Affordable Housing Strategy for Impact DuPage

EXISTING CONDITIONS REPORT

December 2016

Acronyms

AMI	Area Median Income
CMAP	Chicago Metropolitan Agency for Planning
EAV	Equalized Assessed Value
EOWA	Elgin-O'Hare Western Access
HCV	Housing Choice Voucher
HUD	U.S. Department of Housing and Urban Development
LEP	Limited-English Speaking
MPC	Metropolitan Planning Council
MSA	Metropolitan Statistical Area
NIMBY	Not in my back yard

Funding Acknowledgement
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Introduction

Since 2013 a group of community leaders in DuPage County have focused on creating a common understanding of needs, gap in service provision, and priorities that need to be address to advance the well-being of the DuPage County community. These leaders formed Impact DuPage, which includes a variety of public, private, and non-profit organizations. To achieve "needle-moving" results, the group focuses on five priorities: mental health, access to health services, substance abuse, healthy lifestyles, and affordable housing. Work is underway for many of these areas, with specific strategies progressing for topics such as the prevention and treatment of substance abuse issues.

Impact DuPage sought technical assistance from the Chicago Metropolitan Agency for Planning (CMAP) to develop a report that will inform its approach to affordable housing. This report is a distillation of CMAP's research and findings through the mid-point of the project and these findings will serve as the foundation for crafting recommendations. The report includes three primary sections.

- Housing demand factors - A summary of the factors that drive housing demand in DuPage County.
- Housing supply factors - A summary of the housing supply in DuPage County, including the performance of certain major market segments and factors that impact the current and anticipated future level of housing supply.
- Housing submarkets - A synthesis that explores the intersection of key supply and demand findings and considers how those differ throughout the County.

What is affordable housing?

One of the most essential elements in understanding local housing dynamics is housing affordability. What constitutes "affordable housing" varies from household to household, as the measure is relative.

- "Affordable housing" is housing that costs no more than 30 percent of household income (including utilities, insurance, and taxes.)
- "Unaffordable housing" is housing that costs between 30 and 50 percent of household income.
- "Severely unaffordable housing" is housing that costs more than 50 percent of household income.

This time-tested standard is reflected in everything from the underwriting standards of private lenders to date from the U.S. Census Bureau.

Other relevant work

Many other partners are already working to understand housing issues in DuPage County, including through a number of other completed or underway planning efforts, a few of which are described below.

DuPage County Consolidated Plan

As a recipient of federal block grant funding from the U.S. Department of Housing and Urban Development (HUD), DuPage County must prepare a plan every five years to consider priorities for the use of those federal funds to address housing and community development issues, also known as a consolidated plan. DuPage County adopted its 2015-19 Consolidated Plan in 2015. This plan did not evaluate the needs in Aurora or Bolingbrook, as those communities created separate plans. Over the life of the plan, DuPage County estimates approximately $25 million in HUD grants along with a one-time $31 million in disaster relief funds to address local priorities. These figures pale in comparison to the $108 million needed to address all of the identified issues.

The plan confirms many of the findings in this report about the need and desire to increase the supply of housing affordable to low- and moderate income households including: owner-occupied housing, renter housing, and special needs housing for multiple populations (e.g. seniors, homeless veterans, persons with mental illnesses, and people with disabilities). The Consolidated Plan emphasizes that DuPage remains a high-cost housing market for owners and renters. Nearly half of all renters in DuPage spend over 30 percent of their income on rent.

Recommendations focus on four approaches to these issues. First, the County should continue to fund a housing rehabilitation program for low- and moderate-income households. Such efforts should focus heavily on seniors and disabled residents. Second, the County should continue to support a homebuyer assistance program. Third, DuPage County funds should continue to be used as gap financing in larger projects that create new units for low- and moderate-income households. Finally, the DuPage County should launch a tenant-based rental assistance program with federal grant funds, helping to address the growing and acute need for demand-side assistance for households making less than 30 percent of the area median income (AMI).

The plan identifies actions on a number of topics related to housing issues, including sidewalks, water and sewer system improvements, street improvements, substance abuse counseling, child care, and job readiness training. The plan also identifies the need to provide resources to combat homelessness, from prevention to providing shelter and transitional housing. This includes coordination with service providers and especially the Continuum of Care, which is comprised of numerous service agencies that meet housing and social service needs for the chronically homeless, families with children, veterans, and other homeless populations.

Vitally, the plan identifies a number of systematic barriers to greater local housing affordability, including community support/resistance. Plan findings suggest that community education is needed to combat negative perceptions about low- and moderate-income households. Additionally, the plan notes that Housing Choice Voucher (HCV) recipients are a significant part of the affordable housing demand in DuPage.

Homes for a Changing Region Northeast DuPage County

In 2013, four communities in northeast DuPage participated in *Homes for a Changing Region* with CMAP, the Metropolitan Mayors Caucus, and the Metropolitan Planning Council (MPC). These communities were Addison, Bensenville, Villa Park, and Wood Dale. *Homes* enables municipal leaders to develop long-term housing policy plans. The report found that the northeast part of the County falls below the rest of DuPage in median household income by about $17,000.

Though the area remains predominantly white, there is a growing Hispanic population heavily concentrated in Bensenville. Demand for housing will increase in the future, particularly the demand for multifamily housing, driven by regional and national demographic changes (i.e. seniors and greater diversity). Recommendations focused heavily on how best to integrate such new multifamily development into existing built-out communities, focusing on key sites along regional arterials that historically have been retail locations. The document also discusses the need for continued housing rehabilitation and code enforcement to ensure that the existing housing stock remains of high quality. Finally, there was a broad need to continue focusing on community integration efforts in light of fast-changing demographics.

Homes for a Changing Region Northwest DuPage County

In 2015, three communities in northwest DuPage County began a *Homes for A Changing Region* study. The three towns are Glendale Heights, Hanover Park, and West Chicago. The plan is still under development. Initial findings hint at important commonalities among the three communities. Affordability is a prime issue for owners and renters in all three communities judging by the share of the population that is cost-burdened. All three towns look to seize on opportunities for new residential development to spur other planning goals, including West Chicago around its downtown area and Metra station.

Planning process and outreach

Gathering both qualitative and quantitative data builds a strong basis for future recommendations. CMAP and Impact DuPage gathered feedback on housing issues from a wide variety of stakeholders using various methods. Beyond the assistance of the project steering committee, the CMAP and Impact DuPage interviewed and conducted focus groups with numerous residents and practitioners, including realtors, landlords, business owners, hospital human resources workers, DuPage PADS clients, DuPage County Family Self-Sufficiency Program clients, DuPage County Senior Home Sharing Program participants, and DuPage County Shared Housing Program participants. Impact DuPage hosted a workshop in conjunction with the Tamarack Institute on Collective Impact and its relationship to Impact DuPage efforts. Finally, DuPage County supplemented its Community Service Block Grant survey with questions about housing issues, allowing critical feedback both from service providers and low- and moderate-income residents.

Key findings

This section explains key findings identified through the existing conditions analysis. The identified issues and opportunities will form the basis for drafting recommendations and implementation priorities.

- Despite headwinds from slowing regional population growth, demand for housing in DuPage County remains strong due to a sizable employment base, good auto transportation access, and strong schools. Maintaining these desirable characteristics will help ensure strong demand in the future.
- As the region becomes older and more diverse, the changes are evident in the makeup of DuPage County residents and the changing nature of housing demand. Local and regional trends are unlikely to change.
- While demand remains strong, growth in the housing stock is likely not keeping pace with demand. In the past, DuPage relied on greenfield sites to add housing and address demand. Approaching built-out status, there are few "easy" sites to add new housing. Developers must create infill housing to meet market demand. Infill is harder to accomplish due to many factors, including land cost, building costs, and community resistance. These factors increase the cost of development, necessitating higher price points that render infill sites in lower-cost markets undevelopable without subsidy or regulatory changes.
- The imbalance between strong demand and slowing supply helps explain low vacancy rates and rising prices for renters and owners. Rising prices will drive up the number of cost-burdened owners and renters given the regional trend of declining incomes.
- Much of the housing affordable to low- and moderate-income households is naturally occurring, neither covered by unit based subsidies nor available to HCV holders. Such naturally occurring affordable housing is especially vulnerable to a market with rising prices.
- Anecdotally, community resistance plays a key role in magnifying issues of housing affordability in two ways. First, it creates a less welcoming environment for current or perspective residents. Second, it reduces the supply available to such households by limiting the number of new housing units built, making existing units unavailable for cost-burdened households. Households struggling with housing costs end up concentrated in a small number of communities in northern and western DuPage County.
- While these conditions hold true for much of DuPage County, there is still substantial variance in the strength of housing markets throughout the County. Such variation should lead to different housing strategies to address issues of housing affordability.
- Increasing regulation, declining funding, and high levels of need mean that federal and state resources cannot be counted on to markedly improve housing affordability on their own.
- The actions of many different groups drive affordability trends in DuPage County, including municipalities, the County, non-profit developers, for-profit developers, elected officials, employers, school districts, residents, etc. With so many groups playing a role, only coordinated action around a common vision for the future is likely to improve housing affordability.

Housing demand factors

Key findings

- Changes in those living in DuPage County match regional and national socio-economic trends, including growing racial and ethnic diversity, an aging population, and declining incomes.
- While regional income and demographic trends are impacting the nature of housing demand in DuPage County, overall demand remains strong due to a large employment base, high quality transportation connections, and good quality schools.

Population, age, and diversity

A key part of understanding the housing market dynamics in DuPage County is an understanding of the population dynamics, including who lives in DuPage County and who may want to live there. Since 2000, the population in DuPage County has grown only slightly, reaching about 930,000. The current population in the County is generally older and wealthier than the rest of northeastern Illinois.

Table 1. General statistics

	DuPage County	CMAP Region
Population, 2014	926,485	8,487,546
Percent change, population, 2000-10	1%	4%
Median age, 2014	38.7	36.2
Median household income, 2014	$79,016	$62,903
Percent change, median household income adjusted for inflation, 2000-14	-18%	-15%

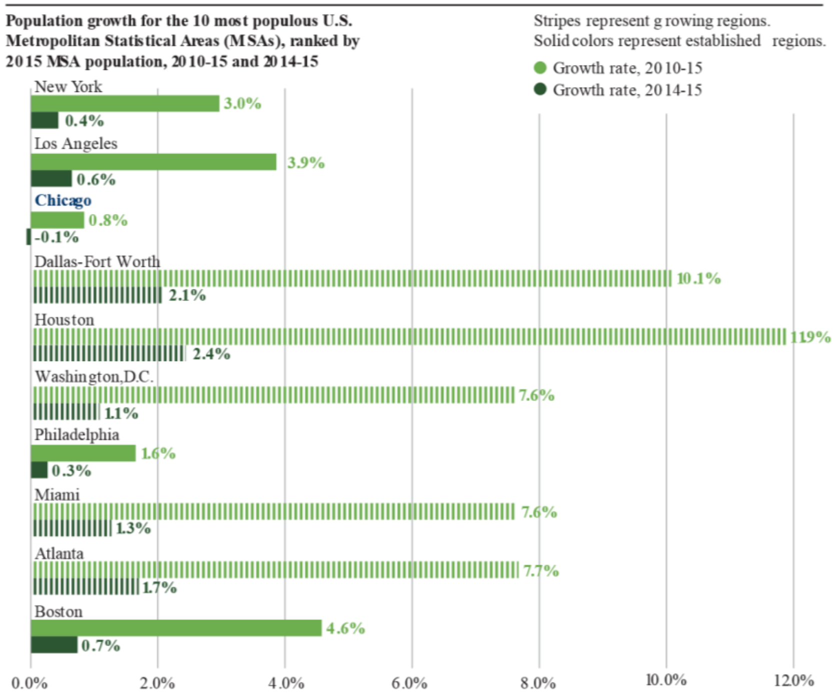
Source: Chicago Metropolitan Agency for Planning analysis of U.S. Census 2000 and 2010 and American Community Survey 2010-14.

Regional weakness in attracting residents likely dampens housing demand in DuPage. Growth in the Chicago metropolitan area substantially trails other large metropolitan areas.[1] Among the ten most populous Metropolitan Statistical Areas (MSAs), Chicago ranked last in population growth in 2015. Population growth throughout the entire CMAP region has slowed since 2010, with the Chicago MSA being the only region among peers its size in the country that experienced decline over the last year. Such declines can be attributed to waning international migration in addition to falling birth rates and domestic migration losses. Other factors may

[1] CMAP Policy Update: Population change in the CMAP region. May 18, 2016. http://www.cmap.illinois.gov/about/updates/policy/-/asset_publisher/U9jFxa68cnNA/content/population-change-in-the-cmap-region.

include slower growth in the manufacturing sector, changing personal preferences, and a population outflow due to lack of confidence in Illinois' fiscal condition. That said, within this environment, DuPage County remains a desirable place to live. Much of the migration into DuPage County comes from adjacent Cook County, including Chicago. Cook County to DuPage County was the seventh largest net migration flow in the nation.[2]

Figure 1. Regional population growth trends



Source: Chicago Metropolitan Agency for Planning analysis of U.S. Census interstitial population estimates, 2010-15.

Aging trends can also impact current and future residents. In 1980, a majority of the region's population was under 35; today a majority of residents are over 35. Between 2009 and 2014, the proportion of the population over 65 increased from about 11 percent to about 13 percent. This increase is largely attributed to the aging of the "baby boomer" generation (those born between 1946 and 1964). DuPage County's senior population grew slightly faster than the rest of the CMAP region. York Township, which includes communities like Villa Park, Lombard, and Oak Brook, is the area with the highest share of seniors among the population, with more than a quarter of residents 65 and older.

An aging population will have major impacts on housing needs in the short and long-term. One experienced real estate broker in the County observed that many seniors are "down-sizing,"

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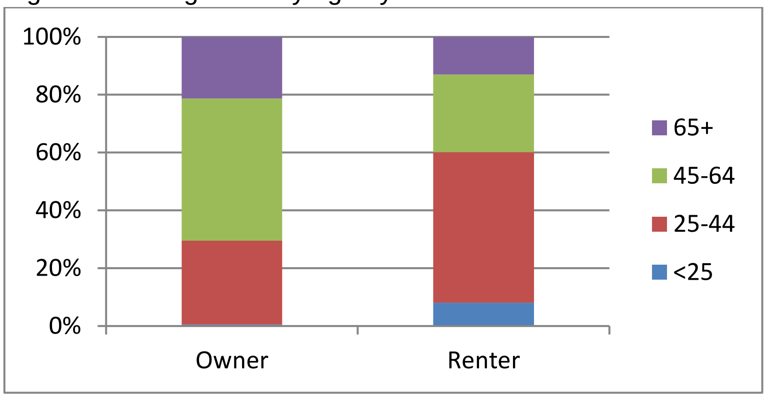
[2] CMAP Policy Update: Population change and geographic mobility in the CMAP region. May 21, 2015. http://www.cmap.illinois.gov/about/updates/-/asset_publisher/UIMfSLnFfMB6/content/population-change-and-geographic-mobility-in-the-cmap-region.

selling their primary homes and competing for the same condos and townhomes as first-time homebuyers. A recent focus group of seniors and participants in DuPage County's Senior Home Sharing and Shared Housing Programs cited affordable housing as a key issue. One resident waited on a senior housing waiting list for nine years. Aging trends only increase demand for non-single-family housing options in DuPage County.

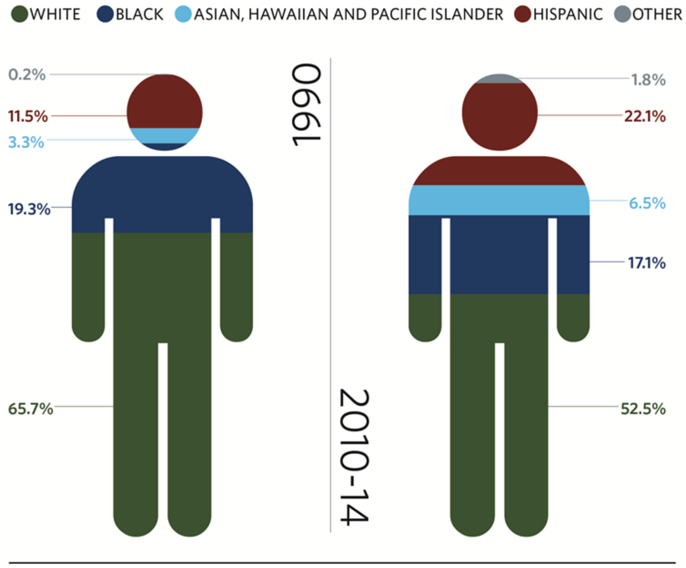
Figure 2. DuPage County age by tenure



Source: Chicago Metropolitan Agency for Planning analysis of American Community Survey 2010-14.

Increasing regional diversity also changes the characteristics of households living and wanting to live in DuPage County. Hispanics are the second largest population group in the region in 2014 after whites. African-Americans remain a sizeable group. Persons of color made up 31 percent of the DuPage County population in 2014, up from 21 percent in 2000. The regional figure increased as well, from 42 percent to 47 percent. As a result of growing diversity regionally and nationally, residents interested in living in DuPage County are likely to continue becoming more diverse as well. Based on the 2011 DuPage County Statistical Profile, Hispanics comprise more than 30 percent of the population in both Winthrop Township and Addison Township, higher shares than in other parts of the County. Municipalities noted that changing demographics impacting local housing demand. In some area, residents are now seeking opportunities for multigenerational housing, which is often in short supply and the creation of which is not supported by other residents.

Figure 3. Proportion of the population by race and ethnicity in the region



Source: Chicago Metropolitan Agency for Planning analysis of U.S. Census 1990 and American Community Survey 2010-14.

Income and educational attainment

As noted previously, DuPage County incomes are generally higher than in the region as a whole, though they did slightly less well keeping up with inflation, decreasing 18 percent in real terms since 2000. This corresponds with feedback CMAP received that many people cannot afford to buy single-family homes, thereby increasing demand for demand for condos and townhomes, as well as rentals. Much like the region, the percentage of rental households falls as income rises in DuPage County. The County has fewer residents earning below $75,000 a year than the region as a whole, but more earning higher incomes, particularly more than $150,000. Translated into share of AMI, less than 8 percent of DuPage households earn less than 30 percent of AMI and 36 percent earn less than 80 percent of AMI (compared to 16 percent and 45 percent in the region).

Figure 4. Tenure and income in DuPage County and the region

Source: Chicago Metropolitan Agency for Planning analysis of American Community Survey 2010-14.

As will be discussed in greater detail in a future section of this report, the County's employment base also impacts housing demand. More than 370,000 workers come into DuPage County each day. About 47 percent of those workers earn less than $40,000 and 16 percent earn less than $15,000. The number of workers commuting to DuPage County earning less than $40,000 is more than double the number of such households living in the County. The number of workers commuting to DuPage County earning less than $15,000 is more than triple the number of such households living in the County.

Many low-income residents cited illness or medical bills, poor credit, recent evictions, or unemployment as key factors to their need for short-term affordable housing solutions. People in such situations hope for access to income-restricted units or HCVs. DuPage County residents and stakeholders view "employment" as the main barrier to achieving self-sufficiency and stable housing. DuPage County benefits from a number of social services agencies that help promote self-sufficiency as well as help people bridge from homelessness to short-term and permanent housing.

DuPage resident incomes vary based on educational attainment. In 2014, 92.3 percent of residents in DuPage over 25 years old had at least graduated high school and more than 45 percent of had at least a Bachelor's degree. Table 2 breaks down educational attainment in DuPage County and corresponding median incomes. Not surprisingly, wages were lower with less educational attainment, but the fact that no category has kept pace with inflation can lead to greater housing cost-burden if wages do not keep pace with housing costs.

Table 2. Inflation-adjusted educational attainment in relation to median Income of DuPage County residents

Educational Attainment	2005-09	2010-14
Less than high school diploma	$25,718	$22,935
High school graduate or equivalent/GED	$36,403	$31,835
Some college or Associate's degree	$44,116	$38,899
Bachelor's Degree	$60,318	$56,497
Graduate or professional degree	$83,153	$79,561

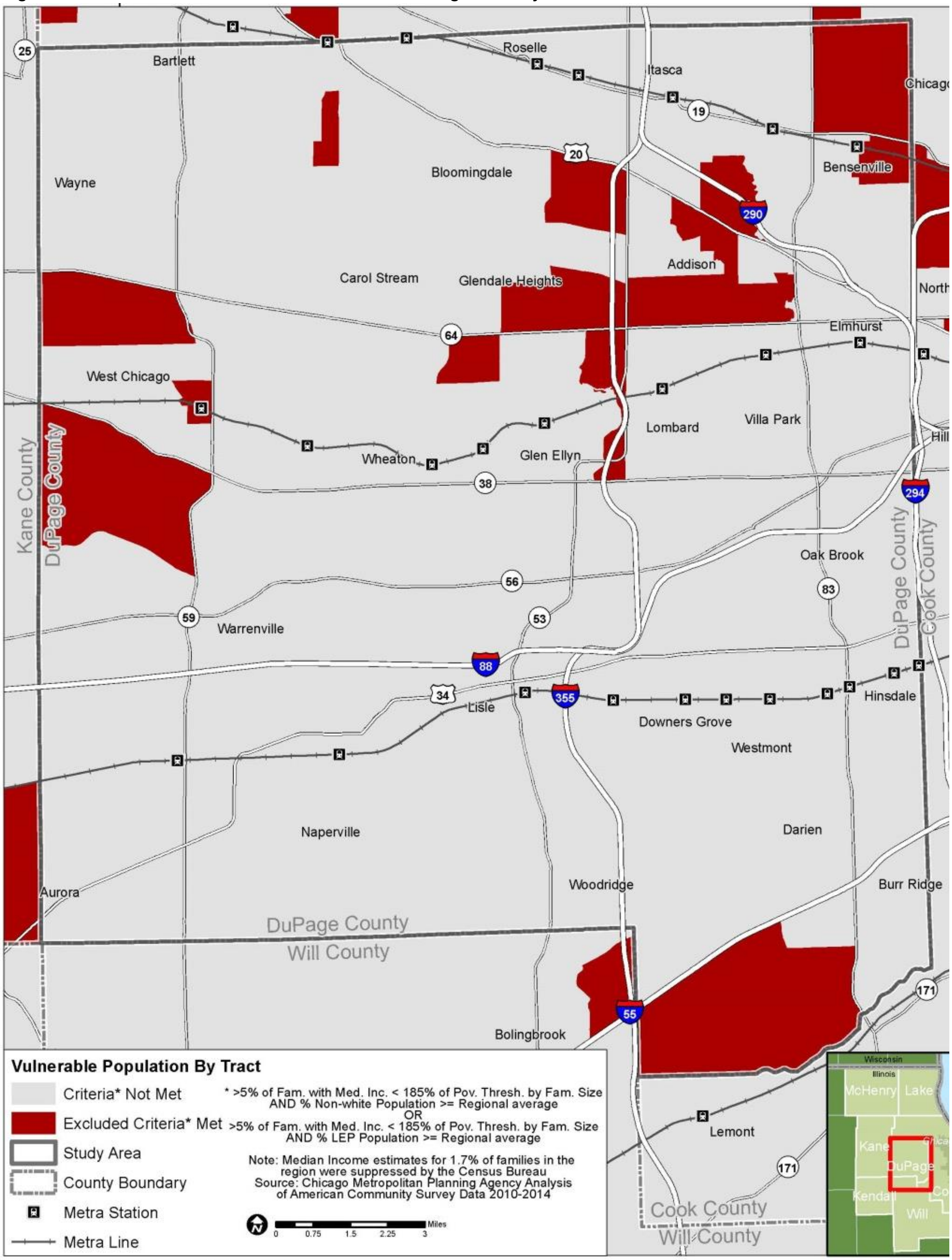
Source: Chicago Metropolitan Agency for Planning analysis of American Community Survey 2005-09 and 2010-14.

Regionally, areas with concentrations of low-income households or people of color often overlap. As part of ON TO 2050, CMAP is working to identify such concentrations and consider how all residents benefit from improved opportunities for residents of such areas. The map below (Figure 5) shows the draft location of "excluded populations" in the region using American Community Survey data from 2010-14. In defining the criteria for this population, CMAP identified census tracts that had concentrations of poverty and persons of color or concentrations of poverty and limited English speaking residents. Different thresholds were used for each characteristic to identify an excluded geography.

- People of color: CMAP staff calculated the regional average of people of color and if the census tract was at or above that percentage, it was flagged as having a concentration.
- Limited-English Speaking (LEP): CMAP staff calculated the regional average of LEP and if the census tract was at or above that percentage, it was flagged as having a concentration.
- Low-Income: Poverty is defined as being 185 percent above the federal poverty level, adjusted for family size (i.e. this would equate to a poverty threshold of $44,123 for a family of four in 2014). The census tract must have at least 5 percent of families at or below this threshold.

Areas with excluded populations in DuPage County are around O'Hare Airport, along the North Avenue corridor, and far western DuPage County. Developing strategies to address housing issues in these areas, including affordability, will likely require many non-housing actions.

Figure 5. DRAFT Excluded Communities in DuPage County



Source: Chicago Metropolitan Agency for Planning analysis of American Community Survey 2010-14.

Job and transportation access

Access to employment and transportation also impacts housing demand. A strong job-base provides built-in demand for housing, as does good access to jobs via a well-connected transportation network. DuPage County does well in both aspects.

DuPage County is a regional job center. As of 2014, DuPage County contained more than 542,236 private sector jobs, or 1.6 private sector jobs per household, far above the regional figure of 1.1. Jobs in DuPage County are concentrated along major east-west auto transportation corridors (e.g. I-88) and near important transportation assets (e.g. O'Hare Airport). According to the U.S. Census data, Lisle (27.7 percent) followed by Naperville (22.4 percent) and Aurora (14.4 percent) saw the strongest growth in employment between 2002 and 2014. According to Choose DuPage, the largest employers in the County are Navistar, Dover Corporation, and Arthur Gallagher & Co. Major sectors include health care, retail, manufacturing, and professional services. Some sectors, like retail and manufacturing, lost jobs since 2002.

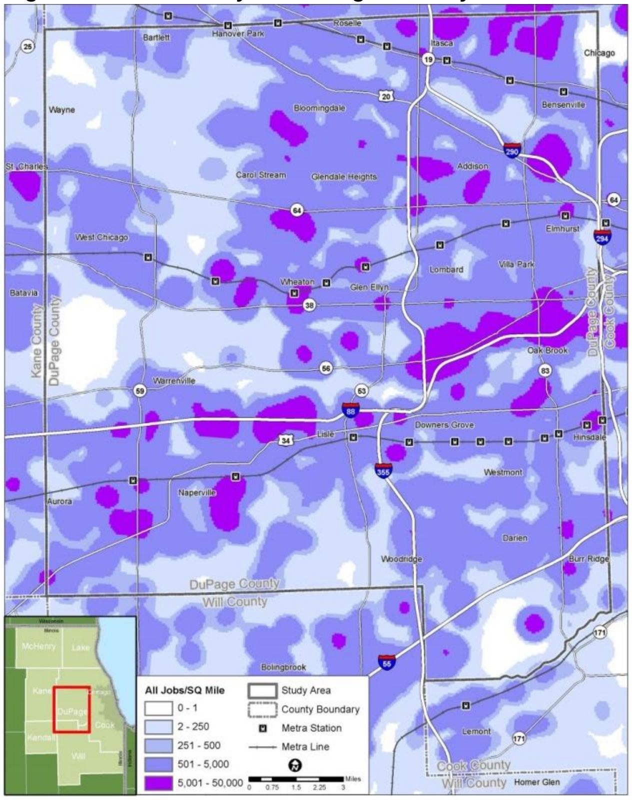
Table 3. Top industries in DuPage County

NAICS Sector	Jobs 2002	Jobs 2014	Pct. Change	Annual wage 2014*
Health Care and Social Assistance	39,772	62,022	55.9%	$52,412
Retail Trade	66,671	58,733	-11.9%	$31,896
Professional, Scientific, and Technical Services	42,367	56,004	32.2%	$82,902
Wholesale Trade	54,752	53,729	-1.9%	$78,060
Manufacturing	66,463	53,510	-19.5%	$66,034

Source: Chicago Metropolitan Agency for Planning analysis of U.S. Census Bureau, Longitudinal-Employer Household Dynamics Program and Bureau of Labor Statistics. *Yearly average wage for 2014.

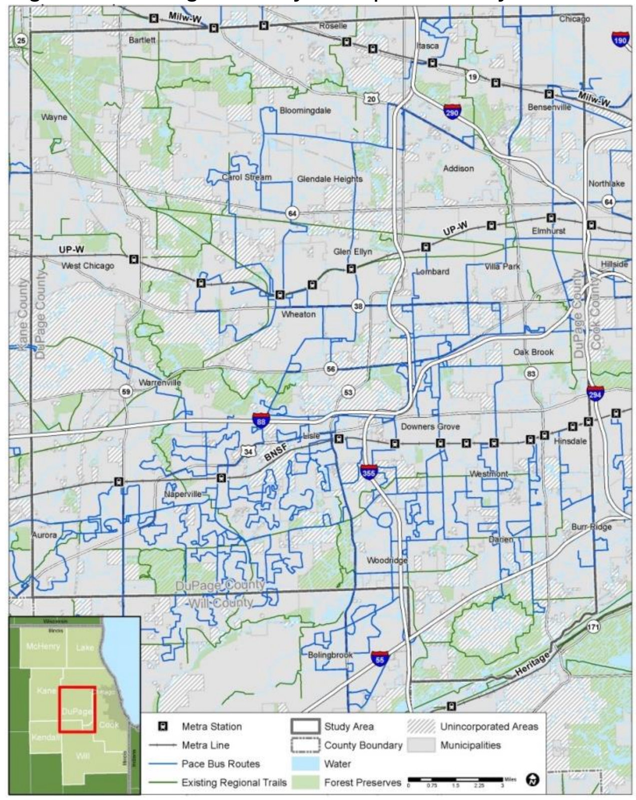
DuPage County includes numerous transportation options. Regionally important roads crisscross the County, such as I-355, I-88, I-290, Route 59, North Avenue, Ogden Avenue, and Route 83. Three Metra lines serve portions of DuPage County (Union Pacific West, Milwaukee District West, and Burlington Northern Santa Fe). Pace provides bus service along many larger arterials, as well as dial-a-ride service. While used less frequently for commuting, residents also appreciate the many bike trails in and around natural areas.

Figure 6. Job density in DuPage County



Source: Chicago Metropolitan Agency for Planning analysis of LEHD data.

Figure 7. DuPage County transportation system



Source: Chicago Metropolitan Agency for Planning.

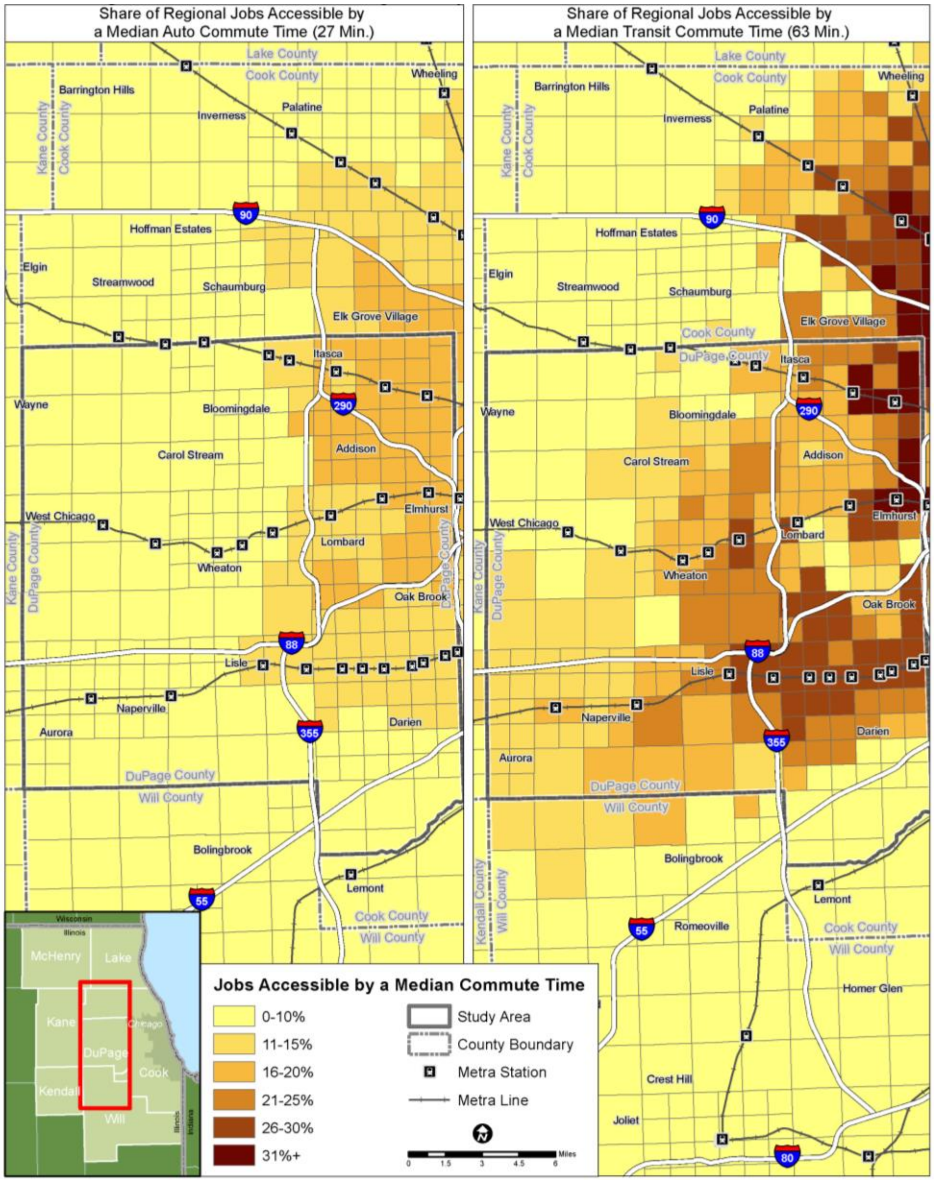
Stakeholders highlighted the County's location in the center of the CMAP region and strong auto transportation systems as reasons why households want to live in DuPage County. That strong transportation system links workers from elsewhere with jobs in DuPage County, as well as linking DuPage residents with jobs throughout the region. U.S. Census data bears this out. DuPage residents work throughout the region, particularly with major concentrations in the Loop, along the I-88 corridor, along the I-355 corridor, and around O'Hare Airport. People who work in DuPage come from all over, including Chicago, eastern Kane, northern Will, and northwestern Cook. DuPage County is no longer bedroom community. More than 370,000 workers come into DuPage County each day for work and more than 245,000 residents leave DuPage County to work elsewhere. A good transportation system makes such job flows possible.

Maps of regional job access from points in DuPage County demonstrate the benefit of DuPage's regional position and challenges with public transportation. Figure 8 shows the percentage of total jobs in the region accessible within the median commuting time for DuPage County residents using a given mode of transportation (27 minutes for cars and 63 minutes by transit). Much of DuPage County can access between 5 - 10 percent of the region's jobs within a 27-minute drive, with far higher percentages in northeastern DuPage County as residents in these areas can drive to jobs in the sizable O'Hare job cluster. Transit increases job access in eastern

DuPage County as Metra lines allow residents access to region's largest job cluster: downtown Chicago. Transit access by County residents to jobs outside of those in downtown Chicago is limited due to the disconnect between the largest suburban job centers (often located along highways like I-88 or I-90) and rail transit routes. Van pool programs operated by Pace supplement such transit access. Pace data shows that 13 vanpools bring employees into DuPage County each day (appx. 70 total riders), No employer shuttles operate in DuPage.

Job access, whether by car or train is an important amenity for living in DuPage County and, while not the sole driver, contributes to housing demand. Continued investment in these transportation assets are an important part of maintaining current and growing future housing demand in DuPage County. For example, the $3.4 billion Elgin O'Hare Western Access (EOWA) Project by the Illinois Tollway will increase access to northern DuPage County, spur job growth, and likely drive additional housing demand.

Figure 8. Share of regional jobs accessible to DuPage County residents by mode and median travel time



Source: Chicago Metropolitan Agency for Planning.

Impact of access on affordability

Affordability follows, in part, from job and transportation access. Some housing locations are inherently more or less costly by virtue of their location. If a housing unit is located farther away from jobs or retail or requires someone to drive for most tasks, the typical occupant will need to spend more time and money commuting, leaving less money for housing and other expenses. Moreover, a mismatch between the location of jobs and housing reduces economic competitiveness as employers experience difficulty with employee recruitment and retention.[3]

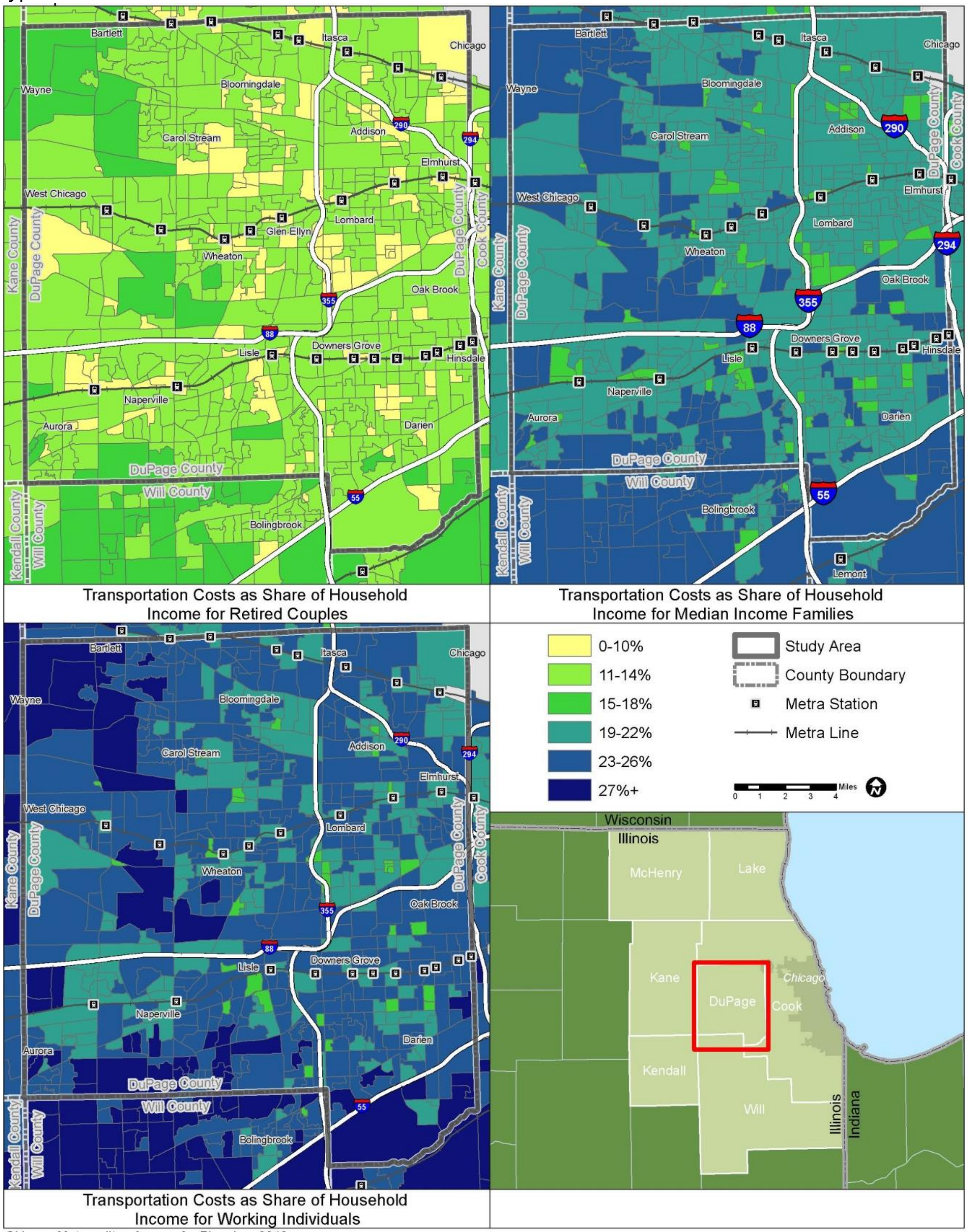
Employers seeking highly educated workers in fields like information technology and design noted challenges drawing employees with these skills away from Chicago due to both the difficulty of commuting out from the City and because of a lack of multifamily housing options near vibrant downtowns in DuPage. Retail and service sector employers also noted that the high cost of housing in many parts of DuPage County make it challenging to maintain a stable workforce, increasing employee turnover and forcing them to draw workers from south and west Cook County. One hotel manager in Downers Grove noted difficulty staffing the property because no one can afford to live there on the wages the hotel can afford to pay. Similarly, hospitals noted that many nurses and service staff live in west Cook County and commute due to housing costs.

The auto-oriented nature of the County's transportation system impacts affordability as borne out in data from HUD's Location Affordability Index.[4] Under the index a household should not spend more than 45 percent of income on housing and transportation costs combined. The maps below show the share of income different household types would be expected to spend on transportation alone in DuPage County. While relatively affordable for retired couples ($49,094 in annual income, 2 people, 0 commuters), DuPage County is far less affordable for the typically median-income family ($61,367 in annual income, 4 people, 2 commuters) or working individual ($30,684 in annual income, 1 person, 1 commuter). Both a median-income family and a working individual are unlikely to find locations to live in DuPage County where they can spend less than 19 percent of their income on transportation costs. Stakeholder discussions reinforced how such costs help limit the ability of young workers, such as an individual just out of college, to work and live in the County.

[3] Pill, Madeleine. *Employer-Assisted Housing: Competetivness Through Partnership.* (September, 2000). Joint Center for Housing Studies, Neighborhood Reinvestment Corporation. http://tinyurl.com/n73amvw.

[4] http://www.locationaffordability.info/lai.aspx.

Figure 9. Transportation costs as a share of household income by census tract for different household types



Source: U.S. Department of Housing and Urban Development Location Affordability Index.

Quality of life

Quality of life issues, broadly defined, also play an important role in stimulating housing demand. Stakeholder input revealed that quality of life factors loom large in why someone chooses to move to DuPage County. Many residents and stakeholders identified key assets like high-quality shopping and retail options, grocery stores and restaurants, safety, and proximity to Chicago. DuPage County is known for clean streets, attractive parks and open spaces, and good schools.

Good quality education is an especially important driver for why people want to live in DuPage County. Overall, schools in DuPage County are regarded as good and a major draw for households with children, including low-income families. That said, school quality does vary throughout the County and some districts have far higher concentrations of "low-income students" as defined by the Illinois State Board of Education.[5] According to the 2014-15 Illinois Report Card, Glendale Heights' Marquardt School District 15 had the highest concentration of low-income students of any district in DuPage County. This district includes portions of Addison Township. Low-income students are also concentrated in school districts in Addison, Bensenville, West Chicago, and Woodridge. Districts with higher concentrations of low-income students are in contrast to the schools in the more affluent areas of DuPage County. For example, Hinsdale Community Consolidated School District 181 school district has only 3 percent low-income students of a 3,914 total enrollment.

Finally, a number of stakeholders talked about the importance of a high quality network of parks and open spaces in influencing their decision to live in DuPage County. CMAP's 2013 Land Use Inventory shows that about 20 percent of the land area in the County is open space, with large parks and forest preserves located throughout. About 12 percent of the total land in DuPage County is owned by the Forest Preserve District of DuPage County, covering 25,000 acres across 60 preserves. In addition to traditional parks and open space; DuPage County has also used conservation easements as a way to preserve additional open space and increase capacity in the County.

[5] "Low-income students" refer to the percentage of students in a district who are eligible to receive free or reduced-price lunches, live in substitute care, or whose families receive public aid as defined by the Illinois State Board of Education.

Housing supply factors

Key findings

- DuPage County is substantially built out. Adding more housing will likely need to occur through reuse, redevelopment, and additional density.
- Owing to that built-out status, the resulting price pressures, and demographic trends, DuPage County has seen changes in both the type of units built (more townhomes and multifamily) and the tenure choices of residents (more renters).
- Community resistance to new housing, particularly for new multifamily housing or housing targeted to low- and moderate-income households represents a sizable barrier to increasing housing supply.
- The vast majority of housing affordable to low- and moderate-income households is naturally occurring and particularly vulnerable to market price pressures.
- Property tax rates in DuPage County are driven by school district levies, which directly relates to a key factor in why residents say they move to DuPage County (i.e. good quality schools).

Land Use

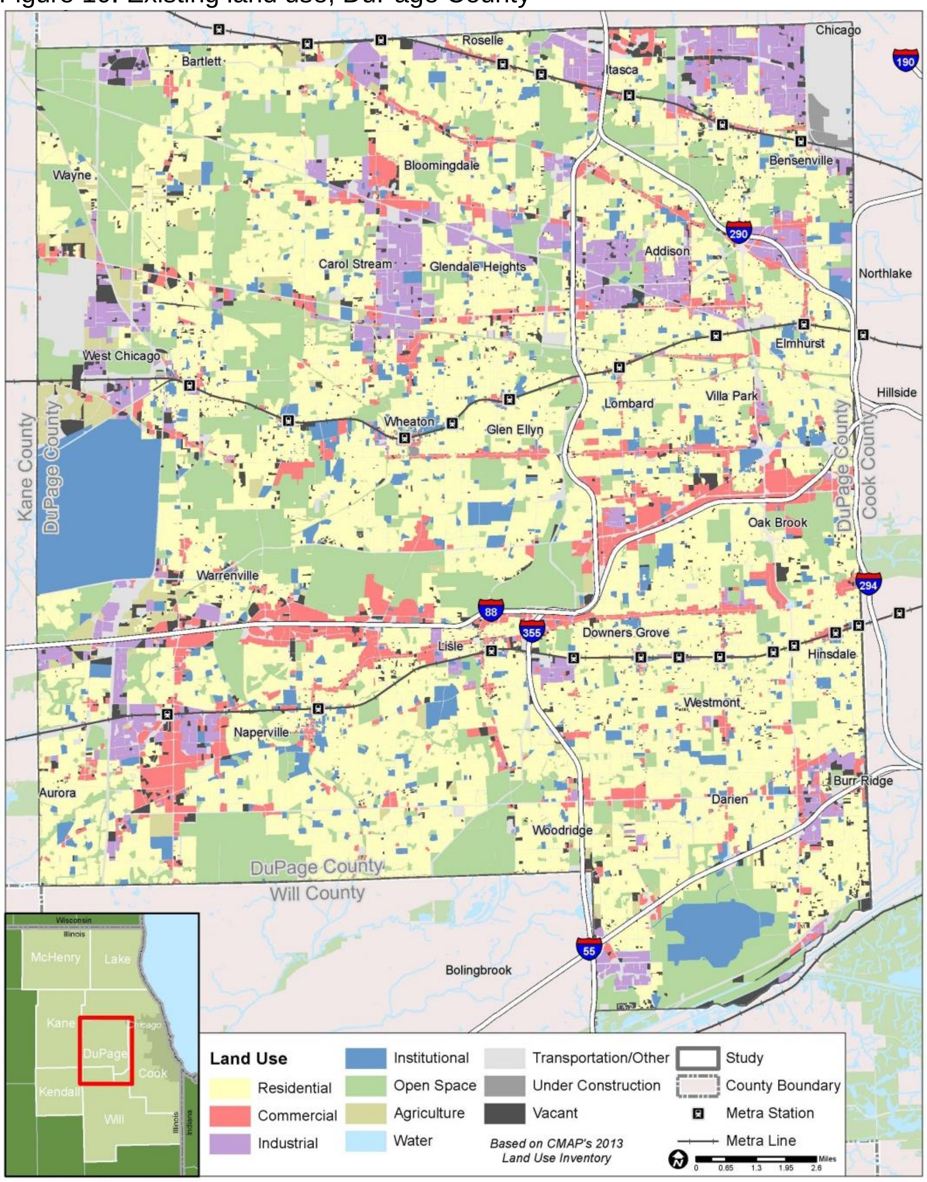
Livable communities depend on a mix of land uses that provide the homes, businesses, civic institutions, and open space that are essential for daily living. Reviewing existing land use patterns in DuPage County allows for an exploration of how current and future housing needs may be accommodated.

The vast majority of land used for residential purposes is occupied by single-family homes. More than a third of the land area in DuPage County is occupied by single-family residential buildings, with an additional 2.5 percent used for multifamily uses. Only 13 acres are occupied by mixed-use buildings with a residential component, emphasizing the suburban single-use nature of most residential neighborhoods.

As discussed previously, the County contains many strong commercial and industrial areas. Office space is densely clustered along the I-88 corridor, supplemented by retail, residential, and hotels. Retail uses are also clustered along major east-west roadways like North Avenue, Roosevelt Road, and Lake Street. Industrial uses are most heavily concentrated in northern DuPage County, including near O'Hare Airport and further west, especially along the Elgin-O'Hare Expressway.

Consistent with the stakeholder feedback that DuPage County is essentially built-out, only 3 percent of the land is vacant and an additional 1.8 percent occupied by agriculture. This contributes to developers reusing and redeveloping both residential and non-residential buildings to create new housing, including the oft-cited tear-down phenomenon. Most farmland is located in the west-central part of the County, particularly near West Chicago and Warrenville. Recognizing that fewer greenfield sites makes the process for developing additional housing more challenging and that such challenges can impact housing affordability, as noted in the current Consolidated Plan, the County encourages all municipalities to incorporate zoning regulations and long-term planning efforts to further affordable housing. Similarly, the two *Homes for a Changing Region* plans in DuPage County have identified the need to consider how best to foster redevelopment and reuse, especially along major corridors, including St. Charles Road in Villa Park, Lake Street in Addison, Irving Park Road in Bensenville, and in downtown West Chicago.

Figure 10. Existing land use, DuPage County



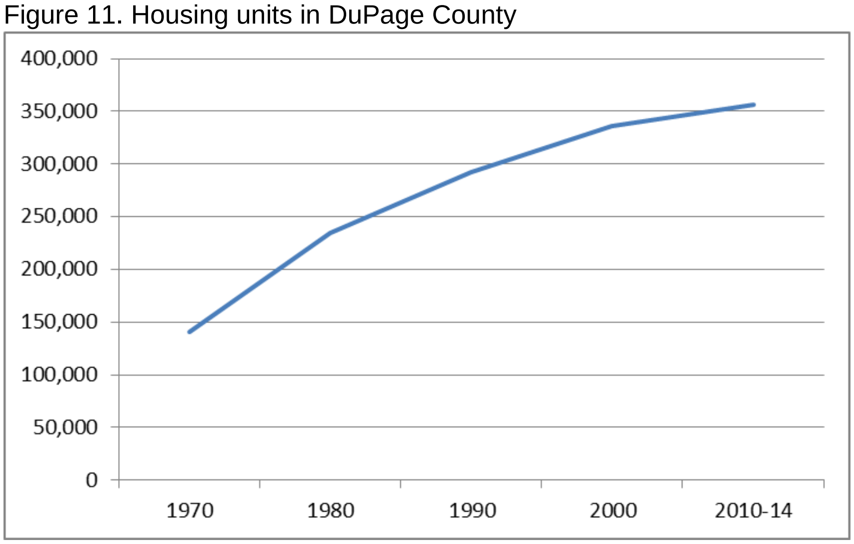
Source: CMAP 2013 Land Use Inventory

Housing stock

The U.S. Census estimates that there are 356,625 total housing units currently in DuPage County. Owners live in the vast majority of those units (74 percent). That said, the number of households renting in DuPage County has grown by almost 15 percent since 2000, greater than the overall growth in the housing stock. Such change has many impacts. First, more households in single-family homes are renting, evidenced by an almost 80 percent increase in single-family rentals since 2000 in DuPage County. As highlighted in MPC's *Managing Single-Family Rental Homes* white paper, many communities are struggling with the surge in single-family rentals, from changing neighborhood dynamics to adapting monitoring. Second, greater housing stock diversity in DuPage County is providing more housing options for renters. Growth in townhomes as well as small and large multifamily buildings far outpaced growth in single-family homes since 2000.

In some ways, increasing housing stock diversity is unsurprising. Between 2000 and 2010-14, the number of housing units in DuPage County grew by less than 1 percent annually. Such growth is far less than the 6.5 percent annual growth of the 1970s or the 2.5 percent annual growth of the 1980s. Instead, as DuPage County becomes fully built out, fewer sites for greenfield development remain and developers are likely responding to decreasing land availability by increasing density.

Figure 11. Housing units in DuPage County



Source: Chicago Metropolitan Agency for Planning analysis of U.S. Census 1970, 1980, 1990, 2000, and American Community Survey 2010-14.

Table 4. Change in housing type in DuPage County

Housing Type	2000	2010-14	% Change
Single-family detached	205,735	213,040	3.6%
Townhomes	36,223	43,913	21.2%
Small Multifamily	12,247	13,981	14.2%
Large Multifamily	80,951	85,071	5.1%
Other	465	620	33.3%
Total:	335,621	356,625	6.3%

Source: Chicago Metropolitan Agency for Planning analysis of U.S. Census 2000 and American Community Survey 2010-14.

Market activity

The impacts of decreasing land for development and increasing density can be seen in both the single-family and multifamily housing markets.

Single-family market

Data from Metrostudy, a company that specializes in housing market intelligence, shows the increasing housing price pressures in the single-family market in DuPage County. Between second quarter 2015 and second quarter 2016, Metrostudy reported 13,520 home sales in DuPage County. Of these sales, more than three-quarters were resales and less than 3 percent were the sale of new homes. As of second quarter 2016, the average price for a new home was $573,946 ($311.50 per square foot), while the average resale price for a home in the County was $307,892 ($165.90 per square foot). While a price-premium for new home sales is typical, the per square foot premium for new sales in DuPage County increased substantially between 2005 and 2015 and the per square foot cost for all units declined. When these home prices were adjusted for inflation based on purchasing power in 2005, the sale price for a new home in DuPage County was $252.97, an increase of 41.3 percent from 2005 to 2015. The inflation-adjusted average sale price for all homes in DuPage County was $133.49, a -25.1 percent decrease from 2005 to 2015.

Sales volumes are recovering from the downturn, up to 4.7 sales per 100 residential parcels in DuPage County in 2015 from a low of 2.9 sales in 2010 based on data from the DePaul Institute for Housing Studies. Such volumes are still below peak (8 sales per 100 residential parcels in 2005). Some stakeholders speculate that lower sales volumes exacerbate housing affordability issues as fewer entry level homes come on the market, pushing up prices. Others think younger households may not be able to afford entry level homes in much of DuPage County irrespective of volumes because of lower incomes and student loan debt.

Table 5. Housing transaction values per square foot 2005-15*

Transaction type	DuPage County 2005	DuPage County 2015*	DuPage County Change 2005-15	Region 2005	Region 2015*	Region Change 2005-15
New	$179.00	$252.97	41.3%	$179.20	$153.34	-14.4%
Regular resale	$178.30	$134.72	-24.4%	$181.00	$139.42	-23.0%
REO Sale	$147.30	$95.50	-35.2%	$113.20	$86.11	-23.9%
All sales	$178.20	$133.49	-25.1%	$179.60	$123.17	-31.4%

Source: Chicago Metropolitan Agency for Planning analysis of Metrostudy. *Inflation-adjusted to 2005 Dollars BLS Consumer Price Index.

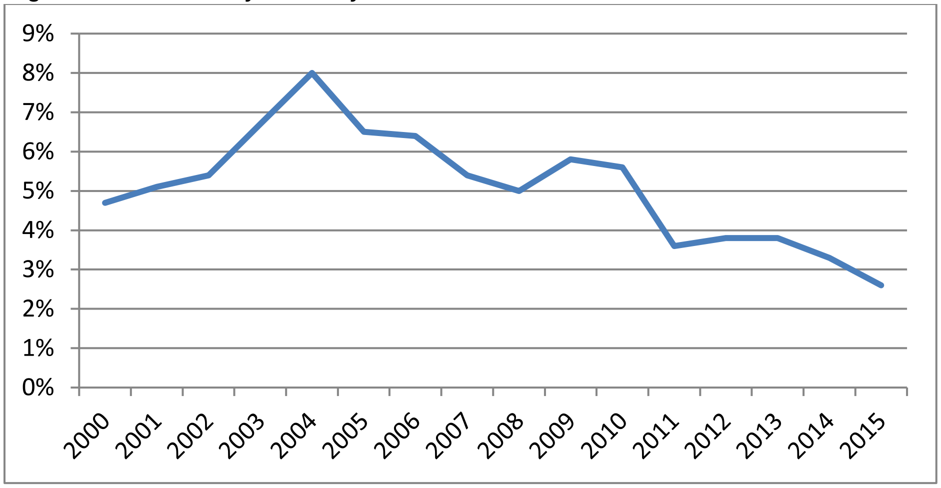
Multifamily market

According to CoStar, as of first quarter 2016, there were 828 non-student and non-senior multifamily properties with five or more units in DuPage County. These buildings contained 58,930 units with an average unit size of 887 square feet. One bedroom (41.8 percent) or two bedrooms (41.2 percent) apartments make up most of the units. Less than 5 percent of units in such buildings contain three or more bedrooms. Naperville had the greatest concentration of multifamily units with 8,457, followed by Woodridge and Lisle with roughly 4,000 units each.

Despite an increasing non-single-family stock, demand for multifamily housing remains strong. As of first quarter 2016 CoStar reported a multifamily vacancy rate in DuPage County of 2.5 percent, the lowest vacancy rate since first quarter 2000. The local multifamily vacancy rate has trended downward since peaking at 8 percent in fourth quarter 2004. Between first quarter 2000 and first quarter 2016, multifamily average rents increased by 35.1 percent from $0.97 per square foot to $1.34 per square foot; this equates to an average per unit monthly rent of $1,175, a price affordable to a household making at least $47,000. When adjusted for inflation, the rental rates have remained relatively stable based on purchasing power. In 2000 inflation-adjusted dollars, as of first quarter 2016, the average rental rates were $0.96 per square foot.

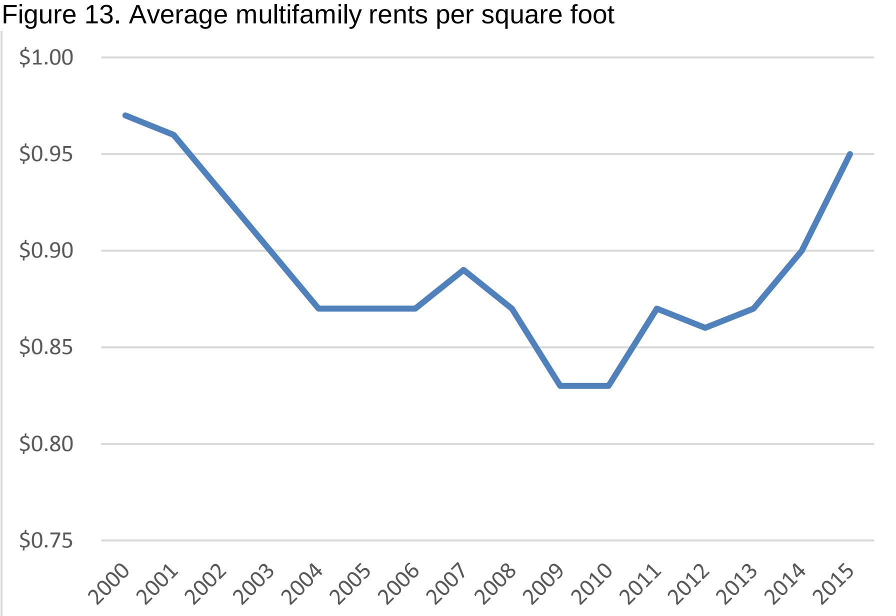
Numerous stakeholders feel local building and zoning standards increase such price pressures due to lengthy permitting processes, stringent design standards, and low permitted densities. Municipalities do not feel similarly about the role of building standards and permitting processes, thinking that the challenges are often far more related to community acceptance and vision.

Figure 12. Multifamily vacancy rates



Source: Chicago Metropolitan Agency for Planning analysis of CoStar

Figure 13. Average multifamily rents per square foot

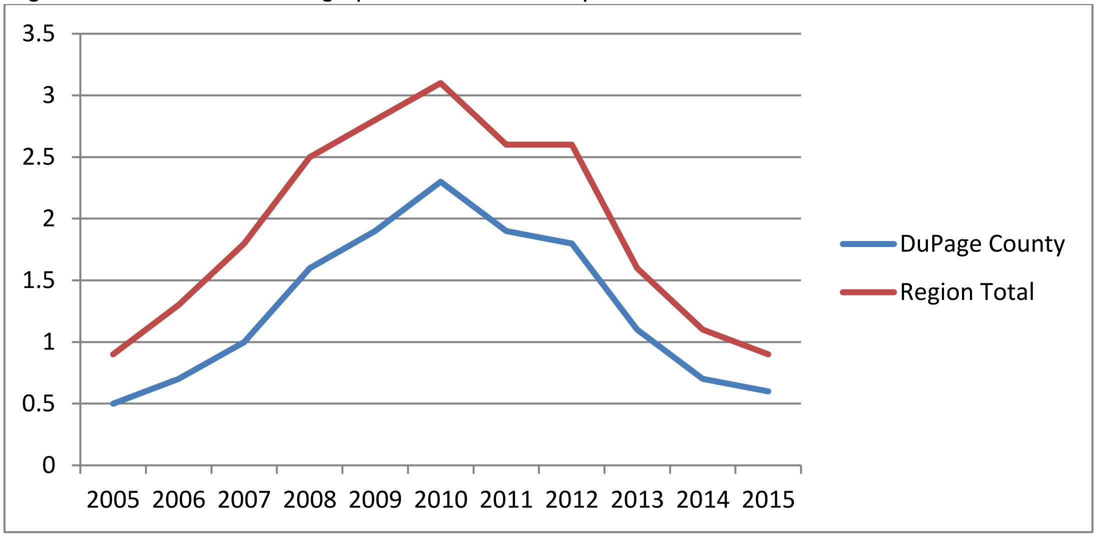


Source: Chicago Metropolitan Agency for Planning analysis of CoStar. Inflation-adjusted for 2000.

Foreclosure

Foreclosure filing data further bolsters evidence that the housing market in DuPage County is strong. According to DePaul University's Institute for Housing Studies (IHS), between 2005 and 2015, DuPage County had relatively fewer foreclosure filings than any other part of the region. The rate of annual foreclosure filings declined from a peak of 2.3 filings per 100 residential parcels in 2009 to 0.6 in 2015. At the regional peak of foreclosure filings in 2010 (3.1 filings per 100 residential parcels), rates were high in Glendale Heights (5.4 filings per 100 residential parcels), Hanover Park (5.4 filings per 100 residential parcels), and Bolingbrook (5.3 filings per 100 residential parcels). By 2015, foreclosure rates in those three communities remained higher than DuPage County (0.6 filings per 100 residential parcels) and the region (0.9 filings per 100 residential parcels).

Figure 14. Foreclosure filings per 100 residential parcels



Source: DePaul Institute for Housing Studies.

Housing affordability

Affordability is an essential element in understanding a local housing market. What constitutes "affordable housing" varies from household to household, as the measure is relative. An affordable housing unit is typically considered one that a family can own or rent for no more than 30 percent of its total income. This spending includes both housing (rent or mortgage) and housing-related costs, such as property taxes, insurance, and utilities. This time-tested standard is reflected broadly, from the underwriting standards of private lenders to data from the U.S. Census Bureau.

State of the Nation's Housing 2016 by the Joint Center for Housing Studies at Harvard University highlights national divergence in incidents of cost-burden. For owners, cost-burden has declined for a few years now due to a confluence of factors: income gains and interest rate-driven reductions in mortgage costs, and high foreclosure rates making the most distressed owners renters instead. The national strength of the rental market, however, has helped drive up the number of cost-burdened renters.[6]

These national trends are mirrored in DuPage County and the region. The share of owners who are cost-burdened has decreased slightly over the two most recent U.S. Census periods. The share of cost-burdened renters has grown, reaching almost 50 percent in DuPage County as of

[6] Joint Center for Housing Studies. State of the Nation's Housing 2016. Existing Conditions (June, 2016). Harvard University.

the 2010-14 American Community Survey. On the whole, cost-burdened households make up a smaller share of both the owner and renter populations in DuPage County than in the region, perhaps reflective of the generally higher incomes of residents. Such higher regional cost-burden numbers speak to the challenges of meeting housing demand from those who would like to move to DuPage County given rising local rents and sale prices in a region with declining incomes.

Figure 15. Share of owners who are cost-burdened

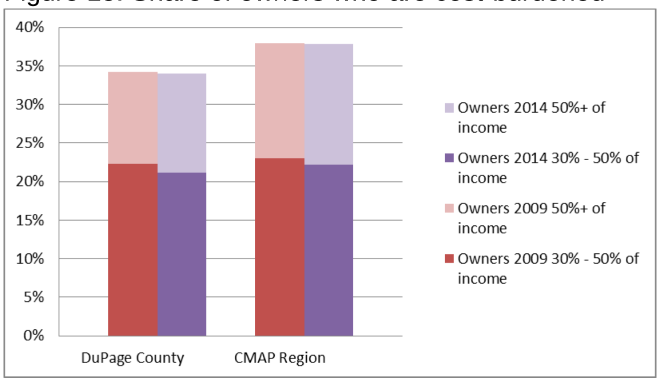
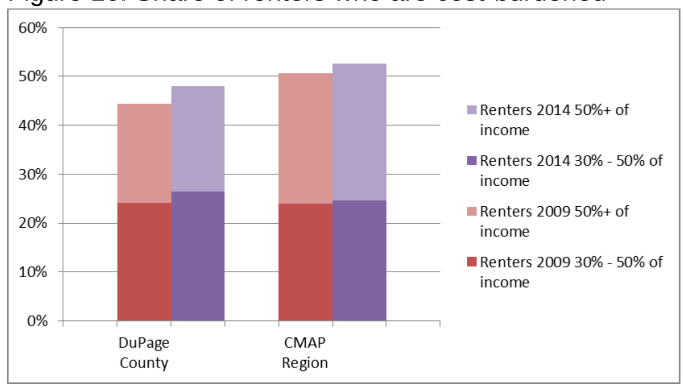
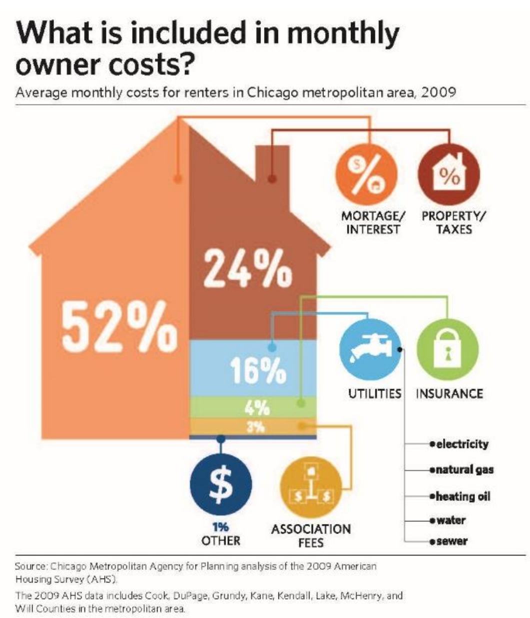
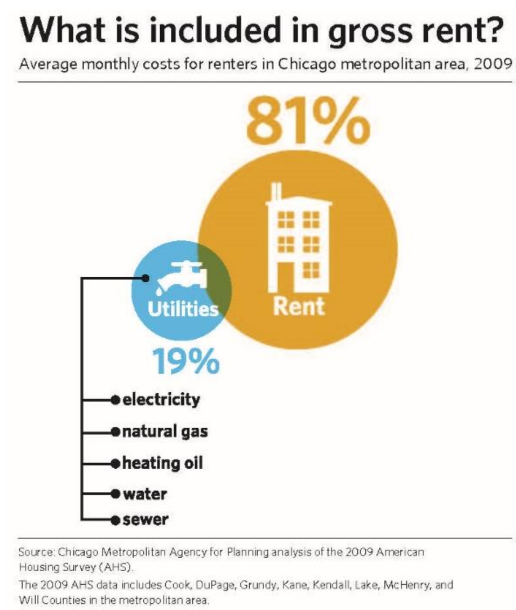


Figure 16. Share of renters who are cost-burdened



Source: Chicago Metropolitan Agency for Planning American Community Survey 2005-09 and 2010-14.





Property taxes

Numerous stakeholders raised the possibility that high property taxes make housing less affordable in DuPage County. According to the 2009 American Housing Survey, property taxes typically comprise about a quarter of monthly owner costs in northeastern Illinois, validating concerns that high property taxes can greatly reduce local housing affordability. To understand the impact of residential property taxes in DuPage County, it is important to look at tax rates, property values (i.e. tax base), and the system of local revenue generation.

Local revenue generation system

The property tax burden is comprised of several types of taxing districts, including the County, township, municipality, special districts, and school districts. While property taxes are an important revenue source for many local taxing districts, including municipalities, they are not the only source. For many DuPage County communities, sales taxes are the largest revenue source. Non-property tax sources allow municipalities the flexibility of lower property tax levies to provide municipal services than they might otherwise.

School districts drive property tax rates in DuPage County. Except for a few locations in communities like Wood Dale and Woodridge, school district levies make up at least 60 percent of the property tax rate in DuPage County in 2012, similar to much of the region. Note that the areas of the County where the school district property tax burden is more than 80 percent of the total are primarily in unincorporated areas; the lack of municipal property tax likely results in the school district property taxes being a larger proportion of the total.

Figure 17. Largest sources of municipal revenue, 2014

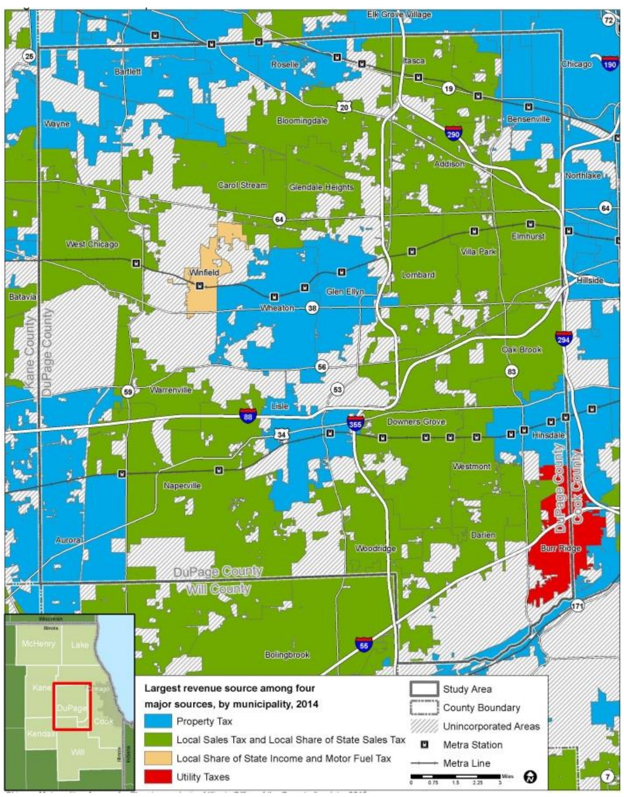
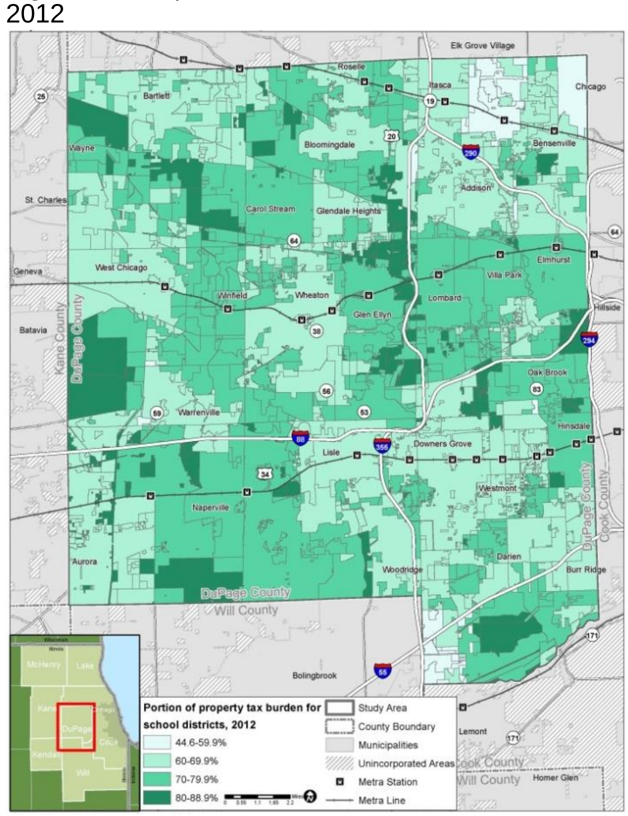


Figure 18. Proportion of tax rate from school districts, 2012



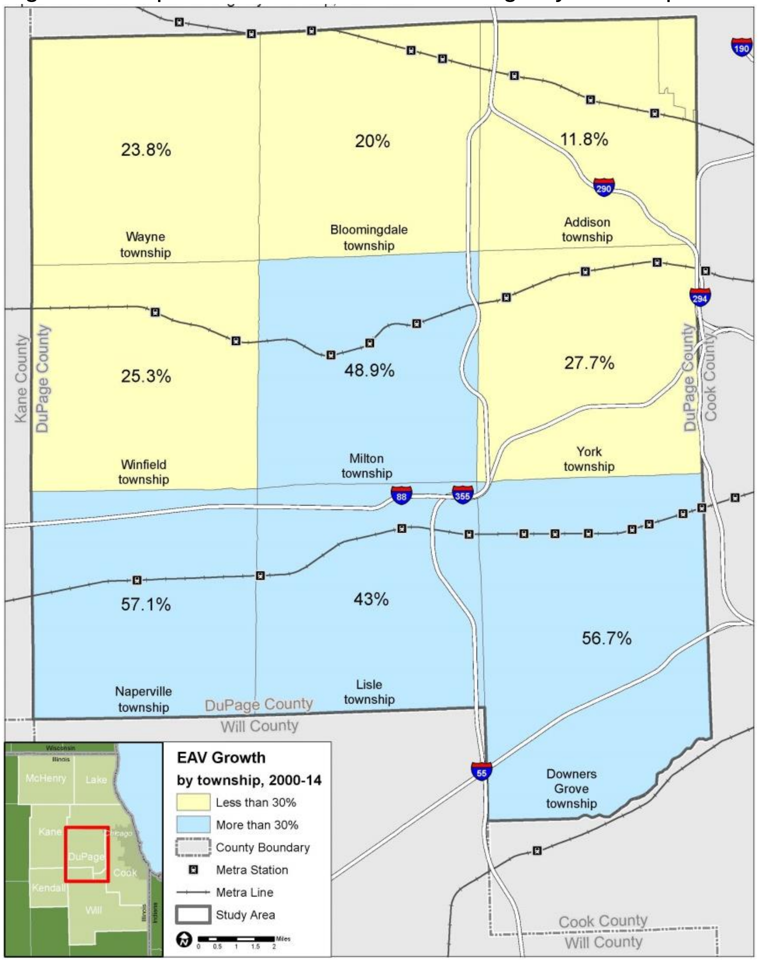
Source: Chicago Metropolitan Agency for Planning analysis of Office of the Comptroller data.

Property values

Trends in the tax base (property values) inherently impact tax rates. Areas of low growth in the property tax base are at risk for higher property tax rates in the future if the growth in the cost of public services outpaces growth in the base. While many have cited property taxes as a major barrier to affordable housing in DuPage County, the root of the problem is that strong demand results in high property values, as evidenced by previously discussed single-family and multifamily market trends. Commercial and industrial property taxpayers share the burden with residential taxpayers. Thus, strong commercial and industrial property values have an important role in keeping tax rates low for all property taxpayers, including homeowners and landlords.

Both the residential property tax base and the overall property tax base, both measured by equalized assessed value (EAV), have increased since 2000 in much of DuPage County. In northern parts of the County, that growth has been less than what is typical in the region, raising concerns about whether values for residential, commercial, and industrial property are growing sufficiently to keep pace with public service costs. Much of this growth occurred before the recession. Residential EAV in DuPage County has been dropping since 2009 and commercial and industrial EAV have been dropping since 2008, though the declines in all sectors are less in DuPage than in other parts of the region.

Figure 19. Equalized assessed value change by township, 2000-14

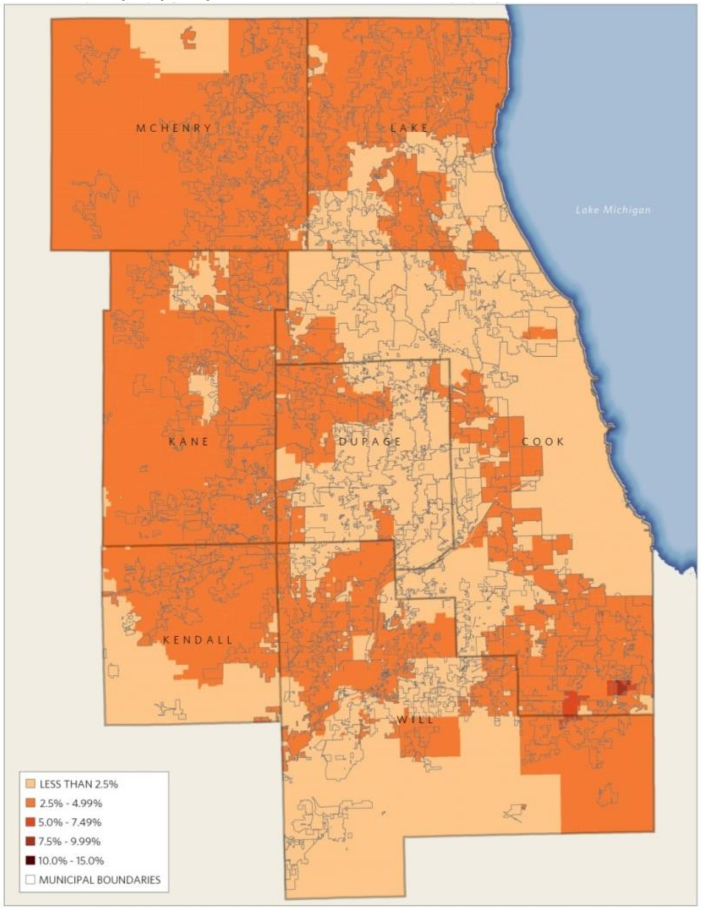


Source: CMAP analysis of Illinois Department of Revenue 2000 and 2014 data.

Tax rates

Across DuPage County, composite property tax rates for tax year 2012 ranged from 3.1 percent to 11.5 percent. Yet, those rates raise very different amounts of revenue due to variations in land value. Taking such variation into account, effective property tax rates for residential property ranged from 0.2 percent to 3.3 percent of market value, with rates below 2.5 percent in much of the County. These rates exclude Special Service Area taxes. Taxing districts are able to keep rates low while still providing a sufficient level of public services because the property tax base across much of the County is relatively high.

Figure 20. Effective composite property tax rates in northeastern Illinois, residential property, 2012



Source: Chicago Metropolitan Agency for Planning analysis of data from the Illinois Department of Revenue; County Assessor and County Clerk offices of Cook, DuPage, Kane, Kendall, Lake, McHenry, and Will counties.

Some stakeholders believe that property tax rates could be lower with fewer units of local government. DuPage County contains approximately 200 different property taxing districts, or 1 district for approximately every 4,700 residents. Such a rate is by far the highest among counties in the region. For example, Lake County contains 1 property taxing district for every 3,700 residents and suburban Cook County contains one for every 3,900 residents. Research by CMAP research does not show a linkage between more of units of government per capita and higher property tax rates. That said, stakeholder interviews have highlighted that issues stemming from a large number of units of government may not always be financial, but rather regulatory.

Subsidized housing for low- and moderate-income households

A typical strategy to improve housing affordability and address gaps in the provision of housing is to use federal, state, or local subsidies to support the construction of additional units or provide direct financial assistance to households. Such efforts typically focus on assisting low- and moderate-income households.

HUD's Comprehensive Housing Affordability Strategy data for 2009-13 shows that in DuPage County, approximately 40 percent of the housing stock and 70 percent of the rental stock is affordable to households earning less than 80 percent of AMI. While the owner-share is almost unchanged since 2000, the rental share declined from 79 percent. A scan of the most prominent subsidy programs showed a total of 60 housing properties that received some type of state or federal subsidy in DuPage County. The 6,656 units in these properties make up 2 percent of the County's housing stock, less than 8 percent of the rental stock, and less than 11 percent of the rental stock affordable to low- and moderate-income households. Of those 6,656 units that are subsidized, approximately 7 percent could be lost before the end of 2016 and an additional 10 percent lost by the end of 2019. Most of the units that could be lost hold project-based voucher contracts.

The DuPage County Housing Authority does not operate any public housing but manages the administration of HCVs, which allows income eligible families to enter the rental market at a subsidy based on their income, along with some project-based vouchers. Voucher-holder occupy about 4.3 percent of the DuPage rental stock in 2016 (fewer than 4,000 vouchers) and the number of vouchers-holders in DuPage has remained fairly stable since 2000, rising only 6 percent compared to a 20 percent increase in the rental stock. Many landlords in DuPage County do not participate in the HCV program due to factors including negative perceptions of voucher holders and stigma of the program as difficult to work with. Both advocates and landlords note that the rent subsidies provided through HCVs are often below market rents in DuPage County, further dampening landlord interest, particularly in a tight rental market.

As such, the majority of the housing affordable to low- and moderate-income households in DuPage County is naturally occurring, without a subsidy attached to the unit or available to the occupying household, without a deed restriction or covenant that ensures only low- and moderate-income households have access to the unit. These naturally occurring affordable units are subject to market forces and given the strong housing market in much of DuPage County, could become unaffordable to low- and moderate-income households at any time.

Fierce competition for declining resources and complicated regulations hinder household, developer, or landlord attempts to increase the stock of subsidized units. HUD entitlement funding to communities in the County decreased more than 20 percent between 2006 and 2016. Needs far outstrip available funding and applicants fight for a shrinking pool of funds. Stakeholders complain that burdensome regulations that come with HUD funding reduce the number of households or housing units that can be assisted with what funds remain. Similar criticisms are leveled at state resources, programs, and requirements. Ongoing state budget challenges decrease program funding. State regulations can make assisting any one household or unit more expensive. Even when communities support the development of housing for low- and moderate-income individuals, the project may not get the funding needed to proceed, like Low Income Housing Tax Credits, because of strong competition for the limited resources.

Community barriers to supply

Community acceptance is an important factor to consider when assessing current and future housing supply and demand. While the housing stock and the population of DuPage County have grown more diverse in recent years, acceptance of that diversity has not been universal. Anecdotal evidence from interviews indicate that the phenomenon of "NIMBYism" (an acronym for "not-in-my-backyard") is pervasive in DuPage County and an underlying factor in the construction of new housing generally, and of certain types (townhome and multifamily housing) and for certain populations (often low- and moderate-income households).

Affordable housing practitioners expressed concern that some residents would prefer to keep housing for low- and moderate-income households confined to certain places in DuPage County like Addison, Bensenville, Villa Park, West Chicago, Aurora, Lombard, Westmont and some parts of Downers Grove, and away from others like Hinsdale, Elmhurst, Wheaton and parts of Naperville. Others have noted that getting new housing built, particularly multifamily, can be very challenging due to both concerns about density. Many multifamily proposals, regardless of price point, must combat perceptions about the populations that will occupy those units. One property owner who accepts HCV tenants and that has multiple units throughout the County noted that many residents believe low-and moderate-income housing demand in DuPage County comes from low-income residents fleeing Chicago for fear of violence or other deleterious influences. Many landlords do not welcome such tenants into their buildings. As one community leader put it, the sentiment by existing homeowners is, "if you can afford a house as big as mine, 'welcome' – but if not, 'stay out'".

Feedback from a focus group of DuPage County Family Self-Sufficiency Program participants revealed that many HCV holders feel that no one in DuPage County wants to rent to them. HCV holders are not the only ones who feel discriminated against when trying to obtain housing in DuPage County. Feedback from focus groups revealed that many low-income housing-seekers would feel fortunate to obtain a HCV due to long waiting lists. Others expressed that the voucher does not cover enough of the rent to ensure long-term housing stability. Low-income residents also cited factors that depress their incomes as important in limiting their chance of finding housing in DuPage County, including sudden joblessness, overwhelming debt and poor credit scores, jobs that pay low-wages, medical bills, and mental health or substance abuse issues. Notably, some members of this population are veterans and refugees.

A number of elements can be put in place to improve their likelihood of success. The 2016 DuPage County Community Needs Assessment revealed that obtaining child care is the biggest barrier to low-income households getting access to higher paying jobs. Job training, increased educational opportunities, financial literacy, homeownership education, mental health and substance abuse counselling were all cited as needs, in addition to access to technology to apply for jobs.

Yet, there are examples of community support for expanded supply. In Woodridge, in response to strong demand for senior housing, the Village bought land and demolished two existing buildings in order to sell three and a half acres to a developer for senior housing. The site was chosen because of its prime access to bus transit, a nearby grocery store, a park, and other amenities. The land was purchased at a steep discount.

In 2008, the Village entered into a development agreement with the Alden Foundation to build a 93-unit senior building, with 90 of the units designated for residents at 60 percent of median income. The 96,000 square foot building, called Woodridge Horizon, includes 19 units for voucher-holders from the DuPage Housing Authority who pay no more than 30 percent of their income on rent. Units are one and two bedrooms and rents range from between $330 to $875 and $774 to $975 respectively.

The Village credits the success of this development to strong community support for senior housing although they acknowledge that there was a segment that desired the building to be entirely market rate. In addition to the discounted land, the developer benefited from $1.4 million in low-income housing tax credits from the Illinois Housing Development Authority (IHDA) as well as funds through the HOME Investment Partnership Program and grants for energy efficiency.

Housing submarkets

Housing work by CMAP and its partners over the past six years highlights the importance of understanding geographic variation in housing issues. That lesson has been particularly clear through the *Homes for a Changing Region* program, where CMAP and its partners have seen that communities with common market conditions (such as a shared transit corridor, high foreclosure rates, poor job access, or high demand for rental housing) are more likely to collaborate long-term and achieve sustainable results.

With this in mind, CMAP and its partners worked with the DePaul University Institute for Housing Studies to help define variation in housing market conditions across the region. DePaul looked at more than 40 variables, including housing stock characteristics, the affordability of the stock, housing investment and market conditions, and demographic variables. The full list of characteristics is in Appendix A.

The analysis identifies eight different housing submarkets in the region; each census tract in the region falls into one of the eight submarkets. These submarkets are most strongly differentiated by age of the unit, household income, population growth, and economic hardship indicators such as unemployment and foreclosure. In DuPage County, six of the eight submarkets are present. Neither the most distressed submarket (1) nor the high-income young urban submarket (3) are present. The rarity of very distressed areas points to the relative affluence throughout.

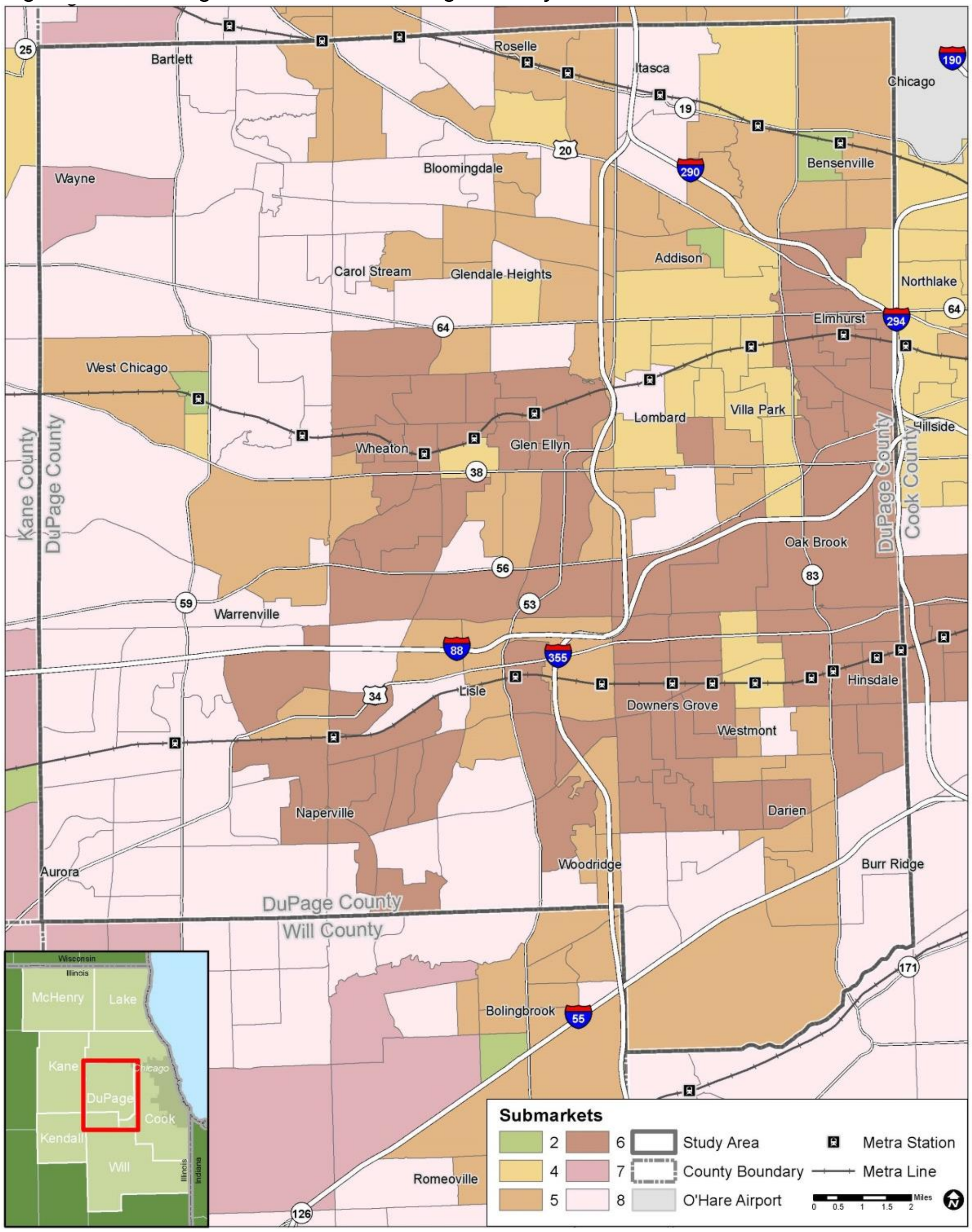
That said, there is still substantial variance in the strength of housing markets that will lead to widely different strategies to address issues of housing affordability (Table 6). Stronger markets in DuPage County, such as submarket 6, feature lower vacancy rates and proportionally fewer renter households and households making less than 30 percent of AMI. The propensity of a household to struggle with cost-burden relates closely to tenure; areas with more renters have higher shares of their population that are cost-burdened, likely due to the previously discussed tight rental market. What follows is a description of the submarkets found in DuPage County.

Table 6. Change in housing type in DuPage County

Metric	Submarket 2	4	5	6	7*	8
Share of County housing stock	1%	9%	26%	30%	0%	33%
Single-family share of units in submarket	57%	79%	40%	73%	98%	58%
Vacancy rate in submarket	9%	5%	7%	5%	1%	5%
Share of occupied units with a renter in submarket	35%	24%	34%	19%	1%	22%
Share of households who are cost-burdened in submarket	46%	37%	41%	31%	42%	34%
Share of population younger than 20 in submarket	30%	26%	25%	28%	39%	27%
Share of population older than 65 in submarket	7%	11%	14%	14%	7%	11%
Share of households earning less than 30% AMI in submarket	13%	8%	10%	6%	1%	6%
Share of households earning more than 100% AMI in submarket	40%	54%	48%	68%	84%	65%

Source: Chicago Metropolitan Agency for Planning analysis of American Community Survey 2010-14 and Comprehensive Housing Affordability Strategy data for 2009-13.
*Submarket 7 includes only one census tract.

Figure 21. Housing submarkets in DuPage County.



Source: Chicago Metropolitan Agency for Planning.

Only three isolated parts of DuPage County, in Addison, Bensenville, and West Chicago, are in submarket 2. This is the most distressed submarket in DuPage County, with high and increasing levels of cost-burden due to declining incomes, larger-household sizes, and an older (pre-1940) housing stock. Mortgage investment is low but cash sales are high, which when combined with the high foreclosure rates, points to the transitioning of homes from owners to renters.

Areas in submarket 4 are concentrated in the northeastern part of the County, especially the communities of Addison, Lombard, and Villa Park. Cluster 4 is mainly comprised lower density housing built between World War II and 1959. Most households are owners and very little of the stock is subsidized for low- and moderate-income households. Despite some foreclosures and distressed sales, the private market continues to function, with moderate levels of mortgage lending. The middle-income households who live in these areas are struggling with increasing cost-burden, due in part of higher transportation costs, declining incomes, and a growing senior population.

Submarket 5 areas can be found throughout DuPage County. In many ways, clusters 4 and 5 are quite similar, except that the housing stock is less dense and slightly newer (built between 1960 and 1979). It is largely owner occupied. Investment and market conditions for this cluster are weak. There are moderate levels of foreclosure activity and moderate to high levels of distressed and cash sales.

Submarket 6 is the most affluent submarket in the region and can be found in central and eastern parts of DuPage County. Home prices and rents are both high, but cost-burden is low because of the high incomes. The housing stock is mostly single-family homes of varying ages. Strong demand supports private efforts to maintain, rehabilitate, or replace older units. Cluster 6 had the highest increase in people 60 and over.

A small part of northwestern DuPage County near Wayne is in submarket 7. Recent growth after 2000 defines this cluster. The housing stock is primarily low density, and the cluster has the lowest level of renters overall. There are moderate levels of foreclosure activity and distressed sales. Despite a strong market conditions before 2008, there have been moderate levels of lending and market activity has stagnated recently. Regionally, submarket 7 has the most significant population growth.

Much of western DuPage County falls into submarket 8 due to the areas low-density suburban development that occurred after 1980. Most homes are owned, with moderate to high home prices offset by similar incomes. Cluster 8 has some of the highest transportation costs of any of the clusters. The cluster is not heavily affected by foreclosures, but has moderate levels of distressed sales. There is low vacancy with moderate levels of mortgage activity. Cluster 8 has seen moderate levels of population growth and a large increase in the senior population (60+).

Appendix A

Data sources for the housing submarkets.

Variable	Description	Source Table	Year	Unit of Analysis
Population Under 15	Population Sex by Age	ACS 2013 B01001	2013	Count of Population
Population Under 15	Population Sex by Age	Brown University Conversion	2000	Count of Population
Total Population	Population per Tract	ACS 2013 B01003	2013	Count of Population
Total Population	Population per Tract	Brown University Conversion	2000	Count of Population
Household Income	Household Income by Brackets	ACS 2013 B19001	2013	Count of Households
Household Income	Household Income by Brackets	Census 2000 SF3 HCT011	2000	Count of Households
Median Household Income	Median Household Income	ACS 2013 B19013	2013	$ Amounts
Median Household Income	Median Household Income	Brown University Conversion	2000	$ Amounts
Unemployment	Employment Status 16 Yrs & Over	ACS 2013 B23025	2013	Count
Unemployment	Employment Status 16 Yrs & Over	Brown University Conversion	2000	Count
Housing Units	Housing Units	ACS 2013 B25001	2013	Count
Housing Units	Housing Units	Census 2000 SF1 H001	2000	Count
Vacant Units	Occupancy Status	ACS 2013 B25002	2013	Count
Vacant Units	Occupancy Status	Census 2000 SF1 H003	2000	Count
Tenure	Count of Owners and Renters	ACS 2013 B25003	2013	Count
Tenure	Count of Owners and Renters	Brown University Conversion	2000	Count
Age Bracket Household Young, Middle, Seniors	Owners and Renters combined to three age brackets (15-34; 35-59; 60+)	ACS 2013 B25007	2013	Count
Age Bracket of owners and renters Combined	Owners and Renters combined to three age brackets (15-34; 35-59; 60+)	Census SF1 H016	2000	Count

Variable	Description	Source Table	Year	Unit of Analysis
Size of Household by # of People	1 person or 2-4 Person or 5-7+ Household Size	ACS 2013 B25009	2013	Count Households
Size of Household by # of People	1 person or 2-4 Person or 5-7+ Household Size	Census 2000 SF1 H015	2000	Count Households
Year Structure Built	Structures built per 20 Year Time Period	ACS 2013 B25034	2013	Count Structures
Year Structure Built	Structures built per 20 Year Time Period	Census 2000 SF3 H034	2000	Count Structures
Year Householder Moved: Owners vs Renters	1969 to 1979_or Earlier; 1980 to 1999; 2000 to 2010_or Later	ACS 2013 B25038	2013	Count Households
Year Householder Moved: Owners vs Renters	1979 or Earlier; 1980 to 1994; 1995 to 1999 or Later	Census 2000 SF3 H038	2000	Count Households
Median Contract Rent Value	Median Contract Rent	ACS 2013 B25058	2013	$ Amounts
Median Contract Rent Value	Median Contract Rent	Brown University Conversion	2000	$ Amounts
Median Home Value	Median Home Value	ACS 2013 B25077	2013	$ Amounts
Median Home Value	Median Home Value	Brown University Conversion	2000	$ Amounts
Education Attainment	Count of people per Education Bracket	ACS 2013 DP02	2013	Count
Education Attainment	Count of people per Education Bracket	Census 2000 SF3 DP-2	2000	Count
Cost Burden	Count of Households Cost Burdened	ACS 2013 DP04	2013	Count of Households
Cost Burden	Count of Households Cost Burdened	Census 2000 SF3 DP04	2000	Count of Households
HUD Location Affordability	Housing + Transportation Costs Index as % of Household Income	Location Affordability Index download	2013	% of Home Income
Density by Housing Units	Area per Tract and Housing Units per Tract used in Calculation	IHS Calculations of 2000 and 2010 Census GCT-PH1	2000/2010	Units/area

Variable	Description	Source Table	Year	Unit of Analysis
Subsidized Housing per Tract	Total Share of Housing Units that are Subsidized Housing Units per Tract	ACS 2013 B25001 & HUD Picture of Subsidized Households	2013	% housing units
Total Residential Sales 6 Counties (2003_2007 & 2012_2015Q2)	Residential Sales from 1997-2014 split into 4 quartiles	Data Clearinghouse at Institute for Housing Studies at DePaul University	2003-2014	% of total sales over time period
Share of Residential Sales - Business Buyers	Share of residential sales purchased by self-identified business buyers	Data Clearinghouse at Institute for Housing Studies at DePaul University	2014	% of total sales
Share of Residential Sales - Distressed	Share of residential sales that were part of a distressed transaction (foreclosure associated, sold at auction or out of REO inventory)	Data Clearinghouse at Institute for Housing Studies at DePaul University	2014	% of total sales
Share of Residential Sales - Cash Sales	Share of residential sales not associated with a mortgage lien	Data Clearinghouse at Institute for Housing Studies at DePaul University	2014	% of total sales
Share of Residential Sales - Foreclosure Accumulation	Percent of residential parcels impacted by foreclosure between 2005 and 2014	Data Clearinghouse at Institute for Housing Studies at DePaul University	2014	% of total sales
Residential Mortgage Activity	Includes all mortgage liens for residential properties	Data Clearinghouse at Institute for Housing Studies at DePaul University	2014	% of total sales
Households with Income $150K plus	Total Count Households in $150K plus income bracket	ACS 2013 B25118	2013	Count Households
Households with Income $150K plus	Total Count Households in $150K plus income bracket	Census 2000 SF3 HCT011	2000	Count Households