

REPORT

2013

The State of Rental Housing in Cook County



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ACKNOWLEDGEMENTS

The primary authors of this report are Geoff Smith and Sarah Duda. They would like to thank Institute for Housing Studies staff David McQuown, Tina Fassett, and Jin Man Lee for their invaluable assistance in producing the data set used for this analysis and for their help in report production and distribution. The authors would also like to thank Susanne Cannon, Jack Markowski, Stacie Young, Kerry Sullivan, Christen Wiggins, and Mijo Vodopic for comments provided on this report. Any mistakes are the authors' own.

This report and the work of the Institute for Housing Studies are made possible through the generous support of the John D. and Catherine T. MacArthur Foundation. This report was prepared in partnership with the Preservation Compact.

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The Institute for Housing Studies is a research center at DePaul University that provides analysis and data to inform housing policy and practice.

Executive Summary

In the wake of the housing crisis, the need for a sufficient supply of quality, affordable, and stable rental housing has become increasingly important. This analysis examines shifting patterns of renter and owner occupancy in Cook County from 2000 to 2011 with a focus on the period from 2007 to 2011. It looks at shifts in rental demand in Cook County, the changing nature of the supply of rental housing, and how these dynamics are impacting access to affordable rental housing for the lowest-income households.

Key findings show:

- » **In the last decade, Cook County saw dramatic shifts in the levels of renter- and owner-occupied households.** Between 2000 and 2007, the level of renter households in Cook County declined from roughly 42 percent in 2000 to a low point of less than 38 percent in 2007. These trends reversed with the collapse of the housing market, a rise in foreclosures, and declining demand for homeownership. After 2007, more Cook County households became renters, and by 2011, rental rates had returned to 2000 levels.
- » **Both the City of Chicago and suburban Cook County saw growth in renter households and declines in owner-occupied households.** Between 2007 and 2011, the number of renter households in the City of Chicago increased by 10.3 percent, while the number of owner-occupied households decreased by 11.6 percent. In suburban Cook County, the number of renter-occupied households increased by 11 percent, while the number of owner-occupied households decreased by 5.9 percent.
- » **Patterns of changing demand for owner- and renter-occupied housing have substantial geographic variation within the City of Chicago and suburban Cook County.** In most submarkets, declines in owner-occupied households were offset, at least in part, by increases in renter households. Strong submarkets that experienced overall growth in households emerged, as well as weaker submarkets, heavily impacted by the foreclosure crisis, that saw declines in both owner-occupied and renter-occupied households.
- » **Increases in lower-income renters largely drove the growth in renter households.** In the City of Chicago, renters making less than 50 percent of the area median income (AMI) accounted for nearly 70 percent of the increase in renter households between 2007 and 2011. In suburban Cook County, renters making less than 50 percent of AMI accounted for nearly all new renter households.
- » **The majority of renter households made less than 50 percent of the area median income.** Countywide, just over 56 percent of renter households earned 50 percent or less of area median income in 2011. In the City of Chicago, this number was slightly higher with nearly 58 percent of renters making less than 50 percent of AMI. In suburban Cook County, 53 percent of renters earned less than 50 percent of AMI.
- » **Between 2007 and 2011, the share of young renter households increased faster than any other age group.** Over 68 percent of householders 25 to 34 were renters in 2011, an increase of nearly 10 percentage points from levels seen in 2007. Households in all age groups experienced a shift towards rental during this period.

-
- » **The number of single family rental homes in Cook County grew substantially.** To meet the demand of the growing number of rental households, the supply of rental housing also increased. The increase in rental units was largely driven by growth in the number of single family homes being used as rental properties. Between 2007 and 2011, the number of single family rental properties increased by more than 21 percent in the City and nearly 30 percent in suburban Cook County.
 - » **Despite growth in single family rental properties, the largest share of the County's rental housing stock continues to be in multi-unit buildings.** In the City of Chicago, units in two-to-four unit buildings represented roughly 40 percent of the total rental stock in 2011. In suburban Cook County, two-to-four unit buildings made up a smaller share of the rental stock, just over 20 percent. In suburban Cook County, the largest contribution to the rental stock in 2011 came from 5-to-49 unit buildings, which accounted for 45 percent of suburban rental units. Single family homes accounted for 23 percent of rental units in suburban Cook County.
 - » **Median household income for renters declined in Cook County, but median monthly rent remained at the same levels.** In Cook County, renter-household income declined while rents largely remained flat between 2007 and 2011. This shift was greatest in suburban Cook County, where renter incomes declined 10 percent between 2007 and 2011 while rents declined by only 1.6 percent.
 - » **The supply of rental housing affordable to lower-income households did not keep pace with the growing number of lower-income renters in Cook County.** Between 2007 and 2011, the supply of affordable rental housing remained stable or in some cases increased, but the demand for affordable rental outpaced any growth in the supply both in the City of Chicago and in suburban Cook County. Between 2007 and 2011, the gap between the supply of and demand for affordable rental housing in the City of Chicago increased by eight percent. In suburban Cook County this affordability gap increased by over 25 percent during the same period.
 - » **The mismatch between the demand for and supply of affordable rental housing is greatest in north suburban Cook County.** Areas in Cook County with the largest affordability gaps included submarket areas around Evanston and Skokie in north Cook County and areas near Palatine and Hoffman Estates and Schaumburg and Streamwood in northwest Cook County. In each area in 2011, the existing supply of affordable units met less than 50 percent of the demand for affordable rental.
 - » **There was an increase in rent-burdened households across all income groups.** The mismatch between the supply of and demand for affordable rental housing means that more lower-income renters are paying a higher share of their monthly incomes toward rent. In Cook County between 2007 and 2011, the number of rent burdened households increased by nearly 14 percent and the number increased across all income categories.

In the wake of the housing crisis, the need for a sufficient supply of quality, affordable, and stable rental housing has become increasingly important. In the years leading up to the housing bust, easy access to credit, rising property values, and a strong economy fueled years of steadily increasing levels of homeownership. By 2007, the level of renter households nationally had declined to less than 33 percent. However, the collapse of the housing market in 2007 led to a dramatic reversal of this trend, and each year since 2007 has seen growth in the number of renter households. By 2011, the level of renter households nationally had increased to over 35 percent, a level higher than it was in 2000.

This post-crisis return to renting has occurred for a number of reasons. In some cases, households decided to rent instead of buy because of uncertainty related to both the weak economy and a household's economic future. For others, it was because of a reluctance to invest in a declining housing market with no bottom in sight. Many younger households that may have once elected to become first-time homebuyers deferred that decision to take advantage of the flexibility and economic mobility that renting

can provide. Tighter mortgage lending criteria required prospective homebuyers to have larger down payments and higher credit scores than in previous years, making homeownership unattainable for some. Still many other households entered the rental market after losing their homes through foreclosure.

Meanwhile, the economic downturn that occurred in the latter half of the 2000s had a dramatic effect on household incomes, particularly for lower-income households. Nationally, between 2007 and 2011, the median household income in the U.S. declined by nearly eight percent. However, lower- and middle-income households, who are more likely to rent, saw much more dramatic income declines. Nationally, from 2007 to 2011, the number of renter households earning less than \$35,000 per year grew by nearly 18 percent. These lower-income renter households are increasingly bearing the burden of housing costs. Nationally, the number of low-income renters that paid more than 30 percent of their income towards housing costs increased by over 20 percent, and the number paying more than 50 percent of their income towards rent increased by over 26 percent.¹

¹Numbers based on IHS calculations of data from the American Community Survey.

On the rental-supply side, high levels of foreclosure activity and weak demand for homeownership have led to the conversion of large numbers of single family homes and condominium units, originally intended for owner occupancy, to rental housing. In some cases, owners who could no longer afford their mortgage payments or who needed to move from their existing homes but were unable to sell their properties chose to rent out their homes in order to avoid foreclosure. In other cases, investors took advantage of the large inventory of low-cost, bank-owned properties and rising rental demand to acquire single family homes for rental purposes. Within many metropolitan areas, some neighborhoods that have been hit hard by the foreclosure crisis have seen substantial population declines and struggle with weak demand for both renter- and owner-occupied housing and high levels of vacancy.

While many of the factors causing this shift to renting from owning may be seen as temporary, if not extreme, correction cycles in the housing market, there are concerns that some of these shifts are indicative of a fundamental restructuring happening in local and national economies and housing markets.

While homeownership remains the goal for many Americans, new economic realities combined with stricter mortgage lending criteria may mean that this dream will have to be deferred further into the future for some households or may not be attainable for others.² As a result, many lower- and middle-income households will likely be renting longer, and an increasing focus will have to be directed to the rental stock in order to ensure access to quality, affordable, and stable rental housing.

The following analysis examines shifting patterns of renter- and owner-occupancy in Cook County from 2000 to 2011 with a particular focus on the period from 2007 to 2011, which saw a return to rental. It looks at shifts in rental demand in Cook County, the changing nature of the supply of rental housing, and how these dynamics are impacting access to affordable rental housing for the lowest-income households. Where possible, the analysis looks at how these changes differ in the City of Chicago and suburban Cook County, as well as how these patterns vary in 33 submarkets within Cook County. The appendices of the report contain the underlying data used to generate the charts and maps referenced in the analysis.

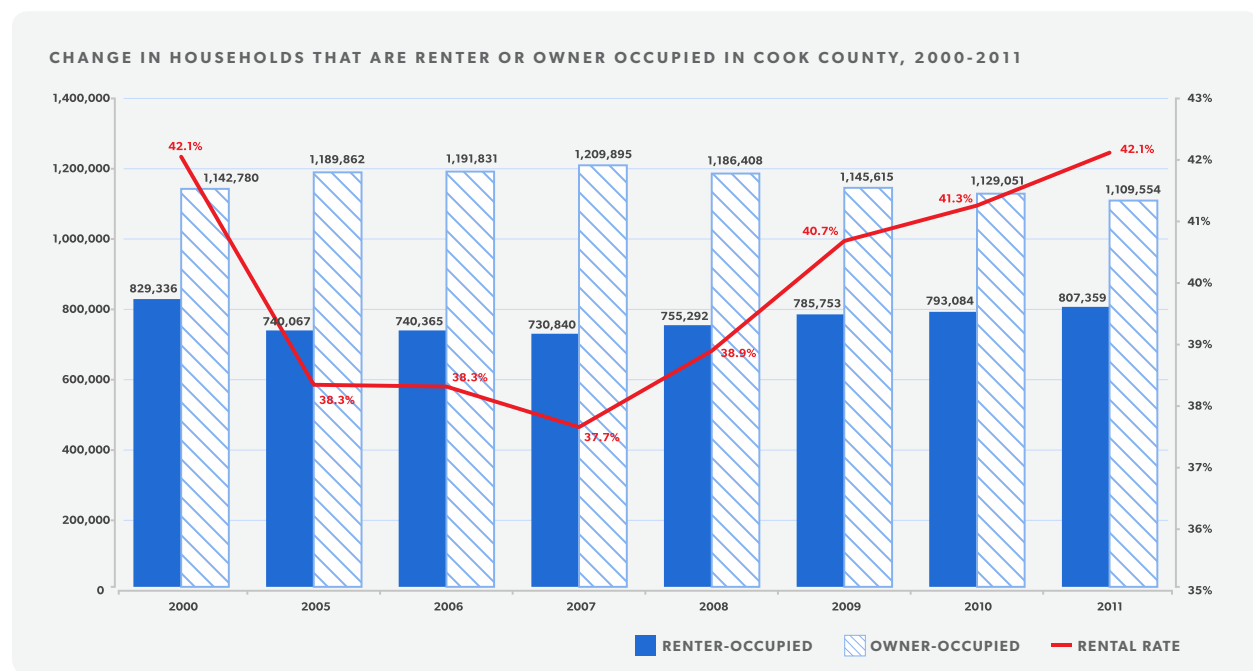
²According to the National Association of Realtors, Housing Pulse Survey 2011, 72% of renters said that owning a home is a priority for them in the future.

Growing Rental Demand

Mirroring national patterns, the number of renter households in Cook County declined during the housing boom and sharply increased after the housing crash. Within Cook County, there is significant geographic variation in the shifting demand for rental housing in submarkets in the City of Chicago and in suburban Cook County. While the majority of submarkets saw declines in homeowner households offset by increases in renter households, a set of very weak submarkets heavily hit by the foreclosure crisis saw declines in both renter and owner households during this period. This section examines changes in the tenure choice of households in Cook County from 2000 to 2011 and focuses on the period between 2007 and 2011.

In the last decade Cook County saw dramatic shifts in the levels of renter- and owner-occupied households. Chart 1 includes data on household tenure choice between 2000 and 2011. Mirroring national patterns observed during the housing boom years, Cook County saw rental levels decline sharply between 2000 and 2007 as more households moved into homeownership due to broader access to mortgage credit, rising property values, and a strong regional economy. As a result of this shift, the level of renter households in Cook County declined from roughly 42 percent in 2000 to a low point of less than 38 percent in 2007. These trends reversed with the collapse of the housing market and the onset of the foreclosure crisis beginning in 2007. After 2007, more Cook County households became renters as a result of declining demand for homeownership and limited access to mortgage credit and, by 2011, rental rates had returned to 2000 levels.

CHART 1



SOURCE: DECENNIAL CENSUS 2000 PUMS DATA, AMERICAN COMMUNITY SURVEY PUMS DATA 1-YEAR, 2005 TO 2011

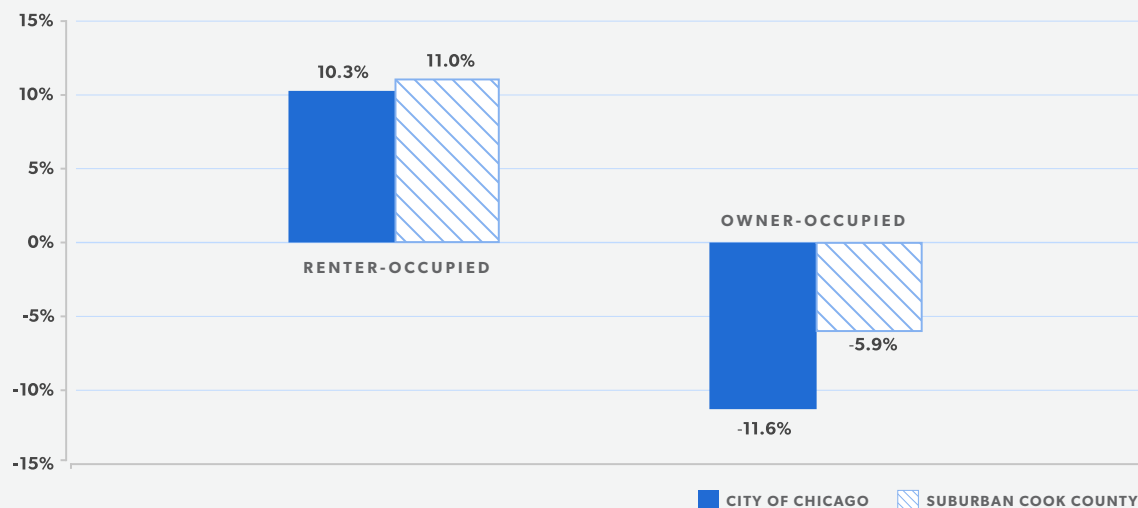
Both the City of Chicago and suburban Cook County saw growth in the number of renter households and declines in the number of owner-occupied households.

Countywide, the total number of households declined slightly between 2007 and 2011 with declines in owner-occupied households being generally offset by increases in renter households. Chart 2 breaks out these changes in renter- versus owner-occupied households for the

City of Chicago and for suburban Cook County between 2007 and 2011. It shows that, over this period, the number of renter households in the City of Chicago increased by 10.3 percent while the number of owner-occupied households decreased by 11.6 percent. In suburban Cook County, the number of renter-occupied households increased by 11 percent, while the number of owner-occupied households decreased by 5.9 percent.

CHART 2

PERCENT CHANGE IN NUMBER OF HOUSEHOLDS BY TENURE IN COOK COUNTY, 2007-2011



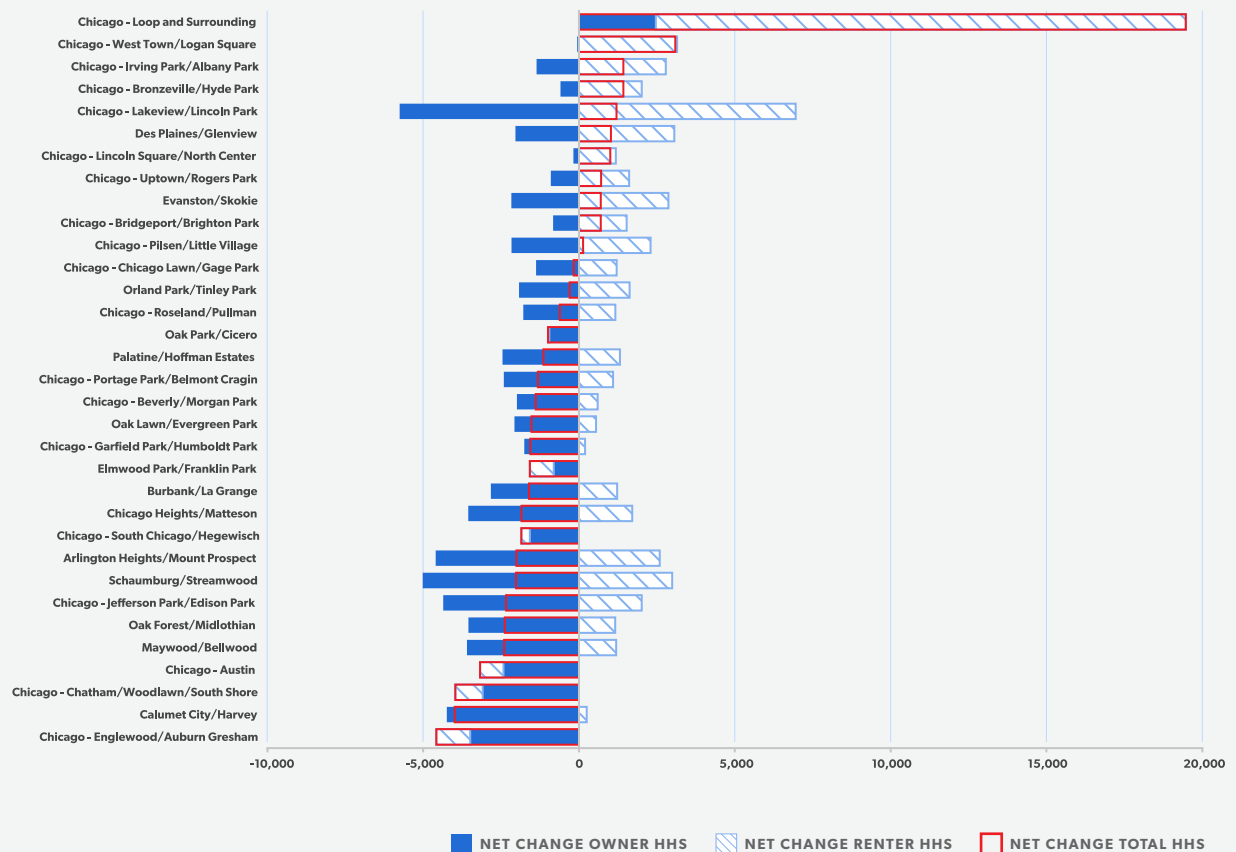
SOURCE: AMERICAN COMMUNITY SURVEY PUMS DATA 1-YEAR, 2007 AND 2011

There is substantial geographic variation within the City of Chicago and suburban Cook County in patterns of changing demand for owner- and renter-occupied housing. Chart 3 illustrates how this change looks for 33 submarkets within Cook County, 19 in the City of Chicago and 14 in suburban Cook County.³ For each submarket, it shows the change in the number of renter- and owner-occupied households between the periods 2005 to 2007 and 2009 to 2011 as well as the net change in the number of total households. Comparing these two periods, every submarket in Cook County, with the exception

of the Loop area, experienced a decline in owner-occupied households. In most submarkets, these declines in owner-occupied households were offset, at least in part, by increases in renter households. In other submarkets, many of which were heavily impacted by the foreclosure crisis, there were declines in both owner-occupied and renter-occupied households. Household declines in these submarkets are indicative of weaker markets that are struggling with increased levels of vacancy given declining demand and loss of population.

CHART 3

NET CHANGE IN RENTER- AND OWNER-OCCUPIED HOUSEHOLDS BY COOK COUNTY SUBMARKET, 2005-2007 TO 2009-2011



SOURCE: AMERICAN COMMUNITY SURVEY PUMS DATA 3-YEAR, 2005-2007 AND 2009-2011

³These submarkets are based on the 33 Public Use Microdata Areas (PUMAs) designated in the American Communities Survey.

SUBMARKET TYPES After the housing market crash in 2007, the City of Chicago and suburban Cook County saw a jump in demand for rental housing. The dynamics underlying this growth vary geographically within the county by submarket, however. The underlying characteristics related to demand, supply, and affordability can be typified into three submarket types: strong markets, weak markets, and transitional markets.

- » **Strong markets.** Strong submarket areas have seen overall growth in the number of households, largely the product of increased rental demand. Because of this growth, many of these areas have seen declining vacancy. In many of these submarkets, there is a general mismatch between the supply of and demand for affordable rental. These areas are primarily located in the City of Chicago near the Loop and along Lake Michigan. Examples include areas like Lincoln Park, West Town, Hyde Park, and Lincoln Square.
- » **Weak markets.** Weak submarket areas have seen overall declines in demand for both rental and owner-occupied housing. These areas typically have a large supply of affordable rental housing, but, because declining demand, they have seen rising vacancies and, with that, increasing concerns about neighborhood decline. Examples include areas in the City of Chicago like Englewood, Woodlawn, and North Lawndale and parts of south suburban Cook County.
- » **Transitional markets.** Transitional submarket areas are still largely owner-occupied, but have seen recent increases in renters, many of whom are lower income. While rental demand in these areas has been met by growth in the share of rental properties that are in single family homes, there are still very stark mismatches between the supply of and demand for affordable rental units in many areas. Transitional markets are primarily found in communities in suburban Cook County that have seen recent increased demand for rental housing.

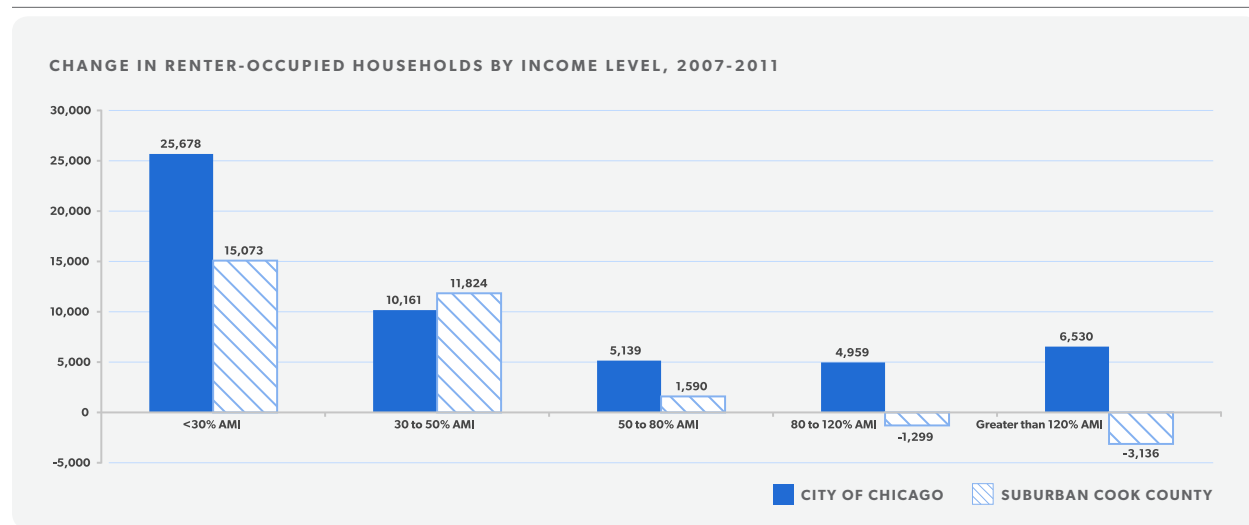
Changing Composition of Renter Households

The housing market crash in 2007 and the ensuing broader economic downturn resulted in a dramatic return to rental for households in Cook County. As is true nationally, challenging economic conditions meant that many households earned less in 2011 than they did in 2007. Many homeowners hit with economic hardship lost their homes to foreclosure and entered the rental market. At the same time, younger households increasingly embraced the flexibility and mobility of renting. These dynamics meant that Cook County renter households in 2011 were younger and had a lower incomes than in previous periods. This section examines changes in the composition of renter households by age and income and details how this composition varies in the City of Chicago and in suburban Cook County.

Increases in lower-income renters drove growth in renter households between 2007 and 2011.

Between 2007 and 2011, the City of Chicago added over 52,000 renter households and suburban Cook County added over 24,000 renter households. Chart 4 breaks down these increases by renter-household income level. It shows that in both the City of Chicago and in suburban Cook County, renters making less than 50 percent of the area median income (AMI) accounted for the majority of these increases.⁴ In Chicago, nearly 36,000, or roughly 70 percent, of new renter households earned less than 50 percent of AMI. The City also added renters at the higher end of the income spectrum. Between 2007 and 2011, the number of renter households making greater than 120 percent of AMI increased by over 6,500 in the City. In suburban Cook County, there was an addition of nearly 27,000 renter households earning less than 50 percent of AMI. When factoring in the decline in suburban renters earning more than 80 percent AMI, lower income renters accounted for nearly the entire increase in suburban renter households.

CHART 4



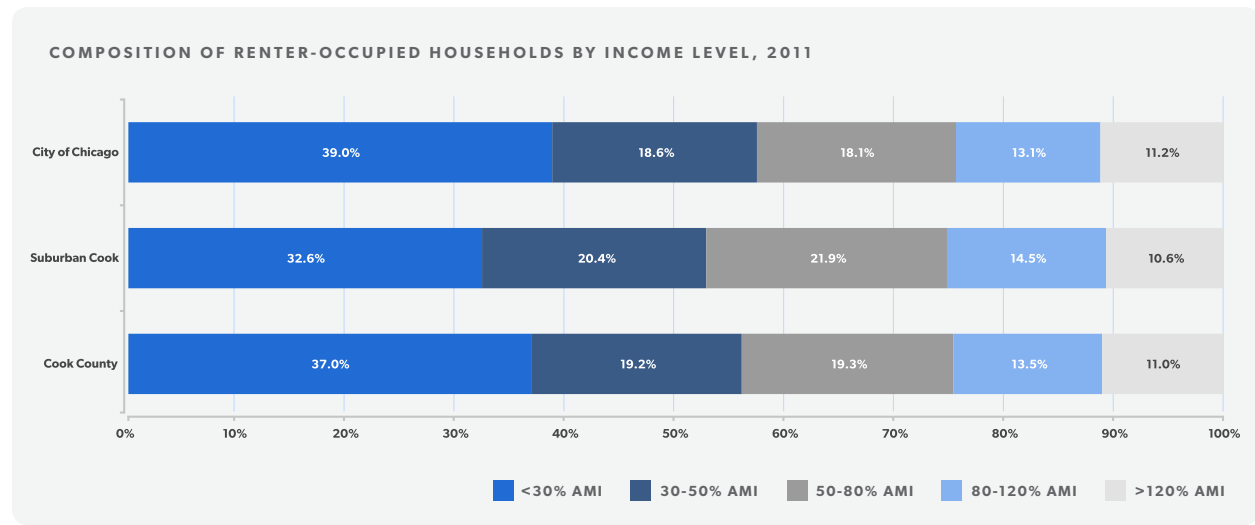
SOURCE: AMERICAN COMMUNITY SURVEY PUMS DATA 1-YEAR, 2007 AND 2011

⁴The Area Median Income (AMI) is the median income for a four person family household in a particular geography according to the Department of Housing and Urban Development (HUD). AMI serves as the basis for income limits for HUD housing programs. The 2011 AMI was \$74,800 per year in the Chicago region, which includes the counties of Cook, DuPage, Kane, Lake, McHenry, and Will.

The majority of renter households in Cook County made less than 50 percent of the area median income in 2011. Chart 5 shows the distribution of Cook County's renter households in 2011 by income level. Countywide just over 56 percent of renter households earned 50 percent or less of area median

income. In the City of Chicago, this number was slightly higher with nearly 58 percent of renters making less than 50 percent of AMI. In suburban Cook County, 53 percent of renters earned less than 50 percent of AMI.

CHART 5



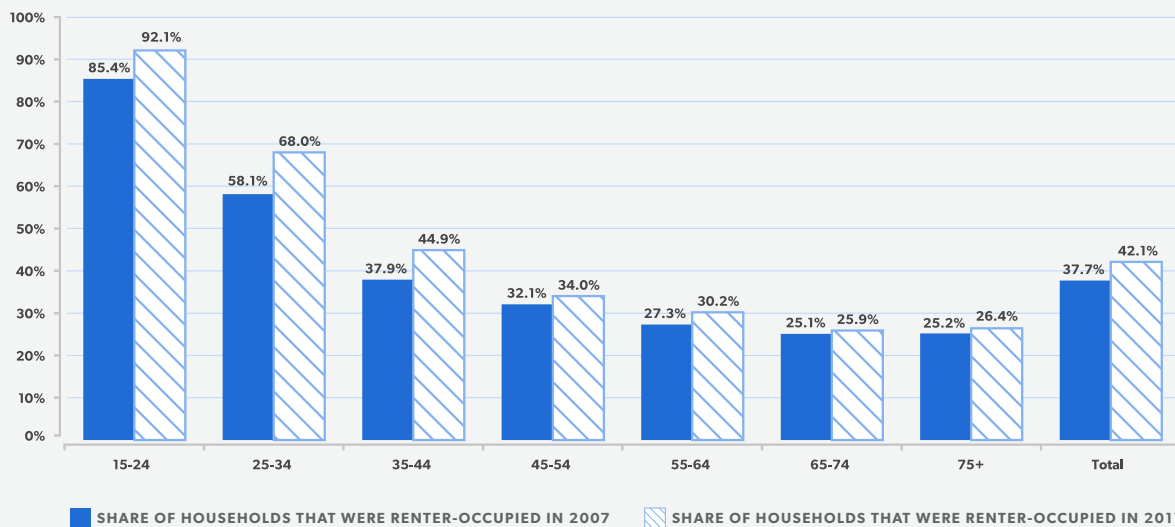
SOURCE: AMERICAN COMMUNITY SURVEY PUMS DATA 1-YEAR, 2011

Between 2007 and 2011, the share of young households that rent increased faster than any other age group. Chart 6 illustrates the share of households in Cook County that were renters by age group in 2007 and 2011. It shows that over 68 percent of householders 25 to 34 were renters in 2011, an increase of nearly 10 percentage points from levels seen in 2007. Chart 5 also shows a shift

towards rental for households of all age ranges during this period. Although this shift was most pronounced for households 44 and under, households 55 and older also saw increased levels of renting. While older households were still much more likely to be owners than renters, the share of renter households age 55 to 64, for example, increased from 27 percent in 2007 to over 30 percent in 2011.

CHART 6

SHARE OF COOK COUNTY HOUSEHOLDS THAT WERE RENTERS BY AGE OF HOUSEHOLDER, 2007 AND 2011



SOURCE: AMERICAN COMMUNITY SURVEY PUMS DATA 1-YEAR, 2007 AND 2011

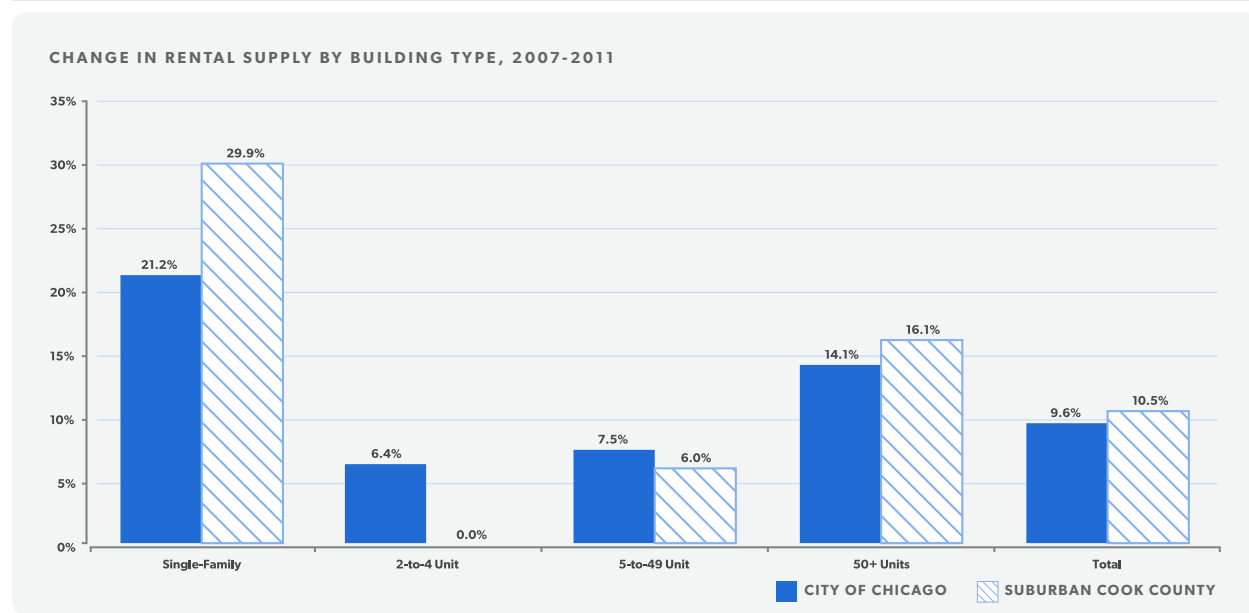
Changing Rental Supply

In Cook County, new demand for rental housing was met by an increase in the supply of single family homes and condominiums, once intended for owner occupancy, being converted to rental housing after 2007. Many of these newly converted single family rentals were purchased by investors taking advantage of the large inventory of low-cost, bank-owned properties and the rising rental demand. Despite declining renter incomes and a growing supply of rental housing, rents remained flat from 2007 to 2011. This section examines the composition of the changing rental supply in the City of Chicago and in suburban Cook County.

Between 2007 and 2011, the number of single family rental homes in Cook County grew substantially.

Chart 7 breaks out the change in the supply of rental housing by building size for the City of Chicago and for suburban Cook County. It shows that between 2007 and 2011 the rental stock increased by 9.6 percent (or 53,894 units) in the City of Chicago and by 10.5 percent (or 25,370 units) in suburban Cook County.⁵ A large share of these units entering the rental stock were single family homes and condominiums, once intended for owner occupancy, converting to rental in order to meet growing rental demand in the City and suburbs. Breaking out increases in the rental stock by building type shows that the City of Chicago and suburban Cook County saw a 21.2 percent increase and 29.9 percent increase in the number of rental units in single family properties, respectively. In both the City of Chicago and in suburban Cook County, the number of rental units in large multifamily buildings with more than fifty units also grew. During this period, rental units in buildings with fifty units or more grew by roughly 14 percent in the City and by roughly 16 percent in suburban Cook County. Given the limited supply of new construction in the large multifamily rental sector over this time period, it is likely that these new rental units in buildings with fifty units or more units are condominiums being rented.

CHART 7



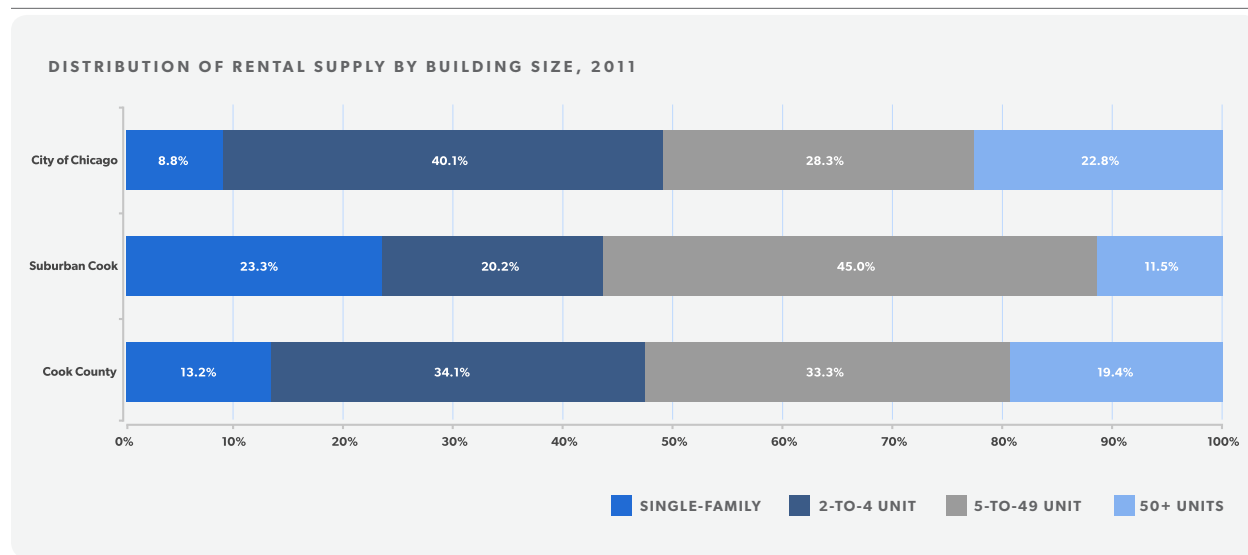
SOURCE: AMERICAN COMMUNITY SURVEY PUMS DATA 1-YEAR, 2007 AND 2011

⁵These figures include vacant units for rent and therefore do not match numbers of renter-occupied households noted earlier in this analysis.

Despite growth in the number of single family rental properties, the largest share of the County's rental housing stock continues to be in two-to-four unit buildings. Chart 8 breaks out Cook County's rental stock by building size countywide and for the City of Chicago and suburban Cook County. In Cook County in 2011, rental units in two-to-four unit buildings represented the largest share (roughly 34 percent) of the County's housing stock. In the City, units in two-to-four unit buildings

represented 40.1 percent of the total rental stock. In suburban Cook County, two-to-four unit buildings made up a smaller share of the rental stock, just over 20 percent. In suburban Cook County, the largest contribution to the rental stock in 2011 came from 5-to-49 unit buildings, which accounted for 45 percent of suburban rental units. Additionally, over 23 percent of the rental stock in suburban Cook County was made up of units in single family homes.

CHART 8



SOURCE: AMERICAN COMMUNITY SURVEY PUMS DATA 1-YEAR, 2011

Between 2007 and 2011 in Cook County, median monthly gross rents remained flat while the median household incomes of renter households experienced sharp declines. Table 1 breaks out median gross rent and the median household income of renters in Cook County separately for the City of Chicago and suburban Cook County for the period 2007 through 2011.⁶ After adjusting income and rents for inflation and normalizing both to 2011 dollars, it

shows that during this period in Cook County renter-household income declined while rents largely remained flat.⁷ This disparity was greatest in suburban Cook County, where renter incomes declined 10 percent between 2007 and 2011 while rents declined by only 1.6 percent. In the City of Chicago rents did not change during this period while median renter-household income declined by roughly 3 percent.

TABLE 1

Change in Median Renter-Occupied Household Income Compared to Change in Median Gross Rent (MGR), 2007-2011 (2011 dollars)

	City of Chicago		Suburban Cook County		Cook County	
	MGR	Income	MGR	Income	MGR	Income
2007	\$900	\$31,438	\$966	\$39,049	\$922	\$33,092
2008	\$898	\$32,238	\$961	\$39,367	\$919	\$35,111
2009	\$933	\$31,124	\$965	\$38,774	\$944	\$32,486
2010	\$928	\$31,183	\$970	\$36,380	\$949	\$32,534
2011	\$900	\$30,547	\$950	\$35,129	\$920	\$31,565
% Change 2007-2011	0.0%	-2.8%	-1.6%	-10.0%	-0.2%	-4.6%

SOURCE: AMERICAN COMMUNITY SURVEY PUMS DATA 1-YEAR, 2007 TO 2011

⁶Median gross rent includes all costs associated with a rental payment, which includes the estimated average costs of utilities and fuels.

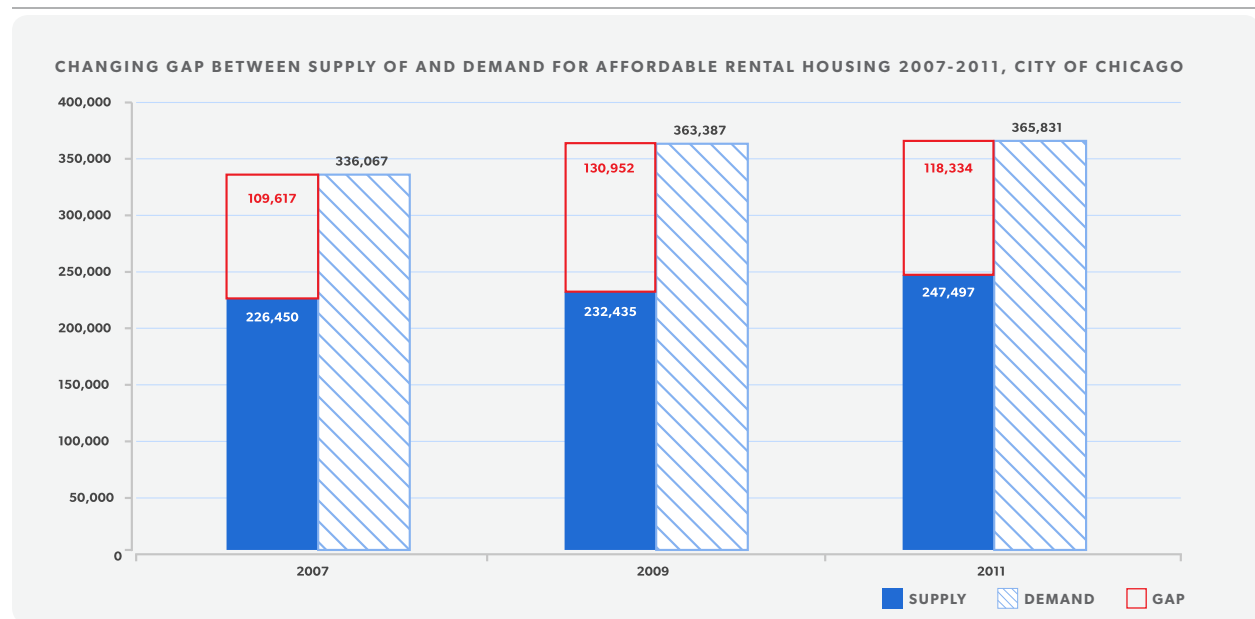
⁷Recent rent increases reported in the Chicago area are not reflected in these data. This is likely due to a number of factors. Data reported here come from 2011 ACS and covers all of Cook County. Much of the data reported in the media on rents are based on surveys of large buildings in high-demand submarkets in the City of Chicago and suburban Cook County. These high-demand areas have experienced rent increases, but this is not the experience in many of the County's weaker markets.

Pressures on Rental Affordability

As the number of lower-income renter households grew during the economic crisis, the supply of housing which was affordable for those households did not keep pace. Countywide there was a significant gap in the demand for affordable housing relative to its supply, and, within Cook County, the mismatch between the supply of and demand for affordable rental housing was acute in some areas. Similar to national trends during this period, the number of Cook County's renter households classified as rent burdened increased across all income categories between 2007 and 2011. This section examines the gap in the supply of and demand for affordable rental housing in the City of Chicago and in suburban Cook County.

Between 2007 and 2011, the gap in the supply of affordable rental housing relative to the demand for this type of housing increased across Cook County. Charts 9a and 9b examine the changing gap between the supply of and the demand for affordable rental housing by year in the City of Chicago and in suburban Cook County for 2007, 2009, and 2011. It shows that between 2007 and 2011 the supply of affordable rental housing remained stable or in some cases increased, but the demand for affordable rental outpaced any growth in the supply both in the City of Chicago and in suburban Cook County. In 2007 in the City of Chicago, the gap between the supply of and demand for affordable rental housing was 109,617 units. This gap increased by eight percent to 118,334 units in 2011. In suburban Cook County this affordability gap increased by over 25 percent during this period, from 47,656 units in 2007 to 59,625 in 2011. Contributing to the growing suburban rental affordability gap is the increase in lower-income renter households combined with a growth in suburban single family rental units, which tend to have higher rent levels than rental units in multifamily properties.⁸

CHART 9A



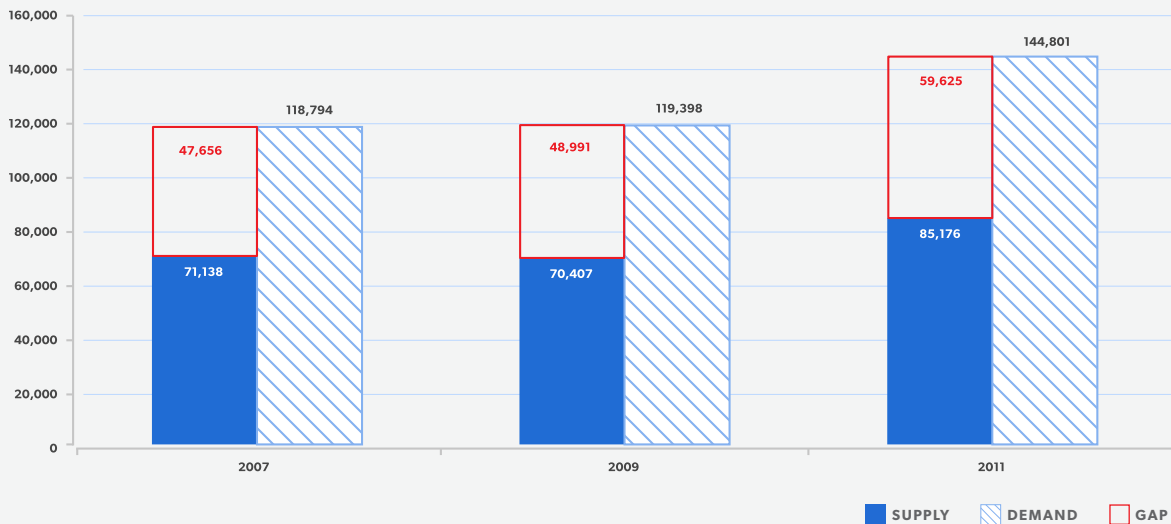
SOURCE: AMERICAN COMMUNITY SURVEY PUMS DATA 1-YEAR, 2007, 2009, 2011

⁸According to data from the 2011 American Community Survey, the median gross monthly rent for single family homes in suburban Cook County was \$1,335 compared to \$950 for units in two to four unit buildings, \$890 for units in 5 to 49 unit buildings, and \$950 for units in buildings with 50 or more units.

We define a renter needing **affordable rental housing** as a renter household earning 150 percent of the poverty level. In 2011, such a household earned \$34,532. An affordable unit is one where a household earning that amount would pay 30 percent or less of their monthly income towards rent. In 2011, the monthly gross rent for such a unit would be \$863.29

CHART 9B

CHANGING GAP BETWEEN SUPPLY OF AND DEMAND FOR AFFORDABLE RENTAL HOUSING 2007-2011, SUBURBAN COOK COUNTY

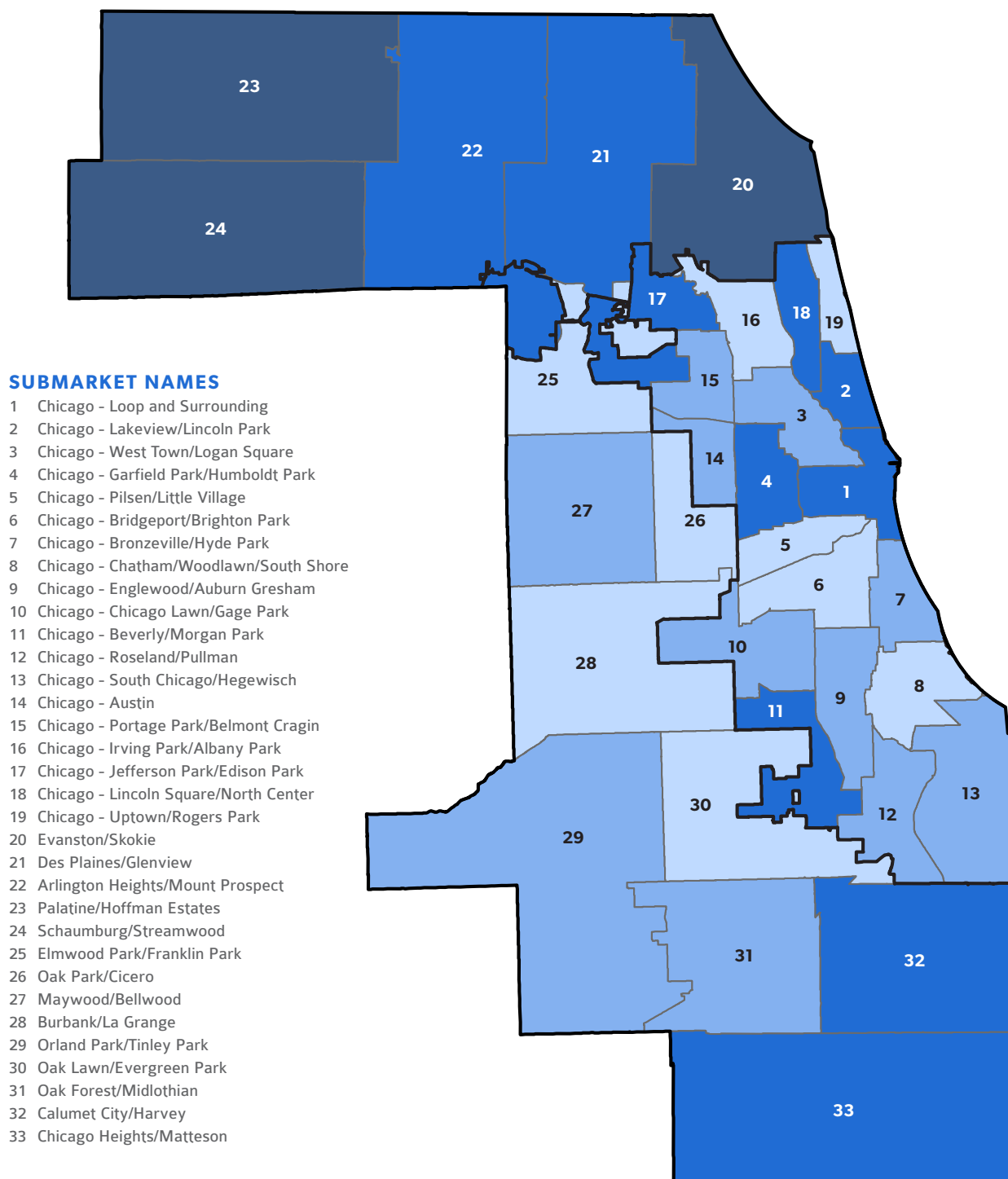


SOURCE: AMERICAN COMMUNITY SURVEY PUMS DATA 1-YEAR, 2007, 2009, 2011

The mismatch between the demand for and supply of affordable rental housing is greatest in north suburban Cook County. Map 1 on the following page shows the affordable rental housing demand that is not met by the existing supply of affordable rental units in 33 submarkets in Cook County in 2011. It shows that the largest mismatch between affordable housing demand and supply occurred in north and northwest suburban Cook County. Areas with the largest gaps included submarket areas around Evanston and Skokie in

north Cook County, and in areas near Palatine and Hoffman Estates and Schaumburg and Streamwood in northwest Cook County. In each of these areas in 2011, more than 50 percent of the demand for affordable units was not able to be met by the existing supply of affordable rental. In the City of Chicago, among the areas with the highest mismatch between affordable housing demand and supply are some higher-cost areas in and around the Loop, Lakeview, and Lincoln Park.

Mismatch Between Supply of and Demand for Affordable Housing, 2011, Cook County, IL



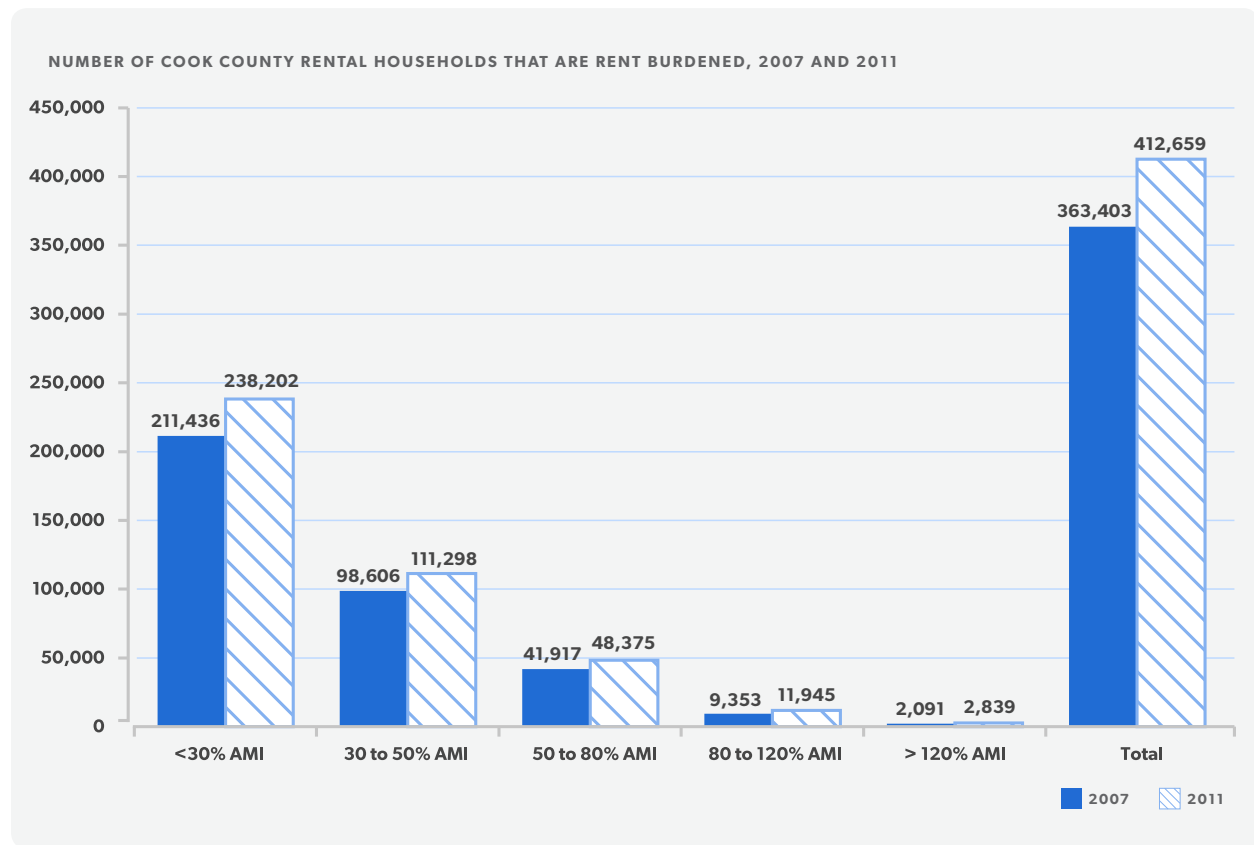
SOURCE: AMERICAN COMMUNITY SURVEY PUMS DATA 3-YEAR, 2009-2011.

There were increases in the number of rent-burdened households across all income groups.

The mismatch between the supply of and demand for affordable rental housing means that more lower-income renters are paying a higher share of their monthly incomes toward rent. Rent-burdened households are those paying more than 30 percent of their monthly income towards rent. Lower-income households are not the only ones paying a higher share of their incomes toward rent, however. Chart 9

breaks out the number of rent-burdened households by income level for Cook County in 2007 and 2011. It shows that in Cook County in both 2007 and 2011, the majority of rent-burdened households earned less than 50 percent AMI, and that the number of lower-income rent-burdened households increased between 2007 and 2011. The chart also shows that the numbers of rent-burdened households increased in all other income categories.

CHART 10



SOURCE: AMERICAN COMMUNITY SURVEY PUMS DATA 1-YEAR, 2007 AND 2011

Discussion

The collapse of the housing market in 2007 and the subsequent economic downturn have had a substantial effect on Cook County's rental market. The share of renter households increased from less than 38 percent in 2007 to over 42 percent in 2011, returning to levels not seen since 2000. Within Cook County, most submarkets saw declines in owner-occupied households offset in part by increases in renters, but some distressed submarkets saw declines in both owner and renter households. The growth in renter households was seen in both the City of Chicago and suburban Cook County and was largely driven by increases in lower-income renters. In the City, renters making less than 50 percent of AMI accounted for nearly 70 percent of the increase in renter households, and in suburban Cook County renters making less than 50 percent of AMI accounted for nearly all new renter households. To meet the demand of the growing number of rental households, the supply of rental housing also increased. The increase in rental units was largely driven by growth in the number of single family rental homes being used as rental properties. Between 2007 and 2011, the number of single family rental properties increased by 21 percent in the City and by nearly 30 percent in suburban Cook County.

These changes have had an impact on access to affordable housing for lower-income renters. From 2007 to 2011, rent levels in Cook County remained fairly stable but the median income of renter households declined. This decline was particularly sharp in suburban Cook County. These trends led to a growing gap between the supply of and demand for affordable rental housing. In the City of Chicago this gap increased by eight percent between 2007 and 2011, and in suburban Cook County this affordability gap grew by over 25 percent over the same period. Areas in north suburban Cook County emerged as the submarkets where the existing supply of affordable

rental housing was least able to meet demand. In 2011, areas around Evanston and Skokie in north Cook and near Palatine and Hoffman Estates and the Schaumburg and Streamwood areas in northwest Cook County were submarkets where the existing supply of affordable units was able to meet less than 50 percent of the demand for affordable rental. This lack of affordable rental housing means the vast majority of lower-income renters in both the City and suburbs paid more than 30 percent of their monthly incomes toward rent in 2011 with many of the lowest-income renters paying more than 50 percent.

Looking forward, these findings highlight the importance of developing policies focused on providing quality, affordable, and stable rental housing in Cook County. However the findings also show that one approach may not be appropriate for all submarkets in Cook County. This analysis identified three emerging submarket typologies, strong, weak, and transitional, based on underlying characteristics related to supply, demand, and affordability. An effective affordable rental policy response will likely vary in each of these market types. For example, in some strong City neighborhoods, a focus on preserving the existing stock of affordable rental housing may be needed, but in weak markets with declining populations, a focus on preservation may not be the only answer. In transitional markets, the policy orientation is less clear because recent increases in rental demand, particularly among lower-income populations, is an emerging issue. In some cases this new rental demand may be temporary, and providing short-term rent support for households experiencing temporary income declines may be appropriate. If trends toward increased suburban, lower-income rental demand continue, the policy focus might shift to providing a stable supply of affordable, long-term rental housing.

Data and Methodology

This report examines changes in Cook County's housing market during the last decade with a particular focus on changes in the tenure choice of households following the collapse of the housing market in 2007. This report brings together data products from the United States Census Bureau, including the American Community Survey (ACS), ACS summary data from 2007 and 2011, Public Use Microdata Sample (PUMS) data from the 2000 Decennial Census, and PUMS data for the years 2005 through 2011 from the ACS.

The American Community Survey is a survey conducted every year by the Census Bureau based on a geographically stratified sample of about 1 percent of the United States population. PUMS data is a publicly available package of the original survey responses. PUMS data may be used to develop custom tables and conduct original analysis using standard statistical software. PUMS data is provided to the public at the Public Use Microdata Area (PUMA) level, which is a special geography that generally contains between 40,000 and 100,000 households. Cook County is divided into 33 submarkets that correspond with PUMA geography, 19 in the City of Chicago and 14 in suburban Cook County. Depending on the size of the geography that is being analyzed, ACS data is available in 1-year, 3-year, and 5-year varieties. In order to produce statistically valid estimates at smaller geographies, the Census Bureau combines multiple years of survey responses to increase the sample size. Each year, the Census Bureau publishes 1-year estimates for places with populations above 65,000, 3-year estimates for

places with populations above 20,000, and 5-year estimates for smaller geographies.

For this analysis, the PUMS data was processed using SAS 9.2 and the standard weights provided by the United States Census Bureau. All estimates that refer to Cook County, the City of Chicago, or suburban Cook County are based on 1-year PUMS data. Any estimates presented at the PUMA level, such as the map in this report, are based on 3-year PUMS data. Any dollar values included in this report are in 2011 dollars, adjusted using annual average values of the Consumer Price Index (all items, all urban consumers) provided by the Bureau of Labor Statistics.

The affordability gap is meant to represent the difference between the number of renter households that demand affordable housing and the available supply of affordable rental housing. In this analysis, housing affordability is marked to the weighted average federal poverty threshold for a four-person household in a given year. An affordable unit is a unit with gross rent less than or equal to 30 percent of the income of a household earning 150 percent of the poverty level. A household that demands affordable housing is any household with income less than or equal to 150 percent of the poverty level, or a household paying gross rent that is already affordable. The gap is the difference between these two figures. In 2011, the federal poverty threshold was \$23,021, which means that the household income cutoff was set at \$34,532 per year and affordable gross rent set at \$863.29 per month.

Data Tables

Data for Chart 1. Change in Households that are Renter or Owner Occupied in Cook County, 2000-2011

	Renter-Occupied	Owner-Occupied	Rent
2000	829,336	1,142,780	42.1%
2005	740,067	1,189,862	38.3%
2006	740,365	1,191,831	38.3%
2007	730,840	1,209,895	37.7%
2008	755,292	1,186,408	38.9%
2009	785,753	1,145,615	40.7%
2010	793,084	1,129,051	41.3%
2011	807,359	1,109,554	42.1%

SOURCE: DECENNIAL CENSUS 2000 PUMS DATA, AMERICAN COMMUNITY SURVEY PUMS DATA 1-YEAR, 2005 TO 2011

Data for Chart 2. Change in Number of Households by Tenure in Cook County, 2007-2011

	2007		2011		% Change 2007-2011	
	Renter-Occupied	Owner-Occupied	Renter-Occupied	Owner-Occupied	Renter-Occupied	Owner-Occupied
City of Chicago	511,609	511,307	564,076	452,238	10.3%	-11.6%
Suburban Cook County	219,231	698,588	243,283	657,316	11.0%	-5.9%
Cook County	730,840	1,209,895	807,359	1,109,554	10.5%	-8.3%

SOURCE: AMERICAN COMMUNITY SURVEY PUMS DATA 1-YEAR, 2005-2011

Data for Chart 3. Net Change in Renter- and Owner-Occupied Households by Cook County Submarket, 2005-2007 and 2009-2011⁹

Geography	2005 - 2007				2009 - 2011			
	Owner Households	Renter Households	Total Households	Rental Rate	Owner Households	Renter Households	Total Households	Rental Rate
Loop and Surrounding	40,623	39,821	80,444	49.5%	43,087	56,825	99,912	56.9%
Lakeview/Lincoln Park	39,049	43,061	82,110	52.4%	33,297	50,017	83,314	60.0%
West Town/Logan Square	34,499	49,557	84,056	59.0%	34,441	52,709	87,150	60.5%
Garfield Park/Humboldt Park	13,763	28,329	42,092	67.3%	12,011	28,525	40,536	70.4%
Pilsen/Little Village	11,246	17,588	28,834	61.0%	9,081	19,888	28,969	68.7%
Bridgeport/Brighton Park	23,885	25,235	49,120	51.4%	23,057	26,766	49,823	53.7%
Bronzeville/Hyde Park	14,570	32,103	46,673	68.8%	13,979	34,119	48,098	70.9%
Chatham/Woodlawn/South Shore	22,270	44,913	67,183	66.9%	19,182	44,038	63,220	69.7%
Englewood/Auburn Gresham	24,743	25,498	50,241	50.8%	21,257	24,411	45,668	53.5%
Chicago Lawn/Gage Park	40,844	19,033	59,877	31.8%	39,468	20,242	59,710	33.9%
Beverly/Morgan Park	31,179	5,149	36,328	14.2%	29,191	5,751	34,942	16.5%
Roseland/Pullman	18,053	12,486	30,539	40.9%	16,270	13,654	29,924	45.6%
South Chicago/Hegewisch	21,545	13,367	34,912	38.3%	19,971	13,095	33,066	39.6%
Austin	14,393	20,334	34,727	58.6%	11,972	19,582	31,554	62.1%
Portage Park/Belmont Cragin	28,208	21,334	49,542	43.1%	25,799	22,427	48,226	46.5%
Irving Park/Albany Park	26,512	22,630	49,142	46.1%	25,152	25,417	50,569	50.3%
Jefferson Park/Edison Park	39,640	12,433	52,073	23.9%	35,289	14,446	49,735	29.0%
Lincoln Square/North Center	26,812	27,787	54,599	50.9%	26,637	28,970	55,607	52.1%
Uptown/Rogers Park	28,749	52,878	81,627	64.8%	27,850	54,488	82,338	66.2%
Evanston/Skokie	65,173	20,791	85,964	24.2%	63,007	23,660	86,667	27.3%
Des Plaines/Glenview	68,184	14,907	83,091	17.9%	66,149	17,969	84,118	21.4%
Arlington Heights/Mount Prospect	74,131	24,191	98,322	24.6%	69,536	26,782	96,318	27.8%
Palatine/Hoffman Estates	37,194	10,410	47,604	21.9%	34,742	11,724	46,466	25.2%
Schaumburg/Streamwood	66,254	16,925	83,179	20.3%	61,244	19,919	81,163	24.5%
Elmwood Park/Franklin Park	30,494	13,341	43,835	30.4%	29,689	12,571	42,260	29.7%
Oak Park/Cicero	37,711	24,913	62,624	39.8%	36,762	24,873	61,635	40.4%
Maywood/Bellwood	47,701	18,388	66,089	27.8%	44,108	19,581	63,689	30.7%
Burbank/La Grange	42,330	11,514	53,844	21.4%	39,503	12,740	52,243	24.4%
Orland Park/Tinley Park	56,766	7,513	64,279	11.7%	54,843	9,141	63,984	14.3%
Oak Lawn/Evergreen Park	49,883	16,432	66,315	24.8%	47,815	16,981	64,796	26.2%
Oak Forest/Midlothian	31,943	8,579	40,522	21.2%	28,397	9,745	38,142	25.5%
Calumet City/Harvey	43,780	20,420	64,200	31.8%	39,543	20,671	60,214	34.3%
Chicago Heights/Matteson	49,631	12,139	61,770	19.7%	46,081	13,847	59,928	23.1%

SOURCE: AMERICAN COMMUNITY SURVEY PUMS DATA 3-YEAR, 2005-2007 AND 2009-2011

⁹These above figures are based on American Community Survey 3 year PUMS data, while 1 year PUMS data is used for city and countywide totals elsewhere in the report. As a result, sums of the PUMA figures above will not exactly match totals in other tables. See Appendix Tables 1 and 2 for counts of households by tenure in the City of Chicago, Suburban Cook County, and Cook County.

Data for Chart 4. Change in Renter-Occupied Households by Income Level, 2007-2011

	<30% AMI	30 to 50% AMI	50 to 80% AMI	80 to 120% AMI	>120% AMI
City of Chicago	25,678	10,161	5,139	4,959	6,530
Suburban Cook County	15,073	11,824	1,590	-1,299	-3,136
Cook County	40,751	21,985	6,729	3,660	3,394

SOURCE: AMERICAN COMMUNITY SURVEY PUMS DATA 1-YEAR, 2007 TO 2011

Data for Chart 5. Composition of Renter-Occupied Households by Income, 2011

	<30% AMI	30 to 50% AMI	50 to 80% AMI	80 to 120% AMI	>120% AMI	Total Renter-Occupied Households
City of Chicago	219,775	105,109	102,186	74,088	62,918	564,076
Suburban Cook County	79,224	49,647	53,308	35,221	25,863	243,283
Cook County	299,019	154,756	155,494	109,309	88,781	807,359

SOURCE: AMERICAN COMMUNITY SURVEY PUMS DATA 1-YEAR, 2011

Data for Chart 6. Share of Cook County Households that are Renters by Age of Householder, 2007 and 2011

Age	Share of Households that were Renter-Occupied in 2007	Share of Households that were Renter-Occupied in 2011	Percentage Point Change, 2007 to 2011
15-24	85.4%	92.1%	6.7%
25-34	58.1%	68.0%	9.9%
35-44	37.9%	44.9%	7.0%
45-54	32.1%	34.0%	1.8%
55-64	27.3%	30.2%	2.8%
65-74	25.1%	25.9%	0.8%
75+	25.2%	26.4%	1.2%
Total	37.7%	42.1%	4.5%

SOURCE: AMERICAN COMMUNITY SURVEY PUMS DATA 1-YEAR, 2007 AND 2011

Data for Chart 7. Change in Rental Supply by Building Type, 2007-2011¹⁰

	City of Chicago				Suburban Cook County			
	2007	2011	Change 2007-2011	% Change 2007-2011	2007	2011	Change 2007-2011	% Change 2007-2011
Single-Unit	44,881	54,391	9,510	21.2%	47,766	62,066	14,300	29.9%
2-to-4 Unit	232,868	247,692	14,824	6.4%	53,765	53,769	4	0.0%
5-to-49 Unit	162,339	174,500	12,161	7.5%	113,009	119,833	6,824	6.0%
50+ Units	123,008	140,407	17,399	14.1%	26,359	30,601	4,242	16.1%

SOURCE: AMERICAN COMMUNITY SURVEY PUMS DATA 1-YEAR, 2007 AND 2011

Data for Chart 8. Distribution of Rental Supply by Building Size, 2011

	City of Chicago	Suburban Cook County	Cook County
Single-Unit	8.8%	23.3%	13.2%
2-to-4 Unit	40.1%	20.2%	34.1%
5-to-49 Unit	28.3%	45.0%	33.3%
50+ Units	22.8%	11.5%	19.4%
Total	100.0%	100.0%	100.0%

SOURCE: AMERICAN COMMUNITY SURVEY PUMS DATA 1-YEAR, 2011

Data for Chart 9a and 9b. Changing Gap Between Supply of and Demand for Affordable Rental Housing 2007-2011

	City of Chicago			Suburban Cook County		
	2007	2009	2011	2007	2009	2011
Supply	226,450	232,435	247,497	71,138	70,407	85,176
Demand	336,067	363,387	365,831	118,794	119,398	144,801
Gap	109,617	130,952	118,334	47,656	48,991	59,625

SOURCE: AMERICAN COMMUNITY SURVEY PUMS DATA 1-YEAR, 2007, 2009, AND 2011

¹⁰The above analysis of rental supply by building type includes vacant units and excludes a small number of rental units in other kinds of structures such as mobile homes. Units in other types of structures were excluded due to an insufficient sample size. Summing the above figures will not match rental unit totals elsewhere in this report. Please see Appendix Tables 1 or 2 for information about the total number of renter-occupied households in the City of Chicago, Suburban Cook County, and Cook County.

Data for Chart 10. Renter-Occupied Households and Rent Burden, 2011

City of Chicago	Not Rent-Burdened	Renter-Occupied Households Spending 30 to 50% of Income on Rent	Renter-Occupied Households Spending more than 50% of Income on Rent
<30%	46,532	39,364	133,879
30 to 50%	32,074	54,694	18,341
50 to 80%	70,662	27,830	3,694
80 to 120%	66,452	7,516	120
>120%	60,838	2,080	0
Suburban Cook County			
<30%	14,285	11,877	53,082
30 to 50%	11,384	29,552	8,711
50 to 80%	36,457	14,911	1,940
80 to 120%	30,912	3,388	921
>120%	25,104	759	0

SOURCE: AMERICAN COMMUNITY SURVEY PUMS DATA 1-YEAR, 2011

**Data for Map 1. Share of Demand for Affordable Rental Housing
Unmet by Existing Supply 2011, by Submarket¹¹**

Geography	# on Map	Affordable Supply	Affordable Demand	Gap	Share of Demand Unmet by Supply
Loop and Surrounding	1	12,714	23,062	10,348	44.9%
Lakeview/Lincoln Park	2	12,149	22,070	9,921	45.0%
West Town/Logan Square	3	18,346	28,143	9,797	34.8%
Garfield Park/Humboldt Park	4	13,664	22,858	9,194	40.2%
Pilsen/Little Village	5	14,515	17,019	2,504	14.7%
Bridgeport/Brighton Park	6	17,247	21,459	4,212	19.6%
Bronzeville/Hyde Park	7	17,462	25,855	8,393	32.5%
Chatham/Woodlawn/South Shore	8	25,399	35,687	10,288	28.8%
Englewood/Auburn Gresham	9	12,287	19,123	6,836	35.7%
Chicago Lawn/Gage Park	10	10,173	14,739	4,566	31.0%
Beverly/Morgan Park	11	2,164	3,646	1,482	40.6%
Roseland/Pullman	12	6,563	10,042	3,479	34.6%
South Chicago/Hegewisch	13	7,105	10,548	3,443	32.6%
Austin	14	10,003	15,548	5,545	35.7%
Portage Park/Belmont Cragin	15	9,955	15,208	5,253	34.5%
Irving Park/Albany Park	16	12,457	17,013	4,556	26.8%
Jefferson Park/Edison Park	17	4,274	7,906	3,632	45.9%
Lincoln Square/North Center	18	8,163	14,375	6,212	43.2%
Uptown/Rogers Park	19	31,300	39,344	8,044	20.4%
Evanston/Skokie	20	5,555	12,782	7,227	56.5%
Des Plaines/Glenview	21	4,441	8,661	4,220	48.7%
Arlington Heights/Mount Prospect	22	7,987	13,411	5,424	40.4%
Palatine/Hoffman Estates	23	1,896	4,963	3,067	61.8%
Schaumburg/Streamwood	24	4,663	9,676	5,013	51.8%
Elmwood Park/Franklin Park	25	6,895	9,156	2,261	24.7%
Oak Park/Cicero	26	12,850	17,027	4,177	24.5%
Maywood/Bellwood	27	7,977	12,840	4,863	37.9%
Burbank/La Grange	28	5,616	7,813	2,197	28.1%
Orland Park/Tinley Park	29	3,238	5,117	1,879	36.7%
Oak Lawn/Evergreen Park	30	9,154	12,220	3,066	25.1%
Oak Forest/Midlothian	31	3,489	5,595	2,106	37.6%
Calumet City/Harvey	32	8,628	15,152	6,524	43.1%
Chicago Heights/Matteson	33	5,128	8,834	3,706	42.0%

SOURCE: AMERICAN COMMUNITY SURVEY PUMS DATA 3-YEAR, 2009-2011

¹¹These above figures are based on American Community Survey 3 year PUMS data, while 1 year PUMS data is used for city and countywide totals elsewhere in the report. As a result, sums of the PUMA figures above will not exactly match totals in other tables. See Appendix Tables 1 and 2 for counts of households by tenure in the City of Chicago, Suburban Cook County, and Cook County.