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Blackhawk Hills Regional Council

Lee-Ogle
ENTERPRISE ZONE

LEE COUNTY, IL HOUSING STUDY

Prepared for Daniel Payette, Executive Director
Blackhawk Hills Regional Council
05/20/2022

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U.S. ECONOMIC DEVELOPMENT ADMINISTRATION
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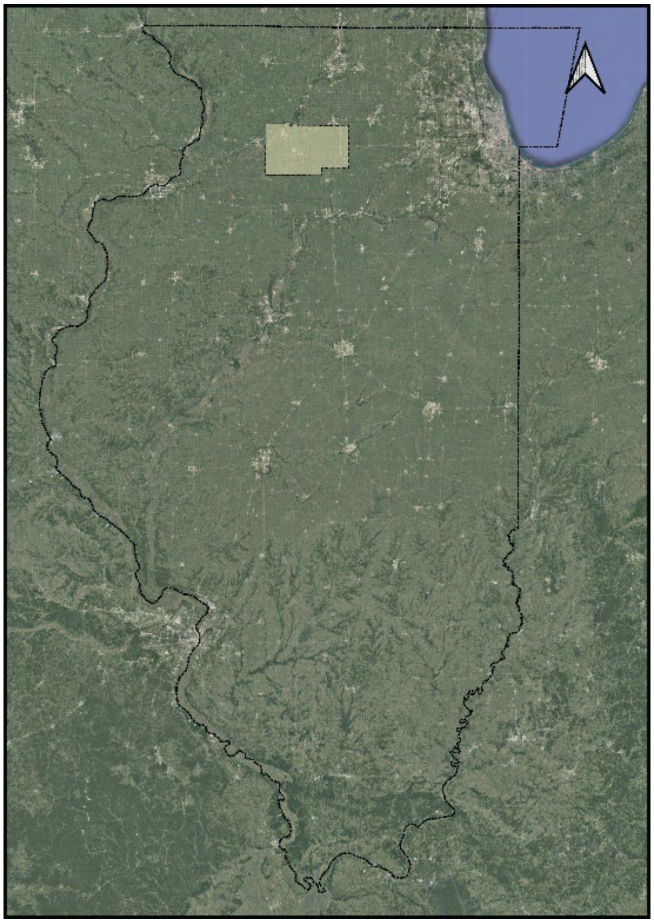
Lee County Housing Study

Executive Summary

Lee County



Purpose of This Study

The purpose of the Lee County Housing Study is to provide an analysis of the housing market in Lee County, Illinois. The study provides an understanding of the existing conditions, challenges, demands, and market restrictions. It also offers timely recommendations.

Key decision-makers in the county can use the findings and recommendations to implement policies, programs, and projects, and thereby affect positive change in the local housing market. Our aim is to offer practical, implementable solutions that can be made over time for long-term, positive impact.

Demographic and Economic Trends

According to ESRI, the population of Lee County is projected to decline by 3.09%, approximately 1,084 persons, by 2026. This negative growth projection is more dramatic than the Blackhawk Hills region as a whole (-2.98%) and significantly more than statewide (0.76%). Understanding why the population is declining and how households are changing is the first step to reversing course on this trend. While death accounts for some of the decline in the higher age groups, scarcity of housing for senior citizens may also account for senior population losses.

Even though the size of the labor force (all people age 16 and older who are classified as either employed or unemployed) appears to be somewhat erratic, it averages out to fairly steady numbers from year to year, excepting for early 2020. Employment appears to spike in the summer months and taper off during the winter months. Outside of a significant catalytic event, like a new global pandemic or major employer moving to or out of the region, it is very likely that over the next five years, net annual employment additions in Lee County will remain fairly consistent and modest, averaging 75 to 125 per year. Such a trend would result in 375 to 625 new jobs in the next five years.

Approximately eight industry sectors pay, on average, a wage describable as workforce-income (defined below under "Affordability"). Manufacturing and wholesale trade offer wages above workforce-income and employ a majority of the people in Lee County. However, several of the sectors employing thousands countywide do not pay above workforce-income and lag regional and statewide incomes.

Lee County's median household income (MHI) is higher than the MHI of the Blackhawk Hills region but below the comparable WI and IA regions (Southwestern Wisconsin Regional Planning Commission and East Central Intergovernmental Association, respectively). MHI for Lee County is projected to grow by 6.3% by 2026. Still, Lee County MHI lags the projected growth rate of 9.7% for the five-county WI region and 7.5% for the five-county IA region. Households making $50,000 or more per year are projected to increase within each income category by 2026 . (See Appendix C, Figure 4). We expect, according to ESRI data, a near 20% increase in MHI among those making between $150,000 and $199,999.

Comparing income changes since 2013 with changes in home values and rental rates indicates that the number of housing units that are at the median value for Lee County ($133,403) has not been keeping pace with income growth. This indicates there is room to grow the number of housing units at this value point.

Average travel time to work is approximately 22 minutes.

Housing Affordability

In this report, "workforce-income" refers to households making between $30,000 and $45,000 per year (or $14-22/hour), representing those making approximately 50-80% of the county's median household income. Workforce housing refers to housing units that are affordable (see definition in Appendix A) to households with income in that same range. Those spending more than 30% of income on housing are considered "cost-burdened" and those spending more than 50% of income on housing are considered "severely cost-burdened."

In Lee County, 33.2% (1,235) of renter-occupied units and 14.4% (1,434) of owner-occupied units with a mortgage are currently housing cost-burdened. Specifically, 7.8% of workforce-income families are cost burdened or severely cost burdened.

Housing Needs Findings

As of 2019, Lee County had 15,083 housing units; 12,223 units (or 83%) fell into the single-family category. Nationally, according to www.statista.com, the number of homes in the United States as of October 2021 by type was comprised of 81% single family, 15% multifamily, and 4% other. Of the 15,083 housing units in Lee County, over 77% were built before 1979. Aging, unmaintained homes can create a burden on homeowners and potential homebuyers due to the high cost of rehabilitation. Furthermore, aging homes in disrepair inflate the supply of homes, especially in the lower price ranges, because even though they are affordable, they may not be suitable depending on their condition. If these homes are low in fair market value, it may make even critical home repairs like roof or porch replacement non-financeable due to the low beginning value of the property. Additionally, if a home was built before 1978, it is more likely to have lead-based paint. Houses which have been consistently maintained and updated can stand the test of time. But the low number of homes built in Lee County in subsequent years is concerning and may be hindering new resident attraction.

The median home value (MHV) in Lee County in 2021, reported by ESRI, was $133,403 and is projected to increase to $148,258 by 2026. Lee County's MHV is slightly higher than the rest of the Blackhawk Hills Region ($130,802) but is significantly lower than the five-county IA region ($173,208) and five-county WI region ($187,968). The projected growth rate of Lee County's MHV (11.1%) is on par with the IA five-county region (11.6%), but significantly lower than the five-county WI region (28.6%). (See Appendix C Figure 7 for a comparison of median home values of the communities within the study.)

Regarding occupancy rates for Lee County, ESRI estimates that 65.7% of housing units were owner-occupied, 24.5% were renter-occupied, and 9.7% were vacant in 2021. Homeowner vacancy has hovered between 1-3% since 2010 whereas renter vacancy - which peaked at 8.9% in 2017 - has dropped to its lowest rate in 2019 at 4.1%. Arthur Nelson, author of Planner's Estimating Guide: Projecting Land-Use and Facility Needs, recommends an owner-occupancy vacancy rate of 1-2% and a rental vacancy rate of 5-7% (Nelson, 2004).

According to American Community Survey (2019 5-year estimates), there were a total of 15,083 housing units of which 1,295 were vacant units in Lee County. If Lee County were to have a healthy number of vacant units available for owner-occupancy (1-2% of total housing units), there would be at least 151 units available for purchase. In a community the size of Dixon, IL, there would be 61 units listed for sale.

Assuming that Lee County is maintaining its 69% owner-occupancy and 31% renter-occupancy ratio, if the county were to have a healthy number of rental units vacant (5-7% of total housing units), there would be at least 754 units available. In a community the size of Dixon, IL, there would be 307 units available. However, using online search tools, our team was unable to find more than three units available on any given day. This suggests a significant demand for a developer to invest in and develop some higher-density multi-family housing.

Comparing income changes since 2013 with changes in home values and rental rates shows that the number of median value housing units has not been keeping pace with income growth and indicates there is room to grow the number of median value housing units.

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Introduction

Approach to the Study

Redevelopment Resources of Madison, WI, and Studio GWA of Rockford, IL, partnered on this study to provide a thorough and practical guide to housing needs, challenges, opportunities, and solutions in Lee County. The study consisted of five primary phases: Secondary Research, Primary Research, Analysis, and Housing Market Personas, and finally, Recommendations & Strategy Development.

Secondary Research

The team collected secondary data regarding the demographics and economic characteristics of the county from various sources, including:

- U.S. Census
- U.S. Bureau of Labor Statistics
- U.S. Bureau of Economic Analysis
- Esri
- Emsi
- Local MLS Data

Primary Research

The team collected primary data about the county through interviews with approximately 24 various experts and stakeholders. Interviews were conducted with:

- Housing developers
- County and municipal staff
- Landlords
- Realtors
- Business owners
- School district superintendent
- Other key stakeholders

Analysis

The team analyzed qualitative and quantitative data to develop an understanding of the housing market in Lee County including current and future supply and demand at various price points. Projections used a combination of collected data and the team's experience working in similar communities.

Housing Market Personas

A second purpose of this study is to support marketing efforts to attract and retain residents as well as attract industries that require additional housing stock for their employees. Towards that end, the study includes a series of housing market personas.

These personas are intended to paint a picture of certain segments of the county's population. Each persona is shaped by:

- Demographic information gleaned from study data; and
- Psychographic information gleaned from steering committee meetings and interviews conducted during the study.

Together, this information can help decision-makers understand the perspectives, aspirations, and challenges of certain community segments and humanize the data being shared. The personas are not intended to represent every individual resident in the county, of course, and should not be misconstrued as prioritizing a certain persona (e.g., senior citizens over medical professionals).

Recommendations and Strategy Development

Based on findings from research and analysis phases, the team developed a series of recommendations and implementation strategies that will allow Lee County to prepare for and adapt to changes in the housing market over the next 5-10 years.

Housing Market Personas

Medical Professionals

Overview. This persona is employed as a professional in the medical sector, working at places such as KSB Hospital, CGH Medical Center, or Physicians Immediate Care. They are educated, and degree obtainment ranges from an associate degree in nursing (often from Sauk Valley Community College) to a terminal degree (obtained from outside of the county). Higher educational attainment may result in the persona working in more specialized positions. They may live in a larger metropolitan area, such as the Quad Cities, Madison, or Chicago and be willing to commute to Lee County for work. The persona may have atypical work schedules (e.g., four 12-hour shifts, third shift, etc.).

Moreover, this persona tends to be younger and comprised of people who are newcomers to Lee County (the latter is typical for those with terminal degrees). It also includes people whose families have roots in the county. Homeownership rates are lower than those of their parents. Social connectivity is important to this persona as it is in other personas, but it manifests in different ways. Networks are smaller, and affiliations with clubs or organizations are not as prevalent in the seniors/55+ persona.

Housing Implications. The medical sector pays an average wage that is above workforce-income (see "Affordability" above), which gives workers greater means to own or rent a home. Young professionals may be interested in renting a home as they discern a number of variables including job security, neighborhood fit, social belonging, and more. If this persona is interested in purchasing a home in Lee County, they will encounter the current, short-term issue of low inventory. In the long-term, housing stock age or type may discourage this persona from purchasing an existing home in the county, and they may instead choose to build.

Any commuting employees taking advantage of short-term rental housing may have a higher rent threshold for quality units than what is current available. Quality units could present themselves in the form of upper-floor residential in downtown Dixon or an executive lease on a single-family home.

Young Manufacturing and Educational Professionals

Overview. This persona consists of two industry sectors and one age group (25-34 years of age). Despite the industry distinctions, workers in this persona share similarities that include a population entering the full-time workforce for the first time and applying for potentially long-term benefited positions. It is also a population ascertaining job and community fit.

Manufacturers provide a large portion of the available jobs in Lee County. The young manufacturing professional persona finds work at companies like Raynor Garage Doors, Crest Foods, and Allied-Locke Industries. They work as laborers or specialists (e.g., welders, electricians, etc.), and the latter tends to earn more upon entering the profession. The educational industry includes large employers such as Dixon USD 170 or Amboy CUSD 272; this persona finds work as a teacher or specialist (e.g., speech pathologist, school nurse, etc.). The latter tends to earn more upon entering the profession.

This is a career-building season in their life. Towards that end, they may be more willing—and possibly even required—to work longer hours as a means to gain requisite experience.

Housing Implications. Although this persona includes two different professional industries with different salary ranges, there are similarities and shared interests worth considering. Interview stakeholders have mentioned the county (Dixon in particular) as being an ideal place for people to 'grow roots': to launch a career, raise a family, enroll children in a highly regarded school district, and enjoy a high quality of life overall. Many in this persona are establishing roots or considering doing so.

Young manufacturing specialists make above workforce-income - around $60,000 a year. Young educational professionals are required by state law to be paid at least $34,576 (and $40,000 by the 2023-2024 school year). Professionals with advanced degrees, certificates, or experience may earn higher wages. The salary of the former increases their potential to own a home, whereas renting is more affordable for the latter. Some educators may live with roommates or family members.

Earning potential differences within the persona are distinct when comparing the industries. Educational attainment and licensing requirements are also markedly different (as is associated debt), even if academic paths for those working in both sectors start at a community college. Nonetheless, workers in both professional groups may have notable shared interests with respect to housing, including:

- A hesitancy to purchase a home (due to an inability to qualify for a mortgage or a lack of interest in establishing roots for the foreseeable future);
- A desire to have a turn-key, low-maintenance property (due to a lack of cash flow, time, or willingness to maintain or refurbish a property)

Seniors 55+

Overview. This persona has called Lee County home for many years and appreciates the traditional, rural traits the county has to offer. It comprises people that are older and consider themselves retired or semi-retired. Many have children who are now grown and live elsewhere. They are proud homeowners, usually of modest single-family homes built before 1970; often, mortgages have been paid off. Living in low-density neighborhoods, they have immense community pride, hold affiliations with community organizations such as clubs and churches, and more readily participate in civic or fraternal events.

Housing Implications. Seniors/55+ can be, perhaps paradoxically, more risk-averse. This plays out in questions of whether to age in place or not, whether to stay or go.

Staying in place allows people in this persona to remain 'stitched into' the social fabric for the foreseeable future. Modest improvements—for example, replacing a bathtub with a walk-in shower—can go a long way towards keeping one's home safe and accessible and are cost-effective when compared to the option of moving altogether. Some homes' accessibility may be impractical or impossible to mitigate. The overall footprint of the home and its property may be much larger than is wanted for this stage of life: too much grass to mow, too many sidewalks to shovel, and so on. Stairs are a trip hazard that can be addressed in some places (e.g., installing a ramp at the main entrance) but not in others (e.g., a flight of stairs to the basement).

The option to move elsewhere—for example, a community tailored to residents aged 55 and older or an independent/assisted living facility—can be appealing. Here, there are one-story units, with access to amenities and services that are in closer proximity to each other. In this option, social connectivity is a key factor, as is safety, accessibility, and affordability.

Economic and Demographic Factors

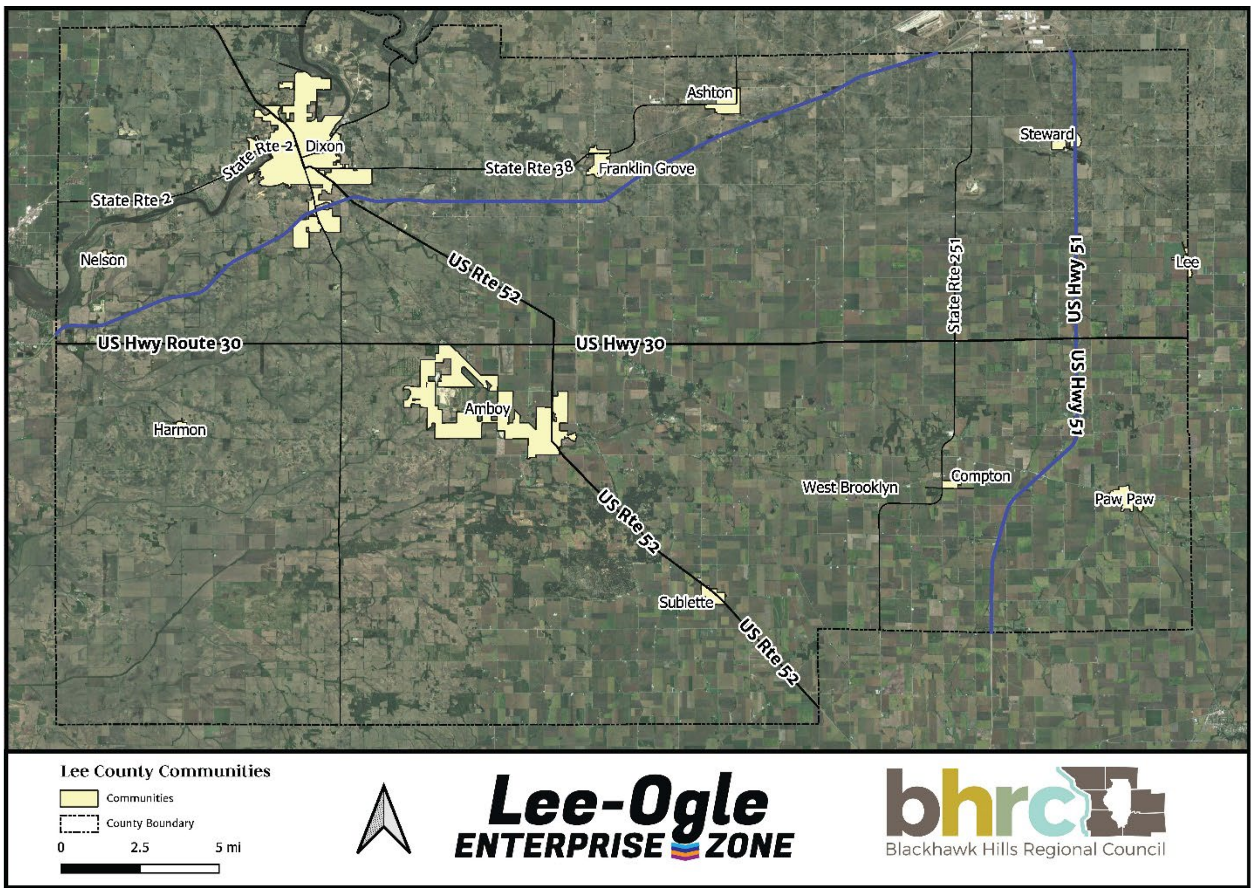
Household growth, employment, and income drive housing demand. The following sections outline our study area, explore the trends within each of these drivers, and suggest related implications.

Market Area Definition

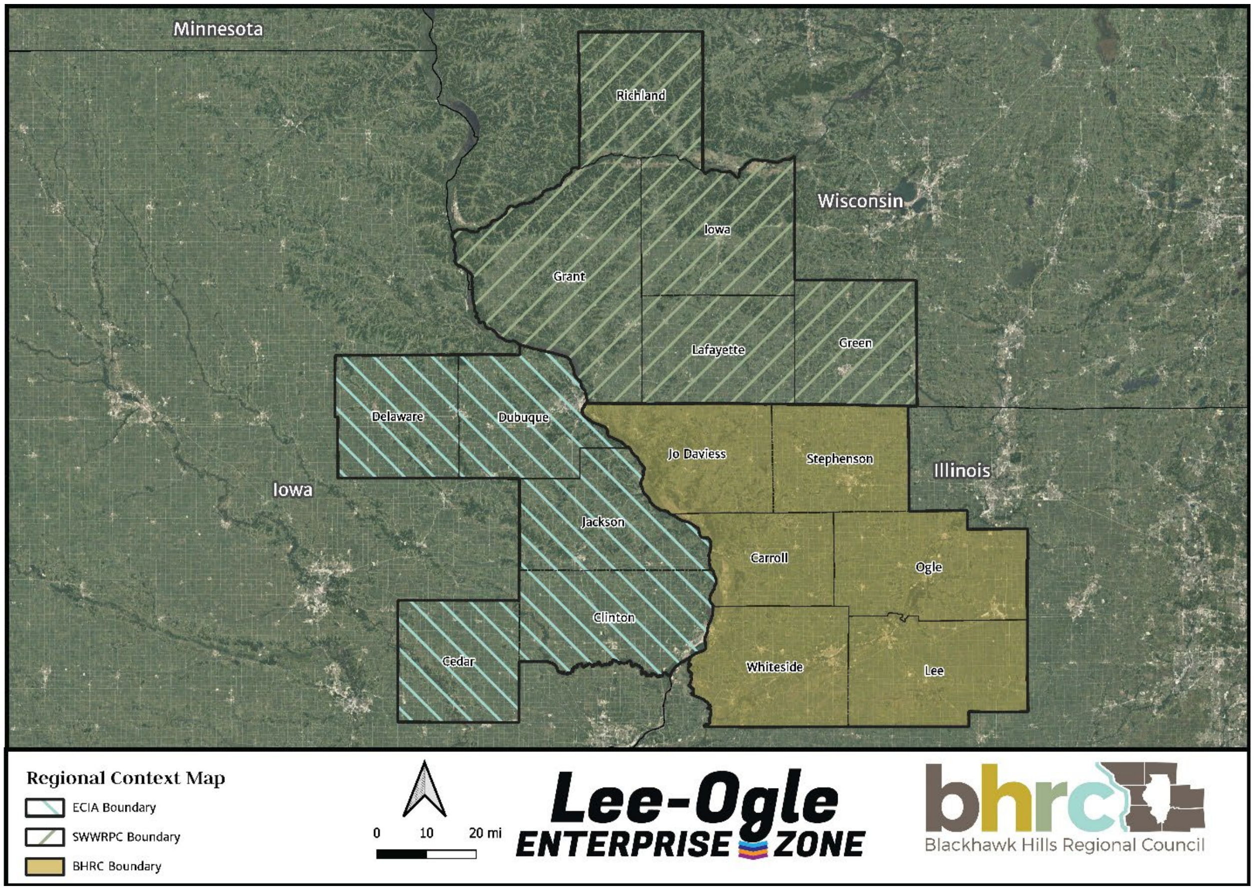
While the focus of this analysis is Lee County as a whole, in order to derive a clear understanding of the dynamics affecting workforce housing, we also evaluate the county's various municipalities and townships. The study examines twelve municipalities including:

- Amboy
- Ashton
- Compton
- Dixon
- Franklin Grove
- Harmon
- Lee
- Nelson
- Paw Paw
- Steward
- Sublette
- West Brooklyn

The map below provides a geographic delineation of Lee County and its component communities.



Additionally, the county was compared to the Blackhawk Hills region as a whole. The region was also compared to other rural regions in Iowa and Wisconsin. These regions are Economic Development Districts (EDD) delineated by the US Economic Development Administration. EDDs "help lead the locally-based, regionally driven economic development planning process that leverages the involvement of the public, private and non-profit sectors to establish a strategic blueprint (i.e., an economic development roadmap) for regional collaboration."

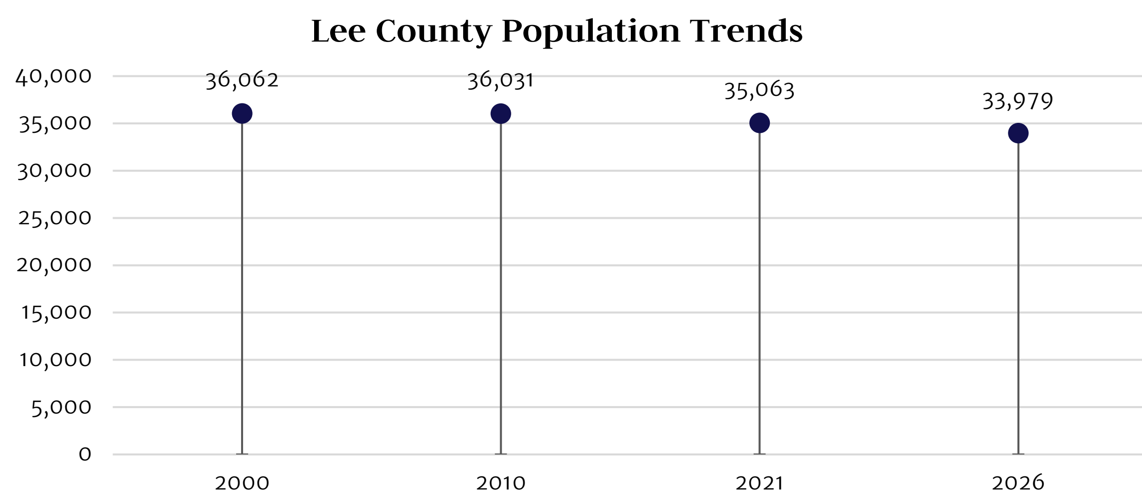


Household, Population, and Income Trends

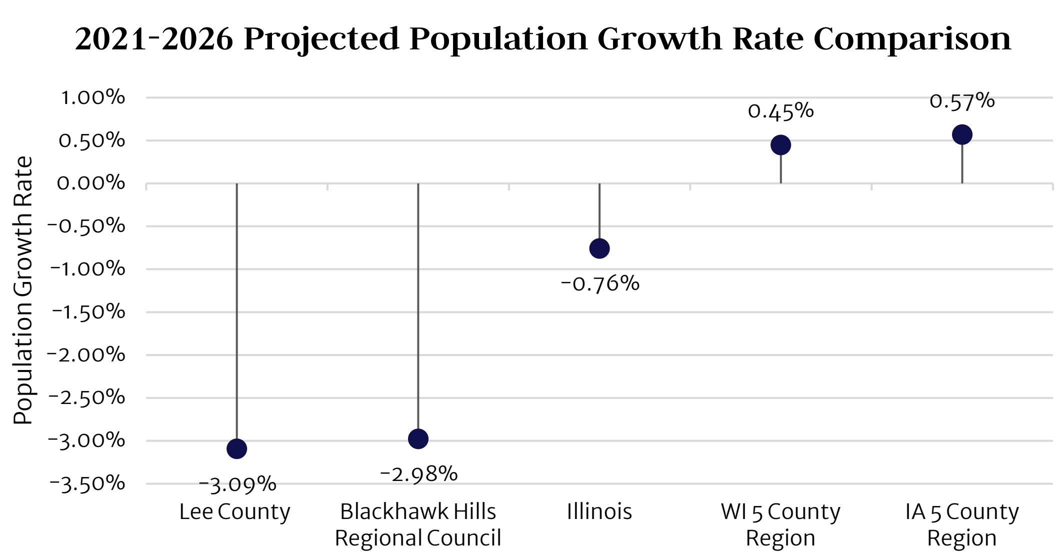
Population Trends

According to a 2021 ESRI Community Profile, Lee County's population is 35,063 people, reflecting a decrease of 968 since 2010. That population is projected to further decline by 2.68% (about 364 persons), by 2026. This negative growth projection for Lee County is more dramatic than the Blackhawk Hills region as a whole and significantly more than the comparable WI and IA regions. Understanding why the population is declining and how households are changing are the first steps to reversing course on this trend.

The City of Dixon has approximately 43.5% of the county's population. (See Figure 1 in Appendix C for population data for each community in the study.)



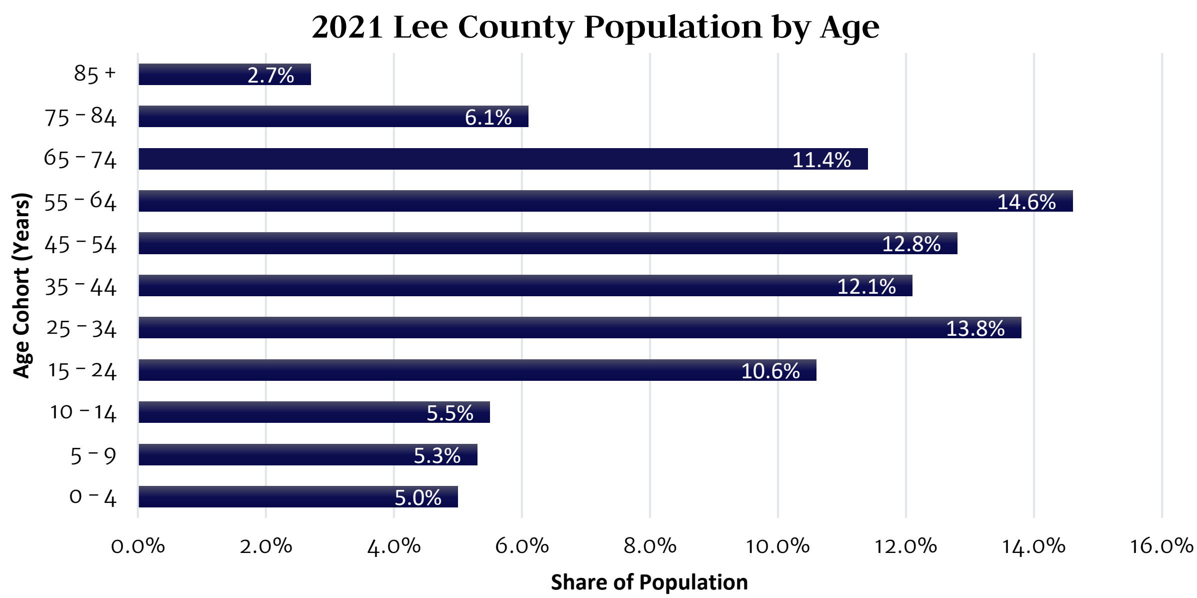
Data Source: ESRI Community Profile for Lee County.



Data Source: ESRI Community Profile.

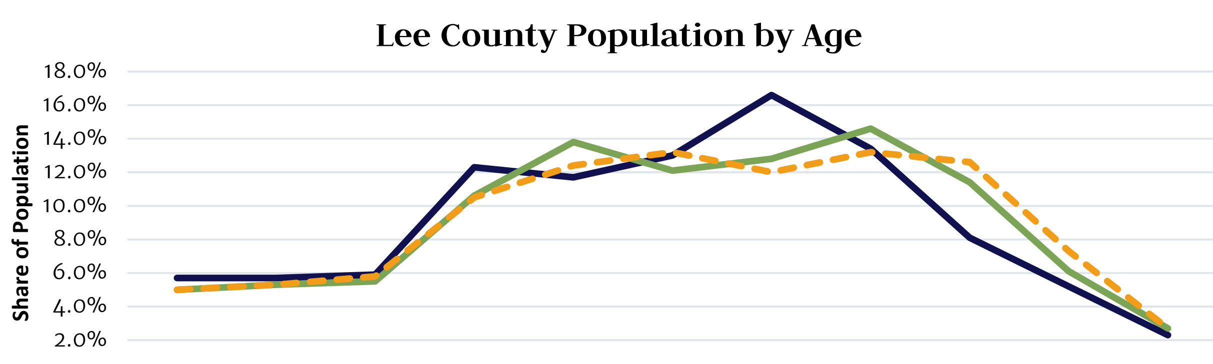
The median age of Lee County residents is 43.0 years. However, there is a wide range among communities with median ages extending from a low of 39.9 years in Dixon to a high of 49.3 years in Sublette. (See Figure 2 in Appendix C for median age for each community in the study.)

The largest age cohort in the county, however, is 55-64 years of age followed by 25-34 years of age. Understanding age cohorts and their particular housing needs will enable decision makers to understand the types of housing units that are and will be in demand. See Housing Market Personas in the previous section.



Data Source: ESRI Community Profile for Lee County.

The following chart shows that the percentage of people in age cohorts will remain relatively stable over time. Note that while death accounts for some percentage decline in older cohorts, scarcity of housing for senior citizens may also play a role.



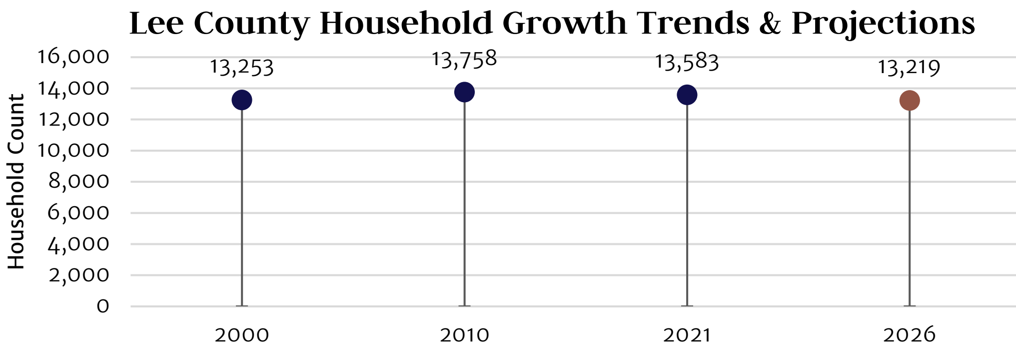
	0 - 4	5 - 9	10 - 14	15 - 24	25 - 34	35 - 44	45 - 54	55 - 64	65 - 74	75 - 84	85 +
2010	5.7%	5.7%	5.9%	12.3%	11.7%	13.0%	16.6%	13.4%	8.1%	5.2%	2.3%
2021	5.0%	5.3%	5.5%	10.6%	13.8%	12.1%	12.8%	14.6%	11.4%	6.1%	2.7%
2026	5.0%	5.3%	5.8%	10.5%	12.4%	13.2%	12.0%	13.2%	12.6%	7.3%	2.7%

2010 2021 2026

Data Source: ESRI Community Profile for Lee County.

Household Trends

Understanding the growth projections and current household count provides practitioners and decision makers with data to estimate the number of housing units needed. We've outlined potential scenarios for conservative population growth and decline in the Housing Supply and Demand Section (See page 33).



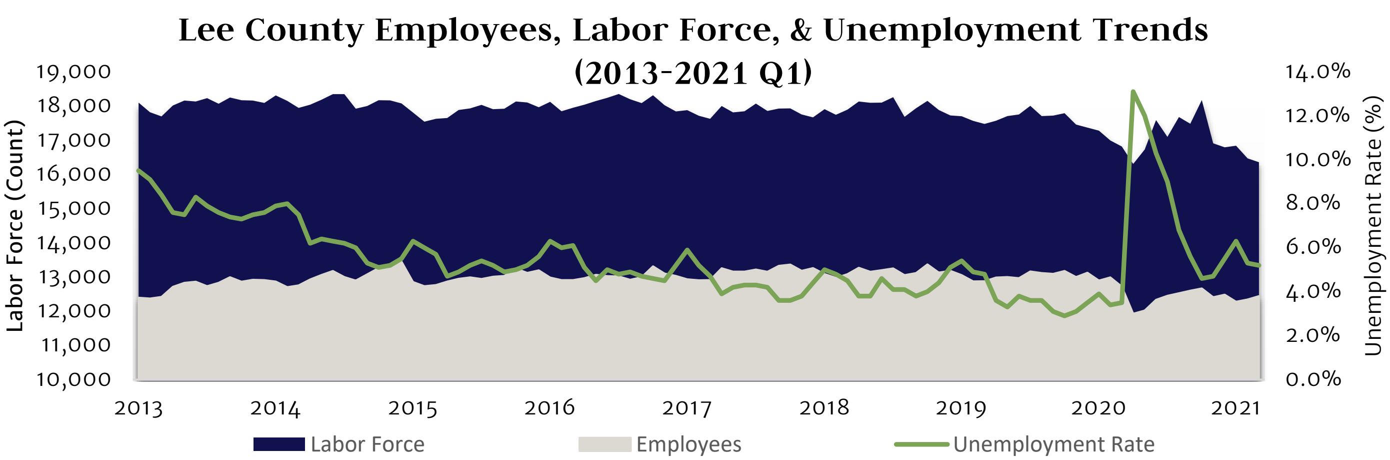
Data Source: ESRI Community Profile for Lee County.

Employment & Industry

As employment growth is a significant contributor to new residential housing demand, examining the relationship between job additions (or losses) and new housing starts provides insight into possible oversupply or under-supply conditions. Specifically, in an area in which job additions are significantly outpacing housing additions, there is typically significant under-supply. Conversely, in situations in which housing additions are exceeding job increases, there is typically an over-supply.

Employment Trends

Employment growth is typically the strongest factor impacting housing demand in each market. From 2013 to 2019, employment growth averaged approximately 90 jobs per year until COVID-19 impacted 2020 employment numbers. In spite of this, the unemployment rate reached its highest point during the Great Recession in 2011 at 9.1%. It declined significantly and consistently to a low of 3.8% in 2019 and increased to 6.8% in 2021.



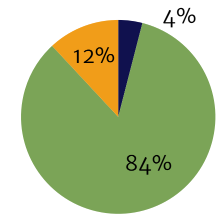
Data Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics, Employment, Unemployment Rate, & Labor Force Tables.

Even though the size of the labor force (all people age 16 and older who are classified as either employed or unemployed) appears to be somewhat erratic, it averages out to fairly steady numbers from year to year, excepting for early 2020. Employment appears to spike in the summer months and taper off during the winter months. Outside of a significant catalytic event, like a new global pandemic or major employer moving to or out of the region, it is very likely that over the next five years, annual employment additions in Lee County will remain fairly consistent but modest, averaging 75 to 125 per year. Such a trend would result in 375 to 625 new jobs in the next five years.

Employment Characteristics

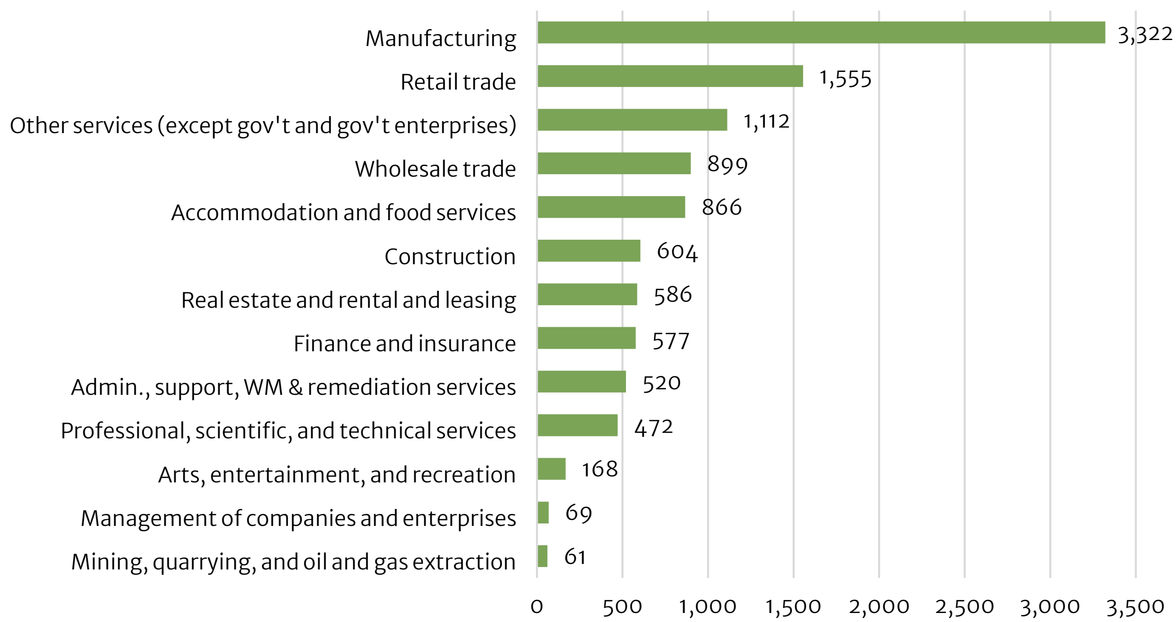
According to the Bureau of Economic Analysis, the number of full-time and part-time employment in Lee County was an estimated 16,520. The chart to the right shows 4% of employment in the farming sector and 84% in the private, non-farm sector. Government and related enterprises make up 12% of employment for Lee County. Manufacturing makes up more than 20% of the job market. Retail trade is an estimated 9.4% of the job market. Since income determines housing affordability, it is helpful to know what income (and potential income) is associated with each kind of industry present in Lee County. It is also important to know the number of people employed in such industries.

Employment by Sector (2019)



Data Source: US Bureau of Economic Analysis, Full-Time and Part-Time Employment by NAICS Industry. Note: not all industry data disclosed to avoid identification of individual businesses.

Private Sector Employment by Industry (2019)



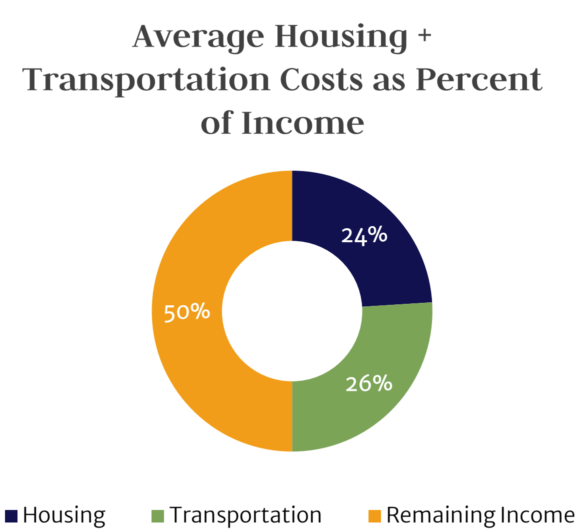
Data Source: US Bureau of Economic Analysis, Total Full-Time and Part-Time Employment by NAICS Industry.
Note: Data for the following industries was not disclosed to avoid identification of individual businesses: Forestry, fishing, and related activities; Utilities; Transportation and warehousing; Educational services; Health care and social assistance.

Commuting Patterns

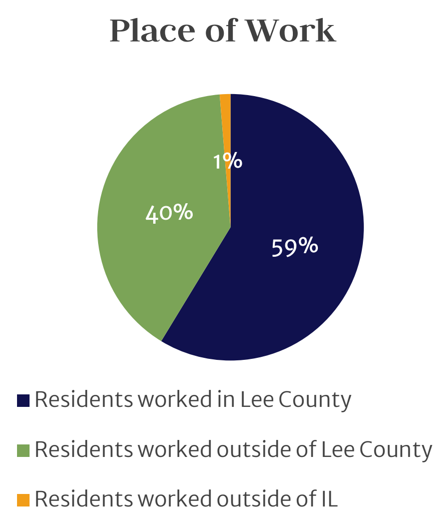
As of 2019, there were 15,229 employed persons over the age of 16 in Lee County. Of those, 58.7% lived in the county, 40.0% (9,316) commuted out of the county, and an additional 1.3% commuted out of the state. There are many factors that influence a household's decision on where to live relative to where it works, including the location of a partner's employer, quality of the school district, cost of housing, and cost of transportation.

The Center for Neighborhood Technology examines the affordability of both housing and transportation costs in the H+T Index. The H+T Index benchmarks housing and transportation affordability at no more than 45% of household income (30% for housing costs and 15% for transportation costs). Even though transportation costs may be higher in dispersed areas, it doesn't appear to have negatively impacted the cost of living at the Index level, though may have varying implications for individuals and households depending on their income level.

The chart on the next page shows commuting patterns to and from Lee County. Average travel time to work is 21.8 minutes. There is a net increase of 199 inbound commuters. Whether or not people would live in Lee County if housing was available is not something we can discern from the data, but providing more housing options would mean more choices for non-resident employees.

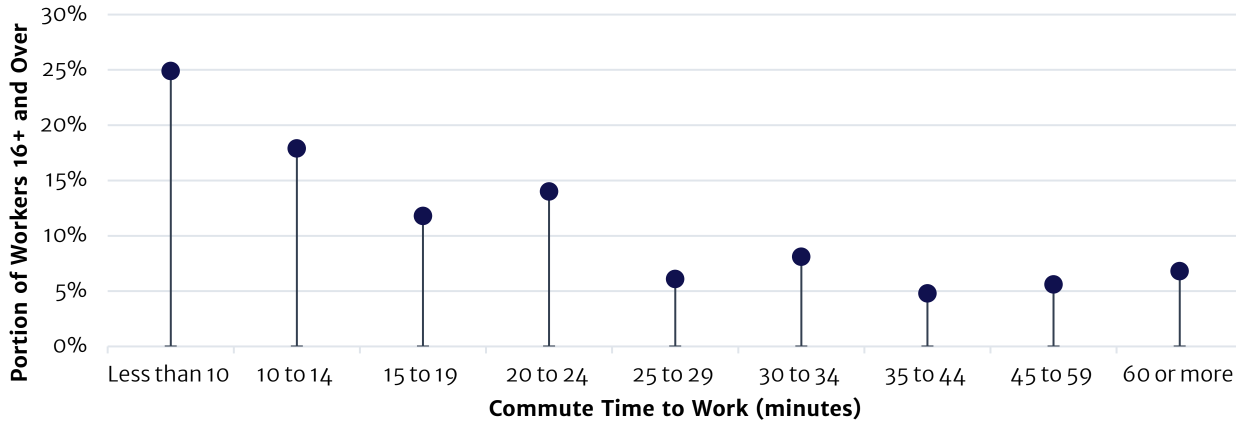


Data Source: Center for Neighborhood Technology H+T Fact Sheet for Lee County.



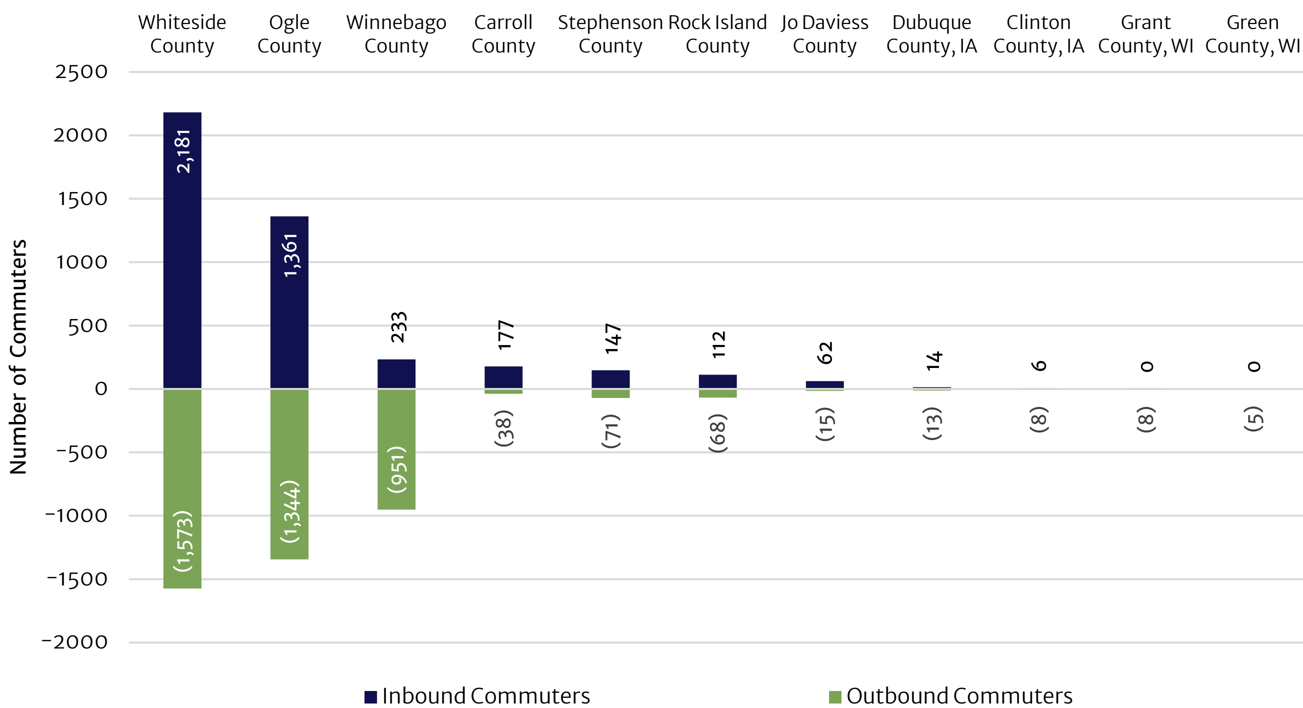
Data Source: American Community Survey 5-Year Estimates, Commuting Survey.

Share of Commuters by Travel Time To Work (min.)



Data Source: American Community Survey 2019 5-Year Estimates, Commuting Survey.

2020 Lee County Commuters



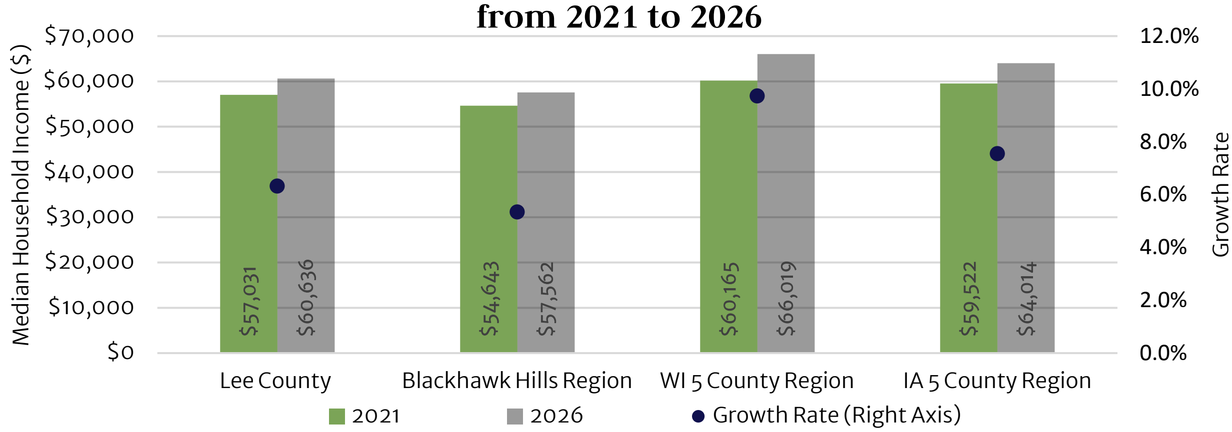
Source: EMSI Comuting Map.

This data leads us to believe that for most households, Lee County is a live-work community, which raises some questions regarding those that work in Lee County but live elsewhere. The following sections explore questions about affordability, housing availability, and potential housing preferences.

Income

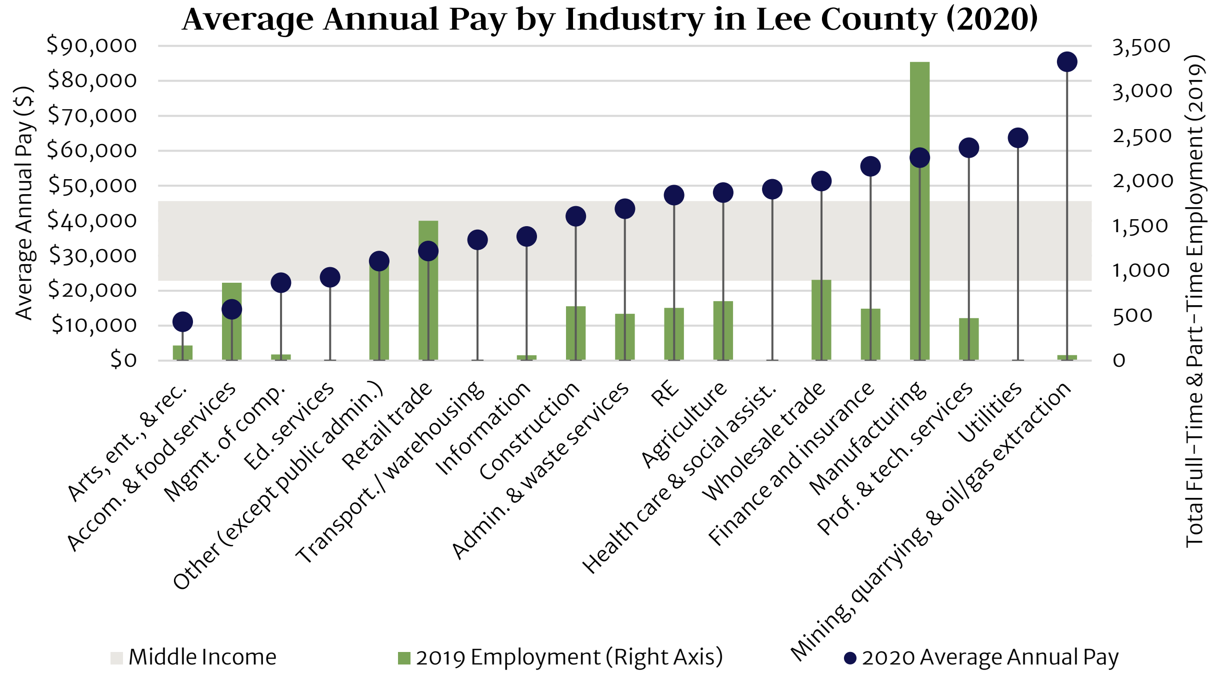
Lee County's median household income was $57,031 in 2021 and is projected to increase to $60,636 by 2026. This is higher than the median household income of the Blackhawk Hills region but below comparable IA and WI regions. Projected growth in median household income for Lee County is 6.3% by 2026, which is positive for local residents but lags the projected growth rate of 9.7% for the five-county WI region and 7.5% for the five-county IA region over the next four years. (Median household income for each community in the study may be found in Appendix C, Figure 3.)

Median Household Income and Projected Growth Rate from 2021 to 2026



Data Source: ESRI Community Profile.

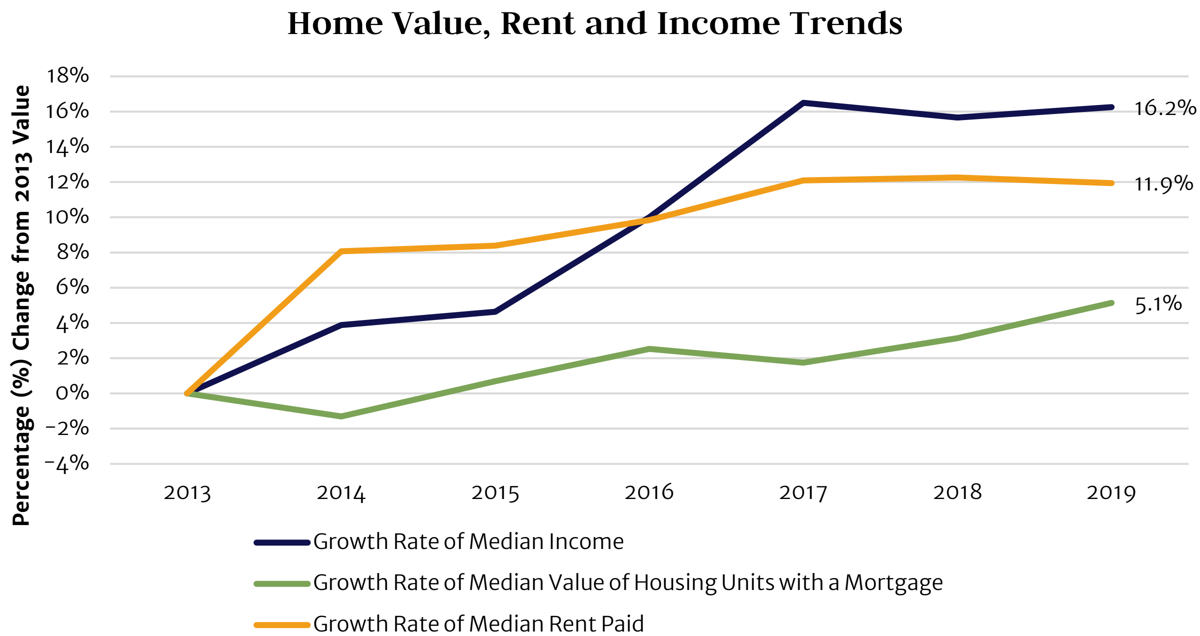
Average Annual Pay by Industry in Lee County (2020)



Data Sources: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages. US Bureau of Economic Analysis, Total Full-Time and Part-Time Employment by NAICS Industry.

Note: Data for the following industries was not disclosed to avoid identification of individual businesses: Forestry, fishing, and related activities; Utilities; Transportation and warehousing; Educational services; Health care and social assistance.

The chart on the previous page shows average annual pay by industry, highlighting workforce-income. In this report, "workforce-income" refers to households making between $30,000 and $45,000 per year (or $14-22/hour), representing those making approximately 50-80% of the county's median household income. Approximately eight sectors pay, on average, a wage which could be considered workforce-income or above. Of the 11,533 disclosed private sector jobs, 57% of them pay greater than workforce-income. Manufacturing and wholesale trade offer wages above workforce-income and employ a significant share of employees in Lee County. However, several of the sectors employing large numbers of people countywide do not pay above workforce-income, leaving incomes across the county lagging regional and statewide incomes. A team of policy makers, economic development organizations, and housing authority professionals should monitor median income and employment growth to evaluate whether housing and housing development incentives/programs track demographic and economic changes.



Data Source: American Community Survey 5-year estimates, Selected Housing Characteristics, Financial Characteristics For Housing Units With A Mortgage, Income In The Past 12 Months (In 2013 Inflation-adjusted Dollars).

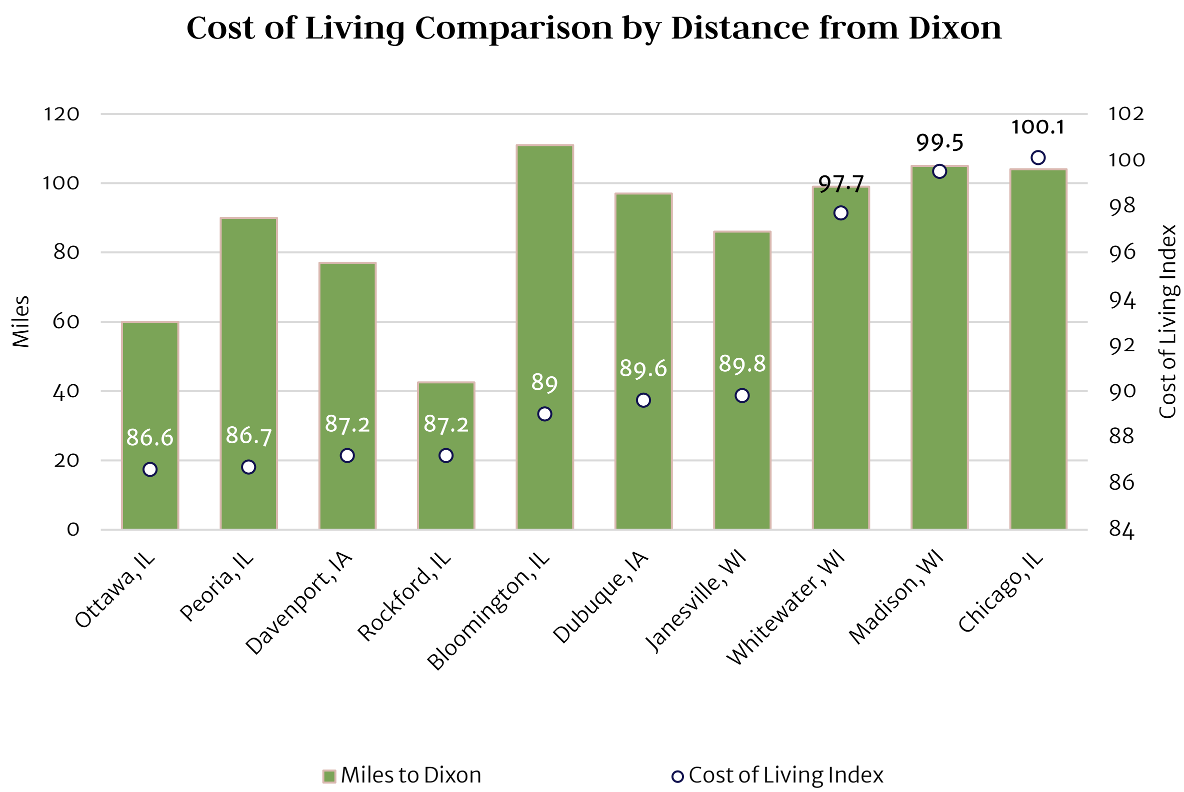
According to the chart above, from 2015 to 2017, incomes increased at a healthy rate. It also appears that rental rates increased ahead of the income growth rate, then plateaued. The growth rate of median value of housing units with a mortgage has been steady but appears to lag the market for rentals and income growth. This shows that the number of median value housing units has not been keeping pace with income growth and indicates there is room to grow the number of median value housing units. The increase in median rent paid is the market's reaction to a shortage of rental units, also interpreted as an increase in the demand for rental units. This would suggest that there is room in the market to grow multi-family rental units

Cost of Living

The AdvisorSmith Cost-of-Living index in this model weighs six major categories of household expenses, including:

- Food: 16.1%
- Housing: 23.2%
- Utilities: 10.1%
- Transportation: 18.6%
- Healthcare: 9.6%
- Consumer Discretionary Spending: 22.3%

These categories combined are used to produce a cost-of-living value; values from across the United States range from 80 (lowest cost of living) to 178.6 (highest cost of living). With a value of 86.6, Ottawa, IL, represents the lowest cost of living. Because distinct data is not available for the study area, Ottawa and other cities can function as proxies for Lee County or Dixon. Ottawa is used as a comparable community to Dixon, in this instance, because it is similar in population, it is a river town, has an attractive downtown, is located on an interstate highway, and is a similar distance from the Chicago metropolitan area.



Data Source: AdvisorSmith City Cost of Living Index.

This information can be useful as a marketing tool to show prospective new employees/residents that living in Lee County will not cost as much overall as living in Dubuque, IA, Janesville, WI, or Whitewater, WI. Showing prospective homeowners or renters that their dollars will go farther presents a more alluring image of the county and may help attract new residents and employees.

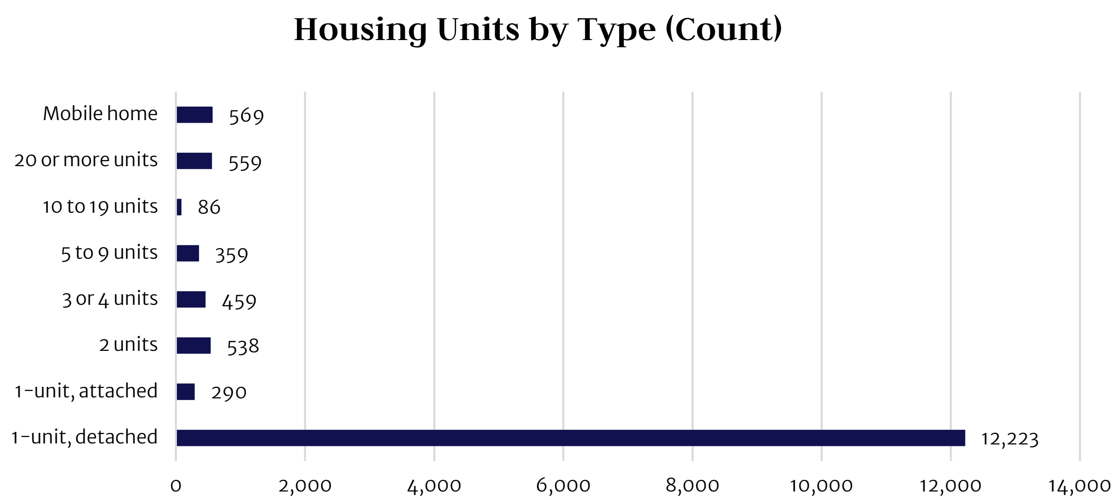
Housing Landscape

The previous sections looked at the drivers for housing demand: household growth, employment, and income. The following sections outline our study dive into the supply side of the housing market: quantity of units, price/rents, occupancy type, vacancy rates, and unit type.

General Housing

As of 2019, Lee County had 15,083 housing units with more than 40% of those units in Dixon. (See Appendix C, Figure 5 for a breakdown of units by each community in the study area.)

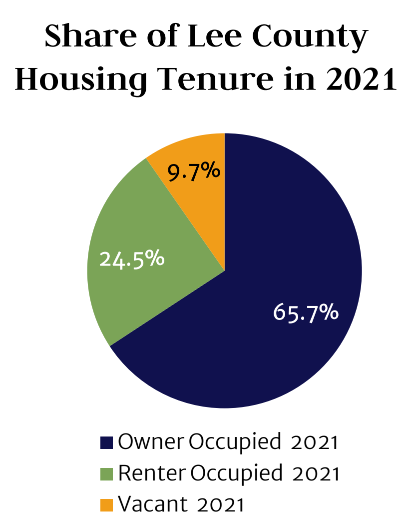
Single-family detached homes are the largest residential component of Lee County by a large margin. In 2019, 12,223 of the 15,083 residential units (83%) in the county fell into the single-family category. Single-family homes are followed by mobile homes (3.7%) and structures including 20 or more units (3.7%).



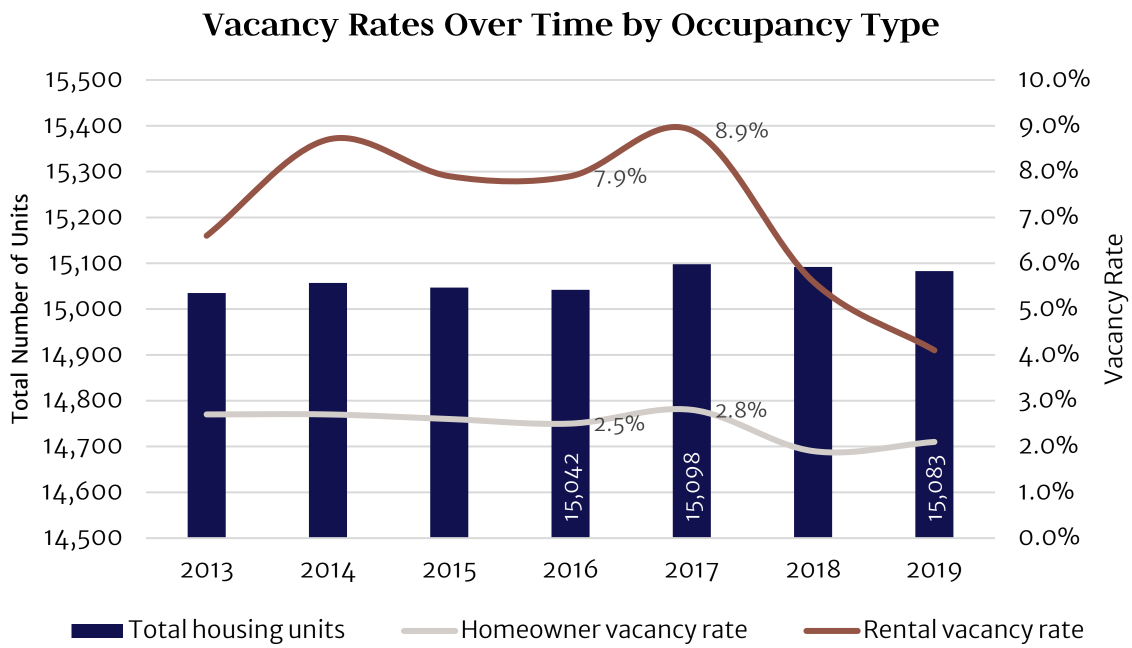
Data Source: Housing Characteristics, ACS 2019 5-Year Estimates.

Nationally, according to www.statista.com as of October 2021, the number of homes in the United States by type were comprised of 81% single family, 15% multifamily, and 4% other.

While a direct comparison cannot be made by category, we have assumed for this study that owner-occupied represents single-family and renter-occupied represents multi-family. Looking at occupancy rates for Lee County, ESRI estimates that in 2021, 65.7% of housing units were owner-occupied, 24.5% were renter-occupied, and total vacancy is 9.7%. A healthy vacancy rate would be 6-9% (Nelson, 2004).



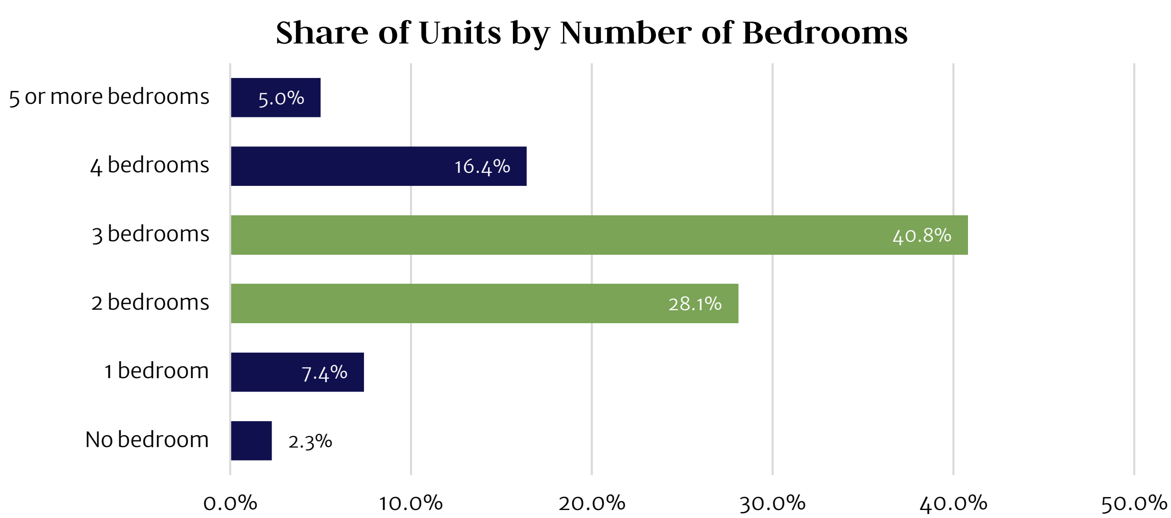
Data Source: ESRI Community Profile for Lee County.



Data Source: Housing Characteristics, ACS 2019 5-Year Estimates.

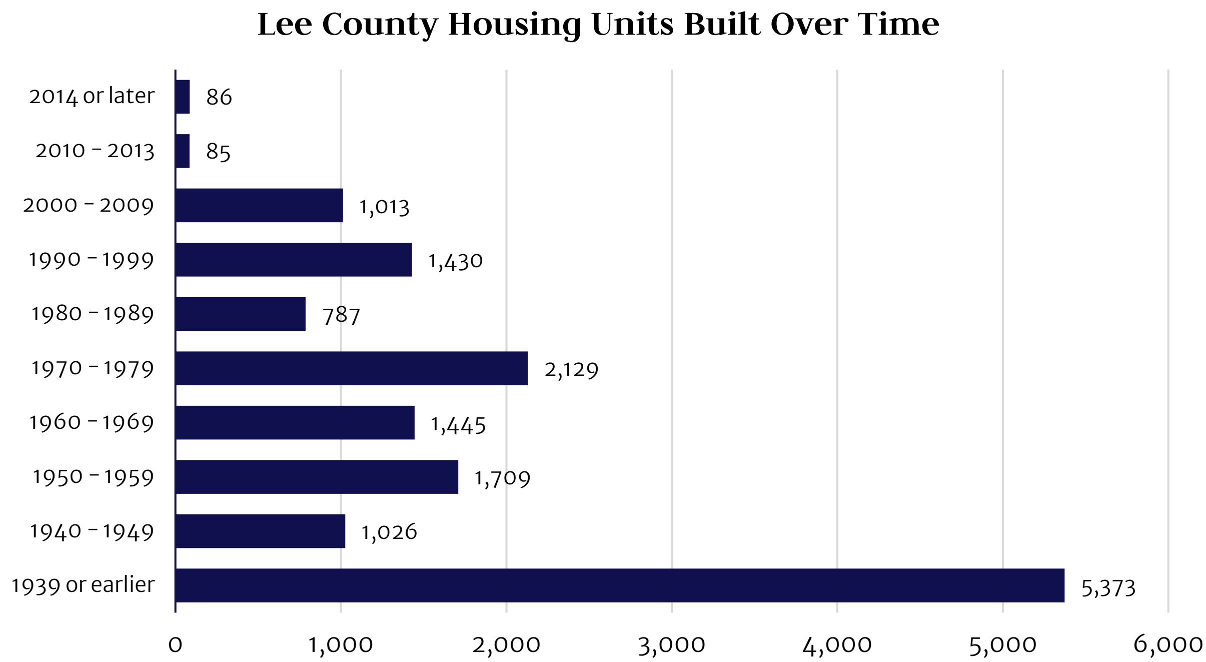
As the chart above demonstrates, the homeowner vacancy rate hovered between 2-3% since 2013, whereas renter vacancy rates (which peaked at 8.9% in 2017) ranged from 4-9%. Between 2016 and 2017, Lee County added an estimated 56 housing units. The homeowner vacancy rate increased from 2.5% to 2.8% and the rental vacancy rate increased from 7.9% to 8.9%. Between 2017 and 2019, the county lost an estimated 15 housing units and the rental vacancy rate plunged to 4.0%.

Assuming that Lee County is maintaining its 69% owner-occupancy and 31% renter-occupancy ratio, if the county were to have a healthy number of rental units vacant (4-6% of total housing units), there would be at least 754 units available.



Data Source: Housing Characteristics, ACS 2019 5-Year Estimates.

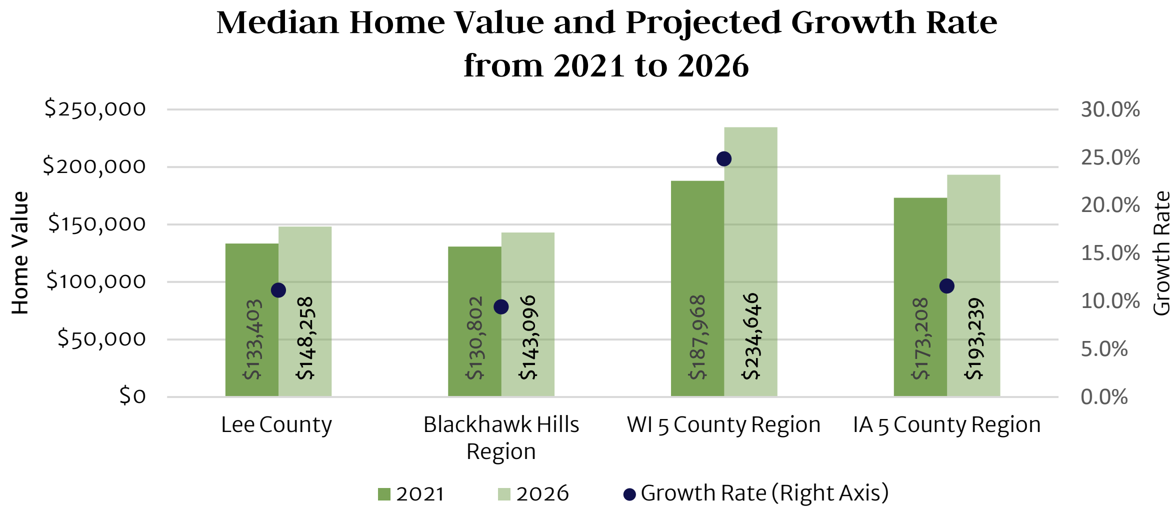
Regarding the size and configuration of homes in the county, about 40.8% of all homes in Lee County include three bedrooms, 28.1% include two bedrooms, and 16.4% provide four bedrooms. These configurations align with the data of median household sizes at 2.36 people. (See Figure 6 in Appendix C for median household sizes by geography.)



Data Source: Housing Characteristics, ACS 2019 5-Year Estimates.

Of the 15,083 total housing units estimated in Lee County, over 77% of them were built before 1979. Rehab costs for aging homes can burden homeowners and potential homebuyers. Old homes in disrepair inflate the supply of homes, especially in the lower price ranges, because even though they are affordable, they may not be suitable for habitation. If these homes are low in fair market value, it may make even critical home repairs like roof or porch replacement non-financeable due to the low beginning value of the property. Additionally, if a home was built before 1978, it is more likely to have lead-based paint. Houses which have been consistently maintained and updated can stand the test of time. But the low number of homes built after 1979 in Lee County is concerning and may be hindering new resident attraction. It appears there is opportunity in the market for a developer to invest in and develop some high-density multi-family housing.

Since 1940 and prior to 2010, there were an average of 1,362 housing units built each decade. Since 2010, there have only been 171 units built. This means there has been a shortage of housing units built since 2010 in the neighborhood of 1,191 units. In the time since 1940, people have absorbed (on average) at least 136 units of housing each year, so it is reasonable to assume there is going to be a housing shortage when there have only been 171 units constructed over the last decade.



Data Source: ESRI Community Profile for Lee County.

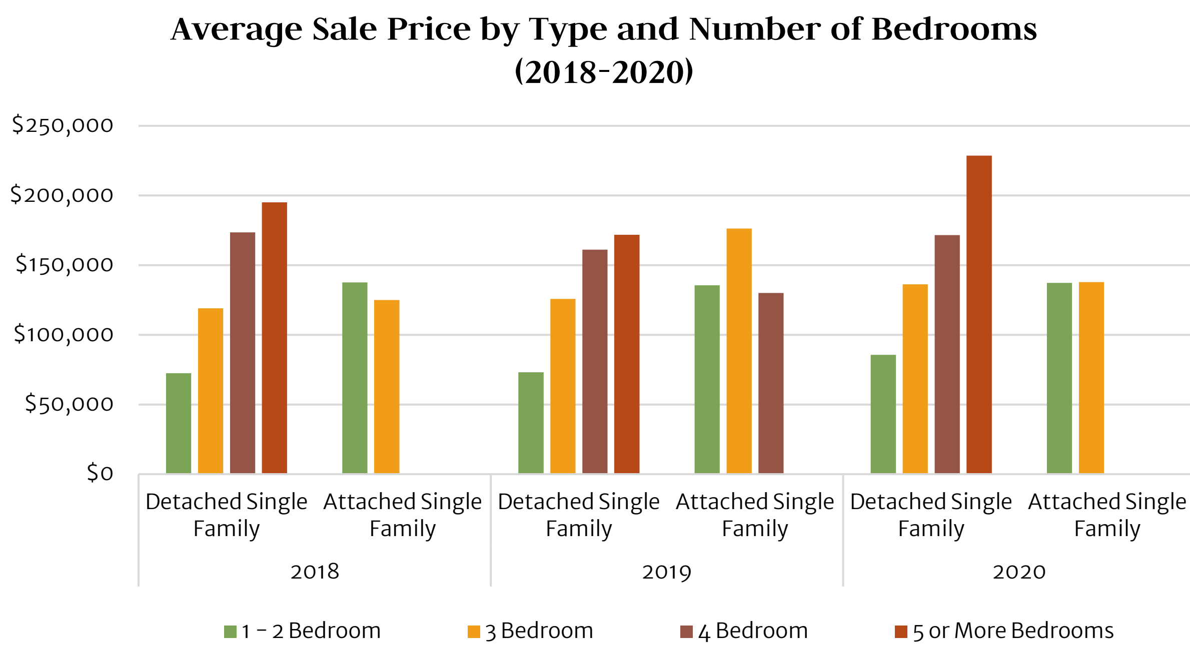
The median home value in Lee County in 2021, reported by ESRI, was $133,403; by 2026, it is projected to increase to $148,258. Compared to the rest of the Blackhawk Hills region, Lee County's median home value is slightly higher. However, compared to the selected IA and WI regions, it is lower. The projected growth rate of the median home value for Lee County is on par with the IA five-county region but is significantly lower than the WI five-county region. (See Appendix C, Figure 7 for a comparison of median home values of the communities within the study.)

Single-Family Home Sales

Single-family detached homes are the most numerous housing type in Lee County. In 2020, the number of single-family detached homes in every bedroom count significantly exceeded prior years. A total of 366 single-family detached homes were sold in 2020, with 195 being three-bedroom homes. (Appendix C, Figure 8.)

Single-family attached home sales in 2020 exceeded prior years. In both 2018 and 2019, eight single-family attached homes were sold. In 2020, 20 were sold, with 16having 1 or 2 bedrooms. (Appendix C, Figure 9.)

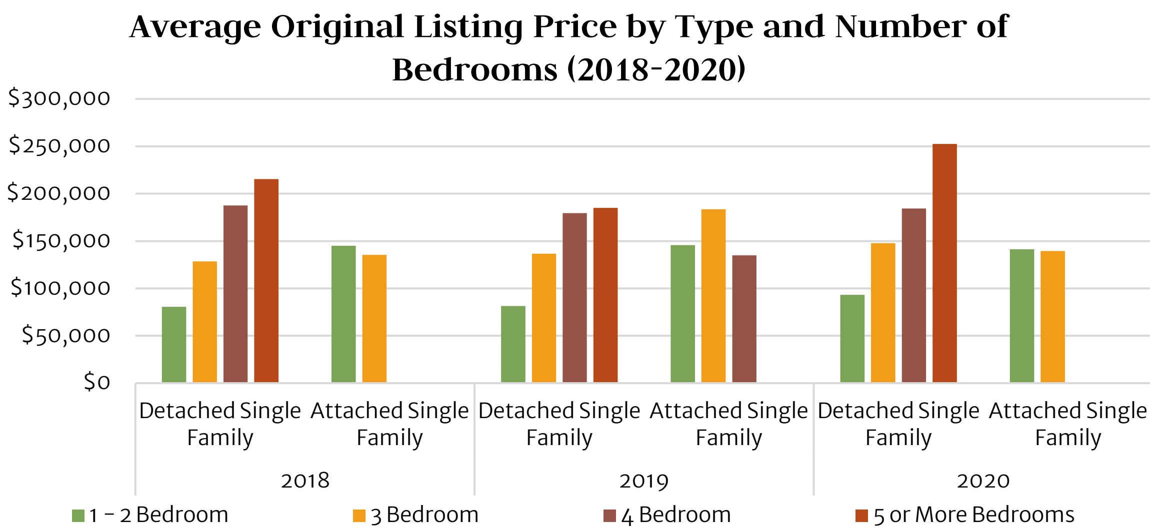
The significant increase in sales in 2020 demonstrates the tight housing real estate market. Many homeowners took advantage of high demand during the first full year of the COVID-19 pandemic.



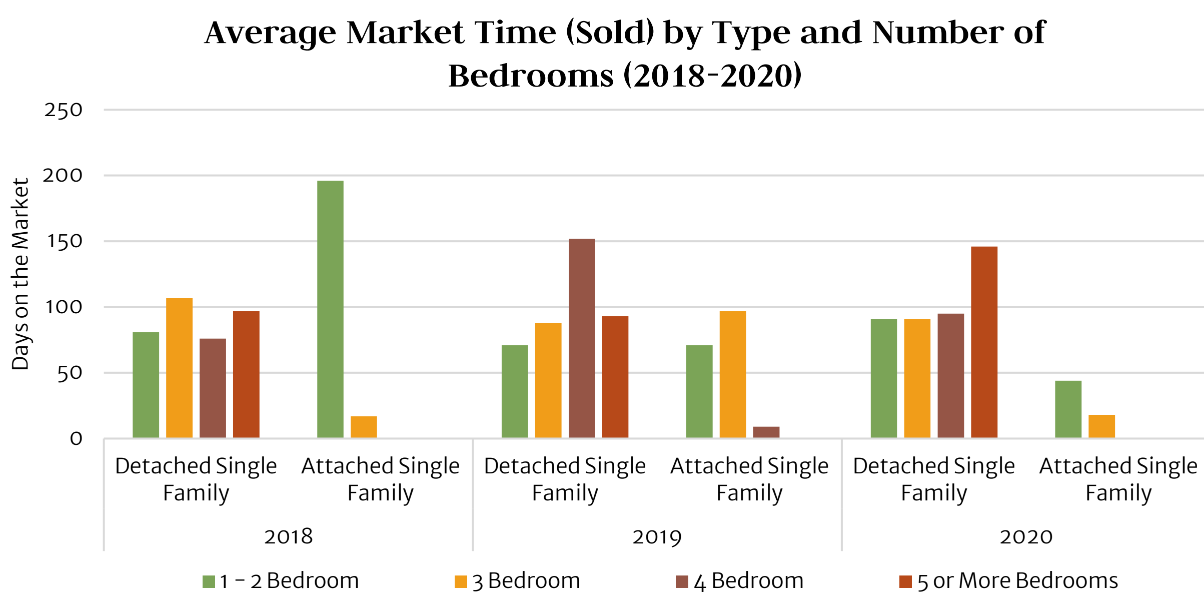
Data Source: MLS data for Lee County.

Original list price is the first price listed when a home goes onto the market for sale. Over time, as a home stays on the market longer, the owner may lower the price. In 2018 and 2019, the original list price and the average sale price tracked fairly closely. In 2020, we see evidence of a seller's market and a tighter housing market. In single family detached homes, the average sale price exceeded the original list price in every category of number of bedrooms.

Attached single family homes in 2020 spent the least amount of time on the market.



Data Source: MLS data for Lee County.



Data Source: MLS data for Lee County.

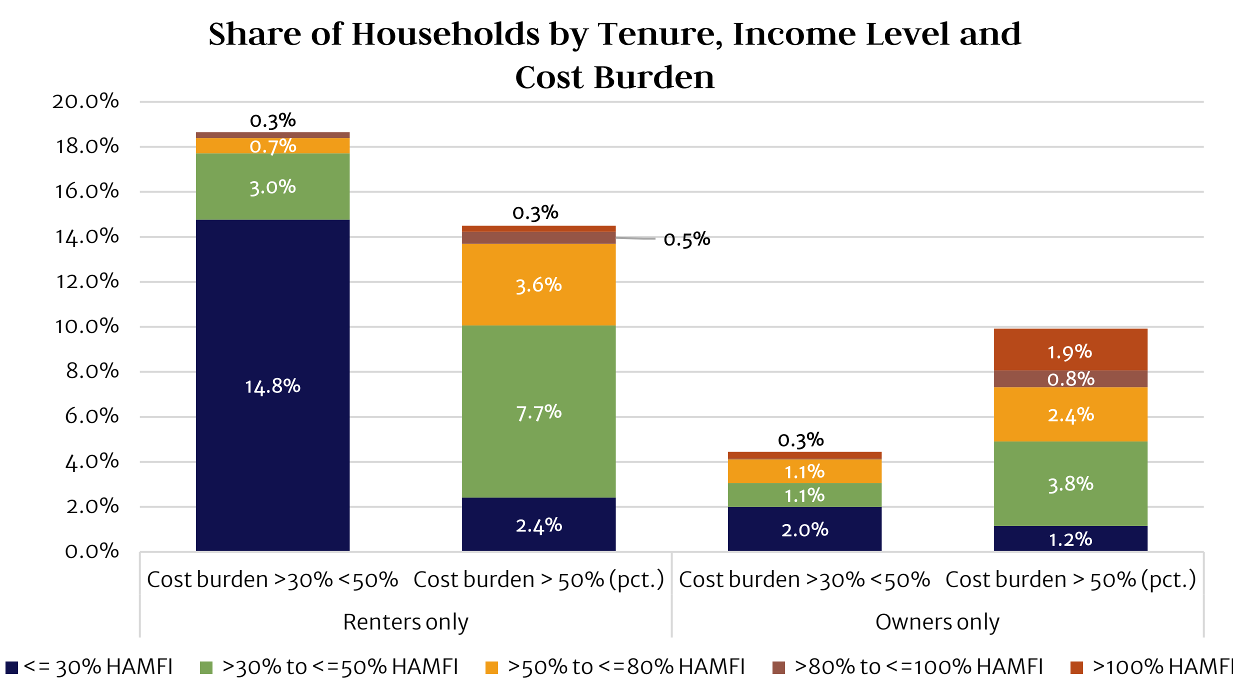
Workforce Housing Sector

A team of policy makers, economic development organizations, and housing authority professionals should monitor median household income (MHI) and employment growth to evaluate whether housing and housing development incentives/programs track demographic and economic changes. The MHI of Lee County was $57,031 in 2021. In this report, "workforce-income" refers to households making between $30,000 and $45,000 per year (or $14-22/hour), representing those making approximately 50-80% of the county's MHI. Workforce housing refers to housing units that are affordable (based on the definition above) to households with income in that same range.

Affordability

Affordable housing is defined by the U.S. Department of Housing and Urban Development (HUD) as the household spending no more than 30% of its income on housing costs. Those spending more than 30% of income on housing are considered "cost-burdened" and those spending more than 50% of income on housing are considered "severely cost-burdened."

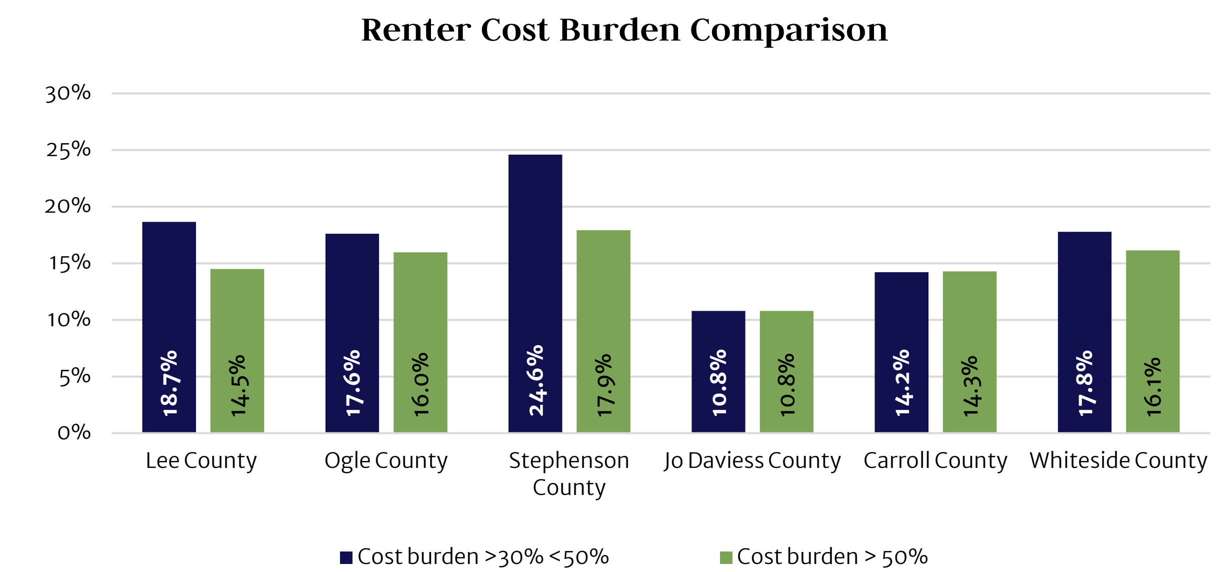
While the number of owner households experiencing housing cost burden is larger than for those that are renting, the share of cost-burdened renters is higher. In Lee County, 33.2% (1,235) of renter-occupied units and 14.4% (1,434) of owner-occupied units with a mortgage are currently housing cost-burdened. The following chart further breaks down the cost burden by Household Area Median Family Income (HAMFI). For workforce-income families, 7.8% are cost-burdened or severely cost-burdened. However, 36% of households below 50% of HAMFI are cost burdened.



Data Source: US Housing and Urban Development CHAS Data from 2014-2018 for Lee County, IL.

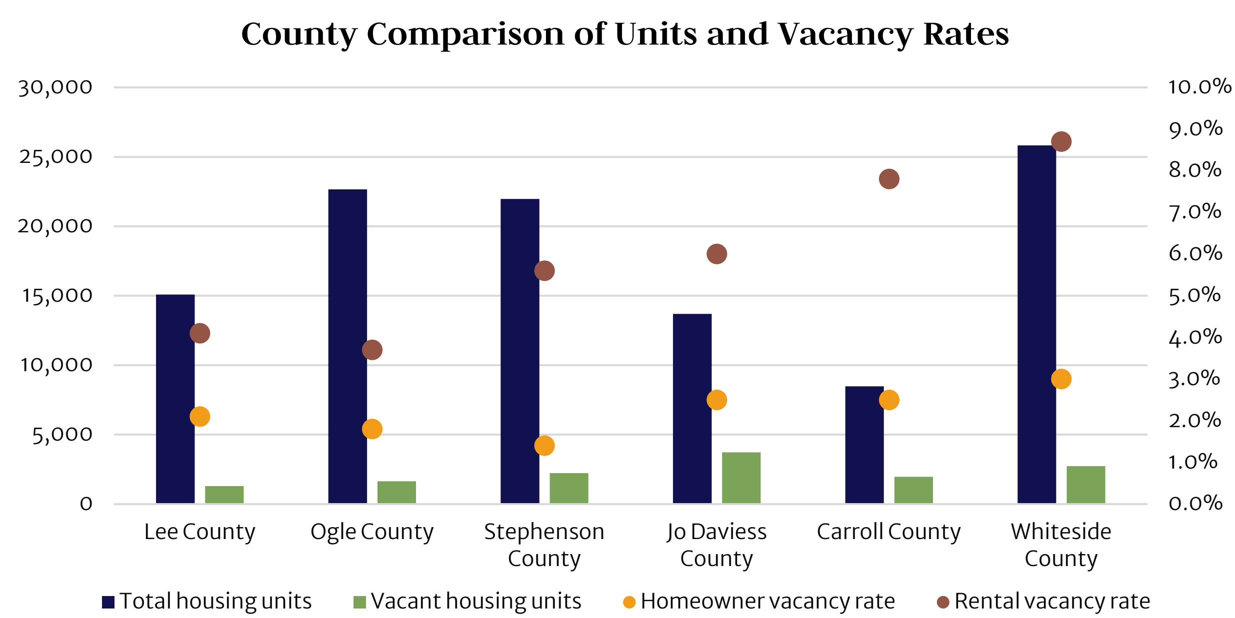
For comparison, the study looked at Ogle County and the other counties in the Blackhawk Hills region to evaluate Lee County's affordability position.

Looking first at the rental sector, 33.2% households in Lee County are paying 30% or more of their income for housing. This compares closely with Ogle County at about 33.6% and Whiteside County at 33.9%. Stephenson County has the highest share of cost-burdened renters at 42.5% while Jo Daviess County has the smallest share of cost-burdened renters at 21.6%.



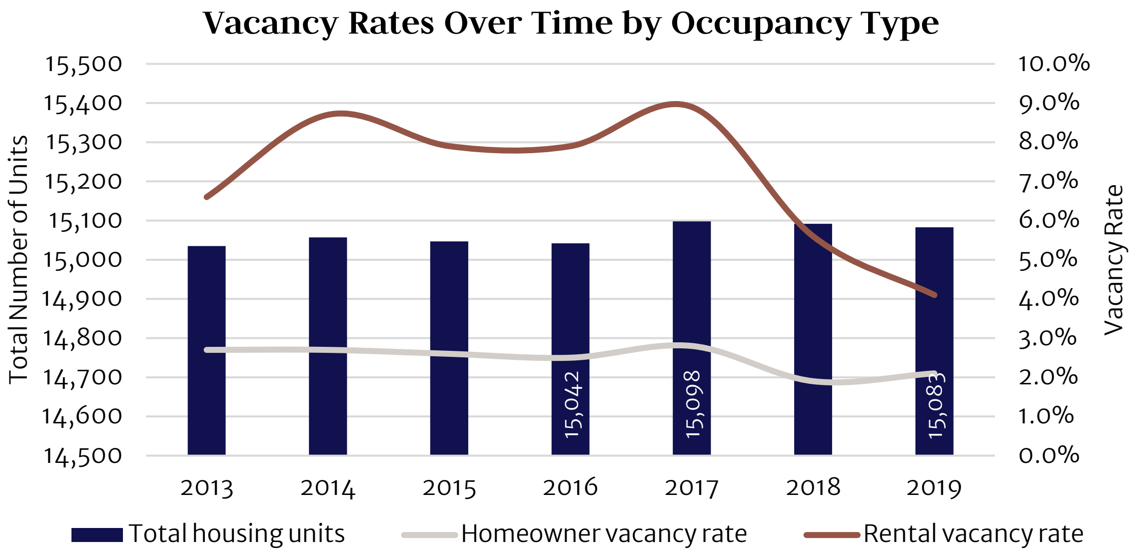
Data Source: US Housing and Urban Development CHAS Data from 2014-2018.

This isn't terribly surprising given rental vacancy rates in the county compared to other Blackhawk Hills counties. Lower vacancy increases rental demand and therefore increases rents such that they may become unaffordable.



Data Source: Housing Characteristics, ACS 2019 5-Year Estimates.

Availability of Housing Units

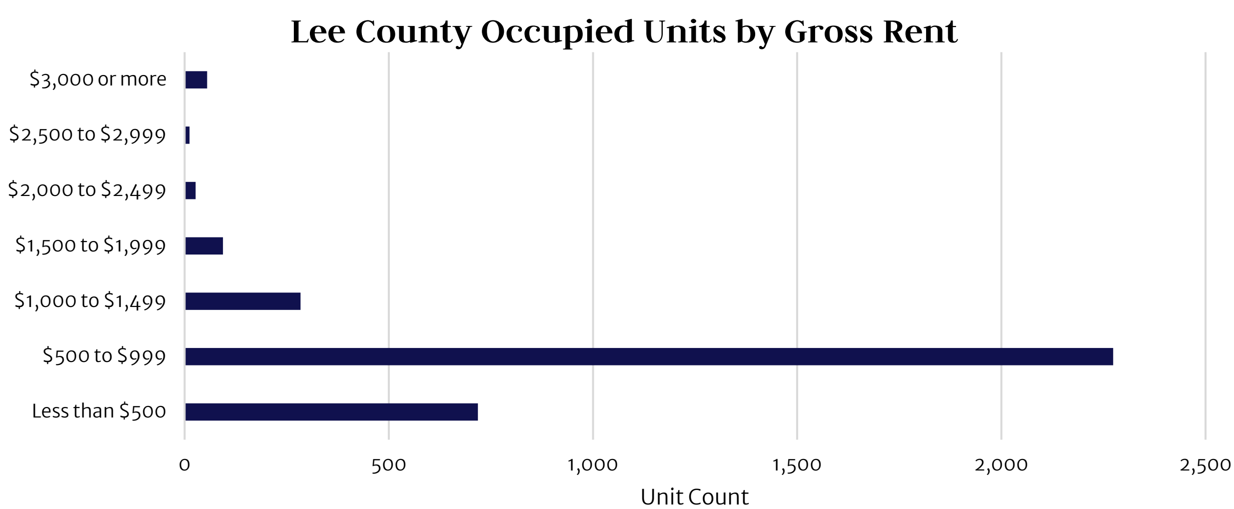


Data Source: Housing Characteristics, ACS 2019 5-Year Estimates.

Rental Units

A good rental vacancy rate measures somewhere between 5 and 7 percent (Nelson, 2004). Based on 15,083 total housing units, if the county were to have a healthy number of rental units vacant, there would be at least 754 units available. In a community the size of Dixon, IL, there would be 307 units available. This signifies a significant demand for rental units.

This graph shows a majority of apartments in Lee County rent for between $500 and $999. On June 25, 2021, there were only 3 units for rent in Lee County as listed on Apartments.com. Rents ranged from $562-775 for two of the units and the third rental listed was a single-family home, renting for $1,000 per month. Stakeholders have indicated that informal networks, word-of-mouth, and rental sites specific to local



Data Source: Housing Characteristics, ACS 2019 5-Year Estimates.

companies are more common ways of finding rentals in the area. While these resources are helpful, an individual or household seeking a rental must be plugged in locally to find more opportunities for housing. This indicates that anyone from outside the area may have a difficult time accessing information about available properties.

Single-Family Ownership

Built in 1890 on 2.35 acres, 3BR, 2BA, 1,856 SF, $190,000.
2785 Perry Rd, Steward, IL 60553

Of the 92 single-family homes listed for sale in Lee County on June 25, 2021, that included a list price, the median sales price was $129,900 and the median size was 1,021 square feet. The MHI in Lee County, IL, was $57,031 in 2021. We can multiply the income levels by 3.36 to simulate an affordable home mortgage loan, like a Federal Housing Administration low down payment mortgage product, to arrive at an affordable purchase price. An affordable home purchase price for a household with the median household income, therefore, is $191,600. This means that a household with a MHI can purchase a median-priced home in Lee County. However, for those households with workforce-income, an affordable purchase price would be between $100,800 and $151,200.

Further analysis was conducted to reveal how affordable available homes were for each income category. The following table provides information on income limits for Lee County, demonstrates an estimate of the affordable purchase price using the aforementioned method, and includes the number of homes listed for sale that would be affordable for each income level. These numbers are cumulative. For example, there were 48 homes listed for sale at or below $130,536, which includes the six homes listed at or below $78,322.

Lee County Units Available by Price Point based on Income Limits

Income Limit Category	1-Person Household	2-Person	3-Person	4-Person	5-Person	6-Person	7-Person	8-Person
30% Income Limits	$16,320	$18,660	$21,000	**$23,310**	$25,200	$27,060	$28,920	$30,780
Estimated Affordable Home Purchase Price	$54,835	$62,698	$70,560	**$78,322**	$84,672	$90,922	$97,171	$103,421
Units Available at price point	2	2	4	**6**	8	9	19	23
50% (Very Low) Income Limits	$27,200	$31,100	$35,000	**$38,850**	$42,000	$45,100	$48,200	$51,300
Estimated Affordable Home Purchase Price	$91,392	$104,496	$117,600	**$130,536**	$141,120	$151,536	$161,952	$172,368
Units Available at price point	19	24	32	48	51	58	61	65
60% Income Limits*	$32,640	$37,320	$42,000	**$46,620**	$50,400	$54,120	$57,840	$61,560
Estimated Affordable Home Purchase Price	$109,670	$125,395	$141,120	$156,643	$169,344	$181,843	$194,342	$206,842
Units Available at price point	29	40	51	**58**	63	68	73	74
80% Income Limits	$43,520	$49,760	$56,000	**$62,160**	$67,200	$72,160	$77,120	$82,080
Estimated Affordable Home Purchase Price	$146,227	$167,194	$188,160	**$208,858**	$225,792	$242,458	$259,123	$275,789
Units Available at price point	54	63	71	**74**	74	74	75	76
100% Income Limits	$54,400	$62,200	$70,000	**$77,700**	$84,000	$90,200	$96,400	$102,600
Estimated Affordable Home Purchase Price	$182,784	$208,992	$235,200	**$261,072**	$282,240	$303,072	$323,904	$344,736
Units Available at price point	68	74	74	75	76	78	80	81

Notes:

Low-income housing tax credits are reserved for households with incomes at or below 60% of AMI. While this chart is for owner-occupied single-family housing, we are using the income-level data to derive affordable loan values for this income bracket. We can multiply the income limits by 3.36 to simulate an affordable home mortgage loan, like a Federal Housing Administration low down payment mortgage product.

* The FY 2014 Consolidated Appropriations Act changed the definition of extremely low-income to be the greater of 30/50ths (60 percent) of the Section 8 very low-income limit or the poverty guideline as established by the Department of Health and Human Services (HHS), provided that this amount is not greater than the Section 8 50% very low-income limit. Consequently, the extremely low-income limits may equal to the very low (50%) income limits.

Sources: HUD Income Limits (https://www.huduser.gov/portal/datasets/il.html), HUD Multifamily Tax Subsidy Income Limits (https://www.huduser.gov/portal/datasets/mtsp.html).

Housing Factors

Cost of Construction

Local contractors indicated that building a new home that is affordable to a workforce-income buyer would require the home to be under 2,000 square feet with modest finishes and sell for between $201,000 to $310,000 on average (https://homeguide.com/costs/cost-to-build-a-house). While this is significantly lower than the national average as the table below illustrates, a newly constructed home in Lee County is only affordable to those four-person households at and above 105% of area median income.

Costs of Construction Comparison				
Average Lot Size	11,186		22,094	
Average Finished Area	2,776		2,594	
Sales Price Breakdown	**2017 National Results (Avg.)**	**2017 Share of Construction Costs**	**2019 National Results (Avg.)**	**2020 Share of Construction Costs**
Finished Lot Cost (including financing cost)	$91,996	21.5%	$89,540	18.5%
Cost of Construction	$237,761	55.6%	$296,653	61.1%
Financing Cost	$7,636	1.8%	$8,160	1.7%
Overhead and General Expenses	$21,835	5.1%	$23,683	4.9%
Marketing Cost	$5,314	1.2%	$4,895	1.0%
Sales Commission	$17,448	4.1%	$18,105	3.7%
Profit	$45,902	10.7%	$44,092	9.1%
Total Sales Price	**$427,892**	**100.0%**	**$485,128**	**100%**
Construction Cost Breakdown				
Site Work	$15,903	6.7%	$18,323	6.2%
Foundation	$25,671	10.8%	$34,850	11.8%
Framing	$41,123	17.3%	$51,589	17.4%
Exterior Finishes	$33,066	13.9%	$41,690	14.1%
Major Systems	$32,746	13.8%	$43,668	14.7%
Interior Finishes	$67,939	28.6%	$75,259	25.4%
Landscaping	$5,859	2.5%	$6,506	2.2%
Driveway	$4,405	1.9%	$6,674	2.2%
Porch/Patio/Deck	$2,989	1.3%	$3,547	1.2%
Cleanup	$2,621	1.1%	$2,988	1.0%
Other	$5,439	2.0%	$11,559	3.8%
Total	**$237,761**	**100%**	**$296,653**	**100%**

Data Source: National Association of Home Builders, 2017 and 2020 Construction Cost Surveys

Like many industries, construction is in the midst of a labor shortage and firms are having trouble finding as many workers as they would like to hire. But the shortage is a little more complicated in the building trades than in other corners of the economy. Many young workers left the industry for other jobs during the Great Recession when construction slowed across the economy. In 2018, builders' biggest concern was the rising cost of materials, according to a National Association of Homebuilders annual survey. In 2019, it was the cost of labor.

In 2020 and beyond, the most significant concerns have been the combination of the erratic materials market (price), access to materials, and access to labor. With the unprecedented demand for housing across the country, many builders have reported focusing on building higher-end homes to ensure sufficient profit.

Housing Supply and Demand

We developed four scenarios to help stakeholders consider what the future might hold for housing supply and demand. These are not forecasts. They include:

1. Conservative Population Growth
2. Declining Population
3. Conservative Population Growth and Strategic Removal of Units
4. Declining Population and Strategic Removal of Units

All models assume the following:

- Lee County maintains its current housing mix of 66% owner-occupied housing and 25% renter-occupied.
- "All models are wrong, but some are useful." – George E. P. Box, British Statistician. In this spirit, we recognize that the following model is flawed but useful for identifying housing policy and program recommendations.
- Vacancy *will* reflect the recommended owner-occupancy vacancy rate of 1-2% and rental vacancy rate of 5-7% (Nelson, 2004).

To identify over and under-supply in Lee County in this scenario, the team used the following method:

1. Using the estimated number of existing households and assuming that every household has a housing unit, multiply that number by [1] + [Desired Vacancy Rate] to arrive at the number of units needed. In the following model, we used a 9% vacancy rate.
2. Estimate the total number of housing units (owned and rented) at year end by adding the estimated total housing units to be constructed less the estimated total number of housing units demolished.
   a. The average number of units built per decade between 1940 to 2010 was 1,362 units. Yet from 2010 to present only 171 units have been built. This implies that there is a shortage of 1,190 units over the last decade. However, population has also declined by 175 since 2010. Given two people per household, we assume 88 fewer households and therefore, 88 fewer housing units. Therefore, we estimate that there is a shortage of approximately 1,100 units in the market due to pent up demand and recommend that 110 homes be built per year.
   b. Between 2018-2020, Lee County averaged 3 housing units demolished per year.
3. Subtract the number of housing units needed from the number of existing housing units at year end. If positive, this is the number of surplus housing units. If negative, this is the shortage of housing units.
4. For each subsequent year, multiply the number of households by the expected rate of growth. For this scenario, we assumed a positive 0.1% year-over-year growth rate.

Scenario #1: Conservative Population Growth

Model Assumptions:

- Communities in Lee County and the Blackhawk Hills region will be taking proactive steps to maintain its current number of households and will grow a modest 0.1% year over year.
- Lee County continues to build new single-family housing units at its current average trend of 27 units per year and demolishes 3 units per year.

Model Findings & Flaws:

- Based on the estimated number of households and the above assumptions, the model suggests that there is a surplus of housing units in Lee County.

- The model does not consider housing quality or housing amenities for specific personas (for example, seniors/55+) or shifting housing type preferences.

Digging Deeper:

The map of the City of Dixon on page 36 has broken out housing units built by decade prior to 1979. The map uses the metric of estimated fair market value (according to the county assessor) divided by the square footage of the housing unit to provide an equalized glance at the age and value of housing as well as to indicate where within Dixon lower-value housing units are located. Due to varying lot sizes, land value was not included in estimations so that properties could be equally evaluated. This analysis revealed that a high concentration of low value per square foot housing units are located within the southwest quadrant of the city.

Further study revealed that there are 163 properties owned by a single landlord in Dixon; each of these properties has a fair market value of less than $60,000. It appears that these properties were likely purchased through public auction at the end of the foreclosure process. While properties throughout Dixon are owned by this single landlord, there is a higher concentration of these properties in the southwest quadrant of the city.

Implications and Recommendations:

From a property management perspective, it is easier to manage properties that are in close proximity to one another, however they must be managed well. There is an opportunity for policy makers to work with key property owners to improve neighborhood property values, using some of the recommendations outlined later in this document.

Estimated Housing Demand by Occupancy Type

Scenario 1: Assumes a 0.1% population increase per year

	2019	2022	2023	2024	2025	2026	Total
Households	13,788	13,788	13,802	13,816	13,830	13,844	
Est. Number of Housing Units to be Demolished		3	3	3	3	3	15
New Housing Units Needed to Maintain 9% Vacancy		0	1	1	1	1	
Est. Number of Housing Units Needed to be Built		**3**	**18**	**18**	**18**	**18**	**75**

	Assumptions	2022	2023	2024	2025	2026	Total
Occupied housing units	91%	3	16	16	16	16	67
Owner-occupied	66%	2	12	12	12	12	
Renter-occupied	25%	1	5	5	5	5	
Vacant housing units	9%	0	2	2	2	2	8
Vacant Homeowner units	2%	0	1	1	1	1	
Vacant Rental units	6%	0	1	1	1	1	
Total NEW Housing Units by Occupancy Type		**3**	**18**	**18**	**18**	**18**	**75**

Notes: Based on an assumption that since 2019, the number of households has been growing or will grow 0.1% annually year over year. Also assumes that each household is occupying a housing unit. Vacancy Rates are assumptions based on Nelson's recommendations for healthy vacancy.

Data Sources: Housing Characteristics, ACS 2019 5-Year Estimates; Redevelopment Resources

Scenario #2: Declining Population

To identify over and under-supply in Lee County in this scenario, the team used the following method:

1. Using the estimated number of existing households and assuming that every household has a housing unit, multiply that number by [1] + [Desired Vacancy Rate] to arrive at the number of units needed. In

the following model, we used 9%.

2. Estimate the total number of housing units at year end by adding the estimated total housing units to be constructed less the estimated total number of housing units demolished.
    a. The average number of units built per decade between 1940 to 2010 was 1,362 units. Yet from 2010 to present only 171 units have been built. This implies that there is a shortage of 1,190 units over the last decade. However, population has also declined by 175 since 2010. Given two people per household, we would assume that 88 fewer households and therefore, 88 fewer housing units. Therefore, we estimate that there is a shortage of approximately 1,100 units in the market due to pent up demand and recommend 110 homes built per year.
    b. Between 2018-2020, Lee County averaged the demolition of 3 housing units per year.
3. Subtract the number of units needed from the number of existing housing units at year end. If positive, this is the number of surplus housing units. If negative, this is the shortage of housing units.
4. For each subsequent year, multiply the number of households by the expected rate of change. For this scenario, we assumed a negative 0.54% year-over-year household rate of change which is reflective of the 2020 Census population rate of change since 2010.

Model Assumptions:

- Communities in Lee County will maintain their current trajectory of population declining 0.54% year over year based on 2020 Census Data and ESRI.
- Population and household growth change at the same rate.
- Lee County continues to demolishes three (3) units per year.

Model Findings & Flaws:

- While the desired overall vacancy rate is 9% in 2021, the existing surplus makes the real overall vacancy rate 10%.
- If the number of households continues to decline, that number of surplus units and vacancy will continue to grow.
- The model does not consider housing quality or housing amenities for specific household types such as seniors.

Digging Deeper:

The map on page 36 of the City of Dixon has broken out housing units built by decade prior to 1979 that have an estimated building fair market value of less than $30/SF. In the City, there are 451 such units with a significant number of them in the southwest quadrant of the city. Of those built before 1929, there are 388 units.

Note: The county assesses property at 1/3 of its estimated fair market value, based on a three-year average, therefore it is a lagging indicator, which assessed value may not reflect fair market value.

Implications and Recommendations:

There is atheory in urban planning about "shrinking smart" that is worth consideration. To "shrink smart" would include government and community leaders to consider the implications of a stagnant or population loss on the tax base, utilities, city services, land use, and redevelopment. Infinite growth is not a sustainable model and the scenarios that consider population decline are worth exploring more in-depth for its rippling effects. It is a shift in concept and language as most of the rhetoric to-date places emphasis on cities as growth machines (Molotch, 1976).

Estimated Housing Demand by Occupancy Type

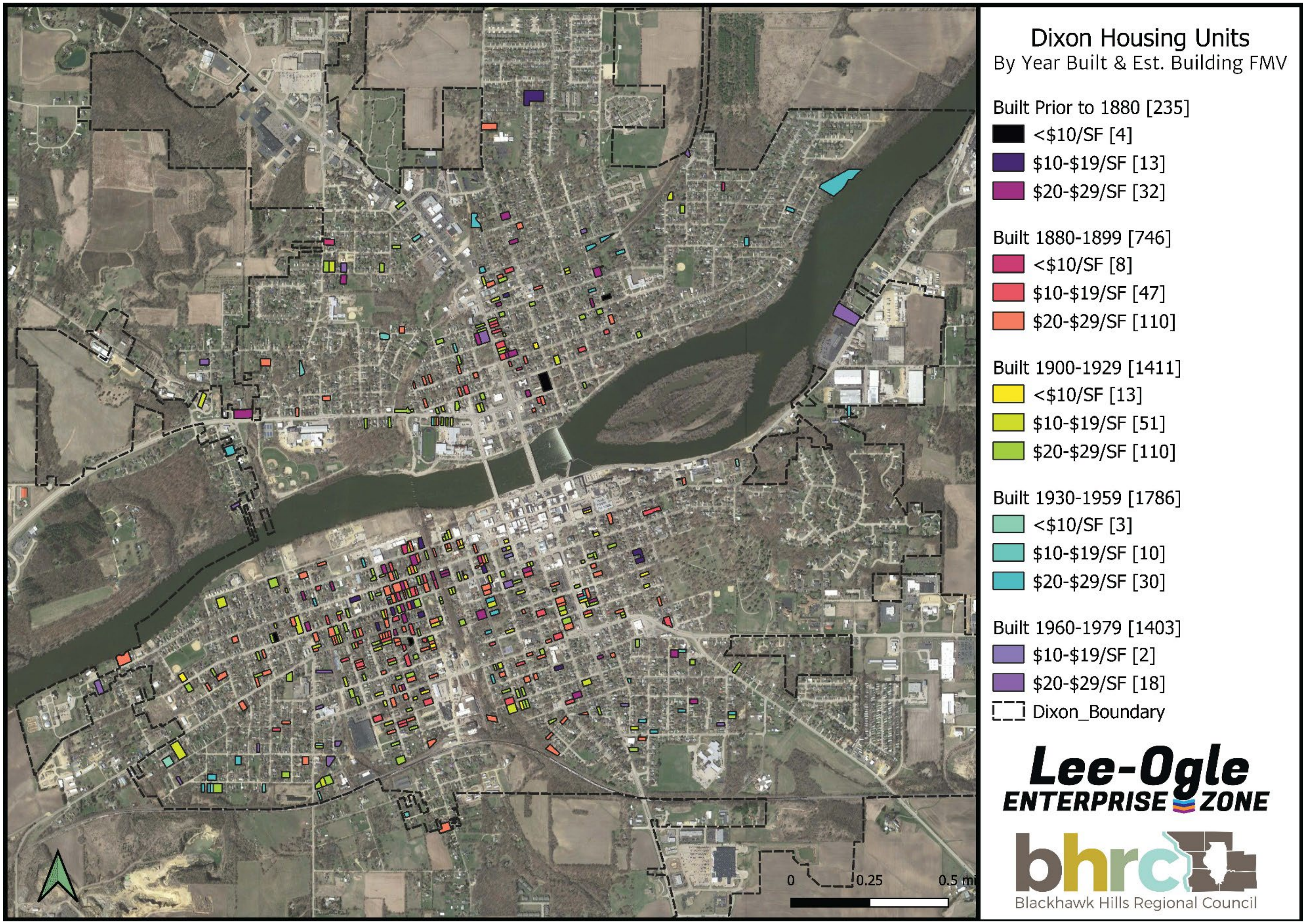
Scenario 2: Assumes a -0.54% household count decrease per year

	2019	2022	2023	2024	2025	2026	Total
Households	13,788	13,714	13,639	13,566	13,493	13,420	
Est. Number of Housing Units to be Demolished		3	3	3	3	3	15
New Housing Units Needed to Maintain 9% Vacancy		-6	-6	-6	-6	-6	
Est. Number of Housing Units Needed to be Built		**-77**	**-77**	**-77**	**-76**	**-76**	**-383**

	Assumptions	2022	2023	2024	2025	2026	Total
Occupied housing units	91%	-70	-70	-70	-69	-69	-348
Owner-occupied	66%	-51	-51	-51	-50	-50	
Renter-occupied	25%	-19	-19	-19	-19	-19	
Vacant housing units	9%	-7	-7	-7	-7	-7	-35
Vacant Homeowner units	2%	-2	-2	-2	-2	-2	
Vacant Rental units	77%	-5	-5	-5	-5	-5	
Total NEW Housing Units by Occupancy Type		**-77**	**-77**	**-77**	**-76**	**-76**	**-383**

Notes: Based on an assumption that since 2010, the number of households has been declining at -0.54% annually year over year. Also assumes that each household is occupying a housing unit. Vacancy Rates are assumptions based on Nelson's recommendations for healthy vacancy.

Data Sources: Housing Characteristics, ACS 2019 5-Year Estimates; Redevelopment Resources



Dixon Housing Units
By Year Built & Est. Building FMV
Built Prior to 1880 [235]
<$10/SF [4]
$10-$19/SF [13]
$20-$29/SF [32]
Built 1880-1899 [746]
<$10/SF [8]
$10-$19/SF [47]
$20-$29/SF [110]
Built 1900-1929 [1411]
<$10/SF [13]
$10-$19/SF [51]
$20-$29/SF [110]
Built 1930-1959 [1786]
<$10/SF [3]
$10-$19/SF [10]
$20-$29/SF [30]
Built 1960-1979 [1403]
$10-$19/SF [2]
$20-$29/SF [18]
Dixon_Boundary
0
0.25
0.5 mi
Lee-Ogle
ENTERPRISE ZONE
bhrc
Blackhawk Hills Regional Council

Scenario #3: Conservative Population Growth and Strategic Removal of Units

Model Assumptions:

- Communities in Lee County and the Blackhawk Hills Region will be taking proactive steps to maintain its current number of households and will grow a modest 0.1% year over year.
- Lee County and its communities strategically remove substandard housing units incrementally each year with the fewest demolitions being 40 units in 2022 and the greatest number of units being 100 in 2026.

Findings & Flaws:

- Based on the estimated number of households and the above assumptions, the model suggests that there will be enough housing units in Lee County to meet demand and support a healthy vacancy rate.
- The model does not consider housing quality or housing amenities for specific household types such as seniors nor shifting trends in preferences for housing types.
- The model does not measure the impact that the loss of units (330) will have on affordability.

Estimated Housing Demand by Occupancy Type

Scenario 3: Assumes a 0.1% population increase per year and greater number of units lost to demolition

	2019	2022	2023	2024	2025	2026	Total
Households	13,788	13,802	13,816	13,829	13,843	13,857	
Est. Number of Housing Units to be Demolished		40	50	60	80	100	330
New Housing Units Needed to Maintain 9% Vacancy		4	5	6	8	10	
Est. Number of Housing Units Needed to be Built		**58**	**69**	**80**	**102**	**124**	**433**

	Assumptions	2022	2023	2024	2025	2026	Total
Occupied housing units	91%	53	63	73	93	113	395
Owner-occupied	66%	38	46	53	67	82	
Renter-occupied	25%	15	17	20	26	31	
Vacant housing units	9%	5	6	7	9	11	38
Vacant Homeowner units	2%	1	1	1	2	2	
Vacant Rental units	7%	4	5	6	7	9	
Total NEW Housing Units by Occupancy Type		**58**	**69**	**80**	**102**	**124**	**433**

Notes: Based on an assumption that since 2019, the number of households has been growing or will grow 0.1% annually year over year. Also assumes that each household is occupying a housing unit. Vacancy Rates are assumptions based on Nelson's recommendations for healthy vacancy.

Data Sources: Housing Characteristics, ACS 2019 5-Year Estimates; Redevelopment Resources

Scenario #4: Declining Population and Strategic Removal of Units

Model Assumptions:

- Communities in Lee County will maintain its current trajectory of population declining 0.54% year over year based on 2020 Census Data and ESRI.
- Population and household growth change at the same rate.
- Lee County and its communities strategically remove substandard housing units incrementally each year with the fewest demolitions being 120 units in 2022 and the greatest number of units being 200 in 2026.

Model Findings & Flaws:

- While the desired overall vacancy rate is 9% in 2021, the existing surplus makes the real overall vacancy rate 10%.
- If the number of households continues to decline, that number of surplus units and vacancy will continue to grow.
- The model does not consider housing quality or housing amenities for specific household types such as seniors.
- The model does not measure the impact that the significant loss of units (800) will have on affordability.

Estimated Housing Demand by Occupancy Type

Scenario 4: Assumes a -0.54% population change year over year and greater number of units lost to demolition

	2019	2022	2023	2024	2025	2026	Total
Households	13,788	13,714	13,639	13,566	13,493	13,420	
Est. Number of Housing Units to be Demolished		80	80	80	80	100	420
New Housing Units Needed to Maintain 9% Vacancy		0	0	0	0	2	
Est. Number of Housing Units Needed to be Built		6	6	6	7	29	54

	Assumptions	2022	2023	2024	2025	2026	Total
Occupied housing units	91%	5	5	5	6	26	47
Owner-occupied	66%	4	4	4	5	19	
Renter-occupied	25%	2	2	2	2	7	
Vacant housing units	9%	1	1	1	1	3	7
Vacant Homeowner units	2%	1	1	1	1	1	
Vacant Rental units	7%	0	0	0	0	2	
Total NEW Housing Units by Occupancy Type		6	6	6	7	29	54

Notes: Based on an assumption that since 2019, the number of households has been growing or will grow 0.1% annually year over year. Also assumes that each household is occupying a housing unit. Vacancy Rates are assumptions based on Nelson's recommendations for healthy vacancy.

Data Sources: Housing Characteristics, ACS 2019 5-Year Estimates; Redevelopment Resources

Interview Takeaways

The primary research gathering component of this study included interviewing (in-person or via phone/video conferencing). Over 20 interviews were conducted with:

- Staff and elected officials – City of Dixon and Lee County
- Elected officials – Amboy, Franklin Grove, and Ashton
- School district personnel
- Chamber executive
- Service providers
- Hospital executive
- Developers
- Landlords
- Bankers
- Realtors
- Contractors

Interviewees perceive a shortage in a number of categories: homes in the $100,000-$150,000 price range, homes for people age 55+, higher-end housing, decent (high-quality) apartments. Direct comments included that there is a "severe shortage of housing for those making $36,000-$40,000/year" and a "severe shortage of decent rental housing."

County-wide there is a shortage of landlords willing to accept Section 8 vouchers. Housing cost-burdened families are transient (meaning they don't stay in one house for long) but wish to keep their children in the same school district. These residents are struggling to find a place to live. It was also reported there is a childcare gap - roughly 400 children without childcare.

There is plenty of land available to build single family homes and multi-family apartment buildings. Dixon, Franklin Grove, and Ashton all have land available, much of it with some utilities but not all infrastructure installed.

The challenge is the cost of construction. "New construction is burdened by material costs." Contractors are also short on workforce. One contractor who has built subdivisions in the past is no longer interested in doing it alone. However, with an investor partner(s) he would be interested in resuming new construction of single-family homes. In Dixon there is one developer who has been building most of the newly constructed single-family homes and duplexes.

Employers noted lack of housing is affecting their ability to hire workers. Many employers are offering a variety of incentives to new employees, such as sign-on bonuses, job sharing, ability to work remotely, and non-cash incentives. There are hundreds of open positions in Lee County across all sectors, including healthcare, education, and manufacturing. It was expressed that Lee County doesn't really have a seasonal workforce so finding seasonal housing is not an issue.

Interest exists in developing downtown residential in Dixon. A new building with higher-end condominiums or market rate senior housing in a mixed-use property are two concepts that would have marketability. It was also expressed that a new market rate multi-family development could easily charge $900-$1,100 per month for rent, particularly in downtown Dixon.

Another comment regarding the rental market in Dixon specifically is that the rental market is "tapped out" and "overpriced."

The rental market in Dixon is owned/controlled by a few landlords. A single landlord owns 380 properties largely purchased via sheriff's sale.

There is a perception that investment in the southwest side of Dixon is riskier.

Multiple interviewees expressed the need for a residential rehabilitation program and a rental inspection program throughout the City of Dixon.

Interviewees expressed the desire for Dixon to promote the community more and for Lee County to promote the County as a place to live and work.

Regarding Amboy:

- Amboy needs "all of the above" in terms of housing type. Nothing on the market for long if there is anything available.
- Housing stock is dated. Nothing really new built in 20-30 years.
- There are existing lots available for development, both city-owned lots and lots in existing subdivisions. City-owned lots may be properties taken from private owners.
- There are contractors available to handle additional residential development projects locally.
- Employers have expressed that the lack of housing is a reason they have struggled to recruit workforce.
- A few property owners own a significant portion of the rental properties in Amboy.
- There are opportunities for infill development in Amboy, although care must be taken to avoid development in floodplains and floodways.
- Preservation of historic structures for the purpose of multi-family development should be considered.

Policy and Ordinance Review

A review of existing policies was conducted. In particular, our team looked for programs and information that supported the development or rehabilitation of housing in the county. Our team also was reviewing previous plans and programs for any policy that seemed to unnecessarily hinder development.

Existing Plans

- A county-wide study was conducted in 2010 with general guidelines for future housing development. Suggestions remain relevant from that time including design guidelines, subdivision development standards, and maintaining the rural character of the county.
- Dixon has a notably dated comprehensive plan completed in 1990. A best practice is to update comprehensive plans every ten years while along the way referencing the document in community decision-making. This housing study could serve as the basis for updating such document.

Building Code

It appears that each community has adopted the 2015 International Building Code, aligning them with the state standard (although it is unclear whether building codes are enforced). This also incorporates the International Existing Building Code, which addresses rehabilitation and repair of existing structures. It is recommended that inspectors become comfortable interpreting and working with the nuances of this code to ensure ease of rehabilitation of existing structures for use as multi-family housing.

Current Programs

A review of current programs was conducted to understand what tools are already in place and which may be worth enhancing to address housing-specific needs. An understanding of what tools are in place and how they are being used is also helpful for property owners and developers as they review opportunities within the county.

Tax Increment Financing

Within Lee County, Dixon and Paw Paw have existing tax increment financing (TIF) districts, which may assist them with efforts to redevelop property for the purposes of market-rate workforce housing.

In certain circumstances, it is recommended that a pay-as-you-go approach be taken when using TIF in order to reduce risk to the municipality if a development project does not perform as originally intended. Additionally, some housing specific programs could be developed to incentivize a certain type of housing. See High Density Market Rate Multi-Family recommendations.

Code Compliance

Code compliance is complaint-based, meaning inspections are only conducted if a complaint is received. This passive approach may contribute to properties remaining out of compliance because tenants or neighbors, who carry the burden for reporting, may fear retaliation and not communicate potential code issues to regulators.

Tri-County Opportunities Council

The Tri-County Opportunities Council, the Community Action Agency for Bureau, Carroll, LaSalle, Lee, Marshall, Ogle, Putnam, Stark, and Whiteside counties, provides housing assistance programs amongst many other services. Those housing programs include:

- Agency-owned housing for very low-income households (22 units)
    - As of the time of this report was published, no units were available
- Rapid Rehousing program to assist those experiencing homelessness
- Emergency Voucher Shelter to assist those in an emergency situation to prevent homelessness
- Homeless Prevention program, which provides assistance to prevent homelessness with a one-time assistance for rent or deposit

These programs are important and critical for serving very low-income individuals. However, there does not appear to be a program in place to assist workforce-income individuals with housing needs. Perhaps programs could be expanded to serve other housing needs in the service area. For example, if the infrastructure is already in place for property management of the agency-owned housing, additional capacity could be added to be able to serve additional income groups and offer different housing types.

National Register Historic District

The City of Dixon has a National Register historic district in place that covers a good portion of the downtown building stock. The city could market this redevelopment tool and showcase certain properties eligible for the federal (20%) and state (25%) historic tax credits on qualified rehabilitation expenses. While the state credit is competitive and has a cap of $3 million per project, the federal credit does not have a cap. Using the credits requires that the property be developed following the Secretary of the Interior's Standards for Rehabilitation, which helps ensure that historic properties are approached in a period-appropriate way for their preservation as a community asset.

State-Based Programs

- The Department of Commerce and Economic Opportunity acts as the pass-through for Community Development Block Grant (CDBG) funds from the federal government. These funds are available for low to moderate income communities which can be applied for to improve housing and rehabilitate and retrofit properties. A maximum of $550,000 in grant funds or $50,000 per household is available. The funds can also be used to address public infrastructure, disaster response, or economic development activities.

Economic Growth Corporation (GROWTH) Housing Programs

Economic Growth Corporation (GROWTH) is a non-profit organization based out of Rock Island, Illinois and whose service area includes Lee County that administers a variety of housing assistance programs including:

- Administration of the Single-Family Rehabilitation Program (SFR), which assists eligible homeowners with critical home repairs the improve health and safety. Eligible homeowners must earn at or below 80% of the area median income for household size.
- Administration of the Illinois Rental Payment Program, which is a program of the Illinois Housing Development Authority (IHDA). The program is a State of Illinois program that provides emergency housing assistance to help renters and homeowners maintain stable, affordable housing during the COVID-19 pandemic. The program has application windows within which households must apply, and

grant awards of up to $30,000 can be used to eliminate or reduce past-due mortgage and property tax payments. GROWTH also serves as a Housing Stability Service Provider in partnership with IHDA and offers counseling assistance for this program.

- Administration of the Home Accessibility Program (HAP), which offers grants to low-to-moderate income seniors and disabled residents to make homes safer and more accessible.

IHDA abandoned/blighted property programs

Administered by the Illinois Housing Development Authority, the program provides financial resources to address the impact of the foreclosure crisis, decrease preventable foreclosures, and assist communities with neighborhood improvement, greening, and redevelopment. For blighted property, applicants are Illinois units of local government and must partner with a not-for-profit developer or agency. For abandoned property, applicants must be an Illinois municipality or a county. For blighted property, funds may be used for acquisition, demolition, greening, maintenance, and administration. For abandoned property, funds may be used for securing, maintaining, demolishing, or rehabilitating abandoned homes. For more information, contact http://www.ihda.org/my-community/revitalization-programs.

IHDA Land Bank Capacity Program

The Land Bank Capacity Program ("LBCP") and Land Bank Capacity Program Technical Assistance Network ("TA Network") (collectively the "Program") was created in 2017 by the Illinois Housing Development Authority ("IHDA" or "the Authority") to help empower local and regional revitalization efforts by increasing planning and land banking capacity statewide outside the Chicago metropolitan area, with an emphasis on downstate and southern Illinois communities. The Program funds startup costs for establishing land banks, including developing and submitting to the applicable governing body documentation sufficient to form a land bank.

PACE (Property Assessed Clean Energy) Financing

This program is a financing tool that enables owners of eligible properties to finance up to 100% of renewable energy, water use, energy conservation, energy efficiency, and resiliency improvements. Financing is provided by private sector funding with repayment terms that match the useful life of the improvements. Owners repay the financing through a special assessment on the improved property. C-PACE is exclusively for commercial and industrial uses in Illinois. Commercial-scale housing (Five or more residential units on a common parcel) can use C-PACE.

Lee-Ogle Enterprise Zone

Offers incentives designed to stimulate economic growth and neighborhood revitalization in economically depressed areas. Benefits relevant to the development of housing include: Building Materials Sales Tax Exemption, Local Property Tax Abatement on improvements, and the .5% Investment Tax Credit. The Lee-Ogle Enterprise Zone ordinance restricts residential use to projects with six or more units on a common foundation.

Community Reinvestment Act

The Community Reinvestment Act (CRA), enacted in 1977, requires the Federal Reserve and other federal banking regulators to encourage financial institutions to help meet the credit needs of the communities in which they do business, including low- and moderate-income (LMI) neighborhoods. Economic and community development professionals should work with local banks to help them achieve their goals for CRA through supporting borrowers in LMI neighborhoods throughout the region.

Community impact investing

An impact investing strategy is an investment strategy that targets companies or industries that produce social or environmental benefits. For example, some impact investors seek to support renewable energy, electric cars, microfinance, sustainable agriculture, or other causes which they believe to be worthwhile. In Northwest Illinois, a community impact investment fund could be established which would provide a way for companies or industries to contribute to housing investment for employees, to new developments, down payment assistance funds, or other creative solutions to housing challenges in the region.

USDA Rural Development programs – housing, financing

Offers loans, grants, and loan guarantees to help create jobs and support economic development and essential services such as housing, health care, first responder services and equipment, and water, electric, and communications infrastructure. Through the single-family direct home loan program, loan funds may be used to help low-income individuals or households purchase homes in rural areas. Funds can be used to build, repair, renovate or relocate a home, or to purchase and prepare sites, including providing water and sewage facilities.

Council of Development Finance Agencies (CDFA)

The Council of Development Finance Agencies is a national association dedicated to the advancement of development finance concerns and interests. CDFA is comprised of the nation's leading and most knowledgeable members of the development finance community representing hundreds of public, private, and non-profit development entities. Members are state, county, and municipal development finance agencies and authorities that provide or otherwise support economic development financing programs, as well as a variety of non-governmental and private organizations including bankers, underwriters, attorneys, financial advisors, and other organizations interested in development finance. CDFA houses the largest collection of development finance resources in the world and various online tools to support the industry.

Recommendations

Lee County has a demonstrated need for additional housing units. Based on the models above and interviews, we recommend a minimum of 110 new units per year for the next several years. As new units are built and absorbed, these projections can be altered to respond to increases or decreases in demand.

Also important to the economy in Lee County is the condition of existing housing units. Single-family owned and rented units, as well as multi-family units, need attention. We are recommending activities that address rehabilitation and maintenance, from offering incentives to targeting code compliance .

Finally, ensuring the organizational structure exists to provide this heightened focus on housing is a key component to achieving successful new development, redevelopment, and code compliance; all play important parts in the fabric of the housing stock for Lee County residents.

To Attract New Development

1. Host a Developer Familiarization Tour

   County-wide: Host a contractor/developer familiarization tour. Identify developers and contractors and invite them to a day-long familiarization tour of Lee County. Start with a presentation including welcome from several mayors or city leaders, unique information about each community, a brief presentation summarizing the demand for new, high-quality housing in the market (from health care, education, banking, etc.). Present a high-quality marketing piece. Discuss incentive programs each community has established. Feed them lunch. Then take them in a comfortable bus/van to tour the communities and sites where the housing could be developed. Conduct this event annually in the late summer so plans can be made over the fall and winter with construction commencing in the spring.

2. Encourage Development of High-Density Market Rate Multi-Family Housing

   Create opportunities for development of high-density market rate multifamily housing (City of Dixon). Identify 2-3 two-acre sites and market them to housing developers/contractors. There is market demand for rental units at a price point of approximately $900-$1,100 per unit. Thirty-two units (two sixteen-unit) buildings could be developed in phases to ensure market absorption. From the primary research presented in this study, employers (in particular, the medical community, school districts, and certain manufacturers) would have an easier time filling open positions with high quality multi-family housing available to new employees. The City of Dixon could create an incentive for a new development if valued at $7 million to $8 million in total (assuming $250,000 per unit development cost). Incentives might be infrastructure, tax abatement, cash grant with clawback clause, utility cost reduction.

3. Facilitate the Development of Pocket Neighborhoods on Appropriate Sites

   Pocket neighborhoods can be constructed on as little land as half an acre. “Pocket neighborhoods are clustered groups of neighboring houses or apartments gathered around a shared open space — a garden courtyard, a pedestrian street, a series of joined backyards, or a reclaimed alley — all of which have a clear sense of territory and shared stewardship. They can be in urban, suburban or rural areas.” Pocket neighborhoods are typically comprised of 6 to 10 smaller homes of 800-1,200 square feet, clustered together with less individual yard and more common space. As a smaller home, they tend to be more affordable but could be developed at a variety of price points depending on the target market. Municipalities such as Amboy, Ashton, and Franklin Grove, as well as on the southwest side of Dixon, should consider marketing available sites for pocket neighborhoods.

4. Incentivize Construction of Single-Family Homes

Lee County municipalities will need to use every available incentive in their toolbox, as well as new incentives, in order to attract contractors and developers to build new homes throughout Lee County. A package of incentives can be marketed to contractors and developers but be left open to negotiation depending on the size of the development, number of units to be constructed, and actual need of the developer.

- Municipalities should consider using Tax Increment Financing (TIF) in creative ways allowable under Illinois law, such as to encourage the development of housing specifically.
- Offer construction permit fee waivers (for new construction or rehabilitation, demolition, plumbing, water service tap fees, street and terrace opening fees, and sanitary sewer tap fees).
- If the municipality owns residential property, consider selling it to a new homeowner or contractor for $1 to incentivize development. The sale agreement should include stipulations, such as a requirement to put the building into service within an 18-month timeframe.
- Rebate a portion of property taxes after the developer achieves his/her commitment to pay property taxes for a number of years is reached (three years, for example).
- Partner with an employer (public or private sector) in the community to acquire land and sell lots at discounted prices, offer down payment assistance to new home buyers, and work with local banks to subsidize interest rates on subdivision developments.
- Incentivizing single-family residential should be considered in a way that minimizes the cost of services and maintenance of new infrastructure. The municipality could provide incentives in exchange for the developer uses high-quality materials and innovative practices to ensure the municipality isn't maintaining and servicing infrastructure sooner than necessary. The development should also be in line with an updated comprehensive plan that incorporates the principals of smart growth.

5. Market Lee County Communities

Create high-quality marketing pieces directed towards contractors, developers, and new residents. It should include a map with targeted sites (including where utilities are located with respect to targeted sites), a summary of the development approval process, key points from this study noting the demand for housing, and a list incentives available . It should be welcoming and positive and include testimonials from businesses needing to hire employees who need housing. Versions should be created for social media and print; it should be mailed and handed out at contractor/developer trade shows.

6. Market Available Properties

Using online search tools, our team looked for available rental units – only three units were available on a given day. Two were in Dixon and one was in Franklin Grove. Unit sizes ranged from 1-3 bedrooms and rents were $575-762. These were all single-family homes being rented. This is a discouragement for those looking to downsize or move into the region. Consider encouraging all rental property owners to list their available units with a single free online listing service provider such as Zillow or Apartments.com, so that all renters will see all units available at one time in the market.

To Address Existing Housing Units and Empty Infill Lots

1. Support Infill Development

   Create an incentive program for builders to construct new homes on infill lots, including on lots bordering commercial areas. Infill development is the most efficient use of a municipality's property because the infrastructure is already installed and available. Property boundaries have been established. Sidewalk and curb cuts installed. Infill development also creates higher value properties within low-to-moderate value areas. Once a single property or cluster of properties is developed, property owners in the area are more inclined to make investments in their properties thus bringing up the value neighborhood-wide. Create a map of infill opportunities and develop incentives for single units or duplexes to be constructed on single or combined lots. If more than two or three single family lots are available together, market the concept of a pocket neighborhood. If a community establishes a land bank, there may be opportunities to work on infill development through this relationship.

2. Create a Residential Rehabilitation Program

   To support investment in and rehabilitation of the city's current housing stock, Dixon should consider creating a homeowner rehab program. It can fund the program by applying for a housing CDBG grant from the state. The City of Dixon could qualify for up to $550,000 in grant funds. The last grant application deadline was August 2021, so the city should watch for this opportunity for fall 2022. Awardees have two years to complete projects and are responsible for coordinating contractors to perform the work. For LMI (low-to-moderate income) families eligible for the projects, this program ensures that the homeowner does not incur debt.

3. Create a Downtown Residential Rehabilitation Program

   To aid the build-out of existing building stock into serviceable residential apartments, consider providing an incentive via tax increment financing (TIF) for the build-out of upper floors into residential apartments. Communities that have historic downtown areas with upper floor vacancies like Dixon and Amboy would be well-suited to consider this approach. Success has been shown with this model in Quincy, IL, which offered a $25,000/unit incentive for upper floor build-outs up to $100,000 per year. To ensure quick successes, the city required the work to be completed within a one-year time frame from the date of the loan closing. The city helped bolster the program's success by taking the additional step of coordinating with willing local lenders. This eased the burden on property owners by steering them towards willing lending partners who understood the program. With lenders understanding that the program was backed by the city, it helped reduce the perceived risk. The lenders also benefited by having access to a funnel of projects requiring lending assistance. This coordination effort aided in putting the funds into quick action, showing early wins.

   Champaign, IL, has had a similar program in place for 20 years and was the model for the Quincy program. Additional information about both programs may be found in Appendix D.

   In Dixon's historic district, this program may partner well with historic tax credits as a funding source to add to the capital stack for the renovation of buildings with residential apartments. Many downtown properties are within a National Register historic district, which provides access to federal (20%) and state (25%) historic tax credits.

4. Create a Rental Inspection Program

The creation of a rental inspection program is a critical step towards improving the quality of rental housing in Lee County. Such a program is rooted in the finding that sub-standard rental properties can become chronic nuisances that pose a health and safety hazard to the community, consuming a disproportionate amount of municipal services. Generally speaking, this finding forms the basis for justifying an ordinance and a resultant inspection program that motivates responsible landlord behavior, addresses and mitigates chronic nuisances, and ultimately assists communities in their efforts to promote decent, safe, and sanitary housing. (Mallach, 2015)

A rental inspection program can yield the following benefits:

- A baseline for quality rental housing. A rental inspection program includes a detailed inspection checklist for municipal officials to administer. This work product, among others, sets a standard for the review process and is the baseline for offering incentives (e.g., recognition in a Good Landlord Program) or delivering obligations (e.g., payment of fines or fees) to the landlord.
- A proactive approach. The current reactive practice of complaint-based inspections impositions tenants to report concerning conditions or events. This is a reactive approach that does not provide policymakers with an accurate understanding of the rental housing conditions in their community. Further, this approach could mean that some unsafe conditions are being under-reported or unreported altogether, due to tenants' fears that they could face punitive measures, such as increased rents or eviction. A proactive approach not only ensures that all property owners receive a standardized, objective inspection protocol but also reduces the burden on tenants to report unsafe conditions.
- Detailed, granular data. This study uses certain data to indicate potential housing constraints in Lee County, such as the age of housing stock and assessed property value. A rental inspection program allows agencies to gather detailed data on specific properties. Such data is critical for the establishment of a property becoming an official public nuisance that must be addressed and mitigated. Detailed granular data also supports capital improvement planning and budgeting, for example the replacement of lead water lines to ensure community health and well-being.
- Relevant for short- and long-term rentals. The examples below reference long-term rental inspection programs found in non-Home Rule Illinois communities that could be applicable for communities with short-term rental housing as well. This could be especially relevant in communities with a seasonal workforce in need of short-term housing.

It is recommended that the City of Dixon develop and implement a rental inspection program. Non-home rule communities in the State of Illinois, such as Dixon, have the authority to enact and implement a rental inspection program to protect public health, safety, and abate public nuisances. The authority is based on the following statute, which is found in 65 ILCS 5/11-60-2:

> Sec. 11-60-2: The corporate authorities of each municipality may define, prevent, and abate nuisances.

The provisions of 65 ILCS 5/11-60-2 are rooted in the identification and regulation of nuisances that are both *public* and *chronic* and therefore pose a safety hazard to the general public.

The following municipalities provide examples of rental inspection programs for the City of Dixon to emulate:

Village of Round Lake, Illinois. In 2018, the Village of Round Lake (estimated population 18,349) adopted a Residential Rental Program. The program, which has over 650 registered units, requires an annual registration for all rental properties and consists of two inspection processes:

- An annual inspection for common areas in apartment complexes; and
- A unit inspection every time a tenant changes (prior to occupancy by a new tenant).

Program fees are nominal; annual registration fees begin at $10 per dwelling unit and inspection fees begin at $75per dwelling unit. To date, the program includes 650 registered units.

- Redevelopment Resources contacted an official from the Village of Round Lake to better understand program efficacy; notable responses include: The program has allowed the village to maintain current contact information for landlords, which helps both parties address issues more quickly;
- Responsible landlords appreciate knowing that landlords with a history of nuisance violations have to be accountable for maintaining their properties;
- Tenants appreciate the fact that they can call the village if any issues arise without fear of retaliation.

City of Prospect Heights, Illinois. In 2007, the City of Prospect Heights (estimated population 16,137) established a Residential Safety Inspection Program. The program requires an annual registration for all rental properties ($25.00 per property) and includes an annual safety inspection ($100.00 per unit). In addition to the city's aim to maintain quality housing, the program also includes language focused on maintaining life safety and promoting crime-free housing. The city's website includes a crime-free lease provision for the landlord to consider.

To Ensure Implementation

1. Build a Network

The communities within Lee County and the larger Blackhawk Hills Regional Council service area would benefit from building a network of affordable housing developers ranging from large national players to smaller companies to individuals at the local level who want to be a part of the solution. Any project involving Low-Income Housing Tax Credits (LIHTC) will benefit from having an experienced developer, as the funding source can be complicated. In the case of the 9% tax credit, a developer with experience is a pre-requisite.

Consider building relationships through an annual dinner.

a. Meet and greet. Hold an annual dinner that brings a variety of development players to the table. Consider holding the event at the eastern part of the BHRC area to encourage attendance from the Chicago metro area.
b. Clearly express needs for each community.
c. Feature targeted sites within each community; include key facts.
d. Stay in regular communication throughout the year. As a general rule, it takes seven points of contact before someone will respond to your call to action.

2. Equip and Charge Blackhawk Hills Regional Council as One-Stop Shop

Localities might benefit from using Blackhawk Hills Regional Council (BHRC) as a one-stop shop for development projects. Since BHRC is already a regional entity, explore with BHRC, expanding its capacity to support housing projects may prove more efficient than a place-by-place approach. Some developers view local housing needs as too small to justify investment. For example, although a developer might find it more economical to build 100 units, demand in a single community may only warrant construction of 20 units. Undertaking individual projects in disparate communities requires significant effort for a relatively small return on investment and can dissuade developers from taking the first step. However, some interviewees liked the idea of a one-stop shop that provides approvals, incentives, and coordinated communication to create a consistent and streamlined process across communities. The developers' challenges could be lightened, making it possible to pursue projects in multiple communities and bypass local challenges that often derail projects.

While not a perfect comparison, the work being conducted by the South Suburban Land Bank and Development Authority (SSLBDA) in the Chicago suburbs is an intriguing model. The SSLBDA has access to a wide array of powers via intergovernmental agreements signed by the participating municipalities. This organization was formed to spark economic revitalization through housing and alleviate the effects of widespread foreclosure, vacancy, and blight. It did so by adding capacity to municipalities that have limited staff and financial resources. The SSLBDA also has the authority to acquire, hold, manage, and develop vacant and foreclosed property.

3. Provide a Dedicated Focus on Housing

Blackhawk Hills Regional Council may benefit from establishing or using an existing committee comprised of housing partners for the purpose of developing and implementing housing strategy for the region. The committee should reference this study on a regular basis. Our team recommends establishing metrics and assigning responsibilities related to the stabilization of workforce housing. Dedicated staff time to support the committee and its strategic plan and assist with follow-through will be necessary. Tracking progress could include monitoring metrics such as:

- the number of new units created
- the number of blighted units removed from the community's/county's inventory
- number of vacant rental units available by month
- number of outreach contacts to potential developers
- number of vacant infill lots available for redevelopment
- others important to those tracking that would be indicative of progress

4. Dedicate Staff

The City of Dixon should consider designating an existing staff person or adding a half time or full-time position to focus on housing issues. The city might also consider a partnership with multiple cities and embed the position within Lee County government or an area-minded not-for-profit organization.

Lee County Workforce Housing Recommendations

Activity	Timeframe	Responsible Party	Funding Source
To Attract New Development			
Host a Developer Familiarization Tour	Q3 2022 and annually	LCIDA	Private Sector Sponsor
Encourage Development of High-Density Market Rate Multi-Family Housing	Q3 2022 and ongoing	Lee County Municipalities (Dixon)	Municipality/Local Utility
Facilitate Development of Pocket Neighborhoods on Appropriate Sites	Q2 2022 and ongoing	Lee County Municipalities	Municipality/Local Utility
Incentivize Construction of Single-Family Homes	Q1 2022 plan, Q2 act	Public and Private Sector	Municipality/Local Utility
Use TIF in creative ways to incentivize housing development	Q2 2022 and ongoing	Lee County Municipalities	TIF
Offer construction permit fee waivers	Q2 2022 and ongoing	Lee County Municipalities	Staff Time
Offer municipal-owned properties for sale for $1	Q2 2022 and ongoing	Lee County Municipalities	Staff Time
Rebate a portion of property taxes after a commitment to pay is reached	Q2 2022 and ongoing	Lee County Municipalities	Staff Time
Partner with employers to acquire land and sell lots at discounted prices	Q3 2022 and ongoing	LCIDA, Lee County	Private Sector funds
Partner with employers to offer down payment assistance to new home buyers	Q3 2022 and ongoing	LCIDA, Lee County	Private Sector funds
Work with local banks to subsidize interest rates on subdivision developments	Q2 2022 and ongoing	LCIDA, Lee County	Local Banks
Market Lee County Communities	Q2 2022 and ongoing	LCIDA, Lee County	Private Sector Sponsor
Market Available Properties and Above Incentives	Q2 2022 and ongoing	Lee County Municipalities	Staff Time
To Address Existing Housing Units			
Support Infill Development	Q1 2022 plan, Q2 act	Lee County Municipalities	Staff Time, TIF
Create a Residential Rehab Program (Dixon)	Q2 prep application	City of Dixon	State of Illinois (CDBG)
Create a Downtown Residential Rehab Program (Dixon, Amboy)	Q3 2022 and ongoing	Dixon, Amboy	TIF
Create a Rental Inspection Program	Q4 2022 and ongoing	City of Dixon	Staff Time
To Ensure Implementation			
Build a Network	Q1 2022	BHRC	Staff Time
Equip and Charge BHRC as a One-Stop Shop	Q1 2022	BHRC	Staff Time
Provide a Dedicated Focus on Housing	Q1 2022	Lee County	Staff Time
Dedicate Staff	Q2 2022	City of Dixon	Staff Time/City Budget

Project Planner

ACTIVITY	Y1				Y2				Y3			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
To Attract New Development												
1. Host a Developer Familiarization Tour *												
Responsible Party: LCIDA												
Funding Source: Private Sector Sponsor												
2. Encourage Development of High-Density Market Rate Multi-Family Housing												
Responsible Party: Lee County Municipalities (Dixon)												
Funding Source: Municipality/Local Utility												
3. Facilitate Development of Pocket Neighborhoods on Appropriate Sites												
Responsible Party: Lee County Municipalities												
Funding Source: Municipality/Local Utility												
4. Incentivize Construction of Single Family Homes ^												
Responsible Party: Public and Private Sector												
Funding Source: Municipality/Local Utility												
a. Utilize TIF in creative ways to incentivize housing development												
Responsible Party: Lee County Municipalities												
Funding Source: TIF												
b. Offer construction permit fee waivers												
Responsible Party: Lee County Municipalities												
Funding Source: Staff Time												
c. Offer municipal-owned properties for sale for $1												
Responsible Party: Lee County Municipalities												
Funding Source: Staff Time												
d. Rebate a portion of property taxes after a commitment to pay is reached												
Responsible Party: Lee County Municipalities												
Funding Source: Staff Time												
e. Partner with employers to acquire land and sell lots at discounted prices												
Responsible Party: LCIDA, Lee County												
Funding Source: Private sector funds												
f. Partner with employers to offer down payment assistance to new home buyers												
Responsible Party: LCIDA, Lee County												
Funding Source: Private sector funds												
g. Work with local banks to subsidize interest rates on subdivision developments												
Responsible Party: LCIDA, Lee County												
Funding Source: Local Banks												

5. Market Lee County Communities

Responsible Party: LCIDA, Lee County

Funding Source: Private Sector Sponsor

6. Market Available Properties and above incentives

Responsible Party: LCIDA, Lee County

Funding Source: Private Sector Sponsor

To Address Existing Housing Units

1. Support Infill Development

Responsible Party: Lee County Municipalities

Funding Source: Staff Time, TIF

2. Create a Residential Rehab Program (Dixon)

Responsible Party: City of Dixon

Funding Source: State of IL CBDG Funds

3. Create a Downtown Residential Rehab Program (Dixon, Amboy)

Responsible Party: Dixon, Amboy

Funding Source: TIF

4. Create a Rental Inspection Program

Responsible Party: City of Dixon

Funding Source: Staff Time

To Ensure Implementation

1. Build a Network

Responsible Party: Blackhawk Hills Regional Council

Funding Source: Staff Time

2. Equip and Charge BHRC as a One-Stop-Shop

Responsible Party: Blackhawk Hills Regional Council

Funding Source: Staff Time

3. Provide a Dedicated Focus on Housing

Responsible Party: Lee County

Funding Source: Staff Time

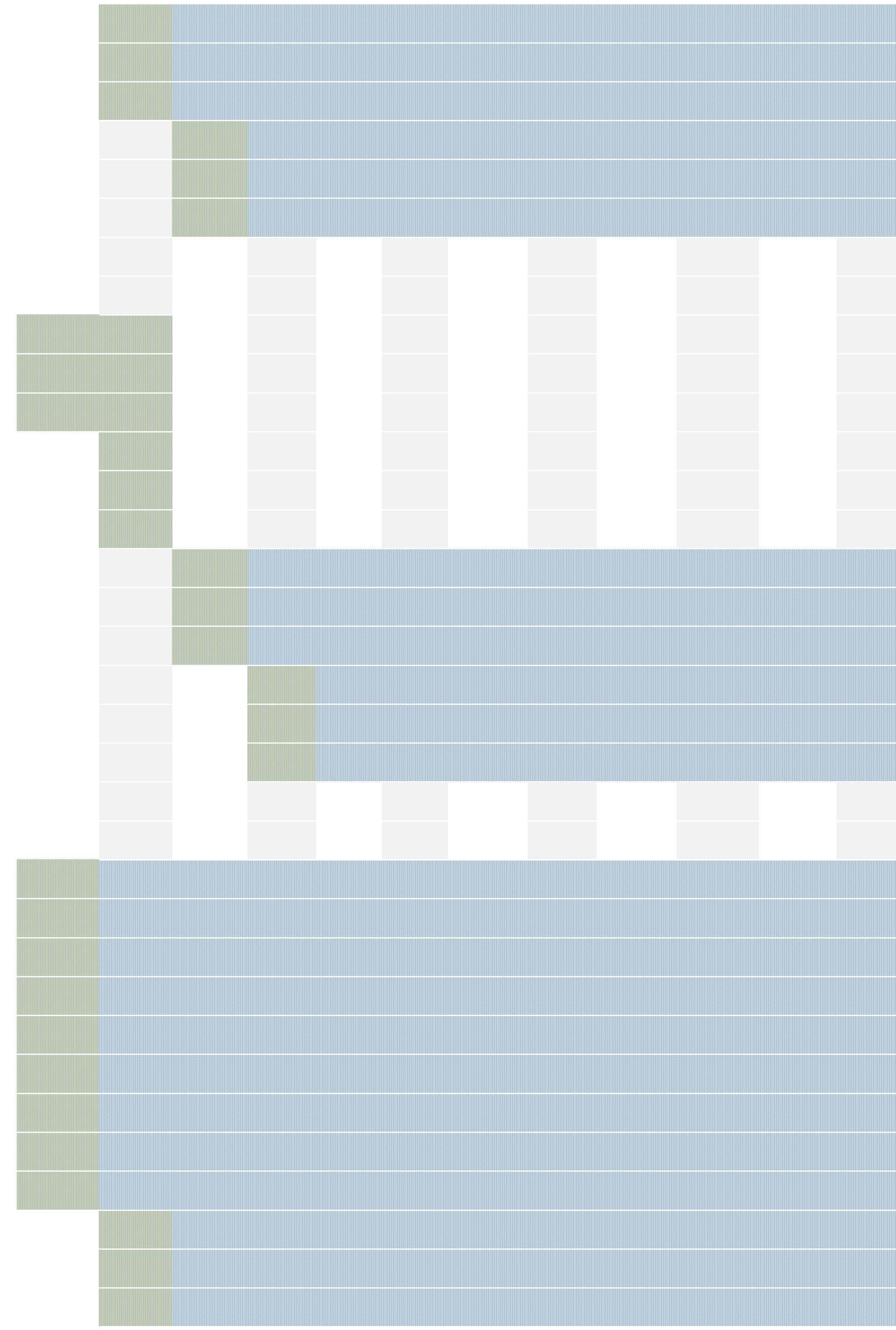
4. Dedicate Staff

Responsible Party: City of Dixon

Funding Source: Staff Time/City Budget

** Annually*

^ Start first month, execute second month



Programs & Incentives

Recently approved legislation

Public Act 102-0175: Signed into law July 29, 2021, this law directs the Illinois Housing Development Authority to establish an Affordable Housing Grant program to support the construction and rehabilitation of affordable rental housing in communities that have been disproportionately impacted by the COVID-19 pandemic. The bill supports the rehabilitation or new construction of an estimated 3,500 affordable housing units throughout the state, supported by the $75 million in state funding. Notable sections within the bill include:

1: An extension of the Illinois Affordable Housing Tax Credit through 2026. This particular program entitles a taxpayer who makes a qualified donation to an affordable housing development to a one-time state income tax credit equal to 50 percent of the value of the donation.

2: A strengthening of the existing state law requiring communities with limited affordable housing stock to create an affordable housing plan (310 ILCS 67/25). The plan is required to include the following:

- A statement of the total number of affordable housing units that are necessary to exempt the local government from the operation of the Act;
- An identification of lands within the local government that are most appropriate for new or rehabilitated affordable housing;
- A list of incentives that local governments may provide to attract affordable housing within their jurisdiction; and
- A goal[1] of a minimum of 15% of all new development or redevelopment being set aside for affordable housing.

There are a few items worth noting within this respective provision:

- Local governments within 10 miles of each other's respective boundaries may enter into an Intergovernmental Agreement to create affordable housing units.
- Local governments may individually or collectively set up a housing trust fund or a community land trust.
- Any local government with at least 10% of its housing units being considered 'affordable' or any municipality with a population under 1,000 persons is considered exempt from this act.

3: A provision (35 ILCS 200/15-178) that encourages owners of multifamily buildings with seven or more units to invest in their properties and keep rents affordable by providing reductions in post-improvement assessed value. This provision applies to both qualified new construction and existing rehabilitated properties. There are three incentive levels, two of which are relevant to the study area:

> Tier 1: The owner who provides at least 15 percent or more affordable units within the building for a minimum of 10 years results in a 25 percent reduction in assessed value. This tier requires a new construction or rehabilitation cost of at least $8 per square foot and improvements to two primary building systems.
>
> Tier 2: The owner who provides at least 35 percent or more affordable units within the building for a minimum of 10 years results in a 35 percent reduction in assessed value. This tier requires a new construction or rehabilitation cost of at least $12.50 per square foot and improvements to two primary building systems.

[1] Section 20 of the act includes alternative goals that can be chosen.

There are a few items worth noting within this respective provision:

- There are 12 primary building systems specifically noted in this program and include roofing, exterior doors and windows, heating, plumbing, accessibility, and more.

It is important to note that the provision does not pose a risk to taxing districts in the form of lost property tax revenue, as the reduction does not impact property tax rates or the levies set by a taxing district. Counties with fewer than 3 million inhabitants may decide not to implement the provision. The ability to opt out is subject to a majority vote by a county board. We advise against opting out of this, as it is not helpful to the cause of good, affordable housing.

Public Act 102-0062: Signed into law on July 9, 2021, this law gives community college districts and local housing authorities in Illinois the ability to develop affordable housing for community college students and their families. Though the bill language is brief, it likely means that a community college district (in this case, Sauk Valley Community College) can lease its land to the local housing authority or nonprofit housing organization for the purpose of developing affordable housing. The land owned by the community college is untaxed and ostensibly 'free', which reduces overall project costs. Further, it can use its authority to issue bonds.

The bill is important to this study for the following reasons:

- On-campus residency yields both a time and cost benefit to students, especially those who do not own or have access to reliable transportation.
- The addition of affordable housing units on campus has the potential to attract and retain population in the county, not least those within the 15-24 age segment.

The bill took effect on January 1, 2022.

Appendix A: Definitions

Affordable/Affordability & Cost-burdened

Housing that is affordable to a given household is a unit which costs the household less than 30% of their gross income per month. Therefore, “affordable” does not mean it is less expensive than all other housing or that it is only for low-income households – instead it is relative to the household’s income. As defined by the U.S. Department of Housing and Urban Development (HUD), those spending more than 30% on housing are considered “cost-burdened” and those spending more than 50% on housing are considered “extremely cost-burdened.”

Workforce-income Population & Workforce Housing

In this report, “workforce-income” refers to households making between approximately $30,000 and $45,000 per year (or $14-22/hour), representing those making approximately 50-80% of the county’s median household income. Workforce housing refers to housing units that are affordable (based on the definition above) to households with income in that same range.

Aging Population

Aging population refers to residents age 55 and over. The aging population is an important group to focus on in this housing report, as they are often on fixed incomes and have special housing needs related to their physical and cognitive abilities, which change over time.

Vacancy

The American Community Survey data from the U.S. Census Bureau includes people at the address where they are at the time of the survey if they have been there or will be there more than two months. A housing unit occupied at the time of interview entirely by people who will be there for 2 months or less is classified as “Vacant - Current Residence Elsewhere”. Such units are included in the estimated number of vacant units.

Income

The term "income" is defined at 42 U.S.C. Section 1437a(b)(4) as "income from all sources of each member of the household, as determined in accordance with criteria prescribed by the [HUD] Secretary, in consultation with the Secretary of Agriculture." Among items included in income are:

- earnings from employment, including overtime pay, tips, and bonuses;
- payments from Social Security, pensions, or other retirement benefits;
- disability income, including veterans' disability benefits, death benefits, and insurance payments;
- unemployment compensation, disability compensation, and workers' compensation; Temporary Assistance for Needy Families (TANF) cash assistance (with exceptions);
- alimony and child support; and
- military pay.

See Appendix D for definition source.

Single-Family Detached

These units are occupied by a single household and have no adjoining walls with other units.

Single-Family Attached

These units are occupied by a single household but may share a wall with another unit or set of units.

Appendix B: Methodology

Emsi Job Posting Analytics (JPA) Methodology

It is important to note that job postings are not necessarily the same as job vacancies; there is a correlation, but many recruitment practices make it an imperfect relationship. Job postings are a measure of recruitment marketing by employers purportedly looking to fill job vacancies.

Scraping

Emsi's postings data is gathered by scraping over 100,000 websites, including company career sites, national and local job boards, and job posting aggregators. Postings for over 1.5 million companies are scraped.

Users often ask about the absence of postings from LinkedIn and Indeed in Emsi's job postings. Both sources have asked that their sites not be scraped for postings; therefore, Emsi does not collect or display postings from either source.

Deduplication

Job postings are assessed for likely duplicate postings, which are singularized when sufficient data is present. Deduplication is the process of identifying duplicate job postings that are connected to the same vacancy. Multiple copies of a particular posting are often scraped from various sources on the internet. Rather than allowing these duplicates to artificially inflate the posting count, Emsi deduplicates the data before presenting it for analysis.

The deduplication process uses a machine learning algorithm to determine whether two job postings are duplicates. Two postings that are duplicates usually are not exactly identical. The deduplication process uses a statistical classifier that has been trained to detect duplicates by comparing a number of fields in the postings, including location, job title, similarity of posting text, contact information in the posting, and company name. Duplicate job postings posted in separate cities will not be deduplicated and will appear as multiple job posts.

Duplicate postings are stored and tracked along with original postings, ensuring that both total and unique (deduplicated) posting counts are available.

Deduplication Over Time

In addition to the deduplication process described above, job postings are deduplicated over time to account for new postings appearing for the same vacancy after the other postings for the vacancy expired.

A vacancy is considered expired or closed when there are zero active postings for it among all of its duplicate postings. For instance, a vacancy with three total postings is considered expired when all three associated postings are no longer active. However, there are cases in which a vacancy can expire, and another posting will appear for it after its expiration. In cases like these, if the new posting appears within six weeks of the vacancy's expiration, we revive the vacancy and count the new posting as another duplicate. Job postings more than six weeks apart will not be considered potential duplicates if all prior postings have expired.

Enrichment Process

Once the postings data is scraped and deduplicated, it undergoes further enrichment and cleaning.

Company Normalization and Metadata

A company (advertiser) is assigned to each job posting based on the text present in the posting. This data includes normalized company name, NAICS (industry) code, company size, company location, whether the company is a staffing company, and other information. All subsidiary entities are reported as the top-level corporate enterprise.

Education Level

Emsi assigns an education level to each posting using a machine learning model to detect the presence of required or preferred education levels. If more than one education level is mentioned, the posting will be tagged with all levels mentioned. Potential values include Unspecified, High School/GED, Associate's Degree, Bachelor's Degree, Master's Degree, or Ph.D./Professional Degree.

Employment Type

Postings are tagged as full-time (more than 32 hours) or part-time (32 hours or less). If the posting does not specify, full-time is assumed.

Experience

Years of experience required for the position is captured where available.

Location

Country, city, and state information are usually present in the postings and are easily retrieved during the collection process. City-state is generally shown in the posting as it was captured from the posting during scraping. This location represents the location of the posting and may not represent the location of the job vacancy. It is not uncommon for companies to post a job in other markets to attract talent.

Emsi also maps postings to traditional MSAs using a mapping that links MSAs to the city-state combinations found in job postings. A similar process is used to map city-states to counties.

Most US cities are geographically located in only one county, but some span several counties. When a posting is found in one of these cities, a weighted dice roll is used to determine which county to assign the vacancy to. The counties are weighted based on the number of business addresses present within each county as determined by the USPS Delivery Statistics (DelStat) dataset. A two-county city in which one county has two times the business addresses of the other will generally have twice the postings assigned to it.

Skills

Skills data are extracted using the text of the posting. Emsi takes the text of the posting and looks for sequences of words that indicate skills. Emsi distinguishes between hard skills, common skills, and qualifications. Hard skills are specific, learnable, measurable, often industry-specific or occupation-specific abilities related to a position (e.g., javascript, accounting). Common skills are necessary in many industries and occupations (e.g., problem-solving, project management). Qualifications are certifications by a third-party entity (school, government, industry, etc.) that acknowledges a body of skills and abilities (e.g., MBA, Certified Registered Nurse).

Read more about Emsi skills here.

Advertised Salary

Some job postings include the salary or salary range of the vacancy. Emsi extracts and cleans this information and includes it in the dataset when it is a likely and reasonable reflection of the position. Approximately 20% of all job postings contain salary information; this amount varies by industry. It is important to note that this is an advertised salary and not labor market data.

For more information about using advertised salary data, see this article.

Remote

All job postings are scanned for the presence of language indicating that the advertised position can be filled by a remote worker. This involves analyzing the text of each posting's title and body for remote language. Many words and phrases are used to indicate a remote position, including "remote", "position can be located anywhere", "work from home", "telecommute", and others. Postings containing language indicative of a remote role are flagged as remote. It should be noted that this definition is broad enough to include postings that require that a person live in a particular region although coming in to an office is not required.

Cost of Living

The AdvisorSmith Cost of Living Index compares the cost of living in over 500 U.S. metropolitan areas, which we call "cities." The index is constructed such that the average U.S. cost of living is normalized to 100. The cost of living was determined based on six major categories of expenses: food, housing, utilities, transportation, healthcare, and consumer discretionary spending. The percentage weight allocated to each category of expense was determined based upon the average U.S. household budget, based on the Consumer Expenditure Surveys conducted by the U.S. Bureau of Labor Statistics.

For each category of expense, we created an index that reflects the U.S. average price in that expense category. We used a variety of data sources to index each city's price level for that category of expense. The city-level categories of expense were then multiplied by the weights allocated to each category and then summed to create a composite cost of living expense index for each city.

For each category of expense, we summarize below our methodology for determining the price levels for each city. In some cases where city-level data was unavailable, we used state-level data to infer the price level for each city.

Food

Our food index was constructed based upon a survey of grocery prices across different states supplemented by data from the U.S. Bureau of Labor Statistics.

Housing

Housing prices were constructed from a composite of home purchase prices and rental prices. The contribution of purchase and rental weights were based upon the ratio of expense for owned and rental expenses in the Consumer Expenditure Survey. For both rented and owned housing, we weighted prices assuming that 25% of homes were 1-bedroom, 25% were 2-bedroom, and 50% were 3-bedroom.

Rental indices were constructed using data from the U.S. Department of Housing and Urban Development, which publishes 50th Percentile Rent Estimates. We used this data for 1-, 2-, and 3-bedroom units to create an index for rental prices for each city compared with nationwide average rents.

House price indices were constructed using data from Zillow's Home Value Index, comparing the price of 1-, 2-, and 3-bedroom homes to the national average home prices, and indexing each city's home prices.

Utilities

Our utilities index was constructed based on three categories of spending: natural gas, electricity, and household operations.

An index for natural gas was constructed using data from the U.S. Department of Energy's Natural Gas prices, and a similar index was constructed using end-use electricity prices, also from the Department of Energy.

Prices for household operations, which include services such as home repair, gardening, cleaning, and other services were sourced from the Metropolitan Area Regional Price Parities for Services, published by the U.S. Bureau of Economic Analysis.

Transportation

The index for transportation costs was constructed considering three categories of expense: vehicle purchases, gasoline, and other vehicle expenses. Our index assumed vehicle purchase prices are largely uniform throughout the country.

A gasoline index was constructed using average retail gasoline prices around the country from Gasbuddy, comparing gasoline prices in each area to the national average.

Other vehicle expenses, consisting primarily of maintenance expenses, were indexed using the Bureau of Economic Analysis's Metropolitan Area Regional Price Parities for Services.

Healthcare

The healthcare expenditure index was constructed based upon information from the U.S. Department of Health & Human Services Medical Expenditure Panel Survey, which provides information about average premium costs for employees who receive health insurance through their employer. Additionally, we supplemented these costs with the average out-of-pocket costs paid by employees as estimated by The Commonwealth Fund. The sum of these costs formed the basis for our healthcare expenditure index.

Consumer Discretionary Spending

We constructed a consumer discretionary spending index based upon the Bureau of Economic Analysis's Metropolitan Area Regional Price Parities for Goods and Services. We weighted the spending between goods and services based upon the weights in the Consumer Expenditure Survey.

ESRI

"Esri's Updated Demographics data includes current-year estimates and five-year projections of U.S. demographic data. Esri develops the annual demographic datasets using a variety of sources, beginning with the latest base, and adding a mixture of administrative records and private sources to capture changes. Categories include the following:

- Population—Such as age, sex, race, Hispanic origin, labor force, educational attainment, marital status, life-stage and age dependency ratios, civilian labor force, and employment by industry and occupation
- Households—Such as total households, total family households, and average household size
- Income—Such as household income, per capita income, income by age, disposable income, net worth, percent of income for mortgage, and wealth index
- Daytime Population—Covers both workers (civilians employed at work and armed forces personnel) and daytime residents (population under 16 years of age, the unemployed, those not in the labor force, and the civilian employed temporarily absent from work)
- Housing—Such as home value, tenure (owner/renter), vacant units, and housing affordability index
- Historical Time Series—For population, households, and housing units"

"Forecasting change in the size and distribution of the household population begins at the county level with several sources of data. Esri incorporates a full-time series of intercensal and vintage-based county estimates from the U.S. Census Bureau. Because testing has revealed improvement in accuracy by using a variety of sources to track county population trends, Esri also employs a time series of county-to-county migration data from the Internal Revenue Service, building permits and housing starts, plus residential postal delivery counts. Finally, local data sources that tested well against Census 2010 are reviewed. The end result balances the measures of growth or decline from a variety of data series.

Measuring change in population or households at the county level is facilitated by the array of data reported for counties. Unfortunately, there is no current data reported specifically for block groups. Past trends can be calculated from previous census counts; the American Community Survey (ACS) provides five-year averages. However, these sources are not recent. To measure current population change by block group, Esri models the change in households from multiple sources: Experian; the U.S. Postal Service (USPS); Zonda (formerly Metrostudy), a Hanley Wood company; and RealPage (formerly Axiometrics), in addition to several ancillary sources.

The U.S. Postal Service publishes monthly counts of residential deliveries for every U.S. postal carrier route. This represents the most comprehensive and current information available for small, subcounty geographic areas. Carrier routes are a fluid geographic construct that is redefined continuously to incorporate real changes in the housing inventory and occupancy plus administrative changes in staffing and budgets of local post offices.

Converting delivery statistics from postal carrier routes to census block groups is a complex challenge. Carrier routes are defined to deliver the mail, while block groups are constructed to collect and report census data. Comparing two areas that are defined for wholly different purposes provides one significant conversion issue. Carrier routes commonly overlap multiple block groups. In many cases, a carrier route encompasses disjointed areas that can be distant from each other, but block groups are rarely divided into multiple polygons. These overlaps require an effective method of allocating the postal delivery counts across multiple block groups.

Esri has developed a technique to link carrier routes to the correct block groups—using the actual locations of mail deliveries. Its proprietary Address Based Allocation (ABA) methodology was developed in 2005 to solve the complex challenge of converting delivery counts from carrier routes to block groups. This allocation method assigns carrier routes using household addresses that are geocoded at the block level to serve as the foundation for the conversion. The approach is unbounded by geographic borders or arbitrary assumptions about the distribution of households or postal deliveries. ABA results have been tested extensively against Census 2010 counts, including an independent evaluation that involved data from four other vendors. This test confirmed the accuracy of Esri's ABA allocation method.[1]

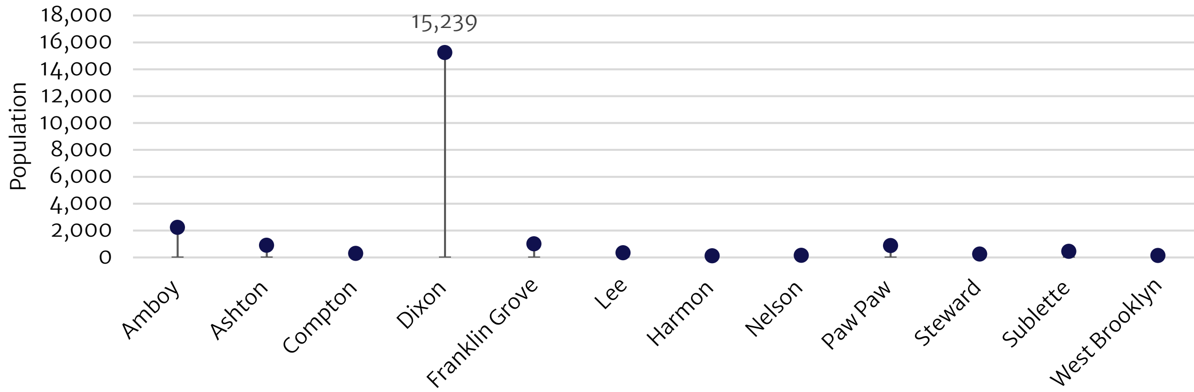
For over a decade, Esri has licensed data from Zonda to track new residential construction in the top U.S. housing markets. This database identifies the location and characteristics of individual construction projects, including total units planned, under construction, and closed by type of housing. This data is especially critical in tracking growth in previously unpopulated areas. Beginning with the 2016 updates, Esri has utilized an additional database from Zonda that more than doubles Esri's geographic coverage and the number of units planned and completed. The addition of this database gives the household and housing unit update a finer level of granularity and insight into smaller housing markets across the nation.

RealPage housing data is incorporated to capture the growing multifamily rental market. Like Zonda, which covers new residential-owned dwellings such as single-family homes and condominiums, RealPage collects and maintains data on planned, new, and existing rental properties of multifamily and student apartments, nationwide. This data source provides a wealth of property-level characteristics, such as the total number of units or beds, building type, number of stories, and occupancy, as well as asking rent. RealPage's inventory of rental properties expanded due to a corporate merger. This contributed to a near 30 percent increase in rental properties incorporated in Esri’s models this year.

The best techniques are derived from a combination of models and data sources. Discrepant trends are checked extensively against independent sources and premium imagery data from Esri's ArcGIS Living Atlas of the World. Finally, totals for block groups are controlled to the county totals. Despite the appeal of microforecasting, there is simply more information available to track population change by county than by household. Ignoring the advantage of county-level data would be throwing away information.”

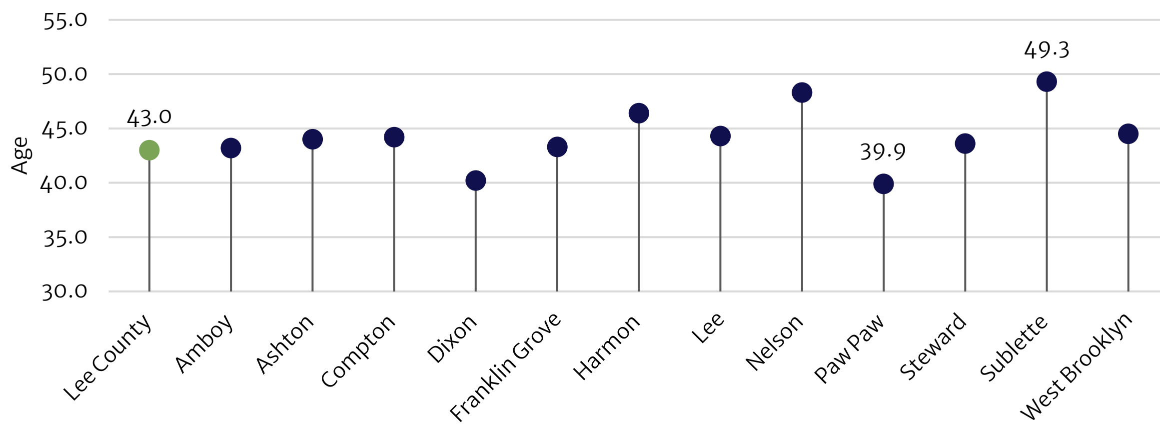
Appendix C: Charts and Figures

Figure 1. Population Summary by Community (2021)



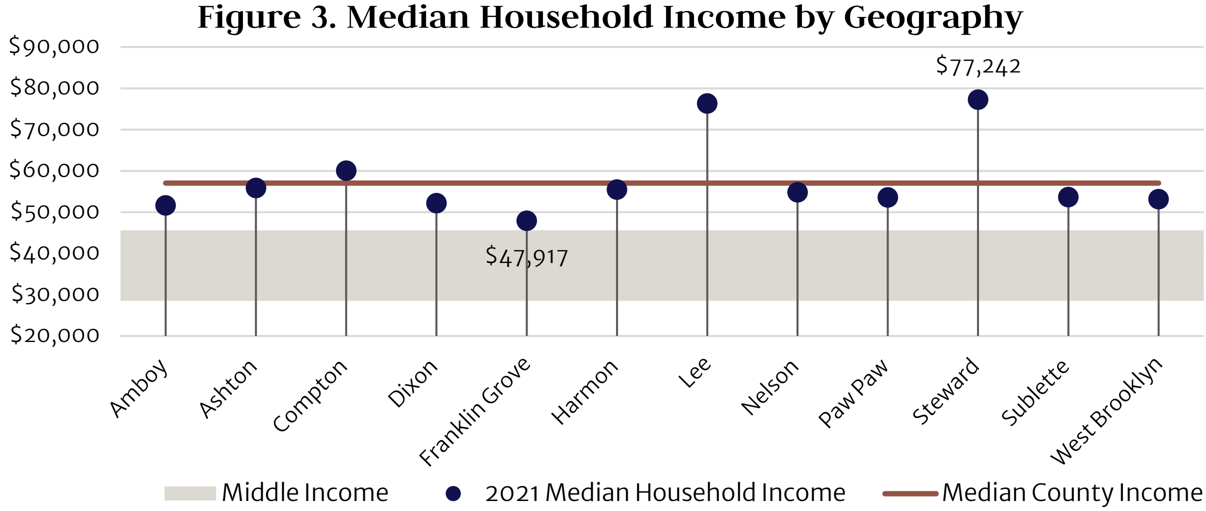
Data Source: ESRI Community Profile.

Figure 2. Median Age by Lee County Geography (2021)



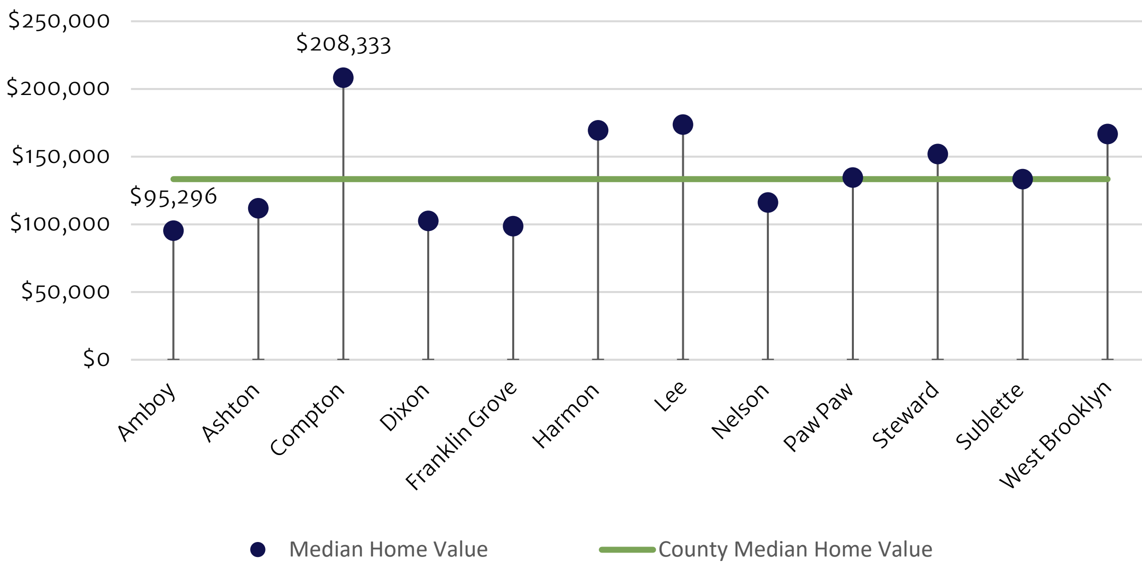
Data Source: ESRI Community Profile.

Figure 3. Median Household Income by Geography

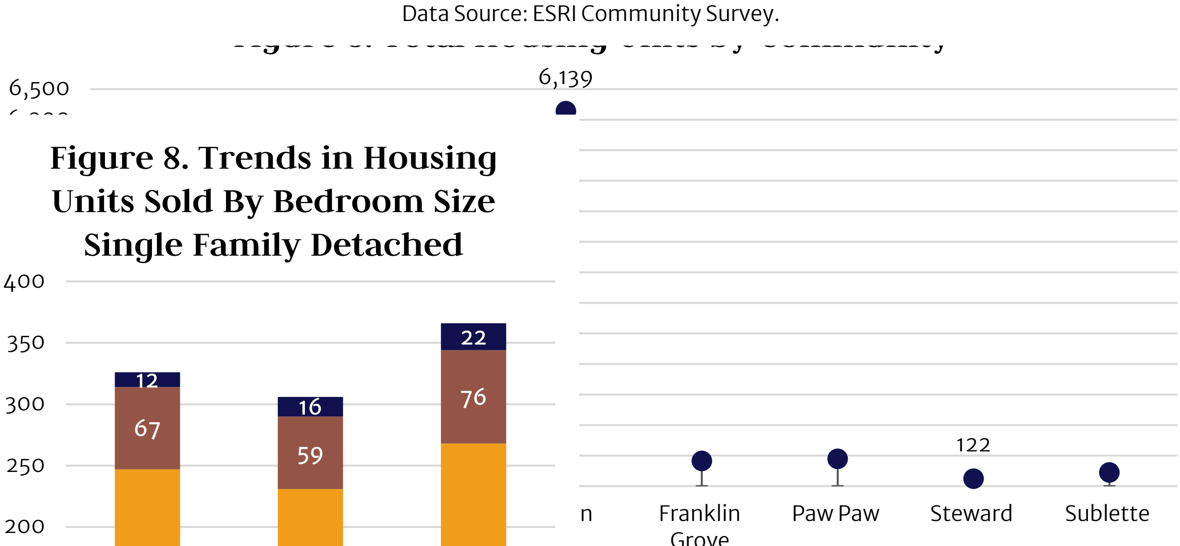


Data Source: ESRI Community Profile.

Figure 7. Median Home Values by Community (2021)

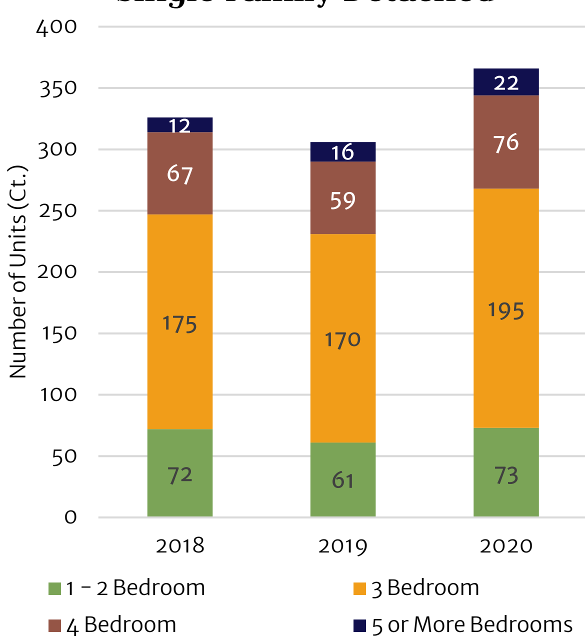


Data Source: ESRI Community Survey.



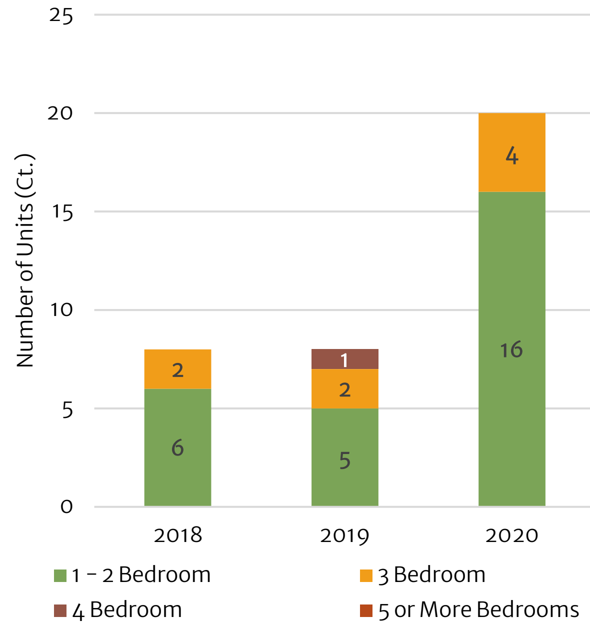
ır Estimates.
lelson, therefore they are not included. Lee County has a total
n here is 9,032.

Figure 8. Trends in Housing Units Sold By Bedroom Size Single Family Detached



Data Source: MLS data for Lee County.

Figure 9. Trends in Housing Units Sold By Bedroom Size Single Family Attached



Data Source: MLS data for Lee County.

Appendix D: References

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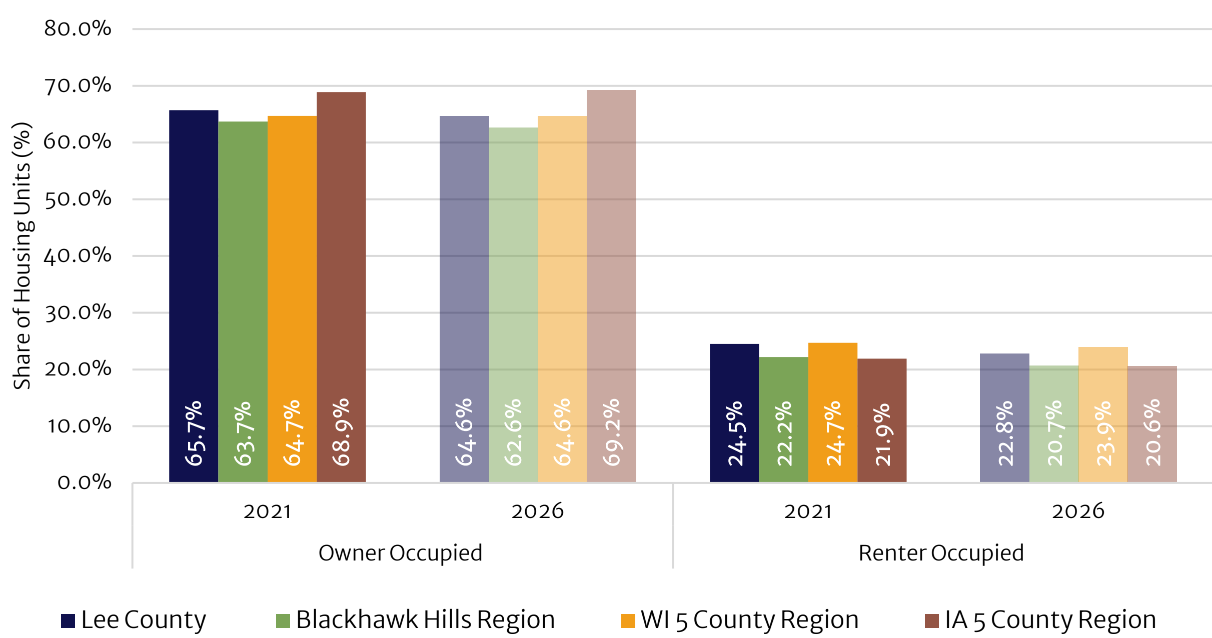
Appendix E: Additional Data

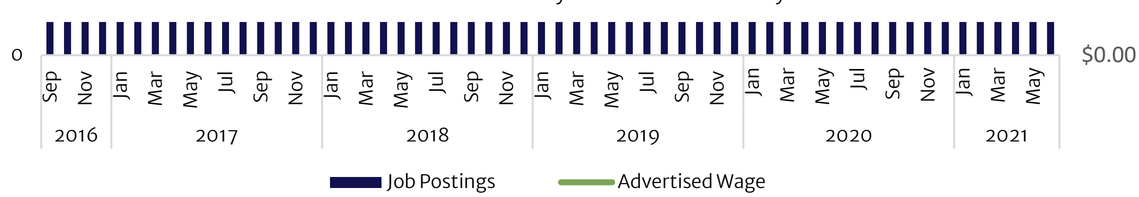
The above graphs pulls from Emsi data, scraping over 100,000 websites, job boards, and posting aggregators on which more than 1.5 million companies have posted employment opportunities. However, not all job postings are job vacancies. To the extent duplicate postings are identified, they are removed from the data set.

"Job postings are a measure of recruitment marketing by employers purportedly looking to fill job vacancies[.] Some job postings include the salary or salary range of the vacancy. Emsi extracts and cleans this information and includes it in the dataset when it is a likely and reasonable reflection of the position. Approximately 20% of all job postings contain salary information; this amount varies by industry. It is important to note that this is an advertised salary and not labor market data."

Share of Housing Tenure (2021 and Projections for 2026)

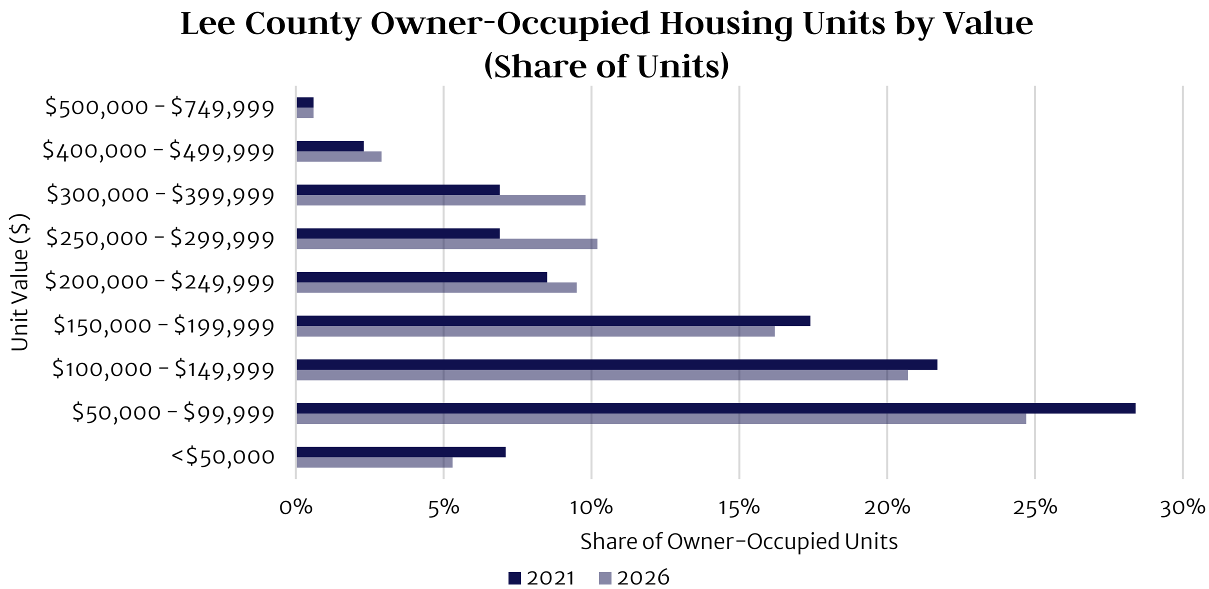


Data Source: ESRI Community Profile for Lee County.



Source: EMSI Job Postings Analytics for Lee County.

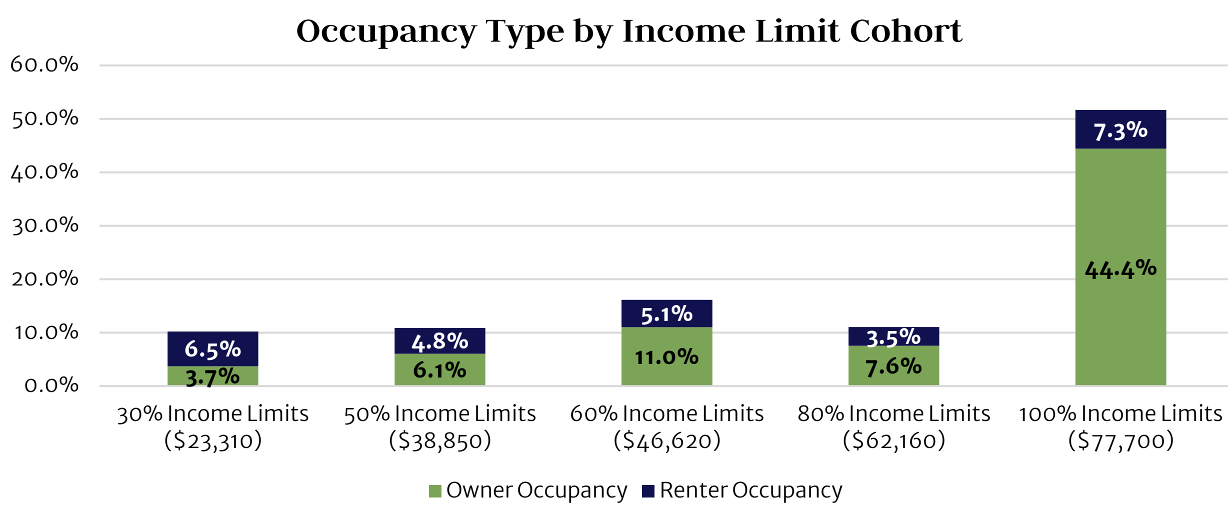
The above graph shows the share of housing tenure in 2021 and a projection to 2026. There is not much change in the projection, but for Lee County, owner-occupied housing units appear to rise slightly, while renter-occupied housing units are projected to decrease slightly.



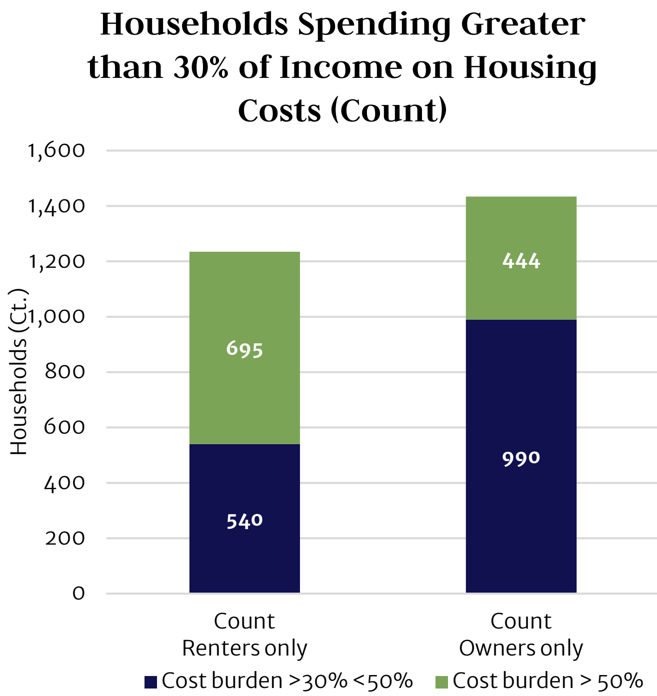
Data Source: ESRI Community Profile for Lee County.

In Lee County, about 68% of the owner-occupied housing units are valued between $50,000-$199,999, while 7.1% are valued less than $50,000. As home values are expected to rise into 2026, using the ESRI data, the two least valuable columns see the largest drop as shares of the housing stock, with "<$50,000" dropping to 5.3% from 7.1% and "between $50,000-$99,999" dropping to 24.7% from 28.4%. This is due to an assumption that new housing is built at higher price points and older homes are demolished.

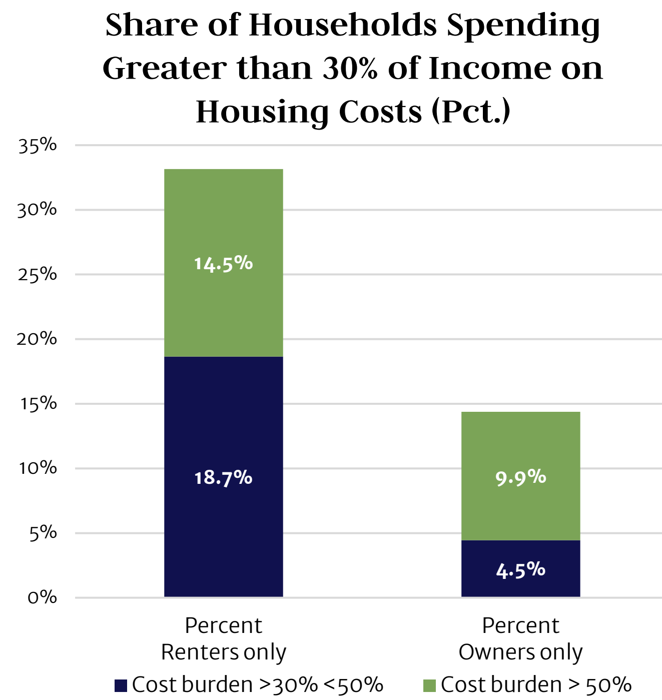
The following chart breaks down the percent of households by income level and occupancy type. Observe the relationship between income level and occupancy as well as the significant difference between households at or above 100% of AMI and those below.



Source: HUD CHAS Data (2014-2018). Total household count was 13,700.



Data Source: US Housing and Urban Development CHAS Data from 2014-2018 for Lee County, IL.



Data Source: US Housing and Urban Development CHAS Data from 2014-2018 for Lee County, IL.