

III. MARKET CONDITION & ANALYSIS

HOUSING TRENDS

After observing current housing trends in Clinton County, there appears to be a direct correlation between population growth and housing demand. The population in Clinton County experienced negative growth from 1980 to 1990. However, the U.S. Census Bureau estimates the population in the county has grown approximately 7.2% from 1990 to 1998. Due to this increase in population, a subsequent rise in housing demand can be expected. The following chart outlines population numbers and their percent changes over the past 18 years.

POPULATION TRENDS

Location	1980 Population	1990 Population	1980-1990 % Change	1998 Population	1990-1998 % Change
Colfax	823	718	-12.8%	763	+6.3%
Frankfort	15,168	14,754	-2.7%	15,291	+3.6%
Kirclin	679	714	+5.2%	724	+1.4%
Michigantown	453	452	-0.2%	518	+14.6%
Mulberry	1,225	1,255	+2.4%	1,341	+6.9%
Rossville	1,148	1,184	+3.1%	1,485	+25.4%
Rural Clinton County	12,048	11,897	-1.3%	13,093	+10.1%
Clinton County	31,544	30,974	-1.8%	**33,215	+7.2%

**Source: U.S. Department of Commerce, Bureau of the Census, 1980 & 1990 Census of Population and Housing.*

***1998 Figures are estimates released by the U.S. Department of Commerce, Bureau of the Census.*

The Realtor Housing Survey (Exhibit D, Page 220) provided beneficial insight when analyzing housing trends and demands. One area of research established the average selling time for homes and rentals in Clinton County's housing market. Based on Realtors responses, the time period for selling homes varied from that of rentals. However, eighty percent of the Realtors surveyed reported that they were able to sell most homes in a two to three month span, while one hundred percent responded that it would usually take less than thirty days to sell a rental. This response indicates that

rentals in the market typically sell faster than homes.

In order to determine housing demand, the Realtor Housing Survey analyzed other areas of interest including the average cost of homes sold and the price range with the least supply and greatest demand. The average price of a home sold in Clinton County's housing market ranges from \$70,000 to \$100,000. This price range is fairly consistent with U.S. Census Bureau statistics, which indicate that 96% of the housing stock is valued at less than \$100,000. When analyzing housing demand, Realtors responded that homes in the \$70,000 to \$75,000 price range are in the least supply and the highest demand. Thus, when considering the future housing market, new and affordable, low to middle income family homes should be constructed to adequately meet this demand.

The foremost trend in the county's existing housing stock is the continued aging and dilapidation of many structures. As outlined in the "Community Profile" section, many houses in the county are well over the 40 year-old threshold. The progression of this trend will result in many renter- and owner-occupied units needing rehabilitation and renovation. To properly alleviate this need, a rehabilitation program is needed to assist renter- and owner-occupied units of low-income families without the financial means to maintain a safe and decent home. This will enable these housing units to be rehabilitated into better quality structures that will provide safe, decent, and affordable housing for the low-income population of Clinton County.

The final trend assessed was the growth/non-growth of the housing stock in Clinton County, achieved by comparing housing unit census data from 1980 and 1990. As a whole, the county experienced a decline in the number of housing units as well as an increase in the number of occupied housing units. The following chart provides a better illustration of the housing unit breakdown in the county and incorporated areas.

HOUSING UNIT TRENDS

Location	1980 Housing Units	1990 Housing Units	1980- 1990 % Change	1980 Occupied Housing	1990 Occupied Housing	1980- 1990 % Change
Colfax	296	271	-8.5%	280	250	-10.7%
Frankfort	6,073	6,146	+1.2%	5,691	5,768	+1.4%
Kirklin	287	280	-2.4%	266	271	+1.9%
Michigantown	205	178	-13.2%	175	173	-1.1%
Mulberry	420	428	+1.9%	397	420	+5.8%
Rossville	426	451	+5.9%	408	428	+4.9%
Clinton County	12,155	12,100	-0.5%	11,325	11,450	+1.1%

*Source: U.S. Department of Commerce, Bureau of the Census, 1980 & 1990 Census of Population and Housing.

OWNER- AND RENTER-OCCUPIED TRENDS

Location	1980 Owner- Occupied	1990 Owner- Occupied	1980- 1990 % Change	1980 Renter- Occupied	1990 Renter- Occupied	1980- 1990 % Change
Colfax	237	206	-13.1%	43	44	+2.3%
Frankfort	3,765	3,632	-3.5%	1,926	2,136	+10.9%
Kirklin	221	209	-5.4%	45	62	+37.8%
Michigantown	135	130	-3.7%	40	43	+7.5%
Mulberry	336	351	+4.5%	61	69	+13.1%
Rossville	320	343	+7.2%	88	85	-3.4%
Clinton County	8,233	8,244	+0.1%	3,092	3,206	+3.7%

*Source: U.S. Department of Commerce, Bureau of the Census, 1980 & 1990 Census of Population and Housing.

ECONOMY

The local economy of Clinton County is the foundation upon which a communities health and stability are established. Economic analysis provides beneficial information essential in projecting future economic trends. There is a direct correlation between these economic trends and their effect on housing. Thus, a healthy economy will typically translate into a healthy housing stock and market.

Clinton County's economy in the early to mid 1800's consisted primarily of agriculture and agricultural related industries and services. Historically, these agricultural products were exported to other parts of the country and internationally. In the mid 1950's, agriculture began to decline as manufacturing, trade, and service jobs became more prominent in the county's economy. Nowhere is this more evident than the establishment of the Frankfort Industrial Park, which contains several companies offering a number of manufacturing jobs for the county's labor force. The following charts outline employment by industry and major manufacturing/industrial employers in the county.

Employment by Industry

Industry	1970	%	1980	%	1990	%	1997	%
Farm/Agriculture	1,788	14.2%	1,456	11.4%	1,141	8.2%	1,069	6.7%
Mining	10	0.1%	9	0.1%	20	0.1%	3	0.02%
Construction	639	5.1%	767	6.0%	937	6.7%	858	5.4%
Manufacturing	3,363	26.8%	3,265	25.5%	3,895	28.0%	5,178	32.3%
Tranportation and Public Utilities	770	6.1%	523	4.1%	265	1.9%	417	2.6%
Wholesale Trade	328	2.6%	401	3.1%	503	3.6%	429	2.7%
Retail Trade	1,937	15.4%	2,049	16.0%	2,340	16.8%	2,370	14.8%
Finance, Insurance, and Real Estate	581	4.6%	664	5.2%	595	4.3%	559	3.5%
Services	1,655	13.2%	1,991	15.5%	2,451	17.6%	3,400	21.2%
Government	1,496	11.9%	1,699	13.2%	1,783	12.8%	1,747	10.9%
Total Labor Force	12,567	100%	12,824	100%	13,930	100%	16,030	100%

*Source: 1997 Indiana Business Research Center, Indiana University.

Manufacturing/Industrial Employers

Employer	Location	Type of Business	# of Employees
Archer Daniel Midland	Frankfort, IN	Soybean Processing	66
ARS Automotive, Inc.	Colfax, IN	Rebuild Engines	6
Beard Industries	Frankfort, IN	Manufacture Grain Dryers	42
Brittain & Sons Recycling, Inc.	Frankfort, IN	Plastics Recycling	15
CF Industries	Frankfort, IN	Anhydrous Ammonia Terminal	7
Coomer & Sons Sawmill	Frankfort, IN	Shipping Pallets	20
Donaldson Company, Inc.	Frankfort, IN	Air Filter/Diesel Elements	255
E & R Manufacturing Company, Inc.	Kirklin, IN	Masonry Fabricating Equipment	8
Federal Mogul Corporation	Frankfort, IN	Oil Seals	806
The Forest Products Group	Frankfort, IN	Lumber Distribution	14
Frito-Lay, Inc.	Frankfort, IN	Potato Chips, Salty Snacks	1300
General Seating	Frankfort, IN	Automotive Seating	225
Glover's Ice Cream	Frankfort, IN	Ice Cream Production	7
Heartland Faucet	Frankfort, IN	Brass Plumbing Fittings	43
Irving Materials	Frankfort, IN	Ready Mix Concrete	5
Jefferson Smurfit Company	Frankfort, IN	Corrugated Boxes	25
The Kay Company, Inc.	Frankfort, IN	Hardboard Fabricators	75
Lake Erie Screw Corp.	Frankfort, IN	Industrial Fasteners	85
Mallory Controls	Frankfort, IN	Timers	545
Matthews Wire & Wood	Frankfort, IN	Wholesale - Mail Order	80
National Cigar Corporation	Frankfort, IN	Cigar Manufacturing	60
Piemonte Foods of Indiana, Inc.	Frankfort, IN	Pizza Toppings & Ready Made Pizza	65
Prairie Stream Farms	Frankfort, IN	Seeds-Corn, Beans, Wheat	5
Precision Truss Systems, Inc.	Kirklin, IN	Building Components	28
Purina Mills	Frankfort, IN	Animal Feed	45
Shoup Processing Plant	Frankfort, IN	Meat Processing	8
Sonoco/Crellin	Frankfort, IN	Plastic Injection Molding	150
Sun Chemical Corporation	Frankfort, IN	Printer Ink Manufacturing	125
UNR Rohn	Frankfort, IN	Communication Towers	132
Van Diest Company	Frankfort, IN	Agriculture Chemical Dist.	3
Vicks Metal/Armco Assoc.	Frankfort, IN	Slitting Electrical Steel	41
Zachary Confections	Frankfort, IN	Candy Specialties	331
Zeneca Resins	Frankfort, IN	Acrylic Emulsions	23

*Source: 1999 Industrial Guide for Clinton County.

Like most of the Great Lakes Region, employment in Clinton County is still dependent upon manufacturing for the generation of both jobs and income. The county is following a national trend which has seen a reduction in the number of jobs generated from the service sector – specifically those related to Finance, Insurance, and Real Estate (FIRE). Nationally, service jobs in the FIRE sector of the economy have been migrating to large and medium sized metropolitan areas such as Indianapolis, South Bend, and Chicago. Smaller metro areas such as Lafayette have not witnessed the same increase and, accordingly, neither has Clinton County.

The table below provides employment by sector from 1970 to 1990 with forecast information till the year 2025. Most evident is the area’s great reliance on manufacturing employment. Service employment jumped substantially from 1990 to 1997; but the gains in this segment of the labor market were primarily those in lower paying jobs, with the same holding true for retail. The other most notable change has been witnessed in the farm employment sector. Consolidation of small farms and the conversion of land for development are key factors leading to the change in this area.

Clinton County, IN										
	1970	1980	1990	1997	2000	2005	2010	2015	2020	2025
Total Employment (Thousands)	12.57	12.82	13.93	16.03	16.93	18.16	19.30	20.33	21.24	22.03
Farm Employment	1.73	1.39	1.01	0.89	0.87	0.81	0.76	0.72	0.70	0.67
Agricultural Services, Other	0.05	0.06	0.13	0.18	0.20	0.21	0.22	0.23	0.24	0.26
Mining	0.01	0.01	0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Construction	0.64	0.77	0.94	0.86	0.91	0.94	0.95	0.96	0.95	0.94
Manufacturing	3.36	3.27	3.90	5.18	5.45	5.86	6.23	6.52	6.74	6.88
Transport, Comm. & Public Util	0.77	0.52	0.27	0.42	0.43	0.45	0.48	0.50	0.51	0.51
Wholesale Trade	0.33	0.40	0.50	0.43	0.49	0.55	0.61	0.67	0.73	0.79
Retail Trade	1.94	2.05	2.34	2.37	2.40	2.45	2.49	2.52	2.53	2.52
Finance, Insurance, & Real Estate	0.58	0.66	0.60	0.56	0.64	0.67	0.69	0.71	0.72	0.73
Services	1.66	1.99	2.45	3.40	3.75	4.34	4.90	5.43	5.95	6.46
Federal Civilian Govt	0.10	0.09	0.09	0.08	0.08	0.09	0.09	0.09	0.10	0.10
Federal Military Govt	0.16	0.14	0.16	0.12	0.12	0.12	0.12	0.12	0.12	0.12
State & Local Govt	1.24	1.47	1.54	1.55	1.60	1.68	1.77	1.86	1.96	2.05

A comparison of selected job market sectors is located in the table on the following page. By the horizon year of 2025, Clinton County will rely almost three times as much on manufacturing employment as the country as a whole. It will double the state percentage and stand almost 13%

above the MSA's. The table also depicts a lower employment base in services compared to national and state percentages. It should be noted that services will be approximately the same for the MSA and the county. However, the MSA will provide a larger share of positions requiring more technical skills and providing higher incomes.

Jobs by Selected Industry Sector: 1970-2025

United States	1970	1980	1990	2000	2010	2025
Percent of Jobs in Manufacturing	21.57%	18.19%	14.11%	11.80%	10.67%	9.25%
Percent of Jobs in Services	18.66%	21.89%	27.78%	31.81%	33.90%	33.67%
Percent of Jobs in Farming	4.34%	3.32%	2.26%	1.78%	1.51%	1.18%
Percent of Jobs in Government	17.61%	16.42%	15.25%	13.49%	13.14%	12.83%
Indiana	1970	1980	1990	2000	2010	2025
Percent of Jobs in Manufacturing	31.32%	25.30%	20.94%	18.82%	17.34%	15.38%
Percent of Jobs in Services	14.88%	18.42%	23.77%	27.31%	29.70%	32.87%
Percent of Jobs in Farming	5.22%	4.47%	2.82%	2.05%	1.68%	1.29%
Percent of Jobs in Government	13.41%	13.96%	12.97%	11.39%	11.19%	11.12%
Lafayette MSA	1970	1980	1990	2000	2010	2025
Percent of Jobs in Manufacturing	22.46%	19.14%	19.15%	20.45%	19.91%	18.68%
Percent of Jobs in Services	15.74%	18.98%	22.69%	24.56%	26.99%	29.74%
Percent of Jobs in Farming	5.04%	3.81%	2.29%	1.63%	1.26%	0.96%
Percent of Jobs in Government	22.74%	23.77%	21.72%	19.67%	19.45%	19.46%
Clinton County	1970	1980	1990	2000	2010	2025
Percent of Jobs in Manufacturing	26.76%	25.46%	27.96%	32.18%	32.26%	31.23%
Percent of Jobs in Services	13.17%	15.53%	17.60%	22.16%	25.38%	29.33%
Percent of Jobs in Farming	13.80%	10.86%	7.24%	5.12%	3.94%	3.05%
Percent of Jobs in Government	11.90%	13.25%	12.80%	10.59%	10.24%	10.28%

*Source: Woods & Poole 2000 State Profile.

The majority of the better service sector jobs will filter to the larger MSAs such as Indianapolis and Chicago. This trend is also demonstrated in the number of actual jobs to be created in the next 25 years and is further corroborated by the tables below which forecast population rank, per capita income, household income, and retail from 1970 to 2025. Most notably, per capita income has dropped substantially since 1970. It is expected to eventually level off and should begin to increase by the year 2010. However, this expectation is based on data that depicts mean household income increasing due to two wage earner families.

Forecast Rankings for State, MSA & County						
Indiana						
	1970	1980	1990	2000	2010	2025
Population Rank	11	12	14	14	14	16
Income Per Capita Rank	29	32	32	30	31	33
Mean Household Income Rank	25	26	30	31	31	34
Retail Sales Per Household Rank	29	31	26	28	28	25
Lafayette MSA						
	1970	1980	1990	2000	2010	2025
Population Rank	196	205	208	211	215	217
Income Per Capita Rank	183	222	231	225	224	261
Mean Household Income Rank	179	182	187	196	206	256
Retail Sales Per Household Rank	142	179	113	129	124	128
Clinton County						
	1970	1980	1990	2000	2010	2025
Population Rank	41	44	45	47	46	49
Income Per Capita Rank	23	23	42	40	35	33
Mean Household Income Rank	48	30	38	42	39	36
Retail Sales Per Household Rank	51	55	59	63	63	63

Source: Woods & Poole 2000 State Profile

Many Clinton County residents commute to jobs outside of the county, since the employment base is currently insufficient for the existing labor force. Therefore, the cities of Indianapolis (Marion County), Kokomo (Howard County), and Lafayette (Tippecanoe County) serve as major employment centers for the county's labor force. This is reflected in the following table, with Tippecanoe County receiving the most commuters from Clinton County. The commuting patterns also suggest that the

county's labor force has nearly 3½ times more commuters leaving the county to work as opposed to those entering the county.

Top 6 Counties Commuting To & From Clinton County

County	Commuting To Clinton County	Commuting From Clinton County	Clinton County Gain or Loss of Labor Force
Boone County	311	424	-113
Carroll County	297	136	+161
Hamilton County	80	222	-113
Howard County	170	706	-536
Marion County	91	568	-477
Tippecanoe County	472	3,091	-2,619
Total	1,421	5,147	-3,726

**Source: 1997 Indiana Business Research Center, Indiana University.*

Regional Economy

Like most other areas of the United States, Clinton County has become influenced by an economy that is transforming the workplace in all aspects - location, workforce, capital, and amenities. Regional economies are growing as local economies become less of a direct impact. This evolution has been occurring for the last thirty years, changing the economy from a manufacturing base to one more dependent on information. As a result, this trend has brought about substantial change to regional economies and growing metropolitan areas. In the Midwest and throughout the U.S., population and jobs continue to converge on metro areas. Over the course of this century, the metropolitan population has increased from around 30 - 40% of the nation to almost 80%. The Midwest reflects these nationwide patterns, with 76% of the population residing in the region's 41 metropolitan areas and 46% residing in metro areas with one million or more residents (Chicago, Indianapolis, Detroit, and Milwaukee).

Therefore, it should come as no surprise that the Midwest's current economic turnaround has been manifested in metro-area performance. Both metro and nonmetro counties have rebounded from the economic woes of the late 1970's through the first half of the 1980's, when income and production fell sharply in manufacturing and agriculture. The common direction of income growth experienced by metro areas (irrespective of size) and nonmetro counties suggests that the Midwest often experiences a common economic fate, either because of market links with other regions or tight economic links within the region. But despite each region's aggregate fate, individual metropolitan areas of the Midwest experienced sharp disparities in income growth from 1977 to 1993. A clear understanding of these disparities could provide important insight into the region's performance. Many economists assert that the metropolitan economy relies on a common labor force, federal and state government, location, climate, and infrastructure. Since the barriers to world trade have all but collapsed, the typical metro area's specialization in production has increased. Consequently, metropolitan areas have become more distinct as their trading relationships with the world economy have grown.

It has been suggested that region-wide governance policies might promote the health of the metropolitan area by redressing the inefficiencies associated with a fragmented system of government. Unfortunately, there are only a few regional institutions available to serve as case studies for evaluating this thesis. However, some Midwestern models do exist, and some evidence suggests that their experiences may encourage other metro areas to adopt more cooperative or even unified government structures. For some time now, Indianapolis and Minneapolis-St. Paul have operated various forms of metropolitan government in an effort to channel growth while fostering more efficient delivery of government services.

Some have suggested that the changing needs of the economy in the 1990s have rendered these older, high-density central cities obsolete. Businesses and people have dispersed across metropolitan areas because doing so is rational and efficient. However, recent empirical and anecdotal evidence also suggests that healthy suburbs may stagnate without healthy central cities to support them. Others assert that the decline of central cities has been unduly subsidized - perhaps deliberately - through an array of government tax policies and expenditure programs which have encouraged expansion toward the urban fringe.

A corollary of these findings might suggest that entire metropolitan areas - both city and suburbs - should be optimally configured. Some economists cite evidence that the current pattern of economic and population deconcentration may not be beneficial to metro areas on the whole. These critics suggest that the current expansion of the metro fringe has led to increasing congestion on suburban roads, income inequality among communities, and towns entering into unproductive bidding wars to capture commercial development. Without a regional government structure (or at the very least a structure in which disparate governments can reach agreement) many towns will commonly consider only their narrow self-interests when pursuing new development.

In Indianapolis and Minneapolis, policies such as regional tax base sharing for commercial development and regionwide planning for land-use decisions have reduced this tendency, arguably improving siting decisions for large regional developments. The regional tax base also diversifies revenue and improves the bond ratings of the area. Furthermore, the development of parks, open space land, and other public land uses has become an easier topic to settle since all communities in the region feel that they directly share in the benefits of any commercial development. In contrast, fragmented government often leads suburban residents to eschew support for those city assets

benefitting the entire metro area, such as museums and zoos.

At the same time, fragmented government usually arises from the residential location process, whereupon higher-income residents collect in exclusive suburbs to avoid subsidizing public services consumed by the poor. One prototype solution to this underprovision of central city facilities is Pittsburgh's "regional asset" approach, whereby facilities such as museums, parks, and zoos are funded on a regionwide basis even though they may be located in or controlled by the central city.

A second argument in favor of metropolitan-wide governance arrangements concentrates on improving the cost-efficiency of the delivery of public services. Some experts suggest that, just as businesses have increasingly focused on improving their internal efficiency, they will soon begin to demand similar efficiency from government in providing public services. Currently, many metropolitan areas have overlapping governments that may be providing uncoordinated services. Economies of a larger scale and scope might be achieved if metropolitan-wide structures could deliver many of these services. Most research suggests that technical services including sewers, transit, waste disposal, and infrastructure are provided more efficiently by these metropolitan-wide structures. However, metropolitan-wide provision appears less efficient in social service areas such as education and welfare, where many large inner city school systems are seen as failures.

Some authorities question the assertion that the deconcentration of economic activity away from central cities into so-called "edge cities" is inefficient. They suggest that research into metropolitan patterns of growth is still young and state that these new forms of small, highly concentrated centers of economic activity may improve the performance of the entire metro region. Similarly, they indicate that an understanding of the development of metro areas based solely in terms of the relationship between central cities and their suburbs is not sufficient. There is significant

variation in the types and forms of these existing suburbs, and more attention must be focused on identifying the unique characteristics of the towns and cities that comprise a metro area. For example, highly concentrated development in specific suburban locations, whether edge cities or employment subcenters, may not represent sprawl, but a positive force for overall metro-wide growth. The Schaumburg “subcenter” in the Chicago metro area is cited as a model where economic activity continues to concentrate, even after its initial development. In addition, new metropolitan forms may be developing that are not yet fully understood. Unduly constraining new urban forms by imposing growth controls at the fringe or channeling development back into the city center may damage a region’s future growth prospects.

The Role of Technology in Metropolitan Development

According to Robert Atkinson, the effects of new technologies will continue to impact metro areas. Technological forces are clearly shaping new urban forms. In the process, these technological forces may be favoring certain metropolitan areas based on population size, location, or industry structure. Atkinson stressed that although the effects of changing technologies are yet to be fully understood, three broad implications can be drawn.

- Information technology will significantly improve service sector productivity and will cause productivity gains between the service sector and manufacturers to converge.
- Technology will continue to have a significant impact on the workplace and on how business is conducted. Services can increasingly be sold and delivered far from the customer.
- Technology implies greater freedom for service firms in choosing locations. The emerging digital transfer of information will become vital to many service firms in

particular. At the same time, digital information transfer will allow firms to locate in less expensive areas, improving their chances of survival in increasingly competitive industries.

Despite increased freedom to produce and deliver services from afar, it should be cautioned that there is little evidence that these technology-related location shifts will necessarily benefit rural areas. Suburbs and small to medium-sized metropolitan areas appear most suitable to provide a hospitable environment for those specialized service functions that can be digitized. The optimal scale of service establishments has been growing, even while that of many manufacturing facilities has been declining. However, if population density climbs high enough to ultimately raise wages and the cost of living, service establishments may attempt to find labor elsewhere. Important exceptions may arise after involving a very specialized labor force, such as service firms attracted to large city airport and conference facilities, or highly specialized support service activities. In addition, small entrepreneurial service firms are often incubated in large cities where specialized support services and a specialized labor force are available.

The consequences of these technological shifts are reflected in changing industry concentrations within the metropolitan areas of the Midwest. As measured by real personal income, the large metropolitan statistical areas (MSAs) have seen manufacturing edge downward since the 1970s with especially sharp declines in their core counties. Small and medium-sized metro areas now find that manufacturing accounts for a much larger share of personal income. This is specifically the case in Clinton County. The most dramatic shift has been experienced by nonmetro counties in the Midwest, which had a 17% lower manufacturing concentration than the overall region in 1969, but now maintain an 11% greater concentration. Reasons behind the rise of manufacturing in rural areas

include the ability of manufacturers to work on a much smaller scale, as well as changes in transportation that have favored trucking over central rail terminal locations.

Financial and business service trends are moving in the opposite direction of the manufacturing industry. Large and medium-sized MSAs - especially the core counties of large MSAs - have seen an increased concentration of businesses from the finance, insurance, and real estate (FIRE) sector. In contrast, small metro areas and nonmetro counties are losing this income base. Business services are also slipping away from nonmetro counties, even while Midwest MSAs in each size category experienced growth over the 1969-93 period.

In contrast to the trend for FIRE, core counties of large Midwest MSAs have lost a share in the business service industry sector. In the central city-suburban context, changing information technology has encouraged movement of business service industries to the suburbs. As a result, the concentration of data-processing jobs has shifted dramatically. Since it is easier to outfit new buildings with “smart” technologies than to retrofit existing urban structures, suburban locations have an advantage when it comes to accommodating the needs of digitized services.

One marked characteristic of many large service establishments locating in suburban areas is the apparent absence of inter-industry linkage with the remainder of the economy. As specialized service functions move to the suburbs, they do not appear to create a significant need for other services. Because these specialized megacenters are often self-contained and require little in the way of additional professional or other services, the economic multiplier from landing such a center can be smaller than one might anticipate.

In the wake of these changes, central cities are often left with highly specialized functions that require the most highly skilled workers. Unfortunately, such workers may not be available in

sufficient numbers in the urban center. Atkinson contends that as information technology grows, this mismatch between city jobs and city residents will worsen, resulting in an increasing attractiveness of suburban locations over the urban center. Some economic authorities question whether the impact of this new technology might not provide opportunities for metro areas rather than simply creating problems for it. Popular economic literature increasingly attributes the success of firms to the competence and commitment of their work force, coupled with their ability to coordinate both internal and external functions. They suggest that cities need to understand these dynamics and develop ways in which these factors can be enhanced through government services. Additionally, amenities will play an increasingly important role in determining the location of economic activity. Thus, the concentration of cultural and recreational amenities in central cities may provide some advantage in retaining economic activity.

An Office of Technology Assistance (OTA) report notes that the loss of manufacturing jobs experienced by central cities is being extended to the service sector. The only way to reverse this trend is to concentrate on the skills of the labor force. Metro areas that are able to develop and offer the best human capital will have a decided advantage in their economic development. This calls for an emphasis on *people* rather than *place* strategies, in turn suggesting that the development strategy of metro areas take a supply-side perspective. Metro areas that are able to offer a greater supply of resources will attract more economic activity. However, some experts have noted that programs such as the new “empowerment zones” are trying to promote development in communities that lack resources – particularly in their labor force. For example, 50 - 60% of the adult population in Chicago’s empowerment zones were without high school diplomas.

Midwest metro areas apparently face larger growth impediments than many of their Sun Belt

counterparts. New urban forms are apparently emerging, but these forms are less costly to establish in a developing area than in a long-developed one. Midwest metro areas feature high density urban cores, often having narrow streets, smaller land plots, and a social/governance environment that have evolved to their detriment.

Some authorities have focused on the particular disadvantage of land availability in central cities and core counties in the Midwest. Austrian and Bier argued that there is a demand for urban sites in the Midwest, but the lack of pristine greenfield land or contiguous land that can be assembled into appropriate parcels for development makes urban development difficult. A prime example of this theory is being played out in Cleveland, where developers have long sought out an estimated 120 acres of land that cannot be provided by the city. Because the city has no greenfield land, the financial, legal, and political barriers are making it difficult to assemble brownfield parcels in a manner that would make them attractive. Not surprisingly, this lack of available land in both the central city and the core county is causing the real property tax base to shift to the outskirts of the metro area.

Unfortunately, this pattern is emerging all over the Midwest. At the core of this analysis is the proposition that land availability is central to the economic health of the metro economy. Since central cities (and increasingly core counties) lack available, easy to develop land, they must recycle the land they have or face inevitable decline. The central cities' and core counties' share of building permits has been declining, while suburban counties have seen growth in the share of building permits.

Given this trend, policymakers may need to focus their attention on reclaiming brownfield land in order to promote growth. While this is not a major issue in present day Clinton County, the future may hold something entirely different. Several studies show that strong private market incentives continue to propel economic activity toward more spread out formations in metropolitan areas. A

reversal of this trend would require broad and concerted policy efforts.

Metropolitan areas have become a dominant feature of the economic landscape, and individual areas are becoming distinct and specialized as they establish important economic linkages throughout the nation and the world. Midwest metropolitan areas can be distinguished from those in other regions, and their differences will affect their prospects for growth and influence their optimal public policy focus and direction. Historically, Midwest metro areas have been more heavily manufacturing oriented, indicating that a conversion to service industries may be more challenging for the region. Environmental remediation of former industrial sites may also present a larger hurdle for the Midwest than for other regions around the country.

Many central cities will continue to face the problems of transforming to a lower density of living and working. Fragmentation of governmental arrangements have made public service provision to the poor a central city responsibility, along with other public facilities that benefit the wider region. Moreover, policies such as federal legislation to remediate environmentally contaminated sites seem to have ample room for improvement. Yet even with such policy improvements, decontamination alone may not suffice. Central cities may also need to fashion policies to assemble large parcels of land for redevelopment, even though the financial resources for such projects may not be readily available.

Finally, if they are to achieve growth or prosperity, city and suburb alike will need to address the supply side of the development equation. Workplace changes which require an extended level and mix of skills will become important determinants. Some areas will also need to address development from a “human” perspective, involving social issues such as health, crime, and education.

State of the Region

According to the U.S. Census and the Indiana University Business Research Center, manufacturing activity and closely associated services continue to account for a significantly greater share of personal income in the Great Lakes than the nation as a whole. Indiana has seen dramatic changes in its relationship with the nation in particular. Although the state has averaged 2.3% annual real growth, the nation averaged 3.0%. This difference in growth has resulted in a significant decline in Indiana's share of the nation's total personal income from 2.5% to 2.0%. Although five tenths of a percentage point may seem trivial, the difference translates into \$30.6 billion, or 23% of Indiana's current level of personal income. This multibillion dollar loss is a tangible cost of not keeping pace with the nation.

While some have made gloomy forecasts for the region, this reaction has been due mainly to the severe recession of the early 1980s. However, the performance of the Midwest in the most recent recession, recovery, and current expansion has been remarkable. While the Midwest did not escape the recession of the early 1990s, its unemployment rate continued to improve relative to the national average from 1989 to 1991, just as it had since the early 1980s. In previous recessions, the region's unemployment rate had consistently shown greater deterioration than the nation's. The region's unemployment rate, both on average and in each of its states, has been below the national average in each of the past three years. Housing industry data and indicators of manufacturing output also point to stronger activity in the region than the nation during the 1990-91 recession, with continuing relative strength through the early 1990s.

Indiana differs from the rest of the nation in its continuing dependence on manufacturing employment. Manufacturing lost just 1.9% of its share of the state's employment between 1990 and

1998, while the nation declined at a 2.5% rate. The loss of manufacturing jobs was more than made up by increases in the service industry (3.5% in Indiana and 4.2% in the U.S.).

While Indiana lost some manufacturing jobs in the early years of the decade, it had gained 45,600 such jobs (7.1%) by 1998. However, 271,400 manufacturing jobs were lost nationally between 1990 and 1998 (-1.4%). Suffice to say, manufacturing workers have done well in Indiana during the 1990s. Hoosier manufacturing workers have increasing amounts of overtime work available, and the number of hours worked in Indiana compared to the median state average is growing. Indiana manufacturing workers have increased their lead over manufacturing workers in the median state in terms of average hourly earnings and average weekly earnings. With employment growing in manufacturing, it is hard to argue that Hoosier workers are pricing themselves out of the market. These increased earnings may reflect increased productivity as a result of capital investment, effective training, and improved management. Caution should be taken, however, since the higher level of earnings and the growing differential between Indiana and the nation could encourage firms to move their activities to other locations in the future. Thus, the ongoing concerns for Indiana in the next few years will remain fixed upon continued improvements in labor productivity in the state's manufacturing productivity and an accelerated drive to bring other workers' earnings up to higher levels in case some manufacturing jobs are lost.

In assessing the state of the region, one needs to consider three important external factors that have influenced its fortunes during the last decade: *declining real energy prices* (important both as an input to the region's industries and as a determinant of demand for its products), *declining interest rates* (stimulating demand for durable goods), and *the decline of the dollar since the mid-1980s* (improving the international competitiveness of the region's companies). While these effects are

difficult to isolate and quantify with any reasonable degree of precision, Allardice and William Bergman, both economists, have argued that productivity improvements implemented in the region's plants since the early 1980s have probably played the most important role in the region's revival. They stated that the lessons learned during the harsh recession of the early 1980s are no less important today. A continued focus on efficiency improvement, human capital development, and investment will foster regional performance should important forces external to the region, so favorable today, turn hostile tomorrow.

Long-Term Trends in Regional Development

From 1860 to 1947, as the Midwest became the dominant manufacturing region of the U.S., its share of national manufacturing employment rose from 12.7% to 30.2%. In the second half of the twentieth century, however, the Midwest's share of national manufacturing employment began to decline, falling from 26.7% to 22.1% between 1967 and 1987. In Clinton County, the share has increased.

The aggregate index of specialization suggests that the extent of regional specialization was about 35% in 1860, 43% in both 1927 and 1939, and 23% in 1987. This pattern is strong in each of the biregional comparisons. To generalize this data, an increasing specialization of regions took place between 1860 and the turn of the twentieth century, while each region subsequently became less specialized toward the second half of the 1900s.

As transportation costs fell between 1860 and the turn of the twentieth century, firms adopted large-scale, intensive production methods that utilized relatively immobile resources and energy sources. In turn, this rise in scale and use of immobile resources forced regions to become more specialized. As factors became increasingly more mobile and as technological innovations favored

the development of substitutes, regional resource differences diminished. Coupled with a fall in scale economies, this trend caused regions to become more despecialized between WWII and today.

Charles Leven has pointed out that the development of regions is affected by the distribution of skills and consumption patterns. In that sense, amenities are expected to influence regional fortunes. Therefore, one needs to consider the effect of utility maximizing migration in explaining regional development. In terms of drawing lessons for the future from these observed historical patterns, keep in mind that the underlying data reflect both short- and long-term cycles. Leven also cautioned against people's relatively short memory spans. For instance, while we frequently associate Silicon Valley with the production of computer chips, that industry began just outside Boston. Similarly, of the hundreds of auto companies that were in operation in the early part of this century, none subsequently moved to Detroit. These important reality checks need to be placed upon simplified dependency-type arguments.

Regional Income Trends

The convergence of per capita income has been interesting economists for some time, as it relates to one of the basic premises of economics: *the mobility of capital and labor tends to equalize prices across markets*. Accordingly, there exists a rather large literature on the subject. Income convergence refers to the phenomenon of per capita differences among regions (for example: states in the United States or countries in the world) diminishing over time. Relative convergence characterizes a situation where low-income areas grow at a faster rate than high-income areas, while absolute convergence is said to occur when the incomes of low-income areas increase in absolute amounts more rapidly than in high-income areas. Previous studies generally found income convergence among countries and states, respectively.

The Midwest region shows a trend in dispersion of per capita income among the states of the U.S. On the whole, data indicates that income dispersion across states has declined from 1950 to 1993, but not in a smooth, consistent manner. Several explanations have been offered to explain the observed income convergence including diminishing returns to capital, the relative speed of the diffusion of technology, free trade in goods leading to factor price equality, homogenization of population characteristics, and government policies. Long-term convergence has taken place among regions and states in the U.S., as well as among states in the Midwest. However, in the last two decades convergence has often been halted or even reversed for short time periods, probably in response to shocks caused by changes in the economy such as shifts in comparative advantage among regions.

But what is the source of this new trend, and what does it suggest for the economic fortunes of the various regions? Some experts have noted that disparities in economic fortune may be mitigated by amenities. If amenities are increasingly important determinants of the adjustment process of per capita income, it is important to understand where the cities of the Midwest stand with respect to consumptive and productive amenities (cities with high productivity enhancing site characteristics increase the demand for labor, and cities with high amenity site characteristics increase the supply of labor).

MARKET AVAILABILITY

Market analyses vary from one another and can markedly differ from other types of economic studies. Because of differences in types of analyses and the variety of data used, even experts with considerable experience can become confused. The analysis applied in this section is a macro level examination that should not be used for micro level decisions such as specific property or investment alternatives. Rather, it is intended to provide a broad overview of the market with some investigation into County sub-markets. For those needing more micro specific examination, the analysis and data revealed here offer a good starting point for more detailed study. A more in-depth knowledge of the local market will be required for project specific investments. While the data utilized has limitations and weaknesses, it has been reviewed, adjusted, and reconciled, where possible, with other sources which should provide a solid basis for decision-making.

The following section addresses market availability and condition through a nuts and bolts approach, relying on a broad array of data with an emphasis on demand side, or macro level, information. Some supply side data has also been reported, but it tends to be more micro level oriented in general. When possible, multiple time periods of data were investigated to improve analytical credibility. Similarly, the reader should note the data reveal only a snapshot of market conditions for the period measured.

Market availability in Clinton County is determined by a number of factors that include employment, population, households, income, private and public funding sources, the number of units available through new construction, rehabilitation, or vacancies, location of units available given an area's population, and a lenders propensity toward financing different types of projects (e.g., inner city rehabilitation, rental rehabilitation versus owner rehabilitation, new unit construction versus

rehabilitation, type of developer(s), funding sources, etc.). Another important aspect of this study was the identification of specific area(s) of the county which have locational advantages over other areas for factors other than school districts. Specifically, these factors included commuting distance to Lafayette, Kokomo, and the Indianapolis metro region. To ascertain market availability for the County, our study used a variety of data sources and a specific methodology as denoted below.

Methodology

The methodology utilized in this section of the study is centered on three basic analytical techniques: a modified **Effective Market Area** (EMA) principle, data bases collected from surveys, and the application of data generated from supplemental studies and research such as the Census and the Indiana University Business Research Center. The Effective Market Area delineated for this study is based on survey comments from Realtors, economic factors (job migration/work commute) impacting the county both locally and regionally, other demand side variables, the immediate population base, and all or part of the surrounding rural population. As defined here, the EMA includes the entire county with sub-areas defined by the factors noted above.

In general, the EMA for this study does not consider political boundaries and may transcend municipal, township, or even county lines unless reinforced by natural or manmade barriers like rivers, mountain ranges, freeways, or railroads. For the purposes of this study, it was determined based on the following factors: first, the area population; second, the proximity of the area to a larger metropolitan region, such as Lafayette or Indianapolis, in terms of both distance and commute time; third, income; and last, housing stock age and vacancy. The second factor was utilized because of the growing number of work related trips which are generated from Clinton County to the Lafayette, Indianapolis, and Kokomo metropolitan regions. Based on 1999 Commute-to-Work data from the

Indiana Department of Revenue, 22.7% of the total work force in Clinton County commutes to other metropolitan regions daily. The Lafayette metro area accounts for 61.7% of these trips daily with the Indianapolis region attracting 24.2 % of this total.

Clinton County Commuting Patterns

County Receiving From Clinton County	Number of Workers	County Sending To Clinton County	Number of Workers
Tippecanoe County	3,091	Tippecanoe County	472
Howard County	706	Howard County	311
Marion County	568	Marion County	297
Boone County	424	Boone County	170
Hamilton County	222	Hamilton County	91
Total	5,011	Total	1,341

**Source: Indiana Dept. of Revenue; IBRC-STATS Indiana, June 1999*

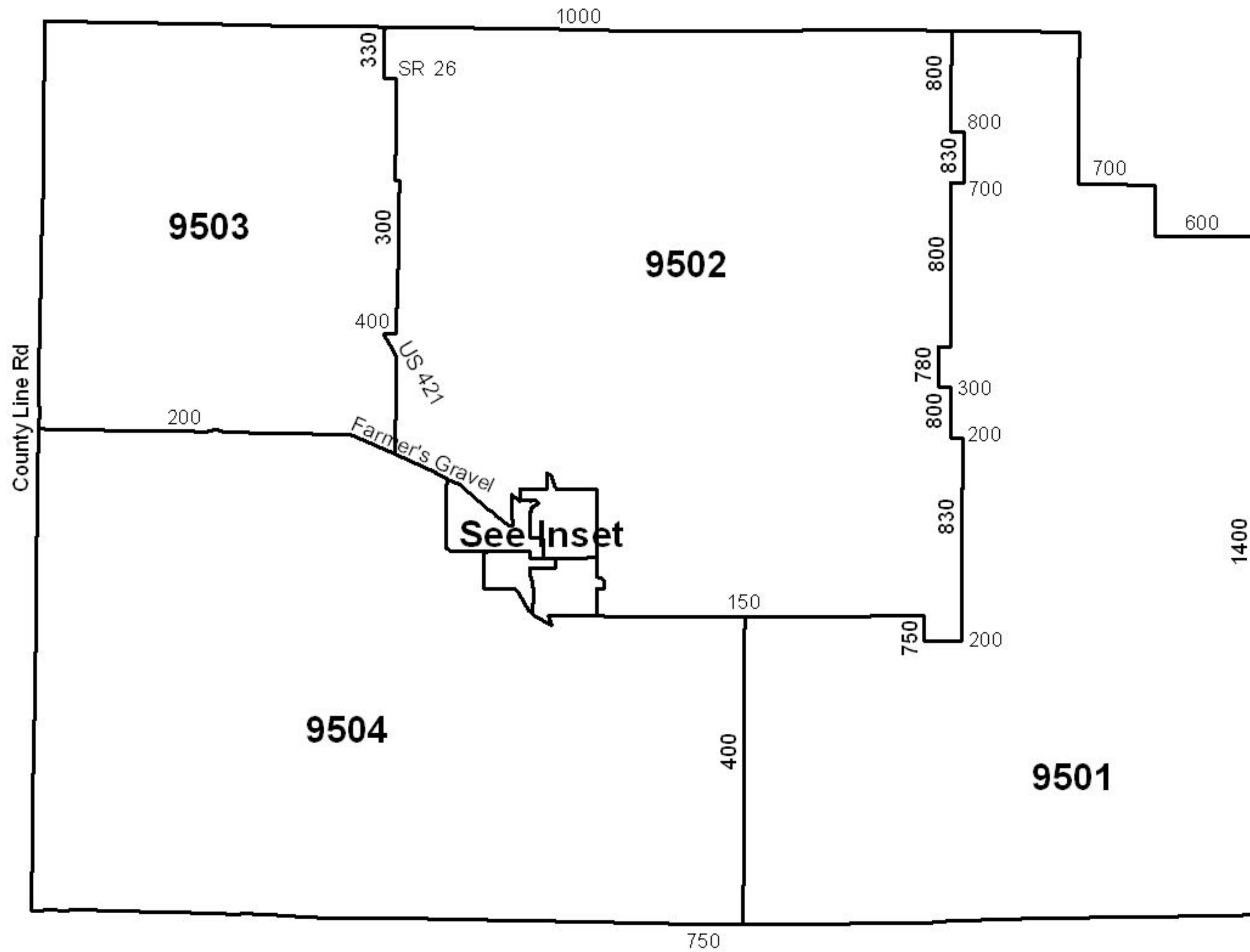
Data bases were developed from the following primary sources: a housing condition survey for approximately 12,100 units, a random citizen survey of over 500 households, a survey of elected officials in each rural community, a survey of area wide Realtors, and a survey of local financial or banking institutions.

Secondary data utilized included 1980 and 1990 Census materials, the Indiana University Business Research Center, the Home Mortgage Disclosure Data from Census, Woods and Poole Statistics and Projections, and the Clinton County Planning Department. This data was used in conjunction with the collected primary or survey data to determine market availability within the specified EMAs.

As depicted in the Census Maps on the next two pages, Clinton County can be divided into approximately five EMAs on a geographic basis. The five areas are tract 9503, which includes Rossville and Mulberry, tracts 9501, which includes Kirklin, tract 9502, which includes Michigantown,

Clinton County 1990 Census Tracts

Clinton County Housing Plan

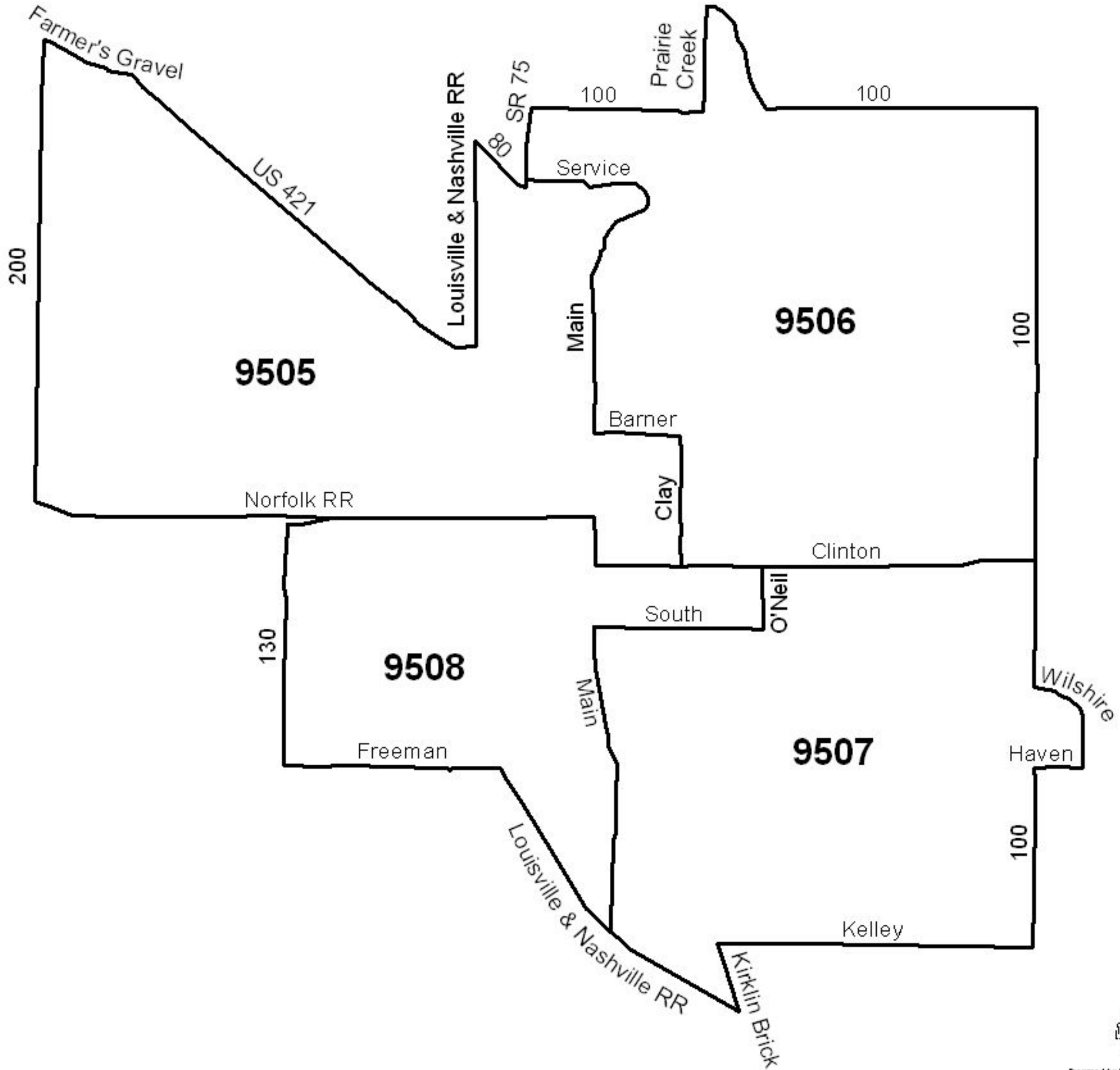


Prepared by Madison County Council of Governments



Clinton County 1990 Census Tracts

Clinton County Housing Plan



Prepared by Madison County Council of Governments



tract 9504, which includes Colfax, and the four tracts (9505, 9506, 9507, and 9598) which comprise the City of Frankfort. This division was defined from data collected from the Census, housing starts, commute-to-work data, and the regional economic market. Rossville, Mulberry, and Frankfort have been the predominate focus of housing construction activity in the county based on the number of housing units noted in the chart below. The Michigantown and Kirklin EMAs encompass tracts 9502 and 9501, respectively, and the surrounding townships to the east, west, north, and south. The southwest county, or Colfax, EMA includes everything in tract 9504. The north and west county EMA, Rossville-Mulberry, has the potential to benefit substantially in the future due to its location in the county, its proximity to Lafayette, its highway connections, and the housing and job market dynamics within the Lafayette metropolitan area. Its primary assets are good school systems, affordable ranges of housing, and short commuting distance to the job market of the greater Lafayette area.

When comparing population and housing unit changes between 1980 and 1990 (as depicted in the table below) it is clear that the Rossville-Mulberry EMA and Frankfort EMA have grown in terms of both people and living units, while the Colfax and Michigantown EMAs have continued to remain stagnant or decline. On the other hand, Kirklin has remained relatively stable over the last decade. It should be noted here that while this data is technically “correct,” it overstates the loss of

Clinton County Population and Total Housing Units by Community

	Population		Total Units	
	1980	1990	1980	1990
Colfax	823	718	296	271
Frankfort	15,168	14,754	6,073	6,146
Kirklin	679	714	287	280

	Population		Total Units	
	1980	1990	1980	1990
Mulberry	1,225	1,255	336	428
Rossville	1,148	1,184	426	451
Rural County	12,048	11,897	4,532	4,346
Clinton County	31,544	30,947	12,155	12,100

*Source: 1980 U.S. Census and 1990 U.S. Census

both population and housing units in these two EMAs. This opinion is based on housing counts in the areas and several other communities where it appears that actual housing units were underestimated in the 1990 Census. According to the Census Bureau, this trend was a specific problem in Central Indiana.

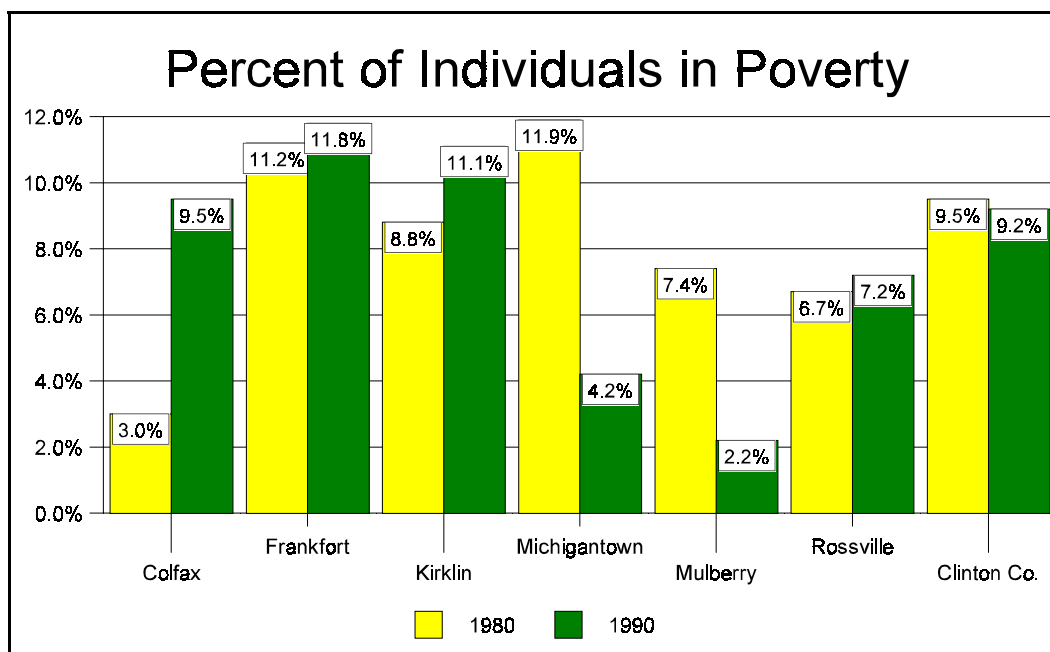
The following table denotes several interesting aspects of home buying and renting power between the four EMAs. While per capita income is higher in Michigantown and Mulberry than the rest of the county and both exceed the county figure, the most notable differences can be found in

Clinton County Income and Poverty

	Per Capita Income		Median Income		% Families in Poverty		% Individual in Poverty		% Children in Poverty		% Over 65 in Poverty	
	1980	1990	1980	1990	1980	1990	1980	1990	1980	1990	1980	1990
Colfax	\$6,043	\$9,923	\$16,648	\$26,591	N/A	7.7	3	9.5	1.8	13.5	9	13.8
Frankfort	\$6,762	\$11,165	\$13,938	\$21,887	N/A	10.4	11.2	11.8	14.5	15.9	8.4	9
Kirklin	\$7,228	\$10,072	\$15,000	\$20,750	N/A	12.9	8.8	11.1	14.2	6.6	30	31.5
Michigantown	\$5,832	\$12,001	\$13,359	\$24,479	N/A	1.7	11.9	4.2	22.8	3.6	8.6	5.8
Mulberry	\$6,363	\$12,164	\$18,618	\$31,974	N/A	1.8	7.4	2.2	10	1.3	6.5	2.6
Rossville	\$5,999	\$10,995	\$15,159	\$28,289	N/A	4.3	6.7	7.2	6.1	8.1	6.5	9.1
Clinton County	\$6,960	\$11,849	\$16,150	\$26,148	N/A	7.5	9.5	9.2	12	11.5	9.2	9.5

*Source: 1980 U.S. Census and 1990 U.S. Census

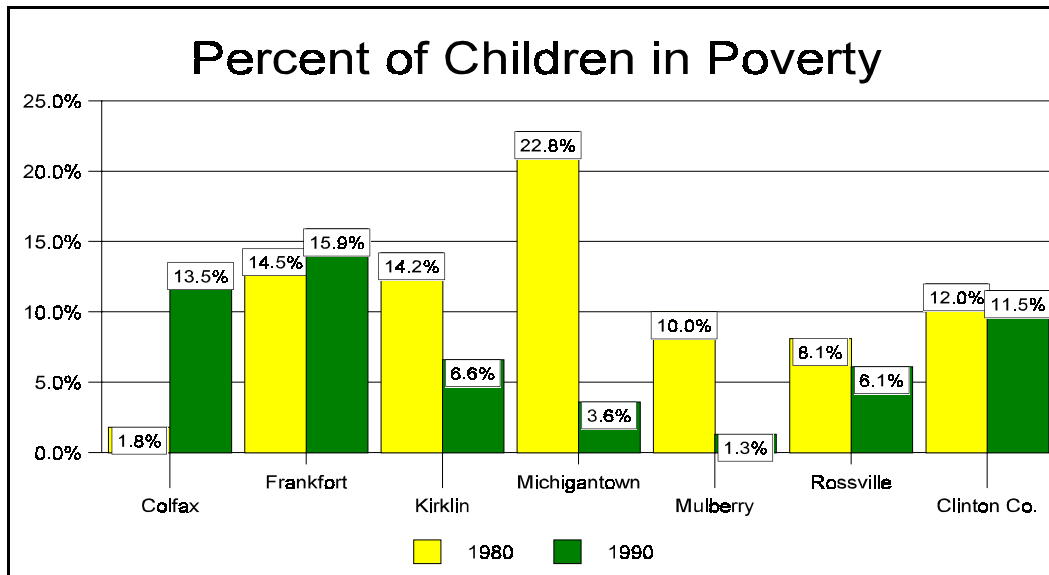
Median Household Income. On average, the median household income is greater by more than a \$3,500 difference from all other communities and is approximately \$4,000 more per household than the county average. Township data further supports this difference. This is further supported by the substantial differences in the percentage of individuals living below the poverty line between the four EMAs. Colfax, Mulberry, and Rossville are below the county average while Frankfort, Kirklin, and Michigantown all exceed the average of 9.5%.



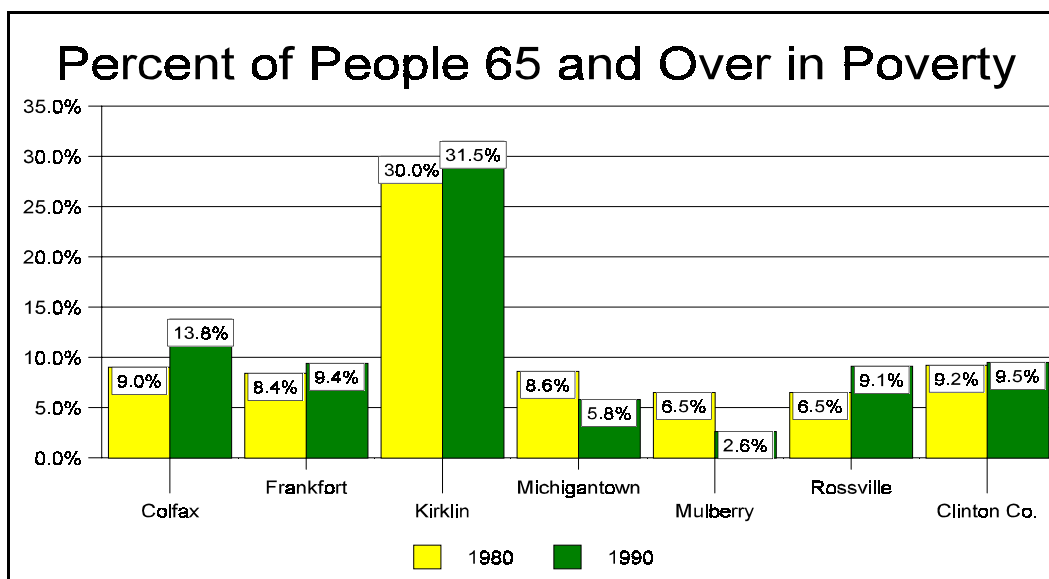
*Source: U.S. Census Bureau, 1990 Population & Housing

The same analysis holds true for children living in poverty with the exception of Kirklin, which also falls under the county average of 11.5% for 1990. However, this does not hold true for persons over the age of 65 living in poverty. The data reflects similar trends for Rossville and Mulberry in terms of consistency under the county poverty level. Colfax remains relatively constant, showing no marked increase over children in poverty. Frankfort and Michigantown both dropped below the county average, which is in line with the population figures for these EMAs. Thus, the data reveals

that both of these areas have poverty issues that are children centered. Michigantown reversed substantially from its level of poverty with children, thereby indicating that the poverty problems are more youth oriented than age oriented. Kirclin jumped substantially, indicating a growing senior population and less children below the poverty line.



*Source: U.S. Census Bureau, 1990 Population & Housing



*Source: U.S. Census Bureau, 1990 Population & Housing

Clearly, the lower level of income distinguishes the buying power of families or individuals in each EMA in terms of housing. Based on national and state trends, these incomes figures would also indicate that a larger number of female-headed households with children would exist in the areas higher in poverty. However, data in the charts below indicate this assumption is only correct in the case of Frankfort. All other EMAs actually decreased in this area. Frankfort has 15.3% of its Total Family Households headed by females, with 59% of those households having a single female parent in the home with children under the age of 18. Overall, each community in the county has a combined 11.8% of the total households headed by females and 58.4% of those households have children under the age of 18.

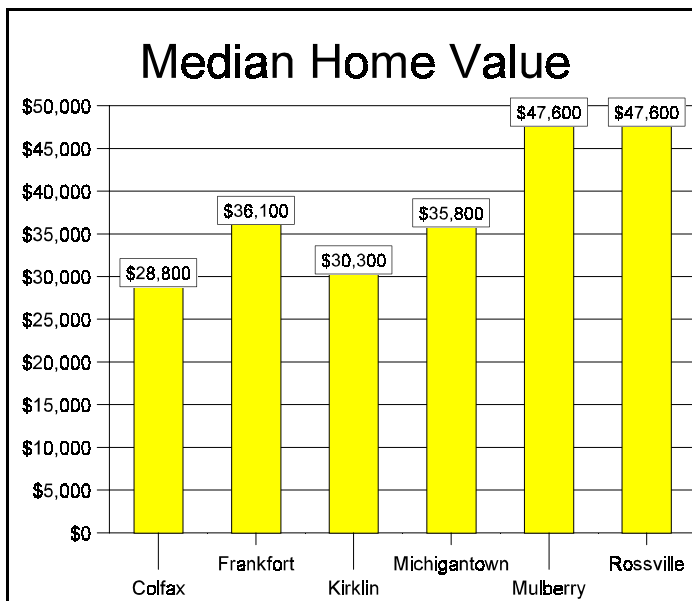
Clinton County Comparison of Family Households

	% Female Households w/ Children Under 18		Total Female Headed Households w/ Child Under 18		Total Female Headed Households		Total Family Households		Persons per Household		Persons Per Family	
	1980	1990	1980	1990	1980	1990	1980	1990	1980	1990	1980	1990
Colfax	18.6%	63.2%	8	12	43	19	220	194	2.94	3.00	3.74	3.27
Frankfort	60.2%	59.0%	328	367	545	622	4,069	4,037	2.58	2.49	3.15	3.05
Kirklintown	N/A	69.2%	N/A	18	N/A	26	N/A	202	N/A	2.54	N/A	3.12
Michigan-town	33.0%	60.0%	9	9	26	15	131	121	2.21	2.83	2.59	3.24
Mulberry	41.0%	76.0%	18	19	44	25	329	339	2.92	2.74	3.42	3.05
Rossville	25.7%	47.5%	18	19	70	40	317	323	2.81	2.57	3.62	2.99
Clinton County	59.7%	57.5%	468	515	784	896	8,684	8,711	2.73	2.65	3.20	2.65

*Source: 1980 U.S. Census and 1990 U.S. Census

This income differential shows itself for all households when looking at median home value and average or asked for rent. Median home value is substantially higher (more than 31%) in the Mulberry and Rossville EMA compared to the other EMAs. Colfax has the lowest median value at

\$28,800. This is almost 66% lower than the Rossville-Mulberry EMA. As shown in the chart to the right, there are clear differences in housing costs for ownership within the county. The data also points to a slight difference between the vacancy rates for owner-occupied homes in either EMA. Housing for homeowners is somewhat tight throughout the county for



*Source: U.S. Census Bureau, 1990 Population & Housing

those wanting to buy a used home. Vacancy rates are extremely low in Mulberry, and unless those already in existing units decide to move or build a new home, it will continue to be difficult to move from a rental unit to a home unless the prospective home buyer can afford to make much higher monthly payments for their housing. Overall, vacancy rates for homeowners is low in the county.

Owner Occupied Housing Statistics

	Colfax	Frankfort	Kirklin	Michigantown	Mulberry	Rossville
Owner Occupied						
1980	237	3,765	221	135	336	320
1990	206	3,632	209	130	351	343
% Vacant 1980	5.9%	6.6%	N/A	15.6%	5.4%	4.1%
% Vacant 1990	7.3%	6.7%	4.3%	3.8%	1.7%	6.7%
Median Home Value						
1980	\$23,300	\$26,400	\$19,700	\$24,300	\$33,200	\$34,700
1990	\$28,800	\$36,100	\$30,300	\$35,800	\$47,600	\$47,600

*Source: 1980 U.S. Census and 1990 U.S. Census

Both area Realtors and bankers responded by survey (Exhibits D, Page 220 and E Page 223) that there was simply a shortage of affordable homes for sale throughout the county. They also noted that one of the toughest obstacles to home ownership was the inability of prospective home buyers to make the required down payment on a home. This supports census data indicating a lack of income among many individuals and families in Clinton County.

Rental unit vacancies have tended to be identified by individual community rather than being linked to any specific EMA. As a rule of thumb, vacancy rates lower than 10% mean the market is not yet saturated. Yet, it also lends credence to the fact that there is most likely a shortage of good rental properties in the smaller communities of the county. Even Frankfort has only a 5.9% rental

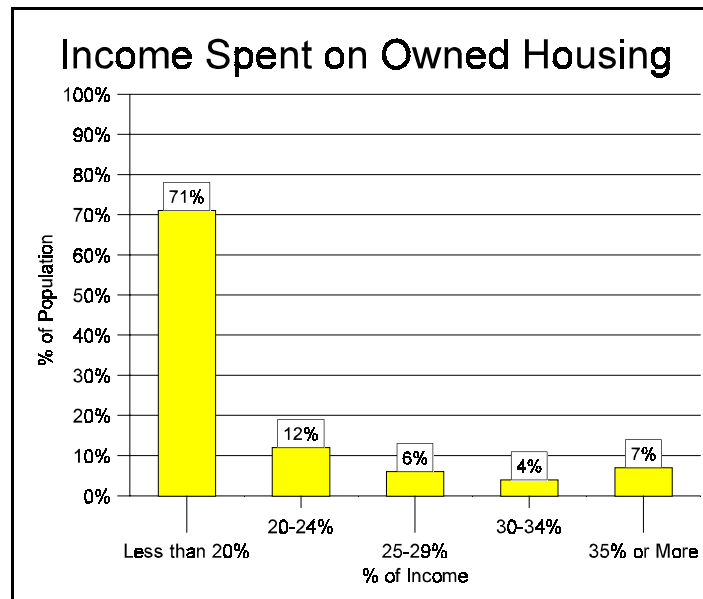
Renter Occupied Housing Statistics

	Colfax	Frankfort	Kirklin	Michigantown	Mulberry	Rossville
Owner Occupied						
1980	45	2,058	45	49	66	93
1990	50	2,270	62	43	71	85
% Vacant 1980	4.4%	6.4%	N/A	18.4%	7.6%	5.4%
% Vacant 1990	12.0%	5.9%	0.0%	0.0%	2.8%	0.0%
Median Rent						
1980	\$90	\$151	\$104	\$140	\$142	\$126
1990	\$306	\$322	\$355	\$345	\$353	\$375

*Source: 1980 U.S. Census and 1990 U.S. Census

vacancy rate, and the rental housing units in the city comprise 36.9% of the total units available. This denotes a trend away from home ownership within the community and is further corroborated by income data from the census. Survey (Exhibits D, Page 220 and E Page 223) responses from creditors/bankers and Realtors also noted that rental vacancies normally were off the market within

30 days. In short, the problem is not one of affordability, but one of supply and low income. Analysis would indicate that the conversion of older, historic homes will continue unless income availability increases. As noted above and in the chart to the right, home buyers simply do not have the money necessary to make the necessary down payments and closing costs for a home. This was specifically borne out by the surveys of both Realtors and bankers in Exhibits D and E. These Clinton County



*Source: U.S. Census Bureau, 1990 Population & Housing

percentages are consistent with figures for the state of Indiana. According to the survey data and other sources of information, rental income burden does not seem to be overly problematic. Anyone paying over 30% of their income for housing is normally faced with a financial burden, particularly if there is no alternative for cheaper housing. Given the tight market for rentals within the County and the fact that many individuals have lower incomes, this data affirms both census income and survey data indicating insufficient income as a problem in terms of home ownership. This ultimately amounts to a burden for over 34% of all renters within Clinton County.

In summary, the census data reveals that the surveys returned by the banking and real estate groups in the community have experienced the same difficulties in the marketplace that our study data indicates. In summary, there are needs for more affordable rental housing, entry level homes, senior housing, and a greater infusion of outside funds to spur investments in the construction and purchase

of both. Our survey data and focus group meetings also indicated a strong need for more senior housing, both assisted and non-assisted transitional housing and single parent facilities. Through our group meetings and one-on-one discussions we have been advised of the need for transitional housing. These needs will be reflected in the Action Plan section of this study.

FFEIC HMDA Data by Census Tract

Loan Purchased, By Location of Property and Type of Loan						
Clinton County/Tract Number	Loans On 1-TO-4 Family Dwellings				Loans On Dwellings for 5 or More Families	Non-occupant Loans on 1-TO-4 Family
	Home Purchase Loans		Refinancing	Home Improvement Loans		
	FHA, FSA/RHS & VA	Conventional				
	A	B	C	D		
9501	3	6	14	1		
9502		9	15			
9503	9	12	22			
9504	3	9	14			
9505	3	21	22	1		1
9506	5	12	22			1
9507	2	15	9			
9508		11	10	1		
Untract			5			
MSA Total	259	615	816	12	1	33
Invalid Geographic Identifiers						

Clinton County Summary Census Demographic Information										
Tract Code	Tract/BN A Income Level	Tract/VA N Median Family Income %	1999 HUD MSA Median Family Income	1999 Est. Tract/SN A Median Family Income	1990 Tract/BN A Median Family Income	Tract/BNA Population	Tract/BNA Minority %	Minority Population	Owner Occupied Units	1- to 4- Family Units
9501	Middle	85.94	\$51,400	\$44,173	\$30,059	3391	0.65	22	945	1267
9502	Middle	103.09	\$51,400	\$52,988	\$36,057	4958	0.3	15	1393	1778
9503	Middle	94.71	\$51,400	\$48,681	\$33,125	4218	0.24	10	1194	1501
9504	Middle	103.8	\$51,400	\$53,353	\$36,307	4030	0.45	18	1141	1462
9505	Moderate	67.86	\$51,400	\$34,880	\$23,737	4685	5.4	253	1047	1722
9506	Moderate	79.15	\$51,400	\$40,683	\$27,684	3375	2.96	100	881	1300
9507	Middle	108.63	\$51,400	\$55,836	\$37,994	3139	2.26	71	977	1242
9508	Moderate	70.08	\$51,400	\$36,021	\$24,512	3178	5.29	168	666	1233
9999.99	Middle	88.84	\$51,400	\$45,664	\$31,072	30974	2.12	657	8244	11505

FFEIC HMDA Data by Census Tract

Clinton County Income Information								
Tract Code	Tract/BN A Income Level	1990 MSA/ Statewide non-MSA Median Family Income	1999 HUD Estimated MSA/non-MSA Median Family Income	% below Poverty Line	Tract/ BNA Median Family Income %	1990 Tract/ BNA Median Family Income	1999 Tract/ BNA Estimated Median Family Income	1990 Tract/ BNA Median Household Income
9501	Middle	\$34,977	\$51,400	8.09	85.94	\$30,059	\$44,173	\$27,338
9502	Middle	\$34,977	\$51,400	6.24	103.09	\$36,057	\$52,988	\$31,412
9503	Middle	\$34,977	\$51,400	5.42	94.71	\$33,125	\$48,681	\$30,550
9504	Middle	\$34,977	\$51,400	7.41	103.80	\$36,307	\$53,353	\$32,359
9505	Moderate	\$34,977	\$51,400	14.57	67.86	\$23,737	\$34,880	\$20,347
9506	Moderate	\$34,977	\$51,400	11.12	79.15	\$27,684	\$40,683	\$24,146
9507	Middle	\$34,977	\$51,400	5.51	108.63	\$37,994	\$55,836	\$27,397
9508	Moderate	\$34,977	\$51,400	18.14	70.08	\$24,512	\$36,021	\$18,567
9999.99	Middle	\$34,977	\$51,400	9.41	88.84	\$31,072	\$45,664	\$26,150

Disposition of Loan Applications, by Central City vs. Non-Central City Property Location and Type of Loan						
Location Category	Loans On 1-TO-4 Family Dwellings				Loans On Dwellings For 5 or More Families	Non-occupant Loans on 1-TO-4 Family
	Home Purchase Loans		Refinancing	Home Improvement Loans		
	FHA, FSA/RHS & VA	Conventional				
	A	B	C	D		
Central City						
Loans Originated	390	1122	2281	287	39	383
Application Approved, Not Accepted	7	82	232	95		12
Applications Denied	41	350	616	173		35
Applications Withdrawn	13	105	390	26		10
Files Closed for Incompleteness	4	9	80	4		3
MSA Less Central City						
Loans Originated	249	1319	2770	379	25	314
Application Approved, Not Accepted	3	82	287	64		21
Applications Denied	20	378	723	218		38
Applications Withdrawn	9	113	440	36		17
Files Closed for Incompleteness	4	13	102			3

PUBLIC ASSISTANCE

Public assistance in Clinton County currently has a minimal role in low-income housing, with only a select few organizations and programs offering aid within its boundaries. Though the majority of publicly assisted housing programs are focused on the City of Frankfort, incorporated towns and rural areas of the County maintain assistance programs as well. The following list specifies organizations and agencies providing public assistance to Clinton County residents and outlines the programs they offer.

AREA IV: Area IV Agency on Aging and Community Action Programs

660 North 36th Street, P.O. Box 4727
Lafayette, IN 47903
(765) 447-7683 or (800) 382-7556

Area IV - Frankfort Satellite Office

301 East Clinton Street
Frankfort, IN 46041
(765) 659-1408

Section 8 Existing Housing Certificate Program

Utilizing funds from the U.S. Department of Housing and Urban Development, the Section 8 Existing Housing Certificate Program is offered by the Area IV Agency on Aging and Community Services. The program provides Section 8 Rental Assistance to low-income individuals and families in Clinton County. Once accepted into the program, the Lafayette Area IV Agency will make housing assistance payments to the landlord to aid low-income households in meeting their rental obligations. This rental assistance is currently awarded to tenants located in scattered sites throughout the county. Applications for this program are available from the Area IV Satellite Office in Frankfort. Once completed, these applications are forwarded to the Area IV Administrating Agency in Lafayette. In addition to rental assistance, Area IV provides funding for childcare

assistance, weatherization and energy assistance, rehabilitation programs, and an array of senior programs.

USDA: **United States Department of Agriculture**
 Rural Development, Rural Housing Service
 801 West Pear Street
 Lebanon, IN 46052
 (765) 482-6355

Home Ownership, Improvement, and Repair Loans and Grants

Providing home improvement and rehabilitation funding for renter- and owner-occupied units located in scattered sites throughout the county, the Rural Development Office serves a multi-county area that includes Clinton County. In addition to rehabilitation funding, financing programs are also available for low-income and first-time home buyers. The majority of these programs give funding assistance in the form of loans, but certain programs with elderly participants (62 or older) are typically funded by grants.

ROI: **Rural Opportunities, Inc.**
 Division of Housing and Economic Development
 1111 East 54th Street
 Indianapolis, IN 46220-3526
 (317) 722-2391

Rural Housing Development Programs

Rural Opportunities, Inc. (ROI) is a non-profit organization serving the rural areas of a multi-state region consisting of New York, New Jersey, Pennsylvania, Ohio, Indiana, and Michigan. ROI's primary goals seek to develop, improve, and preserve housing, to assist individuals and families into home ownership, and to promote small business enterprise. ROI-Indiana provides housing/economic development programs with a commitment to serve the rural/small town population. The array of

HOUSING & DEVELOPMENT REGULATIONS

Listed in the matrix below are rating factors for assessing local regulations for the construction and rehabilitation of housing. This criteria has a direct impact on the process of housing development and rehabilitation. Each individual project must meet the regulations set forth by each community and/or the county. The incorporated cities and towns administer and oversee their own zoning, development, and rehabilitation, while receiving guidance and recommendations from the Clinton County Community Planner. Michigantown administers its own zoning, development, and rehabilitation as well, but does not receive guidance and recommendations from the County’s Community Planner. Additionally, zoning, development, and rehabilitation in rural unincorporated areas of the county is administered by the Clinton County Community Planner.

Regulatory Rating Factors By Community

Rating Factors by Community	Colfax	Frankfort	Kirklín	Michigantown	Mulberry	Rossville	Rural County
Is all the land that will be required for residential development over the next five years presently zoned and available for development?	Y	N	Y		Y	Y	Y
Does at least one-third of the land zoned for residential purposes permit housing other than single-family detached houses?	N	Y	N		N	N	N
Do any of the residential districts in the zoning ordinance permit townhouses and multifamily housing by right without going through a special exception or other approval process?	N	Y	N		N	N	N
Do any districts that permit single-family detached housing also permit attached housing (e.g., townhouses, patio or cluster houses) and manufactured housing?	Y	Y	Y		Y	Y	Y
Does at least one residential district provide for a minimum lot size of less than 6,000 square feet for a single-family detached house?	N	Y	N		N	N	N
Do all residential zoning districts allow lot sizes of less than one acre?	N	Y	N		N	N	N
Did less than one-half of the residential subdivisions approved last year require rezoning first?	N	N	N		N	N	N
Were more housing units approved for development than dis-approved?	N	N	N		N	N	N

Rating Factors by Community	Colfax	Frankfort	Kirklin	Michigantown	Mulberry	Rossville	Rural County
Of the number of housing units originally proposed in rezoning or subdivision applications, were more than two-thirds approved for development?	Y	Y	Y		Y	Y	Y
Does it take less than six months for most subdivisions to be approved after the initial application (without considering rezoning)?	Y	Y	Y		Y	Y	Y
To obtain approval for development of single-family attached and multifamily homes, does the normal procedure require more than one public hearing?	N	N	N		N	N	N
Are less than 10% of the residential development application decisions of the planning commission appealed by neighborhood or citizens' groups?	Y	Y	Y		Y	Y	Y
Are less than 10 separate permits or approvals required to complete a subdivision from initial application to occupancy?	Y	Y	Y		Y	Y	Y
Do subdivision regulations or other standards allow normal residential streets to be less than 30 feet (curb to curb)?	Y	N	Y		Y	Y	Y
Do zoning and subdivision provisions allow individual houses to be clustered on reduced-size lots and/or with reduced requirements for front, side, and rear yards?	Y	N	Y		Y	Y	Y
Can sidewalks on one or both sides of streets be eliminated if other provisions are made for pedestrian paths?	Y	N	Y		Y	Y	Y
Can swales, ponds and other natural features be substituted for (underground) drainage pipe systems?	Y	Y	Y		Y	Y	Y
Are developers required to provide only those roads, sewer and water systems, parks, school sites, and other facilities that directly serve the specific development being approved?	Y	Y	Y		Y	Y	Y
Are fees for processing applications and for providing public facilities based on real services and costs of facilities provided?	Y	Y	Y		Y	Y	Y
Does the community regulate rehabilitation of historic structures or have a historic district?	N	N	N		N	N	N
Does the community regulate or prohibit construction in a floodplain?	Y	Y	Y		Y	Y	Y

**Source: Zoning Ordinances, Clinton County Community Planner, Michigantown Clerk-Treasurer.*

The process for the construction of new housing in the county is outlined on the following page. Adherence to this process is necessary to receive consideration for housing development. Additionally, the following flow charts clearly outline the application and meeting procedures to effectively implement a development project.

**Area Plan Office -
Application &
Meeting Process
for Development**

