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# **MEMORANDUM**

To: Planning Coordinating Committee

Date: July 2, 2008

From: Bob Dean, Principal Regional Planner

Re: Regional Snapshot Report: Jobs-Housing Balance

Attached to this memo is a draft Regional Snapshot report on the jobs-housing balance. The initial findings of this report were presented to the Planning Coordinating Committee in January 2008.

This report identifies concentrations of affordable housing and employment centers and concludes that there is a considerable imbalance in the region between jobs and housing, which strains the region's infrastructure and creates burdens for employers and residents. The report uses a new source of data, Longitudinal Employment-Household Dynamics (LEHD) data, to gain a more detailed understanding of travel patterns in the region. It concludes that to successfully address jobs-housing balance, the *GO TO 2040* plan will need to make recommendations that will create jobs near existing affordable housing, provide affordable housing near existing job centers, and prioritize transportation projects that improve the connections between jobs and housing.

At the July 9 meeting of the Planning Coordinating Committee, staff will review the conclusions of the report and seek approval for release.

**ACTION REQUESTED:** Discussion and approval to release document.

### About this Snapshot...

The northeastern Illinois region will face tremendous challenges in the decades to come. Among these challenges is the mismatch of jobs to housing. This imbalance diminishes quality of life by burdening the region's infrastructure and natural environment, creating economic burdens for employers and residents, exacerbating social inequities across the region, and creating longer commute times and distances. By 2040, the region is expected to add an additional 2.8 million people and 1.8 million jobs. This growth provides both an opportunity, in that it allows us to plan for a future where jobs and housing are balanced within communities, and a challenge, in that we must plan proactively to prevent the continuation of current trends.

With its *GO TO 2040* comprehensive regional plan to be issued in 2010, the Chicago Metropolitan Agency for Planning (CMAP) intends to help the region accommodate projected growth. *GO TO 2040* will articulate a vision of regional prosperity looking toward 2040 and beyond, with clear strategies to implement that vision. CMAP is publishing a series of Regional Snapshot reports that cover major topics that need to be addressed in the *GO TO 2040* plan. These reports are designed to establish links between CMAP's policy areas, to gather background data, and to initiate discussion on major regional issues early in the planning process.

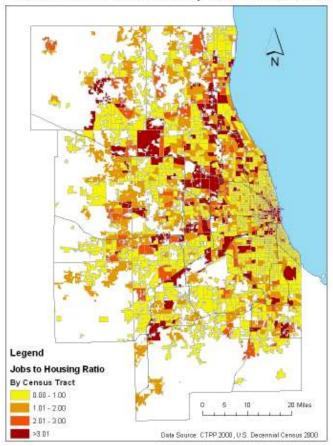
This particular Regional Snapshot examines the mismatch between jobs and housing in the region. The report outlines why a regional balance of the supply of jobs and housing – particularly affordable housing – is an important part of achieving our region's vision.

This Regional Snapshot is not designed to make specific, implementable recommendations, but to inspire discussion between CMAP, its partners, and other stakeholders concerning the most effective approaches to addressing the region's jobshousing balance.

## What is Jobs-Housing Balance?

The map below shows the ratio of jobs and housing across the region.

# Ratio of Jobs to Households by Census Tract, 2000



CMAP recognizes that proximity to employment is just one factor contributing to where residents decide to live, and many people choose to live far from their jobs for a variety of reasons. There is a need for deliberate planning, however, that attempts to bring economic development opportunities to areas in the region that currently have an abundance of affordable housing but few job prospects, and to bring housing opportunities to high-employment areas where entry-level jobs exist but affordable housing opportunities do not. In general, it is in our region's interests to plan for balanced communities, where there are mixtures of jobs and diverse housing types.

### **Locations of Affordable Housing**

The jobs and housing imbalance affects all residents of the region, but hardest hit are those in the low- and moderateincome ranges. Therefore, this regional snapshot report focuses on the location of affordable housing, defined as housing that can be afforded by households who make less than the area median income (AMI) for the region. According to this definition, based on standards used by the Illinois Housing Development Authority, housing that can be purchased by households who make \$41,000 or below (80 percent of AMI) and housing that can be rented by households who make \$31,000 or below (60 percent of AMI) is "affordable." (These figures are based on the 2000 Census.)

The map to the right displays clusters of census tracts where more than 80 percent of the entire housing stock is affordable. High concentrations of

Clusters of Tracts with Affordable Housing

West symmetry
Chargo Cluster

Southwale

Contract

Southwale

Chargo Cluster

Contract

Cont

affordable housing are located in the city of Chicago, south and west Cook County, and portions of the region's older satellite cities such as Aurora, Joliet and Waukegan. These areas are typically older industrial communities where jobs have declined in recent decades due to losses in manufacturing jobs and an aging infrastructure.

### **Locations of Jobs**

Jobs exist in every community throughout the region, but this report is primarily concerned with locations that have high concentrations of jobs, defined as "employment subcenters." An employment subcenter is defined as a concentration of firms large enough to have significant effects on the overall spatial distribution of population, employment, and land prices. This report identifies 32 employment subcenters, which together make up 21 percent of the region's total employment (an additional 13 percent of the region's jobs are in Chicago's Loop and medical district). These are shown in the map in the center of this report.

### Commuting

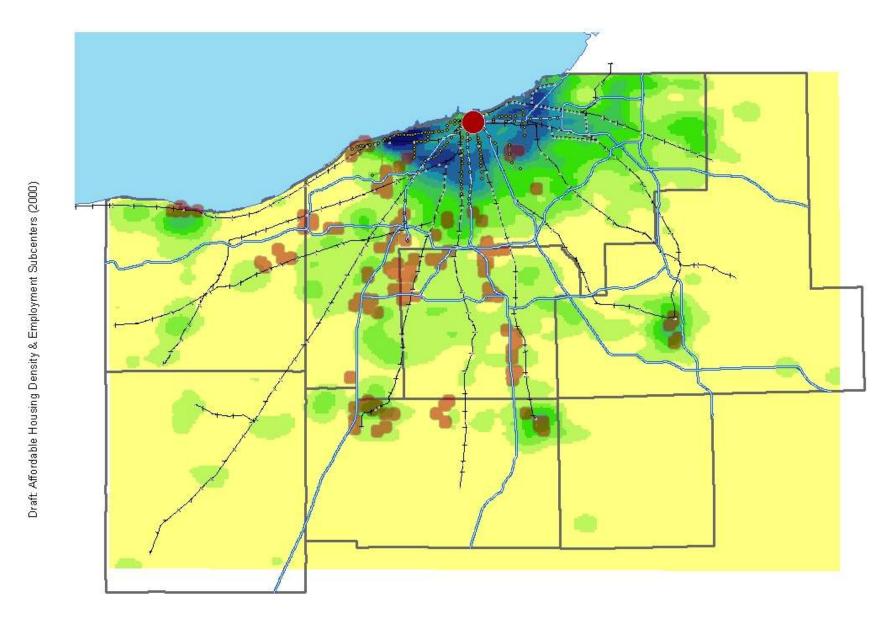
The mismatch of jobs and housing creates economic and quality-of-life burdens for the region's residents. According to the study "Heavy Load" conducted by the Center for Housing Policy in 2006, families that move farther away from employment centers in search of more affordable housing often find that the additional transportation costs negate the savings in housing costs. According to this report, low- and moderate-income households in our region spend on average 55 percent of income on housing and transportation costs.

In addition to creating economic burdens on individuals, the mismatch of jobs and housing has strained the region's transportation system. Those who drive are faced with longer commute times, while many who take public transit find a system that does not adequately meet current commuting patterns. The shift in locations of employment centers and new residential development to suburban areas has caused increases in reverse commuting and suburb-to-suburb commuting. While this can present new opportunities to use existing infrastructure, reverse commutes and suburb-to-suburb commutes where public transit does not currently exist represent a major challenge to the current transportation system.

Data from the Longitudinal Employment-Household Dynamics (LEHD) survey in 2004 allow a comparison of where individuals live and work. The following table shows the residence locations of people who work in the Village of Oak Brook, an employment subcenter in eastern DuPage County with approximately 39,000 jobs. As it shows, many of Oak Brook's workers commute long distances, and transit options are limited, meaning that the vast majority of these commute trips are served by single-occupancy vehicles. For jobs-housing balance to be addressed, these transportation needs should be planned for, but communities should also strive to provide a variety of job opportunities and housing types.

Top ten municipalities of residence of Oak Brook workers, 2004

Municipality of residence	# of workers	Municipality of residence	# of workers
Chicago	6,870	Lombard	627
Naperville	1,349	Elmhurst	611
Wheaton	1,209	Bolingbrook	550
Aurora	824	Woodridge	452
Downers Grove	695	Darien	398



This map was created using a kernel density estimation tool. Kernel Estimation creates a smooth surface estimate of a variable from an observed set of points (Balley and Gatrell, 1995). The kernel estimation works with the use of a moving 3-D function of a given radius. The function passes from one event (census block, in this case) to the next and weights every other point relative to its distance from the event. Clusters of census tracts with a very high density of affordable housing clusters are in blue.

The jobs-housing balance can be addressed in three ways:

- Encouraging job creation in areas with large supplies of affordable housing
- Encouraging affordable housing near job centers
- Improving the transportation connections between affordable housing and job centers

### Job Creation near Affordable Housing

One approach is to encourage business retention and attraction in areas with high supplies of affordable housing while focusing on job creation. This approach allows affordable housing residents to remain in their neighborhoods, but it provides more nearby job opportunities, limiting the need for long commutes. In addition, this approach promotes reinvestment in the lower-income communities that typically have large concentrations of affordable housing, which has benefits beyond addressing jobs-housing balance.

Areas with large supplies of affordable housing are generally in older areas of the region, where there is existing infrastructure and access to a variety of transportation options. Therefore, economic development activities in these areas that focus on job creation are plausible. There are serious challenges to accomplishing this, however. While these areas often have existing infrastructure, it may be aging or unsuitable for the needs of businesses. Areas with affordable housing concentrations often have low tax bases, meaning that tax rates must be relatively high to support the provision of services.

CMAP is currently researching the factors that drive business location decisions, and while this research is not complete, it is clear that the public sector has only a limited set of tools at its disposal to influence these decisions. Local governments can use incentives of various types to help attract and retain businesses, but these can strain municipal budgets and are often less important in business location decisions than regional issues like infrastructure, workforce, and tax rates. The *GO TO 2040* plan should address these regional issues, making recommendations for the creation of jobs in areas with high concentrations of affordable housing.

### Affordable Housing Opportunities near Employment Subcenters

Another way to address jobs-housing balance is to encourage the creation of affordable housing near job centers. This approach allows lower-income residents who are interested in living near their workplaces to have the opportunity to do so. CMAP recognizes, however, that households have many considerations other than proximity to work when they decide where to live, and that many people will choose to continue to live at greater distances from their workplaces. In addition to proximity to jobs, many other factors, such as access to transit and necessary services, must be considered in affordable housing development strategies.

Projected growth is another important consideration. Most parts of the region have the opportunity to plan for additional affordable housing by redeveloping vacant or underutilized sites. In parts of the region that are experiencing high amounts of new growth, there are even more opportunities to provide affordable housing. Therefore, special consideration should be given to the provision of affordable housing in areas where job growth is projected to be high.

Providing affordable housing near employment subcenters can be a significant challenge due to lack of available land, high prices for land, and sometimes local concern about affordable housing. Well-designed affordable housing developments, such as the example shown to the right, can help to reduce concerns about the effects of increased density on existing neighborhoods.

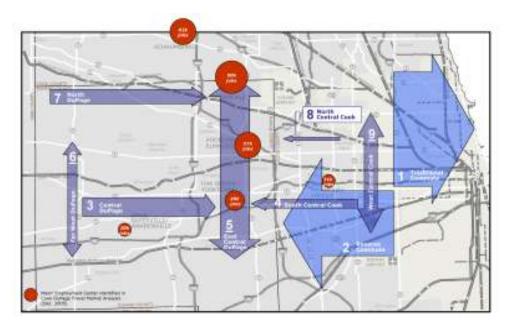


### Transportation and Accessibility

The jobs-housing mismatch exacerbates problems in commuting and congestion, driving up transportation costs for all residents of the region. To mitigate these problems, transportation planning needs to consider the changing dynamics of the region's workforce and consider programs that address the rise in reverse, off-peak, and suburb-to-suburb commuting – in particular, the needs of lower-income residents.

The *GO TO 2040* process will use evaluation measures to weigh potential transportation investments and to develop priorities. One factor that should be considered is the degree to which an investment improves the ability of residents, particularly lower-income residents, to access jobs.

The Regional Transportation Authority (RTA) has already used a similar approach to evaluate transportation options in their Cook-DuPage corridor study. To estimate how transportation investments would improve access to jobs, the RTA used measures such as the number of jobs within a short distance of transportation facilities that provided reverse-commute or inter-suburban service, and the number of transfers required to reach employment subcenters from major concentrations of work trip origins. The map below, prepared by the RTA for this study, illustrates employment subcenters and major commuting flows in the Cook-DuPage corridor.



### **Next Steps and Further Discussion**

While this Regional Snapshot report provides a definition of jobs-housing balance and describes the types of activities that would address this issue, further research on a number of subjects is needed before specific recommendations for action can be made. For example, this report has made some use of Longitudinal Employment-Household Dynamics (LEHD) data, a relatively new data source that could provide a high level of detail concerning commuting patterns. Further experience with this data source will allow it to be used in additional ways, such as to identify employment subcenters with the highest numbers of low-wage jobs. More analysis of LEHD data, including a series of maps showing the links between job and residence locations, are available in a companion technical report to this Regional Snapshot, at link to be added>.

To fully address the jobs-housing balance issue, CMAP needs a robust understanding of how businesses and households decide where to locate. Research is currently underway on this subject, and the results of this work will be released in future reports.

Also, the *GO TO 2040* plan will require a thorough understanding of the strategies that could be used to encourage job creation in areas with high concentrations of affordable housing and affordable housing near employment sub-centers. CMAP is preparing strategy reports on affordable housing and economic development approaches that could be used for these purposes. Strategy reports issued to date are available on the *GO TO 2040* website, <a href="https://www.goto2040.org">www.goto2040.org</a>.

#### About CMAP

The Chicago Metropolitan Agency for Planning (CMAP) was created to integrate planning for land use and transportation in the seven counties of northeastern Illinois: Cook, DuPage, Kane, Kendall, Lake, McHenry, and Will. By state and federal law, CMAP is responsible for producing the region's official, integrated plan for land use and transportation. The *GO TO 2040* planning campaign will develop and implement strategies to address projected growth in population and employment and their serious implications for transportation, housing, economic development, open space, the environment, and natural resources. See <a href="https://www.cmap.illinois.gov">www.cmap.illinois.gov</a> for more information.