



Agenda for City Council & Redevelopment Commission work session
10:30 a.m., February 2, 2024 –Residential Project Updates & Discussion
Schrock Pavilion, Shanklin Park, 411 West Plymouth Avenue, Goshen, Indiana

Common Council:

Linda Gerber (At-Large) **Phil Lederach** (District 5) **Doug Nisley** (District 2)
Megan Peel (District 4) **Donald Riegsecker** (District 1) **Matt Schrock** (District 3)
Council President Brett Weddell (At-Large)

Redevelopment Commission:

Brianne Brenneman **Brian Garber** **Jonathan Graber**
Bradd Weddell (School Liaison) **Brett Weddell** **Colin Yoder**

- 1) Welcome and introduction by Mayor Leichty (5 minutes)**
- 2) Introduction of City Council & Redevelopment Commission (5 minutes)**
- 3. Background of Goshen housing issues by Becky Hutsell (20 minutes)**
 - a. 2022 Housing Study
 - b. History of using TIF (Tax Increment Financing) for housing projects
 - c. In-progress/Completed housing projects
 - d. Potential READI 2.0 (Regional Economic Acceleration & Development Initiative) funding
- 4. Panel Discussion – Discussion of current challenges faced for new housing development projects (30 minutes)**
 - a. **Brad Hunsberger**, Lacasa
 - b. **John Anderson**, AP Development, LLC
 - c. **Chris Chabenne**, Kosene & Kosene
 - d. **Mike Blosser**, Interra Credit Union
 - e. **Doug VonGunten**, Ancon Construction
- 5) Q&A session facilitated by Mayor Leichty (20 minutes)**
- 6) Draft TIF Policy discussion (10 minutes)**
- 7) Adjournment**



**Department of Community Development
CITY OF GOSHEN**

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Memorandum

To: City Council & Redevelopment Commission Members

From: Becky Hutsell, Redevelopment Director

Date: February 2, 2024

RE: **Work Session - Residential Project Updates & Discussion**

The purpose of this Work Session is to review the background on Goshen's housing challenges, including the following topics:

1. 2022 Housing Study Findings;
2. History of using TIF for Housing in Goshen;
3. Review of In-Progress/Completed Housing Projects; and
4. Potential READI 2.0 Funding Opportunity.

In addition, we have invited five (5) panelists to join us from a variety of backgrounds to update us on the current challenges they're facing with regards to new housing projects. We will hear briefly from each panelist and will then open up the floor for a Q&A session between the panelists and the Council and Commission members.

The final topic will be the TIF policy that has been drafted and a discussion regarding any desired amendments prior to adoption as an approved policy.

In advance of Friday's meeting, the following materials are being provided to help bring our new members up to speed and to refresh the memories of existing members:

1. 2022 Housing Study (Exhibit A)
2. READI 2.0 Information Sheet (Exhibit B)
3. Draft TIF Policy (Exhibit C)

A copy of the full presentation will be distributed to all members by Thursday afternoon for review in advance of the work session.

Exhibit A
2022 Housing Study

Housing Market Analysis

City of Goshen, Indiana

October 2022

9025 River Road, Suite 200
Indianapolis, Indiana 46240
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AMERICAN
STRUCTUREPOINT
INC.

TABLE OF CONTENTS

Contents

Executive Summary	1
Total Demand for Market-Rate Housing Through 2030.....	1
Demand for Market Rate Rental Housing	1
Demand for Market Rate Owner-Occupied Housing	1
Owner-Occupied Unit Pricing	1
Owner-Occupied Unit Types	2
Unit Absorption	2
Conceptual Site Plan.....	2
High-Level Financial Review	2
Goshen Market Rate Housing Demand Market Analysis	3
Regional and Historical Context	3
Transportation Assets.....	3
Population and People	4
Population	4
Household Income.....	5
Employment	6
Employment Sector	6
Wages of Current Large Employment Sectors.....	7
Existing Housing Stock.....	9
Total Housing Units	9
Average Household Size	10
Years Homes Built.....	10
Owner-Occupied and Rental Housing Comparison	10
Daytime Population and Employment	11
Distance Traveled	12
Multi-Family Residential Market Analysis	14
What Households Pay in Rent	14
Existing Multi-Family Apartment Stock	15
Current Market Rate Rental Units.....	17

2021 Market Rate Multi-Family Unit Market Rate Demand	18
Additional Market-Rate Rental Unit Demand Based on Goshen Employees.....	18
New Market-Rate Rental Pricing	19
Owner-Occupied Market Demand	19
Unmet Demand Based on Monthly Mortgage	19
Price Points for new Owner-Occupied Housing.	20
Absorption Rates	21
Market Rate Owner-Occupied Demand Summary.....	21
Employee Demand	21
Total Estimated Owner-Occupied Market Rate Demand.....	22
Projections.....	22
Population Projections	22
Employment Demand.....	22
Total Projected Housing Demand by 2030.....	23
Total Demand	23
Projected Absorption Rates.....	23
Owner-Occupied Unit Mix.....	23
Potential Development Site Conceptual Plan	25
Waterford Commons.....	25
Conceptual Site Plan.....	26
Development Narrative	27
Overall Plan Design Narrative Guidelines.....	28
Description and Unit Totals	28
Design Guidelines	28
Single-Family Front Loaded Units.....	28
Two-Unit Attached Single-Family (Duplex) Front Loaded Units.....	29
Single-Family Attached (Townhome) Front-Loaded Units	30
Single-Family Detached Traditional (Alley-Loaded) Units	31
Small Lot Townhome Alley-Loaded Rental Units	33
Multi-Family Apartment Units.....	34
Mixed-Use Residential Units	35
Mixed-Use First Floor Retail Units.....	36

High-Level Financial Review	38
Infrastructure Costs.....	38
Revenue Projections.....	38
Property Tax Estimates.....	39
TIF Revenue	39
High-Level Financial Review Findings.....	40

Unless otherwise noted, the source for all images and figures is American Structurepoint, Inc.

Executive Summary

This market analysis provides a conservative assessment of existing and projected housing demand in Goshen, Indiana. American Structurepoint examined current industry trends for real estate, demographic, employment, and the characteristics of Goshen's housing market, as well as surrounding regions.

Total Demand for Market-Rate Housing Through 2030

The total market demand for new housing in Goshen through 2030 was estimated at 4,537 new units.

Demand for Market Rate Rental Housing

This report revealed a market-rate rental housing demand of 1,952 units within the City of Goshen. Of this total, 1,042 units stem from an observed pent-up need of Goshen residents. The market gap observed was based on high-occupancy rates of existing apartments and the lack of units priced at achievable costs for households earning between \$35,000 and \$74,999 annually. Additional demand for 910 units existed from employees of Goshen businesses that have a commute of ten miles or farther.

Increased population and employee projections through 2030 demonstrate an additional demand for 514 rental units over the next eight years. The total market for new rental units for the City of Goshen by 2030 is 2,466.

Bureau of Labor Statistics (BLS) wage data indicates that monthly rents priced in the \$1,250 to \$1,900 range would appeal to unmet demand in the city. This amount equates to an approximate \$1.00 to \$2.00 a square foot, in line with the existing Goshen market-rate rental apartments compared while composing this document.¹ For illustrative purposes, a 1,100 square foot apartment with rent at \$1.75 a square foot would have a monthly rent of \$1,750.

Demand for Market Rate Owner-Occupied Housing

Market-rate owner-occupied housing revealed a need for an additional 2,076 housing units within the City of Goshen by 2030. Of this total, 1,299 units stem from an observed pent-up demand of Goshen residents and employers in 2022, with 985 of those units based on the internal resident market and 314 from employees of Goshen businesses that have a commute of ten miles or farther.

This report also estimates a demand for 772 new owner-occupied units based on projected population and employment increases by 2030.

Owner-Occupied Unit Pricing

Prices for homes under construction in Elkhart County ranged from \$178,000 to \$510,000 in April of 2022. The majority of units under construction are single-family units between 1,040 and 2,043 square feet for an average of 1,442 square feet. Almost all new units had three bedrooms and two bathrooms. The attached single-family units (duplex and condominium) had two bedrooms. The cost per square foot ranged from \$171.15 to \$304.67, with an average of \$211.26. The average sale listing price was \$308,285.

¹ https://www.homenish.com/average-size-apartment/#Studio_Apartment

Owner-Occupied Unit Types

A wide array of for-sale unit types will be needed to meet the demand for owner-occupied units through 2030. A mixture of housing types (duplex, townhome, condo, etc.) would help create new units that appeal to more potential buyers and price points. Based on the current percentages of Goshen housing units, this equates to a demand for 1,163 single-family units, 187 duplexes, 249 townhomes, and 477 "other" units (e.g., Condominiums and Mixed-Use Units).

Unit Absorption

Depending on construction times and the ability for units to get built, this report assumed a ten percent annual absorption rate. If ten percent of the 4,542 total unit demand were construction per year, it would take until 2032 to absorb all units. Demand for units breaks down to 208 owner-occupied units and 247 rental units constructed per year.

Conceptual Site Plan

This analysis created a conceptual site plan for the property known as the Waterford Commons development to demonstrate how a new development may accommodate these needs. This development study plan resulted in a high-level site layout and recommended development types aesthetic guidelines. The types of units included in this concept were:

- 68 single-family front-loaded units
- 150 two-unit attached single-family (duplex) front-loaded units
- 88 single-family attached (townhome) front-loaded units
- 33 single-family detached traditional (alley-loaded) units
- 84 small lot townhome alley-loaded rental units
- 204 multi-family apartment units
- 333 mixed-use residential units
- 666,468 square feet of land devoted to retail and off-street parking areas
- 1.35-acre park

High-Level Financial Review

This final section of the housing analysis looks at the high-level costs of constructing the public utilities (roads, water, sanitary and stormwater sewers, etc.) needed to prepare Phase I of the development study plan. The costs of these utilities were then compared to projected revenues from property taxes expected via a Tax Increment Financing District (TIF). Based on this analysis of the conceptual development study plan, it was determined that a high-cost estimate for providing infrastructure might come close to \$16 million. At year 20, this same development would generate approximately \$22 million in cumulative new tax revenues; at year 25, this plan would generate \$28.6 million.

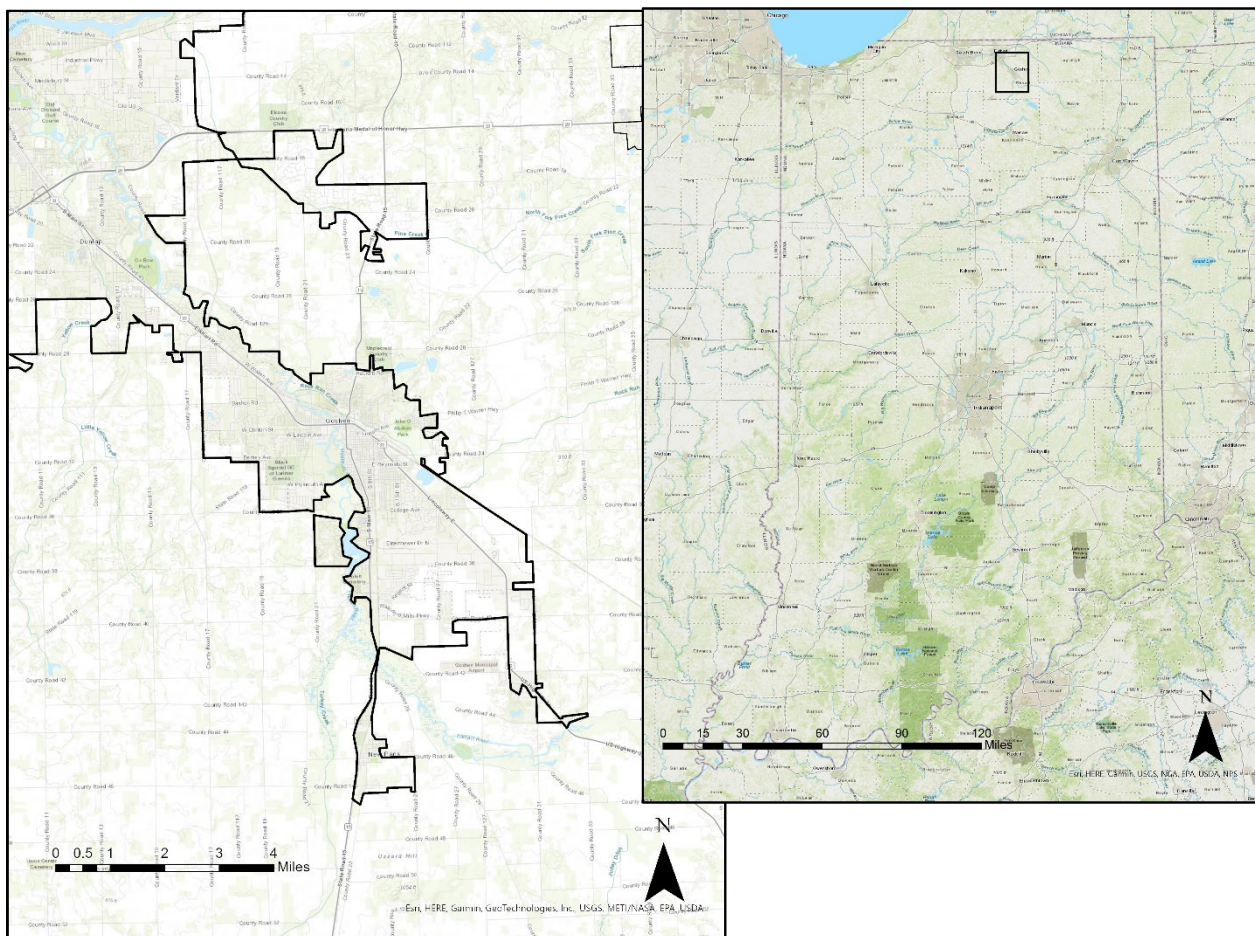
Goshen Market Rate Housing Demand Market Analysis

The first step towards establishing the demand for new residential housing units in any market is to examine the existing demographics of the city to determine historical base population, income, employment, and housing demographic patterns.

Regional and Historical Context

Goshen, founded in 1831, is the county seat of Elkhart County, Indiana. It is part of the Elkhart-Goshen Metropolitan Statistical Area and the South Bend-Elkhart, Mishawaka Combined Statistical Area. Goshen is located approximately 120 miles east of Chicago and 150 miles north of Indianapolis.

Figure 1: Goshen, Indiana

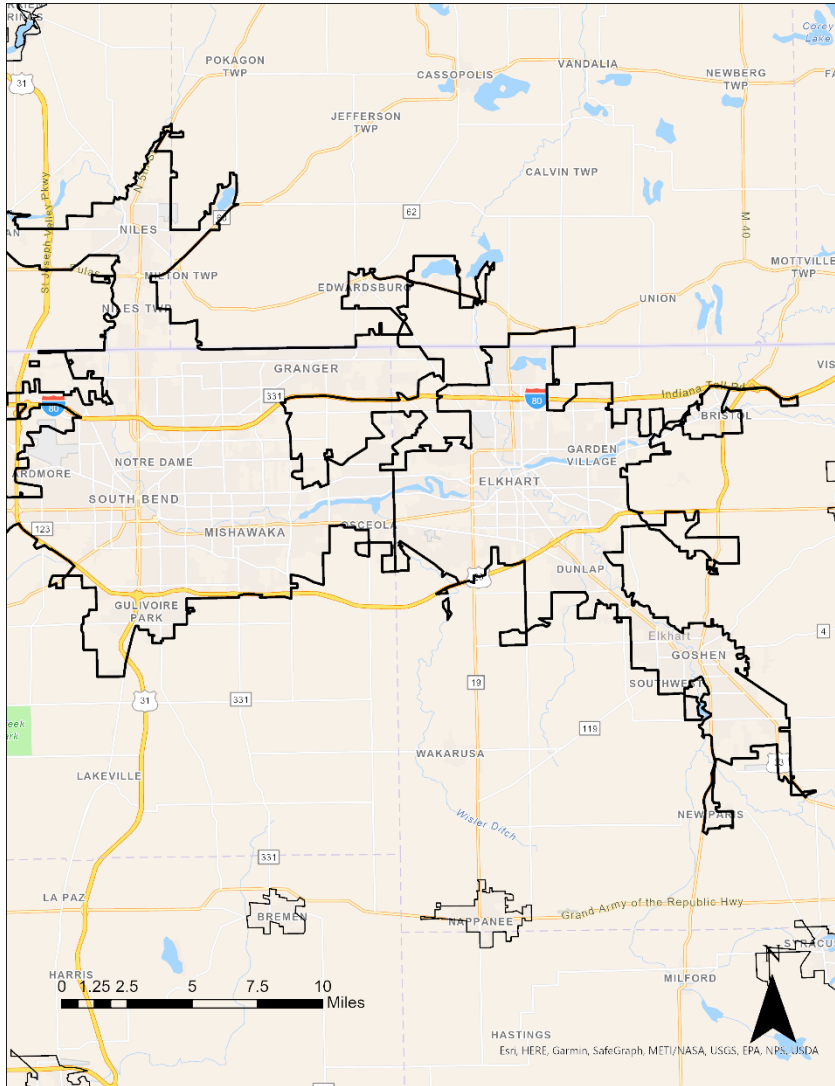


Transportation Assets

Goshen connects to the greater region via State Highways 15, 17, and 33. State Highway 15 runs through downtown Goshen. The nearest interstate is north of Elkhart, along the Indiana-Michigan state border.

The Interurban Trolley runs between Goshen and Elkhart and includes the unincorporated town of Dunlap.²

Figure 2: Interstates and Highways



Population and People

Population

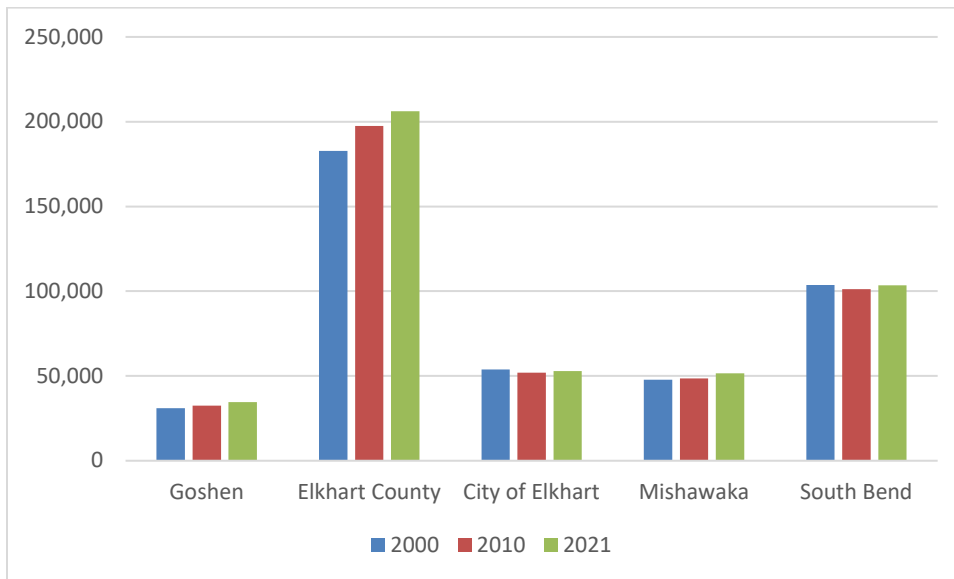
Goshen's total population in 2021 was 34,628, as the American Community Survey published by the US Census Bureau reported. This increase in residents is up six percent (1,521) from the 2010 population of 32,595 and up 11 percent (3,554 people) from Goshen's 2000 population of 31,074. Goshen's growth was in line with the development of Elkhart County and with the State of Indiana (12.6 percent) and was growing at a rate more significant than the nearby cities of Elkhart and South Bend.

² https://en.wikipedia.org/wiki/Goshen,_Indiana

Elkhart County's total population in 2021 was 206,250. This is up 12 percent (23,459 people) from 2000 (182,791 total population). In 2021, Goshen's population accounted for 16.7 percent of Elkhart County's total population. Goshen's 2000 to 2021 growth accounted for 15 percent of Elkhart County's population increase from 2000 to 2021.

In comparison, the City of Elkhart's total population decreased in 2021 to 52,841, down 1.8 percent from its 2000 population of 53,839. Mishawaka's total population in 2021 was 3,734, up 24.6 percent from the 2000 population of 2,995. South Bend's total population in 2021 was 103,539, down 4.7 percent (103,593 people) from 2000.

Chart 1: Population Comparison



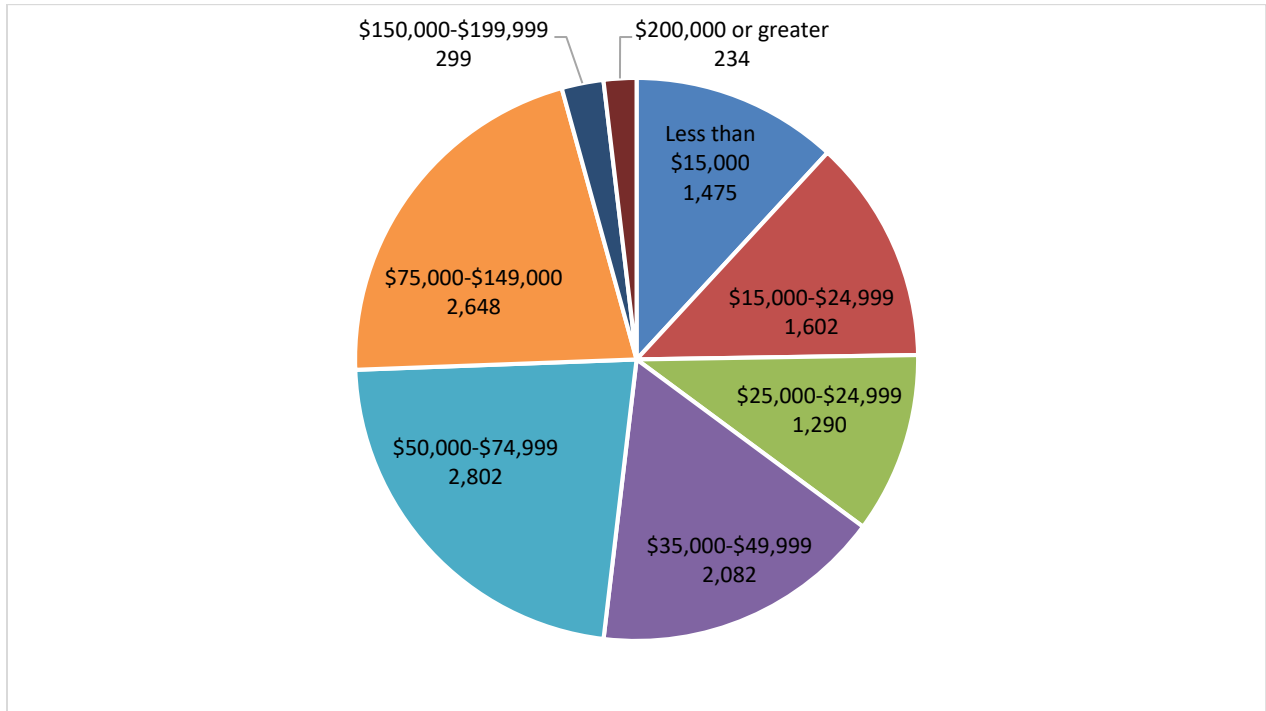
Household Income

The median household income in 2021 was \$47,935, which increased at a rate of 21.7 percent since 2000 (median income of 39,384).

Table 1: Household Income

Household Income	Goshen Households Earning this Income
less than \$15,000	1,583
\$15,000-\$24,999	1,539
\$25,000-\$34,999	1,321
\$35,000-\$49,999	1,982
\$50,000-\$74,999	2,597
\$75,000-\$149,999	1,643
\$150,000 or greater	649

Chart 2: Household Income



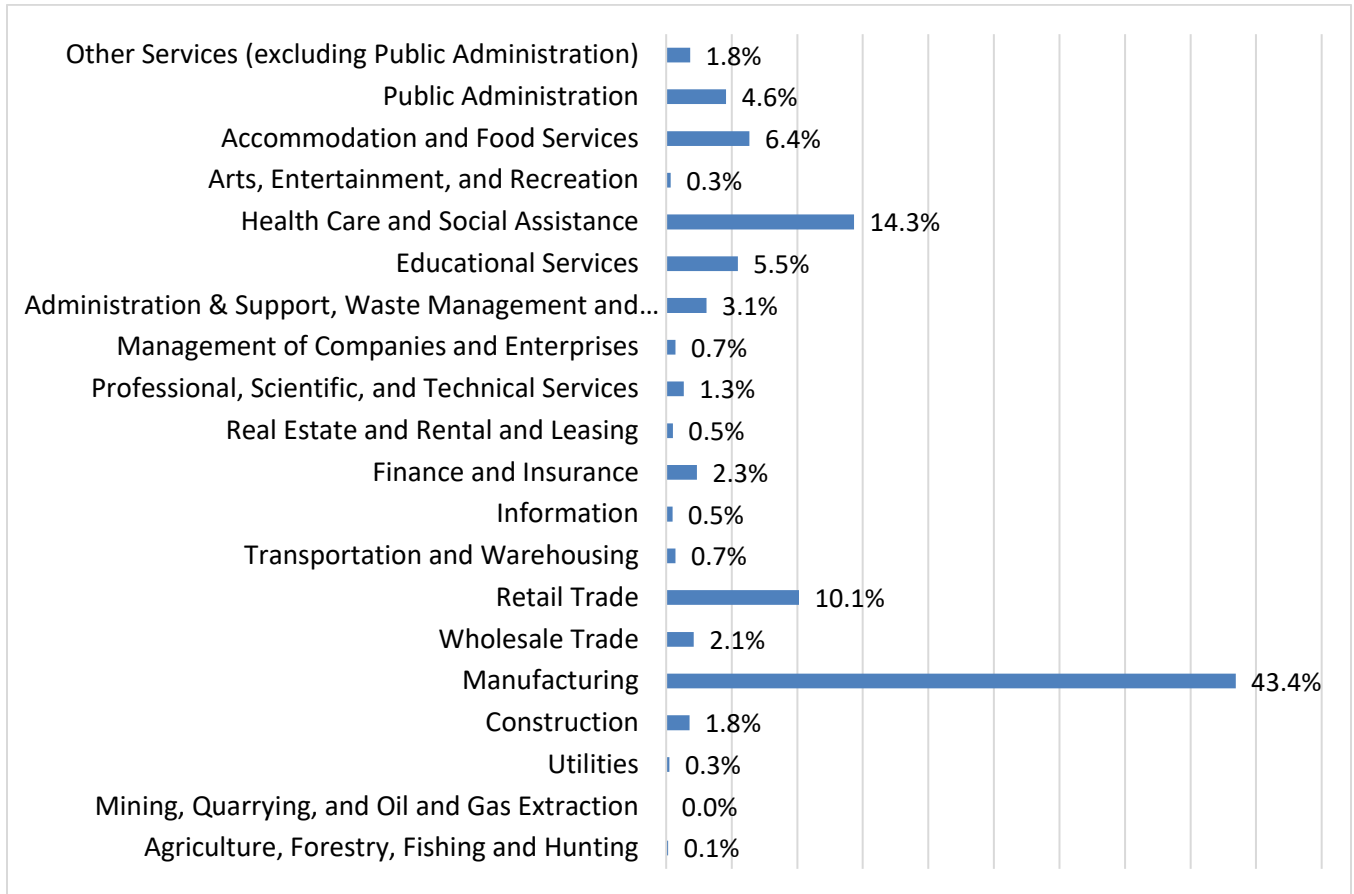
Employment

The total number of employed persons in Goshen was 32,044 in 2021, which increased 71 percent above the available workforce of Goshen residents. We will go into further detail below about Goshen's daytime population and how that affects housing availability.

Employment Sector

The types of jobs a local workforce has could affect their ability to become residents. The largest employment sectors of Goshen employees were manufacturing (43.4 percent), healthcare and social assistance (14.3 percent), and retail trade (10.1 percent).

Chart 3: Occupation



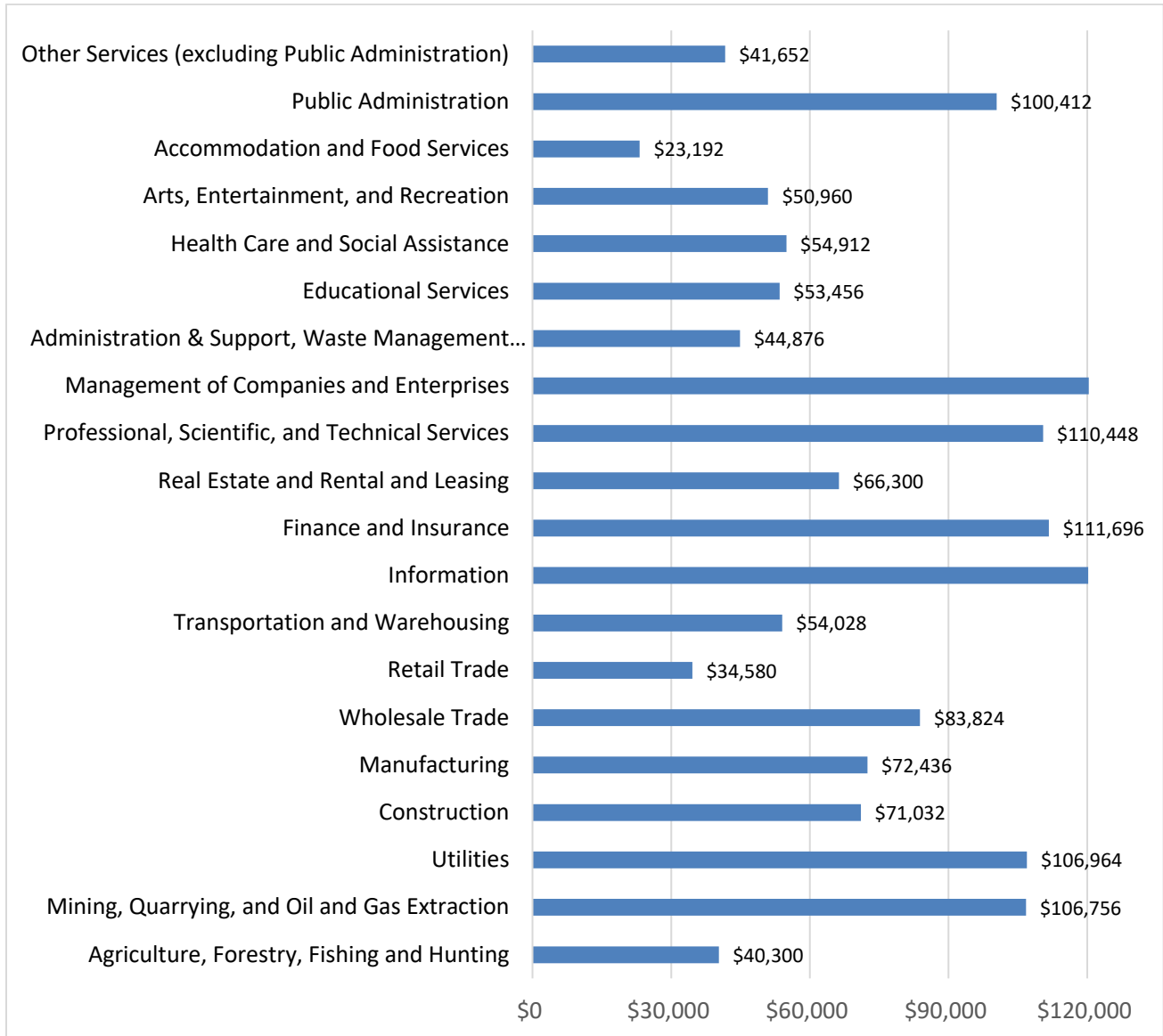
Wages of Current Large Employment Sectors

According to the Bureau of Labor Statistics (BLS), Elkhart County employers paid their employees' average annual wages from \$23,192 in the food production/serving related job sector to \$120,224 for information-related jobs. The entire spectrum of wages earned by the local workforce is displayed in Table 2 below. The number of workers in each category was specific to Goshen, Indiana. Given that the City of Goshen is wholly within Elkhart County, the median weekly earnings reported for the county also apply to Goshen. Chart 4 below shows the range of annual median salaries for Goshen employees.

Table 2: Employment Category Wages

Employment Category	Number Employed in Goshen	Average Weekly Wage	Average Annual Salary
Agriculture, Forestry, Fishing, and Hunting	45	\$775	\$40,300
Mining, Quarrying, and Oil and Gas Extraction	0	\$2,053	\$106,756
Utilities	76	\$2,057	\$106,964
Construction	538	\$1,366	\$71,032
Manufacturing	13,052	\$1,393	\$72,436
Wholesale Trade	633	\$1,612	\$83,824
Retail Trade	3,047	\$665	\$34,580
Transportation and Warehousing	214	\$1,039	\$54,028
Information	145	\$2,312	\$120,224
Finance and Insurance	703	\$2,148	\$111,696
Real Estate and Rental and Leasing	157	\$1,275	\$66,300
Professional, Scientific, and Technical Services	404	\$2,124	\$110,448
Management of Companies and Enterprises	216	\$2,336	\$121,472
Administration & Support, Waste Management, and Remediation	922	\$863	\$44,876
Educational Services	1,645	\$1,028	\$53,456
Health Care and Social Assistance	4,309	\$1,056	\$54,912
Arts, Entertainment, and Recreation	105	\$980	\$50,960
Accommodation and Food Services	1,910	\$446	\$23,192
Public Administration	1,375	\$1,931	\$100,412
Other Services (excluding Public Administration)	551	\$801	\$41,652

Chart 4: Median Annual Earnings per Occupation



Existing Housing Stock

Before evaluating the demand for new housing units, this report established a 2021 existing home baseline. This step helps the analysis uncover how the market kept up with the pressures of increased residents.

Total Housing Units

In 2021, there were 13,711 total housing units within Goshen, of which 8,286 homes were owner-occupied, and 5,323 were renter-occupied. There were 102 vacant homes. Due to the varying nature of structural vacancy (e.g., disrepair, outdated amenities, etc.), this report did not factor vacant homes into the demand for new housing units.

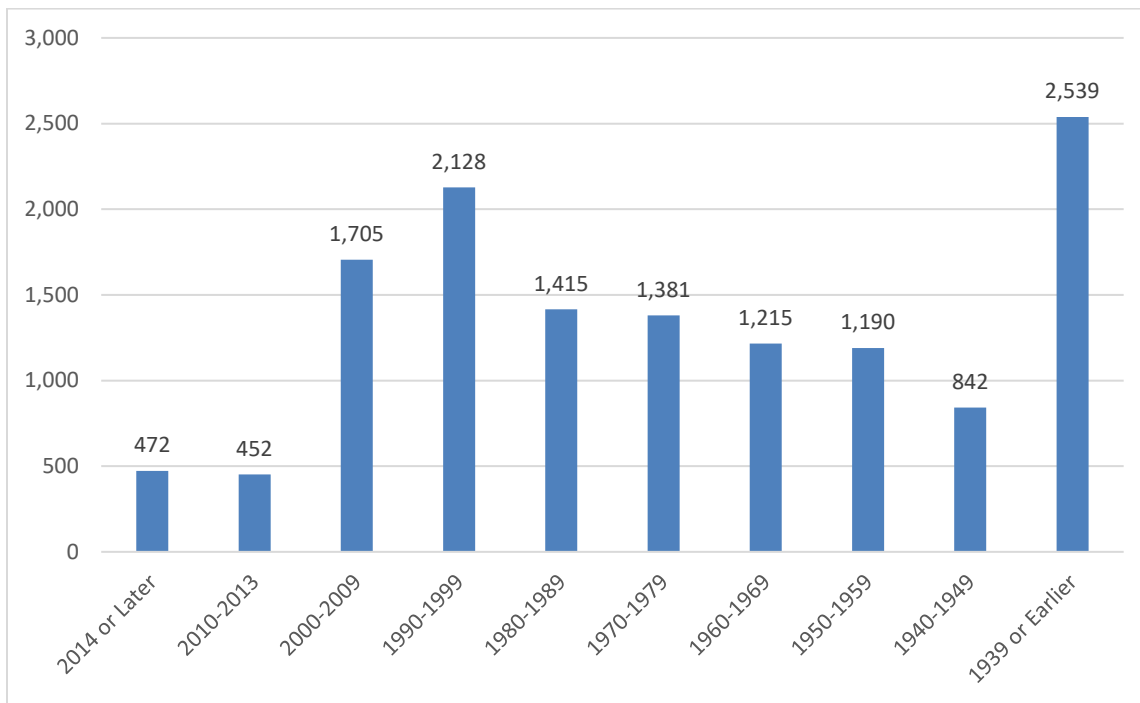
Average Household Size

The average household size for a community is an important step to help determine the potential demand for new housing units. Communities with smaller average household sizes may show the need for more units than ones with larger average household sizes. In 2021 the average household size in Goshen was 2.72.³

Years Homes Built

From 2000 to 2020, the number of housing units in the local market grew by 2,629 units. With Goshen's average household size of 2.72 and population growth of 7,182 people from 2000 to 2020, there was an estimated demand for 2,640 units. Based on this analysis, there was a net demand of 11 units built from 2000 to 2021.

Chart 5: Goshen Homes Built Per Decade



Most demand for new housing will come from job availability, explained further below.

Owner-Occupied and Rental Housing Comparison

Establishing a base housing demand for all units answers only a portion of determining housing demand.

In 2021 there were 13,711 total housing units within Goshen, of which 8,286 (60.0 percent) homes were owner-occupied, and 5,323 (38.9 percent) were renter-occupied. There were 102 (1.1 percent) vacant homes. In 2010, 59.2 percent of Goshen's housing units were owner-occupied, while in 2000, 65.8 percent were owner-occupied, consistent with Indiana and nearby cities.

³ <https://data.census.gov/cedsci/table?t=Housing%20Units&g=1600000US1828386&tid=ACSDT5Y2020.B25001>

In comparison, Indiana had 1,817,185 owner-occupied housing units, which was 61.2 percent of Indiana's total housing units in 2021. Only 28.1 percent of housing was renter-occupied, and 10.7 percent of housing units were vacant.

In nearby Mishawaka, 12,222 (47.8 percent) homes were owner-occupied, and 10,648 (41.6 percent) homes were renter-occupied, leaving 10.6 percent of housing units vacant. 11,409 (47.9 percent) owner-occupied housing units in Elkhart, 8,639 (36.6 percent) renter-occupied housing units, and 15.5 vacant housing units.

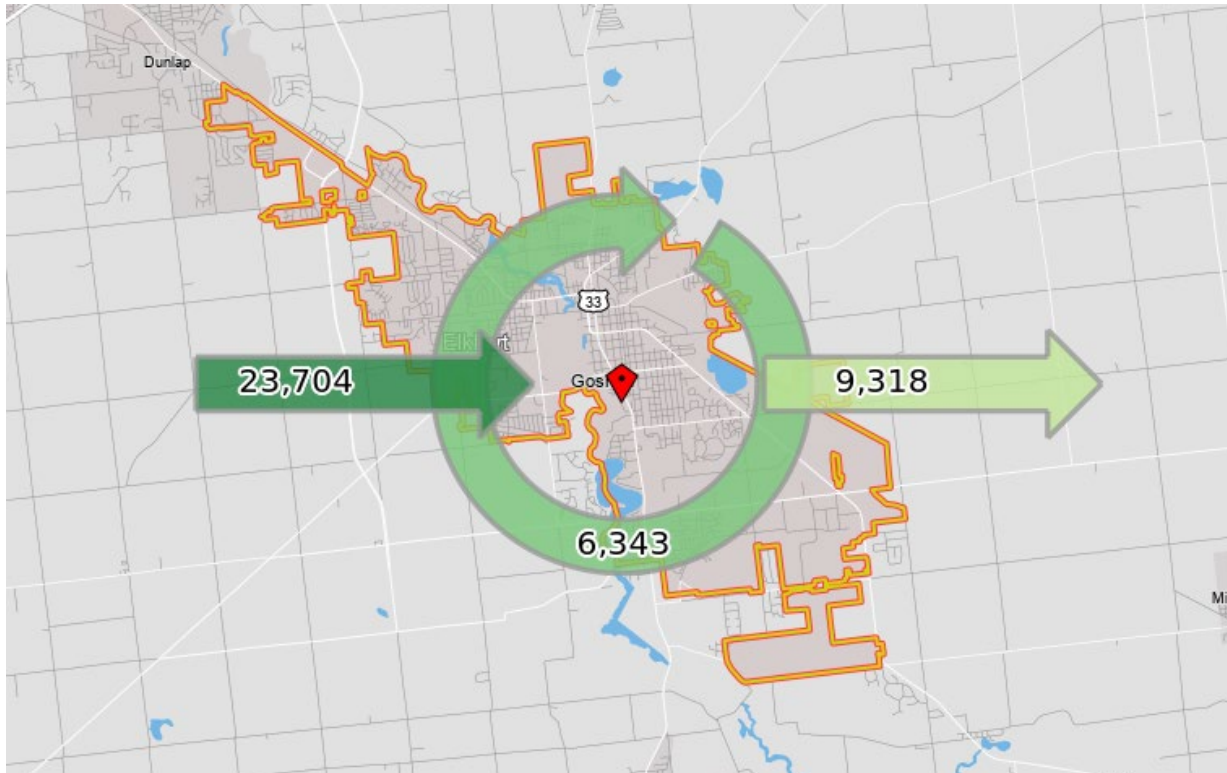
Goshen's owner-occupied and rental unit percentages were similar to its contemporary communities and Indiana. Therefore, this report used these stated percentages where appropriate to use for generating future demand estimates for both types of homes.

Daytime Population and Employment

Existing Goshen residents only comprise a portion of the potential market demand for new units. Local employees also represent likely residents depending on commute patterns.

The total daytime population of Goshen in 2019 was 57,197. A significant number of workers commute into the community: 14,386 more people than the city's resident population. According to the Census Bureau's "On The Map" tool, Goshen businesses employed 30,047 individuals in 2019. Of that total, 23,704 (78.9 percent) did not live in the city. Figure 3 visually represents these observed commute patterns.

Figure 3: Inflow/Outflow Illustration



Distance Traveled

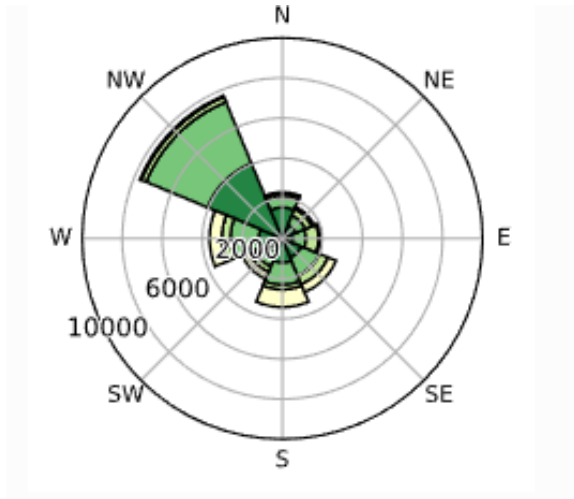
Local workers that did not live in Goshen traveled varying distances to get to their jobs. A little over half of these commuters (54.9 percent) commuted ten miles or farther, and 20 percent traveled over 25 miles one way.

When comparing 2010 data, similar commute patterns were observed, with 20,680 total jobs in the area and 16,373 (79.2 percent) of these employees commuting outside the city limits. In those ten years, the lack of workers moving into Goshen corresponds with the observed lack of new construction between 2000 and 2020 and highlights that Goshen employees were not moving into the city.

New or updated housing may incentivize some of these employees to move closer to their places of employment. Considering the range of wages paid by Goshen businesses, housing options should include both owned and rented housing.

Figure 4 shows that many of the workers coming into Goshen are traveling from the northwest, likely from the City of Elkhart.

Figure 4, Jobs Counts by Distance/Directions



Multi-Family Residential Market Analysis

What Households Pay in Rent

Table 3 displays the monthly rent amounts paid by Goshen households in 2020. These ranges help inform the demand model and determine what types of rents are underserved in the local market.

Table 3: Monthly Rent Ranges

Household Rent	Number of Households
Less than \$100	0
\$100 to \$149	40
\$150 to \$199	14
\$200 to \$249	214
\$250 to \$299	164
\$300 to \$349	172
\$350 to \$399	154
\$400 to \$449	157
\$450 to \$499	434
\$500 to \$549	369
\$550 to \$599	444
\$600 to \$649	642
\$650 to \$699	734
\$700 to \$749	565
\$750 to \$799	342
\$800 to \$899	496
\$900 to \$999	252
\$1,000 to \$1,249	181
\$1,250 to \$1,499	35
\$1,500 to \$1,999	18
\$2,000 to \$2,499	0
\$2,500 to \$2,999	9
\$3,000 to \$3,499	34
\$3,500 or more	0

Existing Multi-Family Apartment Stock

In addition to what current residents are paying, an apartment demand analysis needs to account for existing units that might already fulfill local market demand. There are three apartment complexes located within Goshen's city limits.

Park Thirty-Three⁴



This complex, built-in 2018, boasts new, open floorplan apartments near downtown Goshen. The complex offers one to three bedrooms that range from \$1,370 to \$1,835. The complex was comprised of 188 units in 16 two-story buildings.

Table 3: Park Thirty-Five Rental Rates

Unit Type	Pricing	Size	Per Square Foot Rent
One-Bedroom	\$1,470	894 Square Feet	\$1.64
Two-Bedroom	\$1,500 - \$1,835	1,140 - 1,309 Square Feet	\$1.32 - \$1.40
Three-Bedroom	\$1,745	1,477 Square Feet	\$1.18

⁴ <https://www.apartments.com/park-thirty-three-goshen-in/xeg52tm/>

⁵ <https://www.apartments.com/park-thirty-three-goshen-in/xeg52tm/>

Aspen Meadows^{6,7}



This complex, built-in 1975, offers apartments or townhomes in the suburbs of Goshen. The complex offers one to three bedrooms with rents ranging from \$800 to \$1,045, with 120 units in 36 buildings within this one-story complex.

Table 4: Aspen Meadows Rental Rates

Unit Type	Pricing	Size	Per Square Foot Rent
One-Bedroom	\$975 – \$1,100	883 Square Feet	\$1.10 - \$1.25
Two-Bedroom	\$1,200 – \$1,325	1,440 Square Feet	\$0.83 - \$ 0.92
Three-Bedroom	\$1,350 – \$1,475	1,582 Square Feet	\$0.85 – \$0.93

Cedarwood Apartments⁸



This complex, built-in 1983, offers apartments in the suburbs of Goshen with studios, one-bedroom, and two-bedroom apartments whose rents range from \$760 to \$1,100. There were 90 units in 13 buildings within this one-story complex.

Table 5: Cedarwood Apartments Rental Rates

Unit Type	Pricing	Size	Per Square Foot Rent
Studio	\$800 – \$850	288 Square Feet	\$2.70 - \$2.95
One-Bedroom	\$950– \$1,000	568 Square Feet	\$1.67 - \$1.76
Two-Bedroom	\$1,000 – \$1,150	875 Square Feet	\$1.26 - \$1.31

⁶ <https://www.apartments.com/aspen-meadows-goshen-in/bessecc/>

⁷ <https://www.apartmentguide.com/apartments/Indiana/Goshen/Aspen-Meadows/17287/>

⁸ <https://www.apartments.com/cedarwood-apartments-goshen-in/zjvdmgy/>

These three apartment complexes comprise 398 units out of Goshen's total number of rental units. Rents for all three complexes range from \$800 to \$1,745 per month. Larger apartment complexes are in short supply in Goshen, and the units in these complexes represent seven percent of the total rental market in Goshen. As of April 2022, only seven units were available for all three complexes, which translated into an occupancy rate of 98 percent. Rental markets are considered low on supply and need additional units when occupancy rates exceed 90 percent. A lack of apartment complex-style units demonstrates a strong demand for this type of housing.

Ashton Pines Apartments⁹



This complex, built in 2009, offers apartments in the suburbs of Goshen with one to four bedrooms. Ashton Pines rents are income-restricted, ranging from \$597 to \$840. The complex has 288 units in 19 buildings within this two-story apartment complex.

Unit Type	Pricing ¹⁰	Size	Per Square Foot Rent
One-Bedroom	\$597	812 Square Feet	\$0.73
Two-Bedroom	\$673	1,076 Square Feet	\$0.63
Three-Bedroom	\$981-\$1107	1,359 Square Feet	\$0.73-\$0.81
Four-Bedroom	\$1095-\$1173	1,527 Square Feet	\$0.71-\$0.77

While this complex is included here and in the total available rental numbers, the rent prices were not used to determine Goshen's needs for market-rate housing. Additionally, senior housing was not substantially studied as it would not impact the results of this study.

Total Rental Housing Units

Goshen requires rental units to be registered with the City to maintain owner-renter safety and compliance. Rental units include single-family rental units to multi-family rental units, rented mobile homes, and hotel rooms in the city. There are approximately 5,700 rental units registered with the City.

Current Market Rate Rental Units

From 2000 to 2021, the number of housing units in the local market grew from 1,799 to 13,711 in 2021. Goshen's registered rental data shows that Goshen has about 5,700 rental units. This list includes single-

⁹ <https://www.apartments.com/ashton-pines-elkhart-in/cy4lzte/#incomeRestrictionAnchor>

¹⁰ https://www.huduser.gov/portal/datasets/home-datasets/files/HOME_RentLimits_State_IN_2022.pdf

family, multi-family, and mobile homes. Therefore, rentals comprised 42 percent of Goshen's housing market.

2021 Market Rate Multi-Family Unit Market Rate Demand

Table 7 below examines how many Goshen Households in 2022 paid a maximum affordable rent in Goshen compared to the number of households that earned an income in this same income cohort. Based on this analysis, Goshen was short 5,231 units.

Table: 6 Rental Unit Demand Based on Resident Income

Income Cohort	Maximum Affordable Rent	Goshen Households Renting in this Range	Goshen Households Earning this Income	Net Unit Demand
less than \$15,000	\$399	697	1,583	886
\$15,000-\$24,999	\$649	1,973	1,539	-434
\$25,000-\$34,999	\$899	2,073	1,321	-752
\$35,000-\$49,999	\$1,249	358	1,982	1,624
\$50,000-\$74,999	\$1,999	53	2,597	2,544
\$75,000-\$149,999	\$3,500	43	1,643	1,600
\$150,000 or greater		0	649	649
Total Net Unit Demand Based on Existing Housing Income				5,231

Apartments are affordable to the income cohorts with an annual income below \$34,999 and likely need assistance to pay rent. Households with an income of \$75,000 tend to favor homeownership. Therefore, most demand for market-rate rental apartments comes from household incomes in the \$35,000 to \$74,999 range. In 2022, this equates to a market-rate rental gap of 4,168 based on the number of Goshen households in these income brackets. Considering the same conservative 25 percent, this equates to an unmet demand of 1,042 units, based on current Goshen residents.

Given that these households currently live within Goshen, some of these homes are likely to be overpaying or underpaying their maximum affordable rent. The demand for "move-up" units also exists.

Additional Market-Rate Rental Unit Demand Based on Goshen Employees

Existing Goshen residents only comprise a portion of the potential market demand for new units. Local employees also represent likely residents depending on commute patterns. This report's Daytime Population and Employment section noted that 23,704 current Goshen employees did not live within the city. Additionally, of those commuters, 16,508 had a commute of over 10 miles. A portion of these individuals likely chooses to commute for various reasons. However, some commuters may want to live closer to work, and the lack of available market-rate rental units probably limits the number of employees living within the city.

Conservatively, this analysis assumes that 15 percent of current commuters who earn salaries between \$35,000 and \$74,999 would move to Goshen if additional units were available. Capturing another 15 percent of that workforce (2,476 people) generates demand for 910 units at a median household size of 2.72, considering the annual average salaries of most of Goshen's workers.

New Market-Rate Rental Pricing

As summarized earlier, Bureau of Labor Statistics (BLS) wage data for Goshen residents indicates that monthly rents priced in the \$1,250 to \$1,900 range would be affordable to local workers. This amount is approximately \$1.00 to \$2.00 a square foot, in line with the existing Goshen market-rate rental apartments compared to the earlier comparison.¹¹ For illustrative purposes, a 1,000-square-foot apartment with a rent of \$1.75 a square foot would have a monthly rent of \$1,750.

Owner-Occupied Market Demand

Goshen's existing housing stock was comprised of 8,286 owner-occupied homes. This report examined the number of units available for Goshen households based on annual income, similar to understanding the demand for rental units based on price point. This analysis utilized the Debt to Income (DTI) ratio to determine affordable owner-occupied housing prices and assumed monthly mortgage costs. The DTI used was based on an industry standards ratio of 36/43.¹² Mortgage experts and lenders use this ratio based on the assumption that monthly mortgage costs should not rise above 36 percent of a household's gross monthly income and that total monthly debt should be no more than 43 percent of someone's pre-tax income. Since a household debt is impossible to calculate, this analysis used 36 percent of a household's income to estimate general affordable monthly mortgage payments.

Unmet Demand Based on Monthly Mortgage

Examining the number of units needed by existing population growth does not truly encapsulate Goshen's demand for market-rate units. Table 8 below indicates that Goshen's owner-occupied housing market has current market demand of 5,353 owner-occupied units. However, some of these units were in the lower end of the income range, and building homes at these prices without construction subsidies was unlikely considering 2022 construction and land costs. Table 8 also examines the income that 2019 Goshen households earned compared to how many residents pay that maximum affordable mortgage. This analysis used the industry standard of 36 percent of a household's monthly income to estimate a maximum affordable payment. The monthly housing costs calculation included principal, mortgage interest, taxes, and private mortgage insurance (PMI) and was generated using Zillow's total home cost calculator.¹³

The bulk of market-rate single-family housing will primarily be generated by those making \$50,000 to \$79,999, allowing home values between \$205,000 to \$334,100. Homes priced for households in the \$335,000 to \$431,000 also revealed demand for 542 units. In 2021, this equated to a market-rate housing gap of 3,666. Since this demand was generated by existing residents, and not all those in the \$50,000 to \$79,000 would want to purchase a new home instead of rent, this report assumed that 25 percent (443)

¹¹ https://www.homenish.com/average-size-apartment/#Studio_Apartment

¹² <https://www.zillow.com/mortgage-calculator/house-affordability/>

¹³ <https://www.zillow.com/mortgage-calculator/house-affordability/>

of those households would consider purchasing a new home in the next two years. Therefore, the new unit demand generated from existing residents with incomes between \$50,000 and \$99,999 would equate to an unmet need for 985 owner-occupied units.

Table 7: Owner-Occupied Unit Demand Based on Resident Income

Income Cohort	Maximum Affordable Monthly Mortgage	Goshen Households Valued in this Range	Goshen Households that could Purchase in this range	Affordable Home Price Based on DTI of 36 Percent	Net Unit Demand
less than \$15,000	\$450	220	1,475	\$58,700	1,255
\$15,000-\$24,999	\$750	57	1,602	\$97,500	1,545
\$25,000-\$34,999	\$1,050	99	1,290	\$140,500	1,191
\$35,000-\$49,999	\$1,500	186	2,082	\$205,000	1,896
\$50,000-\$79,999	\$2,400	1,032	2,802	\$334,100	1,770
\$80,000-\$99,999	\$3,000	700	1,242	\$431,500	542
\$100,000-\$149,999	\$4,500	2,557	1,406	\$634,300	-1,151
\$150,000-\$199,999	\$6,000	1,338	299	\$848,500	-1,039
\$200,000 or greater	\$9,000	890	234	\$1,278,000	-656
Total Affordable Mortgages on Existing Housing Income					5,353

Price Points for new Owner-Occupied Housing.

This report examined units under construction as of March 2022 to ascertain the price point and types of homes under construction. The analysis expanded the units evaluated to all of Elkhart County to ensure enough comparable data points. Table 9 highlights homes under development at this time and provides insight into the price points and size of dwellings marketed to potential buyers. Prices ranged from \$178,000 to \$510,000, with an average sale price of \$308,205. The majority of units under construction are single-family units between 1,040 and 2,043 square feet for an average of 1,442 square feet. Most units had three bedrooms and two bathrooms, with the attached single-family units (duplex and condominium) having two bedrooms. The cost per square foot ranged from \$171.15 to \$304.67, an average of \$211.26.

Table 8: Owner-Occupied Homes Under Construction

Market	Price	Square Feet	Price Per Square foot	Type of Unit	Bedrooms	Bathrooms
New Paris	\$334,900	1,349	\$248.26	Single-Family	3	2
Elkhart	\$510,000	2043	\$249.63	Duplex	2	3
Elkhart	\$450,000	1477	\$304.67	Duplex	2	2
Elkhart	\$389,900	1383	\$281.92	Condo	2	2
Elkhart	\$269,900	1338	\$201.72	Single-Family	3	2
Elkhart	\$199,999	1440	\$138.89	Single-Family	3	2
Elkhart	\$207,000	1200	\$172.50	Single-Family	3	2

Elkhart	\$178,000	1040	\$171.15	Single-Family	3	2
Elkhart	\$208,000	1200	\$173.33	Single-Family	3	2
Goshen	\$315,000	1600	\$196.88	Single-Family	3	2
Goshen	\$300,000	1412	\$212.46	Single-Family	3	2
Goshen	\$320,000	1627	\$196.68	Single-Family	3	2
Goshen	\$325,000	1639	\$198.29	Single-Family	3	2

Absorption Rates

January 2022 shows over a 100 percent absorption rate – 104.5 percent.¹⁴ A high absorption rate means there is a high demand for housing. An absorption rate over 100 percent shows that the demand exceeds the supply. This trend has continued from January 2021, which had the same absorption rate. Table 10 details how absorption rates increased in the last six years, revealing that homes were on the market for a month. Healthy residential sales markets typically have an 80-day listing time, while Elkhart County is down to 31 days. As noted earlier, residential construction activity in Goshen during the last ten years was minimal and contributed to these high absorption rates.

Table 9: Elkhart County Historical Absorption Rates

Jan 1 through Dec 31	2021	2020	2019	2018	2017	2016
New Unit Listed	2,435	2,536	2,647	2,617	2,789	2,672
Sold Units Residential	2,353	2,385	2,306	2,240	2,363	2,242
Absorption Rate	96.6%	94.0%	87.1%	85.6%	84.7%	83.9%
Average Market Time	31	47	48	58	58	79

Market Rate Owner-Occupied Demand Summary

Based on housing demand demonstrated by existing Goshen household incomes and the current mortgage paid, this analysis shows a net unit demand for all price points of 5,353. However, as indicated in the rental unit demand section above, households with an income under \$75,000 were less likely to purchase a home. It is more likely that only a portion of households in the income range of \$50,000 to \$79,999 may buy a home, so this analysis only includes 25 percent (443 units) of that income bracket's demand in this forecast. Combined with the need for the \$80,000 to \$99,999 household income range of 542, Goshen has a net internal market demand of 985 market-rate owner-occupied units.

Based on our debt-to-income ratio, homes affordable to these households would range from \$205,000 to \$431,500.

Employee Demand

In 2019, 23,704 employees of Goshen businesses did not live within the city limits, with 54.9 percent or 23,704 employees commuting over 10 miles. That is likely due to preference, but some commuters may

¹⁴ Elkhart County Indiana Association of Realtors Local Market Update for January 2022

want to live closer to work. The lack of available market-rate rental units limits the number of employees able to live within the city.

Based on the large percentage (43.4) of employees in the manufacturing industry and others with annual average salaries under \$75,000, this analysis assumed that 15 percent of current commutes would likely look for rental housing options in Goshen. However, 3,552 of those workers earn an average of \$83,824 or above. Considering that these income categories make up 12 percent of the total workforce, 2,844 employees fall into those with a commute of more than 10 miles. Assuming the same capture rate of 15 percent of those in the higher-income local workforce, current Goshen employees represent an owner-occupied market demand for another 157 units if the household size is 2.72 persons.

Given the lack of construction of new homes in Goshen over the last ten years and high absorption rates and low, there is a high likelihood that additional demand for market-rate housing exists for high-income Goshen employees. This report provided a less conservative estimate of the new owner-occupied market demand of 30 percent of these high-income workers for a revised estimate demand of 314 owner-occupied units.

Total Estimated Owner-Occupied Market Rate Demand

Pent-up demand from existing Goshen households and higher-income workers revealed a net demand of 1,299 new market-rate owner-occupied units.

Projections

Population Projections

The population and housing trends observed from 2000 to 2021 (stated earlier in the report) in Goshen provide a consistent basis for this analysis to predict future housing needs into 2030. Goshen's average growth rate of 11 percent from 2000 to 2020 generated a 2030 population estimate. The trends observed in Goshen provide a consistent basis for this analysis to predict future housing needs into 2030. Assuming this steady growth rate, Goshen will have approximately 39,622 people by 2030. At 2.72 individuals per household, this equates to a demand for 856 new units. Conservatively, this report assumes that the percentage of rental properties would remain at 38.9 percent of total housing units. Of the 856 units needed to meet Goshen's future growth, 514 would be owner-occupied, and 342 would be rental units.

Employment Demand

Goshen's total jobs in 2019 were 28,362, up 31.6 percent from 2009 (21,551 total jobs). In this case, the total number of jobs equates to the total number of employees in the area. If we utilize that same growth rate for jobs, Goshen should have 8,962 employees by 2029 or 9,858 in 2030.

We know that about 79.2 percent of employees currently commute; however, we can continue to assume that about 15 percent of those might move to Goshen if additional housing was available. That 15 percent of commuters leave us with approximately 1,171 employees needing housing in 2030. Assuming the same household size of 2.72 individuals in 2030 would create a need for 430 new housing units based on projected employment demand.

Of those 430 new households, we can make some assumptions based on occupant status. We can continue to assume that 60 percent of homes will be owner-occupied in 2030, and 38.9 percent of the homes will be renter-occupied. That will leave approximately 258 homes owner-occupied and 172 homes will be renter-occupied.

Total Projected Housing Demand by 2030

Combining projected population and employment increases created a total net unit demand of 1,286 new units. Based on this report's estimates, the demand for new owner-occupied units would be 772, and rental units would be 514.

Total Demand

Current demand estimates indicated that the Goshen housing market was underserved by 3,251 units in 2022. A breakdown of the market demand revealed a need for 1,952 rental units and 1,299 owner-occupied units based on existing pent-up demand from Goshen households and capturing Goshen employees with a commute of ten miles or further.

Goshen would need an additional 514 rental units and 772 owner-occupied (1,286 total) units to account for projected growth through 2030.

Looking at the current and projected demand, we estimate that the local market needs 4,437 new housing units to meet current and projected housing needs through 2030.

Projected Absorption Rates

Given the current absorption rates and days on the market, any new units constructed will not be on the market for very long. However, current market conditions most likely will not last forever. It takes approximately 7.7 months to build new homes in the Midwest, therefore, a 10 percent annual absorption rate.¹⁵ Table 11 showcases that 208 owner-occupied and 247 rental units would need to be constructed from 2023 to 2032 to absorb the estimated market demand for new residences.

Table 10: Annual Units Absorbed

Type of Unit	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total Built
Owner-Occupied	208	208	208	208	208	208	208	208	208	208	2,076
Rental	247	247	247	247	247	247	247	247	247	247	2,466

Owner-Occupied Unit Mix

When considering the need for additional owner-occupied housing units, a mix of housing types will be needed to provide enough options for potential homeowners and account for individual preferences. Table 12 shows the percentages of the predominant forms of owner-occupied housing types and how many units of each type are projected to be needed through 2030.

¹⁵ <https://www.newhomesource.com/learn/how-long-does-it-take-to-build-a-house/>

Table 11: Owner-Occupied Housing Type Mix

Housing Type	Existing Percent of Total Housing Stock	Number of Projected Units by Type
Single-Family Housing	56%	1,163
Duplex	9%	187
Triplex, Quads, or Townhomes	12%	249
Other (Condominiums and Mixed-Use)	23%	477
	Total Owner-Occupied Unit Demand	2,076

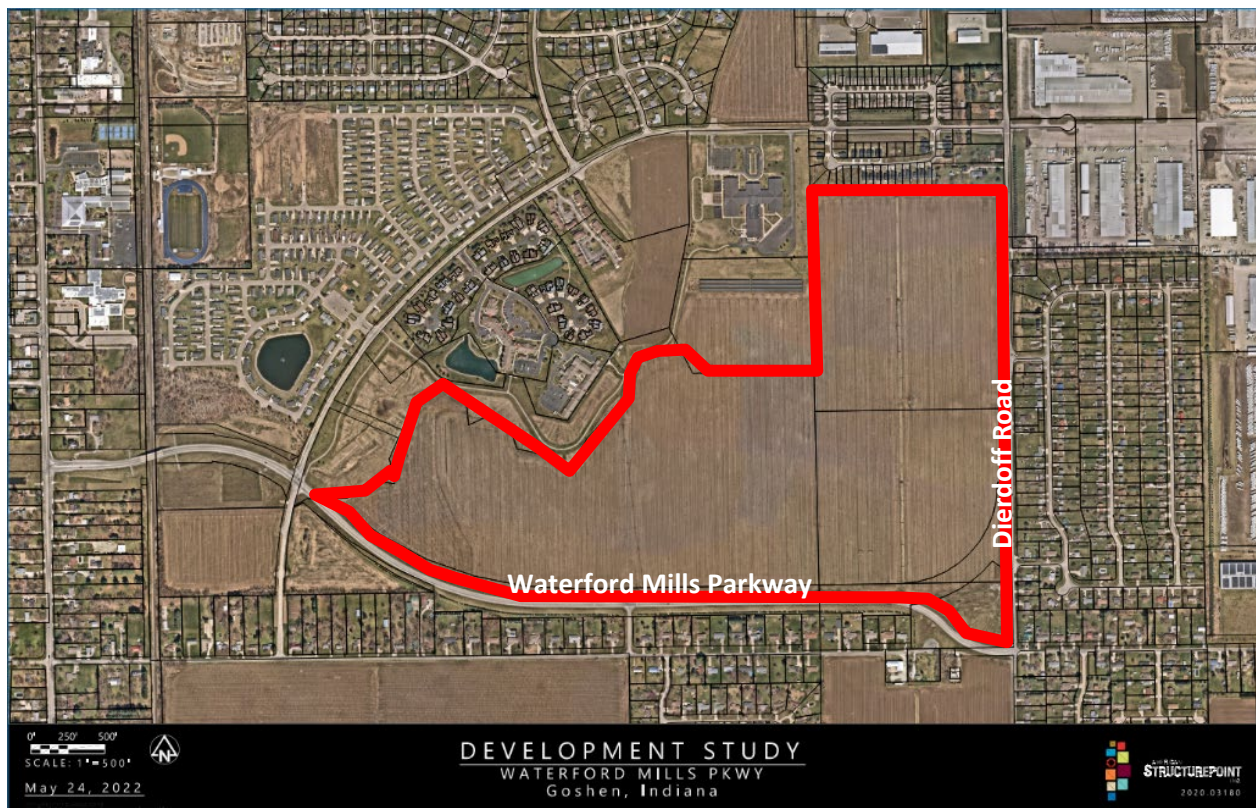
Potential Development Site Conceptual Plan

The previous sections of this housing analysis demonstrated that pent-up demand for new residential units exists in the City of Goshen, Indiana. The observed demand noted that Goshen needed a variety of housing units to accommodate potential "move-up" demand from existing residents and to attract those working for local Goshen businesses but not residing within the city. Current and constantly changing variations in the local, state, and national housing market suggest that developing a range of housing types would help ensure that new development accommodates a variety of affordability ranges and lifestyle choices. This analysis created a conceptual site plan for the property, commonly known as the Waterford Commons development, to demonstrate how a new development may accommodate these needs. The details of this conceptual plan and recommended development types are described in the sections below.

Waterford Commons

The Waterford Commons property is located near the southern border of Goshen's city limits at the northwest intersection of Waterford Mills Parkway and Dierdoff Road. This site is currently approved for industrial development through a planned unit development. However, its size (approximately 180 acres) and location may also be suitable for residential development with utilities available for the eastern portion of the property.

Waterford Commons Property Aerial Photo¹⁶

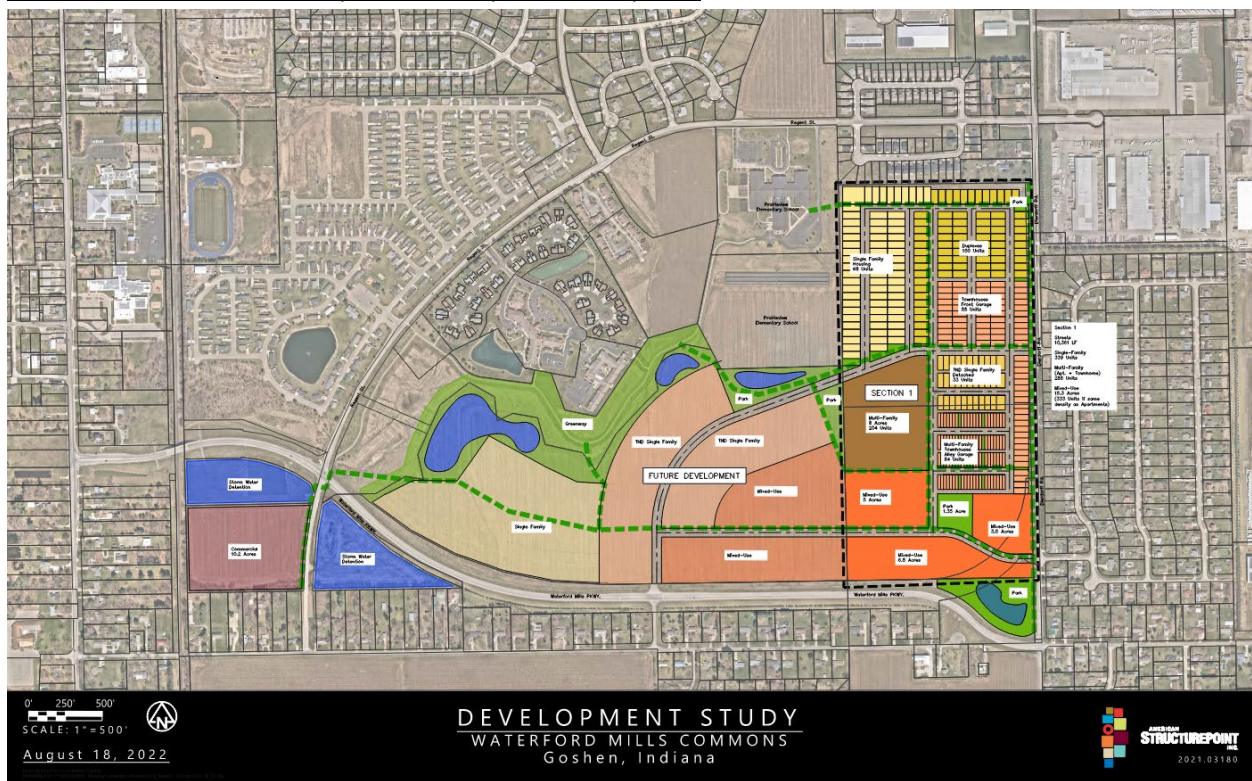


16 Source: American Structure Point and ESRI

Conceptual Site Plan

After discussions with Goshen's staff and the current property owner about the size and the large number of potential units that may be constructed on this site, the team decided to develop a high-level land use layout. A more detailed conceptual layout for a hypothetical "Phase I" was fine-tuned to ensure that various home sizes and styles could be constructed as part of a harmonious development. After several conceptual layouts and revisions, the more detailed development study plan shown below was created to guide future residential development. This layout includes unit types, lot sizes, street layout, park space integration, and links (trails and sidewalks) to the surrounding neighborhoods. The Phase I boundary is shown on the plan below with a dotted line. (See Appendix A for a larger version of the plan displayed below.)

Waterford Commons Conceptual Development Study Plan¹⁷



In total, the conceptual layout shows 960 total residential units. Table 13 below shows the number of units proposed and organized by unit type for the Phase I conceptual plan section.

¹⁷ Source: American Structure Point and ESRI

Table 13, Phase I Development Summary Table

Unit type	Square Feet Lot/Unit	Number of Units
Single-Family Front Loaded Units	6,000	68
Two-Unit Attached Single-Family (Duplex) Front Loaded Units	5,000	150
Single-Family Attached (Townhome) Front-Loaded Units	4,000	88
Single-Family Detached Traditional (Alley-Loaded) Units	4,000	33
Small Lot Townhome Alley-Loaded Rental Units	2,000	84
Multi-Family Apartment Units	348,480 (Total Lot Area)	204
Mixed-Use Residential and Retail Area	666,468 (Total Lot Area)	333 (Residential)
Park Area	1.35 Acres	N/A

Development Narrative

The vision for the Phase I development is to provide a walkable, connected neighborhood where many housing types can be integrated. We proposed this style of development to meet the following goals:

- Take advantage of the location's proximity to walking paths, existing schools, and greenspace;
- Provide increased density to help offset the costs of new infrastructure needed on the site; and
- Establish high-level development narratives to guide the site's future development.

To accommodate various unit types, the Phase I site plans were laid out utilizing a traditional grid pattern with relatively rectangular blocks. This development pattern works well for the Phase I area as this portion of the property also has a relatively rectangular shape. The future phases of the site were shown with land use categories of development types. Details on the internal streets and lot layouts were not included to maintain flexibility for future market conditions and changes. However, future phases may not accommodate the same grid pattern due to the shape of this portion of the site. Access points to the property were purposefully aligned with the neighborhoods to the east. The plan does not propose additional curb cuts on Waterford Mills Parkway to maintain limited access into the development.

Overall Plan Design Narrative Guidelines

Phase I development and future phases should consider the following property-wide development guidelines:

- Do not develop any unit types as "pods" that segregate any section or use type from the balance of the site.
- No streets should terminate in "dead-ends" or cul-de-sacs unless that scenario is entirely unavoidable due to site constraints.
- No development section should have unique neighborhood identifications or specific signage.
- While creating an architectural style is important to unify the neighborhood, front-facing elevations should have enough variety to create visual interest and avoid creating streets or sections of housing that look identical and lack unique features.
- Some lots, or a potential future phase section, should be preserved and provided for sale to local Goshen builders as a chance to develop unique architecture or semi-custom homes for potential customers.
- For every 400 residential units, 0.25 acres of park space should be provided.

Description and Unit Totals

Phase I includes seven different building and development types. All seven include a different residential unit, showcasing the variety achieved by the conceptual development study plan. The mixed-use designation also proposed first-floor retail units that will create shopping/dining options within a walkable distance for new residents.

Design Guidelines

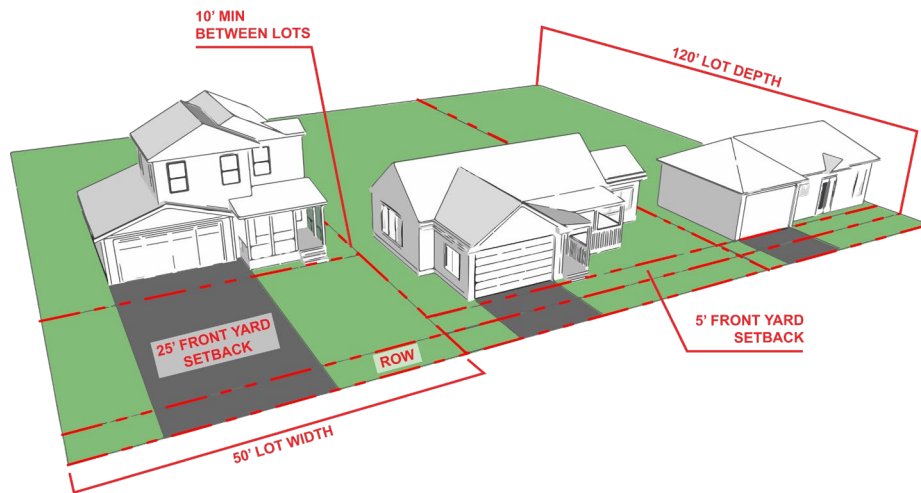
While the final architecture features and lot sizes would be established with a property developer, we have included design recommendations for each unit type shown in the conceptual plan to help guide future builders. These standards are also intended to help maintain commonalities between all development types

Single-Family Front Loaded Units

The single-family, front-loaded lots will most closely resemble the predominant development type in the US for the past 40 years. This type of unit is still desirable within the Midwest real estate market. Based on the development study plan, we recommend that single-family detached units incorporate the following bulk and architectural guidelines:

Bulk Requirements

Bulk Requirement	Recommended Standard (Per Unit)
Lot Size	6,000 Square Feet
Lot Width	50-Feet
Lot Depth	120-Feet
Front and Corner Yard Setback	5-Foot Minimum and 25-Foot Maximum
Side Yard Setback	5-Foot to the Side Lot Line or a Minimum of 10 Feet Between Houses
Rear Yard Setback	20-Foot Minimum



Architectural Guidelines

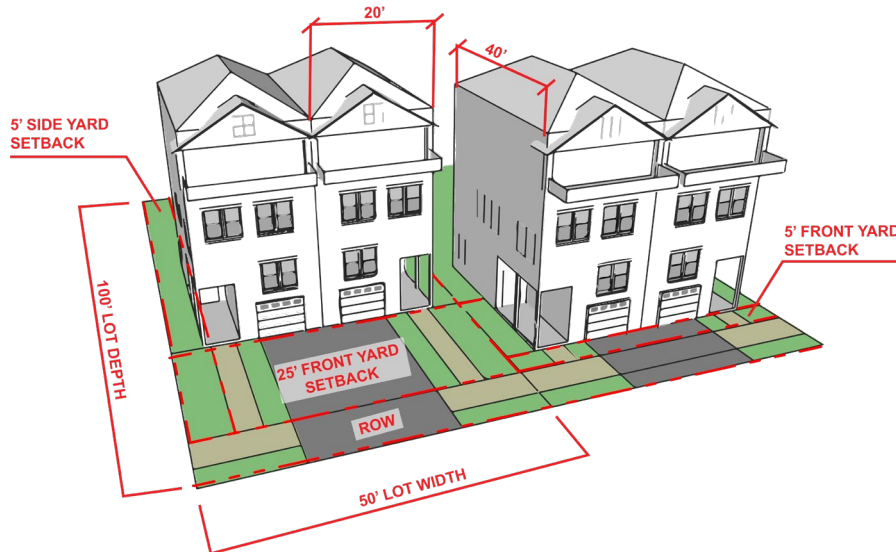
- Each development section should have a minimum of four elevations.
- Front elevations should have a porch or prominent overhanging feature to denote the front door.
- Front elevations should incorporate two changes to building heights and wall projections.
- Front elevations should include shutters, dormers, or prominent pediments over each window to accent the front of the home.

Two-Unit Attached Single-Family Front Loaded Units (Duplexes)

The two-unit attached single-family, front-loaded units (i.e., duplexes) would be integrated into the site with a similar overall density to the single-family detached units but provide denser, more attainably-priced homes. This building type helps provide well-appointed for-sale units on smaller fee simple lots with a shared common wall and property line. This type of unit is still desirable within the Midwest real estate market. Based on the development study plan, we recommend that duplex units incorporate the following bulk and architectural guidelines:

Bulk Requirements

Bulk Requirement	Recommended Standard (Per Unit)
Lot Size	5,000 Square Feet
Lot Width	50-Feet
Lot Depth	100-Feet
Front and Corner Yard Setback	5-Foot Minimum and 25-Foot Maximum
Side Yard Setback (between Buildings)	5-Foot to the Side Lot Line
Interior Side Yard Setback	Zero
Rear Yard Setback	20-foot Minimum



Architectural Guidelines

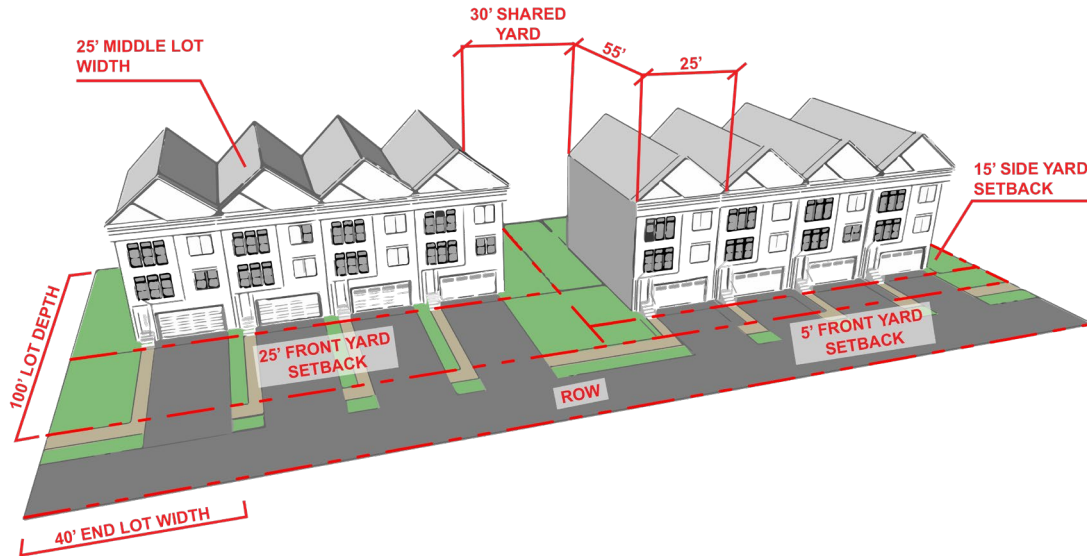
- Front elevations should have a porch or prominent overhanging feature to denote the front door.
- Front elevations should incorporate two changes to building heights and wall projections.
- Front elevations should include shutters, dormers, or prominent pediments over each window to accent the front of the home.
- Streets within this unit type should avoid the appearance of being dominated by garage doors.

Single-Family Attached Front-Loaded Units (Townhomes)

The single-family attached, front-loaded units (i.e., townhomes) will provide owner-occupied units at a higher density and create another price point for potential buyers/residents. These units provide moderately-priced homes on smaller lots with one or two shared common walls between individual residences. While providing two to three bedrooms and ample living space, these units typically have a lower price point and reduce the amount of property taxes owed due to the small lot sizes. We recommend that single-family attached, front-loaded units incorporate the following bulk and architectural guidelines:

Bulk Requirements

Bulk Requirement	Recommended Standard
Lot Size	4,000 Square Foot
Lot Width	40-Feet
Lot Depth	100-Feet
Front and Corner Yard Setback	5-Foot Minimum and a 20-Foot Maximum
Side Yard Setback (between Buildings)	30 Feet Shared Separation Between Buildings
Rear Yard Setback	10-Foot Minimum



Architectural Guidelines

- Front elevations should incorporate two building height projection changes.
- Front elevations should include prominent features over each window to accent the front of the home.
- Garage doors should be decorative and include windows or varying design patterns to avoid monotony.

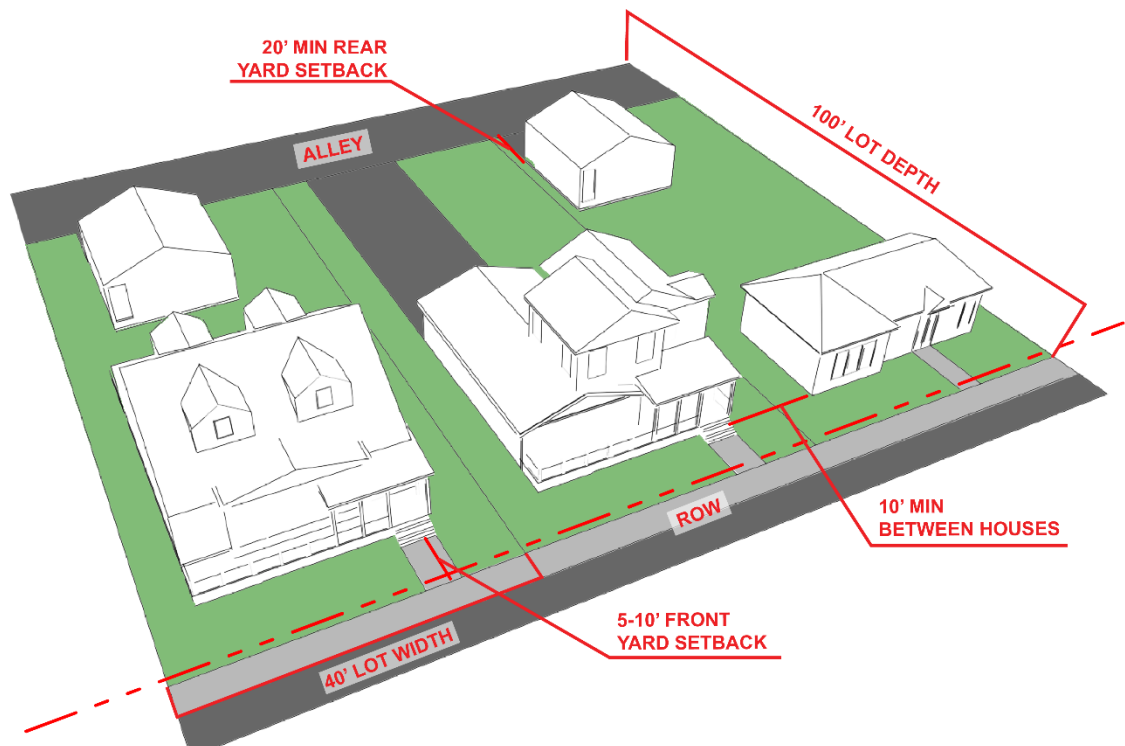
Single-Family Detached Traditional (Alley-Loaded) Units

The detached single-family, alley-loaded units will create for-sales units at a higher density and lower price than the single-family detached units. This unit type helps provide well-appointed homes on smaller-fee, simple lots. The key design feature for this unit type is rear-facing garages/alley-facing garages. This development pattern creates the ability to have smaller-width lots that increase density but avoids streets dominated by garage doors. This development pattern also focuses on the front of the house while limiting the amount of rear-yard recreation space. These traditional development types also benefit from creating more on-street guest parking by reducing the number of curb cuts for driveways. The home separation and increased density reduces the individual unit's cost and property taxes since these lots are smaller than standard single-family developments. This home type has been well-received throughout the Midwest real estate market for the last five to ten years. Based on the

development study plan, we recommend that detached single-family alley-loaded units incorporate the following bulk and architectural guidelines:

Bulk Requirements

Bulk Requirement	Recommended Standard (Per Unit)
Lot Size	4,000 Square Feet
Lot Width	40-Feet
Lot Depth	100-Feet
Front and Corner Yard Setback	5-Foot Minimum and 10-Foot Maximum
Side Yard Setback (between Buildings)	10-Feet Between Homes
Rear Yard Setback	20-Foot Minimum



Architectural Guidelines

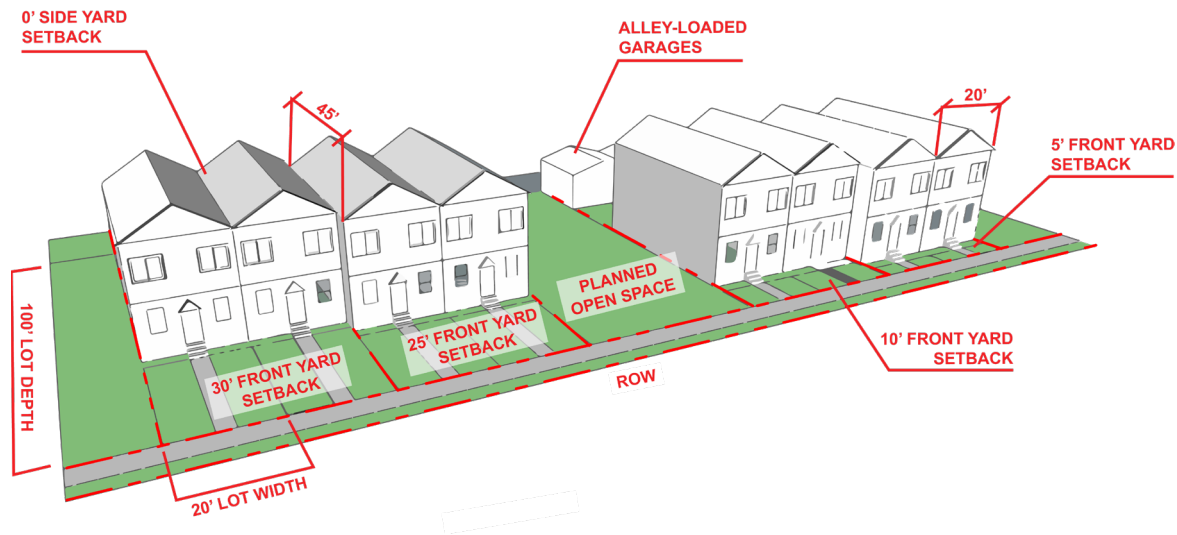
- Front elevations should have a porch or prominent overhanging feature to denote the front door.
- Various elevations should be developed to avoid monotony as these homes will have small separation distances between buildings.
- Individual outdoor space should be accommodated in the side yards of the houses through integrated patios or lanai spaces.
- Front elevations should incorporate two changes to building heights and wall projections.
- Front elevations should include shutters, dormers, or prominent pediments over each window to accent the front of the home.
- Garages should be set back a minimum of 20 feet from the alley to increase off-street parking.

Small Lot Townhome Alley-Loaded Rental Units

The small lot townhome, alley-loaded rental units will provide a unique development type in the Goshen market by providing larger multi-story rental units. These units will encourage residents to move into the community that prefers larger living areas but are not interested in home ownership. This building type provides units at the higher end of the rental spectrum, noted as lacking in the previous sections of this housing analysis, and attached rear-loaded garages as part of the rental unit. These units share the alley-loaded benefits discussed in the previous section, permitting a higher density while mitigating aesthetic and practical concerns. We recommend that the small lot townhome, alley-loaded units maintain the following bulk and architectural requirements:

Bulk Requirements

Bulk Requirement	Recommended Standard
Lot Size	2,000 Square Feet
Lot Width	20-Feet
Lot Depth	100-Feet
Front and Corner Yard Setback	10-Foot Minimum and a 25-Foot Maximum
Side Yard Setback (between Buildings)	10-Feet of Separation Between Buildings
Interior Side Yard Setback	Zero
Rear Yard Setback	10-Foot Minimum



Architectural Guidelines

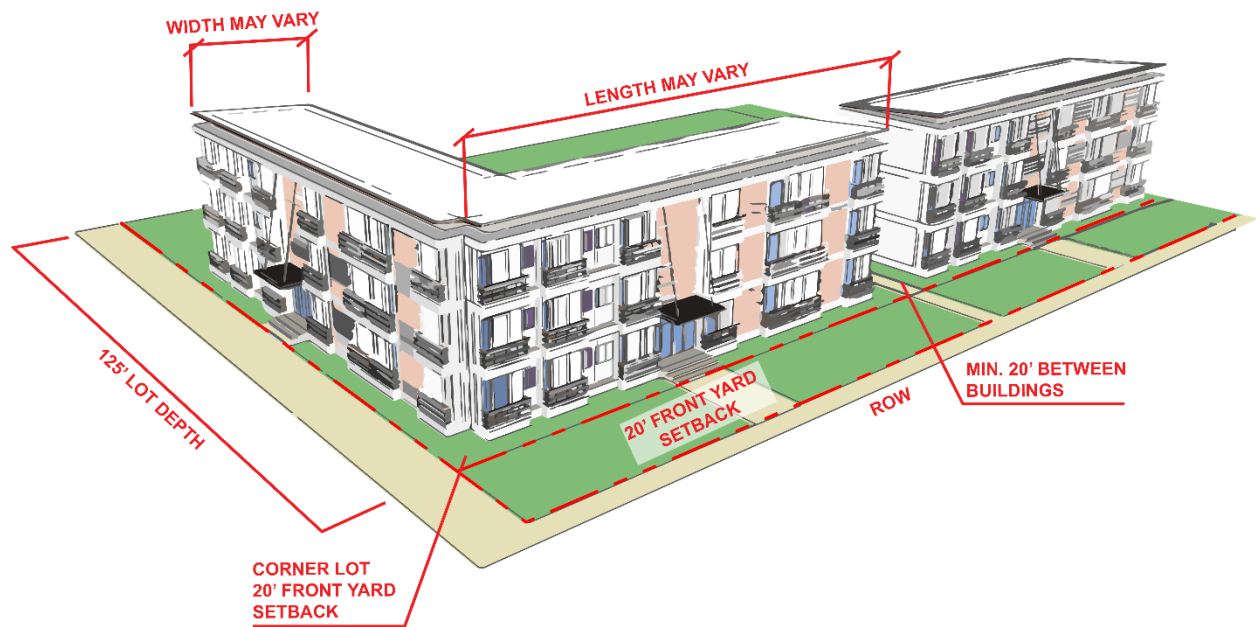
- Front elevations should have prominent features to denote the front door.
- Front elevations should incorporate two building height projection changes.
- Front elevations should include shutters, dormers, or prominent pediments over each window to accent the front of the home.
- To reduce monotony along public streets, front elevations should be constructed from varying and alternative fascia materials, such as brick and fiber cement siding.
- Garages can be detached or attached to the units depending on the front yard setback distance.

Multi-Family Apartment Units

The multi-family rental units are included to provide workforce housing to those who cannot afford or choose not to buy in Goshen. The demand portion of this study determined a lack of supply for this unit type but high demand. These units fill out various price points needed in the rental spectrum noted as lacking. They should include a variety of unit square footage and bedroom counts ranging from efficiencies to three bedrooms. We recommend that the multi-family rental units maintain the following bulk and architectural requirements:

Bulk Requirements

Bulk Requirement	Recommended Standard
Lot Are Per Unit	2,000 Square Foot
Lot Width	N/A
Lot Depth	N/A
Front and Corner Yard Setback (From Public Streets Only)	20-Foot Minimum
Side Yard Setback (Between Buildings)	20-Feet of Separation Between Buildings
Rear Yard Setback	5-Foot from Parking Areas



Architectural Guidelines

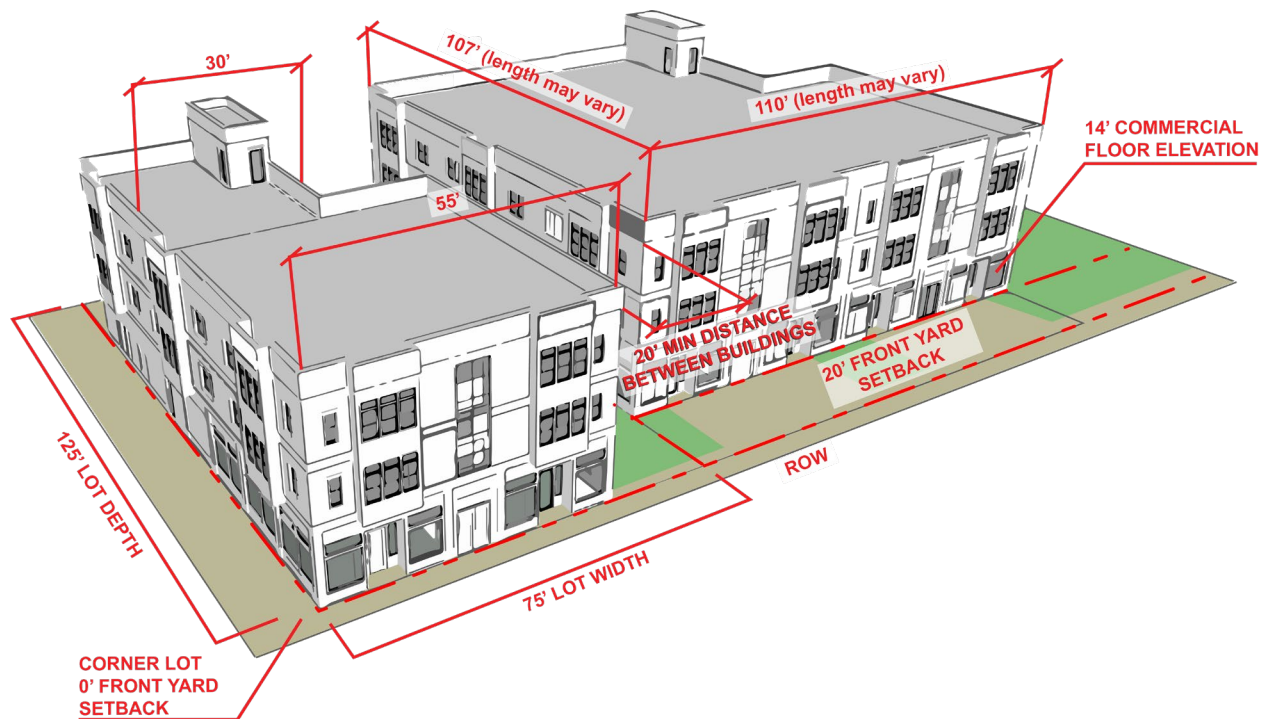
- Front elevations should have prominent features to denote the front door.
- All units should be accessed from an interior hallway.
- Front elevations should incorporate three building height projection changes.
- Front elevations should include shutters, dormers, or prominent pediments over each window to accent the front of the building.
- All units should have a patio or porch area.
- Building complexes should include a clubhouse and recreation amenities, such as a pool, workout room, dog park, package delivery areas, play spaces, shared outdoor cooking spaces, etc.
- These units should have built-in or covered parking spaces available.

Mixed-Use Residential Units

The mixed-use rental units are located on the second and third stories of new buildings. This unit type is provided to help create a unique product in the Goshen market. These units could be for-sale condominium units that cater to a market segment that wants to live above or near shopping, have great amenities, and are not interested in yard maintenance. These units should include a variety of unit square footage and multiple bedroom counts ranging from efficiencies to three-bedroom. We recommend that the mixed-use residential units maintain the following bulk and architectural requirements:

Bulk Requirements

Bulk Requirement	Recommended Standard
Lot Area Per Unit	2,000 Square Foot
Lot Width	N/A
Lot Depth	N/A
Front and Corner Yard Setback (From a Public Street Only)	20-Foot Minimum
Side Yard Setback (between Buildings)	20-Feet of Separation Between Buildings
Rear Yard Setback	5-Feet for Parking Areas
Location	Second and Third Stories of Mixed-Use Buildings



Architectural Guidelines

- Front elevations should have prominent features to denote the front door.
- All units should be accessed from an interior hallway.
- Front elevations should incorporate three building height projection changes.
- All units should have a patio or porch area.
- Individual buildings should incorporate features specific to residents, such as rooftop gathering spaces, workout rooms, business centers, etc.
- All units should come with one underground or covered off-street parking space.

Mixed-Use First Floor Retail Units

The mixed-use rental units are located on the second and third stories of new buildings. The first floor should be reserved for retail spaces to accommodate residents of the new neighborhood and provide walkable shopping and dining options. We recommend that the mixed-use first-floor retail units incorporate the following bulk and architectural guidelines in addition to those stated above for the mixed-use residential building:

Bulk Requirements

The building form should follow and be incorporated into the guidelines stated for the mixed-use residential units. Commercial/retail uses should be limited to the first floor. The development master plan should incorporate on-street and off-street parking spaces to accommodate customers for the first-floor retail.

Architectural Guidelines

- Front elevations should have prominent features to denote the front door, such as metal overhangs, awnings, and signage.
- Front elevations should incorporate large glass areas to showcase activity visible to the public street and provide lighting to enhance the safety of patrons.
- Sidewalks in front of these units should be wide enough to accommodate Americans with Disabilities Act clear space requirements and allow for business activities, such as outdoor dining, sidewalk sales, and public seating features.
- Streets should be well lit to encourage walking and enhance security during the evening and nighttime.

High-Level Financial Review

This report has examined the needs for multiple rental and owner-occupied housing types in the City of Goshen and explored a conceptual development layout to showcase how these housing units may be planned on a greenfield site. However, to help stimulate activity, the City may want to consider assistance to construct improvements. This final section of the housing analysis looks at the high-level costs of constructing the public utilities (e.g., roads, water, sanitary and stormwater sewers, etc.) needed to prepare Phase I of the development study plan. The costs of these utilities were then compared to projected revenues from property taxes expected via a Tax Increment Financing District (TIF).

Infrastructure Costs

To make the properties shown in Phase I of the development study plan ready for development, they will need access to public utilities and roads. We reached out to residential development companies to determine how much it may cost to make a greenfield site developable. Home builders estimate these costs by the linear feet of new roads needed to service the development. The cost estimates shared by these entities ranged from \$1,165 per linear foot to \$1,350 per linear foot. Phase I has 10,361 linear feet of proposed public road and 2,300 feet of potential alleyways. As shown in Table 14 below, both estimates were used to provide low and high total estimates of public infrastructure costs. The total estimates for these items were \$13,450,565.00 and \$15,712,350.00 respectively.

Table 14, Public Infrastructure Cost Estimates¹⁸

Construction Information			
Low Estimate	Liner Feet	Cost Per Linear Foot Low	Construction Cost
Row - Street	10,361	\$ 1,165.00	\$ 12,070,565.00
Row - Alley	2,300	\$ 600.00	\$ 1,380,000.00
		Total Construction Cost	\$ 13,450,565.00
High Estimate	Liner Feet	Cost Per Linear Foot Low	Construction Cost
Row - Street	10,361	\$ 1,350.00	\$ 13,987,350.00
Row - Alley	2,300	\$ 750.00	\$ 1,725,000.00
		Total Construction Cost	\$ 15,712,350.00

Revenue Projections

With the conceptual infrastructure costs estimated, we used the number of units and types of housing shown on that plan to create a conceptual revenue projection. Working we staff, we decided to review the amount of new property tax revenue that may be generated through a TIF.

¹⁸ American Structurepoint and Indiana Department of Local Government Finance

Property Tax Estimates

Table 15 below summarizes the new taxes generated from the conceptual development study plan. This analysis examined the tax bills for all residential and commercial properties in the City of Goshen. This review resulted in a per-square-foot property tax estimate for new taxes collected for the use types proposed for the Phase I housing types. The retail space estimate was determined by utilizing the total square feet of the proposed retail space. This exercise showed that the conceptual development would produce approximately \$1.3 million in new property taxes annually.

Table 15, Financial Analysis of Waterford Commons Phase I Unit Summary¹⁹

Unit Type	Property Tax Produced Per Square Feet (Total Bill)	Total Units/Square Feet Proposed	Total New Tax Produced Per Lot/Unit	Total New Taxes Per Year for All Proposed Units
Single-Family Detached	\$0.20284	68	\$1,217.07 Per Lot	\$82,760.55
Duplex Units	\$0.10513	150	\$525.63 Per Lot	\$78,845.11
Townhome Front Loaded	\$0.20284	88	\$811.38 Per Lot	\$71,401.25
Tradition Single-Family Detached (Alley Loaded)	\$0.20284	33	\$811.38 Per Lot	\$26,775.47
Multi-Family Townhouse Rental (Alley Loaded)	\$0.31225	84	\$624.49 Per Lot	\$52,457.53
Multi-Family Rental	\$0.44730	174	\$290.02 Per Unit	\$155,874.39
Mixed Use Residential	\$0.44730	333	\$290.02 Per Unit	\$298,109.78
Mixed Use Retail	\$0.79792	N/A	N/A	\$531,786.49
			<u>Total New Taxes General for All Use Types</u>	<u>\$1,298,010.57</u>

TIF Revenue

With the projected annual revenue now known, we could create a total property tax revenue generation estimate for 25 years (the standard length of an Indiana TIF District). These results are shown in Table 16. This table included two estimates. Year 20 is shown since this is Goshen's typical length of a TIF agreement utilized with developers. Year 25 is also included to show the incremental revenue generated at the end of the TIF length. For this analysis, a four-year build-out of all units was assumed for Phase.

¹⁹ American Structurepoint and Indiana Department of Local Government Finance

Table 16, TIF Revenue Projections²⁰

Total TIF Revenue		
Year	20	25
Total Cumulative New Property Tax Revenue	\$22,191,075.69	\$28,681,128.56
Typical Revenue Split		
City 25 Percent	\$5,547,768.92	\$7,170,282.14
Potential Developer 75 Percent	\$16,643,306.77	\$21,510,846.42

A complete year-by-year breakdown of these projections was included in the appendices of this document.

High-Level Financial Review Findings

This high-level financial analysis projected that the development mix shown on the development study plan would generate enough new increments to assist with the cost of new public improvements. The high-cost estimate revealed that providing infrastructure may come close to \$16 million. At year 20, this same development would generate approximately \$22 million in cumulative new tax revenues. At year 25, this plan would generate \$28.6 million. This analysis also shows that a mix of unit types and densities helps to provide the tax revenue necessary to generate enough increment to cover these costs. Table 15 shows that the high-density unit types create higher tax revenue on average. Including these housing types and retail buildings in future development will help generate an increased return on investment.

²⁰ American Structurepoint

Exhibit B
READI 2.0 Information Sheet

READI 2.0 Policy Overview

Program Purpose

To accelerate the state's economic growth, Indiana launched the Regional Economic Acceleration and Development Initiative (READI). READI builds on the framework and successes of the Indiana Regional Cities Initiative and the 21st Century Talent Initiative, encouraging neighboring communities across the state to work collaboratively to develop a bold vision for their future that, when implemented, will attract, develop and retain talent in Indiana.

READI 1.0, as the first iteration of the initiative, is demonstrating the impact and viability of investing in the built environment to drive growth and prosperity. These investments are beginning to demonstrate that investments in quality of life and quality of place assets play a vital role in this effort.

Talent retention and attraction remain critical to Indiana's long-term economic development prospects and its quality of opportunity goals. For READI 2.0, there is an opportunity to generate stronger returns for Indiana and our individual community partners through greater alignment between the IEDC and our partner regions in goal and project identification and financial support.

READI 2.0 Goals & Focus Areas

Maintaining and accelerating the momentum in Indiana through sustained investments in our goals of quality of place, quality of life, and quality of opportunity with their associated projects is vital to retain Indiana's competitive position to attract and retain people in communities across the state. The following goals and focus areas will continue to be priorities for READI 2.0:

Quality of Life

Projects that directly impact the well-being and health of residents

- Tourism, arts, culture and community projects
- Family-support initiatives (Childcare and healthcare access)
- Trails and parks (Active recreation and public spaces)

Quality of Place

Projects that directly impact essential community infrastructure

- Housing availability and affordability (New and rehabilitated units)
- Growth infrastructure (Water, sewer, roads, and utilities)
- Mixed-used developments (Residential and commercial along with a mix of other uses)
- Blight Remediation and Redevelopment

Quality of Opportunity

Projects that generate economic opportunities for current and future residents

- Infrastructure leading directly to jobs
- Talent supply and education (Talent development and attraction)
- Innovation and entrepreneurship

Program Structure

READI 2.0 was created by P.L. 201-2023 and received a \$500 million appropriation to support investments in capital and infrastructure projects that will stimulate population growth across the state. The IEDC will provide financial commitments to regions that submit an application for grants or loans from the fund to implement their **Regional Economic Acceleration and Development Strategy**, as defined by Indiana Code 5-28-43-6 (the "Application"). READI 2.0 will function much like the first iteration of the initiative and will include competitive grant and/or loan commitments being made to regions that submit an application to the IEDC in the form of a visionary investment strategy/plan.

Like the first phase of the READI program, the IEDC is seeking applications from eligible regional economic acceleration and development organizations that focus on improving the quality of life, quality of place and quality of opportunity within defined regions across the state. Applications must comply with the Application/Plan Content Guidelines of this policy and demonstrate the region's capacity to leverage public, private, and philanthropic funding to successfully implement the region's strategy.

To be clear, a brand-new strategic plan is not needed. Instead, the regions should use the plans developed in 2021 as the baseline for a revised **Regional Economic Acceleration and Development Strategy** to be used as its funding application to IEDC. The expectation for this revised strategy is to be a long-term strategic plan and vision for what the region seeks to achieve in alignment with the state's Key Performance Indicators (KPIs). Regions may also include example projects that help the Board understand the types of investments under consideration as it implements its multi-year strategy. The application should not include every investment the region may make in the event the IEDC commits funding to its implementation.

Example projects must be contemplated by, or be aligned with, the strategies included within the application.

The IEDC will explore a variety of financing options including loans / revolving loan funds, to be managed by the IEDC, as its commitment to a project.

Total Appropriation: \$500,000,000

Maximum Commitment to a Region: \$75,000,000

ELIGIBLE ACTIVITIES

Eligible project activities are limited to capital projects or infrastructure improvements. A capital project is a project to build, improve, maintain, or develop a significant fixed asset. A capital project includes, but is not limited to: (i) construction or rehabilitation of new or existing facilities, (ii) acquisition of tangible personal property or equipment with a useful life of at least one (1) year and used for a particular purpose aligned with the owner's business or governmental purpose; (iii) land acquisition; (iv) other expenses directly related to items (i) - (iii) including professional services, installation costs, debt or lease payments, permitting fees, developer and property management fees, legal expenses, or other project costs approved by the IEDC. Infrastructure projects may be publicly or privately-owned and include water, wastewater/sewer, utilities such as electricity, gas and broadband, roads and sidewalks, and parking garages.

MATCH REQUIREMENTS

Attracting private investment is a major goal of the READI 2.0 program. Regions should attract a minimum 4:1 match at a regional level across their portfolio of projects. This includes a required 1:1 match from local public funding and 3:1 match from private and philanthropic sources. At least 60% of the match should be from private sources.

Program Metrics

The IEDC will establish Key Performance Indicators (KPIs) for the program which align with the overall goals of the READI program. The following KPIs have been established for READI 2.0:

- Population growth
- Per-capita income growth
- Increase in employment opportunities
- Educational attainment
- Number and affordability of housing units developed
- Increase in childcare capacity
- Increase in innovation activities
- Increase in private investment

In addition to overall program goals, project-level KPIs will also be established to help achieve program goals.

Eligible Entities

As established by legislation, the two types of eligible entities that may apply for READI 2 funding are development authorities and qualified nonprofit organizations. Entities permitted by Indiana Code § 5-28-43-2 to submit an application for a grant or loan from the fund include:

- A regional development authority (RDA) including those formed under:
 - IC 36-7.5
 - IC 36-7.6
 - IC 36-7.7
- A regional strategic development commission established under IC 36-7-39
- A qualified nonprofit organization formed to support economic development across the region, and which does not represent a single interest group or local unit(s) within a single county.

The IEDC reserves the right to provide an existing nonprofit organization an exception to this general rule if the organization establishes controls that guarantee regional stakeholder engagement in the allocation of READI funds. This can include, but not limited to, establishing a partnership, committee, or board that meets the other requirements of this policy and that is comprised of members that represent the entire region.

Regional Composition

Eligible applicants should represent a region that self-selects, based on historical regional partnerships and strategic planning efforts, transportation and employment flows between partner communities, inclusion in the same metropolitan statistical area, and other datapoints that demonstrate regional interconnectivity.

The IEDC encourages regions to remain the same as those that participated in the first phase of the initiative but would also support the consolidation of participants into a single region if the datapoints outlined above justify such a consolidation. Regional groupings should be finalized as soon as possible after program rollout.

Application Requirements & Evaluation

The IEDC will provide a standardized application form titled **Regional Economic Acceleration and Development Strategy** (application) that must be used by each region submitting a proposal for funding

through the READI 2.0 initiative.

As part of this process, the region's development strategy should be considered a compelling proposal that focuses on transformative opportunities for growth in alignment with IEDC objectives. The strategy should not include a full list of projects, but specific project examples and distinct opportunities to support the region's vision. This development strategy will serve as the basis for READI 2.0 investment commitment.

The IEDC Board may establish a strategic review committee to assist in the evaluation of applications for an award commitment from the fund.

A region's **Regional Economic Acceleration and Development Strategy** (application) will be evaluated based on the strength of the vision in their proposal, its economic impact, focus on rural communities, alignment to economic development objectives / KPIs and collaboration among state, regional and community stakeholders. Specific application requirements and content as well as evaluation criteria are available as a separate policy guidance document

Award Allocation & Implementation

An award allocation to a region will not be for specific projects, rather a commitment to the implementation of their **Regional Economic Acceleration and Development Strategy** (their application as submitted and in accordance with this policy).

After making an award to a region, the IEDC will participate in project identification, evaluation, selection decisions and project execution with the region. This partnership approach provides greater intentionality for meeting state goals and alignment with other activities occurring or planned to occur within individual communities and surrounding regions.

Investments in specific projects will be in the form of grants, loans or other financial instruments as determined by mutual agreement between the region and the IEDC. The IEDC is seeking to deploy READI 2.0 funding in a more sustainable manner, supporting projects that recycle the IEDC's investment funding to allow the region and the IEDC to invest in more projects.

Loans or other investments (including investment funds for targeted project types) will be managed by the IEDC.

The IEDC shall provide final approval of project investments and will contract directly with project owners, reducing the administrative burden on regions receiving state financial commitments.

Proposed Timeline

AUGUST 31, 2023

Program announcement and launch

SEPTEMBER 2023

Information sessions and question period through September 30, 2023. Questions can be asked during information sessions or emails to READI@iedc.in.gov

OCTOBER 13, 2023

FAQs posted publicly

SEPTEMBER 2023-FEBRUARY 2024

Regions develop their funding applications; IEDC visits each participating region to see READI 1.0 investments and discuss future vision/strategy

FEBRUARY 16, 2024

Regional applications due to IEDC

APRIL 2024

Proposed IEDC Board approval of investment commitments / allocations to regions. Exact date to be announced at a later date.

MAY 2024

IEDC begins coordination with regions in identifying regionally significant capital and infrastructure projects for investment

Reporting & Compliance

IEDC will manage the administrative and compliance responsibilities for the award and any projects receiving funding. These projects will be subject to procurement guidelines set by the IEDC.

Exhibit C
Draft TIF Policy

City of Goshen
TAX INCREMENT FINANCING (TIF) FUNDING ASSISTANCE
Policy & Application Packet



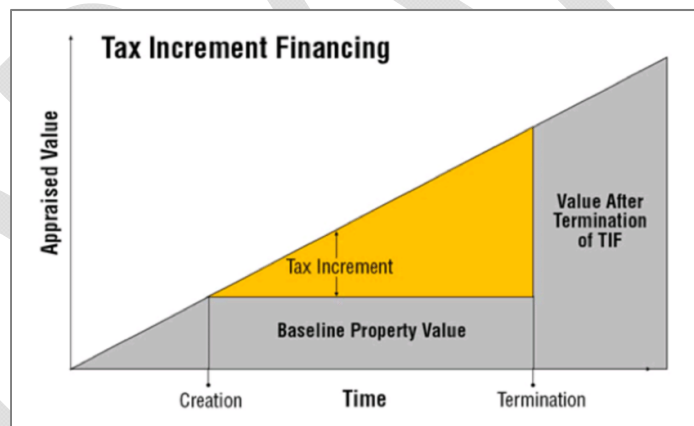


TAX INCREMENT FINANCING (TIF) FUNDING ASSISTANCE POLICY

- Adopted May XX, 2023 by the Redevelopment Commission
- Adopted May XX, 2023 by the Goshen Common Council

What is TIF?

Tax Increment Financing (TIF) is a special funding tool available to local municipalities that spurs economic development which otherwise would not occur. When a TIF district is created, property owners within the district continue to pay the same property tax rates as those outside the district. The difference is that tax collections, over and above the “base value” are placed into a special fund that is used to pay for project costs. Once all costs incurred by the creation of the project-based TIF district are recouped by the additional tax increment created, the district is terminated and the additional property taxes created are released to be shared by all taxing entities. The use of TIF varies from project to project and district to district. In some cases, the City uses TIF to promote redevelopment in older parts of the community. In other cases, the City uses TIF to create industrial parks through land acquisition and construction of infrastructure. In both cases, increased property tax collections are used to pay down debt service associated with project costs. This document outlines the City’s policy regarding utilizing TIF funding for partnerships with private developers to spur economic development.



Purpose

The purpose of this Policy is to articulate to existing or potential businesses the City of Goshen’s desire to promote economic development that is consistent with the City’s Comprehensive Plan and provides a community benefit that will ultimately be shared by all taxing entities (city, schools, library, and county) impacted through the establishment of TIF districts.

Notwithstanding compliance with any or all of the guidelines herein, the provision of TIF assistance is a policy choice to be evaluated on a case-by-case basis first by the Goshen Redevelopment Commission and then by the Goshen Common Council for final approvals. The burden of establishing the public benefit of TIF shall be placed upon the applicant and the application must substantially meet the criteria contained herein. City Administration reserves the right to bring any TIF proposal forward for Commission and Council consideration.

Meeting statutory requirements, policy guidelines and other criteria listed herein does not guarantee provision of TIF financial assistance nor does the approval or denial of one project set precedent for approval or denial of another project.

TIF Authority

The authority and regulations for Tax Increment Financing and the establishment of TIF districts are found in IC § 36-7-14. The City of Goshen reserves the right to be more restrictive than provided under the statutes.

Basic Provisions

As a matter of policy, the City of Goshen will consider using TIF to assist private development in those circumstances where the proposed private project shows a **demonstrated financial gap** and that the financial assistance request is the minimum necessary to make the project feasible. The developer is expected to have exhausted all other financial alternatives prior to requesting the use of TIF, including equity participation, other federal and state funds, bonds, tax credits, loans, etc.

The City will only provide the minimum amount of TIF assistance to make the project viable and not solely to broaden a developer's profit margin on the project. Prior to consideration of a TIF assistance request, the City will undertake (at the applicant's expense) an independent analysis of the project to ensure the request for assistance is valid.

In requesting TIF assistance, the developer must demonstrate that there will be a substantial and significant public benefit to the community by eliminating blight, strengthening the economic and employment base of the City, positively impacting surrounding neighborhoods, increasing property values and the tax base, creating new and retaining existing jobs, adding housing opportunities within the City and implementing the Comprehensive Plan.

Each project is unique and therefore every proposal shall be evaluated on its individual merit, including the potential impact on city service levels, its overall contribution to the economy and its consistency with the Comprehensive Plan or other community planning documents. Each project must demonstrate probability of financial success.

"BUT FOR" TIF

The fundamental principle, and that which the City must determine through information provided by the developer, is that the project would not occur "but for" the assistance provided through TIF. The burden is on the developer to make this case to the City and not the City to make this case for the developer. Should this "but for" determination not be made, TIF assistance for the project cannot be approved.

TIF Objectives

The City will consider utilizing Tax Increment Financing to meet the following basic objectives:

1. Stimulate and continue revitalization of the City of Goshen by:
 - a. Improving and expanding infrastructure;
 - b. Supporting the creation of a variety of housing opportunities to grow the City's population, including, but not limited to the following:
 - i. Low-income housing (30-60% AMI);

- ii. Entry-level workforce housing (61-90% AMI);
- iii. Advanced level workforce housing (91-120% AMI); and
- iv. Market rate housing (121% AMI and above).

Consideration will be given to other housing types where there is a demonstrated gap (i.e. affordable assisted living projects, complicated development sites, etc.).

- c. Constructing mixed-use developments; and
 - d. Attracting desirable businesses and retaining existing businesses.
2. Promote efficient usage of land through redevelopment of blighted and underutilized areas in addition to brownfield properties.
 3. Promote sustainable development practices, including green-building construction levels and the use of green technologies for both new and redeveloped properties.
 4. Strengthen and diversify the economic base of the City and support economic development.
 5. Stabilize and upgrade neighborhoods.
 6. Create and retain family-supporting jobs in the City.
 7. Increase property values and tax revenues.
 8. Leverage the maximum amount of non-city funds into a development and back into the community.

What Development Is Eligible?

The types of development that the City will consider for TIF assistance include:

1. Business and industrial development (attraction, retention and expansion) – TIF assistance will be evaluated on its impact on existing local markets. Additional points will be granted to projects that assist in diversifying the local economy.
2. Multi-family residential development that provides housing opportunities for all income levels within the population.
3. Mixed-use developments that creatively integrate commercial and retail projects into a residential development.
4. Revitalization of historically significant or deteriorated buildings.
5. Projects that promote downtown office, retail and housing development.
6. Projects that promote neighborhood stabilization or revitalization.
7. Projects consistent with the City’s approved TIF Project Plans.
8. Projects that involve environmental clean-up and removal of blight.
9. Projects that contribute to the implementation of other public policies, as adopted by the City in its strategic plans such as promotion of high-quality architectural design, energy conservation, green infrastructure, etc.

What Development Is Ineligible?

The City will not favor use of TIF funding to help support the following types of development:

1. Primarily speculative office development (projects where a majority of the space have no secured tenants).
2. Relocation of offices, retail and/or commercial uses for purposes other than retaining or substantially expanding the business.
3. Projects not consistent with the Comprehensive Plan.
4. Any project that will not generate TIF revenue.

Eligible Costs

TIF funding assistance requests are limited to the costs associated with the following items:

1. Public infrastructure;
2. Stormwater retention/detention facilities;
3. Demolition; and
4. Environmental remediation.

For assistance requests related to multi-family housing development, **site infrastructure** costs will be considered eligible in addition to the four (4) items listed above. For the purpose of this policy, site infrastructure is defined as the following:

1. Water Main Installation – Connection to the existing public water main and service lines to the residential units within the development;
2. Sewer Main Installation – Connection to the existing public sewer main and service lines to the residential units within the development;
3. Sidewalk Construction – Construction of all sidewalks within the development, including those required by Planning & Zoning within the rights-of-way;
4. Roadway Improvements & Construction – Construction of all roadway improvements required by City departments for the adjacent public roadways, including entrances into the development, and roadway and parking improvements within the residential development;
5. Construction of footers and building slabs associated with the residential units;
6. Installation of all underground plumbing;
7. Installation of all underground sewer and water lines; and
8. Installation of underground electrical services.

If the financial gap is larger than the costs associated with the specific items detailed above, the TIF funding assistance would be limited to only the costs associated with public infrastructure. For multi-family housing projects, the site infrastructure costs would be included with the public infrastructure costs.

Criteria for TIF Assistance

All of the following financial criteria must be met in order to be considered for TIF assistance:

1. Equity Requirement – Developers must provide a minimum 10% equity of total project costs. Projects that exceed the 10% equity requirement will be looked upon favorably by the City. Exceptions will be considered if Developer provides adequate explanation of overall financing

structure. Equity is defined as cash or un-leveraged value in land or prepaid costs attributable to the project. TIF shall not be used to supplant cash equity.

2. 75% Rule – Projects that score a minimum of 100 points (out of 155 total) will be considered for TIF assistance of up to 75% of the annual tax increment generated by a private development. For projects that are faced with substantial barriers to development (i.e. – development of brownfields, infill development, incorporation of affordable housing units, etc.), an increased percentage of participation will be considered.
3. Payback Period – 20-year maximum payback period. Preference will be given to projects with payback periods of 15 years or less.
4. TIF Cap – The total amount of TIF assistance should not exceed 25% of total project costs. This limitation may be waived upon approval by both the Goshen Redevelopment Commission and the Goshen Common Council.
5. Self-Supporting Projects – Each project requesting TIF assistance should generate sufficient tax increment to cover the requested TIF assistance and a portion of any public infrastructure costs within the district.

No increment from other private development projects within the district may be used to supplement another project's inability to generate sufficient tax increment to cover project costs.

6. Internal Rate of Return – The amount of assistance provided to a developer will be limited to the amount necessary to provide the developer a reasonable rate of return on investment in the project and the subject site. A developer's return on equity, return on cost or internal rate of return will be based on current market conditions as determined by the City or City's financial advisor. In no case shall the internal rate of return exceed 25%.
7. Taxable Increase – The project should result in an increase in taxable valuation of at least 20% upon project completion.

Additional Criteria Related to Residential Development

While TIF assistance for multi-family residential development is not as common as traditional industrial and commercial assistance, the City of Goshen recognizes that the current housing stock is insufficient to accommodate the number of people working within this community. Specifically, the City desires to expand the available housing within Goshen as recent statistics show that approximately 30,000 people commute into Elkhart County for employment daily.

Our goal is to provide housing opportunities that will allow for commuting workers and others to relocate to Goshen. Requests for projects that fall into the following categories will be considered:

1. Low-income housing (30-60% Area Median Income) **with at least 10% of the units qualifying with rent limits within this range;**
2. Entry-level workforce housing (61-90% Area Median Income) **with at least 25% of the units qualifying with rent limits within this range;** or
3. Advanced level workforce housing (91-120% Area Median Income) **with at least 50% of the units qualifying with rent limits within this range.**

Market rate housing (121% Area Median Income and above) will be considered only if substantial barriers to development are present (i.e. – development of brownfield sites, infill development, etc.).

In evaluating assistance requests, consideration will be given to the income level that the proposed development will serve. Rental housing at all incomes levels is needed within Goshen but having the ability to further define the types of projects requesting assistance will ensure that support is provided to accommodate all different incomes levels. Proposed mixed-income developments providing at least two affordable housing types, as defined by this Policy, will be given additional consideration.

The City will utilize the most recent US Census data to determine the Area Median Income and will use the most current statistics in evaluating received requests. An exhibit is provided detailing the current data and corresponding rent limits for our area.

Policy Criteria

In addition to meeting all of the above financial criteria, projects must accumulate a minimum of 100 points based on the following policy criteria to be considered for TIF funding assistance. Points can range from 0 to the maximum shown below in each category:

COMMERCIAL & INDUSTRIAL Scoring Criteria	Score
1. Projects that attract, retain or expand businesses that result in a significant increase in tax base	15
2. Projects involving retail development that is targeted to encourage an inflow of customers from outside the City that result in exported goods, or that provide services or fill retail markets that are currently unavailable or underserved in the City.	5
3. Presence of extraordinary development/redevelopment costs such as: a. Remodeling/Rehabilitation/Demolition b. Environmental Remediation c. Capital Purchases d. Public Infrastructure	20
4. Proposed employment potential a. Number of new employees b. Skill and education levels required for the jobs c. Range of salary and compensation rates for the jobs as compared with the median income level for Elkhart County (70% of new jobs must be above median income level) d. Cost of public assistance per job e. Potential for executive relocation	10
5. Enhances the streetscape and pedestrian experience within the City	5
6. Historic Preservation – Preservation/rehabilitation of a locally significant historic structures	5
7. Provides direct benefit to distressed areas through blight elimination	5
8. Quality of development and overall aesthetics (architectural, site quality, landscaping, etc.) <i>beyond that which is minimally required by the Zoning Ordinance</i>	15
9. Use of sustainable and green technologies within the project which would include, but not be limited to, the following: a. Solar installations b. Green roof installations c. Sustainable stormwater management (i.e. rain gardens, bioswales, native plantings in lieu of traditional turf grass, pervious pavers, French drains, etc)	20

d. Electric vehicle charging stations	
10. Use of at least two (2) of the following sustainable water usage applications within the development: a. Water recycling solutions for operations b. Innovative use of grey water c. Low volume flush toilets	10
11. Use of at least two (2) of the following (or comparable) sustainable energy usage applications within the development: a. Energy star rated appliances b. High-efficiency heating and/or cooling systems c. LED lighting throughout the building d. Occupancy sensors in additional areas not required by Indiana Code e. Incorporation of natural light (windows) within the production area to conserve overall energy consumption	25
12. Use of local developer and/or contractors for the project	10
MULTI-FAMILY RESIDENTIAL Scoring Criteria	Score
1. Projects that increase housing opportunities within the City of Goshen. Projects that meet one or more of the following criteria will be granted additional points. a. Low-income housing (30-60% Area Median Income) with at least 10% of the units qualifying with rent limits within this range; b. Entry-level workforce housing (61-90% Area Median Income) with at least 25% of the units qualifying with rent limits within this range; or c. Advanced level workforce housing (91-120% Area Median Income) with at least 50% of the units qualifying with rent limits within this range. d. Market rate housing (121% and above Area Median Income) where substantial barriers to development exist.	20
2. Presence of extraordinary development/redevelopment costs such as: a. Remodeling/Rehabilitation/Demolition b. Environmental Remediation c. Capital Purchases d. Public Infrastructure	20
3. Enhances the streetscape and pedestrian experience within the City (including providing additional connections to the existing trailways, bicycle storage facilities, etc)	5
4. Historic Preservation – Preservation/rehabilitation of a locally significant historic structures	5
5. Provides direct benefit to distressed areas through blight elimination	5
6. Quality of development and overall aesthetics (architectural, site quality, landscaping, etc.) <i>beyond that which is minimally required by the Zoning Ordinance</i>	15
7. Use of sustainable and green technologies within the project which would include, but not be limited to, the following: a. Solar installations b. Green roof installations c. Sustainable stormwater management (i.e. rain gardens, bioswales, native plantings in lieu of traditional turf grass, pervious pavers, etc) d. Electric vehicle charging stations	10

8. Use of at least two (2) of the following sustainable water usage applications within the development: a. Individually metered and billed water services b. Low volume flush toilets c. Energy star rated washing machines	10
9. Use of at least two (2) of the following (or comparable) sustainable energy usage applications within the development: a. Energy star rated appliances b. Individually metered and billed gas and electric services c. High-efficiency heating and/or cooling systems d. LED lighting throughout all common areas and dwelling units e. Occupancy sensors in additional areas not required by Indiana Code	10
10. Projects that provide traditional neighborhood development or conservation development within the City	10
11. Mixed-income developments that provide at least two (2) affordable housing types as defined in the Policy	10
12. Provides housing at a time when the City of Goshen vacancy rates are below seven percent (7%)	15
13. Achieves the goal of infill within the City to prevent sprawl beyond the current corporate boundaries	10
14. Addresses existing concerns within the area through development of the property (i.e. stormwater issues, replacement of aging infrastructure or extension of utility network)	10
15. Use of local developer and/or contractors for the project	10

Process of TIF Approval

TIF District creation requires following statutory prescribed timelines that include notification to the overlying taxing jurisdictions (i.e. – schools, County, etc.), property owners within the district, and published meeting notifications in the newspaper. Ultimately, the City’s Plan Commission, Redevelopment Commission and Common Council must all approve the TIF creation request.

1. A pre-application meeting is held between the developer and the City. Contact Becky Hutsell, Redevelopment Director, at beckyhutsell@goshencity.com to schedule a pre-application meeting.
2. A completed TIF Application is submitted by the developer to the City.
3. The City will review the application and determine completeness and whether the proposed project is eligible under the City’s policy and statutory requirements.
4. An analysis of the TIF Plan and financial proformas will be conducted by city staff and/or outside consultants.
5. If eligible, a Development Agreement is drafted and negotiated between the City and Developer.
6. Once general agreement has been reached on the terms of the Development Agreement, it will require approval by the Redevelopment Commission and the Common Council.
7. Execution of the Development Agreement between the City and Developer.

8. Depending on whether or not the project location is within an existing TIF district and whether or not a new TIF district needs to be established for the project, additional approvals will be needed by the Redevelopment Commission, Plan Commission and Common Council. Process typically takes between 60-90 days once Development Agreement is executed.
9. If an Economic Development Commission (EDC) bond is required for the project, additional approvals will be needed by the Redevelopment Commission and Common Council. Process typically takes 90 days and can occur concurrently with #8.
10. If all steps are approved, project can proceed to construction.

Structure for Tax Increment Financing (TIF) Assistance

1. The City of Goshen provides three (3) different mechanisms to assist private development projects. The City will determine the funding options available on a project-specific basis after reviewing an application. Generally, however, TIF funding assistance is provided in one of the following ways:
 - **TIF Reimbursement Agreements**

Developer provides all upfront project costs to the City to allow for public infrastructure to be constructed by the City and developer is repaid annually by revenues generated from the completed project. Terms for such agreements are negotiated with the City and approved by the Redevelopment Commission and, in most cases, allow for 50% reimbursement to the developer of the revenue generated annually. TIF Reimbursement Agreements bear no interest.
 - **Issuance of EDC Bonds**

City issues an Economic Development Commission (EDC) bond, which is a tax-exempt revenue bond, to assist industrial and commercial development. The developer purchases the bond and, as established through a Development Agreement, the City pledges a portion of the TIF revenue generated by the project annually as bond repayment. The total bond proceeds available to support the project are established by determining future revenues to be generated by the project.
 - **Public Infrastructure Construction**

Requests for up-front financing of the public infrastructure required to allow for private development may be considered on a case-by-case basis if increment within an existing TIF district is sufficient to meet initial financing and is not the first dollars spent on a project. Such requests must align with existing Redevelopment projects and the approved Five (5) Year Capital Plan to be considered for this funding approach.
2. No Mortgage Guarantees – The City will not provide any mortgage guarantees.
3. Personal Guarantees – The City may require a personal guarantee for receiving TIF assistance. The amount and form shall be deemed acceptable to the City in advance of execution of a Development Agreement.
4. The property owner shall agree not to appeal the County Assessor’s determination of the property value for the properties for which the assistance is requested.
5. The property owner shall agree not to request any type of tax abatement for any project that is receiving TIF funding assistance.

6. When the project is intended as a “for sale” development (i.e. – office, retail or residential condominiums), the developer must retain ownership of the overall project until final completion; provided, however, that individual condominium units may be sold as they are completed. For all other projects, the developer must retain ownership of the project at least long enough to complete it, to stabilize its occupancy, to establish the project management and to initiate payment of taxes based on the increased project value.
7. Exceptions to TIF Policy. The City reserves the right to amend, modify, or withdraw these policies or require additional statements or information as deemed necessary. Any party requesting waiver from the guidelines found herein or on any other forms provided for TIF assistance may do so on forms provided by the City with the burden being on the requestor to demonstrate that the exception to these policies is in the best interest of the City.
8. Explanation of how this gets adopted and who has oversight? To be added.

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TAX INCREMENT FINANCING (TIF) FUNDING ASSISTANCE APPLICATION REQUIREMENTS

- Adopted May XX, 2023 by the Redevelopment Commission
- Adopted May XX, 2023 by the Goshen Common Council

The City of Goshen reviews all applications for TIF assistance. To allow for an effective evaluation of requests, the Applicant must:

- Provide all applicable items in a single submission
- Organize the submission and present the required information in the manner indicated below
- Provide one (1) hard copy and one (1) electronic copy of all submission materials

Failure to provide all the required information in a complete and accurate manner could delay the processing of your application. The City reserves the right to reject or halt the processing of applications that lack all required items.

The following is a general overview of the of the items listed in the TIF Funding Assistance Application Checklist included as an exhibit to this packet.

General Project Information

Summary Letter

Provide a summary of the project in the form of a letter addressed to the City of Goshen Redevelopment Director. The letter should not exceed four (4) pages in length and should include only the following essential information about the project:

- Description of site or building, including address
- Current and proposed uses
- Description of end users
- Name of developer and owner(s)
- Name(s) of proposed project team (architects, surveyors, contractors, etc.)
- Total development costs
- Overview of private-sector funding
- Amount of TIF assistance requested
- Statement regarding why TIF is essential
- Summary of increment projections
- Profitability
- Description of public benefits, including job and housing creation

Project Narrative

- Current condition of the site and historical overview that includes the size and condition of any existing structures, environmental conditions, and past uses of the site
- Proposed use(s) or project (i.e. industrial, commercial, retail, office, residential for sale or for rent, senior housing, etc.)

- Construction information about the project including size of any existing structure to be demolished or renovated, size of any new construction, types of construction materials (structural and finish), delineation of square foot allocation by use, total number and individual square footage of residential units, type of residential units (i.e. for-sale, condominium, single-family, etc.), number and type of parking spaces provided, and construction phasing
- Confirm that this project is consistent with goals and objectives identified in the City of Goshen Comprehensive Plan

Site Map

Provide a map that shows the location of the site. Also provide a map that focuses on the project and its immediate surroundings. Both maps should be no larger than 11x17.

Detailed Project Information

List of Specific Parcel Numbers

Identify the specific parcels and their associated parcel numbers in the proposal. Also include the “base” EAV for each parcel. This information can be obtained from the Elkhart County Assessor’s Office.

Table of Residential Unit Mix *(if applicable)*

Provide a detailed overview of the residential units in the project. Details must include: the number and type of unit (i.e. number of bedrooms and bathrooms), unit size measured in square feet, construction cost per square foot, base sales price or rental pricing structure and the project amount of total sales revenue or rental income revenue.

Renderings of Project

Provide preliminary architectural elevations, conceptual site plans and renderings for the project. These drawings should be no larger than 11x17.

Project Timeline

A comprehensive project timeline is required. Include anticipated dates for site acquisition, project start and completion, as well as other project milestones. Multi-phase projects must include details for each phase. The timeline should also identify any critical or time-sensitive dates as well as any time constraints facing the applicant.

Public Benefits

Fully describe the public benefits that can be realized by the completion of this project. Project with a high degree of public benefits are typically more likely to receive TIF assistance. Examples of public benefits include, but are not limited to, the following:

- Re-occupancy of a vacant building
- Elimination of blight
- Creation of new retail choices
- Rehabilitation of a historic building
- Increased property tax revenue
- Creation of new jobs
- Creation of new housing stock

This statement should include qualitative examples of public benefits as well as quantifiable and measurable outcomes of the short-term and long-term benefits to the subject neighborhood/area and to the City of Goshen. Support documentation for the estimates of public benefits can be included in the Professional Studies Section.

Demonstration of Need

Provide a detailed statement that accurately and completely explains why TIF assistance is needed. This statement should provide the reasons why the project would have unacceptable financial returns without TIF assistance.

Project Financial Information

Sources and Uses of Funds

Identify the sources of funds used to finance the project. Typical sources include equity, lender financing, mezzanine financing, other anticipated types of public assistance and any other types or methods of financing. Describe the sources of equity and include a term sheet for lender financing, if available.

TIF assistance is generally available as a reimbursement after the project is complete unless a TIF bond is issued and purchased by the Developer to provide initial funding for construction. Thus, the project budget must identify the up-front sources intended to finance the development costs of the project. If determined, specify the specific line items of the project budget that each source will finance.

Summarize the uses of funds. General categories to be identified include: acquisition and related site costs, hard construction costs and a breakdown of soft costs.

All projects must include for the construction phase a monthly or quarterly cash flow (i.e. sources or “cash in” by source, and uses or “cash out” by use).

For-sale housing development must show income from the rental or sale of commercial space, the sale or rental of parking spaces, and unit upgrades must be included. Clearly identify all assumptions (such as absorption, sales prices, taxes, etc.). Identify the profit expected at the completion of the project.

Development Budget

Provide an accurate and detailed development budget for the project that includes a detailed breakdown of significant line item costs consistent with the samples included in the application packet. The budget should be arranged to identify acquisition and site related costs, hard costs and soft costs. Also, identify all line items that are performed by the developer, owner or related entities.

Request for TIF Funding Assistance

Specifically state the amount of TIF assistance that is necessary to make this project possible. Also specify the terms of payment (i.e. TIF Reimbursement Agreement, EDC bond, etc.) and how the developer will fund project costs that will be reimbursed with TIF increment after those project costs have been incurred. For example, will the developer provide additional equity or borrow additional funds to “front-fund” the TIF assistance?

Budget of TIF Eligible Expenses

Provide a table showing all eligible costs, as detailed on Page 4 of this Policy, documenting that the borrowed funds are no more than the total of the project’s eligible costs for TIF assistance.

Pro Forma Income and Expense Schedule

Applicants whose projects involve the rental of commercial, retail, industrial or housing units must submit project pro formas that identify incomes and expense projections on an annual basis for an eleven-year period. Clearly identify all assumptions (such as absorption, vacancies, debt service, operational costs, etc.) that serve as the basis for the proformas.

Analysis of Financial Need

Each application must include financial analyses that demonstrate the need for TIF assistance. **Two analyses must be submitted: one WITHOUT TIF assistance and one WITH TIF assistance.** The applicant must indicate the minimum return or profit the applicant needs to proceed with the project and rationale for this minimum return or profit. The analyses will necessarily differ according to the type of project that is being developed.

- **Rental Property** - For projects involving rental of space by the developer to tenants (tenants include offices, retail stores, industrial companies and households), an internal rate of return on equity must be computed with and without TIF assistance based on the proforma of income and expense prepared for the Income and Expense Schedule below. The reversion at the end of the ten-year holding period must be based on the capitalized 11th year net operating income. The reversionary value is then added to the 10th year cash flow before discounting to present value. State all assumptions to the analyses.
- **For Sale Residential** - Show profit as a percent of project cost (minus developer fee and overhead and minus sales commissions and closing costs, which should be subtracted from gross sales revenue). Other measures of profitability may be submitted; such as profit as a percent of sales revenue.
- **Mixed-Use Commercial/For-Sale Residential** - Provide either separate analyses for each component of the project or include in the revenue sources for the for-sale portion, the sale value of the commercial component based on the net operating income of the commercial space at stabilization. Indicate how the sale value was derived.
- **Owner-Occupied Commercial** - Provide copies of the analyses that the company needs to meet or exceed the company's minimum investment threshold(s) for proceeding with the project.
- **Competitive Projects** - In instances where the City is competing with other jurisdictions for the project (i.e. – corporate headquarters, new manufacturing plant), present detailed analyses that demonstrate the capital and operating cost differential between the proposed location(s) in Goshen and other locations that are seriously being considered by the applicant.

TIF Performance Measures

Identify the performance outcomes of the requested TIF assistance. Actual performance will vary from project to project. Typical performance measures of TIF assistance include, but are not limited to, the following:

- TIF assistance as a percentage of total project costs
- TIF assistance as a percentage of increment generated
- Ratio of public (TIF) to private investment
- TIF assistance per FTE job created
- TIF assistance per FTE job retained

Financial Commitments

Submit commitment letters and/or term sheets from all lenders for proposed debt (such as construction, mezzanine, permanent and government financing) and all other financial sources of the project (such as grants and tax credits). Commitment letters must clearly specify the nature and terms of the obligations.

Most Recent Property Tax Bills

Submit a copy of the most recent second installment property tax bill for each parcel included in the project.

Appeal of Property Taxes

Provide a statement, signed by the developer/owner, that the property has not received an Elkhart County real estate tax reduction and that such a reduction has not and will not be applied for if TIF assistance is awarded to the project.

Professional Studies

Market Studies

Applications for commercial and residential projects must include a comprehensive market study. The market study must identify target markets, analysis of competition, demographics, market rents, letters of intent/interest from prospective tenants, or for housing developments, sale prices, or rental rates of comparable properties.

Appraisals

All projects that involve the transfer of land must include a recent appraisal. Projects that include land as a form of equity or collateral must also submit a recent appraisal. The appraisal must value the property “as is” and the impact on value must be considered for such items as demolition, environmental remediation, relocation of utilities, lease buy-outs, and other work necessary to make the site developable. The property must be valued assuming that the highest and best use is the proposed use.

Environmental Reports

Submit copies of all completed Phase I and Phase II environmental reports/studies that have been completed for the subject property.

Other Studies and Reports

Include, as appropriate, other reports in support of information that is presented in the application.

Developer Information

Ownership Structure

Submit an organizational chart and narrative description of the ownership structure of the development and ownership entities, which includes information on individuals involved in each. The financial relationship of each entity must be clearly and accurately described, including their percentage of ownership. Where applicable, also identify the relationship between the developer/owner and the operating entity. Indicate the entities that will serve as construction manager and general contractor for the project.

Financial Statements

Provide year-end historical (prior 3 year) and interim financial statements of the Applicant and owning and/or operating entity if different from the Applicant. Financial statements should include accountant an audited or compiled Balanced Sheet, Income Statement and Statement of Cash Flows.

Applicant's financial records will be kept confidential upon submission to the City.

Resumes and Experience of Principals

Submit resumes for each of the principals of the developer, owner and operator. Also include a brief history that identifies the development entity's experience and previous involvement in developing similar projects and the ownership or operating entity's experience or ability in managing similar projects.

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TAX INCREMENT FINANCING (TIF) Funding Assistance Application Checklist

Please include this checklist when apply for TIF assistance with all documentation included with the application marked accordingly.

General Project Information

- Summary Letter
- Project Narrative
- Site Map(s)

Detailed Project Information

- List of parcel numbers
- Table of Residential Use Mix
- Renderings of Project
- Project Timeline
- Public Benefits
- Demonstration of Need
- Evidence of Site Control

Project Financial Information

- Sources and Uses of Funds
- Employer Personnel Needs
- Request for TIF Assistance
- Budget of TIF Eligible Expenses
- Pro Forma Income & Expense Schedule
- Analysis of Financial Need
- Financial Commitment
- Most Recent Property Tax Bills
- Appeal of Property Taxes
- Other

Professional Studies

- Market Studies
- Environmental Studies & Reports
- Other Studies & Reports
- Appraisal

Developer Information

- Ownership Structure
- Financial Statement
- Resumes & Experience of Principals
- Principal Profile Information

Please return all applications to:

Becky Hutsell
City of Goshen Redevelopment Director
204 E Jefferson Street, Suite 6
Goshen, IN 46528
(574) 533-3579
beckyhutsell@goshencity.com