

WORKFORCE HOUSING IN DEKALB COUNTY

DeKalb County Housing Action Coalition
September 2007



A light blue map of DeKalb County, Georgia, is positioned in the background. The title and subtitle are centered over the map. A small yellow rectangular highlight is visible on the map, located in the northern-central part of the county.

Summary of Report: WORKFORCE HOUSING IN DEKALB COUNTY

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Findings

- 1** From 2000 to 2006, the average sales price of homes in DeKalb County increased by over 50% from \$138,000 to \$212,000, while median family income rose less than 13%.
- 2** Currently, a sizable percentage of those already housed are spending more than the recommended 30% of their income on housing costs.
- 3** The price of both new and existing homes that have been sold in the last six years exceeds what many working families, even those with two incomes, could pay without exceeding 30% of their income. (This is also true of current homeowners if they were to purchase a new home in today's market).

Further Steps and Suggestions

- 1** Convene a DeKalb County Wide Housing Summit to discuss the ways housing and housing costs impact the broader vision for the future of the county.
- 2** Systematically examine available options for both preserving and expanding workforce housing.

WORK FORCE HOUSING IN DEKALB COUNTY

DeKalb County Housing Action Coalition

EXECUTIVE SUMMARY

As part of a broad, on-going, county wide dialogue looking at the future of housing needs in DeKalb County, three organizations -- the DeKalb County Housing Action Coalition (DCHAC), the Housing Authority of DeKalb County, and the City of DeKalb have prepared complementary reports on housing availability, needs and costs.

This report was prepared by DCHAC and focuses on whether the future workforce in the county will be able to find housing while paying less than the recommended level of 30% of their budget. Both government and business data show that currently a substantial number of households are already burdened by housing costs that exceed 30% of income. As housing prices accelerate faster than income, most single wage earner families and many dual wage families will have to spend more than the recommended 30% of their income to purchase homes. This increasing gap between wages and housing costs can slow the ability of both county and municipalities to attract new businesses and industries.

To further examine concerns regarding housing affordability, and doing so as part of a broader dialogue on the future of the county, DCHAC recommends convening a **County-Wide Housing Summit**. In addition, the coalition presents an array of tools that local government, non profits, housing developers and citizen organizations will be able to consider in order to expand the availability of workforce housing.

WORKFORCE HOUSING IN DEKALB COUNTY: LOOMING PROBLEMS

Statement of Need

Affordable housing, defined as housing that costs less than 30% of household income, is vital to maintain vibrant cities and towns, as well as sustain a family's well-being and its quality of life. Homes are a means for families to accumulate capital that can help fund the education of their children, provide seed money for businesses, and provide funds for retirement. Sustained economic viability for municipalities occurs when workers can afford to live within reasonable distances to places of their employment. When those who grow up in a community are able to afford to remain there as adults, a stronger community results.

As one state-level task force concluded, "housing is an essential asset and economic engine for neighborhoods, integral to Illinois' ability to achieve its goals for robust communities" that contain a variety of housing so that people of different incomes can find appropriate shelter. (www.ihda.org) To encourage expanding the supply of affordable housing, the state passed the Affordable Housing Planning and Appeal Act and has in place several funding programs.

However, achieving a supply of housing that working families are able to afford is proving problematic as housing costs have escalated, especially over the last decade. Many residents in DeKalb County are now spending far more than the recommended 30% of their income on housing, often times approaching 50%.

The Rising Cost of Housing in DeKalb County

To better understand affordable, workforce housing in DeKalb County, the DCHAC examined census data, county records and local real estate association sales records. The coalition's goal was to determine if working families are able to find housing of quality, while expending no more than 30% of their income. The conclusion is that doing so is increasingly more difficult.

In drawing its conclusions, DCHAC has attempted to be cautious not to overstate the case, structuring the analysis to actually underestimate those spending over 30% of income on housing. For many with household incomes below the median, the 30% figure may be too high, not allowing sufficient funds for food, transportation, health care and other essentials. When calculating how much a household can afford to spend on housing, real estate professionals tend to multiply household income by 2.5. DCHAC used a multiplier of 3, thereby actually over-estimating the affordability of housing for a workforce household. Finally, households that include un-related individuals who are living together tend to have less income than do families. In DeKalb County the respective median incomes for families, according to 2000 U. S. Census figures, is \$65,567, while household income (unrelated people) is substantially lower at \$56,963. This analysis focuses on the higher family income, again underestimating the problem.

Another decision made by DCHAC in presenting the data was in specifying the prices of housing, since homes that are sold will differ in value from those that are occupied, but not on the market. According to the most recent *American Community Survey*, the estimated average value of the 36,000 homes in DeKalb County was \$177,100, while the sales costs of the 2400 homes sold recently averaged \$212,694 for new and existing homes. DCHAC's focus was on the future growth of the county, so current sales prices were used as estimates, as these prices are what new families

and new workers are paying in today's market.

With these cautions in mind, it appears, at first glance, that housing in DeKalb County is affordable, at least in comparison to cities to the east. With an estimated median family income of \$65,567 (and mean of \$74,265) current housing values at \$177,000 and a median housing sales price of between \$207,000-\$212,000, housing values are approximately 3 times family income, albeit higher than the preferred 2.5. For those with a mortgage, a household income of \$57,000 can afford an existing typical median home. However, even with this apparently favorable situation, 37% of current owners with mortgages, 17% of owners without mortgages, and 59% of renters, spend 30% or more of their household income on housing in DeKalb County (American Community Survey).

Furthermore, during the last half decade, while family income increased about 2.54% annually (below the rate of inflation), overall housing prices increased between 8.3%-8.8% a year. This 6% gap between increases in income and housing prices will continue to make homes less and less affordable to working families. Those who already own homes are temporarily buffered from price increases. However, those buying a new home, whether from a builder or an existing home that is now on the market, face rapidly escalating costs.

The extent of escalation can be seen in the rapid rise in housing prices that has occurred since 2000. This rise will force many households, both those with one income and those with two, to spend far more than the desired 30% of household income on housing or force them to seek housing in the rental market. Since 2000, as shown in Table 1, sale prices of existing homes increased at a rate of 8.3% a year (compared to income increases of 2.54%) although there has been a marked variation between the municipalities (Table 2). Data for both new and existing homes (Table 3) shows township by township increases averaging between 8.3% and 8.8% annually (actual costs are reported in Table 11 in the appendix).

Table 1

Percent Increase in Prices of Homes Sold as Reported to DeKalb Association of Realtors
 Supplemented by Aurora Tri-County Association
 Multiple Listing Service Source

Place	1996 to 2000	2000 to 2005
Cortland	19.2% (4.8% yr)	18.4% (3.7% yr)
DeKalb	12.0% (3.0 yr)	32.5% (6.5% yr)
Genoa	24.4% (6.1% yr)	31.5% (6.3% yr)
Kingston	10.1% (2.5% yr)	42.5% (8.5%)
Kirkland	14.1% (3.5% yr)	60.3% (12.1% yr)
Malta	-3.0 % (-0.8% yr)	24.6% (4.9% yr)
Sycamore	9.3% (2.3% yr)	60.3% (12.1% yr)
Waterman	4.5% (1.1% yr)	30.6% (6.1% yr)
Price Changes in 8 Towns in DeKalb Real Estate Association Data Base	13.0% (3.3% yr)	41.3% (8.3% yr)
Price Change for Combined Sales in Somonauk, Hinckley and Sandwich from Aurora Trisstate Data Base	12.4% (3.1% yr)	41% (8.3% yr)
Average Annual Percent Increase in Income		Households 0.55% Families 2.54%

Table 2

Housing Costs: Average, Range in \$1,000, and Total Number Sold
 Data from DeKalb Association of Realtors
 Supplemented by Aurora Tri-County Association
 Multiple Listing Service Source

Place	1996	2000	2005
Cortland	\$121,952 (\$81-\$162) (n=25)	\$145,328 (\$77-\$200) (n=35)	\$172,069 (\$43-\$232) (n=22)
DeKalb	\$122,095 (\$50-\$285) (n=220)	\$136,702 (\$32-\$337) (n=317)	\$181,171 (\$78-\$350) (n=309)
Genoa	\$121,568 (\$65-\$243) (n=57)	\$151,225 (\$63-\$532) (n=78)	\$198,796 (\$80-\$485) (n=83)
Kingston	\$135,463 (\$64-\$232) (n=19)	\$149,110 (\$30-\$300) (n=38)	\$212,465 (\$117-460) (n=23)
Kirkland	\$116,068 (\$29-\$184) (n=16)	\$132,464 (\$40-\$280) (n=18)	\$212,341 (\$80-\$448) (n=29)
Malta	\$116,250 (\$29-\$184) (n=16)	\$112,745 (\$69-\$145) (n=11)	\$140,467 (\$86-\$230) (n=12)

Table 2 (Cont.)

Housing Costs: Average, Range in \$1,000, and Total Number Sold
 Data from DeKalb Association of Realtors
 Supplemented by Aurora Tri-County Association
 Multiple Listing Service Source

Place	1996	2000	2005
Sycamore	\$134,357 (\$41-\$473) (n=149)	\$146,791 (\$30-\$410) (n=281)	\$235,260 (\$42-\$487) (n=214)
Waterman	\$130,440 (\$91-\$220) (n=10)	\$136,370 (\$92-\$180) (n=6)	\$178,139 (\$137-\$260) (n=9)
Total for Included Towns from DeKalb Area Realtors	\$125,896 (\$41-473) (n=512)	\$142,313 (\$30-\$410) (n=784)	\$201,037 (\$42-\$487) (n=701)
Combined Sales from Somonauk, Hinckley and Sandwich from Aurora Tri County Real Estate Association	\$125,390 (\$15-\$283) (n=168)	\$142,047 (\$34-\$385), (n=178)	\$200,240 (\$76-\$535) (n=183)

Table 3:

Percentage Increase in Average Sales Price by Township for Residential
 and Summary Figure for Splits from County Green Sheets

Township	1996 to 2000 change	2000-2006 Change
AFTON	41.8% (10.5% yr)	41% (6.8% yr)
CLINTON	16.2% (4.1% yr)	86% (14.3% yr)
CORTLAND	14.5% (3.6% yr)	49.9 % (8.3% yr)
DEKALB	18.1% (4.5% yr.)	48.6% (8.1% yr)
FRANKLIN	9% (2.3% yr)	83.2% (13.9%)
GENOA	27% (6.7% yr)	37.5% (6.3%)
KINGSTON	26.1% (6.5% yr)	49.3% (8.2%)
MALTA	25.1% (6.3% yr)	85.7% (14.3%)
MAYFIELD	124.7% (31.1% yr)	21.6% (3.6%)
MILAN	37.7% (9.4% yr)	21.3% (3.6%)
PIERCE	93.6% (23.4% yr)	53.3% (8.9% yr)
PAWPAW	131% (32.8% yr)	-0.8% (-0.1% yr)

Table 3 (Cont.)

Percentage Increase in Average Sales Price by Township for Residential
and Summary Figure for Splits from County Green Sheets

Township	1996 to 2000 change	2000-2006 Change
SANDWICH	7.3% (1.8% yr)	52.4% (8.7% yr)
SOUTH GROVE	-25.0% (-6.2% yr)	88.3% (14.7%)
SHABBONA	23.6% (5.9% yr)	35.8% (6.0% yr.)
SOMONAUK	27.8% (7.0% yr)	45% (7.5%)
SQUAW GROVE	21.4% (5.3% yr)	44.5% (7.4% yr)
SYCAMORE	17.0% (4.2 % yr)	65.2% (10.9% yr)
VICTOR	-31% (-7.9% yr)	214.8% (35.8%)
Total for Residentials	19.6% (4.9% yr.)	53.0% (8.8% yr)
Total for Residential with Splits	18.6% (4.6% yr)	60.0% (8.3%)

The Price of Homes Being Sold is Increasing Far More Rapidly than Income.

In addition to this widening gap, the availability of less expensive homes is rapidly decreasing. While the estimated average value of homes in the county is \$177,000, these homes are now selling for an average of \$23,000 more than that. But when averaging the costs of buying an existing home with a new construction home, the average is \$35,000 more than the \$177,000. Those now seeking to purchase homes require significantly more income than those who are already housed.

Data from the DeKalb Area Association of Realtors (Table 4) show that the percentage of homes available for under \$160,000 has dropped precipitously. A half a decade ago, almost all homes were sold for less than \$160,000, with 60% selling for less than \$100,000. Five years later, only a little over one-third were available for under \$100,000. For larger homes just seven years ago, 40% sold for less than \$160,000, while today, only 13% are within that price range. Calculations based on county data indicate that between 1996 and 2006 median housing costs have gone up by 77%, with the least expensive homes increasing in cost by 91%.

Table 4

Percent of Homes Selling within Different Price Ranges
As Reported By DeKalb Association of Realtors

Homes	2000	2005	2006 (to Dec 5, 2006)
2 bedroom or less			
less than \$99,999	58.7%	35.4%	36.4%
between \$100,000-159,999	39.1%	53.1%	50.7%
between \$160,000-199,999	1.1%	9.5%	8.6%
over \$200,000	1.1%	2.9%	4.3%
Total	92	147	140

Table 4 (Cont.)

Percent of Homes Selling within Different Price Ranges
As Reported By DeKalb Association of Realtors

Homes	2000	2005	2006 (to Dec 5, 2006)
3 bedroom			
less than \$99,999	18.9%	6.8%	7.4%
between \$100,000-\$159,999	60.1%	36.6%	28.1%
between \$160,000-\$199,999	14.0%	26.3%	28.2%
over \$200,000	7.0%	30.3%	36.3%
Total	371	715	631
4 bedroom or more			
less than \$99,999	11.5%	2.2%	3.9%
between \$100,000-\$159,999	31.7%	19.0%	9.0%
between \$160,000-\$199,999	29.5%	22.7%	17.2%
over \$200,000	27.3%	56.1%	69.9%
Total	183	273	279
Condo or Cooperatives			
less than \$99,999	27.1%	2.6%	1.8%
between \$100,000-\$159,999	55.9%	67.9%	51.6%
between \$160,000-\$199,999	13.6%	22.8%	35.7%
over \$200,000	3.4%	6.7%	10.9%
Total	59	312	285

But How Many Families and Households are Impacted by Rising Housing Prices?

A rule of thumb often used to estimate what a family is able to afford related to housing costs, is to multiply family income by 3. Tables 5 and Chart 1 examine the distribution of families by income levels between 2000-2005 and indicate what percentage of homes were sold at what price ranges, as well as the income needed for that price range to be affordable. An ideal condition would be a linear match between income and the number of affordable homes purchased using the multiplier of 3. Unfortunately, this is not the case.

Table 5

Cumulative Percentage of Homes Sold that Families from Different Income Groups Could Afford If Buying on 2000 Sales Market
Assuming Home Costs at Three Times Income for 2000

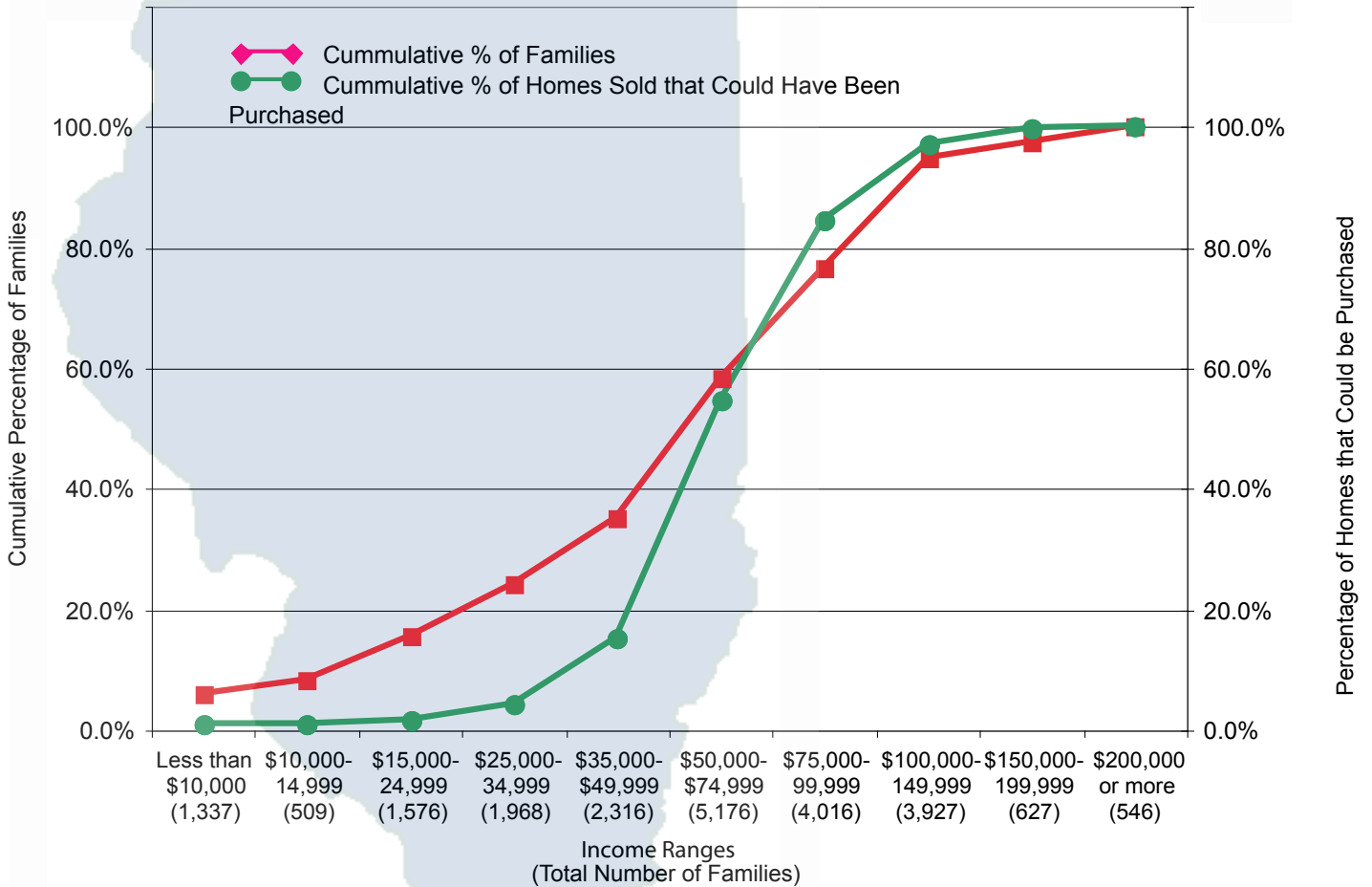
Income Range	Families	Cumulative Percentage of Families (cumulative total of families)	Cumulative Percentage of Homes Sold that Could Have Been Purchased
Less than \$10,000	Total Families (753)	3.7% (753)	0.7%
\$10,000-14,999	Total Families (513)	6.2% (1266)	1.1%
\$15,000-24,999	Total Families (1445)	13.3% (2711)	3.8%
\$25,000-34,999	Total Families (1872)	22.6% (4583)	15.9%
\$35,000-49,999	Total Families (4608)	39.5% (9191)	46.8%
\$50,000-\$74,999	Total Families (5953)	69.0% (15144)	85.7%
\$75,000-99,999	Total Families (3359)	85.6% (18503)	96.6%
\$100,000-149,999	Total Families (2244)	96.7% (20747)	99.6%
\$159,000-199,999	Total Families (441)	98.8% (21188)	99.9%
\$200,000 or more	Total Families (217)	100.0% (21405)	100.0%

In 2005, if the 5,390 (or 24.2%) families with incomes less than \$35,000 had to purchase a home at today's prices, they could only afford to purchase 4.3% of the homes being sold. The bottom 7,706 (or 35%) of all families could only afford 15.2% of homes. A comparison of table 5 and chart 1 shows that the number of households that would be priced out of ownership today is far higher than just a few years ago.

While the median and upper income households are still able to afford to purchase a home, more households in the bottom half of the income spectrums are unable to do so.

Chart 1 (Based on Table 6)

Cumulative Percentage of Homes Sold that Families from Different Income Groups could Afford if Buying on 2005 Sales Market
Assuming Home Costs at Three Times Income for 2005



But What About Rental Homes and Apartments?

To determine rental costs, DCHAC used the Department of Housing and Urban Development estimates of fair market rentals for units of different sizes. Data from the National Low Income Housing Coalition, that estimates the hourly wages needed to afford rental housing of a given size, was also used to analyze rental costs. These data are reported in Table 7

Table 7

Fair Rental Costs and Wages Needed to Afford Fair Rental Market Prices
from National Low Income Housing Coalition's Out of Reach Studies Based on HUD Data

	2006	2005	2000	1996
HUD estimate Fair Market Rent for two bedroom	\$ 776	\$748	\$669	\$563
HUD Estimate Fair Market Rent for Three Bedroom	\$1006	\$970	\$930	\$781
Annual income needed to afford FMR for Two Bedroom	\$31,040	\$29,920	\$26,760	\$22,520
Annual Income Needed to Afford FMR for Three Bedroom	\$40,240	\$38,800	\$37,200	\$31,240
Housing Wage: Hourly Wage to Afford Two Bedroom	\$14.92	\$14.38	\$12.87	\$10.83
Housing Wage: Hourly Wage to Afford Three Bedroom	\$19.35	\$18.65	\$17.88	\$15.02

In the last six years, fair market rents have increased at a slower rate than the sale prices of single family homes. However, for a single wage earner to afford a two bedroom apartment, a wage of almost \$15.00 an hour is required and \$19.35 is required to rent one with three bedrooms, placing DeKalb County as the 9th highest of the 102 Illinois counties in the state, according to the *DeKalb Quality of Life Report*. As Table 8 illustrates, these hourly rates exceed the wages for many occupational categories.

Extrapolating from Census data, DCHAC estimated how many households are unable to afford the fair market rent for two and three bedroom units. Estimates show that somewhere between 3,422 and 5,390 DeKalb County families (and between 9,870 and 14,223 households) do not have adequate income to afford the fair market rental for a two bedroom unit. Using linear estimates, up to another 500 families and 750 households are unable to afford a three bedroom unit.

Housing and Employment

As stated in the *Sustaining Economic Vitality Report* and reinforced in the actions of county and municipal economic development officials, sustaining employment is a high priority. Therefore homes are needed that working families will be able afford. An important economic question that must be addressed is how well will wages and salaries mesh with future housing costs?

Assuming that those seeking employment in the future will face housing costs similar to (or higher than) those seen in the current market, it can be estimated what housing costs individuals in various occupations will be able to afford. To make these estimates, DCHAC used information prepared by the State of Illinois that estimates wages, ranges of wages, numbers employed within official designated occupational categories. Table 8 categorizes occupational groups in the order of the number employed in 2002 and the estimated number to be employed in 2012.

Table 8

Housing Attainability for Single Income Families in Illustrative Occupational Groups
Assumes Ownership at 3 times Income; Rental at 30%
Illinois State Level Estimates of Workforce Data

Occupational Category	Median Wage for occupational group in 2006	Cost of Housing that Can Be Afforded at Median Wage and Percentage of Homes Sold in 2006 at that Level	Monthly Rental Level that Can Be Afforded	2002 Estimated Number of Employed	2012 Projected Number of Employed
All Occupations	\$27,718	\$ 83,152 (2.4%)	\$ 692	37,866	40,112
Office and Administrative Support	\$24,264	\$ 72,842 (1.9%)	\$ 605	5,976	5,715
Education, Training and Library	\$41,422	\$123,266 (8.0%)	\$1036	5,393	5,393
Management Occupations	\$70,714	\$ 212,142 (57%)	\$1768	3,576	3,737
Sales and Related	\$21,564	\$ 64,692 (1.2%)	\$ 539	3,334	3,632
Production Occupations	\$23,648	\$ 70,944 (1.8%)	\$ 591	3,215	2,900
Food Preparation and Serving Related Occupations	\$15,297	\$ 45,891 (0.8%)	\$ 382	2,767	2,961
Transportation and Material Moving	\$22,678	\$ 68,034 (1.6%)	\$ 567	2,185	2,327
Construction and Extraction	\$44,801	\$134,403 (11.7%)	\$1120	1,490	1,720
Health Care Practitioners and Technical Occupations	\$48,004	\$144,192 (17%)	\$1202	1,460	1,686
Building and Grounds, Cleaning and Maintenance	\$21,784	\$ 65,352 (1.4%)	\$ 545	1,447	1,562
Installation, Maintenance and Repair	\$28,362	\$ 85,086 (3.0%)	\$ 709	1,054	1,114
Business and Financial Occupations	\$53,694	\$ 161,082 (30%)	\$1342	1,034	1,140
Personal Care and Services	\$20,061	\$ 60,483 (1.2%)	\$ 504	1,026	1,107
Protective Service Occupations	\$23,477	\$ 70,341 (1.8%)	\$ 586	686	760

Using 2006 wage data from the state and comparing it with DCHAC's intentionally low estimates of home ownership costs, it is evident that for single wage earning families, in most occupational groups, purchasing a house is no longer affordable within the 30% of income limit. Several occupations do not pay enough to meet even fair market rents. The largest pool of employees is in office and administrative support, which currently has a median annual wage of less than \$25,000. While this pool is 14% of the employment base, only 2% of the housing ownership stock is affordable to this group. The education, training and library categories, which are growing occupations estimated to be nearly 16% of employees by 2012, are able to afford only 8% of housing. In contrast, while "management" occupations are able to afford 57% of housing today, this occupational group will be less than 10% of the workforce by 2012.

Because many families depend upon two incomes for home ownership, DCHAC examined how many homes will be affordable to two income households in the future. For this analysis, DCHAC

used a more detailed measure of housing costs taken from the City of DeKalb's report on housing that estimated costs by including mortgage payments, estimated taxes, utilities and insurance (Table 9a and 9b). DCHAC added to the table compiled by the City, figures for the median value of current homes of \$177,100 and the median sales values of homes in 2006 of \$212,000.

Table 9a

Housing Costs Depending Upon Value of Home
From DeKalb Report

Value of Home	Monthly Mortgage Payment	Monthly Mortgage Payment	Taxes Per Month	Utilities Per Month		Total Housing Costs	
	90% loan	95% loan				90% loan	95% loan
\$50,000	\$276	\$291	\$117	\$340	\$20	\$753	\$768
\$99,990	\$553	\$584	\$233	\$340	\$25	\$1,151	\$1,182
\$150,000	\$830	\$876	\$350	\$400	\$30	\$1,610	\$1,656
\$200,000	\$1,107	\$1,169	\$467	\$450	\$40	\$2,064	\$2,126
\$300,000	\$1,661	\$1,754	\$700	\$450	\$50	\$2,861	\$2,954

Source DeKalb Study Taken from Local Mortgage lending Agencies

Median Housing Sales Price from Real Estate Brokers 2006 Approximately \$200,000
 Median Housing Sales Price from Green Sheets for 2006 Approximately \$212,000
 Median Housing Value from 2005 American Community Survey Approximately \$177,100

Table 9b

Total Yearly Housing Costs

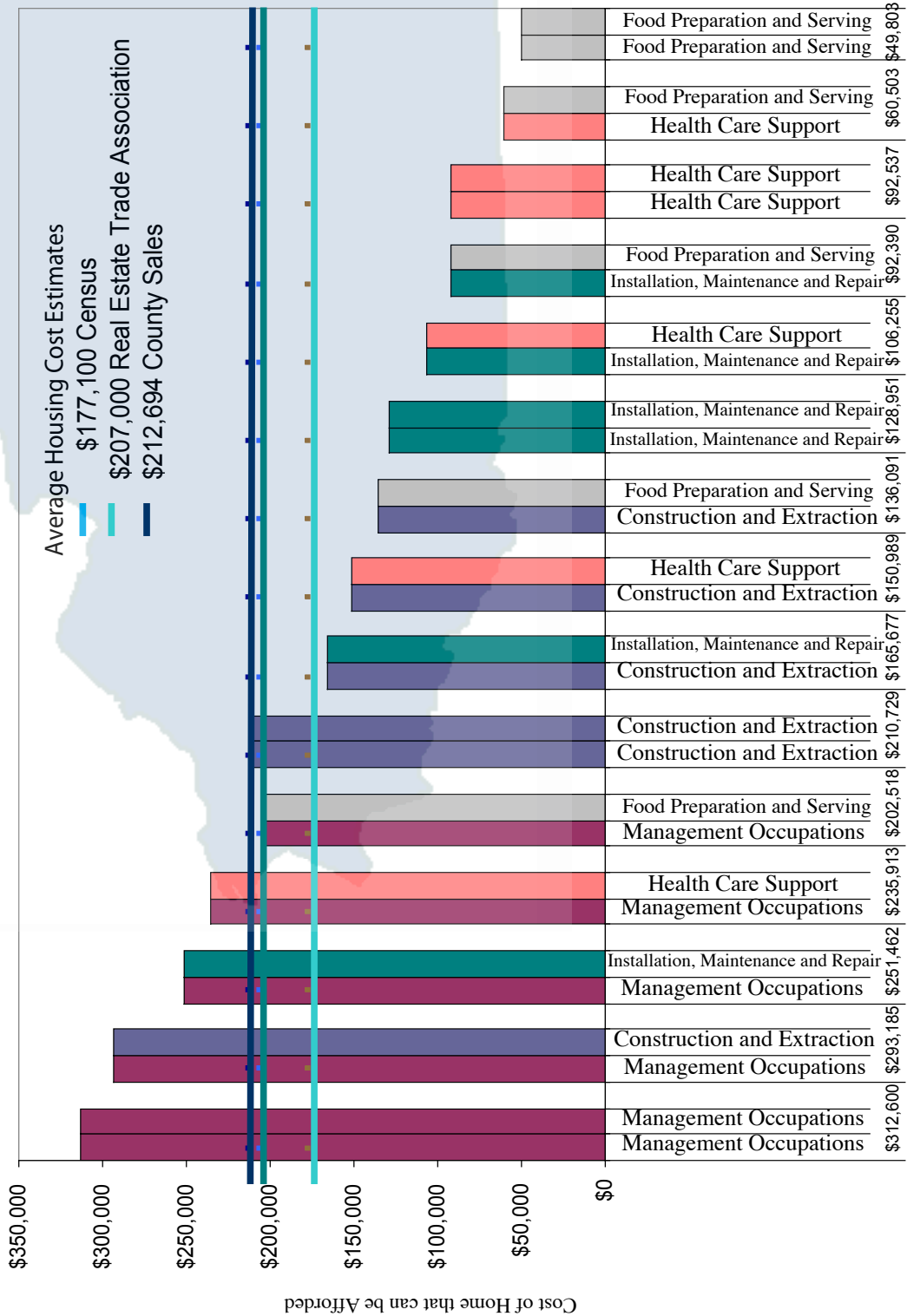
Value of Homes	Total Housing Costs with 90% Loan	Total Housing Costs with 95% Loan
\$50,000	\$9,036	\$9,216
\$99,999	\$13,812	\$14,184
\$150,000	\$19,320	\$19,872
\$177,100	\$22,273	\$22,929
\$200,000	\$24,768	\$25,512
\$212,000	\$25,914	\$26,705
\$300,000	\$34,332	\$35,460

Using this data, how does a two career family fare? For example, consider a family with one worker who is employed at the new logistics park in the central part of the County (\$28,000 year) and the other as a support person in the expanding health care field (\$22,000 a year), providing a combined income of \$50,000. According to the data in Table 9, this working couple would only be able to afford a home costing approximately \$106,000. This is well below even the current value of homes, much less current sale prices.

Chart 2 examines a representative combination of careers to determine what typical workforce couples are able to afford. Using city figures for housing costs, this table calculates the percent of income that is necessary in order to pay for the median value of homes that are now occupied (as estimated by census data) as well as the median sales price of homes now being sold. For those in higher income brackets, housing is affordable. However, for a large number of workforce families, people working in the jobs that are, or will be available in the county, even dual career families, housing has become far less affordable.

Chart 2 (Based On Table 10)

Affordability Housing Scenarios for Two Income Families Working in DeKalb County



Affordable Housing Using Brokers Estimates at 95% Mortgage and 30% of Income

Implications

While housing costs in DeKalb County seem reasonable in comparison to those to the east of the county, a sizable percentage of households (37% of those with mortgages and more than half of the renters) are spending more than the recommended 30% of income on housing. As new workers move into the county and purchase homes, and those already working wish to change housing, it appears that the situation will worsen. In DeKalb County, income is increasing at 2.5% a year (which is not even keeping up with inflation) while the prices of homes, both existing and new construction, are increasing at 8-8.5% a year. Few single income households, and a decreasing percentage of two income families, are able to purchase a home at current sales prices and keep family housing costs below 30%.

RECOMMENDATIONS

DCHAC recommends, as a crucial first step, that a **Countywide Housing Summit** be convened. Participants should include both elected and administrative officials from county and municipal government, as well representatives from the business, development and non profit communities. Because it is a major influence in the rental housing market, NIU should also be invited to participate in the Summit.

The Summit's agenda should go beyond the material in the three reports on housing and examine how housing must complement the broader vision for the county's future. In addition, the Summit will examine ways that growth strategies, suggested by the *Sustaining Economic Vitality Report*, impact housing, and consider how housing decisions that are made by one municipality might impact other governmental bodies. The implications of the *Affordable Housing Planning and Appeal Act*, which impacts housing efforts in the county, will also be examined.

DCHAC also suggests examining a wide array of constructive actions that can expand the supply of affordable workforce housing.

Public Sector Regulatory Actions

Discussion should be held to consider public sector decisions that impact the cost of housing. Examples include:

- **Density.** Requirements for large lot housing increase costs because of the underlying price of land. Reducing lot sizes can lower housing cost.
- **Density Bonuses and Inclusionary Housing.** To encourage builders to provide less expensive homes that meet both quality and aesthetic standards, government can provide density bonuses if a certain percentage of homes in new subdivisions are affordable to those from a specified income group.
- **Building and Architectural Codes.** Examination of building and architectural requirements might find some items where costs can be reduced with minimal or no harm to safety or appearance.
- **Mixed Use Planned Unit Developments.** Mixed use PUDs can be encouraged that blend together commercial components, less expensive but quality homes, as well as more

- *Size of homes.* Quality homes can be built on smaller lots and in smaller sizes and in doing so reduce the cost of housing while maintaining quality.
- *Code Enforcement and Preservation.* To maintain housing stock, vigorous code enforcement is required that assures that existing homes do not deteriorate. Preservation and repair are core strategies for sustaining affordability.
- *Linkage Programs.* In return for permission to build new subdivisions, developers agree to assist the city in repairing homes in older, residential neighborhoods.

Public Sector Funding

Much of the state and federal funding for housing is targeted at low income individuals. However, programs are also available for those whose income is near the median. These programs include CDBG, HOME, the Low Income Housing Tax Credit, various rural housing programs, the State Housing Trust Fund, and REACH, an innovative employee assisted housing programs that can also be an economic development tool. DCHAC suggests examining how actively local governmental bodies have accessed these programs.

Shared Equity Programs

In a shared equity program, ownership of housing is shared between the workforce family and either a public entity or a non profit provider of affordable housing. When sold, the owner of the home does not receive the profits from the shared equity, but instead the shared equity remains in place, enabling another workforce family to afford the housing.

Housing Development Organizations

To provide the sustained support required for housing development, many communities, non profits and some for profits have set up housing development organizations that focus on building and repairing workforce housing. DCHAC suggests examining the possibility of establishing such a nonprofit housing organization to expand the supply of affordable housing.

CONCLUSIONS

Housing sales data show that in DeKalb County, the price of homes being sold has increased far more rapidly than income. Families with median incomes and below, and individuals in most occupational groups, as well as dual income families, in many occupational groups, are forced to spend more than 30% of their income on housing.

The increase in housing costs has implications for both quality of life and for business and industrial expansion in the county. Suggestions have been made to help sustain the number of homes that are now affordable and to increase the supply of quality workforce housing.

However, housing policy cannot be seen in isolation from broader changes occurring in the county. Accordingly, DCHAC strongly suggests convening a **DeKalb County Housing Summit** to discuss the implications of housing costs and housing mix as it impacts the broader vision for the future of the county.

APPENDIX

Appendix :Table 11

Sales Prices (number) By Years
Sales Listed Under Residential
From County Green Sheets

Township	1996	2000	2005	2006
AF AFTON	130,000 (3)	184,375 (4)	198,671 (25)	260,040 (25)
CL CLINTON	106,423 (21)	123,750 (16)	152,609 (28)	230,191 (74)
CO CORTLAND	131,884 (103)	151,022 (198)	213,932 (311)	226,349 (312)
DK DEKALB	113,220 (353)	133,731 (489)	181,597 (721)	198,649 (725)
FR FRANKLIN	102,128 (28)	111,335 (34)	187,385 (63)	203,947 (38)
GE GENOA	104,995 (68)	133,333 (110)	183,612 (125)	183,345 (111)
KI KINGSTON	126,156 (34)	159,142 (61)	235,461 (58)	237,567 (90)
MA MALTA	81,608 (20)	102,118 (19)	129,450 (20)	189,607 (62)
MF MAYFIELD	100,500 (4)	225,866 (13)	299,636 (11)	274,785 (7)
MI MILAN	161,000 (4)	221,750 (2)	--- (0)	269,015 (8)
PI PIERCE	109,500 (4)	212,000 (3)	304,250 (4)	325,200 (5)
PP PAWPAW	80,000 (2)	185,050 (3)	161,800 (3)	183,500 (2)
SA SANDWICH	118,412 (97)	127,063 (156)	180,264 (192)	193,679 (188)
SG SOUTH GROVE	135,250 (2)	101,500 (2)	190,480 (5)	191,125 (4)
SH SHABBONA	90,612 (20)	112,000 (44)	139,457 (32)	152,069 (21)
SO SOMONAUK	105,013 (22)	134,230 (25)	189,278 (36)	194,671 (55)
SQ SQUAW GROVE	130,656 (49)	158,606 (45)	200,976 (57)	229,224 (46)

Township	1996	2000	2005	2006
SY SYCAMORE	123,164 (130)	144,048 (238)	213,161 (416)	237,925 (395)
VI VICTOR	131,500 (2)	90,000 (1)	170,000 (1)	283,333 (3)
Total	116,218 (966)	139,050 (1430)	194,056 (2086)	212,694 (2173)

Data Sources

Neither funds nor personnel were available to undertake the family level surveys required to do a detailed housing impact study. Fortunately, overall measures of the increasing problem in housing affordability could be gleaned from a variety of available sources, including public documents that have been officially adopted.

City of DeKalb, Housing Study, contains analysis of rental and Section 8 properties in the City of DeKalb, demographic data, and tables on housing costs for owners.

County of DeKalb, Sales Data by Township for 2006, 2005, 2000, 1996 -- these 'green sheets' are the official data on all real estate sales within the county. These data include both new housing construction as well as sales of previously owned housing, but needed to be cleaned to eliminate non residential sales.

DeKalb Area Association of Realtors and Tri-County Association of Realtors. Local real estate trade associations kindly provided data (mostly grouped by municipalities) on real estate transactions that were reported by their members through the multiple listing service (MLS). For the most part, sales by builders of new construction are not included in this data.

Housing Authority of DeKalb County, Housing Authority of DeKalb County Market Analysis. Contains U.S. Census and PHA data and data on subsidized housing, as well as an analysis of the county Public Housing Authority.

U.S. Census and the American Community Survey. Census data from the 2000 Census as well as estimates from the 2005 ACS were used to estimate income, income distribution, and income changes

State of Illinois Business Portal contained current estimates of wage rates for different occupations in DeKalb County. Older data were no longer comparable because of major changes in occupational codes.

National Low Income Housing Coalition, Out of Reach various years provides measures of affordability of rental housing for each county in the country

We also referred to the Sustaining Economic Vitality report as well as the DeKalb County Quality of Life: A Collaborative Assessment of Key Strategic Issues facing Human Services in DeKalb County

ACKNOWLEDGEMENTS

Thanks are owed to Lauren Sanders of Housing Action Illinois for doing the preliminary data cleaning and analysis using the DeKalb County green sheets, to Caren Rouch from the DeKalb County for providing official data, and both Kris Hettinger at the Tri County Realtors Association and Heather Wiedrich from the DeKalb Area Association of Realtors for not only providing data they had on hand but undertaking a special analysis to facilitate the coalition's work. Housing Action Illinois contributed the costs for purchasing the County Data and printing this report, while Danilo Pelletiere, of the National Low Income Housing Coalition took the time to manually retrieve *Out of Reach* data that preceded the development of NLHIC's active web page.

DCHAC also thanks several anonymous reviewers for providing insightful comments, most of which we incorporated.

