CMAP Metropolitan Mayors Caucus Metropolitan Planning Council NWSHC

Homes for a Changing Region

Phase 3: Implementing Balanced Housing Plans at the Local Level

Year Six: Arlington Heights, Buffalo Grove, Mount Prospect, Palatine, and Rolling Meadows

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CMAP

Metropolitan Mayors Caucus

Metropolitan Planning Council

NWSHC

January 2013

Over the last ten months, the Metropolitan Mayors Caucus (MMC), the Chicago Metropolitan Agency for Planning (CMAP), and the Metropolitan Planning Council (MPC) have collaborated on a forward-looking housing planning exercise with the five members of the Northwest Suburban Housing Collaborative — Arlington Heights, Buffalo Grove, Mount Prospect, Palatine, and Rolling Meadows. With the ongoing technical support of CMAP and Fregonese Associates, an outside consulting firm, the four groups have worked with municipal officials, their staffs, and residents to develop housing policy action plans for each of the participating communities. The group also examined current and projected housing data for the entire five-community group and developed some general recommendations.

We want to thank outside contributors to the project — The Chicago Community Trust and the Harris Family Foundation — for their financial support. We also want to thank President Arlene Mulder of Arlington Heights, Mayor Jeffrey Braiman of Buffalo Grove, Mayor Irvana Wilks of Mount Prospect, Mayor Jim Schwantz of Palatine, and Mayor Tom Rooney of Rolling Meadows, as well as their staffs for the extensive help they provided for their community studies.

Allison Milld Clements of the MMC, Mary Lu Seidel of the Northwest Suburban Housing Collaborative, Nancy Firfer and King Harris of the MPC, and CMAP staff provided oversight to the project.

MarySue Barrett
President, Metropolitan Planning Council

David Bennett
Executive Director, Metropolitan Mayors Caucus

Randy Blankenhorn
Executive Director, Chicago Metropolitan Agency for Planning

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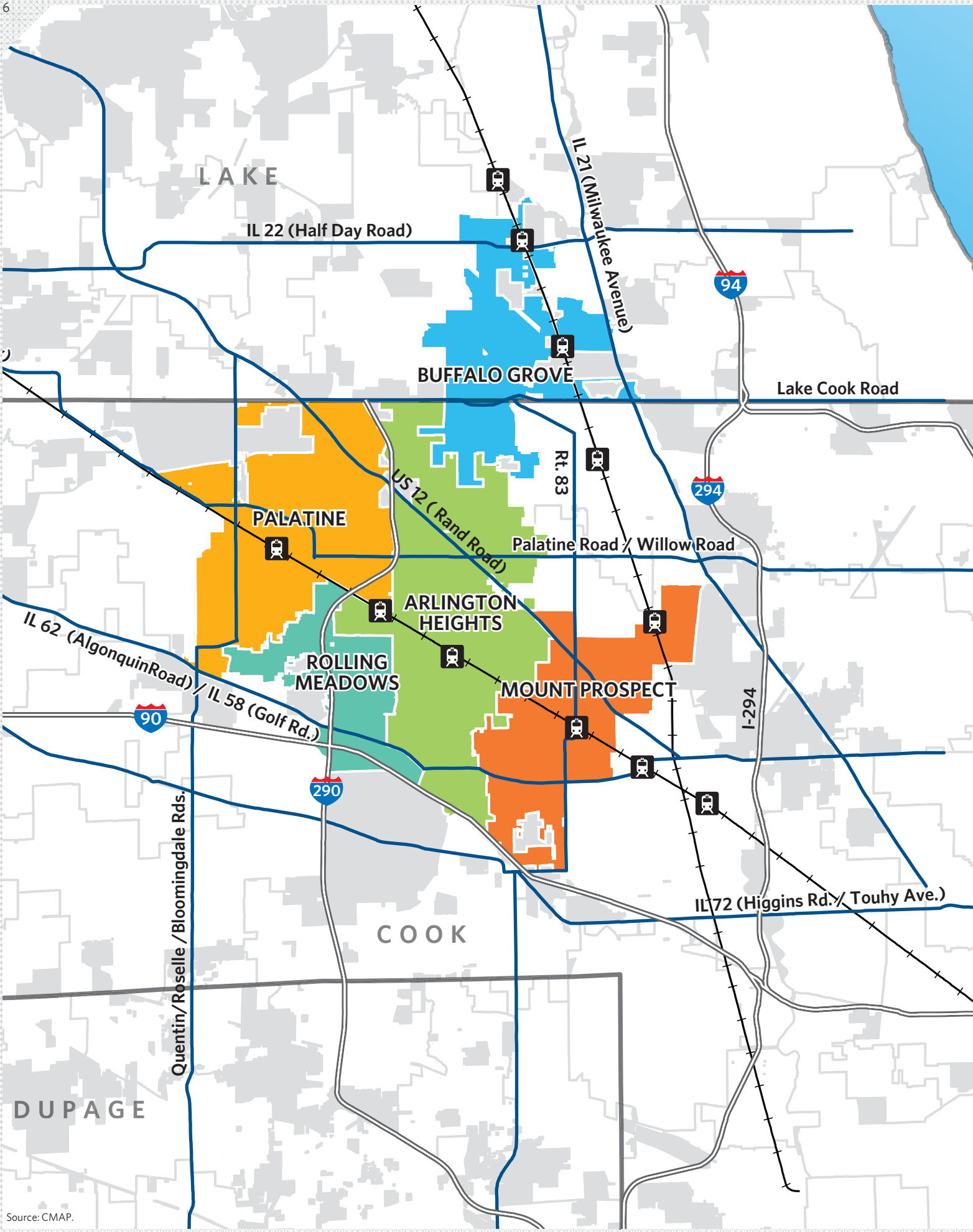

LAKE
IL 22 (Half Day Road)
IL 21 (Milwaukee Avenue)
94
BUFFALO GROVE
Lake Cook Road
Rt. 83
294
US 12 (Rand Road)
PALATINE
Palatine Road / Willow Road
ARLINGTON HEIGHTS
IL 62 (AlgonquinRoad) / IL 58 (Golf Rd.)
ROLLING MEADOWS
MOUNT PROSPECT
90
I-294
290
IL 72 (Higgins Rd. / Touhy Ave.)
COOK
Quentin/Roselle /Bloomingdale Rds.
DUPAGE

Source: CMAP.

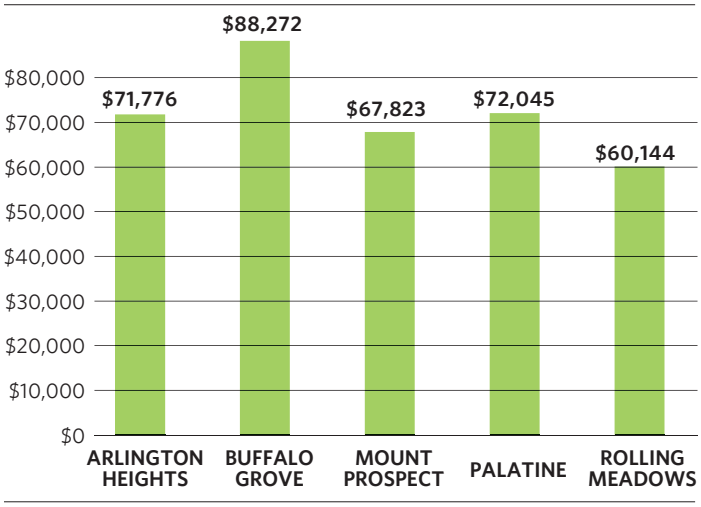
Subregional Report and Recommendations

Northwest Suburban Housing Collaborative

Background

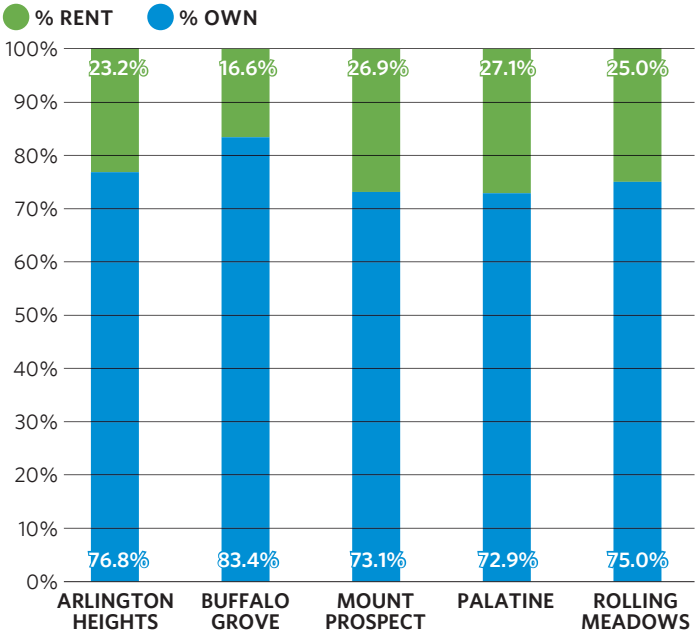
This year's *Homes for a Changing Region* (*Homes*) report comes at the request of the five neighboring municipalities that make up the Northwest Suburban Housing Collaborative (Collaborative and NWSHC) — Arlington Heights, Buffalo Grove, Mount Prospect, Palatine, and Rolling Meadows. Compared to the 279 other municipalities in the Chicago region, these five are middle-income, predominantly owner-occupied communities with access to high-quality public schools. The subregion is largely auto-oriented in terms of development but has relatively good access to commuter rail. Several municipalities recently developed more transit-oriented downtown areas. The Collaborative communities are located directly north of the dense O'Hare and northwest suburban transportation job centers via Illinois Route 53, the Northwest Tollway (I-90), and the Tri-State Tollway (I-294).

Median household income



Source: 2008-10 American Community Survey.

Tenure status, percent of occupied housing units



Source: 2008-10 American Community Survey.

What is affordable housing?

What constitutes affordable housing varies from household to household, as the measure is relative. For this report, the following U.S. Census guidelines were used:

- **"Affordable housing" is housing that costs no more than 30 percent of household income (including utilities, insurance, and taxes).**
- **"Unaffordable housing" is housing that costs between 30 percent and 50 percent of household income.**
- **"Severely unaffordable housing" is housing that costs more than 50 percent of household income.**

In recent years, the Center for Neighborhood Technology (CNT) developed an alternative way to define "affordable housing" as housing which costs no more than 45 percent of both housing and transportation costs. This report will also cite these figures from CNT.

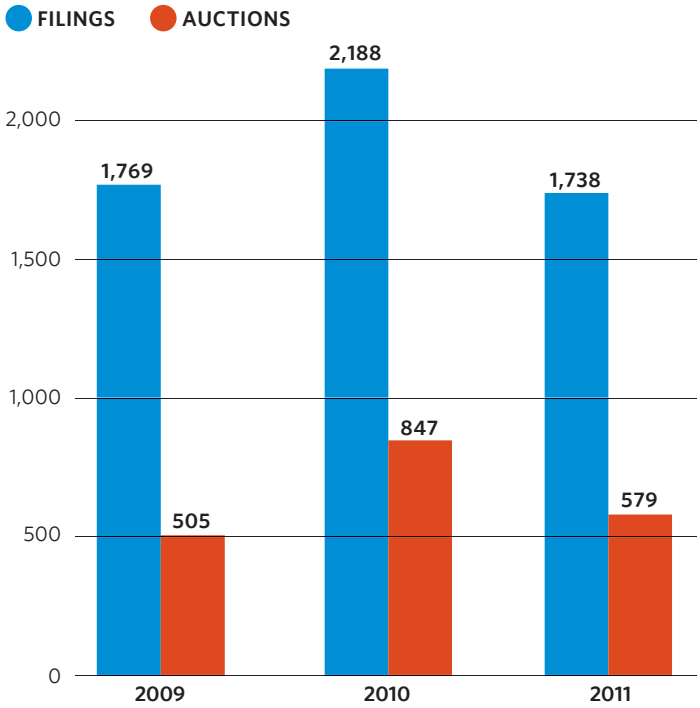
The Collaborative formed via an intergovernmental agreement (IGA) in 2011 to develop subregional solutions that address the short- and long-term housing needs of the participating communities. The IGA created a Steering Committee made up of municipal staff members who meet regularly to set working priorities. The communities came together to address the common challenges of rising foreclosures, growing income diversity, aging multi-family housing, and the loss of affordable units. Funding from The Chicago Community Trust allowed the Collaborative to hire a shared Housing Coordinator to address these challenges. The Collaborative has also received grant resources from the BMO Harris Bank Foundation and Village Bank and Trust, a Wintrust affiliate. Early on, the Collaborative Steering Committee identified several strategies to pursue, including rental housing preservation, condominium foreclosure, and stabilization.

What follows is a subregional analysis of current conditions, a review of recent policy remedies, a look forward in regards to the housing market, and recommendations for future subregional action. Once subregional issues are detailed, reports on each of the five Collaborative communities will be presented. Subregional strategies help elected officials achieve a consensus around a direction for the work of the Collaborative as a whole. The Collaborative should consider this a set of broad policy recommendations that can be used to inform implementation priorities and a work plan for the next several years.

Current Conditions

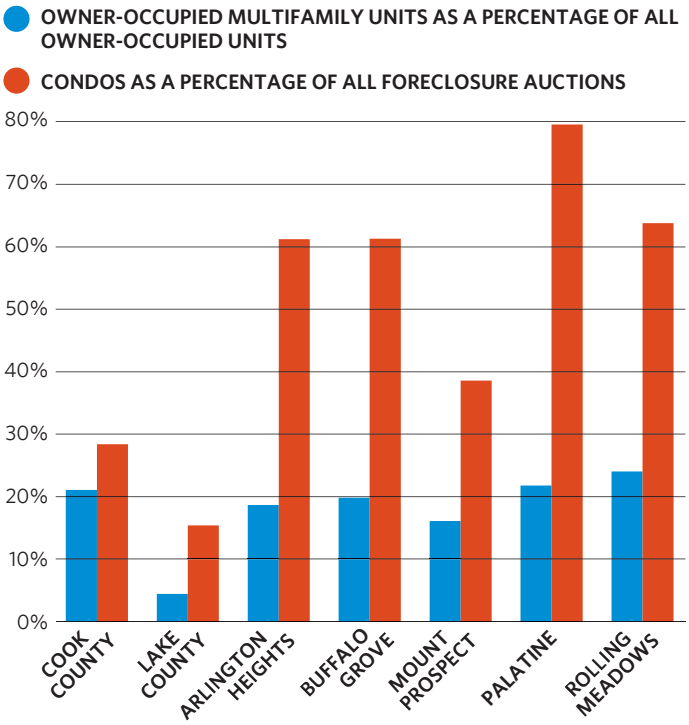
The severe recession, which has impacted the entire country, is now in its fifth year. Unemployment remains high, and the foreclosure crisis continues to impact a broad range of communities. There have been 5,695 foreclosure filings (about 5.2 percent of total housing units based on 2010 Census data) and 1,931 foreclosure auctions (about 1.8 percent of total housing units) in the five Collaborative communities from 2009 through 2011. Condominium foreclosures have been especially noteworthy.

NWSHC foreclosures,
number of filings or auctions



Source: Woodstock Institute, http://www.woodstockinst.org/.

Condos as a share of foreclosure auctions vs. owner-occupied units



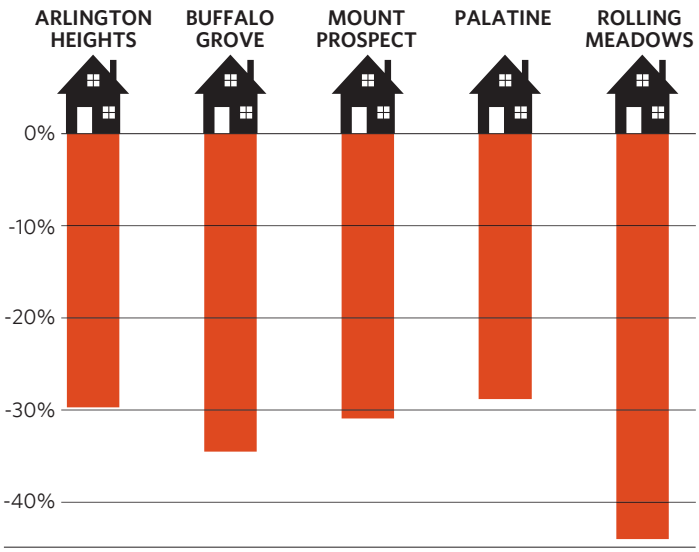
Source: 2008-10 ACS, Woodstock Institute, 2011.

Home prices dropped significantly and homeownership rates have declined because of stagnant incomes, high unemployment, and increased credit restrictions. An increased number of owner families are now paying more than 50 percent of their income for housing and housing related expenses.

Many other families are "underwater," meaning the face value of their mortgages exceeds the value of their home. The rental housing market in Collaborative communities, limited even before the current housing crisis, is more strained than ever with a growing number of renting families paying more than 30 percent or even 50 percent of their income for rent.

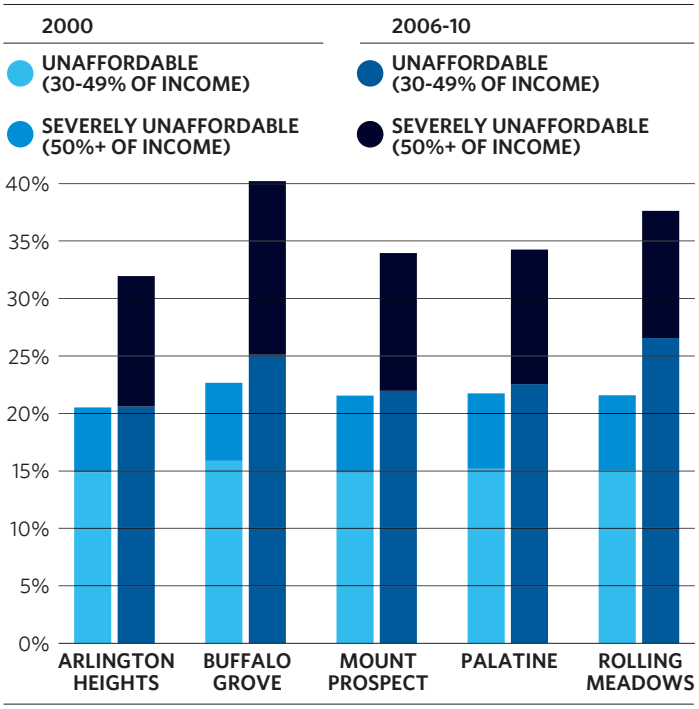
While rental costs are rising, supply has not kept pace with demand over the past five years. While the American Community Survey (ACS) figures do not reflect this as of yet, some rental registration figures and anecdotal evidence suggest that a growing number of single-family homes are being rented, a situation that presents new challenges to municipal leadership.

Average home price depreciation in the past five years



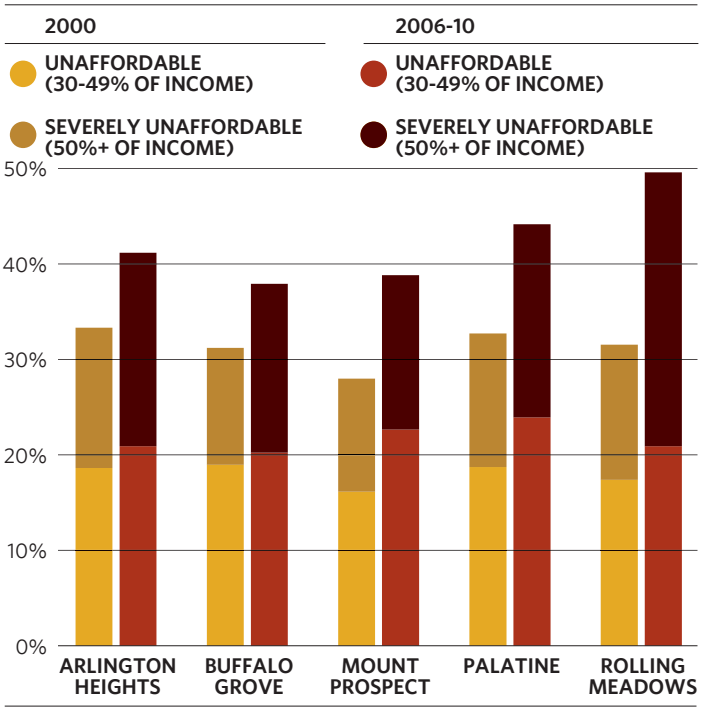
Source: Trulia, www.trulia.com, pulled 7/25/2012.

Percent of owner occupied housholds paying more than 30% of income on monthly owner costs



Source: 2000 Census and 2006-10 ACS.

Percent of renter occupied housholds paying more than 30% of income on gross rent

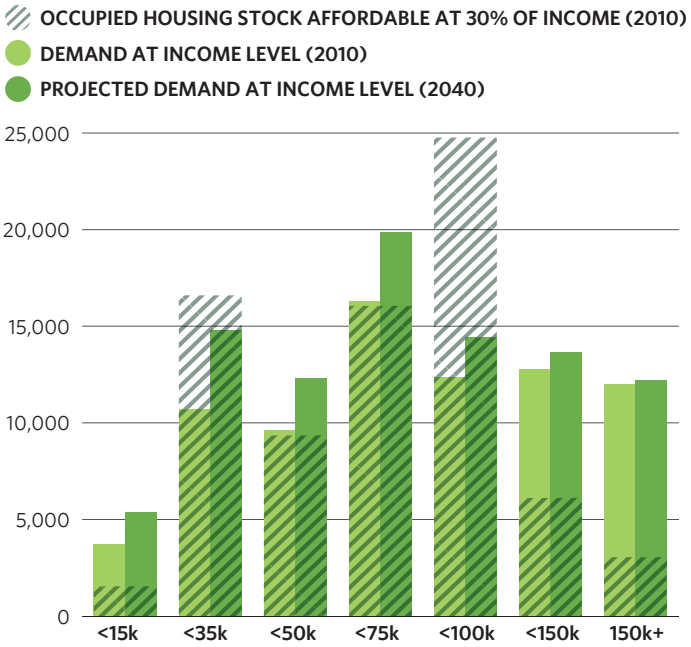


Source: 2000 Census and 2006-10 ACS.

Future Projections

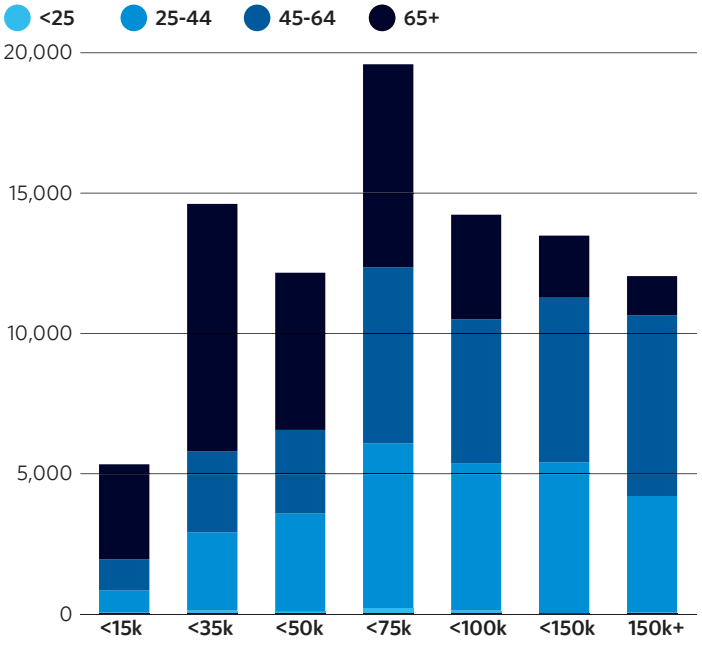
As part of the *Homes* process, the Chicago Metropolitan Agency for Planning (CMAP) has developed projections to help the Collaborative and its member municipalities anticipate changes in demand by tenure (rent vs. own) and price point through the year 2040. Aggregate projected demand for the five-community market area indicates that demand by low- to moderate-income families for owner-occupied housing could exceed supply. At the same time, there could be unmet demand for housing serving the needs of upper income families whose incomes exceed $100,000. Many of these upper income families, however, may choose to live in more affordable homes and spend their income elsewhere.

NWSHC 2010 households and housing stock compared with 2040 owner demand



Source: CMAP analysis of Fregonese ETBH model using 2006-10 ACS and GO TO 2040 household growth projections as inputs.

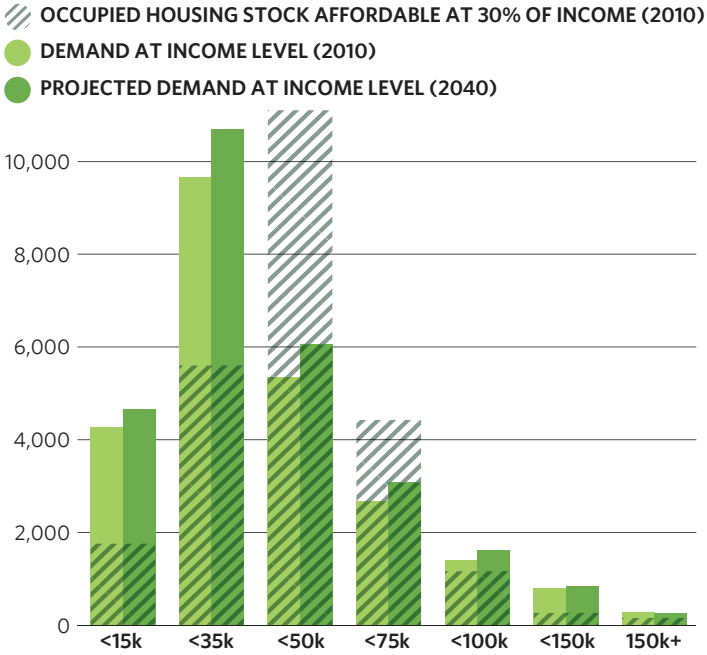
NWSHC projected 2040 owner demand by age of householder



Source: CMAP analysis of Fregonese ETBH model using 2006-10 ACS and GO TO 2040 household growth projections as inputs.

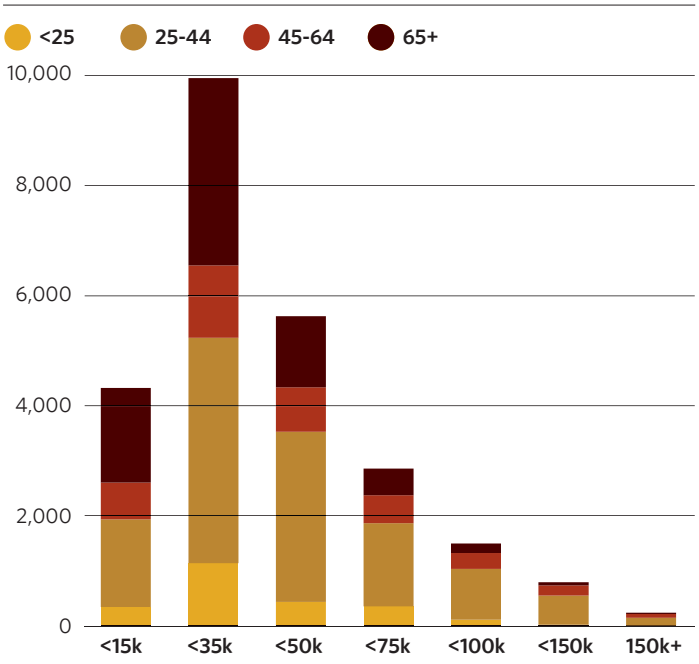
Rental market projections suggest that the greatest unmet demand across the Collaborative market area will be among households earning less than $35,000 per year. These households would be looking to rent for less than $900 per month. Seniors and adults, age 25 to 44, could be the two age cohorts with the greatest share of that demand.

NWSHC 2010 households and housing stock compared with 2040 renter demand



Source: CMAP analysis of Fregonese ETBH model using 2006-10 ACS and GO TO 2040 household growth projections as inputs.

NWSHC projected 2040 renter demand by age of householder

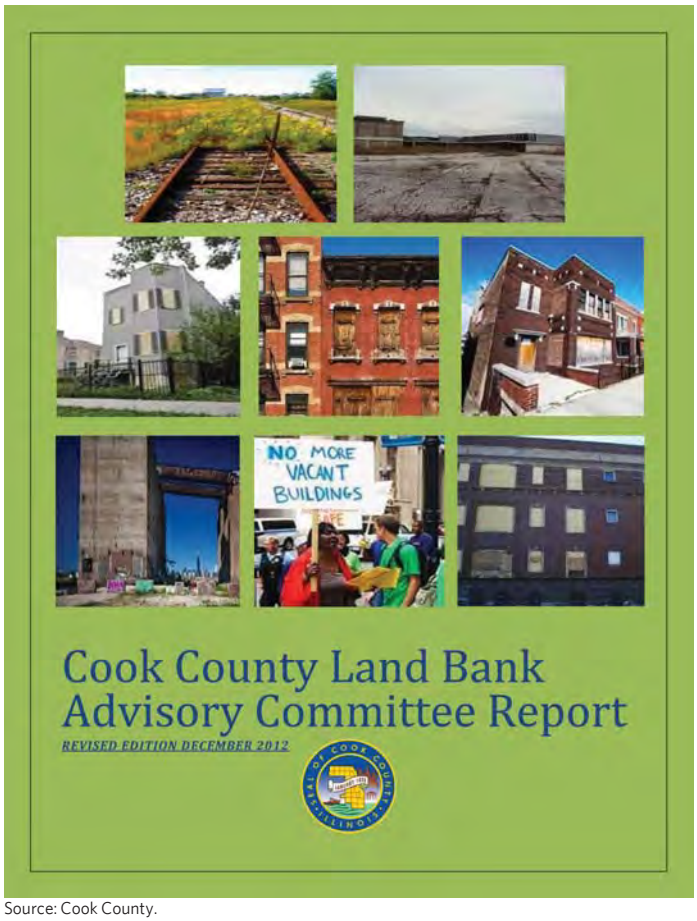


Source: CMAP analysis of Fregonese ETBH model using 2006-10 ACS and GO TO 2040 household growth projections as inputs.

Regional and National Policy Trends

Despite slowing foreclosure filings, the number of homes in the foreclosure process remains high both nationally and regionally. As such, federal, state, and local policy makers have been busy over the last year looking for ways to help struggling homeowners and prevent the negative community impacts associated with vacancy.

The National Mortgage Servicing Settlement is probably the most interesting development of 2012. Thanks to a massive state and federal civil law enforcement investigation, the settlement brought the nation's five largest mortgage servicers into a $25 billion agreement. The agreement includes a minimum of $17 billion in direct aid to struggling homeowners, $3 billion for an underwater mortgage refinancing program, and $5 billion to state and federal efforts. New servicing and foreclosure standards and an independent monitor will ensure servicer compliance with the settlement. With funds from the settlement, Illinois is funding legal assistance programs to help provide access to the justice system for borrowers and renters ($23 million); foreclosure mediation projects ($3 million); and most recently housing counseling services and relief efforts (up to $70 million). The Illinois Attorney General's office put out a request for proposals in December 2012 that specifically prioritizes submissions from "collaborative" teams of public, private, and non-profit actors.



Source: Cook County.

In 2011, Illinois launched the federally funded Illinois Hardest Hit program, offering up to $25,000 in temporary assistance for homeowners facing foreclosure due to job loss or pay cuts. The state also launched the *Welcome Home Heroes program*, providing veterans and their families secure fixed-rate loans and up to $10,000 in down payment assistance. In early 2012, three state departments collaborated to create the Illinois Foreclosure Prevention Network, which provides struggling homeowners with access to a variety of services through counselors at one-stop-shops around the state.

Finally, the Cook County Board of Commissioners recently passed an ordinance that will create a countywide land bank to address the abundant supply of vacant, abandoned, tax-delinquent, and foreclosed properties within the County. An Advisory Committee to the County, consisting of housing and finance experts from the public, private, and non-profit sectors, released a report in December with recommendations for how best to structure the land bank.[1] Land banks are used to take possession of distressed properties through direct purchases or non-cash transfers. Properties are held tax-free in a trust until they can become repurposed in a manner that is consistent with the communities' values and needs. The Collaborative should closely review the recommendations that came out of the Cook County Land Bank Authority to determine how a countywide land bank could be utilized as a tool for the northwest suburban subregion.

1 Cook County Land Bank Advisory Committee Report: Revised Second Edition. December 2012. **http://blog.cookcountyil.gov/economicdevelopment/wp-content/uploads/2012/11/LBAC-Final-Recommendations-Report-Revised-Dec-2012-for-web.pdf** (downloaded 1/7/2013).

Future Subregional Action

The five Collaborative communities are in an excellent position to move forward if they carefully plan their future housing development. They remain, relative to many other Chicago-area communities, economically strong and well-governed. Their single-family housing stock is in good condition. With the exception of Buffalo Grove's Lake County sections, they are relatively built out in terms of development.

Based on these points, the project team recommends the following strategies to improve housing conditions in Collaborative communities.

Mitigate the impact of foreclosure

As discussed previously, all Collaborative communities have been impacted by foreclosures, especially condominium foreclosures. The Collaborative should evaluate the effectiveness of serving as a point of referral to connect struggling homeowners with counseling and other programs created to reduce the likelihood of mortgage default ending in foreclosure. Regional organizations continue to work proactively to build relationships with the national banks that hold the majority of mortgages in default, however the Collaborative may be able to influence community banks more effectively. The Collaborative should determine the willingness of local community banks to work collaboratively on subregional strategies with the same objective.

Expanded efforts to track foreclosures and speed their conversion into owner-occupied or rental properties are needed to combat the current foreclosure problem. This could include reviewing local regulations to increase the attractiveness of Collaborative communities for investors that purchase foreclosed properties at auction and manage them as income earning rental properties. It might also include expanding efforts to work with banks and realtors to increase local sales. Special focus should be given to monitoring and controlling the rental of condominiums and single-family homes. While most Collaborative communities utilize rental licensing and landlord education programs, these should be evaluated to determine if best practices are being followed. Creating a joint training program among the Collaborative communities could help gain efficiencies by cutting costs and saving staff time. Thought should be given to working with and advising condominium associations which become economically challenged by high rates of foreclosure.

Encourage building new housing that fits the needs of additional residents

While largely built out, new housing development opportunities exist in all five communities. In planning for additional growth, the communities should create a true mix of housing, including rental, small-lot single family homes, town homes, and attached homes, as well as large-lot single-family homes. It is important that new developments respond to projected population increases incrementally as the economy slowly climbs out of the current recession.

- *Take advantage of public transit*
  Four of the five Collaborative municipalities have Metra train stations within their limits. The largest share of residents in all five towns commute southeast to Chicago or neighboring communities, many along the Union Pacific Northwest or North Central Service Metra lines. Several Collaborative communities have been active in redeveloping the areas surrounding those stations with mixed-use, compact development. Transit oriented development provides residents with opportunities to decrease congestion, energy consumption, and greenhouse gas emissions. New development in these areas should provide a mix of housing opportunities for families of various incomes based on projected demand.

- *Include and encourage a balanced housing supply with municipal plans and ordinances*
  Moving forward, Collaborative communities should consider using the demand projections supplied by CMAP as a basis for comprehensive plan recommendations for housing policies and allowable residential development. This would likely mean including all types of housing in comprehensive plans, adopting building standards for affordable housing development, using density bonuses, and allowing the development of accessory dwelling units. Often called "granny flats," accessory dwellings are smaller housing units are located on the same parcel as a single-family home. They can accommodate multigenerational families, allowing seniors to age in place or young residents to remain at home as they seek employment.

Preserve and increase senior housing

As CMAP projections indicate, the senior population in the collaborative could significantly grow over the next 20 to 30 years. Many area seniors will want to remain living in their communities, as well as in their current homes. Additional multi-family and single-family complexes designed to allow seniors to age in place, both rental and condominium, will be needed. Locating them near transit and shopping areas should be a priority. The Collaborative should continue to stay on top of public and private sector funding opportunities for retrofitting existing homes and new age-restricted developments with design elements and fixtures that facilitate aging in place. It should also monitor current senior demand preferences for various housing options. New development and significant rehabilitation should be guided by the latest research on design for accessibility and aging in place. The Collaborative should evaluate

the possibility of compiling or distributing educational materials to educate aging homeowners on the costs, best practices, and funding available for retrofitting.

Address aging multi-family properties

All five communities have multi-family housing complexes that are aging and need constant monitoring to make sure they remain code compliant. Some of these complexes were built on unincorporated Cook County land that was later annexed. Subsequent infrastructure upgrades were made combined with ongoing efforts to improve the living units. We encourage all the Collaborative communities to continue focusing on these complexes, regardless of their location. Rehabilitation and stabilization of these buildings can have positive impacts on surrounding single-family neighborhoods. The Collaborative could advocate for state and federal grant, loan, or tax credit programs designed to encourage owners to upgrade energy efficiency, safety, lighting, and fire safety features on multi-family properties. Consideration could also be given to complete redevelopment where warranted.

Retrofit existing dwelling units and encourage energy efficient housing development

A study completed in 2011 by the National Association of Home Builders stated that the home of the future will be smaller and more energy efficient than its counterparts developed over the last decade. Over the past several years, several public subsidies have been created to encourage such development. CMAP has created an on-line marketplace, Energy Impact Illinois, that enables single- and multi-family building owners to determine which subsidies they can access to retrofit their homes to increase energy efficiency. Communities should also consider reviewing their regulations to streamline the permitting process for new developments certified as energy efficient under any of the leading certification organizations (Leadership in Energy and Enviromental Design [LEED], Energy Star, etc.).

Consider Live Where You Work programs

The State of Illinois provides a 50 cent tax credit on state income tax liability for every $1 invested in programs that help employees live near their place of employment. The Collaborative should consider engaging large employers and local banks in an effort to take advantage of that incentive.

Annex unincorporated land

Parcels of unincorporated land exist in or adjacent to all five Collaborative communities. Cook County has recently announced that it wants to eliminate all unincorporated land in the County in the next ten years. Even if annexation does not proceed, the Collaborative should work with County officials to ensure better code enforcement in unincorporated areas. Strategies will be needed to annex this land without placing a burden on city and village taxpayers.

Evaluate the costs and benefits of joining the Cook County HOME consortium

While the collaborative communities are unable to form their own consortium to access federal housing development funds under the HOME program, they can join the Cook County HOME Consortium. This would add funding to the pool from which all Cook County municipalities can draw to develop or preserve housing affordable to low-income residents. The Collaborative should consider doing this as a way to leverage funding for specific projects in the future.

Evaluate the costs and benefits of joining or creating a land trust

CMAP analysis has shown that there are underutilized or vacant parcels zoned for residential development scattered across most of the Collaborative communities. These do not provide significant opportunities for land assembly at this time; however, in the long term the Collaborative should consider joining or creating a land trust as a means to stabilize property values and redevelop or preserve affordable units. Alternatively, the Collaborative could explore the possibility of utilizing the Cook County Land Bank Authority when it becomes operational, to create a strategy for maintaining and taking these properties off the market until an appropriate opportunity arises.

A land trust is a non-profit organization that acquires properties through market purchase and land donations. The land trust retains the title to the land while selling homes on it at below-market value. The land is leased at a nominal cost to income-qualified buyers. Future affordability is maintained through a ground lease, which requires homes on the land to be either sold back to the land trust or to another income-qualified buyer. The resale amount is determined by a formula that provides a fair return on investment to the seller, but also ensures the property remains affordable to future purchasers. Homeowners are responsible for paying property taxes, which are based on the formula value of the home. This results in significant cost savings to homeowners.

Source: Village of Arlington Heights.

Housing Policy Plan: **Arlington Heights**

Project Summary

Arlington Heights has been a leader in development and redevelopment for the last 30 years. Via careful planning, incentives, and marketing, it has created a vibrant transit oriented downtown community that has become a model for many other communities in the seven-county Chicago metropolitan area. It also has paid careful attention to its neighborhoods and has, over a period of years, created a broad range of housing types that serve the needs of residents at all income levels.

It remains a challenge for Arlington Heights to maintain and enhance its already successful community. Recognizing the important role of housing in such efforts, the Village's Comprehensive Plan set a goal of providing a variety of housing alternatives by type, size, and price range. The Village Board also has among its top ten goals to "continue to explore and encourage affordable private housing, investigate availability of handicapped accessible and attainable apartments, and ensure that Arlington Heights meets State attainable housing percentage requirements."

To move forward with these goals, the Village must make sure that its dwellings, most notably its multi-family rental dwellings built in the 1960s and 1970s, remain in good condition. It must carefully monitor and ensure proper maintenance of its condominium projects and single-family housing stock which have, to some degree, been impacted by the foreclosure crisis that is now in its seventh year. Finally, it must carefully think through future housing expansion in the Village and make sure that any expansion meets its future projected housing needs.

This report analyzes existing conditions and future needs of Arlington Heights and includes recommendations focused on:

- **Preserving the Village's multi-family housing stock.**
- **Addressing condominium foreclosures through local and regional efforts.**
- **Exploring if and how the community should grow.**
- **Continuing to redevelop downtown.**
- **Strengthening and expanding local housing programs.**

Existing Conditions

Demographic and Economic Trends

As the only community to touch all of its partners, Arlington Heights sits at the geographic center of the Collaborative. The Village is bordered by Buffalo Grove to the north; Wheeling, Prospect Heights and Mount Prospect to the east; Elk Grove Village to the south; and Rolling Meadows and Palatine to the west.

The Village's population has remained fairly stable over the last decade at around 75,000 residents. The Chicago Metropolitan Agency for Planning (CMAP) produced population and household projections as part of GO TO 2040, the seven-county region's comprehensive plan for sustainable prosperity for the next 30 years.[2] These figures indicate that if GO TO 2040 is implemented and because of the Village's numerous assets, the Village's population could rise to 86,059 in 2040, an increase of 11,000 residents.[3] Such an increase would require roughly 4,400 additional dwelling units. While any decisions regarding if and how to grow are local, the projected demand bodes well for strength of the Village's long term housing market.

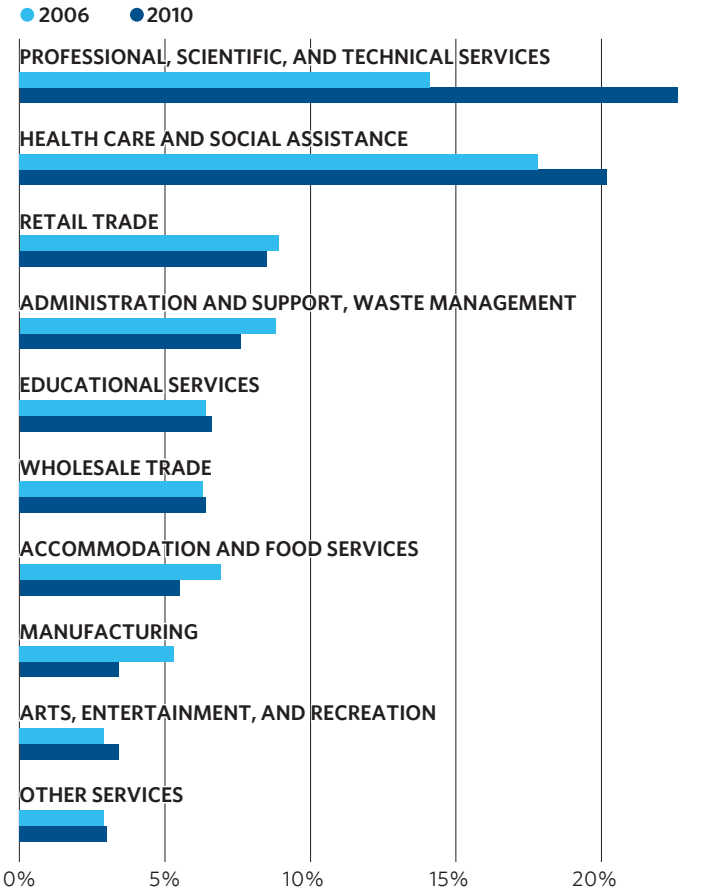
Population and change in population, 2000 and 2010

Population, 2000 (Census)	**76,031**
Population, 2010 (Census)	**75,101**
Change, 2000-10	**-930**
Change as %, 2000-10	**-1.2%**
GO TO 2040 Projection, 2040	**86,059**

Source: U.S. Census and CMAP GO TO 2040 projections.

The total number of jobs in Arlington Heights increased by six percent between 2006 and 2010. The increase was driven by the two largest local industries: health care and administration. Combined, these businesses account for almost 43 percent of local employment. Major local employers, such as Northwest Community Hospital, Alexian Brothers, and Lutheran Home for the Aged, reflect the importance of these sectors.

Arlington Heights jobs, 2006-10



Source: U.S. Census Bureau, LED Data, On-the-Map.

Tax increment financing (TIF) districts play an important role in the Village's efforts to redevelop key areas, with five total districts established by the Village. Two areas, covering northern and southern downtown, expired within the past decade. Arlington Heights maintains three active TIF districts. TIF 3 was used to redevelop the corner of Arlington Heights Road and Rand Road with 52,000 square feet of retail space. TIF 4 covers the northeastern corner of Golf Road and Arlington Heights Road, including International Plaza; expansions of this district are allowing the Village to pursue the redevelopment of the former Arlin Golf Plaza and Kitikada Restaurant. TIF 5 was established in 2005 for the redevelopment of the Town & Country and Southpoint shopping centers.

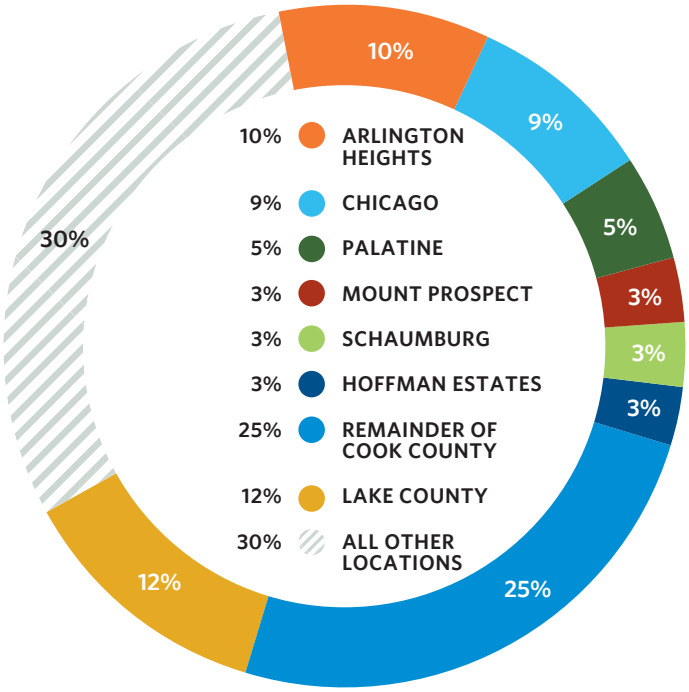
2 See **http://www.cmap.illinois.gov/2040**.

3 See the Appendix for more information about these projections.

Where Do Arlington Heights' Workers Live?

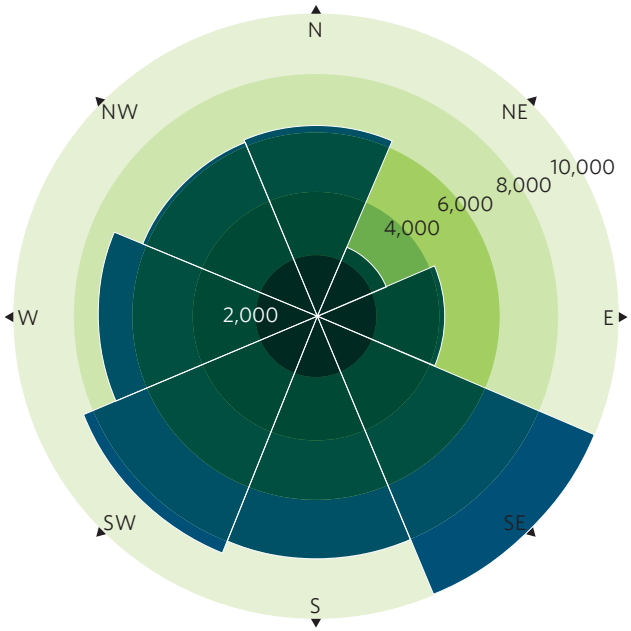
Similar numbers of workers come from Arlington Heights and Chicago. That more local workers come from the Village than Chicago makes Arlington Heights distinctive both within the Collaborative and the region, reflecting its strong local employment base. Of the five communities, only Palatine features a similar split. People from nearby communities, such as Palatine, Mount Prospect, and Schaumburg, also commute to the Village of Arlington Heights. Geographically, people working in Arlington Heights come from all over the region. The direction of travel reflects the ease of access to Arlington Heights from other directions because of Metra, Illinois Route 53, and I-90.

Where do Arlington Heights' workers live, 2010?



Source: U.S. Census Bureau, LED Data, On-the-Map.

Where do Arlington Heights' workers live?
Job counts by distance/direction in 2010, all workers

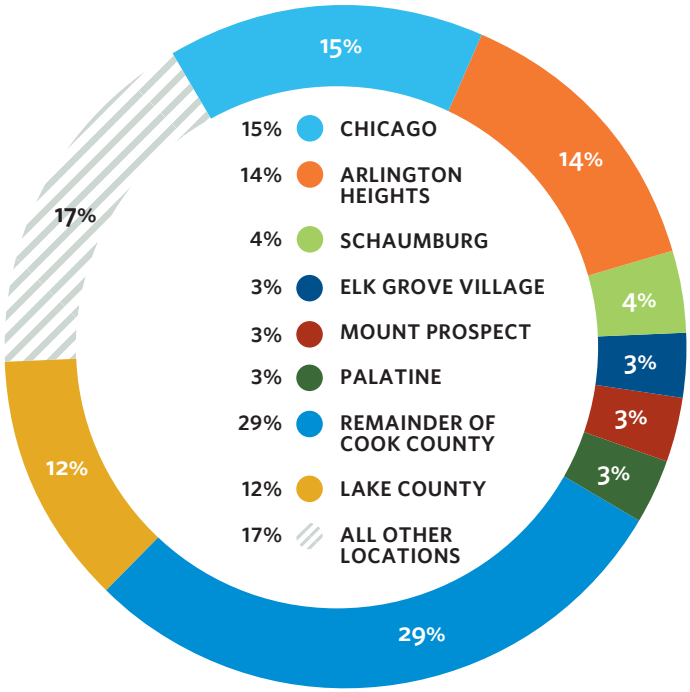


Source: U.S. Census Bureau, LED Data, On-the-Map.

Where Do Arlington Heights' Residents Work?

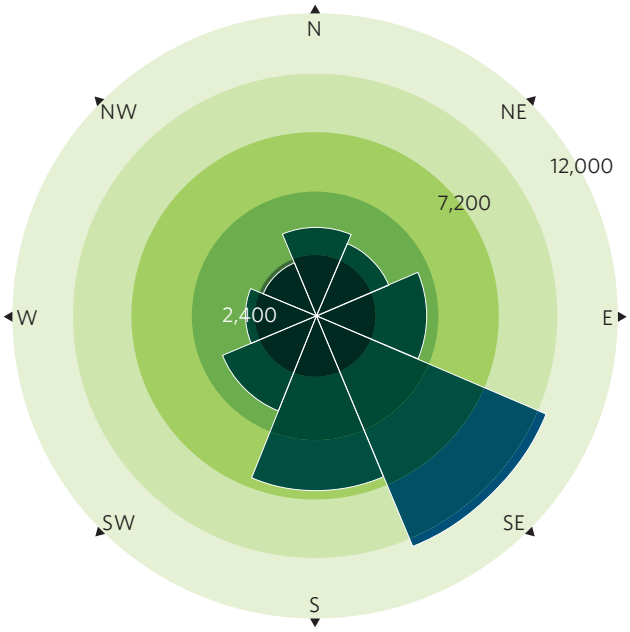
By far the largest numbers of residents work in either Chicago (15 percent) or the Village of Arlington Heights (14 percent). The balanced importance of both Arlington Heights and Chicago is unique among Collaborative members, as the Village of Arlington Heights features by far the highest percentage of its residents working locally. Residents traveling longer distances to work likely commute to the south or southeast, with most other local employment locations closely encircling the Village.

Where do Arlington Heights' residents work, 2010?



Source: U.S. Census Bureau, LED Data, On-the-Map.

Where do Arlington Heights' residents work?
Job counts by distance/direction in 2010, all workers



Source: U.S. Census Bureau, LED Data, On-the-Map.

Current Housing Analysis

The majority (57 percent) of housing units are single-family homes. Multi-family units, which comprise 35 percent of local units, include everything from duplexes to 50+ unit complexes.

Single-family homes tend to be owner occupied. Multi-family units supply Arlington Heights with 87 percent of its rental stock. As an occupant's income rises, so does the likelihood of ownership. The majority of Arlington Heights rental units are occupied by households making less than $100,000. Households earning less than $15,000 are more likely to rent than own.

Like many other Collaborative communities and the region, the number of Arlington Heights households paying more than 30 percent of their income on housing increased in the last decade. The number of cost-burdened owners increased from 21 percent in 2000 to 32 percent in 2010. This rise among owners was felt across all age groups, though particularly for householders over 35 as they make up close to 90 percent of all Village homeowners. The proportion of cost-burdened renter households increased from 35 percent to 43 percent, largely because of a doubling in the number of renters between 35 and 65 years old paying more than 30 percent of their income on housing costs.

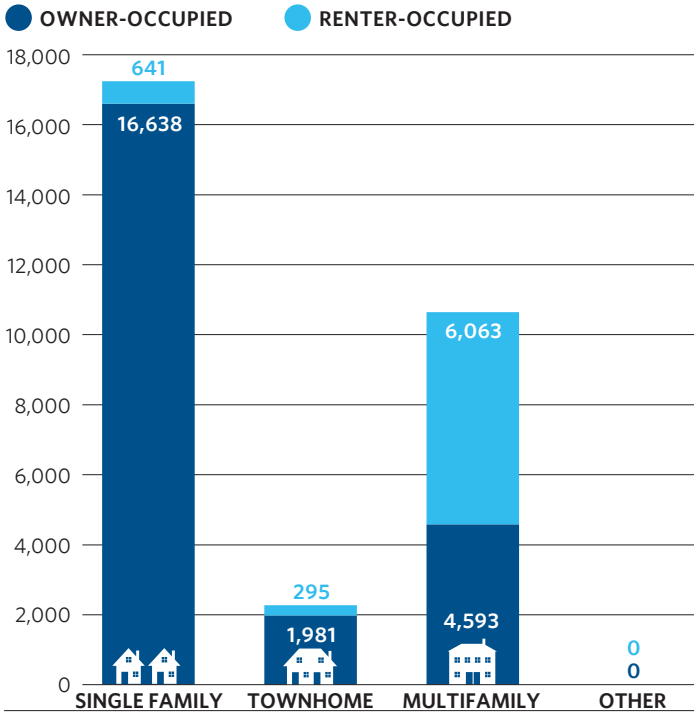
The increasing number of cost-burdened owners and renters in Arlington Heights over the last decade is consistent with national trends. According to analysis by Harvard University, "the recession... did little to reduce housing outlays for many Americans," due in part to declining incomes, slow employment growth, and more stringent credit requirements.[4]

What is "Affordable Housing?"

What constitutes affordable housing varies from household to household, as the measure is relative. For this report, the following U.S. Census guidelines were used:

- **"Affordable housing"** is housing that costs no more than 30 percent of household income (including utilities, insurance, and taxes).
- **"Unaffordable housing"** is housing that costs between 30 percent and 50 percent of household income.
- **"Severely unaffordable housing"** is housing that costs more than 50 percent of household income.

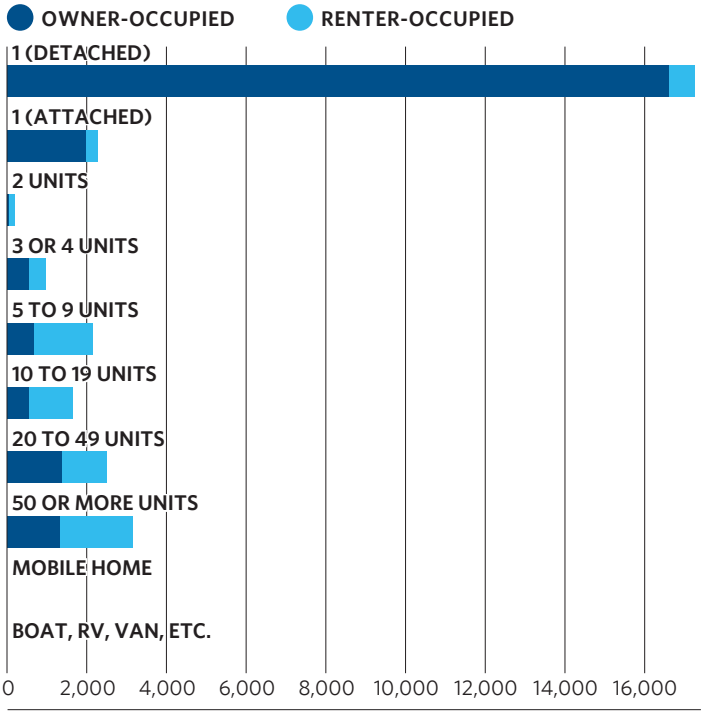
Arlington Heights housing type by tenure



Source: CMAP analysis of American Community Survey 2006-10.

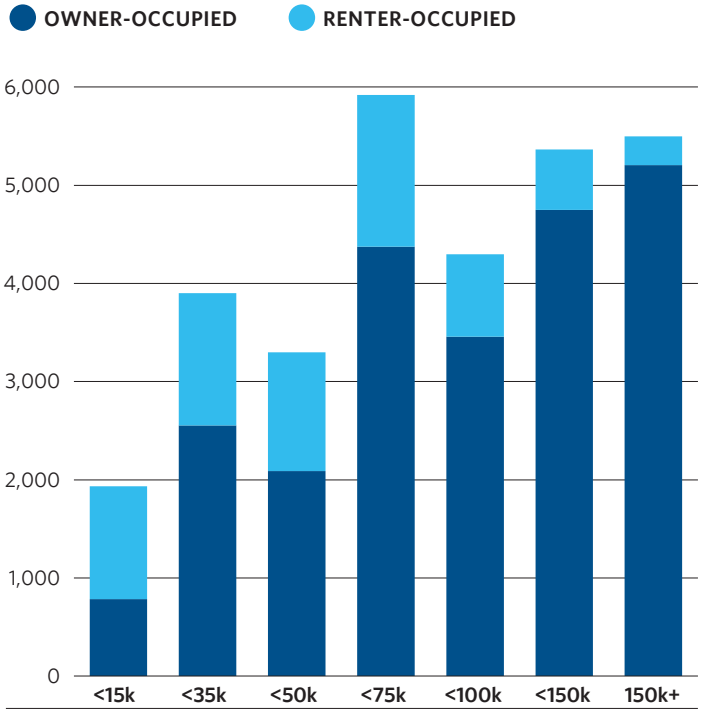
4 Joint Center for Housing Studies. (June, 2012). *State of the Nation's Housing 2012.* Harvard University.

Arlington Heights tenure by units in structure



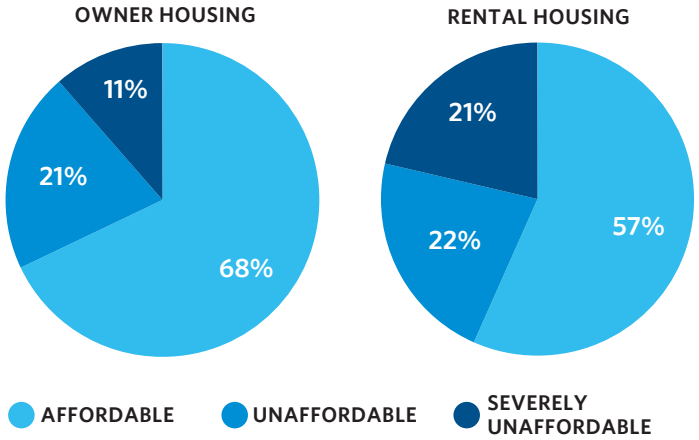
Source: CMAP analysis of American Community Survey 2006-10.

Arlington Heights tenure by household income,
in number of occupied units



Source: American Community Survey 2006-10.

Arlington Heights rental and owner housing affordability



Source: American Community Survey 2006-10.

Current Ownership Housing

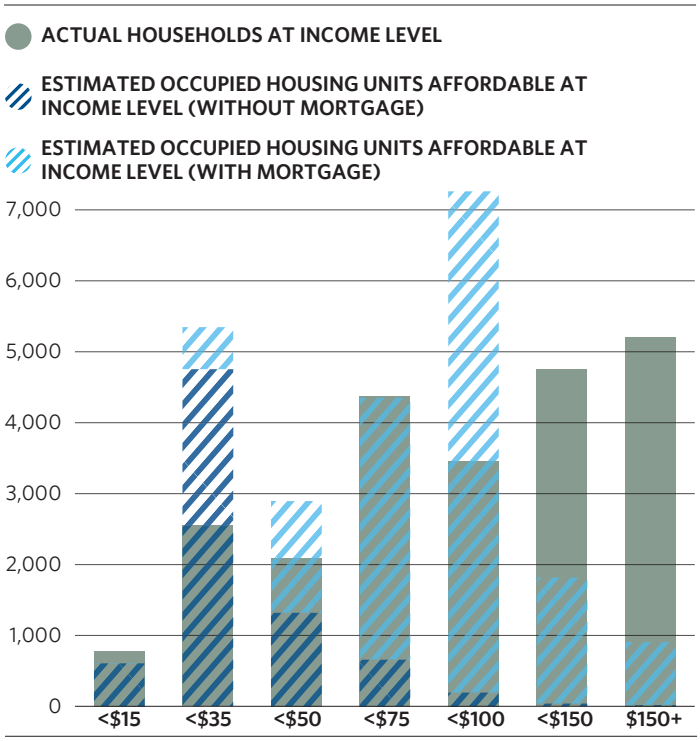
For owners earning between $35,000 and $100,000, the number of available units more than covers the number of households. Owner units for households at the lower end of this income range are only affordable to these income groups if the owner does not carry a mortgage. Units affordable to higher income households typically carry a mortgage. The likelihood of owning a home with or without a mortgage depends in part on age. Over 60 percent of owners without a mortgage are older than 65. Approximately 69 percent of owners with a mortgage are younger than 55.

Higher income owners often choose to "move down," occupying less costly housing and spending less than 30 percent of their income on housing costs. Lower income households must "move up," spending more than 30 percent of their income on housing costs and becoming cost burdened. People moving up the income range include the growing number of cost-burdened owners.

Current Rental Housing

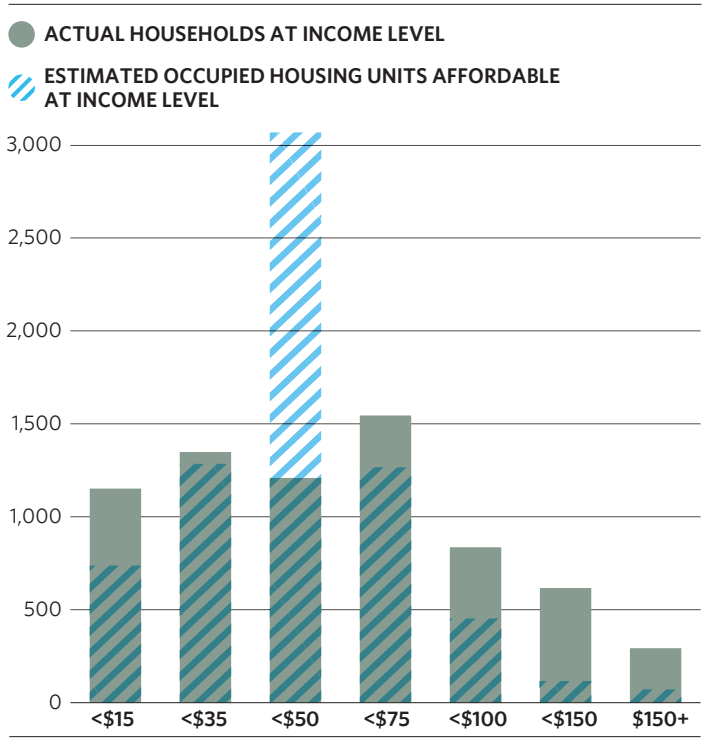
The number of units affordable to a middle income household (annual household incomes between $35,000 and $50,000 per year) helps ensure that the Village's rental stock meets the income needs of residents. Gaps, however, exist at lower and higher income levels. The largest differences are for households earning less than $15,000 and earning $100,000 to $150,000. However, while higher income renters can choose to move down and occupy units that cost less than they can afford, lower income renters must move up and become cost burdened. Lower income residents who are forced to move up help explain the increasing number of cost-burdened renters over the last decade. Based on 2006-10 American Community Survey (ACS) data, over half of all cost-burdened renters in Arlington Heights are between 35 and 64. Seniors renters are disproportionately likely to be cost burdened, making up 17.4 percent of all renters but 23.4 percent of all cost-burdened renters.

Arlington Heights comparison of owner household incomes with occupied units affordable at each income level



Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model using ACS 2006-10 inputs.

Arlington Heights comparison of rental household incomes with occupied units affordable at each income level



Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model using ACS 2006-10 inputs.

Today's Market Segments and Market Preferences

Tools developed by a leading, well-known market research firm, Environmental Systems Research Institute (ESRI), were used to enrich the understanding of the housing types preferred by families that live in Arlington Heights today. The basic unit of the ESRI Community Tapestry system is the neighborhood (based on U.S. Census block groups). ESRI has classified every neighborhood in the country as one of 65 market segments. These segments are then combined into one of 12 LifeMode groups. Segments and groups are assigned to neighborhoods by sorting more than 60 attributes including income, employment, home value, housing type, education, household composition, age, and other key determinants of consumer behavior. Neighborhoods with the most similar characteristics are combined, while neighborhoods showing divergent characteristics are separated.

Four groups into which almost 97 percent of Arlington Heights' households fall were identified: High Society, Upscale Avenues, Senior Styles, and Solo Acts.

The largest group, "High Society," are higher income households distinguished by their interest in single-family homes. "Upscale Avenues" are also affluent households, but they prefer a variety of housing types and invest in their homes through remodeling or landscaping. "Senior Styles" residents have housing preferences as diverse as their circumstances, residing in single-family homes, retirement homes, or high-rises. Finally, "Solo Acts" are generally young single or roommate households who prefer a mobile, urban lifestyle and denser housing options.

What does this mean for the future housing needs of Arlington Heights? First, Village households are almost equal in their desire of whether or not to live in a compact neighborhood (e.g. containing a range of housing types that encourage walking to retail stores, neighborhood amenities, other homes, and transit lines). About half of current residents have at least a moderate propensity to live in a compact neighborhood while half are not interested in living in a compact neighborhood. Secondly, the groups help confirm and deepen information gleaned from U.S. Census data. The High Society and Upscale Avenues groups reflect the sizable single-family owner market in the Village, while the Senior Styles and Solo Acts groups reflect households seeking denser housing options for both renters and owners. Finally, while not an exact guide to the future, these groups can also be useful when planning for future housing needs, as will be explored in subsequent sections.

Arlington Heights Lifemode groups

LIFEMODE GROUPS	INCOME	FAMILY TYPE	AVERAGE AGE	% OF TOTAL	HOUSING TYPES	TENURE
High Society	**Upper**	**Married Couples**	**43.4**	**47.1%**	**Single-family**	**Own**
Upscale Avenues	**Middle-Upper**	**Mixed**	**38.1**	**25.2%**	**Single-family, townhomes, multi-unit**	**Own**
Senior Styles	**Middle**	**Married no-kids**	**50.0**	**13.2%**	**Multi-unit and single-family**	**Own/rent**
Solo Acts	**Middle-Upper**	**Singles-shared**	**31.4**	**11.4%**	**Multi-unit, townhomes, single-family**	**Rent/own**

Source: CMAP analysis of ESRI Community Tapestry Segments.

Projecting Future Housing Needs

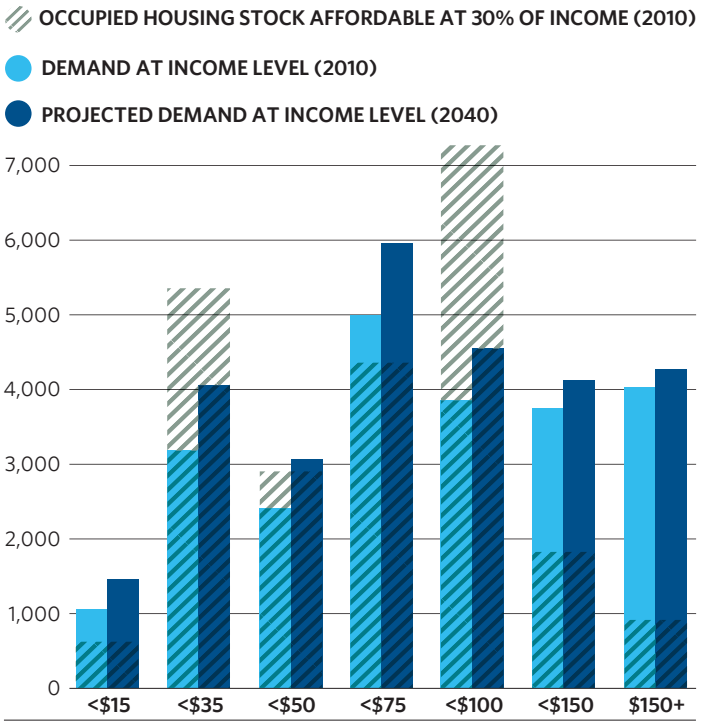
While all of the previous information describes the current housing market in Arlington Heights, the best housing planning takes into account those who might live in the community in the future. Census data, CMAP's local population and household projections for the year 2040, and the ESRI Tapestry market segment data allow for some realistic estimates of who will want to live in Arlington Heights over the next 30 years and what kinds of housing would allow the Village to meet the needs of current and future residents.

Future Ownership Needs

It is projected that all income levels could see more households over the next 30 years. In total, Arlington Heights would need 18 percent more owner units in 2040 to accommodate all the possible growth. The Village's current stock of units for households earning $15,000 to $35,000 and $75,000 to $100,000 could meet the projected growth. The largest unit shortages would be for households earning more than $150,000, though as noted before, some of these households may choose to move down. Future population growth may increase the number of cost-burdened low- and moderate-income households if the housing stock does not grow and change with the population.

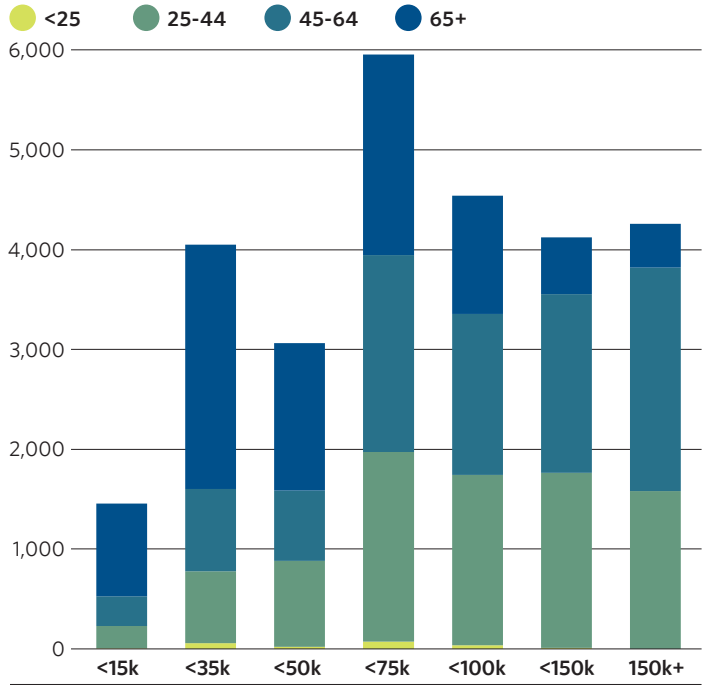
The age groups that may drive housing demand in the future depend on income. Increased demand at higher income levels will be among owners age 25 to 44 and 45 to 64. While units for households age 45 to 64 will likely continue to reflect the High Society segment, owners age 25 to 44 may be both Upscale Avenues and Solo Acts, emphasizing the need for owner housing options beyond single-family units. The projected need for units in the less than $15,000 income category is likely attributable to the community's aging population and the number of seniors. Over 60 percent of future owners earning less than $15,000 are projected to be over 65, reflecting a portion of the Senior Styles segment.

Arlington Heights 2010 households and housing stock compared with 2040 owner demand



Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model using ACS 2006-10 and CMAP GO TO 2040 household forecast inputs.

Arlington Heights projected owner demand by age of household

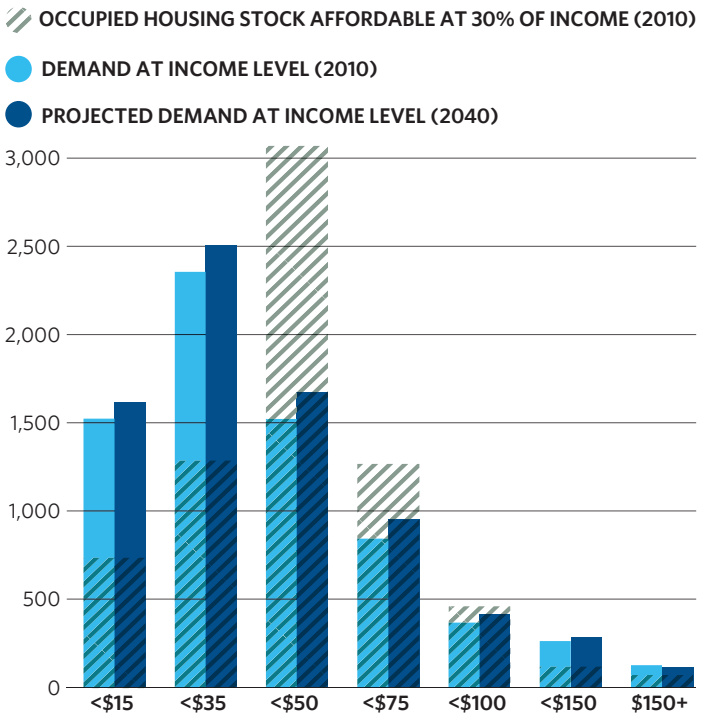


Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model using ACS 2006-10 and CMAP GO TO 2040 household forecast inputs.

Future Rental Needs

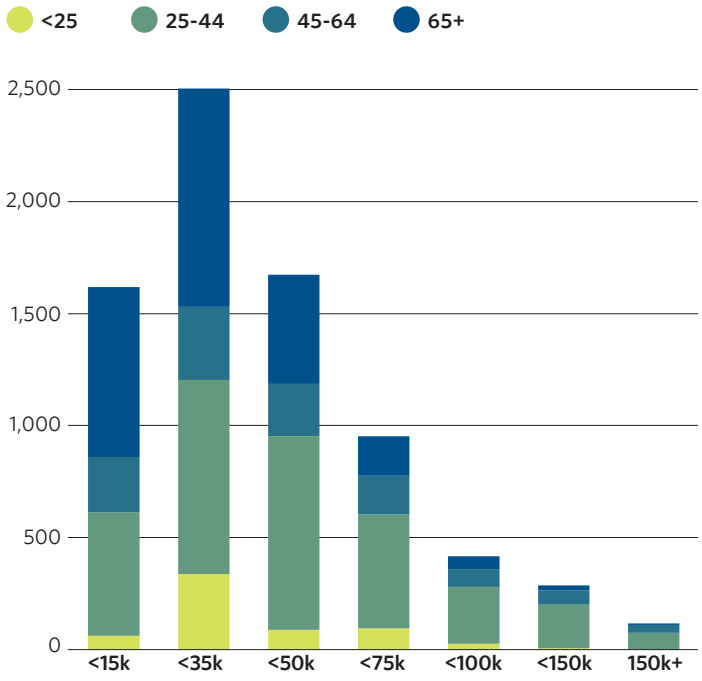
Future rental households could come from across the income spectrum, including higher income households. Given the Village's current rental stock, the greatest need for future units would be for households earning less than $35,000. These renters are already among the cost-burdened households squeezed over the last decade, renting units affordable to people earning $35,000 to $50,000. The core of the future rental market in Arlington Heights is households age 25 to 44, with seniors playing a more important role at lower income levels. The bulk of renters currently within this age range in Arlington Heights are Solo Acts, preferring multi-family and townhome rental options. About 45 percent of future renters earning less than $15,000 are projected to be over 65, reflecting a portion of the Senior Styles segment, with renters generally preferring multi-family options.

Arlington Heights 2010 households and housing stock compared with 2040 rental demand



Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model using ACS 2006-10 and CMAP GO TO 2040 household forecast inputs.

Arlington Heights projected renter demand by age of household

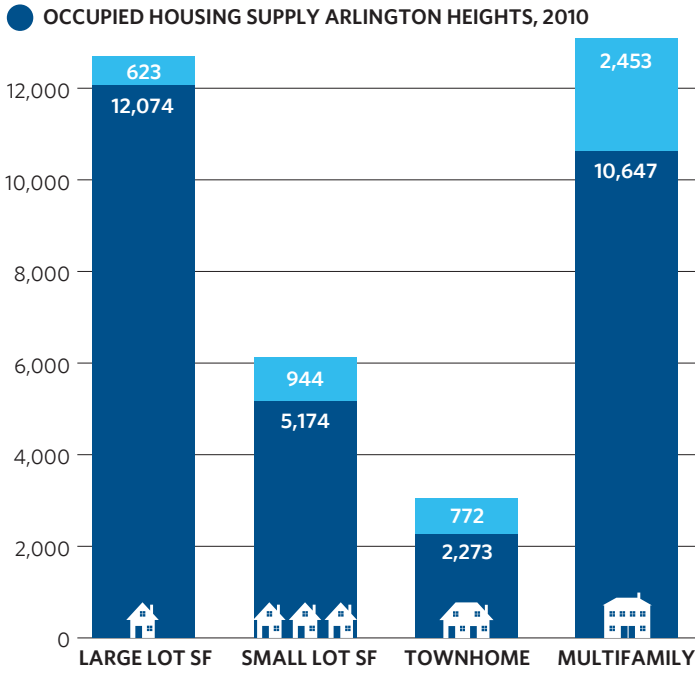


Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model using ACS 2006-10 and CMAP GO TO 2040 household forecast inputs.

Housing Demand by Type of Unit

When combining projections for new owners and renters in Arlington Heights, there is one possible picture of demand for additional housing units by type in 2040. What emerges is a "balanced housing" profile with demand for about 1,567 additional single-family homes, 772 townhomes, and 2,453 multi-family homes between now and 2040. As noted previously, these figures are based on projections; real growth may be more or less than estimated and the Village can choose whether it wishes to plan for any of this estimated growth. The ultimate decision regarding if and how to grow is a local one.

Arlington Heights future balanced housing profile



Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model using ACS 2006-10 and CMAP GO TO 2040 household forecast inputs.

Single-family homes will remain in demand.

Source: Village of Arlington Heights.

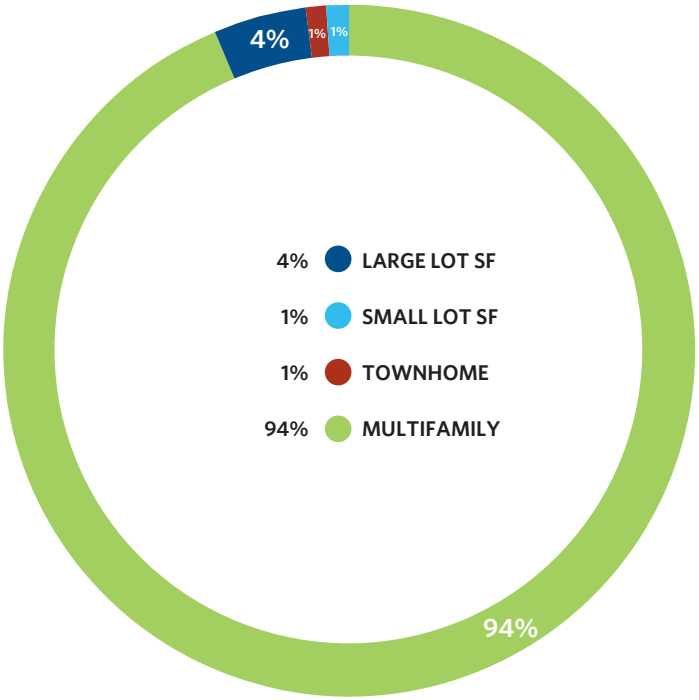
Capacity for Growth

Estimated future population and household growth is only one-half of the equation in considering future housing needs. As a community with numerous assets, it is understandable why many people want to live in Arlington Heights now and in the future. But to plan for future households and housing, it is also important to look at capacity, particularly for a built-out community. To understand the Village's ability to accommodate projected growth, if desired, two key sources of capacity were reviewed: development/redevelopment and vacancy.[5]

Development/Redevelopment Analysis

The extent to which Arlington Heights could grow based on current land use regulations, development approvals, and recent planning efforts was analyzed. The total square footage of vacant and redevelopable land in Arlington Heights was calculated by reviewing Cook County Assessor data (where the land value is greater than the improvement value). Then, the community's current zoning and development standards were applied to those figures to calculate how many units could be built in Arlington Heights given the square footages of vacant and redevelopable land within the various zoning districts. This analysis was done in the aggregate and did not involve analysis of specific parcels. Additionally, recent approvals were reviewed, such as Arlington Downs and subarea plans, including the Hickory/Kensington Area Plan, to identify additional development potential. Based on this collective analysis, it was estimated that the community has the capacity for approximately 4,669 new dwelling units compared to the 4,792 units that would be needed should the Village decide to plan for the estimated increase in its population possible by 2040.

Arlington Heights maximum capacity by unit type



Source: CMAP analysis of Arlington Heights zoning ordinance, local development approvals, subarea plans and Cook County assessor data.

Maximum capacity by unit type

TYPE	UNITS
Large Lot SF (>8,000 s.f.)	**202**
Small Lot SF (<8,000 s.f.)	**50**
Townhome	**44**
Multi-family	**4,373**
Mobile Home/Other	**-**
TOTAL	**4,669**

Source: CMAP analysis of Arlington Heights zoning ordinance, local development approvals, subarea plans, and Cook County assessor data.

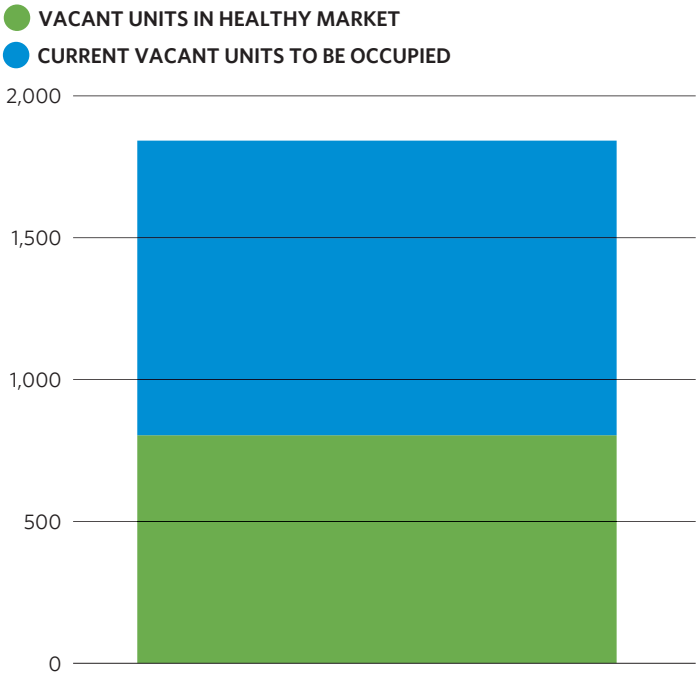
5 See the Appendix for more information about the methodology.

Vacancy Analysis

Because of the current housing market, many homes now vacant may not be so in the future, allowing people to move into Arlington Heights without building new units. According to 2006-10 ACS estimates, Arlington Heights has approximately 1,684 vacant housing units, which is about 5.6 percent of all homes in the Village. Normal long-term vacancy rates for a strong community are 7.4 percent for rental units and 1.5 percent for owner units.[6] In a healthy market, the Village would only have approximately 866 vacant units. Therefore, 818 currently vacant units could be occupied in the future as Arlington Heights grows. This capacity would allow the Village to accommodate about 17 percent of the projected growth, or about 1,900 new residents.

Much of the Village's development potential is in multi-family units.
Source: Village of Arlington Heights.

Arlington Heights breakdown of current vacant units



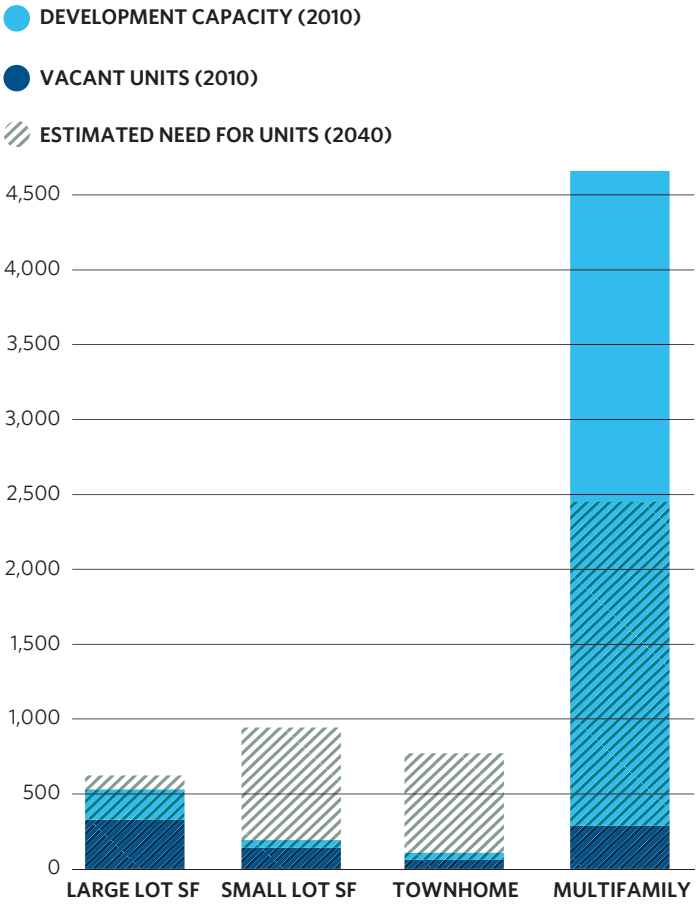
Source: CMAP analysis of ACS 2006-10.

6 See http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/w07-7.pdf.

Future Housing Conclusions

Combined, vacancy, and development/redevelopment would completely cover the projected growth. While these resources allow the Village to capture all future residents who might want to live in Arlington Heights, the GO TO 2040 projections on which these numbers are based are only estimates of future population; real growth may be more or less than projected. Therefore, policy makers are encouraged to use these statistics as a guide, focusing on the relative number of single family, multi-family, and townhome units that together reflect a balanced housing market when considering if and how to grow.

Arlington Heights demand vs. vacancy and capacity by housing type, units 2010-40



Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model, Cook County Property Assessor data, and U.S. Census Bureau inputs.

While local planning provides more than enough capacity for multi-family units, accommodating more single-family homes would require changes to local codes.

Source: Village of Arlington Heights.

Sustainability

In 2007, the Center for Neighborhood Technology (CNT) produced an energy and emissions profile for Arlington Heights as part of the Municipal Energy Profile Project. According to the report, the Village emitted an estimated 16.16 metric tons (MT) of carbon dioxide (CO2e) per capita, approximately eight percent more than the Cook County emissions per capita (14.86 MT CO2e). With 92 percent of local emissions coming from electricity, natural gas, and transportation, any forward-thinking housing plan should analyze these areas.

The table highlights residential natural gas and energy usage in the Village and Cook County in 2007. At that time, the average Arlington Heights household spent less on energy costs than the average Cook County household due to lower natural gas usage. One key part of local energy usage is the home heating source. Based on data from the 2006-10 ACS, natural gas is the dominant local home heating source, used by 84 percent of households. Electricity provides heat for a larger percentage of renters than owners (33 percent vs. 8 percent).

According to 2007 CNT data, Arlington Heights averaged a higher number of vehicle miles traveled (VMT) per household than Cook County (16,685 versus 14,742, respectively). Because of the difference in mileage, Arlington Heights residents pay approximately $90 more per month in transportation costs than the average county household based on the current Internal Revenue Service (IRS) mileage reimbursement rate. Research by Reid Ewing and others in the Journal of Urban Planning and Development has shown that the biggest factor in reducing VMT is from "putting offices, shops, restaurants, residences, and other codependent activities in close proximity to each other."[7]

As discussed previously, the number of cost burdened households in Arlington Heights has increased by 51 percent over the past decade and, depending on how the Village responds to projected future demand, could continue to increase. Energy efficiency and sustainability efforts can help mitigate rising housing costs. The Village's municipal aggregation program, which may offer residents low electricity rates, could help cost burdened renters and owners, as can a commitment to implementing energy efficient designs as part of rehabilitation and new construction. Finally, a focus on compact neighborhoods and transit oriented development, such as the developments in downtown Arlington Heights, offers residents ways to reduce transportation costs.

Housing and Transportation

In recent years, CNT developed an alternative way to define "affordable housing" as housing which costs no more than 45 percent of both housing and transportation costs. According to figures from CNT, 16 percent of typical regional households (a 2.73 person household earning $60,289) would pay less than 45 percent of their household income on housing and transportation costs combined when living in Arlington Heights. This alternate measure finds less affordable housing than the traditional U.S. Census method.

Residential energy use by municipality compared to Cook County, 2007

	COOK COUNTY	ARLINGTON HEIGHTS
Average Electricity Use per Household	**7,692 kWh**	**9,125 kWh**
Average Annual $ for Electricity per Household*	**$828**	**$982**
Average Natural Gas Use per Household	**1,130 Therms**	**884 Therms**
Average Annual $ for Natural Gas per Household*	**$1,274**	**$785**
Average Annual Energy Costs	**$2,102**	**$1,767**

Source: CNT Energy Community Profile
*Calculated using average residential sales per kilowatt hour (kWh) (Illinois Commerce Commission Utility Sales Statistics 2007).

7 American Society of Civil Engineers. Traffic Generated by Mixed-Use Developments — Six-Region Study Using Consistent Built Environmental Measures. Journal of Urban Planning, October 2010.

Urban Design Focus Areas

Design Workshop

In June 2012, the Homes for a Changing Region team conducted a community workshop in Arlington Heights. Residents, community leaders, officials, and others presented their views on a focus area selected by the Village: Arlington Heights Road south of downtown.

Stakeholders at the meeting presented a number of different visions for the corridor, ranging from maintaining the area's current design to considering opportunities for mixed-use development. While some groups felt that residential development was inappropriate for the area, others felt that senior housing should be considered. One group recommended the development of medical facilities. A number of groups focused ensuring sufficient parking. All groups emphasized the importance of maintaining the predominantly retail focus of the corridor.

This feedback was translated into pictures that capture the range of sentiments heard that night. The images outline four scenarios showing a spectrum of possible changes, everything from streetscape improvements to redevelopment with multiple mixed-use buildings.

The pictured buildings do not reflect any particular age or income group that should be in the area. No one picture defines what should happen in the future, but together they illustrate the potential of the corridor as envisioned by the workshop attendees and represent an array of options that the community can explore in the long-term. No specific development (residential or commercial) has been proposed for this area.

Arlington Heights Road today

Source: Village of Arlington Heights.

Arlington Heights Road with streetscaping

Source: Fregonese Associates.

Arlington Heights Road with different levels of private investment

Source: Fregonese Associates.

Source: Fregonese Associates.

Source: Fregonese Associates.

Recommended Strategies

Having carefully analyzed current and projected housing needs of Arlington Heights, a number of practical and achievable housing strategies will allow the Village to build upon its considerable assets while also addressing its future challenges.

Multi-family housing preservation

The Village has a number of aging multi-family properties, both condominium and rental. By continuing to carefully monitor and maintain these units, they can continue to be real assets to Arlington Heights and provide housing opportunities for a wide variety of residents at many income levels. Overlooked and neglected, they could become the source of social and law enforcement problems in the Village. By implementing recommendations in this report focused on foreclosure tracking, rental licensing, and rehabilitation, the community can help ensure the quality and viability of its current multi-family stock.

Foreclosures

In the short-term, one of the Village's most pressing housing issues is the impact of foreclosures, in particular condominium foreclosures. It is recommended that Arlington Heights focus on the following local relationship building efforts, thereby creating a base for the regional efforts touched on previously in this report.

- Use the foreclosure data provided through Public Act 96-0856 and Record Information Services to track and monitor the location and change of foreclosures within the Village. Such data can be particularly useful for the Village as it works with other Collaborative members to target foreclosure prevention services and heightened code enforcement services, including rental monitoring.
- Combine this foreclosure data with the data provided by condominium and townhouse associations through the Village's existing registration requirements to undertake the following activities:
  - Monitor the number and ownership of foreclosures within individual buildings.
  - Use annual registration requirements to discuss data trends with associations and hear concerns and issues.
  - Develop benchmarks identifying when a property is considered "troubled" (number/percentage of foreclosures, number/percentage of rentals, number of different rental owners, utility shutoffs).
  - Work with the Collaborative to develop possible intervention strategies for particularly "troubled" properties.

Rental licensing

As foreclosed condominiums and single-family houses are reoccupied, the Village may see these homes converted to rental units. Therefore, the Village should explore the following changes to its rental tracking and licensing system so that it continues to suit the local rental stock.

- The Village's current rental licensing system applies to dwellings containing more than two dwelling units under common ownership. Arlington Heights should evaluate the benefits and costs of expanding the rental licensing system to include all rental units in multi-dwelling buildings of more than two units.
- The Village should monitor the number of single-family and duplex rental units and take additional action as necessary. Foreclosure tracking can help the Village.
- The Village does not currently offer a landlord education program. The Village should evaluate whether to offer a landlord education program and should consider partnering with other Collaborative members to create and operate this program. Such a program could become more attractive to landlords if tied to incentives for participation.
- The Village should consider gathering the same information (ownership, management, unit type, etc.) as the other Collaborative communities so that data can be combined and analyzed on a regional basis. By collecting the same information in the same format, Arlington Heights can work with its partners on common rental housing issues, including addressing problem landlords across a number of communities.

Rehabilitation programs

As a Community Development Block Grant (CDBG) entitlement community, Arlington Heights has long operated an owner-occupied single-family rehabilitation program and, when funding allowed, has offered a multi-family rehabilitation program. Given the possible future population growth, future rehabilitation should focus on senior-occupied and rental rehabilitation.

- While new housing options are important, many seniors will want to stay in their current home. The Village should continue to rehabilitate senior-occupied single-family homes to help older residents age in place. Standards for rehabilitation can be developed by working with the Collaborative to develop an "aging in place" guide. Such a program should identify important modifications needed to improve accessibility, eliminate barriers, and create safer spaces.
- The Village should encourage the rehabilitation of units that are currently affordable to middle-income renters. These are rental units in the $800 to $1,250 per month gross rent range, keeping these units affordable to households earning less than $35,000 in the middle income range and above.

Explore new funding sources
As noted previously, CDBG dollars fund many of the Village's current housing and social service efforts, including the housing rehabilitation program. Additional funding sources would help speed implementation of this report in general, particularly local rehabilitation programs. Therefore, the Village should explore new funding sources for local housing activities, including pursing the creation of an affordable housing trust fund. The Village could also consider joining the Cook County HOME Consortium, allowing it to access federal funds for rehabilitation, new construction, and housing services for low- and moderate-income households.

Sustainability and affordability
Utility and maintenance costs are key components of any household's ability to afford a unit. The Village already understands this connection as it operates the Home Energy Program, providing matching grants for energy audits and home energy improvements. The existing Single Family Rehabilitation Loan Program also funds improvements that impact utility costs, such as roof replacements. Given increases in the number of cost-burdened owners and renters in Arlington Heights over the past decade, the Village should continue to focus on opportunities to reduce utility and maintenance costs for owners and renters through energy efficiency projects. The Village should work with the Collaborative to identify additional funding sources for energy efficiency improvements and implement energy efficiency projects for single-family homes and multi-family structures.

Consider if and how to grow
The Village's Comprehensive Plan set a goal of providing a variety of housing alternatives by type, size, and price range. As a built-out community, opportunities for new development can be scarce. While it is projected that potential growth would be met by the current local capacity for new units, evaluating growth is a continual process. Because all decisions regarding if and how to grow are local, the Village should continue to explore whether it wants to grow and, if so, where such growth should occur. If the Village grows, prospective residents would demand everything from single-family homes to apartments affordable to households throughout the income spectrum.

Downtown Arlington Heights
The Village has focused on the redevelopment of downtown Arlington Heights into a mixed-use transit oriented entertainment district over the past 20 years. Opportunities for redevelopment remain around the Arlington Heights train station. Therefore, the Village should continue to pursue these redevelopment opportunities in accordance with the adopted Downtown Master Plan, the Village's Comprehensive Plan, and Village housing policies as a way to increase the supply of multi-family housing. Such housing should provide a mix of rental and owner housing for multiple ages and incomes.

Subregional partnerships
Because of the potential held by the area, Arlington Heights should work with Mount Prospect and Rolling Meadows on coordinated strategies for the Algonquin Road corridor. Such efforts should include:

- Support for transportation improvements on the I-90 corridor that provide greater regional access.
- Consideration of renovation/redevelopment opportunities that build off of these transportation improvements and emphasize pedestrian and bicycle connections.
- Exploration of opportunities for shared social services that meet the needs of residents in all three communities.

Conclusion

The Village of Arlington Heights understands that to maintain its place as an attractive location for residents and businesses, it must stay on top of all avenues for improvement. By continuing to pursue targeted opportunities for development and redevelopment, strengthening and expanding existing housing programs, and helping single-family and multi-family homeowners to rehabilitate and upgrade properties, Arlington Heights can address and overcome many of the housing challenges that it is expected to face in the coming decades.

Source: Village of Buffalo Grove.

Housing Policy Plan: Buffalo Grove

Project Summary

While Buffalo Grove has much in common with its Collaborative partners (strong schools, good employment base, and stable neighborhoods), its location on the border between Lake County and Cook County offers opportunities for greenfield development and redevelopment. The Village's planning efforts have emphasized the double-edged nature of this position. Its 2009 Comprehensive Plan Update stresses the importance of long-range planning for housing in a community with numerous development choices. Choosing the best option while also preserving the character of the community can be difficult.

Residents and businesses support Buffalo Grove in a variety of ways. The Village's highway and transit access (via both Pace and Metra) make it an attractive location for employers. The Fine Art Festival and Buffalo Grove Days draw the community together. Citizens volunteer frequently for commissions and committees. With such great community and civic spirit, the desire for a true town center is understandable. Many of the Village's recent planning efforts, such as the Town Center development at Illinois Route 83 and Lake Cook Road, focused on how to bring main street and neighborhood center aspects to the community. Recognizing the potential of both the Buffalo Grove and Prairie View Metra stations as future catalysts for growth, the Village helped create the 2007 Transit Station Area Study. Buffalo Grove's experience with the current housing market, where townhomes and condominiums are the largest source of local foreclosures, highlights the importance of finding the right long-term housing mix.

This report analyzes Buffalo Grove's existing conditions and future needs, and includes recommendations focused on:

- **Exploring opportunities for main street and town center areas.**
- **Capitalizing on the potential of the Buffalo Grove Metra station.**
- **Addressing condominium foreclosures through local and regional efforts.**
- **Implementing the rental licensing program.**
- **Creating initiatives to increase the energy efficiency of housing while also improving affordability.**

Existing Conditions

Demographic and Economic Trends

Split between Lake County and Cook County, the Village of Buffalo Grove is bordered by Long Grove to the west; Vernon Hills to the north, Lincolnshire and Riverwoods to the east; and Wheeling and Arlington Heights to the south.

Buffalo Grove's population has remained fairly stable over the last decade, at around 42,000 residents. The Chicago Metropolitan Agency for Planning (CMAP) produced population and household projections as part of GO TO 2040, the seven-county region's comprehensive plan for sustainable prosperity for the next 30 years.[8] These figures indicate that if GO TO 2040 is implemented and if the Village takes advantage of its numerous assets, its population could rise to 50,363 in 2040, an increase of 8,900 residents.[9] Such an increase would require roughly 3,100 additional dwelling units which, as will be noted later in this report, exceeds the existing housing capacity of the Village. While any decisions regarding if and how to grow are local, the projected demand bodes well for the strength of Buffalo Grove's long-term housing market.

Population and change in population, 2000 and 2010

Population, 2000 (Census)	**42,909**
Population, 2010 (Census)	**41,496**
Change, 2000-10	**-1,413**
Change as %, 2000-10	**-3.3**
GO TO 2040 Projection, 2040	**50,363**

Source: U.S. Census and CMAP GO TO 2040 projections.

Over 40 percent of the Village's employment falls into three categories: manufacturing, accommodation and food services, and professional, scientific, and technical services. The share of local jobs in the manufacturing sector fell from 21 percent to 18 percent between 2006 and 2010. The largest private employers in Buffalo Grove include businesses such as Rexam, Siemens, Vapor Bus, Dominick's, and Plexus Corporation. A number of these firms are located around the Buffalo Grove Metra station.

Buffalo Grove jobs, 2006-10

Source: U.S. Census Bureau, LED Data, On-the-Map.

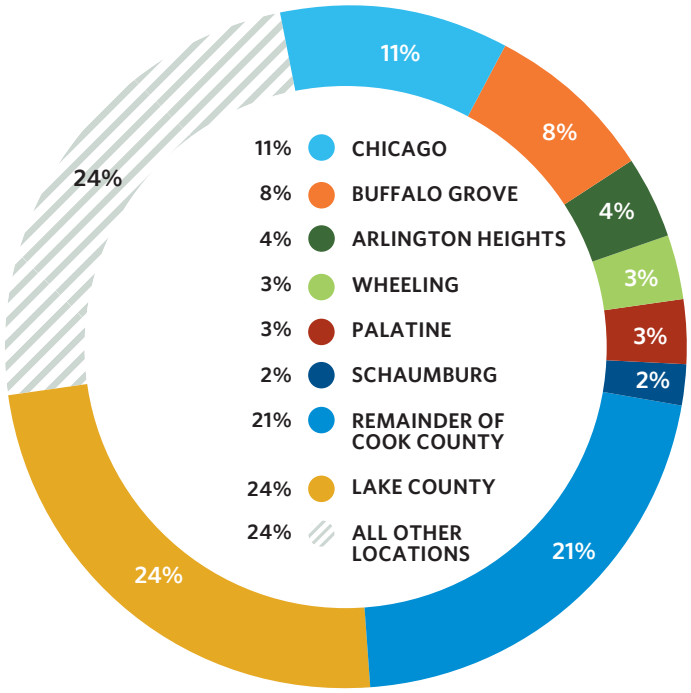
8 See http://www.cmap.illinois.gov/2040.

9 See the Appendix for more information about these projections.

Where Do Buffalo Grove's Workers Live?

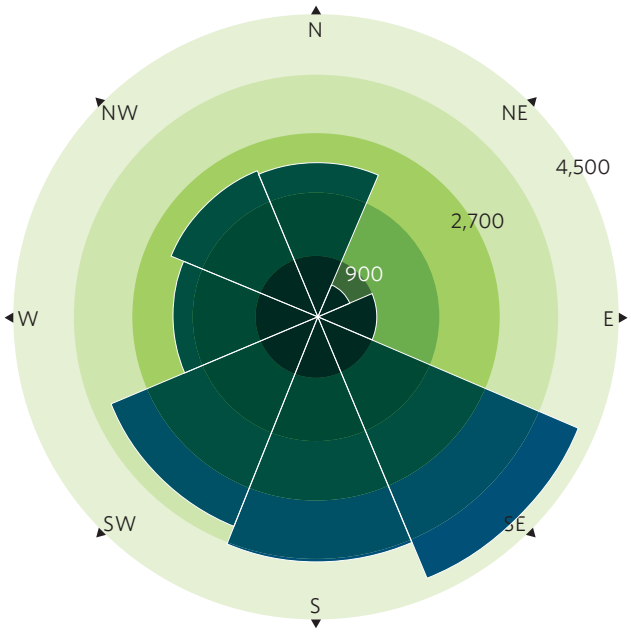
Employees in Buffalo Grove come from all directions, except the northeast. The five municipalities outside of Buffalo Grove with the greatest concentration of workers commuting to the Village make up less than a quarter of all workers, emphasizing the wide number of places people travel from. For three out of five Collaborative towns, including Buffalo Grove, Chicago is the largest single point of origin, followed by the Village itself. Eight percent of Buffalo Grove workers also live in the Village. The 24 percent of workers who live in Lake County and commute to the Village is by far the highest percentage among the five communities. Buffalo Grove's location as a gateway community between Cook County and Lake County ensures that its businesses draw a significant number of workers from both counties.

Where do Buffalo Grove's workers live, 2010?



Source: U.S. Census Bureau, LED Data, On-the-Map.

Where do Buffalo Grove's workers live?
Job counts by distance/direction in 2010, all workers

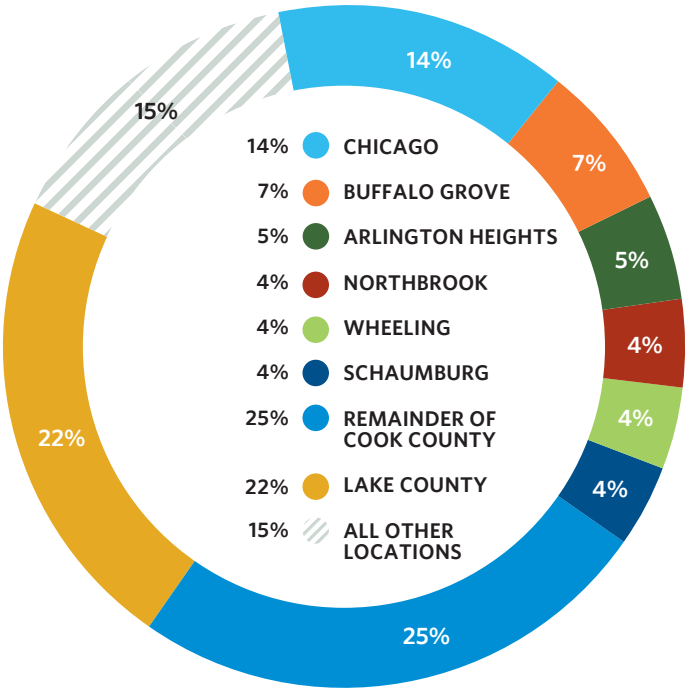


Source: U.S. Census Bureau, LED Data, On-the-Map.

Where Do Buffalo Grove's Residents Work?

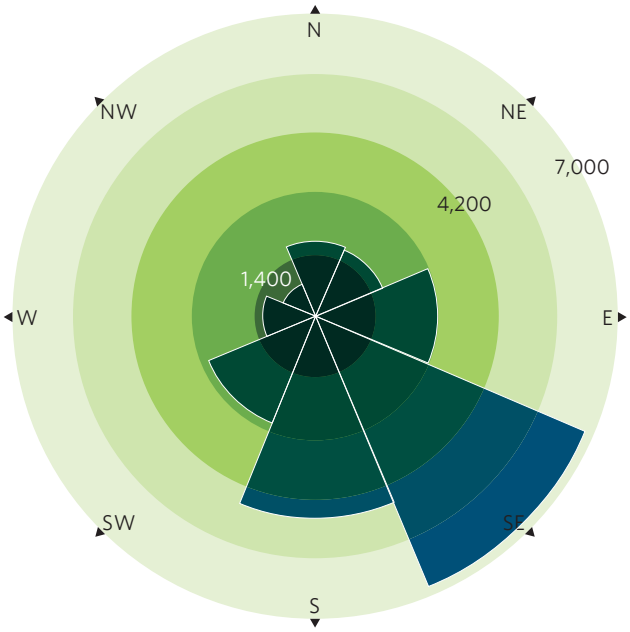
A quarter of working Buffalo Grove residents commute to major employment hubs such as Chicago, Arlington Heights, Schaumburg, and Northbrook. Many residents commute to the south and east because of the important transportation connections (I-294, two North Central Service Metra stations, Illinois Route 53, and Milwaukee Avenue). While the 14 percent of residents who commute to Chicago for work is the lowest percentage among Collaborative, the 22 percent of residents who commute to Lake County is the highest percentage. As noted before, the Village's location on the border between Cook County and Lake County allows it great access to jobs throughout the region.

Where do Buffalo Grove's residents work, 2010?



Source: U.S. Census Bureau, LED Data, On-the-Map.

Where do Buffalo Grove's residents work?
Job counts by distance/direction in 2010, all workers



Source: U.S. Census Bureau, LED Data, On-the-Map.

Current Housing Analysis

While single-family detached homes are the dominant housing type, the significant number of townhomes and multi-family units ensures that the Village maintains a balance of both attached and detached housing. Townhomes comprise 16 percent of the occupied housing stock; multi-family units comprise 30 percent. These options create a housing market with a relatively similar number of renters in all income groups.

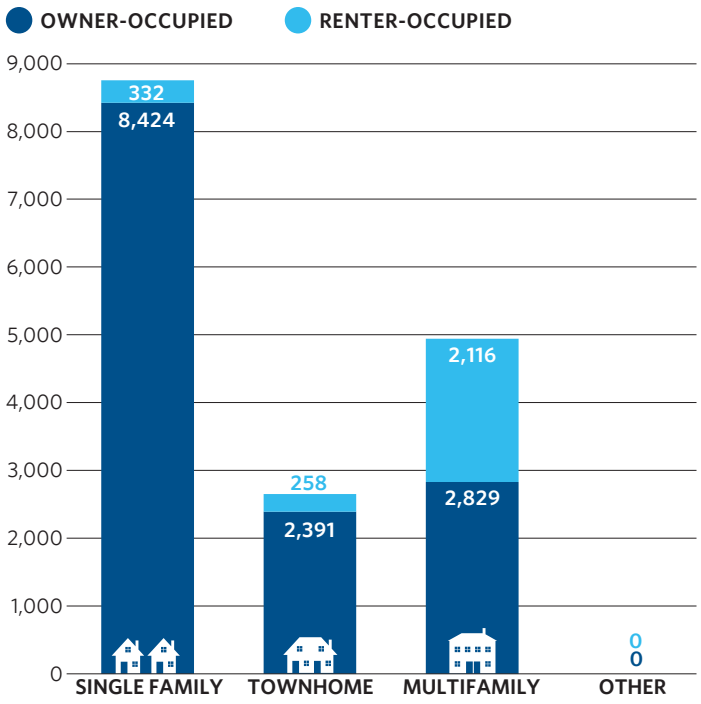
Approximately 60 percent of both owners and renters spend less than 30 percent of their income on housing costs. Despite current similarities, the portion of owners whose housing costs are not affordable has risen far more than renters in the last decade. Since 2000, the number of cost-burdened owners increased from 22 percent to 40 percent, in part because of a doubling in the number of owners paying more than 50 percent of their income on housing costs. Comparatively, the number of cost-burdened renters increased from 32 percent to 40 percent. The increasing number of cost-burdened owners and renters in Buffalo Grove over the last decade is consistent with national trends. According to analysis by Harvard University, "the recession ... did little to reduce housing outlays for many Americans," due in part to declining incomes, slow employment growth, and more stringent credit requirements.[10]

What is "Affordable Housing?"

What constitutes affordable housing varies from household to household, as the measure is relative. For this report, the following U.S. Census guidelines were used:

- **"Affordable housing"** is housing that costs no more than 30 percent of household income (including utilities, insurance, and taxes).
- **"Unaffordable housing"** is housing that costs between 30 percent and 50 percent of household income.
- **"Severely unaffordable housing"** is housing that costs more than 50 percent of household income.

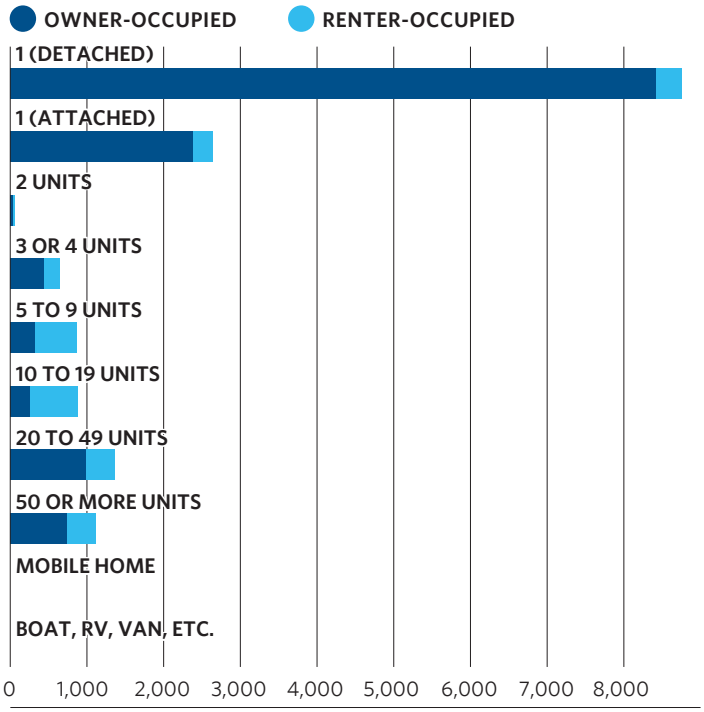
Buffalo Grove housing type by tenure



Source: American Community Survey 2006-10.

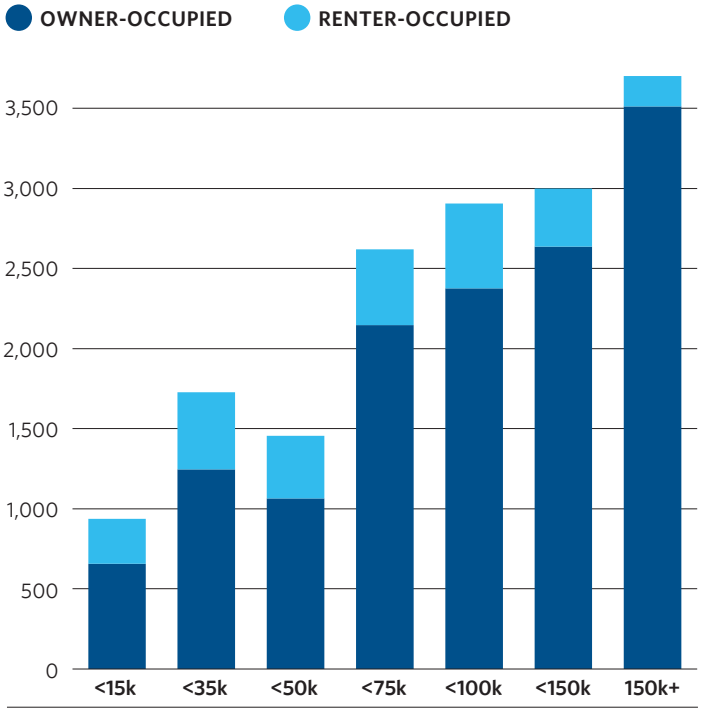
10 Joint Center for Housing Studies. (June, 2012). *State of the Nation's Housing 2012*. Harvard University.

Buffalo Grove tenure by units in structure



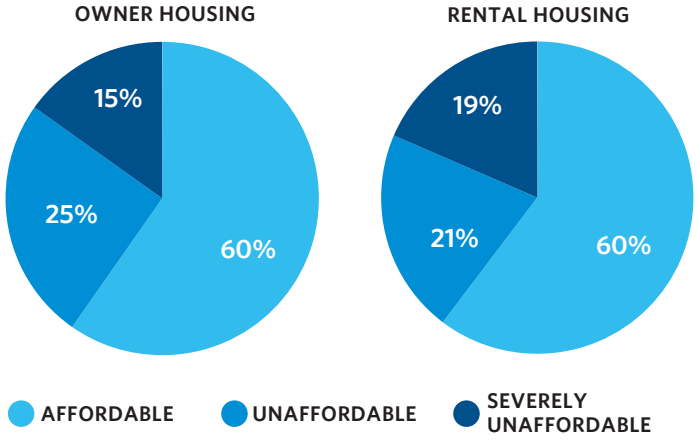
Source: American Community Survey 2006-10.

Buffalo Grove tenure by household income,
in number of occupied units



Source: American Community Survey 2006-10.

Buffalo Grove rental and owner housing affordability



Source: American Community Survey 2006-10.

Current Ownership Housing

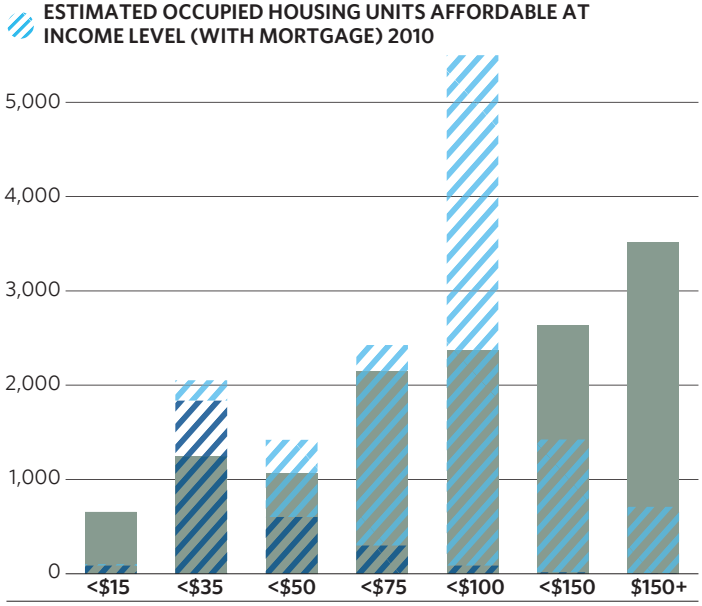
The number of households closely matches the number of units for owners making between $35,000 and $75,000. Gaps in supply exist at the low and high end of the income spectrum, with significantly more owner households in these income ranges than homes. This mismatch encourages families to "move up" or "move down." Higher income owners often choose to move down, occupying less costly housing and spending less than 30 percent of their income on housing costs. Lower income households must move up, spending more than 30 percent of their income on housing costs and becoming cost burdened. Households that move up, such as homeowners earning less than $15,000, comprise part of the increasing number of residents whose housing costs are unaffordable.

The likelihood of owning a home with or without a mortgage drives the current supply of occupied housing within each of the seven income groups. Owners can find housing options available to households making more than $75,000 with a mortgage. More than 60 percent of owners with mortgages are between 24 and 55. Owners seeking housing affordable to households making below $35,000 are typically looking for units without mortgages. Approximately 56 percent of owners without mortgages are older than 65.

Current Rental Housing

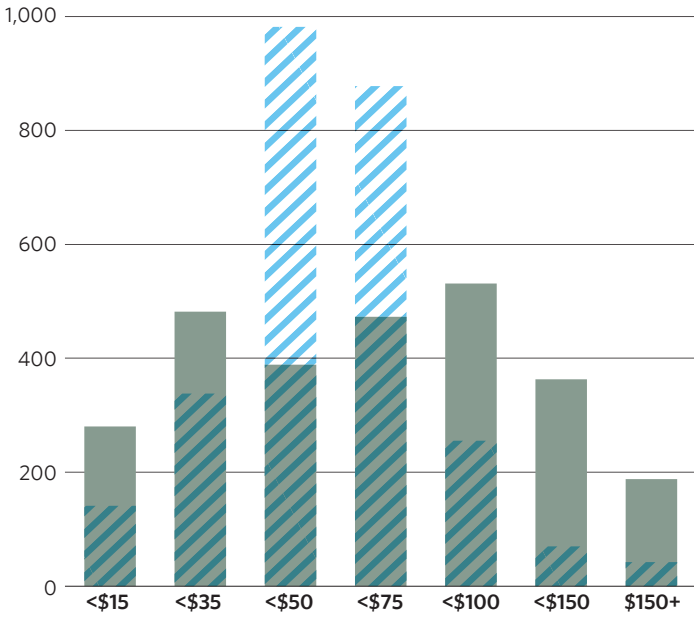
Buffalo Grove's existing supply of rental housing serves moderate- to middle-income renters well. Supply/demand gaps, however, exist at the bottom and top ends of the rental market. The Village needs more rental units serving both the needs of low-income families and upper-income families. It should be noted that some upper-income families move down, preferring to live in rental units they can easily afford and to save money for other purposes. Whether or not a renter is likely to move up, renting an unaffordable unit, depends in part on age. While seniors age 65 or older make up only 15 percent of renters in the Village, over a quarter of renters paying more than 30 percent of their income on housing costs are seniors.

Buffalo Grove comparison of owner household incomes with occupied units affordable at each income level 2010



Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model using ACS 2006-10 inputs.

Buffalo Grove comparison of rental household incomes with occupied units affordable at each income level 2010



Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model using ACS 2006-10 inputs.

Today's Market Segments and Market Preferences

Tools developed by a leading, well-known market research firm, Environmental Systems Research Institute (ESRI), were used to enrich the understanding of the housing types preferred by families that live in Buffalo Grove today. The basic unit of the ESRI Community Tapestry system is the neighborhood (based on U.S. Census block groups). ESRI has classified every neighborhood in the country as one of 65 market segments. These segments are then combined into one of 12 LifeMode groups. Segments and groups are assigned to neighborhoods by sorting more than 60 attributes including income, employment, home value, housing type, education, household composition, age, and other key determinants of consumer behavior. Neighborhoods with the most similar characteristics are combined while neighborhoods showing divergent characteristics are separated.

Four groups into which all of Buffalo Grove's households fall were identified: High Society, Upscale Avenues, Senior Styles, and Traditional Living.

The largest such group, "High Society," are higher income households distinguished by their interest in single-family homes. "Upscale Avenues" also tend to be affluent households, but they prefer a variety of housing types and are more likely to invest in their housing through remodeling or landscaping. "Senior Styles" residents have housing preferences as diverse as their circumstances, residing in single-family homes, retirement homes, or high-rises. Finally, "Traditional Living" households are families with older children, typically owning single-family homes in established, slow-growing neighborhoods.

What does this mean for the future housing needs of Buffalo Grove? First, it means that about 40 percent of current residents have at least a moderate propensity to live in a compact neighborhood (e.g. containing a range of housing types that encourage walking to retail stores, neighborhood amenities, other homes, and transit lines). Secondly, the groups help confirm and deepen information gleaned from U.S. Census data. The dominant position of the High Society segment, comprising 63 percent of all local households, underlines the local preference for single-family homes by middle-aged upper income households. That said, the presence of Senior Styles and Upscale Avenues in Buffalo Grove provide the basis for both owner- and rental-housing options that are not single-family homes. Finally, while not an exact guide to the future, these groups can also be useful when planning for future housing needs, as will be explored in subsequent sections.

Buffalo Grove Lifemode groups

LIFEMODE GROUPS	INCOME	FAMILY TYPE	AVERAGE AGE	% OF TOTAL	HOUSING TYPES	TENURE
High Society	**Upper**	**Married Couples**	**41.7**	**63.3%**	**Single-family**	**Own**
Upscale Avenues	**Middle-Upper**	**Mixed**	**38.6**	**25.6%**	**Single-family, townhomes, multi-unit**	**Own**
Senior Styles	**Middle**	**Married no-kids**	**50.3**	**8.7%**	**Multi-unit**	**Own/rent**
Solo Acts	**Modest**	**Mixed**	**36.8**	**2.4%**	**Single-family and multi-unit**	**Own/rent**

Source: CMAP analysis of ESRI Community Tapestry Segments.

Projecting Future Housing Needs

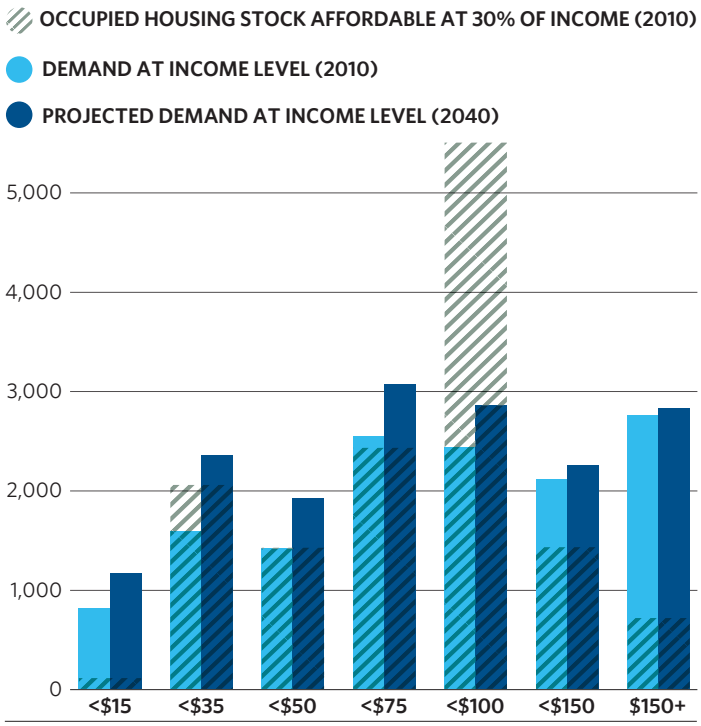
While all of the previous information describes the current housing market in Buffalo Grove, the best housing planning takes into account those who might live in the community in the future. Census data, CMAP's local population and household projections for the year 2040, and the ESRI Tapestry market segment data allow for some realistic estimates of who will want to live in Buffalo Grove over the next 30 years and what kinds of housing would allow the Village to meet the needs of current and future residents.

Future Ownership Needs

Assuming future population growth, a modest number of additional units could be needed to serve households across the entire income spectrum. Only the present supply of units affordable to owners earning between $75,000 and $100,000 would not be outstripped by projected growth. It is estimated the largest shortfalls would exist at the low end (1,053 units needed for households earning less than $15,000) and at the high end (2,106 units needed for households earning more than $150,000). While the need for housing at both ends of the income spectrum opens up unique development opportunities, the true ability to serve both markets is not clear cut. Financial realities make the development of owner housing for very low-income households difficult. Many affluent households prefer to move down, saving their money for other things.

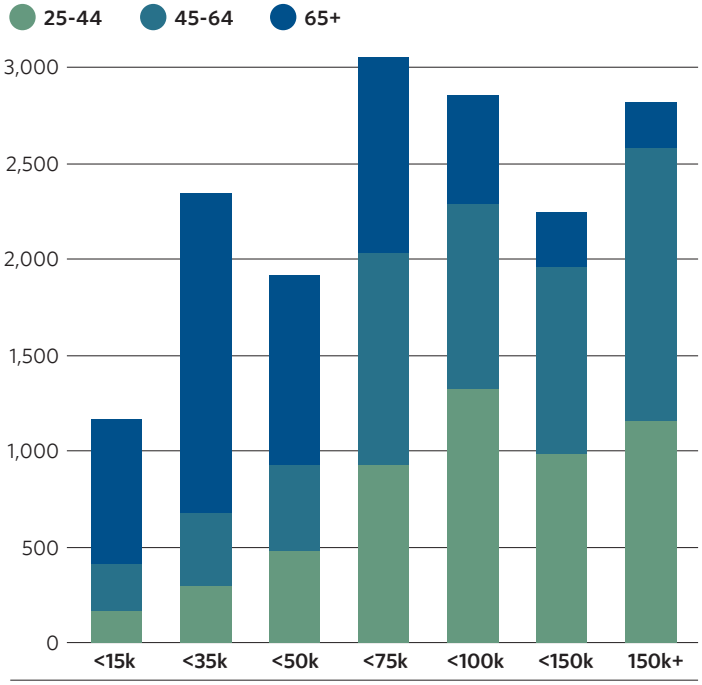
It is projected that these three age groups will play key roles in the Village's future ownership market. For households making less than $50,000, future owner housing would be driven by senior citizens. For owners making above $50,000, working-age and middle-age households will drive the market. Taking into account market segment information, the importance of the Senior Styles group will grow in the next 30 years, creating a need for additional multi-family owner housing options. That said, the Village's owner market will continue to be driven by the High Society and Upscale Avenues groups. Accommodating High Society households would require additional single-family homes. Upscale Avenues will demand a mix of housing types, underlining the importance of providing additional townhome and multi-family options. Few future owners are projected to be less than 25 years old.

Buffalo Grove 2010 households and housing stock compared with 2040 owner demand



Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model using ACS 2006-10 and CMAP GO TO 2040 household forecast inputs.

Buffalo Grove projected owner demand by age of household



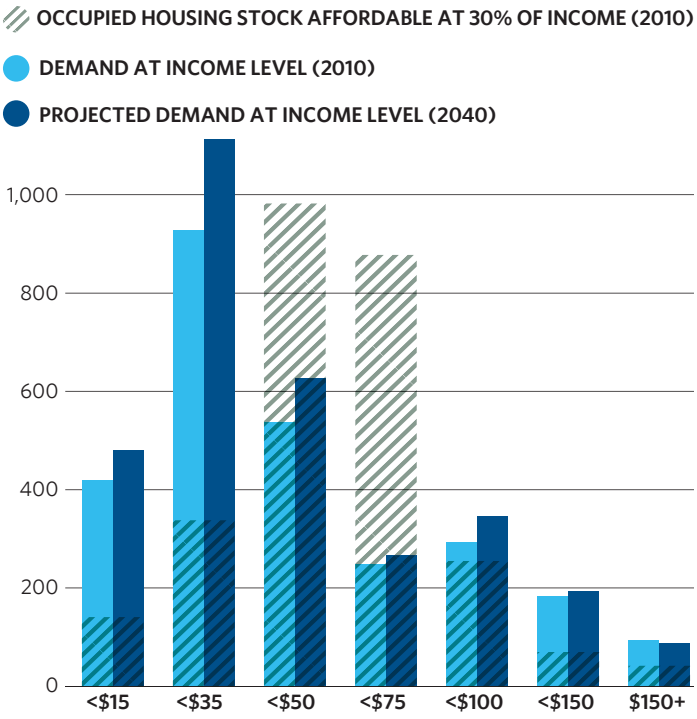
Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model using ACS 2006-10 and CMAP GO TO 2040 household forecast inputs.

Future Rental Needs

Even with more projected households in all income groups, it is estimated that most future rental housing would be needed for households earning less than $35,000. The shortfalls in these income categories combined with the large surplus of units for households earning between $35,000 and $75,000 could drive future renters into unaffordable housing. The current unit shortage for these households makes up almost 90 percent of the Village's current cost-burdened renters. With projected growth, the number of cost-burdened households could increase by almost a quarter by 2040 without additional supply. Given the sheer number of units affordable to middle-income households, programs that focus on helping low-income renters afford units may help avoid this crunch.

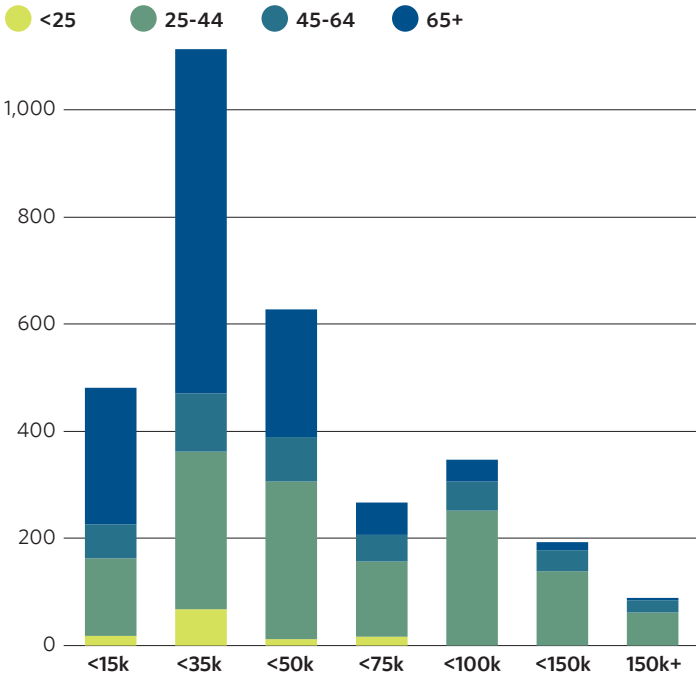
The two primary age groups projected to drive future rental housing in Buffalo Grove are seniors age 65 or older and much of the working age population (age 25 to 44). Across all income categories, householders age 25 to 44 form the core of the rental market, largely continuing to match the Traditional Living households that currently drive the rental market. A predominantly working-age population, this group may provide the Village with an opportunity to create transit-oriented rental housing in the areas around the Buffalo Grove and Prairie View Metra stations. It is estimated that seniors will drive the rental market for households earning less than $35,000, reflecting growth among Senior Styles households and the need to consider rental developments that respond to their unique needs, such as accessibility.

Buffalo Grove 2010 households and housing stock compared with 2040 rental demand



Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model using ACS 2006-10 and CMAP GO TO 2040 household forecast inputs.

Buffalo Grove projected renter demand by age of household



Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model using ACS 2006-10 and CMAP GO TO 2040 household forecast inputs.

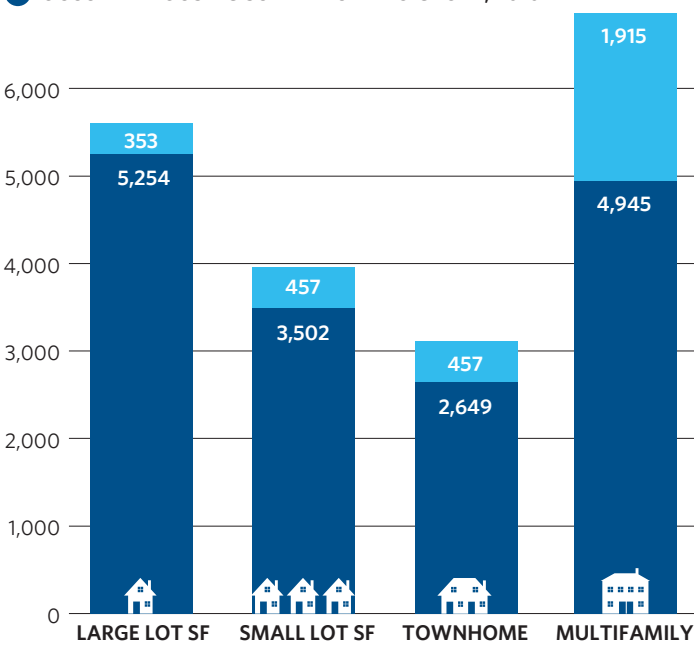
Demand is strongest for multi-family units.

Source: CMAP.

Housing Demand by Type of Unit

When combining projections for new owners and renters, there is one possible picture of Buffalo Grove's demand for additional housing units by type in 2040. What emerges is a "balanced housing" profile with demand for about 810 additional single family homes, 457 townhomes, and 1,915 multi-family homes between now and 2040. As noted previously, these figures are based on projections; real growth may be more or less than estimated.

Buffalo Grove future balanced housing profile



Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model using ACS 2006-10 and CMAP GO TO 2040 household forecast inputs.

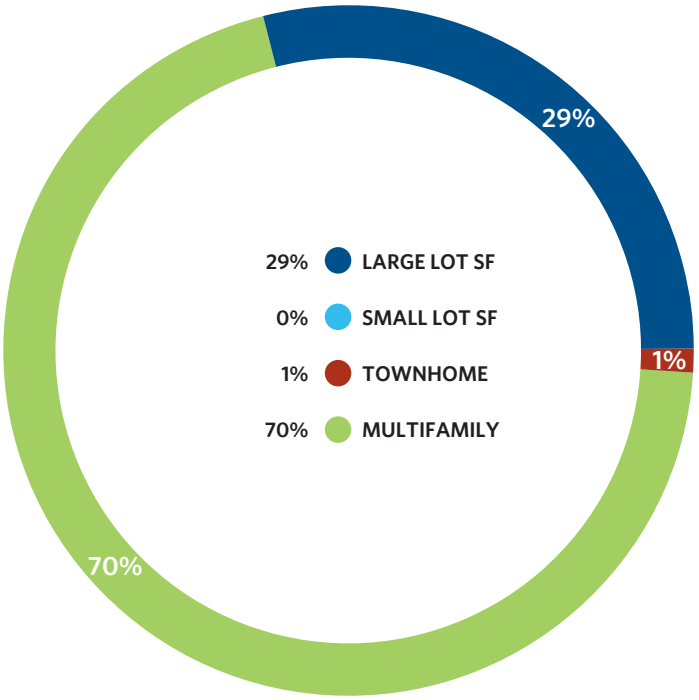
Capacity for Growth

Estimated future population and household growth is only one half of the equation in considering future housing needs. As a community with numerous assets, it is understandable why many people want to live in Buffalo Grove now and in the future. But to plan for future households and housing, it is also important to look at capacity. To understand the Village's ability to accommodate projected growth, two key sources of capacity were reviewed: development/redevelopment and vacancy.[11]

Development/Redevelopment Analysis

The extent to which Buffalo Grove could grow based on current land use regulations was analyzed. In reviewing Cook County and Lake County assessor data, vacant and redevelopable parcels were identified (where the land value is greater than the improvement value). Then, the community's current zoning and development standards were applied to figure out how many units could be built in Buffalo Grove. Based on that analysis, it is estimated Buffalo Grove has the capacity for approximately 2,718 new dwelling units. Seventy percent of new units could be multi-family while 29 percent could be single-family homes. This capacity would allow the Village to accommodate about 85 percent of the projected population growth, or 7,600 new residents.

Buffalo Grove maximum capacity by unit type



Source: CMAP analysis of Buffalo Grove zoning ordinance, Cook County assessor data and Lake County assessor data.

Maximum capacity by unit type

TYPE	UNITS
Large Lot SF (>8,000 s.f.)	**796**
Small Lot SF (<8,000 s.f.)	**9**
Townhome	**23**
Multi-family	**1,889**
Mobile Home/Other	**-**
TOTAL	**2,718**

Source: CMAP analysis of Buffalo Grove zoning ordinance, Cook County and Lake County assessor data.

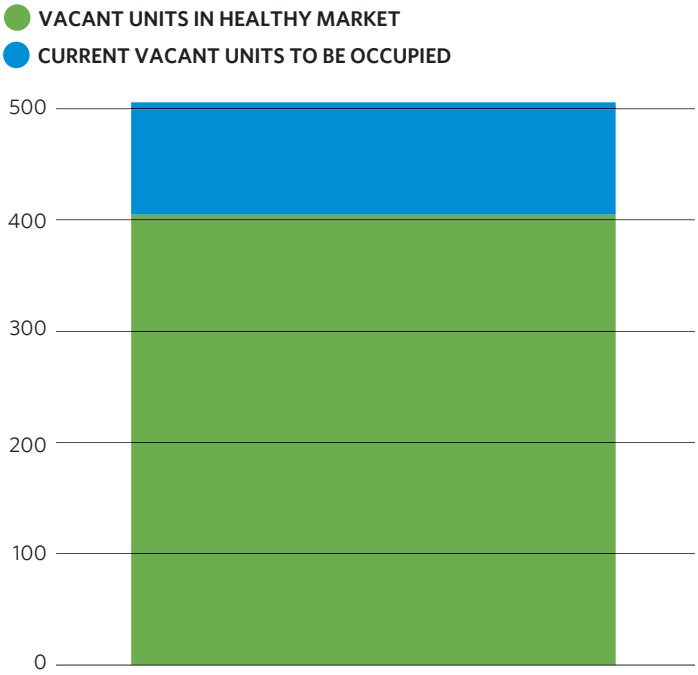
11 See the Appendix for more information about the methodology.

Balancing redevelopment and greenfield development is a challenge and an opportunity. Source: CMAP.

Vacancy Analysis

Because of the current housing market, many homes now vacant may not be so in the future, allowing people to move in without building new units. According to 2006-10 American Community Survey (ACS) estimates, Buffalo Grove has approximately 506 vacant housing units, about 3.1 percent of all homes in the Village. Normal long-term vacancy rates for a strong community are 7.4 percent for rental units and 1.5 percent for owner units.[12] In a healthy market, the Village would only have a vacancy rate of approximately 3 percent which translates to 405 vacant units. Therefore, 101 currently vacant units could be occupied in the future as Buffalo Grove grows. This capacity would allow the Village to accommodate about 4 percent of the projected growth, or about 300 new residents.

Buffalo Grove breakdown of current vacant units



Source: CMAP analysis of ACS 2006-10.

12 See http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/w07-7.pdf.

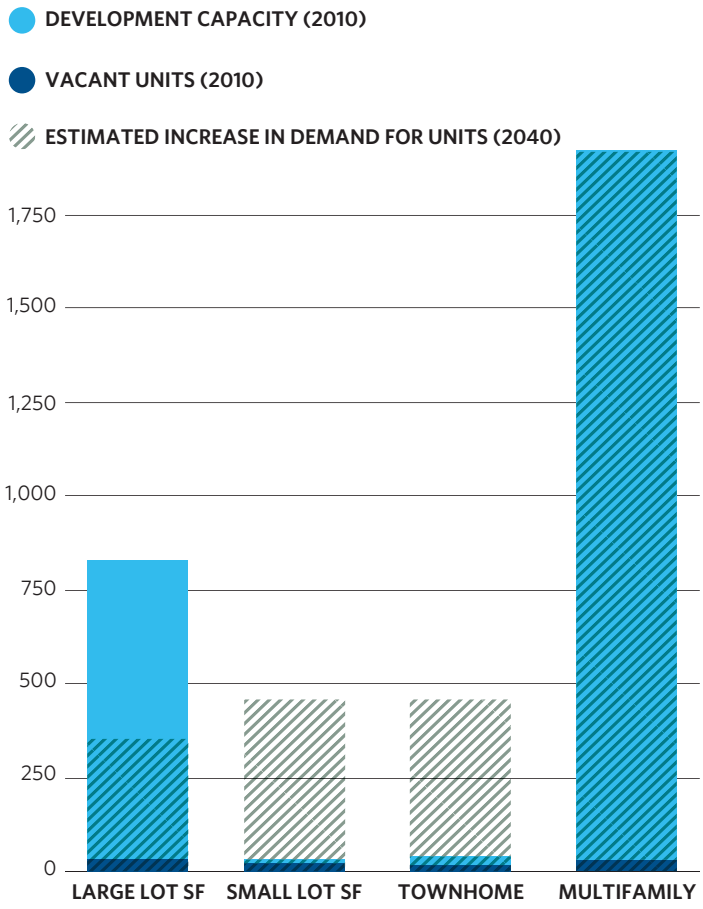
Future Housing Conclusions

Combined, vacancy and development/redevelopment could provide avenues for almost 89 percent of the projected housing units that could be added by 2040, or about 7,900 additional residents. The remaining approximately 1,000 future residents represent unmet demand, people who want to live in Buffalo Grove but cannot due to a lack of available units. Many of these people would be looking for small lot single family homes and townhomes, as the Village's current codes would accommodate growth for large lot single-family and multi-family units.

While these resources do not allow the Village to capture all future residents who might want to live in Buffalo Grove, the GO TO 2040 projections on which these numbers are based are only estimates; real growth may be more or less than projected. Therefore, policy makers are encouraged to use these statistics as a guide, focusing on the relative number of single family, multi-family and townhome units that together reflect a balanced housing market when considering if and how to grow.

The Village's transit stations represent an opportunity.
Source: CMAP.

Buffalo Grove demand vs. vacancy and capacity by housing type, units 2010-40



Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model, Cook County Property Assessor data, and U.S. Census Bureau inputs.

Urban Design Focus Area

Design Workshop

In June 2012, the Homes for a Changing Region team conducted a community workshop in Buffalo Grove. Residents, community leaders, Village officials, and others presented their views on what could be done in a Village selected focus area around the Buffalo Grove Metra station. Attendees focused on creating mixed-use development that takes advantage of the train station, including multi-family residential development, shops, restaurants and parks, and plazas.

These ideas were translated into the following images, showing how the area would be transformed with mixed-use development at the key Deerfield Parkway and Busch Parkway intersection. The pictures also reflect the Village's 2007 Transit Station Area Study and the 2009 Comprehensive Plan Update, which discuss the area. The community feedback shaped the recommended strategies in this report, including short-term and long-term recommendations designed to allow Buffalo Grove to implement its local vision over a number of years.

Buffalo Grove Metra Station today

Source: Northwest Suburban Housing Collaborative.

Buffalo Grove Metra Station with private investment

Source: Fregonese Associates.

Source: Fregonese Associates.

Sustainability

In 2007, the Center for Neighborhood Technology (CNT) produced an energy and emissions profile for Buffalo Grove as part of the Municipal Energy Profile Project. According to the report, the Village emitted an estimated 15.24 metric tons (MT) of carbon dioxide (CO2e) per capita, approximately 2.5 percent more than the Cook County emissions per capita (14.86 MT CO2e) and 5 percent less than the Lake County emissions per capita (16.02 MT CO2e). With 93 percent of local emissions coming from electricity, natural gas, and transportation, any forward-thinking housing plan should analyze these areas.

The table highlights Buffalo Grove's residential electric and natural gas usage in comparison to Cook County and Lake County in 2007. At that time, the average Buffalo Grove household spent less on energy than the average household of either county. One key part of local energy usage is the home heating source. Based on data from the 2006-2010 ACS, natural gas is the dominant local home heating source, used by 91 percent of households. Electricity provides heat for a larger percentage of renters than owners (23 percent vs. 3 percent).

According to 2007 CNT data, Buffalo Grove averaged a higher number of vehicle miles traveled (VMT) per household than Cook County (19,153 versus 14,742, respectively), but lower than Lake County (22,197). Because of the difference in mileage, Buffalo Grove residents pay approximately $204 more per month in transportation costs than the average Cook County household, but approximately $140 less than the average Lake County household based on the current Internal Revenue Service (IRS) mileage reimbursement rate. Research by Reid Ewing and others in the Journal of Urban Planning and Development has shown that the biggest factor in reducing VMT is from "putting offices, shops, restaurants, residences, and other codependent activities in close proximity to each other."[13]

As discussed previously, the number of cost-burdened households in Buffalo Grove has increased over the past decade and, depending on how the Village responds to projected future demand, could continue to increase. Energy efficiency and sustainability efforts can help mitigate rising housing costs. The Village's municipal aggregation program, which may offer residents low electricity rates, could help cost-burdened renters and owners, as can a commitment to implementing energy efficient designs as part of rehabilitation and new construction. Finally, a focus on compact neighborhoods and transit oriented development, such as envisioned around the Buffalo Grove Metra station, offers residents ways to reduce transportation costs.

Housing and Transportation

In recent years, CNT developed an alternative way to define "affordable housing" as housing which costs no more than 45 percent of both housing and transportation costs. According to figures from CNT, 16 percent of typical regional households (a 2.73 person household earning $60,289) would pay less than 45 percent of their household income on housing and transportation costs combined when living in Buffalo Grove. This alternate measure finds less affordable housing than the traditional U.S. Census method.

Residential energy use by municipality compared to Cook County, 2007

	COOK COUNTY	LAKE COUNTY	BUFFALO GROVE
Average Electricity Use per Household	**7,692 kWh**	**11,524 kWh**	**9,447 kWh**
Average Annual $ for Electricity per Household*	**$828**	**$1,240**	**$1,016**
Average Natural Gas Use per Household	**1,130 Therms**	**1,229 Therms**	**937 Therms**
Average Annual $ for Natural Gas per Household*	**$1,274**	**$1,316**	**$907**
Average Annual Energy Costs	**$2,102**	**$2,556**	**$1,923**

Source: CNT Energy Community Profile
*Calculated using average residential sales per kilowatt hour (kWh) (Illinois Commerce Commission Utility Sales Statistics 2007).

13 American Society of Civil Engineers. Traffic Generated by Mixed-Use Developments — Six-Region Study Using Consistent Built Environmental Measures. Journal of Urban Planning, October 2010.

Recommended Strategies

Having carefully analyzed current and projected housing needs, the following strategies will allow the Village to use its considerable assets to address future challenges in providing a diverse housing stock for its residents.

Create town centers

Based on the recommendations of the 2009 Comprehensive Plan Update along with comments at the design workshop, residents desire a town center. In its history, the Village has primarily focused on three different areas: along Lake Cook Road, the Buffalo Grove Metra station and the Prairie View Metra station. The Village should continue to explore creating "downtown," "neighborhood center" or "main street" aspects throughout the Village, including mixed-use development. Due to the context of each area, the Metra stations may be better suited for younger populations along with workforce housing, while opportunities along Lake Cook Road may be better for senior housing. Proposed units should respond to the community's projected housing needs, providing a mix of rental and owner housing for multiple ages and incomes.

Buffalo Grove Metra station

Because of the unique opportunities offered by the Buffalo Grove Metra station, the Village should explore the creation of a well-connected multi-use district. To create such an area, the Village should explore a mixture of short-term and long term efforts.

- *Short term:* As highlighted in the Village's 2007 Transit Station Area Study, walking access to the station is easiest from areas to the west, while more difficult from the south and east. Unincorporated areas to the south include everything from single-family homes to apartments. Buffalo Grove should create connections that link this area with both the train station and the industrial and commercial areas along Deerfield Parkway.
- *Long term:* Pursue the development and redevelopment of areas near the train station into mixed-use developments that provide multi-family housing and retail options while preserving the employment base.

Foreclosures

In the short-term, one of the Village's most pressing housing issues is the impact of foreclosures, in particular condominium foreclosures. It is recommended that Buffalo Grove focus on relationship building locally, thereby creating a base for the regional efforts touched on previously in this report.

- Use the foreclosure data provided through Public Act 96-0856 and Record Information Services to map and monitor the location and change of foreclosures within the Village.
- Utilize data to track the progress and location of foreclosures in the Village to develop targeted foreclosure prevention and disposition services through the Collaborative.
- Create a registration program for condominium and townhouse associations that collects contact information for the board and the number of rental units.
- Combine the information from both of these efforts to:
  - Monitor the number of foreclosures within individual buildings.
  - Use annual registration requirements to discuss data trends with associations and hear concerns and issues.
  - Develop benchmarks identifying when a property is considered "troubled" (number/percentage of foreclosures, number/percentage of rentals, number of different rental owners, utility shutoffs).
  - Work with the Collaborative to develop intervention strategies for particularly "troubled" properties.

Implement rental licensing
In October 2012, the Village adopted a rental licensing program. While implementing this program, the Village should explore the need for landlord education as part of the new requirements. If such a program would prove useful, Buffalo Grove should partner with other Collaborative members to operate its landlord education program. Such a program could become more attractive to landlords if tied to incentives for participation. Moreover, the Village should ensure that its rental license program collects information on ownership, management, inspection status, and unit type for all rental units so that data can be combined and analyzed on a regional scale. By collecting the same information in the same format, Buffalo Grove can work with its partners on common rental housing issues, including addressing problem landlords across a number of communities.

Assist senior homeowners
As Buffalo Grove changes over the next 30 years, one of the most important trends will be aging homeowners. While the Village's multi-family options provide alternatives for homeowners looking to downsize, many will want to remain in their homes. Therefore, the Village should work with the Collaborative to develop "aging in place" information for residents which would identify important modifications needed to improve accessibility, eliminate barriers, and create safer spaces.

Maintaining housing supply
Many local units affordable to households earning less than $50,000 could be lost as the economy improves because of the Village's attractiveness for growth and rising property values. Therefore, the community should locally identify the most threatened units and work with the Collaborative to preserve this housing stock or identify opportunities for replacement stock to be provided within the Village.

Sustainability and affordability
Utility and maintenance costs are key components of any household's ability to afford a unit. Therefore, working with the Collaborative, the Village should identify funding sources for energy efficiency projects for both single-family and multi-family structures. Once funding is identified, Buffalo Grove should develop programs which focus on cost-burdened households and in areas with high foreclosure rates.

Conclusion

The Village of Buffalo Grove faces the challenge of balancing greenfield and redevelopment growth in the coming decades, particularly given a focus on creating neighborhood centers. With the projected mixture of housing types and ages, the Village can create a well-balanced housing market by pursuing short-term strategies to mitigate the impact of foreclosures and long-term development opportunities, particularly in the areas around its train stations and major roads.

Source: CMAP.

Housing Policy Plan: **Mount Prospect**

Project Summary

Mount Prospect is a prosperous suburban community with a diverse range of housing types, strong residential neighborhoods, and excellent schools. Benefiting from its prime location in the metropolitan area's job-rich Northwest Corridor, the Village has a broad range of employers and a solid tax base to fund municipal services.

Because of its prime location, Mount Prospect residents and businesses access a number of key regional transportation assets, including commuter rail, highways, and bus service. While essentially built-out, the Village continues to take advantage of new opportunities for growth and redevelopment, most notably in its downtown area that features shops, restaurants, and residences near its Metra station. A recent Regional Transportation Authority (RTA) grant is funding an implementation plan to determine future land use and development in downtown.

Even with these assets, Mount Prospect faces challenges as it plans for the future, including:

- Numerous multi-family housing complexes built between 1960 and 1980 are aging and in need of ongoing rehabilitation and upgrading.
- An aging population raises questions about the best ways to accommodate potential future growth.
- The Village must weigh the pros and cons of annexing unincorporated land on its southern border.
- The nation's foreclosure crisis continues to impact parts of the Village.

This report analyzes Mount Prospect's existing housing conditions and makes projections about possible future housing needs. Most importantly, the report finds that the Village will continue to be desirable, with prospective owners and renters interested in moving to the community. Recognizing that as a substantially built-out community Mount Prospect must balance the preservation of its character with future demand, the report concludes with a series of recommendations focused on:

- **Addressing ongoing housing rehabilitation needs.**
- **Dealing with foreclosures and their aftermath.**
- **Creating opportunities for new senior housing.**
- **Exploring development and redevelopment opportunities in southern Mount Prospect, including unincorporated areas.**
- **Creating initiatives to increase the energy efficiency of new and existing housing.**

Existing Conditions

Demographic and Economic Trends

Located in northwestern Cook County, the Village of Mount Prospect is bordered by Prospect Heights to the north; Des Plaines to the east; Elk Grove Village to the south; and Arlington Heights to the west.

Mount Prospect's population essentially leveled off during the first decade of the 21st Century, at around 55,000 residents. The Chicago Metropolitan Agency for Planning (CMAP) produced population and household projections as part of GO TO 2040, the seven-county region's comprehensive plan for sustainable prosperity for the next 30 years.[14] These figures indicate that if GO TO 2040 is implemented and if the Village takes advantage of its numerous assets, its population could rise to 63,354 by 2040, an increase of approximately 9,100 residents.[15] As this report points out later, however, the Village currently lacks the capacity to add this many residents without additional land area or changes to its zoning code. Decisions in this regard, of course, would have to be carefully considered by the Village Board and undertaken with an eye to the impacts that growth has on public infrastructure and service delivery. It is quite possible that housing demand may exceed supply well into the future, a fact that could put upward pressure on housing prices.

Population and change in population, 2000 and 2010

Population, 2000 (Census)	**56,264**
Population, 2010 (Census)	**54,167**
Change, 2000-10	**-2,097**
Change as %, 2000-10	**-3.7%**
GO TO 2040 Projection, 2040	**63,354**

Source: U.S. Census and CMAP GO TO 2040 projections.

The Village's employment base is diverse and includes jobs in a wide variety of sectors including administration, wholesale trade, manufacturing, and education. Retail jobs comprised almost 20 percent of local employment in 2010. Buffeted by the recession, overall employment in the Village decreased somewhat between 2006 and 2010. The Village's leading employers include Caremark, Cummins-Allison, and Bosch Tool Corporation.

Mount Prospect jobs, 2006-10

Source: U.S. Census Bureau, LED Data, On-the-Map.

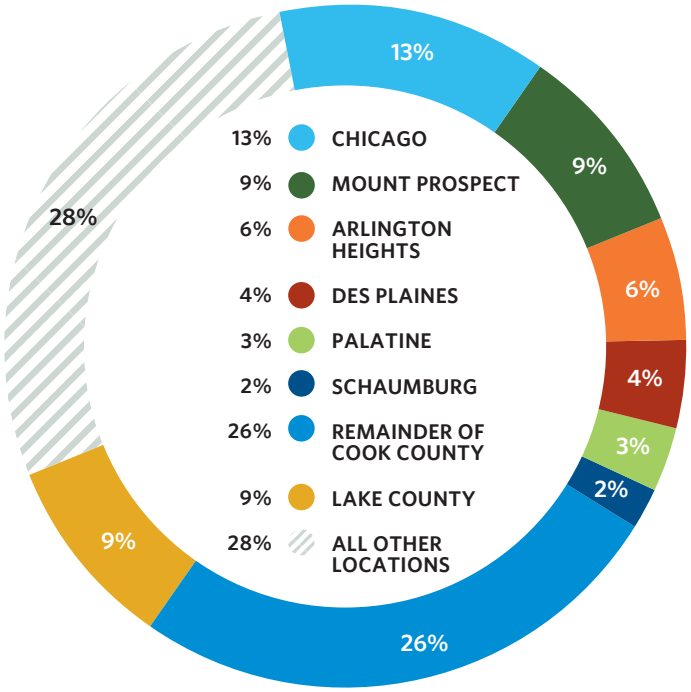
14 See http://www.cmap.illinois.gov/2040.

15 See the Appendix for more information about these projections.

Where Do Mount Prospect's Workers Live?

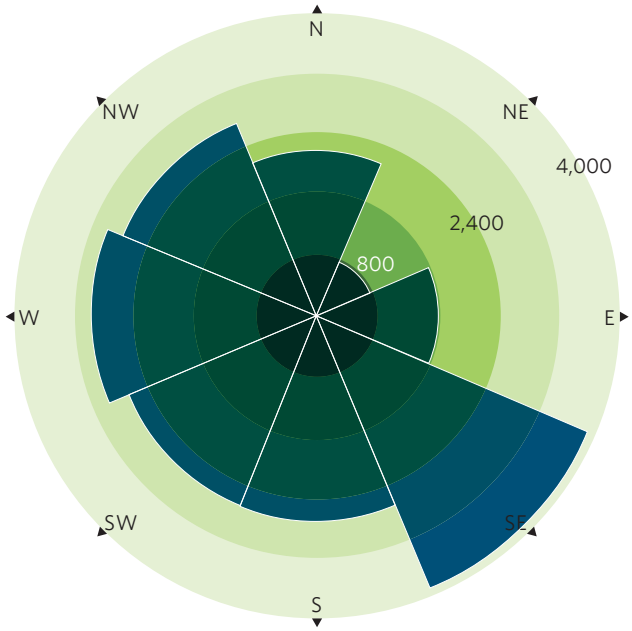
While many employees commute to Mount Prospect from surrounding communities, the Village's highway and transit access allows 13 percent of workers to come from Chicago. That Chicago is the largest source of workers is common to many communities in the region, as both highway and rail systems are designed, in part, to move people to and from the region's largest city. Benefiting from the local job base, nine percent of people working in Mount Prospect also live in Mount Prospect, a figure on par with other Collaborative communities.

Where do Mount Prospect's workers live, 2010?



Source: U.S. Census Bureau, LED Data, On-the-Map.

Where do Mount Prospect's workers live?
Job counts by distance/direction in 2010, all workers

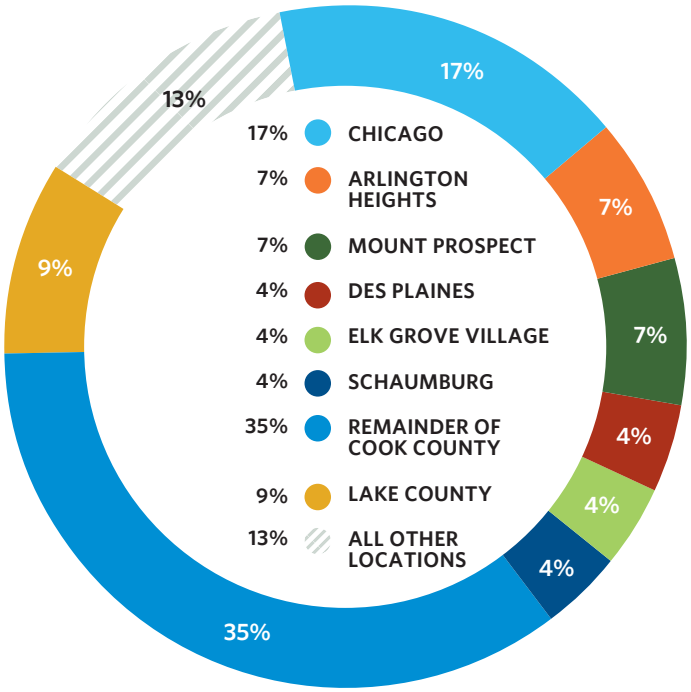


Source: U.S. Census Bureau, LED Data, On-the-Map.

Where Do Mount Prospect's Residents Work?

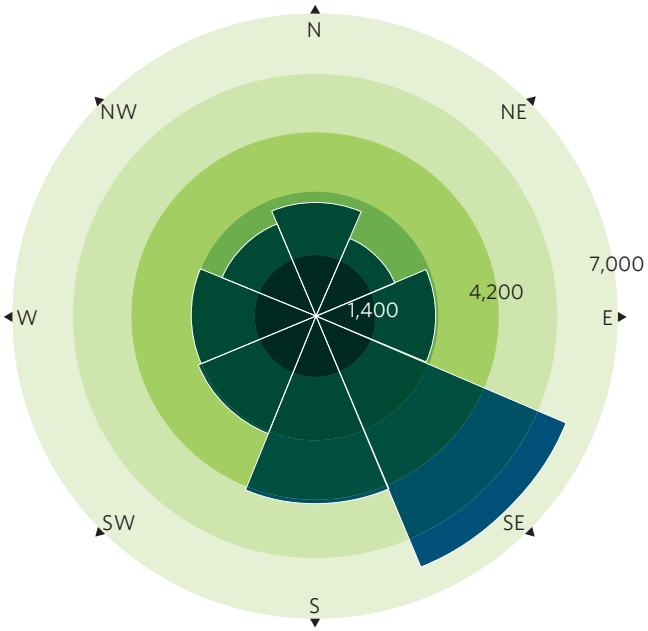
Chicago is the region's largest employment hub and for many communities, including Mount Prospect, the most common destination for commuting residents. Seventeen percent of residents work in Chicago, the highest percentage among the Collaborative. Such concentration lends credence to the Village's focus on reviving downtown with transit oriented development. Citizens also commute to jobs in northwestern Cook County, including Mount Prospect, Arlington Heights, Des Plaines, Elk Grove Village, and Schaumburg. That seven percent of all employed Mount Prospect residents work in the community is typical of most Collaborative communities. Percentages for four of the five towns range between six percent and nine percent (Buffalo Grove, Mount Prospect, Palatine, and Rolling Meadows), with Arlington Heights' 14 percent as the only outlier.

Where do Mount Prospect's residents work, 2010?



Source: U.S. Census Bureau, LED Data, On-the-Map.

Where do Mount Prospect's residents work?
Job counts by distance/direction in 2010, all workers



Source: U.S. Census Bureau, LED Data, On-the-Map.

Current Housing Analysis

While Mount Prospect contains a mix of single- and multi-family housing, single-family detached housing is the predominant housing type. About 57 percent of local units are single-family, while 37 percent are multi-family. According to American Community Survey (ACS) data from 2006-10, the majority of single family homes within Mount Prospect are owner-occupied (96 percent), while multi-family dwellings tend to be renter-occupied (65 percent). Multi-family units are generally concentrated in the southern portion of the Village within close proximity to the I-90 corridor. A significant amount of this housing was developed in unincorporated Cook County and subsequently annexed into the Village during the 1960s and 1970s.

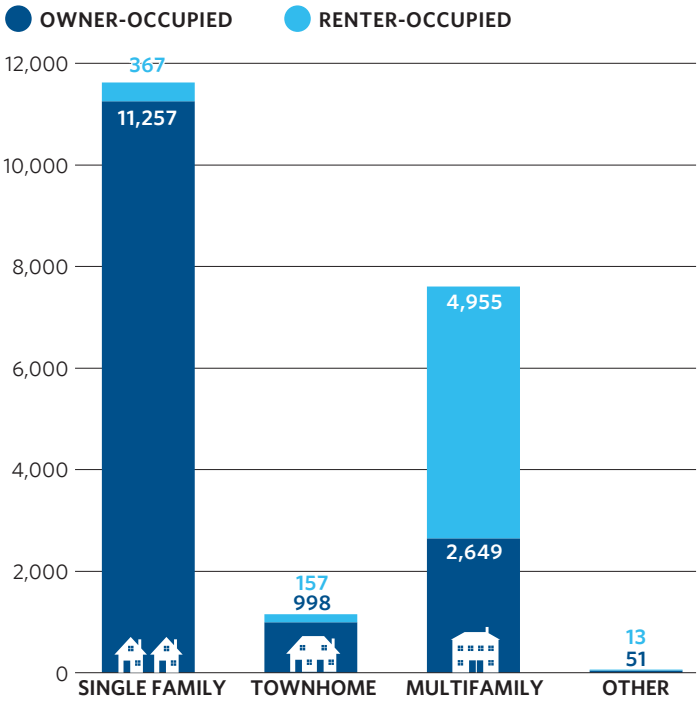
The portion of households spending more than 30 percent of their income on housing costs increased between 2000 and 2010. For renters, the proportion increased from 30 percent to about 40 percent. This ten-percentage point increase is consistent with the change seen among the other four towns over the past decade. For owners, the number of households paying more than 30 percent of their income on housing costs increased from about 22 percent to 35 percent. Similar to other Collaborative members, this change was driven by an almost doubling of the number of homeowners paying more than 50 percent of their incomes on housing costs. The increasing number of cost-burdened owners and renters in Mount Prospect over the last decade is consistent with national trends. According to analysis by Harvard University, "the recession ... did little to reduce housing outlays for many Americans," due in part to declining incomes, slow employment growth, and more stringent credit requirements.[16]

What is "Affordable Housing?"

What constitutes affordable housing varies from household to household, as the measure is relative. For this report, the following U.S. Census guidelines were used:

- **"Affordable housing"** is housing that costs no more than 30 percent of household income (including utilities, insurance, and taxes).
- **"Unaffordable housing"** is housing that costs between 30 percent and 50 percent of household income.
- **"Severely unaffordable housing"** is housing that costs more than 50 percent of household income.

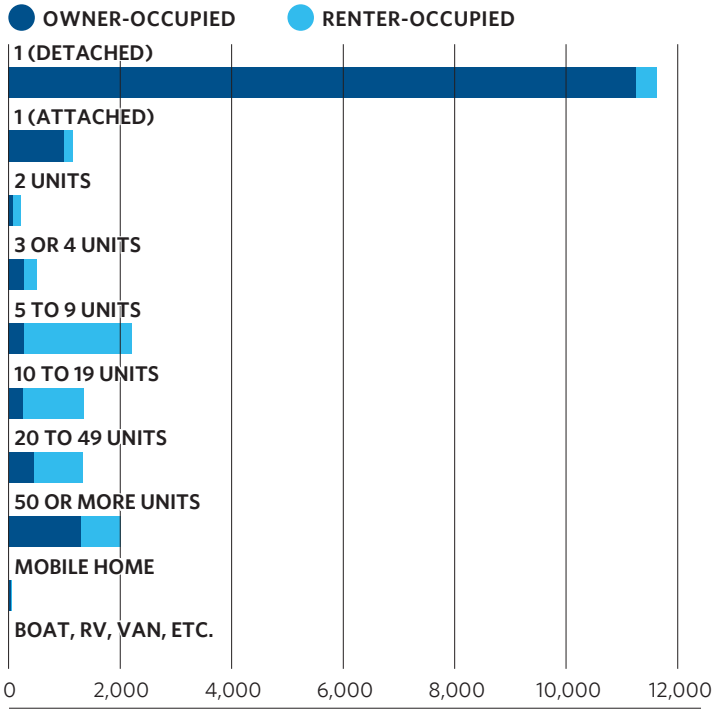
Mount Prospect housing type by tenure



Source: American Community Survey 2006-10.

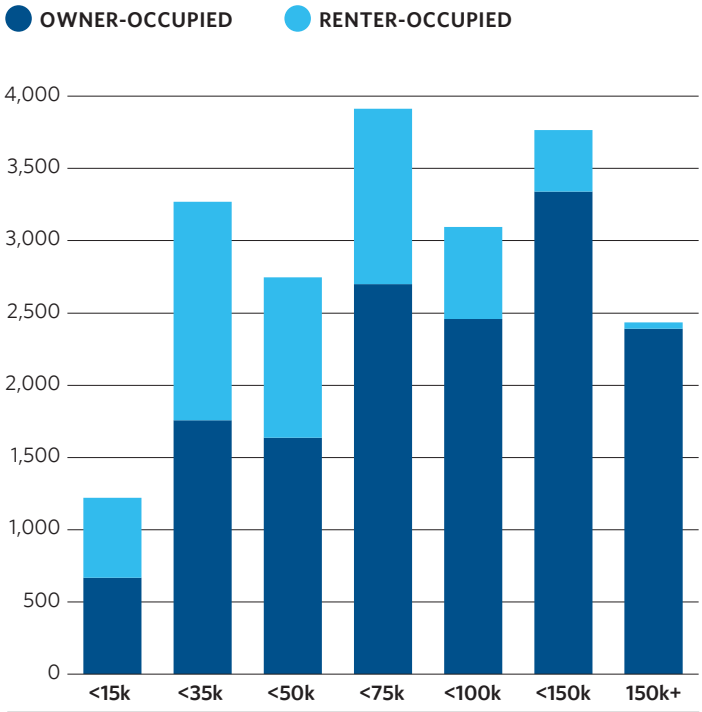
16 Joint Center for Housing Studies. (June, 2012). *State of the Nation's Housing 2012*. Harvard University.

Mount Prospect tenure by units in structure



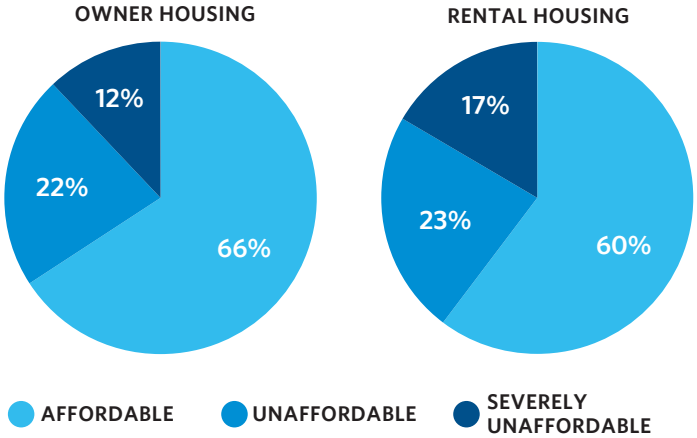
Source: American Community Survey 2006-10.

Mount Prospect tenure by household income,
in number of occupied units



Source: American Community Survey 2006-10.

Mount Prospect rental and owner housing affordability



Source: American Community Survey 2006-10.

Current Ownership Housing

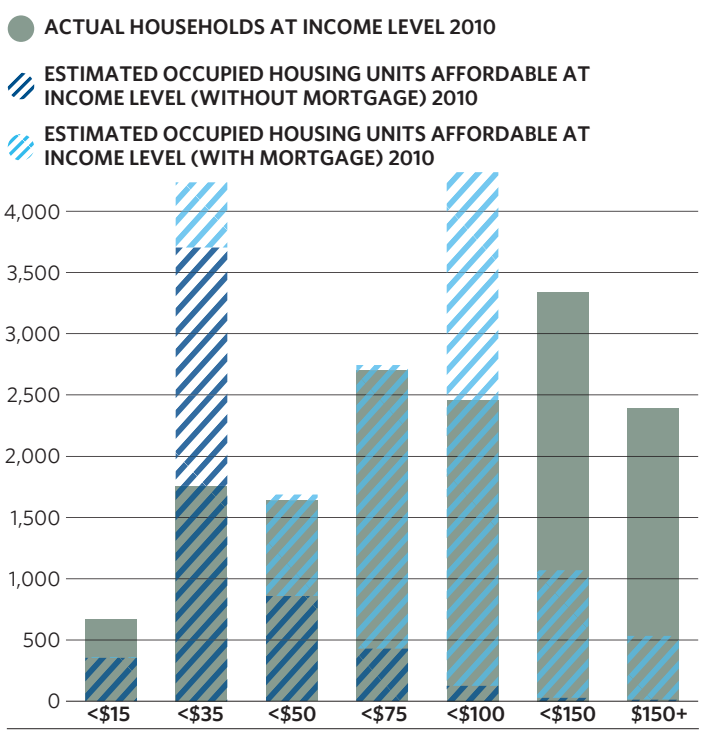
The market for owner housing in Mount Prospect reflects two distinct types of households: those who own a home with a mortgage and those who own a home without a mortgage. Whether an owner carries a mortgage significantly impacts which income groups can afford the unit. Owner units for households earning less than $35,000 are only affordable to this income group if the owner does not carry a mortgage, while units affordable to households earning more than $50,000 typically require the owner to carry a mortgage. Intuitively this difference makes sense, as owners who do not carry a mortgage typically pay less in total housing costs, allowing the owner to use the unspent money for other household expenses. In Mount Prospect, the likelihood of owning a home with or without a mortgage depends in part on age. Almost two-thirds of owners without mortgages are over the age of 65, while over two-thirds of owners with mortgages are younger than 55. Therefore, the bulk of Mount Prospect's supply of owner units affordable to households earning less than $50,000 per year are occupied by seniors, while the working age population occupies most of the units affordable to households earning more than $50,000 per year.

Shortages exist in the owner housing supply for income groups earning less than $15,000 and more than $100,000 annually. These shortages force households to purchase homes outside of their income levels. Upper income families purchase units that may be more affordable to lower income households, thereby diminishing the ability of these middle-income groups to find housing affordable to them. Conversely, households making less than $15,000 that purchase homes often spend more than 30% of their income on housing costs.

Current Rental Housing

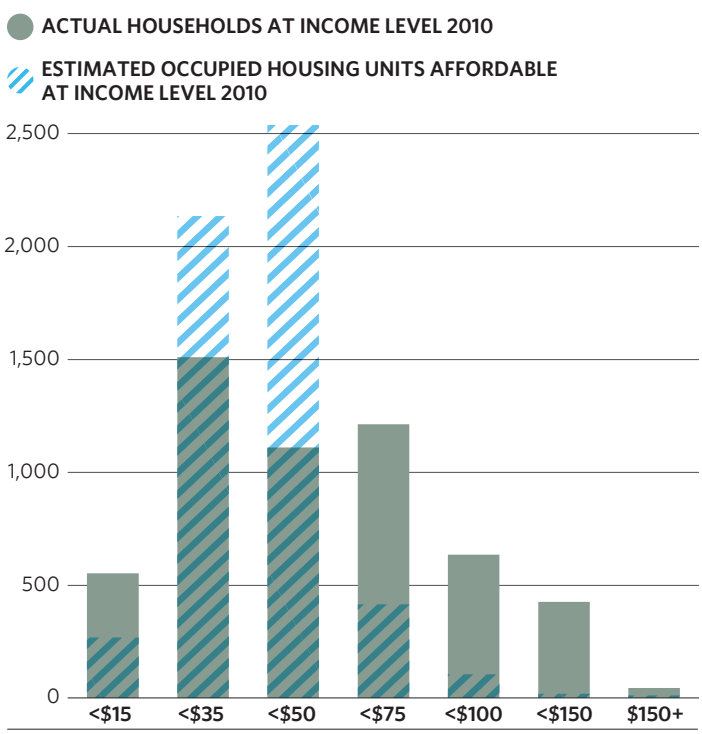
Renters earning between $15,000 and $50,000 are well served by Mount Prospect's existing rental housing. Supply/demand gaps, however, exist at the bottom and top ends of the Village's rental market. Shortages for households earning more than $50,000 annually result in renters at these income levels occupying units affordable to $15,000 to $50,000 households. Renters earning less than $15,000 must live in units that cost more than 30 percent of their income. According to 2006-10 ACS data, nine percent of the Village's renters are older than 65 and nine percent of the Village's cost-burdened renters are older than 65. The similarity in percentages indicates that senior renters are not disproportionately likely to be paying more than 30 percent of their income on housing.

Mount Prospect comparison of owner household incomes with occupied units affordable at each income level 2010



Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model using ACS 2006-10 inputs.

Mount Prospect comparison of rental household incomes with occupied units affordable at each income level 2010



Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model using ACS 2006-10 inputs.

Today's Market Segments and Market Preferences

This analysis used tools developed by a leading, well-known market research firm, Environmental Systems Research Institute (ESRI), to enrich the understanding of the housing types preferred by families that live in Mount Prospect. The basic unit of the ESRI Community Tapestry system is the neighborhood (based on U.S. Census block groups). ESRI has classified every neighborhood in the country as one of 65 market segments. These segments are then combined into one of 12 LifeMode groups. Segments and groups are assigned to neighborhoods by sorting more than 60 attributes including income, employment, home value, housing type, education, household composition, age, and other key determinants of consumer behavior. Neighborhoods with the most similar characteristics are combined while neighborhoods showing divergent characteristics are separated.

Ninety-eight percent of Mount Prospect's households fall into five of the LifeMode groups: Upscale Avenues, High Society, Senior Styles, Global Roots, and Solo Acts.

The largest group are "Upscale Avenues," affluent households who prefer a variety of housing types and are more likely to invest in their housing through remodeling or landscaping. The next largest group, "High Society," is made up of higher income households distinguished by their interest in single-family homes. "Senior Styles" residents have housing preferences as diverse as their circumstances, residing in single-family homes, retirement homes, or high-rises. About 10 percent of households are classified as "Global Roots," representing the Village's growing Asian population. Such households tend to have children and rent in multi-unit buildings. Finally, "Solo Acts" are generally young single or roommate households who prefer a mobile, urban lifestyle and denser housing options.

What does this mean for Mount Prospect's future housing demand? First, it means that the majority of current residents have at least a moderate propensity to live in a compact neighborhood (e.g. containing a range of housing types that encourage walking to retail stores, neighborhood amenities, other homes, and transit lines). Secondly, the groups help confirm and deepen information gleaned from U.S. Census data. The segments for Upscale Avenues and High Society make up over 60 percent of Mount Prospect households, corresponding to ACS data pointing to middle and upper income owner households in single-family homes as the most common current household type in the Village. Finally, while not an exact guide to the future, understanding the types of housing desired by the most common LifeMode groups in Mount Prospect can assist in planning for future housing demand.

Mount Prospect Lifemode groups

LIFEMODE GROUPS	INCOME	FAMILY TYPE	AVERAGE AGE	% OF TOTAL	HOUSING TYPES	TENURE
Upscale Avenues	**Middle-upper**	**Mixed**	**43**	**34.2%**	**Single family, townhome, multi-family**	**Own**
High Society	**Upper**	**Married couples**	**39**	**27.7%**	**Single family**	**Own**
Senior Styles	**Middle**	**Married no-kids**	**47**	**16.4%**	**Multi-unit and single family**	**Own/rent**
Global Roots	**Modest**	**Family mixed**	**31**	**10.4%**	**Multi-unit and single family**	**Rent/own**
Solo Acts	**Middle-upper**	**Singles-shared**	**34**	**9.3%**	**Multi-unit, townhome, and single family**	**Rent/own**

Source: CMAP analysis of ESRI Community Tapestry Segments.

Projecting Future Housing Needs

Housing planning needs to take into account those who might be interested to live in the community in the future. After developing an understanding of the current housing market in Mount Prospect, the following sections look at possible future housing demand in the Village. Blending together Census data, CMAP's local population and household projections for the year 2040 and the ESRI Tapestry market segment data, some realistic estimates can be made of who may want to live in Mount Prospect over the next 30 years and what types of housing they may demand.

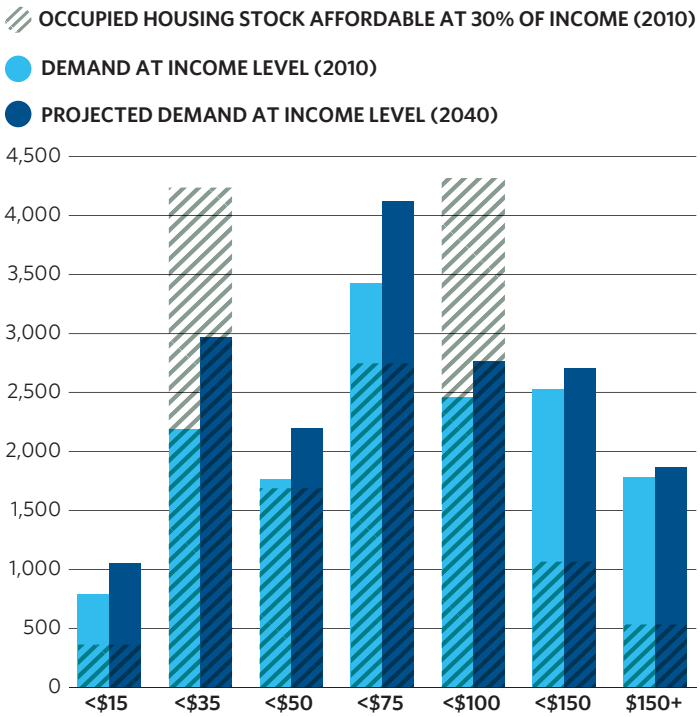
Future Ownership Needs

It is projected that over the next 30 years the number of homeowners in Mount Prospect could increase at all seven income levels. Based on these projections, the Village's current supply of units for households in the $15,000 to $35,000 and $75,000 to $100,000 ranges would be sufficient to meet projected growth. Shortages, however, could exist for all other income groups. While the projected shortfall of units for upper income households ($100,000+) indicates a potential market for upscale homes and condominiums, many affluent households spend less than 30 percent of their income on housing costs. This propensity will both temper the projected demand for upper income units and reduce the number of units for middle and lower income households as upper income families occupy units that would otherwise be affordable to less affluent income groups.

If the number of households earning less than $15,000 grows, it is projected that 65 percent of homeowners in this income group could be spending more than 30 percent of their income on housing in 2040. Keep in mind, however, that low-income households may, in some cases, have assets that allow them to meet ongoing housing expenses. This caveat is particularly important given the number of households in this income group projected to be led by senior citizens in 2040. Moreover, the financial realities of property acquisition, construction costs, and financing make the development of owner housing at this income level very difficult.

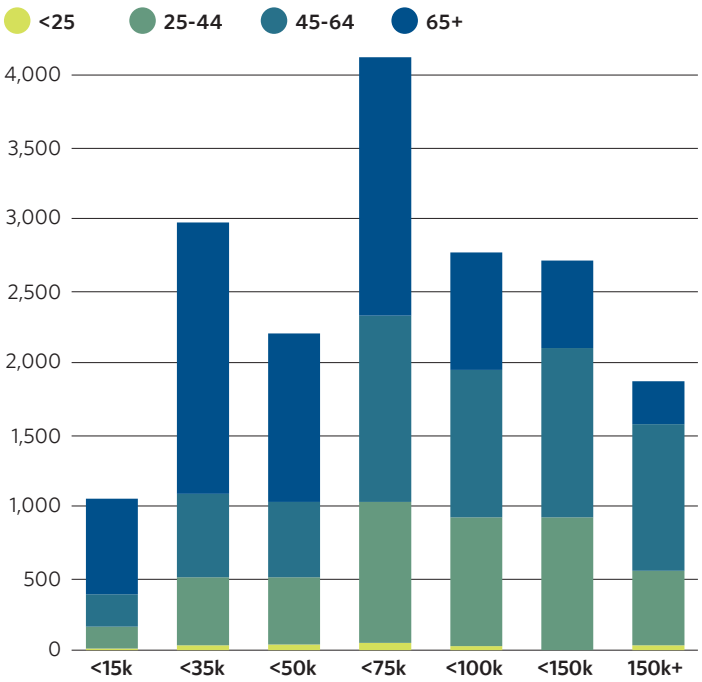
Given the projected ages and incomes of possible future owners, the High Society and Upscale Avenues groups will likely continue to drive the market in the Village's affluent single-family neighborhoods. As Mount Prospect residents across all income groups age, particularly those earning below $75,000, meeting the needs of senior residents (e.g. Senior Styles) will become particularly important. Members of this segment both own and rent in everything from single-family homes to multi-unit buildings, setting the stage for the Village to accommodate this group through new senior housing developments, including assisted living facilities, or efforts that allow seniors to age in place. The presence of Solo Acts and Upscale Avenues in Mount Prospect offer the prospect for market-driven townhomes and multi-family developments. While tear-downs may continue to occur, this activity typically does not add to the overall number of units in the Village and does not represent a way to consistently add upscale housing units.

Mount Prospect 2010 households and housing stock compared with 2040 owner demand



Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model using ACS 2006-10 and CMAP GO TO 2040 household forecast inputs.

Mount Prospect projected owner demand by age of household



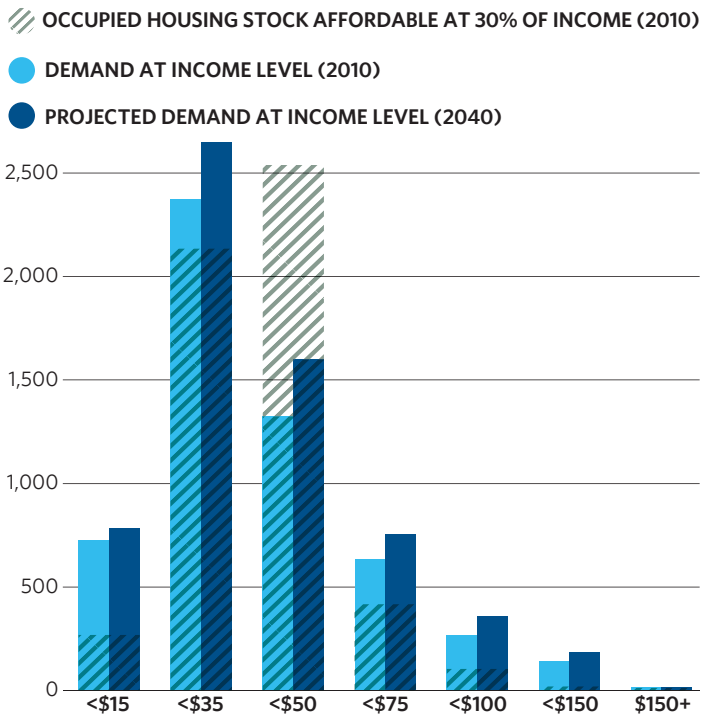
Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model using ACS 2006-10 and CMAP GO TO 2040 household forecast inputs.

Future Rental Needs

Due to the continued desirability of Mount Prospect, the number of people interested in living in the Village could increase by 17 percent over the next 30 years. A portion of these people could want to rent units, pushing the estimated future demand for rental housing beyond the current affordable stock for all income groups, except for households earning between $35,000 and $50,000. This shortage creates opportunities for both lower and upper income rental housing.

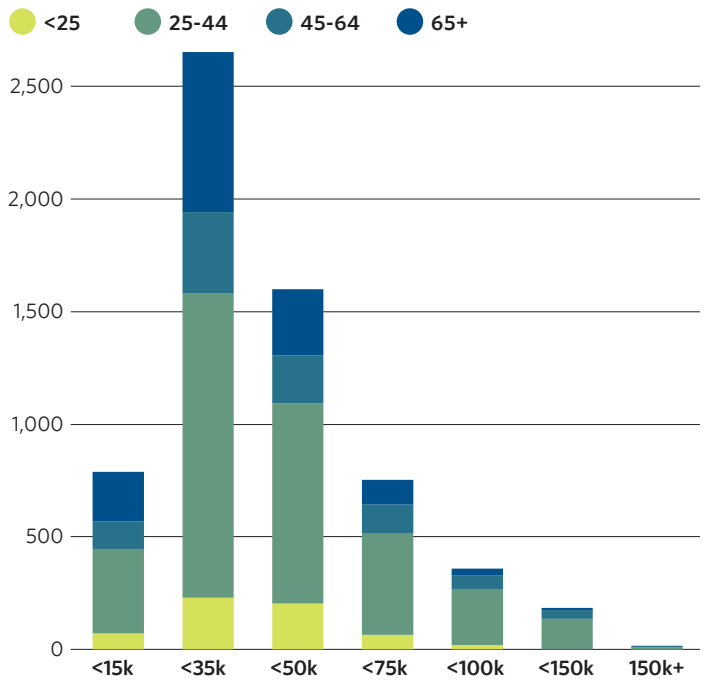
Unlike with owners, future housing for renters, particularly low- and moderate-income renters, will not be driven by seniors. Instead, if the Village chooses to expand its rental housing stock, it will be important to develop housing that meets the needs of people age 25 to 44. This age group may give the Village an opportunity to both further its downtown redevelopment and work with local employers to meet labor force needs. The Global Roots and Solo Acts market segments correspond most closely to the projected future ages and incomes of Mount Prospect renters. Rental housing options for families making less than $50,000 would be important for the Global Roots group, while continuing development efforts in downtown Mount Prospect would be attractive to some Solo Acts.

Mount Prospect 2010 households and housing stock compared with 2040 rental demand



Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model using ACS 2006-10 and CMAP GO TO 2040 household forecast inputs.

Mount Prospect projected renter demand by age of household



Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model using ACS 2006-10 and CMAP GO TO 2040 household forecast inputs.

Future residents could demand small lot single-family homes and multi-family units.

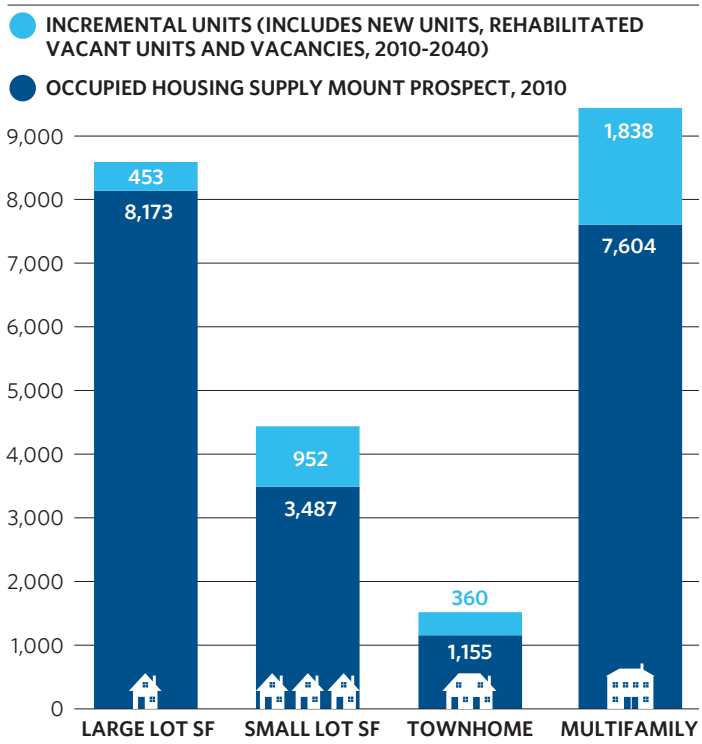
Source: Village of Mount Prospect.

Source: CMAP.

Housing Demand by Type of Unit

When combining population and household projections for new owners and renters, one possible picture of future demand for additional housing units in 2040 arises. What emerges is a "balanced housing" profile with demand for about 1,405 additional single-family homes, 360 townhomes, and 1,838 multi-family homes between now and 2040. The demand for additional denser unit types, such as small single-family homes (lots of less than 8,000 s.f.), townhomes, and multi-family units would be driven by the increasing number of low- and middle-income seniors along with the working age rental population. As noted previously, these figures are based on projections; real growth may be more or less than estimated. The ultimate decision regarding if and how Mount Prospect may grow is a local one.

Mount Prospect future balanced housing profile



Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model using ACS 2006-10 and CMAP GO TO 2040 household forecast inputs.

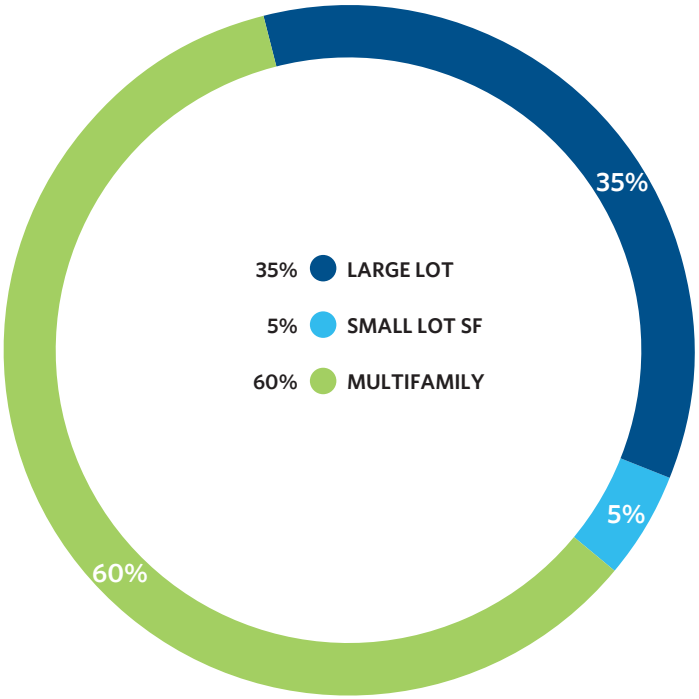
Capacity for Growth

Estimated future population and household growth is only one half of the equation in considering future housing needs. As a community with numerous assets, it is understandable why many people want to live in Mount Prospect now and in the future. But to plan for future households and housing, it is also important to look at capacity, particularly for a community that is substantially built-out. To understand the Village's ability to accommodate projected growth, two key sources of capacity were reviewed: development/redevelopment and vacancy.[17]

Development/Redevelopment Analysis

The extent to which Mount Prospect could grow based on current land use regulations was analyzed. Vacant and redevelopable parcels where the land value is greater than the improvement value were identified using Cook County Assessor data. Then, the community's current zoning and development standards were applied to figure out how many units could be built in Mount Prospect. Based on that analysis, it was estimated that Mount Prospect has the capacity for about 514 new dwelling units. Sixty percent of new units could be multi-family, while 40 percent could be single-family homes. This capacity would allow the Village to accommodate about 14 percent of the projected population growth, or 1,300 new residents.

Mount Prospect maximum capacity by unit type



Source: CMAP analysis of Mount Prospect zoning ordinance, Cook County assessor data.

Maximum capacity by unit type

TYPE	UNITS
Large Lot SF (>8,000 s.f.)	**182**
Small Lot SF (<8,000 s.f.)	**25**
Townhome	**307**
Multi-family	**-**
Mobile Home/Other	**-**
TOTAL	**514**

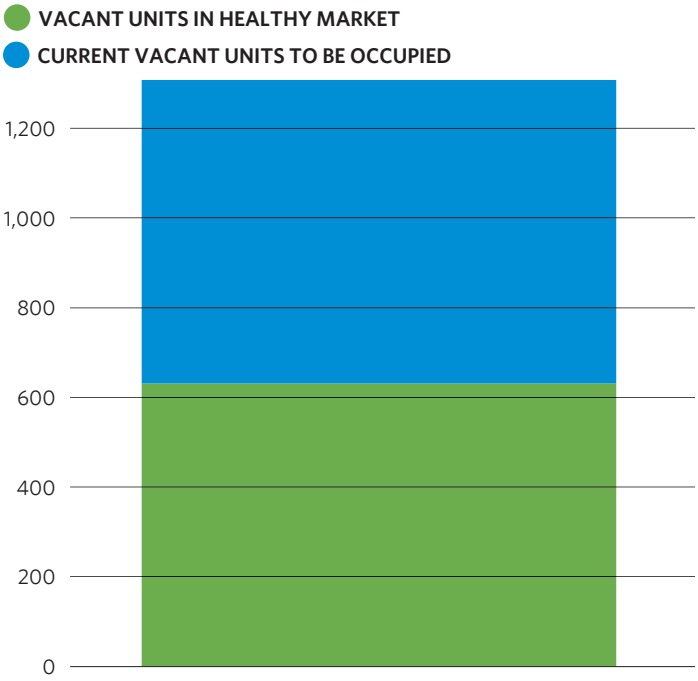
Source: CMAP analysis of Mount Prospect zoning ordinance, Cook County assessor data.

17 See the Appendix for more information about the methodology.

Vacancy Analysis

Because of the current housing market, many homes now vacant may not be so in the future, allowing people to move in without building new units. According to 2006-10 ACS estimates, Mount Prospect has approximately 1,307 vacant units, or about six percent of all homes in the Village. Normal long-term vacancy rates for a strong community are 7.4 percent among rental units and 1.5 percent among owner-occupied units.[18] Given the number of local owner and rental units and a healthy housing market, the Village should only have approximately 631 vacant units, or a three percent vacancy rate. Therefore, 676 currently vacant units could be occupied in the future as Mount Prospect grows and the market stabilizes. This capacity would allow the Village to accommodate about 19 percent of the projected growth, or about 1,800 new residents.

Mount Prospect breakdown of current vacant units



Source: CMAP analysis of ACS 2006-10.

Townhomes help provide additional ownership options.

Source: Village of Mount Prospect.

18 See **http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/w07-7.pdf**.

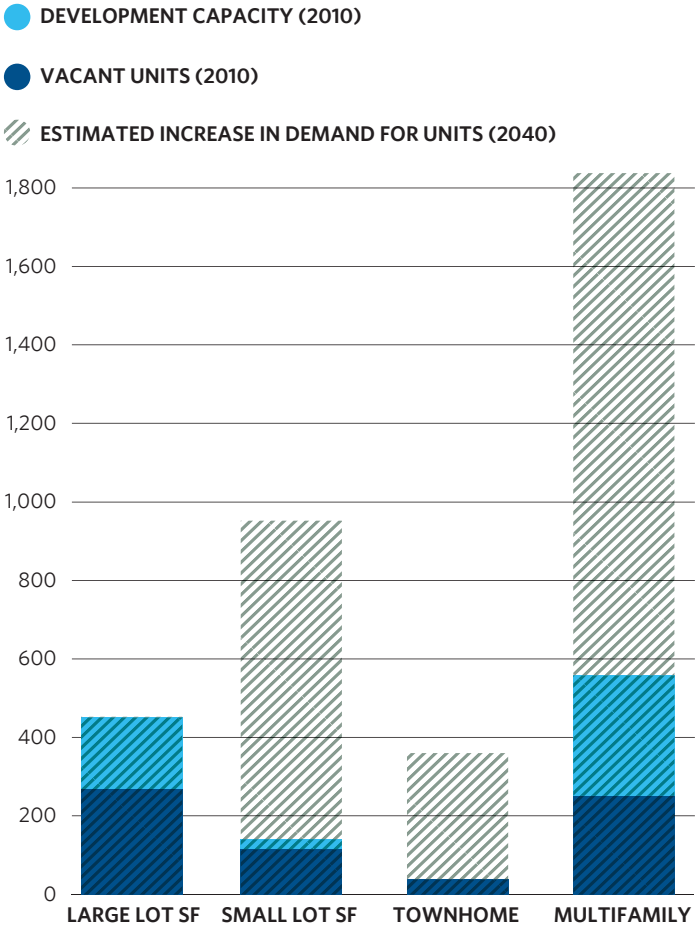
Future Housing Conclusions

Taking into account capacity available under development/redevelopment and vacancy, Mount Prospect can accommodate 33 percent of the projected housing units that could be desired by future residents based on the 2040 projections. This growth could add about 3,100 additional residents. The remaining approximately 6,000 people represent unmet demand, people who want to live in Mount Prospect but would not be able to because of a lack of available units. Many of these people would be looking for small lot single-family homes, townhomes, and multi-family units. The Village's current codes likely would not be able to accommodate this future demand without changes.

Based on these figures, the choice of if and how to grow is a critical one. The Village must carefully balance the preservation of its character with future demand when considering the best path for the community, planning with an eye to the impacts that growth can have on public infrastructure and service delivery. Regardless of how the Village chooses to proceed, policy makers are encouraged to use these statistics as a guide, focusing on the relative number of single family, multi-family, and townhome units that together reflect a balanced housing market.

Balancing character and growth is important.
Source: Village of Mount Prospect.

Mount Prospect demand vs. vacancy and capacity by housing type, units 2010-40



Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model, Cook County Property Assessor data, and U.S. Census Bureau inputs.

Sustainability

In 2007, the Center for Neighborhood Technology (CNT) produced an energy and emissions profile for Mount Prospect as part of the Municipal Energy Profile Project. Based on the report, the Village emitted an estimated 13.58 metric tons (MT) of carbon dioxide (CO2e) per capita, approximately eight percent less than County emissions per capita (14.86 MT CO2e). With 90 percent of local emissions coming from electricity and natural gas usage along with transportation, any forward-thinking housing plan should analyze these areas.

The table highlights residential natural gas and energy usage in the Village and Cook County in 2007. At that time, the average Mount Prospect household spent less on energy costs than the average Cook County household due to lower natural gas usage. One key part of local energy usage is the home heating source. Based on data from the 2006-10 ACS, natural gas is the dominant local home heating source, used by 81 percent of households. Electricity provides heat for a larger percentage of renters than owners (34 percent vs. 8 percent).

As it relates to transportation, Mount Prospect households drive more miles (vehicle miles traveled or VMT) than the Cook County average (16,674 versus 14,742 respectively), according to 2007 CNT data. Because of the additional mileage, residents pay approximately $89 more per month in transportation costs than the average county resident based on the current Internal Revenue Service (IRS) mileage reimbursement rate. Research by Reid Ewing and others in the Journal of Urban Planning and Development has shown that the biggest factor in reducing VMT is from "putting offices, shops, restaurants, residences, and other codependent activities in close proximity to each other."[19]

As discussed previously, the gap between projected housing demand and current capacity could put upward pressure on housing prices for owners and renters over the next 30 years. That said, energy efficiency and sustainability efforts can help mitigate rising housing costs. The Village's municipal aggregation program, which may offer residents lower electricity rates, could help cost burdened renters and owners. So too can a commitment to implementing energy efficient designs as part of rehabilitation and new construction. A focus on compact neighborhoods, including transit oriented development around the Mount Prospect Metra station, offers residents ways to reduce transportation costs. Village support for employer assisted housing can also help reduce transportation costs by encouraging residents to work in Mount Prospect.

Housing and Transportation

In recent years, the CNT developed an alternative way to define "affordable housing" as housing that costs no more than 45 percent of both housing and transportation costs. According to figures from CNT, 76 percent% of typical regional households (a 2.73 person household earning $60,289) would pay more than 45 percent of household income on housing and transportation costs combined when living in Mount Prospect. This alternate measure finds less affordable housing in Mount Prospect than the traditional U.S. Census method.

Residential energy use by municipality compared to Cook County, 2007

	COOK COUNTY	MOUNT PROSPECT
Average Electricity Use per Household	**7,692 kWh**	**8,691 kWh**
Average Annual $ for Electricity per Household*	**$828**	**$935**
Average Natural Gas Use per Household	**1,130 Therms**	**810 Therms**
Average Annual $ for Natural Gas per Household*	**$1,274**	**$719**
Average Annual Energy Costs	**$2,102**	**$1,654**

Source: CNT Energy Community Profile
*Calculated using average residential sales per kilowatt hour (kWh) (Illinois Commerce Commission Utility Sales Statistics 2007).

19 American Society of Civil Engineers. Traffic Generated by Mixed-Use Developments — Six-Region Study Using Consistent Built Environmental Measures. Journal of Urban Planning, October 2010.

Urban Design Focus Area

Design Workshop

In June 2012, the Homes for a Changing Region team conducted a community workshop in Mount Prospect. Residents, community leaders, Village officials, and others presented their views on housing in the Village in general as well as a focus area: Euclid Avenue between River Road and Burning Bush Lane. The focus area was chosen as several of the lots in this area were identified in the capacity analysis as underutilized and potential redevelopment opportunities. The area currently consists of large lot single-family homes which front Euclid Avenue and some aging neighborhood commercial properties near the intersection of Euclid Avenue and River Road. This intersection also provides a gateway into the string of Cook County Forest Preserves and trails which run along the Des Plaines River.

Attendees recommended providing recreation activities along Euclid Avenue that would connect with the parks along with mixed-use development on the northwest and southwest corners of the River Road and Euclid Avenue intersection. If the single-family parcels redevelop in the future, stakeholders suggested replacement with a combination of housing types, including apartments and cottage housing.

These ideas were translated into the following images, showing how the area would be transformed with infrastructure improvements and mixed use buildings. The pictures reflect not only the community feedback from the meeting but also some of the concepts of this report, including the benefits of compact neighborhoods. Community feedback at the meeting also identified southern Mount Prospect as an area of opportunity and emphasized the importance of rehabilitating existing multi-developments and pursuing senior housing.

Euclid Avenue looking west of River Road today

Source: Northwest Suburban Housing Collaborative.

Euclid Avenue looking west of River Road with streetscaping

Source: Fregonese Associates.

Euclid Avenue looking west of River Road with private investment

Source: Fregonese Associates.

Recommended Strategies

Having carefully analyzed Mount Prospect's current housing market and future housing demand, a number of practical and achievable housing strategies will allow the Village to build upon its considerable assets while also addressing its future challenges.

Maintaining housing supply

Given the projected gap between the Village's capacity to grow and the number of households who may want to move to Mount Prospect in the future, maintenance of the local housing stock will be paramount. Of particular concern are the number of aging multi-family properties which help provide 90 percent of the local rental stock. Continued careful monitoring and maintenance of these facilities can ensure that affordable rental housing options remain available for residents of all income levels even as demand rises. Implementing recommendations in this report focused on foreclosure tracking, rental licensing and rehabilitation will also help ensure the quality and viability of the current multi-family stock.

Consider if and how to grow

This report finds that the Village will continue to be a desirable community, with prospective owners and renters interested in moving into Mount Prospect over the next 30 years. Yet, as a substantially built-out community, it can be difficult balancing the public infrastructure and service delivery impacts with the distinctive local character when considering growth. Therefore, Mount Prospect should carefully consider if and how to grow over the next 30 years, seeking to find the right balance and using this report as a guide to what future households may demand. Demand is projected for everything from single-family homes to apartments for households throughout the income spectrum. In particular, Mount Prospect should consider both owner- and renter-occupied housing, particularly senior housing, for households earning less than $75,000.

Implement changes in south Mount Prospect

An unincorporated area in south Mount Prospect includes an apartment complex, the United Airlines Training Center, and a series of smaller commercial/industrial properties along Algonquin Road and Busse Road. The Village should explore annexing some or all of this land with the long term intention of using the existing business base and density of multi-family properties to create a mixed-use node of workforce housing, jobs, retail, and community services in the area around Algonquin Road. Such efforts could offer growth opportunities for a substantially developed community.

While pursuing this strategy, Mount Prospect should also work with Arlington Heights and Rolling Meadows on coordinated strategies for the I-90 corridor. Such efforts should include:

- Support for transportation improvements on the I-90 corridor that provide greater regional access.
- Consideration of renovation/redevelopment opportunities that build off of these transportation improvements and emphasize pedestrian and bicycle connections.
- Exploration of opportunities for shared social services that meet the needs of residents in all three communities, building off the success of the Community Connections Center.

Rehabilitation

As a Community Development Block Grant (CDBG) entitlement community, Mount Prospect has long operated a successful owner-occupied single-family rehabilitation program. Future rehabilitation efforts should continue to include owner-occupied senior housing to further aging in place.

Foreclosures

In the short-term, one of the Village's most pressing housing issues is the impact of foreclosures. It is recommended that Mount Prospect explore two local avenues to address foreclosures, designed to fit within the regional efforts touched on previously in this report.

- Build relationships to reduce the impact of foreclosures by :
  - Using the foreclosure data provided through Public Act 96-0856 and Record Information Services to map and monitor the location and change of foreclosures within the Village. Such data can be particularly useful for the Village as in targeting foreclosure prevention services and heightened code enforcement services, including rental monitoring.
  - Utilize foreclosure tracking to develop targeted foreclosure prevention and disposition services through the Collaborative.
  - Creating a registration program for condominium and townhouse associations that collects contact information for the board and the number of rental units.
  - Combining the information from both of these efforts to:
    - Monitor the number of foreclosures within individual buildings.
    - Use annual registration requirements to discuss data trends with associations and hear concerns and issues.
    - Develop benchmarks identifying when a property is considered "troubled" (number/percentage of foreclosures, number/percentage of rentals, number of different rental owners, utility shutoffs).
    - Work with the Collaborative to develop intervention strategies for particularly "troubled" properties.
  - Rental Licensing
    - The Village's current rental licensing program requires the inspection of all building containing three or more units of which 50 percent are rental units. All other rental units are inspected in response to complaints. Many rented condominium units may not fall under the inspection requirement until a building becomes majority rental. Based on 2011 data from the Woodstock Institute, 39 percent of local foreclosure auctions were condominiums even though condominiums only make up 16 percent of the housing stock. Due to the number of foreclosures in condominium buildings, the Village should continue to monitor these foreclosures and their impacts on the condominium units. The Village should explore options to expand its rental licensing and inspection program to these units if property maintenance problems become more prevalent.

- Given the Village's historic emphasis on identifying units for inspection through resident complaints, Mount Prospect should continue to provide and expand an online mechanism for residents to file complaints or identify unlicensed rental units.
- The Village's current rental license program requires that all licensees attend the Crime Free housing course offered by the community. As other communities, currently or in the future, adopt similar programs, the Village should partner with Collaborative members on local programing. Such a program could become more attractive to landlords if tied to incentives for participation.
- The Village should consider gathering the same information (ownership, management, unit type, etc.) as the other Collaborative communities so that data can be combined and analyzed on a regional basis. By collecting the same information in the same format, Mount Prospect can work with its partners on common rental housing issues, including addressing problem landlords across a number of communities.

Senior housing

Mount Prospect already understands the need to provide opportunities for senior housing. The Village contains the Centennial Apartments (97 units) and Huntington Apartments (214 units) for low-income seniors. The community continues to try and increase local senior housing options, including assisted living facilities. Given the projected increases in the local senior population over the next 30 years, the Village should continue its commitment to providing a mix of senior housing options through the following efforts:

- The proposed 92-unit Horizon Senior Living facility would boost the supply of affordable senior rental options. Because this development would occur in Mount Prospect, the Village should build a monitoring relationship with any organizations that fund this project to understand the long-term financial health of Horizon and use that information as a market check on the demand for future affordable senior projects in the region. Based on the outcome of this relationship building, the Village should identify opportunities for senior housing, including assisted living facilities, in locations suitable for redevelopment.
- As a matter of policy, senior developments should include infrastructure improvements that increase walkability to services and retail. In the short term, Mount Prospect should explore such infrastructure improvements around existing senior developments.
- While new housing options are important, many seniors will want to stay in their current home. Therefore, the Village should work with the Collaborative to develop "aging in place" information for residents which would identify important modifications needed to improve accessibility, eliminate barriers and create safer spaces.
- Because of local desire for an assisted living facility, the Village should identify factors which prevent its development and develop a strategy to overcome these obstacles.

Sustainability and affordability

Utility and maintenance costs are key components of any household's ability to afford a unit. With the number of people who want to live in Mount Prospect projected to grow in the future, energy efficiency offers a way for the Village to help offset some housing cost increases. Therefore, working with the Collaborative, the Village should identify funding sources for energy efficiency projects for both single-family and multi-family structures. Once funding is identified, Mount Prospect should develop programs that focus on rental structures, or design a means of making property owners aware of these opportunities. In a similar vein, local taxes also impact housing affordability. Therefore, the Village should continue working with local taxing bodies to help keep taxes lower.

Explore new funding sources

As noted previously, CDBG funding helps pay for many of the Village's current housing efforts, such as the rehabilitation program. Additional funding sources would help speed implementation of this report. Therefore, the Village should explore new funding sources for local housing activities. One such option may be joining the Cook County HOME Consortium, allowing the Village access to federal funds for rehabilitation, new construction, and housing services for low- and moderate-income households.

Conclusion

Mount Prospect faces the challenge of continuing to provide a diversity of housing options consistent with its local character in the face of limited capacity for growth. Projected future demand across all income levels and in a number of key demographics (seniors and young working-age households in particular) offers the chance to further the Village's redevelopment efforts in downtown and southern Mount Prospect. Embracing a mix of recommendations designed to help mitigate foreclosures and maintain the current housing stock while furthering redevelopment in key locations will allow the community to make the most of these prospects.

Source: CMAP.

Housing Policy Plan: Palatine

Project Summary

One of a group of prosperous communities in northwestern Cook County, Palatine can take pride in its diversified neighborhoods, good schools, excellent transportation resources, strong retail base, easy access to jobs both within and around the Village, and expanding downtown core.

Palatine continues to build on these assets by seeking development and redevelopment opportunities. Since 1999, Palatine has focused on reviving its downtown with a mix of jobs, housing, and retail. In the past decade, the area added 975 residential units, 93,000 square feet of commercial/restaurant space, and 120,000 square feet of professional office space. Similarly, areas along the Northwest Highway, Rand Road, and Dundee Road have been targeted for redevelopment, creating a strong local retail base. A good relationship among local taxing districts allows Palatine to use tax increment financing (TIF) as an incentive. The Village supplements these efforts with Community Development Block Grant (CDBG) funds, pursuing a mixture of social service and infrastructure projects each year. Palatine's size and location provides access to a number of important transportation assets, including commuter rail and highway access.

Like its northwestern community neighbors, though, Palatine may face a number of challenges over the next 30 years. The growth in the Village's multi-family housing stock includes a number of condominiums that have been particularly hard hit in the current housing market. The oldest areas contain aging buildings and infrastructure, most notably its multi-family housing stock. Though mostly built out, it has the potential of expanding by another 9,600 residents in the future and must decide whether to accommodate such growth.

This report analyzes Palatine's existing conditions and future needs, and includes recommendations focused on:

- **Making the preservation of existing multi-family housing a key focus of future housing strategy.**
- **Continuing to redevelop downtown.**
- **Exploring improvements, including redevelopment, at the Rand-Hicks-Dundee triangle.**
- **Addressing condominium foreclosures through local and regional efforts.**
- **Crafting initiatives to increase the energy efficiency of new and existing housing.**

Existing Conditions

Demographic and Economic Trends

Palatine is bordered by Arlington Heights and Rolling Meadows to the east; Schaumburg to the south; Inverness to the west; and Deer Park and Long Grove to the north.

Palatine's population increased to 68,557 over the last decade. The Chicago Metropolitan Agency for Planning (CMAP) produced population and household projections as part of GO TO 2040, the seven-county region's comprehensive plan for sustainable prosperity for the next 30 years.[20] The GO TO 2040 figures indicate Palatine's population could rise to 78,145 in 2040, an increase of 9,600 residents.[21] Such an increase would require roughly 4,700 additional dwelling units, which, as will be noted later in this report, exceeds the existing housing capacity of the Village. While any decisions regarding if and how to grow are local, the projected demand is both beneficial and detrimental, demonstrating a strong housing market but also making it more difficult to maintain a balanced housing supply at all income levels.

Population and change in population, 2000 and 2010

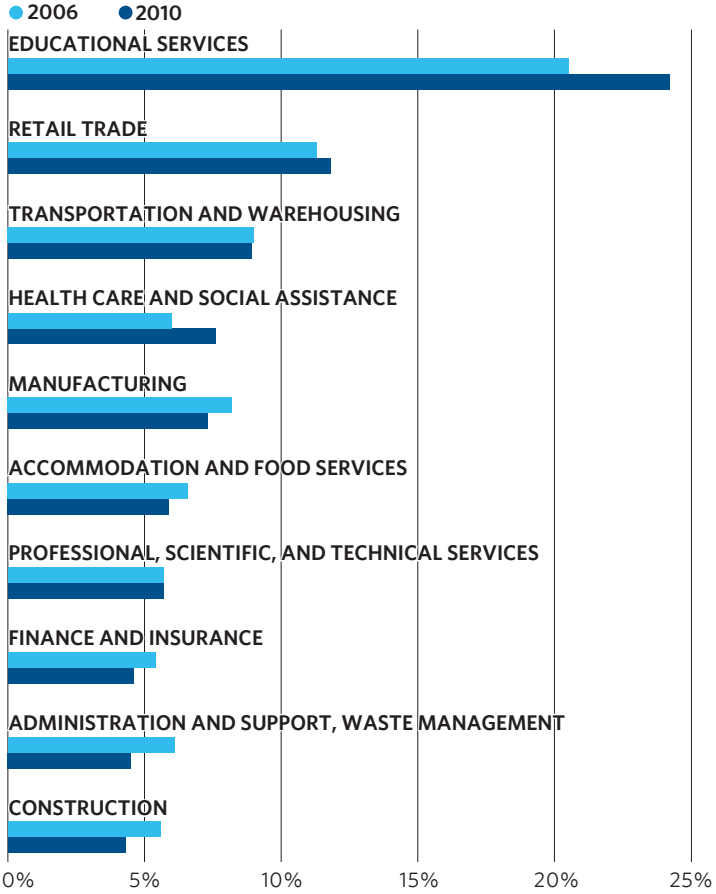
Population, 2000 (Census)	**65,479**
Population, 2010 (Census)	**68,557**
Change, 2000-10	**+3,078**
Change as %, 2000-10	**+4.7**
GO TO 2040 Projection, 2040	**78,145**

Source: U.S. Census and CMAP GO TO 2040 projections.

With relatively similar employment levels across a number of sectors, Palatine's diverse economy has remained a strength despite the economic downturn. The number of jobs in the Village decreased by less than one percent between 2006 and 2010. The largest single industry is educational services, making up 24 percent of local employment in 2010. The presence of Harper College drives this sector. Reflecting the diversity of jobs, other major local employers include Schneider Electric, Wal-Mart, Weber Stephen, U.S. Postal Service, and Township High School District 211.

Special incentive districts play an important role in the Village's development and redevelopment efforts. Palatine's TIF districts are located in two areas: downtown Palatine and the Rand and Dundee corridor. The downtown TIF district was created in 1999, spurring the redevelopment of downtown Palatine over the last decade. A total of three TIF districts cover commercial properties along Rand Road and Dundee Road in the northeastern part of the Village. In 2012, the Joint Board of Review approved a new TIF district around the intersection of Rand Road and Lake Cook Road. The Village also created a Targeted Development Zone along the Northwest Highway in 2007. This area provides a 50 percent reduction in all review, permit, and inspection fees for any project with an estimated value of $250,000 or greater.

Palatine jobs, 2006-10



Source: U.S. Census Bureau, LED Data, On-the-Map.

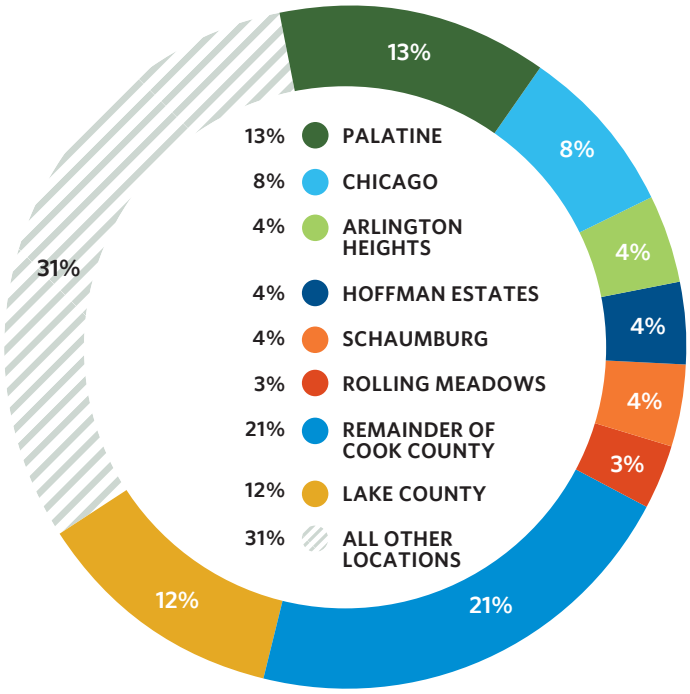
20 See **http://www.cmap.illinois.gov/2040**.

21 See the Appendix for more information about these projections.

Where Do Palatine's Workers Live?

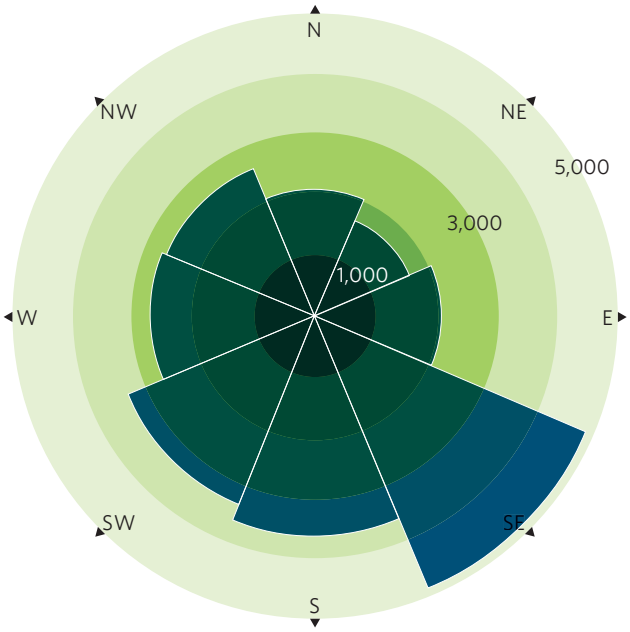
Thirteen percent of workers in Palatine live in the community, the highest percentage among the five Collaborative towns. While eight percent of workers come from Chicago, Palatine is one of only two Collaborative members for which more residents work in the municipality than people from Chicago. Geographically, workers come from all directions, with the fewest coming from the northeast; this likely reflects the presence of I-90 and Illinois Route 53.

Where do Palatine's workers live, 2010?



Source: U.S. Census Bureau, LED Data, On-the-Map.

Where do Palatine's workers live?
Job counts by distance/direction in 2010, all workers

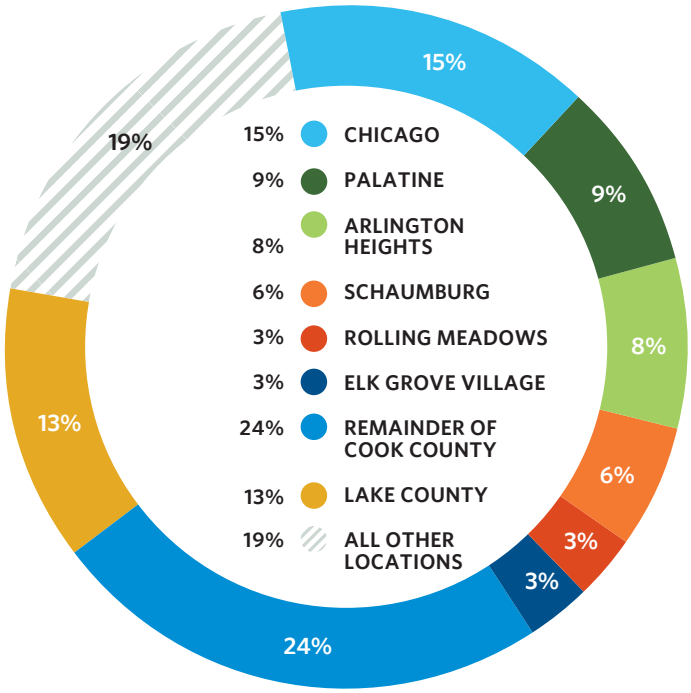


Source: U.S. Census Bureau, LED Data, On-the-Map.

Where Do Palatine's Residents Work?

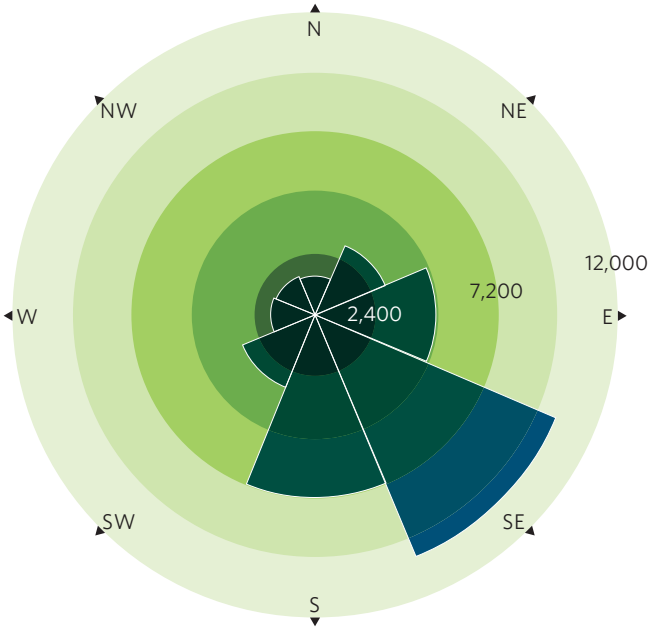
Like all other Collaborative communities and many other municipalities throughout the region, the largest single destination for employed Palatine residents is Chicago. The second largest location is Palatine, with nine percent of employed residents working in the community, a figure on par with the partner municipalities. While a number of nearby communities are also key commuting locations (Arlington Heights, Schaumburg, etc.), residents travel to jobs throughout the region. Due to Metra and highway access, many residents work south and east of the Village.

Where do Palatine's residents work, 2010?



Source: U.S. Census Bureau, LED Data, On-the-Map.

Where do Palatine's residents work?
Job counts by distance/direction in 2010, all workers



Source: U.S. Census Bureau, LED Data, On-the-Map.

Current Housing Analysis

While single-family homes are the most numerous type of housing in Palatine, multi-family units and townhomes ensure a diverse local housing stock. Single-family homes make up 43 percent of units. Townhomes make up 17 percent of homes, the largest percentage in the Collaborative. The community contains almost equal numbers of single-family and multi-family units. The Village's multi-family options range from duplexes to 50+ unit buildings. These multi-family structures contain 87 percent of Palatine's rental units. Approximately 90 percent of rental households have incomes of less than $100,000. In the past decade, the number of occupied apartments decreased by almost 600 despite an overall increase in Palatine's housing stock.

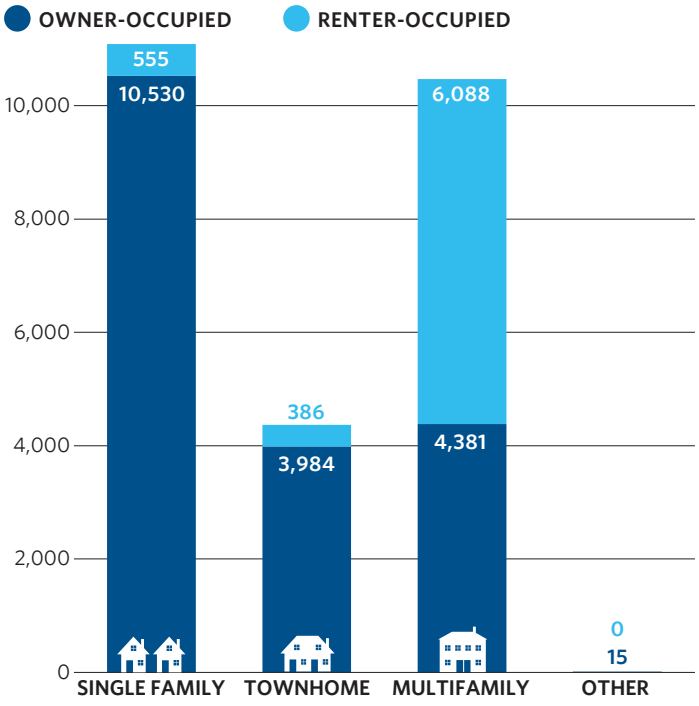
Consistent with regional trends, the number of both owners and renters paying more than 30 percent of their incomes on housing increased since 2000. For owners, the number of such households grew from 21 percent to 35 percent. For renters, the number surged from 34 percent to 46 percent. Approximately 75 percent of unaffordable and severely unaffordable owner households earn less than $75,000 and 75 percent of renters in those groupings earn less than $35,000. The increasing number of cost-burdened owners and renters in Palatine over the last decade is consistent with national trends. According to analysis by Harvard University, "the recession ... did little to reduce housing outlays for many Americans," due in part to declining incomes, slow employment growth, and more stringent credit requirements.[22]

What is "Affordable Housing?"

What constitutes affordable housing varies from household to household, as the measure is relative. For this report, the following U.S. Census guidelines were used:

- **"Affordable housing"** is housing that costs no more than 30 percent of household income (including utilities, insurance, and taxes).
- **"Unaffordable housing"** is housing that costs between 30 percent and 50 percent of household income.
- **"Severely unaffordable housing"** is housing that costs more than 50 percent of household income.

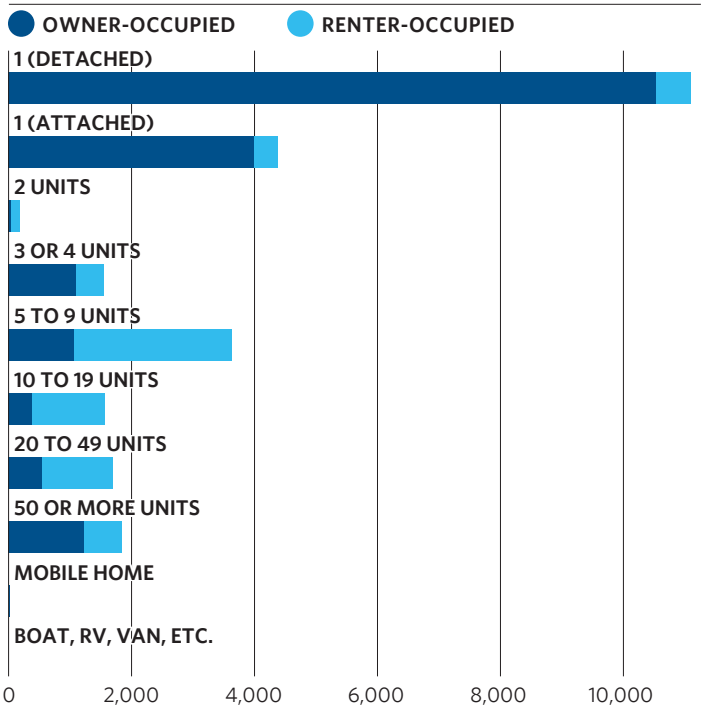
Palatine housing type by tenure



Source: American Community Survey 2006-10.

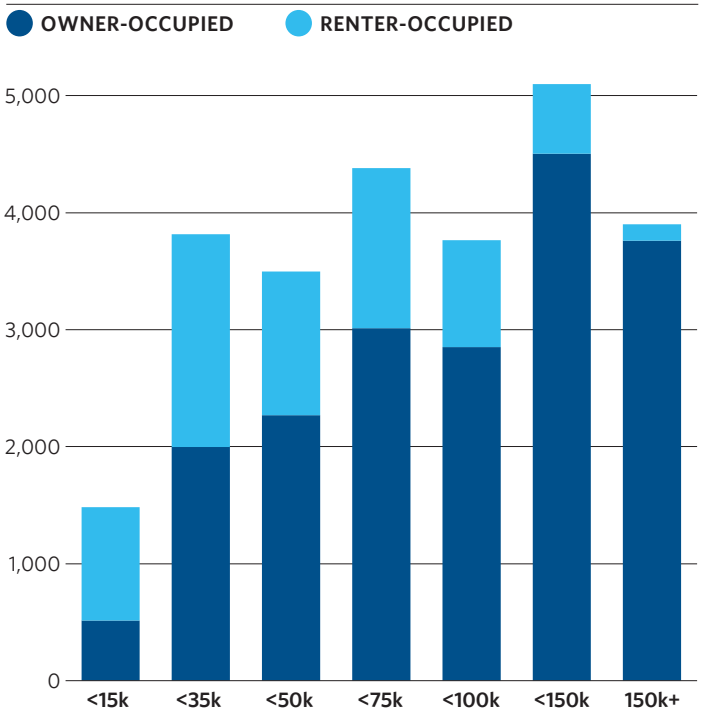
22 Joint Center for Housing Studies. (June, 2012). *State of the Nation's Housing 2012.* Harvard University.

Palatine tenure by units in structure



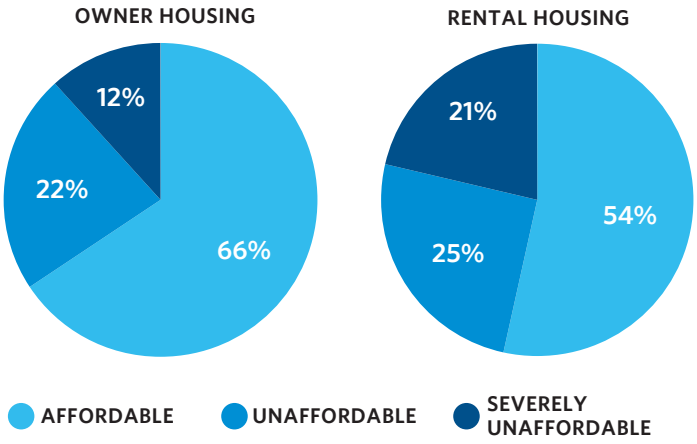
Source: American Community Survey 2006-10.

Palatine tenure by household income,
in number of occupied units



Source: American Community Survey 2006-10.

Palatine rental and owner housing affordability



Source: American Community Survey 2006-10.

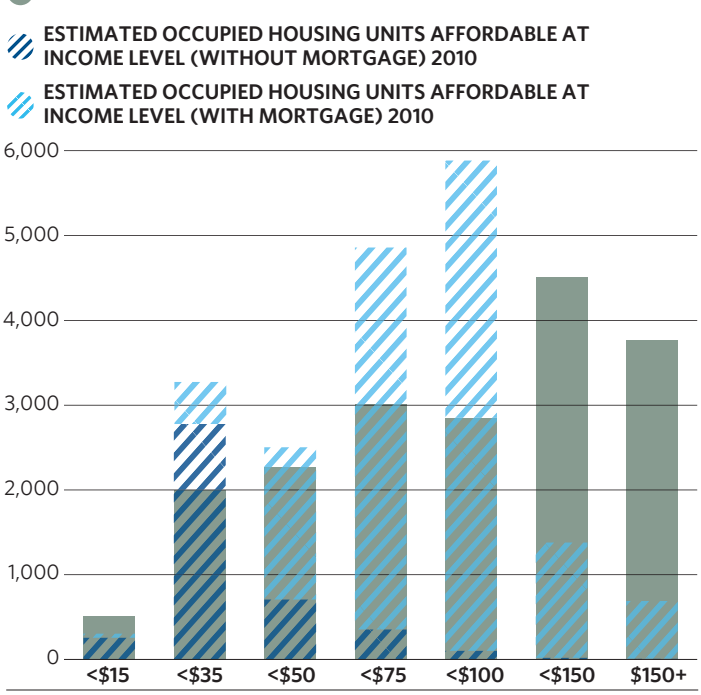
Current Ownership Housing

The graph below indicates that there are two areas of owner-occupied homes in the middle of the market representing two distinct household categories. Units for households earning between $15,000 and $35,000 come from homes without mortgages. Approximately 56 percent of owners without a mortgage are over 65. Units for households earning between $35,000 and $100,000 come from homes with mortgages. Almost 75 percent of owners with a mortgage are younger than 55. Gaps in supply exist at the lowest and highest income ranges. Because of these supply shortfalls, many low-income households "move up" by paying more for housing than is affordable, while higher income groups "move down" by spending less than 30 percent of their income on housing.

Current Rental Housing

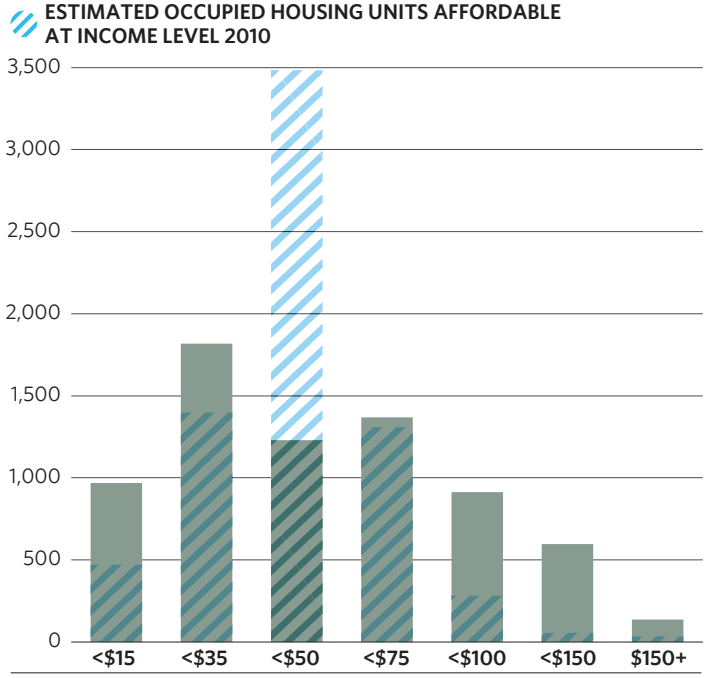
Given the growing number of cost-burdened renters, the fact that Palatine's rental market contains a large number of apartments occupied by middle-income households with shortfalls among low- and high-income households is not surprising. Those renters making less than $35,000 represent the growing number of families paying more than 30 percent of their income to rent a unit. Upper income households may choose to move down, saving money while occupying a less costly unit. According to 2006-10 American Community Survey (ACS) data, 47 percent of renters in Palatine are between 35 and 64. Similarly, 47 percent of cost burdened renters are between 35 and 64. Twelve percent of cost burdened renters are senior citizens even though they make up only nine percent of the renter population.

Palatine comparison of owner household incomes with occupied units affordable at each income level 2010



Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model using ACS 2006-10 inputs.

Palatine comparison of rental household incomes with occupied units affordable at each income level 2010



Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model using ACS 2006-10 inputs.

Today's Market Segments and Market Preferences

Tools developed by a leading, well-known market research firm, Environmental Systems Research Institute (ESRI), were used to enrich the understanding of the housing types preferred by families that live in Palatine today. The basic unit of the ESRI Community Tapestry system is the neighborhood (based on U.S. Census block groups). ESRI has classified every neighborhood in the country as one of 65 market segments. These segments are then combined into one of 12 LifeMode groups. Segments and groups are assigned to neighborhoods by sorting more than 60 attributes including income, employment, home value, housing type, education, household composition, age, and other key determinants of consumer behavior. Neighborhoods with the most similar characteristics are combined while neighborhoods showing divergent characteristics are separated.

Five groups into which 96 percent of Palatine's households fall were identified: Upscale Avenues, High Society, High Hopes, Senior Styles and Solo Acts.

The largest such group, "Upscale Avenues," tend to be affluent households that prefer a variety of housing types and invest in their homes through remodeling or landscaping. "High Society" are also affluent households, distinguished by their interest in single-family homes. "High Hopes" represent young, mobile, college-educated households looking for both housing and work opportunities. Most live in single-family homes or multi-unit buildings. "Senior Styles" residents have housing preferences as diverse as their circumstances, residing in single-family homes, retirement homes, or high-rises. Finally, "Solo Acts" are generally young, single, or roommate households who prefer a mobile, urban lifestyle and denser housing options.

What does this mean for the future housing needs of Palatine? First, it means that more than 70 percent of current residents have at least a moderate propensity to live in a compact neighborhood (e.g. containing a range of housing types that encourage walking to retail stores, neighborhood amenities, other homes, and transit lines). Secondly, the groups help confirm and deepen information gleaned from U.S. Census data. In particular, all five segments highlight the broad demand that supports the Village's diverse selection of single-family, townhome, and multi-family developments. Groups from across the income spectrum seek higher density unit types, though the local single-family owner market is driven primarily by the High Society and Upscale Avenues segments. Finally, while not an exact guide to the future, these groups can also be useful when planning for future housing needs, as will be explored in subsequent sections.

Palatine Lifemode groups

LIFEMODE GROUPS	INCOME	FAMILY TYPE	AVERAGE AGE	% OF TOTAL	HOUSING TYPES	TENURE
Upscale Avenues	**Middle-Upper**	**Middle-Upper**	**37.1**	**47.7%**	**Single-family, townhome, multi-unit**	**Own**
High Society	**Upper**	**Upper**	**42.2**	**24.9%**	**Single family**	**Own**
High Hopes	**Middle**	**Middle**	**31.1**	**13.6%**	**Multi-unit and townhome**	**Rent**
Senior Styles	**Middle**	**Middle**	**50.3**	**6.0%**	**Multi-unit and single family**	**Own/rent**
Solo Acts	**Middle-Upper**	**Middle-Upper**	**34.4**	**4.0%**	**Multi-unit and single family**	**Rent/own**

Source: CMAP analysis of ESRI Community Tapestry Segments.

Projecting Future Housing Needs

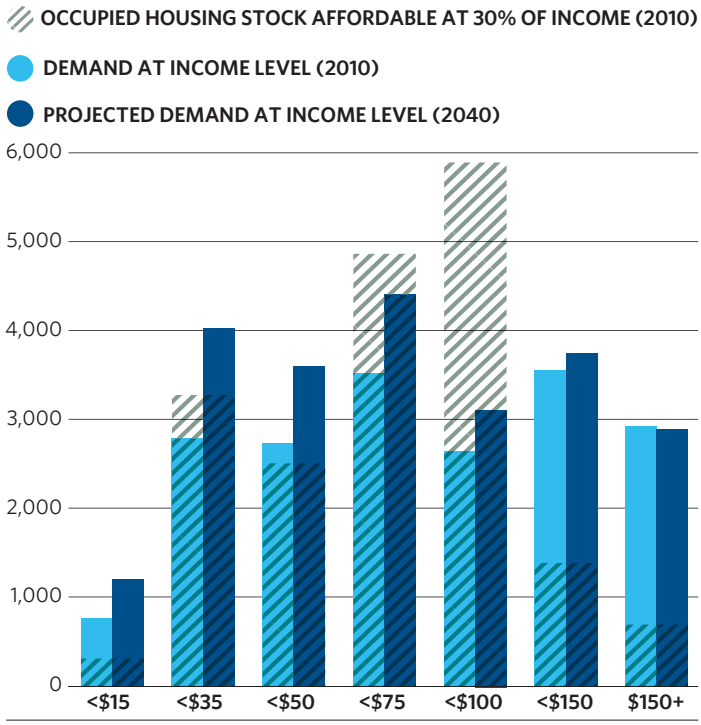
Housing planning needs to take into account those who might live in the community in the future. After developing an understanding of the current housing market in Palatine, the following sections look at possible future housing demand in the Village. Census data, CMAP's local population and household projections for the year 2040, and the ESRI Tapestry market segment data allow for some realistic estimates of who will want to live in Palatine over the next 30 years. Further, the types of housing necessary to meet the needs of both current and future residents can be determined.

Future Ownership Needs

With growth, the number of future owner households could increase at all income levels. The present supply of units affordable to middle-income households ($50,000 to $100,000) would more than cover any future growth. Shortfalls in supply could exist at all other income levels. While upper income households may choose to move down, spending less on housing costs, lower income owner households must move up. Without more units, the increase in households earning less than $35,000 could boost the number of cost-burdened owners.

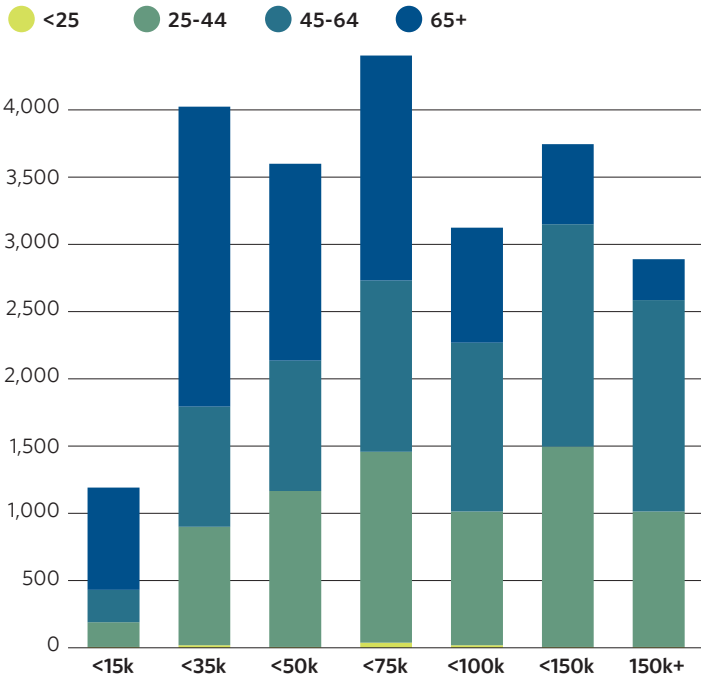
Prospective owners in 2040 remain relatively similar by income group, with three age groups driving the owner market. Seniors could play a larger role in the owner market for households earning less than $35,000 in 2040. For all other income levels, age groups 25 to 44 and 45 to 64 are the core of the owner market. This breakout corresponds closely with the Upscale Avenues, High Society, and Senior Styles groups discussed previously. While the market for single-family homes at the upper end of the income spectrum will remain strong, the growth of senior residents creates a need to consider ways to either offer additional housing options, which may be more attractive for senior owners, or to consider ways to help seniors age in place.

Palatine 2010 households and housing stock compared with 2040 owner demand



Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model using ACS 2006-10 and CMAP GO TO 2040 household forecast inputs.

Palatine projected owner demand by age of household



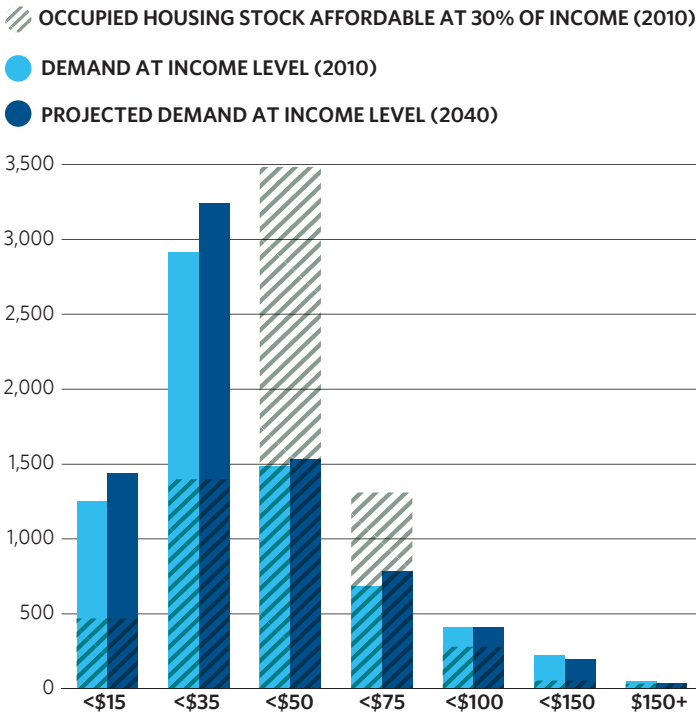
Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model using ACS 2006-10 and CMAP GO TO 2040 household forecast inputs.

Future Rental Needs

While it is projected that the number of renters in Palatine could increase between 2010 and 2040, the bulk of that growth would occur among households earning less than $35,000. Current middle-income rental units would more than cover these estimated increases. Given the sheer number of units affordable to middle-income households, programs that focus on helping low-income renters afford these units would reduce the chances that they become cost-burdened.

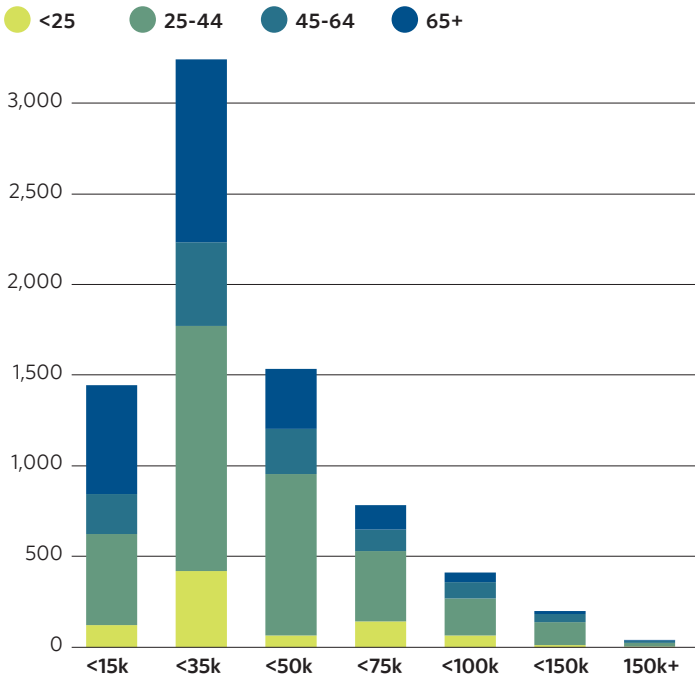
Future renters could come from across the age spectrum. While half of all renters in 2040 would be between the ages of 25 and 44, seniors are also projected to play a significant role in the future rental market, particularly for households making less than $35,000. The projected 28 percent of renters that would be over 65 in 2040 is more than triple the current percentage. The future market structure underlines the importance of both maintaining a rental stock that is attractive to younger renters while also seeking out ways to accommodate additional senior renters. Based on the current market segments, the Senior Styles, High Hopes, and Solo Acts groups will continue to be the important local market factors.

Palatine 2010 households and housing stock compared with 2040 rental demand



Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model using ACS 2006-10 and CMAP GO TO 2040 household forecast inputs.

Palatine projected renter demand by age of household



Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model using ACS 2006-10 and CMAP GO TO 2040 household forecast inputs.

Possible future owners and renters demand both single-family and multi-family units.

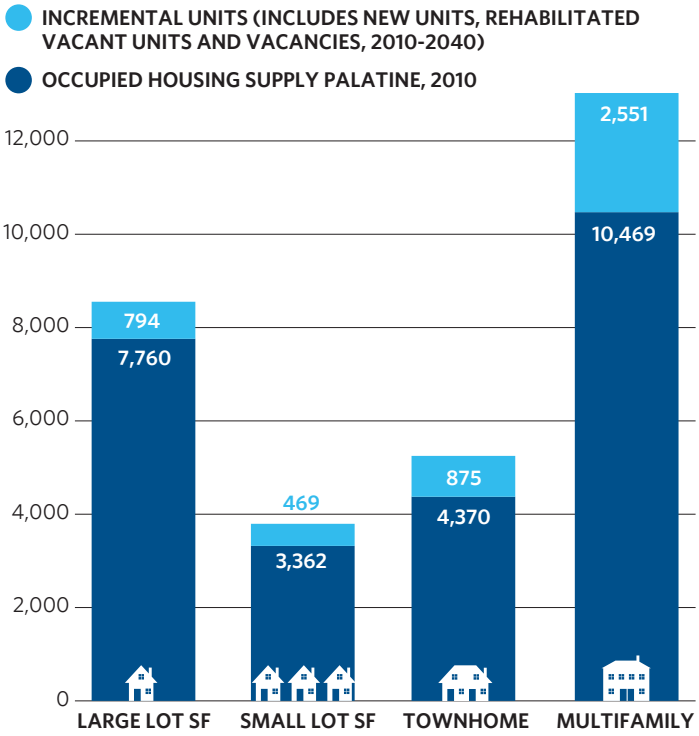
Source: CMAP.

Source: CMAP.

Housing Demand by Type of Unit

When combining projections for future owners and renters, there is one possible picture of Palatine's demand for additional housing units by type in 2040. What emerges is a "balanced housing" profile with demand for about 1,263 additional single family homes, 875 townhomes, and 2,551 multi-family homes between now and 2040. These 4,689 additional units would house approximately 9,600 people. As noted previously, these figures are based on projections; real growth may be more or less than estimated. While the ultimate choice regarding if and how to grow is a local one, the decision will have a significant impact on the Village's long-term housing needs.

Palatine future balanced housing profile



Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model using ACS 2006-10 and CMAP GO TO 2040 household forecast inputs.

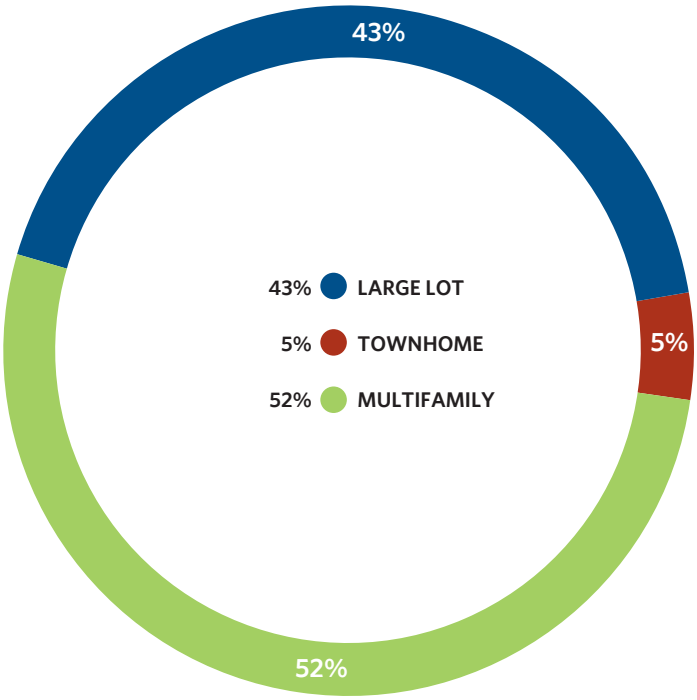
Capacity for Growth

Estimated future population and household growth is only one-half of the equation in considering future housing needs. As a community with numerous assets, it is understandable why many people want to live in Palatine now and in the future. But to plan for future households and housing, it is also important to look at capacity, particularly for a built-out community. To understand the Village's ability to accommodate projected growth, two key sources of capacity were reviewed: development/redevelopment and vacancy.[23]

Development/Redevelopment Analysis

The extent to which Palatine could grow based on current land use regulations was analyzed. In reviewing Cook County Assessor data, vacant and redevelopable parcels were identified (where the land value is greater than the improvement value). Then, the community's current zoning and development standards were applied to figure out how many units could be built in Palatine. Based on that analysis, it is estimated Palatine has the capacity for 1,495 new dwelling. Fifty-two percent of new units could be multi-family, while 43 percent could be single-family homes. This capacity would allow the Village to accommodate about 32 percent of the projected population growth, or 3,000 new residents.

Palatine maximum capacity by unit type



Source: CMAP analysis of Palatine zoning ordinance, Cook County assessor data.

Maximum capacity by unit type

TYPE	UNITS
Large Lot SF (>8,000 s.f.)	**645**
Small Lot SF (<8,000 s.f.)	**-**
Townhome	**77**
Multi-family	**773**
Mobile Home/Other	**-**
TOTAL	**1,495**

Source: CMAP analysis of Palatine zoning ordinance, Cook County assessor data.

23 See the Appendix for more information about the methodology.

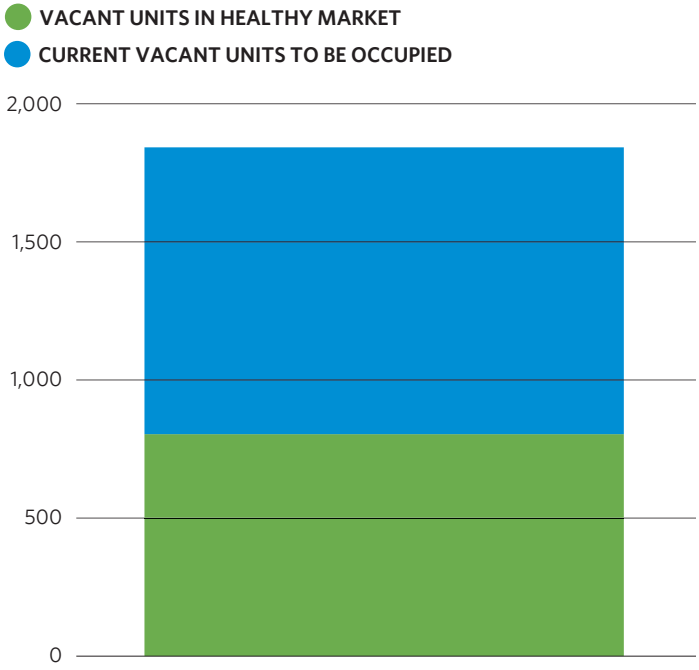
Both new housing and vacant units can provide room for growth.

Source: CMAP.

Vacancy Analysis

Because of the current housing market, many homes now vacant may not be so in the future, allowing people to move into Palatine without building new units. According to 2006-10 ACS estimates, Palatine has approximately 1,842 vacant housing units, about 7.1 percent of all homes in the Village. Normal long-term vacancy rates for a strong community are 7.4 percent for rental units and 1.5 percent for owner units.[24] In a healthy market, the Village would only have approximately 1,038 vacant units. Therefore, 804 currently vacant units could be occupied in the future as Palatine grows and the market stabilizes. This capacity would allow the Village to accommodate about 17 percent of the projected growth, or about 1,600 new residents.

Palatine breakdown of current vacant units



Source: CMAP analysis of ACS 2006-10.

24 See **http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/w07-7.pdf**.

Future Housing Conclusions

Taking into account capacity available under development/redevelopment and vacancy, Palatine can accommodate 49 percent of the projected housing units that could be added by 2040, or about 4,600 additional residents. The remaining approximately 5,000 future residents represent unmet demand, people who want to live in Palatine but cannot due to a lack of available units. Many of these people would be looking for small lot single family homes, townhomes and multi-family units, as the Village's current codes would accommodate growth for large lot single-family units. Based on these figures, the choice of if and how to grow is a critical one.

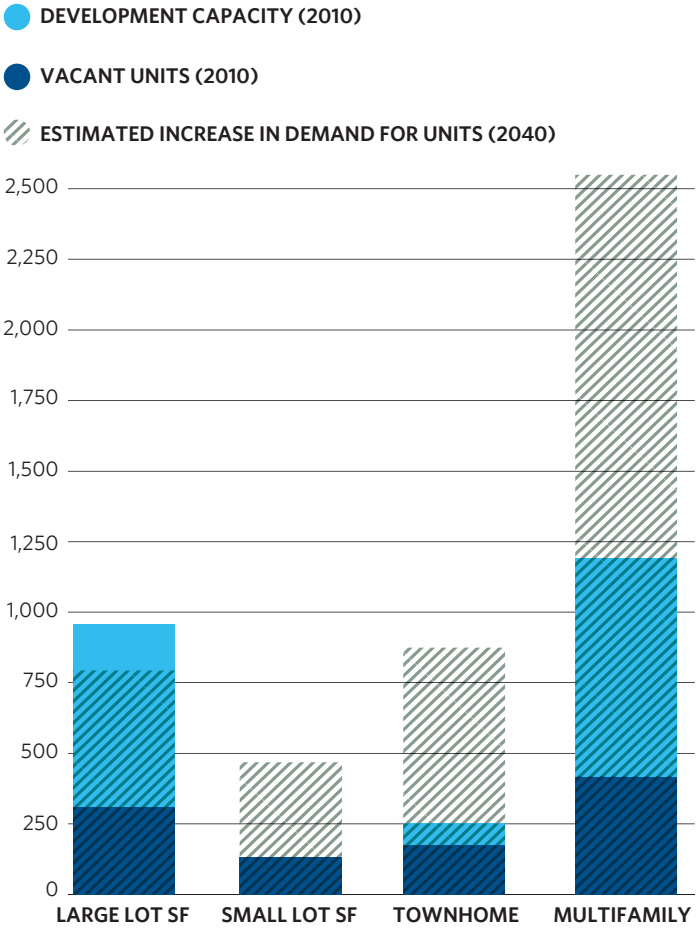
If the Village chooses to maintain its current population level, the demand to live in Palatine over the next 30 years will increase housing costs for both renters and owners. Such rising costs can increase the number of households paying more than 30 percent of their income for housing (as occurred over the past decade) and make it difficult to maintain a diverse housing stock affordable to a wide range of incomes. Without growth, maintenance of the Village's current housing stock becomes paramount.

If the Village chooses to grow, it must determine the best locations for growth given the projected types of housing future residents may demand. As a built-out community, finding such locations can be difficult. Changing regulations to accommodate such growth must be considered carefully.

Regardless of which route the Village chooses, policy makers are encouraged to use these statistics as a guide, focusing on the relative number of single family, multi-family, and townhome units that together reflect a balanced housing market.

Downtown Palatine offers an opportunity for growth.
Source: Village of Palatine.

Palatine demand vs. vacancy and capacity by housing type, units 2010-40



Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model, Cook County Property Assessor data, and U.S. Census Bureau inputs.

Sustainability

In 2007, the Center for Neighborhood Technology (CNT) produced an energy and emissions profile for Palatine as part of the Municipal Energy Profile Project. According to the report, the Village emitted an estimated 13.27 metric tons (MT) of carbon dioxide (CO2e) per capita, approximately 11 percent lower than the Cook County emissions per capita (14.86 MT CO2e). With 90 percent of local emissions coming from electricity, natural gas, and transportation, any forward-thinking housing plan should analyze these areas.

The adjacent table highlights residential natural gas and energy usage in the Village and Cook County in 2007. At that time, the average Palatine household consumed more electricity, but less gas, and overall less total energy than the average Cook County household. One key part of local energy usage is the home heating source. Based on data from the 2006-10 ACS, natural gas is the dominant local home heating source, used by 83 percent of households. Electricity provides heat for a larger percentage of renters than owners (36 percent vs. 8 percent).

According to 2007 CNT data, Palatine averaged a higher number of vehicle miles traveled (VMT) per household than Cook County (18,153 versus 14,742, respectively). Because of the difference in mileage, Palatine residents pay approximately $158 more per month in transportation costs than the average county household based on the current Internal Revenue Service (IRS) mileage reimbursement rate. Research by Reid Ewing and others in the Journal of Urban Planning and Development has shown that the biggest factor in reducing VMT is from "putting offices, shops, restaurants, residences, and other codependent activities in close proximity to each other."[25]

As discussed previously, the gap between projected housing demand and current capacity could put upward pressure on housing prices for owners and renters over the next 30 years. That said, energy efficiency and sustainability efforts can help mitigate rising housing costs. The Village's municipal aggregation program can help some cost-burdened owners and renters through lower electric rates, as can a commitment to implementing energy efficient designs as part of rehabilitation and new construction. Finally, the redevelopment efforts in downtown Palatine can offer residents ways to reduce transportation costs through the creation of compact neighborhoods.

Housing and Transportation

In recent years, CNT developed an alternative way to define "affordable housing" as housing which costs no more than 45 percent of both housing and transportation costs. According to figures from CNT, 17 percent of typical regional households (a 2.73 person household earning $60,289) would pay less than 45 percent of household income on housing and transportation costs combined when living in Palatine. This alternate measure finds less affordable housing in the Village than the traditional U.S. Census method.

Residential energy use by municipality compared to Cook County, 2007

	COOK COUNTY	PALATINE
Average Electricity Use per Household	**7,692 kWh**	**7,817 kWh**
Average Annual $ for Electricity per Household*	**$828**	**$841**
Average Natural Gas Use per Household	**1,130 Therms**	**875 Therms**
Average Annual $ for Natural Gas per Household*	**$1,274**	**$777**
Average Annual Energy Costs	**$2,102**	**$1,618**

Source: CNT Energy Community Profile
*Calculated using average residential sales per kilowatt hour (kWh) (Illinois Commerce Commission Utility Sales Statistics 2007).

25 American Society of Civil Engineers. Traffic Generated by Mixed-Use Developments — Six-Region Study Using Consistent Built Environmental Measures. Journal of Urban Planning, October 2010.

Recommended Strategies

Having carefully analyzed Palatine's current and projected housing needs, a number of practical and achievable housing strategies will allow the Village to build upon its considerable assets while also addressing its future challenges.

Maintaining housing supply

As emphasized throughout this report, Palatine's choice of if and how to grow will impact its ability to maintain a balanced housing stock affordable to a number of income levels. If the Village chooses not to grow, demand to live in Palatine will remain strong, pushing up housing prices. Because of this possibility along with an aging housing stock, the Village should continue to emphasize the importance of maintaining the quality of all local housing units. Of particular importance is the quality of multi-family dwellings which provide 87 percent of the local rental stock. Palatine already recognizes the importance of maintaining the quality of its rental housing stock through its rental licensing program. This system requires the licensing of all rental units in the community and includes a tiered approach to inspections, with more stringent requirements falling on poor performers.

Rental licensing

The Village's current rental license program requires that all licensees attend the Crime Free Multi-Housing course offered by the community. As other communities, currently or in the future, adopt Crime Free Multi-Housing or landlord education requirements, the Village should partner with Collaborative members on local programming. Such a program could become more attractive to landlords if tied to incentives for participation. Moreover, the Village should consider gathering the same information (ownership, management, unit type, etc.) as the other Collaborative communities. By collecting the same information in the same format, Palatine can work with its partners on common rental housing issues, including addressing problem landlords across a number of communities.

Downtown Palatine

In the past decade, Palatine developed its downtown into a mixed-use neighborhood. Opportunities for additional mixed-use and multi-family development remain. The Village should continue its downtown redevelopment efforts to provide a mix of higher density housing types for all income groups in close proximity to transit, responding to the community's projected housing needs in this report.

Housing rehabilitation

While new housing options are important, many seniors will want to stay in their current home. Given the vintage of Palatine's housing stock combined with an aging population, the Village should consider creating a housing rehabilitation incentive program, with a focus on helping older residents age in place. Standards for rehabilitation can be developed by working with the Collaborative to develop an "aging in place" guide. Such a program should identify important modifications needed to improve accessibility, eliminate barriers, and create safer spaces.

Explore new funding sources

As noted previously, CDBG funding helps pay for many of the Village's current housing and social service efforts. Additional funding sources would help speed implementation of this report. Therefore, the Village should explore new funding sources for local housing activities. One such option may be joining the Cook County HOME Consortium, allowing the Village access to federal funds for rehabilitation, new construction, and housing services for low- and moderate-income households.

Sustainability and Affordability

Utility and maintenance costs are key components of any household's ability to afford a unit. Therefore, working with the Collaborative, the Village should identify funding sources for energy efficiency projects for both single-family and multi-family structures. Once funding is identified, Palatine should develop a program which focuses on cost-burdened households. A review of U.S. Census data indicates that the highest percentage of renters paying more than 30 percent of their income on housing costs are found in 5 to 19 unit buildings.

Foreclosures

In the short-term, one of the Village's most pressing housing issues is the impact of foreclosures, in particular condominium foreclosures. It is recommended that Palatine focus on relationship building locally, thereby creating a base for the regional efforts touched on previously in this report.

- Use the foreclosure data provided through Public Act 96-0856 and Record Information Services to map and monitor the location and change of foreclosures within the Village. Such data can be particularly useful for the Village as it works with other Collaborative members to target foreclosure prevention services and heightened code enforcement services, including rental monitoring.
- Utilize foreclosure tracking to develop targeted foreclosure prevention and disposition services through the Collaborative.
- Create a registration program for condominium and townhouse associations which collects information on who manages the association, who should be contacted and the number of rental units.
- Combine the information from both of these efforts to:
  - Monitor the number of foreclosures within individual buildings.
  - Use annual registration requirements to discuss data trends with associations and hear concerns and issues.
  - Develop benchmarks identifying when a property is considered "troubled" (number/percentage of foreclosures, number/percentage of rentals, number of different rental owners, utility shutoffs).
  - Work with the Collaborative to develop intervention strategies for particularly "troubled" properties.

Urban Design Focus Area

Design Workshop

In June 2012, the Homes for a Changing Region team conducted a community workshop in Palatine. Residents, community leaders, Village officials, and others presented their views on a Village selected focus area: a portion of Hicks Road. Stakeholders at the meeting focused on the housing opportunities for this area, recommending a mix of two-story multi-family buildings, courtyard homes and cottage housing. Participants discussed the need to maximizing potential connections to bordering multi-family developments, allowing the area to function as a neighborhood. The community feedback shaped the recommended strategies in this report, including short-term and long-term recommendations designed to allow Palatine to implement its local vision over a number of years.

Rand-Hicks-Dundee Triangle

The area contains many elements of a great neighborhood: open space, a mix of single- and multi-family housing for owners and renters at multiple price points, numerous retail choices, nearby schools, and proximity to regional roads. Design of the area, however, prevents it from melding into one. Because of its potential for new development (oversized residential lots along Hicks Road and Dundee Road, deep lots north along Rand Road) and better integration, Palatine should focus on the following within this area:

- Pursue strategic development opportunities within this area as identified in the Comprehensive Plan, including multi-family housing along Hicks Road and portions of Dundee Road. New development of all types should provide quality pedestrian and bike linkages between residential areas and retail.
- For existing areas, the Village should focus on infrastructure improvements such as a complete sidewalk/crosswalk network, bike infrastructure, and bike routes. The lack of linkages is particularly noticeable among multi-family developments.

Conclusion

Palatine's current housing stock provides options for people of all ages and incomes. Yet as a desirable community with an aging housing stock and limited room for growth, the Village could be subject to rising home and rent prices over the next 30 years, which would reduce the diversity of housing options depending on how it chooses to address future growth. Therefore, the Village should maximize opportunities for growth (such as in downtown Palatine and the Rand-Hicks-Dundee triangle) while diligently seeking to maintain and improve the Village's diverse housing stock for residents of all income levels.

Maintaining older developments are an important part of preserving a balanced housing stock.
Source: CMAP.

Source: CMAP.

Housing Policy Plan: **Rolling Meadows**

Project Summary

Like many of its neighbors, Rolling Meadows has numerous assets that make it an attractive community. Straddling the Illinois Route 53 and I-90 interchange, the City is located at the intersection of two key regional roadways. Not surprisingly, many of the City's businesses are located along these routes. Olivet Nazarene University and Northwest Suburban College provide educational opportunities to workers and residents. A mix of multi-family and single-family housing provides workers with housing options in strong neighborhoods. Residents take pride in quality schools. Parks lining Salt Creek provide great natural spaces. Pace bus routes along Algonquin Road and Golf Road link these assets via public transportation.

As housing issues have emerged, Rolling Meadows has focused on addressing these challenges. The community maintains a quality rental licensing system, has a strong code enforcement program, and tracks the spread of foreclosures. As older commercial developments along Kirchoff Road age, the community has explored ways to redevelop these properties. Quick action stems both from a desire to maintain an attractive community and from a focus on caring for all existing residents.

While the City has aggressively addressed these issues, challenges remain. Multi-family housing, built primarily in the 1960s and 1970s, continues to age and be in need of rehabilitation. The regional foreclosure crisis, which developed after 2007, has impacted selected properties and neighborhoods in the City, including condominiums. Senior housing, already in short supply, figures to be a growing need as the City's population ages. The redevelopment potential of areas along Algonquin Road and Kirchoff Road are not fully tapped. As Rolling Meadows faces these issues and others in the future, interjurisdictional partnerships can help expand the City's toolbox and supplement its efforts.

This report analyzes existing housing conditions in Rolling Meadows and makes projections about future housing needs. It concludes with recommendations for future housing action, including:

- **Addressing condominium foreclosures through continued local and regional efforts.**
- **Considering the adoption of a landlord education program.**
- **Using the Northwest Suburban Housing Collaborative as a resource for a variety of housing issues.**
- **Continuing efforts to redevelop the area along Kirchoff Road.**
- **Exploring opportunities in southern Rolling Meadows along Algonquin Road.**

Existing Conditions

Demographic and Economic Trends

Rolling Meadows is bordered by Arlington Heights to the northeast, Palatine to the northwest, and Schaumburg to the southwest. Much of the City's southern boundary along Golf Road is bordered by Busse Woods.

The population of Rolling Meadows is currently around 24,000 and has remained essentially the same for the past decade. The Chicago Metropolitan Agency for Planning (CMAP) produced population and household projections as part of GO TO 2040, the seven county region's comprehensive regional plan for sustainable prosperity over the next 30 years.[26] These figures indicate that if GO TO 2040 is implemented and if selective development opportunities are chosen, the City's population could grow to 27,524 in 2040, an increase of 3,500 residents.[27] Such an increase would require roughly 1,500 additional dwelling units that, as will be noted later in this report, exceeds the existing housing capacity of the City. Such a difference offers both positive and negative aspects. Strong projected demand bodes well for the long-term health of the Rolling Meadows housing market. Yet, demand outstripping housing supply into the future may put upward pressure on housing prices, making it difficult to maintain a diverse housing stock.

Population and change in population, 2000 and 2010

Population, 2000 (Census)	**24,604**
Population, 2010 (Census)	**24,099**
Change, 2000-10	**-505**
Change as %, 2000-10	**-2.1**
GO TO 2040 Projection, 2040	**27,524**

Source: U.S. Census and CMAP GO TO 2040 projections.

The City is job rich with over 23,000 jobs spread over a variety of industries. The largest current employment sectors include manufacturing and administration. Given these figures, the presence of Northrup Grumman, Komatsu, Methode Electronics, and Wal-Mart on the list of largest employers is not surprising.

The City contains three tax increment financing (TIF) districts to spur targeted redevelopment. TIF 1 is located at Kirchoff Road and Meadow Drive, comprising the largely vacant shopping center that once contained a Dominick's; this TIF expired in 2012. TIF 2 is located at Kirchoff Road and Owl Drive; comprising three new condominium buildings along with ground level retail currently occupy the site. TIF 3 covers an existing multi-family apartment complex and commercial properties at Algonquin Road and Route 53.

Quality neighborhoods are one of the City's defining characteristics.
Source: CMAP.

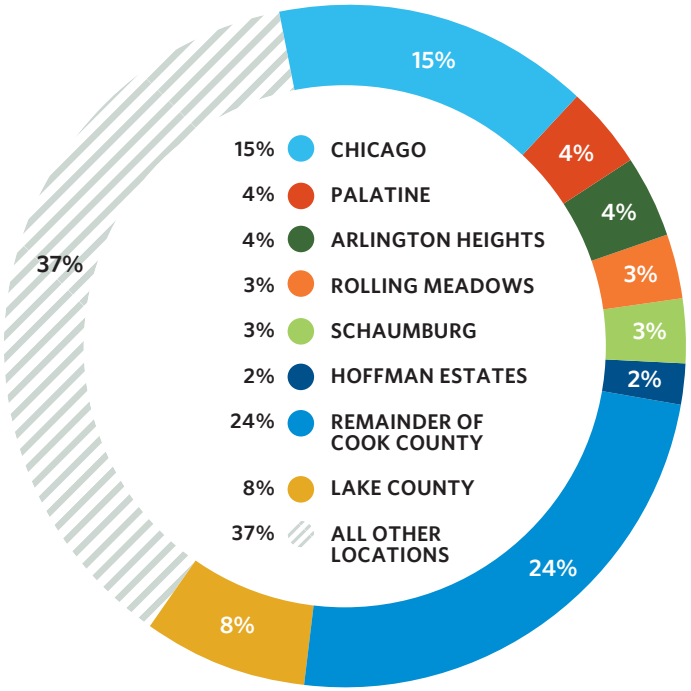
26 See **http://www.cmap.illinois.gov/2040**.

27 See the Appendix for more information about these projections.

Where Do Rolling Meadows' Workers Live?

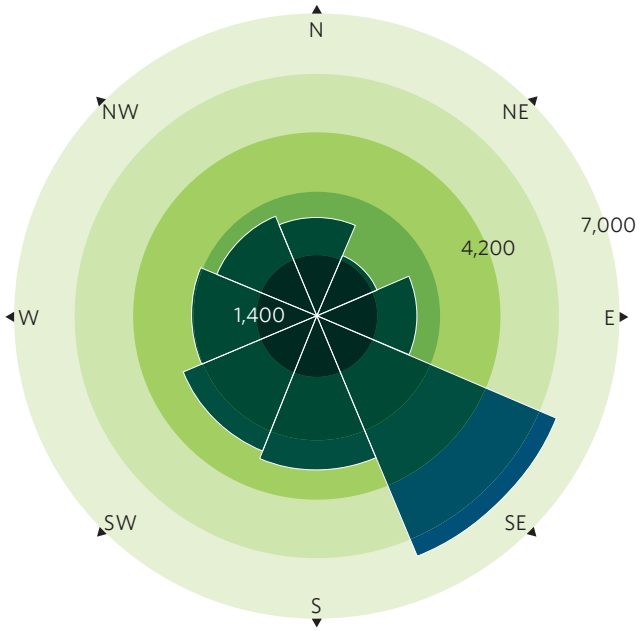
While people commute to Rolling Meadows from all over the region, the largest single location is Chicago. That Chicago is the largest source of workers is common to many communities in the region. Yet, the 15 percent of employees who come from Chicago is the highest percentage in the Collaborative. A number of employees also come from nearby communities such as Palatine, Schaumburg, Arlington Heights, and Hoffman Estates. Five percent of people working in Rolling Meadows also live in Rolling Meadows.

Where do Rolling Meadows' workers live, 2010?



Source: U.S. Census Bureau, LED Data, On-the-Map.

Where do Rolling Meadows' workers live?
Job counts by distance/direction in 2010, all workers

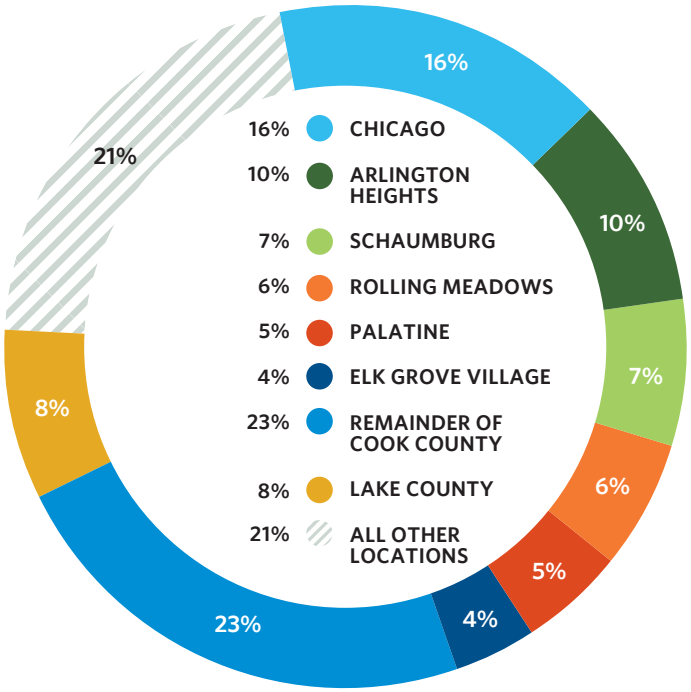


Source: U.S. Census Bureau, LED Data, On-the-Map.

Where Do Rolling Meadows' Residents Work?

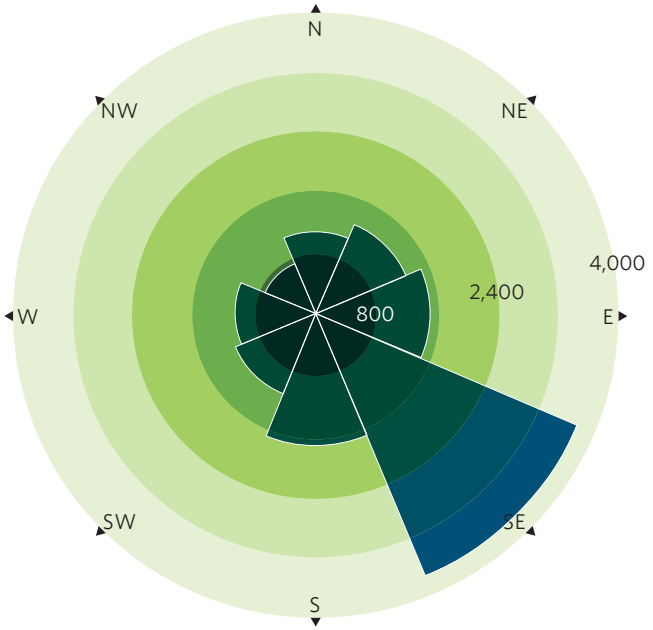
The infrastructure connections, such as Illinois Route 53 and I-90, make it easiest for residents to commute to jobs in Chicago along with nearby areas like Arlington Heights, Schaumburg, Palatine, and Elk Grove Village. The 16 percent of residents working in Chicago is the second highest percentage of the five communities. As the region's largest employment hub, Chicago is the most common destination for commuting residents for many communities. Six percent of working residents in Rolling Meadows do so in Rolling Meadows, a percentage comparable to communities such as Buffalo Grove and Mount Prospect.

Where do Rolling Meadows' residents work, 2010?



Source: U.S. Census Bureau, LED Data, On-the-Map.

Where do Rolling Meadows' residents work?
Job counts by distance/direction in 2010, all workers



Source: U.S. Census Bureau, LED Data, On-the-Map.

Current Housing Analysis

Single-family detached units are the most common type of home in Rolling Meadows, comprising 55 percent of the occupied housing stock. The City's multi-family units include everything from duplexes to large apartment complexes and make up almost 37 percent of occupied units. This multi-family stock is particularly important for Rolling Meadows rental market because it provides 80 percent of local rental units. Households making more than $100,000 almost exclusively own.

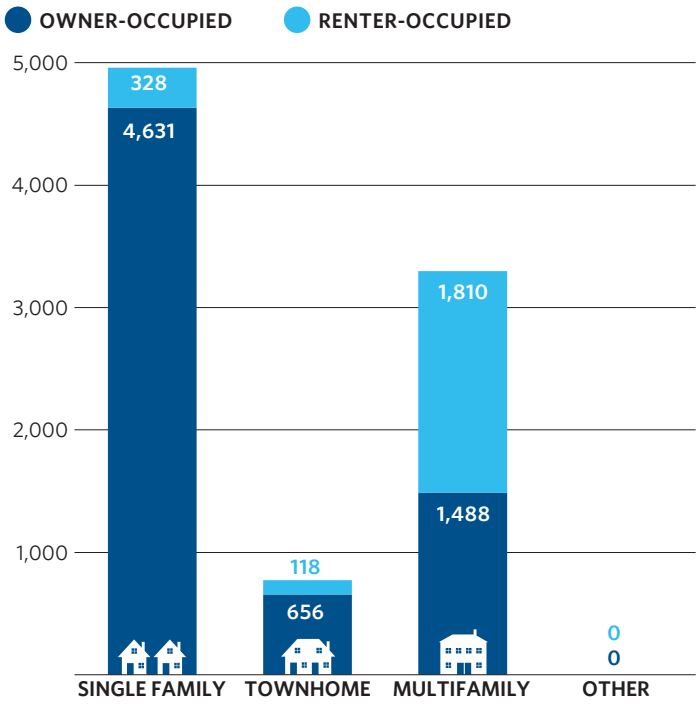
In the past decade, the number of owners and renters in Rolling Meadows spending more than 30 percent of their income on housing increased significantly. The growth has been greater among renters, with cost burdened households increasing from 32 percent to over 50 percent. Comparatively, the number of cost-burdened owners increased from 22 percent to 39 percent between 2000 and 2010. Increases amongst renters were driven by the growing number of households paying more than 50 percent of their income on housing. Growth amongst owners was driven by households paying between 30 percent and 50 percent of their income on housing costs. The increasing number of cost-burdened owners and renters in Rolling Meadows over the last decade is consistent with national trends. According to analysis by Harvard University, "the recession ... did little to reduce housing outlays for many Americans," due in part to declining incomes, slow employment growth, and more stringent credit requirements.[28]

What is "Affordable Housing?"

What constitutes affordable housing varies from household to household, as the measure is relative. For this report, the following U.S. Census guidelines were used:

- **"Affordable housing"** is housing that costs no more than 30 percent of household income (including utilities, insurance, and taxes).
- **"Unaffordable housing"** is housing that costs between 30 percent and 50 percent of household income.
- **"Severely unaffordable housing"** is housing that costs more than 50 percent of household income.

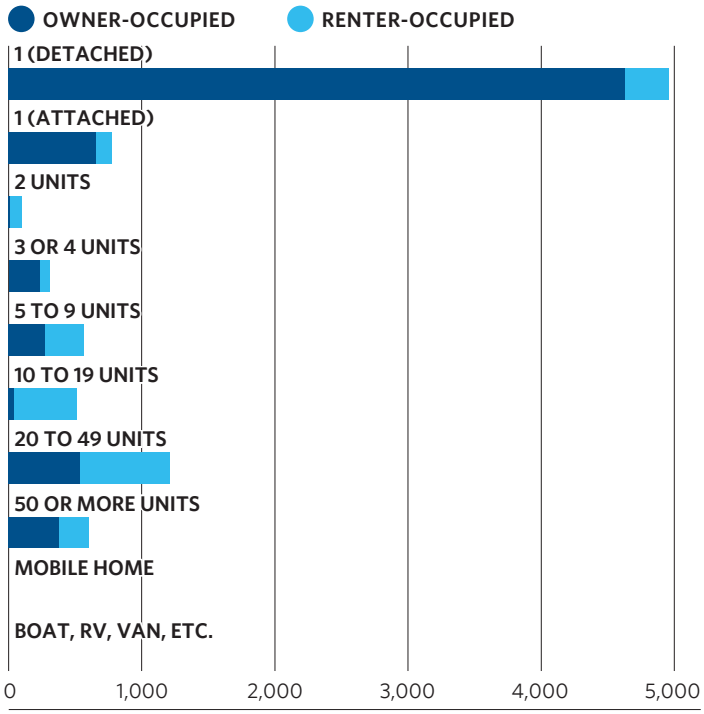
Rolling Meadows housing type by tenure



Source: American Community Survey 2006-10.

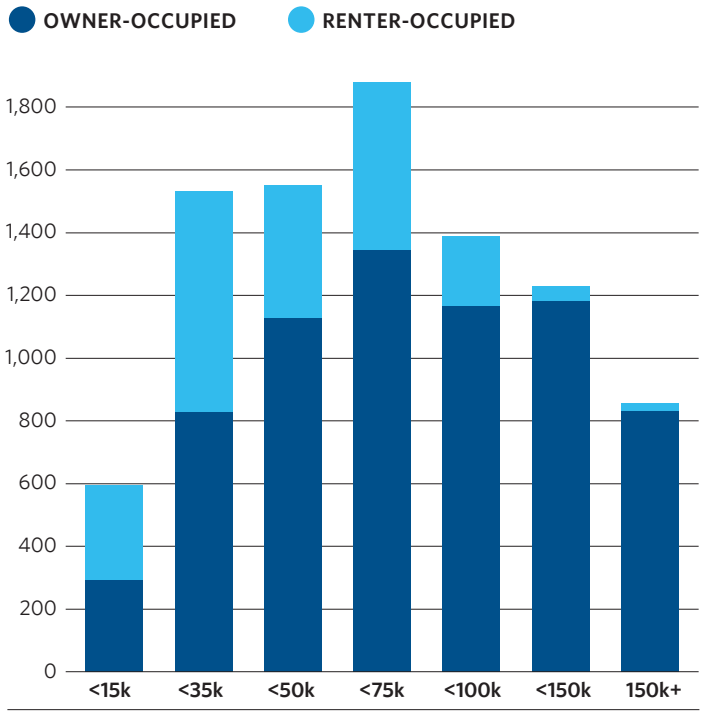
28 Joint Center for Housing Studies. (June, 2012). *State of the Nation's Housing 2012.* Harvard University.

Rolling Meadows tenure by units in structure



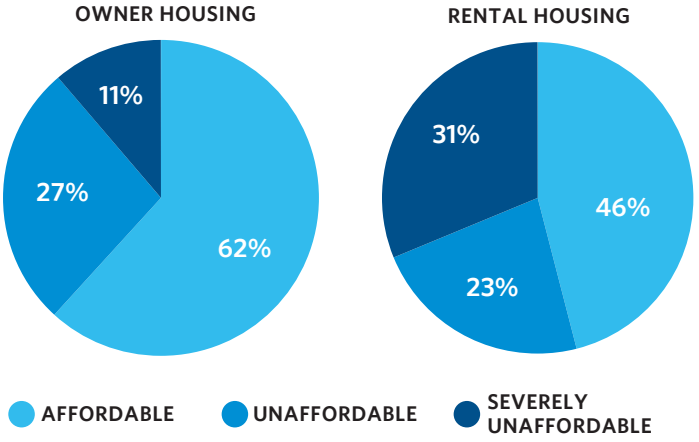
Source: American Community Survey 2006-10.

Rolling Meadows tenure by household income,
in number of occupied units



Source: American Community Survey 2006-10.

Rolling Meadows rental and owner housing affordability



Source: American Community Survey 2006-10.

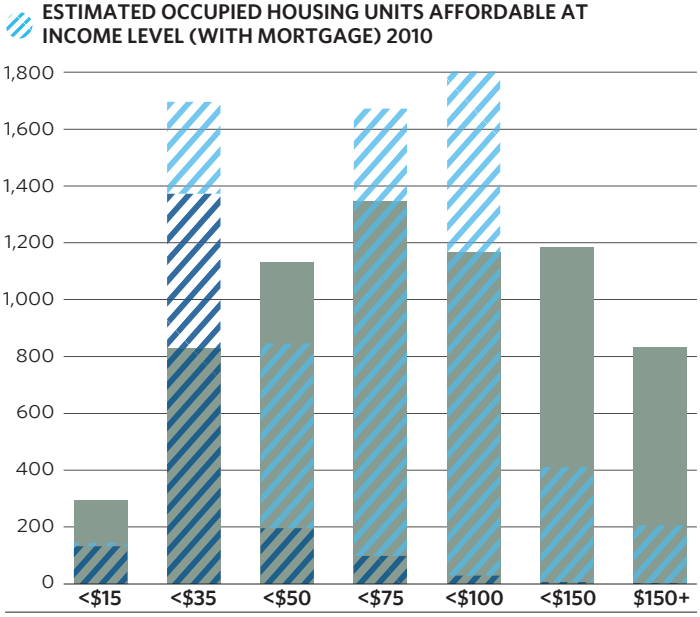
Current Ownership Housing

For households making between $15,000 and $100,000, the number of housing units closely matches the number of households. Gaps exist in the supply for low- and high income households, particularly those earning more than $100,000. Because of these shortfalls, many households choose to either "move up" or "move down." Higher income owners often choose to move down, occupying less costly housing and spending less than 30 percent of their income on housing costs. Lower income households must move up, spending more than 30 percent of their income on housing costs and becoming cost burdened. In Rolling Meadows, households earning below $15,000 represent part of the growing number of cost burdened owners. Many low income homeowners do not carry a mortgage. Based on 2006-10 American Community Survey (ACS) data, 60 percent of homeowners without a mortgage are older than 65. Conversely, owners who carry a mortgage are typically working age households, with 54 percent of owners with a mortgage between 34 and 55.

Current Rental Housing

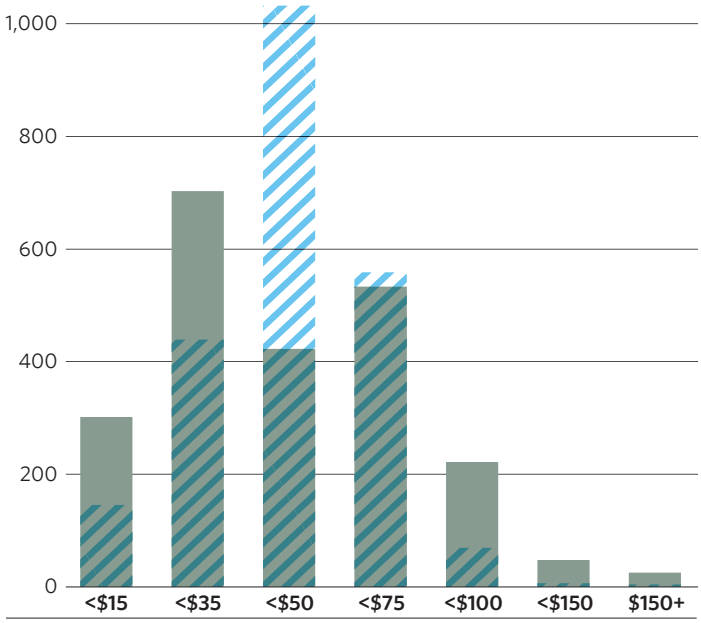
While moderate and middle income renters in Rolling Meadows can access numerous units within their price range, renters making below $35,000 and above $75,000 face shortages of available units. Many upper income families may choose to move down and save their money for other uses. As for lower income renters, some may be seniors who can pay higher rents by dipping into their savings or other financial assets. Based on 2006-10 ACS data, about 8 percent of cost burdened renters are older than 65. The age group with a disproportionately high number of cost burdened renters is age 25 to 34, making up 31 percent of all renters but 39 percent of cost burdened renters.

Rolling Meadows comparison of owner household incomes with occupied units affordable at each income level 2010



Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model using ACS 2006-10 inputs.

Rolling Meadows comparison of rental household incomes with occupied units affordable at each income level 2010



Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model using ACS 2006-10 inputs.

Today's Market Segments and Market Preferences

Tools developed by a leading, well-known market research firm, Environmental Systems Research Institute (ESRI), were used to enrich the understanding of the housing types preferred by families that live in Rolling Meadows today. The basic unit of the ESRI Community Tapestry system is the neighborhood (based on U.S. Census block groups). ESRI has classified every neighborhood in the country as one of 65 market segments. These segments are then combined into one of 12 LifeMode groups. Segments and groups are assigned to neighborhoods by sorting more than 60 attributes including income, employment, home value, housing type, education, household composition, age, and other key determinants of consumer behavior. Neighborhoods with the most similar characteristics are combined while neighborhoods showing divergent characteristics are separated.

Four groups into which 98 percent of Rolling Meadows households fall were identified: Upscale Avenues, High Society, Global Roots, and High Hopes.

The largest such group, "Upscale Avenues," tend to be affluent households that prefer a variety of housing types and invest in their homes through remodeling or landscaping. "High Society" households are also affluent, distinguished by their interest in single-family homes. About 11 percent of households are classified as "Global Roots," reflecting the City's growing Asian and Latino populations. This group tends to have children and rent in multi-unit buildings. Finally, "High Hopes" represent young, mobile college-educated households looking for both housing and work opportunities. Such residents live in single-family homes or multi-unit buildings.

What does this mean for the future housing needs of Rolling Meadows? First, it means that more than 80 percent of current residents have at least a moderate propensity to live in a compact neighborhood (e.g. containing a range of housing types that encourage walking to retail stores, neighborhood amenities, other homes, and transit lines). Secondly, the groups help confirm and deepen information gleaned from U.S. Census data. The role of the Upscale Avenue segment as the largest local group corresponds with the finding that single-family units are the most common housing type. Moreover, Upscale Avenues, Global Roots, and High Hopes help show demand for denser rental and owner options. Finally, while not an exact guide to the future, these groups can also be useful when planning for future housing needs, as will be explored in subsequent sections.

Rolling Meadows Lifemode groups

LIFEMODE GROUPS	INCOME	FAMILY TYPE	AVERAGE AGE	% OF TOTAL	HOUSING TYPES	TENURE
Upscale Avenues	**Middle-Upper**	**Mixed**	**39.1**	**65.3%**	**Single-family, townhome, multi-unit**	**Own**
High Society	**Upper**	**Married Couples**	**44.9**	**15.6%**	**Single-family**	**Own**
Global Roots	**Modest**	**Family Mixed**	**27.3**	**11.6%**	**Multi-unit**	**Rent**
High Hopes	**Middle**	**Family Mixed**	**31.1**	**5.5%**	**Multi-unit and townhome**	**Rent/ own**

Source: CMAP analysis of ESRI Community Tapestry Segments.

Projecting Future Housing Needs

While all of the previous information describes the current housing market in Rolling Meadows, the best housing planning takes into account those who might live in the community in the future. Census data, CMAP's local population and household projections for the year 2040, and the ESRI Tapestry market segment data allow for some realistic estimates of who will want to live in Rolling Meadows over the next 30 years and what kinds of housing would allow the City to meet the needs of current and future residents.

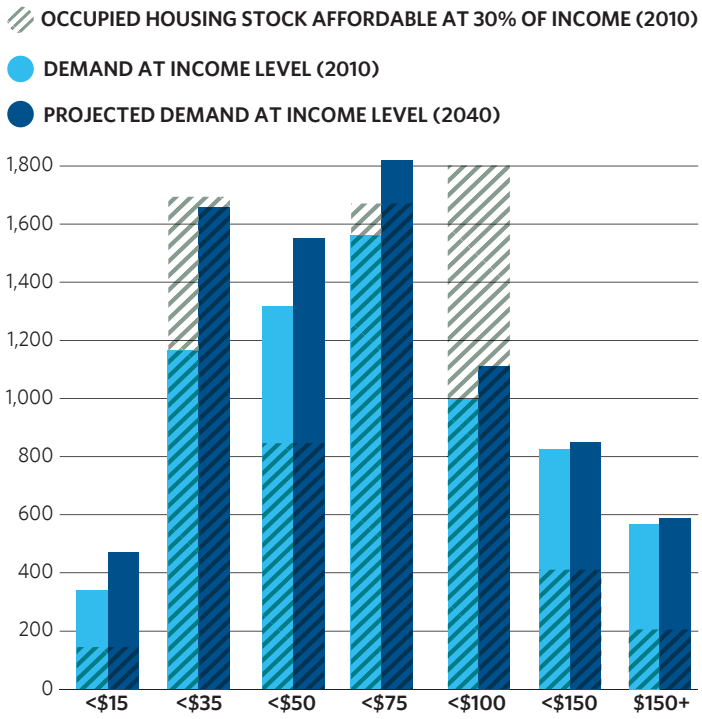
Future Ownership Needs

Over the next 30 years the number of households could increase at all income levels. Households making between $15,000 and $75,000 would experience the largest increases. Due to such growth, units would be needed across all income groups, particularly for households making less than $15,000 and more than $100,000. While upper income households may choose to move down, spending less on housing, lower income owner households must move up without an expanded supply, increasing the number of cost burdened owners.

While shortages in housing are projected for a number of income groups, the people who would occupy a home differ depending on income. For lower-income households, particularly those earning less than $35,000, seniors would make up a significant number of owners. Currently, the City's market segments do not directly reflect demand by senior citizens. The growth of this cohort may introduce a new major market segment, "Senior Styles," common in other Collaborative communities. Senior Styles residents have housing preferences as diverse as their circumstances, residing in single-family homes, retirement homes, or high-rises.

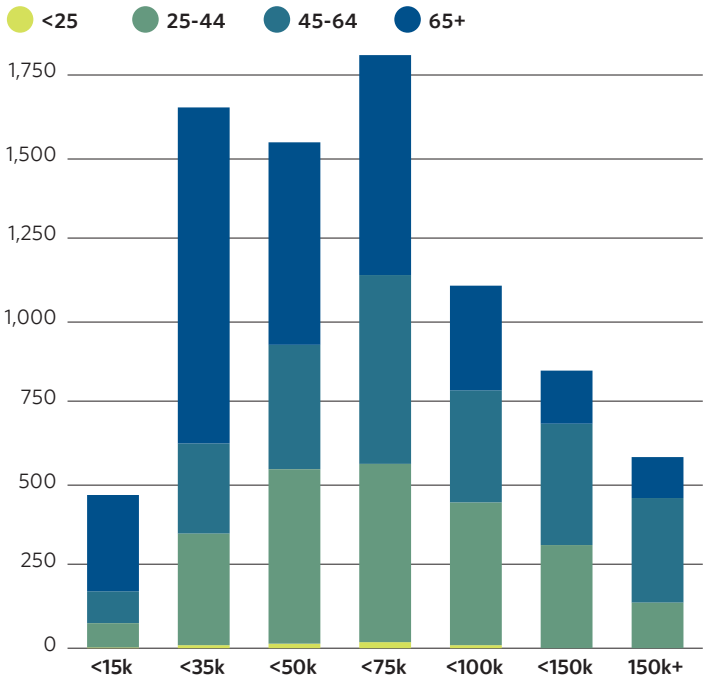
Younger households (age 25 to 44), such as the High Hopes mentioned before, could make up a big part of future middle income owners, boosting demand for denser ownership options. Middle-aged homeowners would be the core of the City's owner market across all income levels, reflecting the continued importance of the Upscale Avenues and High Society segments.

Rolling Meadows 2010 households and housing stock compared with 2040 owner demand



Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model using ACS 2006-10 and CMAP GO TO 2040 household forecast inputs.

Rolling Meadows projected owner demand by age of household

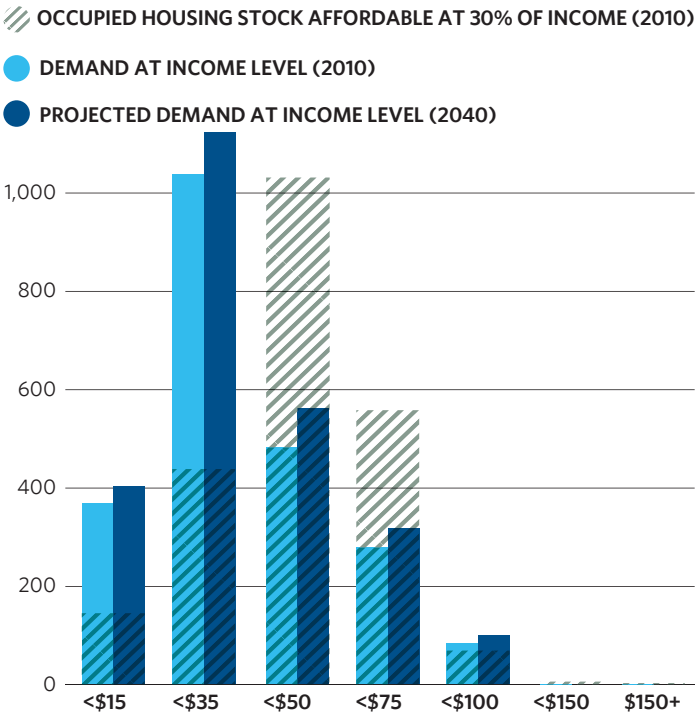


Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model using ACS 2006-10 and CMAP GO TO 2040 household forecast inputs.

Future Rental Needs

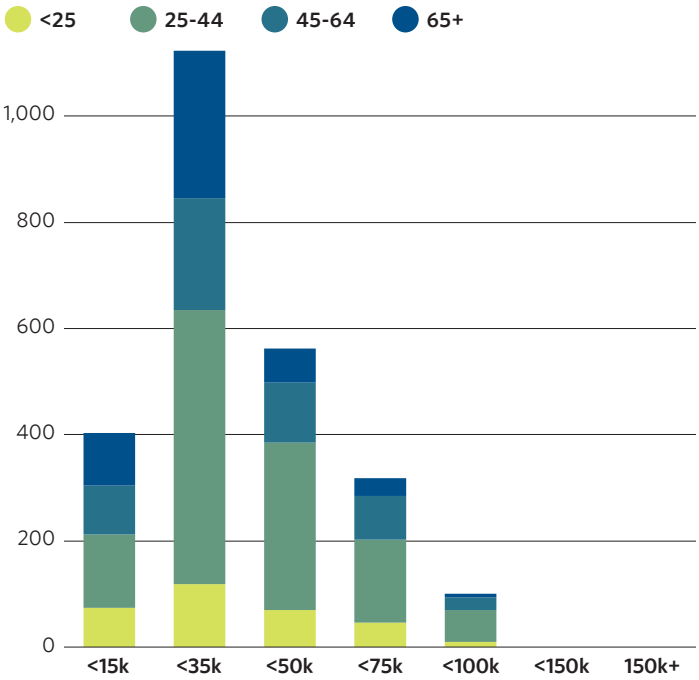
It is projected that population growth could increase the number of renters in Rolling Meadows at a slower rate than the number of owners, with demand for only 253 additional rental units. The largest growth would be in middle-income rental households. Given the City's current rental stock, the shortfalls for low-income residents would continue to create additional cost burdened households. Unlike with the City's owner population, the composition of future renters remains relatively constant across income groups; households age 25 to 44 represent the core of the City's possible future renters. While senior rental options maybe important for households earning between $15,000 and $35,000, the current local renter market will continue to see demand by Global Roots and High Hopes households who seek multi-family dwellings and townhomes. Because both of these household types typically contain children, demand may increase for multi-family options appropriately sized for families.

Rolling Meadows 2010 households and housing stock compared with 2040 renter demand



Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model using ACS 2006-10 and CMAP GO TO 2040 household forecast inputs.

Rolling Meadows projected renter demand by age of household



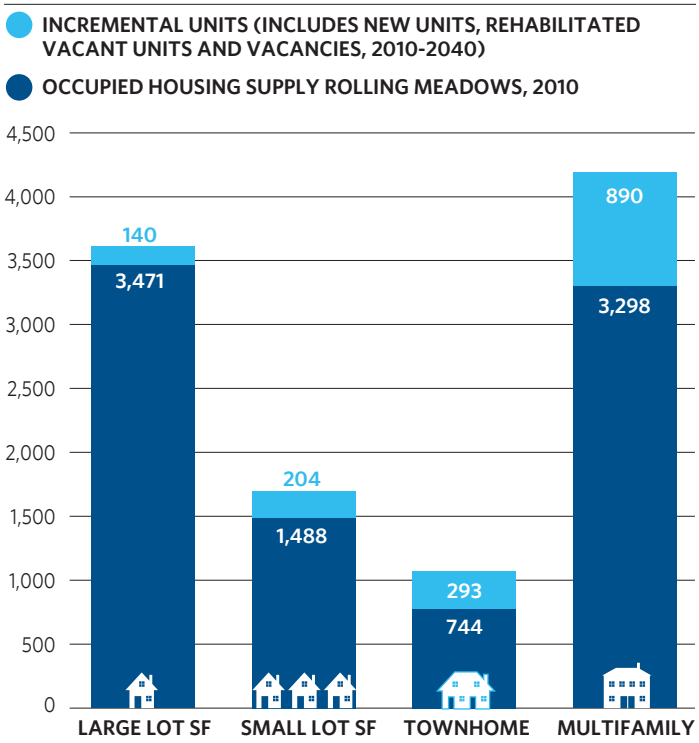
Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model using ACS 2006-10 and CMAP GO TO 2040 household forecast inputs.

Future residents could demand more multi-family housing. Source: CMAP.

Housing Demand by Type of Unit

When combining projections for future owners and renters in Rolling Meadows, there is one possible picture of demand for additional housing units by type in 2040. What emerges is a "balanced housing" profile with demand for about 344 additional single family homes, 293 townhomes, and 890 multi-family homes between now and 2040. As noted previously, these figures are based on projections; real growth may be more or less than estimated. The ultimate decision regarding if and how to grow is a local one.

Rolling Meadows future balanced housing profile



Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model using ACS 2006-10 and CMAP GO TO 2040 household forecast inputs.

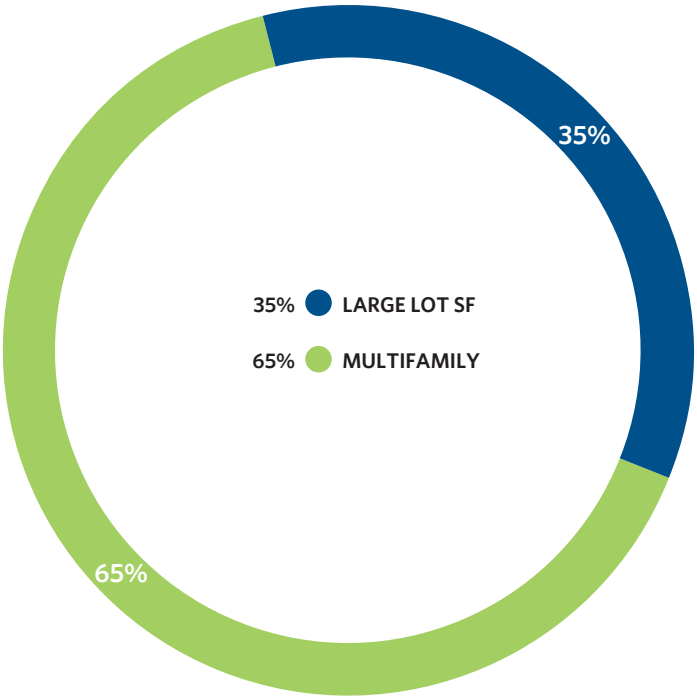
Capacity for Growth

Estimated future population and household growth is only one-half of the equation in considering future housing needs. As a community with numerous assets, it is understandable why many people want to live in Rolling Meadows now and in the future. But to plan for future households and housing, it is also important to look at capacity, particularly for a built-out community. To understand the City's ability to accommodate projected growth, two key sources of capacity were reviewed: development/redevelopment and vacancy.[29]

Development/Redevelopment Analysis

The extent to which Rolling Meadows could grow based on current land use regulations was analyzed. In reviewing Cook County Assessor data, vacant and redevelopable parcels were identified (where the land value is greater than the improvement value). Then, the community's current zoning and development standards were applied to figure out how many units could be built in Rolling Meadows. Based on that analysis, it's estimated that Rolling Meadows has the capacity for approximately 381 new dwelling units. Sixty-five percent of new units could be multi-family, while 35 percent could be single-family homes. This capacity would allow the City to accommodate about 25 percent of the projected population growth, or 900 new residents.

Rolling Meadows maximum capacity by unit type



Source: CMAP analysis of Rolling Meadows zoning ordinance, Cook County assessor data.

Maximum capacity by unit type

TYPE	UNITS
Large Lot SF (>8,000 s.f.)	**132**
Small Lot SF (<8,000 s.f.)	**-**
Townhome	**-**
Multi-family	**250**
Mobile Home/Other	**-**
TOTAL	**381**

Source: CMAP analysis of Rolling Meadows zoning ordinance, Cook County assessor data.

29 See the Appendix for more information about the methodology.

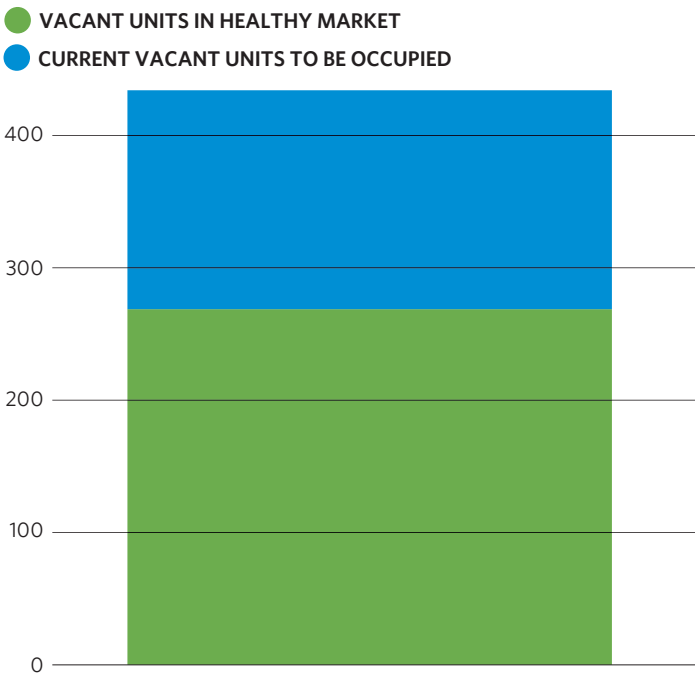
Existing codes allow for new multi-family housing.

Source: CMAP.

Vacancy Analysis

Because of the current housing market, many homes now vacant may not be so in the future, allowing people to move into Rolling Meadows without building more units. According to 2006-10 ACS estimates, Rolling Meadows has approximately 434 vacant housing units, about 4.8 percent of all homes in the City. Normal long-term vacancy rates for a strong community are 7.4 percent for rental units and 1.5 percent for owner units.[30] In a healthy market, the City would only have approximately 269 vacant units. Therefore, 165 currently vacant units could be occupied in the future as Rolling Meadows grows. This capacity would allow the City to accommodate about 11 percent of the projected growth, or about 400 new residents.

Rolling Meadows breakdown of current vacant units



Source: CMAP analysis of ACS 2006-10.

30 See http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/w07-7.pdf.

Future Housing Conclusions

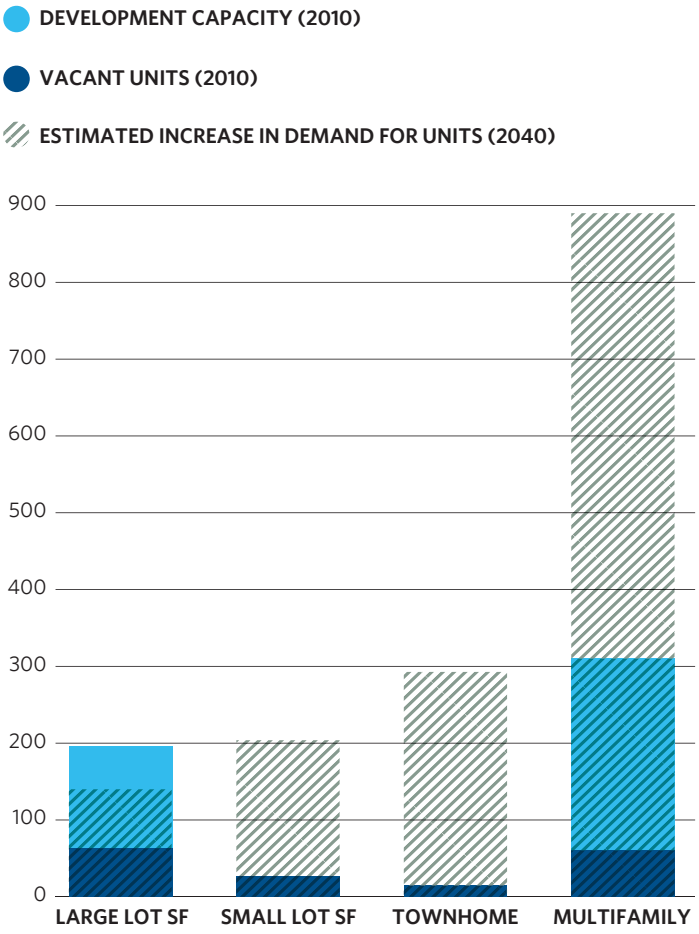
Taking into account capacity available under development/redevelopment and vacancy, Rolling Meadows can accommodate 36 percent of the projected housing units that could be added by 2040, or about 1,300 additional residents. The remaining approximately 2,200 future residents represent unmet demand, people who want to live in Rolling Meadows but cannot due to a lack of available units. Many of these people would be looking for small lot single family homes, townhomes, and multi-family units, as the City's current codes would accommodate growth for large lot single-family units. Based on these figures, the choice of if and how to grow is a critical one.

If the City chooses to maintain its current population level, the demand to live in Rolling Meadows over the next 30 years could increase housing costs for both renters and owners. Such rising costs can increase the number of households paying more than 30 percent of their income for housing (as occurred over the past decade) and make it difficult to maintain a diverse housing stock affordable to a wide range of incomes. Without growth, maintenance of the City's current housing stock, particularly its multi-family housing, becomes paramount.

If the City chooses to grow, it must determine the best locations for growth given the projected types of housing future residents may demand: small lot single-family homes, townhomes, and multi-family units. As a substantially built-out community, finding locations to build any of those unit types can be difficult. Changing regulations to accommodate such growth must be considered carefully.

Regardless of which route the City chooses, policy makers are encouraged to use these statistics as a guide, focusing on the relative number of single family, multi-family and townhome units which together reflect a balanced housing market.

Rolling Meadows demand vs. vacancy and capacity by housing type, units 2010-40



Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model, Cook County Property Assessor data, and U.S. Census Bureau inputs.

Sustainability

In 2007, the Center for Neighborhood Technology (CNT) produced an energy and emissions profile for Rolling Meadows as part of the Municipal Energy Profile Project. According to the report, the City emitted an estimated 17.48 metric tons (MT) of carbon dioxide (CO2e) per capita, approximately 18 percent more than the Cook County emissions per capita (14.86 MT CO2e). With 92 percent of local emissions coming from electricity, natural gas, and transportation, any forward-thinking housing plan should analyze these areas.

The table below highlights residential natural gas and energy usage in the City and Cook County in 2007. At that time, the average Rolling Meadows household spent less on energy costs than the average Cook County household due to lower natural gas usage. One key part of local energy usage is the home heating source. Based on data from the 2006-10 ACS, natural gas is the dominant local home heating source, used by 87 percent of households. Electricity provides heat for a larger percentage of renters than owners (23 percent vs. 9 percent).

According to 2007 CNT data, Rolling Meadows averaged a higher number of vehicle miles traveled (VMT) per household than Cook County (18,783 versus 14,742, respectively). Because of the difference in mileage, Rolling Meadows residents pay approximately $187 more per month in transportation costs than the average county household based on the current Internal Revenue Service (IRS) mileage reimbursement rate. Research by Reid Ewing and others in the Journal of Urban Planning and Development has shown that the biggest factor in reducing VMT is from "putting offices, shops, restaurants, residences, and other codependent activities in close proximity to each other."[31]

As discussed previously, the gap between projected housing demand and current capacity could put upward pressure on housing prices for owners and renters over the next 30 years. That said, energy efficiency and sustainability efforts can help mitigate rising housing costs. The City's municipal aggregation program, which may offer residents low electricity rates, could help cost burdened renters and owners, as can a commitment to implementing energy efficient designs as part of rehabilitation and new construction. Finally, a focus on compact neighborhoods, such as the area along Kirchoff Road, offers residents ways to reduce transportation costs.

Housing and Transportation

In recent years, CNT developed an alternative way to define "affordable housing" as housing which costs no more than 45 percent of both housing and transportation costs. According to CNT figures, 22 percent of typical regional households (a 2.73 person household earning $60,289) would pay less than 45 percent of household income on housing and transportation costs combined when living in Rolling Meadows. This alternate measure finds less affordable housing in Rolling Meadows than the traditional U.S. Census method.

Residential energy use by municipality compared to Cook County, 2007

	COOK COUNTY	ROLLING MEADOWS
Average Electricity Use per Household	**7,692 kWh**	**8,421 kWh**
Average Annual $ for Electricity per Household*	**$828**	**$906**
Average Natural Gas Use per Household	**1,130 Therms**	**656 Therms**
Average Annual $ for Natural Gas per Household*	**$1,274**	**$582**
Average Annual Energy Costs	**$2,102**	**$1,488**

Source: CNT Energy Community Profile
*Calculated using average residential sales per kilowatt hour (kWh) (Illinois Commerce Commission Utility Sales Statistics 2007).

31 American Society of Civil Engineers. Traffic Generated by Mixed-Use Developments — Six-Region Study Using Consistent Built Environmental Measures. Journal of Urban Planning, October 2010.

Design Workshop

In June 2012, the Homes for a Changing Region team conducted a community workshop in Rolling Meadows. Residents, community leaders, City officials, and others presented their views on a City selected portion of Algonquin Road. Participants considered a mix of possible changes for the area. While most attendees wanted to keep the primarily commercial nature of Algonquin Road, some recommended expanded or improved housing options along the corridor, including multi-family buildings of up to six stories and cottage housing. Commercial options would mix anchor retail, such as a grocery store with small shops and restaurants.

These ideas were translated into the following images, showing how the area could be transformed. The pictures reflect not only the community feedback from the meeting but also some of the concepts of this report. The community feedback shaped the recommended strategies in this report, including short-term and long-term recommendations regarding the potential of the Algonquin Road corridor.

Algonquin Road today

Source: Northwest Suburban Housing Collaborative.

Algonquin Road with private investment

Source: Fregonese Associates.

Source: Fregonese Associates.

Recommended Strategies

Having carefully analyzed current and projected housing needs of Rolling Meadows, a number of practical and achievable housing strategies will allow the City to build upon its considerable assets while also addressing its future challenges.

Foreclosures

In the short-term, one of the City's most pressing housing issues is the impact of foreclosures, in particular condominium foreclosures. It is recommend that Rolling Meadows focus on relationship building locally, thereby creating a base for the regional efforts touched on previously in this report.

- Continue to use the foreclosure data provided through Public Act 96-0856 and Record Information Services to map and monitor the location and change of foreclosures within the City.
- Utilize data to track the progress and location of foreclosures in the City to develop targeted foreclosure prevention and disposition services through the Collaborative.
- Combine this foreclosure data with the data provided by condominium and townhouse associations through the City's existing registration requirements to undertake the following activities:
  - Monitor the number of foreclosures within individual buildings.
  - Use annual registration requirements to discuss data trends with associations and hear concerns and issues.
  - Develop benchmarks identifying when a property is considered "troubled" (number/percentage of foreclosures, number/percentage of rentals, number of different rental owners, utility shutoffs).
  - Work with the Collaborative to develop intervention strategies for particularly "troubled" properties.

Rental licensing

The City does not currently require landlord education as part of the licensing requirement, though it does offer Crime Free Multi-housing standards to all owners/managers. Rolling Meadows should consider adopting an education program as part of the rental licensing process and explore partnering with other Collaborative members to create and operate such a program. Such a program could become more attractive to landlords if tied to incentives for participation. Moreover, the City should continue to ensure that its rental license program collects information on ownership, management, and inspection status for all rental units so that data can be combined and analyzed on a regional scale. By collecting the same information in the same format, Rolling Meadows can work with its partners on common rental housing issues, including addressing problem landlords across a number of communities.

Utilize the Collaborative as a resource

As the City considers how to maintain housing options for residents of all income levels, improve the quality of current rental complexes, and reduce the impact of foreclosures, staff and elected officials should utilize the Collaborative as a resource to address these issues. In particular, the City should explore the following opportunities with the Collaborative:

- Methods that help the City maintain a range of housing types that meet all income needs while improving unit quality and household stability.
- Identification of funding sources for energy efficiency projects for both single-family and multi-family structures. Once funding is identified, Rolling Meadows should develop programs for both rental and owner structures.
- As the City's homeowner's age between now and 2040, many will want to stay in their current home. Working with the Collaborative on an "aging in place" guide can help residents remain in their homes. Such a program should identify important modifications needed to improve accessibility, eliminate barriers, and create safer spaces.

Continue efforts to redevelop Kirchoff Road

Starting with the 2006 Comprehensive Plan, Rolling Meadows sought opportunities to redevelop key underutilized properties along Kirchoff Road, with the goal of transforming the area into a neighborhood center that includes both multi-family residential and retail. While some development has been completed near Owl Road, opportunities for future redevelopment remain, including on one City-owned parcel. Rolling Meadows should continue with plans for additional multi-family housing in the area, including some senior housing.

Algonquin Road

The multi-family units in southern Rolling Meadows supply a significant amount of housing for households making less than $35,000, a portion of the market expected to grow in the next 30 years. In the past, the City undertook efforts to improve the quality of this area. Yet, concerns about the quality of these units remain. Therefore, Rolling Meadows should undertake the following:

- The City's Algonquin Road corridor is a mix of office, retail, and apartments. While the area contains all the features of a great neighborhood (education, location, open space, retail, office, residential), the lack of pedestrian and bicycle connections between properties undermines this potential. As a result, the City should explore strategic infrastructure improvements which link residential areas (both single and multi-family) to businesses and educational institutions. Improvements should include the creation of a complete pedestrian and bicycle network with upgrades to streets and sidewalks. Priority should be given to linking residences with the area's numerous satellite college facilities.
- Rolling Meadows should work with Arlington Heights and Mount Prospect on coordinated strategies for the Algonquin Road corridor. Such efforts should include:
  - Support for transportation improvements on the I-90 corridor which provide greater regional access.
  - Consideration of renovation/redevelopment opportunities that build off of these transportation improvements and emphasize pedestrian and bicycle connections.
- Rolling Meadows created the Police Neighborhood Resource Center (PNRC) in 1990 as a tool to help enhance the quality of life of residents in southern parts of the City. Research indicates that social services can increase housing stability among low income populations. While recent budgets have made continuing the PNRC difficult, the City should explore opportunities for shared social service provision to help reduce costs. Such combinations could come through partnerships with nearby communities, such as Arlington Heights and Mount Prospect, or local employers.

Conclusion

With its strategic location, strong neighborhoods, good schools, and solid employment base, Rolling Meadows will continue to be a desirable community in the future. The recommendations of this report offer ways to build on these strengths and care for all residents. Through the City's code enforcement, monitoring and licensing efforts, buttressed by the resources of the Collaborative, the community can address its short- and medium-term issues around foreclosures and rental-unit quality. Projected growth can help provide the basis for the redevelopment of Kirchoff Road and Algonquin Road, further solidifying the status of Rolling Meadows as an attractive community.

Appendix

Approach And Methodology

This technical memorandum provides an overview of three key analytical tools used for the Phase II, Year 6 *Homes for a Changing Region* report: a housing needs analysis, a capacity analysis, and the Enviromental Systems Research Institute (ESRI)Tapestry market segmentation system.

Housing Analysis

The housing needs analysis was conducted using a model to determine housing needs for each of five communities and the aggregate of all five combined. The model's results are driven by current and projected demographics and regional tenure choices. The model's outputs include needed housing units by tenure (ownership versus rental) by income range. We use the model to find gaps that may represent current unmet needs and future housing needs. In this project, the model has been used to identify local and subregional housing needs and market opportunities.

How Does the Model Work?

The housing needs for the region are driven by the current housing choices in the region and the projected future demographic trends. In many areas around the country, the standard practice for estimating future housing need has been to use the past to extrapolate future housing requirements. While this market or demand driven approach was commonly used to define the housing "needs" for an area, the true housing "needs" of that area's population may not have been addressed. Using Fregonese Associates' Balanced Housing Model, tenure choices and incomes determine housing "need." In this model, "affordable" is not referring to low-income housing, but rather to the relationship between incomes and housing costs. The "30% rule" assumes that housing is only affordable for a household if it spends less than 30% of its gross income on housing expenses.

The model's approach was designed based on research showing that two variables — age of head of household (Age=A) and household income (Income=I) — demonstrated significantly stronger correlation with housing tenure than other variables, including household size. Fregonese Associates selected these two variables as the primary demographic variables for the model. In addition, household income is another key variable used to help determine the affordability component of housing needs. As expected, data gathered during research on model development showed that different Age/Income (AI) cohorts make significantly different housing tenure choices. For example, a household headed by a 53 year-old and earning $126,000 is likely to make a different housing choice than one headed by a 29 year-old and earning $43,000.

The model is first used to calculate the total number of housing units needed for the planning period based on:

- Chicago Metropolitan Agency for Planning (CMAP) GO TO 2040 population and household projections.
- Number of people in group quarters.
- Number of occupied housing units (number of households).
- Average household size.
- Assumed vacancy rate for the study area in a healthy housing market.

The data sources for the population estimates, people in group quarters, and occupied housing units were taken from the U.S. Census Bureau's 2006-2010 American Community Survey (ACS) data. The number of households in each AI cohort was calculated by utilizing ACS data to determine the percentages of households that are in the 28 AI cohorts (4 age cohorts and 7 income cohorts).

Age ranges and income ranges for home analysis

AGE RANGES	INCOME RANGES
<25	<15K
25-44	15K<35K
45-64	35K<50K
65+	50K<75K
	75K<100K
	100K<150K
	150K

The ACS-generated tenure parameters used in the model represent the probabilities of being a renter or homeowner for each of the 28 AI cohorts. Based on these tenure parameters, the model allocates those households in each AI cohort to an indicated number of rental and ownership units that is affordable for the income range for that cohort. The model then aggregates the units demanded within each income range to show the total units that could be afforded at each income range by tenure. To estimate the future AI cohorts, the current AI percentages were adjusted to reflect demographic forecasts for the nation by the US Census Bureau.

CMAP GO TO 2040 Population and Household Projections

The CMAP *2040 Forecast of Population, Households and Employment* was developed in support of the GO TO 2040 comprehensive regional plan adopted on October 13, 2010. This forecast was developed through the creation of a "reference scenario" based on current population and land use trends. Mathematical modeling techniques were then employed to evaluate how the distribution of population and employment would change in response to different planning strategies which might increase or dampen the amount of socioeconomic activity within a given area. The data in this forecast reflect the CMAP Preferred Regional Scenario, which was developed in part through a series of Invent the Future workshops held throughout the region between May and September 2009. Because of the connection between the projections and the Preferred Regional Scenario, the projections reflect a region where the GO TO 2040 Plan has been successfully implemented.

Capacity Analysis

As part of our more detailed housing analysis, a capacity analysis was conducted for Arlington Heights, Buffalo Grove, Mount Prospect, Palatine and Rolling Meadows. The capacity analysis contained two major components.

- An estimate of the amount of development potential remaining under the existing zoning based on developable and/or redevelopable land or long-term planning. This approach uses Geographic Information Systems (GIS) and the calculated development capacity of land is based on standardized buildable land assumptions.
- The number of currently vacant housing units that may be occupied by future households as the local housing markets stabilize. This approach is based on both nationwide research on the vacancy rates typically associated with rental and owner housing along with ACS data on the current local vacancy rate.

When these sources of capacity are combined, they illustrate each community's ability to accommodate projected future growth without adjustments to local zoning ordinances.

Geographic Information Systems

GIS was used to calculate vacant and redevelopable land, after environmentally constrained lands were removed. The basic GIS process involved several steps:

- Lake County and Cook County Assessor parcel data (2009) was used to summarize vacant acres of land by zone (this includes removal of environmentally constrained land, e.g. wetlands, flood plains, and steep slopes).
- Lake County and Cook County Assessor 2009 parcel data was used to summarize redevelopable acres of land by zone, based on the ratio of land value to improvement value, with redevelopable acres being those with a lave value greater than the improvement value.
- The maximum density allowed in the zoning code for each zone was calculated using municipal zoning codes as a guide.
- The development potential of vacant land by zone was calculated by multiplying maximum density by vacant acres.
- The development potential of redevelopable land by zone was calculated by multiplying maximum density by non-vacant acres and by a redevelopment percentage.
- The initial capacity estimates were submitted to the municipalities for review and refinement.
- Based on municipal input, necessary adjustments were made.

Future Housing Demand by Type: ESRI Tapestry data and National Residential Preference Surveys

Each community's future housing demand by type was estimated based on:

- Local existing housing stock.
- Local existing ESRI Tapestry LifeMode segment groups.
- National future housing preference surveys.

ESRI Tapestry market research data was used to identify groups of market segments comprising the largest percentages of each community's population today. The largest LifeMode groups were summarized in each community's report. The ESRI data is useful in helping the municipalities understand and take advantage of the types of housing and neighborhoods preferred by these groups. We also used the LifeMode characteristics to approximate each LifeMode group's current housing type preference, and their propensity for living in a compact or non-traditional neighborhood in the future. The average ages provided in each community report represent the weighted average of median ages for that particular community's market segment mix.

LIFEMODE GROUPS	MEDIAN AGES	INCOME	FAMILY TYPE	PREFERENCE FOR COMPACT NEIGHBORHOODS
L1 High Society	**34-47**	**Upper**	**Married Couples**	**Low**
L2 Upscale Avenues	**32-43**	**Middle-Upper**	**Mixed**	**Medium**
L3 Metropolis	**29-39**	**Middle**	**Mixed**	**Medium**
L4 Solo Acts	**29-39**	**Middle-Upper**	**Singles-shared**	**High**
L5 Senior Styles	**42-73**	**Middle**	**Married no-kids**	**Medium**
L6 Scholars and Patriots	**22-43**	**Modest**	**Married With Kids, singles**	**High**
L7 High Hopes	**30-33**	**Middle**	**Family Mixed**	**Medium**
L8 Global Roots	**26-37**	**Modest**	**Family Mixed**	**High**
L9 Family Portrait	**29-55**	**Varies**	**Married w/ Kids**	**Low**
L10 Traditional Living	**32-39**	**Modest**	**Mixed**	**Medium**
L11 Factories and Farms	**35-49**	**Modest**	**Married Couple Families**	**Low**
L12 American Quilt	**32-48**	**Middle**	**Married Couple Families**	**Low**
66 Unclassified				**Unknown**

Source: ESRI

Then, several recent national surveys on residential preference were analyzed and incorporated into each community's projections. These surveys were compiled by the University of Utah's Dr. Arthur C. Nelson in *The New California Dream: How Demographic and Economic Trends May Shape the Housing Market*. The summary of the nation's estimated future demand is shown below.

HOUSING TYPE	NELSON TOTAL DEMAND 2006 (%)	RCLCO OWNER DEMAND 2008 (%)	MYERS & GEARIN TOWN-HOUSE DEMAND 2001 (%)	AHS SUPPLY A 2009 (%)	AHS SUPPLY B 2009 (%)
Multifamily	**23**	**24**	**—**	**23**	**23**
Townhouse	**15**	**10**	**17**	**5**	**5**
Small Lot	**37**	**35**	**—**	**15**	**25**
Conventional Lot	**25**	**31**	**—**	**57**	**47**

Sources: Myers and Gearin (2001); ***The New California Dream: How Demographic and Economic Trends May Shape the Housing Market***, Dr. Arthur C. Nelson, Urban Land Institute, December 2011; Nelson (2006); RCLCO (2008); U.S. Census Bureau (2010).

Note: — not available; A. Small lot = 1/6 acre; B. Small lot = 1/4 acre.

Advisory Group: CMAP Housing Committee

Nora Boyer, *Village of Arlington Heights*

Rob Breymaier, *Oak Park Regional Housing Center*

Elizabeth Caton, *Northwest Side Housing Center*

Sarah Ciampi, *Lake County Community Development Division*

Paul Colgan, *Colgan Public Affairs*

Spencer Cowan, *Woodstock Institute*

Adam Dontz, *Lake Star Advisors*

Nancy Firfer, *Metropolitan Planning Council*

Andy Geer, *Enterprise Community Partners*

Sharon Gorrell, *Illinois Association of Realtors*

Adam Gross,
Business and Professional People for the Public Interest

Tammie Grossman, *Village of Oak Park*

Calvin Holmes, *Chicago Community Loan Fund*

Jane Hornstein, *Cook County Bureau of Economic Development*

Kevin Jackson, *Chicago Rehab Network*

Christine Kolb, *Urban Land Institute Chicago*

Paul Leder, *Manhard Consulting, Ltd.*

Anthony Manno, *Regional Transportation Authority*

Taylor McKinney, *Center for Neighborhood Technology*

Allison Milld Clements, *Metropolitan Mayors Caucus*

Janice Morrissy, *South Suburban Housing Collaborative*

Carrol Roark, *DuPage County*

Geoff Smith, *DePaul University*

Andrea Traudt, *Illinois Housing Council*

Joanna Trotter, *Metropolitan Planning Council*

Kim Ulbrich,
McHenry County Department of Planning and Development

Mijo Vodopic, *MacArthur Foundation*

Stacie Young, *The Preservation Compact*

Combined Northwest Suburban Housing Collaborative Housing Fact Sheet

Population and Household Forecast 2006/2010-40

Combined Northwest Suburban Housing Collaborative

	2006-2010 ACS	2040 CMAP	% CHANGE
Households	**101,978**	**116,654**	**14.4%**
Population	**261,679**	**305,444**	**16.7%**

Source: U.S. Census and CMAP GO TO 2040 projections.

The data for 2006-2010 average comes directly from the U.S. Census Bureau's ACS. The projections for 2040 reflect a forecast of each community's potential population and household growth if the CMAP's GO TO 2040 plan is implemented.

Estimated 2040 Housing Demand by Income

The tables in this section compare the number of dwelling units in 2010 (ACS data) that were "affordable" to households within an income category to the projected demand for such units in 2040. A unit is defined as "affordable" if a household can live in it by allocating no more than 30% of its income for housing-related costs (rent, mortgage payments, utilities, etc.). If the 2010 housing stock for an income category exceeds the 2040 demand projections, it means that a municipality may already have units beyond its forecasted need. If, however, 2040 demand is higher than the 2010 housing stock, additional units will be needed to meet projected demand.

Estimated 2040 Affordable Housing Demand Compared to 2006-2010 Housing Stock

This section contains the charts which illustrate the data from the tables preceeding them.

Rental housing - combined Northwest Suburban Housing Collaborative

	<15k	15k <35k	35k <50k	50k <75k	75k <100k	100k <150k	150k+	TOTAL
Occupied Housing Stock Affordable at 30% of Income (2010)	**1,761**	**5,596**	**11,108**	**4,427**	**1,163**	**267**	**160**	**24,482**
Demand at Income Level (2010)	**4,277**	**9,661**	**5,358**	**2,692**	**1,411**	**812**	**272**	**24,482**
Projected Demand at Income Level (2040)	**4,645**	**10,691**	**6,047**	**3,065**	**1,598**	**842**	**247**	**27,135**
Target Units Needed to Meet Projected Demand by Income	***2,884***	***5,095***	***n/a***	***n/a***	***435***	***575***	***87***	***2,653***
Additional Units Beyond Forecasted Need Within this Income Range	***n/a***	***n/a***	***5,061***	***1,362***	***n/a***	***n/a***	***n/a***	***n/a***

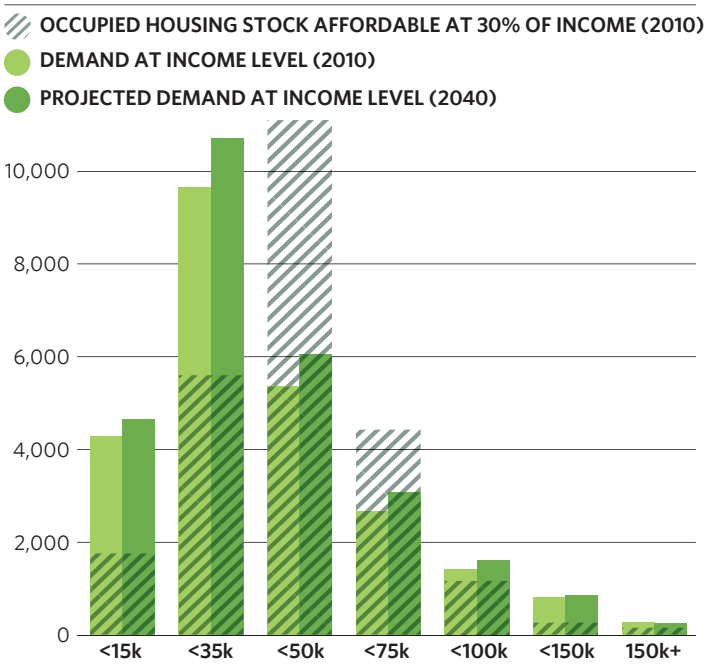
Please note that housing units may not add up exactly to 100% due to rounding.
Source: CMAP analysis of Fregonese ETBH model using 2006-10 ACS and GO TO 2040 household growth projections as inputs.

Owner Housing - combined Northwest Suburban Housing Collaborative

	<15k	15k <35k	35k <50k	50k <75k	75k <100k	100k <150k	150k+	TOTAL
Occupied Housing Stock Affordable at 30% of Income (2010)	**1,540**	**16,606**	**9,358**	**16,058**	**24,769**	**6,109**	**3,055**	**77,496**
Demand at Income Level (2010)	**3,733**	**10,711**	**9,586**	**16,316**	**12,386**	**12,762**	**12,002**	**77,496**
Projected Demand at Income Level (2040)	**5,400**	**14,817**	**12,339**	**19,865**	**14,426**	**13,669**	**12,216**	**92,732**
Target Units Needed to Meet Projected Demand by Income	***3,860***	***n/a***	***2,981***	***3,807***	***n/a***	***7,560***	***9,161***	***15,236***
Additional Units Beyond Forecasted Need Within this Income Range	***n/a***	***1,789***	***n/a***	***n/a***	***10,343***	***n/a***	***n/a***	***n/a***

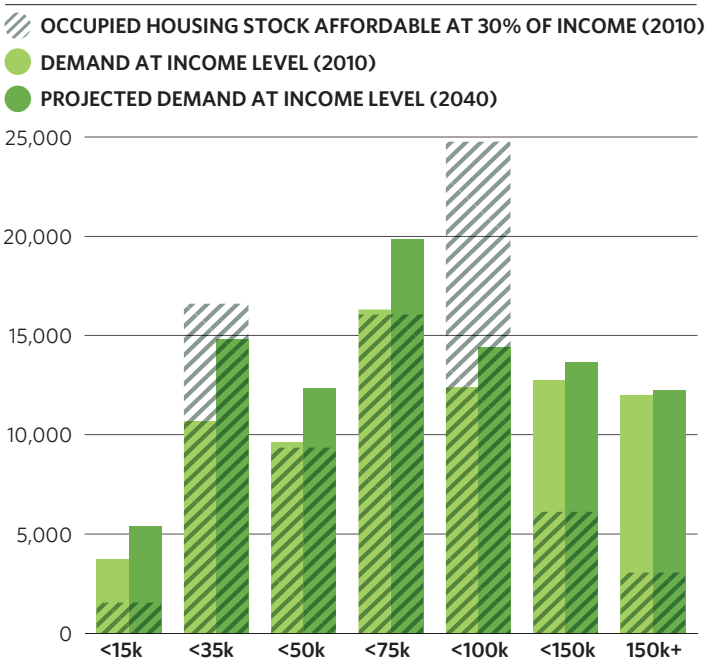
Please note that housing units may not add up exactly to 100% due to rounding.
Source: CMAP analysis of Fregonese ETBH model using 2006-10 ACS and GO TO 2040 household growth projections as inputs.

NWSHC 2010 households and housing stock compared with 2040 renter demand



Source: CMAP analysis of Fregonese ETBH model using 2006-10 ACS and GO TO 2040 household growth projections as inputs.

NWSHC 2010 households and housing stock compared with 2040 owner demand



Source: CMAP analysis of Fregonese ETBH model using 2006-10 ACS and GO TO 2040 household growth projections as inputs.

Arlington Heights Housing Factsheet

Population and Household Forecast 2006/2010-40

	2006-2010 ACS	2040 CMAP	% CHANGE
Households	**30,211**	**34,102**	**12.9%**
Population	**74,967**	**86,059**	**14.8%**

Source: U.S. Census and CMAP GO TO 2040 projections.

Estimated 2040 housing demand by income, rental housing, Arlington Heights

ARLINGTON HEIGHTS	<15k	15k <35k	35k <50k	50k <75k	75k <100k	100k <150k	150k+	**TOTAL**
Occupied Housing Stock Affordable at 30% of Income (2010)	**738**	**1,286**	**3,070**	**1,266**	**453**	**117**	**70**	**6,999**
Demand at Income Level (2010)	**1,523**	**2,356**	**1,522**	**844**	**367**	**263**	**125**	**6,999**
Projected Demand at Income Level (2040)	**1,619**	**2,505**	**1,674**	**953**	**416**	**285**	**116**	**7,568**
Target Units Needed to Meet Projected Demand by Income	***881***	***1,220***	***n/a***	***n/a***	***n/a***	***168***	***46***	***569***
Additional Units Beyond Forecasted Need Within this Income Range	***n/a***	***n/a***	***1,396***	***313***	***37***	***n/a***	***n/a***	***n/a***

Please note that housing units may not add up exactly to 100% due to rounding.
Source: CMAP analysis of Fregonese ETBH model using 2006-10 ACS and GO TO 2040 household growth projections as inputs.

Estimated 2040 housing demand by income, owner housing, Arlington Heights

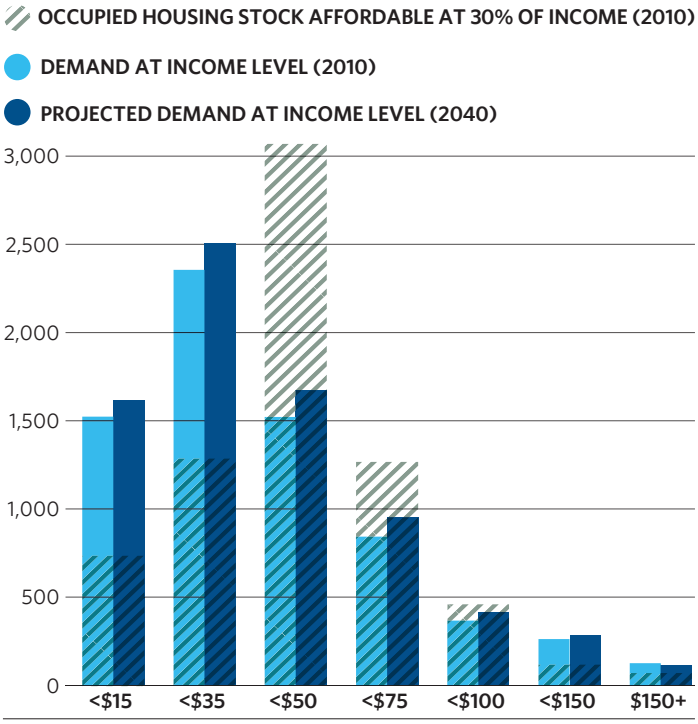
ARLINGTON HEIGHTS	<15k	15k <35k	35k <50k	50k <75k	75k <100k	100k <150k	150k+	**TOTAL**
Occupied Housing Stock Affordable at 30% of Income (2010)	**618**	**5,349**	**2,898**	**4,353**	**7,262**	**1,821**	**911**	**23,212**
Demand at Income Level (2010)	**1,051**	**3,173**	**2,402**	**4,986**	**3,848**	**3,733**	**4,018**	**23,212**
Projected Demand at Income Level (2040)	**1,453**	**4,049**	**3,061**	**5,954**	**4,538**	**4,120**	**4,260**	**27,435**
Target Units Needed to Meet Projected Demand by Income	***835***	***n/a***	***163***	***1,601***	***n/a***	***2,299***	***3,349***	***4,223***
Additional Units Beyond Forecasted Need Within this Income Range	***n/a***	***1,300***	***n/a***	***n/a***	***2,724***	***n/a***	***n/a***	***n/a***

Please note that housing units may not add up exactly to 100% due to rounding.
Source: CMAP analysis of Fregonese ETBH model using 2006-10 ACS and GO TO 2040 household growth projections as inputs.

Estimated 2040 Affordable Housing Demand Compared to 2006-10 Housing Stock

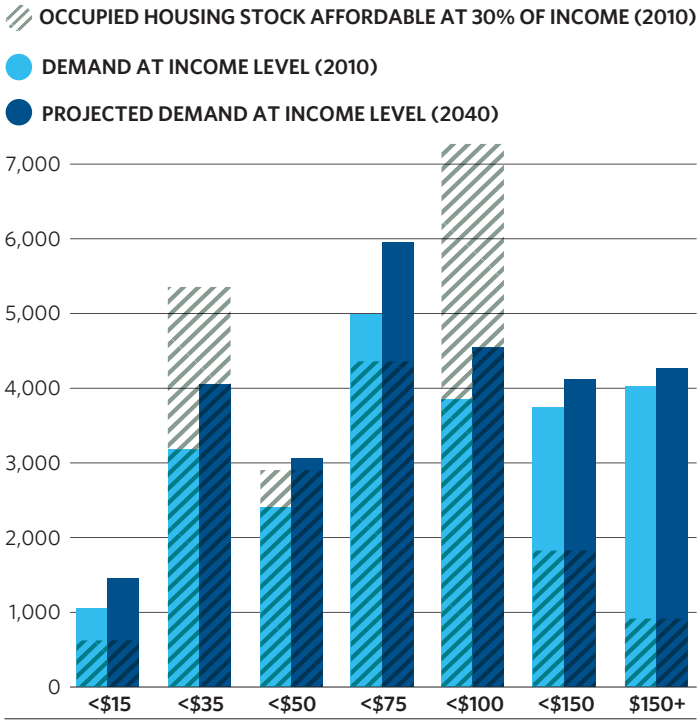
This section contains the charts which illustrate the data from the tables on the previous page.

Arlington Heights 2010 households and housing stock compared with 2040 rental demand



Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model using ACS 2006-10 and CMAP GO TO 2040 household forecast inputs.

Arlington Heights 2010 households and housing stock compared with 2040 owner demand



Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model using ACS 2006-10 and CMAP GO TO 2040 household forecast inputs.

Buffalo Grove Housing Factsheet

Population and Household Forecast 2006/2010-40

	2006-2010 ACS	2040 CMAP	% CHANGE
Households	**16,350**	**19,099**	**16.8%**
Population	**41,859**	**50,363**	**20.3%**

Source: U.S. Census and CMAP GO TO 2040 projections.

Estimated 2040 housing demand by income, rental housing, Buffalo Grove

BUFFALO GROVE	<15k	15k <35k	35k <50k	50k <75k	75k <100k	100k <150k	150k+	**TOTAL**
Occupied Housing Stock Affordable at 30% of Income (2010)	**141**	**338**	**982**	**878**	**255**	**70**	**42**	**2,706**
Demand at Income Level (2010)	**420**	**929**	**538**	**249**	**293**	**183**	**95**	**2,706**
Projected Demand at Income Level (2040)	**481**	**1,113**	**627**	**267**	**347**	**193**	**89**	**3,117**
Target Units Needed to Meet Projected Demand by Income	***340***	***775***	***n/a***	***n/a***	***92***	***123***	***47***	***411***
Additional Units Beyond Forecasted Need Within this Income Range	***n/a***	***n/a***	***355***	***611***	***n/a***	***n/a***	***n/a***	***n/a***

Please note that housing units may not add up exactly to 100% due to rounding.

Source: CMAP analysis of Fregonese ETBH model using 2006-10 ACS and GO TO 2040 household growth projections as inputs.

Estimated 2040 housing demand by income, owner housing, Buffalo Grove

BUFFALO GROVE	<15k	15k <35k	35k <50k	50k <75k	75k <100k	100k <150k	150k+	**TOTAL**
Occupied Housing Stock Affordable at 30% of Income (2010)	**108**	**2,052**	**1,421**	**2,426**	**5,498**	**1,426**	**713**	**13,644**
Demand at Income Level (2010)	**811**	**1,587**	**1,408**	**2,539**	**2,433**	**2,110**	**2,756**	**13,644**
Projected Demand at Income Level (2040)	**1,161**	**2,352**	**1,918**	**3,067**	**2,852**	**2,246**	**2,819**	**16,415**
Target Units Needed to Meet Projected Demand by Income	***1,053***	***300***	***497***	***641***	***n/a***	***820***	***2,106***	***2,771***
Additional Units Beyond Forecasted Need Within this Income Range	***n/a***	***n/a***	***n/a***	***n/a***	***2,646***	***n/a***	***n/a***	***n/a***

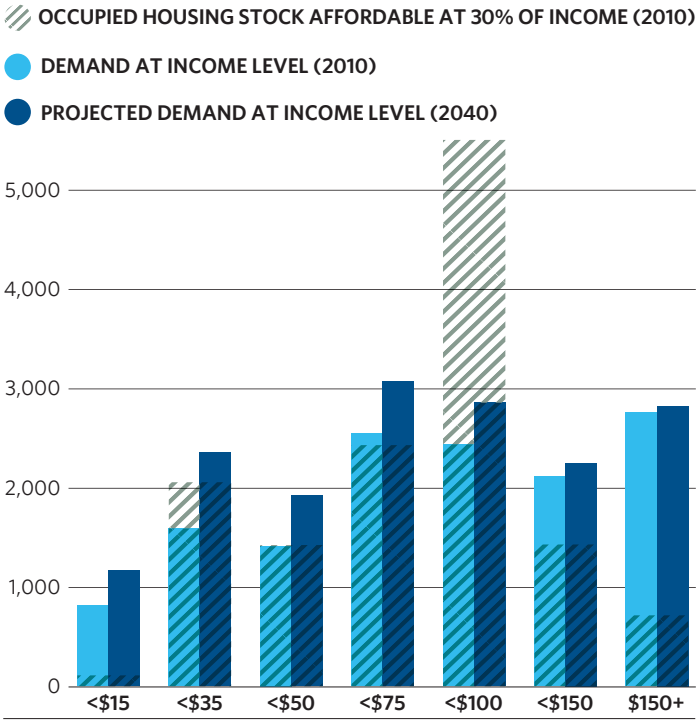
Please note that housing units may not add up exactly to 100% due to rounding.

Source: CMAP analysis of Fregonese ETBH model using 2006-10 ACS and GO TO 2040 household growth projections as inputs.

Estimated 2040 Affordable Housing Demand Compared to 2006-10 Housing Stock

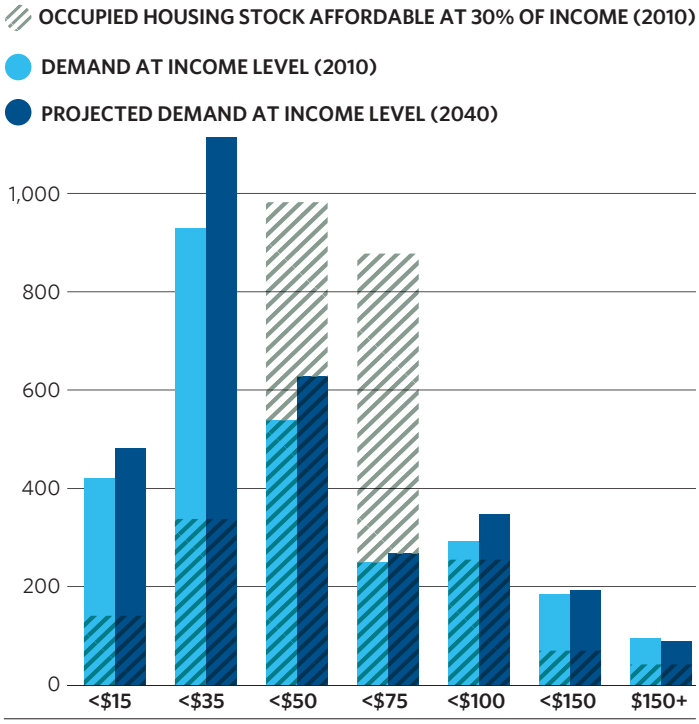
This section contains the charts which illustrate the data from the tables on the previous page.

Buffalo Grove 2010 households and housing stock compared with 2040 owner demand



Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model using ACS 2006-10 and CMAP GO TO 2040 household forecast inputs.

Buffalo Grove 2010 households and housing stock compared with 2040 rental demand



Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model using ACS 2006-10 and CMAP GO TO 2040 household forecast inputs.

Mount Prospect Housing Factsheet

Population and Household Forecast 2006/2010-40

	2006-2010 ACS	2040 CMAP	% CHANGE
Households	**20,447**	**23,378**	**14.3%**
Population	**53,838**	**63,354**	**17.6%**

Source: U.S. Census and CMAP GO TO 2040 projections.

Estimated 2040 housing demand by income, rental housing, Mount Prospect

MOUNT PROSPECT	<15k	15k <35k	35k <50k	50k <75k	75k <100k	100k <150k	150k+	**TOTAL**
Occupied Housing Stock Affordable at 30% of Income (2010)	**268**	**2,135**	**2,540**	**416**	**104**	**19**	**11**	**5,492**
Demand at Income Level (2010)	**727**	**2,376**	**1,324**	**637**	**269**	**144**	**15**	**5,492**
Projected Demand at Income Level (2040)	**787**	**2,652**	**1,600**	**753**	**360**	**185**	**15**	**6,352**
Target Units Needed to Meet Projected Demand by Income	***520***	***517***	***n/a***	***337***	***256***	***166***	***4***	***860***
Additional Units Beyond Forecasted Need Within this Income Range	***n/a***	***n/a***	***940***	***n/a***	***n/a***	***n/a***	***n/a***	***n/a***

Please note that housing units may not add up exactly to 100% due to rounding.

Source: CMAP analysis of Fregonese ETBH model using 2006-10 ACS and GO TO 2040 household growth projections as inputs.

Estimated 2040 housing demand by income, owner housing, Mount Prospect

MOUNT PROSPECT	<15k	15k <35k	35k <50k	50k <75k	75k <100k	100k <150k	150k+	**TOTAL**
Occupied Housing Stock Affordable at 30% of Income (2010)	**362**	**4,237**	**1,689**	**2,746**	**4,319**	**1,068**	**534**	**14,955**
Demand at Income Level (2010)	**793**	**2,191**	**1,766**	**3,429**	**2,462**	**2,530**	**1,783**	**14,955**
Projected Demand at Income Level (2040)	**1,054**	**2,974**	**2,201**	**4,125**	**2,764**	**2,711**	**1,869**	**17,698**
Target Units Needed to Meet Projected Demand by Income	***692***	***n/a***	***512***	***1,379***	***n/a***	***1,643***	***1,335***	***2,743***
Additional Units Beyond Forecasted Need Within this Income Range	***n/a***	***1,263***	***n/a***	***n/a***	***1,555***	***n/a***	***n/a***	***n/a***

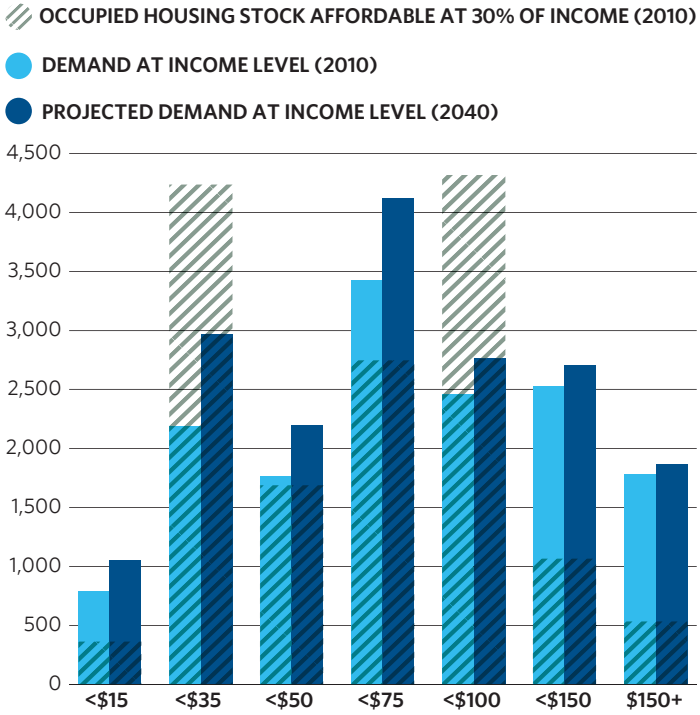
Please note that housing units may not add up exactly to 100% due to rounding.

Source: CMAP analysis of Fregonese ETBH model using 2006-10 ACS and GO TO 2040 household growth projections as inputs.

Estimated 2040 Affordable Housing Demand Compared to 2006-10 Housing Stock

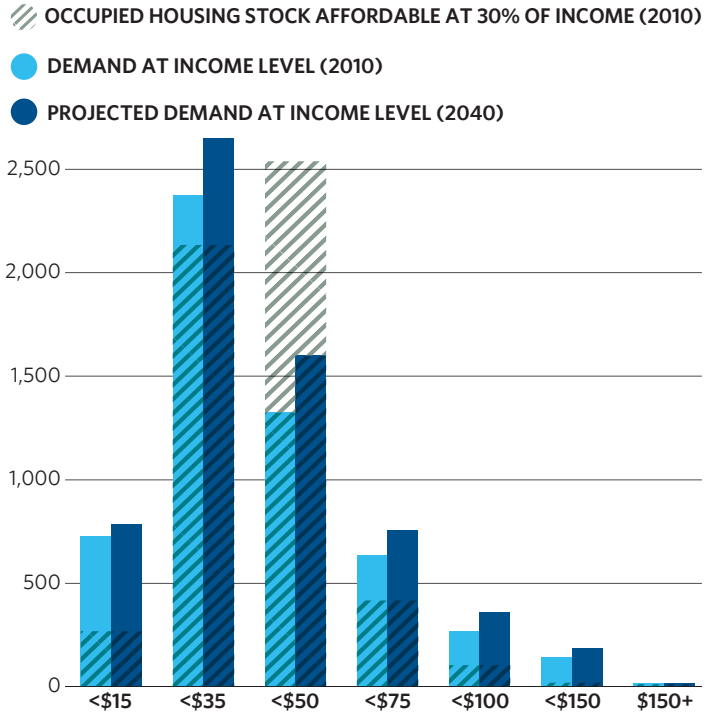
This section contains the charts which illustrate the data from the tables on the previous page.

Mount Prospect 2010 households and housing stock compared with 2040 owner demand



Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model using ACS 2006-10 and CMAP GO TO 2040 household forecast inputs.

Mount Prospect 2010 households and housing stock compared with 2040 rental demand



Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model using ACS 2006-10 and CMAP GO TO 2040 household forecast inputs.

Palatine Housing Factsheet

Population and Household Forecast 2006/2010-40

	2006-2010 ACS	2040 CMAP	% CHANGE
Households	**25,939**	**29,786**	**14.8%**
Population	**67,414**	**78,145**	**15.9%**

Source: U.S. Census and CMAP GO TO 2040 projections.

Estimated 2040 housing demand by income, rental housing, Palatine

PALATINE	<15k	15k <35k	35k <50k	50k <75k	75k <100k	100k <150k	150k+	**TOTAL**
Occupied Housing Stock Affordable at 30% of Income (2010)	**469**	**1,398**	**3,485**	**1,309**	**281**	**54**	**33**	**7,029**
Demand at Income Level (2010)	**1,250**	**2,916**	**1,487**	**685**	**411**	**228**	**52**	**7,029**
Projected Demand at Income Level (2040)	**1,444**	**3,243**	**1,536**	**784**	**410**	**198**	**38**	**7,653**
Target Units Needed to Meet Projected Demand by Income	***975***	***1,845***	***n/a***	***n/a***	***129***	***144***	***5***	***624***
Additional Units Beyond Forecasted Need Within this Income Range	***n/a***	***n/a***	***1,949***	***525***	***n/a***	***n/a***	***n/a***	***n/a***

Please note that housing units may not add up exactly to 100% due to rounding.

Source: CMAP analysis of Fregonese ETBH model using 2006-10 ACS and GO TO 2040 household growth projections as inputs.

Estimated 2040 housing demand by income, owner housing, Palatine

PALATINE	<15k	15k <35k	35k <50k	50k <75k	75k <100k	100k <150k	150k+	**TOTAL**
Occupied Housing Stock Affordable at 30% of Income (2010)	**308**	**3,274**	**2,504**	**4,861**	**5,888**	**1,383**	**692**	**18,910**
Demand at Income Level (2010)	**756**	**2,782**	**2,733**	**3,522**	**2,641**	**3,554**	**2,922**	**18,910**
Projected Demand at Income Level (2040)	**1,193**	**4,025**	**3,601**	**4,404**	**3,121**	**3,745**	**2,886**	**22,975**
Target Units Needed to Meet Projected Demand by Income	***886***	***751***	***1,097***	***n/a***	***n/a***	***2,362***	***2,194***	***4,065***
Additional Units Beyond Forecasted Need Within this Income Range	***n/a***	***n/a***	***n/a***	***457***	***2,767***	***n/a***	***n/a***	***n/a***

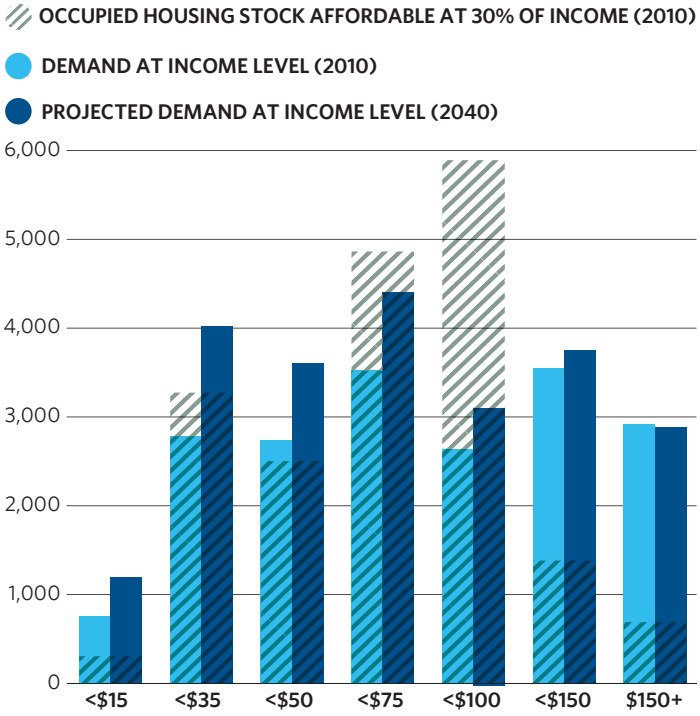
Please note that housing units may not add up exactly to 100% due to rounding.

Source: CMAP analysis of Fregonese ETBH model using 2006-10 ACS and GO TO 2040 household growth projections as inputs.

Estimated 2040 Affordable Housing Demand Compared to 2006-10 Housing Stock

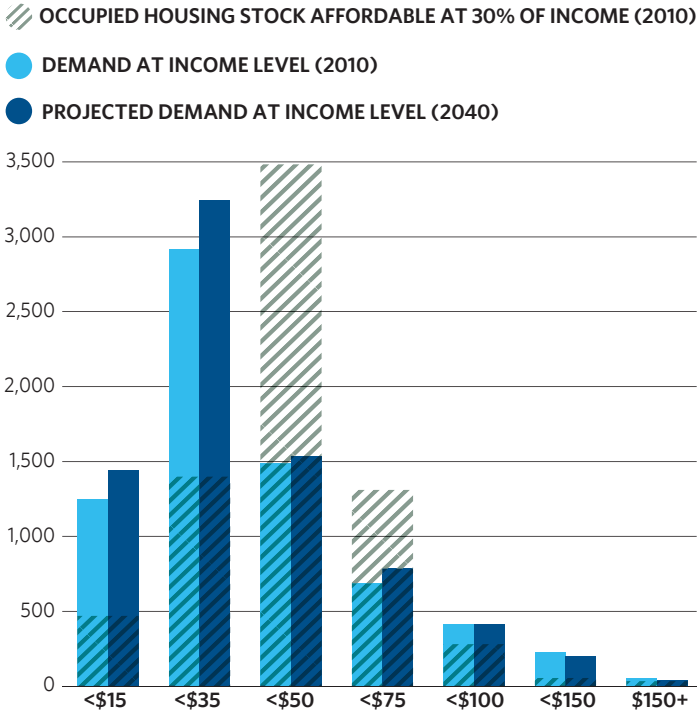
This section contains the charts which illustrate the data from the tables on the previous page.

Palatine 2010 households and housing stock compared with 2040 owner demand



Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model using ACS 2006-10 and CMAP GO TO 2040 household forecast inputs.

Palatine 2010 households and housing stock compared with 2040 rental demand



Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model using ACS 2006-10 and CMAP GO TO 2040 household forecast inputs.

Rolling Meadows Housing Factsheet

Population and Household Forecast 2006/2010-40

	2006-2010 ACS	2040 CMAP	% CHANGE
Households	**9,031**	**10,289**	**13.9%**
Population	**23,601**	**27,524**	**16.6%**

Source: U.S. Census and CMAP GO TO 2040 projections.

Estimated 2040 housing demand by income, rental housing, Rolling Meadows

ROLLING MEADOWS	<15k	15k <35k	35k <50k	50k <75k	75k <100k	100k <150k	150k+	**TOTAL**
Occupied Housing Stock Affordable at 30% of Income (2010)	**146**	**439**	**1,032**	**559**	**70**	**7**	**4**	**2,256**
Demand at Income Level (2010)	**370**	**1,039**	**483**	**279**	**84**	**1**	**0**	**2,256**
Projected Demand at Income Level (2040)	**403**	**1,123**	**563**	**319**	**101**	**0**	**0**	**2,509**
Target Units Needed to Meet Projected Demand by Income	***258***	***684***	***n/a***	***n/a***	***31***	***n/a***	***n/a***	***253***
Additional Units Beyond Forecasted Need Within this Income Range	***n/a***	***n/a***	***469***	***240***	***n/a***	***7***	***4***	***n/a***

Please note that housing units may not add up exactly to 100% due to rounding.
Source: CMAP analysis of Fregonese ETBH model using 2006-10 ACS and GO TO 2040 household growth projections as inputs.

Estimated 2040 housing demand by income, owner housing, Rolling Meadows

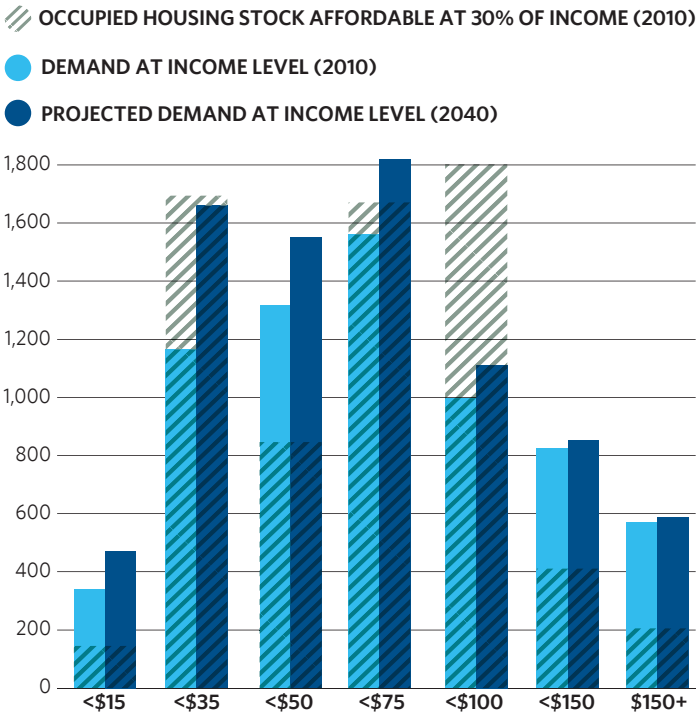
ROLLING MEADOWS	<15k	15k <35k	35k <50k	50k <75k	75k <100k	100k <150k	150k+	**TOTAL**
Occupied Housing Stock Affordable at 30% of Income (2010)	**145**	**1,695**	**846**	**1,671**	**1,801**	**411**	**206**	**6,775**
Demand at Income Level (2010)	**340**	**1,165**	**1,316**	**1,561**	**998**	**825**	**569**	**6,775**
Projected Demand at Income Level (2040)	**471**	**1,659**	**1,551**	**1,819**	**1,111**	**851**	**586**	**8,048**
Target Units Needed to Meet Projected Demand by Income	***327***	***n/a***	***705***	***148***	***n/a***	***440***	***380***	***1,273***
Additional Units Beyond Forecasted Need Within this Income Range	***n/a***	***36***	***n/a***	***n/a***	***690***	***n/a***	***n/a***	***n/a***

Please note that housing units may not add up exactly to 100% due to rounding.
Source: CMAP analysis of Fregonese ETBH model using 2006-10 ACS and GO TO 2040 household growth projections as inputs.

Estimated 2040 Affordable Housing Demand Compared to 2006-10 Housing Stock

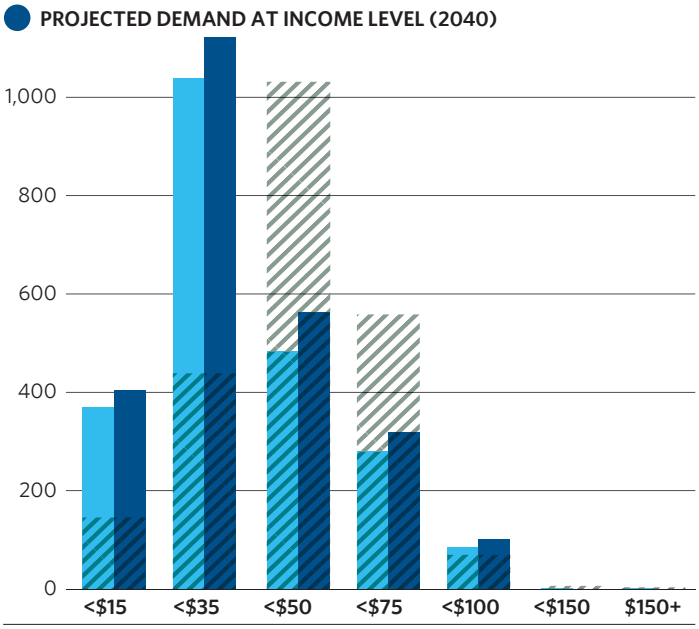
This section contains the charts which illustrate the data from the tables on the previous page.

Rolling Meadows 2010 households and housing stock compared with 2040 owner demand



Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model using ACS 2006-10 and CMAP GO TO 2040 household forecast inputs.

Rolling Meadows 2010 households and housing stock compared with 2040 renter demand



Source: CMAP analysis of Fregonese Envision Tomorrow Balanced Housing Model using ACS 2006-10 and CMAP GO TO 2040 household forecast inputs.

List of Acronyms

ACS	American Community Survey
AI	Age/Income
CDBG	Community Development Block Grant
CMAP	Chicago Metropolitan Agency for Planning
CNT	Center for Neighborhood Technology
CO2e	Carbon dioxide
ESRI	Environmental Systems Research Institute
GIS	Geographic Information System
HUD	U.S. Department of Housing and Urban Development
IGA	Intergovernmental agreement
IRS	Internal Revenue Service
LTA	Local Technical Assistance
kWh	Kilowatt hour
LEED	Leadership in Energy and Environmental Design
MMC	Metropolitan Mayors Caucus
MPC	Metropolitan Planning Council
MT	Metric tons
NWSHC	Northwest Suburban Housing Collaborative
PNRC	Police Neighborhood Resource Center
TIF	Tax increment financing
VMT	Vehicle miles traveled

Chicago Metropolitan Agency for Planning
233 South Wacker Drive Suite 800
Chicago Illinois 60606
312 454 0400
info@cmap.illinois.gov

www.cmap.illinois.gov

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