

# Affordable Housing Conditions and Outlook in Chicago

*An Early Warning for Intervention*



**UIC**  
UNIVERSITY OF ILLINOIS  
AT CHICAGO

Nathalie P. Voorhees  
Center for Neighborhood  
and Community Improvement  
COLLEGE OF URBAN PLANNING & PUBLIC AFFAIRS

# Affordable Housing Conditions and Outlook in Chicago

## *An Early Warning for Intervention*

### Acknowledgements

Research for this project was undertaken by the **Nathalie P. Voorhees Center for Neighborhood and Community Improvement** (Voorhees Center) at the University of Illinois at Chicago. The Voorhees Center is an applied research and technical assistance center within the UIC College of Urban Planning and Public Affairs. In its 28 years of engagement promoting equitable development in the Chicago region the Center has produced over 250 reports addressing community development and affordable housing issues.

The study was conducted with the active participation and close collaboration of three housing organizations in Chicago: Chicago Rehab Network (CRN), Housing Action Illinois and Latinos United.

The **Chicago Rehab Network** is a citywide coalition of community-based development organizations that builds the capacity of community developers through training and technical assistance, conducts research to measure needs and clarify challenges to affordable housing development, and advocates for sound housing policy on the city, state and federal level.

**Housing Action Illinois** is a statewide coalition of community-based groups working to increase and preserve the supply of decent, affordable, accessible housing in Illinois and working to ensure that all Illinois residents, including people with the lowest incomes, have a voice in housing policy and community development.

**Latinos United** is an organization that advocates for equitable participation and access for Latinos in the Chicago metropolitan region by effecting change in public and private policies and practices. Its mission is accomplished through the Latino Action Research Network, a broad-based collaboration through which research on Latino issues is linked with grassroots advocacy.

### Project Managers

UIC Nathalie P. Voorhees Center  
Yittayih Zelalem  
Janet Smith  
Martha Glas

### Project Authors

UIC Nathalie P. Voorhees Center  
Yittayih Zelalem  
Janet Smith  
Martha Glas  
Nancy Hudspeth

### Project Assistance

UIC Nathalie P. Voorhees Center  
Kate Nicholson  
Esteleta Cameron

Chicago Rehab Network  
Kevin Jackson  
Rachel Johnston  
Kristin Ostberg

Housing Action Illinois  
Tammie Grossman  
Sam Finkelstein

Latinos United  
Juanita Irizarry  
Maribel Louie

Layout and Design  
Michael Krzewicki

# table of contents

1	<b>EXECUTIVE SUMMARY</b>
4	<b>INTRODUCTION</b>
7	<b>I. REGIONAL CONTEXT AND OVERVIEW</b>
5	Current Population Estimates & Trends for the Region
8	Trends in Chicago
14	<b>II. CITY OF CHICAGO</b>
14	All Households
15	Small (1–3P) and Large (4–8P) Households
17	<i>Small Household Housing Mismatch</i>
20	<i>Trend Analysis for Small Households</i>
21	<i>Large Households Housing Mismatch</i>
24	<i>Trend Analysis for Large Households</i>
26	2010 Outlook
30	<b>III. CHICAGO SUBMARKETS</b>
32	Type 1: Gentrifying
34	Type 2: Early to Mid Stage Gentrification
36	Type 3: Gentrification Pressured
38	Type 4: Crowded
40	Type 5: Accessible
42	Type 6: Mixed Income and Mixed Tenure
44	Type 7: Stable Homeowning
46	<b>CONCLUSION AND RECOMMENDATIONS</b>
48	<b>APPENDIX: METHODOLOGY</b>

The Chicago region as a whole experienced a significant increase in population between 1990 and 2000 and the trend continued at an accelerated rate through 2004 in most counties. Simultaneously, the poverty rate increased in all counties between 2000 and 2004. The poverty rate in Cook County is the highest in the region at 14.6% although higher increases were recorded in other counties between 2000 and 2004 with the increase in Will County the most notable at 83%. The number of housing units added to the stock also increased in all counties since 1990 although the increase did not keep pace with the increase in population. In addition, the units added to the stock, in the most part, are not targeted to address the increasing needs of low-income people. As a result, the housing stress for low-income households, particularly those with the least income and with larger families, is becoming more and more acute, further exacerbating the housing cost burden and overcrowding.

In Chicago, the affordable housing stress is even more pronounced with increasing demand on the one hand and declining supply on the other. There is little production of housing affordable to very low-income households, particularly those that earn below 30% of Area Median Income (AMI). While federal resources targeting low-income populations have been steadily declining, the limited resources that are available continue to be diverted to support the development of mixed-income communities on former public housing sites. In addition to the very limited production of housing for very low-income households, the problem continues to worsen because of the loss of existing affordable housing stock due to expiring Section 8 and tax credit units, public housing demolition, conversion of affordable rental units to market rate condos, etc. As a result homelessness is on the rise.

In light of these conditions, this study entitled *"Affordable Housing Conditions and Outlook in Chicago: An Early Warning for Intervention"* was launched by the UIC Voorhees Center and its partners (Chicago Rehab Network, Housing Action Illinois and Latinos United) in order to gain a more precise understanding of the mismatch between the demand and supply of housing in general, and affordable housing in particular. The project has two general goals: the first is to categorize all households by income group and size and match them with units appropriate to their size and income, and the second is to assess what the demand and supply mismatch may be by 2010 in light of current trends.

Public Use Microdata Sample (PUMS) data was used to do a detailed analysis by household size with households grouped as small (1–3 person households) and large (4–8 person households). A typology categorizing areas of the city with similar characteristics into seven submarkets was also developed to allow for more understanding and insight into conditions and possible strategies for each submarket.

**Major findings:** this short report summarizes the components of the study (the full report of the study is available on the Voorhees Center website); and the following is a brief synopsis of the *major findings* contained in the report.

1. Out of a total of 1,046,729 households in Chicago, 307,185 or nearly 30% are housing cost burdened; the following highlight the magnitude of the housing cost burden borne by low-income households:

a) Over 72% or 181,030 extremely low-income households earning below 30% of AMI are housing cost burdened:

- While there are 185,711 small (1–3 persons) households in this income category, the number of households appropriately housed (in units fit for their household size and paying no more than 30% of their income) is only 53,615. The vast majority of households in this category, or 132,096, are cost burdened as they are forced to occupy housing that is beyond their means and end up paying more than 30% of their income.

These households are in this predicament because there is a shortage of 84,252 units suitable (affordable to them and fit for their household size) to them and another 47,844 units within the range of these households are taken up by higher income groups who compete with them for these scarce units.

- Similarly, 45,934 (76%) out of 60,411 large (4–8 persons) households in this income category pay more than 30% of their income and are housing cost burdened. Although there are adequate units within the range for this group (fit for their household size and affordable to them), these households still end up having to look for housing beyond their means because units within their range are taken up by households in other income/size categories.

b) Likewise, 78,345 or 51% of households earning 31–50% of AMI are also housing cost burdened

Over half of all households (both small and large) in this income range are housing cost burdened in spite of the fact that there are more housing units within the range of this income group because many of these housing units are taken up by other household categories.

c) This is also the case for the 51–80% of AMI income group where 28% or 50,810 of households are cost burdened.

Over a quarter of all households (both small and large) in this income range are housing cost burdened in spite of the fact that there are more housing units within the range of this income group because, again, many of these housing units are taken up by other household categories.

2. The reverse is the case for moderate (81–120% of AMI) and higher income (over 120% of AMI) households (both large and small) many of whom pay under 30% for housing. Although there is a shortage of units within the strict range of these income groups, all units in lower income categories are accessible to them as a result of which many in these income categories compete with lower income groups.

a) Out of 229,510 moderate-income households at 81–120% of AMI over 40,000 or 17.4% spend less than 30% of their income for housing

Thirty five thousand (35,000) or 21% of small and 5,400 or 8.4% of large moderate-income households compete with lower income categories to secure their housing and end up paying less than 30%.

b) Out of 237,717 higher income households at over 120% of AMI, 139,956 or 59% spend less than 30% of their income for housing

One hundred twenty six (126,966) or 67% of small and 12,990 or 26% of large higher income households (over 120% of AMI) compete with lower income households to secure their housing and pay less than 30%.

3. Unbalanced development and population trends:

The submarket analysis in this report demonstrates geographically unbalanced development and population trends in the city. The city center and north shore area is increasingly becoming home to small upper income households at the expense of small and large low-income families. Communities surrounding the center are likely to see similar conditions in the years to come as public housing in these areas is “transformed” and Section 8 and tax credit developments expire. Periphery communities, on the other hand, are experiencing increases in low-income households who are forced to move out of gentrifying areas. Communities of the north and far southwest with traditionally high rates of homeownership are increasingly losing higher income households and gaining low-income households, despite having little rental housing stock or affordable single family homes. Additionally, communities of the far south and southwest have lost both moderate and higher income households and experienced the second highest increase in low-income households. Because they have relatively larger affordable housing stock, these communities become the natural path of least resistance to households with limited housing options.

4. Increasing overcrowding:

Likewise, the section on submarkets documents increasing overcrowding in all areas of the city between 1990 and 2000. Some traditional homeownership areas of the city that witnessed significant increases in the Latino population experienced increases in overcrowding by as much as 121%, a further indication of the lack of affordable housing—both rental and for-sale.

5. Outlook—Trends suggest that the housing stress for low-income households is likely to get worse:

- Small low-income households increased over the last decade by 11,970 while rental housing affordable to their price range declined. Similarly, small households earning >80% AMI also increased more than double that of small low-income households by a total of 26,189 while units matching their price range also declined. This trend is projected to continue in the coming years and is likely to increase competition for lower income affordable units in the years to come. Likewise, large low-income households increased by 10,978 and rental units affordable to them only increased by a mere 2,170 units; trends point to likely increases in the gap between large low-income households and the number of affordable and suitable rental units available to them.
- Overall, low-income households will continue to grow at a much faster rate than the development of affordable and suitable housing. The projected shortage in rental options is a serious concern because few low-income households can afford to buy a house in the city. The gap between demand and supply of rental housing is likely to widen further with the potential loss of existing units because of expiring contracts, condo conversion, public housing transformation, etc.

The findings in this report demonstrate the current and projected mismatch between demand and supply of affordable and suitable housing for low-income households, particularly those earning below 30% of AMI. These findings should be cause for concern. We hope that the issues raised here will spark interest and generate dialogue among all stakeholders so that proactive steps may be taken to avert or mitigate an impending crisis that will affect not only those directly impacted but society as a whole.

The Chicago Affordable Housing Fact Book documents that more than a million families in Illinois experience some form of housing stress: close to half a million families pay more than 35% of their income for rent while over a quarter of a million pay more than 50%. Nearly 400,000 homeowners pay more than 35% of their income while nearly a quarter of a million are living in overcrowded conditions.<sup>1</sup>

The housing stress for low-income households is even more pronounced in Chicago: increasing numbers of low-income renters, including families with children, have been priced out of many city neighborhoods—or displaced due to condo conversions. New housing units that are being built in the city’s booming neighborhoods (such as the South Loop) are typically small (0-2 BR), located in high-density developments, and priced out of the reach of low- and middle-income households. Additionally, median incomes between 2000 and 2003 did not rise as fast as the median homes prices did in Chicago, making homeownership even more out of reach.<sup>2</sup> For these reasons, middle and low-income families with children who want or need to stay in the city have been increasingly forced to move to the neighborhoods on the outer edges of the city where schools are crowded and rental housing is scarce.

The purpose of this study is to assess the housing situation in Chicago by quantifying supply and demand in a more precise way and then provide an outlook on potential mismatch in the next five years. A more precise understanding is possible because of a unique method of analysis, which examines the supply and demand by household size and bedroom size, as well as by affordability.

Estimates of mismatch are often limited by data used. Summary data from the US Census is most commonly used for analysis by researchers and policy makers, however summary data does not account for household size. Therefore, research is limited to using the family of four income limit established by HUD as the baseline figure to calculate the number of households in different income brackets. In 2000, the HUD estimate of the Chicago Area Median Income (AMI) of \$67,900 was based on a family of four. Using this method, any household earning at or below \$20,350 was considered extremely low-income (i.e., earning between 0 and 30% AMI; 30% of \$67,900 is \$20,370). However the actual income limits in 2000 for extremely low-income households varied widely by household size, from \$14,250 for a single person to \$26,900 for a family of 8—this is a range of \$12,650.

The table below shows that using the 4-person family as the base distorts the number of actual low-income households in an area. In this case, not every 1, 2, or 3 person household earning at or below \$20,350 is extremely low-income. Conversely, any family with 5 or more persons earning between \$20,351 and \$22,000 will not be counted as extremely low-income but rather as just “very low-income” (earning 31–50% of AMI). The same is true for 6-person families earning up to \$23,650; 7–person families earning up to \$25,250 and 8–person families earning up to \$26,900.

Family size	1	2	3	4	5	6	7	8
<b>0-30% of Area Median Income</b>	\$14,250	\$16,300	\$18,350	\$20,350	\$22,000	\$23,650	\$25,250	\$26,900

<sup>1</sup> Chicago Rehab Network Factbook, 2003

<sup>2</sup> Chicago Rehab Network Affordable Housing Factbook Update # 2, 2005

This study uses the Public Use Microdata Sample (PUMS) data from the 1990 and 2000 Census in order to mitigate this potential distortion. The PUMS data is a five percent sample of the “raw” Census survey data (i.e., the actual data provided by a household). Use of this data allows for more precise estimates of supply and demand for different income categories and household sizes. However, unlike summary level data from the US Census, PUMS data is disaggregated into areas larger than census tracts. Chicago has 19 PUMS areas. Each PUMS area is an aggregation of community areas. The PUMS areas and the communities that fall within each are illustrated in Figure 1.

Analysis in this study focuses on the entire housing spectrum with special attention to the low-income. The following HUD income classification categories are used for purposes of this study:

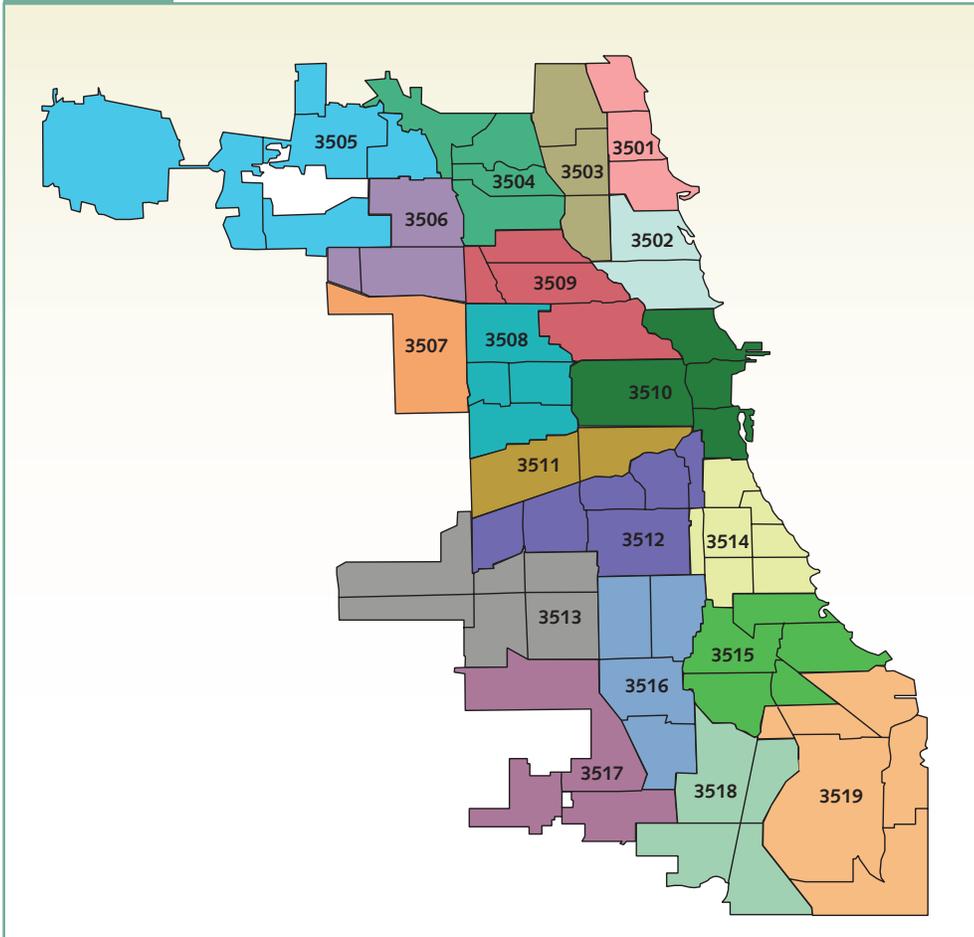
- Extremely Low-Income (below 30% of AMI);
- Very Low-Income (31–50% of AMI);
- Low-Income (51–80% of AMI);
- Moderate-income (81–120% of AMI); and
- Higher-Income (over 120% of AMI).

This summary report is presented in three major sections in addition to an executive summary and introduction at the beginning, and a conclusion/ recommendations part at the end followed by an appendix on methodology. The first section provides a context and regional affordable housing overview. The second focuses on the City of Chicago as a whole and offers an outlook through 2010. Part three presents brief highlights of characteristics and trends of seven submarkets in the city. The full report includes detailed assessment of all 19 PUMS areas and is available on the Voorhees Center ([www.uic.edu/cuppa/voorhesctr/](http://www.uic.edu/cuppa/voorhesctr/)).

The data and analysis in this report documents more precisely the mismatch between demand and supply of affordable housing at present and in the foreseeable future. The likely future scenarios represented here are expected to serve as an early warning system and assist:

- citizens to organize and advocate for policy and program intervention;
- community organizations to mobilize affected citizens and interact with elected officials and policy makers to influence policy direction and program design;
- policy makers and public agencies charged with affordable housing provision to deal with the projected need; and
- affordable housing providers and the real estate industry to anticipate and respond to unmet needs.

**Figure 1** Chicago PUMS areas, 2000



**PUMS Community Areas**

- 3501** Rogers Park, Edgewater, Uptown
- 3501** Lake View, Lincoln Park
- 3503** West Ridge, Lincoln Square, North Center
- 3504** Forest Glen, North Park, Albany Park, Irving Park
- 3505** Edison Park, Norwood Park, Jefferson, Dunning, O'Hare
- 3506** Portage Park, Montclare, Belmont Cragin
- 3507** Austin
- 3508** Humboldt Park, West Garfield Park, East Garfield Park, North Lawndale
- 3509** Hermosa, Avondale, Logan Square, West Town
- 3510** Near North Side, Near West Side, Loop, Near South Side

**PUMS Community Areas**

- 3511** South Lawndale, Lower West Side
- 3512** Armour Square, Archer Heights, Brighton Park, McKinley Park, Bridgeport, New City
- 3513** Garfield Ridge, West Elsdon, Gage Park, Clearing, West Lawn, Chicago Lawn
- 3514** Douglas, Oakland, Fuller Park, Grand Boulevard, Kenwood, Washington Park, Hyde Park
- 3515** Woodlawn, South Shore, Chatham, Avalon Park, Greater Grand Crossing
- 3516** West Englewood, Englewood, Auburn Gresham, Washington Heights
- 3517** Ashburn, Beverly, Mount Greenwood, Morgan Park
- 3518** Roseland, Pullman, West Pullman, Riverdale
- 3519** South Chicago, Burnside, Calumet Heights, South Deering, East Side, Hegewisch

# I. REGIONAL CONTEXT AND OVERVIEW

## Current Population Estimates & Trends for the Region

After decades of population decline, Cook County (including Chicago) experienced a population increase of 5% between 1990 and 2000. Other counties in the region experienced even greater growth during the same period that continued through 2004. The population of Will County grew by nearly 145,000 (41%) between 1990 and 2000 and the trend continued through 2004 with an increase of nearly 112,000 or 22%. McHenry County experienced a 42% population growth between 1990 and 2000, an increase of nearly 77,000, and the trend continued through 2004 with an increase of 36,000 or 14%. Lake County gained nearly 128,000 persons between 1990 and 2000 (a 25% increase) and another 48,000 between 2000 and 2004 (an 8% increase). The population in the rest of the metro-area counties has also increased significantly.

The housing trend is similar to the population trend for all counties: generally increasing rates of growth in the number of housing units although not as much as the increase in population. The recently released report, *Homes for a Changing Region*, indicates that the trend supply of below market units in the region is less than 100 units while the projected demand for below market units is 71,000 units.<sup>3</sup>

### Recent regional poverty trends

According to recent U.S. Census data contained in the American Community Survey and analyzed by the Heartland Alliance,<sup>4</sup> poverty has increased in all counties in the Chicago region between 2001 and 2004. Cook County has the highest number of people below poverty at nearly 15%; however, other counties in the region recorded much higher increases in the number of people below poverty between 2001 and 2004. In Kane County, the number of the poor more than doubled while it increased by 83% in Will County. McHenry County had the lowest number in 2001 (7,826), but this number had increased by 43% in 2004. Lake and DuPage Counties experienced lower increases. While this data does not allow us to determine the causes of increasing poverty, it appears that poor people have moved to outer suburban areas in order to locate near jobs and affordable housing.

*...poverty has increased in all counties  
in the Chicago region between 2001 and 2004...*

Table 2

Number of persons below poverty and percent of population below poverty by county, 2001–2004.  
(U.S. Census American Community Survey, Heartland Alliance)

	2001		2002		2003		2004		2001–2004 Change	
	No.	%	No.	%	No.	%	No.	%	Net	%
<b>Cook</b>	717,317	13.7	733,242	13.9	697,812	13.3	759,192	14.6	41,875	5.8
<b>DuPage</b>	30,343	3.4	32,007	3.5	49,827	5.5	34,599	3.8	4,256	14.0
<b>Kane</b>	18,316	4.4	30,580	7.0	24,569	5.5	45,984	9.9	27,668	151.1
<b>Lake</b>	38,032	6.0	42,581	6.5	42,190	6.4	43,207	6.4	5,175	13.6
<b>McHenry</b>	7,826	2.9	17,050	6.2	13,070	4.6	11,157	3.8	3,331	42.6
<b>Will</b>	23,190	4.4	30,448	5.5	34,120	5.9	42,422	7.0	19,232	82.9

<sup>3</sup> Homes for a Changing Region, Chicago Metropolis 2020 and the Metropolitan Mayors Caucus

<sup>4</sup> See <http://www.heartlandalliance.org>

# I. REGIONAL CONTEXT AND OVERVIEW

## Trends in Chicago

### Racial segregation

Although the focus of this report is on the mismatch of affordable housing units and households, the findings, and particularly, the sub-market analyses, should be viewed through the lens of residential racial segregation, which has a long, well-documented history in Chicago. In 2000, nearly one third of Chicago's community areas (22 of 77) had populations that were more than 90% African American. African Americans were a clear majority (60–89%) in another seven more community areas. All of these community areas (29) were located on the south and west sides of the city. Although the three largest population groups, African Americans, White non-Latinos, and Latinos, are fairly evenly represented in the total population of the City, there are very few neighborhoods or areas of the city that are similar to the city-wide mix. There are only 10 (of the 77) community areas where no one racial or ethnic group constitutes more than 50% of the population. Generally, the north side of the city is White with some mixed areas, the south side and the west sides are Black, and Latinos have traditionally lived close to the central business district, but have moved farther northwest and southwest as the inner areas have become gentrified.

The overwhelming majority of Chicago's African Americans live in areas that are "gentrification pressured"—areas where low-income people have increasingly moved as affordable and subsidized rental housing has become scarce in gentrifying and redeveloping areas. These areas are now experiencing serious housing shortages for extremely low-income households, a situation which will get worse as contracts on subsidized units continue to expire. The areas where African Americans have historically lived in are also areas with high concentration of extremely low-income households as well as subsidized housing units: public housing, Section 8, and tax credit properties. These areas will be impacted the most by the CHA's transformation plan and the expiration of Section 8 and tax credit developments. The estimated loss of subsidized units in areas inhabited by African Americans is between 16,000 to 20,000 units by 2010.

Census estimates document that Latinos represented 17% of the region's population in 2000 and have accounted for 80% of the region's growth since 2000. According to Northeastern Illinois Planning Commission (NIPC), fully 89% of the region's population growth by 2030 will be Latino. Latinos typically live in larger households; roughly 35% of Latino households have five or more members.<sup>5</sup> These characteristics suggest that the need for more large (3+ bedroom) affordable housing units will increase significantly in the years to come. In 2000, there were approximately 750,000 Latinos in Chicago. The majority, 67%, lived in areas of the contiguous northwest and southwest side communities, areas with a small stock of subsidized large family housing.

<sup>5</sup> Homes for a Changing Region, Chicago Metropolis 202 and the Metropolitan Mayors Cuacus

### Racial/ethnic population changes during the 1990s

Three major, ongoing developments of the 1990s have implications for the racial/ethnic mix of Chicago's neighborhoods: immigration, gentrification, and the redevelopment of public housing. Nationwide, immigration to the U.S. increased significantly during the 1990s, particularly from Latin American and Asian countries. In Chicago, the Latino population increased by more than 200,000 during the 1990s, a 38% increase; Latinos were 20% of the total in 1990 and 26% in 2000. Asians<sup>6</sup> increased from 98,777 to 124,437, a 27% increase. As a percentage of the city's total population, Asians increased from 3.5% in 1990 to 4.3% in 2000.

Overall, the White population in the city has declined steadily since the 1970s largely due to a combination of "White flight" and an aging population. This has caused significant housing turnover in many north and southwest side neighborhoods that were majority White in 1990. For example, in the northwest side community of Belmont-Cragin, the White population declined from 66% in 1990 to 28% in 2000 while Latinos increased from 30% to 65% during the same period (the White population declined by about 15,000 while Latinos increased by 38,000). In Brighton Park, on the southwest side, the population shifted from 60% White and 37% Latino in 1990, to 19% White and 77% Latino in 2000.

At the same time, gentrifying areas surrounding the Loop and the north side lakefront have experienced an increase in the White population and corresponding decreases in minorities. For example, in West Town, the White population increased by more than 10,300 (a 43% increase) while the Latino population declined by more than 13,300 persons, a 25% decrease. Other areas with significant increases in the White population include Uptown, North Center, Lakeview, Near West Side, Near South Side, Near North Side, Lincoln Park, and the Loop.<sup>7</sup> These areas are generally characterized by booming housing construction and/or rehabilitation; many were majority White populations in 1990 and became more concentrated by 2000. For example, Lakeview's White population increased from 75% to 80% between 1990 and 2000, a net growth of over 7,000 or 11%. At the same time, Lakeview's Latino population declined by almost 4,700, a 36% decrease. This suggests that "diversity" in a neighborhood may be only a temporary phenomenon, as the different population groups re-concentrate elsewhere.<sup>8</sup>

The third major trend of the 1990s with racial implications is the "transformation" of public housing. With the "transformation" of public housing sites into "mixed-income communities", a large number of former African American public housing residents move out while other higher income, largely White households move in. This results in the dispersion of African American public housing residents to outlying areas where they are likely to reconcentrate.

<sup>6</sup> Non-Latino persons of one race only: Asian or Pacific Islander (1990 and 2000 Census).

<sup>7</sup> A number of high-poverty neighborhoods on the south and west sides also experienced very slight net increases in the very small White population, a possible "early indicator" of gentrification. These included Douglas, Oakland, Grand Boulevard, Washington Park, East and West Garfield Park, and North Lawndale.

<sup>8</sup> Chicago Rehab Network Affordable Housing Factbook Update #2, 2005

# I. REGIONAL CONTEXT AND OVERVIEW

## Trends in Chicago

### Increasing demand for affordable housing

The demand for affordable housing grows with the increase in the number of low-income households. The housing stress for low-income households will continue to escalate since the loss of affordable units continues and the increase in population is not matched by a simultaneous increase in supply. As of now, there is a long waiting list for CHA housing and Housing Choice Vouchers (about 30,000 on each). Although there is such a long waiting list, existing vouchers are primarily used to relocate public housing and other assisted housing residents as their developments are demolished or converted. In 2000, there were 23,087 low-income households using the voucher program. In 2003, the number increased to 31,330 households due to the “vouchering out” of public housing. While the number of vouchers needs to be significantly increased to make a dent in the housing stress experienced by low-income households, the trend is towards reduction—a trend that will widen the gap between demand and supply and escalate the housing stress even more.

### Declining Supply of affordable housing

Existing stock keeps declining while current programs do little to add to the affordable housing stock.

#### Chicago Department of Housing Affordable Housing 5–Year Plan

- The Department of Housing track record of the last five years resulted in over 30% of rental production for seniors with only 17% of all rental units larger than 2 bedroom<sup>9</sup>.
- The 2004-2008 Plan calls for 50% of the City's housing dollars to go towards the replacement of CHA units, effectively taking away money for other affordable housing initiatives including multi family loans, mortgage revenue bonds, Low-income Housing Tax Credits, TIF and State Donations Tax Credit Funds
- Chicago Rehab Network (CRN) analysis of the 2004–2008 plan revealed that the city revised its original plan to now fund 1,700 fewer rental units per year for households with income below 30% of AMI. In addition, the plan was revised to build about 350 more owner occupied units per year for households with incomes over 80% AMI. According to CRN, only 546 of the 3,100 total multi-family units assisted in the 1st quarter were new units added to the housing inventory. The remainder were made affordable through rental assistance programs, building stabilization and safety and code enforcement programs

**Table 3** Original, revised and actual unit production of the Chicago Department of Housing, 2005<sup>10</sup>

<b>Multi-Family</b>	<b>0-15%</b>	<b>16-30%</b>	<b>31-50%</b>	<b>51-60%</b>	<b>61-80%</b>	<b>81-100%</b>	<b>101+%</b>	<b>Total units</b>
Original Projection	2,954	2,141	1,448	942	224	20	6	7,735
Revised Projection	1,872	1,524	1,044	877	107	3	1	5,428
1Q actual	1,370	1,234	465	133	(8)	(36)	(58)	3,100
<b>Single Family</b>	<b>0-15%</b>	<b>16-30%</b>	<b>31-50%</b>	<b>51-60%</b>	<b>61-80%</b>	<b>81-100%</b>	<b>101+%</b>	<b>Total units</b>
Original Projection	0	10	81	207	368	390	153	1,209
Revised Projection	4	18	18	181	369	556	404	1,650
1Q actual	2	6	13	9	75	151	332	609

<sup>9</sup> Chicago Rehab Network, Analysis of DOH Affordable Housing Plan 2004–2008

<sup>10</sup> Chicago Rehab Network, 1st Quarter 2005 Progress Report

# I. REGIONAL CONTEXT AND OVERVIEW

## Trends in Chicago

### Chicago Department of Housing – Getting Housed, Staying Housed: A Collaborative Plan to End Homelessness

- Released in 2003, this plan aims to change the system from one that provides only temporary housing to the homeless to one that provides permanent housing. Under this plan, at least 11,000 new permanent units of affordable housing are to be created. However, Chicago Coalition for the Homeless estimates Chicago homeless population to be as high as 80,000 over the course of a given year.<sup>11</sup> Further, it is estimated that 28.4% of homeless households are families.<sup>12</sup> While the plan is laudable in its goals and objectives, what is needed is an even more aggressive plan to address the existing need and to prevent homelessness from happening in the future.

### Chicago Housing Authority Plan for Transformation

- The public housing stock in Chicago totaled nearly 38,000 units at its prime. Through neglect and disinvestment over the years, many of the units became uninhabitable resulting in, according to CHA's estimates, roughly 25,000 occupied units. The Plan for Transformation is designed to replace (through rehab and new construction) only the 25,000 units (about half constituting senior housing) despite the fact that there exists a need for the original 38,000 units and more as evidenced by the nearly 60,000 individuals on CHA and CHAC waiting lists. The original stock of 38,000 public housing units will ultimately be reduced by over 12,000 family units, displacing 42,000 people<sup>13</sup>.

### Section 8 Program Properties

- Since 2000, there has been a loss of 4,720 assisted units because of expiring Section 8 contracts. Contracts due to expire from 2005 to 2009 can potentially result in the loss of up to 22,384 assisted units in the city limits if preservation efforts are not aggressively pursued.

### Low-income Housing Tax Credit Properties

- 2002 marked the beginning of the 15-year affordability expirations for the first batch of tax credit projects. Of the 5,940 units developed between 1987 and 89, 78% were owned by for-profit developers and are expected to face expiration.
- IHARP report on tax credits revealed that 55% of tax credit units are studio or 1 bedroom apartments and only 13% of units have 3+ bedrooms. In addition only 16.8% of tax credit units serve households earning below 30% AMI.

<sup>11</sup> Chicago Continuum of Care 10 Year Plan to End Homelessness

<sup>12</sup> Facts Behind the Faces, a Fact Sheet from the Chicago Coalition for the Homeless, Winter 2004–05

<sup>13</sup> Chicago Rehab Network, Affordable Chicago: The next five year housing plan, June 2003

# I. REGIONAL CONTEXT AND OVERVIEW

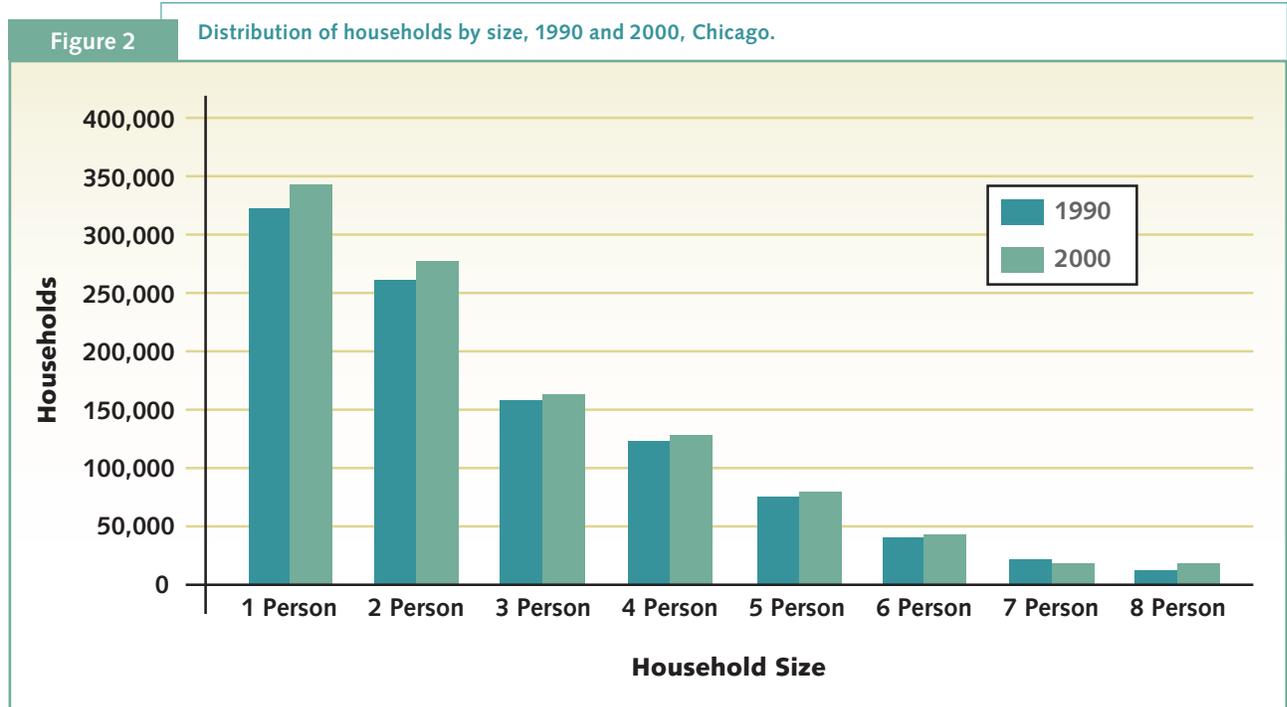
## Trends in Chicago

### Why Does Household Size Matter?

The size of a household does matter in the housing arena because household size plays an important role in housing choice. Large households need to earn enough money to afford large units. If they do not earn enough income or they cannot find large affordable units, they are forced to live in smaller units in overcrowded conditions; the alternative is to pay beyond their means to be comfortably housed. Small households are faced with similar situations although they have slightly more options because small units are relatively more abundant.

Ultimately, the needs of households with the least housing options should be an important consideration in housing policy design. This report makes it evident that the housing stress of extremely low-income households, both small and large, is a major concern, requiring the development of initiatives to narrow the gap between demand and supply. This group experiences severe shortages of affordable and size suitable units and is forced to compete for scarce units with higher income households. As a result, three-fourths of this income group ends up being rent and housing cost burdened. The needs of this group require special focus and attention.

Figure 2 Distribution of households by size, 1990 and 2000, Chicago.





## II. CITY OF CHICAGO

### All Households

In Chicago, 55.4% or 579,502 households were low-income earning below 80% of the area median income (AMI) in 2000. Of the total low-income population 42.5% or 246,122 were extremely low-income earning below 30% of AMI.

Table 5 below presents the number of units affordable and size suitable to the households presented in Table 4. Please note that:

Small households (1–3P)—at minimum would need studio, 1 or 2 bedroom units

Large households (4–8P)—at minimum would need, 3, 4, or 5+ bedroom units

These households were matched according to household size and unit size. The numbers of units presented below are units affordable to each particular income group based on their household size and the income bracket they fall in.

**Table 4** Households by size and income bracket, Chicago 2000.

HH Income by Size	0–30% AMI	31–50% AMI	51–80% AMI	81–120% AMI	>120% AMI	Total Low Inc	TOTAL
1P HH	109,445	49,449	59,538	68,312	57,741	218,432	344,485
2P HH	45,586	35,173	42,782	59,340	90,828	123,541	273,709
3P HH	30,680	22,599	24,535	37,547	39,790	77,814	155,151
4P HH	24,989	19,197	23,458	30,320	27,188	67,644	125,152
5P HH	17,690	13,375	15,420	18,530	13,438	46,485	78,453
6P HH	9,961	7,655	9,199	9,398	5,487	26,815	41,700
7P HH	4,778	3,061	3,787	3,747	1,955	11,626	17,328
8P HH	2,993	1,901	2,251	2,316	1,290	7,145	10,751
<b>1–8P HH</b>	<b>246,122</b>	<b>152,410</b>	<b>180,970</b>	<b>229,510</b>	<b>237,717</b>	<b>579,502</b>	<b>1,046,729</b>
<b>% of total</b>	<b>23.5%</b>	<b>14.6%</b>	<b>17.3%</b>	<b>21.9%</b>	<b>22.7%</b>	<b>55.4%</b>	

**Table 5** Units affordable and suitable to households (based on number of bedrooms), Chicago 2000.

Units by Income Bracket	0–30% AMI	31–50% AMI	51–80% AMI	81–120% AMI	>120% AMI	Total Low Income	TOTAL
Rental Occ	128,779	237,931	130,051	49,361	10,958	496,760	557,079
Owner Occ	57,722	131,689	120,087	106,073	74,724	309,496	490,282
<b>Average # of Units Affordable &amp; Size Suitable</b>	<b>186,501</b>	<b>369,620</b>	<b>250,136</b>	<b>155,434</b>	<b>85,682</b>	<b>806,256</b>	<b>1,047,371</b>
<b>% of total</b>	<b>17.8%</b>	<b>35.3%</b>	<b>23.9%</b>	<b>14.8%</b>	<b>8.2%</b>	<b>77.0%</b>	

Small (1–3P) and Large (4–8P) Households

Of the city’s total households, 73.9%, or 773,345 were small households in 2000. Just over half, 54.2%, or 419,787 of these were small low-income households earning below 80% AMI. Of the 273,384 large households (4–8 persons) 58.4% or 159,715 were low-income.

**What has changed since 1990?**

The 1990 PUMS dataset and HUD’s 1990 income limits by household size were used for analysis of growth and decline of trends within small and large households in Chicago. Comparing both census years it was found that:

Households

- All households increased by 4.1% over the decade
- Small households increased overall by 38,159 or 5.1%

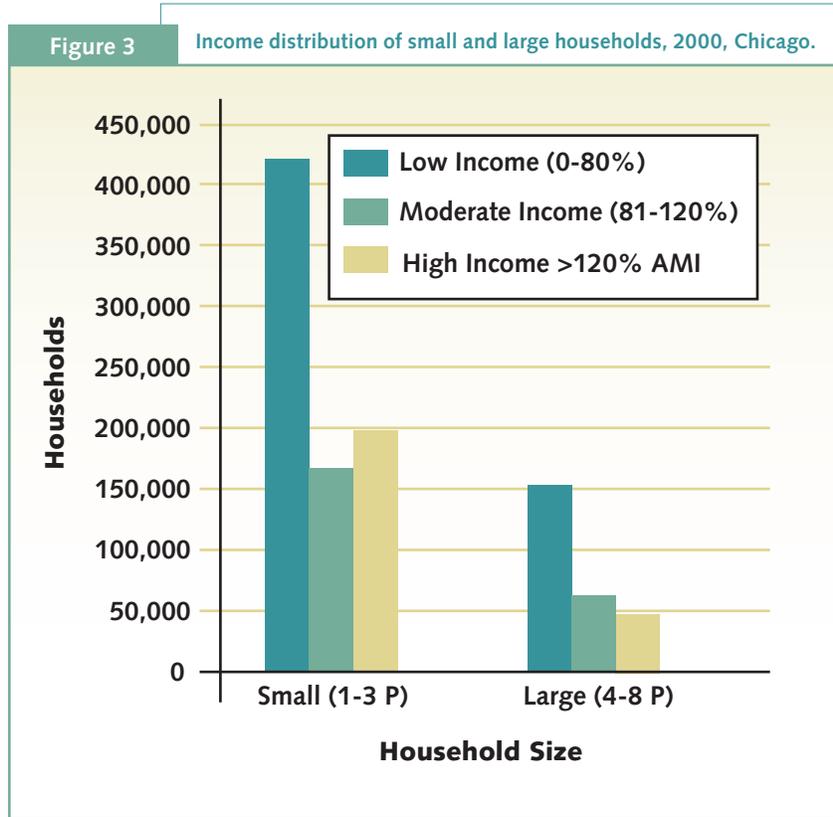
Small low-income households increased by 11,970 or 2.9%

Small moderate and high-income households increased by 26,189 or 8.0%

- Large households increased overall by 3,738 or 1.3%

Large low-income households increased by 10,978 or 7.4%

Large moderate and high-income households decreased by 7,240 or 5.9%



**Table 6** Change in low-income households based on household size and HUD income limits, Chicago.

	1990	2000	No. Change	% Change
ALL Households	1,004,832	1,046,729	41,897	4.1%
ALL LINC HHs	556,554	579,502	22,948	5.6%
SM LINC HHs	407,817	419,787	11,970	2.9%
LRG LINC HHs	148,737	159,715	10,978	7.4%

## II. CITY OF CHICAGO

### Small (1–3P) and Large (4–8P) Households

The number of affordable and suitable units increased by a much slower rate than the increase in low-income households between 1990 and 2000. All low-income households increased by 5.6% while the units affordable and suitable to them increased by only 2.6% over the decade. As demonstrated in the following pages, there is a significant mismatch between the number of households earning below 30% of AMI—small and large—and units available to them; these households have very few housing options as they compete with higher income households for all units, including units within their income range that end up being taken by higher income households.

#### Units

- All units increased by 43,328 or 4.3%
- Small units overall increased by 31,268 or 5.0%
  - Small rental units decreased by -2,683 or -0.5%
  - Small for-sale units increased by 33,951 or 20.0%
- Large units overall increased by 12,060 or 3.1%
  - Large rental units increased by 3,280 or 3.0%
  - Large for-sale homes increased by 8,780 or 3.2%

**Table 7** Change in affordable and suitable units based on household size and affordable price points, Chicago

	1990	2000	No. Change	% Change
ALL Units	1,004,043	1,047,371	43,328	4.3%
ALL Affordable/Suitable Units	758,463	806,256	20,793	2.6%
SM Affordable/Suitable Units	487,233	495,739	8,506	1.7%
LRG Affordable/Suitable Units	298,230	310,517	12,287	4.1%

As stated elsewhere, small households constituted 75% of Chicago's households in 2000. Using the HUD income limits the calculated affordable rent and home value ranges are presented below.

- A 3 person household earning 30% AMI (or 18,350) could afford to rent a unit paying up to \$459/month or purchase a home for up to \$64,434
- A 3 person household earning 50% AMI (or 30,550) could afford to rent a unit paying up to \$764/month or purchase a home for up to \$107,273
- A 3 person household earning 80% AMI (or \$45,200) could afford to rent a unit paying up to \$1,130/month or purchase a home for up to \$158,715

**Table 8**

**Calculated affordable rent and home value ranges for small low-income households, 2000**

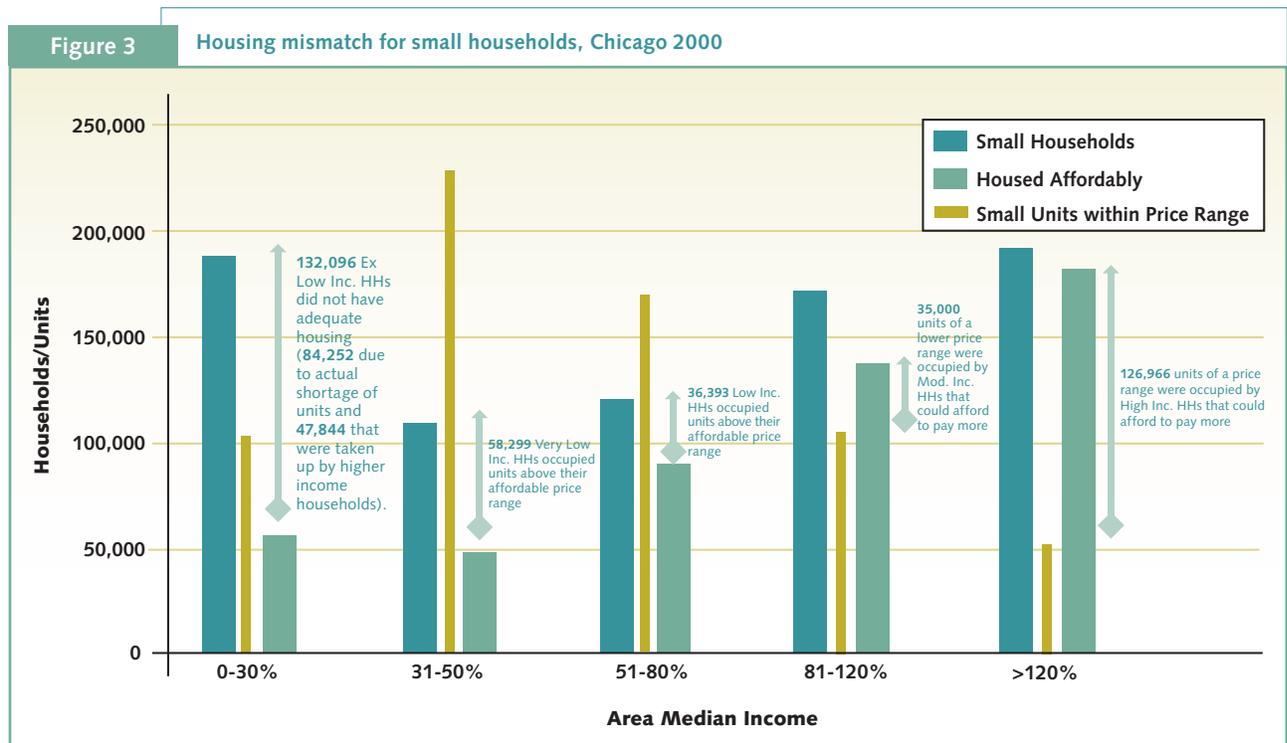
Description	Household Size	Minimum Bedroom Size Needed	2000 HUD Income Limits		
			0-30%	31-50%	51-80%
HUD Income Limit	1 Person	0,1,2	0-14,250	14,251-23,750	23,751-35,150
Affordable Rent Range			0-356	357-594	595-879
Affordable Home Value			0-49,510	49,512-83,396	83,397-123,426
HUD Income Limit	2 Person	0,1,2	0-16,300	16,301-27,150	27,151-40,150
Affordable Rent Range			0-408	409-679	680-1,004
Affordable Home Value			0-57,236	57,237-95,335	95,336-140,983
HUD Income Limit	3 Person	0,1,2	0-18,350	18,351-30,550	30,551-45,200
Affordable Rent Range			0-459	460-764	765-1,130
Affordable Home Value			0-64,434	64,435-107,273	107,274-158,715

## II. CITY OF CHICAGO

### Small Household Housing Mismatch

#### Chart/table categories defined:

- Households: The number of households in each Area Median Income group by household size (small 1–3 persons; large 4–8 persons)
- Housed affordably: Households that are occupying units within their affordability range (i.e. not paying more than 30% of their income for the unit)
- Units within price range: The actual number of units by size (small 0-2 bedroom unit; large 3+ bedroom unit) that are affordable to the households by their income group
- Housing gap/surplus: The mismatch of households by size and income to unit by size and affordability. Takes into consideration cost burdened/under burdened households.



	0-30%	31-50%	51-80%	81-120%	>120%	Total
Small (1-3P) Households	185,711	107,221	126,855	165,199	188,359	773,345
Small Units (0-2bd) within Price Range	101,459	224,387	169,894	103,750	50,907	650,397
Units Occupied within Range	53,615	48,922	90,462	138,750	177,873	509,622
Percent Occupied within Range	28.9%	45.6%	71.3%	84.0%	94.4%	65.9%
Shortage/Excess of Small Units	-84,252	117,166	43,039	-61,449	-137,452	-122,948
<b>Housing Gap/Surplus</b>	<b>-132,096</b>	<b>-58,299</b>	<b>-36,393</b>	<b>35,000</b>	<b>126,966</b>	

*...households earning moderate and high-incomes  
 compete with lower income households  
 for units in all ranges forcing lower income households  
 to pay beyond their means...*

In 2000, there were 773,345 small households and 650,397 small units, leaving a shortage of 122,948 units. Of the 773,345 small households, 419,787 were low-income earning below 80% of AMI.

- Nearly 45% (or 185,711) of small low-income households fall into the 0-30% income bracket while the number of units suitable for this household and income group was 101,459 units, an actual shortage of 84,252 units. In addition to this actual shortage, another 47,844 units suitable and affordable to this group were taken up by higher income households, bringing the total shortage to 132,096, resulting in over 70% of small households earning below 30% of AMI paying beyond their means and being housing cost burdened.
- The number of small households earning 31–50% was 107,221 while the number of units suitable to them was 224,387. While seemingly there was a surplus of affordable units suitable to this income group, only 48,922 or 45.6% of these households were able to secure units within their range. This occurred because the balance of the units suitable for this income group were taken up by other income groups resulting in 54.4% or 58,299 of households between 31–50% of AMI having to pay beyond their means and end up cost burdened.
- The case of small households earning between 51–80% is similar to the preceding with 36,393, or 29.7% of these households ending up paying beyond their means while other income groups took up 43,039 units suitable to this group.
- Conversely, at the other end of the spectrum are small households earning moderate and high-incomes between 81-120% and over 120% AMI, respectively. There were 353,558 households in these income brackets and only 154,732 units to match their income price range. However, households earning moderate and high-incomes compete with lower income households for units in all ranges forcing lower income households to pay beyond their means while at the same time over 160,000 of higher income households (21% moderate-income and 67% higher income) spend less than 30% of their income for housing.

## II. CITY OF CHICAGO

### Trend Analysis: Small Households

#### Low-Income Small Households (0-80%)

All small low-income households increased over the decade by 11,970, or 2.9%. Housing affordable to their price range, on the other hand, only increased by 1.7%. Of more importance to low-income households is the affordable rental housing stock that actually declined by 2,103 units over the decade, further widening the gap.

#### Moderate and High-income Small Households (81-120 and >120% AMI)

The trends for small households earning >80% AMI as shown below in Figure 5 indicate that these households increased by a total of 26,189 households which is more than double that of small low-income households. Rental units matching their price range decreased by 280 units and owner occupied units increased by 23,342. Because the units affordable to their price range are not keeping up with the increase in households of this income bracket, increased competition for lower income affordable units can be expected in the years to come, further reducing the number available to lower income households.

Figure 4

Trend analysis of all small low-income households and affordable/size suitable units.

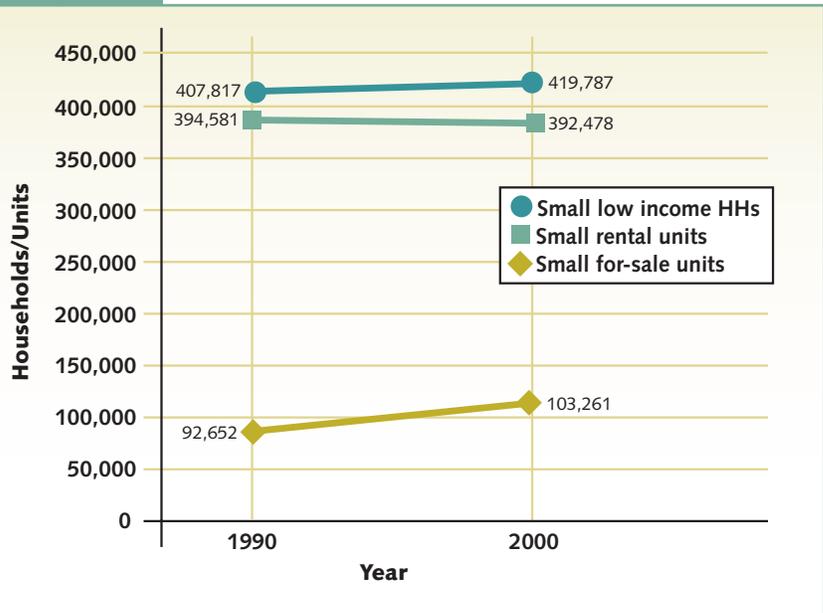
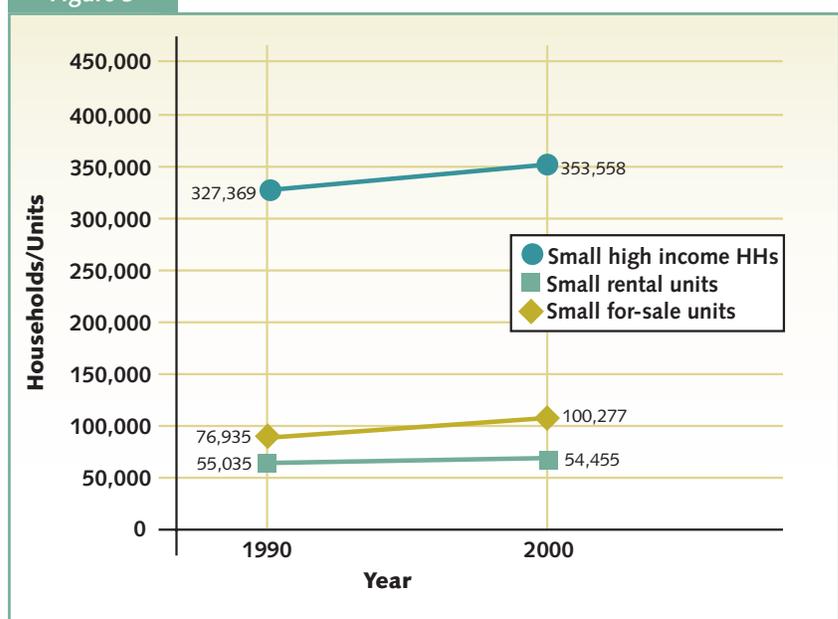


Figure 5

Trend analysis of all upper-income households and affordable/size suitable units.



Using the HUD income limits the calculated affordable rent and home value ranges for large household of 4 to 8 person are presented below.

- A 4 person household earning 30% AMI (or 22,000) could afford to rent a unit paying up to \$509/month or purchase a home, although unlikely, for \$71,457
- A 4 person household earning 50% AMI (or 33,950) could afford to rent a unit paying up to \$849/month or purchase a home for up to \$119,212
- A 4 person household earning 80% AMI (or \$50,200) could afford to rent a unit paying up to \$1,255/month or purchase a home for up to \$176,272

**Table 9**

**Calculated affordable rent and home value ranges for large low-income households, 2000**

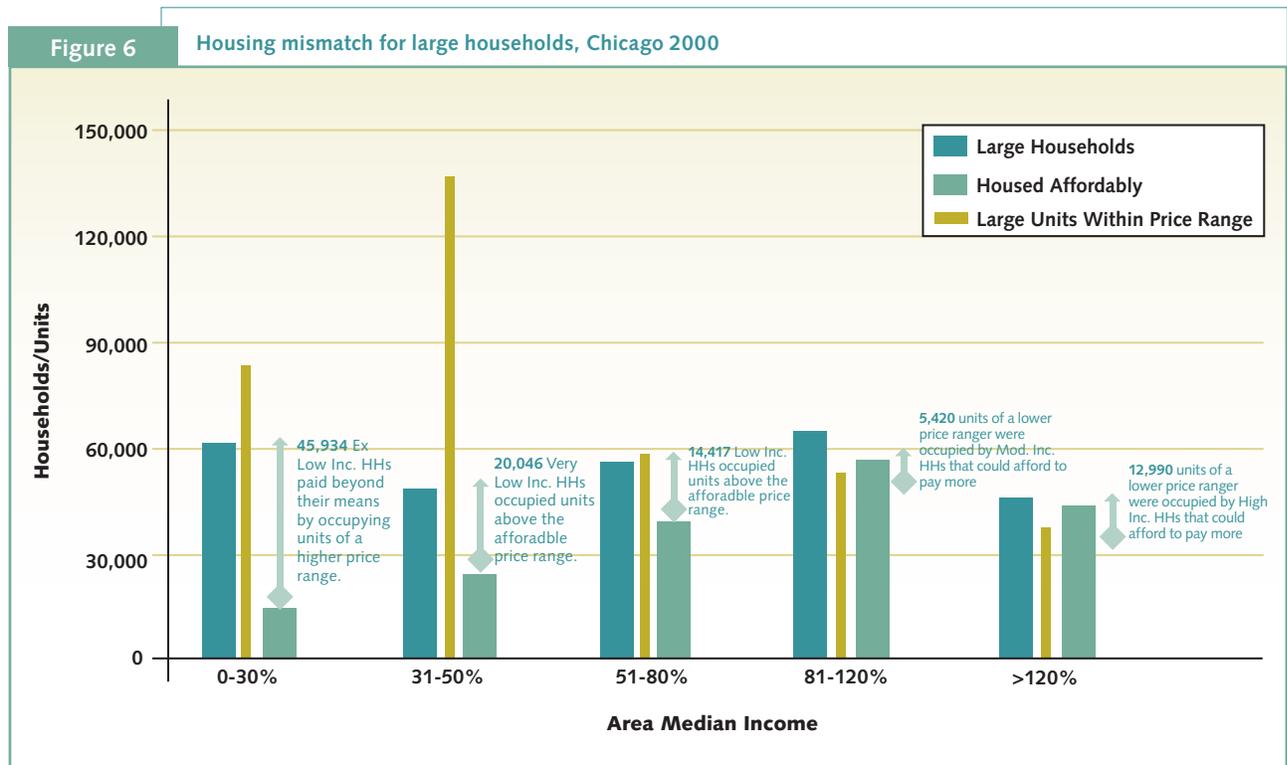
Description	Household Size	Minimum Bedroom Size Needed	2000 HUD Income Limits		
			0-30%	31-50%	51-80%
HUD Income Limit	4 Person	3,4,5+	0-20,350	20,351-33,950	33,951-50,200
Affordable Rent Range			0-509	510-849	850-1,255
Affordable Home Value			0-71,457	71,458-119,212	119,213-176,272
HUD Income Limit	5 Person	3,4,5+	0-22,000	22,001-36,650	36,651-54,200
Affordable Rent Range			0-550	551-916	917-1,355
Affordable Home Value			0-77,251	77,252-128,693	128,694-190,318
HUD Income Limit	6 Person	3,4,5+	0-23,650	23,651-39,400	39,401-58,250
Affordable Rent Range			0-591	592-985	986-1,456
Affordable Home Value			0-83,045	83,046-138,349	138,350-204,539
HUD Income Limit	7 Person	3,4,5+	0-25,250	25,251-42,100	42,101-62,250
Affordable Rent Range			0-631	632-1,053	1,054-1,556
Affordable Home Value			0-88,663	88,664-147,830	147,831-218,585
HUD Income Limit	8 Person	3,4,5+	0-26,900	26,901-44,800	44,801-66,250
Affordable Rent Range			0-673	674-1,120	1,121-1,656
Affordable Home Value			0-95,457	95,458-157,311	157,312-232,630

## II. CITY OF CHICAGO

### Large Household Housing Mismatch

#### Chart/Table Data Categories Defined

- Households: The number of households in each Area Median Income Group by household size (small 1–3 persons; large 4–8 persons)
- Units within price range: The actual number of units by size (small 0–2 bedroom unit; large 3+ bedroom unit) that are affordable to the households by their income group
- Housed affordably: Households that are occupying units within their affordability range (i.e. not paying more than 30% of their income for the unit)
- Housing gap/surplus: The mismatch of households by size and income to unit by size and affordability. Takes into consideration cost burdened/under burdened households.



	0-30%	31-50%	51-80%	81-120%	>120%	Total
Large (4-8P) Households	60,411	45,189	54,115	64,311	49,358	273,384
Large Units within Price Range	85,042	135,665	56,809	51,609	34,775	363,900
Units Occupied within Range	14,477	25,143	39,698	57,029	47,765	184,112
Percent Occupied within Range	24.0%	55.6%	73.4%	88.7%	96.8%	67.3%
Shortage/Excess of Small Units	24,631	90,476	2,694	-12,702	-14,583	90,516
<b>Housing Gap/Surplus</b>	-45,934	-20,046	-14,417	5,420	12,990	

Out of the 273,384 large households in Chicago 58.4% or 159,715 are low-income. Again, the major area of concern is for the households earning between 0 and 30% AMI. Nearly 38% or 60,411 of the large low-income households fall into this bracket.

- In 2000, while there were 60,411 households earning below 30% of AMI and 85,042 suitable units available to them, only 24% or 14,477 units were occupied by them. The remaining 45,934 units were taken up by other income/household size groups and this is why many extremely low-income large households were forced to pay beyond their means and end up cost burdened.
- Similarly, while 45,189 large households earning 31-50% AMI had 135,665 units affordable and size suitable to them, only 25,143 were able to occupy units within their range leaving 20,046 households to pay beyond their means. The balance of units in this range was taken up by other groups.
- 54,115 households earning 51–80% AMI had 56,809 units affordable/suitable available to them although only 39,698 households were able to benefit from units within their range while 14,417 households ended up paying beyond their means as units in this bracket were taken up by other groups. Large households in this income group have more options for owning as they are the higher end of the low-income bracket; however the affordable home value range for these households of 4 to 8 persons was \$176,272–\$232,630, respectively, well below median sales prices of homes in many areas of the city
- At the other end of the spectrum are large households earning moderate and high-incomes between 81–120% and >120% AMI, respectively. There were 113,669 households in these income brackets and only 86,784 units to match their income price range. However, households earning moderate and high-incomes compete with lower income households for units in all ranges putting strain on lower income households and compelling them to pay beyond their means while they spend less than 30% of their income for housing.

## II. CITY OF CHICAGO

### Trend Analysis: Large Households

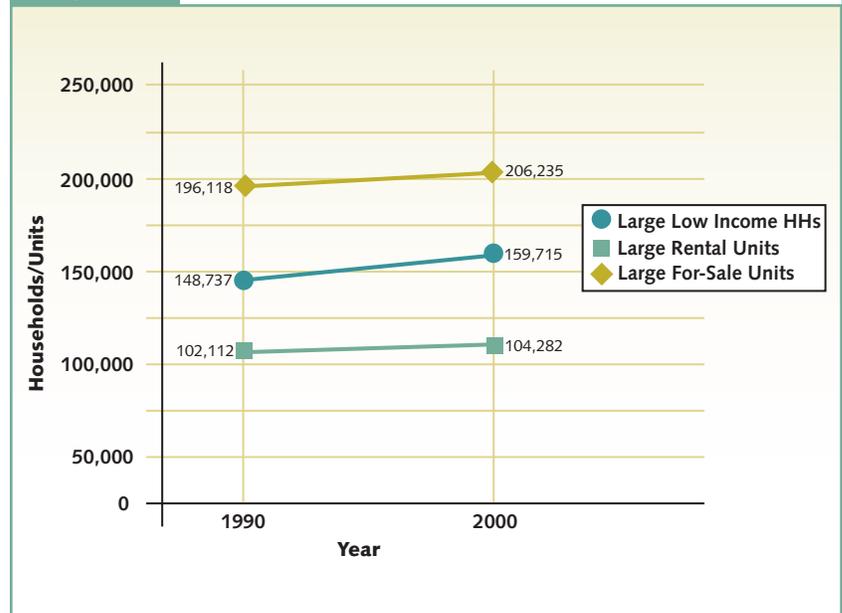
#### Low-income large households (0-80%)

Trends point to a likely increase in the gap between large low-income households and the number of affordable and suitable rental units available to them. This is critical for this group as relatively few low-income households can afford to buy a house. Over the decade large low-income households increased by 10,978 or 7.4%, while the housing units affordable to them only increased by 4.1%. Rental units, which are an important housing component for low-income households only increased by 2,170 units, which does little to close the shortage of 55,433 rental units that existed in 2000.

Although there appears to be ample owner occupied units in the city, owner units are less likely to be available than are rental units and if they are affordable and available they are more than likely located in less desirable areas (from market perspective) of the city like those with limited access to transportation and jobs or places with deteriorating housing stock. The detailed submarket analysis available in the full report will address these issues, as each submarket has its own characteristics in terms of actual sales price of homes versus home value reported in the Census. For reference, a family of four earning 51–80% AMI could afford a home in the price range of \$119,951–\$176,272.

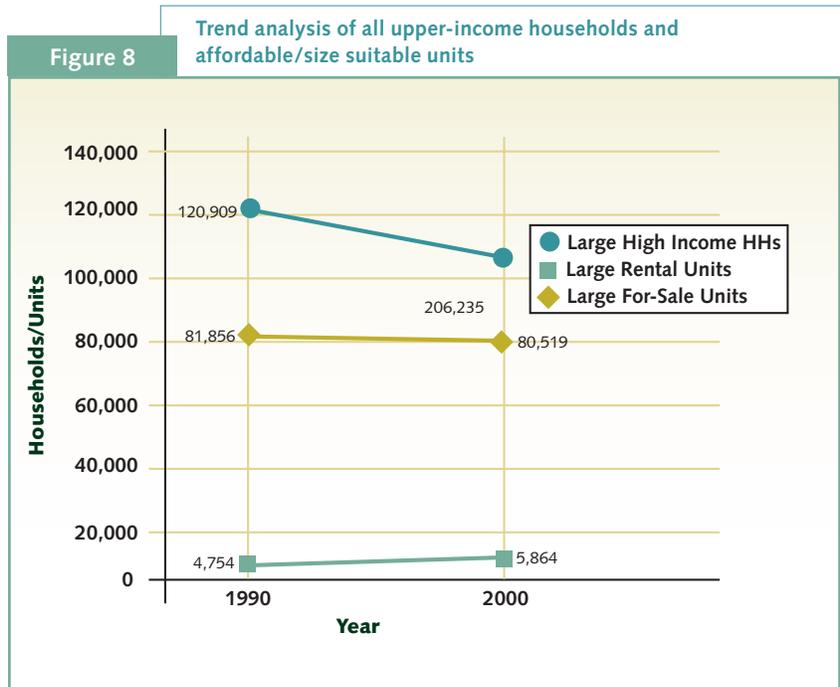
Figure 7

Trend analysis of all large low-income households and affordable/size suitable.



**Moderate and high-income large households (81–120 and >120%AMI)**

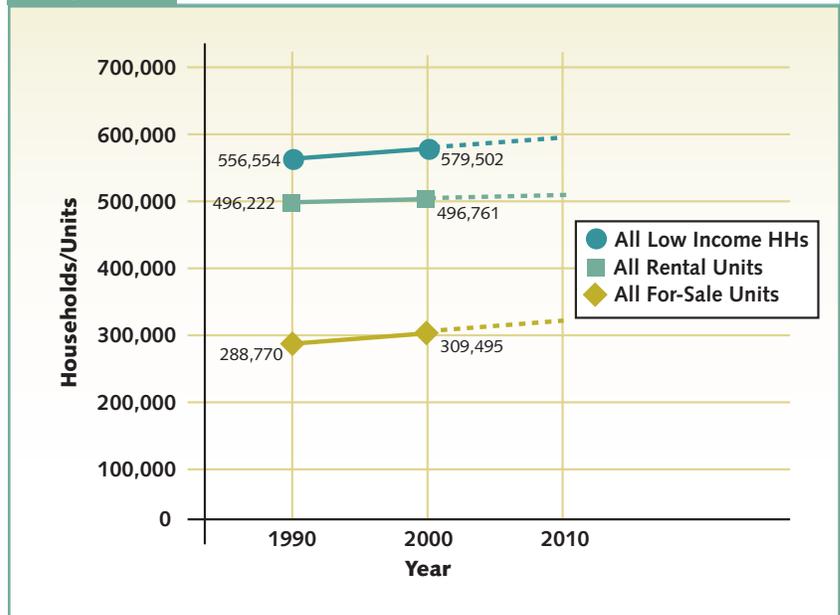
The number of large moderate and high-income households declined in the city by 7,240 (5.9%) households. The owner occupied housing market for large households earning >80% has been relatively stagnant over the decade. Large rental units, however actually increased for this income group by 1,110, reflective of the many large luxury units being built in the city.



**All low-income households (0–80% AMI)**

Over the decade between 1990 and 2000, low-income households (1-8P) increased by 22,948 or 5.6% and trends indicate they will continue to increase reaching nearly 600,000 households by 2010. Rental units affordable and size suitable to these households also increased over the decade but only by a mere 539 units. This deficit of rental units will increase significantly by 2010 as the City of Chicago can potentially lose an estimated 31,300–37,700 subsidized units over the course of this decade. The estimated loss takes into consideration loss of public housing units due to the plan for transformation, potential loss of expiring Section 8 units and loss of early tax credit projects that were subject to 15-year affordability periods.

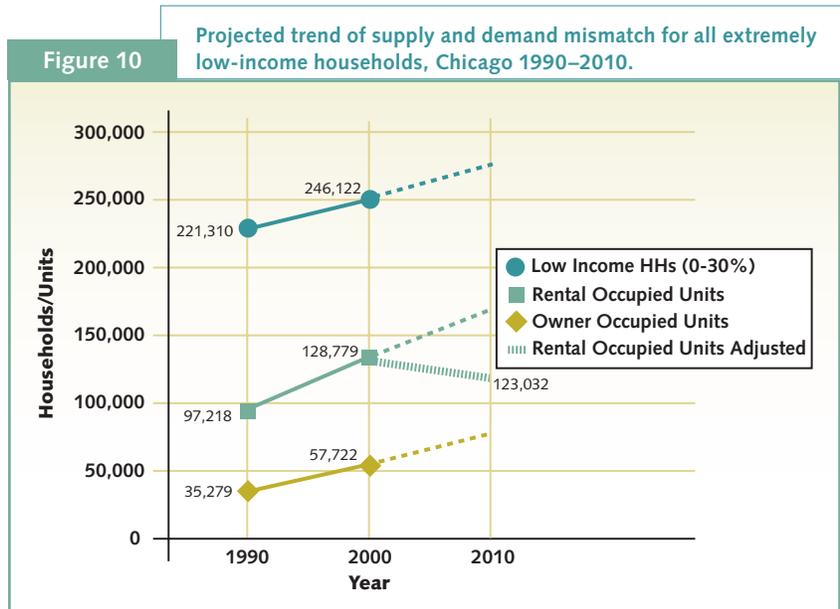
**Figure 9** Projected trend of supply and demand mismatch for all low-income households, Chicago 1990–2010.



*This deficit of rental units will increase significantly by 2010 as the City of Chicago can potentially lose an estimated 31,300–37,700 subsidized units over the course of this decade.*

**All extremely low-income households (0–30% AMI)**

The figure to the right shows the possible trend direction of the already gross mismatch of affordable and size suitable units to all households (small and large) that were extremely low-income (earning 0–30% AMI). From 1990 to 2000 extremely low-income households increased by 24,812. During the same period, the number of rental units affordable and size suitable to them increased at a slightly faster rate although not enough to close the gap of 117,343 units that existed in 2000. In addition to the shortage that existed in 2000 we can expect 2010 to look more like the adjusted rental units trend line depicted below as the city faces the potential loss of an estimated 31,300 to 37,700 units due to the loss of public housing and expiration of Section 8 contracts and tax credit projects. The housing shortage and cost burden for low-income households in general and very low-income households in particular, is likely to get worse in the foreseeable future.



#### All moderate and high-income households (>80% AMI)

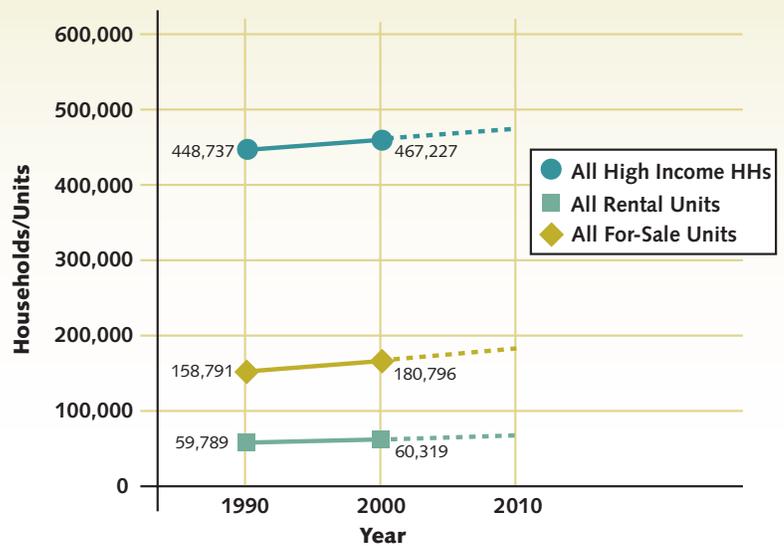
Upper income households increased overall by 18,490; the entire increase is attributable to small households (large upper income households decreased by 7,240 households). This trend is reflective of high-end housing development in Chicago, which has typically consisted of high-end small owner occupied units that are attractive to young professionals. Because trends indicate rental units for this population are not expected to increase by any considerable amount, increased competition for units with lower income households can be expected. Rental units for this population are likely to decline further by 2010 due to condominium conversions in attractive city locations.

The growth in the number of small moderate and high-income households is expected to continue while the reverse will be the case for large families in these income categories. There is little suitable housing being developed for large households in the city. Without any significant changes to development priorities in Chicago, the suburbs will increasingly continue to become the last options left for large families seeking suitable homes.

Based on an assessment of trends since 1990, low-income households will continue to grow at a faster rate than the development of affordable and suitable housing. The rental market, which is a key component of the housing options available to low-income households, will not meet the demand and the gap can be expected to increase, especially with the potential loss of existing units because of expiring contracts, condo conversion, public housing transformation, etc.

Projected trend of supply and demand mismatch for all moderate and high-income households, Chicago 1990–2010.

Figure 11





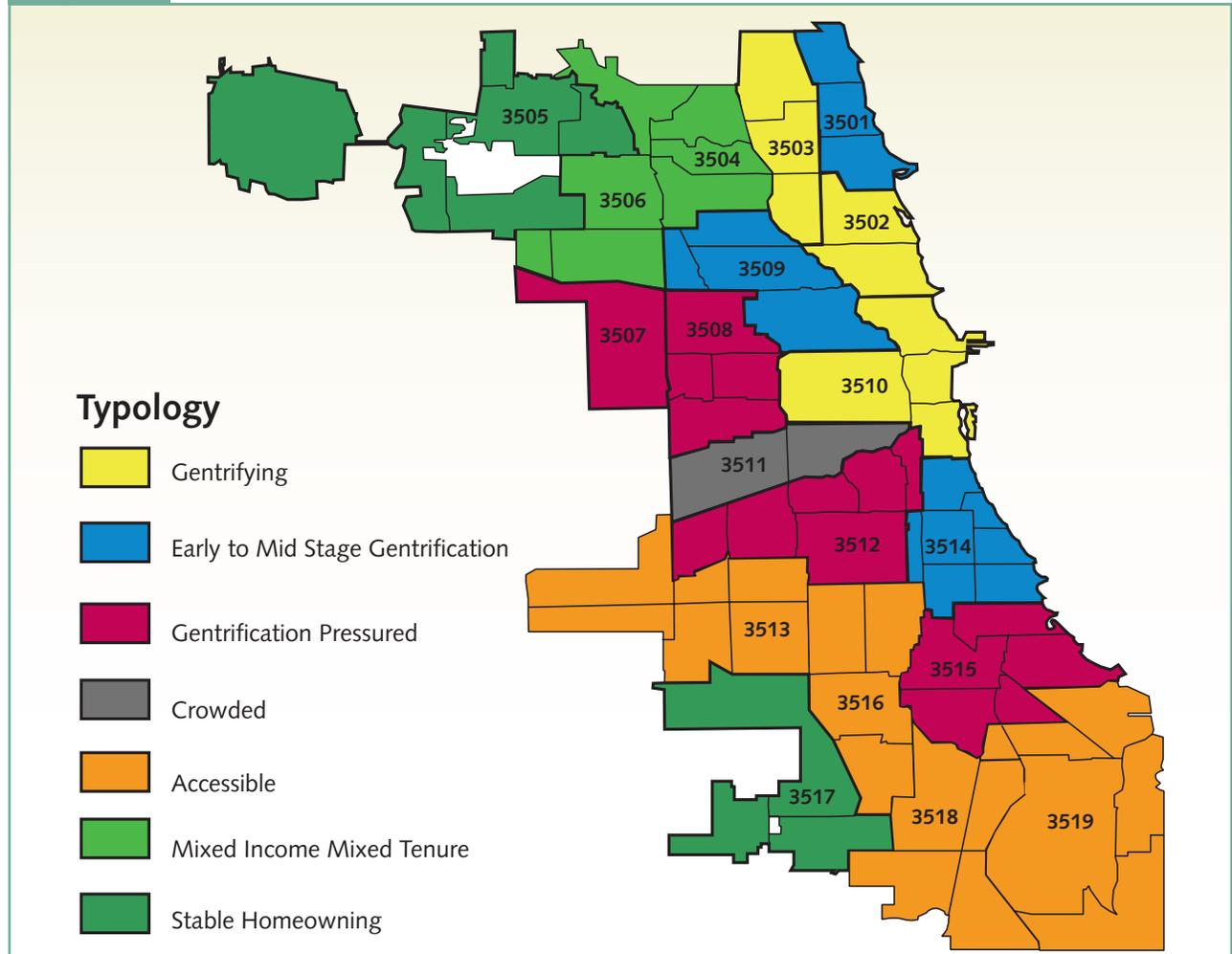
### III. CHICAGO SUBMARKETS

A key problem in the housing market is the location of affordable housing, both rental and for-sale, that limits options for families. As demonstrated in the *Regional Rental Market Analysis (1999)*, most affordable rental housing is located on the south and west sides of the City in areas that have long been “soft” markets. These are communities with a significant portion of stock that is of poor quality.

The following section focuses on different housing submarkets within the City. The 19 PUMS areas that comprise Chicago are grouped into seven submarket types in order to better capture the unique characteristics and qualities of different areas of the city.

The submarkets are based on the PUMS data analysis contained in this report on household size, household income, unit size and unit cost. The characteristics described in each submarket take into consideration previous demographic analysis done for the Chicago Rehab Network<sup>14</sup>, and current conditions. The PUMS data analysis on the mismatch between demand and supply are presented here in summary form (supply and demand charts for each PUMS area are available in the full report). Analysis of trends and the unique features of each submarket type offer an “outlook” of conditions to come. As will become evident, all submarkets are housing stressed but in very different and unique ways.

Figure 12 PUMS analysis typology



*Low-income households in all Types have been found to have affordable housing gaps. The housing gap/surplus is defined as a mismatch of households (by size and income) to unit (by size and affordability), which also takes into consideration cost burdened/under burdened households. In some communities the gap is largely due to an actual shortage of units; in others despite there being a surplus of units, a large proportion of low-income households are cost burdened. The variations for the submarkets are discussed in more detail in the complete submarket analysis, available online in the full report*

<sup>14</sup> Chicago Rehab Network Neighborhood Indicators Cluster Analysis

#### Typology Characteristics

**Type 1:** Increase of small owner-occupied units/small high-income households. Also only Type to increase in White population

**Type 2:** Estimated loss of subsidized units is the greatest (10,670–13,876). Also had a decrease in low-income households and large households, 16.7% decrease in elderly and a 9.2% decrease in children

**Type 3:** Loss of high-income households and largest numerical gain in low-income households (89% of the gain is attributable to households earning 0–30%). Also Type with the second greatest potential loss of subsidized units (8,875–10,739). Housing affordability is mixed.

**Type 4:** Only Type to have more large households than small households. The housing type, however is reversed; almost twice as many small units than large units. That coupled with housing in the 200,000–299,000 range helps shed light on the overcrowding rate of 29%.

**Type 5:** This Type had the greatest loss in moderate and high-income households and the greatest percent (8%) gain in low-income households. Housing is relatively affordable mixed tenure and has more large units than small.

**Type 6 and Type 7:** Loss of high-income households and large percent increase in low-income households and minority households. Housing costs are high. High increases in overcrowding.

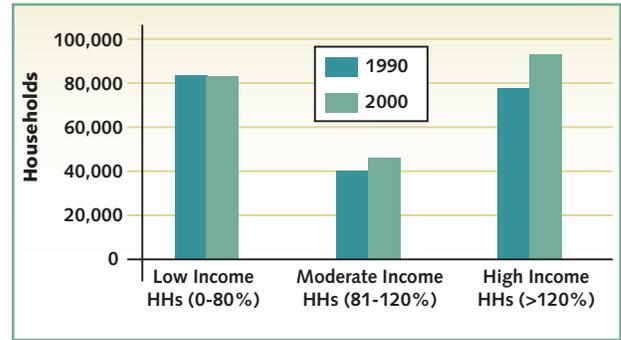
	Type 1	% Chg.	Type 2	% Chg.	Type 3	% Chg.	Type 4	% Chg.	Type 5	% Chg.	Type 6	% Chg.	Type 7	% Chg.
<b>Change Between 1990-2000</b>														
(0-80% AMI)	-51	0%	-2,817	-2%	8,447	7%	1,220	5%	7,862	8%	4,369	10%	3,915	13%
(81-120% AMI)	6,717	16%	6,751	18%	464	1%	791	17%	-1,043	-3%	4,175	19%	3,530	16%
(>120% AMI)	14,949	19%	7,084	20%	-6,676	-23%	99	4%	-10,556	-28%	-4,076	-16%	-4,640	-16%
<b>White pop.</b>														
White pop.	6,995	3%	-11,175	-6%	-30,410	-36%	-3,393	-34%	-54,655	-37%	-37,239	-21%	-25,904	-14%
<b>Black pop.</b>														
Black pop.	-4,469	-7%	-21,946	-13%	-12,653	-3%	5,102	71%	-11,534	-3%	3,453	123%	15,158	56%
<b>Latino pop.</b>														
Latino pop.	3,126	7%	15,571	9%	44,030	54%	5,750	5%	62,253	97%	75,476	146%	12,248	155%
<b>Small HHs</b>														
Small HHs	21,735	12%	11,858	7%	-315	0%	869	6%	-3,053	-3%	-2,734	-4%	1,479	2%
<b>Large HHs</b>														
Large HHs	-952	-4%	-4,677	-9%	1,553	2%	236	1%	439	1%	8,816	34%	1,291	6%
<b>Elderly</b>														
Elderly	-3,818	-7%	-10,015	-17%	-918	-2%	-500	-8%	-30	0%	-6,769	-17%	4,541	11%
<b>Children</b>														
Children	-3,381	-4%	-15,234	-9%	-1,988	-1%	-1,962	-4%	13,036	7%	24,327	38%	7,413	14%
<b>Overcrowding</b>														
Overcrowding	2,321	23%	2,240	9%	4,324	22%	721	8%	3,620	24%	6,974	121%	1,322	85%
<b>1Q 2005 homes sales price range<sup>15</sup></b>														
	250,000–499,999	150,000–399,999	100,000–299,999	200,000–299,999	100,000–249,999	250,000–499,999	100,000–349,999							
<b>Potential estimated loss of subsidized units by 2010</b>														
Units	8,433–9,044	10,670–13,876	8,875–10,739	0–9	3,309–3,580	0	0–60							

<sup>15</sup> Record information Services. <http://www.mortgages.interest.com/content/ris>

### III. CHICAGO SUBMARKETS

#### Type 1: Gentrifying—PUMS Areas 3502, 3503, 3510

Majority of households were small households of which majority were moderate and high-income. Majority of the large households were low-income. The majority of the housing stock was small units. A larger proportion of these small units were renter occupied as opposed to owner occupied. This area includes communities like Near West, Near South, Lincoln Park, Lakeview, and Lincoln Square where upper income small households are infiltrating the housing market. Many of these community areas are or were home to large public housing developments including Cabrini Green and ABLA. As these areas are redeveloped, new high end housing is encroaching, causing displacement of many low-income households.



Community Area	Median Gross Rent			Median House Value			Median Home Sale Price	
	1990	2000	% Change	1990	2000	% Change	1Q Median Residential Sales Prices, 2005	# of sales transactions
Lakeview	\$560	\$855	53%	\$188,265	\$392,967	109%	350,000–399,999	609
Lincoln Park	\$649	\$931	43%	\$330,556	\$518,063	57%	400,000–499,999	469
West Ridge	\$540	\$689	28%	\$125,741	\$189,474	51%	250,000–299,999	269
Lincoln Square	\$472	\$664	41%	\$116,325	\$217,098	87%	300,000–349,999	144
North Center	\$472	\$789	67%	\$105,957	\$293,678	177%	400,000–499,999	171
Near North Side	\$722	\$948	31%	\$500,001	\$625,692	25%	350,000–399,999	1359
Near West Side	\$285	\$606	113%	\$112,500	\$204,411	82%	300,000–349,999	471
Loop	\$817	\$1,158	42%	\$218,182	\$202,476	-7%	300,000–349,999	420
Near South Side	\$186	\$366	97%	\$283,333	\$335,101	18%	300,000–349,999	385

1st Quarter median Residential Sales Prices in 2005 ranged between \$300,000–\$499,999. All communities have a high number of sales transactions.

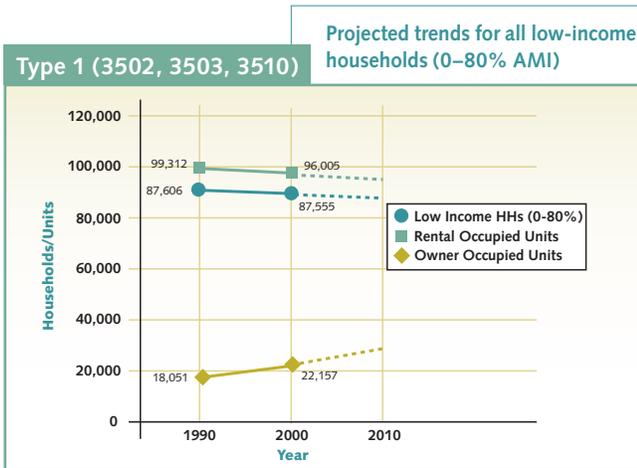
**Housing Gap/Surplus: The mismatch of households by size and income to units by size and affordability, taking into consideration cost burdened/under burdened households.**

	Low-income Brackets			Moderate	High
	0–30%	31–50%	51–80%	81–120%	>120%
Small Household	-21,493	-11,796	-10,198	-3,685	46,706
Large Household	-2,972	-1,844	-1,188	-725	-732

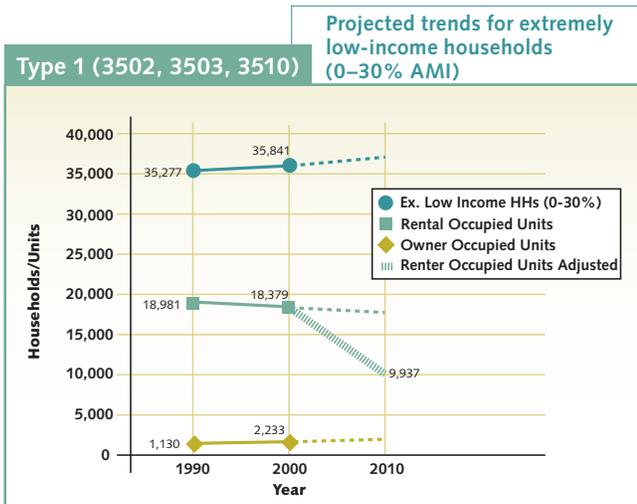
24,265 extremely low-income households were not housed affordably in 2000

### III. CHICAGO SUBMARKETS

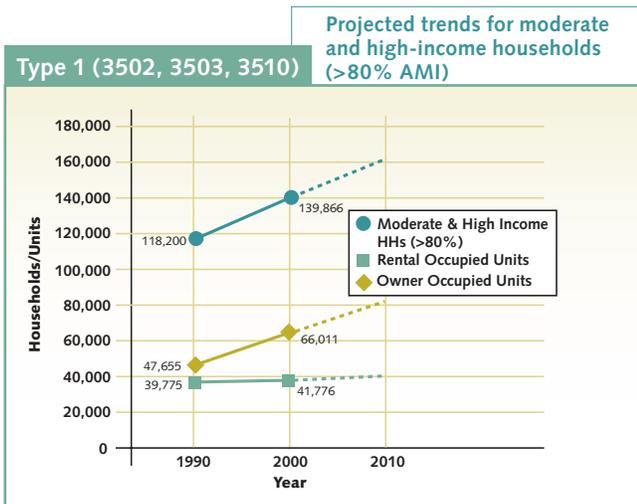
#### Type 1: Gentrifying—2010 Outlook



Combining the potential/real loss of public housing, Section 8 and Tax Credit properties, this type can potentially lose between 8,433–9,044 assisted units by 2010. Because this potential estimated loss will impact those earning 0–30% AMI the adjust trend is picture below for this group.



In 2000, there was already a shortage of 17,444 affordable and size suitable rental units for this group.

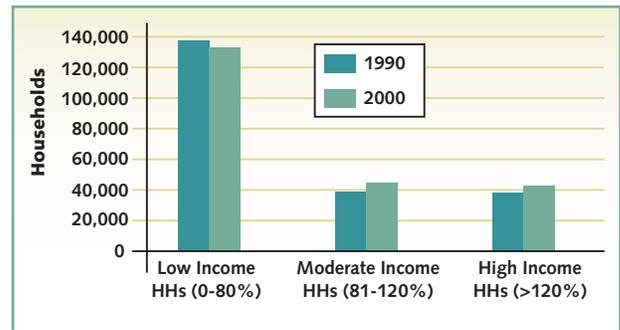


Households earning greater than 80% AMI can be expected to increase as trends indicate along with increasing owner occupied units.

### III. CHICAGO SUBMARKETS

#### Type 2: Early to Mid Stage Gentrification—PUMS Areas 3501, 3509, 3514

Majority small households were low-income AND majority large households were low-income. This area includes community areas such as Rogers Park, West Town, Logan Square, Kenwood, Oakland. These areas still had, in 2000, more low-income households than high-income households but turnover to more high-income households can be expected in most of these communities. This area will be severely affected by changes in Section 8 and public housing units as a large percentage of this housing stock is found in this area.



Community Area	Median Gross Rent			Median House Value			Median Home Sale Price	
	1990	2000	% Change	1990	2000	% Change	1Q Median Residential Sales Prices, 2005	# of sales transactions
Rogers Park	\$466	\$610	31%	\$106,441	\$180,569	70%	150,000–199,999	262
Uptown	\$410	\$564	38%	\$139,583	\$270,300	94%	200,000–249,999	306
Edgewater	\$458	\$611	33%	\$122,930	\$243,594	98%	200,000–249,999	277
Hermosa	\$432	\$593	37%	\$81,365	\$132,002	62%	200,000–249,999	77
Avondale	\$428	\$606	42%	\$80,028	\$151,021	89%	300,000–349,999	138
Logan Square	\$426	\$639	50%	\$71,660	\$176,024	146%	300,000–349,999	348
West Town	\$383	\$659	72%	\$74,730	\$271,194	263%	350,000–399,999	510
Douglas	\$370	\$550	49%	\$124,632	\$208,449	67%	250,000–299,999	56
Oakland	\$155	\$258	66%	\$43,438	\$165,186	280%	300,000–349,999	9
Fuller Park	\$325	\$421	30%	\$40,217	\$65,536	63%	150,000–199,999	23
Grand Boulevard	\$265	\$384	45%	\$61,601	\$179,849	192%	200,000–249,999	148
Kenwood	\$458	\$611	33%	\$113,672	\$297,354	162%	250,000–299,999	37
Washington Park	\$353	\$470	33%	\$51,600	\$86,217	67%	200,000–249,999	65
Hyde Park	\$514	\$675	31%	\$222,183	\$271,020	22%	200,000–249,999	98

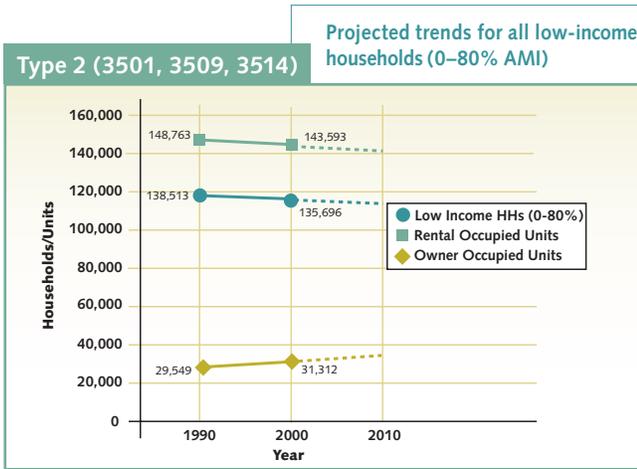
In 2005, majority of the housing in this Type cost between \$200,000–\$350,000

**Housing Gap/Surplus:** The mismatch of households by size and income to units by size and affordability, taking into consideration cost burdened/under burdened households.

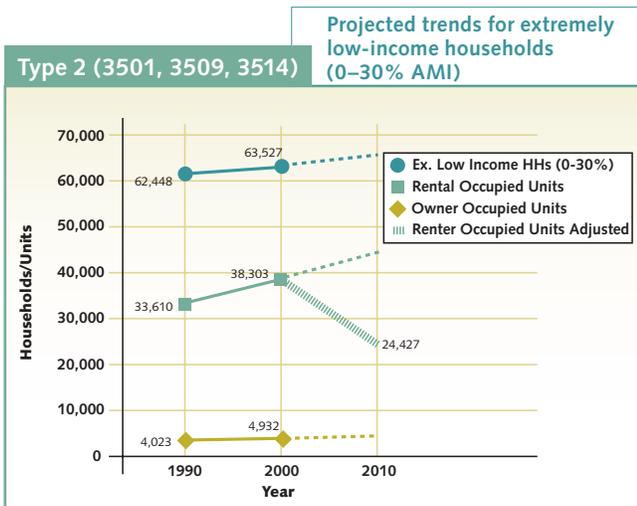
	Low-income Brackets			Moderate	High
	0–30%	31–50%	51–80%	81–120%	>120%
Small Household	-34,863	-14,411	-4,915	10,363	25,382
Large Household	-9,959	-3,645	-1,892	-1,103	61

44,822 extremely low-income households were not housed affordably in 2000

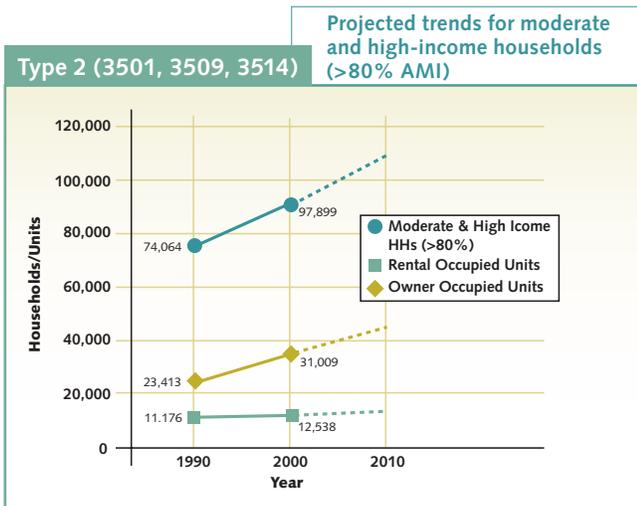
#### Type 2: Early to Mid Stage Gentrification—2010 Outlook



Low-income households and units affordable to them can be expected to decrease dramatically as this type has the most significant number of subsidized units at risk.



Estimated loss of subsidized units ranges from 10,670–13,876. Because is estimated loss will impact those earning 0–30% AMI, the adjusted trend line is depicted below for this population.

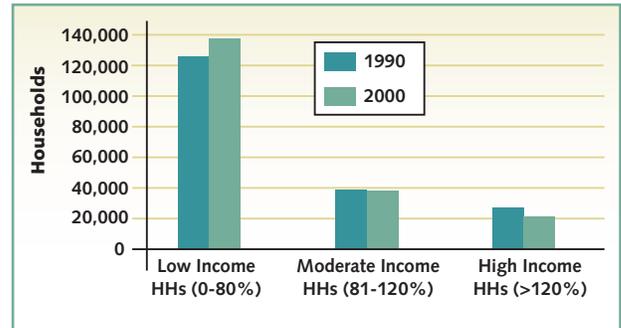


Although in 2000, there were more low-income households than upper income households, this trend can be expected to reverse, although perhaps not by 2010. Current trends indicate that low-income households will decrease to approximately 135,000 households by 2010 and upper income households will increase to just over 100,000 by 2010.

### III. CHICAGO SUBMARKETS

#### Type 3: Gentrification Pressured—PUMS Areas 3507, 3508, 3512, 3515

Majority small households are low-income AND majority large households are low-income. This includes community areas such as Humboldt Park, Austin, Bridgeport, and Woodlawn. These areas are feeling the pressures of the gentrifying communities surrounding them. Some communities in this type are dealing with spill over gentrification issues like significantly high increases in property values and taxes while others are dealing with large increases in low-income households as households are displaced from surrounding communities.



Community Area	Median Gross Rent			Median House Value			Median Home Sale Price	
	1990	2000	% Change	1990	2000	% Change	1Q Median Residential Sales Prices, 2005	# of sales transactions
Austin	\$459	\$590	29%	\$68,139	\$109,937	61%	200,000–249,999	366
Humboldt Park	\$430	\$574	33%	\$50,144	\$95,270	90%	250,000–299,999	242
West Garfield Park	\$405	\$529	31%	\$47,500	\$87,676	85%	200,000–249,999	85
East Garfield Park	\$368	\$501	36%	\$37,035	\$98,699	167%	200,000–249,999	87
North Lawndale	\$380	\$505	33%	\$40,261	\$81,473	102%	150,000–199,999	183
Armour Square	\$282	\$426	51%	\$98,167	\$144,135	47%	200,000–249,999	37
Archer Heights	\$461	\$647	40%	\$75,886	\$128,036	69%	200,000–249,999	40
Brighton Park	\$385	\$546	42%	\$57,445	\$108,381	89%	200,000–249,999	154
McKinley Park	\$377	\$542	44%	\$54,289	\$97,339	79%	200,000–249,999	84
Bridgeport	\$361	\$539	49%	\$70,884	\$138,731	96%	250,000–299,999	89
New City	\$387	\$473	22%	\$42,094	\$81,706	94%	150,000–199,999	222
Woodlawn	\$377	\$474	26%	\$53,594	\$84,160	57%	200,000–249,999	140
South Shore	\$451	\$570	26%	\$65,940	\$105,537	60%	150,000–199,999	206
Chatham	\$442	\$545	23%	\$67,452	\$99,049	47%	150,000–199,999	94
Avalon Park	\$435	\$576	32%	\$65,881	\$96,151	46%	100,000–150,000	71
Greater Grand Crossing	\$411	\$523	27%	\$55,910	\$83,847	50%	150,000–199,999	124

In 2005, housing sales prices in these communities ranged from \$150,000–\$249,999

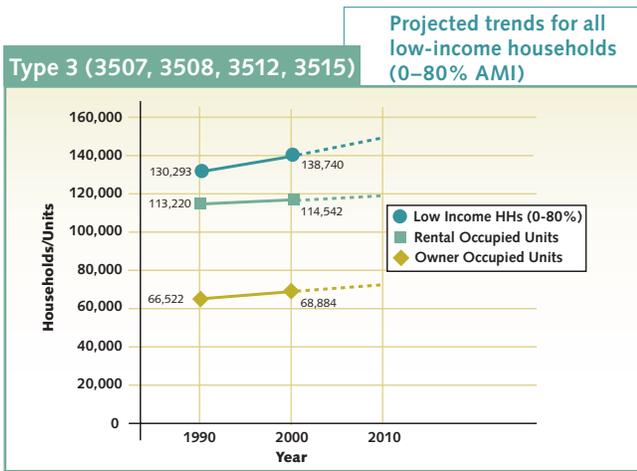
Highest = Humboldt Park \$250,000–\$299,000. Lowest = Avalon Park \$100,000–\$150,000

**Housing Gap/Surplus: The mismatch of households by size and income to units by size and affordability, taking into consideration cost burdened/under burdened households.**

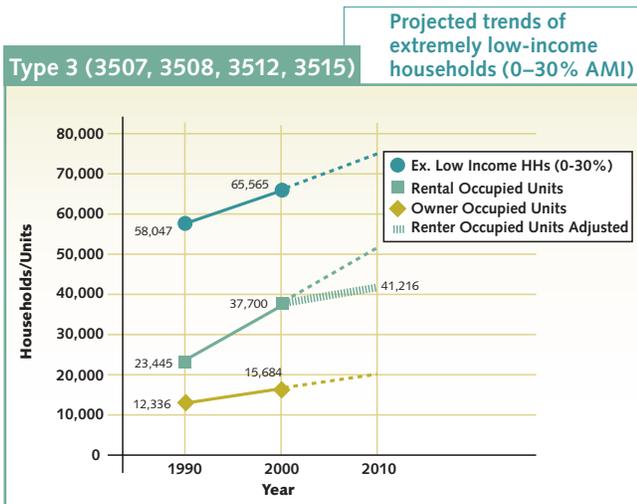
	Low-income Brackets			Moderate	High
	0–30%	31–50%	51–80%	81–120%	>120%
Small Household	-33,309	-11,863	-1,525	12,731	12,571
Large Household	-13,765	-4,847	-2,918	7,548	5,677

47,074 extremely low-income households were not housed affordably in 2000

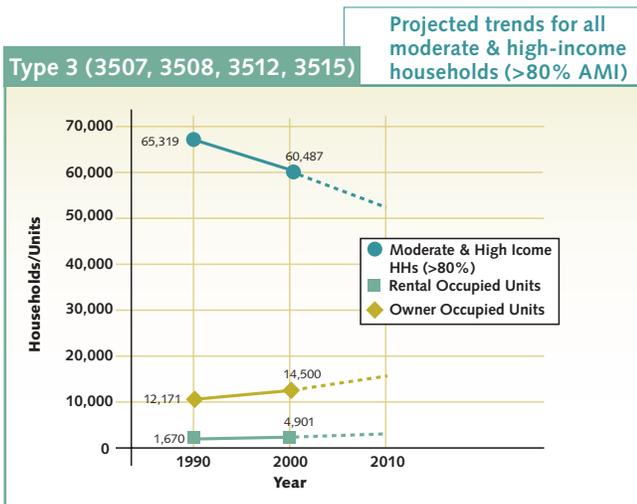
## Type 3: Gentrification Pressured—2010 Outlook



*This Type has had an increase of 8,447 low-income households over the decade, 7,518 (or 89%) of the increase was in households earning 0–30% AMI. Rental units affordable and size suitable did not increase at the same rate.*



*The communities of this type have the potential of losing between 8,875–10,739 subsidized rental units. Because households earning 0–30% AMI will be affected the most, the adjusted trend line is presented below.*



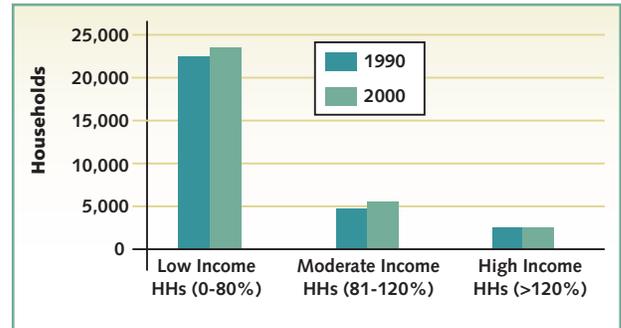
*Trends indicate that low-income household will continue to increase, reaching nearly 150,000 households by 2010. Rental units affordable to these households have increased slightly but can be expected to decrease with the potential loss of so many subsidized units in this area.*

### III. CHICAGO SUBMARKETS

#### Type 4: Crowded—PUMS Area 3511

Majority of households are large households (only PUMS in the city to have more large households). The *Type* has more low-income small households AND more low-income large households. This *Type* was the only one to have increases in all income brackets.

The housing mix in this *Type* is extremely unbalanced. There are 12,904 large households (4–8 person) and only 4,274 large rental units affordable to them and 5,332 large owner occupied units.



Community Area	Median Gross Rent			Median House Value			Median Home Sale Price	
	1990	2000	% Change	1990	2000	% Change	1Q Median Residential Sales Prices, 2005	# of sales transactions
South Lawndale	\$361	\$498	38%	\$48,552	\$105,201	117%	200,000–249,999	161
Lower West Side	\$327	\$483	48%	\$43,528	\$109,264	151%	250,000–299,999	60

In the 1st quarter of 2005, home sales prices ranged from \$200,000–299,999, much of the activity was seen in South Lawndale community.

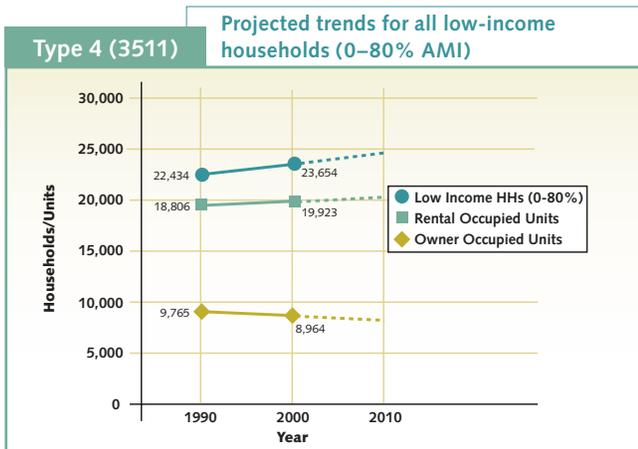
**Housing Gap/Surplus: The mismatch of households by size and income to units by size and affordability, taking into consideration cost burdened/under burdened households.**

	Low-income Brackets			Moderate	High
	0–30%	31–50%	51–80%	81–120%	>120%
Small Household	-3,606	-1,000	-161	161	782
Large Household	-3,611	-1,155	1,298	2,324	1,232

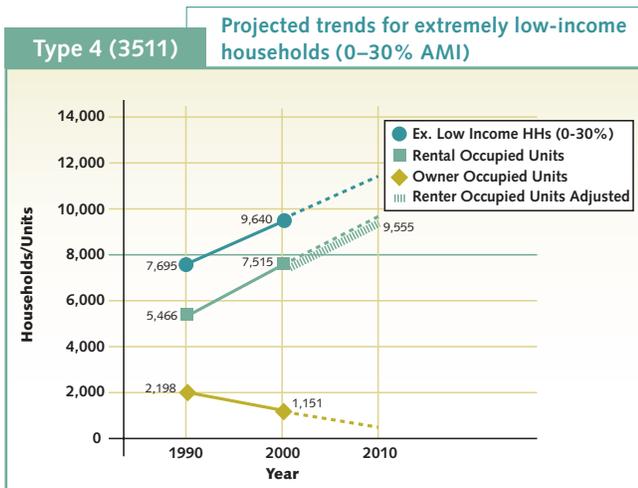
7,217 extremely low-income households were not housed affordably in 2000

### III. CHICAGO SUBMARKETS

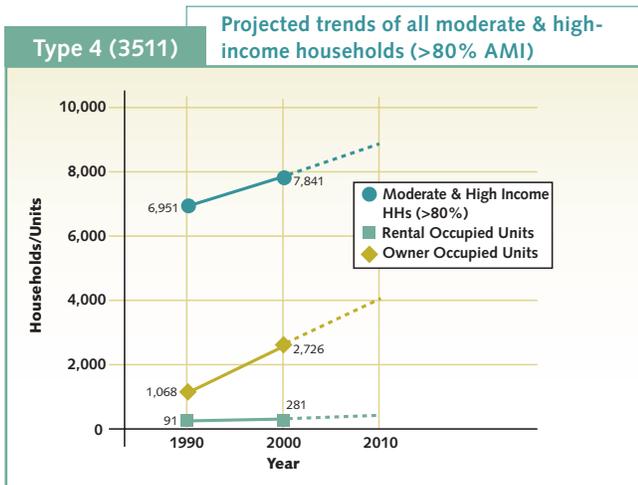
#### Type 4: Crowded—2010 Outlook



The communities of this Type have seen an increase of nearly 2,000 extremely low-income households and a loss of 725 households earning 31–80% AMI



The Type only has a potential 9 units at risk and continues to have more low-income households than it does rental units affordable and size suitable.



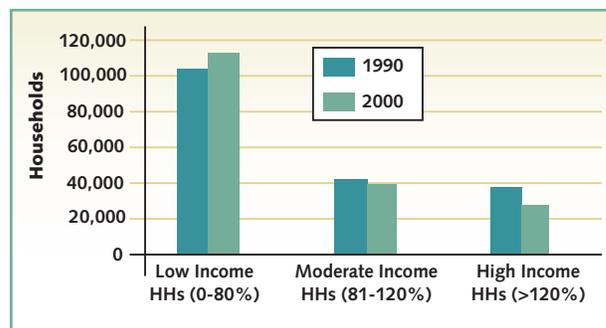
Upper income households increased over the decade as did the owner occupied units but the units increased at a higher rate. This can be expected to increase as the area is experiencing high-end redevelopment.

### III. CHICAGO SUBMARKETS

#### Type 5: Accessible—PUMS Areas 3513, 3516, 3518, 3519

Majority small households are low-income AND majority large households are low-income. The area generally has more large units than small units and that is an attractive feature for this area as the need for large units grows. Large units, however, are older homes often in poor condition. This Type had a large increase in children (6.9% or 13,036) compared to the other Types and is reflective of where families (mostly Latino) are locating to find affordable and size suitable housing. Additionally, this Type was the only one to lose owner occupied housing units and gain rental occupied units. This is likely due single family homes in the far south communities being rented out to meet the demand for rental housing.

Homes found in these communities are more affordable than in other parts of the city, with the majority selling between 100,000–150,000.



Community Area	Median Gross Rent			Median House Value			Median Home Sale Price	
	1990	2000	% Change	1990	2000	% Change	1Q Median Residential Sales Prices, 2005	# of sales transactions
Garfield Ridge	\$423	\$600	42%	\$81,886	\$135,222	65%	200,000–249,999	166
West Elsdon	\$474	\$620	31%	\$76,932	\$126,748	65%	200,000–249,999	81
Gage Park	\$410	\$546	33%	\$58,753	\$97,790	66%	200,000–249,999	124
Clearing	\$472	\$623	32%	\$83,384	\$132,280	59%	200,000–249,999	141
West Lawn	\$454	\$619	36%	\$77,593	\$119,816	54%	200,000–249,999	201
Chicago Lawn	\$409	\$580	42%	\$59,264	\$91,411	54%	150,000–199,999	325
West Englewood	\$458	\$579	26%	\$45,139	\$69,558	54%	100,000–150,000	137
Englewood	\$384	\$497	29%	\$41,363	\$63,889	54%	150,000–199,999	177
Auburn Gresham	\$441	\$563	28%	\$63,271	\$90,454	43%	100,000–150,000	193
Washington Heights	\$476	\$595	25%	\$65,218	\$91,067	40%	100,000–150,000	99
Roseland	\$443	\$596	35%	\$61,073	\$89,084	46%	100,000–150,000	224
Pullman	\$380	\$511	34%	\$55,549	\$82,881	49%	100,000–150,000	34
West Pullman	\$458	\$557	22%	\$59,270	\$82,281	39%	100,000–150,000	167
Riverdale	\$128	\$218	70%	\$44,392	\$54,601	23%	100,000–150,000	42
South Chicago	\$392	\$519	32%	\$57,318	\$85,045	48%	100,000–150,000	124
Burnside	\$491	\$582	19%	\$56,092	\$78,900	41%	150,000–199,999	19
Calumet Heights	\$483	\$639	32%	\$72,831	\$104,659	44%	150,000–199,999	16
South Deering	\$309	\$460	49%	\$51,375	\$75,629	47%	100,000–150,000	66
East Side	\$350	\$517	48%	\$57,704	\$90,758	57%	100,000–150,000	20
Hegewisch	\$370	\$546	48%	\$65,197	\$95,251	46%	100,000–150,000	32

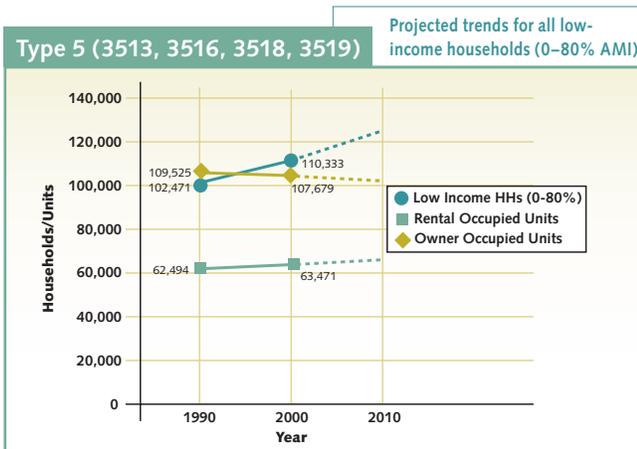
**Housing Gap/Surplus:** The mismatch of households by size and income to units by size and affordability, taking into consideration cost burdened/under burdened households.

	Low-income Brackets			Moderate	High
	0–30%	31–50%	51–80%	81–120%	>120%
Small Household	-23,679	-9,476	-1,949	17,565	16,225
Large Household	-11,127	-5,304	1,287	11,977	9,337

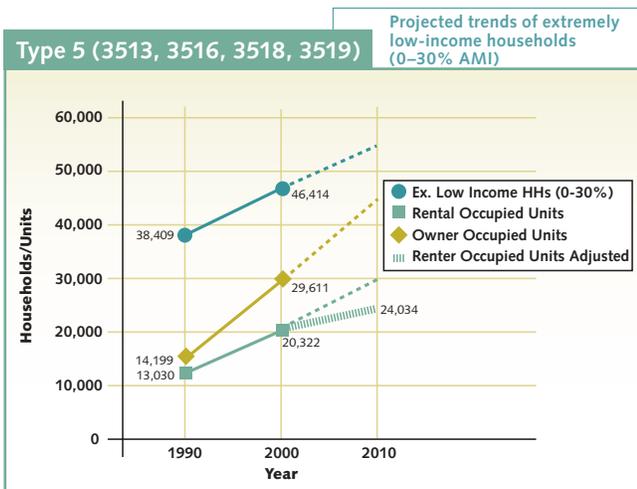
34,806 extremely low-income households were not housed affordably in 2000

### III. CHICAGO SUBMARKETS

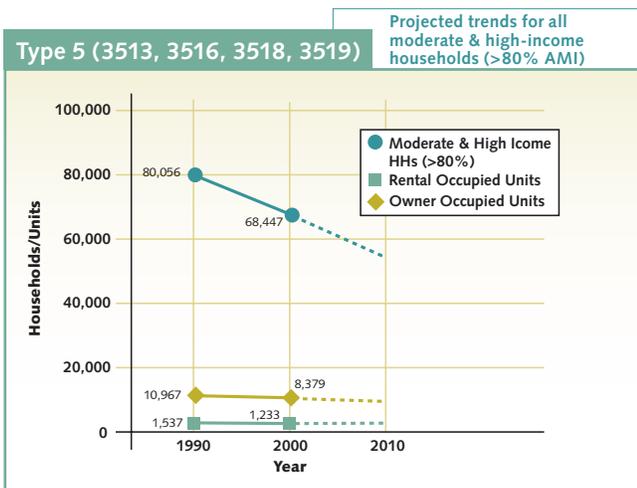
#### Type 5: Accessible—2010 Outlook



Trends indicate that low-income households will outpace the number of affordable and size suitable owner units. Rental units in this Type may increase as single family homes are converted to rentals to accommodate the demand from CHA relocates and other households priced out of other areas.



Communities in this Type have seen the second greatest increase (7,862) in low-income households among the various Types. The bulk of the increase is attributable to households in the 0–30% AMI income bracket. The Type is at risk of losing 3,309–3,580 subsidized housing units which if realized would widen the gap further by 2010.



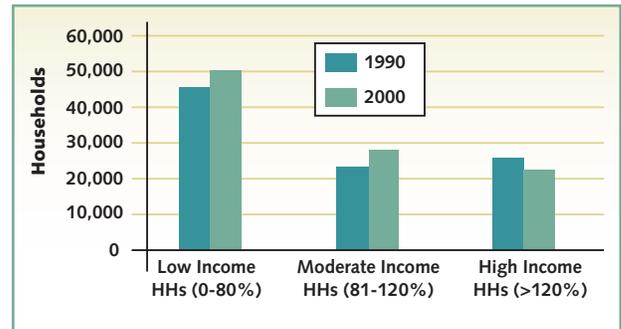
Trends indicate that the number of upper income households will decline in this Type possibly due to the influx of lower income households or the lack of quality housing, services and amenities.

### III. CHICAGO SUBMARKETS

#### Type 6: Mixed Income and Mixed Tenure—PUMS Areas 3504, 3506

This *Type* had a relatively an even mix of low-income and high-income small families and even mix of low and high-income large households. There are more small households than there are large (2:1 respectively) and slightly more owner occupied than renter units.

Trends for the small households were relatively stable with only minor increases/decreases in supply and demand. Of more concern for this *Type* are the significant increases in low-income large households. In both PUMS Areas, large low-income households increased by nearly 3,000 each and overcrowded units increased by 121.2% for the *Type*.



In the 1st quarter of 2005, homes in this *Type* ranged in price from 250,000 to 499,999. This price range is not affordable to low-income households and can account for the doubling of overcrowded units over the decade.

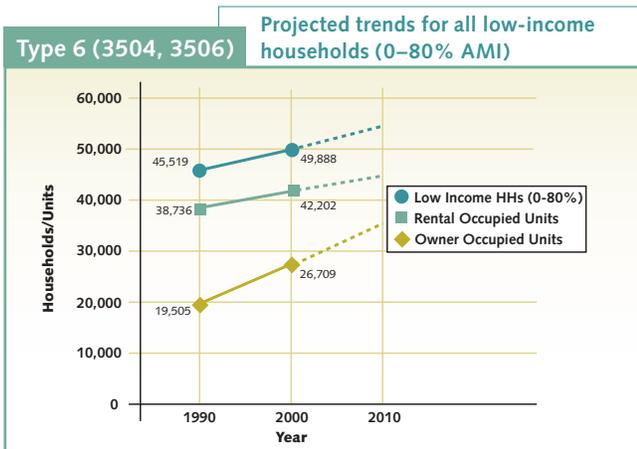
Community Area	Median Gross Rent			Median House Value			Median Home Sale Price	
	1990	2000	% Change	1990	2000	% Change	1Q Median Residential Sales Prices, 2005	# of sales transactions
Forest Glen	\$591	\$757	28%	\$168,431	\$266,688	58%	400,000–499,999	54
North Park	\$499	\$660	32%	\$134,362	\$199,301	48%	300,000–349,999	58
Albany Park	\$448	\$605	35%	\$104,637	\$171,741	64%	300,000–349,999	131
Irving Park	\$452	\$636	41%	\$100,114	\$174,816	75%	250,000–299,999	266
Portage Park	\$477	\$633	33%	\$104,859	\$163,899	56%	300,000–349,999	185
Montclare	\$502	\$648	29%	\$100,648	\$156,963	56%	250,000–299,999	63
Belmont Cragin	\$464	\$621	34%	\$91,102	\$147,258	62%	300,000–349,999	229

**Housing Gap/Surplus:** The mismatch of households by size and income to units by size and affordability, taking into consideration cost burdened/under burdened households.

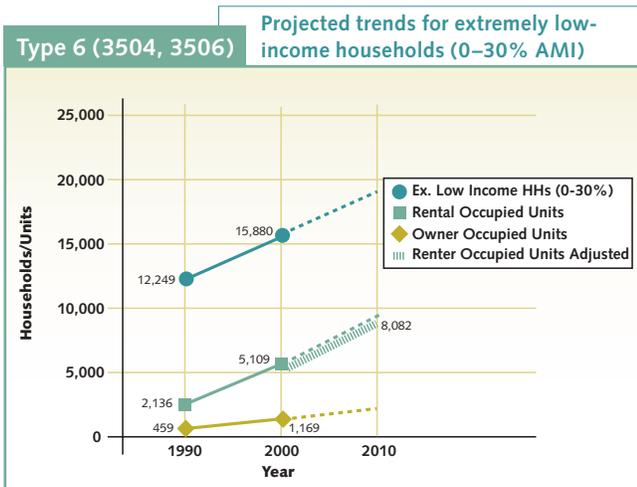
	Low-income Brackets			Moderate	High
	0–30%	31–50%	51–80%	81–120%	>120%
Small Household	-8,709	-5,762	-3,416	2,837	14,269
Large Household	-2,129	-1,626	-1,968	-1,440	2,618

**10,838** extremely low-income households were not housed affordably in 2000

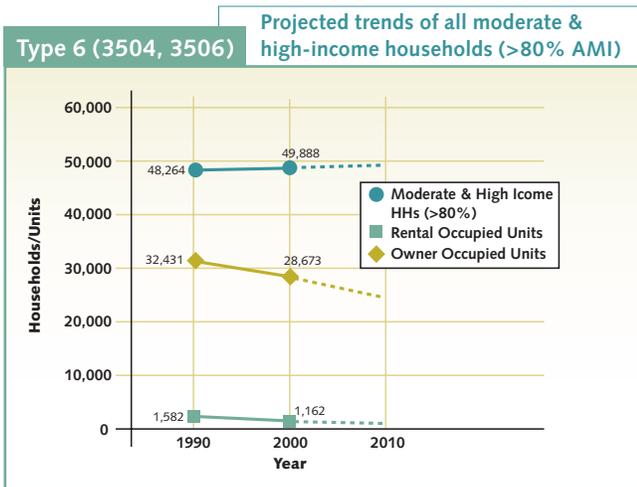
#### Type 6: Mixed Income and Mixed Tenure—2010 Outlook



Low-income households increased by 4,369 households over the decade, out of which 3,631 (or 83%) were extremely low-income households



Very little subsidized housing exists in this Type and no units were identified as at risk for expiring. However, because the extremely low-income population was the bulk of the low-income increase in this Type, the need for subsidized housing will be more critical in the years to come.



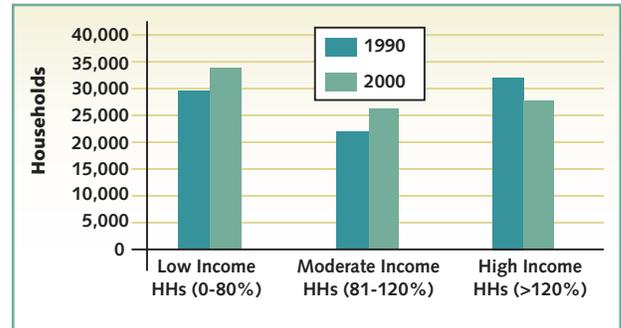
Upper income households it appears remained relatively constant throughout the decade. However, data by income brackets reveals that moderate-income households increased by 4,175 households and high-income households decreased by nearly the same amount (4,976).

### III. CHICAGO SUBMARKETS

#### Type 7: Stable Homeowning—PUMS Areas 3505, 3517

Majority of households—both large and small—earn >80% AMI in this *Type*. There are more large units than small units but more small households than large households. It is comprised of more owner occupied units in both the small and large categories. The housing stock is good and the locations are well served by transit and service amenities. The income distribution is the most balanced of all *Type*'s. Because the housing stock consists of mostly owner occupied units, there are more cost burdened household than rent burdened.

Although the housing is stable in terms of having majority owner occupied units, the occupants of these owner units are changing.



Homes sold in the 1st quarter of 2005 sold in the range of 100,000-349,999

- 100,000–199,000 (4 communities)
- 200,000–299,999 (2 communities)
- 300,000–349,999 (3 communities)

Community Area	Median Gross Rent			Median House Value			Median Home Sale Price	
	1990	2000	% Change	1990	2000	% Change	1Q Median Residential Sales Prices, 2005	# of sales transactions
Edison Park	\$579	\$728	26%	\$135,865	\$210,983	55%	300,000–349,999	24
Norwood Park	\$569	\$748	31%	\$129,690	\$195,574	51%	300,000–349,999	131
Jefferson Park	\$532	\$705	33%	\$114,648	\$182,209	59%	300,000–349,999	84
Dunning	\$529	\$701	33%	\$107,717	\$163,822	52%	250,000–299,999	187
O’Hare	\$639	\$785	23%	\$183,258	\$228,265	25%	150,000–199,999	82
Ashburn	\$493	\$715	45%	\$80,063	\$116,625	46%	150,000–199,999	230
Beverly	\$506	\$646	28%	\$101,700	\$176,331	73%	200,000–249,999	86
Mount Greenwood	\$521	\$643	23%	\$81,376	\$134,423	65%	150,000–199,999	64
Morgan Park	\$474	\$633	34%	\$73,126	\$119,827	64%	100,000–150,000	92

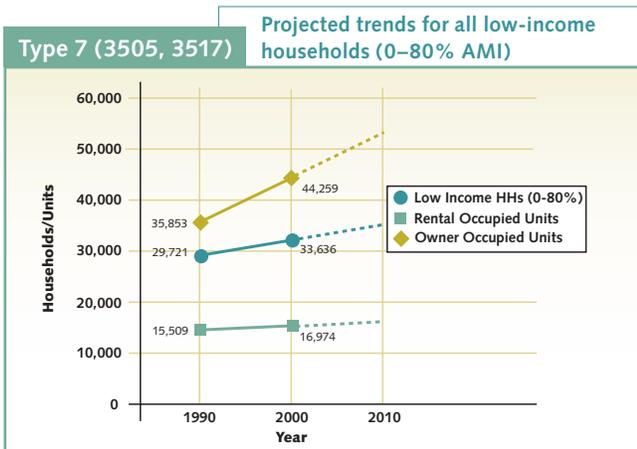
**Housing Gap/Surplus:** The mismatch of households by size and income to units by size and affordability, taking into consideration cost burdened/under burdened households.

	Low-income Brackets			Moderate	High
	0–30%	31–50%	51–80%	81–120%	>120%
Small Household	-6,047	-4,543	-3,087	5,560	16,431
Large Household	-1,059	-1,013	-1,768	-78	6,271

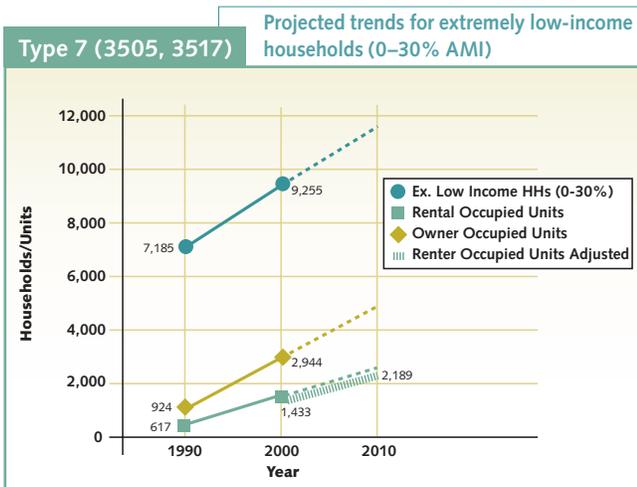
7,106 extremely low-income households were not housed affordably in 2000

### III. CHICAGO SUBMARKETS

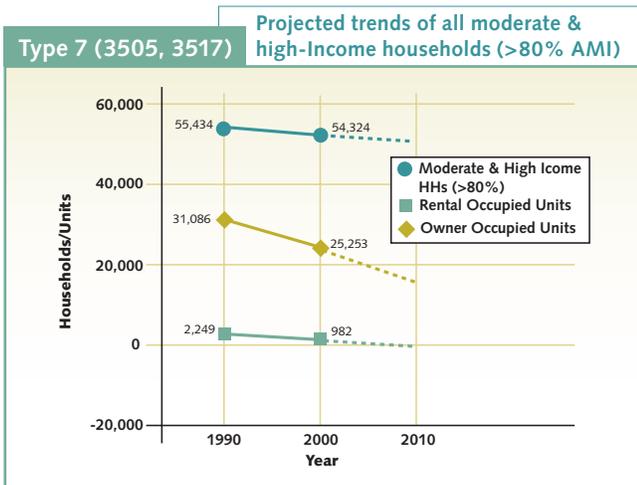
#### Type 7: Stable Homeowning—2010 Outlook



Low-income households increased by 3,915 households over the decade out of which 2,070 (or 53%) were extremely low-income households.



Only a small number of subsidized units exist in communities of this Type, of which 0–60 are at risk of losing their affordability



Moderate-income households increased in this Type by 3,530, however high-income households decreased by a greater amount (4,640) making it appear that upper income households were only slightly declining. High-income households are expected to continue to decrease as the owner occupied housing stock decreases for this population

## CONCLUSION AND RECOMMENDATIONS

The findings in this study paint a clear picture of growing mismatch between the demand and supply of affordable housing for low-income households; the housing stress for these populations is quite staggering. The study documents the magnitude of the housing cost burden. At the same time, both the poverty rate and the number of low-income households in general and extremely low-income households in particular, are projected to grow without a concomitant rise in the number of units affordable to this population group. Resources or programs designed to increase housing for these groups are not in place. Existing resources are in fact disappearing fast while the affordable housing stock continues to get depleted. All low-income groups, particularly extremely low-income households, are going to continue to be negatively impacted—increasing housing cost burden, overcrowding and displacement.

In addition, the shortage of large family housing is going to grow significantly because of the anticipated increase of the Latino population, which is relatively composed of larger family households. With the increasing emphasis by the development community in the city on developing smaller units, even large moderate and high-income households are being driven to the city periphery and to outer regions of the metro area in search of suitable housing.

Rental housing, the likely option for most low-income households, is dwindling with the current emphasis on developing for-sale housing and the increasing conversion of existing affordable rental housing resources to other uses.

All stakeholders—elected officials, policy makers, advocates, developers, community organizations—should take heed of the adverse effect of these trends and take appropriate proactive steps to avert potential crisis. The following are only a few measures that can be undertaken to halt and reverse the current trend:

- **Resources:** while taking steps to protect existing resources from attack and diversion, it is critical to seek the expansion of resources for affordable housing at all levels—federal, state, local, etc., in order to make sure that supply keeps pace with demand.
- **Preservation:** earnest steps should be taken to protect and preserve existing affordable rental housing resources at risk of being lost due to expiring contracts and programs, various kinds of conversions, and transformation plans.
- **Targeting:** plans and programs at all levels should target and prioritize to address the most need. Housing for the extremely low-income, rental housing expansion, development of large family housing are some of the priorities that ought to be considered.
- **Rental assistance:** rental assistance programs at all levels—federal, state, local—should be significantly expanded so that the housing stress on cost burdened and overcrowded low-income households may be eased.
- **Other strategies:** strategies that have served other communities well such as inclusionary zoning, community land trust, various incentive programs, etc., should also be considered. Besides providing affordable housing, strategies such as inclusionary zoning can also help to foster the creation of mixed-income communities and a city that is less segregated in the future.

The section of the report on submarkets clearly shows the distinct population patterns and housing characteristics of different areas of the city. As such, strategies targeting different submarket should be consistent with the unique characteristics of each; for instance:

- Subsidized housing preservation is one viable strategy for gentrifying and early to mid gentrifying areas as they stand to lose the greatest number of subsidized units by the next decade.
- Evenly distributed affordable housing development and preservation of existing rental housing from condo conversion is critical for avoiding displacement in gentrification pressured areas, especially those with high increases of Latino households such as McKinley Park, Brighton Park and Archer Heights.

- Development of affordable housing and preservation of existing rental housing should be a priority in homeownership areas like type 6 and 7 where virtually no subsidized housing exists in order to ensure continued availability of a viable stock of rental housing.
- Improvement and preservation of the existing housing stock and promotion of infill development would be the strategy most appropriate for communities such as those on the south and south west sides that are still accessible.

We trust the findings in this study will serve as an early warning system and draw the attention of all stakeholders to the increasingly worsening affordable housing situation. The recommendations outlined above are intended to help start the conversation; we hope to see them refined and expanded through continued dialogue.

Below is a brief overview of how estimates for each HUD income category by household size, and then the corresponding affordable units—both rental and for-sale—that existed in 1990 and 2000, were determined.

**Households by household size:** To arrive at the number of low-income households by household size and by HUD 2000 Area Median Income Limits for each income category, we sorted the PUMS data using SPSS (a statistical package). See table below. The result was a count of households that were in each of the HUD income brackets for each household size. This process was repeated using the 1990 PUMS data and the 1990 HUD income limits.

Price points or affordable ranges were established to obtain the number of rental and owner occupied units affordable to each income group bracket. Because these affordable ranges overlap between household incomes and household sizes, the units were not mutually exclusive. They were however made exclusive by employing 2 major assumptions: 1) small 1–3 person households would at minimum require a 0, 1, or 2 bedroom unit to be appropriately housed and 2) large 4–8 person households would at minimum require 3, 4, 5+ bedroom unit to be appropriately housed. By restricting the data to the number of units available specifically to each income group by size, there was no overlap of units for the purpose of analysis. Additionally, the units presented are occupied units as the PUMS data only provides rents and home values for what is provided by each household. Vacant units are presumed to be not occupied for various reasons such as too expensive, poor quality or low demand in the area.

**Renter-occupied housing units affordable to each household by size:** To get the number of affordable (i.e., paying no more than 30% of income for rent) rental units, we first converted the HUD income limits by household size into “rent value” ranges. For instance a person earning \$14,250/year could afford to pay up to \$356/month based on the formula:  $\$14,250 / 12 \times 0.30 = \$356.00$ . The PUMS data were then used to determine how many units existed within these ranges by bedroom size using the “gross rent paid” from the census. This process was repeated for the 1990 census using the 1990 HUD income limits.

**Table 10** Data matrix for determining number of households by income group and size, Chicago

2000 HUD Income Limits					
	Low-income Brackets			Moderate	High
	0–30%	31–50%	51–80%	81–120%	>120%
<b>Small Households</b>					
1 Person	0-14,250	14,251–23,750	23,751–35,150	35,151–57,050	>57,051
2 Person	0-16,300	16,301–27,150	27,151–40,150	40,151–65,200	>65,201
3 Person	0-18,350	18,351–30,550	30,551–45,200	45,201–73,350	>73,351
<b>Large Households</b>					
4 Person	0-20,350	20,351v33,950	33,951v50,200	50,201–81,500	>81,501
5 Person	0-22,000	22,001–36,650	36,651v54,200	54,201–88,000	>88,001
6 Person	0-23,650	23,651v39,400	39,401v58,250	58,251–94,500	>94,501
7 Person	0-25,250	25,251v42,100	42,101v62,250	62,251–101,050	>101,051
8 Person	0-26,900	26,901–44,800	44,801–66,250	66,251–107,550	>107,551

**Rent burdened households by size:** The number of rent burdened households was arrived at by cross-tabulating size of household, income and rent—paying more than 30% of income for rent based on the census.

**Owner occupied housing units affordable to each household by size:** To get the number of affordable (i.e., paying no more than 30% of income for rent) for-sale units, we first converted the HUD income limits by household size into “home value” ranges. These home value ranges are the home price that each income bracket could afford to buy. For example, a 2 person household earning between 51-80% (or \$27,151–\$40,150) could afford a home in the price range of \$95,336–\$140,983). The price ranges were developed with a formula that took into consideration down payment, taxes, insurance and an affordable monthly payment that would not exceed 30% of monthly income. The PUMS data were then used to determine how many units existed within these ranges by bedroom size using the “home value” category in the census. This process was repeated for the 1990 census using the 1990 HUD income limits.

**Cost burdened households:** The number of cost burdened households was arrived at by cross-tabulating size of household, income and housing cost—paying more than 30% of income for rent based on the census.

**Comparing supply and demand:** For our analysis small households include 1, 2 and 3 person households; large households include 4 to 8 person households. For purposes of this study, small household would at minimum need 0, 1, or 2 bedroom units to be appropriately or suitably housed and large household would need 3+ bedroom units to be appropriately or suitably housed. This ensures there was no overlap of units.

**Small households (1–3P)—at minimum would need studio, 1 or 2 bedroom units**

**Large households (4–8P)—at minimum would need, 3, 4, or 5+ bedroom units**

Using the affordable rent ranges and affordable home value ranges described above:

- Small 1, 2, and 3 person households earning between 0-80% can afford rents for units with 0-2 bedrooms between \$356 at the lowest (1P earning 0–30%) and \$1,103 at the highest (3 person earning 51–80%). It is important to note that this analysis shows what is affordable only to the household and their affordable price range. Since some of the units affordable to a 1 person household earning 0–30% are the same units affordable to a 2P household earning 0–30%, overall averages were taken to get a total number of affordable units for small households as a group.

The same is true for large households

- Large 4 to 8 person households earning between 0–80% can afford rents for units with 3+ bedrooms between \$509 at the lowest (4 person earning 0–30%) to \$1,656 at the highest end (8 person earning 51–80%). Again since some of the 3+ units affordable to a 4 person household earning 0–30% are the same units affordable to a 5+ person household earning 0-30%, total units affordable are an average for large households as a group.

### Limitations of the data

This analysis utilizes “home value” figures from the US Census, which is self-reported by the owner and therefore may not reflect the actual value that a home would sell for on the market. As a result, the number of affordable for-sale units in the city can be potentially over-estimated, especially in submarkets that have been depressed or with little market activity to provide owners insight on the value of their property. In the sub market analysis we provide data on recent sales prices of homes for comparison of home value and home sales price. Often the home sales price is much higher than the reported home value.

More importantly, it should be taken into consideration that even if it appears there is ample affordable housing units in a submarket or the city as a whole, this may not mean there are actual affordable units available for rent or purchase. This is especially true in terms of owner-occupied units since the turn over rate in homes is much slower than in renter-occupied units.

Finally, because we are using actual HUD income limits by household size, our method to calculate the number of low-income households may yield a smaller number of total low-income households than the conventional method of using the HUD income limits for a 4-person family.

It also should be noted that we did not account for large units affordable to small households, as may be the case in some areas, to avoid duplication of units.

**Nathalie P. Voorhees Center for  
Neighborhood and Community  
Improvement**

University of Illinois at Chicago  
400 South Peoria, Suite 210  
Chicago, IL 60607

**Chicago Rehab Network**

53 West Jackson Boulevard, Suite 739  
Chicago, IL 60604

**Housing Action Illinois**

11 East Adams Street, Suite 1501  
Chicago, IL 60603

**Latinos United**

36 S. Wabash Avenue, Suite 1325  
Chicago, IL 60603