

## CURRENT CONDITIONS

- ❑ **City of Renters:** While homeownership rates are on the rise, 56.2% of Chicago households are still renters. Most of Chicago's renters are located close to the city center with a strong presence along the lakefront.
- ❑ **Median Income:** The median family income for a family of four in the Chicagoland area is \$70,500. In the region, there are over 740,000 households with incomes at or below \$35,000.
- ❑ **Fair Market Rent:** HUD defines Fair Market Rent for a one-bedroom apartment in Chicago at \$711 a month. As a general rule, housing costs should comprise no more than 30% of a household's income.
- ❑ **Housing-Wage Gap:** For a single wage earner trying to afford Fair Market Rent, the math problem above has no easy solution. To keep their rents at 30% of their income they must either find a job paying \$13.67/hour or work 106 hours at minimum wage.

## HOUSING SUPPLY & DEMAND

- ❑ **Loss of Rental Housing:** As Chicago's population grew by 112,290 people, a 4% increase, from 1990-2000, the city suffered a net loss of 2,852 rental units according to new census figures.
- ❑ **Changes at CHA:** The Chicago Housing Authority plans to remove approximately 13,000 units from its inventory of 38,000 units, so that by 2009 there would be only 25,000 units of public housing in Chicago.
- ❑ **At-Risk Section 8:** Chicago has over 16,000 project-based Section 8 units at risk of loss in the next five years. Over 500 units have already been lost when private owners choose not to renew their contracts.
- ❑ **Livability of Entry-Level Jobs:** Between 264,000 and 395,000 workers in the region's entry level jobs cannot afford housing that costs more than \$750 per month.
- ❑ **TANF Recipients At-Risk:** 4 out of 5 TANF recipients **do not** live in subsidized housing. These households are at risk of losing housing if there is a disruption in support or income.
- ❑ **Supply-Demand Mismatch:** We are short at least 153,000 units of rental housing affordable to households with income up to \$20,000.

## OUTCOMES & CONSEQUENCES

- ❑ **Limited Choice:** Most low-cost affordable rental housing is located in the south and west sides of the city where there are higher vacancy rates and larger numbers of low-income households (nearly 1/3 of households on the west and south side have incomes below 30% of AMI). Conversely, the north and northwest sides have higher rents, lower vacancy rates and fewer lower income households.
- ❑ **Rent Burden:** Regardless of income, about 200,000 households are paying more than 30% of income for rent in Chicago, of which about 75,000 paid more than 50%.

- ❑ **Affordable housing gap is national problem.** The shortage of affordable rental housing is a national problem. Last year, HUD estimated that about 5.4 million families have ‘worst case’ housing needs.
- ❑ **Waiting for Assistance:** An estimated 60,000 people region-wide are on waiting lists for Section 8 vouchers to help subsidize their rent in the private market, yet on average only about 3,500 vouchers become available annually based on turnover and new ones issued to local housing authorities.
- ❑ **Doubling-Up:** An estimated 32,000 to 65,000 households are likely to have “doubled-up” – living temporarily with another household — during the course of the year.

## **FACTORS AFFECTING SUPPLY AND DEMAND**

- ❑ **Rents continue to outpace income.** The affordable housing problem has been developing for some time as income and housing costs have not kept pace. Every year since 1990, rents have increased at a faster rate than the Consumer Price Index. Since 1995 increases have been nearly at a rate of two to one.
- ❑ **New housing development is expensive.** It costs about \$150,000-175,000 to build a new two bedroom apartment with basic amenities excluding the cost of land. As a result, there is little to no incentive for developers to build affordable low-cost housing when compared to higher priced housing.
- ❑ **Largest federal housing program does not serve very low income people.** Low Income Housing Tax Credits, which are the major source of affordable housing funding right now, serve households with incomes up to \$42,300 and do not create housing affordable to those in greatest need.
- ❑ **Operating subsidies are not linked with development subsidy.** One effective way to create truly affordable housing for the very low income is to combine operating subsidies with development subsidy. HUD’s §202, §811, and McKinney programs successfully blend subsidy to create very affordable new housing for the elderly, disabled and homeless, but there is no equivalent program for family housing.
- ❑ **Local tax policy discourages rental housing.** In Cook County, rental buildings are assessed at 33%, while single-family homes and condos are assessed at 16%. Property taxes are the largest single operating expense for landlords. This disparity promotes condo conversions and discourages new rental development.
- ❑ **Not In My Back Yard (NIMBY).** As evidenced by local zoning hearings, planning commission meetings and resident input, zoning and NIMBY often prevent affordable housing production by limiting development to certain types (e.g., single family homes only) or by reducing density, which increases costs per unit and reduces the number of units produced.