

# CECD

**Coalition  
for  
Equitable  
Community  
Development**

**Hyde Park–South Kenwood  
Affordable Rental Housing  
Market Study**

Executive Summary

February 9, 2013



# Hyde Park– South Kenwood Affordable Rental Housing Market Study

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## About the Study

Founded in 2008, the mission of the Coalition for Equitable Development (CECD) is to promote an economically and racially diverse community of Hyde Park-Kenwood through the convening of residents, faith-based communities, civic, educational, and social organizations and the business community in order to plan, guide and monitor housing and related activities to this end. In December 2012, CECD completed a market study of the affordable rental housing needs of the Hyde Park-Kenwood community so that it could work with its allies in an informed manner to more accurately propose specific policies that address housing need gaps, e.g., price points, geographic distribution, accessibility, family and senior housing, etc. CECD also wants to be in a better position to advocate for more affordable rental housing within existing and future developments with large housing developers in the Hyde Park-Kenwood community.

In order to do a comprehensive market study, CECD hired community economic development (CED) consultant Heather D. Parish to conduct the affordable rental housing market study on the organization's behalf. Ms. Parish has over 16 years experience as an independent consultant in the CED field working with nonprofit community organizations, and at one time was a renter in Hyde Park for a period of eight years. For this project, Ms. Parish worked in partnership with Associate Professor Janet L. Smith, Co-Director of the Nathalie P. Voorhees Center for Neighborhood and Community Improvement at the University of Illinois at Chicago (UIC Voorhees Center) to assist with data collection and analysis. The UIC Voorhees Center has completed numerous affordable housing research reports and market studies, and thereby contributed significant data analysis expertise to this project. Ms. Parish also worked with real estate development consultant Linda K. Greene of Lucas Greene Associates LLC, who provided industry knowledge and guidance where appropriate. In October 2011, Ms. Greene facilitated the annual meeting of the Hyde Park-Kenwood Community Conference, and thereby brought added continuity to this project along with her expertise in real estate development of affordable housing.

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# 1 Introduction

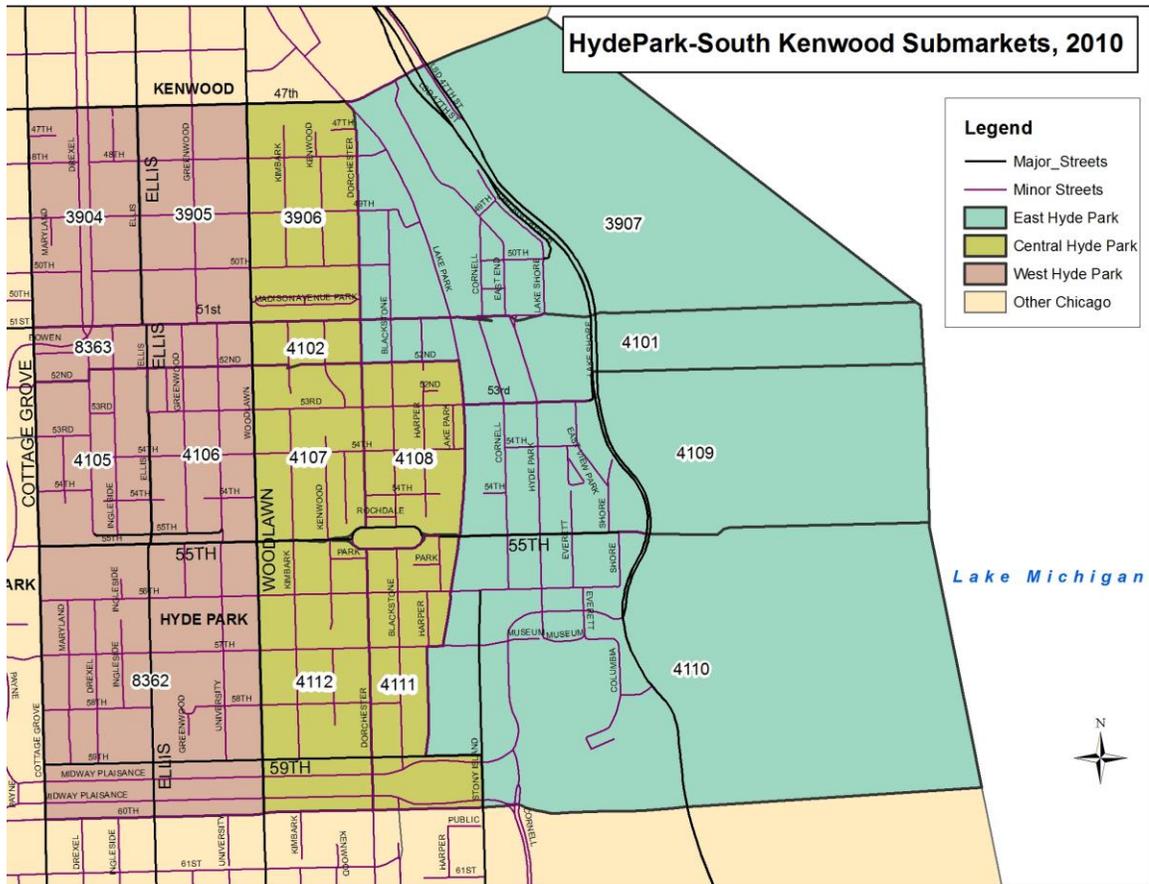
Founded in 2008, the mission of the Coalition for Equitable Development (CECD) is to promote an economically and racially diverse community of Hyde Park-Kenwood through the convening of residents, faith-based communities, civic, educational, and social organizations and the business community in order to plan, guide and monitor housing and related activities to this end. While CECD and its members are deeply involved in various economic development initiatives in Hyde Park-Kenwood, CECD has a strong focus on promoting economic diversity through affordable rental housing. To this end, in December 2012, CECD completed a market study of the affordable rental housing needs of the Hyde Park-Kenwood community, both as a whole and subdivided into smaller neighborhood submarkets—west, central, and east. Specifically, CECD wanted the market study to examine the composition of the existing housing stock, along with current and projected demographic trends, in order to determine the current and future needs for:

- Affordable family housing (being mindful of unit size)
- Affordable senior housing
- Accessible units, including partial access with elevators in cases where the building is not fully accessible
- Geographic distribution of affordable housing to address concerns about concentrating low-income families in certain areas

CECD will use the findings from this market study to work with its allies in an informed manner to more accurately propose specific policies that address housing need gaps, e.g., price points, access to transportation, geographic distribution of affordable housing, accessibility, family and senior housing, etc. CECD also wants to be in a better position to advocate for more affordable rental housing within existing and future developments with large housing developers in the Hyde Park-Kenwood community.

## 1.1 Target Geography

The geographic boundaries chosen by CECD for the market study are 47th Street to 59th Street/Midway (north-south boundaries) and Cottage Grove Avenue to the Lakefront (west-east boundaries). CECD also wanted to incorporate a smaller neighborhood areas analysis comprised of east, central, and west Hyde Park-South Kenwood in order to better determine how to promote greater economic diversity, as there are already concentrated pockets of rental housing on the western end of Hyde Park that predominantly house low-to-moderate income residents.



## 1.2 Data Sources

With some exceptions, the majority of data is from the US Census American Community Survey (ACS), which is collected annually.<sup>1</sup> This data is compiled into 1-, 3-, and 5-year summary reports. The Census recommends using the 5-year reports when working with small geographies such as census tracts, which this report does. The most current available is the 2006-2010 data. Demographic data projections were obtained from Claritas/Nielsen Solutions Company.

<sup>1</sup> While the 2010 Census data is available now, only limited data on population and housing is available, and therefore was not used in this report unless noted.

## 1.3 Measuring Affordability and Demand

Using the Federal guideline of paying no more than 30 percent of income for rent, affordability is determined by looking at what housing is affordable relative to different income levels, which is referred to here as “effective” demand. It is important to note here that for purposes of this study, CECD wanted to use a definition of income “affordability” equivalent to 60% of household Area Median Income (AMI), which is currently \$45,480 for a family of four people in 2012. Housing studies, such as this which looks at the current population and households occupying the existing housing stock, are not the same as a market study completed for a specific housing development. This study looks at the people living in the community (current demand) but also looks at who can afford to live there based on the current housing prices charged. It is important to keep in mind that the current demand—who lives in the community now—is driven by supply (housing units available)—and not vice versa—as well as by what a household is willing to pay to live in that location. In general, we know that rental households in Chicago earning more than \$50,000 do not pay more than 30 percent of income for rent.

# 2 Summary of Key Findings

## 2.1 Population

- As of 2010, Hyde Park-Kenwood had a total population of 37,671. Almost 30% of the population is 20-29 years of age, which is expected given the presence of the University of Chicago with approximately 5,400 undergraduate students and 9,500 graduate students.
- Seniors (age 65 and older) comprise approximately 14% of the population, which is higher than the elderly population for Chicago (10%).
- The mix of White/Caucasian (41%), Black/African American (43%), and Asian (11%) populations is relatively similar to Chicago, while the proportion of Latinos (5%) is much lower than the City's (29%).
- 34% of households in Hyde Park-South Kenwood have annual incomes under \$25,000, which is a larger percentage than that for Chicago (24%).

- Relative to Chicago, Hyde Park-South Kenwood has 11,422 residents with disabilities, which represents a smaller proportion of its total population (27%) as compared to Chicago (37%). However, the community's aging population (65+) with disabilities is greater than that of the City's (30% vs. 26%). (NOTE: Data is from 2000 American Community Survey (ACS); 2010 ACS disabilities population data was not available at the time this market study was conducted.)
  
- The Hyde Park-South Kenwood community maintains a significantly lower unemployment rate (8%) relative to the City of Chicago, which is about 15%. Unemployment is higher in the West submarket (11%) as compared to the Central (6%) and East (7%).
  
- University of Chicago students, faculty, staff, and Medical Center staff (UC Community) represent approximately 25% of the population in Hyde Park-South Kenwood. Approximately 45% of the UC student body lives in university-affiliated housing in the community and 19% of UC's 16,620 faculty, staff, and Medical Center staff lives in Hyde Park-Kenwood and Woodlawn. There are also four seminaries located in the Hyde Park community that have an estimated combined total of 1,000 students.

## 2.2 Housing Supply

- As of 2010, there are 22,578 total housing units in the community, of which 13,583 (65%) are rental units.
  
- From 2000 - 2010, there has been an increase of 144 total housing units (approximately 1%). There has also been a net increase in owner-occupied units (+557), which suggests that some existing rental units may have been converted to condominiums during the decade.
  
- The vacancy rate since 2000 has substantially increased by 9%, with the highest rental vacancy rate in the Central submarket followed closely by the West. About one-third of vacant units are not on the market for rent or sale. According to the US Census, these units may be recent foreclosures, housing units that owners or renters have walked away from or housing units where the owners have not yet determined whether to sell or rent.

- The largest reduction in renter-occupied housing occurred in buildings with 10-19 units and 20-49 units. However, this does not mean a real loss of rental units. There were 2,472 fewer renter households in Hyde Park based on the 2006-10 data than in 2000. Given the increase in rental vacancy rates and the fact that Hyde Park actually increased the total number of housing units, these data suggest that vacancies have increased in the larger rental properties.
  
- Of the total housing stock, 57% of the units have 1 and 2 bedrooms while only 17% have 3 bedrooms or more. Renters primarily occupy 1 and 2 bedroom units while owners occupy 3+ bedroom units. In fact, 88% of renter-occupied units have 2 bedrooms or less with the large majority (60%) having 1 bedroom or less. In contrast, 58% of owner-occupied units have 3+ bedrooms. ***This data suggests families with 2 or more children have limited options in the Hyde Park-South Kenwood rental housing market.*** The West has a larger percentage of 3 bedroom rental units when compared to the other submarkets but still a relatively low proportion overall (16%). Hence ***families, particularly those that are low-moderate income, are more likely to live in the West submarket.***
  
- The **median rent for the community is \$910, which is \$25 higher than the median rent for Chicago.** When looking at rental prices by bedroom size, rental units of all sizes in Hyde Park-South Kenwood generally tend to be more expensive as compared to the city, and lower-cost rental units are harder to find. 80% of renters in 3 bedroom units and 65% of renters in 2 bedroom units pay \$1,000 or more a month. The majority of renters in 1 bedroom units (47%) are paying \$750-999 while the majority of renters in 0 bedroom units (60%) are paying \$500-749 a month.
  
- **Rental prices for units in buildings dedicated for University of Chicago graduate students and faculty/staff tend to be higher in general as compared to rental units in the Hyde Park-South Kenwood private market.** However, rent for many of the university-affiliated units includes utilities and amenities. Faculty/staff rental prices tend to be significantly higher, however, many of these units are large with 3 or more bedrooms. Therefore, UC staff with families that earn 60% or less of AMI would have a hard time finding an affordable unit to rent in the community.
  
- **Approximately 8% of rental units in the Hyde Park-South Kenwood area are subsidized** and contained in one of 17 buildings, **with the majority of properties**

**located in the West submarket.** Project-based subsidized housing appears to be limited, particularly for low-moderate income families and seniors.

- **Subsidized units with accessibility are even more limited**, as only three of the 17 buildings cited above contain accessible units. Because Hyde Park-South Kenwood's multi-family housing stock tends to be older (built well before the 1991 Fair Housing Act), it is reasonable to expect that accessible units are few. While larger properties with elevators could be viewed as options for accessible units, the units themselves may not meet ADA requirements and elevator buildings in general tend not to be affordable.
- **There are not many multi-family developments targeting seniors**, as the majority of seniors in Hyde Park-South Kenwood tend to live in single-family homes. In addition, there are very few all-inclusive independent/assisted living facilities for seniors in the community. Montgomery Place, one of if not the only Continuing Care Retirement Community (CCRC) in Hyde Park-South Kenwood, provides rental housing targeting seniors but it is far from affordable for low-income seniors on fixed incomes.

## 2.3 Housing Demand

- There are **11,952 households that rent in the community (62% of the total households)**. Renters are predominately under the age of 44 with about one-third between 25-34 years of age. The majority of owner-occupied units (55%) have heads of household age 55 and above; 35% have heads of household age 65 and above.
- **About half of all household incomes in Hyde Park-South Kenwood are at or below \$45,480 (60% of AMI for a family of 4)**. The majority are renters (68%) when compared with homeowners (22%). They also are younger, between 25 and 44 years of age.
- The proportion of renters paying 30% or more of income (i.e., **rent burdened**) **increased from 43% in 2000 to 58% in 2010**. This rate is higher than Chicago (53%).
- More renters in the East and Central submarkets are rent burdened, compared to those who live in the West submarket. In fact, **the majority of rent burdened households between 35-64 years of age and over age 65 live in the East submarket**. These

households may be choosing to live in the East to access higher quality housing and amenities (schools, transportation, proximity to the lake, elevators, security, etc.).

- Higher-income renters (earning more than 60% AMI) tend to be concentrated in the East submarket, where rents are also higher.
- **The largest concentration of the UC Community lives in the Central submarket where they represent 31% of the population;** this community represents 26% of the population in the West and 19% of the population in the East.

## 2.4 Affordability Gap Analysis

**Housing Affordability for Very Low Income/Families** — *There is a clear shortage of affordable units at the lowest end of the housing spectrum, specifically, for households earning 0-30% of AMI (Extremely Low Income (ELI)). At this lower range, there are only 1,820 units (1,565 + 255 no cash rent units) that are affordable for 5,051 households – a gap or deficit of 3,231 units. Further analysis shows that those renter households between 50 – 60% of AMI still tend to be cost burdened, which may confirm findings presented earlier from the National Low Income Housing Coalition as they are competing with higher income renters who want to pay less than 30% of income for housing. Given current housing prices and unit size availability, it means people may be leaving the community in search of more affordable rental housing that is a better fit for their household size.*

**Senior Housing Affordability** — Given the supply-demand mismatch presented above for ELI and VLI affordable rental housing, it goes without saying that seniors on fixed incomes of 60% or less of AMI also have limited affordable housing options. Between 27% and 37% of all seniors age 65 and older in Hyde Park-South Kenwood have household incomes less than \$35,000. Rental housing stock in the East submarket tends to cater more to seniors, but is also the most expensively priced. Currently, 35% of all homeowners in Hyde Park-South Kenwood are 65 and older. While this corresponds with national trends, a concern is that many of these households are likely to be “house rich” and cash poor. The community’s senior population is also expected to increase through 2017. All of this points to the need to have more affordable housing options for seniors, including affordable rental senior developments and programs for aging in place that can leverage homeownership assets.

**Workforce Housing Affordability** — 60% of all renters in Hyde Park-South Kenwood earn \$35,000 or less, which means the vast majority of households in this category are earning 60% or less of AMI. Most workers in the Hyde Park-South Kenwood community are employed in educational services, health care, and social assistance. ***Assuming salaries are on par with 0-30% of AMI where housing is most scarce, many could be earning salaries comparable for a social worker, nursing aide, dental assistant, fire fighter, or school teacher in the range of \$23,000 to \$37,000. They will have the hardest time finding affordable housing in Hyde Park-South Kenwood.*** For example, a firefighter may find it difficult to live in the area as 25% of rental units are priced at \$500 – \$749 per month and median rent is \$910.

**Rental Housing Demand Projections** — When looking at population projections through 2017, *the younger adult population (ages 21-35) is projected to decline, which means families with young children may also decline.* Parallel to the trend of a declining younger adult population, households with annual earnings of \$35,000 or less are also expected to decline. These trends could be impacted by a combination of factors, including less affordable rental housing and owner-occupied foreclosures. *In order to keep low-income workers and families in the community, more affordable rental housing would have to become available as well as larger units of 3+ bedrooms.* Some type of subsidized housing could help mitigate this trend.

## 3 Recommendations – Using Existing Resources to Maintain Affordability

Given that Hyde Park-South Kenwood has very little vacant land, any future affordable housing will have to be integrated into the existing or already planned for single-family and multi-family housing stock. CECD should consider advocating for the following:

### 3.1 Affordable Housing Designation/Percentage Set-Asides

CECD has identified at least eight developments that have been announced and/or are underway that will provide rental housing in Hyde Park-South Kenwood. In all likelihood, these developments will require the use of Tax Increment Financing or other public subsidies, which

opens the way for CECD to advocate for permanent affordable housing in these developments. CECD recently provided a letter of support for the development underway at the former Village Foods site because the developer has agreed to offer 38 affordable rental units on site in perpetuity. CECD may be able to advocate for comparable terms in other future developments.

## 3.2 Subsidized/Supportive Housing for Target Populations

Ideally, CECD could partner with a developer that is open to providing project-based affordable housing for families, seniors, and disabled populations. This could take the form of multi-family properties that are converted into affordable rental developments that include amenities targeted for these specific populations (e.g., 3+ bedrooms, accessibility, etc.). Another option would be to partner with the new Cook County Land Bank to acquire foreclosed properties that could be rehabbed and converted to meet the affordable housing needs of CECD's target populations. If pursued, special attention should be paid to low income families as they have limited housing options given the predominance of smaller rental units in the community.

Regarding seniors, CECD could partner with a nonprofit organization that administers "aging in place" programs, such as the Chicago Hyde Park Village (CHPV). CHPV is a grassroots nonprofit community organization that provides access to connections, services, advice, and activities that members need to remain living where they choose. CECD could help the CHPV mission by contacting multi-family property owners who have higher than normal vacancies to see if they have an interest in offering targeted housing for low income seniors, and encourage these property owners to utilize and contribute to the development of CHPV in order to attract low-income seniors that could fill vacant units. CECD should also look to the Northwest Side Housing Center (NWSHC)'s senior housing programs for examples of aging in place and rental preservation models. For the last several years, NWSHC has run (a) "Staying Rented," which matches senior homeowners with affordable vacant units with renters looking for affordable housing; and (b) "Home Sharing," which matches older adults with extra living quarters with roommates who want reduced rent in exchange for providing assistance around the home.

As pointed out in the market study, there are relatively high vacancies in multi-family rental buildings in the East submarket. Subsidies could be sought out to incentivize landlords to rent these units at more affordable rents. The use of Housing Choice Vouchers (HCV) would be a logical next step; however, this would need to be negotiated with the Chicago Housing Authority (CHA). Anecdotal evidence suggests that HCV holders have been deterred from looking for housing in Hyde Park because of the high rental prices, therefore CHA would have to seek out

landlords to increase the utilization of HCVs in the community. Because available rental units in Hyde Park-South Kenwood tend to be smaller (under 3 bedrooms), this may be a promising way to attract low income seniors and smaller families.

CECD and its partners should seek out subsidized rental housing resources from the Chicago Low Income Housing Trust Fund, which offers two project-based subsidy programs targeting Extremely Low Income (ELI) renters who earn 30% or less of AMI. IHDA and HUD may also be able to offer similar resources. IFF's Home First Illinois should be sought out to obtain resources for *accessible* affordable housing.

### 3.3 Owner-Occupied Affordable Housing Strategies

While owner-occupied housing was not the focus of CECD's market study, CECD should also explore how to promote strategies to assist families in acquiring affordable owner-occupied housing utilizing tools such as community land trusts, employer assisted housing and foreclosure conversions.