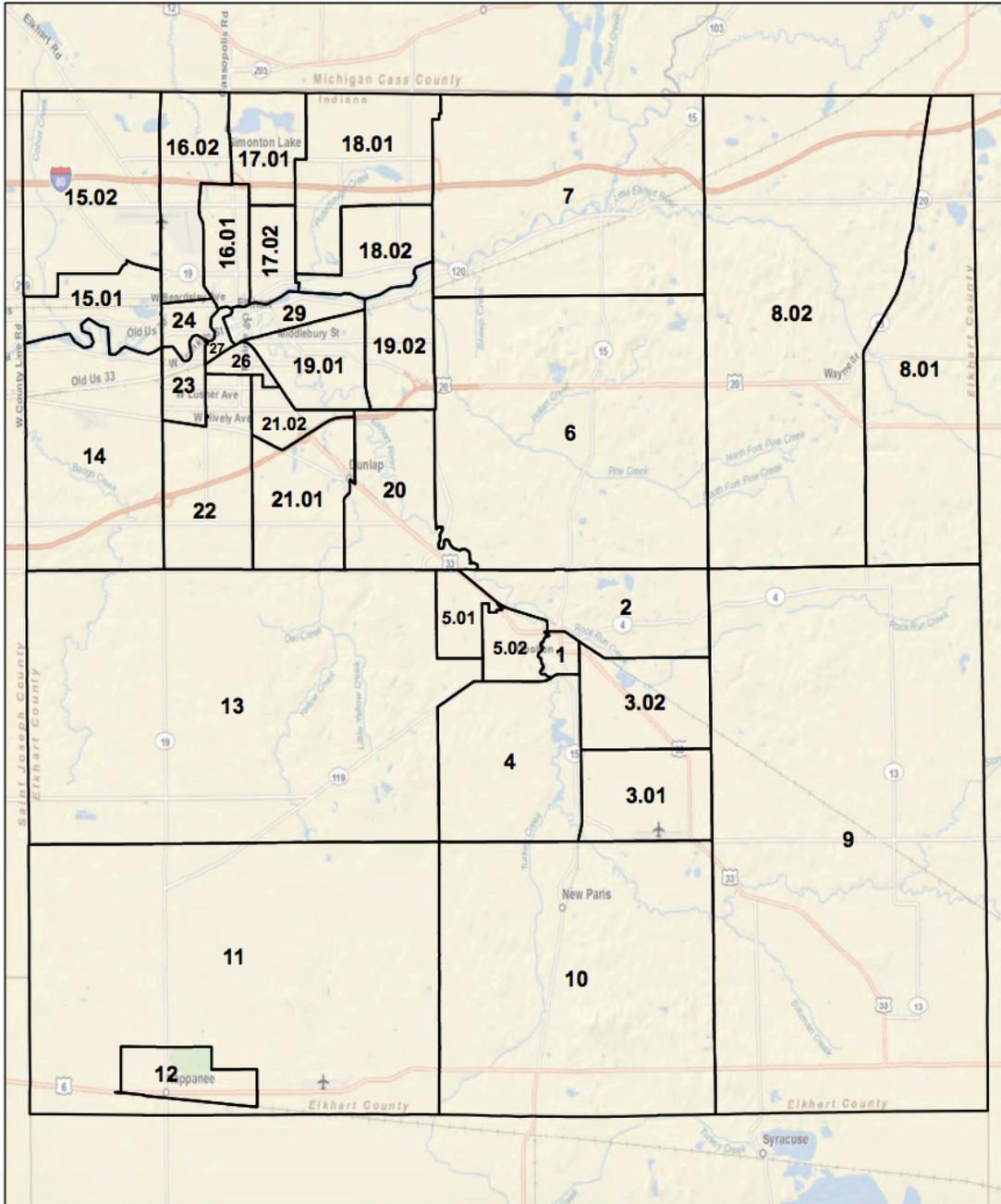
1. The State and Division neighborhood contains many amenities already that allow it to thrive for future and current residents. There are over double the average amount of adults 65 years and older in the State and Division neighborhood, thus, small business and amenities should be tailored to that age.
2. There is a large income gap of residents within the State and Division neighborhood, thus, at least 20% of all new housing units should be subsidized or affordable.
3. The State and Division neighborhood can adequately meet both a rental and for-sale market demand.

The data from this study will be used to further solidify a strategic housing plan that will meet both the needs of current and future City of Elkhart residents. The next steps will be to map where single-family and multi-family residences would cohesively fit into the framework of the existing State and Division Neighborhood.

APPENDIX A: MAP OF CENSUS TRACTS AND BLOCK GROUPS



Elkhart County, Indiana Census Tracts 2010



Source: IBRC at Indiana University's Kelley School of Business, using tract boundaries from TIGER 2010 and ArcGIS Online StreetMap. March 2011

