



ST. CHARLES  
SINCE 1834

## AGENDA ITEM EXECUTIVE SUMMARY

Title: Presentation of Annual St. Charles Housing Affordability Update

Staff: Matthew O'Rourke, Planner

*Please check appropriate box:*

	Government Operations		Government Services
X	Planning & Development (6/11/12)		City Council

Estimated Cost:	N/A	Budgeted:	YES		NO	
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If NO, please explain how item will be funded:

### Executive Summary:

Staff has prepared an annual update of the St. Charles Housing Market Affordability Snapshot. This report is part of an ongoing effort to annually assess and benchmark the state of the St. Charles Housing market in terms of housing affordability and sale price.

### Attachments: *(please list)*

2011-2012 St. Charles Housing Market Affordability Snapshot

### Recommendation / Suggested Action *(briefly explain):*

Staff is presenting this update for informational purposes.

*For office use only:*

*Agenda Item Number: 4b*

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ST. CHARLES  
SINCE 1834

2011-12 St. Charles Housing Market  
Affordability Snapshot

**I. PURPOSE**

Beginning in 2009, Staff decided to perform an annual detailed analysis of the St. Charles affordable housing stock. The emphasis of this report was to ascertain if a minimum of 10 % of the St. Charles housing stock met the **State of Illinois Affordable Housing Planning and Appeal Act's** criteria to be considered affordable. The 2009 update stated that St. Charles housing stock was at 16.3%. The following report is the St. Charles affordable housing update for 2011-12.

For this report, Staff utilized the same methodology, derived from the State of Illinois' 2004 *Report on Affordable Housing Planning and Appeals Act*.

**II. IMPORTANT TERMS AND METHODOLOGY**

Throughout this report there are references to affordable housing. The Illinois Housing and Development Authority (IHDA) defines affordable housing as the following:

**IHDA Definitions of Affordable Housing and Eligible Households**

**Affordable Housing** - means housing that has a sales price or rental amount that is within the means of a household that may occupy moderate-income or low-income housing. In the case of dwelling units for-sale, housing that is affordable means housing in which mortgage, amortization, taxes, insurance and condominium or association fees, if any, constitute no more than 30% of the gross annual household income for a household of the size that may occupy the unit.

**Low-Income Housing** - means housing that is affordable, according to the Federal Department of Housing and Urban Development, for either home ownership or rental, and that is occupied, reserved or marketed for occupancy by a household with a gross household income that does not exceed 50% of the area median household income.

**Moderate-Income Housing** - means housing that is affordable, according to the Federal Department of Housing and Urban Development, for either home ownership or rental, and that is occupied, reserved or marketed for occupancy by a household with a gross household income that does not exceed 80% of the area median household income.

**Affordable Owner Occupied Homes** - owner-occupied homes are considered affordable if they meet the definition of Moderate- Income Housing or 80% of the area median income.

**Affordable Rental Homes** – rental homes are consider affordable if they meet the definition of Moderate- Income Housing or 60% of the area median income.

The following methodology was used to determine the cost of affordable housing in St. Charles:

- The amount of monthly income a person can spend on an affordable unit was calculated using this formula: **(Area Median Income (AMI) x (.80) x (.30) / (12)**
  - The AMI used for St. Charles is the median income for the Chicago Metropolitan Statistical Area.
  - (.80) represents 80% of the median income, the maximum income still considered affordable by IHDA.
  - (.30) represents 30% of a household income, the percentage of income expected to be spent on housing according to IHDA.
  - / (12) is to adjust to a monthly income as opposed to yearly.
- This same method is used to determine affordable rental price except (.60) or 60% of AMI is used as opposed to 80% of AMI.

**III. AFFORDABILITY IN ST. CHARLES – 2011-12 UPDATE**

**1. DETERMINING THE 2011-12 AFFORDABLE HOME PRICE & UNIT COUNT**

The St. Charles Township Assessor’s data is always a year behind the current calendar year. This ensures that Staff is looking at a full calendar year of assessment and sales data as opposed to only a partial year of data. The data examined in this report is for the 2010 calendar year. St. Charles Township was not able to send us the data until recently. The income statistics are provided by a private vendor named Claritas, Inc. Those statistics were updated in 2011. Staff has combined the two data sets into the following report. This combined data is referenced as the 2010-11 calendar year.

**Owner-Occupied Units**

**Table 1** details the data that was used to calculate the cost of affordable owner-occupied housing and the new maximum owner-occupied affordable price limit:

**Table 1**

Current Chicago Statistical Area Median Income	\$74,812
80% of AMI	\$59,850
30% of The Annual Income	\$17,955
Affordable Monthly Payment	\$1,496
<b>Owner-Occupied Housing Cost Affordable to Family Earning 80% of AMI</b>	<b>\$187,450</b>

This new affordable owner-occupied home price was used to determine the number of units that are at or below this price. Staff used the market price as listed by the St. Charles Township Assessor for the year ending on December 31, 2010.

**Rental Units**

The number of affordable rental units was arrived at using rental rates collected by Staff. These rates were then compared to the maximum allowed rent as established by the **Affordable Housing Planning and Appeal Act 2010 Owner-Occupied and Rental Affordability Charts** (attached to this memo) as updated by the Illinois Housing and

Development Authority (IHDA) in June of 2011. These charts set a maximum affordable rent based 60% of AMI and then is adjusted based on the number of bedrooms in the rental unit.

*Two additional housing categories were identified in the Assessor data, three or more-family homes, and Single-Family Rentals. These units were added to the total amount of rental units in St. Charles. However, we cannot readily determine if any of these units are affordable, so they were only counted as part of the total rental units.*

**Calculating St. Charles' Affordable Housing Stock**

The total percentage of affordable units in St. Charles is determined by:

- Adding the number of affordable owner-occupied and affordable rental units together
- The total number of affordable units was then divided by the total number of housing units
- The result is the percentage of affordable units in St. Charles

**2. FINDINGS**

**Table 2** breaks down the number of estimated affordable housing units based on the type of ownership unit:

**Table 2**

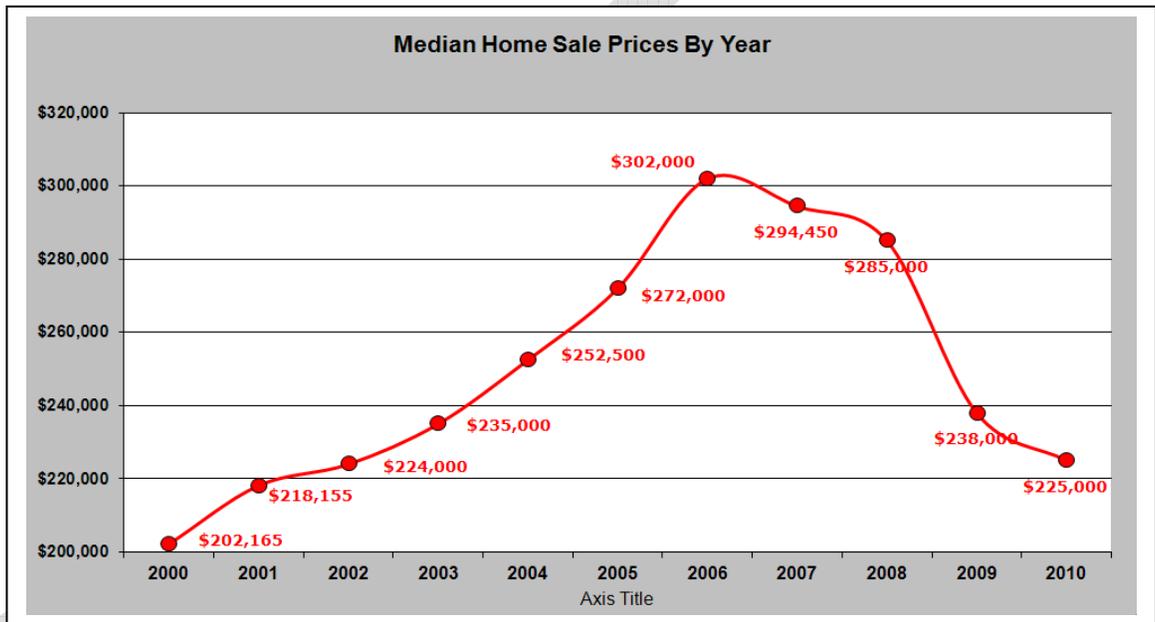
<b>Percent of Affordable Units by Ownership Type</b>			
<i>Owner Occupied Units</i>			
<b>Unit Type</b>	<b>Affordable Units</b>	<b>Total Units</b>	<b>% of Affordable Units per Each Ownership Category</b>
Single- Family	706	7,576	9.32%
Two-Family & Duplex	0	15	0.00%
Condo	463	1,013	45.71%
Townhome	84	1,000	8.40%
<b>Totals</b>	<b>1,253</b>	<b>9,604</b>	<b>13.05%</b>
<i>Rental Units</i>			
<b>Rental Units Including Single Family Rentals &amp; Conversions</b>	1,251	4,297	29.11%
<i>Owner Occupied and Rental Units Combined</i>			
<b>Total Owner Occupied Units and Rental Units</b>	2,504	13,901	18.01%

### 3. ST. CHARLES HOUSING MARKET TRENDS IN 2010-11

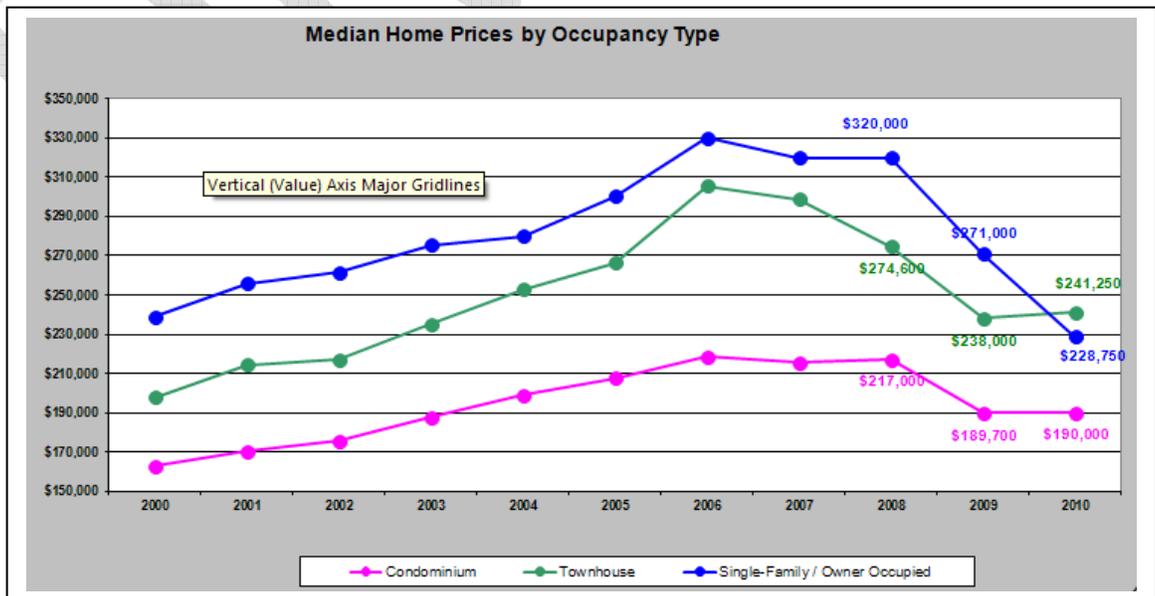
#### Housing Costs

The Township Assessor's sales data was used to determine the sales prices of all St. Charles owner-occupied homes in 2010-11. The City's GIS department has been tracking the median sale price of all homes each year. This analysis shows that the median sales price of homes in St. Charles peaked in 2006 at \$302,000. Since that time the median sales price of homes decreased to \$225,000 in 2010. **Chart 1** shows median home sales prices since 2000. **Chart 2** shows the median home sales prices broken by unit type.

**Chart 1**



**Chart 2**



#### 4. ST CHARLES INCOME TRENDS AND HOME AFFORDABILITY

##### Median Household Income in St. Charles

In 2005 the Metropolitan Planning Council (MPC) studied the St. Charles housing market. Their findings were summarized in the *Housing Needs Assessment for the City of St. Charles* report in August of 2005. That study predicted that the median cost of a home in St. Charles would increase 10% per year from \$242,600 in 2005 to \$400,000 by the year 2010. **Table 3** details the difference in the increase in the median home sale price to the median household income in St. Charles. The median home price in St. Charles has increased 11.3% since 2000 and decreased -25.5% since 2006.

The 2005 housing study also indicated that housing costs in St. Charles would greatly outpace income growth. Since 2000, the median household income in St. Charles increased from \$71,266 to \$75,800 or 6.36%. Median household income estimates peaked in 2009 at \$81,557. Median household income fell in the last year to approximately the same level as it was in 2005.

**Table 3**

	2000	2005	2008	2009	2010-11	% Change (2000 to 2011-12)
Affordable Housing Percentage	16.3%	10% (Estimate)	16.3%	16.61%	18.01%	+1.71%
Median Household Income	\$ 71,266*	\$75,674**	\$78,211**	\$81,557**	\$75,800**	+6.36%
Median Price of Homes Sold	\$202,165	\$272,000	\$285,000	\$238,000	\$225,000	+11.3%

\* Source: US Census

\*\* Source: Claritas, Inc.; Reports 2011 <sup>1</sup>

#### 5. OWNER-OCCUPIED UNITS VS. RENTAL UNITS

##### a. Owner-Occupied Homes

**Table 4** details the number of owner-occupied homes that are affordable to St. Charles households based on income cohort. **Table 5** further breaks down the type of owner-occupied homes that are affordable to each cohort.

<b>2011 Est. Households by Household Income</b>	<b># Of Households</b>	<b>% Of Population by Cohort</b>	<b>% Of St. Charles Households Earning Maximum Cohort Income or Less</b>
Income Less than \$15,000	623	5.02%	5.02%
Income \$15,000 - \$24,999	776	6.26%	11.28%
Income \$25,000 - \$34,999	823	6.63%	17.91%
Income \$35,000 to \$49,999	1,486	11.98%	29.89%
<b>Income \$50,000 - \$59,800 (80% of AMI Cutoff)</b>	<b>958</b>	<b>7.72%</b>	<b>37.62%</b>
Income \$59,900 - \$74,999	1,471	11.86%	49.48%
Income \$75,000 - \$99,999	2,003	16.15%	65.62%
Income \$100,000 - \$124,999	1,569	12.65%	78.27%
Income \$125,000 - \$149,999	861	6.94%	85.21%
Income \$150,000 - \$199,999	778	6.27%	91.49%
Income \$200,000 - \$499,999	882	7.11%	98.60%
Income \$500,000 and more	173	1.39%	1.00%

*Source: Claritas, Inc.; Reports 2011*

<b>Median Household Income</b>	<b>Affordable Home Price Using States Methodology</b>	<b>Condos</b>	<b>Duplex Two-Family</b>	<b>Single-Family</b>	<b>Townhome</b>	<b>Totals</b>	<b>% Of Homes Affordable to Income Cohort</b>
\$14,999	\$39,042.24	0	0	0	0	0	0.00%
\$24,999	\$72,131.69	0	0	0	0	0	0.00%
\$34,999	\$105,221.14	0	0	3	0	3	0.03%
\$44,999	\$138,313.90	15	0	23	0	38	0.40%
\$49,999	\$154,855.31	35	0	126	0	161	1.68%
<b>\$59,800 (80% of AMI Cutoff)</b>	\$187,451.73	463	1	706	84	1,254	13.06%
\$74,999	\$237,578.93	967	4	2,571	498	4,040	42.07%
\$99,999	\$320,302.56	999	13	4,913	845	6,770	70.49%
\$149,999	\$485,749.80	1,011	13	6,375	962	8,361	87.06%
\$249,999	\$816,644.29	1,013	15	7,399	1,000	9,427	98.16%
\$500,000 And Above	\$1,643,880.51	1,013	15	7,576	1,000	9,604	100.00%

**b. Rental Homes**

In 2004 there were 2,689 total rental units in St. Charles. In 2010-11 there were a total of 4,297 rental units. In 2004, according to the *Report on Affordable Housing and Planning Appeal Act*, there were 1,276 affordable rental units. There are 1,251 estimated affordable rental units in 2010-11. This does indicate a slight decrease of 25 affordable rental units.

**c. Increase in Total Number of Rental Units**

This reports shows and increase in the total number of rental units within the City. This is due to the inclusion of the units located in the Cumberland Green development. In the past it was unclear if these units should be considered rental. Each tenant not only pays rent but belongs to a cooperative ownership of the property. After a review of the payment schedule for this development, Staff has determined that these units should be considered rental and has included them in the rental unit count.

**IV. SUMMARY- HOUSING AND INCOME TRENDS**

The City of St. Charles' total affordable housing stock has **increased from 16.3% to 18.01%** in the past year. This indicates an increase of 1.71% since 2004.

The following compares the City of St. Charles' housing and income data trends from 2009 to 2010-11:

**Owner-Occupied Housing**

- The total number of affordable owner-occupied units increased from 1,180 to 1,253. The percentage increase was from 11.97% to 13.01%.
- There was a decrease in the total number of owner-occupied units in St. Charles from 9,856 to 9,605.
  - There were 201 Single-Family conversions to rental in 2009, there are 482 such units in 2010-11.

**Single-Family Homes**

- The number of affordable Single-Family units in St. Charles decreased from 783 to 706 or 10.32% to 9.32%.
- The total number of owner-occupied Single-Family units decreased from 7,584 to 7,576 units.

**Townhomes**

- The number of affordable Townhome units in St. Charles increased from 14 to 84 or 1.36% to 8.40%.

**Condominium**

- The number of affordable Condominium units in St. Charles increased from 386 to 463 or 35.58% to 45.71%.

### **Rental Units**

- The total number of affordable apartments in St. Charles increased from 1,080 to 1,251 in 2010-11. However, this increase is attributed to rental units that were not classified as apartments in years past, and not due to an increase in the actual supply of affordable units.
- There is an increase in total rental units from 3,789 in 2009 to 4,297 in 2010-11. This increase is attributed to the reclassification of apartment units (Cumberland Green) and the increase in Single-Family homes that have been converted into rental units.

### **Income Comparison**

- The estimated median income in St. Charles has decreased from \$81,557 in 2009 to \$75,800 in 2010-11. This marks the first decrease in median household income since Staff began tracking this data.
- The number of households with an income at or below 80% of AMI increased from 34.35% to 37.62%.
- The overall trend in household income is that a greater percentage of households are concentrated in lower income brackets than were a year ago. **(See Table 4).**
- The percentage of affordable owner-occupied homes affordable to households earning 80% of AMI or less increased from 11.97% in 2009 to 13.06% in 2010-11. **(See Table 5).**

## **V. ATTACHMENTS**

Illinois Housing and Development Authority, 2011 Owner-Occupied and Rental Affordability Charts.

## **SOURCES**

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<sup>1</sup> Source: Claritas, Inc.; Reports 2012

**Affordable Housing Planning and Appeal Act (310 ILCS 67/)**  
**2011 Owner-Occupied and Rental Affordability Charts**

Below are the updated 2011 Owner-Occupied and Rental affordability charts. The U.S. Department of Housing and Urban Development (HUD) publishes new updates of county level income limits on an annual basis. The HUD income figures are effective 5/31/2011. IHDA’s Technical Services Department reviews this rental and owner limits and publishes the figures on the IHDA website. Please note that the limits below are derived from the standard / “regular” limits that apply to most HUD programs – developments that are eligible for and participating in Housing and Economic Recovery Act (HERA) funding initiatives have different income limits and rental limits that apply (as do developments receiving HOME funding), but for the purposes of establishing an AHPAA-related affordability limit, the standard limits have been applied.

For 2011, the owner limits (80% area median income) trended slightly downward from those set in 2010 in the Chicago Primary Metropolitan Statistical Area, equating a slight change in affordable housing costs per the AHPAA standards. The rental limits (60% area median income) remain unchanged from 2010.

<b>Owner Occupied Affordability Chart For Chicago Metro Area</b>								
	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
<b>2011 Income Limits (80% AMI)</b>	<b>\$41,900</b>	<b>\$47,900</b>	<b>\$53,900</b>	<b>\$59,850</b>	<b>\$64,650</b>	<b>\$69,450</b>	<b>\$74,250</b>	<b>\$79,050</b>
<b>Affordable Cost (AHPAA Requirements) using 30% of household Income</b>	<b>\$139,667</b>	<b>\$159,667</b>	<b>\$179,667</b>	<b>\$199,500</b>	<b>\$215,500</b>	<b>\$231,500</b>	<b>\$247,500</b>	<b>\$263,500</b>
<b>Affordable Cost (Industry Standard) using 36% of household Income</b>	<b>\$116,389</b>	<b>\$133,056</b>	<b>\$149,722</b>	<b>\$166,250</b>	<b>\$179,583</b>	<b>\$192,917</b>	<b>\$206,250</b>	<b>\$219,583</b>
<i>Please Note: The Above chart uses 2011 income limits. Municipalities must make sure they are using the most current income limits (available on IHDA's website: <a href="http://www.ihda.org">www.ihda.org</a>).</i>								

<b>Affordable Rental Units For Chicago Metro Area</b>						
	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5 Bedroom
<b>2011 Affordable Rent Limits for HH @ 60% AMI</b>	<b>\$786</b>	<b>\$842</b>	<b>\$1,011</b>	<b>\$1,167</b>	<b>\$1,302</b>	<b>\$1,437</b>
<i>Please Note: The above chart uses 2011 rental limits. Municipalities must make sure they are using the most current rental limits (available on IHDA's website: <a href="http://www.ihda.org">www.ihda.org</a>).</i>						