

# LAGRANGE COUNTY TOGETHER

THE COMPREHENSIVE PLAN FOR OUR COMMUNITIES  
OUR VOICE.  
OUR VISION.  
OUR FUTURE!

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## VOLUME 2: PROSPERITY

Technical Analysis Memo | Comprehensive Plan  
for the Communities of LaGrange County

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**DRAFT** | AUGUST 2021



VOLUME 2  
**PROSPERITY**

TECHNICAL ANALYSIS MEMO | COMPREHENSIVE PLAN  
FOR THE COMMUNITIES OF LAGRANGE COUNTY

AUGUST 2021

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*The following report provides the baseline analysis of three topics: fiscal conditions, economics, and housing. This report and its accompanying presentation are the second in a series of four analysis memos that provide a summary of the baseline conditions and trends in support of the LaGrange County Comprehensive Plan Update. For questions on this report, please contact the project manager for LaGrange County Together, Logan Stang, planner with planning NEXT, at [logan@planning-next.com](mailto:logan@planning-next.com).*

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# 1. FISCAL CONDITIONS

*The fiscal conditions analysis is intended to assess and evaluate LaGrange County's local government revenue streams, and to facilitate an understanding of implications for the Comprehensive Planning process. This analysis first reviews the major income streams for Indiana counties and municipalities – the local property tax and local income tax (LIT), before briefly addressing miscellaneous revenue streams.*

## KEY FINDINGS

- **Local income tax has seen a substantial increase.** Over the last five years, LaGrange County has increased the local income tax rate twice, which has shifted fiscal reliance to the income tax.
- **Income tax can be leveraged to generate additional revenue for the county.** The current income tax rate is not quite at the average, or even close to the maximum, for LaGrange County's regional peers, which leaves room for revenue growth.
- **LaGrange County's tax base is unique for the region.** LaGrange County's tax base growth has been fueled by the agricultural and industrial sectors, not residential, which differentiates LaGrange from other peer counties.
- **Agricultural land continues to play an essential role for the county's tax base.** Despite legislative changes which reduced the taxable value of farmland, the agricultural tax base has continued to increase.
- **The county has several opportunities to generate revenue.** Untapped revenue streams such as the Food and Beverage Tax and Municipal Wheel Tax/Surtax could generate revenue for future capital projects.

## 1.1 PROPERTY TAX

*The local property tax is an important source of funding for counties, cities, and schools in Indiana.*

### Property tax Overview

Local property taxes have historically been the primary source of revenue for Indiana counties and municipalities. Property taxes are authorized and administered by IC 6-1.1. Counties, townships, schools, municipalities, and libraries are among the governmental units authorized to levy a property tax. Property taxes can be allocated to fund general (operational) and capital needs and can be used to pay the debt service on bonds.

Property tax rates are determined by dividing the certified levy (subject to statutory controls) by the tax base (market value of taxable assets). Indiana has instituted a unique property tax rate control scheme by enacting a series of property tax rate caps:

- 1% of assessed value for owner-occupied residential properties

- 2% of assessed value for non-owner occupied residential, long-term care, and agricultural land
- 3% of assessed value for non-residential property

These rate caps provide more predictability for taxpayers but increase revenue uncertainty for taxing units, underscoring the need for careful analysis in fiscal planning.

## Property Tax Base History

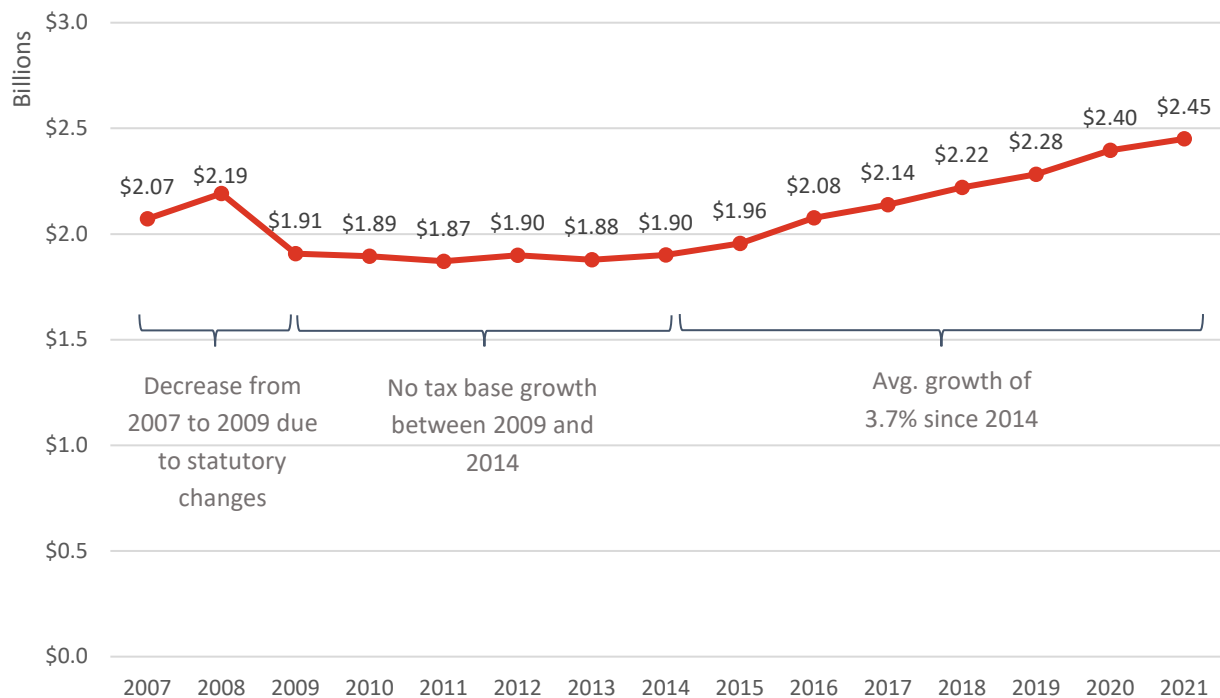
The tax base is the total value of taxable property within a given taxing jurisdiction. In Indiana, the tax base is comprised of two property classes:

- **Real Property:** The market value in use of land and lots, buildings, dwellings, and other improvements.
- **Personal Property:** The depreciated value of eligible plant, equipment, and fixtures, primarily within commercial and industrial operations.

Change in the tax base determines the level of increase in property tax revenues without increasing the property tax rate. The tax base is an integral component of the property tax revenue capacity of a given taxing jurisdiction.

The LaGrange County tax base decreased from 2007 to 2009 by 8 percent due to statutory changes. The tax base saw no growth between 2009 and 2014. Since 2014, however, the tax base has grown at an average of 3.7 percent annually.

LaGrange County Certified Net Assessed Value History

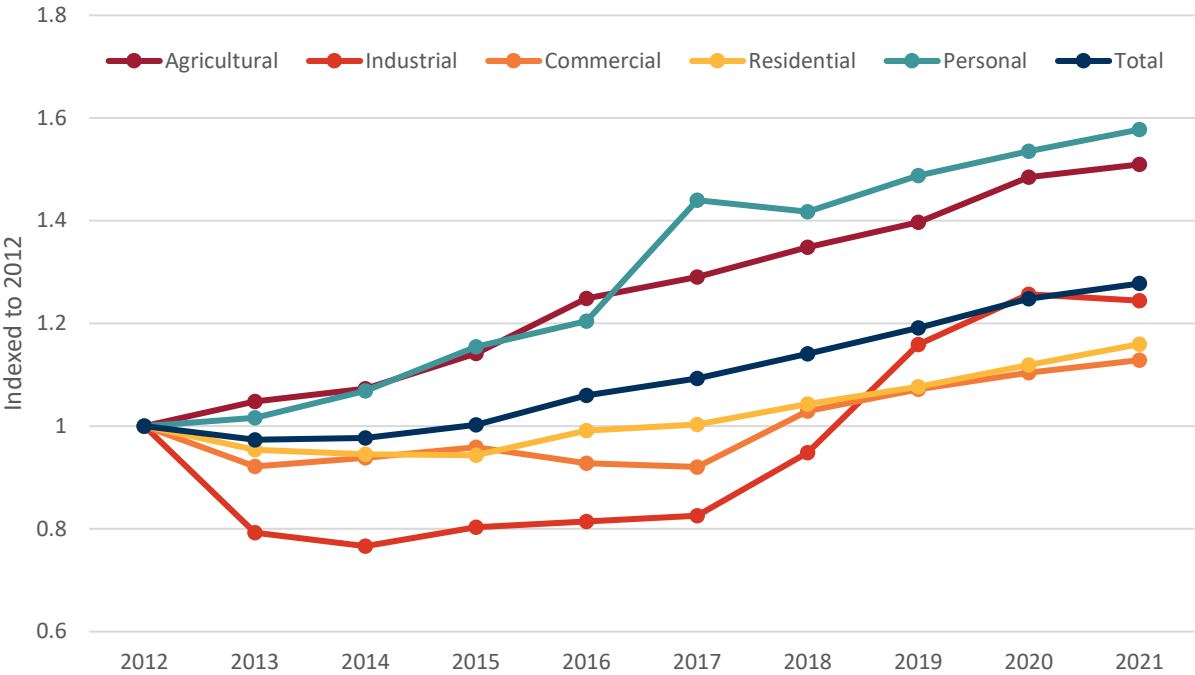


## Assessed Value by Property Class

Analyzing the tax base change by property class provides insight into the dynamics of the unique economic conditions within LaGrange County. The chart below shows the difference in assessed value by property classification, indexed to 2012. These trends are summarized as follows.

- Residential:** Residential assessed value decreased between 2012 and 2013 in the wake of the 2008 national recession and only began to recover in 2015. Growth was minimal until 2017. Between 2017 and 2021, residential assessed value increased by nearly 14 percent.
- Commercial/Industrial:** Industrial property was also affected by the 2008 recession, decreasing by 23 percent between 2012 and 2014. The industrial tax base slowly began to recover after 2015, almost reaching 2012 levels by 2018, before climbing 25 percent above 2012 levels in 2021.
- Personal Property:** Depreciable personal property has experienced the fastest growth rate, increasing by nearly 58 percent over nine years. While personal property is the fastest-growing segment of the tax base, it is also the smallest in overall assessed value, making up only 8 percent of LaGrange County’s gross assessed value.
- Agricultural:** Agricultural land is assessed using productivity factors as prescribed in Indiana law IC 6-1.1-4-13. The methodology to assess agricultural land was changed in 2015, resulting in a reduction of farmland valuation throughout the State. In LaGrange County, increasing value in agricultural structures has offset the reductions in land value.

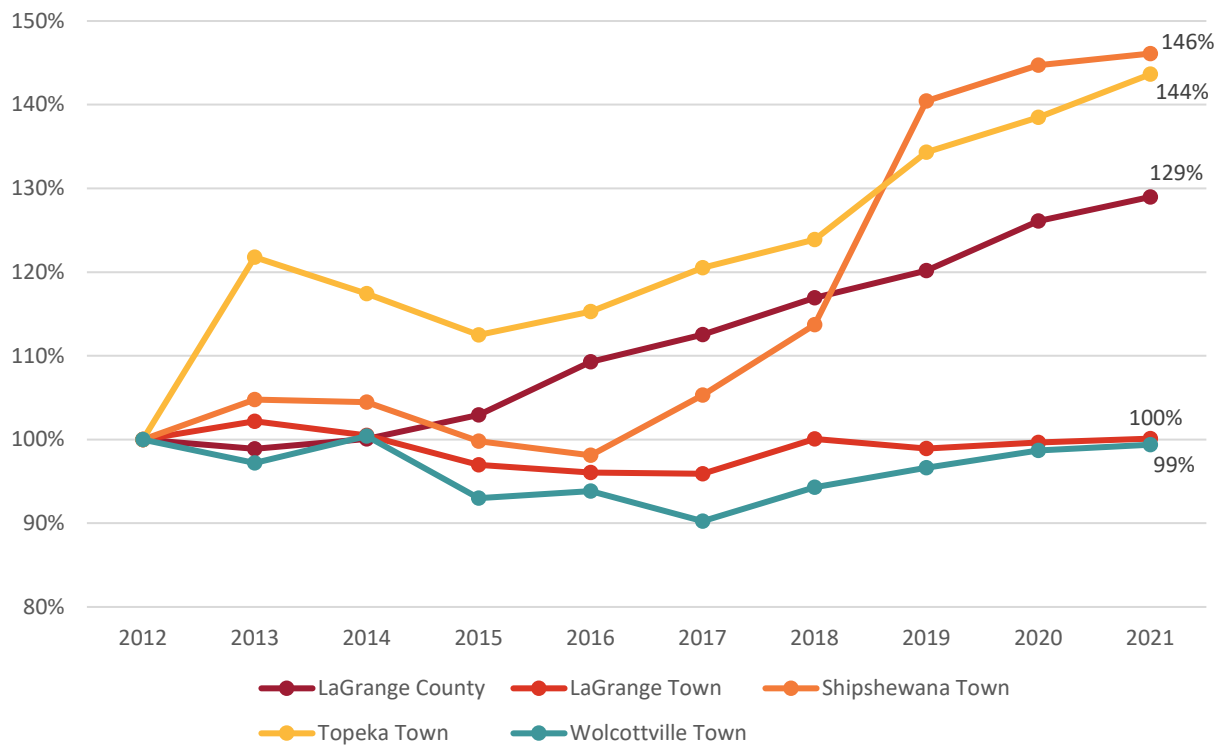
LaGrange County Gross Assessed Value by Property Class; Indexed to 2012



## Assessed Value by Corporation

Assessed values within the towns of LaGrange and Wolcottville have remained the same or decreased marginally between 2012 and 2021. Shipshewana and Topeka have seen significant growth in assessed value, increasing to approximately 45 percent above than 2012 levels. Shipshewana saw much of its growth in the period between 2016 and 2021.

LaGrange County Certified Net Assessed Value by Civil Corporation; Indexed to 2012



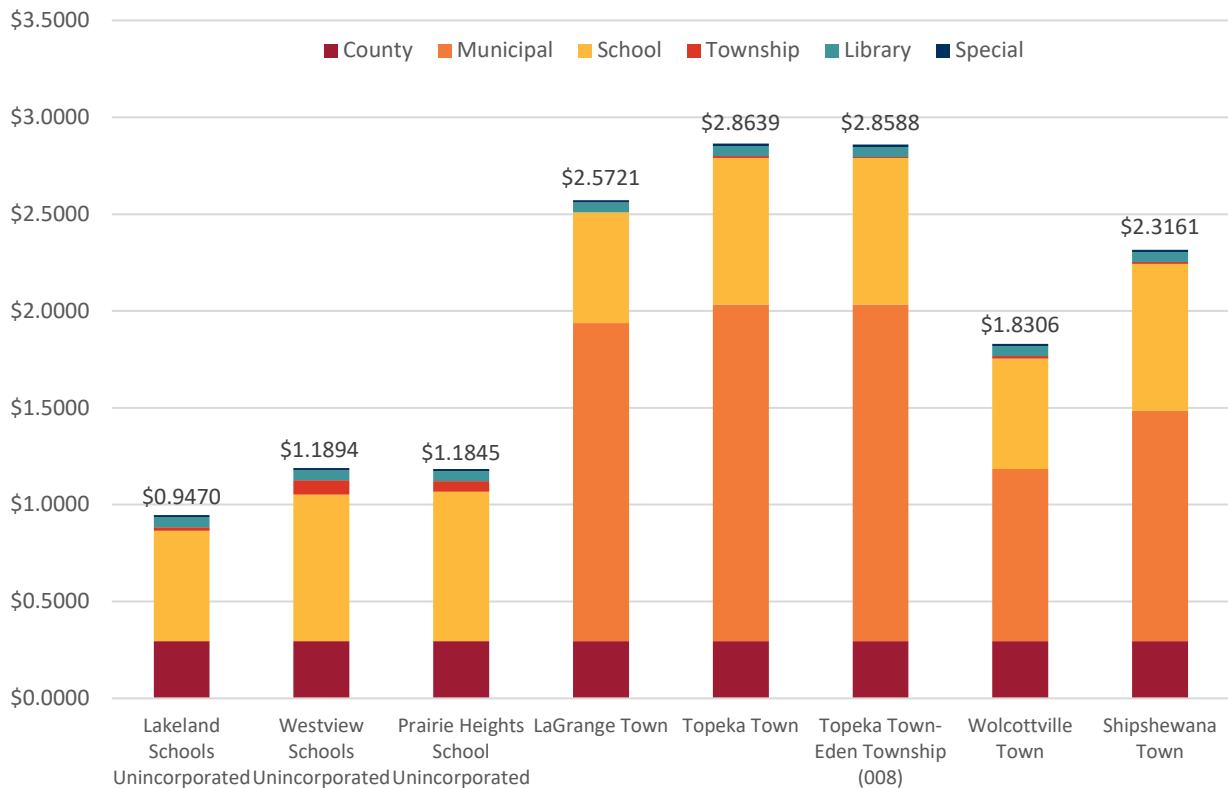
## Property Tax Rates

The property tax rates for incorporated areas within LaGrange County range from \$1.8306 (per \$100 of assessed value) in Wolcottville to \$2.8639 in Topeka. The municipal rates and the school rates make up the largest portions of the total tax rates. There are three school corporations within LaGrange County, with rates ranging from \$0.57 to \$0.75.

The provision of municipal services is the major differentiator among LaGrange County property tax rates. The property tax rates in the unincorporated portions of the county range between \$0.9470 and \$1.1894, while the property tax rates in the incorporated areas are generally greater than \$2.300. The county's management of the increasing demand for public services will be a critical component in its comprehensive planning.

The property tax relief income tax provides additional capacity for municipal areas with higher property tax rates.

LaGrange County Property Tax Rates by Civil Corporation (2021)

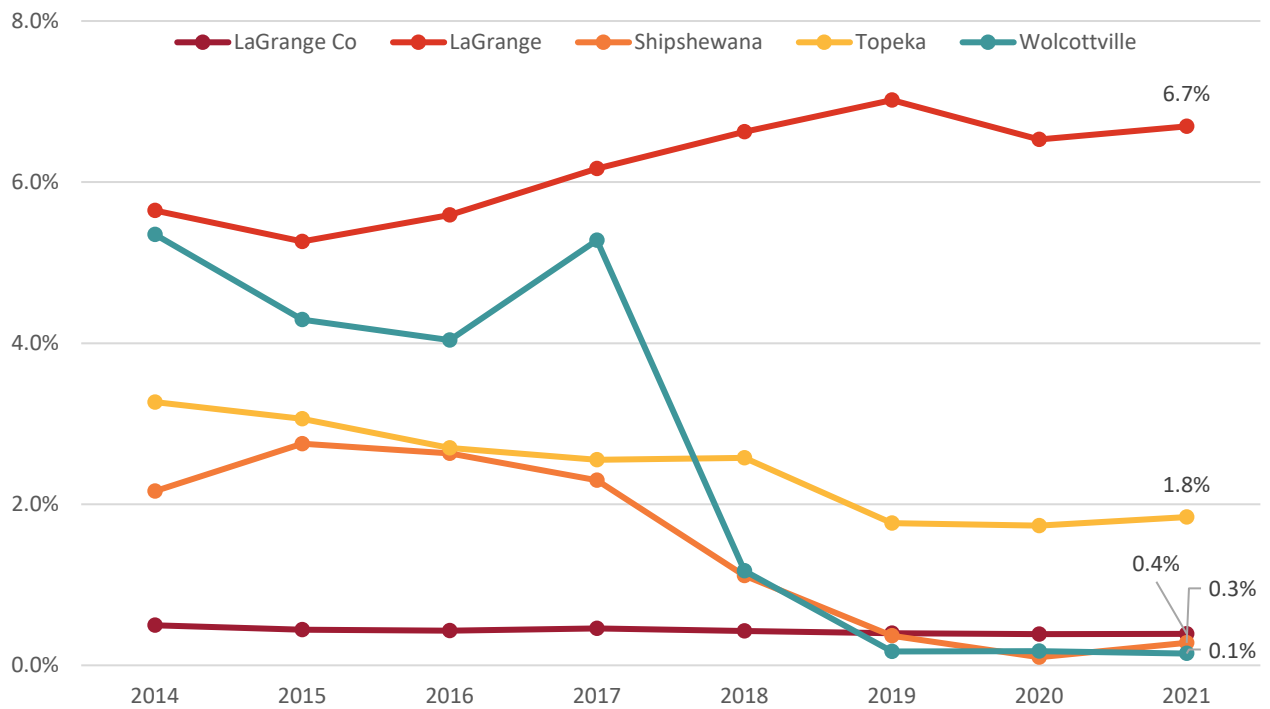


## Circuit Breaker Loss

In Indiana, property tax rate caps limit property tax liability to a certain percentage of a property’s gross assessed value. If the gross liability charged exceeds the allowable amount under the rate cap, the excess is credited to the taxpayer. A circuit breaker credit is an “unfunded” credit, meaning that a credit (tax bill reduction) to taxpayers equates to a revenue loss for taxing units.

Overall, circuit breaker losses for LaGrange County civil units are relatively low. The Town of LaGrange is the only entity that has experienced circuit breaker loss greater than 5 percent of the certified levy. Low circuit breaker impacts provide an upside opportunity for growth in property tax revenues over time.

Circuit Breaker Loss as a Percentage of Total Levy (2021)

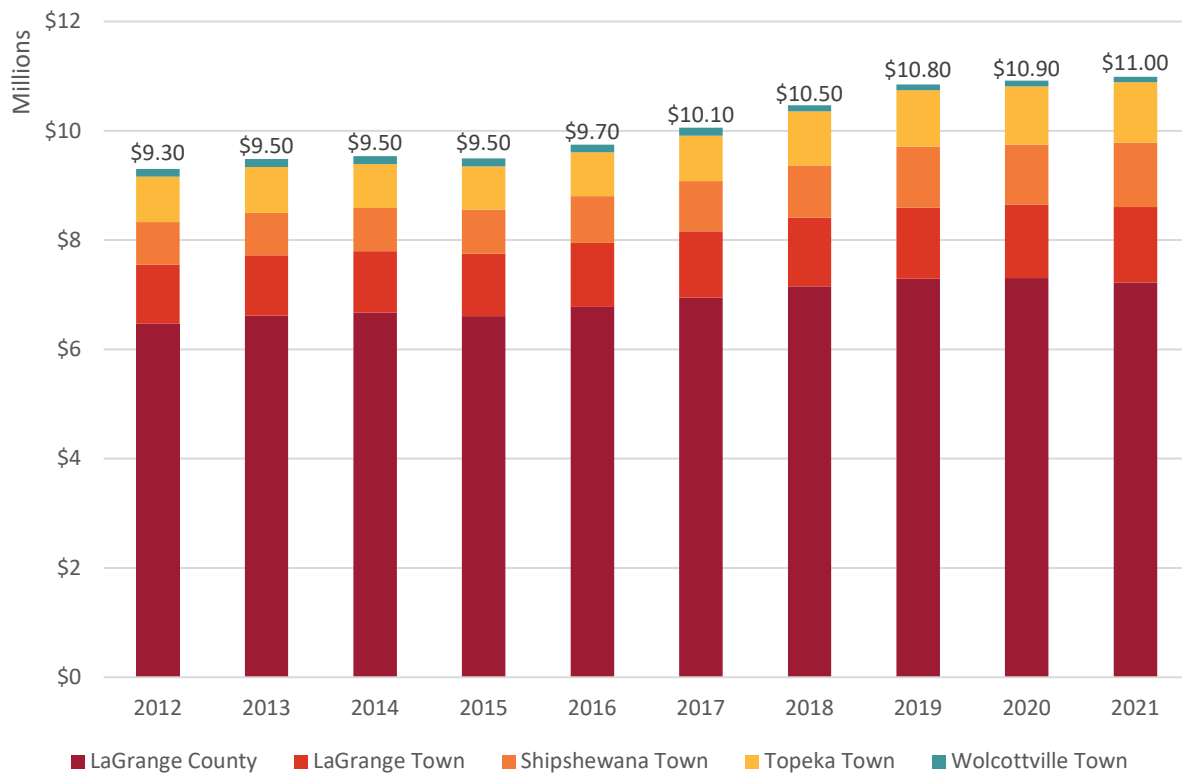




## Net Property Tax Revenue

Despite strong growth in the tax base, net property tax revenues have been increasing by an average of 1.82 percent annually compared to the 3.7 percent annual growth of the tax base. This indicates that the property tax burden on taxpayers has decreased over time (compared to assessed value). However, analysis is needed to determine if property tax revenue growth will keep pace with the cost-of-service delivery and capital maintenance. Property tax revenues for LaGrange County and the four largest municipalities within totaled \$9.3 million in 2012. By 2021, net property tax revenues had increased to \$11 million, with an average growth rate of 1.82 percent.

Net Property Tax Revenue



## 1.2 LOCAL INCOME TAX

*LaGrange County relies heavily on the local income tax, making it a key policy variable for future planning.*

### Local Income tax Overview

The local income tax is the second of the two major sources of revenue for local taxing units in Indiana. In LaGrange County, local income tax policy, including rates and rate allocations, is set by the County Council, the county government's fiscal body. In Indiana, local income taxes are paid to the county of residence, not the county of employment. This means that residents pay income taxes to LaGrange County, regardless of whether they work within the county or outside the county.

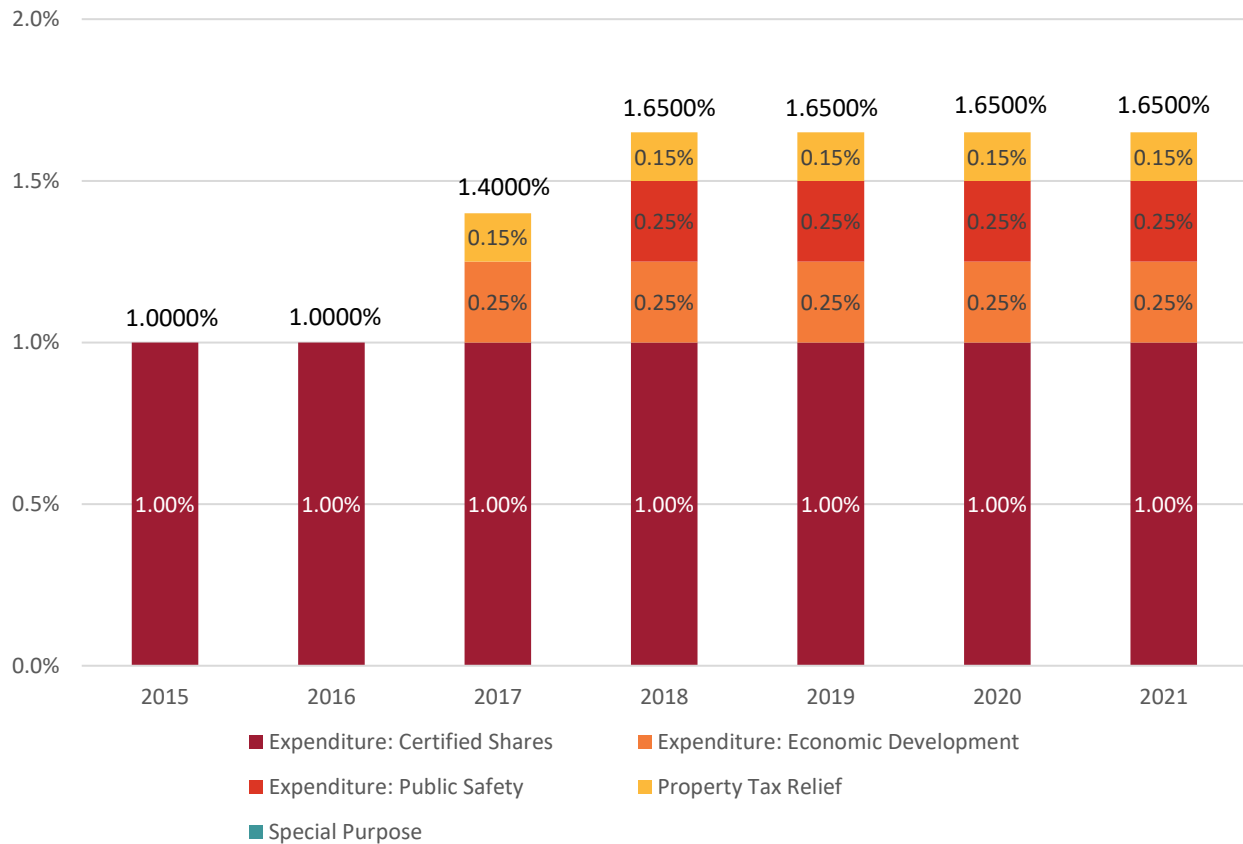
The local income tax rate can be divided into three major components, the Expenditure Rate, the Property Tax Relief Rate, and sometimes a Special Purpose Rate:

- The **Expenditure Rate** raises spendable budgetary revenue for local units of government. The expenditure rate has three subcategories: certified shares, public safety, and economic development. The Expenditure Rate is intended to produce additional revenues above that available from the property tax.
- The **Property Tax Relief** rate does not provide new revenue to taxing units. Instead, it replaces property tax revenue with income tax revenue. The property tax relief rate is used to reduce property tax liability for taxpayers.
- Some counties enact **Special Purpose** rates, which allocate income taxes to designated uses, such as a jail, or a public transit operation.

## Local Income Tax Rates

LaGrange County has increased the local income tax rate twice over the last five years, and now relies more heavily on local income tax revenue than in the past. LaGrange County’s local income tax rate is at or below regional peers, so rate flexibility exists for the future.

Income Tax Rate History

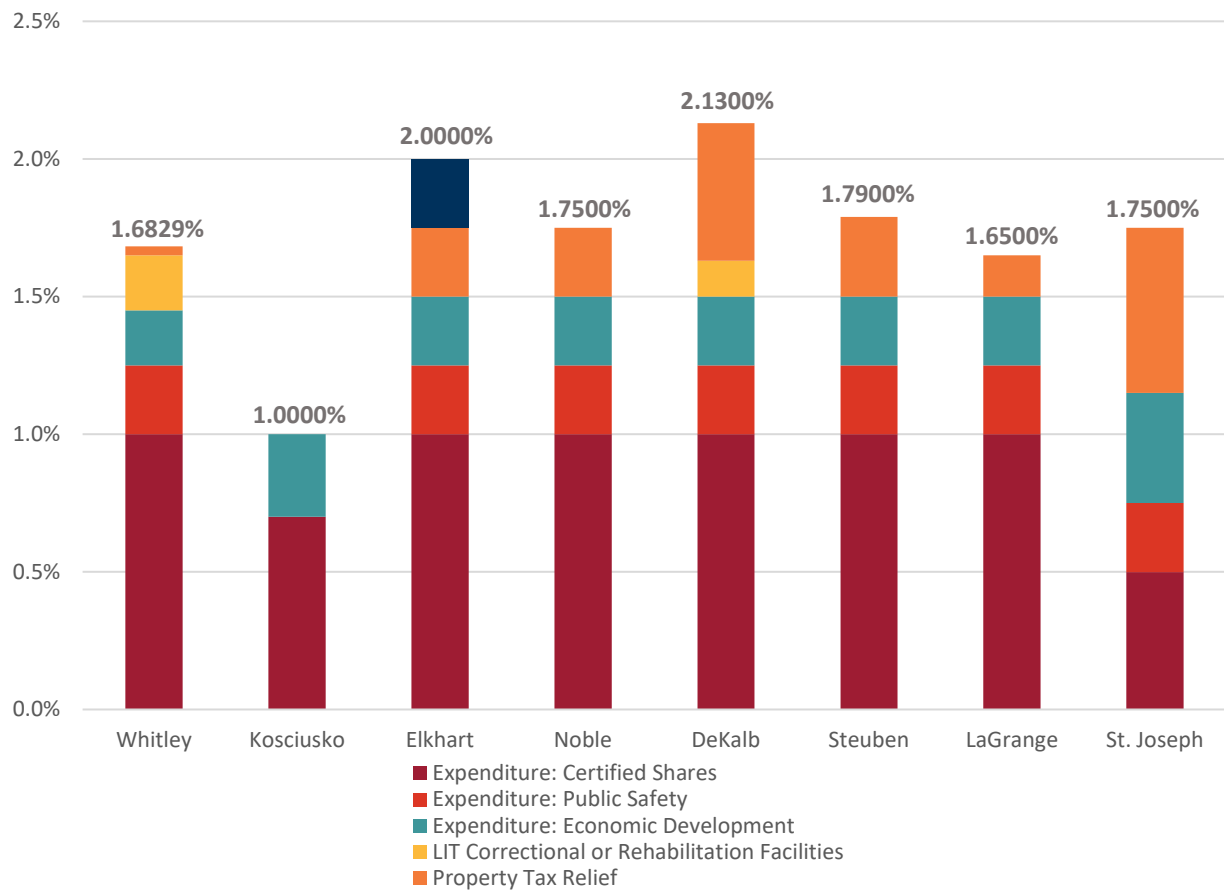


The property tax relief rate in LaGrange County is set at 0.15 percent. This means that LaGrange County allocates more of its income tax to the expenditure and less to property tax relief than many of its regional peers. Other regional counties including St. Joseph, Steuben, DeKalb, Noble, and Elkhart, have an average of 0.38 percent property tax relief.

The LaGrange County expenditure rate is set at 1.5 percent, which is allocated between certified shares (budgetary revenue to taxing units), economic development, and public safety components.

Local income taxes are primarily distributed to municipalities and the County governmental unit, with a few exceptions. Local income taxes are not a substantive funding source for schools in Indiana.

### Income Tax Rate Comparison

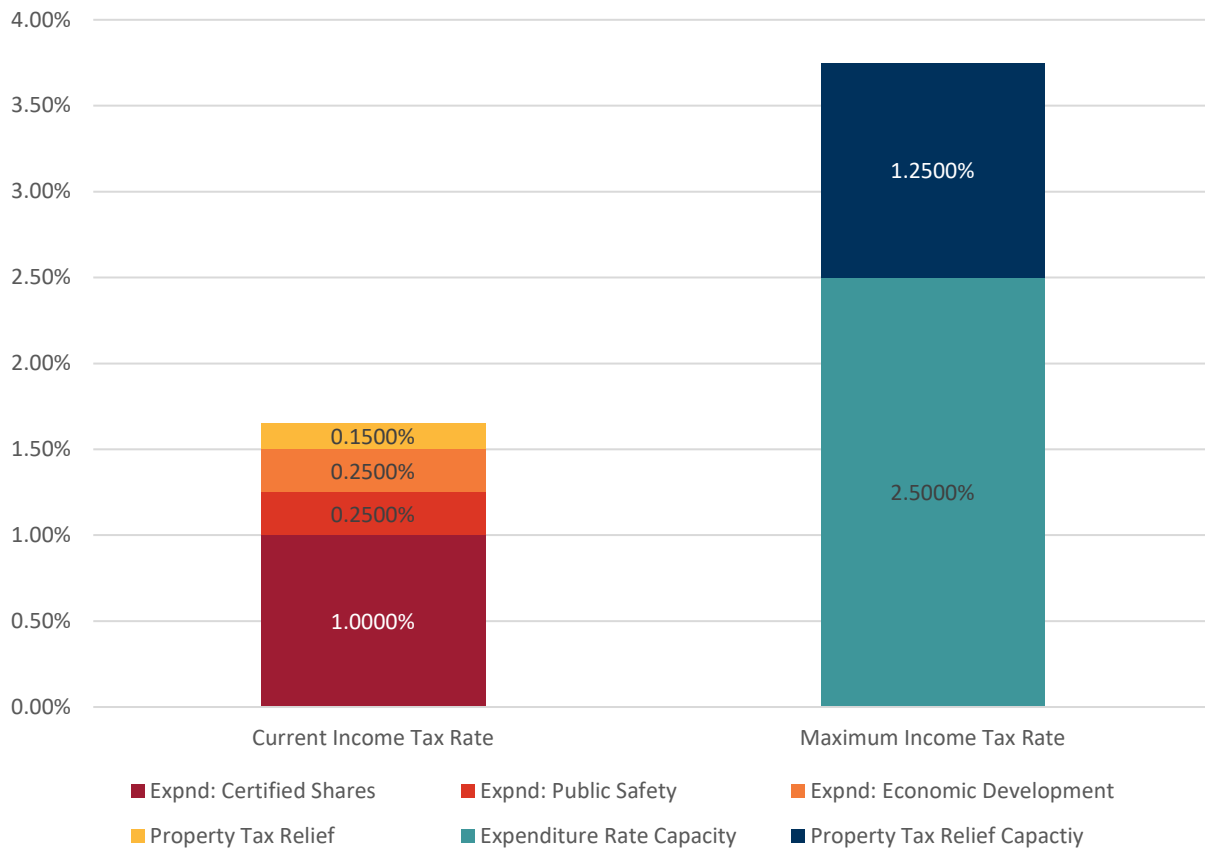


## Income tax Rate Capacity

LaGrange County has capacity to increase its income tax rate to raise additional revenues. The maximum income tax allowable by statute is 2.5 percent for the expenditure rate and 1.25 percent for the property tax relief rate for a total rate of 3.75 percent.

With an expenditure rate of 1.5 percent, LaGrange County currently uses 60 percent of its allowable rate capacity. Additional capacity also remains in the property tax relief rate. However, increasing the property tax relief rate will not provide net new funding to LaGrange County taxing units, but will replace property tax dollars with income tax dollars.

Current vs. Maximum Local Income Tax Rate (2021)



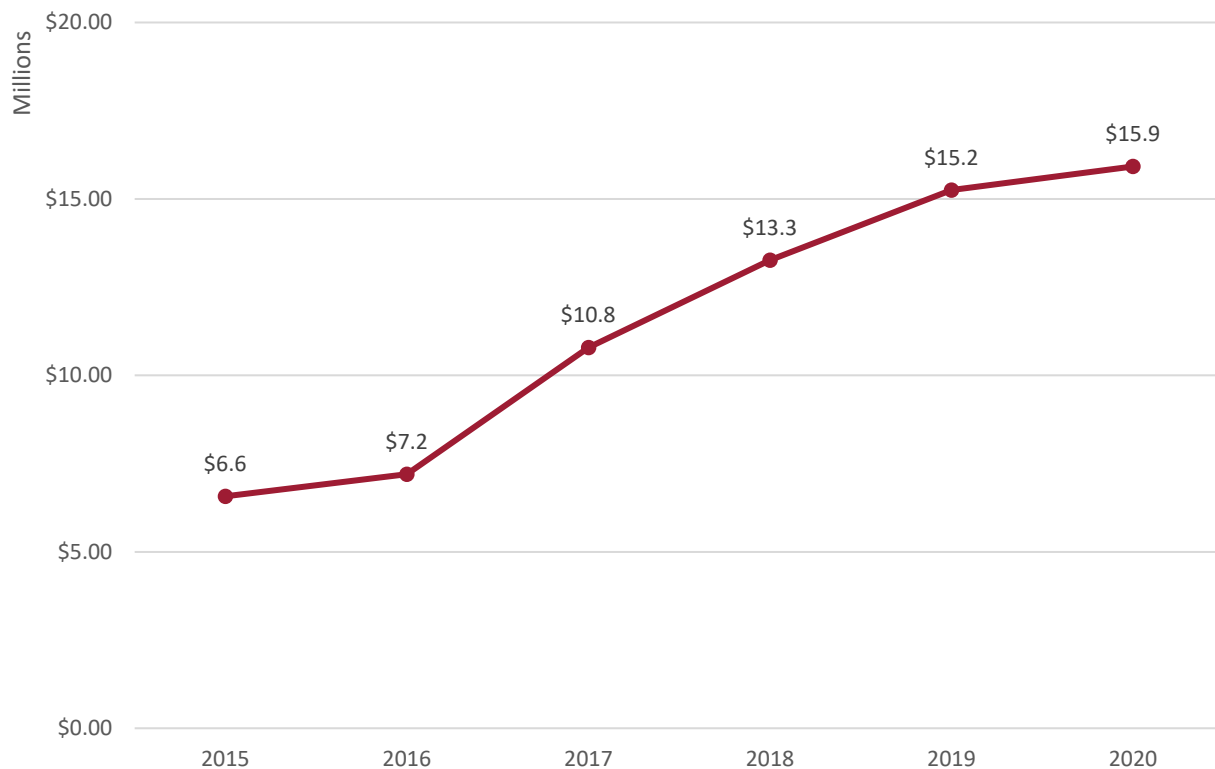
## Local Income Tax Revenue History

LaGrange County has seen substantial gains in local income tax revenue since 2015 – largely due to the increases in the income tax rate. Between 2015 and 2018, income tax revenue (the certified distribution) increased at an average of 20.4 percent annually.

The methodology the State uses to calculate local income tax calculation is somewhat complex. Income taxes are distributed in arrears, meaning the distributions each year are based on taxes collected in the prior year. In addition, in certain situations, the State will issue a “supplemental” distribution, further increasing income tax revenues.

LaGrange County’s strong income tax growth provides a helpful supplement to the slower growth in property tax revenues.

LaGrange County Local Income Tax Revenue History (Certified Distribution)

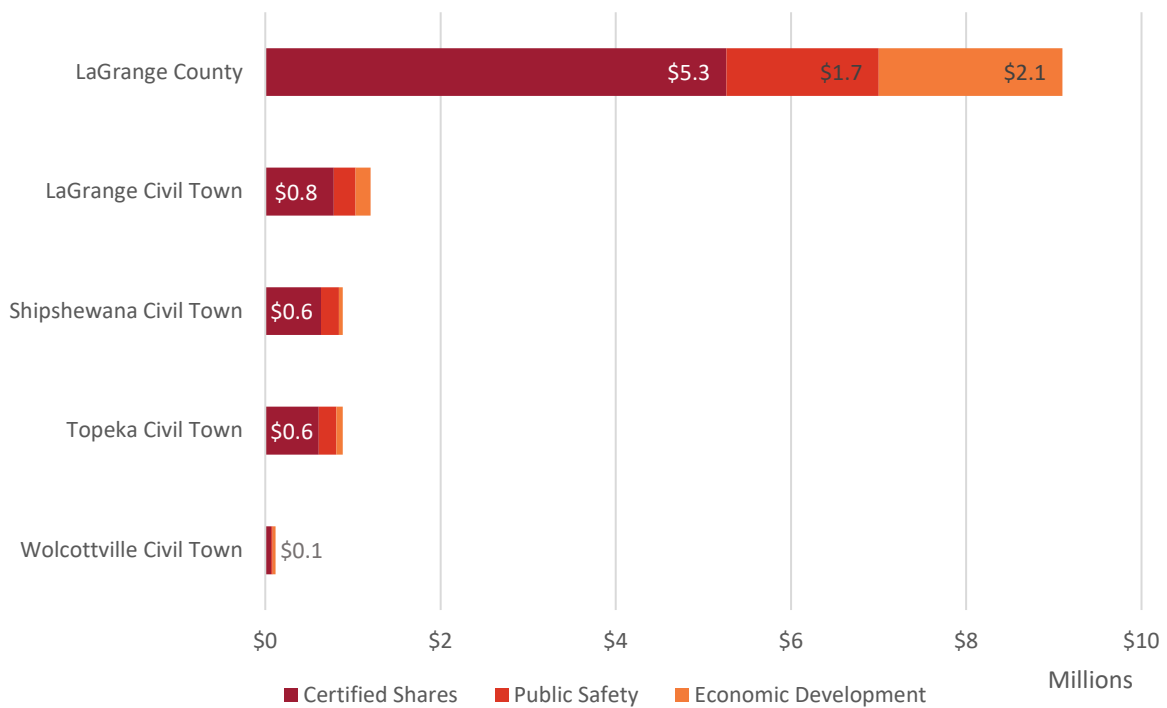


## Local Income Tax Distributions

Income tax revenues comprise a large proportion of LaGrange County’s municipal and county resources. For the 2021 distribution, LaGrange County will receive \$9.1 million in income tax revenue, while LaGrange Civil Town receives \$1.3 million. Both Shipshewana and Topeka will receive about \$0.8 million with Wolcottville receiving \$0.1 million.

In LaGrange County, certified shares (spendable general revenues) comprise 58 percent of the total distribution; the public safety distribution comprises 19 percent of the total; and the economic development distribution comprises the remaining 23 percent.

Local Income Tax Revenue by Taxing Unit (2021)



## 1.3 SUPPLEMENTAL REVENUE SOURCES

*Supplemental revenue streams provide options for the targeted deployment of resources where new funding is needed.*

### Miscellaneous Taxes

In addition to property and income taxes, there are several additional options for raising revenues for county or municipal purposes. Three widely used revenue options are the Food and Beverage Tax, Innkeepers Tax and Wheel Tax/Surtax.

- Food and Beverage Tax:** The Food and Beverage Tax is applied at the point of sale and has a maximum rate of 1 percent. The Food and Beverage tax cannot be enacted unilaterally by the County but requires special legislation. This tax is enacted in 22 counties in Indiana and is currently in effect in LaGrange County at the maximum rate.
- Innkeepers Tax:** The Innkeepers tax is applied at the point of sale from lodging operations. The maximum rate is 5 percent and the tax can be enacted at the discretion of the County Council. Revenues from this tax are used for tourism purposes. Currently, 77 counties in Indiana impose an Innkeepers tax. Shipshewana was one of the first municipalities to impose this tax at the maximum rate and is the only unit in LaGrange County to have enacted the innkeeper’s tax.
- County and Municipal Wheel Tax/Surtax:** This tax is applied to motor vehicles. The Wheel Tax applies to commercial trucks, and the auto surtax applies to passenger vehicles. The tax can be applied on both the County and Municipal level with a maximum rate of \$25 for autos and \$40 for trucks (the allowable rates may be doubled if a transportation management plan is in effect). This tax is in effect for 55 counties and 12 municipalities throughout the state. The Wheel Tax/Surtax is in effect in LaGrange County (though not at the maximum rate. The Municipal Wheel Tax/Surtax has not been enacted by any municipality in LaGrange County.

Table 1.1 – Revenue Sources

Revenue Source	Enabling Statute	Current Rate	Maximum Rate	Tax Base	Details
Food and Beverage Tax	IC 6-9	1%	1%	Gross retail sales on food or beverage at the point of sale	Requires special legislation for enactment.
Innkeepers Tax	IC 6-9	5%	5%	Gross income derived from lodging.	Revenues are used for tourism and visitor promotion.
County and Municipal Wheel Tax/Surtax	IC 6-3.5	Varies	\$50 Auto \$80 Truck	Motor vehicles	Tax is available on the County and/or Municipal level.



## 1.4 IMPLICATIONS AND CONCLUSIONS

The fiscal conditions analysis highlights several findings that have significant implications for the comprehensive planning process:

- The agricultural and industrial sectors – not residential – have led LaGrange County’s recent tax base growth. As industry grows, so does the need for labor. Future planning for housing, transportation, amenities, and services will be important to support continued industrial growth.
- The agricultural tax base has increased despite legislative changes that have reduced the taxable value of farmland. This indicates that agriculture in LaGrange County has been more heavily focused on improvements in agricultural structures and away from traditional large- scale cash crop farming. The types and scale of infrastructure, utilities and services needed to support this agricultural profile may differ from other types of agricultural uses prevalent in the region.
- Over the last five years, LaGrange County has shifted its fiscal reliance from the property tax to the income tax. In Indiana, local income taxes are paid to the county of residence, not the county of employment. As the County’s employment base grows, attracting workers who reside in the County, rather than commute, will generate stronger income tax revenue for the county and municipal units.

## 2. ECONOMICS

*The economic baseline for the county provides a common set of facts and analysis about the LaGrange County economy. It is intended to support thinking through future land use, zoning, and development considerations across the county. There are several important abbreviations used on the following tables. These include:*

NP: Ninigret Partners

BEA: Federal Bureau of Economic Analysis

BLS: Federal Bureau of Labor Statistics

QCEW: Federal Quarterly Census of Employment and Wages

CAEMP25N: BEA Total Full and Part-Time Employment by County Table

ACS: American Community Survey provided by the Census Bureau

LEHD: Longitudinal Employer Household Dynamics provided by the Census Bureau

### KEY FINDINGS

- **The gross county product in LaGrange grew by over one billion dollars in ten years.** The economic output from 2009 to 2019 grew by 80 percent, compared to Indiana’s 14 percent growth during the same period.
- **Though the COVID-19 pandemic caused a major drop in employment, nearly all jobs have been recovered.** 98 percent of all jobs lost have been recovered.
- **Establishments are growing, particularly among land intensive sectors.** Construction, Manufacturing, and Transportation and Warehousing all saw double digit growth in the number of establishments.
- **Manufacturing, wholesale trade, and agriculture are key sectors in the LaGrange County economy.**

### 2.1 SIZE AND PERFORMANCE OF THE ECONOMY

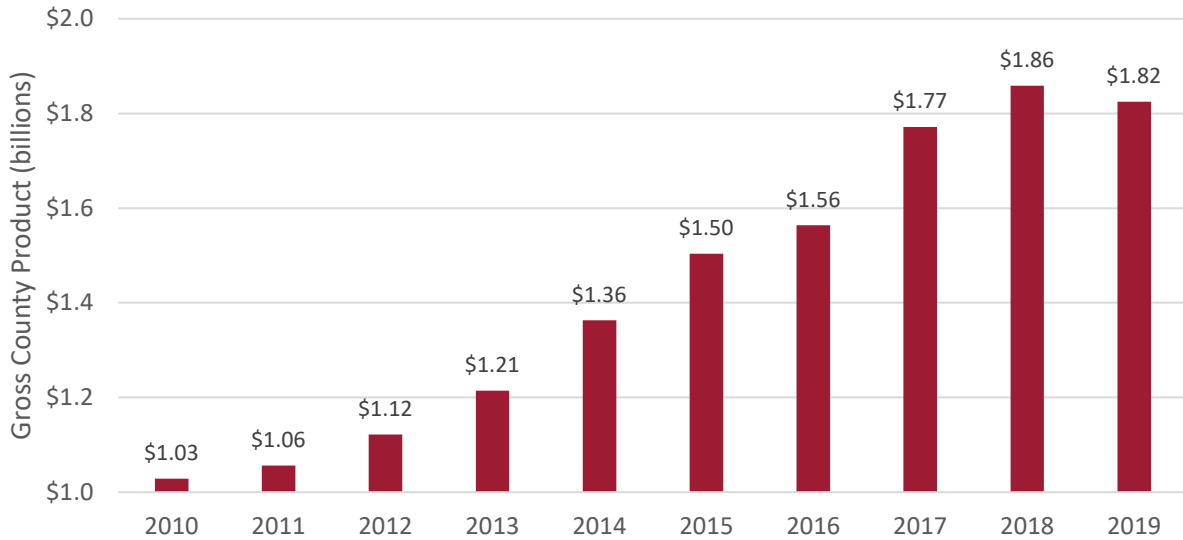
*The strength of an economy is evaluated by a number of factors, include gross county product, wages, employment, and establishment trends*

#### Real County GDP

##### GROSS COUNTY PRODUCT

Gross County Product is a way to measure the economic value of the local economy. It is similar in concept to Gross Domestic Product which measures the national economy. By taking into account inflation, real GDP measures actual growth in the economy above the rate of inflation. LaGrange County in 2019 (latest year available) had a gross county product of approximately \$1.8 billion, nearly \$1 billion more than 2010 and over \$1 billion more since 2009 – an 80 percent increase. In comparison Indiana’s economy grew by 14 percent in that time period.

### LaGrange County Economy Inflation Adjusted to 2012



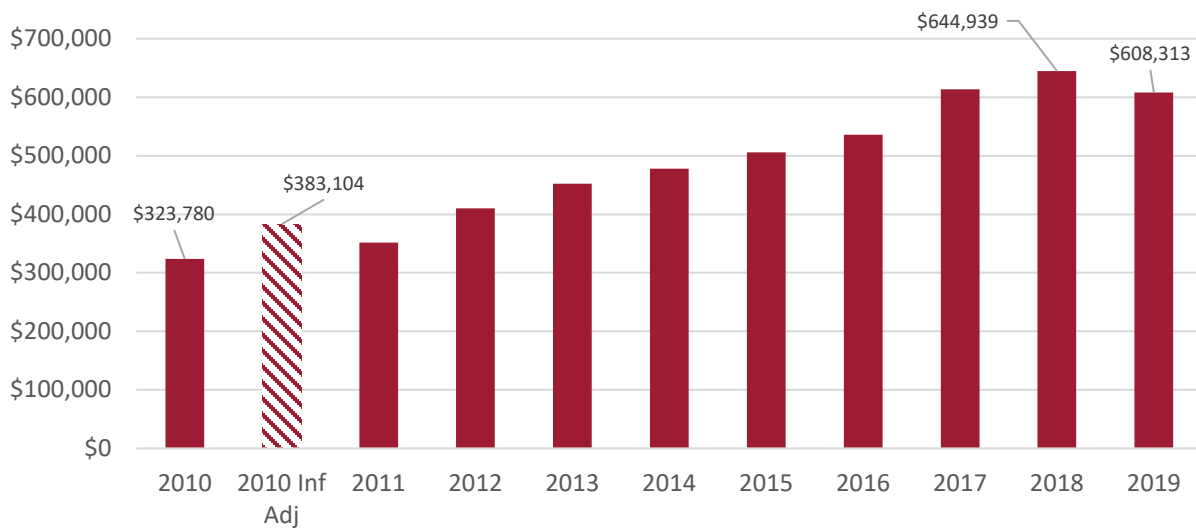
Source: NP analysis of St Louis Federal Reserve FRED data series

## Wages

### TOTAL WAGES

Total wages are over \$608 million in LaGrange County, up by 58 percent in inflation adjusted terms. This estimated is payroll wages only. It does not include income from self-employed people.

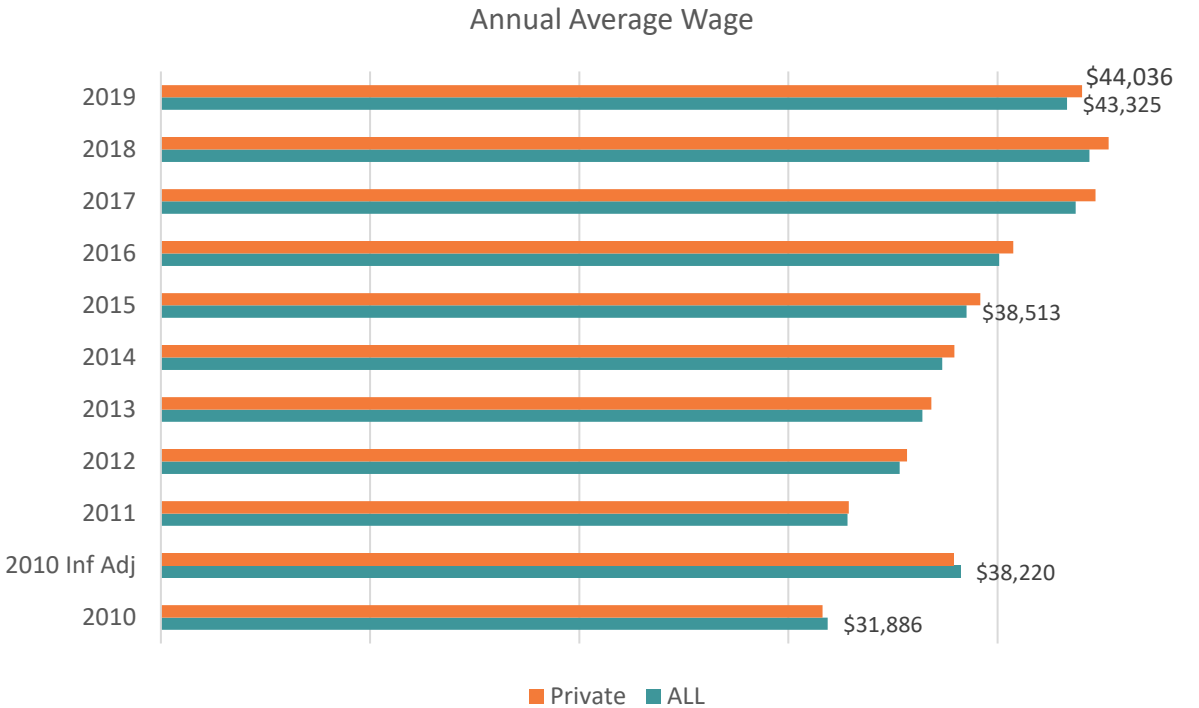
### Total Payroll Wages (000)



Source: NP calculations based on BLS.gov QCEW Series

## AVERAGE ANNUAL WAGES

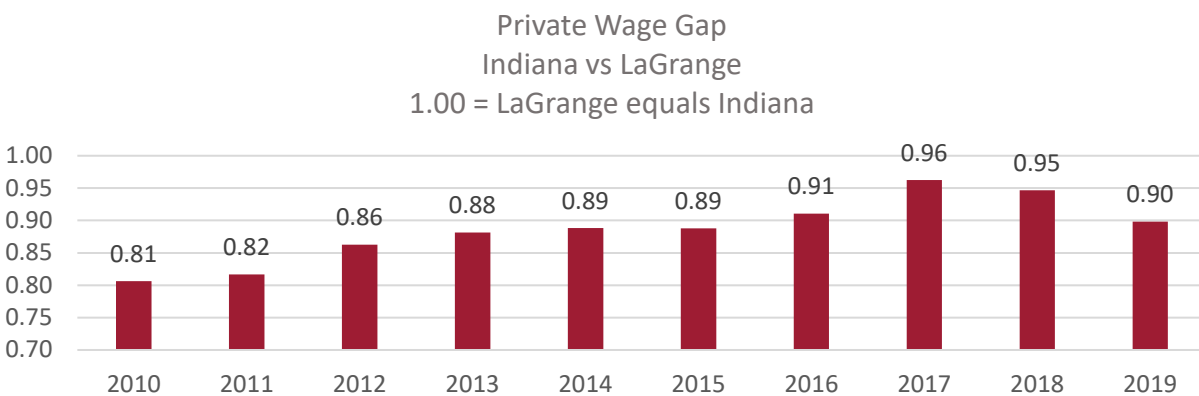
The average annual wage in LaGrange County is \$43,325, with private sector wages over \$44,000. Average compensation lags Indiana by 12.6 percent, but private compensation is only 11.3 percent lower than the statewide average. Wage growth lagged substantially until 2015 when average wages had the same purchasing power as 2010.



Source: NP calculations based on BLS.gov QCEW Series

## PRIVATE EMPLOYMENT WAGE GAP

The wage gap between LaGrange and the state has steadily closed over the last decade. Preliminary 2020 data shows the county at 91 percent of the state.

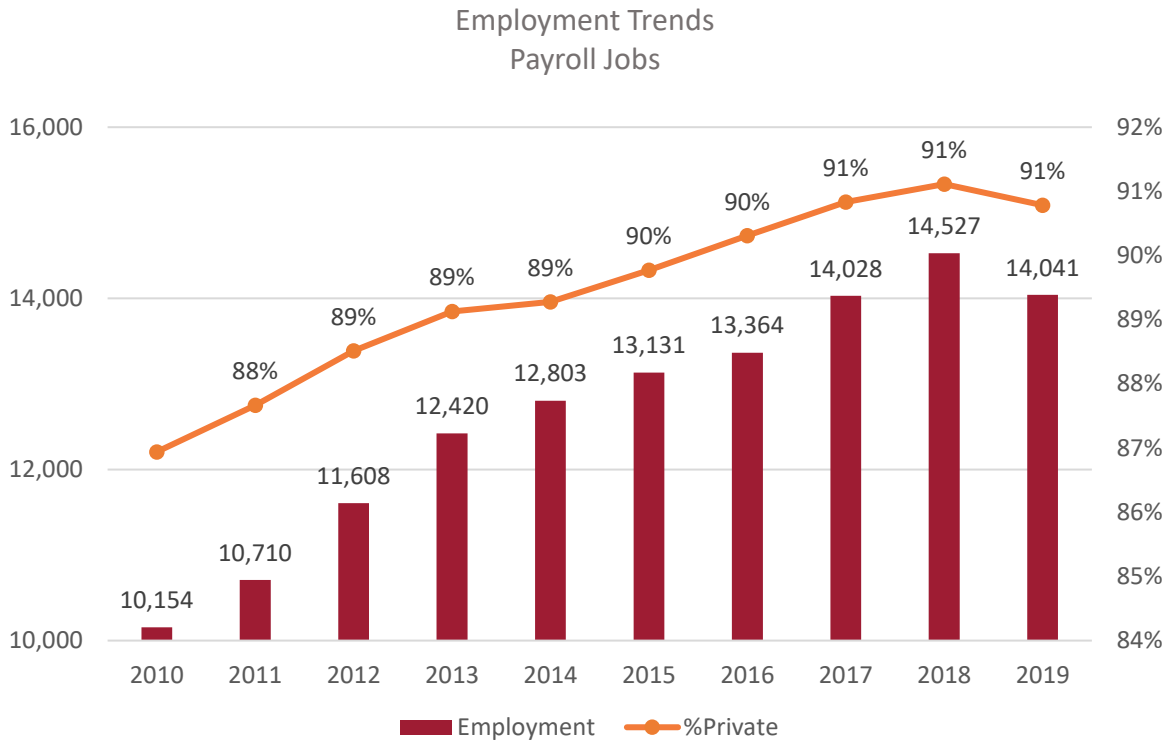


Source: NP analysis of BLS QCEW statistics

## Employment

### PAYROLL JOBS & SELF EMPLOYMENT

LaGrange County has approximately 21,000 total jobs. Approximately 14,000 of the county's employees are in payroll jobs - wage and salary jobs covered by unemployment insurance and excluding the self-employed. Private sector is the dominant source of employment, representing 91 percent of all employment. Employment has grown 38 percent since 2010. Self-employment adds another 7,700 jobs to the jobs total, with 4,300 self-employed residents in the agricultural sector.<sup>1</sup>

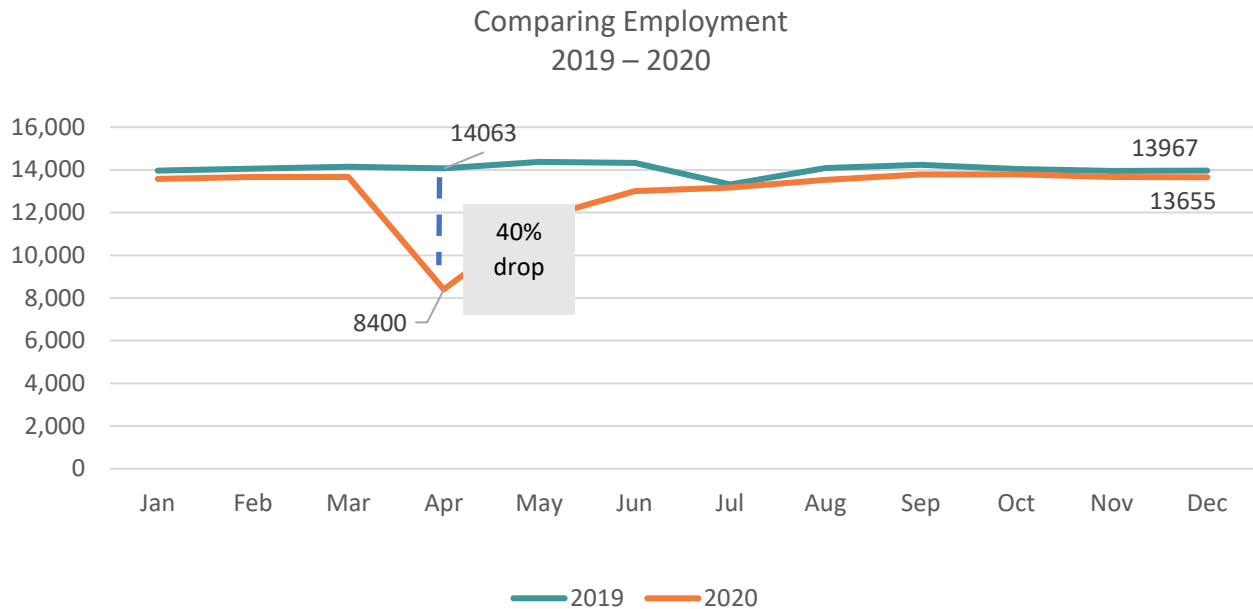


Source: NP analysis of BLS QCEW statistics

<sup>1</sup> Bureau of Economic Analysis County-level CAEMP25N data

## IMPACT OF COVID ON EMPLOYMENT

Prior to the COVID-19 pandemic, employment rates in 2020 were tracking along with 2019. In April, however, the county lost 40 percent of its jobs. At present, the county has regained 98 percent of the jobs it lost.



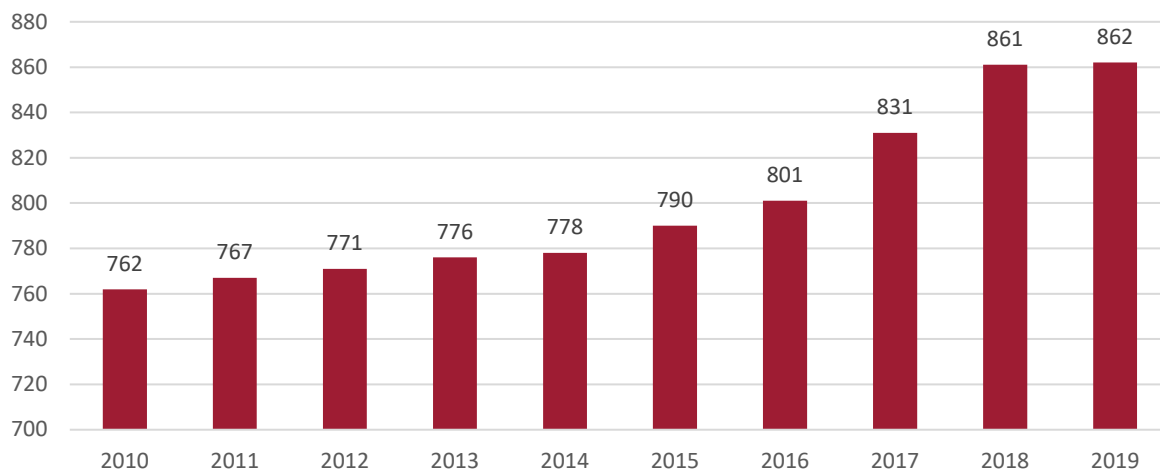
Source: NP calculations based BLS.gov QCEW Series – Note 2020 data is preliminary and could change

## Establishments

### ESTABLISHMENT TRENDS

Federal economic data does not track individual businesses; instead, it tracks establishments, or business locations. For example, a grocery store chain with two locations in the same county is considered one business with two establishments. For these purposes, establishments are used as a proxy for businesses. Because establishments are business locations, establishment growth is also an indicator of commercial and industrial real estate demand. Based on this data, LaGrange County has experienced a continuous increase in number of establishments. In 2019 the county had 100 more establishments than in 2010.

### Establishment Trends

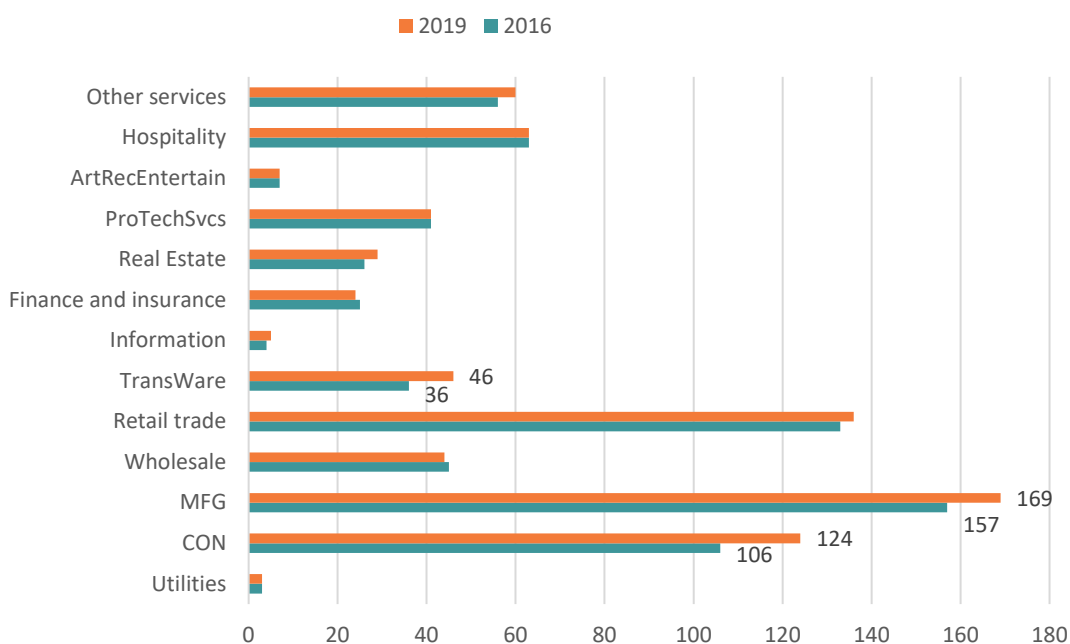


Source: NP calculations based on BLS.gov QCEW Series

### CHANGE IN ESTABLISHMENTS BY INDUSTRY

Since 2016 there has been little change in the number of establishments in most sectors. Construction, Manufacturing, and Transportation and Warehousing are the only sectors to experience double digit establishment growth during this 3-year period. What is notable about this is the nature of the land requirements (and potentially infrastructure) to accommodate these types of businesses.

### Change in Private Establishments by Industry Sector



Source: NP calculations based on BLS.gov QCEW Series

## 2.2 KEY SECTOR ANALYSIS

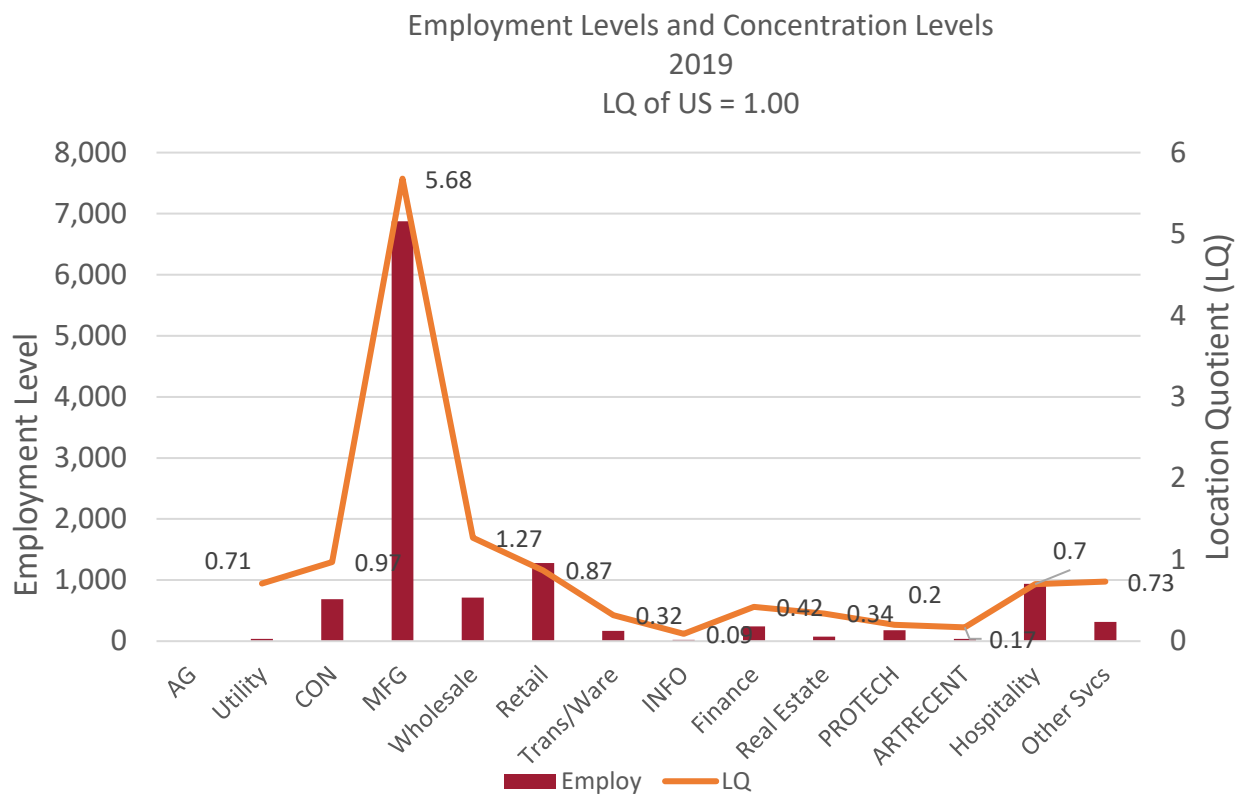
The key sector analysis examines in more detail the sectors that contribute most significantly to LaGrange County's economy.

### Overview

Manufacturing and wholesale trade are the critical industries in the County based on their level of concentration. Location quotient (LQ) measures relative concentration of employment. Compared to the US, the county has 5.7 times the number of manufacturing jobs as percent of all jobs and more than 1.3 times the number of wholesale trade jobs. These two sectors represent 65 percent of all private sector jobs in the county.

Healthcare and social services are not listed because they do not meet disclosure requirements; employment is highly concentrated in one or two employers in an industry where there are only one or two employers. Education and Health Services, a super sector that includes education, healthcare and social services, employs 779 people, less than the retail sector and hospitality sectors.

The county is "underrepresented" in every other sector meaning it has less employment as a percentage of total employment than the nation overall. Agriculture is not included because of the role of temporary and seasonal employment and the inability to compare across geographies easily on a location quotient basis. With that said agriculture is a critical piece of the LaGrange economy.



Source: NP calculations based on BLS.gov QCEW Series



## AGRICULTURE

The US Census of Agriculture is the only source that allows for comparison across geographies. The most recent version is from 2017 (it is done every five years) published in 2019. LaGrange County is a leading agricultural county in Indiana across a number of metrics.<sup>2</sup>

Selected Facts about the agriculture sector in LaGrange<sup>3</sup>:

- \$276 million in revenue
- 70 percent livestock sales
- 2,144 farms – #1 in Indiana
- Certified Organic Farms – #1 in Indiana
- 4,300 people employed in farming - #1 in Indiana
- 34 percent of farmers are “new or beginning” (24 percent statewide)
- 20 percent of farms have internet (72 percent statewide)

Non-disclosure issues with the federal data limit the ability to look at the complete agriculture sector, but there may be at least another 500 people working in agriculture related industries such as wholesale activities and food processing.



Source: NP analysis of BEA CAEMP25N Total Full-Time and Part-Time Employment by NAICS Industry 1/ Farm Employment and Farm Proprietors

<sup>2</sup> See Purdue Extension analysis of Census of Agriculture found in appendix

<sup>3</sup> Based on 2019 Census of Agriculture

Table 2.1 shows the relative performance of LaGrange County’s farms compared to the state.

Table 2.1 – LaGrange County Farm Metrics

	<b>LaGrange</b>	<b>State</b>
<b>Average Size of Farms</b>	91 acres	244 acres
<b>Market Value of Farms</b>		
<b>Per acre</b>	\$842,807	\$1,737,741
<b>Per farm</b>	\$9,249	\$6,576
<b>Market Value of Farm Product</b>		
<b>Per acre</b>	\$1,411	\$741
<b>Per Farm</b>	\$128,500	\$196,000

Source: NP calculations based on US Census of Agriculture, 2017

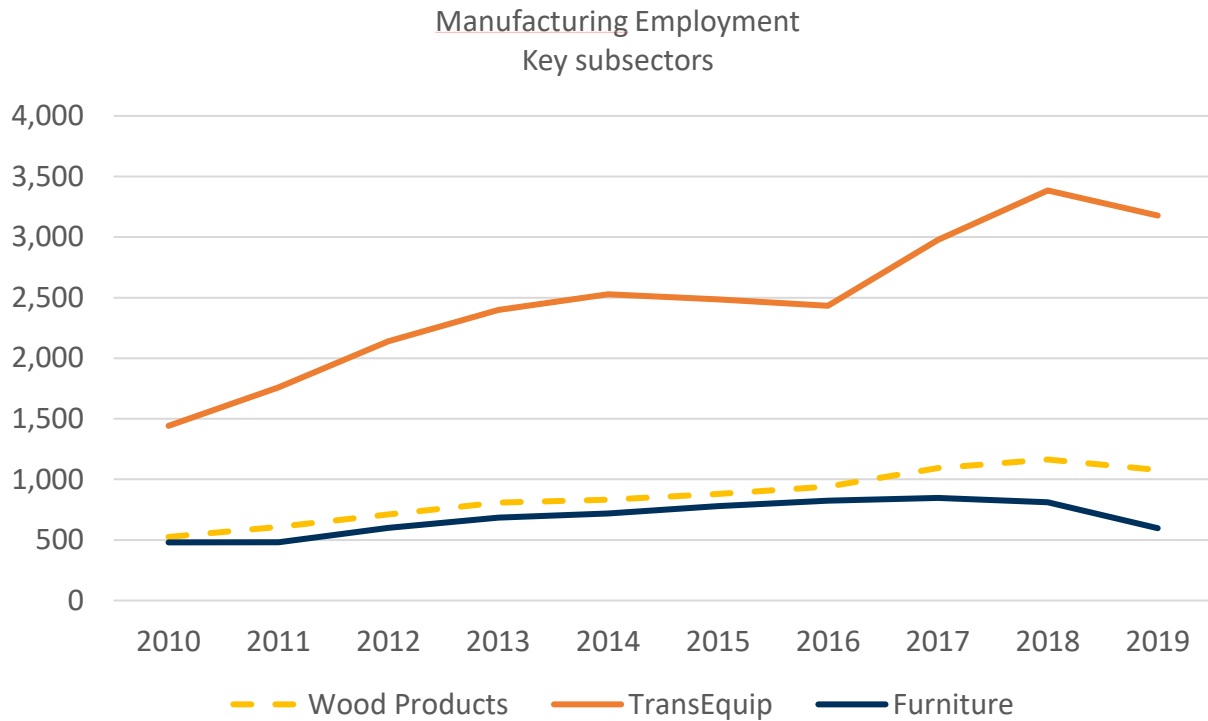
LaGrange’s farms are smaller but more productive per acre than the state overall. On a per acre basis, farms in LaGrange are 41 percent more valuable than the average farm in the state; value of the products on LaGrange County farms are 90 percent higher value per acre than the state overall.

## MANUFACTURING

As noted earlier, manufacturing is the largest employment sector in LaGrange and the primary source of business growth. LaGrange’s real manufacturing GDP increased by 204 percent compared to 105 percent for the state. By comparison, Elkhart county’s manufacturing GDP increased by 172 percent.

The manufacturing average wage in LaGrange in 2019 was \$52,884, 22 percent higher than the average wage in the county. However, manufacturing wages are below the state average of \$63,320 and approximately \$17,000 below the national average of \$69,920.

Several subsectors have shown substantial employment growth, adding nearly 2,500 jobs. Transportation equipment manufacturing, which includes delivery vehicles and RVs, has been the principal driver of job growth, but wood related manufacturing has also been an important source of employment growth. As noted earlier, nondisclosure issues limit the ability to do additional in depth analysis.



Source: NP analysis of BLS OCEW data series

The county also has an active maker culture. There are 67 makers selling through ETSY, the online marketplace. They sell a range of products from food products, home goods, jewelry, and other items.

## 2.3 WORKFORCE

*The workforce section describes the age of the workforce in order to evaluate future workforce needs and analyzes the commuting patterns of workers in and around the county.*

### Overview

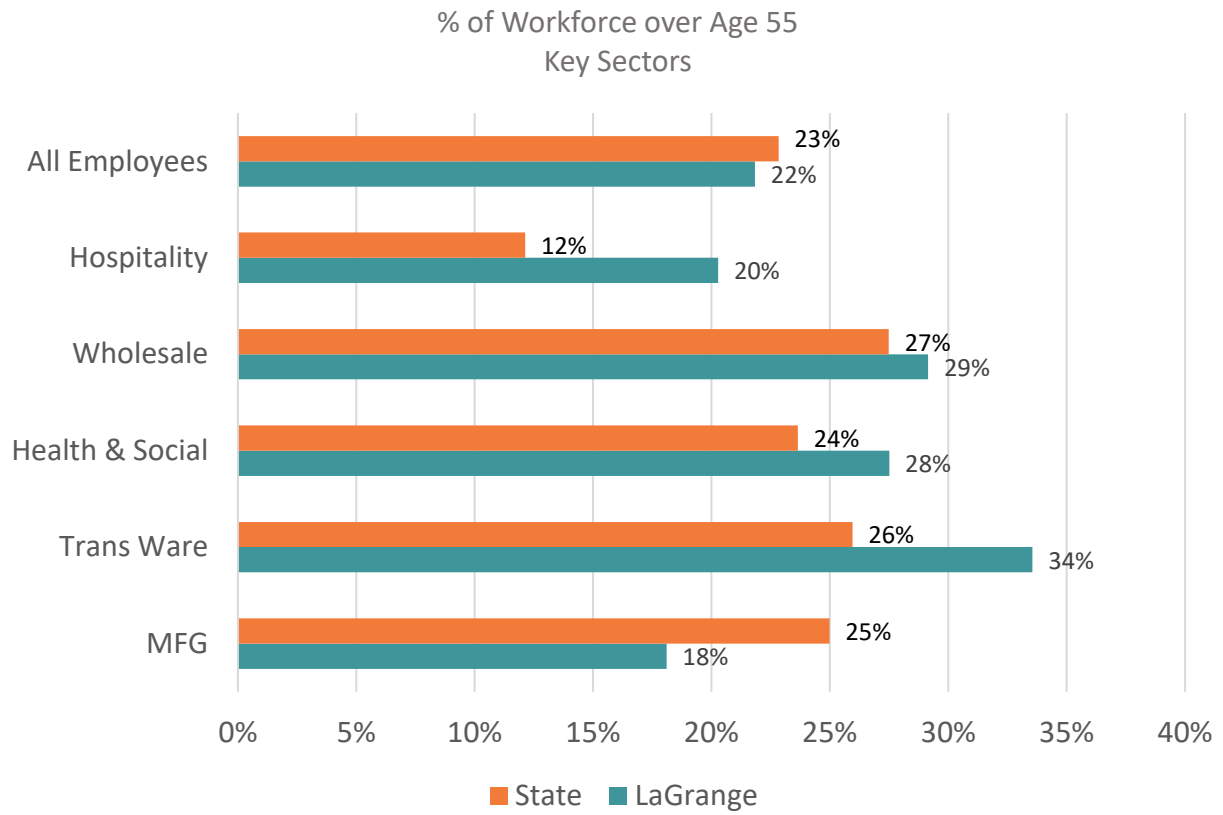
As noted earlier, LaGrange County has over 14,000 payroll jobs. Not all of these jobs are filled by LaGrange County residents.

#### WORKFORCE AGE

Age 55+ is used as a measure of the workforce age because it represents potential level of retirement and replacement needs over the next decade. Overall, the age of LaGrange County's workforce is essentially the same as the state, with 22 percent of the county's workforce over age 55, compared to 23 percent at the state level.

However, in some key sectors, LaGrange's workforce is older than the state's. The notable exception is manufacturing, where 18 percent of the manufacturing workforce is over age 55, compared to 25 percent at the state level.

Meeting the county’s workforce needs in some of these key sectors will be an important consideration over the next the decade.

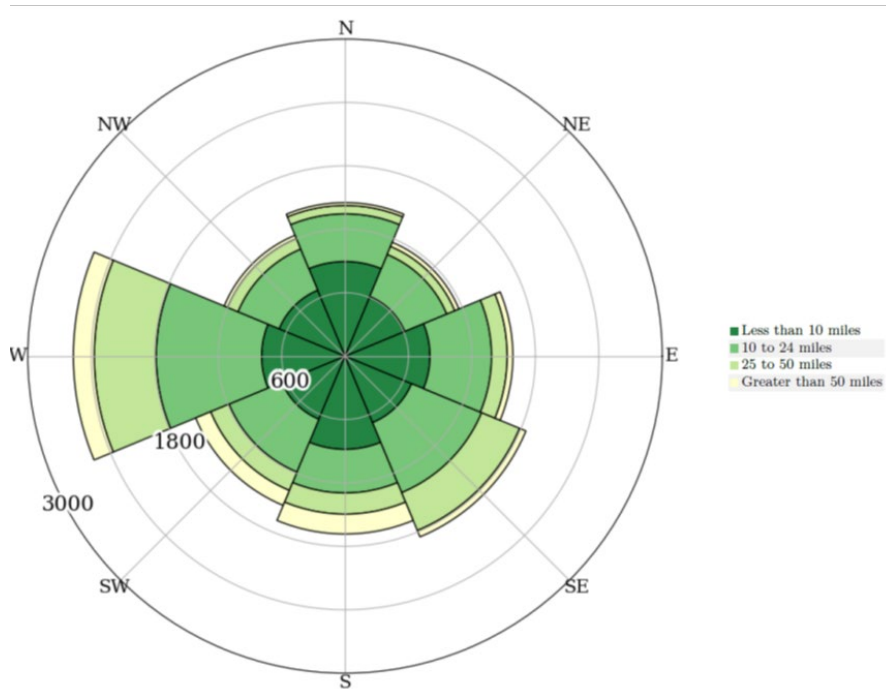


Source: NP analysis of LEHD Employer Dynamics data

## ROLE OF COMMUTING

LaGrange County local labor needs (workforce) are met by the region, and the County's employment needs (jobs for residents) are also met by the region. 45 percent of the county's jobs are held by county residents. The remainder of the jobs in the county - approximately 8,000 - are held by workers from outside the county. Almost 80 percent of workers commute less than 25 miles. Key home locations for workers outside of LaGrange are Sturgis, Michigan and Elkhart County, and to a lesser degree Noble County, Indiana.

Inbound Commuter Distance / Direction



Source: onthemap.ces.census.gov

More than 9,600 LaGrange County residents are employed outside of the county or by businesses principally located outside the county. Key locations outside of the County for LaGrange workers are Fort Wayne, Sturgis, Elkhart County and Noble County.



Source: onthemap.ces.census.gov

## 3. HOUSING

*Housing is a critical component in any community, and this analysis is meant to provide a common set of facts regarding the current state of housing in LaGrange County. This baseline analysis will provide insight to guide land use and housing decisions in the comprehensive plan.*

### KEY FINDINGS

- **The county has outpaced the state in new housing stock.** 19 percent of LaGrange County's housing stock is less than 20 years old compared to 16 percent for the State.
- **Housing prices have experienced growth but are disproportionate across the county.** The average price per square foot is \$128 but varies between \$90 in some locations up to \$160 in others.
- **Almost one-third of renters are cost burdened.** 29 percent of the county's renters pay more than 30 percent of their income on rent.

### 3.1 HOUSING CONDITIONS

*Housing conditions represent an essential factor in the quality of place and potential growth of a community. Included in this section is an overview of the existing housing stock, analysis of housing prices, and review of affordability for homeownership and rental units in LaGrange County.*

#### Overview

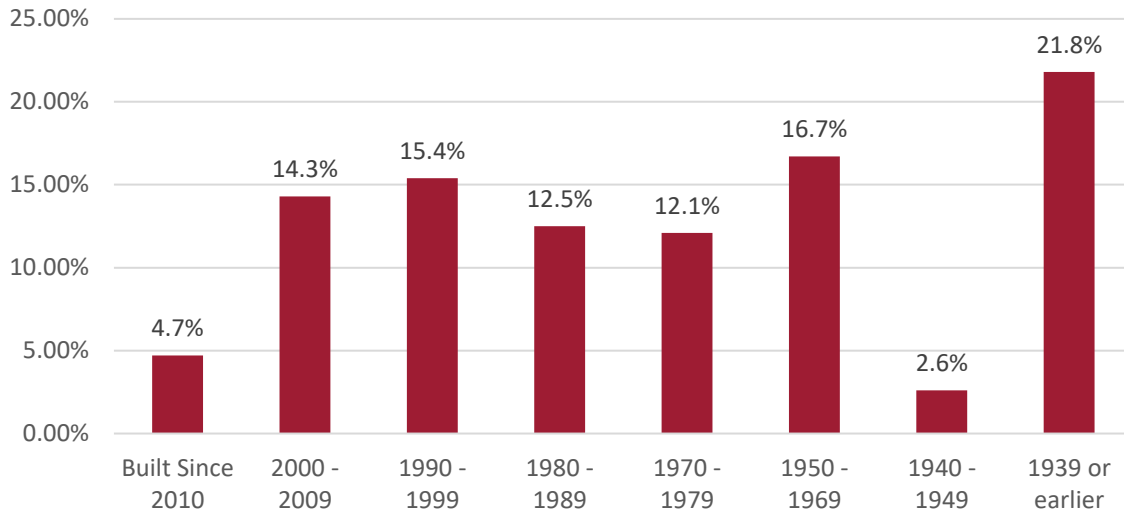
LaGrange County has approximately 15,000 housing units consisting of the following mix:

- 85 percent single family
- 6.6 percent mobile home
- 3.0 percent apartments (5 or more units)

Consistent with the mix of housing that is predominately single family, 82% is owner occupied.

Although almost 25 percent of the county's housing is World War II vintage or older, LaGrange has created new housing over the last 20 years at a rate faster than the state. Nineteen percent of LaGrange housing stock is less than 20 years old, compared to 16.7 percent statewide.

### Age of Housing Stock LaGrange County



Source: NP analysis of ACS Housing 5 year estimates to 2015 to 2019

Median household size in LaGrange is larger than the state. For LaGrange residents living in owner occupied housing, the median household size is 3.32 persons versus 2.61 in Indiana. Rental households are smaller, with 2.39 people per household in LaGrange compared to 2.32 across the state.<sup>4</sup>

LaGrange County has less population movement than the state<sup>5</sup>. Only 20.6 percent of the county moved in the last 5 years compared to 25.6 percent statewide. Only 43 percent moved in the last 10 years compared to 49 percent statewide. Population movement is an important driver of housing demand but it is a less of a factor in LaGrange than in the state overall.

### Market Dynamics<sup>6</sup>

When looking at the dynamics of a real estate market, it is important to consider that these analyses reflect a snapshot in time and can vary from week to week and month to month, depending on what inventory is available at that moment in time.

For example, listing services identified between 30 and 60 homes for sale (depending on source) at any given moment in the county. There were no rental units available at the time of the initial search (July 2021) nor at the time of this writing (mid-August 2021).

<sup>4</sup> Source: NP analysis of ACS 5 Year Demographic Estimates 2015 to 2019

<sup>5</sup> Source: NP analysis of ACS 5 Year Demographic Estimates 2015 to 2019

<sup>6</sup> Information derived from this section is based on NP online research from Realtor.com, Zillow.com, and NeighborhoodScout.com

The For Sale housing market has shown steady increases in pricing across the county. Median list price in July of 2021 was \$225,000. In July of 2018, median list price was \$174,000. List prices have increased by 29 percent in two years. However, there are two important caveats when considering list price increases. Median sales price is combination of what is on the market at that moment time and the asking price. Additionally, some housing in LaGrange is sold through an auction process therefore the median list price does not necessarily reflect market conditions. Another way to consider home values is through estimated market value. The online real estate service Zillow.com estimates market value of housing. Home values overall (not list price but “market value”) according to Zillow are up 18.8 percent from July 2018 to July 2021, not as high as median list price but still a substantial increase.

Another way to examine housing prices is to consider price per square foot. Countywide price per square foot is \$128/sq ft; however, there are substantial differences across the county. For example, homes in the Lakes area have prices that hover around \$160/sq ft. Homes west of Rt 9 range between \$130 to 160/sq ft whereas house east of Rt 9 (excluding those on lakes) are offered at between \$90 to \$110/sq ft. As noted earlier, this variation depends on what housing is on the market at a given time across the county.

## Affordability

Over time the increasing home prices will create affordability issues in the county if new housing construction does not meet demand. Affordability is measured by percent of income going toward housing costs. The typical affordability threshold is between 25 to 30 percent of income toward housing related costs (rent or mortgage, utilities, insurance, property taxes/fees). When housing costs exceed 30 percent of income, the housing is considered unaffordable.

There are two ways to consider housing affordability at the household level:

- Affordability to purchase
- Rent affordability

Affordability to purchase is driven by two key factors – size of down payment needed and monthly mortgage cost relative to income. Down payment influences the size of the monthly mortgage payment, but a substantial down payment of over 10 percent can be a significant hurdle, particularly for first-time home buyers. One way to consider the impact of rising median home prices is the amount of additional down payment needed. The difference between July 2018 and July 2021 median prices means an additional \$5,000 would be needed for a 10 percent down payment. Annual income would need to increase by approximately \$10,000 to support the difference in mortgage size<sup>7</sup> associated with the increase in price. By comparison on a nominal basis, the average income in LaGrange increased by \$11,400 between 2010 and 2019. On an inflation adjusted basis, the county’s income only increased \$5,100. While for sale housing remains within reach of most LaGrange residents, rising prices need to be monitored on how it impacts the for-sale market.

Regarding rental affordability, approximately 29 percent of the county is paying more than 30 percent of their income toward rent. This is compared to 47 percent statewide. Eleven percent of the county pays

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<sup>7</sup> Assumes a 10% down mortgage with a 3.5% interest rate and average credit score using bankrate.com mortgage calculator principal and interest cost only



25 to 30 percent of their income toward rent compared to almost 12 percent statewide. From a renter affordability perspective, LaGrange County has fewer substantially distressed renters than the state overall. However, nearly one third of the county's renters are considered housing cost distressed.

Given the lack of rental unit availability, and the increasing costs to purchase a home, monitoring the rental market and how those two factors impact rental costs will be important over the next few years.