



Vogt Santer
Insights

Champaign County Regional Housing Study

Champaign County, Illinois



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Executive Summary

Vogt Santer Insights, Ltd. (VSI), a national real estate market research firm based in Columbus, Ohio, has completed a Regional Housing Study for the Housing Authority of Champaign County, the Champaign County Regional Planning Commission, the City of Champaign, the City of Urbana and the Village of Rantoul. This study consists of an analysis of existing housing conditions as well as trends and strategies for housing development for the following geographies: Champaign County, the City of Champaign, City of Urbana and the Village of Rantoul.

The following is a summary of the report. Additional detail supporting each section can be found in the full report.

Rental Housing Demand Projection

The following table outlines an estimate of support for new rental units by geography in Champaign County and the communities studied. To calculate demand, we have considered new income-appropriate household growth and replacement or renovation of existing product. We illustrate overall demand as well as demand once the student rental population is removed from the computations. Both are presented for review.

		MEDIAN HOUSEHOLD INCOME*		
		0%-30% AMHI	31%-50% AMHI	51%-80% AMHI
CHAMPAIGN COUNTY	MULTIFAMILY DEMAND INCLUDING STUDENTS 2010-2015	642	342	272
	MULTIFAMILY DEMAND EXCLUDING STUDENTS 2010-2015	180	342	272
CITY OF CHAMPAIGN	MULTIFAMILY DEMAND INCLUDING STUDENTS 2010-2015	342	150	101
	MULTIFAMILY DEMAND EXCLUDING STUDENTS 2010-2015	50	150	101
CITY OF URBANA	MULTIFAMILY DEMAND INCLUDING STUDENTS 2010-2015	195	86	56
	MULTIFAMILY DEMAND EXCLUDING STUDENTS 2010-2015	25	86	56
VILLAGE OF RANTOUL	MULTIFAMILY DEMAND INCLUDING STUDENTS 2010-2015	42	42	56

Source: Vogt Santer Insights, Ltd.

*As a percentage of the overall median household income established by the Department of Housing and Urban Development.

Demand for new rental units is reasonably strong throughout the various income strata that exist in Champaign County, irrespective of whether the student population is considered.

Single-Family Housing Demand

Based on our evaluation of the characteristics of Champaign County and historical sales volume of single-family homes within the area, we estimate the county could generate up to 386 *new* home sales annually in the near term. Note that to achieve maximum levels in various sale price categories requires the market to offer all price points, locations and product alternatives. For this reason, the actual sales by price point rarely exceed the projection of support, except when supply exceeds demand. Following is demand for new single-family homes by geography:

	INCOME RANGE	HOME SALES PRICE	QUALIFYING HOUSEHOLDS	CAPTURE RATE	ANNUAL DEMAND	
					UNITS	DISTRIBUTION
CHAMPAIGN COUNTY	\$30,000-\$39,999	LESS THAN \$140,000	7,998	0.008	64	16.6%
	\$40,000-\$49,999	\$140,000-\$199,900	7,631	0.011	84	21.8%
	\$50,000-\$74,999	\$200,000-\$299,900	13,428	0.009	121	31.3%
	\$75,000-\$99,999	\$300,000-\$400,000	11,621	0.006	70	18.1%
	\$100,000+	\$400,000+	9,359	0.005	47	12.2%
TOTAL					386	100.0%
CITY OF CHAMPAIGN	\$30,000-\$39,999	LESS THAN \$140,000	2,840	0.008	23	16.5%
	\$40,000-\$49,999	\$140,000-\$199,900	2,581	0.011	28	20.1%
	\$50,000-\$74,999	\$200,000-\$299,900	5,674	0.009	51	36.7%
	\$75,000-\$99,999	\$300,000-\$400,000	3,689	0.006	22	15.8%
	\$100,000+	\$400,000+	2,981	0.005	15	10.8%
TOTAL					139	100.0%
CITY OF URBANA	\$30,000-\$39,999	LESS THAN \$140,000	1,894	0.008	15	20.8%
	\$40,000-\$49,999	\$140,000-\$199,900	1,507	0.011	17	23.6%
	\$50,000-\$74,999	\$200,000-\$299,900	2,830	0.009	25	34.7%
	\$75,000-\$99,999	\$300,000-\$400,000	1,444	0.006	9	12.5%
	\$100,000+	\$400,000+	1,126	0.005	6	8.3%
TOTAL					72	100.0%

Source: Vogt Santer Insights, Ltd.

In Rantoul, we did not identify any single-family home subdivisions that have been active within the last 10 years. Currently, the single-family home market in Rantoul consists of the sale of existing homes. Until demand grows, developers will likely avoid building an inventory of new homes in Rantoul.

It should also be noted that annual support levels are generally not cumulative. In most markets, if there is support for new single-family homes at a particular price point or concept and they are not offered in a specific area, households may leave the area seeking this housing alternative, defer their purchase decision or seek another housing alternative. We anticipate many potential buyers attracted to a for-sale product have either delayed their purchases (reflecting pent-up demand) or opted for an existing single-family home alternative offered in the market.

Condominium Housing Demand

Based on our evaluation of the demographic characteristics of Champaign County and historical absorption trends, the area has the potential to absorb up to 78 new condominium units priced from \$140,000 to over \$400,000 annually. It is important to note that this *potential* demand includes the entire county. By geography, this includes support for 26 units in the City of Champaign. We did not find any support in the City of Urbana or the Village of Rantoul at this time.

These support figures assume a wide variety of condominium housing choices exist, including price, location and concept. Given this assumption, it is possible that any one development could capture a reasonable share of this demand. The optimal support figure can only be achieved in an overbuilt market. The relatively low projection is indicative of the historic housing slump in the U.S. as well as reflecting the current sales performance of new condominiums in Champaign County.

Housing Need

In determining housing *need*, it is first important to establish how this analysis is different than the determination of housing *demand*, as the two terms are often used interchangeably, despite their very different meanings. Housing demand is the total number of households in a defined market area that would potentially move into the proposed new or renovated housing units. These households must be of the appropriate age, income, tenure and size for a specific proposed development. Components of demand vary and can include household growth, turnover, those living in substandard conditions, rent overburdened households and demolished housing units. Housing need simply refers to units required in the market area to accommodate household growth, homeless people and households that are substandard. It is possible that a community may have an unmet *demand* for moderate or high-end housing and people may very well *want* to live in such housing, but there is no *need* because those people are already reasonably housed. Vogt Santer Insights represents need through the use of the following formula:

Housing need = homeless + substandard housing stock + cost over burdened households - lowest income students)

The following is an estimate of housing *need* within the geographies studied in Champaign County:

2010 HOUSING NEED

	CITY OF CHAMPAIGN	CITY OF URBANA	VILLAGE OF RANTOUL	CHAMPAIGN COUNTY (BALANCE)
<i>2010 HOMELESS DISTRIBUTION</i>	364	201	-	29
<i>2010 SUBSTANDARD HOUSING</i>	1,912	1,449	1,196	4,546
<i>2010 COST OVERBURDENED HOUSEHOLDS</i>	4,730	2,939	416	1,113
<i>2010 OFF CAMPUS STUDENT POPULATION</i>	(5,543)	(3,215)	-	-
<i>2010 HOUSING NEED</i>	1,463	1,374	1,612	5,688

Source: U.S. Census, ESRI, University of Illinois at Urbana-Champaign, City of Champaign, Vogt Santer Insights, Ltd.

The effect of the student population in both the Cities of Champaign and Urbana is significant. If left in the housing need numbers, the students would be responsible for overstating need by nearly four times in the City of Champaign and by more than twice as much in Urbana. Nevertheless, housing need is still as great in those two communities as it is in Rantoul. The balance of Champaign County has an extraordinary housing need that stems largely from its concentration of substandard housing. The 5,688 countywide units needed make up 56.1% of the 10,137 units needed throughout Champaign County, inclusive of the City of Champaign, the City of Urbana and the Village of Rantoul.

Public Housing

Currently, the Housing Authority of Champaign County manages 427 units at eight multifamily housing sites. Four of these sites are in the City of Champaign, three are in Urbana and one is in Rantoul. The housing authority also has a portfolio of 16 scattered site properties, all of which are located in the City of Champaign, giving them a grand total of 443 Public Housing units with no vacancies and a waiting list of 77 households.

The Housing Choice Voucher system has a waiting list of 676 households. This suggests that the current Housing Choice Voucher system is meeting less than 65% of the income-eligible community’s requests. This is not due to a lack of landlords who will accept the Vouchers, but an insufficient number of Vouchers to meet the housing assistance requests. Additional state or federal resources would significantly mitigate this backlog of households seeking housing.

The City of Champaign has nearly 58.5% of all Housing Choice Vouchers located within the city limits, while the City of Urbana has 31.6% of the Vouchers. Combined, these two communities contain over 90% of all Voucher holders in Champaign County, despite only accounting for 58.3% of the County’s population. Rantoul is the only other community with a significant number of Housing Choice Vouchers, having 100, or 8.1%,

of the countywide total. This is proportionate to the size of its population, as its 12,007 residents comprise 6.2% of Champaign County's population.

Lowest Income and/or Minority Concentrations

Vogt Santer Insights concludes that the overwhelming majority of both lowest income and minority populations are located in the City of Champaign and City of Urbana. The heaviest concentrations of both groups appear to be located around a portion of the two cities' shared border, specifically, the area bound by Interstate 74, North Goodwin Avenue, University Avenue and North Market Street. This is also an area where the majority of Public Housing assets can be found, including a significant concentration of Housing Choice Vouchers. Deconcentrating the existing Public Housing and ensuring that new affordable housing is not concentrated in the area would be good ways to begin mitigating the real and perceived effects that come with concentrated poverty. Obviously, this is a community-based decision.

The Hispanic population is the fourth largest in Champaign County behind Whites, Blacks and Asians. The City of Champaign has the highest concentrations of Hispanic people in the City in Planning Areas 3, 4 and 5, where Hispanic people represent between 14.1% to 32.3% of the total population. These locations are also near regional job centers where the likelihood of finding employment is higher. The desire to be in proximity to jobs is also the likely reason that several block groups in the rural northern part of the county have a Hispanic population between 7% to 14%, as many agricultural and light industrial jobs can be found in these locations. The infusion of new Hispanic households will create additional demand for housing, especially in proximity to these job centers.

Barriers to the Production of Affordable Housing

The barriers to affordable housing that exist in Champaign County are not uncommon in small to medium-sized communities. It is not an unwillingness to engage in affordable housing development by either the public or the private sector, but the lack of resources required for successful developments. This resource deficiency tends to manifest itself around three categories: production capacity issues, financial challenges or cost impediments to the individual(s) in the household.

Potential Strategies to Eliminate Affordability Barriers

Most of the common barriers that impede the development of affordable housing do not exist today as an attempt to deliberately exclude a specific class of people. They are often unintended consequences that result from market forces or broad public policy decisions. There are many ways that the various municipalities could support additional affordable housing, as the three following categories describe.

Production Solutions

Local government can assist by removing encumbrances and streamlining the regulatory process in order to accommodate affordable housing. Suggested actions include: land donation, land banking, land trusts, building development capacity, inclusionary zoning, expediting permitting and revising impact fees.

Financial Solutions

Over the years, a variety of tools have been created that are considered to be mutually beneficial to individuals, municipalities and lenders. As it relates to affordable housing, the system can break down very quickly; if no one is occupying housing, the municipalities are not realizing their goals and the financial services industry becomes weaker since it is not engaging consumers in its product line. Each scenario is different, but one, or several, of the tools may need to be applied to help an affordable housing project come to fruition, including loans, grants, bond financing, tax incentives and utilization of non-profits/foundations.

Cost to the Individual Solutions

Even when great care has been taken to ensure that housing is made affordable, and some of the production and financial tactics described above have been applied, housing costs may still not be affordable to prospective occupants. Methodologies such as down payment assistance, closing costs, rental assistance, lease/purchase homes and addressing the affordability gap are designed to benefit the resident directly.

Examination of Homelessness

In August 2009, a countywide survey of homeless persons was conducted in which 136 persons, or 23% of the Champaign County homeless population, reported chronic homelessness. HUD defines a chronically homeless person as “an unaccompanied homeless individual with a disabling condition who has either been continuously homeless for a year or more, or has had at least four episodes of homelessness in the past three years.”

Transitional homelessness occurs when housing continuity is interrupted by a catastrophic event such as natural disaster, foreclosure, eviction or other domestic incident. When individuals have access to homeless-oriented services, they are usually able to locate and obtain other stable housing. The 2009 survey indicates that 14% of homeless individuals would fall into this category in Champaign County.

Episodic homelessness refers to circumstances in which persons have recurrent short-term problems with housing. These people often have unstable domestic relationships, substance abuse problems and/or they are under employed. Approximately 20% of homelessness in Champaign County is considered episodic in nature.

Current Rental Surplus/Deficit

This part of the analysis identifies any current surplus or deficit of housing based upon the existing supply, the price points of that supply and the income ranges of the population. It takes into account that, for housing to be affordable, renters should not pay more than 30% of their gross incomes for housing and basic utility costs. This analysis was conducted for the City of Champaign, the City of Urbana, the Village of Rantoul and the balance of Champaign County.

These tables illustrate the number of renter households, the percentage of the market they represent and the maximum rent and utilities that they can afford, and also compares this to the number of affordable units that are actually available. The difference between these two numbers is the surplus or the deficit. In the cases of the City of Champaign and the City of Urbana, the student renter population has been removed from the calculations.

City of Champaign Rental Deficit/Surplus Analysis

INCOME RANGES	RENTERS		MAXIMUM AFFORDABLE RENT & UTILITIES	TOTAL UNITS	RENTAL DEFICIT/SURPLUS
	NUMBER	PERCENT			
\$0 - \$9,999	1,307	12.8%	\$250	418	-889
\$10,000 - \$14,999	1,312	12.9%	\$500	381	-931
\$15,000 - \$19,999	2,102	20.6%	\$750	2,064	-38
\$20,000 - \$24,999	1,710	16.8%	\$1,000	2,140	430
\$25,000 - \$34,999	1,101	10.8%	\$1,250	1,119	18
\$35,000 - \$49,999	737	7.2%	\$1,500	334	-403
\$50,000 - \$74,999	734	7.2%	\$1,875	171	-563
\$75,000 - \$99,999	592	5.8%	\$2,500	144	-448
\$100,000 - \$149,999	419	4.1%	\$3,750	55	-364
\$150,000 & HIGHER	164	1.6%	\$3,750	0	-164
<i>Total</i>	<i>10,178</i>	<i>100.0%</i>		<i>6,826</i>	

Source: Vogt, Santer Insights, Ltd., ESRI

In the City of Champaign, there is a surplus of 430 housing units of households earning \$20,000-\$24,999 and 18 units for those households with incomes from \$25,000-\$34,999. However, every other income range has a deficit of affordable housing. The greatest deficit exists for households earning \$0-\$14,999. This income range has a deficit of 1,820 units.

City of Urbana Rental Deficit/Surplus Analysis

INCOME RANGES	RENTERS		MAXIMUM AFFORDABLE RENT & UTILITIES	TOTAL UNITS	RENTAL DEFICIT/SURPLUS
	NUMBER	PERCENT			
\$0 - \$9,999	850	13.7%	\$250	226	-624
\$10,000 - \$14,999	793	12.8%	\$500	113	-680
\$15,000 - \$19,999	1,320	21.3%	\$750	1,427	107
\$20,000 - \$24,999	1,249	20.2%	\$1,000	1,001	-248
\$25,000 - \$34,999	814	13.2%	\$1,250	258	-556
\$35,000 - \$49,999	391	6.3%	\$1,500	143	-248
\$50,000 - \$74,999	291	4.7%	\$1,875	244	-47
\$75,000 - \$99,999	241	3.9%	\$2,500	16	-225
\$100,000 - \$149,999	155	2.5%	\$3,750	0	-155
\$150,000 & HIGHER	83	1.3%	\$3,750	0	-83
<i>Total</i>	<i>6,186</i>	<i>100.0%</i>		<i>3,428</i>	

Source: Vogt, Santer Insights, Ltd., ESRI

The City of Urbana has a deficit of affordable housing units for every income bracket. The most severe deficits exist for households earning between \$0 and \$9,999 and between \$10,000 and \$14,999 annually, representing deficits of 624 and 680 units, respectively. This is a severe problem because 48.4% of the City of Urbana's renter population fits into these income brackets.

Village of Rantoul Rental Deficit/Surplus Analysis

INCOME RANGES	RENTERS		MAXIMUM AFFORDABLE RENT & UTILITIES	TOTAL UNITS	RENTAL DEFICIT/SURPLUS
	NUMBER	PERCENT			
\$0 - \$9,999	252	9.7%	\$250	58	-194
\$10,000 - \$14,999	414	15.9%	\$500	204	-210
\$15,000 - \$19,999	539	20.7%	\$750	901	362
\$20,000 - \$24,999	408	15.7%	\$1,000	364	-44
\$25,000 - \$34,999	337	13.0%	\$1,250	81	-256
\$35,000 - \$49,999	183	7.1%	\$1,500	0	-183
\$50,000 - \$74,999	172	6.6%	\$1,875	0	-172
\$75,000 - \$99,999	176	6.8%	\$2,500	0	-176
\$100,000 - \$149,999	90	3.4%	\$3,750	0	-90
\$150,000 & HIGHER	26	1.0%	\$3,750	0	-26
<i>Total</i>	<i>2,598</i>	<i>100.0%</i>		<i>1,608</i>	

Source: Vogt, Santer Insights, Ltd., ESRI

The rental housing choices that exist in the Village of Rantoul are geared towards low to moderate income households, as there are no housing units available for incomes over \$35,000. A housing deficit exists for every income level except for \$15,000-\$19,999, for which there is a surplus of 362 units. Clearly the market is trying to respond to the economic subset, as it represents the largest percentage of the Village of Rantoul's renter population.

Balance of Champaign County Rental Deficit/Surplus Analysis

INCOME RANGES	RENTERS		MAXIMUM AFFORDABLE RENT & UTILITIES	TOTAL UNITS	RENTAL DEFICIT/SURPLUS
	NUMBER	PERCENT			
\$0 - \$9,999	651	8.9%	\$250	12	-639
\$10,000 - \$14,999	1,030	14.1%	\$500	7	-1,023
\$15,000 - \$19,999	1,206	16.5%	\$750	339	-867
\$20,000 - \$24,999	1,152	15.7%	\$1,000	796	-356
\$25,000 - \$34,999	838	11.4%	\$1,250	287	-551
\$35,000 - \$49,999	622	8.5%	\$1,500	163	-459
\$50,000 - \$74,999	539	7.4%	\$1,875	0	-539
\$75,000 - \$99,999	588	8.0%	\$2,500	20	-568
\$100,000 - \$149,999	495	6.8%	\$3,750	0	-495
\$150,000 & HIGHER	208	2.8%	\$3,750	0	-208
<i>Total</i>	<i>7,329</i>	<i>100.0%</i>		<i>1,624</i>	

Source: Vogt, Santer Insights, Ltd., ESRI

Champaign County, exclusive of the City of Champaign, the City of Urbana and the Village of Rantoul, has a tremendous deficit of affordable rental units at every income level. The greatest deficit exists for households earning from \$10,000 to \$14,999, a group that is among the most economically vulnerable. One could suggest that the deficit of rentals affordable to higher income households may be erroneous, as those households are more likely to buy homes. That may be, but a housing market that is in balance has a variety of choice for renters and homeowners at all income levels.