Housing and Community Perspectives 2026:

A Housing and Community Needs Assessment for Indiana and Michigan

Prepared for:

FHLBank INDIANAPOLIS

This report was prepared by Atria Planning exclusively for the Federal Home Loan Bank of Indianapolis. Atria Planning served as the lead consultant and was responsible for data collection and analysis, facilitating focus groups and stakeholder interviews, and preparing the final report. Collabo Planning developed, administered, and analyzed the online survey. The findings and conclusions presented in this report are based on the best available information at the time of publication.

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Table of Contents

Table of Contents

Executive Summary

Housing markets across the country changed dramatically in the first two years after the Covid-19 Pandemic. Demand for home purchases surged, largely fueled by existing homeowners and investors,[1] and many families who could now work remotely relocated from expensive urban centers to more affordable regions and smaller cities. Meanwhile, construction activity could not keep pace with demand, slowed by pandemic-related labor and supply shortages. As a result, the housing market experienced unprecedented price escalation and record-low inventory. By mid-2023, rents and home prices had settled, and construction activity resumed, but the housing market was permanently altered. In just a three-year period, home prices in Indiana and Michigan rose between 40% and 45%.[2]

In December of 2025, the Federal Home Loan Bank of Indianapolis commissioned a study to better understand how this one extraordinary event, compounded with other global and political changes, have affected the housing market, and in turn, how these changes have impacted low and moderate income families in the region it serves.

The study is informed by extensive data and geospatial analysis, combined with comprehensive stakeholder engagement, including an online survey, five focus groups, and a series of interviews with practitioners and subject matter experts.

The central finding of this report is that the housing market in Indiana and Michigan has fundamentally changed, and the greatest housing demand is for more deeply affordable rental units (affordable to households earning less than 50% of AMI) and more homes for sale that are affordable to buyers with low to moderate incomes.

Historically, the greatest housing needs were concentrated among households with the lowest incomes. Today, housing options have been reduced across much of the income spectrum as the costs to build, rent, buy, and maintain a home have skyrocketed. Prospective first-time homebuyers increasingly struggle to purchase their first home and remain renters for longer, reducing turnover and further constraining the rental market. As competition for rental housing has intensified, low income renters are squeezed out and are experiencing a level of housing insecurity that many communities had not previously seen. Stakeholders consistently reported that more working families and seniors can no longer afford rent and are seeking housing assistance for the first time.

To address these daunting challenges, more agencies and community partners are working together to better coordinate their programs and investments, while governments at the municipal, state and federal level are working towards building local capacity and reducing administrative “red tape.”

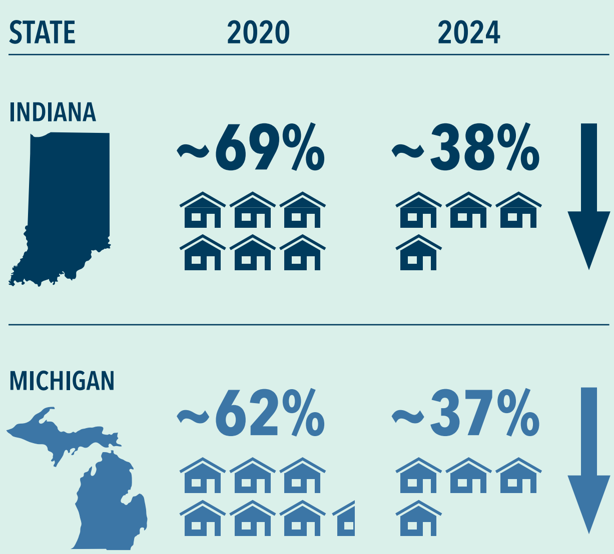
As the saying goes, necessity is the mother of invention, and today’s housing challenges are leading towards innovation in building materials, financing structures, and partnerships aimed to increase housing supply at a lower cost.

Housing Affordability Has Become the Defining Challenge

Between 2020 and 2025, home prices and rents rose within the region by approximately 60% and 40%, respectively, far outpacing income gains of roughly 25% during the same period.[3] This shift significantly reduced housing options for very low income renters and low to moderate-income first-time buyers.

Historically, the region maintained a substantial supply of homes affordable to low and moderate income families. A home affordable to a family earning $60,000 per year (which is equivalent to approximately 80% of median income for each state for a family of two) is roughly $200,000.[4] The shrinking inventory of moderately priced starter homes (defined as homes that provides an attainable entry point to homeownership for first-time buyers and moderate income families) has become one of the most significant barriers to homeownership.

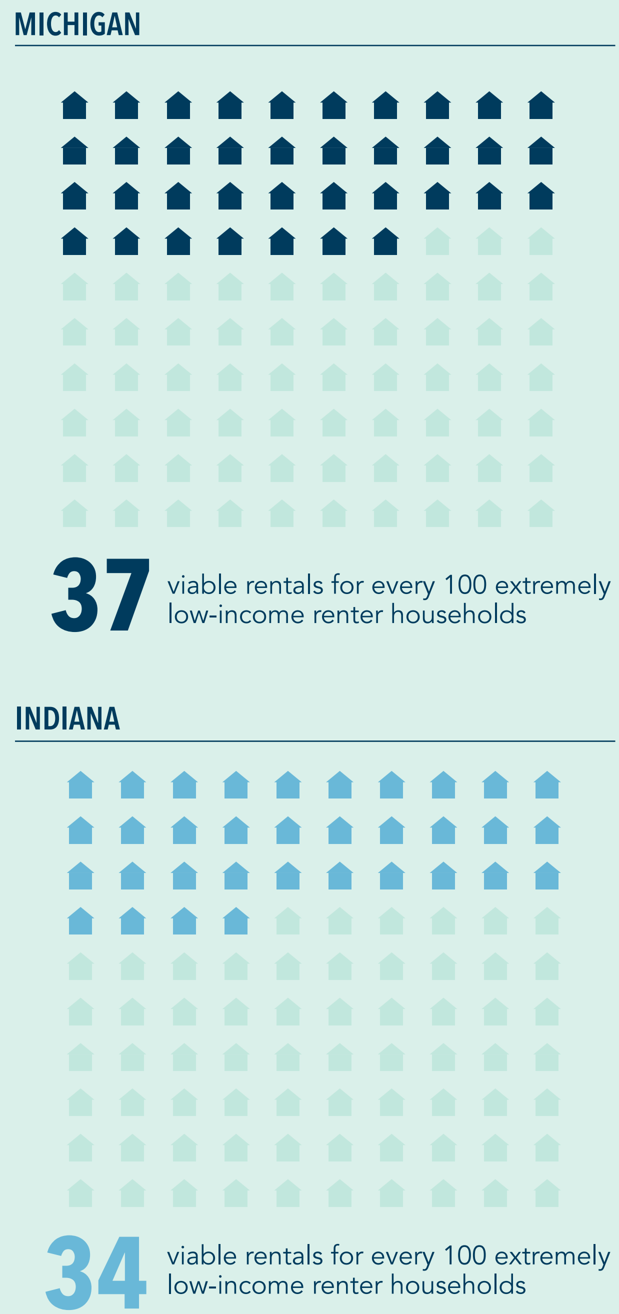
Supply of homes valued under $200,000



Source: American Community Survey 5-Year 2016-2020 and American Community Survey 1-Year 2024

Meanwhile, the loss of rental stock priced below $700 per month has been detrimental to very low income renters who once could afford an apartment without subsidy. Between 2019 and 2024, Indiana and Michigan lost hundreds of thousands of rental units affordable to households earning less than $30,000 annually.[5] Housing providers reported that many households seeking assistance today would not have needed assistance just a few years ago. Stakeholders consistently described a growing number of working families, seniors, and individuals on fixed incomes struggling to remain housed.

Rental housing deficit in Indiana and Michigan

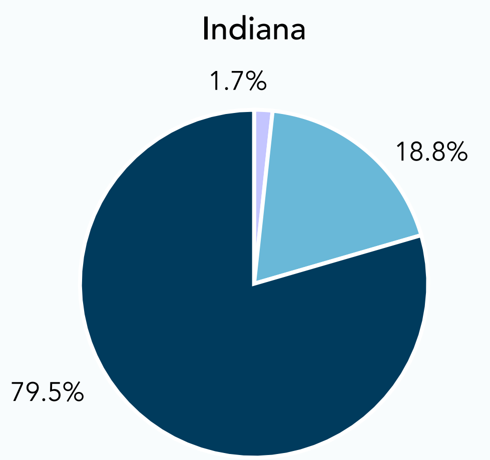


National Low Income Housing Coalition. (2019). The Gap: A Shortage of Affordable Homes. Washington, DC: National Low Incon ome Housing Coalition. https://nlihc.org/gap

Housing Production Is Not Keeping Pace with Need

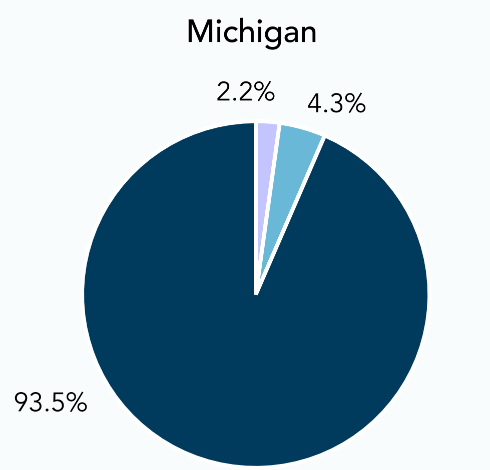
Rising development costs, higher interest rates, and fewer funding opportunities has slowed affordable housing production.

Chart 1: New Construction Single Family Home Listings, June 2026



Under $200k | $200k - $300k | Above $300k

5,369 total listings for single-family new construction



Under $200k | $200k - $300k | Above $300k

3,913 total listings for single-family new construction

Source: Zillow Housing Availability Survey

The cost of materials, labor, insurance, infrastructure, and financing has increased substantially since the Covid-19 Pandemic, and development costs are an estimated 50% more today than in 2020.[6] Many stakeholders reported that projects now require multiple funding sources to "pencil out," which increases the complexity of project and the risk of not closing.

Cost to build a…

700 sq.ft. apartment

$303,462

1,600 sq.ft. single family home

$457,673

Atria Planning using construction cost estimation provided by RS Means for 2025 in Indianapolis

Construction costs per square foot estimates from RSMeans Data (Gordian), Q4 2025. These estimates reflect localized residential construction costs, including labor, materials, equipment, contractor overhead and profit, and an additional 25% for land and other soft costs.

In addition to rising costs, stakeholders identified several additional barriers that limit housing production, including community opposition; infrastructure needs; labor shortages; and less interest from investors due to market volatility and reduced equity.

Rural Communities Face Distinct Housing Challenges

Rural communities struggle with a unique set of housing challenges, including a deteriorating housing stock, a stagnant or declining population, more limited access to a skilled workforce, broader infrastructure needs for new development, and more accessibility issues due to limited public transit and wide dispersal of supportive services. These many factors impact the feasibility for new development, and projects that are developed tend to be at a smaller scale and are oftentimes more expensive to build per unit.

Manufactured housing plays a particularly important role in rural Indiana and Michigan, providing an affordable homeownership option for thousands of households. In many rural counties, manufactured homes account for a substantial share of the housing stock. Yet older mobile homes are oftentimes in poor or even unlivable condition, and there are very few programs that fund their rehabilitation.

Housing quality also emerged as a major concern. Stakeholders described growing needs for rehabilitation assistance, accessibility modifications, weatherization, and replacement of deteriorated housing. Many rural homeowners live in older homes that require substantial investment but lack the financial resources needed to make repairs.

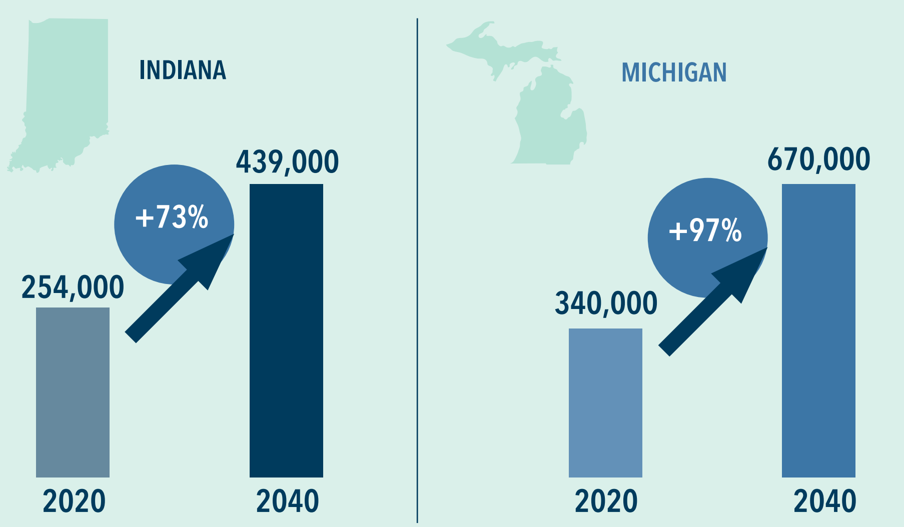
Several rural communities also reported workforce housing shortages as employers expand operations and compete for workers. In these areas, economic growth is creating new housing demand that local housing markets are struggling to accommodate.

Seniors Represent One of the Fastest-Growing Housing Needs

Perhaps no population generated more concern among stakeholders than older adults.

Many communities reported that seniors on fixed incomes are getting priced out of the rental market and are increasingly seeking housing assistance for the first time. And the number of seniors in Indiana and Michigan over 80 years old will nearly double from 2020 to 2040 (an additional 515,000 people, an increase of 87%).[7] As a result, demand for senior rental housing that is accessible and priced below 50% of AMI will grow, along with home repair programs and retrofits to allow senior homeowners to age in place. Additionally, stakeholders described a growing need for transportation services, especially in rural areas; improved in-home support; and more affordable, long-term care options for those who do not qualify for Medicaid.

Adults Over 80 Years Old. Population Change 2020 to 2040



Source: Indiana Business Research Center. Indiana Statewide Population Projections, 2025–2060. Kelley School of Business, Indiana University, 2024, and Michigan Department of Technology, Management and Budget (DTMB), Center for Data and Analytics. Michigan Statewide Population Projections through 2050.

Between 2020 and 2040, Indiana's population over 80 years old is expected to increase 73% from 254,000 to 439,000. In Michigan, the number of adults over 80 years old between 2020 and 2040 will nearly double, from 340,000 to 670,000.

Rising housing prices are leading to greater housing instability.

Although there is no accurate count of the unhoused, the problem extends far beyond what many realize. According to the Department of Education, more than 50,000 student-aged children were without a primary residence in the 2024 school year. This represented 2.5% of all students in Michigan and 1.8% of all students in Indiana.

Service providers throughout Indiana and Michigan reported that more households are seeking emergency rental assistance for the first time, especially seniors, and identified housing affordability as the primary cause of homelessness. The population most at risk include very low income families with children, very low income individuals with a disability or on a fixed income, and individuals transitioning out of the criminal justice system or foster care. Service providers consistently emphasized that housing alone is insufficient, and that long-term housing stability requires access to wraparound services, including behavioral health care, employment assistance, transportation, childcare, and financial counseling. These services are becoming harder to access due to labor shortages and lack of funding.

Workforce and Community Development

Workforce development emerged as a recurring theme throughout the research, with stakeholders emphasizing that job training and placement alone will not address persistent unemployment. Many communities identified affordable childcare, reliable transportation, housing affordability, and access to workforce training as persistent barriers that prevent residents from entering or remaining in the labor force. These challenges disproportionately affect lower-income households, single-parent families, individuals transitioning from homelessness or recovery programs, and residents living in rural communities where employment opportunities and supportive services are more limited.

At the same time, employers are preparing for the retirement of an aging skilled workforce, increasing demand for low barrier to entry jobs that pay a living wage, particularly in manufacturing and construction. This offers more opportunities for apprenticeships, career and technical education, and industry-recognized training programs to help prepare the next generation of workers while increasing economic opportunity for lower-income households and other underserved populations.

Priorities

This study included a robust stakeholder engagement that included an online survey, a series of focus groups, and stakeholder interviews conducted between February and May of 2026. The 155 stakeholders who provided input represented a range of organizations active in Indiana and Michigan, including non-profit organizations, housing advocates, builders, lenders, and service providers. Their insight and recommendations provided for this study form the basis for the strategies described below:

1. Expand the supply of deeply affordable rental housing (affordable to renters earning less than 50% of Area Median Income) and entry-level homes for purchase.
2. Increase access to down payment assistance and flexible mortgage products.
3. Preserve existing affordable housing through rehabilitation and repair programs.
4. Strengthen housing opportunities for seniors through accessibility improvements, deeply affordable rental housing, and supportive services.
5. Expand homelessness prevention efforts and supportive housing resources.
6. Improve access to development and predevelopment capital and gap financing.
7. Support rural communities through targeted housing programs, infrastructure investment, and workforce housing initiatives.
8. Increase investment and coordination in supportive services that improve long-term housing stability for formerly unhoused individuals and families.
9. Strengthen community development strategies that integrate housing, economic development, transportation, and quality-of-life investments.

Conclusion

The rapid increase in housing costs in Indiana and Michigan has diminished the supply of deeply affordable rental units and moderately priced starter homes. This has limited access to homeownership for prospective first-time buyers and created housing insecurity for very low income renters, including seniors on fixed incomes who are getting priced out of the rental market. Meanwhile, rising development costs and market uncertainties are making it harder to build new units, particularly units needed most, including supportive housing, deeply affordable rental homes, and homes for sale that are affordable to low income buyers.

With fewer dollars and higher expenses, the consensus among stakeholders (aside from increasing funding) is to get more creative in production and service delivery. Local, state and federal governments can reduce barriers to development by streamlining approvals and being collectively clear on housing goals. More technical assistance is needed so that cities, developers, and lenders understand what programs are available and how to use them. And more parties need to be involved and working together – developers, lenders, employers, service providers, and all rungs of government - to address the crisis.

Executive Summary Endnotes

1 National Association of REALTORS®. 2022 Housing Market Review and Outlook. Washington, DC, 2021.

2 Zillow Research. Housing Data: Zillow Home Value Index (ZHVI). Zillow Group. Retrieved May 2026.

3 Zillow Research. Housing Data: Zillow Home Value Index (ZHVI) and U.S. Bureau of Labor Statistics, Weekly and Hourly Earnings from the Current Population Survey, Employed Full Time: Median Usual Weekly Real Earnings: Wage and Salary Workers: 16 Years and Over), retrieved from the Federal Reserve Bank of St. Louis FRED database.

4 American Community Survey 5-Year 2016-2020 and American Community Survey 1-Year 2024.

5 Zillow Research. Housing Data: Zillow Observed Rent Index. Zillow Group. Retrieved May 2026.

6 Gordian. (2025). RSMeans Building Construction Cost Data 2025 (83rd ed.).

7 Indiana Business Research Center. Indiana Statewide Population Projections, 2025–2060. Kelley School of Business, Indiana University, 2024, and Michigan Department of Technology, Management and Budget (DTMB), Center for Data and Analytics. Michigan Statewide Population Projections through 2050.

Community Input

A range of community engagement and survey platforms, both in person and online, were used to collect insights from housing and community development practitioners working in Indiana and Michigan. This included an online survey (with 108 participants), five virtual focus groups (with 32 participants), and 15 interviews.

The key findings fall into five general categories:

1. Rising housing costs are causing moderate and even middle income households to struggle, while households with the lowest incomes face severe housing affordability challenges.
2. It is much harder now for first-time homebuyers to find a home in decent condition they can afford.
3. Development and operations are more expensive now than ever before, yet there is less money available for new development and supportive services, requiring significant gap funding.
4. Market fluctuations, political uncertainty, and changing regulations have made longstanding funding sources not as reliable today as they once were.
5. Housing affordability is the primary cause of homelessness, and more people are seeking homeless prevention services for the first time, including seniors.

Because feedback from the three methods of engagement overlap, only the results of the survey are included below and the key takeaways from focus groups and interviews are integrated throughout the study. For the full survey results and notes from each focus group, see Appendix A and B.

Survey Methodology

The online survey was designed to collect qualitative data around the state of housing and community development needs as reported by members of the FHLBank Indianapolis network. While the primary geographies targeted included Indiana and Michigan, respondents also provided viewpoints on national trends, as well as hyperlocal insights from city and county-specific partners. The primary survey targets were those whose work falls within the following categories: non-profit developers; for-profit developers; representatives from government agencies; representatives from financial and lending institutions; providers of social services, homeownership, and homeless assistance; and business and economic development practitioners.

The online survey was hosted on the ArcGIS platform Survey123 and was deployed to the Federal Home Loan Bank of Indianapolis' network of housing and community development practitioners. The survey was promoted primarily through a dedicated newsletter list as well as on social media (LinkedIn). A combination of organic and paid promotional tactics were leveraged to increase survey uptake, and Affordable Housing Advisory Council members were instrumental in sharing the survey with their respective networks.

From February 26th, 2026, to April 1st, 2026, 108 responses were collected as part of the online survey effort. Non-profit developers constituted the largest segment of respondents, followed by representatives from financial institutions and lenders, as well as individuals working within government. 47% of respondents work primarily at the County (28%)

and City (19%) levels, with Michigan being the state with the largest representation. Survey respondents primarily serve urban areas, followed by rural and suburban areas. Of those respondents that engage in client-facing work, the income range that is most served are those whose incomes fall within 50% – 80% of Area Median Income (AMI), with 30% – 50% AMI and <30% AMI following suit as the second and third highest AMI groups.

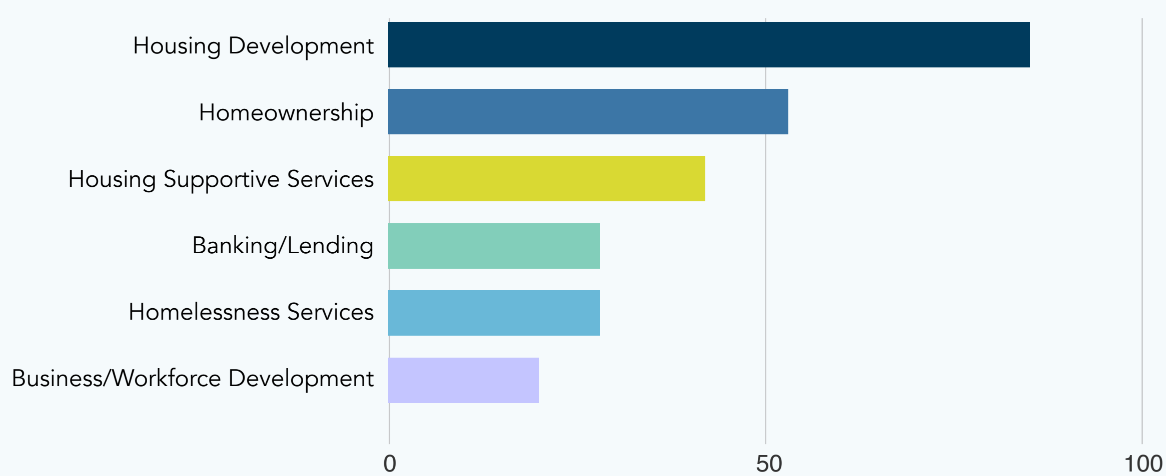
Survey Results

The lack of affordable housing was the most pressing issue affecting the respondents' communities. Across the 108 responses, survey takers took special note of the ways intersecting factors, such as the lack of housing inventory, land, rising construction costs, and a host of regulatory and funding hurdles, are contributing to a shortage of affordable housing production, provision, and long-term housing security for renters and homeowners combined.

Survey respondents emphasized the struggle low income households face in securing housing affordable to them, especially as renters with limited buying power. This has been further exacerbated by the rising cost of living in many communities and wages that have not kept pace.

Respondents described how most of the lower priced homes that are available are often in poor condition, with high maintenance, utility, and overall repair costs. Those looking for homeownership opportunities face an uphill battle due to the lack of inventory and the fact that many households do not have the requisite downpayment funds, are unable to access favorable mortgage terms because of poor credit histories, and are often not in a position to compete against other buyers with more cash equity.

Chart 2: Distribution of Respondents by Type of Work (in percent; many organizations work in multiple areas)



Challenges

Affordable housing shortages are the dominant concern

The overwhelming theme across responses was the lack of affordable housing, including rental housing, starter homes, and supportive housing. Respondents consistently reported that housing costs are rising faster than incomes, making it difficult for low- and moderate-income households to remain stable.

Rising costs and economic pressure are straining households

Many organizations identified inflation, high construction costs, property taxes, insurance increases, and general cost-of-living pressures as major challenges. These financial strains are affecting both residents and the organizations trying to serve them.

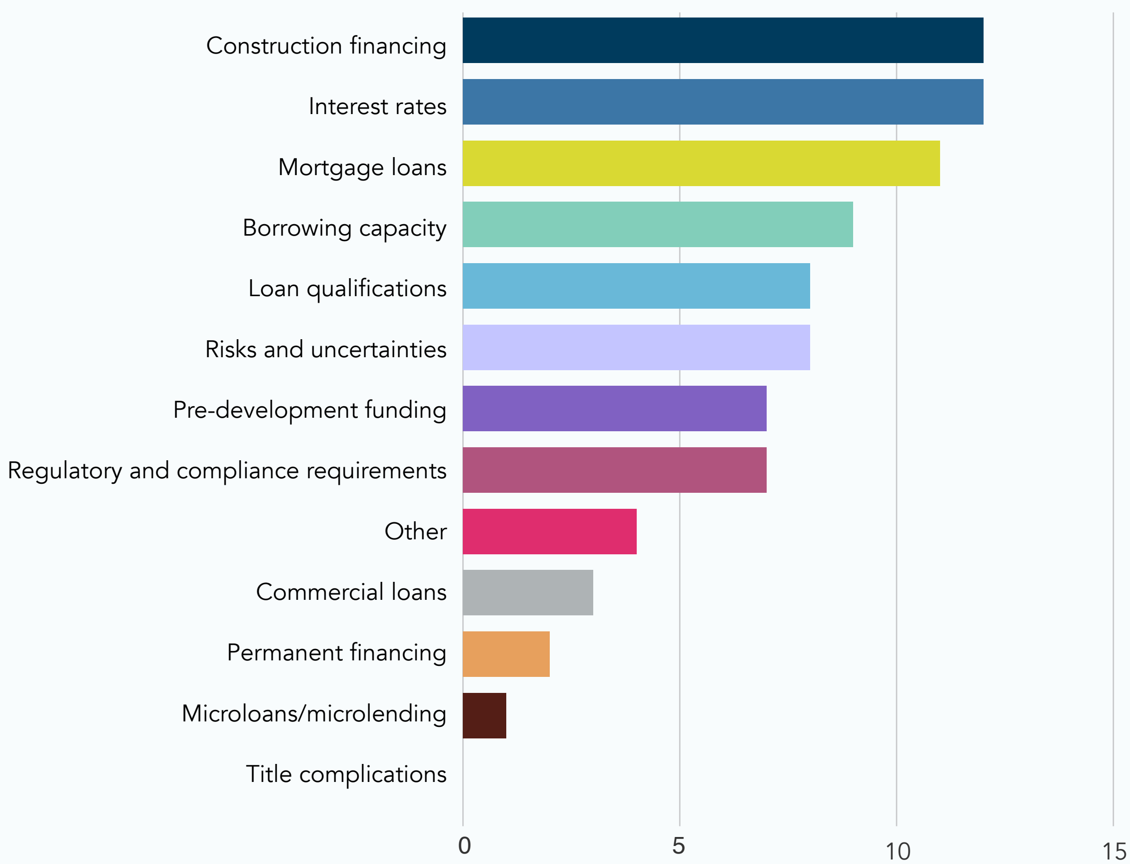
Limited housing inventory is restricting opportunities

Respondents repeatedly noted that there is an insufficient supply of affordable starter homes and workforce housing. Low inventory, combined with strong demand, has intensified competition and pushed prices beyond the reach of many households.

Credit, lending, and income barriers disproportionately affect underserved populations

Survey responses highlighted challenges related to credit scores, debt burdens, lending requirements, and stagnant wages. Many participants expressed concern that marginalized communities, younger households, and lower-income families face systemic barriers to accessing homeownership opportunities.

Chart 3: Lending & Finance Concerns among Financial Organizations (as percentage of respondents)



Access to capital is the central challenge

Respondents repeatedly emphasized that affordable housing and community development efforts are constrained by limited access to financing, particularly for low- and moderate-income borrowers, smaller developers, and rural communities. Many said that even strong projects struggle without sufficient capital availability.

High interest rates and housing costs are reducing affordability

Many participants noted that elevated interest rates, rising home prices, and increasing construction costs are making it harder for individuals to qualify for loans or afford monthly payments. Respondents indicated that these pressures are shrinking borrower capacity and slowing housing activity.

Lending requirements and credit barriers affect underserved populations

Survey participants highlighted how credit score requirements, underwriting standards, debt burdens, and income limitations can prevent residents from accessing financing. Several responses emphasized that underserved and marginalized populations face disproportionate barriers to homeownership and credit access.

Homelessness and housing instability are increasing

Numerous responses highlighted growing homelessness, eviction risk, overcrowding, and unstable living situations. Respondents emphasized that vulnerable populations, including seniors, working families, and individuals with mental health or substance use challenges, are being especially impacted.

Communities face gaps in supportive services and infrastructure

Beyond housing itself, respondents pointed to shortages in mental health care, childcare, transportation, healthcare access, workforce development, and supportive services. Many noted that residents need more wraparound support to achieve long-term stability.

> "The most pressing issues affecting the communities we serve include a lack of attainable housing, financial barriers to homeownership, and ongoing appraisal challenges. Workforce households, such as teachers, healthcare workers, and municipal employees, are increasingly priced out of the housing market due to limited inventory and rising construction costs. Many prospective buyers face obstacles such as insufficient down payment funds, credit challenges, and limited access to flexible lending options. Additionally, homes in historically disinvested areas are often undervalued through the appraisal process, creating gaps that make new development difficult and suppress neighborhood growth. There is also a continued need for financial literacy and homebuyer education to prepare residents for sustainable homeownership. Addressing these issues requires coordinated public-private partnerships and targeted resources." – Quote from survey respondent.

Development barriers and community change are creating tension

Organizations frequently cited zoning restrictions, permitting delays, neighborhood opposition, limited land availability, and insufficient funding as obstacles to development. At the same time, many communities are concerned about gentrification, displacement, and the loss of long-term residents as redevelopment accelerates.

Funding cuts and delays are straining core services

Many organizations reported reductions, freezes, or delays in federal funding for housing assistance, supportive services, and operations. These disruptions are making it harder to maintain programs, retain staff, and serve vulnerable populations effectively.

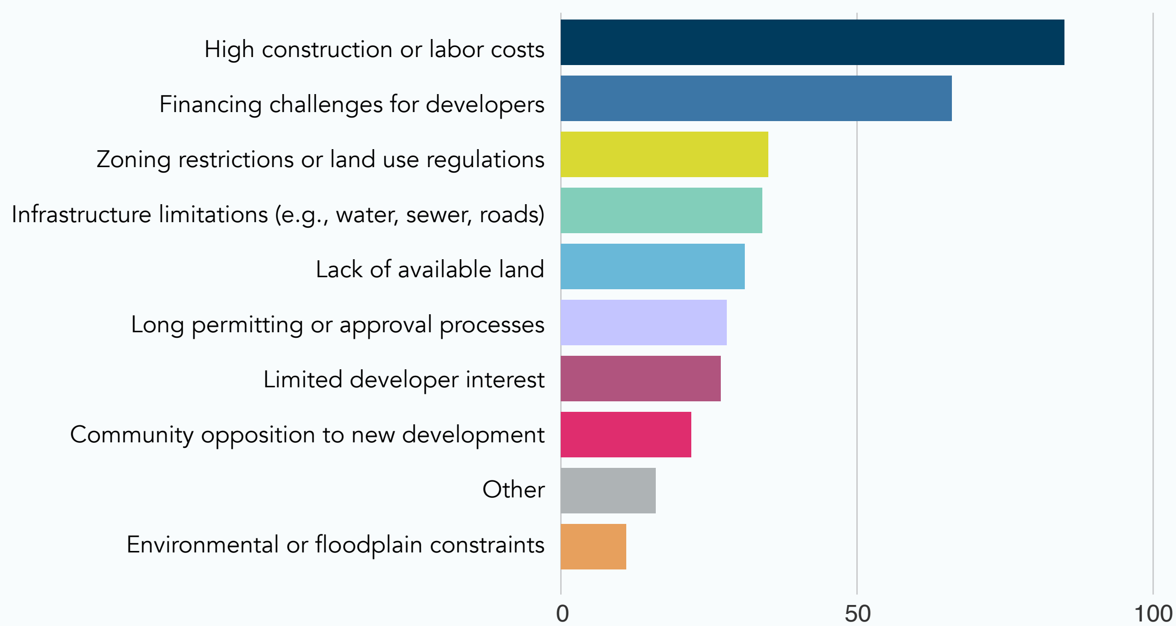
Rising construction and operating costs are worsening affordability challenges

Respondents frequently cited inflation, tariffs, and escalating construction costs as major pressures. Even when funding levels remain stable, organizations said the "real purchasing power" of grants has declined, limiting new development and housing repair efforts.

High construction and development costs are the biggest barrier

Respondents consistently identified rising material prices, labor shortages, interest rates, insurance costs, and overall development expenses as major obstacles to building new housing. Many noted that projects are no longer financially feasible without subsidies or incentives.

Chart 4: Primary Concerns among the Development Community (as percentage of respondents)



Lack of affordable financing and funding limits new projects

Organizations reported difficulty securing financing for housing development, especially for affordable and workforce housing projects. Higher borrowing costs and limited access to gap financing were recurring concerns.

Zoning, permitting, and regulatory barriers slow housing production

Many participants cited restrictive zoning rules, lengthy permitting timelines, environmental regulations, and local approval processes as factors that delay or reduce housing development. Some also mentioned neighborhood opposition to higher-density housing.

Limited land availability and infrastructure constraints reduce capacity

Respondents frequently pointed to shortages of buildable land, high land prices, and inadequate infrastructure, including utilities, transportation, and water/sewer capacity, as significant challenges to expanding housing supply.

Workforce shortages are affecting the housing sector

A lack of skilled labor in construction and related trades emerged as an important issue. Respondents said labor shortages increase project timelines and costs, making it harder to meet growing housing demand.

Community opposition to new development is a significant challenge

Survey participants frequently referenced neighborhood resistance ("NIMBYism") to higher-density housing, multifamily projects, or affordable housing developments. Concerns about traffic, property values, and community character were often cited as reasons projects face delays or rejection.

Lack of infrastructure and buildable land constrains expansion

Respondents noted that insufficient infrastructure, such as roads, utilities, water/sewer systems, and transportation access, along with limited available land, restricts the ability to support additional housing units.

> "High construction and labor costs and long permitting processes create major challenges for affordable housing. Rising prices for materials like lumber, steel, and concrete, combined with a shortage of skilled labor, make building and repairing homes more expensive. At the same time, lengthy permitting and approval processes with multiple city departments delay projects, increase costs, and slow delivery to families in need." – Quote from survey respondent.

Image: Atria Planning

Financing gaps and market conditions discourage affordable housing production

Many organizations said developers are prioritizing higher-end housing because affordable or workforce housing projects are harder to finance and generate lower returns. Higher interest rates and reduced funding availability were also cited as key factors slowing construction activity.

Uncertainty is making long-term planning difficult

Agencies described a climate of instability around future federal priorities and budget decisions. This uncertainty is forcing organizations to delay expansion plans, trim budgets, prepare contingency strategies, and operate more cautiously.

Vulnerable populations are being disproportionately affected

Several responses emphasized that people experiencing homelessness, low-income families, individuals with mental health needs, and rural communities are facing increased barriers to stability. Reduced supportive services, childcare shortages, and housing scarcity were recurring concerns.

For supportive services, funding instability is the biggest challenge

Respondents overwhelmingly identified inadequate, inconsistent, or declining funding as the primary barrier to providing effective supportive housing services. Many organizations reported difficulty covering operational expenses, administrative costs, and long-term service delivery needs.

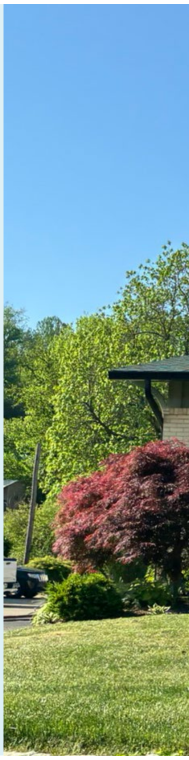
Staffing shortages and burnout are limiting service capacity

Many supportive service organizations said they struggle to recruit and retain qualified staff, particularly social workers, case managers, and mental health professionals. Low wages, burnout, and insufficient reimbursement rates were commonly cited as factors contributing to workforce instability.

Housing affordability and eviction pressures are increasing demand for services

Respondents frequently described rising rents, eviction rates, and limited affordable housing inventory as key drivers of housing instability. Once individuals experience eviction or homelessness, organizations noted that it becomes significantly harder to secure stable housing again.

> “Rising construction costs and development barriers continue to strain the ability to deliver affordable housing at scale. Costs for materials, labor, and infrastructure have increased significantly, making it difficult to produce homes at price points that align with local incomes. At the same time, regulatory hurdles, prolonged approval timelines, and infrastructure limitations—such as outdated roads, drainage systems, and utility access—can delay projects and increase overall development costs. These challenges ultimately impact affordability and limit the number of homes that can be brought to market.” – Quote from survey respondent.



Demand for homelessness services is increasing rapidly

Respondents consistently reported growing numbers of individuals and families experiencing homelessness or housing instability. Many organizations indicated that demand for shelter, outreach, case management, and supportive services is exceeding available capacity.

Mental health and substance use needs are closely connected to housing instability

Many participants highlighted increasing mental health challenges, substance use disorders, and trauma-related needs among the populations they serve. Organizations stressed the importance of integrated behavioral health services alongside housing assistance.

Funding and staffing limitations are constraining service delivery

Survey responses frequently referenced insufficient funding, workforce shortages, burnout, and difficulty retaining qualified staff. Organizations noted that limited operational capacity reduces their ability to provide comprehensive and long-term support services.

Image: Atria Planning

Needs

Organizations are adapting through diversification and partnerships

To compensate for unstable federal support, many groups are pursuing alternative funding sources, strengthening collaborations, increasing reliance on philanthropy and volunteers, and developing more creative or flexible service models to sustain their work.

Strong demand for expanded affordable housing funding

The most common theme was the need for significantly more funding for affordable housing development, preservation, and supportive housing. Respondents emphasized grants, low-interest loans, gap financing, and expanded subsidy programs to keep projects financially viable amid rising costs.

Homeownership support remains a major priority

Many participants called for expanded down payment assistance, first-time homebuyer support, lower interest rate programs, homeowner repair assistance, and flexible lending products. There was particular interest in helping low- and moderate-income households access and maintain homeownership.

Down payment assistance is critically needed

A recurring theme was the need for expanded down payment and closing cost assistance programs. Respondents said many otherwise qualified borrowers cannot purchase homes because they lack upfront funds, especially first-time and low-income homebuyers.

Greater flexibility, partnerships, and policy support are needed

Respondents expressed interest in more flexible lending products, public-private partnerships, incentives for affordable development, and streamlined regulations. Many also noted the importance of collaboration among financial institutions, governments, nonprofits, and developers to expand housing opportunities.

Education, counseling, and partnerships are important supports

Many respondents emphasized the value of homebuyer education, financial literacy programs, housing counseling, and collaboration among lenders, nonprofits, employers, and government agencies. Participants viewed these supports as essential for helping residents navigate the homebuying process successfully.

Organizations need more flexible and accessible financing tools

Respondents repeatedly highlighted the need for pre-development funding, working capital, construction financing, and simplified application processes. Smaller nonprofits and community development organizations noted that existing funding structures can be difficult to navigate without additional capacity support.

Partnerships, technical assistance, and education are highly valued

Survey participants expressed interest in stronger collaboration among banks, nonprofits, state agencies, and community groups. Many also requested training, financial counseling, homeowner education, and technical assistance to help organizations and residents better access available resources.

Collaboration and supportive services are viewed as essential solutions

Respondents emphasized the need for stronger coordination among housing providers, healthcare systems, nonprofits, local governments, and workforce agencies. Many also highlighted the importance of wraparound services such as employment support, childcare, transportation, and healthcare access to help individuals achieve long-term housing stability.

Image: Atria Planning

> "At the end of the day, a community can do everything recommended, but it really comes down to access [to] capital. We do not believe we can effectively rely on [the] government except for establishing rapid response funds for qualified communities. There are so many barriers, but if communities lay the proper foundation through zoning reform, infrastructure investment, and stay out of the way of creative and unique partnerships, the only aspect missing is access to cash." – Quote from survey respondent.

Skills gaps and training needs remain significant

Survey responses highlighted the need for stronger workforce training programs, apprenticeships, vocational education, and partnerships with schools and community colleges. Employers noted that available workers often lack the technical or soft skills needed for open positions.

Childcare and transportation barriers reduce workforce participation

Respondents frequently cited limited childcare access, high childcare costs, and inadequate transportation infrastructure as barriers preventing people from entering or remaining in the workforce. These issues were especially pronounced for low-income households and rural communities.

Community stabilization and repair programs are increasingly important

Beyond new housing construction, respondents emphasized the importance of preserving existing housing stock through critical home repairs, accessibility upgrades, foreclosure prevention, and neighborhood reinvestment efforts. Several comments reflected concern about aging housing and the growing cost burden on residents.

Supportive services are essential for long-term housing stability

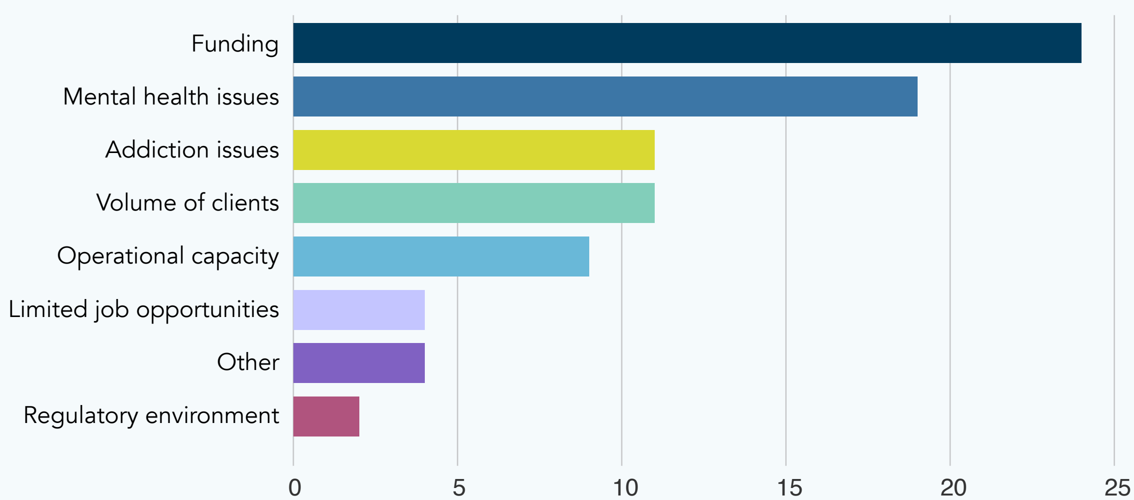
Survey participants emphasized that housing alone is often insufficient without wraparound services such as mental health care, substance use treatment, transportation assistance, employment support, and financial counseling. Many stressed the importance of integrated "Housing First" and supportive housing models.

System coordination and policy support need improvement

Respondents called for stronger collaboration among landlords, service providers, healthcare systems, and government agencies. Many also expressed concern about policy shifts affecting supportive housing programs and requested more flexible funding structures, landlord incentives, and prevention-focused interventions.

> "Recent changes to federal funding streams in housing, social services, and community development have had a significant impact on our work, primarily by increasing uncertainty, reducing available resources, and shifting program priorities. Policy changes have redirected funding away from long-term, permanent housing solutions toward more short-term or transitional approaches, making it more difficult to advance sustainable homeownership and stability initiatives. For our organization, this has required us to become more innovative and diversified in our funding strategies, leveraging public-private partnerships, pursuing alternative grants, and working more closely with financial institutions. While these challenges have created barriers, they have also reinforced the need for collaborative, locally driven solutions to sustain housing development and support the communities we serve." – Quote from survey respondent

Chart 5: Priorities for Supportive Service Providers (as percentage of respondents)



Housing Affordability

The most common theme identified through the focus groups, stakeholder interviews, and the community-wide survey was that housing prices are too high for working families. From 2020 to 2025, typical rents in Indiana and Michigan increased by approximately 40%; during this same period, the price of an entry-level home increased by an estimated average of 60%.[i]

+60%
2020 → 2025

ENTRY-LEVEL HOME PRICE

Entry-Level Home Price defined using the Zillow Home Value Index (ZHVI) Lower Tier Series, which measures typical home values among properties in the 5th to 35th percentile of the local home-value distribution.

+40%
2020 → 2025

TYPICAL APARTMENT RENT

Typical Rent defined by Zillow Observed Rent Index (ZORI) which represents the typical asking rent for rental housing in a given market. The index measures changes in asking rents over time and is weighted to reflect the broader rental housing stock rather than only currently listed units.

Historically, most metropolitan areas in Michigan and Indiana offered a decent supply of moderately priced housing. While affordable housing challenges have long existed for very low-income households, the dramatic increase in housing prices since 2020 has priced many skilled workers out of homeownership and increased the number of renters who are extremely burdened by housing costs and may be at risk of homelessness.

Escalating prices has affected both the for-sale and rental housing markets. Prospective first-time homebuyers with moderate incomes are finding they cannot afford an entry-level home and thus remain renters, reducing turnover within the rental market. This has created a bottleneck in high-demand housing markets and is a contributing factor towards rent increases.

Additionally, rising costs for insurance, utilities, and regular maintenance have increased at a faster rate than inflation, and these costs are passed on to renters. According to one stakeholder, "… we once had a good number of affordable rents that weren't subsidized, somebody could rent a $600 apartment. Those units are gone now because landlords can't afford to rent that low, all their costs have gone up."

The demand for low-priced rental units has surged as a result, and more households earning less than 50% Area Median Income who previously could afford rents without subsidy are contacting housing providers for assistance.[ii]

Homeownership

Despite steep escalation in home prices in recent years, housing in general is affordable to most middle-income families in Indiana and Michigan, with the exception of Bloomington, Ann Arbor, and Traverse City. But the dwindling supply of starter homes affordable to moderate income first-time buyers is having a significant impact on the housing market, limiting access to homeownership for families who once could afford to own a home.

Home Price to Income Ratio

One way to assess housing affordability is to compare the median household income to the typical home price. (The typical home price represents homes within the 35th to 65th percentile of home values as defined by the Zillow Home Value Index.) This metric -the Housing Price to Income (HPI) Ratio – has historically fallen between 2.6 and 4.0 nationally. Since 2020, this figure has jumped to 4.5 nationally.

When we assess the HPI Ratios for metropolitan areas within Indiana and Michigan, we see that most housing markets are affordable, falling at or below the 4.0 threshold. So despite home prices rising dramatically since 2020, most of the markets are still accessible to the average homebuyer.

The three markets that exceed a 4.5 HPI Ratio, and can be considered unaffordable to most residents, include Ann Arbor (4.6); Bloomington (4.8) and Traverse City (5.7).

Table 1: Housing Price to Income Ratio, 2025

MSA	Typical Home Price	Median Household Income	HPI	MSA	Typical Home Price	Median Household Income	HPI
Detroit, MI	$269,080	$76,000	3.5	Indianapolis, IN	$295,921	$83,000	3.6
Grand Rapids, MI	$359,923	$85,000	4.2	Fort Wayne, IN	$259,816	$72,000	3.6
Lansing, MI	$250,377	$72,000	3.5	South Bend, IN	$238,866	$67,000	3.6
Flint, MI	$197,858	$64,000	3.1	Evansville, IN	$226,753	$66,000	3.4
Ann Arbor, MI	$422,945	$91,000	4.6	Lafayette, IN	$286,179	$74,000	3.9
Saginaw, MI	$173,341	$58,000	3.0	Elkhart, IN	$265,734	$78,000	3.4
Muskegon, MI	$255,271	$64,000	4.0	Terre Haute, IN	$167,654	$59,000	2.8
Traverse City, MI	$421,806	$74,000	5.7	Bloomington, IN	$303,238	$63,000	4.8

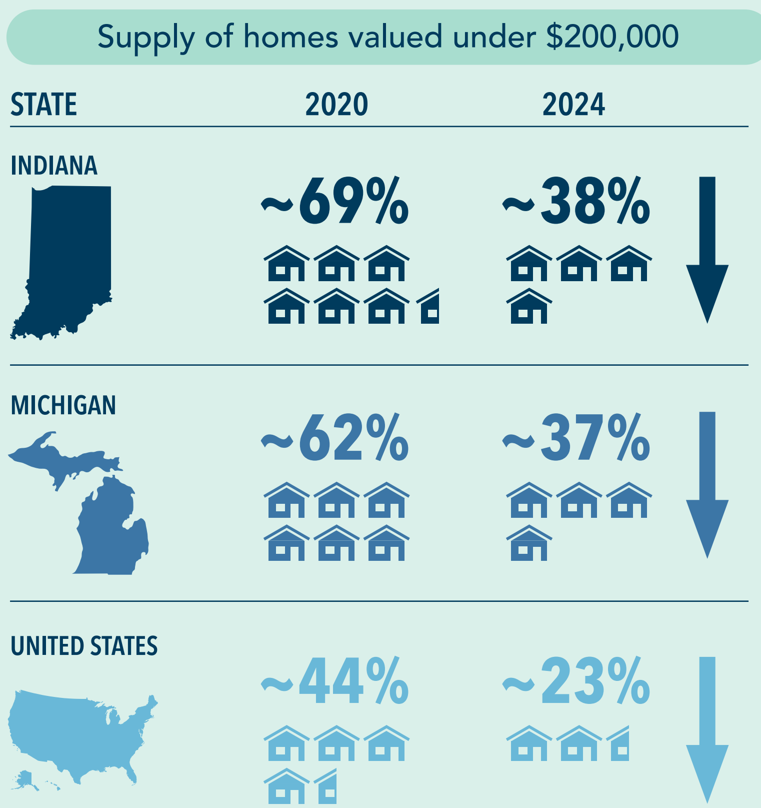
Source: Zillow Home Value Index and American Community Survey 1-Year 2024 Estimates

[It should be noted that HPI ratios do not factor in the range of housing prices within a metropolitan area. Wealthy suburbs may have lower HPI ratios due to higher incomes, whereas revitalizing neighborhoods may have higher HPI ratios, as new investment raises home prices while existing residents' incomes remain the same.]

Starter Homes

The shrinking inventory of starter homes affordable to low and moderate income families, is having a major impact on the housing market throughout the U.S. In Indiana and Michigan, the supply of homes valued under $200,000 has shrunk by almost 40% since 2020, representing a loss of more than one million homes.[iii]

The typical starter home should costs approximately half the average home price and is the entry point for most first-time buyers and moderate income families. Without the inventory, would-be first-time buyers cannot transition out of the rental market and remain renters for longer, adding strain to the rental market and limiting the potential for young families to start building equity.



Source: American Community Survey 5-Year 2016-2020 and American Community Survey 1-Year 2024

In the focus groups and interviews, numerous stakeholders described how challenging it is today to become a first-time homeowner due to how expensive homes have become, even starter homes in need of repair. Non-profit developers who specialize in home rehabs found that even homes in need of complete rehabilitation within less desirable neighborhoods are priced too high to feasibly redevelop. Lenders and housing counselors described how many of their clients with steady income and good credit cannot find a home priced affordably, and the homes they do find are in such poor shape they do not qualify for an FHA loan.

These first-hand accounts align with the data. Between 2015 and today, the average price of a starter home more than doubled in every market except Terre Haute (which jumped 98%).

Table 2: Change in Typical Home Price for a Starter Home, January 2015 – May 2026

MSA	Change	MSA	Change
Detroit, MI	166.3%	Indianapolis, IN	158.5%
Grand Rapids, MI	176.0%	Fort Wayne, IN	171.2%
Lansing, MI	139.1%	South Bend, IN	193.5%
Flint, MI	164.4%	Evansville, IN	107.0%
Ann Arbor, MI	106.3%	Lafayette, IN	147.3%
Saginaw, MI	158.7%	Elkhart, IN	144.4%
Muskegon, MI	227.8%	Terre Haute, IN	94.8%
Traverse City	137.50%	Bloomington, IN	133.1%

Source: Zillow Home Value Index

While the typical entry-level home in most markets is still under $200,000 (with the exception of Traverse City, Bloomington, Ann Arbor, and Grand Rapids) the spike in home value within all markets indicates this will no longer hold true in the near future. And because the data of bottom-tier homes includes homes in need of significant rehabilitation to become habitable, the actual price of a decent starter home is higher. This is especially true in places with a high concentration of long-term vacancy (which is most markets in Indiana and Michigan). Therefore, it is also helpful to compare sale prices in the middle tier markets (homes priced in the 35th to 65th percentile).

Here again we see the price of a mid-market home in most areas double in ten years, and today, the typical home price in the Detroit metro is $269,000; in Flint it is close to $200,000.

This is not unique to the Midwest; home prices more than doubled nationally in the past decade, and the typical home in the U.S. costs $368,000 today.[iv]

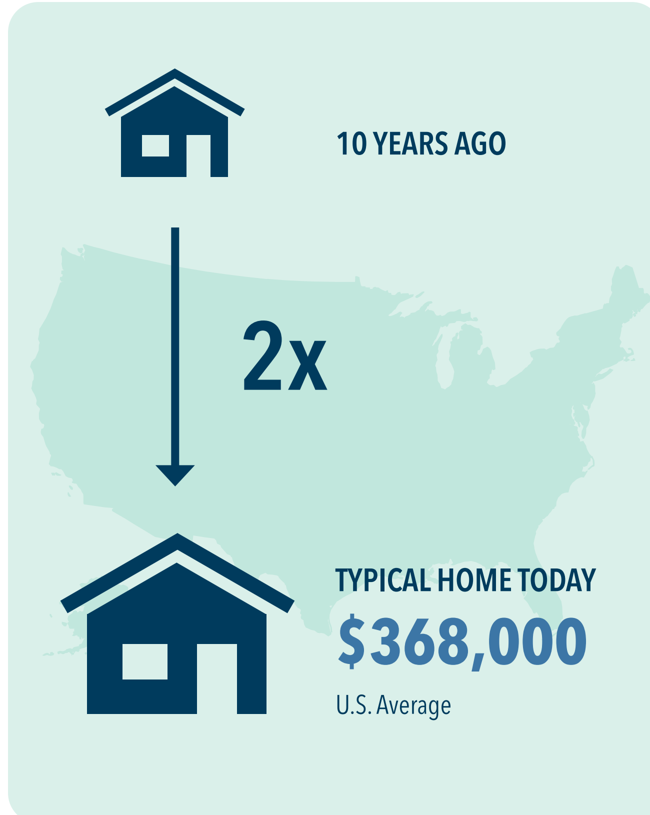
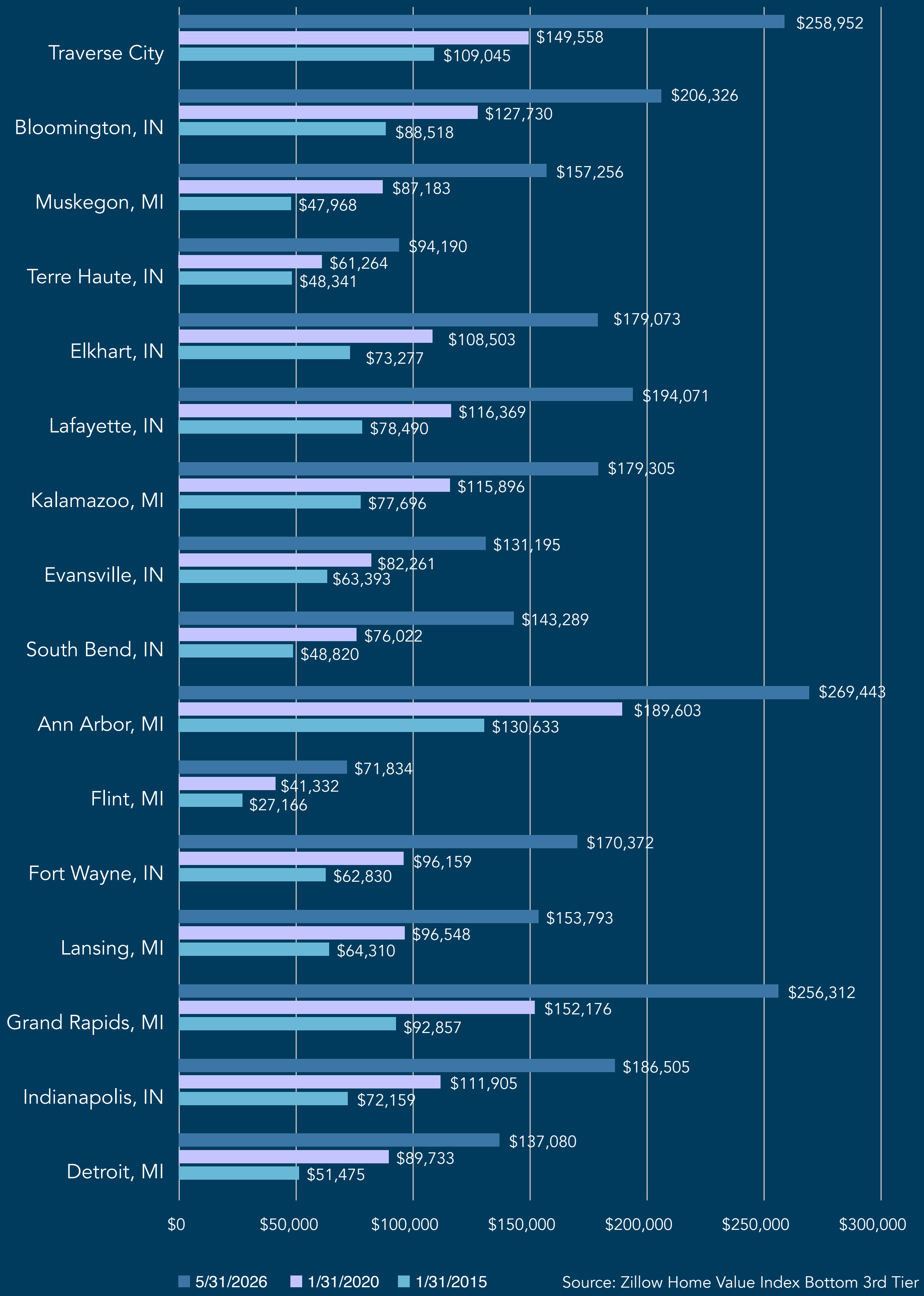


Table 3: Change in Typical Home Price, January 2015 – May 2026

MSA	Change	MSA	Change
Detroit, MI	115.1%	Indianapolis, IN	112.0%
Grand Rapids, MI	131.5%	Fort Wayne, IN	123.6%
Lansing, MI	103.4%	South Bend, IN	126.6%
Flint, MI	160.9%	Evansville, IN	93.5%
Ann Arbor, MI	77.2%	Lafayette, IN	115.3%
Saginaw, MI	133.7%	Elkhart, IN	117.5%
Muskegon, MI	163.5%	Terre Haute, IN	88.3%
Traverse City, MI	114.5%	Bloomington, IN	101.2%

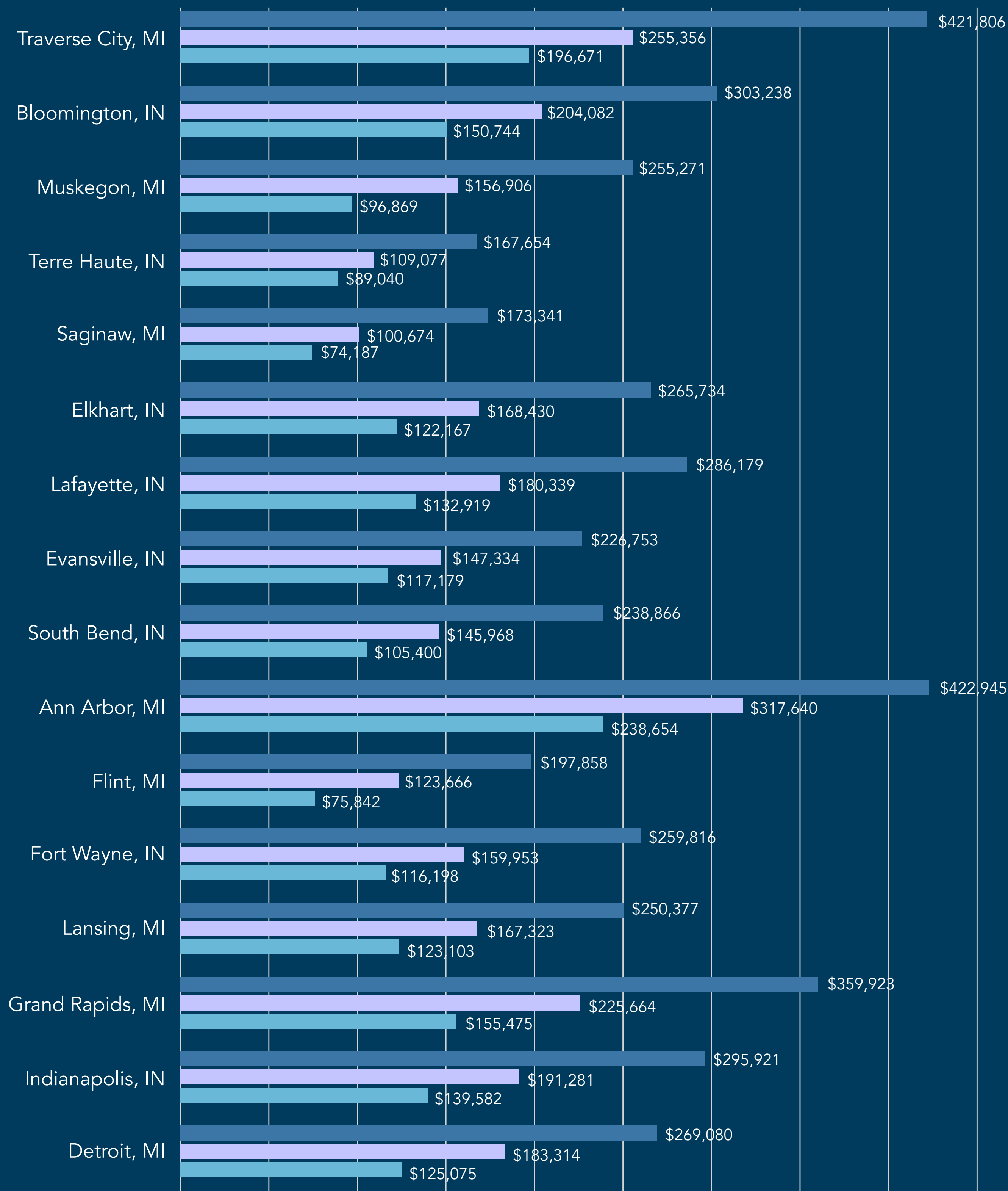
Source: Zillow Home Value Index

Chart 6: Change in Price for a Starter Home by Metro Area (5th to 35th percentile) from Jan. 2015 to May 2026



Source: Zillow Home Value Index Bottom 3rd Tier

Chart 7: Change in Price for a Typical Home by Metro Area (35th to 65th percentile) from January 2015 to May 2026



Source: Zillow Home Value Index

Rental Housing Prices

Rents also rose sharply after the COVID-19 Pandemic, resulting in a substantial loss of deeply affordable rental units.

Between 2019 and 2024, Indiana and Michigan the number of rental units with gross rent under $700 per month declined by approximately 350,000 to 400,000 units.[v] This is the price point very low income households (earning under $30,000 per year) can afford. During the same period, the supply of rental units priced under $1,000 per month dropped from approximately 75% to 50%.[vi]

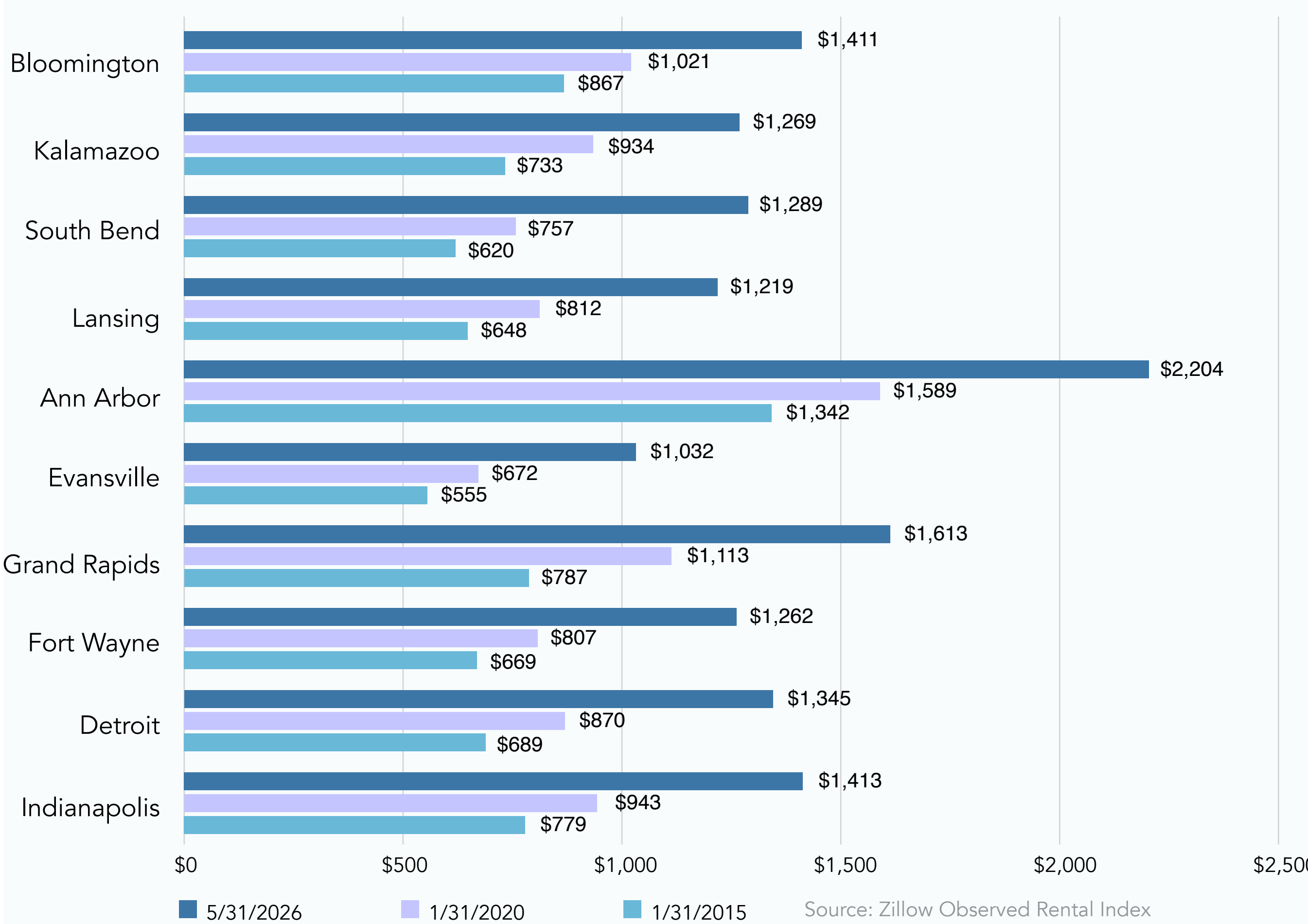
According to multiple stakeholders across Indiana and Michigan, the loss of deeply affordable rental units is a crisis, with more families seeking housing assistance for the first time. Housing providers noted a growing need for affordable senior apartments, as more senior renters on fixed incomes are being priced out of the market. More low-wage, working families are experiencing housing insecurity, where they pay more than half their income on housing, leaving little available for other necessities or emergencies. And homeless service providers described how the loss of low-priced rentals has made it impossible for a formerly homeless household to move out of transitional housing, even when they find employment.

Rent units priced below $700

STATES	2019	2024
INDIANA	33%	18% ↓
MICHIGAN	38%	21% ↓

Source: American Community Survey

Chart 8: Change in Price for a Typical Rent Unit by City from Jan. 2015 to May 2026



Source: Zillow Observed Rental Index

The loss of so many rental apartments priced under $700 has been recent for much of the Midwest and its impact has affected many very low income families who once could afford housing.

Another benchmark to understand the general affordability of a rental market is to compare city rents to city median income, with the assumption that someone living within a city earning city median wage should be able to afford an apartment (defined as paying no more than 30% of income on housing expenses).

Table 4: Rental Affordability, Comparison of Rent and Income

City	Typical City Rent 2026	Median City Income	Percentage Income Spent on Housing Costs
Indianapolis	$1,413	$69,000	27.2%
Detroit	$1,345	$41,000	43.8%
Fort Wayne	$1,262	$63,000	26.9%
Grand Rapids	$1,613	$69,000	30.7%
Evansville	$1,032	$56,000	25.3%
Ann Arbor	$2,204	$87,000	32.5%
Lansing	$1,219	$61,000	26.9%
South Bend	$1,289	$53,000	32.6%
Kalamazoo	$1,269	$59,000	28.9%
Bloomington	$1,411	$49,000	38.2%
Flint	$974	$40,000	33.7%
Lafayette	$1,194	$61,000	26.4%
Elkhart	$1,232	$54,000	30.7%
Terre Haute	$976	$48,000	28.1%
Traverse City	$1,932	$74,000	33.8%

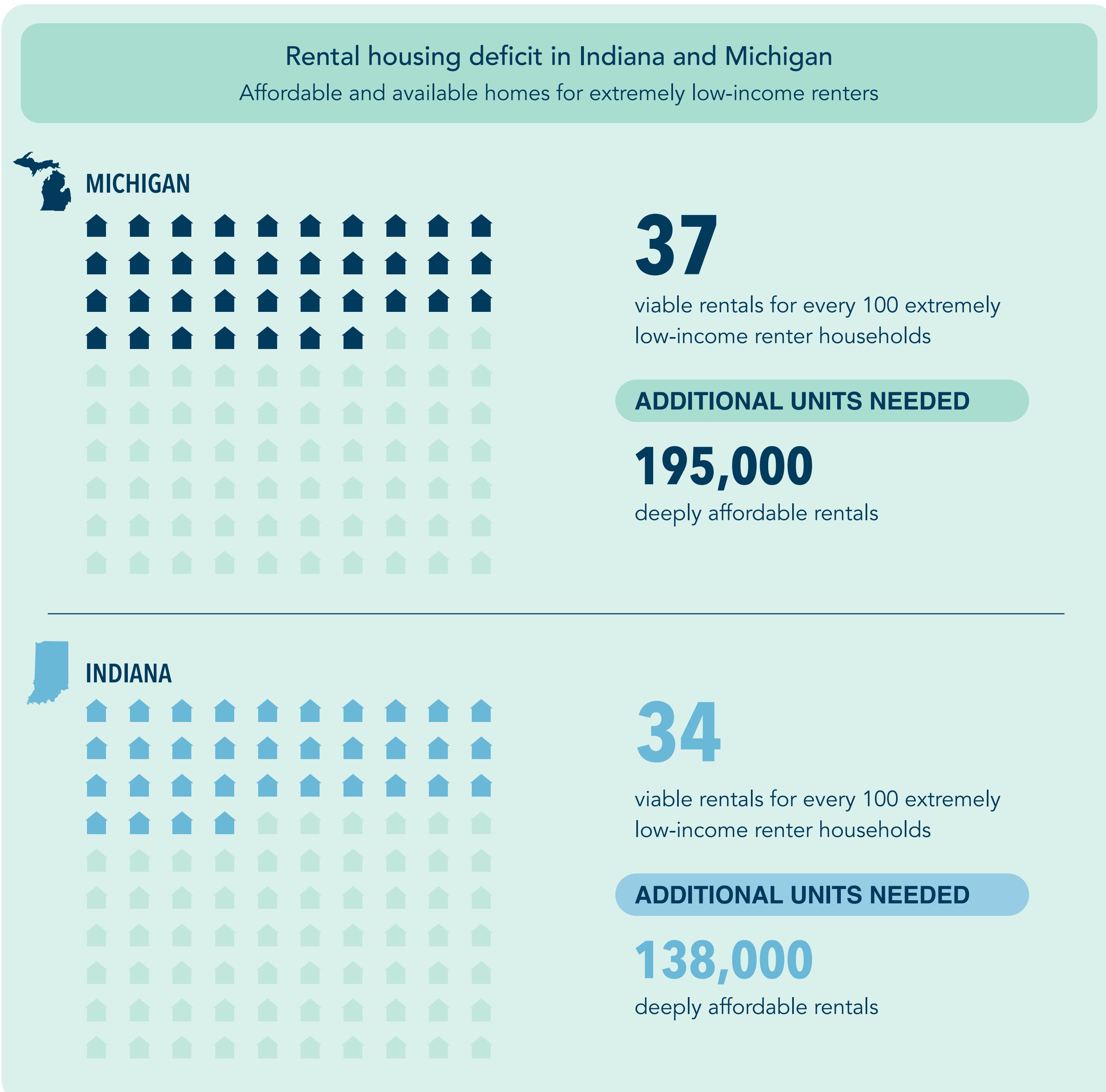
Source: American Community Survey 2019 – 2024 and Zillow Observed Rental Index

With this approach, we see high priced markets like Ann Arbor, Bloomington, and Traverse City are unaffordable due to high rents, while rental markets in Detroit and Flint are unaffordable due to depressed incomes. Detroit, in particular, has a significant mismatch between rents and income.

The National Low Income Housing Coalition (NLIHC) produced a comprehensive analysis of affordable rental housing shortages across the country in 2025 using Census Public Use Microdata (PUMS) which details information at the household level.[vii] From this data, they were able to assess the supply of rental housing at various price points in comparison with household incomes at a granular level.

According to this study, in Michigan only 37 viable (affordable and available) rental homes for every 100 extremely low income renter households, and the state needs an additional 195,000 deeply affordable units. Similarly, Indiana has only 34 viable rental units for every 100 extremely low income renter households, and the state has a deficit of 138,000 deeply affordable units.

The NLIHC advises states to develop plans where existing units are made more affordable through incentives and rental assistance programs along with developing more deeply affordable units.



Housing Affordability for Workers

Since 2020, home prices and rents have risen at a far faster rate than wage growth, deepening the divide between wages and housing costs.

Between January of 2020 and December of 2025, wages in Indiana and Michigan increased approximately 25% while home prices increased 50% - 60% and rents by 35% to 50%.[viii] This has resulted in more skilled workers struggling with rents and limiting the savings potential for first-time homeownership. This is not unique to the Midwest, but it may have a greater impact on the region's growth, since housing affordability has long-been a factor in attracting and retaining businesses, particularly in the manufacturing sector, a cornerstone industry for both states.

Assembly Line Worker in Fort Wayne

Starting Salary (10^{th} percentile):
$36,180

Maximum Affordable Rent:
$754

Typical Apartment Cost:
$1,122

ADDITIONAL ANNUAL INCOME NEEDED:
$14,730

Image: Atria Planning

To convey this disparity more specifically, we compare the starting salary for an assembly line worker in the Fort Wayne metro area to housing prices. This region has experienced significant economic growth over the last decade due, in large part, to job growth within the advanced manufacturing sector. Assembly line workers comprise 37% of all manufacturing jobs in this region, with a starting salary between $36,000 and $40,000.[ix]

To afford a typically priced apartment, this position would need to earn between $10,000 and $15,000 more per year. And this salary is near the cut-off point to qualify for an apartment subsidized with Low Income Housing Tax Credits (with an income limit of 60% of Area Median Income, or $37,800 for one-person household). Thus many workers cannot afford market rents and do not qualify for subsidized apartments.

Many in the housing industry consider "workforce housing" as housing for those earning between 80% and 120% of Area Median Income - referring to teachers, public safety personnel like firefighters, and early career workers. But in reality, nearly half of all workers in Indiana and Michigan earn less than $45,000 per year and work in essential occupations within retail, hospitality, food service, health care, childcare, and office support. Workers earning at or near minimum wage earn too little to afford "affordable" housing built under the Low Income Housing Tax Credit Program, which targets households earning between 50% and 60% of Area Median Income.

Many low income workers cannot afford "affordable" housing

CITY	Minimum wage:	What they can afford:
DETROIT	$13.78	$717 per month rent LIHTC rent limit for a studio apartment in 2025 - $1,060
INDIANAPOLIS	$7.25	$377 per month rent LIHTC rent limit for a studio apartment in 2025 - $1,162

To illustrate this affordability gap, the following table identifies the top ten occupations by number of workers within the Fort Wayne metro area. With the exception of nurses and truck drivers, most of the workers would struggle to afford renting a basic apartment.

Table 5: Housing Affordability for the Top 10 Occupations in the Fort Wayne Metro Area, 2025

Occupation	Total Workers	Median Annual Wages, 2025	Maximum Monthly Rent (.25 income)	Maximum Home Price	Additional Annual Income Needed to Afford Rent	Additional Annual Income Needed to Purchase a Starter Home
Manufacturing Assemblers	8,260	$48,120	$1,003.00	$160,350	$4,760	$1,917
Fast Food/Counter Workers	6,900	$28,360	$591.00	$94,484	$21,240	$18,556
Registered Nurses	6,450	$79,630	$1,659.00	$265,225	NA	NA
Retail Salespersons	5,860	$31,200	$650.00	$103,916	$18,880	$16,173
Laborers and Material Movers	5,800	$37,860	$789.00	$126,138	$13,320	$10,559
Home Aides	4,840	$35,090	$731.00	$116,865	$15,640	$12,902
Stockers/Order Fillers	4,590	$35,690	$744.00	$118,944	$15,120	$12,377
Cashiers	4,440	$29,590	$616.00	$98,480	$20,240	$17,546
Office Clerks	4,250	$45,140	$940.00	$150,278	$7,280	$4,461
Truck Drivers	4,210	$59,050	$1,230.00	$196,641	NA	NA

Note: In December 2025 in the Fort Wayne Metro, typical rent was $1,122 and typical home price for a starter home (bottom third price tier) was $168,000. Calculation for maximum home price is based on an assumed interest rate of 6.4% on a 30-year mortgage, paying no more than 30% of income on housing expenses. Calculation for maximum monthly rent based on 30% of income and factors in 5% for utilities. Income based on the median income for each occupation in 2025.

Source(s): Atria Planning using data provided by U.S. Bureau of Labor Statistics Wage and Occupation Data 2025, Zillow Observed Rent Index and Zillow Home Value Index

In focus groups and interviews, stakeholders cited the lack of affordable housing as a deterrent for attracting critical workers in low-paying positions. This includes home health aides and childcare workers; construction laborers; and positions in the retail and hospitality industries. According to stakeholders, this has resulted in a weakened social service network, higher construction costs for new development, and added strain on small businesses.

College towns and tourist destinations across Indiana and Michigan with populations less than 75,000 – for example, Lafayette, Ann Arbor, Traverse City, and Bloomington - experience the most significant gap between wages and home prices, where the economy is heavily driven by tourism and service-industry jobs that tend to be lower paying. It is also a significant concern for manufacturing hubs in mid-sized cities that need additional housing units to meet workforce demands, including Fort Wayne, Grand Rapids, and Elkhart.

Foreclosures

Foreclosure filings have increased since the expiration of foreclosure protections and are reaching pre-pandemic levels. Stakeholders have expressed concern about rising foreclosure activity in low-income neighborhoods, especially since homeownership has protected families from rapidly rising rents that can displace longstanding renters.

The issue is most prevalent in Indiana, which is among the states with the highest foreclosure rates in recent ATTOM reports.[x] In 2024, Indiana recorded approximately one foreclosure filing for every 2,499 housing units, compared to a national rate of one filing per 4,236 housing units. In early 2026, Indiana ranked among the five states with the highest foreclosure rates nationally, with Indianapolis, Evansville, and Gary reporting especially high foreclosure activity.

Michigan's foreclosure rate is considerably lower than in Indiana but still higher than the national rate, with one filing per 3,800 housing units reported in 2024. However, certain communities within older industrial areas (Flint, Saginaw County) and portions of the Detroit region have high foreclosure activity.

Subsidized Housing Preservation

There are approximately 380,000 rental units dedicated to low income renters within Indiana and Michigan. This includes Low Income Housing Tax Credit (LIHTC) units; public housing; Section 8; HUD senior housing (202); and HUD Supportive Housing (811).[xi]

In Michigan, there are a significant number of smaller communities with a high concentration of LIHTC units. This includes Ypsilanti and Saginaw, where most of the tax credit units were built in the 1990s and whose affordability contracts are due to expire.

In many communities, public housing has been privatized under HUD's Rental Assistance Demonstration (RAD), converting public housing units into Project Based Vouchers. This allows the housing authorities to access capital for needed repairs that traditional public housing units could not. There is ongoing debate about how this will impact the long-term affordability of these units, which are the last supply of designated affordable housing for people with extremely low incomes. As an example, only 3% of Indianapolis' HUD-assisted housing stock is public housing and 92% are vouchers.

Low Income Housing Tax Credit Projects

There are approximately 150,000 housing units funded through the LIHTC Program in the District, with 90,000 units in Michigan and 60,000 units in Indiana. The largest number of LIHTC units are in Detroit and Indianapolis, with 17,000 units and 16,000 units, respectively.

Several cities in Michigan have an extremely high concentration of LIHTC units per capita. For example, Ypsilanti, Michigan (outside of Ann Arbor) has a population of about 20,000 and over 2,000 tax credit units. Highland Park, a jurisdiction with a population of 9,000 within Detroit, has 1,400 units. There are seven cities in Michigan with a population of less than 50,000 and more than 1,000 LIHTC units. In addition to the cities named above, Saginaw; Jackson; Holland; Benton Harbor; and Muskegon make the list. There are no cities in Indiana where this occurs.

Table 6: Cities with more than 500 LIHTC Units Due to Expire by 2029

City	LIHTC Projects with Expiring Contracts, 2023-2029
Indianapolis	3,641
Detroit	1,989
Grand Rapids	1,189
Ypsilanti	865
Saginaw	741
Flint	716
Ann Arbor	632
Evansville	514
Bloomington	510
Inkster	508

Source: U.S. Department of Housing and Urban Development (HUD), Low-Income Housing Tax Credit (LIHTC) Database, Office of Policy Development and Research, HUD USER.

A growing national concern is the expiration of affordability contracts for LIHTC projects that are nearing their 30-year affordability term. Currently there are 32,000 units in Indiana and Michigan whose affordability terms are due to expire in the next five years. The smaller cities will feel a greater impact with the loss of affordable housing units, particularly in areas where market forces are pressuring prices upwards like in Ann Arbor and Bloomington.

Public Housing

There are 149,948 affordable housing units funded with HUD programs within Indiana and Michigan, with public housing and Project Based Section 8 comprising the lion's share at 95% of units. Less than 1% (1,340 units in both states combined) are units for very low income persons with disabilities funded through HUD's 811 Program.

Additionally there are 339,010 Housing Choice Vouchers currently available to residents (as of 2025). Because Housing Choice Vouchers are not physical units, but rather a payment system to participating landlords who rent to voucher holders, the total number of vouchers is dependent on the funds available to each housing authority and fair market rent. With higher rents, housing authorities have fewer vouchers available.

Detroit has, by far, the greatest number of public housing units at nearly 6,000. All other counties have fewer than 1,300 public housing units. Less populated areas like Flint, Saginaw (nearly 2,700 HUD-assisted units), Berrian County/Benton Harbor (almost 2,000 public housing units), and Floyd County (outside Louisville) also have a large number of public housing units.

Table 7: HUD Assisted Housing

	Indiana	Michigan	Total
202/PRAC	2,239	3,359	5,598
811 Project Rental Assistance (PRA)	0	0	0
811/PRAC	803	537	1,340
Housing Choice Vouchers	137,716	201,294	339,010
Mod Rehab	0	135	135
Project Based Section 8	30,391	58,125	88,516
Public Housing	19,816	34,314	54,130
Other	0	229	229
Total	190,965	297,993	488,958

Source: U.S. Department of Housing and Urban Development (HUD), Office of Policy Development and Research, Picture of Subsidized Households (Assisted Housing: National and Local), HUD USER

Table 8: Counties with 1,000 or more HUD-assisted housing units (excluding Housing Choice Vouchers)

Indiana		Michigan	
Marion	8,195	Wayne	28,732
Lake	6,256	Oakland	7,205
St. Joseph	3,776	Macomb	6,998
Allen	2,819	Genesee	4,592
Elkhart	2,227	Kent	4,435
Clark	2,058	Berrien	3,133
Vigo	1,957	Ingham	3,011
Delaware	1,542	Kalamazoo	2,915
Tippecanoe	1,422	Saginaw	2,691
Wayne	1,341	Washtenaw	2,518
Grant	1,208	Jackson	2,154
Floyd	1,199	St. Clair	1,967
Knox	1,127	Muskegon	1,736
LaPorte	1,102	Monroe	1,602
Vanderburgh	1,088	Bay	1,601
		Marquette	1,131
		Calhoun	1,092

Source: HUD Picture of Assisted Households 2025

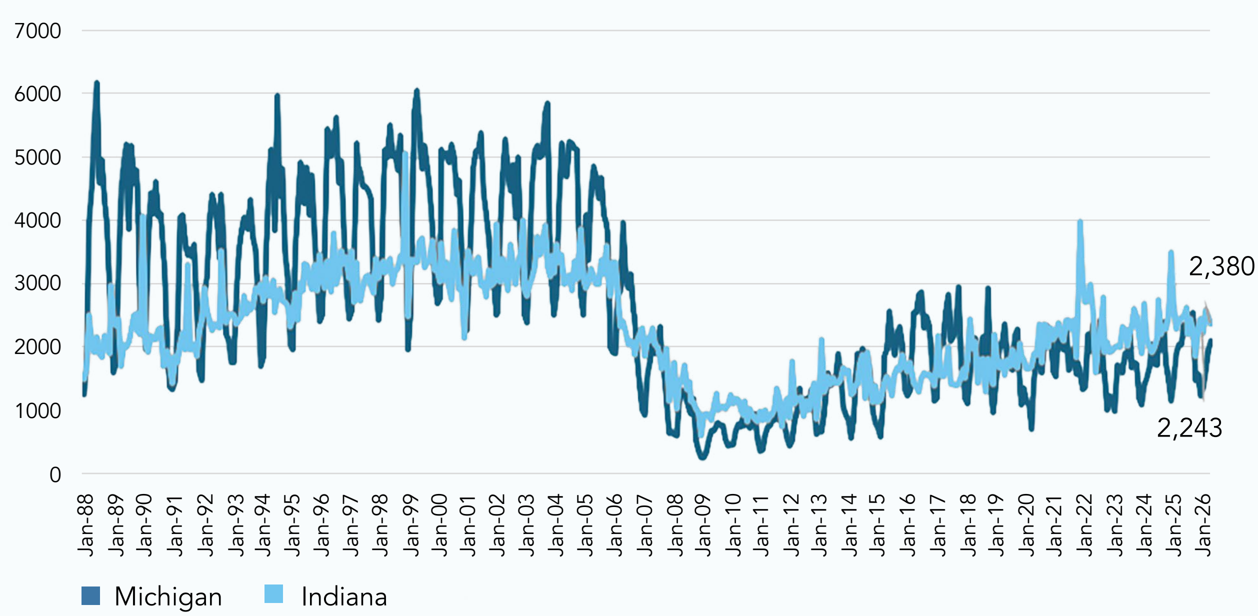
Housing Development & Rehabilitation

Developers are finding it much harder to build housing in today's climate. The post-Pandemic era caused prices to spike for materials, labor, land, and insurance. Meanwhile, there is less money available to build due to budget cuts at the federal level, higher interest rates, and weary investors. As a result, projects are more difficult to fund, and thus more complicated.

Larger funding gaps require the layering of several funding sources, each with their own set of criteria and timelines, and developers must coordinate more moving parts. And since a project is contingent on its funding commitments, each added funding source increases the risk. According to stakeholders working in affordable housing development, projects are taking longer to close, if they close at all, and more complicated projects are not being built. Smaller developers, including non-profits and rural developers, have a tougher time competing, and there are fewer projects overall.

The impact has resulted in fewer homes being built, particularly in the for-sale market, and is one of the main reasons home prices have become so expensive.

Chart 9: Building Permits Issued



Source: U.S. Census Bureau, Building Permits Survey: New Private Housing Units Authorized by Building Permits; FRED, Federal Reserve Bank of St. Louis.

Chart 10: Active Home Listings For Sale, 2016 - 2026

Source: Realtor.com Residential Real Estate Data Library.

While residential construction activity has slowed, more than 200,000 units were permitted in Indiana and Michigan between 2020 and 2025, and one third were for multi-family units.

The Indianapolis metro area experienced the greatest housing boom, both by total number of new units built and as a percentage of all units. Building activity was also strong in the northern suburbs of Detroit, Grand Rapids and Fort Wayne. Lafayette had the highest number of multi-family units permitted (8,680), almost three times the number of single family permits.

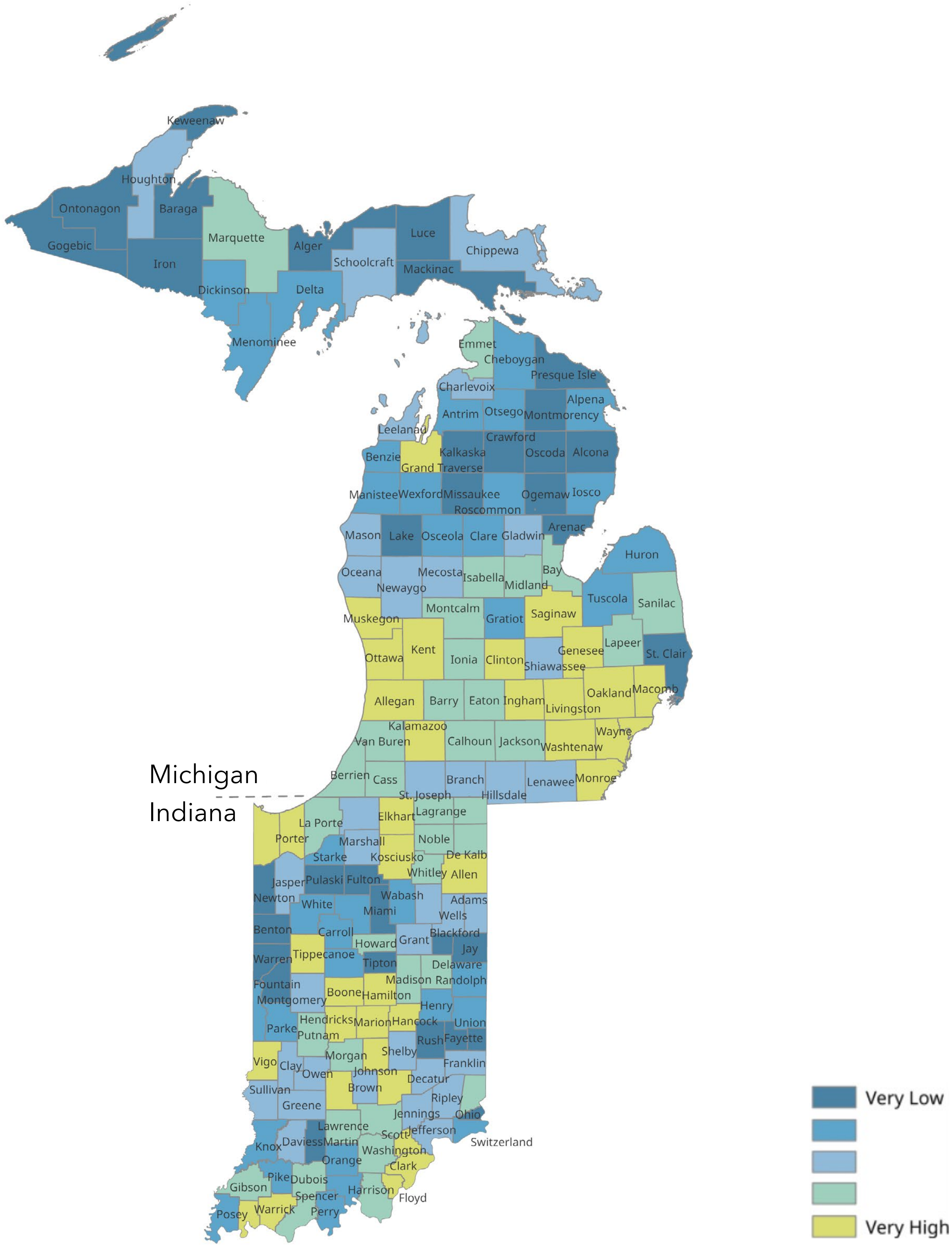
Image: Atria Planning

Table 9: Building Permits by MSA

Metro Area	Single-Family Units (2020-2025)	Multi-family Units (2020-2025)	Total Units (2020-2025)	Multi-family Share
Indianapolis-Carmel-Greenwood	52,926	20,861	73,787	28.3%
Detroit-Warren-Dearborn	29,835	17,116	46,951	36.5%
Grand Rapids-Wyoming-Kentwood	15,187	7,883	23,070	34.2%
Fort Wayne	9,310	2,900	12,210	23.8%
Lafayette-West Lafayette	3,225	8,680	11,905	72.9%
Ann Arbor	3,683	2,832	6,515	43.5%
Bloomington	1,834	4,290	6,124	70.1%
Evansville	4,694	1,398	6,092	22.9%
Lansing-East Lansing	3,112	2,436	5,548	43.9%
South Bend-Mishawaka	2,764	1,090	3,854	28.3%
Elkhart-Goshen	2,035	846	2,881	29.4%
Kalamazoo-Portage	2,359	519	2,878	18.0%
Flint	2,147	498	2,645	18.8%
Muskegon-Norton Shores	1,856	474	2,330	20.3%
Traverse City	1,488	552	2,040	27.1%
Saginaw	871	285	1,156	24.7%
Terre Haute	764	390	1,154	33.8%

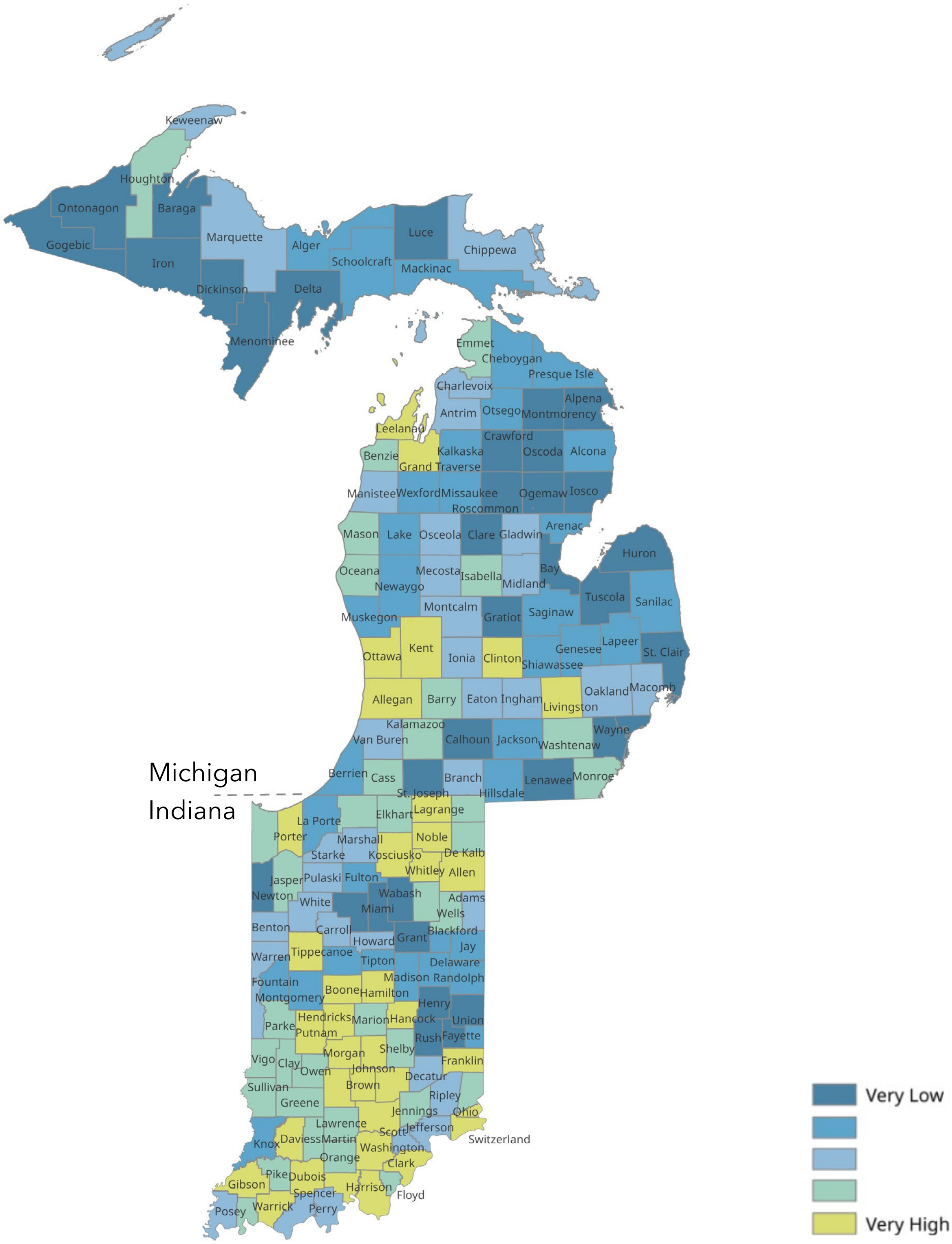
Source: U.S. Census Building Permits Survey

Map 1: New Residential Construction Since 2010 (Count)



Source: U.S. Census Bureau, 2019–2023 American Community Survey (ACS) 5-Year Estimates

Map 2: New Residential Construction Since 2010 (as percentage of all units)



Source: U.S. Census Bureau, 2019–2023 American Community Survey (ACS) 5-Year Estimates

Development Costs

Development costs have risen by an estimated 50% since 2020[xii], far faster than inflation, and the cost to build a home exceeds what most Americans can afford.

According to recent data, apartments in Indiana and Michigan cost roughly $340 per square foot to build, while single family homes cost around $225 per square foot. This excludes costs for land, permitting, soft costs, and developer fees.

When these costs are accounted for, a 700 square foot apartment would cost over $300,000 to build, and a 1,600 square foot home would cost roughly $475,000.[xiii] At these prices, a household would need to earn over $80,000 per year to afford rent, and a homebuyer would need to earn close to $125,000 per year.

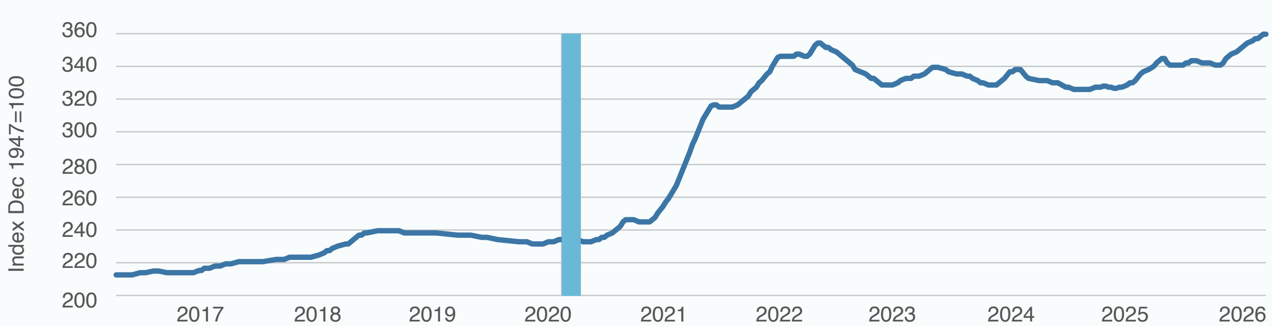
Material costs have risen by 40% since 2020[xiv] due to supply chain issues caused by the Covid-19 Pandemic, U.S. tariffs on foreign goods and materials, and the more recent surge in energy costs resulting from the 2026 Iran War.[xv] While material costs have stabilized somewhat in recent years, the first two quarters of 2026 have seen an annualized rate increase of 12.6%, partially due to natural gas prices increasing by 30% over this period.[xvi] This increases development cost and reduces the amount of debt a project can support.

Table 10: Example of Affordability Gap in New Construction, 2025

Indianapolis as Example	700 sq. ft. apartment ($346.81 per sq.ft.)	1,000 sq.ft. townhome ($318.92 per sq.ft.)	1,600 sq.ft. single family home ($228.84 per sq.ft.)
Construction Cost	$242,769	$318,923	$366,138
Land (10%)	$24,277	$31,892	$36,614
Soft Costs (15%)	$36,415	$47,838	$54,921
Total	$303,462	$398,654	$457,673
Income Needed	$72,776	$115,538	$132,643
Est. Median Household Income (2025)	$68,706		
Gap	$4,070	$46,832	$63,936

Source(s): Atria Planning using RS Means construction cost estimates provided by Federal Home Loan Bank of Indianapolis. Construction costs per square foot estimates from RSMeans Data (Gordian), Q4 2025. These estimates reflect localized residential construction costs, including labor, materials, equipment, and contractor overhead and profit. An additional 10% for land acquisition and 15% for other development-related soft costs is added to estimate total development cost. Estimated income needed assumes household spends no more than 30% of income on housing with a mortgage rate of 6%. Note: Average construction costs for Indiana (state) are within 1.5% of Indianapolis figures.

Chart 11: Producer Price Index for Construction Materials



Source: U.S. Bureau of Labor Statistics, Producer Price Index by Commodity: Special Indexes: Construction Materials, retrieved from FRED, Federal Reserve Bank of St. Louis.

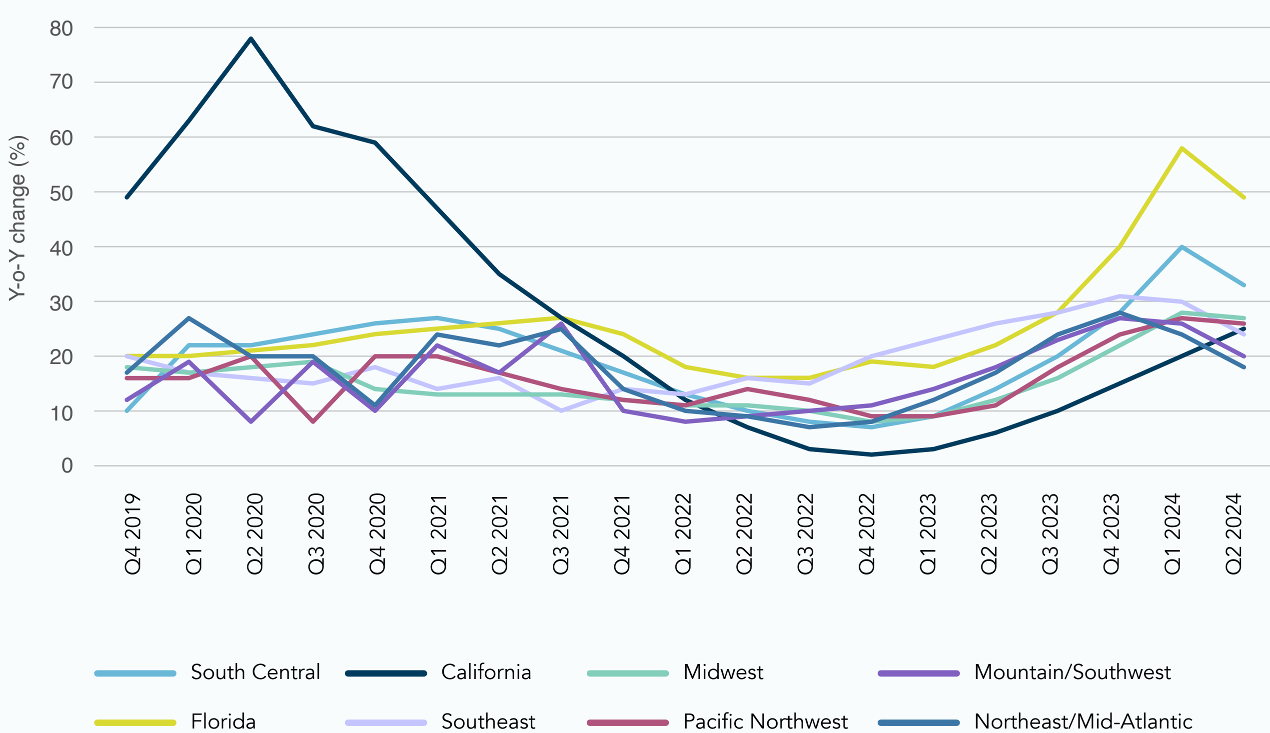
Stakeholders described how tariffs on Canadian lumber and the Build America Buy America (BABA) contribute to rising material costs. According to one developer working in the Upper Peninsula of Michigan, an effective 45% tariff on Canadian lumber 20 miles away has significantly raised building costs. BABA requires construction materials used in federally funded infrastructure projects be produced in the United States. This includes affordable housing that uses federal funds and has an infrastructure component. Waivers have been issued for affordable housing projects, but stakeholders expressed uncertainty about the requirements and how it would affect overall costs.

Insurance rates have also spiked over the last five years due to policy changes amongst insurers. Previously, a policy holder's coverage was tied to the appraised value of the property. But this value was not sufficient to cover rebuilding costs, which led most commercial and residential property owners with funding shortfalls for rebuilding. Insurers faced lawsuits and political pressure to adjust how they underwrite premiums, leading to a revision in policies that now provide more coverage and thus more expensive premiums.

Additionally, areas prone to natural disasters (including many areas of Indiana prone to flooding) witnessed drastic insurance spikes; premiums may have doubled or tripled for high risk policies. Insurers also applied across-the-board adjustments to recoup losses due recent natural disasters that were widespread across the U.S. in recent years.

On average, insurance has increased 30% to 70% across the Midwest since 2020.[xvii] Prices have since stabilized but in 2023 alone, insurance spiked 30%.

Chart 12: Year-over-Year Change in Commercial Insurance Premiums

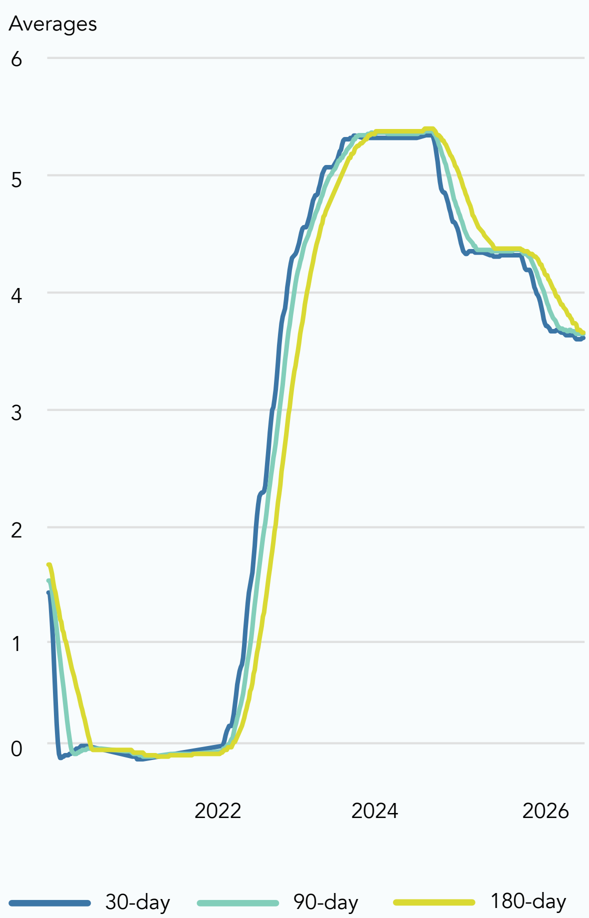


Source: CBRE

Labor shortages are also adding to development costs by causing delays. According to a 2024 survey of contractors, 54% of respondents reported project delays due to shortages of their own or subcontractors' workers, and 80% of firms reported having at least one project canceled, scaled back, or postponed due to labor shortages.[xviii]

Financing also costs more today than five years ago due to higher interest rates and administrative fees, making it significantly more expensive to build. Construction loans are based on the Secured Overnight Financing Rate (SOFR) which has spiked in recent years in line with the federal rate. This is exacerbated by project delays and compounding interest.

Chart 13: Secured Overnight Financing Rates 2020 to 2026



Source: Federal Reserve Bank of New York

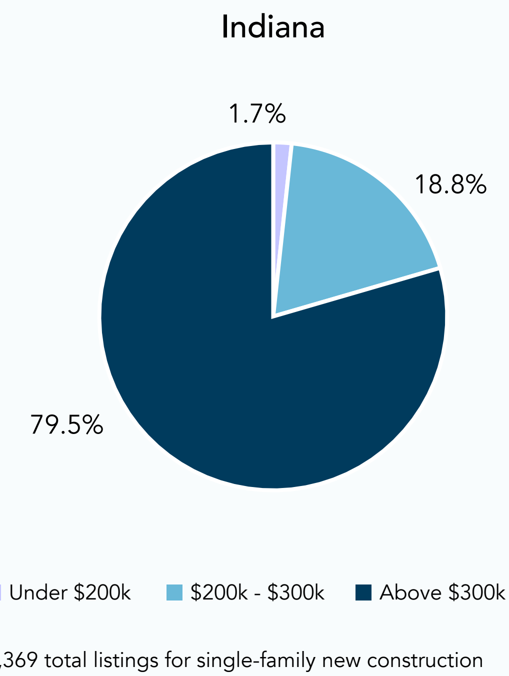
Development for Homeownership

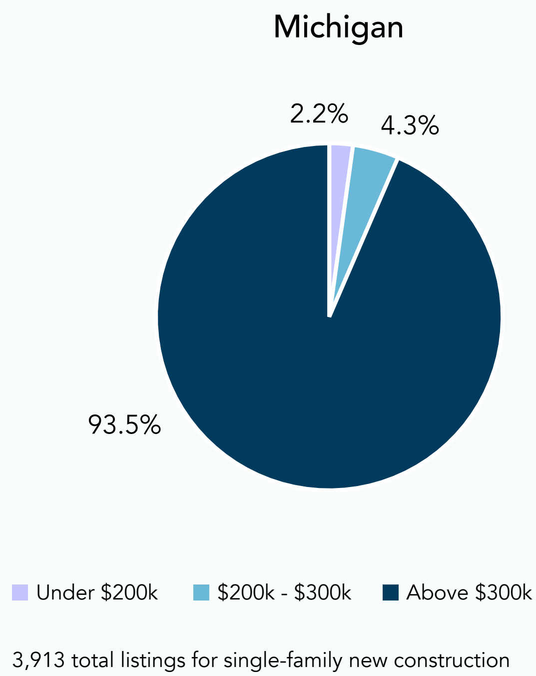
Developers working in single-family new construction find it difficult to build for low, moderate, and even most middle-income families without subsidy. The current cost to build a 1,600 square foot home within Indiana or Michigan is approximately $400,000 to $500,000 (these costs are roughly 10% higher in urban areas).[xix] And yet the median household income is closer to $72,000 with an affordable home price of around $300,000.[xx]

These figures align with what developers have described as the funding gap between new construction costs and middle-income price points, citing shortfalls between $50,000 and $120,000 per unit. As a result, many homeownership developments targeting moderate to middle-income families require some type of incentive to "pencil out," and homeownership projects targeting below 80% of AMI requires significant subsidies. Developers found it difficult to secure the gap funding necessary since most housing grant programs prioritize rental development; most of the programs offered towards homeownership cater to the buyer via downpayment and closing cost assistance, which does not address the issue.

Developers working in distressed neighborhoods require an additional layer of subsidy because home values in the surrounding neighborhood are depressed, lowering appraisal values. Local governments will often target historic, distressed neighborhoods for revitalization, funneling infrastructure and public works dollars into these areas while incentivizing developers to invest in housing through tax abatement programs, low- or no-cost land, and other incentives. When developers build new homes in these areas and try to sell, they find the appraised value lower than anticipated based on the value of surrounding properties, most of which haven't been rehabilitated in 40 or more years. Since most lenders will not finance a home with a significantly higher value than neighborhood properties, developers require additional subsidy to lower the home price.

Chart 14: New Construction Single Family Home Listings, June 2026





Source: Zillow Housing Availability Survey

As one alternative model, developers may apply for CDBG and HOME grants to rehabilitate existing homes, which is more affordable than new construction, but funding is extremely limited.

Habitat for Humanity is one example of an organization building new homes for under $200,000 per unit. They accomplish this by using the self-help housing model, which requires participating households to contribute substantial "sweat equity" through construction work, volunteer service, and homeownership education. They receive HUD funding through SHOP (Self-Help Homeownership Opportunity Program) and combined with CDBG and HOME funds, homes are affordable to families earning less than 80% of AMI.

Affordable Rental Housing

Real estate developers working in affordable housing are finding it more difficult to close on deals. With rising development costs and less equity from tax credits, developers are cobbling together a variety of funding sources to close the gap. The extent that subsidy layering is a requirement in the current climate has limited both the types of projects and types of developers moving forward.

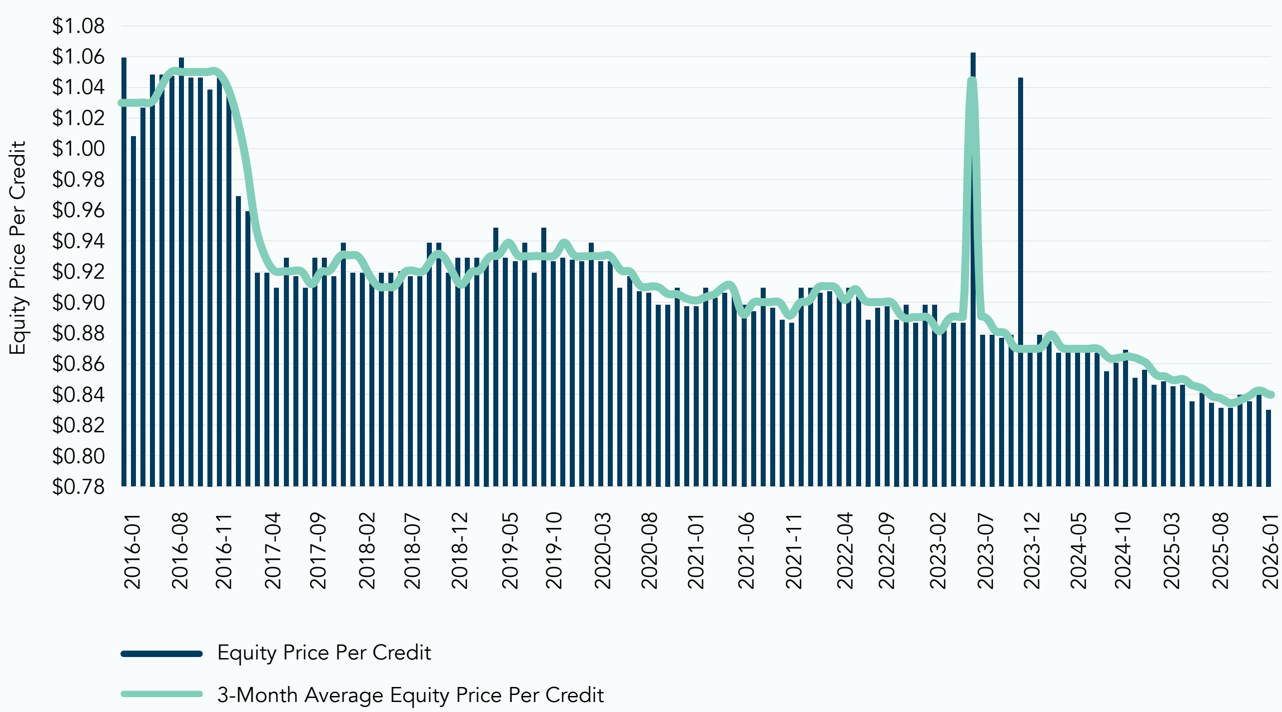
According to several stakeholders, equity investors are far more risk-averse today than five years ago and are selecting projects with lower development costs per unit in high-demand areas built by seasoned developers. Projects with permanent supportive housing units, that involve rehabilitation of blighted buildings or infill development, and projects led by smaller developers are now harder to fund.

Operating costs are also considerably higher today, rising between 25% to 40% in the past five years, with insurance, maintenance, payroll, and utility costs experiencing the largest increases.[xxi] Insurance premiums have risen particularly rapidly, increasing more than 75% nationally and substantially more in areas prone to natural disasters.[xxii]

Developers also described how multiple funding sources increase the risk of projects failing or being delayed; when one source falls through, the project is no longer viable for the other funders. Developers often must start over again with new grant, tax credit and loan applications for the next funding cycle. According to one lender, projects used to take one or two years to close, and now they have seen projects take five or six years.

State financing agencies require developers to complete due diligence on projects applying for tax credits. To submit a competitive application, developers must incur several hundred thousand dollars in predevelopment costs for a project that may or may not be awarded tax credits. This includes costs for architectural plans, engineering, environmental review, legal services, market analyses, and site control. Because 9% tax credits are awarded through a competitive process, much of this investment is at risk, creating a significant barrier to entry for smaller developers and nonprofit organizations with limited financial resources.

Chart 15: Equity Pricing for Low Income Housing Tax Credits



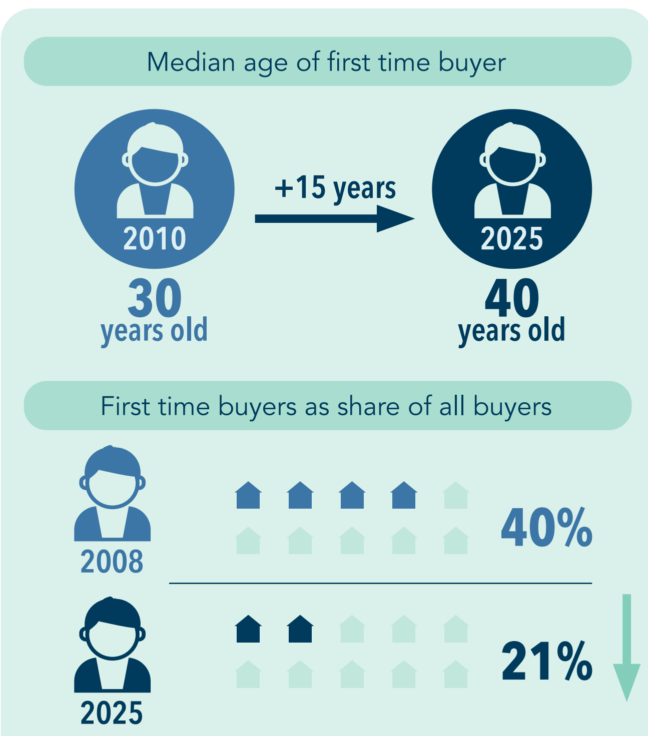
Source: Novogradac and Company

Access to Homeownership and the Long-Term Renter

Homeownership was once considered an obtainable and fundamental pathway towards the American Dream. It can help families build wealth and stabilize neighborhoods. It can also offer long-term housing affordability through traditional mortgages.

Yet in the past decade, the average U.S. home price has nearly doubled, and many young families feel homeownership is out of reach. Indeed, in 2010 the median age of a first-time buyer was 30 years old, and in 2025 it was 40. Perhaps even more alarming, only one in five buyers were first-time buyers in 2025 compared to a historical norm of approximately 40% before the Great Recession of 2008.[xxiii]

The impacts of this shift are still unfolding, but a few trends are becoming clear, as seen in the data and reaffirmed by stakeholder input.



Source: Zillow Home Value Index

Image: Atria Planning

The loss of the moderately priced "starter home." In most housing markets within Indiana and Michigan, a family earning a low to moderate income could afford to buy their first home 10 years ago. This income bracket may include recent college graduates, skilled tradesmen, teachers, and medical technicians. But this is becoming more difficult as prices for entry-level homes (homes in the bottom 3rd tier of home values) have more than doubled in the past ten years in nearly all the metro areas within the two states.

This is not new for high-priced housing markets along the coast; it has been more than 25 years since a middle income household could afford to buy an average-priced home in Boston or San Francisco, for example.[xxiv] But the problem is recent for many midwestern communities.

Image: shutterstock/Matt Ragan

More long-term, "lifestyle" renters. With people renting for longer, combined with more social acceptance around renting versus owning a home, there is a shift towards renting homes geared towards long-term occupancy. Renters are seeking more family-friendly units with amenities like outdoor space and storage within walkable neighborhoods. In particular, the Gen Z demographic (under 30 years old and the fastest growing population segment) is more likely than other generations to rent for longer due to rising home prices, elevated mortgage rates, and limited savings for a down payment due to the rising cost of living in general.[xxv]

Still, the majority of renters in all generations would like to become homeowners but feel it is out of reach. In a 2025 renter survey, more than half of all renters believed they would never be able to afford a home.[xxvi]

More multi-generational families. There are a multitude of reasons why there has been a surge in multi-generational households in recent years.

For adult children, the combination of expensive rents, student debt, and high home prices has encouraged many to live at home. The trend peaked during the height of the COVID-19 Pandemic, and many young adults who moved home and have since stayed, allowing them to help pay off student debt and save money.[xxvii]

Image: Atria Planning


Image: Atria Planning

Choices around quality of life measures also plays a role – living with parents may be more appealing than renting a home in an undesirable neighborhood lacking in amenities.

At the same time, the population is aging. One in five Americans are now seniors, up from 13% in 2010.[xxviii]

With rising elder care costs and a limited workforce to support their needs, more middle-aged adults are caring for their senior parents, often while raising their own kids.

This dynamic has created a small but growing segment of the market searching for homes with the flexibility a multi-generational family needs, including a growing interest in owner-occupied multi-family properties, homes with conversions or add-ons of smaller, secondary units (aka "granny flats" and Accessory Dwelling Units), and homes with distinct and separate floors.

Affordability becomes the primary factor. In 2010, when the average U.S. home price was around $200,000, first-time homebuyers had a range of "wish lists" when purchasing their first home. Now, the primary driving factor is affordability, and first-time buyers are making major concessions to buy a home. This includes a growing demand for fixer-uppers, smaller single-family units, prefabricated housing, and alternative housing models that have historically offered more affordable entry into homeownership like townhomes and condominiums. However, condominium construction has declined since the 1990s and has been virtually stagnant since the recession in 2008, while townhome development has veered towards luxury models to accommodate the housing demand of wealthier retirees.[xxix]

Households Experiencing Housing Challenges

HUD provides Comprehensive Housing Affordability Strategy (CHAS) dataset to the public to help housing providers understand housing affordability and housing quality in their communities. The data is published annually using previous American Community Survey (ACS) data and quantifies the housing challenges families and individuals face based on race/ethnicity, income, tenure and household size. It is based on self-reported survey responses and lags real-time reporting (the HUD CHAS data released in 2025 is derived from the American Community Survey 2018-2022 Special Tabulation). As a result, the challenges described in this section of the report are dated and do not reflect changes in the past two years.

We use this data to identify key housing challenges among households living in Indiana and Michigan and within each county.

The data represented here illustrates the number and percentage of households who experience "housing challenges" that include at least one of the following three conditions:

- The household is paying too much for housing (i.e. is cost burdened).
- The household lives in overcrowded conditions, defined as having more than one person per room.
- The household lives in inadequate conditions, defined as lacking basic kitchen or plumbing facilities.

It should be noted that the figures illustrated here do not estimate the number of new housing units needed to meet growing demand; these families and individuals already live in the community and have a housing unit. It does, however, illustrate the need for more affordable housing solutions, more affordable housing stock, and homes in need of repair.

Cost Burden

HUD defines housing cost burden as paying more than 30% of pre-tax household income on housing costs. For renter households, this includes asking rent plus any costs associated with necessary utilities such as heat, water and electricity. For homeowners, this includes the mortgage payment (if any), property taxes and home insurance (but not utilities).

HUD also provides another category for "extreme cost burden," defined as households who pay more than 50% of their pre-tax income on housing. These figures illustrate dire affordable housing needs and indicate the number of households at risk of homelessness among households earning less than 30% of AMI.

Housing Condition

The CHAS data includes information on households living in unlivable housing conditions, categorized by income and tenure. The scope of this category is limited to housing units that lack basic kitchen facilities (stove, sink and refrigerator) or basic bathroom facilities (toilet and shower). It does not account for other forms of severe dilapidation. For example, it does not account for homes without heat, leaky roofs, structural deterioration, or issues that pose health risks like mold, asbestos, lead, radon and carbon monoxide. Hence the figures represent only a portion of homes in unlivable conditions.

Overcrowding

Another housing challenge that is often overlooked is the issue of overcrowding. HUD defines overcrowding as a household with more members than rooms (excluding bathrooms). There are varying circumstances that may lead to overcrowding. For example, a large family with a limited income may not be able to afford a single-family home (to rent or buy) and instead must live in a smaller apartment with family members sleeping in the living room. Another example may be two families living under one roof due to housing costs. Non-family households may also fall in this category, particularly in areas with employment opportunities, but limited rental supply. For example, workers in the construction or agriculture industries, particularly undocumented workers, may rent a bed within an already full house. Because this data is self-reported, the true number of overcrowded households is unknown.

Key Findings

- Renters have more housing challenges than homeowners, with 44% of low-income homeowners experiencing housing challenges compared to 59% of low-income renters.
- The greatest need is among households earning less than 30% of AMI (equivalent to less than \$12 - \$15 an hour, approximately). Three in four experience housing challenges and more than half are severely cost burdened.
- Low-income, non-elderly non-families (persons living alone or with roommates) have disproportionate housing needs, with 58% experiencing housing challenges (compared to 53% for small families and 52% for large families).
- Renters in the next income group, 30% to 50% of AMI, do not see much improvement, with 72% experiencing housing challenges. However, there is a steep drop in housing challenges among homeowners earning 30% to 50%, down to 49% from 74%. This indicates greater housing security among low- and moderate-income homeowners compared to renter households.
- In terms of location, Detroit and Indianapolis have the highest number of households experiencing housing challenges. As a percentage of all households, other distressed markets like Gary and Flint; rural counties, especially in central and northern Michigan; and high-priced markets experience significant housing affordability challenges.

Renters are more likely to experience housing challenges

44%
LOW-INCOME HOMEOWNERS

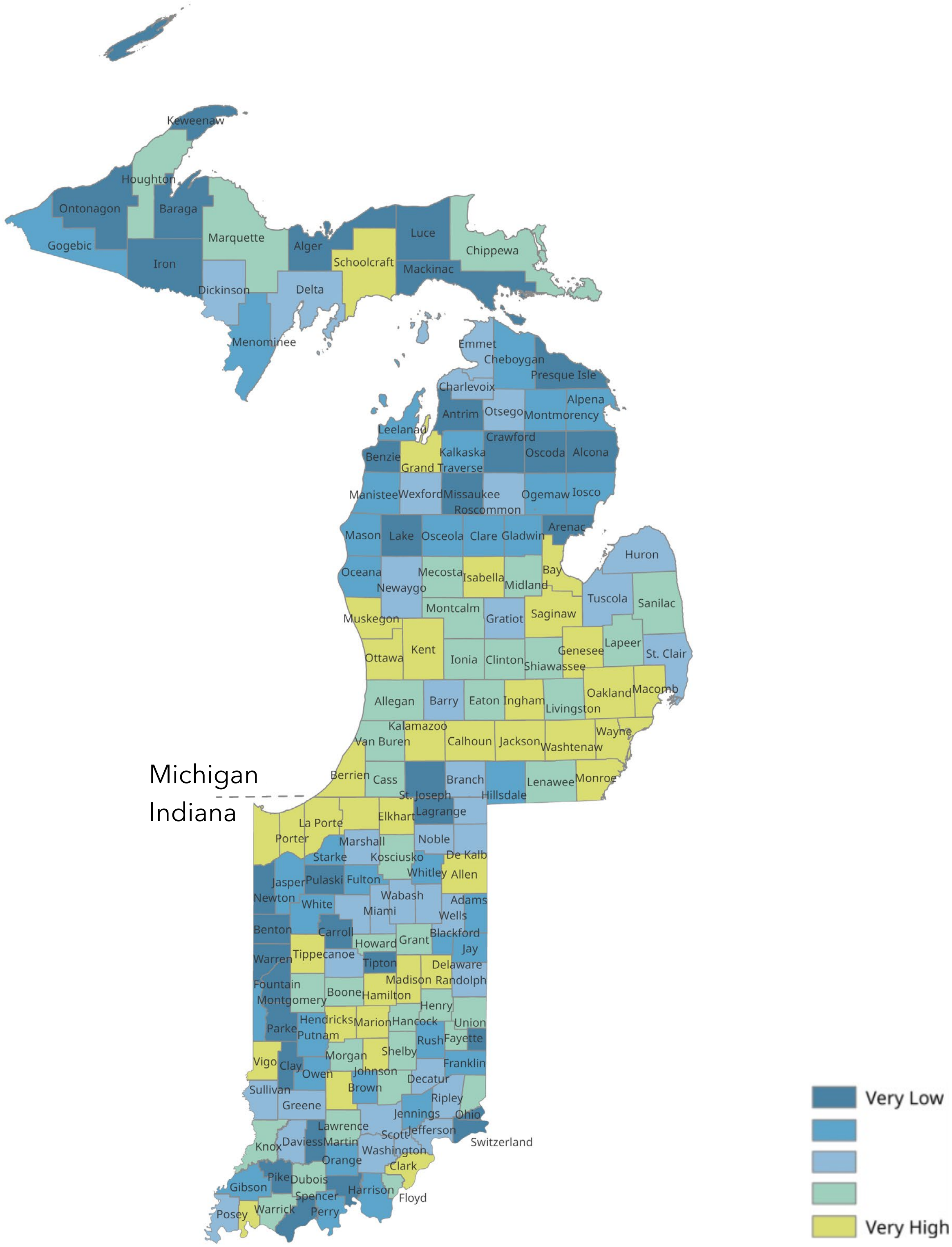
59%
LOW-INCOME RENTERS

The deepest need: households below 30% of AMI

THREE IN FOUR EXPERIENCE HOUSING CHALLENGES

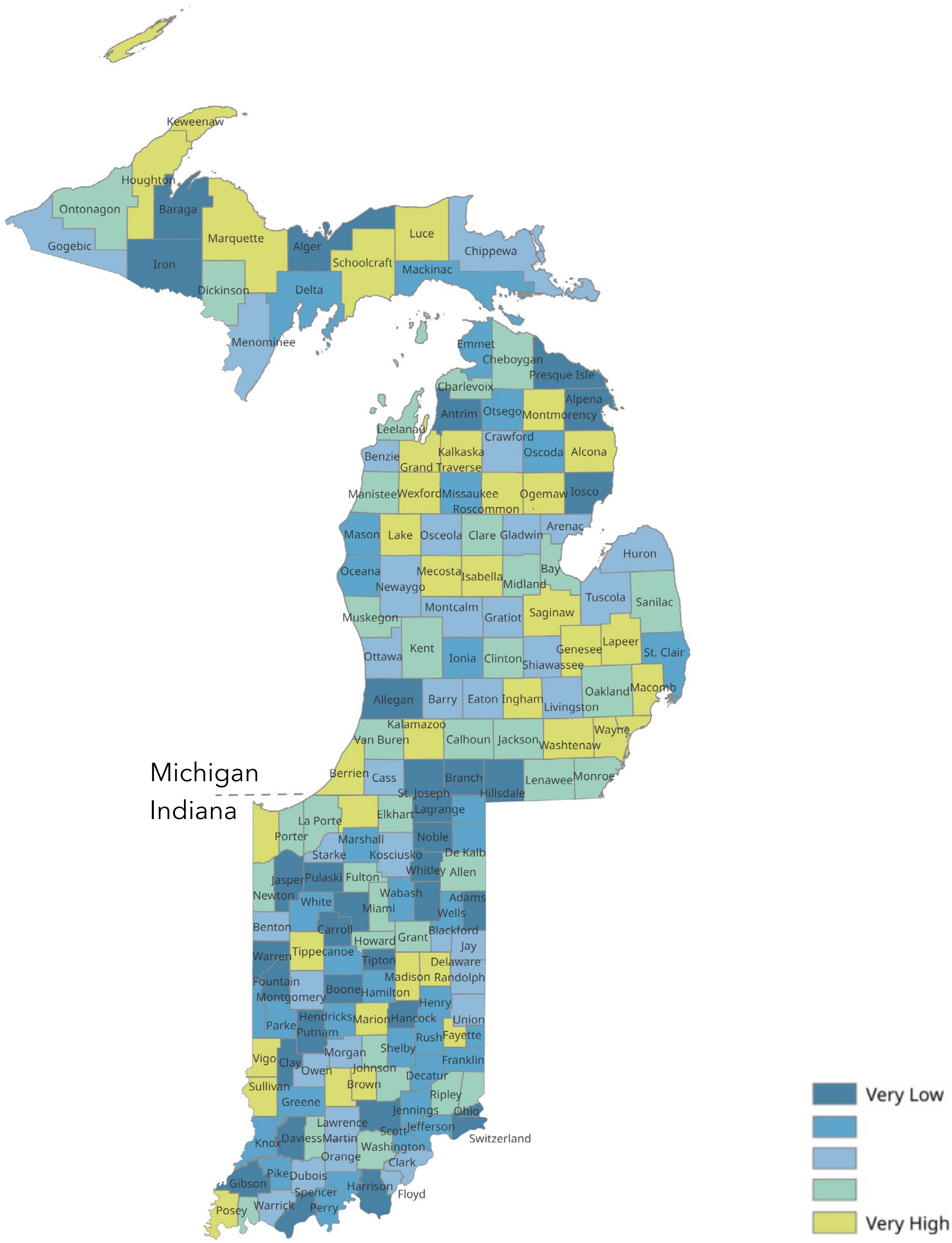
MORE THAN HALF ARE SEVERELY COST BURDENED

Map 3: Severely Cost Burdened Low Income Renters (Count)



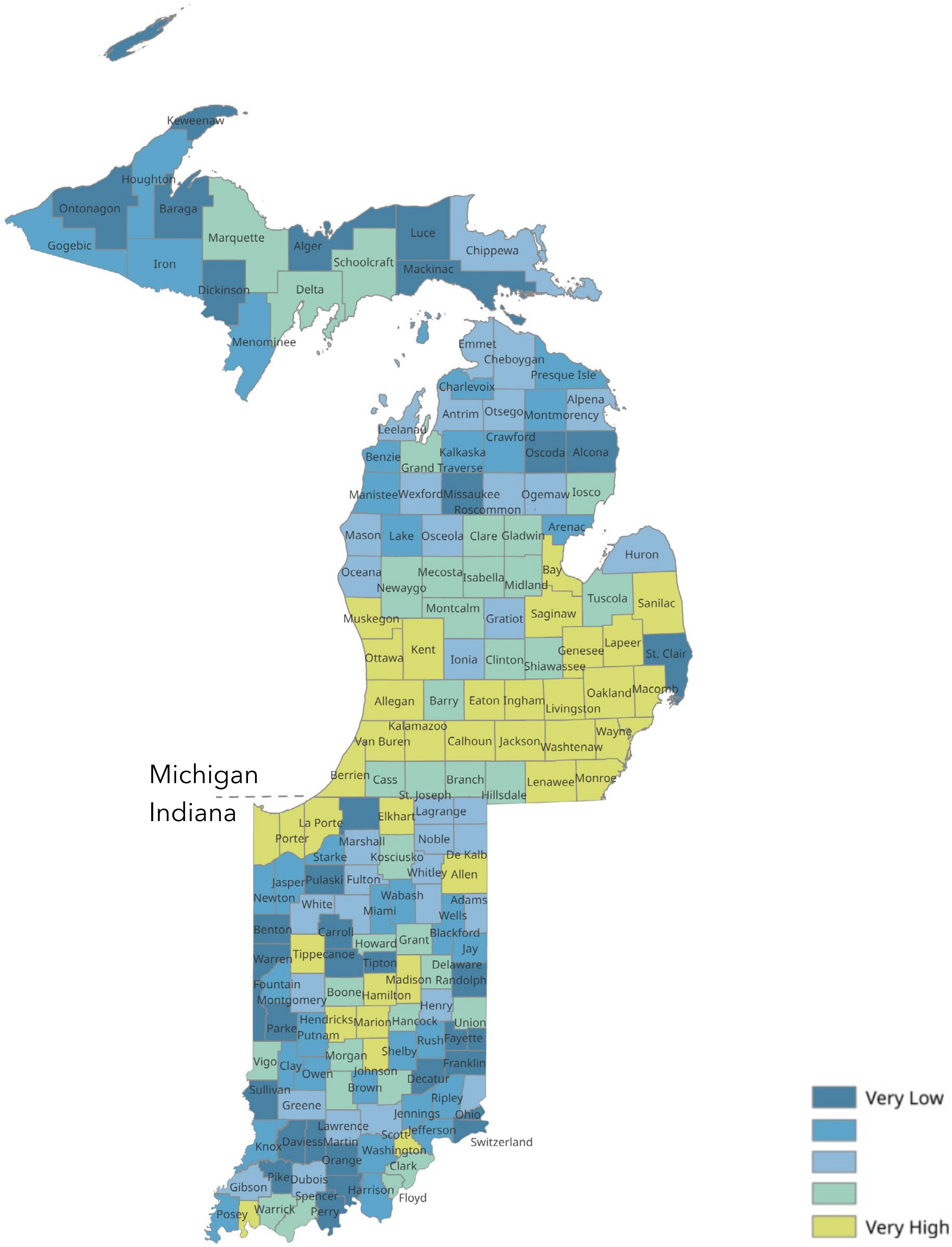
Source: Severe cost burden defined as paying more than 50% of income on housing costs. U.S. Department of Housing and Urban Development (HUD), CHAS Data, 2018–2022 ACS Special Tabulation (December 2025 release).

Map 4: Severely Cost Burdened Low Income Renters (as percentage of all low income renters)



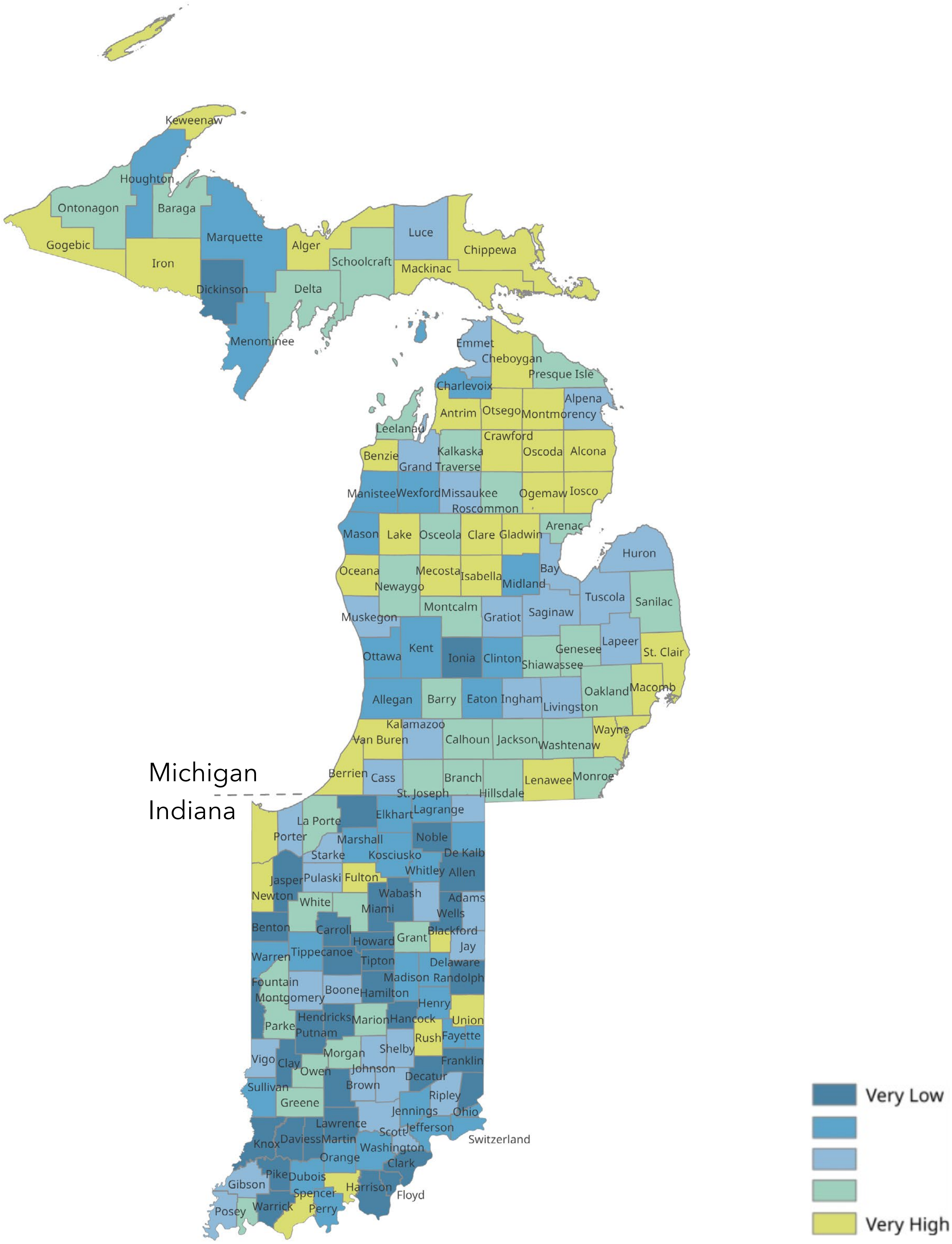
Source: Severe cost burden defined as paying more than 50% of income on housing costs. U.S. Department of Housing and Urban Development (HUD), CHAS Data, 2018–2022 ACS Special Tabulation (December 2025 release).

Map 5: Severely Cost Burdened Low Income Homeowners (Count)



Source: Severe cost burden defined as paying more than 50% of income on housing costs. U.S. Department of Housing and Urban Development (HUD), CHAS Data, 2018–2022 ACS Special Tabulation (December 2025 release).

Map 6: Severely Cost Burdened Low Income Homeowners (as percentage of all low income homeowners)



Source: Severe cost burden defined as paying more than 50% of income on housing costs. U.S. Department of Housing and Urban Development (HUD), CHAS Data, 2018–2022 ACS Special Tabulation (December 2025 release).

Table 11: Renter Households Experiencing Housing Cost Burden by Income and Type

Renters - Indiana

		Senior Families	Small Families	Large Families	Non-Family Senior Households	Non-Family Non-Senior Households	All
<30% AMI	All	4,266	54,145	9,331	40,415	84,210	192,367
	Cost Burden	74.9%	80.2%	83.7%	70.7%	73.2%	75.2%
	Extreme Cost Burden	65.7%	70.2%	70.0%	52.0%	63.9%	63.5%
30 - 50% AMI	All	6,065	47,494	8,568	32,995	53,285	148,407
	Cost Burden	68.9%	73.8%	69.7%	68.5%	80.4%	74.6%
	Extreme Cost Burden	17.0%	19.2%	14.8%	25.1%	27.8%	23.3%
50% - 80% AMI	All	9,451	62,625	11,820	24,303	74,435	182,634
	Cost Burden	35.0%	28.0%	13.9%	40.6%	38.2%	33.3%
	Extreme Cost Burden	4.2%	1.5%	0.6%	9.3%	2.0%	2.8%
All Low Income Households	All	19,782	164,264	29,719	97,713	211,930	523,408
	Cost Burden	54.0%	58.4%	51.9%	62.5%	62.7%	60.4%
	Extreme Cost Burden	21.4%	29.3%	26.5%	32.3%	33.1%	30.9%

Renters - Michigan

		Senior Families	Small Families	Large Families	Non-Family Senior Households	Non-Family Non-Senior Households	All
<30% AMI	All	8,684	75,380	14,739	72,955	119,109	290,867
	Cost Burden	73.1%	80.7%	84.8%	67.6%	74.6%	74.9%
	Extreme Cost Burden	58.9%	69.2%	71.1%	49.7%	65.0%	62.4%
30 - 50% AMI	All	9,888	59,773	11,340	46,864	68,404	196,269
	Cost Burden	70.0%	77.9%	70.4%	70.4%	81.8%	76.7%
	Extreme Cost Burden	23.6%	24.0%	14.0%	29.2%	31.2%	27.2%
50% - 80% AMI	All	13,715	77,918	13,412	37,194	93,964	236,203
	Cost Burden	37.6%	34.1%	21.5%	45.6%	40.2%	37.9%
	Extreme Cost Burden	5.8%	2.3%	1.2%	10.8%	4.2%	4.5%
All Low Income Households	All	32,287	213,071	39,491	157,013	281,477	723,339
	Cost Burden	57.1%	62.9%	59.2%	63.2%	64.9%	63.3%
	Extreme Cost Burden	25.5%	32.0%	31.0%	34.4%	36.5%	33.9%

Source: U.S. Department of Housing and Urban Development (HUD), CHAS Data, 2018–2022 ACS Special Tabulation (December 2025 release).

Table 12: Homeowners Experiencing Housing Cost Burden by Income and Type

Homeowners - Indiana							
		Senior Families	Small Families	Large Families	Non-Family Senior Households	Non-Family Non-Senior Households	All
<30% AMI	All	15,953	26,485	5,793	45,900	25,148	119,279
	Cost Burden	71.4%	79.2%	81.3%	71.6%	69.1%	73.2%
	Severe Cost Burden	52.5%	64.3%	63.8%	50.1%	54.4%	55.2%
30 - 50% AMI	All	26,530	33,954	12,102	63,720	20,334	156,640
	Cost Burden	42.7%	54.7%	50.0%	42.7%	57.5%	47.8%
	Severe Cost Burden	16.3%	18.8%	15.9%	15.7%	25.6%	17.8%
50% - 80% AMI	All	69,600	86,485	25,368	69,515	30,090	281,058
	Cost Burden	19.6%	25.9%	19.3%	21.7%	31.8%	23.7%
	Severe Cost Burden	5.0%	3.8%	2.6%	4.2%	4.9%	4.3%
All Low Income Households	All	112,083	146,924	43,263	179,135	75,572	556,977
	Cost Burden	32.4%	42.2%	36.2%	41.9%	48.1%	40.7%
	Severe Cost Burden	14.5%	18.2%	14.5%	20.1%	23.5%	18.6%

Homeowners - Michigan							
		Senior Families	Small Families	Large Families	Non-Family Senior Households	Non-Family Non-Senior Households	All
<30% AMI	All	28,439	48,425	11,682	78,640	51,845	219,031
	Cost Burden	77.0%	78.7%	77.6%	77.4%	73.1%	76.6%
	Extreme Cost Burden	55.9%	60.8%	54.2%	56.0%	57.6%	57.3%
30 - 50% AMI	All	45,285	60,749	16,778	91,735	38,165	252,712
	Cost Burden	46.0%	57.0%	50.4%	46.5%	55.6%	50.6%
	Extreme Cost Burden	19.2%	23.8%	18.6%	18.1%	26.0%	20.9%
50% - 80% AMI	All	113,130	133,670	35,965	115,510	68,975	467,250
	Cost Burden	22.5%	30.6%	24.6%	25.7%	33.9%	27.5%
	Extreme Cost Burden	5.6%	5.7%	4.3%	6.1%	7.0%	5.8%
All Low Income Households	All	186,854	242,844	64,425	285,885	158,985	938,993
	Cost Burden	36.5%	46.8%	40.9%	46.6%	51.9%	45.2%
	Extreme Cost Burden	16.5%	21.2%	17.1%	23.7%	28.1%	21.9%

Source: U.S. Department of Housing and Urban Development (HUD), CHAS Data, 2018–2022 ACS Special Tabulation (December 2025 release).

Rural Housing

According to FHLBank stakeholders, there are unique challenges to building new affordable units in rural areas.

One challenge is that income limits in rural areas are lower (since the median income in rural areas is lower), resulting in less rental revenue per unit. As a result, rural projects do not support as much debt per unit as urban projects and thus will often require more subsidy per unit.

For example, the income limit for a two-person household renting a Low-income Housing Tax Credit unit in Hamilton County, a part of the Indianapolis MSA, was approximately $53,000 in 2025, whereas in Tipton County, which is immediately adjacent but designated rural, the income limit was just over $45,000. This translates into almost $200 less rent per month per unit in the rural project.

Table 13: Example: 60% AMI Income Limits in a rural and urban county adjacent to one another, 2025

County	Income Limit (2-Person)	Max Rent per Month
Tipton Co., IN	$45,180	$1,059
Hamilton Co., IN	$53,160	$1,245

Source: Novogradac and Company

This issue extends to homeownership as well, with income limits at 80% of AMI lower in rural areas, increasing the funding gap between the cost of the home and the mortgage note a rural household earning 80% of AMI can afford.

Stakeholders also noted the following housing development challenges specific to rural areas:

Infrastructure. There are oftentimes additional infrastructure costs that rural projects incur for adding sewer and water lines, roads and/or site preparation.

Predevelopment costs. Because rural rental developments tend to have fewer units, yet predevelopment costs are mostly a fixed cost regardless of project size, the predevelopment costs per unit are higher.

Lack of amenities. The scoring criteria for housing subsidy programs often considers whether a project is close to grocery stores, health clinics, schools and other neighborhood amenities. Rural areas are sparsely populated and are therefore unlikely to have these features clustered near a proposed project, resulting in a lower score.

Slow growth. Except in rural areas with significant job growth (like Lagrange County, Indiana manufacturing recreational vehicles), it is difficult to convey housing demand when population is stagnant. As a result, investors are more likely to question project feasibility, leading to small-scale projects that may not be as competitive for 9% tax credits.

Housing Conditions

Housing in rural areas is more likely to be in substandard condition due to population decline and high poverty rates. This predominantly impacts low income homeowners, as homeownership in rural areas within Indiana and Michigan is 80%.[xxx]

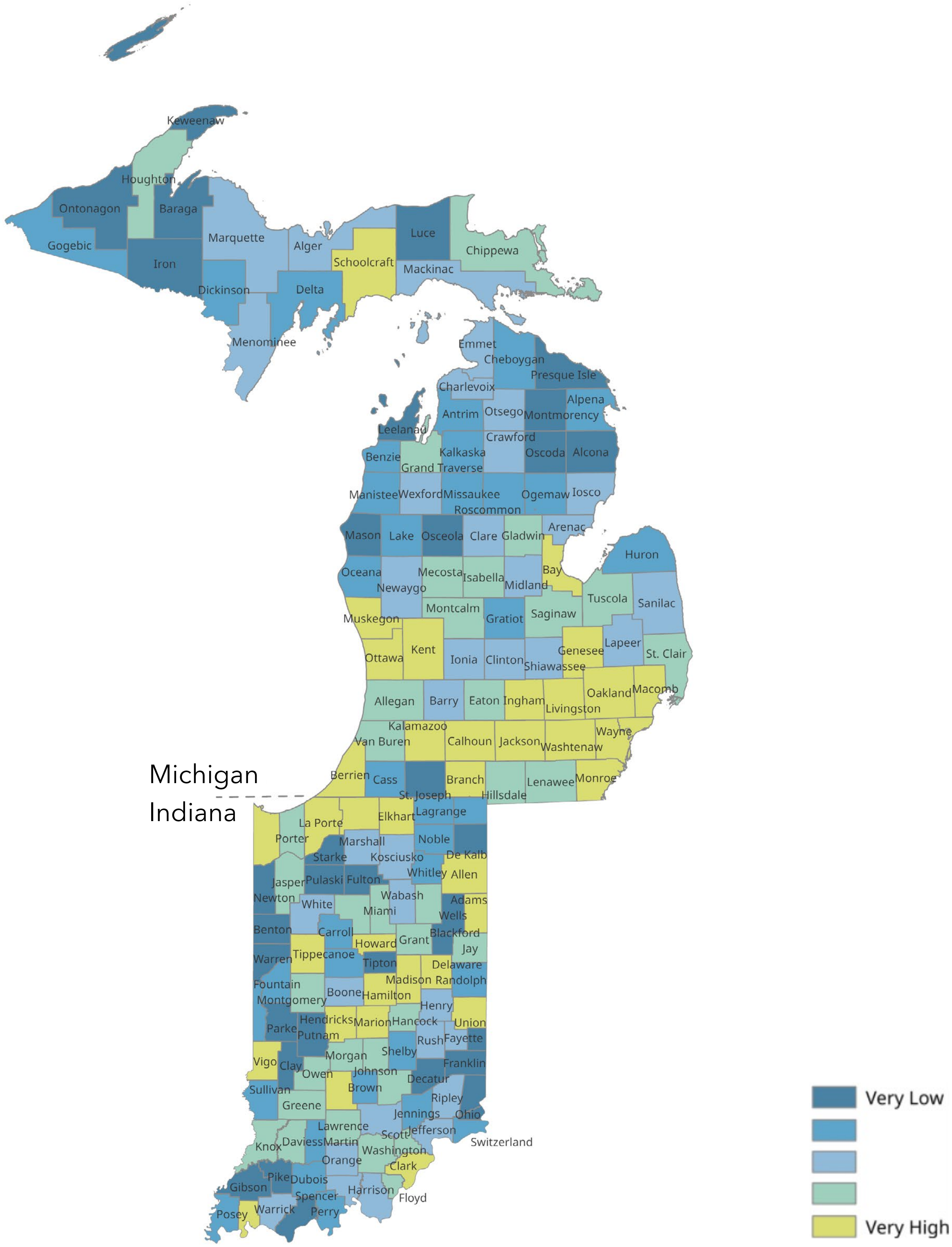
HUD provides data on occupied homes with inadequate conditions, specifically homes that lack basic plumbing or kitchen facilities. Basic plumbing consists of running water, a shower or bath, and a working toilet. Basic kitchen facilities consist of a stove, sink and refrigerator. HUD does not account for other forms of inadequate housing like structural issues, leaky roofs, or environmental hazards like mold or asbestos. Thus, the HUD data is an underrepresentation of homes in substandard condition.

According to this data, 30,000 – 35,000 occupied homes in Indiana and Michigan lack basic plumbing and kitchen facilities.[xxxi] The areas where this is most severe are concentrated in rural areas; roughly 40% of substandard homes are in rural areas despite comprising 20% of the overall housing stock.

Addressing substandard housing conditions in rural areas is particularly challenging due to limited financial resources and capacity, weaker housing markets, and slow growth or population decline. Public assistance programs to help repair homes may be challenging to implement, as some rural homeowners may be hesitant to seek government assistance even when they qualify for available programs. This challenge has been observed in disaster recovery efforts, where rural households have been less likely to apply for federal assistance than households in urban areas. As a result, deteriorated housing conditions may persist for longer periods of time before intervention occurs.

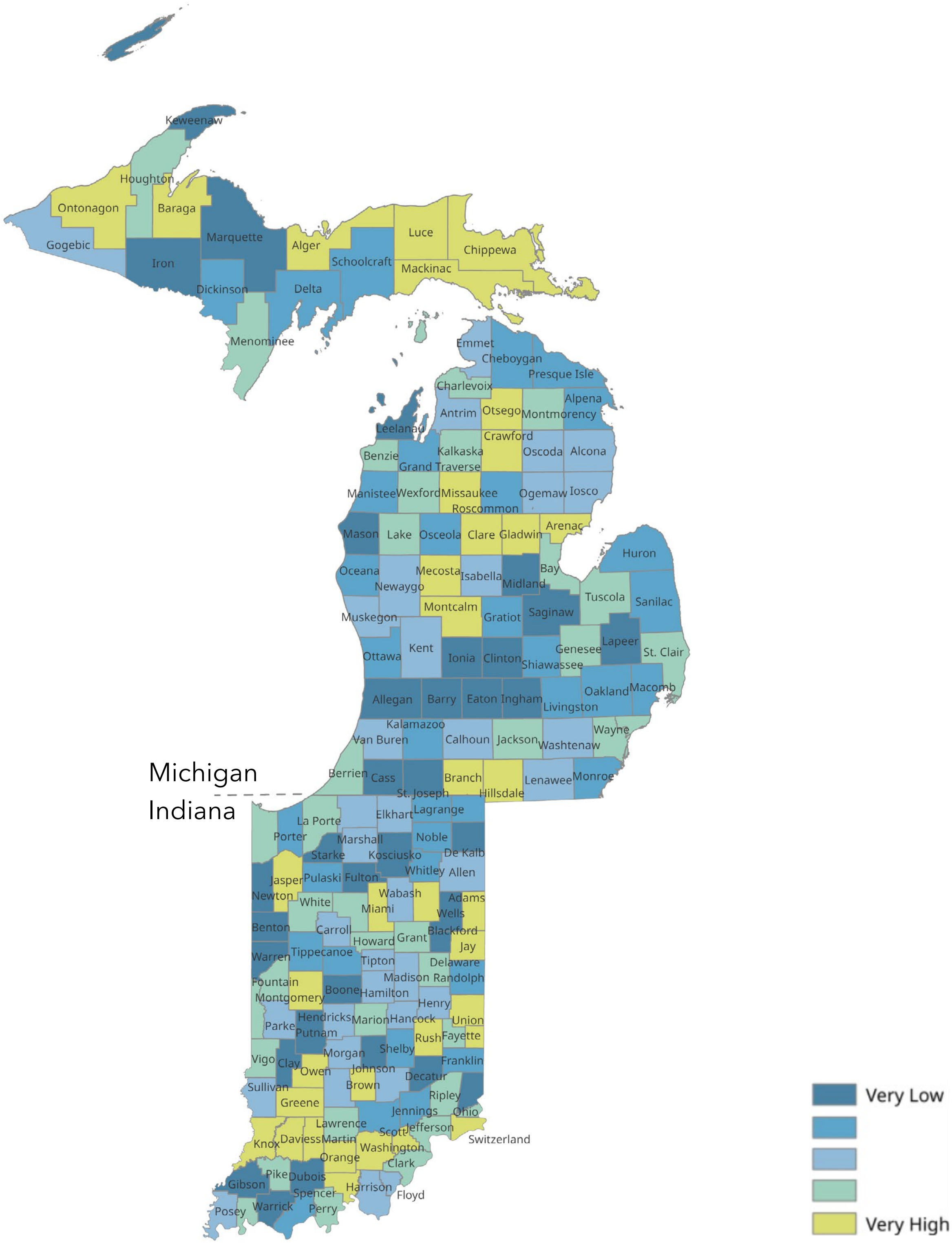
Image: Atria Planning

Map 7: Housing Units Lacking Basic Kitchen and/or Plumbing Facilities (Count)



Source: U.S. Department of Housing and Urban Development (HUD), CHAS Data, 2018–2022 ACS Special Tabulation (December 2025 release).

Map 8: Housing Units Lacking Basic Kitchen and/or Plumbing Facilities (as percentage of all units)



Source: U.S. Department of Housing and Urban Development (HUD), CHAS Data, 2018–2022 ACS Special Tabulation (December 2025 release).

Manufactured Housing

Manufactured homes are a prevalent form of housing throughout rural areas and comprise roughly 6% of homes in Indiana and 8% of homes in Michigan.[xxxii] They are concentrated primarily in rural communities, particularly rural counties in northern Michigan and Central Indiana, where 20% - 30% of all housing units are manufactured homes.

One of the biggest concerns for Indiana and Michigan are the manufactured homes in deteriorated condition, many of which are unlivable, do not meet HUD quality standards, and do not qualify for USDA Home Repair grants or loans. Communities may replace these homes with a newer, comparable unit, but funding to do so is very limited, and the end result is likely a home that will depreciate faster than a stick-built home.

Affordable housing advocates are divided on the role of manufactured housing. On one hand, manufactured homes provide an affordable path to homeownership for low-income households. With many single-wide manufactured homes priced below $100,000, a household earning approximately $30,000 annually can afford a home without subsidy.


Image: Atria Planning

On the other hand, manufactured homes can be more difficult to finance and often depreciate over time. Although loans are available for manufactured homes, interest rates are typically higher, and owners generally receive a title—similar to a boat or RV—rather than a deed. To qualify as "real property" and become eligible for traditional financing and grant programs, the home must be placed on a permanent foundation on an owned lot with full utility and infrastructure connections. However, many manufactured homes remain mobile, either within manufactured housing communities (MHCs or "mobile home parks") where they pay rent to a park owner, or on private land.

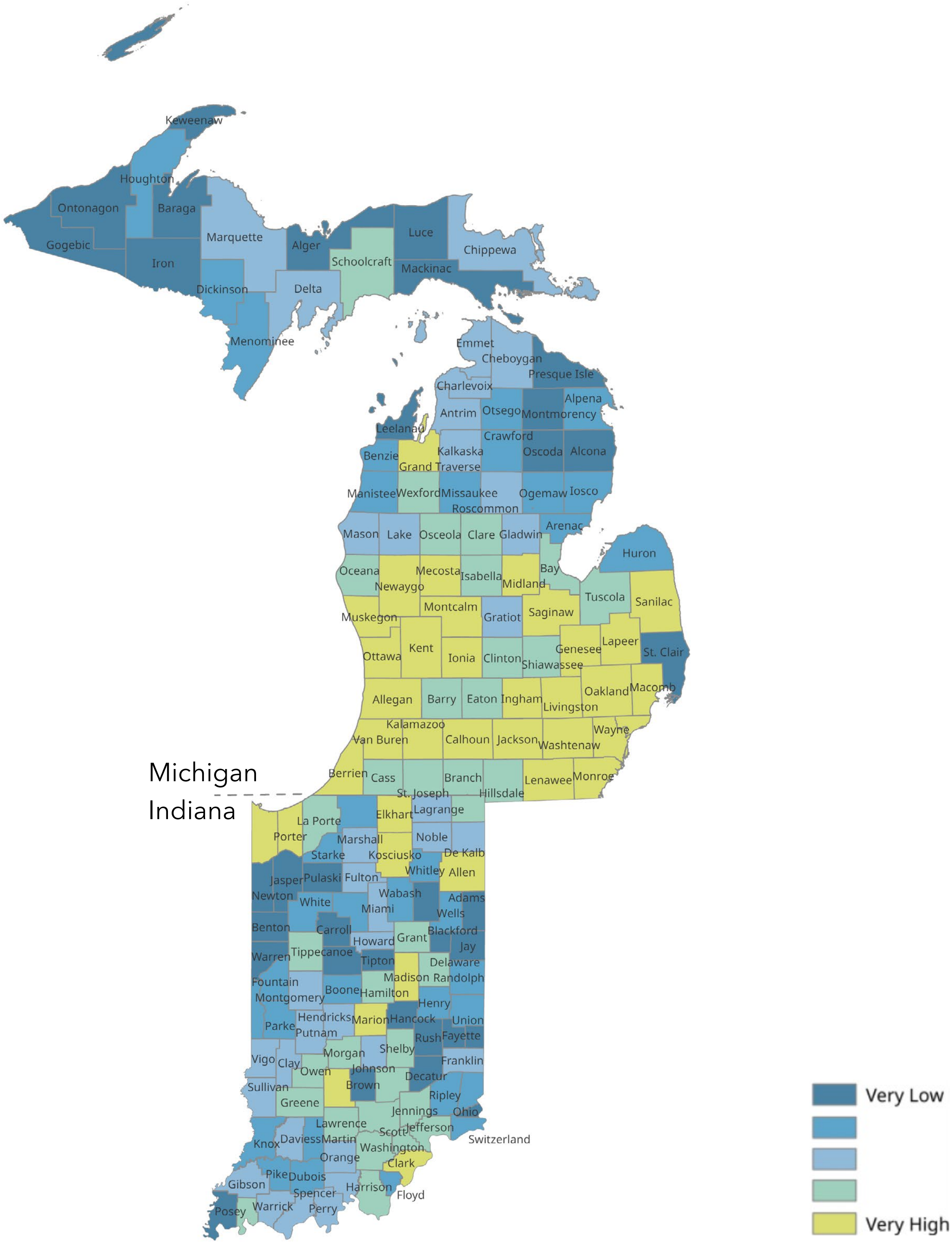
Households living in mobile home parks may also face greater vulnerability to rent increases and displacement. Park owners may raise the rents or require residents to relocate if the land is sold. In such cases, homeowners may be forced to move their homes to another location, a process that can cost up to $10,000 and may result in substantial damage to the unit.

The terms 'mobile home' and 'manufactured home' are usually interchangeable, except mobile homes were built before HUD enacted the Manufactured Home and Safety Quality Standards requirements in 1976.

'Factory built' housing includes manufactured homes as well as modular homes, which are prefabricated components of a home delivered and assembled onsite. Modular homes are usually assembled on a deeded lot and placed on a permanent foundation and are not considered different from a stick-built home from a valuation perspective.

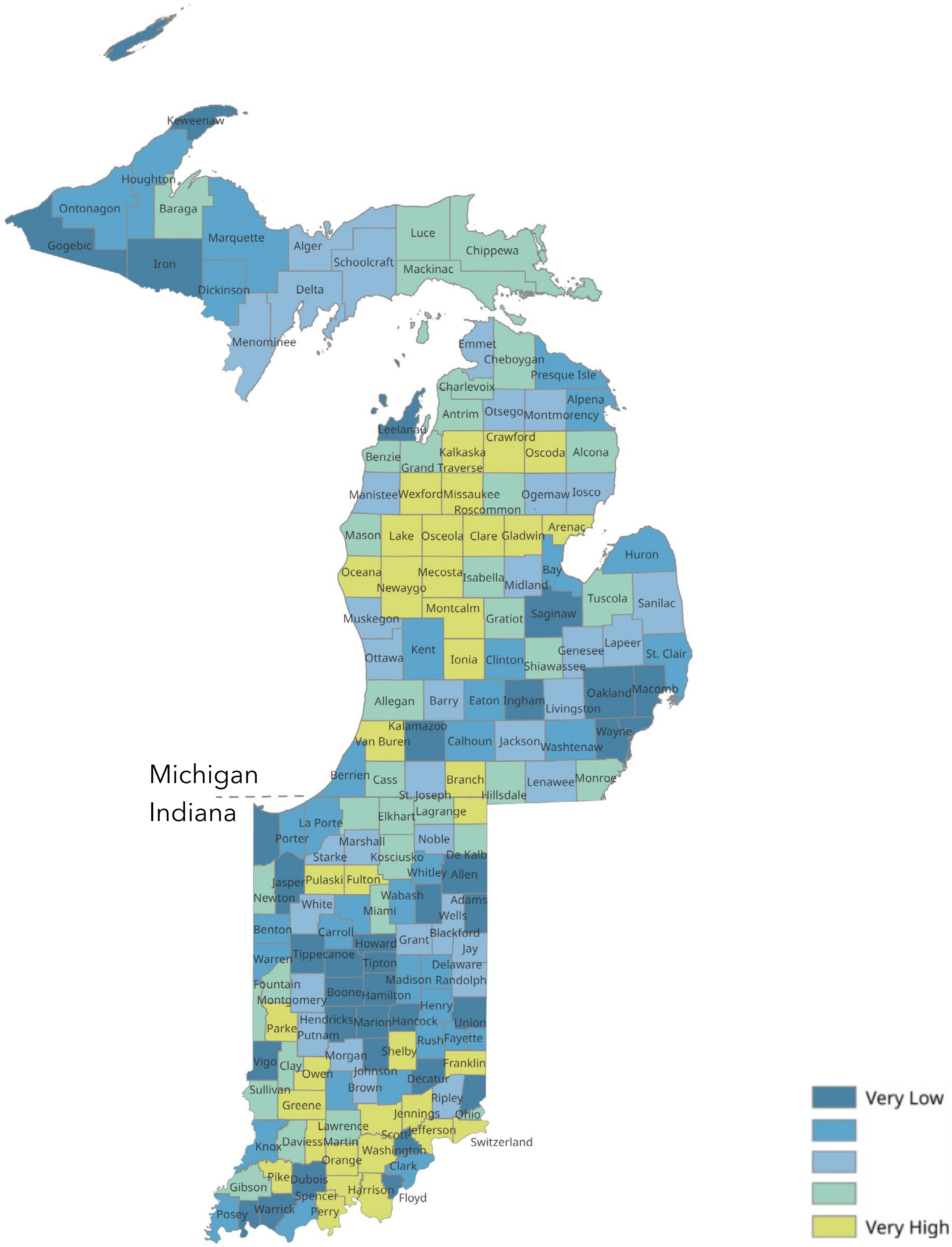
Similarly, manufactured homes placed on a permanent foundation on privately-owned land qualify for USDA and FHA loans and are treated as real property.

Map 9: Concentration of Manufactured Housing (Count)



Source: U.S. Census Bureau, 2019–2023 American Community Survey (ACS) 5-Year Estimates

Map 10: Concentration of Manufactured Housing (as percentage of all units)



Source: U.S. Census Bureau, 2019–2023 American Community Survey (ACS) 5-Year Estimates

Image: istock/Brett Wiatre

Rural Homelessness

FHLBank stakeholders noted an increasing number of people experiencing homelessness in rural areas. According to a national study, rural homelessness is growing faster than in urban areas, with students in rural areas reporting an 11% increase in homelessness annually, or four times the national average.[xxxiii]

Servicing a rural homeless population is especially difficult. One reason is the difficulty in reaching unhoused residents dispersed over a larger area. Homeless individuals in rural areas are more likely to live in encampments removed from populated areas and in other remote settings, making them difficult to find. In fact, one stakeholder discussed the health and safety hazards of homeless encampments in rural areas due to the lack of wastewater and sewage treatment.

Another challenge in addressing the rural homeless population is the lack of concentrated services. Unlike urban areas that can cluster social services in one area and still serve most of the homeless residents seeking assistance, rural homeless service providers are not as well funded and are spread out over multiple jurisdictions, making it more difficult to access, particularly without a private vehicle.

More Seniors with Housing Needs

Low income seniors are facing more housing affordability challenges than previous years due to rising costs (in rent, utilities, insurance, and home repairs) exceeding what their fixed incomes can afford.

Multiple stakeholders across Indiana and Michigan expressed this as one of their main concerns, remarking that more seniors than ever before are seeking subsidized rental apartments and homeless prevention services, and several service providers have prioritized emergency assistance programs to address senior housing needs.

According to the most recently released HUD CHAS data, more than 500,000 low income seniors in Indiana and Michigan were paying too much for housing, and almost half were paying 50% or more of their income on housing expenses. This number is expected to increase significantly as the tail end of the Baby Boomer Generation (born between 1946 and 1964) enters retirement.

The problem is readily apparent for seniors living primarily off social security benefits that can be as low as $1,000 per month.[xxxiv] This leaves limited resources for housing, let alone other expenses. One stakeholder working in senior services described how rising costs in everything - insurance, medical care, food, utilities, gas, etc. – has caused senior homeowners and renters to find alternative housing solutions because they can no longer afford to remain in their homes.

Senior renters who could once afford rent without subsidy have been priced out and are now entering wait lists for subsidized housing. Yet affordable rental housing options are scarce, particularly the deeply affordable units that are needed the most. Those properties are operating at or near full occupancy, and new affordable housing production has struggled to keep pace with growing demand.

Many senior homeowners cannot afford to make necessary repairs on their homes, leading to deteriorating and potentially hazardous conditions. With rising insurance premiums, utility bills and basic maintenance costs, a growing number of seniors are experiencing severe affordability challenges. As one homeless service provider noted, there have been instances where senior homeowners are losing their homes to foreclosure and are seeking help at local shelters.

The areas with the largest number of seniors experiencing cost burden are in metropolitan areas, particularly around Indianapolis and Detroit. In relative terms, however, the highest concentration of seniors experiencing cost burden as a percentage of all households is in rural areas, particularly Northern Michigan.

Table 14: Low Income Seniors with Housing Cost Burden in Indiana and Michigan

	Owners			Renters			Total		
	Total	Cost Burden	Severe Cost Burden	Total	Cost Burden	Severe Cost Burden	Total	Cost Burden	Severe Cost Burden
<30% AMI	168,932	75.2%	54.0%	126,320	69.2%	51.6%	295,252	72.6%	53.0%
30% - 50% AMI	227,270	44.9%	17.4%	95,812	69.6%	26.4%	323,082	52.2%	20.1%
50% - 80% AMI	367,755	22.8%	5.4%	84,663	41.7%	8.8%	452,418	26.3%	6.0%
All Low Income Seniors	763,957	41.0%	19.7%	306,795	61.7%	31.9%	1,070,752	46.9%	23.2%

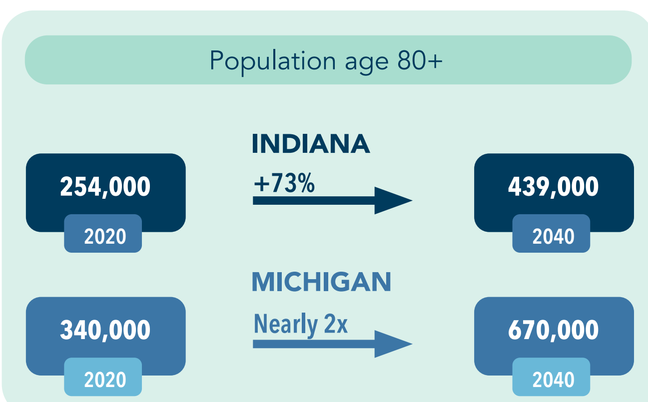
Source: U.S. Department of Housing and Urban Development (HUD), CHAS Data, 2018–2022 ACS Special Tabulation (December 2025 release)

Aging in Place

Most seniors in Indiana and Michigan are homeowners (roughly 80%), and there will be a significant increase in the population over 80 years old over the next 15 years. For example, between 2020 and 2040, Indiana's population over 80 years old is expected to increase 73% from 254,000 to 439,000. In Michigan, the number of adults over 80 years old between 2020 and 2040 will nearly double, from 340,000 to 670,000.[xxxv]

This will have significant ramifications for the low and moderate income senior homeowners who wish to remain in their homes as they age but lack the financial resources necessary to maintain them or modify them for greater accessibility. Stakeholders described widespread deferred maintenance issues, with older homes requiring repairs, accessibility modifications, and rehabilitation that many seniors cannot afford.

Currently, funding is very limited to rehab or retrofit homes for seniors. The primary source of rehabilitation funding is the Community Development Block Grant (CDBG) Homeowner Rehabilitation Program, which serves only a small number of households each year. While volunteer organizations occasionally provide accessibility improvements such as wheelchair ramps, these efforts are limited in scale, lack consistent funding, and not widely known among seniors.



Assisted Living

Roughly 6% of the population in Indiana and Michigan over 75 years old have a disability where they cannot live independently.[xxxvi] With an aging population, the existing resources to support older individuals in need of assistance will be strained by the slowdown in new construction and the labor shortages impacting supportive service providers.

The cost of assisted living is a major concern, with assisted living averaging $6,200 per month nationally.[xxxvii] Only extremely low income seniors without assets qualify for subsidized assistance through Medicaid; for low income households who do not meet this requirement or who own a home, this cost can quickly exhaust all of their financial resources.

At-Home Care

Approximately 118,000 adults over 75 years old need at-home care in Indiana and Michigan, relying on family and home-based services to remain in their homes.[xxxviii] Stakeholders expressed significant concern regarding recent changes to Indiana's Medicaid in-home care system. The transition from local case management agencies to private insurance companies was reported to have resulted in service reductions for some seniors and persons with disabilities.

Survey participants indicated that many individuals who had previously received in-home support services experienced reductions in care, increasing the safety risks for vulnerable seniors that may lead to assisted living sooner than necessary.

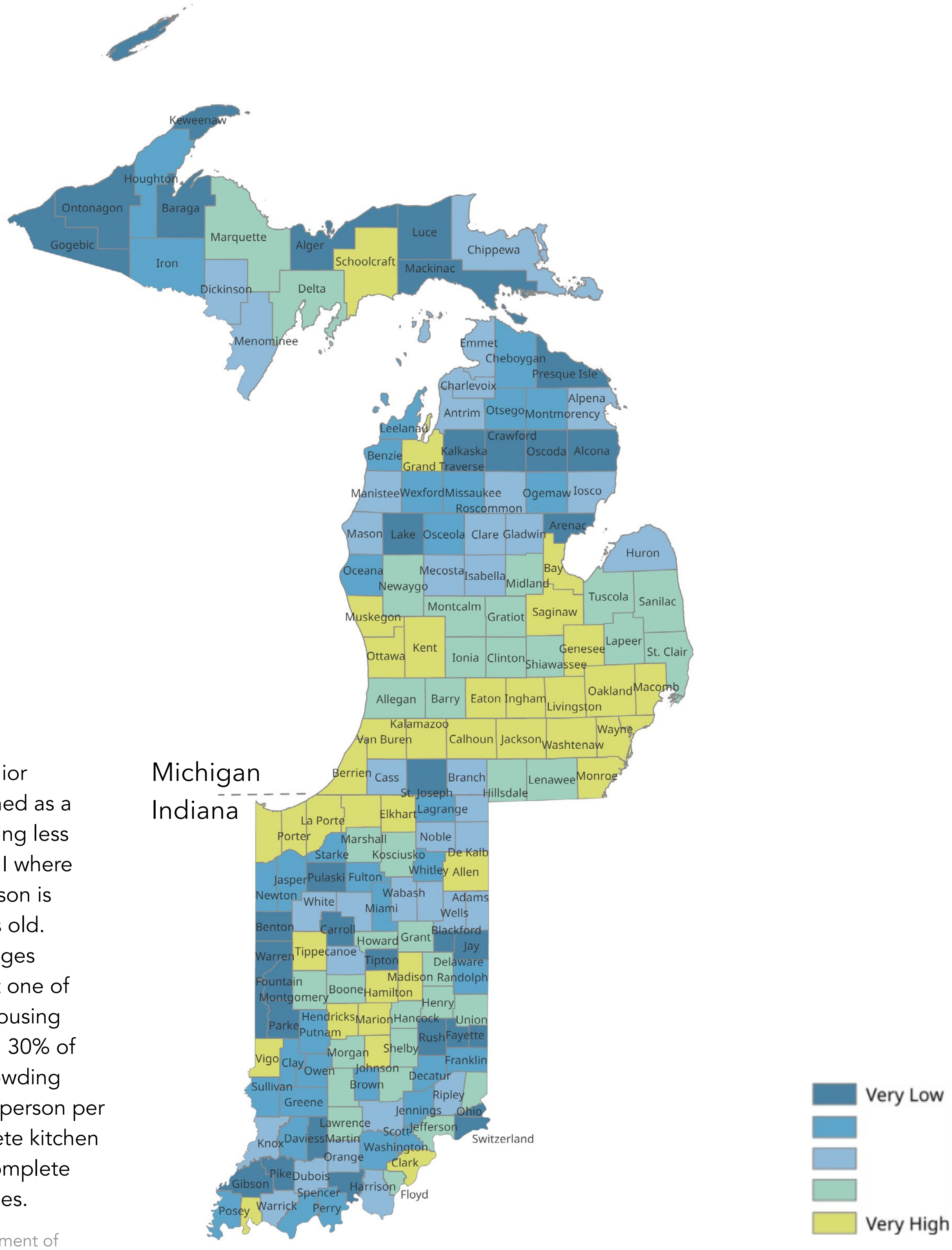
Other Needs

Transportation emerged as one of the most significant challenges that especially impact seniors living in rural areas. Many communities have little to no public transportation, leaving older adults dependent on family members, friends, or informal support networks for medical appointments, shopping, and other essential trips. For seniors who can no longer drive, the lack of transportation can contribute to social isolation, delayed healthcare, and difficulty accessing services that support independent living.

Programs such as home-delivered meals and caregiver respite services play an important role in helping seniors remain in their homes. However, stakeholders noted that these programs often provide only limited assistance and are constrained by staffing shortages and funding limitations.

In general, stakeholders described how workforce shortages are impacting all levels of care for seniors, regardless of income. This includes a shortage of health care workers, supportive service staff, and at-home assistance.

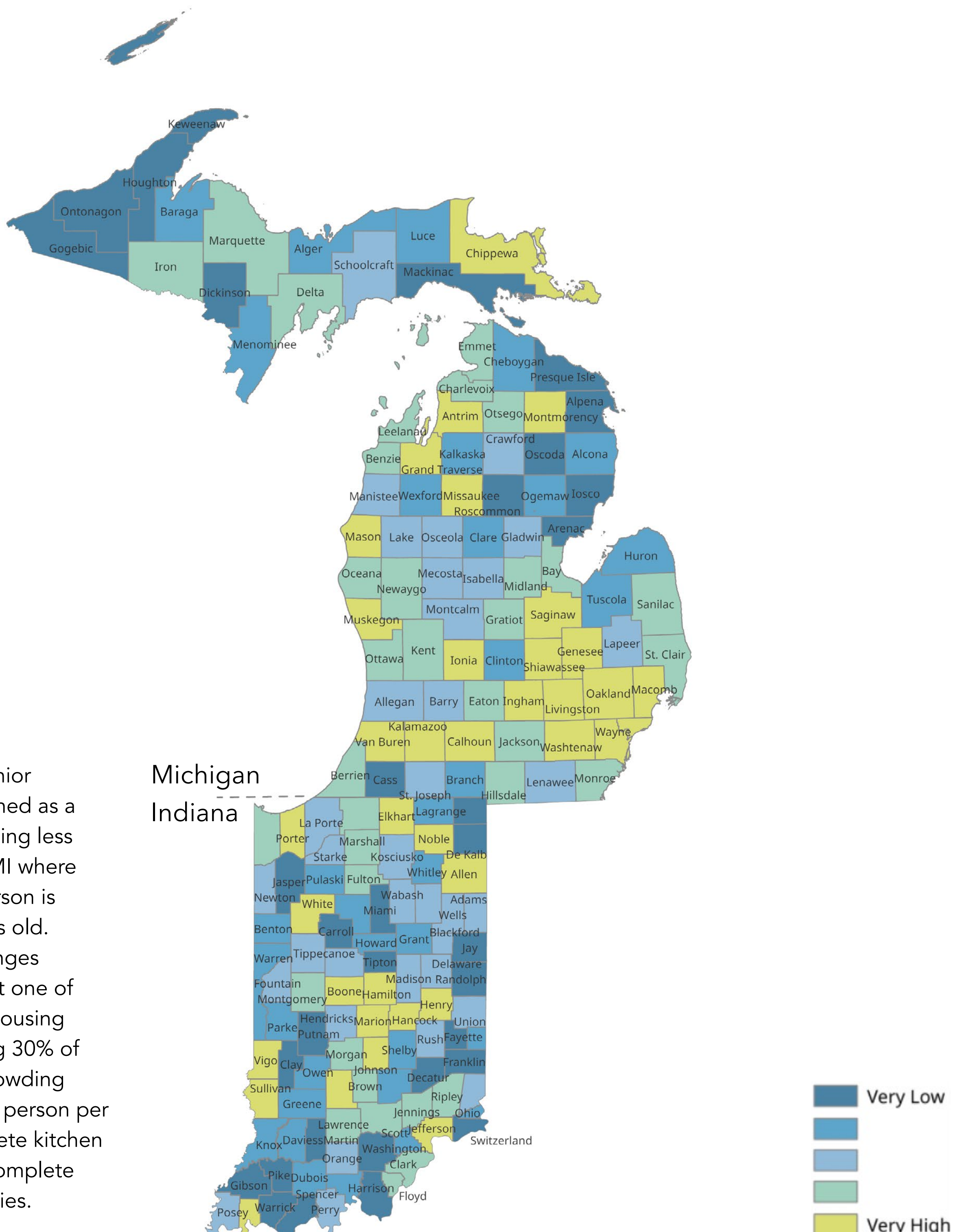
Map 11: Low Income Senior Households with Housing Challenges (Count)



Low income senior household defined as a household earning less than 80% of AMI where at least one person is at least 75 years old. Housing challenges includes at least one of the following: housing costs exceeding 30% of income, overcrowding (more than one person per room), incomplete kitchen facilities, or incomplete plumbing facilities.

Source: U.S. Department of Housing and Urban Development (HUD), CHAS Data, 2018–2022 ACS Special Tabulation (December 2025 release).

Map 12: Low Income Senior Households with Housing Challenges (percentage of all low income seniors)



Low income senior household defined as a household earning less than 80% of AMI where at least one person is at least 75 years old. Housing challenges includes at least one of the following: housing costs exceeding 30% of income, overcrowding (more than one person per room), incomplete kitchen facilities, or incomplete plumbing facilities.

Source: U.S. Department of Housing and Urban Development (HUD), CHAS Data, 2018–2022 ACS Special Tabulation (December 2025 release).

Tribal Housing and Community Needs

According to a recent HUD-sponsored study, Native Americans disproportionately struggle with high poverty, unemployment, housing deficiencies and overcrowding, and barriers to homeownership.[xxxix] Approximately 32% live in poverty, twice the national average, and 16% live in overcrowded conditions, compared to 2% nationally.

Because native land is held within a trust, mortgage lending is more complicated than traditional mortgages. The buyer needs to obtain a long-term lease on the land, which needs to be approved by the tribal council and U.S. government. According to one interviewee, this process can take several months. And because the home is on leased land, banks cannot foreclose on the property. This has deterred traditional lenders from offering mortgage products within tribal communities.

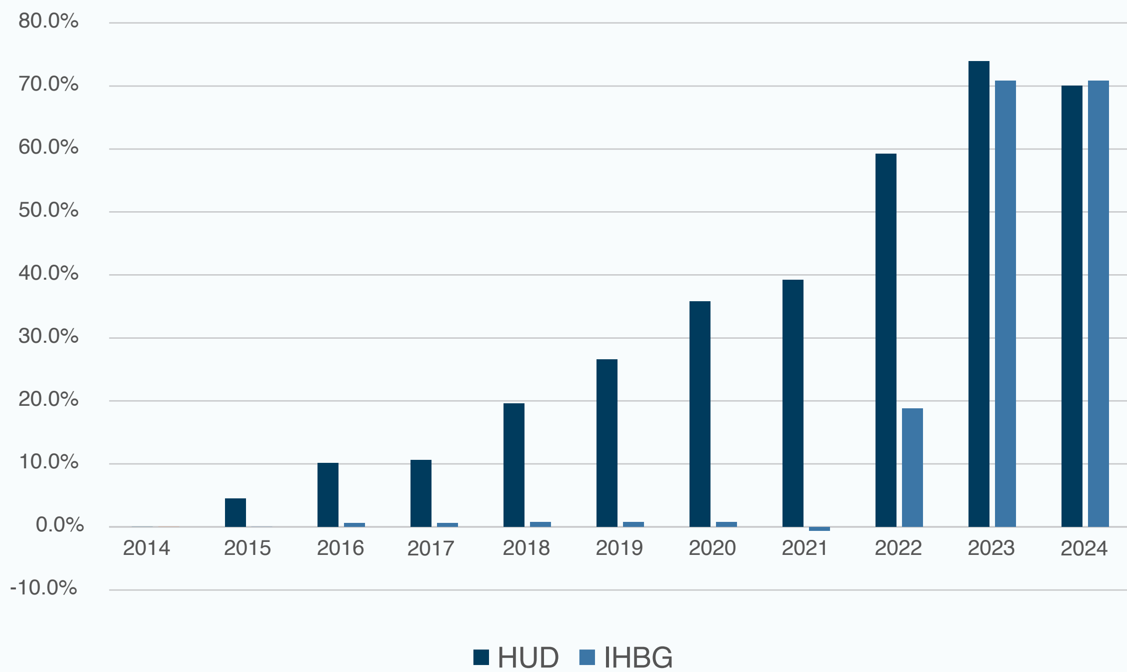
In the early 1990s, HUD introduced the Section 184 Indian Home Loan Guarantee Program to address this issue, effectively guaranteeing the loan if the owner defaults, which has encouraged banks to lend on indigenous trust land. Despite this, the rate of homeownership on tribal lands is significantly lower (29%) than overall Native American homeownership rates (54%).[xl] According to one stakeholder, many banks do not participate in the program due to additional administrative work and lack of knowledge on the program, thus access to home mortgages is still more difficult even with the program. At the same time, many residents do not know what programs and support are available to them and thus do not pursue homeownership.

Accordingly, there is a need for more education and advocacy on the lender side and the buyer side. This includes more outreach to banks to understand Section 184 and offer it to tribal communities stacked with other grant programs, and more effort in reaching tribal populations to understand the housing products available to them that can make homeownership achievable.

At the same time, there are not enough affordable housing units (for rent or to own) and new construction is more constrained in tribal areas due to limited funding, infrastructure constraints, and restricted access to funding.[xli]

For subsidized housing development, tribal communities do not have access to traditional HUD funding (like CDBG, HOME, Section 202, Section 8, or Public Housing funding) and instead use a separate tranche of funds issued under the Indian Housing Block Grant (IHBG) Program. The IHBG was created under the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA), with the intention of giving tribes more control over how to address their community development needs. The program was successful in terms of self-governance, but the funding allocation is not sufficient to meet needs and has had long periods of stagnation while HUD's other programs have received steady increases. Only recently has HUD increased the IHBG program in a substantial way, but it still falls short in comparison with other HUD program budget increases.

Chart 16: Indiana Housing Block Grant and Total HUD Budget Increases 2014-2024



Source: U.S. Department of Housing and Urban Development, Congressional Budget Justifications, FY2014–FY2024; HUD Office of Native American Programs, Indian Housing Block Grant Formula Allocations, FY2014–FY2024. Calculations by Atria Planning.

In addition to the lack of funding and challenges of building on land held in trust, many tribal communities experience development challenges comparable to rural development. Reservations and native trust lands are usually in remote locations with limited access to skilled labor and technical expertise. Developers are not keen to work in a remote location with poor infrastructure, and investors are hesitant to lend in areas with questionable population growth.

According to one stakeholder, the biggest problem is that no one is building new housing on tribal lands, while the existing housing stock ages and deteriorates. This statement is confirmed in the data. Housing deficiencies are substantially more common in tribal communities than nationally. Approximately 23% of households in tribal areas experience at least one major physical housing deficiency—including incomplete plumbing, incomplete kitchen facilities, heating, electrical, or structural problems—compared with approximately 5% of U.S. households overall.[xlii] Thus the greatest need is for the rehabilitation of existing homes and the construction of new, high quality units.

Unhoused Population and Those at Risk

The population with the greatest housing need are the unhoused.

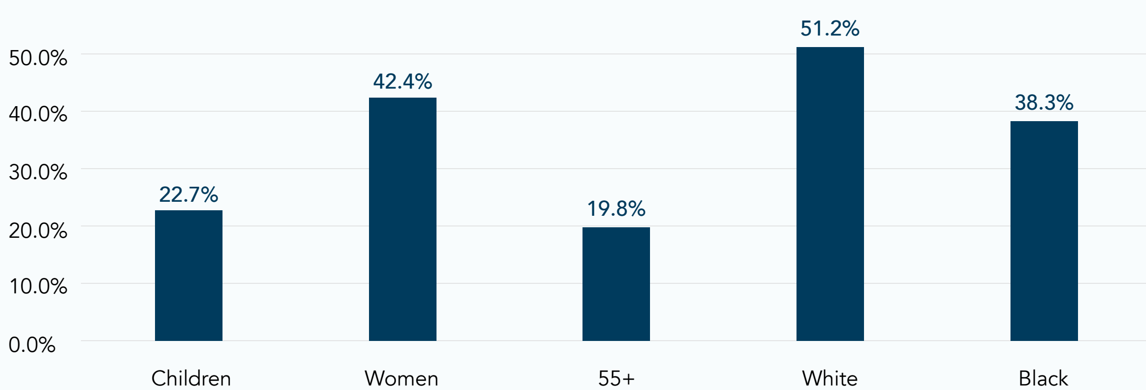
People experiencing homelessness experience disproportionately high rates of chronic physical illness, behavioral health conditions, and premature mortality. Research has consistently found that homelessness is associated with substantially shorter life expectancy, with some studies estimating that people experiencing homelessness die approximately 17 years earlier than the general population.[xliii] And yet homelessness is more widespread than many realize; as many as 4.2% of the U.S. population will be homeless at some point during their lifetime.[xliv]

While there are a variety of underlying factors leading to homelessness, the root of the issue is insufficient income to afford housing. Individuals and families who are unemployed or underemployed, who are on extremely low, fixed incomes (including seniors and persons with disability), and those in transition (e.g. exiting out of foster care, released from prison, or leaving domestic violence) face a far greater risk and are in need of deeply affordable, entry-level rental housing.

Quantifying the Problem

One day of the year at the end of January, Continuum of Care (CoC) providers conduct a survey counting the sheltered and unsheltered homeless population.[xlv] This Point in Time (PIT) survey is helpful in analyzing the socio-economic and demographic indicators among the unhoused population but is likely a significant undercounting, since many people experiencing homelessness are living in their cars, in abandoned buildings, "couch surfing" among friends and relatives, and other areas hard to reach. Indeed, more than 80% of homeless individuals accounted for in the PIT survey within Indiana and Michigan are already in a shelter or transitional housing.[xlvi]

Chart 17: Continuum of Care Point in Time Survey of Homeless Individuals in Indiana and Michigan, 2024



Source: U.S. Department of Housing and Urban Development (HUD), Point-in-Time (PIT) Count Data, HUD Exchange, 2019–2025.

Image: Federal Home Loan Bank of Indianapolis

According to the 2024 CoC PIT data, there were 16,024 homeless individuals in Indiana and Michigan, with 1,725 in Detroit and an additional 1,701 in Indianapolis. Approximately one in five were children and an additional 20% were over 55 years old. Almost half were women.

Another method for estimating the unhoused population is by reviewing data provided by the U.S. Department of Education. Since schools are required to report the number of unhoused students under the McKinney-Vento Homeless Assistance Act, the data is readily available for all states.

In the 2023 - 2024 school year, there were roughly 20,000 school-aged children without a primary residence in Indiana and another 33,000 in Michigan.[xlvii] This is nearly 15 times more than the reported 3,600 homeless children accounted for in the PIT survey.

Unlike the PIT Survey, the count of unhoused students provided by the school district provides a more complete picture of the need and includes students who are "precariously housed" in short term housing like weekly motel rentals or doubling up with friends or family. According to U.S. Department of Education data, 2.5% of school-aged children in Michigan are without a permanent home.

Risk Factors

Certain populations are at a higher risk of experiencing homelessness. This includes:

Extremely low-income renters with extreme housing cost burden.

In Indiana and Michigan, there are an estimated 318,000 renter households that earn less than 30% of Area Median Income and pay more than half of their income toward housing costs.[xlviii] This population includes households that are unemployed, workers earning at or near minimum wage, and low-income seniors and persons with disabilities living on fixed incomes from Social Security or disability benefits.

These households are particularly vulnerable to eviction or displacement due to the limited flexibility in their budgets, where even a minor change in circumstances can have significant consequences. Unexpected healthcare expenses, vehicle repairs, or a temporary loss of employment can impair their ability to pay rent. Similarly, increases in rent or utility costs can make housing unaffordable.

Based on stakeholders' feedback, eviction prevention programs, emergency rental assistance, and an increased supply of supportive housing can help mitigate these risks.

Domestic violence survivors.

Individuals experiencing abusive home environments often flee to protect themselves and their children, despite having few or no alternative housing options. In fact, domestic violence is one of the leading causes of homelessness among women and families. Studies estimate that between 22% and 57% of women experiencing homelessness identify domestic violence as the immediate cause of their homelessness, and approximately 38% of domestic violence survivors experience homelessness at some point in their lives.[xlix]

In many cases, the abuser controls the household's financial resources, leaving victims with little or no financial support once they leave. Therefore, the greatest needs among this population include temporary financial assistance, safe transitional housing for women with children, life skills and job training, and legal support.

Youth aging out of foster care.

Teenagers aging out of the foster care system are at an alarmingly high risk of becoming homeless. An estimated one in four transition-aged youth (TAYs) in the United States who leave the foster care system will experience homelessness within four years.[l]

While most young adults can rely on their parents as a safety net during the transition to adulthood, youth exiting foster care often do not have that option. Once they turn 18 years of age and become legal adults, the state usually stops compensating foster parents for their care. Most young adults do not yet have the earning potential, financial resources, or life skills needed to navigate adulthood independently. These challenges are often compounded by emotional and behavioral health needs resulting from past trauma.

The assistance available through the federal Chafee Foster Care Program is limited and subject to eligibility requirements. Although the program allows states to provide housing assistance up to 21 years of age, resources are not always available, and many youths receive housing assistance for only a few months after their 18th birthday. The financial and emotional stress of entering adulthood without adequate support not only contributes to higher rates of homelessness but also increases vulnerability to exploitation and human trafficking. For example, in 2013, 60% of child sex trafficking victims recovered during an FBI nationwide operation spanning more than 70 cities had previously been in foster care or group homes.[li]

To reduce the risk of homelessness, youth transitioning from foster care need stable housing coupled with wraparound services, including mental health care, job training, life-skills development, and mentorship.

Image: Shutterstock/1000 Words

Veterans.

The risk of experiencing homelessness is higher among military veterans than among non-veterans, with substance use disorders, mental health conditions, and low earnings due to disability identified as key risk factors.[lii] Many returning veterans experience PTSD, permanent disabilities, and chronic pain, which can increase the likelihood of substance abuse and mental health challenges.

Several programs are available to assist veterans experiencing homelessness. One of the most prominent is the HUD-VASH (Veterans Affairs Supportive Housing) Program, through which HUD partners with the Department of Veterans Affairs (VA) to provide housing vouchers that help veterans secure rental housing, while the VA provides medical and supportive services. In December 2025, 3,094 veterans in Michigan and Indiana were housed through the HUD-VASH Program.[liii]

Supportive service providers that serve military veterans also partner with housing developers to create transitional and permanent supportive housing opportunities. These developments typically offer income-based rents along with wraparound services designed to support long-term housing stability and self-sufficiency.

Substance use disorders.

Individuals experiencing substance use disorders are at a heightened risk of homelessness, particularly if they lack a support network. This risk extends beyond the direct consequences of addiction, such as job loss or eviction. When an individual enters a treatment program, they often must leave their job and housing, making the path back to self-sufficiency more challenging.

Upon completing treatment, individuals may transition to a group home or other supportive housing arrangement as they work to regain stability. However, they often face barriers to securing employment, accessing reliable transportation, and obtaining the financial resources needed to move into more permanent housing like security deposits and other housing-related costs.

According to stakeholders working in the field, the support available to individuals transitioning from treatment programs is lacking. The greatest need is for more coordinated assistance throughout all phases of recovery, from treatment and transitional housing to long-term self-sufficiency.

Individuals with felony records.

Individuals with a felony record have a harder time finding employment or securing housing and are ten times more likely to become homeless than the general population.[liv] Employers, trade unions, property management companies and lenders may discriminate against persons with a felony record regardless of the type of felony or when it was committed. This creates a widespread problem of housing insecurity leading to repeat offenses and reincarceration, often referred to as the "revolving door" among housing advocates. In 2022, there were roughly 96,000 people incarcerated in a federal prison within the Bank's District (46,000 in Indiana and 50,000 in Michigan).[lv]

Challenges

Addressing homelessness is more challenging than other affordable housing initiatives. Most affordable rental housing built today targets households earning between 50% and 60% of Area Median Income (or roughly $37,000 to $47,000 per year for an individual in Indianapolis in Detroit in 2025), with the rental income generated helping to offset development and maintenance costs. Housing development projects that aim to address homelessness (and thus have less rental income), have significant funding gaps, both in development costs and the cost to provide supportive services. As a result, developers working in this space need to pursue multiple funding sources and partners, each with their own requirements, criteria, and funding schedules, thereby increasing overall development costs and the risk of not being fully funded.

The situation is likely to worsen due to changing federal policies that have shifted funding away from permanent supportive housing and towards temporary housing models. HUD's Continuum of Care funding notice released in late 2025 restricts Permanent Supportive Housing (PSH) to 30% of its overall budget, down from roughly 85% - 90% in prior funding rounds.[lvi] There are currently an estimated 170,000 formerly homeless using PSH vouchers under the Housing First model, regarded as a "best practice" for the past 20 years. The administration's new policy shifts funding away from this model towards short-term housing solutions like shelters and transitional housing.

Although the policy changes have not yet taken effect due to ongoing litigation, if implemented, more than 100,000 formerly homeless using PSH vouchers are estimated to be at risk of losing their housing subsidy nationwide.[lvii]

Stakeholders also cited a need for more expansive supportive services to help prevent and resolve homelessness. This includes mental health care, childcare, transportation services, job training and placement, life skills coaching, and financial counseling. Several participants in the focus groups and interviews noted that service providers do not necessarily communicate with one another through an integrated system, leading some individuals and families with ongoing needs to "fall through the cracks."

Rural stakeholders discussed a growing homeless population in small towns and rural areas, which is issue that can be overlooked by local officials who may associate the problem with more urban areas. And yet there are additional barriers for rural homeless populations, including limited access to services due to a lack of public transportation, fewer supportive service providers overall, and long distances between housing, employment, healthcare, and social services. These conditions make it more difficult to prevent homelessness and connect individuals with needed resources once they become housing unstable.

Stakeholders identified several opportunities to strengthen homelessness prevention and response efforts, including:

- Expand development of deeply affordable and permanent supportive housing.
- Increase funding for supportive services and case management.
- Better integrate housing, behavioral health, and substance abuse treatment systems.
- Expand housing and services specific to targeted, at-risk populations.
- Increase emergency rental assistance and eviction prevention programs.
- Improve coordination among housing providers, healthcare systems, workforce programs, and social service organizations.

Prevention

The most cost-effective and efficient way to reduce homelessness is to prevent it from happening in the first place.

The resources used to address homelessness are expensive. Taxpayers pay more for overnight medical care, overnight jail stays, and overnight shelters due to circumstances induced by homelessness. The resources that are needed to transition someone experiencing homelessness into permanent housing are also expensive, requiring a sequence of housing services and support over several years.

Homeless prevention services have become a leading strategy in addressing homelessness given how effective it was in 2020–2021 under the ARPA's Homeless Housing Assistance and Prevention grant. Under this program, cities offered mediation assistance between landlords and tenants, emergency rental assistance, and increased social services using emergency dollars, leading to a national reduction in homelessness by 8%.[lviii]

Rental Assistance

During the COVID-19 Pandemic, many communities used their ARPA funds to provide rental assistance to families at risk of becoming homeless. These programs have since shuttered due to lack of funding and are expensive to operate, yet they are highly effective in reducing homelessness. For example, a recent study examined the housing status of formerly homeless families with and without rental assistance. After three years, 84% of families with some form of continued rental assistance remained housed, compared to 64% for families without rental assistance.[lix]

Evictions

The upward shift in rent for all unit types creates a domino effect where renters with the lowest incomes are at risk of eviction and homelessness. When households are priced out of their current unit, they move into something more affordable. This pattern continues until we reach the least expensive pool of housing units. When the rents increase for these units, the existing renters do not have more affordable housing options to move into.

In 2025, landlords within Michigan filed 148,299 eviction notices and executed 1,834 formal evictions, with the highest concentrations in Detroit.[lx] In Indiana, 73,599 eviction notices were filed, with the highest concentrations in Indianapolis, Gary, and Clark County.[lxi]

Preventing avoidable evictions is one of the most effective strategies for reducing housing instability and homelessness. Stakeholders emphasized the effectiveness of emergency rental assistance programs combined with legal counsel for tenants facing eviction, and city-sponsored mediation between landlords and renters in preventing homelessness. These approaches can help households overcome temporary financial hardships maintain stable housing.

Accessible Housing

More than 3 million people in Indiana and Michigan are living with a disability and there are not enough affordable, accessible units or services to meet their needs.[lxii]

The most common forms of disability within the two states are ambulatory and cognitive, and more than 6% of the adult population has a disability that requires at-home care.[lxiii]

Although children make up a smaller share of those living with a disability (roughly 200,000 children in the two states), alarmingly, one in four live below the poverty line.

Adults older than 65 comprise the largest share (43%) of people with disabilities, and 8%, equivalent to 142,000 disabled seniors, live below the poverty line.[lxiv]

Table 15: Disability by Type (as Percent of Population)

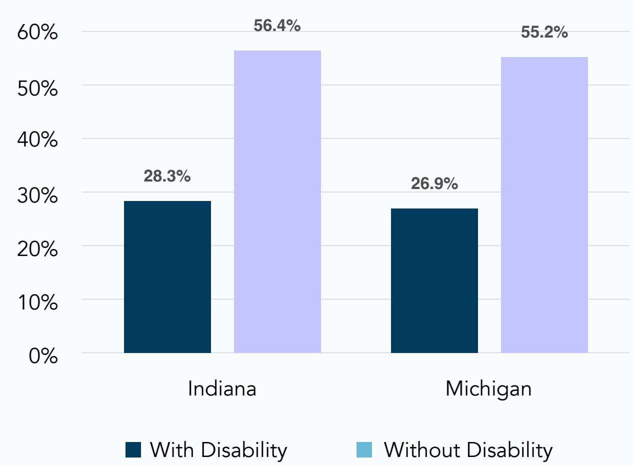
Type of Disability	Indiana	Michigan
Hearing	3.8%	3.8%
Vision	2.5%	2.2%
Cognitive	6.0%	6.2%
Ambulatory	7.0%	7.1%
Self-Care	2.5%	2.7%
Independent Living	6.1%	6.4%
All Disability	14.2%	14.3%

U.S. Census Bureau, 2020–2024 American Community Survey (ACS) 5-Year Estimates

And yet affordable housing opportunities for persons with disabilities on fixed incomes is very limited, and as a result, this population has a higher risk of living in inadequate conditions and experiencing homelessness due to the supply shortage.

Current affordable housing programs require a nominal percentage of accessible units (e.g. the LIHTC Program requires 5% of developed units to be accessible), while market-rate units have an even lower requirement of 2% of units following Fair Housing regulations.

Chart 18: Labor Participation Rate for Working-Age Population in Poverty



American Community Survey 1-Year 2024

Additionally, there is a shortage of units for renters with mobility impairments who may not need fully accessible units but basic modifications following Universal Design standards, which refers to designing units in a way that makes them accessible to the greatest number of people. This may include installing lever handles rather than knob handles; lowering switch plates; installing non-slip and level flooring; installing wiring for voice-activated light and temperature controls; and using drawers instead of cupboards in the kitchen. Affordable housing programs do not require builders to meet these standards, despite comparable costs between universal design and standard build features.

There is widespread discrimination against individuals with disabilities applying for housing, as well as discrimination at the project-level, with municipalities and neighborhood organizations opposing group homes and other housing solutions for individuals with special needs.[lxv]

The stigma experienced by individuals with disabilities, termed "ableism", has a well-documented negative impact on quality of life., as employers, schools, and landlords discriminate in favor of the able-bodied. As a result, individuals with disabilities have a higher rate of underemployment, depression and obesity.

Table 16: Supplemental Security Benefits

2024	Total	Aged	Blind	Disabled	Average Monthly Payment
Indiana	120,961	6,949	966	113,046	$ 687.45
Michigan	248,847	21,513	1,692	225,642	$ 696.74

Source: Social Security Administration, Office of Financial Policy and Program Integrity; and Social Security Administration, Supplemental Security Record.

Workforce & Community Development

From a state perspective, Michigan and Indiana both have healthy economies. Neither state has seen unemployment rates fall below 5.5% over the past decade (excluding the economic shutdown in 2020 due to the coronavirus) and both states have seen gains in household wealth over the past two decades, even accounting for inflation.[lxvi]

While Michigan has a slightly higher unemployment rate than the U.S., the difference has not been substantial (less than 0.5% higher on average over the past ten years compared to 1.5% higher on average over the past 50 years). Meanwhile, Indiana has maintained an unemployment rate 0.6% lower on average than the U.S. over the past decade.

The manufacturing industry that was forecasted to shrink due to globalization has experienced notable gains since 2010 while the professional sector, particularly health care, has expanded.[lxvii]

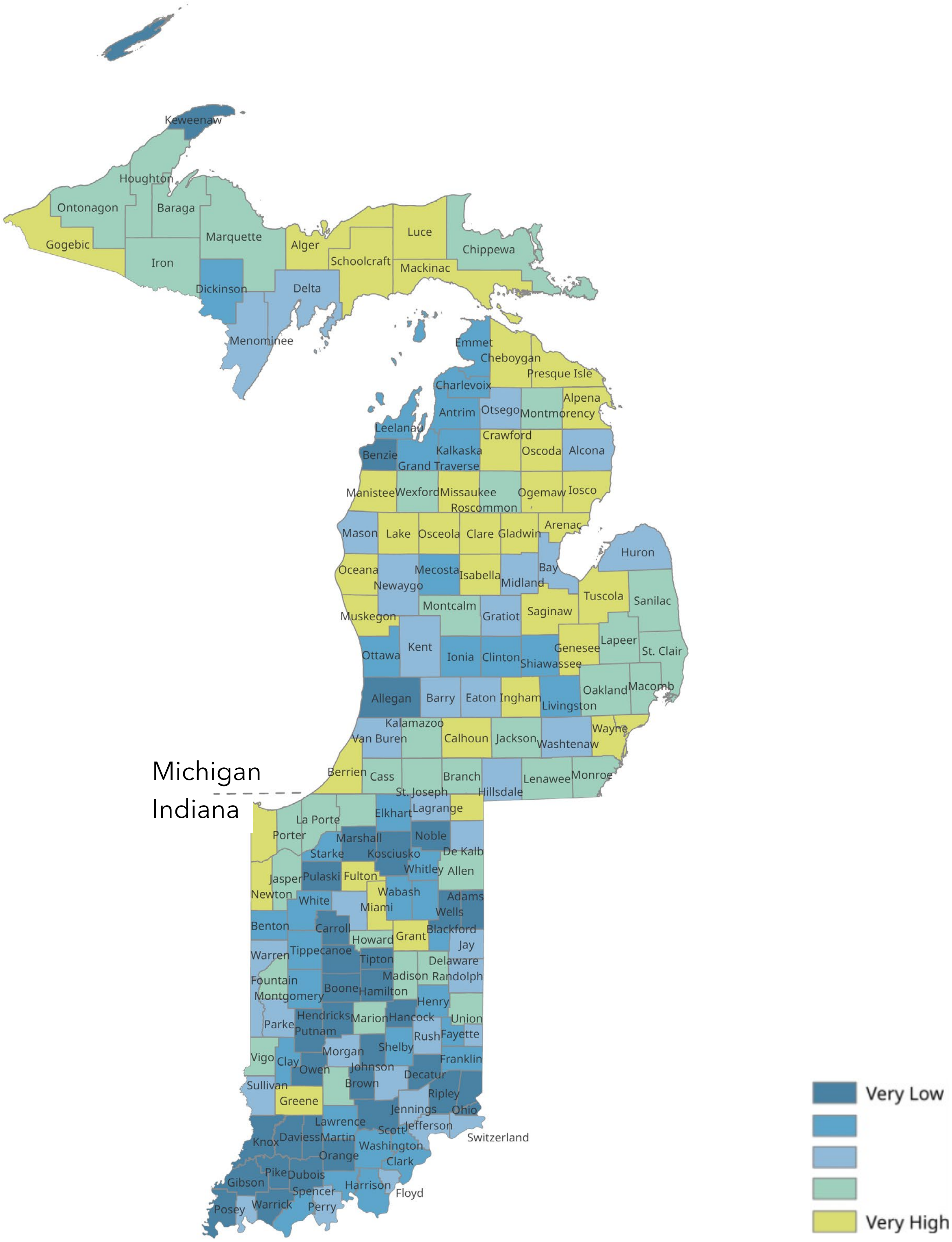
Yet there remains certain areas that still struggle with high unemployment and economic growth. To give a broader understanding of areas that struggle, the analysis reviewed unemployment rates and labor participation rates for adults between the ages of 20 and 64, which represents working-age adults who are not actively looking for work. The national average is 79%, and within Indiana and Michigan, there are more than 20 counties with rates below 70%, predominantly in rural Michigan.

Table 17: Counties with Labor Participation Rate Below 70% among Working-Age Adults

Montmorency County, Michigan	60.6%	Crawford County, Indiana	66.1%
Lake County, Michigan	61.0%	Parke County, Indiana	66.2%
Clare County, Michigan	62.4%	Sullivan County, Indiana	67.1%
Oscoda County, Michigan	62.9%	Miami County, Indiana	67.8%
Roscommon County, Michigan	64.2%	Putnam County, Indiana	69.1%
Chippewa County, Michigan	66.0%	Henry County, Indiana	69.5%
Gratiot County, Michigan	66.2%		
Ogemaw County, Michigan	66.3%		
Alcona County, Michigan	66.8%		
Gladwin County, Michigan	68.1%		
Keweenaw County, Michigan	68.5%		
Manistee County, Michigan	68.5%		
Crawford County, Michigan	68.6%		
Presque Isle County, Michigan	68.8%		
Montcalm County, Michigan	69.3%		
Ontonagon County, Michigan	69.6%		
Delta County, Michigan	70.0%		

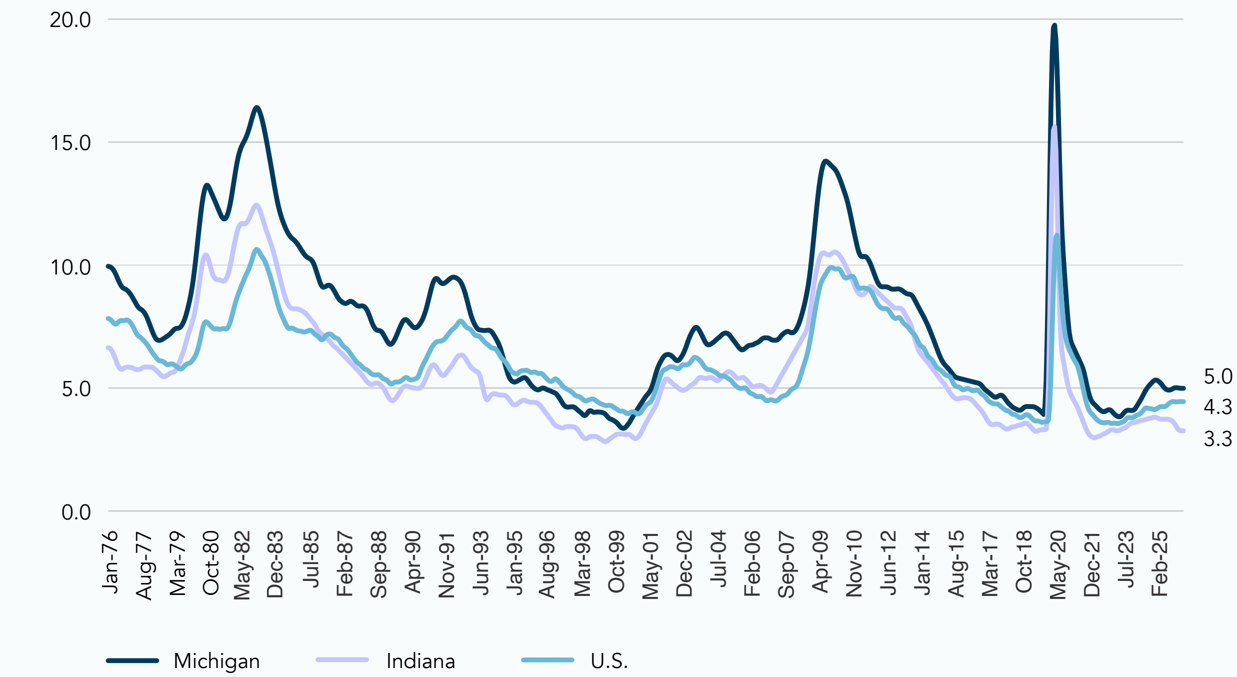
Source: American Community Survey 2020-2024 5-Year Estimates. Note: excluded Luce, Baraga, and Alger Counties in Michigan due to prison population.

Map 13: Unemployment



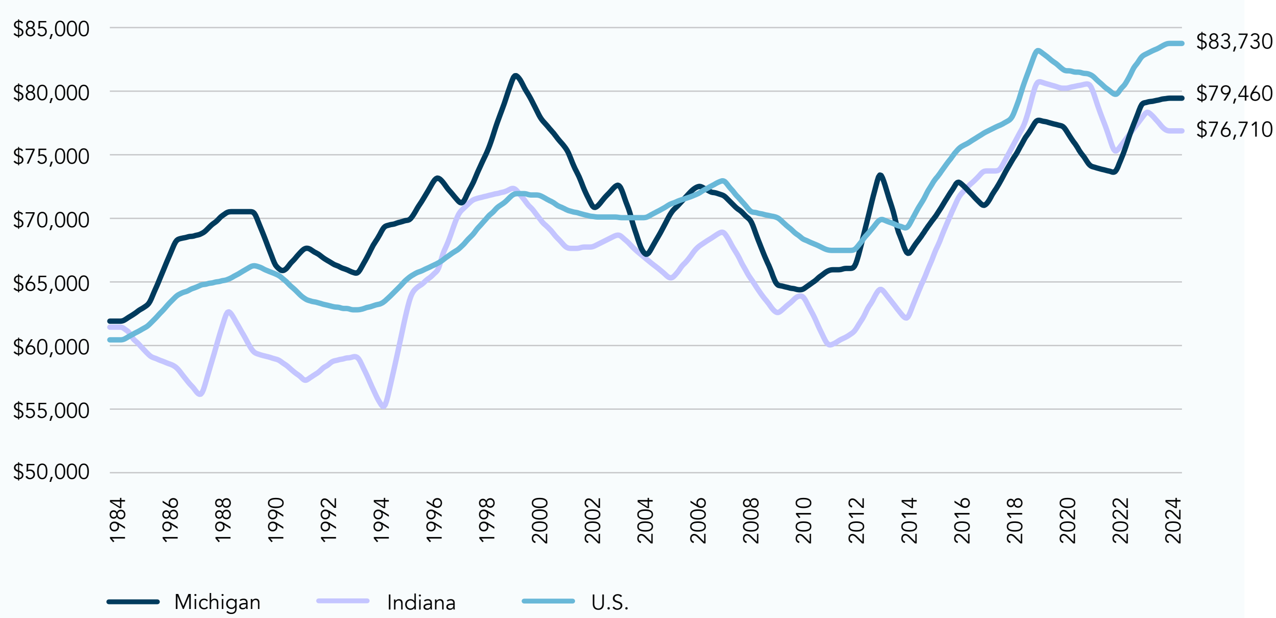
Source: U.S. Census Bureau, 2020–2024 American Community Survey (ACS) 5-Year Estimates

Chart 19: Unemployment Rate



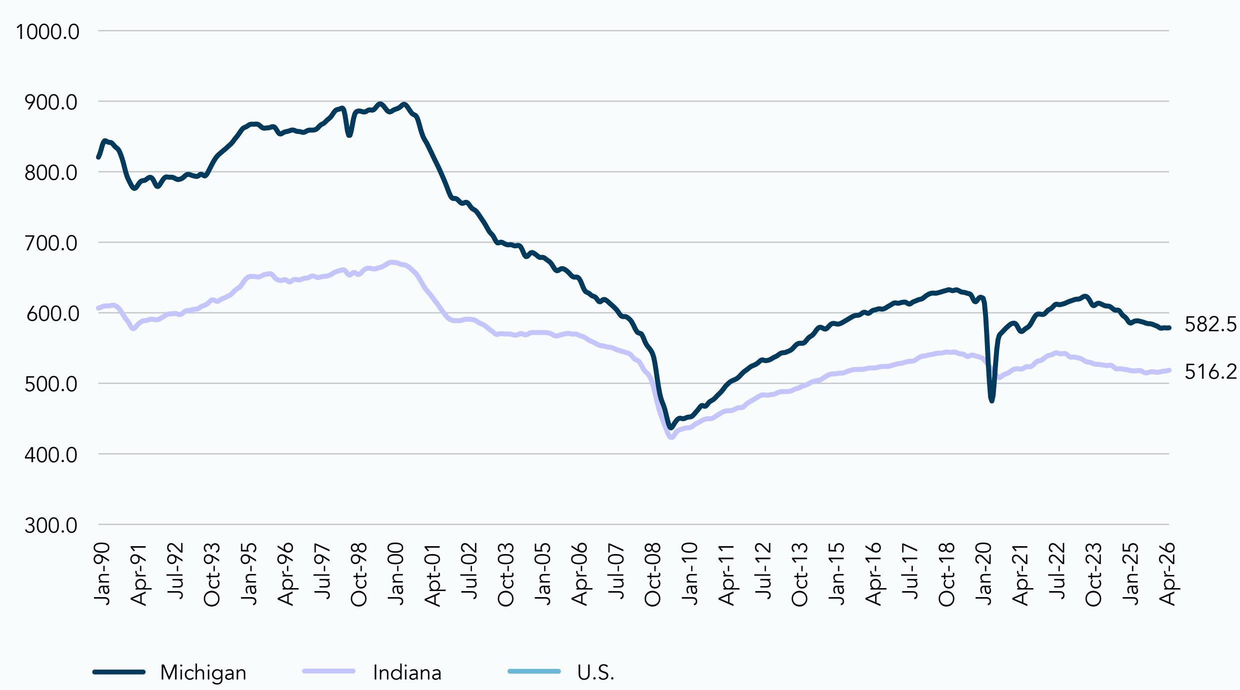
Source: U.S. Bureau of Labor Statistics, Unemployment Rate [UNRATE], retrieved from FRED, Federal Reserve Bank of St. Louis

Chart 20: Real Median Income (adjusted for inflation C-CPI-U dollars)



Source: U.S. Census Bureau, Real Median Household Income [MEHOINUSA672N], retrieved from FRED, Federal Reserve Bank of St. Louis

Chart 21: Employment in Manufacturing (in thousands)



Source: U.S. Bureau of Labor Statistics, All Employees: Manufacturing, retrieved from FRED, Federal Reserve Bank of St. Louis

Barriers to Employment

For many unemployed residents, the path to economic self-sufficiency is not simply a matter of finding a job; there are many other obstacles that need to be overcome before securing long-term unemployment.

According to stakeholders working in the field, the lack of reliable transportation and childcare are the two most significant obstacles. Lack of reliable transportation prevents workers from reaching employment centers, maintaining consistent schedules, and accessing job training opportunities. These challenges are especially acute in rural areas and communities with limited public transit options. Even in areas with public transportation, limited routes and longer headways essentially exclude carless, low income workers from using the system.

Lack of affordable childcare is also a tremendous barrier to employment, particularly for women. Families with young children often struggle to find affordable, high-quality childcare, and many childcare providers cannot accommodate evening, overnight, or weekend work schedules. The number of HeadStart facilities that offer low-cost childcare for low income families has significantly shrunk since the Pandemic, and many women who left the workforce temporarily to care for their children during the lockdown have yet to return, with lack of childcare being the main barrier.[lxviii]

Workforce Development and Community Needs

Economic growth depends on the availability of a skilled workforce, and healthy affordable communities for workers to live in. This means access to affordable housing, reliable transportation, childcare, education, and workforce training all impact the economic health of a region. When these systems fall short, workforce shortages become more difficult to address, even in regions with strong job growth.

Image: istock/Paul Bradbury

Housing has become one of the most significant factors influencing economic competitiveness. As housing costs rise and available inventory declines, workers increasingly struggle to live near employment centers or relocate for new job opportunities. Employers face greater challenges recruiting talent when prospective employees cannot find housing affordable to them.

Communities that attract and retain residents also tend to invest in the qualities that make them desirable places to live. This includes access to recreational space, parks, transportation networks, broadband, healthcare, and fresh food access. These quality of life investments combined with affordable quality housing supporting economic development.

Another growing workforce challenge is replacing an aging skilled trades workforce. Stakeholders noted this is needed particularly for the construction, manufacturing, and healthcare industries, citing workforce shortages with too few younger workers entering these fields to replace them. At the same time, many of these occupations do not require a four-year college degree but instead rely on apprenticeships, technical training, industry certifications, or community college programs. State workforce development agencies are recognizing this shortage and are encouraging more young adults to enter these fields through expanded apprenticeship programs and forging new partnerships with large-scale employers.

The decline in the trade industries appears to be shifting, with more young adults applying to trade schools than in the past 20 years.[lxix] Indeed, the Gen Z age cohort (under 30 years old) has been nicknamed the Toolbelt Generation to mark this shift away from 4-year degrees and high student debt towards trade careers with lower entry costs and seemingly more job security.[lxx]

Heirs' Rights

An heirs' property occurs when a homeowner passes away without a legally recorded deed transfer and the property is informally transferred to descendants. Heirs may continue living in the home for years with the understanding of ownership, but the occupants and their descendants are not listed on the deed and do not have clear legal title. Even with a will, heirs may not have legal ownership if the deed was not recorded in probate court.

This disproportionately impacts low-income, older communities, where a large share of homes were purchased in cash transactions without financing, and are passed on from generation to generation without a formal legal transfer. As a result, many deeds were not recorded, and current occupants who believe they own their home outright find they do not qualify for financing or grants to make necessary repairs.

Homeowners without a clean title are not eligible for most federal assistance programs, like CDBG home repair assistance and disaster relief after a major disaster. They also do not qualify for a homestead exemption and pay more in property taxes. And they cannot take out a loan on the property to fund repairs or start a business.

Heirs without a clear title must take several arduous and costly steps to take full ownership. It often requires hiring legal counsel to research the history of transfers, resolve title issues, and file the necessary paperwork in probate court. Complicated properties with multiple heirs may require upwards of $20,000 to resolve.

This is an issue that affects entire communities, since properties without a clear title of ownership are at a higher risk of deterioration and abandonment.[lxxi] In a 2024 study by Detroit Future City, it was estimated that approximately 5,500 Detroit families live in homes without clear ownership representing roughly $270 million in household wealth. Without legal intervention, that wealth is vulnerable to seizure, legal disputes, or forced sales.[lxxii]

Resiliency and Risk of Natural Disasters

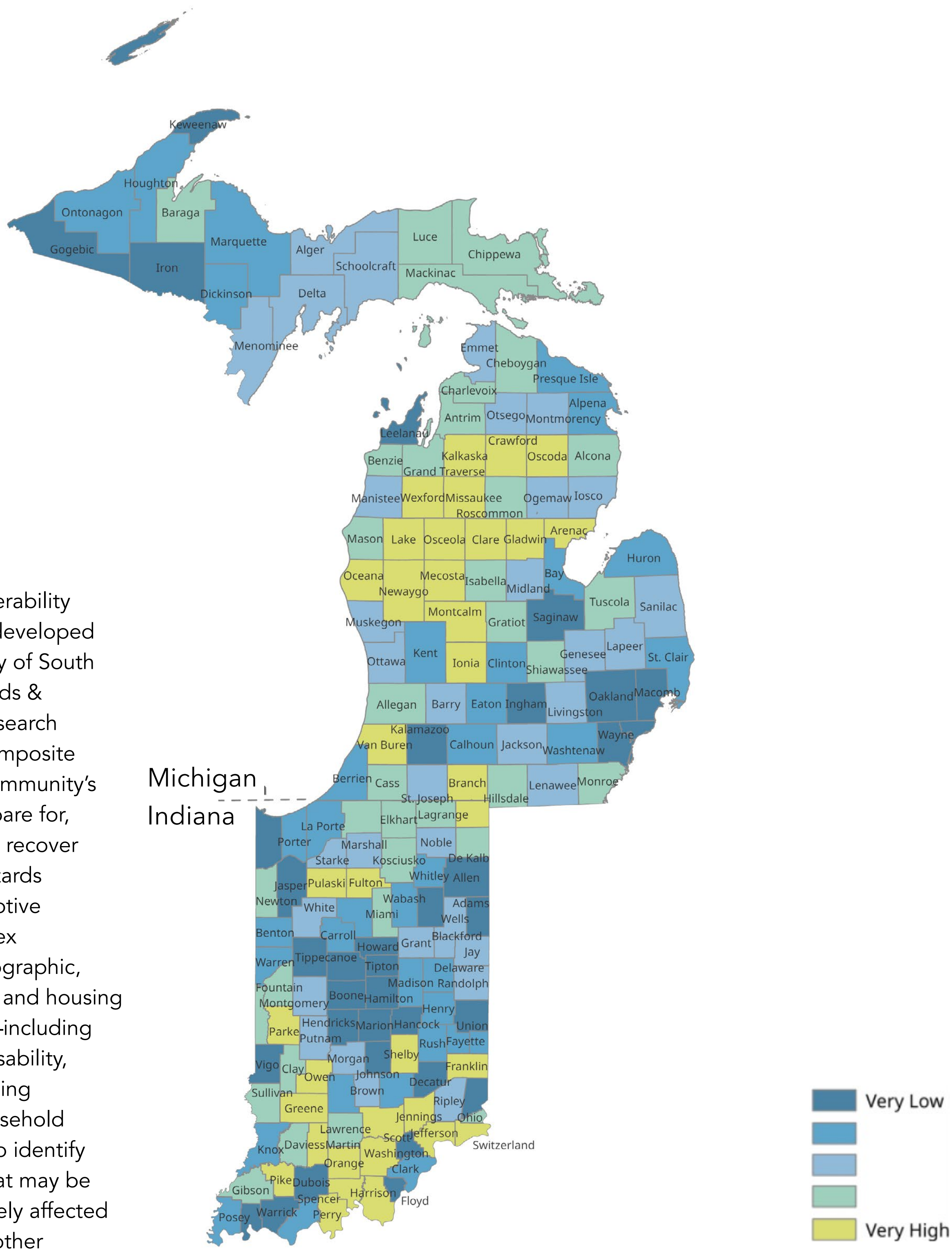
The risk of natural disasters is lower in Indiana and Michigan than in regions like the Gulf Coast or California, but it is becoming more of an issue as extreme weather events have become more common in less susceptible areas.

Collectively, there have been 15 Presidential Major Disaster Declarations between the two states. In Indiana, this includes major flooding in 2008 (with more than 28,000 households registering for assistance) and a tornado outbreak in 2023 impacting hundreds of homes. In Michigan, notable events include a dam failure in 2023 caused by heavy rains that damaged 2,500 homes, and more recently, flooding in northern Michigan in 2026 that impacted an estimated 1,200 residences.[lxxiii]

Disaster events disproportionately affect low-income households for a variety of reasons. They are more likely to live in older housing or in areas with higher natural hazard risk (like within flood plains) and thus are more susceptible to housing damage. They also have fewer resources to rebuild their homes or find alternative housing, with more limited insurance coverage and discretionary income. They may also have a harder time navigating the bureaucratic processes necessary to receive federal assistance.

The Federal Emergency Management Agency (FEMA) identifies both hazard exposure and social vulnerability as key factors affecting a community's risks and uses the Social Vulnerability Index (SoVI®) to identify communities more vulnerable to disasters. According to the SoVI Index, counties in northern Michigan are at a heightened risk, with a Social Vulnerability Index score 1.5 times the national average or higher.

Map 14: Social Vulnerability Index



The Social Vulnerability Index (SoVI®), developed by the University of South Carolina's Hazards & Vulnerability Research Institute, is a composite measure of a community's capacity to prepare for, respond to, and recover from natural hazards and other disruptive events. The index combines demographic, socioeconomic, and housing characteristics—including income, age, disability, education, housing tenure, and household composition—to identify communities that may be disproportionately affected by disasters or other stressors. Higher SoVI scores indicate greater relative social vulnerability.

Strategies/Recommendations

The strategies or recommendations listed below derive from the feedback received from stakeholders via the online survey, focus groups, and interviews. They do not necessarily represent actions the Federal Home Loan Bank of Indianapolis should take but rather describe in broad terms the types of activities or programs that have either been implemented and proven successful, or are gaining traction within the affordable housing and community development space to address new and persistent challenges among low and moderate income communities.

Modernize Housing Finance and Program Delivery

Stakeholders consistently emphasized that the complexity of affordable housing finance has become one of the greatest barriers to housing production and preservation. Affordable developments frequently require multiple funding sources, each with their own application process, underwriting standards, compliance requirements, and reporting obligations. Better coordination among federal, state, and local funding programs could significantly reduce administrative costs and shorten project timelines. Opportunities include aligning funding cycles across agencies, standardizing application requirements where possible, simplifying compliance and reporting procedures, and providing greater communication and technical assistance during application review. Additionally, more flexible or multi-year funding opportunities would allow developers to better coordinate financing.

The ROAD to Housing Act aims to address some of these issues, notably:

- Allowing one environmental review performed by a government entity to be used on other grant applications;
- Expanding the list of projects that qualify for categorical exclusions in environmental review, including infill development, conversions, rehabilitation projects, and smaller construction projects; and
- Supporting local, state, and federal agencies to streamline application processes, likely through technical assistance to local agencies and a review of how federal programs overlap or contradict local and state programs.

Strengthen Partnerships and Build Local Capacity

No single organization can address today's housing challenges independently.

Stakeholders emphasized that stronger collaboration is critically needed (among housing developers, lenders, nonprofit organizations, local governments, employers, healthcare providers, and social service agencies) to increase housing production and improve housing stability. This includes more regional collaboration among builders, jurisdictions, and supportive service agencies to meet housing targets and coordinate services. This is particularly effective in coordinating infrastructure investments for targeted housing development that includes affordable housing and creating one network of social service providers to add clarity regarding what services are available and avoid duplication.

Incentivizing partnerships between affordable housing providers and supportive service organizations can also aid in increasing production of deeply affordable and accessible units complemented by supportive programs.

And for rural areas and smaller organizations, more technical assistance for grant applications, financing, and public-private partnerships can help build capacity to implement housing solutions. This includes technical assistance to non-profit organizations, jurisdictions, and lenders who may not be using the full suite of affordable housing products available.

Expand Housing Innovation and Diversify Housing Types

One consistent message from stakeholders is that more housing types are needed to meet the housing needs of future households, who break from the traditional nuclear family model developers have been building for over the past 50+ years. There are more single adults, multi-generational households, adult children living with parents, seniors living alone, and long-term renters than in past generations, and a wide range of housing types are needed for this new demographic and economic reality.

> A Community Land Trust (CLT) is an organization that acquires and holds land for the long-term benefit of the community while allowing homes on that land to be bought and sold at affordable prices. Typically, the trust retains ownership of the land and leases it to homeowners through a long-term ground lease, reducing the cost of homeownership and preserving affordability for future buyers. By limiting resale prices while allowing homeowners to build equity, community land trusts create lasting affordable homeownership opportunities and help maintain neighborhood stability.

Recommended solutions to improve housing diversity and affordability include increasing the use of modular and other factory-built housing to reduce construction costs, targeting incentives or grants to rehabilitate aging and vacant housing stock, converting vacant properties into housing through adaptive reuse, and supporting alternative ownership models like Community Land Trusts and cooperatives.

Modernize Land Use Policies and Support Workforce Housing

Many stakeholders noted that local zoning and development regulations do not address current housing needs. Communities can expand housing opportunities by revising their land use policies and incentivizing development. This can be accomplished through density bonuses, permitting accessory dwelling units, encouraging infill development and more diverse housing types, and directly investing in projects through infrastructure investments, grants and low interest loans, and land. At the same time, communities can place greater emphasis on first-time homeownership through expanded down payment assistance, employer-assisted housing initiatives, and development incentives that increase the supply of homes affordable to households earning too much to qualify for traditional affordable housing but too little to compete in today's housing market.

Increase Accessibility, Supportive Services, and Housing Stability

Housing alone is often insufficient to meet the needs of many vulnerable households, and stakeholders consistently emphasized that long-term housing stability depends on integrating supportive services with housing investments. Older adults, persons with disabilities, and individuals exiting homelessness each face unique barriers that require tailored housing solutions paired with ongoing support.

For older adults, priorities include expanding aging-in-place rehabilitation programs, increasing the availability of accessible and smaller homes, and development of more deeply affordable senior rental housing. These housing strategies should be complemented by services such as transportation, meal delivery, caregiver support, and social engagement programs that help older adults maintain their independence and well-being.

For persons with disabilities, stakeholders highlighted the need for additional accessible and universally designed housing, along with incentives for incorporating accessibility features into both new construction and rehabilitation projects. To achieve this, housing grant programs may incentivize developers to increase the share of units that are accessible and provide more guidance to developers on how to incorporate universal design into future projects.

For individuals and families experiencing homelessness or are at risk, stakeholders emphasized expanding emergency rental assistance programs and ensuring the path towards economic self-sufficiency and permanent housing is achievable. This includes securing adequate funds to provide the various types of housing needed at each stage towards housing security (shelters, transitional housing, permanent supportive housing, and deeply affordable rental units) and to maintain operations. Housing stability also depends on strong partnerships between housing providers and organizations offering behavioral healthcare, substance use treatment, workforce development, childcare, and case management. Improving coordination among these service providers can help households successfully transition to permanent housing and reduce the likelihood of returning to homelessness.

Potential Strategies List

	STRATEGY
Affordable Housing Finance	• Provide predevelopment grants or loans for affordable housing projects. • Fund technical assistance to help developers assemble complex financing packages. • Provide gap funds for housing projects targeting deeply affordable rental units and homeownership opportunities for low and moderate income households in communities with short supply.
Partnerships & Collaboration	• Support rehabilitation of vacant and deteriorated housing. • Support shared data systems and coordinated service networks. • Incentivize partnerships between affordable housing providers and supportive service organizations. • Prioritize projects with broad support and partnerships.
Capacity Building	• Provide technical assistance to rural communities and small nonprofit organizations.
Housing Innovation	• Support peer learning and mentorship among housing organizations. • Fund modular and factory-built housing demonstration projects. • Invest in adaptive reuse of commercial buildings for housing. • Support Community Land Trusts, shared-equity housing, and cooperative housing models.
Land Use & Workforce Housing	• Support planning grants that encourage infill development, ADUs, and missing-middle housing. • Support employer-assisted housing initiatives. • Support down payment assistance and workforce housing programs for moderate-income households.
Accessibility & Healthy Housing	• Expand home repair and aging-in-place programs. • Fund accessibility modifications and universal design improvements. • Increase grants for accessible affordable housing development. • Support healthy homes initiatives that address environmental hazards and deferred maintenance.
Homeless Services & Housing Stability	• Support emergency rental assistance and eviction prevention programs. • Increase bridge rental assistance for households experiencing temporary financial hardship. • Fund rapid rehousing programs for households exiting homelessness. • Invest in permanent supportive housing development and operating support. • Support flexible financial assistance for security deposits, utility arrears, transportation, childcare, and other barriers to housing stability. • Invest in data systems that improve coordination among homeless service providers.
Integrated Supportive Services	• Support partnerships between housing providers and healthcare organizations and employer-sponsored housing programs. • Expand workforce development, childcare, transportation, and behavioral health services linked to housing. • Support integrated service hubs that coordinate multiple supports for vulnerable households.

Conclusion

The housing challenges facing Indiana and Michigan today differ fundamentally from those of just a few years ago. For decades, many communities benefited from relatively affordable housing, allowing working families to purchase a first home and lower-income households to find modest rental housing without public assistance. While significant housing needs always existed, particularly for households with the lowest incomes, much of the housing market remained accessible to working families. That balance has shifted.

The rapid changes that followed the COVID-19 Pandemic did more than increase housing costs. They accelerated long-term trends that have reshaped the housing market and exposed challenges that had been building for years. Rising development costs, an aging housing stock, changing demographics, labor shortages, increasing insurance costs, and a limited supply of lower-cost homes have created a housing system that no longer meets the needs of many households. Moderate-income families increasingly struggle to purchase a first home, while households with the lowest incomes face growing housing insecurity as deeply affordable rental housing becomes increasingly scarce.

Perhaps the most encouraging news is that decisionmakers across the board recognize the critical need for more affordable housing options and are introducing innovative solutions that are often more cost-effective than current programs. At the federal level, Congress is bringing forth multiple legislative items geared towards increasing housing supply and bringing costs down by increasing flexibility in its programs and streamlining approval processes. As one example, the ROAD to Housing Act combines 60 proposed housing bills into one piece of legislation and recently passed the Senate with a vote of 85-5.

States have also taken the initiative to increase housing supply beyond traditional subsidy programs. For example, Michigan created a Missing Middle Housing Program that provides grants and financing for projects serving moderate income households and is encouraging a more varied housing stock to include townhomes, duplexes, and workforce housing. Michigan also expanded their brownfields redevelopment initiatives to include housing developments, which has incentivized developers to pursue more adaptive reuse and infill residential development. In Indiana, the State provides local governments with low-interest loans to finance infrastructure projects which support new housing development under their Residential Housing Infrastructure Assistance Program (RIF) and increasingly coordinate with economic development agencies and employers to target housing investment in areas slated for strong employment growth.

Glossary of Terms

Term	Description
Accessible Housing	Housing that is designed or modified to accommodate individuals with physical, sensory, or cognitive disabilities. Accessible housing may include features such as step-free entrances, wider doorways, accessible bathrooms, grab bars, and other elements that improve mobility and independence.
Accessory Dwelling Unit (ADU)	A smaller, independent residential unit located on the same lot as a primary residence. ADUs may be attached to the main home, built as detached backyard cottages, or created through garage or basement conversions. They provide additional housing options for family members, caregivers, or renters.
Aging in Place	The ability of older adults to safely and independently remain in their own homes and communities as they age through home modifications, accessible design, and supportive services.
Bridge Rental Assistance	Short-term rental assistance that helps households maintain or obtain housing while they secure long-term income, employment, or permanent housing assistance. Bridge assistance is commonly used for households exiting homelessness or institutional settings.
Categorical Exclusion (CatEx)	A category of projects that are determined to have little or no significant environmental impact and therefore may be exempt from preparing a full Environmental Assessment under the National Environmental Policy Act (NEPA), provided no extraordinary circumstances exist.
Community Land Trust (CLT)	A nonprofit organization that acquires and permanently owns land while selling or leasing the homes located on the land. By separating ownership of the land from the housing, Community Land Trusts preserve long-term housing affordability for future generations.
Cooperative Housing (Housing Cooperative)	A form of homeownership in which residents collectively own a corporation that owns the housing property. Instead of owning an individual unit, residents purchase shares in the cooperative and receive the right to occupy a specific home.
Down Payment Assistance	Financial assistance provided through grants, loans, or forgivable loans to help eligible homebuyers cover down payment and closing costs associated with purchasing a home.
Employer-Assisted Housing	Housing programs are sponsored by employers that help employees obtain affordable housing through down payment assistance, forgivable loans, rental assistance, or partnerships with housing developers. These programs are often used to recruit and retain workers.
Environmental Review	A required process of evaluating the potential environmental impacts of a project receiving federal funding or requiring federal approval. Environmental reviews help ensure compliance with federal laws related to floodplains, wetlands, historic preservation, endangered species, and other environmental resources.
Factory-Built Housing	Housing that is manufactured in a factory rather than constructed entirely on-site. The term includes manufactured homes, modular homes, and panelized homes, which are transported to the building site for installation.

Homeless Shelter	A temporary facility that provides emergency housing and basic services for individuals and families experiencing homelessness. Shelters often offer meals, case management, and referrals to permanent housing and supportive services.
Infill Housing Development	New residential development constructed on vacant or underutilized parcels within existing developed areas. Infill development makes use of existing infrastructure, utilities, and public services while limiting outward expansion.
Low-Income Housing Tax Credit (LIHTC)	The federal government's primary program for financing the development and preservation of affordable rental housing. The program provides tax credits to private investors in exchange for maintaining affordable rents for income-eligible households for an extended period.
Manufactured Housing	Factory-built housing constructed in accordance with the federal HUD Manufactured Home Construction and Safety Standards (HUD Code) and transported to its final location. Manufactured homes provide an important source of affordable homeownership, particularly in rural communities.
Multi-Generational Housing	Housing designed or adapted to accommodate multiple generations of a family within a single residence or property, allowing extended families to share housing while maintaining varying degrees of independence.
New Markets Tax Credit (NMTC)	A federal tax credit program that encourages private investment in businesses and community facilities located in economically distressed communities. While not primarily a housing program, NMTC financing is often used for mixed-use developments, health centers, grocery stores, and other community facilities that support neighborhood revitalization.
Permanent Supportive Housing (PSH)	Long-term affordable housing paired with voluntary supportive services for individuals and families experiencing chronic homelessness or living with disabilities. Services may include case management, behavioral health treatment, employment assistance, and healthcare coordination.
Supportive Services	Services provided to individuals and families who are housing-vulnerable to obtain and maintain stable housing. These may include case management, mental health services, substance use treatment, healthcare, childcare, transportation assistance, employment services, financial counseling, and life skills training.
Transitional Housing	Temporary housing that combines affordable accommodations with supportive services to help individuals and families transition from homelessness or institutional settings to permanent housing. Stays are generally limited in duration and focus on increasing housing stability and self-sufficiency.
Universal Design	A design approach that creates homes and buildings usable by people of all ages and abilities without requiring specialized adaptations. Universal design features often include no-step entrances, lever door handles, wider hallways, and accessible bathrooms that benefit a broad range of occupants.

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