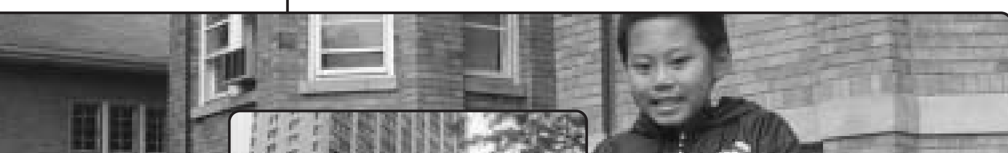
CHICAGO REHAB NETWORK
2003 AFFORDABLE HOUSING FACT BOOK

VALUING AFFORDABILITY

VOLUME ONE: OVERVIEW



VALUING AFFORDABILITY VISION STATEMENT

Safe, decent affordable housing is the foundation for educational and employment success, community stability and regional competitiveness. Therefore, affordable housing must be a defining value in a systemic change of Chicago's policy and resource commitments. Recognition from leaders of community organizations, religious and business institutions for the need to change the way we value affordable housing places Chicago at a pivotal moment. By Valuing Affordability, Chicago's leadership will create strong neighborhoods with the resources and community support required for the development and preservation of affordable housing.

Data collection for this project was conducted by the Nathalie P. Voorhees Center at the University of Illinois at Chicago under the leadership of Ms. Patricia Wright. In addition, Professor Janet Smith of the University of Illinois at Chicago developed a cluster analysis of Chicago's housing stock that pointed the direction for further analysis presented in these pages. We thank them for their ongoing guidance in this project.

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Chicago Rehab Network (CRN) is a citywide coalition of neighborhood based nonprofit housing organizations working to create and preserve affordable housing in Chicago and the region. Through research, publications, policy and advocacy, training and technical assistance, CRN advocates for affordable housing resources at the local, state and national levels.

Chicago Rehab Network Members

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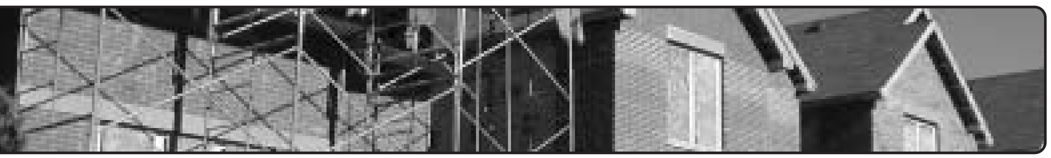

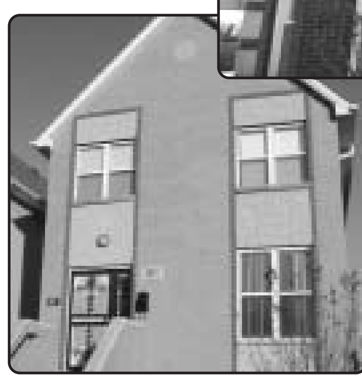

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As this Fact Book goes to press, with new rounds of elections fast approaching, affordable housing is at a higher place in policy discussions than it has been in years. The stakeholders and legislators engaged with affordable housing issues has broadened exponentially. So has our understanding of public engagement of the issue. When the Chicago Rehab Network, as part of the coalition called Housing Illinois, hired a market research firm to survey attitudes about affordable housing in the Chicago metro region, more than eight in ten respondents said it is important to ensure we have more housing for low and moderate income people in the Chicago region. More surprisingly, two-thirds of them supported building more affordable housing in their own communities.

Breaching the gap between the public need for affordable housing and the will of public officials to address it is what the Chicago Rehab Network has been about for over 25 years. When we published the last edition of the ***Affordable Housing Fact Book*** in 1993, it was instrumental in convincing Chicago leaders to greatly expand and reshape the city's commitment to creating and preserving affordable housing. With this edition of the Fact Book, we expect the same results on city, regional, and statewide levels. We have expanded our scope to include the state of Illinois. Our aim is to create a tool for legislators, advocates, and other stakeholders to identify housing needs and to bring affordable housing to the public agenda.

We are printing the 2003 edition of the ***Affordable Housing Fact Book*** in three volumes. The first volume is an Overview of Chicago and Illinois based on maps of changing patterns in population and housing supply, housing costs and affordability indicators such as overcrowding and housing cost burden. The second volume focuses on Chicago with fact sheets for each ward and community area in the city. The third volume contains fact sheets for each of Illinois' 102 counties and 50 major municipalities.

This information will also be available on the Affordable Housing Fact Book page at our expanded website www.chicagorehab.org, where users will be able to download copies of the fact sheets from all three volumes. Users will also be able to search our full database to consider and compare the data that most interests them – including additional data we could not fit in these volumes, as it becomes available.

In executing this project we owe much thanks to our longstanding partnership with the Nathalie P. Voorhees Center at the University of Illinois at Chicago, which collected most of the data. The Voorhees Center continues to be an important source for the data and analysis essential to community development policy in Chicago. We are also grateful to King Harris, who, together with Metropolis 2020, supported the expansion of our county level data to provide a fuller picture of the state of Illinois. This document would have been a less thorough resource without their vision and support.

We hope to hear from you with questions and comments about the ***2003 Affordable Housing Fact Book***, and we look forward to conducting workshops on how this data can be translated into policy, advocacy and action around the affordable housing issues that present themselves in your community. Housing is foundational to all community building endeavors, and if we are to value affordability, we must act to secure its support.

Kevin F. Jackson
Executive Director

EXECUTIVE SUMMARY

In both Chicago and Illinois, the 1990s were a decade of growth and prosperity for many households. Yet the 2003 edition of the Chicago Rehab Network's ***Affordable Housing Fact Book*** reveals how uneven development has brought new kinds of housing stress to many communities, and exacerbated some old ones.

City of Chicago

Mapping affordability indicators across the city of Chicago resulted in patterns so persistent we named them. A clearer picture of these clusters emerges in the maps that follow.

- **Population and Housing Units** both grew in Chicago between 1990 and 2000, yet growth was uneven. A cluster of communities in the Central Area and North Lakefront stand out as a **booming cluster,** with the most new construction activity, but often with smaller households occupying more housing. At the same time, whole swaths of south and west side continue to lose population and housing stock, creating a **thinning cluster.** Both immigration and displacement from other communities appear to have contributed to the creation of a **bursting cluster** through Chicago's northwest and southwest sides, where population and total housing units grew the most.

- **Occupancy Status:** Chicago is still a city of renters – 56 percent of housing units are renter occupied – but the 1990s saw a shift toward home ownership. The number of owner occupants rose 9 percent between 1990 and 2000, and gained 2.3 percentage points as a portion of the city's households. Citywide, the rental vacancy rate fell to 6 percent, signaling a tight rental market. Yet twenty-eight communities had rental vacancy rates at or below 4 percent, even while several communities in the thinning south side had rates over 12 percent.

- **Incomes:** The median income rose 10 percent between 1990 and 2000, but the highest incomes differed sharply between the booming cluster along the north lakefront and the thinning cluster on the south and west sides. Poverty dropped citywide, and yet numbers of poor and low income households rose dramatically through the bursting northwest and southwest corridors – suggesting displacement from those booming communities where the low income population dropped, and from thinning ones where the total population continued to decline.

- **Housing Costs:** The city's median rent rose only modestly -- by 3 percent after adjusting for inflation. Yet in thirty community areas, rents rose by 25 - 75 percent. Rents rose most not in the booming core itself, but in a ring spreading outwards around it. Citywide, the median income rose almost three times as much as the median rent did, yet rents rose more than incomes in all but sixteen communities. In fact, rents rose 27 – 62 percent faster than incomes in more than a dozen communities.

- **Cost Burden:** The number of renters paying more than 35 percent of income for housing dropped 11 percent between 1990 and 2000. Yet this drop was offset by a 33 percent surge in the numbers of cost burdened owners. Overall there are nearly 240,000 households struggling under excessive housing costs citywide. Their numbers are growing in the bursting communities through the northwest and southwest corridors, and on the far south side.

- **Mortgage Foreclosures and Overcrowding** emerged as the affordability indicators of the 1990s. The National Training and Information Center found that mortgage foreclosures rose 74 percent between 1993 and 2001, and by more than 150 percent in 16 communities through the South Lakefront and Southwest Side.

  Citywide, 10 percent of all households are overcrowded, but as many as 35 percent of households are overcrowded in a ring around the central area, where rents and home values also rose the most. Overcrowding rose 25 percent citywide between 1990 and 2000, and jumped 100 percent or more in 16 communities – particularly in the bursting clusters on the far northwest and southwest sides.

Illinois

The pattern established in Chicago, where rising incomes were accompanied, and sometimes outpaced by rising housing costs, extended through much of Illinois.

- The state of Illinois saw growth that exceeded that in Chicago by many indicators, and yet when mapped across counties, much of the state's prosperity is concentrated in a **super-region** spreading out from the Chicago/Rockford metro areas into the central state. Incomes, rents and home values all tend to exceed state medians within this cluster, while county medians outside this cluster fall short of state averages.

- **Incomes:** Only twelve counties had median household incomes at or above the state median income of $46,590 – and seven of them fell in the Chicago metro area. Median household incomes in rural counties to the southeast and southwest of the state were under $33,000.

  Higher median incomes correspond with greater concentrations of high income households, particularly in the six counties immediately surrounding Cook, where high income households, with incomes over 120 percent of the state median, comprise 50 – 60 percent of all households in some of the state's most populous counties.

- **Housing Costs:** In many counties, high incomes correspond to higher rents and home values. Incomes are rising faster than housing costs statewide, but the housing costs of owner occupants are rising faster than incomes throughout the super-region. In ten of the counties in this region, homeowner costs are rising 10 – 21 percent faster than incomes.

- **Housing Cost Burden:** Renters are more likely to be paying 35 percent or more of their income for housing than homeowners in Illinois, particularly in rural counties, where rents may be low, but incomes are very low.

  Yet the number of homeowners paying large portions of their income for housing rose 38 percent from 1990 to 2000. Most cost burdened owners were low income households, but cost burden grew fastest among moderate income owners, whose numbers increased by 80 percent between 1990 and 2000.

- **Poverty:** The number of people in poverty dropped by 3 percent statewide, but it rose in fourteen counties – including nine of those surrounding Cook County. Some of these persons may have been displaced from the city of Chicago, where the number of people in poverty dropped 6 percent. The concentrations of people in poverty in these counties are still low, but the fact that their numbers increased in those counties with unusually high incomes, and housing costs, indicates the growing need for affordable housing in this region

As a final chapter in the each volume, the ***Affordable Housing Fact Book*** outlines a menu of policy initiatives to create new resources and integrated policies for preventing displacement, promoting preservation and encouraging production of affordable housing. Most of these initiatives have been developed through Valuing Affordability, the Chicago Rehab Network's ongoing campaign to create the social and political climate where affordability is recognized as a benefit to all residents and institutions, and as an essential infrastructure for successful cities and regions.

MAPPING AFFORDABILITY: CHICAGO

In many ways, the 1990s were a great decade to live in Chicago. The population grew for the first time in 40 years, and the number of housing units rose with it. Incomes climbed 10 percent in real terms and homeowners saw their house-wealth rise 25 percent, while rents rose only modestly – just 5 percent after adjusting for inflation. Rents rose more slowly than incomes did, and the number of people in poverty dropped. If housing affordability is measured in numbers of units, changes in housing costs and the ability of people to pay for them, these averages suggest a decade of steady improvements.

Yet citywide averages mask more troubling trends. Dramatic change reached every community in Chicago, but those changes were also dramatically uneven. As some communities boomed, others strained to absorb the overflow, and still others continued to decline. The maps on the following pages chart the elements of affordability as they played out across Chicago's neighborhoods: starting with changes in population and housing stock, incomes and housing costs, and continuing into indicators of overall affordability and housing stress, such as rent burdened households, overcrowding, and mortgage foreclosures. These maps demonstrate the variety of the city's affordable housing needs today.

Several patterns recur through these maps. A cluster of communities around the central area and north lakeshore enjoyed renewed prosperity. It is here that the story told by citywide averages was closest to the truth. The maps that follow show that the most new construction, the sharpest shift from renter occupied to owner occupied units, the highest median incomes and the steepest drops in poverty all centered around this booming cluster. But the influx of richer households corresponds with higher housing costs: these are also the communities with the highest home values and the highest median rents.

It is easy to overlook that even as the housing markets along the central area and the lakeshore surged, broad swaths of the south and west sides continued to thin out. Housing units and population were still dropping in these areas, and though they show up as the areas that saw the most demolitions in the 1990s, they still have the most vacant units today, and they include some of the only communities in the city with rental vacancy rates over 8 percent. Yet housing costs are rising in thinning communities too, and in many cases they are rising at a rate faster than incomes.

A third cluster stretched in two corridors through the city's northwest and southwest sides. Though these areas represent Chicago's peripheries, they also represent, by far, the largest number of Chicagoans. This is the bursting cluster, the one that saw the invisible boom, where population and housing units grew, even where new construction did not seem to keep pace, and where the number of persons in poverty and the number of African Americans increased, even as their numbers declined in the city overall. It is in this cluster that the number of Hispanics, whose numbers grew dramatically citywide, grew the most. It is also here that new signs of housing stress emerged most strongly: the most evident growth in overcrowding, cost burdened owners and mortgage foreclosures, all occurred here.

Some of the combinations in these maps are reminiscent of conditions in other Chicago neighborhoods in other decades. In particular, the growth and crowding in bursting communities today are not so different from conditions that characterized the city's black belt in the decades before urban renewal. This is not to say we will soon be clearing today's bursting communities as we once intentionally cleared many thinning neighborhoods, but it is a cautionary example. Growth is good news for our city, but growth without measures to intentionally create and preserve a diverse and integrated population can exert as much strain on neighborhoods as no growth at all.

The maps on the following pages are designed to highlight those neighborhoods where citywide trends are most clearly reflected, as well as those where they are not. Therefore, most of the maps are centered on citywide averages, with values below that average shaded gray, and values above the city average highlighted in shades of orange.

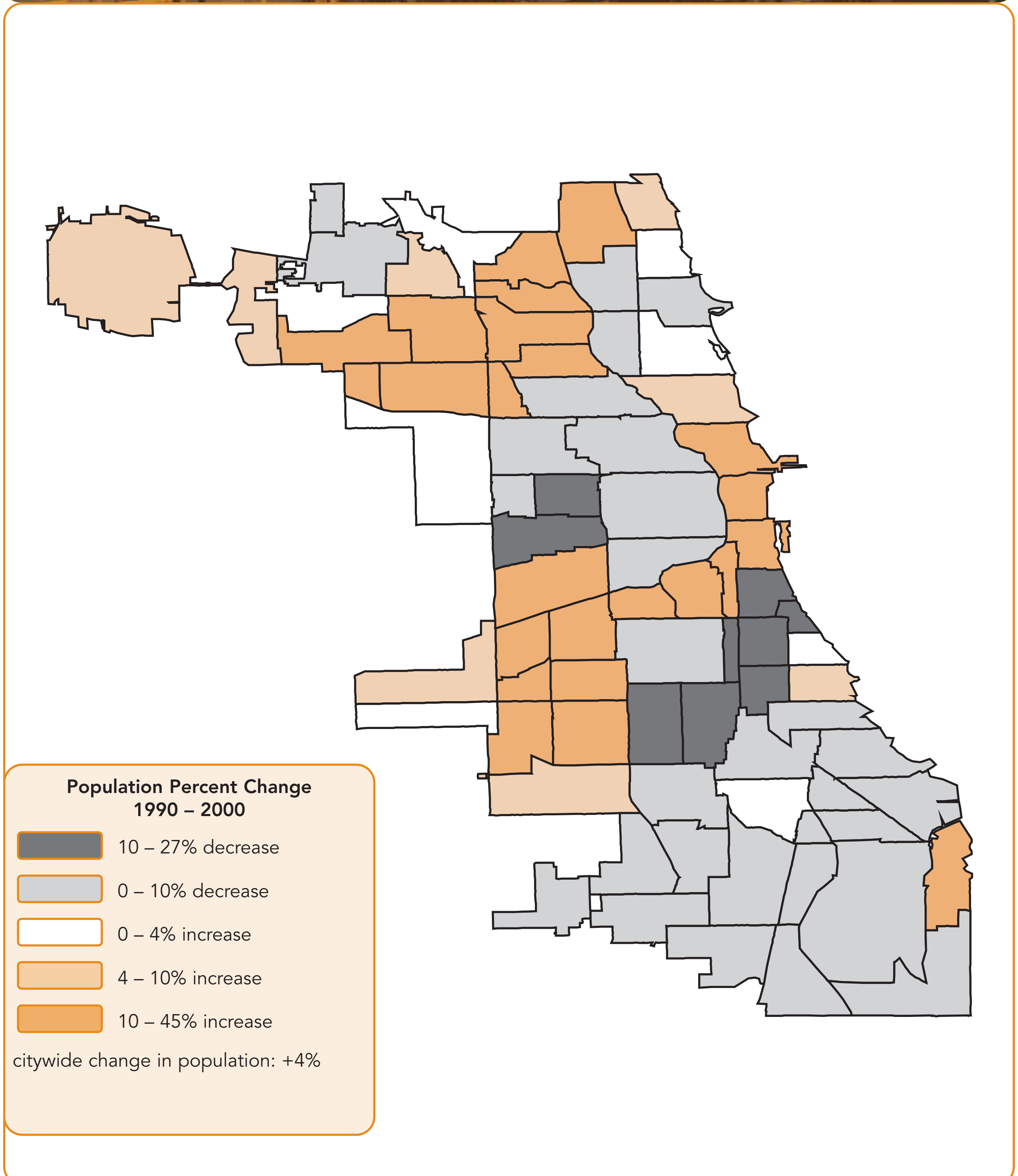
A year ago, with the help of the University of Illinois at Chicago, we first set out to capture differences between community areas by breaking the city into seven separate clusters according to conditions in housing stock. These maps extend the scope of that analysis to include factors such as population, income and housing costs, and in discussing them we have sifted our seven original clusters down to the three described in the paragraphs above: the booming cluster centered along the city's north lakefront, the thinning communities on the south and west sides, and the bursting communities spreading through the northwest and southwest corridors.

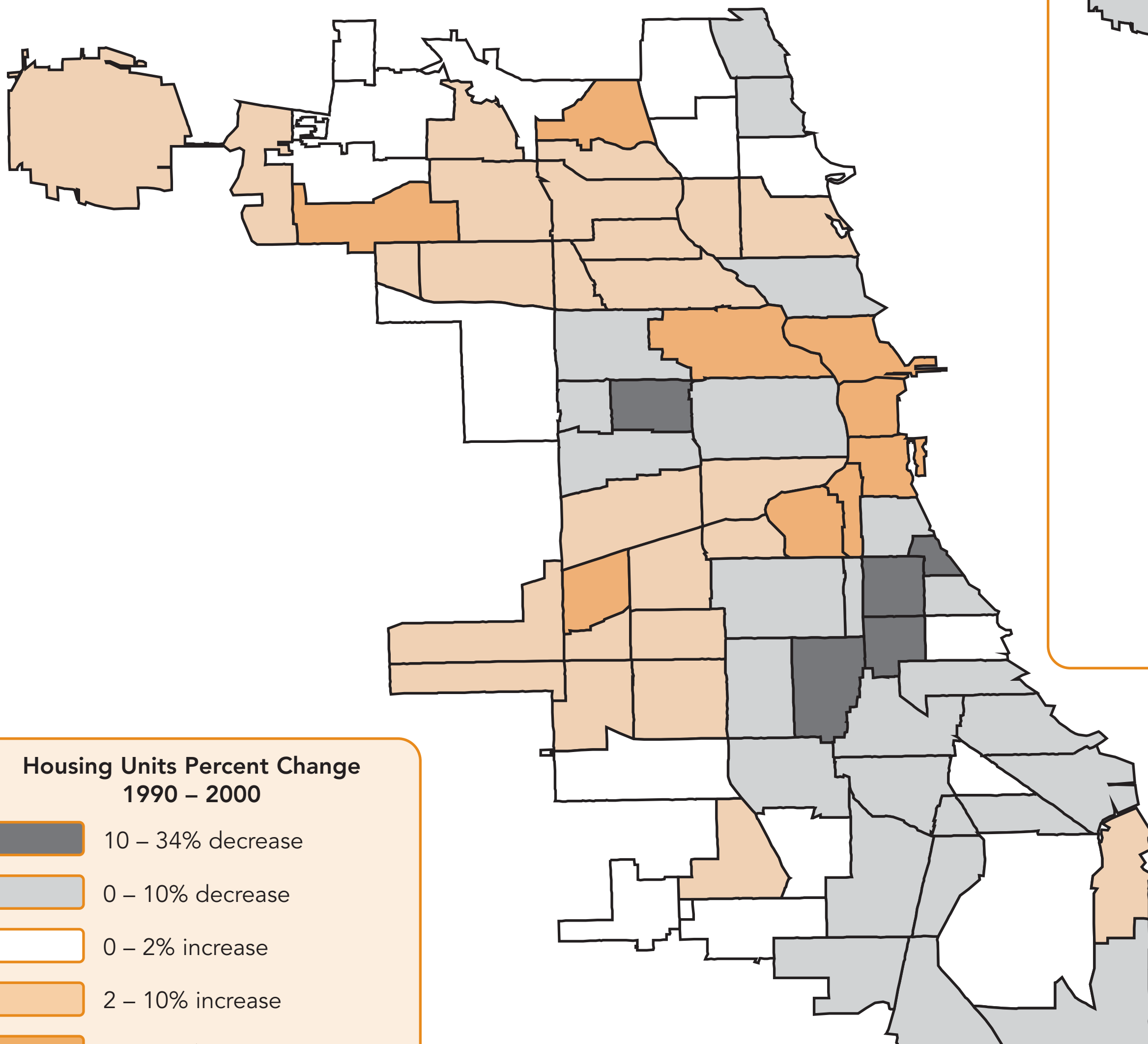
Of course these clusters are generalizations, not impermeable boundaries, and in the maps that follow you will be able to see for yourself how strongly they persist through various factors that determine the affordability of Chicago's housing.

HOUSING SUPPLY

Chicago's population grew for the first time in over four decades and housing units almost kept pace. Yet the areas of most concentrated growth in housing supply were not the ones usually associated with the 1990s resurgence, nor were they the ones that showed most new construction permits. The construction boom hugs the central area and north lakeshore, and thinned out in the northwest and southwest clusters where population and housing units grew the most. The new housing units reported in these clusters may have been conversions of existing units into smaller apartments.

Meanwhile, population continued to fall through the west and south sides of the city. It also fell in some booming communities such as Logan Square, West Town and the Lower West Side, which saw dramatic gains in new housing units, but where smaller households appear to consume more housing.

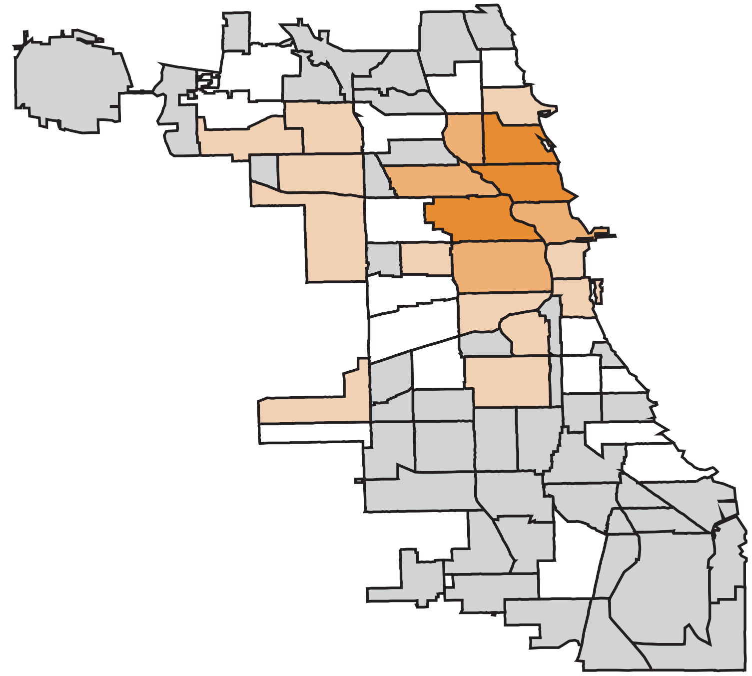




Housing Units Percent Change 1990 – 2000

- 10 – 34% decrease
- 0 – 10% decrease
- 0 – 2% increase
- 2 – 10% increase
- 10 – 78% increase

citywide change in housing units: +2%



New Construction Permits Issued: 1990 – 2000

- 19–150
- 150–237
- 237 – 500
- 500 – 1,000
- 1,000 – 1,733

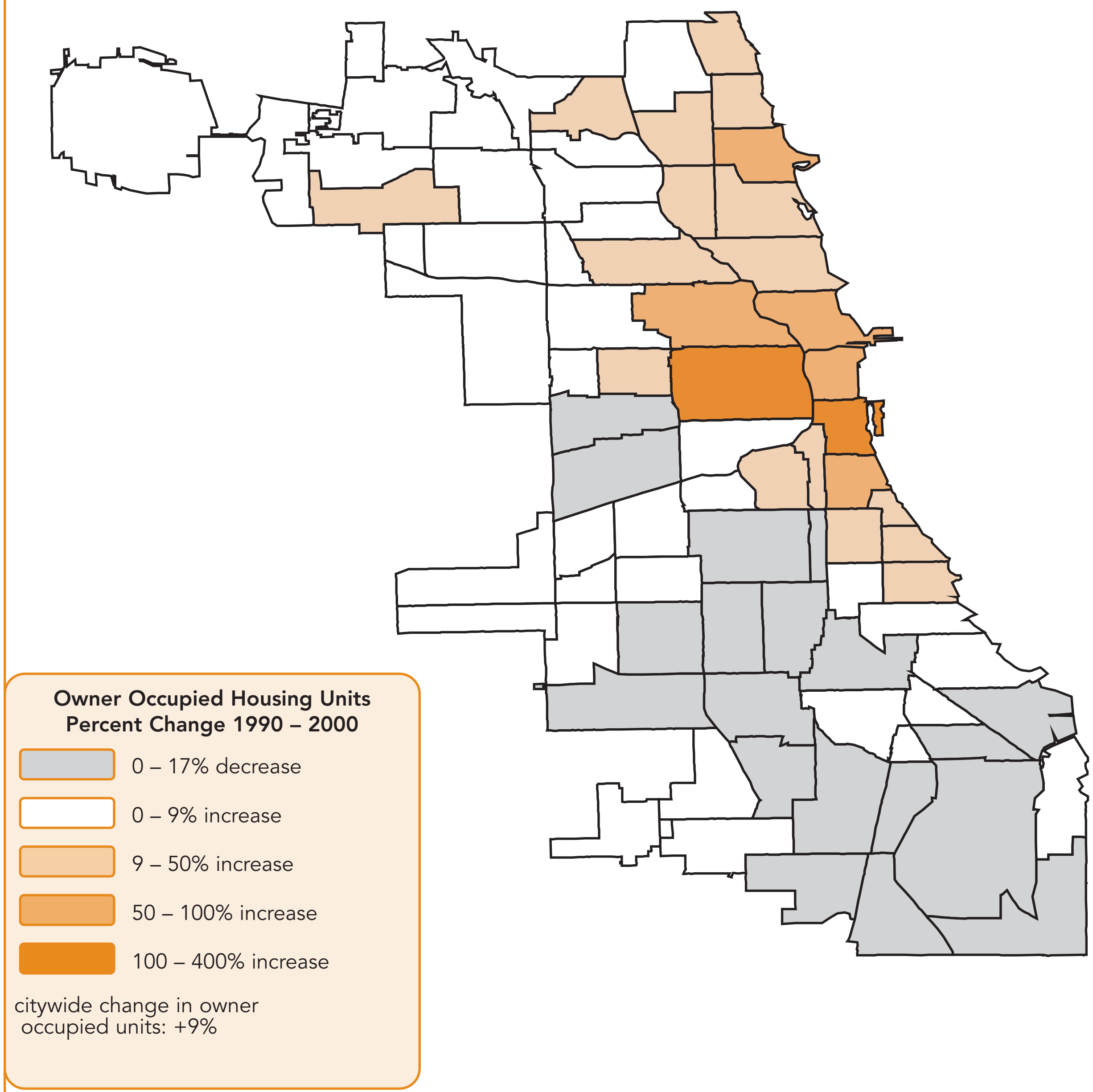
citywide new permits: 18,257

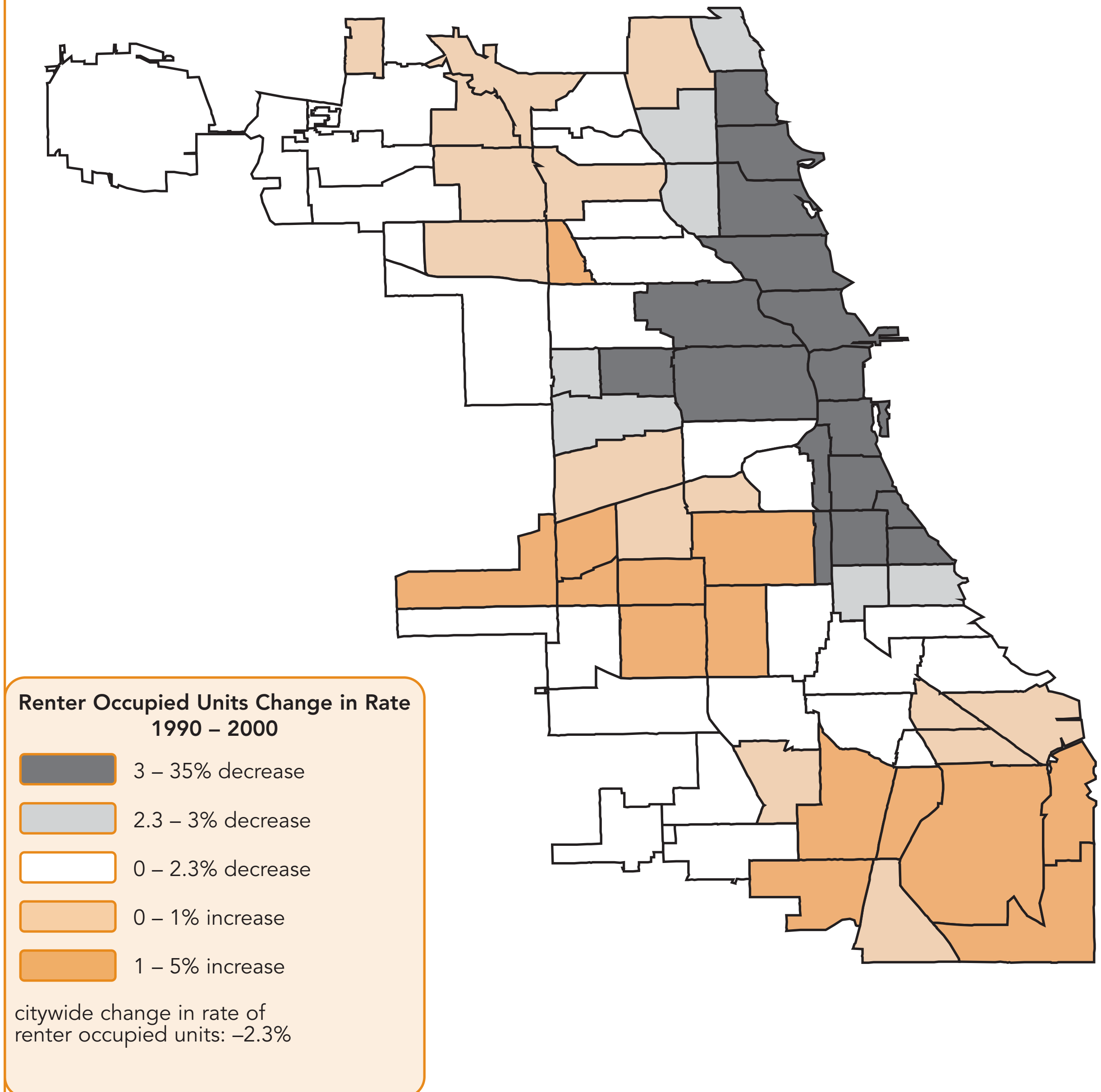
average new permits per community area: 237

TENURE

Chicago is still a city of renters – 56 percent of occupied housing units in Chicago are renter occupied – though that appears to be changing as the city's supply of renter occupied housing units dropped slightly, by 0.5 percent, while its supply of owner occupied units rose by 9 percent, a rate faster than population or total unit change.

Booming communities in particular saw a marked shift from renter occupied units to owner occupied ones. The number of owner occupied units surged throughout the central area/lakefront cluster, where renters lost the most ground as a percent of total households. Some of these renters may have resurfaced in the bursting communities in the far southeast side, where renter occupied units grew as a proportion of the total housing stock, even in neighborhoods traditionally dominated by bungalow owners.



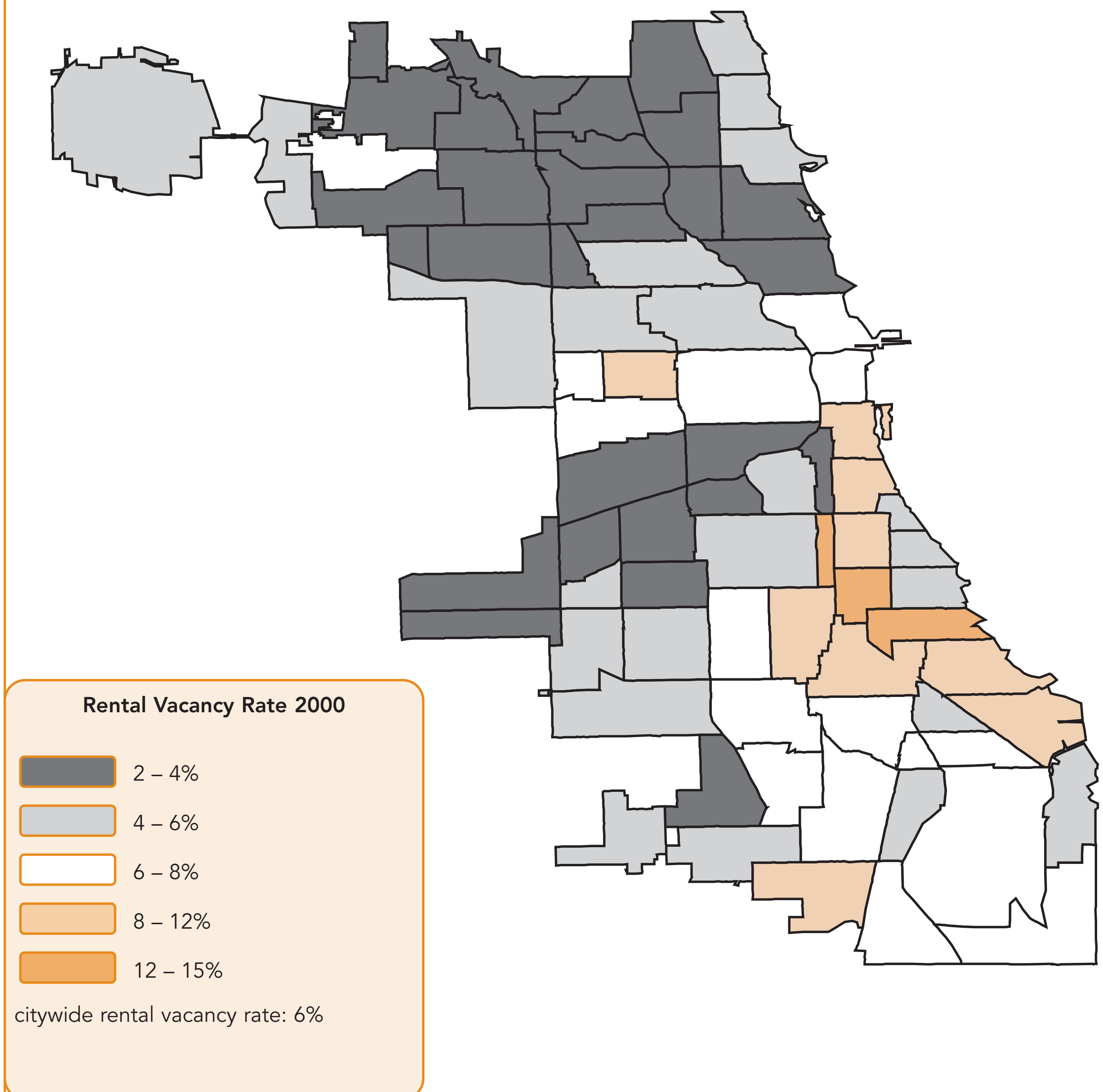

Renter Occupied Units Change in Rate
1990 – 2000
3 – 35% decrease
2.3 – 3% decrease
0 – 2.3% decrease
0 – 1% increase
1 – 5% increase
citywide change in rate of
renter occupied units: –2.3%

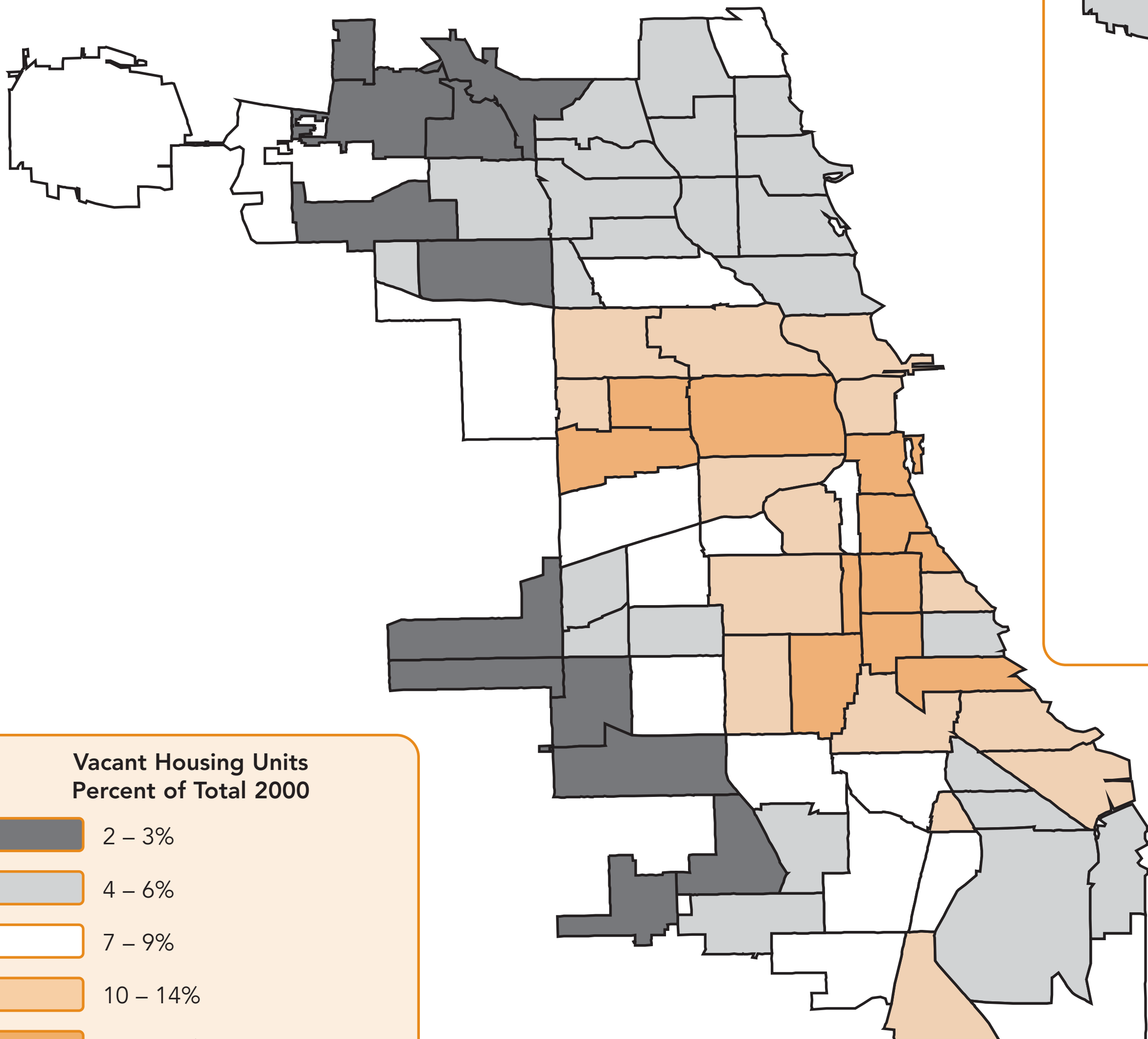
VACANCIES

Both population growth and a slow transition from renter occupied toward owner occupied units helped make the city a tight rental market by the end of the decade. The citywide rental vacancy rate in 2000 was 6 percent – a number widely considered to be signally low, and dramatically lower than the city's 10 percent rental vacancy rate in 1990.

In fact, the rental vacancy rate in most communities is far lower than that. This is a phenomenon that will show up again: the citywide average smoothes out the extremes that show up in the community areas, as an 8 percent vacancy rate in a neighborhood with 100,000 housing units overshadows the 4 percent vacancy rate in the neighborhood with only 50,000 units. Meanwhile, a handful of communities on the south side show unusually high rental vacancy rates, despite the fact that many of them lost many units to demolition throughout the 1990s.

Citywide averages describe the city as one big market. The patterns in these maps suggest it is not. The family who cannot compete in a booming neighborhood such as West Town may choose to double up in a bursting one such as Hermosa before they move to Englewood, a thinning community, to take advantage of the low rental vacancy rates there. Such dynamics contribute to housing stress in all three communities.

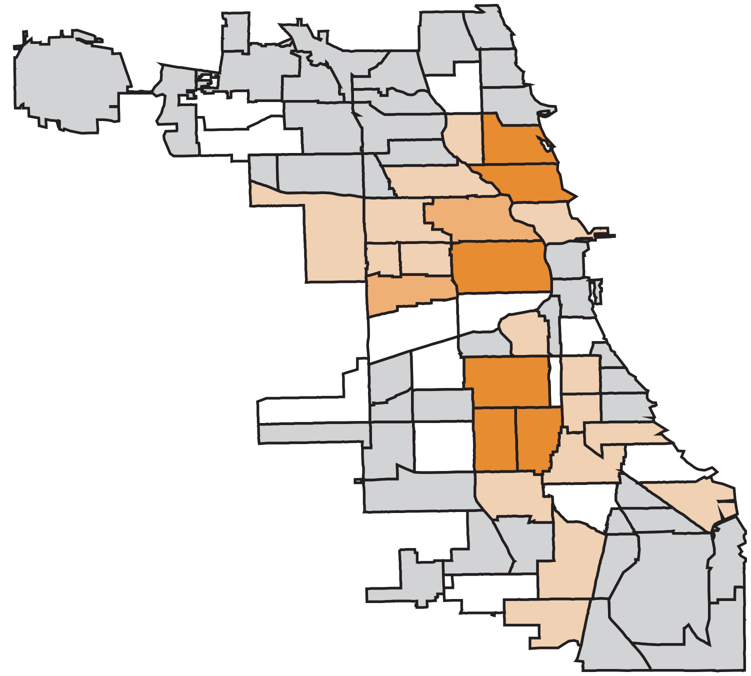




Vacant Housing Units Percent of Total 2000

- 2 – 3%
- 4 – 6%
- 7 – 9%
- 10 – 14%
- 15 – 27%

citywide vacant housing units: 8%



Demolition Permits Issued 1990 – 2000

- 13 – 100
- 100 – 207
- 207 – 500
- 500 – 750
- 750 – 1,136

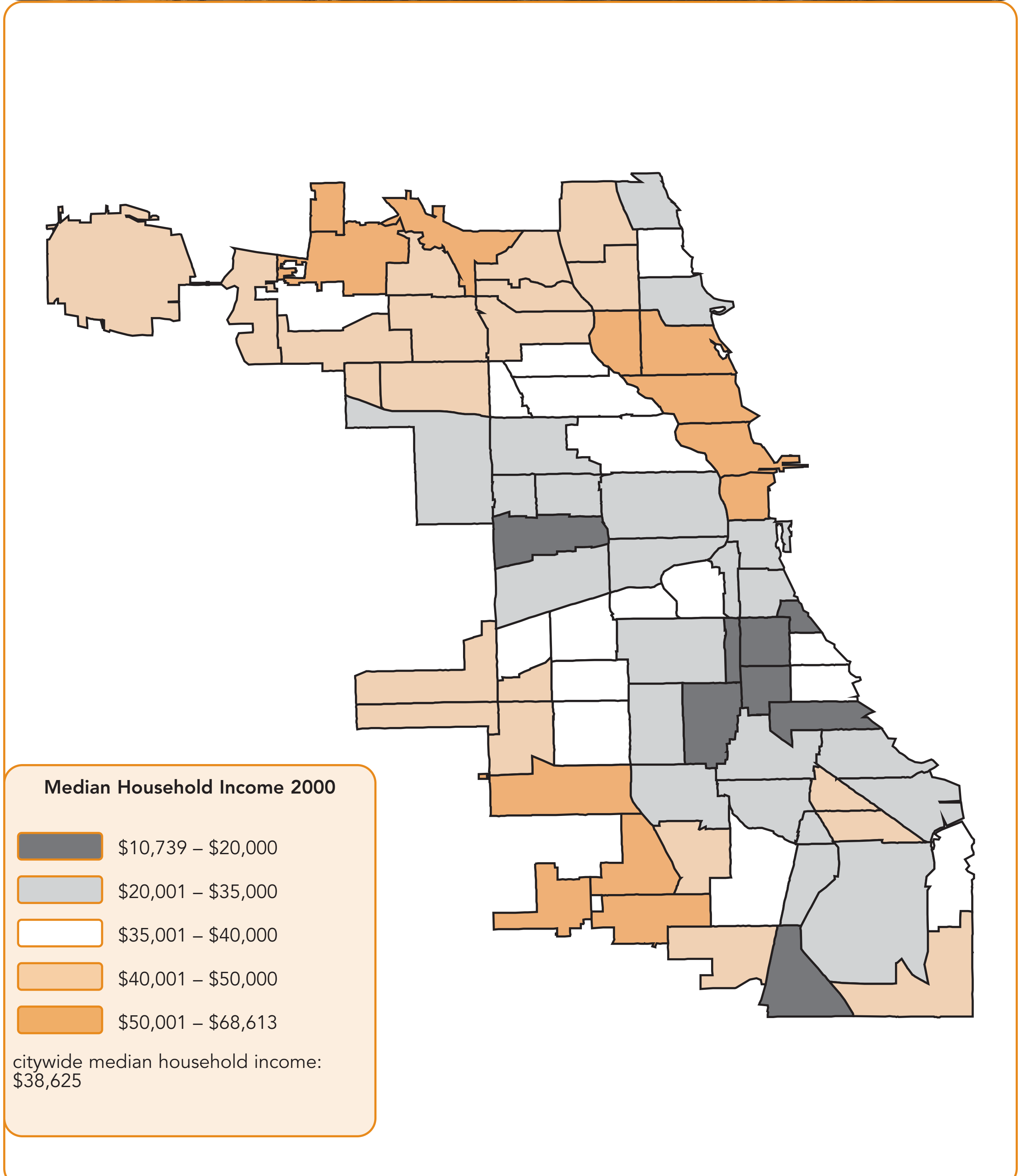
citywide demolition permits: 15,970

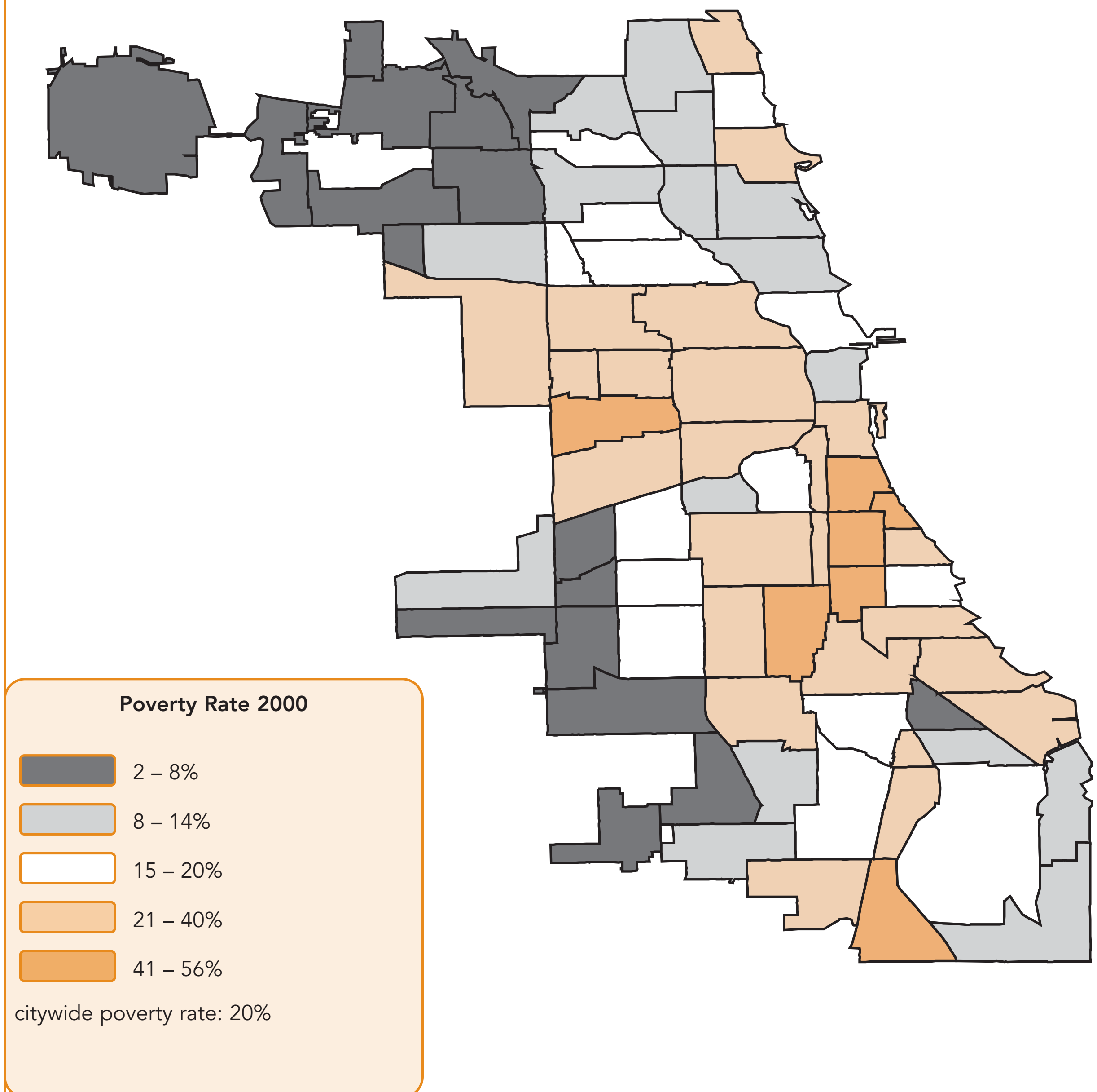
average demolition permits per community area: 207

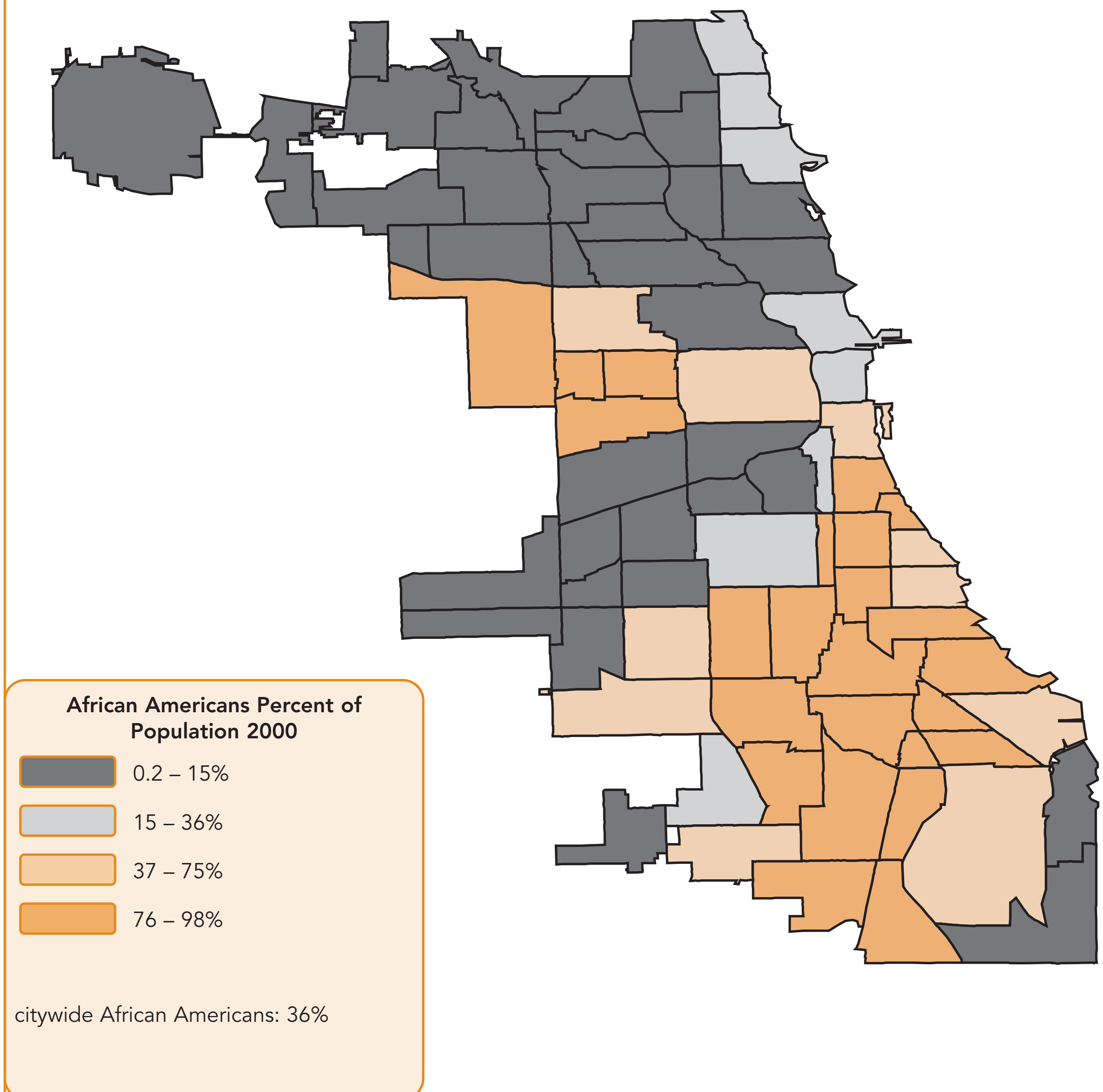
RACE AND INCOME, 2000

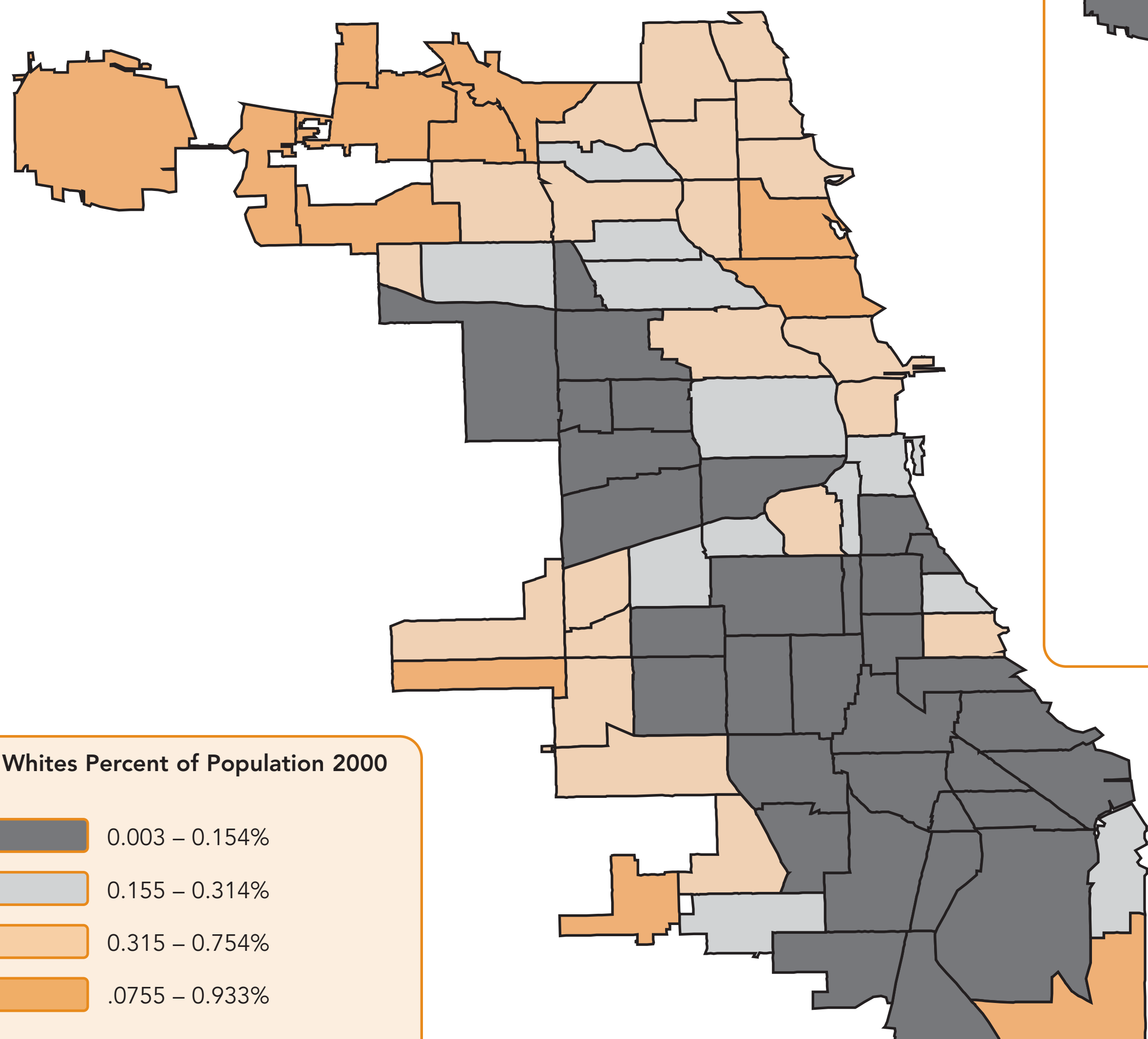
Chicago is still extremely segregated along both racial and income lines. The maps on the next four pages show how communities with high median incomes and a large proportion of whites remained visibly separate from those with high poverty rates and large numbers of African Americans. Hispanics, now approaching a third of the city's population, appeared remarkably sequestered in the bursting communities of the southwest, northwest, and far south sides.

The familiar patterns in these maps indicate significant distortions in the housing market that may help explain why some communities become extremely expensive, and others extremely crowded, while whole clusters of communities continue to lose population, and housing units, and still maintain so much vacant housing. Describing them as market distortions should not obscure the fact they were actively shaped by policy and investment decisions of the past, as well as the cumulative decisions of individual households.




Poverty Rate 2000
2 – 8%
8 – 14%
15 – 20%
21 – 40%
41 – 56%
citywide poverty rate: 20%

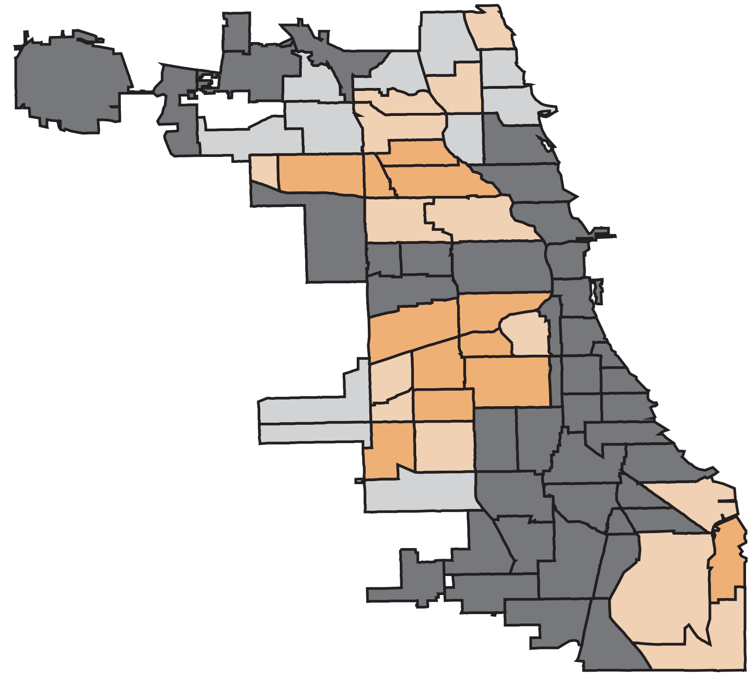

African Americans Percent of Population 2000
0.2 – 15%
15 – 36%
37 – 75%
76 – 98%
citywide African Americans: 36%



Whites Percent of Population 2000

- 0.003 – 0.154%
- 0.155 – 0.314%
- 0.315 – 0.754%
- .0755 – 0.933%

citywide whites: 31%



Hispanics Percent of Population 2000

- 0.6 – 10%
- 10 – 25%
- 26 – 50%
- 50 – 88.9%

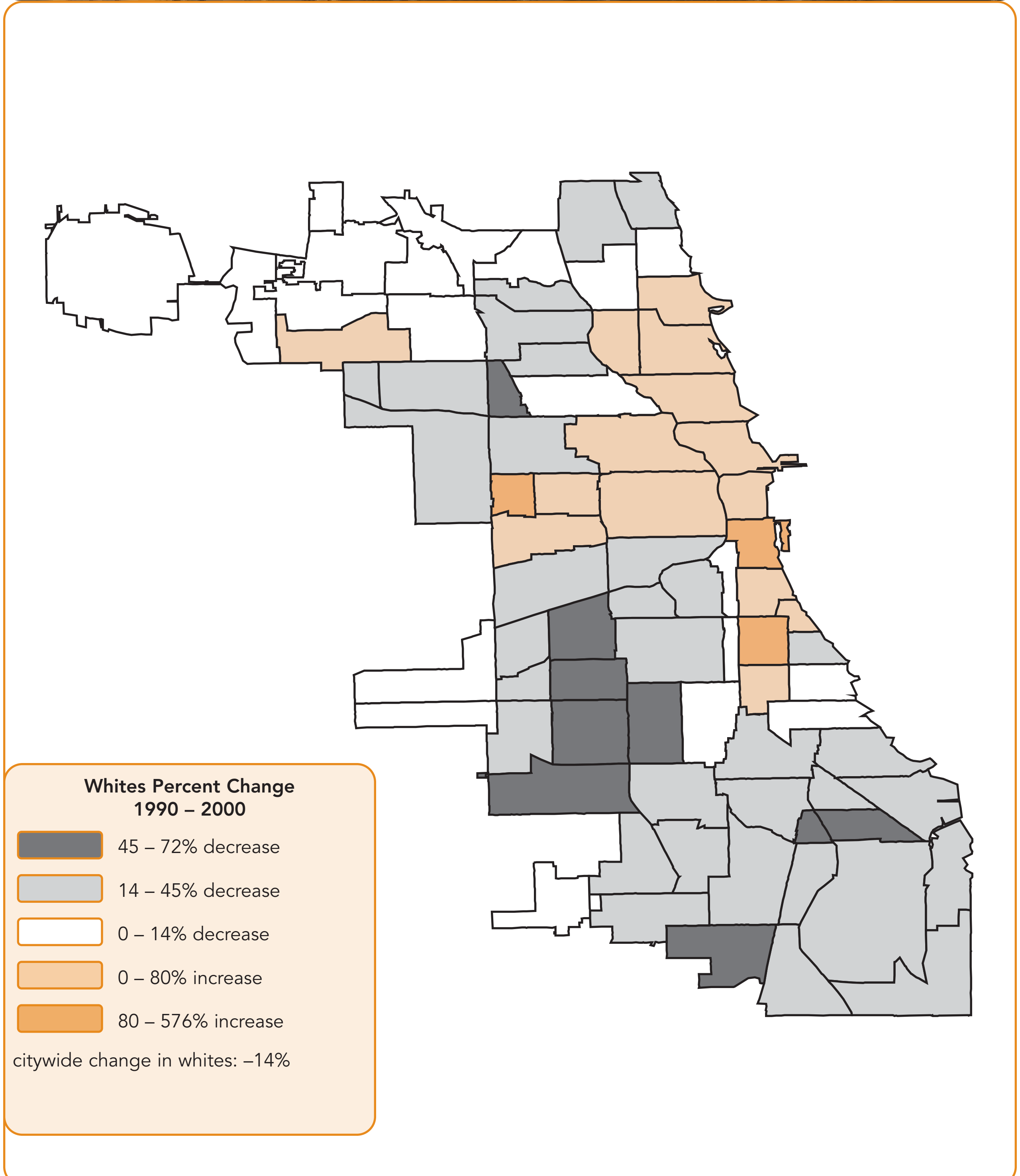
citywide Hispanics: 26%

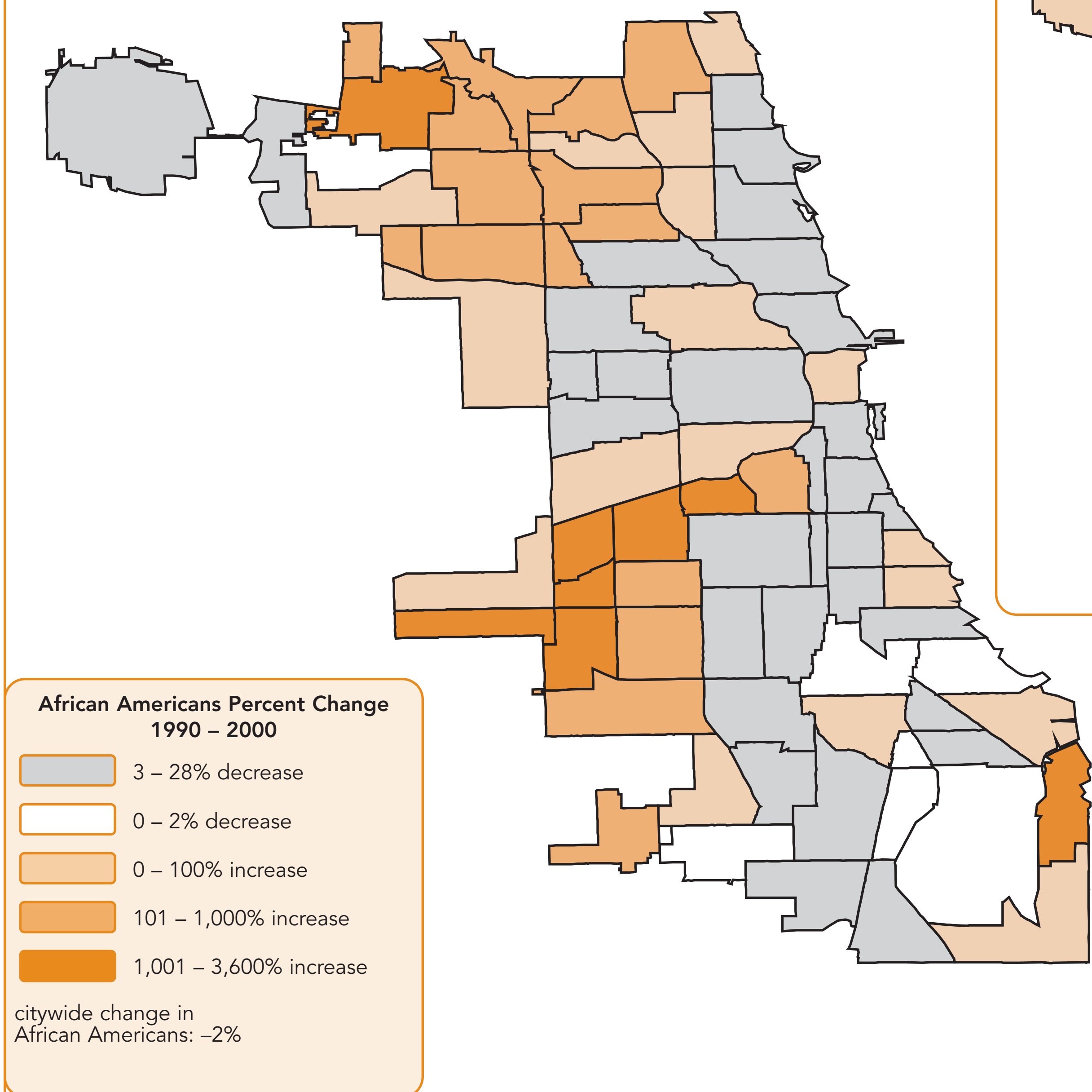
RACE AND ETHNICITY: PATTERNS OF CHANGE

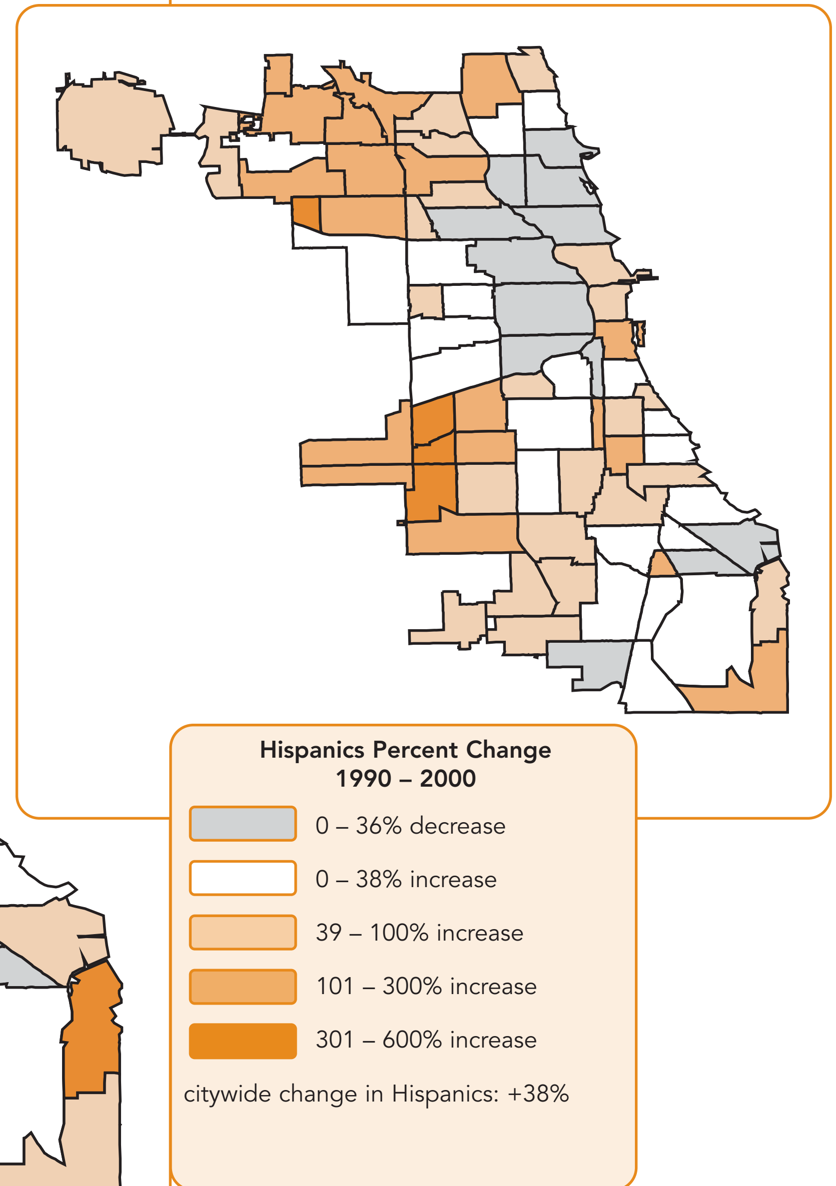
While patterns of racial and economic segregation persist, they are slowly changing. The numbers of both African American and white Chicagoans dropped in the 1990s, but both populations made gains in neighborhoods where they have long been underrepresented.

The number of whites grew most in the booming communities along the north lakefront, but they also grew through the south and west side, even as the total population in these communities dropped. Indeed, African Americans were moving out of communities where the number of whites grew in the 1990s, including those where African Americans had been most numerous in the past. But their numbers multiplied – by as much as 36 times – through the bursting corridors spreading into the city's bungalow belt.

Precipitous percentages do not necessarily reflect huge numeric gains, as some of these communities had very few African American residents to start. Many of them also saw great gains in both the number of Hispanics and the total population. These gains take on additional dimension insofar as they are reflected in patterns of income and poverty change on the maps that follow.




African Americans Percent Change
1990 – 2000
3 – 28% decrease
0 – 2% decrease
0 – 100% increase
101 – 1,000% increase
1,001 – 3,600% increase
citywide change in
African Americans: –2%

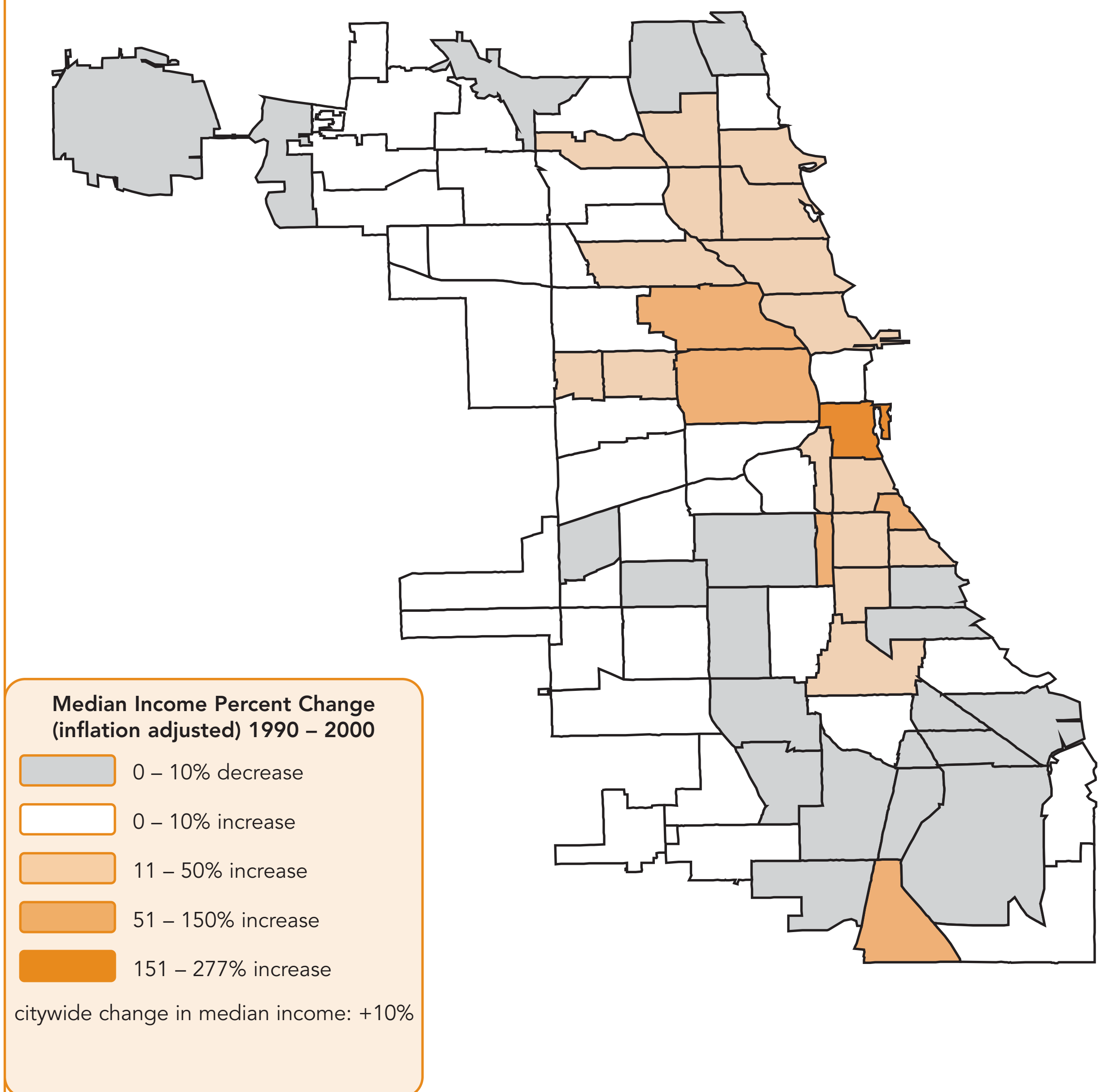

Hispanics Percent Change
1990 – 2000
0 – 36% decrease
0 – 38% increase
39 – 100% increase
101 – 300% increase
301 – 600% increase
citywide change in Hispanics: +38%

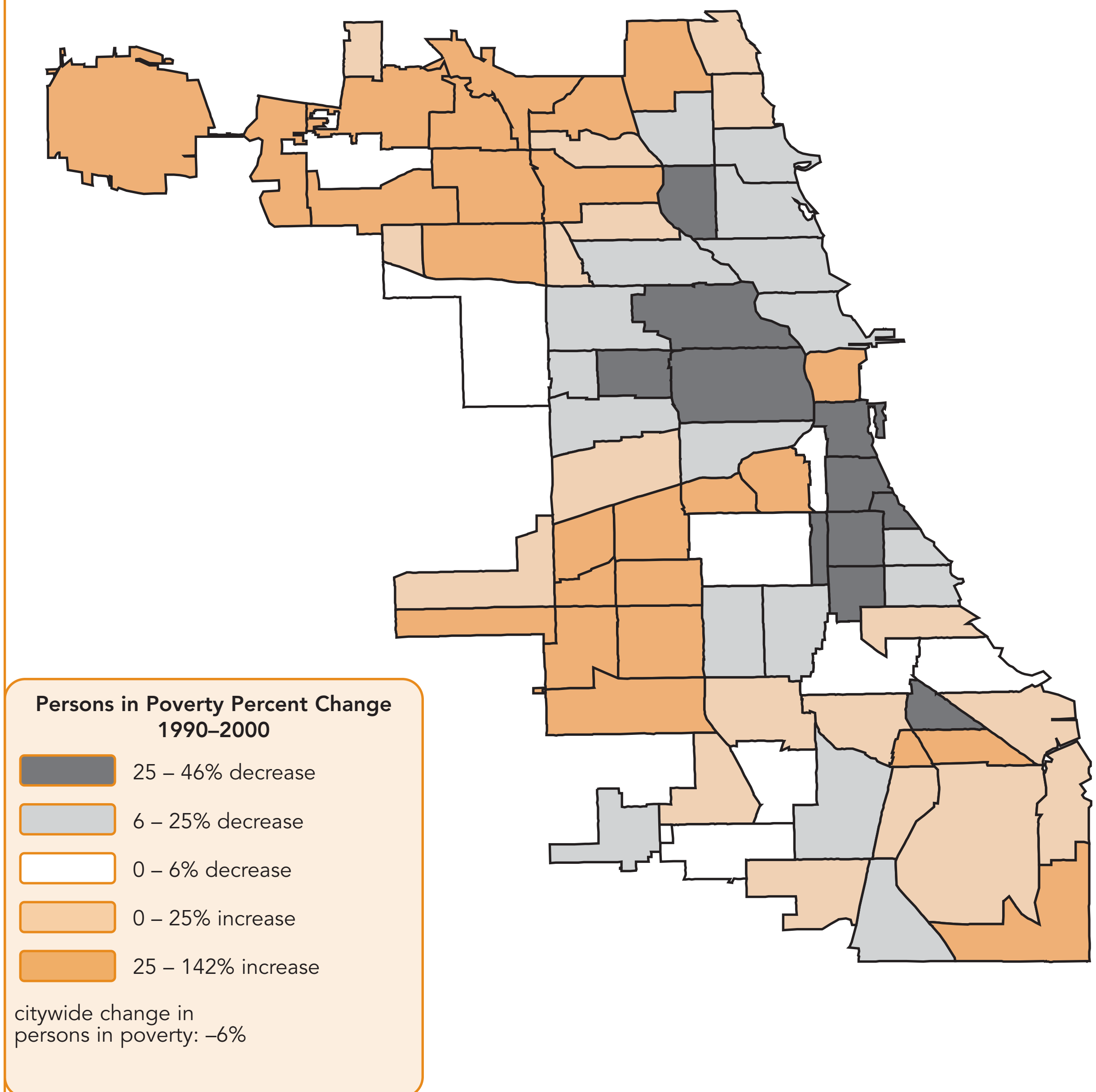
INCOME AND POVERTY: PATTERNS OF CHANGE

Citywide, the median income rose by 10 percent. In fact, median income rose in roughly two – thirds of communities in Chicago, but this map shows the degree to which that rise centered on the central area and lakefront, where the number of people in poverty also dropped.

The number of people in poverty dropped 6 percent citywide. But this does not mean there were fewer people in poverty everywhere: more than half of Chicago's communities saw the number of people in poverty rise, and in many cases the number rose dramatically – by 25 to as much as 142 percent.

Some of these impoverished persons may be long-time residents. Others were probably immigrants or persons new to Chicago, for this is where the number of Hispanics, whose citywide population grew by 38 percent, grew the most. But it also seems likely that some of the impoverished persons who moved to bursting communities in the 1990s moved from those parts of Chicago where poverty dropped, being out-priced from booming neighborhoods, and displaced by demolition, foreclosure and deterioration from thinning ones.

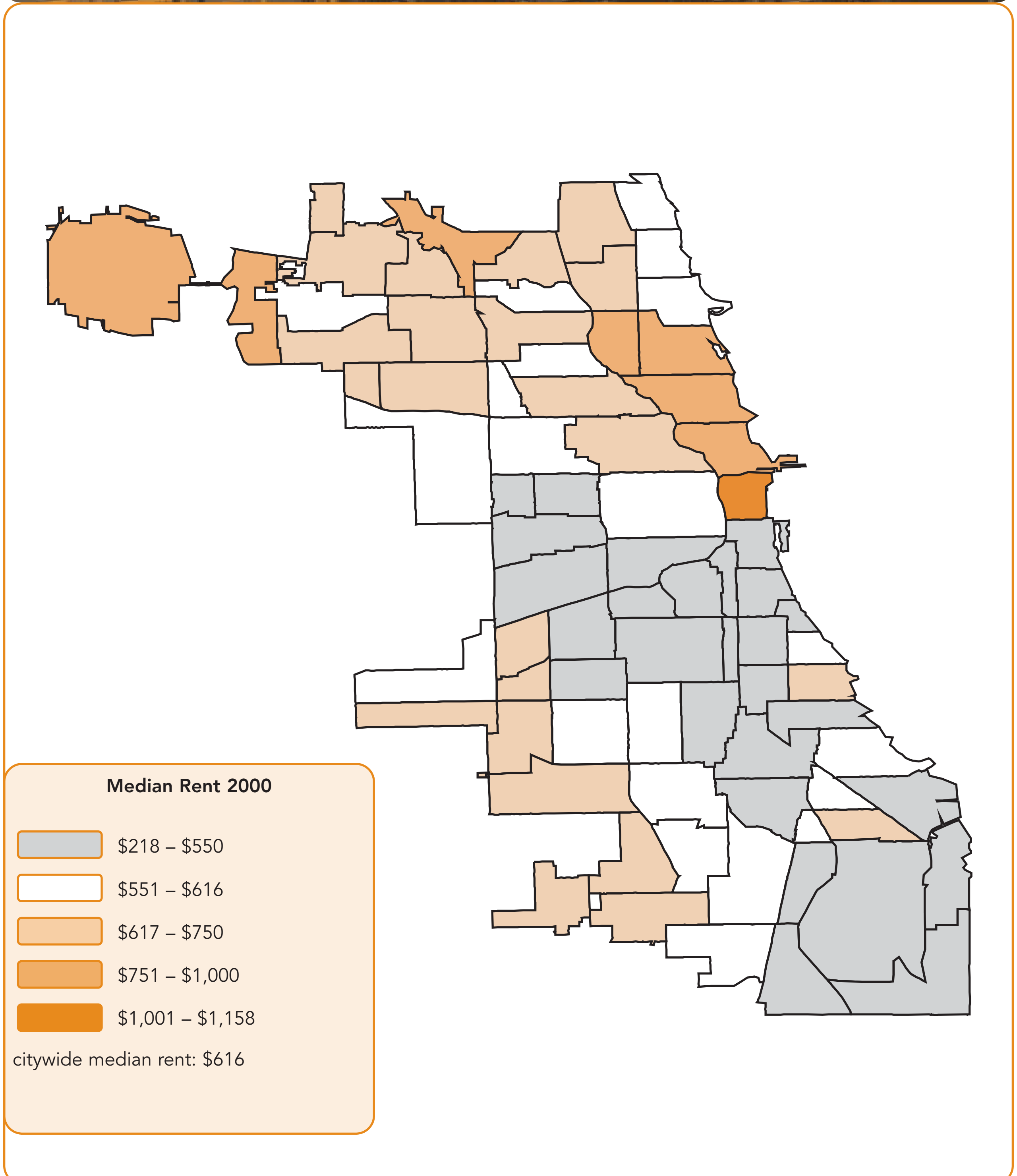


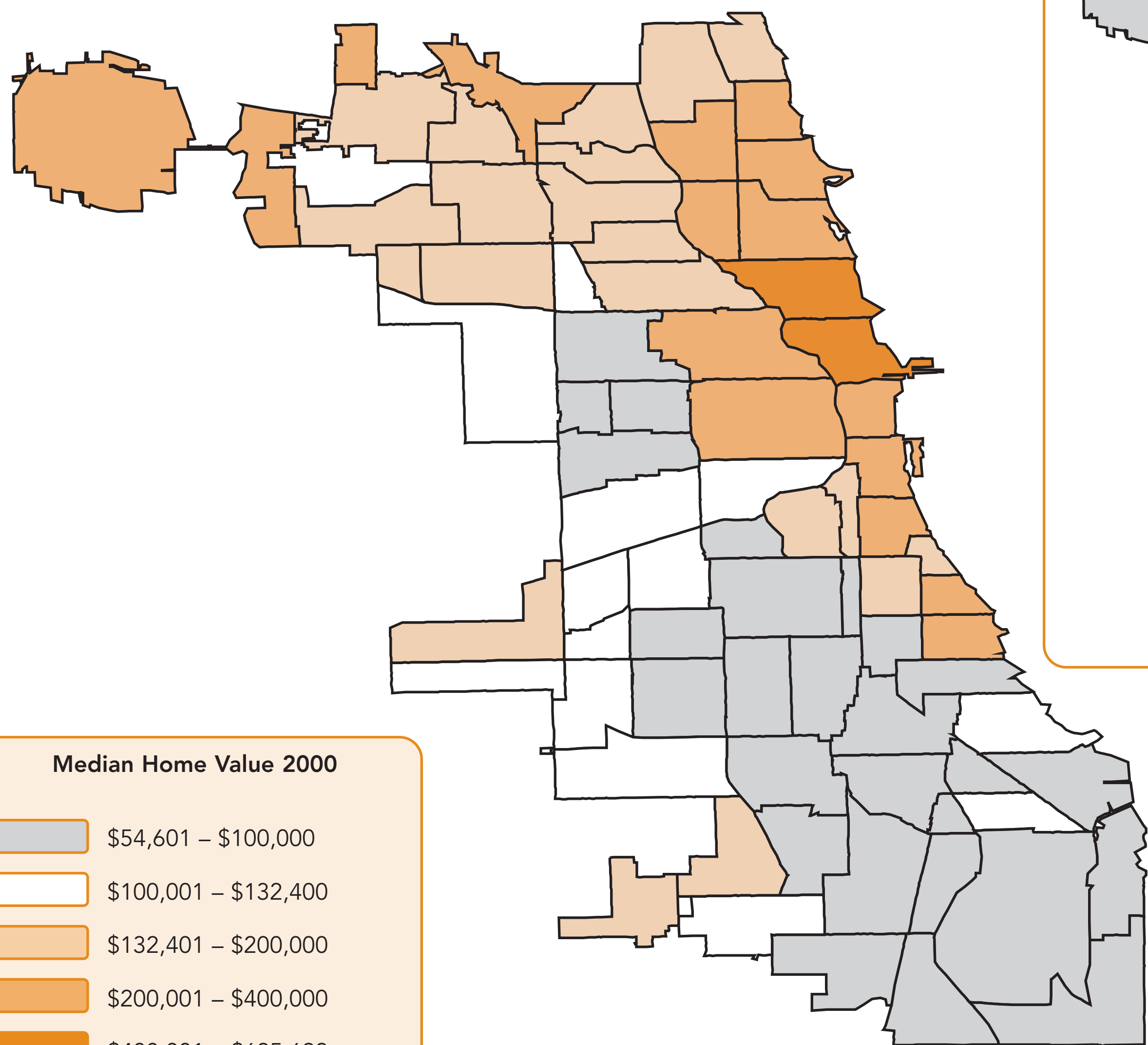

Persons in Poverty Percent Change
1990–2000
25 – 46% decrease
6 – 25% decrease
0 – 6% decrease
0 – 25% increase
25 – 142% increase
citywide change in
persons in poverty: –6%

HOUSING COSTS

Home values and rents often mirror income trends. As one might expect, communities with the highest rents tended to match those with the highest incomes in 2000. Median home values were high in high median income communities too, but they also appear to have been pulled upward where incomes were changing. The map of median home values mirrors the map of income change more closely than that of median income in 2000. It shows higher than average home values stretching southward along the lakefront, where incomes were not necessarily high by city standards, but rose faster than average in the 1990s.

If it seems natural that existing rents and home values closely reflect those areas with high and rising median incomes, it is all the more striking that rent and home value appreciation rates do not. In fact, both rents and home values rose the most in a ring expanding out from the central area of the city. This ring is particularly visible in the map of home value appreciation, with median home values actually falling at the core, where they started out higher than average in 1990. This pattern seems to suggest rising incomes and the lofty home values at the center of the city exert a pull on housing costs around them, where incomes may be much lower.

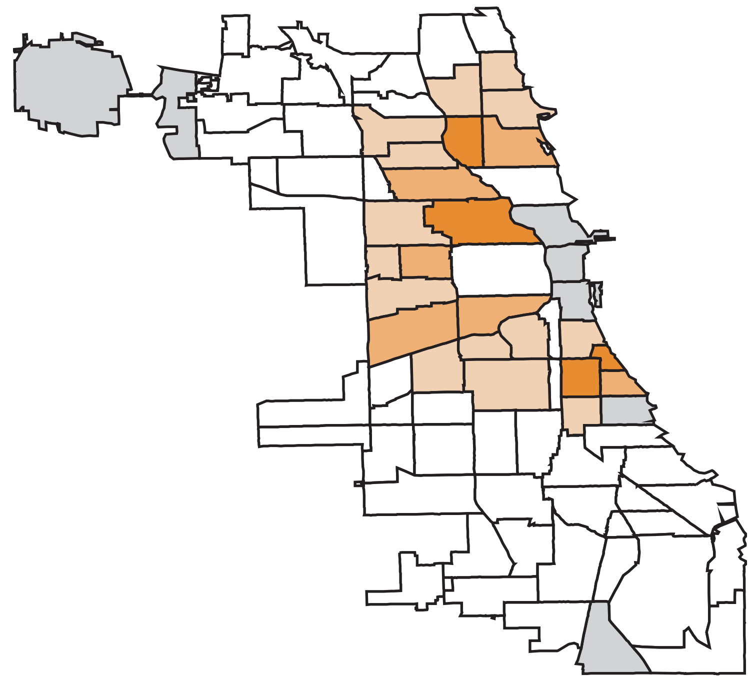




Median Home Value 2000

- $54,601 – $100,000
- $100,001 – $132,400
- $132,401 – $200,000
- $200,001 – $400,000
- $400,001 – $625,692

citywide median home value: $132,400



Median Home Value Percent Change (inflation adjusted) 1990 – 2000

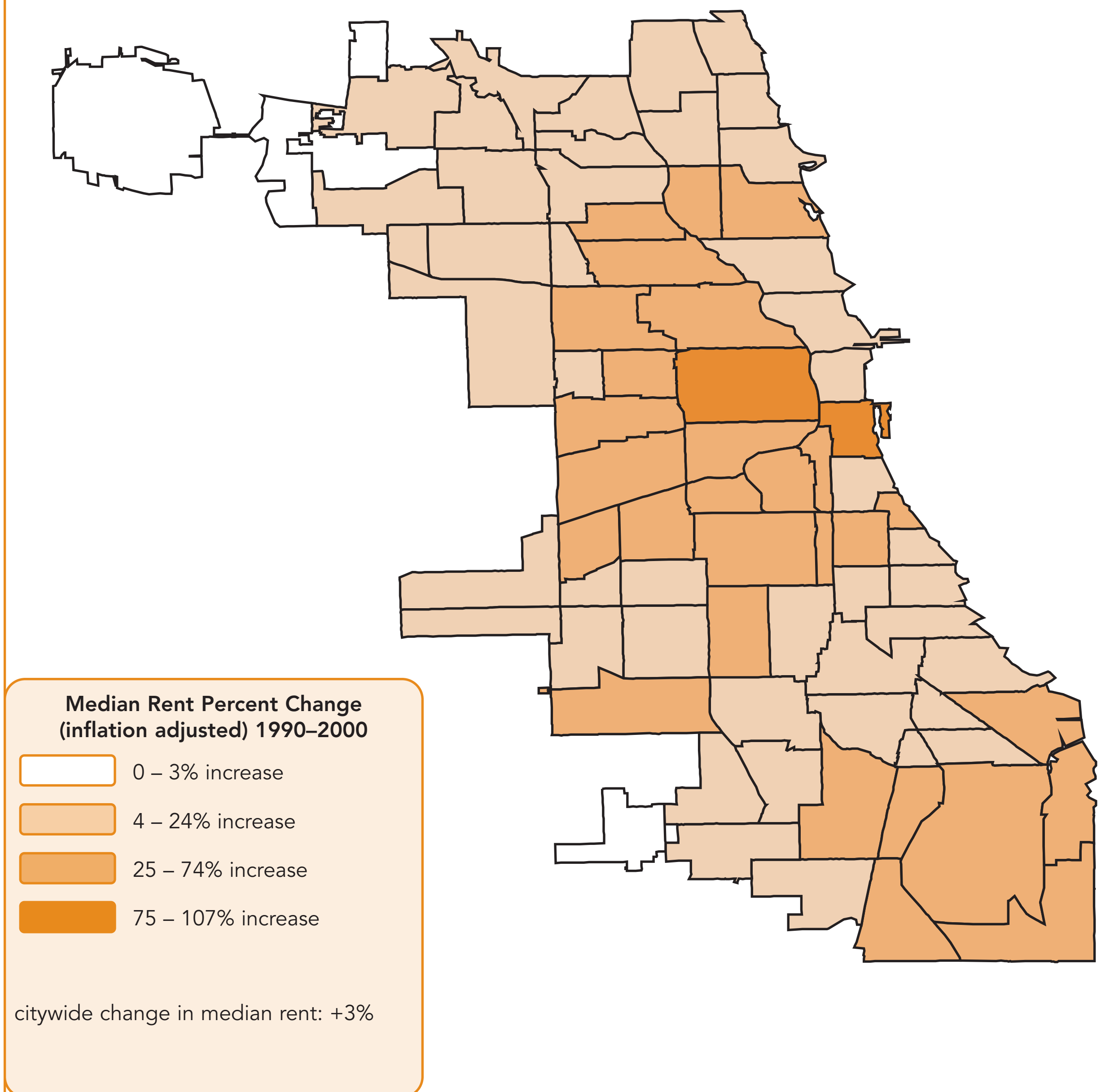
- 0 – 22% decrease
- 0 – 27% increase
- 28 – 50% increase
- 50 – 100% increase
- 100 – 177% increase

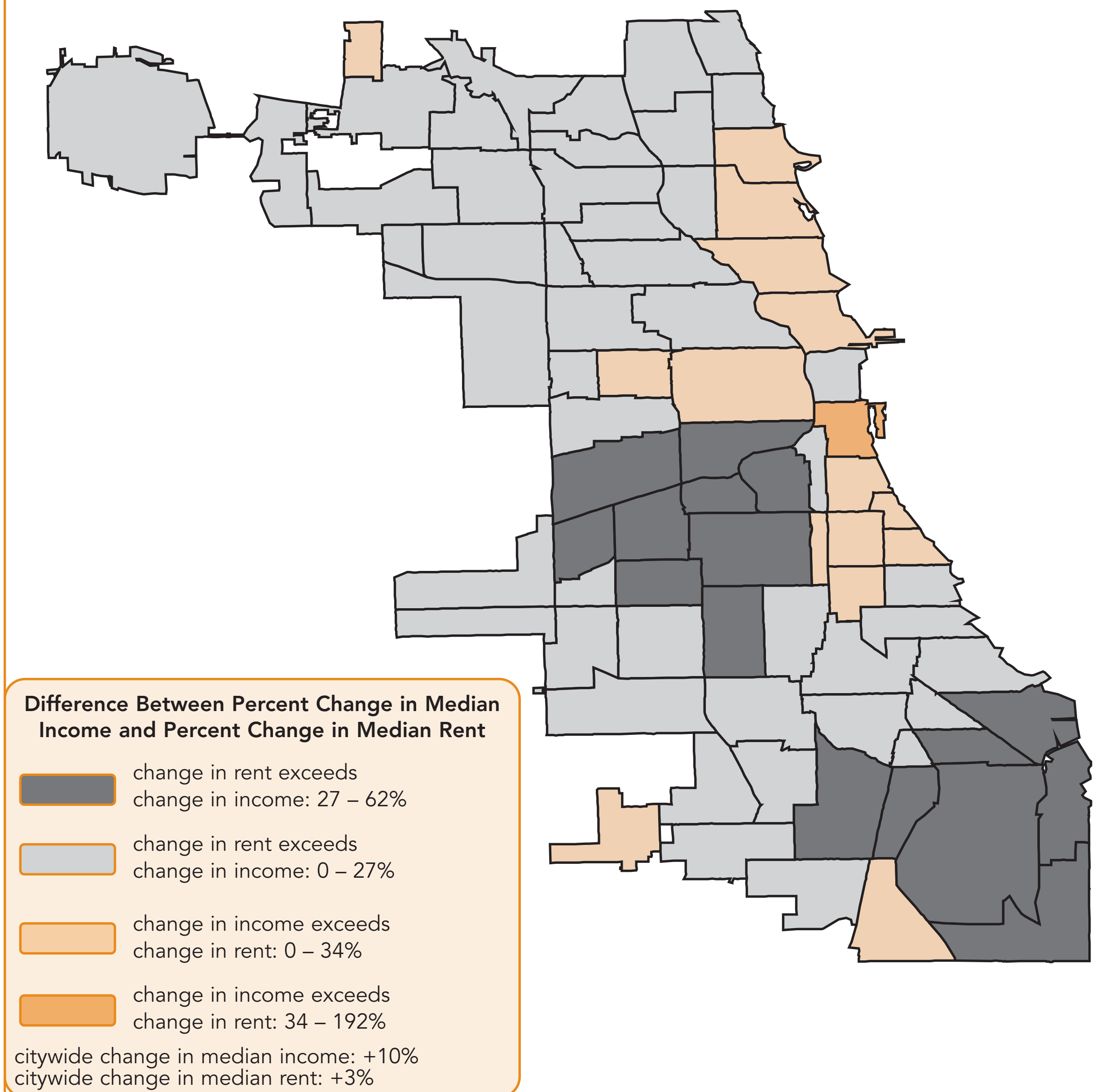
citywide change in median home value: +27%

The pull of rising incomes on surrounding housing costs may have an even broader impact on rising rents. For while the city's median rent rose just 3.3 percent after adjusting for inflation, in all but two community areas it rose by much more than that. As with vacancy rates, the impact on specific community areas appears neutralized in the citywide average. Yet housing costs rose dramatically even in the city's softest markets.

In fact, the map on the opposite page shows that rents rose faster than incomes in most community areas, despite the fact the city median income rose almost 10 percent and the median rent rose a little more than 3 percent. The difference was greatest in some of the bursting communities in the southwest corridor, but also through thinning communities such as New City and West Englewood, and a large cluster on the far south side.

It might not matter that rents are rising faster than incomes if people could afford them anyway, but the maps that follow suggest many Chicagoans cannot.

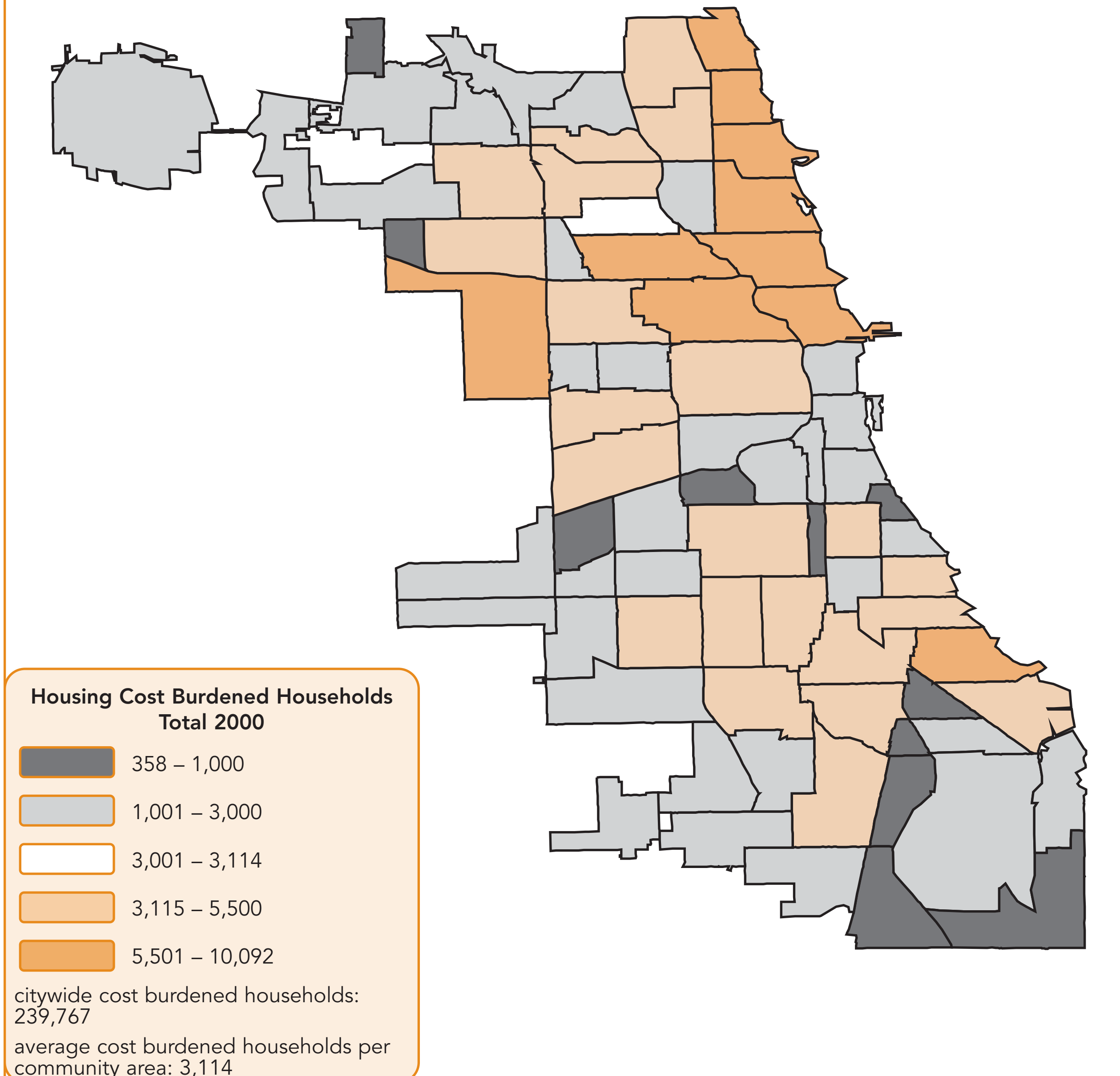


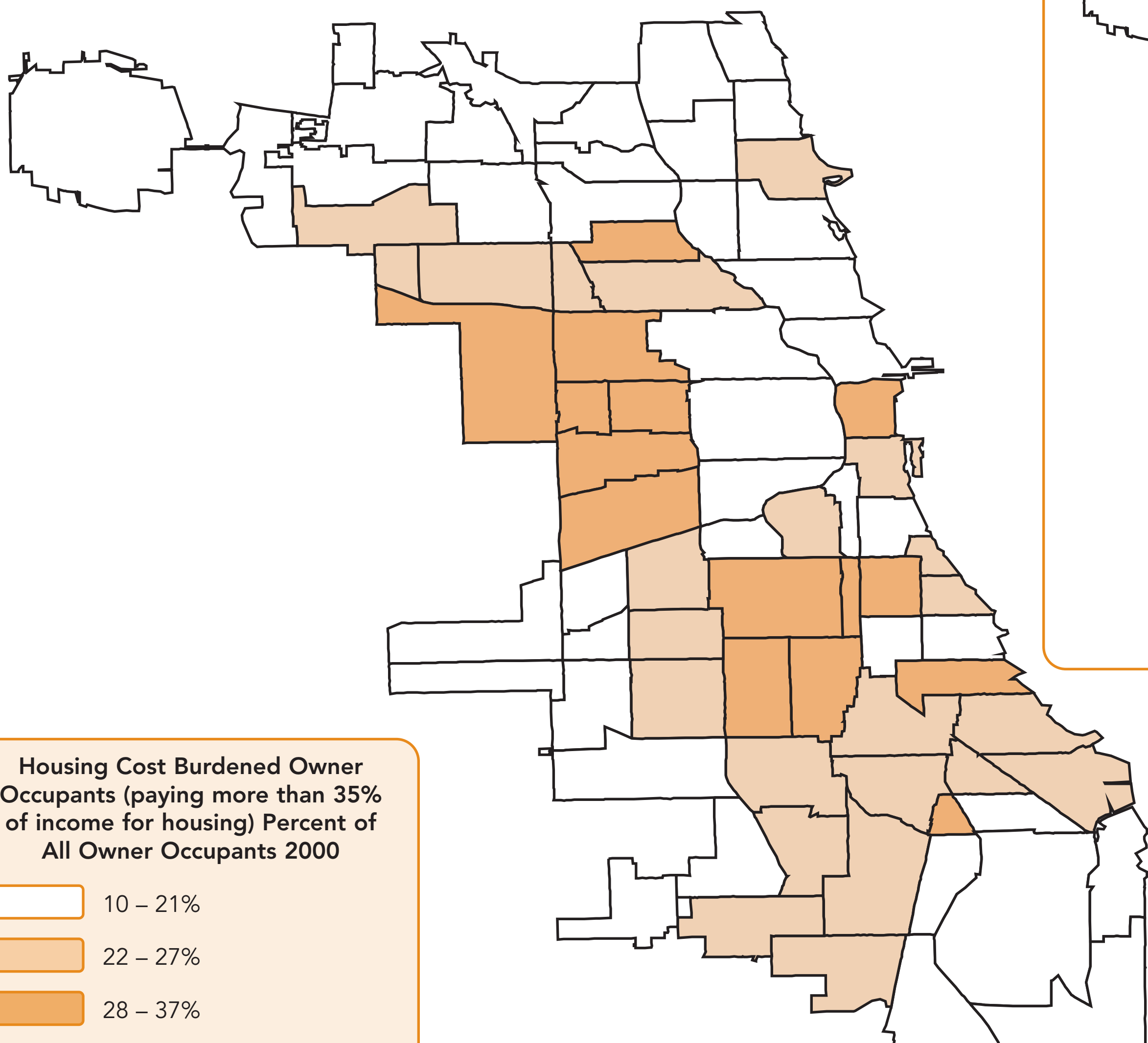

Difference Between Percent Change in Median Income and Percent Change in Median Rent
change in rent exceeds change in income: 27 – 62%
change in rent exceeds change in income: 0 – 27%
change in income exceeds change in rent: 0 – 34%
change in income exceeds change in rent: 34 – 192%
citywide change in median income: +10%
citywide change in median rent: +3%

AFFORDABILITY AND HOUSING STRESS

Nearly one-third of Chicago renters were paying more than 35 percent of their income for housing in 2000. Another 20 percent were paying more than half. Cost burdened households tend to be most numerous in booming communities along the north lakefront, where housing costs are highest. Yet relatively large numbers also showed up in thinning communities on the south and west sides, where incomes were the lowest.

Of course, thinning communities are far less populous than booming ones in general. In effect, the large numbers of households struggling under their housing costs in booming communities are masked by larger numbers of households who are not. On the other hand, the large numbers of cost burdened households in thinning communities showed up in larger proportions: the highest rates of cost burdened renters and owners both appear through the thinning communities of the south and west sides.

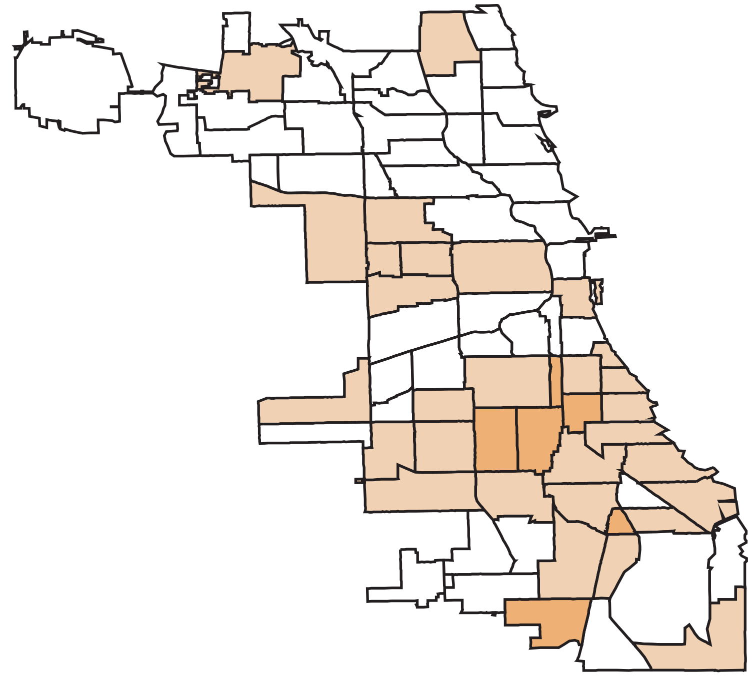




Housing Cost Burdened Owner Occupants (paying more than 35% of income for housing) Percent of All Owner Occupants 2000

- 10 – 21%
- 22 – 27%
- 28 – 37%

citywide cost burdened owner occupants: 21%



Housing Cost Burdened Renters (paying more than 35% of household income in rent) Percent of All Renters 2000

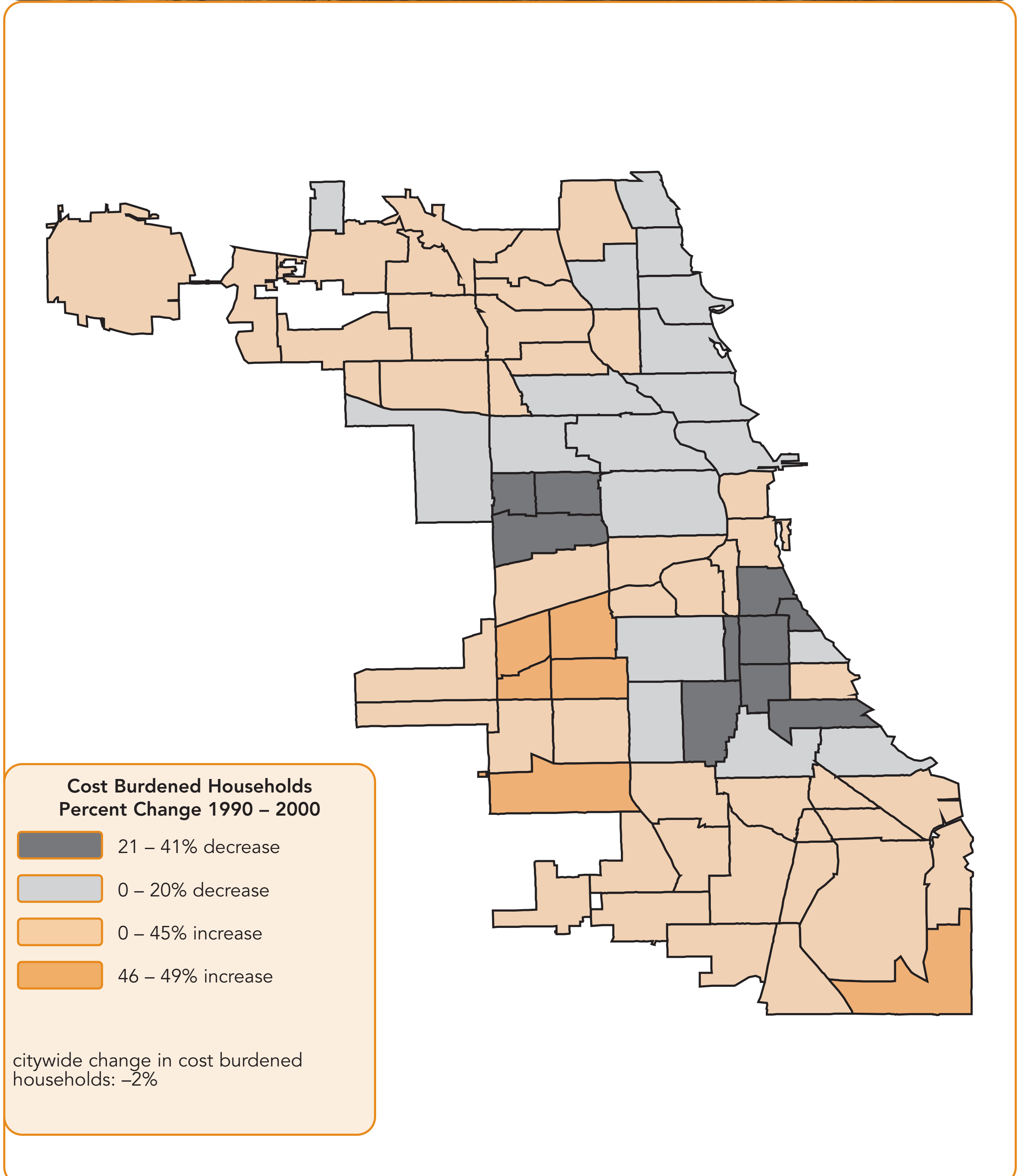
- 19 – 31%
- 32 – 40%
- 41 – 49%

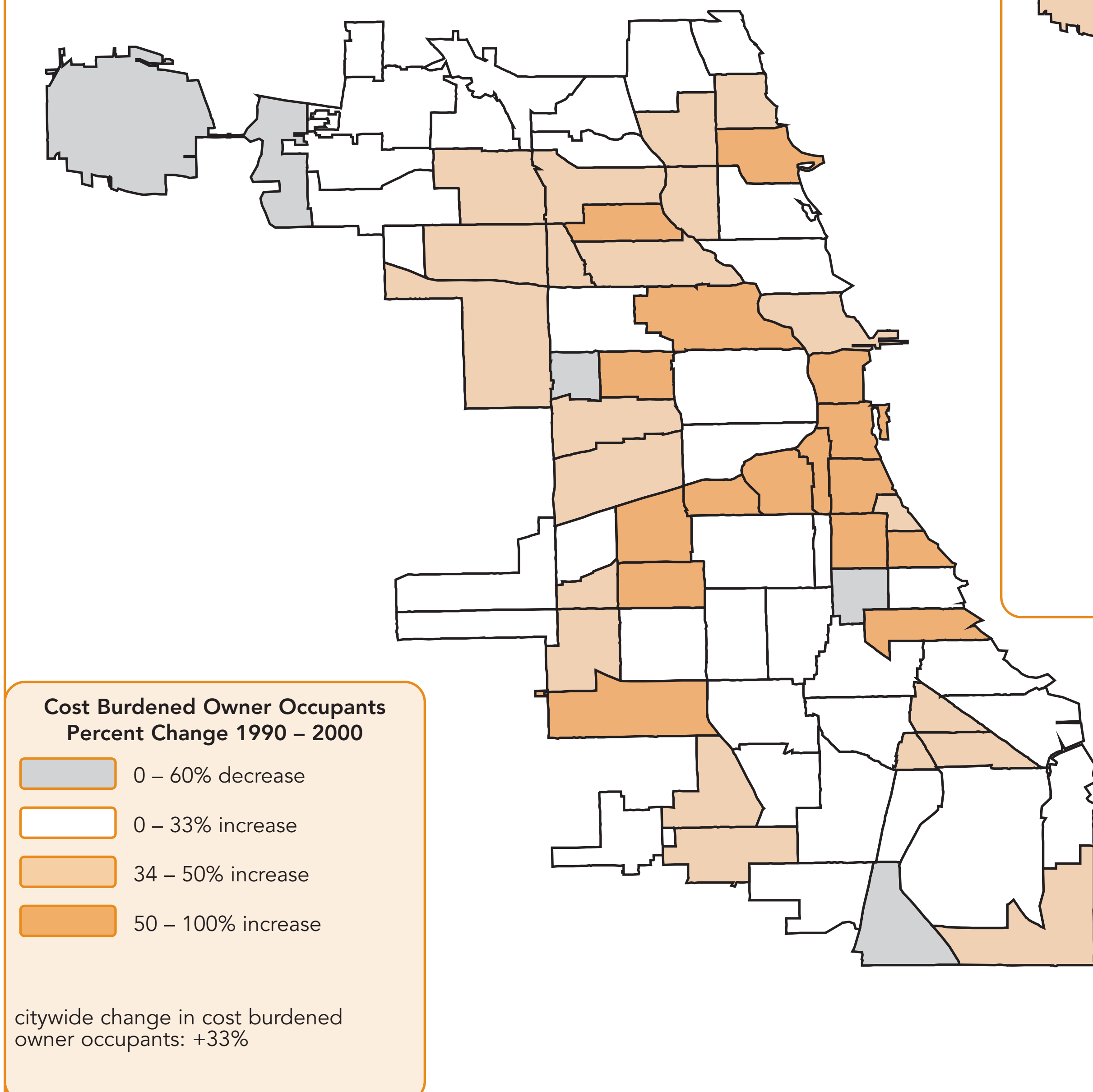
citywide cost burdened renters: 31%

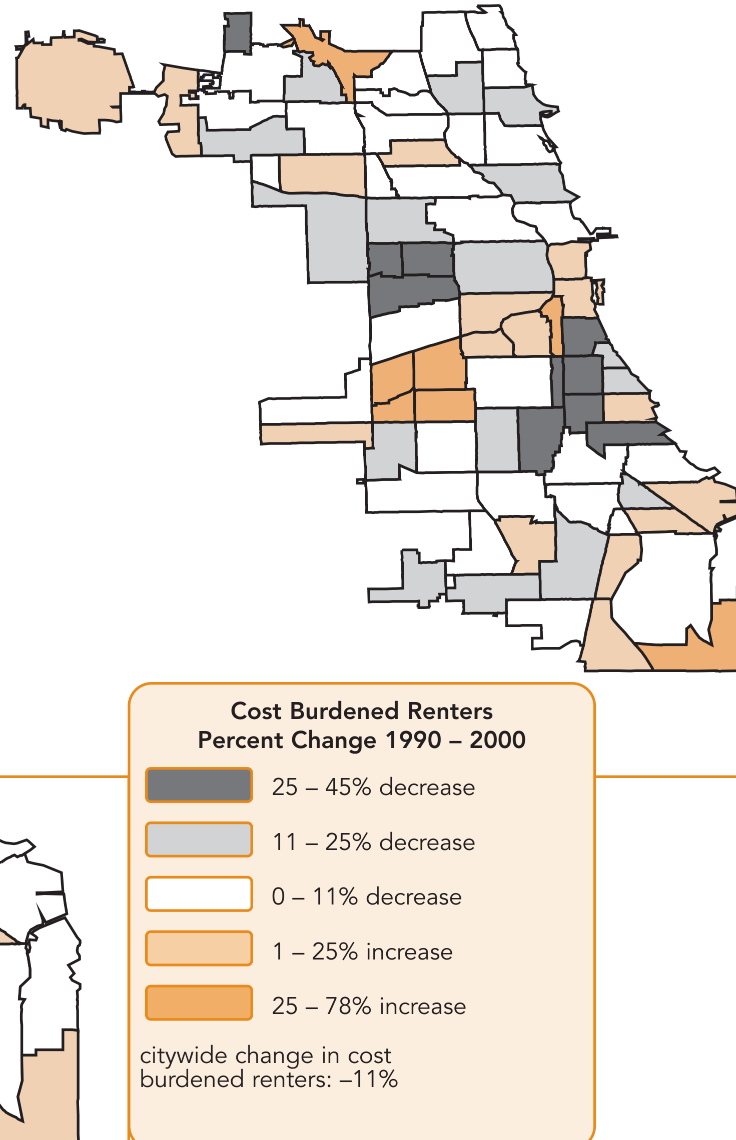
Citywide, the number of cost burdened households dropped between 1990 and 2000 – particularly cost burdened renters, whose numbers dropped 11 percent. Some of these households may have found more affordable housing, but some may have simply been shuffled toward bursting communities. At least, cost burdened households dropped in booming communities and in thinning ones where low income households dropped in general. At the same time, their numbers rose in a number of bursting communities, where low income households also increased.

Furthermore, dropping numbers of cost burdened renters were offset by a surge in the number of cost burdened owners. The number of homeowners paying large portions of their income for housing rose 33 percent over the decade, and in more than a dozen communities their numbers rose from 50 – 100 percent.

As a result, rising housing costs correspond with growing totals of cost burdened households (both renters and owners) in a large number of communities. Between 1990 and 2000, the incidence of housing cost burden rose in twice as many communities as it fell.



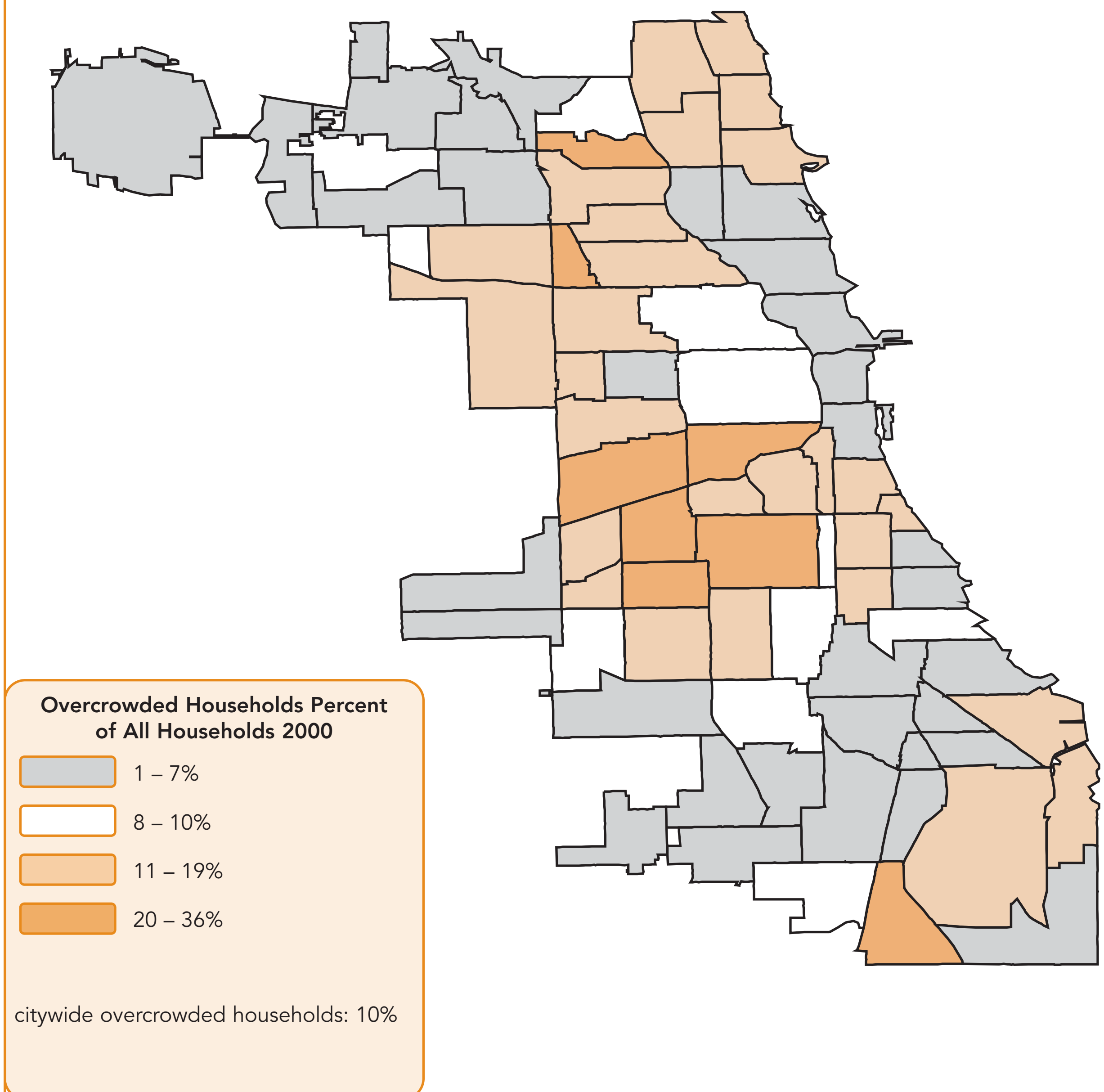

Cost Burdened Owner Occupants
Percent Change 1990 – 2000
0 – 60% decrease
0 – 33% increase
34 – 50% increase
50 – 100% increase
citywide change in cost burdened owner occupants: +33%

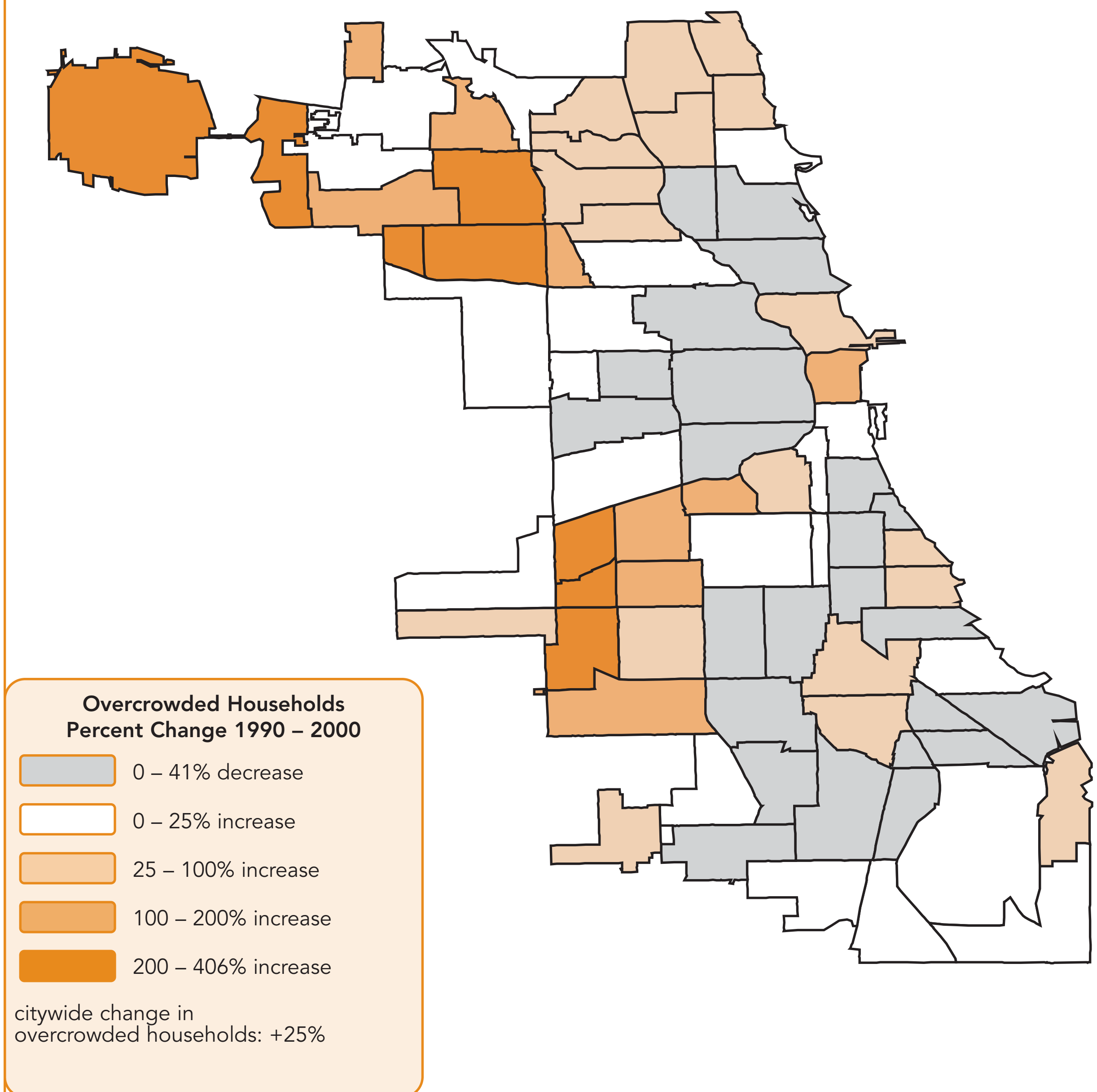

Cost Burdened Renters
Percent Change 1990 – 2000
25 – 45% decrease
11 – 25% decrease
0 – 11% decrease
1 – 25% increase
25 – 78% increase
citywide change in cost burdened renters: –11%

Housing cost burden may be the most obvious indicator of affordability, but affordability is also reflected in other forms of housing stress. Among these are overcrowding, as households who cannot afford rent on their own double up with others, and mortgage foreclosures, as owners find they cannot meet their housing costs. As with cost burden, these indicators were often prevalent in thinning communities, but the areas of greatest increase trend through bursting ones.

Citywide, overcrowded households were up by 25 percent between 1990 and 2000. In 2000, overcrowding was less prevalent in booming communities where household sizes are shrinking, but showed up as a ring around the edges of the booming cluster in a pattern similar to those where housing costs also rose the most.

Between 1990 and 2000, overcrowding rose most in the far north and northwest side, but also in a southwest corridor almost identical to where rent burden rose.

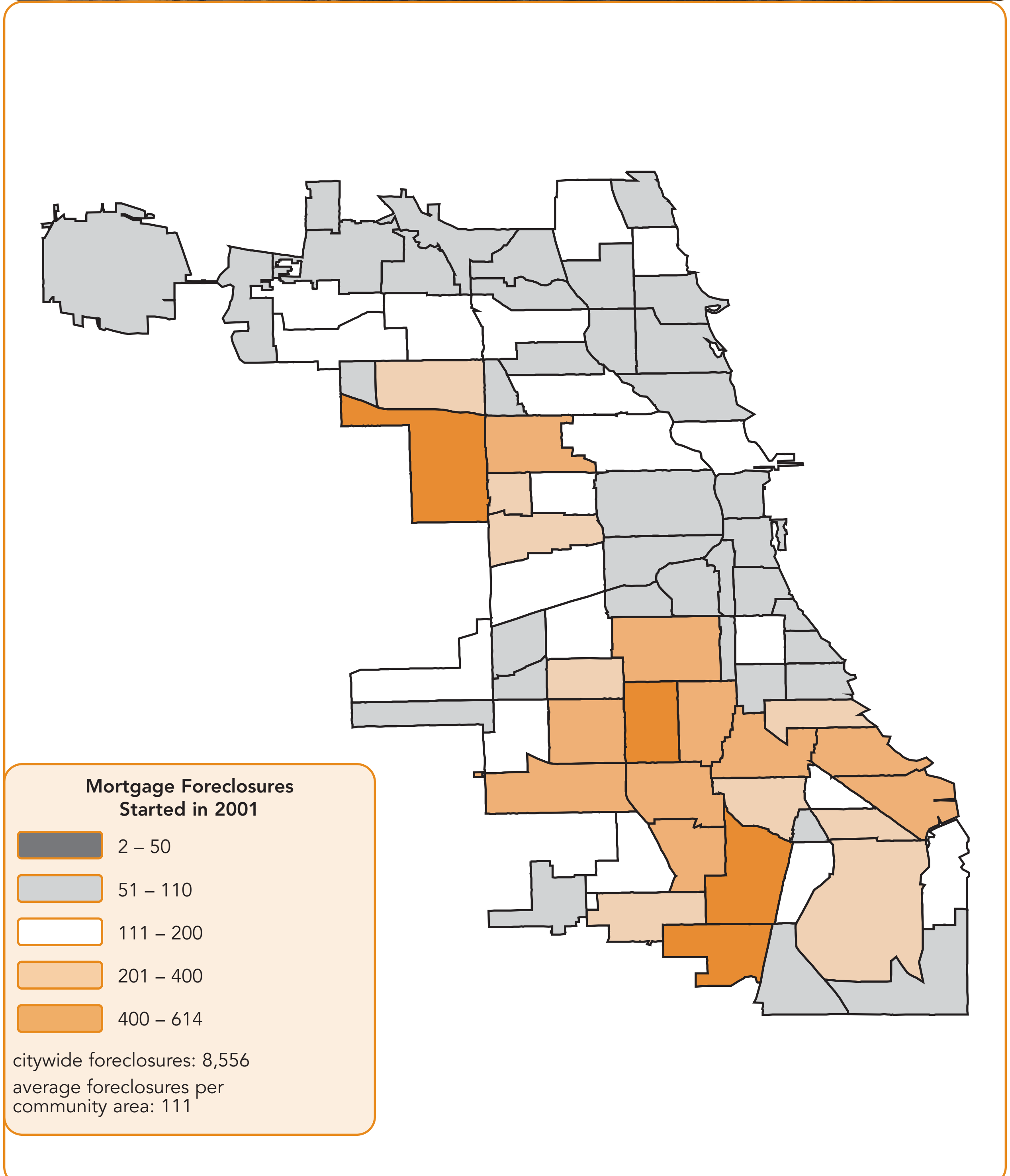


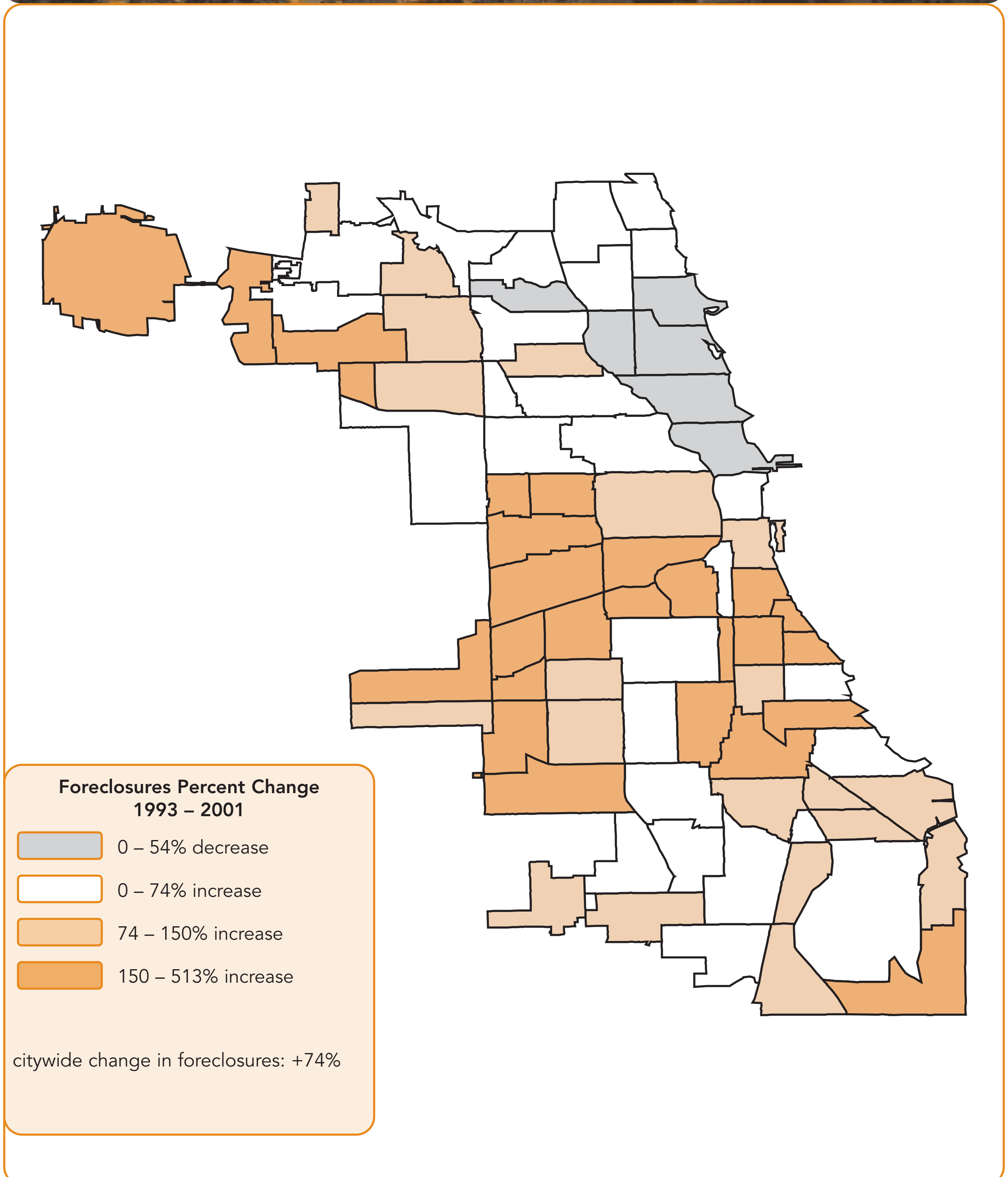

Overcrowded Households
Percent Change 1990 – 2000
0 – 41% decrease
0 – 25% increase
25 – 100% increase
100 – 200% increase
200 – 406% increase
citywide change in
overcrowded households: +25%

The National Training and Information Center found mortgage foreclosures were up a startling 74 percent between 1993 and 2001. Maps made from their figures show the worst of the foreclosure boom centered not at the booming core, but on the city's far south and west sides. Like other signs of housing stress, mortgage foreclosures rose fast in the bursting corridor through the southwest side. But foreclosures also rose in revitalizing areas along the south lakefront, the south Loop and the near west side.

In effect there were two affordable housing stories in Chicago in the 1990s. One is the story told by citywide averages, a story of rising incomes and new housing, shrinking vacancy rates and dropping numbers of rent burdened households. In this story Chicago's decade of prosperity appears to have been good for everyone.

But tracing those changes across community areas suggests a different story – one in which rising incomes actually reflect an influx of high income households, and a dispersal of low income ones. In this version, more rich households brought rising housing costs, displacement of low income households, overcrowding, a surge in the number of cost burdened homeowners, and a corresponding surge in mortgage foreclosures.





The second version of the story is reinforced in the maps of Illinois in the next section. In those maps, poverty is shown to have risen in the ring of counties immediately surrounding Cook, even as it dropped everywhere else. At the same time, the pattern of rising incomes accompanied by rising housing costs, and rising numbers of cost burdened owners, is shown to spread in a visible pattern well beyond Chicago's borders.

Meanwhile, the hazards of rising housing costs are not specific to low income homeowners. As this Fact Book goes to print, the National Training and Information Center has released its latest figures on mortgage foreclosures, and finds two years of economic downturn and job losses correspond with a surge of mortgage foreclosures in neighborhoods such as the Near North Side and Lake View, at the heart of the booming cluster.

POPULATION

	2000
Total Population	2,896,016
Change in Population 1990-2000	4.0%
% Foreign Born	21.7%
Average Household Size	2.67

RACE & ETHNICITY

	2000	Change 1990-2000
White	907,166	-14.1%
African American	1,053,739	-1.9%
Hispanic	753,644	38.1%
Asian – Pacific Islander	125,409	27.0%
Other	56,058	

INCOME

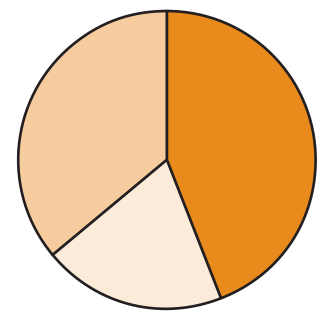
	2000	Change 1990-2000
Median Household Income	$38,625	9.6%*
Area Median	$67,900	16.8%*
Persons in Poverty	556,791	-6.0%

INCOME DISTRIBUTION
as a % of Area Median Income

	2000	Change 1990-2000
Low Income Households (<80%)	703,853	8.6%
Moderate Income Households (80-120%)	196,228	1.2%
High Income Households (>120%)	182,018	-7.6%

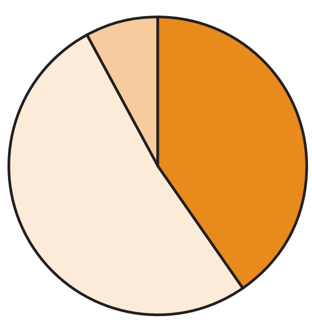
INCOME DISTRIBUTION
as a % of Chicago Median Income

	2000	Change 1990-2000
Low Income Households (<80%)	433,703	3.1%
Moderate Income Households (80-120%)	193,357	6.9%
High Income Households (>120%)	455,039	3.9%



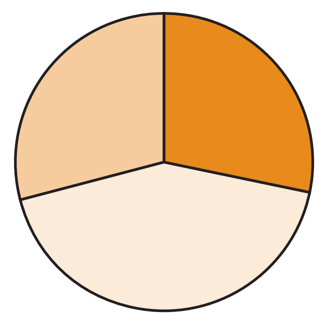
HOUSING UNITS

	2000	Change 1990-2000
Total Housing Units	1,152,868	1.8%
Owner Occupied	464,865	9.3%
Renter Occupied	597,063	-0.5%
Vacant	90,940	-15.7%



UNITS PER BUILDING

	2000
1 Unit	325,241
2-9 units	490,947
10+ units	334,736



HOUSING MARKET

	2000	Change 1990-2000
% Housing Units Built Since 1990	4.5%	
Rental Vacancy Rate	5.7%	-3.9%
Median Gross Rent	$616	3.3%*
Median Home Value	$132,400	27.3%*
City Owned Vacant Properties	8,568	
Project Based Section 8 Units	31,475	

AFFORDABILITY AND HOUSING STRESS

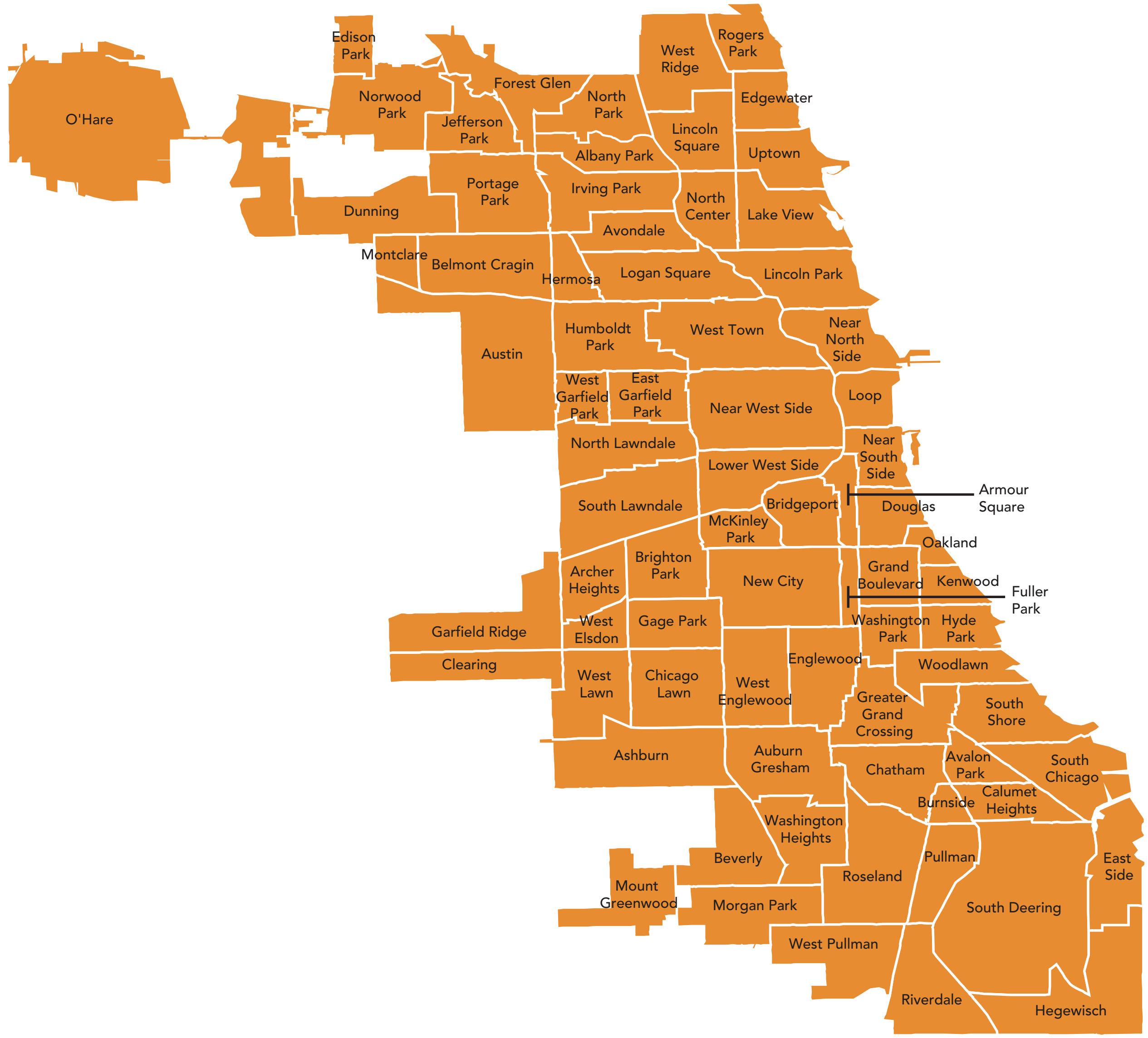
	2000	% of Sample**
Cost Burdened Renters	183,735	30.8%
Extreme Cost Burdened Renters (paying >50%)	116,679	19.6%
Cost Burdened Owner Occupants	56,032	21.2%
Overcrowded Households	107,530	10.1%
Lead Exposed Children	14.4% of children tested	

Households paying >35% of income for housing

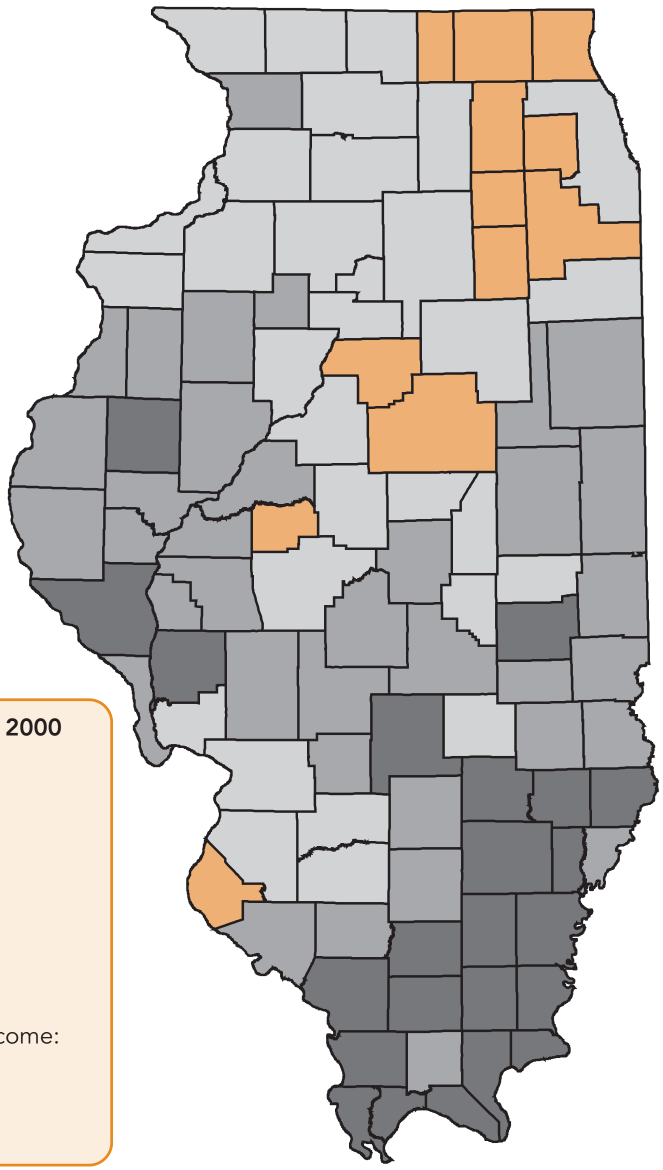
* inflation adjusted

** See Appendix for sample definitions

CHICAGO COMMUNITY AREA LOCATIONS



MAPPING AFFORDABILITY: ILLINOIS



Median Household Income 2000

- $24,946 – $32,500
- $32,501 – $38,500
- $38,501 – $46,589
- $46,590 – $67,887

statewide median household income:
$46,590

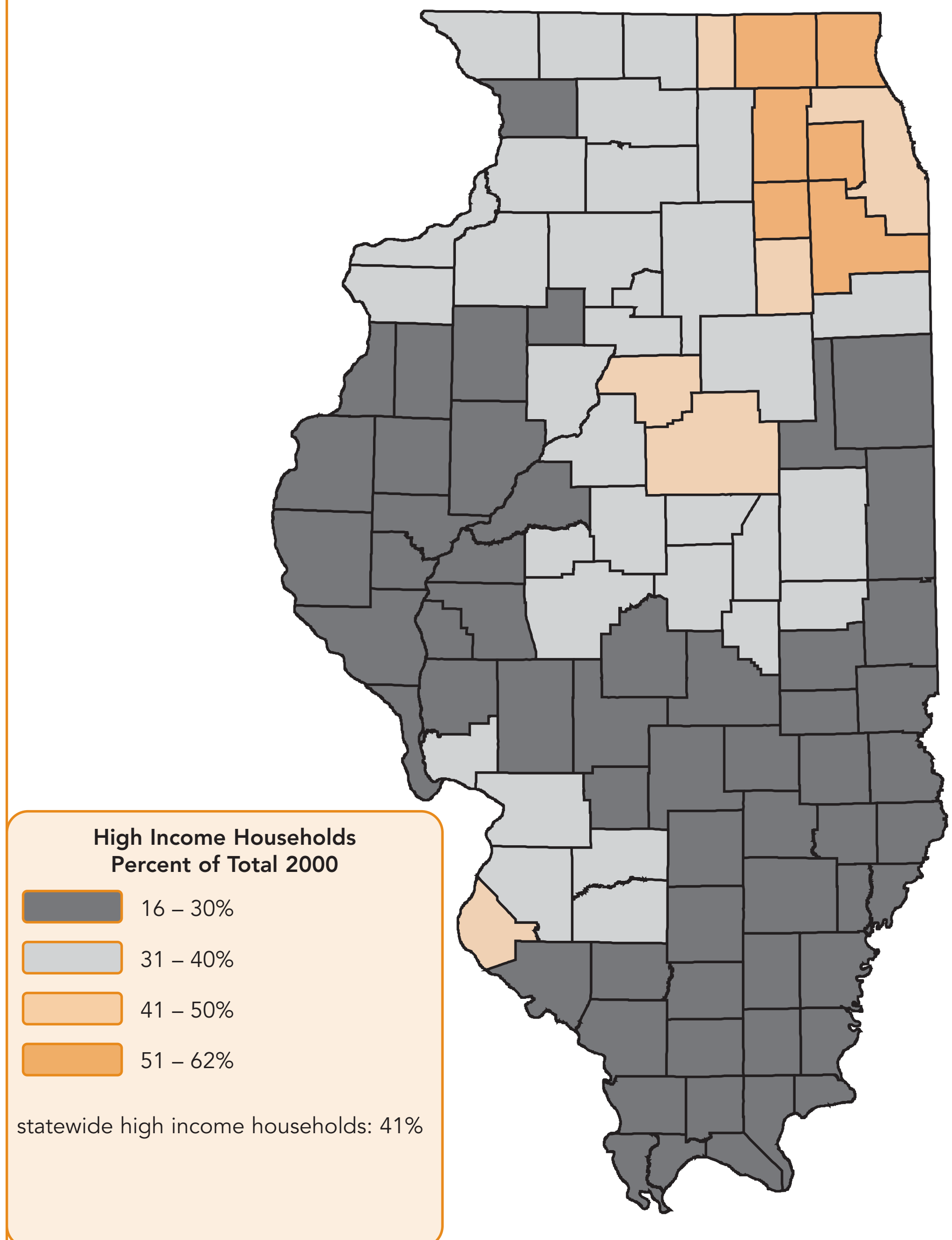
In Illinois as in Chicago, the 1990s witnessed growth, prosperity and the steady retreat of poverty. On closer inspection, however, much of that prosperity appears to have been concentrated in a super-region spreading out from the Chicago area into the metro counties of the central state. For instance, the state's population grew by 9 percent, but it grew by less than 5 percent in most counties, and actually dropped in roughly a third of them. The state's median income rose (8 percent) and the number of persons in poverty dropped (3 percent). But median incomes were still highest in the six counties surrounding Cook, with higher rates spreading through the north-central swath of the state. Outside this cluster, most counties did not attain the state median income.

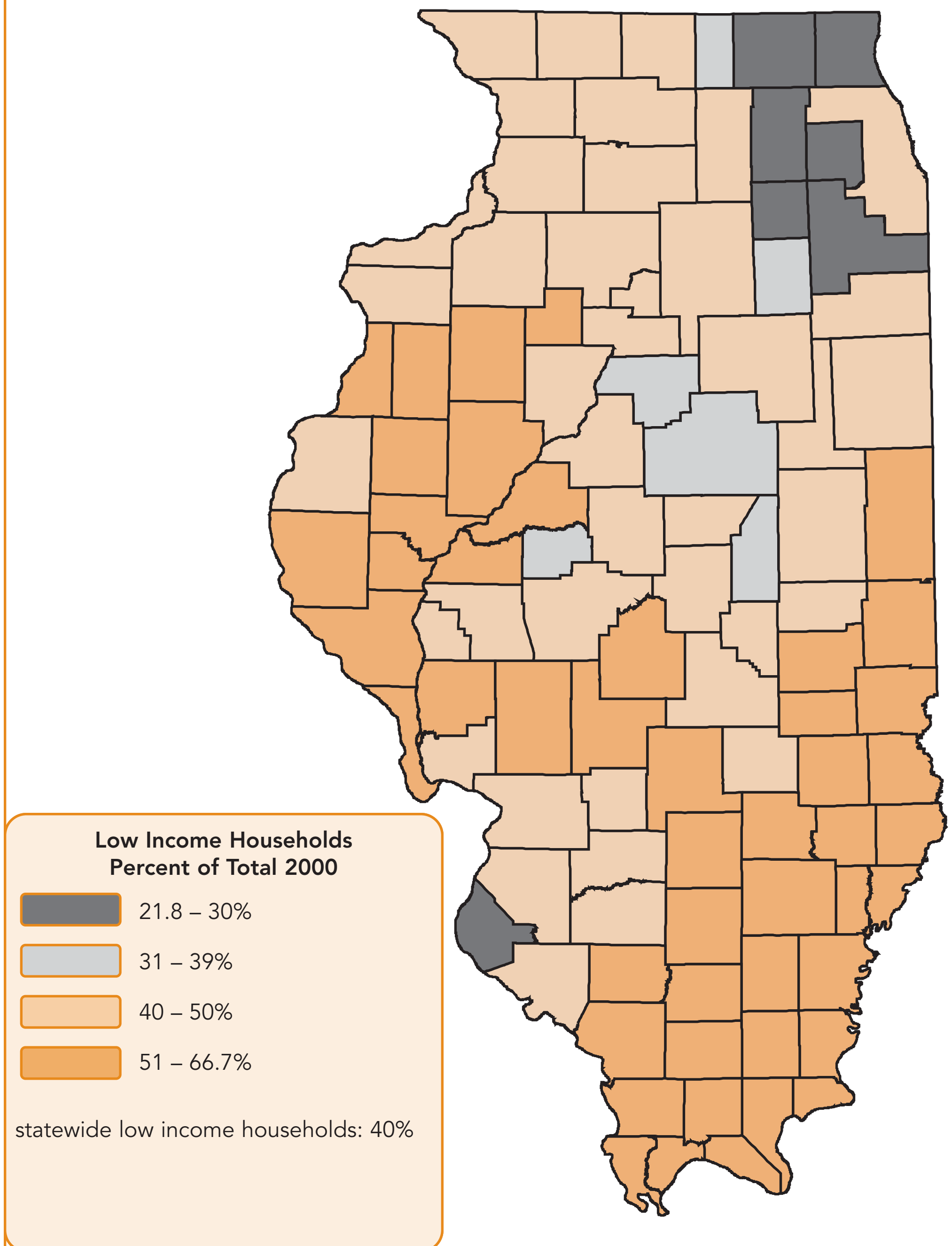
On the other hand, while housing supply grew most in the six county Chicago metro region, all but a handful of counties enjoyed growth in total housing units, particularly owner occupied units, in the 1990s. It was income difference more than any other factor that seemed to define distinct affordable housing challenges between the north-central super-region and the rural counties downstate.

HIGH INCOME – LOW INCOME HOUSEHOLDS

Another way to consider income difference is to compare numbers of low and high income households. In Illinois, households earning 120 percent or more of the state median income outnumbered those earning 80 percent or less by some 85,000. In fact, the number of high income households in Illinois grew slightly faster than low income ones in the 1990s. Yet these households appear to have divided the state between them: high income households were over-represented in the Chicago, Bloomington, and East St. Louis regions (high income households represented 40 percent of Illinois households, but as much as 60 percent of households in this handful of counties), and low income households were over-represented everywhere else.

The dominance of high or low income households in any county was proportional – there were still almost 50 times more low income households in Lake County than in Pope County, even if low income households only represented 8 percent of all households in Lake County, but a quarter of all households in Pope. Yet it is the proportions of low and high income households that define the affordable housing issues in both cases. For many counties outside the super-region, they are the issues of a soft housing market, while within that region they are linked to the income disparities of a boom economy.

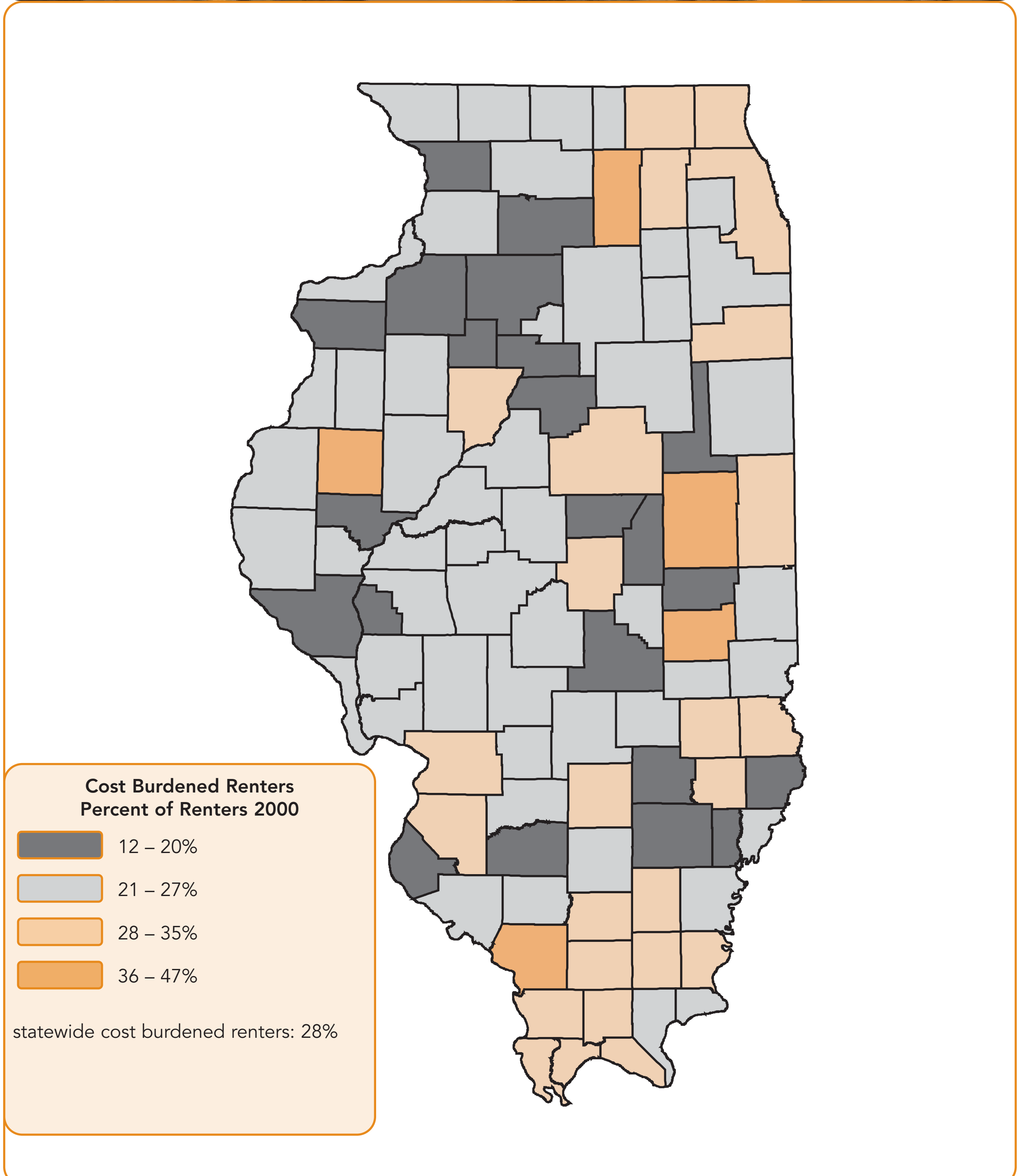


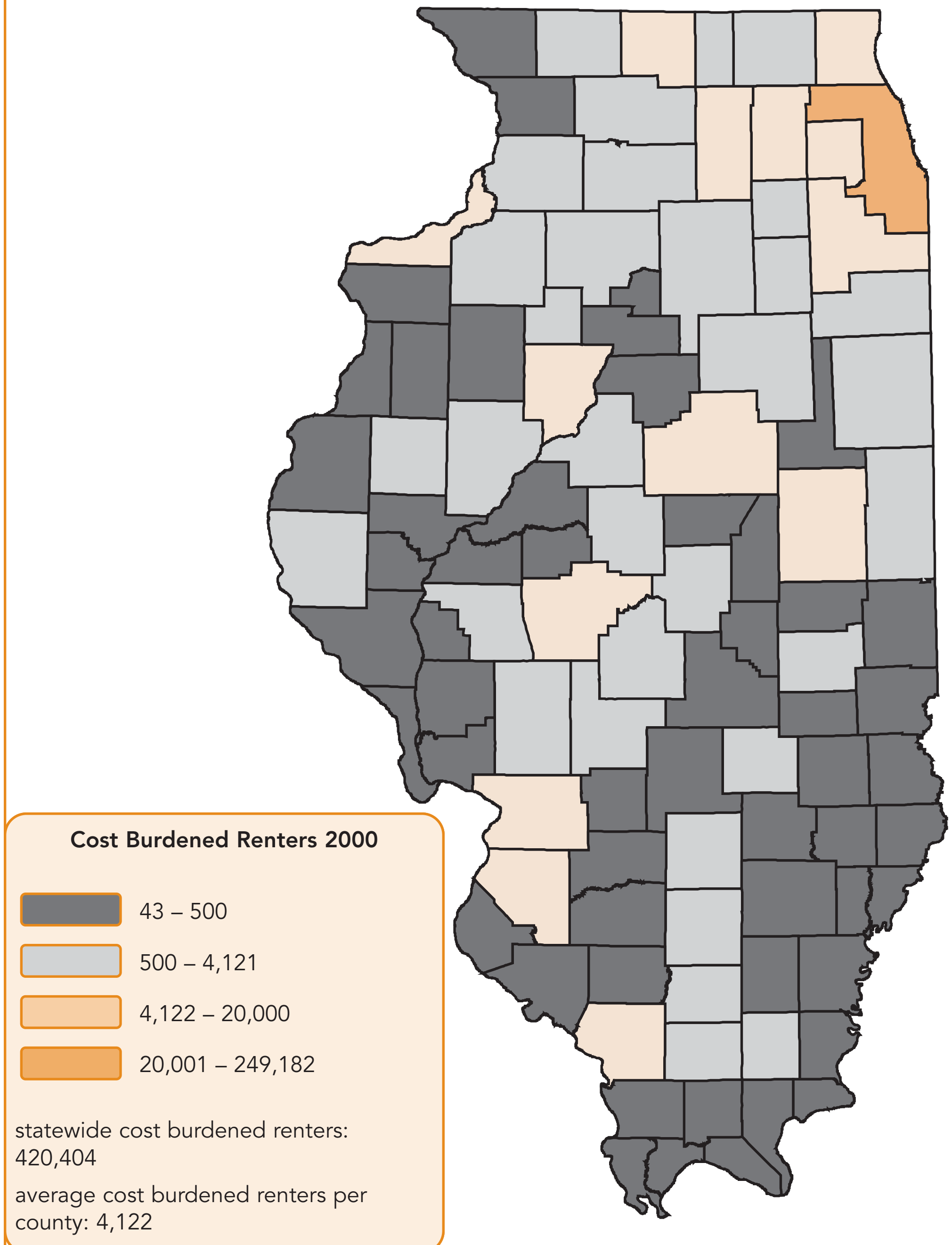

Low Income Households
Percent of Total 2000
21.8 – 30%
31 – 39%
40 – 50%
51 – 66.7%
statewide low income households: 40%

AFFORDABILITY IN A SOFT MARKET: JACKSON COUNTY

Jackson County typified the challenges of a soft market. From its position at the southern extremity of the state, it remained beyond the reach of the surge in prosperity enjoyed in the super-region. In 2000, Jackson County's population was small and shrinking. The rental vacancy rate was high, nearly 13 percent, and rising. The median rent was low, $200 lower than the state median, and dropping. The median home value in Jackson County was barely half the median home value for Illinois.

Though housing costs were low here, incomes were lower. The median household income was only $25,000 in Jackson County in 2000. More than three in five households were low income, more than one in five persons was in poverty. And low incomes left many households struggling to pay housing costs.



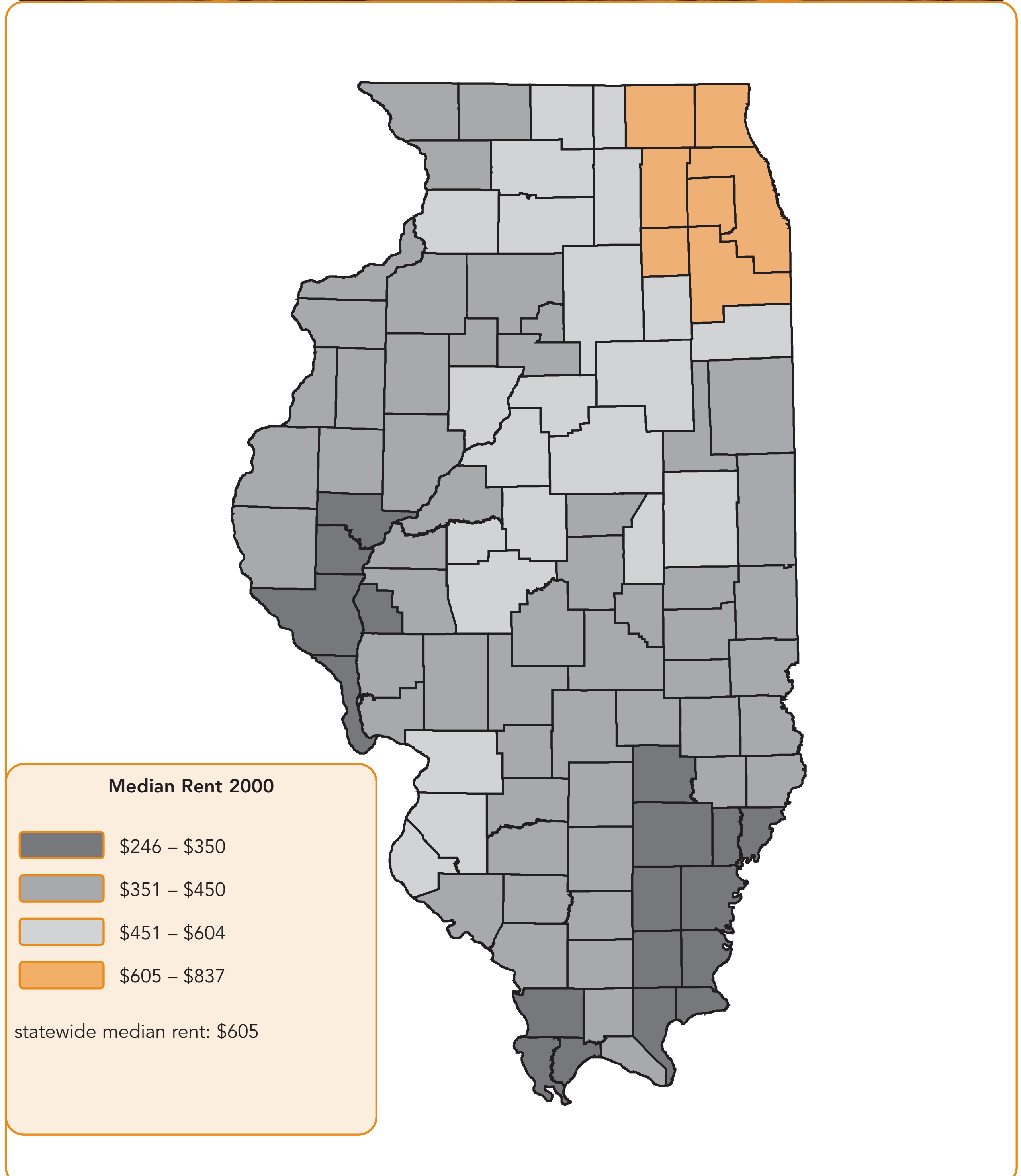


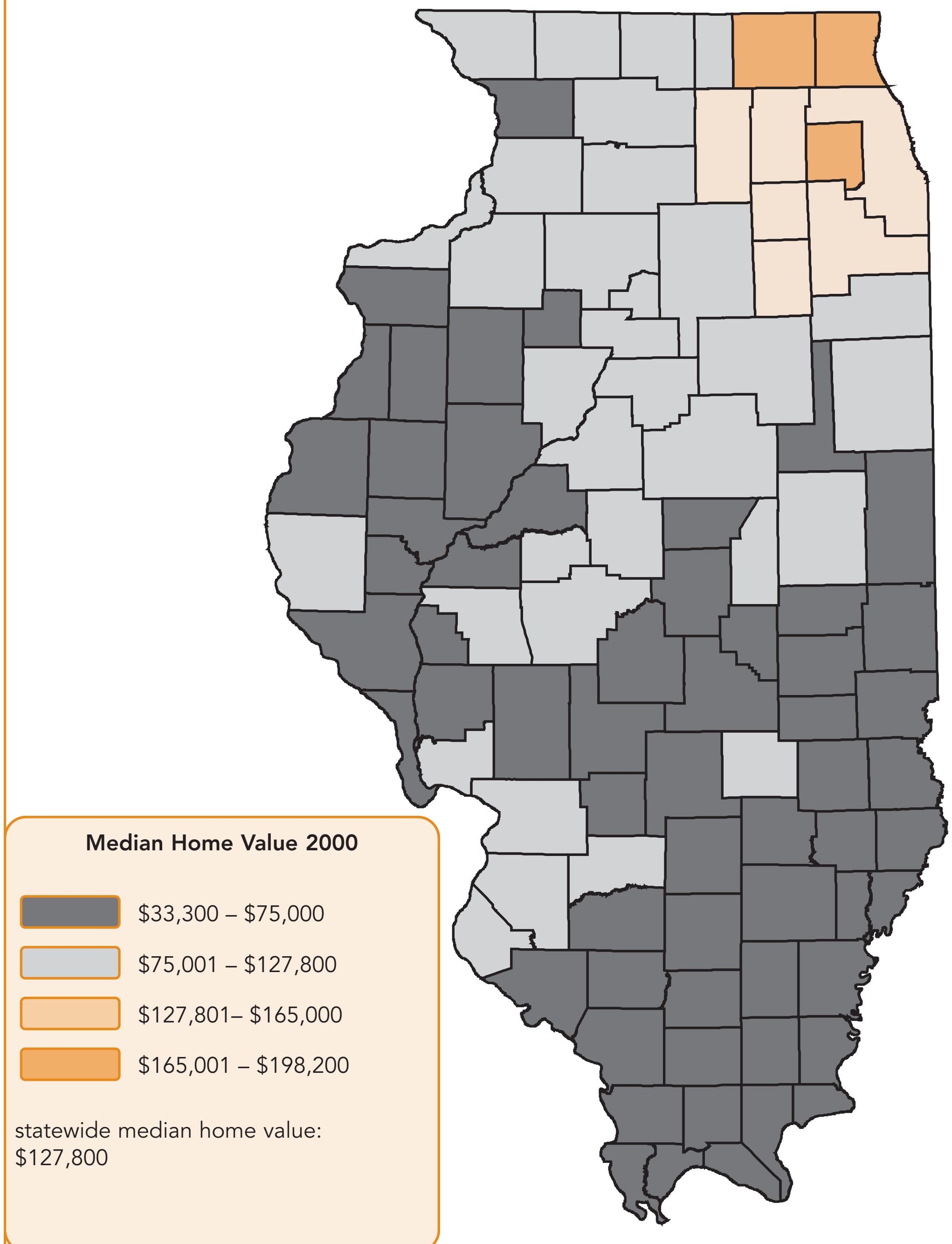
Generally speaking, renters are more likely to struggle under excessive housing costs than homeowners. Over twenty-eight percent of Illinois renters were housing cost burdened in 2000 – and a startling 47 percent of renters in Jackson county were paying more than 35 percent of their income for housing. In fact, a third of Jackson's renter households were paying more than 50 percent of their income in rent. While these rates are unusually high, Jackson sits amid a cluster of counties whose rural populations suffered rates of rent burden above the state rate.

It is still the case that more people struggle under excessive housing costs and other kinds of housing stress in the metropolitan areas, because more people live in these counties in general. Yet cost burden has a proportionately higher impact in many less populous counties, and Jackson County demonstrates that affordability concerns are not everywhere determined by rising housing costs.

AFFORDABILITY IN THE SUPER-REGION: DUPAGE COUNTY

DuPage County is positioned in at the core of the wealth belt, and in many ways it exemplified affordable housing issues in the super-region. The population of DuPage grew almost twice as fast as the state population in the 1990s, and incomes were generally high – the county's median income was $20,000 higher than the state's, and 60 percent of DuPage households earned more than 120 percent of the state median income in 2000. Predictably, housing costs were also high. The median rent was $230 more than the state median, and the median home value was nearly $200,000, or $70,000 more than the state median. In fact, housing costs stood above those found in the rest of the state throughout the super-region.

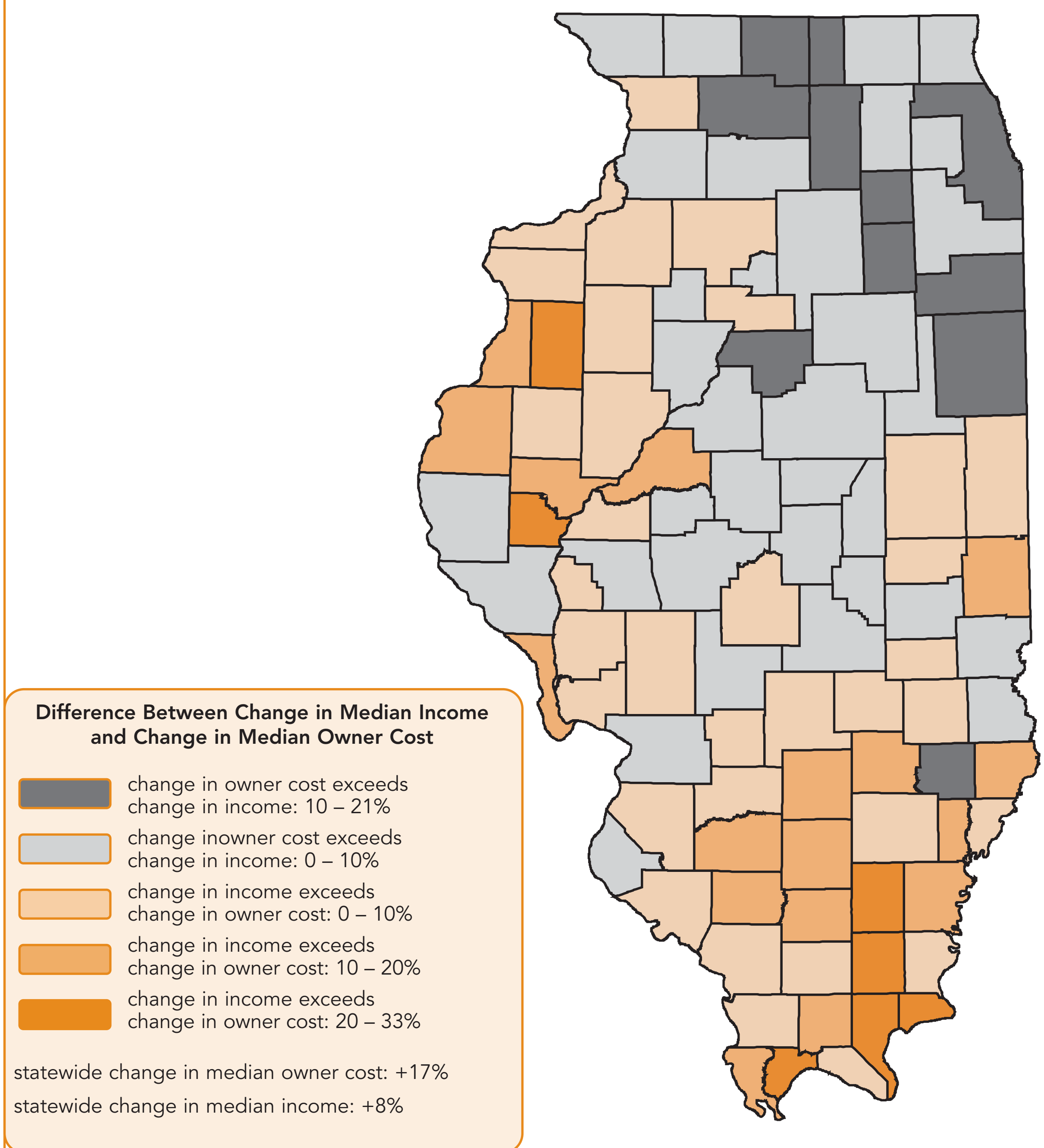


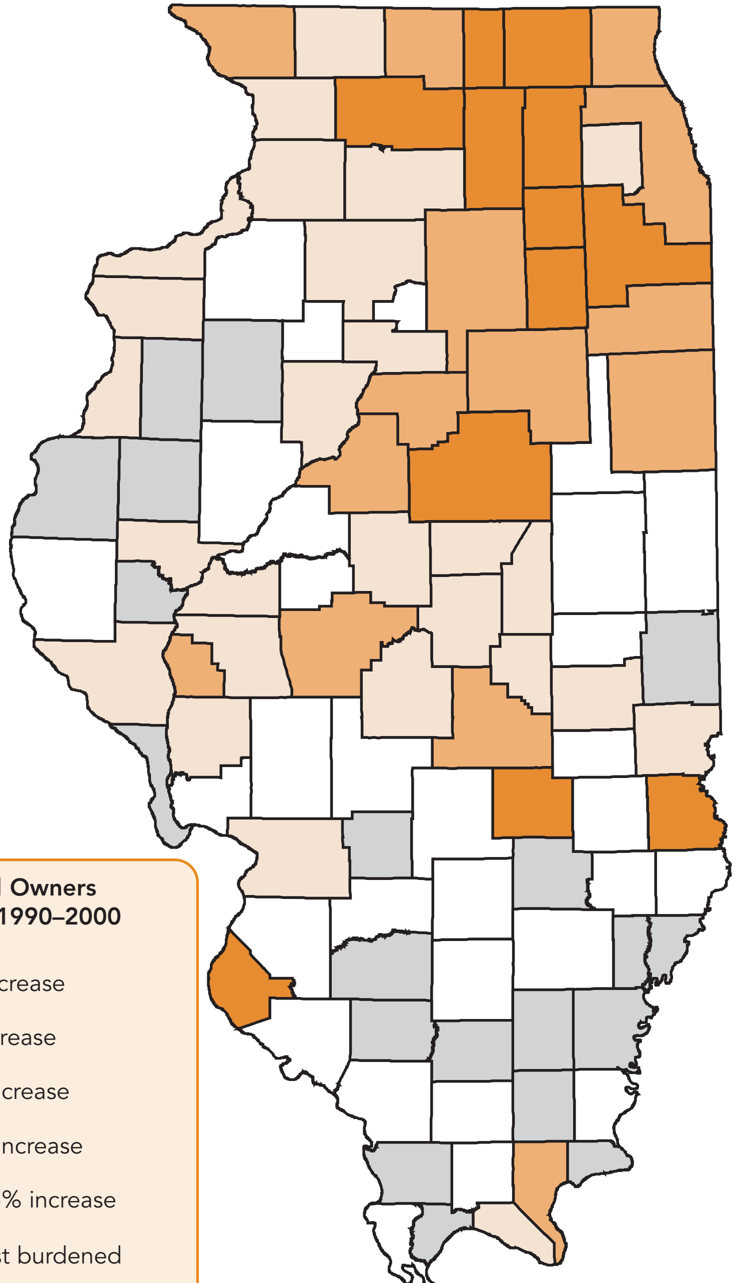

Median Home Value 2000
$33,300 – $75,000
$75,001 – $127,800
$127,801– $165,000
$165,001 – $198,200
statewide median home value:
$127,800

Statewide, cost burdened renters outnumbered cost burdened owners by nearly two to one. A full quarter of DuPage County renters were housing cost burdened, but they were outnumbered by cost burdened homeowners: there were nearly 19,000 cost burdened renters in DuPage, but there were 34,000 cost burdened owners. This is unusual, but it is also indicative of one of the state's fastest growing affordable housing issues.

Throughout the cluster where incomes were highest, owner costs, including mortgage payments, real estate taxes and other costs, rose faster than incomes between 1990 and 2000. That in itself does not mean owner costs were unaffordable, except that it was also the case that the number of cost burdened owners rose most in those same counties. The majority of cost burdened owners were low income households in 2000, but cost burdens rose fastest among moderate income households, whose numbers jumped 80 percent in the 1990s.

Not surprisingly, affordable housing for low income households was a growing issue in the state's richest counties, not just because of rising housing costs, but because the number of low income households themselves rose. The number of Illinoisans in poverty shrank throughout the 1990s, and poverty shrank, in both rates and numbers, in most counties. The handful of counties where the numbers of impoverished persons grew, however, were clustered around Chicago and Rockford.

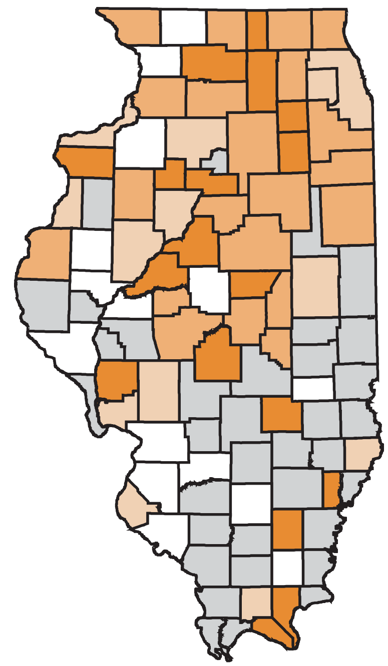




Cost Burdened Owners Percent Change 1990–2000

- 0 – 44% decrease
- 0 – 37% increase
- 38 – 55% increase
- 56 – 100% increase
- 101 – 167.5% increase

statewide change in cost burdened owners: +38%



Moderate Income Cost Burdened Owners Percent Change 1990–2000

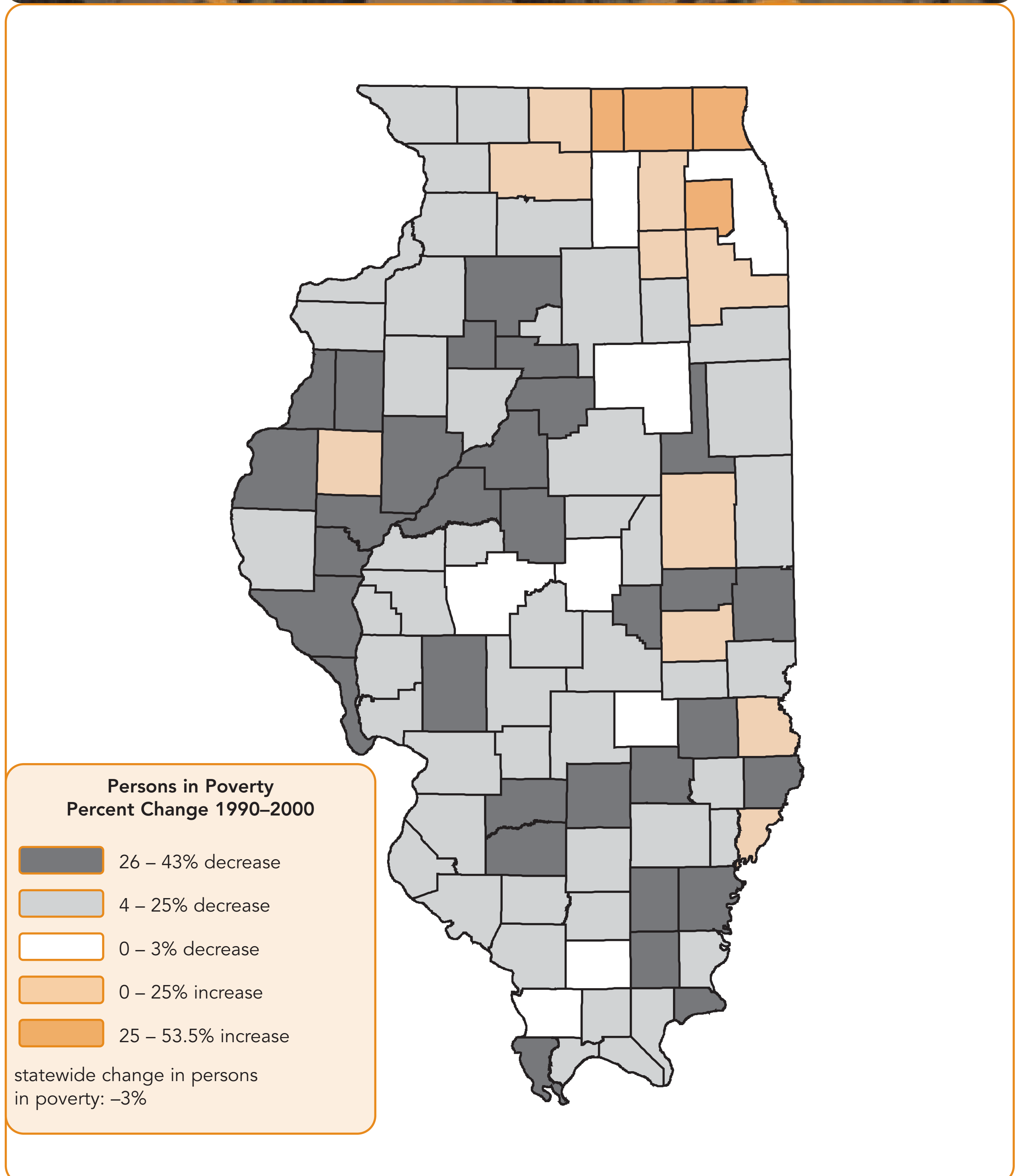
- 0 – 100% decrease
- 0 – 37% increase
- 38 – 80% increase
- 80 – 150% increase
- 151 – 1,676% increase

statewide change in moderate income cost burdened owners: +80%

The number of low income households in DuPage grew by 37 percent in the 1990s, and the number of people in poverty grew by 54 percent. The rate of increase was inflated by the fact that the impoverished population of DuPage was particularly small to begin with, but it also points to a growing need for more diverse housing options in counties such as DuPage, particularly as numbers of high income households, and housing costs, continue to rise throughout the region.

For much of the state, the primary affordable housing challenge may be that incomes are too low to afford rents in even the softest markets. However, in a region spreading from the northeast into central Illinois, prosperity brings new challenges, challenges directly tied to income disparity as a disproportionate number of high income households appear to pull housing costs higher for everyone. Affordability in this region is a growing problem for moderate income homeowners, but this should not overshadow its continuing impact on low income households, whose numbers, and importance to the local workforce, continues to grow in many counties.

Both scenarios call for new emphasis on preservation and creation of affordable housing. What affordable housing exists should not be ploughed under by redevelopment, nor simply left to deteriorate, particularly if it was created with public investment in the first place. And a commitment to identifying dedicated revenues, such as trust funds, and other strategies, such as inclusionary housing, can be made to bring housing costs within reach of families of all incomes in both scenarios. A range of policy proposals for the preservation and creation of affordable housing is outlined in the section that follows.



POPULATION

	2000
Total Population	12,419,293
Change in Population 1990-2000	8.6%
% Foreign Born	12.3%
Average Household Size	2.63

RACE & ETHNICITY

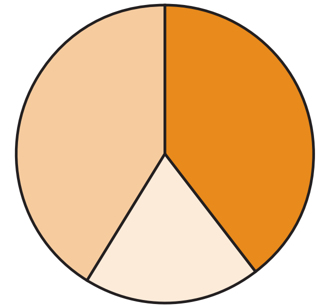
	2000	Change 1990-2000
White	8,424,140	-1.5%
African American	1,856,152	10.9%
Hispanic	1,530,262	69.2%
Asian – Pacific Islander	423,032	53.5%
Other	185,707	

INCOME

	2000	Change 1990-2000
Median Household Income	$46,590	7.8%*
Persons in Poverty	1,291,958	-2.6%

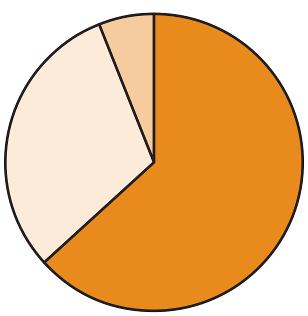
INCOME DISTRIBUTION
as a % of State Median Income

Low Income Households (<80%)	1,817,024	9.2%
Moderate Income Households (80-120%)	882,236	7.6%
High Income Households (>120%)	1,893,480	10.5%



HOUSING UNITS

	2000	Change 1990-2000
Total Housing Units	4,885,615	8.4%
Owner Occupied	3,088,884	14.4%
Renter Occupied	1,502,895	0.0%
Vacant	293,836	-3.4%



BEDROOMS PER UNIT

	2000
0-1 Bedroom	785,762
2-3 bedrooms	335,632
4+ bedrooms	849,909

HOUSING MARKET

	2000	Change 1990-2000
Housing Units Built Since 1990	12.4%	
Rental Vacancy Rate	6.2%	-1.8%
Median Gross Rent	$605	1.5%
Median Home Value	$127,800	19.1%

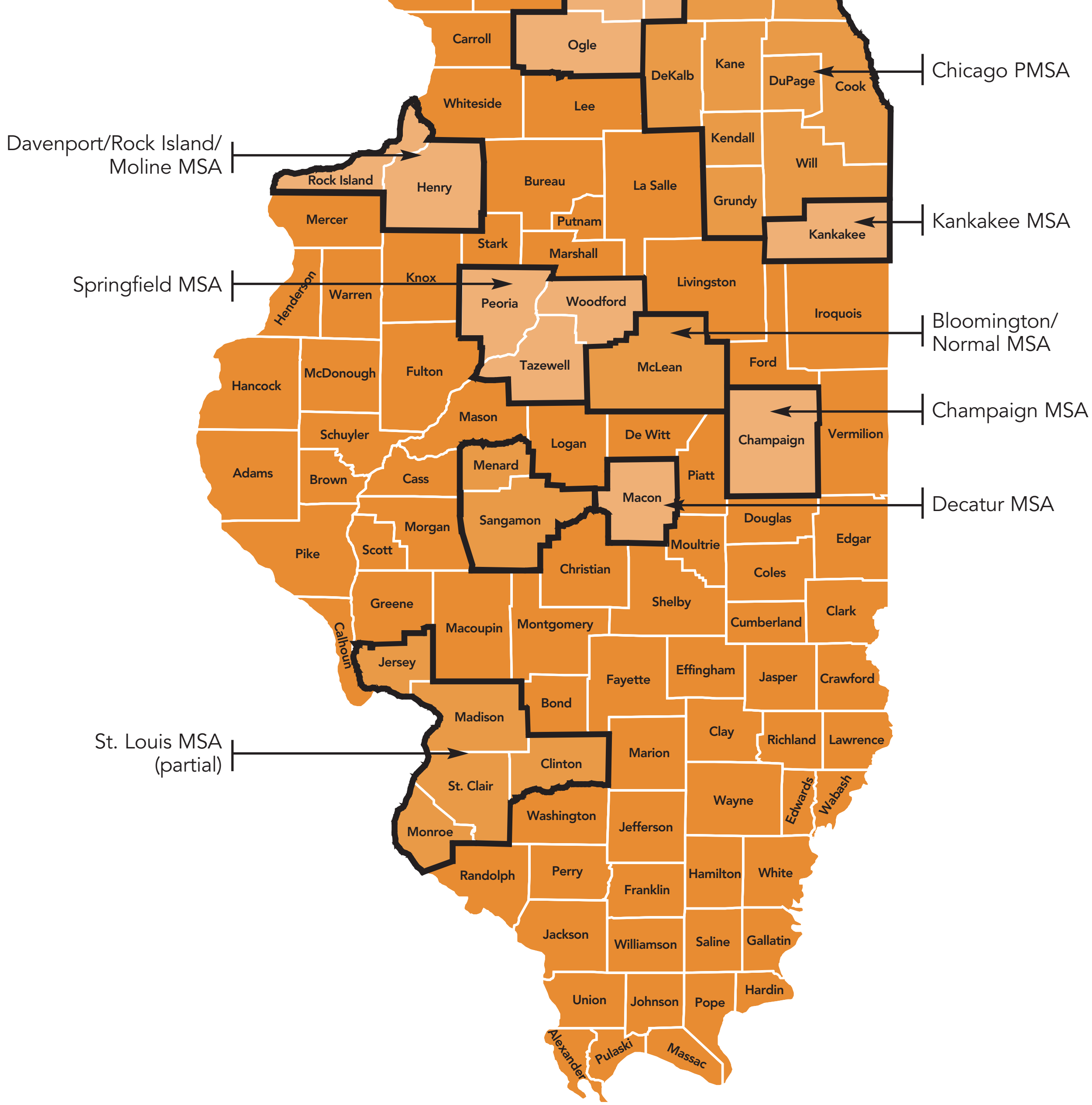
Project Based Section 8 Units	69,089
Low Income Housing Tax Credit Units	29,119

AFFORDABILITY AND HOUSING STRESS

	2000	% of Sample**
Cost Burdened Renters	420,404	28.3%
Extreme Cost Burdened Renters (paying >50%)	257,535	18.5%
Cost Burdened Owner Occupants	374,844	15.3%
Overcrowded Households	222,355	4.8%
Lead Exposed Children (2001)	7.3% of children tested	

* inflation adjusted
** See Appendix for sample definitions

Metropolitan Statistical Areas are defined by a bold outline.



Chicago and Illinois shared a decade of growth in the 1990s. Yet in many communities, rising incomes exerted a pull on housing costs, and rising housing costs bring a host of associated issues, from displacement of low income households, to overcrowding, to excessive housing cost burdens for renters and, increasingly, for homeowners. Large portions of Chicago and Illinois appear virtually untouched by the boom economy. These areas continued to lose population and housing stock through the 1990s, and yet are still unaffordable to many of the families who remain.

Affordable housing benefits all residents and institutions and is necessary for the success of any city, region or state. Yet growth alone does not ensure a stable and adequate affordable housing supply. Strong neighborhoods require supportive public policies to prevent displacement, promote preservation and encourage production of new affordable housing throughout whole cities and regions, in both rural and metropolitan areas of the state. If opportunity is to be available to the striving and not just the established, affordable housing, intentionally preserved and broadly distributed, must be a part of our plans.

In 2001, the Chicago Rehab Network (CRN) inaugurated Valuing Affordability, a multi-year campaign to create a social, political and economic climate that values affordable housing. The campaign identified public awareness, political leadership and sound policy and resource proposals as the three keys to bringing affordable housing to the public agenda. In the months since that campaign was conceived, CRN has mobilized a combination of public awareness and political leadership to advance significant policy gains in four strategic areas – preserving neighborhoods, living rents, housing set-asides, and public education. These gains are summarized below. For additional information on specific policies or on how you can join our efforts to summon the leadership and public awareness to advance more sound policy, please visit our website at www.chicagorehab.org.

Preserving Neighborhoods: CRN advocates for long-term property tax reforms that prevent displacement of homeowners and renters, and other key activities that preserve the stock of expiring federally assisted housing. Successful proposals to preserve neighborhoods include innovative tax policy reforms to eliminate threats to the rental housing stock: reduction in Class 3, expansion of Class 9, and creation of Class S. The new Class S tax incentive alone has worked to preserve hundreds of Section 8 units at risk of market conversion since its introduction in 2002. Additionally, tax reforms have been passed in Cook County that benefit moderate income homeowners. The leadership of the Cook County Commissioner and the Assessor's office joined by community leaders demonstrates effective policies can be established for affordable housing.

CRN is currently working towards a property tax exemption for nonprofit owned multi-family rental housing. All nonprofit owned affordable housing would be exempt from property taxes so long as it continues to be affordable and the income from the property is used to benefit the property for operating expenses or rental subsidy.

Affordable housing is a valuable community asset that is usually created through substantial public investment of both time and money. In particular, there are tens of thousands of units subsidized through project-based Section 8, Low Income Housing Tax Credits (LIHTC) and other financing and subsidy programs. CRN maintains a tracking system of at-risk properties in Illinois that is available to community development stakeholders and decision makers. Information will be shared and partnerships created to minimize the number of affordable rental units lost due to an owner's decision to opt out of the program, and to encourage sale of buildings to developers with a preservation mission.

In addition, CRN advocates amendment of the Illinois Federally Subsidized Housing Preservation Act to give tenant associations or their representatives the right to purchase their housing when an owner opts-out of their extended use contracts. And we continue to advocate for a preservation policy that would improve the enhanced voucher for displaced tenants, and federal exit tax relief.

In the case of troubled projects, CRN also provides direct technical assistance. Most recently we have been working with the tenants of Evergreen Terrace in Joliet. The owner of this Section 8 property intended to renew the contract and maintain affordability but has been obstructed by the area's political leadership, which would like to see new market rate development at that site.

Living Rents: CRN has long advocated for long term subsidy strategies that enable the creation of housing units for those who need it most. Our *Present Realities, Future Prospects* documented the underwriting weaknesses in the Low Income Housing Tax Credit portfolio and the inability of this program to serve people under 30 percent of the area median income. We closely monitor and periodically evaluate the use of existing city and state public resources to identify policy and resource barriers.

This year's resolution by the city of Chicago to endorse the National Housing Trust Fund Act is one potential solution that would bring significant dollars to serve lower income households in Chicago. Additionally, our ***Affordable Chicago*** report recommends new resources, such as a dedicated revenue stream based on the transfer tax, that could provide deeper rental subsidies for affordable housing development. Another recommendation, a housing set aside, would provide new affordable for sale housing for those earning over 60 percent of the median income, thus freeing up public dollars to be targeted to those at the lower end of the income spectrum.

Housing Set Asides: Currently 91 municipalities across the country successfully employ housing set aside policies to ensure that affordable housing is not left out when the housing market booms. In late 2002, Alderman Toni Preckwinkle introduced an ordinance requiring that any housing development over 10 units in Chicago set aside 25 percent of those homes as affordable. Had such a policy been in place during the 1990s, it could have created 8,000 new affordable housing units, or roughly the same number of new units created by the Chicago Department of Housing in 10 years with $2.5 billion in public subsidies.

A set-aside policy could tap the market to ensure a broad distribution of affordable housing in Chicago, and the proper cost offsets can ensure that developers are not overburdened. As public policy, inclusionary zoning is congruent with the current mixed income housing policy. Both require additional public investments and private sector involvement for a greater public good.

Public Awareness: Public awareness is an important support for sound policy, and CRN is often approached to provide materials and analysis to guide the work of advocates and public leaders alike.

In 2001, CRN's public education efforts took a new direction when we founded Housing Illinois, a coalition of 3 dozen developers, advocates, government, faith and civic organizations with the express purpose of raising public awareness of the need for affordable housing. After building the coalition, we initiated a market research firm to study public perceptions of affordable housing in the six county metropolitan region. The results surprised us. Six in ten residents in the region think there is too little housing affordable for people of moderate or low incomes in their communities and, and two in three say they support building affordable housing in the area where they live.

Housing Illinois aims to build on these results to create a communications campaign. The campaign will develop a range of creative communications materials – such as ads, fact sheets, posters, brochures, stories – to target a very general audience as well as some specific segments. Housing Illinois will offer training to build the capacity of organizations to use communication tools to bolster support and overcome opposition to affordable housing.

The ***Affordable Housing Fact Book*** is itself an important tool for public awareness. Its purpose is to arm advocates, legislators and leaders from all areas with the facts they need to understand the housing needs of their communities. We are confident sound facts will inform the sound policies that will vouchsafe the affordability of our cities, regions, and the state of Illinois in the future.

Except where otherwise noted, data has been gathered from the US Census and other sources by the Nathalie Voorhees Center at University of Illinois at Chicago.

Vacant housing units include both vacant for rent and vacant for sale units. Rental Vacancy rate is the number of units vacant for rent as a portion of total rental units (both renter occupied and vacant for rent).

New construction permits and demolition permits were collected by the Voorhees Center from the Chicago Department of Buildings. Permits may affect more than one housing unit, and some construction or demolition activity may occur without permits. Thus changes in construction and demolition permits do not add up to match the change in total housing units as reported by the US Census.

Median income figures reflect incomes reported for the year precious to each decennial census (1989 for 1990, and 1999 for 2000)

Income Distribution Analysis:
For Chicago community areas and wards, income distribution is calculated relative to both the city of Chicago Median Income ($38,625 for 2000, and $26,301 for 1990) and the Area Median Income. The Area Median Income is calculated by the US Department of Housing and Urban Development each year by household size, and represents the six county metropolitan region. Fact sheets refer to area median income for a family of four ($67,900 for 2000, and $43,400 for 1990).

For municipalities and counties, income distribution is calculated relative to the state median income ($46,590 for 2000, $32,252 for 1990).

Low-income households are counted as those earning less than 80% of median income.

Moderate-income households are counted as those earning between 80 – 100% of median income.

High-income households are counted as those earning more than 120% of median income.

Poverty rate is calculated as the number of persons in poverty as a portion of the number of persons for whom poverty status has been determined by the US Census (not as a portion of the total population).

Cost burdened renters are calculated as the number of households paying more than 35% of their income for housing. Extreme cost burdened renters are calculated as the number of households paying more than 50% of their income for housing.

The percent of cost burdened renters is calculated as the number of households paying more than 35% of their income for housing, divided by the number of specified renter households for whom the US Census has calculated housing costs as a portion of income (not by the total number of renter occupied units).

Similarly, cost burdened owners are calculated as the number of households paying more than 35% of their income for housing costs – including mortgage, property tax, and insurance. The percent of cost burdened owners is the number of cost burdened owners, divided by the number of specified owner households, for whom the US Census has calculated housing costs as a portion of income (not the total number of owner occupied units).

Overcrowded households are counted as those with more than one person per room (not per bedroom). Percent overcrowded households is calculated as the number of overcrowded households, divided by the number of households for which the US Census has reported persons per room.

Mortgage foreclosure data is taken from the National Training and Information Center's November 2002 Analysis presented at Chicago's Foreclosure Crisis Meeting on December 4, 2002.

Public Housing data is taken from *Not Even a Place in Line: Public Housing & Housing Choice Voucher Capacity and Waiting Lists in Illinois*, compiled by the Mid-America Institute on Poverty of Heartland Alliance for Human Needs & Human Rights, in October 2003.

Housing court case data was gathered from the Voorhees Center from the city of Chicago Department of Buildings.

Lead exposure data was gathered by the Voorhees Center from the Chicago Department of Public Health.