The Brookings Institution

Center on Urban and Metropolitan Policy
Bruce Katz, Director

Indianapolis: Challenges for Homeownership

Presentation to the Indianapolis Neighborhood Housing Partnership

Housing Summit

April 25, 2003

Indianapolis: Challenges for Homeownership

I. What are the general trends affecting the city and metropolitan area?

II. What do these trends mean for homeownership policies?

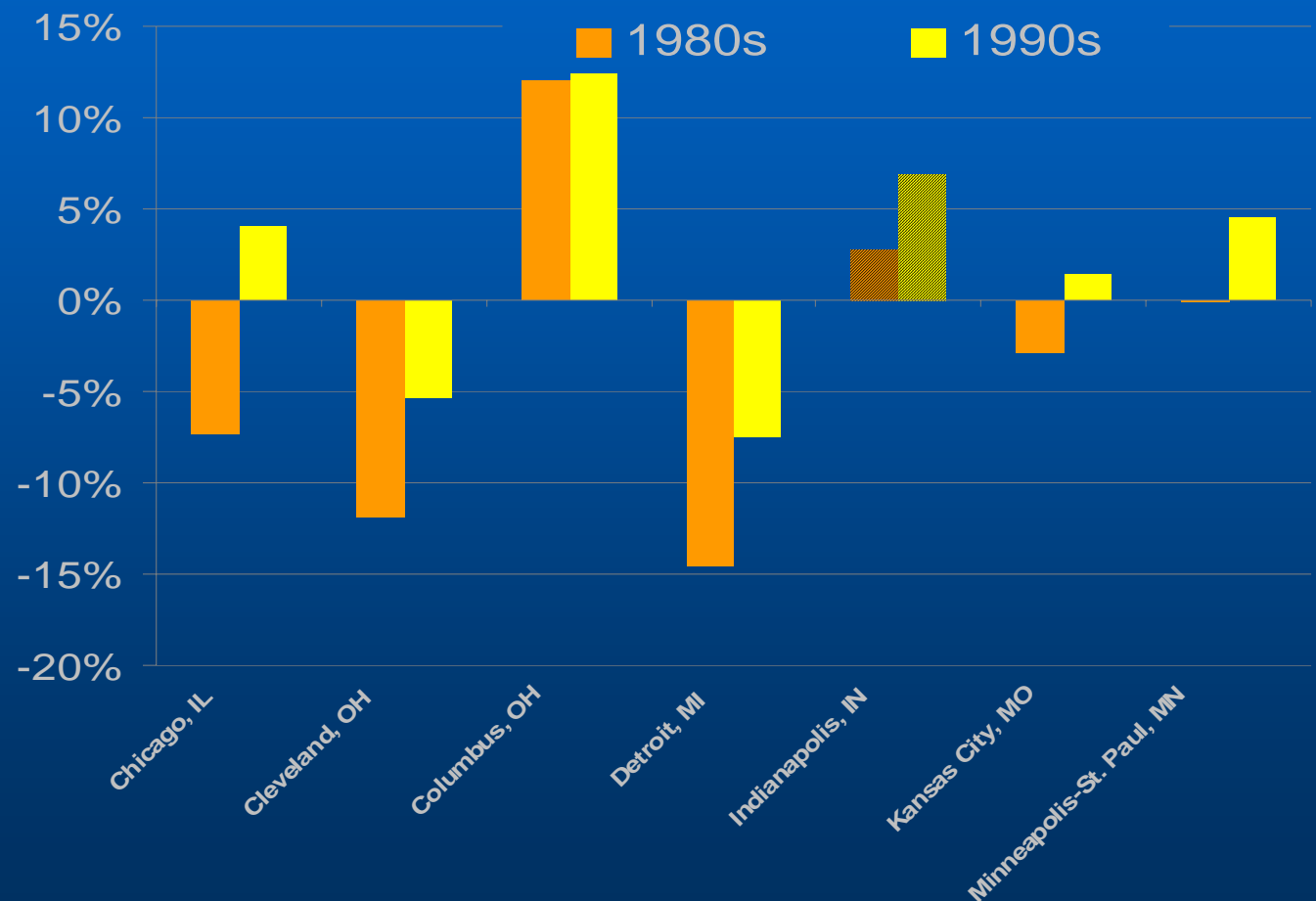I. What are the general trends affecting the city and metropolitan area?

1. The city of Indianapolis grew in the 1990s

The city of Indianapolis grew by seven percent in the 1990s -- a faster rate than most other Midwestern cities

Percent change in population, 1980-2000

■ 1980s   ■ 1990s

	15%
	10%
	5%
	0%
	-5%
	-10%
	-15%
	-20%

Chicago, IL   Cleveland, OH   Columbus, OH   Detroit, MI   Indianapolis, IN   Kansas City, MO   Minneapolis-St. Paul, MN

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Making Indianapolis the twelfth largest city in 2000 (up from the thirteenth largest in 1990)

City population, 2000

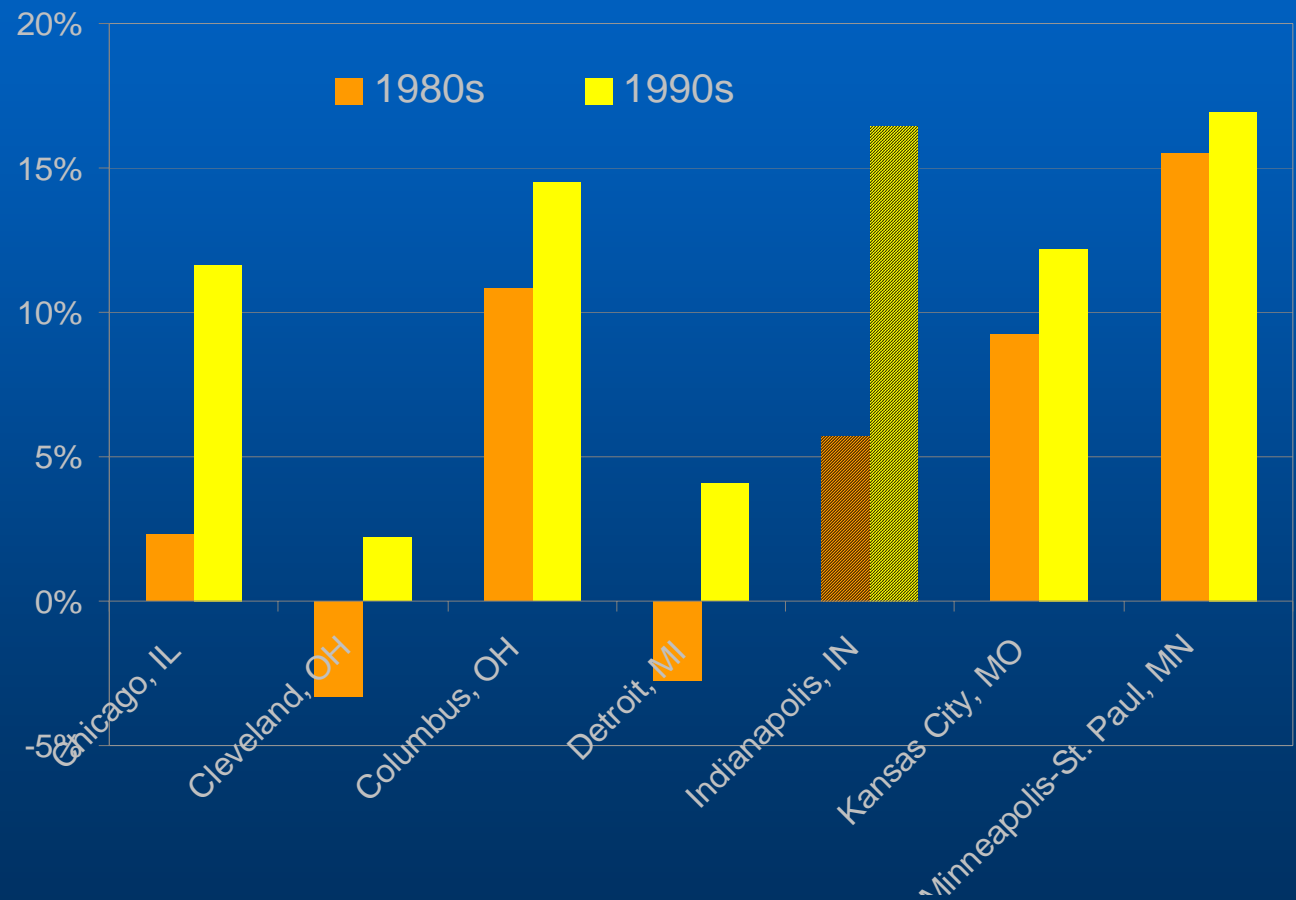| Central City	City Population	
	2000	Rank
Dallas, TX	1,188,580	8
San Antonio, TX	1,144,646	9
Detroit, MI	951,270	10
San Jose, CA	894,943	11
Indianapolis, IN	**781,870**	**12**
San Francisco, CA	776,733	13
Jacksonville, FL	735,617	14
Columbus, OH	711,470	15
Austin, TX	656562	16
Baltimore, MD	651154	17

2. The Indianapolis metro grew rapidly (including the outer edges of the city itself)

Rapid Metro Growth

In the 1990s, the Indianapolis metro grew three times faster than it did in the 1980s

Percent change in population, 1980-2000

Legend: 1980s, 1990s

Chart categories: Chicago, IL; Cleveland, OH; Columbus, OH; Detroit, MI; Indianapolis, IN; Kansas City, MO; Minneapolis-St. Paul, MN

Y-axis: -5% to 20%

Making Indianapolis the 36th largest metro area

MSA population, 2000

MSA	Metro Population	
	2000	**Rank**
San Jose, CA PMSA	1,682,585	31
Cincinnati, OH-KY-IN PMSA	1,646,395	32
Orlando, FL MSA	1,644,561	33
Sacramento, CA PMSA	1,628,197	34
Fort Lauderdale, FL PMSA	1,623,018	35
Indianapolis, IN MSA	**1,607,486**	**36**
San Antonio, TX MSA	1,592,383	37
Norfolk-Virginia Beach-Newport News	1,569,541	38
Las Vegas, NV-AZ MSA	1,563,282	39
Columbus, OH MSA	1,540,157	40

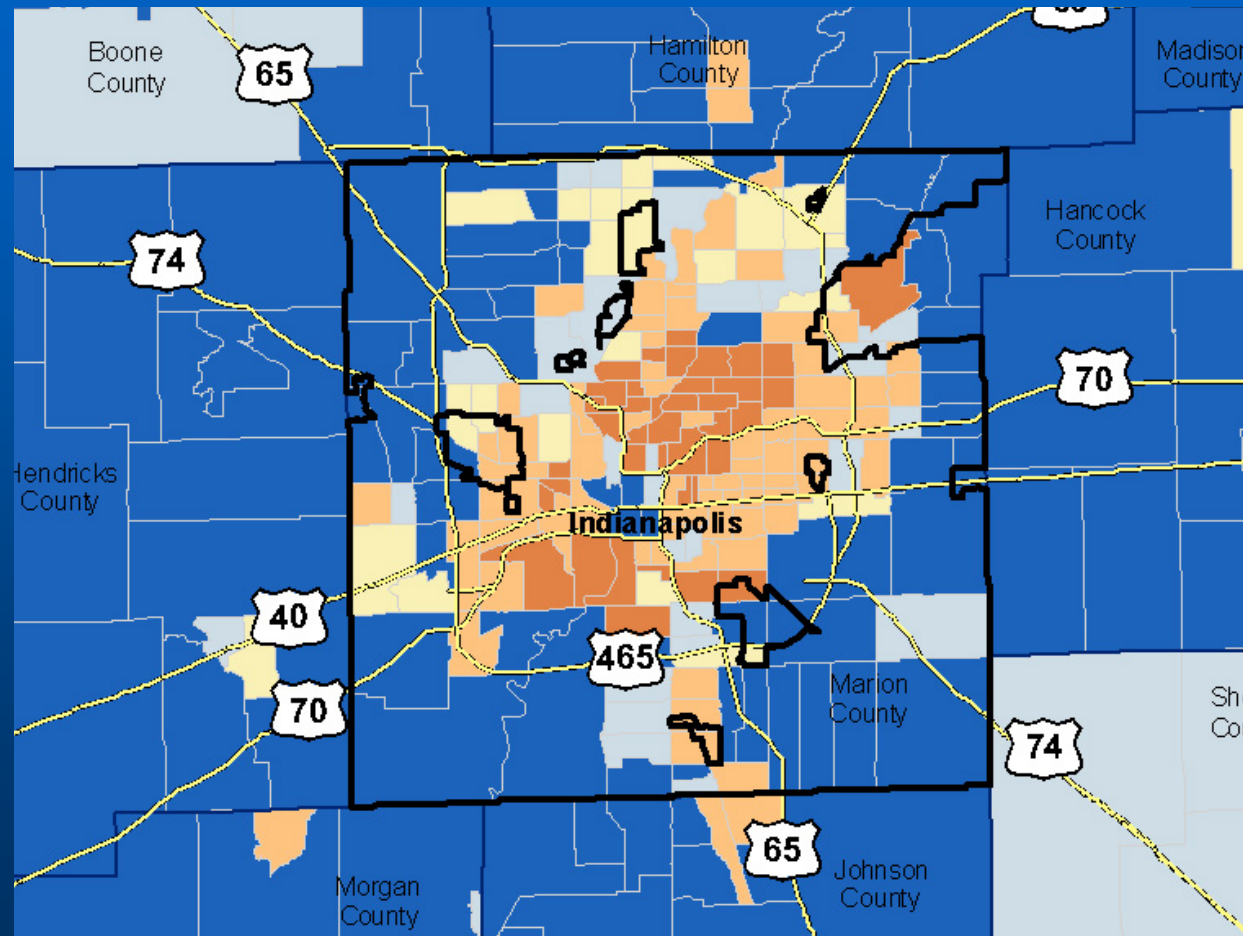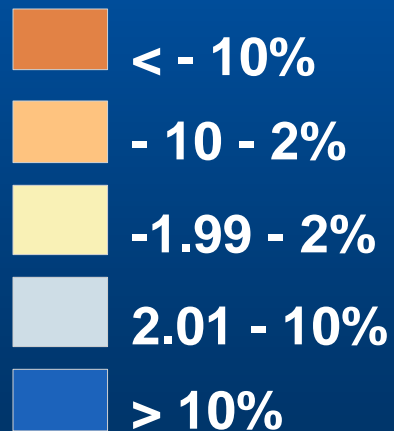# The central city failed to keep pace with the rapid growth in the surrounding suburbs

Percent change in population, 1980 - 2000

■ Central City

■ Suburbs

- 1980s: Central City 19,788; Suburbs 54,792
- 1990s: Central City 50,543; Suburbs 176,452

30%
25%
20%
15%
10%
5%
0%

1980s   1990s

3. The Indianapolis region has a small but growing immigrant population

Indianapolis has very few immigrants -- only 4.6 percent of the population in 2000 was foreign born
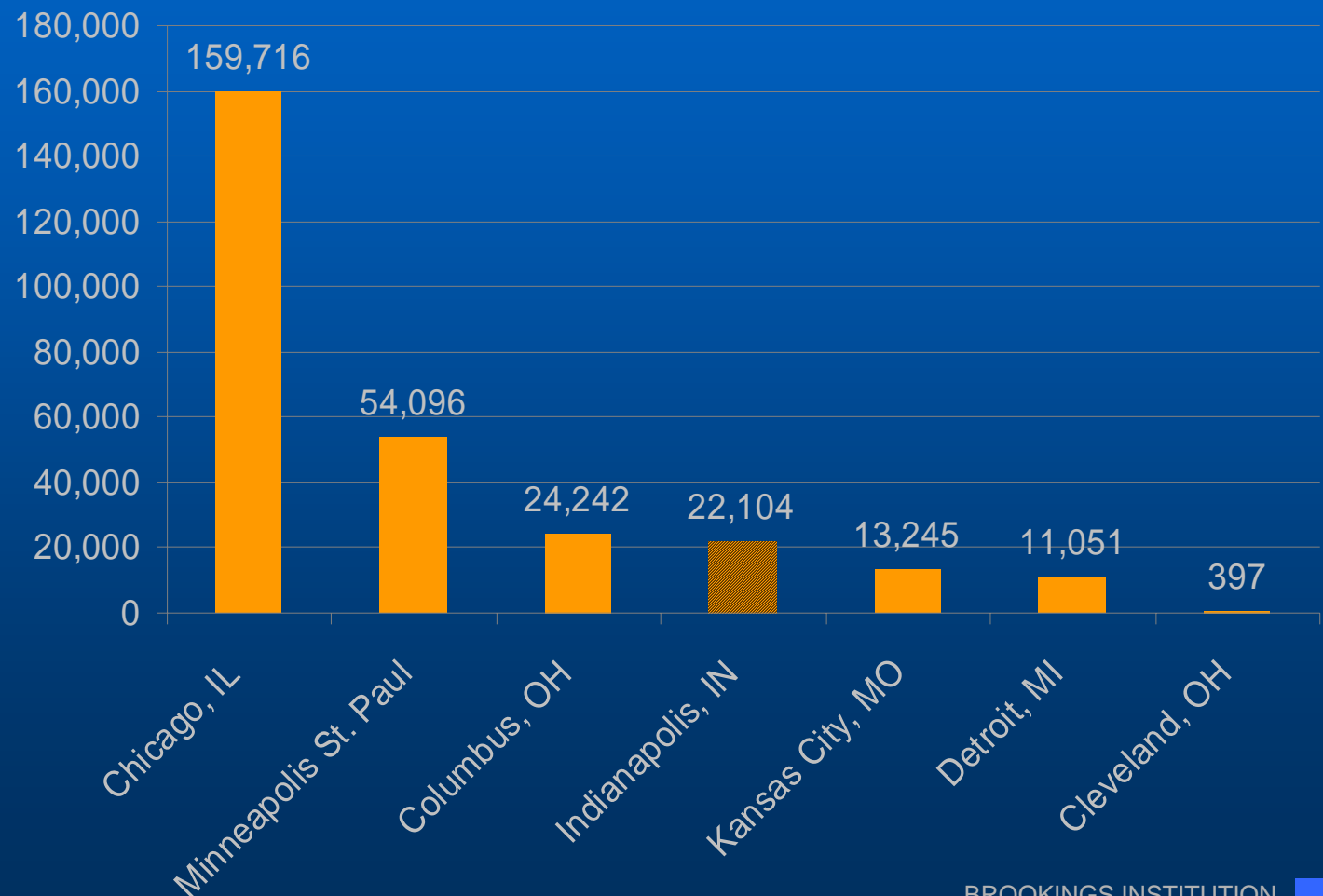
Percent foreign-born, 2000

Central City	Foreign Born	
	Percent	Rank
Pittsburgh, PA	5.6%	77
St. Louis, MO	5.6%	78
Norfolk, VA	5.0%	79
Fort Wayne, IN	4.9%	80
Detroit, MI	4.8%	81
Indianapolis, IN	**4.6%**	**82**
Baltimore, MD	4.6%	83
Cleveland, OH	4.5%	84
Buffalo, NY	4.4%	85
Baton Rouge, LA	4.4%	86

Yet, Indianapolis netted 22,000 new foreign born residents in the 1990s

Absolute change in foreign born residents, 1900 - 2000

City	Value
Chicago, IL	159,716
Minneapolis St. Paul	54,096
Columbus, OH	24,242
Indianapolis, IN	22,104
Kansas City, MO	13,245
Detroit, MI	11,051
Cleveland, OH	397

Mexico is the largest origin country for the foreign born population in the city of Indianapolis

Share and number of foreign born, 2000
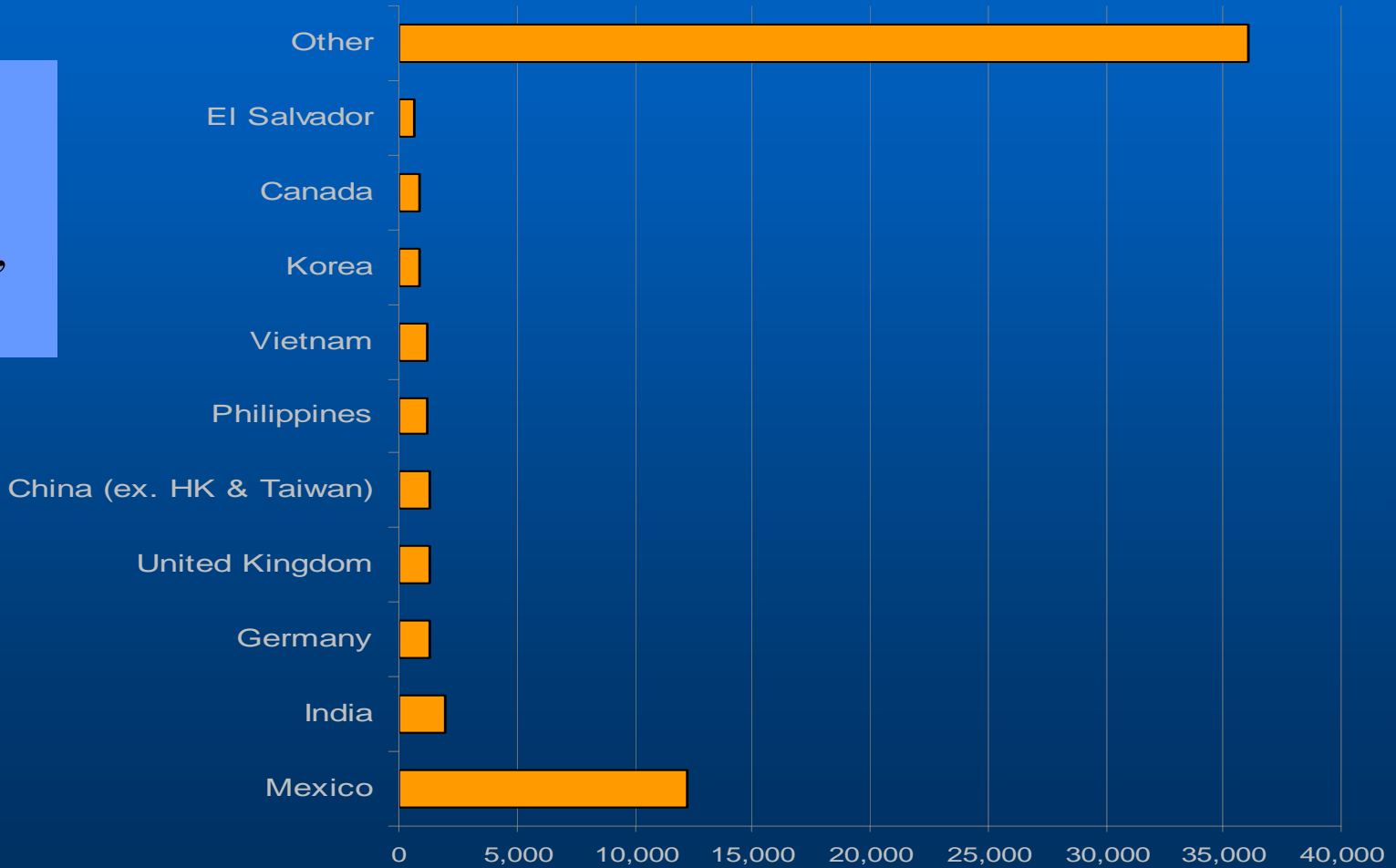
Although the base numbers are small, the rate of change in foreign born population is very rapid, making Indianapolis rank in the top 25 of the 100 largest cities

Percent change in foreign-born population, 1990 -2000

Central City	Foreign Born	
	Percent	Rank
Omaha, NE	173.2%	16
Garland, TX	172.9%	17
Fort Wayne, IN	166.0%	18
Irving, TX	159.2%	19
Des Moines, IA	158.6%	20
Indianapolis, IN	**158.3%**	**21**
Lincoln, NE	156.3%	22
Arlington, TX	154.5%	23
Minneapolis, MN	145.2%	24
Bakersfield, CA	141.9%	25

4. Although homogenous compared to other regions, Indianapolis is becoming more diverse

Less than one-third of Indianapolis' population is nonwhite

Share of population by race/ethnicity, 2000

Central Cities	Minority Share 2000	Rank
Akron, OH	33.2%	78
Columbus, OH	33.1%	79
Pittsburgh, PA	32.9%	80
Tulsa, OK	32.8%	81
Indianapolis, IN	**32.5%**	**82**
Toledo, OH	32.2%	83
Seattle, WA	32.2%	84
St. Petersburg, FL	31.1%	85
Virginia Beach, VA	30.6%	86
Anchorage, AL	30.1%	87

In 1990, whites made up three-quarters of Indianapolis' population

Percent share of population, 1990

1990

Hispanic or Latino
1%

Black/African American
23%
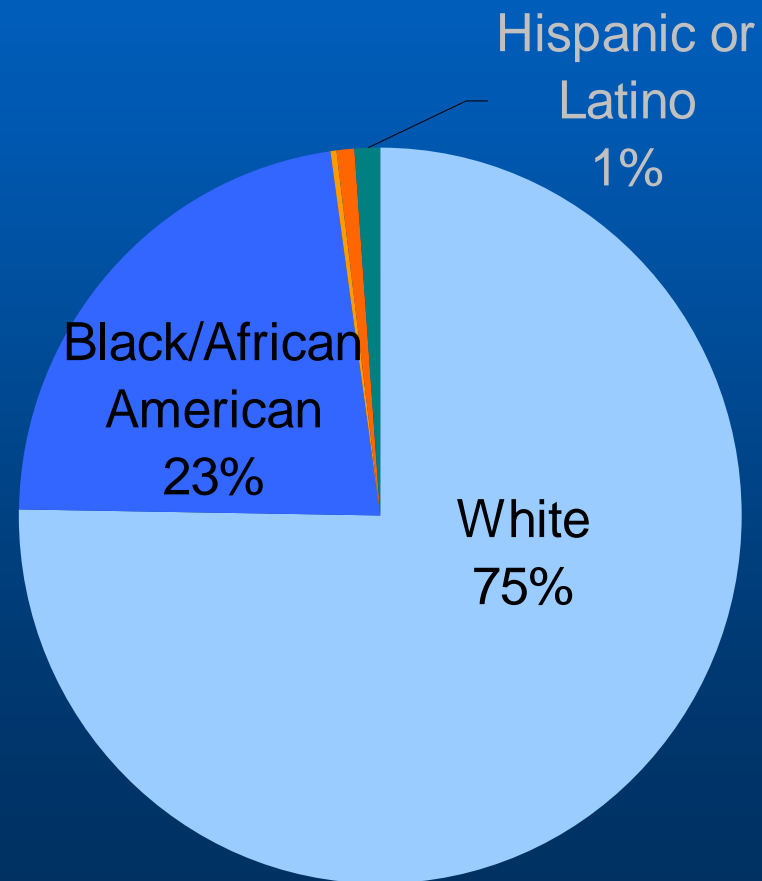
White
75%

By 2000, Hispanics/Latinos and Blacks made gains while whites lost relative shares of the population

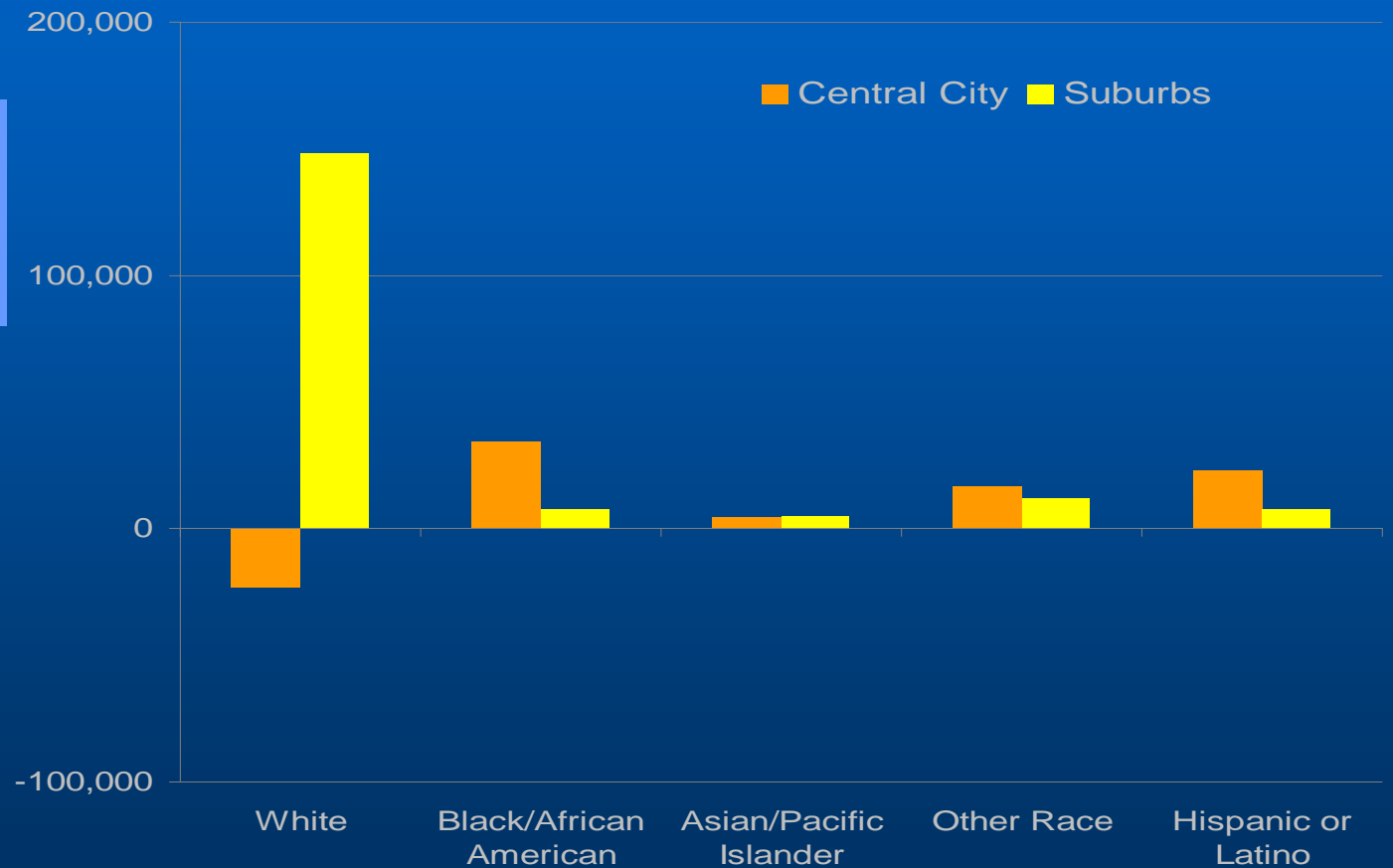Percent share of population, 2000

Hispanic/Latino
4%

Black/African American
26%
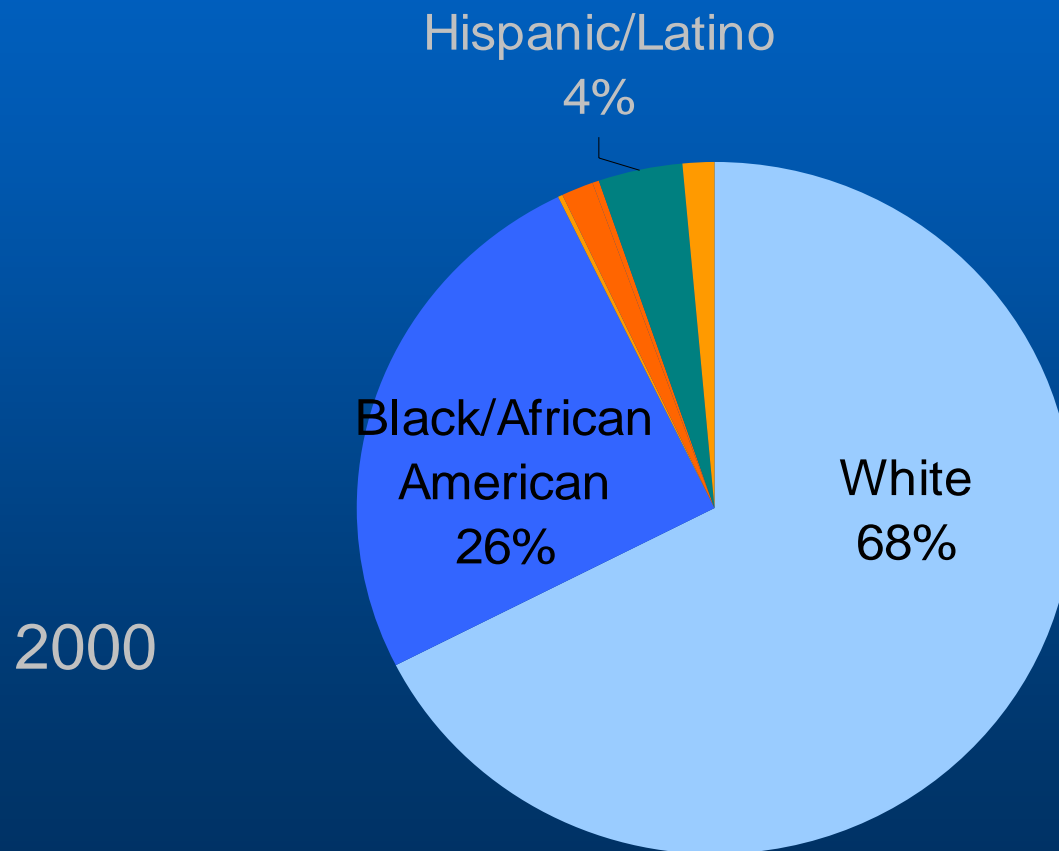
White
68%

2000

Whites are leaving the city and moving into the suburbs, while all other groups made small gains in both the city and suburbs

Absolute change in
population,
1990-2000

Legend: ■ Central City ■ Suburbs

Y-axis: 200,000 / 100,000 / 0 / -100,000

X-axis categories: White, Black/African American, Asian/Pacific Islander, Other Race, Hispanic or Latino

The African American population is concentrated on the northern side of the city

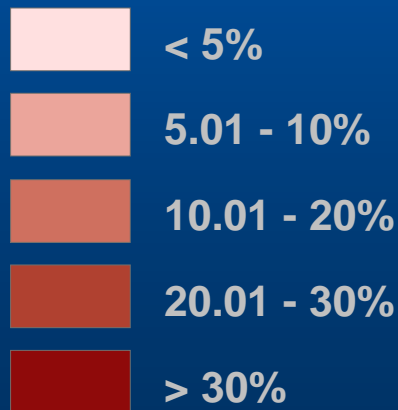Percent Black or African-American, 2000

	< 5%
	5.01 - 10%
	10.01 - 20%
	20.01 - 30%
	> 30%
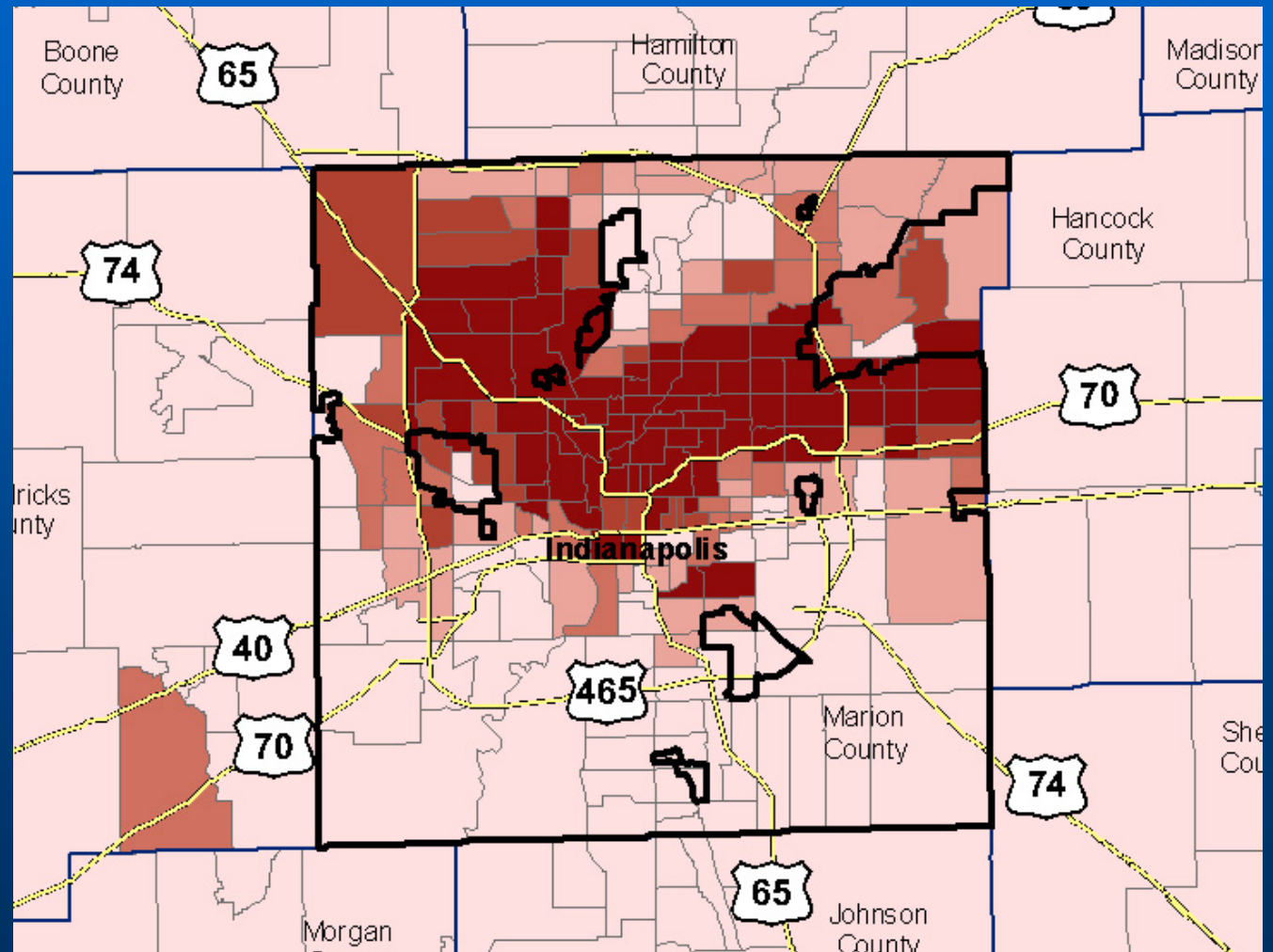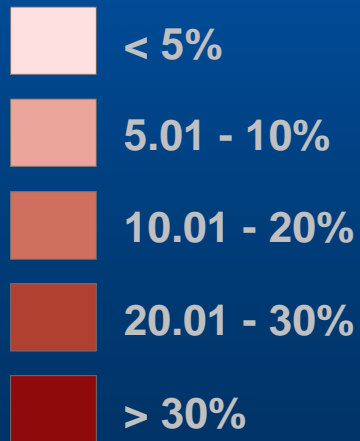
The Hispanic population is concentrated in pockets within the city

Percent Hispanic - Latino, 2000

- < 5%
- 5.01 - 10%
- 10.01 - 20%
- 20.01 - 30%
- > 30%
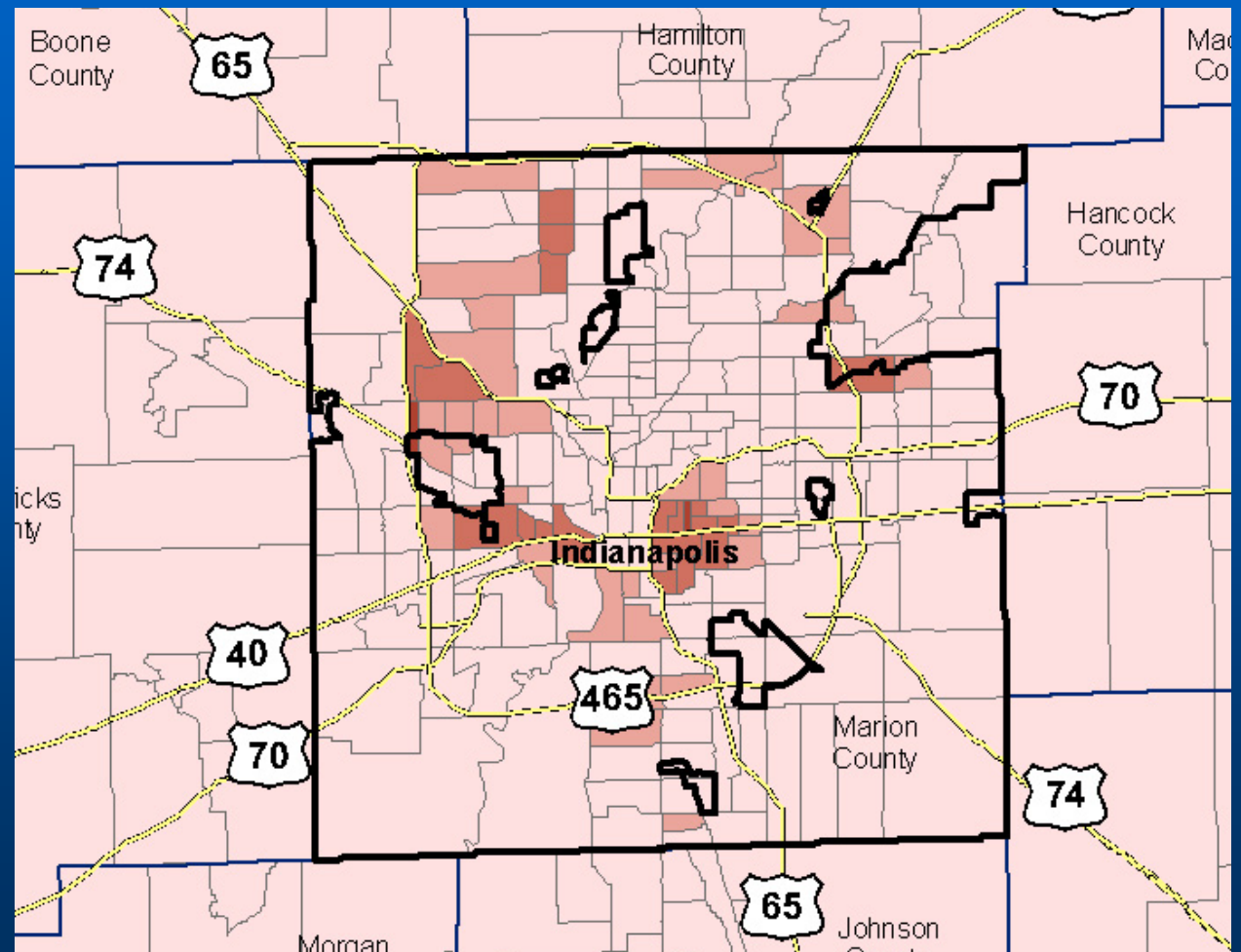
# 5. The Indianapolis area has a mixed record regarding educational attainment

Over 25% of the 25 and older population in Indianapolis has at least a bachelor's degree -- placing it exactly in the middle of the 100 largest cities ranked according to educational achievement level

Share of 25+ population with BA, 1990-2000

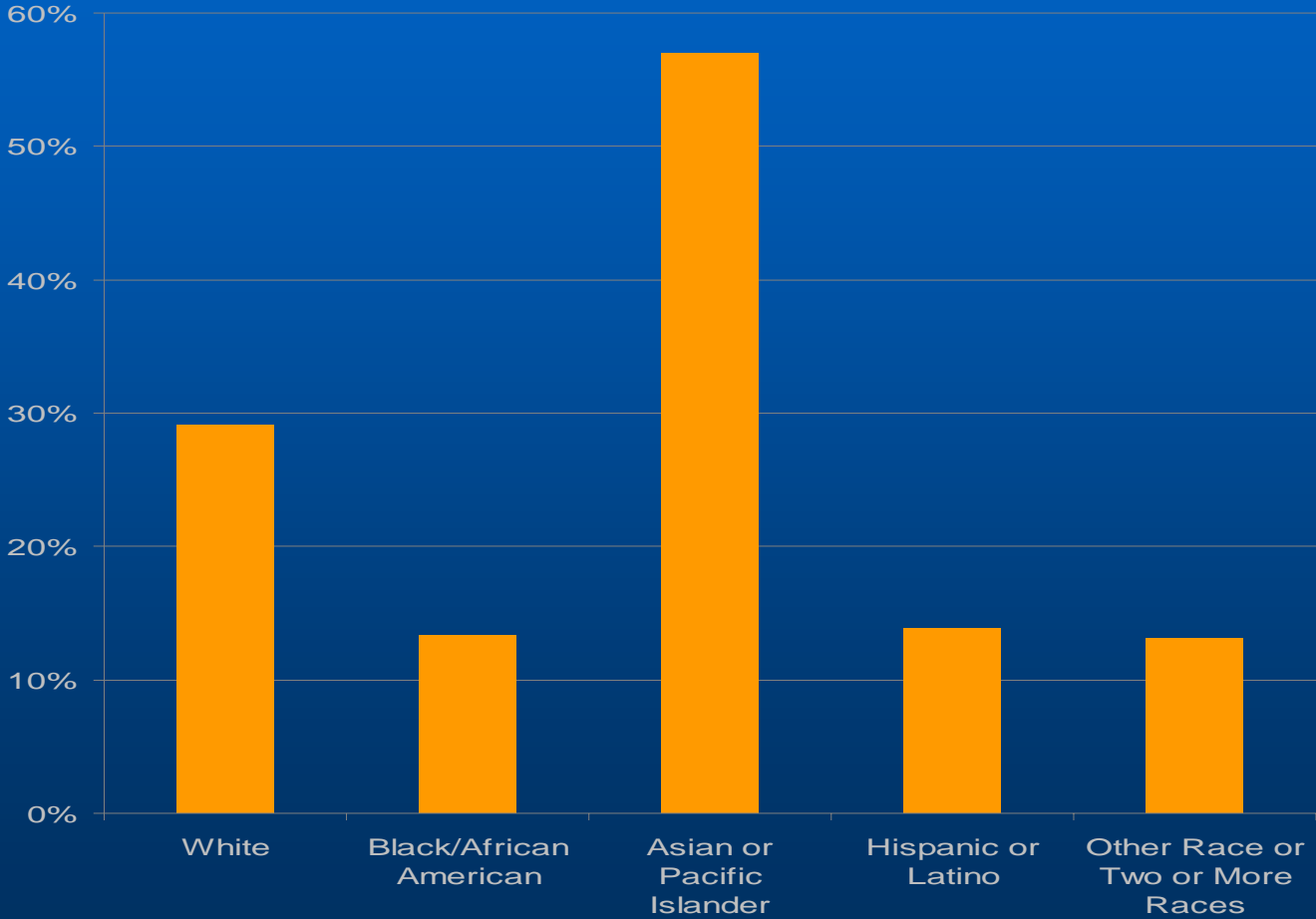| Central Cities	Share of Pop. Over 25 w/B.A.s	
	2000	Rank
Kansas City, MO	46	25.7%
Los Angeles, CA	47	25.5%
Chicago, IL	48	25.5%
Tampa, FL	49	25.4%
Indianapolis, IN	**50**	**25.4%**
Spokane, WA	51	25.4%
Wichita, KS	52	25.3%
Mobile, AL	53	24.9%
Yonkers, NY	54	24.8%
Chesapeake, VA	55	24.7%

Yet Indianapolis falls short of the educational achievement levels "information economy" cities like Boston and Seattle are experiencing

Share of 25+ population with BA, 2000

City	Percentage
Indianapolis	~25%
Minneapolis-St. Paul	~35%
Boston	~35%
Seattle	~47%
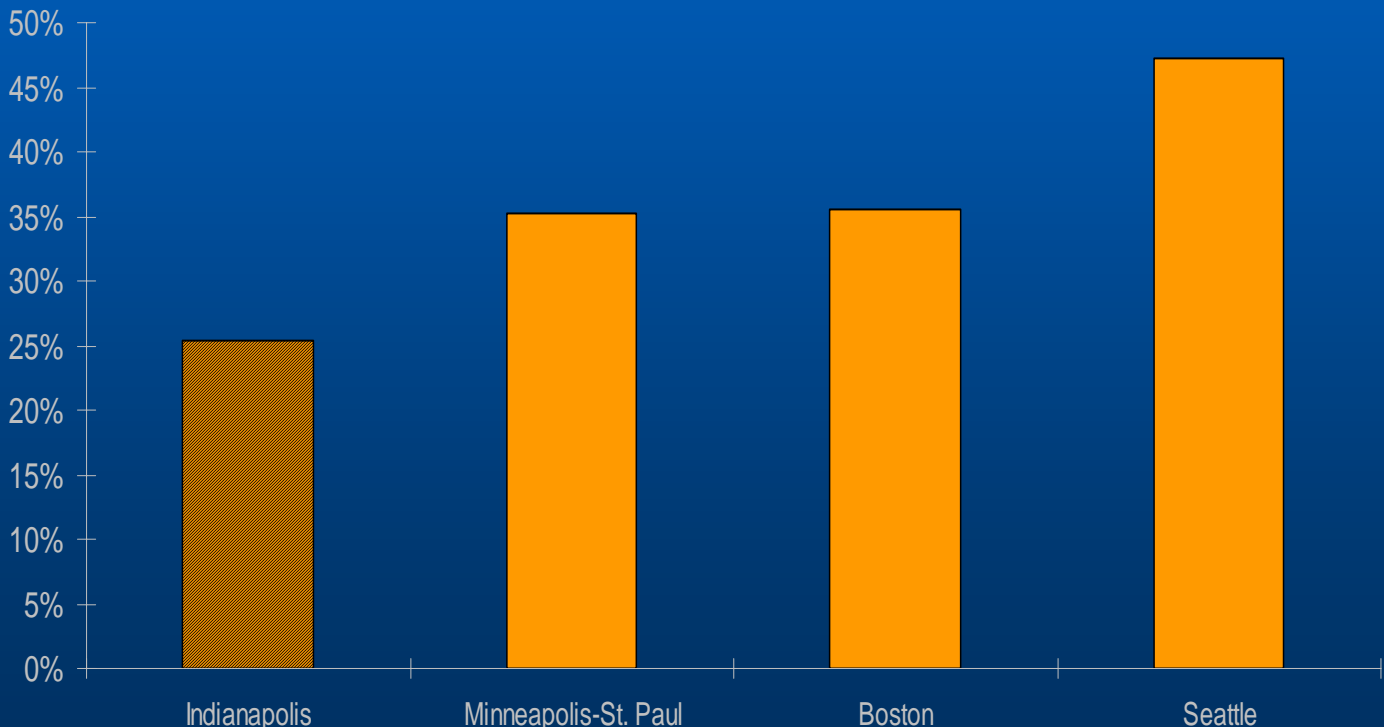
But in the city, blacks and Hispanics have very low levels of educational attainment, Asians have very high rates and whites fall in the middle

Share of 25+ population with BA, 2000

White	Black/African American	Asian or Pacific Islander	Hispanic or Latino	Other Race or Two or More Races

6. Income and employment also vary

Indianapolis' median income is slightly less than the national average of $41,994

Median household income, 1999

Central City	Resident Median Income	
	2000	Rank
Jacksonville, FL	$40,316	31
Portland, OR	$40,146	32
Washington, DC	$40,127	33
Oakland, CA	$40,055	34
Indianapolis, IN	**$40,051**	**35**
Omaha, NE	$40,006	36
Bakersfield, CA	$39,982	37
Wichita, KS	$39,939	38
Lexington-Fayette, KY	$39,813	39
Greensboro, NC	$39,661	40

But Indianapolis has one of the highest central city median incomes compared to Midwestern peers

Median household income, 1999

Legend: Central City (orange) | Suburbs (yellow)

Y-axis: $0, $10,000, $20,000, $30,000, $40,000, $50,000, $60,000, $70,000

X-axis categories: Chicago, IL; Cleveland, OH; Columbus, OH; Detroit, MI; Indianapolis, IN; Kansas City, MO; Minneapolis-St. Paul, MN
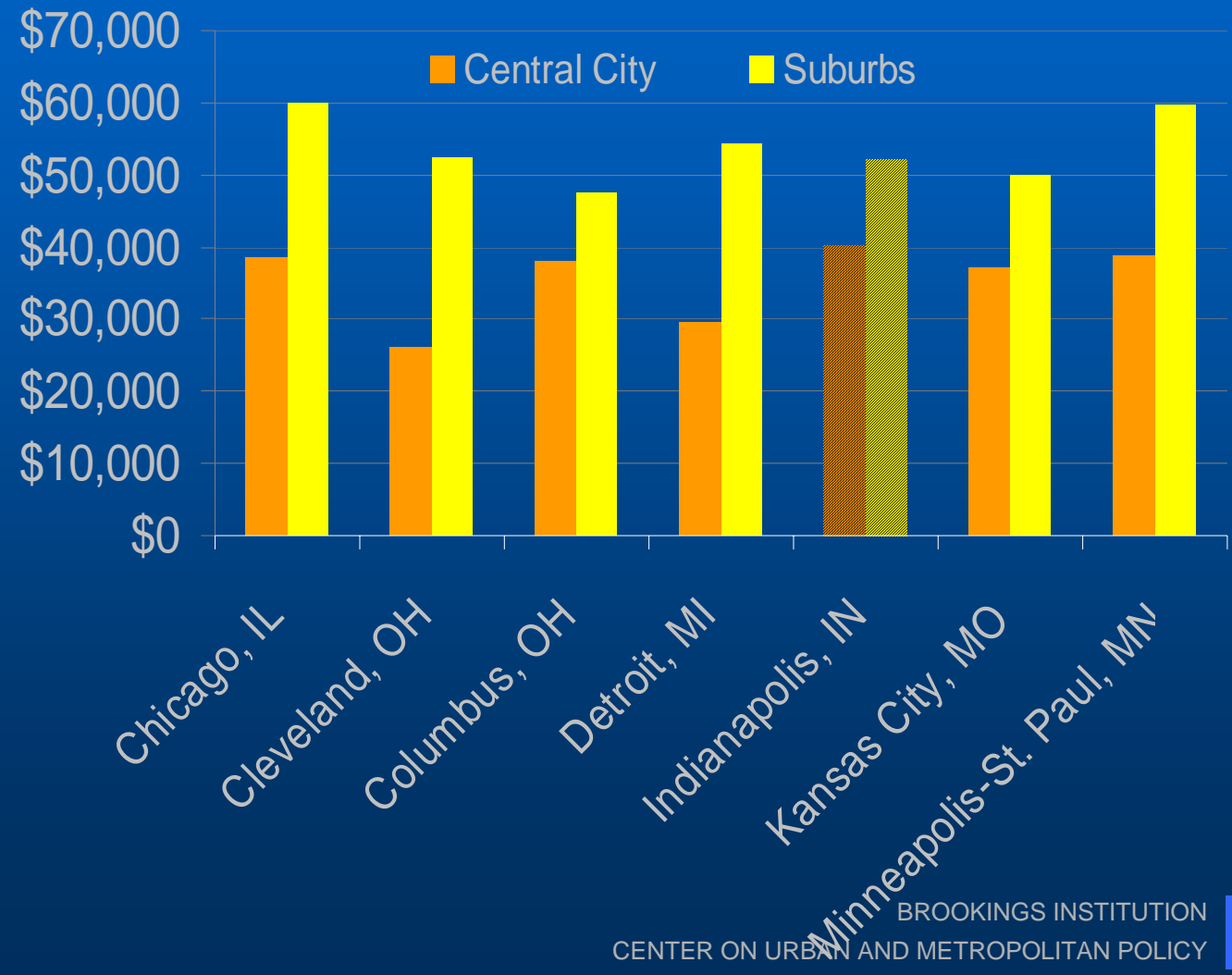
Whites have the highest median income among the racial/ethnic groups in the city of Indianapolis

Median household income per racial/ethnic groups, 1999
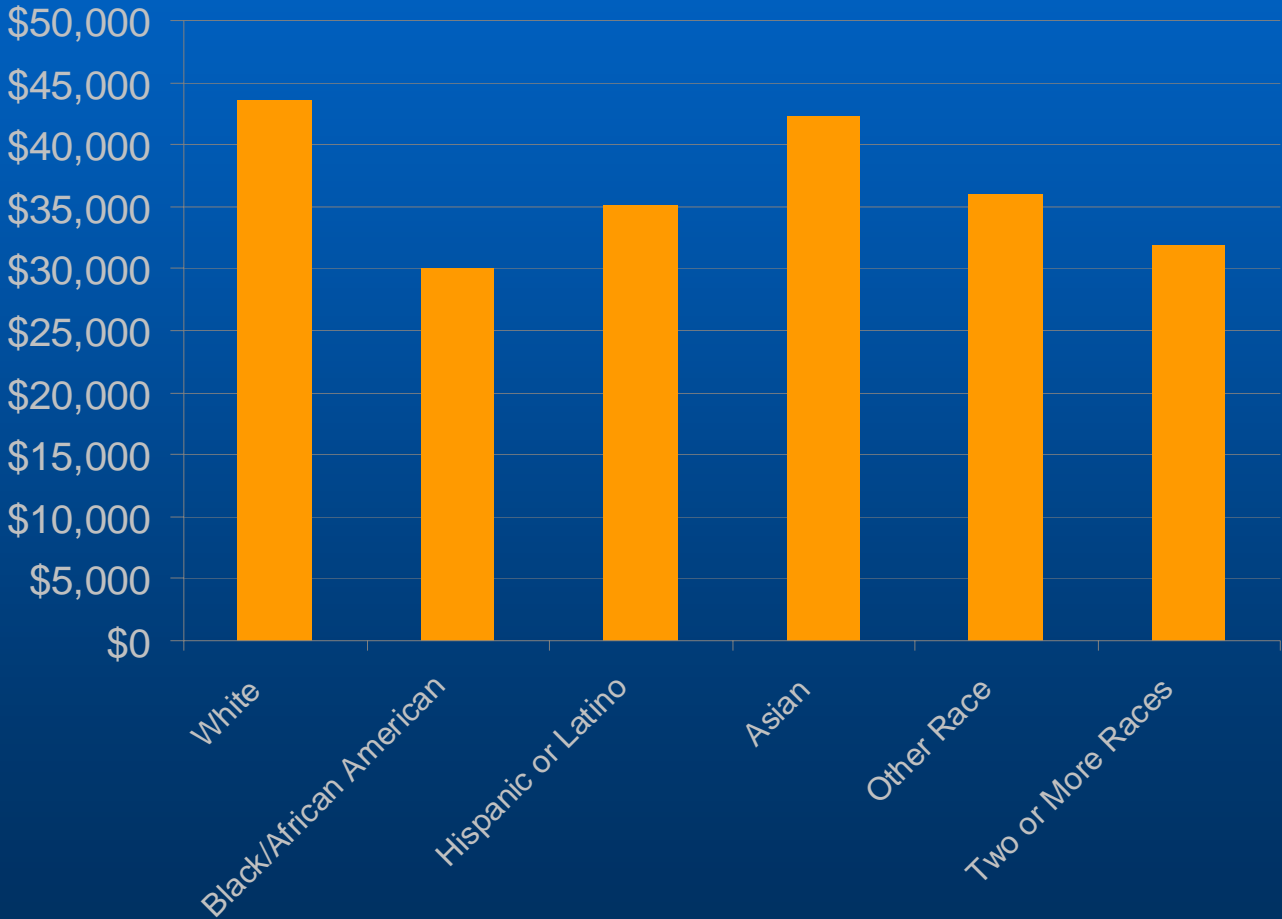
The structure of Indianapolis' economy closely tracks the structure of the nation's economy
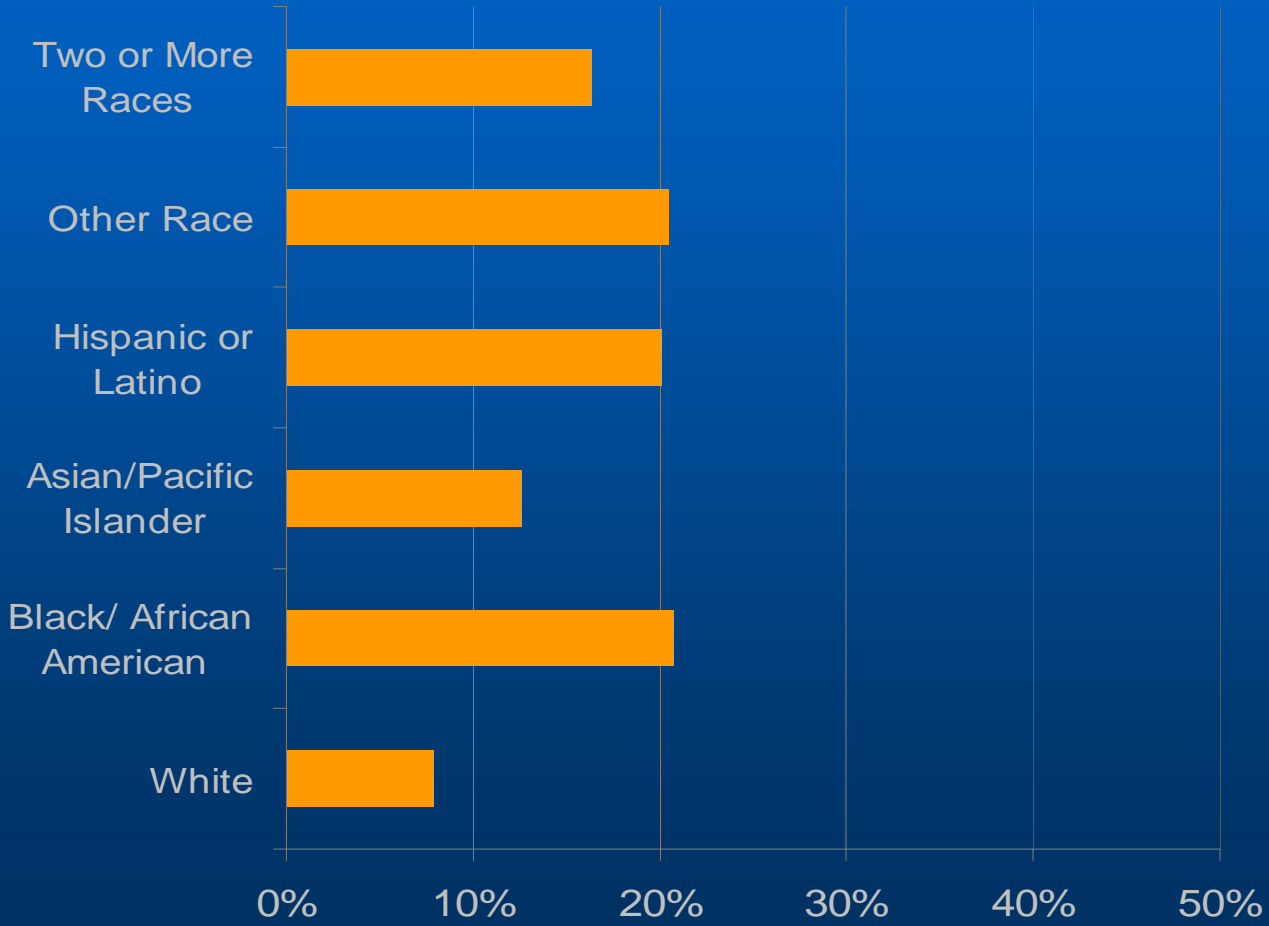
Share of Workers Employed in major industries, 2000
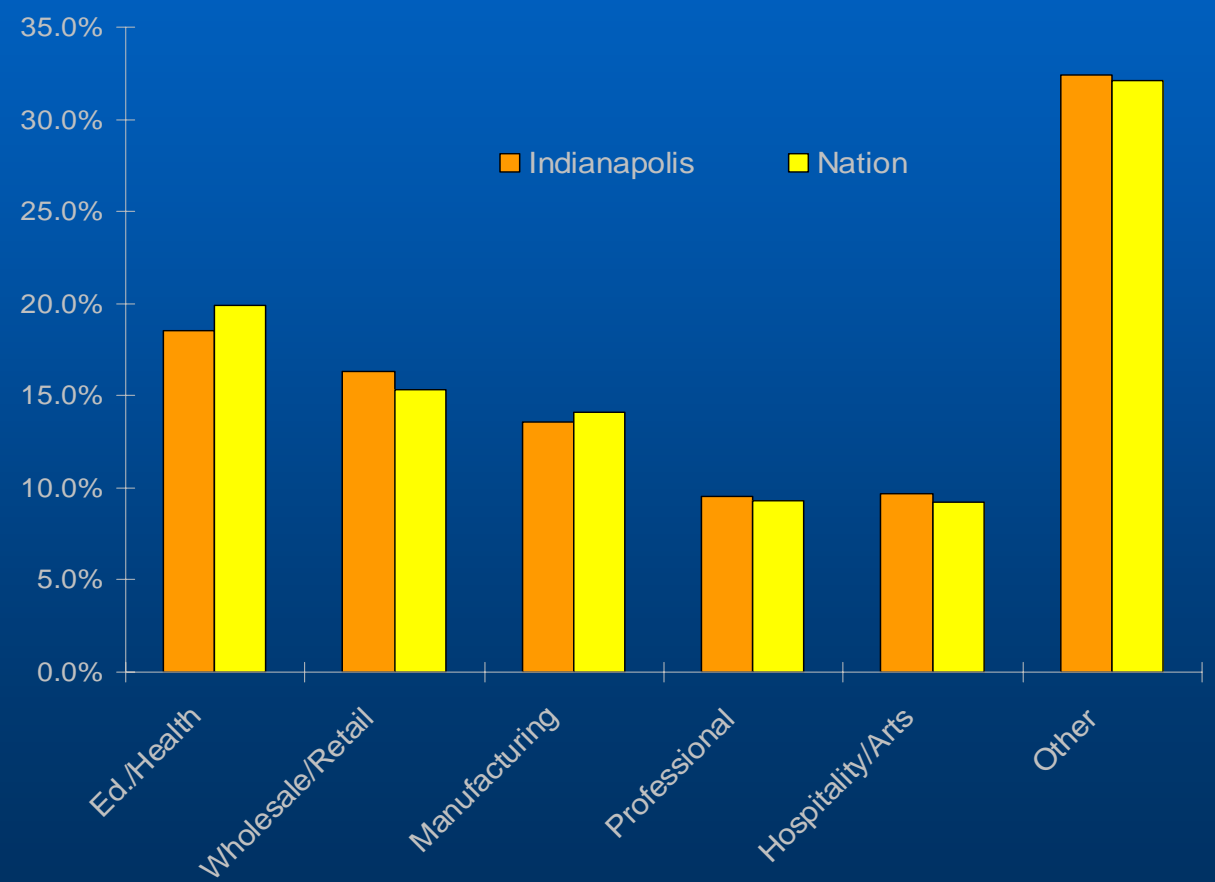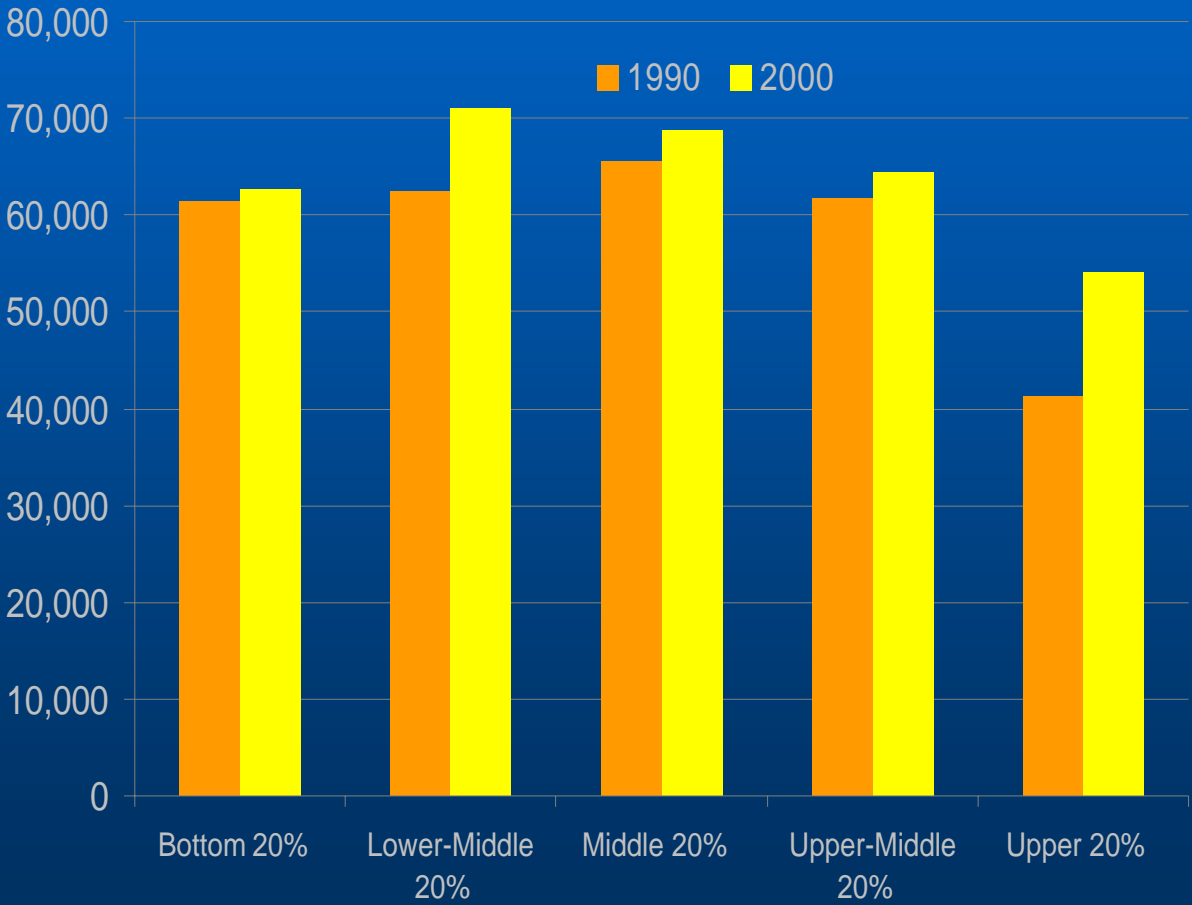
Indianapolis ranks in the upper quarter of the country's 100 largest cities in terms of its poverty rate

Share of persons living below poverty line, 1999

| Central Cities	Central City Poverty	
	Percent	Rank
Raleigh	11.5%	20
Honolulu CDP	11.8%	21
Seattle	11.8%	22
Indianapolis	**11.9%**	**23**
Las Vegas	11.9%	24
Glendale	11.9%	25
Jacksonville	12.2%	26
Greensboro	12.3%	27
Fort Wayne	12.5%	28
Lexington-Fayette	12.9%	29

Whites have a far lower poverty rate than any other group in the city of Indianapolis
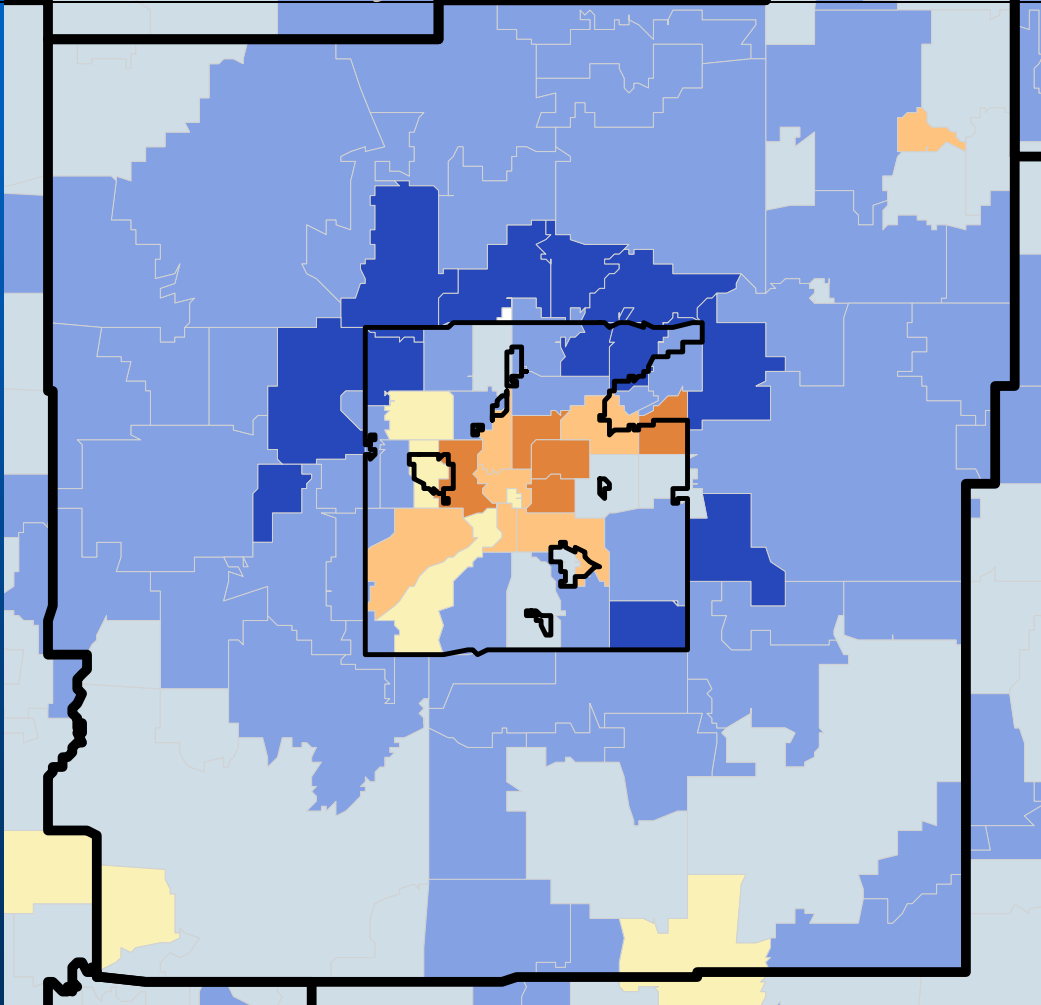
Persons living below the poverty line, 1999

Two or More Races
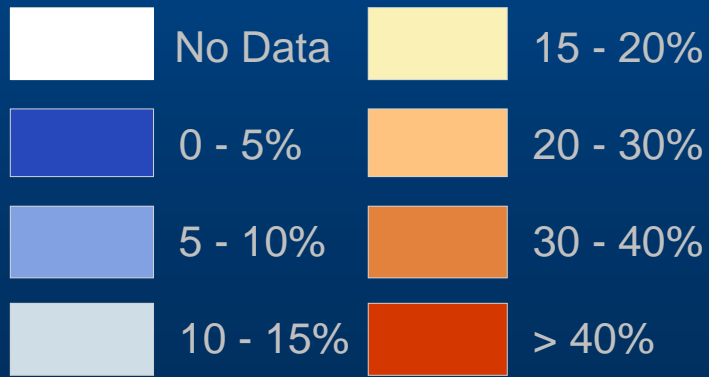
Other Race

Hispanic or Latino

Asian/Pacific Islander

Black/ African American

White

0%   10%   20%   30%   40%   50%

Neighborhoods of high poverty are concentrated in Indianapolis' core

Share of Persons living in Poverty line, 2000

< 5%

5.01 - 10%

10.01 - 15%

15.01 - 20%

> 20%
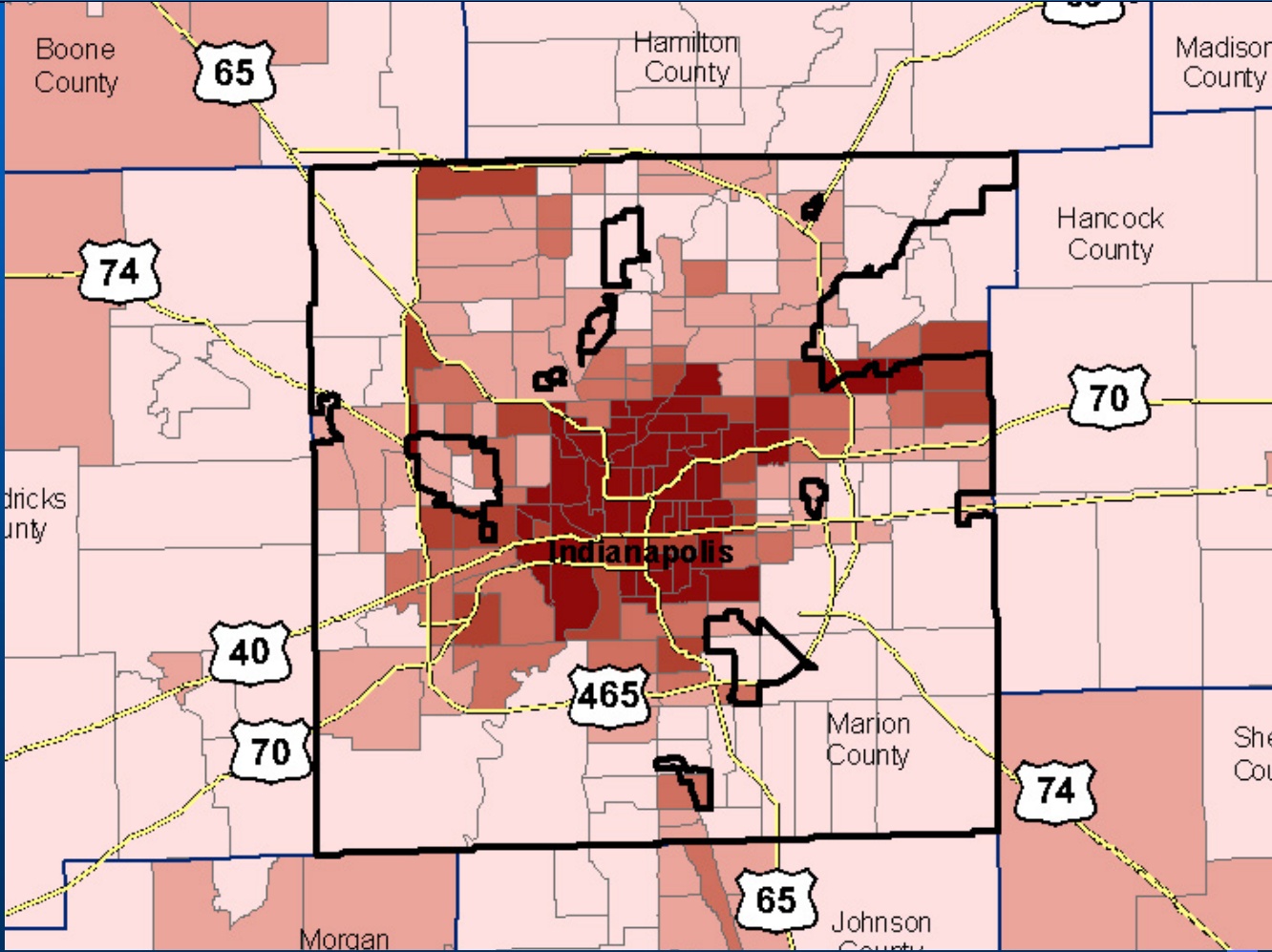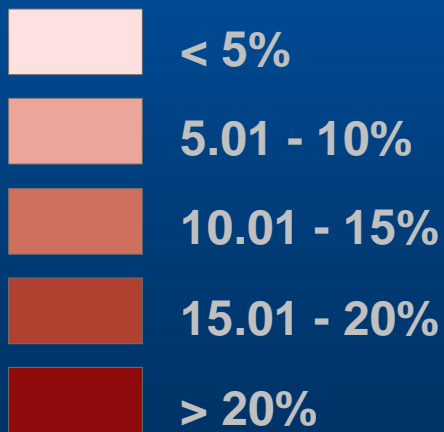
Those residents filing for the Earned Income Tax Credit are also concentrated within the central city

Share of tax filers receiving the EITC, 1999

⬜	No Data	🟨	15 - 20%
🟦	0 - 5%	🟧	20 - 30%
🟦	5 - 10%	🟧	30 - 40%
⬜	10 - 15%	🟥	> 40%

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7. The housing challenges reflect these broader trends

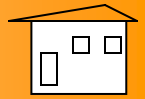# Indianapolis ranks near the top third of the 100 largest cities for homeownership rates

Homeownership rate, 2000

	Homeownership Rate	
Central Cities	**2000**	**Rank**
Philadelphia, PA	59.3%	30
Shreveport, LA	59.2%	31
Las Vegas, NV	59.1%	32
Spokane, WA	58.9%	33
Indianapolis, IN	**58.7%**	**34**
San Antonio, TX	58.1%	35
Lincoln, NE	57.9%	36
Kansas City, MO	57.7%	37
Charlotte, NC	57.5%	38
Augusta-Richmond Co., GA	57.5%	39

The homeownership rate in the city of Indianapolis grew slightly over the 1990s, but it remains below the nation
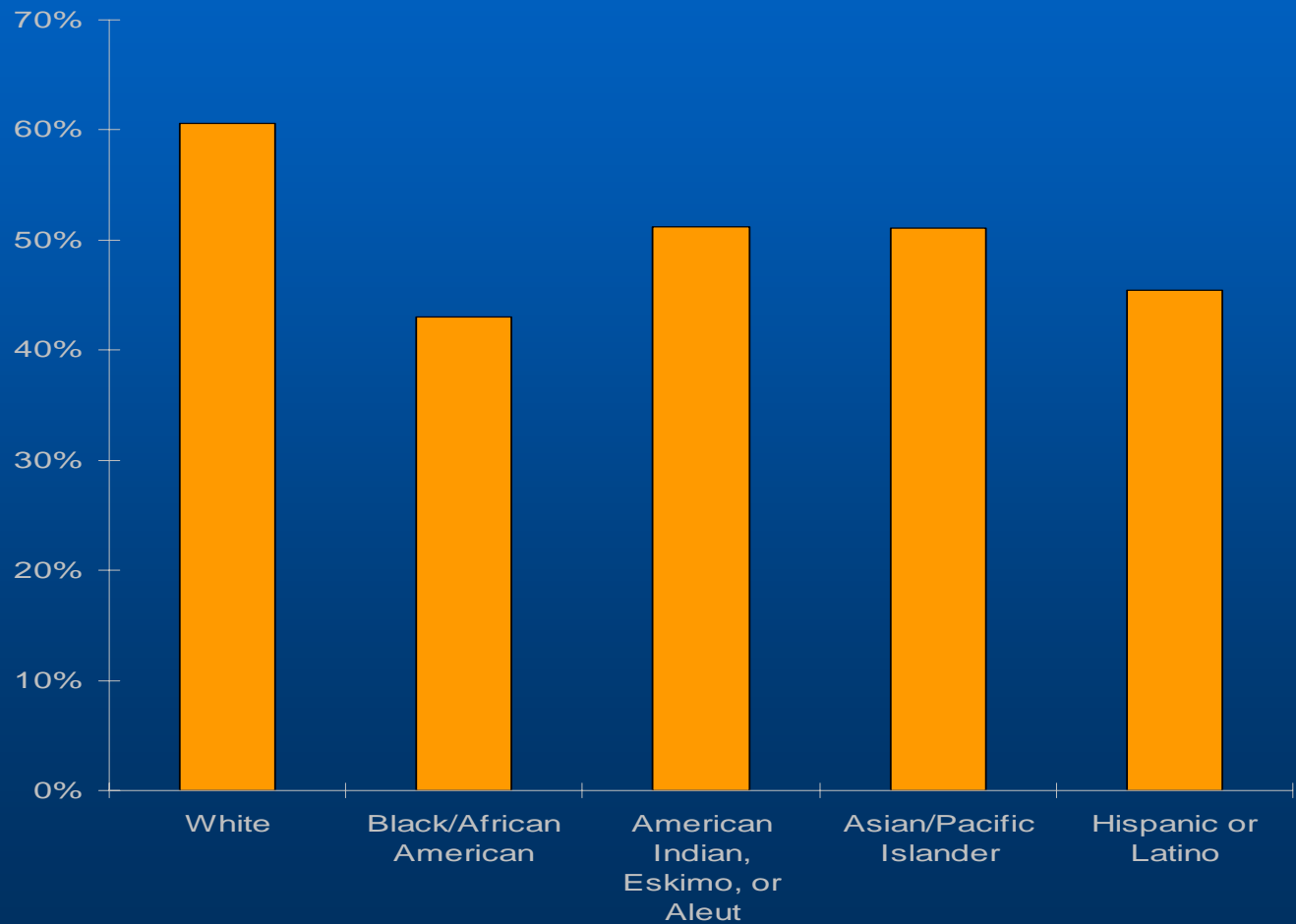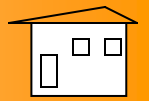
Homeownership rate, 1990-2000

Legend: Indianapolis, Nation
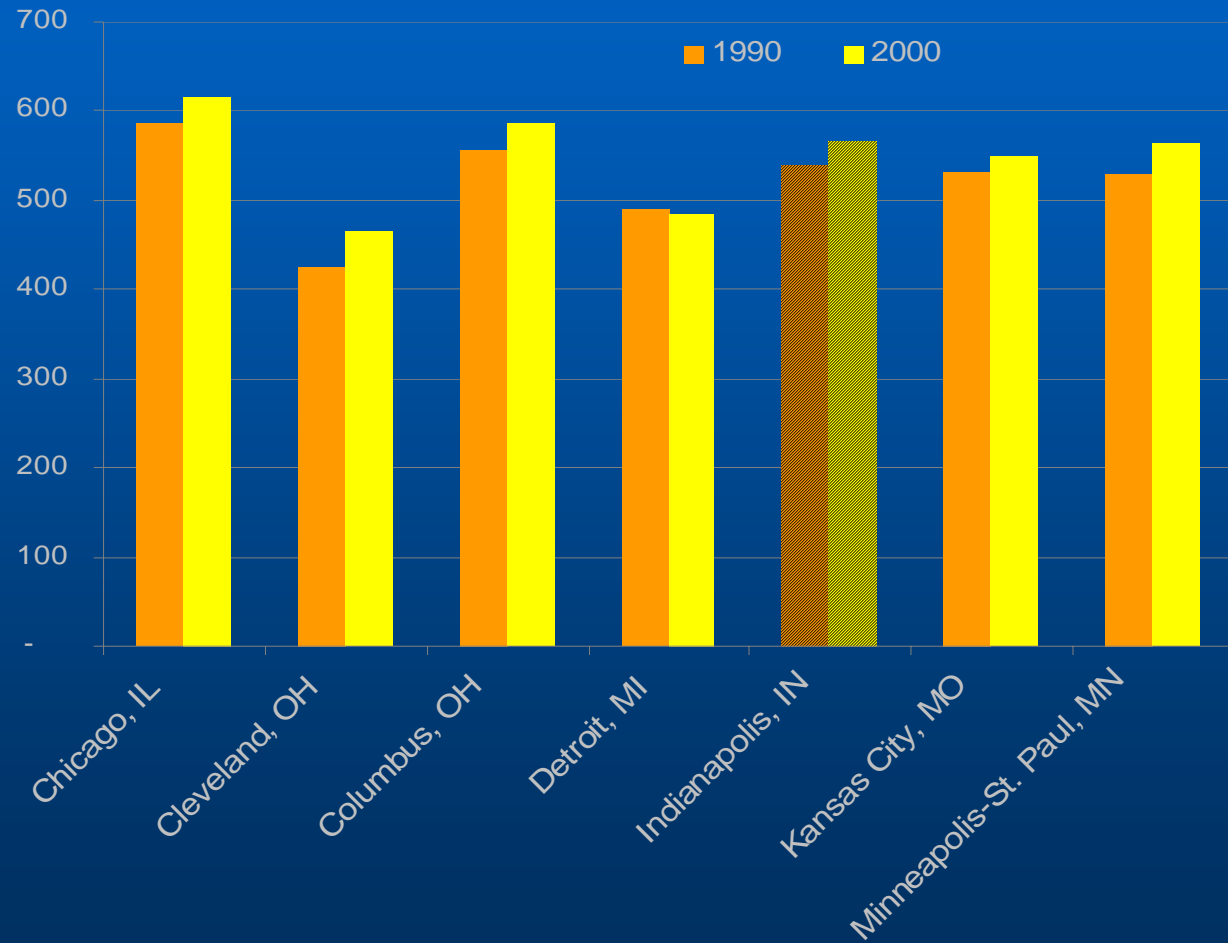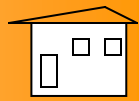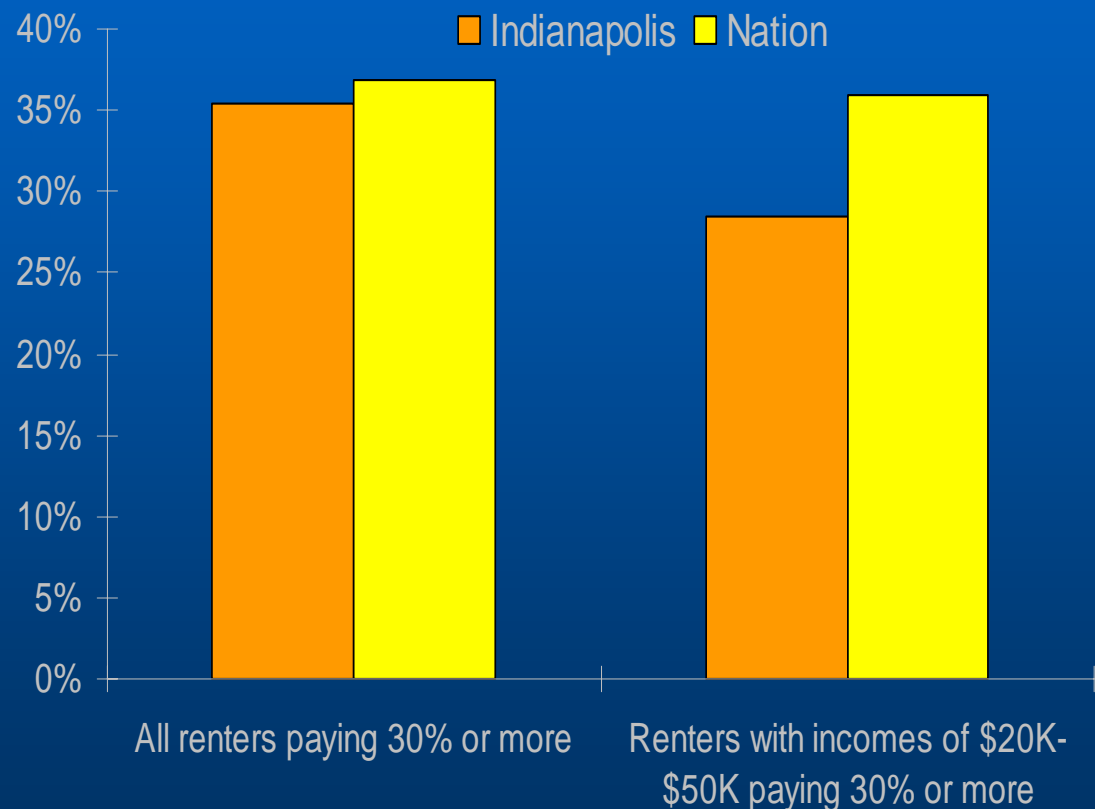
Indianapolis is well below the national average of lower-income renters paying more than 30% of their income on rent

Share of renters paying 30% or more of income, 2000

Legend: ■ Indianapolis ■ Nation

Y-axis: 0% – 40%

X-axis categories:
- All renters paying 30% or more
- Renters with incomes of $20K-$50K paying 30% or more

II.   What do these trends mean for homeownership policy?

Educational achievement and income matters

Low levels of educational achievement lead to low paying jobs, which impedes families' access to quality housing

Policy response:

Access to community colleges

Access to quality jobs

Access to financial institutions

Making work pay

Location matters

Stimulating homebuying in distressed inner-city neighborhoods may not lead to wealth building for low-income families

Policy response:

Regional housing corporations

Inclusionary zoning

Balanced HOME distribution

Fair housing enforcement

Rent matters

Expanding the supply of affordable rental housing and making existing rental housing more affordable are necessary elements of a homeownership strategy

Policy Response:

Leveraging HOME

Leveraging Low Income Housing Tax Credits

Effective voucher policies

Leveraging federal work supports (e.g. EITC)

Regulations matter

Local regulatory and administrative policies may inhibit affordable housing production

Policy response:

Zoning reform

Building code reform

Expedited permitting review

Proactive policies in abandoned housing/vacant land

The federal government matters

The federal government is the dominating force in homeownership policy

Policy framework:

Sound fiscal policy

Sound interest rate policy

Homeownership tax credit

Downpayment/counseling support

Oversight of lending institutions and GSEs

Working families supports (e.g. EITC)

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