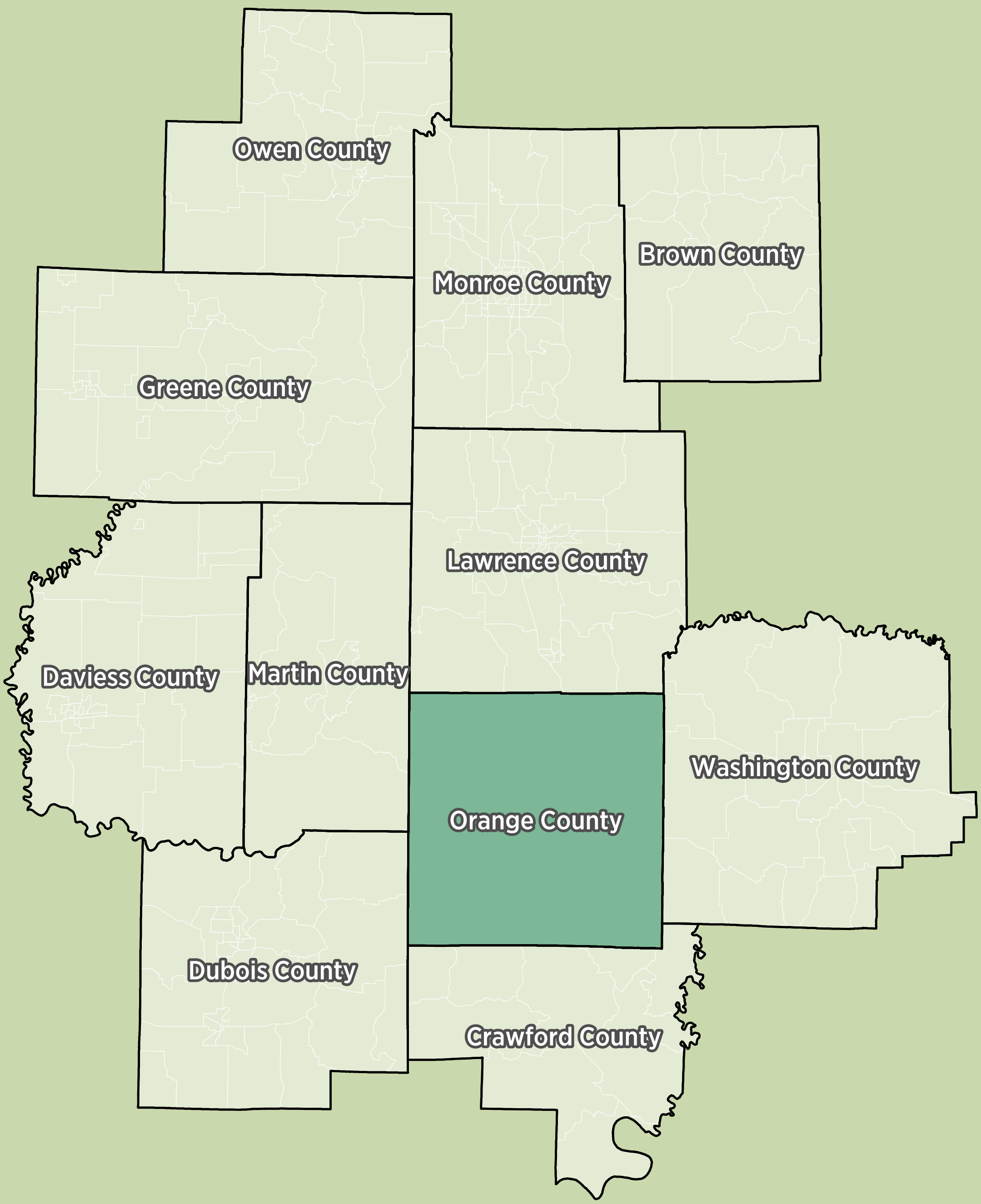
ADDENDUM 2.I
ORANGE COUNTY

This section provides an updated overview of the issues and opportunities related to housing within Orange County as of 2023. It builds upon the findings of the previous study and takes into account changes and developments that have occurred in the housing market since the last study was conducted in 2019.

To access details from the 2019 Regional Profile Section visit regionalopportunityinc.org/housing.



Population Characteristics

Historic Trends. Figure I.1 illustrates Orange County's population change over the past six decades.

- Except for the 1980s, Orange County has grown or maintained population.
- Since 2019, proactive efforts have been taken to increase housing production. This potential population growth is likely not reflected in the 2020 count.

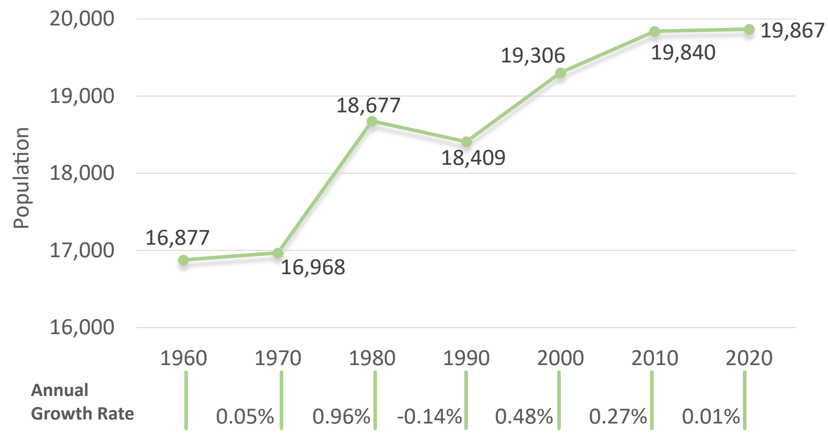
Predicted vs Actual. Overall, Orange County has experienced an in-migration, which occurs when the actual is greater than the predicted population.

- In-migration occurred mostly among empty-nesters and retirees.
- Higher than expected birth rates supported the growth in the under 15 year olds.
- In 2019, it was noted that younger households struggled to find quality housing options and the out-migration of these age groups would support this analysis.
- New construction in recent years has targeted these age groups, a strategy that seems necessary to support future growth.

Growth is Forecasted to Continue. Despite a slower growth pattern in the last decade, the filling of new housing units illustrates the county's potential to grow.

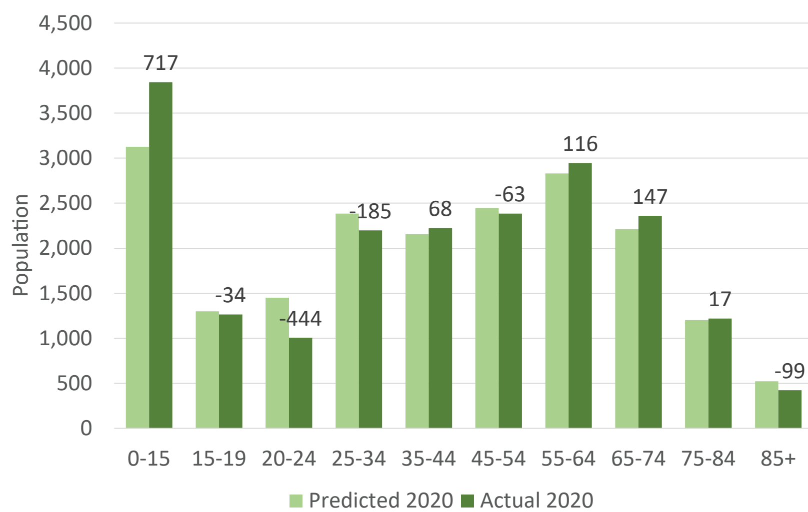
- Based on the twenty year growth pattern, Orange County should grow at a quarter percent annually.

FIGURE I.1: *Historic Population Change*



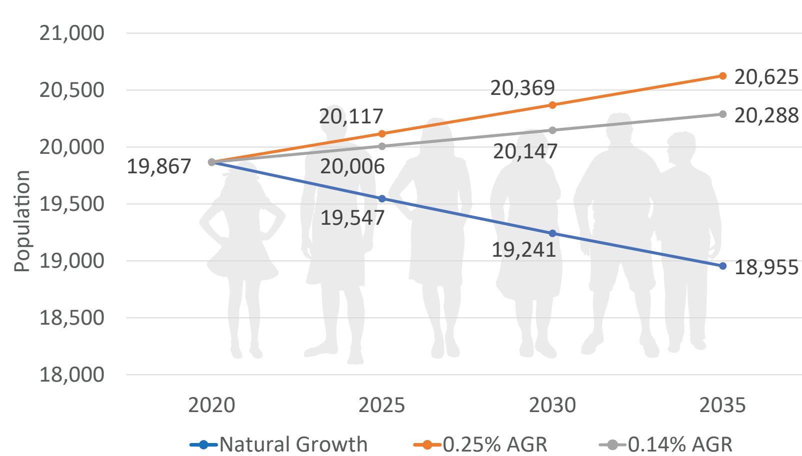
Source: 2020 US Census Bureau; RDG Planning & Design

FIGURE I.2: *2020 Predicted vs Actual Population*



Source: 2020 US Census Bureau

FIGURE I.3: *Future Growth Rate Scenarios*



AGR - Average Growth Rate

Source: 2020 US Census Bureau; RDG Planning & Design

Economic Characteristics

Industry Breakdown. Figure I.4 illustrates the percent of residents employed by industry regardless of location of their employment:

- The top employers have remained unchanged since 2019.
- Based on Orange County's local industries and the industries that employ residents, it would appear that there is a significant demand for more moderately priced units that are often hard to produce due to land and material costs.

FIGURE I.4: *Employment By Industry*

Manufacturing 2,143 | 23.60%	Educational Services, Health Care, Social Assistance 1,742 | 19.20%	Entertainment, Recreation, Arts, Accommodation, Food Services 1,385 | 15.20%	Construction 947 | 10.40%	Retail Trade 734 | 8.10%
Transportation & Warehousing, Utilities 435 | 4.80%	Public Administration 374 | 4.10%	Agriculture, Forestry, Fishing, Hunting, Mining 311 | 3.40%	Professional, Scientific, Management, Administration 299 | 3.30%	Other Services, Except Public Administration 237 | 2.60%
Finance, Insurance, Real Estate, Rental & Leasing 226 | 2.50%	Wholesale Trade 173 | 1.90%	Information 89 | 1.00%	**Civilian employed population 16 years and over** **9,095**	

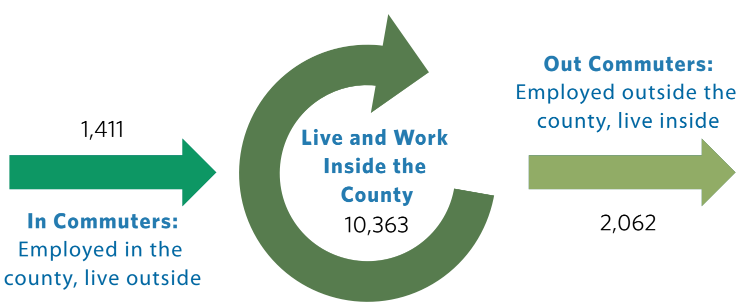
Source: 2021 American Community Survey (5-Year Estimates)

*Number represents the number of people employed within the industry, percentage represents share of all workers within the industry

Commuting Patterns. Figure I.5 illustrates commuting patterns of residents and employees of Orange County:

- The commuter data is based on 2021 STATS Indiana data and therefore may capture some of the impact from the recent housing construction.
- There were slightly fewer workers commuting into the county for work compared to 2019 (1,550).
- The total number of workers in the county has remained steady. The county's growth in retirees would support population growth but would be less likely to impact the workforce.

FIGURE I.5: *2021 Commuting Patterns*



Source: 2021 STATS Indiana

Household Income. Figure I.6 provides an overview of the county's estimated household incomes.

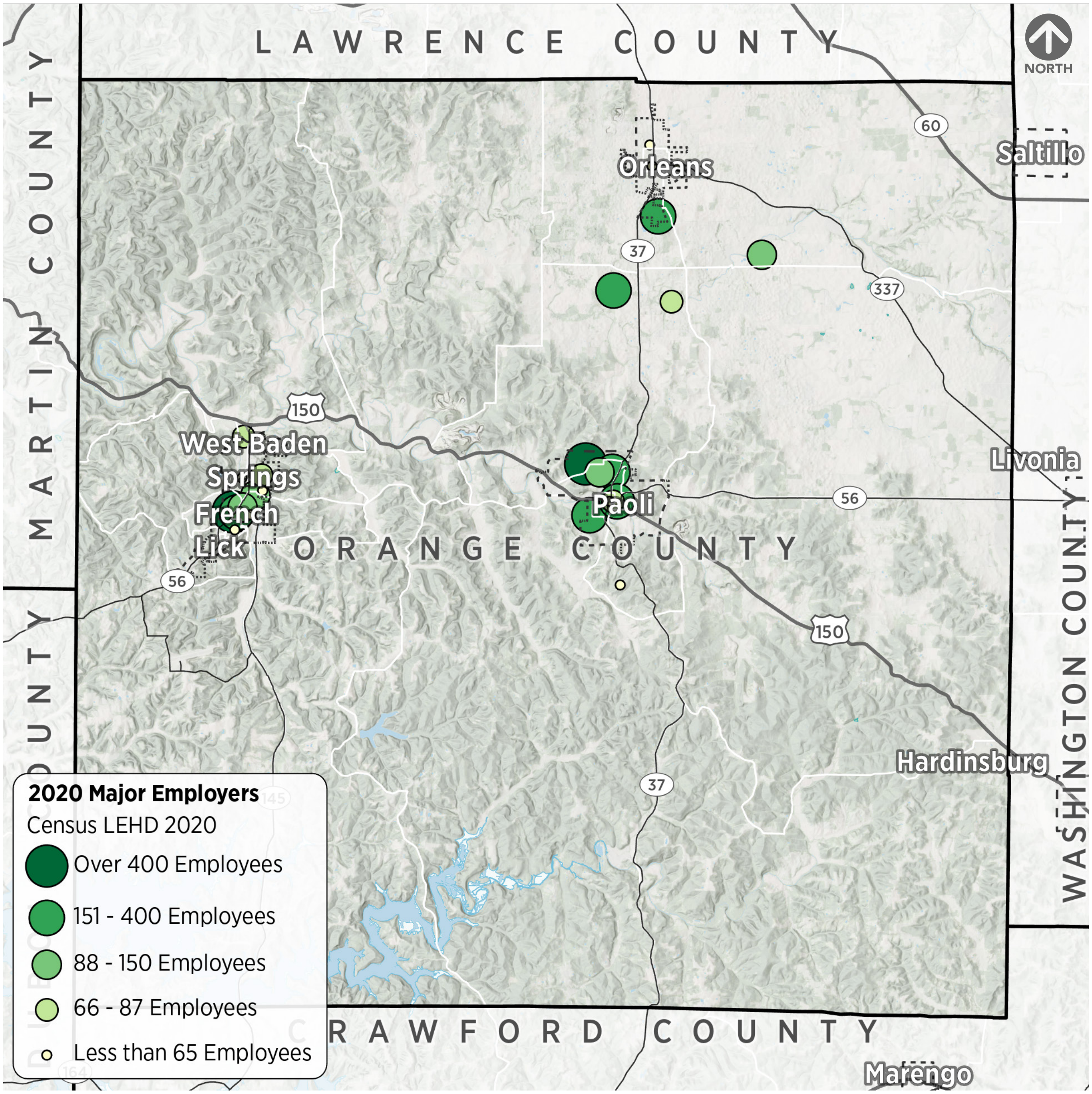
- The county's population growth in retirees would likely not support significant income growth across the county.
- Paoli's household income has grown but is still low for the region.
- Incomes are a reflection of the job market in Orange County and reinforce the need for workforce housing being produced in the county.

FIGURE I.6: *Household Income*

	2020 Population	2021 Median Household Income	80% of Median
Orange County	19,867	$56,572	$45,258
Paoli	3,666	$41,995	$30,464

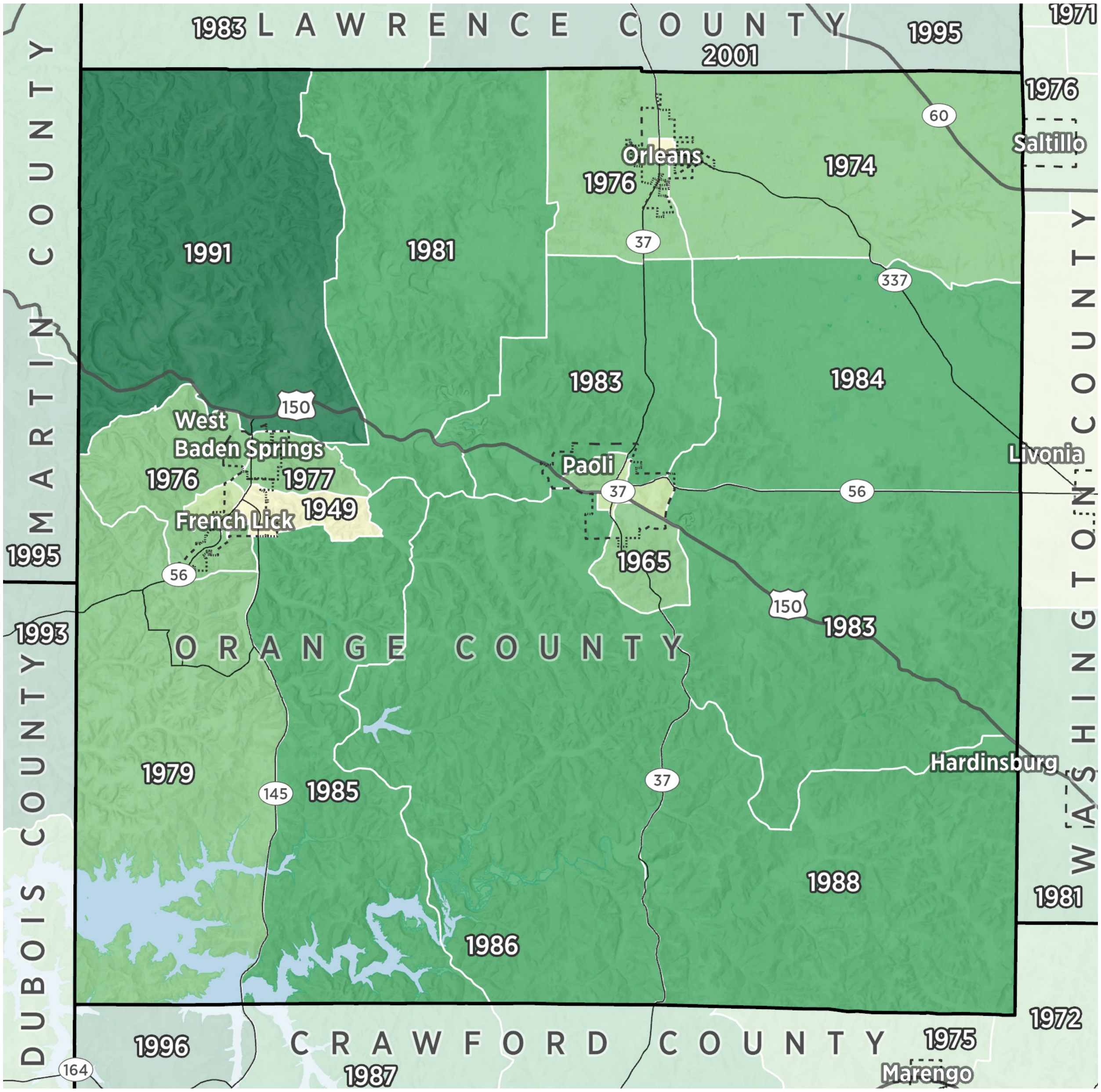
Source: 2021 American Community Survey (5-Year Estimates)

Map I.1: *Employers by Size*



Source: 2020 Census Longitudinal Employer-Household Dynamics (LEHD)

Map I.2: *Median Year Residential Structure Built*



Source: 2021 American Community Survey (5-Year Estimates)

Median Year Built
ACS 2017 - 2021

- 1990 - 2013
- 1980 - 1989
- 1965 - 1979
- 1950 - 1964
- 1939 - 1949

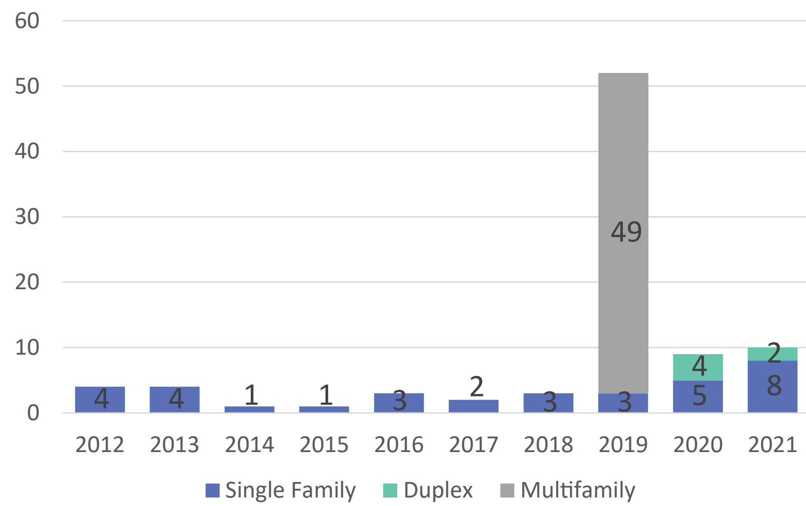
- The small sample sizes in Orange County likely create larger margins of error in the data, but it would appear that the most recent construction has occurred outside the incorporated communities.

Housing Characteristics

Housing Age and Building History. Figure I.7 shows the construction activity in Orange County since 2012.

- Construction activity would reinforce the minimal population growth that has occurred in Orange County.
- The multifamily units built in 2019 likely filled an important gap in the market.
- More robust building activity will be needed to support future growth.

FIGURE I.7: *Residential Building Permit History*



Source: Orange County Building Department

Housing Occupancy. Figure I.8 illustrates the change in housing occupancy since 2000 and Map I.3 illustrates average household size.

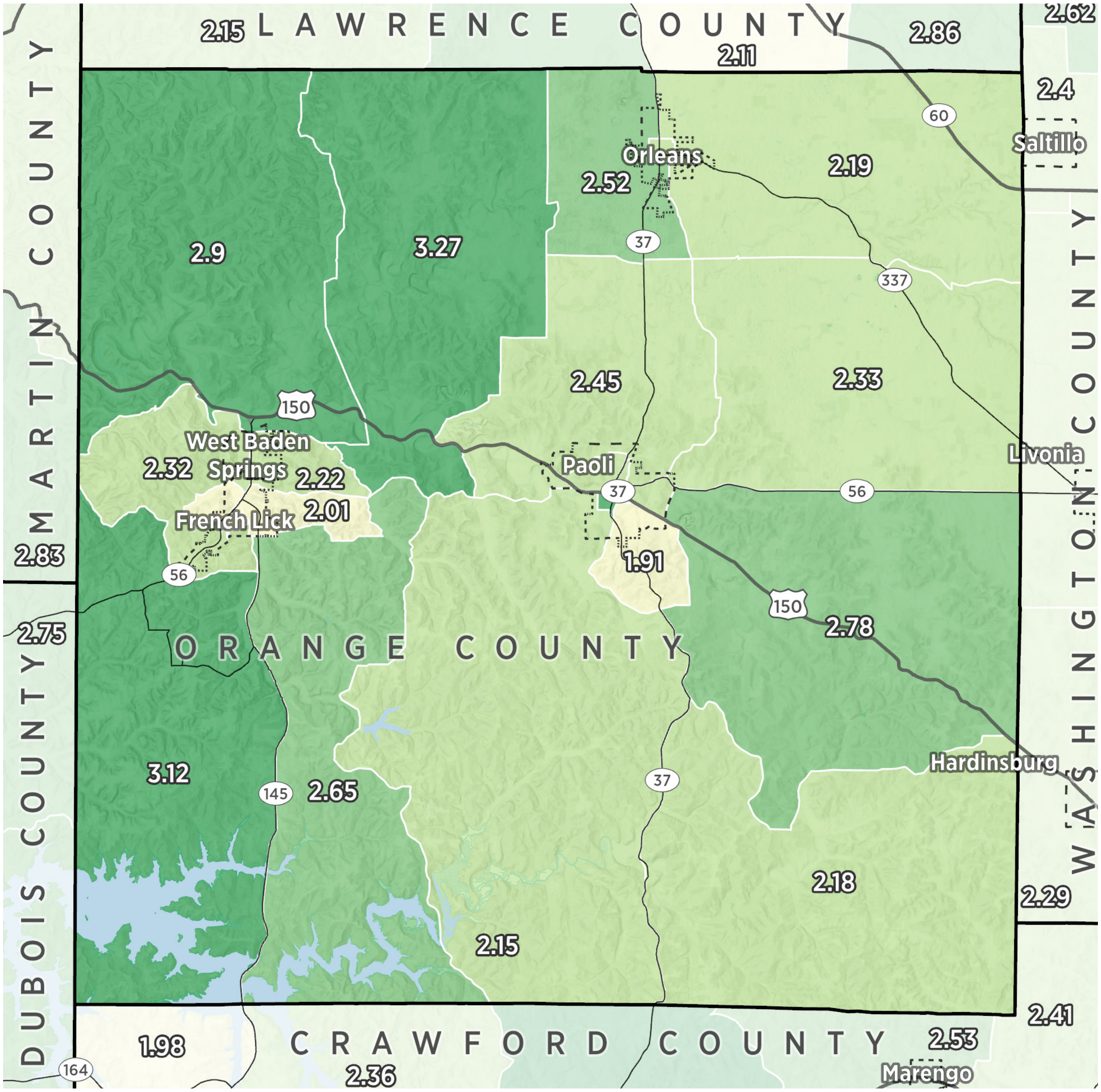
- The total number of units has grown since 2000, but those were more likely to be in rental rather than owner units.
- Orange County's construction activity in the last two decades would indicate that most of the new rental housing has been from the conversion of single-family homes to rental occupancy.
- The number of vacant units has grown but it is estimated that approximately 23% of those units are seasonally vacant and nearly 56% are classified as "other vacant."
  - Other vacant units are not occupied due to condition, no longer being used as a rental units, or the occupants have passed away or in skilled or assisted living homes.

FIGURE I.8: *Occupancy Status*

Occupancy	2000		2020		Change 2000-2020
	Number	% of Occupied Units	Number	% of Occupied Units	
Owner-Occupied	6,032	79.10%	5,933	74.30%	-99
Renter-Occupied	1,589	20.90%	2,049	25.70%	460
Total Vacant	727		1,076		349
Vacancy rate	8.70%		11.90%		
Total Units	8,348		9,058		710

Source: US Census Bureau

Map I.3: *People Per Household*



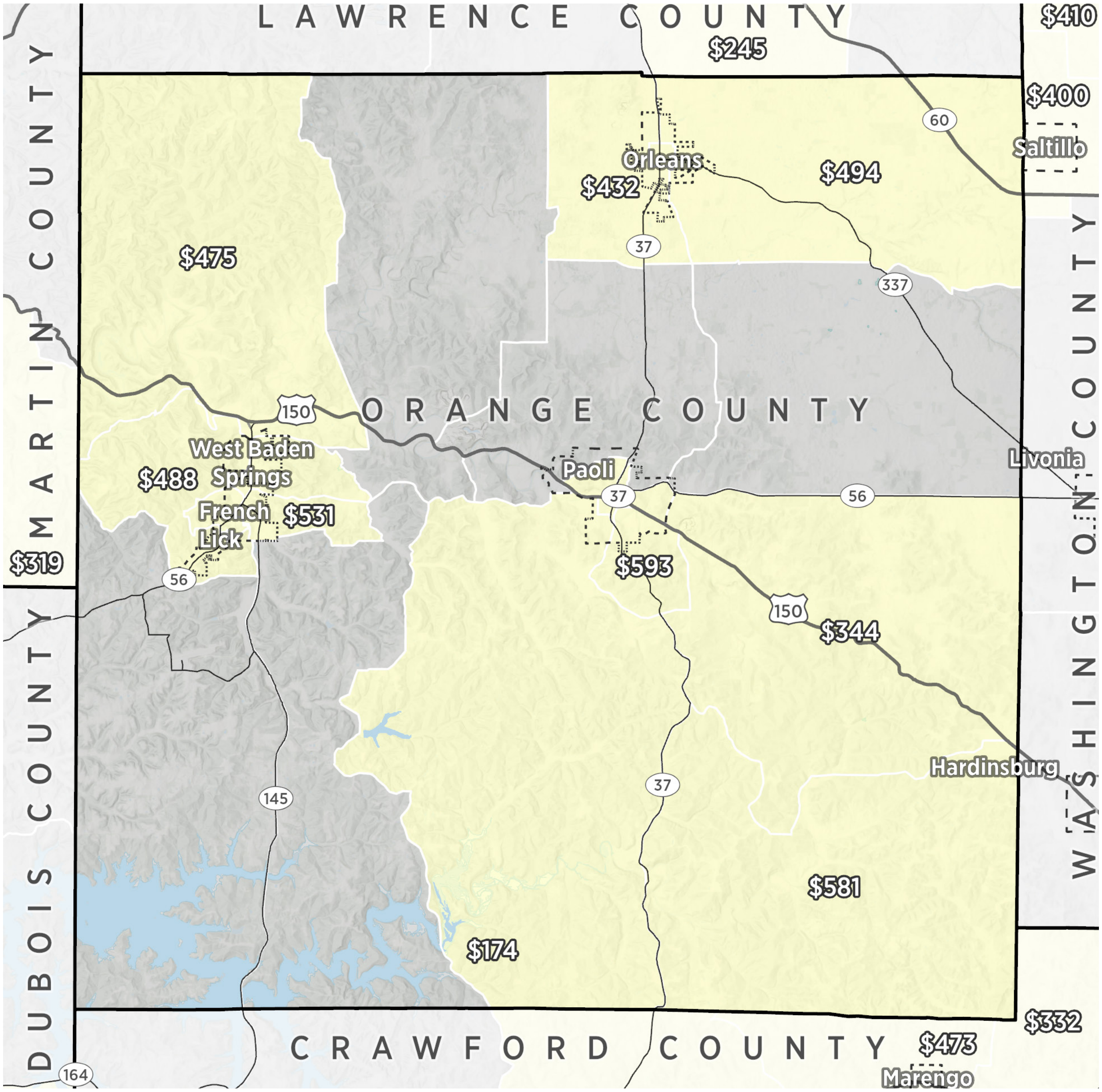
Source: 2021 American Community Survey (5-Year Estimates)

Average Household Size
ACS 2017 - 2021

- 3.37 - 4.86
- 2.87 - 3.36
- 2.52 - 2.86
- 2.14 - 2.51
- 0.00 - 2.13

- Household size impacts the number of units needed to house a population. The larger the household size, the fewer the units needed and vice versa. The smaller the household size, the more units needed to support the same population.

Map I.4: *Median Contract Rent by Census Tract*



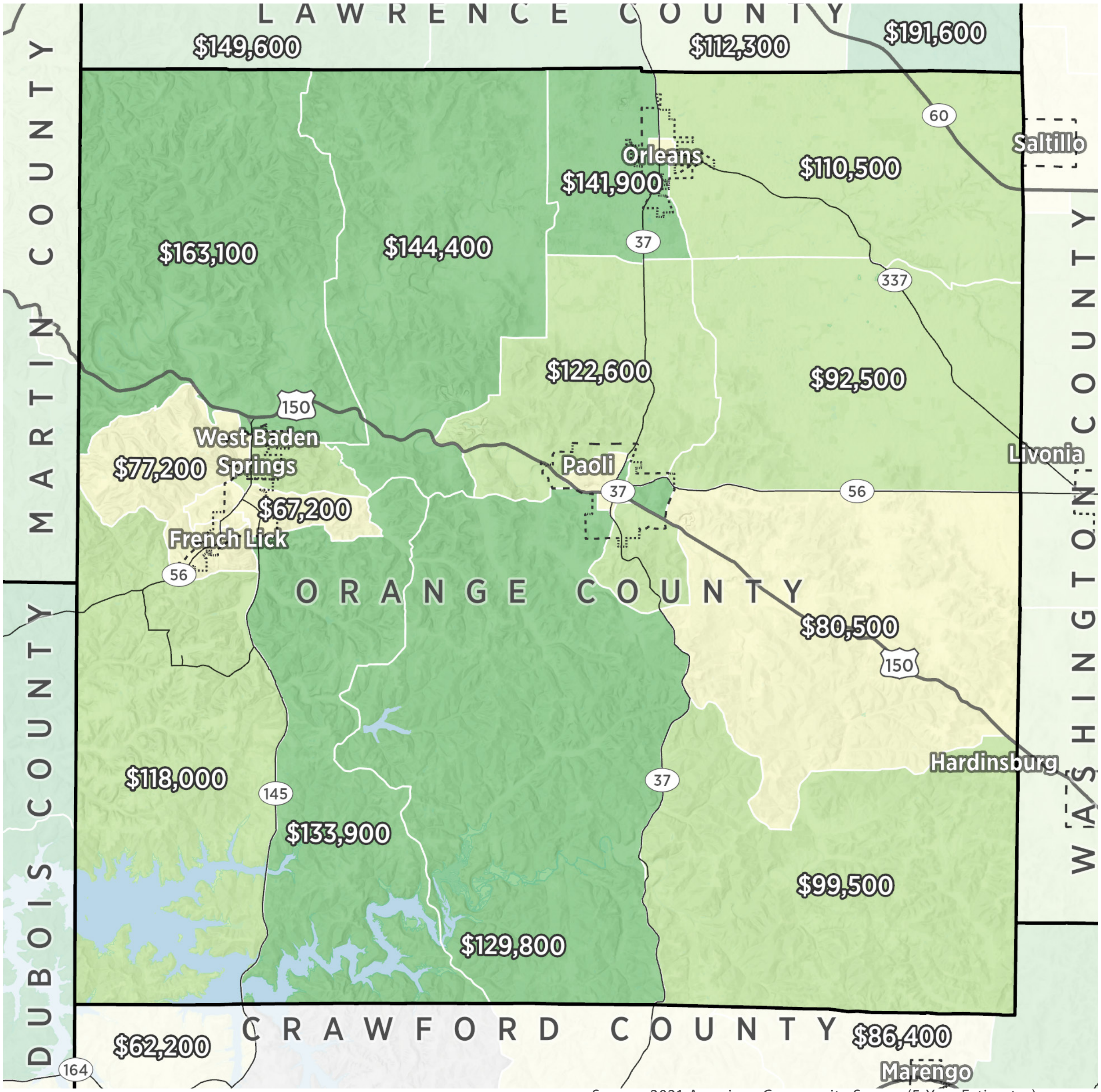
Source: 2021 American Community Survey (5-Year Estimates)

Median Contract Rent
ACS 2017 - 2021

- $1,054 - $2,018
- $817 - $1,053
- $655 - $816
- $499 - $654
- Less than $498
- No Data

- *"Contract Rent"* is defined by the Census as monthly rent not including furnishings, utilities, or services.

Map I.5: *Median Home Value by Census Tract*



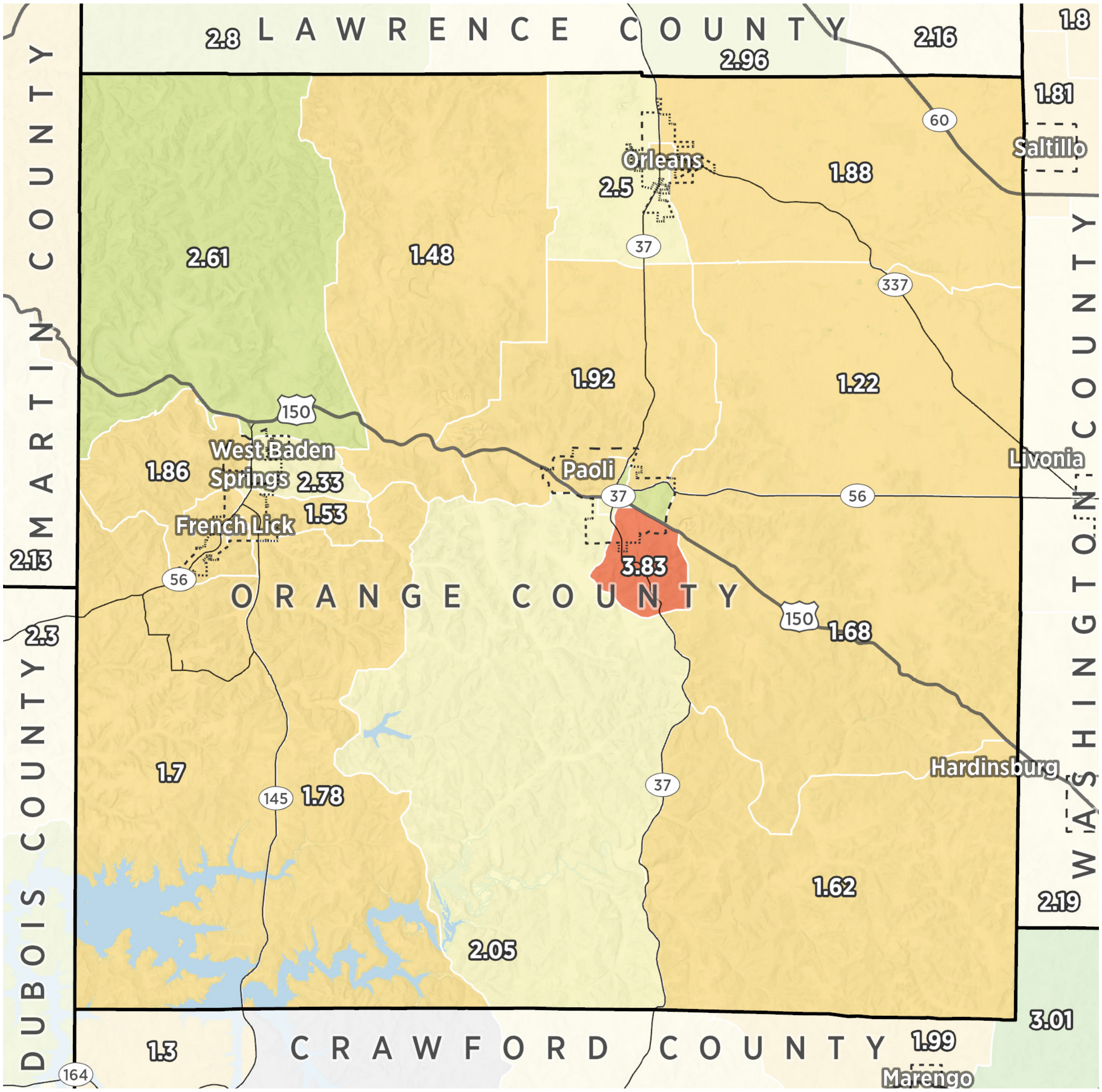
Source: 2021 American Community Survey (5-Year Estimates)

Median Home Value
ACS 2017 - 2021

- $243,301 - $411,500
- $171,301 - $243,00
- $128,301 - 171,300
- $91,101 - $128,300
- Less than $91,100
- No Data

- Home values do appear to have appreciated over the last several years. This is good for existing homeowners looking to build capital in their investment.
- The 2019 study noted that values would likely have to come up to support new construction.

Map I.6: *Value to Income Ratio*



Source: 2021 American Community Survey (5-Year Estimates)

2021 Value to Income Ratio

Undervalued	2.00 or Less
	2.01 - 2.50
Affordable	2.51 - 3.00
	3.01 - 3.50
Unaffordable	3.51 - 4.00
	4.00 or More
	No Data

- An affordable, self-sustaining housing market, with adequate value or revenues to support market rate new construction, typically has a Value to Income ratio between 2.5 and 3.
- Ratios below 2.0 are significantly undervalued relative to income and make it difficult to support new construction costs.
- Ratios above 3.0 exhibit significant unaffordability issues.
  - » The area outside of Paoli is likely an anomaly resulting from a small sample size and higher margin of error. Map I.5 is not indicating excessively high values, therefore, the estimated income must be much lower in those areas.

Costs and Incomes. Traditionally, households spending more than 30% of their income on housing are cost burdened.

- Rising costs seem to have impacted renters more than owners in the last several years.
  - » The percentage of cost burdened renters has increased despite minimal growth in rental rates. This may reflect the impact that COVID and the temporary closer of the resorts had on the county's renters.
  - » Many homeowners likely took advantage of record low interest rates to refinance and lessen their housing costs.
- Rental rates appear to remain very low. If this is accurate, it is well below the rates needed to support new construction. To cover costs of construction and turn a profit, rental rates will likely need to be above $900 a month without financing assistance.
- Estimated household incomes have grown at a faster rate than median home values, therefore, the value to income ratio has actually declined since 2019.

FIGURE I.9: *Orange County Housing Affordability*

Median Household Income	Median Contract Rent	% paying more than 30% in Gross Rent*	% paying more than 30% for Owner Costs**	Median House Value	Value / Income Ratio
$56,572	$478	41.61%	15.76%	$108,000	1.91

* Gross rent includes utilities. **Owner costs include mortgage, mortgage interests, property taxes, and maintenance.
Source: 2021 American Community Survey (5-Year Estimates)

Figure I.10 compares the number of households in an income range with the number of units that would be affordable to that household.

- A shortage of housing for those making over $75,000 has grown since 2019.
- If new rental housing has been constructed, it is yet to be captured in this data as more units would likely be over $1,000.
- While it may appear that Orange County has a large stock of moderate to lower priced housing units, the data does not reflect the quality or type of housing.

FIGURE I.10: *Housing Affordability Analysis*

Income Range	# HHs* in Each Range	Affordable Range for Owner Units	# of Owner Units	Affordable Range for Renter Units	# of Renter Units	Total Affordable Units	Balance
$0-24,999	1,831	>$60,000	1,141	$0-499	933	2,074	243
$25,000-49,999	1,805	$60,000-124,999	2,470	$500-999	816	3,286	1,481
$50,000-74,999	1,431	$125,000-199,999	1,559	$1,000-1,499	22	1,581	150
$75-99,999	1,273	$200,000-249,999	429	$1,500-1,999	0	429	-844
$100-149,999	1,171	$250,000-399,999	279	$2,000-2,999	0	279	-892
$150,000+	437	$400,000+	299	$3000+	0	299	-138

* HH = Households
Source: 2021 American Community Survey (5-Year Estimates)

Home Sales. Median sale prices have grown in the last ten years but not on a steady trajectory.

- A smaller number of listings each year means that a few higher end or lower end sales have a greater impact on the median sale price.
- Home prices starting in 2020 were likely impacted by two factors:
  - » New construction that was coming in the market at higher price points.
  - » Record low interest rates that were creating greater competition, which is also supported by the drop in days on market.
- The increase in days on market in 2022 likely reflects the increasing interest rates and additional options in the market.

FIGURE I.11: *Home Sales, Orange County*

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	% Change
Listings	114	109	118	105	86	84	105	69	64	82	86	28
Median Days on Market	57	80	42	61	65	50	53	36	26	18	29	
Median List Price	89K	83K	87K	80K	95K	90K	105K	130K	137K	163K	179K	50%
Median Sale Price	64K	67K	60K	60K	60K	73K	97K	97K	130K	160K	168K	62%

Source: 2022 MLS;

Housing Demand Analysis. The housing demand model assumes that the job potential and investment opportunities for Orange County in 2019 have not changed and therefore the county can grow at a faster rate. Figure I.12 shows the factors determining the forecast:

- A forecast 0.25% annual population growth rate, similar to that used in 2019.
- 2.45 people per household, which slightly lower than estimated in 2019.
- Similar to 2019, Orange County should be producing nearly 43 units annually to support population growth. Based on building permit activity, the county was consistently well below this rate, except for 2019.
- An assessment of the vacancy rate should also be completed. The vacancy rate would appear to be high with the majority being categorized as “other vacant.” These units are likely not viable or even available and therefore should be removed from the count. If they are viable then they should be targeted for reinvestment and put back on the market.

FIGURE I.12: *Housing Demand Summary*

	2020	2023-2030	2030-2035	Total
Population at End of Period	19,867	20,369	20,625	
Household Population at End of Period	19,609	20,197	20,450	
Average People Per Household	2.45	2.45	2.45	
Household Demand at End of Period	8,004	8,244	8,347	
Projected Vacancy Rate	11.9%	11.9%	11.9%	
Unit Needs at End of Period	9,082	9,355	9,472	
Replacement Need (total lost units)		160	100	260
Cumulative Need During Period		345	218	562
Average Annual Construction		43	44	43

Source: 2021 American Community Survey (5-Year Estimates); RDG Planning & Design

Housing Development Program. Figure I.13 distributes the forecasted demand by price point based on the 2020 distribution of household incomes in Orange County. The following assumptions create the program:

- Over the next several years, greater production of options should focus on pent-up demand and the need to offer more affordable variety beyond traditional single-family detached dwellings.
- Based on current proportion of household income, an additional 223 units priced below $250,000 will be needed. These will be generated in four potential ways:
    - Production of ownership options that are not the traditional single-family detached, but include duplexes, townhomes, or other medium and higher density configurations that reduce per unit costs.
    - Funding assistance that will offset lot development costs and smaller square footage homes.
    - Rehabilitation of existing housing units, potentially through the conversion of single-family homes converting from owner to renter occupancy.
    - Construction of higher priced units that allow existing households to make the next step up.
- The 75 units needed with rents below $500 a month will likely require programs that assist with construction of units specifically targeted to lower income and elderly households.
    - It is important to note that over 42% of the rental housing that is needed will support what many in Orange County would consider high market rate construction.
    - Like ownership demand, many of the below market rate units exist in the county's older rental housing stock.

FIGURE I.13: *Housing Development Program*

Total Owner-Occupied	2023-2030		2030-2035		Total	
Affordable Low: <$125k	51	172	39	131	89	303
Affordable Moderate: $125-$200k	40		31		71	
Moderate Market: $200-$250k	36		27		63	
Market: $250-350k	33		25		58	
High Market: Over $350k	12		9		22	
Total Renter-Occupied	**2023-2030**		**2030-2035**		**Total**	
Low: Less than $500	50	172	25	87	75	259
Affordable: $500-$1,000	49		25		74	
Market: $1,000-$1,500	39		20		59	
High Market: $1,500+	34		17		51	
Total Need		345		218		562

Source: RDG Planning & Design