

Dubois County HOUSING STRATEGY

FREQUENTLY ASKED QUESTIONS

■ What is “workforce” housing?

On the most basic level, “workforce housing” is housing that is affordable (housing cost should not exceed 30% of a household’s annual income) to the majority of a community’s workforce. In terms of this study, it is housing product – for sale or for rent – that is affordable to individuals and households earning, on average, \$27,000 annually. The average workforce income was derived from survey responses from over 1,000 Dubois County employees in the manufacturing field. Manufacturing jobs make up nearly 50% of the County’s workforce. Workforce housing is not interchangeable with very low-income or public housing, but addresses the housing needs of working individuals and families, who for a number of reasons – including personal finances, housing availability and supply, local housing market, etc. – cannot secure adequate housing without exceeding 30% of their annual household income near their place of employment.

■ Why is it important that the community address the workforce housing issue?

Workforce housing plays two critical roles in the Dubois County context. It first provides safe, decent, affordable housing for a large portion of the County’s households, but it also plays a role in broader economic development efforts that affect the entire County. If housing becomes too expensive or difficult to find, it is likely these households will look to other areas for their housing needs – leaving the County to deal with a declining population, vacant or underused housing, diminishing workforce and a shrinking tax base. Additionally, and just as critical, is the role of workforce housing to the County’s larger economic development efforts. Several key businesses directly linked their ability to expand and add employees, to the County’s lack of acceptable workforce housing. Without adequate housing choices, it has become increasingly difficult for local businesses to recruit new employees and expand to meet growing demand. This inability may affect a business’ future decisions to expand or consider relocating outside Dubois County.

■ Is there a workforce housing shortage?

The oversimplified answer is no – nearly 60% of the County’s housing supply could be considered “affordable” to the average Dubois County worker. It is important to understand that much of this product is older (50 years of age or older), of lesser quality and not in areas with access to services, employment and other community amenities. Little new workforce housing has been built in the last 10-20 years. For example in 2014 the average new construction value of homes built was \$260,000, well above the affordability level for most workers. However, inventory is not the chief workforce housing concern, but the need to address the age, quality, location and housing type near employment clusters as a means to expand attractive workforce housing options in Dubois County.

FREQUENTLY ASKED QUESTIONS, continued

- **What is “affordable” for workforce housing?** The affordable range for workforce housing in Dubois County is \$90,000 to \$200,000, with an average price point of \$150,000. This value is based on what an entry level employee (approximately \$27,000 annual income) could afford without exceeding 30% of his/her annual income. This number assumes the employee is the sole earner for the household and is able to make a 20% down payment at the time of purchase.
- **Who is the most likely market for a workforce housing program?** Entry level production employees, especially new employees, are the most likely market for the initial phase of a Dubois County workforce housing program. With plans to add over 1,000 new production level jobs over the next five years, the need for affordable housing in proximity to existing job clusters intensifies. If the program can be implemented in conjunction with local employers, the ability to capture a larger portion of this market becomes possible.
- **If a workforce market exists, why are local builders not taking advantage of it?** There are several challenges with building affordable workforce housing, many of which can be addressed with a well-coordinated housing program. Key concerns for Dubois County include the availability and perceived cost of land, an undefined, untested market, limited profit margins for builders, and the cost associated with implementing local development standards. Additionally, many local developers have had success building higher cost housing and may be more comfortable with that market and its return on their investment. Incentives and public support are likely part of the solution required to entice builders to meet the local demand for workforce units until the market opportunity is better understood.
- **Are there better places to build workforce housing than others?** Yes, in this context, it is important to locate new or improved workforce housing near existing job clusters. With a sufficient inventory of “affordable” units in the County, it is important that new workforce housing has an added value and successfully competes with existing low cost housing. The Urban Land Institute’s Community Preference Survey indicates that 50% of Americans want to be in walkable neighborhoods and almost as many want to be in proximity to destination and services. Dubois County communities offer a unique setting that couples employment opportunities in proximity to historic neighborhoods, restaurants, services and other community amenities and will be of value to many existing and new employees.
- **Does affordable housing mean poorly constructed housing?** Absolutely not. There are cases in which developers and/or landlords have taken shortcuts on the quality of affordable housing construction and the rehabilitation of existing units resulting in poor quality housing that is difficult to maintain. On the other hand, there are builder/developers that have designed and constructed affordable housing that is well built and fits well within existing communities and neighborhoods. A well-established workforce housing initiative will prioritize design, quality building practices and neighborhood amenities resulting in the production of housing units that will serve the community well for decades to come.