

Changes in Central Indiana Affect Our Quality of Life

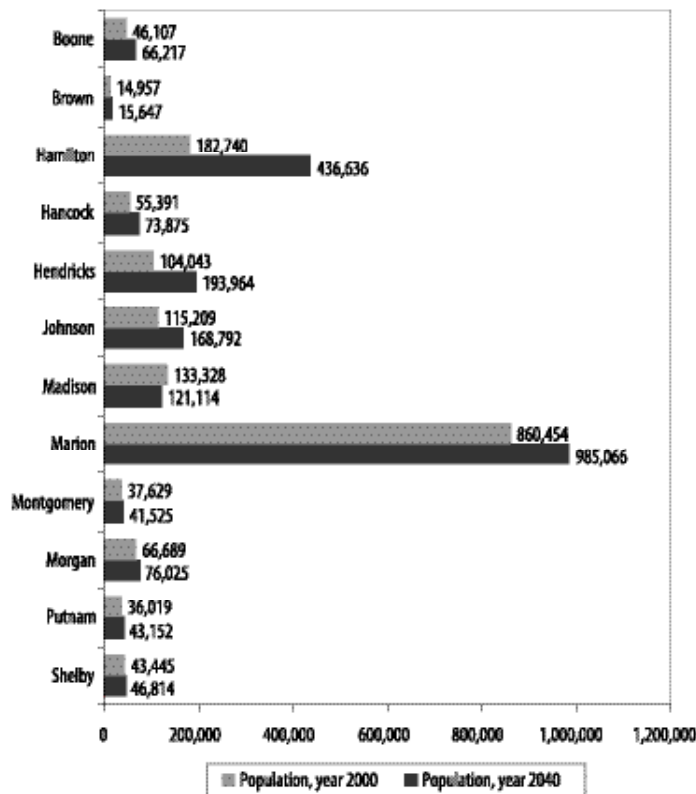
If We Don't Change, We Can't Remain the Same

It's obvious that Central Indiana is changing. In the 1950s, electrical wires guided street cars down Washington Street as shoppers made their way to L.S. Ayres on Meridian and J.C. Penny's on the Circle. Thousands of workers traveled to the Western Electric plant on rural Shadeland Avenue, and Fort Harrison provided training for our nation's military rather than hiking and picnicking for families. The presidents of Indiana National Bank and American Fletcher National Bank were important community leaders, and the town of Fishers had a population of 219.

The next time you are driving to work, shopping, or taking your child to school, look carefully out your car window. You may see newly emerging subdivisions or notice that homes in your neighborhood are now rented rather than occupied by owners. Depending on where you

live, you'll see either new shopping opportunities or empty big box retail stores—in some cases, you'll see them side by side. And if you live in the suburbs, it is likely that your child's school is either new, undergoing expansion, or both.

Figure 1: Population Per County in the Indianapolis Metro Area, Year 2000 and Projections for Year 2040



Source: Indiana Business Research Center, Indiana University Kelley School of Business.

Central Indiana will continue to change

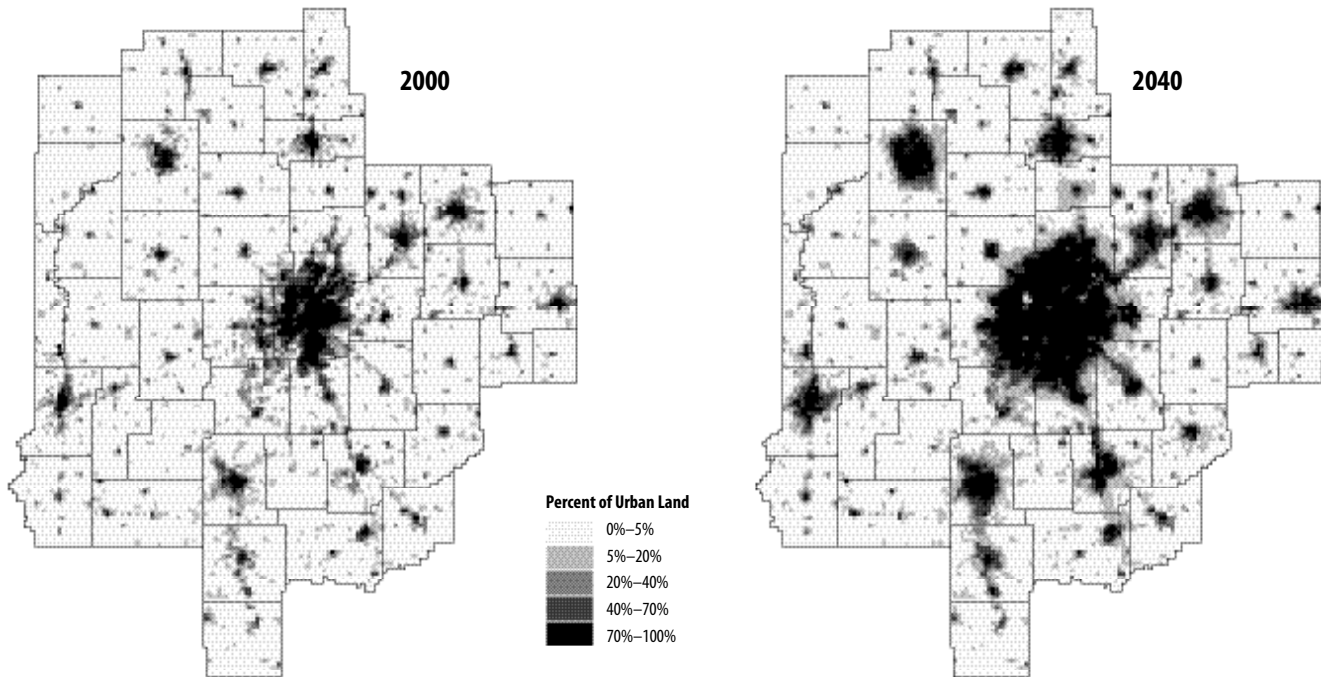
Demographers at the Indiana Business Research Center (IBRC) estimate that by 2040, more than 560,000 additional residents will live in the 12 counties that comprise the Metropolitan Indianapolis Board of REALTORS® service area (see Figure 1). The MIBOR service area includes the Indianapolis Metropolitan Statistical Area (MSA) plus Madison and Montgomery counties.

This growing population will affect the size and shape of the region's communities. The Center for Urban Policy and the Environment's Land Use in Central Indiana model (LUCI) projects urbanization patterns in

This report is adapted from a speech given by Drew Klacik, senior policy analyst at the Center for Urban Policy and the Environment. The presentation was given to the Metropolitan Indianapolis Board of REALTORS® and the Builders Association of Greater Indianapolis on February 19, 2004, during the Central Indiana Housing Summit. The full presentation will be available on the Center's Web site at <http://www.urbancenter.iupui.edu>



Map 1: Urbanized Land in Central Indiana, Year 2000 and Predicted for Year 2040



Note: These maps were created using the Center for Urban Policy and the Environment’s Land Use in Central Indiana (LUCI) model. The map on the left shows the amount of urban land per square mile in the 44-county Central Indiana region in 2000. The map on the right shows the amount of urban land predicted by the model in 2040 if current trends continue. The more densely populated (urban) areas are shown in darker colors. For more information, see the Web site for the Land Use in Central Indiana model at <http://luci.urbancenter.iupui.edu/> and *New Model Predicts Growth Patterns in Central Indiana* (Palmer and Ottensmann, 2003) on the Center’s Web site at www.urbancenter.iupui.edu/pubpages/new_model.htm

Central Indiana. The model uses factors associated with development, including the availability of vacant land, transportation accessibility to employment, and availability of infrastructure, such as sewers, to predict future development in each of the one-mile square grid cells in Central Indiana. Map 1 shows urbanized land in the year 2000 compared with a map of the expected amount of urbanized land in 2040. Based on these projections, we can expect to see continued expansion of the urban areas in Central Indiana and new development along the expressway corridors. (Urbanized land is defined as the percent of each square-mile grid that is expected to be developed.)

While change is constant, some things in Central Indiana have remained the same. Most of us believe that Central Indiana residents are usually honest, hard-working people who are willing to help their neighbors. Many Central Indiana residents own their homes, and the region’s communities and

neighborhoods are great places to raise children and families. In many towns, a Friday night basketball game is still a major event, and it always seems to snow during sectional week. In August, we enjoy lightning bugs in the corn and soybean fields. The fall brings harvest time and frost on the pumpkin.

However, change is inevitable. No matter how hard we try, it cannot be ignored. If we take no action, things will not remain the same. Thus, the challenge that confronts us is not how to keep Central Indiana from changing, but rather how to embrace and adapt to change in ways that enable us to preserve the places and quality of life in Central Indiana that we value. Thus, while the statement “if we don’t change, we can’t remain the same” may initially appear to be a contradiction, after further thought, it becomes an important guidepost as we see and experience the extraordinary changes that are occurring in our communities and throughout the world.



We must recognize two trends

There are two major trends already affecting Central Indiana that will have greater impact in the future. The first is fundamental economic change—specifically the globalization of manufacturing which has resulted in a loss of manufacturing jobs in the Indianapolis region (a loss of 1,662 jobs between 1998 and 2001) and an additional loss of 23,000 manufacturing jobs throughout the rest of Indiana in the same time period. During this same time, the total number of jobs in the Indianapolis region grew by nearly 30,000, and an additional 30,000 jobs were gained in the rest of Indiana. The Indianapolis area gained as many jobs as the rest of the state as a whole.

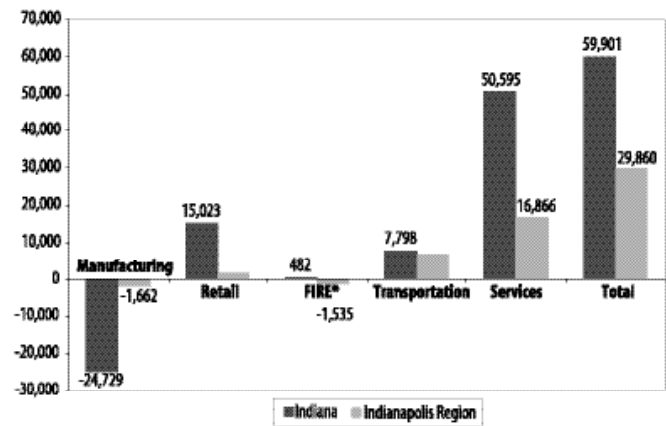
The shift away from manufacturing and toward retail and service jobs as shown in Figure 2 is important because of the different salaries these jobs bring. Think carefully about these numbers: *The average wage for manufacturing jobs in the Indianapolis region was around \$60,000, while retail jobs averaged around \$18,500 and service sector jobs averaged nearly \$33,000.*¹

The second major trend is changing population demographics. One significant demographic change is the increase in ethnic diversity. In 1990, there were 22,161 foreign-born individuals living in our area. By 2000, that number had more than doubled to 55,429.²

Yet another measure of diversity is language, as shown in Figure 3. In 2000, more than 106,000 residents in our area spoke little or no English. An increasingly diverse population challenges our public schools, social service agencies, and all other dimensions of our society. A scarcity of Spanish-speaking healthcare professionals recently resulted in a five-year-old child having to serve as a translator for her mother at the doctor's office.³ But while language presents a barrier to communication, language skills can be acquired. Broader cultural differences further challenge our society as we strive to adapt and incorporate new traditions and customs.

Another important demographic change is the aging of the baby boomers. According to estimates by the IBRC, the median age in Indiana is expected to change from 35.2 years old in 2000 to 39.4 in 2040. More important, we expect that the number of people older than 64 will more than double in our area between 2000 and 2040, to nearly 500,000 (see Figure 4 on page 4).

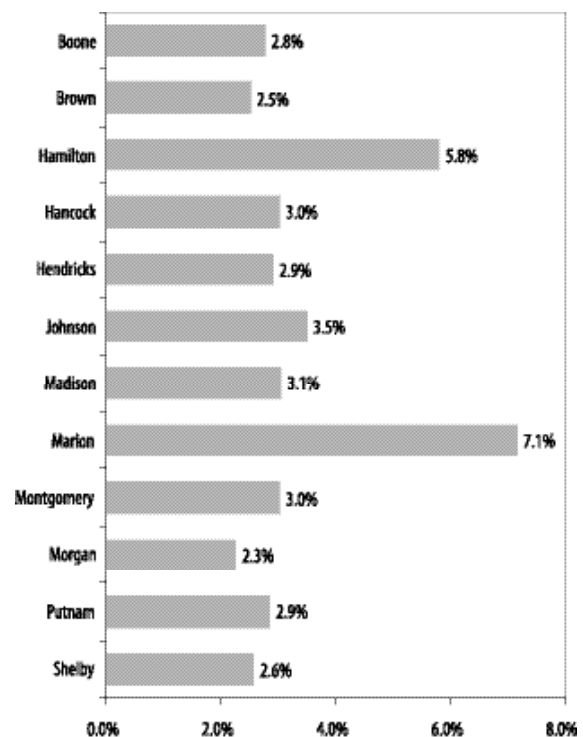
Figure 2: Change in the Number of Annual Jobs per Sector Between 1998 and 2001, Indianapolis Metro Area and Indiana



* Finance, Insurance, and Real Estate

Source: Indiana Business Research Center, Indiana University Kelley School of Business. From the STATS Indiana Web site at www.stats.indiana.edu/c2k/c2kframe.html

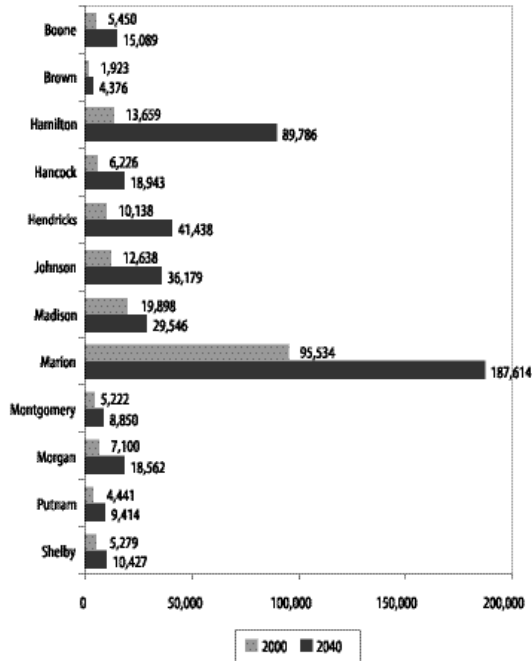
Figure 3: Percentage of Residents Whose Native Language Is Not English, Per County, Year 2000



Source: U.S. Census, 2000. Calculations by Indiana Business Research Center, Indiana University Kelley School of Business.

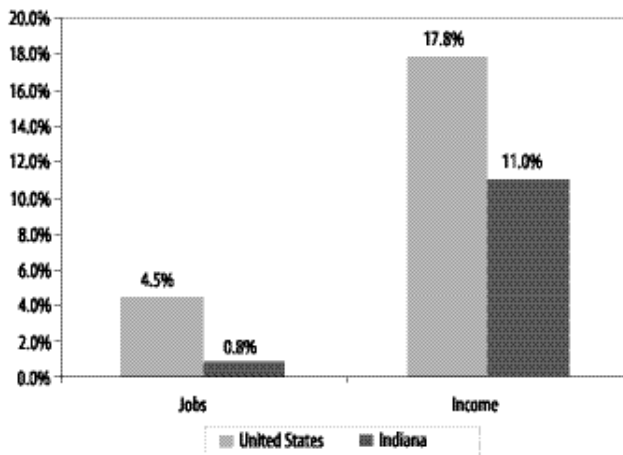


Figure 4: Number of Residents Who Are More Than 64 Years Old, Per County, 2000 and Projected 2040



Source: Center for Urban Policy and the Environment calculations based on data from Indiana Business Research Center, Indiana University Kelley School of Business. See www.stats.indiana.edu/pop_proj/

Figure 5: Growth in Total Full- and Part-time Employment and Earnings in Indiana and the United States between 1998 and 2001, Percent Change



Source: U.S. Department of Commerce Bureau of Economic Analysis, Employment and Earnings, 1998 and 2001.

Indiana is not staying the same relative to the United States

Using basic measures such as jobs and income, Indiana is gaining, but it is losing ground relative to the nation. Jobs and income are growing at a slower rate in Indiana than in the United States as a whole.

Figure 5 shows the comparative change. The number of jobs in Indiana grew by 0.8 percent between 1998 and 2001, compared with a 4.5 percent gain in jobs in the United States. During the same period, earnings in Indiana grew by 11 percent while earnings in the nation grew by 17.8 percent.

Central Indiana counties are not changing at the same pace

Some counties, such as Hamilton, Hendricks, Johnson, Hancock, and Boone, grew more than twice as fast between 1990 and 2000 as the statewide population increase, which was 9.7 percent. Other local counties, particularly Madison, grew much more slowly than the statewide average. The IBRC reports that the percentage increases in population, by county, between 1990 and 2000, from smallest to largest percent increases, were as follows:

- Madison 2.1%
- Brown 6.2%
- Shelby 7.8%
- Marion 7.9%
- Montgomery 9.3%
- Putnam 18.8%
- Morgan 19.6%
- Boone 20.9%
- Hancock 21.7%
- Johnson 30.8%
- Hendricks 37.5%
- Hamilton 67.7%

Educational attainment and household income also vary widely across the area.⁴ Compared with the national average, counties in our area tend to have a smaller proportion of high school dropouts, but they also have a smaller proportion of residents who are college graduates or have earned advanced degrees. Locally, Hamilton County has the highest share of residents with college degrees, with 48.9 percent of all individuals over the age of 25 having at least a bachelor's degree. (Only 5.8 percent of all individuals over 25 in Hamilton County have failed to earn a high school diploma.)



Conversely, Shelby County has the highest share of individuals over 25 who have failed to complete high school—28.6 percent—the only county in our area that is worse than the national average on this statistic. Shelby County also has the lowest share of college graduates (8.8 percent of all individuals over 25).

The median household income in 2000 in our area ranged from \$71,026 in Hamilton County to \$38,882 in Putnam County. Housing prices reflect household income—the highest average home sales price (using the Multiple Listing Service data) was in Hamilton County (\$222,631), while Madison County had the lowest average sales price in the area (see Table 1).

Single-family building permits are another measure of community change, and not all local counties are experiencing the same level of activity (see Table 2). While Marion County continues to see the highest number of annual building permits, Hamilton and Hendricks counties have seen dramatic increases in the annual number of single-family building permits issued from 1992 to 2002. While experiencing a lower annual volume than Hamilton and Hendricks counties, Hancock and Boone counties have seen the number of single-family building permits in their communities nearly double between 1992 and 2002. The activity in most other communities has remained rather constant, though Johnson County had a slight decrease.

How we perceive change

According to the results of a statewide household survey conducted by the Center, most households are pleased with their community as a place to live. Only in Marion, Madison, and Shelby counties did less than 75 percent of the households perceive their community as an excellent or good place to live. Table 3 (see page 6) shows the percentage of households in each local county that rate their county either excellent or good as a place to live.

That doesn't mean change hasn't caused concern. While more than 90 percent of the households in most suburban counties remain pleased with the quality of life in their community, the Center's Indiana Household Survey found that the share of households in Marion, Madison, and Shelby

Table 1: Average Home Sales Price, by County, from January 2002 to August 2003

County	Average Home Sales Price
Boone	\$212,497
Brown	\$154,517
Hamilton	\$222,631
Hancock	\$149,739
Hendricks	\$153,457
Johnson	\$149,137
Madison	\$91,856
Marion	\$120,088
Montgomery	\$92,630
Morgan	\$131,551
Putnam	\$106,966
Shelby	\$108,535

Source: Center for Urban Policy and the Environment. (2003). Calculations based on Multiple Listing Service data provided by the Metropolitan Indianapolis Board of REALTORS®.

Table 2: Number of Single-family Building Permits Issued

County	Year		
	1992	1997	2002
Boone	272	371	429
Brown	141	158	131
Hamilton	2,031	2,854	3,479
Hancock	454	499	874
Hendricks	885	1,171	2,424
Johnson	935	1,170	1104
Madison	292	336	333
Marion	3,163	3,626	3,872
Montgomery	142	134	140
Morgan	512	486	485
Putnam	72	184	138
Shelby	165	156	143
Total	9,064	11,145	13,552

Source: U.S. Census. Indiana Business Research Center, Indiana University Kelley School of Business.

counties who find the quality of life in their community to be either excellent or good has declined noticeably. In Morgan County, there is also a perception that the quality of life has diminished, but the decline is not as great, and the share of households who are generally pleased remains higher than 80 percent. Particularly troubling, however, is that there is a perception that the quality of life has declined in Marion County, the region's population and economic hub.

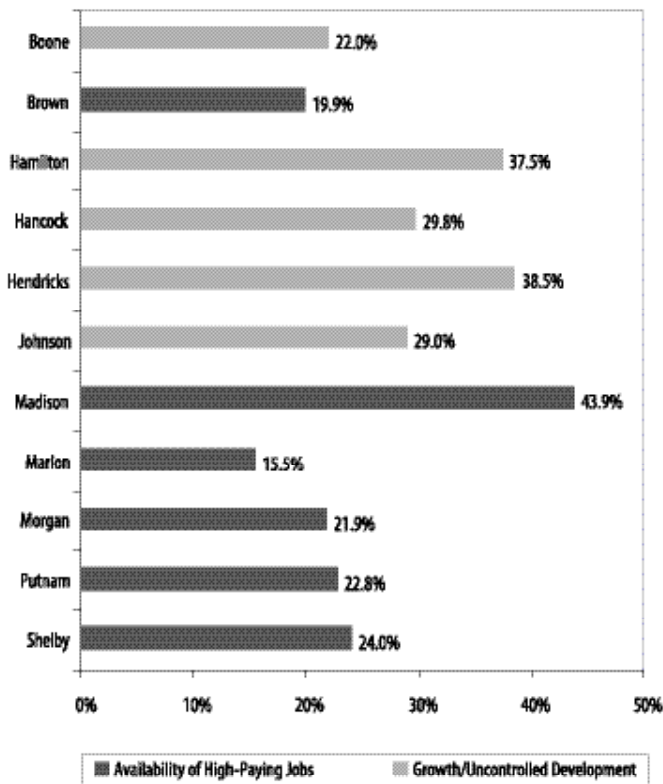


Table 3: Percent of Households Rating Their Community Excellent or Good

County	Year	
	2000	2003
Boone	90.0%	92.2%
Brown*		93.1%
Hamilton	94.3%	96.3%
Hancock	93.1%	94.2%
Hendricks	93.3%	95.1%
Johnson	93.2%	93.8%
Madison	79.8%	61.1%
Marion	84.1%	70.7%
Morgan	89.3%	85.2%
Putnam*		83.9%
Shelby	81.4%	73.0%

* The 2000 survey did not include representative samples of Putnam and Brown counties. Neither survey included representative samples of Montgomery County.
 Source: Center for Urban Policy and the Environment. *Central Indiana Household Survey 2000 and Indiana Household Survey 2003.*

Figure 6: Responses to the Question, “What do you think is the most important problem facing your community today?” (Most Common Response in Each County)



Source: Center for Urban Policy and the Environment, *Indiana Household Survey 2003.*

Many challenges remain in the region

In 2003, the Census Bureau redefined the Indianapolis MSA as Boone, Brown, Hamilton, Hancock, Hendricks, Johnson, Marion, Morgan, Putnam, and Shelby counties. This in itself presents more evidence of change because the Census Bureau had previously considered Madison County part of the Indianapolis MSA, and did not include Brown and Putnam counties. (An MSA is principally defined by commuting patterns.)

As part of the Indiana Household Survey, when we asked households in the MSA to identify the most important problem facing their community in 2003, they focused on:

- growth and uncontrolled development (15.5 percent),
- the availability of high-paying jobs (14.0 percent),
- lack of quality infrastructure development and quality of infrastructure (11.2 percent),
- crime (8.3 percent),
- alcohol and drug abuse (5.5 percent), and
- unsupervised children and teens (3.5 percent).

Interestingly, when residents chose the most important problem in each county, there is a polarization between two problems—growth and uncontrolled development in the expanding suburban counties (Boone, Hamilton, Hancock, Hendricks, and Johnson counties) and the lack of high-paying jobs in the less suburban and the urbanized counties (Brown, Madison, Marion, Morgan, Putnam, and Shelby counties). Clearly not all counties are experiencing the same changes (see Figure 6).

There is much to do and many efforts are underway

Central Indiana’s citizens and institutions are involved in a wide variety of efforts to ensure that our communities change for the better while preserving the places and values that make up the Hoosier way of life.

A number of economic development initiatives in the region seek to attract and retain jobs and private investment. The **Indy Partnership** and other local economic development organizations act as catalysts for increased capital investment and quality job growth in the Indianapolis region. The **Central Indiana Corporate Partnership** fosters long-term prosperity for



the region through collaborative efforts to expand capital formation and encourage high-growth, high-wage economic clusters. **BioCrossroads** is working to attract and create jobs, companies, and entrepreneurial opportunities in the life science industry. The **Indiana Economic Development Council** brings businesses, government, schools, and labor interests together to create a long-term strategic advantage for the state. The **Greater Indianapolis Chamber of Commerce** seeks to solve problems and to be a leader in advocating solutions for all businesses in Central Indiana. The **Indiana Chamber of Commerce** is dedicated to creating a dynamic business environment that benefits companies, communities, and families. The **Indiana Department of Commerce** delivers economic and community development services as it works in partnership with local communities and other partners to “act locally to compete globally.”⁵

There are also many efforts to stabilize and improve our neighborhoods. The **Local Initiative Support Corporation** helps communities improve physical and economic conditions in their neighborhoods through efforts such as FOCUS. The **Indiana Association of Community and Economic Development** helps community development corporations and other local organizations rebuild distressed communities by supporting housing development, social services, job creation, and real estate development. The **Indianapolis Neighborhood Housing Partnership’s** mission is to provide safe, decent, and affordable housing opportunities and create viable neighborhoods. They do this through promoting home ownership and the construction of low-to-moderate income housing and supporting commercial development in neighborhoods. **Fannie Mae** works to shrink the homeownership gap.

The **United Way of Central Indiana** seeks to mobilize people to care for one another and create a community where we are proud of the quality of life for all citizens. The **Indianapolis Foundation** and other community foundations work to ensure that the quality of life in their communities continuously improves.

The late Governor Frank O’Bannon created the **Indiana Heritage and Culture Council** to ensure that efforts to preserve the state’s heritage and culture are strong, efficient, and accessible. The **Indiana Humanities Council**, the **Arts Council of**

Indianapolis and many other organizations support leadership, education, culture, and the arts as important amenities that make Central Indiana a better place to live.

While **MIBOR** and **BAGI** lead the efforts of realtors and builders to improve the quality of life, promote home ownership, and contribute to the local economy, they cannot be everywhere. These two organizations will gain influence through the involvement of individual realtors and builders in efforts to make Central Indiana a better place. Central Indiana continues to change—no matter how hard we try, it can’t be ignored. Much work remains as we endeavor to embrace and adapt to change in ways that enable us to preserve the places and quality of life that we have enjoyed. Let us all strive to make sure that Central Indiana changes for the better.

Endnotes

- ¹ Analysis by the Center for Urban Policy and the Environment of base data from the Indiana Business Research Center, Indiana University Kelley School of Business, from the STATS at www.stats.indiana.edu/be/simple/ee.html
- ² Indiana Business Research Center, Indiana University Kelley School of Business. See STATS Indiana at www.stats.indiana.edu/c2k/c2kframe.html
- ³ Anecdotal evidence gathered in focus groups conducted by the Center for the United Way of Central Indiana. April 2003.
- ⁴ Indiana Business Research Center, Indiana University Kelley School of Business. See STATS Indiana at www.stats.indiana.edu/c2k/c2kframe.html
- ⁵ See Indiana Department of Commerce Web site at www.in.gov/doc/welcome/MissionStatement.htm



Central Indiana’s Future: Understanding the Region and Identifying Choices

Central Indiana’s Future: Understanding the Region and Identifying Choices, funded by an award of general support from Lilly Endowment, Inc., is a research project that seeks to increase understanding of the region and to inform decision-makers about the array of options for improving quality of life for Central Indiana residents. Center for Urban Policy and the Environment faculty and staff, with other researchers from several universities, are working to understand how the broad range of investments made by households, governments, businesses, and nonprofit organizations within the Central Indiana region contribute to quality of life. The geographic scope of the project includes 44 counties in an integrated economic region identified by the U.S. Bureau of Economic Analysis.

This issue brief is an overview that includes information from studies conducted by the Center on several topics, including land density, housing values, and two Indiana household surveys. The author has integrated Center research with data from the Indiana Business Research Center and the U.S. Census Bureau to construct a picture of changes in the Central Indiana area.

The Center for Urban Policy and the Environment is part of the School of Public and Environmental Affairs at Indiana University–Purdue University Indianapolis. For more information about the Central Indiana Project or the research reported here, contact the Center at 317-261-3000 or visit the Center’s Web site at www.urbancenter.iupui.edu.

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Central Indiana Region



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