



Measuring the Need for Affordable Housing

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IHDA's Market Review Expansion

- HUD's Proposed Fair Housing Rule and a desire to invest resources in an equitable manner have incited IHDA to change and expand its outlook regarding markets for Affordable Housing throughout the state.
- Previous market evaluations were intended only to protect IHDA's investments by assuring there was ample demand for the units.
- IHDA's Market Analysis has been expanded and revamped to include a review of the **need** for the proposed housing in a market.
- Goals of the Expansion:
 - Discourage over-concentration of Affordable Housing resource investment;
 - Protect against putting resources where they are not needed;
 - Consider markets to be multi-faceted entities with a variety of strengths and weaknesses.



Defining Markets

- **Basic Determination (Previously the ONLY Methodology Used):**
 - **City of Chicago** - Community Area where the proposal is located;
 - **Suburban (Chicago Metro)** - the municipality where the proposal is located, as well as all municipalities that surround it;
 - **Other Metro Areas** - Actual municipal boundaries for the following metro areas: Bloomington & Normal; Rock Island & Moline; Champaign & Urbana; Rockford; East St. Louis;
 - **Rural Areas** - Generally the entire County where the proposal is located
- **Expanded Primary Market Area Definition Capabilities:**
 - Mapping – look at all characteristics and build a realistic market area around site
 - Utilize “Natural” Barriers
 - Demographic Trending



Affordable Project Performance Within Market

Occupancy Levels at existing IHDA properties serving the same tenant type	Favorable:	All applicable occupancy levels in PMA are considered "safe" (above 90%)
		Most applicable occupancy levels in PMA are considered "safe" (above 90%) and those with lower occupancy levels are reasonably explained (i.e. small developments with one or two vacancies that skew the percentage; issues particular to individual properties and unrelated to market)
	Unfavorable:	Occupancies are generally below 90% in the PMA without reasonable explanation
		High turnover rate at property
Waiting List Levels at existing IHDA properties serving the same tenant type	Favorable:	Most surrounding IHDA developments have measurable waiting lists (some developments do not keep active waiting lists) or show no or very small waiting lists but are fully occupied (above 90% occupied)
	Unfavorable:	Surrounding IHDA developments show - on average - no or very small waiting lists and show occupancy issues (below 90% occupied)
Abundance of Properties on Watch List.	Favorable:	Asset management indicates that less than 25% of the active IHDA properties in the PMA are on the IHDA Watch List
	Unfavorable:	Asset management indicates that more than 25% of the active IHDA properties in the PMA are on the IHDA Watch List

Occupancy and Wait List issues are not always indicative of market issues. In reviewing markets, IHDA makes efforts to speak to the management team and our internal Asset Management team to make sure we are categorizing market problems correctly.



Concentration of Affordable Housing

IHDA's Market Share	Favorable:	IHDA has no active involvement in the PMA.
		IHDA's share of the rental market in the community or municipality (or county, where appropriate) is under 10%.
	Unfavorable:	IHDA's share of the rental market exceeds 10% for a community / municipality (or, where appropriate, a county) that has over 35% rental housing stock.
Concentration of all types of Affordable Housing	Favorable:	There are no additional active affordable properties in the PMA.
		The total market share of Affordable Rental properties in the PMA is under 20% of the total rental market.
		Concentration of rental units affordable to targeted income levels in proposed Census Tract is less than 60% per published "Affordable Rental Unit Survey"
	Unfavorable:	The total of all Affordable Rental properties in the PMA exceeds 20% for a PMA that has over 35% rental housing stock.
Concentration of rental units affordable to targeted income levels in proposed Census Tract is equal to or greater than 60% per published "Affordable Rental Unit Survey"		

Communities with less than 35% of the existing housing stock classified as rental are evaluated and the concentration in these markets is considered. HOWEVER, a low percentage of rental units is taken into account and generally exempts such communities from penalization in this aspect of the review.



Affordable Rental Unit Survey (ARUS)

Census Tract Level overview of how much rental housing is affordable to different income levels regardless of existing subsidy

Census Tract (Short)	County / MSA AMI (Median Household Income)	Total Housing Units	Occupied Units Paying Rent	30% AMI		50% AMI		60% AMI		80% AMI	
				Number of Affordable Rental Units - 30% AMI	Percent of Occupied Rental Units Affordable to HH at 30% AMI	Number of Affordable Rental Units - 50% AMI	Percent of Occupied Rental Units Affordable to HH at 50% AMI	Number of Affordable Rental Units - 60% AMI	Percent of Occupied Rental Units Affordable to HH at 60% AMI	Number of Affordable Rental Units - 80% AMI	Percent of Occupied Rental Units Affordable to HH at 80% AMI
1	\$45,792	2172	314	69	22%	131	42%	159	51%	267	85%
2.01	\$45,792	860	155	12	8%	50	32%	79	51%	129	83%
2.02	\$45,792	1150	187	11	6%	69	37%	97	52%	134	72%
4	\$45,792	1829	658	136	21%	375	57%	475	72%	582	89%
5	\$45,792	920	225	42	19%	118	52%	156	69%	202	90%
6	\$45,792	1733	464	34	7%	166	36%	281	61%	400	86%
7	\$45,792	968	722	265	37%	487	67%	589	82%	675	93%
8	\$45,792	1223	652	160	25%	342	52%	463	71%	597	92%
9	\$45,792	1289	429	36	8%	175	41%	270	63%	378	88%
10.01	\$45,792	1542	186	13	7%	80	43%	114	61%	154	83%
10.02	\$45,792	1427	312	7	2%	64	20%	113	36%	241	77%
11	\$45,792	3266	889	167	19%	405	46%	538	61%	709	80%
101	\$45,792	1878	229	30	13%	130	57%	171	75%	216	94%
102	\$45,792	1683	241	95	40%	170	71%	189	79%	213	88%
103	\$45,792	2424	157	47	30%	103	65%	126	80%	151	96%
104	\$45,792	1493	36	8	22%	13	37%	21	60%	33	91%
105	\$45,792	1450	105	2	1%	20	19%	41	39%	71	68%
106	\$45,792	2565	213	28	13%	153	72%	192	90%	213	100%



Demographics

Demographics

- Population
- Households
 - Age
- Foreclosures
 - Etc.

Favorable:

Demographic Reports indicate a stable or growing market with increasing populations and households, particularly in the age groups served by the proposed project

Demographic reports indicate increasing economic viability of the PMA

HMDA reports indicate increasing housing development activity, decreasing foreclosure rate, and a mix of units types and incomes.

Unfavorable:

Reports indicate a declining demographics, particularly in the age group to be served by the proposed

Economic conditions worsening, as evidenced by employment trends

HMDA reports indicate a stagnant or decreasing housing activity

- *Commonly available data sources are used in reviewing demographic data sources.*
- *Geographic availability is another primary determinate as the ability to cover all of Illinois is critical.*
- *Demographic metrics can help support the case for the need for housing for specific populations (seniors vs. family, for example).*
- *Additionally, demographic analysis can help provide an indication of future need, whereas other metrics are generally providing current need analysis.*



Community Connection

<p>Project is being proposed as part of a concerted, Pre-Existing Planning Effort</p>	<p>Favorable (not limited to the following):</p>	<p>Community revitalization plan indicates a need for housing and affordable housing AND establishes a mix of units types and income levels (units at different income levels, including market-rate units). Plan must specifically state the need for housing of the type and income level being proposed</p>
		<p>Plan includes increased access to services and amenities for low income residents and households</p>
		<p>Plan adequately demonstrates a market for the proposed and accomplishments towards additional planning goals stated within</p>
		<p>Plan includes a TOD element</p>
	<p>Unfavorable (not limited to the following):</p>	<p>Plan further concentrates low-income units in one area / community.</p>
		<p>Progress towards other planning goals is not demonstrated or sufficient</p>
		<p>Plan doesn't demonstrate needed market demand for proposed</p>

Tying our market review to planning efforts has been an important aspect of opening the process up to additional inputs and to bridging the gap between what the data says about a community and what the future might hold.



Moving Forward

- **Expanded List of Metrics** – There are additional data sets available that can show need in ways we haven't yet caught with our metrics (age of buildings, condition of buildings, high long term vacancies, turn-over rates, etc)
- **Additional Published Data** – As our list of metrics expands, IHDA wants to make this data available for use.
- **Improved Planning Component** – The planning element to the market review is very new, and clarification and nuance is needed.
- **Connection to the Markets** – Market reviewers are visiting markets and talking to representatives from those markets throughout the state. This is critical to understanding the unique needs resented throughout the state and will generate better market reviews.



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