
An Analysis of Residential Market Potential

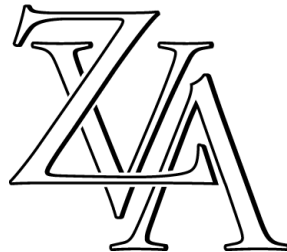
Study Area A

The City of South Bend
St. Joseph County, Indiana

March, 2018

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Residential Market Analysis Across the Urban-to-Rural Transect

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AN ANALYSIS OF RESIDENTIAL MARKET POTENTIAL

Study Area A
The City of South Bend, St. Joseph County, Indiana
March, 2018

EXECUTIVE SUMMARY

This study has determined that, from the market perspective, between 56 and 70 new mixed-income rental and for-sale dwelling units could be developed and absorbed within Study Area A each year over the next five years. The housing mix of 56 to 70 units would include 39 to 46 new rental units, five to six new condominiums, five to seven new duplexes/triplexes/rowhouses/townhouses, and seven to 11 new tiny houses/cottages/urban houses. For the purposes of this analysis, Study Area A encompasses Census Tracts 6, 19, and 20, including all of the Near Northwest Neighborhood and most of the Near Westside Neighborhood.

This study examines affordability based on the following general income groupings:

- Households with incomes below 30 percent AMI (the majority of these households typically qualify only for public housing or older existing units);
 - Households with incomes between 30 and 60 percent of AMI (these households typically qualify for low-income housing tax credit units, existing affordable rental housing, or heavily subsidized ownership housing);
 - Households with incomes between 60 and 80 percent of AMI (these households typically qualify for new workforce or affordable rental housing or subsidized ownership housing);
 - Households with incomes between 80 and 100 percent AMI (these households typically qualify for existing market-rate rentals or new workforce or affordable for-sale housing); and
 - Households with incomes above 100 percent AMI (these households generally have sufficient incomes to rent or purchase market-rate housing).
-

A total of 880 households represent the annual potential market for new and existing housing units in Study Area A and have been segmented by income, based on the St. Joseph County, IN area median family income (AMI), which, for fiscal year 2017 is \$61,500 for a family of four. The combined tenure and housing type preferences and financial capabilities of the 880 target households are shown on the following table.

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

HOUSING TYPE HOUSEHOLDS	
	NUMBER	PERCENT
Multi-family for-rent		
< 30% AMI	114	13.0%
30% to 60% AMI	60	6.8%
60% to 80% AMI	94	10.7%
80% to 100% AMI	48	5.5%
> 100% AMI	<u>184</u>	<u>20.9%</u>
Total multi-family for-rent	500	56.9%
Multi-family for-sale		
< 30% AMI	9	1.0%
30% to 60% AMI	6	0.7%
60% to 80% AMI	11	1.3%
80% to 100% AMI	9	1.0%
> 100% AMI	<u>25</u>	<u>2.8%</u>
Total multi-family for-sale	60	6.8%
Single-family attached for-sale		
< 30% AMI	17	1.9%
30% to 60% AMI	14	1.6%
60% to 80% AMI	27	3.1%
80% to 100% AMI	18	2.0%
> 100% AMI	<u>44</u>	<u>5.0%</u>
Total single-family attached for-sale	120	13.6%
Single-family detached for-sale		
< 30% AMI	45	5.1%
30% to 60% AMI	12	1.4%
60% to 80% AMI	31	3.5%
80% to 100% AMI	7	0.8%
> 100% AMI	<u>105</u>	<u>11.9%</u>
Total single-family detached for-sale	200	22.7%
Grand total	880	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

Summarizing the incomes and financial capabilities of the 880 target households that represent the annual potential market for new and renovated housing units in Study Area A, 21 percent (185

households) have incomes at 30 percent or less than the AMI; 10.5 percent (92 households) have incomes between 30 and 60 percent AMI; 18.5 percent (163 households) have incomes between 60 and 80 percent AMI; 9.3 percent (82 households) have incomes between 80 and 100 percent AMI; and 40.7 percent (358 households) have incomes above 100 percent AMI.

—OPTIMUM MARKET POSITION—

The 39 to 46 new mixed-income rental rowhouses and lofts and apartments in mansion buildings that could be absorbed each year include the following:

- 20 to 24 studio, one- and two-bedroom lofts ranging in size between 400 (microlofts) and 900 square feet, with proposed base rents ranging between \$450 and \$1,100 per month (\$1.13 to \$1.22 per square foot).
- 19 to 22 studio, one-, two-, and three-bedroom apartments ranging in size between 450 and 1,200 square feet, with proposed base rents ranging between \$750 and \$1,800 (\$1.50 to \$1.67 per square foot).
- Absorption has been forecast at a 10 to 12 percent capture of the annual potential multi-family for-rent market.

The five to six new mixed-income mansion condominiums that could be absorbed each year include the following:

- One- and two-bedroom condominiums ranging in size between 700 and 1,100 square feet, with proposed base prices ranging between \$75,000 and \$165,000 (\$107 to \$150 per square foot).
- Absorption has been forecast at a 10 to 12 percent capture of the annual potential multi-family for-sale market.

The five to seven new mixed-income for-sale duplexes, triplexes, rowhouses, and townhouses that could be absorbed each year include the following:

- 3 to 4 one- and two-bedroom triplexes and rowhouses ranging in size between 800 and 1,000 square feet, with proposed base prices ranging between \$85,000 and \$160,000 (\$106 to \$160 per square foot).

- 2 to 3 two- and three-bedroom duplexes and townhouses ranging in size between 1,250 and 1,300 square feet, with proposed base prices ranging between \$145,000 and \$210,000 (\$116 to \$162 per square foot).
- Absorption has been forecast at a five to 7.5 percent capture of the annual potential single-family attached for-sale market.

The seven to 11 new mixed-income for-sale tiny houses, cottages, and urban single-family detached houses that could be absorbed each year include the following:

- 3 to 5 one- and two-bedroom tiny houses and cottages ranging in size between 350 (tiny houses) and 950 square feet, with proposed base prices ranging between \$50,000 and \$145,000 (\$143 to \$153 per square foot).
- 4 to 6 two-, three-, and four-bedroom urban houses ranging in size between 1,150 and 1,500 square feet, with proposed base prices ranging between \$170,000 and \$250,000 (\$148 to \$167 per square foot).
- Absorption is forecast at a five to 7.5 percent capture of the annual potential single-family detached for-sale market.

INTRODUCTION

The purpose of this study is to determine the depth and breadth of the potential market for new and renovated mixed-income dwelling units within Study Area A, City of South Bend, Indiana and includes determination of the target households, the appropriate residential mix corresponding to the housing preferences and financial capabilities of the target households, and the optimum market position for new and renovated rental and for-sale housing units within the Study Area. For the purposes of this analysis, Study Area A encompasses Census Tracts 6, 19, and 20, including all of the Near Northwest Neighborhood and most of the Near Westside Neighborhood.

The extent and characteristics of the potential market for new and existing housing units within Study Area A were identified using Zimmerman/Volk Associates' proprietary target market methodology. In contrast to conventional supply/demand analysis—which is limited to supply-side dynamics and baseline demographic projections—target market analysis establishes the market potential for new and existing housing based on the housing preferences and socio-economic characteristics of households in the relevant draw areas.

The target market methodology is particularly effective in defining housing potential because it encompasses not only basic demographic characteristics, such as income qualification and age, but also less-frequently analyzed attributes such as mobility rates, lifestage, lifestyle patterns, and household compatibility issues (*see METHODOLOGY, provided together with migration and detailed target market tables in a separate document*).

In brief, this study determined:

- Where the potential renters and buyers of new and existing housing units in the City of South Bend and Study Area A are likely to move from (the draw areas);
- How many households have the potential to move within and to the city and the Study Area each year if appropriate housing units were to be made available (depth and breadth of the market);
- Who the households are that represent the potential market for new units in the Study Area (the target markets);

-
- What their housing preferences are in aggregate (rental or ownership, multi-family or single-family);
 - What their range of affordability is by housing type (income qualifications);
 - What their current housing alternatives are (rental and for-sale residential development in the city);
 - What the target markets are currently able to pay to rent or purchase new dwelling units in Study Area A (affordable and market-rate base rents and prices); and
 - How quickly the new units will lease or sell (absorption forecasts).

AVERAGE ANNUAL MARKET POTENTIAL FOR THE CITY OF SOUTH BEND _____

Analysis of migration, mobility, socio-economic and lifestyle characteristics of households currently living within defined draw areas is integral 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 Study Area.

The extent and characteristics of the potential market for new residential units within the City of South Bend and the Study Area have been examined through detailed analysis of households living within the relevant draw areas. These draw areas were determined through analysis of migration and mobility data, with additional supporting data drawn from the 2016 American Community Survey for the City of South Bend and St. Joseph County, and incorporating information obtained from real estate brokers, sales and leasing agents and other knowledgeable sources, as well as from field investigation.

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

Analysis of the most recent St. Joseph County migration and mobility data available from the Internal Revenue Service—from 2010 through 2014—shows that the number of households moving into the county into peaked at 5,280 households in 2012, then fell to 3,855 households by 2014. (See Appendix One, Table 1.) Elkhart County, Indiana, directly to the east, consistently accounts for approximately 16 to 18 percent of household migration into St. Joseph County. Berrien County, Michigan, due north of St. Joseph County, represents between approximately six and seven percent of St. Joseph County migration, followed by Cook County, Illinois—at between four and 5.5

percent—and Marshall County, Indiana—at four to five percent. All other counties accounted individually for less than four percent of household migration into St. Joseph County.

Over the study period, annual *out*-migration from St. Joseph County reached a recent peak in 2011, with 5,675 out-migrating households, then falling each year thereafter to reach just over 4,000 households by 2014. Approximately 13 to 16 percent of out-migrating St. Joseph County households have moved to Elkhart County, representing 640 to 855 St. Joseph County movers over the study period.

Net migration—the difference between households moving into the county and those moving out—showed household losses over the entire study period, with the smallest loss—155 households—occurring in 2014, at the end of the study period, and the largest loss—650 households—in 2010, at the beginning of the study period.

Based on the migration and mobility data, then, the draw areas for the City of South Bend and the Study Area have been delineated as follows (*see also* METHODOLOGY):

- The local draw area, covering households living within the South Bend city limits.
- The county draw area, covering households living elsewhere in St. Joseph County.
- The regional draw area, covering households with the potential to move to the City of South Bend from Elkhart, Berrien, Cook, and Marshall Counties.
- The national draw area, covering households with the potential to move to the City of South Bend from all other U.S. counties.

As derived from the updated migration and mobility analyses, then, the draw area distribution of all households with the potential to move within or to the City of South Bend each year over the next five years is therefore as follows (*see also* Appendix One, Table 8):

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

	City of South Bend:	51.9%
	Balance of St. Joseph County:	23.3%
Regional Draw Area (Elkhart, Berrien, Cook, and Marshall Counties):		8.1%
	Balance of the U.S.:	<u>16.7%</u>
	Total:	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

*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 counties, an annual average of 7,565 households represent the potential market for new and existing housing units within the city each year over the next five years. Approximately 48 percent of the target households will be moving to the city from outside the South Bend city limits.

AVERAGE ANNUAL MARKET POTENTIAL FOR STUDY AREA A _____

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

The target market methodology identifies those households with a preference for living in downtown, in-town, and walkable neighborhoods. After discounting for those segments of the city's annual potential market that typically choose suburban and/or rural locations, the distribution of draw area market potential for new and existing dwelling units within Study Area A would be as follows (*see also* Appendix One, Table 9):

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

	City of South Bend:	64.8%
	Balance of St. Joseph County:	18.2%
Regional Draw Area (Elkhart, Berrien, Cook, and Marshall Counties):		4.5%
	Balance of the U.S.:	<u>12.5%</u>
	Total:	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

*How many households have the potential to move
to Study Area A each year over the next five years?*

Based on the analysis, which accounts for household mobility within the City of South Bend and the balance of St. Joseph County, as well as migration and mobility patterns for households currently living in all other cities and counties across the country, an annual average of 880 younger singles and couples, traditional and non-traditional families, and empty nesters and retirees of all incomes represent the potential market for new and existing housing units within the Study Area each year over the next five years.

What are their housing preferences in aggregate?

The housing preferences of the draw area households—derived from their tenure (rental/ownership) choices and broad financial capacities—are outlined on the following table (*see Table 1 following the text*):

Average Annual Potential Market for New and Existing Housing Units
Study Area A
City of South Bend, St. Joseph County, Indiana

HOUSING TYPE	NUMBER OF HOUSEHOLDS	PERCENT OF TOTAL
Multi-family for-rent (lofts/apartments, leaseholder)	500	56.9%
Multi-family for-sale (lofts/apartments, condo/co-op ownership)	60	6.8%
Single-family attached for-sale (townhouses/live-work, fee-simple/ condominium ownership)	120	13.6%
Single-family detached for-sale (houses, fee-simple ownership)	<u>200</u>	<u>22.7%</u>
Total	880	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

Nationally, market propensities for higher-density urban housing continues to grow. Approximately 57 percent of the 880 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 challenged by the burden of significant education debt as well as lack of an adequate down payment.

The remaining 43 percent of the market would choose some form of ownership housing (nearly 17 percentage points below the current estimated homeownership rate in the city of approximately 60 percent). Just under 53 percent of the annual potential ownership market would prefer single-family detached units—which currently represent an estimated 73 percent of the existing housing stock in South Bend. The remaining 47 percent of the ownership market would choose for-sale single-family attached (duplexes/townhouses/live-work units) or multi-family units (condominium/co-operative units).

What is their range of affordability by housing type?

The 880 households that represent the annual potential market for new and existing housing units in Study Area A have also been segmented by income, based on the St. Joseph County, IN area median family income (AMI), which, for fiscal year 2017 is \$61,500 for a family of four. This study examines affordability based on the following general income groupings:

- Households with incomes below 30 percent AMI (the majority of these households typically qualify only for public housing or older existing units);
- Households with incomes between 30 and 60 percent of AMI (these households typically qualify for low-income housing tax credit units, existing affordable rental housing, or heavily subsidized ownership housing);
- Households with incomes between 60 and 80 percent of AMI (these households typically qualify for new workforce or affordable rental housing or subsidized ownership housing);
- Households with incomes between 80 and 100 percent AMI (these households typically qualify for existing market-rate rentals or new workforce or affordable for-sale housing); and
- Households with incomes above 100 percent AMI (these households generally have sufficient incomes to rent or purchase market-rate housing).

The combined tenure and housing type preferences and financial capabilities of the 880 target households are shown on the table on the following page. (*See again* Table 1.)

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

HOUSING TYPE HOUSEHOLDS	
	NUMBER	PERCENT
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60% to 80% AMI	94	10.7%
80% to 100% AMI	48	5.5%
> 100% AMI	<u>184</u>	<u>20.9%</u>
Total multi-family for-rent	500	56.9%
Multi-family for-sale		
< 30% AMI	9	1.0%
30% to 60% AMI	6	0.7%
60% to 80% AMI	11	1.3%
80% to 100% AMI	9	1.0%
> 100% AMI	<u>25</u>	<u>2.8%</u>
Total multi-family for-sale	60	6.8%
Single-family attached for-sale		
< 30% AMI	17	1.9%
30% to 60% AMI	14	1.6%
60% to 80% AMI	27	3.1%
80% to 100% AMI	18	2.0%
> 100% AMI	<u>44</u>	<u>5.0%</u>
Total single-family attached for-sale	120	13.6%
Single-family detached for-sale		
< 30% AMI	45	5.1%
30% to 60% AMI	12	1.4%
60% to 80% AMI	31	3.5%
80% to 100% AMI	7	0.8%
> 100% AMI	<u>105</u>	<u>11.9%</u>
Total single-family detached for-sale	200	22.7%
Grand total	880	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

Summarizing the incomes and financial capabilities of the 880 target households that represent the annual potential market for new and renovated housing units in Study Area A, 21 percent (185 households) have incomes at 30 percent or less than the AMI; 10.5 percent (92 households) have incomes between 30 and 60 percent AMI; 18.5 percent (163 households) have incomes between 60 and 80 percent AMI; 9.3 percent (82 households) have incomes between 80 and 100 percent AMI; and 40.7 percent (358 households) have incomes above 100 percent AMI.

TARGET MARKET ANALYSIS

*Who are the households that represent the potential market
for new and renovated units in Study Area A?*

The aftermath of the housing crash has seen a measurable shift in market preferences from home ownership to rental dwelling units, particularly among younger households, yielding a higher share of consumer preference for multi-family rentals even among relatively affluent consumers than would have been typical a decade ago. At the same time, there has been a significant shift in neighborhood preferences from single-use subdivisions toward mixed-use, walkable neighborhoods.

This shift has been driven by the convergence of the preferences of the two largest generations in the history of America: the Baby Boomers (currently estimated at just under 74 million), born between 1946 and 1964, and the estimated nearly 89 million Millennials, who were born from 1977 to 1996 and, in 2010, surpassed the Boomers in population. The convergence of two generations of this size—simultaneously reaching a point when housing in walkable neighborhoods matches their life stage—is unprecedented.

In addition to their shared preference for walkable urban living, the Boomers and Millennials are changing housing markets in multiple ways. In contrast to the traditional family (married couples with children) that comprised the typical post-war American household, Boomers and Millennials are households of predominantly singles and couples. As a result, nationally, the home-buying market now contains more than 63 percent one- and two-person households, and the 37 percent of the homebuyers that could be categorized as family households are equally likely to be non-traditional as traditional families. One consequence of this evolution is that mixed-income development is now more likely to succeed than when suburban preferences dominated the housing market.

As determined by the target market analysis, the general market segments, by lifestage and housing type, that represent the potential market for new and existing housing units in Study Area A include (*see also Table 2 following the text*):

- Younger singles and childless couples—including students, young hospital- and university-related employees, young professionals, and office, government and retail workers (52.8 percent);

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- Traditional and non-traditional family households, of which a number are single parents with one or two children, as well as traditional family household heads who are affiliated with one of the hospitals or educational/cultural institutions located in the city, or government employees, service workers, and other private-sector employees, or (31.3 percent); and
 - Empty nesters and retirees, some with incomes from social security alone, others who also have pensions, savings and investments, and the remainder who are still working (15.9 percent).

Many younger singles and couples prefer to live in downtowns and in-town neighborhoods because of the diversity of those neighborhoods, and for the availability of employment, entertainment, and cultural opportunities within walking distance of their residences.

Affordability continues to be a challenge for the influx of young people who are just entering the job market and are living on their own for the first time. This challenge has been addressed in other cities in part by the introduction of smaller, less expensive units.

Just over 20 percent of the younger singles and couples that comprise the target markets for the Study Area have incomes that fall below 30 percent of AMI. If they are employed, these households, for the most part *Twentysomethings*, *Second-City Strivers* and *Multi-Ethnic Singles*, work in part-time or lower-paying jobs, including entry-level retail, such as store clerks, and service occupations, such as waiters and waitresses; many are students.

Another 31 percent of the households in this market segment have incomes that fall within the 30-to-60 percent and 60-to-80 percent income bands. These include recent college graduates just beginning their white-collar careers, lower-level medical personnel, and general office workers in the target groups of *Small-City Singles* and *Suburban Strivers* as well as those *Twentysomethings*, *Second-City Strivers*, and *Multi-Ethnic Singles*, who have full-time or higher-paying employment.

The remaining 49 percent of the younger singles and couples have incomes that are at or above 80 percent of the AMI. These include the target groups of *New Bohemians*, *The VIPs*, and *Fast-Track Professionals*, as well as more affluent households among the *Twentysomethings*, *Small-City Singles*,

Suburban Strivers, and *Second-City Strivers*, who are engaged in mid-level office work; academic and medical affiliates; and artists and artisans.

Approximately 57 percent of the younger singles and couples moving to the Study Area would be moving from elsewhere in the city; 22.6 percent would be moving from elsewhere in St. Joseph County; just over five percent would be moving from the regional draw area; and the remaining 15 percent would be moving from elsewhere in the U.S.

Family-oriented households represent just over 31 percent of the market for new and renovated housing units within Study Area A. An increasing percentage of family-oriented households are non-traditional families, notably single parents with one to three children. Non-traditional families, which, starting in the 1990s, have become an increasingly larger proportion of all U.S. households, encompass a wide range of family households, from a single mother or father with one or more children, an adult taking care of younger siblings, a grandparent responsible for grandchildren, to same-sex couples with children. In the 1950s, the “traditional family household” comprised more than 65 percent of all American households. That demographic has now fallen to less than 22 percent of all American households (and only approximately 15.9 percent in South Bend). Households with children are now increasingly diverse and in some areas are largely non-traditional families. Forty percent of the family households that are the target markets for the Study Area are potential renters, not homeowners.

Just over 24 percent of the family households that comprise the annual potential market for the Study Area have incomes below 30 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—*Single-Parent Families*, some of the *In-Town Families* and *New American Strivers*—struggling to make ends meet.

Another 27 percent of the family-oriented households have incomes that fall within the 30-to-60 and 60-to-80 percent income bands, including *Uptown Families* and some of the *In-Town Families* and *New American Strivers* market groups. A significant number of the heads of household in these family groups are production or blue-collar workers.

Just under 49 percent of the traditional and non-traditional families have incomes at or above 80 percent of AMI. These households are, in large part, dual-income households, with medical careers, in academic positions, or middle-management jobs. These households include *Unibox Transferees*, *Button-Down Families*, *Late-Nest Suburbanites*, *Fiber-Optic Families*, and *Full-Nest Suburbanites*, many of whom would move into the Study Area to be closer to Downtown.

Nearly three-quarters of these family households are already living in the City of South Bend, and just under 11 percent are currently living elsewhere in St. Joseph County. Less than four percent would be moving to the Study Area from the regional draw area, and the remaining 11 percent would be moving from elsewhere in the U.S., particularly Cook County, Illinois and other counties in Indiana.

The smallest general market segment, at 15.9 percent of the annual potential market, is comprised of older households (empty nesters and retirees). 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, just over 17 percent have incomes below 30 percent of AMI—older singles and couples struggling on limited incomes, mostly from social security—nearly all of whom are living in substandard housing, predominantly *Second City Seniors*.

Another 25.7 percent of the older target households have incomes between 30 and 80 percent of the area median. These households include somewhat higher-income *Second City Seniors* who would like to move to dwelling units that require less upkeep and maintenance expense, and, if given appropriate housing options, would choose to remain in their current neighborhoods.

Older households with incomes at or above 80 percent of AMI comprise almost 57 percent of the target empty nester and retiree market segment. These older singles and couples are enthusiastic participants in community life—*Mainstream Empty Nesters*, *Middle-American Retirees*, and *Blue-Collar Retirees*—and many are still actively employed in the medical, legal or financial professions or in academia—*Second-City Establishment* and *Suburban Establishment*.

More than 71 percent of the empty nesters and retirees would be moving from elsewhere within the City of South Bend; approximately 18 percent would be moving from elsewhere in St. Joseph County; just 3.5 percent would be moving from the regional draw area; and the remaining seven percent would be moving from elsewhere in the U.S.

THE MARKET CONTEXT

What are their current residential alternatives?

—Multi-Family Rental Properties—

In January 2018, Zimmerman/Volk Associates compiled data from a variety of sources, including telephone interviews, individual property and rental websites, on 13 selected rental properties, representing nearly 1,850 rental apartments in the city. (See Table 3 following the text.) Property size ranges from just 40 units to nearly 400 units.

Walk Score, a number between 0 and 100 denoting the walkability of a specific address or neighborhood, 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. Walk Scores below 50 indicate that most or almost all errands require an automobile.

The Walk Scores of the surveyed rental properties range between 1 and 84. The highest score of 84 is registered by the Central High School Apartments, located within walking distance of several restaurants, shops and entertainment venues in the Downtown. Several properties have Walk Scores of 70 or more, including the Foundry Lofts, the Pointe at St. Joseph, Stephenson Mills, Aurum, Robertson’s Apartments, and the Mar-Main Apartments.

—Multi-Family Rental Properties—

Table 3 provides detailed information on the 13 rental properties included in the survey and is summarized as follows.

—*Studios (2 properties)*—

- Rents for studios range between \$515 and \$595 per month at the Mar-Main Apartments, a 136-unit property located on West Marion Street, and rent for \$582 per month at Robertson’s Apartments, the seniors building on South Michigan Street.
- Studios at Mar-Main contain between 400 and 550 square feet; the Robertson’s studios average 575 square feet.
- The studio rent per square foot ranges between \$1.08 and \$1.29 at Mar-Main, and averages \$1.01 at Robertson’s.

—*One-Bedroom Units (12 properties)*—

- Rents for one-bedroom flats range from \$478 per month at Belleville Park Apartments on Belleville Circle to \$1,685 per month at the Foundry Lofts on North Eddy Street.
- One-bedroom flats range in size from 527 square feet at Cedar Glen Apartments at 425 South 25th Street to 883 square feet at Stephenson Mills on East Colfax Avenue.
- One-bedroom rents per square foot range between \$0.65 at Belleville Park Apartments to \$2.17 at the Foundry Lofts.

—*Two-Bedroom Units (13 properties)*—

- Rents for two-bedroom, one- to two-bathroom units range from \$525 per month at Washington Dunbar Apartments on North Walnut Street, to \$2,107 per month at the Foundry Lofts. Monroe Park Apartments on Fellows Street leases a two-bedroom/one-bath townhouse for \$674 per month.
- Two-bedroom flats range in size from 550 square feet at Washington Dunbar, to 1,856 square feet at Central High School Apartments. The Monroe Park two-bedroom townhouse contains between 900 square feet of living space.
- Two-bedroom rents per square foot for flats fall between \$0.65 at Belleville Park Apartments and \$2.11 at the Foundry Lofts. The rents per square for the Monroe Park two-bedroom townhouses is \$0.75.

—*Three-Bedroom Units (6 properties)*—

- Rents for three-bedroom flats range between \$699 per month at Washington Dunbar Apartments and \$3,606 per month at the Foundry Lofts. Monroe Park Apartments also has a three-bedroom townhouse with two baths that leases for \$764 per month.
- Three-bedroom flats contain between 1,100 square feet at Washington Dunbar Apartments, and as much as 1,856 square feet at Central High School. The three-bedroom townhouse at Monroe Park Apartments contains 1,020 square feet of living space.
- Three-bedroom rents per square foot for flats fall between \$0.64 at Washington Dunbar and \$2.36 at the Foundry Lofts. The three-bedroom townhouse at Monroe Park leases for \$0.75 per square foot.

Only Belleville Park Apartments has four-bedroom apartments, which contain between 1,366 and 1,448 square feet of living space, and lease for \$709 to \$850 per month (\$0.52 to \$0.59 per square foot).

—*Multi-Family and Single-Family Attached For-Sale Properties*—

Table 4 details recent listings of new and resale condominiums and townhouses at various properties in South Bend. Of the 10 attached units on the market at the time of the survey in January, 2018, two condominiums and two townhouses were priced below \$100,000; one townhouse was listed at \$145,000; the remaining two units were priced above \$700,000.

Three townhouses remain unsold at the nine-unit Corby Lawrence Townhouses, new construction on East Corby Boulevard in northeast South Bend. The prices of the three units start at \$365,000 for a 3,300-square-foot unit containing four bedrooms and three-and-a-half baths (\$111 per square foot). A three-bedroom/two-and-a-half bath end unit is priced at \$379,900 for nearly 2,300 square feet of living space (\$167 per square foot). The most expensive townhouse, with an asking price of \$424,945, has just under 3,000 square feet configured as four bedrooms and three-and-a-half baths (\$142 per square foot).

The most expensive units on the market include a four-bedroom/four-and-a-half bath townhouse in River Race on the East Bank containing nearly 3,100 square feet and listed at \$724,900 (\$234 per square foot) and \$749,000 for a four-bedroom/three-and-a-half bath condominium in Ivy Quad near the University of Notre Dame with 2,375 square feet of living space (\$315 per square foot).

—*Single-Family Detached For-Sale Properties*—

Table 5 details the listings of several newly-constructed single-family detached houses on the market in January 2018 in South Bend and priced under \$300,000. Allen Edwin Homes has been marketing several models of detached houses at three properties in the far northwestern part of the city, with new construction priced from \$176,990 for a 1,458-square-foot three-bedroom/two bath floorplan (\$121 per square foot) to \$253,900 for a 2,340-square-foot three-bedroom/two-and-a-half bath house (\$109 per square foot) at the Jade Crossings community.. Another Allen Edwin Homes community, Laurel Creek, is selling the same three-bedroom models at similar price points (\$197,900 to \$239,900—\$95 to \$128 per square foot). A third Allen Edwin Homes community, Lafayette Falls, starts at a higher price point, with a three-bedroom/two-and-a-half bath house containing nearly 1,700 square feet priced at \$211,900 (\$126 per square foot) and the most expensive house—a three-bedroom/two-and-a-half bath model with over 2,240 square feet of living space—is priced at nearly \$250,000 (\$111 per square foot).

Several houses have been built, or are under construction within other single-family developments in the city. Asking prices range from \$183,900 for a three-bedroom/two-bath house situated on a quarter-acre lot and containing just over 1,300 square feet of living space (\$140 per square foot) to \$267,500 for a 1,634-square-foot three-bedroom house on St. Charles Avenue (\$164 per square foot). All but one were built in 2017, and nearly all are located in developments on the edge of the city.

OPTIMUM MARKET POSITION: STUDY AREA A

As noted above under AVERAGE ANNUAL MARKET POTENTIAL FOR STUDY AREA A, an annual average of 880 younger singles and couples, traditional and non-traditional families, and empty nesters and retirees of all incomes who represent the potential market for new and existing housing units within the Study Area each year over the next five years.

The rents and price points for the market-rate component of new rental housing units that could be developed in Study Area A are derived from the income and equity levels of those target households with annual incomes at or above 80 percent AMI, ranging from \$34,200 and more for a single-person household to \$48,800 and more for a four-person household. For new for-sale housing units, the target households have annual incomes above 100 percent AMI, ranging from \$42,700 and more for a single-person household and \$61,500 and more for a four-person household.

Households with incomes between 30 and 80 percent of the AMI comprise the market for rental “affordable” or workforce housing units. These households have incomes ranging between \$12,850 and \$34,200 for a single-person household to \$24,600 and \$48,800 for a four-person household. For new for-sale housing units, the targeted households have annual incomes between 60 and 100 percent AMI, ranging between \$25,700 and \$42,700 for a single-person household and \$49,200 and \$61,500 for a four-person household.

In general, households with annual incomes at or below 30 percent AMI qualify for Section Eight vouchers and low-income housing tax-credit rental units, and their rents are usually limited to no more than 30 percent of their annual incomes. These household incomes are less than \$12,850 for a single-person household to less than \$24,600 for a four-person household.

What is the market currently able to pay to rent or purchase new dwelling units in Study Area A?

The analysis that follows covers households with preferences for multi-family for-rent with incomes between 30 and 80 percent AMI (affordable/workforce units), and with incomes above 80 percent AMI (market-rate units) and households with preferences for multi-family for-sale, and single-family attached and detached for-sale with incomes between 60 and 100 percent AMI (affordable/workforce units) and with incomes above 100 percent AMI (market-rate units). yielding an annual average of

663 households that represent the potential renters/buyers of new market-rate and affordable housing units in Study Area A each year over the next five years.

As derived from the tenure preferences and financial capabilities of those 663 draw area households, the distribution of rental and for-sale housing types would be as shown on the following table:

Average Annual Potential Market for New Housing Units
 Study Area A
City of South Bend, St. Joseph County, Indiana

HOUSING TYPE HOUSEHOLDS	
	NUMBER	PERCENT
Multi-family for-rent		
30% to 80% AMI	154	23.2%
> 80% AMI	<u>232</u>	<u>35.0%</u>
Total multi-family for-rent	<u>386</u>	<u>58.2%</u>
Multi-family for-sale		
60% to 100% AMI	20	3.0%
> 100% AMI	<u>25</u>	<u>3.8%</u>
Total multi-family for-sale	<u>45</u>	<u>6.8%</u>
Single-family attached for-sale		
60% to 100% AMI	45	6.8%
> 100% AMI	<u>44</u>	<u>6.6%</u>
Total single-family attached for-sale	<u>89</u>	<u>13.4%</u>
Single-family detached for-sale		
60% to 100% AMI	38	5.8%
> 100% AMI	<u>105</u>	<u>15.8%</u>
Total single-family detached for-sale	<u>143</u>	<u>21.6%</u>
Grand total	663	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

—Rental Distribution by Rent Range: Multi-Family For-Rent—

The number of households able to afford the specified rent ranges detailed on the following tables 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 232 households with incomes at or above 80 percent of the AMI represent the target markets for newly-constructed market-rate rental housing units in Study Area A (*as shown on*

Table 6 *following the text*). The distribution by rent range of the rents those 232 households could support are summarized on the following table:

Rent Distribution
 Target Groups for New Multi-Family For Rent
 Households with Incomes At or Above 80 Percent AMI
 Study Area A
City of South Bend, St. Joseph County, Indiana

MONTHLY RENT RANGE	HOUSEHOLDS PER YEAR	PERCENTAGE
\$500–\$750	54	23.3%
\$750–\$1,000	73	31.4%
\$1,000–\$1,250	60	24.5%
\$1,250–\$1,500	34	13.4%
\$1,500 and up	<u>11</u>	<u>2.2%</u>
Total:	232	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

- The largest group of households that represent the market for new market-rate rental units in Study Area A are younger singles and couples at two-thirds of the market. Just 4.5 percent would be able to afford rents at or above \$1,500 per month; approximately 35 percent of these households represent the market for units with rents between \$1,000 and \$1,500 per month; and the remaining 60.6 percent would require rents between \$500 and \$1,000 per month.
- Traditional and non-traditional families comprise just over 20 percent of the market for new market-rate rental units in Study Area A. Just over two percent of the family market can afford rents greater than \$1,500 per month; approximately 53 percent can afford rents between \$1,000 and \$1,500 per month; and 44.7 percent would require rents between \$500 and \$1,000 per month.
- Empty nesters and retirees represent the remaining 13 percent of the market for new market-rate rental units in Study Area A. Approximately 10 percent of these households could afford new units with rents above \$1,500 per month and half could afford new units with rents between \$1,000 and \$1,500 per month. The remaining 40 percent represent the market for units with rents between \$500 and \$1,000 per month.

An annual average of 154 households with incomes between 30 and 80 percent of the AMI represent the target markets for newly-constructed *affordable/workforce* rental housing units in Study Area A (*see again* Table 6). The distribution by rent range of the rents those 154 households could support would be summarized as shown on the following table:

Distribution by Rent Range
 Target Groups for New Multi-Family For Rent
 Households with Incomes Between 30 Percent and 80 Percent AMI
 Study Area A
City of South Bend, St. Joseph County, Indiana

MONTHLY RENT RANGE	UNITS PER YEAR	PERCENTAGE
\$250-\$400	54	35.1%
\$400-\$550	48	31.2%
\$550-\$700	35	22.7%
\$700-\$850	9	5.8%
\$850-\$1,000	<u>8</u>	<u>5.2%</u>
Total:	154	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

- At a 65.6 percent share, younger singles and couples represent the largest market for newly-constructed affordable/workforce rental units in Study Area A. Four percent would be able to afford rents between \$850 and \$1,000 per month; just under 28 percent would represent the market for units with rents between \$550 and \$850 per month; and the remaining 68.3 percent would require rents between \$250 and \$550 per month.
- At approximately 21.4 percent of the market, traditional and non-traditional families are the next largest market for new affordable/workforce rentals in Study Area A. Three percent of these households can afford rents between \$850 and \$1,000 per month; over 27 percent can afford rents can afford rents between \$550 and \$850 per month, and the remaining 69.7 can only afford rents between \$250 and \$550 per month.
- Empty nesters and retirees represent the smallest market, at 13 percent, for new affordable/workforce rental units in Study Area A. Approximately 15 percent of the empty nester and retiree market could afford rents between \$850 and \$1,000 per month; another 35 percent could pay rents between \$550 and \$850 per month; and half would require rents between \$250 and \$550 per month.

—*For-Sale Distribution by Price Range*—

For the for-sale unit distribution, the number of households by price range was determined by assuming a down payment (subsidized or otherwise) of 20 percent and then calculating monthly mortgage payments, including taxes and utilities, that would not exceed 30 percent of the annual gross income of the target households.

The realization of the full market potential for new market-rate for-sale units may be challenging over the short-term, given continued restrictive development financing and mortgage underwriting by financial institutions, the disinterest of some younger households in becoming owners, the fact that many otherwise-qualified households, particularly current renters, lack the funds for a down payment, and the inability of many older owner households to sell their existing single-family units even at reduced prices.

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

An annual average of 25 households with incomes at or above 100 percent of the AMI represent the target markets for newly-constructed market-rate multi-family for-sale (condominium) housing units in Study Area A (*as shown on Table 7 following the text*). The distribution by price range of the prices those 25 households could support are summarized as on the following table:

Distribution by Price Range
 Target Groups for New Multi-Family For Sale
 Households with Incomes At or Above 100 Percent AMI
 Study Area A
City of South Bend, St. Joseph County, Indiana

PRICE RANGE	HOUSEHOLDS PER YEAR	PERCENTAGE
\$100,000–\$125,000	2	8.0%
\$125,000–\$150,000	4	16.0%
\$150,000–\$175,000	7	28.0%
\$175,000–\$200,000	8	32.0%
\$200,000 and up	<u>4</u>	<u>16.0%</u>
Total:	25	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

- At a 72 percent share, younger singles and couples are by far the largest segment of the market for new market-rate multi-family for-sale units (condominiums). Sixteen percent

have the capacity to purchase new condominiums with base prices at or above \$200,000. Another 55.6 percent would be able to purchase condominiums priced between \$150,000 and \$200,000. Just under 28 percent of this segment are younger households who would only be able to afford units priced between \$100,000 and \$150,000.

- Traditional and non-traditional family households comprise 28 percent of the market for this housing type. More than 71 percent of the families would be in the market for new condominiums with base prices between \$150,000 and \$200,000. The remainder of this market, 28.6 percent, is evenly split between condominium units priced between \$100,000 and \$150,000 and condominiums priced at \$200,000 or more.
- Empty nest and retiree households are not potential buyers of new market-rate condominiums in Study Area A.

An annual average of just 20 households with incomes between 60 percent and 100 percent of the AMI represent the target markets for newly-constructed *affordable* multi-family for-sale (condominium) housing units in Study Area A (*see again* Table 7). For these units, the assumption is that, at minimum, the 20 percent down payment would be subsidized. The distribution by price range of the prices those 20 households could support would therefore be summarized as follows:

Distribution by Price Range
 Target Groups for New Multi-Family For Sale
 Households with Incomes Between 60 Percent and 100 Percent AMI
 Study Area A
 City of South Bend, St. Joseph County, Indiana

PRICE RANGE	HOUSEHOLDS PER YEAR	PERCENTAGE
\$50,000–\$75,000	7	35.0%
\$75,000–\$100,000	7	35.0%
\$100,000–\$125,000	<u>6</u>	<u>30.0%</u>
Total:	20	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

- Younger singles and couples are also the largest segment of the market for newly-constructed affordable multi-family for-sale units (condominiums) in the Study Area, at 65 percent of the market. Just over 23 percent of this market could purchase new condominiums priced between \$100,000 and \$125,000. The remaining 77 percent of the younger market is evenly

split between units priced between \$50,000 and \$75,000 and between \$75,000 and \$100,000.

- Family households—predominantly non-traditional families and compact families—comprise 30 percent of the market for newly-constructed affordable condominiums in Study Area A. Approximately two-thirds of this segment would be limited to new affordable condominiums with base prices between \$50,000 and \$75,000, and 11 percent could afford new units priced between \$75,000 and \$100,000. The remaining 22.2 percent could afford new condominium units priced between \$100,000 and \$125,000.
- The potential empty nester market—just five percent of the market—is limited to new affordable condominiums priced between \$50,000 and \$75,000.

—*For-Sale Distribution By Price Range: Single-Family Attached*—

An annual average of 44 households with incomes at or above 100 percent of the AMI represent the target markets for newly-constructed market-rate single-family attached for-sale (townhouse/rowhouse) housing units in Study Area A (*as shown on Table 8 following the text*). The distribution by price range of the prices those 44 households could support are summarized as on the following table:

Distribution by Price Range
 Target Groups for New Single-Family Attached For Sale
 Households with Incomes At or Above 100 Percent AMI
 Study Area A
City of South Bend, St. Joseph County, Indiana

PRICE RANGE	HOUSEHOLDS PER YEAR	PERCENTAGE
\$125,000–\$150,000	11	25.0%
\$150,000–\$175,000	12	27.3%
\$175,000–\$200,000	10	22.7%
\$200,000–\$225,000	5	11.4%
\$225,000–\$250,000	3	6.8%
\$250,000 and up	3	6.8%
Total:	44	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

- Younger singles and couples represent more than half of the market for new market-rate single-family attached for-sale units (townhouses/rowhouses/duplexes). Approximately 56.5 percent would require new single-family attached units with base prices between \$125,000

and \$175,000, whereas over one-third would be in the market for units priced between \$175,000 and \$225,000. Just 8.7 percent have the income and down payments to enable them to purchase new single-family attached units priced above \$225,000.

- At a 40.9 percent share, traditional and non-traditional families make up the next largest segment of the market for new market-rate single-family attached for-sale units. A plurality, 44.4 percent, would require units priced between \$125,000 and \$175,000. Another third could afford new single-family attached units priced between \$175,000 and \$225,000, and the remaining 22.2 percent have the incomes and assets to be able to purchase new units priced above \$225,000.
- Empty nesters and retirees comprise just 6.8 percent of the market for new market-rate single-family attached for-sale units, of which one-third would be able to purchase units priced between \$175,000 and \$225,000, and the majority, 66.7 percent, would require new units priced between \$125,000 and \$175,000.

An annual average of 45 households with incomes between 60 percent and 100 percent of the AMI represent the target markets for newly-constructed *affordable* single-family attached for-sale housing units in Study Area A (*see again* Table 8). Again, for these units, the assumption is that, at minimum, the 20 percent down payment would be subsidized. The distribution by price range of the prices those 45 households could support would therefore be summarized as follows:

Distribution by Price Range
 Target Groups for New Single-Family Attached For Sale
 Households with Incomes Between 60 Percent and 100 Percent AMI
 Study Area A
City of South Bend, St. Joseph County, Indiana

PRICE RANGE	HOUSEHOLDS PER YEAR	PERCENTAGE
\$50,000–\$75,000	17	37.8%
\$75,000–\$100,000	16	35.6%
\$100,000–\$125,000	<u>12</u>	<u>26.6%</u>
Total:	45	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

- Family households represent the largest target market—nearly 49 percent of the households—for newly-constructed affordable single-family attached for-sale units. Just

under a third could afford newly-constructed affordable units priced between \$50,000 and \$75,000, and another third would be able to purchase new units with base prices between \$100,000 and \$125,000. The remaining 36 percent could afford units priced between \$75,000 and \$100,000

- Younger singles and couples are the second largest segment of the market for newly-constructed affordable single-family attached for-sale units in Study Area A, at a 40 percent share. Approximately 44 percent of this market could only afford these units priced between \$50,000 and \$75,000; a third would be able to afford units priced between \$75,000 and \$100,000; and the remaining 22 percent have the incomes to purchase units priced between \$100,000 and \$125,000.
- The smallest group, empty nesters and retirees, comprises 11.1 percent of the market for newly-constructed affordable townhouses in Study Area A. Forty percent of this segment would be limited to new affordable single-family attached units with base prices between \$50,000 and \$75,000, and forty percent could afford new units priced between \$75,000 and \$100,000. The remaining 20 percent could afford new units priced between \$100,000 and \$125,000.

—*For-Sale Distribution By Price Range: Single-Family Detached*—

An annual average of 105 households with incomes at or above 100 percent of the AMI represent the target markets for newly-constructed market-rate single-family detached for-sale (urban houses) in Study Area A (*as shown on Table 9 following the text*). The distribution by price range of the prices those 105 households could support are summarized on the table on the following page.

Distribution by Price Range
 Target Groups for New Single-Family Detached For Sale
 Households with Incomes At or Above 100 Percent AMI
 Study Area A
 City of South Bend, St. Joseph County, Indiana

PRICE RANGE	HOUSEHOLDS PER YEAR	PERCENTAGE
\$150,000–\$175,000	27	25.7%
\$175,000–\$200,000	29	27.7%
\$200,000–\$225,000	16	15.2%
\$225,000–\$250,000	16	15.2%
\$250,000–\$275,000	8	7.6%
\$275,000 and up	<u>9</u>	<u>8.6%</u>
Total:	105	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

- Traditional and non-traditional families make up the largest segment of the market for new market-rate single-family detached houses, at an approximately 44 percent share. Nearly 22 percent could afford new houses with base prices above \$250,000, another 28.3 percent would be in the market for new houses with base prices between \$200,000 and \$250,000, and half would require units priced between \$150,000 and \$200,000.
- Empty nesters and retirees comprise 39 percent of the market for new market-rate single-family detached houses in the Study Area, of which 17.1 percent would be able to purchase new houses priced above \$250,000, and the remaining 83 percent would be evenly split between new detached units priced between \$150,000 and \$200,000 and between \$200,000 and \$250,000.
- At a share of approximately 17 percent, younger singles and couples represent the smallest segment of the market for new market-rate single-family houses in the Study Area. Nearly 89 percent would require new detached houses with base prices between \$150,000 and \$200,000, and 11.1 percent could afford units priced between \$200,000 and \$250,000.

An annual average of 38 households with incomes between 60 percent and 100 percent of the AMI represent the target markets for newly-constructed *affordable* single-family detached for-sale housing units in Study Area A (*see again* Table 9). Again, for these units, the assumption is that, at minimum, the 20 percent down payment would be subsidized. The distribution by price range of the prices those 38 households could support are summarized on the table on the following page.

Distribution by Price Range
 Target Groups for New Single-Family Detached For Sale
 Households with Incomes Between 60 Percent and 100 Percent AMI
 Study Area A
City of South Bend, St. Joseph County, Indiana

PRICE RANGE	HOUSEHOLDS PER YEAR	PERCENTAGE
\$50,000–\$75,000	10	26.3%
\$75,000–\$100,000	13	34.2%
\$100,000–\$125,000	9	23.7%
\$125,000–\$150,000	<u>6</u>	<u>15.8%</u>
Total:	38	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

- Traditional and non-traditional families are half of the market for newly-constructed affordable detached houses in Study Area A. Over 68 percent of the family market would be limited to new affordable houses with base prices between \$50,000 and \$100,000. Just under a third of the traditional and non-traditional families could afford new detached units priced between \$100,000 and \$150,000.
- Empty nesters and retirees are the second largest segment of the market for newly-constructed *affordable* single-family detached for-sale units in the Study Area, at just over 26 percent of the market. Approximately 40 percent of the older households could only afford detached houses priced between \$50,000 and \$100,000; 60 percent have the income and assets to purchase new detached houses priced between \$100,000 and \$150,000.
- The smallest market segment, younger singles and couples, makes up just under 24 percent of the potential market for new affordable single-family detached houses. Two-thirds of the younger singles and couples could afford newly-constructed affordable houses priced between \$50,000 and \$100,000 and one-third have the financial capabilities to purchase new detached houses priced between \$100,000 and \$150,000.

PROPOSED RENT AND PRICE RANGES: STUDY AREA A

Based on the tenure and housing preferences of the target households, and their income and equity levels, the range of rents and prices for newly-developed market-rate and affordable/workforce residential units in Study Area A that could be sustained by the market is as follows (*see also* Table 10 *following the text*):

Base Rent, Price and Size Ranges
 Study Area A
 City of South Bend, St. Joseph County, Indiana

HOUSING TYPE	RENT/PRICE RANGE	SIZE RANGE	RENT/PRICE PER SQ. FT.
MULTI-FAMILY FOR-RENT: ROWHOUSES; MANSION BUILDINGS (4-6 DU PER BUILDING)—			
Microlofts, Lofts	\$450–\$1,100/month	400–900 sf	\$1.13–\$1.22 psf
Apartments, Rowhouses	\$750–\$1,800/month	450–1,200 sf	\$1.50–\$1.67 psf
MULTI-FAMILY FOR-SALE: MANSION BUILDINGS (4-6 DU PER BUILDING)—			
Condominiums	\$75,000–\$165,000	700–1,100 sf	\$107–\$150 psf
SINGLE-FAMILY ATTACHED FOR-SALE: DUPLEXES; TRIPLEXES; ROWHOUSES; TOWNHOUSES—			
Triplexes; Rowhouses	\$85,000–\$160,000	800–1,000 sf	\$106–\$160 psf
Duplexes; Townhouses	\$145,000–\$210,000	1,250–1,300 sf	\$116–\$162 psf
SINGLE-FAMILY DETACHED FOR-SALE: TINY HOUSES; COTTAGES; URBAN HOUSES—			
Tiny Houses/Cottages	\$50,000–\$145,000	350–950 sf	\$143–\$153 psf
Urban Houses	\$170,000–\$250,000	1,150–1,500 sf	\$148–\$167 psf

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

The aforementioned rents and prices are in year 2018 dollars, are exclusive of consumer options and upgrades, or floor or location premiums, and cover a broad range of rents and prices for newly-developed units *currently* sustainable by the market in Study Area A. It is likely that, over a five-year timeframe, rents and prices will change from the 2018 values; barring a substantial economic downturn, the changes are likely to be escalation of values.

Location will have a significant impact on rents and prices; new units and buildings situated within a short walking distance of Downtown South Bend, will likely command rents and prices at the upper end of values. Those units and buildings that are further from Downtown, or with few amenities within walking distance, are likely to command rent and prices at the lower end of values.

New infill development in Study Area A should build on the renovations, new construction, and improvements that have already been completed. There are multiple vacant lots throughout the Study Area that would be suitable for infill development

In the Near Northwest Neighborhood, renovations of existing houses and new construction has dramatically improved several blocks. Infill development should continue on adjacent streets both to the east and west of Cottage Grove Avenue, and could encompass more than just single-family houses to include for-sale duplexes, triplexes, or rowhouses/townhouses. The location of the Muessel Elementary School in this part of the Study Area is likely to attract the family market, in particular. Where possible, new rental development should be limited to corner lots at intersections or along commercial corridors such as Portage Avenue and Lincoln Way.

In the Near Westside Neighborhoods, new rental rowhouses or apartments in mansion buildings could be developed in close proximity to the 24-unit Mutual Homes project, expanding available unit types. Because of their close proximity to Downtown South Bend, any vacant land or suitable vacant buildings located on the blocks between Chapin Street and South Chestnut Street to the east and west, and West Washington Street and West Western Avenue to the north and south would be well-suited to new development, both rental and for-sale. The Studebaker National Museum and Oliver Mansion enhance the historic character of this part of the Study Area.

MARKET CAPTURE: STUDY AREA A _____

How fast will new units lease or sell?

In the context of the target market methodology, new multi-family development, both rental and for-sale, in Study Area A should be able to achieve an annual capture of 10 to 12 percent of the annual potential renters and condominium buyers each year over the next five years. New single-family development, both attached and detached, should be able to achieve an annual capture of five to 7.5 percent of the annual potential single-family attached and detached buyers each year over the next five years. (Nationally, prior to the housing collapse in 2008, new dwelling units represented 15 percent of all units sold; over the past several years, new dwelling units have averaged approximately eight percent of all units sold.)

Based on a 10 to 12 percent capture of the annual potential market for new multi-family housing, and a five to 7.5 percent capture of the annual potential market for new single-family attached and detached housing units, Study Area A should be able to absorb between 56 and 70 new market-rate and affordable/workforce rental and for-sale housing units each year over the next five years, as shown on the following table (*see also* Table 10 *following the text for greater detail*):

Annual Capture of Market Potential
 Study Area A
 City of South Bend, St. Joseph County, Indiana

HOUSING TYPE	NUMBER OF HOUSEHOLDS	CAPTURE RATE	NUMBER OF NEW UNITS
Multi-Family For-Rent (lofts/apartments, leaseholder)	386	10 - 12%	39 - 46
Multi-Family For-Sale (lofts/apartments, condo/co-op ownership)	45	10 - 12%	5 - 6
Single-Family Attached For-Sale (rowhouses/townhouses, fee-simple ownership)	89	5 - 7.5%	5 - 7
Single-Family Detached For-Sale (urban houses, fee-simple ownership)	<u>143</u>	5 - 7.5%	<u>7 - 11</u>
Total	663		56 - 70

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

Over five years, these capture rates could support the construction and absorption of between 280 and 350 new mixed-income dwelling units within Study Area A.

These capture rates are well within the target market methodology’s parameters of feasibility.

NOTE: Target market capture rates 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 location is more precisely defined, target market capture rates are higher than the more grossly-derived penetration rates. However, the resulting higher capture rates are well within the range of prudent feasibility.

STUDY AREA A BUILDING AND UNIT TYPES

—MULTI-FAMILY BUILDINGS—

Because of its smaller scale, the mansion building is the most appropriate multi-family building type, at least initially, in Study Area A:

- 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. The building can accommodate a variety of uses—from rental or for-sale 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.

Parking behind the mansion buildings can be either alley-loaded, or front-loaded served by shared drives.

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.

Other buildings that would be appropriate within Study Area A include the following:

- Courtyard Apartment Building: In new construction, an urban, pedestrian-oriented equivalent to conventional garden apartments. An urban courtyard building is three or more stories, often combined with non-residential uses on the ground floor. The building should be built to the sidewalk edge and, to provide privacy and a sense of security, the first floor should be elevated significantly above the sidewalk.
- 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 typically has double-loaded corridors.

-
- 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.

—MULTI-FAMILY UNIT TYPES—

- Microlofts: Several cities across the country are changing minimum unit size requirements as part of a strategy to attract young knowledge workers with contemporary yet affordable units. Millennial knowledge workers have responded positively to efficiency units as small as 220 square feet, often leasing out new micro loft projects within a matter of days.
- Lofts: Unit interiors typically have high ceilings, are fully finished and partitioned into individual rooms. Units may also contain architectural elements reminiscent of hard lofts, such as exposed ceiling beams and ductwork, concrete floors and industrial finishes, particularly if the building is an adaptive re-use of an existing industrial structure.
- Apartments: More conventionally-finished single-level units, typically with completely-partitioned rooms.—trim, interior doors, kitchens and baths are often fitted out with higher-end finishes and fixtures than in lofts.

—SINGLE-FAMILY ATTACHED—

- Rowhouses/Townhouses: Similar in form to conventional suburban townhouses 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 and townhouses conform to the pattern of streets, typically with shallow front-yard setbacks.
- Duplexes/Triplexes: Two- or three-unit townhouses with the garages—either attached or detached—located to the rear of the units. Like the rowhouses/townhouses, urban duplexes/triplexes conform to the pattern of streets, typically with shallow front-yard setbacks. In a corner location, duplex units can each front a different street.

—SINGLE-FAMILY DETACHED—

- Tiny Houses: Typically, free-standing single-family detached houses, sometimes on wheels, containing less than 500 square feet of living space.

- Cottages: Small one-, one-and-a-half- or two-story single-family detached houses on small lots, usually with alley-loaded parking.
- Urban Houses: One-and-a-half- or two-story single-family detached houses on small lots, often with alley-loaded parking with attached, detached, or open parking—whether alley-loaded or not—set well back from the front façade; in many instances, the garage is framed by a porte-cochère.



Table 1

Annual Market Potential For New And Existing Housing Units
 Distribution Of Annual Average Number Of Draw Area Households With The Potential
 To Move To Study Area A Each Year Over The Next Five Years
 Based On Housing Preferences And Income Levels

Study Area A

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	7,565
Annual Number Of Target Market Households With Potential To Rent/Purchase Within Study Area A	880

Annual Market Potential

	<u>Below 30% AMI</u>	<u>30% to 60% AMI</u>	<u>60% to 80% AMI</u>	<u>80% to 100% AMI</u>	<u>Above 100% AMI</u>	<u>Subtotal</u>
<i>Multi-Family For-Rent:</i>	114	60	94	48	184	500
<i>Multi-Family For-Sale:</i>	9	6	11	9	25	60
<i>Single-Family Attached For-Sale:</i>	17	14	27	18	44	120
<i>Single-Family Detached For-Sale:</i>	45	12	31	7	105	200
Total:	185	92	163	82	358	880
Percent:	21.0%	10.5%	18.5%	9.3%	40.7%	100.0%

Note: For fiscal year 2017, South Bend-Mishawaka, In Metro FMR Area Median Family Income for a family of four is \$61,500.

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

Table 2

Annual Market Potential By Lifestage And Income Level

Derived From Purchase And Rental Propensities Of Draw Area Households With The Potential
To Move To Study Area A Each Year Over The Next Five Years
Based On Housing Preferences And Income Levels

Study Area A

City of South Bend, St. Joseph County, Indiana

	<u>Total</u>	<u>Below 30% AMI</u>	<u>30% to 60% AMI</u>	<u>60% to 80% AMI</u>	<u>80% to 100% AMI</u>	<u>Above 100% AMI</u>
Number of Households:	880	185	92	163	82	358
Empty Nesters & Retirees	15.9%	13.0%	16.3%	12.9%	13.4%	19.3%
Traditional & Non-Traditional Families	31.3%	36.2%	20.7%	34.4%	32.9%	29.6%
Younger Singles & Couples	52.8%	50.8%	63.0%	52.7%	53.7%	51.1%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note: For fiscal year 2017, South Bend-Mishawaka, In Metro FMR Area Median Family Income for a family of four is \$61,500.

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

Summary Of Selected Rental Properties

City of South Bend, St. Joseph County, Indiana

January, 2018

<u>Property</u> <u>Address</u>	<u>Number</u> <u>of Units</u>	<u>Unit</u> <u>Type</u>	<u>Base</u> <u>Rent</u>		<u>Avg. Unit</u> <u>Sizes</u>	<u>Rents per</u> <u>Sq. Ft.</u>	<u>Amenities</u>
Belleville Park Apts. (2003) 4940 Belleville Circle Walk Score: 11	208	1br/1ba	\$478	to	734	\$0.65	<i>Business center, clubhouse, playground.</i>
			\$550		816	\$0.67	
		2br/1ba	\$650		939	\$0.69	
		2br/2ba	\$650		997	\$0.65	
		3br/2ba	\$750		1,154	\$0.65	
		4br/2ba	\$709	to	1,366	\$0.52	
			\$850		1,448	\$0.59	
Mar-Main Apts (1922) 125 W. Marion Street Walk Score: 74	136	Studio/1ba	\$515	to	400	\$1.08	<i>Fitness center, clubhouse.</i>
			\$595		550	\$1.29	
		1br/1ba	\$685		675	\$1.01	
		1br/1ba/den	\$745		775	\$0.96	
		1br/1ba/sunroom	\$745		775	\$0.96	
		1br/1.5ba	\$725		780	\$0.93	
		2br/1ba	\$800		800	\$1.00	
Washington Dunbar (Renovated 2010) 118 N. Walnut Street Walk Score: 1	80	2br/1ba	\$525	to	550	\$0.95	<i>Playground.</i>
			\$661			\$1.20	
		3br/2ba	\$699	to	1,100	\$0.64	
			\$756			\$0.69	
Cedar Glen Apts. (1951; Renovated 2013) 425 S. 25th Street Walk Score: 35	181	1br/1ba	\$555		527	\$1.05	<i>Playground, courtyard.</i>
		2br/1ba	\$565	to	664	\$0.78	
			\$595		763	\$0.85	
Monroe Park Apts. (1994) 526 Fellows Street Walk Score: 58	57	1br/1ba	\$579		700	\$0.83	<i>Laundry facilities.</i>
		2br/1ba TH	\$674		900	\$0.75	
		3br/2ba TH	\$764		1,020	\$0.75	
Robertson's Apts. (1998) 211 South Michigan Walk Score: 80	92	Studio/1ba	\$582		575	\$1.01	<i>Seniors 55+</i>
		1br/1ba	\$592		750	\$0.79	
		2br/1ba	\$748		1,050	\$0.71	

Summary Of Selected Rental Properties

City of South Bend, St. Joseph County, Indiana

January, 2018

<u>Property</u> <u>Address</u>	<u>Number of Units</u>	<u>Unit Type</u>	<u>Base Rent</u>	<u>Avg. Unit Sizes</u>	<u>Rents per Sq. Ft.</u>	<u>Amenities</u>
Riverside North Apts. (1966) 1587 Riverside Drive Walk Score: 42	145	1br/1ba	\$610 to \$805	800 to 820	\$0.76 to \$0.98	<i>Fitness center, pool, car wash station, BBQ/picnic area.</i>
		2br/1ba	\$700 to \$880	890 to 900	\$0.79 to \$0.98	
		2br/2ba	\$765 to \$945	1,000 to 1,255	\$0.75 to \$0.77	
		3br/2ba	\$1,015 to \$1,065	1,410	\$0.72 to \$0.76	
Hurwich Farms 2701 Appaloosa Lane Walk Score: 48	396	1br/1ba	\$720	692	\$1.04	<i>Fitness center, clubhouse, pool, sport courts.</i>
		2br/2ba	\$850	932	\$0.91	
Central HS Apts. (1913) 330 West Colfax Avenue Walk Score: 84	106	1br/1ba	\$835 to \$865	590 to 774	\$1.12 to \$1.42	<i>Fitness center.</i>
		2br/1ba	\$915 to \$1,050	803 to 1,181	\$0.89 to \$1.14	
		1br/1.5ba	\$950	957	\$0.99	
		2br/1.5ba	\$1,085 to \$1,395	1,059 to 1,579	\$1.02 to \$1.32	
		2br/1ba	\$1,320 to \$1,520	1,453 to 1,856	\$0.82 to \$0.91	
		3br/1ba	\$1,510	1,856	\$0.81	
Aurum (2014) 825 Sorin Street Walk Score: 72	60	1br/1ba	\$899 to \$920	596 to 602	\$1.51 to \$1.53	<i>Clubhouse, putting green, business center.</i>
		2br/2ba	\$1,299 to \$1,549	1,139 to 1,299	\$1.14 to \$1.19	
Stephenson Mills 332 West Colfax Avenue (rental office address) Walk Score: 77	40	1br/1ba	\$909 to \$995	619 to 883	\$1.13 to \$1.47	<i>Laundry facility.</i>
		2br/1ba	\$1,155 to \$1,325	1,094 to 1,489	\$0.89 to \$1.06	
		2br/2ba	\$1,290 to \$1,425	1,132 to 1,500	\$0.95 to \$1.14	

Summary Of Selected Rental Properties*City of South Bend, St. Joseph County, Indiana***January, 2018**

<u>Property</u> <u>Address</u>	<u>Number</u> <u>of Units</u>	<u>Unit</u> <u>Type</u>	<u>Base</u> <u>Rent</u>	<u>Avg. Unit</u> <u>Sizes</u>	<u>Rents per</u> <u>Sq. Ft.</u>	<u>Amenities</u>
Pointe at St. Joseph 307 East Lasalle Avenue Walk Score: 78	79	1br/1ba	\$925 to \$955	784 to 700	\$1.18 to \$1.36	<i>Fitness center, business center, clubhouse, pool.</i>
		2br/1.5ba	\$1,120 to \$1,195	1,020	\$1.10 to \$1.17	
		2br/2ba	\$1,130 to \$1,235	1,032 to 1,151	\$1.09 to \$1.07	
		2br/2ba/den	\$1,225 to \$1,300	1,076	\$1.14 to \$1.21	
The Foundry Lofts (2009) 1233 North Eddy Street Walk Score: 70	266	1br/1ba	\$1,337 to \$1,685	625 to 776	\$2.14 to \$2.17	<i>Fitness center, business center, clubhouse, rooftop deck.</i>
		2br/2ba	\$1,827 to \$2,107	866 to 1,123	\$1.88 to \$2.11	
		3br/2.5ba	\$2,053 to \$3,606	1,189 to 1,528	\$1.73 to \$2.36	

Table 4

**Summary Of For-Sale Multi-Family
And Single-Family Attached Listings**
City of South Bend, St. Joseph County, Indiana
January, 2018

<u>Development (Date Opened)</u> <u>Address/Developer</u>	<u>Unit</u> <u>Type</u>	<u>Beds/</u> <u>Baths</u>	<u>Unit Price</u> <u>Range</u>	<u>Unit Size</u> <u>Range</u>	<u>Price Per</u> <u>Sq. Ft.</u>	<u>Total</u> <u>Units</u>	<u>Total</u> <u>Sales</u>
<i>..... New Construction</i>							
Corby Lawrence TH (2017) <i>East Corby Boulevard</i>	TH	4br/3.5ba	\$365,000	3,303	\$111	9	6
	3br/2.5ba	End Unit	\$379,900	2,270	\$167		
		4br/3.5ba	\$424,945	2,993	\$142		
<i>..... Resales</i>							
2500 Topsfield Rd (1964)	CO	1br/1ba	\$47,500	800	\$59		
		1br/1ba	\$59,900	800	\$75		
Cornwall Court (1983)	TH	2br/1.5ba	\$85,000	1,054	\$81		
Lansdown Blvd (1982)	TH	3br/1.5ba	\$99,900	2,162	\$46		
Coventry Trail (1973)	TH	2br/2.5ba	\$145,000	1,616	\$90		
River Race (2012)	TH	4br/4.5ba	\$724,900	3,096	\$234		
Ivy Quad (2015)	CO	4br/3.5ba	\$749,000	2,375	\$315		

**Summary of Selected Single-Family Listings
New Construction Priced Under \$300,000**

City of South Bend, St. Joseph County, Indiana

January, 2018

<i>Subdivision/Area</i>	<i>Lot Size</i>	<i>Year Built</i>	<i>Unit List Price</i>	<i>Unit Size</i>	<i>Price psf</i>	<i>Configuration</i>
Jade Crossings	0.47	2006-2018	<i>... Available floorplans ...</i>			
Allen Edwin Homes			\$176,900	1,458	\$121	3br/2ba
			\$190,900	1,743	\$110	3br/2ba
			\$193,900	2,040	\$95	3br/2ba
			\$199,900	2,174	\$92	3br/2ba
			\$207,900	1,702	\$122	3br/2.5ba
			\$208,900	1,412	\$148	3br/2ba
			\$211,900	1,870	\$113	3br/2.5ba
			\$213,900	1,600	\$134	3br/2ba
			\$220,900	2,075	\$106	3br/2.5ba
			\$220,900	2,121	\$104	3br/2.5ba
			\$223,900	2,246	\$100	3br/2.5ba
			\$232,900	2,393	\$97	3br/2.5ba
			\$237,900	2,410	\$99	4br/2.5ba
			\$237,900	2,626	\$91	4br/2.5ba
			\$241,900	1,658	\$146	3br/2ba
			\$245,900	2,244	\$110	3br/2.5ba
			\$253,900	2,340	\$109	3br/2.5ba
Laurel Creek			<i>... Available floorplans ...</i>			
Allen Edwin Homes			\$197,900	1,743	\$114	3br/2ba
			\$206,900	2,174	\$95	3br/2ba
			\$214,900	1,702	\$126	3br/2.5ba
			\$214,900	1,682	\$128	3br/2.5ba
			\$218,900	1,870	\$117	3br/2.5ba
			\$227,900	2,075	\$110	3br/2.5ba
			\$239,900	2,393	\$100	3br/2.5ba
Lafayette Falls	0.24	2004-2018	<i>... Available floorplans ...</i>			
Allen Edwin Homes			\$211,900	1,682	\$126	3br/2.5ba
			\$211,900	1,702	\$125	3br/2ba
			\$212,900	1,412	\$151	3br/2ba
			\$215,900	1,870	\$115	3br/2.5ba
			\$217,900	1,600	\$136	3br/2ba
			\$224,900	2,075	\$108	3br/2.5ba
			\$224,900	2,121	\$106	3br/2.5ba
			\$227,900	2,246	\$101	3br/2.5ba
			\$236,900	2,393	\$99	3br/2.5ba
			\$241,900	2,626	\$92	4br/2.5ba
			\$241,900	2,410	\$100	4br/2.5ba
			\$245,900	1,658	\$148	3br/2ba
			\$249,900	2,244	\$111	3br/2.5ba

SOURCE: Multiple Listing Service;
Zimmerman/Volk Associates, Inc.

**Summary of Selected Single-Family Listings
New Construction Priced Under \$300,000**

City of South Bend, St. Joseph County, Indiana

January, 2018

<i>Subdivision/Area</i>	<i>Lot Size</i>	<i>Year Built</i>	<i>Unit List Price</i>	<i>Unit Size</i>	<i>Price psf</i>	<i>Configuration</i>
Blue Winged Trail	0.23	2017	\$183,900	1,312	\$140	3br/2ba
Cherry Pointe Drive	0.17	2017	\$186,900	1,743	\$107	3br/2.5ba
Blue Winged Trail	0.26	2017	\$188,900	1,321	\$143	3br/2ba
Common Elder Trail	0.26	2017	\$193,900	1,453	\$133	3br/2.5ba
Sapphire Drive	0.16	2017	\$202,900	2,040	\$99	3br/2.5ba
Kiefer Way	0.20	2017	\$209,900	3,166	\$66	3br/2.5ba
St. Charles Avenue	0.15	2016	\$267,500	1,634	\$164	3br/2ba

SOURCE: Multiple Listing Service;
Zimmerman/Volk Associates, Inc.

Table 6

Target Groups For New Multi-Family For Rent Study Area A

City of South Bend, St. Joseph County, Indiana

..... Number of Households

Empty Nesters & Retirees**	<i>30% to 80% AMI†</i>	<i>Above 80% AMI†</i>	<i>Total</i>	<i>Percent of Total</i>
Mainstream Empty Nesters	1	4	5	1.3%
Middle-American Retirees	2	7	9	2.3%
Cosmopolitan Couples	2	2	4	1.0%
Blue-Collar Retirees	2	2	4	1.0%
Hometown Seniors	2	2	4	1.0%
Second City Seniors	11	13	24	6.2%
Subtotal:	20	30	50	13.0%
Traditional & Non-Traditional Families††				
Kids 'r' Us	1	3	4	1.0%
Multi-Ethnic Families	1	3	4	1.0%
Uptown Families	7	14	21	5.4%
In-Town Families	13	15	28	7.3%
Single-Parent Families	1	2	3	0.8%
New American Strivers	10	10	20	5.2%
Subtotal:	33	47	80	20.7%
Younger Singles & Couples**				
New Bohemians	2	7	9	2.3%
The VIPs	3	11	14	3.6%
Fast-Track Professionals	3	15	18	4.7%
Suburban Achievers	3	6	9	2.3%
Suburban Strivers	12	21	33	8.5%
Small-City Singles	12	17	29	7.5%
Downtown Couples	2	2	4	1.0%
Downtown Proud	3	4	7	1.8%
Twentysomethings	25	36	61	15.8%
Second-City Strivers	17	22	39	10.1%
Multi-Ethnic Singles	19	14	33	8.5%
Subtotal:	101	155	256	66.3%
Total Households:	154	232	386	100.0%
Percent of Total:	39.9%	60.1%	100.0%	

† For fiscal year 2017, South Bend-Mishawaka, In Metro FMR Area Median Family Income for a family of four is \$61,500.

** Predominantly one- and two-person households.

†† Predominantly three -to five-person households.

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

Table 7

Target Groups For New Multi-Family For Sale *Study Area A*

City of South Bend, St. Joseph County, Indiana

. Number of Households

Empty Nesters & Retirees**	<i>60% to 100% AMI†</i>	<i>Above 100% AMI†</i>	<i>Total</i>	<i>Percent</i>
Second City Seniors	1	0	1	2.2%
Subtotal:	1	0	1	2.2%
Traditional & Non-Traditional Families††				
Uptown Families	1	4	5	11.1%
In-Town Families	2	1	3	6.7%
New American Strivers	3	2	5	11.1%
Subtotal:	6	7	13	28.9%
Younger Singles & Couples**				
New Bohemians	1	3	4	8.9%
The VIPs	0	5	5	11.1%
Fast-Track Professionals	1	4	5	11.1%
Suburban Strivers	2	1	3	6.7%
Small-City Singles	3	2	5	11.1%
Twentysomethings	2	2	4	8.9%
Second-City Strivers	2	1	3	6.7%
Multi-Ethnic Singles	2	0	2	4.4%
Subtotal:	13	18	31	68.9%
Total Households:	20	25	45	100.0%
Percent of Total:	44.4%	55.6%	100.0%	

† For fiscal year 2017, South Bend-Mishawaka, In Metro FMR Area Median Family Income for a family of four is \$61,500.

** Predominantly one- and two-person households.

†† Predominantly three -to five-person households.

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

Table 8

Target Groups For New Single-Family Attached For Sale Study Area A

City of South Bend, St. Joseph County, Indiana

. Number of Households

Empty Nesters & Retirees**	<i>60% to 100% AMI†</i>	<i>Above 100% AMI†</i>	<i>Total</i>	<i>Percent</i>
Blue-Collar Retirees	3	2	5	5.6%
Second City Seniors	2	1	3	3.4%
Subtotal:	5	3	8	9.0%
Traditional & Non-Traditional Families††				
Button-Down Families	2	2	4	4.5%
Kids 'r' Us	2	3	5	5.6%
Uptown Families	6	6	12	13.5%
In-Town Families	11	5	16	18.0%
New American Strivers	1	2	3	3.4%
Subtotal:	22	18	40	44.9%
Younger Singles & Couples**				
The VIPs	2	3	5	5.6%
Suburban Achievers	3	4	7	7.9%
Suburban Strivers	3	5	8	9.0%
Small-City Singles	7	5	12	13.5%
Twentysomethings	1	2	3	3.4%
Second-City Strivers	1	3	4	4.5%
Multi-Ethnic Singles	1	1	2	2.2%
Subtotal:	18	23	41	46.1%
Total Households:	45	44	89	100.0%
Percent of Total:	50.6%	49.4%	100.0%	

† For fiscal year 2017, South Bend-Mishawaka, In Metro FMR Area Median Family Income for a family of four is \$61,500.

** Predominantly one- and two-person households.

†† Predominantly three -to five-person households.

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

Target Groups For New Urban Single-Family Detached For Sale Study Area A

City of South Bend, St. Joseph County, Indiana

. Number of Households

Empty Nesters & Retirees**	<i>60% to 100% AMI†</i>	<i>Above 100% AMI†</i>	<i>Total</i>	<i>Percent</i>
Suburban Establishment	0	5	5	3.5%
Second-City Establishment	1	4	5	3.5%
Mainstream Empty Nesters	1	14	15	10.5%
Middle-American Retirees	2	8	10	7.0%
Blue-Collar Retirees	2	4	6	4.2%
Middle-Class Move-Downs	2	1	3	2.1%
Hometown Seniors	1	2	3	2.1%
Second City Seniors	1	3	4	2.8%
Subtotal:	10	41	51	35.7%
Traditional & Non-Traditional Families††				
Unibox Transferees	1	4	5	3.5%
Button-Down Families	0	5	5	3.5%
Fiber-Optic Families	1	4	5	3.5%
Late-Nest Suburbanites	1	3	4	2.8%
Full-Nest Suburbanites	1	3	4	2.8%
Kids 'r' Us	3	4	7	4.9%
Multi-Ethnic Families	2	2	4	2.8%
Uptown Families	4	10	14	9.8%
In-Town Families	6	10	16	11.2%
New American Strivers	0	1	1	0.7%
Subtotal:	19	46	65	45.5%
Younger Singles & Couples**				
The VIPs	1	2	3	2.1%
Suburban Achievers	2	2	4	2.8%
Small-City Singles	4	10	14	9.8%
Suburban Strivers	1	2	3	2.1%
Multi-Ethnic Singles	1	2	3	2.1%
Subtotal:	9	18	27	18.9%
Total Households:	38	105	143	100.0%
Percent of Total:	26.6%	73.4%	100.0%	

† For fiscal year 2017, South Bend-Mishawaka, In Metro FMR Area Median Family Income for a family of four is \$61,500.

** Predominantly one- and two-person households.

†† Predominantly three -to five-person households.

SOURCE: Claritas, Inc.

Zimmerman/Volk Associates, Inc.

Table 10

**Optimum Market Position--Affordable/Workforce, and Market-Rate Dwelling Units
Mixed-Income Development**

Study Area A

City of South Bend, St. Joseph County, Indiana

March, 2018

<u>Percent of Households Number</u>	<u>Housing Type</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>
58.2%	Multi-Family For-Rent: Rowhouses; Mansion Buildings (4-6 du per buildig)				39 to 46
200	Microlofts, Lofts <i>Studio/1ba to 2br/1ba</i>	\$450 to \$1,100	400 to 900	\$1.13 to \$1.22	20 to 24
186	Apartments, Rowhouses <i>Studio/1ba to 3br/2ba</i>	\$750 to \$1,800	450 to 1,200	\$1.50 to \$1.67	19 to 22
6.8%	Multi-Family For-Sale: Mansion Buildings (4-6 du per building)				5 to 6
45	Condominiums <i>1br/1ba and 2br/2ba</i>	\$75,000 to \$165,000	700 to 1,100	\$107 to \$150	5 to 6
13.4%	Single-Family Attached For-Sale: Duplexes; Triplexes; Rowhouses; Townhouses				5 to 7
50	Triplexes; Rowhouses <i>1br/1.5ba to 2br/1.5ba</i>	\$85,000 to \$160,000	800 to 1,000	\$106 to \$160	3 to 4
39	Duplexes; Townhouses <i>2br/2.5ba to 3br/2.5ba</i>	\$145,000 to \$210,000	1,250 to 1,300	\$116 to \$162	2 to 3
21.6%	Single-Family Detached For-Sale: Tiny Houses; Cottages; Urban Houses				7 to 11
65	Tiny Houses/Cottages <i>1br/1ba and 2br/1.5ba</i>	\$50,000 to \$145,000	350 to 950	\$143 to \$153	3 to 5
78	Urban Houses <i>Two- to Four-Bedrooms</i>	\$170,000 to \$250,000	1,150 to 1,500	\$148 to \$167	4 to 6
100.0%					56 to 70
663	target households				new units/year
NOTE: Base rents/prices in year 2018 dollars and exclude floor and view premiums, options and upgrades.					17 to 24 new ownership units/year

SOURCE: Zimmerman/Volk Associates, Inc.



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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.





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Residential Market Analysis Across the Urban-to-Rural Transect

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Zimmerman/Volk Associates, Inc. retains all rights, title and interest in the ZVA residential target market methodology™ and target market descriptions contained within this study. The specific findings of the analysis are the property of the client and can be distributed at the client's discretion.

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An Analysis of Residential Market Potential

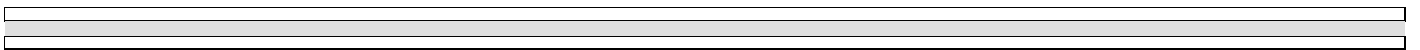
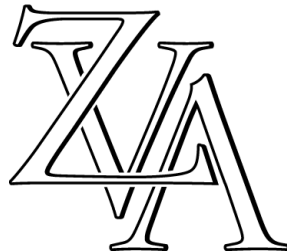
Study Area B

The City of South Bend
St. Joseph County, Indiana

March, 2018

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





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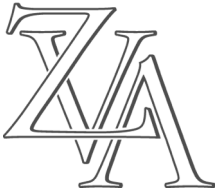
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Residential Market Analysis Across the Urban-to-Rural Transect

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Residential Market Analysis Across the Urban-to-Rural Transect

AN ANALYSIS OF RESIDENTIAL MARKET POTENTIAL

Study Area B
The City of South Bend, St. Joseph County, Indiana
March, 2018

EXECUTIVE SUMMARY

This study has determined that, from the market perspective, between 56 and 69 new mixed-income rental and for-sale dwelling units could be developed and absorbed within Study Area B each year over the next five years. The housing mix of 56 to 69 units would include 36 to 42 new rental units, eight to nine new condominiums, five to eight new duplexes/triplexes/rowhouses/townhouses, and seven to 10 new cottages/bungalows/urban houses. For the purposes of this analysis, Study Area B encompasses Census Tracts 17, 29, and 30, including all of Monroe Park and the Southeast Neighborhood.

This study examines affordability based on the following general income groupings:

- Households with incomes below 30 percent AMI (the majority of these households typically qualify only for public housing or older existing units);
 - Households with incomes between 30 and 60 percent of AMI (these households typically qualify for low-income housing tax credit units, existing affordable rental housing, or heavily subsidized ownership housing);
 - Households with incomes between 60 and 80 percent of AMI (these households typically qualify for new workforce or affordable rental housing or subsidized ownership housing);
 - Households with incomes between 80 and 100 percent AMI (these households typically qualify for existing market-rate rentals or new workforce or affordable for-sale housing); and
 - Households with incomes above 100 percent AMI (these households generally have sufficient incomes to rent or purchase market-rate housing).
-

A total of 855 households represent the annual potential market for new and existing housing units in Study Area B and have been segmented by income, based on the St. Joseph County, IN area median family income (AMI), which, for fiscal year 2017 is \$61,500. The combined tenure and housing type preferences and financial capabilities of the 855 target households are shown on the following table. (*See again* Table 1.)

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

HOUSING TYPE HOUSEHOLDS	
	NUMBER	PERCENT
Multi-family for-rent		
< 30% AMI	92	10.8%
30% to 60% AMI	52	6.1%
60% to 80% AMI	84	9.8%
80% to 100% AMI	41	4.8%
> 100% AMI	<u>176</u>	<u>20.5%</u>
Total multi-family for-rent	445	52.0%
Multi-family for-sale		
< 30% AMI	9	1.1%
30% to 60% AMI	10	1.2%
60% to 80% AMI	14	1.6%
80% to 100% AMI	16	1.9%
> 100% AMI	<u>46</u>	<u>5.3%</u>
Total multi-family for-sale	95	11.1%
Single-family attached for-sale		
< 30% AMI	20	2.4%
30% to 60% AMI	19	2.2%
60% to 80% AMI	26	3.0%
80% to 100% AMI	16	1.9%
> 100% AMI	<u>54</u>	<u>6.3%</u>
Total single-family attached for-sale	135	15.8%
Single-family detached for-sale		
< 30% AMI	38	4.5%
30% to 60% AMI	8	0.9%
60% to 80% AMI	31	3.7%
80% to 100% AMI	8	0.9%
> 100% AMI	<u>95</u>	<u>11.1%</u>
Total single-family detached for-sale	180	21.1%
Grand total	855	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

Summarizing the incomes and financial capabilities of the 855 target households that represent the annual potential market for new and renovated housing units in Study Area B, 18.6 percent (159

households) have incomes at 30 percent or less than the AMI; 10.4 percent (89 households) have incomes between 30 and 60 percent AMI; 18.1 percent (155 households) have incomes between 60 and 80 percent AMI; 9.5 percent (81 households) have incomes between 80 and 100 percent AMI; and 43.4 percent (371 households) have incomes above 100 percent AMI.

—OPTIMUM MARKET POSITION—

The 36 to 42 new mixed-income rental lofts and apartments in mansion and courtyard buildings that could be absorbed each year include the following:

- 15 to 18 studio and one-bedroom lofts ranging in size between 500 and 700 square feet, with proposed base rents ranging between \$550 and \$900 per month (\$1.10 to \$1.29 per square foot).
- 21 to 24 one-, two-, and three-bedroom apartments ranging in size between 650 and 1,250 square feet, with proposed base rents ranging between \$850 and \$1,750 per month (\$1.31 to \$1.40 per square foot).
- Absorption has been forecast at a 10 to 12 percent capture of the annual potential multi-family for-rent market.

The eight to nine new mixed-income mansion condominiums that could be absorbed each year include the following:

- One- and two-bedroom condominiums ranging in size between 650 and 1,000 square feet, with proposed base prices ranging between \$70,000 and \$145,000 (\$108 to \$145 per square foot).
- Absorption has been forecast at a 10 to 12 percent capture of the annual potential multi-family for-sale market.

The five to eight new mixed-income for-sale duplexes, triplexes, rowhouses, and townhouses that could be absorbed each year include the following:

- 3 to 5 one- and two-bedroom triplexes and rowhouses ranging in size between 750 and 950 square feet, with proposed base prices ranging between \$80,000 and \$150,000 (\$107 to \$158 per square foot).

- 2 to 3 two- and three-bedroom duplexes and townhouses ranging in size between 1,200 and 1,300 square feet, with proposed base prices ranging between \$135,000 and \$200,000 (\$113 to \$154 per square foot).
- Absorption has been forecast at a five to 7.5 percent capture of the annual potential single-family attached for-sale market.

The seven to 10 new mixed-income for-sale cottages, bungalows, and urban single-family detached houses that could be absorbed each year include the following:

- 4 to 6 two- and three-bedroom cottages and bungalows ranging in size between 900 and 1,400 square feet, with proposed base prices ranging between \$95,000 and \$160,000 (\$106 to \$114 per square foot).
- 3 to 4 two- and three-bedroom urban houses ranging in size between 1,250 and 1,450 square feet, with proposed base prices ranging between \$165,000 and \$225,000 (\$132 to \$155 per square foot).
- Absorption is forecast at a five to 7.5 percent capture of the annual potential single-family detached for-sale market.

INTRODUCTION

The purpose of this study is to determine the depth and breadth of the potential market for new and renovated mixed-income dwelling units within Study Area B, City of South Bend, Indiana and includes determination of the target households, the appropriate residential mix corresponding to the housing preferences and financial capabilities of the target households, and the optimum market position for new and renovated rental and for-sale housing units within the Study Area. For the purposes of this analysis, Study Area B encompasses Census Tracts 17, 29, and 30, including all of Monroe Park and the Southeast Neighborhood.

The extent and characteristics of the potential market for new and existing housing units within Study Area B were identified using Zimmerman/Volk Associates' proprietary target market methodology. In contrast to conventional supply/demand analysis—which is limited to supply-side dynamics and baseline demographic projections—target market analysis establishes the market potential for new and existing housing based on the housing preferences and socio-economic characteristics of households in the relevant draw areas.

The target market methodology is particularly effective in defining housing potential because it encompasses not only basic demographic characteristics, such as income qualification and age, but also less-frequently analyzed attributes such as mobility rates, lifestage, lifestyle patterns, and household compatibility issues (*see METHODOLOGY, provided together with migration and detailed target market tables in a separate document*).

In brief, this study determined:

- Where the potential renters and buyers of new and existing housing units in the City of South Bend and Study Area B are likely to move from (the draw areas);
- How many households have the potential to move within and to the city and the Study Area each year if appropriate housing units were to be made available (depth and breadth of the market);
- Who the households are that represent the potential market for new units in the Study Area (the target markets);

-
- What their housing preferences are in aggregate (rental or ownership, multi-family or single-family);
 - What their range of affordability is by housing type (income qualifications);
 - What their current housing alternatives are (rental and for-sale residential development in the city);
 - What the target markets are currently able to pay to rent or purchase new dwelling units in Study Area B (affordable and market-rate base rents and prices); and
 - How quickly the new units will lease or sell (absorption forecasts).

AVERAGE ANNUAL MARKET POTENTIAL FOR THE CITY OF SOUTH BEND _____

Analysis of migration, mobility, socio-economic and lifestyle characteristics of households currently living within defined draw areas is integral 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 Study Area.

The extent and characteristics of the potential market for new residential units within the City of South Bend and the Study Area have been examined through detailed analysis of households living within the relevant draw areas. These draw areas were determined through analysis of migration and mobility data, with additional supporting data drawn from the 2016 American Community Survey for the City of South Bend and St. Joseph County, and incorporating information obtained from real estate brokers, sales and leasing agents and other knowledgeable sources, as well as from field investigation.

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

Analysis of the most recent St. Joseph County migration and mobility data available from the Internal Revenue Service—from 2010 through 2014—shows that the number of households moving into the county into peaked at 5,280 households in 2012, then fell to 3,855 households by 2014. (See Appendix One, Table 1.) Elkhart County, Indiana, directly to the east, consistently accounts for approximately 16 to 18 percent of household migration into St. Joseph County. Berrien County, Michigan, due north of St. Joseph County, represents between approximately six and seven percent

of St. Joseph County migration, followed by Cook County, Illinois—at between four and 5.5 percent—and Marshall County, Indiana—at four to five percent. All other counties accounted individually for less than four percent of household migration into St. Joseph County.

Over the study period, annual *out*-migration from St. Joseph County reached a recent peak in 2011, with 5,675 out-migrating households, then falling each year thereafter to reach just over 4,000 households by 2014. Approximately 13 to 16 percent of out-migrating St. Joseph County households have moved to Elkhart County, representing 640 to 855 St. Joseph County movers over the study period.

Net migration—the difference between households moving into the county and those moving out—showed household losses over the entire study period, with the smallest loss—155 households—occurring in 2014, at the end of the study period, and the largest loss—650 households—in 2010, at the beginning of the study period.

Based on the migration and mobility data, then, the draw areas for the City of South Bend and the Study Area have been delineated as follows (*see also* METHODOLOGY):

- The local draw area, covering households living within the South Bend city limits.
- The county draw area, covering households living elsewhere in St. Joseph County.
- The regional draw area, covering households with the potential to move to the City of South Bend from Elkhart, Berrien, Cook, and Marshall Counties.
- The national draw area, covering households with the potential to move to the City of South Bend from all other U.S. counties.

As derived from the updated migration and mobility analyses, then, the draw area distribution of all households with the potential to move within or to the City of South Bend each year over the next five years is therefore as follows (*see also* Appendix One, Table 8):

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

City of South Bend:	51.9%
Balance of St. Joseph County:	23.3%
Regional Draw Area (Elkhart, Berrien, Cook, and Marshall Counties):	8.1%
Balance of the U.S.:	<u>16.7%</u>
Total:	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

*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 counties, an annual average of 7,565 households represent the potential market for new and existing housing units within the city each year over the next five years. Approximately 48 percent of the target households will be moving to the city from outside the South Bend city limits.

AVERAGE ANNUAL MARKET POTENTIAL FOR STUDY AREA B _____

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

The target market methodology identifies those households with a preference for living in downtown, in-town, and walkable neighborhoods. After discounting for those segments of the city's annual potential market that typically choose suburban and/or rural locations, the distribution of draw area market potential for new and existing dwelling units within Study Area B would be as follows (*see also* Appendix One, Table 9):

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

City of South Bend:	58.5%
Balance of St. Joseph County:	23.4%
Regional Draw Area (Elkhart, Berrien, Cook, and Marshall Counties):	5.3%
Balance of the U.S.:	<u>12.8%</u>
Total:	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

*How many households have the potential to move
to Study Area B each year over the next five years?*

Based on the analysis, which accounts for household mobility within the City of South Bend and the balance of St. Joseph County, as well as migration and mobility patterns for households currently living in all other cities and counties across the country, an annual average of 855 younger singles and couples, empty nesters and retirees, and traditional and non-traditional families of all incomes

represent the potential market for new and existing housing units within the Study Area each year over the next five years.

What are their housing preferences in aggregate?

The housing preferences of the draw area households—derived from their tenure (rental/ownership) choices and broad financial capacities—are outlined on the following table (*see Table 1 following the text*):

Average Annual Potential Market for New and Existing Housing Units
Study Area B
City of South Bend, St. Joseph County, Indiana

HOUSING TYPE	NUMBER OF HOUSEHOLDS	PERCENT OF TOTAL
Multi-family for-rent (lofts/apartments, leaseholder)	445	52.0%
Multi-family for-sale (lofts/apartments, condo/co-op ownership)	95	11.1%
Single-family attached for-sale (townhouses/live-work, fee-simple/ condominium ownership)	135	15.8%
Single-family detached for-sale (houses, fee-simple ownership)	<u>180</u>	<u>21.1%</u>
Total	855	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

Nationally, market propensities for higher-density urban housing continues to grow. Approximately 52 percent of the 855 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 challenged by the burden of significant education debt as well as lack of an adequate down payment.

The remaining 48 percent of the market would choose some form of ownership housing (12 percentage points below the current estimated homeownership rate in the city of approximately 60 percent). Just under 44 percent of the annual potential ownership market would prefer single-family detached units—which currently represent an estimated 73 percent of the existing housing stock in South Bend. The remaining 56 percent of the ownership market would choose for-sale single-family

attached (duplexes/townhouses/live-work units) or multi-family units (condominium/co-operative units).

What is their range of affordability by housing type?

The 855 households that represent the annual potential market for new and existing housing units in Study Area B have also been segmented by income, based on South Bend-Mishawaka, IN metro area median family income (AMI), which, for fiscal year 2017 is \$61,500 for a family of four. This study examines affordability based on the following general income groupings:

- Households with incomes below 30 percent AMI (the majority of these households typically qualify only for public housing or older existing units);
- Households with incomes between 30 and 60 percent of AMI (these households typically qualify for low-income housing tax credit units, existing affordable rental housing, or heavily subsidized ownership housing);
- Households with incomes between 60 and 80 percent of AMI (these households typically qualify for new workforce or affordable rental housing or subsidized ownership housing);
- Households with incomes between 80 and 100 percent AMI (these households typically qualify for existing market-rate rentals or new workforce or affordable for-sale housing); and
- Households with incomes above 100 percent AMI (these households generally have sufficient incomes to rent or purchase market-rate housing).

The combined tenure and housing type preferences and financial capabilities of the 855 target households are shown on the following table. (*See again* Table 1.)

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

HOUSING TYPE HOUSEHOLDS	
	NUMBER	PERCENT
Multi-family for-rent		
< 30% AMI	92	10.8%
30% to 60% AMI	52	6.1%
60% to 80% AMI	84	9.8%
80% to 100% AMI	41	4.8%
> 100% AMI	<u>176</u>	<u>20.5%</u>
Total multi-family for-rent	<u>445</u>	<u>52.0%</u>

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HOUSING TYPE HOUSEHOLDS	
	NUMBER	PERCENT
Multi-family for-sale		
< 30% AMI	9	1.1%
30% to 60% AMI	10	1.2%
60% to 80% AMI	14	1.6%
80% to 100% AMI	16	1.9%
> 100% AMI	<u>46</u>	<u>5.3%</u>
Total multi-family for-sale	95	11.1%
Single-family attached for-sale		
< 30% AMI	20	2.4%
30% to 60% AMI	19	2.2%
60% to 80% AMI	26	3.0%
80% to 100% AMI	16	1.9%
> 100% AMI	<u>54</u>	<u>6.3%</u>
Total single-family attached for-sale	135	15.8%
Single-family detached for-sale		
< 30% AMI	38	4.5%
30% to 60% AMI	8	0.9%
60% to 80% AMI	31	3.7%
80% to 100% AMI	8	0.9%
> 100% AMI	<u>95</u>	<u>11.1%</u>
Total single-family detached for-sale	180	21.1%
Grand total	855	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

Summarizing the incomes and financial capabilities of the 855 target households that represent the annual potential market for new and renovated housing units in Study Area B, 18.6 percent (159 households) have incomes at 30 percent or less than the AMI; 10.4 percent (89 households) have incomes between 30 and 60 percent AMI; 18.1 percent (155 households) have incomes between 60 and 80 percent AMI; 9.5 percent (81 households) have incomes between 80 and 100 percent AMI; and 43.4 percent (371 households) have incomes above 100 percent AMI.

TARGET MARKET ANALYSIS

*Who are the households that represent the potential market
 for new and renovated units in Study Area B?*

The aftermath of the housing crash has seen a measurable shift in market preferences from home ownership to rental dwelling units, particularly among younger households, yielding a higher share of consumer preference for multi-family rentals even among relatively affluent consumers than

would have been typical a decade ago. At the same time, there has been a significant shift in neighborhood preferences from single-use subdivisions toward mixed-use, walkable neighborhoods.

This shift has been driven by the convergence of the preferences of the two largest generations in the history of America: the Baby Boomers (currently estimated at just under 74 million), born between 1946 and 1964, and the estimated nearly 89 million Millennials, who were born from 1977 to 1996 and, in 2010, surpassed the Boomers in population. The convergence of two generations of this size—simultaneously reaching a point when housing in walkable neighborhoods matches their life stage—is unprecedented.

In addition to their shared preference for walkable urban living, the Boomers and Millennials are changing housing markets in multiple ways. In contrast to the traditional family (married couples with children) that comprised the typical post-war American household, Boomers and Millennials are households of predominantly singles and couples. As a result, nationally, the home-buying market now contains more than 63 percent one- and two-person households, and the 37 percent of the homebuyers that could be categorized as family households are equally likely to be non-traditional as traditional families. One consequence of this evolution is that mixed-income development is now more likely to succeed than when suburban preferences dominated the housing market.

As determined by the target market analysis, the general market segments, by lifestage and housing type, that represent the potential market for new and existing housing units in Study Area B include (*see also Table 2 following the text*):

- Younger singles and childless couples—including students, young hospital and university affiliates, entry-level and mid-level management positions, and office, government and retail workers (42.1 percent);
- Empty nesters and retirees, a few with incomes from social security alone, some others who also have pensions, savings and investments, and many who are still working (30.4 percent);
and

-
- Traditional and non-traditional family households, single parents with one or two children, as well as traditional family household heads affiliated with one of the hospitals or educational/cultural institutions located in the city (27.5 percent);

Affordability continues to be a challenge for the influx of young people who are just entering the job market and are living on their own for the first time. This challenge has been addressed in other cities in part by the introduction of smaller, less expensive units.

Approximately 20 percent of the younger singles and couples that comprise the target markets for the Study Area have incomes that fall below 30 percent of AMI. If they are employed, these households, for the most part *Twentysomethings* and *Multi-Ethnic Singles*, work in part-time or lower-paying jobs, including entry-level retail, such as store clerks, and service occupations, such as waiters and waitresses; many are students.

Another 31 percent of the households in this market segment have incomes that fall within the 30-to-60 percent and 60-to-80 percent income bands. These include recent college graduates just beginning their white-collar careers, lower-level medical personnel, and general office workers in the target groups of *Small-City Singles*, *Second-City Strivers*, and *Suburban Strivers* as well as those *Twentysomethings* and *Multi-Ethnic Singles*, who have full-time or higher-paying employment.

The remaining 49 percent of the younger singles and couples have incomes that are at or above 80 percent of the AMI. These include the target groups of *New Bohemians*, *The VIPs*, and *Fast-Track Professionals*, as well as more affluent households among the *Twentysomethings*, *Small-City Singles*, *Suburban Strivers*, and *Second-City Strivers*, who are engaged in mid-level office work; academic and medical affiliates; and artists and artisans.

Approximately 57 percent of the younger singles and couples moving to the Study Area would be moving from elsewhere in the city; 24 percent would be moving from elsewhere in St. Joseph County; 4.1 percent would be moving from the regional draw area; and the remaining 15.3 percent would be moving from elsewhere in the U.S.

The next largest general market segment, at 30.4 percent of the annual potential market, is comprised of older households (empty nesters and retirees). A significant number of these target

households have grown children who have recently moved out of the family home; some are retired, but a significant number are still working, particularly those with lower household income.

In this general market segment, approximately 13 percent have incomes below 30 percent of AMI—older singles and couples struggling on limited incomes, mostly from social security—nearly all of whom are living in substandard housing, predominantly *Second City Seniors*.

Another quarter of the older target households have incomes between 30 and 80 percent of the area median. These households include *Blue-Collar Retirees*, *Middle-American Retirees*, and *Mainstream Retirees*, retired couples who have pensions or IRAs in addition to social security. Most of these households have incomes closer to 80 percent of the AMI than 30 percent.

Empty nesters and retirees with incomes at or above 80 percent of AMI comprise over 61 percent of this market segment. These are the most well-to-do households in every older target market group; most of them are still working, accounting for their higher incomes and more stable financial situations.

Over 46 percent of the empty nesters and retirees would be moving from elsewhere within the City of South Bend; just under a third would be moving from elsewhere in St. Joseph County; approximately 7.7 percent would be moving from the regional draw area; and the remaining 13.5 percent would be moving from elsewhere in the U.S.

Family-oriented households represent 27.5 percent of the market for housing within Study Area B. Nearly 60 percent of these family households are likely to be potential buyers, rather than renters. The target households include a mix of non-traditional families, notably single parents with one to three younger children, and traditional family households, married couples with children. Married couples with children comprise just under 22 percent of all American households (and less than 16 percent in South Bend). Households with children are now increasingly diverse and in some areas are largely non-traditional families.

Just over 23 percent of the family households that comprise the annual potential market for the Study Area have incomes below 30 percent of AMI and typically spend up to half of their incomes on

housing costs. Many of these households are single-parent families—*In-Town Families* and *New American Strivers*—struggling to make ends meet.

More than 28 percent of the family-oriented households have incomes that fall within the 30-to-60 and 60-to-80 percent income bands, including *Uptown Families* and some of the *In-Town Families* and *New American Strivers* market groups. A significant number of the heads of household in these family groups are production or blue-collar workers; many of them already live in the Study Area.

The remaining 48 percent of the traditional and non-traditional families have incomes at or above 80 percent of AMI. These households are, in large part, dual-income households, with medical careers, in academic positions, or middle-management jobs. These households include *Unibox Transferees*, *Button-Down Families*, *Kids ‘r’ Us*, *Fiber-Optic Families*, and *Uptown Families*.

Over three-quarters of these family households are already living in the City of South Bend; 13 percent are currently living elsewhere in St. Joseph County. Approximately four percent would be moving to the Study Area from the regional draw area, and the remaining eight percent would be moving from elsewhere in the U.S., particularly other counties in Indiana.

THE MARKET CONTEXT

What are their current residential alternatives?

—Multi-Family Rental Properties—

In January 2018, Zimmerman/Volk Associates compiled data from a variety of sources, including telephone interviews, individual property and rental websites, on 13 selected rental properties, representing nearly 1,850 rental apartments in the city. (See Table 3 following the text.) Property size ranges from just 40 units to nearly 400 units.

Walk Score, a number between 0 and 100 denoting the walkability of a specific address or neighborhood, 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. Walk Scores below 50 indicate that most or almost all errands require an automobile.

The Walk Scores of the surveyed rental properties range between 1 and 84. The highest score of 84 is registered by the Central High School Apartments, located within walking distance of several restaurants, shops and entertainment venues in the Downtown. Several properties have Walk Scores of 70 or more, including the Foundry Lofts, the Pointe at St. Joseph, Stephenson Mills, Aurum, Robertson's Apartments, and the Mar-Main Apartments.

—Multi-Family Rental Properties—

Table 3 provides detailed information on the 13 rental properties included in the survey and is summarized as follows.

—Studios (2 properties)—

- Rents for studios range between \$515 and \$595 per month at the Mar-Main Apartments, a 136-unit property located on West Marion Street, and rent for \$582 per month at Robertson's Apartments, the seniors building on South Michigan Street.
- Studios at Mar-Main contain between 400 and 550 square feet; the Robertson's studios average 575 square feet.
- The studio rent per square foot ranges between \$1.08 and \$1.29 at Mar-Main, and averages \$1.01 at Robertson's.

—One-Bedroom Units (12 properties)—

- Rents for one-bedroom flats range from \$478 per month at Belleville Park Apartments on Belleville Circle to \$1,685 per month at the Foundry Lofts on North Eddy Street.
- One-bedroom flats range in size from 527 square feet at Cedar Glen Apartments at 425 South 25th Street to 883 square feet at Stephenson Mills on East Colfax Avenue.
- One-bedroom rents per square foot range between \$0.65 at Belleville Park Apartments to \$2.17 at the Foundry Lofts.

—*Two-Bedroom Units (13 properties)*—

- Rents for two-bedroom, one- to two-bathroom units range from \$525 per month at Washington Dunbar Apartments on North Walnut Street, to \$2,107 per month at the Foundry Lofts. Monroe Park Apartments on Fellows Street leases a two-bedroom/one-bath townhouse for \$674 per month.
- Two-bedroom flats range in size from 550 square feet at Washington Dunbar, to 1,856 square feet at Central High School Apartments. The Monroe Park two-bedroom townhouse contains between 900 square feet of living space.
- Two-bedroom rents per square foot for flats fall between \$0.65 at Belleville Park Apartments and \$2.11 at the Foundry Lofts. The rents per square for the Monroe Park two-bedroom townhouses is \$0.75.

—*Three-Bedroom Units (6 properties)*—

- Rents for three-bedroom flats range between \$699 per month at Washington Dunbar Apartments and \$3,606 per month at the Foundry Lofts. Monroe Park Apartments also has a three-bedroom townhouse with two baths that leases for \$764 per month.
- Three-bedroom flats contain between 1,100 square feet at Washington Dunbar Apartments, and as much as 1,856 square feet at Central High School. The three-bedroom townhouse at Monroe Park Apartments contains 1,020 square feet of living space.
- Three-bedroom rents per square foot for flats fall between \$0.64 at Washington Dunbar and \$2.36 at the Foundry Lofts. The three-bedroom townhouse at Monroe Park leases for \$0.75 per square foot.

Only Belleville Park Apartments has four-bedroom apartments, which contain between 1,366 and 1,448 square feet of living space, and lease for \$709 to \$850 per month (\$0.52 to \$0.59 per square foot).

—*Multi-Family and Single-Family Attached For-Sale Properties*—

Table 4 details recent listings of new and resale condominiums and townhouses at various properties in South Bend. Of the 10 attached units on the market at the time of the survey in January, 2018, two condominiums and two townhouses were priced below \$100,000; one townhouse was listed at \$145,000; the remaining two units were priced above \$700,000.

Three townhouses remain unsold at the nine-unit Corby Lawrence Townhouses, new construction on East Corby Boulevard in northeast South Bend. The prices of the three units start at \$365,000 for a 3,300-square-foot unit containing four bedrooms and three-and-a-half baths (\$111 per square foot). A three-bedroom/two-and-a-half bath end unit is priced at \$379,900 for nearly 2,300 square feet of living space (\$167 per square foot). The most expensive townhouse, with an asking price of \$424,945, has just under 3,000 square feet configured as four bedrooms and three-and-a-half baths (\$142 per square foot).

The most expensive units on the market include a four-bedroom/four-and-a-half bath townhouse in River Race on the East Bank containing nearly 3,100 square feet and listed at \$724,900 (\$234 per square foot) and \$749,000 for a four-bedroom/three-and-a-half bath condominium in Ivy Quad near the University of Notre Dame with 2,375 square feet of living space (\$315 per square foot).

—*Single-Family Detached For-Sale Properties*—

Table 5 details the listings of several newly-constructed single-family detached houses on the market in January 2018 in South Bend and priced under \$300,000. Allen Edwin Homes has been marketing several models of detached houses at three properties in the far northwestern part of the city, with new construction priced from \$176,990 for a 1,458-square-foot three-bedroom/two bath floorplan (\$121 per square foot) to \$253,900 for a 2,340-square-foot three-bedroom/two-and-a-half bath house (\$109 per square foot) at the Jade Crossings community.. Another Allen Edwin Homes community, Laurel Creek, is selling the same three-bedroom models at similar price points (\$197,900 to \$239,900—\$95 to \$128 per square foot). A third Allen Edwin Homes community, Lafayette Falls, starts at a higher price point, with a three-bedroom/two-and-a-half bath house containing nearly 1,700 square feet priced at \$211,900 (\$126 per square foot) and the most

expensive house—a three-bedroom/two-and-a-half bath model with over 2,240 square feet of living space—is priced at nearly \$250,000 (\$111 per square foot).

Several houses have been built, or are under construction within other single-family developments in the city. Asking prices range from \$183,900 for a three-bedroom/two-bath house situated on a quarter-acre lot and containing just over 1,300 square feet of living space (\$140 per square foot) to \$267,500 for a 1,634-square-foot three-bedroom house on St. Charles Avenue (\$164 per square foot). All but one were built in 2017, and nearly all are located in developments on the edge of the city.

OPTIMUM MARKET POSITION: STUDY AREA B

As noted above under AVERAGE ANNUAL MARKET POTENTIAL FOR STUDY AREA B, an annual average of 855 younger singles and couples, empty nesters and retirees, and traditional and non-traditional families of all incomes represent the potential market for new and existing housing units within the Study Area each year over the next five years.

The rents and price points for the market-rate component of new rental housing units that could be developed in Study Area B are derived from the income and equity levels of those target households with annual incomes at or above 80 percent AMI, ranging from \$34,200 and more for a single-person household to \$48,800 and more for a four-person household. For new for-sale housing units, the target households have annual incomes above 100 percent AMI, ranging from \$42,700 and more for a single-person household and \$61,500 and more for a four-person household.

Households with incomes between 30 and 80 percent of the AMI comprise the market for rental “affordable” or workforce housing units. These households have incomes ranging between \$12,850 and \$34,200 for a single-person household to \$24,600 and \$48,800 for a four-person household. For new for-sale housing units, the targeted households have annual incomes between 60 and 100 percent AMI, ranging between \$25,700 and \$42,700 for a single-person household and \$49,200 and \$61,500 for a four-person household.

In general, households with annual incomes at or below 30 percent AMI qualify for Section Eight vouchers and low-income housing tax-credit rental units, and their rents are usually limited to no

more than 30 percent of their annual incomes. These household incomes are less than \$12,850 for a single-person household to less than \$24,600 for a four-person household.

What is the market currently able to pay to rent or purchase new dwelling units in Study Area B?

The analysis that follows covers households with preferences for multi-family for-rent with incomes between 30 and 80 percent AMI (affordable/workforce units), and with incomes above 80 percent AMI (market-rate units) and households with preferences for multi-family for-sale, and single-family attached and detached for-sale with incomes between 60 and 100 percent AMI (affordable/workforce units) and with incomes above 100 percent AMI (market-rate units). yielding an annual average of 659 households that represent the potential renters/buyers of new market-rate and affordable housing units in Study Area B each year over the next five years.

As derived from the tenure preferences and financial capabilities of those 659 draw area households, the distribution of rental and for-sale housing types would be as shown on the following table:

Average Annual Potential Market for New Housing Units
 Study Area B
City of South Bend, St. Joseph County, Indiana

HOUSING TYPE HOUSEHOLDS	
	NUMBER	PERCENT
Multi-family for-rent		
30% to 80% AMI	136	20.7%
> 80% AMI	<u>217</u>	<u>32.9%</u>
Total multi-family for-rent	353	53.6%
Multi-family for-sale		
60% to 100% AMI	30	4.5%
> 100% AMI	<u>46</u>	<u>7.0%</u>
Total multi-family for-sale	76	11.5%
Single-family attached for-sale		
60% to 100% AMI	42	6.4%
> 100% AMI	<u>54</u>	<u>8.2%</u>
Total single-family attached for-sale	96	14.6%

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HOUSING TYPE HOUSEHOLDS	
	NUMBER	PERCENT
Single-family detached for-sale		
60% to 100% AMI	39	5.9%
> 100% AMI	<u>95</u>	<u>14.4%</u>
Total single-family detached for-sale	134	20.3%
Grand total	659	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

—*Rental Distribution by Rent Range: Multi-Family For-Rent*—

The number of households able to afford the specified rent ranges detailed on the following tables 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.) Approximately 61.5 percent of the 353 target renter households have incomes at or above 80 percent of the AMI.

An annual average of 217 households with incomes at or above 80 percent of the AMI represent the target markets for newly-constructed market-rate rental housing units in Study Area B (*as shown on Table 6 following the text*). The distribution by rent range of the rents those 217 households could support are summarized on the following table:

Rent Distribution
 Target Groups for New Multi-Family For Rent
 Households with Incomes At or Above 80 Percent AMI
 Study Area B
City of South Bend, St. Joseph County, Indiana

MONTHLY RENT RANGE	HOUSEHOLDS PER YEAR	PERCENTAGE
\$500–\$750	47	21.7%
\$750–\$1,000	62	28.6%
\$1,000–\$1,250	58	26.7%
\$1,250–\$1,500	35	16.1%
\$1,500 and up	<u>15</u>	<u>6.9%</u>
Total:	217	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

- The largest group of households that represent the market for new market-rate rental units in Study Area B are younger singles and couples at 56.7 percent of the market. Just under six

percent would be able to afford rents at or above \$1,500 per month; approximately 37 percent of these households represent the market for units with rents between \$1,000 and \$1,500 per month; and the remaining 57.7 percent would require rents between \$500 and \$1,000 per month.

- Empty nesters and retirees make up one quarter of the market for new market-rate rental units in Study Area B. Just under 13 percent of these households could afford new units with rents above \$1,500 per month and 53 percent could afford new units with rents between \$1,000 and \$1,500 per month. The remaining 34.5 percent represent the market for units with rents between \$500 and \$1,000 per month.
- Traditional and non-traditional families comprise 18 percent of the market for new market-rate rental units in Study Area B. Less than three percent of the family market can afford rents greater than \$1,500 per month; the rest of the family market is evenly divided between rents between \$1,000 and \$1,500 per month and rents between \$500 and \$1,000 per month.

An annual average of 136 households with incomes between 30 and 80 percent of the AMI represent the target markets for newly-constructed *affordable/workforce* rental housing units in Study Area B (*see again* Table 6). The distribution by rent range of the rents those 136 households could support are summarized as shown on the following table:

Distribution by Rent Range
 Target Groups for New Multi-Family For Rent
 Households with Incomes Between 30 Percent and 80 Percent AMI
 Study Area B
City of South Bend, St. Joseph County, Indiana

MONTHLY RENT RANGE	UNITS PER YEAR	PERCENTAGE
\$250-\$400	38	27.9%
\$400-\$550	43	31.6%
\$550-\$700	33	24.3%
\$700-\$850	13	9.6%
\$850-\$1,000	9	6.6%
Total:	136	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

- At just under 60 percent, younger singles and couples represent the largest market for newly-constructed *affordable/workforce* rental units in Study Area B. Five percent would be able to

afford rents between \$850 and \$1,000 per month; just over 32 percent would represent the market for units with rents between \$550 and \$850 per month; and the remaining 63 percent would require rents between \$250 and \$550 per month.

- At approximately 21.3 percent of the market, traditional and non-traditional families are the next largest market for new affordable/workforce rentals in Study Area B. Approximately 2.6 percent of these households are able to lease units with rents between \$850 and \$1,000 per month; 48.7 percent can afford rents between \$550 and \$850 per month, and the remaining 48.7 percent are financially limited to rents between \$250 and \$550 per month.
- Empty nesters and retirees represent the smallest market, at just over 19 percent, for new affordable/workforce rental units in Study Area B. Approximately 11.5 percent of the empty nester and retiree market have the incomes to support rents between \$850 and \$1,000 per month; another 53.8 percent could pay rents between \$550 and \$850 per month; and just under 35 percent could only afford rents between \$250 and \$550 per month.

—For-Sale Distribution by Price Range—

For the for-sale unit distribution, the number of households by price range was determined by assuming a down payment (subsidized or otherwise) of 20 percent and then calculating monthly mortgage payments, including taxes and utilities, that would not exceed 30 percent of the annual gross income of the target households.

The realization of the full market potential for new market-rate for-sale units may be challenging over the short-term, given continued restrictive development financing and mortgage underwriting by financial institutions, the disinterest of some younger households in becoming owners, the fact that many otherwise-qualified households, particularly current renters, lack the funds for a down payment, and the inability of many older owner households to sell their existing single-family units even at reduced prices.

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

An annual average of 46 households with incomes at or above 100 percent of the AMI represent the target markets for newly-constructed market-rate multi-family for-sale (condominium) housing units in Study Area B (*as shown on Table 7 following the text*). The distribution by price range of the prices those 46 households could support are summarized as on the following table:

Distribution by Price Range
 Target Groups for New Multi-Family For Sale
 Households with Incomes At or Above 100 Percent AMI
 Study Area B
City of South Bend, St. Joseph County, Indiana

PRICE RANGE	HOUSEHOLDS PER YEAR	PERCENTAGE
\$125,000–\$150,000	7	15.2%
\$150,000–\$175,000	10	21.7%
\$175,000–\$200,000	9	19.6%
\$200,000–\$225,000	8	17.4%
\$225,000 and up	<u>12</u>	<u>26.1%</u>
Total:	46	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

- At a 48 percent share, empty nesters and retirees represent a plurality of the market for new market-rate multi-family for-sale units (condominiums) in Study Area B. Approximately 36.4 percent of these older households have the capacity to purchase new condominiums with base prices at or above \$225,000; the same percentage would be able to purchase new condominiums priced between \$175,000 and \$225,000. The remaining 27.3 percent of this segment would only be able to afford units priced between \$125,000 and \$175,000.
- Younger singles and couples comprise 41.3 percent of the market for this housing type in the Study Area. Over 47 percent of these younger households would be in the market for new condominiums with base prices between \$125,000 and \$175,000. Another 31.6 percent could afford new condominium units priced between \$175,000 and \$225,000 and the remaining 21.1 percent have the income and assets to purchase condominiums priced at \$225,000 or more.
- Family households are a very small share of the market—just under 11 percent—for new market-rate condominiums in Study Area B, with 40 percent able to afford new units priced

between \$125,000 and \$175,000, and the majority—60 percent—capable of purchasing units priced between \$175,000 and \$225,000.

An annual average of just 30 households with incomes between 60 percent and 100 percent of the AMI represent the target markets for newly-constructed *affordable* multi-family for-sale (condominium) housing units in Study Area B (*see again* Table 7). For these units, the assumption is that, at minimum, the 20 percent down payment would be subsidized. The distribution by price range of the prices those 30 households could support would therefore be summarized as follows:

Distribution by Price Range
 Target Groups for New Multi-Family For Sale
 Households with Incomes Between 60 Percent and 100 Percent AMI
 Study Area B
City of South Bend, St. Joseph County, Indiana

PRICE RANGE	HOUSEHOLDS PER YEAR	PERCENTAGE
\$50,000–\$75,000	8	26.7%
\$75,000–\$100,000	10	33.3%
\$100,000–\$125,000	<u>12</u>	<u>40.0%</u>
Total:	30	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

- Younger singles and couples are the largest segment of the market for newly-constructed affordable/workforce multi-family for-sale units (condominiums) in the Study Area, at nearly 57 percent of the market. Just under 30 percent of this market could only purchase new condominiums priced between \$50,000 and \$75,000. The remaining 70.6 percent of the younger market is evenly split between units priced between \$75,000 and \$100,000 and between \$100,000 and \$125,000.
- The empty-nester and retiree market—approximately a third of the market—is the next largest group of households that represent the potential market for new affordable/workforce multi-family for-sale units in Study Area B. A plurality—40 percent—have the income and assets to purchase new affordable condominiums priced between \$100,000 and \$125,000. The remaining 60 percent are evenly divided between older households able to purchase new condominiums priced between \$75,000 and \$100,000 and households with incomes limiting to new affordable condominiums priced between \$50,000 and \$75,000.

- Family households comprise 10 percent of the market for newly-constructed affordable/workforce condominiums in Study Area B. A third of these families would be limited to new affordable condominiums with base prices between \$75,000 and \$100,000, two-thirds could afford new units priced between \$100,000 and \$125,000.

—*For-Sale Distribution By Price Range: Single-Family Attached*—

An annual average of 54 households with incomes at or above 100 percent of the AMI represent the target markets for newly-constructed market-rate single-family attached for-sale (townhouse/rowhouse) housing units in Study Area B (*as shown on Table 8 following the text*). The distribution by price range of the prices those 54 households could support are summarized as on the table following this page:

Distribution by Price Range
 Target Groups for New Single-Family Attached For Sale
 Households with Incomes At or Above 100 Percent AMI
 Study Area B
City of South Bend, St. Joseph County, Indiana

PRICE RANGE	HOUSEHOLDS PER YEAR	PERCENTAGE
\$125,000–\$150,000	12	22.2%
\$150,000–\$175,000	15	27.7%
\$175,000–\$200,000	11	20.4%
\$200,000–\$225,000	9	16.7%
\$225,000 and up	<u>7</u>	<u>13.0%</u>
Total:	54	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

- Empty nesters and retirees comprise just under 39 percent of the market for new market-rate single-family attached for-sale units (townhouses/rowhouses/duplexes), of which one-third would be able to purchase units priced at \$225,000 or more. Another 19 percent would be in the financial position to purchase new single-family attached units with prices between \$175,000 and \$225,000, and a plurality—47.6 percent—would require new units priced between \$125,000 and \$175,000.
- At a 37 percent share, traditional and non-traditional families make up a slightly smaller segment of the market for new market-rate single-family attached for-sale units. One quarter

would require units priced between \$125,000 and \$175,000 and three-quarters could afford new single-family attached units priced between \$175,000 and \$225,000.

- Younger singles and couples represent 24 percent of the market for new market-rate single-family attached for-sale units. As a group they are considerably less affluent than empty nesters/retirees and traditional and non-traditional families, with more than 92 percent only able to afford new units priced between \$125,000 and \$175,000. The remaining 7.7 percent would be in the market for units priced between \$175,000 and \$225,000. Just 8.7 percent have the income and down payments to enable them to purchase new single-family attached units priced above \$225,000.

An annual average of 42 households with incomes between 60 percent and 100 percent of the AMI represent the target markets for newly-constructed *affordable* single-family attached for-sale housing units in Study Area B (*see again* Table 8). Again, for these units, the assumption is that, at minimum, the 20 percent down payment would be subsidized. The distribution by price range of the prices those 42 households could support would therefore be summarized as follows:

Distribution by Price Range
 Target Groups for New Single-Family Attached For Sale
 Households with Incomes Between 60 Percent and 100 Percent AMI
 Study Area B
City of South Bend, St. Joseph County, Indiana

PRICE RANGE	HOUSEHOLDS PER YEAR	PERCENTAGE
\$50,000–\$75,000	17	40.5%
\$75,000–\$100,000	18	42.8%
\$100,000–\$125,000	<u>7</u>	<u>16.7%</u>
Total:	42	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

- As with the market-rate units, empty nesters and retirees are the largest segment (nearly 43 percent) of the market for newly-constructed affordable/workforce single-family attached units in Study Area B. A third of this segment would be limited to new affordable single-family attached units with base prices between \$50,000 and \$75,000, and 38.9 percent could afford new units priced between \$75,000 and \$100,000. The remaining 27.8 percent have the financial capability to purchase new units priced between \$100,000 and \$125,000.

- Family households are again the next largest target market—35.7 percent of the households—for newly-constructed affordable/workforce single-family attached for-sale units in the Study Area. Nearly 47 percent of the families are only able to purchase new units priced between \$50,000 and \$75,000; the same percentage would be able to purchase new units with base prices between \$75,000 and \$100,000. The remaining 6.7 percent have the financial capacity to afford new units priced between \$100,000 and \$125,000
- At 21.4 percent, younger singles and couples are the smallest segment of the market for newly-constructed affordable/workforce single-family attached for-sale units in Study Area B. Over 44 percent of this market could only afford these units priced between \$50,000 and \$75,000; the same percentage would be able to purchase units priced between \$75,000 and \$100,000; and the remaining 11.1 percent have the incomes to purchase units priced between \$100,000 and \$125,000.

—*For-Sale Distribution By Price Range: Single-Family Detached*—

An annual average of 95 households with incomes at or above 100 percent of the AMI represent the target markets for newly-constructed market-rate for-sale urban single-family detached houses in Study Area B (*as shown on Table 9 following the text*). The distribution by price range of the prices those 95 households could support are summarized on the table on the following page.

Distribution by Price Range
 Target Groups for New Single-Family Detached For Sale
 Households with Incomes At or Above 100 Percent AMI
 Study Area B
City of South Bend, St. Joseph County, Indiana

PRICE RANGE	HOUSEHOLDS PER YEAR	PERCENTAGE
\$150,000–\$175,000	25	26.3%
\$175,000–\$200,000	29	30.5%
\$200,000–\$225,000	18	18.9%
\$225,000–\$250,000	12	12.6%
\$250,000–\$275,000	2	2.2%
\$275,000 and up	9	9.5%
Total:	95	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

- Empty nesters and retirees make up the largest segment of the market for new market-rate single-family detached houses in the Study Area, at an approximately 47 per share. Just 4.4

percent would be able to purchase new houses priced above \$250,000, and 42.2 percent could afford new detached units priced between \$200,000 and \$250,000. The majority—over 53 percent—would be in the market for new urban detached houses with base prices between \$150,000 and \$200,000.

- At 40 percent, traditional and non-traditional families are the next largest segment of the market for new market-rate urban single-family detached houses in Study Area B. Nearly 24 percent could afford new houses priced at \$250,000 or more, another 28.9 percent would be in the market for new houses with base prices between \$200,000 and \$250,000, and 47.4 percent would require houses priced between \$150,000 and \$200,000.
- At a share of 12.6 percent, younger singles and couples represent the smallest segment of the market for new market-rate urban single-family houses in the Study Area. All of these younger households could only pay for new detached houses with base prices between \$150,000 and \$200,000.

An annual average of 39 households with incomes between 60 percent and 100 percent of the AMI represent the target markets for newly-constructed *affordable* single-family detached for-sale housing units in Study Area B (*see again* Table 9). Again, for these units, the assumption is that, at minimum, the 20 percent down payment would be subsidized. The distribution by price range of the prices those 39 households could support are summarized on the table on the following page.

Distribution by Price Range
 Target Groups for New Single-Family Detached For Sale
 Households with Incomes Between 60 Percent and 100 Percent AMI
 Study Area B
City of South Bend, St. Joseph County, Indiana

PRICE RANGE	HOUSEHOLDS PER YEAR	PERCENTAGE
\$50,000–\$75,000	11	28.2%
\$75,000–\$100,000	13	33.3%
\$100,000–\$125,000	9	23.1%
\$125,000–\$150,000	6	15.4%
Total:	39	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

- Traditional and non-traditional families are nearly 59 percent of the market for newly-constructed affordable/workforce urban detached houses in Study Area B. Nearly 70 percent

of the family market would be limited to new affordable/workforce houses with base prices between \$50,000 and \$100,000. Just over 30 percent of the traditional and non-traditional families could afford new detached units priced between \$100,000 and \$150,000.

- Empty nesters and retirees are the second largest segment of the market for newly-constructed affordable/workforce single-family urban detached for-sale units in the Study Area, at just under 31 percent of the market. Approximately 42 percent of the older households could only afford detached houses priced between \$50,000 and \$100,000; over 58 percent have the income and assets to purchase new detached houses priced between \$100,000 and \$150,000.
- The smallest market segment, younger singles and couples, makes up just over 10 percent of the potential market for new affordable/workforce urban single-family detached houses. Three-quarters of the younger singles and couples could afford newly-constructed affordable urban houses priced between \$50,000 and \$100,000 and one-quarter have the financial capabilities to purchase new urban detached houses priced between \$100,000 and \$150,000.

PROPOSED RENT AND PRICE RANGES: STUDY AREA B

Based on the tenure and housing preferences of the target households, and their income and equity levels, the range of rents and prices for newly-developed market-rate and affordable/workforce residential units in Study Area B that could be sustained by the market is as follows (*see also* Table 10 *following the text*):

Base Rent, Price and Size Ranges Study Area B City of South Bend, St. Joseph County, Indiana			
HOUSING TYPE	RENT/PRICE RANGE	SIZE RANGE	RENT/PRICE PER SQ. FT.
MULTI-FAMILY FOR-RENT: MANSION BUILDINGS (4-6 DU PER BLDG); COURTYARD BUILDINGS—			
Lofts	\$550–\$900/month	500–700 sf	\$1.10–\$1.29 psf
Apartments	\$850–\$1,750/month	650–1,250 sf	\$1.31–\$1.40 psf
MULTI-FAMILY FOR-SALE: MANSION BUILDINGS (4-6 DU PER BUILDING)—			
Condominiums	\$70,000–\$145,000	650–1,000 sf	\$108–\$145 psf
SINGLE-FAMILY ATTACHED FOR-SALE: DUPLEXES; TRIPLEXES; ROWHOUSES; TOWNHOUSES—			
Triplexes; Rowhouses	\$80,000–\$150,000	750–950 sf	\$107–\$158 psf
Duplexes; Townhouses	\$135,000–\$200,000	1,200–1,300 sf	\$113–\$154 psf
SINGLE-FAMILY DETACHED FOR-SALE: COTTAGES; BUNGALOWS; URBAN HOUSES—			
Cottages; Bungalows	\$95,000–\$160,000	900–1,400 sf	\$106–\$114 psf
Urban Houses	\$165,000–\$225,000	1,250–1,450 sf	\$132–\$155 psf

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

The aforementioned rents and prices are in year 2018 dollars, are exclusive of consumer options and upgrades, or floor or location premiums, and cover a broad range of rents and prices for newly-developed units *currently* sustainable by the market in Study Area B. It is likely that, over a five-year timeframe, rents and prices will change from the 2018 values; barring a substantial economic downturn, the changes are likely to be escalation of values.

As in Study Area A, location will have an impact on rents and prices. There are strong blocks within the Study Area, as well as numerous vacant lots and parcels where small-scale development would be suitable. New mixed-use (rental apartments and ground-floor retail) development should be located

along the major corridors, particularly South Michigan Street, which forms the western edge of the Study Area.

The Monroe Park area, in the northern part of Study Area B, is close to Downtown South Bend; Four Winds Field, home of the minor-league baseball team, the South Bend Cubs, is located three blocks west of South Michigan Street. The 57-unit low-income housing property Monroe Park Apartments is also located in Monroe Park, where one-bedroom apartments and two- and three-bedroom townhouses lease for \$579 to \$764 per month.

South of the railroad tracks, in the middle of the Study Area, is located the South Bend campus of Ivy Tech Community College, one of 75 located throughout Indiana. The YWCA North Central Indiana Treatment Center, providing substance abuse services as well as outpatient and residential long-term treatment to women, and the nearly 10-acre Southeast Neighborhood Park, with playgrounds, softball and soccer fields, and a splash pad, are across Fellows Street from Ivy Tech.

Riley High School, home to the Technology and Engineering Magnet Program, nationally certified as an Innovation High School, is situated in the southern part of the Study Area, adjacent to Studebaker Park—site of the Studebaker nine-hole golf course and putting green. Several vacant lots on the blocks between Ivy Tech and the high school are already proposed for redevelopment.

MARKET CAPTURE: STUDY AREA B

How fast will new units lease or sell?

In the context of the target market methodology, new multi-family development, both rental and for-sale, in Study Area B should be able to achieve an annual capture of 10 to 12 percent of the annual potential renters and condominium buyers each year over the next five years. New single-family development, both attached and detached, should be able to achieve an annual capture of five to 7.5 percent of the annual potential single-family attached and detached buyers each year over the next five years. (Nationally, prior to the housing collapse in 2008, new dwelling units represented 15 percent of all units sold; over the past several years, new dwelling units have averaged approximately eight percent of all units sold.)

Based on a 10 to 12 percent capture of the annual potential market for new multi-family housing, and a five to 7.5 percent capture of the annual potential market for new single-family attached and detached housing units, Study Area B should be able to absorb between 57 and 70 new market-rate and affordable/workforce rental and for-sale housing units each year over the next five years, as shown on the following table (*see also* Table 10 *following the text for greater detail*):

Annual Capture of Market Potential
 Study Area B
 City of South Bend, St. Joseph County, Indiana

HOUSING TYPE	NUMBER OF HOUSEHOLDS	CAPTURE RATE	NUMBER OF NEW UNITS
Multi-Family For-Rent (lofts/apartments, leaseholder)	353	10 - 12%	36 - 42
Multi-Family For-Sale (lofts/apartments, condo/co-op ownership)	76	10 - 12%	8 - 9
Single-Family Attached For-Sale (rowhouses/townhouses, fee-simple ownership)	96	5 - 7.5%	5 - 8
Single-Family Detached For-Sale (urban houses, fee-simple ownership)	<u>134</u>	5 - 7.5%	<u>7 - 10</u>
Total	659		56 - 69

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

Over five years, these capture rates could support the construction and absorption of between 280 and 345 new mixed-income dwelling units within Study Area B.

These capture rates are well within the target market methodology’s parameters of feasibility.

NOTE: Target market capture rates 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 location is more precisely defined, target market capture rates are higher than the more grossly-derived penetration rates. However, the resulting higher capture rates are well within the range of prudent feasibility.

STUDY AREA B BUILDING AND UNIT TYPES

—MULTI-FAMILY BUILDINGS—

- Courtyard Apartment Building: In new construction, an urban, pedestrian-oriented equivalent to conventional garden apartments. An urban courtyard building is three or more stories, often combined with non-residential uses on the ground floor. The building should be built to the sidewalk edge and, to provide privacy and a sense of security, the first floor should be elevated significantly above the sidewalk.
- 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 typically has 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. The building can accommodate a variety of uses—from rental or for-sale 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.

Parking behind the mansion buildings can be either alley-loaded, or front-loaded served by shared drives.

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.

—MULTI-FAMILY UNIT TYPES—

- Lofts: Unit interiors typically have high ceilings, are fully finished and partitioned into individual rooms. Units may also contain architectural elements reminiscent of hard lofts, such as exposed ceiling beams and ductwork, concrete floors and industrial finishes, particularly if the building is an adaptive re-use of an existing industrial structure.
- Apartments: More conventionally-finished single-level units, typically with completely-partitioned rooms.—trim, interior doors, kitchens and baths are often fitted out with higher-end finishes and fixtures than in lofts.

—SINGLE-FAMILY ATTACHED—

- Rowhouses/Townhouses: Similar in form to conventional suburban townhouses 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 and townhouses conform to the pattern of streets, typically with shallow front-yard setbacks.
- Duplexes/Triplexes: Two- or three-unit townhouses with the garages—either attached or detached—located to the rear of the units. Like the rowhouses/townhouses, urban duplexes/triplexes conform to the pattern of streets, typically with shallow front-yard setbacks. In a corner location, duplex units can each front a different street.

—SINGLE-FAMILY DETACHED—

- Cottages/Bungalows: Small one-, one-and-a-half- or two-story single-family detached houses on small lots, usually with alley-loaded parking.
- Urban Houses: One-and-a-half- or two-story single-family detached houses on small lots, often with alley-loaded parking with attached, detached, or open parking—whether alley-loaded or not—set well back from the front façade; in many instances, the garage is framed by a porte-cochère.



Table 1

Annual Market Potential For New And Existing Housing Units
 Distribution Of Annual Average Number Of Draw Area Households With The Potential
 To Move To Study Area B Each Year Over The Next Five Years
 Based On Housing Preferences And Income Levels

Study Area B

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	7,565
Annual Number Of Target Market Households With Potential To Rent/Purchase Within Study Area B	855

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>	92	52	84	41	176	445
<i>Multi-Family For-Sale:</i>	9	10	14	16	46	95
<i>Single-Family Attached For-Sale:</i>	20	19	26	16	54	135
<i>Single-Family Detached For-Sale:</i>	38	8	31	8	95	180
<i>Total:</i>	159	89	155	81	371	855
<i>Percent:</i>	18.6%	10.4%	18.1%	9.5%	43.4%	100.0%

Note: For fiscal year 2017, South Bend-Mishawaka, In Metro FMR Area Median Family Income for a family of four is \$61,500.

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

Table 2

Annual Market Potential By Lifestage And Income

Derived From Purchase And Rental Propensities Of Draw Area Households With The Potential To Move To Study Area B Each Year Over The Next Five Years
Based On Housing Preferences And Income Levels

Study Area B

City of South Bend, St. Joseph County, Indiana

	Total	Below 30% AMI	30% to 60% AMI	60% to 80% AMI	80% to 100% AMI	Above 100% AMI
Number of Households:	855	159	89	155	81	371
Empty Nesters & Retirees	30.4%	22.0%	29.2%	25.8%	30.9%	36.1%
Traditional & Non-Traditional Families	27.5%	34.6%	18.0%	31.6%	27.1%	25.1%
Younger Singles & Couples	42.1%	43.4%	52.8%	42.6%	42.0%	38.8%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note: For fiscal year 2017, South Bend-Mishawaka, In Metro FMR Area Median Family Income for a family of four is \$61,500.

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

Summary Of Selected Rental Properties

City of South Bend, St. Joseph County, Indiana

January, 2018

<u>Property</u> <u>Address</u>	<u>Number</u> <u>of Units</u>	<u>Unit</u> <u>Type</u>	<u>Base</u> <u>Rent</u>		<u>Avg. Unit</u> <u>Sizes</u>	<u>Rents per</u> <u>Sq. Ft.</u>	<u>Amenities</u>
Belleville Park Apts. (2003) 4940 Belleville Circle Walk Score: 11	208	1br/1ba	\$478	to	734	\$0.65	<i>Business center, clubhouse, playground.</i>
			\$550		816	\$0.67	
		2br/1ba	\$650		939	\$0.69	
		2br/2ba	\$650		997	\$0.65	
		3br/2ba	\$750		1,154	\$0.65	
		4br/2ba	\$709	to	1,366	\$0.52	
			\$850		1,448	\$0.59	
Mar-Main Apts (1922) 125 W. Marion Street Walk Score: 74	136	Studio/1ba	\$515	to	400	\$1.08	<i>Fitness center, clubhouse.</i>
			\$595		550	\$1.29	
		1br/1ba	\$685		675	\$1.01	
		1br/1ba/den	\$745		775	\$0.96	
		1br/1ba/sunroom	\$745		775	\$0.96	
		1br/1.5ba	\$725		780	\$0.93	
		2br/1ba	\$800		800	\$1.00	
Washington Dunbar (Renovated 2010) 118 N. Walnut Street Walk Score: 1	80	2br/1ba	\$525	to	550	\$0.95	<i>Playground.</i>
			\$661			\$1.20	
		3br/2ba	\$699	to	1,100	\$0.64	
			\$756			\$0.69	
Cedar Glen Apts. (1951; Renovated 2013) 425 S. 25th Street Walk Score: 35	181	1br/1ba	\$555		527	\$1.05	<i>Playground, courtyard.</i>
		2br/1ba	\$565	to	664	\$0.78	
			\$595		763	\$0.85	
Monroe Park Apts. (1994) 526 Fellows Street Walk Score: 58	57	1br/1ba	\$579		700	\$0.83	<i>Laundry facilities.</i>
		2br/1ba TH	\$674		900	\$0.75	
		3br/2ba TH	\$764		1,020	\$0.75	
Robertson's Apts. (1998) 211 South Michigan Walk Score: 80	92	Studio/1ba	\$582		575	\$1.01	<i>Seniors 55+</i>
		1br/1ba	\$592		750	\$0.79	
		2br/1ba	\$748		1,050	\$0.71	

Summary Of Selected Rental Properties

City of South Bend, St. Joseph County, Indiana

January, 2018

<u>Property</u> <u>Address</u>	<u>Number of Units</u>	<u>Unit Type</u>	<u>Base Rent</u>	<u>Avg. Unit Sizes</u>	<u>Rents per Sq. Ft.</u>	<u>Amenities</u>
Riverside North Apts. (1966) 1587 Riverside Drive Walk Score: 42	145	1br/1ba	\$610 to \$805	800 to 820	\$0.76 to \$0.98	<i>Fitness center, pool, car wash station, BBQ/picnic area.</i>
		2br/1ba	\$700 to \$880	890 to 900	\$0.79 to \$0.98	
		2br/2ba	\$765 to \$945	1,000 to 1,255	\$0.75 to \$0.77	
		3br/2ba	\$1,015 to \$1,065	1,410	\$0.72 to \$0.76	
Hurwich Farms 2701 Appaloosa Lane Walk Score: 48	396	1br/1ba	\$720	692	\$1.04	<i>Fitness center, clubhouse, pool, sport courts.</i>
		2br/2ba	\$850	932	\$0.91	
Central HS Apts. (1913) 330 West Colfax Avenue Walk Score: 84	106	1br/1ba	\$835 to \$865	590 to 774	\$1.12 to \$1.42	<i>Fitness center.</i>
		2br/1ba	\$915 to \$1,050	803 to 1,181	\$0.89 to \$1.14	
		1br/1.5ba	\$950	957	\$0.99	
		2br/1.5ba	\$1,085 to \$1,395	1,059 to 1,579	\$1.02 to \$1.32	
		2br/1ba	\$1,320 to \$1,520	1,453 to 1,856	\$0.82 to \$0.91	
		3br/1ba	\$1,510	1,856	\$0.81	
Aurum (2014) 825 Sorin Street Walk Score: 72	60	1br/1ba	\$899 to \$920	596 to 602	\$1.51 to \$1.53	<i>Clubhouse, putting green, business center.</i>
		2br/2ba	\$1,299 to \$1,549	1,139 to 1,299	\$1.14 to \$1.19	
Stephenson Mills 332 West Colfax Avenue (rental office address) Walk Score: 77	40	1br/1ba	\$909 to \$995	619 to 883	\$1.13 to \$1.47	<i>Laundry facility.</i>
		2br/1ba	\$1,155 to \$1,325	1,094 to 1,489	\$0.89 to \$1.06	
		2br/2ba	\$1,290 to \$1,425	1,132 to 1,500	\$0.95 to \$1.14	

Summary Of Selected Rental Properties

City of South Bend, St. Joseph County, Indiana

January, 2018

<u>Property</u> <u>Address</u>	<u>Number</u> <u>of Units</u>	<u>Unit</u> <u>Type</u>	<u>Base</u> <u>Rent</u>	<u>Avg. Unit</u> <u>Sizes</u>	<u>Rents per</u> <u>Sq. Ft.</u>	<u>Amenities</u>
Pointe at St. Joseph 307 East Lasalle Avenue Walk Score: 78	79	1br/1ba	\$925 to \$955	784 to 700	\$1.18 to \$1.36	Fitness center, business center, clubhouse, pool.
		2br/1.5ba	\$1,120 to \$1,195	1,020	\$1.10 to \$1.17	
		2br/2ba	\$1,130 to \$1,235	1,032 to 1,151	\$1.09 to \$1.07	
		2br/2ba/den	\$1,225 to \$1,300	1,076	\$1.14 to \$1.21	
The Foundry Lofts (2009) 1233 North Eddy Street Walk Score: 70	266	1br/1ba	\$1,337 to \$1,685	625 to 776	\$2.14 to \$2.17	Fitness center, business center, clubhouse, rooftop deck.
		2br/2ba	\$1,827 to \$2,107	866 to 1,123	\$1.88 to \$2.11	
		3br/2.5ba	\$2,053 to \$3,606	1,189 to 1,528	\$1.73 to \$2.36	

Table 4

**Summary Of For-Sale Multi-Family
And Single-Family Attached Listings**
City of South Bend, St. Joseph County, Indiana
January, 2018

<u>Development (Date Opened)</u> <u>Address/Developer</u>	<u>Unit</u> <u>Type</u>	<u>Beds/</u> <u>Baths</u>	<u>Unit Price</u> <u>Range</u>	<u>Unit Size</u> <u>Range</u>	<u>Price Per</u> <u>Sq. Ft.</u>	<u>Total</u> <u>Units</u>	<u>Total</u> <u>Sales</u>
<i>..... New Construction</i>							
Corby Lawrence TH (2017) <i>East Corby Boulevard</i>	TH	4br/3.5ba	\$365,000	3,303	\$111	9	6
	3br/2.5ba	End Unit	\$379,900	2,270	\$167		
		4br/3.5ba	\$424,945	2,993	\$142		
<i>..... Resales</i>							
2500 Topsfield Rd (1964)	CO	1br/1ba	\$47,500	800	\$59		
		1br/1ba	\$59,900	800	\$75		
Cornwall Court (1983)	TH	2br/1.5ba	\$85,000	1,054	\$81		
Lansdown Blvd (1982)	TH	3br/1.5ba	\$99,900	2,162	\$46		
Coventry Trail (1973)	TH	2br/2.5ba	\$145,000	1,616	\$90		
River Race (2012)	TH	4br/4.5ba	\$724,900	3,096	\$234		
Ivy Quad (2015)	CO	4br/3.5ba	\$749,000	2,375	\$315		

**Summary of Selected Single-Family Listings
New Construction Priced Under \$300,000**

City of South Bend, St. Joseph County, Indiana

January, 2018

<i>Subdivision/Area</i>	<i>Lot Size</i>	<i>Year Built</i>	<i>Unit List Price</i>	<i>Unit Size</i>	<i>Price psf</i>	<i>Configuration</i>
Jade Crossings	0.47	2006-2018	<i>... Available floorplans ...</i>			
Allen Edwin Homes			\$176,900	1,458	\$121	3br/2ba
			\$190,900	1,743	\$110	3br/2ba
			\$193,900	2,040	\$95	3br/2ba
			\$199,900	2,174	\$92	3br/2ba
			\$207,900	1,702	\$122	3br/2.5ba
			\$208,900	1,412	\$148	3br/2ba
			\$211,900	1,870	\$113	3br/2.5ba
			\$213,900	1,600	\$134	3br/2ba
			\$220,900	2,075	\$106	3br/2.5ba
			\$220,900	2,121	\$104	3br/2.5ba
			\$223,900	2,246	\$100	3br/2.5ba
			\$232,900	2,393	\$97	3br/2.5ba
			\$237,900	2,410	\$99	4br/2.5ba
			\$237,900	2,626	\$91	4br/2.5ba
			\$241,900	1,658	\$146	3br/2ba
			\$245,900	2,244	\$110	3br/2.5ba
			\$253,900	2,340	\$109	3br/2.5ba
Laurel Creek			<i>... Available floorplans ...</i>			
Allen Edwin Homes			\$197,900	1,743	\$114	3br/2ba
			\$206,900	2,174	\$95	3br/2ba
			\$214,900	1,702	\$126	3br/2.5ba
			\$214,900	1,682	\$128	3br/2.5ba
			\$218,900	1,870	\$117	3br/2.5ba
			\$227,900	2,075	\$110	3br/2.5ba
			\$239,900	2,393	\$100	3br/2.5ba
Lafayette Falls	0.24	2004-2018	<i>... Available floorplans ...</i>			
Allen Edwin Homes			\$211,900	1,682	\$126	3br/2.5ba
			\$211,900	1,702	\$125	3br/2ba
			\$212,900	1,412	\$151	3br/2ba
			\$215,900	1,870	\$115	3br/2.5ba
			\$217,900	1,600	\$136	3br/2ba
			\$224,900	2,075	\$108	3br/2.5ba
			\$224,900	2,121	\$106	3br/2.5ba
			\$227,900	2,246	\$101	3br/2.5ba
			\$236,900	2,393	\$99	3br/2.5ba
			\$241,900	2,626	\$92	4br/2.5ba
			\$241,900	2,410	\$100	4br/2.5ba
			\$245,900	1,658	\$148	3br/2ba
			\$249,900	2,244	\$111	3br/2.5ba

SOURCE: Multiple Listing Service;
Zimmerman/Volk Associates, Inc.

**Summary of Selected Single-Family Listings
New Construction Priced Under \$300,000**

City of South Bend, St. Joseph County, Indiana

January, 2018

<i>Subdivision/Area</i>	<i>Lot Size</i>	<i>Year Built</i>	<i>Unit List Price</i>	<i>Unit Size</i>	<i>Price psf</i>	<i>Configuration</i>
Blue Winged Trail	0.23	2017	\$183,900	1,312	\$140	3br/2ba
Cherry Pointe Drive	0.17	2017	\$186,900	1,743	\$107	3br/2.5ba
Blue Winged Trail	0.26	2017	\$188,900	1,321	\$143	3br/2ba
Common Elder Trail	0.26	2017	\$193,900	1,453	\$133	3br/2.5ba
Sapphire Drive	0.16	2017	\$202,900	2,040	\$99	3br/2.5ba
Kiefer Way	0.20	2017	\$209,900	3,166	\$66	3br/2.5ba
St. Charles Avenue	0.15	2016	\$267,500	1,634	\$164	3br/2ba

SOURCE: Multiple Listing Service;
Zimmerman/Volk Associates, Inc.

Target Groups For New Multi-Family For Rent
Study Area B

City of South Bend, St. Joseph County, Indiana

. Number of Households

Empty Nesters & Retirees**	<i>30% to 80% AMI†</i>	<i>Above 80% AMI†</i>	<i>Total</i>	<i>Percent of Total</i>
Urban Establishment	0	5	5	1.4%
Mainstream Empty Nesters	3	11	14	4.0%
Middle-American Retirees	2	7	9	2.5%
Country Couples	1	4	5	1.4%
Cosmopolitan Couples	2	3	5	1.4%
Blue-Collar Retirees	5	8	13	3.7%
Middle-Class Move-Downs	2	2	4	1.1%
Small-Town Seniors	3	5	8	2.3%
Hometown Seniors	3	5	8	2.3%
Second City Seniors	5	5	10	2.8%
Subtotal:	26	55	81	22.9%
Traditional & Non-Traditional Families††				
Small-Town Families	1	3	4	1.1%
Uptown Families	5	11	16	4.5%
Hometown Families	3	4	7	2.0%
In-Town Families	10	11	21	5.9%
New American Strivers	10	10	20	5.7%
Subtotal:	29	39	68	19.3%

† For fiscal year 2017, South Bend-Mishawaka, In Metro FMR Area Median Family Income for a family of four is \$61,500.

** Predominantly one- and two-person households.

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

Target Groups For New Multi-Family For Rent
Study Area B

City of South Bend, St. Joseph County, Indiana

..... Number of Households

Younger Singles & Couples**	<i>30% to 80% AMI†</i>	<i>Above 80% AMI†</i>	<i>Total</i>	<i>Percent of Total</i>
New Bohemians	2	7	9	2.5%
The VIPs	3	11	14	4.0%
Fast-Track Professionals	3	11	14	4.0%
Suburban Achievers	3	6	9	2.5%
Suburban Strivers	10	15	25	7.1%
Small-City Singles	10	15	25	7.1%
Downtown Couples	2	2	4	1.1%
Downtown Proud	2	2	4	1.1%
Twentysomethings	19	27	46	13.0%
Second-City Strivers	14	17	31	8.8%
Multi-Ethnic Singles	13	10	23	6.5%
Subtotal:	81	123	204	57.8%
Total Households:	136	217	353	100.0%
Percent of Total:	38.5%	61.5%	100.0%	

† For fiscal year 2017, South Bend-Mishawaka, In Metro FMR Area Median Family Income for a family of four is \$61,500.

** Predominantly one- and two-person households.

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

Table 7

Target Groups For New Multi-Family For Sale *Study Area B*

City of South Bend, St. Joseph County, Indiana

. Number of Households

Empty Nesters & Retirees**	<i>60% to 100% AMI†</i>	<i>Above 100% AMI†</i>	<i>Total</i>	<i>Percent</i>
Suburban Establishment	0	5	5	6.6%
Second City Establishment	0	5	5	6.6%
Mainstream Empty Nesters	2	6	8	10.5%
Middle-American Retirees	3	0	3	3.9%
Blue-Collar Retirees	4	6	10	13.2%
Small Town Seniors	1	0	1	1.3%
Subtotal:	10	22	32	42.1%
Traditional & Non-Traditional Families††				
Uptown Families	1	4	5	6.6%
In-Town Families	2	1	3	3.9%
Subtotal:	3	5	8	10.5%
Younger Singles & Couples**				
The VIPs	1	4	5	6.6%
Fast-Track Professionals	1	4	5	6.6%
Suburban Achievers	2	3	5	6.6%
Suburban Strivers	2	0	2	2.6%
Small-City Singles	7	5	12	15.8%
Twentysomethings	2	3	5	6.6%
Multi-Ethnic Singles	2	0	2	2.6%
Subtotal:	17	19	36	47.4%
Total Households:	30	46	76	100.0%
Percent of Total:	39.5%	60.5%	100.0%	

† For fiscal year 2017, South Bend-Mishawaka, In Metro FMR Area Median Family Income for a family of four is \$61,500.

** Predominantly one- and two-person households.

†† Predominantly three -to five-person households.

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

Target Groups For New Single-Family Attached For Sale *Study Area B*

City of South Bend, St. Joseph County, Indiana

. Number of Households

Empty Nesters & Retirees**	<i>60% to 100% AMI†</i>	<i>Above 100% AMI†</i>	<i>Total</i>	<i>Percent</i>
Suburban Establishment	2	3	5	5.2%
Traditional Couples	1	4	5	5.2%
Second City Establishment	2	1	3	3.1%
Mainstream Empty Nesters	2	3	5	5.2%
Middle-American Retirees	2	0	2	2.1%
Country Couples	1	3	4	4.2%
Blue-Collar Retirees	2	4	6	6.3%
Middle-Class Move-Downs	2	1	3	3.1%
Small-Town Seniors	3	1	4	4.2%
Hometown Seniors	1	1	2	2.1%
Subtotal:	18	21	39	40.6%
Traditional & Non-Traditional Families††				
Fiber-Optic Families	1	4	5	5.2%
Kids 'r' Us	2	3	5	5.2%
Multi-Ethnic Families	2	2	4	4.2%
Uptown Families	4	8	12	12.5%
In-Town Families	4	2	6	6.3%
New American Strivers	2	1	3	3.1%
Subtotal:	15	20	35	36.5%

† For fiscal year 2017, South Bend-Mishawaka, In Metro FMR Area Median Family Income for a family of four is \$61,500.

** Predominantly one- and two-person households.

†† Predominantly three -to five-person households.

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

Target Groups For New Single-Family Attached For Sale
Study Area B

City of South Bend, St. Joseph County, Indiana

. Number of Households

Younger Singles & Couples**	<i>60% to 100% AMI†</i>	<i>Above 100% AMI†</i>	<i>Total</i>	<i>Percent</i>
Suburban Achievers	1	2	3	3.1%
Suburban Strivers	3	2	5	5.2%
Small-City Singles	2	4	6	6.3%
Twentysomethings	1	1	2	2.1%
Second-City Strivers	1	2	3	3.1%
Multi-Ethnic Singles	1	2	3	3.1%
Subtotal:	9	13	22	22.9%
Total Households:	42	54	96	100.0%
Percent of Total:	43.8%	56.3%	100.0%	

† For fiscal year 2017, South Bend-Mishawaka, In Metro FMR Area Median Family Income for a family of four is \$61,500.

** Predominantly one- and two-person households.

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

Table 9

Target Groups For New Urban Single-Family Detached For Sale *Study Area B*

City of South Bend, St. Joseph County, Indiana

..... Number of Households

Empty Nesters & Retirees**	<i>60% to 100% AMI†</i>	<i>Above 100% AMI†</i>	<i>Total</i>	<i>Percent</i>
Traditional Couples	1	2	3	2.2%
Mainstream Empty Nesters	1	7	8	6.0%
Middle-American Retirees	2	17	19	14.2%
Country Couples	1	3	4	3.0%
Hometown Retirees	2	2	4	3.0%
Blue-Collar Retirees	2	5	7	5.2%
Small-Town Seniors	0	5	5	3.7%
Hometown Seniors	2	3	5	3.7%
Second City Seniors	1	1	2	1.5%
Subtotal:	12	45	57	42.5%
Traditional & Non-Traditional Families††				
Unibox Transferees	1	4	5	3.7%
Button-Down Families	1	4	5	3.7%
Full-Nest Suburbanites	1	3	4	3.0%
Kids 'r' Us	3	4	7	5.2%
Traditional Families	2	2	4	3.0%
Small-Town Families	1	3	4	3.0%
Four-By-Four Families	2	2	4	3.0%
Uptown Families	3	3	6	4.5%
Hometown Families	1	3	4	3.0%
In-Town Families	7	8	15	11.2%
New American Strivers	1	2	3	2.2%
Subtotal:	23	38	61	45.5%
Younger Singles & Couples**				
Blue-Collar Traditionalists	1	2	3	2.2%
Suburban Strivers	1	6	7	5.2%
Small-City Singles	2	4	6	4.5%
Subtotal:	4	12	16	11.9%
Total Households:	39	95	134	100.0%
Percent of Total:	29.1%	70.9%	100.0%	

† For fiscal year 2017, South Bend-Mishawaka, In Metro FMR Area Median Family Income for a family of four is \$61,500.

** Predominantly one- and two-person households.

†† Predominantly three -to five-person households.

SOURCE: Claritas, Inc.

Zimmerman/Volk Associates, Inc.

Table 10

**Optimum Market Position--Affordable/Workforce, and Market-Rate Dwelling Units
Mixed-Income Development**

Study Area B

City of South Bend, St. Joseph County, Indiana

March, 2018

<u>Percent of Households Number</u>	<u>Housing Type</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>
52.8%	Multi-Family For-Rent: Mansion Buildings (4-6 du per bldg); Courtyard Buildings				36 to 42
150	Lofts <i>Studio/1ba and 1br/1ba</i>	\$550 to \$900	500 to 700	\$1.10 to \$1.29	15 to 18
203	Apartments <i>1br/1ba to 3br/2ba</i>	\$850 to \$1,750	650 to 1,250	\$1.31 to \$1.40	21 to 24
12.9%	Multi-Family For-Sale: Mansion Buildings (4-6 du per building)				8 to 9
76	Condominiums <i>1br/1ba and 2br/2ba</i>	\$70,000 to \$145,000	650 to 1,000	\$108 to \$145	8 to 9
14.6%	Single-Family Attached For-Sale: Duplexes; Triplexes; Rowhouses; Townhouses				5 to 8
60	Triplexes; Rowhouses <i>1br/1.5ba to 2br/1.5ba</i>	\$80,000 to \$150,000	750 to 950	\$107 to \$158	3 to 5
36	Duplexes; Townhouses <i>2br/2.5ba to 3br/2.5ba</i>	\$135,000 to \$200,000	1,200 to 1,300	\$113 to \$154	2 to 3
20.3%	Single-Family Detached For-Sale: Cottages; Bungalows; Urban Houses				7 to 10
75	Cottages/Bungalows <i>2br/1ba and 3br/1.5ba</i>	\$95,000 to \$160,000	900 to 1,400	\$106 to \$114	4 to 6
59	Urban Houses <i>Two- to Three-Bedrooms</i>	\$165,000 to \$225,000	1,250 to 1,450	\$132 to \$155	3 to 4
100.5%					56 to 69
659	target households				new units/year
NOTE: Base rents/prices in year 2018 dollars and exclude floor and view premiums, options and upgrades.					20 to 27 new ownership units/year

SOURCE: Zimmerman/Volk Associates, Inc.



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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.





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Residential Market Analysis Across the Urban-to-Rural Transect

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Zimmerman/Volk Associates, Inc. retains all rights, title and interest in the ZVA residential target market methodology™ and target market descriptions contained within this study. The specific findings of the analysis are the property of the client and can be distributed at the client's discretion.

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An Analysis of Residential Market Potential

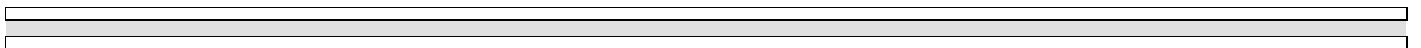
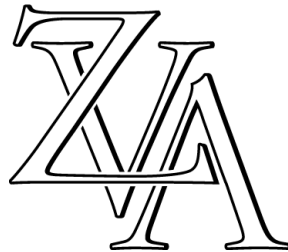
Study Area C

The City of South Bend
St. Joseph County, Indiana

March, 2018

Conducted by
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On Behalf of
THE CITY OF SOUTH BEND
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South Bend, Indiana 46601





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Residential Market Analysis Across the Urban-to-Rural Transect

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Residential Market Analysis Across the Urban-to-Rural Transect

AN ANALYSIS OF RESIDENTIAL MARKET POTENTIAL

Study Area C
The City of South Bend, St. Joseph County, Indiana
March, 2018

EXECUTIVE SUMMARY

This study has determined that, from the market perspective, between 71 and 93 new mixed-income rental and for-sale dwelling units could be developed and absorbed within Study Area C each year over the next five years. The housing mix of 71 to 93 units would include 39 to 47 new rental units, 10 to 12 new condominiums, six to nine new duplexes/triplexes/rowhouses/townhouses, and 16 to 25 new cottages/bungalows/houses. For the purposes of this analysis, Study Area C encompasses the residential portions of Census Tracts 22, 27, 28, and 34, including the eastern section of the Westside Neighborhood and Rum Village.

This study examines affordability based on the following general income groupings:

- Households with incomes below 30 percent AMI (the majority of these households typically qualify only for public housing or older existing units);
 - Households with incomes between 30 and 60 percent of AMI (these households typically qualify for low-income housing tax credit units, existing affordable rental housing, or heavily subsidized ownership housing);
 - Households with incomes between 60 and 80 percent of AMI (these households typically qualify for new workforce or affordable rental housing or subsidized ownership housing);
 - Households with incomes between 80 and 100 percent AMI (these households typically qualify for existing market-rate rentals or new workforce or affordable for-sale housing); and
 - Households with incomes above 100 percent AMI (these households generally have sufficient incomes to rent or purchase market-rate housing).
-

A total of 1,250 households represent the annual potential market for new and existing housing units in Study Area C and have been segmented by income, based on the St. Joseph County, IN area median family income (AMI), which, for fiscal year 2017 is \$61,500 for a family of four. The combined tenure and housing type preferences and financial capabilities of the 1,250 target households are shown on the following table.

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

HOUSING TYPE HOUSEHOLDS	
	NUMBER	PERCENT
Multi-family for-rent		
< 30% AMI	125	10.0%
30% to 60% AMI	84	6.7%
60% to 80% AMI	98	7.8%
80% to 100% AMI	97	7.8%
> 100% AMI	<u>111</u>	<u>8.9%</u>
Total multi-family for-rent	515	41.2%
Multi-family for-sale		
< 30% AMI	17	1.4%
30% to 60% AMI	13	1.0%
60% to 80% AMI	22	1.8%
80% to 100% AMI	28	2.2%
> 100% AMI	<u>50</u>	<u>4.0%</u>
Total multi-family for-sale	130	10.4%
Single-family attached for-sale		
< 30% AMI	19	1.5%
30% to 60% AMI	15	1.2%
60% to 80% AMI	30	2.4%
80% to 100% AMI	29	2.3%
> 100% AMI	<u>57</u>	<u>4.6%</u>
Total single-family attached for-sale	150	12.0%
Single-family detached for-sale		
< 30% AMI	78	6.2%
30% to 60% AMI	56	4.5%
60% to 80% AMI	67	5.4%
80% to 100% AMI	60	4.8%
> 100% AMI	<u>194</u>	<u>15.5%</u>
Total single-family detached for-sale	455	36.4%
Grand total	1,250	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

Summarizing the incomes and financial capabilities of the 1,250 target households that represent the annual potential market for new and renovated housing units in Study Area C, 19.1 percent (239

households) have incomes at 30 percent or less than the AMI; 13.4 percent (168 households) have incomes between 30 and 60 percent AMI; 17.4 percent (217 households) have incomes between 60 and 80 percent AMI; 17.1 percent (214 households) have incomes between 80 and 100 percent AMI; and 33.0 percent (412 households) have incomes above 100 percent AMI.

—OPTIMUM MARKET POSITION—

The 39 to 47 new mixed-income rental lofts and apartments in courtyard buildings that could be absorbed each year include the following:

- 20 to 24 studio and one-bedroom lofts ranging in size between 550 and 750 square feet, with proposed base rents ranging between \$600 and \$900 per month (\$1.09 to \$1.20 per square foot).
- 19 to 23 one-, two-, and three-bedroom apartments ranging in size between 600 and 1,300 square feet, with proposed base rents ranging between \$750 and \$1,500 per month (\$1.15 to \$1.25 per square foot).
- Absorption has been forecast at a 10 to 12 percent capture of the annual potential multi-family for-rent market.

The 10 to 12 new mixed-income mansion condominiums that could be absorbed each year include the following:

- One- and two-bedroom condominiums ranging in size between 650 and 1,000 square feet, with proposed base prices ranging between \$70,000 and \$130,000 (\$108 to \$130 per square foot).
- Absorption has been forecast at a 10 to 12 percent capture of the annual potential multi-family for-sale market.

The six to nine new mixed-income for-sale duplexes, triplexes, rowhouses, and townhouses that could be absorbed each year include the following:

- 2 to 4 one- and two-bedroom triplexes and rowhouses ranging in size between 750 and 1,100 square feet, with proposed base prices ranging between \$80,000 and \$140,000 (\$107 to \$127 per square foot).

- 4 to 5 two- and three-bedroom duplexes and townhouses ranging in size between 1,200 and 1,650 square feet, with proposed base prices ranging between \$125,000 and \$195,000 (\$104 to \$118 per square foot).
- Absorption has been forecast at a five to 7.5 percent capture of the annual potential single-family attached for-sale market.

The 16 to 25 new mixed-income for-sale cottages, bungalows, and two-story houses that could be absorbed each year include the following:

- 5 to 8 two- and three-bedroom cottages and bungalows ranging in size between 900 and 1,400 square feet, with proposed base prices ranging between \$90,000 and \$145,000 (\$100 to \$104 per square foot).
- 11 to 17 three- and four-bedroom two-story houses ranging in size between 1,350 and 1,750 square feet, with proposed base prices ranging between \$150,000 and \$225,000 (\$111 to \$129 per square foot).
- Absorption is forecast at a five to 7.5 percent capture of the annual potential single-family detached for-sale market.

INTRODUCTION

The purpose of this study is to determine the depth and breadth of the potential market for new and renovated mixed-income dwelling units within Study Area C, City of South Bend, Indiana and includes determination of the target households, the appropriate residential mix corresponding to the housing preferences and financial capabilities of the target households, and the optimum market position for new and renovated rental and for-sale housing units within the Study Area. For the purposes of this analysis, Study Area C encompasses the residential portions of Census Tracts 22, 27, 28, and 34, including the eastern section of the Westside Neighborhood and Rum Village.

The extent and characteristics of the potential market for new and existing housing units within Study Area C were identified using Zimmerman/Volk Associates' proprietary target market methodology. In contrast to conventional supply/demand analysis—which is limited to supply-side dynamics and baseline demographic projections—target market analysis establishes the market potential for new and existing housing based on the housing preferences and socio-economic characteristics of households in the relevant draw areas.

The target market methodology is particularly effective in defining housing potential because it encompasses not only basic demographic characteristics, such as income qualification and age, but also less-frequently analyzed attributes such as mobility rates, lifestage, lifestyle patterns, and household compatibility issues (*see METHODOLOGY, provided together with migration and detailed target market tables in a separate document*).

In brief, this study determined:

- Where the potential renters and buyers of new and existing housing units in the City of South Bend and Study Area C are likely to move from (the draw areas);
- How many households have the potential to move within and to the city and the Study Area each year if appropriate housing units were to be made available (depth and breadth of the market);
- Who the households are that represent the potential market for new units in the Study Area (the target markets);

-
- What their housing preferences are in aggregate (rental or ownership, multi-family or single-family);
 - What their range of affordability is by housing type (income qualifications);
 - What their current housing alternatives are (rental and for-sale residential development in the city);
 - What the target markets are currently able to pay to rent or purchase new dwelling units in Study Area C (affordable and market-rate base rents and prices); and
 - How quickly the new units will lease or sell (absorption forecasts).

AVERAGE ANNUAL MARKET POTENTIAL FOR THE CITY OF SOUTH BEND _____

Analysis of migration, mobility, socio-economic and lifestyle characteristics of households currently living within defined draw areas is integral 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 Study Area.

The extent and characteristics of the potential market for new residential units within the City of South Bend and the Study Area have been examined through detailed analysis of households living within the relevant draw areas. These draw areas were determined through analysis of migration and mobility data, with additional supporting data drawn from the 2016 American Community Survey for the City of South Bend and St. Joseph County, and incorporating information obtained from real estate brokers, sales and leasing agents and other knowledgeable sources, as well as from field investigation.

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

Analysis of the most recent St. Joseph County migration and mobility data available from the Internal Revenue Service—from 2010 through 2014—shows that the number of households moving into the county into peaked at 5,280 households in 2012, then fell to 3,855 households by 2014. (See Appendix One, Table 1.) Elkhart County, Indiana, directly to the east, consistently accounts for approximately 16 to 18 percent of household migration into St. Joseph County. Berrien County, Michigan, due north of St. Joseph County, represents between approximately six and seven percent

of St. Joseph County migration, followed by Cook County, Illinois—at between four and 5.5 percent—and Marshall County, Indiana—at four to five percent. All other counties accounted individually for less than four percent of household migration into St. Joseph County.

Over the study period, annual *out*-migration from St. Joseph County reached a recent peak in 2011, with 5,675 out-migrating households, then falling each year thereafter to reach just over 4,000 households by 2014. Approximately 13 to 16 percent of out-migrating St. Joseph County households have moved to Elkhart County, representing 640 to 855 St. Joseph County movers over the study period.

Net migration—the difference between households moving into the county and those moving out—showed household losses over the entire study period, with the smallest loss—155 households—occurring in 2014, at the end of the study period, and the largest loss—650 households—in 2010, at the beginning of the study period.

Based on the migration and mobility data, then, the draw areas for the City of South Bend and the Study Area have been delineated as follows (*see also* METHODOLOGY):

- The local draw area, covering households living within the South Bend city limits.
- The county draw area, covering households living elsewhere in St. Joseph County.
- The regional draw area, covering households with the potential to move to the City of South Bend from Elkhart, Berrien, Cook, and Marshall Counties.
- The national draw area, covering households with the potential to move to the City of South Bend from all other U.S. counties.

As derived from the updated migration and mobility analyses, then, the draw area distribution of all households with the potential to move within or to the City of South Bend each year over the next five years is therefore as follows (*see also* Appendix One, Table 8):

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

City of South Bend:	51.9%
Balance of St. Joseph County:	23.3%
Regional Draw Area (Elkhart, Berrien, Cook, and Marshall Counties):	8.1%
Balance of the U.S.:	<u>16.7%</u>
Total:	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

*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 counties, an annual average of 7,565 households represent the potential market for new and existing housing units within the city each year over the next five years. Approximately 48 percent of the target households will be moving to the city from outside the South Bend city limits.

AVERAGE ANNUAL MARKET POTENTIAL FOR STUDY AREA C _____

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

The target market methodology identifies those households with a preference for living in downtown, in-town, and walkable neighborhoods. After discounting for those segments of the city's annual potential market that typically choose suburban and/or rural locations, the distribution of draw area market potential for new and existing dwelling units within Study Area C would be as follows (*see also* Appendix One, Table 9):

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

	City of South Bend:	60.0%
	Balance of St. Joseph County:	21.2%
Regional Draw Area (Elkhart, Berrien, Cook, and Marshall Counties):		6.8%
	Balance of the U.S.:	<u>12.0%</u>
	Total:	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

*How many households have the potential to move
to Study Area C each year over the next five years?*

Based on the analysis, which accounts for household mobility within the City of South Bend and the balance of St. Joseph County, as well as migration and mobility patterns for households currently living in all other cities and counties across the country, an annual average of 1,250 traditional and non-traditional families, younger singles and couples, and empty nesters and retirees of all incomes

represent the potential market for new and existing housing units within the Study Area each year over the next five years.

What are their housing preferences in aggregate?

The housing preferences of the draw area households—derived from their tenure (rental/ownership) choices and broad financial capacities—are outlined on the following table (*see Table 1 following the text*):

Average Annual Potential Market for New and Existing Housing Units
Study Area C
City of South Bend, St. Joseph County, Indiana

HOUSING TYPE	NUMBER OF HOUSEHOLDS	PERCENT OF TOTAL
Multi-family for-rent (lofts/apartments, leaseholder)	515	41.2%
Multi-family for-sale (lofts/apartments, condo/co-op ownership)	130	10.4%
Single-family attached for-sale (townhouses/live-work, fee-simple/ condominium ownership)	150	12.0%
Single-family detached for-sale (houses, fee-simple ownership)	<u>455</u>	<u>36.4%</u>
Total	1,250	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

Nationally, although market propensities for higher-density urban housing continues to grow, in Study Area C, the potential market has a higher preference for single-family detached houses compared to Study Areas A and B. Slightly over 41 percent of the 1,250 target households comprise the market for rental dwelling units; the percentage of households in this Study Area that cannot afford to buy is also higher than in Study Areas A and B. Younger people in this market are severely hampered by lack of an adequate down payment.

The remaining 59 percent of the market would choose some form of ownership housing (close to the current estimated homeownership rate in the city of approximately 60 percent). Approximately 62 percent of the annual potential ownership market would prefer single-family detached units—which currently represent an estimated 73 percent of the existing housing stock in South Bend. The

remaining 38 percent of the ownership market would choose for-sale single-family attached (duplexes/townhouses/live-work units) or multi-family units (condominium/co-operative units).

What is their range of affordability by housing type?

The 1,250 households that represent the annual potential market for new and existing housing units in Study Area C have also been segmented by income, based on South Bend-Mishawaka, IN metro area median family income (AMI), which, for fiscal year 2017 is \$61,500 for a family of four. This study examines affordability based on the following general income groupings:

- Households with incomes below 30 percent AMI (the majority of these households typically qualify only for public housing or older existing units);
- Households with incomes between 30 and 60 percent of AMI (these households typically qualify for low-income housing tax credit units, existing affordable rental housing, or heavily subsidized ownership housing);
- Households with incomes between 60 and 80 percent of AMI (these households typically qualify for new workforce or affordable rental housing or subsidized ownership housing);
- Households with incomes between 80 and 100 percent AMI (these households typically qualify for existing market-rate rentals or new workforce or affordable for-sale housing); and
- Households with incomes above 100 percent AMI (these households generally have sufficient incomes to rent or purchase market-rate housing).

The combined tenure and housing type preferences and financial capabilities of the 1,250 target households are shown on the table following this page. (*See again* Table 1.)

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

HOUSING TYPE HOUSEHOLDS	
	NUMBER	PERCENT
Multi-family for-rent		
< 30% AMI	125	10.0%
30% to 60% AMI	84	6.7%
60% to 80% AMI	98	7.8%
80% to 100% AMI	97	7.8%
> 100% AMI	<u>111</u>	<u>8.9%</u>
Total multi-family for-rent	515	41.2%
Multi-family for-sale		
< 30% AMI	17	1.4%
30% to 60% AMI	13	1.0%
60% to 80% AMI	22	1.8%
80% to 100% AMI	28	2.2%
> 100% AMI	<u>50</u>	<u>4.0%</u>
Total multi-family for-sale	130	10.4%
Single-family attached for-sale		
< 30% AMI	19	1.5%
30% to 60% AMI	15	1.2%
60% to 80% AMI	30	2.4%
80% to 100% AMI	29	2.3%
> 100% AMI	<u>57</u>	<u>4.6%</u>
Total single-family attached for-sale	150	12.0%
Single-family detached for-sale		
< 30% AMI	78	6.2%
30% to 60% AMI	56	4.5%
60% to 80% AMI	67	5.4%
80% to 100% AMI	60	4.8%
> 100% AMI	<u>194</u>	<u>15.5%</u>
Total single-family detached for-sale	455	36.4%
Grand total	1,250	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

Summarizing the incomes and financial capabilities of the 1,250 target households that represent the annual potential market for new and renovated housing units in Study Area C, 19.1 percent (239 households) have incomes at 30 percent or less than the AMI; 13.4 percent (168 households) have incomes between 30 and 60 percent AMI; 17.4 percent (217 households) have incomes between 60 and 80 percent AMI; 17.1 percent (214 households) have incomes between 80 and 100 percent AMI; and 33.0 percent (412 households) have incomes above 100 percent AMI.

TARGET MARKET ANALYSIS

*Who are the households that represent the potential market
for new and renovated units in Study Area C?*

The aftermath of the housing crash has seen a measurable shift in market preferences from home ownership to rental dwelling units, particularly among younger households. At the same time, there has been a significant shift in neighborhood preferences from single-use subdivisions toward mixed-use, walkable neighborhoods.

This shift has been driven by the convergence of the preferences of the two largest generations in the history of America: the Baby Boomers (currently estimated at just under 74 million), born between 1946 and 1964, and the estimated nearly 89 million Millennials, who were born from 1977 to 1996 and, in 2010, surpassed the Boomers in population. The convergence of two generations of this size—simultaneously reaching a point when housing in walkable neighborhoods matches their life stage—is unprecedented.

In addition to their shared preference for walkable urban living, the Boomers and Millennials are changing housing markets in multiple ways. In contrast to the traditional family (married couples with children) that comprised the typical post-war American household, Boomers and Millennials are households of predominantly singles and couples. As a result, nationally, the home-buying market now contains more than 63 percent one- and two-person households, and the 37 percent of the homebuyers that could be categorized as family households are equally likely to be non-traditional as traditional families. One consequence of this evolution is that mixed-income development is now more likely to succeed than when suburban preferences dominated the housing market.

As determined by the target market analysis, the general market segments, by lifestage and housing type, that represent the potential market for new and existing housing units in Study Area C include (*see also* Table 2 *following the text*):

- Traditional and non-traditional family households, single parents with one or two children, as well as traditional families and multi-generational households, with employment centered around the services and production (45.2 percent);

-
- Younger singles and childless couples—including students, young hospital and university affiliates, entry-level white-collar employment, retail workers, waiters and waitresses (28.8 percent); and
 - Empty nesters and retirees, a few with incomes from social security alone, some who also have pensions, savings and investments, and others who are still working (26.0 percent)

Family households hold the largest share of market potential—over 45 percent—for new and renovated housing units within Study Area C. More than 65 percent of these family households are likely to be potential buyers, rather than renters. The target households include a mix of non-traditional families, notably single parents with one to three younger children, and traditional family households, married couples with children. Married couples with children comprise just under 22 percent of all American households (and less than 16 percent in South Bend). Households with children are now increasingly diverse and in Study Area C include a significant number of Hispanic families.

More than 21 percent of the family households that comprise the annual potential market for the Study Area have incomes below 30 percent of AMI and typically spend half or more of their incomes on housing costs. Many of these households are single-parent families—primarily *In-Town Families*—struggling to make ends meet.

Almost 13 percent of the family-oriented households have incomes that fall within the 30-to-60 percent income band and another 17.5 percent in the 60-to-80 percent income band. These households include *Uptown Families* and *Kids ‘r’ Us* market groups. A significant number of the heads of household in these family groups are blue-collar workers; many of them already live in the Study Area.

The remaining 48.6 percent of the family households have incomes at or above 80 percent of AMI. These households are primarily two-income households, with stable middle-management jobs, in government or one of the professions. These households include *New Town Families*, *Button-Down Families*, *Traditional Families*, *Small-Town Families*, and the most well-to-do *Uptown Families*.

Nearly 62 percent of these family households are already living in the City of South Bend—a majority already live in the Study Area; 16.8 percent are living elsewhere in St. Joseph County.

Approximately eight percent would be moving to the Study Area from the regional draw area, and the remaining 13.3 percent would be moving from elsewhere in the U.S., particularly other counties in Indiana.

Just under 18 percent of the younger singles and couples that comprise the target markets for the Study Area have incomes that fall below 30 percent of AMI. If they are employed, these households—for the most part *Second-City Strivers*, *Twentysomethings*, and *Multi-Ethnic Singles*—work in part-time or lower-paying jobs, including entry-level retail, such as store clerks, and service occupations, such as waiters and waitresses; many are students.

Another 29.4 percent of the households in this market segment have incomes that fall within the 30-to-60 percent and 60-to-80 percent income bands. These include recent college graduates just starting their first jobs, lower-level medical personnel, and general office workers in the target groups of *Small-City Singles*, *Second-City Strivers*, and *Suburban Strivers* as well as those *Twentysomethings* and *Multi-Ethnic Singles*, who are employed full-time.

The remaining 59.7 percent of the younger singles and couples have incomes that are at or above 80 percent of the AMI. These include the target groups of *The VIPs*, *Fast-Track Professionals*, and *Suburban Achievers*, as well as the higher-earning households among the *Small-City Singles*, *Twentysomethings*, and *Suburban Strivers*, some who are engaged in mid-level office work; some in technology-related fields.

Just under 60 percent of the younger singles and couples moving to the Study Area would be moving from elsewhere in the city; 23.6 percent would be moving from elsewhere in St. Joseph County; 5.6 percent would be moving from the regional draw area; and the remaining 11.2 percent would be moving from elsewhere in the U.S.

The smallest general market segment, at 26 percent of the annual potential market, is comprised of older households (empty nesters and retirees). A significant number of these target households have grown children who have recently moved out of the family home; many are retired, but a significant number are still working, particularly those with lower household incomes.

In this general market segment, approximately 17 percent have incomes below 30 percent of AMI—older singles and couples struggling on limited incomes, mostly from social security—nearly all of whom are living in substandard housing, predominantly *Second City Seniors* and in this Study Area also *Small-Town Seniors* and some struggling *Middle-American Retirees*.

Another third of the older target households have incomes between 30 and 80 percent of the area median. These households include some *Blue-Collar Retirees*, *Middle-American Retirees*, and *Second City Seniors*, retired couples who have small pensions or IRAs in addition to social security. Most of these households have incomes clustered in the middle of the range of the AMI.

Empty nesters and retirees with incomes at or above 80 percent of AMI comprise just under half of this market segment. These are the most well-to-do households in every older target market group; most of them are still working, accounting for their higher incomes and more stable financial circumstances.

Nearly 57 percent of the empty nesters and retirees would be moving from elsewhere within the City of South Bend; just under 32 percent would be moving from elsewhere in St. Joseph County; approximately 6.2 percent would be moving from the regional draw area; and the remaining 10.8 percent would be moving from elsewhere in the U.S.

THE MARKET CONTEXT

What are their current residential alternatives?

—Multi-Family Rental Properties—

In January 2018, Zimmerman/Volk Associates compiled data from a variety of sources, including telephone interviews, individual property and rental websites, on 13 selected rental properties, representing nearly 1,850 rental apartments in the city. (See Table 3 following the text.) Property size ranges from just 40 units to nearly 400 units.

Walk Score, a number between 0 and 100 denoting the walkability of a specific address or neighborhood, 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. Walk Scores below 50 indicate that most or almost all errands require an automobile.

The Walk Scores of the surveyed rental properties range between 1 and 84. The highest score of 84 is registered by the Central High School Apartments, located within walking distance of several restaurants, shops and entertainment venues in the Downtown. Several properties have Walk Scores of 70 or more, including the Foundry Lofts, the Pointe at St. Joseph, Stephenson Mills, Aurum, Robertson's Apartments, and the Mar-Main Apartments.

—*Multi-Family Rental Properties*—

Table 3 provides detailed information on the 13 rental properties included in the survey and is summarized as follows.

—*Studios (2 properties)*—

- Rents for studios range between \$515 and \$595 per month at the Mar-Main Apartments, a 136-unit property located on West Marion Street, and rent for \$582 per month at Robertson's Apartments, the seniors building on South Michigan Street.
- Studios at Mar-Main contain between 400 and 550 square feet; the Robertson's studios average 575 square feet.
- The studio rent per square foot ranges between \$1.08 and \$1.29 at Mar-Main, and averages \$1.01 at Robertson's.

—*One-Bedroom Units (12 properties)*—

- Rents for one-bedroom flats range from \$478 per month at Belleville Park Apartments on Belleville Circle to \$1,685 per month at the Foundry Lofts on North Eddy Street.
- One-bedroom flats range in size from 527 square feet at Cedar Glen Apartments at 425 South 25th Street to 883 square feet at Stephenson Mills on East Colfax Avenue.
- One-bedroom rents per square foot range between \$0.65 at Belleville Park Apartments to \$2.17 at the Foundry Lofts.

—*Two-Bedroom Units (13 properties)*—

- Rents for two-bedroom, one- to two-bathroom units range from \$525 per month at Washington Dunbar Apartments on North Walnut Street, to \$2,107 per month at the Foundry Lofts. Monroe Park Apartments on Fellows Street leases a two-bedroom/one-bath townhouse for \$674 per month.
- Two-bedroom flats range in size from 550 square feet at Washington Dunbar, to 1,856 square feet at Central High School Apartments. The Monroe Park two-bedroom townhouse contains between 900 square feet of living space.
- Two-bedroom rents per square foot for flats fall between \$0.65 at Belleville Park Apartments and \$2.11 at the Foundry Lofts. The rents per square for the Monroe Park two-bedroom townhouses is \$0.75.

—*Three-Bedroom Units (6 properties)*—

- Rents for three-bedroom flats range between \$699 per month at Washington Dunbar Apartments and \$3,606 per month at the Foundry Lofts. Monroe Park Apartments also has a three-bedroom townhouse with two baths that leases for \$764 per month.
- Three-bedroom flats contain between 1,100 square feet at Washington Dunbar Apartments, and as much as 1,856 square feet at Central High School. The three-bedroom townhouse at Monroe Park Apartments contains 1,020 square feet of living space.
- Three-bedroom rents per square foot for flats fall between \$0.64 at Washington Dunbar and \$2.36 at the Foundry Lofts. The three-bedroom townhouse at Monroe Park leases for \$0.75 per square foot.

Only Belleville Park Apartments has four-bedroom apartments, which contain between 1,366 and 1,448 square feet of living space, and lease for \$709 to \$850 per month (\$0.52 to \$0.59 per square foot).

—*Multi-Family and Single-Family Attached For-Sale Properties*—

Table 4 details recent listings of new and resale condominiums and townhouses at various properties in South Bend. Of the 10 attached units on the market at the time of the survey in January, 2018, two condominiums and two townhouses were priced below \$100,000; one townhouse was listed at \$145,000; the remaining two units were priced above \$700,000.

Three townhouses remain unsold at the nine-unit Corby Lawrence Townhouses, new construction on East Corby Boulevard in northeast South Bend. The prices of the three units start at \$365,000 for a 3,300-square-foot unit containing four bedrooms and three-and-a-half baths (\$111 per square foot). A three-bedroom/two-and-a-half bath end unit is priced at \$379,900 for nearly 2,300 square feet of living space (\$167 per square foot). The most expensive townhouse, with an asking price of \$424,945, has just under 3,000 square feet configured as four bedrooms and three-and-a-half baths (\$142 per square foot).

The most expensive units on the market include a four-bedroom/four-and-a-half bath townhouse in River Race on the East Bank containing nearly 3,100 square feet and listed at \$724,900 (\$234 per square foot) and \$749,000 for a four-bedroom/three-and-a-half bath condominium in Ivy Quad near the University of Notre Dame with 2,375 square feet of living space (\$315 per square foot).

—*Single-Family Detached For-Sale Properties*—

Table 5 details the listings of several newly-constructed single-family detached houses on the market in January 2018 in South Bend and priced under \$300,000. Allen Edwin Homes has been marketing several models of detached houses at three properties in the far northwestern part of the city, with new construction priced from \$176,990 for a 1,458-square-foot three-bedroom/two bath floorplan (\$121 per square foot) to \$253,900 for a 2,340-square-foot three-bedroom/two-and-a-half bath house (\$109 per square foot) at the Jade Crossings community.. Another Allen Edwin Homes community, Laurel Creek, is selling the same three-bedroom models at similar price points (\$197,900 to \$239,900—\$95 to \$128 per square foot). A third Allen Edwin Homes community, Lafayette Falls, starts at a higher price point, with a three-bedroom/two-and-a-half bath house containing nearly 1,700 square feet priced at \$211,900 (\$126 per square foot) and the most

expensive house—a three-bedroom/two-and-a-half bath model with over 2,240 square feet of living space—is priced at nearly \$250,000 (\$111 per square foot).

Several houses have been built, or are under construction within other single-family developments in the city. Asking prices range from \$183,900 for a three-bedroom/two-bath house situated on a quarter-acre lot and containing just over 1,300 square feet of living space (\$140 per square foot) to \$267,500 for a 1,634-square-foot three-bedroom house on St. Charles Avenue (\$164 per square foot). All but one were built in 2017, and nearly all are located in developments on the edge of the city.

OPTIMUM MARKET POSITION: STUDY AREA C

As noted above under AVERAGE ANNUAL MARKET POTENTIAL FOR STUDY AREA C, an annual average of 1,250 traditional and non-traditional families, younger singles and couples, and empty nesters and retirees of all incomes represent the potential market for new and existing housing units within the Study Area each year over the next five years.

The rents and price points for the market-rate component of new rental housing units that could be developed in Study Area C are derived from the income and equity levels of those target households with annual incomes at or above 80 percent AMI, ranging from \$34,200 and more for a single-person household to \$48,800 and more for a four-person household. For new for-sale housing units, the target households have annual incomes above 100 percent AMI, ranging from \$42,700 and more for a single-person household and \$61,500 and more for a four-person household.

Households with incomes between 30 and 80 percent of the AMI comprise the market for rental “affordable” or workforce housing units. These households have incomes ranging between \$12,850 and \$34,200 for a single-person household to \$24,600 and \$48,800 for a four-person household. For new for-sale housing units, the targeted households have annual incomes between 60 and 100 percent AMI, ranging between \$25,700 and \$42,700 for a single-person household and \$49,200 and \$61,500 for a four-person household.

In general, households with annual incomes at or below 30 percent AMI qualify for Section Eight vouchers and low-income housing tax-credit rental units, and their rents are usually limited to no

more than 30 percent of their annual incomes. These household incomes are less than \$12,850 for a single-person household to less than \$24,600 for a four-person household.

What is the market currently able to pay to rent or purchase new dwelling units in Study Area C?

The analysis that follows covers households with preferences for multi-family for-rent with incomes between 30 and 80 percent AMI (affordable/workforce units), and with incomes above 80 percent AMI (market-rate units) and households with preferences for multi-family for-sale, and single-family attached and detached for-sale with incomes between 60 and 100 percent AMI (affordable/workforce units) and with incomes above 100 percent AMI (market-rate units). yielding an annual average of 927 households that represent the potential renters/buyers of new market-rate and affordable housing units in Study Area C each year over the next five years.

As derived from the tenure preferences and financial capabilities of those 927 draw area households, the distribution of rental and for-sale housing types would be as shown on the following table:

Average Annual Potential Market for New Housing Units
 Study Area C
City of South Bend, St. Joseph County, Indiana

HOUSING TYPE HOUSEHOLDS	
	NUMBER	PERCENT
Multi-family for-rent		
30% to 80% AMI	182	19.6%
> 80% AMI	<u>208</u>	<u>22.4%</u>
Total multi-family for-rent	390	42.0%
Multi-family for-sale		
60% to 100% AMI	50	5.4%
> 100% AMI	<u>50</u>	<u>5.4%</u>
Total multi-family for-sale	100	10.8%
Single-family attached for-sale		
60% to 100% AMI	59	6.4%
> 100% AMI	<u>57</u>	<u>6.1%</u>
Total single-family attached for-sale	116	12.5%

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HOUSING TYPE HOUSEHOLDS	
	NUMBER	PERCENT
Single-family detached for-sale		
60% to 100% AMI	127	13.7%
> 100% AMI	<u>194</u>	<u>21.0%</u>
Total single-family detached for-sale	321	34.7%
Grand total	927	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

—*Rental Distribution by Rent Range: Multi-Family For-Rent*—

The number of households able to afford the specified rent ranges detailed on the following tables 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.) Approximately 53.3 percent of the 390 target renter households have incomes at or above 80 percent of the AMI.

An annual average of 208 households with incomes at or above 80 percent of the AMI represent the target markets for newly-constructed market-rate rental housing units in Study Area C (*as shown on Table 6 following the text*). The distribution by rent range of the rents those 208 households could support are summarized on the following table:

Rent Distribution
 Target Groups for New Multi-Family For Rent
 Households with Incomes At or Above 80 Percent AMI
 Study Area C
City of South Bend, St. Joseph County, Indiana

MONTHLY RENT RANGE	HOUSEHOLDS PER YEAR	PERCENTAGE
\$500–\$750	62	29.8%
\$750–\$1,000	68	32.6%
\$1,000–\$1,250	49	23.6%
\$1,250–\$1,500	22	10.6%
\$1,500 and up	<u>7</u>	<u>3.4%</u>
Total:	208	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

- The largest group of households that represent the market for new market-rate rental units in Study Area C are younger singles and couples at 51 percent of the market. Less than four

percent would be able to afford rents at or above \$1,500 per month; approximately 22 percent of these households represent the market for units with rents between \$1,000 and \$1,500 per month; and the remaining three-quarters would require rents between \$500 and \$1,000 per month.

- Traditional and non-traditional families comprise 31.3 percent of the market for new market-rate rental units in Study Area C. Just over three percent of the family market can afford rents greater than \$1,500 per month; the majority of the family market—50.8 percent—is financially capable of paying rents between \$1,000 and \$1,500 per month. Over 46 percent can only afford rents between \$500 and \$1,000 per month.
- Empty nesters and retirees make 17.8 percent of the market for new market-rate rental units in Study Area C. Just under three percent of these households could afford new units with rents above \$1,500 per month and 40.5 percent could afford new units with rents between \$1,000 and \$1,500 per month. The remaining 56.8 percent represent the market for units with rents between \$500 and \$1,000 per month.

An annual average of 182 households with incomes between 30 and 80 percent of the AMI represent the target markets for newly-constructed *affordable/workforce* rental housing units in Study Area C (*see again* Table 6). The distribution by rent range of the rents those 182 households could support are summarized as shown on the following table:

Distribution by Rent Range
 Target Groups for New Multi-Family For Rent
 Households with Incomes Between 30 Percent and 80 Percent AMI
 Study Area C
City of South Bend, St. Joseph County, Indiana

MONTHLY RENT RANGE	UNITS PER YEAR	PERCENTAGE
\$250–\$400	58	31.9%
\$400–\$550	59	32.4%
\$550–\$700	42	23.1%
\$700–\$850	14	7.7%
\$850–\$1,000	9	4.9%
Total:	182	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

- At just over 40 percent of the market, traditional and non-traditional families are the largest market for new affordable/workforce rentals in Study Area C. Just over four percent of these

households are able to lease units with rents between \$850 and \$1,000 per month; 37 percent can afford rents can afford rents between \$550 and \$850 per month, and the remaining 58.9 percent are financially limited to rents between \$250 and \$550 per month.

- At 34.1 percent, younger singles and couples represent the next largest market for newly-constructed affordable/workforce rental units in Study Area C. Just over three percent would be able to afford rents between \$850 and \$1,000 per month; nearly 31 percent would represent the market for units with rents between \$550 and \$850 per month; and the remaining two-thirds would require rents between \$250 and \$550 per month.
- Empty nesters and retirees represent the smallest market, at just under 26 percent, for new affordable/workforce rental units in Study Area C. Approximately 8.5 percent of the empty nester and retiree market have the incomes to support rents between \$850 and \$1,000 per month; another 21.3 percent could pay rents between \$550 and \$850 per month; more than under 70 percent could only afford rents between \$250 and \$550 per month.

—*For-Sale Distribution by Price Range*—

For the for-sale unit distribution, the number of households by price range was determined by assuming a down payment (subsidized or otherwise) of 20 percent and then calculating monthly mortgage payments, including taxes and utilities, that would not exceed 30 percent of the annual gross income of the target households.

The realization of the full market potential for new market-rate for-sale units may be challenging over the short-term, given continued restrictive development financing and mortgage underwriting by financial institutions, the disinterest of some younger households in becoming owners, the fact that many otherwise-qualified households, particularly current renters, lack the funds for a down payment, and the inability of many older owner households to sell their existing single-family units even at reduced prices.

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

An annual average of 50 households with incomes at or above 100 percent of the AMI represent the target markets for newly-constructed market-rate multi-family for-sale (condominium) housing units in Study Area C (*as shown on Table 7 following the text*). The distribution by price range of the prices those 50 households could support are summarized as on the following table:

Distribution by Price Range
 Target Groups for New Multi-Family For Sale
 Households with Incomes At or Above 100 Percent AMI
 Study Area C
City of South Bend, St. Joseph County, Indiana

PRICE RANGE	HOUSEHOLDS PER YEAR	PERCENTAGE
\$125,000–\$150,000	8	16.0%
\$150,000–\$175,000	15	30.0%
\$175,000–\$200,000	14	28.0%
\$200,000–\$225,000	8	16.0%
\$225,000 and up	<u>5</u>	<u>10.0%</u>
Total:	50	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

- Younger singles and couples comprise 46 percent of the market for new market-rate multi-family for-sale units (condominiums) in Study Area C. Just under 44 percent of these younger households would be in the market for new condominiums with base prices between \$125,000 and \$175,000. Another 39.1 percent could afford new condominium units priced between \$175,000 and \$225,000 and the remaining 17.4 percent have the income and assets to purchase condominiums priced at \$225,000 or more.
- At a 34 percent share, empty nesters and retirees represent the second largest market segment for this housing type in the Study Area. Approximately six percent of these older households have the capacity to purchase new condominiums with base prices at or above \$225,000; 41.2 percent would be able to purchase new condominiums priced between \$175,000 and \$225,000. The majority—52.0 percent of this segment—would only be able to afford units priced between \$125,000 and \$175,000.
- Family households are a 20 percent of the market for new market-rate condominiums in Study Area C, with 40 percent able to afford new units priced between \$125,000 and

\$175,000, and the majority—60 percent—capable of purchasing units priced between \$175,000 and \$225,000.

An annual average of 50 households with incomes between 60 percent and 100 percent of the AMI represent the target markets for newly-constructed *affordable* multi-family for-sale (condominium) housing units in Study Area C (*see again* Table 7). For these units, the assumption is that, at minimum, the 20 percent down payment would be subsidized. The distribution by price range of the prices those 30 households could support would therefore be summarized as follows:

Distribution by Price Range
 Target Groups for New Multi-Family For Sale
 Households with Incomes Between 60 Percent and 100 Percent AMI
 Study Area C
City of South Bend, St. Joseph County, Indiana

PRICE RANGE	HOUSEHOLDS PER YEAR	PERCENTAGE
\$50,000–\$75,000	15	30.0%
\$75,000–\$100,000	19	38.0%
\$100,000–\$125,000	<u>16</u>	<u>32.0%</u>
Total:	50	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

- Younger singles and couples are the largest segment of the market for newly-constructed affordable/workforce multi-family for-sale units (condominiums) in the Study Area, at 42 percent of the market. A third of this market could only purchase new condominiums priced between \$50,000 and \$75,000. Over 38 percent would be in the market for units priced between \$75,000 and \$100,000 and the remaining 28.6 percent of the younger market is able to afford new units priced between \$100,000 and \$125,000.
- The empty-nester and retiree market—approximately 32 percent of the market—is the next largest group of households that represent the potential market for new affordable/workforce multi-family for-sale units in Study Area C. One-quarter of this market has the income and assets to purchase new affordable condominiums priced between \$100,000 and \$125,000. Another 31.3 percent are able to purchase new condominiums priced between \$75,000 and \$100,000 and the remaining 43.8 percent of the households have incomes limiting to new affordable condominiums priced between \$50,000 and \$75,000.

- Family households comprise 26 percent of the market for newly-constructed affordable/workforce condominiums in Study Area C. Approximately eight percent of these families would be limited to new affordable/workforce condominiums with base prices between \$50,000 and \$75,000, and the remaining 92 percent are evenly divided between new units priced between \$75,000 and \$100,000 and between \$100,000 and \$125,000.

—*For-Sale Distribution By Price Range: Single-Family Attached*—

An annual average of 57 households with incomes at or above 100 percent of the AMI represent the target markets for newly-constructed market-rate single-family attached for-sale (townhouse/rowhouse) housing units in Study Area C (*as shown on Table 8 following the text*). The distribution by price range of the prices those 57 households could support are summarized on the following table:

Distribution by Price Range		
Target Groups for New Single-Family Attached For Sale		
Households with Incomes At or Above 100 Percent AMI		
Study Area C		
<i>City of South Bend, St. Joseph County, Indiana</i>		
PRICE RANGE	HOUSEHOLDS PER YEAR	PERCENTAGE
\$125,000–\$150,000	10	17.5%
\$150,000–\$175,000	16	28.1%
\$175,000–\$200,000	15	26.3%
\$200,000–\$225,000	11	19.3%
\$225,000 and up	<u>5</u>	<u>8.8%</u>
Total:	57	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

- Younger singles and couples represent 42 percent of the market for new market-rate single-family attached for-sale units in Study Area C. More than 58 percent only able to afford new units priced between \$125,000 and \$175,000. Another third would be in the market for units priced between \$175,000 and \$225,000. Just 8.3 percent have the income and down payments to enable them to purchase new single-family attached units priced above \$225,000.
- At a 35 percent share, traditional and non-traditional families make up a somewhat smaller segment of the market for new market-rate single-family attached for-sale units. Thirty

percent would require units priced between \$125,000 and \$175,000 and 65 percent could afford new single-family attached units priced between \$175,000 and \$225,000. Just five percent have the income and assets to purchase new units priced at \$225,000 or more.

- Empty nesters and retirees comprise the remaining 23 percent of the market for new market-rate single-family attached for-sale units, of which just over 15 percent would be able to purchase units priced at \$225,000 or more. Another 38.5 percent would be in the financial position to purchase new single-family attached units with prices between \$175,000 and \$225,000, and a plurality—46.2 percent—would require new units priced between \$125,000 and \$175,000.

An annual average of 59 households with incomes between 60 percent and 100 percent of the AMI represent the target markets for newly-constructed *affordable/workforce* single-family attached for-sale housing units in Study Area C (*see again* Table 8). Again, for these units, the assumption is that, at minimum, the 20 percent down payment would be subsidized. The distribution by price range of the prices those 59 households could support would therefore be summarized as follows:

Distribution by Price Range
 Target Groups for New Single-Family Attached For Sale
 Households with Incomes Between 60 Percent and 100 Percent AMI
 Study Area C
City of South Bend, St. Joseph County, Indiana

PRICE RANGE	HOUSEHOLDS PER YEAR	PERCENTAGE
\$50,000–\$75,000	24	40.7%
\$75,000–\$100,000	27	45.8%
\$100,000–\$125,000	<u>8</u>	<u>13.5%</u>
Total:	59	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

- Family households are the largest target market—47.5 percent of the targeted households—for newly-constructed *affordable/workforce* single-family attached for-sale units in Study Area C. Over 46 percent of the families are only able to purchase new units priced between \$50,000 and \$75,000; 39.3 percent would be able to purchase new units with base prices between \$75,000 and \$100,000. The remaining 14.3 percent have the financial capacity to afford new units priced between \$100,000 and \$125,000

- At 27.1 percent, younger singles and couples are the next largest segment of the market for newly-constructed affordable/workforce single-family attached for-sale units in the Study Area, just slightly larger than the empty-nester/retiree market. Over 31 percent of the younger households could only afford these units priced between \$50,000 and \$75,000; the majority—56.3 percent—would be able to purchase units priced between \$75,000 and \$100,000; and the remaining 12.5 percent have the incomes to purchase units priced between \$100,000 and \$125,000.
- Empty nesters and retirees are the smallest segment (at 25.4 percent, just slightly smaller than the younger targeted households) of the market for newly-constructed affordable/workforce single-family attached units in Study Area C. Forty percent of this segment would be limited to new affordable single-family attached units with base prices between \$50,000 and \$75,000, and 46.7 percent could afford new units priced between \$75,000 and \$100,000. The remaining 13.3 percent have the financial capability to purchase new units priced between \$100,000 and \$125,000.

—*For-Sale Distribution By Price Range: Single-Family Detached*—

An annual average of 194 households with incomes at or above 100 percent of the AMI represent the target markets for newly-constructed market-rate for-sale single-family detached houses in Study Area C (*as shown on Table 9 following the text*). The distribution by price range of the prices those 194 households could support are summarized on the table on the following page.

Distribution by Price Range
 Target Groups for New Single-Family Detached For Sale
 Households with Incomes At or Above 100 Percent AMI
 Study Area C
City of South Bend, St. Joseph County, Indiana

PRICE RANGE	HOUSEHOLDS PER YEAR	PERCENTAGE
\$150,000–\$175,000	48	24.7%
\$175,000–\$200,000	53	27.3%
\$200,000–\$225,000	39	20.2%
\$225,000–\$250,000	21	10.8%
\$250,000–\$275,000	19	9.8%
\$275,000 and up	14	7.2%
Total:	194	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

- At near 63 percent, traditional and non-traditional families are by far the largest segment of the market for new market-rate single-family detached houses in Study Area C. Nearly 27 percent could afford new houses priced at \$250,000 or more, another 35.8 percent would be in the market for new houses with base prices between \$200,000 and \$250,000, and 37.4 percent would require houses priced between \$150,000 and \$200,000.
- Empty nesters and retirees make up the next largest segment of the market for new market-rate single-family detached houses in the Study Area, at an approximately 31 percent share. Just Over 28 percent could afford new detached units priced between \$200,000 and \$250,000. The clear majority—nearly 72 percent—would be in the market for new detached houses with base prices between \$150,000 and \$200,000.
- At a share of just 6.2 percent, younger singles and couples represent the smallest segment of the market for new market-rate single-family houses in the Study Area. All of these younger households could only pay for new detached houses with base prices between \$150,000 and \$200,000.

An annual average of 127 households with incomes between 60 percent and 100 percent of the AMI represent the target markets for newly-constructed *affordable* single-family detached for-sale housing units in Study Area C (*see again* Table 9). Again, for these units, the assumption is that, at minimum, the 20 percent down payment would be subsidized. The distribution by price range of the prices those 127 households could support are summarized on the following table.

Distribution by Price Range
 Target Groups for New Single-Family Detached For Sale
 Households with Incomes Between 60 Percent and 100 Percent AMI
 Study Area C
City of South Bend, St. Joseph County, Indiana

PRICE RANGE	HOUSEHOLDS PER YEAR	PERCENTAGE
\$50,000–\$75,000	33	26.0%
\$75,000–\$100,000	45	35.4%
\$100,000–\$125,000	37	29.1%
\$125,000–\$150,000	<u>12</u>	<u>9.4%</u>
Total:	127	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

- Traditional and non-traditional families are over 59 percent of the market for newly-constructed affordable/workforce detached houses in Study Area C. Just under 63 percent of the family market would be limited to new affordable/workforce houses with base prices between \$50,000 and \$100,000. Just over 37 percent of the traditional and non-traditional families could afford new detached units priced between \$100,000 and \$150,000.
- Empty nesters and retirees are the second largest segment of the market for newly-constructed affordable/workforce single-family urban detached for-sale units in the Study Area, at just 31.5 percent of the market. Approximately 60 percent of the older households could only afford detached houses priced between \$50,000 and \$100,000; the remaining 40 percent have the income and assets to purchase new detached houses priced between \$100,000 and \$150,000.
- The smallest market segment, younger singles and couples, makes up just 9.4 percent of the potential market for new affordable/workforce urban single-family detached houses. Over 58 percent of the younger singles and couples could afford newly-constructed affordable urban houses priced between \$50,000 and \$100,000 and 41.7 percent have the financial capabilities to purchase new urban detached houses priced between \$100,000 and \$150,000.

PROPOSED RENT AND PRICE RANGES: STUDY AREA C

Based on the tenure and housing preferences of the target households, and their income and equity levels, the range of rents and prices for newly-developed market-rate and affordable/workforce residential units in Study Area C that could be sustained by the market is as follows (*see also* Table 10 *following the text*):

Base Rent, Price and Size Ranges Study Area C City of South Bend, St. Joseph County, Indiana			
HOUSING TYPE	RENT/PRICE RANGE	SIZE RANGE	RENT/PRICE PER SQ. FT.
MULTI-FAMILY FOR-RENT: COURTYARD BUILDINGS—			
Lofts	\$600–\$900/month	550–750 sf	\$1.09–\$1.20 psf
Apartments	\$750–\$1,300/month	600–1,300 sf	\$1.15–\$1.25 psf
MULTI-FAMILY FOR-SALE: MANSION BUILDINGS (4-6 DU PER BUILDING)—			
Condominiums	\$70,000–\$130,000	650–1,000 sf	\$108–\$130 psf
SINGLE-FAMILY ATTACHED FOR-SALE: DUPLEXES; TRIPLEXES; ROWHOUSES; TOWNHOUSES—			
Triplexes; Rowhouses	\$80,000–\$140,000	750–1,100 sf	\$107–\$127 psf
Duplexes; Townhouses	\$125,000–\$195,000	1,200–1,650 sf	\$104–\$118 psf
SINGLE-FAMILY DETACHED FOR-SALE: COTTAGES; BUNGALOWS; URBAN HOUSES—			
Cottages; Bungalows	\$90,000–\$145,000	900–1,400 sf	\$100–\$104 psf
Single-Family Houses	\$150,000–\$225,000	1,350–1,750 sf	\$111–\$129 psf

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

The aforementioned rents and prices are in year 2018 dollars, are exclusive of consumer options and upgrades, or floor or location premiums, and cover a broad range of rents and prices for newly-developed units *currently* sustainable by the market in Study Area C.

As in Study Areas A and B, location will have an impact on rents and prices. A major asset located in this Study Area is Ignition Park, situated between the Westside and Rum Village. The Park, which covers more than 80 acres and was formerly the site of the Studebaker auto-manufacturing complex, currently is home to two new buildings—Catalyst One and Catalyst Two—where the Notre Dame Turbomachinery Laboratory and several other small technology companies are located. There is the

potential for significant growth at Ignition Park, which could have a significant impact on the housing market on the two adjoining neighborhoods.

Western Avenue, the northern boundary of the Westside Neighborhood, has been the focus of some new investments on the west side, and any improvement in the retail offerings along the avenue will be a benefit to the Westside. The Ray and Joan Croc Corps Community Center at Western Avenue and Chapin Street is the largest community center in South Bend and provides a wide range of community amenities, including pool, fitness equipment, climbing wall, weight room, among many other public benefits. Although this part of the Westside Neighborhood is crossed by two sets of railroad tracks, Pulaski Park, a small park with a playground, basketball courts, and multi-purpose playing field is located at the intersection of the two tracks.

Rum Village Park, directly adjacent to Rum Village Neighborhood to the north, is a 160-acre heavily-wooded park with a nature center, mountain bike and hiking trails, two open-air pavilions and an 18-hole disc golf course, providing numerous outdoor activities. The Armed Forces Reserve Center is located in the middle of the neighborhood.

There is significant vacant land north of West Indiana Avenue between Franklin Street and Kemble Avenue. Major new mixed-income development could occur in this area if the land is available for development. The challenge will be to provide units that correspond to the financial capabilities of the potential market for this Study Area, and to provide housing types that accommodate many of the extended families that live here in substandard housing.

MARKET CAPTURE: STUDY AREA C

How fast will new units lease or sell?

In the context of the target market methodology, new multi-family development, both rental and for-sale, in Study Area C should be able to achieve an annual capture of 10 to 12 percent of the annual potential renters and condominium buyers each year over the next five years. New single-family development, both attached and detached, should be able to achieve an annual capture of five to 7.5 percent of the annual potential single-family attached and detached buyers each year over the next five years. (Nationally, prior to the housing collapse in 2008, new dwelling units represented 15

percent of all units sold; over the past several years, new dwelling units have averaged approximately eight percent of all units sold.)

Based on a 10 to 12 percent capture of the annual potential market for new multi-family housing, and a five to 7.5 percent capture of the annual potential market for new single-family attached and detached housing units, Study Area C should be able to absorb between 71 and 93 new market-rate and affordable/workforce rental and for-sale housing units each year over the next five years, as shown on the following table (*see also* Table 10 *following the text for greater detail*):

Annual Capture of Market Potential
 Study Area C
 City of South Bend, St. Joseph County, Indiana

HOUSING TYPE	NUMBER OF HOUSEHOLDS	CAPTURE RATE	NUMBER OF NEW UNITS
Multi-Family For-Rent (lofts/apartments, leaseholder)	390	10 - 12%	39 - 47
Multi-Family For-Sale (lofts/apartments, condo/co-op ownership)	100	10 - 12%	10 - 12
Single-Family Attached For-Sale (rowhouses/townhouses, fee-simple ownership)	116	5 - 7.5%	6 - 9
Single-Family Detached For-Sale (urban houses, fee-simple ownership)	<u>321</u>	5 - 7.5%	<u>16 - 25</u>
Total	927		71 - 93

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

Over five years, these capture rates could support the construction and absorption of between 355 and 465 new mixed-income dwelling units within Study Area C.

These capture rates are well within the target market methodology's parameters of feasibility.

NOTE: Target market capture rates 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 location is more precisely defined, target market capture rates are higher than the more grossly-derived penetration rates. However, the resulting higher capture rates are well within the range of prudent feasibility.

STUDY AREA C BUILDING AND UNIT TYPES

—MULTI-FAMILY BUILDINGS—

- Courtyard Apartment Building: In new construction, an urban, pedestrian-oriented equivalent to conventional garden apartments. An urban courtyard building is three or more stories, often combined with non-residential uses on the ground floor. The building should be built to the sidewalk edge and, to provide privacy and a sense of security, the first floor should be elevated significantly above the sidewalk.
- 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 typically has 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. The building can accommodate a variety of uses—from rental or for-sale 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.

Parking behind the mansion buildings can be either alley-loaded, or front-loaded served by shared drives.

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.

—MULTI-FAMILY UNIT TYPES—

- Lofts: Unit interiors typically have high ceilings, are fully finished and partitioned into individual rooms. Units may also contain architectural elements reminiscent of hard lofts, such as exposed ceiling beams and ductwork, concrete floors and industrial finishes, particularly if the building is an adaptive re-use of an existing industrial structure.
- Apartments: More conventionally-finished single-level units, typically with completely-partitioned rooms.—trim, interior doors, kitchens and baths are often fitted out with higher-end finishes and fixtures than in lofts.

—SINGLE-FAMILY ATTACHED—

- Rowhouses/Townhouses: Similar in form to conventional suburban townhouses 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 and townhouses conform to the pattern of streets, typically with shallow front-yard setbacks.
- Duplexes/Triplexes: Two- or three-unit townhouses with the garages—either attached or detached—located to the rear of the units. Like the rowhouses/townhouses, urban duplexes/triplexes conform to the pattern of streets, typically with shallow front-yard setbacks. In a corner location, duplex units can each front a different street.

—SINGLE-FAMILY DETACHED—

- Cottages/Bungalows: Small one-, one-and-a-half- or two-story single-family detached houses on small lots, usually with alley-loaded parking.
- Two-Story Houses: Single-family detached houses on relatively-small lots, often, but not always with alley-loaded parking. Attached, detached, or open parking—whether alley-loaded or not—is set well back from the front façade.



Table 1

Annual Market Potential For New And Existing Housing Units
 Distribution Of Annual Average Number Of Draw Area Households With The Potential
 To Move To Study Area C Each Year Over The Next Five Years
 Based On Housing Preferences And Income Levels

Study Area C

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	7,565
Annual Number Of Target Market Households With Potential To Rent/Purchase Within Study Area C	1,250

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>	125	84	98	97	111	515
<i>Multi-Family For-Sale:</i>	17	13	22	28	50	130
<i>Single-Family Attached For-Sale:</i>	19	15	30	29	57	150
<i>Single-Family Detached For-Sale:</i>	78	56	67	60	194	455
<i>Total:</i>	239	168	217	214	412	1,250
<i>Percent:</i>	19.1%	13.4%	17.4%	17.1%	33.0%	100.0%

Note: For fiscal year 2017, South Bend-Mishawaka, In Metro FMR Area Median Family Income for a family of four is \$61,500.

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

Table 2

Annual Market Potential By Lifestage And Income

Derived From Purchase And Rental Propensities Of Draw Area Households With The Potential To Move To Study Area C Each Year Over The Next Five Years
Based On Housing Preferences And Income Levels

Study Area C

City of South Bend, St. Joseph County, Indiana

	Total	Below 30% AMI	30% to 60% AMI	60% to 80% AMI	80% to 100% AMI	Above 100% AMI
Number of Households:	1,250	239	168	217	214	412
Empty Nesters & Retirees	26.0%	23.4%	28.0%	28.1%	26.2%	25.5%
Traditional & Non-Traditional Families	45.2%	49.8%	43.5%	45.6%	42.5%	44.4%
Younger Singles & Couples	28.8%	26.8%	28.5%	26.3%	31.3%	30.1%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note: For fiscal year 2017, South Bend-Mishawaka, In Metro FMR Area Median Family Income for a family of four is \$61,500.

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

Summary Of Selected Rental Properties

City of South Bend, St. Joseph County, Indiana

January, 2018

<u>Property</u> <u>Address</u>	<u>Number</u> <u>of Units</u>	<u>Unit</u> <u>Type</u>	<u>Base</u> <u>Rent</u>		<u>Avg. Unit</u> <u>Sizes</u>	<u>Rents per</u> <u>Sq. Ft.</u>	<u>Amenities</u>
Belleville Park Apts. (2003) 4940 Belleville Circle Walk Score: 11	208	1br/1ba	\$478	to	734	\$0.65	<i>Business center, clubhouse, playground.</i>
			\$550		816	\$0.67	
		2br/1ba	\$650		939	\$0.69	
		2br/2ba	\$650		997	\$0.65	
		3br/2ba	\$750		1,154	\$0.65	
		4br/2ba	\$709	to	1,366	\$0.52	
			\$850		1,448	\$0.59	
Mar-Main Apts (1922) 125 W. Marion Street Walk Score: 74	136	Studio/1ba	\$515	to	400	\$1.08	<i>Fitness center, clubhouse.</i>
			\$595		550	\$1.29	
		1br/1ba	\$685		675	\$1.01	
		1br/1ba/den	\$745		775	\$0.96	
		1br/1ba/sunroom	\$745		775	\$0.96	
		1br/1.5ba	\$725		780	\$0.93	
		2br/1ba	\$800		800	\$1.00	
Washington Dunbar (Renovated 2010) 118 N. Walnut Street Walk Score: 1	80	2br/1ba	\$525	to	550	\$0.95	<i>Playground.</i>
			\$661			\$1.20	
		3br/2ba	\$699	to	1,100	\$0.64	
			\$756			\$0.69	
Cedar Glen Apts. (1951; Renovated 2013) 425 S. 25th Street Walk Score: 35	181	1br/1ba	\$555		527	\$1.05	<i>Playground, courtyard.</i>
		2br/1ba	\$565	to	664	\$0.78	
			\$595		763	\$0.85	
Monroe Park Apts. (1994) 526 Fellows Street Walk Score: 58	57	1br/1ba	\$579		700	\$0.83	<i>Laundry facilities.</i>
		2br/1ba TH	\$674		900	\$0.75	
		3br/2ba TH	\$764		1,020	\$0.75	
Robertson's Apts. (1998) 211 South Michigan Walk Score: 80	92	Studio/1ba	\$582		575	\$1.01	<i>Seniors 55+</i>
		1br/1ba	\$592		750	\$0.79	
		2br/1ba	\$748		1,050	\$0.71	

Summary Of Selected Rental Properties

City of South Bend, St. Joseph County, Indiana

January, 2018

<u>Property</u> <u>Address</u>	<u>Number of Units</u>	<u>Unit Type</u>	<u>Base Rent</u>	<u>Avg. Unit Sizes</u>	<u>Rents per Sq. Ft.</u>	<u>Amenities</u>
Riverside North Apts. (1966) 1587 Riverside Drive Walk Score: 42	145	1br/1ba	\$610 to \$805	800 to 820	\$0.76 to \$0.98	<i>Fitness center, pool, car wash station, BBQ/picnic area.</i>
		2br/1ba	\$700 to \$880	890 to 900	\$0.79 to \$0.98	
		2br/2ba	\$765 to \$945	1,000 to 1,255	\$0.75 to \$0.77	
		3br/2ba	\$1,015 to \$1,065	1,410	\$0.72 to \$0.76	
Hurwich Farms 2701 Appaloosa Lane Walk Score: 48	396	1br/1ba	\$720	692	\$1.04	<i>Fitness center, clubhouse, pool, sport courts.</i>
		2br/2ba	\$850	932	\$0.91	
Central HS Apts. (1913) 330 West Colfax Avenue Walk Score: 84	106	1br/1ba	\$835 to \$865	590 to 774	\$1.12 to \$1.42	<i>Fitness center.</i>
		2br/1ba	\$915 to \$1,050	803 to 1,181	\$0.89 to \$1.14	
		1br/1.5ba	\$950	957	\$0.99	
		2br/1.5ba	\$1,085 to \$1,395	1,059 to 1,579	\$1.02 to \$1.32	
		2br/1ba	\$1,320 to \$1,520	1,453 to 1,856	\$0.82 to \$0.91	
		3br/1ba	\$1,510	1,856	\$0.81	
Aurum (2014) 825 Sorin Street Walk Score: 72	60	1br/1ba	\$899 to \$920	596 to 602	\$1.51 to \$1.53	<i>Clubhouse, putting green, business center.</i>
		2br/2ba	\$1,299 to \$1,549	1,139 to 1,299	\$1.14 to \$1.19	
Stephenson Mills 332 West Colfax Avenue (rental office address) Walk Score: 77	40	1br/1ba	\$909 to \$995	619 to 883	\$1.13 to \$1.47	<i>Laundry facility.</i>
		2br/1ba	\$1,155 to \$1,325	1,094 to 1,489	\$0.89 to \$1.06	
		2br/2ba	\$1,290 to \$1,425	1,132 to 1,500	\$0.95 to \$1.14	

Summary Of Selected Rental Properties*City of South Bend, St. Joseph County, Indiana***January, 2018**

<u>Property</u> <u>Address</u>	<u>Number</u> <u>of Units</u>	<u>Unit</u> <u>Type</u>	<u>Base</u> <u>Rent</u>	<u>Avg. Unit</u> <u>Sizes</u>	<u>Rents per</u> <u>Sq. Ft.</u>	<u>Amenities</u>
Pointe at St. Joseph 307 East Lasalle Avenue Walk Score: 78	79	1br/1ba	\$925 to \$955	784 to 700	\$1.18 to \$1.36	<i>Fitness center, business center, clubhouse, pool.</i>
		2br/1.5ba	\$1,120 to \$1,195	1,020	\$1.10 to \$1.17	
		2br/2ba	\$1,130 to \$1,235	1,032 to 1,151	\$1.09 to \$1.07	
		2br/2ba/den	\$1,225 to \$1,300	1,076	\$1.14 to \$1.21	
The Foundry Lofts (2009) 1233 North Eddy Street Walk Score: 70	266	1br/1ba	\$1,337 to \$1,685	625 to 776	\$2.14 to \$2.17	<i>Fitness center, business center, clubhouse, rooftop deck.</i>
		2br/2ba	\$1,827 to \$2,107	866 to 1,123	\$1.88 to \$2.11	
		3br/2.5ba	\$2,053 to \$3,606	1,189 to 1,528	\$1.73 to \$2.36	

Table 4

**Summary Of For-Sale Multi-Family
And Single-Family Attached Listings**
City of South Bend, St. Joseph County, Indiana
January, 2018

<u>Development (Date Opened)</u> <u>Address/Developer</u>	<u>Unit</u> <u>Type</u>	<u>Beds/</u> <u>Baths</u>	<u>Unit Price</u> <u>Range</u>	<u>Unit Size</u> <u>Range</u>	<u>Price Per</u> <u>Sq. Ft.</u>	<u>Total</u> <u>Units</u>	<u>Total</u> <u>Sales</u>
<i>..... New Construction</i>							
Corby Lawrence TH (2017) <i>East Corby Boulevard</i>	TH	4br/3.5ba	\$365,000	3,303	\$111	9	6
	3br/2.5ba	End Unit	\$379,900	2,270	\$167		
		4br/3.5ba	\$424,945	2,993	\$142		
<i>..... Resales</i>							
2500 Topsfield Rd (1964)	CO	1br/1ba	\$47,500	800	\$59		
		1br/1ba	\$59,900	800	\$75		
Cornwall Court (1983)	TH	2br/1.5ba	\$85,000	1,054	\$81		
Lansdown Blvd (1982)	TH	3br/1.5ba	\$99,900	2,162	\$46		
Coventry Trail (1973)	TH	2br/2.5ba	\$145,000	1,616	\$90		
River Race (2012)	TH	4br/4.5ba	\$724,900	3,096	\$234		
Ivy Quad (2015)	CO	4br/3.5ba	\$749,000	2,375	\$315		

**Summary of Selected Single-Family Listings
New Construction Priced Under \$300,000**

City of South Bend, St. Joseph County, Indiana

January, 2018

<i>Subdivision/Area</i>	<i>Lot Size</i>	<i>Year Built</i>	<i>Unit List Price</i>	<i>Unit Size</i>	<i>Price psf</i>	<i>Configuration</i>
Jade Crossings	0.47	2006-2018	<i>... Available floorplans ...</i>			
Allen Edwin Homes			\$176,900	1,458	\$121	3br/2ba
			\$190,900	1,743	\$110	3br/2ba
			\$193,900	2,040	\$95	3br/2ba
			\$199,900	2,174	\$92	3br/2ba
			\$207,900	1,702	\$122	3br/2.5ba
			\$208,900	1,412	\$148	3br/2ba
			\$211,900	1,870	\$113	3br/2.5ba
			\$213,900	1,600	\$134	3br/2ba
			\$220,900	2,075	\$106	3br/2.5ba
			\$220,900	2,121	\$104	3br/2.5ba
			\$223,900	2,246	\$100	3br/2.5ba
			\$232,900	2,393	\$97	3br/2.5ba
			\$237,900	2,410	\$99	4br/2.5ba
			\$237,900	2,626	\$91	4br/2.5ba
			\$241,900	1,658	\$146	3br/2ba
			\$245,900	2,244	\$110	3br/2.5ba
			\$253,900	2,340	\$109	3br/2.5ba
Laurel Creek			<i>... Available floorplans ...</i>			
Allen Edwin Homes			\$197,900	1,743	\$114	3br/2ba
			\$206,900	2,174	\$95	3br/2ba
			\$214,900	1,702	\$126	3br/2.5ba
			\$214,900	1,682	\$128	3br/2.5ba
			\$218,900	1,870	\$117	3br/2.5ba
			\$227,900	2,075	\$110	3br/2.5ba
			\$239,900	2,393	\$100	3br/2.5ba
Lafayette Falls	0.24	2004-2018	<i>... Available floorplans ...</i>			
Allen Edwin Homes			\$211,900	1,682	\$126	3br/2.5ba
			\$211,900	1,702	\$125	3br/2ba
			\$212,900	1,412	\$151	3br/2ba
			\$215,900	1,870	\$115	3br/2.5ba
			\$217,900	1,600	\$136	3br/2ba
			\$224,900	2,075	\$108	3br/2.5ba
			\$224,900	2,121	\$106	3br/2.5ba
			\$227,900	2,246	\$101	3br/2.5ba
			\$236,900	2,393	\$99	3br/2.5ba
			\$241,900	2,626	\$92	4br/2.5ba
			\$241,900	2,410	\$100	4br/2.5ba
			\$245,900	1,658	\$148	3br/2ba
			\$249,900	2,244	\$111	3br/2.5ba

SOURCE: Multiple Listing Service;
Zimmerman/Volk Associates, Inc.

**Summary of Selected Single-Family Listings
New Construction Priced Under \$300,000**

City of South Bend, St. Joseph County, Indiana

January, 2018

<i>Subdivision/Area</i>	<i>Lot Size</i>	<i>Year Built</i>	<i>Unit List Price</i>	<i>Unit Size</i>	<i>Price psf</i>	<i>Configuration</i>
Blue Winged Trail	0.23	2017	\$183,900	1,312	\$140	3br/2ba
Cherry Pointe Drive	0.17	2017	\$186,900	1,743	\$107	3br/2.5ba
Blue Winged Trail	0.26	2017	\$188,900	1,321	\$143	3br/2ba
Common Elder Trail	0.26	2017	\$193,900	1,453	\$133	3br/2.5ba
Sapphire Drive	0.16	2017	\$202,900	2,040	\$99	3br/2.5ba
Kiefer Way	0.20	2017	\$209,900	3,166	\$66	3br/2.5ba
St. Charles Avenue	0.15	2016	\$267,500	1,634	\$164	3br/2ba

SOURCE: Multiple Listing Service;
Zimmerman/Volk Associates, Inc.

Target Groups For New Multi-Family For Rent Study Area C

City of South Bend, St. Joseph County, Indiana

. Number of Households

Empty Nesters & Retirees**	<i>30% to 80% AMI†</i>	<i>Above 80% AMI†</i>	<i>Total</i>	<i>Percent of Total</i>
Mainstream Empty Nesters	3	7	10	2.6%
Middle-American Retirees	2	3	5	1.3%
Country Couples	1	3	4	1.0%
Blue-Collar Retirees	3	6	9	2.3%
Middle-Class Move-Downs	2	3	5	1.3%
Village Elders	1	2	3	0.8%
Small-Town Seniors	2	2	4	1.0%
Hometown Seniors	3	1	4	1.0%
Second City Seniors	30	10	40	10.3%
Subtotal:	47	37	84	21.5%
Traditional & Non-Traditional Families††				
Small-Town Families	1	4	5	1.3%
Multi-Ethnic Families	4	5	9	2.3%
Four-by-Four Families	2	3	5	1.3%
Uptown Families	9	19	28	7.2%
Hometown Families	6	8	14	3.6%
In-Town Families	30	20	50	12.8%
New American Strivers	21	6	27	6.9%
Subtotal:	73	65	138	35.4%

† For fiscal year 2017, South Bend-Mishawaka, In Metro FMR Area Median Family Income for a family of four is \$61,500.

** Predominantly one- and two-person households.

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

Target Groups For New Multi-Family For Rent
Study Area C

City of South Bend, St. Joseph County, Indiana

..... Number of Households

Younger Singles & Couples**	<i>30% to 80% AMI†</i>	<i>Above 80% AMI†</i>	<i>Total</i>	<i>Percent of Total</i>
The VIPs	2	13	15	3.8%
Fast-Track Professionals	1	9	10	2.6%
Suburban Achievers	1	4	5	1.3%
Suburban Strivers	11	19	30	7.7%
Small-City Singles	10	18	28	7.2%
Twentysomethings	12	19	31	7.9%
Second-City Strivers	10	12	22	5.6%
Multi-Ethnic Singles	15	12	27	6.9%
Subtotal:	62	106	168	43.1%
Total Households:	182	208	390	100.0%
Percent of Total:	46.7%	53.3%	100.0%	

† For fiscal year 2017, South Bend-Mishawaka, In Metro FMR Area Median Family Income for a family of four is \$61,500.

** Predominantly one- and two-person households.

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

Table 7

Target Groups For New Multi-Family For Sale *Study Area C*

City of South Bend, St. Joseph County, Indiana

. Number of Households

Empty Nesters & Retirees**	<i>60% to 100% AMI†</i>	<i>Above 100% AMI†</i>	<i>Total</i>	<i>Percent</i>
Mainstream Empty Nesters	3	6	9	9.0%
Middle-American Retirees	2	3	5	5.0%
Blue-Collar Retirees	5	5	10	10.0%
Middle-Class Move-Downs	2	3	5	5.0%
Second City Seniors	4	0	4	4.0%
Subtotal:	16	17	33	33.0%
Traditional & Non-Traditional Families††				
Small-Town Families	1	4	5	5.0%
Uptown Families	5	5	10	10.0%
Hometown Families	3	0	3	3.0%
In-Town Families	2	1	3	3.0%
New American Strivers	2	0	2	2.0%
Subtotal:	13	10	23	23.0%
Younger Singles & Couples**				
The VIPs	1	4	5	5.0%
Fast-Track Professionals	1	4	5	5.0%
Suburban Achievers	2	2	4	4.0%
Suburban Strivers	2	0	2	2.0%
Small-City Singles	7	6	13	13.0%
Twentysomethings	4	5	9	9.0%
Second-City Strivers	3	1	4	4.0%
Multi-Ethnic Singles	1	1	2	2.0%
Subtotal:	21	23	44	44.0%
Total Households:	50	50	100	100.0%
Percent of Total:	50.0%	50.0%	100.0%	

† For fiscal year 2017, South Bend-Mishawaka, In Metro FMR Area Median Family Income for a family of four is \$61,500.

** Predominantly one- and two-person households.

†† Predominantly three -to five-person households.

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

Target Groups For New Single-Family Attached For Sale *Study Area C*

City of South Bend, St. Joseph County, Indiana

. Number of Households

Empty Nesters & Retirees**	<i>60% to 100% AMI†</i>	<i>Above 100% AMI†</i>	<i>Total</i>	<i>Percent</i>
Mainstream Empty Nesters	5	5	10	8.6%
Middle-American Retirees	2	2	4	3.4%
Blue-Collar Retirees	2	3	5	4.3%
Small-Town Seniors	1	1	2	1.7%
Hometown Seniors	2	2	4	3.4%
Seond City Seniors	3	0	3	2.6%
Subtotal:	15	13	28	24.1%
Traditional & Non-Traditional Families††				
Kids 'r' Us	0	5	5	4.3%
Small-Town Families	3	1	4	3.4%
Multi-Ethnic Families	2	3	5	4.3%
Uptown Families	7	8	15	12.9%
Hometown Families	4	0	4	3.4%
In-Town Families	7	2	9	7.8%
New American Strivers	5	1	6	5.2%
Subtotal:	28	20	48	41.4%

† For fiscal year 2017, South Bend-Mishawaka, In Metro FMR Area Median Family Income for a family of four is \$61,500.

** Predominantly one- and two-person households.

†† Predominantly three -to five-person households.

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

Target Groups For New Single-Family Attached For Sale
Study Area C

City of South Bend, St. Joseph County, Indiana

. *Number of Households*

Younger Singles & Couples**	<i>60% to 100% AMI†</i>	<i>Above 100% AMI†</i>	<i>Total</i>	<i>Percent</i>
The VIPs	1	4	5	4.3%
Fast-Track Professionals	2	3	5	4.3%
Suburban Achievers	2	2	4	3.4%
Suburban Strivers	1	2	3	2.6%
Small-City Singles	3	7	10	8.6%
Twentysomethings	2	6	8	6.9%
Second-City Strivers	3	0	3	2.6%
Multi-Ethnic Singles	2	0	2	1.7%
Subtotal:	16	24	40	34.5%
Total Households:	59	57	116	100.0%
Percent of Total:	50.9%	49.1%	100.0%	

† For fiscal year 2017, South Bend-Mishawaka, In Metro FMR Area Median Family Income for a family of four is \$61,500.

** Predominantly one- and two-person households.

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

Table 9

Target Groups For New Single-Family Detached For Sale Study Area C

City of South Bend, St. Joseph County, Indiana

. Number of Households

Empty Nesters & Retirees**	<i>60% to 100% AMI†</i>	<i>Above 100% AMI†</i>	<i>Total</i>	<i>Percent</i>
Traditional Couples	2	8	10	3.1%
Mainstream Empty Nesters	5	9	14	4.4%
Middle-American Retirees	7	13	20	6.2%
Country Couples	7	7	14	4.4%
Village Elders	4	3	7	2.2%
Blue-Collar Retirees	3	14	17	5.3%
Small-Town Seniors	5	1	6	1.9%
Hometown Seniors	3	5	8	2.5%
Second City Seniors	4	0	4	1.2%
Subtotal:	40	60	100	31.2%
Traditional & Non-Traditional Families††				
Button-Down Families	3	16	19	5.9%
New Town Families	2	18	20	6.2%
Kids 'r' Us	12	16	28	8.7%
Traditional Families	2	17	19	5.9%
Small-Town Families	4	5	9	2.8%
Multi-Ethnic Families	4	6	10	3.1%
Four-By-Four Families	6	9	15	4.7%
Uptown Families	12	24	36	11.2%
Hometown Families	0	4	4	1.2%
In-Town Families	23	5	28	8.7%
New American Strivers	7	2	9	2.8%
Subtotal:	75	122	197	61.4%
Younger Singles & Couples**				
Suburban Achievers	2	3	5	1.6%
Suburban Strivers	5	4	9	2.8%
Small-City Singles	0	5	5	1.6%
Second-City Strivers	3	0	3	0.9%
Multi-Ethnic Singles	2	0	2	0.6%
Subtotal:	12	12	24	7.5%
Total Households:	127	194	321	100.0%
Percent of Total:	39.6%	60.4%	100.0%	

† For fiscal year 2017, South Bend-Mishawaka, In Metro FMR Area Median Family Income for a family of four is \$61,500.

** Predominantly one- and two-person households.

†† Predominantly three -to five-person households.

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

Table 10

**Optimum Market Position--Affordable/Workforce, and Market-Rate Dwelling Units
Mixed-Income Development
Study Area C
City of South Bend, St. Joseph County, Indiana
March, 2018**

<u>Percent of Households Number</u>	<u>Housing Type</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>
42.0%	Multi-Family For-Rent: Courtyard Buildings				39 to 47
200	Lofts <i>Studio/1ba and 1br/1ba</i>	\$600 to \$900	550 to 750	\$1.09 to \$1.20	20 to 24
190	Apartments <i>1br/1ba to 3br/2ba</i>	\$750 to \$1,500	600 to 1,300	\$1.15 to \$1.25	19 to 23
10.8%	Multi-Family For-Sale: Mansion Buildings (4-6 du per building)				10 to 12
100	Condominiums <i>1br/1ba and 2br/2ba</i>	\$70,000 to \$130,000	650 to 1,000	\$108 to \$130	10 to 12
12.5%	Single-Family Attached For-Sale: Duplexes; Triplexes; Rowhouses; Townhouses				6 to 9
46	Triplexes; Rowhouses <i>1br/1.5ba to 2br/1.5ba</i>	\$80,000 to \$140,000	750 to 1,100	\$107 to \$127	2 to 4
70	Duplexes; Townhouses <i>3br/2.5ba to 4br/2.5ba</i>	\$125,000 to \$195,000	1,200 to 1,650	\$104 to \$118	4 to 5
34.7%	Single-Family Detached For-Sale: Cottages; Bungalows; Two-Story Houses				16 to 25
100	Cottages/Bungalows <i>2br/1ba and 3br/1.5ba</i>	\$90,000 to \$145,000	900 to 1,400	\$100 to \$104	5 to 8
221	Houses <i>Three- to Four-Bedrooms</i>	\$150,000 to \$225,000	1,350 to 1,750	\$111 to \$129	11 to 17
100.0%					71 to 93
927	target households				new units/year
NOTE: Base rents/prices in year 2018 dollars and exclude floor and view premiums, options and upgrades.					32 to 46 new ownership units/year

SOURCE: Zimmerman/Volk Associates, Inc.



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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.





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Residential Market Analysis Across the Urban-to-Rural Transect

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