HOUSING ANALYSIS
Trends, Factors, and Strategies

Noblesville Residential Market Analysis
October 31, 2016

HOUSING ANALYSIS
Trends, Factors, and Strategies

HOUSING TRENDS
Past, Present, and Future

HOUSING FACTORS
Choice, Cost, and Competition

STRATEGIC PLAN
Strategic Housing Framework

NOBLESVILLE
INDIANA

HOUSING TRENDS

Past, Present, and Future

By 2040 the U.S. will add nearly 40 million households. During that time population growth is expected to slow, but continue to age, and become more diverse affecting where and how everyone is accommodated.

U.S.. POPULATION CHANGES 2010 TO 2040

Changing Population

+97,300,000
more people

+39,900,000
more households

A large portion of the growth is expected to come from immigrants and their U.S. born children.

Aging Population
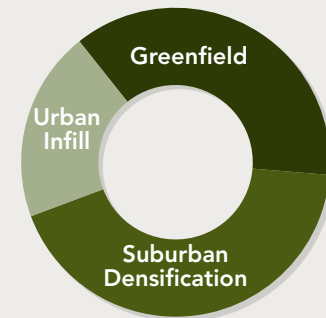
1 in 3
are 50 or older (2010)

1 in 5
are 65 or older (2030)

72,100,000
older persons (2030)

That's more than twice the number of older persons today.

Where will they go?

Greenfield

Urban Infill

Suburban Densification

Greenfield 35-40%

Suburban Densification 40-45%

Urban Infill 15-25%

source: U.S. Census Bureau; Pew Research Center; Urban Green and ULI Research
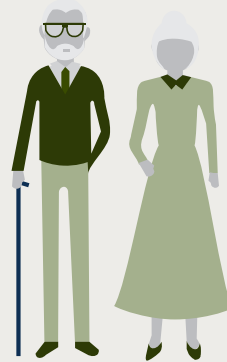
Families are no longer the largest housing segment in the U.S. Household demographics are changing *(nationally and locally)***, but the current housing stock doesn't reflect that change.**

TODAY'S FAMILY OF FIVE....

BECOMES TOMORROW'S NEW HOUSEHOLDS
(Future Demand)

Traditional Families

Empty Nesters

Young Professionals

Couples w/out Children

Nontraditional Families

U.S. housing stock still reflects the 1950s household. This results in about half of the housing market that doesn't want detached single-family homes on large lots.
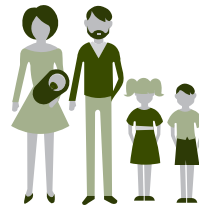
Traditional Families

Married Couples

78%
in 1950

48%
in 2010

Younger generations are delaying marriage. Since 1960 the average age of a first-time bride increased by over 6 years, from 20 to 26.5 in 2011. Additionally more young folks are forgoing marriage all together, up from just 9 percent in 1960 to 20 percent in 2012.

Married Couples w/ Children

43%
in 1950

20%
in 2010

Younger generations are waiting longer to start families. Over the last 45 years the median age of first-time mothers has increased by 5 years and American families have gotten smaller since 1960. But looking ahead, many predict more Millennial women will choose to have children than their Gen X counterparts.

source: U.S. Census; New York Times, "Late Marriage and Its Consequences," 2013; Time "Why 25% of Millennials Will Never Get Married," 2014; NPR, "Average Age of First-Time Moms Keeps Climbing in the U.S.," 2016; Bloomberg, "Millennials Still Want Kids, Just Not Right Now," 2016

With millennials waiting longer for marriage and advances in healthcare that allow seniors to live longer, future housing demand is changing. Over the next 15 years, half of all demand will be from single-person households.

CHANGE IN HOUSEHOLD SIZE

2 person

1 person

3 person

4 person

5 person

30%

25%

20%

15%

10%

1960   1970   1980   1990   2000   2010
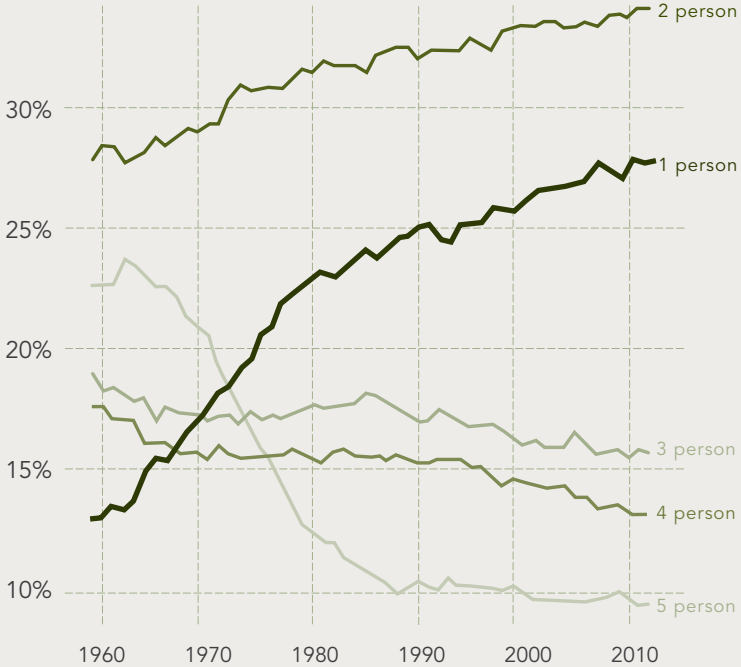
Single-Person Households

44%
growth by 2030

The proportion of Americans who live alone has grown considerably since the 1920s when only 5 percent of people lived alone. Today single-person households make up 27 percent of all households nationwide.

36%

43%

21%
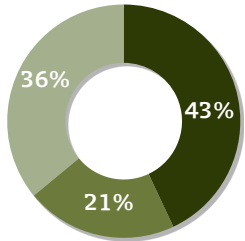
Single-Person Households

65%
working age

Historically, single-person households were often thought of as elderly widows. Today, about 65% of those living alone are working-age men and women. In Noblesville that number is even higher. Approximately 70 percent of single-person households are aged 15 to 64 years old.

■ 15 - 54 years   ■ 55 - 64 years   ■ >65 years

source: U.S. Census; The Pew Charitable Trusts, "Growing Number of People Living Solo Can Pose Challenges," 2014; Wall Street Journal "One in Four American Households Is One Person Living Alone," 2014

Serving, housing, and employing Baby Boomers *(those born between 1946-1964)* **has dominated the economy for the last 60 years. No longer the largest generation, their needs will continue to influence the economy.**

BABY BOOMERS' INFLUENCE ON THE HOUSING MARKET

- Most likely to live in the suburbs

- More likely to downsize over the next 5 years and consider renting

- About 60% of all seniors will change housing types between the ages of 65 and 85

- A majority want "safe urbanism," or walkable communities with urban amenities, culture, and education

- Desire "third places," or places to spend time outside of home or work

- Willing and able to pay for what they want and where they want it *(even though many will delay retirement)*

Empty Nesters

source: ULI, "America in 2015"; RCLCO National Consumer Survey; American Housing Survey

As today's largest generation, Millennials *(those born between 1981-1999)* **will dominate the economy for the next 20 years. The most diverse generation, much of their growth will come from immigration.**

Young Professionals

First-Time Home Buyers

MILLENNIALS' INFLUENCE ON THE HOUSING MARKET

- Want diversity, walkability, and proximity to jobs (however, just 33 percent are willing to pay for it which emphasizes the importance of price)

- High preference for urban living (77 percent)

- Emphasize design over size

- Attracted to denser neighborhoods with smaller homes, with a general shift towards denser living regardless of location

- Twice as many expect to be living in an attached single-family or townhome in the future

- Want less reliance on cars with 63 percent desiring to live in "car optional" places

source: ULI, "America in 2015"; RCLCO National Consumer Survey; American Housing Survey

Today, about 90 percent of what gets built *(in the US, 77 percent in Noblesville)* is single-family detached. But only half of consumers prefer that, leaving a third of households wanting something else without a way to get it.

DEMAND NOT DRIVING SUPPLY

Single-Family Detached 77%

Other Housing 23%

Attached Single-Family 6%

Two-Family -0%

Multi-Family Apartments 17%
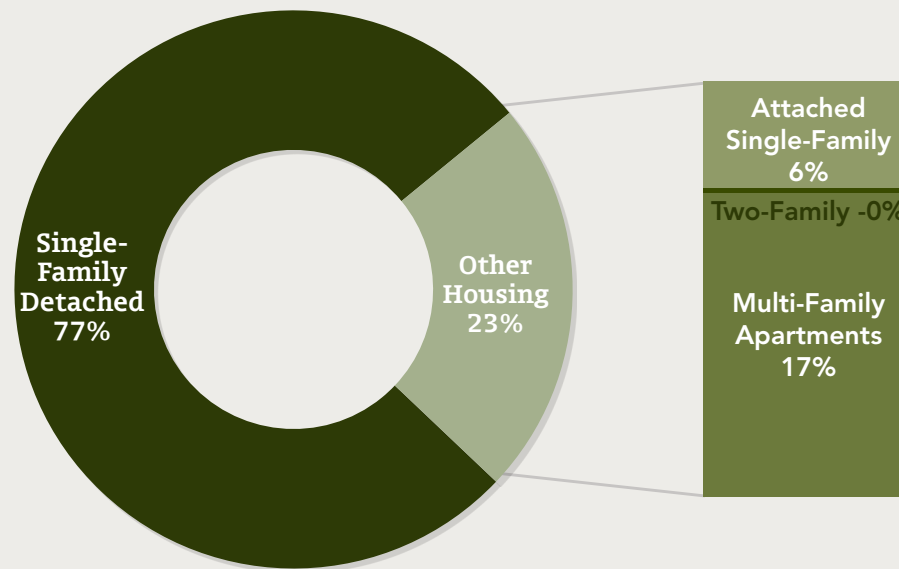
source: City of Noblesville, 2015 residential building construction

Consumer preference is not the only factor influencing what actually gets built in most communities. Zoning, local regulations, and land values guide new construction.

NEW CONSTRUCTION NOT SOLELY DEPENDENT ON CONSUMER DEMAND

Zoning & Regulations

What Gets Built

Market & Land Value

Consumer Preference
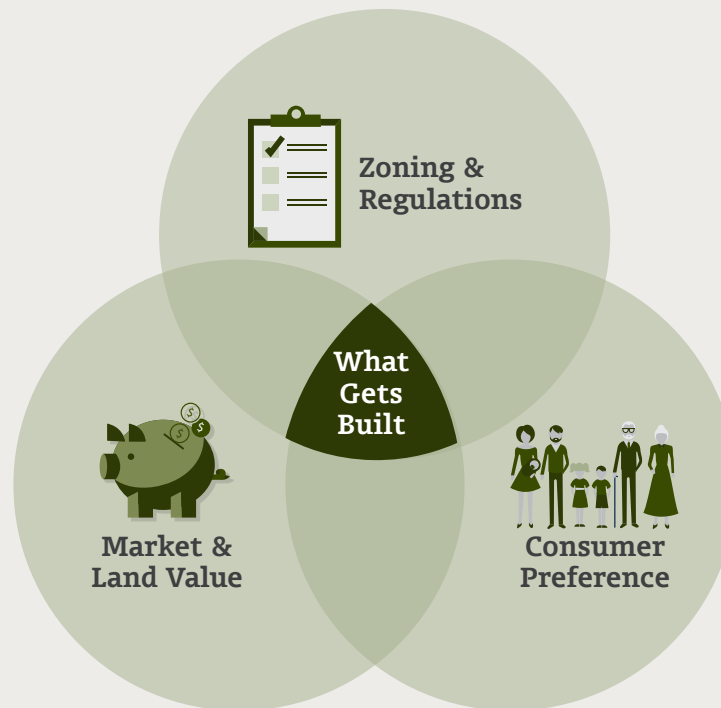
source: adapted from RCLCO ULI Colorado Winter Symposium, 2016

During the last 5-year period, construction in Hamilton County lagged behind household growth, indicating a need to add units to accommodate increased demand.

SINGLE-FAMILY HOUSING STARTS & NEW HOUSEHOLD FORMATION NOT ALIGNED

Hamilton County New Single-Family Starts   Hamilton County New Households   Economic Downturn
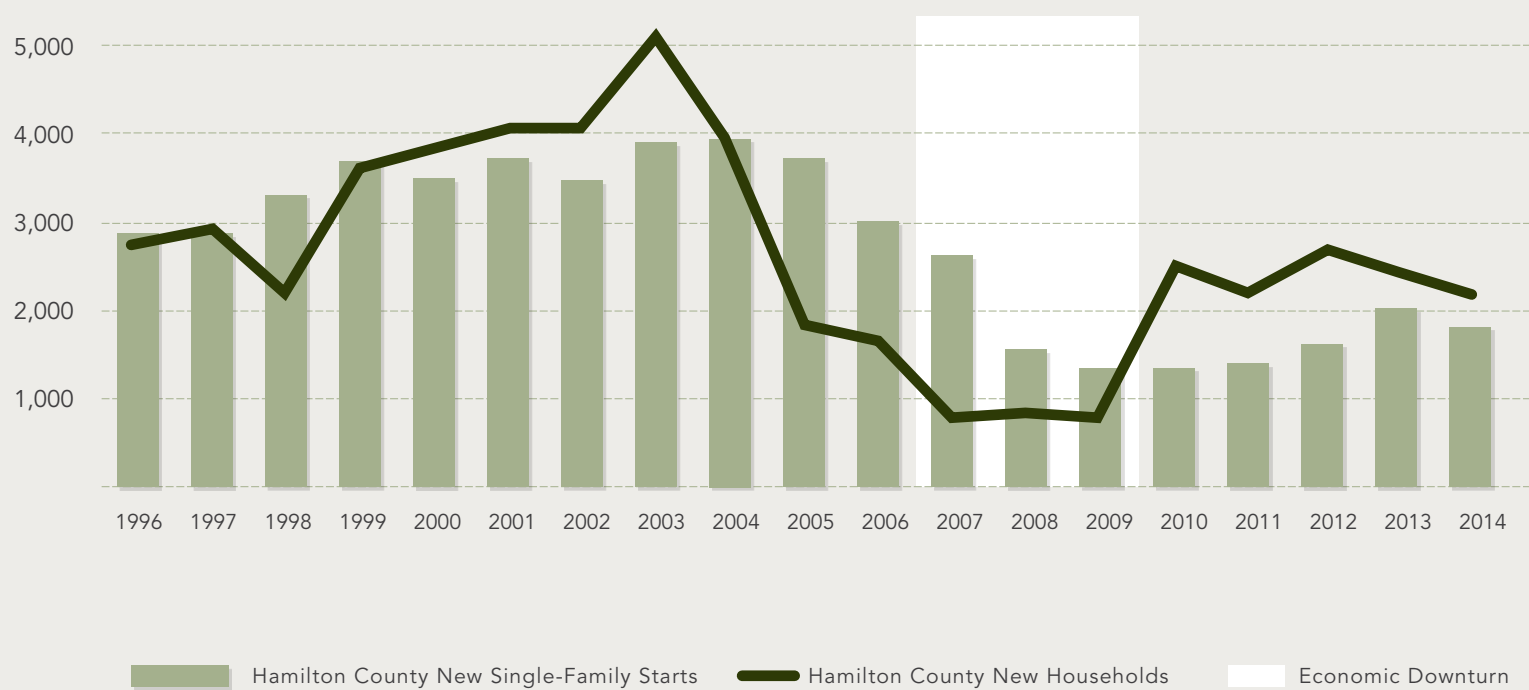
source: U.S. Census Bureau

Nationally *(as well as in the Midwest)* **average homes sizes have gradually increased while household size decreased. Noblesville homes have been consistently larger, nearly twice as big as the national average.**

AVERAGE NEW SINGLE-FAMILY HOME SIZE IS INCREASING
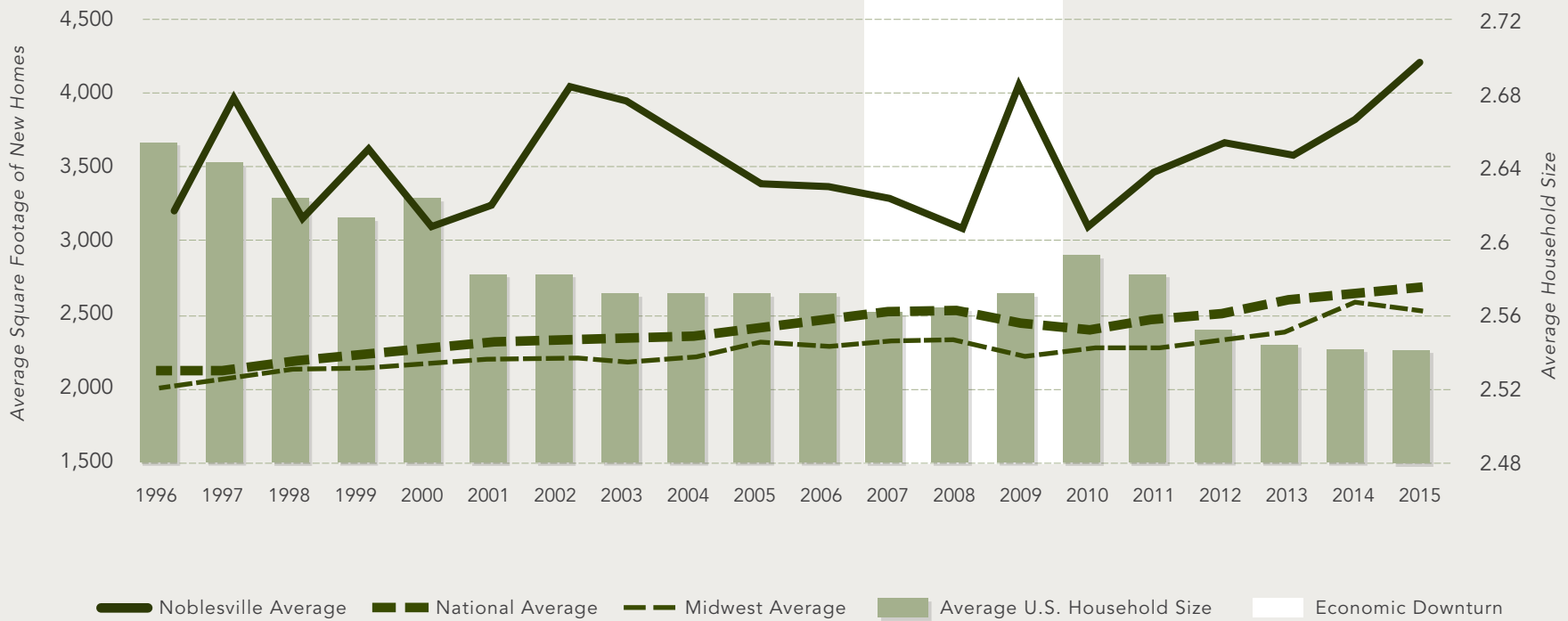
source: U.S. Census Bureau; City of Noblesville permit data

The average Noblesville lot is nearly a half acre, double the size of the average American lot even though most home buyers are willing to sacrifice larger yards for larger homes given budget constraints.

LARGER LOT SIZES COMPARED TO NATIONAL AVERAGES

15%

49%

36%
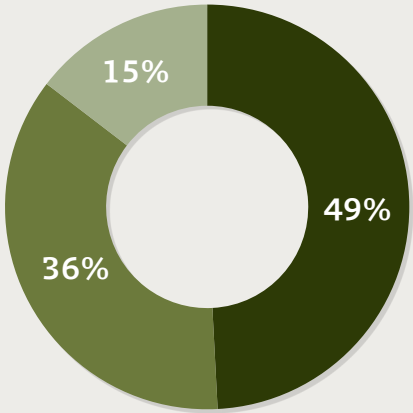
Existing Homes by Lot Size

■ < 0.25 acres

■ 0.25 - 0.5 acres

■ 0.5 acres +

The average lot size of existing single-family homes in Noblesville is 0.57 acres, triple the national average of 0.19 acres.

0.22 in 1978
acres

0.19 in 2015
acres

The average lot size of new single-family homes in the U.S. is down 13 percent since 1978. When forced to choose between having a larger lot or a bigger home, most Americans near major metros choose the house. This reflects a shift where consumers are voluntarily buying homes on smaller lots.

median lot size of new single-family homes

Midwest

U.S.

0.26
0.25
0.24
0.23
0.22
0.21
0.20
0.19
0.18

1992 1994 1996 1998 2000 2002 2004 2006 2008 2010
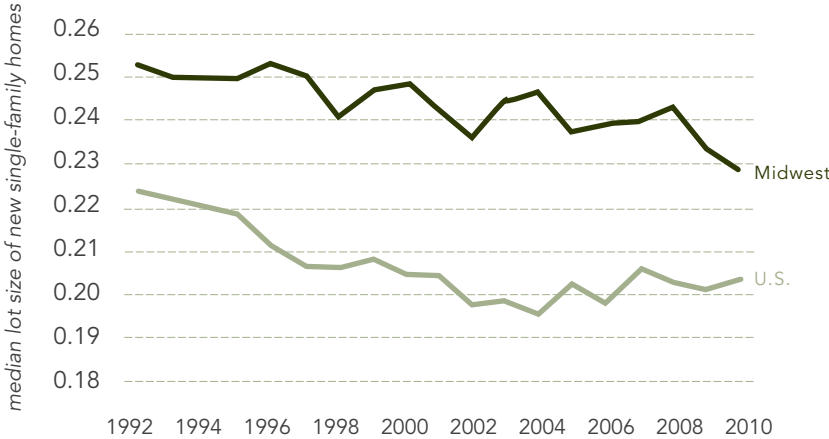
source: City of Noblesville; Hamilton County Assessors Office; The Atlantic,"The Shrinking American Lawn," 2016

Over the last 20 years the median price of a new homes increased by over 100 percent, while median household incomes increased by just 50 percent. When adjusted for inflation, incomes actually only experienced a 1 percent increase.

MEDIAN PRICES OF NEW HOMES ARE ALSO CLIMBING

Household Income (left axis): $70,000 / $60,000 / $50,000 / $40,000 / $30,000 / $20,000 / $10,000

Median Sales Price of New Home (right axis): $350,000 / $300,000 / $250,000 / $200,000 / $150,000 / $100,000 / $50,000

Years: 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015

Legend:
— Noblesville Average
— — National Median
– – Midwest Median
▉ Median U.S. Household Income
☐ Economic Downturn
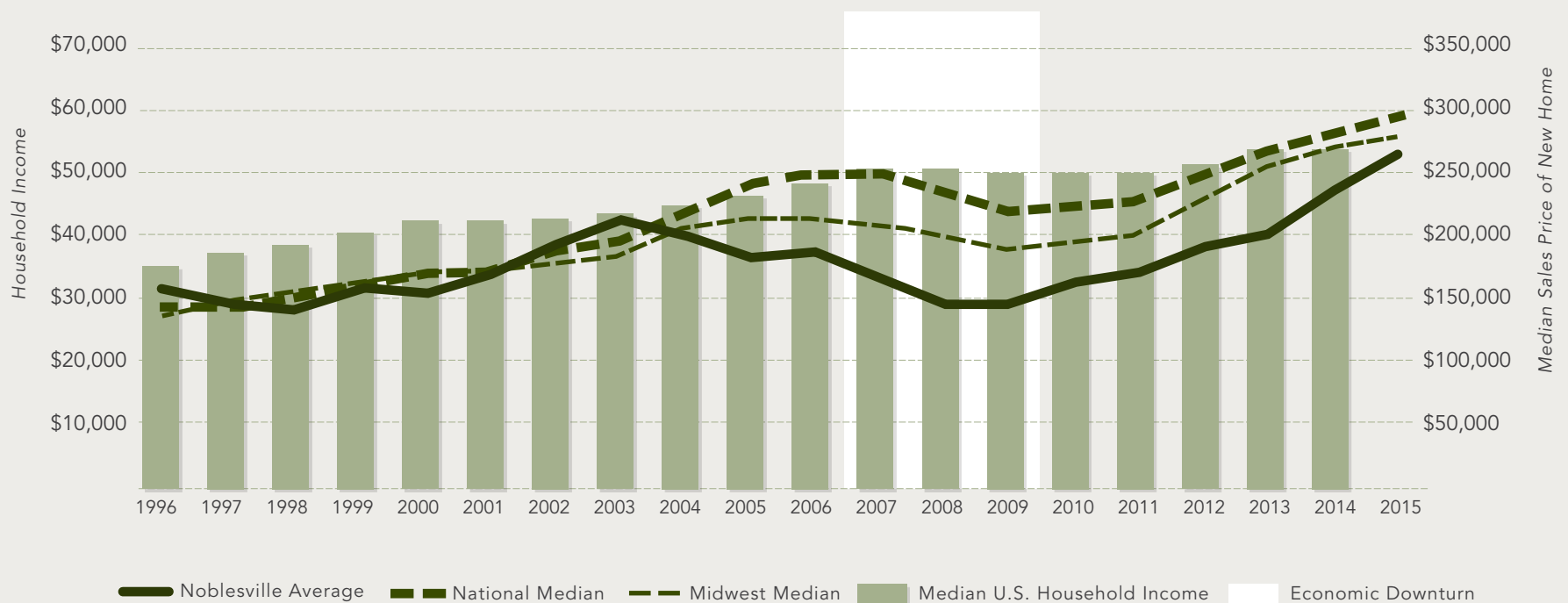
source: U.S. Census Bureau

Nationally, stagnant incomes, tighter lending standards, and a shrinking middle class guide developers towards the higher end of the market where the economics are better, even with less demand.

U.S. SHRINKING MIDDLE CLASS

Year	Lowest Income Tier	Lower Middle	Middle	Upper Middle	Highest
2015	20%	9%	50%	12%	9%
2011	20%	9%	51%	12%	8%
2001	18%	9%	54%	11%	7%
1991	18%	9%	56%	12%	5%
1981	17%	9%	59%	12%	3%
1971	16%	9%	61%	10%	4%

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

Legend: Lowest Income Tier · Lower Middle · Middle · Upper Middle · Highest

$58,781

2000 Median U.S. Household Income*

$57,385

2010 Median U.S. Household Income*
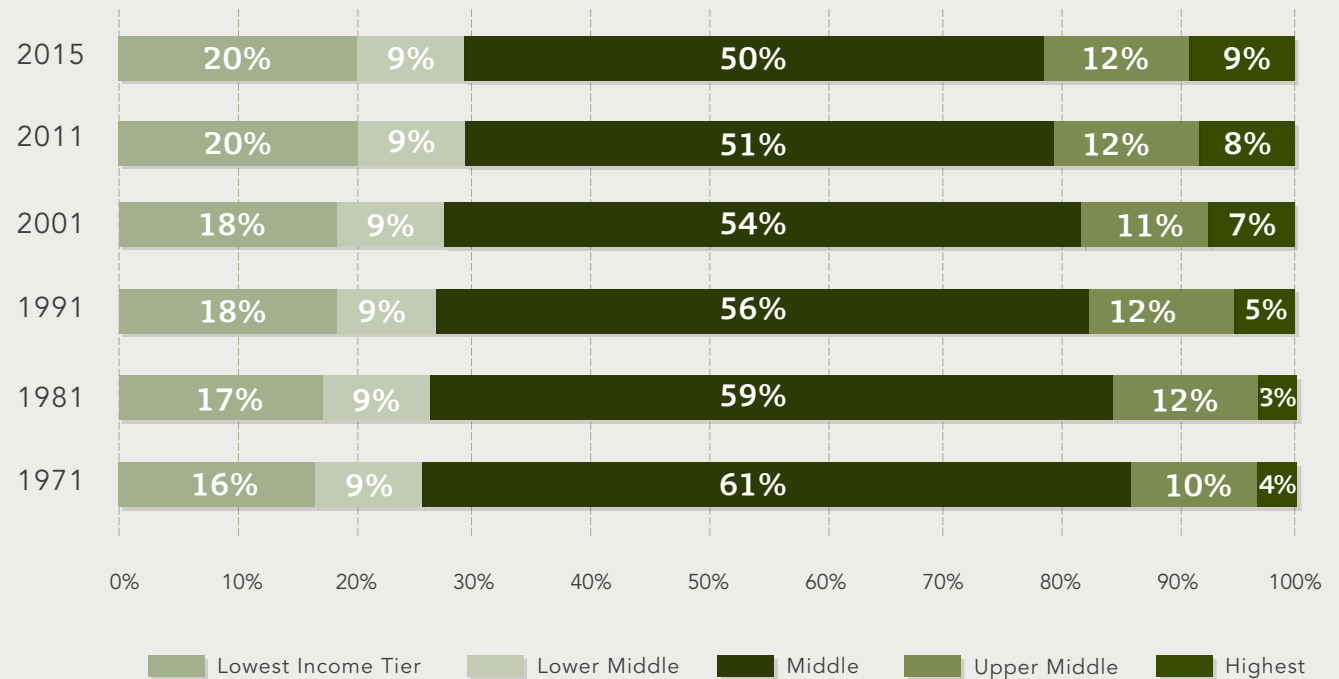
source: adapted from RCLCO ULI Colorado Winter Symposium, 2016; U.S. Census Bureau, 2015
*Adjusted for inflation, reflects 2016 dollar

Value and sales of new homes *(those built within 1 year of sales)* are more volatile and susceptible to market cycles. Resale homes tended to maintain their value and gradually increased in value.

NOBLESVILLE HOME SALES INCREASING AFTER RECESSION

Number of Real Estate Transactions (left axis): 200, 400, 600, 800, 1,000, 1,200, 1,400, 1,600

Average Sales Price (at closing) (right axis): $0, $50,000, $100,000, $150,000, $200,000, $250,000, $300,000, $350,000, $400,000

Years: 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016*

Legend: Average New Home Price — Average Resale Price — Total Resales — Total New Construction — Economic Downturn

source: MIBOR Multiple Listing Service; approximately 20 percent of new homes will not be included in data
* 2016 reflects transactions between 01/01/16 and 07/31/16

New listings are down from 2015 putting pressure on current supply, and in turn driving up prices. The current inventory will be absorbed in just over 2 months.

Total Closed Sales
+3.1%

738 — Jan-Jun 2015
761 — Jan-Jun 2016
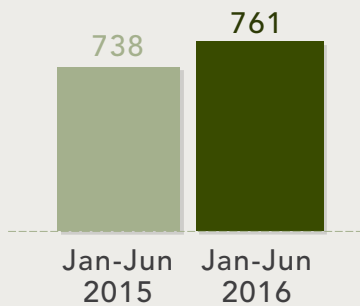
Total New Listings
-24.1%

812 — Jan-Jun 2015
616 — Jan-Jun 2016

Closed Sales Price
+5.7%

$212,406 — Jan-Jun 2015
$224,593 — Jan-Jun 2016

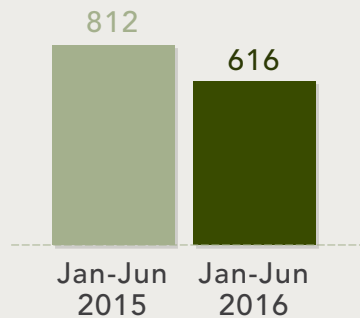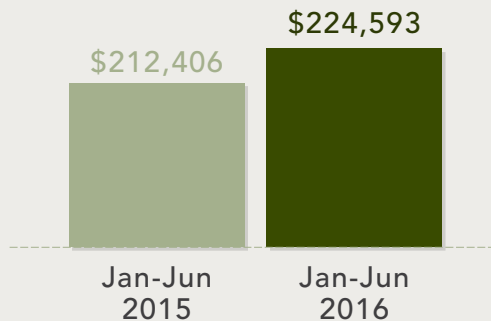## RECENT RESIDENTIAL REAL ESTATE TRANSACTIONS*

$225,999 average sales price

The average sales price of a new homes is over 30 percent higher than if a resident were to purchase an existing home. At $209,243, existing homes are affordable to approximately one-third of the population. The average new home sold for $318,120 in 2015. Only about 10 percent of the population can afford the average new home.

Chart axis values: $245,000 / $225,000 / $205,000 / $185,000

Months: Jan, Feb, Mar, Apr, May, Jun

2016 / 2015

—— 2015 Avg. Sales Price   —— 2016 Avg. Sales Price
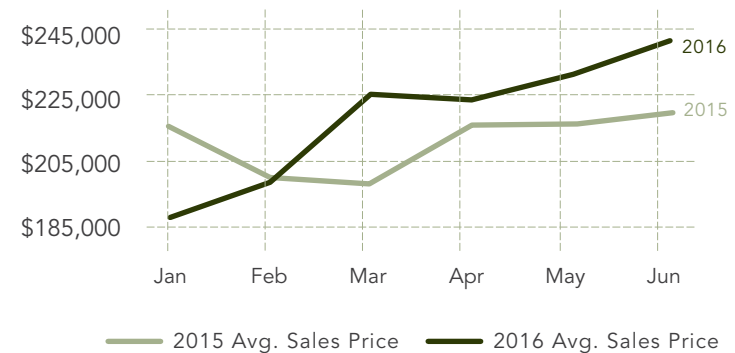
source: Multiple Listing Service (MLS); Metropolitan Indianapolis Board of Realtors
Data reflects properties under 3 acres, data reported for Noblesville includes all properties in Noblesville and Wayne Townships (Hamilton County)

Availability and cost both affect housing choice. A lack of right-cost, right-sized housing seriously undermines economic development efforts to attract and retain talent, *as well as businesses.*

PRICE IS #1 DETERRENT TO FIRST-TIME HOME BUYERS

Category	Value
Cost: Hard to find homes in my price range	53%
Saving for a down-payment	39%
Low Supply: Attractive homes sold fast	35%
Knowledge: Did not know where to start	26%
Financing: Low credit score or other debt	21%
Product: Lack of desired homes types *(regardless of price)*	20%

0% 10% 20% 30% 40% 50% 60%
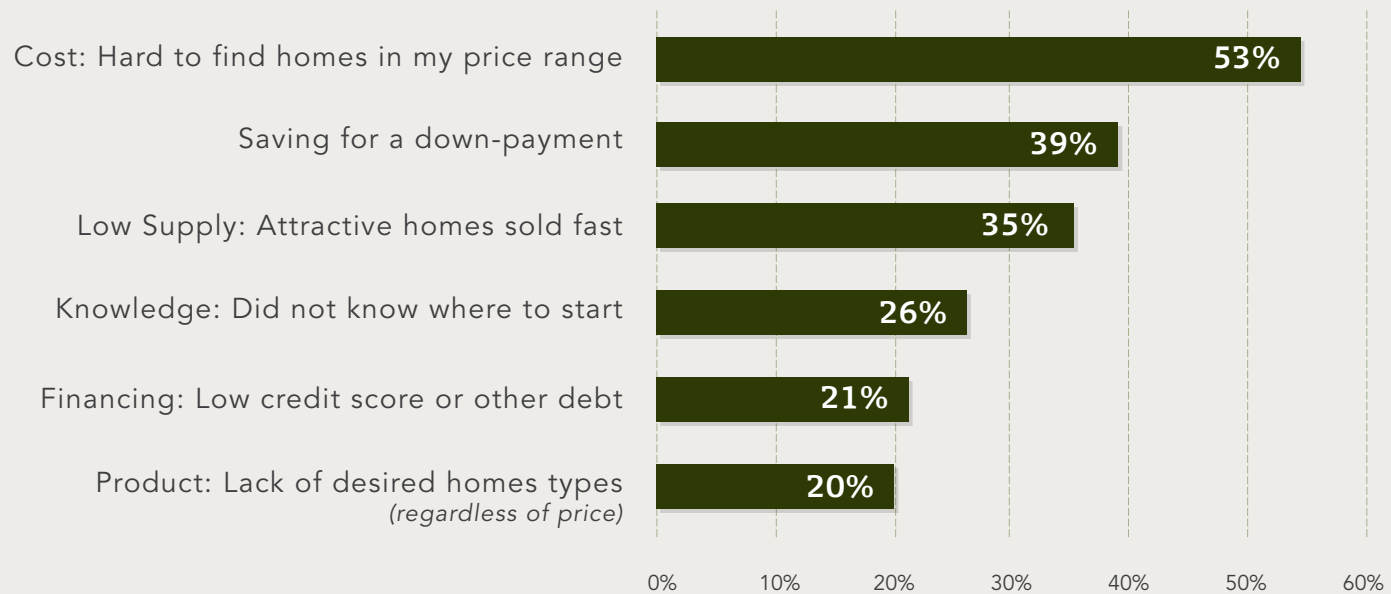
source: RCLCO National Survey of First-Time Home Buyers, 2015

There is a disparity between what people want and what's actually being built. Nearly one-third of the local housing market is not being served by the current housing supply.

CONVENTIONAL PRODUCT IS LESS APPEALING TO YOUNGER GENERATIONS

House "A"
Own or Rent a detached single-family home that **requires driving to shops and restaurants and longer commutes**

House "B"
Own or Rent an apartment or townhome that **allows for an easy walk to shops and restaurants and shorter commutes**

	House "A"	House "B"
Silent/Greatest Generation *10% U.S. / 7% Noblesville*	47%	41%
Baby Boomers *25% U.S. / 20% Noblesville*	51%	43%
Gen X *19% U.S. / 23% Noblesville*	50%	44%
Millennials *27% U.S. / 25% Noblesville*	43%	51%

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

	detached single-family	attached/multi-family
Actual U.S. Housing Stock	62%	32%
Noblesville Housing Stock	70%	27%

source: National Association of Realtors, 2015; U.S. Census Bureau American Community Survey, 2015
Silent/Greatest, before 1946; Baby Boomers, 1946-1964; Gen X, 1965-1980; and Millennials, 1981-1999

This is not just a national trend. A significant portion of Hamilton County households *(living in housing-only neighborhoods)* **would prefer to live in a different neighborhood setting.**

HOUSING-ONLY NEIGHBORHOODS ARE PREFERRED BY SMALL SHARE OF THE MARKET

Mixed-Use, Walkable Neighborhoods

Downtown
- 3%
- 1%

City, Residential Area
- 6%
- 7%

Suburb, Mixed-Use
- 40%
- 33%

Suburb, Housing Only
- 18%
- 41%

Small Town
- 11%
- 7%

Rural Area
- 19%
- 9%

■ Prefer to Live   ■ Currently Live
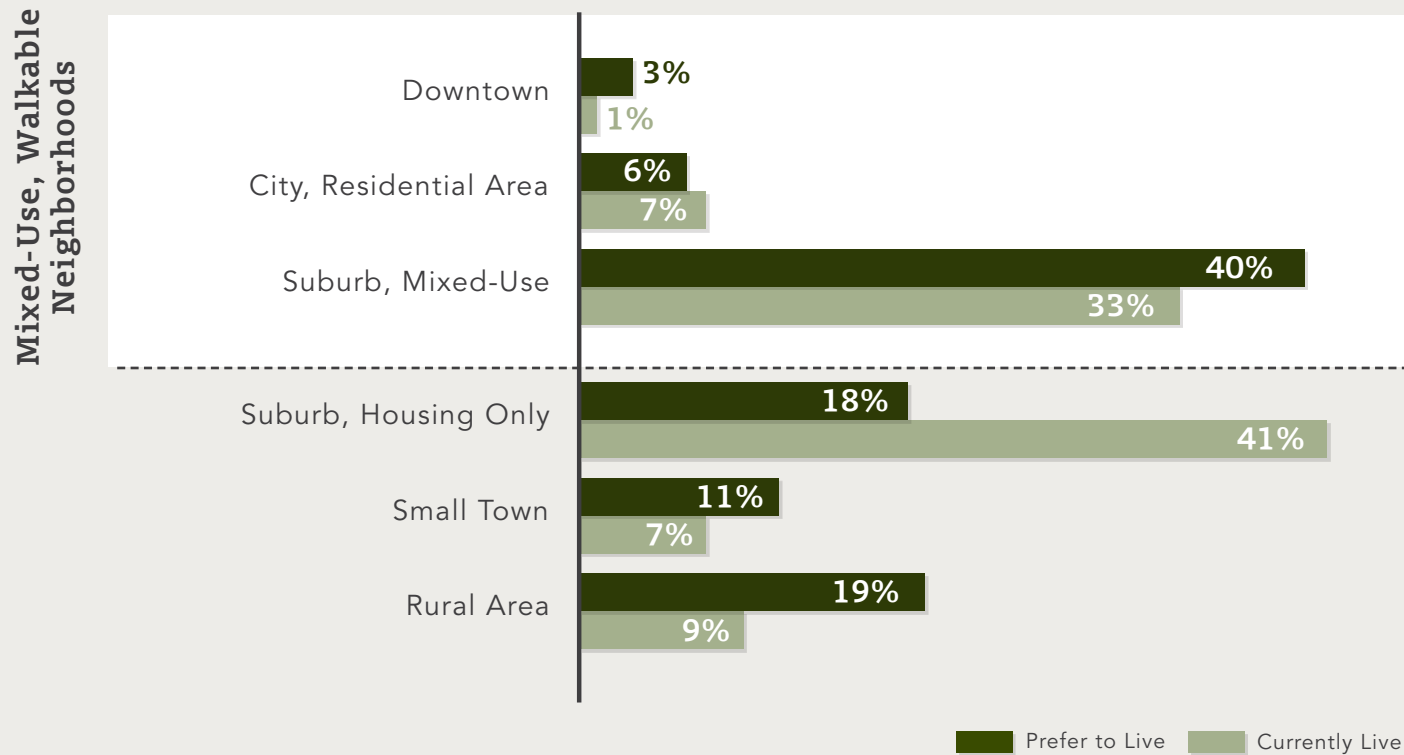
Source: 2012 Indy MPO / MIBOR Consumer Preference Survey for Hamilton County

Many of today's home buyers place a significant value on neighborhood amenities, even above the housing stock itself. Policies that allow older neighborhoods to evolve become critical to addressing today's demand.
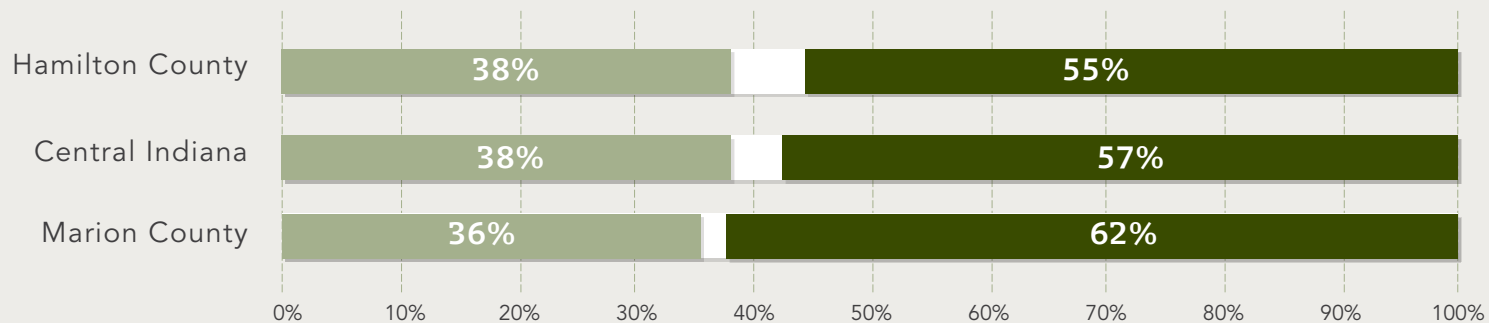
CONSUMERS VALUE NEIGHBORHOOD AMENITIES BEFORE HOUSING

House Qualities
If you were to purchase a home in Central Indiana, **the qualities of the home itself, like size and features** would be more important

Neighborhood Qualities
If you were to purchase a home in Central Indiana, **the qualities of the neighborhood the house is in, including shops and amenities nearby,** would be more important

	House Qualities	Neighborhood Qualities
Hamilton County	38%	55%
Central Indiana	38%	57%
Marion County	36%	62%

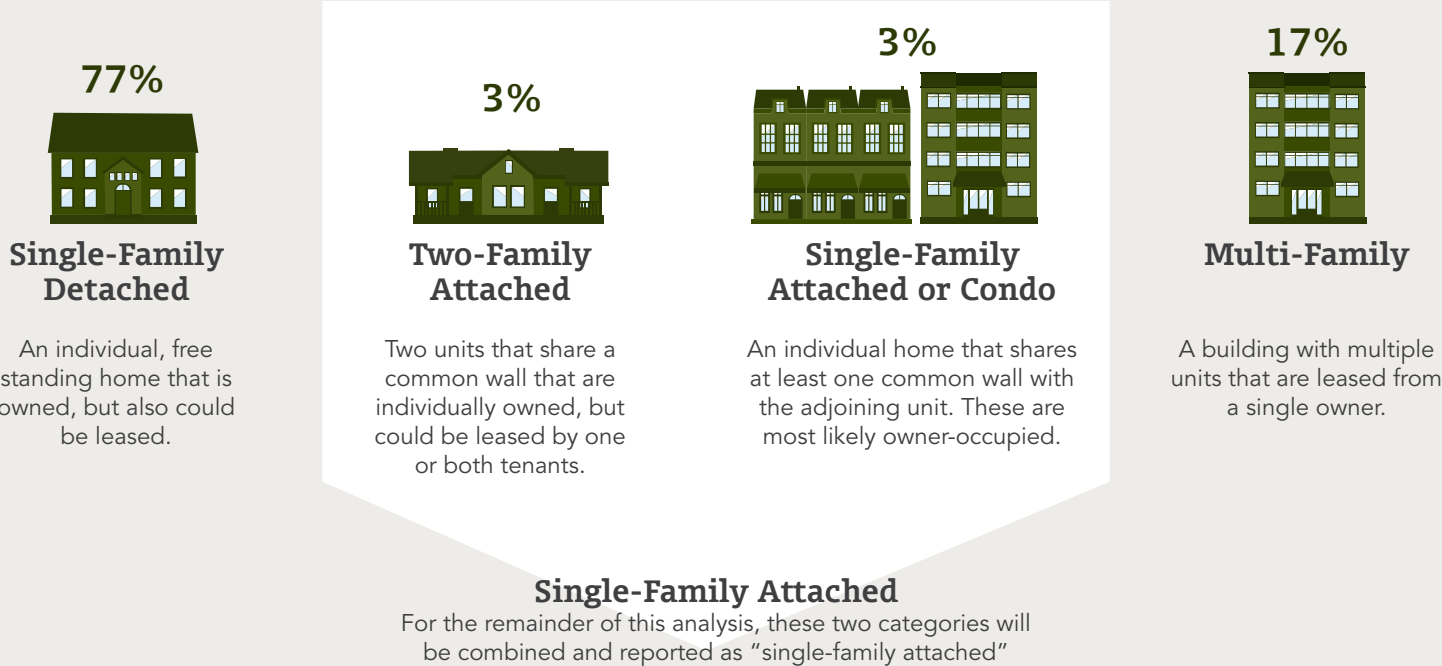0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

A 2014 national survey found that respondents who prefer existing homes are more likely to mention the neighborhood as a reason to prefer an existing home. This suggest that for many Americans, the ideal home might be a new home in an established neighborhood.

source: MIBOR / MPO Housing Preference Survey, 2012; Trulia Housing Preference Survey, 2014

Of the 26,539 housing units in Noblesville, two predominant housing types exist. Single-family detached *(77 percent)* **and multi-family** *(17 percent.)*

RESIDENTIAL TERMINOLOGY

77%

Single-Family Detached

An individual, free standing home that is owned, but also could be leased.

3%

Two-Family Attached

Two units that share a common wall that are individually owned, but could be leased by one or both tenants.

3%

Single-Family Attached or Condo

An individual home that shares at least one common wall with the adjoining unit. These are most likely owner-occupied.

17%

Multi-Family

A building with multiple units that are leased from a single owner.

Single-Family Attached

For the remainder of this analysis, these two categories will be combined and reported as "single-family attached"

source: Hamilton County Assessor, City of Noblesville, Greenstreet Ltd.

The average home in Noblesville has an assessed value of $182,000, an average sales price of $231,000, and sits on approximately 0.57 acre lot. Single-family attached units are typically on smaller lots with lower value.

SINGLE-FAMILY HOUSING STOCK

Market Value 20 percent higher than Assessed Values in 2015

Example of Home Sold in 2015
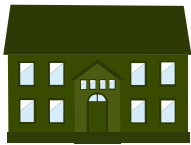
A traditional single-family home built in 2004 with 2,100 square feet on less than 0.25 acre was assessed at $130,400 in 2015. The same home sold in mid-2015 for $157,000 or 20 percent more than the assessed value.

$130,400
2015 Assessed Value

$157,000
2015 Sales Price

Note: This analysis includes only a sample size of approximately 15 percent of all homes sold in 2015. Market conditions in 2015 do not represent future conditions, but only a snapshot in time that illustrates the variation between assessed values and market values at a single point in time.
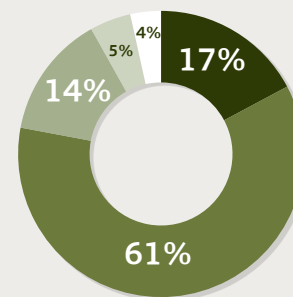
Single-Family Detached,
by Lot Size
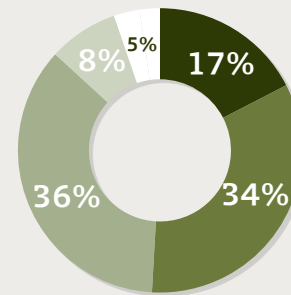
17%
34%
36%
8%
5%

The average lot size of existing single-family homes in Noblesville is 0.57 acres, triple the national average of 0.19 acres. The average for non-rural (3 acres or less) single-family residential lots is 0.3 acres.

- < 0.15 acre
- 0.15-0.25 acres
- 0.25-0.5 acres
- 0.5-1 acre
- >1 acre

Single-Family Detached,
by Assessed Value

17%
61%
14%
5%
4%

Approximately three-quarters of Noblesville housing stock is assessed under the current average sales price (as of July 2016). The majority of single-family attached units are assessed under $232,837.

- < $116,416
- $116,416-$232,837
- $232,837-$344,605
- $344,605-$465,678
- > $465,678
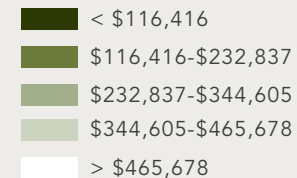
source: Hamilton County Assessor, Greenstreet Ltd.
Note: Assessed values and lot sizes reported only for single-family detached units with at least $1 of improved value

While most of Noblesville's housing stock reflects *(existing)* residents' preferences, only half of the demand for attached single-family housing in Hamilton County is currently being met.

PREFERRED VS. ACTUAL HOUSING STOCK

Neighborhood Importance

55%

Hamilton Co. residents value neighborhood qualities over housing

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Neighborhood qualities are given higher preference over housing qualities for by more Hamilton County residents regardless of the home type they prefer. Home buyers are more likely shopping for neighborhoods amenities, such as safety and access to quality schools and healthcare options, than housing.

Single-Family Detached: 72, 79%, 77

Single-Family Attached or Townhouse: 14, 15%, 6

Apartment or Condo: 12, 4%, 17

Other: 6, 2%, <1

■ Prefer (Hamilton Co. Residents)   ■ Prefer (Central IN Residents)   ■ Noblesville Building Stock

Source: MIBOR/MPO Consumer Preference Survey, 2012; Hamilton County Assessor; City of Noblesville

Having the right mix of housing is important to Noblesville's competitiveness locally and regionally. There are serious implications for the City if housing stock and neighborhoods continue to lack diversity.

WHAT HAPPENS IF YOU DON'T RESPOND?

"Economic and demographic factors are influencing the housing market as it deals with issues around providing the type of housing desired by the peak of the baby boom generation, aging millennials, a population making an urban/suburban choice, and finding a way to provide affordable housing to support a vibrant workforce." — ULI Emerging Trends in Real Estate, 2016

Municipal Revenues Lost

10x revenue
per acre

Smart growth development generates 10 times more tax revenue per acre compared to conventional suburban development. A recent Indianapolis study by Smart Growth America found that typical drivable suburban development, composed mainly of single-family homes actually generates negative fiscal impacts.

### Talent Attraction Harder

Skilled Labor
#1 Relocation Factor for Businesses

Companies across the U.S. are moving to and investing in walkable downtown locations, in large part because these places help to attract and retain talented workers. Ideal neighborhoods amenities include a wide range of home types that allow them to be affordable to employees of all income levels; walkability; and access to restaurants, shops, entertainment, and cultural attractions.

Volatile Housing Cycles
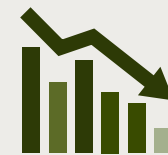
Stability
Diversity Provides Protection

New construction single-family homes are more susceptible to changes in the market as noted by the MIBOR data for Noblesville during the last market downturn. In contrast, existing homes (resale) retained value and have grown gradually since the recession, indicating a diverse housing market can be more stable than a new homogeneous market.

source: The Fiscal Implications of Development Patterns: Indianapolis, 2016; Amazing Place: Six Cities Using the New Recipe for Economic Development, 2016; Core Values: Why American Companies are Moving Downtown, 2015

Noblesville's homogeneous housing development primarily serves middle-aged households - not the two largest generations. Housing diversity attracts and retains people at all life-stages.

HOUSING TYPE BY GENERATION
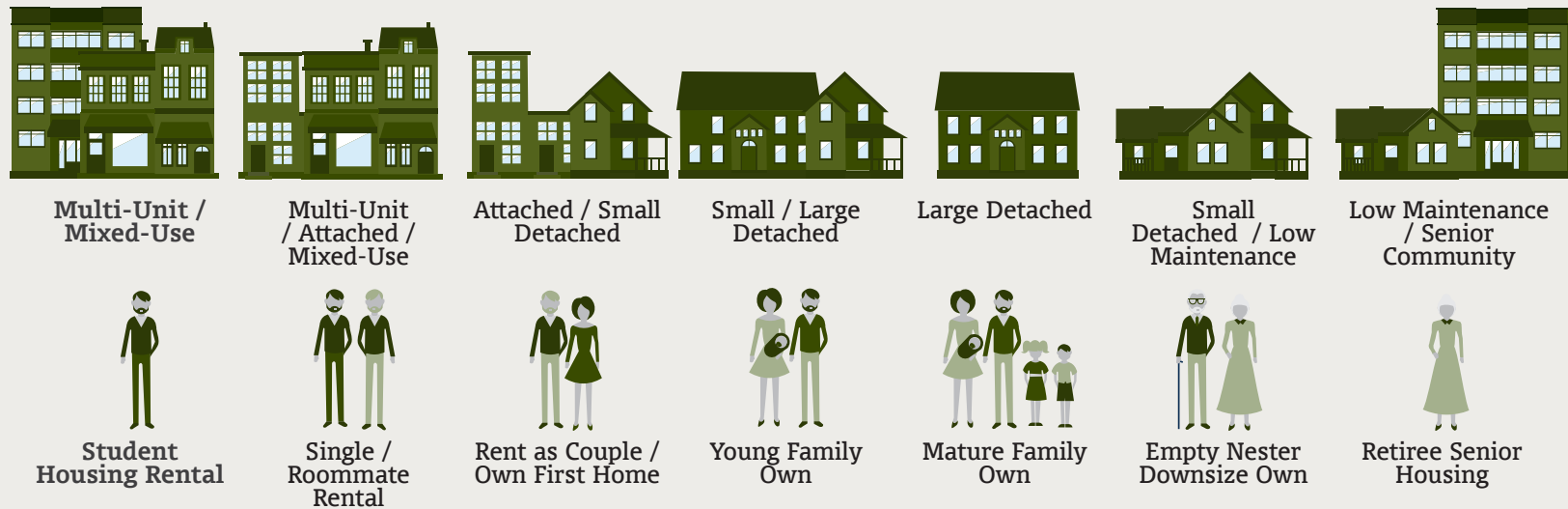
	Multi-Unit / Mixed-Use	Multi-Unit / Attached / Mixed-Use	Attached / Small Detached	Small / Large Detached	Large Detached	Small Detached / Low Maintenance	Low Maintenance / Senior Community
	Student Housing Rental	Single / Roommate Rental	Rent as Couple / Own First Home	Young Family Own	Mature Family Own	Empty Nester Downsize Own	Retiree Senior Housing
2015	Millennial	Millennial	Millennial	Millennial	Gen X	Baby Boomer / Gen X	Eisenhower / Baby Boomer
2020	Gen Z	Millennial	Millennial	Millennial	Gen X / Millennial	Gen X	Baby Boomer
2025	Gen Z	Gen Z	Millennial	Millennial	Gen X / Millennial	Gen X	Baby Boomer

source: Adapted from RCLCO; U.S. Census Bureau; Greenstreet analysis
Silent/Greatest, before 1946; Baby Boomers, 1946-1964; Gen X, 1965-1980; and Millennials, 1981-1999; Gen Z, after 2000

Over the next 5 years, senior-headed households are projected to grow, generating increased demand for alternative housing types that allow seniors to down size and age in place.

POPULATION BY GENERATION

	Gen Z, after 2000	Millennials, 1981-99	Gen X, 1965-80	Baby Boomers, 1946-64	Silent/Greatest, before 1946
Noblesville	25%	25%	23%	20%	7%
Hamilton County	25%	23%	23%	23%	6%
Indianapolis MSA	21%	27%	20%	24%	9%
U.S.	19%	27%	19%	25%	10%

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

Legend:
- Gen Z, after 2000
- Millennials, 1981-99
- Gen X, 1965-80
- Baby Boomers, 1946-64
- Silent/Greatest, before 1946
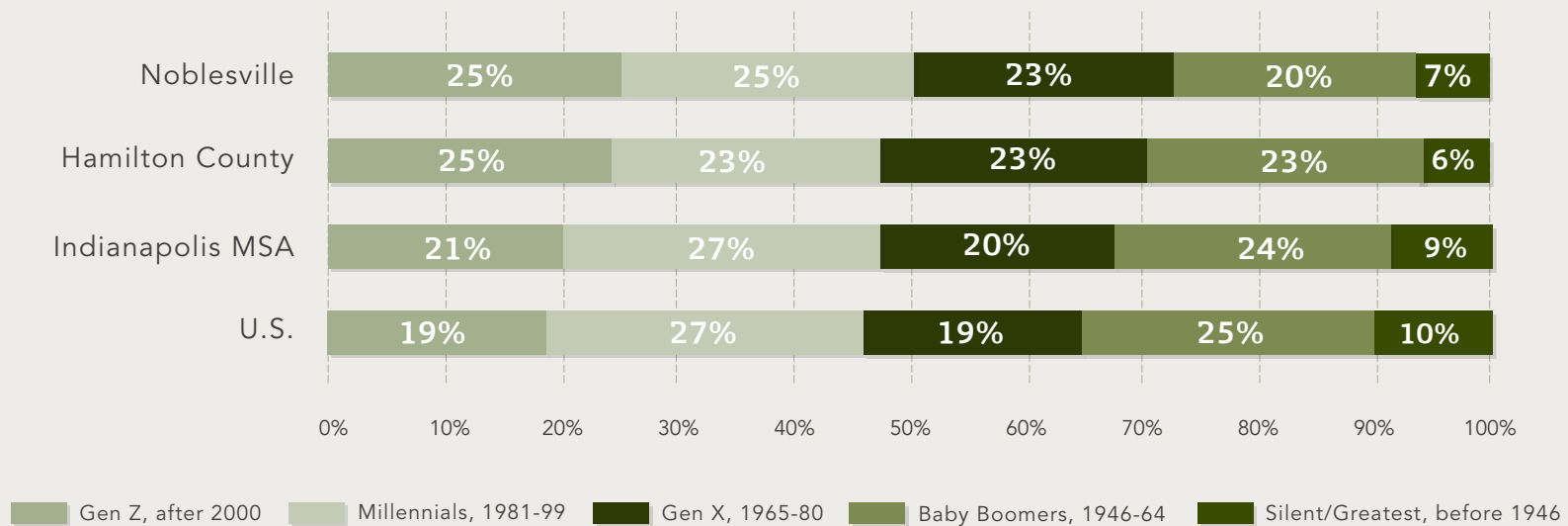
source: ESRI

Planning and development policies often address the far ends of the housing spectrum *(single-family detached and larger multi-family)* neglecting alternative development types.

MISSING MIDDLE HOUSING TYPES EXPAND CHOICE & AFFORDABILITY

Multi-unit or clustered housing that is in scale with surrounding single-family neighborhoods offers a solution to the disconnect between existing housing stock and shifting demographic preferences.
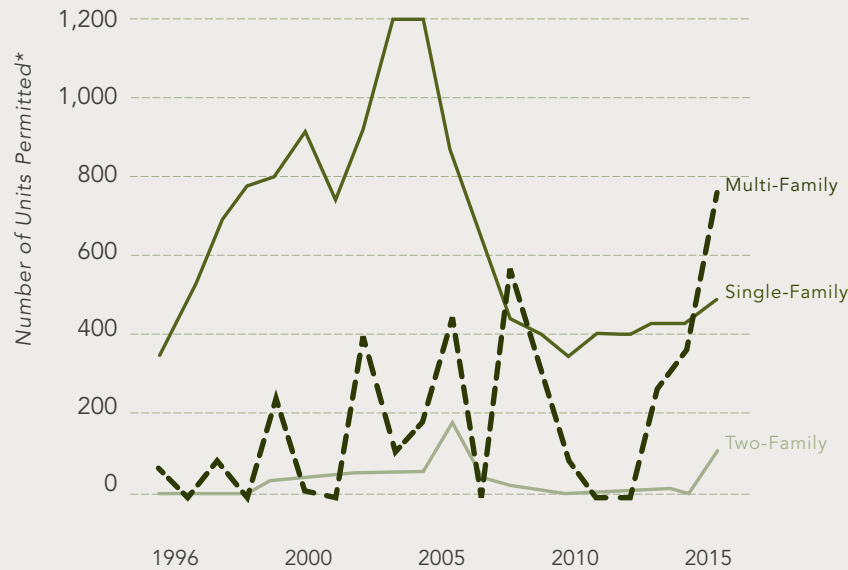
DETACHED SINGLE-FAMILY HOMES

DUPLEX

TRIPLEX & FOURPLEX

COURTYARD APARTMENT

BUNGALOW COURT

TOWNHOUSE

MULTIPLEX

LIVE/WORK

MID-RISE

— — MISSING MIDDLE HOUSING — — — — —

source: missingmiddlehousing.com

Recent permit activity indicates investment focused on the far ends of the housing spectrum - single-family detached and large multi-family apartment complexes, increasing the homogeneity of the housing stock.
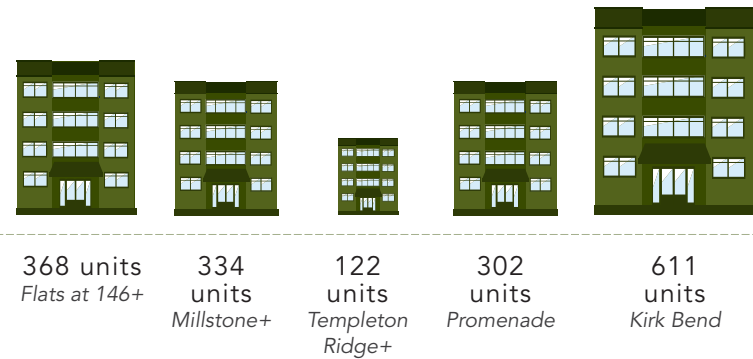
HISTORIC PERMIT ACTIVITY

Number of Units Permitted*

1,200
1,000
800 — Multi-Family
600 — Single-Family
400
200
0 — Two-Family

1996   2000   2005   2010   2015

source: City of Noblesville
* Data reflects total units, not number of permits

Focusing only on the "average" home buyer or renter will not result in a diverse, and therefore more competitive, housing market. Additionally, it can open a community up to greater risk during economic downturns. Take the recent recession and housing crisis. Communities with vast amounts of homogeneous detached single-family units suffered from more foreclosures and lost revenues than communities with diverse housing stocks that included a mix of rental, owner-occupied, and attached housing product.

Recently Approved Multi-Family

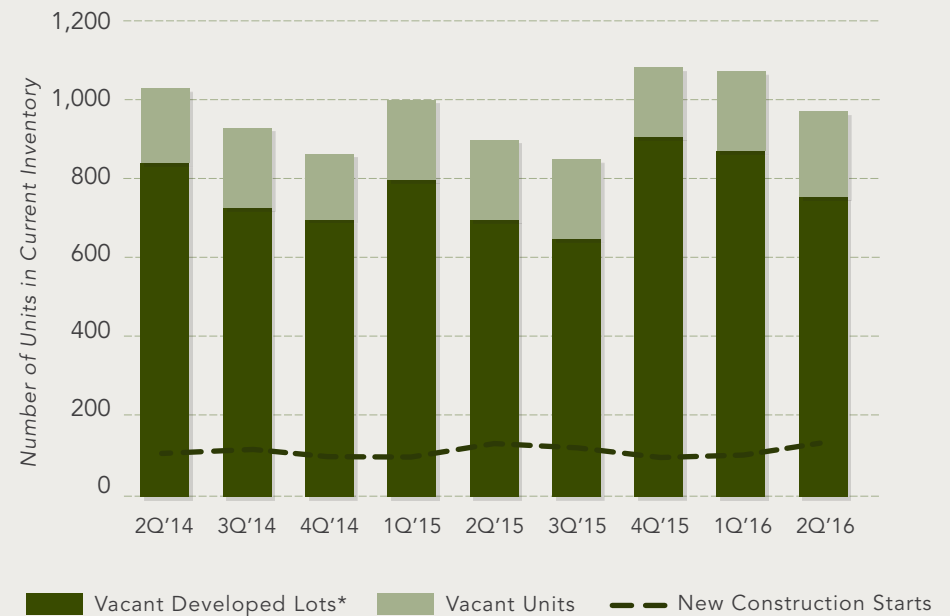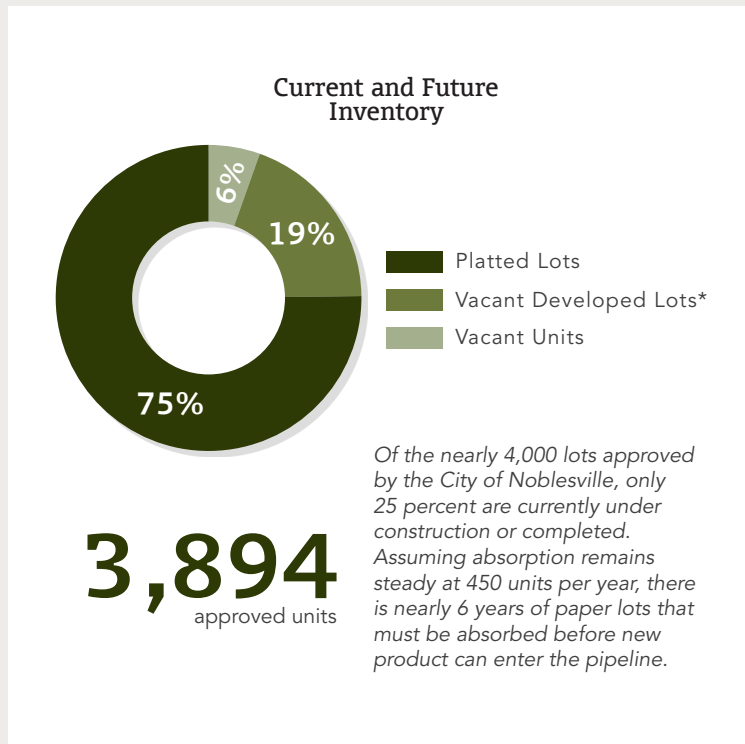| 368 units	334 units	122 units	302 units	611 units
Flats at 146+	*Millstone+*	*Templeton Ridge+*	*Promenade*	*Kirk Bend*

+ Under construction at the time of report.

The current inventory of single-family detached housing and lots *(both unsold units and vacant developed lots*)* **could be absorbed in just under two years. At that rate of absorption, there is another 6 plus years of platted lot inventory that may or may not reflect future demand.**

DETACHED SINGLE-FAMILY HOUSING INVENTORY

Current and Future Inventory

- Platted Lots
- Vacant Developed Lots*
- Vacant Units

6%

19%

75%

3,894
approved units

Of the nearly 4,000 lots approved by the City of Noblesville, only 25 percent are currently under construction or completed. Assuming absorption remains steady at 450 units per year, there is nearly 6 years of paper lots that must be absorbed before new product can enter the pipeline.

Number of Units in Current Inventory

1,200 — 1,000 — 800 — 600 — 400 — 200 — 0

2Q'14 3Q'14 4Q'14 1Q'15 2Q'15 3Q'15 4Q'15 1Q'16 2Q'16

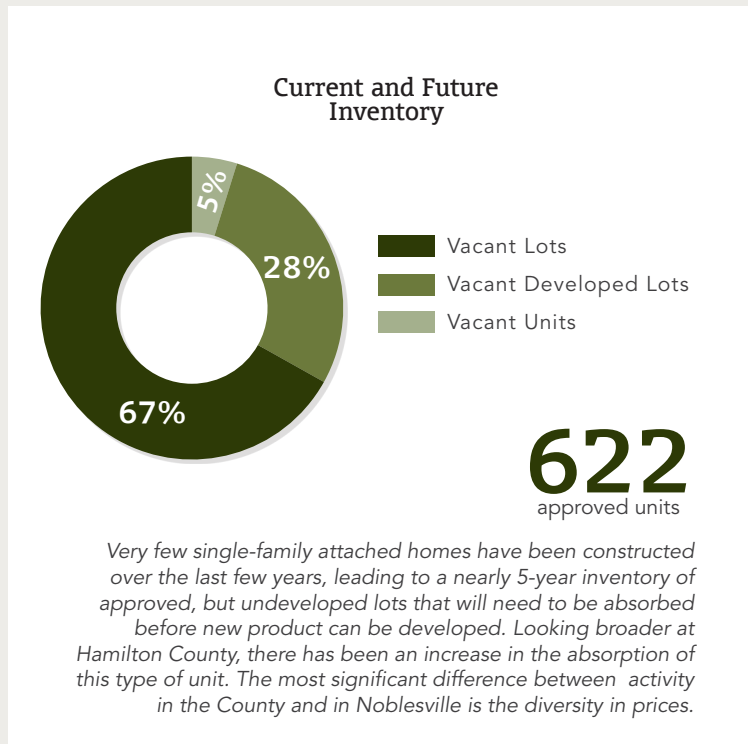■ Vacant Developed Lots*   ■ Vacant Units   - - - New Construction Starts

source: Metro Study, 2016
*Vacant Developed Lots include individual lots with infrastructure in place (i.e. streets), Vacant Units include under construction, models, and finished vacant homes

Single-family attached product accounts for just 18 percent of the current housing supply and only 12 percent of future inventory, even though national and local trends indicate growing demand for this product.

ATTACHED SINGLE-FAMILY HOUSING INVENTORY

Current and Future Inventory

- Vacant Lots
- Vacant Developed Lots
- Vacant Units

5%
28%
67%

622
approved units

Very few single-family attached homes have been constructed over the last few years, leading to a nearly 5-year inventory of approved, but undeveloped lots that will need to be absorbed before new product can be developed. Looking broader at Hamilton County, there has been an increase in the absorption of this type of unit. The most significant difference between activity in the County and in Noblesville is the diversity in prices.

Number of Units in Current Inventory

1,200 — 1,000 — 800 — 600 — 400 — 200 — 0

2Q'14 3Q'14 4Q'14 1Q'15 2Q'15 3Q'15 4Q'15 1Q'16 2Q'16

- Vacant Developed Lots
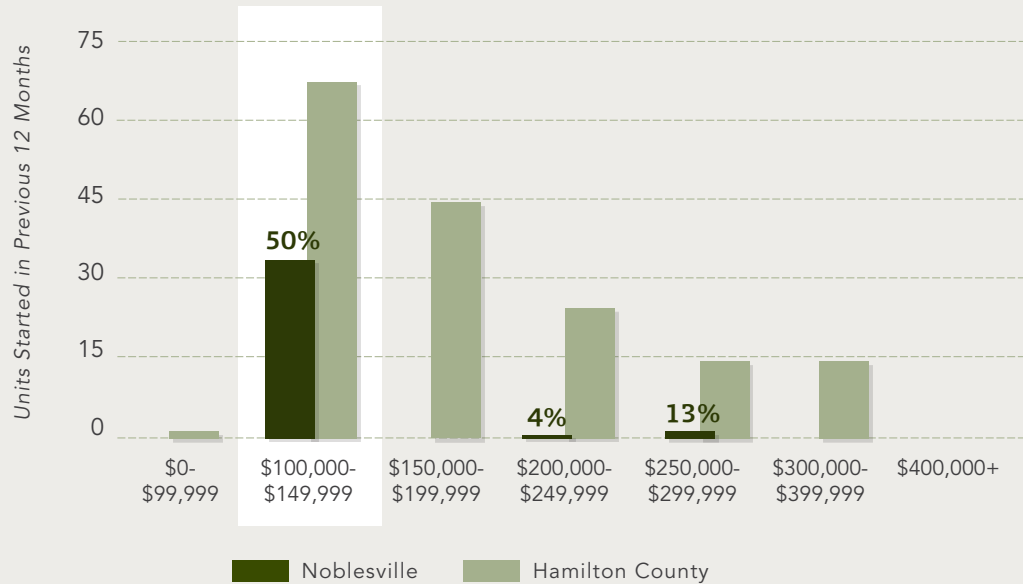- Vacant Units
- New Construction Starts

source: Metro Study, 2016
Vacant Developed Lots include individual lots with infrastructure in place (i.e. streets), Vacant Homes include under construction, models, and finished vacant homes

Just building attached product is not enough to meet demand. Neighborhood amenities, location, and price points play an important role in attracting households to Noblesville.

ATTACHED SINGLE-FAMILY HOUSING INVENTORY BY PRICE POINT

Units Started in Previous 12 Months

75	
60	
45	
30	
15	
0	

50% **4%** **13%**

$0-$99,999 $100,000-$149,999 $150,000-$199,999 $200,000-$249,999 $250,000-$299,999 $300,000-$399,999 $400,000+

■ Noblesville ■ Hamilton County

Price Diversity

According to a 2015 consumer preference survey conducted by the National Association of Realtors, the highest earning households (earn greater than $100,000 annually) are the most likely to be living in detached housing, but prefer attached housing in walkable communities. Of the 37 attached units built last year in Noblesville, only three units (92 percent) were built at a price point higher than $150,000. It is unlikely that those higher income households looking for attached product would be attracted to Noblesville given the current selection of attached housing choices.

92% of attached homes built last year were priced under $150,000

source: Metro Study, 2016; National Association of Realtors, Community and Transportation Preference Survey, 2015

Growth in the Indianapolis Metro is going to occur, but product type, availability, and price points will affect how much of that growth Noblesville can capture.

KEY COMPONENTS OF RESIDENTIAL DEMAND

New Household Formation
(population growth)

+

Household Relocation
(population mobility)

+

Household Migration
(population migration)

As of 2015, Noblesville accounts for approximately 19 percent of the Hamilton County households. Based on natural population growth alone, Noblesville could expect to add about 500 new households a year for the next 5 years.

Approximately 8 percent of Noblesville households change residences each year. Other nearby cities and towns experience similar turnover rates, creating an opportunity to attract those mobile households to Noblesville.

Each year 9,647 households move to Hamilton County. Approximately one-third of the households relocate from Marion County. The remainder come from other counties in the Metro, Indiana, Midwest, and elsewhere in the U.S.

source: U.S. Census; Indianapolis Metropolitan Planning Organization, Internal Revenue Service

Households outside of the primary draw area *(Noblesville)* are harder to attract. This will require having the right housing types, right price points, and right neighborhood amenities for to be successful.
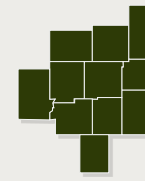
ABILITY TO CAPTURE DEMAND VARIES BY MARKET AREAS

Primary Draw
City of Noblesville

Local Draw
Hamilton County

Regional Draw
Indianapolis Metro

	Low Potential	Medium Potential	High Potential
Noblesville	52%	37%	29%
Hamilton County	30%	38%	41%
Indianapolis Metro, Indiana, Midwest, U.S.	18%	25%	30%

New Noblesville households represent the easiest to capture demand. The ability to capture households outside the City, in other areas of Hamilton County and the Metro, will vary but are harder to capture due to competition from other locations and attracting people outside their primary markets. The City's ability to capture a larger share of those markets is dependent on a variety of "X-Factors." X-factors include changes to the economic, political, social, or built environment that affect consumers' perception of the market. (These will be explored in more detail in a later task.)

source: U.S. Census; Indianapolis Metropolitan Planning Organization, Internal Revenue Service

The ability to capture housing demand is dependent on many factors including housing options, price points, competition, and other "X-factors."

5 YEAR RESIDENTIAL DEMAND SENSITIVITY ANALYSIS

	Low Potential	Moderate Potential	High Potential
Noblesville Growth	2,697	2,697	2,697
Household Mobility	346	539	724
Household Migration	670	1,205	1,741
Total 5-Year Demand	**3,712**	**4,442**	**5,162**
Annual Absorption	**742**	**888**	**1,032**

source: Greenstreet, Ltd.

Most of the future inventory addresses only the far ends of the housing spectrum *(single-family detached and apartment style multi-family)* and will need to be absorbed before new product can be developed.

FUTURE RESIDENTIAL INVENTORY

	Single-Family Detached	Single-Family Attached	Multi-Family	Total
Undeveloped Lots	2,639	416	913	3,968
Vacant Developed Lots	754	176	824*	1,754
Complete Unoccupied Units	212*	30*	259	501
Total Future Inventory	3,894	622	1,996	6,512

source: MetroStudy, 2016; City of Noblesville Permit data
*Includes units currently under construction as of Q2 2016

Recent housing construction does not reflect the current demographic changes happening in Noblesville and throughout the Metro. Instead, builders continue to build for the majority.

LOCAL TRENDS & OBSERVATIONS

Following National <u>Demographic</u> Trends

smaller households, growth from Baby Boomers and Millennials, and an increase in renter-occupied households

1. **Barbell effect** – household growth heavily weighted at both ends of the age spectrum

2. **Younger households**– half of the County's future growth in young households will be in Noblesville

3. **Boomers booming** – senior households are the fastest growing age demographic

4. **Small size**– 1- and 2-person households growing fastest

5. **Families remain king** – but middle-aged families will continue to be majority for now

Homogeneous Building Trends

increased development of rental product, expanding size of single-family homes, and decline in single-family construction

1. **Building for extremes** - construction concentrated around far ends of the housing spectrum (happening across the Metro)

2. **Multi-family market** - increase in permit activity during 2015, not keeping pace in 2016

3. **Backlog of multi-family** – but only half of permitted multi-family projects completed

4. **Bigger, More Expensive** – new single-family homes increasing in size and cost

5. **Single-Family majority** – detached homes continue to make up majority of housing

source: U.S. Census Bureau; ESRI; City of Noblesville; Greenstreet Ltd.

So what? **Future inventory may satisfy the general demand for housing, but likely not the right product mix for growing market segments like young first-time home buyers or baby boomers looking to downsize.**

What happens if nothing changes? **Market segments not served by large, higher end single-family homes will leave. Less diverse households will be attracted to Noblesville. This limits the City's ability to compete with regional peers for new households.**

Can it be fixed? **Initially the City must get through the backlog of permitted units while evaluating their regulatory process to ensure that alternative building types can be developed.**

New housing product *(in the short-term)* must reflect changing demographics and preferences. Diversity within the City's housing stock can increase revenue and support economic development efforts.

The future recommended breakdown by product type and occupancy overcompensates for the abundance of detached single-family, for-sale product and the backlog of rental apartments that already exist in Noblesville by increasing the variety of alternative housing types targeted to both renters and owners. These are not meant to be long-term building practices, but short-term solutions to diversify housing choices and attract a broader market.

BREAKDOWN OF POTENTIAL DEMAND

	Current	Future		Low Potential	Medium Potential	High Potential
Rental	*29%*	*35%* ▲		1,299	1,555	1,807
For-Sale	*71%*	*65%* ▼		2,413	2,887	3,356
Attached	*30%*	*60%* ▲		1,485	1,777	2,065
Detached	*70%*	*40%* ▼		2,227	2,665	3,097

source: ESRI, 2016; Greenstreet, Ltd. (columns do not equal total 5-year housing demand)

HOUSING FACTORS

Choice, Cost, and Competition

Accelerate Indy *(Indianapolis Regional Economic Development Strategy)* found that economic success wasn't dictated by the most generous tax breaks, but instead prosperous regions focused on the bigger picture.

KEY HOUSING DECISION FACTORS

Neighborhood Amenities

Walkscore

Number of Amenities within Walking Distance

Access to Destinations

Compact Neighborhoods

Quality Healthcare

Culture, Arts, Entertainment

Multi-Generational Communities

Quality of Local Schools

Graduation Rate

Student:Teacher Ratio

Spending per Student

SAT Results

Housing Cost and Availability

Income Spent on Housing

Average Monthly Housing Cost

Availability of Subsidized Housing

Median Housing Value

Diversity in Housing Stock

Crime and Safety

Violent Crime

Property Crime

Transportation Options

Income Spent on Transportation

Average Annual Transportation Cost

Access to Transit

Commute Time

Congestion

CEDs: Comprehensive Economic Development Strategy

Peer communities reflect Noblesville's proximity to a major metro, size, growth patterns, incomes, and population characteristics. These communities compete for residents, jobs, workers, and investments.

GENERAL MARKET INDICATORS

	Noblesville, IN	Franklin, TN	Dublin, OH	Broomfield, CO
Population	59,888	72,787	37,272	64,587
Projected Population Growth	2.16%	2.40%	1.07%	2.40%
Households	22,075	27,810	13,537	25,072
Median Household Income	$72,658	$85,149	$112,444	$85,865
Educational Attainment	31.7%	36.7%	43.0%	32.3%
Housing Units	24,301	29,550	14,156	26,463
Vacancy Rate	9.16%	5.89%	4.37%	5.26%
Unemployment Rate	2.60%	3.70%	2.50%	2.30%
Household in Poverty	6.50%	7.17%	3.22%	7.14%

source: Information, including definitions and sources for each factor can be found in the methodology statement.

Safety and levels of crime were the most important factors to Hamilton County residents in deciding where to live. Crime rates *(in Noblesville)* are higher than other comparable Hamilton County communities.

Indianapolis Metro residents consider crime /safety and high quality public schools an important factors in their housing decision

78%

Quality of Local Schools

89%

Crime and Safety

2012 MIBOR Consumer Preference Survey

QUALITY SCHOOL INDICATORS

	Noblesville, IN	Franklin, TN	Dublin, OH	Broomfield, CO
Graduation Rate	93%	94%	96%	91%
Student to Teacher Ratio	20:1	16:1	17:1	18:1
Spending per Student	$10,478	$9,193	$13,003	$12,185
SAT Results	1140	1280	1310	1310

CRIME AND SAFETY INDICATORS

	Noblesville, IN	Franklin, TN	Dublin, OH	Broomfield, CO
Violent Crime	115	163	38	55
Property Crime	1,809	1,619	1,276	1,936

source: Information, including definitions and sources for each factor can be found in the methodology statement.

A survey conducted by National Association of REALTORS on residential consumer preferences found that people with places to walk to are more satisfied with the quality of life in their community.

NEIGHBORHOOD AMENITY INDICATORS

Neighborhood Amenities

31%

Hamilton Co. residents are satisfied with the number of shops and restaurants within walking distance from their home

2012 MIBOR Consumer Preference Survey

	Noblesville, IN	Franklin, TN	Dublin, OH	Broomfield, CO
Walkscore	29	14	23	16
Restaurants, Bars, & Coffee Shops *within walking distance*	0.6	0	0.3	0.5
Access to Destinations				
Grocery Stores	0.7	0.5	0.6	0.3
Parks	0.5	0.2	0.1	0.3
Libraries	0.1	0.0	0.1	0.0
Compact Neighborhood Index	5,533	2,777	4,137	4,218
Quality of Healthcare	64.9	58.1	54.9	70.1
Cultural, Arts, & Entertainment Institutions	0.7	0.8	3.9	0.6
Multi-Generational Communities	0.85	0.88	0.87	0.88

source: Information, including definitions and sources for each factor can be found in the methodology statement.

Economic development efforts rely on attracting young, talented workers to Noblesville. These workers are more likely to want to walk, bike, or take transit more than older generations.

Transportation Options

55%

Indianapolis Metro residents consider the length of their commute as an important factor in their housing decision. Availability of quality public transportation was an important factor.

2012 MIBOR Consumer Preference Survey

TRANSPORTATION INDICATORS

	Noblesville, IN	Franklin, TN	Dublin, OH	Broomfield, CO
% Income on Transportation	26%	24%	24%	27%
Transportation Cost	$13,384	$12,824	$12,907	$13,814
Bike Friendly Rating*	bronze	bronze	bronze	silver
Access to Transit	0.0	0.0	4	17
Commute Time	27.6	23.7	22.9	27.2
Congestion	28.1	31.0	30.1	31.4

source: Information, including definitions and sources for each factor can be found in the methodology statement.
*Reported for the primary city of each Metro - Indianapolis, IN; Nashville,TN; Columbus, OH; Denver, CO

Slightly more than half of Hamilton County's residents are satisfied with the affordability of housing even though housing prices are generally below other major metros, making it more affordable than its peers.

Housing Cost and Availability

74%

Indianapolis Metro residents consider housing affordability as an important factor in their housing decision

2012 MIBOR Consumer Preference Survey

HOUSING INDICATORS

	Noblesville, IN	Franklin, TN	Dublin, OH	Broomfield, CO
% Income on Housing	31%	37%	45%	28%
Monthly Housing Cost	$1,330	$1,621	$2,027	$1,658
Subsidized Housing Index	66	33	222	50
Median Housing Value	$170,400	$312,400	$334,900	$284,100
Diversity in Housing Stock	30%	36%	31%	34%

source: Information, including definitions and sources for each factor can be found in the methodology statement.

Housing is considered "affordable" when a household spends less than 30 percent of their income on housing cost. A household in Noblesville earning the median income could afford a $290,632 home.

HOUSING AND INCOME

Assistant Parks Director*

$72,658

median household income approximates salary for this position with the City of Noblesville Parks Department

2013 Noblesville Salary Ordinance

Annual Household Income	$72,658
Mortgage Payment	$13,368
Taxes	$3,546
Insurance	$1,017
PMI	$875
Utilities	$2,989
Total Annual Housing Expenses	$21,794

$290,632
home value

source: Noblesville salary ordinance, Greenstreet Ltd.
*for illustrative purposes only, actual salary unknown. Salary reflects the median household income for 2014

Low income households *(on average)* are more likely to spend more than 30 percent of their income on housing, especially in high cost markets. At 30 percent, a minimum wage earner could afford a $60,320 home.

HOUSING AND INCOME

Retail Sales Clerk*

$15,080
annual income
minimum wage
worker employed
full-time

Economic Policy Institute

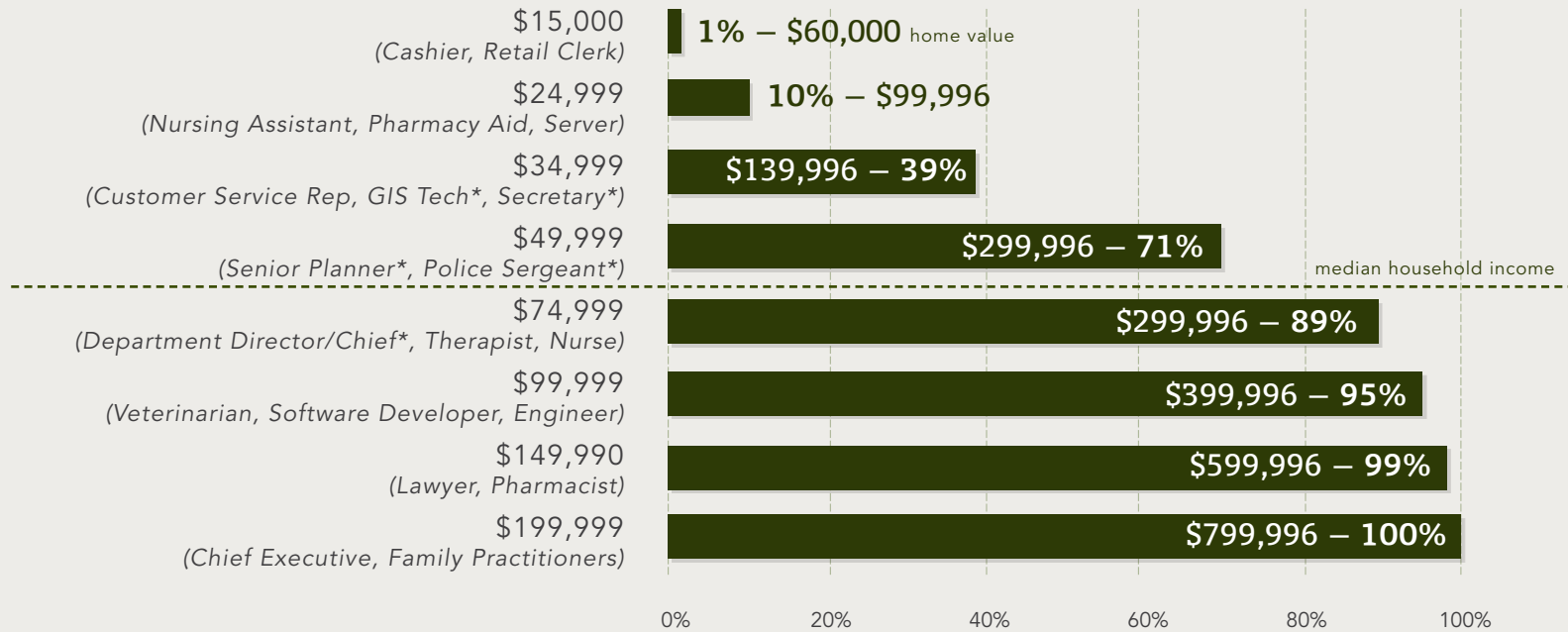|	
Annual Household Income	$15,080
Mortgage Payment	$2,775
Taxes	$736
Insurance	$211
PMI	$182
Utilities	$620
Total Annual Housing Expenses	$4,523

$60,320
home value

source: Bureau of Labor Statistics, Greenstreet Ltd.
*for illustrative purposes only, actual salary unknown. Salary reflects average salaries for employment type

Assessed values (on average) are lower than actual market prices. Even when looking at assessed values (not market prices) lower income households would struggle to find housing that meets their needs.

AFFORDABILITY BY ASSESSED VALUE

Income	Home Value Affordability
$15,000 (Cashier, Retail Clerk)	1% — $60,000 home value
$24,999 (Nursing Assistant, Pharmacy Aid, Server)	10% — $99,996
$34,999 (Customer Service Rep, GIS Tech*, Secretary*)	$139,996 — 39%
$49,999 (Senior Planner*, Police Sergeant*)	$299,996 — 71%
$74,999 (Department Director/Chief*, Therapist, Nurse)	$299,996 — 89%
$99,999 (Veterinarian, Software Developer, Engineer)	$399,996 — 95%
$149,990 (Lawyer, Pharmacist)	$599,996 — 99%
$199,999 (Chief Executive, Family Practitioners)	$799,996 — 100%

median household income

0%   20%   40%   60%   80%   100%

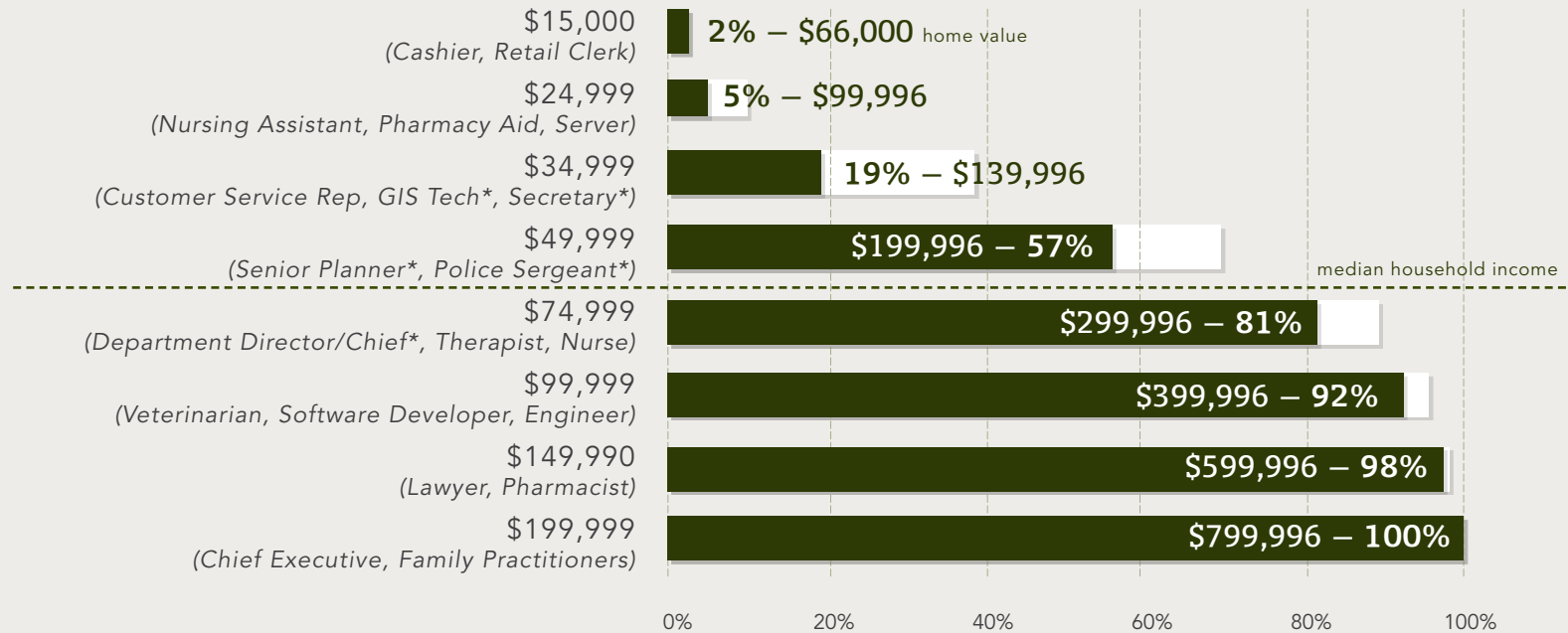source: Bureau of Labor Statistics; Noblesville salary ordinance; Greenstreet, Ltd.
*Indicates city employee
NOTE: Market value was 20 percent higher than assessed values in 2015, see Deliverable #1

Recent sales transactions are a better reflection of the current market than assessed value. When looking at available inventory lower income and entry level employees would be priced out of the market.

AFFORDABILITY BY RECENT FOR-SALE INVENTORY

Income (Occupation)	Affordability
$15,000 (Cashier, Retail Clerk)	2% – $66,000 home value
$24,999 (Nursing Assistant, Pharmacy Aid, Server)	5% – $99,996
$34,999 (Customer Service Rep, GIS Tech*, Secretary*)	19% – $139,996
$49,999 (Senior Planner*, Police Sergeant*)	$199,996 – 57%
$74,999 (Department Director/Chief*, Therapist, Nurse)	$299,996 – 81%
$99,999 (Veterinarian, Software Developer, Engineer)	$399,996 – 92%
$149,990 (Lawyer, Pharmacist)	$599,996 – 98%
$199,999 (Chief Executive, Family Practitioners)	$799,996 – 100%

median household income

0%   20%   40%   60%   80%   100%

source: Bureau of Labor Statistics; Noblesville salary ordinance; Greenstreet, Ltd.
*Indicate city employee
NOTE: Inventory reflect transaction closed between July 2015 and July 2016, approximately 25 percent of new homes not included in MLS or this analysis

New construction is being built to the higher end of the market. Three quarters of the new homes *(those constructed within the last 12 months)* built require a household income greater than the median income.

AFFORDABILITY BY RECENT CONSTRUCTION

Income (Occupation)	Affordability
$15,000 (Cashier, Retail Clerk)	**0% — $66,000** home value
$24,999 (Nursing Assistant, Pharmacy Aid, Server)	**0% — $99,996**
$34,999 (Customer Service Rep, GIS Tech*, Secretary*)	**7% — $139,996**
$49,999 (Senior Planner*, Police Sergeant*)	**25% — $199,996**
	median household income
$74,999 (Department Director/Chief*, Therapist, Nurse)	**$299,996 — 59%**
$99,999 (Veterinarian, Software Developer, Engineer)	**$399,996 — 91%**
$149,990 (Lawyer, Pharmacist)	**$599,996 — 100%****
$199,999 (Chief Executive, Family Practitioners)	**$799,996 — 100%****

0%   20%   40%   60%   80%   100%

source: Bureau of Labor Statistics; Noblesville salary ordinance; MetroStudy; Greenstreet, Ltd.
*Indicate city employee; **reflects estimate, exact sales price unknown for homes sold above $500,000
NOTE: Recent construction reflects homes started Q3 2015 to Q2 2016, percentages are estimates based on similar (but not exact) home value ranges

Compact development and varied housing types are both ways to increase affordability, meet the growing demand for walkable neighborhoods, decrease municipal service delivery, and result in higher revenue for the city.

EXAMPLES OF COMPACT DEVELOPMENT AND HOUSING TYPES

Source: missingmiddle.com

Density is often associated with over crowding, monotony, lack of privacy, not enough green space. Many of these characteristics are the result of poor design, not density.

UNIFORMITY AND MONOTONY, NOT DENSITY

Source: Lincoln Institute of Land Policy, Visualizing Density

Current development patterns in Noblesville would be considered "low density sub-urban." Existing and new developments average *(approximately)* 4 units or less per acre.

VISUALIZING DENSITY

Low Density Sub-Urban

Boulder, CO
3.9 units/acre

Medium Density Sub-Urban

Columbus, NJ
11 units/acre

Compact Development

Boulder, CO
19.7 units/acre
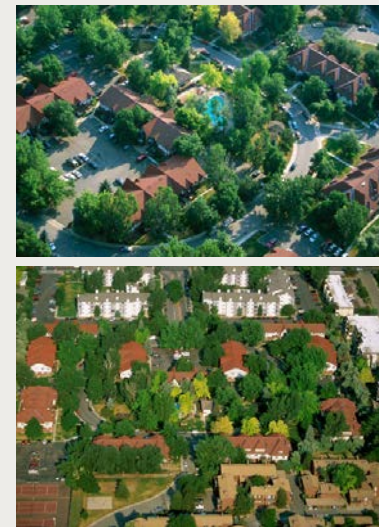
Source: Lincoln Institute of Land Policy, Visualizing Density

Recent discussions have focused around the idea that development should "pay for itself," with the assumption that large lot sub-urban development results in the most benefit for the municipality.

HYPOTHETICAL DEVELOPMENT SCENARIOS

|	Low Density Sub-Urban	Medium Density Sub-Urban	Compact Development
Total Units	3,000	3,000	3,000
Single-Family Detached	1,950	1,950	450
Single-Family Attached	150	150	750
Multi-Family Units (for-rent)	450	450	900
Multi-Family Units (for-sale)	450	450	900
Total Gross Acres	952	409	210
Net Residential Density	4.2	10.3	20.3
Population	8,231	8,231	8,001
Commercial Square Feet	488,000	488,000	488,000

source: adapted from Smart Growth America, Fiscal Implications of Development Patterns - Indianapolis, IN, 2015

The development efficiency is intended to be a high level analysis for use in illustrating the different cost and revenue associated with various development scenarios.

DEVELOPMENT EFFICIENCY METRICS

Expenditures

Roads (maintenance costs)	*road length and area needed per capita*
Fire Protection / EMS* (capital costs)	*not included, Noblesville Fire Dept. investigating*
School (transportation costs)	*cost per student outside "walk zone"*
Police	*annual spending per capita*
Non Density Related Expenditures	*not included, assumed to be the same regardless of density*

Revenues

Property Taxes	*average property tax based on property classification*
Income Taxes	*income tax generated from residents living in development*

Net Fiscal Impact

source: adapted from Smart Growth America, Fiscal Implications of Development Patterns - Indianapolis, IN, 2015
*Fire Protection / EMS is affected by density, primarily driven by EMS runs which increases as density increases

When both revenues and expenditures are taken into account, compact development has a higher net fiscal impact than the lower density sub-urban options.

ANNUAL NET FISCAL IMPACTS
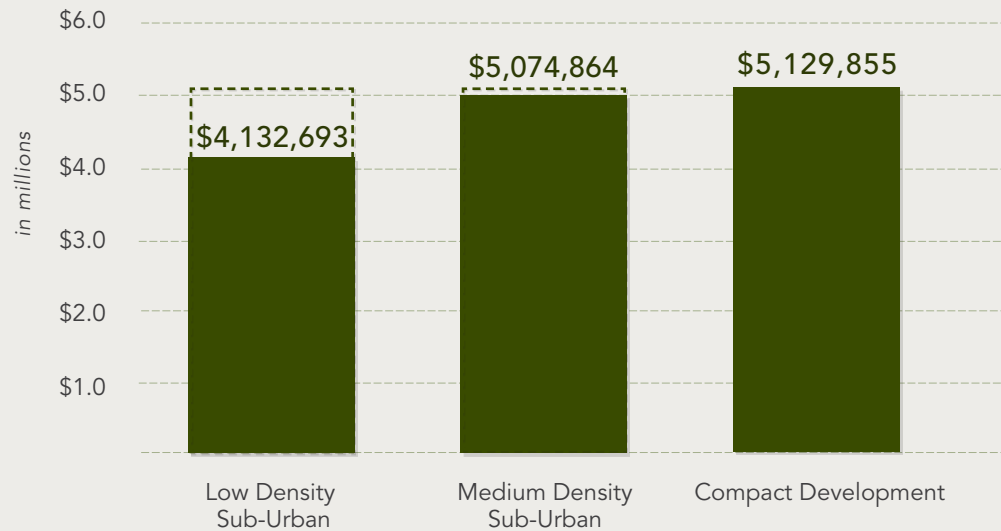
in millions

$4,132,693	$5,074,864	$5,129,855
Low Density Sub-Urban	Medium Density Sub-Urban	Compact Development

$6.0
$5.0
$4.0
$3.0
$2.0
$1.0

source: adapted from Smart Growth America, Fiscal Implications of Development Patterns - Indianapolis, IN, 2015; Greenstreet, Ltd.

Considering fiscal impact at the per acre level, an even greater benefit is derived from compact development. Furthermore, denser development optimizes land for future growth and development.

ANNUAL NET FISCAL IMPACT PER ACRE

Low Density Sub-Urban	$4,341
Medium Density Sub-Urban	$12,408
Compact Development	$24,428

$25,000
$20,000
$15,000
$10,000
$5,000
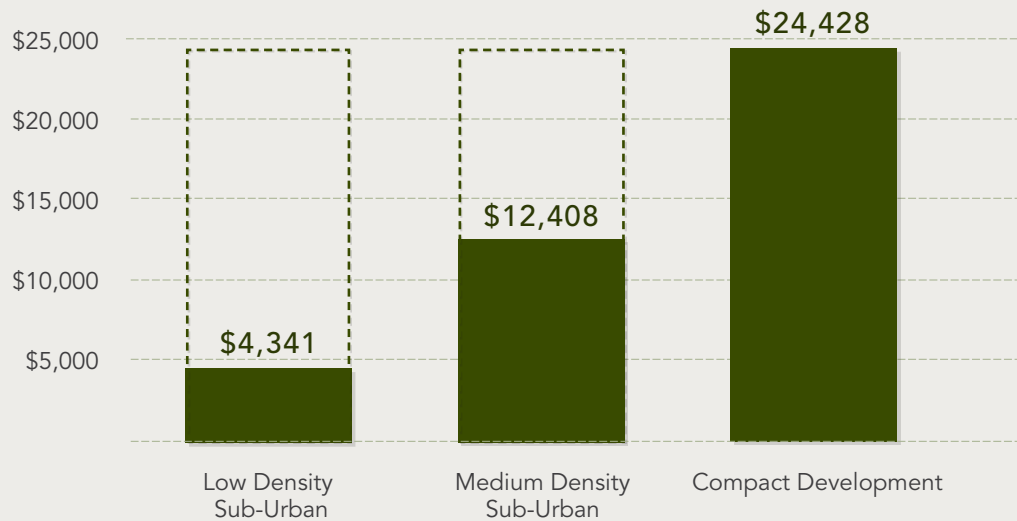
Why Choose Compact Development?

Compact development **costs one-third less** for upfront infrastructure.

On average it **saves 10 percent** on on-going delivery of city services.

It generates **10 times more tax revenue** per acre than conventional suburban development.
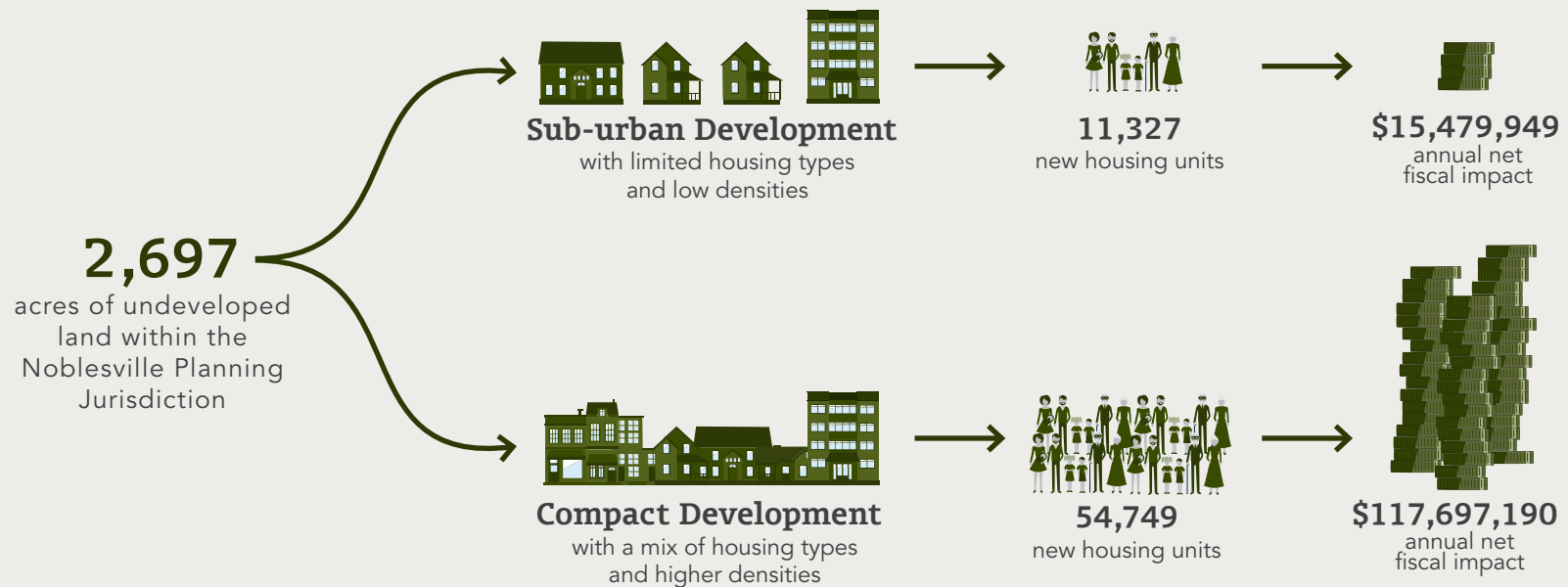
Smart Growth America,
Building Better Budgets

source: adapted from Smart Growth America, Fiscal Implications of Development Patterns - Indianapolis, IN, 2015; Greenstreet, Ltd.

Proximity to services and the cost related to transporting these services to sub-urban locations combined with higher potential revenues results in a significantly greater fiscal impact to municipalities.

		Total	Per Capita	Per Acre
REVENUE	Low Density Sub-Urban	$8,937,045	$991	$9,388
	Medium Density Sub-Urban	$8,937,045	$991	$21,851
	Compact Development	$7,597,560	$843	$36,179
COST TO SERVICE	Low Density Sub-Urban	$4,804,351	$533	$5,047
	Medium Density Sub-Urban	$3,862,181	$428	$9,443
	Compact Development	$2,467,705	$274	$11,751
NET FISCAL IMPACT	Low Density Sub-Urban	$4,132,693	$458	$4,341
	Medium Density Sub-Urban	$5,074,864	$563	$12,408
	Compact Development	$5,129,855	$569	$24,428
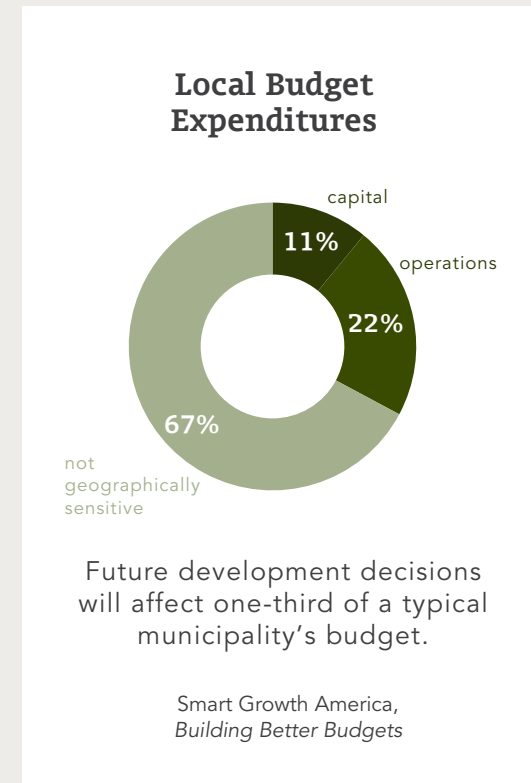
Local Budget Expenditures

capital
11%

operations
22%

not geographically sensitive
67%

Future development decisions will affect one-third of a typical municipality's budget.

Smart Growth America,
Building Better Budgets

source: adapted from Smart Growth America, Fiscal Implications of Development Patterns - Indianapolis, IN, 2015; Greenstreet, Ltd.

Compact development can provide the city with additional funds to support maintenance and growth of the community.

BENEFITS OF COMPACT DEVELOPMENT

"In the next month we will pass a balanced budget, but it does not provide the adequate funding for our community to continue to maintain and grow at the rate we deserve. To get there we will need to find alternative funding."
-- Mayor Distlear, State of the City Address

2,697

acres of undeveloped land within the Noblesville Planning Jurisdiction

Sub-urban Development
with limited housing types and low densities

11,327
new housing units

$15,479,949
annual net fiscal impact

Compact Development
with a mix of housing types and higher densities

54,749
new housing units

$117,697,190
annual net fiscal impact

source: adapted from Smart Growth America, Fiscal Implications of Development Patterns - Indianapolis, IN, 2015; Hamilton County Assessor; Greenstreet, Ltd.

Noblesville Strategic Housing Framework

objective #1
Modify data collection, analysis, and reporting system

short-term strategies

1A Develop detailed definitions to characterize housing stock

1B Modify current systems to allow staff to efficiently and accurately track future housing inventory

- or –

Consider use of a third-party data service (e.g., Metrostudy)

1C Update key leadership, departments, and governing bodies on a bi-annual basis

objective #2
Promote the market and fiscal benefits of housing and neighborhood diversity

short-term strategies

2A Develop graphic to illustrate the City's desired housing product and development patterns

2B Encourage developers and builders to product types and price points

2C Promote opportunities for "skinny infill" on existing lots served by retail, services, jobs, and infrastructure

2D Provide market data and analysis to challenge developers to respond to underserved markets

objective #3
Audit existing development regulations and revise as necessary

short-term strategies

3A Understand implications of existing development standards on the product type, mix, and price points

3B Modify development regulations to ensure desired development patterns and product types are allowed by right and easy to execute

3C Develop alternative revenue models to require less efficient housing typologies to pay for itself

objective #4
Engage all parties involved in housing delivery

short-term strategies

4A Inform those involved with housing development of the City's position and expectations for future residential development through targeted outreach

4B Change the metrics and materials petitioners' are required to submit to better reflect the City's housing priorities

It is important that everyone is working from the same information, ensuring perceptions are not driving decisions. Having an easily accessible development "dashboard" will allow everyone to be on the same page, leading to more informed decision making.

MODIFY DATA COLLECTION, ANALYSIS, AND REPORTING SYSTEM

1A Develop detailed definitions to characterize housing stock – multi-family, attached single-family, and detached single-family as well as differentiation between for-sale and rental product.

1B Modify current systems to allow tracking and comparison between the development approval process and permitting process to allow staff to efficiently and accurately track future housing inventory.
 - or –
Consider use of a third-party data service (e.g., Metrostudy) to allow staff and decision-makers to better understand future housing inventory.

1C Update key leadership, departments, and governing bodies on a bi-annual basis to allow decisions to be made on current information, not perceptions or misconceptions.

Relevant data makes decision making easier and more transparent. Irrelevant or incorrect data can lead to bad decisions, making it important to track metrics associated with desired outcomes.

DATA DASHBOARDS EXAMPLES

Chicago, IL Affordability
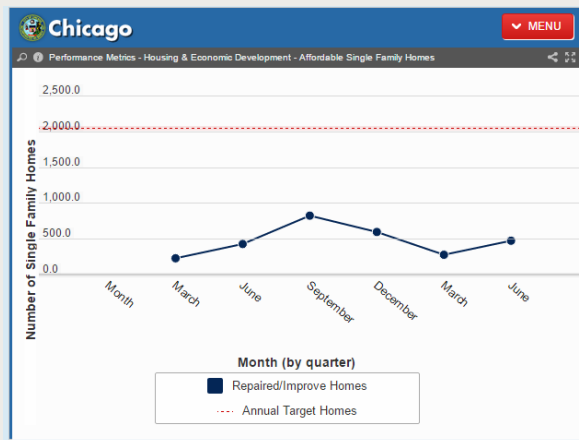
Seattle, WA Real Estate
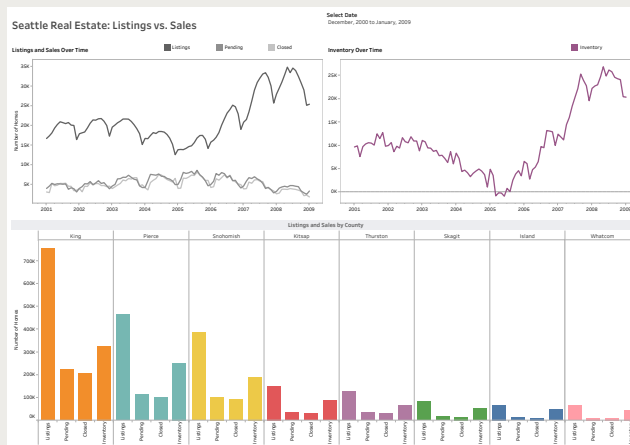
Berekely, CA Housing
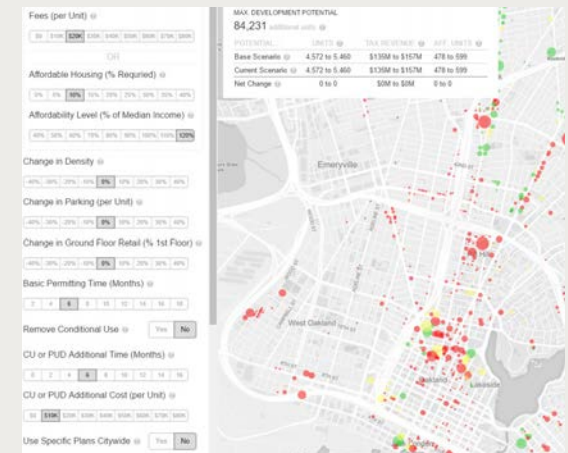
source: City of Chicago, Tableau, UC Berkeley

This strategy requires the City to be proactive - convening developers, builders, and Realtors to discuss the City's vision and the economic benefits of market responsive development. Early projects will "prove" the market and attract future investment, but may require City support.

PROMOTE THE MARKET AND FISCAL BENEFITS OF HOUSING AND NEIGHBORHOOD DIVERSITY

2A Develop a graphic guide that can be used in discussions with developers, builders, and real estate professionals to illustrate the City's desired housing product and development patterns.

2B Encourage developers and builders to provide a mix of product types and price points in each development to satisfy multiple market segments. Explore how development standards could regulate or incentivize desired development types.

2C Promote opportunities for "skinny infill" on existing lots served by retail, services, jobs, and infrastructure. Evaluate potential to offer public-owned properties for this type of development activity.

2D Similar to the economic development approach, provide market data and analysis to challenge new and existing investors (developers and builders) to provide housing product that responds to underserved markets in Noblesville.

A mix of product types *(within a single development)* **expands the market and appeals to a broader demographic. Additionally it supports households as they move along the housing continuum, from first time buyer to empty nester.**

STAPLETON, COLORADO

Proactive effort by business leaders, civic officials, and citizens to guide redevelopment of the former Stapleton International Airport. Working under a master developer with multiple builders, the urban neighborhoods of Stapleton are now considered one of the County's "best-selling" communities. Diverse product type and price points are tied together with both active and passive parks, pedestrian amenities, and holistic programming.

KEY
- Estate Home
- Manor Home
- Village Home
- Cottage Home
- Garden Court Home
- Green Court Home
- Denver Row House
- Backyard Row House
- Mansion Home
- Loft Home
- Open Space
- District 1A

source: stapletondenver.com
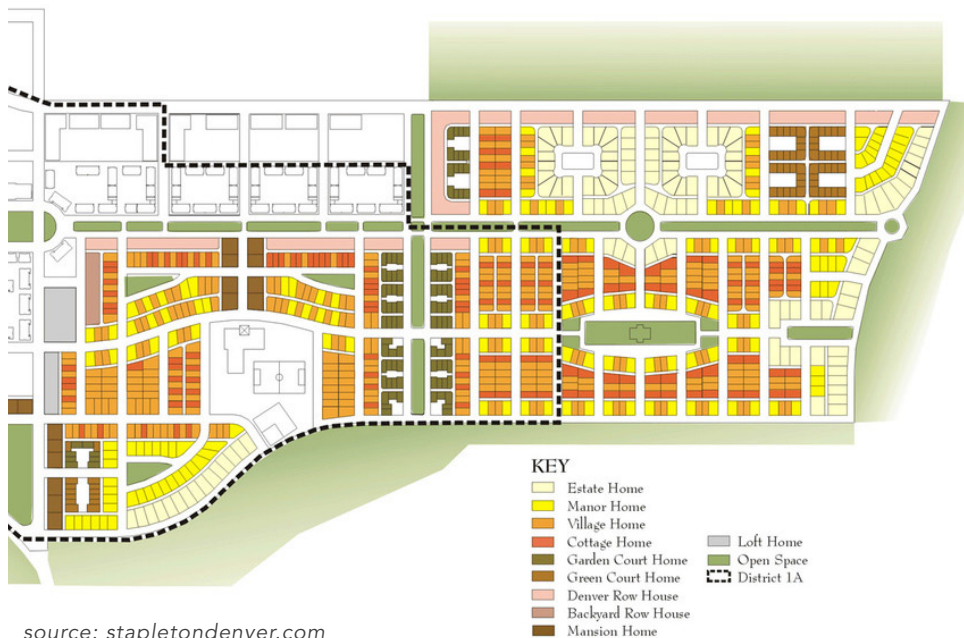
Infill development, which can be profitable for both builders and the City, builds off Noblesville's strong Downtown, differentiating it from other suburban communities. Permit-ready designs, like those used in Portland, expedite the process and make development easier and cheaper.

source: bluestar.com

INFILL DESIGN TOOLKIT
Portland, Oregon

- Accommodating greater density while respecting desired neighborhood character;

- Encouraging quality design while facilitating affordable housing;

- Providing for automobile parking while contributing to pedestrian-friendly street frontages;

- Meeting our density goals while providing usable open space;

- Minimizing impervious surfaces while ensuring durable vehicle areas; and

- Allowing the new while respecting the old.

It's not enough to promote neighborhood diversity, the City's development standards, regulations, and governing bodies must adapt to allow for those housing typologies by right. Different tools allow the City to offer both the "carrot and the stick."

AUDIT EXISTING DEVELOPMENT REGULATIONS AND REVISE AS NECESSARY

3A Fully understand the implications of existing development standards on the product type, mix, and price points by engaging developers and builders.

3B Modify UDO and other development regulations to ensure desired development patterns and product types – those that are responsive to the market and meet the fiscal needs of the City – are allowed by right and easy to execute. Consider reducing the number of single-use or single-product type zones to encourage a mix of product types and densities.

3C Develop alternative revenue models, such as impact fees, that require less efficient housing development to pay for itself.

To effectively encourage diverse housing types in Noblesville, they first have to be allowed by right. By allowing desired housing and development patterns by right, the developer is able to save both time and money, providing a low-cost incentive for the City.

Specific to Transect Zones   1703-2.70

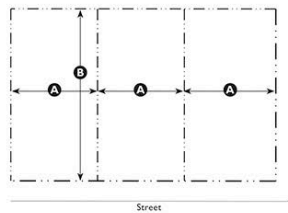T4 Neighborhood Small Footprint (T4N.SF)
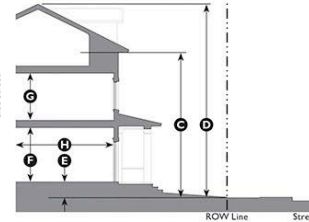
1703-2.70   T4 Neighborhood Small Footprint (T4N.SF)

A. Intent

To provide variety of urban housing choices, in small-to-medium footprint, medium-to-high density building types, which reinforce the walkable nature of the neighborhood, support neighborhood-serving retail and service uses adjacent to this Zone, and support public transportation alternatives. The following are generally appropriate form elements in this Zone:

Detached or Attached
Narrow-to-Medium Lot Width
Small-to-Medium Footprint
Building at or Close to ROW
Small to No Side Setbacks
Up to 2½ Stories
Elevated Ground Floor
Primarily with Stoops and Porches

B. Sub-Zone(s)

T4N.SF-Open Zone (T4N.SF-O)

The open sub-zone provides the same building form but allows for a more diverse mix of uses.

General note: The drawing above is intended to provide a brief overview of this Transect Zone and is illustrative only.

City of Cincinnati Form-Based Code   Final Draft 2/15/13   2-23

1703-2.70   Specific to Transect Zones

T4 Neighborhood Small Footprint (T4N.SF)

Key
--- ROW / Lot Line

Key
--- ROW Line

C. Allowed Building Types

| Building Type	Lot Width Ⓐ	Depth Ⓑ	Standards
Carriage House	n/a	n/a	1703-3.40
Detached House:	30' min.;	75' min.	1703-3.60
Compact	50' max.		
Cottage Court	75' min.; 100' max.	100' min.	1703-3.70
Duplex	40' min.; 75' max.	100' min.	1703-3.80
Rowhouse	18' min.; 35' max.	80' min.	1703-3.90
Multi-Plex: Small	50' min.; 100' max.	100' min.	1703-3.100
Live/Work	18' min.; 35' max.	80' min.	1703-3.130

D. Building Form

Height

Main Building
Stories   2½ stories max.
To Eave/Parapet   24' max.   Ⓒ
Overall   35' max.   Ⓓ

Accessory Structure(s)
Accessory Dwellings   2 stories max.
Other   1 story max.

Ground Floor Finish Level
above Sidewalk   18" min.   Ⓔ

Ground Floor Ceiling   Ⓕ
Service or Retail   12' min.

Upper Floor(s) Ceiling   8' min.   Ⓖ

Ground floor lobbies and common areas in multi-unit buildings may have a 0" to 6" ground floor finish level.

Footprint
Depth, Ground-Floor Space   24' min.   Ⓗ
Accessory Structure(s)
Width   24' max.
Depth   32' max.

Miscellaneous
Loading docks, overhead doors, and other service entries shall be screened and not be located on primary street facades.

2-24   Final Draft 2/15/13   City of Cincinnati Form-Based Code
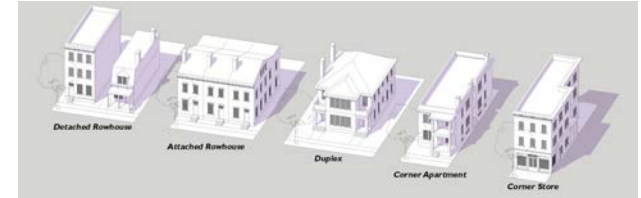
CINCINNATI, OHIO

Code allows for infill of "missing middle" housing types that support demand from Millennials and Empty Nesters.

Infill types complement and protect surrounding uses.

Allow vacant and underutilized urban sites to be redeveloped and add to tax base.

source: City of Cincinnati, OH

There are many tools to guide where and how development occurs. Zoned impact fees do not restrict development, but ensure that sprawling developments pay their entire share of infrastructure and service delivery costs while encouraging infill development.

ZONE IMPACT FEE

"... during the two and a half year period where impact fees were at their highest levels, **fringe development fell to about fifty percent of total residential construction** in Albuquerque."

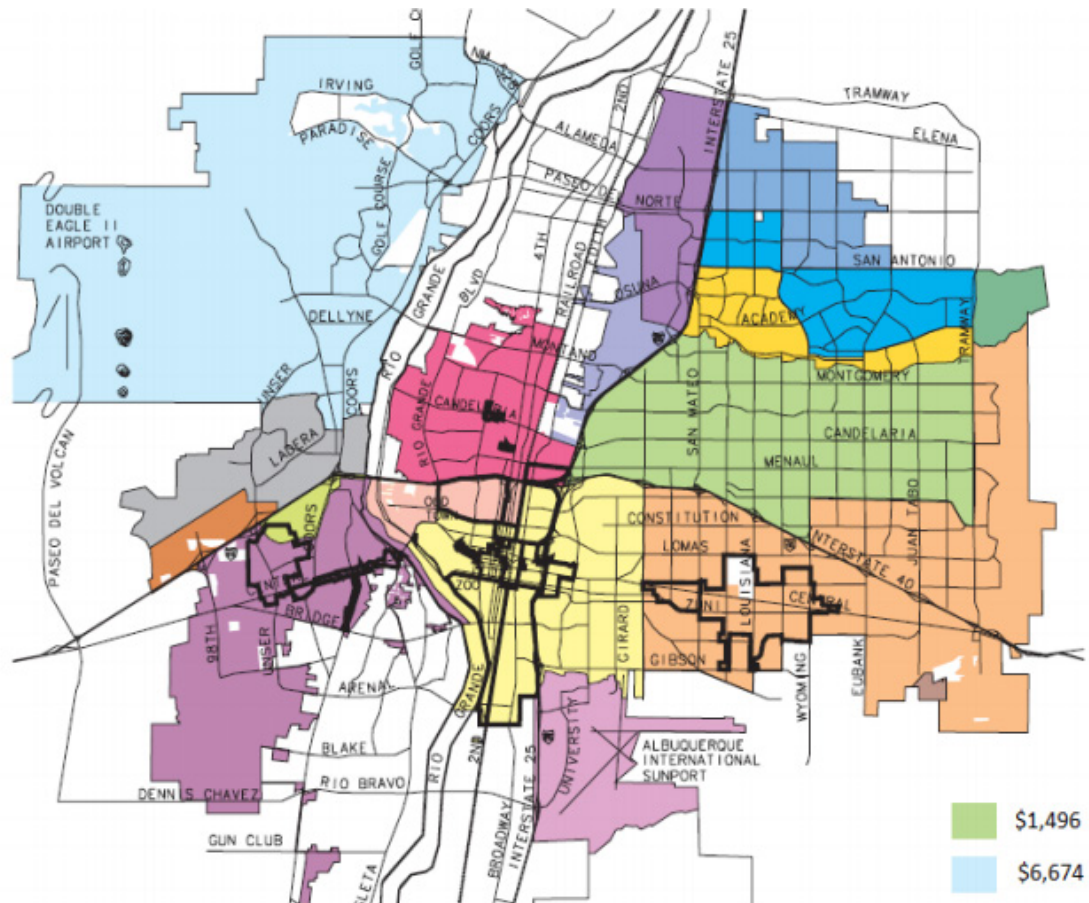Albuquerque, New Mexico

Core Zone: $1,370

Inner Zone: $5,537

Fringe Zone: $6,912

source: Can Development Impact Fees Help Mitigate Urban Sprawl?

$1,496

$6,674

Become a community of "yes," instead of "no." This simple strategy requires understanding what the City wants and working with others to achieve it. The City must provide the necessary framework and guidance so others know what to expect and can propose "yes" projects.

ENGAGE ALL PARTIES INVOLVED IN HOUSING DELIVERY

4A Inform those involved with housing development of the City's position and expectations for future residential development through targeted outreach to developers, builders, and real estate professionals.

4B Change the metrics used and materials petitioners' are required to submit during the development approval process to better reflect the City's housing priorities. Materials will influence discussions with elected officials, governing bodies, as well as adjacent property owners.

The current approval process does not emphasize what really matters to the City and to the consumers - design, neighborhood context, and amenities. Quality design and development can minimize the perceptions associated with higher density, compact development.
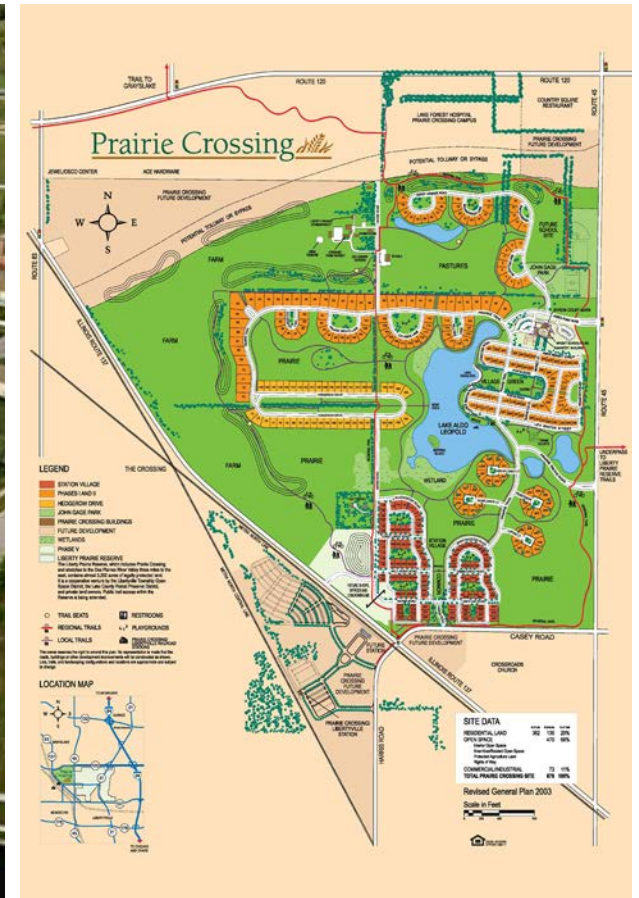
source: Prairie Crossing

QUESTIONS
Contact Sarah Reed

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(317) 776-6325