

Basis for the Analysis

The July 2023 Greater Lafayette READI Region Housing Study looks at housing supply, demand, and strategies for the future of the six-county region. The Study includes an overview of housing challenges and strategies for every county in the region, including Tippecanoe County. The process of developing the Study and its results confirm that the housing challenges and the toolbox of strategies to meet current and future demand are quite different for West Lafayette. Therefore, the City initiated further analysis specific to West Lafayette. The following report details existing housing conditions, activity, demand, and policy approaches for West Lafayette.

For succinctness, this report uses terms, organization, and data references similar to those of the READI Region Study. For example, the West Lafayette report does not detail national housing indicators, which are in the regional Study. However, these indicators inform the findings and analysis for West Lafayette. Refer to the READI Region Housing Study for definitions, additional data sources, and expanded methodologies.

Summary

This report identifies several key points and directions:

1. As noted in the READI Region Study, lot supply ready for housing development is significantly limited. Low lot supply affects West Lafayette because private property owners on ideal sites are unwilling to sell for development. No property owner should be forced to sell their land for development. However, there needs to be solutions to generate more lots for residential units in the city.
2. Increased home values are more pronounced in West Lafayette, driven largely by competition for available units amidst limited single-family home production, growing employment needs, and the community's desirability.
3. The production of units needed to meet demand is limited by land availability and, to some extent, the regulatory procedures for different housing products or subdivision development. Conversations need to continue on procedures and regulatory changes to make various quality housing types easier to develop.
4. A low inventory of single-unit housing types hinders prospects for attracting local employees to live in West Lafayette.
5. A growing number of properties offer short-term rentals, many of which are within single-family zoning districts in West Lafayette. Often, units for short-term rent are for the entire home, which might indicate a permanent resident does not otherwise occupy these units. Units are booked over half the time across all short-term rental listings.
6. The non-student aged population in West Lafayette may be declining. Census population counts would indicate a decline in populations below 15 and above 24 years old. The lack of new housing options for families and older adults may be a reason, as most recent construction has been multi-family development.
7. By 2030, West Lafayette could expect its population to grow to almost 50,000, even if student enrollment at colleges in West Lafayette remains consistent. The population will be higher than 50,000 as enrollments continue to increase and greater housing diversity is provided to support households at different stages of life.
8. **There is potential demand for almost 3,200 housing units, or an average annual construction need of 400 units through 2030.** This is above the 380 average annual number of permitted units between 2015 and 2022, which includes many multi-family units but is consistent with the Greater Lafayette READI Region Study. Proactive strategies to add more family residential development in West Lafayette could lead to a higher proportion of population growth in Tippecanoe County occurring in West Lafayette.



Report Contents

- A. West Lafayette Qualitative Insights
- B. Housing Snapshot
- C. Housing Supply and Demand
- D. READI Policy Approaches for West Lafayette

Like the READI Region Study, looking at comparable cities to West Lafayette helps further understand what conditions are unique to the city and, when similar, where successful approaches can provide guidance. The report integrates four comparison cities for the reasons below:

- Bloomington, IN
 - Home to a BIG 10 university city.
 - Under the same state regulations and funding sources.
 - Similar metro area population and density.
- Iowa City, IA
 - Home to a BIG 10 university city.
 - The University of Iowa is centrally located in the city limits.
 - City boundaries are adjacent to another city and separated by a river (Coralville).
 - It has a similar metro area population but is less dense.
- Normal, IL
 - Normal has a similar city and metro area population but is less dense.
 - Home to a smaller university than Purdue (Illinois State) but centrally located next to the downtown.
- East Lansing, MI
 - Home to a BIG 10 university city
 - Michigan State University is similarly located within the city.
 - Similar student enrollment to city population ratio.
 - It has a similar population and density but is part of a much larger metro area.



1. West Lafayette Qualitative Insights

The following summarizes conversations about West Lafayette during the 2023 Greater READI Region Housing Study. Additional discussions in the fall of 2023 provided further context on the West Lafayette market. Conversations occurred in early and late 2023 with:

- City staff
- Local Realtors
- Staff with the Tippecanoe Area Plan Commission
- School district staff serving West Lafayette
- Greater Lafayette Commerce
- Builders and developers doing work in Tippecanoe County
- Housing service providers in Tippecanoe County
- Major employers in Tippecanoe County
- Purdue University students and Extension staff

The notes below summarize the conversations and derived themes from the meetings. The summary statements do not necessarily reflect the author’s analysis or views.

Development Directions and Preferences

- The lack of lots is a primary reason for limited housing production numbers.
- Areas that are good for housing development are owned by farmers who do not want to sell or are owned by the Purdue Research Foundation. This is leading to higher competition for land and, thus, more dense housing proposals and higher costs.
- Some participants see redevelopment of older areas as a feasible option.
- Need to break the mold of past models for new quality housing design. Explore more dense housing options that have varied, high-quality appearances.
- Older housing stock is worthy of preservation in several areas and needs more attention through incentives and programs.
- Some comment that Tippecanoe County is losing high-end executives because of insufficient high-end housing options. People note stories of these workers living in the northern side of Indianapolis. Where higher-end housing is available, some felt there were limited community amenities nearby to make these housing options appealing for families.
- Interest in Accessory Dwelling Units (ADU) is growing. Many people are happy to see the adoption of initial ADU regulations. However, additional considerations need to be made for allowing ADUs more broadly in West Lafayette via more flexible lot sizes, structure sizes, and occupancy requirements. Education the public can help avoid confusion between ADUs and short-term rentals.

Housing Market Conditions

- As of the beginning of 2023, the speculative housing market in West Lafayette was still desirable for developers.
- The desire for single-family housing development remains strong.
- While mortgage rates are increasing [in 2023], not much more has changed in the market in the past several years, even with the pandemic.
- Rental properties often remain fully leased.
- A feeling by some that investors and short-term rental conversions are taking affordable units away from families.
- Workers at manufacturing plants and schools cannot afford to live in West Lafayette.



Purdue University Related

- Purdue University enrollment growth continues to be strong and should continue.
- Limited on-campus options for students are leading to student rentals expanding further across the city.
- Lack of options for graduate students who want to be on-campus. Many prefer to live in West Lafayette.

Approval Procedures and Regulations

- Several noted the developer review process taking longer in West Lafayette than anywhere else in the READI Region. The review becomes especially long when requesting a PUD, sometimes taking over a year.
- Developers tend to receive the most pushback when proposing higher density and options that cater to students versus other housing products. Mixed-use projects without a student housing component tend to avoid pushback.
- Two factors that drive community opposition to projects are high density and student housing.
- Time and cost are two primary challenges expressed by builders when doing housing developments in West Lafayette. Not much “by-right” development is happening in West Lafayette.
- Generally, the developer is responsible for all subdivision infrastructure and amenity costs, even when serving the broader community. The City pays for some items, such as trunk lines.
- Utility provision is a significant factor for new development.
- Increase predictability in the development process in West Lafayette.
- The West Lafayette inspection program is still in the initial stages, and its success has yet to be determined. The age of units is a challenge, with older electrical and plumbing systems that need repair.
- Recent regulatory updates include:
 - A new land use plan with historic preservation districts.
 - Single-family attached townhome ordinance that does not require a PUD.
 - Township Master Plan for Tippecanoe County that plans expansion areas based on utility abilities.



2. Housing Snapshot

The following points provide an overview of housing market conditions and why these market factors might affect housing supply and demand in West Lafayette. Data sources include 2022 and 2023.

Population Trends

West Lafayette is growing, but not as much as other county areas.

- The population is growing, which correlates with enrollment growth at Purdue University. From 2015 through 2022, annual population growth was approximately 0.28%.
 - The growth rate is steady but modest, given the level of demand expressed in conversations with community stakeholders.
 - The group quarters population accounts for over 30% of the total population. Most of the group quarters population is based in student housing. The number of student housing units did not increase significantly from 2015 to 2022 (the 402 graduate student housing units in 2023 are not included). Therefore, the annual growth rate of the non-student population living in West Lafayette is slightly higher than 0.28%. Before the Purdue annexation, the annual population growth rate from 2000-2014 was 0.50%.
- West Lafayette’s population has hovered around 24% of the total Tippecanoe County population since the annexation of Purdue in 2014, but the percentage of the total County population has been decreasing.
 - The annual growth rate from 2015 through 2022 in Tippecanoe County, excluding West Lafayette, was 0.53%. Areas in the county and other jurisdictions are seeing a higher population growth rate than West Lafayette.

Exhibit 2.1: West Lafayette Population Change

	Population	Period Population Change	Period % Change	Period Annual Growth Rate
2000	28,778	2,871	11.1%	1.1%
2010	29,596	818	2.8%	0.3%
2014	30,843	1,247	4.2%	1.04%
2000-2014		2,065	7.2%	0.50%
2015	43,999			
2020	44,595	596	1.4%	0.27%
2022	44,861	266	0.6%	0.30%
2015-2022		862	2.0%	0.28%

Source: American Community Survey 5-Year Estimates; U.S. Census

Exhibit 2.2: Population Change County Comparison

	2000	2010	2015	2020	2022	'15- '22 Change	% Change	'15- '22 Annual Rate
West Lafayette	28,778	29,596	43,999	44,595	44,861	862	2.0%	0.28%
Tippecanoe County	148,955	172,780	180,952	186,251	186,955	6,003	3.3%	0.47%
Tippecanoe - West Lafayette	120,177	143,184	136,953	141,656	142,094	5,141	3.8%	0.53%
West Lafayette % of Tippecanoe	19.3%	17.1%	24.3%	23.9%	24.0%			

Source: American Community Survey 5-Year Estimates; U.S. Census



Age Trends

The non-student population is aging and not contributing to population growth in West Lafayette.

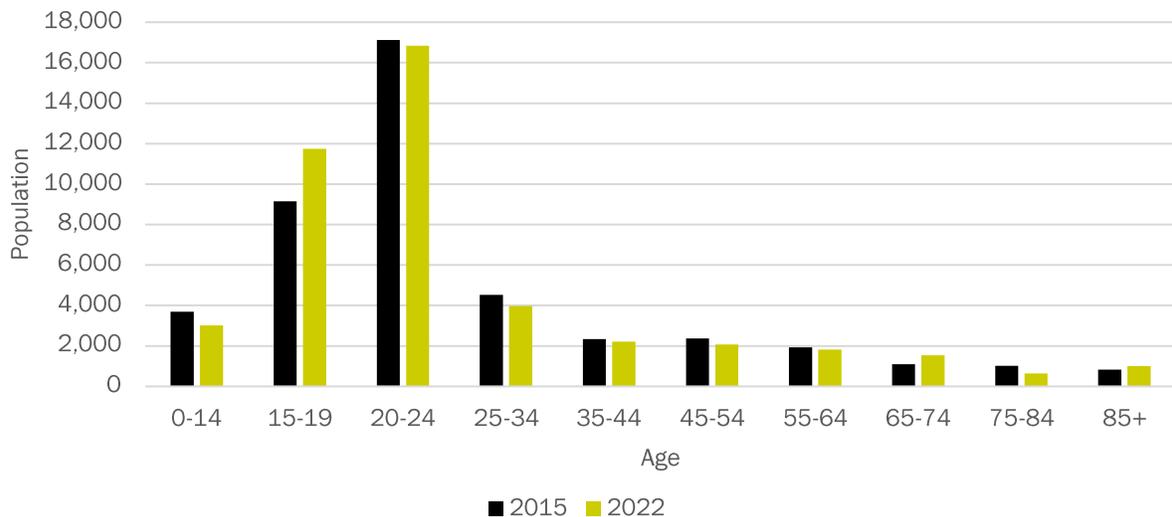
- Population estimates show that from 2015 to 2022, the city lost population of those aged 25-54. Estimates show that nearly all the population gain in the period is from those under 25 years old. The gain reinforces the historical influence of enrollment growth on the total population.
- The growing student population shows through the median age in West Lafayette dropping from an estimated 21.8 in 2015 to 21.4 years old in 2022. Even a slight decline or increase in median age is significant.

Exhibit 2.3: West Lafayette Age Cohort Population Change

Age Group	2022 Population	2022 Percent	2015-2022 Difference
0-14	3,012	6.7%	(684)
15-19	11,739	26.2%	2,587
20-24	16,835	37.5%	(281)
25-34	3,978	8.9%	(554)
35-44	2,213	4.9%	(119)
45-54	2,075	4.6%	(301)
55-64	1,823	4.1%	(113)
65-74	1,532	3.4%	432
75-84	646	1.4%	(366)
85+	1,008	2.2%	172

Source: American Community Survey 5-Year Estimates

Exhibit 2.3: West Lafayette Age Cohort Population Change



Source: American Community Survey 5-Year Estimates



Households Trends

West Lafayette is a popular community for family households. Trends in decreasing rental household sizes could mean higher demand for various rental units over time. Students and the younger population seem to want to live alone or with one other person more often.

- There is no change in the household size of owner-occupied units. The household size in owner-occupied units is higher than other peers and much of the READI Region, reflecting families and households with children. Of all owner and renter households in West Lafayette, almost 19% have people under 18 years old living in the household.
- The size of renter-occupied households decreased. This is a similar trend across other peer cities and could reflect a changing preference of students to live with fewer roommates or smaller rental unit types, which are the prominent new units being constructed. Another explanation could be an aging population where the older population can stay in their home longer, but children have moved out, and they may no longer have a spouse. Of all owner and renter households in West Lafayette, about 16.5% have people over 65 years old living in the household.
- How long people have lived in their units reflects West Lafayette’s newer housing stock. Most of the population, which includes students, moved into their current unit in 2015 or later.

Exhibit 2.4: Average Household Size Comparison

	West Lafayette	Bloomington, IN	Iowa City, IA	Normal, IL	East Lansing, MI
Average household size of owner-occupied unit					
2015	2.68	2.43	2.32	2.6	2.38
2022	2.67	2.24	2.35	2.56	2.49
Average household size of renter-occupied unit					
2015	2.21	2.19	2.17	2.52	2.34
2022	1.95	1.84	2.17	2.13	2.02

Source: American Community Survey 5-Year Estimates

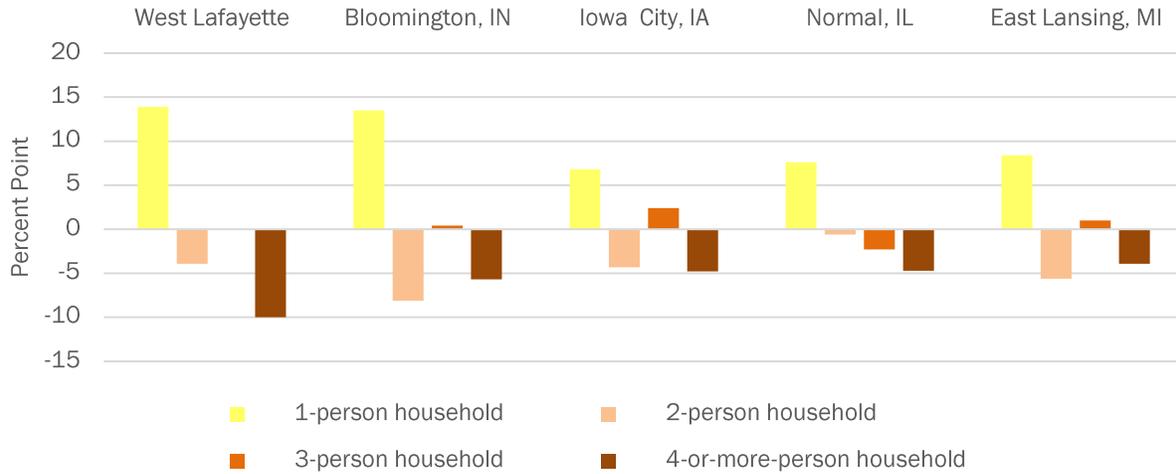
Exhibit 2.5: West Lafayette Household Size Change

	2015	2022
Household Size		
1-person household	24.7%	38.6%
2-person household	33.3%	29.4%
3-person household	16.6%	16.6%
4-or-more-person household	25.4%	15.4%

Source: American Community Survey 5-Year Estimates



Exhibit 2.6: Household Size 2015-2022 Percent Point Change



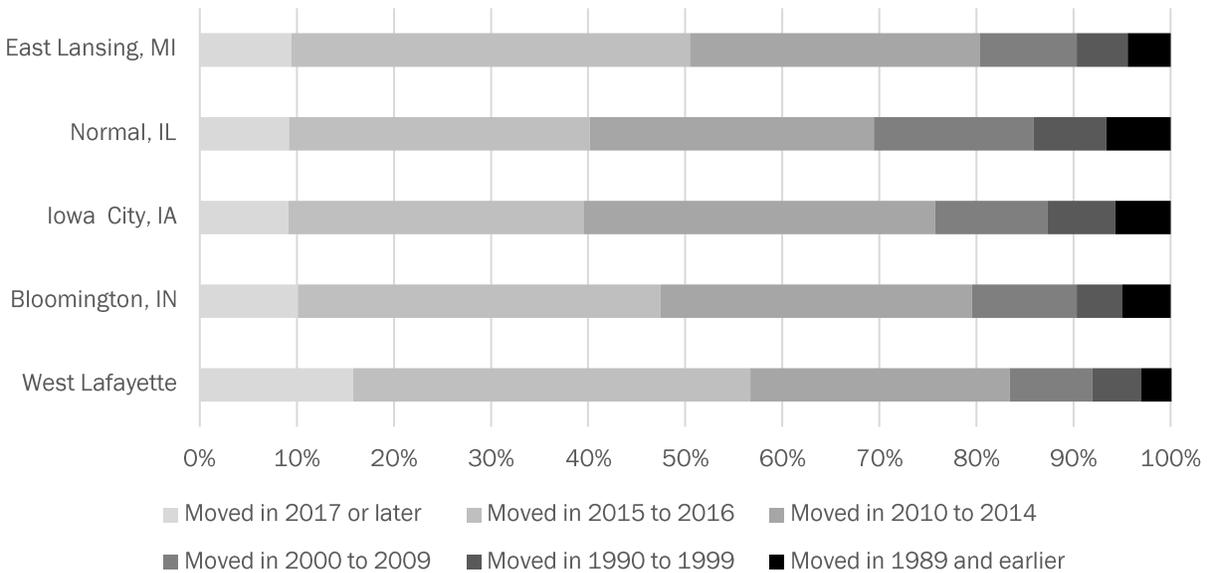
Source: American Community Survey 5-Year Estimates

Exhibit 2.7: West Lafayette Year Householder Moved into Unit

	2022 Number	2022 Percent
Occupied housing units	14,097	
Moved in 2017 or later	2,234	15.8%
Moved in 2015 to 2016	5,764	40.9%
Moved in 2010 to 2014	3,763	26.7%
Moved in 2000 to 2009	1,193	8.5%
Moved in 1990 to 1999	712	5.1%
Moved in 1989 and earlier	431	3.1%

Source: American Community Survey 5-Year Estimates

Exhibit 2.8: Year Householder Moved into Unit Comparison



Source: American Community Survey 5-Year Estimates

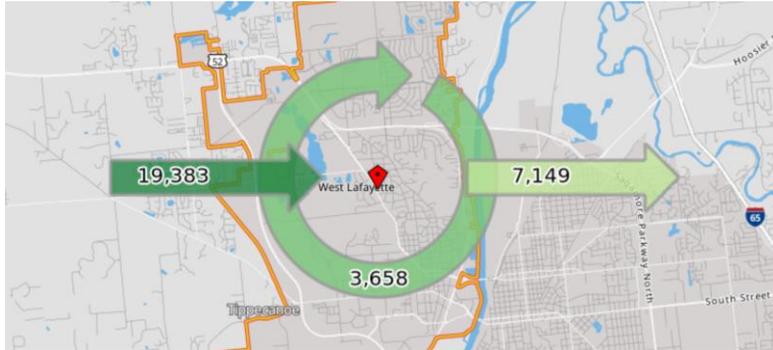


Commuting Characteristics

Workers across all wage levels are traveling to West Lafayette for work. This is typical for cities with broad employment opportunities, such as those in West Lafayette. However, a portion of these workers would likely live in West Lafayette if certain housing options were available.

- West Lafayette reflects Tippecanoe County in that more employees come to the city than leave for work daily. Many come from Lafayette, but a notable percentage of others travel farther.
- People working in West Lafayette who earn under \$1,250 a month mostly commute into the city and live elsewhere (62%). The percentage is notable because employed students typically have wages in this range, and many would live in West Lafayette.
 - Similarly, a high percentage of workers earning over \$3,333 a month commute into the city for work (65%).

Exhibit 2.9: Commuting In and Out of West Lafayette



Source: Census OnTheMap 2021

Exhibit 2.10: Commuting In and Out of West Lafayette by Earnings

	Outflow (All Jobs)		Inflow (All Jobs)		Interior Flow (All Jobs)	
Workers Earning under \$1,250 a month	1,700	23.8%	3,699	19.1%	609	16.6%
Workers Earning \$1,251 to \$3,333 a month	2,253	31.5%	5,068	26.1%	532	14.5%
Workers Earning over \$3,333 a month	3,196	44.7%	10,616	54.8%	2,517	68.8%
Total	7,149	100%	19,383	100%	3,658	100%

Source: Census OnTheMap 2021

Exhibit 2.11: Where Workers in West Lafayette Live

	Count	Share
Lafayette, IN	4,122	17.9%
West Lafayette, IN	3,658	15.9%
Indianapolis, IN	657	2.9%
Fort Wayne, IN	335	1.5%
Shadeland, IN	207	0.9%
Fishers, IN	173	0.8%
Carmel, IN	144	0.6%
Chicago, IL	141	0.6%
Noblesville, IN	138	0.6%
Battle Ground, IN	128	0.6%
All Other Locations	13,338	57.9%

Source: Census OnTheMap 2021



Housing Occupancy Trends

The portion of all homes or rentals is growing in West Lafayette, but vacancy rates remain low.

Note that Purdue’s addition to city data in 2014 affects how to analyze household trends over time. In addition, the time of year data was gathered needs to be considered. For example, data gathered primarily in the summer months may overlook student populations who are away.

- Census estimates show a 1% homeowner and 6.8% rental vacancy rate in 2022. All peer cities have estimated vacancy rates above 5%.
- The vacancy rate might reflect the student population. The rate was much lower in 2010 than when Purdue was in the city counts in 2022. Conversations with stakeholders indicate minimal vacancy in the city.
 - A category for reasons that units are vacant shows that about 5.2% of all units in the city are vacant and available for rent or sale.
- A more detailed study by the Area Plan Commission indicates a much lower vacancy rate than any other source. At just over 1% average vacancy rate, virtually all units are occupied. The U.S. Department of Housing and Urban Development (HUD) and the U.S. Postal Service (USPS) collects this data from mailing address vacancies and explains the large difference from American Community Survey data.

Exhibit 2.12: West Lafayette Occupancy Characteristics and Change

	2010		2015		2022		Change 2015-2022
	Number	% of Occupied Units	Number	% of Occupied Units	Number	% of Occupied Units	
Owner-Occupied	3,869	32.4%	4,036	30.2%	4,154	29.5%	118
Renter-Occupied*	8,076	67.6%	9,334	69.8%	9,943	70.5%	609
Total Vacant	646	5.1%	1,466	9.9%	1,634	10.4%	168
Total Units	12,591		14,836		15,731		895

Source: American Community Survey 5-Year Estimates; U.S. Census

*The City of West Lafayette rental registry in 2023 counted 11,084 total rental units, whether vacant or not. The total rental units, occupied and vacant, estimated in 2022 by the ACS was about 10,619 and is in a reasonable range to use 2022 ACS data for comparison. Some of the difference is from the rental units added between the 2022 ACS estimate and the 2023 City updated rental registry list.

Exhibit 2.13: West Lafayette Other Vacant Categories - 2022

	VACANT UNITS	% OF TOTAL VACANT UNITS	% OF TOTAL UNITS
TOTAL:	1,634	100%	10.4%
For rent	768	47%	4.9%
Rented, not occupied	536	33%	3.4%
For sale only	44	3%	0.3%
Sold, not occupied	0	0%	0.0%
For seasonal, recreational, or occasional use	106	6%	0.7%
For migrant workers	0	0%	0.0%
Other vacant	180	11%	1.1%

Source: American Community Survey 5-Year Estimates



Exhibit 2.14: Occupancy Characteristics Comparison - 2022

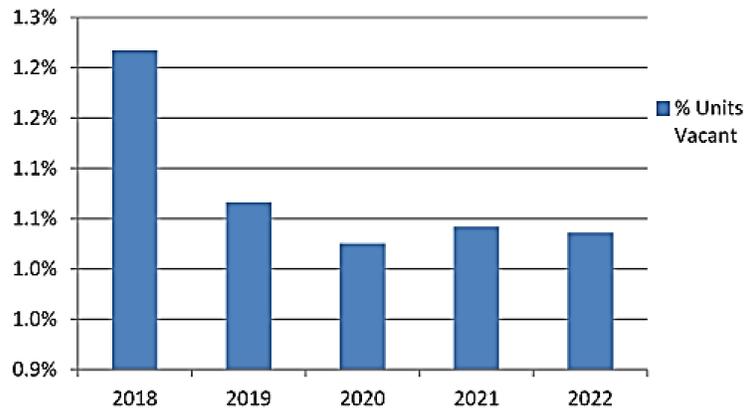
	West Lafayette	Bloomington, IN	Iowa City, IA	Normal, IL	East Lansing, MI
Owner-Occupied	29.5%	35.6%	46.3%	55.8%	39.7%
Renter-Occupied	70.5%	64.4%	53.7%	44.2%	60.3%
Vacancy Rate	10.4%	10.9%	8.7%	10.5%	11.9%
Homeowner Vacancy Rate	1.0%	1.2%	1.0%	1.4%	2.6%
Rental Vacancy Rate	6.8%	5.2%	5.5%	6.9%	7.9%

Source: American Community Survey 5-Year Estimates

The Area Plan Commission of Tippecanoe County conducts an annual student rental housing study with more detail and accuracy than the Census and American Community Survey. Occupancy highlights from the 2023 study include:

- “Of the 50,884 students enrolled at the West Lafayette Purdue campus beginning in the fall of 2022, there were 15,899 students living in university-owned or leased housing units (an increase of 628 students from the previous year) and 34,985 students living in non-university housing situations (an increase of 617 students from the previous year).”
- “Of the 34,985 students living off-campus during the fall 2022 semester, 3,225 lived in a fraternity, sorority, or cooperative (an increase of 136 students from the previous year), leaving 31,760 students living both off-campus and not in a fraternity, sorority, or cooperative. The total capacity among the 63 houses was 4,057 persons (a capacity increase of 40 persons from the previous year).”

Exhibit 2.15: West Lafayette Area Residential Vacancy – Average Vacancy by Year



Source: Tippecanoe County Student Rental Report and Survey, The Area Plan Commission of Tippecanoe County



Housing Unit Types

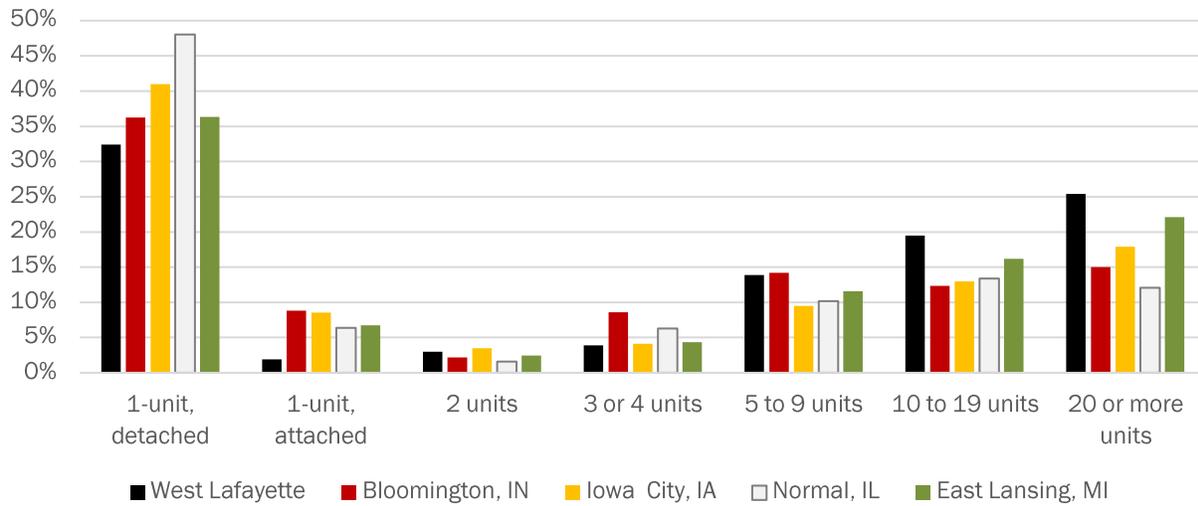
The existing housing stock is mostly single-unit dwellings and larger multi-unit buildings. There is a low percentage of structures with between one and four units. Most units in the city are in structures with over ten units each, which is more than most peer cities and has increased the ratio of total units since 2015.

Exhibit 2.16: West Lafayette Units Per Residential Structure - 2022

	Number	Percent	2015 Percent
Total housing units	15,731		14,836
1-unit, detached	5,101	32.4%	34.6%
1-unit, attached	300	1.9%	3.0%
2 units	469	3%	1.9%
3 or 4 units	611	3.9%	6.9%
5 to 9 units	2,135	13.6%	12.3%
10 to 19 units	3,064	19.5%	20.5%
20 or more units	4,003	25.4%	20.5%
Mobile home	48	0.3%	0.3%
Boat, RV, van, etc.	0	0%	0%

Source: American Community Survey 5-Year Estimates

Exhibit 2.17: Units Per Residential Structure Comparison - 2022



Source: American Community Survey 5-Year Estimates



Housing Construction Activity

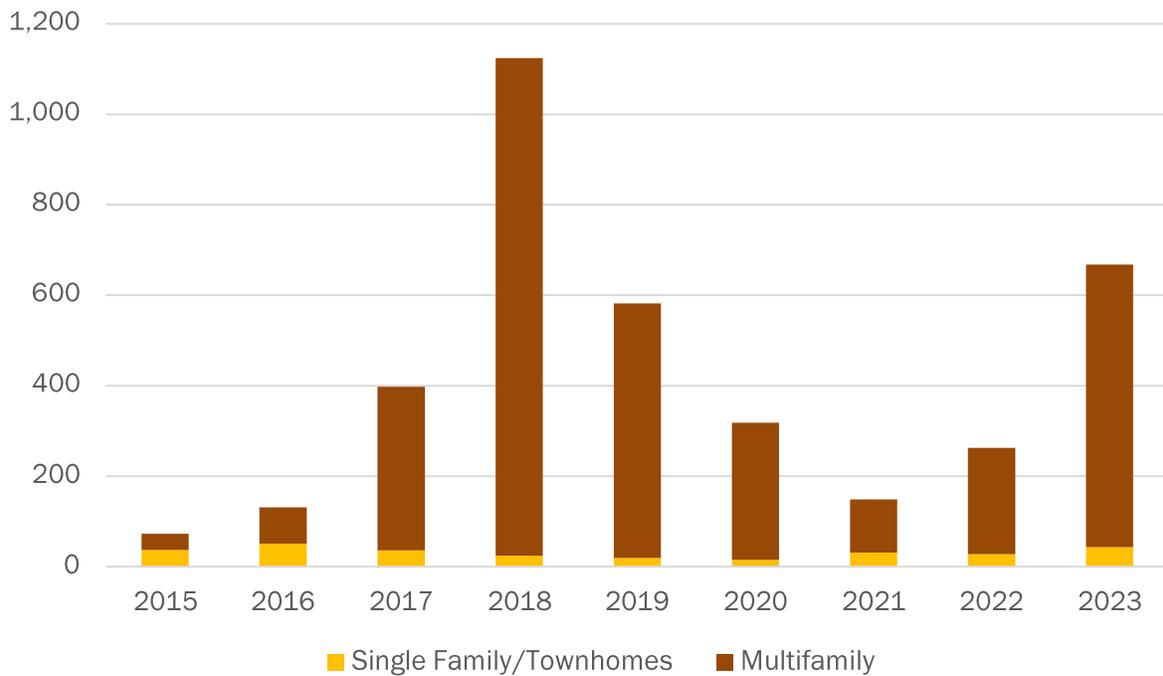
The annual number of housing starts and valuations is increasing. Multi-family unit construction continues to dominate the building activity in West Lafayette, with many units tailored for student housing.

- Growth in the number of owner-occupied units has been modest but increasing. Unit permits in 2023 were the highest since 2016. According to the City, the average single-family new home start in 2023 was \$585,000. The net added single-family and townhome housing units are averaging 32 per year (single-family and townhome units built minus units demolished).
- Tippecanoe County is seeing the most multi-family unit construction in the READI Region. Over half of this construction was in West Lafayette.
- Conversely, a much lower percentage of single-family unit production in Tippecanoe County occurred in West Lafayette.

Exhibit 2.18: Residential Building Activity

	'15	'16	'17	'18	'19	'20	'21	'22	'23*	Total	Ave.	%
Single-Family/ Townhome	37	51	36	24	19	15	31	28	43	284	32	7.9%
Multi-family	36	80	362	1,100	563	303	118	235	625	3,422	380	92.1%
Demolitions	13	12	235	140	20	27	25	31	42	545	61	
Net Units	60	119	163	984	562	291	124	232	626	3,161	351	100%

*402 units were for graduate student housing



Source: City of West Lafayette



Short-term Rental Inventory

The number of short-term rental listings is rising in the area. Renting entire homes is the most popular form of short-term rental, even if the home remains unrented for most of the year. There could be a variety of other uses for short-term rentals when not occupied, which may skew the clarity of data. For example, the property owner's general cleaning and turnover time for personal uses. Several research-based national data reports find that increases in the number of short-term rental units increases the number of building permits and raises housing costs. ^{1,2}

- A City monitored program shows there are 58 properties with short-term rental units in the Fall of 2023. These units self-report to obtain a permit from the City.

Exhibit 2.19: Short-Term Rental Inventory by Type of Unit - 2023

	# of Properties	% of Total Listings	Total Guests Permitted	Average Guests per Property	Total Bedrooms	Average Bedrooms Per Property
Apartment	4	7%	14	3.5	5	1.3
Rental House	42	75%	263	6.3	122	2.9
Room in Owner Unit	7	13%	18	2.6	7	1.0
Room in Rental Unit	3	5%	18	6.0	6	2.0

Source: City of West Lafayette

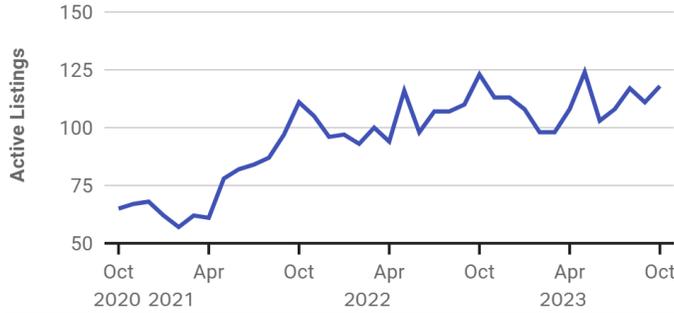
- Third-party data on Airbnb and VRBO listings in the 47906 Zip Code, which includes West Lafayette city limits, shows occupancy and cost characteristics across active listings. These data include all areas in the Zip Code shown in the map below, including West Lafayette, Battle Ground, and surrounding areas to the north and west in Tippecanoe County.
 - The number of active listings varies throughout the year as demand changes with university events. In the 47906 Zip Code, there were 181 active listings as of November 2023 and 113 active listings in January 2024.
 - A rough point-in-time count in January 2024 shows 58 active listings falling within West Lafayette city limits, all south of Kalberer Road in West Lafayette city limits. This aligns with the City permit system.
 - Most of these units fall within the R-1 Single-family Residential zoning district.
 - Summer months are the most in demand for short-term rentals. Occupancy tends to fall during the Fall holiday and Winter months.
 - Rental rates and occupancy rose over the past three years.
 - Like the data gathered by the City of West Lafayette, about 75% of listings are for an entire house.
 - About 32% of actively listed units are rented for 94 days or less a year.



Exhibit 2.20: November 2023 Short-Term Rental Listings Snapshot – Growth and Type
Source: airdna.co

Rental growth in the last 3 years

-4% past year



Listings by rental size

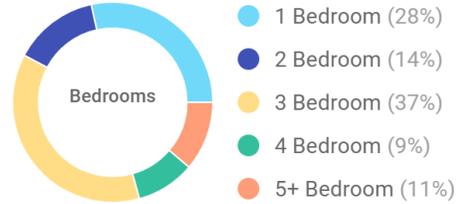
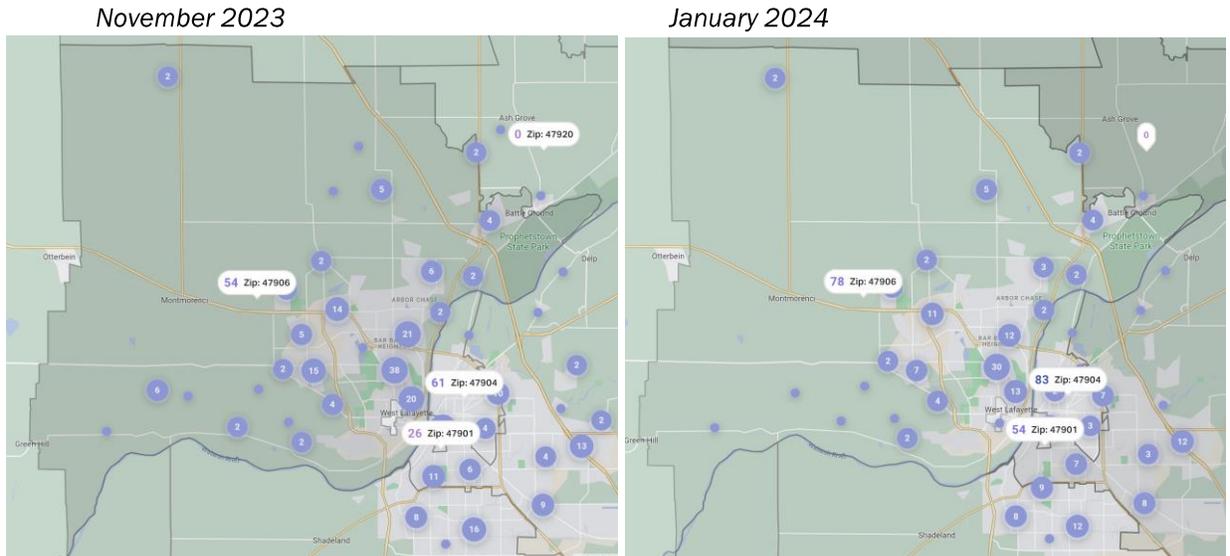


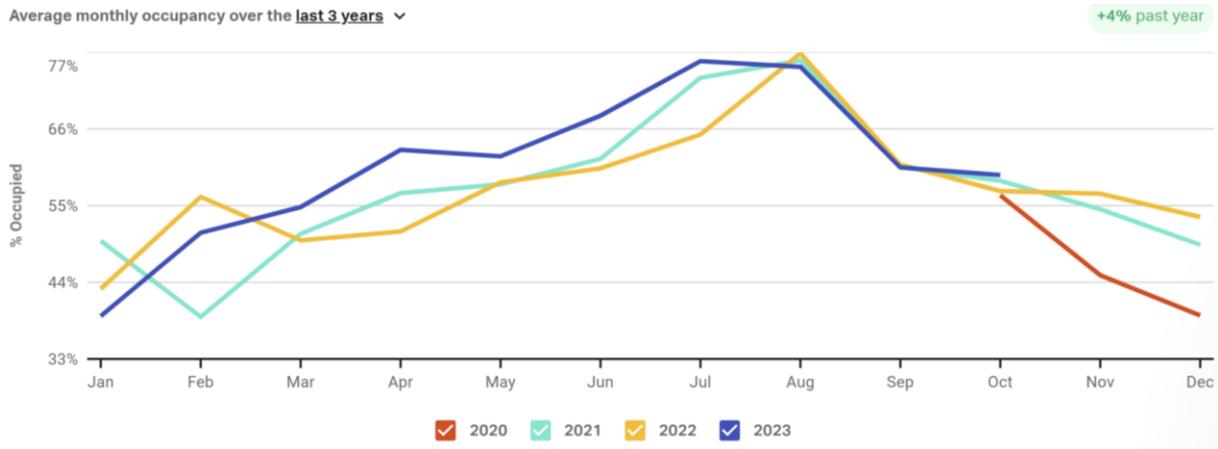
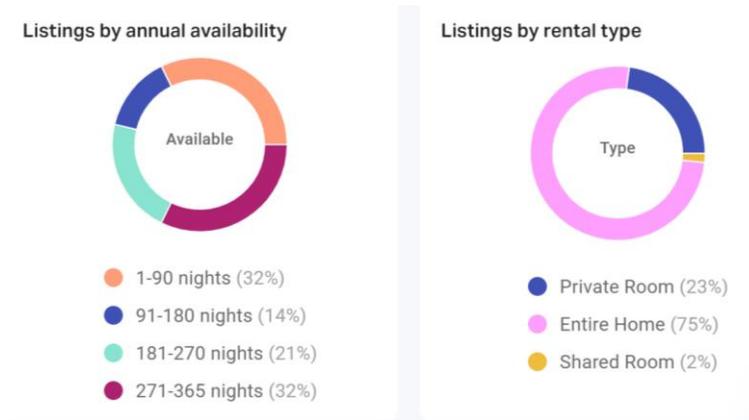
Exhibit 2.21: Short-Term Rental Inventory by Location



Source: airdna.co



Exhibit 2.22: November 2023 Short-Term Rental Listings Snapshot – Availability and Occupancy
Source: airdna.co



Occupancy Rate

58%

+4% past year



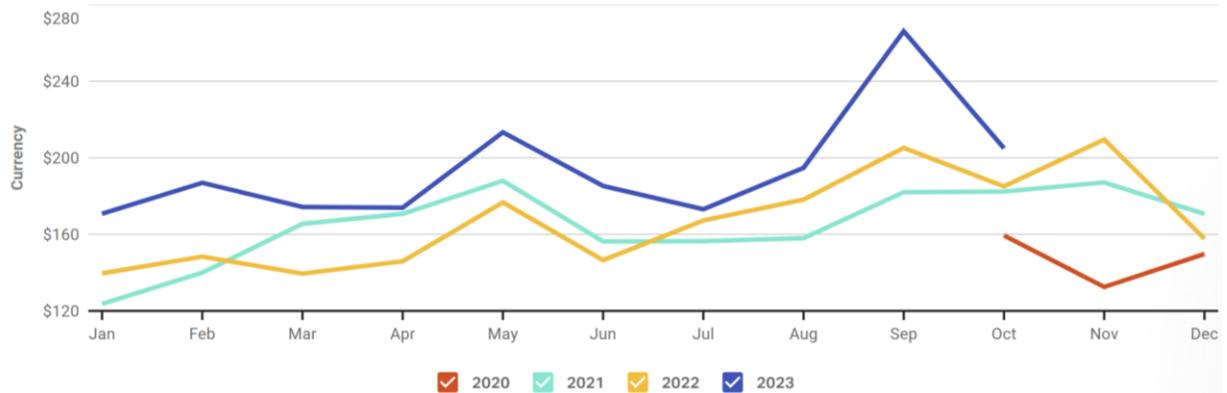
Length of stay

3 Days

-0% past year



Average daily rate over the **last 3 years** ▾ +12% past year



Housing Costs

People spend much more on housing in West Lafayette than in 2015, especially for owner-occupied units. The price increases are from a lack of inventory and a higher competition for specific price points. Households in the highest income categories live in units below what they can afford, either by choice or because there are no other options.

- Home values rose more in West Lafayette than in peer cities and at a percentage much higher than inflation from 2015 to 2022.
- Contract rent in West Lafayette rose similarly to peer cities and inflation rates from 2015 to 2022.

Exhibit 2.23: Median Home Value Change

	2015	2022	% Change*
West Lafayette	\$178,500	\$303,300	69.9%
Bloomington, IN	\$173,400	\$267,900	54.5%
Iowa City, IA	\$186,100	\$256,600	37.9%
Normal, IL	\$162,300	\$194,400	19.8%
East Lansing, MI	\$171,800	\$240,800	40.2%

*Total Inflation from 2015-2022 was 23.5%, and housing inflation was about 26%
 Source: American Community Survey 5-Year Estimates; Bureau of Labor Statistics

Exhibit 2.24: Median Contract Rent Change

	2015	2022	% Change*
West Lafayette	\$759	\$930	22.5%
Bloomington, IN	\$704	\$953	35.4%
Iowa City, IA	\$756	\$954	26.2%
Normal, IL	\$723	\$835	15.5%
East Lansing, MI	\$788	\$957	21.4%

*Total Inflation from 2015-2022 was 23.5%, and housing inflation was about 26%
 Source: American Community Survey 5-Year Estimates; Bureau of Labor Statistics

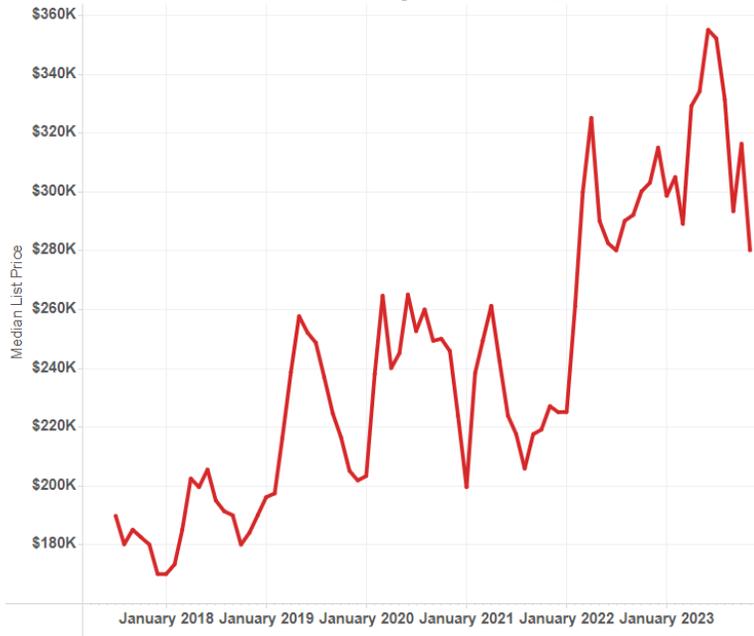


Ownership Housing Sales Trends

Homes for sale in the West Lafayette area do not stay on the market long and sales prices remain much higher than before 2020.

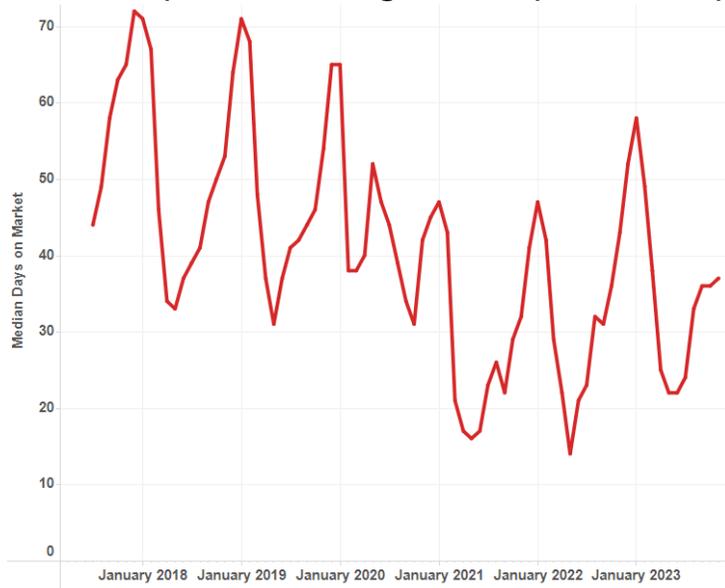
- The housing price shock after the 2020 pandemic is still prevalent, but signs are indicating adjustment in the ownership market. Median list prices have started to decline beginning in the middle part of 2023. For owners, the rising mortgage interest rates in the same period likely offsets the drops in median list prices.
- The number of days a home is listed for sale or remains on the market continues to decline. People are still buying houses in the area, and what is available does not last long.

Exhibit 2.25: Median List Price Change in the Lafayette-West Lafayette Metropolitan Area



Source: Realtor.com® Economic Research

Exhibit 2.26: Days on Market Change in the Lafayette-West Lafayette Metropolitan Area



Source: Realtor.com® Economic Research



Affordability Measures

Heavy competition for home ownership options is increasing home values and creating affordability challenges for some living in West Lafayette. Some households with the highest incomes could afford higher-priced units but live in lower-priced options. There are fewer higher-valued ownership units than households with an equivalent income range to afford these units.

In most instances, an affordable, self-sustaining housing market has a value-to-income ratio between 2.0 to 3.0. Ratios above 3.0 present significant affordability issues, while ratios below 2.0 are significantly undervalued relative to income. Undervaluation can be just as challenging as an unfordable market. It is common for cities with a larger university to have ratios above 3.0. Some students with low incomes live in units subsidized through other finances.

- West Lafayette’s high value-to-income ratio of 10.0 is notable compared to other university cities. The value of homes seems to be driving the number rather than the cost of rent.
 - However, the low median household income is mostly attributed to students and has an exacerbated effect in West Lafayette. Family households account for about 31% of all households and have median household incomes over \$100,000.

Exhibit 2.27: Housing Affordability Comparison - 2022

	Median Household Income	Median House Value	Value / Income Ratio	Median Contract Rent	Median Rent as Pct of Median Income	Percent Below Poverty Level
West Lafayette	\$30,317	\$303,300	10.00	\$930	36.8%	39.2%
Bloomington, IN	\$46,543	\$267,900	5.76	\$953	24.6%	31.1%
Iowa City, IA	\$54,879	\$256,600	4.68	\$954	20.9%	26.7%
Normal, IL	\$63,965	\$194,400	3.04	\$835	15.7%	23.4%
East Lansing, MI	\$44,094	\$240,800	5.46	\$957	26.0%	34.3%

Source: American Community Survey 5-Year Estimates



Exhibit 2.28 evaluates the availability of affordable housing for different household income ranges and the number of homes required to balance the need. A positive balance indicates a “surplus” of housing within an income group’s affordability range, while a negative balance indicates a “gap.”

- The large gap for the lowest income range includes many households comprised of students or retirees who often live in homes or rentals well above their incomes.
- There are fewer households than attainable options in the \$25,000 to \$75,000 and \$100,000-\$150,000 household income range. But lower and higher income households also fill these units, especially in the \$25,000-\$50,000 household income range where students with supplemented housing payments (parents, loans, etc.) can compete for units priced above what they could afford otherwise.
- There are more households than attainable options in the over \$150,000 household income range. Many households making more than \$150,000 live in units priced below what they could reasonably afford. This is good for them to have more discretionary spending, but many might choose other options that better meet their desires if made available.

Exhibit 2.28: West Lafayette Housing Affordability Analysis

Income Range	% of City Median	% of Households	# of Households	Affordable Range for Owner Units	# of Owner Units	Affordable Range for Renter Units	# of Renter Units	Total Affordable Units	Balance
\$0-\$25K	Under 83%	44%	6,222	>\$60k	32	\$0-\$499	676	708	-5,514*
\$25K-49,999	83-165%	18%	2,567	\$60k-\$124,999	127	\$500-\$999	5,258	5,385	2,818
\$50K-\$74,999	166-247%	8%	1,101	\$125k-\$199,999	684	\$1,000-\$1,499	2,504	3,188	2,087
\$75K-\$99,999	248-330%	10%	1,420	\$200k-\$249,999	723	\$1,500-\$1,999	864	1,587	167
\$100K-\$150K	331-495%	9%	1,203	\$250k-\$399,999	1,611	\$2,000-\$2,999	477	2,088	885
\$150K+	Over 495%	11%	1,584	\$400k+	977	\$3,000+	163	1,140	-444

An affordable cost of housing is calculated at 2-3 times the household income. Lower-income households tend to spend a higher percentage of their income on housing, and higher-income households tend to spend a lower percentage of their total income on housing. An affordable rental would be less than 30 percent of household income.

*About 45.6% of all households in West Lafayette are between 15 and 24 years old, equaling 6,430 households. Many of these households are likely University Students with low incomes but access to other funds to spend on housing. For reference, about 78% of all households in West Lafayette with income less than \$25,000 a year are under 25 years old.

Source: American Community Survey 5-Year Estimates; RDG Planning & Design



3. Housing Supply and Demand

The 2023 READI Region Housing Study provides a regional housing demand forecast. The following section uses the same approach and factors for forecasting housing demand for West Lafayette. Reference the READI Region Housing Study for detailed methodology.

Forecasting population growth can be difficult for cities with large college student populations. As enrollments fluctuate, it is difficult to determine how many students living off-campus live in the community as long-term residents. Most students only live a few years in the area and then leave after graduation.

- **The non-student aged population in West Lafayette may be declining.** Census population counts would indicate a decline in populations below 15 and above 24 years old. The lack of new housing options for families and older adults may be a reason, as most recent construction has been multi-family development.
- **The population of West Lafayette more likely grew at about a 1% annual growth rate from 2015-2020,** considering building permit activity and student enrollment trends. The 2020 Census count shows a population of 44,595. The calculations and assumptions in this Study indicate that the 2020 population is closer to 48,000.
- **By 2030, West Lafayette could expect its population to grow to almost 50,000,** even if student enrollment at colleges in West Lafayette remains consistent.
- **By 2030, the population will be higher than 50,000** as enrollments continue to increase and greater housing diversity is provided to support households at various stages of life.

Exhibit 4.1: West Lafayette Population Growth Rates Scenarios

	Annual Rate
Annual Growth At 2015-2022 Census Reported Rate	0.30%
Annual Growth At 2000-2014 Census Reported Rate	0.50%
Annual Growth At 2015-2022 Net Building Activity Rate	1.40%
Annual Growth At READI Region Study Tippecanoe County Forecast – Maintaining 2022 City Proportion of County Population in 2030	1.29%
Annual Growth at 2015-2022 Census reported population change excluding 15- to 24-year-olds	-1.28%
Annual Growth 2015-2020 At RDG adjustment based on building activity, student full-time enrollment, and permanent population assumptions	1.09%*

Source: U.S. Census, City of West Lafayette, RDG Planning & Design

*The method results in an actual 2020 population of 48,077 based on the 1,888 residential units added to the city from 2015 to 2020 and the added population from these units, which is 4,078, at the city's median household size.

Exhibit 4.2: West Lafayette Population Forecast Scenarios

	2020	2025	2030
Scenario A: Total Population			
1.00% Growth Rate	48,077	50,529	53,107
1.25% Growth Rate	48,077	51,158	54,436
1.50% Growth Rate	48,077	51,793	55,795
Scenario B: Student Removed from Total Population to Calculate Growth and then added back in (assumes student enrollment remains consistent) *			
1.00% Growth Rate	48,077	48,494	48,932
1.25% Growth Rate	48,077	48,600	49,157
1.50% Growth Rate	48,077	48,708	49,388

Source: RDG Planning & Design

*Student enrollment at Purdue University Grew at about a 2.4% annual rate from 2015 to 2022



Future Housing Demand Forecast

The total housing demand forecast accounts for the following factors and assumptions.

- **West Lafayette can plan for a 1.25% total annual population growth rate given increasing college enrollments and methods explained in Exhibits 4.1 and 4.2.**
- **For the forecast, the proportion of the population living in group quarters remains the same through 2030.** The household population is those not living in group quarters such as prisons, dormitories, and other institutionalized housing defined by the Census. The population living in group quarters does not add to housing demand.
- **The average number of people per household decreases slightly.** The forecast considers an increasing Purdue University enrollment, growing older populations, and smaller family sizes. The forecast assumes these factors offset growth in the proportion of family households in West Lafayette and a growing national trend of doubled-up housing where multiple non-related and non-student residents share a housing unit. Most often, people double up to save costs.
- **With the Area Planning Committee vacancy report as the baseline vacancy rate, the citywide vacancy rate needs to increase significantly over time.** Nationally, vacancy rates in cities are starting to rise again. While sources vary, research suggests a healthy community vacancy rate is anywhere from 3-7%, which is low enough to provide reasonable price competition and choice but not too high to indicate a community in distress.
- **About thirty units are demolished annually from fire, neglect, redevelopment, or other reasons.** These are lost units in the market and must factor into the demand for replacement. About thirty units were demolished annually from 2015 to 2022, excluding 2017 and 2018, when many units were demolished (235 and 140, respectively).
- **These assumptions generate a demand for almost 3,200 housing units or an average annual construction need of 400 units through 2030.** This is above the number of permitted units between 2015 and 2022, which includes many multi-family units but is consistent with the Greater Lafayette READI Region Study. The housing demand considers the University’s tentative plans at the time of the Study to add more beds should enrollment increase and the need for more diverse housing options to support families and young professionals. Proactive strategies to add more residential development opportunities in West Lafayette could lead to a higher proportion of population growth in Tippecanoe County to occur in West Lafayette.

Exhibit 4.3: Housing Demand Assumptions

	2020	2023-2025	2026-2030	Total
Population Forecast (1.25% annual rate)	48,077	51,158	54,436	
Average People per Household	2.16	2.15	2.14	
Projected Vacancy Rate	1.1%	1.9%	3.1%	
Replacement Need (total lost units)		146	150	296

Source: RDG Planning & Design



Exhibit 4.4: Housing Demand Scenarios - Annual Growth At 1.25%

	2020	2023-2025	2026-2030	Total
Population at End of Period	48,077	51,158	54,436	
Household Population at End of Period	43,092	45,853	48,791	
Average People per Household	2.16	2.15	2.14	
Household Demand at End of Period	19,950	21,287	22,757	
Projected Vacancy Rate	1.1%	1.9%	3.1%	
Unit Needs at End of Period	20,172	21,689	23,485	
Replacement Need (total lost units)		146	150	296
Cumulative Need During Period		1,251	1,947	3,198
Average Annual Construction		417	389	400

Source: RDG Planning & Design

Net unit construction from 2015 to 2022 was at about 317 units per year (new units minus demolished units). The average is closer to 230 units a year when excluding some of the unique larger multi-family projects in 2018.

Meeting Demand for the Workforce and Family Households

The housing demand forecast provides a benchmark for future housing unit needs. However, building these units across different housing types is just as important. For example, a significant portion of past unit construction has been higher-density apartment arrangements that are more appealing for university students or single households. About 92% of units built from 2015 to 2022 were multi-family projects.

Many needs and desires to be in West Lafayette come from families with children and high-earning professionals who want to live in the community but not a multi-family apartment community. Multi-family construction is still a needed component of future housing demand, but unit types need to be varied more than in the recent past to meet future demand. Exhibit 4.5 provides a target distribution of housing types across different occupancy and price points.

Exhibit 4.5: Distribution of Different Types of Price Points and Unit Types

Price Range	Conventional Single-Family	Small Lot Single-Family Detached and Attached	Single-Family Attached and Low-Density Townhomes	High Density Townhomes and Multi-family
	<4 dwelling units per acre	8 dwelling units per acre	12 dwelling units per acre	>16 dwelling units per acre
Ownership				
Affordable/Subsidized	0%	40%	40%	20%
Mid-Range/Development Assistance	20%	40%	30%	10%
Moderate Market Rate	60%	15%	15%	10%
High-End Market Rate	70%	10%	10%	10%
Rental				
Affordable/Subsidized	0%	20%	30%	50%
Assisted Market Rate	0%	20%	30%	50%
Moderate Market Rate	0%	30%	35%	35%
High-End Market Rate	0%	35%	35%	30%

Source: RDG Planning & Design



Policy Approaches for West Lafayette

The extensive research, conversation, and feedback from the READI Region Housing Study still provides value for developing housing strategies in West Lafayette. The following section identifies the most relevant strategies for West Lafayette to consider, given the findings and demand forecast in the previous sections.

Other valuable information from the READI Region Study still applies to West Lafayette, including applicable partners, regional housing strategy approaches, existing housing program references, and funding opportunities. These items from the READI Study are not repeated in this report.

Goal 1: Innovate in the way lot development is financed.

- Increase the number of buildable lots.
- Share risk on lot development.
- Reduce the amount of lot development cost passed on to buyers and renters.
- Create opportunities for more housing variety.

Most Applicable for City-Specific Strategies

- Site Preparation. Lot assembly and site prep assistance that targets needed housing types.
 - A. Low income
 - B. New housing types
 - C. Innovative construction/partnerships
- Land Development. Possible approaches for medium to higher density product types.
 - A. Infrastructure bank
 - B. Community Land Trusts
- Redevelopment. Focusing on land assembly.
 - A. Inventory available or potential sites and lots
 - B. Aggressive program to acquire and demolish deteriorated structures
 - C. Prepare a redevelopment plan for lots
 - D. Community Land Trusts

Goal 2: Add housing variety across all locations.

- Provide rental options beyond traditional apartments, including duplexes, townhomes, and accessory dwelling units.
- Lower the risk of developing underbuilt housing products that fill local needs.
- Build and free up more housing for middle incomes – those that do not qualify for low-income programs but still have trouble affording market-rate new housing.

Most Applicable for City-Specific Strategies

- Create a Development Fund.
 - A. Assist with funding projects that add variety
- Review Zoning and Subdivision Codes.
 - A. Remove barriers to developing certain products and medium density housing
- Establish Pattern Books.
 - A. Establish a set of pre-approved plans that encourage housing diversity through streamlined processes
- Long-Range Planning.
 - A. Leverage recent comprehensive plans and housing partnership work for targeted areas
 - B. Update long-range plans for more specific directions on growth, redevelopment, and neighborhood investment areas



Goal 3: Preserve existing naturally occurring affordable housing.

- Ensure a continued supply of entry-level housing.
- Preserve and protect historic cores of cities.
- Reduce waste.

Most Applicable for City-Specific Strategies

- Establish and Fund Healthy Home Programs.
- Review Zoning Codes. As noted previously.
- Review Rental Registration Programs. Where allowed, to identify allowed improvements.
- Establish and Fund a Rental Rehabilitation program.

Goal 4: Ensure that all parts of the region have adequate rental housing.

- Expand the number of rental units.
- Slow price inflation on existing rental units.
- Encourage rehabilitation of existing older rental housing.
- Preserve existing single-family homes as entry-level ownership options.

Most Applicable for City-Specific Strategies

- Identify pre-approved sites for the development of multi-family housing.
- Assist with lot and site development.
- Review zoning codes to expand locations for allowed housing types.
- Lower the risk in low rental markets - provide gap financing or rent guarantees.
- Establish a rental rehabilitation program.
- Build the narrative around housing needs for all and build public support for projects.
- Review or create standards for short-term rentals.

