
An Update of Residential Market Potential

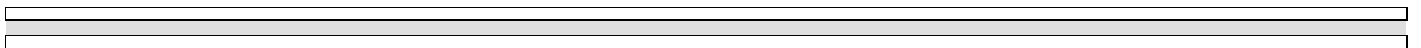
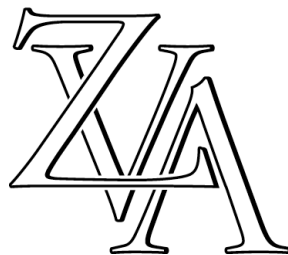
The Downtown South Bend Study Area

City of South Bend
Saint Joseph County, Indiana

February, 2021

Conducted by
ZIMMERMAN/VOLK ASSOCIATES, INC.
P.O. Box 4907
Clinton, New Jersey 08809

On Behalf of
THE CITY OF SOUTH BEND
227 West Jefferson Boulevard
South Bend, Indiana 46601





ZIMMERMAN/VOLK ASSOCIATES, INC.

Post Office Box 4907
Clinton, New Jersey 08809
908 735-6336
info@ZVA.cc • www.ZVA.cc

Residential Market Analysis Across the Urban-to-Rural Transect

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ZIMMERMAN/VOLK ASSOCIATES, INC.

Post Office Box 4907
Clinton, New Jersey 08809
908 735-6336
info@ZVA.cc • www.ZVA.cc

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AN UPDATE OF RESIDENTIAL MARKET POTENTIAL

THE DOWNTOWN SOUTH BEND STUDY AREA
The City of South Bend, St. Joseph County, Indiana

February, 2021

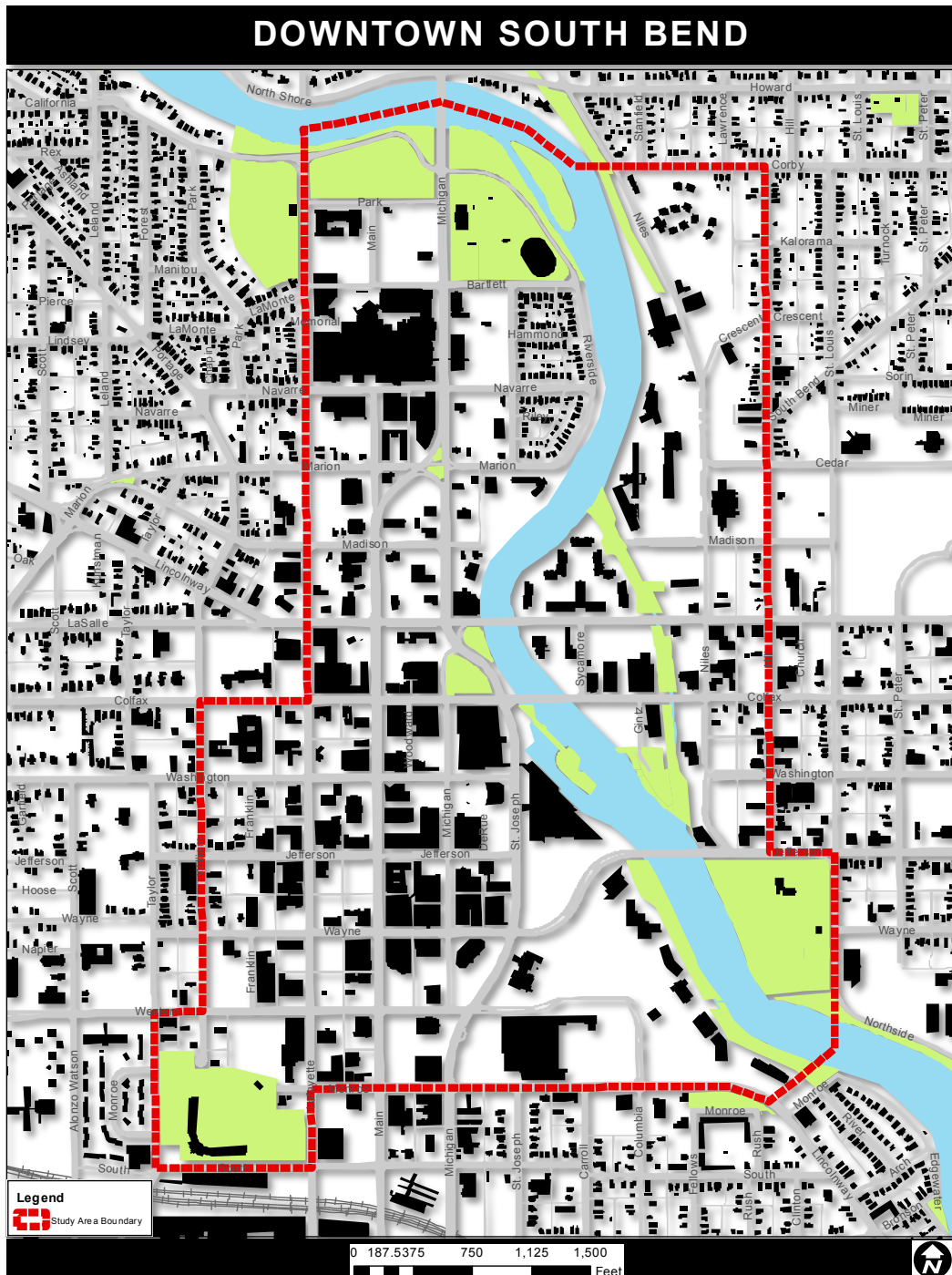
INTRODUCTION

The purpose of this study is to update the annual market potential and optimum market position for newly-introduced rental and for-sale housing units that could be developed within the Downtown Study Area in the City of South Bend, Indiana over the next five years. The previous study was published in June, 2013.

The optimum market position for new housing units in the Downtown South Bend Study Area has been updated based on: the changing housing preferences, financial capacities, and lifestyle characteristics of the target households; the Study Area's location, visibility and physical attributes; the rental and for-sale housing market context in the Downtown market area; and Zimmerman/Volk Associates' extensive experience with downtown development and redevelopment.

For the purposes of this analysis, the Downtown Study Area encompasses multiple blocks which extend to the St. Joseph River and Corby Boulevard in the north; North Hill Street, East Jefferson Boulevard, and St. Louis Boulevard in the east; East Monroe Street, South Lafayette Boulevard, and West South Street in the south; and South Taylor Street, West Western Avenue, South William Street, West Colfax Avenue, and North Lafayette Boulevard in the west. (*See map of DOWNTOWN SOUTH BEND following this page.*)

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The extent and characteristics of the potential market for new housing units that could be developed within the Downtown Study Area have been updated using Zimmerman/Volk Associates' proprietary target market methodology. This methodology was developed in response to the challenges that are inherent in the application of conventional supply/demand analysis to urban development and redevelopment. Supply/demand analysis ignores the potential impact of newly-introduced housing supply on settlement patterns, which can be substantial when housing choices in the market are increased with new housing types that match the housing preferences and economic capabilities of the draw area households.

In contrast to conventional supply/demand analysis, which is typically limited by supply-side dynamics and baseline demographic projection, target market analysis determines the depth and breadth of the potential market derived from the housing preferences and socio-economic characteristics of households in the defined draw areas. Because it considers not only basic demographic characteristics, such as income qualification and age, but also less frequently analyzed attributes such as lifestage, mobility rates, lifestyle patterns and household compatibility issues, the target market methodology is particularly effective in defining a realistic housing potential for urban development and redevelopment where often no directly-comparable properties exist.

For this update, then, Zimmerman/Volk Associates re-examined the following:

- Where the potential renters and buyers of new dwelling units that could be developed within the Downtown Study Area currently live (the draw areas);
- How many households have the potential to move to the Study Area each year (depth and breadth of the market);
- What their housing preferences are in aggregate (rental or ownership, multi-family or single-family);
- Who are they and what they are like (the target markets);
- What are their current housing alternatives (the Downtown market context);
- What are the rents and prices of new units that could be developed within the Downtown Study Area that correspond to target household financial capabilities (optimum market position); and
- How quickly they will rent or purchase the new units (absorption forecasts).

OVERVIEW OF THE CITY OF SOUTH BEND

According to Claritas, Inc., the national purveyor of demographic and survey data, there are an estimated 40,655 households living in the city in 2021. Currently, just over 63 percent of South Bend's households contain just one or two persons (compared to 59 percent nationally), a slight increase over 2013; 15.1 percent contain three persons (a share which is unchanged from 2013), and the remaining 21.8 percent contain four or more persons (compared to 25.2 percent nationally), down from 22.3 percent in 2013.

Almost 15.8 percent of the city's households can be characterized as traditional families, *e.g.*, married couples with children under age 18 (compared to 21.6 percent of all U.S. households), down from just under 17 percent in 2013. Non-traditional family households, headed by single persons with children under age 18, represent over 17 percent of the city's households, down from over 18 percent in 2013.

The remaining 67 percent of South Bend households do not have children under 18, an increase of more than two percentage points. Married couples without children are currently 19.3 percent, of all households, down from 19.7 percent in 2013; other non-traditional family households (7.4 percent, an increase from 6.5 percent of all households in 2013); and over 40 percent non-family households (primarily single-person households), from 39 percent in 2013.

Median household income in the city is currently estimated at \$44,900, \$12,500 more than in 2013, with the average household income over \$62,600. Nearly 45 percent of the households living in South Bend have annual incomes of \$50,000 or more, compared to approximately 30 percent in 2013.

The number of housing units in the city has risen from an estimated 46,055 units in 2013 to 47,575 units in 2021, an increase of 3.3 percent. Just over 73 percent of South Bend's housing units are single-family detached houses, compared to approximately 77 percent in 2013. Just two percent are single-family attached (rowhouses or townhouses) and 2.7 percent are in two-unit buildings. Nearly 13 percent are located in buildings of three to 19 units, up two percentage points over 2013; and 8.1 percent are in buildings containing 20 or more units, an increase from 6.3 percent in 2013.

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Approximately 40 percent of the city's households are renters; just under 60 percent own their units, a minimal change over the past eight years.

The 2021 median value of the approximately 24,360 owner-occupied housing units is estimated at \$102,900, an increase of approximately \$15,000 over 2013, but significantly less than the national median value of \$250,300. Approximately 8.5 percent of the owner-occupied units have an estimated value of \$300,000 or more.

More than 11.6 percent of South Bend's households do not own an automobile, up from approximately 10 percent in 2013; just under 42 percent own one vehicle, down from 45.5 percent in 2013. Almost 33 percent own two vehicles (just under 32 percent in 2013), and 13.8 percent own three or more, up from 12.3 percent in 2013.

Approximately 2.8 percent of employed residents over age 16 walk to work (compared to more than 3.6 percent in 2013), less than two percent take public transportation (compared to 2.9 percent in 2013), 10.2 percent car-pool (compared to nine percent in 2013), and 79.6 percent drive alone (down from 80.2 percent in 2013). The remaining 5.5 percent either work at home (3.4 percent, up one percentage point), ride bicycles (1.2 percent, up 1/10th of one percent), or have other means of getting to work (0.9 percent, up 1/10th of one percent).

Over 25.6 percent of all residents aged 25 or older have a college or advanced degree, more than four percentage points above the 2013 share of 21 percent.

Nearly 53 percent of the city's residents over age 16 are employed in white-collar occupations, 27.9 percent in blue-collar, and 19.3 percent in service occupations, with fewer white-collar occupations, more blue-collar jobs, and a relatively unchanged percentage of service and farm occupations since 2013.

DATA SOURCES: Claritas, Inc.; U.S. Census Bureau;
Zimmerman/Volk Associates, Inc.

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OVERVIEW OF THE DOWNTOWN SOUTH BEND STUDY AREA

As noted above, the Downtown Study Area encompasses multiple blocks which extend to the St. Joseph River and Corby Boulevard in the north; North Hill Street, East Jefferson Boulevard, and St. Louis Boulevard in the east; East Monroe Street, South Lafayette Boulevard, and West South Street in the south; and South Taylor Street, West Western Avenue, South William Street, West Colfax Avenue, and North Lafayette Boulevard in the west.

A significant physical improvement in the Downtown Study Area since 2013 has been the reconfiguration of Main and Michigan Streets from one-way to two-way and the reduction in the number of driving lanes from four to three. In addition, sidewalks were extended at intersections to make streets easier to cross, bike lanes were created, and roundabouts were installed.

According to Claritas, Inc., the number of households living in the Downtown South Bend Study Area in 2021 is estimated at 1,180 households. Currently, more than 88 percent of the Downtown Study Area's households contain just one or two persons, up from 82 percent in 2013; just six percent contain three persons, down from 8.2 percent, and the remaining 5.7 percent contain four or more persons, down from just under 10 percent.

Slightly more than four percent of the Study Area's households can be characterized as traditional families, *e.g.*, married couples with children under age 18. Non-traditional family households, headed by single persons with children under age 18, represent just eight percent of Downtown households. The remaining 88 percent of Downtown households do not have children under 18 and include married couples (less than eight percent of all households), other non-traditional family households (three percent of all households), and 77 percent non-family households (primarily single-person households).

Median household income in Downtown South Bend is currently estimated at \$28,900, compared to the 2013 median of \$23,500, with the average household income exceeding \$48,500 (almost \$10,000 higher than in 2013). Nearly a third of all households living in the Downtown South Bend Study Area have annual incomes of \$50,000 or more.

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Over 21 percent of Downtown South Bend's housing units are single-family detached houses; 1.6 percent are single-family attached (rowhouses or townhouses); 5.8 percent are in two-unit buildings; over 10 percent are located in buildings of three to 19 units; and almost 60 percent are in buildings containing 20 or more units. Just over 86 percent of the Study Area's dwelling units are rented; the remaining 13.5 percent are owner-occupied.

The 2021 median value of the approximately 160 owner-occupied Study Area housing units is estimated at \$167,400, 40 percent higher than the 2013 median value of \$99,200. More than 15 percent of those units have an estimated value of \$300,000 or more, up from just six percent in 2013.

Forty-one percent of Downtown's households do not own an automobile, and another 35 percent just own one. Just over 18 percent own two vehicles, and 5.3 percent own three or more. Just under six percent of employed residents over age 16 walk to work, almost eight percent take public transportation, 8.2 percent car-pool, and 71.9 percent drive alone. The remaining 6.4 percent either work at home (3.2 percent), ride bicycles (1.9 percent), or have other means of getting to work (1.3 percent).

A third of Downtown residents aged 25 or older have a college or advanced degree, more than 22 percent higher than the city-wide share of 25.6 percent.

Over 60 percent of the Study Area residents over age 16 are employed in white-collar occupations, 18.3 percent in blue-collar, and 21.3 percent in service occupations. This is a considerably higher rate of white-collar employment than that of the city as a whole, where just under 53 percent are white-collar workers.

DATA SOURCES: Claritas, Inc.; U.S. Census Bureau;
Zimmerman/Volk Associates, Inc.

CITY-WIDE AVERAGE ANNUAL MARKET POTENTIAL

Where are the potential renters and buyers of new and existing housing units in the City of South Bend likely to move from?

An update of the migration, mobility and geo-demographic characteristics of households currently living within the defined draw areas is a significant refinement to the determination of the depth and breadth of the potential market for new and existing housing units within the City of South Bend and the Downtown South Bend Study Area.

An understanding of mobility trends, as well as the socio-economic and lifestyle characteristics of households currently living within defined draw areas, is the first step in the update. The draw areas are derived primarily through household migration analysis (using the latest taxpayer data provided by the Internal Revenue Service). To refine the draw areas for the city, the IRS migration data have been supplemented by population migration and mobility data for the City of South Bend from the most recent American Community Survey.

Therefore, the latest St. Joseph County migration and mobility data—from taxpayer records compiled by the Internal Revenue Service from 2013 through 2017—and the 2019 American Community Survey for the City of South Bend show that the draw areas for new and existing housing units in the city and the Study Area continue to include the following:

- The primary draw area, covering households who live within the South Bend city limits.
- The local draw area, covering households with the potential to move to the City of South Bend from the balance of St. Joseph County.
- The regional draw area, covering households with the potential to move to the City of South Bend from Elkhart, Berrien, Cook, Marshall, and LaPorte Counties.
- The national draw area, covering households with the potential to move to the City of South Bend from all other U.S. cities and counties, particularly in the Midwestern U.S.

As derived from the migration, mobility and target market update, the draw area distribution of market potential (those households with the potential to move within or to South Bend each year over the next five years) is shown on the following table:

Average Annual Market Potential by Draw Area
City of South Bend, St. Joseph County, Indiana

City of South Bend:	48.6%
Balance of St. Joseph County:	20.7%
Regional Draw Area (Elkhart, Berrien, Cook, Marshall, and LaPorte Counties):	11.9%
Balance of the U.S.:	<u>18.8%</u>
Total:	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2021.

*How many households have the potential to move within
and to the city each year?*

As determined by the target market methodology, which accounts for household mobility within the City of South Bend, as well as migration and mobility patterns for households currently living in all other cities and counties, an annual average of 7,960 households of all incomes represent the potential market for new and existing housing units within the city each year over the next five years. Over 51 percent of the target households will be moving to the city from outside the South Bend city limits. (NOTE: This number includes all households, not just households with incomes at or above \$50,000 per year, which was the calculation used in the 2013 study.)

AVERAGE ANNUAL MARKET POTENTIAL FOR THE DOWNTOWN SOUTH BEND STUDY AREA

Where are the potential renters and buyers of new and existing housing units in the Downtown South Bend Study Area likely to move from?

The target market methodology identifies those households that prefer living in downtowns and walkable urban neighborhoods. After eliminating those segments of the potential city-wide market that have preferences for new or existing housing in more suburban, exurban, or rural areas, the distribution of draw area market potential for new and existing housing units in the Study Area is summarized on the following table:

Annual Average Market Potential by Draw Area
Downtown South Bend Study Area
City of South Bend, St. Joseph County, Indiana

City of South Bend:	41.7%
Balance of St. Joseph County:	24.5%
Regional Draw Area (Elkhart, Berrien, Cook, Marshall, and LaPorte Counties):	10.8%
Balance of the U.S.:	<u>23.0%</u>
Total:	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2021.

How many households have the potential to move to the Downtown South Bend Study Area each year over the next five years if appropriate housing units were to be made available?

Based on the target market analysis, then, an annual average of 3,190 younger singles and couples, empty nesters and retirees, and compact families of all incomes represent the annual potential market for new and existing housing units of any kind in the Downtown South Bend Study Area each year over the next five years (*see Table 1 following the text*).

What are their housing preferences in aggregate?

The tenure (rental or ownership) preferences of those 3,190 draw area households show that just over 45 percent (or 1,443 households) comprise the annual potential market for new and existing rental units and the remaining 54.8 percent (1,747 households) comprise the market for new and existing for-sale (ownership) housing units.

The combined tenure and housing type propensities of the target 3,190 households are outlined on the following table (*see again* Table 1 *following the text*):

Tenure/Housing Type Propensities
 Average Annual Market Potential
 Downtown South Bend Study Area
 City of South Bend, St. Joseph County, Indiana

HOUSING TYPE	NUMBER OF HOUSEHOLDS	PERCENT OF TOTAL
Multi-family for-rent (lofts/apartments, leaseholder)	1,443	45.2%
Multi-family for-sale (lofts/apartments, condo/co-op ownership)	318	10.0%
Single-family attached for-sale (townhouses/rowhouses, fee-simple/ condominium ownership)	364	11.4%
Single-family detached (houses, fee-simple ownership)	<u>1,065</u>	<u>33.4%</u>
Total	3,190	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2021.

As noted above, a 45 percent plurality of the 3,190 target households comprise the market for rental dwelling units. An increasing percentage are renters by choice; many, however, would prefer to own but cannot afford the type of housing they want in neighborhoods where they would consider living. Younger people in particular are more typically renters, challenged by the burden of significant education debt as well as lack of an adequate down payment for ownership housing.

The remaining 54.8 percent of the market would choose some form of ownership housing (approximately five percentage points below the current estimated homeownership rate in the city of just under 60 percent). Of the annual potential ownership market, 18.2 percent would prefer condominiums, 20.8 percent single-family attached units (duplexes/townhouses), and 61 percent detached houses.

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What is their range of affordability by housing type?

The income limits in South Bend by household size and percent of the area median family income are based on the South Bend-Mishawaka IN HUD Metro Fair Market Rent (FMR) area median family income (AMI). The most recent number, as determined by HUD in fiscal year 2020, was \$70,800 for a family of four. The income limits summary is shown on the following table.

Fiscal Year 2020 Income Limits
 City of South Bend, St. Joseph County, Indiana

NUMBER OF PERSONS IN HOUSEHOLD	EXTREMELY LOW 30% OF MEDIAN	VERY LOW 50% OF MEDIAN	LOW 80% OF MEDIAN
One	\$14,900	\$24,800	\$39,700
Two	\$17,240	\$28,350	\$45,350
Three	\$21,720	\$31,900	\$51,000
Four	\$26,200	\$35,400	\$56,650
Five	\$30,680	\$38,250	\$61,200
Six	\$35,160	\$41,100	\$65,750
Seven	\$39,640	\$43,900	\$70,250
Eight	\$44,120	\$46,750	\$74,800

SOURCE: U.S. Department of Housing and Urban Development.

The financial capabilities of the 3,190 target households as measured by the Area Median Income (AMI), combined with their tenure and housing type propensities are shown on the following table:

Tenure/Housing Type Propensities by Income
 Annual Average Market Potential For New and Existing Housing Units
 Downtown South Bend Study Area
 City of South Bend, St. Joseph County, Indiana

HOUSING TYPE	HOUSEHOLDS	
	NUMBER	PERCENT
Multi-family for-rent (lofts/apartments, leaseholder)	<u>1,443</u>	<u>45.2%</u>
< 30% AMI	318	10.0%
30% to 60% AMI	269	8.4%
60% to 80% AMI	153	4.8%
80% to 100% AMI	132	4.1%
> 100% AMI	571	17.9%
Multi-family for-sale (lofts/apartments, condo/co-op ownership)	<u>318</u>	<u>10.0%</u>
< 30% AMI	64	2.0%
30% to 60% AMI	55	1.7%
60% to 80% AMI	30	0.9%
80% to 100% AMI	25	0.8%
> 100% AMI	144	4.6%

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HOUSING TYPE HOUSEHOLDS	
	NUMBER	PERCENT
Single-family attached for-sale (townhouses, rowhouses, fee-simple ownership)	<u>364</u>	<u>11.4%</u>
< 30% AMI	71	2.2%
30% to 60% AMI	64	2.0%
60% to 80% AMI	34	1.1%
80% to 100% AMI	31	1.0%
> 100% AMI	164	5.1%
Single-family detached for-sale (houses, fee-simple ownership)	<u>1,065</u>	<u>33.4%</u>
< 30% AMI	193	6.0%
30% to 60% AMI	185	5.8%
60% to 80% AMI	117	3.7%
80% to 100% AMI	102	3.2%
> 100% AMI	468	14.7%
Total	3,190	100.0%

NOTE: For fiscal year 2020-21, the South Bend-Mishawaka IN HUD Metro Fair Market Rent (FMR) area median family Income for a family of four is \$70,800.

SOURCE: Zimmerman/Volk Associates, Inc., 2021.

Summarizing the incomes and financial capabilities of the 3,190 target households, 20.2 percent (646 households) have incomes below 30 percent of the AMI; 18.0 percent (573 households) have incomes between 30 and 60 percent AMI; 10.5 percent (334 households) have incomes between 60 and 80 percent AMI; 9.1 percent (290 households) have incomes between 80 and 100 percent AMI; and 42.2 percent (1,347 households) have incomes above 100 percent AMI.

TARGET MARKET ANALYSIS

*Who are the households that represent the potential market
 for new and existing housing units in the Downtown South Bend Study Area?*

More than a decade later, the aftermath of the housing crash continues to reverberate throughout the housing market, evidenced by significant changes in market preferences from single-use subdivisions in sprawl locations to mixed-use, walkable development, particularly in downtowns and in-town neighborhoods. The preference for urban living evidenced by both younger and older one- and two-person households has been a primary force in downtown redevelopment across the country, and continues despite popular press articles to the contrary that cite anecdotal pandemic-induced moves out of cities. Although this trend was notable at the onset of the pandemic, significant numbers of

households who had left urban neighborhoods have now returned, and once the coronavirus is under control, urban occupancies should return to previous, pre-pandemic levels.

As updated by the target market analysis, then, the general market segments, by lifestage, that represent the potential market for new and existing housing units in the Downtown South Bend Study Area are as follows (*see also Table 2 following the text*):

- Younger singles and childless couples (58.0 percent);
- Empty nesters and retirees (25.9 percent); and
- Traditional and non-traditional family households (16.1 percent).

The majority of the market for new and existing housing units in the Downtown South Bend Study Area includes younger singles and couples of all incomes. These one- and two-person households range from young professionals, office and retail workers, knowledge workers, to students and other young college- and hospital-related employees.

Approximately 41 percent of the younger singles and couples that comprise the target markets for the Downtown Study Area have incomes that fall below 60 percent of AMI. If they are employed, these households work in part-time or lower-paying jobs, including entry-level retail, such as store clerks, and service occupations, such as waiters and waitresses; most of the unemployed are students.

Just over 11 percent of the households in this market segment have incomes that fall within the 60-to-80 percent income band. These include young artists and artisans, recent college graduates just beginning their careers, lower-level medical personnel, and general office workers who have full-time employment.

The remaining 48 percent of the younger singles and couples have incomes that are above 80 percent of the AMI, or more than approximately \$40,000 per year. These younger households are mid- and upper-level office workers; college and hospital affiliates; and an increasing percentage are engaged in a variety of entrepreneurial ventures.

Just under 46 percent of the younger singles and couples would be moving to the Downtown Study Area from elsewhere in South Bend; over 24 percent would be moving from elsewhere in St. Joseph

County; more than nine percent would be moving from the regional draw area; and the remaining 20 percent would be moving from elsewhere in the U.S.

At more than a quarter of the annual potential market for new and existing housing units in the Study Area, older households (empty nesters and retirees) represent the second largest share of the market. A significant number of these target households have grown children who have recently moved out of the family home; another large percentage are retired.

In this general market segment, approximately 31 percent have incomes at or below 60 percent of AMI—older singles and couples struggling on fixed incomes, mostly from social security—many of whom are living in substandard housing.

Another 8.8 percent of the older target households have incomes between 60 and 80 percent of the area median. These households will often move to dwelling units that require less upkeep and maintenance expense, but if given appropriate housing options, would choose to remain in their current neighborhoods.

Older households with incomes above 80 percent of AMI comprise over 60 percent of the target empty nester and retiree market segment. These older singles and couples are enthusiastic participants in community life, and most are still actively involved in well-paying careers in the medical, legal, and financial professions as well as academia.

Just under 35 percent of the empty nesters and retirees would be moving from within the City of South Bend; over 30 percent would be moving from the balance of St. Joseph County; 12 percent from the regional draw area; and the remaining 23 percent would be moving from elsewhere in the U.S., primarily other counties in Indiana and the Midwest.

Traditional and non-traditional families represent just 16 percent of the market for new and existing dwelling units in the Downtown South Bend Study Area. Non-traditional families have become an increasingly larger proportion of all U.S. households, and encompass a wide range of family households, from a single mother or father with one or more children, to an adult taking care of younger siblings, or a grandparent responsible for grandchildren, to an unrelated couple of the same gender with children. The “traditional family household” of a married couple with young children,

which once comprised the majority of American households, has now fallen to less than 22 percent nationally (and less than 16 percent in South Bend).

Just under 40 percent of the family households that comprise the annual potential market for the Study Area have incomes below 60 percent of AMI and are typically spending more than 40 percent of their incomes on housing costs. Many of these households are single-parent families struggling to make ends meet.

Another 11 percent of the family-oriented households have incomes that fall within the 60-to-80 percent income band. A significant number of the heads of household in these family groups are manufacturing and blue-collar workers; the remainder have lower-level office jobs.

The remaining 49 percent of the traditional and non-traditional families have incomes above 80 percent of AMI. These households are, in large part, dual-income households, with medical careers, academic positions, middle- to upper-middle management jobs, and professionals in the financial and legal sectors.

Just under 38 percent of these households are already living in South Bend; 15.5 percent are currently living elsewhere in St. Joseph County. Another 14.5 percent would be moving from the region, and 32 percent from elsewhere in the U.S.

APPENDIX THREE, TARGET MARKET DESCRIPTIONS, contains detailed descriptions of each of these target market groups and is provided in a separate document. The METHODOLOGY, APPENDICES ONE AND TWO, TARGET MARKET TABLES document describes how the target market groups for the Downtown South Bend Study Area have been determined.

THE CURRENT CONTEXT

What are their current housing alternatives ?

Summary supply-side information for the Downtown South Bend market area (covering multi-family rental properties, for-sale condominiums, and for-sale single-family attached properties) is provided in tabular form following the text: Table 3, Summary of Selected Rental Properties, and Table 4, Summary of Selected For-Sale Multi-Family and Single-Family Attached Properties.

—MULTI-FAMILY RENTAL PROPERTIES—

In January 2021, Zimmerman/Volk Associates compiled data from a variety of sources on 12 selected rental properties totalling more than 1,500 apartments located in the Downtown and Northeast Study Areas. (See Table 3 *following the text*.) Ten of the properties are in the Downtown South Bend Study Area, seven of which have been built or developed since 2013. The largest new-construction Downtown property, 300 East LaSalle, has 144 studio to three-bedroom apartments, and is currently leasing units. Several of the rental properties provide a range of community amenities, typically fitness centers, clubhouses or residents' lounges, and business centers.

Redfin's Walk Score has been included with each property listing. Although Walk Score measures only distance and metrics such as intersection density and block lengths to grade the walkability of a specific address or neighborhood, it has grown in importance as a value criterion. Walk Scores above 90 indicate a "Walker's Paradise," where daily errands do not require a car. Walk Scores between 70 and 90 are considered to be very walkable, where most errands can be accomplished on foot, and Walk Scores between 50 and 69 are regarded as somewhat walkable, where some errands can be accomplished on foot. Walk Scores below 50 indicate that most or almost all errands require an automobile.

The impact on housing values of walkability as calculated by Walk Score only begins to be measurable when Walk Scores reach 70 or above. Three of the Downtown properties included in the survey have Walk Scores over 70—The LaSalle on North Michigan Street (82), The Ivy at Berlin Place on South Lafayette Boulevard (75), and Colfax at Hill (75) on East Colfax Avenue. The remaining Downtown rentals have Walk Scores above 65, approaching very walkable. The two Northeast properties, the Aurum Apartments and The Foundry North and South, score above 60.

Base rent, unit sizes and rents per square foot for the 12 rental properties included in the survey are summarized on the following pages.

—*Studios (4 properties)*—

- Rents for studios range between \$899 per month at the Ivy at Berlin Place on South Lafayette Boulevard, to \$1,500 per month at 300 E LaSalle.

- Studios contain between 390 square feet at the Foundry South on North Eddy Street in the Northeast and 616 square feet at the Hibberd on South Main Street.
- The studio rents per square foot range between \$1.54 at the Ivy at Berlin Place and \$2.97 at the Foundry South.

—One-Bedroom Units (11 properties)—

- Rents for one-bedroom apartments range from \$750 per month at Central High & Stephenson Mill Apartments, an older property on West Colfax Avenue, to \$2,023 per month at the Foundry South.
- One-bedroom units range in size from 497 square feet at the Foundry South to 1,069 square feet at Central High & Stephenson Mill Apartments.
- One-bedroom rents per square foot range between \$1.07 at Central High & Stephenson Mill Apartments to \$2.44 at the Foundry South.

—Two-Bedroom Units (all 12 properties)—

- Rents for two-bedroom units range from \$799 per month at Central High & Stephenson Mill Apartments to \$2,420 per month at the Hibberd.
- Two-bedroom units range in size from 803 square feet at Central High & Stephenson Mill Apartments to 1,856 square feet at the same property.
- Two-bedroom rents per square foot fall between \$0.78 at Central High & Stephenson Mill Apartments and \$2.32 at the Foundry North.

—Three-Bedroom Units (4 properties)—

- Three-bedroom apartments range in rent from \$1,949 per month at the Studebaker Lofts on North Main Street to \$3,340 per month at the Foundry North.
- Three-bedroom apartments contain between 1,159 square feet at the Foundry North and 1,528 square feet at the same property.
- Three-bedroom rents per square foot range between \$1.64 at 300 E LaSalle and East Bank Flats on Sycamore Street to \$2.19 at the Foundry North.

Only four properties included in the survey had occupancy rates at 95 percent or above (functional full occupancy); in part because of the impact of the pandemic and in part because of the departure of a large number of out-of-state renters when the presidential campaign offices of Mayor Pete Buttigieg closed down. With no clear end to the pandemic, it is likely occupancies will not return to the previous 95 percent and above over the short term. However, long term, occupancies will stabilize and most properties should regain functional full occupancy.

—MULTI-FAMILY AND SINGLE-FAMILY ATTACHED FOR-SALE PROPERTIES—

Table 4 provides base pricing and unit sizes and configuration information for six properties marketing new for-sale units in and around the Downtown.

At the time of the survey, The Village at Riverwalk is being built out by Century Custom Builders on the former Transpo property in the East Bank area. The site is located along Northside Boulevard west of South Francis Street and southeast of Howard Park with views of the St. Joseph River, and 41 townhouses have been built and sold, with one end unit remaining priced at \$435,000 for four bedrooms and three-and-a-half baths in 2,280 square feet of living space (\$191 per square foot). Some of the single-family lots have been converted to accommodate two-family units, and one of these units is also on the market for \$395,000—a two-bedroom/three-bath model containing 2,830 square feet (\$140 per square foot).

Four new townhouses are still available of the six being marketed at Golden View Townhouses on North Notre Dame Avenue in Northeast South Bend. Three of the remaining units include four-bedrooms/five-and-a-half-baths with current listings priced between \$795,000 and \$799,000 for 3,780 square feet (\$210 and 211 per square foot) with a five-bedroom version priced at \$879,000 for the same square footage (\$233 per square foot).

Only three condominiums remain of the 17 constructed at the luxury Three Twenty at the Cascade building in the East Bank area of Downtown. The least expensive available unit, a two-bedroom/three-bath apartment with study that contains 2,466 square feet, is priced at \$941,621 (\$382 per square foot). The two penthouses are still to be sold, both containing three bedrooms and three and a half baths and approximately 2,700 square feet of living space. The asking price for one

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is \$1,002,985 (\$372 per square) and the other is priced somewhat higher at \$1,067,397 (\$395 per square foot).

Two condominium penthouses on the top floor of the Traction HQ building on South Bend Avenue each contain three bedrooms and three baths. The smaller of the two units, at 2,395 square feet, is priced at \$1,125,000 (\$470 per square foot) and the larger unit, containing 2,438 square feet, is priced at \$1,375,000 (564 per square foot).

Two properties currently marketing units are located further east in South Bend. The Keenan Court Flats is selling 12 one-, two-, and three-bedroom condominiums priced between \$169,900 and \$267,500 (\$204 to \$280 per square foot), and the Echoes, on Ironwood Circle, is marketing three- and four-bedroom villas priced between approximately \$500,000 and \$600,000 (\$198 to \$241 per square foot).

OPTIMUM MARKET POSITION: DOWNTOWN SOUTH BEND STUDY AREA

The housing types appropriate for development/redevelopment in the Downtown South Bend Study Area include the following higher-density housing types:

- Rental lofts and apartments (multi-family for-rent);
- Condominium apartments (multi-family for-sale); and
- Rowhouses/townhouses (single-family attached for-sale).

Excluding households with preferences for single-family detached units, then, an annual average of 2,125 households of all incomes currently living in the defined draw areas represent the pool of potential renters/buyers of newly-created housing units in the Downtown South Bend Study Area each year over the next five years (*see again* Table 1).

Based on the tenure preferences of those 2,125 draw area households, the distribution of rental and for-sale multi-family and single-family attached housing types is shown on the following table:

Average Annual Potential Market: Higher-Density Units Only
 Downtown South Bend Study Area
 City of South Bend, St. Joseph County, Indiana

HOUSING TYPE	NUMBER OF HOUSEHOLDS	PERCENT OF TOTAL
Rental Multi-Family (lofts/apartments, leaseholder)	1,443	67.9%
For-Sale Multi-Family (lofts/apartments, condo/co-op ownership)	318	15.0%
For-Sale Single-Family Attached (rowhouses/townhouses/duplexes, condo/co-op ownership)	<u>364</u>	<u>17.1%</u>
Total	2,125	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2021.

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The combined housing preferences by tenure and by income of those 2,125 households are shown on the following table (*reference again* Table 1):

Tenure/Housing Type Propensities by Income
 Annual Average Market Potential For New and Existing Housing Units
 Downtown South Bend Study Area
 City of South Bend, St. Joseph County, Indiana

HOUSING TYPE HOUSEHOLDS	
	NUMBER	PERCENT
Multi-family for-rent (lofts/apartments, leaseholder)	1,443	67.9%
< 30% AMI	318	15.0%
30% to 60% AMI	269	12.6%
60% to 80% AMI	153	7.2%
80% to 100% AMI	132	6.2%
> 100% AMI	571	26.9%
Multi-family for-sale (lofts/apartments, condo/co-op ownership)	318	15.0%
< 30% AMI	64	3.0%
30% to 60% AMI	55	2.6%
60% to 80% AMI	30	1.4%
80% to 100% AMI	25	1.2%
> 100% AMI	144	6.8%
Single-family attached for-sale (townhouses, rowhouses, fee-simple ownership)	364	17.1%
< 30% AMI	71	3.3%
30% to 60% AMI	64	3.0%
60% to 80% AMI	34	1.6%
80% to 100% AMI	31	1.5%
> 100% AMI	164	7.7%
Total	2,125	100.0%

NOTE: For fiscal year 2020-21, the South Bend-Mishawaka IN HUD Metro Fair Market Rent (FMR) area median family Income for a family of four is \$70,800.

SOURCE: Zimmerman/Volk Associates, Inc., 2021.

What are the rents and prices that correspond to target household financial capabilities?

The rents and price points for the market-rate component of new rental housing units that could be developed in the Downtown Study Area are derived from the financial capabilities of those target households with annual incomes at or above 80 percent AMI, which ranges from \$39,700 and up for a single-person household to \$56,650 and up for a four-person household. (Typical household sizes in downtown locations range between one and four persons per household, with a predominance of one- and two-person households.) For new market-rate for-sale housing units, the target households have annual incomes at or above 100 percent AMI, which ranges from \$49,600 and up for a single-person household to \$70,800 and more for a four-person household.

Households with incomes between 60 and 80 percent of the AMI comprise the market for new rental workforce housing units. These households have incomes ranging between \$29,800 and \$39,700 for a single-person household to \$52,400 and \$56,650 for a four-person household. For new for-sale workforce housing units, the targeted households have annual incomes between 80 and 100 percent AMI, which ranges between \$39,700 and \$49,600 for a single-person household to \$56,650 and \$70,800 for a four-person household.

In general, households with annual incomes at or below 60 percent AMI do not qualify for new construction except for units financed using low-income housing tax-credits. If incomes are below 30 percent AMI, households typically qualify for public housing units and Section Eight vouchers. Rents are usually limited to no more than 30 percent of annual income. At 30 percent AMI, household incomes are less than \$14,900 for a single-person household to less than \$26,200 for a four-person household.

The analysis is focusing on those renter households with incomes at or above 60 percent AMI, including the incomes required to rent workforce and market-rate housing units, and on those buyer households with incomes at or above 80 percent AMI, which includes the incomes required to purchase workforce and market-rate condominiums (multi-family for-sale) and rowhouses/townhouses (single-family attached for-sale).

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The combined housing preferences by tenure and by income of the 1,220 target households with incomes at or above 60 percent AMI (renters) or 80 percent AMI (buyers) are shown on the following table (*reference again* Table 1):

Tenure/Housing Type Propensities by Income
 Annual Average Market Potential For New and Existing Housing Units
 Downtown South Bend Study Area
 City of South Bend, St. Joseph County, Indiana

HOUSING TYPE HOUSEHOLDS	
	NUMBER	PERCENT
Multi-family for-rent (lofts/apartments, leaseholder)	<u>856</u>	<u>70.1%</u>
60% to 80% AMI	153	12.5%
80% to 100% AMI	132	10.8%
> 100% AMI	571	46.8%
Multi-family for-sale (lofts/apartments, condo/co-op ownership)	<u>169</u>	<u>13.9%</u>
80% to 100% AMI	25	2.0%
> 100% AMI	144	11.9%
Single-family attached for-sale (townhouses, rowhouses, fee-simple ownership)	<u>195</u>	<u>16.0%</u>
80% to 100% AMI	31	2.5%
> 100% AMI	164	13.5%
Total	1,220	100.0%

NOTE: For fiscal year 2020-21, the South Bend-Mishawaka IN HUD Metro Fair Market Rent (FMR) area median family income for a family of four is \$70,800.

SOURCE: Zimmerman/Volk Associates, Inc., 2021.

—Rental Multi-Family Distribution by Rent Range—

The number of households able to afford the specified rent ranges detailed on the following table was determined by calculating a monthly rental payment excluding utilities and ranging between 25 and 30 percent of annual gross income. (Although it is quite possible that many households will pay up to 40 percent of their annual gross incomes in rent, HUD recommends that a tenant pay no more than 30 percent of gross income for rent *including* utilities.)

An annual average of 856 households with incomes above 60 percent of the AMI represent the target markets for newly-constructed market-rate and workforce rental housing units in the Downtown South Bend Study Area (*as shown on* Table 5 *following the text*). The distribution by rent range of the rents those 856 households could support are summarized on the table following this page.

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Target Groups For New Multi-Family For Rent
 Households with Incomes Above 60% AMI Per Year
 Downtown South Bend Study Area
 City of South Bend, St. Joseph County, Indiana

MONTHLY RENT RANGE	HOUSEHOLDS PER YEAR	PERCENTAGE
\$750–\$1,000	161	18.8%
\$1,000–\$1,250	152	17.8%
\$1,250–\$1,500	167	19.5%
\$1,500–\$1,750	157	18.3%
\$1,750–\$2,000	112	13.1%
\$2,000–\$2,250	67	7.8%
\$2,250–\$2,500	22	2.6%
\$2,500–\$2,750	10	1.2%
Over \$2,750	<u>8</u>	<u>0.9%</u>
Total:	856	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2021.

- The largest group of target renters are younger singles and couples, at more than 69 percent of the market potential for workforce and market-rate rental units in the Downtown South Bend Study Area. Just 1.2 percent have careers that provide them with the financial capacity to afford rents above \$2,250 per month. The majority of the younger households—60.7 percent—comprise the market for units with rents between \$750 and \$1,500 per month. The remaining 38.1 percent of this market segment can support rents between \$1,500 and \$2,250 per month.
- Empty nesters and retirees represent 18.6 percent of the market potential for workforce and market-rate rental units in the Downtown Study Area. Over 15 percent of the wealthiest empty nesters and retirees have the incomes and assets that enable them to afford rents at or above \$2,250 per month. Approximately 41.5 percent make up the market for units with rents between \$1,500 and \$2,250 per month. The largest percentage, 43.4 percent of this market segment, are only able to support rents between \$750 and \$1,500 per month.
- At just over 12 percent, traditional and non-traditional families are the smallest market for workforce and market-rate rental units in the Downtown Study Area. Almost nine percent of the family market can afford rents above \$2,250 per month. Approximately 42.3 percent have the ability to pay rents between \$1,500 and \$2,250 per month, and the remaining 49 percent require rents between \$750 and \$1,500 per month.

— For-Sale Multi-Family Distribution by Price Range—

An annual average of 169 households represent the target markets for newly-constructed workforce and market-rate for-sale multi-family housing units within the Downtown South Bend Study Area (as shown on Table 6 following the text). Supportable price points have been determined by assuming a down payment of 10 percent, an interest rate of 3.5 percent, and a monthly mortgage payment, excluding taxes and utilities, that does not exceed 30 percent of gross income for each of the 169 annual households that represent the annual potential for-sale multi-family market, yielding the distribution shown on the following table:

Target Groups For New Multi-Family For Sale
 Households with Incomes Above 80% AMI Per Year
 Downtown South Bend Study Area
 City of South Bend, St. Joseph County, Indiana

PRICE RANGE	HOUSEHOLDS PER YEAR	PERCENTAGE
\$200,000–\$250,000	33	19.4%
\$250,000–\$300,000	29	17.2%
\$300,000–\$350,000	30	17.8%
\$350,000–\$400,000	24	14.2%
\$400,000–\$450,000	19	11.2%
\$450,000–\$500,000	14	8.3%
\$500,000–\$550,000	9	5.3%
\$550,000–\$600,000	6	3.6%
\$600,000 and up	<u>5</u>	<u>3.0%</u>
Total:	169	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2021.

- Younger singles and couples comprise 59.2 percent of the annual market for new for-sale multi-family units (condominiums) within the Downtown Study Area. Just three percent of the younger singles and couples have the income and assets to purchase new condominiums with base prices over \$500,000. Another 36 percent would be in the market for new units priced between \$350,000 and \$500,000. The clear majority, 61 percent, can only afford new condominiums with base prices between \$200,000 and \$350,000.
- Empty nesters and retirees represent over 30 percent of the annual market for new condominiums within the Downtown South Bend Study Area. Over 29 percent of the empty nesters and retirees have the income and assets to purchase new units priced over \$500,000. Another third would be in the market for new condominiums with base prices

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between \$350,000 and \$500,000. The remaining 37.3 percent could afford new condominiums priced between \$200,000 and \$350,000.

- Traditional and non-traditional families are the smallest market segment at just 10.7 percent of the annual market for new condominiums in the Downtown Study Area. The majority, 66.7 percent, could afford new units priced between \$200,000 and \$350,000. Just over 22 percent of the family households would be in the market for new condominiums with base prices between \$350,000 and \$500,000. The remaining 11.1 percent have the financial resources to purchase new condominiums priced over \$500,000.

— *For-Sale Single-Family Attached Distribution by Price Range* —

An annual average of 195 households represent the target markets for newly-constructed workforce and market-rate single-family attached housing units (townhouses) within the Downtown South Bend Study Area (*as shown on Table 7 following the text*). As with the condominiums, supportable price points for the townhouses have been determined by assuming a down payment of 10 percent, an interest rate of 3.5 percent, and a monthly mortgage payment, excluding taxes and utilities, that does not exceed 30 percent of gross income for each of the 195 households that represent the annual potential townhouse market, yielding the distribution shown on the following table:

Target Groups For New Single-Family Attached For Sale
 Households with Incomes Above 80% AMI Per Year
 Downtown South Bend Study Area
 City of South Bend, St. Joseph County, Indiana

PRICE RANGE	HOUSEHOLDS PER YEAR	PERCENTAGE
\$200,000–\$250,000	45	23.1%
\$250,000–\$300,000	39	20.0%
\$300,000–\$350,000	27	13.8%
\$350,000–\$400,000	22	11.3%
\$400,000–\$450,000	17	8.7%
\$450,000–\$500,000	15	7.7%
\$500,000–\$550,000	15	7.7%
\$550,000–\$600,000	9	4.6%
\$600,000 and up	6	3.1%
Total:	195	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2021.

- At over half the annual potential market, the largest group of buyers of workforce and market-rate townhouses in the Downtown South Bend Study Area is younger singles and

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couples. Over 65 percent represent the annual market for new townhouses with base prices between \$200,000 and \$350,000. Another 31.6 percent are able to purchase new townhouses with base prices between \$350,000 and \$500,000. Only three percent have sufficient income to purchase new units priced above \$500,000.

- The next largest group of buyers of workforce and market-rate townhouses are the empty nesters and retirees, at nearly 34 percent of the annual potential market in the Downtown Study Area. Almost 35 percent of the empty nesters and retirees represent the annual potential market for townhouses with base prices above \$500,000. Another 22.7 percent could afford to purchase townhouses with base prices ranging between \$350,000 and \$500,000. The remaining 42.4 percent are only able to purchase units priced between \$200,000 and \$350,000.
- At just under 16 percent, traditional and non-traditional families are the smallest group of potential purchasers of new workforce and affordable townhouses within the Downtown Study Area. Just under 13 percent of the target traditional and non-traditional families have the income and assets that enable them to purchase new townhouses with base prices above \$500,000. Nearly 26 percent of the family market can afford base prices of new townhouses between \$350,000 and \$500,000, and the remaining 61.3 percent can only support base prices between \$200,000 and \$350,000.

—OPTIMUM MARKET POSITION: DOWNTOWN SOUTH BEND STUDY AREA—

*What are the rents and prices and unit sizes and configurations
 the match target household preferences?*

As detailed in the preceding section, an annual average of 856 potential renters, 169 potential condominium purchasers, and 195 potential townhouse purchasers comprise the annual potential market for new workforce and market-rate rental and ownership housing units in the Downtown South Bend Study Area each year over the next five years.

Realization of the full potential market of mixed-use development in the Downtown Study Area will occur once the pandemic has subsided. The target households will continue to have very strong preferences for walkable neighborhoods with a variety of attractive destinations. Walk Scores registered by the residential properties in the Downtown show that walkability has a significant impact on housing values. The increased number of residents living in additional housing units will make the Study Area even more attractive to retailers and office users.

Based on the target households’ financial capabilities and housing preferences, the optimum market position for new workforce and market-rate rental and for-sale housing units within the Downtown South Bend Study Area is summarized on the following table (*see also* Table 8 *following the text*):

Optimum Market Position
 Downtown South Bend Study Area
 City of South Bend, St. Joseph County, Indiana

PERCENT MIX	UNIT CONFIGURATION	BASE RENT/PRICE	UNIT SIZE	BASE RENT/PRICE PER SQ. FT.
MULTI-FAMILY FOR-RENT				
. Workforce (60 to 80% AMI)				
30%	Studio/1ba	\$750 to \$850	450 to 500 sf	\$1.67 to \$1.70
30%	1br/1ba	\$900 to \$1,000	550 to 650 sf	\$1.54 to \$1.64
25%	2br/1ba	\$1,100 to \$1,250	800 to 850 sf	\$1.38 to \$1.47
15%	2br/2ba	\$1,300 to \$1,400	900 to 950 sf	\$1.44 to \$1.47

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PERCENT MIX	UNIT CONFIGURATION	BASE RENT/PRICE	UNIT SIZE	BASE RENT/PRICE PER SQ. FT.
MULTI-FAMILY FOR-RENT				
. Market-Rate (80% AMI and up)				
20%	Studio/1ba	\$950 to \$1,250	450 to 500 sf	\$2.11 to \$2.50
30%	1br/1ba	\$1,150 to \$1,400	550 to 700 sf	\$2.00 to \$2.09
15%	2br/1ba	\$1,600 to \$1,750	850 to 900 sf	\$1.88 to \$1.94
25%	2br/2ba	\$1,850 to \$2,100	1,000 to 1,100 sf	\$1.85 to \$1.91
10%	3br/2ba	\$2,200 to \$2,750	1,200 to 1,450 sf	\$1.83 to \$1.90
MULTI-FAMILY FOR-SALE				
. Workforce (80 to 100% AMI)				
35%	1br/1ba	\$195,000 to \$225,000	800 to 900 sf	\$244 to \$250
35%	2br/1ba	\$230,000 to \$245,000	950 to 1,000 sf	\$242 to \$245
30%	2br/2ba	\$265,000 to \$275,000	1,100 to 1,200 sf	\$229 to \$241
. Market-Rate (100% AMI and up)				
15%	1br/1ba	\$250,000 to \$285,000	800 to 900 sf	\$313 to \$317
30%	2br/1.5ba	\$325,000 to \$350,000	1,100 to 1,200 sf	\$292 to \$295
25%	2br/2ba	\$395,000 to \$435,000	1,350 to 1,500 sf	\$290 to \$293
30%	3br/2ba	\$495,000 to \$650,000	1,700 to 2,300 sf	\$283 to \$291
SINGLE--FAMILY ATTACHED FOR-SALE				
. Workforce (80 to 100% AMI)				
30%	2br/1.5ba	\$225,000 to \$250,000	1,000 to 1,100 sf	\$225 to \$227
40%	2br/2.5ba	\$265,000 to \$295,000	1,200 to 1,300 sf	\$221 to \$227
30%	3br/2.5ba	\$300,000 to \$325,000	1,350 to 1,500 sf	\$217 to \$222

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PERCENT MIX	UNIT CONFIGURATION	BASE RENT/PRICE	UNIT SIZE	BASE RENT/PRICE PER SQ. FT.
SINGLE--FAMILY ATTACHED FOR-SALE				
. . . . Market-Rate (100% AMI and up). . . .				
25%	2br/2.5ba	\$395,000 to \$425,000	1,400 to 1,550 sf	\$274 to \$282
30%	3br/2.5ba	\$450,000 to \$490,000	1,650 to 1,850 sf	\$265 to \$273
25%	3br/3.5ba	\$525,000 to \$575,000	1,950 to 2,200 sf	\$261 to \$269
20%	4br/3.5ba	\$600,000 to \$750,000	2,300 to 2,900 sf	\$259 to \$261

SOURCE: Zimmerman/Volk Associates, Inc., 2021.

Based on the mix of unit types, sizes, and rents/prices outlined in the optimum market position, the weighted average rents and prices for each of the housing types are shown on the following table:

Weighted Average Base Rents/Prices and Size Ranges
 Downtown South Bend Study Area
 City of South Bend, St. Joseph County, Indiana

HOUSING TYPE	WEIGHTED AVERAGE BASE RENTS/PRICES	WEIGHTED AVERAGE UNIT SIZE	WEIGHTED AVERAGE BASE RENTS/PRICES PER SQ. FT.
MULTI-FAMILY FOR-RENT			
Workforce	\$1,020	667 sf	\$1.53 psf
Market-Rate	\$1,593	808 sf	\$1.97 psf
MULTI-FAMILY FOR-SALE			
Workforce	\$237,400	983 sf	\$242 psf
Market-Rate	\$416,500	1,428 sf	\$292 psf
SINGLE-FAMILY ATTACHED FOR-SALE			
Workforce	\$274,600	1,232 sf	\$223 psf
Market-Rate	\$542,100	2,043 sf	\$265 psf

SOURCE: Zimmerman/Volk Associates, Inc., 2021.

The proposed prices are in year 2021 dollars and are exclusive of location or floor premiums and consumer-added options or upgrades. Location will have a significant impact on values, bringing as much as a 10 percent premium on new properties located in the most walkable, amenity-laden areas.

The Downtown South Bend Study Area
City of South Bend, St. Joseph County, Indiana

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MARKET CAPTURE: DOWNTOWN SOUTH BEND STUDY AREA

How fast will the units lease or sell?

Based on 33 years' experience using the target market methodology in 47 states, Zimmerman/Volk Associates has developed and refined a capture rate methodology scaled to study area size and context. Zimmerman/Volk Associates has determined that, for a Study Area the size of Downtown South Bend, an annual capture of between 10 and 12 percent of the annual average number of potential renters and an annual capture of between five and 7.5 percent of the average number of potential condominium and townhouse buyers is supportable each year over the next five years, assuming the production of appropriately-positioned new/renovated housing.

Based on these capture rates, annual average absorption of new workforce and market-rate units in the Downtown South Bend Study Area is forecast as follows (*see again Table 8 following the text*):

Annual Forecast Absorption Downtown South Bend Study Area <i>City of South Bend, St. Joseph County, Indiana</i>		
	ANNUAL UNITS ABSORBED	CAPTURE RATES
MULTI-FAMILY FOR-RENT		
Total	85 - 102	10 - 12%
60% to 80% AMI	15 - 18	
>80% AMI	70 - 84	
MULTI-FAMILY FOR-SALE		
Total	14 - 17	8.5 - 10%
80% to 100% AMI	2 - 3	
>100% AMI	12 - 14	
SINGLE-FAMILY ATTACHED FOR-SALE		
Total	16 - 19	8.5 - 10%
80% to 100% AMI	2 - 3	
>100% AMI	14 - 16	

SOURCE: Zimmerman/Volk Associates, Inc., 2021.

Based on these capture rates, the Downtown Study Area should be able to absorb between 115 and 138 new units per year over a five-year timeframe, or a five-year total of 575 to 690 new rental and for-sale workforce and market-rate housing units..

New housing units, configured according to target market preferences, can not only attract new households to the Downtown Study Area and to the City of South Bend, but can also provide appropriate alternatives to households that, due to a change in household composition or economic status, might otherwise have moved out of the city.

The capture rates of the annual potential market used here fall within the target market methodology's parameters of feasibility.

NOTE: The target market capture rates of the potential purchaser or renter pool are a unique and highly-refined measure of feasibility. Target market capture rates are not equivalent to—and should not be confused with—penetration rates or traffic conversion rates.

The **target market capture rate** is derived by dividing the *annual* forecast absorption—in aggregate and by housing type—by the number of households that have the potential to purchase or rent new housing within a specified area *in a given year*.

The **penetration rate** is derived by dividing the *total* number of dwelling units planned for a property by the *total* number of draw area households, sometimes qualified by income.

The **traffic conversion rate** is derived by dividing the *total* number of buyers or renters by the *total* number of prospects that have visited a site.

Because the prospective market for a property or study area is more precisely defined using the residential target market methodology, a substantially smaller number of households are qualified; as a result, target market capture rates are higher than the more grossly-derived penetration rates. The resulting higher capture rates remain within the range of feasibility.

DOWNTOWN SOUTH BEND STUDY AREA BUILDING TYPES

Building types appropriate for the Downtown South Bend Study Area include:

—MULTI-FAMILY BUILDINGS—

- Courtyard Apartment Building: In new construction, an urban-scale, pedestrian-oriented equivalent to conventional garden apartments. An urban courtyard building is at minimum three, and typically four or more stories, often combined with non-residential uses on the ground floor, or with a ground floor configured for later conversion from residential to retail use. The building should be built to the sidewalk edge and when the ground-floor serves a permanent residential use it should be elevated significantly above grade to provide privacy and a sense of security. Parking is either below grade, at grade behind or in a parking courtyard, or in an integral structure.
- Liner Building: An apartment building with apartments and/or lofts lining two to four sides of a multi-story parking structure. Units are typically served from a single-loaded corridor that often includes access to parking. Ground floors typically include a traditional apartment lobby and can also include maisonette apartments, retail or some combination of the two.
- Loft Apartment Building: Either adaptive re-use of older warehouse or manufacturing buildings or a new-construction building type inspired by those buildings. The new-construction version is usually elevator-served with double-loaded corridors.
- Mansion Apartment Building: A two- to three-story flexible-use structure with a street façade resembling a large detached or attached house (hence, “mansion”). The attached version of the mansion, typically built to a sidewalk on the front lot line, is most appropriate for downtown locations. Because of the small number of units, mansion buildings are particularly well-suited to condominium development since meeting pre-sales financing requirements is less challenging. The mansion building can also accommodate a variety of uses—from apartments, professional offices, any of these uses over ground-floor retail, a bed and breakfast inn, or a large single-family detached house—and its physical structure complements other buildings within a neighborhood.

February, 2021

Parking behind the mansion buildings can be either alley-loaded, or front-loaded served by shared drives. The form of the parking can be in open lots, in garages with units above, or integral to the building.

Mansion buildings should be strictly regulated in form, but flexible in use. However, flexibility in use is somewhat constrained by the handicapped accessibility regulations in both the Fair Housing Act and the Americans with Disabilities Act.

- Mixed-Use Building: A pedestrian-oriented building, either attached or free-standing, with apartments and/or offices over flexible ground floor uses that can range from retail to office to residential.
- Podium Building: An apartment building construction type with three to five stories of stick-frame residential units (lofts or apartments) built over one or two levels of above-grade structured parking, usually constructed with reinforced concrete. With a well-conceived street pattern, a podium building can include ground-level non-residential uses lining one or more sides of the parking deck.

—SINGLE-FAMILY ATTACHED—

- Duplexes: Two-unit townhouses with the garages—either attached or detached—located to the rear of the units. Urban duplexes conform to the pattern of streets, typically with shallow front-yard setbacks. In a corner location, duplex units can each front a different street.
- Rowhouses/Townhouses: Similar to a conventional suburban townhouse except that the garage—either attached or detached—is located to the rear of the unit and accessed from an alley or auto court. Unlike conventional townhouses, urban rowhouses/townhouses conform to the pattern of streets, with shallow front-yard setbacks. To provide privacy and a sense of security, the first floor should be elevated significantly above the sidewalk. The rowhouse, as distinct from the townhouse, typically has a uniform front façade and cornice height.



Table 1

Average Annual Market Potential For New And Existing Housing Units
 Distribution Of Annual Average Number Of Draw Area Households With The Potential
 To Move To The Downtown South Bend Study Area Each Year Over The Next Five Years
 Based On Housing Preferences And Income Levels
The Downtown South Bend Study Area
City of South Bend, St. Joseph County, Indiana

*City of South Bend, Balance of St. Joseph County;
 Regional Draw Area; Balance of U.S.
 Draw Areas*

Annual Number Of Households
 With The Potential To Rent/Purchase Within
 The City of South Bend 7,960

Annual Number Of Target Market Households
 With Potential To Rent/Purchase Within
 The Downtown South Bend Study Area 3,190

Average Annual Market Potential

	<i>Below 30% AMI</i>	<i>30% to 60% AMI</i>	<i>60% to 80% AMI</i>	<i>80% to 100% AMI</i>	<i>Above 100% AMI</i>	<i>Subtotal</i>
<i>Multi-Family For-Rent:</i>	318	269	153	132	571	1,443
<i>Multi-Family For-Sale:</i>	64	55	30	25	144	318
<i>Single-Family Attached For-Sale:</i>	71	64	34	31	164	364
<i>Single-Family Detached For-Sale:</i>	193	185	117	102	468	1,065
Total:	646	573	334	290	1,347	3,190
Percent:	20.2%	18.0%	10.5%	9.1%	42.2%	100.0%

Note: For fiscal year 2020, the South Bend-Mishawaka, IN HUD FMR Area Median Family Income for a family of four is \$70,800.

SOURCE: Claritas, Inc.;
 Zimmerman/Volk Associates, Inc.

Table 2

Average Annual Market Potential By Lifestage And Income Range

Distribution Of Annual Average Number Of Draw Area Households With The Potential To Move To The Downtown South Bend Study Area Each Year Over The Next Five Years
Based On Housing Preferences And Income Levels

The Downtown South Bend Study Area

City of South Bend, St. Joseph County, Indiana

	Total	<i>Below 30% AMI</i>	<i>30% to 60% AMI</i>	<i>60% to 80% AMI</i>	<i>80% to 100% AMI</i>	<i>Above 100% AMI</i>
Number of Households:	3,190	646	573	334	290	1,347
Empty Nesters & Retirees	25.9%	19.5%	22.7%	21.9%	23.1%	31.8%
Traditional & Non-Traditional Families	16.1%	18.6%	14.7%	17.1%	15.5%	15.5%
Younger Singles & Couples	58.0%	61.9%	62.6%	61.0%	61.4%	52.7%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note: For fiscal year 2020, the South Bend-Mishawaka, IN HUD FMR Area Median Family Income for a family of four is \$70,800.

SOURCE: Claritas, Inc.;
Zimmerman/Volk Associates, Inc.

Summary Of Selected Rental Properties

City of South Bend, St. Joseph County, Indiana

January, 2021

<u>Property (Date Opened)</u> <u>Address/Walk Score</u>	<u>Number of Units</u>	<u>Unit Type</u>	<u>Reported Base Rent</u>	<u>Reported Unit Size</u>	<u>Rent per Sq. Ft.</u>	<u>Additional Information</u>
<i>... Downtown/East Bank ...</i>						
Central High & Stephenson Mill Apts (1904)	99	<i>... Apartments ...</i>				95% occupancy
330 West Colfax Avenue		1br/1ba	\$750 to \$1,145	590 to 1,069	\$1.07 to \$1.27	<i>Controlled access, laundry facilities, fitness center, and pet friendly.</i>
69 Walk Score		1br/1.5ba	\$1,070	957	\$1.12	
		2br/1ba	\$799 to \$1,495	803 to 1,856	\$0.81 to \$1.00	
		2br/1.5ba	\$1,040 to \$1,225	1,059 to 1,579	\$0.78 to \$0.98	
		2br/2ba	\$1,030 to \$1,505	1,132 to 1,500	\$0.91 to \$1.00	
Studebaker Lofts (Renovation 2017)	46	<i>... Apartments ...</i>				57% occupancy
108 North Main Street		1br/1ba	\$899 to \$1,228	540 to 756	\$1.62 to \$1.66	<i>Fitness center, business center.</i>
Bradley Company		2br/2ba	\$1,299 to \$2,627	827 to 1,583	\$1.57 to \$1.66	
67 Walk Score		3br/2ba	\$1,949	1,182	\$1.65	
The Ivy at Berlin Place (2019)	121	<i>... Apartments ...</i>				47% occupancy
415 South Lafayette Boulevard		Studio/1ba	\$899 to \$1,015	584	\$1.54 to \$1.74	<i>Fitness center, sundeck, clubhouse, business center, courtyard, and recreation room.</i>
75 Walk Score		1br/1ba	\$985 to \$1,350	790	\$1.25 to \$1.71	
		2br/2ba	\$1,283 to \$1,720	985 to 1,033	\$1.30 to \$1.67	
The LaSalle (1921; 2016)	67	<i>... Apartments ...</i>				94% occupancy
237 North Michigan Street		1br/1ba	\$943 to \$1,109	592 to 805	\$1.59 to \$1.38	<i>Fitness center, community room, game room, and key-fob entry.</i>
RealAmerica		2br/2ba	\$1,103 to \$1,437	859 to 895	\$1.28 to \$1.61	
82 Walk Score						
The Pointe at St. Joseph Apts (1989)	202	<i>... Apartments ...</i>				95% occupancy
307 East LaSalle Avenue		1br/1ba	\$970 to \$1,225	700 to 784	\$1.39 to \$1.56	<i>Swimming pool, fitness center, clubhouse, community room, business center, coffee bar.</i>
Trilogy Residential Management		2br/1.5ba	\$1,165 to \$1,235	1,020	\$1.14 to \$1.21	
66 Walk Score		2br/2ba	\$1,210 to \$1,355	1,032 to 1,151	\$1.17 to \$1.18	

SOURCE: Zimmerman/Volk Associates, Inc.

Summary Of Selected Rental Properties*City of South Bend, St. Joseph County, Indiana***January, 2021**

<u>Property (Date Opened)</u> <u>Address/Walk Score</u>	<u>Number of Units</u>	<u>Unit Type</u>	<u>Reported Base Rent</u>	<u>Reported Unit Size</u>	<u>Rent per Sq. Ft.</u>	<u>Additional Information</u>
<i>... Downtown (continued) ...</i>						
Colfax at Hill	17	<i>... Apartments ...</i>				100% occupancy
525 East Colfax Avenue		1br/1ba	\$1,125 to	750	\$1.50 to	<i>Bike storage</i>
Century Builders			\$1,175		\$1.57	<i>Waitlist.</i>
75 Walk Score		2br/2ba	\$1,525 to	900	\$1.69 to	
			\$1,650		\$1.83	
300 E Lasalle (2021)	144	<i>... Apartments ...</i>				In lease-up.
300 East Lasalle Avenue		Studio/1ba	\$1,200 to	536 to	\$2.24 to	<i>Rooftop pool,</i>
Matthews LLC			\$1,500	580	\$2.59	<i>clubhouse,</i>
65 Walk Score		1br/1ba	\$1,300 to	660 to	\$1.96 to	<i>greenhouse,</i>
			\$1,800	918	\$1.97	<i>beer garden,</i>
		2br/1ba	\$1,950 to	982	\$1.99 to	<i>fire pits.</i>
			\$2,250		\$2.29	
		2br/2ba	\$1,600 to	972 to	\$1.65 to	
			\$2,250	1,132	\$1.99	
		3br/2ba	\$2,450 to	1,220	\$2.01 to	
			\$3,050		\$2.50	
		3br/3ba	\$2,400 to	1,460 to	\$1.64 to	
			\$3,050	1,490	\$2.05	
The Hibberd (2017)	14	<i>... Apartments ...</i>				80% occupancy
321 South Main Street		Studio/1ba	\$1,232	616	\$2.00	<i>Fitness center,</i>
Bradley Company		1br/1ba	\$1,316	643 to	\$1.87 to	<i>bike racks,</i>
66 Walk Score			\$1,520	814	\$2.05	<i>BBQ/picnic area,</i>
		1br/1.5ba	\$1,638 to	870	\$1.88	<i>sundeck</i>
			\$1,655		\$1.90	<i>Ragamuffin Bakery</i>
		2br/2ba	\$2,420	1,307	\$1.85	
East Bank Flats (2021)	12	<i>... Apartments ...</i>				In lease-up.
215 Sycamore Street		1br/1ba	\$1,300 to	710	\$1.83 to	<i>Rooftop</i>
East Bank South Bend Development, LLC			\$1,500		\$2.11	<i>entertainment area.</i>
65 Walk Score		2br/2ba	\$1,600 to	972	\$1.65 to	
			\$1,900		\$1.95	
		3br/3ba	\$2,400 to	1,460	\$1.64 to	
			\$3,000		\$2.05	
345 Lincoln Way West	2	<i>... Apartment ...</i>				50% occupancy
65 Walk Score		2br/2ba	\$1,405	1,467	\$0.96	

Summary Of Selected Rental Properties*City of South Bend, St. Joseph County, Indiana***January, 2021**

<u>Property (Date Opened)</u> <u>Address/Walk Score</u>	<u>Number of Units</u>	<u>Unit Type</u>	<u>Reported Base Rent</u>	<u>Reported Unit Size</u>	<u>Rent per Sq. Ft.</u>	<u>Additional Information</u>
<i>... Northeast ...</i>						
Aurum Apts (2015) 825 East Sorin Street Brown Capital Group 60 Walk Score	60	<i>... Apartments ...</i>				92% occupancy Clubhouse, concierge, laundry facility, outdoor community lounge, bicycle service station.
		1br/1ba	\$980	596 to 602	\$1.64	
		2br/2ba	\$1,249 to \$1,646	1,139 to 1,299	\$1.10 to \$1.27	
The Foundry North & South (2009: 2019) 1233 North Eddy Street Buckingham Companies 67 Walk Score	718	<i>... Apartments ...</i>				97% occupancy Swimming pool, fitness center, club room, community room, conference center, study areas, game room and rooftop terrace
		Studio/1ba (S)	\$1,092 to \$1,157	390	\$2.80 to \$2.97	
		1br/1ba (S)	\$1,215 to \$2,023	497 to 962	\$2.10 to \$2.44	
		2br/2ba (S)	\$1,819 to \$2,244	905 to 1,110	\$2.01 to \$2.02	
		1br/1ba (N)	\$1,543 to \$1,842	625 to 850	\$2.17 to \$2.47	
		2br/2ba (N)	\$2,010 to \$2,342	866 to 1,134	\$2.07 to \$2.32	
		3br/3ba (N)	\$2,260 to \$3,340	1,159 to 1,528	\$1.95 to \$2.19	

Table 4

**Summary Of Selected For-Sale Multi-Family
And Single-Family Attached Properties**

City of South Bend, St. Joseph County, Indiana

January, 2021

<u>Property (Year Built)</u> <u>Address/Walk Score</u>	<u>Building</u> <u>Type</u>	<u>Unit</u> <u>Type</u>	<u>Unit Price</u>	<u>Unit Size</u>	<u>Unit Price</u> <u>Per Sq. Ft.</u>
. . . . Downtown/East Bank/Northeast					
The Village at Riverwalk (2017)					
		 Units Currently For Sale		
Century Custom Builders	DUPLEX	2br / 3ba	\$395,000	2,830	\$140
63 Walk Score	TH	4br / 3.5ba <i>{end unit}</i>	\$435,000	2,280	\$191
Golden View THs (2019)					
North Notre Dame Avenue		6 TH Remaining Units		
70 Walk Score		4br / 5.5ba	\$795,000	3,780	\$210
		4br / 5.5ba	\$799,000	3,780	\$211
		4br / 5.5ba	\$799,000	3,780	\$211
		5br / 5.5ba	\$879,000	3,780	\$233
Three Twenty at the Cascade					
{2018}	17 CO Remaining Units			
Wharf Partners, LLC		2br / 3ba / study	\$941,621	2,466	\$382
69 Walk Score		3br / 3.5ba	\$1,002,985	2,699	\$372
		3br / 3.5ba	\$1,067,397	2,699	\$395
Traction HQ					
1130 South Bend Avenue	2 CO	3br / 3ba	\$1,125,000	2,395	\$470
{2020}		3br / 3ba	\$1,375,000	2,438	\$564
59 Walk Score					
. . . . East					
Keenan Court Flats (2019)					
1033 Keenan Court	12 CO	1br / 1ba	\$169,900	607	\$280
35 Walk Score		2br / 2ba	\$234,500	1,097	\$214
		3br / 3ba	\$267,500	1,314	\$204
The Echoes (2019)					
Ironwood Circle	26 "villas"	3br / 2.5ba	\$499,900	2,072	\$241
59 Walk Score		4br / 3.5ba	\$563,761	3,034	\$186
		4br / 3.5ba	\$599,308	3,034	\$198

**Target Groups For New Multi-Family For Rent
Downtown South Bend Study Area**

City of South Bend, St. Joseph County, Indiana

..... Number of Households

Empty Nesters & Retirees**	<i>60% to 80% AMI†</i>	<i>80% to 100% AMI†</i>	<i>Above 100% AMI†</i>	<i>Total</i>	<i>Percent of Total</i>
The One Percenters	0	0	2	2	0.2%
Old Money	0	0	1	1	0.1%
The Social Register	0	0	1	1	0.1%
Affluent Empty Nesters	0	0	2	2	0.2%
Small-Town Patriarchs	0	0	5	5	0.6%
Suburban Establishment	0	0	4	4	0.5%
New Empty Nesters	0	0	3	3	0.4%
Urban Establishment	1	1	10	12	1.4%
Pillars of the Community	0	0	3	3	0.4%
Traditional Couples	0	0	4	4	0.5%
Second City Establishment	0	0	3	3	0.4%
Multi-Ethnic Empty Nesters	0	0	4	4	0.5%
Mainstream Empty Nesters	4	4	19	27	3.2%
Middle-American Retirees	2	2	12	16	1.9%
Cosmopolitan Couples	1	1	10	12	1.4%
Blue-Collar Retirees	3	3	11	17	2.0%
Middle-Class Move-Downs	1	1	1	3	0.4%
Hometown Seniors	2	1	5	8	0.9%
Second-City Seniors	8	6	18	32	3.7%
Subtotal:	22 13.8%	19 11.9%	118 74.2%	159	18.6%

† For fiscal year 2020, the South Bend-Mishawaka, IN HUD FMR Area Median Family Income for a family of four is \$70,800.

** Predominantly one- and two-person households.

SOURCE: Claritas, Inc.;
Zimmerman/Volk Associates, Inc.

Target Groups For New Multi-Family For Rent
Downtown South Bend Study Area
City of South Bend, St. Joseph County, Indiana

. *Number of Households*

Traditional & Non-Traditional Families††	<i>60% to 80% AMI†</i>	<i>80% to 100% AMI†</i>	<i>Above 100% AMI†</i>	<i>Total</i>	<i>Percent of Total</i>
Corporate Establishment	0	0	1	1	0.1%
Nouveau Money	0	0	1	1	0.1%
e-Type Families	0	0	1	1	0.1%
Button-Down Families	0	0	4	4	0.5%
Unibox Transferees	0	0	4	4	0.5%
Fiber-Optic Families	0	0	1	1	0.1%
Late-Nest Suburbanites	1	1	5	7	0.8%
Full-Nest Suburbanites	0	0	2	2	0.2%
Kids 'r' Us	1	1	6	8	0.9%
Multi-Ethnic Families	1	1	5	7	0.8%
Uptown Families	3	3	11	17	2.0%
Multi-Cultural Families	0	0	2	2	0.2%
Single-Parent Families	1	1	3	5	0.6%
Inner-City Families	1	1	2	4	0.5%
In-Town Families	5	4	9	18	2.1%
Amerian Strivers	7	5	10	22	2.6%
Subtotal:	20	17	67	104	12.1%

† For fiscal year 2020, the South Bend-Mishawaka, IN HUD FMR Area Median Family Income for a family of four is \$70,800.

†† Predominantly three -to five-person households.

SOURCE: Claritas, Inc.;
Zimmerman/Volk Associates, Inc.

Target Groups For New Multi-Family For Rent
Downtown South Bend Study Area
City of South Bend, St. Joseph County, Indiana

. *Number of Households*

Younger Singles & Couples**	<u>60% to 80% AMI†</u>	<u>80% to 100% AMI†</u>	<u>Above 100% AMI†</u>	<u>Total</u>	<u>Percent of Total</u>
New Power Couples	0	0	4	4	0.5%
New Bohemians	3	3	32	38	4.4%
Cosmopolitan Elite	0	0	4	4	0.5%
Fast-Track Professionals	9	9	64	82	9.6%
The VIPs	5	5	38	48	5.6%
Suburban Achievers	6	5	19	30	3.5%
Suburban Strivers	14	13	43	70	8.2%
Downtown Couples	2	1	5	8	0.9%
Small-City Singles	13	11	31	55	6.4%
Second-City Strivers	17	14	44	75	8.8%
Downtown Proud	4	3	13	20	2.3%
Twentysomethings	27	23	71	121	14.1%
Multi-Ethnic Singles	11	9	18	38	4.4%
Subtotal:	111	96	386	593	69.3%
Total Households:	153	132	571	856	100.0%
Percent of Total:	17.9%	15.4%	66.7%	100.0%	

† For fiscal year 2020, the South Bend-Mishawaka, IN HUD FMR Area Median Family Income for a family of four is \$70,800.

** Predominantly one- and two-person households.

SOURCE: Claritas, Inc.;
 Zimmerman/Volk Associates, Inc.

**Target Groups For New Multi-Family For Sale
Downtown South Bend Study Area**

City of South Bend, St. Joseph County, Indiana

. *Number of Households*

Empty Nesters & Retirees**	<u>80% to 100% AMI†</u>	<u>Above 100% AMI†</u>	<u>Total</u>	<u>Percent of Total</u>
The One Percenters	0	2	2	1.2%
Old Money	0	1	1	0.6%
The Social Register	0	1	1	0.6%
Affluent Empty Nesters	0	4	4	2.4%
Small-Town Patriarchs	0	4	4	2.4%
Suburban Establishment	0	2	2	1.2%
New Empty Nesters	0	5	5	3.0%
Urban Establishment	0	3	3	1.8%
Pillars of the Community	0	3	3	1.8%
Second City Establishment	0	3	3	1.8%
Multi-Ethnic Empty Nesters	0	1	1	0.6%
Mainstream Empty Nesters	1	6	7	4.1%
Middle-American Retirees	1	2	3	1.8%
Cosmopolitan Couples	0	2	2	1.2%
Blue-Collar Retirees	1	1	2	1.2%
Middle-Class Move-Downs	0	1	1	0.6%
Second-City Seniors	2	5	7	4.1%
Subtotal:	5	46	51	30.2%

† For fiscal year 2020, the South Bend-Mishawaka, IN HUD FMR Area Median Family Income for a family of four is \$70,800.

** Predominantly one- and two-person households.

SOURCE: Claritas, Inc.;
Zimmerman/Volk Associates, Inc.

Target Groups For New Multi-Family For Sale
Downtown South Bend Study Area
City of South Bend, St. Joseph County, Indiana

. *Number of Households*

Traditional & Non-Traditional Families††	<u>80% to 100% AMI†</u>	<u>Above 100% AMI†</u>	<u>Total</u>	<u>Percent of Total</u>
Nouveau Money	0	1	1	0.6%
e-Type Families	0	1	1	0.6%
Unibox Transferees	0	2	2	1.2%
Late-Nest Suburbanites	0	3	3	1.8%
Full-Nest Suburbanites	0	1	1	0.6%
Kids 'r' Us	0	2	2	1.2%
Multi-Ethnic Families	0	1	1	0.6%
Uptown Families	0	1	1	0.6%
Single-Parent Families	0	1	1	0.6%
Inner-City Families	0	1	1	0.6%
In-Town Families	0	1	1	0.6%
New Amerian Strivers	1	2	3	1.8%
Subtotal:	1	17	18	10.7%

† For fiscal year 2020, the South Bend-Mishawaka, IN HUD FMR Area Median Family Income for a family of four is \$70,800.

†† Predominantly three -to five-person households.

SOURCE: Claritas, Inc.;
Zimmerman/Volk Associates, Inc.

**Target Groups For New Multi-Family For Sale
Downtown South Bend Study Area**

City of South Bend, St. Joseph County, Indiana

..... Number of Households

Younger Singles & Couples**	<u>80% to 100% AMI†</u>	<u>Above 100% AMI†</u>	<u>Total</u>	<u>Percent of Total</u>
New Power Couples	0	2	2	1.2%
New Bohemians	1	6	7	4.1%
Cosmopolitan Elite	0	2	2	1.2%
Fast-Track Professionals	1	11	12	7.1%
The VIPs	1	10	11	6.5%
Suburban Achievers	1	4	5	3.0%
Suburban Strivers	3	10	13	7.7%
Downtown Couples	0	2	2	1.2%
Small-City Singles	1	3	4	2.4%
Second-City Strivers	3	8	11	6.5%
Downtown Proud	1	4	5	3.0%
Twentysomethings	5	16	21	12.4%
Multi-Ethnic Singles	2	3	5	3.0%
Subtotal:	19	81	100	59.2%
Total Households:	25	144	169	100.0%
Percent of Total:	14.8%	85.2%	100.0%	

† For fiscal year 2020, the South Bend-Mishawaka, IN HUD FMR Area Median Family Income for a family of four is \$70,800.

** Predominantly one- and two-person households.

SOURCE: Claritas, Inc.;
Zimmerman/Volk Associates, Inc.

**Target Groups For New Single-Family Attached For Sale
Downtown South Bend Study Area**

City of South Bend, St. Joseph County, Indiana

..... Number of Households

Empty Nesters & Retirees**	<u>80% to 100% AMI†</u>	<u>Above 100% AMI†</u>	<u>Total</u>	<u>Percent of Total</u>
The One Percenters	0	3	3	1.5%
Old Money	0	2	2	1.0%
The Social Register	0	1	1	0.5%
Affluent Empty Nesters	0	4	4	2.1%
Small-Town Patriarchs	0	5	5	2.6%
Suburban Establishment	0	2	2	1.0%
New Empty Nesters	1	5	6	3.1%
Urban Establishment	0	2	2	1.0%
Pillars of the Community	0	4	4	2.1%
Traditional Couples	0	2	2	1.0%
Second City Establishment	0	4	4	2.1%
Multi-Ethnic Empty Nesters	0	3	3	1.5%
Mainstream Empty Nesters	2	8	10	5.1%
Middle-American Retirees	1	4	5	2.6%
Cosmopolitan Couples	0	3	3	1.5%
Blue-Collar Retirees	1	3	4	2.1%
Middle-Class Move-Downs	0	1	1	0.5%
Hometown Seniors	0	1	1	0.5%
Second-City Seniors	1	3	4	2.1%
Subtotal:	6	60	66	33.8%

† For fiscal year 2020, the South Bend-Mishawaka, IN HUD FMR Area Median Family Income for a family of four is \$70,800.

** Predominantly one- and two-person households.

SOURCE: Claritas, Inc.;
Zimmerman/Volk Associates, Inc.

Target Groups For New Single-Family Attached For Sale
Downtown South Bend Study Area
City of South Bend, St. Joseph County, Indiana

. *Number of Households*

Traditional & Non-Traditional Families††	<u>80% to 100% AMI†</u>	<u>Above 100% AMI†</u>	<u>Total</u>	<u>Percent of Total</u>
Nouveau Money e-Type Families	0	1	1	0.5%
Button-Down Families	0	2	2	1.0%
Unibox Transferees	0	3	3	1.5%
Late-Nest Suburbanites	0	3	3	1.5%
Full-Nest Suburbanites	0	1	1	0.5%
Kids 'r' Us	1	1	2	1.0%
Multi-Ethnic Families	0	2	2	1.0%
Uptown Families	1	4	5	2.6%
Multi-Cultural Families	0	1	1	0.5%
Single-Parent Families	0	2	2	1.0%
Inner-City Families	0	1	1	0.5%
In-Town Families	1	3	4	2.1%
New American Strivers	1	2	3	1.5%
Subtotal:	4	27	31	15.9%

† For fiscal year 2020, the South Bend-Mishawaka, IN HUD FMR Area Median Family Income for a family of four is \$70,800.

†† Predominantly three -to five-person households.

SOURCE: Claritas, Inc.;
Zimmerman/Volk Associates, Inc.

**Target Groups For New Single-Family Attached For Sale
Downtown South Bend Study Area**

City of South Bend, St. Joseph County, Indiana

..... Number of Households

Younger Singles & Couples**	<u>80% to 100% AMI†</u>	<u>Above 100% AMI†</u>	<u>Total</u>	<u>Percent of Total</u>
New Power Couples	0	2	2	1.0%
New Bohemians	0	4	4	2.1%
Cosmopolitan Elite	0	3	3	1.5%
Fast-Track Professionals	1	5	6	3.1%
The VIPs	1	8	9	4.6%
Suburban Achievers	2	5	7	3.6%
Suburban Strivers	4	13	17	8.7%
Downtown Couples	1	2	3	1.5%
Small-City Singles	3	8	11	5.6%
Second-City Strivers	3	9	12	6.2%
Downtown Proud	1	2	3	1.5%
Twentysomethings	3	11	14	7.2%
Multi-Ethnic Singles	2	5	7	3.6%
Subtotal:	21	77	98	50.3%
Total Households:	31	164	195	100.0%
Percent of Total:	15.9%	84.1%	100.0%	

† For fiscal year 2020, the South Bend-Mishawaka, IN HUD FMR Area Median Family Income for a family of four is \$70,800.

** Predominantly one- and two-person households.

SOURCE: Claritas, Inc.;
Zimmerman/Volk Associates, Inc.

Optimum Market Position: Workforce and Market-Rate Units
Downtown South Bend Study Area
City of South Bend, St. Joseph County, Indiana
February, 2021

<u>Number of Households</u>	<u>Housing Type</u> <i>Households by Income</i>	<u>Percent Mix</u>	<u>Base Rent/Price Range*</u>	<u>Base Unit Size Range</u>	<u>Base Rent/Price Per Sq. Ft.*</u>	<u>Annual Market Capture</u>
856	Multi-Family For Rent					85 to 102
153	Households With Incomes Between 60% and 80% AMI					15
703	Households With Incomes at 80% and up					70
		<i>..... Workforce (60% to 80% AMI).....</i>				
	Studio/1ba	30%	\$750 to \$850	450 to 500	\$1.67 to \$1.70	
	1br/1ba	30%	\$900 to \$1,000	550 to 650	\$1.54 to \$1.64	
	2br/1ba	25%	\$1,100 to \$1,250	800 to 850	\$1.38 to \$1.47	
	2br/2ba	15%	\$1,300 to \$1,400	900 to 950	\$1.44 to \$1.47	
	Weighted Averages:		\$1,020	667	\$1.53	
		<i>..... Market-Rate (80% and up).....</i>				
	Studio/1ba	20%	\$950 to \$1,250	450 to 500	\$2.11 to \$2.50	
	1br/1ba	30%	\$1,150 to \$1,400	550 to 700	\$2.00 to \$2.09	
	2br/1ba	15%	\$1,600 to \$1,750	850 to 900	\$1.88 to \$1.94	
	2br/2ba	25%	\$1,850 to \$2,100	1,000 to 1,100	\$1.85 to \$1.91	
	3br/2ba	10%	\$2,200 to \$2,750	1,200 to 1,450	\$1.83 to \$1.90	
	Weighted Averages:		\$1,593	808	\$1.97	

NOTE: For fiscal year 2020, the South Bend-Mishawaka, IN HUD MFR Area Median Family Income for a family of four is \$70,800.

NOTE: Base rents/prices in year 2021 dollars and exclude floor, view premiums, options, or upgrades.

SOURCE: Zimmerman/Volk Associates, Inc.

Optimum Market Position: Workforce and Market-Rate Units
 Downtown South Bend Study Area
 City of South Bend, St. Joseph County, Indiana
 February, 2021

<u>Number of Households</u>	<u>Housing Type</u> <i>Households by Income</i>	<u>Percent Mix</u>	<u>Base Rent/Price Range*</u>	<u>Base Unit Size Range</u>	<u>Base Rent/Price Per Sq. Ft.*</u>	<u>Annual Market Capture</u>
169	Multi-Family For-Sale					14 to 17
25	Households With Incomes Between 80% and 100% AMI					2
144	Households With Incomes Above 100% AMI					12
	<i>..... Workforce (80% to 100% AMI).....</i>					
	1br / 1ba	35%	\$195,000 to \$225,000	800 to 900	\$244 to \$250	
	2br / 1ba	35%	\$230,000 to \$245,000	950 to 1,000	\$242 to \$245	
	2br / 2ba	30%	\$265,000 to \$275,000	1,100 to 1,200	\$229 to \$241	
	Weighted Averages:		\$237,400	983	\$242	
	<i>..... Market-Rate (100% and up).....</i>					
	1br / 1ba	15%	\$250,000 to \$285,000	800 to 900	\$313 to \$317	
	2br / 1.5ba	30%	\$325,000 to \$350,000	1,100 to 1,200	\$292 to \$295	
	2br / 2ba	25%	\$395,000 to \$435,000	1,350 to 1,500	\$290 to \$293	
	3br / 2ba	30%	\$495,000 to \$650,000	1,700 to 2,300	\$283 to \$291	
	Weighted Averages:		\$416,500	1,428	\$292	

NOTE: For fiscal year 2020, the South Bend-Mishawaka, IN HUD MFR Area Median Family Income for a family of four is \$70,800.

NOTE: Base rents/prices in year 2021 dollars and exclude floor, view premiums, options, or upgrades.

SOURCE: Zimmerman/Volk Associates, Inc.

Optimum Market Position: Workforce and Market-Rate Units
 Downtown South Bend Study Area
 City of South Bend, St. Joseph County, Indiana
 February, 2021

<u>Number of Households</u>	<u>Housing Type</u> <i>Households by Income</i>	<u>Percent Mix</u>	<u>Base Rent/Price Range*</u>	<u>Base Unit Size Range</u>	<u>Base Rent/Price Per Sq. Ft.*</u>	<u>Annual Market Capture</u>
195	Single-Family Attached For-Sale					16 to 19
31	Households With Incomes Between 80% and 100% AMI					2
164	Households With Incomes Above 100% AMI					14
	<i>..... Workforce (80% to 100% AMI).....</i>					
	2br / 1.5ba	30%	\$225,000 to \$250,000	1,000 to 1,100	\$225 to \$227	
	2br / 2.5ba	40%	\$265,000 to \$295,000	1,200 to 1,300	\$221 to \$227	
	3br / 2.5ba	30%	\$300,000 to \$325,000	1,350 to 1,500	\$217 to \$222	
	Weighted Averages:		\$274,600	1,232	\$223	
	<i>..... Market-Rate (100% and up).....</i>					
	2br / 2.5ba	25%	\$395,000 to \$425,000	1,400 to 1,550	\$274 to \$282	
	3br / 2.5ba	30%	\$450,000 to \$490,000	1,650 to 1,850	\$265 to \$273	
	3br / 3.5ba	25%	\$525,000 to \$575,000	1,950 to 2,200	\$261 to \$269	
	4br / 3.5ba	20%	\$600,000 to \$750,000	2,300 to 2,900	\$259 to \$261	
	Weighted Averages:		\$542,100	2,043	\$265	

NOTE: For fiscal year 2020, the South Bend-Mishawaka, IN HUD MFR Area Median Family Income for a family of four is \$70,800.

NOTE: Base rents/prices in year 2021 dollars and exclude floor, view premiums, options, or upgrades.

SOURCE: Zimmerman/Volk Associates, Inc.



ZIMMERMAN/VOLK ASSOCIATES, INC.

Post Office Box 4907
Clinton, New Jersey 08809
908 735-6336
info@ZVA.cc • www.ZVA.cc

Residential Market Analysis Across the Urban-to-Rural Transect

ASSUMPTIONS AND LIMITATIONS—

Every effort has been made to insure the accuracy of the data contained within this analysis. Demographic and economic estimates and projections have been obtained from government agencies at the national, state, and county levels. Market information has been obtained from sources presumed to be reliable, including developers, owners, and/or sales agents. However, this information cannot be warranted by Zimmerman/Volk Associates, Inc. While the proprietary residential target market methodology™ employed in this analysis allows for a margin of error in base data, it is assumed that the market data and government estimates and projections are substantially accurate.

Absorption scenarios are based upon the assumption that a normal economic environment will prevail in a relatively steady state during development of the subject property. Absorption paces are likely to be slower during recessionary periods and faster during periods of recovery and high growth. Absorption scenarios are also predicated on the assumption that the product recommendations will be implemented generally as outlined in this report and that the developer will apply high-caliber design, construction, marketing, and management techniques to the development of the property.

Recommendations are subject to compliance with all applicable regulations. Relevant accounting, tax, and legal matters should be substantiated by appropriate counsel.





ZIMMERMAN/VOLK ASSOCIATES, INC.

Post Office Box 4907
Clinton, New Jersey 08809
908 735-6336
info@ZVA.cc • www.ZVA.cc

Residential Market Analysis Across the Urban-to-Rural Transect

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