



Executive Summary

Assessing Housing & Workforce Conditions and Needs in the Eastern Indiana Region

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Introduction

The Eastern Indiana Regional Planning Commission (EIRPC) contracted with the Purdue Center for Regional Development (PCRD) to carry out a multi-pronged effort – one designed to capture key data to help guide the work of the Commission as it implements its high-quality regional plans, in concert with local government and economic development leaders. This report provides a synopsis of the major projects completed by PCRD and key findings associated with each of the initiatives it undertook.

The accompanying visual (Figure 1) showcases the major products PCRD completed in sequential order (clockwise) in support of the information needs of EIRPC. Overall, PCRD prepared six major products: (1) a demographic profile of the region; (2) a detailed housing snapshot at three geographic levels (region, county, and city); (3) insights of key individuals gathered as part of a series of focus group meetings held in five EIRPC counties; (4) a survey of individuals employed with major businesses/firms in the region; (5) an assessment of the industry clusters that serve as major drivers of the regional economy; and (6) an in-depth analysis of the region's workforce. This executive report touches on each of these reports, noting the methodology employed and key findings associated with each product.



Section 1

Demographic Snapshot of the Region

The profile PCRD developed to help capture the demographic features of the five-county Eastern Indiana region was based on information gathered from at least six important sources – a combination of public and proprietary data sources. The report covers four major topics: (1) demographic characteristics of the region; (2) EIRPC's economic make-up; (3) the features of the area's labor market; and (4) access and adoption of broadband by households in the region. The following provides a brief overview of the important observations emerging from our analysis of these four topics.

Demographic



- The population of the region is approaching 139,000, a 3.8 percent decline since 2010. The region's population has been in continuous decline, compared to 1970, since 1980.
- Two factors have fueled the downturn in population since 2010 – a decline in natural increase (more people dying than being born) and major loss of population due to domestic migration (more people moving out of the region than moving into it). The total population is forecasted to stabilize by 2020.
- Some 40 percent of the region's population is now 50 years of age or older, a growing segment of the population. Baby boomers (those in the 50-69 age grouping) currently present over 27 percent of the population.
- Persons of prime working age (20-49 years of age) have slipped by over five percent since 2000.
- Nearly one in four residents (25 percent) in the region are under 20 years of age, down from just under 28 percent in 2000.
- While not large in numbers (2.2 percent of the population in 2016), the Hispanic population has experienced significant growth since 2000 (+ 28 percent).
- The largest share of adults 25 years of age or older has a terminal high school education (42 percent in 2016). The percentage of adults with some college, associates degrees, or four-year college degrees or more has increased from 34 percent to 43 percent since 2000.

Economic



- The region experienced a net gain for 7,362 jobs between 2010 and 2016. Entrepreneurship and business retention and expansion accounted for vast majority of these gains. Business attraction resulted in a net gain of 216 jobs during the same period.
- Most establishments in the region (68.9 percent) are Stage 1 companies that have two - nine employees. On the other hand, Stage 2 firms – those with 10-99 employees -- employ the largest number of people (32,578 or 45.3 percent). Collectively, small business (1-99 employees) account for 74.6 percent of all jobs and 70.6 percent of all sales.

Economic *Continued*



- Health care and social assistance is the top growing industry in the region, employing nearly 8,400 people in 2016. The next closest industry in terms of job growth is accommodation and food services (at nearly 4,900 workers).
- While manufacturing remains the top industry in the region in terms of jobs, this sector has shed more than 5,000 jobs since 2003. Accordingly, STEM jobs fell 29.9 percent during this time period. The government sector represents nearly 9,000 jobs as of 2016, but has experienced a drop of over 700 jobs since 2003.
- Overall, the proportion of people in poverty has increased from 10.1 percent to 16.3 percent between 2000 and 2016, leaving one in four minors (under age 18) in poverty. At the same time, the percent of household in the upper income bracket has doubled in that time period, from 5.4 percent to 11.8 percent.
- Real median household income (2016 dollars) has slipped from nearly \$52,000 in 2000 to just over \$45,000 today.

Labor Market



- The unemployment rate in the region has improved significantly since 2010 and the labor force participation rate is now at 80 percent. This is better than the rate in 2010, but slightly below the level of participation in 2003.
- People employed in the region are earning less than workers living elsewhere in Indiana (\$40,462 in the region compared to \$49,991 for the rest of Indiana).
- Nearly 35 percent of the adults employed in the region reside outside of the region. On the other hand, nearly 48 percent of the workforce living in the region are employed at locations outside of the five counties that make up the Eastern Indiana Region.

Section 2

Housing Snapshot Report

PCRD tapped and analyzed a variety of federal data sources to produce a series of housing reports for the regional commission. These include data from the: (1) 2000 and 2010 decennial census; (2) 2011-15 American Community Survey; and (3) Longitudinal Employer Household Dynamics (LEHD) data (all from the US Census Bureau). Additional material was gathered from the American Association of Retired Persons (AARP). Collectively, these multiple data resources positioned PCRD us to undertake a comprehensive assessment of housing in the EIRPC region. Aside from preparing a regional housing snapshot, PCRD produced four county housing reports (Fayette, Randolph, Union and Wayne Counties) and four city-based documents (Connersville, Richmond, Union City and Winchester). The information showcased in the “highlights” section focuses on the regional snapshot and not the county or city reports.

Key Highlights

Gross Rent

Nearly 45 percent of renters were cost burdened in 2015 in terms of the price of their rent (more than 30 percent of their income was used to pay rent). The median gross rent was highest in Union County (\$650), closely followed by Fayette (\$648) and Rush (\$630). Randolph had the lowest median gross rent at \$580. The high cost burden may indicate that quality affordable rental housing may not be readily available in the region.

Value of Housing Units

A majority (58 percent) of owner-occupied housing units were valued at \$50,000-99,999, while another 31 percent were valued between \$100,000 and \$199,999. Housing valued at \$100,000 or more was more likely to be found in Union (51 percent), Rush (49 percent) or Wayne (43 percent) counties.

Family Structure

Married-couple families tend to occupy most housing units in the region, but the number of single parent households is on the rise. As such, having affordable market rate housing (be it owner-occupied or rental) could be an emerging need in light of this growing segment of the population.

Household Size

Two-thirds of all housing (owner-occupied or rental) are comprised of one or two-person households. About 37 percent of all rental property are one-person households. This suggests that a need for large family homes may not be extensive in the region.

Age of Housing

Four of every five owner-occupied housing units in the region were built prior to 1990. About one-half of these units were constructed before 1960. Nearly half of the renter-occupied units were built prior to 1960.

Vacancies

The number of vacant housing units is growing, a trend that could represent an area of concern over the long term for the region (since these homes may either be abandoned or need updating in order to make them more attractive to younger buyers).

Household Composition

Over 73 percent of owner-occupied units are composed of households with no children under 18 living at home. As such, these households are likely comprised of empty nesters or residents that are elderly.

Size of Housing Units

The largest share of homes in the region had six rooms or more. Units of this size grew the most between 2000 and 2015.

Section 3

Housing: The Views of Key Informants

PCRD conducted five focus group sessions in the Eastern Indiana region – one in each of the following counties: Fayette, Randolph, Rush, Union, and Wayne. Fifty-five participants across all five counties took part in these meetings. Participants represented a variety of sectors, including education, planning, government, realtors, construction, manufacturing, financial, health care, nonprofit, and faith-based organizations.

Each focus group session took approximately two hours to complete and the information shared by the key informants was digitally recorded, transcribed, and anonymized (to ensure confidentiality). NVivo, a qualitative analysis software that evaluates the focus group transcription, was utilized to help identify emerging themes from each focus group session. The topics covered over the course of each session included the following: (1) inventorying the important assets in the county; (2) discussing the overarching concerns respondents had about their county of residence; (3) gauging the level of satisfaction/dissatisfaction they had with the current housing options in the county; and (4) developing a list of suggested strategies for improving housing options in the county or region.

Key Highlights

Based upon the frequency and pattern of the responses captured in the five focus group sessions, PCRD was able to identify the current top 10 housing challenges, as well as the top 10 strategies for tackling the housing problems, in the region. (For specific quotes and detailed responses from each county's focus group participants, please see the five county-level reports that PCRD produced).

Top 10 Current Housing Challenges

- 1. Poor Availability of Housing/Shortage of Housing:** Difficulty of current and future residents to find the type of housing they are seeking at an appropriate price.
- 2. Income and Financing:** Affordability (based on income and taking into account available tax breaks or incentives) of housing is a challenge; some current/potential residents face difficulties obtaining a mortgage.
- 3. Developer Interest and Capacity:** Interest amongst--as well as capacity and availability of-- developers to invest in building any type of housing in the community/county.
- 4. Commuter Mentality and Workforce:** Willingness of participant to commute from other locations with more desirable attributes rather than purchase local housing—and its effect on the workforce.
- 5. Single-Family Housing Demand:** Inability of current and future residents to find, buy or sell a suitable single-family home—and their views on the local community marketplace and rates.
- 6. Rental Demand:** Difficulty of current and future residents to find, buy or sell a suitable rental property—and their views on the local community marketplace and rates.
- 7. Population Loss and Brain Drain:** Suffering from the loss of existing community residents and/or lack of newcomers, including the departure of youth.

Top 10 Current Housing Challenges Continued

8. **Zoning Tension:** Existing zoning policies, procedures, and practices of local governing boards and how they affect housing people are seeking.
9. **Broadband:** Availability, cost, use, policies/procedures/practices as they relate to broadband and how they affect housing decisions by individuals.
10. **Infrastructure Needs:** Access to, and quality of, local infrastructure (such as public water, sewer systems, affordable utilities, and roads) and how they serve as barriers to those in the market for housing.

Top 10 Housing Strategies (as suggested by participants)

1. **Sense of Place:** Pursue ways to highlight local amenities - such as parks, trails, attractions, tourism, schools, retail, and more - as a way to attract potential residents (homeowners as well as renters) to the community.
2. **Comprehensive Plan and Collaboration:** Foster both formal and informal collaborations, as well as intentional planning efforts, with a focus on addressing local housing needs.
3. **Infrastructure Improvements:** Ideas for infrastructure improvements (from public water to sewer construction and utility costs to road repairs) and how they could positively affect housing being sought.
4. **House Remodeling and Building Permits:** Insights on the reuse, remodeling and refurbishment of existing properties—and potential improvements to that process.
5. **Housing Incentives and Tax Rebates-Abatements:** Suggestions on ways to incentivize current and future residents to buy homes in the communities where they work (such as tax rebates, tax abatement, residential TIF, a beverage tax, and others to help finance such purchases).
6. **Public/Private Financing Options:** Input on how to incentivize current and future residents to buy homes in the communities where they work through a variety of financial strategies/investments, such as land banks, public policy shifts, and city-county investments in infrastructure.
7. **Home Buyer Education and Mortgage Assistance:** Launching programs to educate current and future homebuyers and assist them with mortgage payments.
8. **Marketing Promotional Strategies and Surveys:** Ways to capture feedback of current and future residents, gauge the interest of commuters in becoming future residents, and promote positive aspects of the community as a good place to live.
9. **Downtown and Rental Housing Options:** Efforts to attract potential residents (particularly millennials) through alternative housing options.
10. **Low-Maintenance and Senior Housing:** Tactics to attract future residents (particularly elderly) with a wider array of housing choices.

Section 4

Housing: The Perspectives of Employees

A housing survey was developed and implemented to determine workforce demand for both owner-occupied and rental homes in the EIRPC region. EIRPC released the survey to local industry partners located in the five counties of Fayette, Randolph, Rush, Union and Wayne. The survey generated 2,506 responses. Of these, just over 2,100 completed the entire survey. The survey was administered over a five-week period (March 7, 2018 through April 14, 2018). The survey sample was designed to reflect the views of the region's workforce, especially those between 22 and 65 years of age.

An important disclaimer is that the survey was not a scientific sample of workers in the region. Rather, any employee who wished to complete the questionnaire was encouraged to do so. As such, the age grouping of the respondents does not necessarily align with the actual percentage of people in each age category employed in the region. Furthermore, only 42 percent of the survey participants provided their current zip code. This means that it was not possible to compare where someone currently lives versus where he/she aspires to live at some point in the future.

Key Highlights

Home Buyers



- A significant proportion of the workforce (25 percent) intends to buy a home in the next one - three years.
- The ideal home has three bedrooms (57 percent) and two bathrooms (78 percent).
- A large segment of the population appears to be price-sensitive and prefers homes of under \$100,000 (53.9 percent). Other survey participants plan to shop for a new home in the \$100,000 to \$199,999, and \$300,000 or more price points.
- Buyers want their homes to have air conditioning, garages, good quality design, washers and dryers and broadband.

Renters



- Future renters (66 percent) are looking to move in the next 1 ½ years or less. About 4 percent plan to look for new rental accommodations during this same period.
- Renters appear to prefer homes (or apartments) with two bedrooms and one - two bathrooms.
- Properties that have broadband access and pet-friendly policies are important. So, too, is the availability of a washer and dryer in the rental unit.
- What is not certain is whether renters prefer apartments, condos/ duplexes, or single-family detached homes for them to rent or a combination of these as housing market options.

Stretch Commuters/ Temporary Workers



- An issue that emerged in the survey is the status of existing stretch commuters. The survey uncovered participants who stated that they are currently living in hotels, motels or single rooms.

Concluding Comment

The survey of the EIRPC workforce points to a healthy demand for the development of new owner-occupied and rental housing. Moreover, the survey indicates a strong need for the following types of housing: affordable market rate homes, quality dwellings for first time buyers, and homes that cater to higher income households.

While a majority of survey respondents prefers to reside in Wayne County, housing demand is present in Union County as well. It is important to note that future demand for housing is difficult to determine from the survey findings given that a sizable proportion of few participants opted not to provide the zip code associated with their current place of residence. As such, we could not assess the degree to which survey participants were considering moving from one county to another at any time in the future.

Section 5

Industry Cluster Analysis

PCRD provided EIRPC with an extensive report on the major regional economic strengths of the region in 2016. The Center did so in support of the high-quality regional plan that the EIRPC was developing as part of its engagement in the Stronger Economies Together (SET) program. PCRD provided coordination of the SET program in Indiana and worked hand-in-hand with the EIRPC for a period of 18 months. It did so in a variety of ways, such as: (1) providing the protocol and technical assistance to support the hosting of two regional forums in the region; (2) helping the region discover the breadth of its assets via the use of the community capitals framework; (3) sharing with EIRPC team the process for building goals, objectives and specific strategies; and (4) coaching them in the development of a regional strategic plan – one that subsequently was approved as a high-quality plan by USDA Rural Development, the federal agency serving as the primary funder of the SET initiative.

A critical piece PCRD developed for EIRPC was a data product that detailed the industry clusters in which the region had a competitive strength relative to the United States. In so doing, the Center was able to guide EIRPC in the selection of clusters that it wanted to maintain and grow over the longer-term. Given that the industry cluster data prepared for EIRPC was over a year old, the decision was made to update the cluster analysis in order to provide the regional commission with the latest information available on the nature and strength of key clusters in the region.

For purposes of this executive report, PCRD decided to highlight only clusters that had the potential of exporting products or services to markets outside of the region. As such, the analysis did not consider retail companies or government services since the products/services they produce or provide are typically consumed by residents living in the region. Furthermore, the Center wanted to hone in on those clusters in which the region had a comparative advantage relative to the U.S. One of the important ways to determine this is to use a measure called the “location quotient” or LQ for short. LQ provides a simple way to determine which clusters have a high probability of exporting products/services. PCRD uses an LQ of 1.2 or higher to delineate clusters in the region that are strong. This means that the region has a larger share of workers employed in this cluster than the U.S. as a whole – in this case, a 20 percent higher concentration than the U.S. (since an LQ of 1 means that the a given cluster in the region has the same concentration of workers as the U.S. and thus, what it produces or the services it provides is needed to meet local needs and is not available for export).

The following offers a brief overview of the latest results of our economic analysis of the region.

Key Highlights

Fastest Growing Star Clusters:

Of the 22 possible clusters that could be present in the EIRPC, two emerged as the fastest growing clusters between 2011 and 2016, meaning that the clusters experienced the largest percentage growth in jobs. They are:

- Primary Metal Manufacturing: Nearly 50 percent growth in jobs
- Advanced Materials: Job growth of over 20 percent

Star Clusters with the Highest Location Quotient:

The following have an LQ of over 1.2, meaning that they are export-oriented industries.

- Primary Metal Manufacturing: LQ of 6.78
- Glass and Ceramics: LQ of 4.97
- Transportation Equipment Manufacturing: LQ of 2.96
- chemicals: LQ of 2.58
- Advanced Materials: LQ of 2.55
- Fabricated Metal Product Manufacturing: LQ of 2.50
- Biomedical/Biotech: LQ of 1.35

Star Clusters with the Largest Number of Jobs:

The following have an LQ of over 1.2, meaning that they are export-oriented industries.

- Biomedical/Biotech: 6,943 jobs
- Advanced Materials: 4,786 jobs
- Chemicals: 1,996 jobs
- Transportation Equipment Manufacturing: 1,687 jobs
- Fabricated Metal Product Manufacturing: 1,266 jobs

Mature Clusters with High LQs and Jobs:

These clusters have high LQs but have experienced job declines over the 2011-2016 period.

- Agriculture, Food Processing and Technology: LQ of 2.47 and 4,709 jobs
- Forest and Wood Products: LQ of 2.16 and 2,036 jobs
- Machinery Manufacturing: LQ of 3.26 and 1,267 jobs

Concluding Comment

EIRPC continues to have a solid number of clusters in which it can compete on a national level. The clusters that the regional commission has embraced as part of its high quality plan continue to be important drivers of its economy. These include the Advance Materials Manufacturing, the Agriculture, Food Processing and Technology, and the Biomedical/Biotech Clusters. All three have solid LQs along with sizable numbers of jobs. As such, we believe maintaining a focus on these key clusters makes a good deal of sense for the EIRPC.

Section 6

Workforce Snapshot of the Economic Growth Region

The workforce analysis covers the entire Economic Growth Region (EGR) 6, which is comprised of nine counties. Aside from Randolph, Wayne, Union, Fayette and Rush counties (the counties that make up the EIRPC region), EGR6 also includes Jay, Blackford, Delaware, and Henry counties. The product PCRD developed explored the labor markets, industries and occupations, and supply and demand for talent and workers. We made use of all the three major workforce data sources currently available in the U.S. and acknowledge the valuable help of Eastern Indiana Works for securing Burning Glass data for us to use in the data snapshot.

Labor Market:

What is Your Labor Market?



- The region has strong commuting linkages with the remainder of Indiana. Nearly 47,500 resident workers commute to, and 30,000-labor force members commute from, other counties of Indiana.
- The labor market connections to Ohio is worthy of note as the region is receiving 12 percent of its labor force and sending 10 percent of resident workers to this state.
- Some 31,000 people in the labor force commute 25 miles or more to work in EGR 6, individuals who represent potential customers for housing within the region.
- The commute- and labor-sheds of trade, transportation, utility, and other services industries have wider reach compared to workers engaged in the production of goods sector.
- The labor force and labor participation rates declined between 2001 and 2016.

Industries:

What Do You Make?



- Manufacturing and health care are major exported-oriented industries in the region. Government and retail trade are also large industries serving local and regional constituents.
- The concentration of matured workers (age 55 years and above) exceeds the state average in several industry sectors. Health care, arts and entertainment, accommodation and food services, agriculture, etc. are some of the sectors with lower shares of matured workers.
- More females are employed in health care. The concentration of Hispanics exceed the state average in administrative, support and waste management industries. Proportionately, more blacks and Asians are employed in the government, accommodation and food services, and educational services sectors.

Occupations:

What Do You Do (functions, skills, etc.)?



- Production occupations, healthcare practitioners and support, office and administrative supports, and sales are major occupation groups in EGR 6.
- The concentration of matured workers (age 55 years and above) exceeds the state average in several occupation groups with such exception of the arts, healthcare practitioners, and military.
- Similar to the characteristics found for industries, more females are working in health care occupations. The concentration of Hispanics exceed the state average in building and grounds, farming and military. Blacks and Asians are proportionately employed more in military and healthcare support.

Job postings:

Where are the Job Vacancies?



- On an average month during 2012 to 2016, employers tried harder to employ construction engineers, military sergeants, and route service representatives. Merchandising, purchasing and selling, nursing and rehabilitation, restaurant operations, and warehousing are hard skills that are in demand.
- The average monthly jobs postings are the highest for a variety of short- and long- distance truck drivers, various types of nurses, and managerial positions in food industries.

CIP (Classification of Instructional Programs):

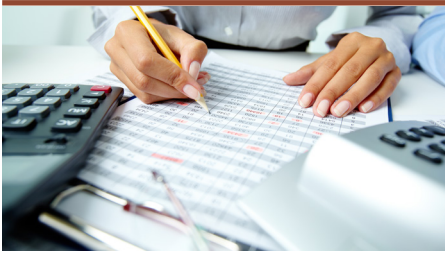
Who are Your Graduates?



- On an average month during 2012 to 2016, employers tried harder to employ construction engineers, military sergeants, and route service representatives. Merchandising, purchasing and selling, nursing and rehabilitation, restaurant operations, and warehousing are hard skills that are in demand.
- The average monthly jobs postings are the highest for a variety of short- and long- distance truck drivers, various types of nurses, and managerial positions in food industries.

GAP Analysis:

Which Occupations Does Demand Exceed the Regional Supply?



- In the coming five years, the regional supply of workers cannot meet the demand in health care practice and support, management, business and finance, computer and mathematics, and architecture and engineering, community and social occupations.

Compatibility:

Which Occupations are Compatible with High Job Posting Occupations?



- The region has compatible and related workers in high demand occupations, such as truck drivers and nurses. Compatibility can be used as a strategy to encourage workers to enhance their skills in order to move-up the career ladder.

Automation:

How will Automation Impact the Regional Workforce?



- Almost half of workers are employed in occupations with 80 percent or higher probability of automation. A quarter of workforce are in occupations with 10 percent or less probability of automation.
- Several occupations currently in high demand may be automated in the coming future. The region can benefit in developing strategies to attract and prepare talent in high-demand but low-automation areas, such as therapists, physicians, and speech language pathologists.

Concluding Comment

The EGR 6 region should have a two-pronged approach for workforce development. Short-term strategies should address the worker gaps in transportation and trade-related industries by encouraging and training compatible occupations. This includes engaging discouraged and the underemployed workers. Occupations with higher preparation and low automation -- such as healthcare, architecture and engineering, performing arts, and business management -- will require partnerships with educational institutions and employers in order to create, retain and attract new talent within the region.



Center for Regional Development
Advancing Collaboration : Energizing Regions

Key Highlights



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