DePAUL UNIVERSITY
INSTITUTE FOR HOUSING STUDIES



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# The State of Rental Housing in Cook County

Prepared by

THE INSTITUTE FOR HOUSING STUDIES AT DEPAUL UNIVERSITY

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# EXECUTIVE SUMMARY

Four in ten Cook County residents are renters, yet to date much of the discussion about the housing crisis has focused on its effects on current and potential homeowners. This report examines how changes in the housing market over the last decade have affected renters and, in particular, access to affordable rental housing in Cook County.

There has long been a shortage of affordable rental housing in the United States. During the first part of the last decade that shortage worsened as low interest rates, a strong national economy, and a continuing public policy push to increase homeownership effectively re-allocated investment resources into owner-occupied properties and away from rental housing. Demand for owner-occupied units led many owners of rental properties to convert rental units into for-sale condominiums, and there was relatively little new multifamily rental housing construction to make up for the loss of those units.

At the same time that the supply of affordable rental housing was decreasing, the demand for affordable rental opportunities increased. The widespread recession of 2008 and 2009 negatively affected wages and employment and resulted in a growing proportion of very low-income renters.

These national trends were mirrored in Cook County over the last decade. Key findings from this report include:

- **The affordable rental housing supply is not keeping pace with demand.** In 2009 there was a shortage of 180,000 affordable rental units in the County, an increase of 9.1 percent since 2005.

- **In 2010, households needed to make approximately $40,000 per year** to afford the county's median priced two-bedroom apartment ($1000 per month), if they were to pay 30 percent of their income toward housing.

- **The affordable rental housing shortage is having its greatest effect on less affluent renters.** More than three-quarters of households making less than $35,000 per year pay more than 30 percent of their income for rent.

- **Over the last half of the 2000s, rents increased.** Although between 2008 and 2010, rents in Chicago decreased by 1.9 percent and rents in suburban Cook County decreased by 4.3 percent, the County has still seen a net increase in rents since 2005. Real median rents rose 14.1 percent in Chicago and 13.3 percent in the suburbs between 2005 and 2010.

- **The foreclosure crisis has affected renters.** More than 97,000 units in multifamily buildings in Cook County have been part of a foreclosure action.

- **The gap between affordable rental housing supply and demand likely going to grow larger.** Taking into account likely demographic changes, household tenure decisions, regional economic conditions, and new construction, the gap in affordable rental units will increase to 233,000 by 2020.

# KEY FINDINGS FROM 'THE STATE OF RENTAL HOUSING IN COOK COUNTY'

**There are a substantial number of renters in Cook County**: 40 percent of Cook County residents rent.

**The need for affordable housing is growing**. The number of Cook County residents needing affordable rental housing has increased 9 percent since 2005:

GAP BETWEEN DEMAND AND SUPPLY OF AFFORDABLE RENTAL HOUSING IN COOK COUNTY, 2005-2009

| YEAR | HOUSEHOLDS IN NEED OF AFFORDABLE RENTAL HOUSING | SUPPLY OF AFFORDABLE UNITS | GAP |
|---|---|---|---|
| 2005 | 461,330 | 296,437 | 164,893 |
| 2009 | 482,785 | 302,842 | 179,943 |

Source: 2005 and 2009 American Community Survey

**The Cook County multifamily housing stock is diverse:** Roughly 33 percent of rental units in multifamily buildings have two-to-four units. About 35 percent have between 5 and 49 units, and nearly 19 percent have 50 or more units.

**More households are renting again:** Between 2007 and 2009, the number of renter occupied homes increased by nearly 54,000 while the number of owner-occupied homes decreased by over 63,000.

**Renters are lower-income than owners:** The median income for renter households in 2009 was $31,367. This was 43.9 percent of the median household income for owners, which was $71,489.

**Renters are younger than owners:** The number of renter households exceeds the number of owner households in both the under 25 and the 25 to 34-age groups.

**Younger households are making less:** Between 2000 and 2009, real income for Cook County's renter households that were younger than 25 declined by over 25 percent.

**Rents are increasing:** Although real median rents dropped between 2008 and 2010, there has been a net increase in rents of 14 percent in the City and 13 percent in the suburbs between 2005 and 2010.

REAL MEDIAN RENTS IN COOK COUNTY, 2005–2010

| YEAR | CHICAGO | SUBURBS |
|---|---|---|
| 2005 | $880 | $874 |
| 2008 | $1,023 | $1,034 |
| 2010 | $1,004 | $990 |

Source: 2005–2010 Multiple Listing Service (MLS)

**Families making less than $35,000 pay the most.** Nearly 80 percent of renters making less than $20,000 per year and 75 percent of renters making between $20,000 and $34,000 pay more than 30 percent of their income for rent and basic utilities.

**The foreclosure crisis has affected families that rent:** Foreclosures affected 97,000 rental units in Cook County between 2007 and 2010.

**Suburban foreclosures on rental properties are growing**. Foreclosures on suburban buildings with five or more units have grown from 8 percent of County foreclosures on such buildings in 2000 to 21 percent of County foreclosures on such buildings in 2010.

**Areas that need affordable rental housing the most have been hit hardest by foreclosures**. Nearly 31 percent of all rental units in two-to-four unit properties in low-income communities have been affected by foreclosure filings.

**The need for affordable rental housing will continue to grow.** The gap between the supply of affordable rental units and the demand for affordable rental housing is projected to grow to 223,000 units between now and 2020.

# INTRODUCTION

| | |
|---|---|
| **AFFORDABLE RENTAL HOUSING DEFINITION** | Housing is considered affordable when a family pays no more than 30 percent of their income for shelter. In this report, "affordable rental housing" is defined as rental units affordable to households making $32,931 or less, which is about 150 percent of the federal poverty level in 2009. At this income, families should pay no more than $823 per month for rent. |

Almost all Americans rent at some point in their lives, and rental housing plays a critical role in Cook County where approximately 40 percent of all households rent. Renting provides the opportunity to live independently without the challenges and costs of property maintenance and improvement that accompany homeownership. For households that value or need flexibility and economic mobility, it is much easier to move from one rental unit to another than it is to move from one ownership situation to another. For households that do not plan to be in a home long enough to be able to recoup the transaction costs inherent in buying and selling a property, renting is a preferable option. For many others, homeownership simply is not an option. They do not earn enough to be able to save for a down payment or to cover the ongoing costs associated with owning property. Lower-income individuals and families tend to be especially dependent on the presence of affordably priced rental housing.

Rental housing is also important for the Chicagoland economy. Lower-income workers, such as construction workers, teachers, health care workers, child care providers, secretaries, and retail clerks, play critical roles in large sectors of the economy, in both blue- and white-collar industries. Many of these workers are likely to be renters. Access to quality housing that is affordable at a variety of income-levels creates economic stability and security for these households, the businesses where they work, and the region's economy as a whole.

For all these reasons, attention to the preservation and development of affordable rental housing is essential in Cook County.

This report builds on previous work done by the Institute for Housing Studies at DePaul University and The Preservation Compact, a partnership among Chicago area civic and government leaders that focuses on the preservation of affordable rental housing in Cook County.[1] The report provides an overview of the county's current rental housing market, assesses the effects of the real estate and financial crises (among other factors) on the market, and identifies variations across different parts of the county. Based on current conditions and potential changes in the broader economy, it estimates how the county's rental market will evolve over the next 10 years and discusses the ramifications of those different scenarios.

1 See, for example, "Preserve, Renew, Rebuild: A Rental Housing Action Plan for Cook County" (2007, available at www.preservationcompact.org, produced by the Preservation Compant; "the Sate of Rental Housing in Cook County: Current Conditions and Forecast" (2007) and "Cook County Rental Housing: 2008 Snapshot" (2009), both of which were produced by DePaul's Institute for Housing Studies; and "The Multifamily Housing Market and Value-at-Risk Implications for Multifamily Lending" (DePaul Institute for Housing Studies working paper, 2010), by James D. Shilling, the Academic Project Director of the Institute.

*Chapter I*

# HOUSING TRENDS OVER THE LAST DECADE NATIONALLY AND IN COOK COUNTY: DIMINISHING SUPPLY; INCREASED DEMAND FOR AFFORDABLE RENTAL HOUSING

**National Shortage of Rental Housing**

There has long been a shortage of affordable rental housing in the United States. During the first part of the last decade that shortage worsened as low interest rates, a strong national economy, and a continuing public policy push to increase homeownership effectively re-allocated investment resources into owner-occupied properties and away from rental housing. Demand for owner-occupied units led many owners of rental properties to convert rental units into for-sale condominiums, and there was relatively little new multifamily rental housing construction to make up for the loss of those units.

According to Harvard's Joint Center for Housing Studies, the nation had 400,000 fewer affordable rental units in 2009 than in 2003.[2] Part of that loss resulted indirectly from the growth in the national homeownership rate, which reached a historic high of 69.2 percent in the fourth quarter of 2004.

At the same time that the supply of affordable rental housing was decreasing, the demand for affordable rental opportunities increased. The widespread recession of 2008 and 2009 negatively affected wages and employment and resulted in a growing proportion of very low-income renters.

By 2010, approximately 70 percent of all renter households had incomes below the national median and 41 percent had incomes in the bottom quartile.[3] The return to the rental market of many homeowners who no longer were able to meet their mortgage payments and had to give up their homes added to the demand pressures. By 2009, there were 18 million very low-income renters competing for only 11.9 million affordable and available units.[4]

Taken together, the diminished supply of rental units, the increased demand for affordable units, and reduced renter incomes has made housing increasingly expensive for those who rent. The Joint Center found that 48.7 percent of all renters spent at least 30 percent of their gross income on rent in 2009, up from 41.2 percent in 2001. Such renters are considered to be "cost-burdened." The proportion of renters spending more than half of their income on rent increased by 5.4 percentage points during this same period.[5]

2 Joint Center for Housing Studies, *America's Rental Housing: Meeting Challenges, Building on Opportunities*, (Cambridge, MA: Havard University, Feb. 2011), p. 6.

3 Ibid, p. 3.

4 Ibid, p. 51.

5 Ibid, p. 49.

### Cook County Trends Mirror Nation

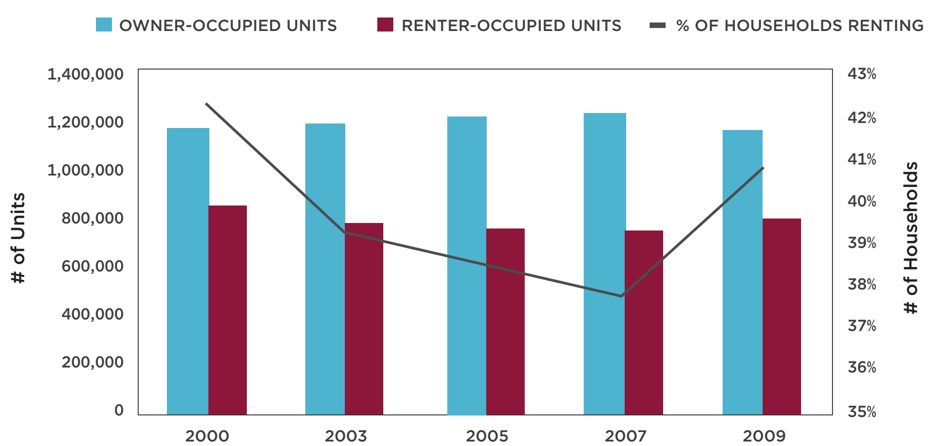
As in the country as a whole, Cook County experienced a significant increase in homeownership in the first part of the 2000s. Buoyed by a strong regional economy, low mortgage interest rates, and a surge in subprime financing, households of all income levels sought to obtain their part of the American dream. Between 2000 and 2007, the county's number of owner-occupied units increased by more than 66,000 (see Chart 1).

Heightened demand for homeownership effectively depressed the demand for rental housing. The proportion of renter households dropped from 42.1 percent to 37.7 percent during the period, and many landlords opted to take their rental units out of service. Some converted them to condominiums and sold them to people looking to buy a home. Others elected to combine smaller units into larger ones in order to make their properties more appealing to prospective renters. In some cases, entire rental properties were demolished to make room for more profitable land uses. As a result of these and other factors, the county had approximately 76,000 fewer rental units in 2007 than it had in 2000. (see Table 1)

Conditions changed considerably toward the end of the decade. The bursting of the real estate bubble in 2007 and the resulting collapse of single-family housing prices and the subprime lending industry contributed to the worst economic recession since the 1930s. Many homeowners found themselves unable to meet their mortgage payments and lost their homes, effectively putting themselves back in the rental market. Other households decided that renting was a more appealing option financially. These and other factors contributed to a reversal in the housing trends of the previous seven years.

The proportion of renter households increased by nearly 3 percentage points between 2007 and 2009. The number of owner-occupied homes decreased by more than 63,000, with a corresponding increase of nearly 54,000 renter-occupied units. In many cases, the new rental units were foreclosed single-family homes and vacant condominiums. However, even with this increase in rental units, Cook County ended 2009 with nearly 16,000 fewer rental units than it had in 2000.

CHART 1. HOUSEHOLD TENURE IN COOK COUNTY, 2000–2009[6]




Sources: 2000 U.S. Census; 2003, 2005, 2007, and 2009 American Community Survey

[6] See, Appendix C for underlying data used to create all the charts in this report.

TABLE 1. RENTAL UNITS IN COOK COUNTY, 2000-2009.[7]

| YEAR | RENTER-OCCUPIED | RENTED BUT UNOCCUPIED | VACANT FOR RENT | TOTAL |
|---|---|---|---|---|
| 2000 | 831,438 | N/A | 51,882 | 883,320 |
| 2005 | 746,531 | 10,454 | 78,849 | 835,834 |
| 2007 | 731,656 | 8,160 | 67,487 | 807,303 |
| 2009 | 785,529 | 8,009 | 73,908 | 867,446 |

Sources: 2000 U.S. Census; 2005, 2007, and 2009 American Community Survey

[7] Total rental units equal the sum of occupied rental units, rented but unoccupied units, and vacant units for rent. While the American Community Survey used these categories in 2005, 2007, and 2009, the 2000 U.S, Census combined sold but unoccupied units and rented but unoccupied units into the same category. We therefore did not include rented but unoccupied units in the 2000 numbers, which understates both the total number of rental units in 2000 and the resulting loss of units between 2000 and 2009.

*Chapter II*

# CHARACTERISTICS OF RENTAL HOUSING AND RENTERS IN COOK COUNTY: RENTAL HOUSING PLAYS A CRITICAL ROLE IN COOK COUNTY

**Cook County Rental Housing Stock**

Rental housing is particularly important in Cook County. Cook County is the second most populous county in the United States behind Los Angeles. It contains both the nation's third largest city (Chicago) and numerous suburbs. Because of that mix, its rental market is broadly representative of many urban areas around the country.

Yet, Cook County has a much larger proportion of renter households (49.7 percent) than the country as a whole (34.1 percent). Though its median renter household income is higher than the country's, it is one of the lowest among the major metropolitan areas (see Table 2).

TABLE 2. RENTAL CONDITIONS IN THE COUNTRY'S 10 MOST POPULOUS COUNTIES

| COUNTY | 2009 POPULATION (in miilions) | RENTER-OCCUPIED UNITS AS % OF ALL OCCUPIED UNITS | MEDIAN HOUSEHOLD INCOME FOR RENTERS | % OF RENTERS PAYING 30% OR MORE OF INCOME IN RENT |
|---|---|---|---|---|
| Los Angeles (CA) | 9.9 | 52.2% | $38,270 | 54.4% |
| **Cook (IL)** | **5.3** | **49.7%** | **$31,367** | **50%** |
| Harris (TX) | 4.1 | 42.9% | $32,885 | 47.3% |
| Maricopa (AZ) | 4 | 34.6% | $35,062 | 48.8% |
| San Diego (CA) | 3.1 | 44.8% | $41,396 | 56.4% |
| Orange (CA) | 3 | 29.9% | $51,084 | 52.1% |
| Kings (NY) | 2.6 | 69.5% | $33,268 | 50.6% |
| Miami-Dade (FL) | 2.5 | 43.1% | $28,194 | 60.3% |
| Dallas (TX) | 2.5 | 46.7% | $31,174 | 47.2% |
| Queens (NY) | 2.3 | 54.7% | $44,040 | 49.3% |
| United States | 307 | 34.1% | $30,576 | 47.7% |

Source: 2009 American Community Survey

**FINANCING IN THE MULTIFAMILY MARKET**

The number of units in a building has a significant impact on the way an owner finances a building's acquisition, refinance, and/or rehabilitation. In general, because of losses associated with real estate over the past several years, lenders are reluctant to hold long term real estate debt in their portfolios. They prefer to originate loans and sell them to the secondary market, earning a fee but reducing their long-term risk. Because of the risks associated with loans to very small investor-owned properties, the secondary market has virtually no appetite for loans to investor-owners of two-to-four unit buildings, and financing for buildings of this size is generally limited to loan products for owner occupants.

On the other hand, buildings with five or more units are evaluated from an investment perspective and are financed with commercial loan products that require a more complex and costly underwriting process. Because of this, most lenders prefer to finance larger projects (often those buildings with 50 units or more). These buildings, because of their size, generate more revenue and can better absorb the underwriting costs.

Smaller projects (often buildings with fewer than 50 units) typically generate less revenue and cannot as easily absorb the underwriting costs associated with loans sold to the secondary market. Lenders are reluctant to hold these loans in their portfolios, and these buildings are more difficult to finance. In Cook County and throughout the country, this is a challenge to affordable housing preservation because a substantial portion of the rental housing stock is in such mid-sized properties.

**Most Rental Units are in Chicago**

The majority of Cook County's rental units are located in the City of Chicago. Chicago has 2.6 times as many rental units as the county suburbs combined. Nearly half of the city's residents live in rental housing, compared with less than a quarter of the suburban population (see Table 3).

The county's rental units are predominantly located in middle-income (39.6 percent) and low-income (37.0 percent) areas. Nevertheless, nearly one-quarter (23.4 percent) are located in upper-income areas.[8] Within the different income areas, most of the units are located within multifamily apartment buildings.

TABLE 3. CHARACTERISTICS OF COOK COUNTY RENTAL MARKET, 2009

| | COOK COUNTY | CHICAGO | SUBURBS |
|---|---|---|---|
| Total Rental Units (% of County Total) | 867,446 | 627,033 (72.3%) | 240,413 (27.7%) |
| Total Renter Population (% of County Total) | 1,941,989 | 1,391,715 (72.6%) | 550,274 (27.4%) |
| Total Population | 5,189,163 | 2,788,472 (53.7%) | 2,400,691 (46.3%) |
| • % of Population Living in Rental Units | 37.4% | 49.9% | 22.9% |

Source: 2009 American Community Survey

[8] We define the low-income communities (PUMAs) as those whose median household income is less than 150 percent of federal poverty level ($21,954 in 2009). The middle income communities (PUMAs) are those whose median household income is in the range of 150 to 200 percent of poverty level. The high-income communities (PUMAs) have more than 200 percent of poverty level.

**Most Rental Units are in Buildings with Five or More Units**

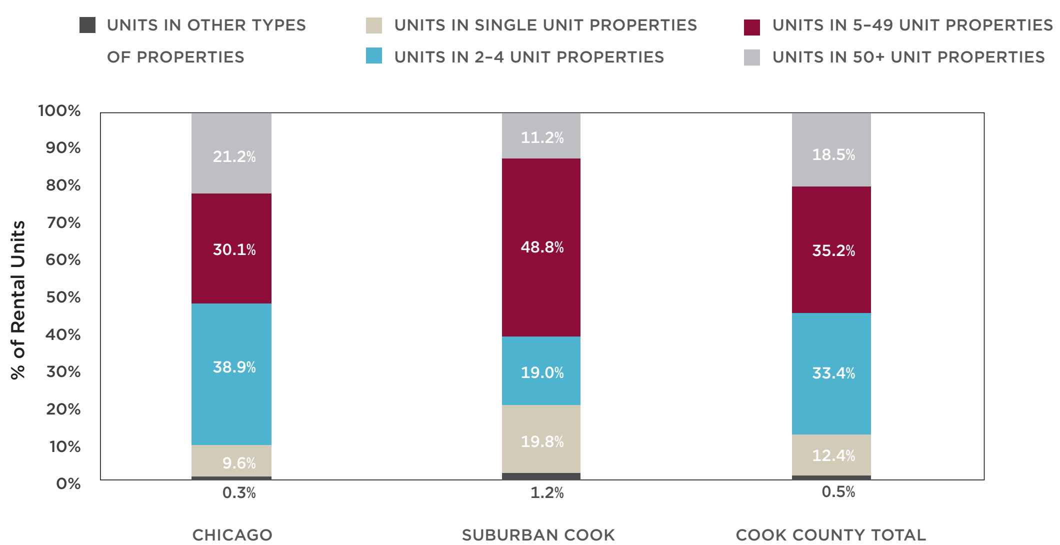
Cook County's stock of multifamily buildings is diverse, but, county-wide, the majority of such buildings have five or more units. In 2009, more than half of all occupied rental units (54 percent) in the county were in properties with at least five units, while a third (33 percent) were in smaller two-to-four unit buildings.

In Chicago, small buildings with two-to-four units (nearly 39 percent) and mid-sized buildings with 5 to 49 units (30 percent) make up the majority of rental units. According to Cook County Assessor data, Chicago had nearly 4.6 times as many two-to-four unit properties as suburban Cook County in 2009.

In suburban Cook County, nearly half of all units are located in mid-sized buildings with only about a fifth of rental units in two-to-four unit properties. Chicago also has a larger share of its units in the largest buildings, with over 21 percent in buildings 50 units or greater compared to 11 percent in the suburbs (see Chart 2).

Though Chicago has many more large multifamily properties, these represent a smaller proportion of its total rental property stock compared to suburban Cook County. Chicago has 15,068 5-49 unit properties compared to 7,027 in suburban Cook County, and the City has 1,050 50+ unit properties compared to 277 in suburban Cook County (see Table 4).

CHART 2. RENTAL UNITS BY BUILDING SIZE




Source: 2009 American Community Survey

TABLE 4. CHARACTERISTICS OF OCCUPIED RENTAL PROPERTIES, 2009

| | CHICAGO | SUBURBS | COOK COUNTY |
|---|---|---|---|
| Total 2–4 Unit Rental Properties | 129,100 | 28,009 | 157,109 |
| Total 5–49 Unit Rental Properties | 15,068 | 7,027 | 22,095 |
| Total 50+ Unit Rental Properties | 1,050 | 277 | 1,327 |

Source: Cook County Assessor's Office

### Increase in Single Family Rentals

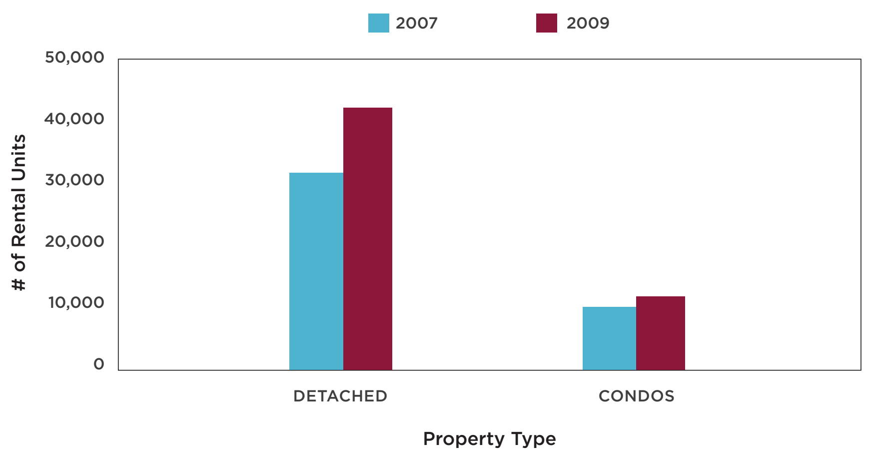
One of the impacts of the weaker homeownership market in Cook County was a 12.8 percent increase in the number of renter-occupied single-family homes between 2007 and 2009. During this same period the City of Chicago experienced a 32 percent increase in the number of single family detached rental units compared to a 15 percent increase in condominium rental units (see Chart 3). As a result, the proportion of single-unit rental properties in Cook County jumped by 3.3 percentage points from 2000-2009, to 12.4 percent.

At least some of this increase can be attributed to the growing number of foreclosed properties. When a lender holds title to a property or sells it to an investor, the new owner may elect to rent it out in order to generate near-term revenue until the market improves to a point where the property can be sold for a favorable price. In many such situations, renting may be the only way to realize some return or come closer to breaking even, as the owner/investor would have had to take a loss were the property to be sold immediately in the weaker market.

### Cook County Renters

Cook County renters are younger and less affluent than owners. The median income for renter households in 2009, $31,367, was 43.9 percent of that for owner households and 60 percent of the overall county median. Slightly more than a third of renter households—more than 265,000—had incomes of $20,000 or less, compared with less than a tenth of homeowners. At the opposite end

CHART 3. CHICAGO SINGLE FAMILY RENTAL UNITS, 2007–2009

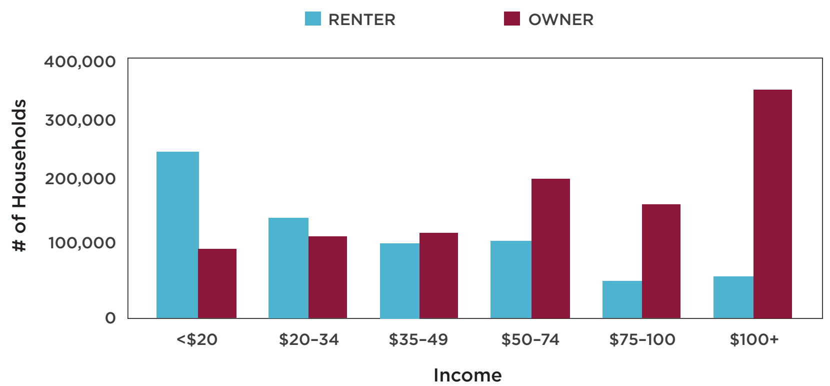



Sources: 2000 U.S. Census; 2003, 2005, 2007, and 2009 American Community Survey of the income spectrum, nearly 32 percent of owner households made $100,000 or more, compared with less than 8 percent of renters (see Chart 4).

Renters also tend to be younger than homeowners. The number of renter households far exceeds the number of owner households in both the under 25 and 25 to 34-year-old age groups. This relationship reverses around age 35. By the time people near retirement age (55-64 years of age), there are 2.5 times more owner households than renter households. Households whose head is 65 or older have the lowest proportion of renters (see Chart 5).

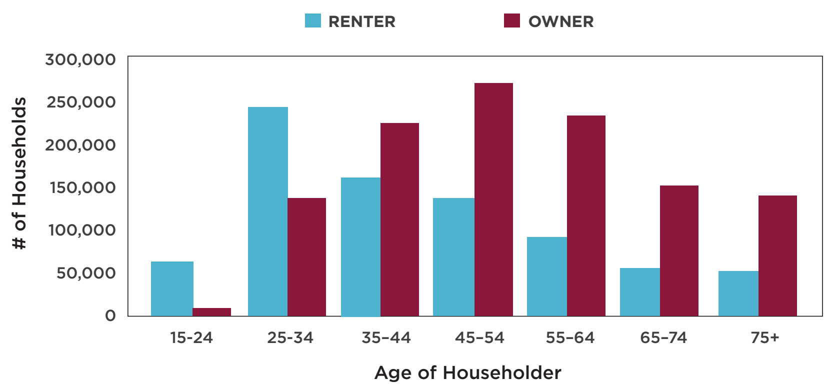
The decrease in the proportion of renters over time is a result, in part, of the increasing income that often comes with age. As people move along in their careers, they tend to earn more and thus have a greater financial capacity to purchase and maintain their own homes. This pattern held true in the 2000s despite real incomes falling between 1999 and 2009 across all age groups.

CHART 4. HOUSEHOLD INCOME (IN 000S) BY TENURE, COOK COUNTY 2009




Source: 2009 American Community Survey

CHART 5. AGE OF HOUSEHOLDER BY TENURE, COOK COUNTY 2009




Source: 2009 American Community Survey

# CONDITIONS AFFECTING FUTURE RENTAL HOUSING OPTIONS I: RISING RENTS; DECREASING INCOME

**Rising Rents**

The reduction in Cook County's number of rental units through 2007 contributed to a rise in real median rents from 2005 to 2008. According to data from the Multiple Listing Service on rental properties, Chicago's median rents increased by 16.3 percent over this period, while those in the suburbs rose by 18.4 percent. (All figures are based on constant 2010 dollars.) With the recent downturn, rents in the county have declined. Between 2008 and 2010, rents in Chicago decreased by 1.9 percent and rents in suburban Cook County decreased by 4.3 percent. Even so, rents in 2010 were up substantially in real terms from 2005, by 14.1 percent in the City and 13.3 percent in the suburbs (see Table 5).

TABLE 5. REAL MEDIAN RENTS IN COOK COUNTY, 2005-2010 [9]

| YEAR | CHICAGO | SUBURBS |
|---|---|---|
| 2005 | $880 | $874 |
| 2008 | $1,023 | $1,034 |
| 2010 | $1,004 | $990 |

Source: 2005-2010 Multiple Listing Service (MLS)

**Lower Incomes & Purchasing Power**

Though rents increased during the last half decade, a decline in real incomes reduced households' overall purchasing power, especially that of renters.[10] The largest drop in real incomes (25.4 percent) occurred among households whose head was 24 or younger—the cohort most likely to be renters.

[9] The methodology used here to measure changes in rents for certain sizes of apartments is a hedonic rent index model. The hedonic rent index model attempts to explain actual rents observed for rented dwellings by a range of property attributes, such as the location, age of property and building size, as well as size of unit and time period. The resulting index of rental prices can be thought of as the average rent level that occurs in each period, after controlling for these observable attributes.

[10] Real income is income after adjusting for inflation.

If a household paid no more than 30 percent of its income in rent, it would have had to make about $40,000 to afford the median priced two-bedroom apartment ($1000 per month) in the county in 2010. That was 60 percent more than the youngest households—those most likely to be renters—were making in 2009 (see Table 6).

**Low Income Renters Hit the Hardest**

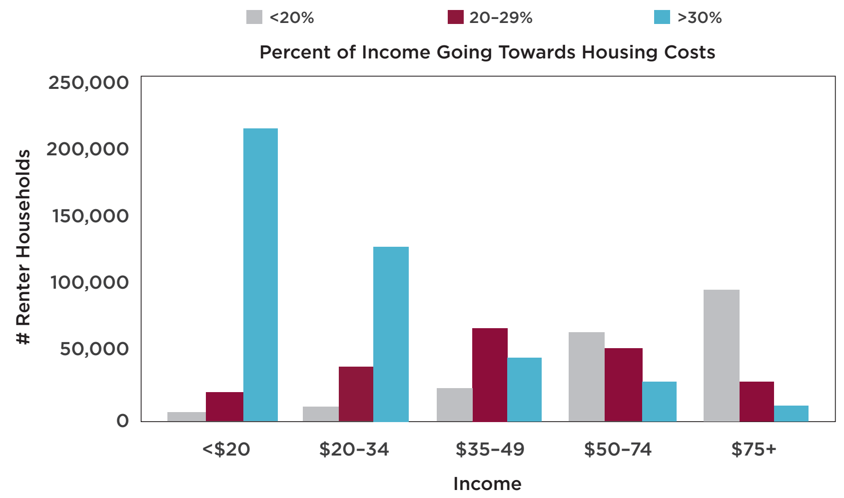
The combination of declining incomes and rising rents had the greatest impact on renter households making less than $20,000 (see Chart 6). The overwhelming majority (79.4 percent) of these households were housing cost-burdened, spending more than 30 percent of their income in 2009 on rent and basic utilities. The division of renter households in the next income class, those making between $20,000 and $34,999, was nearly identical to the previous group with 75 percent of these households paying over 30 percent of their income towards rental costs.

TABLE 6. TRENDS IN COOK COUNTY REAL MEDIAN HOUSEHOLD INCOMES, 1999-2009

| HOUSEHOLDER AGE | PROPORTION OF RENTER HOUSEHOLDS | MEDIAN INCOME 1999 | MEDIAN INCOME 2009 | % CHANGE 99-09 |
|---|---|---|---|---|
| < 25 | 90.1% | $33,534 | $25,008 | -25.4% |
| 25 – 44 | 52.9% | $62,705 | $57,557 | - 8.2% |
| 45 – 64 | 31% | $71,483 | $63,121 | -11.7% |
| 65 + | 26.2% | $37,505 | $33,376 | -11% |
| Total | 40.7% | $58,574 | $52,539 | -10.3% |

Sources: 2000 U.S. Census, 2009 American Community Survey. All of the figures are in 2009 dollars.

CHART 6. DISTRIBUTION OF COOK COUNTY RENTER HOUSEHOLDS IN 2009 BY THE PERCENT OF TOTAL HOUSEHOLD INCOME SPENT ON HOUSING AND BY TOTAL HOUSEHOLD INCOME (IN 000)




Source: 2009 American Community Survey (ACS)

### A Growing Affordability Gap

Overall, the gap between the demand for affordable rental housing and the supply of such housing in Cook County grew by 9.1 percent between 2005 and 2009. Though there was a small overall increase in the number of affordably priced rental units during the period, this increase was not large enough to meet the heightened demand. Since most of the increased demand was in Chicago (nearly 21,000 more low-income renter households, as opposed to fewer than 600 in the suburbs), it is not surprising that the affordability gap grew more significantly there than in suburban Cook County (11.6 percent versus 2.5 percent) (see Table 7).

### Affordability Varies Widely by Community [11]

Affordability in Cook County communities varied widely and often changed dramatically between 2005 and 2009 (see Table 8). For example, in Chicago, the number of affordable rental units increased more than 100 percent in the Beverly community and by 86 percent in the Jefferson Park community, while the Logan Square and Austin communities saw dramatic decreases in affordable units during the same period. Similarly, the number of affordable units declined in suburban Maywood, but increased in the suburban communities of Skokie and McCook.

TABLE 7. GAP BETWEEN DEMAND AND SUPPLY OF AFFORDABLE RENTAL HOUSING IN COOK COUNTY, 2005-2009

| YEAR | HOUSEHOLDS IN NEED OF AFFORDABLE RENTAL UNITS* | SUPPLY OF AFFORDABLE RENTAL UNITS** | DIFFERENCE (COOK COUNTY) | DIFFERENCE (CHICAGO) | DIFFERENCE (SUBURBS) |
|---|---|---|---|---|---|
| 2005 | 461,330 | 296,437 | 164,893 | 117,074 | 47,819 |
| 2009 | 482,785 | 302,842 | 179,943 | 130,952 | 48,991 |
| Change | 21,455 | 6,405 | 15,050 | 13,878 | 1,172 |

Sources: 2005 and 2009 American Community Survey. (ACS)

* Defined as the number of households whose rent was less than 30 percent of 150 percent of the federal poverty level ($823 per month) or whose incomes were less than 150 percent of the poverty level ($32,931 for a family of four).

** Defined as the number of units whose gross rent was lower than 30 percent of 150 percent of the federal poverty level.

TABLE 8. COOK COUNTY COMMUNITIES WITH THE LARGEST PERCENT INCREASE AND DECREASE IN AFFORABLE RENTAL UNITS, 2005-2009

| COMMUNITY | CHANGE IN # OF AFFORDABLE UNITS | % CHANGE IN # OF AFFORDABLE UNITS | COMMUNITY | CHANGE IN # OF AFFORDABLE UNITS | % CHANGE IN # OF AFFORDABLE UNITS |
|---|---|---|---|---|---|
| Chicago (all) | 7,021 | 3.1% | Suburbs (all) | -616 | -0.8% |
| • Beverly | 1,303 | 115% | • McCook | 2,106 | 54.4% |
| • Jefferson Park | 1,681 | 82.6% | • Skokie | 1,760 | 48.8% |
| • Logan Square | -2,686 | -13.7% | • Maywood | -2,900 | -33.3% |
| • Austin | -1,793 | -19.8% | • Barrington | -634 | -34.9% |

Source: 2009 American Community Survey PUMS (Public Use Microdata Sample)

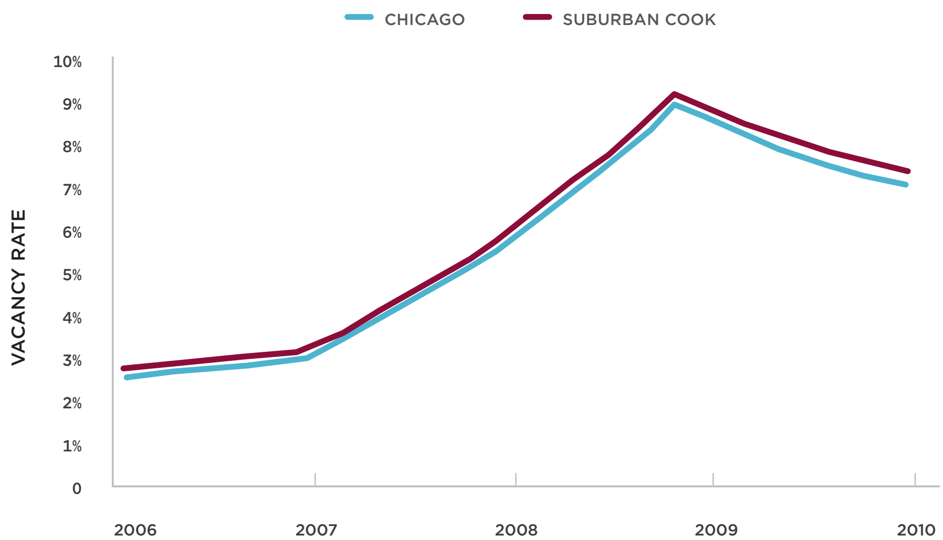
[11] "Community" in this report refers to PUMAs, or Primary Urban Microdata Areas, which are geographic areas defined by the U.S. Census. they are the smallest geography for which social and economic data are available in the 2009 American Community Survey. The PUMA areas are named by the most prominent/central municipality or Chicago community area that they contain.

### Rental Vacancies Increase

Given the growing gap between the demand for and supply of affordably priced rental units, one would expect to see a decline in Cook County's rental vacancy rate. Yet the rental vacancy rates for both Chicago and the suburbs more than tripled from 2006 to 2009, to around 9 percent, before falling back to around 7.5 percent in 2010 (see Chart 7).

Increased vacancies resulted from a combination of factors. A weak regional economy caused many families to double-up; with the drop in real median incomes, fewer people could afford to live on their own, reducing demand for rental units, particularly less desirable ones. Another contributing factor was the growth in the number of foreclosed multifamily properties during the second half of the decade. Uncertainty about the disposition of many of these properties led to reduced maintenance and upkeep, which contributed, in some cases, to an increase in vacancies when tenants left the units and were not replaced.

CHART 7. COOK COUNTY RENTAL VACANCY RATES 2006–2010




Source: Cook County Rent and Vacancy Report of First Quarter 2010 (Institute for Housing Studies). The vacancy rates were calculated from the rental properties in Multiple Listing Service (MLS).

*Chapter IV*

# CONDITIONS AFFECTING FUTURE RENTAL HOUSING OPTIONS II: AN EXPLOSION IN FORECLOSURES

**Foreclosures**

A mix of historically low interest rates, rapidly appreciating property values, and a strong economy in the early part of the last decade led many individuals and corporate entities to purchase multifamily properties.

These properties appeared to be good investments for both their ongoing cash flow and their appreciation potential. In response to the increased demand for capital to facilitate such purchases, as well as their own profit opportunities, lenders developed and refined products to compensate for the risks associated with less creditworthy borrowers and properties.

In many cases, lenders loosened their underwriting standards, particularly for small two-to-four unit buildings, in order to compete for business. The continuing real estate boom helped limit the additional risk, since many believed that rising property values would largely mitigate the negative financial effects of the bad loans.

Once the economic decline began, however, riskier mortgages resulted in a higher incidence of default and foreclosure. The average number of foreclosures on multifamily properties from 2000-2005 was 19 percent higher than that for 1997-1999[13]. Yet the increase had relatively little effect on the market, since the continuing rise in property values made it relatively easy for lenders to recoup their principal when re-selling foreclosed properties to other parties.

Once the economy began slowing in 2006-2007, rising unemployment rates made it harder for many tenants to meet their rental payments in a timely fashion, causing more multi-family property owners to fall behind on their loans. The weakened economy resulted in reduced demand for such buildings, making it more difficult for struggling owners to sell their properties. Declining property values also put many owners in a situation where they owed more on their mortgages than their properties were worth, making it difficult to refinance their loans to lower monthly mortgage payments. Taken together, these factors increased the likelihood of default and, ultimately, foreclosure.

**Explosive Growth in Foreclosures**

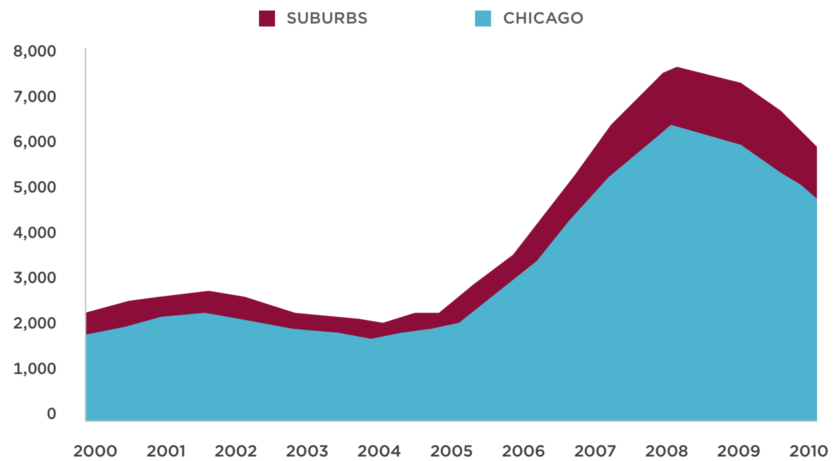
Like many other parts of the country, Cook County has experienced explosive growth in residential foreclosures in the past five years. While the extent of the problem in the single-family market has been well documented, the problem has been similarly severe in the multifamily market.

[13] Record Information Services, Chicago Title.

The average number of foreclosure filings on two-to-four unit properties in Cook County nearly tripled from 2000-2005 to 2007-2010, from 2,373 per year to 6,646 (see Chart 8). The average number of filings on 5+ unit properties increased even more steeply, from an average of 69 per year in 2000-2005 to an average of 263 per year in 2007–2010 (see Chart 9).

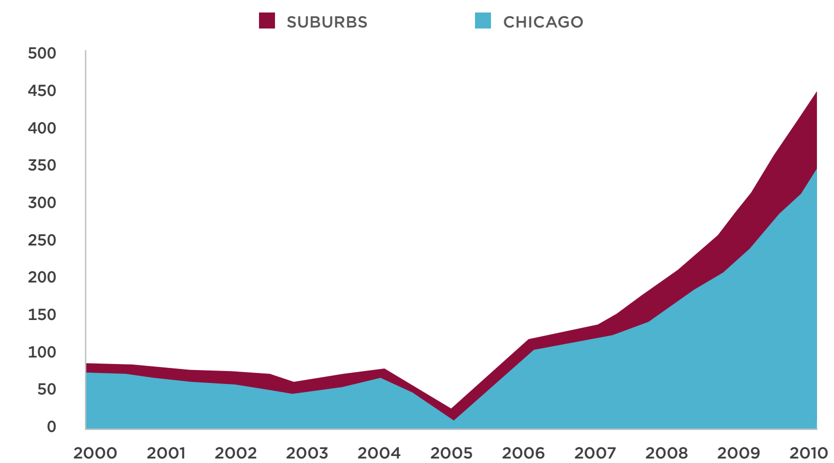
In the past four years, multifamily foreclosures have directly affected more than 97,000 residential units in Cook County, including almost 81,000 in Chicago alone. Nearly 20 percent of the units in the county's two-to-four unit properties and more than 5 percent of the units in larger multi-family properties were directly affected by foreclosure at least once between 2007 and 2010 (see Table 9). In each of those years, an average of 3.4 percent of Chicago's

CHART 8. COOK COUNTY FORECLOSURE FILINGS ON 2-4 UNIT PROPERTIES, 2000-2010




Source: Foreclosures in Cook County Records and Deeds obtained by Property Insight, Record Information Service and Cook County Assessor's Office

CHART 9. COOK COUNTY FORECLOSURE FILINGS ON 5+ UNIT PROPERTIES, 2000-2010




Source: Foreclosures in Cook County Records and Deeds obtained by Property Insight, Record Information Service and Cook County Assessor's Office

multifamily units and 2.6 percent of suburban multifamily units were affected by a new foreclosure filing. (See Appendix D for the Impact of Foreclosure Activity by Chicago Community Area).

It is worth noting that foreclosures on smaller (two-to-four unit) multifamily properties hit a plateau in 2008 and have been declining since. In contrast, the annual number of foreclosures on larger properties has continued to rise.

Because of the much larger number of multifamily properties in Chicago, a large majority of the region's multifamily foreclosures involved buildings in the city. At the same time, foreclosures increasingly have become a problem in the suburbs as well. As illustrated in Table 10, the suburbs have had a growing proportion of the county's multifamily foreclosure filings in the past few years.

**Lower Income Areas Hardest Hit**

Properties in lower-income communities tend to have lower values, which may make them cheaper to purchase. They also tend to be older and thus more susceptible to problems with their heating and other systems, which can make them more expensive to maintain. Landlords generally cannot charge high rents for these units, which limits their profit margins. Lower-income tenants also may pose a greater risk to the landlords' bottom line than more affluent ones. They are often more transient, which increases the risk of vacancies. Because they tend to have less savings on which they can draw in times of crisis, they are more likely to have problems paying the rent if they lose their jobs. The loss of even one monthly rent payment can jeopardize a landlord's already thin profit margin; the loss of multiple payments can put a property at risk of default and foreclosure.

TABLE 9. FORECLOSURE ACTIVITY ON RENTAL UNITS BY BUILDING SIZE, 2007 TO 2010

| LOCATION | ANNUAL AVERAGE, UNITS IN 2–4 UNIT PROPERTIES | AGGREGATE %, UNITS IN 2–4 UNIT PROPERTIES | ANNUAL AVERAGE, UNITS IN 5+ UNIT PROPERTIES | AGGREGATE %, UNITS IN 5+ UNIT PROPERTIES | ANNUAL AVERAGE, ALL MULTIFAMILY PROPERTIES | AGGREGATE %, ALL MULTIFAMILY PROPERTIES |
|---|---|---|---|---|---|---|
| Cook County | 4.9% | 19.6% | 1.5% | 5.8% | 3.2% | 13% |
| Chicago | 5% | 20.1% | 1.5% | 6.2% | 3.4% | 13.7% |
| Suburbs | 4.3% | 17.3% | 1.2% | 4.9% | 2.6% | 10.3% |

Source: Foreclosures in Cook County Records and Deeds obtained by Property Insight, Record Information Service and Cook County Assessor's Office

TABLE 10. PERCENTAGE OF COOK COUNTY MULTIFAMILY FORECLOSURES BY LOCATION AND BUILDING SIZE, 2000-2010

| YEAR | 2–4 UNIT BUILDINGS (CHICAGO) | 2–4 UNIT BUILDINGS (SUBURBS) | 5+ UNIT BUILDINGS (CHICAGO) | 5+ UNIT BUILDINGS (SUBURBS) |
|---|---|---|---|---|
| 2000 | 87.5% | 12.5% | 91.9% | 8.1% |
| 2002 | 87.9% | 12.1% | 87.2% | 12.8% |
| 2004 | 88.4% | 11.6% | 88.3% | 11.7% |
| 2006 | 87% | 13% | 88% | 12% |
| 2008 | 84.8% | 15.2% | 84.3% | 15.7% |
| 2010 | 81% | 19% | 78.8% | 21.2% |

Source: Foreclosures in Cook County Records and Deeds obtained by Property Insight, Record Information Service and Cook County Assessor's Office

### HOW FORECLOSURE PUTS AFFORDABLE RENTAL HOUSING AT RISK

Loan default does not necessarily lead to foreclosure. In most cases, a lender and borrower try to work out some agreement to reduce or delay payments, extend the loan term, or otherwise re-structure the loan to give the borrower time to become current on its payments. Lenders generally file for foreclosure on a property only as a last resort, since doing so involves costs to pursue a judicial ruling, follow through on the foreclosure, and ultimately take control of the property.

How the process plays out—and how tenants in the building are treated—depends on a range of factors including the relative value and condition of the property, the motivations of the lender, and any collective action by the tenants. In some cases, a real estate company, nonprofit, or individual may acquire the property and continue renting to the existing tenants. In other cases, the lender may take ownership, decide that the costs of maintaining a residential property are too great, and evict the tenants. In still other cases, the properties on which foreclosure motions have been filed end up in limbo, with the lender or its agent never taking full ownership or control.

Regardless of the ultimate outcome of a foreclosure filing, properties that are seriously in arrears on their mortgages tend to be at risk of physical deterioration. If a landlord is unable or unwilling to make the required loan payments, it is even less likely to devote resources to repairs, ongoing maintenance, and property enhancement. As a result, the quality of the properties is likely to decrease, even to a point at which the buildings no longer meet the local residential codes. Although the tenants may not be formally evicted, they may well end up being forced out of the property because of the worsening condition of their units.

Vacant and severely deteriorated properties negatively affect the value of other properties in the community and can contribute to an increase in area rents if there is already an excess of rental demand.

On average, foreclosures affected 4.3 percent of all two-to-four unit properties in Cook County each year 2007 to 2010. In low-income communities, however, an average of 6.8 percent of all two-to-four unit properties were affected by foreclosure compared with 1.6 percent of similar properties in upper-income communities. The average annual rate of foreclosures for properties with 5 or more units was 4 times as high in low-income areas than upper-income ones (2 percent compared to 0.5 percent) (see Table 11). The average annual foreclosure rate was also significantly higher for smaller (two-to-four unit) properties than larger ones. Smaller properties have an inherently higher risk of default and foreclosure, since the loss of rental income from a unit in a two-to-four unit property has a greater proportional impact on the property's finances than the loss of income from a unit in a 20-unit property.

Given the disproportionately higher rate of multifamily foreclosures in lower-income areas, it is not surprising that such areas have the largest proportion of affected rental units. As highlighted in the table below, in each of the past four years, low-income communities have had almost 8 percent of their rental units in two-to-four unit properties, and 2.3 percent of their rental units in 5+ unit properties, become subject to a foreclosure filing. Those proportions are nearly five and three times as high as the percentages for upper-income areas, respectively. The cumulative effect of the foreclosures on the lower-income communities has been substantial. In aggregate, about 31 percent of all rental units in two-to-four unit properties, and about 9 percent of units in larger properties, have been directly affected by foreclosure filings.

TABLE 11. AVERAGE ANNUAL FORECLOSURE RATE ON COOK COUNTY MULTIFAMILY PROPERTIES, 2007-2010

| | 2–4 UNIT PROPERTIES | 5+ UNIT PROPERTIES |
|---|---|---|
| Cook County | 4.3% | 1% |
| • Chicago | 4.3% | 1.3% |
| • Suburbs | 3.8% | 0.6% |
| • Low-Income Communities | 6.8% | 2% |
| • Middle-Income Communities | 4% | 0.9% |
| • Upper-Income Communities | 1.6% | 0.5% |

Source: Foreclosures in Cook County Records and Deeds obtained by Property Insight, Record Information Service and Cook County Assessor's Office

TABLE 12. PERCENTAGE OF COOK COUNTY RENTAL UNITS DIRECTLY AFFECTED BY FORECLOSURE (CUMULATIVE), 2007-2010

| LOCATION | ANNUAL AVERAGE, UNITS IN 2–4 UNIT PROPERTIES | AGGREGATE %, UNITS IN 2–4 UNIT PROPERTIES | ANNUAL AVERAGE, UNITS IN 5+ UNIT PROPERTIES | AGGREGATE %, UNITS IN 5+ UNIT PROPERTIES | ANNUAL AVERAGE, ALL MULTIFAMILY PROPERTIES | AGGREGATE %, ALL MULTIFAMILY PROPERTIES |
|---|---|---|---|---|---|---|
| Low-Income Communities | 7.8% | 31.1% | 2.3% | 9.3% | 5.2% | 20.6% |
| Middle-Income Communities | 4.6% | 18.5% | 1.4% | 5.6% | 3.1% | 12.6% |
| Upper-Income Communities | 1.7% | 6.8% | 0.8% | 3.1% | 1.2% | 4.6% |

Source: Foreclosures in Cook County Records and Deeds obtained by Property Insight, Record Information Service and Cook County Assessor's Office

*Chapter V*

# THE COOK COUNTY AFFORDABLE RENTAL MARKET IN 2020: AN INCREASING AFFORDABILITY GAP

As this report has illustrated, the demand for affordable rental housing has been increasing in the past few years and the supply of affordable rental housing has not kept pace. Indeed, the gap between demand and supply in Cook County has grown in the past decade, with resulting increases in the proportion of renter households that are cost-burdened. What do these trends portend for the next 10 years for lower-income households?

Forecast scenarios developed by the Institute for Housing Studies at DePaul University estimate that regardless of whether and how the economy rebounds between now and 2020, Cook County will continue to experience significant affordable rental housing shortages and far too many of its residents will pay more than a third of their income for rent.

These same scenarios estimate that demand for affordable rental housing will exceed supply from 146,190 to 254,085 units between now and 2020, depending on the speed and size of the economic recovery. The percentage of renters who will be rent burdened will range from 43.4 percent, under the most optimistic scenarios and 63.9 percent, under the most pessimistic.

In the most likely scenario, Cook County residents will experience moderate growth in real incomes of approximately 9.2 percent between 2011 and 2020 for a median household income of $59,026. Incomes at this level are likely to push homeownership rates up to 61 percent by 2020. However, these same income increases will put pressure on both rents and home prices, effectively reducing the supply of affordable rental units. Although the demand for affordable rental units will fall, due to increased income, the diminished supply of such units will have the net result of increasing the affordability gap from 179,943 units in 2009 to 223,443 in 2020 (see Table 13). Those remaining in the rental market—including many of the nearly 21 percent of the county's households making $30,000 or less—will feel the economic pinch, with the proportion of cost-burdened renters growing to 55.8 percent. See Appendix A for a detailed discussion of the methodology used to create this model.

TABLE 13. PROJECTED RENTAL MARKET CONDITIONS IN COOK COUNTY IN 2020

| LOCATION | MODERATE GROWTH | WEAK GROWTH | STRONG GROWTH |
|---|---|---|---|
| Median Real HH Income | $59,026 | $50,202 | $73,533 |
| Median Real Rent | $1,064 | $1,025 | $1,115 |
| % of Renter Households | 39% | 41.5% | 35.5% |
| Demand for Affordable Rental Housing* | 397,734 | 449,680 | 300,323 |
| Supply of Affordable Rental Housing** | 174,291 | 195,595 | 154,133 |
| Affordability Gap (Excess of Demand over Supply) | 223,443 | 254,085 | 146,190 |
| % of Renters that are Cost-burdened | 55.8% | 63.9% | 43.4% |

Source: James D. Shilling, A micro-simulation model of future demand, supply, and affordability of rental housing in Cook County, working paper at the Institute for Housing Studies, 2011.

* Defined as the number of households whose rent is less than 30 percent of 150 percent of the federal poverty level or whose incomes are less than 150 percent of the poverty level.

** Defined as the number of units whose gross rent is lower than 30 percent of 150 percent of the federal poverty level.

# APPENDIX A

**Modeling Future Trends**

The predictive model used in this study to forecast future trends takes into account a variety of factors, including the likely demand for housing, the extent of new construction of rental housing, the removal of rental units from the market, and the strength of the regional economy. It also accounts for social and economic conditions within individual PUMAs, as well as the location of communities relative to people's places of work.

• Estimating Demand

We posit that the demand for housing depends on the price of housing, household income, the elasticity of demand (the extent to which demand for housing decreases as the price goes up), the location of the available housing, and the extent of social and economic distress in an area. In general, the probability of buying a home goes up as household income rises. Younger households typically see their incomes rise at a faster rate than older households. Higher-income households tend to be more likely to commute longer distances than poor households. Areas with considerable amounts of distress are less likely to attract homeowners. Because of the relationship between foreclosures and property deterioration, communities with higher concentrations of foreclosures are also less likely to appeal to prospective homebuyers. Not surprisingly, we find that there is considerable variation in housing demand across Cook County's PUMAs.

• Estimating Supply

The supply of rental housing involves two components: the addition of new units and the preservation of existing units. Whether or not there is new construction depends on the extent to which demand for housing exceeds the existing supply, the rent class for which there is excess demand, and location.[12] Although there is clearly excess demand for affordable rental housing, the economics of construction have limited the amount of new housing that has been built. Simply put, rent levels that are affordable to lower-income renters tend to be insufficient in Cook County to cover the costs of development (including a reasonable profit for the developer). Only with significant public subsidy—in the form of equity associated with the federal Low Income Housing Tax Credit or other sources—can such developments be economically viable to both the developer and the tenants, and the availability of such subsidies has decreased in recent years as a result of declining public revenues and resulting budget cutbacks.

Whether or not a landlord elects to keep his or her rental units in service depends on the rents he or she can collect from the tenants, which is a factor of renter household incomes. If the rents are insufficient to cover the property's ongoing maintenance costs, the landlord is likely to defer (or avoid) property upkeep, effectively letting the property slide gradually to a point where it is no longer viable as a rental unit. Eventually, the property is abandoned or demolished. The pace of this decline is higher for neighborhoods already experiencing social and/or economic distress—communities that tend to have low and decreasing median incomes are declining.

[12] Zoning and other land use regulations notwithstanding, rental housing tends to be concentrated closer to major job nodes. Lower-income households are more likely to be renters, and they tend to live in areas with lower commuting costs.

• Estimating Different Economic Scenarios

In estimating the effects on both the demand for and supply of affordable rental housing in the next 10 years, we considered three potential economic scenarios. The first, the weak economy scenario, assumes ongoing job losses and sluggish income growth as national and regional economies continue to grapple with the ramifications of the recession. In this case, we assume that real incomes fall by 0.5 percent annually due to changes in labor productivity. The second, the strong economy scenario, assumes strong income growth (2.7 percent per year) and significant job creation. The third, or moderate growth scenario is something between the first two. It assumes moderate income growth (0.9 percent per year) and moderate job creation. In each case, we factor in a life cycle component of income growth as well, where younger households continue to see their incomes grow faster than those for older households.

# APPENDIX B

**American Community Survey on Housing Affordability**

The extent of rental housing affordability varies considerably throughout Cook County. The American Community Survey (ACS) defines an affordable apartment as one priced at 30 percent or less of the monthly income for a family of four making 150 percent of the federal poverty level. In 2009-2010, 150 percent of the poverty level equated to $32,931 per year. Thus an affordable apartment would be one renting for $823 or less per month.

Based on this definition, data from the ACS show that 34.9 percent of Cook County's rental units qualified as affordable in 2009. The areas with the lowest proportion of affordable rental units were in the northwest suburbs and in the Lakeview region on Chicago's north side. The areas with the greatest proportion of affordable units are in Chicago's south and west sides, along with the west-side suburbs around Oak Lawn. Lower-income areas tended to have the highest proportions of affordable rental units.

NUMBER AND PERCENTAGE OF AFFORDABLY PRICED RENTAL UNITS IN COOK COUNTY PUMAS[14], 2009

| PUMA | MEDIAN HOUSEHOLD INCOME 2009 | # OF AFFORDABLE UNITS | AFFORDABLE UNITS AS % OF TOTAL |
|---|---|---|---|
| **Cook County** | **$52,539** | **302,842** | **34.9%** |
| Barrington | $81,197 | 1,183 | 9.6% |
| Schaumburg | $70,118 | 2,297 | 13.2% |
| Arlington Heights | $61,479 | 4,736 | 18.7% |
| Glenview | $70,275 | 3,618 | 21.4% |
| Skokie | $75,022 | 5,364 | 22.6% |
| Shiller Park | $47,325 | 5,723 | 48.5% |
| Maywood | $54,294 | 5,820 | 27.5% |
| Cicero | $58,400 | 9,591 | 40.3% |
| McCook | $62,217 | 5,975 | 45% |
| Orland Park | $78,469 | 2,156 | 25.6% |
| Oak Lawn | $49,762 | 10,205 | 54.2% |
| Oak Forest | $60,229 | 2,943 | 33.6% |
| South Holland | $42,491 | 6,492 | 28.6% |
| Chicago Heights | $53,711 | 4,304 | 29.4% |
| **Suburbs (all)** | **$62,750** | **70,407** | **29.5%** |
| Edgewater | $40,075 | 30,274 | 47.5% |
| Lakeview | $73,451 | 9,527 | 17.3% |
| Lincoln Square | $57,887 | 7,681 | 23.4% |
| Albany Park | $50,775 | 10,843 | 39.3% |
| Jefferson Park | $59,315 | 3,715 | 22.4% |
| Portage Park | $45,558 | 10,095 | 39.1% |
| Austin | $31,908 | 7,270 | 32.6% |
| East Garfield Park | $23,663 | 10,574 | 33.8% |
| Logan Square | $51,304 | 16,849 | 29.2% |
| Loop | $70,518 | 12,831 | 21% |
| South Lawndale | $32,031 | 13,051 | 64.2% |
| New City | $37,805 | 15,827 | 52.9% |
| Chicago Lawn | $45,669 | 8,912 | 39.3% |
| Grand Boulevard | $28,985 | 17,091 | 42.4% |
| Chatham | $27,040 | 28,707 | 53.7% |
| Englewood | $29,199 | 13,115 | 44.8% |
| Beverly | $71,023 | 2,436 | 30% |
| Roseland | $36,062 | 6,420 | 42.6% |
| South Deering | $37,819 | 7,217 | 46.9% |
| **Chicago (all)** | **$45,734** | **232,435** | **37%** |

Source: 2009 ACS PUMS (Public Use Microdata Sample)

[14] As 150 percent of the federal poverty level equates to 44 percent of the Chicago area family median income, the Compact effectively is focusing on a lower income cohort than the federal Low-Income Housing Tax Credit program. The LIHTC program targets households making 60 percent or less of the area median income (AMI). HUD's definition of very low-income households includes those making up to 50 percent of AMI.

# APPENDIX C

DATA FOR CHART 1. HOUSEHOLD TENURE IN COOK COUNTY, 2000, 2003, 2005, 2009

| | 2000 | 2003 | 2005 | 2007 | 2009 |
|---|---|---|---|---|---|
| Occupied Units | 1,974,181 | 1,934,893 | 1,937,864 | 1,940,735 | 1,931,361 |
| Owner | 1,142,743 | 1,176,017 | 1,191,333 | 1,209,079 | 1,145,832 |
| Renter | 831,438 | 758,876 | 746,531 | 731,656 | 785,529 |
| % of Households Renting | 42.1% | 39.2% | 38.5% | 37.7% | 40.7% |

Sources: 2000 U.S. Census; 2003, 2005, 2007, & 2009 ACS. Data Element: B25003-Tenure

DATA FOR CHART 2. RENTAL UNITS BY BUILDING SIZE

| | COOK COUNTY | CITY OF CHICAGO | SUBURBAN COOK |
|---|---|---|---|
| Units in Single-Unit Properties | 97,226 | 54,655 | 42,571 |
| Units in 2-4 Unit Properties | 262,686 | 221,757 | 40,929 |
| Units in 5-49 Unit Properties | 276,535 | 171,448 | 105,087 |
| Units in 50+ Unit Properties | 145,079 | 120,888 | 24,191 |
| Units in Other Types of Properties | 4,003 | 1,523 | 2,480 |

Source: 2009 ACS. Data Element: B25032-Tenure by Units in Structure

| | CITY OF CHICAGO | SUBURBAN COOK | COOK COUNTY TOTAL |
|---|---|---|---|
| Units in Single-Unit Properties | 9.6% | 19.8% | 12.4% |
| Units in 2-4 Unit Properties | 38.9% | 19% | 33.4% |
| Units in 5-49 Unit Properties | 30.1% | 48.8% | 35.2% |
| Units in 50+ Unit Properties | 21.2% | 11.2% | 18.5% |
| Units in Other Types of Properties | 0.3% | 1.2% | 0.5% |

Source: 2009 ACS. Data Element: B25032-Tenure by Units in Structure

DATA FOR CHART 3. CHICAGO SINGLE FAMILY RENTAL UNITS, 2007-2009

| | 2007 | 2009 |
|---|---|---|
| Detached | 32,209 | 42,443 |
| Condos | 10,641 | 12,212 |

Sources: 2007 & 2009 ACS. Data Element: B25032-Tenure by Units in Structure

DATA FOR CHART 4. HOUSEHOLD INCOME (IN 000s) BY NUMBER OF HOUSEHOLDS AND TENURE, COOK COUNTY 2009

| | <$20 | $20-34 | $35-49 | $50-74 | $75-100 | $100+ |
|---|---|---|---|---|---|---|
| Renter | 265,376 | 161,160 | 117,785 | 123,047 | 56,711 | 61,450 |
| Owner | 109,663 | 130,217 | 137,180 | 223,501 | 179,673 | 365,598 |

Source: 2009 ACS. Data Element: B25118-Tenure by Household Income in the Past 12 months

DATA FOR CHART 5. AGE OF HOUSEHOLDER BY TENURE, COOK COUNTY 2009

| | OWNER | RENTER |
|---|---|---|
| 15-24 | 6,710 | 61,097 |
| 25-34 | 133,837 | 239,257 |
| 35-44 | 222,012 | 159,847 |
| 45-54 | 267,033 | 132,909 |
| 55-64 | 229,371 | 90,370 |
| 65-74 | 148,239 | 52,389 |
| 75+ | 138,630 | 49,660 |

Source: 2009 ACS. Data Element: B25007-Tenure by Age of Householder

DATA FOR CHART 6. DISTRIBUTION OF COOK COUNTY RENTER HOUSEHOLDS IN 2009 BY THE % OF TOTAL HOUSEHOLD INCOME SPENT ON HOUSING AND BY TOTAL HOUSEHOLD INCOME

| | <$20K | $20K-$34K | $35K-$49K | $50K-$74K | $75K+ |
|---|---|---|---|---|---|
| <20% | 4,279 | 6,152 | 15,912 | 56,913 | 89,206 |
| 20%-29% | 17,033 | 30,824 | 61,301 | 46,157 | 20,659 |
| >30% | 210,678 | 120,776 | 38,530 | 17,484 | 4,974 |

Source: 2009 ACS. Data Element: B25074-Household Income by Gross Rent as a Percentage of Household Income in the Past 12 Months

DATA FOR CHART 7. COOK COUNTY RENTAL VACANCY RATES 2006-2010

| | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Chicago | 2.8% | 3.3% | 5.6% | 8.7% | 7.3% |
| Suburbs | 3% | 3.5% | 5.8% | 9% | 7.6% |

Source: Cook County Rent and Vacancy Report of First Quarter 2010 (Institute for Housing Studies). The vacancy rates were calculated from the rental properties in Multiple Listing Service (MLS)

DATA FOR CHART 8. COOK COUNTY FORECLOSURE FILINGS ON 2-4 UNIT PROPERTIES, 2000-2010

| YEAR | CHICAGO | SUBURBS |
|---|---|---|
| 2000 | 1,973 | 282 |
| 2001 | 2,265 | 340 |
| 2002 | 2,322 | 321 |
| 2003 | 2,005 | 252 |
| 2004 | 1,811 | 237 |
| 2005 | 2,130 | 301 |
| 2006 | 3,212 | 479 |
| 2007 | 5,111 | 770 |
| 2008 | 6,376 | 1,140 |
| 2009 | 5,943 | 1,190 |
| 2010 | 4,904 | 1,150 |

Source: Foreclosures in Cook County Records and Deeds obtained by Property Insight, Record Information Service and Cook County Assessor's Office

DATA FOR CHART 9. COOK COUNTY FORECLOSURE FILINGS ON 5+ UNIT PROPERTIES, 2000-2010

| YEAR | CHICAGO | SUBURBS |
|---|---|---|
| 2000 | 79 | 7 |
| 2001 | 73 | 7 |
| 2002 | 68 | 10 |
| 2003 | 53 | 9 |
| 2004 | 68 | 9 |
| 2005 | 23 | 6 |
| 2006 | 103 | 14 |
| 2007 | 125 | 10 |
| 2008 | 167 | 31 |
| 2009 | 240 | 46 |
| 2010 | 342 | 92 |

Source: Foreclosures in Cook County Records and Deeds obtained by Property Insight, Record Information Service and Cook County Assessor's Office

# APPENDIX D

FORECLOSURE ACTIVITY ON RENTAL UNITS BY BUILDING SIZE, 2007–2010

| LOCATION | ANNUAL AVERAGE, UNITS IN 2–4 UNIT PROPERTIES | AGGREGATE %, UNITS IN 2–4 UNIT PROPERTIES | ANNUAL AVERAGE, UNITS IN 5+ UNIT PROPERTIES | AGGREGATE %, UNITS IN 5+ UNIT PROPERTIES |
|---|---|---|---|---|
| ALBANY PARK | 4.6% | 18.6% | 0.7% | 2.8% |
| ARCHER HEIGHTS | 4.1% | 16.2% | 0% | 0% |
| ARMOUR SQUARE | 0.3% | 1.2% | 0.2% | 0.7% |
| ASHBURN | 3.4% | 13.6% | 0% | 0% |
| AUBURN GRESHAM | 5.5% | 21.9% | 4.1% | 16.4% |
| AUSTIN | 6.8% | 27.2% | 3.8% | 15.3% |
| AVALON PARK | 4.3% | 17.1% | 12.9% | 51.6% |
| AVONDALE | 4.6% | 18.2% | 2.2% | 8.8% |
| BELMONT CRAGIN | 6.6% | 26.3% | 1% | 3.9% |
| BEVERLY | 2.3% | 9% | 0% | 0% |
| BRIDGEPORT | 1.7% | 6.8% | 0.6% | 2.4% |
| BRIGHTON PARK | 4.9% | 19.5% | 1.4% | 5.5% |
| BURNSIDE | 9.8% | 39.3% | 0% | 0% |
| CALUMET HEIGHTS | 4% | 16% | 3.8% | 15.2% |
| CHATHAM | 5.8% | 23.4% | 4.1% | 16.5% |
| CHICAGO LAWN | 7.9% | 31.7% | 3.5% | 13.8% |
| CLEARING | 2.9% | 11.7% | 0% | 0% |
| DOUGLAS | 5.8% | 23.1% | 0% | 0% |
| DUNNING | 2.9% | 11.7% | 0% | 0% |
| EAST GARFIELD PARK | 8.9% | 35.5% | 3.9% | 15.5% |
| EAST SIDE | 2.8% | 11.2% | 0% | 0% |
| EDGEWATER | 1.9% | 7.8% | 0.6% | 2.2% |
| EDISON PARK | 0.6% | 2.2% | 0% | 0% |
| ENGLEWOOD | 10.8% | 43.2% | 2.8% | 11.3% |
| FOREST GLEN | 1.8% | 7.3% | 0% | 0% |
| FULLER PARK | 7.9% | 31.8% | 0% | 0% |
| GAGE PARK | 6.1% | 24.2% | 0% | 0% |
| GARFIELD RIDGE | 2.5% | 10.2% | 2.1% | 8.5% |
| GRAND BOULEVARD | 9% | 36.1% | 1.1% | 4.3% |
| GREATER GRAND CROSSING | 7.1% | 28.6% | 2.5% | 9.9% |
| HEGEWISCH | 1.4% | 5.5% | 0% | 0% |
| HERMOSA | 6.7% | 26.6% | 1.1% | 4.2% |
| HUMBOLDT PARK | 7.8% | 31.3% | 2.3% | 9.2% |
| HYDE PARK | 1.6% | 6.6% | 0.4% | 1.6% |
| IRVING PARK | 4% | 16% | 0.6% | 2.4% |
| JEFFERSON PARK | 2.4% | 9.5% | 0% | 0% |
| KENWOOD | 5.9% | 23.6% | 3.3% | 13.3% |
| LAKE VIEW | 1.2% | 4.7% | 0.6% | 2.3% |
| LINCOLN PARK | 1.2% | 4.7% | 0.1% | 0.5% |

FORECLOSURE ACTIVITY ON RENTAL UNITS BY BUILDING SIZE, 2007–2010 *CONTINUED*

| LOCATION | ANNUAL AVERAGE, UNITS IN 2–4 UNIT PROPERTIES | AGGREGATE %, UNITS IN 2–4 UNIT PROPERTIES | ANNUAL AVERAGE, UNITS IN 5+ UNIT PROPERTIES | AGGREGATE %, UNITS IN 5+ UNIT PROPERTIES |
|---|---|---|---|---|
| LINCOLN SQUARE | 1.6% | 6.6% | 0.7% | 2.9% |
| LOGAN SQUARE | 3.6% | 14.2% | 0.7% | 2.8% |
| LOOP | 5.7% | 22.7% | 0.5% | 2% |
| LOWER WEST SIDE | 2.7% | 10.6% | 1.2% | 4.8% |
| MCKINLEY PARK | 2.7% | 10.8% | 0.5% | 2% |
| MONTCLARE | 4.8% | 19% | 0.2% | 1% |
| MORGAN PARK | 4.1% | 16.6% | 3.9% | 15.7% |
| MOUNT GREENWOOD | 0% | 0% | 21.2% | 84.9% |
| NEAR NORTH SIDE | 1.7% | 6.9% | 0.5% | 1.9% |
| NEAR SOUTH SIDE | 0% | 0% | 8.3% | 33.3% |
| NEAR WEST SIDE | 2.8% | 11.3% | 0.1% | 0.6% |
| NEW CITY | 8% | 31.8% | 2% | 7.8% |
| NORTH CENTER | 1.5% | 5.9% | 0.1% | 0.6% |
| NORTH LAWNDALE | 8.2% | 32.9% | 2.3% | 9.1% |
| NORTH PARK | 3.7% | 15% | 1.2% | 5% |
| NORWOOD PARK | 1.1% | 4.4% | 0% | 0% |
| OAKLAND | 8.2% | 32.8% | 0.4% | 1.6% |
| O'HARE | 1.4% | 5.5% | 0.1% | 0.3% |
| PORTAGE PARK | 3.9% | 15.6% | 0.6% | 2.3% |
| PULLMAN | 6% | 24.1% | 0% | 0% |
| RIVERDALE | 10.5% | 41.9% | 0% | 0% |
| ROGERS PARK | 3.8% | 15.1% | 2.2% | 8.8% |
| ROSELAND | 6.1% | 24.6% | 1.6% | 6.5% |
| SOUTH CHICAGO | 6.9% | 27.6% | 3.4% | 13.8% |
| SOUTH DEERING | 2.4% | 9.5% | 0% | 0% |
| SOUTH LAWNDALE | 4% | 15.9% | 0.4% | 1.6% |
| SOUTH SHORE | 6.6% | 26.5% | 3.2% | 12.7% |
| UPTOWN | 1.7% | 6.8% | 0.8% | 3.1% |
| WASHINGTON HEIGHTS | 4.6% | 18.5% | 0.4% | 1.5% |
| WASHINGTON PARK | 9.3% | 37.2% | 3.9% | 15.5% |
| WEST ELSDON | 4.5% | 18% | 0% | 0% |
| WEST ENGLEWOOD | 11.1% | 44.5% | 2.4% | 9.4% |
| WEST GARFIELD PARK | 9.2% | 36.8% | 3% | 12% |
| WEST LAWN | 4.9% | 19.5% | 0% | 0% |
| WEST PULLMAN | 8.1% | 32.3% | 3.1% | 12.6% |
| WEST RIDGE | 3.6% | 14.2% | 2.3% | 9.2% |
| WEST TOWN | 2.4% | 9.8% | 0.7% | 2.8% |
| WOODLAWN | 9.6% | 38.3% | 2.8% | 11.3% |

Source: Foreclosures in Cook County Records and Deeds obtained by Property Insight, Record Information Service and Cook County Assessor's Office

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*The Institute for Housing Studies (IHS) is a multidisciplinary academic research center that provides data and analysis to inform housing-related policy and resource allocation decisions.*

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The Preservation Compact
A Rental Housing Strategy for Cook County