



# Huntingburg Housing Strategies Study

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# 1.0 | Introduction

## ***Purpose Statement***

The goal of the Huntingburg Housing Strategies Study is to prepare a local housing assistance program strategy to create a Workforce Housing Assistance Fund that would serve the housing needs of Dubois County employees who would otherwise not be able to qualify for a mortgage or who need rental assistance. The strategy must provide Dubois County employers with strategies to retain and attract employees to both work and live in the County. The Workforce Housing Assistance Fund would provide a flexible pool of funding for qualified Dubois County employees who “but for the assistance of this funding source” would not otherwise be able to secure a mortgage from a qualified local lender in Dubois County or be attracted to Dubois County for rental housing.

Examples of fund uses may be to assist homebuyers in qualifying for down payments, creditworthiness factors, and existing code violation rehabilitation costs of existing homes where the future appraised value may not exceed the existing appraised value. The fund may also be used to provide rental assistance to attract employees to live in Dubois County. This Workforce Housing Assistance Fund would be managed through a qualified, Dubois County-based 501(c) (3) not-for-profit organization. As Dubois County is experiencing full employment, the Workforce Housing Assistance Fund may be used to attract those from outside Dubois County to move to Dubois County for employment and residency.

As this study is being underwritten by the Indiana Office of Community and Rural Affairs through Purdue University’s Center for Regional Development, it is important that the housing strategy that is developed may be replicated in other counties within Indiana that are experiencing similar workforce housing challenges.

## ***Organization of the Housing Strategies Study***

The study is divided into four main sections. An introduction is the section which describes the purpose, history, and methodology of the study. The second section focuses on qualifying and quantifying the actual housing needs of workforce within Dubois County. The key issues will identify assessing both home ownership and rental aspects as these impact firms ability to retain and attract workforce. The third section highlights strategy alternatives that were reviewed and discussed by the Advisory Committee and the Technical Subcommittee. This section discusses how different housing strategies may influence firms’ workforce retention and attraction efforts. Finally, the fourth section describes the recommended housing strategy and how it is anticipated to complement existing housing programs from the federal and state levels while still meeting Dubois County firms’ workforce retention and attraction goals.

## ***History***

Huntingburg and Dubois County have known for several years that their full employment status has put a strain on local industry to continue expanding. This first came to light as a broader issue in the 2013 City of Huntingburg Comprehensive Plan, which noted housing resources challenge employers’ ability to attract and retain their workforce in Dubois County. While the City of Huntingburg was preparing its 2014 Downtown Revitalization Plan, housing issues were once again raised as a significant workforce retention problem. The Downtown Revitalization Plan even developed a concept of a potential Workforce Housing Assistance Fund that would be seeded by local private resources, who would then be able to realize tax credits on their donations. In 2015, the County completed the Dubois County Housing Study to attempt to better understand the breadth and type of workforce and related housing needs. This study suggested that there were a number of program types that could be developed as Employer Assisted Housing, but no specific program or “strategy” was recommended.

## ***Methodology***

The study team reviewed a number of different source materials to determine if past housing trends mentioned in previous reports were still relevant to the development of this housing program strategy. These include:

- Huntingburg Comprehensive Plan, 2013 – Described land use growth areas primarily on the City’s northwest side.
- Huntingburg Downtown Revitalization Plan, 2014 – Described the need for workforce housing and potential needs that could possibly be met by an Employer Assistance Program.
- Dubois County Housing Strategies, June 2015 – Identified how Employer Assistance Programs may work in Dubois County, but did not suggest a specific employer assistance strategy for Dubois County.

Besides review of past documents, the team completed stakeholder interviews, focus group sessions, and research of existing housing data for the City of Huntingburg and Dubois County. These methods provided the basis of observations about the status of workforce housing needs and how a housing strategy may begin to relieve these needs to support local Dubois County employers. Detailed review of recent housing market data was generated from the Multiple Listing Service data with assistance from Ms. Deb Olinger of Century 21 Schroering Realty and from Zillow.com. The most recent housing data from the MLS and Zillow provided detailed understanding of housing price points in the marketplace. It allowed the project team to understand the challenges with the existing housing stock in Huntingburg, and how much “home” workforce employees could afford. The employer stakeholder interviews were often held with the firm’s human resources directors as well as firm top management. The HR expert was called on to describe employee motivations, wage rates, and their firm’s individual labor-shed from which they draw their workforce. The banker focus group primarily discussed how mortgages are reviewed and approved or disapproved in the post Great Recession era. The bank focus group members represented the actual point of mortgage intake and approval for the vast majority of mortgages in Dubois County. The following individuals participated in stakeholder interviews or the bank focus group sessions

### Key Stakeholders Interviewed

Deb Olinger, Century 21 Realtor  
 Jane Hendrickson, Housing Developer  
 Ed Curtain, Stellar Community Consultant  
 Lisa Gelhausen, Region 15 Plan Commission  
 Phil Seger and Ted Seger, Farbest Foods  
 Neil Elkins, Tri-Cap agency  
 Hank Menke and John Becher, OFS Brands  
 Lonnie Nicholson, Kimball International  
 Doug Bawel, Jasper Engines & Transmissions

### Participants for the Bank Focus Group Meeting

Lynn Greulich, Old National Bank  
 Lisa Pinkstaff, Springs Valley Bank & Trust  
 Ken Schnaus, Springs Valley Bank & Trust  
 John Mundy, German American Bank  
 Therese Volz, German American Bank  
 Ralph Begle, Freedom Bank

## 1.0 | Introduction

An Advisory Committee of local employers, realtors, bankers, developers, housing administrators, and public officials was organized to review analysis and assist on refining the housing program strategy as it was developed. The Advisory Committee also had a small Technical Subcommittee that assisted the study team on how best to formulate the housing program strategy to address in detail the issues of wealth, income, and credit challenges described during the stakeholder interviews and identified during the review of wage and housing sale and rent level data. The Technical Subcommittee also had an extensive background with FHA, USDA, VA, and IHEDA financial programs. This understanding of other federal and state housing programs allowed the Technical Subcommittee to craft a suggested housing strategy that was separate from these governmental programs but could be used to complement these programs for qualifying employees. The Technical Subcommittee served as the focal point to take the Dubois County employers workforce housing challenges and determine meaningful financial strategies that existing and new employees would find appealing. These analytical methods and discussions ensured that the recommended Huntingburg Housing Strategy would best serve Dubois County employers' workforce housing needs.

**Stakeholder Meeting Findings**

While past housing planning documents were reviewed to confirm general housing data, the study team completed stakeholder interviews with representatives of local corporations who have been experiencing serious workforce retention and attraction issues. Also interviewed were a local residential realtor, private developers, a housing administrator, and regional plan commission staff. These discussions presented a variety of findings around which an effective workforce housing program could be created.

The findings focused on specific needs of individual firms as well as issues that covered a broad group of firms. For some corporate stakeholders, homeownership affordability was a big issue, yet for others, the need for quality rental options was a more important workforce housing need. The realtor and developer interviews indicated that a “sweet spot” for workforce affordable housing was right around \$120,000 per single family home. Down payment assistance was one means to help workers afford housing under conventional lending programs. A major issue was the challenge of older homes that required significant renovation to be brought up to modern residential code. These code issues have more to do with what requirements were necessary at the time the homes were constructed, rather than with significant deferred maintenance issues, and generally consist of electrical, plumbing, roofing, and structural settling issues. For example, a worker may qualify for an \$80,000 home, but the home needs an additional \$15,000 worth of renovation to meet today’s residential housing codes. Unfortunately, the home after the renovation may likely not be appraised at \$95,000. It may only be appraised at \$90,000. This would leave the home buyer stuck to come up with \$5,000 independent of their mortgage. This is a major issue for homebuyers of older homes in neighborhoods where the value of the homes may not be realized after renovations have been made.

**Exhibit A: Huntingburg Neighborhood Housing Review (Home Value in \$000s)**

Huntingburg Neighborhood Housing Review									
Huntingburg Sold Homes - Range	<\$25	\$25-50	\$50-75	\$75-100	\$100-125	\$125-150	\$150-175	\$175-200	>\$200
Northwest									
Northeast									
Downtown									
Southeast									
Southwest									
Huntingburg Monthly Rent - Range									
<\$300	\$300-400	\$400-500	\$500-600	\$600-700	\$700-800	\$800-900	\$900-1000	>\$1000	
Northwest									
Northeast*									
Downtown									
Southeast*									
Southwest*									
Note: * Insufficient data available, but based on property values of neighborhoods, the price ranges are estimates.									
Source zillow.com and MLS database									

Source: MLS database, Zillow.com, RATIO

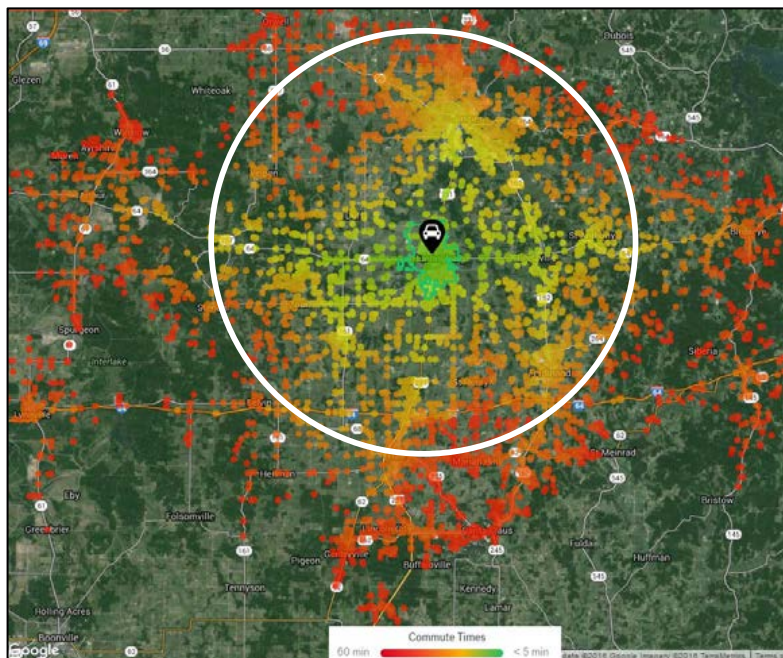
Exhibit A provides a residential price range for home values and rental rates per month by neighborhood quadrant in the City of Huntingburg. The table illustrates that home sale prices are highest in the northwest, southwest, and southeast quadrants of the City that ranged from a low between \$50,000 – 70,000 up to \$200,000. The downtown area and the northeast quadrant has the lowest home price points ranging from below \$25,000 to around \$100,000 or just over \$100,000 for the downtown area. While there was insufficient rent data for the outlying neighborhood quadrants of the city, based on home values, rents were projected. Rents were similarly higher in the Northwest, Southwest, and Southeast with estimates ranging from \$400 to \$800 a month. The

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Northwest side and Downtown rents ranged from \$300 to \$600 a month. Based on discussions with lenders, those neighborhoods with lower price points would likely require some level of assistance to improve the Loan to Value (LTV) ratio to qualify the home for a mortgage. This was due to the neighborhood not supporting the home value and the likely code upgrades necessary based on the age of the homes.

Another key challenge is that not all firms have the same workforce needs or attract talent from same labor-shed. For instance, for some Dubois County employers, 70% of their workforce were residents of Dubois County. Other Dubois County employers have about 70% of their workforce coming from outside of Dubois County. These differences did not seem to be driven by skill level or type of business. While it was clear that workforce housing is an issue for all employers, it is very clear that for some firms, it is critical to attracting and retaining a qualified workforce, as many of their employees have significant commutes. Exhibit B illustrates commute times for the labor-shed, where the white circle represents 30-45 minutes of travel time for many employees who live outside of Dubois County.

**Exhibit B: Huntingburg Commute Times with 10-mile radius**



Source: Trulia.com

Several employers felt their employees may not be in a financial position to afford a single family home, or may not be interested at this time in buying a home even if they could afford it. Many of their employees have wages from \$13/ hour up to \$20/hour. While these wages represent entry and mid-level wages, they may not allow an employee to save enough to afford a home. Therefore, it is important for these employers to have a variety of rental types available, such as duplexes, townhomes, and loft style dwellings for their employees. One employer was trying to attract more talented entry level employees, such as engineers and scientists, and felt a more “urban” style loft residence would work well for these young professionals if other amenities were available near these apartments.

Other challenges were mentioned regarding the need to “modernize” the existing older homes in the market, opening them up for today’s more preferred open floorplans. It was also important that homes be located near restaurants, playgrounds, and schools.



The most frequent comment from stakeholders was that today’s workers would like to have a “move-in ready” option for home buying or renting.

Finally, our discussions led the study team to ask, why were employees not moving to Dubois County? There are a number of reasons why employees may prefer to work in the County but live elsewhere. First, there is a lack of quality rental units in Dubois County. Second, many employees enjoy the rural nature of living outside Dubois County on larger, less expensive properties where they have quick access to outdoor recreation. Third, many employees want to live near their extended families for daycare and other family support. There was concern that employees from much larger metropolitan areas simply would not find the cultural amenities available in Dubois County as they do in their larger cities. Finally, lower property taxes were cited as a potential reason for some employees to prefer to remain in outlying areas of the region.

**Lenders Focus Group**

Besides stakeholder interviews, the study team held a focus group meeting with local lenders to understand their lending challenges and what types of creditworthiness issues they were experiencing in the local Dubois County market. One of the biggest issues for lenders is that the world of mortgage financing has changed dramatically since the Great Recession. They are, to a certain extent, more risk-averse by the very nature of recent bank regulatory changes. For example, credit score minimums have risen from 580 before the Great Recession to about 630 today. This eliminates a number of employees who would otherwise meet the creditworthiness test. While most of the lenders in the focus group were very knowledgeable about alternative financing programs from US Department of Agriculture (USDA), Federal Home Loan Administration (FHA), Veterans Affairs (VA), and the Indiana Housing Community Development Authority (IHCDA), all of these programs have a maximum household income ceiling by household size. In the case of FHA, the employees must be a first-time homebuyer. Lenders and other stakeholders believe that a number of employees who do not meet the income tests would still need assistance to qualify for a mortgage. This may be the “sweet spot” for the Workforce Housing Assistance Fund.

**Exhibit C: Housing Program Matrix**

Financial Challenge	USDA	FHA	VA	IHCDA	Huntingburg Housing Strategy
Wealth – Down Payment	0% Down	3% Down	0% Down	0% Down	Reduce Down below 20%
Income – Monthly Mortgage Payment	N/A	N/A	N/A	N/A	Assist with reduced monthly payment amount
Credit – Risk Mitigation	N/A	1 <sup>st</sup> Time Homebuyer only eligible	Veteran only eligible	N/A	Assist with existing debt issue to remove credit score “blemish”

Source: RATIO

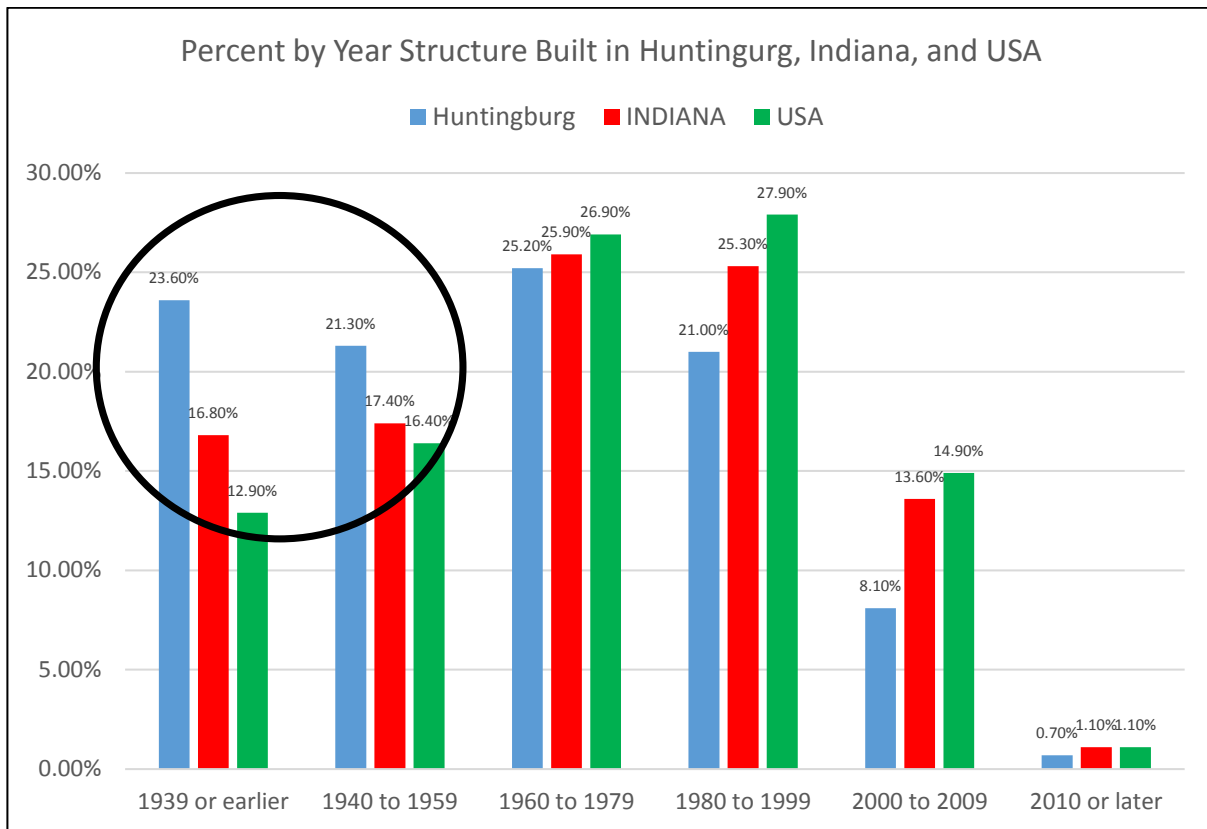
Exhibit C presents a housing program matrix for the types of programs reviewed. These focused solely on home ownership, and do not address rent issues. Rent issues to assist attracting new employees to work and live in Dubois County is described later in this study. On the homeownership side, the federal and state homeownership assistance programs are restricted by income or special status. USDA provides a 0% down payment mortgage program, which a number of bankers were very familiar with and complemented, the recipient must be below certain household income level based on household size. Similarly, the Indiana Housing and Community Development Authority (IHCDA) requires a low to moderate income test by household size as well for its 0% down payment program. The Veteran Administration (VA) 0% down payment mortgage programs requires that the recipient be an American Veteran to be eligible. Federal Home Loan Administration (FHA) requires for an individual household to be a first-time homebuyer to be eligible to receive a mortgage loan for only 3% down payment rather than the conventional 20% down. While some Dubois County employees may meet the special eligibility test of the VA or FHA many may not meet the income test required for USDA or IHCDA assistance. Therefore, many stakeholders and employers believed that while the

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employees may not qualify for assistance from the four programs studied, these employee households were still challenged by the three major mortgage financial issues of having wealth for a down payment, having a high enough income to afford a home, and many employees may carry student debt or other debt issues that they need a small level of assistance to overcome to qualify for a conventional mortgage even if they had the 20% down payment available.

Other challenges mentioned exist mostly beyond the control of the lender. These challenges tend to be either employee-based or housing supply-based. Regarding the employee, lenders felt that a \$13/hour wage rate was an absolute floor for anyone considering buying a home; this wage rate would still require using a subsidy program to assist in paying a homeowner's mortgage and keep them from spending more than 50% of their net income on housing. Many employees in the tight labor market of Dubois County hop from job to job over short periods of time. These employees tend to be seen as a higher risk for lenders, having never established a long tenure with any one employer. Most recently, newly constructed homes are especially out of reach for entry to mid-level employees, as most new Dubois County homes are priced over \$200,000. Finally, the housing supply that is readily available for qualified homebuyers are existing homes ranging in cost from about \$80,000 to \$120,000.

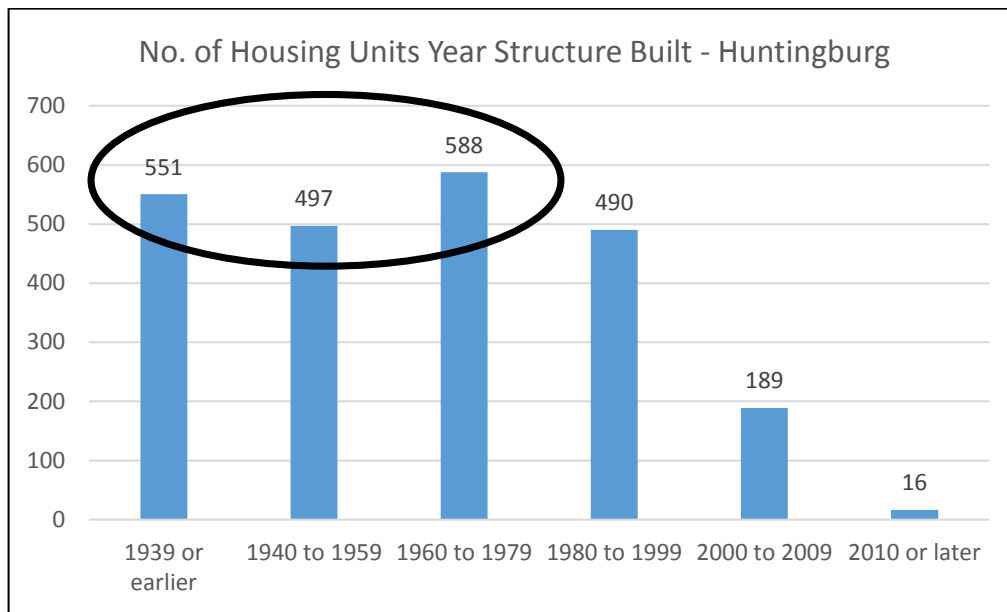
**Exhibit D: Percentage of Existing Housing in Huntingburg, Indiana, and USA by Year Built**



Source: Census, RATIO

Exhibit D illustrates that the housing stock in Huntingburg is quite old relative to Indiana and the USA. Nearly 45% or almost half of existing housing units are more than 65 years old. That is nearly two generations of families. Therefore, these homes due to their age will require more home repairs and code upgrades to meet 21<sup>st</sup> Century housing standards and expectations.

**Exhibit E: No. of Housing Units by Year Structure Built in Huntingburg**



Source: Census, RATIO

Exhibit E denotes that of the total 2331 housing units in Huntingburg, 1636 of them or nearly 70% are more than 36 years old. This quantifies the challenge that many neighborhoods in Huntingburg have regarding older homes and those homes being able to meet modern housing code standards.

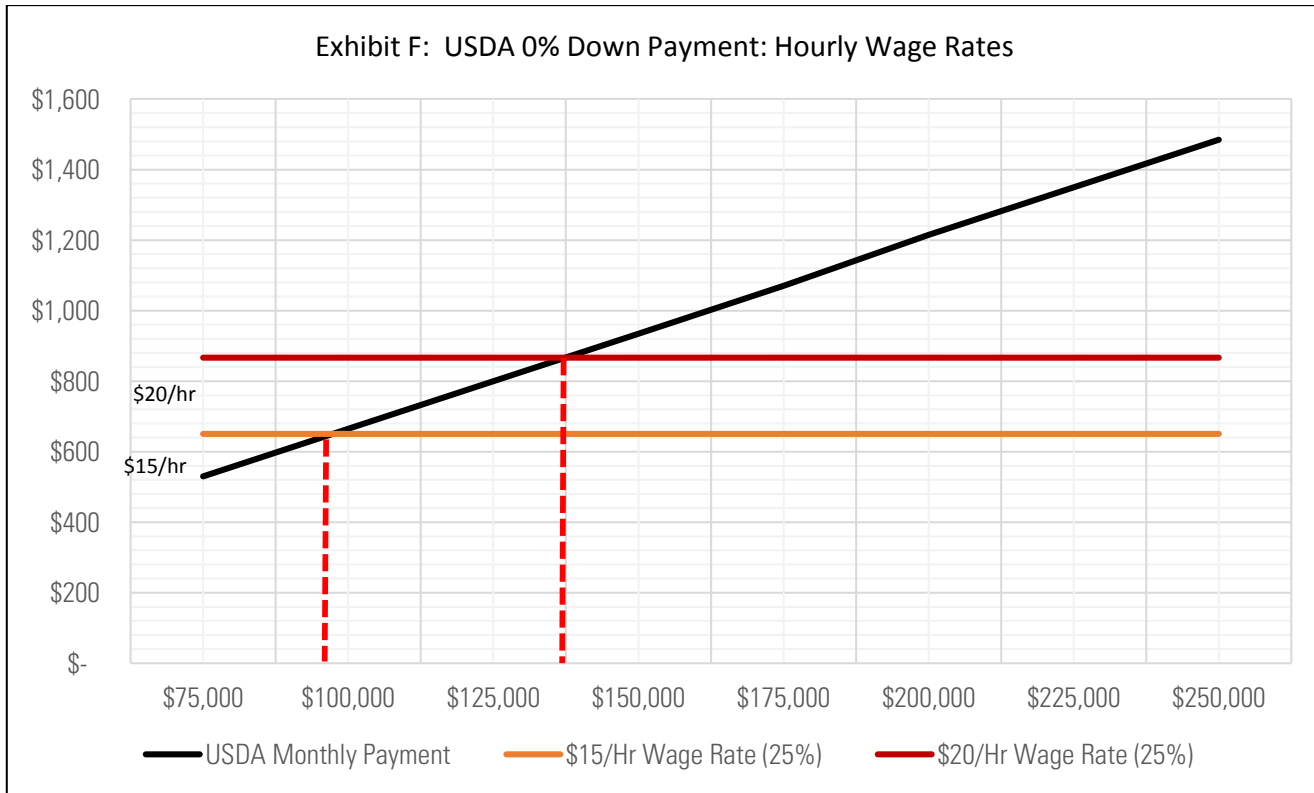
As mentioned in the stakeholder interviews, many of the older existing homes require significant code improvements to be ready for sale. This pushes the cost up somewhat, but more importantly, many of these homes are in neighborhoods where the home will not appraise out after the code upgrades. Therefore the Loan to Value Ratio (LTV) will be higher than the conventional mortgage of 80%. The LTV could be closer to 90% or even 100% once the renovation is completed. This is a critical issue to be addressed by this housing strategy, since it is slowing the improvement and sale of available existing homes to eligible Dubois County employees.

Lenders were in agreement that the Workforce Housing Assistance Fund, if flexible, could be used with a variety of mortgage financing tools. The Fund could be a very valuable addition to supplement lenders where they can demonstrate that “but for” the assistance of the Fund, a mortgage would not be offered. The lenders also felt it was important that the Fund not have a maximum household income ceiling that would immediately eliminate employees from the program.

***Assessment of Market and Housing Needs***

Exhibit F illustrates the potential price point maximums for Dubois County employees under USDA’s 0% down payment program. It is important because these price points represent not only 0% down payment but it also assumes creditworthiness of the homebuyer that would allow them to only spend 25% of their gross income on housing. This represents a best-case scenario, and for many employees this would be the maximum home value they could afford under the USDA program.

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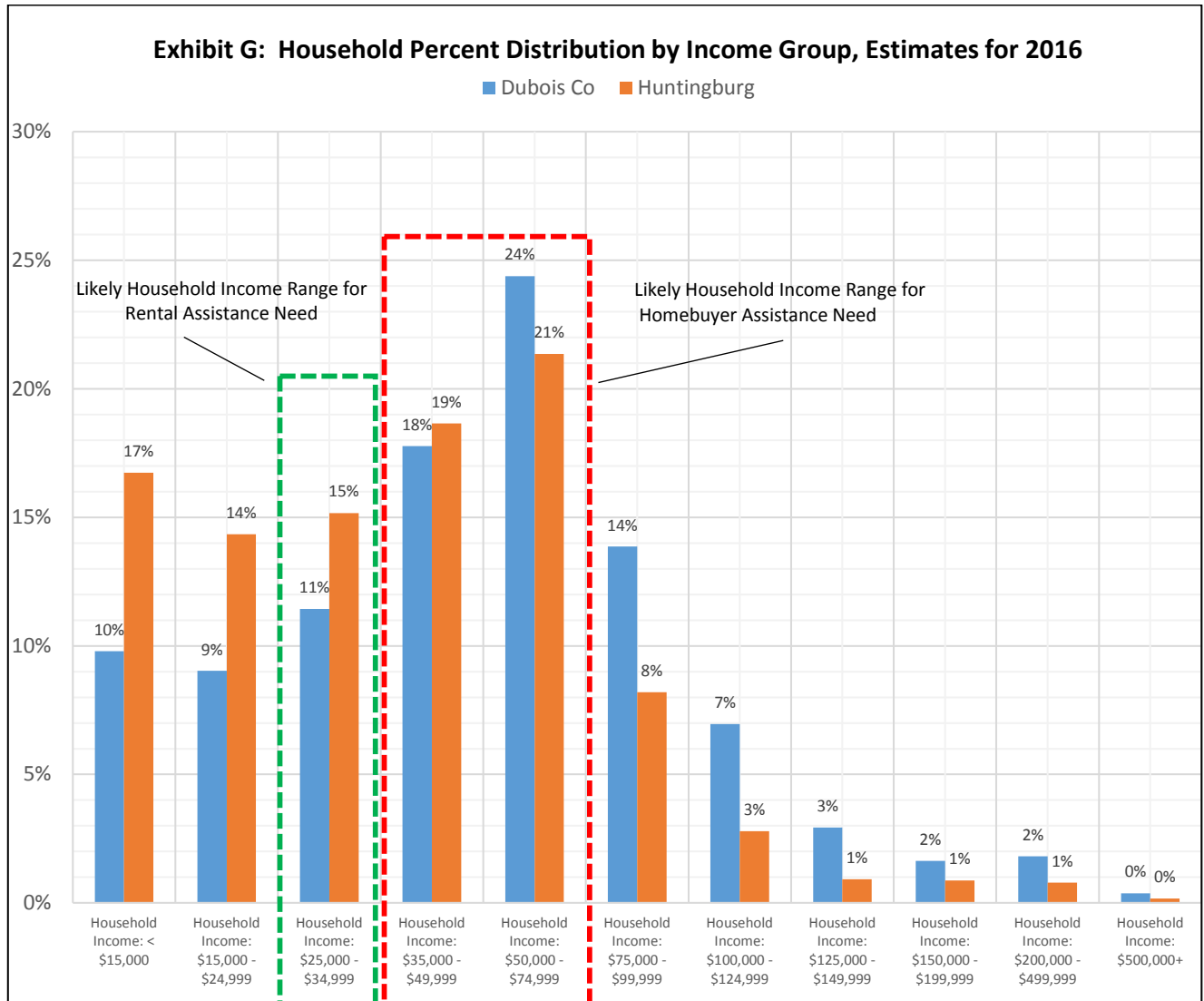
Source: USDA, RATIO

Lenders may be able to lend up to a maximum of \$95,000 for the \$15/hour wage earner and up to \$135,000 for the \$20/hour wage earner. Again, these scenarios represent best-case scenarios for lenders and homebuyers. As the lenders noted, this is rarely the case for any mortgagee. In fact, many lenders and other stakeholders commented on the need for housing counseling for recipients of any potential assistance. This is especially true for renters buying their first home. The feeling among lenders and other stakeholders was that housing counseling should be a requirement for any Fund recipient to assure the employee is able to adjust their monthly budgets to make monthly mortgage payments accordingly.

Between the stakeholder interviews, lender focus group, review of past housing studies, and an analysis of market data, several critical housing needs were identified that should be addressed by the Huntingburg Housing Strategies study. They were:

- Homebuyer Creditworthiness
- Down Payment Assistance
- Loan To Value Ratio
- Potential to supplement existing housing programs of USDA, FHA, VA, and IHCD
- Housing Counseling

Exhibit G illustrates that the bulk of households in Dubois County and Huntingburg could be divided into two groups. One group is entry and mid-level workers that may need rental assistance with incomes between \$25,000 and \$34,999. The other group are potential renters, but more likely potential homebuyers with incomes ranging from \$35,000 to \$74,999.



Source: Neilson Group, Census, RATIO

It became increasingly apparent during the stakeholder discussions that Dubois County employers felt strongly that the Workforce Housing Strategy needed to have a significant rental assistance piece as well as a homebuyer piece. The employers commented that many of their employees are not interested in buying a home at this time, but they need some form of rental assistance or incentive to consider coming to Dubois County and staying in Dubois County as a resident once employed. The goal was to develop a program that could help Dubois County employers retain employees or attract employees to live in Dubois County. Advisory Committee felt strongly that the housing strategy needed to be flexible enough to meet the financial challenge of the employee that “but for” the assistance with a wealth issue for down payment, or an income issue on monthly mortgage amount, or a credit issue on their credit score; that without the assistance the employee would not secure the mortgage from a lender who must meet more rigorous lending standards in a post Great Recession era. It was a policy decision that rental assistance was important to attract new employees to Dubois County, but not critical to retain workers. The retention of workers would be focused on homeownership assistance and not rental assistance. All of the firms who were interviewed in the stakeholder sessions showed real interest in participating in the program, if the strategy had the above flexibility.

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As discussed, housing assistance has two primary parts: homeownership and rental assistance. Homeownership is linked to securing a mortgage from a local lender in Dubois County. Therefore, it is important to review what funding assistance options may positively influence those decisions on behalf of qualified Dubois County employees. Below, find key financial assistance alternative issues that were discussed by the Technical Subcommittee and the Steering Committee.

### Homeownership Alternatives Reviewed

*Home Inspection* – Financing entities require that a home inspection be completed by a certified residential inspector. The Workforce Housing Assistance Fund would require the same. When an existing home is being upgraded to meet code requirements, the Advisory Committee and the Technical Committee both felt that an initial inspection should be made that documents the type of code upgrades needed, and then a post-renovation inspection to document that the renovation had been made to code.

*Code Renovation Assistance* – One of the problems discussed with stakeholders, lenders, the Advisory Committee, and the Technical Committee was the need to upgrade many older homes in Dubois County to meet modern residential building codes. These challenges have caused some homes not to appraise out after the renovations had been completed in Huntingburg’s more modest homes and older neighborhoods. While the homebuyer might qualify for financial assistance and the home be fundamentally sound, it may not meet modern electrical or plumbing code requirements. Yet, when code renovations are completed, the cost of the renovations may not add the same value to the home’s appraised value. Most homebuyers cannot afford this additional expense. This has caused many existing homes in older neighborhoods to not be sold, as the homebuyer would have to come up with separate funding to complete renovations outside of the mortgage.

*Home Modernization Assistance* – Home modernization would improve the configuration of older home floorplans to accommodate a modern lifestyle. This was considered important by some stakeholders because the older floorplans of existing homes are seen as a challenge to selling these older homes. After discussion among the Advisory Committee’s Technical Subcommittee, it was felt that while modernization is important, code upgrades are more important to sustain the integrity of existing homes for sale purposes.

*Creditworthiness Resolution* - Credit score tests and ratios of existing debt to income make up just two of a number of different “creditworthiness” metrics used by lenders in qualifying potential mortgage recipients. A mortgage applicant’s creditworthiness can be the difference between receiving approval or not. Therefore, the lenders felt that some flexibility in the Fund should assist normally strong mortgage candidates in resolving their creditworthiness issues.

*Down Payment Assistance* – Many young and moderate income households have a difficult time saving for a conventional 20% down payment. Though otherwise worthy mortgage recipients from a cash flow basis, applicants just cannot save the full 20%; therefore, it is of interest to assist otherwise qualified mortgage recipients with down payment assistance. This could be a matching program, so the applicant would be required to have 10% for down payment before receiving a match from the Fund.

*Loan to Value (LTV) Ratio* - The LTV represents the amount of the principal mortgage as a percentage of the appraised value of the home at closing. With today’s more stringent bank regulations, often banks will not make a loan for more than 80% of the appraised value of the property. Therefore, the Fund may be able to assist where the difference would cover the cost of renovation for code upgrades.

*“Clawback” provision* – This provision would require that the Fund be repaid for any amount unused by the recipient. The general consensus was that this provision would be in place for five years, and if the recipient left prior to the fifth year, then the Fund would be paid back pro rata.

*Amount of assistance warranted* – The Advisory Committee and its Technical Subcommittee reviewed limits on assistance amounts, but felt that limits should be determined on a case-by-case basis. It is believed that any assistance must pass a “but for” test for homebuyers. If other funding sources are available, then those funds should be sought first and used accordingly.

*Income limit* – While state and federally subsidized housing assistance programs require a household income limit, the Advisory Committee and Technical Subcommittee determined that an income limit should not be used, as the goal would be to assist those employees who may not be eligible for assistance from state and federal programs, yet still need assistance to secure a loan. The Advisory Committee decided that employees should not be limited by household income from participating in the Fund, but that the maximum sale price for homes should not exceed \$200,000. Recall that most new homes in recent years in Dubois County had a sale price that exceeded \$200,000. The Advisory Committee wanted to assist employees with assistance to purchase existing homes, and to encourage developers to build more moderately priced homes below \$200,000 that would attract the most local employees.

*“But For” Test* – The “but for” test is a recommendation that the Advisory Committee and Technical Subcommittee felt should be required since some employees may qualify for assistance from state and/or federal programs. The “but for” test determines if the employee would not be able to secure a mortgage from a local lender without assistance from the Fund.

## **Rental Alternatives Reviewed**

*Rental Inspection* – It is a requirement that rental properties meet code and be pre-approved for rental assistance recipients. This would require inspection of the residential rental unit by a certified residential inspector for placement on a list sponsored by the Fund. The Advisory Committee and the Technical Subcommittee both felt that an initial inspection should be made that would generate a list of approved rental properties for rental assistance. This would promote those landlords who maintain their properties to code.

*List of Rental Properties* – The Fund would establish a list of voluntary rental properties for recipients of rental assistance. This again would encourage good landlords who are currently keeping their properties up to code to be recognized on the approved list of rental properties.

*Code upgrade assistance* – The Advisory Committee discussed financially assisting current rental property owners to make code upgrades to their properties. It was decided that since rental properties should already be meeting code requirements, the Fund should not be used in this way.

*Support positive landlords* – The Advisory Committee believes the approved rental properties list will sufficiently support positive landlord activities.

*“Clawback” provisions* – After discussing a number of different methods to assist employees who need rental assistance, it was decided that a fixed period of time should be established at which point the rental assistance would be eliminated. Therefore, there was no need of a “clawback” provision for rental assistance.

*Income limit* – Like homeownership, it was discussed by the Advisory Committee whether or not to set a maximum household income limit for employees seeking rental assistance. It was determined that rental assistance should be used as an incentive to attract employees to work and live in Dubois County. The Advisory Committee felt that a six month rental assistance program

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with a maximum monthly rent amount would be better than limiting the program by income levels. The Advisory Committee felt that a monthly rent not exceeding \$1,500 would meet the needs of those seeking rental assistance. Furthermore, the Advisory Committee felt initially that a \$100 per month stipend would be an appropriate incentive for the first six months an employee is working.

*Sliding scale for assistance* – After discussion within the Advisory Committee and its Technical Subcommittee, it was determined that a flat monthly stipend would be easier to manage and serve the same purpose of encouraging employees to live in Dubois County, as a \$100 per month stipend has a greater influence on entry level employees who would likely be more interested in rental assistance than higher wage earners who may be living in units with higher monthly rents.

*Direct employee assistance* – The Advisory Committee and Technical Subcommittee discussed the pros and cons of direct employee assistance. The pros centered on using the rental assistance for an incentive to attract employees to work and live in Dubois County. It was not considered as a likely tool to retain existing employees.

*Qualified Employer* - A Qualified Employer must be located in Dubois County and contribute a minimum of \$10,000 per year to the Workforce Housing Assistance Fund to qualify their employees for participation in the Fund. A number of donation levels were discussed, but it was felt that the major employers would be most interested in participating in use of the Fund for their employees' retention and attraction needs.

*Qualified Employee* - A Qualified Employee is an employee who has been certified by a Qualified Employer as an employee in good standing of their firm in Dubois County.

*Fund Management* - After some discussion, the Advisory Committee recommended that the Fund be managed separately from the intake administrator. The Fund should have a separate review committee for each financial housing assistance decision on behalf of a Qualified Employee. The Fund must be managed by a federally approved 501(c) (3) not-for-profit organization. This designation allows the Fund's donors or investors to qualify for federal and state tax credits.

*Housing Counseling Recipients* - The Advisory Committee and its Technical Subcommittee agreed with stakeholders and the lenders focus group that housing counseling should be required of homebuyers. They extended this to those who would receive rental assistance as well. Therefore, all recipients of assistance from the Fund would be required to receive housing counseling. Again, the intent is to ensure the long-term sustainability and success of the Fund and its participants.

*Workforce Housing Assistance Fund administration and intake of potential participating Qualified Employees* – This should be done under the general oversight of Grow Dubois County, which may seek the housing administration skills of a separate entity who would already have the certified professional staff to perform residential inspections and process application documents.



The strategy below describes the key elements of the Fund and represents the consensus of the Advisory Committee as of their final meeting on July 6, 2016.

### Fund Purpose

The goal of the Workforce Housing Assistance Fund (the Fund) is to expand the number of Dubois County employees who would be able to afford homeownership and quality residential rental units. The Workforce Housing Assistance Fund would provide a flexible pool of funding for Qualified Employees who work for Qualified Employers who “*but for the assistance of this funding source*” would not otherwise be able to secure a mortgage or find a quality residential rental unit in Dubois County. The Workforce Housing Assistance Fund would be managed by Grow Dubois County, a 501(c) (3) not-for-profit organization and a subsidiary of Dubois Strong, the local economic development organization for Dubois County. As Dubois County is experiencing full employment, the Workforce Housing Assistance Fund will be used to attract workers to move from outside Dubois County to inside the county. The Fund intends to be used by Grow Dubois County to assist workforce housing needs. The Fund is not to be used as a replacement of existing financial assistance programs such as FHA, HUD, USDA, or IHCD. The Fund may be used in support of these programs when a “but for” case can be made that a mortgage would not go forward without support from the Fund. The purpose of rental assistance is to attract employees who currently reside outside of the county to Dubois County.

### Fund Definitions

Clawback Provision – Requires a Qualified Employee to repay a pro rata amount back to the Workforce Housing Assistance Fund should they move within five years. The Fund will forgive loans up to 20% each year for the first five years of residency from the date of loan closing. The Fund will hold a second position to the primary mortgage lender.

Code Upgrades – Concerns necessary improvements to a residence that will sustain the residence’s functional integrity into the future by meeting the 2000 International Residential Code, 1999 National Electric Code, and local municipal codes and ordinances, as amended. These improvements may include but not be limited to electrical, plumbing, structural, flooring, and roofing improvements.

Loan To Value Ratio (LTV) – The LTV ratio is the loan amount divided by the appraised value of the home.

Qualified Employee – An employee of a Qualified Employer.

Qualified Employer – A Dubois County firm that has contributed a minimum of \$10,000 to the Workforce Housing Assistance Fund.

Qualified Rental Assistance Unit – A rental housing unit that has been certified by the Workforce Housing Assistance Fund to be in compliance with building code standards that meet 2000 International Residential Code, 1999 National Electric Code, and local municipal codes and ordinances, as amended. Once an inspection has been completed, the Unit is placed on the Fund’s approved list of Qualified Rental Assistance Units.

## 4.0 | Strategy

### **Home Ownership Assistance ONLY for Qualified Employee**

#### *Eligible financing items:*

Financial creditworthiness uses a number of different financial metrics to determine the worthiness of a potential mortgage recipient. A lender could use several metrics to illustrate that “but for” the financial support of the Workforce Housing Assistance Fund the mortgage to a Qualified Employee for home ownership would not be awarded. For Example, the financial creditworthiness “but for” test may include but not be limited to a Loan To Value Ratio that is higher than 80% and/or where the monthly mortgage payment would exceed 33% of the Qualified Employee’s Monthly Gross Household Income.

There are no household income limits on the annual gross income of the Qualified Employee’s household, but the buyer’s home for purchase may not exceed an appraised value of \$200,000.

New homes are eligible with a home inspection completed before loan closing that documents compliance with 2000 International Residential Code, 1999 National Electric Code, and local municipal codes and ordinances, as amended.

Existing homes are eligible for code upgrades only. These homes require a home inspection prior to construction to certify the necessary code upgrade work. Once construction is completed, then a post-construction inspection will be completed to document compliance with 2000 International Residential Code, 1999 National Electric Code, and local municipal codes and ordinances, as amended.

New and existing homes must be inspected prior to closing the financial assistance from the Fund.

Housing counseling will be required for all recipients of the Fund for five years or until the recipient leaves their place of residence.

### **Rental Assistance ONLY for Qualified Employee**

#### *Eligible financing items:*

Qualified Employees may receive up to \$100 per month of rental assistance from the Fund for the first six months in the Qualified Rental Assistance Unit.

There are no income limits on the annual gross income of the Qualified Employee’s household, but the monthly rent may not exceed \$1,500.

Prior to receiving financial rental assistance from the Fund, Qualified Rental Assistance Units must be inspected to be in compliance with 2000 International Residential Code, 1999 National Electric Code and local municipal codes and ordinances, as amended.

## Fund Management

Grow Dubois County, the not-for-profit subsidiary of Dubois Strong

*Fund Management* – Grow Dubois County is a 501 (c) (3) not-for-profit organization. As a subsidiary of Dubois Strong, the local economic development organization, it is incumbent on Grow Dubois County to serve Dubois County participating employers who become Qualified Employers and their Qualified Employees most effectively by providing judicious stewardship of the Workforce Housing Assistance Fund.

Grow Dubois County should set up a Workforce Housing Assistance Fund loan review committee to review Qualified Employee Home Ownership assistance and rental assistance requests. The Workforce Housing Assistance Fund loan committee may have the following representation:

Qualified Employer = 3 members

Financial Institution = 2 members

Public Employees = 2 members

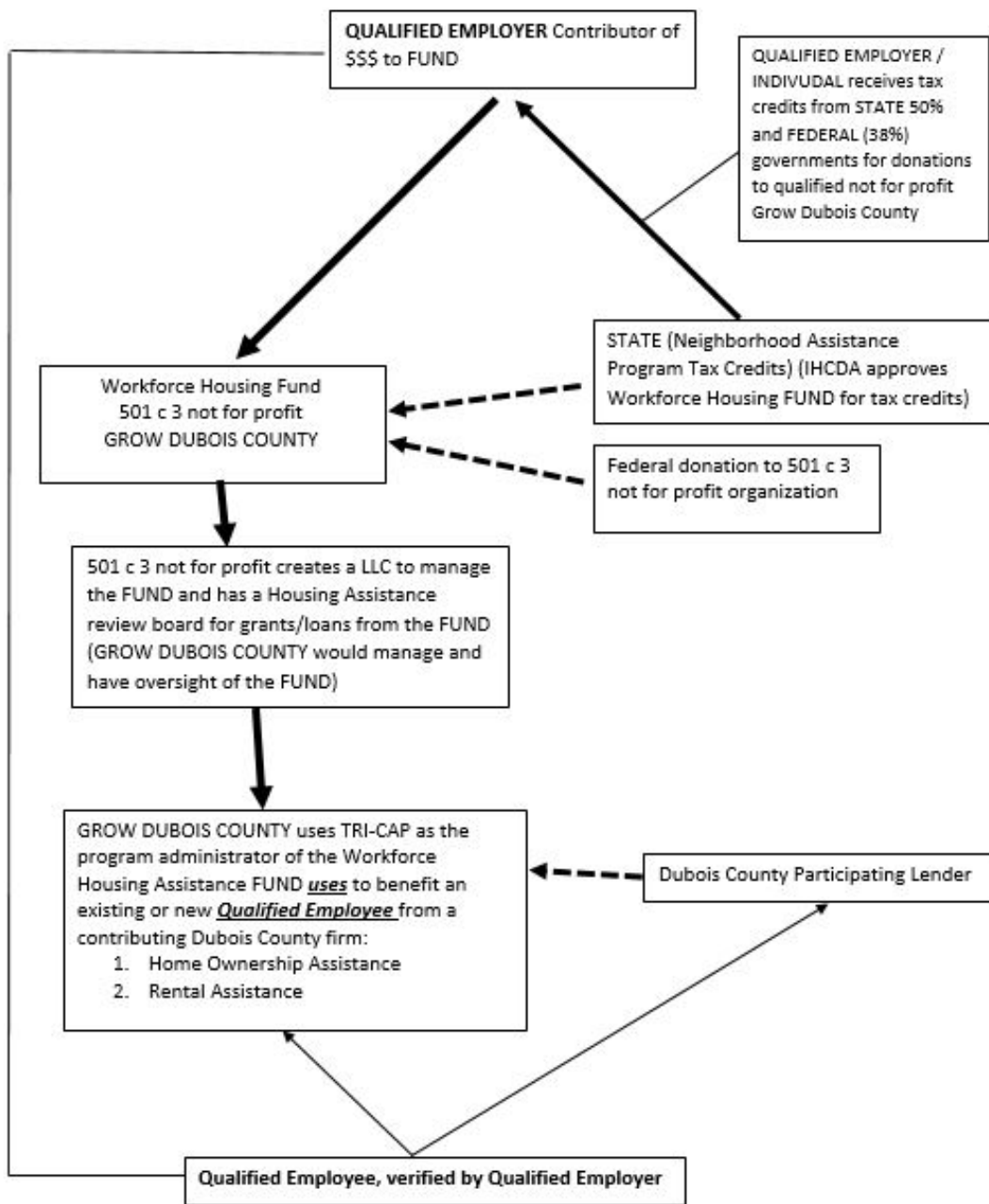
## Program Administration

Tri-Cap is a Dubois County-based not-for-profit housing assistance organization. In the interest of providing sound program administration and minimizing any duplication within Dubois County, Tri-Cap will act as the administrative agent of fund manager, Grow Dubois County.

Home Ownership and Rental Assistance Administration – Tri-Cap is a Dubois County housing not-for-profit that works with many financial lenders and state and federal housing assistance programs. Tri-Cap appears to be an excellent local partner to be Grow Dubois County's program administrator. Tri-Cap would review and assist Qualified Employees in the preparation of their Fund requests and provide documentation for both the Home Ownership and Rental Assistance Programs.

Residential Inspection – Tri-Cap would provide on-call inspection services. Tri-Cap currently has certified residential inspectors on staff for several of the state and federal programs that it administers. To minimize service duplication, it is practical and reasonable to have Tri-Cap extend their residential inspection program to assist with the Workforce Housing Assistance Fund compliance effort.

Housing Counseling – Tri-Cap will provide on-call housing counseling services for all Fund participants. Tri-Cap currently administers a housing counseling program.



# Appendices

A  
B  
C  
D  
E  
F

# A | Advisory Committee Meeting #1 Agenda



RATIO

## MEETING AGENDA

Architecture  
Preservation  
Interior Design  
Landscape Architecture  
Urban Planning & Design  
Graphic Design

### ADVISORY COMMITTEE MEETING #1

Project: Huntingburg Housing Strategies Study

Date/Time: Friday, April 22, 2016; 1:00 PM

Purpose: Review Housing Issues and Program Policy Strategies

Held at: Huntingburg City Hall

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AGENDA:	TIME:
1. Introductions	1:00
2. Huntingburg Housing Strategies Study Purpose	1:05
3. Advisory Committee Role	1:15
4. Review Stakeholder Interviews and Focus Group Comments	1:20
5. Home Value Capacity using:	1:30
a. HUD Income Limits	
b. Wage Rates	
c. USDA	
d. Conventional Mortgage	
6. Potential Housing Program Described	1:50
7. Housing Policy Discussion (small groups)	2:00
- What are three beneficial ways these pooled resources could financially assist potential homeowners/renters and lenders in their decision-making?	
- How could these pooled resources be used with other home ownership/rental assistance programs?	
8. Next Steps and Schedule Next Advisory Committee Meeting	2:25

# Huntingburg Housing Strategies Study

ADVISORY COMMITTEE MEETING #1

April 22, 2016



## Huntingburg Housing Strategies Study

- Determine if a local program can be developed that will assist employees purchase homes and
- Assist Employers keep good employees
- Provide a flexible program that lenders could use in combination with other home financing programs such as IHCDA, FHA, VA, USDA
- Increase Home Ownership in Huntingburg and Dubois County
- Funded by the Indiana Office of Community & Rural Affairs (OCRA) through Purdue University - Center for Regional Development (PCRD)
- Supported by the Indiana Housing and Community Development Authority (IHCDA)



### Huntingburg Housing Strategies Study — ADVISORY COMMITTEE



- Provide Program Policy insights
- Assist with policy refinements for a more effective program
- Review policy alternatives
- Share how a local program could be paired with existing housing assistance programs
- Provide oversight of technical structure of program

3

### Stakeholder Interviews



- Price Point “sweet-spot” @ \$120,000
- Wage Rates: Entry @ \$13/hr. rising fairly quickly depending on skill level to \$20/hr. Housing Mortgage
- Need Infill Housing
- Housing Rehabilitation to modernize older homes
- Differences between employers to where their employees lived
  - Some with 70% Dubois County Workforce
  - Others with over 70% of their workforce 15 miles or more away!
  - Did not appear to be skill driven difference in current residential locations

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## Stakeholder Interviews cont.

- Challenges for workers
  - Transportation
  - Day Care
- Need greater variety of housing products duplexes, townhouses, and lofts
- Amenities:
  - Modern Layout “not too boxed in”
  - Walkability to restaurants, playground, and schools etc.
  - Move in ready

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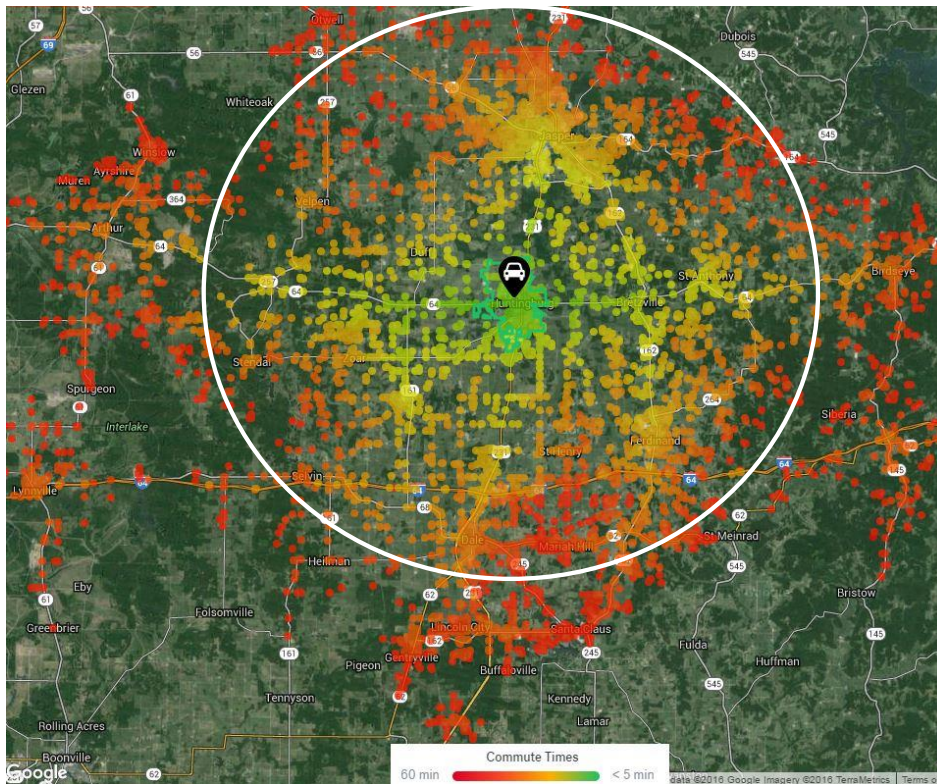


## Stakeholder Interviews cont.

- Why not Huntingburg and Dubois County?
  - Proximity to family
  - Community roots if not family roots
  - Rural setting
  - Lower taxes outside of incorporated communities

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# B | Advisory Committee #1 Presentation



8

## Lenders Focus Group

- Credit Score higher today @ 640 than before Great Recession @ 580
- USDA good program but require income eligibility test doesn't fit all
- Also use FHA and VA when possible
- Housing range demand from \$80k to \$120k
- Pooled Funding Program could provide lenders more flexibility to assist more homebuyers
- Wage Rate floor is likely no lower than \$13/hr.



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## Lenders Focus Group cont.

- Schools don't seem to be big difference maker of home buying between school districts, i.e. Southridge vs Jasper
- New homes tend to be higher priced than many existing employees can afford
- Lower risk
- Employee job hopping is seen as potential lending risk
- Need to assist financing existing home remodeling since housing stock is aging
- Often home need more rehabilitation than home will be valued for after rehabilitation – big need

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## Housing Value Capacity Analysis

- Based on Wages
- HUD Income Eligibility by Family Size

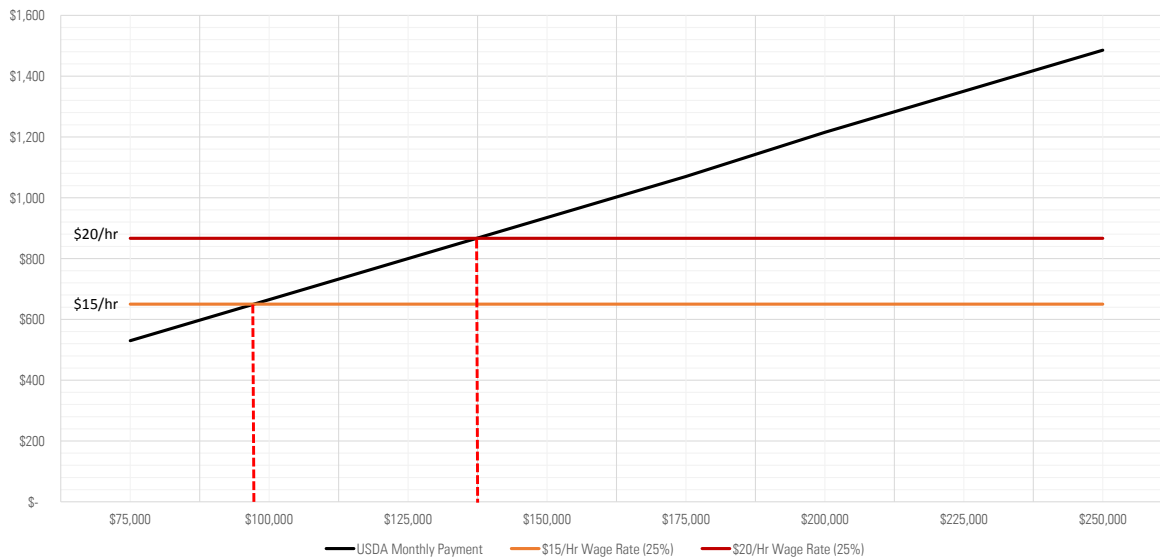
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## USDA 0% Down vs Conventional 20% Down

- HUD Income Limit by Family Size
  - MFI = \$66,988;
  - 2-Person Family (80% of MFI) = \$38,550
  - 4-Person Family (80% of MFI) = \$55,050
- Wage Rates are \$15/hr. and \$20/hr.
  - \$15/hr. = \$31,2000 and \$20/hr. = 41,600
  - Two Wage Income Family
- Housing Mortgage not to exceed 25% of Monthly Expenses to protect monthly cash flow
- Loan Assumptions
  - 5% interest rate fixed
  - 30 year term
  - Principle Mortgage Insurance (PMI) required on USDA 0% Down

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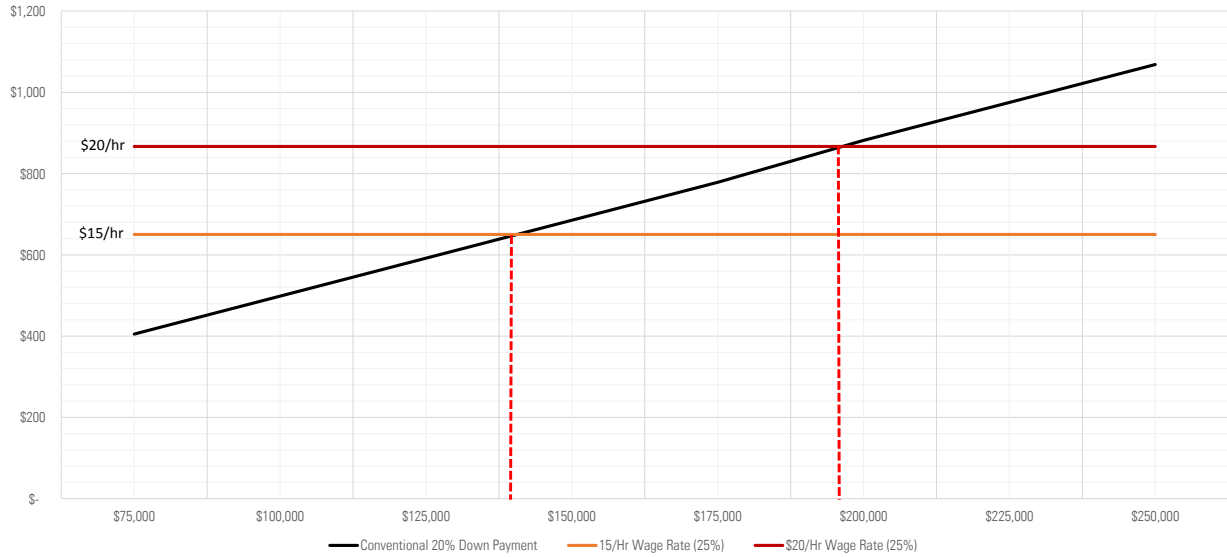
### USDA 0% Down Payment: Hourly Wage Rates



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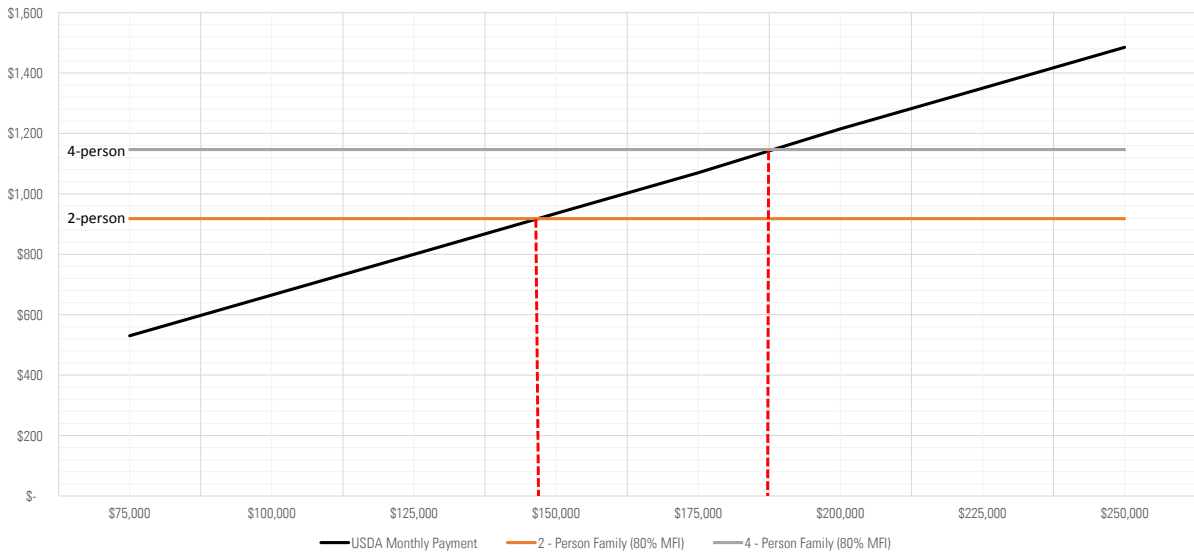
## Conventional 20% Down: Hourly Wage Rates



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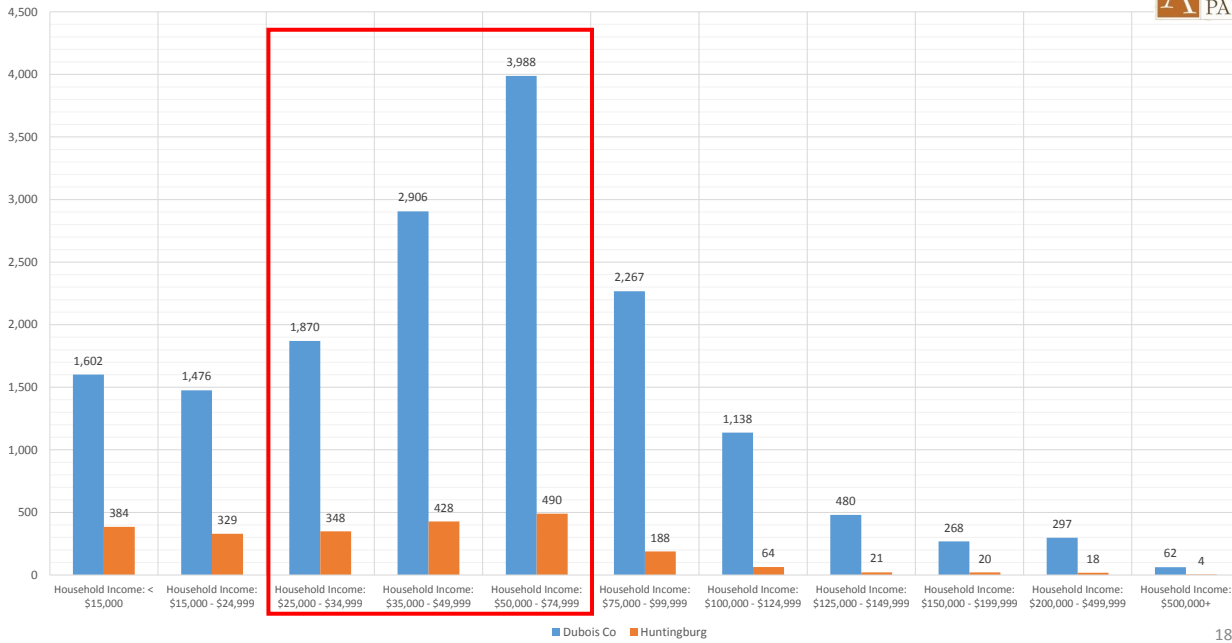


## USDA 0% Down Payment: HUD Income Limits



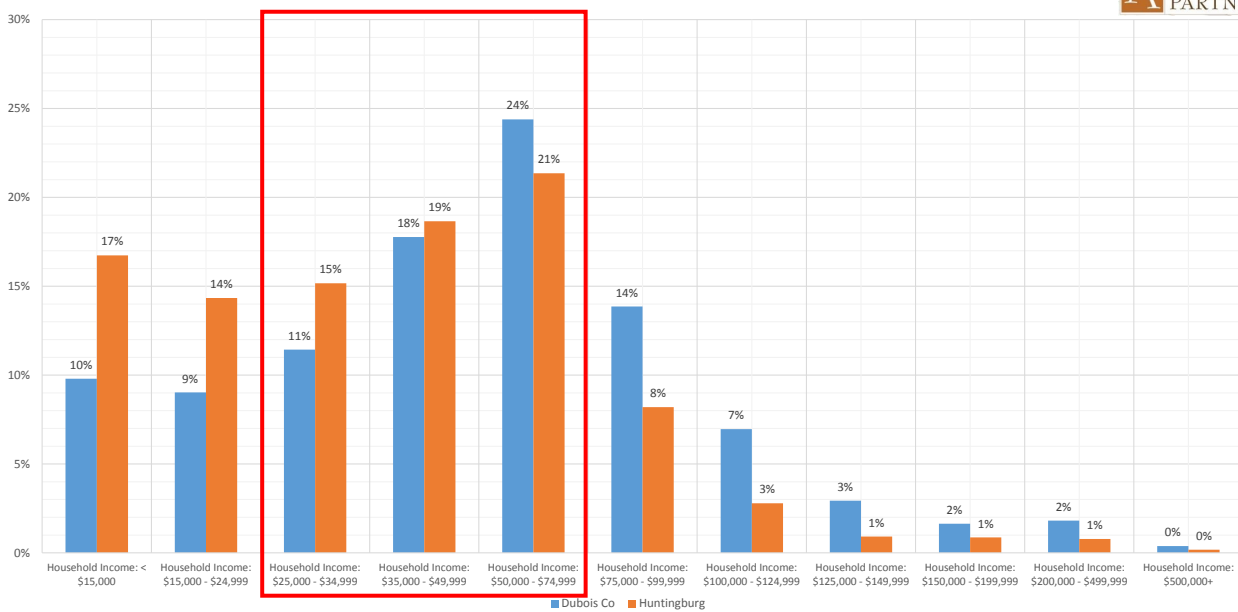
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## Household Distribution by Income Group — 2016 Estimates



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## Household Percent Distribution by Income Group



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## Huntingburg / Dubois County — Workforce Housing Assistance Fund

The goal would be to expand the number of Dubois County employees who would be able to now qualify and afford homeownership.

The Workforce Housing Assistance Fund would provide a flexible pool of funding for qualified existing or new Dubois County employees who **“but for the assistance of this funding source”** would not otherwise be able to secure a mortgage from a qualified local lender in Dubois County.

Examples of fund affordability uses may be to assist homebuyers qualify for; **down payment amounts**, **creditworthiness factors**, and **existing home code violation rehabilitation** of existing homes where the future home appraised value may not exceed the existing home appraised value and the added code rehabilitation costs.

This Workforce Housing Assistance Fund would be managed through a qualified Dubois County based 501(c)3 not-for-profit organization. As Dubois County is experiencing full employment, the Workforce Housing Assistance Fund may be used as well to attract future workers from outside of Dubois County to move to Dubois County for employment and homeownership assistance.

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## Housing Policy Discussion



1. What are three beneficial ways these pooled resources could financially assist potential homeowners/renters and lenders in their decision-making?
2. How could these pooled resources be used with other home ownership/rental assistance programs?

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# C | Advisory Committee Meeting #1 Summary



## RATIO

Architecture  
Preservation  
Interior Design  
Landscape Architecture  
Urban Planning & Design  
Graphic Design

## MEETING SUMMARY

Project:	Huntingburg Housing Strategies Study
RATIO Project No.:	16015
Date/Time:	Friday, April 22, 2016
Purpose:	Huntingburg Housing Strategies Advisory Committee – Meeting #1
Participants:	Chris Nevels, Indiana Housing & Community Development Authority Deb Olinger, Century 21 Schroering Realty Denny Spinner, City of Huntingburg John Becher, OFS Brands Jon Anderson, Anderson Partners Ken Schnaus, Springs Valley Bank & Trust Matt Rueff, RATIO Neil Elkins, Tri-Cap Phil Seger, Farbest Foods Tanya Hall, Purdue University Center for Regional Development Teresa Volz, German American Bank Terri Weyer, USDA Rural Development Services

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### Huntingburg Housing Strategies Study Advisory Committee

Meeting commenced at 1:05 PM.

#### Introductions

Introductions were made by consultants and advisory committee members.

#### Project Purpose and Advisory Committee Role

Matt Rueff of RATIO discussed Huntingburg Housing Strategies Study purpose was to develop a workforce housing assistance program that will serve the housing needs of local Dubois County employers and their employees with the intent that the program could potentially be replicated in other communities who are experiencing similar housing demand shortages for their workforce. The ultimate goal is to support long-term and sustainable economic development with quality housing choices that fit workforce housing needs. The Advisory Committee role is to provide policy feedback to determine if program funding assistance and direction will serve the above program goals for Dubois County.

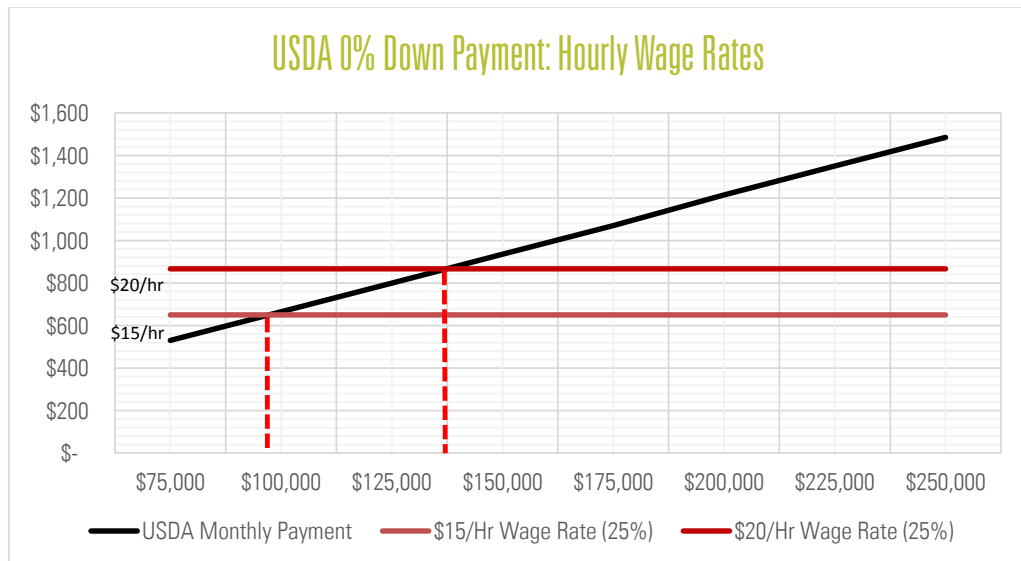
#### Stakeholder Interviews and Bank Focus Group Findings

A presentation was made by Matt Rueff of RATIO and Jon Anderson of Anderson Partners assisted with comments and discussion regarding stakeholder interviews and focus group findings.

The stakeholder findings noted:

- Assist employees purchase homes where “sweet spot” seemed to be around \$120,000 home value
- Employees wage rates ranged from \$13/hour for entry up to and exceeding \$20/hour with more experience and higher skill work
- Assist employers to keep good employees through a quality housing program
- Provide flexible funding options for employees that may work with other funding programs such as IHCD, FHA, VA, and USDA
- Increase home ownership in Huntingburg and Dubois County

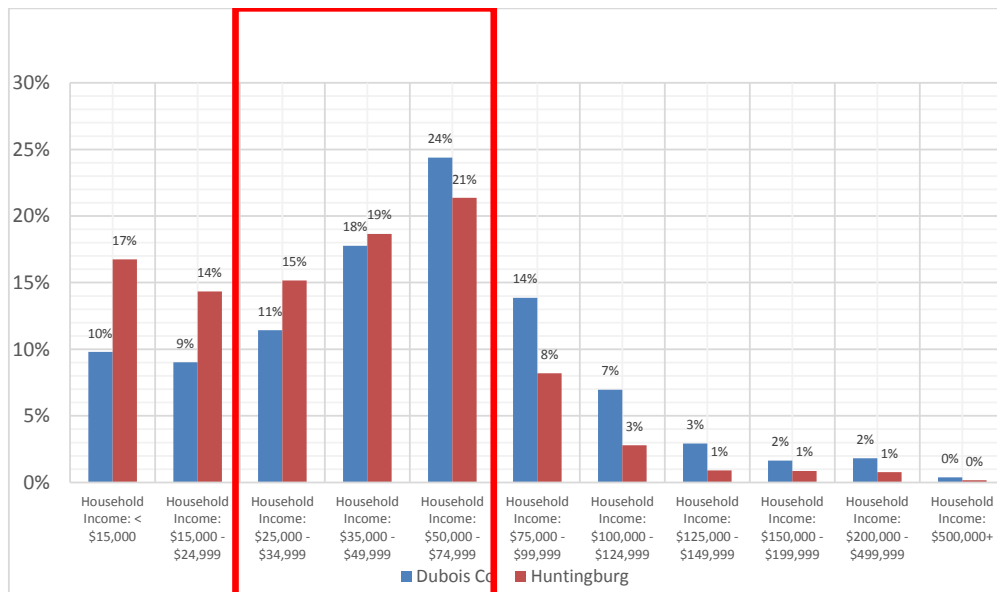




Graphs were presented that illustrated for the maximum home value that wage rates that illustrated under the USDA 0% down payment program a \$15/hr. wage and a \$20/hr. wage could afford a maximum home value of \$95,000 and \$135,000, respectively. Under the Conventional lending model a \$15/hr. and \$20/hr. wage rates could afford a maximum of \$135,000 and \$190,000, respectively. It was noted that getting the 20% down payment is a difficult challenge for many hourly workers.

Huntingburg and Dubois County Household Income distribution was presented with a “window” for annual gross family income between \$25,000 up to \$75,000 for a Workforce Housing Assistance program, see below. It was noted during discussion that it was very important to create a housing program that would help renters who make up many of the entry level positions for local employers. These employees may not be in a position to qualify for home purchase for a number of years, but they are good employees who cannot find quality rental properties in the Dubois County.

Household Percent Distribution by Income Group



# C | Advisory Committee Meeting #1 Summary

## Housing Policy and Program Discussion

Reflecting potential program statement for the Huntingburg / Dubois County — Workforce Housing Assistance Fund:

The goal would be to expand the number of Dubois County employees who would be able to now qualify and afford homeownership.

The Workforce Housing Assistance Fund would provide a flexible pool of funding for qualified existing or new Dubois County employees who “but for the assistance of this funding source” would not otherwise be able to secure a mortgage from a qualified local lender in Dubois County.

Examples of fund affordability uses may be to assist homebuyers qualify for; down payment amounts, creditworthiness factors, and existing home code violation rehabilitation of existing homes where the future home appraised value may not exceed the existing home appraised value and the added code rehabilitation costs.

This Workforce Housing Assistance Fund would be managed through a qualified Dubois County based 501(c)3 not-for-profit organization. As Dubois County is experiencing full employment, the Workforce Housing Assistance Fund may be used as well to attract future workers from outside of Dubois County to move to Dubois County for employment and homeownership / rental assistance.

The Advisory Committee Members worked individually and as a group to answer the following questions:

1. What are three beneficial ways these pooled resources could financially assist potential homeowners/renters and lenders in their decision-making?
2. How could these pooled resources be used with other home ownership/rental assistance programs?

Major housing needs were discussed around the following issues that the Huntingburg Housing Strategies Study should work to solve. The major needs are divided into two groups: Financial assistance and construction of the actual housing financing product and buyer/rental program. The other major need was on critical administrative and educational aspects of the housing program not directly involved in the financial transaction, but the Advisory Committee felt important that these indirect administrative coordination, homebuyer / renter housing education and training were important to sustain an effective workforce housing program.

### Financial Assistance and Construction Needs

- Revolving Loan Fund Home Rehabilitation for code enforcement and layout/lifestyle modifications
- Rental Rehabilitation Program for Landlords to improve rental quality and maintain affordable rents
- Down Payment Assistance to qualified employees for Homeownership
- Possible Tax Abatement to supplement program for homeowners and rental property owners

### Administrative and Operational Needs (somewhat like a “one-stop shop” for housing services for Dubois County)

- Housing Program Coordination
- Loan Packing and Streamline Process
- Buyer/Renter Education and Counseling
- Update a database of available rental units

Finally, it was discussed that a technical committee should be formed to work with Matt Rueff of RATIO and Jon Anderson of Anderson Partners to develop the Huntingburg / Dubois County Workforce Housing Assistance Program financing and process details.

### **Technical Committee Members:**

Deb Olinger, Century 21 Schroering Realty  
Lisa Pinkstaff, Springs Valley Bank & Trust  
Neil Elkins, Tri-Cap  
Teresa Volz, German American Bank  
Terri Weyer, USDA Rural Development Services

# Advisory Committee Meeting #1 Summary | C

The main tasks of this technical committee is to work out specific housing program and processing details to be reviewed at next Advisory Committee Meeting on May 25<sup>th</sup>.

Next Meeting was tentatively scheduled for Wednesday, May25, 2016 from 1:00 PM – 3:00 PM, City Hall Council Chambers in Huntingburg.

Any additions or corrections to these Minutes should be submitted in writing to RATIO Architects, Inc., within ten (10) days of receipt. Otherwise, these Minutes stand as correct.

Respectfully submitted,

Matt Rueff  
Senior Development Specialist

cc: Purdue University Center for Regional Development  
Indiana Office of Community and Rural Affairs  
Indiana Housing and Community Development Authority

## Huntingburg Housing Strategies Study

TECHNICAL COMMITTEE

May 19, 2016



### Huntingburg / Dubois County — Workforce Housing Assistance Fund

The goal would be to expand the number of Dubois County employees who would be able to now qualify and afford homeownership.

The Workforce Housing Assistance Fund would provide a flexible pool of funding for qualified existing or new Dubois County employees who **“but for the assistance of this funding source”** would not otherwise be able to secure a mortgage from a qualified local lender in Dubois County.

Examples of fund affordability uses may be to assist homebuyers qualify for; **down payment amounts**, **creditworthiness factors**, and **existing home code violation rehabilitation** of existing homes where the future home appraised value may not exceed the existing home appraised value and the added code rehabilitation costs.

This Workforce Housing Assistance Fund would be managed through a qualified Dubois County based 501(c)3 not-for-profit organization. As Dubois County is experiencing full employment, the Workforce Housing Assistance Fund may be used as well to attract future workers from outside of Dubois County to move to Dubois County for employment and homeownership assistance.

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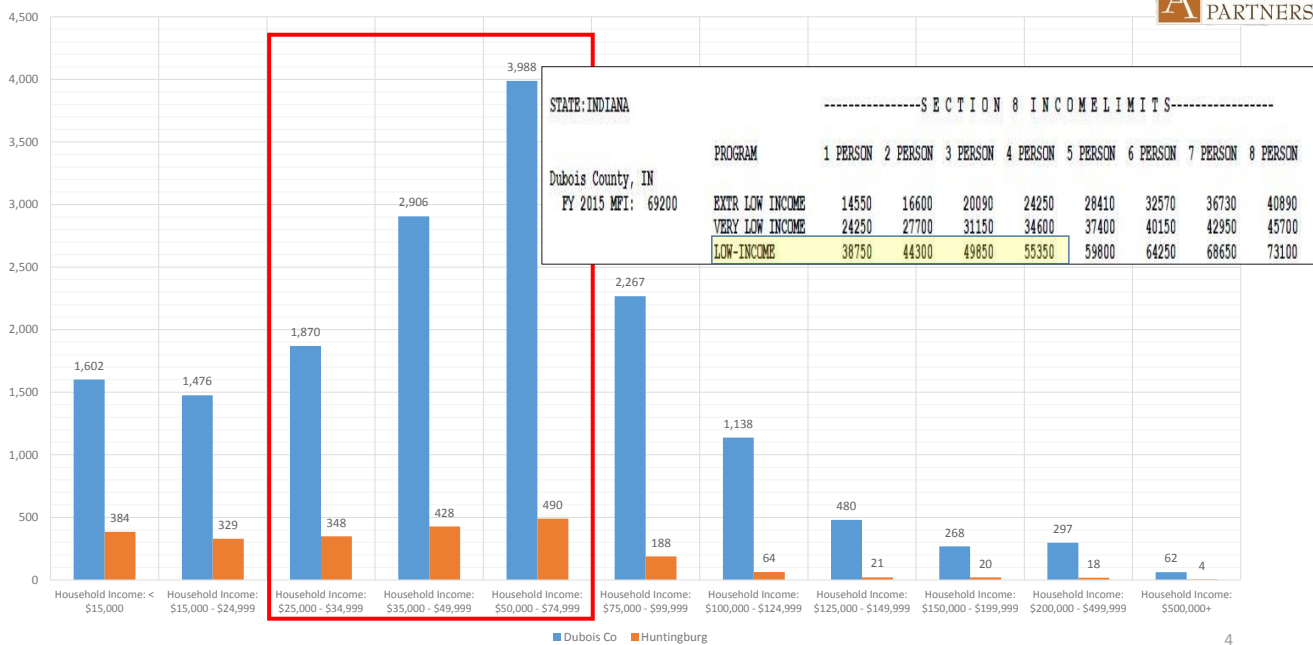


## USDA 0% Down Payment: Hourly Wage Rates



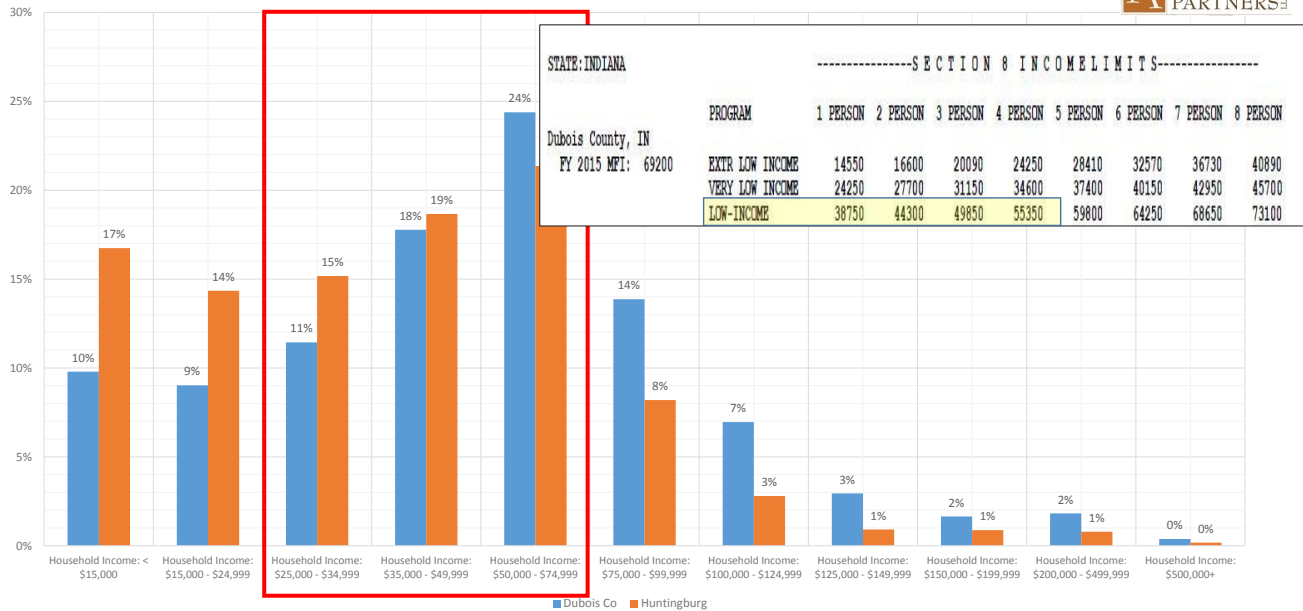
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## Household Distribution by Income Group — 2016 Estimates



4

## Household Percent Distribution by Income Group



5

## Advisory Committee Key Issues



- Financial assistance and construction of the actual housing financing product and buyer/rental program
- Critical administrative and educational aspects of the housing program not directly involved in the financial transaction
- Advisory Committee felt important that these indirect administrative coordination, homebuyer / renter housing education and training were important to sustain an effective workforce housing program

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## Financial Assistance and Construction Needs



- Revolving Loan Fund Home Rehabilitation for code enforcement and layout/lifestyle modifications
- Rental Rehabilitation Program for Landlords to improve rental quality and maintain affordable rents
- Down Payment Assistance to qualified employees for Homeownership
- Possible Tax Abatement to supplement program for homeowners and rental property owners

# E | Advisory Committee Meeting #2 Agenda



RATIO

## MEETING AGENDA

Architecture  
Preservation  
Interior Design  
Landscape Architecture  
Urban Planning & Design  
Graphic Design

### ADVISORY COMMITTEE MEETING #2

Project: Huntingburg Housing Strategies Study

Date/Time: Wednesday, May 25, 2016; 1:00 – 3:00 PM

Purpose: Review Housing Issues and Program Policy Strategies

Held at: Huntingburg City Hall

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#### AGENDA:

#### TIME:

- |  |      |
|--|------|
| 1. Review Purpose for Meeting#2 – Establish Housing Strategies Framework   | 1:00 |
| 2. The Housing Fund – Description and Flowchart  | 1:05 |
| 3. Review Technical Committee Program Framework - DRAFT  | 1:20 |
| 4. Home Ownership Issues   | 1:30 |
| a. Uses: down payment, back fill LTV for financing, code upgrades, not modernization   |      |
| b. Who are the Qualified Employers, \$10,000 minimum contribution?   |      |
| c. Who is a Qualified Employee for Eligibility purposes?   |      |
| d. How should a “claw-back” provision be used for employees who move if within first five years?   |      |
| e. Income limit? Technical committee suggest using a sliding scale to calculate assistance level from fund. What should match requirements be? |      |
| f. Other home ownership issues?  |      |
| 5. Rental Assistance Issues  | 1:55 |
| a. Units must pass code inspection before entering program for rental assistance of a Qualified Employee                                       |      |
| b. Uses: Code upgrades and direct employee rental assistance stipend per month   |      |
| c. If property owner may receive code enforcement upgrades but must pass a post upgrade code inspection before receiving assistance            |      |
| d. Who are the Qualified Employers, \$10,000 minimum contribution?   |      |
| e. Who is a Qualified Employee for Eligibility purposes?   |      |
| f. How should a “claw-back” provision be used for property owners who sell if within first five years?   |      |
| g. Income limit? Technical committee suggest using a sliding scale to calculate assistance level from fund. What should match requirements be? |      |
| h. Other rental issues?  |      |
| 6. Program Coordination and Management   | 2:20 |
| a. Who should manage the Fund?   |      |



## Workforce Housing Assistance Fund – Strategies Summary

Advisory Committee Meeting – July 6, 2016

### Fund Purpose

The goal of the Workforce Housing Assistance Fund (The Fund) is to expand the number of Dubois County employees who would be able to afford homeownership and quality residential rental units. The Workforce Housing Assistance Fund would provide a flexible pool of funding for Qualified Employees who work for Qualified Employers who “*but for the assistance of this funding source*” would not otherwise be able to secure a mortgage or find a quality residential rental unit in Dubois County. The Workforce Housing Assistance Fund would be managed by Grow Dubois County a 501(c) 3 not-for-profit organization. Grow Dubois County is a not for profit subsidiary of Dubois Strong - the local economic development organization for Dubois County. As Dubois County is experiencing full employment, the Workforce Housing Assistance Fund will be used to attract workers to move from outside Dubois County to inside the county for employment and residential homeownership or rental assistance. The Fund intends to be used by Grow Dubois County to assist workforce housing needs. The Fund is not to be used as a replacement for employees who qualify for existing financial assistance programs of FHA, HUD, USDA, or IHCD. The Fund may be used in support of these programs when a “but for” case can be made that a mortgage or rent assistance would not go forward without support from the Workforce Housing Assistance Fund.

### Fund Definitions

Claw Back Provision– Requires a Qualified Employee to repay a pro rata amount back to the Workforce Housing Assistance Fund should they move within five years. The Fund will forgive loans up to 20% each year for the first five years of residency from the date of loan closing. The Fund will hold a second position to the primary mortgage lender.

Code Upgrades – Concerns necessary improvements to a residence that will sustain the residence functional integrity into the future that meet 2000 International Residential Code, 1999 National Electric Code, and local municipal codes and ordinances, as amended. These improvements may include but not be limited to electrical, plumbing, structural, flooring, and roofing improvements.

Loan To Value Ratio (LTV) – The LTV ratio is the loan amount divided by the appraised value of the home.

Qualified Employee – An employee from a Qualified Employer.

Qualified Employer –It is a DuBois County firm who has contributed a minimum of \$10,000 to the Workforce Housing Assistance Fund.

Qualified Rental Assistance Unit – It is a rental housing / apartment unit that has been certified by the Workforce Housing Assistance Fund to be in compliance with building code standards that meet 2000 International Residential Code, 1999 National Electric Code, and local municipal codes and ordinances, as amended. Once an inspection has been completed then the Qualified Rental Assistance Unit is placed on the Workforce Housing Assistance Fund approved list of Qualified Rental Assistance Units.

# F | Advisory Committee Meeting #3 Strategies Summary

## Workforce Housing Assistance Fund – Strategies Summary

Advisory Committee Meeting – July 6, 2016

### Fund Purpose

The goal of the Workforce Housing Assistance Fund (The Fund) is to expand the number of Dubois County employees who would be able to afford homeownership and quality residential rental units. The Workforce Housing Assistance Fund would provide a flexible pool of funding for Qualified Employees who work for Qualified Employers who “*but for the assistance of this funding source*” would not otherwise be able to secure a mortgage or find a quality residential rental unit in Dubois County. The Workforce Housing Assistance Fund would be managed by Grow Dubois County a 501(c) 3 not-for-profit organization. Grow Dubois County is a not for profit subsidiary of Dubois Strong - the local economic development organization for Dubois County. As Dubois County is experiencing full employment, the Workforce Housing Assistance Fund will be used to attract workers to move from outside Dubois County to inside the county for employment and residential homeownership or rental assistance. The Fund intends to be used by Grow Dubois County to assist workforce housing needs. The Fund is not to be used as a replacement for employees who qualify for existing financial assistance programs of FHA, HUD, USDA, or IHCD. The Fund may be used in support of these programs when a “but for” case can be made that a mortgage or rent assistance would not go forward without support from the Workforce Housing Assistance Fund.

### Fund Definitions

Claw Back Provision– Requires a Qualified Employee to repay a pro rata amount back to the Workforce Housing Assistance Fund should they move within five years. The Fund will forgive loans up to 20% each year for the first five years of residency from the date of loan closing. The Fund will hold a second position to the primary mortgage lender.

Code Upgrades – Concerns necessary improvements to a residence that will sustain the residence functional integrity into the future that meet 2000 International Residential Code, 1999 National Electric Code, and local municipal codes and ordinances, as amended. These improvements may include but not be limited to electrical, plumbing, structural, flooring, and roofing improvements.

Loan To Value Ratio (LTV) – The LTV ratio is the loan amount divided by the appraised value of the home.

Qualified Employee – An employee from a Qualified Employer.

Qualified Employer –It is a DuBois County firm who has contributed a minimum of \$10,000 to the Workforce Housing Assistance Fund.

Qualified Rental Assistance Unit – It is a rental housing / apartment unit that has been certified by the Workforce Housing Assistance Fund to be in compliance with building code standards that meet 2000 International Residential Code, 1999 National Electric Code, and local municipal codes and ordinances, as amended. Once an inspection has

## Workforce Housing Assistance Fund – Strategies Summary

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