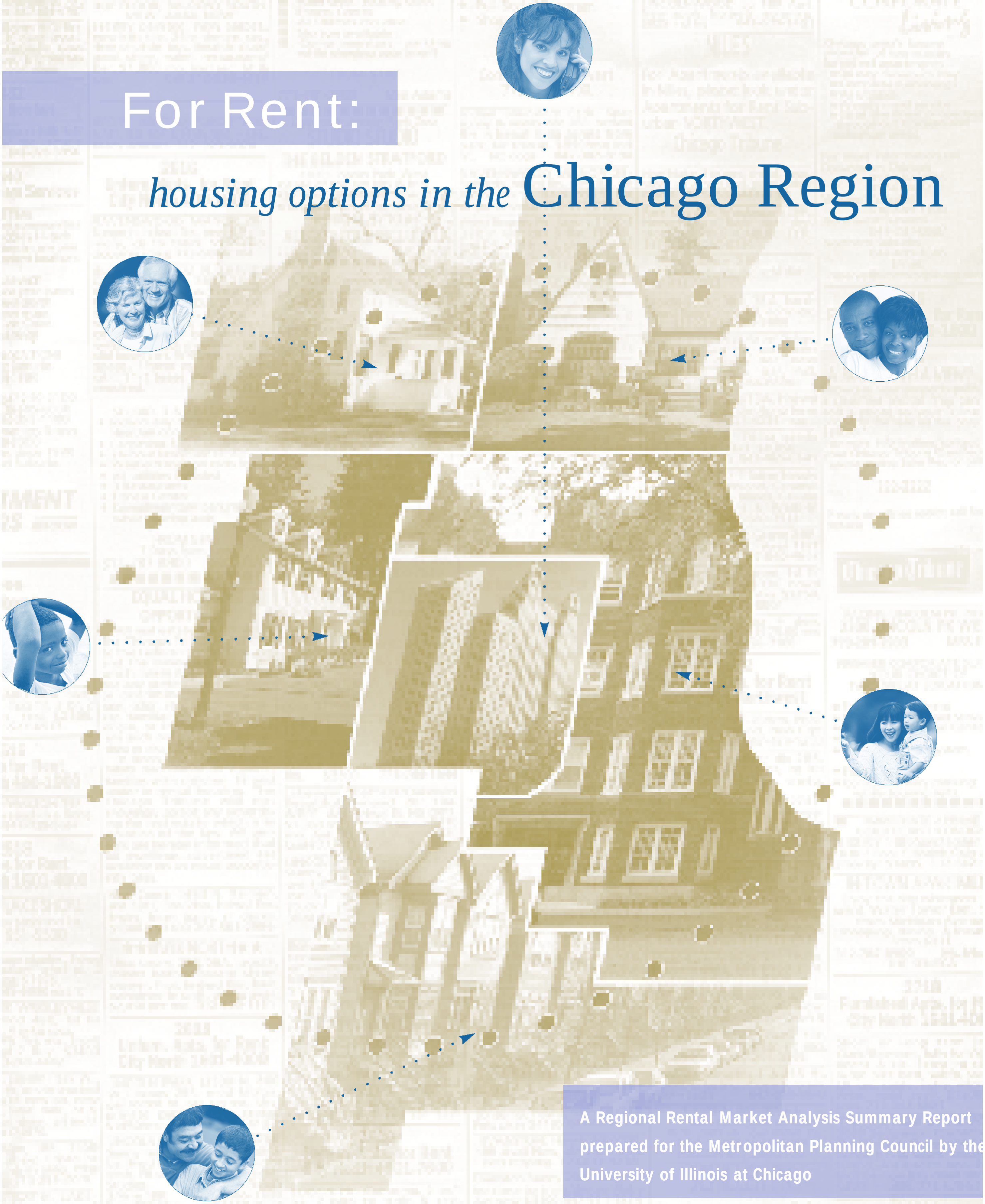
For Rent:

housing options in the Chicago Region



A Regional Rental Market Analysis Summary Report prepared for the Metropolitan Planning Council by the University of Illinois at Chicago

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For Rent: Housing Options in the Chicago Region

Regional Rental Market Analysis Summary Report
November 1999

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Dear Colleague:

Quality rental housing is a crucial part of a healthy housing market and is fundamental to the stability of families and neighborhoods throughout the region.

Renters are as diverse as the communities of the Chicago region — from young adults starting out on their own to working families to senior citizens as they move out of their homes. A diverse and accessible rental market is needed for job seekers in the region, whether hourly service employees or highly-specialized engineers. Renters include industrious immigrants seeking a toehold in their new country, long time breadwinners who want to simplify their lifestyle, as well as subsidized housing residents creating a homebase in both the private and public sector.

The rental market and its tenants are integral to metropolitan Chicago's vibrant and diverse economy. Our region enjoys a national reputation for its thriving housing market, its dynamic neighborhoods and its architectural charms. Compared to other cosmopolitan hubs, Chicago area home ownership and rental prices are viewed as reasonable. As evidenced in the enclosed report, however, demographic trends and federal policy changes are challenging our capacity to maintain these assets and to provide a full array of quality housing options to people throughout our six-county region.

Any appropriate response to these challenges requires a current and comprehensive analysis of the rental market. The enclosed data provides just that: updated information on rental housing supply and demand, perspectives and experiences of those shaping the market, plus forecasts about the implications of these trends. Armed with a greater understanding of the facts, we hope that everyone from government officials and community leaders to housing providers and tenant advocates will be able to make informed decisions and better serve the region's housing needs.

A study of this breadth requires many solid partners. In its capacity as Project Manager for this Regional Rental Market Analysis, the Metropolitan Planning Council (MPC) has been honored to work with a talented and diligent research team led by Tom Lenz of the University of Illinois at Chicago (UIC) Great Cities Institute and Janet Smith of UIC's College of Urban Planning and Policy. The national perspective of the Urban Institute and the local expertise of Applied Real Estate Analysis, Inc. further contributed to the credibility of the Report. Additionally, we've valued the thoughtful guidance and generous time commitment of our seven-person Technical Advisors Panel (TAP), which included representatives from the study's government sponsors — the U.S. Department of Housing and Urban Development (Garland Allen), the Illinois Housing Development Authority (Bill Pluta), the City of Chicago's Department of Housing (Erika Poethig) and the Chicago Housing Authority (Lisa Schneider) — as well Martha Van Haitsma of the

University of Chicago Survey Lab, Pat Wright of UIC's Voorhees Center and the Coalition to Protect Public Housing, and Tracy Cross of Tracy Cross and Associates, a real estate market research expert. Several TAP alternates also contributed throughout this Analysis, particularly Jennifer Guthart Powers, who also served as HUD's Government Technical Manager for this contract.

This project would not have been possible without generous funding provided by Chicago Department of Housing, Chicago Housing Authority, Chicago Community Trust, Field Foundation of Illinois, Inc., Lloyd A. Fry Foundation, GATX Corporation, Illinois Housing Development Authority, Bowman C. Lingle Trust, the John D. and Catherine T. MacArthur Foundation, Old Kent Bank, U.S. Department of Housing and Urban Development, and Woods Fund of Chicago.

Working with all these partners and stakeholders throughout the region, MPC's Housing Director Robin Snyderman and Project Manager Samantha DeKoven coordinated the various stages of this project and will continue to work with concerned parties to implement lessons learned in the future.

Please note that this summary report is also available on MPC's Web page, *www.metroplanning.org.* We are confident that the significant findings will elevate the regional housing dialogue, while providing the baseline information necessary to craft innovative policies, programs and investment strategies. We look forward to working with you to put this valuable information to good use.

Sincerely,

MarySue Barrett

MarySue Barrett
President

Research Team

The research summarized here is a collaboration of the University of Illinois at Chicago (UIC), the Urban Institute (UI), and Applied Real Estate Analysis, Inc (AREA).

The University of Illinois at Chicago

UIC team members are based in the Center for Urban Real Estate (CURE), Great Cities Institute (GCI), Survey Research Lab (SRL), and Urban Planning and Policy Program (UPP), with experience in real estate finance, economic forecasting, data collection and analysis, geographic information systems, and housing and community development policy. The Great Cities Institute, an applied, interdisciplinary research center based in the College of Urban Planning and Public Affairs, coordinated the research project.

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The Urban Institute

Among the many research groups within the Urban Institute, the Metropolitan Housing and Communities policy center focuses on the importance of place on the economic prospects and quality of life for people. This research project builds on several similar local and national studies completed by UI team members.

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Susan J. Popkin, Senior Research Associate, Metropolitan Housing and Communities
Margery Austin Turner, Director, Metropolitan Housing and Communities

Applied Real Estate Analysis, Inc.

AREA is an applied research and policy planning corporation with many years of market research experience and extensive knowledge of the local real estate market.

Maxine Mitchell, President
Robert Miller, Vice President

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CHAPTER I

Project Overview

In December of 1998, the Metropolitan Planning Council (MPC) issued a Request for Proposals and Qualifications (RFP) to produce a comprehensive, up-to-date analysis of the region's rental housing market,[1] which could serve as a baseline of information needed to "craft innovative policies, programs and investment strategies."[2] In response, the University of Illinois at Chicago (UIC) and the Urban Institute proposed a series of interrelated research projects that could fulfill the RFP's objectives, which included the following:

1. Estimate the supply of affordable rental units throughout the six-county region, assessing the rents, vacancy and turnover rates, relevant amenities, building condition, and unit accessibility by geographic area.
2. Estimate housing demand for people at different income levels, including those paying more than 30 percent of income for housing, living in overcrowded situations, waiting for Section 8 rental assistance, living in public housing properties scheduled for demolition (as federally legislated)[3] or in project-based Section 8 housing with expiring contracts, homeless, TANF recipients, low-wage commuters, and others affected by changes in the market.
3. Evaluate how developer / owner / manager practices, attitudes and familiarity with low- and moderate-income tenants, affordable housing programs and tools, and supporting resources affect the supply of affordable rental housing.
4. Evaluate how tenant and housing applicants' experience, perspective and familiarity with affordable housing options, programs and services affect the demand for affordable rental housing.
5. Forecast absorption capacity and growth potential for the next five to ten years which take into consideration changes in population, housing production, trends in employment, tenure and other relevant factors, including proposed public housing demolitions as federally legislated.
6. Analyze above findings in relation to fair housing and neighborhood revitalization patterns, to see how supply and demand for affordable rental housing relates to desegregation and community development initiatives.

The following report synthesizes major findings of the entire team's research, which began February 16, 1999. Detailed descriptions of the findings can be found in the individual technical reports described below. While the scope of the research did not change, various aspects of the original proposal submitted were adjusted per agreement with MPC and the Technical Advisory Panel. These changes are reflected in the Revised Research Design[4] and amendments to the contract. In addition, UIC contracted with Applied Real Estate Analysis, Inc. (AREA) to complete fieldwork that assessed housing quality and wheelchair accessibility.

1 The region consists of six counties: Cook, DuPage, Kane, Lake, McHenry, and Will. We use the term "collar counties" to refer to the five counties surrounding Cook County, and the term "suburban Cook" to refer to all municipalities and unincorporated areas in Cook County, excluding the city of Chicago.

2 Metropolitan Planning Council, Request For Proposals and Qualifications, December 11, 1998, p.1.

3 In 1996, Congress passed Section 202 of the Omnibus Consolidated Reconciliation Act (OCRA) which required public housing authorities to plan the demolition or disposition of all nonviable developments - sites with 300 or more units and 10 percent or greater vacancy rate where it would cost more to rehabilitate than it would to remove the units and provide residents with housing vouchers for private sector rental housing.

4 Regional Rental Market Analysis: Revised Research Design and Action Plan. Submitted to the Metropolitan Planning Council by The Great Cities Institute, University of Illinois at Chicago, March 26, 1999.

Technical Reports

The following reports describe work completed to fulfill each of the research objectives outlined above and are available from the Metropolitan Planning Council. We have provided here a brief overview of the contents and methodology used in each.

Metropolitan Chicago Regional Rental Market Analysis: Rental Housing Supply Survey Report
by Timothy P. Johnson, Martine A. Sagun, Jonathan Dombrow, Jin Man Lee, and Young Ik Cho, Survey Research Laboratory, UIC.

Summary of findings from survey of a stratified random sample of rental properties in the six-county region that asked for information on number of units (occupied and vacant); rents charged in 1998, 1999 and for new tenants; amenities included in housing cost; year building constructed; whether it contained an elevator; and if there was management on-site. Using tax assessor data from each of the counties, a universe of all residential properties was sorted by the likelihood of being renter- or owner-occupied based on tax status and other indicators. This list was further sorted by building type (single-family, small multifamily, large multifamily).

From this database, a sample of 29,000 properties was randomly selected but stratified based on building type and location, and mailed or faxed questionnaires, contacted by telephone, or some combination of all three methods between April and July of 1999. In addition, a non-response survey of 300 randomly selected properties was conducted in July and August 1999 to verify results from respondents and further clarify the eligibility rate of properties in the sample frame. At the close of data collection, 1,852 interviews were completed representing 45,000 units in the six county area. The final response rate of 14.1 percent was based on an overall eligibility rate of 45.1 percent.[5]

Condition Survey: Chicago Regional Rental Market Analysis
by Robert Miller, Applied Real Estate Analysis, Inc.

Survey of more than 1,600 properties in the six-county region drawn from the survey sample during May of 1999. Properties were randomly selected to represent housing in three areas: city of Chicago, suburban Cook County and the collar counties (Kane, McHenry, Lake, DuPage and Will). Trained fieldworkers using a questionnaire completed a visual inspection and assessment of building exteriors and surrounding neighborhoods, to assess overall housing quality and wheelchair accessibility.

Estimating Demand for Affordable Rental Housing in the Chicago Region
by Janet L. Smith and Barbara Sherry, Urban Planning and Policy Program, UIC.

Estimates of aggregate households—families, individual adults, or non-related persons living together—at different income levels to determine potential rental housing demand based on affordability (paying no more than 30 percent of income toward housing costs) using household income projections from Claritas for the six-county region and each county. Data from the 1995 American Housing Survey was used to estimate the number

5 The statistical significance of the survey is equivalent to that of the American Housing Survey.

and rate of households paying more than 30 percent of income for rent, living in overcrowded conditions, or in substandard housing. Additional data was collected and analyzed to learn more about the specific needs of different "demand groups" including persons who are homeless; who need accessible housing due to mobility limitations; who may be in need of affordable rental housing closer to work and employment opportunities; and who are likely to be affected by changes in Section 8, public housing and / or welfare. A wide variety of new and existing data sets are analyzed.

Providing Rental Housing in the Chicago Region: Challenges and Issues
by Thomas J. Lenz and James Coles, Great Cities Institute, UIC.

Review of general literature of what is known nationally and locally about barriers and opportunities to providing rental housing, utilizing interviews with more than 40 key informants and five focus groups representing landlords, developers, public officials, and other experts on housing in the region. Focus group participants were selected randomly from the larger sample developed for the rental property survey and through outreach to rental property owner associations. The participants were stratified by their involvement in the Section 8 program and rents charged.[6] Specific areas of focus included perceptions of the rental market and how it has changed in recent years; how the current market shapes landlord behavior; general attitudes toward lower-income renters; and specific knowledge of and experience with the Section 8 rent subsidy program.

Searching for Rental Housing in the Chicago Region
by Susan J. Popkin and Mary K. Cunningham, The Urban Institute.

Review of general literature of what is known locally about barriers and opportunities to renting housing, using focus groups with families likely to be affected by public policy changes to hear about the experiences and perceptions of low-income renters. Participants included households renting apartments using Section 8 housing vouchers, families that tried to use but returned Section 8 vouchers, families currently on the waiting list for a voucher, and current Chicago Housing Authority (CHA) tenants likely to move into the private market using a voucher.[7] The groups discussed current living conditions, understanding of and experience with the Section 8 program, their search process, and any difficulties they have encountered. CHA residents were also asked about their knowledge of CHA's redevelopment plans, their preferences for future housing, and familiarity with the Section 8 program.

Forecasts of the Rental Housing Market in Metropolitan Chicago: Model and Preliminary Results
by John F. McDonald and Daniel P. McMillen, Center for Urban Real Estate, College of Business Administration, UIC.

Modeling exercise that presents likely vacancy rates and rental variation for 2004 and 2009. Estimates are also produced based on different scenarios regarding the number and likely destination choice of CHA tenants expected to relocate within the private rental market.

6 In all but one of the focus groups, we included only landlords charging rents below or slightly above HUD Fair Market Rents.

7 As this report was being completed, HUD merged Section 8 certificates and vouchers into a single program called "Housing Choice Voucher." In this report, we refer to the Section 8 program, the title of the rent subsidies at the time of our research.

Housing Trends and the Geography of Race, Poverty, and Neighborhood Renewal
by Thomas J. Lenz and James Coles, Great Cities Institute, UIC.

Description of current patterns of racial segregation and poverty concentration in Cook County, which has most of the area's rental stock (79%), and analysis of socio-economic and investment data using maps with input from key informants in order to determine revitalizing areas. This report also explores different scenarios on how residents relocating from CHA units being redeveloped, whether permanently or temporarily, might affect existing neighborhood patterns and local housing markets.

CHAPTER 3

Summary of Current Rental Housing Market Conditions

This report summarizes the findings of the seven technical reports to create an overall picture of current rental housing conditions in the region. Based on a review of the data, several key findings help to capture the current rental housing market and the conditions that have shaped it throughout the 1990s.

Regional Population Growth

- Overall, the region's population has grown by close to eight percent since 1990 to an estimated 7,829,870 people living in six counties in 1999, an increase of 568,694 people. Most of the growth has occurred in the collar counties, ranging from 12.6 percent (DuPage) to 31.5 percent (McHenry).[8] Still, Cook remains the largest county with 67 percent of the region's population.
- While there is growing diversity in all counties based on the number and proportion of people from different racial and ethnic groups, whites continue to comprise about 75 percent of the region's population, with the highest numbers of non-whites living in Chicago.[9]
- Half the population regionwide is over the age of 25 and one-third is over 45. Baby boomers are aging and new families are forming, both of which will increase housing demand for people at various life cycle stages in the next ten years.[10]

Demand-side Shifts

- There has been an increase in home-ownership rates since 1990 nationwide and in the Midwest. The Midwest home-ownership rate grew from 67.1 percent in 1990 to 72.1 percent in 1999.[11]
- An estimated 1,024,000 households in the region rent in 1999. Eighty-seven percent of all renter households do not receive any housing subsidy. Approximately 13 percent (129,000 households) are living in some form of subsidized rental housing, including public housing, Section 8 (tenant-based and project-based), Low Income Housing Tax Credit sites, and other housing funded through federal, state or local sources.[12]
- Approximately 30 percent of all renters in the region (308,000) have income levels that are at or below $20,000, which is approximately 30 percent of the 1999 Area Median Income (AMI) of $63,800.
- Approximately 26 percent of all renters in the region (267,000) have household incomes at or above $50,000, which is approximately 80 percent of Area Median Income.

8 Figures for DuPage and McHenry Counties are through 1998. See Smith, Janet and Barbara Sherry. Estimating Demand for Affordable Rental Housing in the Chicago Region, 1999.
9 See Smith and Sherry, 1999.
10 See Smith and Sherry, 1999.
11 HUD "Daily Focus" 10-99. Data is not available for the Chicago area only.
12 Based on number of occupied units in 1998 Picture of Subsidized Households. As of 1998, the vacancy rate in non-public housing, subsidized units in the region was less than 3 percent. Public housing, excluding the Chicago Housing Authority (CHA), had a slightly higher vacancy rate on average (around 5 percent), with CHA units having a 36 percent vacancy rate.

- Based on 1999 estimates, about 38 percent of all renters paid more than 30 percent of their income for rent.[13] Of these renters, about one-third paid more than 50 percent of their income for rent.

Supply-side Responses

- In 1999, there are 1,066,800 rental units in the region, with most located in Chicago (602,200) and suburban Cook County (238,600), which together represent approximately 79 percent of the entire rental stock.[14] This is a net region-wide decrease of approximately 52,000 rental units since 1990, a 4.6 percent loss.[15]

- The estimated overall vacancy rate for rental units in the region's private rental market is 4.2 percent. While there is some variation in this rate across the region, most vacancy rates are below 6 percent, which the U. S. Department of Housing and Urban Development (HUD) considers the threshold for a "tight" housing market.[16]

- Average rent for the region is $723. Rent levels vary within the region by building type and location. For example, average monthly rent for a two-bedroom unit ranges from $859 in DuPage County to $640 in Will County. In Chicago, the average rent for a two-bedroom unit is $736.[17]

- Rents in the 1990s have continued to outpace the overall rate of inflation. Between 1991-95, rents increased 15.4 percent compared to an 11.4 percent increase in the Consumer Price Index (CPI). Since 1995, we estimate rents have increased at a faster rate (about 19 percent compared to an 11 percent increase in the CPI).[18] Between 1998 and 1999, rents increased by an average of 3.6 percent regionwide, compared with a 2.0 percent increase in the CPI.

- In general, Fair Market Rent (FMR) exception rents have been granted in many community areas where rents are estimated to be higher than FMR, particularly parts of the north side of Chicago, northern Cook County, DuPage County, Lake County (minus six towns), and four communities in McHenry County.[19]

- Overall, the data suggests a serious mismatch between the rents tenants can pay and the actual rents being charged by property owners.

- Currently, there is little incentive for developers to build rental housing given zoning policies, the cost of land, high property tax rates, and a general preference among local jurisdictions for owner- over renter-occupied properties. Furthermore, some property owners and managers are more selective in choosing tenants given the tight rental housing market. Under these circumstances, however, apartment building owners have indicated greater willingness to upgrade their properties.[20]

13 This includes both subsidized and non-subsidized renters. In 1995, the American Housing Survey (AHS) indicated that approximately 14 percent of residents living in housing units with government subsidies paid more than 30 percent of their income for rent.

14 Johnson, Timothy, Martine Sagun, Jonathan Dombrow, Jin Man Lee, Young Ik Cho, Metropolitan Chicago Regional Rental Market Analysis: Rental Housing Supply Survey Report, 1999.

15 Some of this loss of rental units can be attributed to condominium conversions, which are estimated in Figure A-6 in Appendix A.

16 M2M Program Operating Procedures Guide, April 1999, p 3-9.

17 Johnson, Sagun, Dombrow, Lee and Cho, 1999.

18 Johnson, Sagun, Dombrow, Lee and Cho, 1999.

19 The Fair Market Rent (FMR) reflects rents in the 40th percentile for the region, and represents the amount up to which HUD will subsidize a unit. For example, HUD set the FMR for a two-bedroom unit at $737 in FY1999. Exception rents up to 110 percent of FMR are granted in areas where rents appear to be higher than average.

20 See Lenz, Thomas J. and James Coles, Providing Rental Housing in the Chicago Region: Challenges and Issues, 1999 (a).

CHAPTER 4

Regional Growth and the Rental Housing Market Supply

The Chicago metropolitan area[21] has grown in population at a faster rate this decade than in the previous two decades combined, increasing its population by nearly eight percent between 1990 and 1999.[22] In general, much of the growth has occurred in the collar counties, often at ten to thirty times that of Chicago and Cook County.[23] Concurrently, there has been a residential real estate boom, making this area the fourth busiest market in the country.[24] Despite the boom, there is a concern that many households find it difficult to locate decent rental housing in the market without being burdened by excessive housing costs.[25] Several indicators suggest that the rental market in Chicago has tightened since 1990:

- The number of rental housing units has decreased while population has increased, with the greatest difference found in outlying counties;
- The number and proportion of renter households paying more than 30 percent of income for rent has increased since 1991;
- Rental vacancy rates are low in both the private and subsidized housing markets; and
- Average increases in rent continue to outpace inflation.

Population Growth and Unit Distribution

Population growth began to outpace rental unit production this decade as close to 569,000 people were added to the region since 1990 (see Figure 1). While population has increased, the overall number of rental units has decreased by nearly 52,000 units since 1990. The number of renter households in the region as a whole has declined as well, going from 1,030,313 in 1990 to an estimated 1,024,000 in 1999. Within the same period, home-ownership rates have increased in the Midwest from 67.1 percent in 1990 to 72.1 percent in 1999.[26]

Based on our estimates of current rental housing stock, Chicago is still the center of the region's rental housing market,[27] with 56 percent of the total stock. Despite this large proportion of the total

FIGURE 1

Changes in population and rental units, 1990-1999

	1990 (1)		*1999 (2)*		*1990-1999*	
	Population	***Rental Units***	***Population***	***Rental Units***	***Change in Population***	***Change in Units***
Chicago	2,783,726	663,947	2,804,378	602,200	0.7%	-9.3%
Suburban Cook	2,321,318	253,068	2,395,896	238,600	3.2%	-5.7%
Collar Counties	2,156,132	201,732	2,629,596	226,000	22.0%	12.0%
DuPage	781,689	77,701	892,841	80,500	14.2%	3.6%
Kane	317,471	34,479	400,471	37,500	26.1%	8.8%
Lake	516,418	47,662	616,203	52,800	19.3%	10.8%
McHenry	183,241	13,228	248,158	23,100	35.4%	74.6%
Will	357,313	28,662	471,923	32,100	32.1%	12.0%
Regional Total	**7,261,176**	**1,118,747**	**7,829,870**	**1,066,800**	**7.8%**	**-4.6%**

Source: (1) 1990 U.S. Census (2) UIC Rental Market Survey

21 This includes Cook, DuPage, Kane, Lake, McHenry, and Will Counties.
22 U.S. Census, 1990 and UIC, 1999.
23 See Smith and Sherry, 1999.
24 Chicago Tribune, April 26, 1998. Building construction data for the region is summarized in Figure A-7 in Appendix A.
25 HUD considers housing "affordable" as long as the household pays no more than 30 percent of their income toward rent or housing payments.
26 HUD "Daily Focus" 10-99.
27 See McDonald, John and Daniel McMillen. Forecasts of the Rental Housing Market in Metropolitan Chicago: Model and Preliminary Results, 1999.

FIGURE 2

Comparison of population and rental units, 1999

	1999 Population	Percent of Total Population	1999 Rental Units	Percent of All Rental Units
Chicago	2,804,378	35.8%	602,200	56.4%
North	1,033,927	13.2%	230,800	21.6%
West	579,097	7.4%	128,900	12.1%
South	1,191,354	15.2%	242,500	22.7%
Suburban Cook	2,395,896	30.6%	238,600	22.4%
North	1,014,289	13.0%	99,400	9.3%
West	771,825	9.9%	77,900	7.3%
South	609,782	7.8%	60,900	5.7%
Collar Counties	2,629,596	33.6%	226,000	21.2%
DuPage	892,841	11.4%	80,500	7.5%
Kane	400,471	5.1%	37,500	3.5%
Lake	616,203	7.9%	52,800	4.9%
McHenry	248,158	3.2%	23,100	2.2%
Will	471,923	6.0%	32,100	3.0%
Regional Total	**7,829,870**	**100.0%**	**1,066,800**	**100.0%**

Source: UIC Rental Market Survey

stock, Chicago makes up only 36 percent of the total population (see Figure 2). In comparison, the collar counties have 34 percent of the population but only 21 percent of the rental housing stock.

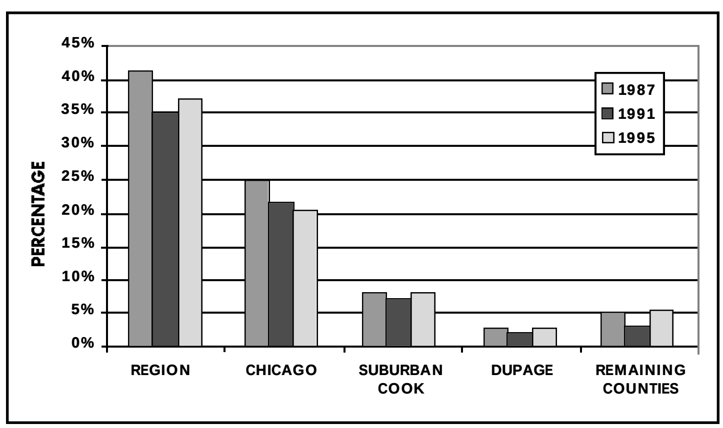
Housing Cost Burden

Rents in the 1990s have continued to outpace the overall rate of inflation. Between 1991-95, rents increased 15.4 percent compared to an 11.4 percent increase in the Consumer Price Index (CPI). Since 1995, we estimate rents have increased at a faster rate (about 19 percent compared to an 11 percent increase in the CPI).[28] Between 1998 and 1999, rents increased by an average of 3.6 percent regionwide, compared with a 2.0 percent increase in the CPI.

Regarding housing cost burden — renters paying more than 30 percent of income toward rent — Figure 3 shows trends within the region based on data from the American Housing Survey for the Chicago Metropolitan Area between 1987 and 1995. These data indicate that the proportion of renters in the region paying more than 30 percent of their income towards rent increased between 1991 and 1995, but that it has decreased overall since 1987.[29] While the percentage of rent burdened households has decreased in Chicago since 1991, the number and percentage in suburban locations increased between 1991 and 1995.

FIGURE 3

Change in the distribution of renter households in the region paying more than 30% of income for rent, 1987-1995



Source: American Housing Survey
Note: Remaining counties refers to Grundy, Kane, Kendall, Lake, McHenry, and Will. Percentages are of the total number of renter households for the region.

As Figure 4 indicates, the greatest increase

28 *Johnson, Sagun, Dombrow, Lee and Cho, 1999.*
29 *The American Housing Survey (AHS) is conducted in the Chicago Metropolitan Area every four years by the US Census in conjunction with the Department of Housing and Urban Development. AHS data include a wide range of information on housing in the region, as well as the renters and owners that occupy it. While the data is meant to be used to track trends over time, only percentages should be used when comparing 1987 AHS data with 1991 and 1995, since there is a difference in the base: 1987 rates are based on 1980 census while 1991 and 1995 rates are based on 1990 census. Also, given the sample size, it is not possible to separate out individual counties beyond Dupage and Cook for analysis.*

regionwide between 1991 and 1995 was in the number of renters paying between 30 to 50 percent of income towards rent, with most of the increase among households living in suburban locations. While Chicago still had more than half of the total number of rent burdened households in the region in 1995, the proportion declined from about 25 percent in 1987 to 21 percent in 1995. (See Figure 4).

FIGURE 4

Renter household housing cost as percentage of income, 1987-1995[30]

	Percent of Income Paid Toward Rent	*Total Rent Burdened Households*	*Chicago*	*Suburban Cook County*	*DuPage County*	*Remaining Counties**	*Estimated Number of Renter Households (Total)*
1987	30% or more	41.4%	24.8%	8.4%	3.2%	5.0%	1,048,000
		434,300	260,100	88,400	33,400	52,400	
	50% or more	15.4%	9.9%	3.2%	1.4%	0.9%	
		161,800	103,800	33,800	14,300	9,900	
1991	30% or more	35.2%	22.0%	7.3%	2.5%	3.3%	1,010,000
		368,800	231,000	76,800	26,300	34,700	
	50% or more	12.9%	9.2%	1.9%	0.7%	1.1%	
		135,200	96,400	19,600	7,500	11,700	
1995	30% or more	37.5%	20.8%	8.4%	3.1%	5.2%	1,009,900
		378,900	210,500	84,400	31,800	52,200	
	50% or more	12.7%	7.2%	2.3%	1.1%	2.1%	
		128,400	72,900	23,700	10,900	20,900	

Source: American Housing Survey
**Remaining counties refers to Grundy, Kane, Kendall, Lake, McHenry, and Will.*
Note: Percentages are of the total number of renter households for the region. Rows showing households paying 30 percent or more include households paying 50 percent or more.

Given the trend in rent rates relative to CPI since 1995, the estimated proportion of rent burdened households in 1999 is expected to have at least remained the same. Chapter 5 provides current estimates based on this assumption, providing a range of renter households likely to be rent burdened.

Current Rental Housing Costs and Vacancy Rates

Figures 5 to16 highlight key findings from the Regional Rental Market Survey conducted by UIC during the late spring and summer of 1999. The purpose of the survey was to gather the most up-to-date information on rents and vacancy rates in the metropolitan area. While there were data on specific types of rental housing available at the time,[31] no one data source contained a consistently collected set of information on the full range of rental housing in the region, with the exception of the 1995 AHS, which was dated.

More than 29,000 rental properties were contacted, either by mail, telephone or fax. This number was based on a stratified random sample of properties in the private market, including any properties that are subsidized, either through assistance to the property owner or to the tenant. Public housing was not included, because while these properties are considered to be part of the overall rental stock, the rent levels and vacancy rates need to be examined separately, since they are determined by factors other than local market forces. Also, current data could be obtained on all public housing developments in the region from the Department of Housing and Urban Development via existing databases. Figure A-4 in Appendix A contains information about average tenant rents and vacancy rates for units operated by different public housing authorities in the region.

The sample for the survey was produced by researchers at UIC's Center for Urban Real Estate by first creating a database of rental properties utilizing tax assessor data from all six counties, and then sorting it by building type: single-family detached, small multifamily

30 The number of renter households estimated in the American Housing Survey should not be compared with the UIC estimated number of renter households, since each is derived from a different sample frame and method of estimating renter households. UIC's estimates were derived by multiplying the estimated occupancy rate by number of rental units in 1999. See McDonald and McMillen, 1999 for a more detailed description of how the 1999 unit count was calculated.

31 See, for example, Draper and Kramer, Apartment Report, Winter1998, which contains data on non-subsidized complexes with 100 or more units.

and large multifamily.[32] Renter-occupied condominiums, which made up approximately 3 percent of the rental housing in 1995, were excluded since they were difficult to distinguish from owner-occupied condominiums in the database.

We further sorted the data into 13 subareas: each of the five collar counties, Chicago (north, west, and south), and suburban Cook County (north, northwest, west, and southwest, and south). This was to account for the fact that most rental housing is in Cook County and that each of these subareas was likely to represent a different submarket within the region. Subsequently, a low response rate in some of the Cook County subareas required us to combine north and northwest into one subarea (north), and south and southwest into another (south), for a total of three rather than five suburban Cook subareas. Map 1 shows the subareas in Cook County.

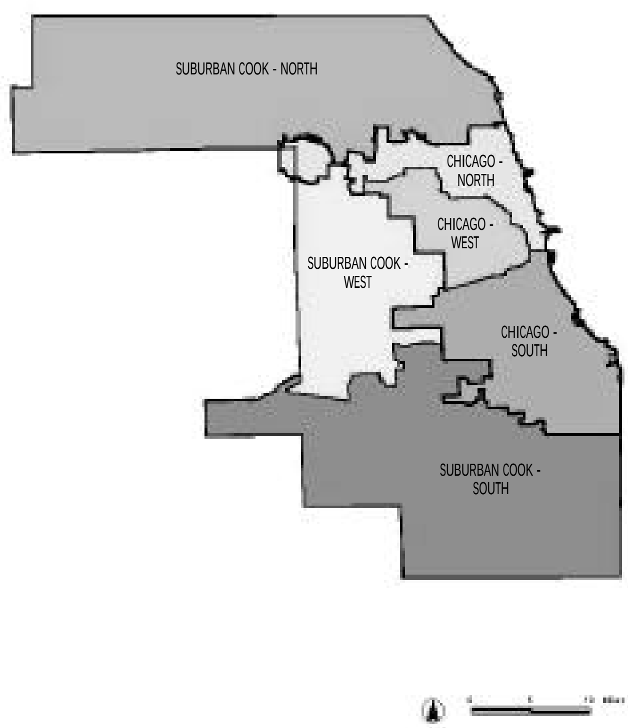
In general, the survey was difficult to administer to this population. Property owners and managers are often difficult to track down and are not necessarily willing to provide information about their business. The overall response rate to the survey was 14.1 percent.[33] Anticipating this response rate, UIC also conducted a non-response survey, to get a much better sense of the degree to which non-respondents were different from those that responded. In general, we concluded that there was no overall significant difference between respondents and non-respondents, and that the data presents an accurate account of the regional rental market.[34]

1999 Vacancy Rates

UIC's survey of rental properties produced an estimate of 4.2 percent overall vacancy rate for the Chicago metropolitan area.[35] This rate is below the Department of Housing and Urban Development's threshold for a "tight" rental market, which is a 6 percent vacancy rate.[36] While there is some variation within the region, the vacancy rates are still generally below this threshold (see Figures 5 and 6). Based on our estimates, the highest vacancy rates are in studio units in suburban Cook County and one-bedroom units in Will County. The lowest vacancy rate is in one-bedroom units in McHenry County.

MAP 1

Regional Rental Market Analysis - Subareas
Cook County



32 Initially, buildings were sorted by single-family, 2-6 unit buildings, and 7 or more unit buildings, following the tax code classifications. This stratification was based primarily on the tax code classification in Cook County; however, we also expected there to be a difference between who would likely respond in these different types of buildings, which might require different people being contacted to complete the survey. For example, we assumed many owners of small multifamily properties could be contacted directly at the property since they are more likely to live on site or at least collect mail there, while larger buildings would have a property manger. When analyzing the data, the buildings were regrouped into single-family, 2-9 unit buildings, and 10 or more to correspond with Census data.

33 The response rate was calculated based on the "eligibility rate" or that proportion of the responses that fit the criteria to belong in the sample frame (i.e., rental property, non-condominium). As discussed in more detail in the technical report, a large portion of the properties sent surveys were found to be ineligible, primarily due to the fact that there was a relatively low degree of accuracy in determining which single-family homes were actually rental.

34 In general, there were no significant differences with the exception of the estimated vacancy rate for one-bedroom units and the average rent change between 1998-99 for two-bedroom units, both of which were lower in the non-response survey. See Johnson, Sagun, Dombrow, Lee and Cho, 1999, for a full account of the methodology and analysis of the non-response survey, and for the complete set of tables from which these data were extracted, including the standard errors of the estimates.

35 See Johnson, Sagun, Dombrow, Young 1999 for the standard errors and confidence intervals of the vacancy and rent rate estimates (based on a 95 percent level of confidence).

36 This rate is referred to in HUD's M2M Program Operating Procedures Guide (April 1999) and is used to determine which Section 8 project-based subsidized developments should remain project-based (i.e., units in a tight market may not be converted). The rate is based on the region.

FIGURE 5

Vacancy rates by location and unit size in Chicago and counties, 1999

	Total Units	*Studio*	*One Bedroom*	*Two Bedrooms*	*3 or More Bedrooms*
Chicago	4.5%	3.6%	4.4%	4.0%	5.7%
Suburban Cook	3.9%	7.9%	4.1%	3.7%	3.3%
DuPage	3.3%	NA*	3.3%	3.1%	4.2%
Kane	5.2%	NA*	3.6%	6.1%	2.6%
Lake	4.3%	NA*	2.6%	5.8%	3.1%
McHenry	2.4%	NA*	1.1%	2.6%	3.9%
Will	5.0%	NA*	7.1%	3.7%	4.5%
Regional Total	**4.2%**	**NA***	**4.1%**	**4.0%**	**4.9%**

*Source: UIC Rental Market Survey *based on a small number of observations*

Figure 6 breaks down the information according to building type and geographic area. Vacancy rates are consistently higher in small buildings than in large buildings. Single-family rental properties are not included in this figure because the survey was unable to obtain an actual vacancy rate for single-family rental properties.[37]

Since small buildings constitute over 30 percent of the region's rental stock, we examine these numbers further in the following figures. While Figure 6 shows an overall vacancy rate of 4.9 percent for small buildings in Chicago, Figures 7 and 8 show noticeable differences in vacancy rates when looking at two- and three-bedroom units in small buildings in Chicago and suburban Cook County. Vacancy rates in two-bedroom units in small buildings in Chicago are lower on the north side when compared with the south and west sides. In Cook County, the vacancy rate for two-bedroom units is higher in western suburbs than in either the northern or southern suburbs. Figure 8 shows the vacancy rate for three-bedroom units varying in Chicago from a high of 9 percent on the south side to a low of 3.1 percent on the north side. The western suburbs in Cook County have the lowest vacancy rate among three-bedroom units in small buildings, 1.6 percent.

FIGURE 6

Vacancy rates by location and building type in the Chicago region, 1999[38]

	Small Building (2-9 units)	*Large Building (10+ units)*	*Total*
Chicago	4.9%	4.0%	4.5%
Suburban Cook	4.3%	3.5%	3.9%
Collar Counties	4.8%	3.3%	4.0%
Regional Total	**4.8%**	**3.7%**	**4.2%**

Source: UIC Rental Market Survey

FIGURE 7

Vacancy rates of 2-bedroom units in small buildings in Cook County, 1999[39]

	Chicago	*Suburban Cook County*
North	2.1%	2.2%
West	4.9%	5.0%
South	4.4%	2.2%

Source: UIC Rental Market Survey

FIGURE 8

Vacancy rates of units with 3 or more bedrooms in small buildings in Cook County, 1999[40]

	Chicago	*Suburban Cook County*
North	3.1%	3.9%
West	3.8%	1.6%
South	9.0%	3.7%

Source: UIC Rental Market Survey

37 Because the survey was only completed for single-family rental units that are currently occupied, an estimate of the single-family vacancy rate could not be made. Instead, we used the historical vacancy rate of 4 percent for this unit type, which is based on American Housing Survey data and the U.S. Census since 1990. Given the small number of single-family homes included in the estimate of vacancy rates, the use of a fixed rate has no significant effect on the overall vacancy rate; however, since there is no variation, the standard error may be reduced slightly.

38 Due to the small number of observations in subareas, large building results were aggregated into Chicago, suburban Cook and the collar counties.

39 See Map 1 for subarea boundaries.

40 See Map 1 for subarea boundaries.

FIGURE 9

Fair Market Rent levels for the Chicago region, 1999 and 2000[42]

Year	*Studio*	*One Bedroom*	*Two Bedrooms*	*Three Bedrooms*	*Four Bedrooms*
1999	$516	$619	$737	$922	$1,031
2000	$533	$640	$762	$953	$1,066

Source: U.S. Department of Housing and Urban Development
Note: See Figure A-2 in Appendix A for particular neighborhoods within Chicago, communities in Cook and other counties that qualify for exceptions rents higher than FMR.

1999 Rent Rates

Figures 10, 11 and 12 contain estimates of average rents for the region, broken out by unit size and geography. In reviewing the rental data, it is worth keeping in mind the current Fair Market Rents (FMR) allowed by HUD, as illustrated in Figure 9. Fair Market Rents are ceiling rent levels for housing in the Section 8 rental assistance program, and are the 40th percentile of rents for units occupied by recent movers. HUD has granted exception rents to 15 community areas in Chicago and 8 communities outside Chicago. See Figure A-2 in Appendix A for a complete list of communities with exception rents in 1999.[41]

As shown in Figure 10, the average rent in the region is $723. Paying 30 percent of income for rent, this would be affordable to a household earning $29,000 per year. Average rents vary across the region, from a low of $634 in Kane County to a high of $842 in DuPage County.

FIGURE 10

Average rents by location and by unit size in the Chicago region, 1999[43]

	Total	*Studio*	*One Bedroom*	*Two Bedrooms*	*3 or More Bedrooms*
Chicago	$708	$529	$715	$736	$ 750
Suburban Cook	$738	$499	$634	$765	$ 934
Collar Counties	$748	$493	$632	$747	$ 975
DuPage	$842	NA*	$736	$859	$1,069
Kane	$634	$440	$537	$669	$ 820
Lake	$774	NA*	$628	$735	$1,032
McHenry	$669	NA*	$573	$658	$ 883
Will	$660	NA*	$473	$640	$ 884
Regional Total	**$723**	**$523**	**$678**	**$746**	**$ 824**

Source: UIC Rental Market Survey   ** based on a small number of observations*

Figures 11 and 12 present average rent levels in small multifamily buildings for units with two and three or more bedrooms in the three subareas of Chicago and Cook County. We focus on rent rates for small buildings because they make up nearly 40 percent of the stock in Cook County.[44]

FIGURE 11

Average rents for 2-bedroom units in small buildings in Cook County, 1999

	Chicago	*Suburban Cook County*
North	$797	$786
West	$592	$622
South	$518	$657

Source: UIC Rental Market Survey

FIGURE 12

Average rents for units with 3 or more bedrooms in small buildings in Cook County, 1999

	Chicago	*Suburban Cook County*
North	$942	$934
West	$617	$812
South	$627	$836

Source: UIC Rental Market Survey

41 The subareas used to collect and report survey data do not directly match the community areas granted exception rents; however, FMR exception rents have been granted in many community areas where rents are higher than FMR, particularly parts of the north side of Chicago, north suburban Cook County, DuPage County, Lake County (minus 6 towns), and four communities in McHenry County.
42 See Figure A-1 in Appendix A for historic FMR levels in Chicago metropolitan area. See Figure A-2 in Appendix A for current list of exception rents in higher cost areas.
43 See Figure A-3 in Appendix A for median rents by unit size for 1987, 1991, and 1995.
44 Due to the small number of observations in large building and single family categories, we are unable to produce accurate rents by bedroom size for subareas.

Overall, rents are higher in northern Cook County and on the north side of Chicago, as well as in DuPage and Lake Counties, where vacancy rates are relatively low. Conversely, higher vacancy rates and lower rents are found on the south and west sides of Chicago.

Affordability of the Current Rental Unit Stock

Figures 13 and 14 provide estimates of the number of units vacant and occupied and the number of units that rent at or below 1999 Fair Market Rent levels for each unit size by geographic subarea in the six-county region. These estimates can then be used to make comparisons along different demand indicators, including the current number of households eligible for housing subsidies based on different percentages of AMI.[45]

Figure 13 contains an estimate of the total number of vacant and occupied units by location. These numbers were derived by first estimating the number of vacant units (vacancy rate multiplied by the total number of units in each category) and then subtracting the vacant units from the total to estimate the number of occupied units. Note that this does not include public housing, however, it does include all other forms of subsidized rental housing in the private sector.[46] Figure A-4 in Appendix A contains 1999 estimates of average tenant payment and vacancy rates of public housing units in the region.

While the sample included all housing in the private sector, subsidized and unsubsidized, we did not include the few responses from "subsidized" properties in our analysis of vacancy rates and rents. These surveys were removed for two reasons: several responses contained ambiguous data on rents and vacancy rates, and we had complete and

FIGURE 13

Estimates of average rent, total and vacant rental units by location, 1999[47]

Location	*Average Rent*	*Overall Vacancy Rate*	*Total Vacant Units*	*Total Occupied Units*	*Total Units*
Chicago - North	$826	2.7%	5,791	211,109	216,900
Chicago - West	$618	5.0%	6,033	114,867	120,900
Chicago - South	$619	6.3%	15,065	224,435	239,500
Cook County - North	$863	3.2%	3,168	95,832	99,000
Cook County - West	$628	4.4%	3,427	73,574	77,000
Cook County - South	$639	4.5%	2,634	57,366	60,000
DuPage County	$842	3.3%	2,697	77,803	80,500
Kane County	$634	5.2%	1,902	35,098	37,000
Lake County	$774	4.3%	2,183	48,817	51,000
McHenry County	$669	2.4%	557	22,543	23,100
Will County	$660	5.0%	1,546	29,554	31,100
Regional Total	**$723**	**4.2%**	**45,003**	**990,998**	**1,036,000**

Source: UIC Rental Market Survey
Note: These estimates do not include the approximately 30,000 public housing units in the region. See Figure A-4 in Appendix A for data on these units.

45 The data on current rents and vacancy rates in the report is based on a random sample of properties responding to the survey. While the data collected was not intended specifically to determine how many units there are at different price points, the sampling frame was designed so that we could produce reliable estimates of average rent by the data collection subareas and by building type. This method coupled with the results of our non-response survey allows us to assume that there is a "normal" distribution of units at different price points within a range of the average rent.

46 A separate analysis of public housing vacancy rates was completed for the region. A key difficulty with looking at "vacancy" is determining what units are indeed available. In the case of CHA housing, there are about 14,000 units that are no longer considered available. With many slated for demolition in the future, these units are not being leased up. See the proposed CHA Plan for Transformation for exact numbers. See Figure A-4 in Appendix A for the most current vacancy rates in all public housing in the region.

47 For analysis purposes, we use absolute numbers. Since the data is derived from a sample, it is always better to work with a range based on the confidence interval around the estimate. See Johnson, Sagun, Dombrow, Lee, Cho, 1999 for exact standard errors to use in calculating the range.

FIGURE 14

Distribution of units in the region below Fair Market Rent, 1999

Location		Studio	One Bedroom	Two Bedrooms	3 or More Bedrooms	Total
Region	Total Units	51,800	352,200	393,700	238,300	1,036,000
	% Below FMR	39%	29%	34%	44%	35%
	Units Below FMR	20,400	101,400	133,800	103,700	363,600
Chicago	Total Units	28,900	202,000	207,800	138,500	577,200
	% Below FMR	36%	26%	35%	50%	33%
	Units Below FMR	10,400	52,500	74,800	48,500	190,500
Suburban Cook County	Total Units	7,000	82,300	96,400	49,300	235,000
	% Below FMR	49%	29%	27%	47%	33%
	Units Below FMR	3,400	23,900	26,000	23,200	76,500
Collar Counties	Total Units	8,900	71,600	91,800	51,500	223,800
	% Below FMR	74%	35%	36%	62%	43%
	Units Below FMR	6,600	25,000	33,000	32,000	96,600

Source: UIC Rental Market Survey
Note: These estimates do not include public housing units. Percentages are based on the total number of units of that bedroom size in each location.

consistent data from HUD databases that could be analyzed. Figure A-5 in Appendix A contains estimates of vacancy rates and units in subsidized, non-public housing properties. For subsidized units in both the public and private sector, we assume that the rent paid by tenants is no higher than 30 percent of residents' income.

Number of Units Below Fair Market Rent

Based on the survey results, Figure 14 provides estimates of the number of non-public housing units that are likely to be within the region's 1999 Fair Market Rents for each unit size.[48] These estimates are based on an assumption that the overall distribution of units by unit size has not shifted much in aggregate since the 1995 American Housing Survey.

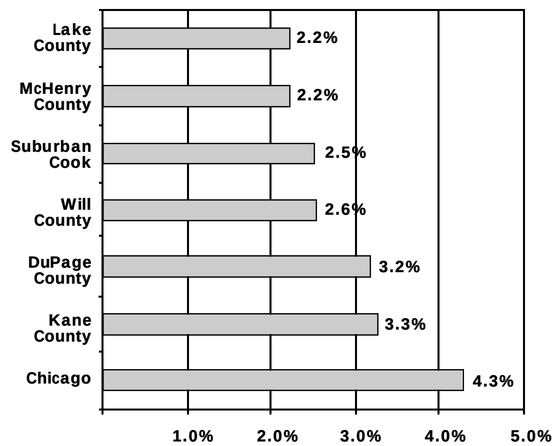
48 *While we can assume that the distribution of rent levels for occupied rental units is the same as the distribution of rents for vacant units, the low vacancy rate provides too small a number of responses (fewer than 2,000 for the region) to make this calculation with any level of accuracy or reliability. This number is even smaller when looking specifically at vacant units below FMR.*

1998-99 Change in Rent Rates

The average rent increase between 1998 and 1999, 3.6 percent, exceeded the Consumer Price Index for metropolitan Chicago for the same period, which was about 2 percent. Figures 15 and 16 show that rents increased at a faster rate than inflation in every county. Figure 16 provides further detail for the subareas of Chicago and Cook County. Rents rose by much greater rates in large buildings in Chicago than in other types of buildings and in other parts of the region. The smallest increase in rent was for single family rental units in Cook County.

FIGURE 15

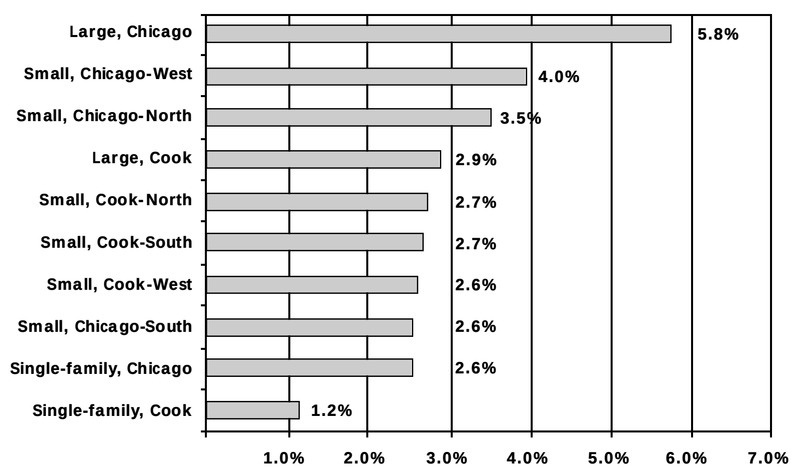
Increase in rent by county and city of Chicago, 1998-1999



Source: UIC Rental Market Survey

FIGURE 16

Increase in rent by Cook County subarea and building type, 1998-1999[49]



Source: UIC Rental Market Survey

49 *"Large" refers to buildings with 10 or more units and "small" means buildings with 2 to 9 units.*

FIGURE 17

Housing quality in the region, 1999

	Percentage of Units in Building Category (1)			
	Single Family	*2-9 Units*	*10+ Units*	*Total*
Units in Good Condition				
Chicago	89.2%	77.2%	63.9%	72.3%
Suburban Cook	90.1%	93.8%	94.1%	93.4%
Collar Counties	93.2%	94.7%	98.6%	95.8%
Regional Total	**91.3%**	**83.6%**	**78.0%**	**82.1%**
Units in Poor Condition				
Chicago	10.8%	22.8%	36.1%	27.7%
Suburban Cook	9.9%	6.2%	5.9%	6.6%
Collar Counties	6.8%	5.3%	1.4%	4.2%
Regional Total	**8.7%**	**16.4%**	**22.0%**	**17.9%**

Source: AREA/ UIC Rental Market Survey
(1) Excludes 1.4% of units classified as "Difficult to Determine" in unit condition analysis.

Building Conditions and Accessibility

To determine the physical condition of rental properties across the region, an exterior review of a randomly selected sample of more than 1,600 properties was completed in the summer of 1999 by Applied Real Estate Analysis, Inc. (AREA).[50] AREA has found that for buildings where the exteriors are in excellent condition or in very poor condition, there is high potential that the interiors will be in a similar condition. Difficulties arise in using external review to assess interior conditions when the building is in "fair condition." When a building's exterior shows the beginning signs of wear and neglect, there is a potential for the interiors to be in either worse or better condition.[51]

AREA's experience surveying buildings gives them the skills to examine external conditions and then generalize with a high degree of reliability to assess internal conditions. In a recent survey in which AREA examined both exteriors and interiors, 99 percent of all interior estimates were assessed within one point (on a five-point scale) of the correct rating based on the exterior analysis.[52] Of those units which were not rated the same based on the exterior and interior review, the likelihood that the unit was actually better than would be expected was almost double the likelihood that the unit was worse once the interior had been inspected.

Property Condition

The field survey was intended to assess physical conditions and wheelchair accessibility. Since one factor of interest was the number of units regionwide that would likely pass HUD's Housing Quality Standards (HQS)[53], HQS was consulted in preparing the guidelines for rating a building "good" or "poor". This survey found that 82 percent of the region's stock could be considered in "good" condition (see Figure 17). In Chicago 72 percent of all rental units were determined to be in good condition; in suburban Cook, 93 percent of all units and in the collar counties about 96 percent of rental units were assessed to be in good condition.

In Chicago, 36 percent of the units located in larger buildings were in poor condition (units that would probably not pass HQS Inspection without substantial renovation) compared to about 11 percent of the single-family houses and 23 percent of the units in 2 to 9 unit buildings. However, in the suburbs, the percentage of single-family houses and smaller buildings that were in poor condition was greater than the percentage in the larger buildings. In the collar counties, less than 2 percent of units in larger buildings

50 This sample was drawn from the same database used for the landlord survey and was drawn to allow analysis at three geographic levels: Chicago, suburban Cook, and the collar counties. As in the landlord survey, the sample was drawn and fieldwork conducted based on a classification of buildings as single-family, small multifamily (meaning 2-6 units) and large multifamily (7 or more units), but for analysis purposes, the buildings were categorized as single-family, small multifamily (2-9 units), and large multifamily (10 or more units). Tables in this report present the data according to the latter classification. See Map B-2 in Appendix B for the actual locations surveyed.
51 See Miller, Robert, Condition Survey: Chicago Regional Rental Analysis, Applied Real Estate Analysis, Inc., 1999.
52 Based on research recently completed in Philadelphia by AREA.
53 HQS includes a list of exterior and interior conditions that must be approved for a unit to pass inspection. A unit must pass HQS to be eligible for lease by a household participating in the Section 8 program. Since this fieldwork only examined exterior conditions, we are unable to state with certainty whether or not the units would pass HQS.

were considered to be in poor condition versus about 7 percent of the single-family units and 5 percent of units in smaller buildings.

Wheelchair Accessibility

The exterior inspection also assessed the percentage of rental properties that are wheelchair accessible. As the survey of accessible units examined exteriors only (looking for ramps, wide doors, and elevators), the estimated number is approximate. The survey suggests that nearly 14 percent of the region's rental units are located in buildings that are accessible to a person in a wheelchair (see Figure 18). This does not, however, mean that the individual units in these buildings are fully accessible.

If all of these units are accessible, then there may be as many as 140,000 accessible units. However, this number is likely to be lower when the actual units are inspected. For example, it is quite possible that a multi-unit building that has been made accessible with the addition of a ramp or lift would have only one or two units on the first floor that are accessible while units on upper floors would still be inaccessible. Even elevator buildings that are accessible at ground level may have only a few units that are fully accessible to a person using a wheelchair. In some older elevator buildings, it is possible that even the doorways are too narrow and access to the units is difficult.

FIGURE 18

Percentage of properties estimated to be wheelchair accessible, 1999

	Percentage of Buildings that Are Wheelchair Accessible			
	Single Family	*2-9 Units*	*10+ Units*	*Total*
Chicago	3.9%	6.6%	29.9%	16.2%
Suburban Cook	3.6%	7.0%	8.7%	7.2%
Collar Counties	0.9%	5.1%	30.9%	13.7%
Regional Total	**0.3%**	**6.4%**	**25.0%**	**13.6%**

Source: AREA/UIC Rental Market Survey

Of these buildings, approximately 89 percent are in good condition, which means that 11 percent are likely to be substandard even if accessible. The majority of these accessible buildings are larger buildings in Chicago, with the remainder split between suburban Cook and the collar counties. As might be expected, very few of the older, smaller walk-up apartment buildings and single-family homes that line so many streets in the region are wheelchair accessible.

CHAPTER 5

Demand for Rental Housing

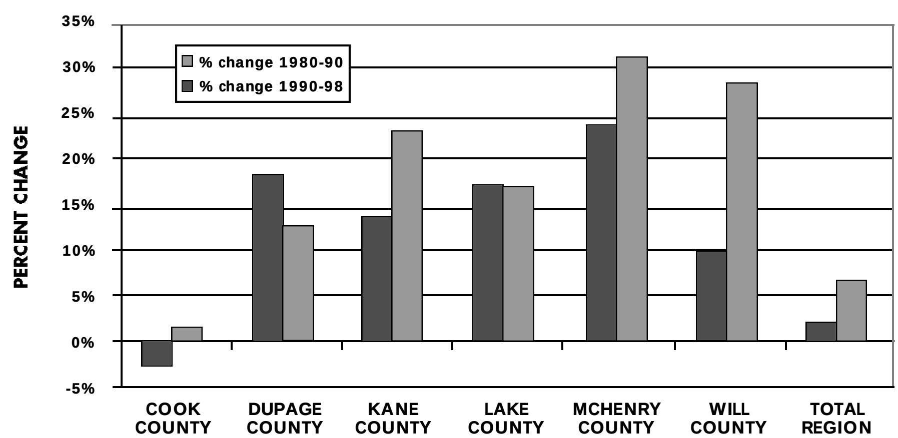
As noted earlier, the region as a whole has grown since 1990. With this growth has come changes in the age and racial/ethnic distribution of the population, as well as in the overall distribution of income throughout the region. Additional factors shaping demand for rental housing include the need for housing that is accessible to persons with mobility limitations, located near employment opportunities, or that can accommodate persons who need supportive services as well as affordable rental housing. The following sections highlight changes since 1990 and current conditions that are likely to impact immediate and longer term demand for rental housing throughout the region.[54]

Population Growth Trends

As illustrated in Figure 19, population growth has primarily occurred outside of Cook County in the collar counties over the last twenty years. McHenry County has experienced the greatest relative increase since 1990 (31.5%), followed by Will (28.5%), Kane (23.2%), Lake (17.2%) and DuPage (12.6%) counties. Most of the population growth in Kane, McHenry and Will is attributable to relatively high rates of domestic migration and births. While Lake and DuPage also had high birth rates, increased immigration was an additional factor in these two counties. Cook County experienced the largest population decline due to domestic emigration; however, this loss was countered by international immigration and births to a lesser degree, resulting in a net gain of close to 2 percent.

FIGURE 19

Population growth rates by county, 1980-1998



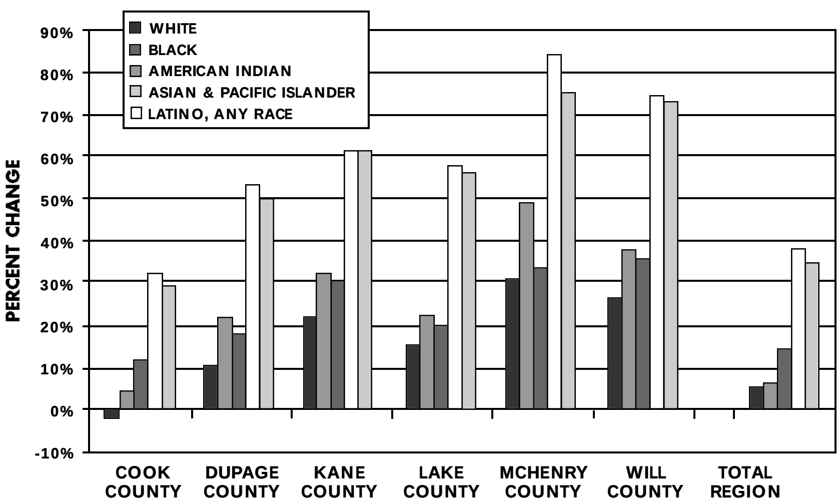
Source: U.S. Census, 1999

54 *For more detailed tables, see Smith and Sherry, 1999.*

Whites currently comprise about three-quarters of the region's population (5,738,673 in 1998). As Figure 20 shows, African Americans increased proportionately in all of the collar counties by more than 20 percent. In Cook County, however, the African American population increased by only 4.8 percent, with the proportion of whites decreasing by about 2 percent since 1990. While McHenry County had the greatest percentage increase in African Americans since 1990 (49%), this was still only an increase of 165 people.

FIGURE 20

Change in race/ethnicity, 1990-1998



Source: U.S. Census, 1999

The Latino population continues to grow, with more than 1 million Latinos in the region (14% of the total population). This growth is at a higher rate than non-Latinos in the region, in part due to immigration but also due to higher birth rates among this population. While Cook County continues to have the largest Latino population, this group increased proportionately in all counties, with Kane, Lake, McHenry, and Will each increasing more than 50 percent.

All counties saw either negative or low rates of population growth in the 18-24 year-old age range, with an estimated overall population loss in the region of more than 10 percent in this age cohort since 1997. The largest relative growth was in the 45-64 year-old range for all counties, and the highest rates of growth across all age groups were in McHenry County.

Illinois was ranked 6th in the nation among states selected as "intended residence" for all new immigrants. The top five countries of origin for the 184,418 new immigrants entering the state between 1990-96 were Poland (21.9%), Mexico (17.8%), India (9.4%), Philippines (7.3%), and former USSR (6.1%).[55]

The Chicago metropolitan area ranked 4th among all metro areas receiving new immigrants between 1994 and 1997.[56] Of all legal immigrants admitted to the U.S. in 1997, 4.4 percent (35,386) identified Chicago as their intended place of residence, which was approximately 93 percent of all legal immigrants entering Illinois.[57]

Finally, nearly 81 percent of all immigrants reporting the Chicago metropolitan area as their intended place of residence selected Cook County (140,617). Approximately 50 percent of those immigrants moved to the north side of Chicago between 1990-95.[58] Of those entering the collar counties, the majority moved to DuPage and Lake County, which have both seen the highest growth in the region in international immigrants outside Cook County since 1990.

55 *Paral, Rob and V. Alexandra Corten, New Immigrants and Refugees in Illinois: Profile of 1990-1995 Arrivals. Latino Institute, June 1998.*

56 *U.S. Department of Justice, Legal Immigration, Fiscal Year 1997. Immigration and Naturalization. Office of Policy and Planning, Statistics branch, January 1999.*

57 *U.S. Department of Justice, Legal Immigration, Fiscal Year 1997. Immigration and Naturalization. Office of Policy and Planning, Statistics branch, January 1999.*

58 *Paral, Rob and V. Alexandra Corten, New Immigrants and Refugees in Illinois: Profile of 1990-1995 Arrivals. Latino Institute, June 1998.*

59 The Census Bureau establishes income thresholds that vary by family size and composition to detect who is in poverty. A family (including every individual in it) is considered to be in poverty if its total income is less than that threshold. The official poverty definition counts money income before taxes and excludes capital gains and noncash benefits, including public housing, medicaid, and food stamps. The poverty threshold is updated annually for inflation with the Consumer Price Index (CPI) and does not vary geographically. The most current year for which a threshold has been determined is 1998.

60 Eligibility for different forms of housing assistance is generally determined as a percentage of AMI. HUD uses different terms to classify need based on family size: Extremely low-income is 0-30% of AMI ($19,500 for a family of four); Very low-income is up to 50% of AMI ($31,900 for a family of four); Low-income is up to 80% of AMI ($47,800 for a family of four).

61 The income ranges identified in the column labels are not the exact income level at the AMI, which varies with household size, but are generally within +/- $2,000 for a family of three.

Income Distribution

The U.S. Census estimates the 1999 area median income (AMI) for the Chicago metropolitan region to be $63,800 for a family of four. In comparison, the poverty line in 1998 was $16,500 for a family of four — about 25 percent of the AMI.[59] Figure 21 contains estimates for the number and percentage of all households (renters and owners) in each of the counties and the subareas within suburban Cook County and Chicago. The percentages of AMI specified (0-30%, 30-50%, etc.) generally correspond with the categories used to classify housing assistance.[60]

As this figure illustrates, there is a great deal of differentiation across the region in terms of income. Most extremely low-income households (0-30% of AMI) live in Chicago while most upper-income households (120% or more of AMI) reside in northern Cook, DuPage and Lake Counties.

FIGURE 21

Distribution of renter and owner household income by percentage of Area Median Income, 1999[61]

Subarea		*Total*	*0 to 30% of AMI (up to $20,000)*	*30 to 50% of AMI ($20,000 to 30,000)*	*50 to 80% of AMI ($30,000 to $45,000*	*80 to 120% of AMI ($45,000 to $75,000)*	*120% or more of AMI ($75,000 and above)*
Cook-North	HHLDS	372,400	30,600	20,900	59,600	80,300	181,000
	%		8.2%	5.6%	16.0%	21.6%	48.6%
Cook-West	HHLDS	121,700	22,400	12,200	26,100	28,700	32,300
	%		18.4%	10.0%	21.4%	23.6%	26.6%
Cook-South	HHLDS	346,900	49,400	31,300	69,700	82,100	114,400
	%		14.3%	9.0%	20.1%	23.7%	33.0%
Chicago-North	HHLDS	403,800	88,700	44,300	85,300	77,300	108,200
	%		22.0%	11.0%	21.1%	19.1%	26.8%
Chicago-West	HHLDS	252,000	79,700	31,400	54,600	47,000	39,300
	%		31.6%	12.5%	21.6%	18.6%	15.6%
Chicago-South	HHLDS	397,600	123,200	50,100	82,200	72,000	70,100
	%		31.0%	12.6%	20.7%	18.1%	17.6%
DuPage	HHLDS	323,100	24,500	18,400	52,800	74,800	152,600
	%		7.6%	5.7%	16.4%	23.1%	47.2%
Kane	HHLDS	130,700	19,200	12,300	27,500	32,100	39,600
	%		14.7%	9.4%	21.0%	24.5%	30.3%
Lake	HHLDS	210,900	20,500	13,300	30,500	43,500	103,100
	%		9.7%	6.3%	14.5%	20.6%	48.9%
McHenry	HHLDS	84,200	9,700	7,300	16,300	22,800	28,100
	%		11.5%	8.7%	19.4%	27.0%	33.4%
Will	HHLDS	153,300	21,700	13,200	29,800	39,300	49,300
	%		14.2%	8.6%	19.5%	25.7%	32.1%
Regional Total		**2,796,600**	**489,600**	**254,700**	**534,400**	**599,900**	**928,000**

Source: Claritas and UIC Demand Report
Note: HHLDS refers to households

62 Includes all households with a householder of 65 years of age or over.

Renter Household Characteristics

Figures 22, 23, and 24 provide information from the 1995 American Housing Survey on rental household characteristics, including race / ethnicity, age, and household size. An assumption made here is that many of the overall characteristics of the current renter population have not changed significantly since 1995. Highlights that should be taken into consideration when looking at these data on renters in the region include:

- There are higher rates of white renters in suburban Cook and the collar counties than in Chicago, which had nearly the same percentage of white and black renters in 1995.
- Chicago had the highest proportion of renters with incomes below the poverty line.
- The typical rental household size in the region is two people.
- Approximately 87 percent of all renter households regionwide have four people or fewer in the household. Ten percent of all renter households have five or more people.
- The largest proportion of renters overall is single person households (37%). Nearly 30 percent of this total are elderly.[62]
- While the majority of the region's renter households live in one- and two-bedroom units (72%), nearly one-fourth live in units with three or more bedrooms.
- Regardless of householder age, about one-fifth of renter householders are below poverty.
- Fifty percent of all renter households are headed by a person between the ages of 30 and 54 years.

FIGURE 22

Household characteristics of renter occupied units, 1995

Renter Households (1)	*Chicago*	*Suburban Cook County*	*DuPage County*	*Remaining Counties**
White, Non-Latino Householder	38.0%	66.0%	80.4%	51.6%
African American Householder	36.8%	17.3%	6.1%	27.4%
Other Race Householder	11.7%	5.9%	10.5%	9.0%
Latino Householder	18.5%	11.7%	7.4%	15.6%
Elderly Householder	15.1%	16.9%	17.9%	15.5%
Below Poverty Householder	28.2%	14.3%	10.5%	21.9%
Median Persons per Unit	2.0	1.9	1.8	2.0
Median Householder Age	40	39	37	39
Total renter households	**569,700**	**240,700**	**74,300**	**125,300**

Source: American Housing Survey
**Remaining counties refers to Grundy, Kane, Kendall, Lake, McHenry, and Will.*
(1) Households consist of all persons who occupy a unit regardless of familial or marital status.

FIGURE 23

Rental household size by location, 1995

Persons Per Household	*Chicago*	*Suburban Cook County*	*Dupage County*	*Remaining Counties**	*Total Region*	*Total Elderly (1)*
1 person	36.3%	38.2%	41.6%	35.1%	37.0%	69.9%
2 persons	26.9%	28.8%	23.9%	26.0%	27.0%	21.9%
3 persons	16.0%	12.9%	15.1%	16.4%	15.2%	4.0%
4 persons	8.9%	11.5%	13.5%	9.3%	9.9%	2.8%
5 persons	6.2%	4.7%	4.3%	6.3%	5.7%	0.0%
6 persons	3.3%	2.1%	1.6%	2.5%	2.8%	0.7%
7+ persons	2.4%	1.8%	0.0%	0.0%	2.3%	0.7%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Source: American Housing Survey
**Remaining counties refers to Grundy, Kane, Kendall, Lake, McHenry, and Will.*
(1) Row percentage is based on total number of elderly renter households in the region.

FIGURE 24

Age of householders, 1995

Age of Householder	*Chicago*	*Suburban Cook County*	*DuPage County*	*Remaining Counties**	*Total Region*	*Total Below Poverty (1)*
Under 25 years	9.3%	7.7%	10.3%	10.7%	9.2%	16.0%
25 - 29 years	15.6%	16.0%	19.2%	12.9%	15.7%	17.7%
30 - 34 years	13.5%	18.5%	17.8%	16.6%	15.4%	21.6%
35 - 44 years	23.1%	19.9%	16.9%	23.4%	21.9%	29.4%
45 - 54 years	13.6%	11.9%	12.0%	13.1%	13.0%	16.3%
55 - 65 years	9.8%	9.0%	5.9%	9.2%	9.2%	17.7%
65 - 74 years	8.7%	6.3%	9.2%	3.9%	7.6%	10.6%
75 or more years	6.4%	10.6%	8.8%	10.1%	8.1%	11.7%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Source: American Housing Survey
**Remaining counties refers to Grundy, Kane, Kendall, Lake, McHenry, and Will.*
(1) Row percentage is based on total number of renter households below poverty in the region.

Special Demand Groups

Demand for rental housing can be more acute for lower-income households who also have special housing needs. We employed a variety of data and estimating techniques to gauge demand among specific populations and to determine how future demand might be affected by the implementation of new policies.[63] The groups we consider are low-income commuters affected by jobs-housing mismatch, recipients of Temporary Assistance for Families in Need (TANF), Illinois' welfare program, people who are homeless, people using a wheelchair, and families that might be affected by changes in project-based Section 8 developments and by public housing demolition. Below are key issues and estimates of likely unmet or under-met housing needs in the region:

63 See Smith and Sherry, 1999.

- We estimate that between 264,000 and 395,000 workers in the region's entry level jobs cannot afford housing that costs more than $750 per month.[64] Furthermore, while most job openings are in suburban locations, both in Cook and in surrounding counties, most people seeking these jobs live in Chicago, which can require one-way travel times of 90 minutes or more (see Figure A-8 in Appendix A). Recent surveys of employees working in suburban locations suggest that many of these workers may be interested in moving closer to work if affordable housing options are available in order to reduce travel time and cost.[65]

- Four out of five TANF recipients, or 67,000 families, do not benefit from housing subsidies.[66]

- More than 60,000 households region-wide are currently on waiting lists for Section 8 vouchers to help subsidize their rent in the private market, whether in their existing unit or elsewhere.[67] On average, 3,500 vouchers become available in a year based on turnover and new ones issued to different housing authorities in the region. The majority of these vouchers are offered through CHAC, Inc., the CHA's Section 8 administrator.[68] Additionally, according to the September 30, 1999 draft of the CHA's Plan for Transformation, approximately 1,250 households may transition from the CHA to the private market annually over the next five years.

- Approximately 41,000 different people in the six county region stayed in shelters in the past year, and another 40,000 to 60,000 people are assumed to have been on the streets for at least one night during this time. In addition, 32,000 to 65,000 households are likely to have "doubled up" during the course of the year. Aside from affordable housing, many also need supportive services.

- Across the region, approximately 57,000 people over the age of 6 use a wheelchair. An estimated 174,000 households have a person with a mobility limitation. Most of these households need units that are accessible in terms of building and unit entrance, as well as maneuverability within halls and bathrooms. While not all of these households require low-cost rental housing, many are low-income. For example, we estimate that 37 percent of all households with mobility limitations are also with income levels below $20,000.

- In the past two years, project-based Section 8 buildings that "opted-out" of the program and became market rate rentals raised rent 30-50 percent.[69] While tenants are provided vouchers to cover these costs, a key concern is the loss of permanent units as project-based subsidies get converted to tenant-based assistance.[70] At this time, about 10,000 units of assisted housing may be eligible to opt-out of the program in the next five years.[71]

64 This assumes a household income of approximately $30,000.

65 See A Preliminary Investigation into Area Employee Perceptions and Satisfaction with Local Housing Affordability, Job Commute Time and Related Issues. Housing Foundation of Will County, 1997; and Margaret M. Sachs. Jobs/Housing Balance:The Extent to Which Workers Would Like to Move Closer to Their Jobs, Northeastern Illinois Planning Commission, 1992.

66 This is based on the number of TANF recipients in July 1999.

67 Of this total, approximately half are new names as of the last three years. Any household can register for assistance; however, no one is entitled to it. Each household must be determined eligible for assistance before it is given.

68 In recent years, most of these vouchers have been used to settle a consent decree to increase Latino access to subsidized housing, but starting in November, 1999, CHAC will resume accepting families from the general waiting list, as well as Latino families.

69 Under the Section 8 program, developments were provided subsidies to make up the difference between the contract rent (i.e., rent needed to cover costs and debt) and what a tenant can pay for rent (i.e., 30 percent of income). When the contract for that subsidy expires, the property owner may choose to "opt-out" of the program and revert to charging market rate if the property meets the eligibility requirements. Currently, HUD excludes properties that are exclusively for elderly and disabled tenants, and any development with contract rents below market rate.

70 All eligible tenants receive tenant-based housing vouchers, and those who remain in place will receive enhanced vouchers to cover the difference between FMR and the market rent.

71 This number is based on the total number of units receiving assistance in non-elderly/disabled developments currently with contract rents that are at or above 120 percent of FMR, a rough estimate of the market rent.

Indicators of Unmet Demand

Demand is generally viewed as a function of supply. The degree to which demand is "unmet" can be measured in several ways. For example, the Department of Housing and Urban Development reports to Congress on the number of households with "unmet worst case needs for housing assistance." Worst case needs were defined as households either paying more than 50 percent of income toward rent or living in severely inadequate housing.[72]

Perhaps the most straightforward method is to compare the number of units at a given price point with the number of renter households who can afford that rent to see if there is a mismatch (i.e., more or less units than renters), with the assumption being that a "gap" indicates unmet need. For example, the Center for Budget and Policy Priorities looked at several metropolitan areas and found that in Chicago there were 245,000 low-income renter households (income below $12,000) and only 115,000 affordable rental units (below 30 percent of income) in 1995 — a gap of 130,000 units.[73]

In its most recent report to Congress, HUD takes this method of looking at unmet need a step further, to look not just at the mismatch but also at the availability of rental units. As of 1997, there were an estimated 8.87 million renters nationwide with incomes at or below 30 percent of AMI yet only 36 percent of the units affordable to households at this income level were also available (i.e., vacant).[74] This data is useful to a point. While this measure cannot discern which of these households are seeking housing or might actually move should new housing become available, it does provide a snapshot of the degree to which segments of the market are tight or soft for different income groups relative to conventional measures of affordability.

Below is a review of Chicago area data that shows the degree to which there is unmet demand in the region. Based on what we already know about the supply-demand relationship among renter households in 1995, we look at: 1) rent burden, i.e., people paying more than 30 percent of their income for rent, 2) housing quality, i.e., people living in substandard or overcrowded units, and 3) supply-demand mismatch, i.e., total renter households compared with total rental units, looking at the households at various income levels compared to the units at the appropriate cost.[75]

Rent Burden

As shown in Figure 4 (see Chapter 4), more than one-third of renter households region-wide spend more than 30 percent of their income on rent. Figure 25 further illustrates the number and percentages of households within various jurisdictions that were rent burdened in 1995. Region-wide, nearly 16 percent of renter households paid between 30-49 percent of their income towards rent, and nearly 13 percent paid more than 50 percent of their income towards rent four years ago. This figure also shows higher rates of households being rent burdened in collar counties, with nearly 43 percent in DuPage County and 42 percent in the remaining counties.

72 *See Rental Housing Assistance at a Crossroads: A Report to Congress on Worst Case Housing Needs, Office of Policy Development and Research, HUD, March, 1996.*

73 *See In Search of Shelter: The Growing Shortage of Affordable Rental Housing, Center for Budget and Policy Priorities, June 15, 1998. The 1995 American Housing Survey is used to make these calculations for Chicago.*

74 *See The Widening Gap: New Findings on Housing Affordability in America, HUD, September 1999.*

75 *While it is possible to use the UIC survey data to calculate the number of vacant units at different price points, the low vacancy rate means that there are relatively few units in our total observations from which to generalize (i.e., of the responses, less than 2,000 units were vacant). Further stratification along rent range categories and location would make the number of observations per cell even smaller. Similarly, while assumptions can be made about the distribution of units below FMR that are also vacant, it is not recommended to apply these vacancy rates directly to the FMR unit count.*

FIGURE 25

Proportion of renters rent-burdened in the region, 1995

Percentage of Income Toward Rent	*Chicago*	*Suburban Cook County*	*DuPage County*	*Remaining Counties**	*Total Region*
30-49% of Income	24.2%	25.2%	28.2%	25.0%	24.8%
50% or More	12.8%	9.8%	14.7%	16.7%	12.7%
30% or More	36.9%	35.1%	42.9%	41.6%	37.5%

Source: American Housing Survey, 1995
**Remaining Counties refers to Grundy, Kane, Kendall, Lake, McHenry, and Will.*

Since rents continue to outpace inflation, we have assumed that in 1999 there is at least the same rate of households paying more than 30 percent of income toward rent as there was in 1995. Figure 26 provides a range of households likely to be rent burdened in 1999 based on this assumption.

FIGURE 26

Estimated range of rent-burdened households in the region, 1999[76]

Percentage of Income Toward Rent	*Chicago*	*Suburban Cook County*	*DuPage County*	*Remaining Counties**	*Total Region*
30-49% of Income	132,800 - 145,200	53,400 - 62,500	20,100 - 24,500	32,000 - 37,200	245,600 - 262,300
50% or More	60,000 - 87,800	14,900 - 30,000	6,000 - 17,200	15,300 - 31,100	111,600 - 148,500
30% or More	192,800 - 233,000	68,300 - 92,500	26,100 - 41,700	47,300 - 68,300	357,200 - 410,800

Source: UIC Demand Report
**Remaining Counties refers only to Kane, Lake, McHenry, and Will.*

Housing Quality

Another indicator of unmet demand is the degree to which a household is living in a substandard or overcrowded unit. The American Housing Survey and the Census provide specific definitions of moderate and severe physical problems (see Figure 27 below). Figure 28 shows that most households living in severely deteriorated physical conditions in 1995 reside in the city of Chicago.[77]

76 Estimates derived by multiplying rates in Figure 25 by the estimated number of renter households in 1999 and creating a range based on 90 percent confidence interval. Remaining counties includes only Kane, Lake, McHenry, and Will.

77 While similar indicators of housing quality are considered when reviewing a unit to meet HQS, these data are not comparable to the AREA fieldwork data in the previous section. The method for determining "severe" and "moderate" involves finding evidence of specific combinations of items and/or problems that have occurred for a specific or sustained period of time.

FIGURE 27

Definition of severe and moderate physical problems

	Severe	*Moderate*
Category:	*Unit has any of the following problems:*	*Unit has any of the following problems but none of the severe:*
Plumbing	Lacking piped hot water or a flush toilet or lacking both bathtub and shower, all for the exclusive use of the unit	Having all toilets break down simultaneously al least three times in the last three months for at least six hours each time
Heating	Having been uncomfortably cold last winter for 24 hours or more or three times for at least six hours, each due to broken equipment	Having unvented gas, oil, kerosene heaters as the main source of heat
Upkeep	Having any five of the following six maintenance problems: leaks from outdoors, leaks from indoors, holes in the floor, holes or open cracks in the walls or ceilings, more than a square foot of peeling paint or plaster, or rats in the last 90 days	Having any three of the six upkeep problems mentioned under severe problems
Hallways	Having all of the following four problems in public areas: no working light fixtures, loose or missing steps, loose or missing rails, and no elevator	Having any three of the four hallway problems mentioned under severely inadequate
Electrical	Having no electricity or having all of the following three electrical problems: exposed wiring, a room with no working wall outlet, and three blown fuses or tripped circuit breakers in the last 90 days	Not applicable
Kitchen	Not applicable	Lacking a kitchen sink, refrigerator or burners inside the structure for the exclusive use of the unit

Source: American Housing Survey

FIGURE 28

Renter households living in substandard or overcrowded conditions, 1995

Percent of Renter Households Who Live in a Unit That:	*Chicago*	*Suburban Cook County*	*DuPage County*	*Remaining Counties**
Has Moderate Physical Problems(1)	8.8%	6.2%	5.8%	5.5%
Has Severe Physical Problems(1)	3.1%	1.7%	2.8%	1.1%
Is Moderately Overcrowded(2)	6.8%	2.3%	6.1%	3.0%
Is Severely Overcrowded(3)	1.5%	0.0%	0.0%	0.0%

Source: American Housing Survey
**Remaining Counties refers to Grundy, Kane, Kendall, Lake, McHenry, and Will.*
(1) See table above for definition
(2) Between 1.0 and 1.49 persons per room excluding bathrooms
(3) 1.5 or more persons per room excluding bathrooms

Estimates of the number of households with different housing problems in 1999 can be made assuming that the overall distribution has not changed significantly since 1995. Figures 29 and 30 provide an estimated range of renters living in poor quality or overcrowded housing in 1999.

FIGURE 29

Estimated range of renter households in substandard housing in the region, 1999[78]

Unit Has:	*Chicago*	*Suburban Cook County*	*DuPage County*	*Remaining Counties**	*Total Region*
Moderate Physical Problems	50,000-52,000	14,000-15,000	4,300-4,800	6,700-7,200	75,000-78,000
Severe Physical Problems	17,000-18,000	3,900-4,100	2,100-2,300	1,300-1,400	24,300-25,800
Total	**67,000-70,000**	**17,900-19,100**	**6,400-7,100**	**8,000-8,600**	**99,300-104,800**

Source: UIC Demand Report
**Remaining Counties refers only to Kane, Lake, McHenry, and Will.*

FIGURE 30

Estimated range of renter households in overcrowded units in the region, 1999[79]

Unit Is:	*Chicago*	*Suburban Cook County*	*DuPage County*	*Remaining Counties**	*Total Region*
Moderately Overcrowded	38,000-40,000	5,200-5,500	4,500-5,000	3,700-3,900	51,400-54,400
Severely Overcrowded	8,500-8,700	0	0	0	8,500-8,700
Total	**47,500-48,700**	**5,200-5,500**	**4,500-5,000**	**3,700-3,900**	**53,100-60,900**

Source: UIC Demand Report
**Remaining Counties refers only to Kane, Lake, McHenry, and Will.*

78 Estimates derived by multiplying rates in Figure 28 by the estimated number of renter households in 1999 and creating a range based on 90 percent confidence interval. Remaining counties only includes Kane, Lake, McHenry, and Will.

79 Estimates derived by multiplying rates in Figure 28 by the estimated number of renter households in 1999 and creating a range based on 90 percent confidence interval. Remaining counties only includes Kane, Lake, McHenry, and Will.

80 The assumption here is that demand always equals supply unless the system is in disequilibrium. In the case of housing, looking at the market in such simple terms does not tell us about the number of rental units that are actually available and in good condition at the time or in the future. It also does not take into consideration the issue of choice based on locational preferences. For example, some families prefer to pay more for rent in order to live near relatives or send children to a certain school.

Supply-Demand Mismatch

As described earlier, there are many ways to look at the issue of unmet housing demand. The data presented in this section suggests that many households throughout the region living in unsubsidized housing are paying too much of their income for rent. The data presented in Chapter 4 also indicates that while average rents overall are not that much higher than FMR, especially when considering exception rents, several subareas within the region have higher than average rents. When linked together, these two findings suggest that there is likely to be a mismatch between the supply of and demand for affordable rental housing in the region.

The following data is intended to verify if there is indeed such a mismatch, and if so, to help quantify the extent of the mismatch along different price points in relation to what is affordable to different income groups. Figures 32 and 33 below provide estimates of the number of renters at different income levels and of the number of rental units at different rent levels. These estimates are then employed to make a comparison of the current stock with what the region's renters can afford based on their income (see Figure 34). While this method does not provide exact numbers of "true unmet demand," it does produce a measure that can be useful when thinking about policy issues and future rental housing development.[80]

When doing this kind of analysis, HUD and others use AHS data to estimate rental housing gaps nationwide by comparing how many units exist within different price points to the number of households within the income range that can afford those units. An advantage of using the AHS is that the supply and demand data are derived from the same source (i.e., households/units surveyed during a given time period) and based on the same set of assumptions. While data collected to estimate supply and demand in this study are derived from different sources, it is possible to make comparisons similar to what is described above.

FIGURE 31

Change in median income by tenure, 1987-1995

		Chicago	*Suburban Cook County*	*DuPage County*	*Total Region*
1987	Renter	$16,515	$23,509	$22,954	$19,209
	Owner	$30,618	$42,580	$51,561	$40,334
1991	Renter	$20,568	$26,975	$30,275	$23,843
	Owner	$34,077	$46,608	$58,483	$45,224
1995	Renter	$21,883	$29,773	$33,986	$25,227
	Owner	$39,629	$51,726	$73,159	$52,453

Source: American Housing Survey

Renter Income

Historically, the region has seen a noticeable differentiation between renters and owners based on their income, with owners' income often twice that of renters. As Figure 31 shows, the income gap between renters and owners has been fairly constant in Chicago and suburban Cook County while it has widened in DuPage County and the region as a whole.

Current estimates of renter household income are not available directly; however, we can use estimates of overall household income presented earlier to derive an overall distribution of renter households by different income categories. Assuming that the distribution of renters in different ranges of Area Median Income (AMI) has not changed much in aggregate since 1995, estimates in

Figure 32 were derived by applying the 1995 proportions of renter households in each category to the number of households in 1999 for the entire region.[81] In general, renters are more likely to be in the low-income category and owners are more likely to be at or above the area median.

FIGURE 32

Renter and owner household income, 1999

Income Level:	*Total Households* #	%	*Owner Households* #	%	*Renter Households* #	%	*Acceptable Rent (1)*
0 to 30% of AMI *(up to $20,000)*	489,600	17.5%	181,400	10.2%	308,200	30.1%	Up to $500
30 to 50% of AMI *($20,00 to 30,000)*	254,700	9.1%	55,000	3.1%	199,700	19.5%	$500 to 795
50 to 80% of AMI *($30,000 to 45,000)*	534,400	19.1%	285,600	16.1%	248,800	24.3%	$795 to 1,200
80 to 120% of AMI *($45,000 to 75,000)*	589,900	21.5%	447,300	25.2%	152,600	14.9%	$1,200 to 1,900
120% or more of AMI *($75,000 and above)*	918,000	32.8%	803,300	45.3%	114,700	11.2%	More than $1,900
Total	**2,796,600**	**100.0%**	**1,772,600**	**100.0%**	**1,024,000**	**100.0%**	

Source: Claritas and UIC Demand Report
(1) Assumes household pays approximately 30 percent of income toward rent.
The ranges are calculated based on what a family of four could afford.

Units Within Different Income Ranges

Using the findings from the UIC rental housing survey, an estimate of the number of units within different income ranges was produced by large geographic areas: Chicago, suburban Cook County and the collar counties. (See Figure 33) These estimates are for all non-public housing units within the region, including other subsidized units, both tenant- and project-based.[82] Looking at how the units within each income category are distributed across the region, Chicago clearly has the largest number and proportion of non-public housing units that are affordable to households with incomes at or below 30 percent of the area median income (AMI). This translates into rents that do not exceed $500 and income levels of below $20,000.

Half of the rental housing stock is in the rent range affordable to persons earning between 30 to 50 percent of AMI, or between about $20,000 and $30,000. Rents for these units are between $500 and $795. Another third of the stock is in the rent range of between 50 to 80 percent of the AMI, with rents up to $1,200. Proportionately, these units are distributed fairly evenly throughout the region. Finally, there is a relatively small number and percentage of higher end units, with most located in Chicago.

81 The proportion of 1999 renters in each category in 1995 was calculated using the 1995 AMI and number of renters in each category in the 1995 AHS.

82 We assume that the contract rent for any subsidized unit will vary and that most do not exceed FMR, with exception of some Section 8 project-based developments. The rent a tenant pays in these subsidized units will be relative to their income level, and should not exceed 30 percent of income in most cases.

FIGURE 33

Distribution of rental units in the region by rent levels affordable to different income levels, 1999

Location	*Up to 30% of AMI (up to $500)*	*30 to 50% of AMI ($500 to 795)*	*50 to 80% of AMI ($795 to 1,200*	*80% or more of AMI ($1,200 or above)*	*Total Units*
Chicago	75%	57%	43%	88%	56%
	94,200	301,200	152,500	29,300	577,200
Suburban Cook	12%	23%	24%	1%	22%
	14,600	123,500	85,400	300	223,800
Collar Counties	14%	19%	32%	11%	23%
	17,000	101,300	113,100	3,600	235,000
Regional Total	**125,800**	**526,000**	**351,000**	**33,200**	**1,036,000**

Source: UIC, 1999
Note: These estimates do not include public housing units. Percentages are based on total in each income/rent range category, showing geographic distribution of units.

Comparing Existing Rental Units with Renter Household Incomes

Using the estimates of units at different rent rates, the following exercise was completed to see where there is an excess or deficit of unsubsidized units in the region at different price points relative to the current number of unsubsidized renters in different income categories. The reason for looking only at those units and renters that are not currently being subsidized is to identify what proportion of renters might be eligible for assistance based on income, and to examine further where there are likely gaps and overlaps in the supply of unassisted, private market units in different rent ranges.

Figure 34 begins by estimating the number of unsubsidized rental housing units. This number is derived by subtracting public housing and subsidized, non-public housing units from the total number of rental units in the region.[83] This is followed by an estimate of the total number of unsubsidized renters based on the difference between who is subsidized and the total number of renter households.[84] The "net" demand was calculated by comparing only those renter households in non-subsidized units to the number of non-subsidized units.

While many points can be made with this data, three are important to note. First, nearly 70 percent of all renters who qualify for subsidy based on income alone are living in unsubsidized units. Second, the number of renters with incomes up to 30 percent of AMI exceeds the number of unsubsidized units affordable at that income level. Third, there is an excess of unsubsidized units affordable to people earning between 30 and 80 percent of AMI (the cut-off used in many housing subsidy programs).

83 Public housing is excluded from this table because it is difficult to classify rents in each of the categories with the data available. While we know ceiling rents (i.e., the maximum rent that can be charged) and average tenant payments, we do not know the distribution of rents. Based on rough estimates, we assume that most public housing tenants pay "rent" that is below $500. This does not include the federal contribution.

84 We include all renters here since we have an estimated income distribution for all renter households regardless of the type of housing they occupy.

FIGURE 34

Comparison of existing rental housing supply and renter household income relative to Area Median Income (AMI), 1999

		Rents Affordable for Income at:			
Rental Housing Units	*Total*	*Up to 30% of AMI*	*30 to 50% of AMI*	*50 to 80% of AMI*	*80% or More of AMI*
Total Non-Public Housing Units (1)	1,036,000	125,700	526,000	350,900	39,800
Total Subsidized Units (2)	98,000	87,000	6,900	4,500	0
Total Unsubsidized Units (3)	938,000	38,700	519,100	346,400	39,800
		Household Income:			
Renter Households		*Up to 30% of AMI*	*30 to 50% of AMI*	*50 to 80% of AMI*	*80% or More of AMI*
Total Renter Households (4)	1,024,000	308,200	199,700	248,800	267,300
Total Subsidized Tenants (5)	127,700	116,200	7,800	3,700	0
Total Unsubsidized Renters (6)	896,300	192,000	191,900	245,100	267,300
Supply - Demand Mismatch *(Number of Households Exceeds Supply)*	**41,700**	**(153,300)**	**327,200**	**101,300**	**(227,500)**

(1) Includes all subsidized, non-public housing units.
(2) Includes only those subsidized units in the private market.
(3) Difference between 1 and 2.
(4) All renters, public and private housing.
(5) Tenants in any subsidized housing, public and private, including Section 8 voucher holders.
(6) Difference between 4 and 5.

Factors Shaping Rental Housing Supply and Demand

Classic economic theory would suggest that a tight rental market should lead to the creation of more rental housing stock. Yet analysis of construction data from the last decade suggests that the Chicago region is actually adding less rental housing than would be expected when compared to other cities in the Midwest.[85] To understand the causes of and solutions to this lack of rental housing production, we reviewed national and local literature on the issue and spoke with more than 40 apartment developers, housing advocates and public officials to get their perspectives on the problem.

Echoing national research on the issue, these informants spoke often of community resistance to rental housing construction as a primary problem.[86] This "Not In My Back Yard" (NIMBY) attitude has given rise to local zoning codes and land use plans that severely limit apartment construction. Add to that high land costs, limited subsidy dollars and high property taxes on rental property and much of the slow growth in rental housing is explained.[87]

Local housing experts suggest that overcoming these obstacles will not be easy. Other regions limit exclusionary zoning or require developers and local government to build their "fair share" of affordable housing.[88] Introducing such tools in Illinois would be extremely challenging given the strong home rule land use powers the State Constitution grants local government.

Under these circumstances, key informants suggested, the best course of action may be to provide additional incentives to increase the supply of rental housing. Such incentives could include both tenant-based housing assistance (such as housing vouchers) to expand opportunity and choice, and project-based housing assistance that can underwrite the costs of development. Below are recommendations made by key informants and focus group participants.[89]

Supply-side Approaches

A common theme heard from housing providers was that increasing the supply of rental housing in the region will be difficult. Community resistance to apartments was consistently mentioned as the primary barrier. Commonly called the NIMBY syndrome, the resistance to rental housing is especially strong in suburban areas, where it is reflected in local zoning ordinances that limit multi-family housing. Inflexible building codes, lengthy permit review periods, and high land costs are additional barriers. Limited subsidy dollars also make development of affordable rental housing difficult.

Some barriers are more localized, such as Cook County's property classification system, which taxes rental properties with six or more units at much higher rates than single-family homes. And condominium conversions have reduced the supply of rental housing in parts of the region.[90]

85 See McDonald and McMillen, 1999. Cities included Chicago, Cincinnati, Cleveland, Columbus, Detroit, Indianapolis, Milwaukee, Minneapolis-St. Paul, Pittsburgh, and St. Louis.

86 See Lenz and Coles, 1999(a).

87 One large apartment developer estimates that land costs in the Chicago region are two and a half to three times greater than in cities like Atlanta, Dallas and Kansas City. According to the Institute for Real Estate Management (IREM), real estate taxes as a percentage of total expenses average 27.6 percent in Chicago versus 15.7 percent nationally.

88 See Lenz and Coles, 1999(a) for a review of various strategies that have been employed in other localities.

89 Focus group data is meant to generate discussion and participant opinion and experience. While the results are not generalizable, the data can be used to identify themes and common issues likely to affect others with similar experiences as the focus group participants.

90 See Figure A-6 in Appendix A for a count of converted units and buildings.

These conditions limit rental housing development of any type - including apartments for middle-income or elderly people. Given that middle class apartments tend to "filter down" to less affluent renters over time, the lack of new rental units for middle and upper income groups will further constrain the number and location of apartments for lower-income tenants.[91]

What might be done to boost the supply of rental housing, particularly for those with limited incomes? Increasing and improving affordable rental housing funding mechanisms is certainly possible. Key informants recommended creating project-based Section 8 subsidies from the region's pool of tenant-based housing vouchers, expanding the various housing trust funds that underwrite project costs and tenant rents, making Section 8 subsidies available for mortgage payments to support home-ownership, and increasing federal funding for public housing.[92]

Property tax relief for rental housing was also suggested, as was the expansion of exception rents to allow Section 8 participants to live in higher cost job-rich communities.[93] In addition, focus group participants and key informants stressed the importance of outreach and education to public officials and the residents of the region's communities about the need for rental housing.

Demand-side Approaches

Stimulating the demand side of the low-income housing equation has dominated federal policy making over the last two decades, with the federally-funded Section 8 tenant-based subsidy being the largest program to increase tenant access to the existing stock of private rental housing. Under this program, a household awarded a Section 8 housing voucher[94] seeks a property owner or manager who agrees to participate in the program. The building must meet certain Housing Quality Standards (HQS) established by HUD to ensure that the housing unit is in acceptable condition. HUD directly pays the landlord the amount equal to the difference between the "fair market rent" (FMR) established for the area and 30 percent of the household's income. For example, the 1999 FMR for the Chicago region is $737 for a two-bedroom unit.[95] A family with an income of $400 per month would pay 30 percent or $120 toward rent and HUD would pay the landlord the remainder, up to $617 per month.

The Section 8 program is not an entitlement, and the number of vouchers available is less than the number of households that are eligible for the program. For example, while more than 60,000 households are on waiting lists in the region, not all are assumed to be eligible, and only an estimated 3,500 vouchers come available each year through normal turnover.[96] In the Chicago region, the Section 8 program currently provides housing for approximately 41,000 households.[97] As a point of comparison, approximately 31,000 households currently live in public housing in metropolitan Chicago.[98]

91 The concept of filtering in general is that as new housing is built, the housing left behind by households moving into those new units will "filter down" to lower-income households, who in turn free up a lower-cost unit for another household when they move out.

92 Several informants also suggested such initiatives be expressly tied to existing affordable housing production programs. For example, 10 percent of apartments created using state or City funding could be earmarked for tenants needing an additional rent subsidy provided by Section 8 or housing trust funds.

93 Lenz and Coles (a), 1999.

94 Currently, no more certificates are being issued and all existing certificates will be converted to Housing Choice Vouchers. This new voucher will be largely similar to the Section 8 program, requiring units to meet HQS.

95 This is the region FMR; however, "exception rents" have been granted for community areas within Chicago and suburban Cook County, to allow vouchers to be used for units that rent at rates higher than FMR.

96 This number is based on estimates provided by Public Housing Authorities and CHAC during the late spring and early summer of 1999. They do not necessarily reflect new vouchers that are expected under new budget allocations, or take into account specific vouchers to be used for relocatees.

97 While these numbers show that many landlords are willing to accept Section 8 tenant-based assistance payments, they tend to be concentrated in relatively few neighborhoods and communities. See Chapter 8 of this report for a fuller discussion of the issue.

98 See Figure A-4 in Appendix A for information about number, location, and occupancy rates of public housing units.

The Housing Choice Voucher program, HUD's name for the newly-merged Section 8 certificate and voucher programs, clearly is an important housing assistance program in the metropolitan area, and will continue to be as its role increases with new programs being implemented in the coming years. For example, in October, 1998, the FY1999 budget approved by Congress included 50,000 new vouchers nationwide. This is the largest increase in vouchers in the last decade. The FY2000 budget also provided for 60,000 new vouchers. Attached to the new subsidies are welfare-to-work requirements that promote regional community development strategies. In this region, HUD recently awarded a collection of housing authorities 1,025 of these vouchers for an innovative program linking Temporary Assistance to Needy Families (TANF) recipients to vocational and other support services.

Housing vouchers are a feature of the Mark-to-Market program, which will convert existing project-based assistance to tenant-based assistance as Section 8 contracts expire.[99] Section 8 housing vouchers will also play an important role in public housing redevelopment as a means to move people either temporarily or permanently into privately-owned apartments. According to its proposed plan, the CHA expects to move 6,150 families into the private rental market with Section 8 housing vouchers over the next five to ten years.[100] To ensure the success of both of these policy initiatives, HUD has allocated funds to support tenant education and counseling.

As the role of tenant-based subsidies expands in the Chicago area, much is riding on the ability of the Section 8 program to help low-income families gain access to the region's private rental housing market. Based on interviews with both tenants and landlords, it is clear what must be true for the Section 8 program to live up to its potential.[101]

- The program needs to be relatively easy for landlords to use and at least revenue neutral.
- Landlords have to be willing to rent to minority families with children.
- Tenants using the vouchers must be able to understand how the program works and have the confidence, time, resources and knowledge to search for apartments, especially in low-poverty areas.
- These tenants must also be "competitive" with other applicants (i.e. not perceived to be undesirable).

Based upon the focus group discussions, none of the above conditions can currently be taken for granted.

Our research suggests that many landlords are leery of the Section 8 program, based on their past experience and its reputation on the street. They are ambivalent about any program that is seen as reducing their ability to operate their buildings the way they choose, dislike undertaking government-mandated repairs they feel are unnecessary in order to comply with HQS, and are nervous about losing the ability to select or evict tenants.[102]

99 See Smith and Sherry, 1999.
100 See Chicago Housing Authority: Plan for Transformation, September 30, 1999.
101 See Lenz and Coles (a), 1999 and Popkin, Susan J. and Mary K. Cunningham, Searching for Rental Housing in the Chicago Region, 1999. Some of these changes have already occurred at the time this writing.
102 Lenz and Coles (a), 1999.

Our literature review and conversations with providers indicate that financially, Section 8 is not a very attractive program to most landlords, except in rental markets with higher-than-average vacancy rates and lower-than-average rents.[103] A common perception is that Fair Market Rents are below asking rents in many neighborhoods.[104] Furthermore, the delay between a landlord's acceptance of a tenant and the housing agency's authorization for that tenant to move in can result in a loss of eight percent of a landlord's annualized rent each month the unit remains vacant.[105] Finally, especially in the current tight rental market, landlords can be selective and screen out tenants they deem undesirable, even though these practices are in violation of fair housing practices. These include racial minorities, large families, single parent households, and tenants without established work, credit and renting histories.[106]

On the tenant side, a concern that came out of the focus groups is that tenants often have difficulty understanding how the Section 8 program works. In searching for apartments, these tenants also reported instances of discrimination based upon their race, family size, and status as a public housing tenant. They also cited as barriers the costs of security deposits, credit checks, and transportation expenses.

There are also significant challenges for CHA tenants given the rumors about Section 8 and the CHA's redevelopment plans, which appear to be causing confusion and anxiety for would-be participants.[107] Also, as a group, CHA residents are likely to have more personal issues to contend with than the general Section 8 population. The focus groups conducted for this project included CHA residents battling substance abuse and coping with serious illnesses and disabilities, as well as families with seven and eight children.

Looking across both the supply-and demand-side factors, property owners made a number of recommendations to improve the Section 8 housing voucher program:

- Simplify and expedite building inspections. This could include conducting inspections after move-in and using a more flexible inspection code than HUD's Housing Quality Standards.
- Increase fair market rents in higher cost areas.
- Implement financial incentives such as a property tax credit for participating landlords.
- Improve overall administration of the Section 8 program to make it more "customer friendly."[108]
- Expand tenant screening and counseling efforts to reduce the possibility that landlords will end up renting to problem tenants.
- Expand outreach on and marketing of the program to the real estate industry.[109]

103 The rate of increase for FMRs has slowed noticeably in the 1990s. See the Figure A-1 in Appendix A for a graph of FMRs from the 1985 to 2000.

104 Providers may not be aware of exception rents in higher cost neighborhoods. See Figure A-2 in Appendix A for a list of exception rents.

105 Literature and Section 8 administrators confirm that there is often a month's delay (and a month's lost rent) between a renter's application and the Administrator's approval of a unit.

106 Lenz and Coles (a), 1999.

107 Popkin and Cunningham, 1999. A common concern is that Section 8 rent subsidies will only last for a year while public housing is permanent. While Section 8 does depend on Congressional authorizations, Congress has routinely extended the program's funding.

108 Focus group participants who currently use the Section 8 program did note that CHAC, the private company that operates the program for the CHA, has made great strides in improving administration of Section 8 and addressing many landlord concerns.

109 Landlords were particularly enthusiastic about a program offered by the Community Investment Corporation that provides training on the nuts and bolts of the Section 8 program along with tips on general property management.

Focus group discussions with tenants suggested the following to improve the Section 8 housing voucher program:

- Section 8 briefings should be tailored so that they are understandable to prospective participants.
- Existing efforts to promote mobility and choice should be expanded and new initiatives undertaken.
- Households searching for units should receive assistance to overcome financial barriers such as security deposits, credit checks, and transit costs.
- Additional search time may be needed for families to locate appropriate housing, especially when the searcher is working.
- Intensive, long-term support is needed to help CHA relocatees make a successful transition to the private market.
- Educational and outreach efforts could help counter the dangerous and potentially destructive rumors circulating widely about the Section 8 program and CHA's redevelopment plans.

Finally, the Section 8 program is likely to face some serious challenges given the existing geographic pattern of housing vouchers in the region. Currently, most tenant-based Section 8 assistance is concentrated in a relatively few neighborhoods in Chicago and southern Cook County — areas with higher vacancy rates, lower rents, and concentrations of poverty.[110]

On one hand, these patterns may be the result of limited tenant knowledge about the market.[111] On the other hand, these patterns also may be attributed to property owners' dislike and mistrust of government. Even otherwise sympathetic property managers in the focus groups complained about the program's red tape, picky inspections, and low rent levels.[112]

Under these conditions, using rent vouchers to relocate public housing residents could create new challenges if residents moving out follow existing patterns (i.e., they primarily relocate into high poverty neighborhoods).[113] The next section examines more closely different scenarios of how the market is likely to change in the next five to ten years, and how it might respond to CHA relocation efforts.

110 Lenz and Coles (a), 1999. This issue is discussed more fully in Chapter 8 of this report, which maps the location of Section 8 participants in Cook County.
111 Popkin and Cunningham, 1999.
112 Lenz, Thomas J., and James Coles, Housing Trends and the Geography of Race, Poverty and Neighborhood Renewal, 1999 (b).
113 Lenz and Coles (b), 1999.

CHAPTER 7

Future Rental Market Conditions

There are many ways to think about how the regional rental market might look in the future. Typically, a forecasting model is developed based on what we currently know about the market, and what we might assume is likely to occur in the coming years. Key concerns with any forecasting exercise are the assumptions made and how far the projection is going forward in time. Generally speaking, the ability to predict at any level of detail diminishes as the time frame is extended.

To project how the Chicago area regional rental market may change in the future, we developed and employed a forecasting model that uses 1) population projections developed by the Northeastern Illinois Planning Commission (NIPC),[114] 2) historical data on new construction, and 3) historical and current data on vacancy rates and rent levels.[115] The model begins with an estimate of the total number of rental units and vacancy rates in the region, and assumes that a "tight" rental market will trigger the development of additional rental housing, which in turn will lead to a "softening" of the market — increasing vacancies and moderating rent increases — as new stock is added.[116]

The forecasting model was developed using the U.S. Census estimate of the regional vacancy rate for 1998 and a hypothetical amount of new construction.[117] Two basic forecasts out to 2004 and 2009 were generated. However, as the model is pushed beyond 2004, it becomes unreliable. For this reason, forecasts are produced for 2009, but they do not precisely follow the model. Instead, they assume that by 2009, the market will reach its natural vacancy rate. The two cases provide different forecasts for 2004 and converge to the same vacancy rate and number of rental units by 2009. These forecasts make the following assumptions:

1) The tenure rate changes over the next ten years, continuing the recent trend of increasing home-ownership rates.

2) The current vacancy rate (1999) is assumed to be 7.5 percent (down from the 1998 U.S. Census rate of 7.8).

3) The natural vacancy rate is 9.8 percent (as defined by the Census).[118]

4) The current number of units (and the predicted numbers of units) are based on Census measures (and not on the number of units measured by the UIC survey).

5) Growth rates are based on NIPC projections.

The first forecast is based on an equation created to estimate housing supply that might be added in the future based on development trends found in ten major metropolitan areas in the Midwest (including Chicago). This forecast suggests that the total housing stock will increase from 2,977,000 units to 3,174,000 units by 2004, with rental units increasing from 1,166,000 to 1,190,000 in the same time frame. The rental vacancy rate

114 NIPC is a regional planning agency for northeastern Illinois that among other activities prepares population forecasts for the metropolitan area. Comparisons between the estimates generated by the U.S. Census and NIPC's projections show the city of Chicago having fewer people than projected (-5,093), while DuPage County had more (5,549), so it was assumed that the annual population change in Chicago was actually lower than NIPC projected and that these 5,093 people actually appear in DuPage County. Household projections were modified as well. Overall, 81 percent of the projected growth is expected to occur in the five collar counties.

115 See McDonald and McMillen, 1999.

116 By a "tight" market we mean a market with a vacancy rate below the "natural" vacancy rate - the vacancy rate at which supply and demand are in equilibrium and above which there is no incentive to add to the housing stock.

117 In this forecast, the vacancy rate used is 7.8 percent, as measured by the Bureau of the Census. While our method is similar to the Census (i.e. we use as sample from a survey to generate the rate), the approach is different enough that direct comparisons of the two rates cannot be made. A complete description of the Census methodology can be found at http://www.census.gov/hhes/www/housing/hvs/annual98/ann98ind.html.

118 The Census measured a constant 9.8 percent vacancy rate from 1990 to 1995; therefore, this is understood to be the natural vacancy rate.

would increase from 7.8 percent in 1999 to 11.8 percent in 2004, suggesting a softening of the rental housing market in the Chicago region as supply responds to the relatively tight market of the 1990s.

The second forecast is based on the historical record of building permits over the years 1993-98, which averaged 33,000 units (both rental and owner-occupied) per year. In comparison to other Midwestern cities, this data shows that the actual volume of building in metropolitan Chicago over this period falls short by approximately 7,000 units per year when compared to the amount predicted by our estimated supply equation. The actual record for building permits in metropolitan Chicago, compared to the data for other regions in the Midwest, suggests that development barriers described in the previous sections are indeed preventing the market from performing as otherwise might be expected.

Assuming that only 33,000 units will be added each year, the forecast is adjusted downward to 1,178,000 rental units by 2004 and a vacancy rate of 10 percent. This latter forecast suggests a softening of the market as the vacancy rate increases by 2004, but the increase in supply is smaller than in the first scenario.

Both cases predict a regional vacancy rate of 9.8 percent in 2009, as the market responds to changes in demand to reach the “natural” vacancy rate. Both cases of the forecast build in a reduction in the proportion of households who rent from 39.2 percent in 1999 to 37.5 percent in 2004 to 35.8 percent in 2009. In summary, the forecast for 2009 is 3,109,000 households, of which 1,113,000 are renter households, with a total of 1,234,000 rental units in the market.

Policy Simulations

We used the modeling procedure to project how the rental housing market might change in the future based on the Chicago Housing Authority’s proposed plan to demolish family high rise buildings. The model considers the economic impact, as measured by vacancy and rent rate changes, of 6,000 households relocating with Housing Choice Vouchers into the private rental market over five years (an average of 1,200 per year).[119] The model does not consider additional vouchers the CHA may receive or new units they may construct, as they will be brought on line over a several year schedule.

Beginning with the current estimate of rental units in various parts of the region (from the 1999 UIC survey) and the estimated rate of production in our first forecast (according to the hypothetical model for new construction), a base case of projected changes in the rental stock was produced (see Figure 35).[120] Using the estimated vacancy rates from the UIC rental survey, we project the effect of the CHA relocations into the future five and ten years, to 2004 and 2009, using three different scenarios:

Scenario 1 — Based on the assumption that the CHA households relocating with Section 8 certificates will move into the private rental market in the same area of the city where the households currently reside.

119 These forecasts consider the impact of the relocation of 6,000 families from CHA in response to federal legislation (1996 OCRA). The data was provided by CHA’s Management Analysis and Planning Department prior to the completion of the September 30 draft of CHA’s Plan for Transformation, which envisions that 6,150 CHA residents may be relocated with Section 8 over the next five years.

120 Per the CHA’s request, the base case and simulations exclude CHA units, which is approximately 25,000 based on current occupancy rates.

Scenario 2 — Based on the assumption that the relocating households move throughout Cook County following the geographic distribution of households already in the Section 8 program.

Scenario 3 — Based on the assumption that the relocating households move throughout Cook County following the geographic distribution of all vacant rental units.

As these scenarios indicate, the simulations aim to measure changes in vacancy rates and rent level in three regions of Chicago — north, south and west — and three regions of suburban Cook County — north, south and west. This emphasis on Cook County is based on where public housing residents currently reside, historical patterns of where most Section 8 voucher holders reside, and the current location of vacant units.

Figure 35 shows the base case forecast of the number of rental units in 2004 and 2009. The numbers shown for 1999 are those measured by the UIC 1999 survey. This base case is laid out for purposes of comparison with the impact of changes in the CHA. Therefore, the following assumptions are made:

1) The vacancy rate is assumed to remain constant (i.e., new housing units will be constructed to absorb population growth while maintaining the current regional 4.2 percent vacancy rate).

2) The regional breakdown (and breakdown within each subarea) between owner- and renter-households is assumed to remain constant.

3) Growth is based on NIPC projections.

The three scenarios consider impacts to this base case forecast (See Figures 36 and 37).

FIGURE 35

Base case projections of rental housing stock, 1999-2009

	Total Rental Units		
	1999	2004	2009
Chicago Total	577,200	583,400	589,700
North	216,900	219,200	221,600
West	120,900	122,200	123,500
South	239,500	242,100	244,700
Suburban Cook Total	238,600	243,600	249,300
North	99,400	101,200	103,000
West	77,900	79,000	80,200
South	60,900	63,600	66,500
Collar Counties	226,000	248,200	272,500
DuPage	80,500	86,000	91,900
Kane	37,500	41,600	46,100
Lake	52,800	57,800	63,300
McHenry	23,100	26,100	29,600
Will	32,100	36,500	41,400
Regional Total	**1,041,800**	**1,075,200**	**1,111,400**

Source: UIC Center for Urban Real Estate
Note: 25,000 currently occupied CHA units are excluded from the base.

Overall, the relocation of 6,000 CHA households into the private rental market would have the greatest economic impact on the south side of Chicago, which is the current place of residence for most of the 6,000 households (see Figures 36 and 37). If the households follow Scenario 1 and move into the private rental market in the same part of the city where they currently reside, the south side of Chicago will see a 6.1 percent increase in average rents between 1999 and 2009 over and above whatever rent increases would have otherwise occurred. This translates into 2009 rents in that area costing $32 per month more than would be expected.

If the relocating CHA households follow Scenario 2 and move to all areas of Cook County in accordance with the current spatial distribution of Section 8 vouchers, then the economic impact on rents and vacancy levels on the south side is diminished. However, the impact increases in other areas, particularly southern Cook County, where rents would increase 3.5 percent more than they might otherwise from 1999 to 2009. In this scenario, rents on the west side of Chicago would increase by 3.0 percent over their normal increase, and rents in western Cook County would increase by an extra 2.5 percent.

FIGURE 36

Projected change in vacancy rates in Cook County based upon CHA residents entering the private market, 3 scenarios, 1999-2009

	Base case	Scenario 1 (remain in same area)			Scenario 2 (follow Section 8 pattern)			Scenario 3 (follow pattern of vacant units)		
	1999	1999	2004	2009	1999	2004	2009	1999	2004	2009
Cook - North	3.2%	NA	NA	NA	3.1%	3.0%	3.1%	3.1%	2.9%	3.0%
Cook - West	4.4%	NA	NA	NA	4.3%	3.9%	4.2%	4.3%	4.0%	4.2%
Cook - South	4.5%	NA	NA	NA	4.2%	3.7%	4.0%	4.2%	3.5%	3.9%
Chicago - North	2.7%	2.6%	2.3%	2.5%	2.6%	2.5%	2.5%	2.6%	2.3%	2.4%
Chicago - West	5.0%	4.8%	4.4%	4.6%	4.8%	4.4%	4.6%	4.8%	4.2%	4.9%
Chicago - South	6.3%	6.0%	5.1%	5.6%	6.0%	5.4%	5.8%	6.1%	5.7%	5.9%

Source: UIC Center for Urban Real Estate
Note: 25,000 currently occupied CHA units are excluded from the base.

Finally, if the relocating CHA households follow Scenario 3, in which they move according to the distribution of vacant rental units in Cook County, the impact on the south side of Chicago is further diminished (rents would increase only an extra 3.0 percent between 1999 and 2009), and the impact on the vacancy rate and rent levels in southern Cook County is reduced slightly (rents would rise only an extra 3.1 percent). Rents would increase by an extra 3.7 percent on the west side of Chicago and an extra 3.3 percent in west suburban Cook County. Rents would increase by less than two percent on the north side of Chicago and northern Cook County beyond their natural increase without the CHA relocations.

FIGURE 37

Rent increases in Cook County attributable to CHA residents entering the private market, 3 scenarios, 1999-2009

	Scenario 1 (remain in same area)	Scenario 2 (follow Section 8 pattern)	Scenario 3 (follow pattern of vacant units)
Cook - North	NA	+1.2%	+1.5%
Cook - West	NA	+2.5%	+3.3%
Cook - South	NA	+3.5%	+3.1%
Chicago - North	+1.7%	+1.0%	+1.9%
Chicago - West	+3.0%	+3.0%	+3.7%
Chicago - South	+6.1%	+4.5%	+3.0%

Source: UIC Center for Urban Real Estate

As CHA relocatees move beyond the south side of Chicago, where the average 1999 rent was $518 for a two-bedroom unit in a small building (the lowest in the region), they enter higher cost rental markets. The next least costly market is the west side of Chicago with a comparable mean rent of $592. One implication of these rent differentials is that achieving a broader geographic dispersion by relocating families closer to transit, educational and work opportunities may mean additional financial costs either because

Section 8 tenants may spend more of their own money if they choose to use their voucher to reside in an apartment with a rent above FMR, or because the Federal government spends more money to expand opportunity moves by subsidizing exception rents above FMR.

These different modeling exercises assume the market will be able to absorb the number of families CHA estimates are likely to move out of public housing if the stated assumptions hold; however, more specific conditions not included in the policy simulations need to be considered when asking the question "will current CHA public housing tenants with Section 8 vouchers actually be able to locate and lease up units in the coming years?" These policy simulations were designed to predict how the rental market might change in the future, to consider economic impacts as measured by vacancy and rent rate changes. At a minimum, the following conditions also need to be taken into account when responding to this specific question.

First, the estimates here do not take into consideration the extent to which vacant units meet HQS, now or in the future.[121]

Second, these estimates do not specifically match up the unit size with what is required for a given family size.[122]

Third, these estimates do not take into consideration specific accessibility needs of residents moving out.[123]

Finally, another factor that is not built into the model is the likely practices and behaviors of this particular set of potential renters and property owners. As the previous chapter indicates, there have been improvements in the Section 8 program itself and how it is being administered in Chicago. However, if a goal of the Section 8 Housing Choice Voucher program is to provide greater choice related to where assisted tenants might relocate, then as the research suggests, additional resources, program changes and time will be needed to change these behaviors and practices through counseling and supportive services for families, and the use of exception rents.[124]

121 The findings from the condition survey suggests that 72 percent of the housing stock in Chicago and 93 percent in suburban Cook County is in "good condition." (See footnote 53 on page 22 and Miller, 1999). The number of vacant units from which CHA tenants can select is likely to be less than the total inventory of vacant units available at any given time.

122 This is based on the fact that units with three or more bedrooms comprise a smaller proportion of the rental stock than do one and two bedroom units. Larger units do, however, have higher vacancy rates than small units.

123 The condition survey suggests that at most about 16 percent of units in Chicago and 7 percent of units in suburban Cook County may be wheelchair accessible. As with the unit size, there is no assurance as to how many accessible units will be available when families are looking for housing at a particular time.

124 Contracts are underway with nonprofit organizations to provide tenant counseling and follow-up support to CHA relocatees. The CHA Plan for Transformation indicates continued commitment to tenant counseling.

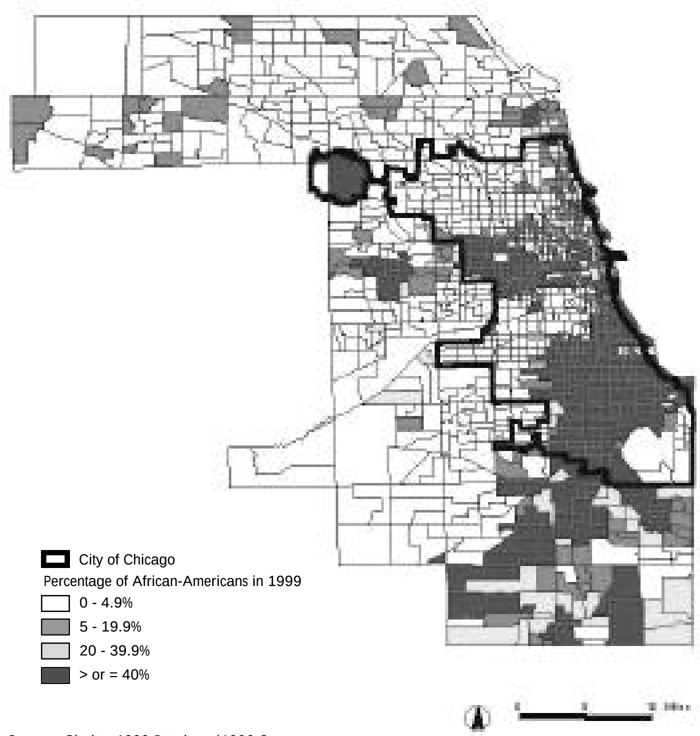
Housing Trends, Race, Poverty and Neighborhood Revitalization

While the previous chapter discusses the economic implications of households living in the lowest-cost versus higher-cost rental markets in the Chicago region, this section addresses other issues related to where a household locates. This section focuses primarily on Cook County because it has the greatest share of the region's rental housing, the majority of the area's minority population, and the biggest concentrations of poverty. In addition, the city of Chicago is home to several formerly deteriorated neighborhoods that are now experiencing revitalization. Finally, the overwhelming majority of CHA tenants who receive housing vouchers are expected to move within Cook County.[125]

The housing market in northeastern Illinois is characterized by extreme racial segregation and concentrations of poverty. African Americans continue to live apart from whites and other races in a pattern that has been called "hypersegregation."[126] Despite the movement of African Americans into some majority white neighborhoods, the overall distribution of African Americans has changed little since 1990.[127] Map 2 shows the current distribution of African Americans in Cook County. In fact, the resegregation of white communities into African American ones continues on the city's south side and in the southern suburbs. The Latino population is growing regionwide and has become concentrated in some parts of Chicago. But in general, the rates of concentration for Latinos are much lower and the access to majority white areas is much greater than for African Americans.

MAP 2

Percentage of Residents that are African-American, 1999
By Census Tract, Cook County



Sources: Claritas 1999 Database/1990 Census

The Chicago region is also characterized by extreme concentrations of poverty.[128] In 1990, 12 Chicago community areas had poverty rates of 40 percent or more;

125 Additional perspectives on regional revitalization and issues of economic equity can be found in Preparing Metropolitan Chicago for the Twenty-first Century published by Chicago Metropolis 2020 and Making the Case for Regional Cooperation published by the Metropolitan Planning Council.

126 Hypersegregated refers to the fact that the city ranks very high along several indicators of segregation. See Massey and Denton, American Apartheid, 1993 for more discussion of the indicators as they relate to policy issues, and U.S. Census for more detail on the calculations and limitations of segregation indexes.

127 According to Massey and Denton, segregation in the Chicago region decreased by just 6.6 percent from 1970 to 1990.

128 According to the U.S. Census Bureau, in 1998 a family of two adults and two children with an income of less than $16,500 is living in poverty.

another seven had rates exceeding 30 percent.[129] Map 3 shows the estimated percentages of households below poverty in 1999. Comparing this data with 1990 data suggests that poverty rates may be increasing in Austin, Rogers Park and South Shore, as well as in a number of inner-ring suburbs.

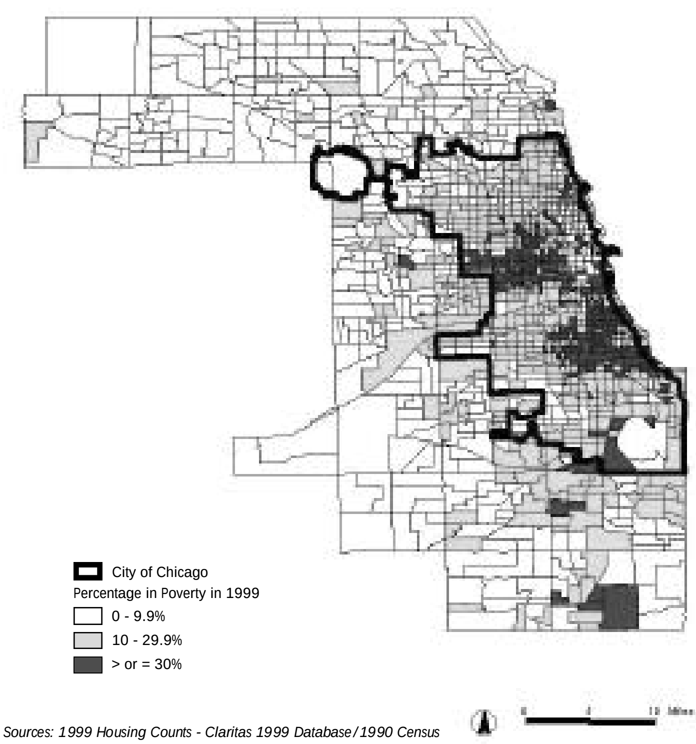
That Chicago is in the midst of a construction boom is beyond dispute. Whether this real estate activity is leading to "revitalized" neighborhoods is more difficult to determine. However, recent data suggests that four areas of Chicago are indeed undergoing significant demographic and physical changes:[130]

- North lakefront communities, particularly Edgewater, Uptown, and Rogers Park;
- Northwest neighborhoods, such as West Town, Humboldt Park and Logan Square;
- The areas immediately south and west of the Loop, including east Pilsen; and
- South side neighborhoods adjacent to Hyde Park (north Kenwood and Woodlawn) and south of McCormick Place (Grand Boulevard).

Beyond these dozen revitalizing neighborhoods, other communities continue to struggle. Absent from the above list of neighborhoods on the upswing are Austin, South Shore and Lawndale. While these communities have received significant infusions of public and private investment, they continue to be dogged by concentrated poverty, softer real estate markets, and pockets of decay.[131]

MAP 3

Percentage of Households Below Poverty Level, 1999
By Census Tract, Cook County



Sources: 1999 Housing Counts - Claritas 1999 Database/1990 Census

A similar story can be told in suburban Cook County. While many "hot" suburbs in the north, west, and northwest sections of the County continue to attract residents and remake their downtowns, many of the suburbs in the south of Cook County are experiencing weak real estate markets and increasing poverty levels.[132]

Over the next five to ten years, what forces will shape these communities? The tight rental market described earlier in this report puts pressure on low-income renters and will particularly affect those living in revitalizing neighborhoods, as they may see rents increase. Increased competition in these areas can also lead to displacement as units are converted or as rents rise.[133] Another factor may be the CHA's plans to provide options to families living in CHA high-rises to move into the private market with Section 8 rental vouchers. These families are likely to compete with the current renters for low-cost units, and this competition could drive up rents further. Other concerns noted by key informants

129 See Rebecca London and Deborah Puntenney, "A Profile of Chicago's Poverty and Related Conditions." Center for Urban Affairs and Policy Research, Northwestern University, 1993.

130 Based upon review of reinvestment data, public sector investment plans, and interviews with 15 key informants active in neighborhood revitalization efforts. See Cole and Lenz (b), 1999.

131 See AREA Building Conditions Survey data as mapped by CHA.

132 It was beyond the scope of this research to examine revitalization trends in the collar counties.

133 While not a direct indicator of displacement, there is some evidence of increased problems between tenants and landlords in areas that are revitalizing based on the 60% increase in calls about landlord retaliation to the Metropolitan Tenants Organization's hotline since 1996. Most of these calls were in lakefront neighborhoods undergoing redevelopment.

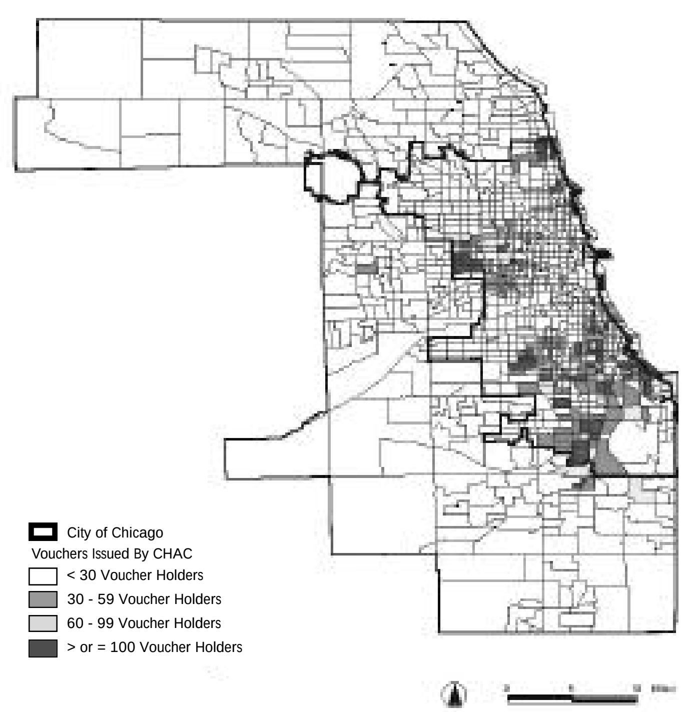
include the fears that CHA relocatees may bring problems with them, such as drug and gang involvements.

Where will the families relocating from the CHA move? Research suggests that the best predictor of where new Section 8 tenants will move is where past Section 8 tenants have moved. As Maps 4 and 5 show, 75 percent of Cook County's Section 8 households live in just 34 neighborhoods and towns.[134] Discrimination based on race, family size, and income source as well as tenant search strategies[135] have tended to cluster Section 8 families into relatively few areas of the region.

Focus group research with CHA residents living in developments slated for demolition indicated that residents are likely to seek landlords who advertise that they accept Section 8 vouchers. When asked about their interest in moving to opportunity neighborhoods, many focus groups participants expressed fear and hesitation about moving to unfamiliar areas. If relocating CHA families follow these patterns, Chicago's south and west sides, together with the suburbs of southern Cook County, could be the new homes of the CHA families. In this case, many CHA households are likely to locate in the vulnerable neighborhoods described above: communities with large stocks of apartment buildings and neighborhoods with weak for-sale housing markets. As the economic forecasts show, one outcome would be short term tightening of the rental markets in those neighborhoods. This could also further existing patterns of poverty concentration and racial segregation in the region. While it may only negatively impact a handful of currently revitalizing neighborhoods (notably Rogers Park, Woodlawn, and Grand Boulevard), it could fuel beliefs by some that using Section 8 to move people out of public housing will negatively influence parts of Chicago and Cook County.

MAP 4

Vouchers Administered by CHAC, 1999
By Census Tract, Cook County



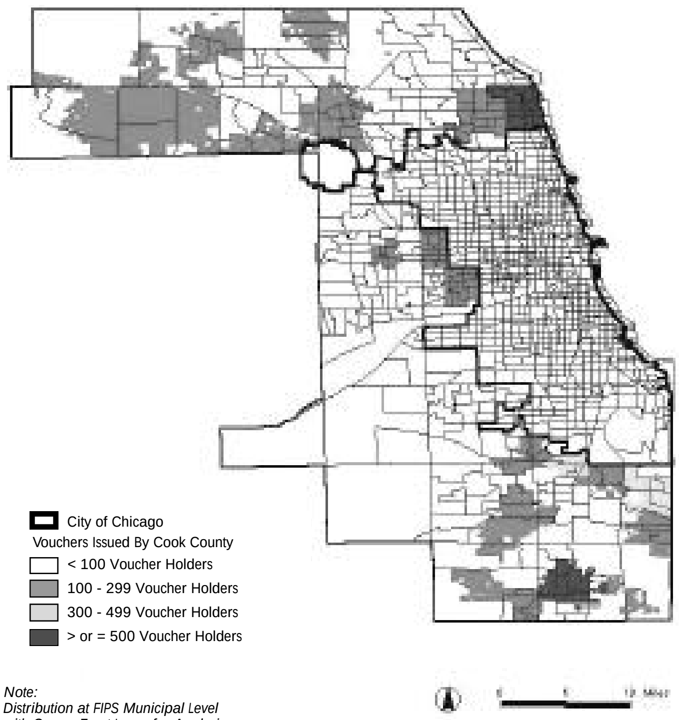
Sources: Claritas 1999 Database/1990 Census

The alternative to this scenario would be a distribution of the relocating families more broadly across the region. Additional tenant counseling and support systems, greater incentives for property owners to participate in the

134 This is out of 77 community areas in Chicago and 129 municipalities in suburban Cook County.
135 See Popkin and Cunningham, 1999.

MAP 5

Vouchers Administered by Cook County Housing Authorities, 1999
By Municipalities, Cook County



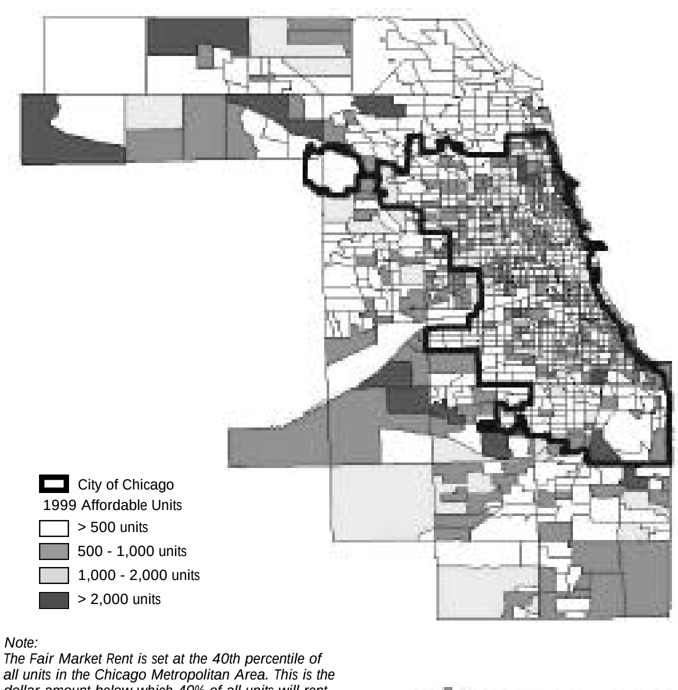
Note:
Distribution at FIPS Municipal Level with Census Tract Layer for Analysis

Section 8 program, and increased fair housing enforcement could help CHA residents access a greater variety of apartments and neighborhoods.[136]

If the relocating CHA residents and other demand groups discussed in this report have access to the full range of affordable rental housing units distributed throughout the region, further concentrations of poverty could be avoided and these families could gain access to areas with better schools and employment prospects. Map 6 shows what this scenario might look like in Cook County, and illustrates the range of affordable rental housing options that exists in the Chicago region.

MAP 6

Estimated Number of Affordable Units, 1999
Fair Market Rent Units by Census Tract, Cook County



Note:
The Fair Market Rent is set at the 40th percentile of all units in the Chicago Metropolitan Area. This is the dollar amount below which 40% of all units will rent.

Sources: 1999 Housing Counts, Claritas 1999 Proportion of FMR units
1999 Census (Proportion with Gross Rent < $400)

136 Contracts are underway with nonprofit organizations to provide tenant counseling and follow-up support to CHA relocatees. The CHA Plan for Transformation indicates continued commitment to tenant counseling.

Conclusion

The Chicago Regional Rental Market Analysis has a number of sobering findings. The rental inventory is shrinking, rent increases are exceeding the consumer price index, and the overall market, as measured by the 4.2 percent vacancy rate, is tight. Demand for affordable rental housing is great in both the city and the suburbs, among both the general population and groups like the homeless and those leaving welfare. The region is characterized by high levels of racial segregation and poverty concentration that in turn influence the attitudes, practices and choices of property developers, managers, and tenants.

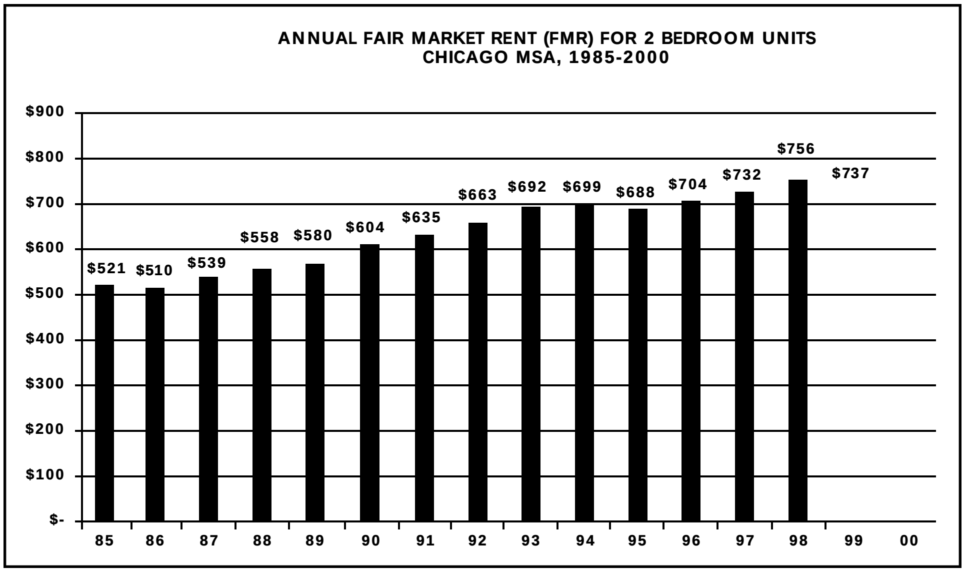
Yet the report includes good news. Rising rents are allowing many landlords to make needed improvements in their buildings. Significant revitalization is underway in a dozen Chicago neighborhoods that a few years ago were written off by the private sector. Though it still faces significant challenges, the administration of the Chicago Section 8 program has improved.

Even more encouraging, as this research has been undertaken, a broad and diverse set of civic institutions and leaders have begun to speak about the regional nature of the Chicago area's housing problems. From the business executives involved in Metropolis 2020 and the Metropolitan Planning Council to the Cardinal Archbishop of Chicago, meeting the region's housing needs is becoming a priority for area civic leaders. This increased activism is matched on the local level as tenants, housing advocates and community developers weigh in with proposals to meet the housing crisis. We hope this report can assist those leaders as they undertake change and improvement in the region's rental housing market.

Appendix A: Other Figures

FIGURE A-1

Fair Market Rent levels for 2-bedroom units in the Chicago region, 1985-2000



Source: HUD, 1999

Does not include "exception rents" granted in the region (see Figure A-2).

FIGURE A-2

Approved exception rents for communities in the Chicago region, 1999

	Studio	One Bedroom	Two Bedrooms	Three Bedrooms	Four Bedrooms
Chicago Community Area					
West Ridge	$ 580	$ 696	$ 828	$ 1,036	$ 1,159
HydePark	$ 551	$ 662	$ 788	$ 986	$ 1,103
Montclaire	$ 539	$ 647	$ 770	$ 964	$ 1,078
Dunning	$ 567	$ 681	$ 811	$ 1,015	$ 1,135
North Park	$ 541	$ 649	$ 773	$ 967	$ 1,082
Forest Glen	$ 610	$ 743	$ 884	$ 1,106	$ 1,237
O'Hare	$ 619	$ 743	$ 884	$ 1,106	$ 1,237
Jefferson Park	$ 571	$ 685	$ 816	$ 1,021	$ 1,142
Lakeview	$ 619	$ 743	$ 884	$ 1,106	$ 1,237
Lincoln Park	$ 619	$ 743	$ 884	$ 1,106	$ 1,237
Near North	$ 619	$ 743	$ 884	$ 1,106	$ 1,237
Edison Park	$ 619	$ 743	$ 884	$ 1,106	$ 1,237
Norwood Park	$ 611	$ 733	$ 873	$ 1,092	$ 1,222
Beverly	$ 543	$ 652	$ 776	$ 971	$ 1,086
Mt. Greenwood	$ 559	$ 671	$ 799	$ 1,000	$ 1,118
Locations Outside of Chicago					
North Cook County	$ 618	$ 743	$ 884	$ 1,106	$ 1,237
Village of Oak Park		$ 820	$ 1,028	$ 1,148	
DuPage County		$ 805	$ 1,097	$ 1,229	
Lake County					
Minus 6 towns	$ 618	$ 743	$ 884	$ 1,106	$ 1,237
McHenry County					
Algonquin	$ 565	$ 678	$ 908	$ 1,010	$ 1,131
Crystal Lake	$ 634	$ 761	$ 907	$ 1,133	$ 1,269
Cary	$ 534	$ 761	$ 808	$ 1,133	$ 1,131
McHenry	$ 556	$ 667	$ 795	$ 993	$ 1,113
FMR	**$ 516**	**$ 619**	**$ 737**	**$ 922**	**$1,031**

Source: CHAC, Inc. and 1998, HUD Office of Policy Development and Research, 4/99
Note: 2000 exception rents are not determined at this time.

FIGURE A-3

Median rents by unit size for Chicago region, 1987, 1991, 1995

Year	*Studio*	*One Bedroom*	*Two Bedrooms*	*Three Bedrooms*	*Four or More Bedrooms*
1987	$295	$410	$459	$460	$516
1991	$384	$479	$538	$535	$636
1995	$481	$531	$621	$637	$837

Source: American Housing Survey

FIGURE A-4

Public Housing units by location, 1999

Housing Authority	*Total Units*	*Percent Vacant*	*Total Occupied Units*	*Vacant Units*	*Average Tenant Monthly Payment*
Chicago Housing Authority (1)	38,717	35.6%	24,948	13,769(3)	$182
Cook County Housing Authority (2)	2,242	1.0%	2,219	90	$211
Joliet Housing Authority (2)	1,275	7.0%	1,185	23	$194
Waukegan Housing Authority (2)	489	9.2%	444	45	$185
Lake County Housing Authority (2)	767	1.8%	753	14	$256
Aurora Housing Authority (2)	853	9.5%	772	81	$205
Elgin Housing Authority (2)	263	3.9%	253	10	$202
North Chicago Housing Authority (2)	189	8.1%	174	15	$217
McHenry County Housing Authority (2)	26	0.0%	26	0	$208
Total	**44,821**	**31.3%**	**30,774**	**14,047**	
Total Without CHA	**6,104**	**5.0%**	**5,826**	**278**	

(1) CHA Plan for Transformation, September 1999.

(2) Multifamily Tenant Characteristics System, HUD, September 1999, plus estimates of vacancy rates in scattered site units the 1998 Picture of Subsidized Households, HUD.

(3) Under the proposed plan, many of unoccupied units will be demolished, and are therefore not considered to be part of the useable stock at this time.

FIGURE A-5

Subsidized, non-Public Housing units by location, 1998 (1)

Location	*Total Units (2)*	*Vacancy Rate*	*Vacant Units*	*Occupied Units*
Cook County - North	2,750	2.2%	61	2,689
Cook County - South	1,763	2.5%	44	1,719
Cook County - West	700	1.9%	13	687
Chicago - North	13,001	1.0%	330	12,671
Chicago - South	20,508	2.6%	539	19,969
Chicago - West	7,789	2.2%	170	7,619
DuPage County	2,649	1.0%	74	2,575
Kane County	2,611	3.5%	92	2,519
Lake County	3,531	2.4%	85	3,446
McHenry County	646	2.6%	17	629
Will County	1,339	2.5%	34	1,305
Total	**57,287**	**2.6%**	**1,459**	**55,828**

(1) From the 1998 Picture of Subsidized Households, HUD. Includes Section 8, Section 202/811, Section 221 and 223, and Low-Income Housing Tax credit sites.

(2) Being identified as subsidized housing does not mean that all units are "assisted" in these developments. Also, the level of housing assistance provided for those units that are subsidized varies with each site, program and residents' income.

FIGURE A-6

Condominium conversions in Chicago, Cook and DuPage Counties, 1993-98

Location	*Buildings*	*Units*
Chicago - North	40	7,588
Chicago - West	3	99
Chicago - South	3	828
Cook County - North	29	4,116
Cook County - West	2	140
Cook County - South	5	429
DuPage County	7	1,760
Total	**89**	**14,960**

Source: Tracy Cross and Associates, 1999. Based on conversion projects that are generally high visibility and/or larger in scale (50 units or larger), and therefore may not contain data on every property that has been converted during this period.

FIGURE A-7

Building permits for single-family and multifamily units (for-sale and rental) by county, 1995-1999

	Total Number of Bldgs	*Total Number of Units*	*Single Family Bldgs*	*Single Family Units*	*Multi-Family Bldgs*	*Multi-Family Units*	*Percent of Total for the Year*
1999 (1)							
Cook County Totals	2,174	3,961	1,956	1,956	218	2,005	58.9%
DuPage County Totals	1,555	1,911	1,531	1,531	24	380	11.2%
Kane County Totals	1,542	2,080	1,461	1,461	81	619	18.2%
Lake County Totals	1,414	1,533	1,395	1,395	19	138	4.1%
McHenry County Totals	1,118	1,183	1,081	1,081	37	102	3.0%
Will County Totals	2,553	2,690	2,529	2,529	24	161	4.7%
Totals	**10,356**	**13,358**	**9,953**	**9,953**	**403**	**3,405**	
Percent				**74.5%**		**25.5%**	
1998							
Cook County Totals	5,561	9,281	4,976	4,976	585	4,305	53.6%
DuPage County Totals	3,950	5,302	3,845	3,845	105	1,457	18.2%
Kane County Totals	3,741	4,431	3,630	3,630	111	801	10.0%
Lake County Totals	3,559	4,046	3,457	3,457	102	589	7.3%
McHenry County Totals	2,554	2,861	2,483	2,483	71	378	4.7%
Will County Totals	5,890	6,306	5,810	5,810	80	496	6.2%
Totals	**25,255**	**32,227**	**24,201**	**24,201**	**1,054**	**8,026**	
Percent				**75.1%**		**24.9%**	
1997							
Cook County Totals	5,176	9,429	4,519	4,519	657	4,910	58.1%
DuPage County Totals	3,713	4,366	3,641	3,641	72	725	8.6%
Kane County Totals	3,408	4,379	3,233	3,233	175	1,146	13.6%
Lake County Totals	3,763	4,331	3,663	3,663	100	668	7.9%
McHenry County Totals	1,881	2,194	1,798	1,798	83	396	4.7%
Will County Totals	4,738	5,252	4,652	4,652	86	600	7.1%
Totals	**22,679**	**29,951**	**21,506**	**21,506**	**1,173**	**8,445**	
Percent				**71.8%**		**28.2%**	
1996							
Cook County Totals	5,944	9,556	5,196	5,196	748	4,360	48.2%
DuPage County Totals	4,150	5,580	3,993	3,993	157	1,587	17.5%
Kane County Totals	3,499	4,714	3,273	3,273	226	1,441	15.9%
Lake County Totals	3,759	4,618	3,670	3,670	89	948	10.5%
McHenry County Totals	2,394	2,700	2,331	2,331	63	369	4.1%
Will County Totals	5,177	5,445	5,098	5,098	79	347	3.8%
Totals	**24,923**	**32,613**	**23,561**	**23,561**	**1,362**	**9,052**	
Percent				**72.2%**		**27.8%**	
1995							
Cook County Totals	5,385	8,862	4,605	4,605	780	4,257	57.4%
DuPage County Totals	3,996	5,007	3,905	3,905	91	1,102	14.9%
Kane County Totals	3,457	3,705	3,389	3,389	68	316	4.3%
Lake County Totals	4,412	5,348	4,268	4,268	144	1,080	14.6%
McHenry County Totals	2,923	3,249	2,854	2,854	69	395	5.3%
Will County Totals	4,395	4,586	4,323	4,323	72	263	3.5%
Totals	**24,568**	**30,757**	**23,344**	**23,344**	**1,224**	**7,413**	
Percent				**75.9%**		**24.1%**	

Source: Northeastern Illinois Planning Commission (1) Through June

FIGURE A-8

Employment trends by county, 1990-1998

	1990	*1991*	*1992*	*1993*	*1994*	*1995*	*1996*	*1997*	*1998*
Cook (1)	2,474,360	2,420,778	2,433,206	2,420,188	2,446,122	2,473,674	2,475,452	2,490,228	2,519,814
Chicago	1,234,730	1,200,463	1,199,665	1,184,427	1,188,497	1,212,096	1,208,507	1,215,720	1,230,164
DuPage	445,533	443,255	451,311	456,470	469,928	482,640	489,836	499,609	505,545
Kane	166,016	165,516	169,395	172,162	177,902	186,826	193,107	200,175	202,553
Lake	266,087	264,928	270,069	273,024	281,567	291,634	299,810	308,129	311,790
McHenry	99,149	100,663	104,522	108,184	113,766	120,183	124,179	128,367	129,892
Will	178,266	177,822	181,871	186,278	194,468	204,946	214,114	223,218	225,870
Total	**3,631,401**	**3,574,953**	**3,612,366**	**3,618,299**	**3,685,747**	**3,761,898**	**3,798,494**	**3,851,723**	**3,897,462**

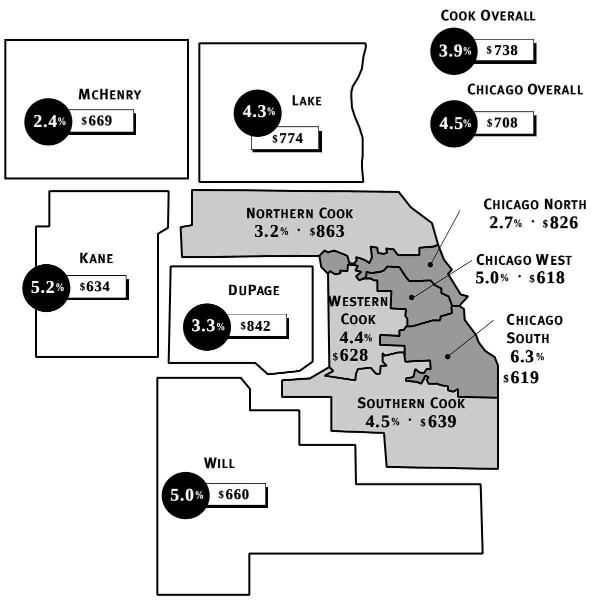
Source: LMI, Illinois Department of Employment Securities, 1999 (1) Includes city of Chicago

Appendix B: Other Maps

MAP B-1

AVERAGE VACANCY RATES AND RENTS, 1999

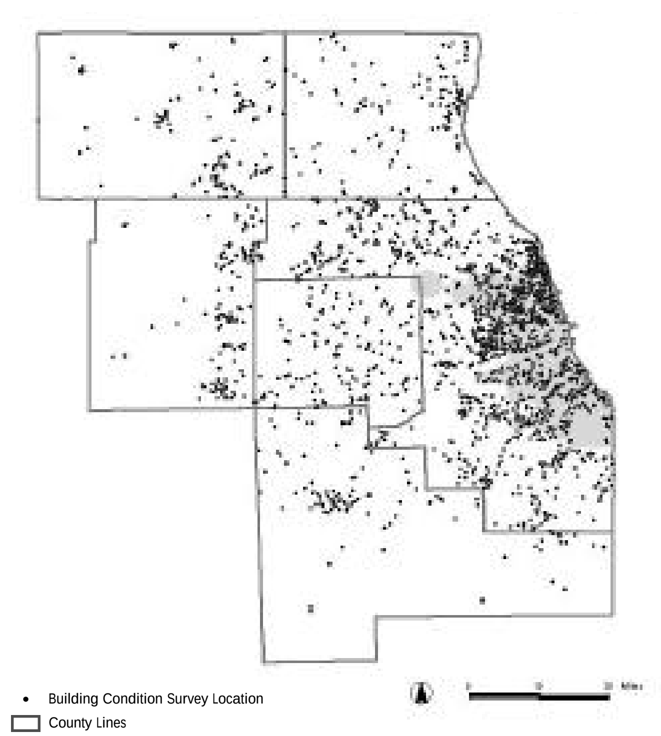
*Regional Average Vacancy is 4.2%. Regional Average Rent is $723**



Cook refers to all Cook County excluding Chicago
**These rents are an average of all bedroom sizes.*

MAP B-2

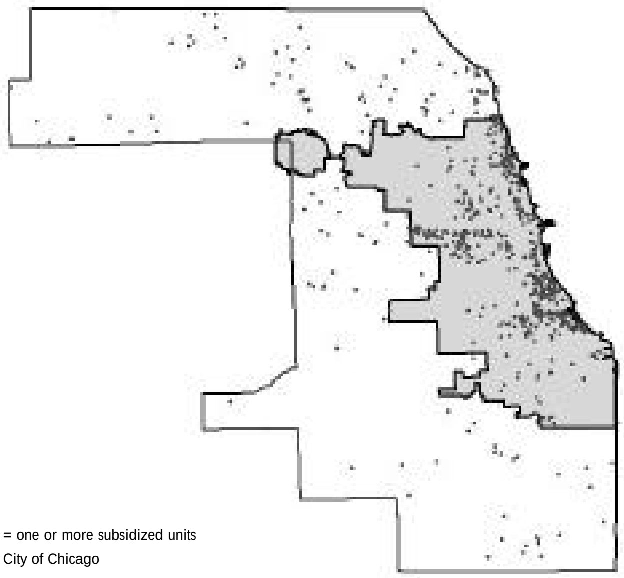
Building Condition Survey Locations
Chicago Metropolitan Region



MAP B-3

Publicly Subsidized Housing, 1999

Building Locations, Cook County



• = one or more subsidized units

City of Chicago

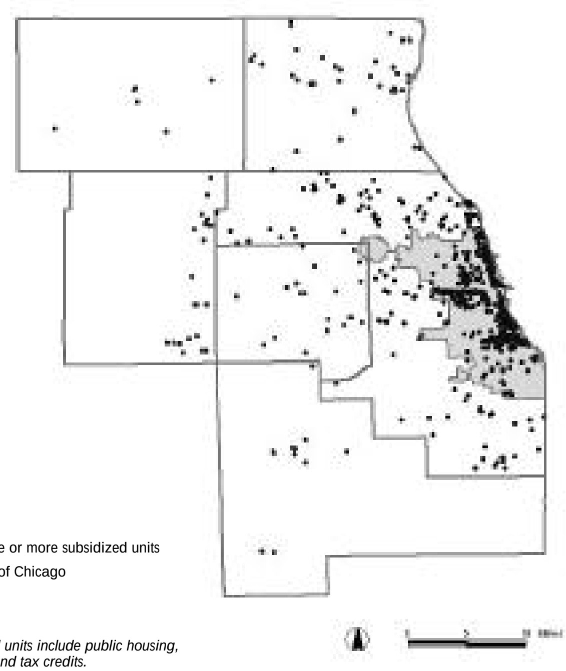
Note:
Subsidized units include public housing, subsidies and tax credits.

Sources: US Department of Housing and Urban Development, Chicago Housing Authority, Illinois Housing Development Authority, Chicago Department of Housing, and Various Suburban Chicago Housing Authorities

MAP B-4

Publicly Subsidized Housing, 1999

Building Locations, 6-county Region



• = one or more subsidized units

City of Chicago

Note:
Subsidized units include public housing, subsidies and tax credits.

Sources: US Department of Housing and Urban Development, Chicago Housing Authority, Illinois Housing Development Authority, Chicago Department of Housing, and Various Suburban Chicago Housing Authorities

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