



Lee-Ogle
ENTERPRISE ZONE



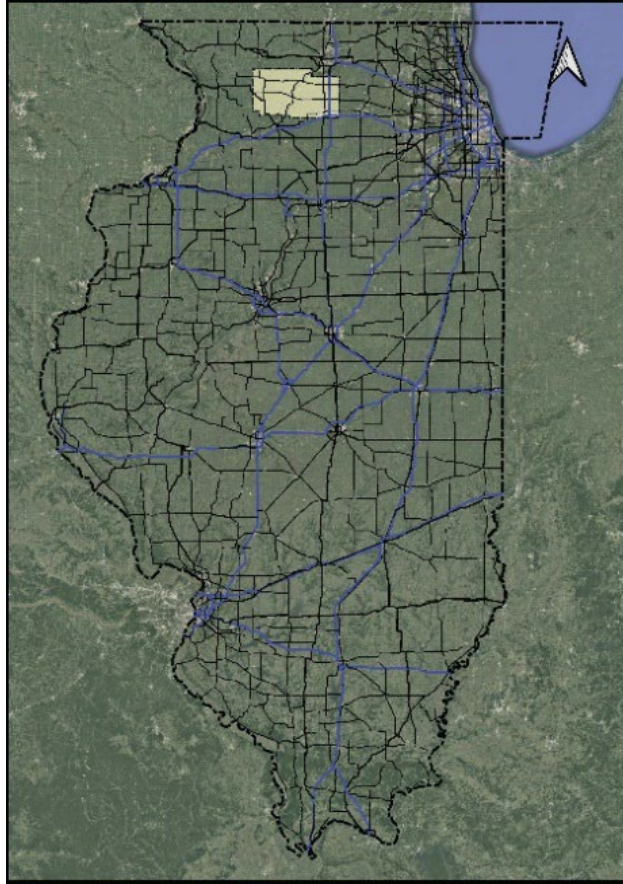
OGLE COUNTY, IL HOUSING STUDY

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



Ogle County Housing Study

Executive Summary



Purpose of This Study

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

Key decision makers should use this study to implement policies, programs and projects, and thereby affect positive change in the local housing market. Our aim is to offer practical, implementable solutions over time for long-term positive impact.

Demographic and Economic Trends

According to ESRI data, the population of Ogle County is projected to decline by 2.97%, or 1,562 persons, by 2026. This negative growth projection is more dramatic than the Blackhawk Hills region as a whole (-2.98%) and significantly more than the statewide rate (-0.76%). Understanding why the population is declining and how households are changing are the first steps 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.

From 2013 to 2019, employment growth averaged approximately 100 jobs per year. Outside of a significant catalytic event, like a new global pandemic or major employer moving into or out of the region, it is very likely that over the next five to 10 years, net annual employment additions in Ogle 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. However, the Byron Nuclear Station currently has over 500 employees. When the Byron plant does close, the shock will be roughly equivalent to the number of jobs lost between 2016 and 2019.

Ogle County's estimated 2021 median household income (MHI) is \$59,510 and is projected to increase to \$62,774 by 2026. This is comparable to the East Central Intergovernmental Association (five-county IA region) which is \$59,522, higher than the Blackhawk Hills Region (\$54,643), but below the Southwestern Wisconsin Regional Planning Commission (five-county WI region) which is \$60,165. MHI for Ogle County projects a growth rate of approximately 5.5%. Still, Ogle County MHI lags the projected growth rate of 9.7% for the five-county WI region and 7.5% for the IA region over the next four years.

Average travel time to work is approximately 26 minutes.

Housing Affordability

In this report, “workforce–income” refers to households making between \$30,000 and \$50,000 per year (or \$14–24/hour), representing those making approximately 50–80% of the MHI. Of the 14,302 disclosed private sector jobs, 64.0% of them pay a workforce–income or above. However, several of the sectors employing large numbers of people countywide are not above the workforce–income pay category, leaving incomes across the county lagging regional and statewide incomes.

In Ogle County, 33.6% (1,830) of renter–occupied units and 17.2% (2,660) of owner–occupied units with a mortgage are currently housing cost–burdened (spending more than 30% of their income on housing). When compared to the state of Illinois, Ogle County’s percentage of cost–burdened households is significantly lower.

Workforce housing refers to housing units that are affordable (see definition in Appendix A) for workforce–income households. Of these households, 10.9% are cost burdened.

Rents may have increased due to decreased supply and increased demand. While median income didn’t change as rapidly, pressure on the rental market may have been recognized by landlords who responded to market demand and increased rents. New market rate product entering the market could have also caused the median rents paid to increase faster than incomes and home values. Increased demand may also be the cause of the slight increase in home values from the overall low point in 2017.

Housing Needs Findings

As of 2019, Ogle County had 22,663 housing units. Single–family detached homes are the largest residential component of Ogle County by a large margin (81.2%). Nationally, according to www.statista.com, the number of homes in the United States as of October 2021, by type were comprised of 81% single family, 15% multifamily and 4% other. Additionally, of the total housing units in Ogle County, over 64% were built before 1979. Aging, unmaintained homes can create a burden on the homeowner or potential homebuyers due to the 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 portch replacement non–financable due to the low beginning value of the property. Houses which have been consistently maintained and updated can stand the test of time. But the low number of homes built after 1979 in Ogle County is somewhat concerning and may be hindering new resident attraction.

The median home value (MHV) in Ogle County in 2021, reported by ESRI, was \$149,690 and is projected to increase to \$164,808 by 2026. Ogle County’s median home value is higher than the Blackhawk Hills Region (\$130,802), but lower than the five–county WI region (\$187,968) and five–county IA region (\$173,208). The projected growth rate of the median home value for Ogle County is also significantly lower than Illinois and the rest of the United States.

Regarding occupancy rates for Ogle County, ESRI estimates that 67.9% of housing units were owner–occupied, 23.2% were renter–occupied, and 8.9% were vacant in 2021. Homeowner vacancy has hovered between 1–2% since 2013 whereas renter vacancy which peaked at 7.9% in 2013 has dropped to its lowest in 2019 at 3.7% with approximately 838 units vacant. Arthur Nelson, author of Planner’s Estimating Guide: Projecting Land–Use and Facility Needs recommends owner–occupancy vacancy rate of 1–2% and a rental vacancy rate of 5–7% (Nelson, 2004). Based on a total of 22,663 housing units (according to American Community Survey, 2019), if Ogle County would have had a healthy number of rental units vacant there would have been 1,133 units available, and 227 units would have been listed for sale.

With under 7% of residential units being high density (5 units or more) multifamily and knowing the age of the housing noted above, it appears there is opportunity in the market for a developer to invest in and develop some high–density multifamily housing.

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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 Ogle County. The study consisted of four primary phases: Secondary Research, Primary Research, Analysis, and 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 Economic Analysis
- U.S. Bureau of Labor Statistics
- Esri
- Local MLS Data

Unless otherwise noted, all graphics in this document are based on U.S. Census data. If another data source was used to develop a particular graphic, it is noted at the bottom of the graphic.

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 the qualitative and quantitative data to develop an understanding of the housing market in Ogle 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.

Recommendations and Strategy Development

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

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 suggested related implications.

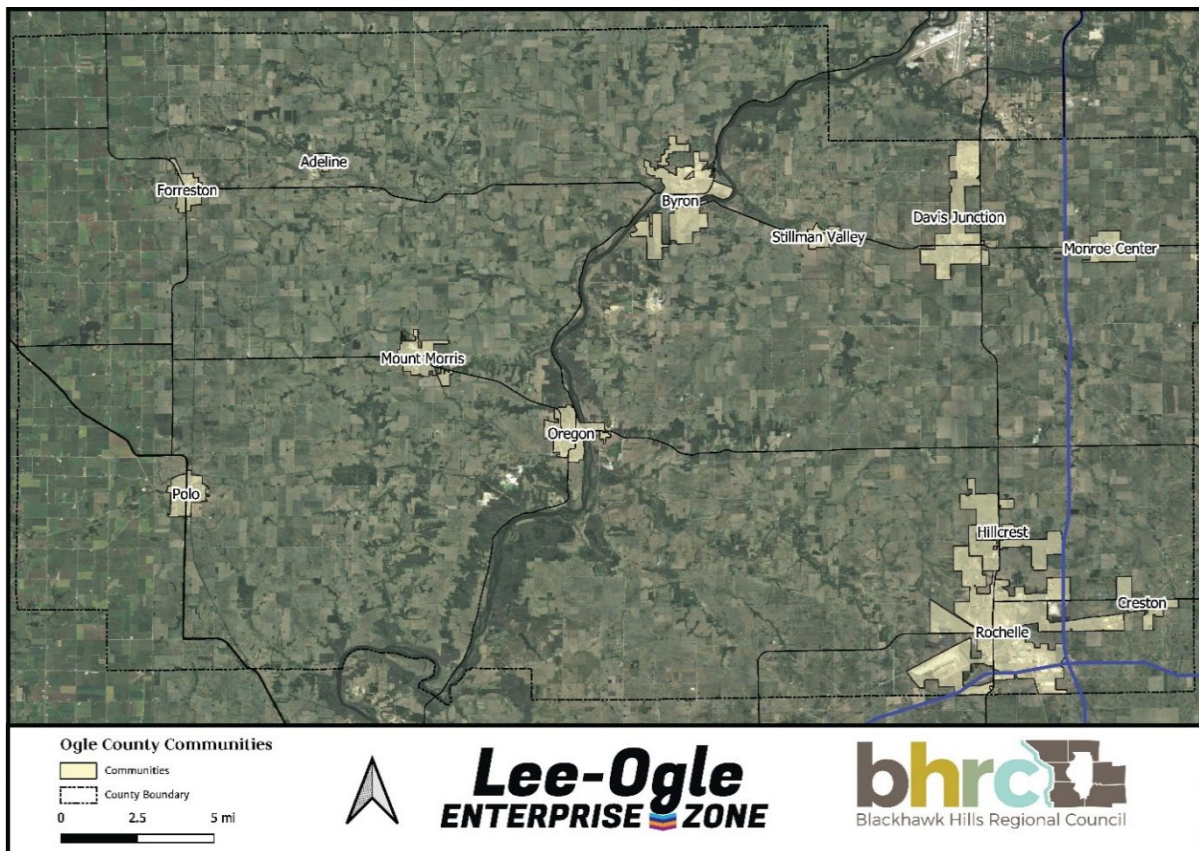
Market Area Definition

While the focus of this analysis is Ogle 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 that comprise the county.

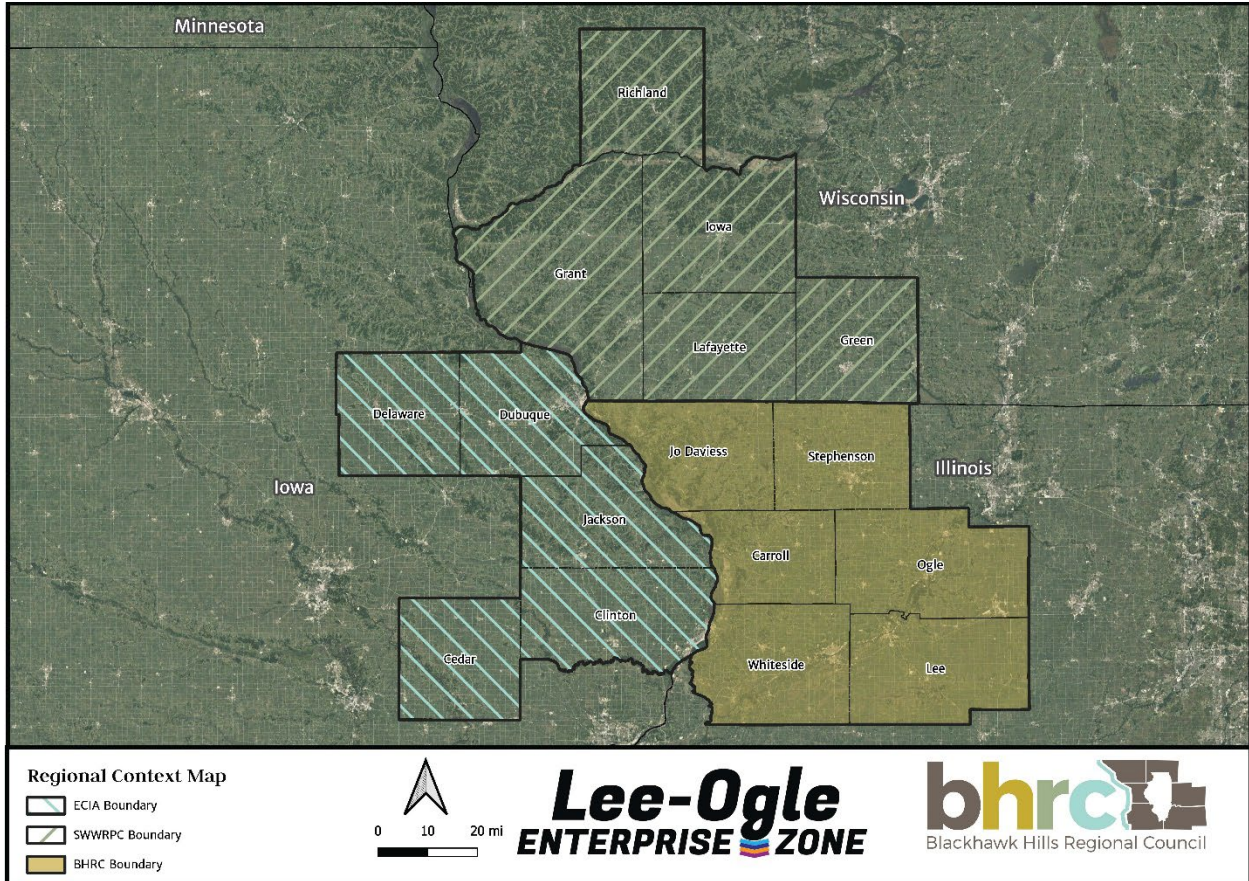
The study examines thirteen municipalities including:

- Adeline
- Byron
- Creston
- Davis Junction
- Forreston
- Hillcrest
- Leaf River
- Monroe Center
- Mount Morris
- Oregon
- Polo
- Rochelle
- Stillman Valley

The map below provides a geographic delineation of Ogle 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.”

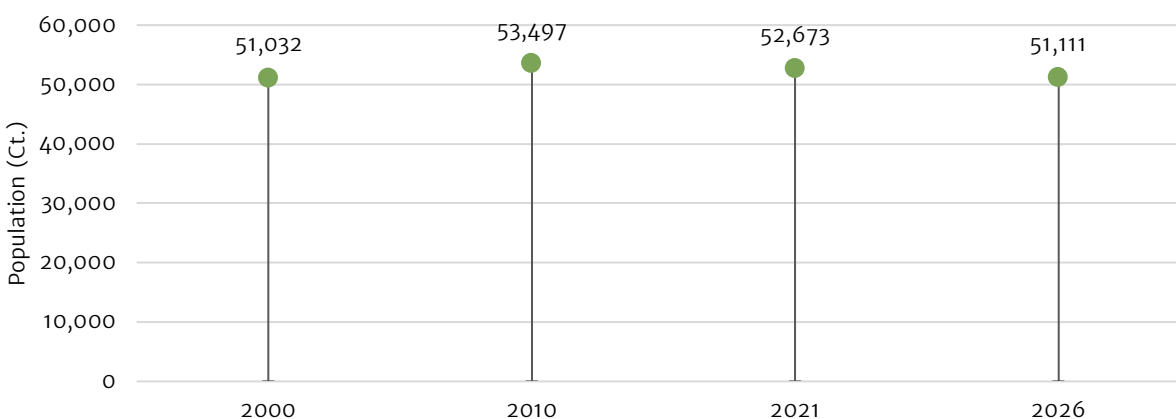


Household, Population, and Income Trends

Population Trends

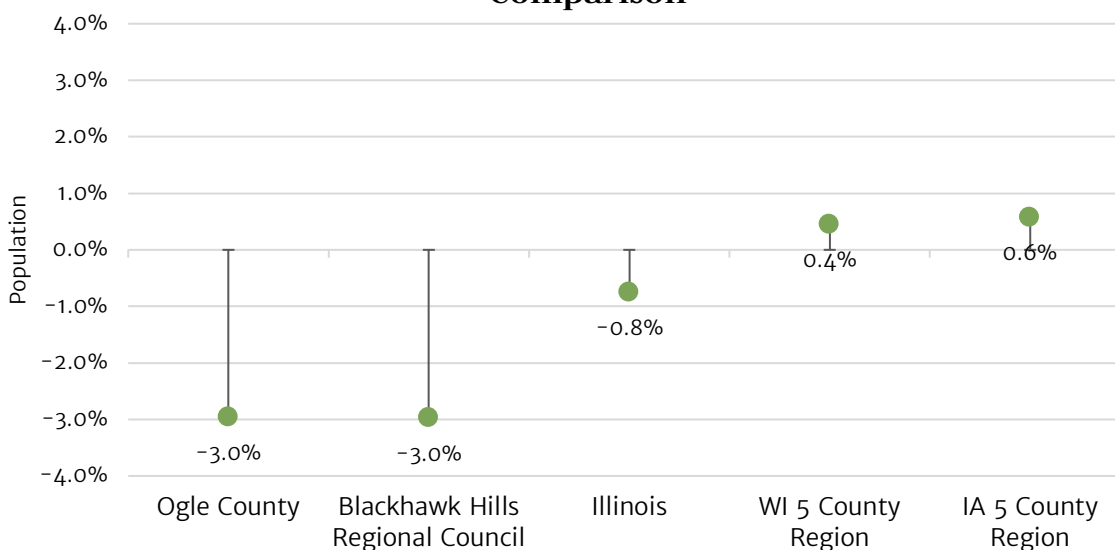
According to a 2021 ESRI Community Profile, Ogle County's population is 52,673 people, reflecting a decrease of 824 people since 2010. (See Figure 1 in Appendix C for population data for each community in the study.) That population is projected to decline by 2.97%, or 1,562 persons, by 2026. This negative growth for Ogle County is nearly the same as 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. Population declines through death, or people leaving the area. Births and people moving into the area have not kept up with factors causing the population to decline. Although the population is projected to decline by a secondary data source, that doesn't mean it has to be Ogle County's fate.

Ogle County Population Trends



Data Source: ESRI Community Profile for Ogle County.

2021-2026 Projected Annual Population Growth Rate Comparison

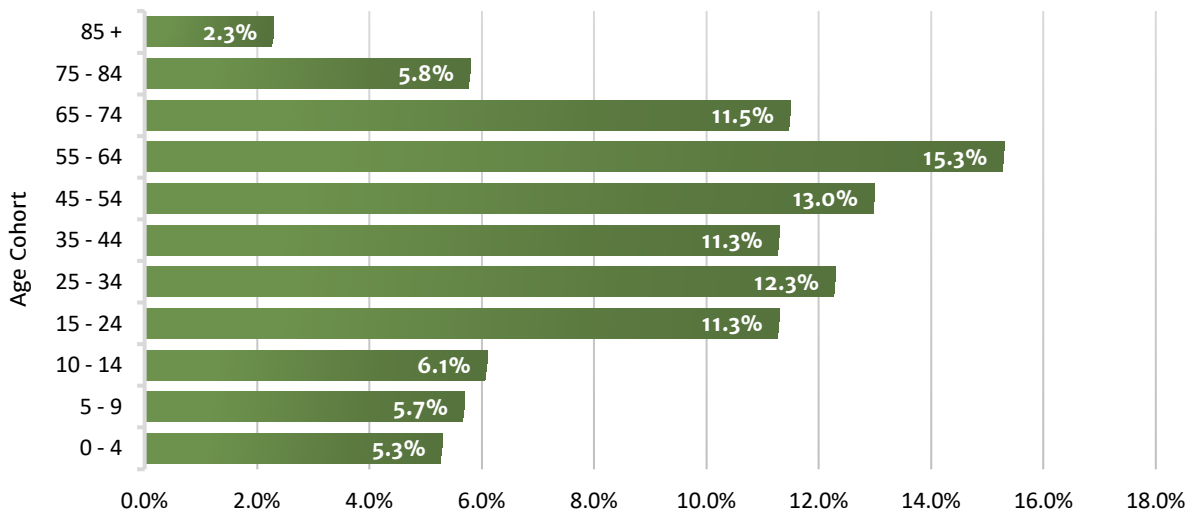


Data Source: ESRI Community Profile.

The median age of Ogle County residents is 43.1 years. However, there is a wide range among communities with median ages extending from a low of 36.2 years in Creston to a high of 45.8 years in Mount Morris. (See Figure 2 in Appendix C for median age for each community in the study.)

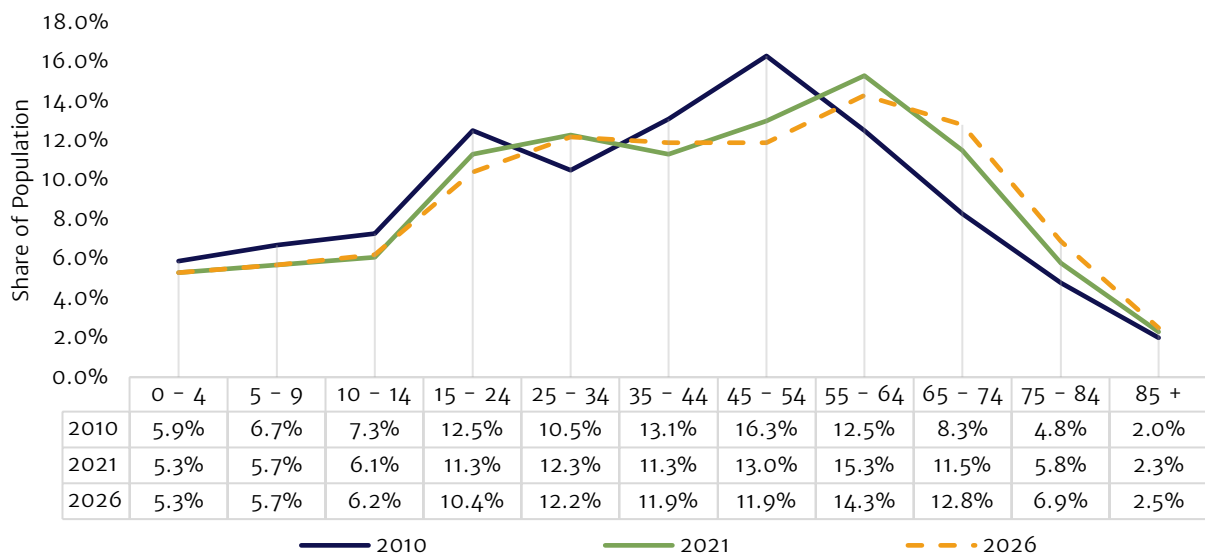
The largest age cohort in the county, however, is in the 55-64 years of age followed by 45-54 years of age. Understanding the age cohorts and their particular housing needs will enable decision makers to understand the types of housing units that are and will be in demand.

2021 Ogle County Population by Age



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

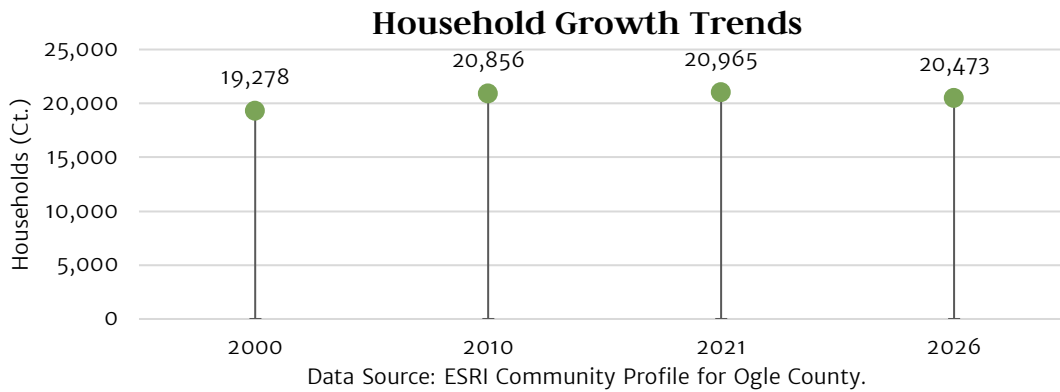
Ogle County Population by Age



Data Source: ESRI Community Profile for Ogle 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 (beginning on page 32).



Employment & Industry

Because 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.

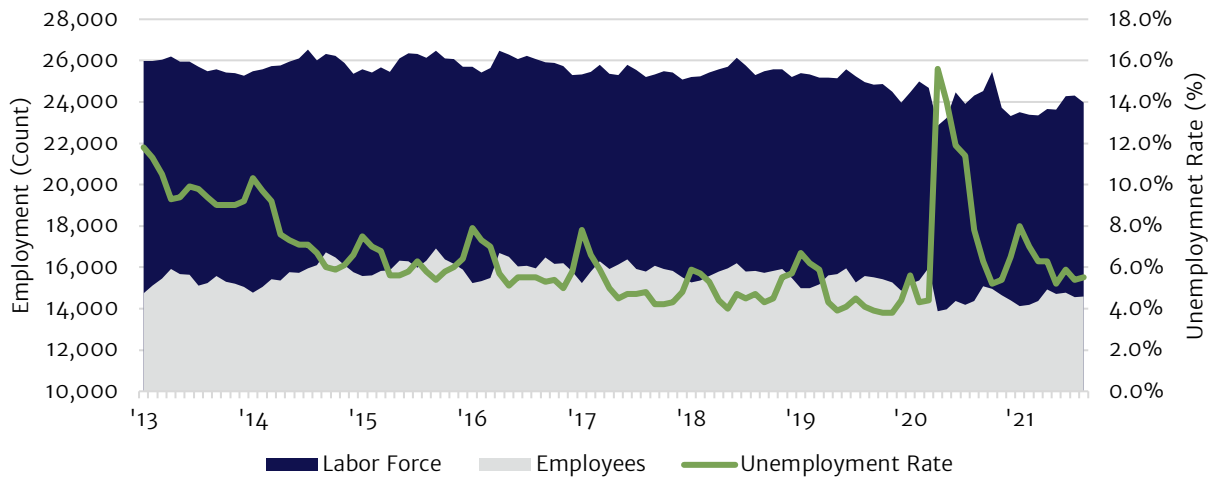
Employment Trends

Employment growth is typically the strongest factor impacting housing demand in each market. From 2013 to 2019, employment growth averaged approximately 100 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 11.5%. It declined significantly and consistently to a low of 4.6% in 2019 and increased to 8.1% in 2020.

Outside of a significant catalytic event, like a global pandemic or major employer moving into or out of the region, it is very likely that over the next five to 10 years, annual employment additions in Ogle 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.

However, the Byron Nuclear Station currently has over 500 employees. Exelon threatened to retire the plant in September of 2021, but later negotiated it remaining open for the time being. It is licensed to operate until 2040. When the Byron plant does close, the shock will be roughly equivalent to the number of jobs lost between 2016 and 2019.

Ogle County Labor Force, Employment, and Unemployment Rate Trends (2013-2021 Q3)



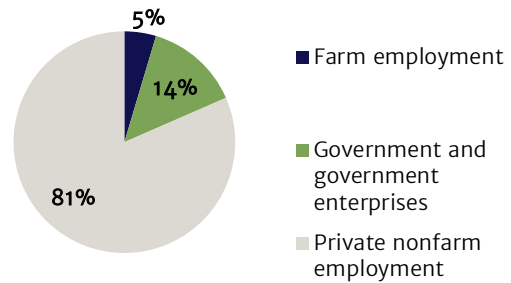
Data Source: US Bureau of Labor Statistics

Employment Characteristics

According to the Bureau of Economic Analysis, the number of full-time and part-time employment in Ogle County was an estimated 22,417. The chart to the right shows 5% of employment in the farming sector and 81% in the private sector employment in non-farm sectors. Government and related enterprises make up 14% of employment for Ogle County.

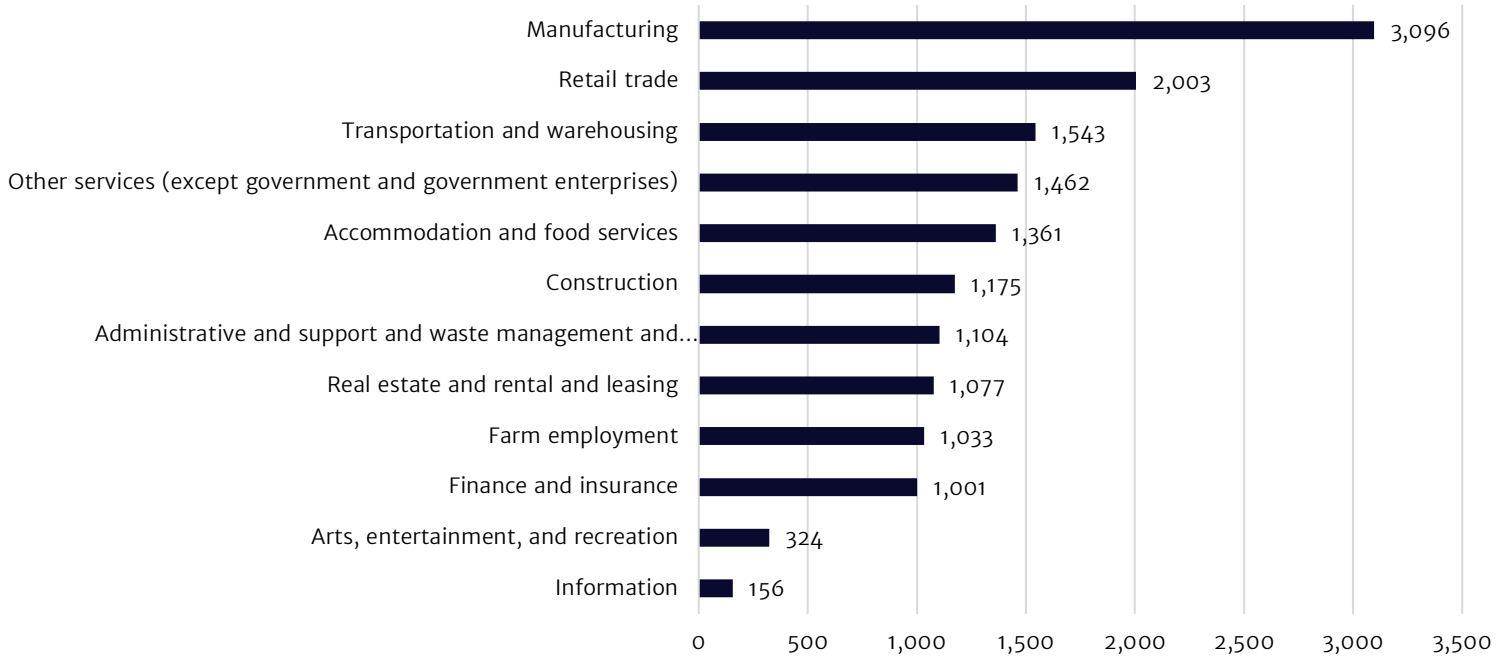
Since income determines housing affordability, it is helpful to know what income (and potential income) is associated with each kind of industry present in Ogle County. It is also important to know the number of people employed in such industries. Manufacturing makes up 13.8% of the disclosed job market. Retail trade is an estimated 8.9% of the disclosed job market.

Ogle County Employment by Sector (2019)



Data Source: US Bureau of Economic Analysis, Full-Time and Part-Time Employment by NAICS Industry

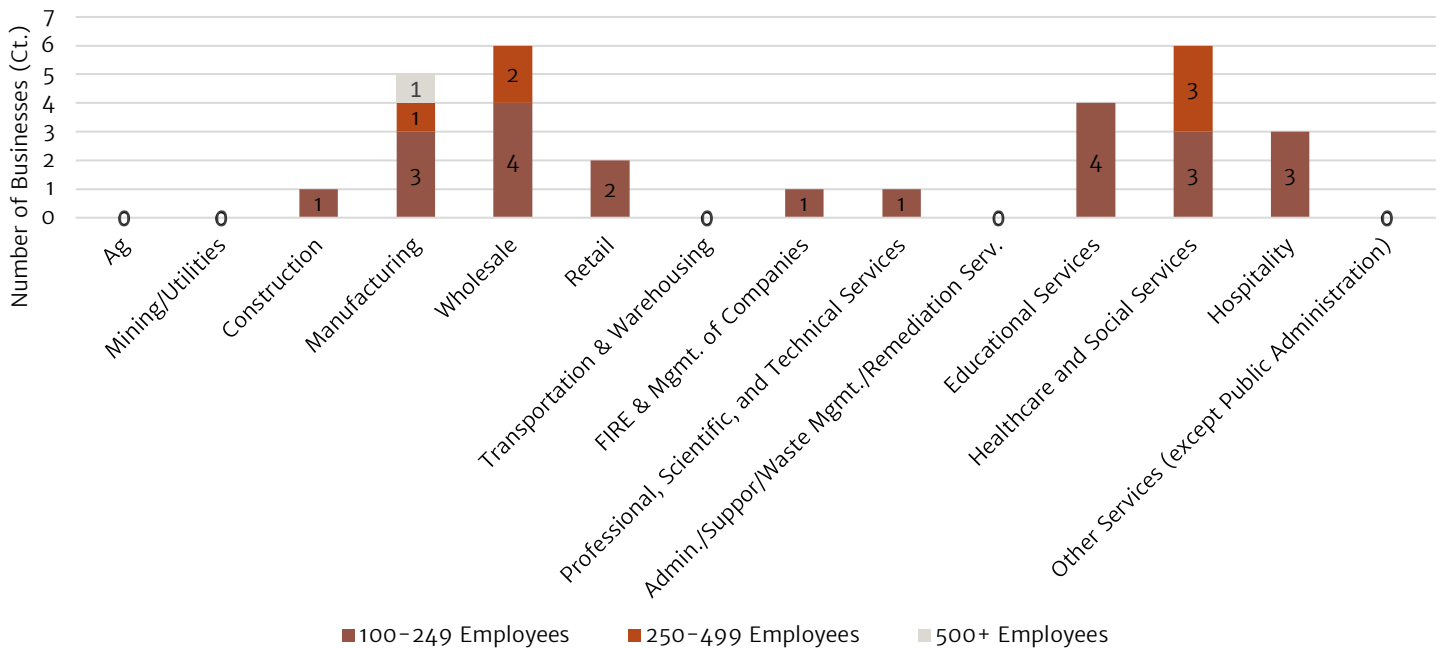
Ogle County Private Sector Employment by Industry (2019)



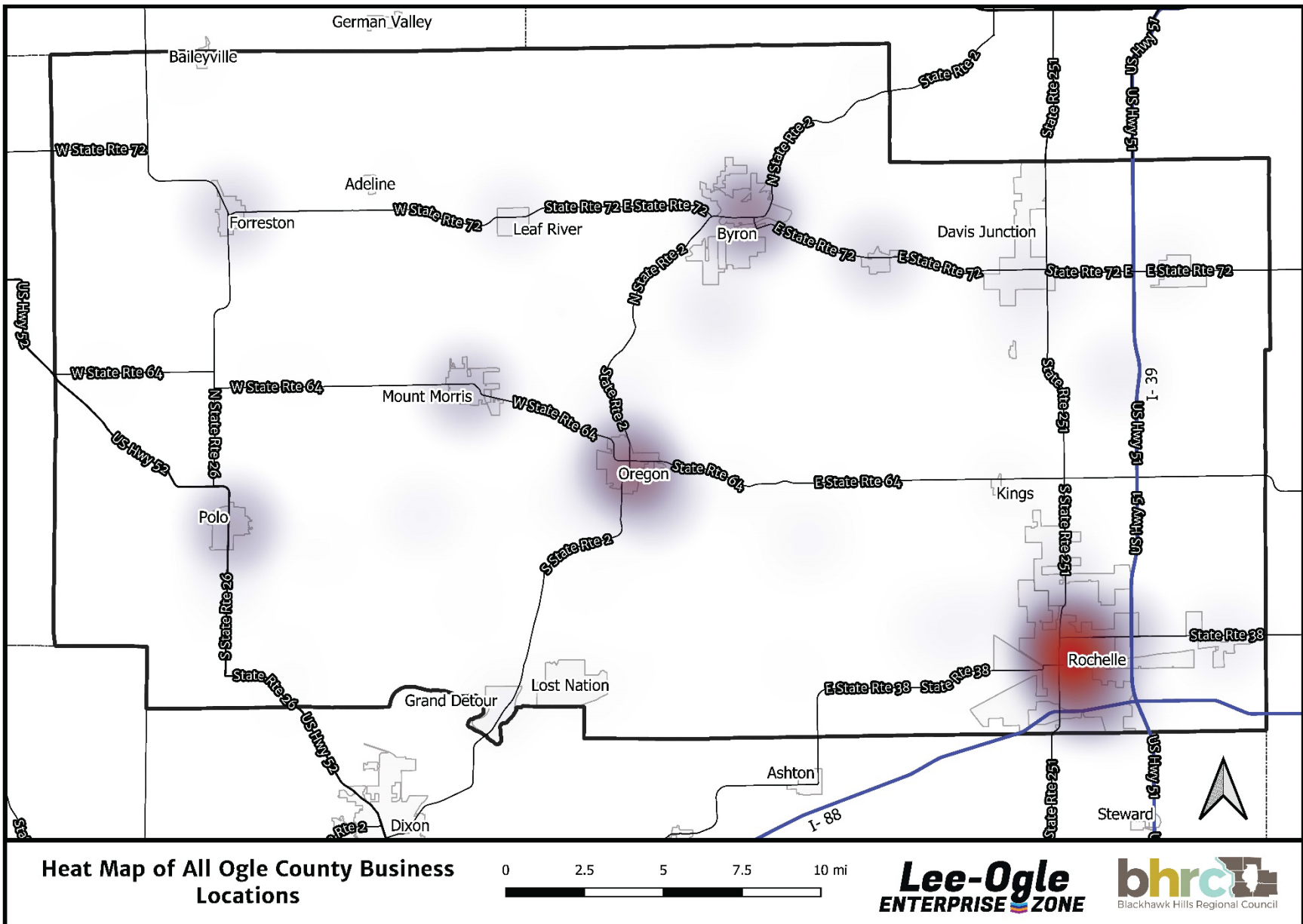
Data Source: US Bureau of Economic Analysis, Total Full-Time and Part-Time Employment by NAICS Industry.

Note: Data for the following industries was not available in order to avoid disclosure of confidential information: Forestry, fishing and related activities; Mining, quarrying, oil and gas extraction; Utilities; Wholesale trade; Professional, scientific, and technical services; Management of companies and enterprises; Educational services; Health care and social assistance.

Count of Businesses by Industry and Size Ogle County



Data Source: EMSI Q4 2021 Businesses for All Industries in Ogle County, IL

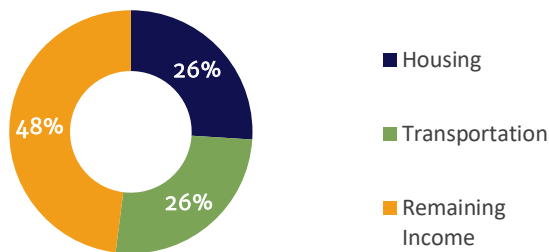


Commuting Patterns

As of 2019, there were 24,628 employed persons over the age of 16 in Ogle County. Of those, 49.8% lived in the county 48.8% commuted out of the county, and an additional 1.5% commute out of the state. There are many factors that influence a household’s decision on where to live relative to where they work, including the location of a partner’s employer, quality of the school district, cost of housing, and cost of transportation.

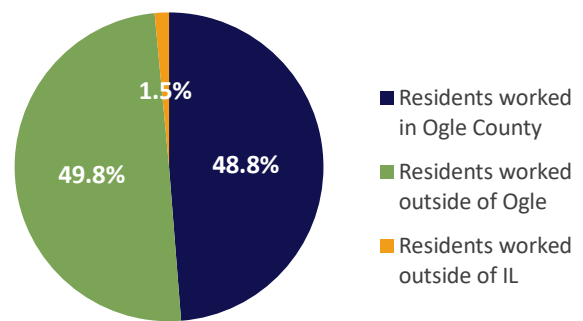
The Center for Neighborhood Technology examines the affordability of both housing and transportation costs. The H + T Index benchmarks housing and transportation affordability at no more than 45% of household income– (30% for housing costs and 15% for transportation costs). Even though transportation 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.

Average Housing + Transportation Costs as Percent of Income (%)



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

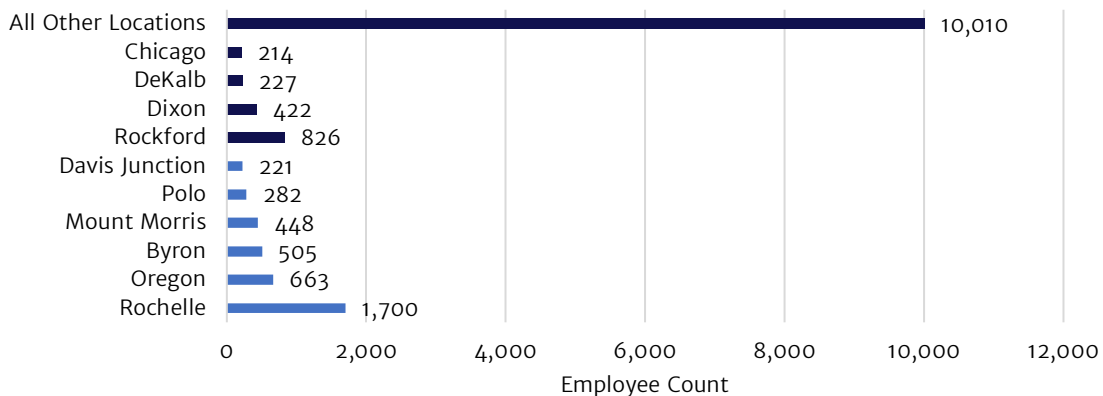
Place of Work



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

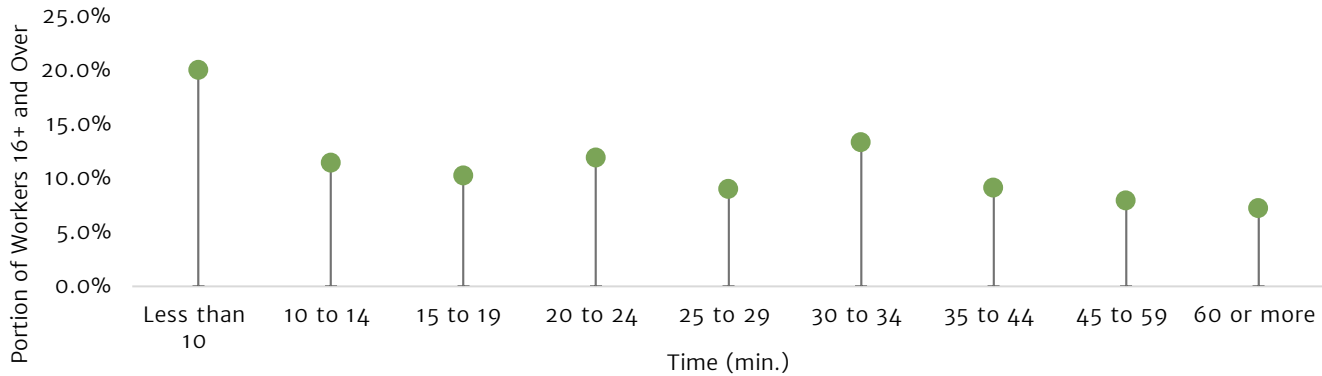
The chart below demonstrates where employees that work in Ogle County live. Average travel time to work is 25.9 minutes. Whether or not people would live in Ogle County if housing was available is not something we can discern from the data, but providing more housing options would mean more choices for non-resident employees. The following sections explore questions about affordability, housing availability, and potential housing preferences.

Where Ogle County Employees Live



Data Source: Home Destination Report, Where Workers Live Who are Employed in Ogle County by Places (Cities, CDPs, etc.), All Jobs, OnTheMap, US Census Bureau

Share of Commuters by Travel Time To Work

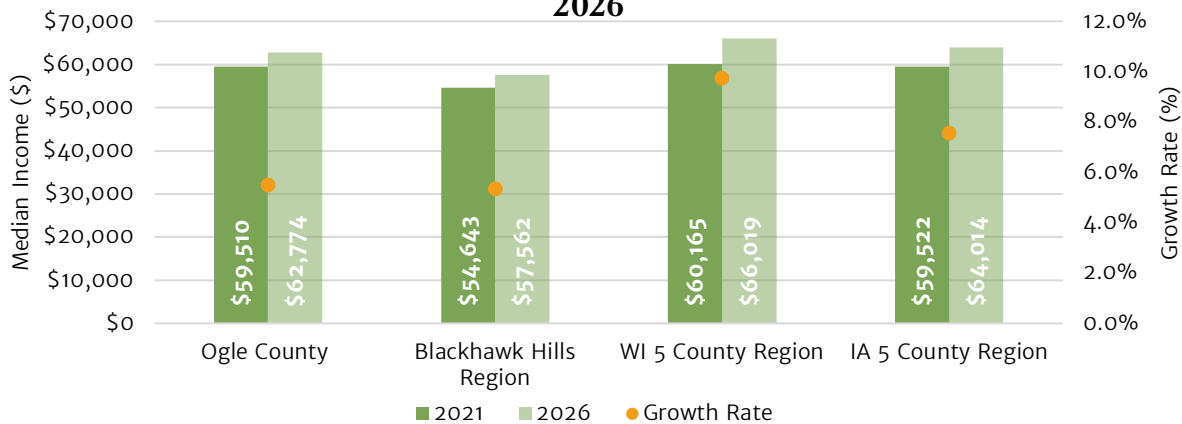


Data Source: American Community Survey 2019 5-Year Estimates, Commuting Survey

Income

Ogle County’s median household income was \$59,510 in 2021 and is projected to increase to \$62,774 by 2026. This is higher than the median household income of the Blackhawk Hills region but comparable with the five-county IA and WI regions. Projected growth in median household income for Ogle County is approximately 5.5% 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 IA region over the next four years. (Median Household Income for each community in the study may be found in Appendix C Figure 3.)

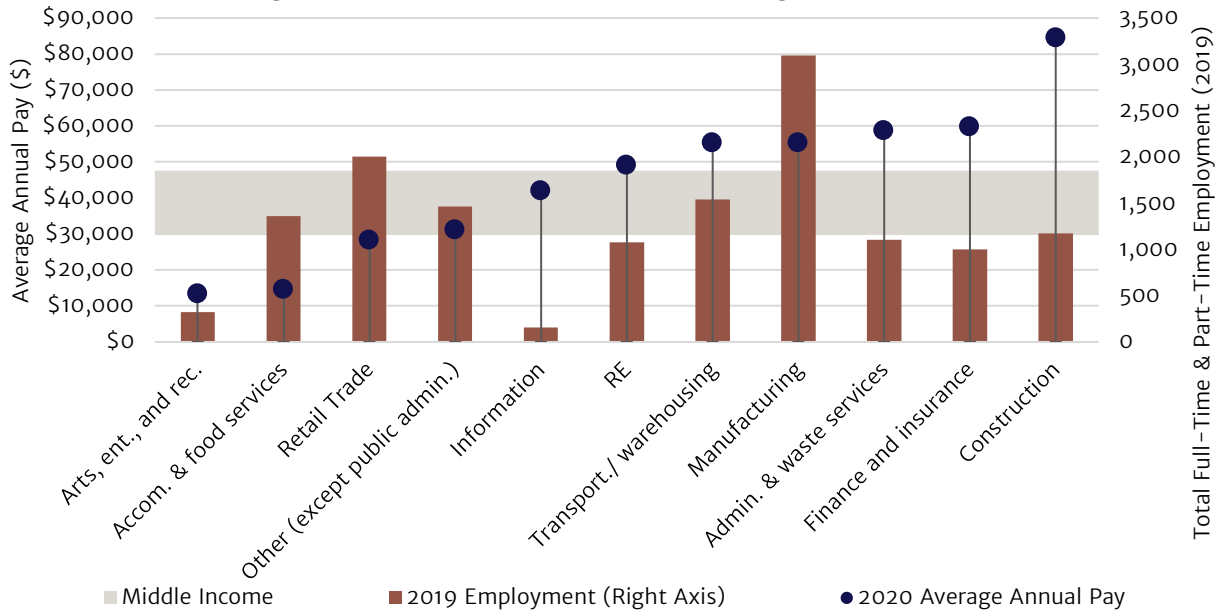
Median Household Income and Growth Rate from 2021 to 2026



Data Source: ESRI Community Profile for Ogle County.

The chart on the following page shows average annual pay by industry, highlighting workforce-income. In this report, workforce-income refers to households making between \$30,000 and \$50,000 per year (or \$14–24/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 14,302 disclosed private sector jobs, 64.0% of them pay workforce-income or above. Manufacturing, and wholesale trade offer wages above “workforce-income” and employ a third (35.7%) of the employees in Ogle County. However, several of the sectors employing large numbers of people countywide do not pay 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.

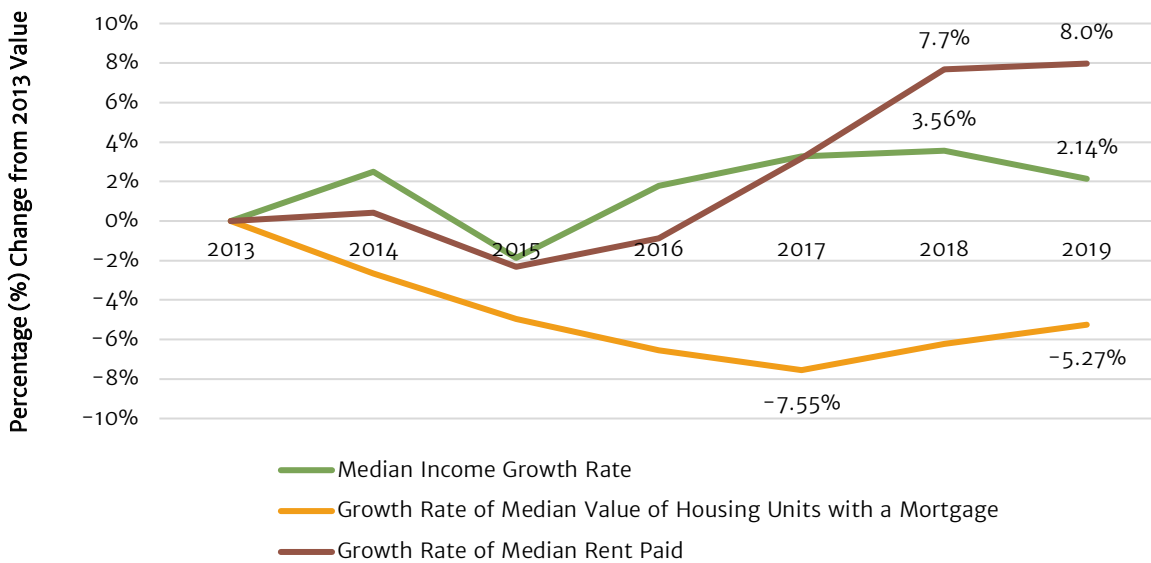
Average Annual Pay by Industry in Ogle County (2020)



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 did not meet BLS or State agency disclosure standards for the following industries - Ag, Mining, Utilities, Wholesale Trade, Professional and Technical Services, Management of Companies and Enterprises, Educational Services, and Health Care and Social Assistance.

Home Value, Rent and Income Trends



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 current year Inflation-adjusted Dollars).

Rents may have increased due to decreased supply and increased demand. While median income didn't change as rapidly, pressure on the rental market may have been recognized by landlords who responded to market

demand and increased rents. New market rate product entering the market could have also caused the median rents paid to increase faster than incomes and home values. Increased demand may also be the cause of the slight increase in home values from the overall low point in 2017.

Cost of Living

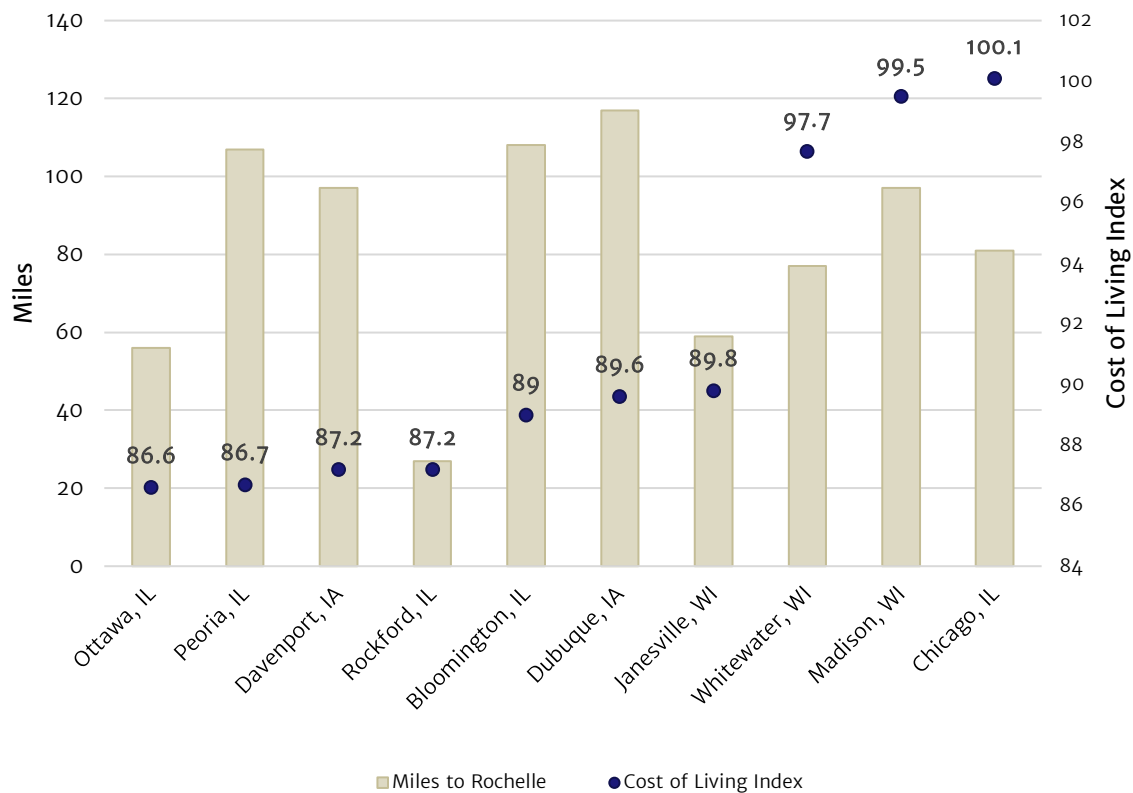
The cost-of-living index in this model weighs six major categories of household expenses, including:

- 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 product cost-of-living value; values from across the United States range from 80 (lowest cost of living) to 178.6 (highest cost of living).

The cost-of-living comparison by distance is calculated by AdvisorSmith for specific locations. We are going to assume that for Rochelle and the rest of Ogle County, the cost-of-living index would land near Rockford on the chart below. 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 living in Dubuque, IA, Janesville, 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.

Cost of Living Comparison by Distance



Data Source: AdvisorSmith City Cost of Living Index

Housing Landscape

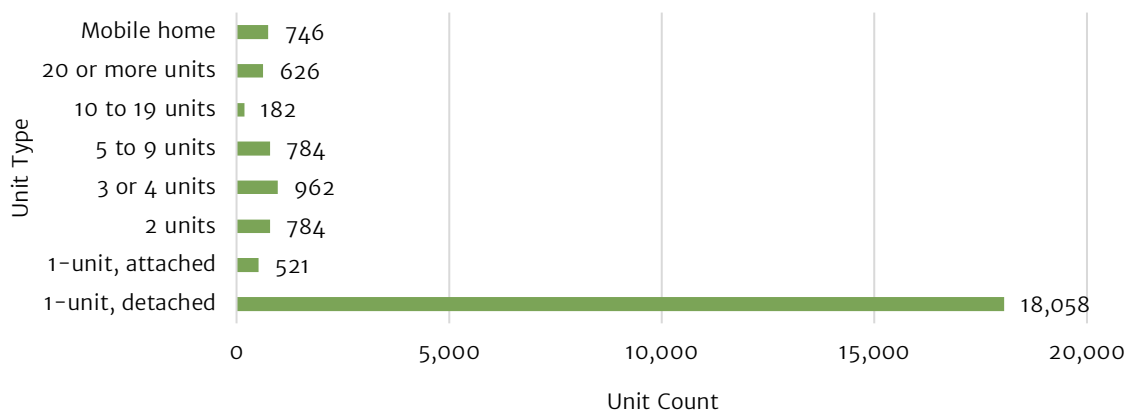
The previous sections looked at the drivers for housing demand: household growth, employment and income. The following sections outline our study dive into the supply side of the housing market: quantity of units, price/rents, and unit type.

General Housing

As of 2019, Ogle County had 22,663 housing units. (See Appendix C Figure 4 for a break-down of units by each community in the study area.)

Single-family detached homes are the largest residential component of Ogle County by a large margin. In 2019, 18,579 of the 22,663 residential units (81.2%) in the county fell into the single-family category. Single-family homes are followed by 3 or 4 units (4.2%). With under 7% of residential units being high density (5 units or more) multifamily and knowing the age of the housing noted on page 18, it appears there is opportunity in the market for a developer to invest in and develop some high-density multifamily housing.

Housing Units by Type (Count)



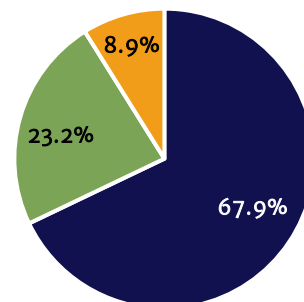
Data Source: Housing Characteristics, American Community Survey 2019 5-year Estimates

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 Ogle County, ESRI estimates that in 2021, 67.9% of housing units were owner-occupied, 23.2% were renter-occupied, and 8.9% were vacant. A healthy vacancy rate would be 6-9% (Nelson, 2004)

Our team, however, discovered that on any given day, there were no units available for rent in Ogle County, (according to online search tools). This becomes a problem for homeowners looking to downsize and potential residents to locate a short-term option while deciding where they want to put down roots.

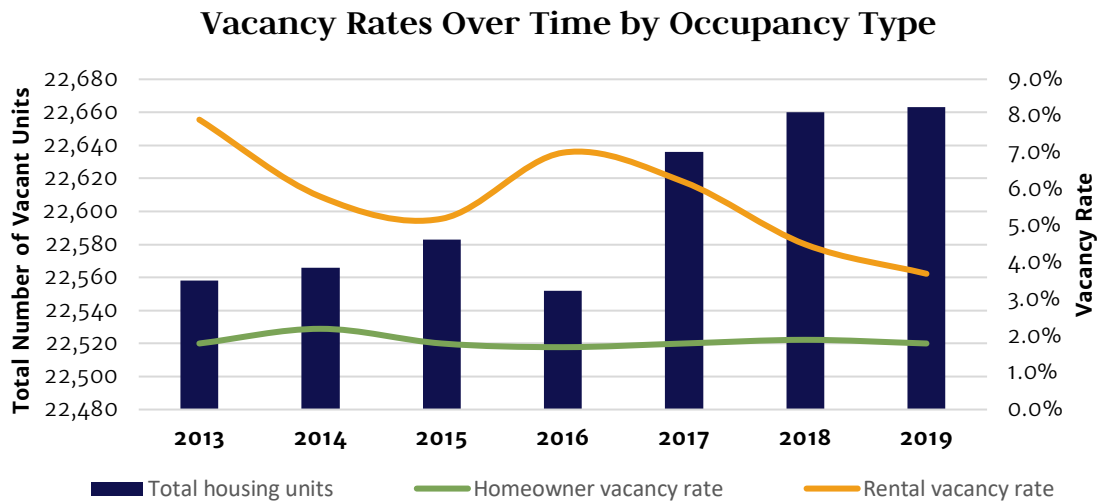
Ogle County Housing Tenure (2021)



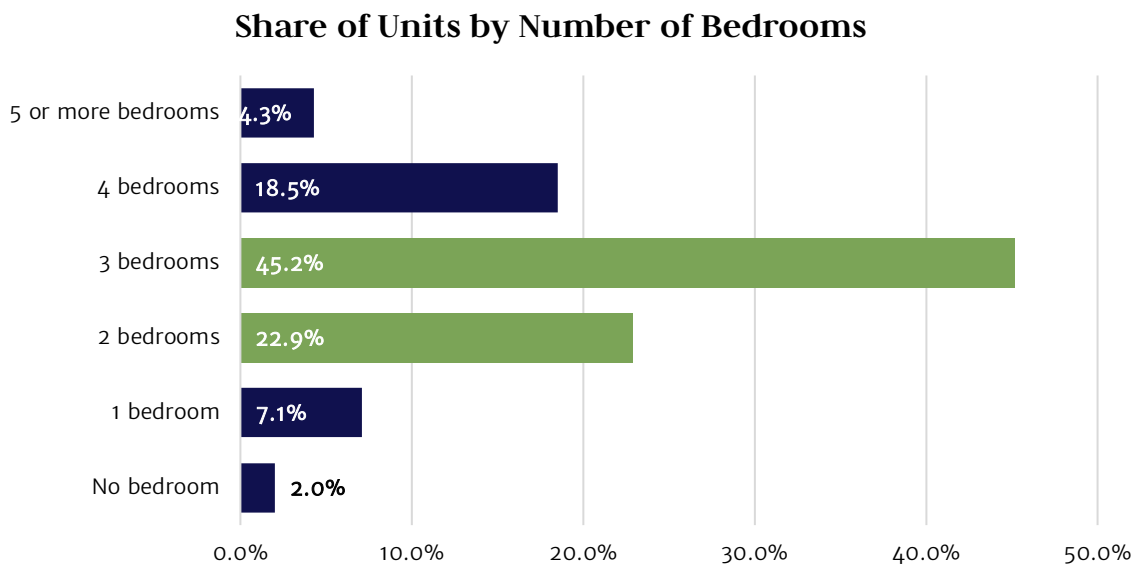
■ Owner Occupied ■ Renter Occupied ■ Vacant

Data Source: ESRI Community Profile for Ogle County.

As the following chart below demonstrates, homeowner vacancy rates hovered between 1–2% since 2013 whereas renter vacancy rates (which peaked at 7.9% in 2013) has dropped to its lowest in 2019 at 3.7%. Based on a total of 22,663 housing units (according to American Community Survey, 2019), if Ogle County would have had a healthy number of rental units vacant there would have been 1,133 units available and 227 units would have been listed for sale.



Data Source: Housing Characteristics, American Community Survey 5-year Estimates

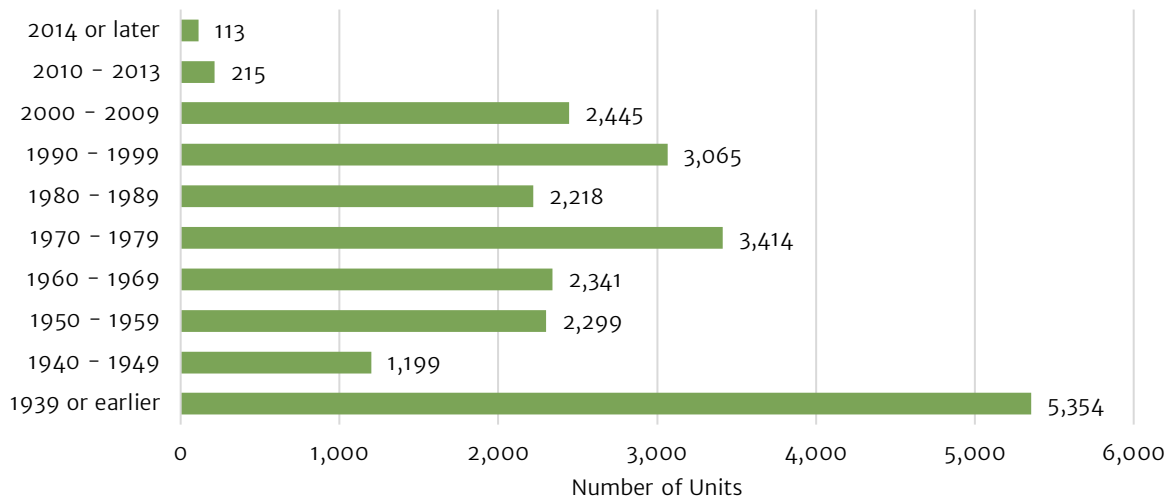


Data Source: Housing Characteristics, American Community Survey 2019 5-year Estimates

Regarding the size and configuration of homes in the county, about 45.2% of all homes in Ogle County include three bedrooms, 22.9% include two bedrooms, and 18.5% provide four bedrooms. These configurations are logical given the median household size of 2.49 people. (See Figure 5 in Appendix C for median household sizes by geography.)

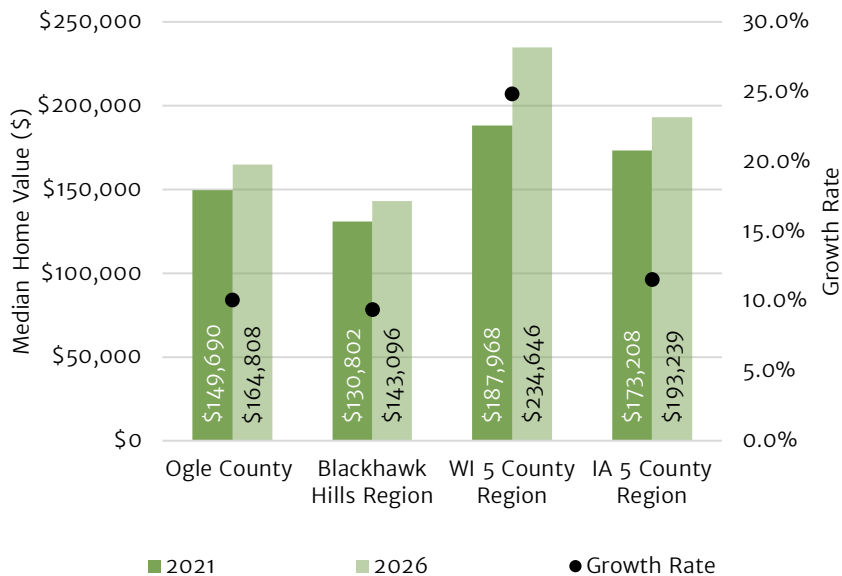
Of the 22,663 total housing units estimated in Ogle County, over 64% of them were built before 1979. Rehabilitation costs for aging homes can burden homeowners and potential homebuyers. Old homes in disrepair inflate the supply of homes, especially in the lower price ranges, because even though they 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 Ogle County is somewhat concerning and may be providing challenges to the area's ability to attract new residents.

Ogle County Housing Units Built Over Time



Data Source: Housing Characteristics, American Community Survey 2019 5-year Estimates

Median Home Value and Growth Rate from 2021 to 2026



Data Source: ESRI Community Profile.

The median home value in Ogle County in 2021, reported by ESRI, was \$149,690; by 2026, it is projected to increase to \$164,808. Compared to the rest of the Blackhawk Hills region, Ogle County's median home value is slightly higher. However, compared to the selected IA and WI regions, Ogle County's median home value is significantly lower. The projected growth rate of the median home value for Ogle County is on par with the IA five-county region, but is significantly lower than the WI five-county region. (See Appendix C, Figure 6 for a comparison of median home values of the communities within the study.)

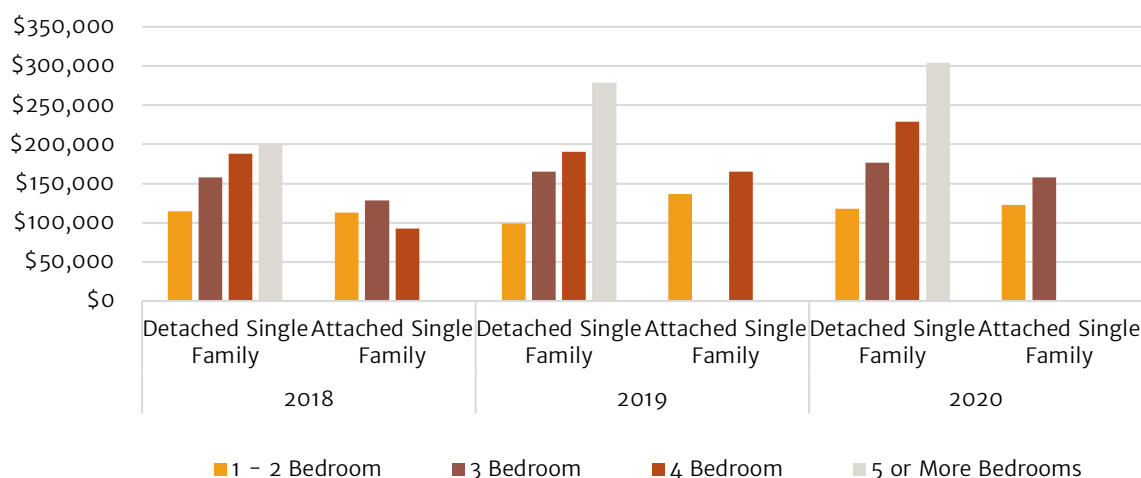
Single-Family Home Sales

Trends in homes sold by number of bedrooms for detached single-family homes appears consistent over the previous three years and mirrors the inventory of homes in the market. Increase in market activity is apparent in 2020. (Appendix C, Figure 7.)

Trends in single-family home sales by numbers of bedrooms in attached homes also reflects the increase in activity in 2020. (Appendix C, Figure 8.)

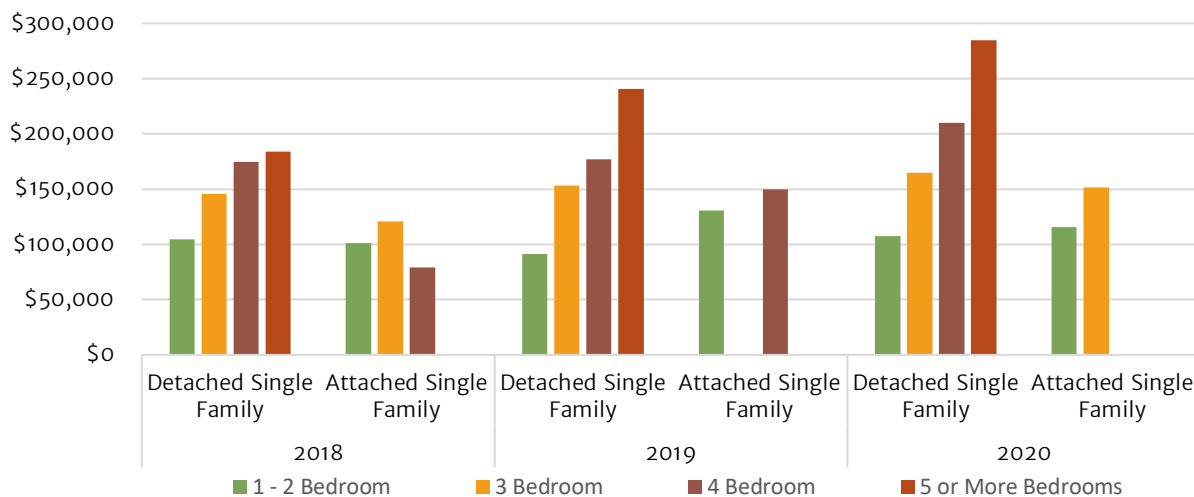
The following charts show a typical real estate transaction, where a seller lists a home for an original price and accepts offers at slightly less than the original list price. Through 2020 it doesn't appear as if the market had behaved in an extreme manner with offers over list price. This may be reflected in 2021 data, however.

Avg Original Listing Price by Type and Number of Bedrooms (2018-2020)



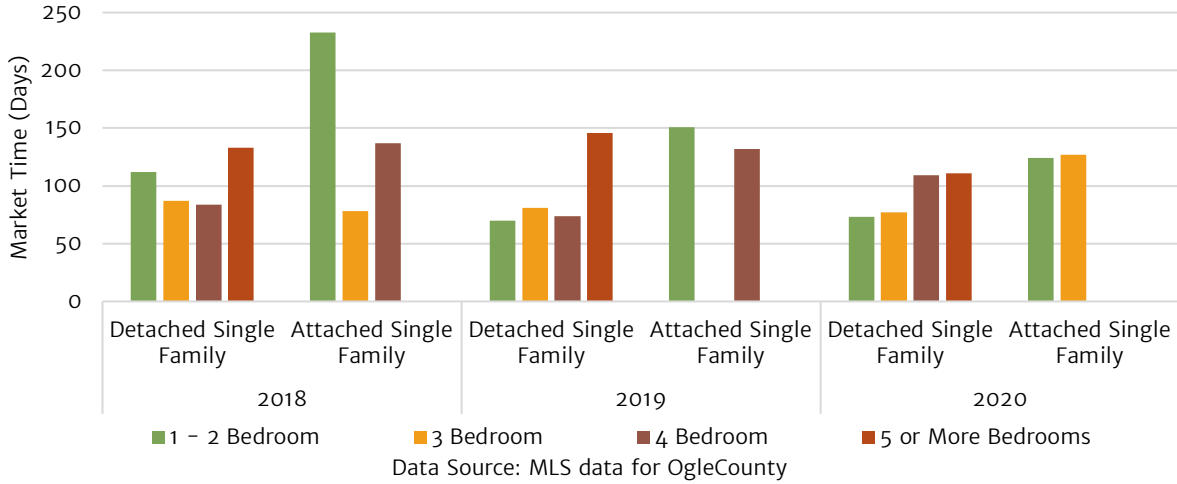
Data Source: MLS data for OgleCounty

Average Sale Price by Type and Number of Bedrooms (2018-2020)



Data Source: MLS data for OgleCounty

Average Market Time (Sold) by Type and Number of Bedrooms (2018-2020)



Time on the market appears to be fairly consistent over the past three years, with a slight reduction by category in 2020.

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 Ogle County was \$59,510 in 2021. In this report, “workforce-income” refers to households making between \$30,000 and \$50,000 per year (or \$14–24/hour), representing those making approximately 50–80% of the county’s median income. Workforce housing refers to housing units that are affordable (based on the definition above) to households with income in that same range.

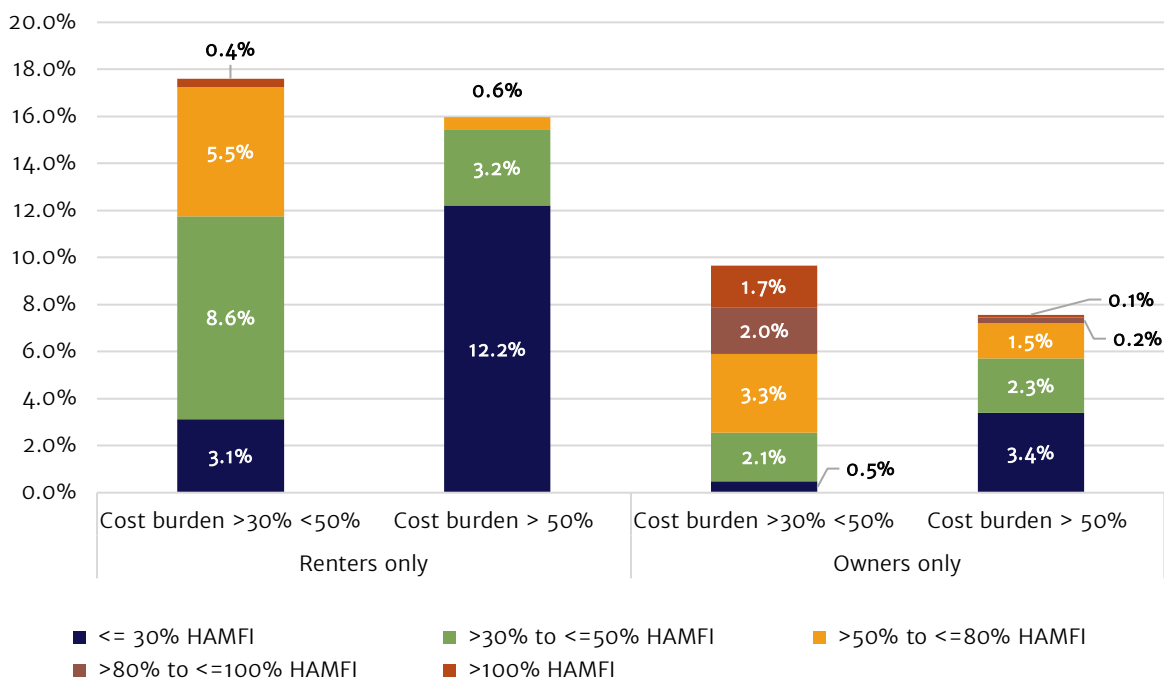
Affordability

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.”

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.

While the share of cost-burdened renters is higher, the number of owner households experiencing housing cost burden is larger than for those that are renting. In Ogle County, 33.6% (1,830) of renter-occupied units and 17.2% (2,660) of owner-occupied units with a mortgage are currently housing cost-burdened. The next chart further breaks down the cost burden by Household Area Median Family Income (HAMFI). For workforce-income families, 10.9% are cost-burdened or severely cost-burdened. However, 35.4% of households below 50% of HAMFI are cost burdened.

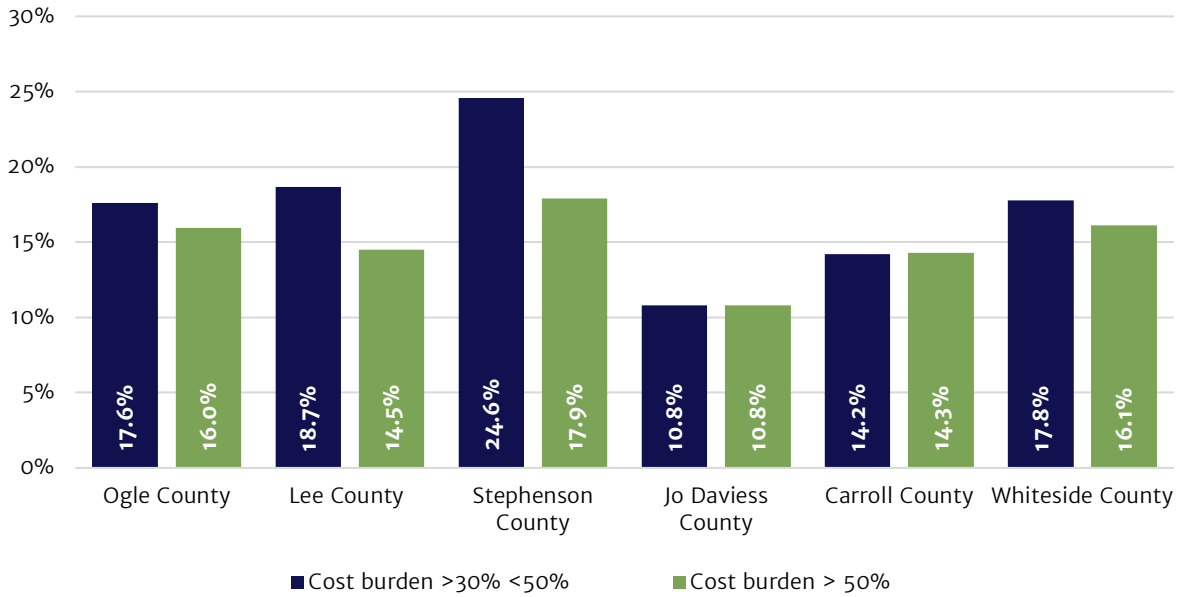
Share of Households by Tenure, Income Level and Cost Burden



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

For comparison, the study looked at other counties in the Blackhawk Hills region.

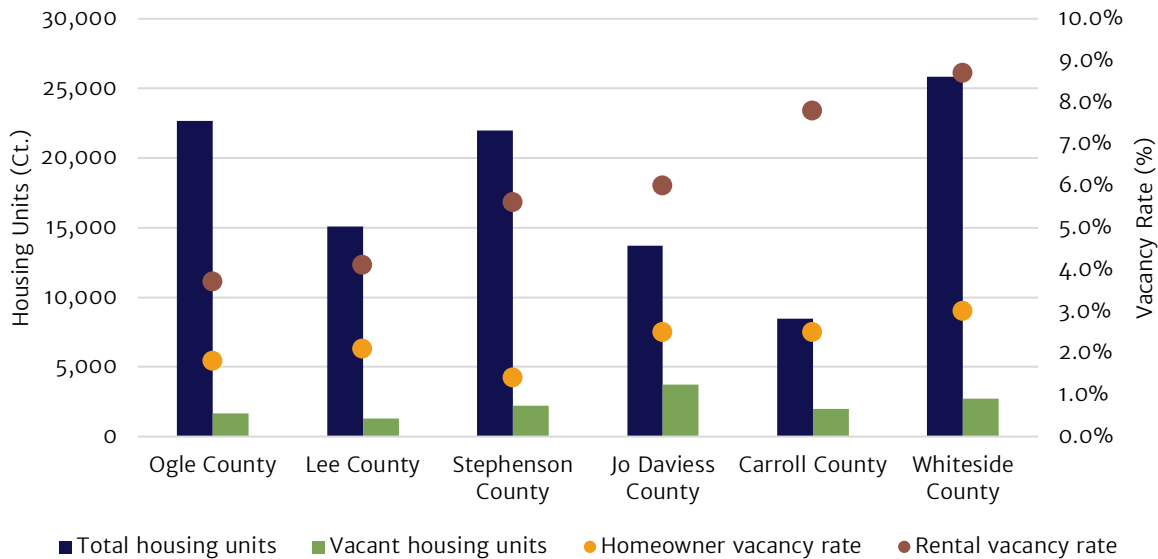
Renter Cost Burden Comparison



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

Looking first at the rental sector, 33.6% households in Ogle County are paying 30% or more of their income for housing. This compares closely with Lee County at about 33.2% 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%.

County Comparison of Units and Vacancy Rates

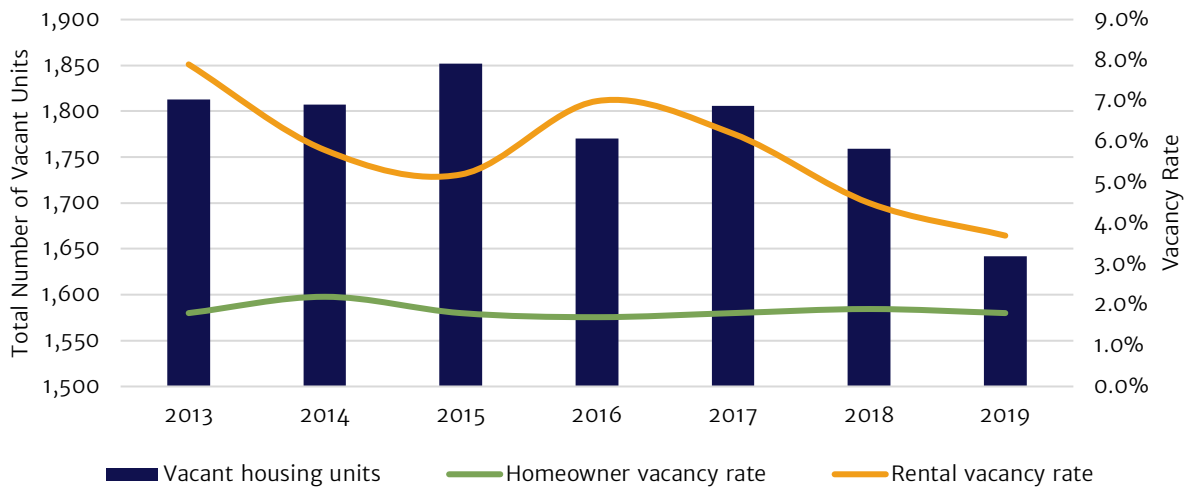


Data Source: Housing Characteristics, ACS 2019 5-Year Estimates

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

Availability of Housing Units

Vacancy Rates Over Time by Occupancy Type

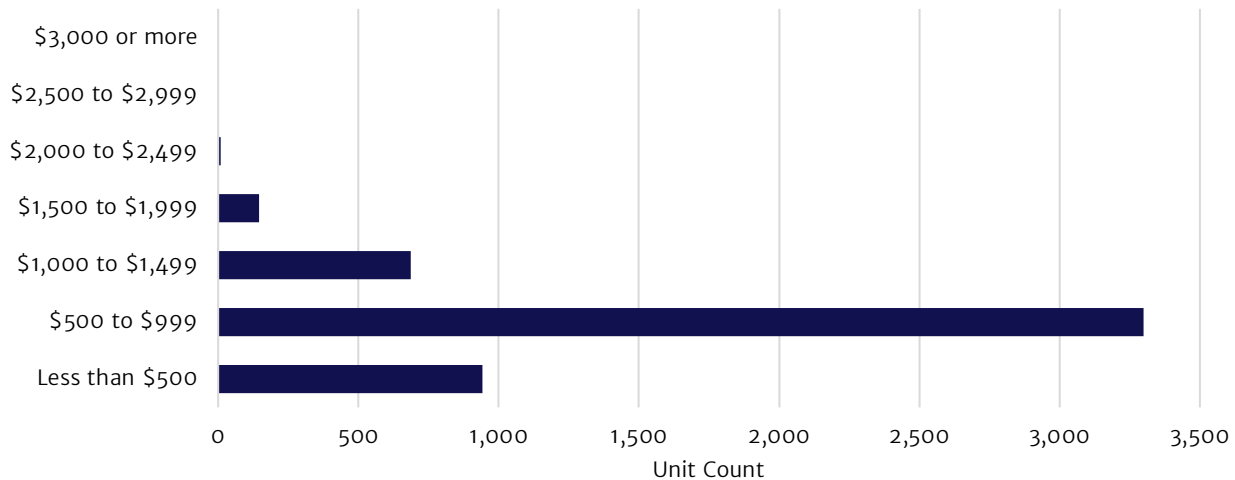


Data Source: Housing Characteristics, American Community Survey 5-year Estimates

Rental Units

A healthy market vacancy rate measures somewhere between 5 and 7 percent (Nelson, 2004). Based on a total of 22,663 housing units (according to American Community Survey, 2019), if Ogle County would have had a healthy number of rental units vacant there would have been 1,133 units available. In a community the size of Rochelle, IL, there should be 201 units available.

Ogle County Occupied Units by Gross Rent



Data Source: Housing Characteristics, American Community Survey 2019 5-year Estimates

The above graph shows a majority (65%) of rental units in Ogle County rent for between \$500 and \$999. According to the data, there are 5,084 occupied units paying rent in Ogle County. The median rent payment is \$745/month. On April 13, 2022, there were only two houses for rent in Ogle County, and no multi-family apartment units, as listed on Apartments.com. Rents ranged from \$675-750 per month. Stakeholders have

indicated that informal networks, word-of-mouth, and rental sites specific to local 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 to these local resources in order to find more opportunities for housing. This indicates that anyone from outside the area may have a very difficult time accessing information about available properties.

Single-Family Ownership



Of the 83 single-family homes listed for sale in Ogle County on June 25, 2021, that included a list price, the median sales price was \$165,000 and the median size was 1,061 square feet. The MHI in Ogle County, IL was \$59,510 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 median income

household, therefore, is \$199,950. This means that a household with MHI can purchase a median-priced home in Ogle County. However, for those households with workforce-income, an affordable purchase price would be between \$100,800 and \$168,000.

Further analysis was conducted to reveal how affordable available homes were for each income category. The following table provides information on income limits for Ogle 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 20 homes listed for sale at or below \$127,344, which includes the five homes listed at or below \$76,406.

Ogle 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 | \$15,930 | \$18,210 | \$20,490 | \$22,740 | \$24,570 | \$26,400 | \$28,200 | \$30,030 |
| Estimated Affordable Home Purchase Price | \$53,525 | \$61,186 | \$68,846 | \$76,406 | \$82,555 | \$88,704 | \$94,752 | \$100,901 |
| Units Available at price point | 2 | 3 | 3 | 5 | 6 | 7 | 9 | 11 |
| 50% (Very Low) Income Limits | \$26,550 | \$30,350 | \$34,150 | \$37,900 | \$40,950 | \$44,000 | \$47,000 | \$50,050 |
| Estimated Affordable Home Purchase Price | \$89,208 | \$101,976 | \$114,744 | \$127,344 | \$137,592 | \$147,840 | \$157,920 | \$168,168 |
| Units Available at price point | 7 | 11 | 14 | 20 | 30 | 37 | 41 | 42 |
| 60% Income Limits* | \$31,860 | \$36,420 | \$40,980 | \$45,480 | \$49,140 | \$52,800 | \$56,400 | \$60,060 |
| Estimated Affordable Home Purchase Price | \$107,050 | \$122,371 | \$137,693 | \$152,813 | \$165,110 | \$177,408 | \$189,504 | \$201,802 |
| Units Available at price point | 12 | 19 | 30 | 41 | 42 | 42 | 44 | 46 |
| 80% Income Limits | \$42,480 | \$48,560 | \$54,640 | \$60,640 | \$65,520 | \$70,400 | \$75,200 | \$80,080 |
| Estimated Affordable Home Purchase Price | \$142,733 | \$163,162 | \$183,590 | \$203,750 | \$220,147 | \$236,544 | \$252,672 | \$269,069 |
| Units Available at price point | 36 | 41 | 43 | 46 | 50 | 53 | 55 | 60 |
| 100% Income Limits | \$53,100 | \$60,700 | \$68,300 | \$75,800 | \$81,900 | \$88,000 | \$94,000 | \$100,100 |
| Estimated Affordable Home Purchase Price | \$178,416 | \$203,952 | \$229,488 | \$254,688 | \$275,184 | \$295,680 | \$315,840 | \$336,336 |
| Units Available at price point | 42 | 46 | 51 | 55 | 60 | 62 | 64 | 66 |

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 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>)
 MLS Data of homes listed for sale in Ogle County as of June 25, 2021.

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 it would still end up at sale prices 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 Ogle County is only affordable to those four-person households at or above 100% 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 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 a margin of profit.

Housing Supply and Demand

We developed four scenarios to help stakeholders consider what the future might hold for 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:

- Ogle County maintains its current housing mix of 68% owner-occupied housing with a recommended owner-occupancy vacancy rate of 1-2% and 25% renter-occupied with the recommended rental vacancy rate of 5-7% (Nelson, 2004).
- Vacancy *will* reflect the recommended owner-occupancy vacancy rate of 1-2% and rental vacancy rate of 5-7% (Nelson, 2004).
- “ALL MODELS ARE WRONG, BUT SOME ARE USEFUL.” – George E. P. Box, British Statistician. In this spirit, we recognize that the following model flawed but useful for identifying housing policy and program recommendations.

Scenario #1: Conservative Population Growth

To identify over and under-supply in Ogle 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 $[1] + [\text{Desired Vacancy Rate}]$ to arrive at the number of units needed. In the following model, we used a 9% vacancy rate.
2. Estimate the total number of rental and owner occupied 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 2,426 units. Yet from 2010 to present only 328 units have been built. This implies that there is a shortage of 2,100 units over the last decade. However, population has also declined by 824 since 2010. Given two people per household, we assume 412 fewer households and therefore, 412 fewer housing units. Therefore, we estimate that there is a shortage of approximately 1,600 units in the market due to pent up demand and recommend that 160 homes be built per year.
 - b. Between 2018-2020, Ogle 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.

Model Assumptions:

- Communities in Ogle 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.
- Ogle County continues to demolish 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 shortage of housing units in Ogle County.
- The model does not consider housing quality or housing amenities for specific personas (for example, seniors/55+) or shifting housing type preferences.

Estimated Housing Demand by Occupancy Type

Scenario 1: Assumes a 0.1% population increase per year

| | 2019 | 2022 | 2023 | 2024 | 2025 | 2026 | Total |
|--|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Households | 21,021 | 21,022 | 21,043 | 21,064 | 21,085 | 21,106 | |
| Est. Number of Housing Units to be Demolished | | 3 | 3 | 3 | 3 | 3 | 15 |
| New Housing Units Needed to Maintain 7% Vacancy | | 0 | 1 | 1 | 1 | 1 | |
| Est. Number of Housing Units Needed to be Built | | 4 | 25 | 25 | 25 | 25 | 104 |

| | Assumptions | 2022 | 2023 | 2024 | 2025 | 2026 | Total |
|--|--------------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Occupied housing units | 93% | 4 | 23 | 23 | 23 | 23 | 96 |
| Owner-occupied | 68% | 3 | 17 | 17 | 17 | 17 | |
| Renter-occupied | 25% | 1 | 6 | 6 | 6 | 6 | |
| Vacant housing units | 7% | 0 | 2 | 2 | 2 | 2 | 8 |
| Vacant Homeowner units | 2% | 0 | 1 | 1 | 1 | 1 | |
| Vacant Rental units | 5% | 0 | 1 | 1 | 1 | 1 | |
| Total NEW Housing Units by Occupancy Type | | 4 | 25 | 25 | 25 | 25 | 104 |

Notes: Based on an assumption that since 2019, the number of households has been growing or will grow 0.1% annually year over year. 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 Ogle 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 $[1] + [\text{Desired Vacancy Rate}]$ 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 2,426 units. Yet from 2010 to present only 328 units have been built. This implies that there is a shortage of 2,100 units over the last decade. However, population has also declined by 824 since 2010. Given two people per household, we would assume that 412 fewer households and therefore, 412 fewer housing units. Therefore, we estimate that there is a shortage of approximately 1,600 units in the market due to pent up demand and recommend 160 homes be built per year.
 - b. Between 2018-2020, Ogle County averaged the demolition of 3 housing units 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 change. For this scenario, we assumed a negative 0.32% year-over-year rate of change which is reflective of the 2020 Census population rate of change since 2010.

Model Assumptions:

- Communities in Ogle County will maintain their current trajectory of population declining 0.32% year over year based on 2020 Census Data and ESRI.
- Population and household growth change at the same rate.

Model Findings & Flaws:

- If the number of households continues to decline, that number of surplus units and vacancy will continue to grow.

There is a theory about "shrinking smart," but it isn't a popular one. Cities are a growth machine (Molotch, 1976). All else being equal, it costs more to run a city in year 2 than in year 1 because of the increased costs of labor. Traditionally, in order for cities to make ends meet, they have three options: raise taxes, cut services, or grow by converting land uses, annexing land, redeveloping properties, etc.

Estimated Housing Demand by Occupancy Type

Scenario 2: Assumes 0.32% Annual Household Decrease

| | 2019 | 2022 | 2023 | 2024 | 2025 | 2026 | Total |
|--|--------------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Households | 21,021 | 20,954 | 20,887 | 20,820 | 20,753 | 20,687 | |
| Est. Number of Housing Units to be Demolished | | 3 | 3 | 3 | 3 | 3 | 15 |
| New Housing Units Needed to Maintain 7% Vacancy | | -4 | -4 | -4 | -4 | -4 | |
| Est. Number of Housing Units Needed to be Built | | -68 | -68 | -68 | -68 | -67 | -339 |
| | Assumptions | 2022 | 2023 | 2024 | 2025 | 2026 | Total |
| Occupied housing units | 93% | -63 | -63 | -63 | -63 | -62 | -314 |
| Owner-occupied | 68% | -46 | -46 | -46 | -46 | -46 | |
| Renter-occupied | 25% | -17 | -17 | -17 | -17 | -17 | |
| Vacant housing units | 7% | -5 | -5 | -5 | -5 | -5 | -25 |
| Vacant Homeowner units | 2% | -1 | -1 | -1 | -1 | -1 | |
| Vacant Rental units | 5% | -3 | -3 | -3 | -3 | -3 | |
| Total NEW Housing Units by Occupancy Type | | -68 | -68 | -68 | -68 | -67 | -339 |

Notes: Based on an assumption that since 2010, the number of households has been declining at -0.32% annually year over year. Vacancy Rates are assumptions based on Nelson's recommendations for healthy vacancy.

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

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

Model Assumptions:

- Communities in Ogle County and the Blackhawk Hills region will be taking proactive steps to maintain their current number of households and will grow a modest 0.1% year over year.
- Ogle County continues to build new single-family housing units at its current average trend of 31 units per year.
- Ogle County and its communities strategically remove substandard housing units incrementally each year with the least amount of demolitions being 35 units in 2022 and the greatest number of units being 70 in 2026.

Model Findings & Flaws:

- Based on the estimated number of households and the above assumptions, the model suggests that there will be enough housing units in Ogle County to meet demand needs 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 addition loss of units (240) 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 | 21,021 | 21,042 | 21,063 | 21,084 | 21,105 | 21,126 | |
| Est. Number of Housing Units to be Demolished | | 35 | 40 | 45 | 50 | 70 | 240 |
| New Housing Units Needed to Maintain 7% Vacancy | | 3 | 4 | 4 | 4 | 6 | |
| Est. Number of Housing Units Needed to be Built | | 59 | 65 | 70 | 75 | 96 | 365 |

| | Assumptions | 2022 | 2023 | 2024 | 2025 | 2026 | Total |
|--|-------------|-----------|-----------|-----------|-----------|-----------|------------|
| Occupied housing units | 93% | 55 | 60 | 65 | 70 | 90 | 340 |
| Owner-occupied | 68% | 41 | 44 | 48 | 51 | 66 | |
| Renter-occupied | 25% | 15 | 16 | 18 | 19 | 24 | |
| Vacant housing units | 7% | 4 | 5 | 5 | 5 | 6 | 25 |
| Vacant Homeowner units | 2% | 1 | 1 | 1 | 2 | 4 | |
| Vacant Rental units | 5% | 2 | 3 | 3 | 3 | 3 | |
| Total NEW Housing Units by Occupancy Type | | 59 | 65 | 70 | 75 | 96 | 365 |

Notes: Based on an assumption that since 2019, the number of households has been growing or will grow 0.1% annually year over year. 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 Ogle County will maintain their current trajectory of population declining 0.32% year over year based on 2020 Census Data and ESRI.
- Population and household growth change at the same rate.
- Ogle County continues to build new single-family housing units at its current average trend of 31 units per year.
- Ogle County and its communities strategically remove substandard housing units incrementally each year with the least amount of demolitions being 100 units in 2022 and the greatest number of units being 190 in 2026.

Model Findings & Flaws:

- 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 addition loss off units (720) will have on affordability.

Scenario 4: Assumes a -0.32% population change year over year and greater number of units lost to demolition

| | 2019 | 2022 | 2023 | 2024 | 2025 | 2026 | Total |
|--|--------|-----------|-----------|-----------|------------|------------|------------|
| Households | 21,021 | 20,954 | 20,887 | 20,820 | 20,753 | 20,687 | |
| Est. Number of Housing Units to be Demolished | | 100 | 125 | 140 | 165 | 190 | 720 |
| New Housing Units Needed to Maintain 7% Vacancy | | 3 | 5 | 6 | 7 | 9 | |
| Est. Number of Housing Units Needed to be Built | | 36 | 63 | 79 | 105 | 133 | 416 |

| | Assumptions | 2022 | 2023 | 2024 | 2025 | 2026 | Total |
|--|-------------|-----------|-----------|-----------|------------|------------|------------|
| Occupied housing units | 93% | 33 | 59 | 73 | 98 | 124 | 387 |
| Owner-occupied | 68% | 24 | 43 | 54 | 71 | 90 | |
| Renter-occupied | 25% | 9 | 16 | 20 | 26 | 33 | |
| Vacant housing units | 7% | 2 | 5 | 5 | 8 | 9 | 29 |
| Vacant Homeowner units | 2% | 1 | 2 | 2 | 3 | 3 | |
| Vacant Rental units | 5% | 2 | 2 | 2 | 2 | 2 | |
| Total NEW Housing Units by Occupancy Type | | 35 | 64 | 78 | 106 | 133 | 416 |

Notes: Based on an assumption that since 2019, the number of households has been growing or will grow -0.32% annually year over year. 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 Rochelle, Mt. Morris, Ogle County
- School district personnel
- Service providers
- Developers
- Landlords
- Bankers
- Realtors
- Contractors

There is a perceived housing shortage particularly for affordable units for workforce-income families. 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”. New employer recruits have a difficult time finding a home available to purchase for less than \$100,000 or for rent for less than \$1,800 per month.

Lack of supply has resulted on offers on homes at above the asking price.

There is concern that affordable housing is no longer strategically located where parents can keep their children in the same school district or near employment hubs.

Affordable housing has been a topic of concern for Rochelle for quite some time.

There are fewer than 20 residential lots, owned by one or two groups. These are the least desirable lots.

There is a shortage of apartments in Rochelle, which has caused the cost of rent to be increased from \$800 to \$1,200/ month for rent of a single-family home. There has been near zero vacancy and no new construction which has impacted demand and supply.

One contractor/developer who has in the past built 20–30 single family homes reported it is tough to come up with prices that are viable, due to cost of materials and labor.

There are sites which are suitable for multifamily but in order to make it feasible for the developers there will have to be incentives granted.

One interviewee reported that their perspective is that Rochelle has invested much into commercial and industrial infrastructure over the past several years, and now there are jobs but at the expense of not facilitating housing development at the same pace, which leaves that part of the market struggling to keep up. Residents see this investment in job creation but not housing so they feel like they are carrying more of the tax burdened as homeowners than they would if there were more homeowners to share the burden.

The rental stock is old and needs to be inspected to ensure it is not becoming substandard.

Ogle County/Rochelle needs to encourage development of market-rate senior housing.

Ogle County needs market-rate housing at every level of need to ease market pressures.

The contractor/developer/realtor industry in Ogle County has faced having no inventory for so long that they have pivoted to create revenue generating opportunities elsewhere, through company diversification.

It's going to take leadership and policy changes to fix this problem.

The communities in Ogle County also need to focus on placemaking to create a desirable place to live for current and future residents.

Companies should incent their employees to live in the communities in which they are located. Companies and communities should work together to attract “active community members” who will contribute to the vibrancy of the communities in Ogle County,

Rochelle is 45 minutes from St. Charles, Geneva, and LaSalle County. These places have all focused on the residential component of their economy. It feels like Rochelle is behind the 8-ball.

Communities all around Rochelle have had subdivisions start and fail, only to be now sold for pennies on the dollar. Rochelle only has new lots for development at 2020 prices. Builders don't have any incentive to build in Rochelle because the profit margin (on the lots) isn't there.

Rochelle has a few blighted lots. In one developer's opinion, they should be sold to the neighboring property owners because people like “elbow room.”

If incentives were provided one developer would develop 50 units of market rate multifamily today, without even seeing the results of the market study because they know the demand is there. “The market is starving for market rate apartments.”

Rochelle needs more “blue collar houses” and duplexes. There are also more older people moving back to the community and they need a place to live. Senior housing would do well.

Housing needs to be a priority for Ogle County over the long-term.

Low-income residents have a hard time finding landlords who will accept Section 8 vouchers. These residents would all prefer to rent a single-family home, but they settle for what they can get. This area could support a high-density affordable multifamily development.

In rural Ogle County, connectivity (rural broadband) is an issue, and it prevents people from wanting to live in and/or develop in rural Ogle County (mentioned specific to outside Oregon).

Code enforcement is an issue in rural Ogle County.

“General observations: there is way too much low-income/public-aided housing in Rochelle, which detracts from those looking to live in the area that are above that. There is a shortage of modest single-family homes and new-construction homes in Rochelle...so that effects the higher paying employers for sure as well as “white-collar” employers. As for my workforce, we primarily hire at the entry level skill, so there is a shortage of people to fill those jobs mainly because so many were/are eligible for all of the free money and now that even high-pay employers are short, the pool of people for lower-paying jobs has shrunk even more. Not really related to housing. As you're probably aware, 70-80% of the people who work in Rochelle don't live here, so they are finding housing in surrounding towns within a reasonable commute. It has been that way for many years.”

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 reviewed previous plans and programs for any policy that seemed to unnecessarily hinder development. Additionally, an overall review was done to determine if earlier data findings and projections aligned with the way reality played out. Similarly, the previous plans were evaluated to determine whether previous observations and recommendations, not yet implemented, would be relevant to this study.

Existing Plans

Of note from the Housing Section of the county-wide comprehensive plan from 2012:

- Ogle Co planning staff anticipates an average occupancy rate of 2.38 persons per household and average vacancy rate of 6.1% by 2040
- The plan anticipated a need for 30,230 housing units in 2020.
 - *Current housing units are numbered at 22,663, only 102 units more than in 2010.*
- That plan projected a need for approximately 7,669 new housing units over the next 30 years
 - *This equates to approximately 355 housing units/year. The above trend indicates closer to 10 housing units/year.*
- The plan indicates there is ample vacant, developable land within Ogle County to provide for future housing units
- Majority of dwelling starts 2002–2011 were in Marion, Flagg and Taylor townships.
- Ogle County has experienced an increasing population that is projected to increase in population into the future
 - *Population in 2010 was 53,497 and has declined to 52,673. The population has not followed the projection.*
- A reasonable amount of land should be designated for future residential development based on stated planning policies, goals, and objectives

It is not that the 2010 plan was poorly done, but that reality has played out differently than projected. The earlier projections did not align with where the county finds itself in 2021. The projected need for housing units was based on an assumption of continued population growth. While the projections don't align with current circumstance, the methodology within the plan was well-informed and various components including the design guidelines, subdivision design practices, and strategy for adding units is valuable and should be considered as relevant for future decision-making.

Oregon and Rochelle have comprehensive plans from 2016 that indicate Housing Needs. These provide general goals indicating the character desired and have general, helpful guidelines informing how future development occurs. These communities would be well-suited to take the recommendations and break them down into actionable steps for implementation. These implementable steps can then be brought into a format that informs plan review and economic development recruitment efforts. For example, the recommendation from the 2016 plan that future subdivision developments provide variety in lot sizes to accommodate a variety of housing sizes and hence varying price points could be worked into the Building Ordinance. Similarly, should

future incentives be provided to encourage housing development, they should be tied to the already-established goals within the 2016 plan and the adopted recommendations of this report.

Of note from the Oregon plan:

- While the emphasis is on low density and traditional single-family residential development, there is also a proposition for the development of multifamily residential near the downtown and Riverwalk area
- Recommends that future traditional residential development maintain similar densities as found in the historic neighborhoods
- Notes that “Oregon maintains a small amount of high-density residential development, therefore, little additional high-density development is proposed to respond to the need for more affordable housing options”
- The older structures within the community were identified as opportunities to be maintained and offer the most affordable housing in the community
 - *This observation remains true. To ensure that this naturally occurring affordable housing remains to serve the community effectively, regular maintenance will be required by the property owners.*
- From this plan, the areas identified as key development sites for multifamily were in the area along Jefferson Street, east of Third Street, and along Second Street, north of Jefferson Street.

Of note from the Rochelle plan:

- New, higher density residential uses were identified in the downtown to accommodate a variety of household types and income levels
- Based on the projected population growth trends to 2020, it was estimated Rochelle would have to add approximately 300–800 new dwelling units (including single family and multiple family housing) and develop approximately 90–240 acres to support this population increase
- The impact of UP Global 3 and jobs created by it and new industrial growth forecast over the next ten years were predicted to result in higher population estimates than originally projected
 - *Note that UP Global 3 closed in Rochelle in 2019*
- The residential growth policy expressed in the Planning Strategies continues to identify the north and northwest areas of the City as the best locations for expansion of the City housing base
- The plan recognized the value in the existing, older single-family residential neighborhoods for their quality and affordability.
- It was identified then that the current inventory of homes for sale is lower than average and will likely have the effect of driving up home prices
- Local realtors indicated that new industries were not the prime factor of this [population] growth rather the result of natural increases and the mitigation or urban exodus from metropolitan areas
- Noted that greatest demand is for more affordable single family homes of 1400 sq. ft. and smaller, on lots ranging in size from 8,500 to 9,000 sq. ft. (\$90,000 to \$110,000), and for apartments
 - this demand is principally due to Rochelle’s larger share of the blue-collar work force

- The plan notes that new housing developments should be encouraged to provide affordable housing and housing options at higher prices, greater living options for seniors and the disabled, energy efficient homes, and other sustainable incentives

Building Code

It appears that each community has adopted the 2015 International Building Code, aligning them with the state standard. 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 enhancement in order to be housing-specific. 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.

Opportunity Areas

The Illinois Housing Development Authority is the entity responsible with providing allocations for affordable housing including the Low-Income Housing Tax Credit (LIHTC). The LIHTC application includes many criteria, one of which is priority toward areas that fall within Opportunity Areas. While, 2021 Opportunity Areas have not been published, IHDA will make determinations for Proximate Opportunity Areas based on previous years' Opportunity Areas. Within Ogle County, the 2017- 2020 map indicates Opportunity Areas include Byron and Rochelle. Fifteen percent of all LIHTC allocations have been set aside for "Non-Metro" areas which includes Ogle County. These communities within Ogle County may have competitive advantages when a developer applies for LIHTC funding due to this designation.

Additional information and a map showing Opportunity Areas can be in Appendix D.

Tax-Increment Financing

Within Ogle County, the following communities have an existing tax increment districts (TIDs) which may assist them with efforts to redevelop property for the purposes of market-rate workforce housing.

- Byron
- Davis Junction
- Forreston
- Mt. Morris
- Oregon
- Polo
- Rochelle

It is generally recommended that a pay-as-you-go approach be taken in the use of tax increment financing (TIF) within TIDs 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 the housing goals identified by each community. See 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 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 housing types.

National Register Historic District

Oregon, Rochelle, and Mt. Morris (currently underway) have National Register historic districts in place that encompass a good portion of their downtown building stock. Polo has a few individually listed commercial properties listed on the National Register which may be good candidates for redevelopment. These communities 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) counseling and housing rehab 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 to 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. For the purpose of this Program, outside the Chicago Metropolitan Statistical Area (MSA) shall mean all of Illinois but for Cook, DuPage, Grundy, Kane, Kendall, Lake, McHenry and Will counties. 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 improvement 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 Zones

Enterprise Zones offer 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 0.5% 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.

The 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.

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 3500 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* of a minimum of 15% of all new development or redevelopment being set aside for affordable housing.

**Section 20 of the Act includes alternative goals that can be chosen.*

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.

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.

The bill took effect on January 1, 2022.

Recommendations

Ogle County has a demonstrated need for additional housing units. Based on the models above and interviews, we recommend a minimum of 160 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 Ogle County is the condition of existing housing units. Single-family owned and rented units, as well as multifamily units need attention. We are recommending activities that address rehabilitation and maintenance, from incentives to code compliance perspectives.

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 Ogle County residents.

To Attract New Development

1. Host a Contractor/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 Ogle 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 the high-quality marketing piece recommended below. Discuss incentive programs each community has established. Feed them lunch. Then take them in a nice 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 Multifamily Housing Development

Create opportunities for development of high-density market rate multifamily housing. Identify two or three sites and market them to developers. Work with the developers/contractors to understand the gaps in their financing/proformas and utilize Tax Increment Financing to fill the gaps. If property is owned by the City of Rochelle, consider granting it to the development in order to support the project. Create a task force with employers so they are apprised of the progress of the development and can encourage employees to pre-lease units in the building(s). Employers could commit to leasing a number of units to incent development and fill them with their own employees when they are hired.

3. Incentivize Construction of Single-Family Homes

Ogle 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 Ogle County. As a package of incentives, they 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.
- 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.

- Rebate a portion of property taxes after a commitment to pay 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.

4. Market Ogle County Communities

Create high-quality marketing pieces directed toward 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 of available incentives. 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.

5. Market Available Properties

Using online search tools, our team looked for available rental units in Ogle County on July 2, 2021, and found there were no units available for rent in the county. This is a discouragement for those looking to downsize or move into the region. A single site where property owners are encouraged to list their available properties for free in Ogle County would be very beneficial.

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.

2. Create a Homeowner Rehabilitation Program

Create a homeowner rehab program. Apply for a CDBG grant from the state to fund the program. The City of Rochelle or Ogle County could qualify for up to \$550,000 in grant funds. The grant application deadline for 2021 was August 3rd, so the city should watch for this opportunity for 2022. Local governments will have two years to complete the projects and are responsible for coordinating contractors to perform the work. For low- to moderate-income families eligible for the projects, this ensures the homeowner does not incur debt.

<https://www2.illinois.gov/dceo/Media/PressReleases/Pages/PR20210308-1.aspx>

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, i.e., Rochelle, Mt. Morris, Forreston, and Oregon 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 buildouts 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 Rochelle's downtown 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.

4. Eliminate Blighted Housing Stock

Look for opportunities to acquire and demolish low-value properties that are substandard and replace with infill housing. Be intentional about finding abandoned properties to acquire, demolish, and clean up. Utilize remaining APP funds, if any, and then apply for more. The Illinois Housing Development Authority (IHDA) offers a program specifically for abandoned properties, which Rochelle has utilized in the past. This program is a great tool to assist the city in removing blighted properties and reusing the property where they once stood.

To Ensure Implementation

1. Build a Network

The communities within Ogle 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 local 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. For out-of-state developers, it is important to share highlights from Public Act 102-0175 (detailed in the 'Recently Approved Legislation' section), including the extension of the Illinois Affordable Housing Tax Credit through 2026.
- e. 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 a 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, 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 coordinated communication to create consistent and streamlined processes across communities. The developers' challenges could be lightened, making it possible to pursue projects in multiple communities and bypass 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.

An expanded partnership with the Region 1 Planning Council is recommended, which Ogle and Stephenson counties are already working to leverage capacity for land bank authority.

3. Provide Dedicated Focus on Housing

Create an Ogle County Housing Task Force. Led by county staff, include representatives from all municipalities, Blackhawk Hills Regional Council staff, public housing authority staff, realtors, contractors/developers, landlords and representatives from the hospital, school district, and major employers. Meet monthly to discuss housing needs and programs, policies and projects recommended within this report. Work to implement the recommendations together.

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.

Ogle County Workforce Housing Recommendations

| Activity | Timeframe | Responsible Party | Funding Source |
|---|----------------------|------------------------------|------------------------------------|
| To Attract New Development | | | |
| Host a Developer Familiarization Tour | Q3 2022 and annually | Ogle County EDC | Private Sector Sponsor |
| Encourage Development of High-Density Market Rate Multi-Family Housing | Q3 2022 and ongoing | Ogle County Municipalities | Municipality/Local Utility |
| Incentivize Construction of Single-Family Homes | Q2 2022 plan, Q3 act | Public and Private Sector | Municipality/Local Utility |
| Utilize TIF in creative ways to incentivize housing development | Q3 2022 and ongoing | Ogle County Municipalities | TIF |
| Offer construction permit fee waivers | Q3 2022 and ongoing | Ogle County Municipalities | Staff Time |
| Offer municipal-owned properties for sale for \$1 | Q3 2022 and ongoing | Ogle County Municipalities | Staff Time |
| Rebate a portion of property taxes after a commitment to pay is reached | Q3 2022 and ongoing | Ogle County Municipalities | Staff Time |
| Partner with employers to acquire land and sell lots at discounted prices | Q4 2022 and ongoing | Ogle County EDC, Ogle County | Private sector funds |
| Partner with employers to offer downpayment assistance to new home buyers | Q4 2022 and ongoing | Ogle County EDC, Ogle County | Private sector funds |
| Work with local banks to subsidize interest rates on subdivision developments | Q2 2022 and ongoing | Ogle County EDC, Ogle County | Local Banks |
| Market Ogle County Communities | Q2 2022 and ongoing | Ogle County EDC, Ogle County | Private Sector Sponsor |
| Market Available Properties | Q2 2022 and ongoing | Ogle County Municipalities | Staff Time |
| To Address Existing Housing Units | | | |
| Support Infill Development | Q2 2022 plan, Q3 act | Ogle County Municipalities | Staff Time, TIF |
| Create a Homeowner Rehab Program | Q2 prep application | | State of IL CDBG Funds |
| Create a Downtown Residential Rehab Program | Q3 2022 and ongoing | | TIF |
| Eliminate Blighted Housing Stock | Q2 2022 and ongoing | Ogle County Municipalities | Staff Time, State of IL CDBG Funds |
| To Ensure Implementation | | | |
| Build a Network | Q2 2022 | BHRC | Staff Time |
| Equip and Charge BHRC as a One-Stop-Shop | Q2 2022 | BHRC | Staff Time |
| Provide a Dedicated Focus on Housing | Q2 2022 | Ogle County | Staff Time |

Responsible Party: LCIDA, Ogle County
Funding Source: Local Banks

5. Market Ogle County Communities

Responsible Party: LCIDA, Ogle County
Funding Source: Private Sector Sponsor

6. Market Available Properties and above incentives

Responsible Party: LCIDA, Ogle County
Funding Source: Private Sector Sponsor

To Address Existing Housing Units

1. Support Infill Development

Responsible Party: Ogle County Municipalities
Funding Source: Staff Time, TIF

2. Create a Residential Rehab Program

Responsible Party: Ogle County, City of Rochelle
Funding Source: State of IL CBDG Funds

3. Create a Downtown Residential Rehab Program

Responsible Party: City of Rochelle, Mt. Morris, Forreston, and Oregon
Funding Source: TIF

4. Eliminate Blighted Housing Stock

Responsible Party: Ogle County Municipalities
Funding Source: Staff Time, State of IL CDBG Funds

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

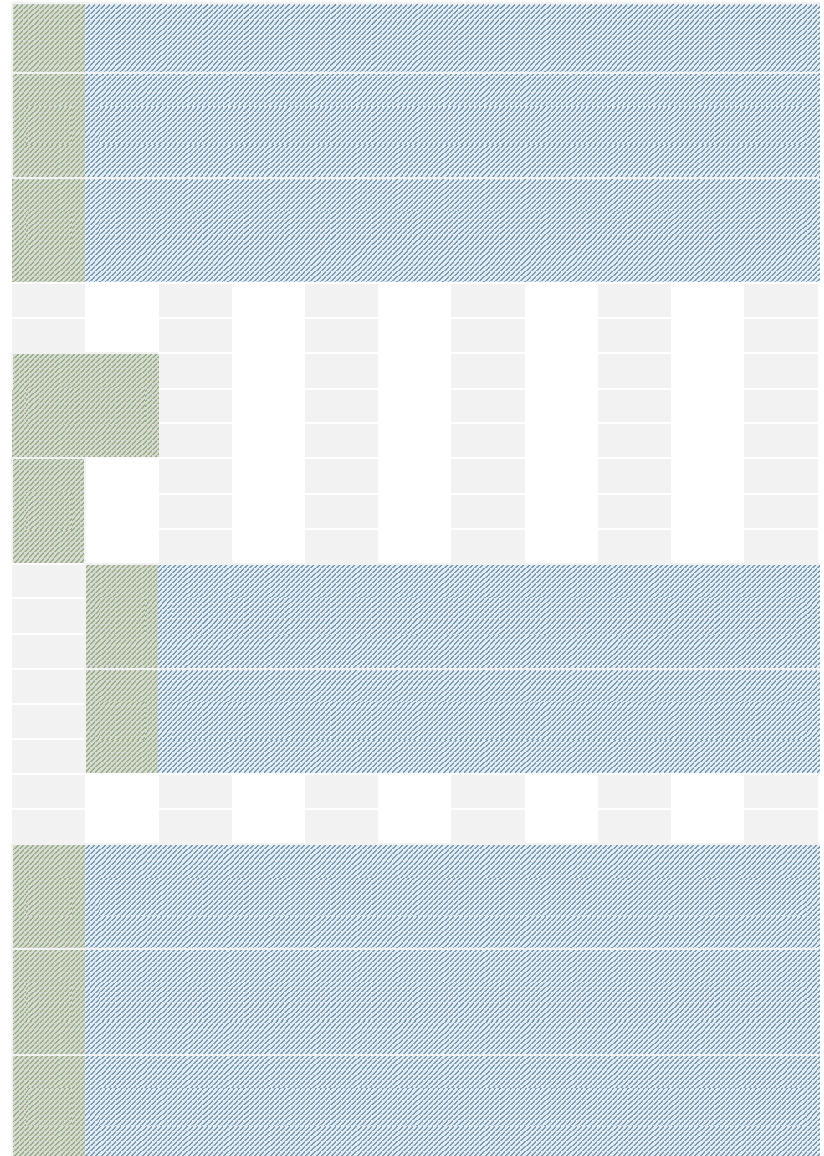
Responsible Party: Blackhawk Hills Regional Council
Funding Source: Staff Time

3. Provide Dedicated Focus on Housing

Responsible Party: Ogle County
Funding Source: Staff Time

* Annually

^ Start first month, execute second month



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 \$30,000 and \$50,000 per year (or \$14-24/hour), representing those making approximately 50-80% of the county’s median 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 ACS 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.

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

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]

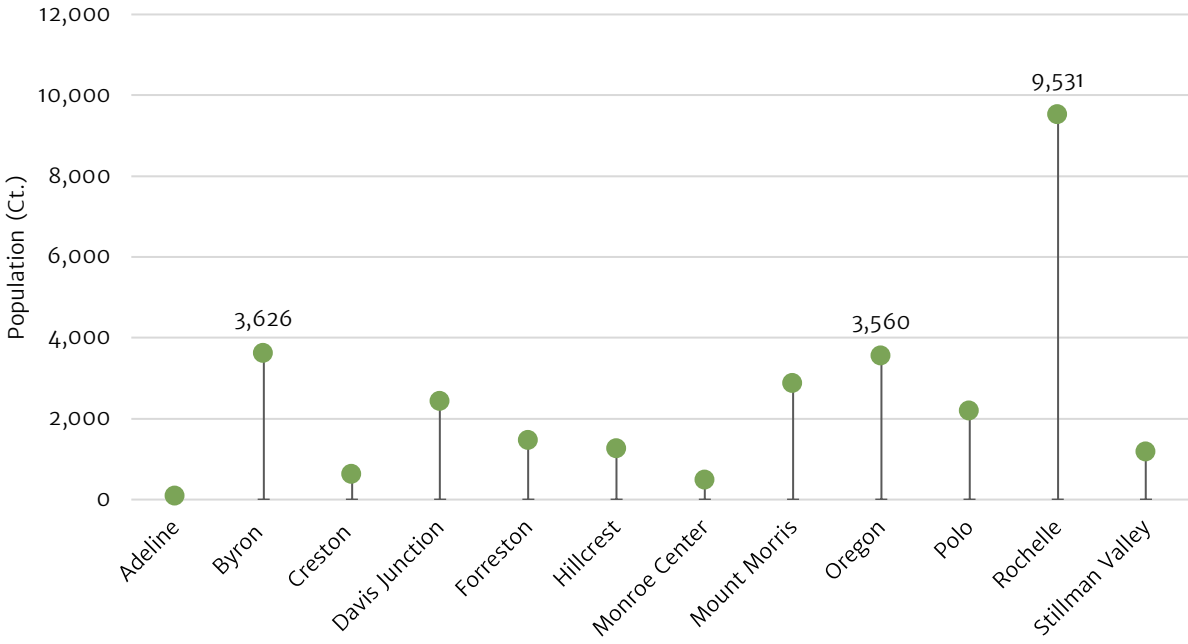
For over a decade, Esri has licensed data from Zonda to track new residential construction in the top U.S. housing markets. This database identifies the location and characteristics of individual construction projects, including total units planned, under construction, and closed by type of housing. 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.”

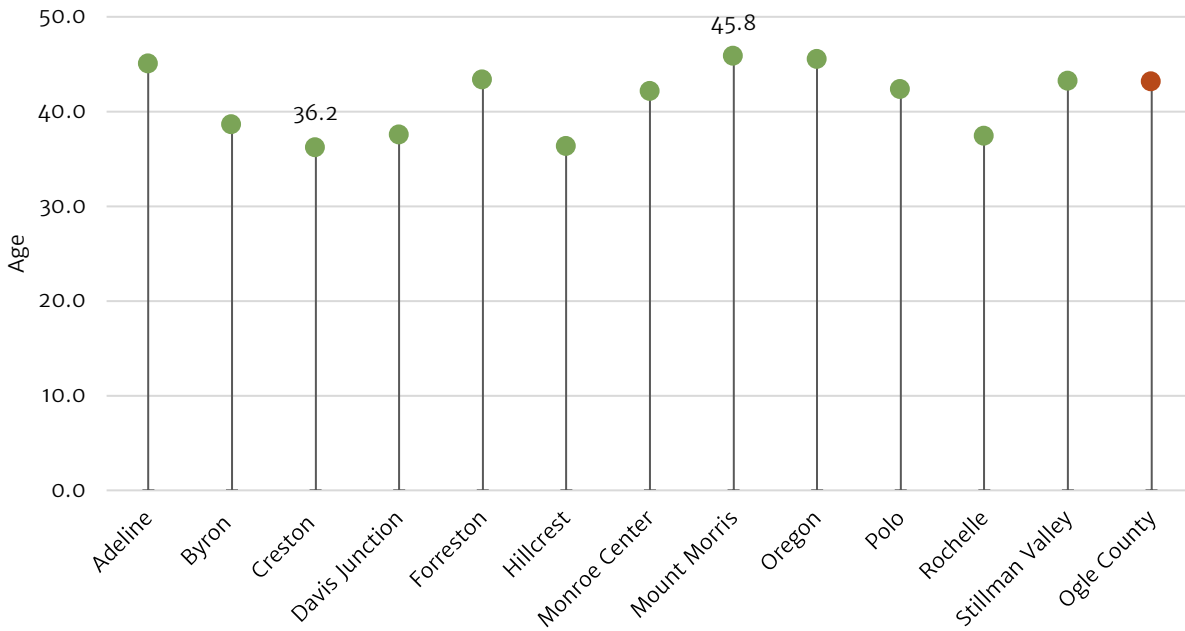
Appendix C: Charts and Figures

Figure 1. Population by Geography (2021)



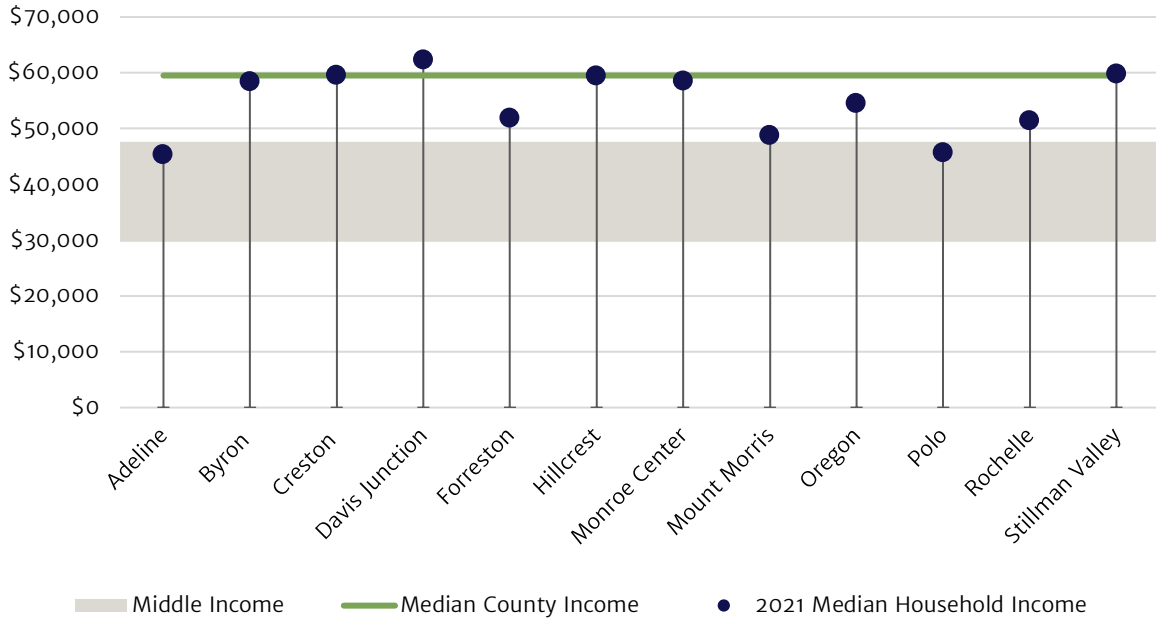
Data Source: ESRI Community Profile

Figure 2. Median Age by Ogle County Geography



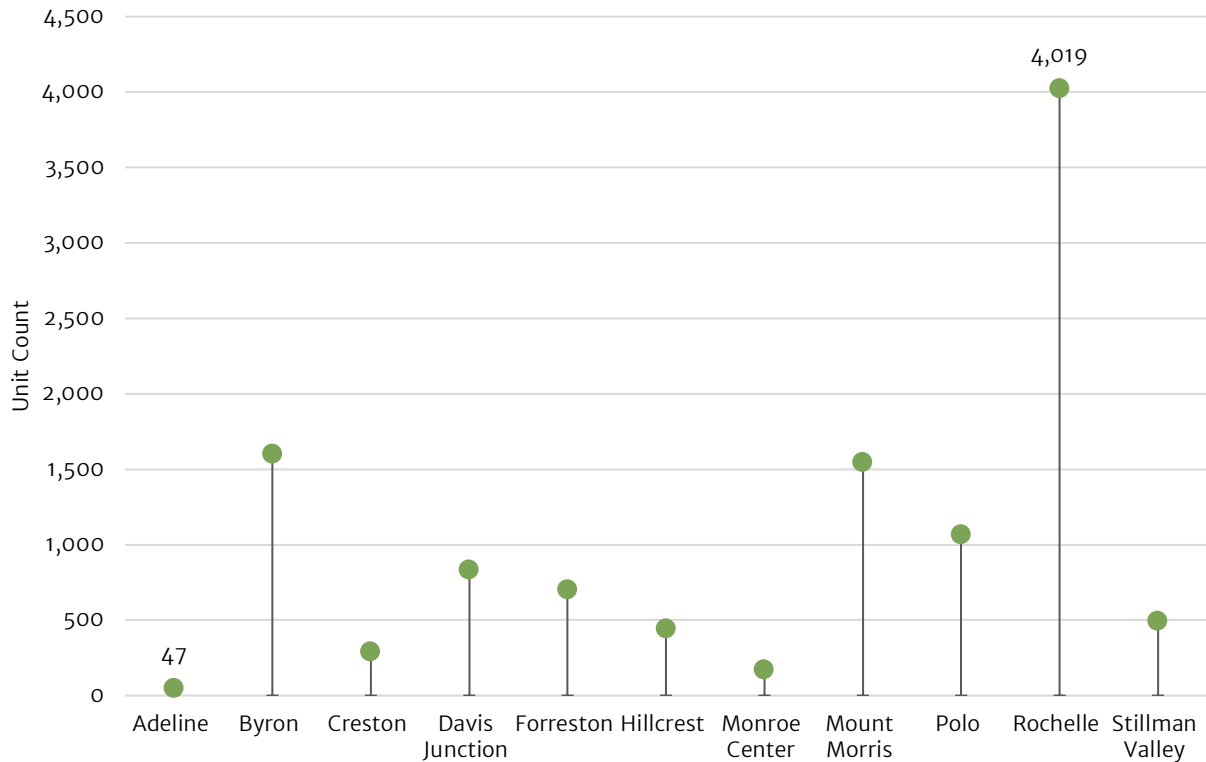
Data Source: ESRI Community Profile

Figure 3. Median Household Income by Geography



Data Source: ESRI Community Profile

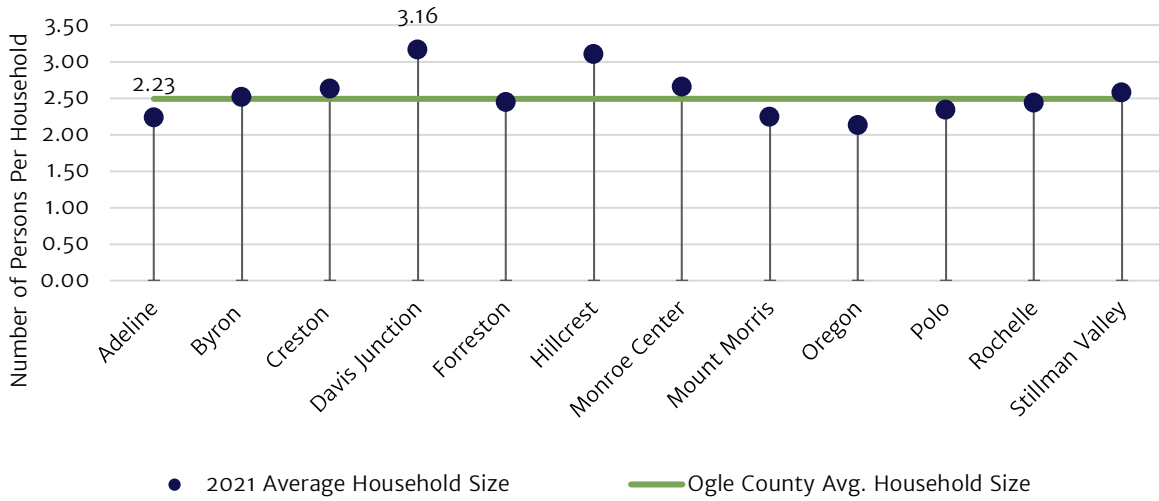
Figure 4. Total Housing Units by Community



Data Source: American Community Survey, 2019 5 Year Estimates, Housing Characteristics.

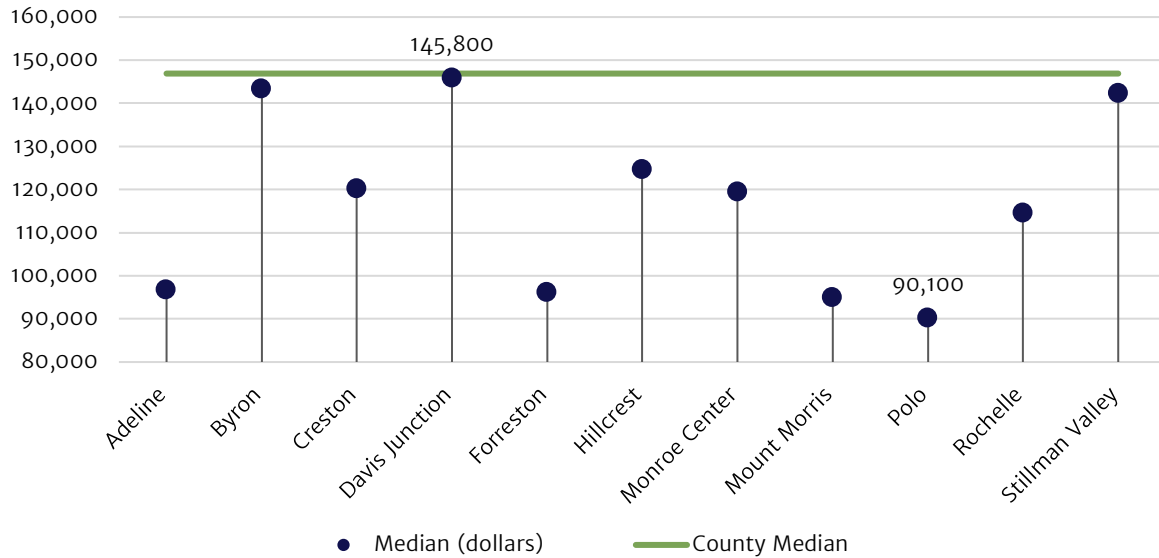
Note: Ogle County has a total of 22,663 housing units. The sum of the housing units shown here is 11,193.

Figure 5. Average Household Size by Geography (2021)



Data Source: ESRI Community Profile

Figure 6. Median Home Values by Community



Data Source: ESRI Community Survey

Figure 7. Trends in Housing Units Sold By Bedroom Size Single Family Detached

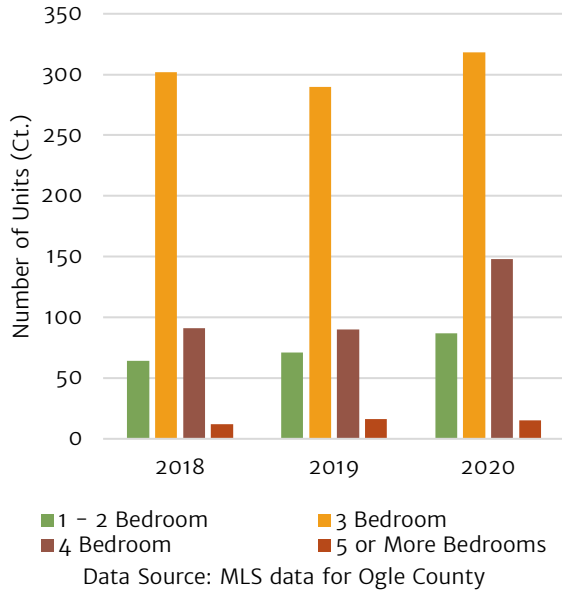
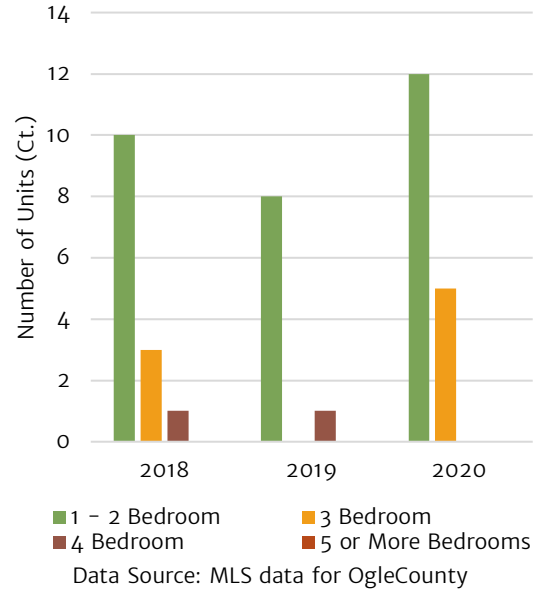


Figure 8. Trends in Housing Units Sold By Bedroom Size Single Family Attached

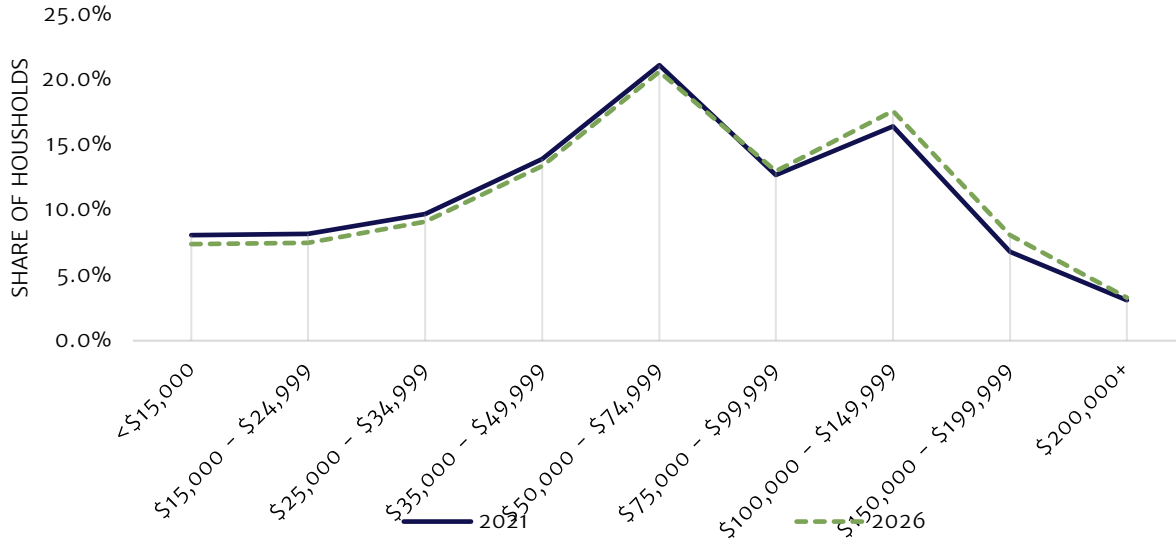


Appendix D: References

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Appendix E: Additional Data

Ogle County Percent of Households by Income (2021 and Projections for 2026)

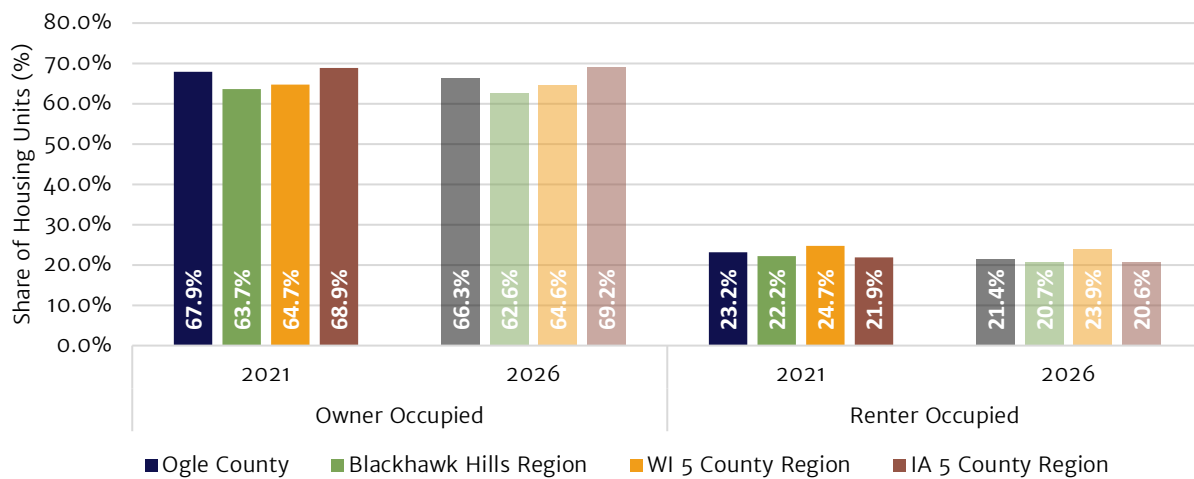


Data Source: ESRI Community Profile for Ogle County.

The chart above shows percent of households by income level for Ogle County between 2021 and 2026. It appears the number of households in income brackets below \$74,999 will decrease over the next four years. It would be hopeful to believe that is due to rising incomes across the board but that is not possible to discern from this graph. Households making \$75,000 or more are projected to increase within each category over the next four years with a near 35.2% increase among those making greater than \$75,000.

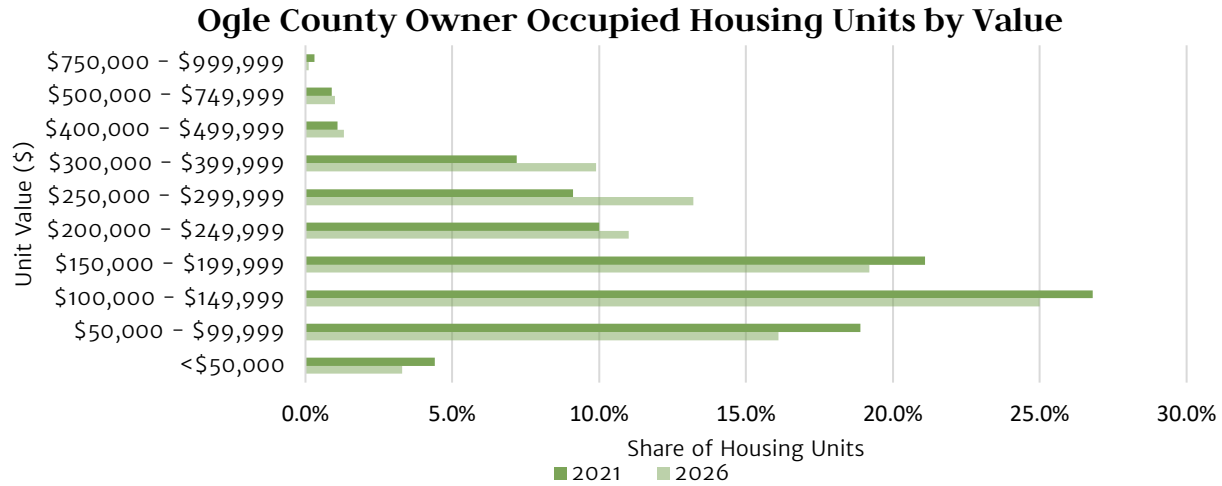
The following graph shows the share of housing tenure in 2021, and a projection to 2026. There is not much change in the projection, but for Ogle County, owner occupied housing units appear to rise slightly, while renter-occupied housing units are projected to decrease slightly.

Ogle Co. Housing Occupancy in 2021 and 2026 Projection

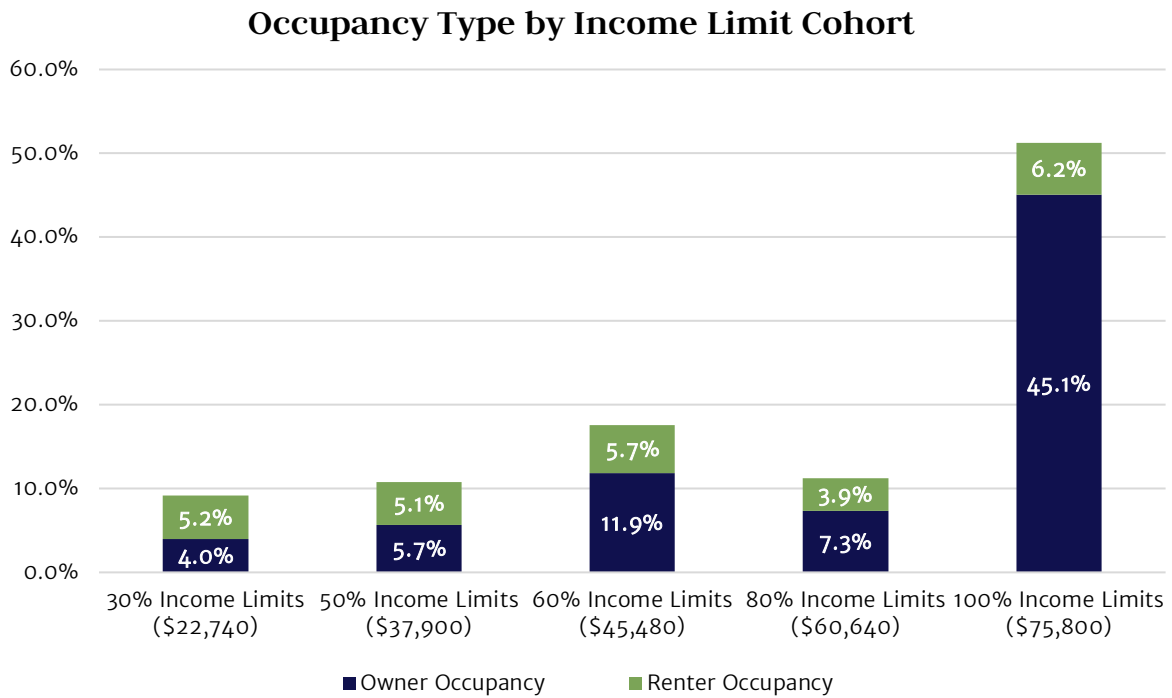


Data Source: ESRI Community Profile for Ogle County.

In Ogle County, about 67% of the owner-occupied housing units are valued between \$50,000-\$199,999, while 4.4% are valued less than \$50,000. As home values are expected to rise into 2026, using the ESRI data, the share of homes valued less than \$200,000 is projected to decrease (7%), while the share of homes \$200,000 or more is projected to increase by roughly the same amount.

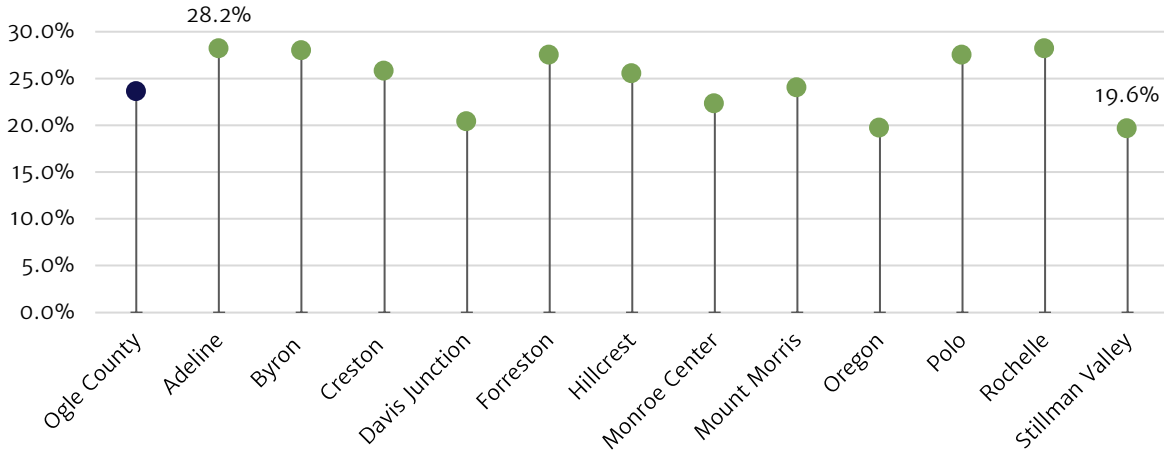


Data Source: ESRI Community Profile for Ogle County. Note: ESRI estimates 15,630 owner-occupied housing units in 2021 and predicts 154 fewer such units in 2026.



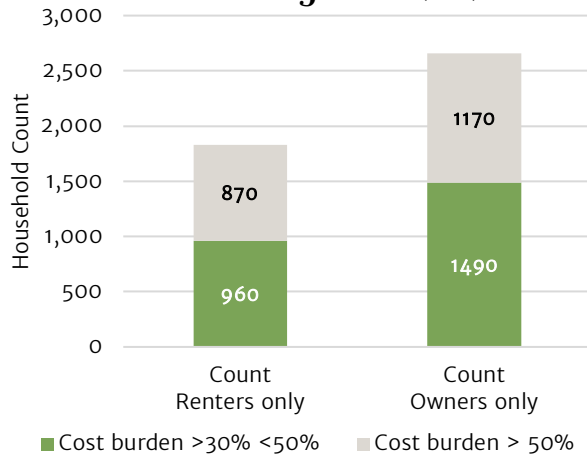
Source: HUD CHAS Data (2014-2018). Total household count was 20,900.

Share of Middle Income Households



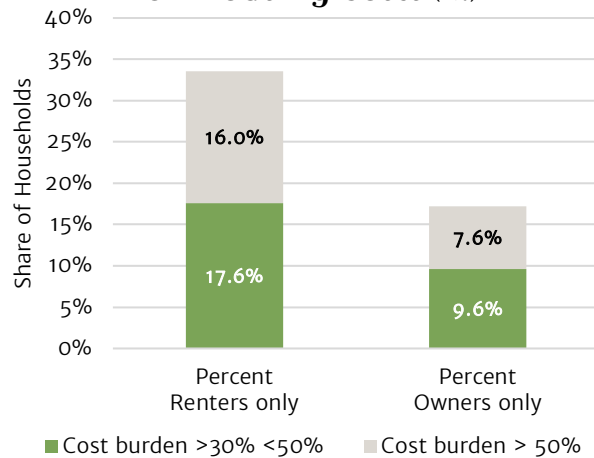
Data Source: ESRI Community Profile, Redevelopment Resources. Note: ESRI has information by income cohorts. The share of households is the sum of households between \$25,000 and \$49,999.

Households Spending Greater than 30% of Income on Housing Costs (Ct.)



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

Households Spending Greater than 30% of Income on Housing Costs (%)



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