

METROPOLITAN PLANNING COUNCIL



Key Findings from the Regional Rental Market Analysis Chicago - North Side

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, there are approximately 1,024,00 households who rented in 1999, 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 renters earn less than \$32,000 per year. In contrast, 12.2% of homeowners earn less than \$32,000.
- 87% of all renter households receive no housing subsidy.

Chicago

- In Chicago, approximately 43.8% of all households own their homes, and 56.2% rent. There are approximately 569,700 renter households in Chicago.
- The percentage of households renting has declined somewhat from 57.6% in 1987 to 56.2% in 1995. (This parallels national trends, which show 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.
- The median income for renter households in Chicago in 1995 was \$21,883 compared with \$39,629 for owners.

Household Incomes of Owners and Renters on the North Side of Chicago

Chicago North 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	403,800	88,700	44,300	85,300	77,300	108,200
% of households	100%	22.0%	11.0%	21.1%	19.1%	26.8%

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

DIVERSITY OF RENTERS

Renter Households in Chicago who are:	
White (Non-Latino)	38.0%
African-American	36.8%
Other Race	11.7%
Latino (Any Race)	18.5%
Elderly	15.1%
Below Poverty	28.2%

Percentages are as a proportion of all renter households in Chicago, 1995

- The median age of a renter in Chicago is 40 years.
- The average household size for renters in Chicago is 2 persons.
- 36% of renter households in Chicago are one-person households.
- Approximately 27% of all renter households in Chicago have two people.
- About 35% of renter households in Chicago are made up of three or more people.

DEMAND FOR RENTAL HOUSING IN CHICAGO

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.

- The north side's 2.7% vacancy rate represents a tight market, according to either the 6% threshold set by HUD or the 5% measure used by appraisers, and well below the regional vacancy rate of 4.2%.
- Rent increased on the north side of Chicago by 6.1% from 1998 to 1999, compared to a 2.0% increase in inflation. This rate of increase is also well above the overall regional increase of 3.6%.
- The north side of Chicago lost 7,588 units of rental housing to condominium conversions between 1993 and 1998.
- As the following table details, more than 192,000 renter households in Chicago pay more than the recommended 30% of household income towards rent. A third of those families spend more than 50% of their income for rent.

Rent Burden

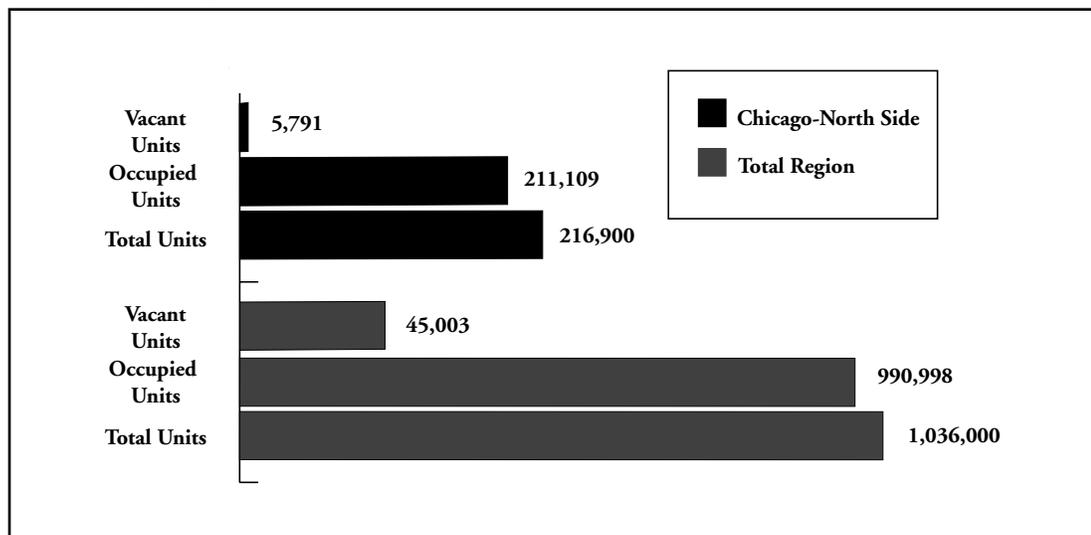
Percentage of Income Toward Rent	Chicago ¹	Chicago ²
30-49% of Income	24%	132,000-145,200
50% or More	13%	60,000-87,800
Total paying 30% or More	37%	192,800-233,000

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

- An estimated 67,000 to 70,000 renter households in Chicago live in substandard housing (plumbing, heating, or other serious maintenance problems).
- Between 47,500 and 48,700 renter households in Chicago live in overcrowded units.
- In Chicago, there are 35,000 households on the waiting list for Housing Choice Vouchers (the new name for the restructured federal Section 8 tenant-based housing assistance).
- Approximately 15,000 different people stayed in a homeless shelter in Chicago sometime in 1998. An estimated 15,000 to 30,000 people slept on the street in Chicago sometime during that year.

SUPPLY OF RENTAL HOUSING IN THE NORTH SIDE OF CHICAGO

Availability of Apartments



Rental Units		Chicago - North (all bldg. types)	Chicago - North (small bldgs.)	Total Region (all bldg. types)
All Units	Vacancy Rate	2.7%	3.0%	4.2%
	Average Rent	\$826	\$819	\$723
Studio	Vacancy Rate	2.7%	N/A	4.1%
	Average Rent	\$538	N/A	\$678
One Bedroom Units	Vacancy Rate	3.2%	4.2%	4.0%
	Average Rent	\$821	\$696	\$746
Two Bedroom Units	Vacancy Rate	1.8%	2.1%	4.0%
	Average Rent	\$993	\$797	\$746
Three or More Bedrooms	Vacancy Rate	2.9%	3.1%	4.9%
	Average Rent	\$969	\$942	\$824

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

- Rent levels on the north side of Chicago are particularly high, with an average monthly rent level of \$826 per month, well above the regional average of \$723.
- For all unit sizes, the market is tighter on the north side of Chicago than in the region overall.
- The market for two-bedroom apartments is extremely tight, with vacancy rates at just 1.8%.
- Entry-level wage earners with an income up to \$30,000 spending no more than 30% of their income on rent (commonly understood to be an appropriate housing cost) would pay no more than \$750 for rent. The average rent for a one-bedroom apartment on the north side is \$821. The average rent for a two-bedroom apartment in a small building is \$797.

HOUSING QUALITY AND ACCESSIBILITY

- While 82% of the overall regional rental market is in good condition, most of the poor quality units are located in Chicago. 36% of all rental units in large buildings in Chicago are in poor condition.
- The majority of wheelchair accessible units can be found in large buildings (10 or more units), which are most likely to have an elevator. However, not all units in these buildings are accessible.

Units in Good Condition	Percentage of Units in Building Category			
	Single Family	2-9 Unit Building	10 + Unit Building	Total
Chicago	89.2%	77.2%	63.9%	72.3%
Region Overall	91.3%	83.6%	78.0%	82.1%

Due to the data collection method, information cannot be broken down into subareas of Chicago.

Units in Wheelchair Accessible Buildings	Percentage of Units in Building Category			
	Single Family	2-9 Unit Building	10 + Unit Building	Total
Chicago	3.9%	6.6%	29.9%	16.2%
Region Overall	0.3%	6.4%	25.0%	13.6%

Due to the data collection method, information cannot be broken down into subareas of Chicago.

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—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 are available on the Metropolitan Planning Council’s web site, www.metroplanning.org.