

METROPOLITAN PLANNING COUNCIL



Key Findings from the Regional Rental Market Analysis South 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 (The region includes Cook, DuPage, Kane, Lake, McHenry, and Will Counties)

- Regionwide, in 1999, there are approximately 1,024,00 households who rent, which represents about 38 percent 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 percent vacancy rate, well below the 6 percent measure used by the U.S. Department of Housing and Urban Development to define a tight market.
- About 11 percent of all renter households are fairly affluent, with annual incomes in excess of \$76,000.
- Approximately 50 percent of renter households earn less than \$32,000 per year. In contrast, 12.2 percent of homeowners earn less than \$32,000.
- 87 percent 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 percent to 72.1 percent 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 percent of all households own their homes, and 26.8 percent 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 South Suburban Cook County

South 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	346,900	49,400	31,300	69,700	82,100	114,400
% of households	100%	14.3%	9.0%	20.1%	23.7%	33.0%

AMI refers to Area Median household Income, which is currently \$63,800 for a family of four.

DIVERSITY OF RENTERS IN SUBURBAN COOK COUNTY

Renter Households in Suburban Cook County who are:	
White, Non-Latino	66.0%
African-American	17.3%
Other Race	5.9%
Latino	11.7%
Elderly	16.9%
Below Poverty	14.3%

Percentages are as a proportion of all renter households in suburban Cook County. Based on 1995 data.

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

DEMAND FOR RENTAL HOUSING IN SOUTH SUBURBAN COOK COUNTY

Key indicators of demand for rental housing are low vacancy rates, increasing rent levels, and 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 the need for rental housing.

- The U.S. Department of Housing and Urban Development defines a tight market as a 6 percent vacancy rate. Appraisers use a stricter measure of 5 percent vacancy. By either standard, at 4.5 percent, the rental market in south suburban Cook County is tight.
- The average rent increases in south suburban Cook County between 1998 and 1999 was 2.1 percent, compared to a 2 percent increase in inflation.
- As the following table details, at least 68,000 renter households in suburban Cook County pay more than the federally recommended 30 percent of income towards rent. Many of those families spend more than 50 percent of their income for rent.

Rent Burden

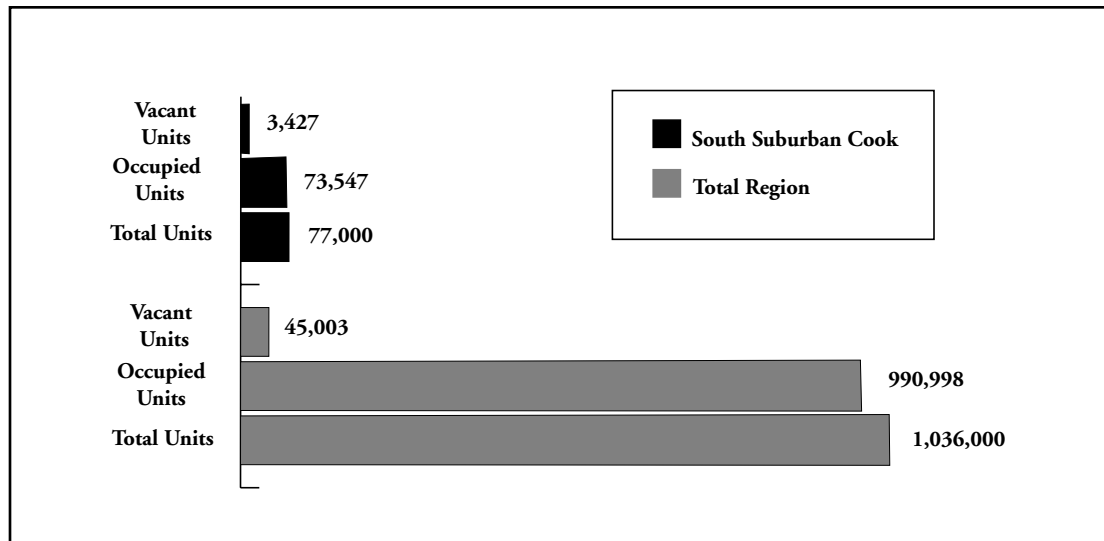
Percentage of Income Toward Rent	Suburban Cook County ¹	Suburban Cook County ²
30-49% of Income	25.2%	53,400-62,500
50% or More	9.8%	14,900-30,000
Total paying 30% or More	35.1%	68,300-92,500

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

- An estimated 17,900 to 19,100 renter households in the suburban Cook County live in substandard units (with plumbing, heating, or other 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 re-structured Section 8 tenant-based housing assistance program).
- Approximately 16,000 different people stayed in a homeless shelter in suburban Cook County in 1998. An estimated 24,000 people slept on the street in suburban Cook during this time.

SUPPLY OF RENTAL HOUSING IN SOUTH SUBURBAN COOK COUNTY

Availability of Apartments



Rental Unit		South Suburban Cook (all bldg types)	South Suburban Cook (small bldgs)	Total Region (all bldg types)
All Units	Vacancy Rate	4.5%	3.8%	4.2%
	Average Rent	\$639	\$652	\$723
Studio	Vacancy Rate	13.2%	NA	4.1%
	Average Rent	\$430	NA	\$678
One Bedroom Units	Vacancy Rate	4.9%	5.2%	4.0%
	Average Rent	\$530	\$497	\$746
Two Bedroom Units	Vacancy Rate	3.5%	2.3%	4.0%
	Average Rent	\$641	\$657	\$746
Three or More Bedrooms	Vacancy Rate	3.8%	3.6%	4.9%
	Average Rent	\$806	\$835	\$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.

- The rental market in south suburban Cook is one of the more affordable in the region, with overall average rents of \$639 per month, compared to the region's average of \$723.
- The overall rental market is not as tight in south suburban Cook as in the region overall.
- The market is very tight for two-bedroom apartments in south suburban Cook, with an average overall vacancy rate of 3.5 percent and a 2.3 percent vacancy rate in small buildings.
- Entry-level wage earners with incomes up to \$30,000, spending no more than 30 percent 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 three-bedroom apartment in south suburban Cook County is \$806.

HOUSING QUALITY AND ACCESSIBILITY

- 93 percent of all rental units in suburban Cook County are estimated to be in good condition.
- Only about 7 percent of all rental units in suburban Cook County are in buildings that are wheelchair accessible. These tend to be in large apartment buildings.

Units in Good Condition	Percentage of Units in Building Category			
	Single Family	2-9 Unit Building	10 + Unit Building	Total
South 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 Cook County.

Units in Wheelchair Accessible Buildings	Percentage of Units in Building Category			
	Single Family	2-9 Unit Building	10 + Unit Building	Total
South 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 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 tenant advocates—will be able to make informed decisions and better serve the region’s housing needs. It has given new momentum to various initiatives underway, both regionally and locally. These efforts include coordinated planning for sensible growth, employer-assisted housing models, rent subsidy linked to supportive services, and creative 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.