



CITY OF SHELBYVILLE, INDIANA | PLANNING AND BUILDING DEPARTMENT
MAYOR THOMAS DEBAUN | DIRECTOR ADAM RUDE

FROM THE DESK OF ADAM RUDE | DIRECTOR | ARUDE@CITYOFSHELBYVILLEIN.COM

Date: September 23rd, 2021

To: Shelbyville Plan Commission Members

RE: Plan Commission's Role In Housing Market

As a Plan Commission we are tasked with, among other things, promoting the general welfare of the community, which can encompass a wide range of items, and recently the topic of the housing market has become more prominent during discussions. At the initial hearing for the *Riverview District PUD*, where the Plan Commission voted to deny the request, a concern was raised by the public and echoed by some commission members in regard to housing supply in the local real estate market and the impact this specific project could have on that market. The specific concern was that the approval of this project would inject too many housing units into the market, therefore oversaturating the market and depressing home values across the entire community. While market conditions should be considered while making decisions and developing long-range policies and plans, recent data and research from our area shows this not to be a concern at this time. A recent housing study completed across the entire Indianapolis Metropolitan Area shows that, on average, the region is actually underbuilding by about 1,750 units each year¹, not overbuilding or oversaturating the market. The larger concern with this trend is that these figures will compound overtime, leading to a continually increasing shortage of housing units in the region, and when supply of housing can't keep up with demand, it will lead to increased housing costs. While this could lead to higher homes prices in our community, it would also lead to artificially inflated prices and rents across the entire market, meaning that housing costs are higher, but the consumer is not receiving an equally higher quality of product for this inflated price. When we consider aspects of our local market's supply and demand, we should also remember that home builders share our desire to not oversaturating the market with housing units, as they don't want to be caught in a situation where they have capital tied up in newly constructed homes that they can't sell or they are forced to sell at a loss due to a drop in housing prices from oversaturation. Due to the shared interest by the development community and local decision makers to maintain a healthy,

¹ 2018, MIBOR Realtor Association, "Coming Up Short: Housing The Region's Future Workforce"

growing housing market, I encourage the Plan Commission to allow the natural guardrails of the free-market to be the only direct limiting factor on the supply of housing units in our market. We can instead focus our attention on that underlying task of promoting the general welfare, by utilizing tools like PUDs and Ordinance Amendments to push for a high quality of development that continually improves the quality of life for our residents. These tools give us the ability to regulate the quality and standards of development, which has a greater long-term impact on the general welfare and stability of the housing market, rather than simply limiting supply of housing units.

Respectfully,

A handwritten signature in black ink, appearing to read 'Adam M. Rude'.

Adam M. Rude

Director, Planning and Building Department
City of Shelbyville, Indiana