Richland County Housing Needs Assessment and Action Plan

RICHLAND COUNTY
Ohio
A FAMILY OF COMMUNITIES

BELLVILLE
A RICHLAND COUNTY COMMUNITY
Ohio

LEXINGTON
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Ohio

MANSFIELD
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ONTARIO
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SHELBY
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Acknowledgements

Finally, we extend our thanks to the dozens of stakeholders who participated in our three in-person meetings and the strategy sessions and to the clients of the Mansfield Metropolitan Housing Authority who shared their experiences seeking affordable housing in Richland County. Their participation and feedback were crucial in crafting this document.

Richland County Housing Needs Assessment and Action Plan Summary

Introduction

This **Richland County Housing Needs Assessment and Action Plan** is the product of over 10 months of data analysis and community conversations regarding the Richland County housing market and how it can be strengthened. Drawing on public and secondary data, interviews and focus groups with stakeholders, and market research, it presents a comprehensive picture of Richland County's housing market, identifies housing needs and opportunities for housing development, and presents strategies for the county to pursue to strengthen its housing market.

The document contains five chapters:

- The **Baseline Housing Inventory Report** provides a review of housing plans, programs, stakeholders, and collaborations. It also analyzes housing services available to residents while identifying areas where service provision could be improved through collaboration or technical assistance.
- The **Housing Data Inventory Report** presents a housing data inventory. Using a node-based interpolation method, it presents Census and other data for each of the analysis nodes.
- The **Market Analysis** includes information on permitting activity and the county's real estate market, including analysis of home sales within each node. It also identifies opportunities for market-rate, attainable, and affordable housing development.
- The **Housing Needs Assessment** analyzes land use and zoning across the county and projects its housing needs in terms of owner-occupied, rental, and affordable units through 2032. It also includes an analysis of the economic impacts of developing housing and identifies the top three housing needs for the county.
- Finally, the **Strategy Guide and Action Plan** identifies eight strategies that Richland County stakeholders can pursue to strengthen its development capacity, streamline zoning and permitting processes to promote housing development (especially of attainable housing), and expand the number of housing opportunities available for low-income and vulnerable

populations. For each strategy, the chapter both identifies key action steps for the county to pursue and presents examples from other communities in pursuing similar strategies.

Two aspects of this report make it unique relative to other countywide housing market analyses. The first is that we have divided the analysis into three broad market segments: market rate, attainable, and affordable.

- **Affordable housing** comprises housing for households earning below 80% of the area median income (AMI). For 2022, this is $41,550 for a single-person household and $59,300 for a family of four in Richland County. While not all households earning below those amounts reside in subsidized housing, 80% of AMI is typically the limit for most subsidized housing programs. Within this category, HUD has developed several additional housing categories, including "extremely low-income" (below 30% of AMI), "very low income" (below 50% of AMI), and low income (below 80% of AMI).
- **Attainable housing** comprises housing for households earning 80–120% of the AMI. Per HUD's 2022 income limits, this comprises single-person households earning $41,550–62,280 a year and four-person households earning $59,300–88,920 a year. Households in this income category earn too much to qualify for federal rental assistance and are often in the market for "starter" or entry-level homes.
- **Market-rate housing** comprises housing for households earning above 120% of the AMI, orit's over $62,280 for a single-person household or $88,920 for a family of four. Households in this income category are seeking a higher-end housing product with amenities such as more square footage, a larger yard, pool, finished basement, or other comforts. The majority of households seeking market-rate housing have two incomes.

The second unique aspect of this project is that it divides Richland County into seven analysis nodes:

- City of Mansfield
- City of Ontario
- City of Shelby
- Village of Lexington
- Village of Bellville
- Urban townships of Richland County (Madison, Mifflin, Springfield, and Washington)
- Rural townships of Richland County (Plymouth, Cass, Blooming Grove, Butler, Sharon, Jackson, Franklin, Sandusky, Troy, Monroe, Perry, Bellville, Weller, Worthington)

Exhibit 1: Analytic nodes for the Housing Needs Assessment

Nodes
- Bellville
- Lexington
- Mansfield
- Ontario
- Shelby
- Rural Townships
- Urban Townships
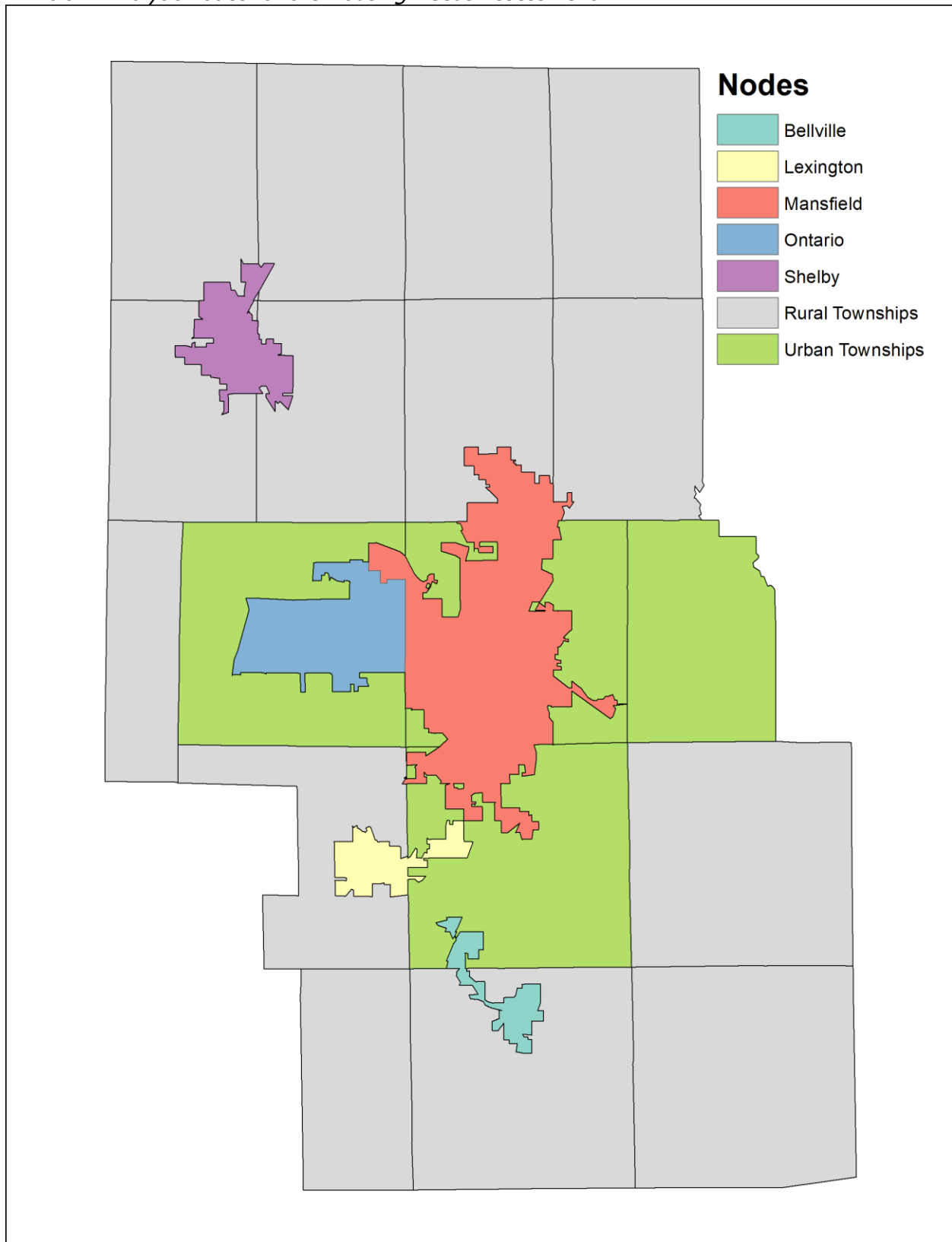
Data Sources Used

The Community Science team has relied on the quantitative and qualitative analysis of both primary and secondary data. Key data sources used include the following:

- Qualitative data
  - o Three focus groups, held in April and May 2022, with Richland County stakeholders.
  - o Semi structured interviews with approximately forty stakeholders regarding Richland County's housing conditions
  - o Interviews with approximately five Mansfield Metropolitan Housing Authority clients regarding their experiences seeking affordable housing
  - o Feedback gathered through three community meetings with Richland County housing stakeholders
  - o Three strategy sessions (funding and capacity, development, and affordable and transitional housing,) with approximately 10 stakeholders attending each meeting.
- Quantitative data
  - o American Community Survey demographic and housing estimates
  - o Comprehensive Housing Affordability Strategy data
  - o Fannie Mae's Housing Price Index
  - o Historic housing counts
  - o Home Mortgage Disclosure Act mortgage data
  - o Ohio Housing Finance Agency's Urban-Suburban-Rural indicators data
  - o Ohio Association of Realtors market sales data
  - o Richland County Auditor sales data
  - o Longitudinal Employer-Household Dynamics commuting and industry data
  - o HMIS (Homeless Management Information System) data
  - o Ohio Department of Development population projections
  - o Opportunity Insight's Opportunity Atlas
  - o Permitting data from Richland County and the City of Mansfield
  - o Zillow Research housing data

Baseline Housing Initiatives Report

This **Baseline Housing Initiatives Report** provides a review of housing plans, programs, stakeholders, and collaborations in Richland County. It also analyzes housing services available to residents while identifying areas where service provision could be improved through collaboration or technical assistance.

Key findings identified in the Baseline Housing Initiatives Report include the following.

A SWOT Analysis of Richland County's housing market shows both incredible pride in the community and many emerging opportunities for housing development. Drawing on a series of focus groups with local stakeholders, the Community Science team identified several strengths and opportunities in the housing market. Strengths included incredible pride in the community among stakeholders and the diversity of the different communities across the county. Both recent investments in the county and the recent reversal of its decades-long population decline also have contributed to a sense of momentum, which fuels opportunities for housing development. Other opportunities for housing include residential development to capture commuters to the Intel facility under construction in Licking County and the large amount of vacant land in Mansfield's inner-city neighborhoods that is available for development.

Analysis of housing services offered shows that most services are available in Richland County, with few redundancies in service delivery. As noted by one stakeholder, Richland County has "everything you need, but nothing more." Nevertheless, the analysis of housing services noted two gaps in service delivery: transportation assistance and housing assistance for low- to moderate-income households (e.g., those who earn too much to qualify for certain programs but still face significant housing needs). This latter group comprises many older households in older homes in the county with significant maintenance needs. The services analysis also identified two redundancies in service delivery, in rental and utility assistance. Those redundancies largely seem to be a product of agencies using different funding sources, although the report calls for greater collaboration in delivering those services.

A lack of housing development capacity in the county fuels the weaknesses of the county's housing market and the county's pressing technical assistance needs. Focus group participants identified the county's lack of development, construction, architecture, and contractor expertise as the greatest weakness in the housing market. At the affordable housing level, the lack of a Community Housing Development Organization (CHDO) was also identified as a key weakness to developing affordable housing, and the lack of expertise in rehabilitating older housing was cited for attainable housing. For these reasons, the two primary technical assistance needs identified were (i) affordable housing financing and development and (ii) development, contracting, and architecture services.

Housing Inventory Report

The **Housing Inventory Report** presents a housing data inventory for Richland County. It includes various data sources that the Community Science team has collected regarding Richland County's housing market, although it is a not an exhaustive list of *all* data that the team collected. The following *Market Analysis* chapter contains additional data on the housing market.

An innovative approach that the *Housing Needs Assessment and Action Plan* takes is to analyze Richland County's housing market across seven "nodes."[1] Unfortunately, those nodes do not necessarily align with the geographies for which various data sources — especially the Census Bureau — report data. In general, the research team has collected data at the finest level of geographic detail, which, for Census data, is typically the Census tract.

To aggregate tract-level data to the nodes, the team employed an interpolation method that assigns tract-level data to nodes based on the length of roads within each tract that falls within a node. In short, for Census tracts that fall into multiple nodes, we attributed the amount of road length within the tract to each intersecting node and apportioned the tract data of those nodes.

Key findings identified in the Housing Inventory Report include the following.

In terms of demographics, Richland County has a rapidly aging population that has important impacts on housing development. Per recent Census data, 20% of population are seniors, and another 14% are near seniors (55–64). In the next ten years, the county will need to expand the number of senior-friendly units available, such as condos or senior-only communities, so that these residents can age in place. Aging in place may also require expanding home modification efforts, especially for seniors living in the older housing stock (which tends to not be accessible, with stairs and often the lone bathroom on the second floor).

Census data confirm that Richland County has an older housing stock and that very few units have been constructed within the last 20 years. About 20% of the housing units were built before 1939, and another 55% were constructed 1940–1979. Certain nodes, though, have a much older stock — in Mansfield and Shelby, for instance, 25% and nearly a third of housing units were built before 1939, respectively. In site visits to the county and conversations with stakeholders, many of these older homes have not been substantially rehabbed, and many pose safety risks to their occupants (e.g., knob and tube wiring, asbestos, lead paint).

Relatedly, only about 9.5% of the housing stock was built in the last 20 years, and very few units (well under 1,000) in the past ten years. This lack of new construction has negative impacts on

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[1] These include the municipalities of Bellville, Lexington, Mansfield, Ontario, and Shelby, in addition to the rural and urban townships of Richland County.

local development capacity (as people leave for "hotter" housing markets), the tax base (as wealthier households desiring new housing locate to other communities), and economic development activity (as companies looking to locate in the county get the sense that it is not growing or developing).

Richland County contains a large stock of mobile homes, which has unique impacts on the county's housing market. Per Census data, it has over 2,000 mobile homes. In several of the nodes — especially the urban and rural townships — mobile homes comprise over 5% of their housing stocks. On the one hand, they are a valuable source of affordable housing, and their residents typically appreciate the independence that comes from owning the unit. On the other hand, mobile homeowners are vulnerable to changes in park ownership, as moving their homes entails a substantial cost (thousands of dollars) that many cannot afford. Mobile homes, especially older ones, are also more vulnerable to destruction due to fires or tornadoes.

Despite the low cost of rental housing in Richland County, many of its renters are cost burdened. While most rental opportunities have contract rents under $700 a month (which is well below national figures), at least 40% of renters in each node (except for Bellville) are cost burdened—meaning they spend over 30% of their income toward rent and utilities. Additionally, over one in five renters in the county spend over 50% of their income toward rent and utilities. Looking across the nodes, both Mansfield and Shelby have the highest rates of cost-burdened renters. These high rates suggest the need for additional affordable housing in the county and additional rent support (such as housing vouchers).

Market Analysis

This **Market Analysis** chapter presents a holistic overview of Richland County's owner-occupied and rental housing market. Drawing on data and interviews with key stakeholders, it analyzes the county's housing market and trends and identifies opportunities for development in the short and medium terms for affordable, attainable, and market-rate housing.

Guiding the analysis presented here are the following three questions. In the final section of this report, the report will return to these questions to organize key findings.

- What does our current market look like with respect to prices and target groups?
- Based on market information, what is the nature and extent of short- to midterm housing needs in our community?
- Is there a market for unsubsidized, market-rate housing, and what communities can support this type of housing?

Key findings identified in the Market Analysis include the following.

Permitting declined dramatically during the Great Recession and has only begun to recover, though it remains well below pre-2007 trends. From 2002 to 2007, there were at least 100 permits filed in every year,[2] and several of those years had over 200. However, since then, there have yet to be 100 permits filed in any year (excluding Mansfield). In recent years, though, the number of permits has begun to approach 100, and it may exceed that in 2022 or 2023. In Mansfield, permitting activity has increased in recent years, with 22 in 2020 and 20 in 2021 (compared to no more than ten in any year from 2011 to 2019).

The majority of new permits filed in the last ten years have been for single-family homes in unincorporated parts of the county. Since 2012, nearly 60% of all new single-family permits have been filed in the rural townships, and an additional 22% have been in the urban townships. In terms of multifamily permitting in the last 10 years, nearly all of these permits have been filed in Ontario, and the maximum number in any given year since 2016 is 13 (in 2018).

Richland County's market trends suggest a tight housing market that is pushing prices higher. While units sold have been relatively flat the last five years (averaging 125–150 homes sold every month), average prices have increased dramatically — from $100,000 in January 2017 to nearly $175,000 now. Given how little housing has been built in the county over that period, this suggests dramatic appreciation of existing inventory. This is confirmed by the days-to-pending data — over the last 3.5 years, this has gone from a median of 30 days to less than 10.

While house prices have increased throughout the county, they have had different impacts in the markets in each node. For lower-cost nodes, such as Mansfield and Shelby, the proportion of houses selling for under $100,000 has decreased, though both nodes still appear to contain many opportunities for attainable homeownership. For more expensive nodes, such as Ontario and Lexington, the availability of attainable homeownership opportunities has almost completely evaporated, as sales prices increasingly push into the $300,000+ range.

Richland County's most pressing short- to midterm housing needs include attainable, senior, and affordable housing. Key market gaps identified include the following:

- Development of new owner-occupied housing in the upper attainable and lower market-rate categories (the $150,000–225,000 price range). Given construction costs, it is unfeasible to develop new, unsubsidized, stick-built (i.e., nonmodular) single-family home construction at

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[2] Due to data limitations, we do not have permitting data for Mansfield before 2011, so the findings in this paragraph all pertain to portions of the county outside of Mansfield. In addition, we do not have permitting data for Bellville in any year.

this price point. Thus, the county should prioritize condos, zero-lot line homes, townhomes, and small multifamily (duplexes, triplexes, and quadplexes) housing.

- Rehabilitation of older housing into affordable and attainable homeownership opportunities.
- New market-rate housing construction specifically targeted toward seniors.
- Market-rate rental housing with contemporary amenities.
- Affordable housing, especially units targeted those who are at risk of becoming unhoused.

Housing Needs Assessment

The **Housing Needs Assessment** chapter evaluates Richland County's current and future housing needs over a ten-year horizon. It reviews current market conditions, land use, and zoning; projects total and affordable housing needs through 2032; estimates the economic impacts of addressing housing needs; and makes recommendations to meet those needs.

Our team has also prepared separate housing needs assessments for each of the seven nodes of Richland County analyzed in this project—Bellville, Lexington, Mansfield, Ontario, Shelby, the rural townships, and the urban townships.

Overall, zoning is complicated and makes the development of attainable housing difficult. Nearly every jurisdiction has its own zoning code (the exception being some of the rural townships), and each code has its own mix of districts with their own by-right and conditional uses, parameters (setbacks and minimum lot sizes), and restrictions. Furthermore, the zoning map of nearly every node is heavily weighted toward R1 (single-family-only) zones, making attainable housing development challenging, as does that the county's zoning codes require relatively large lots, even for higher-density residential uses, and are very restrictive on multifamily housing development. As we note in the report, jurisdictions may consider adopting Shelby's small-lot R1A and R2A zoning districts to promote the development of attainable housing.

Based on trends in the past ten years, we project that Richland County will need to add 2,475 owner-occupied and 3,364 renter-occupied units by 2032 to sustain its growth. Breaking down these housing needs by age group, growth in county households will be concentrated in two areas. The first will be senior households, and this is where the majority of household growth will occur. The second area is in younger adult households, commonly known as "Gen Z." The growth in these households will primarily be in the rental market, but there will also be some growth in homeowners as well.

In addition to constructing new units, the county will need to prioritize preventing older units from becoming dilapidated and bringing vacant units back online. Based on data from 2010 to 2021, we project that Richland County will lose approximately 1,700 housing units to dilapidation by 2032. However, investing in a countywide rehabilitation program could prevent some of those units from exiting the housing stock. In addition, the U.S. Postal Service estimates

approximately 2,500 vacant units in Richland County. Returning half of those units to a habitable state would address nearly 20% of the county's housing needs in the next ten years.

We project that Richland County will need approximately 2,700 additional affordable rental units by 2032, although it will also have a surplus of affordable owner-occupied units at that time. Using HUD data, we project that a plurality of those affordable units will need to be one bedroom (1,255 units), with additional 3+*bedroom (969) and two-bedroom (463) units needed. All of these units will need to be affordable for households earning less than $20,000 annually. However, by 2032, we project that the county will have a surplus of over 5,000 deeply affordable owner-occupied units (those affordable to those earning less than $20,000). While many of these units likely require substantial rehabilitation work, this is a unique opportunity for the county to move lower-income households into homeownership.

Meeting the county's housing needs would have strong economic development impacts. Using a formula developed by the National Association of Homebuilders, we estimate that constructing 100 new single-family homes would contribute to nearly $28.7 million in the local economy in the first year and an additional $4 million in local income annually, in addition to supporting 69 local jobs following construction. Similarly, developing 100 near rental apartments would provide over $11.5 million in local income in the first year and over $2.5 million annually.

Strategy Guide and Action Plan

The **Strategy Guide and Action Plan** summarizes the challenges to Richland County's housing market that have been identified in previous documents while identifying potential policies, programs, and practices that have been adopted in communities similar to Richland County.

The chapter is organized into challenges and potential solutions related to three broad categories that have been identified as challenges in previous chapters:

- Funding and capacity for housing development,
- Crafting policies that encourage housing development, and
- Increasing development of affordable and transitional housing.

Strategies related to improving funding and capacity for housing development center on both developing local capacity and putting Richland County on the radar of out-of-town developers. Specific strategies identified include promoting the county to outside developers through a website and Requests for Proposals for specific sites, building the capacity of a local organization to serve as a CHDO, and identifying capacity to facilitate downtown housing development and rehabilitation of distressed housing. We also recommend that county stakeholders create and fund a Housing Coordinator position to coordinate housing efforts both within this topic and other topics.

Permitting and zoning reforms can promote housing development throughout the county, especially the development of attainable housing. Stakeholders and developers have consistently cited codes and permits as a barrier to new housing development, and aligning and streamlining permitting processes both within and across jurisdictions — such as by creating a "one-stop shop" — can ameliorate that. Additionally, aligning and simplifying zoning both within and across jurisdictions can reduce some of the complexity of development, as developers must learn the ins and outs of each jurisdiction's code. Finally, as noted in the housing needs assessments, the zoning maps and codes of each jurisdiction are weighted toward single-family, large-lot zoning. Adopting small-lot zoning and simplifying the rules for multifamily development can promote developing attainable and affordable housing.

To increase the availability of affordable and transitional housing, stakeholders should prioritize opportunities for affordable homeownership and increasing housing for vulnerable populations. As noted in the Housing Needs Assessment, Richland County has a surplus of affordable owner-occupied units, and local stakeholders can leverage that to create homeownership opportunities for low-income households. However, they will need to expand the county's capacity to rehabilitate those homes and provide services and homeownership education to low-income households, as many will be first-time buyers. Expanding the number of units to vulnerable populations (such as the unhoused and those leaving the justice system) will require investments in local service providers and innovative partnerships between service providers and other groups (such as Metro Housing).

While many of the examples identified for each strategy are longer term, they often have intermediate steps that could be achieved in the short or medium terms. For instance, communities could start laying the groundwork for encouraging downtown residential development by reaching out to developers to gauge interest in working in Richland County. To promote the redevelopment of vacant shopping centers, communities could strategically rezone these for mixed-use development and begin reaching out to developers to gauge interest in these sites. Thus, to address the county's long-term housing needs, there are steps that stakeholders could take right now to achieve those goals.