

# Two-to-four unit buildings in Cook County's rental market

Two-to-four unit buildings make up a critical part of Cook County's rental housing stock. These types of properties traditionally have been owned by owner-occupants who live in one unit while renting the remaining units for supplemental income or by small property investors who own and manage a small number of buildings. The recent foreclosure crisis has significantly impacted the two-to-four unit building stock in Cook County, particularly in lower-income communities, and, in the current market, potential buyers of distressed two-to-four unit properties face unique challenges around accessing financing which can make it difficult to return these properties to productive use.

## Some key facts about two-to-four unit buildings:

**Two-to-four unit buildings make up a substantial portion of Cook County's rental housing stock.** In Cook County, two-to-four unit buildings account for roughly 33 percent of the rental housing stock. In the City of Chicago, two-to-four unit buildings make up an even larger share of the rental stock, accounting for over 38 percent of rental units. In Suburban Cook, two-to-four unit buildings account for roughly 20 percent of rental units.

**In Cook County's low- and moderate-income neighborhoods, two-to-four unit buildings are a critical source of rental housing.** Over 53 percent of the multifamily rental units in Cook County's low- and moderate-income communities are in two-to-four unit buildings. Two-to-four unit buildings account for over 276,000 units in low- and moderate-income neighborhoods compared to 120,000 in the County's middle- and upper-income areas.

**The foreclosure crisis has destabilized the two-to-four unit building market in lower-income communities.** Between 2005 and 2011, nearly 32 percent of the units in two-to-four unit buildings in Cook County's low-income communities were affected by a foreclosure filing and 22 percent in moderate-income areas. By comparison, six percent of units in two-to-four unit buildings in upper-income areas were affected by a foreclosure during that same time period.

**There are limited financing options available for investor purchases of two-to-four unit buildings.** Traditionally, the secondary market has not supported financing of investor-owned properties under five units which has significantly restricted the number of lenders able to fund the purchase of two-to-four unit buildings. Investors who personally fund the acquisition and rehabilitation of distressed properties also have challenges finding longer-term, take-out financing from a permanent lender.

**In today's market, cash buyers are the predominant type of purchasers of two-to-four unit buildings particularly in high foreclosure areas.** From 2009 to 2011, the majority of two-to-four unit building sales were completed using cash. In 2011, roughly 56 percent of purchases of two-to-four unit buildings were made in cash, compared to 45 percent for all residential property sales. By contrast, 38 percent of one-unit detached single family properties were purchased with cash in 2011. Cash buying is even more prominent in high foreclosure areas where, in 2011, over 66 percent of two-to-four unit building sales were completed using cash.

**Two-to-four unit building sales in high foreclosure areas have been largely driven by distressed transactions.** Between 2009 and 2011, over 67 percent of two-to-four unit building sales in areas heavily impacted by the foreclosure crisis were distressed transactions such as sales out of REO status. During this period, over 87 percent of distressed sales of two-to-four unit buildings in high foreclosure areas were purchased using cash. The share of distressed sales peaked in 2009 when 77 percent of two-to-four unit building sales in high foreclosure areas were distressed and declined to 55 percent in 2011.

CHARACTERISTICS OF THE TWO-TO-FOUR UNIT BUILDING STOCK AND  
2011 PURCHASE ACTIVITY, CITY OF CHICAGO COMMUNITY AREAS

Community	Number of Two-to-Four Unit Buildings	Number of Units in Two-to-Four Unit Buildings	Share of Multi-Family Rental Units in Two-to-Four Unit Buildings	Share of Units in Two-to-Four Unit Buildings Impacted by Foreclosure, 2005-2011	Composition of Sales of 2 to 4 Unit Buildings, 2011		
					Number of Sales	Share of Sales Purchased with Cash	Share of Sales Purchased out of REO Status
Albany Park	2,418	5,818	48.0%	19.8%	74	47.3%	32.4%
Archer Heights	804	1,984	84.5%	17.2%	20	35.0%	45.0%
Armour Square	722	1,869	64.9%	1.3%	7	57.1%	0.0%
Ashburn	247	687	44.5%	15.9%	8	37.5%	12.5%
Auburn Gresham	2,461	6,311	51.2%	25.4%	75	64.0%	40.0%
Austin	6,977	16,969	60.8%	30.1%	218	67.4%	47.2%
Avalon Park	220	586	48.7%	22.7%	8	62.5%	25.0%
Avondale	3,561	8,628	76.8%	20.4%	139	48.9%	30.2%
Belmont Cragin	4,043	9,754	71.2%	27.8%	170	47.6%	38.2%
Beverly	227	575	31.1%	9.9%	2	50.0%	0.0%
Bridgeport	2,959	7,329	79.5%	7.4%	67	58.2%	20.9%
Brighton Park	3,868	9,457	93.8%	21.0%	115	57.4%	40.0%
Burnside	127	305	91.0%	40.0%	4	100.0%	75.0%
Calumet Heights	463	1,187	72.6%	19.5%	8	37.5%	37.5%
Chatham	1,365	3,634	31.2%	27.1%	46	71.7%	54.3%
Chicago Lawn	2,451	6,348	56.0%	34.9%	122	67.2%	48.4%
Clearing	507	1,316	46.5%	13.4%	15	60.0%	46.7%
Douglas	276	694	8.5%	21.8%	10	80.0%	30.0%
Dunning	902	2,295	62.4%	13.6%	13	30.8%	23.1%
East Garfield	1,944	4,796	63.5%	35.6%	106	69.8%	50.0%
East Side	883	2,206	82.0%	13.1%	14	78.6%	50.0%
Edgewater	1,665	4,015	19.4%	8.0%	37	18.9%	5.4%
Edison Park	150	381	29.4%	7.6%	-	-	-
Englewood	3,019	7,407	62.9%	43.0%	192	69.8%	43.8%
Forest Glen	271	662	70.2%	10.4%	5	0.0%	20.0%
Fuller Park	313	770	95.4%	35.8%	21	76.2%	42.9%
Gage Park	1,677	4,166	76.1%	26.5%	55	63.6%	40.0%
Garfield Ridge	501	1,290	61.1%	10.8%	10	40.0%	30.0%
Grand Boulevard	889	2,327	25.2%	36.1%	42	61.9%	42.9%
Greater Grand Crossing	2,506	6,149	48.0%	32.6%	105	62.9%	45.7%
Hegewisch	345	856	74.2%	10.2%	1	0.0%	0.0%
Hermosa	1,488	3,599	69.8%	28.4%	60	53.3%	43.3%
Humboldt Park	4,694	11,272	73.3%	32.7%	221	62.0%	45.2%
Hyde Park	174	445	5.8%	7.0%	5	20.0%	0.0%
Irving Park	3,483	8,245	58.0%	16.6%	92	37.0%	31.5%
Jefferson Park	1,542	3,586	75.9%	11.1%	43	32.6%	20.9%
Kenwood	157	387	7.8%	28.7%	5	40.0%	0.0%
Lakeview	3,836	10,204	29.6%	4.8%	122	30.3%	5.7%
Lincoln Park	2,362	6,720	36.3%	5.1%	78	42.3%	6.4%

**CHARACTERISTICS OF THE TWO-TO-FOUR UNIT BUILDING STOCK AND  
2011 PURCHASE ACTIVITY, CITY OF CHICAGO COMMUNITY AREAS**

**Composition of Sales of 2 to 4 Unit  
Buildings, 2011**

Community	Number of Two-to-Four Unit Buildings	Number of Units in Two-to-Four Unit Buildings	Share of Multi-Family Rental Units in Two-to-Four Unit Buildings	Share of Units in Two-to-Four Unit Buildings Impacted by Foreclosure, 2005-2011	Number of Sales	Share of Sales Purchased with Cash	Share of Sales Purchased out of REO Status
Lincoln Square	2,387	5,792	37.8%	7.5%	58	25.9%	6.9%
Logan Square	6,225	15,399	65.1%	16.1%	197	45.7%	24.4%
Loop	1	4	0.1%	0.0%	-	-	-
Lower West Side	3,204	8,590	73.2%	12.5%	60	68.3%	43.3%
McKinley Park	1,378	3,310	86.3%	11.9%	30	33.3%	16.7%
Montclare	378	912	56.6%	20.2%	10	40.0%	30.0%
Morgan Park	268	686	42.4%	20.6%	10	80.0%	70.0%
Mount Greenwood	72	192	24.6%	2.1%	1	100.0%	0.0%
Near North Side	342	1,021	9.0%	8.8%	10	60.0%	20.0%
Near South Side	17	51	2.3%	7.8%	-	-	-
Near West Side	1,287	3,309	31.4%	14.0%	28	39.3%	28.6%
New City	4,338	10,949	90.4%	32.2%	189	74.6%	50.3%
North Center	3,244	7,756	72.8%	6.0%	101	27.7%	10.9%
North Lawndale	3,465	8,785	64.8%	35.1%	141	73.0%	40.4%
North Park	668	1,640	53.1%	15.8%	20	65.0%	30.0%
Norwood Park	776	1,807	56.7%	5.0%	11	54.5%	9.1%
Oakland	104	261	14.3%	29.9%	9	55.6%	33.3%
O'Hare	269	664	24.5%	6.3%	3	66.7%	66.7%
Portage Park	3,596	8,472	65.6%	15.8%	126	40.5%	33.3%
Pullman	242	633	64.4%	26.4%	9	100.0%	55.6%
Riverdale	17	43	43.9%	30.2%	1	100.0%	100.0%
Rogers Park	961	2,373	12.4%	16.1%	24	37.5%	25.0%
Roseland	1,599	4,055	62.2%	29.2%	41	85.4%	43.9%
South Chicago	2,532	6,492	71.0%	31.8%	100	74.0%	42.0%
South Deering	368	929	88.6%	13.0%	7	71.4%	57.1%
South Lawndale	5,358	13,374	85.2%	18.2%	126	71.4%	37.3%
South Shore	1,987	5,169	22.4%	29.7%	74	70.3%	43.2%
Uptown	765	1,944	9.0%	7.0%	15	40.0%	20.0%
Washington Park	445	1,181	23.2%	41.2%	13	69.2%	23.1%
Washington Heights	472	1,309	35.9%	23.0%	13	61.5%	38.5%
West Elsdon	389	957	31.6%	20.5%	8	50.0%	37.5%

CHARACTERISTICS OF THE TWO-TO-FOUR UNIT BUILDING STOCK AND  
2011 PURCHASE ACTIVITY, CITY OF CHICAGO COMMUNITY AREAS

Community	Number of Two- to-Four Unit Buildings	Number of Units in Two- to-Four Unit Buildings	Share of Multi-Family Rental Units in Two- to-Four Unit Buildings	Share of Units in Two- to - Four Unit Buildings Impacted by Foreclosure, 2005-2011	Composition of Sales of 2 to 4 Unit Buildings, 2011		
					Number of Sales	Share of Sales Purchased with Cash	Share of Sales Purchased out of REO Status
West Englewood	2,378	5,799	80.6%	42.4%	131	69.5%	52.7%
West Garfield	2,087	5,089	72.7%	38.2%	90	71.1%	37.8%
West Lawn	630	1,559	73.7%	19.8%	25	56.0%	56.0%
West Pullman	1,072	2,643	77.7%	37.6%	17	94.1%	58.8%
West Ridge	2,726	6,904	42.5%	17.3%	82	36.6%	15.9%
West Town	6,696	17,430	64.4%	11.2%	212	36.8%	15.6%
Woodlawn	1,581	3,935	44.6%	40.9%	76	63.2%	47.4%
City of Chicago	130,821	326,647	49.9%	21.7%	4,403	56.5%	35.4%

CHARACTERISTICS OF THE TWO-TO-FOUR UNIT BUILDING STOCK  
AND 2011 PURCHASE ACTIVITY, COOK COUNTY SUB-REGIONS

Community	Number of Two- to-Four Unit Buildings	Number of Units in Two- to-Four Unit Buildings	Share of Multi-Family Rental Units in Two- to-Four Unit Buildings	Share of Units in Two- to - Four Unit Buildings Impacted by Foreclosure, 2005-2011	Composition of Sales of 2 to 4 Unit Buildings, 2011		
					Number of Sales	Share of Sales Purchased with Cash	Share of Sales Purchased out of REO Status
North Cook	3,758	9,469	32.3%	12.6%	85	37.6%	17.6%
Northwest Cook	826	2,325	8.1%	7.4%	15	46.7%	40.0%
West Cook	15,508	37,298	47.2%	21.5%	505	54.1%	39.8%
Southwest Cook	2,995	8,165	26.5%	11.5%	68	67.6%	42.6%
South Cook	4,862	12,501	38.5%	27.8%	105	74.3%	59.0%
Suburban Cook	27,949	69,758	34.8%	19.8%	778	56.0%	40.2%
City of Chicago	130,821	326,647	49.9%	21.7%	4,403	56.5%	35.4%
Cook County	158,770	396,405	46.4%	21.4%	5,181	56.4%	36.2%

**CHARACTERISTICS OF THE TWO-TO-FOUR UNIT BUILDING STOCK AND 2011 PURCHASE ACTIVITY, US CENSUS PLACES**

**Composition of Sales of Two-to-Four Unit Buildings**

Census Place	Number of Two-to-Four Unit Buildings	Number of Units in Two-to-Four Unit Buildings	Share of Multifamily Rental Units in Two-to-Four Unit Buildings	Share of Units in Two-to-Four Unit Buildings Impacted by Foreclosure, 2005-2011	Composition of Sales of Two-to-Four Unit Buildings		
					Number of Sales	Share of Sales Purchased with Cash	Share of Sales Purchased out of REO Status
Alsip	147	419	19.8%	20.5%	2	100.0%	50.0%
Arlington Heights	85	246	9.0%	2.8%	1	100.0%	100.0%
Barrington	48	106	28.8%	12.3%	3	33.3%	33.3%
Bartlett	28	64	13.6%	6.3%	1	100.0%	0.0%
Bellwood	307	762	44.8%	26.4%	8	100.0%	37.5%
Berkeley	22	67	24.3%	4.5%	-	-	-
Berwyn	2,984	6,920	62.8%	25.0%	139	51.8%	35.3%
Blue Island	846	1,926	40.6%	19.9%	23	87.0%	47.8%
Bridgeview	113	328	21.1%	5.5%	1	0.0%	0.0%
Broadview	86	280	18.2%	19.6%	3	100.0%	0.0%
Brookfield	477	1,415	65.7%	8.1%	5	20.0%	60.0%
Buffalo Grove	0	0	0.0%	-	-	-	-
Burbank	274	723	51.1%	5.0%	5	20.0%	0.0%
Calumet City	908	2,336	42.1%	36.6%	32	62.5%	59.4%
Calumet Park	86	227	12.7%	26.0%	1	0.0%	0.0%
Chicago	130,821	326,647	49.9%	21.7%	4,403	56.5%	35.4%
Chicago Heights	900	2,072	77.2%	28.5%	25	84.0%	68.0%
Chicago Ridge	98	276	10.4%	8.3%	1	0.0%	0.0%
Cicero	4,937	11,275	72.1%	28.8%	193	59.1%	45.6%
Country Club Hills	1	2	1.5%	100.0%	-	-	-
Countryside	36	94	17.6%	3.2%	1	100.0%	0.0%
Crestwood	15	43	5.6%	4.7%	-	-	-
Des Plaines	241	680	23.3%	7.6%	3	33.3%	33.3%
Dolton	281	894	61.7%	34.0%	4	75.0%	50.0%
Elgin	22	71	8.0%	8.5%	1	100.0%	0.0%
Elk Grove Village	3	6	0.5%	0.0%	-	-	-
Elmwood Park	715	1,892	59.0%	13.5%	9	33.3%	55.6%
Evanston	1,682	3,857	30.5%	16.5%	54	33.3%	20.4%
Evergreen Park	193	522	30.7%	8.4%	-	-	-
Flossmoor	9	29	27.9%	10.3%	-	-	-
Forest Park	759	1,771	42.3%	14.2%	25	44.0%	40.0%
Franklin Park	213	642	32.0%	15.9%	8	37.5%	37.5%
Glencoe	5	12	9.2%	0.0%	1	100.0%	0.0%
Glenview	36	100	11.0%	2.0%	-	-	-
Glenwood	12	36	15.6%	11.1%	1	100.0%	100.0%
Hanover Park	48	134	12.7%	11.2%	1	100.0%	100.0%
Harvey	757	1,879	58.3%	30.4%	9	100.0%	77.8%
Harwood Heights	153	411	22.1%	8.5%	3	66.7%	66.7%
Hazel Crest	30	82	52.2%	22.0%	1	100.0%	0.0%
Hickory Hills	43	143	9.7%	4.9%	-	-	-
Hillside	50	143	14.1%	16.8%	2	50.0%	50.0%
Hoffman Estates	0	0	0.0%	-	-	-	-
Homewood	99	306	36.7%	7.8%	-	-	-
Inverness	1	2	100.0%	0.0%	-	-	-
Justice	134	332	22.7%	8.7%	4	50.0%	75.0%

CHARACTERISTICS OF THE TWO-TO-FOUR UNIT BUILDING STOCK AND  
2011 PURCHASE ACTIVITY, US CENSUS PLACES

Composition of Sales of Two-to-Four  
Unit Buildings

Census Place	Number of Two-to-Four Unit Buildings	Number of Units in Two-to-Four Unit Buildings	Share of Multifamily Rental Units in Two-to-Four Unit Buildings	Share of Units in Two-to-Four Unit Buildings Impacted by Foreclosure, 2005-2011	Number of Sales	Share of Sales Purchased with Cash	Share of Sales Purchased out of REO Status
La Grange	200	481	44.3%	15.2%	8	37.5%	37.5%
La Grange Park	169	464	33.5%	3.0%	3	33.3%	33.3%
Lansing	240	798	26.5%	17.3%	7	28.6%	28.6%
Lemont	118	333	44.6%	6.3%	2	0.0%	50.0%
Lincolnwood	89	196	100.0%	5.6%	-	-	-
Lynwood	57	218	68.6%	22.0%	-	-	-
Lyons	285	696	36.1%	18.2%	6	83.3%	50.0%
Markham	10	27	47.4%	0.0%	-	-	-
Matteson	62	162	26.8%	19.8%	-	-	-
Maywood	745	1,736	57.0%	33.5%	11	72.7%	45.5%
Melrose Park	962	2,295	48.4%	21.4%	17	35.3%	35.3%
Midlothian	61	197	17.0%	6.1%	5	40.0%	40.0%
Morton Grove	67	169	52.5%	10.7%	-	-	-
Mount Prospect	128	342	8.0%	5.3%	1	0.0%	0.0%
Niles	300	798	39.3%	6.4%	4	50.0%	0.0%
Norridge	110	259	31.6%	7.7%	1	100.0%	100.0%
North Riverside	62	195	17.6%	7.7%	-	-	-
Northbrook	8	25	30.1%	20.0%	1	0.0%	0.0%
Northfield	7	19	36.5%	0.0%	-	-	-
Northlake	39	102	19.3%	11.8%	1	100.0%	100.0%
Oak Forest	23	67	4.3%	20.9%	1	100.0%	100.0%
Oak Lawn	389	1,037	29.6%	14.1%	2	0.0%	0.0%
Oak Park	1,020	2,405	26.1%	12.6%	37	48.6%	29.7%
Orland Hills	0	0	0.0%	-	-	-	-
Orland Park	117	419	33.0%	3.8%	-	-	-
Palatine	153	465	16.2%	9.5%	4	25.0%	50.0%
Palos Heights	5	15	100.0%	0.0%	-	-	-
Palos Hills	83	251	44.1%	6.8%	2	50.0%	0.0%
Park Forest	2	6	1.7%	0.0%	-	-	-
Park Ridge	234	556	36.0%	5.8%	2	50.0%	0.0%
Prospect Heights	2	5	0.5%	0.0%	-	-	-
Richton Park	12	43	3.0%	0.0%	-	-	-
River Forest	84	195	40.6%	7.7%	-	-	-
River Grove	146	428	20.8%	9.1%	-	-	-
Riverdale	199	524	16.0%	40.8%	4	75.0%	75.0%
Riverside	140	352	39.0%	5.4%	3	66.7%	33.3%
Robbins	92	227	45.0%	9.7%	2	50.0%	0.0%
Rolling Meadows	8	26	5.5%	15.4%	-	-	-
Sauk Village	8	21	15.2%	71.4%	1	100.0%	100.0%
Schaumburg	2	4	0.1%	0.0%	-	-	-
Schiller Park	170	458	27.3%	13.8%	5	20.0%	20.0%
Skokie	1,204	3,409	50.5%	12.2%	22	45.5%	18.2%
South Holland	36	95	78.5%	6.3%	1	100.0%	0.0%
Stickney	64	151	18.5%	14.6%	2	50.0%	50.0%
Stone Park	172	392	25.3%	24.5%	5	60.0%	40.0%

**CHARACTERISTICS OF THE TWO-TO-FOUR UNIT BUILDING STOCK AND  
 2011 PURCHASE ACTIVITY, US CENSUS PLACES**

**Composition of Sales of Two-to-Four  
 Unit Buildings**

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					Number of Sales	Share of Sales Purchased with Cash	Share of Sales Purchased out of REO Status
Streamwood	1	2	3.9%	0.0%	-	-	-
Summit	623	1,602	85.0%	18.7%	28	85.7%	57.1%
Tinley Park	145	410	12.2%	11.5%	5	100.0%	40.0%
Westchester	215	554	86.3%	11.6%	5	60.0%	20.0%
Western Springs	53	126	62.7%	6.3%	2	50.0%	0.0%
Wheeling	33	102	4.9%	17.6%	-	-	-
Willow Springs	40	111	50.9%	3.6%	-	-	-
Wilmette	73	176	19.0%	3.4%	-	-	-
Winnetka	25	67	15.0%	3.0%	1	0.0%	0.0%
Worth	67	212	17.3%	5.7%	-	-	-
Cook County	158,770	396,405	46.4%	21.4%	5,181	56.4%	36.2%