

# METROPOLITAN PLANNING COUNCIL



## Key Findings from the Regional Rental Market Analysis North Suburban Cook County

### INTRODUCTION

Quality rental housing is a crucial part of a healthy housing market and is fundamental to the stability of families and neighborhoods throughout the region. Renters are a diverse group, from young adults starting out on their own to working families with children to households with special needs to senior citizens looking to simplify their lifestyles. A range of rental options is needed for the growing workforce in the region, whether hourly service employees or highly specialized professionals.

In November, 1999, the Metropolitan Planning Council published *For Rent: Housing Options in the Chicago Region*, prepared by the University of Illinois at Chicago, the Urban Institute, and Applied Real Estate Analysis, Inc., which summarizes seven technical reports and provides new information about the rental housing market in the six-county region, including demographic data, rent levels and vacancy rates, and qualitative information from focus groups and interviews. *For Rent* provides the baseline information necessary to craft innovative policies, programs, and investment strategies for the region's rental housing market. This is one of a series of briefing papers presenting highlights from the Regional Rental Market Analysis focused on particular geographic areas and subjects of interest.

### DEMOGRAPHIC DATA

#### **Metropolitan Chicago** (includes Cook, DuPage, Kane, Lake, McHenry, and Will Counties)

- Regionwide, in 1999, there are approximately 1,024,00 households who rented, which represents 38% of all households.
- Compared to other Midwestern metropolitan areas, the Chicago region is underproducing rental units. Since 1990, the region has lost more than 50,000 rental units while the population has grown by over 500,000 people.
- The region's rental market is very tight with a 4.2% vacancy rate, well below the 6% measure used by the U.S. Department of Housing and Urban Development (HUD) to define a tight market.
- About 11% of all renter households are fairly affluent, with annual incomes in excess of \$76,000.
- Approximately 50% of renter households earn less than \$32,000 per year. In contrast, 12.2% of home owners earn less than \$32,000.
- 87% of all renter households receive no housing subsidy.
- Nationwide, there has been an increase in homeownership rates since 1990. In the Midwest, the homeownership rate grew from 67.1% to 72.1% between 1990 and 1999. However, not all families will be able to transition to homeownership. Regionwide, renters' annual income is approximately half that of home owners.

#### **Suburban Cook County**

- In suburban Cook County, approximately 73.2% of all households own their homes, and 26.8% rent. There are approximately 240,700 renter households in suburban Cook County.
- The median income for renter households in suburban Cook County in 1995 was \$29,773 compared with \$51,726 for owners.

### Household Incomes of Owners and Renters in North Suburban Cook County

North Suburban Cook County 1999	TOTAL	0 to 30% of AMI (up to \$20,000)	30 to 50% of AMI (\$20,000 to \$30,000)	50 to 80% of AMI (\$30,000 to \$45,000)	80 to 120% of AMI (\$45,000 to \$75,000)	120% or more of AMI (\$75,000 & above)
# of households	372,400	30,600	20,900	56,900	80,300	181,000
% of households	100%	8.2%	5.6%	16.0%	21.6%	48.6%

AMI refers to area median household income, which is currently \$63,800 for a family of four in the region.

## DIVERSITY OF RENTERS IN SUBURBAN COOK COUNTY

Renter Households in Suburban Cook County who are:	
<b>White (Non-Latino)</b>	<b>66.4%</b>
<b>African-American</b>	<b>17.3%</b>
<b>Other Race</b>	<b>5.9%</b>
<b>Latino (Any Race)</b>	<b>11.7%</b>
<b>Elderly</b>	<b>16.9%</b>
<b>Below Poverty</b>	<b>14.3%</b>

*Percentages are as a proportion of all renter households in suburban Cook County, 1995.*

- The median age of a renter in suburban Cook is 39 years.
- The average household size for renters in suburban Cook County is 1.9 persons.
- 38% of renter households in suburban Cook are one-person households.
- Approximately 29% of all renter households in suburban Cook have two people.
- About 32% of renter households in suburban Cook are made up of three or more people.

## DEMAND FOR RENTAL HOUSING IN NORTH SUBURBAN COOK COUNTY

Key indicators of demand for rental housing are low vacancy rates, increasing rent levels, and high numbers of households experiencing rent burden and living in overcrowded and/or substandard conditions. In addition, the significant numbers of people who are homeless or on waiting lists for housing subsidies point to an unmet need for rental housing.

- HUD defines a tight market as a 6% vacancy rate. Appraisers use a stricter measure of 5% vacancy. By either standard, at 3.2%, the rental market in north suburban Cook County is extremely tight.
- The average rent increase in north suburban Cook County between 1998 and 1999 was 2.7%, compared to a 2% increase in inflation.
- Between 1990 and 1998, the population in suburban Cook County grew by 3.2%, and there was a 1.8% increase in jobs over the same period. During this time, the rental stock decreased by 5.7%.
- As the following table details, at least 68,000 renter households in suburban Cook County pay more than the recommended 30% of household income towards rent. Many of those families spend more than 50% of their income for rent.

### Rent Burden

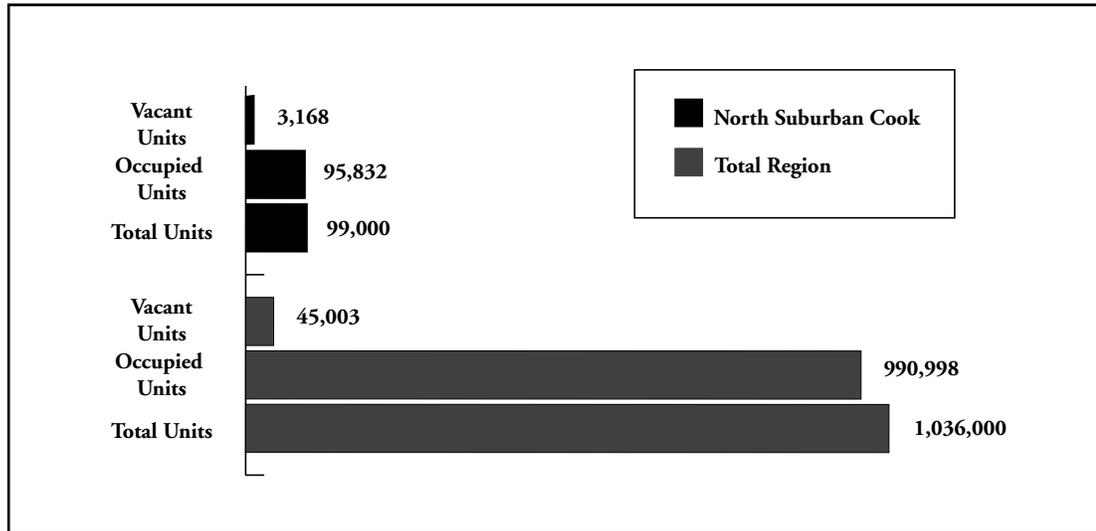
Percentage of Income Toward Rent	Suburban Cook County <sup>1</sup>	Suburban Cook County <sup>2</sup>
30-49% of Income	25.2%	53,400-62,500
50% or More	9.8%	14,900-30,000
<b>Total paying 30% or More</b>	<b>35.1%</b>	<b>68,300-92,500</b>

*1. Based on 1995 data 2. Based on 1999 estimates*

- An estimated 17,900 to 19,100 renter households in suburban Cook County live in substandard units (plumbing, heating, or other serious maintenance problems).
- Between 5,200 and 5,500 renter households in suburban Cook County live in overcrowded conditions.
- In suburban Cook County, there are 20,000 households on the waiting list for Housing Choice Vouchers (the new name for the restructured federal Section 8 tenant-based rental housing assistance).
- Approximately 16,000 different people stayed in a homeless shelter in suburban Cook County some time in 1998. An estimated 24,000 people slept on the street in suburban Cook sometime during that year.

## SUPPLY OF RENTAL HOUSING IN NORTH SUBURBAN COOK COUNTY

### Availability of Apartments



Rental Units		North Suburban Cook (all bldg. types)	North Suburban Cook (small bldgs.)	Total Region (all bldg. types)
<b>All Units</b>	Vacancy Rate	3.2%	2.4%	4.2%
	Average Rent	\$863	\$778	\$723
<b>Studio</b>	Vacancy Rate	3.6%	N/A	4.5%
	Average Rent	\$642	N/A	\$523
<b>One-Bedroom Units</b>	Vacancy Rate	3.0%	2.1%	4.1%
	Average Rent	\$736	\$660	\$678
<b>Two-Bedroom Units</b>	Vacancy Rate	3.3%	2.2%	4.0%
	Average Rent	\$883	\$786	\$746
<b>Units with Three or More Bedrooms</b>	Vacancy Rate	3.6%	3.9%	4.9%
	Average Rent	\$1,102	\$934	\$824

*Small buildings are buildings with 2-6 units. Due to the sample size, the data could not be broken down for large buildings or single-family rentals. Average rents are monthly.*

- The average monthly rent in north suburban Cook County is \$863, which is well above the regional average of \$723.
- The market for one- and two-bedroom apartments in small buildings is extremely tight, with vacancy rates at just 2.1% and 2.2% respectively.
- For all unit sizes, the average rent is higher in north suburban Cook County than in the region overall.
- Entry-level wage earners with incomes up to \$30,000 spending no more than 30% of their incomes on rent (commonly understood to be an appropriate housing cost) would pay no more than \$750 for rent. The average rent for a two-bedroom apartment in north suburban Cook County is \$883.

## HOUSING QUALITY AND ACCESSIBILITY

- 93% of all rental units in suburban Cook County are estimated to be in good condition.
- Only about 7% of all rental units in suburban Cook County are in buildings that are wheelchair accessible. These tend to be in large apartment buildings (with more than 10 units). However, not all units in these buildings are accessible.

Units in Good Condition	Percentage of Units in Building Category in Good Condition			
	Single Family	2-9 Unit Building	10 + Unit Building	Total
North Suburban Cook	90.1%	93.8%	94.1%	93.4%
Region Overall	91.3%	83.6%	78.0%	82.1%

*Due to the data collection method, information cannot be broken down into subareas of suburban Cook County.*

Units in Wheelchair Accessible Buildings	Percentage of Units in Building Category			
	Single Family	2-9 Unit Building	10 + Unit Building	Total
North Suburban Cook	3.6%	7.0%	8.7%	7.2%
Region Overall	0.3%	6.4%	25.0%	13.6%

*Due to the data collection method, information cannot be broken down into subareas of suburban Cook County.*

## CONTINUING USES FOR THE DATA

The Regional Rental Market Analysis was designed to provide updated information so that a variety of stakeholders — from government officials and community leaders to housing providers and tenants advocates — can make informed decisions and better serve the region’s housing needs. It has given new momentum to housing initiatives underway, both regionally and locally. These efforts include coordinated planning for sensible growth, employer assisted housing models, rent subsidies linked to supportive services, and innovative private investment and development strategies.

## FOR MORE INFORMATION

Or to request a presentation, contact Housing Director Robin Snyderman (rsnyderman@metroplanning.org) or Housing Associate Samantha DeKoven (sdekoven@metroplanning.org) at (312) 922-5616. **For Rent: Housing Options in the Chicago Region**, briefing papers for each geographic subarea, and the seven technical reports will be available on the Metropolitan Planning Council’s web site at [www.metroplanning.org](http://www.metroplanning.org).