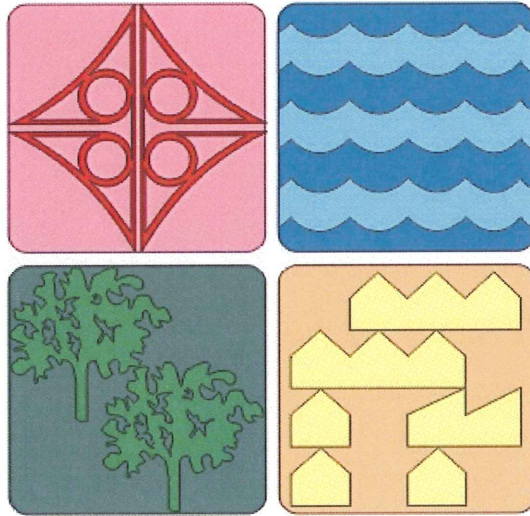


WARREN COUNTY COMPREHENSIVE HOUSING PLAN UPDATE

COMPRISING THE HOUSING ELEMENT OF THE
WARREN COUNTY COMPREHENSIVE PLAN



OCTOBER, 2007

Prepared at the request of:

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EXECUTIVE SUMMARY

Introduction/Background

Housing (i.e., shelter) is among the most basic of human necessities. Alongside companionship, regular nourishment, and a dependable source of income, adequate housing is also one of the most fundamental motivators of human behavior. In light of this, the complexities of modern social and economic systems combine to create an environment where meeting this need remains difficult for many.

Recognition of the ongoing struggle of many to find housing, and the ways in which social, economic and other external factors affect housing product and delivery in Warren County, requires a response. This Housing Plan, as a key component of the Warren County Comprehensive Plan, serves as the Warren County Regional Planning Commission's (RPC) response. The Plan, being an update of a similar 1998 document, is the result of thoughtful deliberations by many to answer the question of how to improve the outlook for housing in the future for those who choose to live and work in Warren County.

It is safe to say that the prior 1998 Plan raised the profile of housing as a public policy issue. It represented the first analysis of housing affordability (what came to be termed "balanced" housing); resulting in the creation of the non-profit Warren County Balanced Housing Corporation, which continues to achieve homeownership for low to moderate income households; and supported the continuation of Warren County First Time Home Buyer and Emergency Home Repair programs. These are laudable accomplishments, which are set forth in detail in the body of the text. However, all Plans have an effective "horizon", and after close to 10 years, re-analysis of underlying assumptions and updating of Plan recommendations were clearly warranted.

Summary

The approach and methodology for developing this Housing Plan Update was based on guidance from the RPC and the Ohio-Kentucky-Indiana Regional Council of Governments (OKI). A set of data collection and analysis activities were conducted and reported to the Housing Advisory Committee (HAC), a diverse group of private and public sector volunteers charged with representing the diverse interests of the community at large, and an RPC subcommittee. Through a year-long process of meetings, presentations by various stakeholder organizations, and informed discussions, this Plan update was formulated.

A Mission Statement and updated Policy Goals and Objectives were developed. The thorny issue of “affordability” warranted the creation of a subcommittee, whose report is appended to this document and whose recommendations have been incorporated herein. Resulting Plan recommendations are much broader than those from the 1998 document, being distilled from analysis and discussions regarding the existing housing delivery system, and the by now quite apparent decreasing affordability for the vast majority of households.

Highlights of Plan recommendations include:

- Suggested declaration of moderate income “workforce housing” as a public purpose;
- Creation of incentives to encourage the development of affordable housing through innovative zoning techniques (e.g., overlays), density bonuses, development fee waivers, administrative reforms and streamlining of the development review process;
- Liberalizing “cluster” development regulations (smaller lots are more affordable) to permit their utilization in unsewered areas;
- Encouragement of broader participation by traditional lenders in first time homebuyers programs;
- Consolidation of non-profit agencies into a “one-stop-shop” for underserved populations;
- Augmentation of current first time homebuyer program income funds with a percentage of property tax revenues;
- Renewed pursuit of Ohio Housing Trust Fund (OHTF) revenues;
- Formation of a Community Land Trust (CLT) to mitigate ever rising land costs;
- Comparable analysis of the multi-family rental (i.e., apartment) market; and
- Regular analysis of housing affordability trends.

Conclusion

The Housing Plan is intended to serve as a thoughtful guide for public and private decision-makers, regulatory and non-profit agencies, local business and community stakeholders in Warren County. As such, the process for developing the Plan, and the resultant recommendations, provide a solid foundation for those with a role in providing housing in Warren County to expand the ways in which they affect housing in the future.

The Plan update was adopted by unanimous consent of the full RPC board, following an advertised public hearing on October 9, 2007. A copy of the

resulting RPC Resolution 10-07 is attached (see **Appendix I**). The RPC staff would like to express strong appreciation to all those involved, including HAC members, the Affordability Subcommittee, and the Project Consultant.

Warren County currently stands at a crossroads. A key component of the standard of living of the next generation of County residents is at stake. In particular, the provision of housing to moderate-income households will be vital toward maintaining out common economic viability, which will take an on-going, creative partnership between government (public sector), business (private sector), as well as a consortium of non-profit advocacy groups. The hope is that this planning process has provided the momentum needed to compel these and other stakeholders to make continued and positive strides toward improving the housing equation in Warren County for years to come.

INTRODUCTION

Background

Today, the challenge for Warren County is to offer not just housing choices for those who work outside the County, but to the influx of workers employed by the retail and service industries that sprouted in its many communities. The goal is to serve the growing population of families who moved here seeking the quality of life earlier settlers came to enjoy.

Historically, Warren County can be characterized as a “bedroom community,” which is to say that a majority of residents in the employed labor force traveled to areas outside the County to work. This characteristic is the product of the County’s geographic location between the cities of Cincinnati and Dayton (see **Exhibit 1**). Additionally, the County has also benefited from its proximity to several major north/south transportation corridors, namely Interstates 75 and 71. This attractive location, combined with the increased mobility of people and families in the post World War II era, positioned Warren County as a convenient place to live. This became even more so with population and economic growth in the suburban areas of Dayton (Montgomery County) and Cincinnati (Hamilton County) since that time.

Since the 1970’s, however, the relationship of housing to employment centers has changed substantially. In fact, by the time the previous Housing Plan for the County was developed (1998), Warren County ranked first in the State of Ohio for job growth, and second in population growth. This change is evident when considering several indicators of business activity, such as the number of business starts and active businesses, as shown in **Table 1**, below.

Table 1
Indicators of Business Activity
Warren County, Ohio

Components of Business Change	2000	2001	2002	2003	2004	2005	2006
Business Starts	360	432	427	518	433	446	549
Active Businesses	2,478	2,579	2,773	2,921	3,081	3,190	3,311

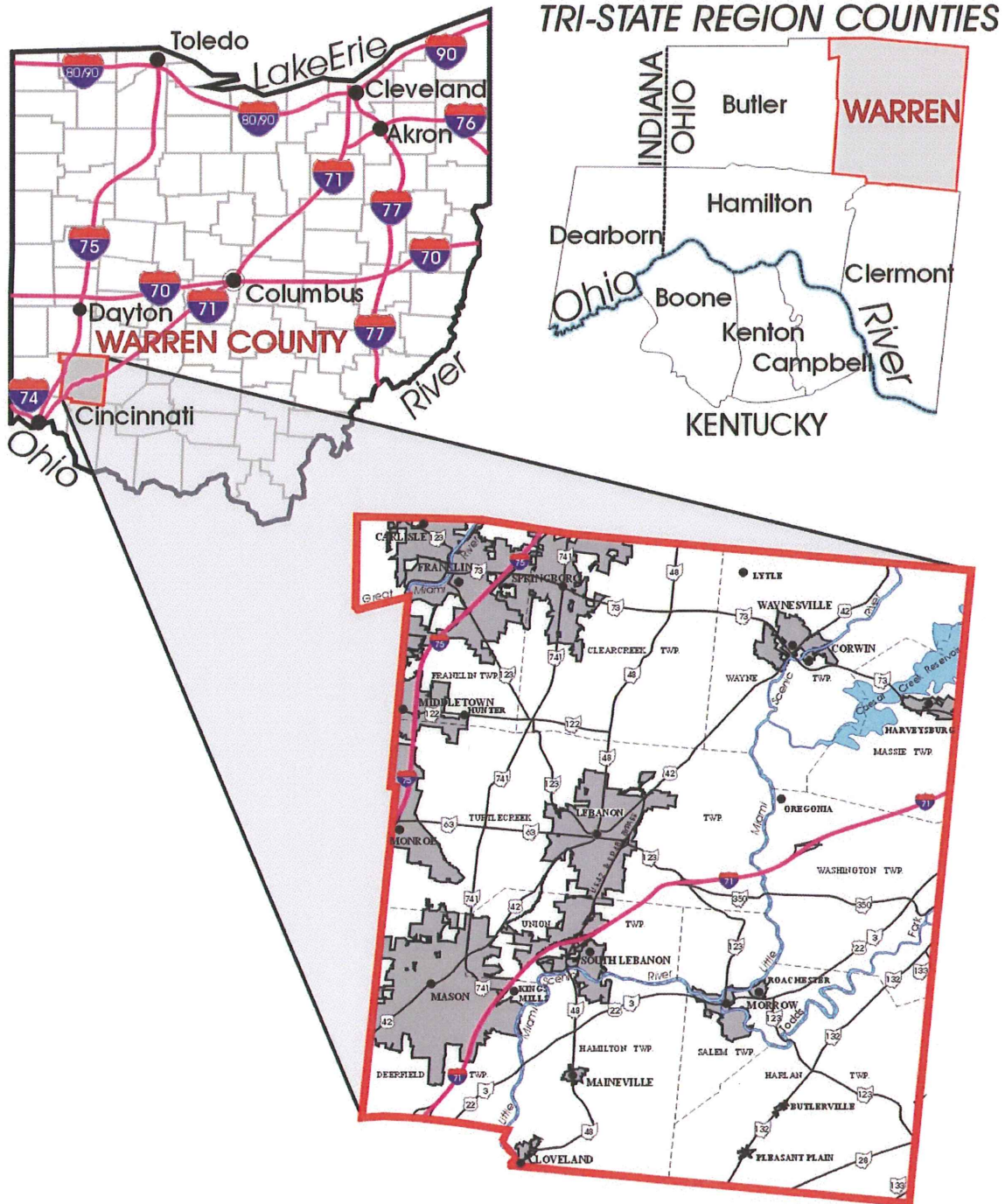
Source: Ohio Department of Development, County Profiles

Studies have validated this trend of economic growth in Warren County, placing the County among the fastest growing areas in the State. In a report published in April 2006 by The Center for Community Solutions, an

organization that serves as an advocacy group for health and social issues in Greater Cleveland, just 28 of Ohio's 88 counties experienced increases in total employment between 2000 and 2005.

Exhibit 1

Regional Location Warren County, Ohio



WARREN COUNTY REGIONAL PLANNING COMMISSION - 406 JUSTICE DRIVE - LEBANON, OHIO 45036 - (513) 695-1223

During this period, Warren County was one of four counties with total employment gains equal to or more than 5,001 jobs. The eight counties with increases of 2,501 or more jobs are as follows:

- Delaware - 25,575
- Butler - 9,402
- Warren - 9,328
- Medina - 5,711
- Summit - 3,675
- Clermont - 3,303
- Greene - 3,092
- Fairfield - 2,617

This data provides some justification to the notion that Warren County is no longer simply a bedroom community to the Cities of Cincinnati and Dayton, but continues to evolve into a thriving economic center in its own right.

Purpose and Intent

This Plan is intended to serve as a thoughtful guide for public and private decision-makers, regulatory and non-profit agencies, local business and community stakeholders in Warren County. The purpose of the Plan is to provide thoughtful analyses and insights, a foundation of knowledge upon which public and private actions regarding housing in Warren County may be planned and executed. The ultimate goal of the Plan is to provide for the general health and welfare of those who live and work in Warren County, assuring that the implementation of recommendations set forth at the conclusion of this Plan, in addition to other positive actions not specifically expressed in the Plan, occur in an appropriate and orderly manner, and in concert with the Plan.

Jurisdiction

This Housing Plan for Warren County is an update of the Comprehensive Housing Plan completed in 1998. Additionally, as an element of the Warren County Comprehensive Plan, this is a County-wide document, providing guidance for all communities in the County. With this in mind, however, the jurisdiction of the RPC is technically limited to unincorporated areas (townships). Therefore, each municipality in Warren County, while encouraged to pursue the recommendations set forth in this Plan, has independent planning and zoning authority.

Approach and Methodology

The approach and methodology utilized for the development of this Plan closely followed the guidelines contained in "Components of an Effective Local Comprehensive Plan" published by OKI in 2006. During the development

of this Plan, the RPC endeavored to address each item in the OKI guidelines to the extent appropriate for Warren County and its communities.

The tasks undertaken to complete this Plan are as follows:

- Public Participation Program - The RPC requested appointment of members to a Housing Advisory Committee (HAC), reaching out to a diverse set of individuals and institutions in the community. The HAC met regularly to provide valuable insights to the RPC and the Consultant during the development of the Plan. The HAC consisted of members from the general public, as well as those offering perspectives from the lending and realtor communities, the homebuilding industry, non-profit housing agencies and providers, community service agencies, and business associations. The HAC also established a subcommittee to help frame the key issue of affordability for Warren County, a topic that significantly directed the development of the 1998 Plan.
- Inventory - A thorough data collection and research effort was performed to obtain relevant information to provide for a common understanding of housing characteristics in Warren County. This included current homebuilding activity and household attribute data available from the U.S. Bureau of the Census, in addition to various other sources. The Inventory also included a focused survey of housing conditions in a number of County neighborhoods identified by the Warren County Office of Grants Administration (OGA) to compliment prior and recent surveys.
- Analysis - Thoughtful analyses were conducted, utilizing data gathered and compiled as part of Inventory tasks. Quantitative analyses included a projection of housing requirements through the year 2025, which utilized population projections published by the Ohio Department of Development (ODOD) and made available for planning purposes, based upon existing zoning allowance, and the availability of centralized sanitary sewer. Two (2) qualitative analyses were performed, including an assessment of the private sector's ability to accommodate housing requirements, and a profile of the existing housing delivery system. The latter considered the role of the many public, quasi-public and private organizations that play a key part in making housing accessible to the public.
- Recommendations - Upon the conclusion of the Inventory and Analyses tasks, and resulting from the efforts, input and guidance provided by the HAC, the Plan makes recommendations for addressing the current

and anticipated issues related to housing in Warren County. These recommendations include both policy directives that are intended to inform the public decision-making process, as well as offering support and ideas that private interests may undertake that will positively affect housing in Warren County into the future.

HOUSING PLAN DEVELOPMENT

Introduction

The plan development process began with a “Kick-Off” meeting of the Housing Advisory Committee (HAC) in June 2006, which brought together a diverse set of individuals and institutions in the community to offer guidance and feedback on the development of this Plan. At the outset of this first meeting, and through several subsequent meetings, the HAC deliberated about the purpose of the Plan, the issues it should endeavor to address, and the vision of housing in Warren County into the future. The HAC adopted a mission statement, developed draft goals, and objectives to guide their discussions, and set the stage for their participation in the planning process.

Mission Statement, Values and Beliefs

The HAC adopted a straightforward mission statement in August, 2006, which was set forth to guide discussions and deliberations of the committee during the Plan development process and future decisions. The adopted mission statement for the Plan is:

*To stimulate ideas, recommendations and actions
that lead to an appropriate balance of housing types
and affordability in Warren County, Ohio.*

The following refining statements and values/beliefs were also offered by HAC members:

- There should a geographic determination of where affordable housing is needed.
- The term “affordable” should be addressed and defined.
- The number of beneficiaries and necessary levels of assistance (financial and otherwise) need to be determined.
- The updated Housing Plan should be truly “comprehensive” and better quantify policy outcomes than the existing document.
- Safeguards are needed for people that need emergency help.
- Education regarding housing opportunities must be real and usable.
- Housing services should be expanded over what exists today.
- More single family “starter” housing should be encouraged.
- Low income rental properties need to be cleaned-up and upgraded.
- Housing should be built where supporting infrastructure and services (water, sewer, roads, schools, etc.) are available.

- The build-out tax base should reflect two thirds business and one third residential, ensuring that citizens don't carry a disproportionate load.
- Due consideration should be given to rental housing and group homes.
- A balance of housing types is needed to serve community needs into the future.
- As the population ages, the need for affordable housing for the elderly will increase.
- Sales of the existing housing stock appear to have suffered due to the volume of new housing being built.
- Housing needs to be accessible, affordable and available.

Policy Goals and Objectives

The HAC also adopted the following goals and objectives, which are designed to encourage and support the pursuit of balanced housing stock--reasonably affordable to those seeking housing opportunities--throughout Warren County. The goals are designed to be broad, general statements with a long term perspective, while objectives are intended to be specific and short term in nature.

GOAL: Support land use initiatives designed to achieve and maintain balanced, affordable housing.

OBJECTIVES:

- Encourage mixed-use development projects with flexible zoning (i.e. Planned Unit Developments (PUD's) with mixed income housing).
- Support density incentives within urban service areas, particularly abutting existing municipalities, with the purpose of providing smaller, generally more affordable lots.
- Accommodate alternative living arrangements, where appropriate (i.e. "mother-in-law" or "granny" housing, etc.) through zoning code amendments.
- Continue economic development initiatives and Comprehensive Planning, such that increased commercial and industrial development, as a percentage of overall development, can counter net losses in revenue to public schools and communities by affordable housing.
- The Growth Management element of the Comprehensive Plan should include locational and timing components relative to housing.

- Encourage and support a moderate-income manufactured housing demonstration project, preferably in the form of a subdivision, not simply on individual lots.
- Grant sewer/water tap and planning-related fee waivers, where deemed appropriate, for bona fide affordable housing initiatives (i.e., “workforce housing”). This should be tied to the recording of deed restrictions guaranteeing the perpetuation of affordable housing.
- Support the continued expansion of public transit service and a comprehensive network of sidewalks, providing better accessibility to both housing and employment opportunities for those without access to an automobile.

GOAL: Initiate and support activities designed to appropriately modify the perception of balanced housing.

OBJECTIVES:

- Encourage fee-simple ownership, versus rental housing, to maintain a comparatively high percentage of home ownership versus surrounding urban counties.
- Discourage deferred maintenance typically associated with absentee ownership, through inspection of health, safety and welfare code violations, providing appropriate incentives.
- Support the creation of a volunteer citizens panel to encourage and reward the maintenance and/or improvement of the existing, affordable housing stock, landscaping, etc. (i.e. a “County Beautiful Committee”).
- Support educational campaigns designed to increase knowledge and understanding of balanced housing.

GOAL: Encourage and participate in, where appropriate, initiatives to provide and maintain both balanced housing and related support activities.

OBJECTIVES:

- Support employer-assisted housing opportunities, through both private and public participation.

- Encourage flexible work schedules, employer-provided or subsidized day care, public-provided or subsidized centralized care versus home care and day care for both pre-school and elderly populations.
- Support efforts to provide alternative transportation to local employment opportunities, working with Warren County Transit, the Greater Dayton Regional Transit Authority (RTA), Queen City Metro (SORTA) and social service agencies, for those unable to afford local housing opportunities.

GOAL: Provide support for activities and programs designed to achieve and maintain a balanced, affordable housing stock throughout Warren County, with purposeful encouragement of private sector, market rate solutions first, versus public subsidy.

OBJECTIVES:

- Support focused educational and job training (basic, technical and inter-personal skills) through local high schools, the Warren County Career Center, universities, etc., designed to maintain an educated, employable local workforce.
- Target economic development activities (job creation/ retention activities, business incubator, job fairs) to sectors of the local economy with labor shortages (e.g., skilled production, health care, geriatrics, teaching, etc.).
- Continue pursuit of grants designed to provide and maintain balanced, affordable housing opportunities (i.e. Comprehensive Housing Improvement Program (CHIP), etc.).
- Continue first time home buyers assistance programs, including education related to both the purchase of a house and basic, financial counseling.
- Continue emergency home repair assistance program for low income households.
- Support Habitat for Humanity new construction activities toward home ownership for low income households.
- Work with existing housing, transportation, childcare and employment/training task forces.

- Support the non-profit Warren County Balanced Housing Corporation dedicated to the provision of balanced, affordable housing opportunities.
- As a counterpoint to the highly successful, new home, estate lot, Home-a-Rama concept, support an initiative to showcase focused rehabilitation of existing housing stock on a neighborhood, or sub-neighborhood level (i.e. "Rehab-a-Rama").
- Discourage high employee turnover rates through on-going wage and benefit surveys.

INVENTORY

Introduction

As previously mentioned, a thorough data collection and research effort was performed to obtain information relevant to housing in Warren County. Such data provides for a common understanding of housing characteristics in the County, including current homebuilding activity and household attribute data available from the U.S. Bureau of the Census, in addition to other information from various other sources. The inventory also included a focused survey of housing conditions in a number of County neighborhoods identified by the Warren County Office of Grants Administration (OGA) to compliment prior and recent surveys.

Housing Unit Characteristics

Table 2 displays housing unit data for Warren County and townships for 1990 and 2000. Also shown is the change in number of housing units and the compound annual growth rate¹ (CAGR) of housing units during this period.

TABLE 2
Housing Units – Townships
Warren County, Ohio

Geographic Area	1990	2000	# Change	CAGR
Warren County	40,636	58,692	18,056	3.7%
Townships				
Clearcreek	4,621	7,474	2,853	4.9%
Deerfield	9,868	9,723	-145	-0.1%
Franklin	10,054	11,198	1,144	1.1%
Hamilton	2,169	3,852	1,683	5.9%
Harlan	1,091	1,306	215	1.8%
Massie	319	393	74	2.1%
Salem	1,436	1,614	178	1.2%
Turtlecreek	2,755	3,394	639	2.1%
Union	1,641	1,857	216	1.2%
Washington	487	703	216	3.7%
Wayne	2,050	2,769	719	3.1%

Source: U.S. Bureau of Census

¹ Compound Annual Growth Rate (CAGR) is used for the purpose of this Plan to arrive at a "smoothed" or annualized rate of change over time.

Over 18,000 housing units were built in Warren County between 1990 and 2000, representing an annual growth rate of 3.7 percent, which is consistent with an annual population growth rate of 3.9 percent. In the unincorporated areas, housing unit increases range from just over one (1) percent in Franklin Township to nearly six (6) percent in Hamilton Township during this period. Hamilton Township grew at the fastest annual rate. It should be noted that although Deerfield Township is shown to have lost housing units between 1990 and 2000, this is due to a formal separation between the City of Mason and Deerfield Township. According to the 2000 Census, the townships with the largest number of housing units were, in descending order, Franklin, Deerfield, and Clearcreek, respectively. Other townships that experienced notable growth include Clearcreek (4.9 percent), Washington (3.7 percent), and Wayne (3.1 percent).

Table 3 presents housing unit data for Warren County and municipalities for 1990 and 2000. Consistent with the above data, the change in number of housing units and the compound annual growth rate of housing units during this period are shown.

TABLE 3
Housing Units – Places
Warren County, Ohio

Geographic Area	1990	2000	# Change	CAGR
Warren County	40,636	58,692	18,056	3.7%
Places				
Butler	62	84	22	3.1%
Carlisle	1,658	1,937	279	1.6%
Corwin	84	111	27	2.8%
Franklin City	4,208	4,802	594	1.3%
Harveysburg	163	208	45	2.5%
Lebanon City	4,121	6,218	2,097	4.2%
Loveland City	12	80	68	20.9%
Maineville	169	390	221	8.7%
Mason City	4,274	8,111	3,837	6.6%
Middletown City	12	725	713	50.7%
Monroe City	n/a	17	17	n/a
Morrow	416	498	82	1.8%
Pleasant Plain	45	57	12	2.4%
South Lebanon	959	1,069	110	1.1%
Springboro City	2,287	4,423	2,136	6.8%
Waynesville	691	1,037	346	4.1%

Source: U.S. Bureau of Census

The cities of Middletown and Loveland grew at annual rates of more than 50 percent and 20 percent, respectively, due to annexation activities. These

growth rates are skewed due to the small amount of housing units these municipalities have within Warren County. The Cities of Mason (3,837), Springboro (2,135), and Lebanon (2,097), added the most new housing units of all County cities. Increases in housing units in these cities account for more than 75 percent of housing unit growth in all Warren County incorporated places between 1990 and 2000.

Research also included information regarding housing units lacking complete plumbing, complete kitchen facilities, central heating, and those considered overcrowded (i.e., a housing unit with more than one (1) person per room). **Table 4** presents this data.

TABLE 4
Housing Unit Characteristics
Warren County, Ohio

Geographic Area	Lacking Complete Plumbing	Lacking Complete Kitchen	Lacking Central Heating	Percent Over-crowded
Warren County	78	150	236	1.09%
Townships				
Clearcreek	6	8	30	0.58%
Deerfield	17	8	0	0.92%
Franklin	12	21	66	1.46%
Hamilton	4	17	15	0.99%
Harlan	0	0	0	1.15%
Massie	2	2	0	0.00%
Salem	1	32	12	1.36%
Turtlecreek	0	18	10	0.88%
Union	0	12	11	1.88%
Washington	6	6	5	0.00%
Wayne	26	13	21	2.02%
Places				
Butlerville	0	14	18	0.00%
Carlisle	0	0	0	2.32%
Corwin	2	2	0	2.70%
Franklin City	12	0	41	1.10%
Harveysburg	0	0	0	0.00%
Lebanon City	4	4	37	1.58%
Loveland City	0	0	0	12.50%
Maineville	0	0	0	0.00%
Mason City	0	9	29	0.62%
Morrow	0	7	4	2.81%
Pleasant Plain	0	0	0	0.00%
South Lebanon	0	5	5	2.71%
Springboro City	0	0	18	0.61%
Waynesville	0	4	8	1.35%

Source: U.S. Bureau of Census

Fortunately, few local housing units lack complete plumbing, kitchen facilities, and central heating. Similarly, a small percentage of housing units in the County are considered overcrowded. It should be noted that there are just 80 housing units in the City of Loveland, in Warren County. This small number of units accounts for the relatively high percentage of overcrowded units when compared to other Townships and Places in Warren County. Also included were renter-occupied housing benefiting from Federal/State/Local subsidy programs, the number of licensed group homes, the number of mobile home parks, and the number of units on the National Register of Historic Places (NRHP) or contained within a locally designated historic district. Table 5 presents this data.

TABLE 5
Housing Unit Characteristics (continued)
Warren County, Ohio

Geographic Area	Renter- occupied on Subsidy	Group Homes	Mobile Home Parks	NRHP and/or local
Townships				
Clearcreek	0	0	0	0
Deerfield	0	0	0	3
Franklin	46	0	0	6
Hamilton	0	4	1	0
Harlan	0	0	0	0
Massie	0	0	0	0
Salem	0	0	2	0
Turtle Creek	35	0	1	3
Union	0	0	0	0
Washington	0	0	1	3
Wayne	0	0	3	0
Places				
Butlerville	0	0	0	0
Carlisle	0	0	0	0
Corwin	0	0	0	1
Franklin City	0	3	0	0
Harveysburg	0	0	0	4
Lebanon City	88	15	0	300
Loveland City	0	0	0	0
Maineville	0	4	0	0
Mason City	0	8	1	0
Morrow	0	0	0	3
Pleasant Plain	0	0	0	0
South Lebanon	38	0	1	0
Springboro City	0	2	0	4
Waynesville	0	2	0	7

Source: U.S. Bureau of Census

Renter-occupied units on subsidy are recorded in just four (4) Warren County communities, namely Franklin and Turtlecreek Townships, and the cities of Lebanon and South Lebanon. Similarly, group homes, mobile home parks, and historical units are located in a small number of communities. Of particular note is the significant number of renter-occupied units on subsidy and group homes, in addition to the significant number of homes listed on the NRHP or within a locally designated historic district in the City of Lebanon. The City boasts several historic districts, including North Broadway Historic District, East End Historic District, Floraville Historic District, and Lebanon Commercial Historic District.

Housing Activity Trends

According to Greater Ohio, housing growth in Ohio is slower than across the nation, currently ranking seventh for both the number of total existing housing units and population. Greater Ohio is an organization that seeks to involve a broad base of supporters to work for policies to promote the rebuilding of Ohio's cities and towns and the conservation of the rural countryside. Most Ohio counties with a major city experienced slow to moderate housing growth from 2000 to 2005. On the contrary, housing growth in suburban and exurban counties continues at a much higher pace.

This trend is apparent in Southwestern Ohio, as shown in **Table 6**, which reports estimates released by the U.S. Bureau of Census. Warren County is the second-fastest growing county in the State for housing units since 2000. During this period, approximately 13,298 new housing units were developed in the County, which represents a compound annual growth rate of 3.9 percent. This represents a growth rate of over four (4) times that of the entire State. Delaware County, located just north of the City of Columbus and Franklin County, recorded approximately 14,640 new housing units, at a rate of 5.8 percent annually.

TABLE 6
Housing Unit Activity - Counties
Greater Cincinnati and Greater Dayton Area

Geographic Area	Rank	CAGR	July 1, 2005	July 1, 2004	July 1, 2003	July 1, 2002	July 1, 2001	2000 Census
Ohio	28	0.9%	-	-	-	-	-	-
Delaware	1	5.8%	57,012	54,921	52,052	49,105	46,123	42,374
Warren	2	3.9%	71,965	69,425	67,058	64,582	61,893	58,692
Clermont	6	1.9%	76,707	75,470	73,839	72,452	71,063	69,226
Greene	7	1.7%	63,707	62,662	61,547	60,501	59,467	58,224
Butler	12	1.4%	139,840	137,167	134,729	133,014	131,532	129,793

Preble	38	0.8%	17,915	17,810	17,668	17,542	17,399	17,186
Miami	53	0.6%	41,805	41,553	41,211	40,955	40,774	40,554
Darke	58	0.5%	22,181	22,100	22,038	21,909	21,771	21,583
Hamilton	60	0.5%	382,982	380,584	379,106	376,936	375,147	373,393
Montgomery	67	0.4%	253,475	252,752	250,984	250,196	249,497	248,443
Clark	74	0.3%	61,925	61,805	61,703	61,648	61,354	61,056

Source: U.S. Bureau of Census

Conversely, urban counties such as Hamilton and Montgomery in Southwestern Ohio are estimated to have experienced growth rates of 0.5 and 0.4 percent, respectively.

Taking a closer look at Warren County, as indicated in **Table 7**, Townships experienced annual rates of growth in housing units ranging from 1.6 percent in Franklin Township, to over 10 percent in Hamilton Township.

TABLE 7
Housing Unit Activity - Townships

Geographic Area	2000 Census	2005 Estimate	New Units	CAGR
Warren County	58,692	71,990	13,298	3.9%
Townships				
Clearcreek	7,474	9,654	2,180	5.3%
Deerfield	9,723	11,191	1,468	2.9%
Franklin	11,198	12,133	935	1.6%
Hamilton	3,852	6,240	2,388	10.1%
Harlan	1,306	1,735	429	5.8%
Massie	393	510	117	5.3%
Salem	1,614	1,931	317	3.7%
Turtlecreek	3,394	4,125	731	4.0%
Union	1,857	2,246	389	3.9%
Washington	703	928	225	5.7%
Wayne	2,769	3,399	630	4.2%

Source: U.S. Bureau of Census

Similarly, as shown in **Table 8**, increases in new housing units in Warren County cities and villages are estimated to have outpaced housing development at the State level. The estimates indicate increases ranging from a mere two new units in Butlerville and Pleasant Plain, to nearly 1,100 in the City of Lebanon, 2,339 in the City of Mason, and 1289 in the City of Springboro.

TABLE 8
Housing Unit Activity - Places

Geographic Area	2000 Census	2005 Estimate	New Units	CAGR
Places				
Butlerville	84	86	2	0.5%
Carlisle	1,841	1,989	148	1.6%
Corwin	111	134	23	3.8%
Franklin City	4,802	5,136	334	1.4%
Harveysburg	208	222	14	1.3%
Lebanon City	6,218	7,313	1,095	3.3%
Loveland City	80	106	26	5.7%
Maineville	390	437	47	2.3%
Mason City	8,111	10,450	2,339	5.2%
Middletown City	928	1,012	84	1.7%
Monroe City	18	103	85	41.7%
Morrow	498	573	75	2.8%
Pleasant Plain	57	59	2	0.6%
South Lebanon	1,069	1,306	237	4.1%
Springboro City	4,353	5,642	1,289	5.3%
Waynesville	1,037	1,187	150	2.7%

Source: U.S. Bureau of Census

This data supports the conventional wisdom surrounding population and employment growth over the past several decades, which is that established urban areas continue to lose mobile and affluent people to suburban and rural communities, as social and economic activities decentralize and flourish along major transportation corridors.

It is important to note that the data reported here are estimates, but are considered reliable for planning purposes during the years between decennial census counts performed by the U.S. Bureau of Census.

Focused Housing Conditions Survey

As mentioned in the Introduction, the approach and methodology utilized for the Plan development closely followed OKI Guidelines pertaining to the Housing Element of an effective Comprehensive Plan. OKI advises that local definitions of “standard” and “substandard” housing conditions be determined. Additionally, it is suggested that an estimate of the structural condition of housing within the jurisdiction by number and general location of units both standard and substandard be made.

The age of most housing stock in Warren County is such that the vast majority of dwelling units are up to standard. Specifically, only 4,769 of the close to 72,000 total housing units (6.6 percent) date from the pre-

World War II era. This is generally representative of affordable housing stock in Warren County in today's market. The RPC identified some need and utility for a focused housing conditions survey, to supplement a prior effort conducted in 1994, that is relied upon by the Warren County Office of Grants Administration (OGA) to administer a housing rehabilitation program funded by the State of Ohio. This need was identified in large part because the existing survey included limited areas in the Townships (Loveland Park), all the Villages (Butlerville and Carlisle, which is now a City, Corwin, Harveysburg, Maineville, Morrow, Pleasant Plain, South Lebanon, and Waynesville), as well as a target area within the City of Lebanon.

Since little has changed in the above areas since the previous survey was performed, OGA staff feels that this survey is still valid. Therefore, to fill in gaps in this data for future targeted housing rehabilitation efforts, the following areas were surveyed:

- Original town plat of Kings Mills (Deerfield Township)
- Hunter Census Designated Place (CDP)
- Pennyroyal Road area (Franklin Township)
- Roachester (Salem Township)
- Oregonia (Washington Township)
- Original town plat of Lytle (Wayne Township)
- Original town plat of Mason
- Original town plat of Springboro, and
- Most of the City of Franklin

To ensure comparability, the criteria used to evaluate structures match those in the 1994 survey. In the interests of serving the needs of the OGA with the focused survey, while maintaining respect for homeowners' privacy, a "windshield survey" of the above areas was conducted, and structural conditions were documented. Each unit surveyed was assigned a condition from the list of criteria provided by the OGA, as follows:

- Standard Condition - Dwelling unit has no apparent defects, requiring only normal and routine maintenance.
- Minor Repair - Substandard dwelling unit in need of minor rehabilitation, including normal and routine maintenance, at a cost (labor and material) of less than \$15,000.
- Major Repair - Substandard dwelling unit in need of major renovation or rehabilitation at a cost (labor and material) of \$15,000 to \$35,000.
- Dilapidated Condition - Substandard dwelling unit to a degree warranting demolition or clearance; major structural components

have failed; or there is a combination of failing major components and other deterioration such as to make the structure either physically or economically infeasible of renovation or rehabilitation.

The photos below represent the condition categories described above:

Standard Condition



Minor Repair



Major Repair



Dilapidated Condition



The areas surveyed are illustrated in Exhibit 2.

Exhibit 2

Focused Housing Conditions Survey Map

WARREN COUNTY, OHIO



WARREN COUNTY REGIONAL PLANNING COMMISSION - 406 JUSTICE DRIVE - LEBANON, OHIO 45036 - (513) 695-1223

The results of the focused housing conditions survey are displayed in **Table 9**, below.

TABLE 9
Focused Housing Conditions Survey Data
Warren County, Ohio
2006

Geographic Area	Total Units Surveyed	Standard Condition	Minor Repair	Major Repair	Dilap. Condition	# Rehab Eligible	% Rehab Eligible
Kings Mills	142	139	2	1	0	3	2.1%
Hunter	825	812	7	5	1	12	1.5%
Pennyroyal Road	320	292	17	9	2	26	8.1%
Roachester	200	193	7	0	0	7	3.5%
Oregonia	27	22	3	2	0	5	18.5%
Lytle	70	65	3	2	0	5	7.1%
City of Mason	156	146	4	4	2	8	5.1%
City of Springboro	86	82	3	1	0	4	4.7%
City of Franklin	1,723	1,658	42	19	4	61	3.5%
Total	3,549	3,409	88	43	9	131	3.7%
Percent of Units Surveyed		96.1%	2.5%	1.2%	0.3%	3.7%	-

Source: Consultant Field Survey, May, 2006

The focused housing conditions survey included approximately 3,550 total housing units. Out of all units surveyed, more than 95 percent are considered to be in standard condition, with less than four percent of housing units being rehab eligible and in need of major or minor repair. Notably, 61 housing units surveyed in the City of Franklin are rehab eligible, while 26 and 12 units are rehab eligible in the Pennyroyal Road area and in Hunter, respectively.

Only nine (9) units out of all those surveyed warranted a dilapidated condition classification, representing less than half of a percent of all housing units surveyed. Of those areas surveyed, Oregonia contained the highest percentage of units considered rehab eligible (18.5 percent).

It should be noted that the focused housing conditions survey was a subjective exercise, conducted by an objective party. The surveyor was given thoughtful instruction on the evaluation of structures, and the survey was conducted with the utmost respect for private property, and with appreciation for the range of housing types and relative ages found throughout Warren County.

ANALYSES

To understand the existing state of housing in Warren County, and the future demands for housing in its communities, quantitative and qualitative analyses were conducted.

First, projections of housing units to meet the needs of a growing population were developed for short, mid, and long-term periods. This was accomplished utilizing existing data and population projections for Warren County provided by OKI, the Ohio Department of Development (ODOD), a Capacity Demand Study for Warren County (2005), and other available and relevant published information. Additionally, an estimate of acres required to accommodate projected housing units was developed based on current zoning minimum lot size allowances in each township and municipality.

Second, a qualitative analyses and discussion of the existing housing delivery system is presented. This section of the Plan summarizes the activities of various private, public, and non-profit/advocacy groups with roles in providing housing to individuals and families in Warren County.

Finally, drawing on the results of the housing projections and the existing housing delivery system, this section of the Plan offers an evaluation of the private sector's ability to accommodate future housing demand.

Projection of Housing Units and Land Requirements

Projections of any kind, by their very nature, have limitations. This is due to the number of variables utilized in mathematical calculations that must be assumed in order to arrive at the projection. For the housing unit projections contained in this Plan, these assumptions include things such as the baseline data itself, rates of growth in the future, and factors such as persons per housing unit. For the estimate of land required, the primary assumption made was that of densities allowed via minimum lot sizes in both incorporated areas, which have individual codified zoning ordinances, and in unincorporated jurisdictions, whose zoning is administered by Warren County (five townships) or by individual townships (six).

It is also important to note that these projections do not account for external factors such as changes in birth rates, regulatory environments (i.e., unanticipated policy changes), or economic, social, and environmental conditions. It is important to emphasize that the projections presented in this Plan are not intended to predict the future,

or “call for” levels of population and residential housing growth. The projections are simply intended to provide a deeper understanding of the future demand for housing in Warren County, based upon historical trends.

Table 10 summarizes the projection of housing units in Warren County municipalities, and the amount of “new,” or currently undeveloped, land required to accommodate those new housing units.

TABLE 10
Projected Housing Units and Acreage – Cities and Villages
Warren County, Ohio
2010, 2020, and 2030

Geographic Area	2000 Census	2005 Estimate	New Units 2010	New Units 2020	New Units 2030	New Acres 2010	New Acres 2020	New Acres 2030
Butler village	84	86	2	28	61	1	14	31
Carlisle city	1,841	1,989	159	788	1,600	40	197	400
Corwin village	111	134	25	71	131	6	18	33
Franklin city	4,802	5,136	361	1,970	4,049	180	985	2,024
Harveysburg village	208	222	15	84	174	4	21	43
Lebanon city	6,218	7,313	1,181	3,666	6,879	590	1,833	3,440
Loveland city	80	106	28	66	117	7	17	29
Maineville village	390	437	51	193	378	25	97	189
Mason city	8,111	10,450	2,524	6,320	11,227	1,262	3,160	5,614
Middletown city	928	1,012	91	413	831	45	207	415
Monroe city	18	103	92	149	222	46	74	111
Morrow village	498	573	81	272	520	40	136	260
Pleasant Plain village	57	59	2	20	43	0	5	11
South Lebanon village	1,069	1,306	256	713	1,303	128	356	652
Springboro city	4,353	5,642	1,390	3,448	6,108	695	1,724	3,054
Waynesville village	1,037	1,187	162	557	1,067	81	278	533
Total			6,418	18,759	34,710	3,152	9,122	16,839

Source: U.S. Bureau of Census; *Capacity Demand Study for Warren County*; Housing Consultant Projections

The areas projected to grow the most through 2030 are the Cities of Mason, Springboro, and Lebanon. Conversely, the Villages of Butler, Corwin, and Pleasant Plain are projected to grow in the number of housing units only marginally during the same period.

Based on a moderate population growth rate of 2.6 percent annually (Ohio Department of Development), and average household size of 2.7 persons per unit (OKI Regional Council of Governments), Cities and Villages in Warren County are projected to add approximately 59,887 housing units by 2030, requiring approximately 29,113 acres of land.

Projection Summary - Cities and Villages

New Housing Units	59,887
Acreage Required	29,113

Table 11 summarizes the projection of housing units in Warren County townships through 2030, and the land required to accommodate such levels growth.

TABLE 11
Projected Housing Units and Acreage – Townships
Warren County, Ohio
2010, 2020, and 2030

Geographic Area	2000 Census	2005 Estimate	New Units 2010	New Units 2020	New Units 2030	New Acres 2010	New Acres 2020	New Acres 2030
Clear Creek	7,474	9,654	2,211	3,472	4,488	3,759	5,902	7,630
Deerfield	9,723	11,191	1,489	3,711	4,796	372	928	1,199
Franklin	11,198	12,133	948	3,828	4,948	1,233	4,976	6,433
Hamilton	3,852	6,240	2,423	2,535	3,277	1,211	1,268	1,638
Harlan	1,306	1,735	435	635	821	870	1,270	1,642
Massie	393	510	118	184	238	237	368	475
Salem	1,614	1,931	322	659	852	643	1,318	1,704
Turtlecreek	3,394	4,125	742	1,424	1,841	927	1,780	2,301
Union	1,857	2,246	395	773	999	789	1,545	1,998
Washington	703	928	228	338	437	457	677	875
Wayne	2,769	3,399	639	1,182	1,527	1,278	2,363	3,055
Total			9,951	18,741	24,225	11,778	22,396	28,949

Source: U.S. Bureau of Census; *Capacity Demand Study for Warren County*; Housing Consultant Projections

Projected to grow the most through 2030 are Clearcreek, Franklin, Hamilton and Turtlecreek Townships. Massie and Washington Townships are projected to grow the least. Cumulatively, Townships in Warren County are projected to add approximately 52,917 new housing units, which would require approximately 63,123 acres of land. The notable difference in land consumption for townships is due to onsite wastewater disposal utilizing significantly more land per dwelling and generally higher density zoning allowance in municipalities.

Projection Summary – Townships

New Housing Units	52,917
Acreage Required	63,123

Given that single family residential zoning allowance is predominant (particularly in Warren County townships), there should be little difficulty in satisfying the above noted projected demand for housing units. This is true even in light of recent policy shifts in future land

use planning emphasizing measurable increases in non-residential uses towards increasing local tax base and economic sustainability.

It should be understood that the projections for housing units presented here are intended for planning purposes. Certainly, actual demand for housing in Warren County over the next 20 years will be significantly influenced by market forces, regulatory environments, population and economic growth that is, by nature, difficult to predict.

Existing Housing Delivery System

To assess the housing market in Warren County, and to determine the effectiveness of housing delivery, it is necessary to consider the participants and the processes that affect the manner in which housing is provided and obtained. This section of the Plan presents a summary of public sector agencies, private sector groups, and non-profit providers that comprise the local housing deliver system.

The participants in the Warren County housing delivery system considered in this Plan include the following:

- Private Sector Groups
 - Homebuilders
 - Lending Institutions
 - Real Estate Service Providers
- Public Sector Agencies
- Non-Profit/Advocacy Groups

The analysis and summarization of these participants includes a wide range of issues, such as:

- Programs and services offered by various government agencies;
- Housing types offered by builders, trends in land development, and market forces;
- Mortgage characteristics and local lending programs and practices;
- Real estate services and the role of residential real estate agents in home purchases;
- Homebuyer education and qualification; and
- Special services provided by non-profit agencies to underserved populations, and buyers with financial challenges

Private Sector Groups

Homebuilders

Home building across the State of Ohio and America has a proud history. Craftsmen dedicated to trades such as general contracting, carpentry, masonry, electric and mechanical contractors, plumbers, and a myriad of others comprise an industry, which, not only work together to provide a most basic human necessity, but also offer jobs and careers to hardworking individuals everywhere.

Home building is a dynamic industry that exists to serve two (2) purposes. The primary purpose of homebuilding is the provision of housing to those who seek/demand it in the marketplace. Secondly, the industry serves as a source of economic sustenance for communities, in the form of jobs and income for families for every participant in the process, from the craftsmen, to the land developer, to the materials manufacturers and suppliers, realtors, title companies, lenders, and numerous others.

The practice and pace of homebuilding, is affected by a number of economic forces, such as fluctuations in the job market, interest rates, and general consumer confidence in the local and regional economic outlook. Other factors that significantly impact the homebuilding industry are related to demographic change. Such factors as population growth, regional migration trends, the aging of the population, and shifts in family composition impact the types, volume, and density of housing constructed, in what locations and environments they are built, and the way homes are used and designed.

The Home Builders Associations of Greater Cincinnati, and Dayton and the Miami Valley--the trade associations that represent builders in Warren County--report nearly 2,200 members. Membership is comprised of nearly 450 builders and/or developers in the Greater Cincinnati area, with the remaining 1,750 members representing a cross-section of stakeholders from the region, primarily companies providing products, services, materials, or skilled craftsmanship related to home construction. The Home Builders Association of Dayton and the Miami Valley is dedicated to the proposition that every American family deserves decent, safe and affordable housing, and that every new home or apartment should be built at the highest level of quality. The HBA of Greater Cincinnati advocates for decent, affordable housing and "Smart Growth" philosophies in the region. It is their mission to positively impact the built environment while also providing a valuable product for homebuyers in the market.

However, as an industry comprised largely of independent entrepreneurs, therein lies a dichotomy between the economic forces that affect demand for products, and the social forces that encourage civic responsibility. Such conflicting interests provide the backdrop for much of the current debate concerning growth in Warren County, which seeks to strike a responsible balance between the need for additional housing units, and the desire to preserve the prevailing rural character and the natural environment.

In order to compete in the slowing market, homebuilders have recently begun to experiment with incentive packages to lure prospective buyers. For

instance, some builders have offered a new car for those willing to purchase their homes, or unique floor plans including free sunrooms.

Other developers and builders seek opportunities to offer new and expanded housing products to consumers. Several local builders offer energy-efficient and environmentally friendly “green” homes boasting Energy Star qualification from the U.S. Department of Energy. As consumer awareness regarding energy-savings and environmental issues heightens, such housing choices may see increased demand.

As the so-called “Baby Boom” generation (those born between 1946 and 1964) approach and enter retirement age, their housing needs change. As a significant component of American society--comprising 20 percent of the U.S. population--their collective economic and cultural impacts are felt throughout the housing industry. As their children have matured and started families of their own, a demand has been created for “empty nester” housing, including single-story floor plans, reduced square footages, but with modern amenities. Single family attached and multi-family housing are also common choices for older Americans, with the homebuilding industry striving to meet these demands, which can be problematic in an uncertain regulatory environment.

Another trend in homebuilding is a phenomenon known as “teardowns,” where older homes in established residential areas are demolished to make way for newer, usually significantly larger, and more up-to-date replacement homes. In urban redevelopment areas, this method is oftentimes a means for revitalizing a decaying neighborhood, and attracting new residents to urban areas in desperate need for people to live there, and inject life into struggling areas. As housing stock ages in the suburbs, this trend for providing replacement homes may become a viable alternative to the development of expansive new residential communities in rural areas targeted for conservation. However, the consequent elimination of the original, and generally more affordable housing, is of concern.

Lending Institutions

On the surface, the role of lending institutions in the Warren County housing delivery system is rather straightforward. Simply put, local lenders assist homebuyers in selecting a mortgage product that meets their needs, and guiding them through the application and closing process for the purchase of a home. Within the banking industry, however, lays a complex system of lenders, regulatory compliance, interest rates, and borrowers demanding products to meet their personal financial needs.

There are a number of different types of lending institutions that participate in the market and compete for demand in the residential home mortgage business. Generally speaking, lending institutions can be described as banks, savings and loans, trust companies, or credit unions. Each is regulated and supervised by different Federal and/or State agencies, enjoy different rights, and exercise different powers and obligations. As a result of their particular legal classification, certain lending institutions are therefore permitted to offer different products to the public, including loans and credit that another type of institution may not. As such, some are able to charge higher or lower interest rates on mortgage or credit agreements.

One regulation that governs activities of lending institutions is the Community Reinvestment Act (CRA), which was passed by United States Congress in 1977. The CRA states that "regulated financial institutions have continuing and affirmative obligations to help meet the credit needs of the local communities in which they are chartered." The act goes on to establish a regulatory program for monitoring lending in low and moderate-income neighborhoods. Through regular examination by Federal agencies, lending institutions receive "grades" for activities in low and moderate-income neighborhoods, and can determine if improvements to its lending or service practices are desirable and/or required.

Under revisions to the CRA effective in January 1996, banks are rated according to their lending records and responsiveness to community needs. As a result of the evaluation, banks can receive a rating of "outstanding", "satisfactory", "needs to improve", or "substantial non-compliance." Institutions whose score reflects a need to improve or noncompliance may incur delays or denials of mergers, acquisitions, or service expansions. Lending institutions are evaluated and scored differently; depending upon the volume of assets they manage.

In this environment, "banks" determine the types of products they will offer using the prime rate, which is set by the Federal Reserve System. The prime rate is that which lenders offer their best and most creditworthy borrowers. A less creditworthy applicant is typically offered a loan product at the prime rate plus a certain percentage, ranging from two (2) to 10 percent. In this manner, many consumer loans, such as auto, home equity, mortgage and credit card loans are based upon the prime rate. However, when prospective borrowers do not meet criteria to qualify for such a rate, borrowing at below-prime, or sub-prime, rates is usually the only option for the consumer to borrow money. Sub-prime products typically have higher interest rates and fees, since these are perceived as higher-risk customers for lending institutions. The intent of sub-prime loans is

to provide a short-term avenue (up to 5 years) for borrowers to pay back debts and improve their credit so they may be able to qualify for or refinance into a lower risk, lower rate loan from a major bank or savings and loan institution.

For the purposes of mortgage lending, total housing costs include principle, plus interest, taxes and insurance (aka PITI payment). Guidelines among private lending institutions vary. Locally, Peoples Community Bank (represented on the Housing Advisory Committee) utilizes 36 percent as the cut off point for a households' total monthly debt to income ratio, also setting 28 percent as a maximum housing debt to income ratio, which is to include mortgage payment, taxes, and insurance, in total, per month. As a general statement, the lower the existing debt to income ratio, the more likely the lender would be to lend to a percentage cap of household income above the U.S. HUD baseline 30 percent.

As a result of the demand for homeownership, and the competitive market for mortgage loans, sub-prime lenders, creditors, and others have employed "flexible" lending tactics to secure new business. Such practices include the manipulation of borrowers through aggressive sales maneuvers, or otherwise taking advantage of a borrower's lack of understanding of loan terms, along with a general disregard for the borrower's ability to repay. In Ohio, and Warren County, such "predatory" practices have resulted in a significant escalation in home foreclosures.

According to Ohio Supreme Court records, and *Foreclosure Growth in Ohio 2006*, a report by Policy Matters Ohio, foreclosure filings increased 8.5 percent in 2005, and the 63,996 filings represented one for every 71 Ohio households. Prime loans are being foreclosed at a rate of 1.48 percent, while the sub-prime loan rate is 9.99 percent. In 61 of Ohio's 88 counties, foreclosure filings have quadrupled over the last decade, as they have for Ohio as a whole. In Warren County, foreclosures have risen more than 837 percent since 1995, from a total of 112 in 1995 to 938 in 2005.

In *Foreclosure Growth*, 71 counties covering 86 percent of Ohio's population reported that the number of properties put up for sheriff sale increased 4.6 percent in 2005 from a year earlier and 21.3 percent from 2003. When survey respondents (distributed to county governments) were asked to rank the factors contributing to foreclosures, 31 of the 50 departments responded that predatory lending was the primary cause, while 11 cited job losses and a weak economy.

Interestingly, lending institutions are permitted to develop a strategic plan in lieu of regulator evaluations pursuant to CRA compliance. The

purpose of this option is to encourage local banks to work in conjunction with neighborhood organizations to seek to satisfy the credit needs of a bank's assessment area. Federal regulators must approve the strategic plan.

In addition to the strategic plan option, community groups can be involved in the CRA evaluation process. Federal agencies publish a list of banks that will be evaluated each quarter. Timely comments can have a strong influence on a bank's CRA rating by directing examiners to particular areas of strength or weakness in a bank's lending, investments, or services in low and moderate-income neighborhoods.

Real Estate Service Providers

The real estate industry, and residential real estate service providers in particular, play an integral role in the Warren County housing delivery system. The function of real estate companies and agents is to serve as a resource to home sellers and buyers by offering particular knowledge and insight into the housing market at community and neighborhood levels. Real estate agents typically have a thorough knowledge of the property transfer process, and a well developed network of mortgage and insurance companies, title companies, and inspectors, which each have a part in the transfer of real property between a seller and a buyer. From this extensive list, the importance of the overall housing delivery system to the local, regional, and national economies cannot be overstated.

Traditionally, real estate service providers represent home sellers in the listing of their home for sale in the marketplace, providing guidance on pricing strategies, comparable sales in the vicinity, and improvements necessary to make the home and property desirable to prospective buyers. To balance the interests of the seller with that of the buyer, the industry also trains real estate agents in a Certified Buyer Representative program. Participants who successfully complete this training program become certified buyer representatives, able to serve the interests of buyers during the home-buying process.

While realtors do not produce housing units, they play a key role in the housing delivery system. The National Association of Realtors (NAR), in the role of lobbying by a professional association, may prove to be a strong ally regarding such key housing issues as provision of diversity of housing across racial and class lines (provision of mixed income housing through inclusionary zoning); so-called "Smart Growth" (addressing sprawl, congestion, wasteful consumption of land through density bonuses, and urban service limits); the housing industry as a key component of economic

development (ensuring that local workers can live locally through provision of affordable housing); and the potential dangers of gentrification (neighborhood improvement through teardowns versus displacement of low to moderate income households).

In a market status report delivered to the Housing Advisory Committee (HAC), local realtors indicated that the average sales price of homes in 2006 was highest in the Springboro, Clearcreek Township area, (\$271,712) and lowest in Lebanon, Turtlecreek Township, Union Township, Hamilton Township, and South Lebanon areas (\$202,926). The report also identified the emerging trend of a local housing market slowdown that mirrored the current national trend. Local realtor insight on this trend is based on a County-wide average of 75 days on the market for homes listed on the Multiple Listing Service (MLS); up from 67 days in 2005.

Public Sector Agencies

Warren County Office of Grants Administration

The Warren County Office of Grants Administration (OGA) is charged with the responsibility for writing grant applications and administering awarded grants for a number of County programs, including those established for housing, public transit, the Community Development Block Grant (CDBG), and the Fair Housing Office.

In terms of housing, the OGA submits applications to the Ohio Department of Development (ODOD), Office of Housing and Community Partnership for the Community Housing Improvement Program (CHIP). The County has been fortunate to receive grant awards through this competitive program in four of the last five funding cycles.

The CHIP program follows a deferred loan process, where funds loaned to income eligible first time homebuyers are repaid after a prescribed term, or when the property is sold and the owner has been able to accrue equity. Loan monies that are repaid in accordance with the CHIP supply a Program Income fund, which is used to sustain the First Time Home Buyer Program during interim periods between State-funded programs.

Historically, CHIP funds have been used for the rehabilitation and emergency repair of homes, based upon certain criteria, including:

- The home is owner-occupied;
- The home is located in unincorporated Warren County (with the exception of the City of Lebanon);

- The annual household income cannot exceed 50% of the Area Median Income for the number of residents in the house;
- All property taxes must be current;
- Homeowners must maintain current home owners insurance; and
- Homeowners must sign a promissory note and mortgage that will be a lien on the property for the amount for the repairs, which is repaid upon sale of the property.

Additionally, rehabilitated homes must meet Ohio Residential Rehabilitation Standards, and cosmetic items are not eligible. Since 1996, 96 moderate income home buyers have been assisted, of which 57 are still active, 32 have paid off CHIP loans, and seven (7) have undergone foreclosure.

Non-Profit/Advocacy Groups

Area Progress Council

The Area Progress Council of Warren County, Inc. (APC) is a nonprofit, nonpartisan organization interested in positive growth and development for Warren County. To that end, the APC functions similarly to a chamber of commerce, by attracting membership and providing programs that strive to find ways to advance Warren County socially and economically. With this as its mission, the APC pursues its mission through a number of programs:

- Advocacy - Working with officials at the local, State, and Federal levels;
- Membership & Education - Facilitating programs to promote current and future leaders; and
- Business & Community Development - Supporting initiatives to promote a positive and proactive economic climate.

When founded, the APC's initial purpose was to organize those at the highest levels of civic leadership in the County--dedicated people of proven concern for the welfare and progress of Warren County--and unite them together as a team to help guide the County into the future. The first formal meeting of this group was held in the summer of 1968.

Presently, the APC is lead by a Board of Trustees comprised of influential and experienced business, education, and community leaders, all of which work to represent and advocate for over 100 member organizations in Warren County. Member programs include Project Excellence (recognizing teachers), Leadership Warren County (mentoring young professionals), and an Annual Economic Outlook Breakfast (held each Fall).

Since its inception, the Area Progress Council has created and placed key leadership for a number of area institutions. APC initiatives have included the Warren County United Way, the Warren County Regional Planning Commission (RPC), the Warren County Career Center, and the Ralph J. Stolle Countryside YMCA.

A testament to the impact of the APC is its role as one of three groups, which called for and organized the Housing Summit of 1996. This Housing Summit can be substantially credited with raising the awareness of housing issues in Warren County, elevating the discourse between private and public stakeholders alike, an impact that has continued in the development of the 1998 Housing Plan and this update.

New Housing Opportunities

New Housing Opportunities, Inc. (NHO) is a non-profit group that focuses on improving the quality of life for underserved individuals by providing access to safe, decent, and affordable housing, transportation, employment, and related supports. Currently, NHO owns and operates multi-family housing developments, adult care facilities, and most recently added an emergency shelter.

In addition to these facilities, NHO facilitates two (2) housing subsidy programs, operates a transportation program serving disabled persons, and contracts with individuals and businesses to provide construction, property maintenance, landscaping/snow removal, and janitorial services.

New Housing Opportunities presently operates 66 permanent housing units for severely mentally disabled persons in Warren, Clinton, and Clermont Counties, with approximately 50 of those units in Warren County. NHO also owns and operates family care homes--one each in Warren and Clinton Counties. Each family care home is a permanent housing program, which also offers support to assist with meal planning, cooking, laundry, basic household chores, and medication monitoring.

The Housing Assistance Program (HAP) is a permanent housing subsidy program administered by NHO, which assists people with severe mental illness who have a history of homelessness and unstable living conditions. The program guides people in their search to find and maintain safe, decent, affordable housing. This is accomplished through rent subsidies, loans, and support designed to lead to permanent independent living.

The Special Housing Assistance Program (SHAP) is a housing subsidy program intended to provide temporary rental assistance to very low income

individuals with chronic substance abuse problems. This program assists families who are homeless, at risk of homelessness, or unable to afford safe, decent housing. Assistance under the SHAP program is directly linked to each person's treatment plan and is dependent upon their commitment to recovery and self-sufficiency. Tenants reside at several locations in privately owned apartments in Warren, Clermont, and Clinton counties, paying a maximum of 35 percent of their income for rent and basic utilities. In order to assist program participants in re-establishing their households, interest-free SHAP loans are available for security deposits, utility deposits, and basic household furnishings.

Since July 2001, 54 households have received housing assistance through the SHAP, and many have successfully transitioned into permanent housing through the Warren Metropolitan Housing Coalition Section 8 program. A number of these households have been able to pay their own rent due to an increase in income.

In April 2007, NHO celebrated the opening of the first emergency shelter in Warren County. The purpose of this shelter, located in South Lebanon, is to provide short-term housing to single adults. The shelter is expected to average 10 individuals per night, with a capacity to serve 14.

Services provided to shelter residents include transportation, daily meals, laundry facilities, shower/bath facilities, access to internet service and phone.

Warren County Balanced Housing Corporation

In May of 1996, a Housing Summit was called in response to a needs assessment conducted by the Warren County United Way, based on the perception of a shortage of low to moderately priced housing in Warren County. The Summit raised awareness about a number of issues, such as an increase in housing costs that was outpacing gains in local incomes, raising concerns that the private sector was not able to generate affordable housing for a segment of the local population. With the area's expanding economy and record low unemployment, local leaders feared that a deficit in "starter homes" may fuel a real labor shortage and therefore stall successes achieved in economic development.

In response to these growing concerns, the Warren County RPC embarked on the development of study of housing affordability, which resulted in the Comprehensive Housing Plan of 1998. Upon adoption of the Plan, community stakeholders united and the Balanced Housing Corporation's mission was

born, which is to develop, market and/or partner with others to create or utilize homeownership opportunities for persons of low to moderate-income within Warren County.

The role of the Warren County Balanced Housing Corporation (WCBHC) in the Warren County housing delivery system is to serve a segment of the population, which was not being served by existing private sector groups.

WCBHC guidelines for serving low to moderate-income households include:

- Applicant must select a modest, single-family home within Warren County (some areas are ineligible);
- Applicant must not be delinquent with bills, taxes, assessments, or rent payments;
- All loans and all aspects of home purchase must be approved by WCBHC staff;
- Applicant shall provide all pertinent information regarding income and debt for WCBHC staff to determine available and appropriate level of assistance;
- Applicant must be able to obtain first mortgage financing;
- The selected home must meet State of Ohio Residential Rehabilitation Standards;
- The sale price of the selected home shall generally not exceed \$170,000, and must be “modest” in size;
- Applicant must contribute a minimum of \$500 in cash toward purchase of the home; and
- An implementation fee is typically charged by WCHBC and may be paid by the Seller or another party.

A formal process is followed by the WCBHC for each applicant, which requires an application documenting income and debt information, and a comprehensive evaluation of eligibility and financial need to determine appropriate financial assistance. This utilizes First Time Home Buyer Program funding awarded to Warren County by the State of Ohio (see section on Public Sector Agencies). Each applicant must complete a WCBHC Homebuyer Education program. Upon completion of a contract to purchase, financial approvals are obtained, construction or closing is conducted, and a post-purchase follow-up meeting is conducted.

The WCBHC Homebuyer Education program is conducted by WCHBC staff and covers a range of topics, including the home-buying decision; budgeting and credit management; the mortgage loan process and closing; predatory lending practices; fair housing principles; home maintenance and repair; and client follow-up.

The Warren County Balanced Housing Corporation has enjoyed considerable success since its inception, and a growing awareness and reception in the community for its efforts. From 2004 to 2005, WCBHC assisted 30 families in obtaining homeownership in Warren County. By September 2006, WCBHC had assisted an additional 14 families obtain homeownership, while maintaining an active case file of approximately 63 additional applicants awaiting assistance.

Warren Metropolitan Housing Authority

Established on April 4, 1973, the mission of Warren Metropolitan Housing Authority (WMHA) is to provide safe, sanitary, decent and affordable housing to low-income families, while at the same time providing its families the opportunity to grow socially, economically and financially.

WMHA is a non-profit organization, chartered by the State of Ohio and funded in part through the United States Department of Housing & Urban Development (HUD), to provide subsidized housing and resident initiative programs for eligible citizens of Warren County, in accordance with the Federal Fair Housing Law.

WMHA currently facilitates four (4) programs intended to serve specific segments of the Warren County community. Through the Public Housing Program, the WMHA owns and manages 208 units, including one, two, and three bedroom apartments, townhouses, duplexes, and single family homes. A snapshot of WMHA properties include:

- Lebanon - East Ridge Drive and Deas Drive - 12 duplex buildings/one single family home (25 total units); Ridgeway Court - 12 duplex buildings (24 total units); Metropolitan Village - 40 dwelling units in a single level building consisting of garden style apartments.
- South Lebanon - Mary Lane - 13 duplex buildings/26 units.
- Middletown - Brookview Village - 35 dwelling units, consisting of 4, one bedroom single level garden style apartments, 16 two bedroom townhouses, and 10 three bedroom townhouses.
- Franklin - 44 dwelling units (scattered sites), consisting of various one, two and three bedroom units.

The Housing Choice Voucher Program provides housing assistance for low-income families in the private rental market. Rental voucher holders select a unit from the private rental market and pay 30 to 40 percent of their monthly adjusted income towards rent and utilities. The housing assistance payment subsidizes the balance of the rent to the property

owner. Eligibility for a rental voucher is determined by WMHA and is based on total annual gross income and family size. The Program is limited to U.S. citizens and specified categories of non-citizens who have eligible immigration status. The family's income may not exceed 50 percent of the area median income. Under this Program, voucher holders are permitted to rent units where the owner agrees to participate in the program, and are allowed to move based on changing housing needs while maintaining assistance under the Housing Choice Voucher Program.

The WMHA Transitions Program, initiated in 1991, serves families that are homeless and have children. A two-year program, Transitions is intended to assist struggling families stay focused on a path of self-sufficiency. The program works closely with local shelters to provide housing, rent assistance and supportive services. To be eligible, families must be homeless adults, have a referral from a shelter or approved social service agency, have custody of a child or a confirmed pregnancy, have the ability to work or attend school, and have income below minimum standards/limits. Families receive case management, life skills, money management, employment skills, and recreational services.

The Family Self Sufficiency Program is intended to promote families receiving assistance from WMHA toward independence through a goal-setting process that results in accountability and attainment. One feature of this program is the use of an escrow account for participants. As families begin to earn increases in income, the additional contributions to rent are placed in an escrow/savings account that is held until participants reach goals they have set for themselves at the beginning of their involvement in the program. Participants sign a Contract of Participation and work with a Housing Coordinator toward finding resources and services necessary for attaining their goals for self-sufficiency.

In recognition of the substantial strides made in housing for families in Warren County, WMHA has been selected as a "High Performer" by U.S. HUD for both the Public Housing and Housing Choice Voucher programs for the last three (3) years.

Hope Habitat for Humanity

Hope Habitat for Humanity (Hope) is the local chapter of Habitat for Humanity Tristate and an affiliate of Habitat for Humanity International, a non-profit, Christian housing ministry focused on the goal of eliminating poverty housing and homelessness from the world, and making decent shelter a matter of conscience and action. Hope is one of eight (8) chapters of Habitat for

Humanity Tristate, all of which are supported through a centralized office. A central tenet of Habitat is that it is not a giveaway program. In addition to a down payment and monthly mortgage payments, homeowners invest hundreds of hours of their own labor (i.e., sweat equity) into building their Habitat house and the houses of others.

Hope is largely volunteer-driven, which through donations of money and materials builds or rehabilitates simple, decent houses with the help of the homeowner (partner) families. Habitat houses are sold to partner families at no profit and financed with affordable loans. The homeowners' monthly mortgage payments are used to build Habitat houses for other partner families. Since the establishment of Hope, 14 families have been housed in Lebanon and a total of 20 families have been housed across Warren County. Additionally, Hope is in the process of finishing a subdivision with 16 single family housing units along Jameson Lane and Christian Lane in Lebanon, on land donated by the Harmon Trust.

The cost for a single-family Hope unit is approximately \$45,000, which typically consists of 1,080 square feet, three bedrooms, and one to one-and-a-half bathrooms. The size of each home is based on the size of the family for placement. Hope provides financing for needed infrastructure (utilities, roads, sidewalks, street lighting, etc.), which effectively builds \$20,000 of value into each project. When complete, the standard Hope home that was constructed for \$65,000 will generally appraise for \$115,000 to \$120,000. Comprehensive Housing Improvement Program (CHIP) grant monies are used to reduce the first mortgage; however, the homeowner must remain in that home for a designated period of time. A second mortgage is required for the difference between the appraised value (\$115,000 to \$120,000) and the actual construction cost (\$65,000).

There are three primary issues faced by Hope Habitat for Humanity. First, finding affordable land is often difficult, and some communities have effectively eliminated opportunities through restrictive (i.e., large lot) zoning regulations. Second, fundraising is a function that must occur continuously and often surfaces as an obstacle, in addition to finding volunteers to assist partner families and Hope in the construction of new homes. The next major issue is finding families who qualify, which is to say families that are willing and able to work. Partners must be educated and willing to commit 500 hours of sweat equity to help build their own home. These families must also be currently living in sustainable living conditions, with an income ranging from a minimum of \$20,000 to no more than 50 to 60 percent of the County's median household income.

Interfaith Hospitality Network

The Interfaith Hospitality Network of Warren County (Interfaith) consists of church congregations across the County which together provide temporary housing through host churches for families with children that have found themselves in emergency need of shelter.

In 1986, Interfaith opened its doors with 11 congregations providing hospitality space for families in need. By 1989, the National Interfaith Hospitality Network (nka Family Promise) was formed and brought the program to other areas where neighborhoods could work together to help homeless children and their families. Interfaith Hospitality Networks make use of existing community resources and therefore are cost-efficient, effective, and replicable responses to the issue of family homelessness. Though Interfaith programs vary from one community to the next based on local needs and resources, there are five basic components to each program:

- Rotating host congregations;
- Day Centers;
- Volunteers providing meals, childcare, and interaction with guests;
- Referrals from social service agencies; and
- Transportation to and from the day center.

Interfaith provides shelter, meals, hospitality and support for local homeless families of regardless of race, color, age, or faith. Host congregations house up to five families on a rotating weekly basis and provide a home-like atmosphere, including a group meal and social time. Beds are provided to host churches while families are housed and the IHNWC also provides a professional administrator who guides the families into housing and transportation between the host church and the Day Center.

The Day Center is not only a place for families to have a temporary official address, but also provides the services of a professional social worker who helps the families take necessary steps to be successful in employment, education, life skills, and most importantly finding a home for their families. Families are the fastest growing segment of the homeless population, and often families are separated while suitable housing can be arranged. Interfaith provides a place for families to stay together and maintain the integrity and dignity of a family during critical times as they seek to build a better life.

Interfaith has grown to 43 congregations in two separate networks. Each church works to provide temporary housing four times a year. Over a nine

year time span, the IHNWC has housed 300 families and worked to find unique solutions for each of the family's needs.

Interfaith works through the Warren Metropolitan Housing Authority's Transitions Program to get homeless families into transitional housing. Each family must pay 30 percent of their income towards rent costs. In addition to the WMHA's program, the IHNWC also operates a Furniture Ministry where families can earn furniture donated through four hours of sweat equity.

Warren County Community Services

Warren County Community Services, Inc. (WCCS) is the largest, most comprehensive, non-profit provider of social services in Warren County. Their mission is to strengthen the fabric of our community by providing services and connecting people to resources necessary for realizing their full potential for a quality life. Their services include the following:

- 741 Senior Center
- Elderly Services Program (ESP)
- Emergency Home Energy Assistance Program (E-HEAP)
- Family Services
- Head Start
- Homecare
- Housing
- Retired and Senior Volunteer Program (RSVP)
- Senior Nutrition/Meals on Wheels
- Senior Transportation
- Supportive Services
- Weatherization

WCCS began in the 1960's as Warren County Community Action, Inc. While the name has changed, this organization continues to provide a wide variety of services and programs for citizens of all ages. Currently, WCCS receives support from governmental programs, businesses, individual financial contributions, and a senior citizens' levy.

The agency is constantly challenged by a rapidly growing population and increasing demand, while resources have diminished. Many Federal, State, and local resources have been reduced or are no longer available. This being said, WCCS is dedicated to ensuring that the value and necessity of the services provided generate increased levels of appreciation and support from the Warren County community.

Warren County Board of MR/DD

The Warren County Board of Mental Retardation and Developmental Disabilities (MR/DD) provides services to support people with disabilities and their families to achieve to the best of their respective abilities. Currently 358 individuals are served with some type of residential service, and 537 individuals are on the residential waiting list. Services range from 24-hour staffing support providing complete care, to 5 hours of services each week assisting with basic needs.

Six different types of housing are provided for, in some way, by the MR/DD. MR/DD owns some group home facilities, but most housing is provided through the Community Housing Assistance Program (CHAP). Some individuals are also housed using private landlords. The types of housing and the number of individuals they house are as follows:

- CHAP Homes 55 individuals
- MRDD/Commissioner Owned Licensed Homes 44 individuals
- Privately Owned Licensed Homes 160 individuals
- Private Landlords 37 individuals
- Own Their Own Home 2 individuals
- With Families 60 individuals

Over half of the facilities leased by private landlords and nearly a third of CHAP-owned facilities are not considered accessible by Americans with Disabilities Act (ADA) standards. While MR/DD's preference is to build ADA accessible homes, they have applied for funds to modify existing homes.

Warren County Housing Coalition

The Warren County Housing Coalition (WCHC) is a collaborative of area non-profit and governmental entities whose interests and purpose is to ensure that the specific housing needs of the homeless, physically and mentally disabled, victims of domestic violence, chemically dependant persons, and low to very low income citizens are met.

WCHC works toward assessing community housing and housing-related services capacity, to identify gaps in the needed services, and to establish community-wide goals to meet these needs. WCHC works to proactively support plans that meet established community housing goals.

There are currently 14 agencies in the Coalition contributing in a variety of roles to meet U. S. HUD "continuum of care" requirements. These requirements include conducting a count of homeless persons each January,

and performing analysis on gaps between housing services and housing needs. This analysis includes the review of emergency, transitional, and long term housing units, as well as consideration current economic and social trends that affect housing needs. WCHC helps to coordinate these activities and oftentimes serves as lead in implementation of community-wide goals to meet housing needs of the underserved.

Ability of Private Sector to Accommodate Housing Requirements

A critical step in determining what actions government should take to address a population's housing needs is an evaluation of the private sector's ability to meet those needs. A key justification for public intervention is failure of the private market. As discussed above, there presently exists a myriad of private and public groups engaged in the local housing delivery system.

Private businesses that impact housing in Warren County all perform specific functions in meeting free market demand, including the construction of housing units, the provision of mortgages to finance such a significant purchase, and the marketing and sale of housing units to qualified buyers. These services are specifically tailored to meet the needs of consumers capable of meeting the requirements set forth by each group providing the service.

Demand for housing products can be characterized as the collective voice of consumers who seek to purchase or rent housing. Traditionally, the most significant market of housing consumers are those qualified to purchase and/or rent housing. In this case, the term "qualified" is used to describe those consumers seeking housing who are able to pay "market rate", which is the prevailing price--at prime interest rates--for housing product in the community.

However, as documented, there exists a segment of Warren County's population who are not "qualified" by conventional standards--those whose voice is not part of the large consumer base that drives decisions by private interests. This is due to a variety of factors, most significant of which are related to lower levels of buying power and, commensurate and lower financial tolerances for risk by financial institutions.

In this environment, the gap between served and underserved consumers is exacerbated, considering that the voice of the underserved is fragmented, difficult to quantify and measure, barring an effort such as this. What is left is a segment of the community's demand for housing that remains underserved by private interests and only marginally met by governments under the constant strain of typical budgetary limitations.

Nationally, the need for affordable housing has begun to become apparent in many communities, as data reports from the U.S. Bureau of Census and Bureau of Labor Statistics continue to illuminate factors that support this negative trend. Per a number of articles published by *Builder Magazine* over the past several years, the situation is worsening. In 2003, *Builder*

reported on the scarcity of workforce housing, where even hard-working middle-class families were unable to become homeowners anywhere in proximity to their place of work. Similarly, in suburbs of Washington, D.C., housing prices have risen 12 times faster than household incomes. Even more articles report that three-quarters of all households in California cannot afford an entry-level home priced at \$480,670, or that in some areas of the United States, families with household incomes of more than \$100,000 are now eligible for housing assistance.

While the situation in Warren County is not yet so extreme, the same forces are at play in the local housing market. Based upon the work of the HAC Affordability Subcommittee (see **Appendix II**), housing affordability for local households in all but the highest income cohort is projected to continue to decline. Of particular note is that this decline is most significant for local households earning in the 50 percent range of the County median income, which typically includes personnel vital to the economic health of our communities, such as teachers, firefighters, police, nurses, and laborers. If housing affordability continues to decline for this key income group, single family "workforce" housing could be all but unaffordable by 2030. The impact of this situation should not be underestimated.

Additionally, given that the housing market in Southwestern Ohio is stagnant at the time of this Plan, it is reasonable to assert that the rules that govern the free market for housing, and the private sector groups that service qualified consumers, are presently failing to meet a growing segment of housing needs in the market.

These complex circumstances make serving low to moderate income families difficult for homebuilders, lending institutions, and realtors alike. Especially given each that each industry seeks successful enterprises in light of high land costs, labor shortages, regulatory compliance and traditional lending protocols, as well as competition for quality residential brokerage and transaction opportunities.

Housing Affordability

The U.S. HUD definition of affordability is for a household to pay no more than 28 percent of its annual income on housing. Households paying more than this guideline amount are considered “cost burdened” and may have difficulty affording necessities (food, clothing, transportation and medical care), or be unable to save for future family needs.

Nationally, in the first quarter of 2007, the Cincinnati-Middletown metropolitan statistical area (MSA) ranked 37th out of 219 regions in housing affordability, measured against the share of homes affordable to median income households (78.1 percent), and the median sales price of a single family residence (\$130,000). Greater Dayton ranked 10th at that time, based upon an 87.9 percent share of homes being deemed affordable and a \$93,000 median sales price. Not bad from that perspective.

However, an estimated 12 million U.S. households (renter and owner) currently pay more than 50 percent of their annual incomes for housing. U.S. HUD asserts that a family with a single full time worker earning the minimum wage cannot currently afford the local fair-market rent for a two-bedroom apartment anywhere in the country.

According to the 2000 Census, the County-wide median household income was \$57,952, ranging from \$43,402 (Franklin Township) to \$79,187 (Clearcreek Township) in unincorporated areas, to between \$32,566 (Morrow) and \$72,316 (Springboro) in municipalities. Across Warren County, 16.4 percent of households paid 30 percent or more of their income on housing costs. This varied geographically, ranging from 13.3 percent (Massie Township) to 19.4 percent (Wayne Township) in unincorporated areas, to between 6.9 percent (Butlerville) and 20.1 percent (Morrow) in municipalities. From this information, it is apparent that Warren County is not homogeneous.

Per the HAC Affordability Subcommittee Report (see **Appendix II**), between 1990 and 2005, Warren County household incomes rose an average of approximately \$1,600 annually, while single family housing values rose by roughly \$6,000 per year. In 1990, the median value of a local single family home was 1.54 times the median income, increasing however to 2.33 times by 2005. Further, single family housing units valued at \$150,000 or less between 1990 and 2005 declined from 95 percent to 55 percent.

Consider also that single family homes affordable to Warren County households at 50 percent of the median income (so called “workforce” housing) declined from about one-third of all such dwellings to just less than one-quarter between 1990 and 2000. In fairness, housing affordability

for this key income group improved in 2005 to approximately 37 percent of all Warren County homes. However, this was due to the reduction of home loan interest rates from 8.07 percent in 2000 to a 34-year low of 5.87 percent in 2005.

The clear conclusion of the Affordability Subcommittee's work is that households earning around 50 percent of the \$66,388 Warren County median income in 2006 (approximately \$33,200) are fighting a losing battle. If the noted trends continue, it is reasonable to assume that many such households would be forced to seek adequate housing outside Warren County. Such a situation has myriad impacts on a range of public infrastructure systems. For example, additional workers would need to "reverse commute" to their jobs, putting further traffic congestion strain on an already stressed network of roads, highlighting the need for continued government involvement in housing at the community level overwhelmingly apparent.

Make no mistake that the term "affordable" remains politically charged. Thinking back to the prior Housing Plan, the term "balanced" was purposefully substituted for "affordable" for this reason. Discussions at that time revealed no clear consensus between private sector, public sector, and non-profit agency representatives that affordability must be a priority. This is no longer the case, as demonstrated from the current HAC process. There are, however, no easy answers. As Warren County continues to grow, local wages are currently failing to keep pace with the cost of living--joining higher education, health care, gasoline, and utilities.

Plan Recommendations

Based upon the research and analyses conducted for and described in this Plan, and the year-long participation and input provided by the Housing Advisory Committee (HAC) and Affordability Subcommittee, the following recommendations are made to compliment prior cited updated Policy Goals and Objectives:

- Upon adoption of this Plan update, like prior planning efforts, the Housing Advisory Committee (HAC) will become a dormant RPC subcommittee. This provides a logical opportunity for the Warren County Housing Coalition to become an advocate toward Plan implementation.
- Advocate for and work to create innovative financial incentives at the State and local level for the development and construction of affordable housing by the building community. For example:

Effectively reduce fees for building permits and for housing units to be constructed at less than a certain square footage, an exception from the current model that establishes such fees based on the cost or value of the house.

Encourage more lending institutions to initiate First Time Home Buyers incentives, such as lower interest rates and/or closing costs. Additionally, encourage adjustable rate mortgage products to recognize current market rates at the time of adjustment, instead of significant increases, which all but force homeowners to refinance.

- Build incentives for affordable housing into the Warren County Rural Zoning Code:

Include a definition of “affordable housing”, to wit: Housing, either for home ownership or rental, that is occupied, reserved or marketed for occupancy by households with a gross household income between 80 and 100 percent of the County median gross household income, as determined by the U.S. Department of Housing and Urban Development (HUD); and

Include the following performance standards for Planned Overlay zoning areas:

With the public purpose intent of providing localized worker housing and thereby minimizing attendant commuting pattern traffic impacts, in compliance with Housing Element of the Warren County Comprehensive Plan, within any E-PUD (Planned Employment Center Development District) with a residential component; any M-PUD (Planned Mixed use Development District) with a residential component; any C-PRD (Planned Conservation Development Overlay District) with a minority non-residential component; or in any New Community Authority with a non-residential component established in conformance with the Ohio Revised Code (ORC) after the effective date of this regulation, a minimum of ten 10 percent of residential development therein shall be comprised of Affordable Housing, as defined in this Code.

- Investigate the potential consolidation of non-profit agencies into a “one-stop-shop” for underserved populations to find assistance with housing in Warren County. Unifying all public and non-profit groups contributing to housing in the County might offer significant value to the populations they now serve, and may also provide a stronger voice in the market for housing product. Benefits of this recommendation might include the streamlining of existing programs and development of new programs borne out of more regular and creative collaboration. Additional benefits might be a reduction in costs, such as office space, by way of fewer leases, and coordination of administrative activities resulting in greater overall effectiveness.
- Declare the creation and preservation of local “Workforce Housing” a public purpose, mindful that wages have not kept pace with housing costs, as documented in the HAC Affordability Subcommittee Report (see **Appendix II**). The target group includes teachers, police officers, fire fighters, health care workers, retail clerks, administrative personnel, and other moderate income workers, all of whom are essential to the continued economic vitality of the County. The target income range includes households earning between 80 and 100 percent of the area median income, which currently receive little or no public assistance.
- Continue to dedicate Community Housing Improvement Program (CHIP) and Warren County Rehabilitation, Inc. program income funds toward the provision and maintenance of affordable housing through the Warren County Balanced Housing Corporation. In the event that future rounds of CHIP funding are not awarded by the State of Ohio to Warren

County, consideration should be given to augmenting program income funds with a percentage of property tax revenues to maintain current levels of service.

- Strive to ensure that Warren County garners as much funding as possible from the \$50M annually available from the Ohio Housing Trust Fund (OHTF). Eligible uses of such funds for low-income recipients (those below 50 percent of the area median income) include housing development, emergency home repair, handicapped accessibility modifications and services related to homelessness. Funding received by agencies that serve southwest Ohio (e.g., Council on Aging of Southwest Ohio; People Working Cooperatively, Inc.; New Housing Opportunities; New Avenues, Inc.; Warren Metropolitan Housing Authority; Better Housing League; and Recovery Centers, Inc.) since the prior Comprehensive Housing Plan was adopted in 1998 totals \$5.9M.
- Consider the formation of a Community Land Trust (CLT), which typically acquire and hold land, but sell off residential buildings on that land. The high cost of land is thereby mitigated, making the housing more affordable. Land leases are typically 99 years and are assignable to the leaseholder's heirs. Limited equity policies can restrict resale prices, maintaining long term affordability, and providing home ownership opportunities to those otherwise priced out of the market.
- Implement administrative reforms geared toward the reduction of costly delays in the development review process. Examples include:
 - Creation of a "one stop" permitting process function at the County level, including approvals for zoning, building, water, sewer, stormwater management, erosion and sediment control, land subdivision, development guarantee bonding, and economic development incentives.
 - The concurrent pursuit of re-zonings (map amendments) by the Warren County Commissioners along with adoption of the proposed new text of the draft Warren County Rural Zoning Code re-write would significantly reduce the development review process.
- Implement administrative reforms geared toward the reduction of development and future public maintenance costs. For example, refine existing "conservation design" zoning regulations, thereby reducing linear distance of installed pavement and associated infrastructure.

Warren County should encourage townships with their own zoning to adopt similar regulations.

- Ensure that a full range of housing opportunities is available, including single family detached, single family attached, and multi-family, appropriate by location, both for home ownership and rental.
- Encourage multi-family housing in areas consistent with the Land Use Element of the Warren County Comprehensive Plan. Establish sufficient density of housing in areas of anticipated future extension of public transportation (i.e., at least 12 dwelling units per acre).
- Affordability of single family homes in Warren County should be measured regularly to better understand trends and initiate appropriate responses.

APPENDIX I

RESOLUTION 10-07 ADOPTION OF WARREN COUNTY COMPREHENSIVE HOUSING PLAN UPDATE

WHEREAS, according to Section 713.23 of the Ohio Revised Code (ORC), a regional planning commission may make studies, maps, plans, recommendations and reports concerning the physical environment, social, economic and governmental characteristics, functions, services and other aspects of the region; and

WHEREAS, the Warren County Regional Planning Commission (RPC) adopted the Warren County Comprehensive Housing Plan in October, 1998, which comprises the Housing Element of the overall Warren County Comprehensive Plan; and

WHEREAS, a Housing Advisory Committee (HAC) was formed as an RPC Subcommittee, representing private sector, public sector and non-profit interests, and a consultant (Scott LeCount) hired by the RPC, to prepare an update to the 1998 Warren County Comprehensive Housing Plan; and

WHEREAS, the HAC met between June, 2006 and September, 2007, receiving and considering valuable input from guest speakers, representing the Warren County Balanced Housing Corporation, Ohio Valley Development Council (OVDC), Homebuilder's Association of Greater Cincinnati (HBA), Hensley Homes, Oak Leaf Homes, Warren County Office of Grants Administration, People's Community Bank, RE/MAX Results Plus, Henkle-Schuler Realtors, Warren County Board of Mental Retardation and Development Disabilities (MR/DD), Warren County Community Services (WCCS), New Housing Opportunities (NHO), Interfaith Hospitality Network of Warren County, Hope Habitat for Humanity, Warren County Housing Coalition, Warren County Metropolitan Housing Authority (WCMHA), as well as a Subcommittee on Affordability; and

WHEREAS, throughout this process, the HAC has thoughtfully considered trends related to demographics, median household income, development activities, housing conditions, affordability, lending, and foreclosure, as well as projections of future housing needs; and

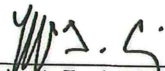
WHEREAS, the draft Plan Update generally conforms with the consensus developed in the HAC and Subcommittee on Affordability meetings; and

WHEREAS, the RPC has received and considered further input from interested citizens and the HAC through an advertised public hearing on this date;

NOW THEREFORE BE IT RESOLVED, that the RPC hereby adopts the Warren County Comprehensive Housing Plan update, including both the text and accompanying exhibits.


Richard Renneker, Chairman Pro Tempore
Warren County Regional Planning Commission

ATTEST:


Robert T. Craig, AICP, Executive Director
Warren County Regional Planning Commission

Date: October 9, 2007

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APPENDIX II
Warren County Housing Advisory Committee

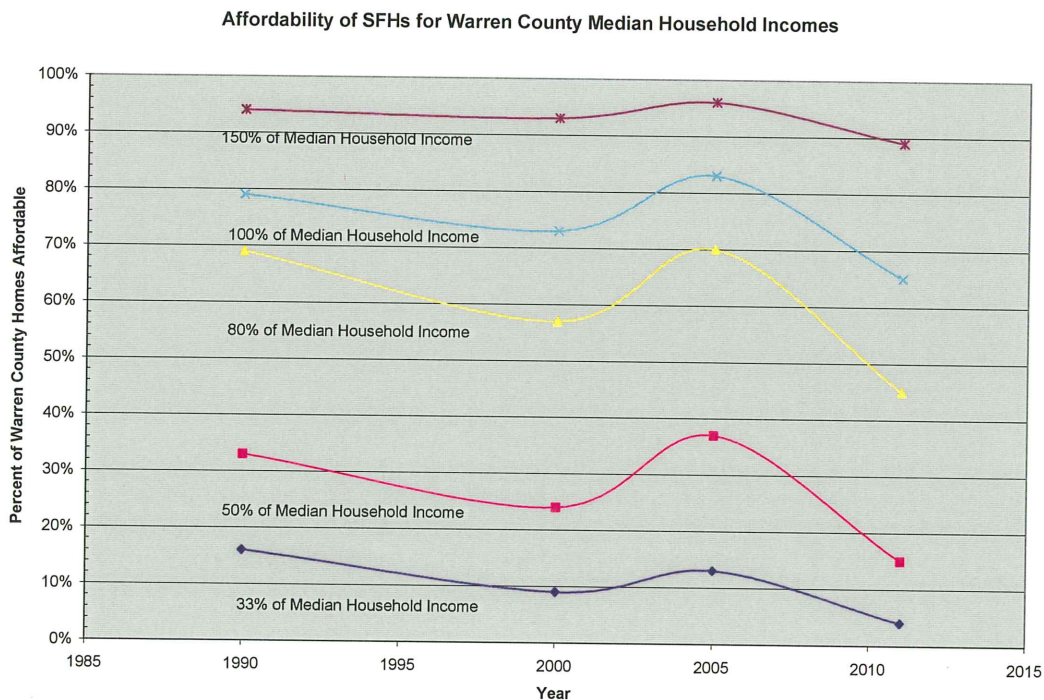
Affordability Subcommittee Report
August 23, 2007

Housing Affordability in Warren County from 1990 to 2011

Executive Summary

A simple model was developed to understand the changes in affordability of Warren County housing for median incomes from 1990 through 2005 and beyond. This analysis shows affordability of single family homes (SFHs) for all household incomes decreased from 1990 to 2000 but increased in 2005 due to historically low home interest rates. Further, with interest rates returning to more normal levels through 2011, overall affordability, particularly for those below the median income, will continue to show decline.

The model assumes a constant ratio between household income and home price for a given year by using a standard loan structure and interest rate. The affordable maximum home value for a given income is then calculated using a standard HUD affordability formula, adjusted with local home loan data. The maximum affordable home data are then compared to actual Warren County home valuations for the years 1990, 2000, and 2005, plotted on a cumulative % basis. Affordability for 2011 was also estimated. The following chart summarizes the historical relationship between affordability of SFHs and median incomes in Warren County for the study period using this model:



Assuming home interest rates return to historical levels of about 8% and current housing construction patterns continue, the model predicts affordability of SFHs would continue to decline for all household incomes through 2011. The decline in affordability, however, will be largest for those households below the Warren County median household income. The data for the 50% of median household income group, which typically includes individual starting teachers, firemen, police, nurses, etc., are as follows:

50% of Median Household Income Group

<u>Year</u>	<u>% of Warren County SFHs Affordable</u>
1990	33%
2000	24%
2005	37%
2011	15%

If this rate of decline were to continue for the 50% of median income group, affordability of SFHs in Warren County for this household group could be at about 0% by about the year 2030.

It is recommended:

1. Sufficient affordable housing for all income groups is important for Warren County’s sustained growth and quality of life. It is recommended that affordability of SFHs in Warren County be measured regularly to better understand trends and initiate appropriate responses.
2. Rental housing is an important step in household progression to home ownership. It is recommended that a similar study on availability of rental housing be conducted for Warren County.
3. This report be shared with the HAC and used to develop the HAC’s housing recommendations.
4. This report be appended to the HAC’s final report.

HAC Subcommittee on Affordability

Maureen McDermott, Oak Leaf Homes
 Jaden Sempstrott, Peoples Community Bank
 Jim McDonel, Habitat for Humanity
 Chuck Kirby, Warren County Housing Coalition

With Robert Craig, Executive Director, Warren County Planning Regional Planning Commission, as a valuable resource

Report: Housing Affordability in Warren County from 1990 to 2011

Date: August 23, 2007

Purpose: The purpose of this work was to understand the ability of Warren County's residents to purchase and rent affordable housing.

Background: Warren County's Housing Advisory Committee (HAC) issued a report in October 1998 entitled "Comprehensive Housing Plan, Warren County, Ohio". It recommended several courses of action to address the issue of housing affordability and balance, these issues being related to rapid population and housing construction growth in the County. The HAC was restarted in May, 2006 to reexamine the County's housing situation to provide updated perspectives.

The Affordability Subcommittee was formed about October 2006 to develop a more specific, quantitative understanding of the concept of "affordability" (a term liberally used in the 1997 HAC report but not well defined) and, using that definition, understand the changes to housing affordability over time in Warren County for various income groups.

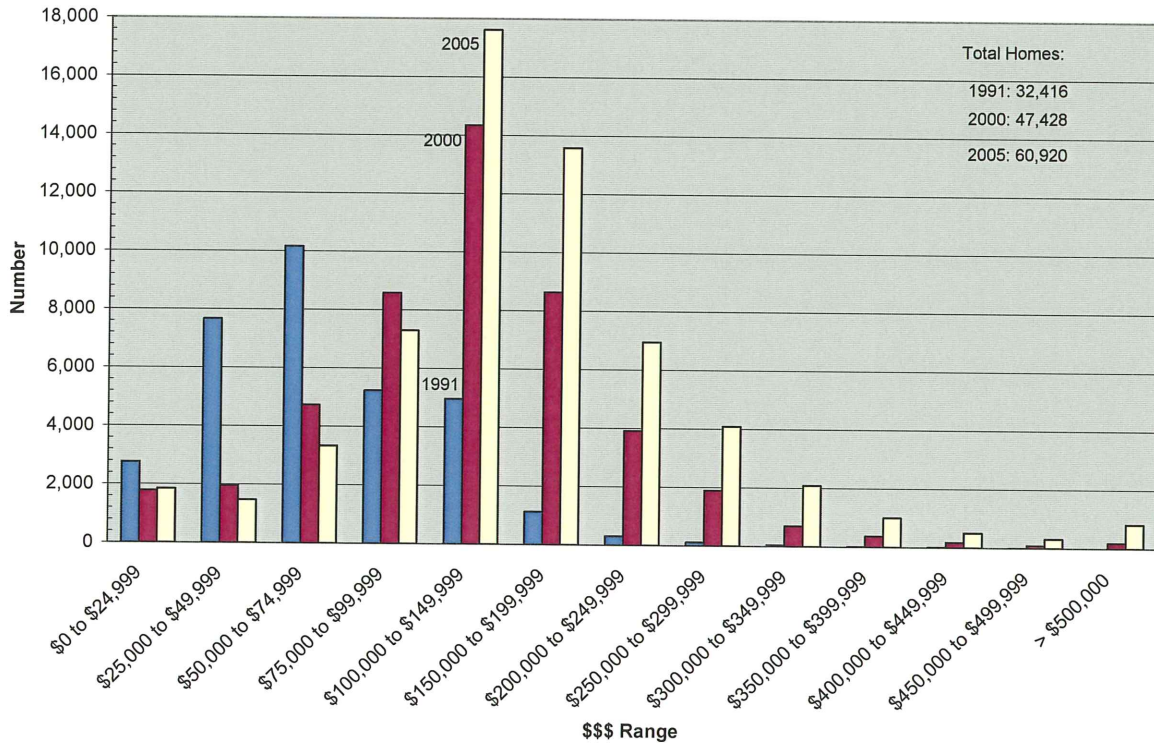
Methodology: Warren County data for income, housing, and banking were gathered for the years 1991, 2000, and 2005. These were combined with a definition of affordability to develop a simple model. The model was used to understand historic and possible future affordability of single family homes for various fractions and multiples of the median income.

Additionally, an effort was made to conduct a similar analysis for rental properties, since these are an important step in household progression towards home ownership. Unfortunately, comprehensive data for rentals were not available and this section of the work was postponed.

Results and Discussion: Single Family Homes (SFHs)

1. Number of Homes and Values: Warren County Auditor (Nick Nelson) data for number and values of single family homes, condominiums, and mobile homes for the years 1991, 2000, 2005 were obtained and are shown below in histogram form:

Values of SFHs in Warren County: 1991, 2000, 2005

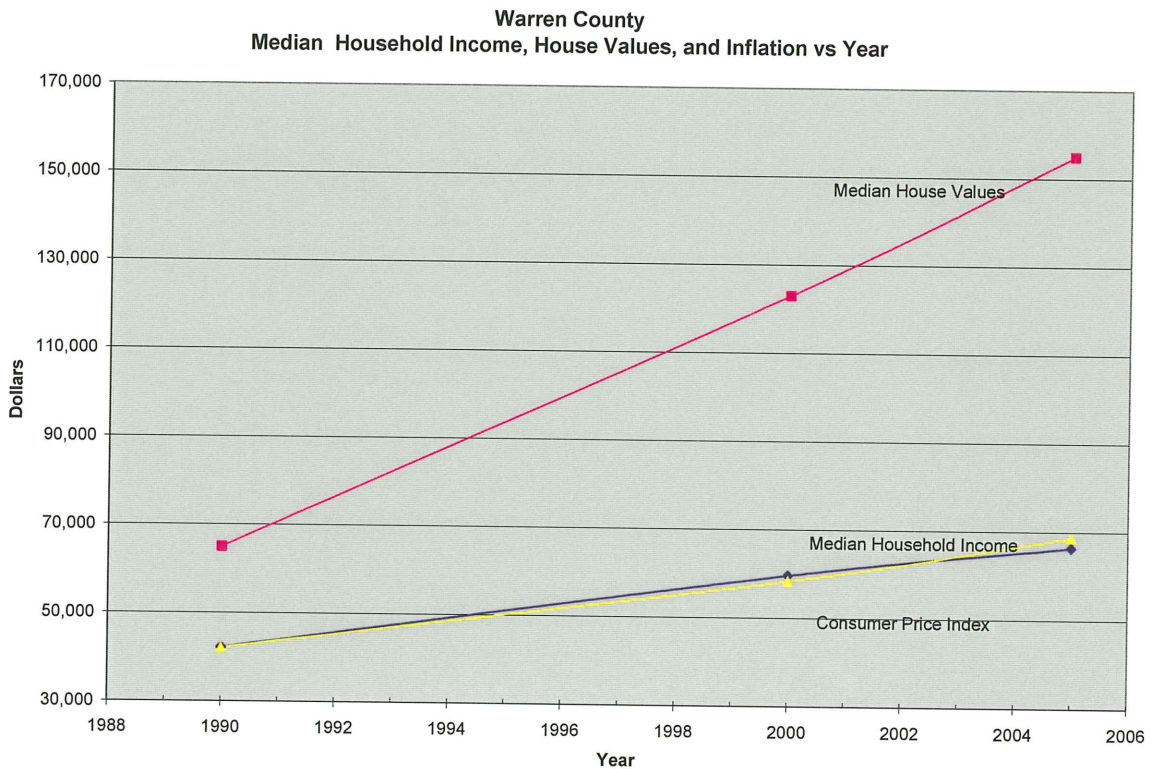


(Warren County Auditor data for calendar 1990 home values were not available. The closest evaluation data were calendar 1991 and these were used for all 1990 calculations to coincide with available 1990 Census data. Hereafter the 1991 data will be designated 1990.)

Note the 88% overall increase in the total number of homes during this period and the general shift of single family home values in Warren County. This trend is exemplified by the following table:

<u>Year</u>	<u>SFH Value</u>	<u>% of Warren County Homes</u>
1990	greater than \$250,000	0.57%
2005	greater than \$250,000	14.5%

The relationship between median income, median home value, and general inflation over this period are shown in the following chart. While the Bureau of Labor Statistics Consumer Price Index and the median income for this period increase at about the same rates, the median home values in Warren County during this period rose at a much higher rate:



These data show that over this period Warren County median incomes have increased at about \$1,600/yr but Warren county median SFH values have increased at about \$6,000/yr.

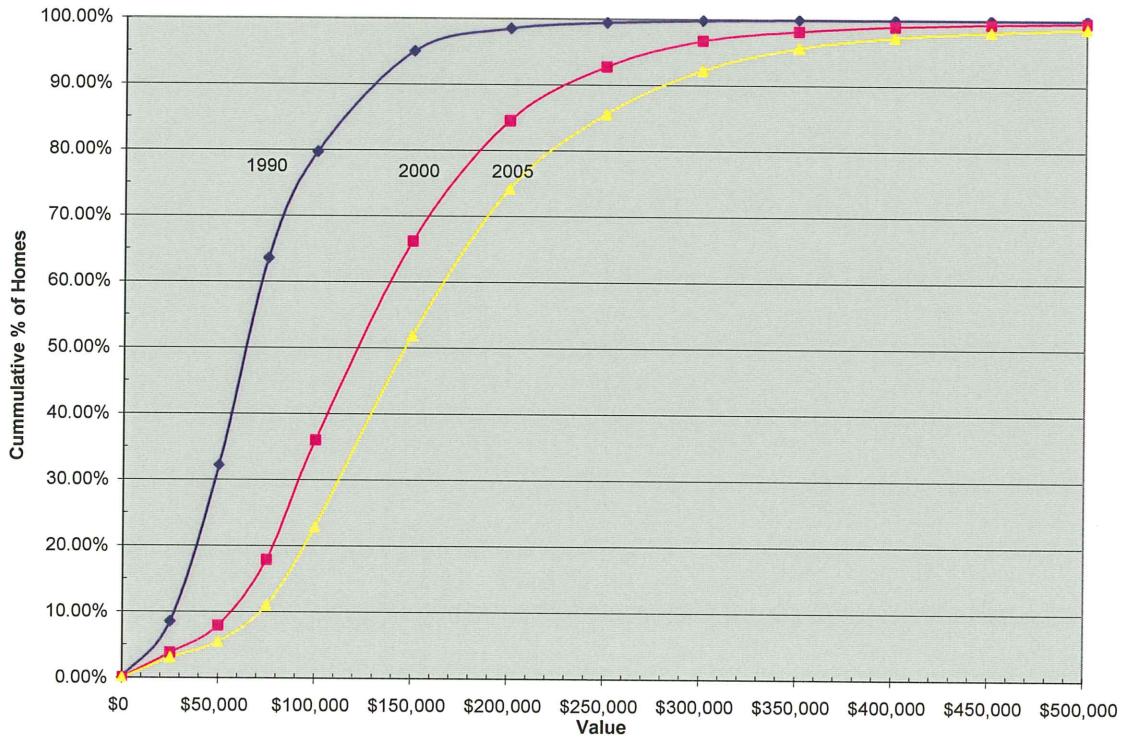
The relationship between median home value and median income over this period looks like:

Warren County	
<u>Year</u>	<u>Ratio: Median Home Value /Median Household Income</u>
1990	1.54
2000	2.05
2005	2.33

In 1990 the value of a median home in Warren County was 1.54 times the Warren County median household income: in 2005 this had increased to 2.33 times the median household income.

Another helpful arrangement of the Warren County housing data is to compare cumulative % of homes vs. home value. The chart below shows 1990, 2000, and 2005 Warren County data in this form.

Warren County SFH Values by Year



This chart of Warren County Auditor SFH values allows one to determine the % of SFHs at or below a given value. For example, by selecting a \$150,000 SFH one can see that:

In 1990 about **95%** of all Warren County homes were valued at \$150,000 or less

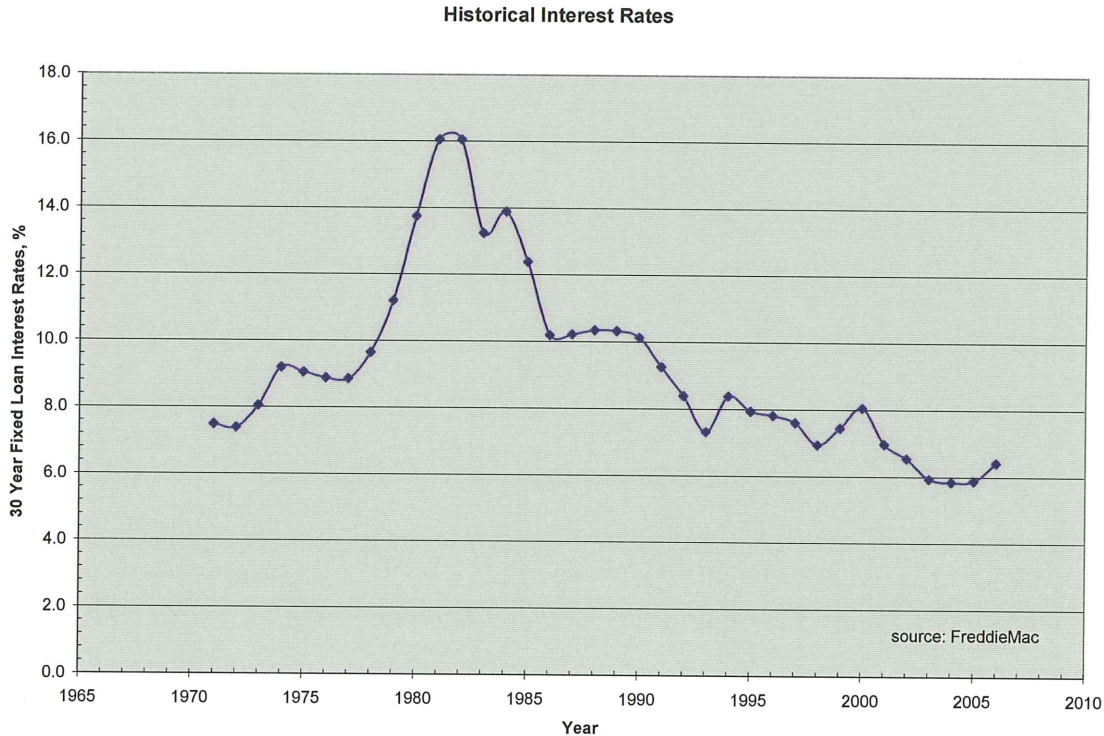
In 2000 about **70%** of all Warren County homes were valued at \$150,000 or less

In 2005 about **55%** of all Warren County homes were valued at \$150,000 or less

2. Population and Income: From 1990 to 2005 Warren County experienced a significant increase in population. A combination of US Census (1990, 2000) and Claritas (2005), a private data firm, contracted by the Warren County Office of Economic Development, were used. Key data used in this study are:

	YEAR		
	1990	2000	2005
Population	113,927	158,383	193,528
Households	39,030	56,020	69,782
Household Size	2.91	2.82	2.77
Median Income	\$40,534	\$57,952	\$66,388

3. Loan Assumptions and Interest Rates: FreddieMac historical 30 year fixed loan interest rates for the last 35 years are shown in the below graph. Note that 2005 interest rates are at a historical low.



While these are national data, they are generally consistent with local Warren County bank 30 year fixed loan rates over this period (J. Sempsrott).

For modeling purposes a standard loan structure was assumed:

- 30 yr fixed loan
- 20% down
- Applicable Interest rate for that year

While this one loan structure does not reflect all loans (certainly not the more aggressive sub prime loans, ARMs, etc), it does represent the majority (greater than 50%) of local home loans and for modeling purposes served as a standard basis of comparison.

We were able to evaluate the accuracy of the 20% down payment assumption by evaluating a sampling of Warren County home loans by 5/3 bank for 2000 and 2005. These are summarized as follows:

Total loans:	42
Down payment range:	11% to 28%
Down payment weighted average:	18.4%

Thus it was assumed for modeling purposes the 20% down payment assumption was reasonable.

Another modeling consideration was that the incomes for the actual loans examined were 125% of the median income and below. Exclusion of loans from the 150% and above households (these were not available) biases the overall predictions somewhat but conversely, makes the results somewhat more accurate at the lower incomes, arguably an area where housing affordability is a greater issue.

Specific FreddieMac interest rates used for this study were:

<u>Year</u>	<u>Interest Rate</u>
1990	10.13%
2000	8.05%
2005	5.87%

4. Definition of Affordability: There are many published definitions and calculations of “affordable” housing. The federal government Department of Housing and Urban Development’s (HUD) defines an affordable dwelling as one that requires no more than 28% of ones gross income for mortgage payment, taxes, and insurance.

Using the above standard loan parameters and the 28% HUD affordable number one can estimate what annual income would be required to “afford” any value home for a particular year as follows:

1. Select home value
2. Determine loan parameters
3. Calculate resulting repayment amount
4. Divide repayment amount by 28 % housing costs to estimate income

The result of this calculation is a theoretical estimate of the household income required for purchase of a particular price home. For a given year with a constant loan period, constant % down payment, and constant interest rate these calculations can be reduced to a constant “affordability” factor for that particular year as shown below:

For 1990 interest rates were 10.13%

Assume a \$100, 000 home is purchased at 20% down

An \$80,000 loan for 30 years at a fixed 10.13% requires a repayment of \$710/mo to cover payment of principle and interest.

Assume insurance and taxes add a fixed amount/month equal to 25% of the loan payment amount. This makes the total payment \$888/month. Assuming this is no more than 28% of income, annual income is then \$38,036 /yr

$\$100,000 \text{ home price} / \$38,036 \text{ annual income} = 2.63$: call this ratio the “affordability factor”

Likewise, for a \$200,000 home in 1990 similar calculations show: $\$200,000 / \$60,857$

= 2.63

A similar constant factor is seen for 2000 and 2005. Thus:

$$(1) \text{ Affordability Factor} = \text{Maximum Affordable SFH Value} / \text{Annual Household Income}$$

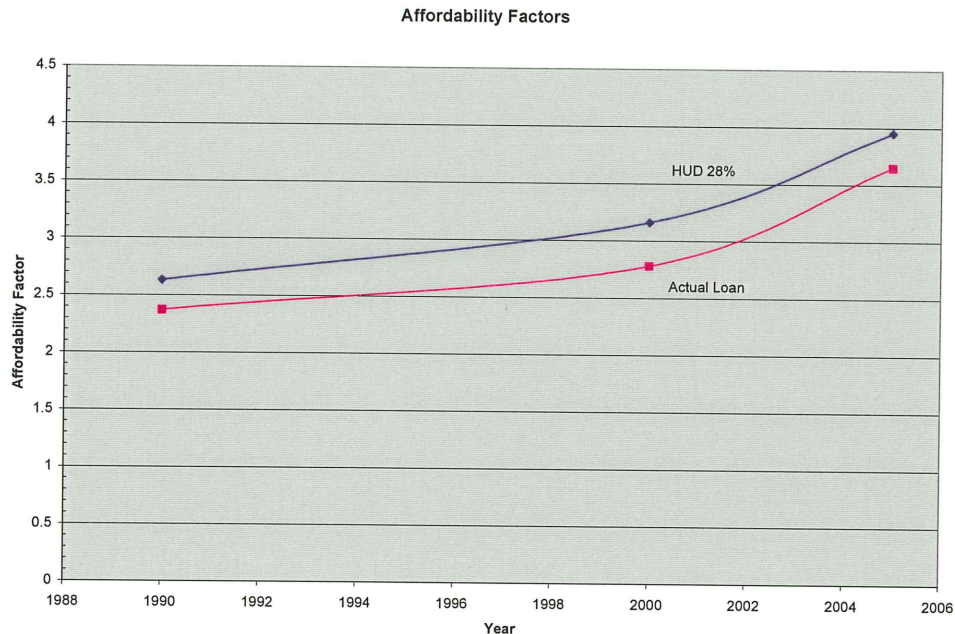
Or, rearranging

$$(2) \text{ Maximum Affordable SFH Value} / \text{Affordability Factor} = \text{Annual Household Income}$$

Affordability factors calculated in this manner using the HUD 28% guideline were:

<u>Year</u>	<u>Affordability Factor</u>
1990	2.63
2000	3.16
2005	3.95

We evaluated the validity of these calculated affordability factors by comparing them to actual loan data provided by 5/3 bank and Balanced Housing. A total of 77 loans from 2000 and 2005, covering a range of loan amounts, home prices, and incomes, were examined (see Appendix Table 2). These data were then used to adjust the 28% affordability factors to more closely coincide with the actual loan data. The overall relationship between these two data groups is shown below:



Note the affordability factors from the actual data were lower by about 10%. This difference may reflect the impact of total debt on actual home loan practices. We chose to adjust the 28% affordability factors to more closely duplicate the actual loan data for modeling accuracy.

5. Affordability Calculations: The affordability factors and interest rates used for this model and analysis were:

<u>Year</u>	<u>Affordability Factor</u>	<u>30 Year Fixed Interest Rate</u>
1990	2.37	10.13%%
2000	2.78	8.05%
2005	3.65	5.87%

By these calculations and assumptions the household income required to afford a home valued at \$100,000 is, using equation (2) above:

$$\$100,000 / \text{Affordability Factor} = \text{household income}$$

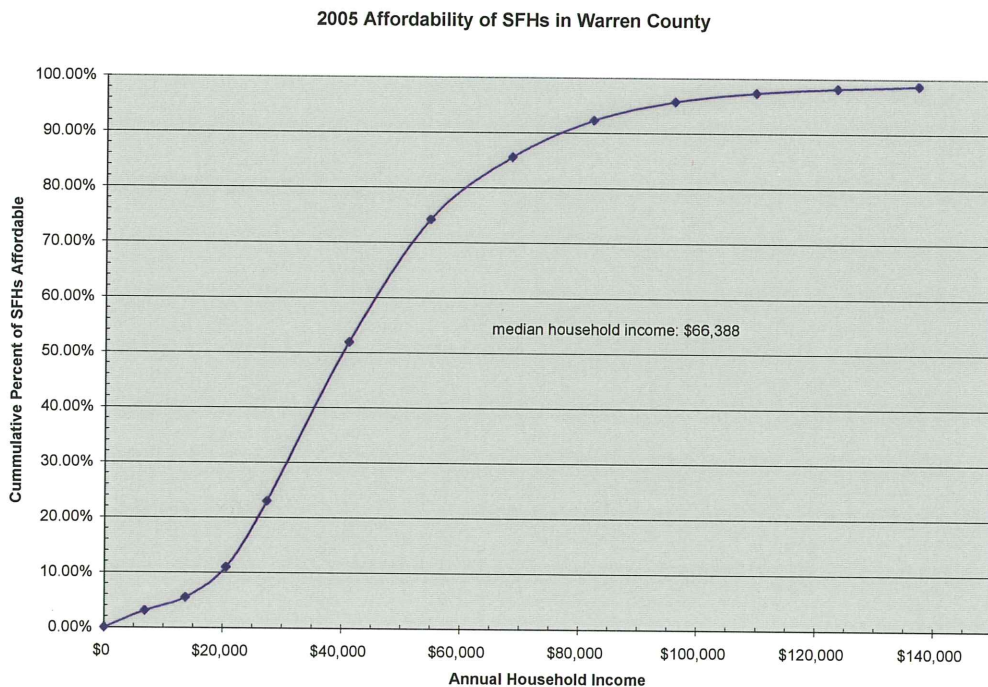
For 1990 this is: $\$100,000 / 2.37 = \$41,194$

For 2000 this is: $\$100,000 / 2.78 = \$35,971$

For 2005 this is: $\$100,000 / 3.65 = \$27,397$

This process can be repeated for various home values and combined with the data on % of Warren County homes that are at or below the selected home values to show the % of Warren County homes that are affordable for any income for that particular year.

For example, the Warren County home data for 2005 (page 6) shows that about 22% of Warren County homes were valued at \$100,000 or less. This means that households with incomes of $\$100,000 / 3.65 = \$27,397$ could afford about 22% of Warren County SFHs. Repeating this process for other home values develops a relationship between income and % of SFHs affordable as follows:



This relationship shows, for example, in 2005 a household income of \$40,000 could afford about 47% of the SFHs in Warren County whereas a household income of \$80,000 could afford about 91% of Warren County SFHs.

Similar curves were constructed for 1990 and 2000 and are show in the Appendix (page 19).

6. Median Household Income Analysis: The median household income is the income that represents the midpoint of all household incomes: 50% of household incomes are above and below the median value. Note that median income changes with each year as household income shifts. Median household incomes for Warren County for 1990, 2000, and 2005 used in this work were:

<u>Year</u>	<u>Warren County Median Income</u>
1990	\$42,175 /yr.
2000	\$59,593 /yr.
2005	\$66,388 /yr.

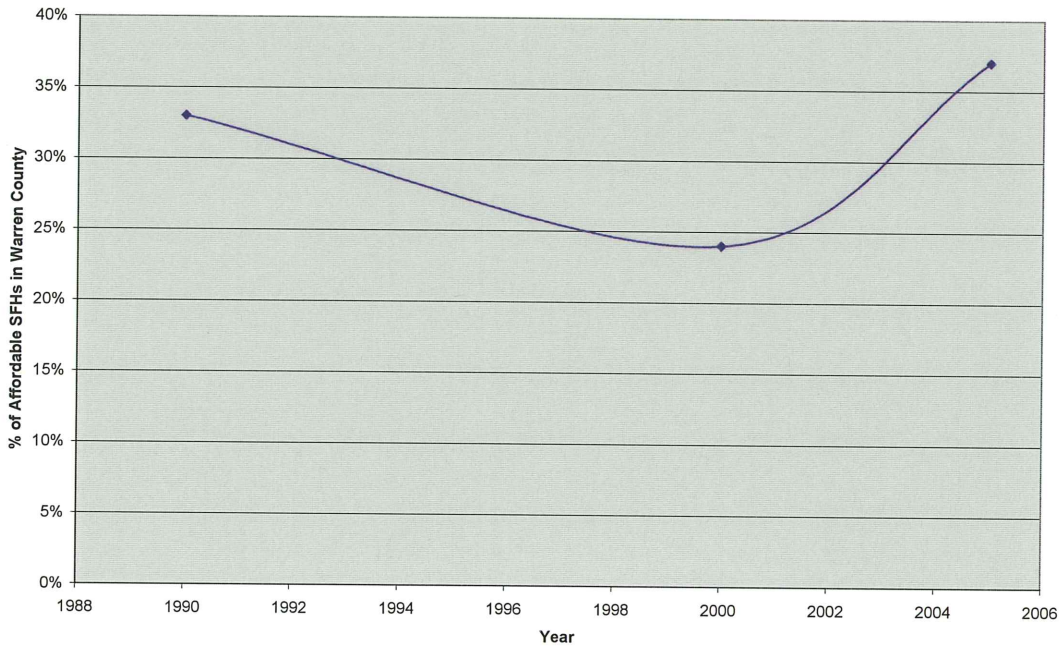
(Note: 1990 and 2000 data are US Census 1989 and 1999 data reported in 1990 and 2000 Census but 3% adjusted for calendar 1990 and 2000)

These incomes (or fractions or multiples thereof) can be used with the income vs. affordability data above to understand the change in median income affordability for 1990, 2000, and 2005. For example from the graphs we can determine affordability of SFHs for 50% of the median income as:

<u>Year</u>	<u>Affordability of SFHs in Warren County for 50% of Median Income</u>
1990	33%
2000	24%
2005	37%

These data can be plotted to visually show the trend of 50% of the median income over time :

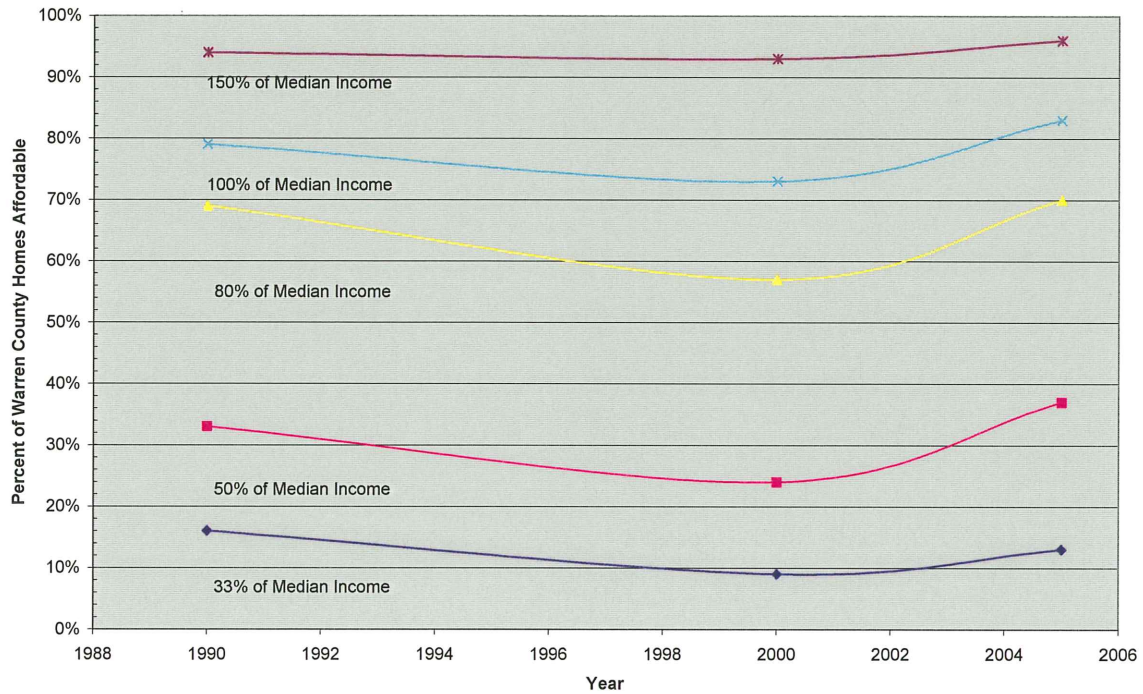
Affordability of SFHs for 50% of the Median Income



This graph shows that for period 1990 to 2000 the % of affordable homes for those Warren County households at 50% of the median income declined from about 33% to about 24%. However, in 2005 this household income group experienced an increase in affordable SFHs to about 37% of all Warren County homes. This is due to the decline in home loan interest rates from 8.07% in 2000 to a 34 year record low of 5.87% in 2005.

Conducting a similar analysis for 33%, 80%, 100% and 150% of the median incomes for 1990, 2000, and 2005 shows a similar decline and increase pattern:

Affordability of SFHs for Warren County Median Household Incomes



Interestingly, if the 2005 interest rates had remained at the 2000 value of 8.07% instead of falling to 5.87%, the affordability of SFHs would have continued to show the 1990 to 2000 decline:

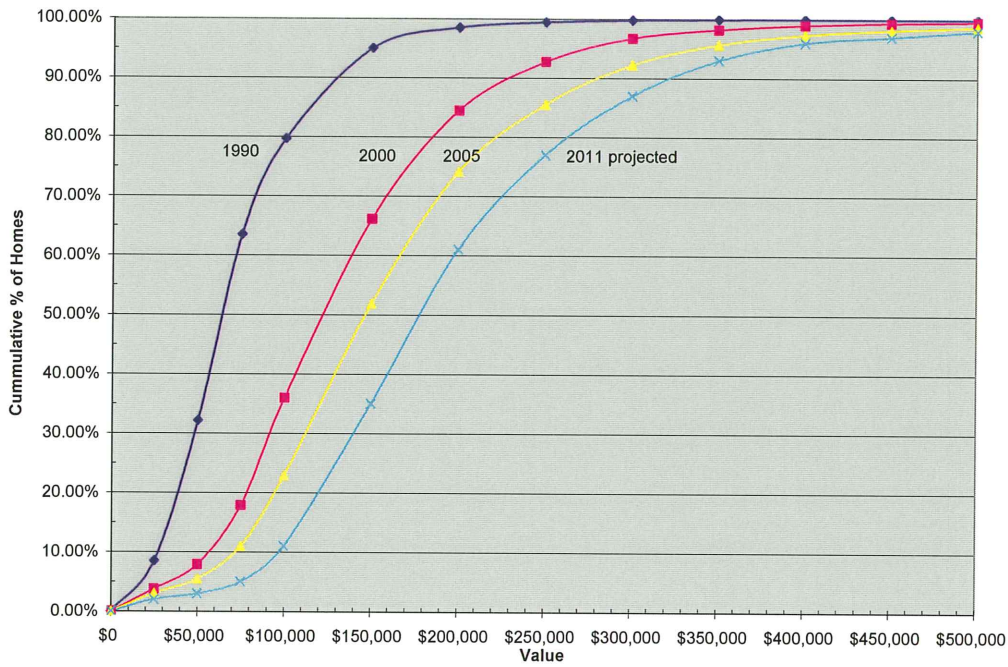
% of Warren County Homes Affordable in 2005

<u>% of Median Income</u>	<u>Actual 2005 Affordability</u> 5.87% Interest	<u>Hypothetical 2005 Affordability</u> 8.07% Interest
33%	13%	7%
50%	37%	18%
80%	70%	52%
100%	83%	67%
150%	96%	90%

This shows the uneven sensitivity of income groups to interest rates: the affordability of SFHs for households above the median is less impacted by increased interest rates than households with less than the median household income.

7. Projections: Model projections for 2011 were made and added to the above chart. Home value data can be estimated from the 2000 to 2005 data and are shown below:

Warren County SFH Values by Year

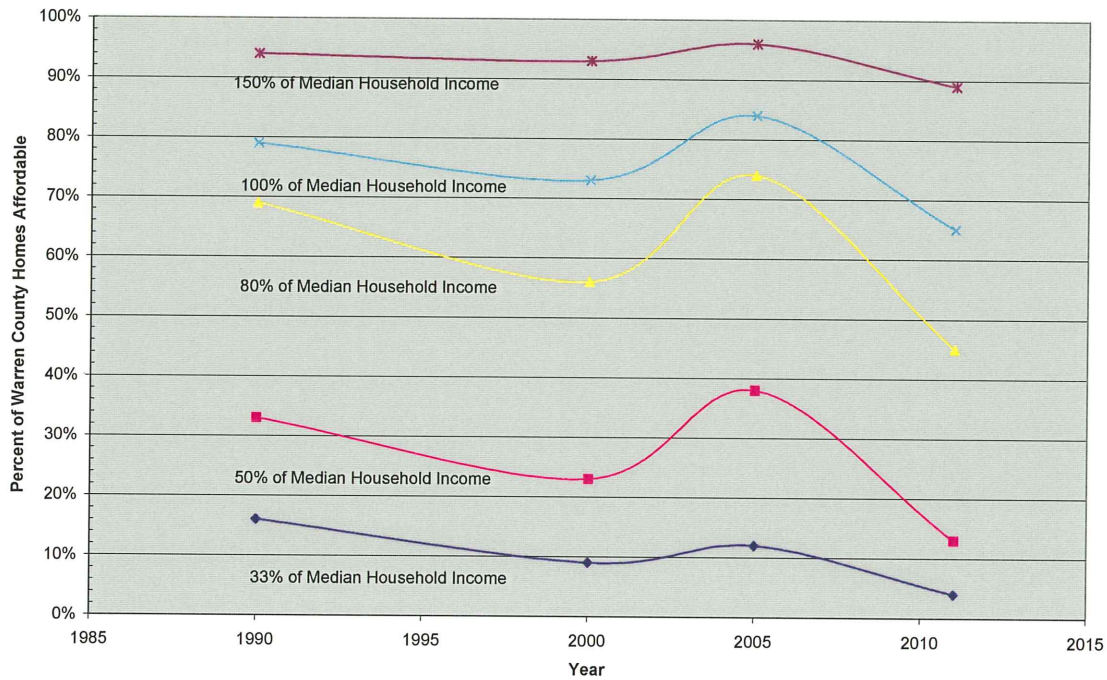


Similarly, Claritas data for 2011 estimated household income are available:

	YEAR			
	1990	2000	2005	2011
Source	Census	Census	Claritas	Claritas
Population	113,927	158,383	193,528	232,974
Households	39,030	56,020	69,782	84,918
Household Size	2.91	2.82	2.77	2.74
Median Income	\$40,534	\$57,952	\$66,388	\$77,000

Using the estimated median income data, the estimated home valuation curve, and a historical “average” home loan interest rate of about 8%, the median household income affordability for 2011 can be estimated and added to the historical:

Affordability of SFHs for Warren County Median Household Incomes



This chart shows the overall decline of affordability with an interest rate of 8% for 2011. (These data are shown in tabular form in the Appendix)

Overall rate of change for each income group over this period using actual data for 1990, 2000, and 2005 and assuming an interest rate of about 8% in 2011, are calculated as follows:

<u>% of Median Household Income</u>	<u>Affordability Rate of Change, 1990 to 2011</u>
33%	- 0.48%/yr.
50%	- 0.61%/yr.
80%	- 0.87%/yr.
100%	- 0.46%/yr.
150%	- 0.16%/yr

Were this trend of decline to continue and remain constant, affordability for the 50% of median household income group could decline to about 0% by the year 2030. With the indicated assumptions, this would contrast to the 40 years prior as follows:

50% of Median Household Income Group

<u>Year</u>	<u>Affordability</u>
1990	32%
2000	23%
2005	38%
2011	15%
2030	0%

If this reduction in affordability for this income group were to occur, the ramifications would likely be transformational for Warren County, discussion of which is beyond the scope of this report. However, one could easily see that many in the 50% of median household income group, households that currently provide the labor for many essential County services and businesses and are critical to the efficient functioning of the County, could gradually leave the County to find affordable SFHs. This could in turn create a future risk of a reduced labor supply and/or increased traffic congestion/pollution as this labor is forced to commute into Warren County for employment.

For perspective on the 50% of median income group, consider how the 2005 City of Mason starting salaries for teachers, firefighters, and police as well as general labor compare to the median household income for Warren County:

<u>Occupation</u>	<u>2005 Earnings</u>	<u>% of 2005 Median Household Income</u>
Teacher	\$34,211/yr	52%
Firefighter	\$31,512/yr	47%
Policeman	\$44,220/yr	67%
General Labor	\$8 -9/hr x 2 adults	50%
General Labor	\$16.50/hr x 1 adult	50%

8. Balanced Housing is a Warren County program started as a result of the 1998 Warren County Comprehensive Housing Plan that addressed the issue of affordability. It provides subsidized interest rates to qualified prospective home buyers with incomes of 80% or less of the Warren County median income for about 25 clients for each calendar year. Assuming that Balanced Housing were to become the vehicle to address this issue consider the following estimates:

Assume that Warren County needs affordable SFHs for 50% of median income households in order to function efficiently.

Assume that the **desired affordability of SFHs for the 50% of median income group is about 20%** in 2011, about the 2000 level.

Assume that interest rates are at 8.07% in 2011, resulting in a **projected affordability for this household income group of about 15%** of SFHs. This compares to the 20% target as follows:

Assume that in 2011 there are about 70,000 SFHs in Warren County. In round numbers:

$15\% \times 70,000 = 10,500$ affordable homes will exist for 50% of median income

Vs.

$20\% \times 70,000 = 14,000$ affordable homes are desirable for 50% of median income

The gap is about 3,500 affordable SFHs: this is about 585 homes /yr needed for 6 years (2005 to 2011). This compares to the about 25 homes/yr Balanced Housing would be projected to provide

over this period (assuming all are awarded to 50% of median income households). This is about 4 % of the gap.

Net, Balanced Housing, as configured and operating today, while successfully providing increased housing opportunities for Warren County households with 80% or less than median income, will not be able to appreciably impact this decline in affordability without a significant change in current resources and scope of operation.

Results and Discussion: Rental Housing Affordability:

Understanding Warren county rental housing affordability is important because rentals are an important step for most households in the progression towards ownership of SFHs. For some higher than median income households (i.e. single professionals) rentals may provide a primary housing choice. In contrast, for those households significantly below the median income rentals may represent the only Warren County housing option. Unfortunately, the available data on number of Warren County rental units and costs were not readily available and unfortunately this portion of the subcommittee work was suspended.

Conclusions and Other Thoughts

1. The methodology used here to assess the changes in affordability of SFHs over the period from 1990 to 2011 shows decline for the income groups shown. While this specific methodology may differ from other approaches, the general conclusion presented here is consistent with other published data: many Warren County households have experienced a decline in SFH affordability and this trend will likely continue. At issue is what can or should be done to avoid this having a negative impact on Warren County's overall future growth and quality of life.

Regularly monitoring SFH affordability across all income groups, whatever the methodology, would seem to be prudent in light of the potential problems that could be created by a continuing, long term housing affordability decline for households below the median income.

2. Note this analysis did not examine specific County geographical areas. While we recognized there are certainly differences in housing affordability throughout Warren County, specific geographical analysis was considered a possible "next step" beyond this work.

3. While the adjustments to the theoretical 28% affordability factors were based primarily on one local lending institution (5/3 rd Bank) and one agency (Balanced Housing) this limited sourcing introduces some risk of bias and error, it was felt that for modeling purposes this was acceptable.

Recommendations

1. It is recommended that SFH affordability be monitored in Warren County at regular frequencies – perhaps every 2 years – to understand how this changes with changes in home interest rates, household incomes, construction patterns, economic conditions in the County, etc. This would provide the data to compare year to year changes in affordability and would provide the kind of trend data necessary for a thorough understanding needed to put in place any appropriate countermeasures. The specific methodology to measure affordability need only be consistent so valid year to year comparisons can be made concerning trends.
2. It is recommended that affordability of rentals in Warren County be assessed. Rentals are an important housing step in the progression of households towards home ownership. In some cases, where households are unable to find affordable SFHs, rentals may provide the only housing option that meets the combined criteria of affordability and proximity to employment. At present there is no data that we are aware of detailing historical, current, or projected Warren County rental housing affordability.
3. It is recommended that this report be forwarded to the Housing Advisory Committee for their review and use in developing their recommendations.
4. It is recommended this report be appended to the final Housing Advisory Committee's report.

HAC Subcommittee on Affordability

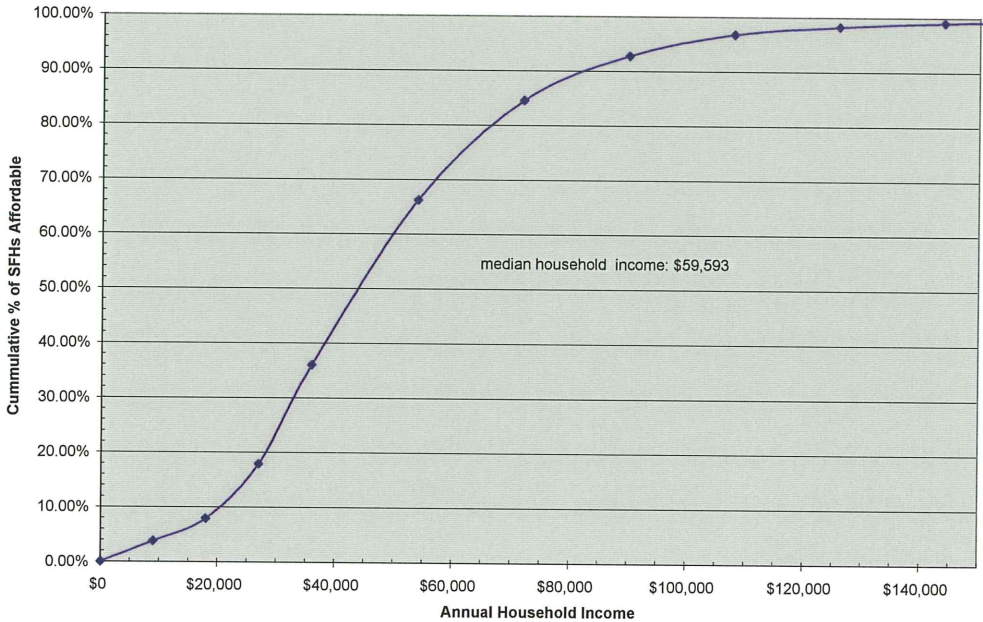
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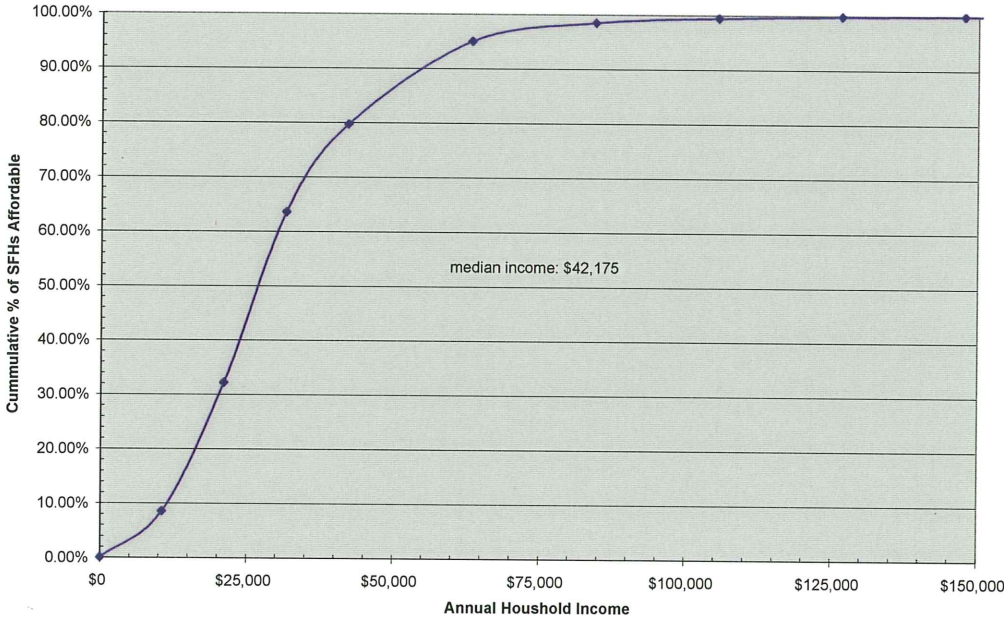
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Subcommittee Report Appendix

2000 Affordability of SFHs in Warren County



1990 Affordability of SFHs in Warren County



8/23/07

Table 1

Warren County Affordability of SFHs

Household Income

			33% Of Median	50% of Median	80% Of Median	100% Of Median	150% Of Median
Year	Median Income	Interest Rates 30 yr Fixed	% of Warren County Homes Affordable	% of Warren County Homes Affordable	% of Warren County Homes Affordable	% of Warren County Homes Affordable	% of Warren County Homes Affordable
1990	\$42,175	10.13%	16%	33%	69%	79%	94%
2000	\$59,593	8.07%	9%	24%	57%	73%	93%
2005	\$66,388	5.87%	13%	37%	70%	83%	96%
2005 hypothetical	\$66,388	8.07%	7%	18%	52%	67%	90%
2011 hypothetical	\$77,000	5.87%	8%	33%	69%	83%	96%
2011 hypothetical	\$77,000	8.07%	4%	15%	45%	65%	89%
2011 hypothetical	\$77,000	10.13%	3.5%	8%	32%	52%	82%

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Table 2

Actual House Value/Income Loan Data vs. Theoretical HUD 28%

Source	Year	n	Avg. Income	Avg. House	Actual House/Income Ratio	HUD 28% H/I	Ratio Actual/HUD
5/3	2005	10	\$35,000	\$112,900	3.54		
5/3	2005	6	\$45,000	\$137,100	3.04		
5/3	2005	6	\$62,500	235,317	3.77		
Bal.House	2005	10	\$25,000	\$114,900	4.6		
Bal.House	2005	16	\$35,000	\$136,000	3.89		
Bal.House	2005	9	\$45,000	\$139,400	3.10		
	total	57		Overall 2005	3.65	3.95	0.92
5/3	2000	10	\$35,000	\$90,450	2.58		
5/3	2000	5	\$45,000	\$122,000	2.71		
5/3	2000	4	\$62,500	\$195,360	3.13		
5/3	2000	1	\$85,000	\$280,000	3.29		
	total	20		Overall 2000	2.78	3.16	0.88
Calculated	1990	n/a	n/a	n/a	2.37	2.63	0.90

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2005 Affordability Factor Calculation Example

1. Annual income required to afford a given value home: Assume \$100,000 home

$$\text{Home Value} \times 0.8 = \text{Loan amount}$$

2. 30 year fixed loan payment on \$80,000 at 5.87% interest = \$471/month for principle and interest. Add 25% for taxes and insurance = \$589/month

3. Assuming a theoretical HUD maximum 28% of income goes to housing debt

$$\$589/0.28 = \$2,104 \text{ monthly household income}$$

$$12 \times \$2,104 = \text{annual household income} = \$25,243$$

This is the theoretical HUD annual household income required to afford a \$100,000 home in 2005 with a 30 year fixed loan with 20% down.

Note that: $\$100,000/\$25,243 = 3.95$ or annual household income $\times 3.95 =$ maximum affordable home. This factor is constant for this year for all household incomes using this loan structure: \$200,000 home requires an income of \$50,486, etc.

5. A check using actual 2005 5/3rd 30 year fixed loan data (n = 22) for Lebanon:

$$2005 \text{ home price/household income ratio} = 3.65, \text{ about } 92\% \text{ of theoretical } 3.95$$

- A check for 2005 using actual loans for Balanced Housing (n = 35) shows:

$$2005 \text{ home price/household income ratio} = 3.49, \text{ about } 88\% \text{ of theoretical } 3.95$$

6. A similar calculation for 2000 using 5/3 loan (n = 20) data.

$$2005 \text{ home price/household income ratio} = 2.78$$

About 70% of theoretical 3.16

Together these suggest adjusting the HUD 28% theoretical data would increase accuracy. Therefore the theoretical affordability factors for 2005, 2000, and 1990 were adjusted by weight averaging and these used in the model calculations.