CONDITION SURVEY:
CHICAGO REGIONAL RENTAL MARKET ANALYSIS

PREPARED FOR:
GREAT CITIES INSTITUTE
TheUNIVERSITY OF ILLINOIS AT CHICAGO

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PREFACE

Project Overview

Condition Survey: Chicago Regional Rental Market Analysis, is one of seven technical reports of the Regional Rental Market Analysis (RRMA), a broad examination of metropolitan Chicago's residential rental market. The RRMA contains a wide range of information necessary to craft innovative policies, programs, and investment strategies to address the future of the region's housing market. The Metropolitan Planning Council, serving as project manager, contracted with the University of Illinois at Chicago (UIC) to undertake this research with the Washington, DC-based Urban Institute and the local Applied Real Estate Analysis.

Key findings from all seven reports are summarized in *For Rent: Housing Options in the Chicago Region*, which includes a synthesis of supply and demand data, discussion of overlap and differences among providers and consumers, information about neighborhood trends, and forecasts of the rental market in 2004 and 2009. Detailed descriptions of the contents and methodology used in each of the seven technical reports are provided below.

Metropolitan Chicago Regional Rental Market Analysis: Rental Housing Supply Survey Report by Timothy P. Johnson, Martine A. Sagun, Jonathan Dombrow, Jin Man Lee, and Young Ik Cho, Survey Research Laboratory, UIC.

Summary of findings from survey of a stratified random sample of rental

properties in the six-county region that asked for information on number of units (occupied and vacant); rents charged in 1998, 1999 and for new tenants; amenities included in housing cost; year building constructed; whether it contained an elevator; and if there was management on-site. Using tax assessor data from each of the counties, a universe of all residential properties was sorted by the likelihood of being renter- or owner-occupied based on tax status and other indicators. This list was further sorted by building type (single-family, small multifamily, large multifamily).

From this database, a sample of 29,000 properties was randomly selected but stratified based on building type and location, and mailed or faxed questionnaires, contacted by telephone, or some combination of all three methods between April and July of 1999. In addition, a non-response survey of 300 randomly selected properties was conducted in July and August 1999 to verify results from respondents and further clarify the eligibility rate of properties in the sample frame. At the close of data collection, 1,852 interviews were completed representing over 45,000 units in the six county area. The final response rate of 14.1 percent was based on an overall eligibility rate of 45.1 percent.

Condition Survey: Chicago Regional Rental Market Analysis by Robert Miller, Applied Real Estate Analysis, Inc.

Survey of over 1,600 properties in the six-county region drawn from the survey sample during May of 1999. Properties were randomly selected to represent housing in three areas: City of Chicago, suburban Cook County and the collar counties (Kane, McHenry, Lake, DuPage and Will). Trained field workers using a questionnaire completed a visual inspection and

assessment of building exteriors and surrounding neighborhoods, to assess overall housing quality and wheelchair accessibility.

Estimating Demand for Affordable Rental Housing in the Chicago Region by Janet L. Smith and Barbara Sherry, Urban Planning and Policy Program, UIC.

Estimates of aggregate households--families, individual adults, or non-related persons living together--at different income levels to determine potential rental housing demand based on affordability (paying no more than 30 percent of income toward housing costs) using household income projections from Claritas for the six-county region and each county. Data from the 1995 American Housing Survey was used to estimate the number and rate of households paying more than 30 percent of income for rent, living in overcrowded conditions, or in substandard housing. Additional data was collected and analyzed to learn more about the specific needs of different "demand groups" including persons who are homeless; who need accessible housing due to mobility limitations; who are may be in need of affordable rental housing closer to work and employment opportunities; and who are likely to be affected by changes in Section 8, public housing and/or welfare. A wide variety of new and existing data sets are analyzed.

Providing Rental Housing in the Chicago Region: Challenges and Issues by Thomas J. Lenz and James Coles, Great Cities Institute, UIC.

Review of general literature of what is known nationally and locally about barriers and opportunities to provide rental housing, utilizing interviews with more than 40 key informants and five focus groups representing

landlords, developers, public officials, and other experts on housing in the region. Focus group participants were selected randomly from the larger sample developed for the rental property survey and through outreach to rental property owner associations. The participants were stratified by their involvement in the Section 8 program and rents charged. Specific areas of focus included perceptions of the rental market and how it has changed in recent years; how the current market shapes landlord behavior; general attitudes toward lower-income renters; and specific knowledge of and experience with the Section 8 rent subsidy program.

Searching for Rental Housing in the Chicago Region by Susan J. Popkin and Mary K. Cunningham, The Urban Institute.

Review of general literature of what is known locally about barriers and opportunities to renting housing. Focus groups with families likely to be affected by public policy changes were used to hear about the experiences and perceptions of low-income renters. Participants included households renting apartments using Section 8 housing vouchers, families that tried to use but returned Section 8 vouchers, families currently on the waiting list for a voucher, and current Chicago Housing Authority (CHA) tenants likely to move into the private market using a voucher. The groups discussed current living conditions, understanding of and experience with the Section 8 program, their search process, and any difficulties they have encountered. CHA residents were also asked about their knowledge of CHA's redevelopment plans, their preferences for future housing, and familiarity with the Section 8 program.

Forecasts of the Rental Housing Market in Metropolitan Chicago: Model and Preliminary Results by John F. McDonald and Daniel P. McMillen, Center for

Urban Real Estate, College of Business Administration, UIC.

Modeling exercise that presents likely vacancy rates and rental variation for 2004 and 2009.   Estimates are also produced based on different scenarios regarding the number and likely destination choice of CHA tenants expected to relocate within the private rental market.

Housing Trends and the Geography of Race, Poverty, and Neighborhood Renewal by Thomas J. Lenz and James Coles, Great Cities Institute, UIC.

Description of current patterns of racial segregation and poverty concentration in Cook County, which has most of the area's rental stock (79%), and analysis of socio-economic and investment data using maps with input from key informants in order to determine revitalizing areas.   This report also explores different scenarios on how residents relocating from CHA units being redeveloped, whether permanently or temporarily, might affect existing neighborhood patterns and local housing markets.

For more information about the Regional Rental Market Analysis or to request or download copies of the executive summary or of a technical

report, contact:

Metropolitan Planning Council
25 E. Washington, Suite 1600
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CHAPTER I
INTRODUCTION AND SUMMARY OF FINDINGS

INTRODUCTION

The University of Illinois at Chicago (UIC), under its contract with the Metropolitan Planning Council to provide an analysis of the rental market for the six-county Chicago region, retained Applied Real Estate Analysis (AREA), Inc. to conduct a survey of building conditions on a sample of private, non-subsidized rental properties located throughout the six counties. UIC surveyed a stratified sample of rental properties by mail and/or telephone. AREA then surveyed a subset of this sample to ascertain unit condition. The regional rental market study was designed to provide an understanding of the region's rental stock and to assess what portion of that stock is affordable households at different income levels. The information on rents, amenities and availability obtained through UIC's mail survey provides an understanding of relative afford ability. However, low rents are often associated with poor condition. Thus to fully understand the relative desirability, as well as affordability, of rental units, information was needed on unit condition. AREA was retained to conduct this field survey because of the firm's experience in having inspected thousands of rental units while doing market research, plus its experience in conducting a similar survey of rental units in the city of Chicago.[1]

UIC's sample of addresses that were expected to be rental properties was based on an analysis and processing of county tax assessor data. The subset of that sample provided to AREA was distributed roughly equally between the City of Chicago, suburban Cook County, and the other five counties. Thus, about two-thirds of the sample properties were located in Cook County. The survey was conducted during the last two weeks of May and the first two weeks of June, 1999.

SUMMARY OF FINDINGS

- The survey resulted in observations on 1,630 buildings representing 17,566 units. Of these, 14,697 (83.7%) of the units were in buildings with seven or more units; 2,165 (12.3%) were in buildings with 2-6 units; and 705 (4.0%) were in single family structures.

Our research indicated that there is a substantial inventory of rental housing units in the region, primarily in Chicago, that are in such poor condition that they must be considered substandard. We rated unit conditions as "Good" if they were in good condition or appeared to need only minor repairs. These units were assumed to be in good enough condition that they would pass a Housing

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[1] Market Rents in Chicago's 77 Coummunity Areas; June, 1996. Unpublished report prepared for the Chicago Housing Assistance Corporation, the administrator of Chicago's Section 8 Rental assistance program.. Units were inspected to determine the likelihood that they would pass Housing Quality Standard Inspections.

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Quality Standards (HQS) inspection.[1]   Units in "Poor" condition were considered to need substantial repairs to bring them up to HQS condition.   A subset of the units in poor condition was considered to be unfit for habitation.   Once the raw data was adjusted for variations in the distribution of the sample by location and building type, we found that:

- Approximately 82% of the region's rental units are in good condition but only 72% of the units located in the city of Chicago are in good condition. In suburban Cook County, 93% were in good condition as were almost 96% of the units in the collar counties

- We estimate that there are about 185,000 rental units throughout the region to be in substandard condition.

- Of the substandard units, as many as 15,000 may be unfit for habitation.   Many of these units are currently vacant.

- Approximately 86% of the substandard units and 88% of the units that are unfit for habitation are located in the city of Chicago.   Only about 57% of the region's rental units are in Chicago.

- In Chicago, more than a third (36%) of the units in large buildings (10 or more units) are in poor condition while less than one-fourth (23%) of the units in buildings with 2 to 9 units are in poor condition.   Overall, about 28% of Chicago's rental stock—almost 160,000 units—is in poor condition compared to less than 7% (15,500 units) for suburban Cook County and 4% (9,000 units) in the collar counties.

- A small percentage of the buildings were deemed to be wheelchair accessible.   These buildings represented less than 14% (140,000 units) of the total number of rental units in the region.   However, the survey methodology only establishes the accessibility of the structure and not the units inside it.   Thus, it is likely that less than 140,000 of the region's rental units are wheel chair accessible.

- Approximately 66% (90,000) of the wheelchair accessible units are located in the city of Chicago with 12% (17,000) in suburban Cook and 21% (30,700) in the collar counties .

With almost 18% of the region's rental units in poor condition, we can conclude that thousands of the region's households are living in units that would be considered substandard by most persons in the housing industry.

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[1] Housing Quality Standards (HQS) include a list of interior and exterior conditions that must be met for a unit to pass inspection. A unit must meet HQS to be eligible for lease by a household participating in the Section 8 program. Because, this fieldwork only examined exterior conditions, we are unable to state with certainty that units whether a unit would pass HQS.

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CHAPTER II
METHODOLOGY

APPROACH

The best way to assess interior conditions is to enter a unit and inspect it. However, time and budget made it impractical to conduct interior inspections on this project. We therefore developed a methodology for evaluating overall property condition from an external survey and drawing conclusions about the interior conditions based on its exterior appearance. Although there is no literature supporting this approach, AREA's previous experience, through a similar analysis of rental units in Chicago[1] and its regular work in assessing competitive inventories of rental property, indicated that there is a fairly high correlation between the internal and external conditions of most rental properties.

The relationship between external and internal conditions is related to the rationale for investing and/or reinvesting in a property. Property owners are likely to invest in improvements when rents are sufficient to both cover operating costs and provide a return on the investment. When rents barely cover operating expenses, costly repairs are postponed and even routine maintenance may be deferred. Because a key selling point for the prospective tenant is the condition of the unit, is unlikely that an owner will invest in exterior improvements alone. If the exterior of the building has been well maintained, it is very likely that the interiors have also been well maintained. On the other hand, if the building does not have "curb appeal," it will be difficult to lure prospective tenants into the building to see the units. Thus improving the units without attention to the exterior of the building could also prove to be a poor investment. AREA has thus found that for buildings whose exteriors are in excellent condition or in very poor condition, there is a very high potential that the interiors will be in a similar condition. The difficulty arises when trying to estimate the interior condition if the exterior of the building is in "fair condition." When a building's exterior shows the beginning signs of wear and neglect, there is a potential for the interiors to be in either worse or better condition. In a building with a large population of children, the units may wear out faster than the building shell, and the interiors will be in worse condition than would be expected from the exterior condition. Conversely, a building that had few children or young adults may show age more quickly on the exterior, especially if the owner is using limited resources to maintain the units and retain long-term tenants. AREA's opportunity to test this theory is discussed below.

During the summer of 1999, AREA conducted a citywide rental market study in Philadelphia. In the condition portion of that survey, we conducted exterior assessments on a subset of about 800 properties and inspected an individual unit in 474 of those properties. As the exteriors were inspected, the surveyor estimated the condition of the units, using a five point scale. Once the units were inspected, using guidelines approximating Housing Quality Standards, an actual rating was assigned to the unit. In 64.3% of the cases, the actual rating matched the estimated rating. In 23.4% of the cases, the actual rating was better than anticipated and in 12.2% it was

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worse than anticipated. In approximately 99% of the instances in which the unit conditions were different than anticipated, the variance was one point (e.g. an anticipated 3 rating actually proved to be a 4). Clearly there is some possibility of error when rating interior conditions based only on an exterior assessment, but our experience in the field lends both confidence and credibility to our use of this methodology.

For the Chicago regional condition survey, a surveyor assessed the condition of individual components of a building (roof, windows, siding, porches and steps, etc.) and then developed an overall assessment of the building's condition on a five point scale ranging from "excellent" to "deteriorated." Based on the building condition, the surveyor would then make an assessment of the probable interior condition of the units in the building. The surveyor would also made a check of the condition of the grounds associated with the building as an additional indication of condition. Finally, the surveyor would assess the condition of the surrounding neighborhood based on the condition of buildings, the presence of vacant lots, and other indicators. The neighborhood analysis would help determine the extent to which the surveyed building was likely to be representative of rental properties in the same general area. Our goal was to survey between 1,000 and 1,200 units.

AREA's work plan involved:

•   Recruiting about 20 surveyors to conduct the field work.

•   Preparing a Survey Instrument.

•   Preparing training materials and conducting training sessions for the surveyors.

•   Supervising the field work and providing quality control for the survey.

•   Working with UIC staff to analyze and interpret the survey results.

The surveyors recruited had conducted similar surveys for AREA or had studied architecture in college.

TRAINING SESSIONS

A total of 27 individuals received training in two sessions. The first session involved 20 individuals and was conducted on May 18 and May 19, 1999. The participants were provided background material on the overall project and the objectives of the conditions survey were explained. The participants were also provided with definitions for ratings that were to be used in assessing the condition of the buildings and neighborhoods to be surveyed. The instructor explained how to fill out the survey form and then talked the participants through a set of photographs showing various building and neighborhood conditions. The discussions centered on which buildings would receive good or poor ratings and why. A similar exercise was conducted on neighborhood conditions. The participants were then asked to rate buildings and neighborhoods from photographs. The results of these exercises were critiqued by the instructor.

At the end of the training session, the participants were taken to a Near West Side neighborhood and asked to fill out a survey form on a specific building. The results of this exercise were reviewed at

the site so that variations in the responses could be discussed with the building and neighborhood available for reexamination.

On Saturday, May 22, a second training session was held for 7 additional surveyors. The same procedures were followed and the participants were tested on the same Near West Side building.

Of the 27 persons taking the field test, 22 (81.5%) rated the building as being in good condition. Three persons discounted the cosmetic nature of the deterioration on the limestone facade and rated the building in excellent condition while two individuals weighted the deterioration on the facade too heavily and assigned a poor condition to the building. However, 26 of the 27 (96.3%) concluded that the units were probably in good condition. The lone dissenter thought that they might need minor repairs or cosmetic improvements.

Twenty-four (88.9%) participants rated the neighborhood as good; two rated it as excellent and one person thought it was in fair condition.

Both the neighborhood and the individual building were selected for the field test because of the potentially conflicting characteristics they presented. The soft limestone facade of the building showed varying degrees of deterioration and doors on the two front entrances presented a contrast in condition; one appeared to be almost new while the other was in need of refinishing. The remainder of the structure was, however, in very good condition.

The instructor had rated it as being in good condition. The high degree of concurrence among the surveyors in assessing the probable condition of the units in the building was justified from the overall condition of the building. Even those surveyors who had difficulty in deciding how to rate the building's exterior could determine that the units were likely to be well maintained.

The neighborhood has a mixture of land uses, with new residential development gradually replacing the oldest and most deteriorated industrial and commercial structures. A few of the surveyors were overly impressed with the new construction and renovation occurring in the blocks immediately adjacent to the surveyed property and rated the area as being in excellent condition. One person interpreted the numerous parking lots and the industrial uses as being strong negatives and thus rated the area as only fair. This provided an opportunity for the instructor, who had rated the neighborhood in good condition, to emphasize the importance of assessing the condition of the other buildings in the area, whatever their use. In this instance, most of the remaining industrial and commercial structures were in very good condition.

The nature of the survey incorporates elements of subjectivity that can be reduced, but not eliminated, with training. The level of agreement among the trainees in assessing the condition of both the building and the neighborhood in the trial run indicated that the training had been successful and that consistent field surveys could be anticipated.

FIELD WORK

Once we received the subset of addresses, we grouped them into clusters to minimize the driving time between addresses and assigned a unique number to each address. Surveyors were then given addresses to survey in clusters of 10 to 20.

The first surveyors went into the field over the Memorial Day weekend and started turning in completed forms on Monday, May 31. Large portions of the city and some of the south suburbs were surveyed during this first weekend. During the first week of June, surveyors began expanding into the more distant suburbs and by the end of that week approximately 900 forms had been completed. The surveyors had greater difficulty locating addresses in the suburbs than in the city. In one case, the surveyor attempted, unsuccessfully, to locate several suburban addresses with the assistance of the local fire department but the addresses were not familiar to the firefighters. The last of the surveys were completed over the weekend of June 12.

Of an initial sample of 2,151 addresses, 1,646 survey forms were completed, 111 were not attempted, and 394 addresses were "not found" In some cases the "not found" addresses were commercial rather than residential addresses, or there was no structure on the site where the address should be. In some cases, the addresses were incomplete; they lacked a designation such "Street," "Drive," or "Place" in an area where there were multiple streets with the same primary name or number, or they lacked a directional indicator in situations in which the address could, for example, be either "East" or "West" on the same street. In a few cases (perhaps 5%), we suspect that the "not found" address was valid but that the surveyor was simply unable to locate it because of his or her lack of familiarity with the community in which it was located. A map of completed survey locations is included as an Appendix to this report.

Quality Control. As the forms were returned, each was quickly scanned for completeness and those on which deficiencies were noted were returned to the surveyors to be completed. Additional quality control efforts involved randomly checking every third survey for:

- Completeness

- Internal consistency (did the survey rate the building as "good" but the unit condition as "very poor"?)

- A review of the surveyor's assessment of neighborhood condition.

The reviewers were familiar with neighborhood conditions throughout most of the region. If the reviewer's and surveyor's assessments of neighborhood condition were in consistent agreement, It was assumed that the surveyor understood the assignment and was delivering reliable survey instruments. However, if the assessments of neighborhood condition made by the surveyor and reviewer were consistently in conflict, it was seen as an indication that the surveyor may have misunderstood the assignment. There were two surveyors who appeared to be rating neighborhoods more harshly than the reviewers thought was warranted and, in both cases, a supervisor went into the field with the surveyors to correct the situations. In both instances, the issues revolved more around a misunderstanding of the criteria for neighborhood definition rather than a misunderstanding of the criteria for evaluating the neighborhoods and buildings.

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The surveyor was identifying too small of an area as the "neighborhood." The problems were remedied and the surveyors' subsequent forms passed review.

We also conducted spot checks on approximately 5% of the individual addresses, including some for each surveyor.   This field check indicated that the surveyors were making valid assessments of the properties.

In cases where we found items that were incomplete or inconsistent, we reviewed them with the surveyor and had the surveyor complete the form and/or make the corrections.   In the few instances where we found that an individual surveyor frequently missed the same item on the survey form, we reviewed all of that surveyor's completed forms and required the surveyor to complete them.   As a result of these efforts, 1,632 (99.1%) of the completed forms had responses for both of the key variables of building condition and unit condition and of these 98.1% (1601) were internally consistent.   Thus 97.3% of the completed survey forms were deemed to be valid responses which could be used to draw some conclusions about the condition of the region's rental stock.

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CHAPTER III
RESULTS

SAMPLE DISTRIBUTION

Of the 1,646 completed surveys, 639 (38.8%) were located in the city of Chicago, 537 (32.6%) were located in suburban Cook County and 470 (28.6%) were located in the collar counties. This distribution insured that we had enough observations in the collar counties on which to make generalizations. We estimate that the collar counties account for about 22% of the region's rental units. About 23% of the region's rental stock is in suburban Cook County and the remaining 56% is located in the city of Chicago.

A large percentage of the buildings in the completed sample were single-family structures. Of the 1,630 surveys that included information on building size, 43.3% were single-family structures, 36.3% were buildings that contained two to six units, and only 20.3% of the buildings contained seven or more units. The 1,630 buildings included a total of 17,566 units; 14,697 of which were located in the larger buildings. Table 1 shows the count of units represented by the survey responses in each building size category.

Table 1
Distribution of Units Represented by Building Size

	SF		2-6 Units		7+UNITS		Total**	
	#Bldgs	# Units	#Bldgs	# Units	#Bldgs	# Units	#Bldgs	# Units
Regional Total	705	705	591	2,165	334	14,697	1,630	17,566
Chicago	230	230	284	889	119	3,781	633	4,900
Suburban Cook	225	225	199	831	108	5,487	532	6,542
Collar Counties	250	250	108	445	107	5,429	465	6,124

As shown in Figure 1, this distribution indicates that as a percentage of total units, those located in larger buildings were probably over represented in the survey and smaller buildings were underrepresented. The estimated distribution is based on 1990 census data.

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Figure 1
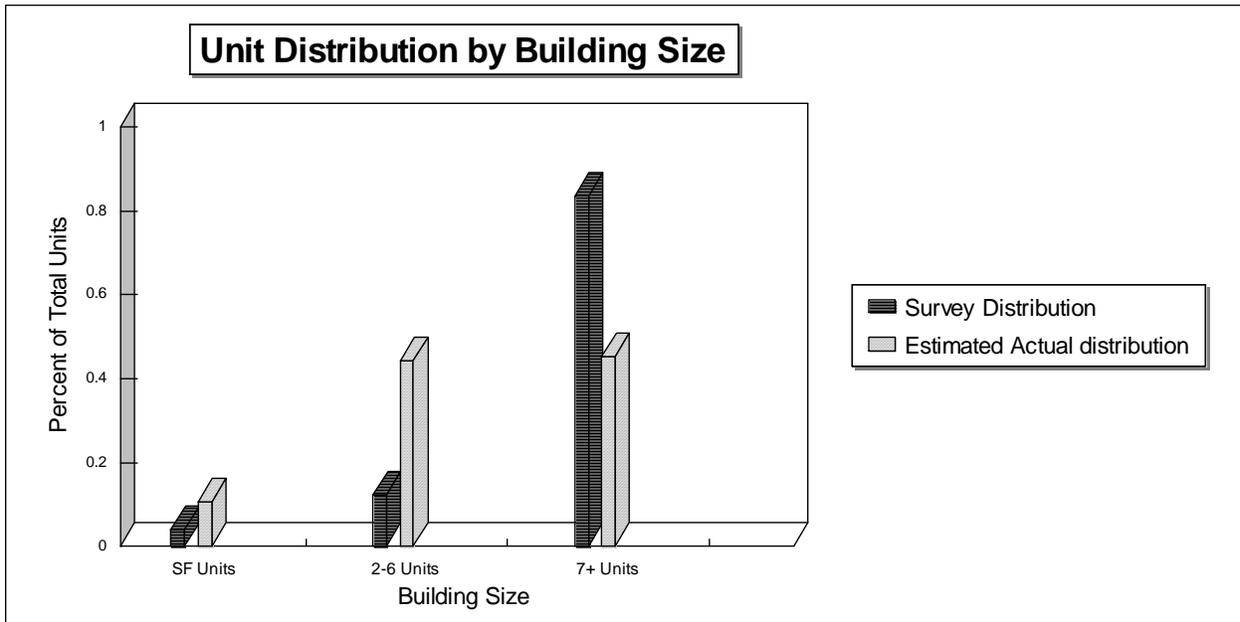
The results of the condition survey can be generalized to describe the condition of the rental housing stock throughout the region only after weighting the results to reflect the actual distribution of the rental stock by geography and building type. In preparing the weights, a slight adjustment was made in the grouping the properties be building size. The Bureau of the Census uses categories of "2 units," "3 to 4 units" and "5 to 9 units" that do not coincide with the "2 to 6 unit" and "7 and more units" categories that were used in collecting the raw data. Because we had also indicated the actual number of units in each building on the survey form, we were able to regroup the units for weighting into categories of "2 to 9 units" and "10 and more units." The conclusions about the condition of the region's rental housing presented in this chapter are based on the weighted results of the condition survey.

UNIT CONDITION

Unit condition was the focus of this survey. In an assessment of the availability of rental housing, one pertinent issue is whether the units safe, sanitary, and decent. As part of the Section 8 rent subsidy program, units are inspected to ensure that they meet Housing Quality Standards(HQS). The criteria of this conditions survey aimed to assess the condition of units in reference to HQS. (See Appendix). It must, however, be emphasized that we did make interior inspections and the estimates of unit condition are based on exterior conditions. Also, all units within a building were assumed to be in similar condition.


Surveyors classified units as:

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- GOOD — Unit could be moved into immediately; would need only minor cleaning and/or cosmetic work.

- NEEDS MINOR REPAIRS — Unit might pass an HQS inspection but if it didn't, only minor repairs would be needed to bring it into compliance.

- NEEDS MAJOR REPAIRS — Unit would likely need extensive repairs requiring considerable cost and time to make bring it into compliance with HQS. These units may be habitable but they do not provide a very desirable living environment.

- VERY POOR — Unit would need to be completely renovated to make it habitable. These units might even be in buildings that would be prime candidates for demolition.

We also had a category "Difficult to Determine." This category was used when the visual evidence was conflicting. For example, the exterior condition was "good" or "fair" but glimpses through the windows indicated that the interior may be in worse condition. In other cases the exterior was in relatively poor condition but glimpses through the window indicated that interiors may have been improved. This category was used in only 0.92% of the cases.

This analysis groups all of the units in the "good" and "need minor repair" categories into one class labeled "good" and the units in the "needs major repairs" and "very poor" categories into a class called "poor." Figure 2. Shows the distribution of units by condition and geography.

Figure 2.

Weighted Unit Condition by Location

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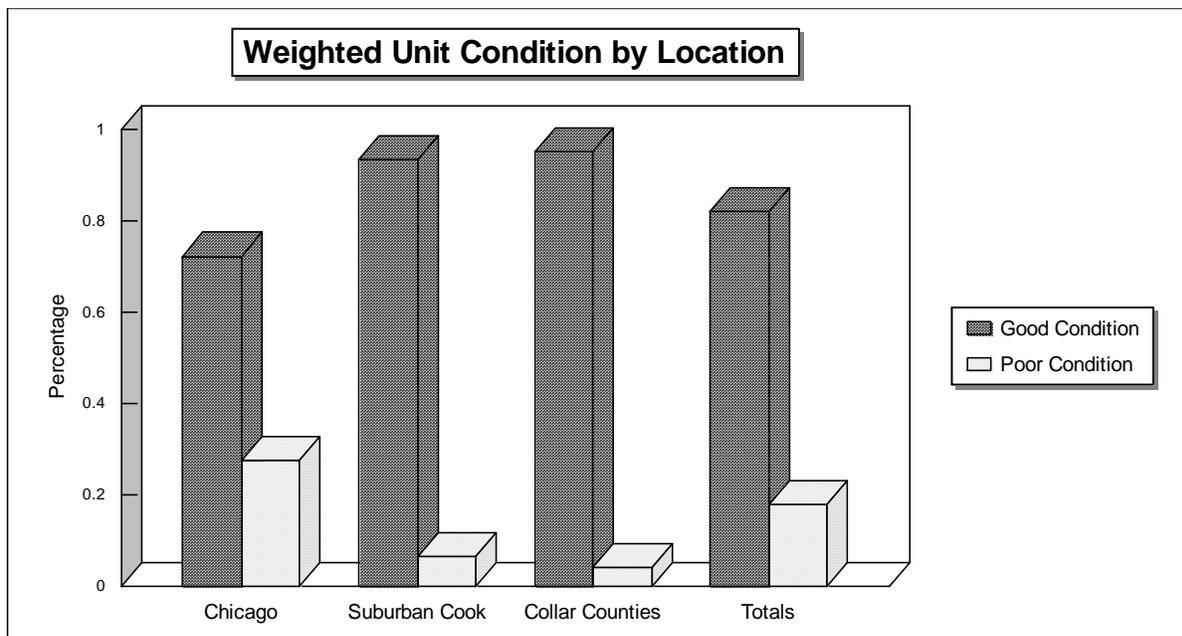
Across the region, almost 12% of the rental stock is in single family houses and most of these are in good condition. Almost 47% of the stock is in 2 to 9 unit buildings and about 40% of the units are in buildings with 10 or more units. Over all, almost 18% of the region's rental units (approximately 185,000 units) are in such poor condition that they would need substantial renovation to meet HUD's Housing Quality Standards. A breakdown of unit condition by location and building size is provided in Table 2.

Table 2
Weighted Distribution of Units by Condition and Building Size**
(As a Percentage of Total Units in Location)

	SF	2-9 Units	10+Units	Total
Total Number of Units Represented in Survey	**1,949**	**7,748**	**6,894**	**16,591**
Regional Totals				
Units in Good Condition	10.73%	39.03%	32.39%	82.15%
Units in Poor Condition	1.02%	7.67%	9.16%	17.85%
Totals	11.75%	46.70%	41.55%	100.00%
Chicago				
Units in Good Condition	4.73%	40.65%	26.90%	72.28%
Units in Poor Condition	0.57%	11.97%	15.18%	27.72%
Totals	5.30%	52.62%	42.08%	100.00%

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Suburban Cook

Units in Good Condition	12.81%	39.97%	40.62%	93.41%
Units in Poor Condition	1.40%	2.62%	2.57%	6.59%
Totals	14.22%	42.59%	43.19%	100.00%

Collar Counties

Units in Good Condition	24.27%	33.70%	37.82%	95.80%

Units Needing Major Repairs

(86%) (5%) (9%)
- Chicago
- Suburban Cook
- Collar counties

Units in Very Poor Condition

(88%) (6%) (7%)
- Chicago
- Suburban Cook
- Collar counties
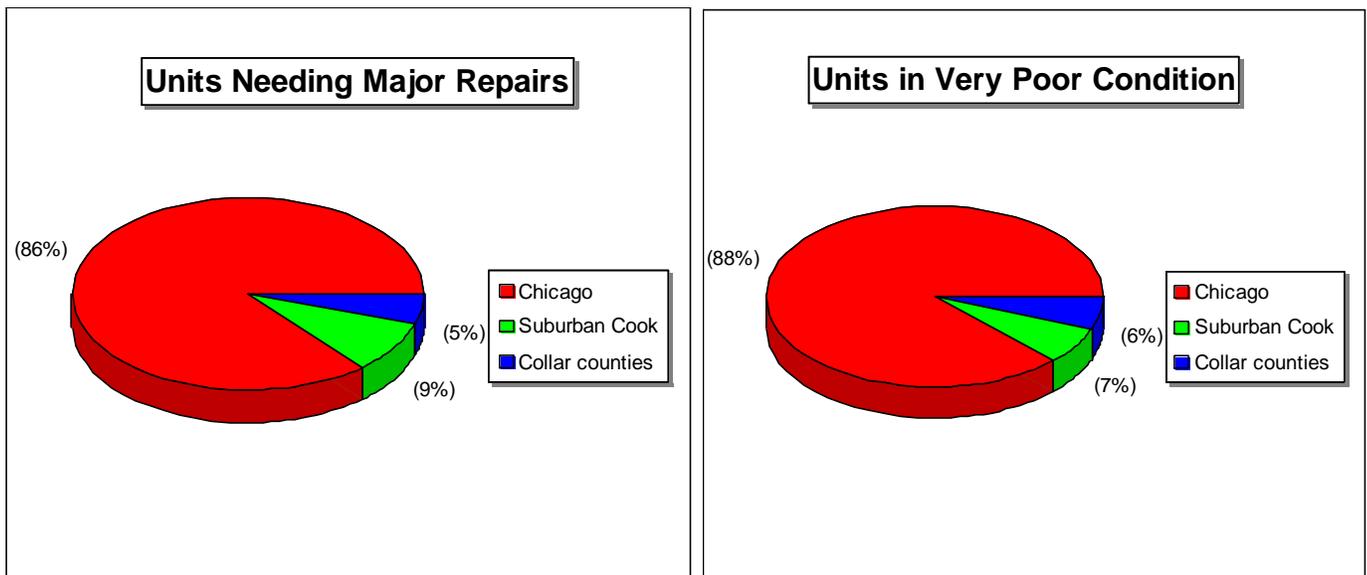
Units in Poor Condition	1.77%	1.89%	0.54%	4.20%
Totals	26.04%	35.59%	38.36%	100.00%

** Excludes 1.4% of units classified as "Difficult to Determine" in unit condition analysis.

Although the vast majority of the units in "poor" condition could be brought up to acceptable standards through major renovation, we estimate that about 1.5% of the region's units are essentially uninhabitable. Many of these units are vacant: and those that are not, should be. Thus the region, with over a million private rental units, may have as many as many 15,000 units which are in such poor condition that they should not be occupied. Of these extremely deteriorated units, about 88%, or approximately 13,200 units are located in the city of Chicago. The geographic distribution for both the units needing substantial rehabilitation and those which are considered unsuitable for habitation (very poor condition), are shown in Figure 3.

Figure 3.

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The units in poor condition tended to be concentrated in the city of Chicago, where almost 28% (160,000) of the units were in poor condition compared to less than 7% (15,500) in suburban Cook County and 4% (9,000) in the collar counties. This is understandable given that the housing stock in the city of Chicago is generally older and that there are higher concentrations of poverty in the city. Thus the city has a much higher percentage of its rental households with incomes that are insufficient to support the rents needed to maintain the housing stock.

Table 3 shows the percentage of units within each building size category that are in good and poor condition. In suburban Cook and the collar counties, a higher percentage of the small buildings are in poor condition while in Chicago, it is the larger buildings that account for the highest percentage of units that are in poor condition. This finding is consistent with our knowledge of many older Chicago neighborhoods in which larger buildings (10-12 units) on corner locations have deteriorated while the single-family and/or two- to six-unit buildings in the middle of the block are often in fair to good condition. In addition, Chicago has a large number of older courtyard buildings with 24 to 36 units that are often in worse condition than the smaller buildings in the same neighborhood.

In the suburban areas, the sample for the larger units included several large, professionally-managed complexes. These properties are frequently owned by institutional investors that have both the ability and the motivation to keep them in good condition to maintain long-term value. By contrast, the smaller buildings tend to be owned by individuals who may be more concerned with immediate cash flow and thus lack the motivation to reinvest in the structures.

Table 3
Weighted Unit Condition by Building Size (As a Percentage of Units in Building Category)**

	SF	2-7 Units	10+Units	Total
Total Number of Units Represented in Survey	**1,949**	**7,748**	**6,984**	**16,591**
Units in Good Condition				
Chicago	89.2%	77.2%	63.9%	72.3%
Suburban Cook	90.1%	93.8%	94.1%	93.4%
Collar Counties	93.2%	94.7%	98.6%	95.8%
Regional Totals	**91.3%**	**83.6%**	**78.0%**	**82.1%**

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Units in Poor Condition

Chicago	10.8%	22.8%	36.1%	27.7%
Suburban Cook	9.9%	6.2%	5.9%	6.6%
Collar Counties	6.8%	5.3%	1.4%	4.2%
Regional Totals	**8.7%**	**16.4%**	**22.0%**	**17.9%**

** Excludes 1.4% of units classified as "Difficult to Determine" in unit condition analysis.

NEIGHBORHOOD CONDITIONS

In general it is assumed that there is a high correlation between the condition of a building and the neighborhood in which it is located. Thus, to provide a check on the validity of the sample and ensure that the buildings we surveyed were indeed representative of other rental buildings in their

neighborhoods, we analyzed the condition of units in relation to the condition of the neighborhood in which they were located. For the purposes of this survey we defined "neighborhood" as an area within roughly a three block radius of the address being surveyed. Surveyors were asked to identify land uses; indicate the condition of structures, private spaces, and public infrastructure; and note the presence of vacant buildings and lots. Based on these characteristics, the surveyors rated the neighborhoods according to five categories:

- EXCELLENT — A new neighborhood or a neighborhood in which all buildings are in good condition, private areas are very well maintained and the public infrastructure is in top condition.

- GOOD — A neighborhood in which most of the buildings are in good condition with only an occasional structure that needs work, private spaces are generally well maintained and the public infrastructure is in good condition.

- FAIR — A significant percentage of the buildings are in need of some maintenance and an occasional building may be in poor condition, some private areas are in need of care, and the public infrastructure may need some reinvestment. A neighborhood in this category need not fit the characteristics in all three categories. It may still qualify, for example, if the public infrastructure is in good condition but the majority of the structures need reinvestment and there are some vacant lots.

- POOR — The majority of the buildings need reinvestment, there are numerous vacant buildings and/or vacant lots in the neighborhood, and the public infrastructure needs

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improvement (streets need resurfacing, street lights are out, curbs and/or sidewalks are cracked and crumbling).

• DETERIORATED — A high percentage of the properties consist of vacant buildings and/or vacant lots, most of the occupied buildings are in poor to fair condition, private spaces are poorly maintained or ignored and the public infrastructure needs reinvestment. Abandoned cars and other refuse may be present.

We also included a category of "isolated/semi-rural" for those structures in the suburbs that were located in areas that did not fit our other neighborhood descriptions. Although most structures located in these areas tend to be single-family houses, an occasional garden apartment complex may be located in a heavily wooded area with no other structures nearby. Thirty-seven weighted survey units (19 in suburban Cook and 18 in the collar counties) fell into this category.

Just over one percent, or about 11,400, of the region's rental units are located in deteriorated neighborhoods. Another two percent, or about 27,000 units are located in poor neighborhoods. All but about 3,000 of these units are in Chicago. In suburban Cook where about 2,600 units were in poor neighborhoods. None of the building surveyed in suburban Cook County were located in deteriorated neighborhoods, though we suspect that a few may exist. In the collar counties, less than 500 units were in poor and less than 500 units were in deteriorated neighborhoods. These distributions are shown in Table 4.

Table 4
Distribution of Units by Neighborhood Condition**

	Excellent	Good	Fair	Poor	Deteriorated
Region	24.1%	44.8%	27.5%	2.6%	1.1%
Chicago	9.0%	42.4%	42.7%	4.1%	1.9%
Suburban Cook	37.0%	50.6%	11.4%	1.1%	0.0%
Collar Counties	51.0%	44.7%	4.1%	0.1%	0.1%

** Table excludes 0.2% of units located in "isolated/semi-rural" areas and 1.4% of units classified as "difficult to determine."

Table 5 the distribution of units by the condition of the buildings in which they were located by neighborhood condition. In the table, the "good"category includes buildings that were classified as either excellent or good condition by the surveyors and the "poor" category includes buildings that were in poor or deteriorated condition. Buildings in fair condition in the survey are classified as "fair" in the table.

In general, buildings in poor condition were located in poor or deteriorated neighborhoods.

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About 80% of the units in deteriorated neighborhoods were in buildings that were in poor condition and only 4.5% of the units in these neighborhoods were in buildings that were in good condition. Only 11 neighborhoods in which surveyed buildings were located were designated as "deteriorated."   Ten of these neighborhoods were in Chicago and one was in the collar counties.

In the "excellent" neighborhoods, almost all of the units were in buildings that were in good condition. There were a few buildings in poor condition in good neighborhoods, but over 82% of the units were in buildings that were good condition. Even in "fair" neighborhoods, the preponderance of the units (64%) were located in buildings that were rated in fair condition.

These findings were in accord with our expectations.   However, as indicated in the methodology section of this report, the area of highest ambiguity on the probable condition of units is in the buildings that were in "fair" condition. About one-fourth of all units represented in the survey, were in buildings rated as "fair" and about 90% of these units were located in neighborhoods rated fair or worse.   When surveyors rated the units in these buildings, they were split about half and half between good and poor condition.

Table 5
Unit Distribution by Building Condition and Neighborhood Condition

			Neighborhood Condition**					
			Excellent	**Good**	**Fair**	**Poor**	**Deteriorated**	**Totals**
Building Condition Regional Totals								
Buildings in Good Condition			99.9%	82.2%	26.8%	32.5%	4.5%	69.1%
Buildings in Fair Condition			0.0%	16.7%	64.1%	19.4%	16.3%	25.8%
Buildings in Poor Condition			0.1%	1.0%	11.2%	48.12%	79.8%	5.6%
Chicago								
Buildings in Good Condition			99.8%	74.9%	24.6%	35.3%	4.6%	52.7%
Buildings in Fair Condition			0.2%	24.0%	63.0%	16.4%	16.6%	38.0%
Buildings in Poor Condition			0.0%	1.2%	12.4%	48.3%	78.9%	9.2%

Suburban Cook

Buildings in Condition	Good	99.7%	87.6%	41..8%	7.5%	0.0%	66.1%
Buildings in Condition	Fair	0.0%	11.0%	55.8%	42.5%	0.0%	12.4%
Buildings in Condition	Poor	0.3%	1.4%	2.5%	50.0%	0.0%	1.5%

Collar Counties

Buildings in Condition	Good	100.0%	94.4%	24.5%	0.0%	0.0%	92.4%
Buildings in Condition	Fair	0.0%	5.3%	73.8%	100.0%	0.0%	7.3%
Buildings in Condition	Poor	0.0%	4.1%	34.5%	0.0%	100.0%	0.3%

 ** Table excludes 0.2% of units located in "isolated/semi-rural" areas and 1.4% of units classified as "difficult to determine."

ACCESSIBILITY

Weighting the results of the survey to compensate for the over representation of larger buildings showed that only a small percentage of units are likely to be wheelchair accessible. Overall, only about 13.6% of the region's rental units are located in buildings that are easily accessible to persons in wheelchairs. If all of these units are truly accessible, then there are about 140,000 accessible units throughout the metropolitan area. The largest number of accessible units are in Chicago (66%, or 92,000 units). Of the remining third of the accessible units, about two-thirds are in the collar counties and one-third in suburban Cook.
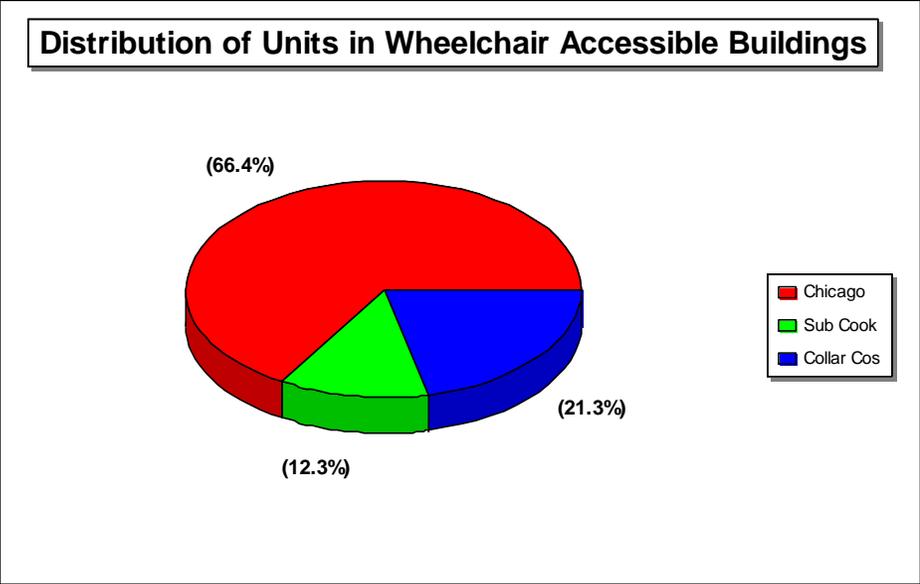
Table 6
Weighted Wheelchair Accessibility

	SF	2-9 Units	10+UNITS	Totals

	0.3%	6.4%	25.0%	13.6%
Regional Total	0.3%	6.4%	25.0%	13.6%
Chicago	3.9%	6.6%	29.9%	16.2%
Suburban Cook	3.6%	7.0%	8.7%	7.2%
Collar Counties	0.9%	5.1%	30.9%	13.7%

Figure 4.

Distribution of Units in Wheelchair Accessible Buildings

(66.4%)

(12.3%)

(21.3%)

- Chicago
- Sub Cook
- Collar Cos

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However, it must be emphasized that accessibility was established for buildings only and their is no assurance that all units in a building are accessible. In smaller buildings that are accessible, it is likely that only the ground floor units would be fully accessible to persons with mobility limitations. In highrise buildings with elevators, it could be assumed that all units would be accessible but even then only a few units are likely to have been designed to specifically accommodate persons with mobility limitations. The number of truly accessible units is thus probably less than 140,000 but we have no way to accurately estimate how much less.

Although there are an estimated 174,000 with persons that have some mobility limitations and would thus need accessible units, some of these households will own their own homes. Thus, 140,000 accessible rental units may be enough to accommodate the renters needing accessible units. The question raised by the findings of this survey is whether the units are located where they are needed and are affordable to the persons who need them.

Accessible units also tend to be concentrated in larger—and larger—buildings. An estimated 75% of the accessible units are located in buildings with 10 or more units. Being in newer buildings, we can assume that many of the units will not be affordable to low-income households. And with the majority of the accessible units located in the city, there may be few accessible alternatives for households in the in other portions of the region; especially in suburban Cook County where only about 7% of the units are accessible.

CHAPTER IV
CONCLUSIONS

Any assessment of the condition of a housing unit is subject to a certain amount of subjectivity on the part of the person making the assessment. The assessment will be, to some extent, influenced by the surveyors experience with a range of quality in units and their concept of what constitutes acceptable conditions. Even Housing Quality Standard Inspections, conducted by trained personnel using a check list, will show some variation from inspector to inspector. The approach used in this survey, of basing an estimate of unit condition on an exterior inspection and assessment, has even greater potential for subjectivity. We know that there is a correlation between the exterior and interior conditions of most buildings but AREA's experience in Philadelphia indicates that there will be some variation in what the surveyor anticipates based on their exterior assessment and what they find when they get inside. The units were often in better condition than anticipated and, occasionally, they were in worse condition. We cannot assume that the same conditions apply in Chicago where the building stock and other factors affecting rental housing are different. However, the Philadelphia experience does indicate that the overall number of units in poor condition may not be as great as indicated by our survey.

Although the limitations of the survey results in some imprecision in assessing the number of units in poor condition, the following conclusion can be drawn from the study:

- The majority of the substandard rental housing in the region is concentrated in the city of Chicago where the building stock is older and concentrations of poverty are greater.

- Substandard units may be found in any neighborhood but they are concentrated in neighborhoods that are in poor condition.

- The number of units that would require substantial repairs to bring them up to accepted standards (about 185,000), far exceeds the number of vacant units (about 444,000) in the region.

- Thousands of households throughout the region are currently living in substandard housing.

- There are an estimated 174,000 households with a person with some mobility limitations living in the Chicago metropolitan area compared to an estimated 140,000 or fewer accessible renal units. Because some households own their homes, this may be an adequate supply.

We thus have a long way to go to provide housing throughout the region that is both affordable to low-income households and is also in decent condition. And although we may have enough rental housing that is accessible, additional studies are needed to determine the adequacy of the affordability and distribution of these units.

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