

SEPTEMBER 2024

## HOUSING HOOSIERS

### Indiana's ladder to homeownership and housing security needs repair Prosperity Indiana

Housing is the foundation of a healthy and economically prosperous state. However, increasing costs and a shortage of safe and affordable housing have contributed to poor health and economic outcomes for Hoosiers, their communities, and the state. Although Indiana policy makers have taken several steps to improve the affordable housing market—including subsidizing market-rate housing developments—those steps have not closed gaps for Hoosiers with the greatest housing needs.

Indiana's declining homeownership rate and an increasing shortage of safe and affordable rental housing have weakened the state's housing ladder. Fortifying the ladder would ensure no barriers—such as housing discrimination—exist for families climbing to new rungs. The structure of a strengthened ladder would allow households to build assets and climb to larger homes as families grow and choose to step up from renting to homeownership. Such a housing ladder is necessary for families and communities to meet their needs, ensure health and safety, and build economic security and intergenerational wealth. When structurally sound, each rung of the housing ladder—such as accessing rental housing and homeownership—would provide Hoosiers with a safe, stable, and affordable place to live without spending more than 30% of their income on housing costs. Investment in the preservation and rehabilitation of existing homes and in the enforcement of health and safety standards would keep each rung strong so homeowners and renters could enjoy stability wherever they already live.

However, Indiana's housing ladder is missing rungs and is in dire need of reinforcement and repair. Lack of enforcement of housing health and safety standards has caused rungs near the bottom of the ladder to be poorly

maintained—increasing the number of Hoosiers falling off the ladder entirely into homelessness. Once pushed into homelessness, many of them could be trapped in a cycle of housing instability because this lack of housing and health-safety-standard enforcement causes rungs of the ladder to disappear or be too derelict to climb. In addition, a lack of resources for rehabilitation and preservation means more Hoosiers are unable to age in place where they already live, making it more likely they will slip out of the housing security they worked so hard to achieve. Too many barriers also exist between rungs—such as various forms of housing discrimination—leading to a lack of intergenerational wealth building.

Repairing Indiana's housing ladder by increasing the supply of safe and affordable housing should be a top gubernatorial administration goal. Indiana's 52nd governor could be “the housing governor” by establishing a commission on housing safety, stability, and affordability, to align resources and stakeholders, and increasing investments in successful programs, such as Indiana's Housing Trust Fund, to produce and preserve affordable housing. Adapting successful solutions from other states and federal proposals offers other promising avenues for reform. Additional low-cost solutions to expand the housing supply for Hoosiers with the greatest housing needs include reforming zoning laws to increase density and strengthening enforcement of existing habitability code standards. Innovative approaches could include establishing an appraisal-gap-financing fund that would incentivize affordable housing by addressing the difference between the cost to build or rehabilitate a home and the price it can sell for, commonly referred to as the “appraisal gap,” would also improve the supply of safe and affordable housing.

## HOUSING IS NECESSARY FOR INDIANA'S HEALTH AND ECONOMIC SECURITY

Maintaining a healthy state—economically, physically, and mentally—requires residents secure housing that meets their needs. Affordable, safe, and stable housing, for homeowners and renters alike, is fundamental to the physical and mental health of all Hoosiers, children's development and education, the employability of adults, and a thriving state economy. For example, the American Academy of Pediatrics has found<sup>1</sup> that housing instability and homelessness negatively impact child health and development, leading to higher rates of acute and chronic health problems, accidents, injuries, increased risk of abuse, exposure to violence, psychological trauma, higher rates of emotional distress, developmental delays, and decreased academic achievement. Housing is the state's number one unmet need—more calls come to the Indiana 211<sup>2</sup> help system asking for housing assistance than for all other basic needs.

Yet, Indiana has witnessed a growing housing shortage in recent years caused by policy inattention to the weakening structure of the state's housing ladder. While Indiana's policy makers have focused much of their attention on developing new market-rate housing, the housing supply and cost for low- and moderate-income Hoosiers—typically defined as those earning below 80% of area median income in their communities<sup>3</sup>—remains a significant problem. Though laudable, measures like the state's Housing Infrastructure Revolving Fund<sup>A,4,5</sup> primarily have targeted subsidizing new market-rate housing. Such measures alone cannot address<sup>6</sup> Indiana's most prominent housing gaps.

Indiana must compete with peer states in the Midwest and elsewhere that have taken a more targeted approach to address the housing needs of their residents. For example, in 2024, Michigan's governor signed into law a housing funding package<sup>7</sup> including approximately \$100 million for housing programs, supportive housing, and Housing Readiness Incentive Grants to offset local costs for land use and master plan updates. In 2023, Minnesota's governor

put in place<sup>8</sup> \$1 billion in new direct housing appropriations that will produce and preserve more single-family homes, manufactured homes, and multifamily housing. Minnesota is also dedicating \$450 million to provide housing choices and help residents move up the rungs of its housing ladder.

## REPAIRING INDIANA'S LADDER TO HOMEOWNERSHIP AND HOUSING SECURITY

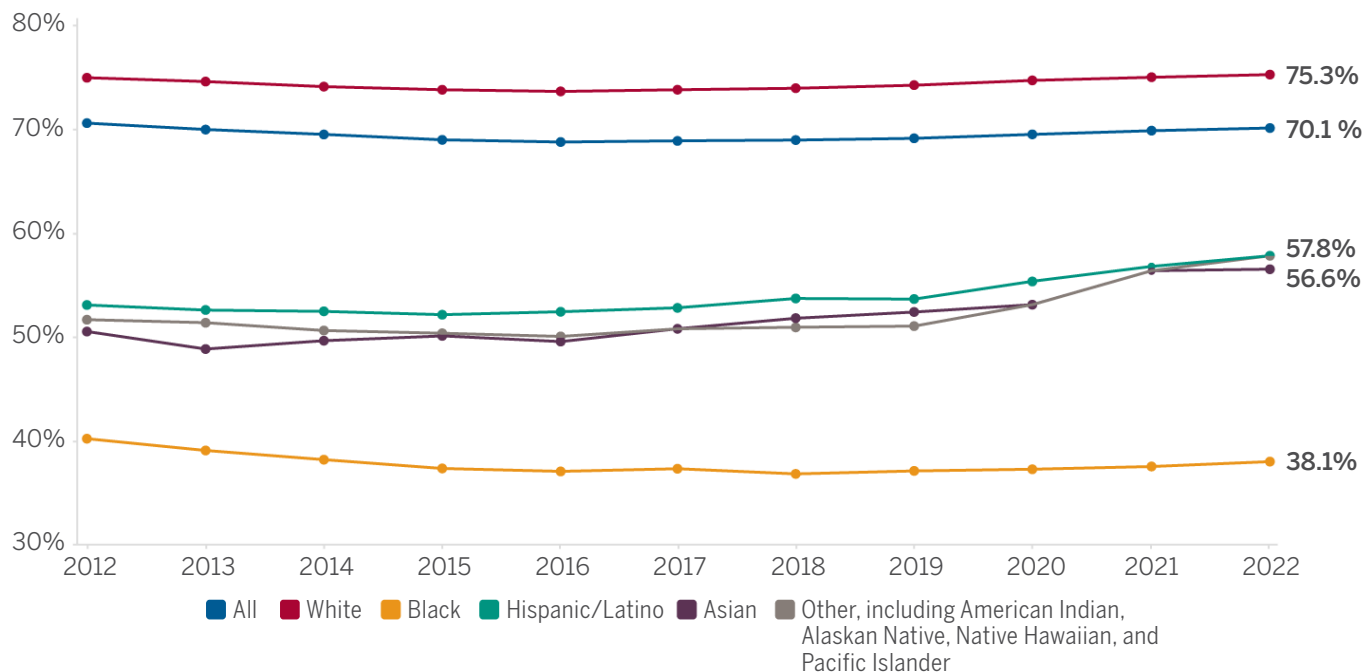
Homeownership traditionally has been a family's largest financial asset and a source of building intergenerational wealth, but this rung on the ladder to homeownership is broken for too many Hoosiers. As demonstrated in the graph below (Figure 1), homeownership rates in Indiana have declined, and the wealth gap between renters and homeowners has increased. Policy makers must consider new approaches to repair the ladder to homeownership and housing security for renters and owners alike.

Homeownership rates<sup>9</sup> in Indiana have fallen from 70.6% in 2012 to 70.1% in 2022, a decline driven almost exclusively by the decrease in Black homeownership. Every other racial group experienced increases, but homeownership declined sharply enough for Black Hoosiers to reduce the overall statewide average. Additionally, wide disparities in homeownership by income level exist. Ninety-three percent of households with yearly incomes over \$150,000 are homeowners, while just 40% of Hoosier households earning less than \$20,000 annually own their homes. Such disparities suggest that the path to owning a home is riddled with barriers for most Indiana low-income families.

Increasing home maintenance costs—including rehabilitation, insurance, and property taxes—are growing at rates that outpace incomes, making it more likely households will be cost burdened (defined as spending more than 30% of income on housing costs) and threatening homeownership. Both race and income skew the likelihood of being cost burdened. Black and Latino Hoosier homeowners are significantly more likely to be housing cost burdened than white homeowners, and single

A Created in 2023, this fund seeks to give financial assistance for financing infrastructure projects required before an area can support residential housing development. The Indiana Finance Authority provides fixed-rate loans to communities with an identified need for additional housing, which can be used to provide improvements to curbs/sidewalks, sewer/water supplies, and other infrastructure. Once the projects are completed, municipalities begin making yearly payments on a 20-year schedule.

**FIGURE 1. Indiana homeownership rate by race and ethnicity, 2012–22<sup>10</sup>**



parents and seniors also are more vulnerable. The ongoing implications of redlining further threaten the rungs on the ladder that would lead to homeownership. The term redlining comes from government homeownership programs created as part of the New Deal during the Great Depression to prevent mortgage foreclosures that resulted in drawing red lines around neighborhoods including Black residents and other ethnic minority and low-income households on federal agency maps. The Federal Housing Administration and Home Owners' Loan Corporation (HOLC) classified geographic areas based on their perceived desirability for mortgage loans and property insurance. HOLC maps redlined neighborhoods where residents would not qualify for mortgage lending.

The National Community Reinvestment Coalition (NCRC) found that “historic redlining is related to current neighborhood characteristics, including increased minority presence, higher prevalence of poverty and greater overall social vulnerability”—which is observable in previously redlined parts of Indiana communities including Evansville, Fort Wayne, Gary, Indianapolis,<sup>11</sup> Muncie, South Bend, and Terre Haute.<sup>12</sup> There are also “significant associations between redlining and general indicators of population health, including increased prevalence of poor mental health and lower life expectancy at birth.” Additionally, NCRC found<sup>13</sup> during “the past four decades, the average

redlined neighborhood got about 3,000 fewer mortgages than those deemed as the ‘best’ by the [Home Owners' Loan Corporation] mapmakers—after leveling out legitimate market factors related to housing availability.”

## UNDERPRODUCTION AND REHABILITATION NEEDS CONTRIBUTE TO INDIANA'S LACK OF HOUSING SUPPLY

The need for new housing and the rehabilitation and preservation of the state's existing housing stock also contribute to Indiana's housing shortage—representing another deteriorating rung on the state's housing ladder. While Indiana cannot build its way out of the state's housing crisis, producing new homes that are affordable and available to low- and moderate-income Hoosier households is one important part of the solution. The 2023 Housing Underproduction in the U.S. report from Up For Growth—a national member network committed to solving the housing shortage and availability crisis—finds<sup>14</sup> that Indiana has a housing underproduction of 28,310 homes. At the same time, housing vacancies have decreased by 2%, or 47,288 homes, during the past decade.<sup>15</sup>

Preserving Indiana's existing housing stock is essential for solving the housing shortage. With the production of new homes in Indiana declining every decade since the 1990s, today most of the state's homes were built before 1980.<sup>16</sup> Rehabilitation of aging existing homes can often be less expensive than building a new structure, especially for the needs of current residents. Modifying older homes to increase accessibility allows for aging in place and preserves them as potential starter homes for the next generation.

Indiana policy makers must prioritize affordable developments for low- and moderate-income households and preserve existing housing stock to close the gap in housing underproduction. Affordable housing developers often cite the appraisal gap as a problem. In addition, securing funding for owner-occupied and multifamily housing rehabilitation remains challenging for maintaining the existing housing supply. Indiana's next governor must consider strategies for affordable housing development, rehabilitation, and preservation to address the state's housing crisis.

## **RENTAL HOUSING IS IN SHORT SUPPLY AND INCREASINGLY OUT OF REACH**

Rental housing is perhaps the most dangerously broken rung on the ladder of housing security for many thousands of Hoosier families. In recent years, Indiana's declining availability rate for affordable rental housing and the rising income needed to afford it has deteriorated to the second worst in the Midwest.<sup>17</sup> A shortage in rental housing, state and federal policies that have allowed for a decline in affordable rental unit numbers, and a lack of tenant protections have driven this crisis. In 2024, Indiana had only 34 affordable and available rental units for every 100 extremely low-income renter households—the second lowest rate among Midwest states. This results in a gap of 139,318 homes needed for earners who make 30% or less of the statewide area median income of \$90,595. The largest portion of the population experiencing Indiana's housing shortage is in the workforce, and the fastest-growing segment is senior citizens. Furthermore, 76% of Indiana's extremely low-income renter households are severely cost-burdened, meaning they spend more than half of their income on housing costs. This is the highest percentage

of severe housing cost burden for extremely low-income people among all Midwest states.<sup>18</sup>

To afford a modest, two-bedroom apartment at fair market rent in Indiana in 2024, full-time Hoosier workers need to earn a housing wage of \$22.07 per hour, up \$3.07 in the past year alone. However, the average Hoosier renter's wage of \$17.92 per hour in 2024 increased by only 6 cents during the past year. The two-bedroom housing wage is higher than the average renter wage in 88 of Indiana's 92 counties, 25 of 26 metro areas, and the state's combined nonmetro areas. This means affordable housing is out of reach in Indiana's rural, urban, and suburban communities.<sup>19</sup>

In addition, 14 of Indiana's 20 most common occupations<sup>20</sup> pay median wages that are less than what a full-time worker needs to afford a modest two-bedroom rental home at the state's average fair market rent—up from 10 of the top 20 occupations in 2023. The 14 occupations that pay less than Indiana's two-bedroom housing wage employ 843,720 Hoosiers (up from 652,210 in 2023). This represents 76% of those working in the state's 20 occupations with the most employees (up from 57% in 2023) and more than a fifth of the state's workforce. Women, Black and Brown Hoosiers, and other underrepresented populations frequently hold jobs in these poorly paid occupations.<sup>21</sup>

A dwindling number of existing affordable rental housing units compounds these problems. More than a quarter of Indiana's 91,969 publicly supported homes face expiring rent restrictions during the next 10 years and are at risk of becoming unaffordable to the state's lowest-income families.<sup>22</sup> Preserving Indiana's aging housing stock is key to repairing the deteriorating rungs that make it possible for households to climb the ladder to long-term housing security and homeownership.

FIGURE 2. Indiana Out of Reach summary<sup>23,24</sup>

# INDIANA

STATE RANKING #34

In **Indiana**, the Fair Market Rent (FMR) for a two-bedroom apartment is **\$1,148**. In order to afford this level of rent and utilities—without paying more than 30% of income on housing—a household must earn **\$3,826** monthly or **\$45,913** annually. Assuming a 40-hour work week, 52 weeks per year, this level of income translates into an hourly housing wage of:

## \$22.07

PER HOUR STATE HOUSING WAGE

STATE FACTS	
Minimum wage	\$7.25
Average renter wage	\$17.92
Two-bedroom housing wage	\$22.07
Number of renter households	793,030
Percent renters	30%

MOST EXPENSIVE AREAS	HOUSING WAGE
Indianapolis-Carmel HMFA*	\$25.94
Louisville HMFA	\$25.02
Gary HMFA	\$24.12
Columbus MSA*	\$23.00
Cincinnati HMFA	\$22.98

\*MSA = Metropolitan statistical area  
\*HMFA = HUD Metro FMR area

### 122

Work hours per week at **minimum wage** to afford a **2-bedroom rental home** (at FMR)

### 101

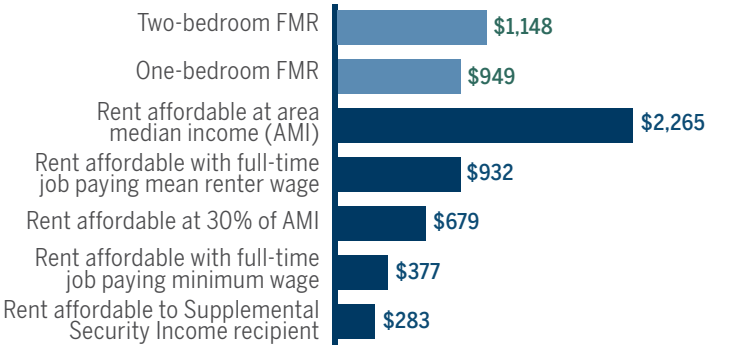
Work hours per week at **minimum wage** to afford a **1-bedroom rental home** (at FMR)

### 3

Number of full-time jobs at **minimum wage** to afford a **2-bedroom rental home** (at FMR)

### 2.5

Number of full-time jobs at **minimum wage** to afford a **1-bedroom rental home** (at FMR)



Across Indiana, there is a shortage of affordable rental homes for extremely low-income households, whose incomes are at or below the poverty guideline or 30% of their area median income (AMI). Many of these households are severely cost burdened, spending more than half of their income on housing. Severely cost-burdened households are more likely than other renters to sacrifice other necessities like healthy food and healthcare to pay the rent and to experience unstable housing situations like evictions.

KEY FACTS

### 209,710

OR 26%

Renter household with extremely low incomes

### -139,318

Shortage of rental homes affordable and available for extremely low income renters

### \$28,390

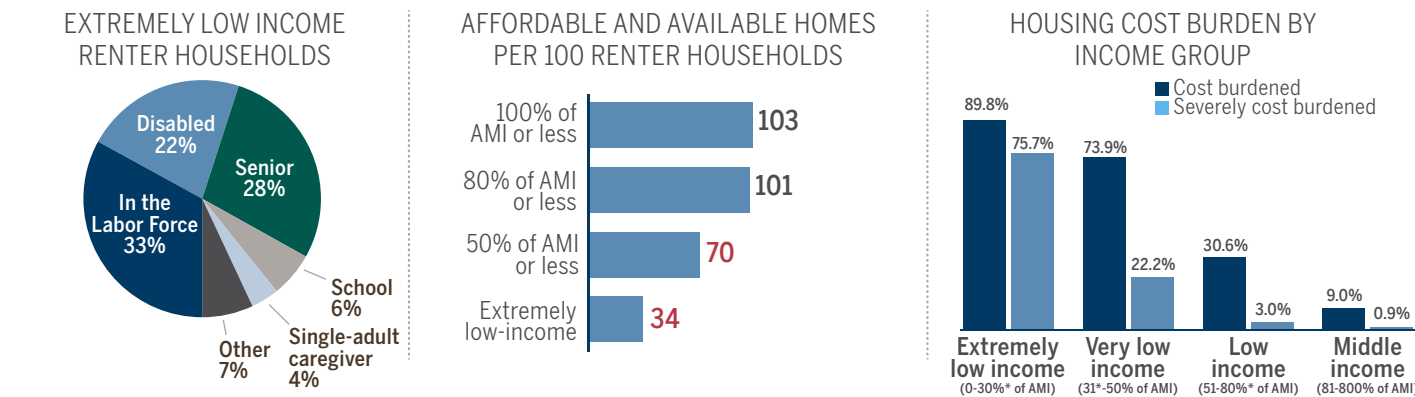
Average income limit for four-person extremely low-income households (state level)

### \$39,526

Annual household income needed to afford a two-bedroom rental home at HUD's Fair Market Rent

### 76%

Percent of extremely low-income renter households with severe cost burden



**FIGURE 3. Indiana's most common occupations, with wage<sup>25</sup>**

INDIANA OCCUPATION RANK	OCCUPATION	MEDIAN WAGE	TOTAL EMPLOYED
12	Waiters and waitresses	\$11.82	44,570
2	Fast food and counter workers	\$13.68	98,670
7	Cashiers	\$13.82	67,470
13	Home health and personal care aides	\$14.79	44,390
4	Retail salesperson	\$14.80	80,330
20	Cooks, restaurant	\$15.06	26,170
14	Janitors and cleaners, except maids and housekeeping cleaners	\$16.79	43,340
8	Stockers and order fillers	\$17.47	66,890
17	Nursing assistants	\$18.12	29,800
	<b>ONE-BEDROOM HOUSING WAGE</b>	<b>\$18.24</b>	
1	Laborers and freight, stock, and material movers.	\$18.68	99,990
10	Customer service representatives	\$19.23	53,070
3	Miscellaneous assemblers and fabricators	\$19.59	91,510
6	Office, clerks, general	\$19.66	68,190
18	Industrial truck and tractor operators	\$21.46	29,330
	<b>TWO-BEDROOM HOUSING WAGE</b>	<b>\$22.07</b>	
19	Bookkeeping, accounting, and auditing clerks	\$22.11	28,330
15	Maintenance and repair workers, general	\$23.47	35,270
9	Heavy and tractor-trailer truck drivers	\$28.30	56,960
16	Sales representatives, wholesale and manufacturing, except technical and scientific products	\$31.82	35,510
5	Registered nurses	\$38.68	68,850
11	General and operations managers	\$50.76	49,470
	<b>Population working in Indiana's top 20 occupations</b>		<b>1,116,110</b>
	<b>Population making less than one-bedroom housing wage</b>		<b>501,630 (45%)</b>
	<b>Population making less than two-bedroom housing wage</b>		<b>843,720 (76%)</b>

## INDIANA'S LACK OF TENANT PROTECTIONS AND PREEMPTION OF LOCAL SOLUTIONS ARE OUT OF STEP WITH PEER STATES

While some solutions to Indiana's lack of housing will require large amounts of funding and administrative coordination, others simply involve modernizing state policy. These relatively low-cost solutions to Indiana's housing shortage include enforcing existing habitability laws, increasing tenant protections, and rescinding state preemption of

local housing solutions. Indiana has fallen behind peer states regarding housing without acting on these fronts.

Indiana has become an outlier nationally because it does not enforce health and safety housing standards. As a result, homes fall into disrepair and eventually fall out of the state's supply of safe and decent housing. A 2023 Indiana University Robert H. McKinney School of Law study<sup>26</sup> found that Indiana is one of only six states without effective public and private enforcement of habitability standards, such as court-based rent escrow. In most states, if tenants are



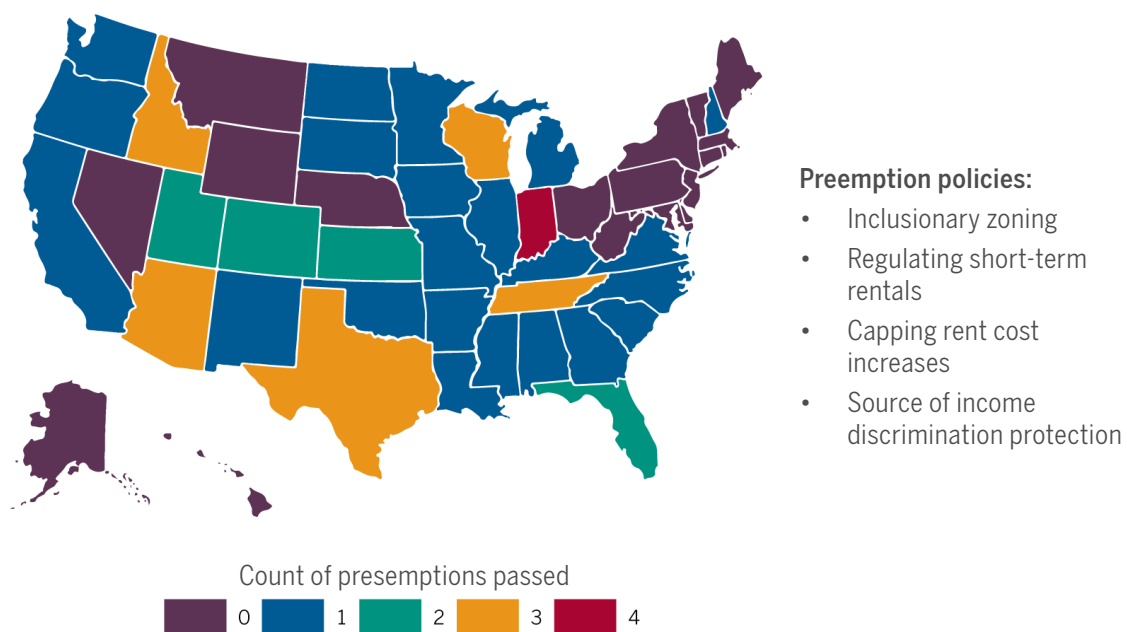
current on rent and all obligations of a lease but their units continually fail to meet health and safety standards, they can ask a judge to allow them to continue to pay rent into court-based escrow accounts until the judge is satisfied that the proper repairs have been made. However, a 2023 Notre Dame School of Law report<sup>27</sup> concluded that “the way the eviction laws work in practice magnify the inequality between landlords and renters. Renters may be evicted for nearly any violation of their lease obligations, while landlords often violate their obligation to provide habitable homes with impunity.”

In addition, the Indiana General Assembly has preempted local efforts to increase the state’s supply of safe and affordable housing. In this regard, Indiana is out of step with peer states. Indiana’s 2021 preemption of local tenant protection ordinances is “far more stringent than that found in many of Indiana’s neighbors.” These state-level preemptions remain problematic for localities attempting to pass laws to protect renters within their jurisdictions. Indiana also is the only state in the nation<sup>28</sup> that prevents local communities from addressing the housing shortage through inclusionary zoning<sup>29</sup> (requiring the inclusion of affordable housing in all new housing developments),

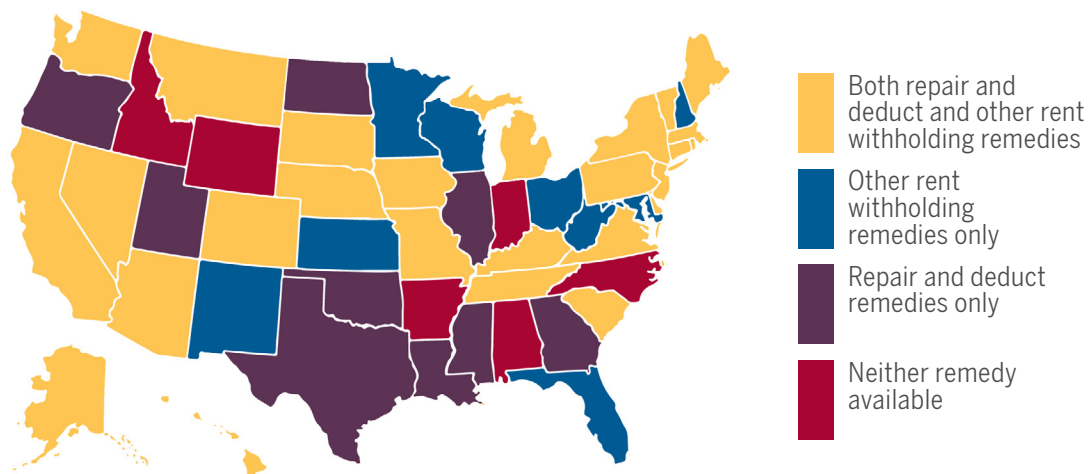
regulating short-term rentals, capping rent cost increases, and precluding discrimination<sup>30</sup> against certain kinds of renter income sources, including those with government subsidies such as housing choice vouchers. These state policy decisions have played a significant role in breaking Indiana’s rental housing market, preventing thousands of Hoosier families from achieving housing security.

Indiana’s policy failure to enforce housing health and safety standards adequately artificially reduces the state’s housing stock and is dangerous to public health and economic well-being. The Polis Center—a research unit in the IU Luddy School of Informatics, Computing, and Engineering at Indianapolis—conducted a study on eviction in 2022 that found<sup>31</sup> “Indiana’s affordable housing prices and landlord friendly policies have made it an attractive place for large multifamily investors, and these companies file evictions at a startlingly high rate.” These out-of-state corporate investors find greater financial advantage in purchasing single and multifamily homes as rentals in Indiana than investing in properties in states that enforce health and safety laws. They know they are much less likely in Indiana than elsewhere to be required to make repairs and can instead evict tenants who ask for them.

**FIGURE 4. Count of state laws preempting local control regarding housing<sup>32</sup>**



**FIGURE 5. Housing remedies available to tenants by state<sup>33,34</sup>**



In addition to the state's lack of enforcement of habitability standards, Indiana's patchwork of state and local housing codes and unclear jurisdiction between housing and public health departments creates confusion among officials, with sometimes deadly results. State law gives a variety of local agencies the authority to address housing problems. Health departments, enforcement agencies, and municipalities have differing statutory abilities depending on whether a unit is occupied or vacant, among other variables.<sup>35</sup>

With multiple variations across 92 counties, this patchwork of health and safety standards for rental housing threatens the state's housing supply. These code variances often confuse local officials and contribute to difficulties in enforcement. With these gaps in code enforcement, substandard housing can persist, increasing the chances of dangerous health and safety conditions for families with no other options for places to live.

For example, in January 2024, six children died in a fire in a South Bend rental home. The home reportedly failed a safety code inspection for dangerous wiring but nonetheless was allowed to be rented out again before proper repairs were confirmed.<sup>36</sup> Clarifying who has jurisdiction for habitability violation enforcement through state law could potentially prevent tragedies like this from occurring in the future. Addressing the inconsistencies and patchwork-like nature of habitability codes would improve health and safety and help preserve Indiana's existing housing stock.

## HOUSING INSTABILITY AND HOMELESSNESS ARE DANGERS TO PUBLIC HEALTH AND ECONOMIC GROWTH

An increasing proportion of Hoosiers are falling off the housing ladder entirely because of the lack of safe, stable, and affordable housing. High rates of housing instability are an unfortunate symptom of inattention to policy directed to correct this deficit. Housing instability has resulted in an unnecessarily high risk of eviction and foreclosure and, in turn, an increase in homelessness. In addition to an out-of-balance landlord-tenant law, many factors, including growing housing costs and stagnant wages, have contributed to this increase in the number of Hoosiers forced into homelessness. Statewide, Indiana has seen a 11% increase in Hoosiers experiencing homelessness between 2017 and 2023,<sup>37</sup> compared to an increase in Indiana's overall population of only 3% during this same time.<sup>38</sup>

The 2023 Point-in-Time Count, an annual survey of homeless people in the United States conducted locally by the Indiana Balance of State Continuum of Care, counted 4,398 Hoosiers experiencing homelessness in 3,363 households across all counties except Marion County, with the greatest percentage of those experiencing homelessness being younger than 18.<sup>39</sup> These are the largest numbers of Hoosiers experiencing homelessness outside of Marion County since before the COVID-19 pandemic. In addition,



the Coalition for Homelessness Intervention and Prevention counted 1,701 individuals experiencing homelessness in Indianapolis in 2024, the largest number since 2021.<sup>40</sup>

In addition, 29% of Hoosier adults responding to a recent U.S. Census Household Pulse survey said their eviction or foreclosure in the next two months was either very likely or somewhat likely.<sup>41</sup> During the past year alone, Indiana had 70,842 eviction filings, at a rate of nearly 1 in 10 of Hoosier renter households.<sup>42</sup> PolicyLink—a national research and action institute working toward building an equitable economy—estimates that another 78,000 Hoosier renter households are behind on rent and at risk of eviction, with 88,000 children in those households.<sup>43</sup> In their study, Polis Center researchers concluded, “Eviction, while often thought of as a last resort mom-and-pop landlords will use to remove delinquent tenants, is increasingly being used as a debt-collection strategy by corporate owners [which] turns out to be a decent profit model.”<sup>44</sup>

Compounding these issues, the U.S. Supreme Court’s decision in *City of Grants Pass, Oregon v. Johnson* has made it easier for communities to fine, arrest, and otherwise criminalize people experiencing homelessness merely for having nowhere to sleep.<sup>45</sup> In its decision, the court upheld the southwest Oregon city’s ordinances “that prohibit people who are homeless from using blankets, pillows, or cardboard boxes for protection from the elements while sleeping within the city limits.”<sup>46</sup> U.S. Supreme Court Justice Neil Gorsuch held in the majority opinion that “the enforcement of generally applicable laws regulating camping on property does not constitute ‘cruel and unusual punishment’ prohibited by the Eighth Amendment.”<sup>47</sup>

Instead of responding with counterproductive measures<sup>48</sup> criminalizing the most vulnerable Hoosiers, the state should concentrate on educating local and state policy makers about effective strategies<sup>49</sup> to reduce homelessness permanently. Investing in policies to prevent and address homelessness through the proven Housing First strategy will save the state many millions of dollars in health and social services costs and lost economic productivity to replace the missing bottom rungs of the state’s housing ladder. A Housing First strategy, as defined by the Indiana Housing and Community Development Authority,<sup>50</sup> is “predicated on a harm reduction approach to addiction,” and “aims to

quickly and successfully connect individuals and families experiencing a housing crisis to permanent housing without preconditions or barriers to entry. Supportive services are offered to maximize housing stability and prevent returns to homelessness or treatment programs.”

## POLICY OPPORTUNITIES

To repair the rickety, broken, missing, and deteriorated rungs of Indiana’s housing ladder—representing deep and growing housing supply and affordability gaps—elected officials across all government levels and branches must work together to advance solutions for Hoosiers with the greatest housing needs. Among Indiana’s policy makers, the governor has the unique ability to set an agenda, convene the right state and local government and private sector stakeholders, align available funding and programs, mark progress toward outcomes, and use the office as a bully pulpit to call for additional legislation at the state and federal level. Supporting the creation of a governor’s commission on housing safety, stability, and affordability would provide the infrastructure to produce these outcomes.

Indiana’s next governor should make targeted investments in housing Hoosiers a top budget priority. Making additional investments in Indiana’s Housing Trust Fund<sup>51</sup> —“required to serve extremely low-income households” and used for the “production or preservation of affordable housing through acquisition, new construction, and/or rehabilitation”—would also be effective. Because Indiana’s largest housing gap is among households that earn below 30% of the area median income, an investment in the state Housing Trust Fund would most directly address some of the state’s most dire housing needs. The proven method of reducing homelessness through permanent supportive housing<sup>52</sup> (involving long-term leasing or rental assistance and wraparound supportive services) should be another target for increased funding.

To demonstrate leadership on housing issues, Indiana’s next governor can also help make the state more competitive for public and private grants and economic development investment. The federal government is moving toward a competitive model for its housing grants. Indiana, therefore, must be ready to vie with other states for limited funding. Likewise, as the state contemplates the future of economic

development, the cost to build and preserve housing—and the wages Hoosiers need to afford it—should be integral to every economic development proposal. To make Indiana more competitive for public and private housing investment, the governor must set a standard for partnering with the community organizations that work closest with Hoosiers with the greatest housing needs.

Aligning state-level efforts with federal policy will optimize impacts on the state's housing crisis. Creating state-level versions of several of Indiana Senator Todd Young's federal housing proposals would multiply their positive effects. For example, Young's Neighborhood Homes Investment Act<sup>53</sup> would use tax credits to incentivize affordable housing development for low-income Hoosiers by addressing the appraisal gap,—the difference between the cost of developing new housing units and an affordable selling price. At the state level, Indiana could create an appraisal-gap-financing fund that could multiply the reach and impact of Young's federal proposal. Similarly, the impact of Young's Eviction Crisis Act<sup>54</sup>—which creates a sustainable emergency rental assistance fund with housing stability services, including housing counseling, to prevent homelessness—could be multiplied with a state-level housing stability fund. In addition, state agencies and community partners should collaborate to increase competitiveness for federal funding for housing.

Indiana's next governor can also increase housing supply and quality by eliminating government red tape and allowing for local solutions. Zoning laws<sup>55</sup> should be reformed to improve affordability. Laws that allow only single-family homes should be discarded, and property owners should be permitted to construct accessory living units for older Hoosiers to age in place.<sup>56</sup> In addition, the governor should support inclusionary zoning, protections against source-of-income discrimination (such as refusing to accept housing subsidies and vouchers to pay rent), and the repeal of ineffective preemption laws (such as the prohibition of local tenant protections). Expanding investments in and eligibility for landlord risk mitigation funds that incentivize housing providers to rent to tenants with economic or health risk factors would increase the number of landlords providing new housing opportunities to at-risk households. The city of Bloomington, Indiana, already has such a program<sup>57</sup> in place that can serve as a reference for state policy-

makers. It is also important to ensure that long-standing redlining impacts, property appraisal discrimination, and other inequitable barriers to homeownership do not keep Hoosiers from living in the homes they need and want.

Encouraging the construction of new affordable housing for the lowest-income Hoosiers with the highest housing cost burdens will also be important to repair the rungs of the ladder to homeownership and adequate rental housing. In addition to the appraisal gap financing fund described above, Indiana could increase the affordable housing stock for ownership and rental by making it easier for community-based organizations and smaller nonprofits to participate in Indiana's Rental Housing Tax Credit<sup>58</sup> and other development programs. Many organizations with the fewest resources serving Hoosiers with the greatest housing needs find it difficult to navigate the program's complex application and selection process. They find it nearly impossible to complete the process to receive these important housing tax credits. The state could provide more incentives—including giving priority and application assistance—to community-based organizations to increase participation and make the program more robust.

Another innovative approach to increase housing supply includes community land trusts—which “develop rural and urban agriculture projects, commercial spaces to serve local communities, affordable rental and cooperative housing projects, and conserve land or urban green spaces.”<sup>59</sup> Establishing land banks—public entities given the authority to “put vacant, abandoned, and deteriorated properties back to productive use according to community goals”<sup>60</sup> including the development and rehabilitation of affordable housing—is another promising option.

While no single solution will fill the gap to make 140,000 homes affordable and available to those who need them, the next governor can build a new and stronger ladder to homeownership and housing security for all Hoosiers by coordinating all resources and policy options.

## REFERENCES

- 1 Briggs, M.A., Granado-Villar, M., Gitterman, B., Brown, J., Chilton, L. Cotton, W., Gambon, T, Gorski, P. Kraft, C. Kuo, A., Paz-Soldan, & Zind B. (2013, June). Providing Care for Children and Adolescents Facing Homelessness and Housing Insecurity. *Pediatrics* 131 (6), 1206–10. <https://publications.aap.org/pediatrics/article/131/6/1206/31138/Providing-Care-for-Children-and-Adolescents-Facing?autologincheck=redirected>
- 2 Indiana Family and Social Services Administration. (n.d.). *Indiana 211 Interaction Dashboard*. <https://www.in.gov/fssa/indiana-211/indiana-211-interaction-dashboard/>
- 3 12 USC § 1430—Advances to Members (j)(13). [https://www.law.cornell.edu/uscode/text/12/1430#j\\_13](https://www.law.cornell.edu/uscode/text/12/1430#j_13)
- 4 Indiana Finance Authority. (2023). *Residential Housing Infrastructure Instance Program*. State of Indiana. <https://www.in.gov/ifa/residential-housing-infrastructure-instance-program/>
- 5 Bonilla Muñiz, L. (2024, July 5). *Indiana awards communities \$51 million in housing infrastructure boost*. Indiana Capitol Chronicle. <https://indianacapitalchronicle.com/2024/07/05/indiana-awards-communities-51-million-in-housing-infrastructure-boost/>
- 6 Downard, W. (2023, March 31). *Budget, housing testimony seeks more for the poorest Hoosiers*. Indiana Capital Chronicle. <https://indianacapitalchronicle.com/2023/03/31/budget-housing-testimony-seeks-more-for-the-poorest-hoosiers/>
- 7 Community Economic Development Association of Michigan. (2024, July). *2024-25 Budget Signing Brief*. <https://cedamichigan.org/wp-content/files/2024-25-Budget-Signing-Brief-for-Website.pdf>
- 8 Minnesota Housing Partnership [MHP]. (n.d.). *The 2023 Legislative Session in Review!* <https://mhponline.org/the-2023-legislative-session-in-review/>
- 9 Indiana Housing and Community Development Authority. (2024). *The Indiana Housing Dashboard – Version 2.0*. Retrieved July 3, 2024. <https://indianahousingdashboard.com/>
- 10 Indiana Housing and Community Development Authority. (2024). *The Indiana Housing Dashboard – Indiana Full Report*. Retrieved August 27, 2024. <https://dev.hra-dashtest.com/report/65f35305a9f6641c81e5ad96/18#64b5586cef3e47398d8867cf>
- 11 Ryan, J. (2022, May 13). *Residential Segregation in Indianapolis*. Encyclopedia of Indianapolis. Retrieved July 31, 2024. <https://indyencyclopedia.org/features/residential-segregation-in-indianapolis/>
- 12 Richardson, J., Mitchell, B., Meier, H., Lynch, E., & Edlebi, J. (2023, June). *Redlining and Neighborhood Health*. National Community Reinvestment Coalition. <https://ncrc.org/holc-health/>
- 13 Mitchell, B., Edlebi, J., Richardson, J., & Chen L. (2024, May). *Decades of Disinvestment: Historic Redlining and Mortgage Lending Since 1981*. National Community Reinvestment Coalition. <https://ncrc.org/decades-of-disinvestment/>
- 14 Whitfield, B. (2023, October). *Housing Underproduction™ in the U.S. Up For Growth*. Retrieved July 30, 2024. <https://upforgrowth.org/apply-the-vision/2023-housing-underproduction/>
- 15 Whitfield, B. (2023, October). *Housing Underproduction™ in the U.S. Up For Growth*. Retrieved July 30, 2024. <https://upforgrowth.org/apply-the-vision/2023-housing-underproduction/>
- 16 Whitfield, B. (2023, October). *Housing Underproduction™ in the U.S. Up For Growth*. Retrieved July 30, 2024. <https://upforgrowth.org/apply-the-vision/2023-housing-underproduction/>

- 17 Prosperity Indiana and the National Low Income Housing Coalition. (2024, March). *The Gap—Indiana 2024*. Retrieved July 30, 2024. <https://www.prosperityindiana.org/Policy-News/13329495>
- 18 Prosperity Indiana and the National Low Income Housing Coalition. (2024, March). *The Gap—Indiana 2024*. Retrieved July 30, 2024. <https://www.prosperityindiana.org/Policy-News/13329495>
- 19 Prosperity Indiana and the National Low Income Housing Coalition. (2024, June). *Out of Reach—Indiana 2024*. Retrieved July 30, 2024. <https://www.prosperityindiana.org/Policy-News/13375226>
- 20 Prosperity Indiana and the National Low Income Housing Coalition. (2024, June). *Out of Reach – Indiana 2024*. Retrieved July 30, 2024. <https://www.prosperityindiana.org/Policy-News/13375226>
- 21 Prosperity Indiana and the National Low Income Housing Coalition. (2024, June). *Out of Reach – Indiana 2024*. Retrieved July 30, 2024. <https://www.prosperityindiana.org/Policy-News/13375226>
- 22 National Housing Preservation Database. (2023). *2023 Preservation Profiles*. Public and Affordable Housing Research Corporation and the National Low Income Housing Coalition. Retrieved August 27, 2024. <https://preservationdatabase.org/reports/preservation-profiles/>
- 23 National Low Income Housing Coalition. (2024). *Housing Needs by State*. Retrieved June, 2024. <https://nlihc.org/housing-needs-by-state/indiana>
- 24 Prosperity Indiana and the National Low Income Housing Coalition. (2024, June). *Out of Reach – Indiana 2024*. Retrieved July 30, 2024. <https://www.prosperityindiana.org/Policy-News/13375226>
- 25 Prosperity Indiana and the National Low Income Housing Coalition. (2024, June). *Out of Reach—Indiana 2024*. Retrieved July 30, 2024. <https://www.prosperityindiana.org/Policy-News/13375226>
- 26 Purcell, J. (2023, February 2). *A Decent Place to Live: Improving Indiana’s Public and Private Habitability Enforcement Mechanisms*. Health and Human Rights Clinic at the Indiana University Robert H. McKinney School of Law. [https://mckinneylaw.iu.edu/practice/clinics/\\_docs/DecentPlacetoLive-20123.pdf](https://mckinneylaw.iu.edu/practice/clinics/_docs/DecentPlacetoLive-20123.pdf)
- 27 Wager, D. (2023, February 14). *Notre Dame Clinical Law Center publishes report on shortcomings in Indiana eviction laws*. The Law School, University of Notre Dame. Accessed August 19, 2024.
- 28 Goodman, C.B. & Hatch, M.E. (2022.) State preemption and affordable housing policy. *Urban Studies* 60(6), 1–18. <https://nlihc.org/sites/default/files/State-Preemptions-and-Affordable-Housing-Policy-2022.pdf>
- 29 Fair Housing Center of Central Indiana. (2017, October). Ensuring Fair and Affordable Housing Through Zoning, Fact Sheet #14. <https://www.fhcci.org/wp-content/uploads/2014/07/FHCCI-FS-14-Affordable-Housing.pdf>
- 30 Fasanelli, A.K. & Tegeler, P. (2019, November 30). Your Money’s No Good Here: Combatting Source of Income Discrimination in Housing. American Bar Association. [https://www.americanbar.org/groups/crsj/publications/human\\_rights\\_magazine\\_home/economic-justice/your-money-s-no-good-here--combatting-source-of-income-discrimin/](https://www.americanbar.org/groups/crsj/publications/human_rights_magazine_home/economic-justice/your-money-s-no-good-here--combatting-source-of-income-discrimin/)
- 31 Steiner, E., & Polis Center. (2022, August). *Follow the Money: Indianapolis Evictions in 2022*. SAVI. Retrieved July 30, 2024. <https://www.savi.org/follow-the-money-indianapolis-evictions-in-2022/>
- 32 Goodman, C. B., & Hatch, M. E. (2023). *State preemption and affordable housing policy*. *Urban Studies*, 60(6), 1048-1065. <https://doi.org/10.1177/00420980221135410>
- 33 Orr, S. (2023, March 1). ‘Veritable menu of options’: IU McKinney student’s report attracts housing advocates’

- attention. The Indiana Lawyer. Retrieved August 27, 2024. <https://www.theindianalawyer.com/articles/veritable-menu-of-options-iu-mckinney-students-report-attracts-housing-advocates-attention>
- 34 Purcell, J. (2023, February 2). *A Decent Place to Live: Improving Indiana's Public and Private Habitability Enforcement Mechanisms*. Health and Human Rights Clinic at the Indiana University Robert H. McKinney School of Law. [https://mckinneylaw.iu.edu/practice/clinics/\\_docs/DecentPlacetoLive-20123.pdf](https://mckinneylaw.iu.edu/practice/clinics/_docs/DecentPlacetoLive-20123.pdf)
- 35 Purcell, J. (2023, February 2). *A Decent Place to Live: Improving Indiana's Public and Private Habitability Enforcement Mechanisms*. Health and Human Rights Clinic at the Indiana University Robert H. McKinney School of Law. [https://mckinneylaw.iu.edu/practice/clinics/\\_docs/DecentPlacetoLive-20123.pdf](https://mckinneylaw.iu.edu/practice/clinics/_docs/DecentPlacetoLive-20123.pdf)
- 36 Smith, J. (2024, January 26). *Home that burned, killing 6 kids, failed safety inspection in July*. South Bend Tribune. Retrieved July 30, 2024. <https://www.southbendtribune.com/story/news/local/2024/01/26/home-that-burned-killing-6-kids-failed-safety-inspection-in-july/>
- 37 Anderson, Kevin. (2023). *Indiana State Fact Sheet*. National Alliance to End Homelessness. <https://endhomelessness.org/in-fact-sheet-2023-pit-data/>
- 38 Macrotrends. (n.d.) *Indiana Population 1900–2023*. Retrieved July 19, 2023. <https://www.macrotrends.net/global-metrics/states/indiana/population>
- 39 Indiana Housing and Community Development Authority. (2023, June). *Indiana Balance of State Continuum of Care releases 2023 Point In Time Count results*. Retrieved July 30, 2024. <https://events.in.gov/event/indiana-balance-of-state-continuum-of-care-releases-2023-point-in-time-count-results>
- 40 Coalition for Homeless Intervention & Prevention (CHIP Ind). (2024). *Point-In-Time (PIT) Count*. Accessed July 18, 2024. <https://www.chipindy.org/pit/>
- 41 United States Census Bureau. (n.d.). *Likelihood of Eviction or Foreclosure, Cycle 6, Phase 4.1, May 28–June 24, 2024, Household Pulse Survey*. Accessed July 18, 2024. [https://www.census.gov/data-tools/demo/hhp/?measures=EVICTFOR&s\\_state=00018&periodSelector=6&periodFilter=6,5](https://www.census.gov/data-tools/demo/hhp/?measures=EVICTFOR&s_state=00018&periodSelector=6&periodFilter=6,5)
- 42 Princeton University. (2024, July 1). *Eviction Tracking System data for Indiana*. Eviction Lab. Retrieved July 30, 2024. <https://evictionlab.org/eviction-tracking/>
- 43 PolicyLink. (n.d.). *Rent Debt Dashboard data for Indiana, April 2–29, 2024*. National Equity Atlas. Retrieved July 30, 2024. <https://nationalequityatlas.org/rent-debt>
- 44 PolicyLink. (n.d.). *Rent Debt Dashboard data for Indiana, April 2–29, 2024*. National Equity Atlas. Retrieved July 30, 2024.
- 45 Berg, S. (2024, July 1). *The Supreme Court Rules on Homelessness: What it All Means*. Retrieved July 30, 2024. <https://endhomelessness.org/blog/the-supreme-court-rules-on-homelessness-what-it-all-means/>
- 46 Howe, A. (2024, June 28). *Justices uphold laws targeting homelessness with criminal penalties*. SCOTUSblog. Retrieved August. 16, 2024. <https://www.scotusblog.com/2024/06/justices-uphold-laws-targeting-homelessness-with-criminal-penalties/>
- 47 City of Grants Pass, Oregon v. Johnson. 603 U.S. (2024). <https://www.oyez.org/cases/2023/23-175>
- 48 National Low Income Housing Coalition. (2022, October 25). *The Wrong Approach to Homelessness*. [https://nlihc.org/sites/default/files/Housing-First\\_Cicero.pdf](https://nlihc.org/sites/default/files/Housing-First_Cicero.pdf)
- 49 National Low Income Housing Coalition. (n.d.). *Housing First*. <https://nlihc.org/explore-issues/housing-programs/housing-first>



- 50 Indiana Housing & Community Development Authority. (2022, June 7). *IHCDA Housing First Program*. Retrieved August 22, 2024. <https://www.in.gov/ihcda/program-partners/housing-first-program/>
- 51 Indiana Housing & Community Development Authority [IHCDA]. (n.d.). *Housing Trust Fund*. <https://www.in.gov/ihcda/developers/housing-trust-fund/>
- 52 U.S. Department of Housing and Urban Development [HUD]. (n.d.). *Permanent Supportive Housing*. HUD Exchange. <https://www.hudexchange.info/homelessness-assistance/coc-esg-virtual-binders/coc-program-components/permanent-housing/permanent-supportive-housing/>
- 53 Neighborhood Homes Coalition. (n.d.). *Neighborhood Homes Investment Act*. Accessed August 19, 2024. <https://neighborhoodhomesinvestmentact.org/>
- 54 Todd Young, U.S. Senator for Indiana. (2021, June 23). Young, Bennet, Portman, and Brown reintroduce bipartisan legislation to tackle the eviction crisis [press release]. <https://www.young.senate.gov/newsroom/press-releases/young-bennet-portman-and-brown-reintroduce-bipartisan-legislation-to-tackle-the-eviction-crisis/>
- 55 Lerner, M. (2024, May 21). *Zoning Reforms to Mitigate America's Affordable Housing Crisis*. Urban Land. <https://urbanland.uli.org/issues-trends/zoning-reforms-to-mitigate-americas-affordable-housing-crisis>
- 56 Lamirand, D. (2021, May 1). *Older Hoosiers Need More Affordable Housing Options*. AARP. <https://states.aarp.org/indiana/older-hoosiers-need-more-affordable-housing-options>
- 57 Bloomington Housing Authority. (2024). *Landlord Risk Mitigation Fund*. Retrieved August 22, 2024. <https://bhaindiana.net/programs/supportive-services/lrmf/>
- 58 Indiana Housing & Community Development Authority [IHCDA]. (n.d.). *Rental Housing Tax Credits*. <https://www.in.gov/ihcda/developers/rental-housing-tax-credits-rhtc/>
- 59 Grounded Solutions. (2024). *Community Land Trusts*. Retrieved August 15, 2024. <https://communityprogress.org/blog/what-is-a-land-bank/>
- 60 Center for Community Progress. (2023, June 15). *What is a Land Bank?* Retrieved August 15, 2024. <https://communityprogress.org/blog/what-is-a-land-bank/>





## INDIANA UNIVERSITY PUBLIC POLICY INSTITUTE

The IU Public Policy Institute delivers unbiased research and data-driven, objective, expert policy analysis to help public, private, and nonprofit sectors make important decisions that impact quality of life in Indiana and throughout the nation. As a multidisciplinary institute within the Paul H. O'Neill School of Public and Environmental Affairs, we also support the Center for Civic Literacy (CCL), Center for Health & Justice Research (CHJR), the Center for Research on Inclusion & Social Policy (CRISP), and the Manufacturing Policy Initiative (MPI).

### AUTHORS

**Andrew Bradley**, Senior Director of Policy and Strategy, Prosperity Indiana

### PREPARED BY

**Brendan Bow**, Policy Analyst

**Elizabeth J. Van Allen**, Technical Writer

**Claire Menard**, Graphic Designer

**Emanuel Vargas**, Research Assistant



719 Indiana Avenue, Suite 302  
Indianapolis, IN 46202

**Phone:** (317) 278-1305

**Email:** [iuppi@iu.edu](mailto:iuppi@iu.edu)

[policyinstitute.iu.edu](https://policyinstitute.iu.edu)

Follow us on X  
[@IUPublicPolicy](https://twitter.com/IUPublicPolicy)

LinkedIn  
[Indiana University Public Policy Institute](https://www.linkedin.com/company/Indiana-University-Public-Policy-Institute/)

Watch what 2024 gubernatorial  
candidates say about housing  
[go.iu.edu/forum2024housing](https://go.iu.edu/forum2024housing)