



COMPREHENSIVE HOUSING STUDY: City of Monroe, Ohio



FRAMING THE ISSUE

The City of Monroe, Ohio, is situated between Cincinnati and Dayton along Interstate-75 in Butler and Warren Counties. After a nearly two-decade period of robust population and housing growth, Monroe is asking: What strategy should the City pursue to achieve continued housing growth over the next 10-15 years that aligns with its long-term community vision?

Monroe needs to balance opportunities for expansion with its goals and existing constraints.

Housing demand

Will future housing demand in Monroe support the rapid growth witnessed in the early- to mid-2000s or more moderate demand experienced since the Great Recession?

Target markets

What demographics will drive housing demand in and around Monroe over the next 10-15 years?

Lessons from other communities

What housing growth strategies have comparable or aspirational communities pursued? Have these strategies proven successful?

Composition of demand

Should Monroe maintain its current course and limit residential development to single-family homes or expand into multi-unit structures and/or single-family units priced \$300,000 and above.

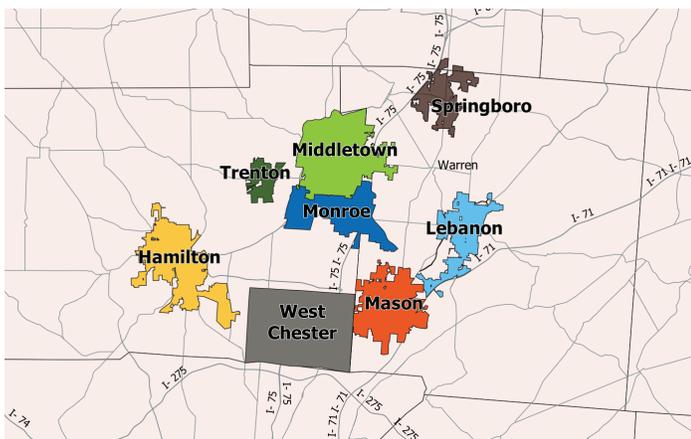
Existing constraints

How much – and what kind(s) of – residential growth is feasible in the context of Monroe Local Schools' enrollment capacity issue and the City's undersupply of certain amenities relative to nearby communities?

Community vision and goals

How can Monroe manage housing growth in a way that allows the City to maintain its feel as a tightknit community?

SAMPLE COMMUNITIES



Sample community selection criteria

The Economics Center selected sample communities based on how analogous their socioeconomic, demographic, employment, and/or housing profiles are to those of Monroe, as well as whether they are located within a 30-minute drive of Monroe.

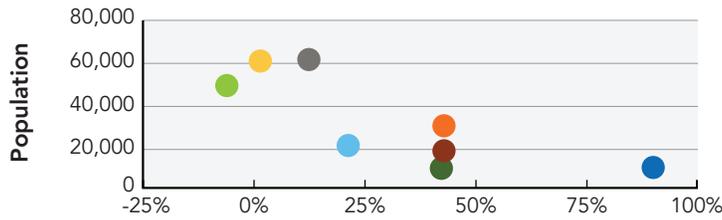
SUMMARY OF METHODOLOGY

The Economics Center examined changes to the physical and economic characteristics of Monroe's housing stock – as well as changes to the socioeconomic, demographic, and employment composition of the City's residents and its local and resident workforces – in the context of corresponding changes experienced by neighboring communities, as well as Butler County and Warren County. This Executive Summary highlights findings of this analysis and identifies opportunities for housing growth in Monroe over the next decade and beyond.

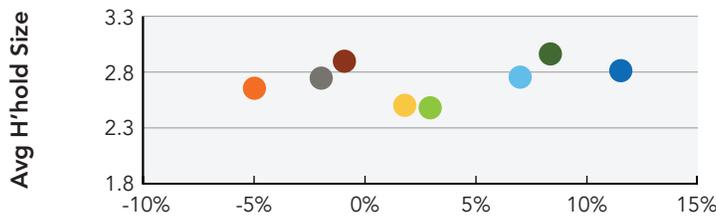
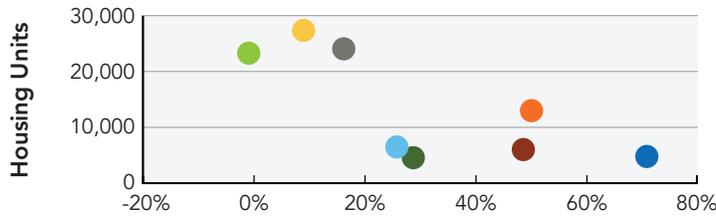
A STORY OF GROWTH AND RESILIENCE

- Hamilton
- Lebanon
- Mason
- Middletown
- Monroe
- Springboro
- Trenton
- West Chester

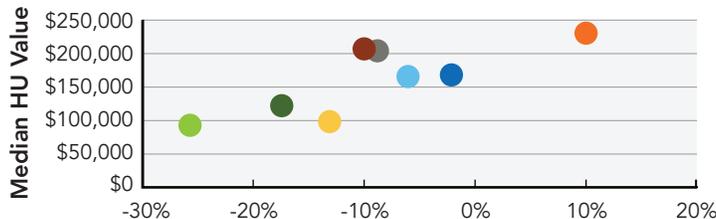
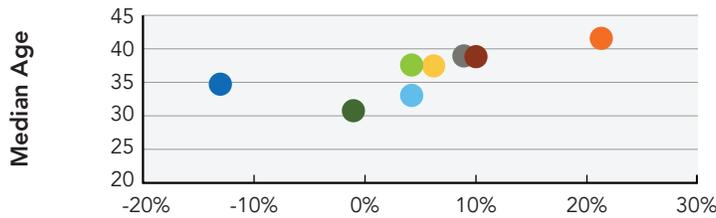
2016 Measure



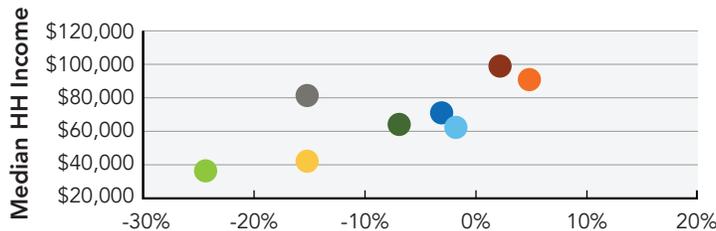
Monroe experienced tremendous growth in both its population and housing stock from 2000 to 2016, particularly during the early and mid-2000s. Monroe's population grew by 90 percent from 2000 to 2016, from 7,133 residents to 13,552 residents, while the housing unit count increased by 73 percent to 4,930.



A concurrent decline in the median age of Monroe residents and increase in average household size from 2000 to 2016 indicates that the City expanded primarily through the addition of young families.



Between 2000 and 2016, Monroe exhibited economic resilience in terms of real (inflation-adjusted) median housing unit values and median household income.

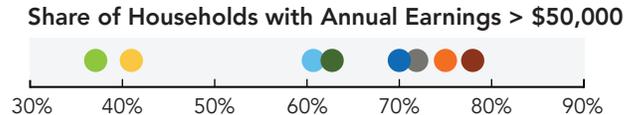


2000 - 2016 Change

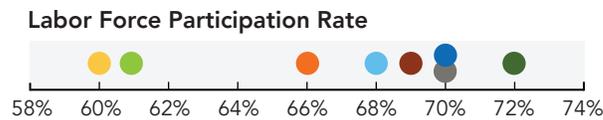
SOCIOECONOMIC INDICATORS (2016)

Earnings and employment measures, as well as financial metrics related to homeownership, signal strong overall economic conditions among Monroe households.

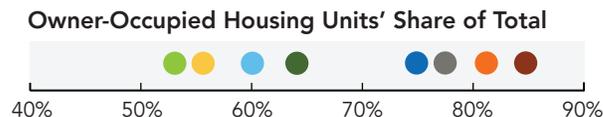
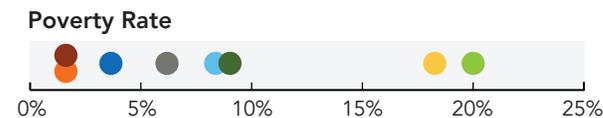
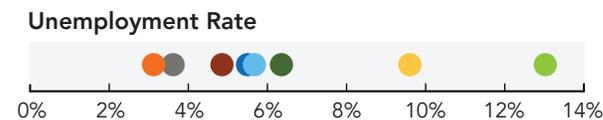
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Indicative of strong home-buying power among its residents, the portion of Monroe households reporting annual income of at least \$50,000 (2016\$) is comparable to those of the sample communities with the highest home values.



Monroe's labor force participation, unemployment, poverty, and homeownership rates reflect strong economic conditions among the City's residents.



As a byproduct of its considerable population growth, a larger portion of Monroe's owner-occupied households have a mortgage than any other sample community.



VULNERABILITY ASSESSMENT

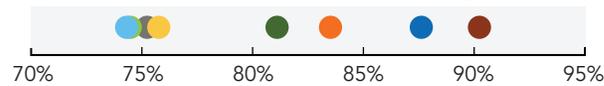
18% of Monroe's households with a mortgage and in owner-occupied housing units spent 30 percent or more of their income on housing costs as of 2016. This measure is lower in Mason and West Chester (15% each) but higher in Lebanon (23%) and equivalent in Springboro, indicating that Monroe's homeowners and renters are not over-extended with respect to living expenses.

2.23 was the ratio of median housing unit value to median household income for Monroe in 2016. This compares to 2.66 for Lebanon, 2.48 for Mason, and 2.47 for West Chester. Monroe's lower ratio suggests that its homeowners are not over-extending themselves financially due to homeownership and that many could afford more expensive housing.

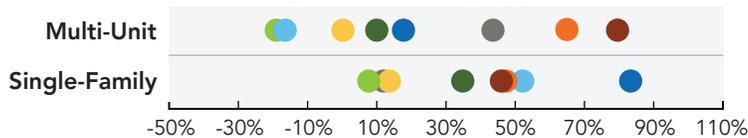
HOUSING MARKET INDICATORS

- Hamilton
- Lebanon
- Mason
- Middletown
- Monroe
- Springboro
- Trenton
- West Chester

Single-Family Homes' Share of All Housing Units, 2016



Housing Unit Growth by Type, 2000-2016



— Monroe's housing stock is highly similar compared to the community sample as a whole in terms of housing type, size, assessed value, and style of recently built homes. Single-family homes accounted for 87 percent of all housing units in Monroe in 2016, lower than only Springboro among sample communities. In addition, 85 percent growth in single-family housing structures in Monroe from 2000 to 2016 contrasts sharply with only 17 percent growth in multi-unit structures.

More recently built single-family homes in Monroe tend to have higher assessed values, more total square footage, and greater value per livable square foot than older single-family homes.

Characteristics of Monroe Single-Family Dwellings by Year Built

	Pre-1991	1991-1995	1996-2000	2001-2005	2006-2010	2011-2016
Assessed Value (2016\$)	\$117,265	\$130,245	\$159,920	\$171,085	\$193,500	\$212,080
Median Square Feet	1,534	1,446	1,728	1,942	2,093	2,173
Price per Square Foot	\$76	\$90	\$93	\$88	\$92	\$98
Number of Units	1,818	82	534	1,112	540	375

CHALLENGES TO GROWTH

Two primary obstacles threaten to impede housing growth in Monroe:

Amenities

Monroe generally lags behind the other sample communities with respect to the availability and prevalence of amenities that offer convenience, entertainment, and recreational opportunities. The addition of dining and other amenities closer to the more densely populated areas of Monroe likely are prerequisites to attracting additional residential development.

School Enrollment Capacity

With total enrollment of 2,673 students in the 2017-2018 school year, the Monroe Local School District has reached capacity and needs additional space to accommodate growth. Enrollment projections that assume no limitations on growth due to capacity constraints suggest that 2027-2028 enrollment will represent a 46 percent increase from 2017-2018 levels.

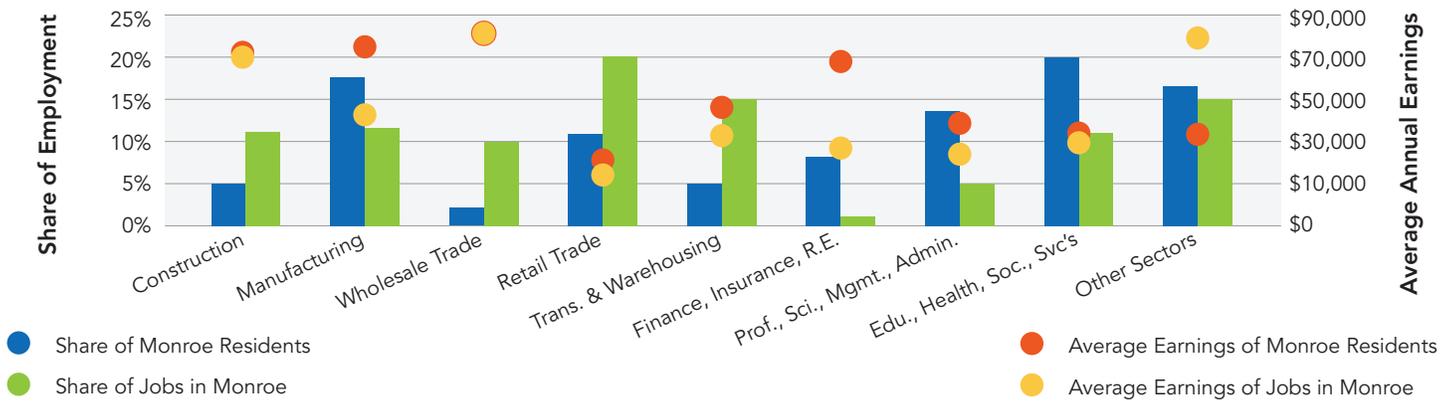
*The 46 percent enrollment growth figure represents Economics Center projections and reflects neither Monroe Local Schools' nor the Ohio School Facilities Commission's projections.

JOB CREATION AND HOUSING DEMAND

Current employment patterns of Monroe residents, as well as job growth forecasts for the areas surrounding the City, suggest that strong demand for housing options priced at or above current median housing prices in Monroe will persist over the next decade in Monroe and nearby communities.

As shown in the chart below, large discrepancies exist in several sectors with respect to the proportional employment of Monroe residents and the composition of jobs within Monroe. This implies that sizable numbers of Monroe residents are commuting elsewhere for jobs.

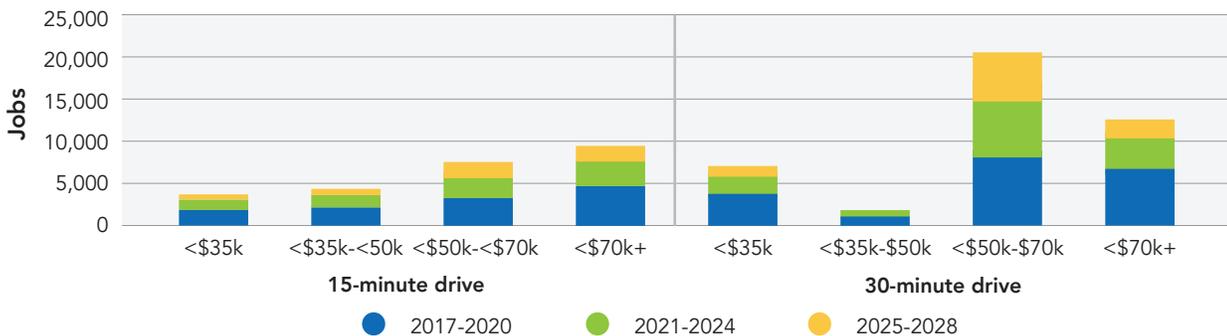
Employment and Earnings of Jobs Held by Monroe Residents and Jobs Located in Monroe, 2016



Well over half of the nearly 40,000 jobs projected to be added within a 30-minute commute of Monroe between 2017 and 2028 are expected to be located within a 15-minute commuting radius of the City. This indicates that Monroe is well situated geographically in terms of where the greatest local job growth is expected to occur over the next decade.

Particularly robust projected growth of jobs paying \$50,000 or more, including nearly 16,000 such jobs within a 15-minute commute of Monroe, signals that demand for higher-priced housing options will persist.

Projected Job Growth within a 15-Minute and 30-Minute Commute of Monroe, 2017-2028



GROWTH OPPORTUNITIES —

While demand has remained strong in Monroe over recent years for single-family homes, the recently built housing stock is highly homogeneous and failing to meet the demand of many individuals who are employed in the City but commute from elsewhere. The Economics Center analyzed the impacts of four housing growth scenarios on overall housing and population growth, tax revenues, and cost of City services.

Scenario 1. Status Quo

Nearly all development is in the form of single-family homes priced between \$150,000 and \$300,000.

Scenario 2. Peer Community growth Applied to Monroe

Housing growth reflects weighted growth trends from 2013 to 2016 across Hamilton, Lebanon, Mason, Springboro, and West Chester.

Scenario 3. High-End SF Homes

Growth is limited to single-family homes priced \$300,000 or higher.

Scenario 4. High-End SF Homes & Luxury Apartments

Growth is split evenly between single-family homes priced \$300,000 or higher and luxury apartments.

Multi-unit housing need not be associated with declines to a community's property values, median income, or overall occupancy rate. Rather, multi-unit housing is an increasingly important component of the housing portfolios of communities that wish to attract high-earning young professionals and empty nesters.

Characteristics of Recently Built Luxury Apartment Properties

Attributes	Palmera Apartments	The Grandstone	Savoy at Streets of West Chester	Springs at West Chester	Liberty Center Apartments
Community	Mason	Mason	West Chester	West Chester	Liberty Twmsp
Year Online	2011	2015	2015	2017	2016
Units	360	122	272	308	238
Floor Plans	1, 2, & 3 BR	1 & 2 BR	1 & 2 BR	1, 2, & 3 BR	1, 2, & 3 BR
Rent	\$1,058-\$2,035	\$1,050-\$2,295	\$1,283-\$1,823	\$1,106-\$1,944	\$1,100-\$2,000
Occupancy Rate	98%	96%	96%	95%	96%
Assessed Value	\$31,415,710	\$10,805,200	\$21,681,310	\$24,130,380	\$16,639,810

Scenario 1 is projected to yield the highest housing unit and population growth, as well as the highest cost of City services, but less combined earnings and property tax revenue than Scenario 3 and Scenario 4, which are characterized by the addition of single-family homes priced \$300,000 and above and luxury apartments.

Projected Attributes of 10-Year Growth by Scenario

Scenario	SF Homes/ Apartment Units	New Adults/ Children	Annual Earnings Tax Revenue (2017\$)	Annual Property Tax Revenue (2017\$)	Annual Fire/EMS & Police Costs (2017\$)
Scenario 1	456/0	912/456	\$184,783	\$308,080	\$352,513
Scenario 2	183/0	372/186	\$70,435	\$120,143	\$141,469
Scenario 3	334/0	668/334	\$249,101	\$428,690	\$258,200
Scenario 4	167/167	626/184	\$374,929	\$257,311	\$245,892

