

Executive Summary

Housing is a critical issue for people across the country. Studies of the housing situation in America reveal a variety of problems. Chief among these is the difficulty for low-income families to find affordable housing that meets their needs. In addition, the quality of housing stock varies tremendously, and there is a large discrepancy by race in the rate of home ownership. This report focuses on the state of housing in the counties of Lake, LaPorte, and Porter in Northwest Indiana. The findings indicate that the region faces many of the same issues as does the nation related to affordability, adequacy, and accessibility.

Key findings:

Affordability

- ▶ Median gross rents vary considerably across the region, with rents being lower in the urban core cities of Gary, Hammond, and East Chicago. Despite these lower rents, higher percentages of families in the urban core experience financial strain by paying more than 30 percent of their income for rent.
- ▶ Home ownership costs vary, with homes in Porter County significantly more expensive than in the other two counties. Home values in the urban core, particularly in Gary, are much lower than the median price for Lake County as a whole.
- ▶ The values of homes owned by blacks and Hispanics in the region are much lower than the value of homes owned by whites. In Lake County, the median value of homes owned by whites (\$108,400) is nearly double that of homes owned by blacks (\$58,500).

Adequacy

- ▶ There is a wide range in the age of housing stock in the region. Relatively few of the housing units in Lake County (10.7%) were built during the 1990s, while nearly one-quarter (23.3%) of the homes in Porter County were built during that decade. The median year housing structures were built in both Lake and LaPorte counties is 1960, compared to a median year built of 1974 for Porter County.
- ▶ The housing stock in the urban core is even older. Over half of the homes in East Chicago were built before 1950. The median years housing structures were built for Gary (1955), Hammond (1951), and East Chicago (1947) are all lower than the median for Lake County.
- ▶ Given the low numbers of housing unit building permits for the urban core issued during the last few years (2000-03), this situation is likely to continue. Of the 13,688 permits issued for the Gary primary metropolitan statistical area (PMSA), only 310 (2.3%) were for buildings in the urban core cities.
- ▶ Crowding (more than one occupant per room in a housing unit) is more prevalent for blacks and Hispanics than for whites. In Hammond, Hispanics are more than four times more likely to experience crowding (15.8% in crowded homes) than are whites (3.5%).

Accessibility

- ▶ Home ownership rates are lower in Lake County (69.0%) than in LaPorte (75.2%) and Porter (76.7%) counties. Home ownership rates in the urban core cities are lower than the overall rate for Lake County. Under two-thirds of Hammond residents (63.2%) and Gary residents (55.8%) live in owner-occupied housing. The rate for East Chicago is less than half (44.6%).
- ▶ Most of the differences are associated with race differences in home ownership. Home ownership rates for whites in the three counties are virtually identical. The lower overall rate for Lake County is due to the larger percentages of blacks (47.2% home ownership) and Hispanics (61.0% home ownership).
- ▶ Blacks had the lowest home loan approval rate for the Gary PMSA in 2001. Just over half (55.4%) of loan applications by blacks were approved and originated (accepted by the applicant), while the comparable rate for whites was 81.3 percent. Black home loan applications were more likely to be denied (23.8%) than those from whites (8.3%).
- ▶ Research findings from the Association of Community Organizations for Reform Now (ACORN) indicate that blacks, and to a lesser extent Hispanics, are more likely to receive subprime loans. These loans generally have higher interest rates, larger fees, and more harmful terms (i.e., prepayment penalties), which result in greater costs over the life of the mortgage.
- ▶ According to the Lewis Mumford Center, the Gary PMSA is second only to the Detroit area in terms of racial segregation. The differences in home values noted above are one of the costs that blacks pay as a result of this segregation, along with the limited mobility that results from owning an undervalued home.

Conclusions:

Many housing issues face the region. While federal programs exist to address some of these issues, there is a lack of funding to meet the extent of the problems. The various jurisdictions in the region will need to work together to create innovative strategies to improve the housing situation in Northwest Indiana. The lack of quality affordable housing, along with the inability of some groups to meet their housing needs, should be a priority concern for all governmental units in the region. Obstacles to building affordable housing, such as excess regulations, restrictive zoning, and “not in my back yard” attitudes must all be confronted in order to enhance the ability to create affordable housing alternatives throughout the region. Private sector involvement, such as employers in the region, will also be needed. Only a concerted effort by all affected parties will suffice.☒