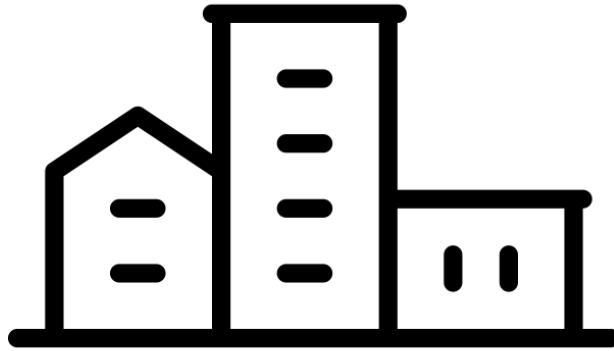


# Affordable Housing in Mount Prospect



Prepared by

Village of Mount Prospect

Community Development Department

**DRAFT**

October 22, 2021

Image credit: Andrejs Kirma, the Noun Project

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## Defining Affordable Housing

The U.S. Department of Housing and Urban Development (HUD) defines cost-burdened households as those “who pay more than 30 percent of their income for housing” and “may have difficulty affording necessities such as food, clothing, transportation, and medical care.” Severe cost burden is defined as paying more than 50 percent of one’s income on housing. The 30-percent threshold is a benchmark used by many federal, state, and local entities for measuring housing affordability. This standard can be traced back to the Fair Housing Act of 1968 and the Brooke Amendment of 1969.<sup>1</sup> “Housing affordability” in broad terms measures how much housing, both owner- and renter-occupied, is affordable to all income levels.

Housing affordability is often used interchangeably with “affordable housing,” which does not have a standard definition but is most often associated with housing dedicated to moderate- and low-income households. The Illinois Affordable Housing Planning and Appeal Act (AHPAA) (310 ILCS 67) defines affordable housing as housing units that are affordable to homeowners earning 80 percent of the Area Median Income (AMI) and renters earning 60 percent of the AMI.<sup>2</sup>

“Workforce housing” is another term that has no standard definition. The broadest interpretation of the term is housing that is affordable to the local workforce. The term is often associated with housing dedicated to middle-income households who earn too much to qualify for traditional housing subsidies.<sup>3</sup> The range of incomes included in this definition varies anywhere from 50 to 140 percent of AMI. This term is also controversial because of its implication that households making less than 50 percent AMI are not participants in the workforce.

Other definitions of “housing affordability” exist, including the Housing Affordability Index<sup>4</sup> by the National Association of Realtors (NAR), the Housing Opportunity Index<sup>5</sup> by the National Association of Home Builders (NAHB), and the Housing and Transportation Affordability Index<sup>6</sup> by the Center for Neighborhood Technology (CNT).

Regardless of the definition used, housing affordability is a growing challenge in many places in the United States. Local Housing Solutions (a collaborative project of the NYU Furman Center and Abt Associates) identifies four main reasons for this:

- 1) Wages have not kept pace with housing costs;
- 2) Developing and operating new housing is costly;
- 3) Regulation can restrict the supply of new housing; and
- 4) Federal funding for housing assistance has been declining for decades.<sup>7</sup>

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<sup>1</sup> HUD PD&R, 2014. “[Rental Burdens: Rethinking Affordability Measures.](#)”

<sup>2</sup> Illinois Housing Development Authority, 2018. “[Affordable Housing Planning and Appeal Act: 2018 Non-Exempt Local Government Handbook.](#)”

<sup>3</sup> Brookings Institute, 2019. “[Workforce housing and middle-income housing subsidies: A primer.](#)”

<sup>4</sup> National Association of Realtors, 2021. “[Housing Affordability Index.](#)”

<sup>5</sup> National Association of Home Builders, 2021. “[NAHB/Wells Fargo Housing Opportunity Index \(HOI\).](#)”

<sup>6</sup> Center for Neighborhood Technology, 2021. “[H+T Index.](#)”

<sup>7</sup> Local Housing Solutions, 2021. “[4 Reasons Why Housing is Unaffordable.](#)”

## Defining Area Median Income (AMI) and Affordability

When discussing housing affordability, households (all the people who occupy a housing unit, regardless of their relation to one another) are generally grouped into income tiers by comparing their household income to the “Area Median Income” (AMI). If the median annual household income is \$50,000, a household at 50 percent AMI is earning \$25,000 per year. HUD income tiers are as follows:

- Middle Income = 100 – 120% AMI
- Moderate Income = 80 – 100% AMI
- Low income = 50 – 80% AMI
- Very low income = 30 – 50% AMI
- Extremely low income = < 30% AMI

AMI figures are sourced from the American Community Survey (ACS) produced each year by the US Census Bureau. AMI varies depending on the chosen “area” (geography). Median income for households strictly within Mount Prospect’s boundaries will be different from median income for the county or metropolitan area. HUD and IHDA (the Illinois Housing Development Authority) calculate AMI on a regional basis that encompasses the metropolitan area.

Once AMI is established, HUD calculates 1) income limits adjusted for household size; and 2) rent limits adjusted for unit size. Income limits represent the maximum income for a household to qualify for assistance. Rent limits represent the maximum rent that can be charged for subsidized units. IHDA publishes annual affordability charts for the Chicago Metropolitan Statistical Area (MSA) based on the HUD numbers. This report utilizes the HUD and IHDA figures unless otherwise noted.

## Mount Prospect Affordability Charts

What kind of housing is affordable, and to whom? For a Mount Prospect household earning 100 percent of AMI (\$73,234 per year<sup>8</sup>) an affordable housing unit (rented or owned) would cost no more than \$1,831 per month. For a household earning 60 percent of AMI (\$43,940 per year), an affordable unit would cost no more than \$1,099 per month. Figure 1 shows how much a household would pay for affordable housing (no more than 30 percent of their income) at different income levels.

*Figure 1: Mount Prospect Affordable Units at Various Income Levels*

2019 AMI	Very Low	Low		Middle			High	
	30%	40%	60%	80%	100%	120%	150%	200%
<b>Income</b>	\$21,970	\$29,294	\$43,940	\$58,587	\$73,234	\$87,881	\$109,851	\$146,468
<b>Yearly Housing Costs @ 30%</b>	\$6,591	\$8,788	\$13,182	\$17,576	\$21,970	\$26,364	\$32,955	\$43,940
<b>Monthly Housing Costs @ 30%</b>	\$549	\$732	\$1,099	\$1,465	\$1,831	\$2,197	\$2,746	\$3,662

Note that these numbers are not adjusted for household size or housing unit size. The unadjusted numbers provide an overall measure of affordability and are used by IHDA for certain purposes, such as conducting the Affordable Rental Unit Survey (ARUS) or calculating affordable housing share for AHPAA.

<sup>8</sup> For their [2021 Affordable Rental Unit Survey \(ARUS\)](#), IHDA calculated an Area Median Income (AMI) for the region (including Cook, DeKalb, DuPage, Grundy, Kane, Kendall, Lake, McHenry, and Will Counties) using 2019 American Community Survey 5-year estimates.

IHDA publishes annual affordability charts for the Chicago MSA, with income limits adjusted for household size and rent limits adjusted for unit size. These charts are used for determining eligibility for IHDA programs as well as a “rule of thumb” for what constitutes an affordable unit in the Chicago MSA. Figure 2 shows the 2021 income limits at various income tiers. Figure 3 shows the 2021 affordable rent limits at various income tiers.

*Figure 2: IHDA Schedule of Maximum Annual Income Limits for Most of Its Housing Programs, Chicago MSA, 2021<sup>9</sup>*

		Household Size					
		1 Person	2 People	3 People	4 People	5 People	6 People
Household Income as % of AMI	120%	\$78,360	\$89,520	\$100,680	\$111,840	\$120,840	\$129,840
	80%	\$52,200	\$59,650	\$67,100	\$74,550	\$80,550	\$86,500
	60%	\$39,180	\$44,760	\$50,340	\$55,920	\$60,420	\$64,920
	40%	\$26,120	\$29,840	\$33,560	\$37,280	\$40,280	\$43,280
	20%	\$13,060	\$14,920	\$16,780	\$18,640	\$20,140	\$21,640

*Figure 3: IHDA Schedule of Maximum Monthly Gross Rents for Multifamily Programs, Chicago MSA, 2021<sup>10</sup>*

		Housing Unit Size				
		Studio	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms
Max Rents for Households by % AMI	120%	\$1,959	\$2,098	\$2,517	\$2,908	\$3,246
	80%	\$1,305	\$1,398	\$1,677	\$1,938	\$2,162
	60%	\$979	\$1,049	\$1,258	\$1,454	\$1,623
	40%	\$653	\$699	\$839	\$969	\$1,082
	20%	\$326	\$349	\$419	\$484	\$541

<sup>9</sup> Illinois Housing Development Authority, June 1 2021. [2021 Income and Rent Limits](#).

<sup>10</sup> Illinois Housing Development Authority, June 1 2021. [2021 Income and Rent Limits](#).

## The Housing Continuum

Housing exists in many forms to meet a wide variety of needs and income levels. The “Housing Continuum” in Figure 4 illustrates this variety. Housing planning is a tool that can support housing development that meets the needs of the community. This includes providing basic shelter for households in crisis, moving households along the continuum to permanent housing, and supporting homeownership and home investment.

Figure 4: The Housing Continuum<sup>11</sup>



Dedicated affordable units and associated housing subsidies are typically limited to households that are considered low, very low, or extremely low income. The income thresholds and eligibility requirements vary depending on the agency administering the program and the type of unit.

Market-rate housing is housing that is priced according to market supply and demand. Market-rate housing can be very expensive or very affordable depending on its location, condition, and other factors. Market-rate housing that is affordable to moderate or low-income households is sometimes referred to as NOAH, “Naturally Occurring Affordable Housing,” because it is affordable without subsidies or legal restrictions.

<sup>11</sup> Adapted from 2020 International Housing Association, [IHA Housing Continuum](#).

## Mount Prospect Housing<sup>12</sup>

Mount Prospect has a total population of 56,852<sup>13</sup>, with a median household income of \$79,733 and a poverty rate of 6.7 percent. 67 percent of Mount Prospect residents identify as White non-Hispanic, 15 percent identify as Hispanic or Latino, 12 percent identify as Asian, and 3 percent identify as Black or African American. About 30 percent of the population is foreign-born. The median age is 40.4.

Figure 5: Mount Prospect, Cook County, and CMAP Region Demographics<sup>14</sup>

	Mount Prospect	Cook County	CMAP Region
<b>Total Population</b>	56,852	5,275,541	8,577,735
<b>Median Household Income</b>	\$79,733	\$64,660	\$73,572
<b>% White non-Hispanic</b>	67%	42%	51%
<b>% Hispanic or Latino</b>	15%	25%	23%
<b>% Asian</b>	12%	7%	7%
<b>% Black or African American</b>	3%	23%	17%
<b>% Foreign-born</b>	30%	21%	19%
<b>Median Age</b>	40.4	36.8	37.5

<sup>12</sup> The Village demographics and housing statistics cited in this section are from the U.S. Census Bureau 2019 ACS 5-year estimates unless otherwise noted.

<sup>13</sup> 2020 United States Census.

<sup>14</sup> Chicago Metropolitan Agency for Planning, August 2021. "[Mount Prospect Community Data Snapshot.](#)"



Single-family housing is the predominant housing type. About 61 percent of local units are single-family while 39 percent are multi-family (see Figure 6). 69 percent of housing units in Mount Prospect are owner-occupied, versus 31 percent of housing units that are renter-occupied. Multi-family units are generally concentrated in the southern portion of the Village in close proximity to the I-90 corridor. A significant amount of this housing was developed in unincorporated Cook County and subsequently annexed into the Village during the 1960s and 1970s. 81 percent of Mount Prospect's housing stock was built before 1980.

The median value of owner-occupied housing was \$330,200 in 2019, which represents an 11 percent increase since 2013 (\$296,300). The 2019 ACS reported 1,271 vacant housing units (5.8 percent). Overall there is very little undeveloped land in Mount Prospect – less than 1 percent (47 acres) of the land area is classified as vacant land.<sup>15</sup>

Figure 6: Mount Prospect Housing Characteristics<sup>16</sup>

	Number	Percent
<b>Occupied Housing Units</b>	20,795	94%
<b>Single-family</b>	13,533	61%
<b>Multi-family</b>	8,490	39%
<b>Owner-occupied</b>	14,427	69%
<b>Renter-occupied</b>	6,368	31%
<b>Median Year Built</b>	1968	-
<b>Median Value Owner-Occupied</b>	\$330,200	-
<b>Vacant Housing Units</b>	1,271	6%
<b>Vacant Land</b>	47 acres	<1%

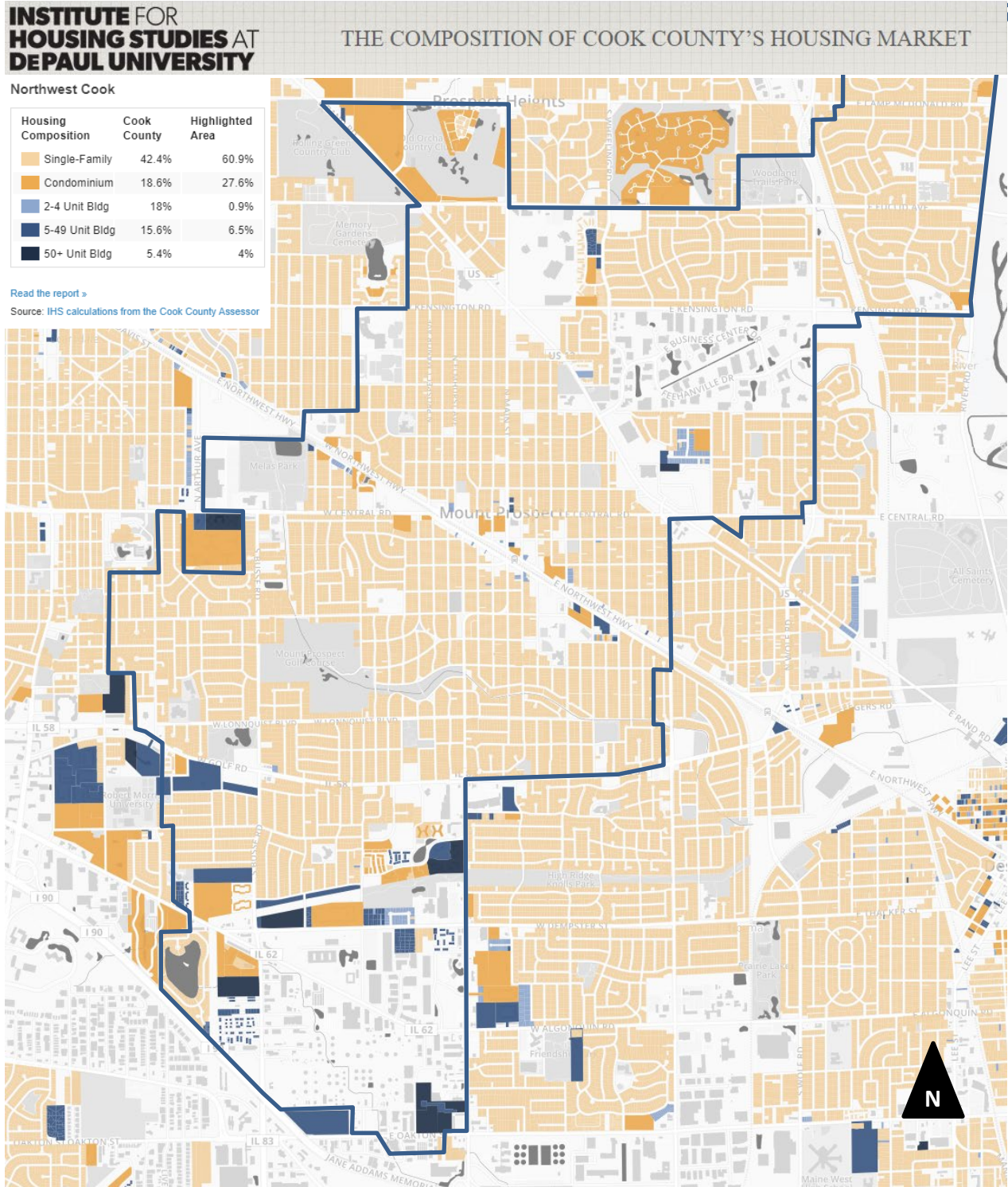
The Institute for Housing Studies at DePaul University provides housing market indicators for municipalities in the Chicago MSA through an online portal. According to these data, residential sales activity in Mount Prospect has held steady since 2013, between 4.4 and 4.8 sales per 100 residential parcels, up from a low of 2.1 in 2008. Mortgage activity has seen an uptick in 2020, driven by an increase in single-family mortgage recordings. Foreclosure filings leveled off in 2014, from 0.1 to 0.4 filings per 100 residential parcels, down from a high of 2.0 in 2010. Total auction activity and REO per 100 residential parcels has declined each year since 2012.<sup>17</sup> These statistics suggest that the Mount Prospect housing market has recovered from the Great Recession and Foreclosure Crisis that began in 2008. It is important to note that the Coronavirus pandemic of 2020-2021 is influencing the housing market and the full effects are yet to be quantified.

<sup>15</sup> Chicago Metropolitan Agency for Planning, August 2021. "[Mount Prospect Community Data Snapshot.](#)"

<sup>16</sup> Chicago Metropolitan Agency for Planning, August 2021. "[Mount Prospect Community Data Snapshot.](#)"

<sup>17</sup> Institute for Housing Studies at DePaul University, 2021. "[Housing Market Indicators Data Portal.](#)"

Figure 7: Mount Prospect Single- and Multi-family Housing<sup>18</sup>



<sup>18</sup> Institute for Housing Studies at DePaul University, 2019. [“The Composition of Cook County’s Housing Market.”](#)

## Housing Submarkets

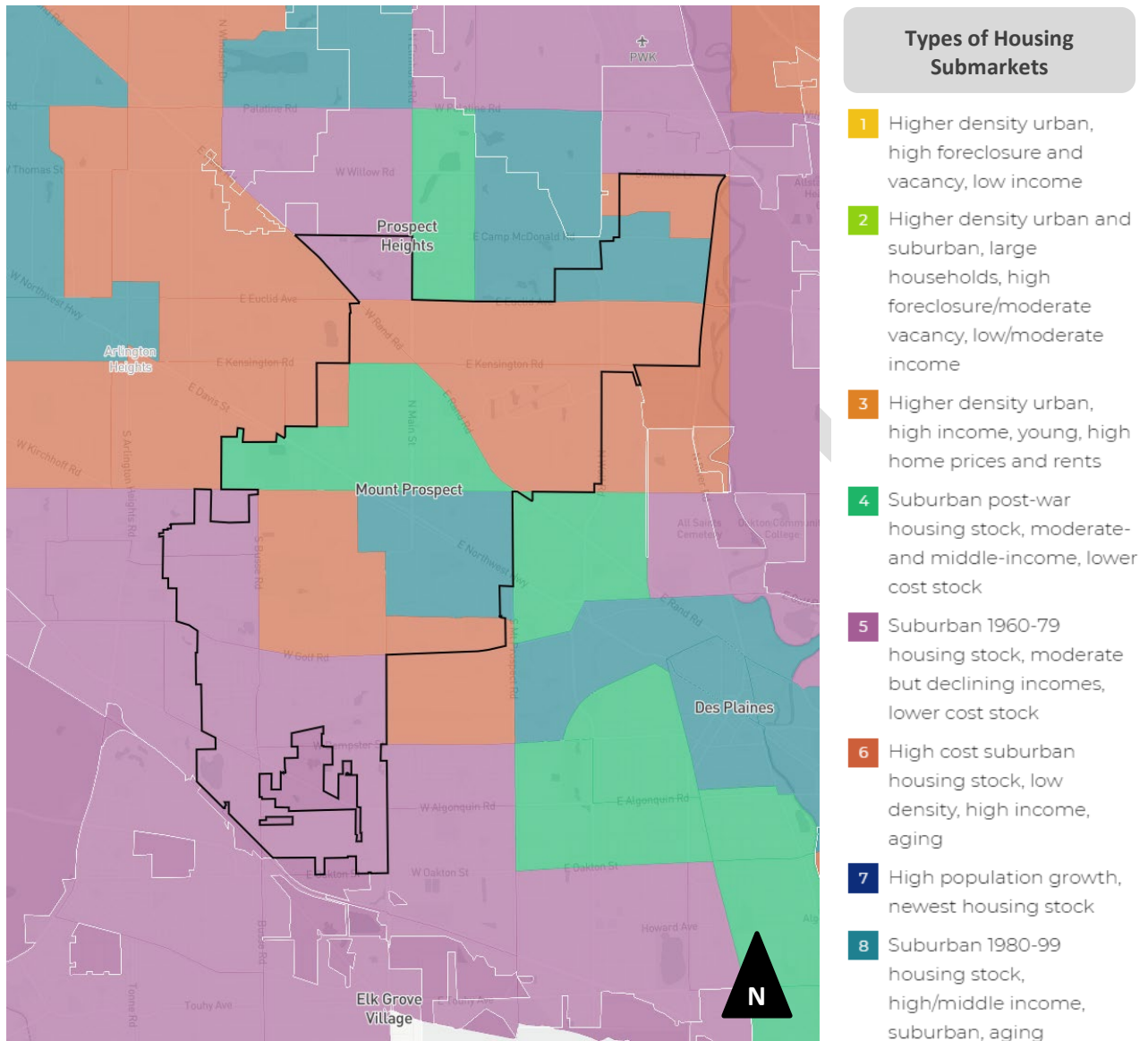
Mount Prospect is located within a large metropolitan housing market that encompasses a seven-county region in Northeastern Illinois. Regional Housing Solutions, a collaboration between four local planning and municipal organizations, identified eight distinct subregional housing markets in this area. Each submarket shares common characteristics in terms of housing stock and affordability, housing market activity, resident demographics, and socioeconomic indicators. The study identified 4 submarkets within Mount Prospect, detailed in Figure 8.

Figure 8: Regional Housing Submarkets in Mount Prospect<sup>19</sup>

Submarket	Percent	Characteristics	Issues
<a href="#">Submarket 6</a>	42%	<ul style="list-style-type: none"> <li>~ High cost suburban housing stock</li> <li>~ Low density</li> <li>~ High income</li> <li>~ Aging population</li> </ul>	<ul style="list-style-type: none"> <li>~ Community resistance</li> <li>~ Growing senior population</li> <li>~ Need for more diverse housing options</li> <li>~ Economic development implications</li> </ul>
<a href="#">Submarket 5</a>	29%	<ul style="list-style-type: none"> <li>~ Suburban 1960-79 housing stock</li> <li>~ Moderate but declining incomes</li> <li>~ Lower cost stock</li> </ul>	<ul style="list-style-type: none"> <li>~ Attracting investment</li> <li>~ Code issues</li> <li>~ Weak market demand</li> <li>~ Rehabilitation challenges</li> <li>~ Proximity</li> </ul>
<a href="#">Submarket 8</a>	16%	<ul style="list-style-type: none"> <li>~ Suburban 1980-99 housing stock</li> <li>~ High/middle income</li> <li>~ Suburban</li> <li>~ Aging population</li> </ul>	<ul style="list-style-type: none"> <li>~ Attracting younger families</li> <li>~ Need for more diverse housing options</li> <li>~ Accessibility and visitability</li> </ul>
<a href="#">Submarket 4</a>	13%	<ul style="list-style-type: none"> <li>~ Suburban post-war housing stock</li> <li>~ Moderate- and middle-income</li> <li>~ Lower cost stock</li> </ul>	<ul style="list-style-type: none"> <li>~ “Setting the table” for development</li> <li>~ Form matches current demand</li> <li>~ Rehabilitation challenges</li> <li>~ Moderate cost but rising levels of cost burden</li> </ul>

<sup>19</sup> Regional Housing Solutions, 2017. [“What is a Submarket?”](#)

Figure 9: Mount Prospect Housing Submarkets<sup>20</sup>



<sup>20</sup> Regional Housing Solutions, 2017. [Housing Submarkets Map](#).

## Affordable Housing Share

Every five years, IHDA estimates the proportion of housing units in each municipality in Illinois that are affordable to homebuyers at 80 percent of the Area Median Income (AMI) and renters at 60 percent of the AMI. The most recent data available are from the 2018 Report on Statewide Local Government Affordability which estimates 5,174 total affordable units in Mount Prospect, or roughly 25.7 percent of all units.<sup>21</sup>

Figure 10 lists several surrounding municipalities and their affordable housing share as calculated by IHDA. These figures include dedicated and market-rate affordable owner and rental units.

*Figure 10: Share of Housing Units Considered Affordable, 2018*

Place	Population	Total Year-Round Units	Total Affordable Units	Affordable Housing Share
Glenview	46,559	16,782	1,223	7.3%
Park Ridge	37,567	13,834	1,112	8.0%
Arlington Heights	75,721	30,428	5,824	19.1%
Hoffman Estates	51,727	17,623	4,392	24.9%
Mount Prospect	54,552	20,171	5,174	25.7%
Elk Grove Village	33,251	13,277	3,614	27.2%
Palatine	69,098	26,402	7,660	29.0%
Schaumburg	74,366	29,982	8,972	29.9%
Buffalo Grove	41,554	15,557	4,674	30.0%
Des Plaines	58,755	21,842	7,327	33.5%
Rolling Meadows	23,377	8,829	3,005	34.0%
Prospect Heights	16,331	5,979	2,205	36.9%

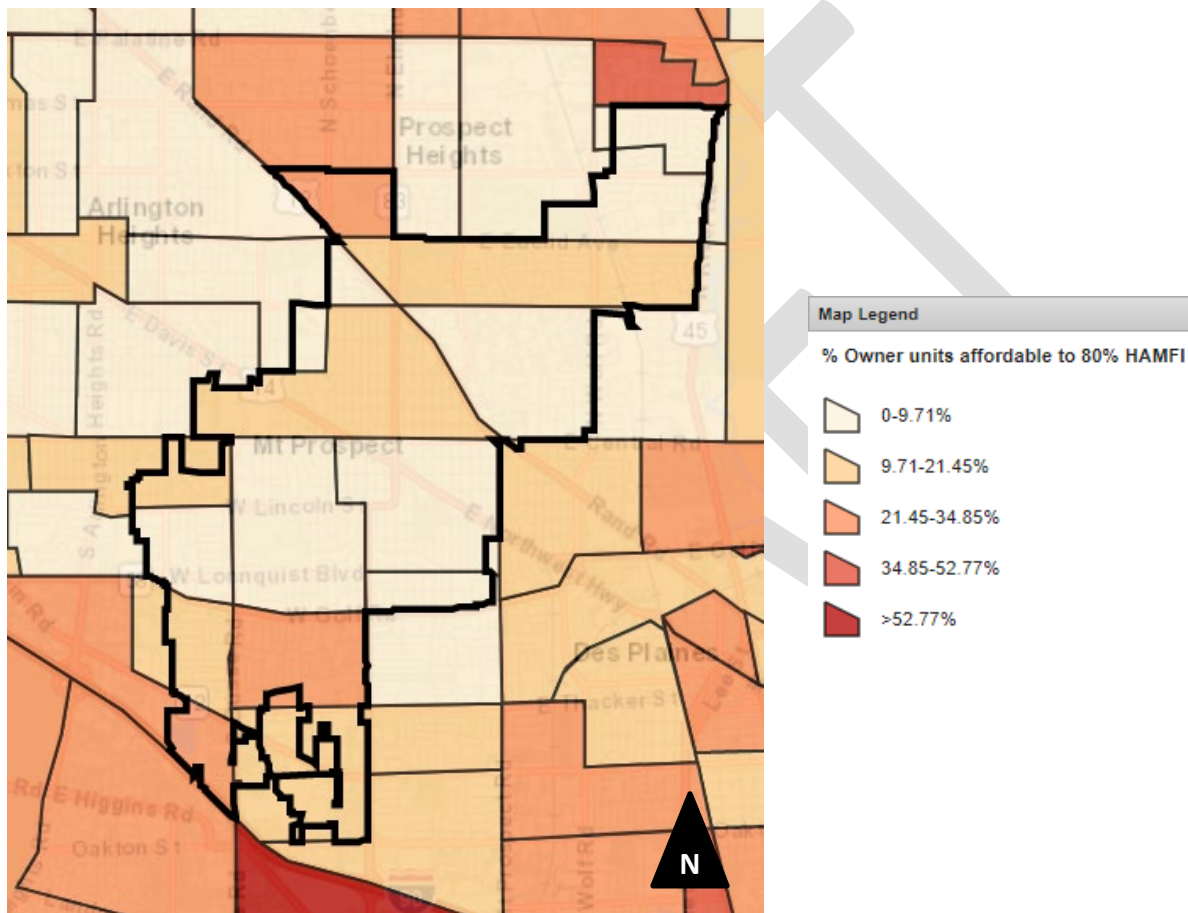
According to the Affordable Housing Planning and Appeal Act (AHPAA) (310 ILCS 67), local governments with less than 10 percent affordable housing share are required to submit an Affordable Housing Plan to IHDA; however, the agency has no authority to penalize or incentivize compliance with this statute.

<sup>21</sup> [2018 Report on Statewide Local Government Affordability](#). IHDA calculated the affordable housing share using data from the 2016 American Community Survey (ACS) 5 Year Estimates. The median income for the Chicago metropolitan statistical area (MSA) was estimated at \$63,327.

## Affordable Owner Units

As indicated by the HUD Office of Community Planning and Development (CPD) Map in Figure 11, the highest concentration of owner units affordable to households earning 80 percent of AMI are south of Golf Road. There are additional bands of affordable owner units north of Central Road and west of Rand Road, and between Euclid Avenue and Kensington Road in the north portion of the Village.

Figure 11: Owner Units Affordable to 80% AMI<sup>22</sup>



<sup>22</sup> HUD Office of Community Planning and Development, 2021. "[CPD Maps.](#)"

IHDA estimates of affordable purchase prices for households at 80 percent AMI are shown in Figure 12. IHDA produces these estimates by dividing the HUD income limit by .36, which provides a rough approximation of an affordable purchase price and monthly mortgage payment that includes principal, interest, insurance, and assessments.<sup>23</sup> These figures are not adjusted for the size of the housing unit.

*Figure 12: Owner Occupied Affordability Chart for Chicago Metro Area, 2021<sup>24</sup>*

	Household Size					
	1 Person	2 People	3 People	4 People	5 People	6 People
<b>2021 Income Limits (80% AMI)</b>	\$52,200	\$59,650	\$67,100	\$74,550	\$80,550	\$86,500
<b>Affordable Purchase Price</b>	\$145,000	\$165,694	\$186,389	\$207,083	\$223,750	\$240,278

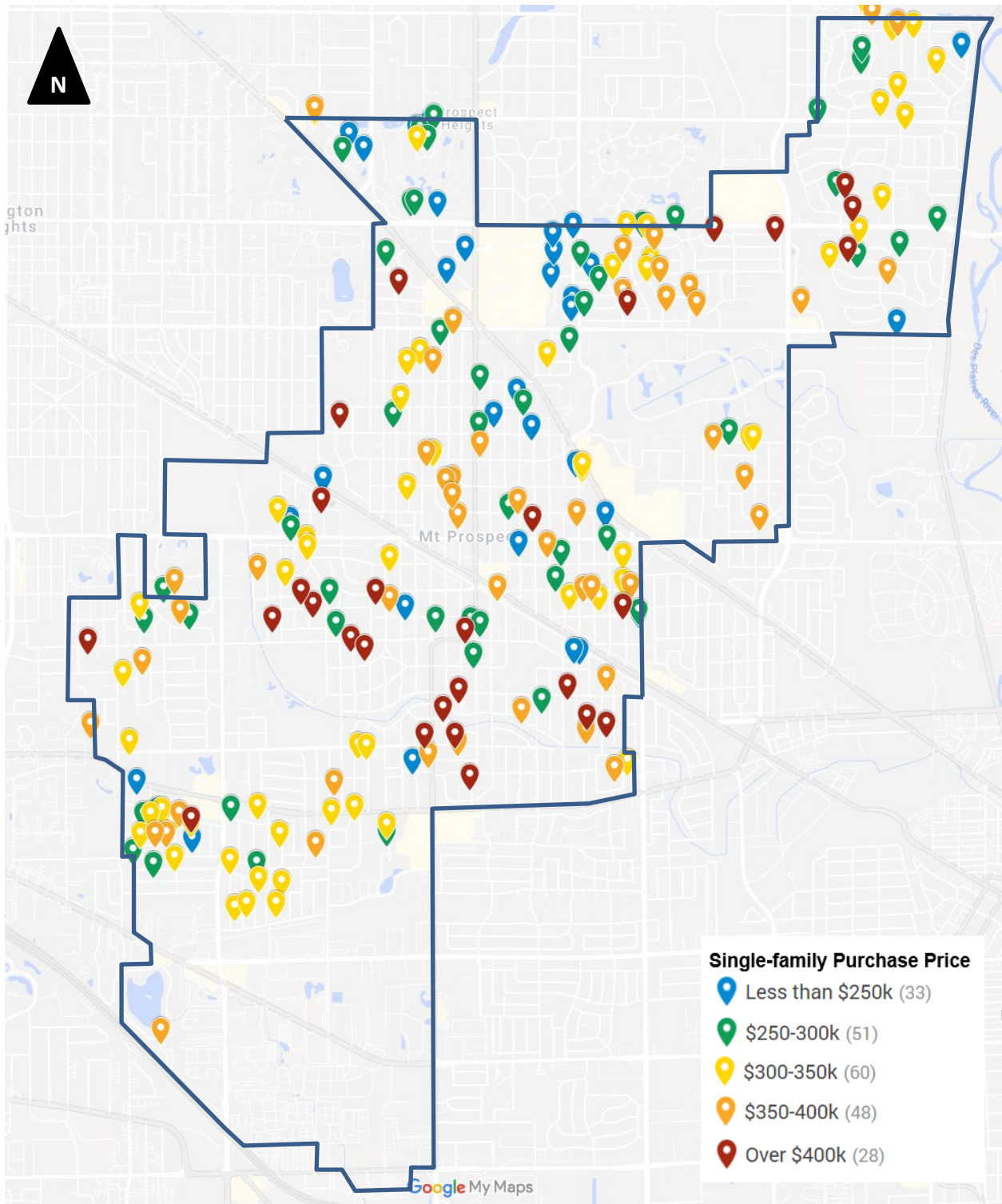
Single-family home sales data from Redfin are shown in Figure 13. As described earlier, the median value of homes in Mount Prospect in 2019 was \$330,200. Single-family homes selling near median value (\$300-350k) are depicted with yellow markers, homes selling under \$300,000 are depicted with green and blue markers, and homes selling over \$350,000 are shown with orange and red markers. Single-family homes affordable to households at 80 percent AMI (see Figure 12) are indicated by blue markers, though purchase price alone does not determine affordability.

Condominium sales data from Redfin are shown in Figure 14. Lower sales prices are depicted with green and blue markers, and higher sales prices are depicted with orange and red markers. Condominiums can generally be a more affordable option than a single-family home. Condominiums affordable to households at 80 percent AMI (see Figure 12) are indicated by the blue, green, yellow, and orange markers, though purchase price alone does not determine affordability.

<sup>23</sup> Illinois Housing Development Authority, 2020. [2020 Owner-Occupied and Rental Unit Affordability Charts](#).

<sup>24</sup> Illinois Housing Development Authority, 2021. [2021 Income and Rent Limits](#).

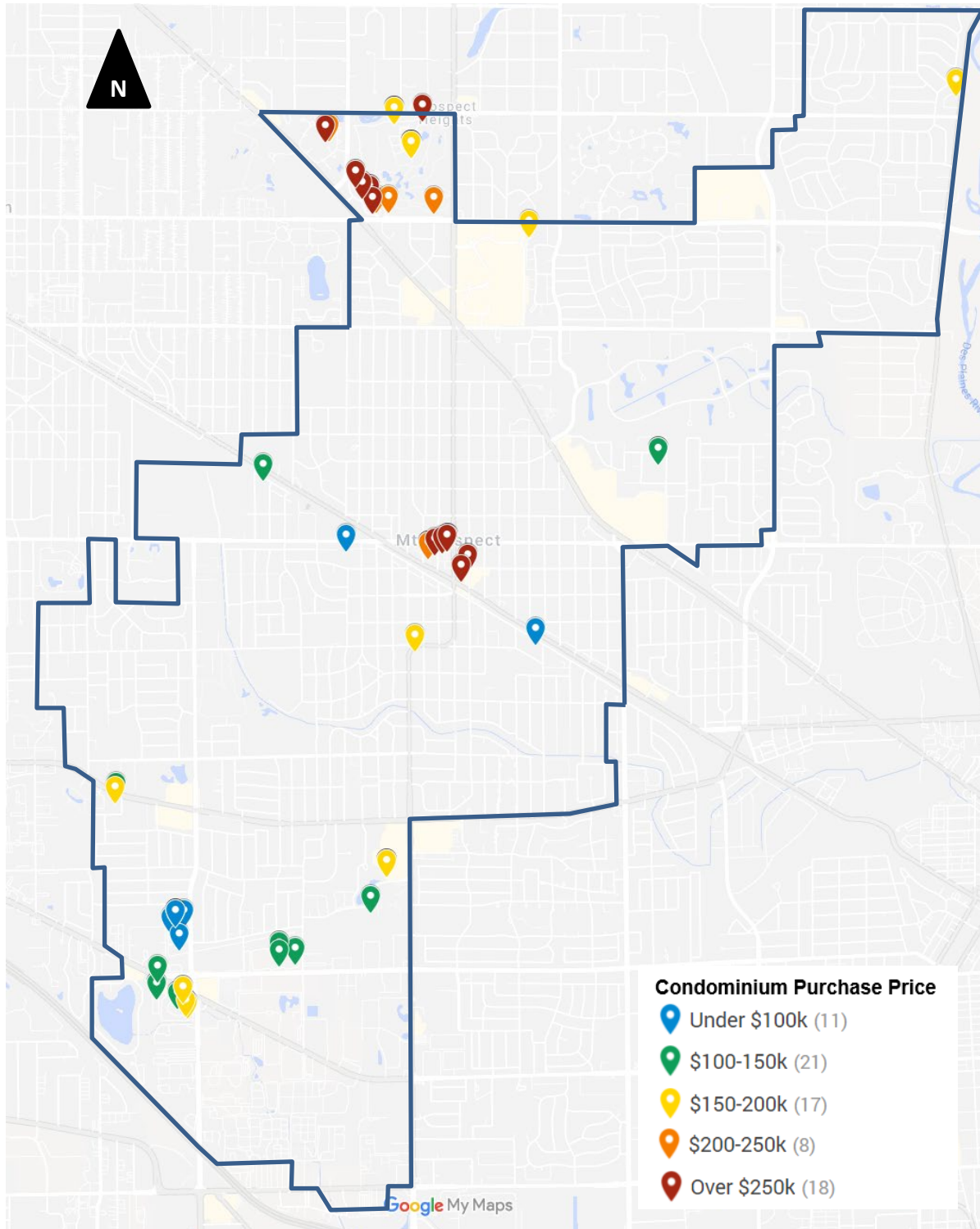
Figure 13: Mount Prospect Single Family Home Sales, Last 5 Years<sup>25</sup>



<sup>25</sup> Redfin.com, October 14, 2021. Mount Prospect Single-Family Homes Sold in Last Five Years. Map generated by Community Development Department using Redfin data imported into Google My Maps.



Figure 14: Mount Prospect Condominium Sales, Last 5 Years<sup>26</sup>



<sup>26</sup> Redfin.com, October 14, 2021. Mount Prospect Condominium Homes Sold in Last Five Years. Map generated by Community Development Department using Redfin data imported into Google My Maps.

## Affordable Rental Units

IHDA produces an Affordable Rental Unit Survey (ARUS) using Census data to estimate the number and percentage of affordable rental units by census tract in Illinois (see Figure 15). These figures include dedicated and market-rate affordable rental units. According to this analysis, about 21 percent - or 2,406 rental units - in Village census tracts are affordable to households earning 60 percent of AMI. Note that some census tracts include areas outside of Mount Prospect's boundaries (the data are not available at the census block level).

Figure 15: Affordable Rental Units in Mount Prospect Census Tracts<sup>27</sup>

AMI = \$73,234 <sup>28</sup>	Annual HH Gross Income	Affordable Monthly Rent for HH (30% Gross Income)	# of Rental Units Affordable for HH	% of All Rental Units Affordable for HH
20%	\$14,647	\$366	280	2%
30%	\$21,970	\$549	688	6%
40%	\$29,294	\$732	840	7%
50%	\$36,617	\$915	1,102	10%
60%	\$43,940	\$1,099	2,406	21%
70%	\$51,264	\$1,282	4,884	43%
80%	\$58,587	\$1,465	7,709	68%

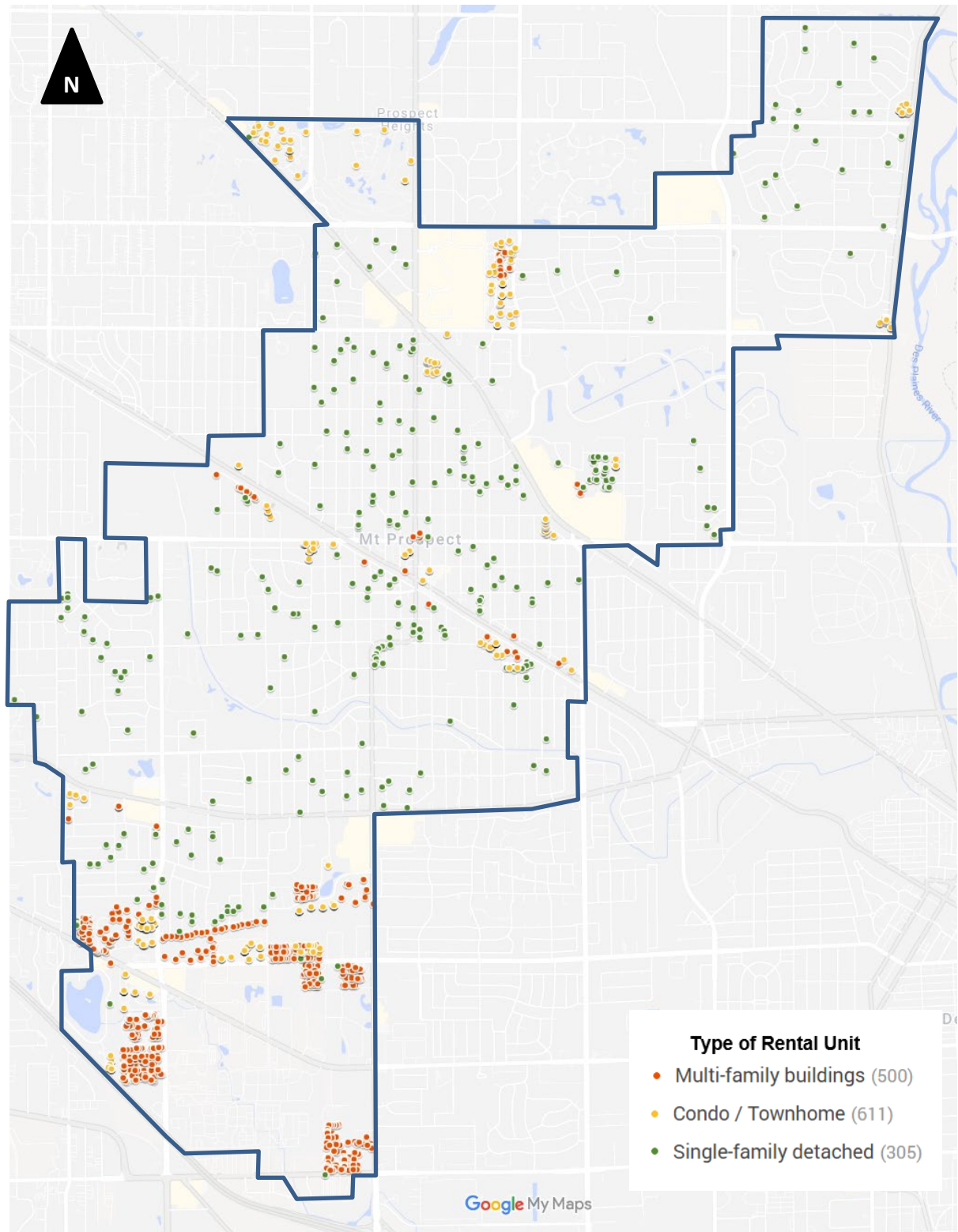
## Market-rate Affordable Rental Units

Property owners must obtain a rental license from the Village of Mount Prospect in order to lease residential units. This license is required for all rental units, regardless of size or price. As of October 2021 there were a total of 1,416 active rental licenses on file. Figure 16 shows all licensed rental units throughout the Village. Figure 17 zooms in to rental units in the downtown area, with circles depicting a .5-mile and 1-mile radius from the Mount Prospect Metra train station.

<sup>27</sup> Illinois Housing Development Authority, 2021. [Affordable Rental Unit Survey](#).

<sup>28</sup> The IHDA 2021 ARUS was calculated using the median income for the Chicago MSA from the 2019 ACS 5-year estimates.

Figure 16: Mount Prospect Rental Licenses<sup>29</sup>



<sup>29</sup> Village of Mount Prospect Rental License Records, October 2021. Map generated by Community Development Department using Google My Maps.

Figure 17: Mount Prospect Rental Licenses, In or Near Downtown<sup>30</sup>



<sup>30</sup> Village of Mount Prospect Rental License Records, October 2021. Map generated by Community Development Department using Google My Maps.

As described in the introduction, market-rate affordable units lack subsidy or legal restrictions.

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Figure 19 presents a sample of average asking rents at market-rate multi-family properties around town, as reported on CoStar and gathered from rental listings posted on the internet and staff phone / email inquiries to building owners. While not an exhaustive market study, the data provide some insight into the market-rate affordable rental stock in Mount Prospect.

Figure 3: IHDA Schedule of Maximum Monthly Gross Rents for Multifamily Programs, Chicago MSA, 2021 is reproduced below to show affordable rents by unit type and household income level. The monthly rent range considered affordable to households at 60 percent AMI is \$979 for a studio and up to \$1,454 for a 3-bedroom unit. (None of the properties surveyed reported units larger than 3-bedroom.)

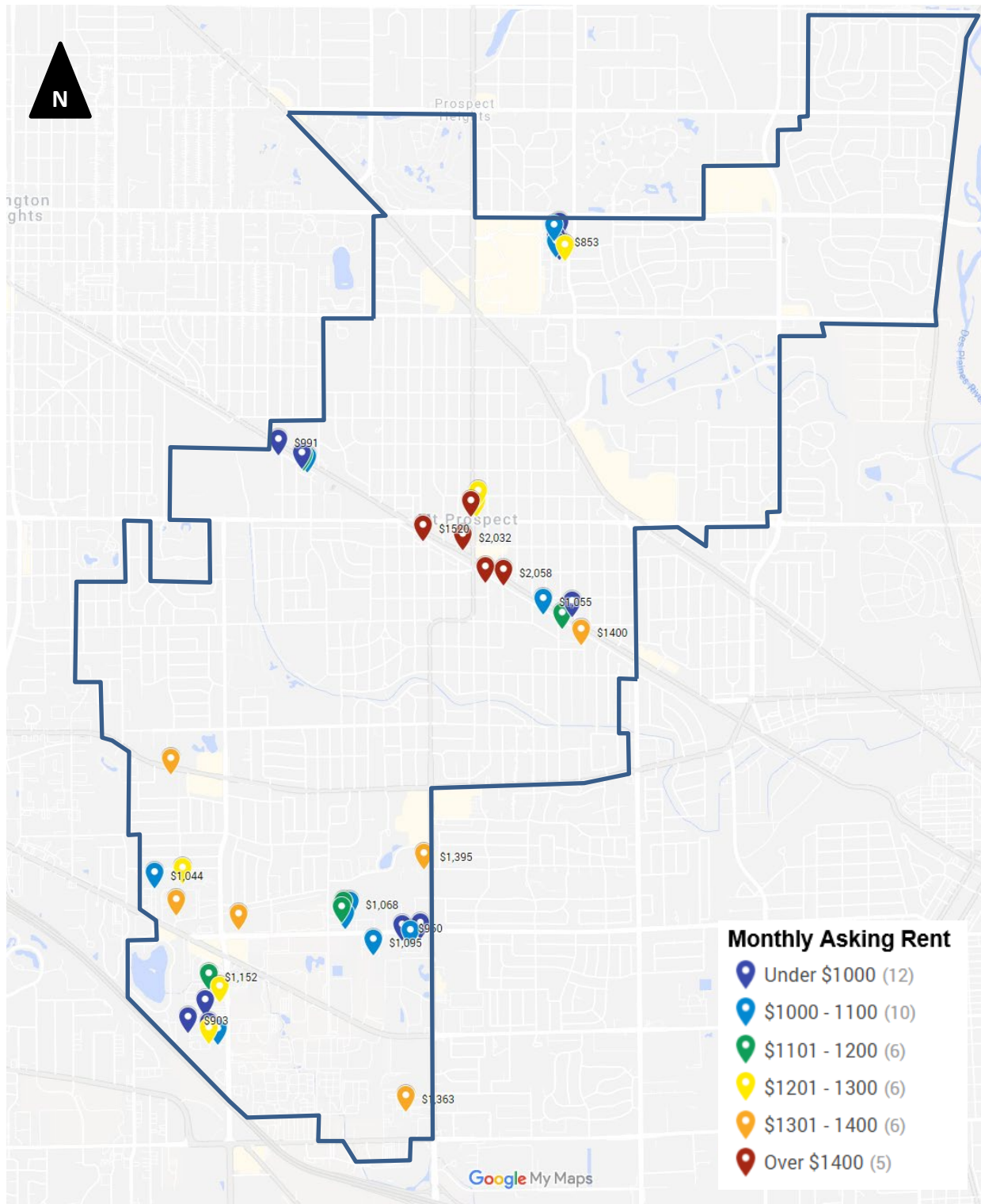
Figure 18: IHDA Schedule of Maximum Monthly Gross Rents for Multifamily Programs, Chicago MSA, 2021<sup>31</sup>

		Housing Unit Size				
		Studio	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms
Max Rents for Households by % AMI	120%	\$1,959	\$2,098	\$2,517	\$2,908	\$3,246
	80%	\$1,305	\$1,398	\$1,677	\$1,938	\$2,162
	60%	\$979	\$1,049	\$1,258	\$1,454	\$1,623
	40%	\$653	\$699	\$839	\$969	\$1,082
	20%	\$326	\$349	\$419	\$484	\$541

The purple, blue, green, and yellow markers indicate properties with average asking rents that would be considered affordable to a household at 60 percent AMI. Figure 20 zooms into the downtown area, with circles depicting a .5-mile and 1-mile radius from the Mount Prospect train station.

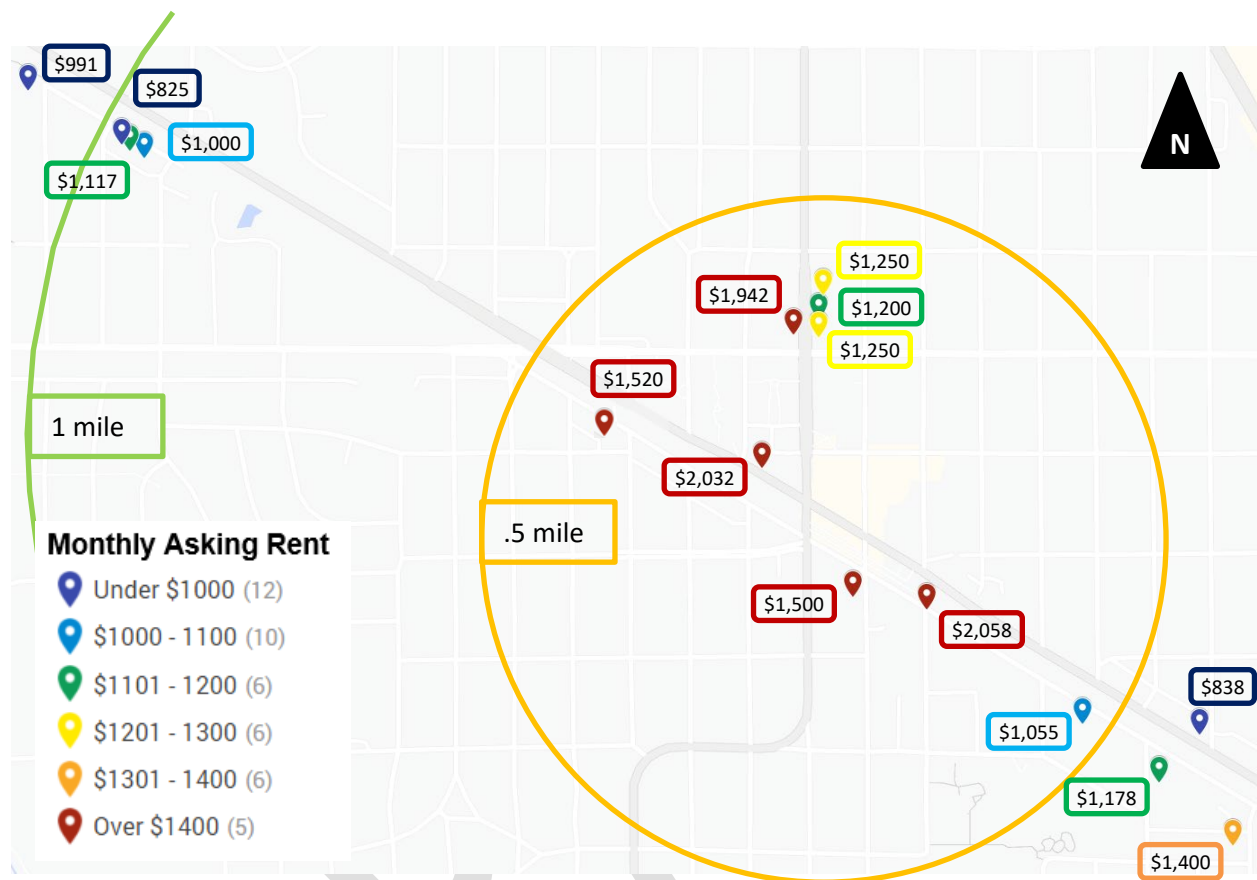
<sup>31</sup> Illinois Housing Development Authority, June 1 2021. [2021 Income and Rent Limits](#).

Figure 19: Market-rate Multi-family Units – Selection of Average Asking Rents<sup>32</sup>



<sup>32</sup> Data collected from CoStar.com, internet rental listing sites, and phone / email inquiries to building owners, October 2021. Map generated by Community Development Department using Google My Maps.

Figure 20: Market-rate Multi-family Units – Selection of Average Asking Rents Downtown<sup>33</sup>



### Dedicated Affordable Rental Units

Dedicated affordable housing comes in many forms, such as permanent supportive housing, subsidized rental, subsidized ownership, and rental subsidy programs. Figure 21 includes a brief description of each type, and examples that are found in Mount Prospect. Households seeking placement or assistance typically submit applications to the managing entities to get on a waitlist – depending on the program, applicants may be on a waitlist for years. The applicants provide extensive supporting documentation to prove eligibility for the program (e.g. household income, disability status, age, etc.) Some programs require periodic recertification of household eligibility to continue receiving assistance. Programs may be administered by a variety of public and private entities, such as the local housing authority, real estate management companies, non-profit organizations, and local municipalities. Some subsidies are “attached” to the rental unit to provide perpetual affordability (e.g. units administered by public housing agencies), while others are provided to the household and can be used to make market-rate housing more affordable (e.g. housing choice vouchers).

<sup>33</sup> Data collected from CoStar.com, internet rental listing sites, and phone / email inquiries to building owners, October 2021. Map generated by Community Development Department using Google My Maps.



Figure 21: Dedicated Affordable Housing Types

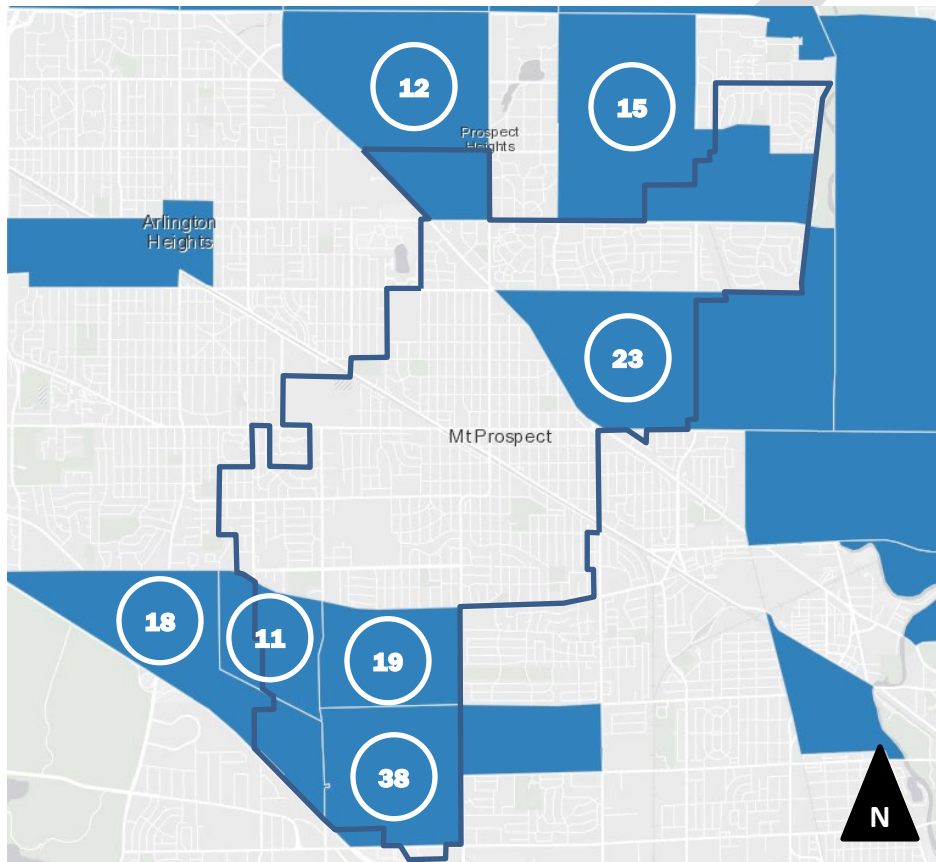
Dedicated Affordable Housing Types	Description	Examples in Mount Prospect
<b>Permanent Supportive Housing</b>	Permanent housing with indefinite leasing or rental assistance paired with supportive services to assist homeless persons with a disability or families with an adult or child member with a disability achieve housing stability. <sup>34</sup>	<b>Myers Place:</b> 39 units of permanent supportive housing for low-income persons with a disability
<b>Subsidized Rental Units</b>	Rental units that are restricted to low-income households and special populations such as seniors or persons with a disability. The construction costs and/or operating costs may be subsidized. The subsidy remains with the unit regardless of the tenant.	<b>Mount Prospect Horizon:</b> 92 units for low-income adults age 62+ <b>Centennial Apartments:</b> 198 units for low-income adults age 62+ <b>Huntington Towers:</b> 214 units for low-income adults age 60+ <b>The Kensington at Randhurst:</b> 74 units for low-income adults 55+ (under construction)
<b>Ownership Subsidy Programs</b>	Affordability assistance helps low-income families overcome wealth barriers and achieve favorable debt-to-income ratios that keep monthly mortgage payments low, and reduce the cost of home maintenance. Examples of this type of backing include down payment assistance, grants, subsidies, homeownership vouchers, forgivable loans, and soft second mortgages. <sup>35</sup>	<b>Single-Family Rehabilitation Program:</b> Zero-interest loans up to \$25,000 for income-qualified households <b>Emergency Repair Program:</b> Zero-interest loans up to \$1,500 for income-qualified households <b>Home Weatherization Grants:</b> Matching 50 percent grant up to \$1,500 for income-qualified households
<b>Rental Subsidy Programs</b>	Financial assistance for low- and moderate-income renters living in private market-rate rental units.	<b>Housing Choice Voucher Program:</b> Portion of the rent is paid by the Public Housing Authority directly to the landlord on behalf of the voucher holder, and the voucher holder is responsible for paying the remaining amount

<sup>34</sup> HUD Exchange, 2021. "[Permanent Supportive Housing \(PSH\)](#)."

<sup>35</sup> HUD Office of Policy Development and Research, 2012. "[Paths to Homeownership for Low-Income and Minority Households](#)."

Public housing is an example of subsidized rental housing, wherein the local housing authority (a public entity) owns and manages the units. There is no public housing within the Village; the closest public housing is located in Wheeling, Illinois, roughly 6 miles north of downtown Mount Prospect. However, all major apartment complexes in the Village accept HUD Housing Choice Vouchers for approved units. The Housing Authority of Cook County (HACC) administers the Housing Choice Voucher Program. Figure 22 displays how many vouchers (136 total) are located in Mount Prospect census tracts. Note that some census tracts include areas outside of Mount Prospect’s boundaries (the data are not available at the census block level).

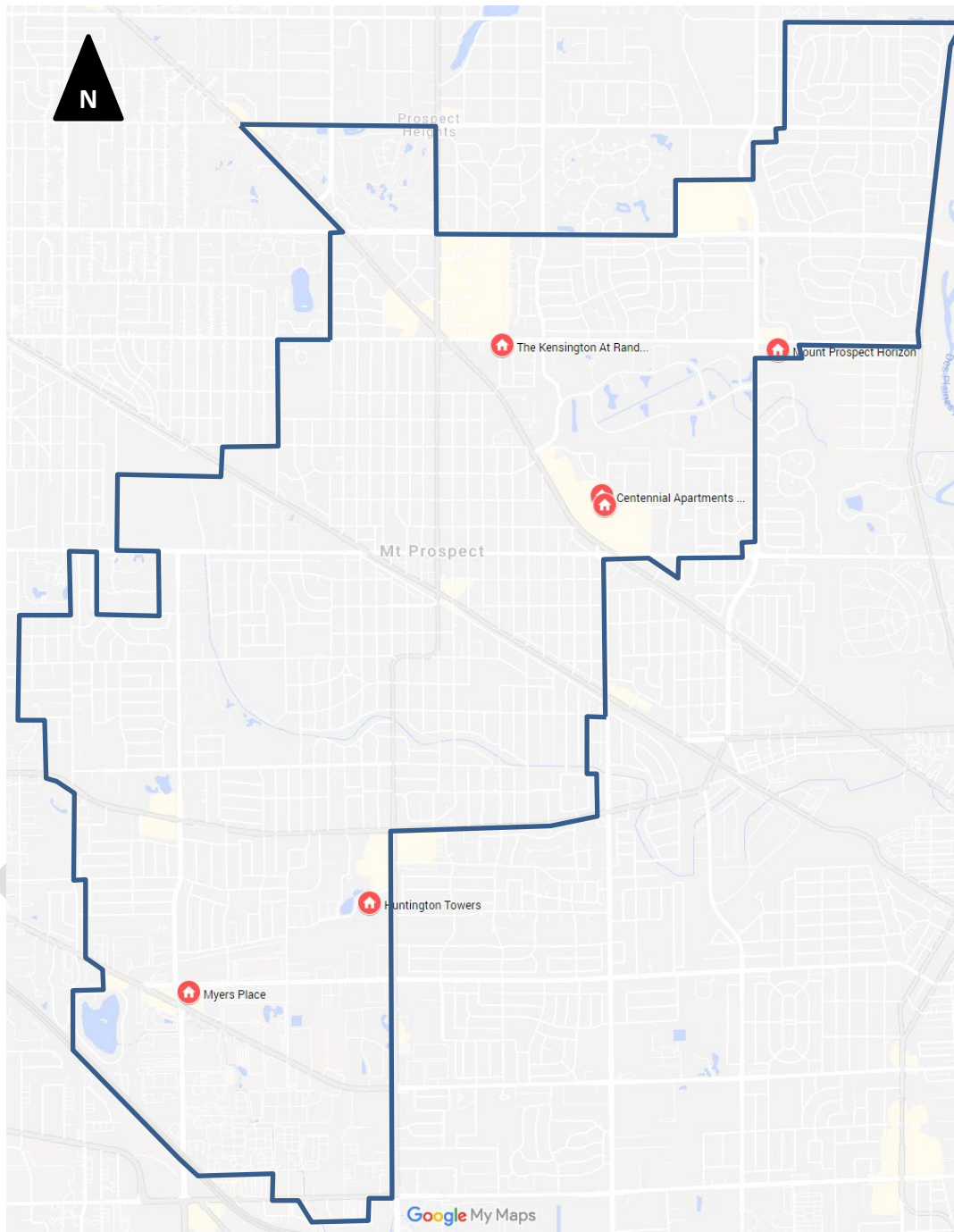
Figure 22: Housing Choice Vouchers by Census Tract<sup>36</sup>



The Village has four federally subsidized apartment complexes for seniors and persons with disabilities: the Mount Prospect Horizon Senior Living Community, Centennial Apartments, Huntington Towers, and Myers Place. The four developments total 543 units subsidized through the HUD Project Based Section 8 program. These complexes are privately owned, independent living communities and offer several amenities, such as transportation. An additional 74-unit affordable senior housing complex is currently under construction at 401 East Kensington Road, across the street from Randhurst Village. The Kenzie Senior Residences at Randhurst development is expected to open in 2021. Figure 23 shows the location of these income-restricted units.

<sup>36</sup> HUD Office of Policy Development and Research, 2020. "[Housing Choice Vouchers by Tract.](#)"

Figure 23: Income-Restricted Rental Units in Mount Prospect



An internet search of dedicated affordable developments in municipalities surrounding Mount Prospect reveals that the majority of units are age-restricted to the senior population. Several studies have pointed to the need for senior housing to accommodate the aging population in the Northwest suburbs.<sup>37</sup> Figure 24 lists the nearby developments by their target population and the total number of

<sup>37</sup> Valerie S Kretchmer Associates Inc, 2013. "[Senior Housing Needs Assessment for the Northwest Suburban Housing Collaborative.](#)"

units, both subsidized and unsubsidized. The mixed-income developments on this list were completed in the last decade – the Parkview in Arlington Heights was completed in 2018, and Greenleaf Manor in Glenview was completed in 2013. Greenleaf Manor was completed as part of Glenview’s effort to meet the State Affordable Housing Planning and Appeals Act (AHPAA) which requires Illinois communities to attain a minimum of 10 percent affordable housing share (see Figure 10).

*Figure 24: Dedicated Affordable Units in Neighboring Suburbs*

<b>Town / City</b>	<b>Building Name</b>	<b>Total Units</b>	<b>Target Population</b>
Glenview	Thomas Place Senior Living	144	Adults 55+
Hoffman Estates	Poplar Creek Village	121	Adults 55+
Arlington Heights	Cedar Village of Arlington Heights	80	Adults 62+
Des Plaines	Frances Manor	75	Adults 62+
Palatine	Greencastle of Palatine	75	Adults 62+
Rolling Meadows	Clearbrook Homes	32	Adults 62+
Schaumburg	Cedar Village of Schaumburg	132	Adults 62+
Schaumburg	Emerald Village	97	Adults 62+
Arlington Heights	Albert Goedke House	120	Adults 62+ / Adults with disabilities
Arlington Heights	North Suburban Housing LLC	246	Adults 62+ / Adults with disabilities
Glenview	Patten House of Glenview	80	Adults 62+ / Adults with disabilities
Elk Grove Village	Alexian Village	114	Adults 65+
Rolling Meadows	Plum Creek	102	Adults 65+
Arlington Heights	Linden Place Apartments	190	Seniors
Elk Grove Village	Landemeier Station Apartments	80	Seniors
Des Plaines	Des Plaines Senior Housing	n/a	Seniors
Arlington Heights	Heart’s Place	181	Adults with disabilities
Arlington Heights	PhilHaven Apartments	38	Adults with disabilities
Des Plaines	Midtown Crossing	33	Adults with disabilities
Glenview	Axley Place Townhomes	13	Adults with disabilities
Palatine	Little City	24	Adults with disabilities
Palatine	Spruce Village	44	Adults with disabilities
Des Plaines	Franklin Park Towers	255	Low-income households
Des Plaines	Henrich House	92	Low-income households
Palatine	Arrowhead Village	40	Low-income households
Palatine	Prairiebrook	110	Low-income households
Palatine	Rand Grove Village	212	Low-income households
Palatine	Sidney L Port Center	54	Low-income households
Prospect Heights	522 Wimbledon Partners	6	Low-income households
Arlington Heights	The Parkview	45	Mixed-income households
Glenview	Greenleaf Manor	20	Mixed-income households

# Mount Prospect Affordable Housing Need

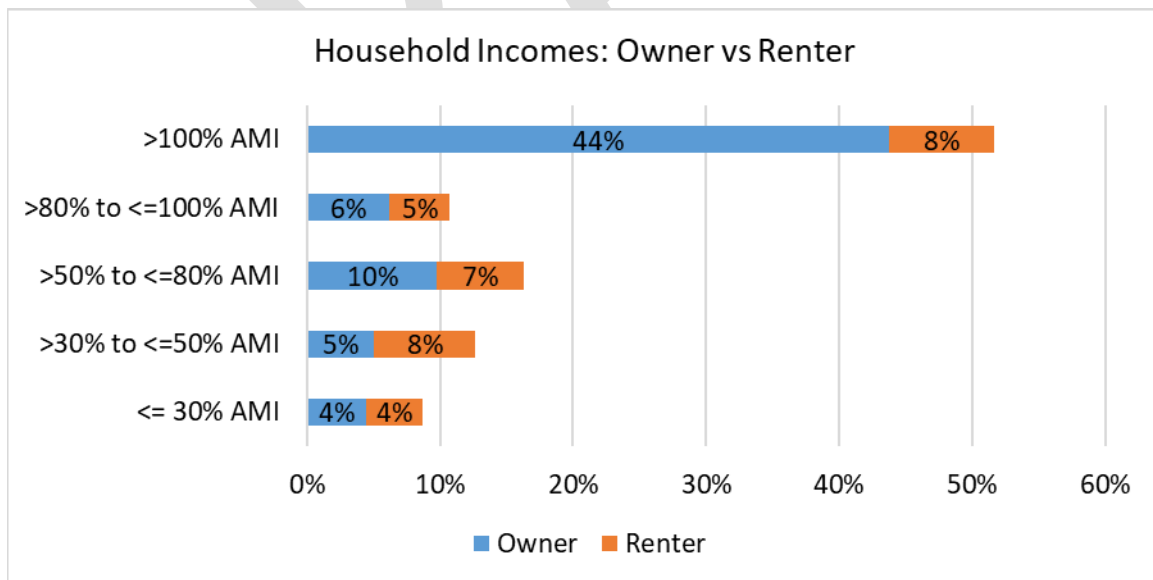
## Household Income Distribution

HUD releases Comprehensive Housing Affordability Strategy (CHAS) data sets to examine housing problems and housing needs for low-income households.<sup>38</sup> The most recent CHAS data set is based on 2018 census data. Figure 25 and Figure 26 display the breakdown of all households by HUD income brackets.<sup>39</sup> The most common type of household (44 percent) in Mount Prospect are owner households earning more than median income (>100 percent AMI). The next largest group of households are low-income owner households (50 to 80 percent of AMI), which comprise about 16 percent of all households.

Figure 25: Income Distribution Overview

HAMFI Bracket	Income Bracket	Owner	Renter	Households	Percent
<= 30% HAMFI	Extremely Low Income	925	870	1,795	9%
>30% to <=50% HAMFI	Very Low Income	1,045	1,575	2,620	13%
>50% to <=80% HAMFI	Low Income	2,015	1,345	3,360	16%
>80% to <=100% HAMFI	Moderate Income	1,290	930	2,220	11%
>100% HAMFI	Middle and Higher Income	9,030	1,630	10,660	52%
<b>Total</b>		<b>14,310</b>	<b>6,355</b>	<b>20,665</b>	<b>100%</b>

Figure 26: Mount Prospect Owner Versus Renter Income Distribution



<sup>38</sup> HUD Office of Policy Development and Research, 2021. "[Consolidated Planning / CHAS Data.](#)"

<sup>39</sup> HAMFI stands for HUD Area Median Family Income.

## Cost Burdened Households

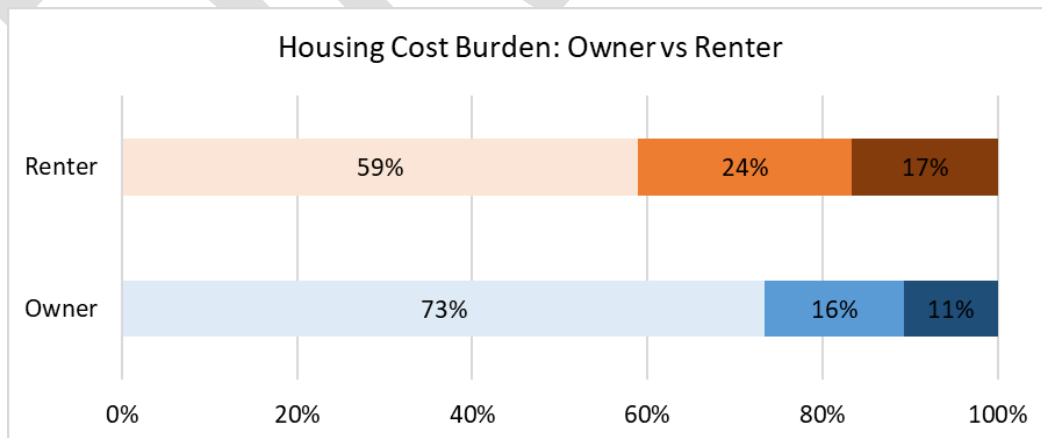
HUD defines cost-burdened households as those who pay more than 30 percent of their income for housing. Severely cost-burdened households pay more than 50 percent of their income on housing. According to HUD CHAS data 6,420 of all Mount Prospect households (31 percent) are cost-burdened (see Figure 27).

Figure 27: Cost-Burdened Households in Mount Prospect

	Cost Burden >50%	Cost Burden >30% to <=50%	Not Cost Burdened	Total
<= 30% AMI	1,345	150	300	1,795
>30% to <=50% AMI	695	1,245	680	2,620
>50% to <=80% AMI	440	1,205	1,715	3,360
>80% to <=100% AMI	70	420	1,730	2,220
>100% AMI	50	800	9,810	10,660
<b>Total Households</b>	<b>2,600</b>	<b>3,820</b>	<b>14,235</b>	<b>20,655</b>
<b>Total Cost-Burdened</b>	6,420 (31%)			

According to the 2021 State of the Nation’s Housing Report<sup>40</sup>, cost burden among renter households has only declined 4 percent since its height in 2011. Additionally, cost burden has “moved up the income ladder,” affecting 80 percent of renters earning less than \$25k, 70 percent of renters earning \$25-30k, and 50 percent of renters earning \$35-50k. 41 percent of Mount Prospect renters spend 30 percent or more of their income on housing costs, which represents a 4 percent increase since 2010. For Mount Prospect owners, the proportion of households paying more than 30 percent of their income on housing costs has decreased from 32 to 27 percent since 2010. See Figure 28.

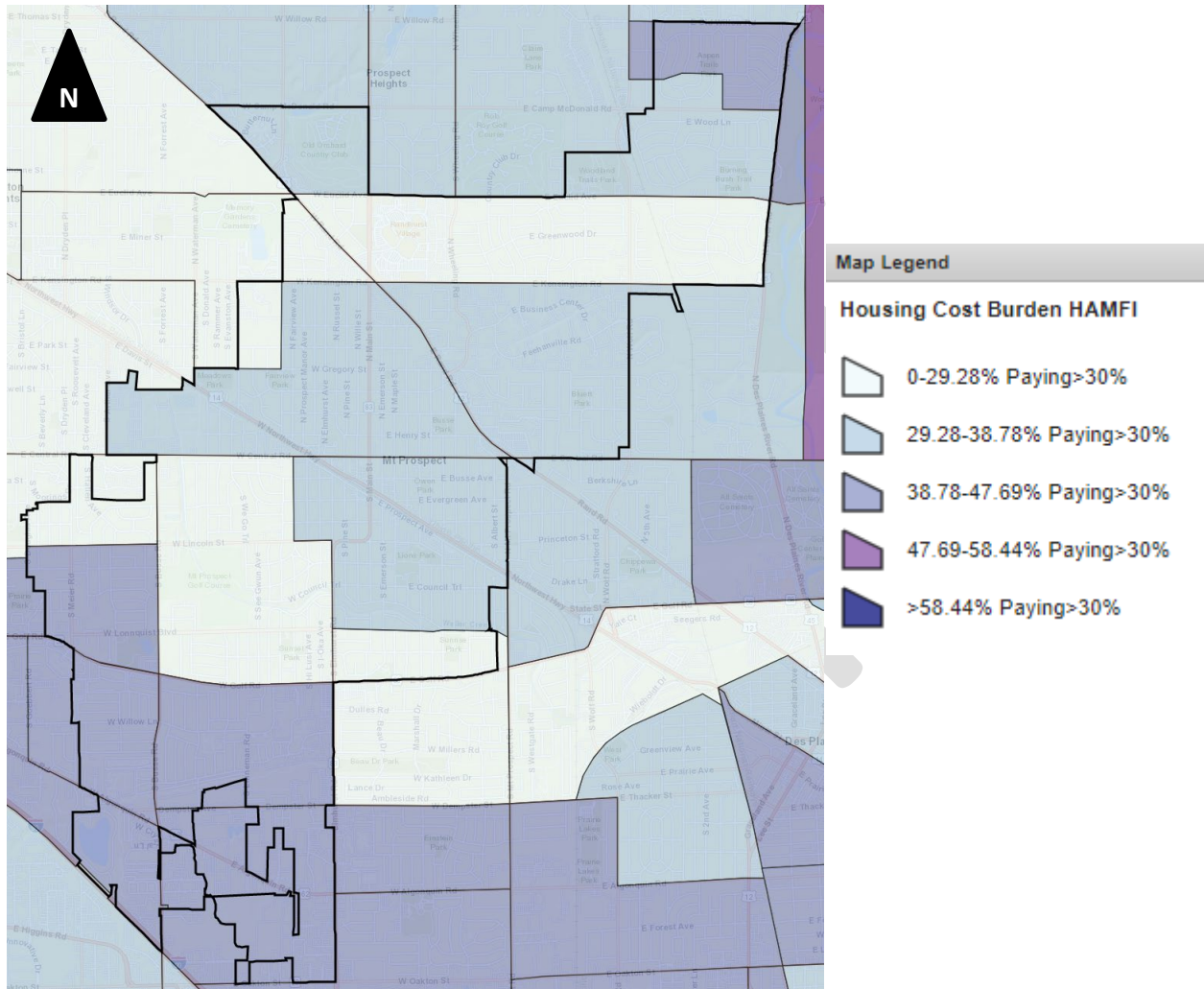
Figure 28: Owner and Renter Housing Cost Burden



<sup>40</sup> Joint Center for Housing Studies of Harvard University, 2021. [“The State of the Nation’s Housing, 2021.”](#)

According to the HUD CPD Map in Figure 29, cost-burdened households are concentrated in in the southwest portion of the Village, as well as the northeast corner.

Figure 29: Distribution of Cost-Burdened Households in Mount Prospect



## Homes for a Changing Region<sup>41</sup>

In 2013, CMAP undertook a comprehensive housing analysis for Mount Prospect entitled “Homes for a Changing Region” (herein referred to as the Homes Report). Although the analysis was completed several years ago, many of the findings and trends are still applicable today. One of the key conclusions from the Homes Report is that Mount Prospect is a substantially built-out community that seeks to balance growing demand for housing with a desire to preserve its small-town character. It is likely that the demand for housing will exceed the supply well into the future, putting upward pressure on housing prices and affordability.

The Homes Report indicated a shortage of owner housing for income groups earning less than \$15,000 and more than \$100,000 annually; similarly, it indicated a rental unit shortage for income groups earning less than \$15,000 and more than \$50,000 annually. The shortages mean upper income owners and renters are likely occupying housing units that would be affordable to lower income households.

The report projects high demand among aging owner households, especially those earning less than \$75,000, which could be met through senior housing development, assisted living facilities, and efforts that allow seniors to age in place. Among renter households, the report suggested rising demand among people ages 25-44, particularly families earning less than \$50,000 per year and middle-upper income singles and roommates.

## CDBG Community Survey

As part of the Community Development Block Grant (CDBG) Program, the Village regularly seeks input from residents about community development priorities. The most recent CDBG Community Survey was conducted in 2020. Respondents identified the following housing needs, listed below in order from highest need (1) to lowest need (14).

1. Affordable Senior Housing
2. Energy Efficiency Improvements
3. Housing for People with Disabilities
4. Home Improvement Programs
5. Senior Housing
6. Affordable Rental Housing
7. Fair Housing Services and Enforcement
8. Homeownership Assistance
9. Housing for Homeless
10. Foreclosure Prevention
11. Lead-Based Paint Testing and Abatement
12. Historic Preservation
13. Rental Housing
14. Rental Assistance

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<sup>41</sup> Chicago Metropolitan Agency for Planning (CMAP), 2013. [“Homes for a Changing Region: Year 6 – Arlington Heights, Buffalo Grove, Mount Prospect, Palatine, and Rolling Meadows.”](#)



## Housing Goals and Strategies

The Village conducts various planning processes to establish a vision for the community and works to align the efforts of stakeholders to achieve this vision. Housing affordability and affordable housing are addressed in several planning documents:

- 2021 Strategic Plan
- 2020 South Mount Prospect Sub-Area Plan
- 2020 – 2024 Consolidated Plan
- 2017 Comprehensive Plan
- 2013 Downtown Implementation Plan

Based on analysis of existing conditions, projected future needs, quantitative studies, and qualitative input from residents, the Village has developed goals for residential development, including:

- Ensure that there are a variety of housing options that meet the needs of residents of all ages, abilities, and income levels.
- Maintain and improve existing housing stock.
- Support access to public services and improved infrastructure to enhance residential areas throughout Mount Prospect.
- Explore ways for seniors to “age in place” within the community.
- Strengthen continuum of care services through partner agencies including emergency / transitional housing, outreach, and prevention for homeless and at-risk populations.
- Encourage housing with supportive services for adults with disabilities.
- Increase density of residential uses in downtown to support new and existing businesses.

The abovementioned plans include goals in complementary areas such as transportation, economic development, and public services which serve to enhance affordability and quality of life throughout the Village.

## Housing Policy Framework

Local Housing Solutions identifies a housing policy framework that supports both subsidized and naturally occurring affordable housing (NOAH).<sup>42</sup> The four key components of this framework are outlined in Figure 31, along with examples of Village efforts:

*Figure 30: Housing Affordability Framework from Local Housing Solutions*

Housing Framework	Examples in the Village
<b>Create and preserve dedicated affordable housing units</b>	The Village has supported new affordable developments for seniors and persons with disabilities. The newest affordable senior development, The Kenzie Senior Residences, is currently under construction.
<b>Align housing supply with market and neighborhood housing conditions</b>	Several new market-rate multi-family and mixed-use buildings are under construction in the downtown, which is an area suited for dense development and meets some of the needs projected in the Homes for a Changing Region report.
<b>Help households access and afford private-market homes</b>	The Village supports several local non-profits that provide housing counseling and financial education to support homeownership among moderate and low-income households.
<b>Protect against displacement and poor housing conditions</b>	CDBG funds are used to support single-family rehabilitation and weatherization to help moderate and low-income homeowners maintain their properties. The Village rental licensing program requires inspection of rental units which helps prevent poor housing conditions.

Neighboring north and northwest suburban municipalities have adopted components of this framework in their jurisdictions. Figure 32 lists various strategies<sup>43</sup> implemented by other communities to support housing affordability. This represents a small fraction of the wide variety of housing strategies that can be implemented at the local level.

- **Housing Trust Funds** are a flexible source of funding that can be used to support a variety of affordable housing activities. Because they are created and administered at the city, county, or state level, housing trust funds are not subject to the restrictions of federal subsidy programs and therefore can be designed specifically to address local priorities and needs.
- **Community Land Trusts** traditionally achieved and maintained affordability by retaining ownership of the land and requiring the homebuyer to purchase only the home that is situated on the land. While many Community Land Trusts continue to operate this way, others ensure affordability instead through other affordability mechanisms, such as deed covenants.
- **Inclusionary Zoning** policies create dedicated affordable housing units by requiring or encouraging developers to include a specified share of below-market units as part of market-rate rental or homeowner developments.
- Rather than providing affordable units on-site, some communities allow developers to satisfy all or a portion of their inclusionary requirements in other ways. For example, developers may be able to pay a **Fee in Lieu** of developing affordable units.

<sup>42</sup> Local Housing Solutions, 2021. "[Housing Policy Framework.](#)"

<sup>43</sup> All definitions in this list were obtained from the [Local Housing Solutions Housing Policy Library.](#)

- **Density Bonuses** encourage the production of affordable housing by allowing developers to build more units than would ordinarily be allowed on a site by the underlying zoning code, in exchange for a commitment to include a certain number of below-market units in the development.
- **Fee Waivers** for qualifying projects to reduce or eliminate development impact fees and permit processing fees during the construction process.
- **Accessory dwelling units (ADUs)** are smaller independent living spaces on the same lot as a single-family home. ADUs can be attached to the home itself or be separate structures on the owners' property.

Figure 31: Affordability Strategies in Neighboring Towns<sup>44</sup>

	AH Trust Fund	Community Land Trust	Inclusionary Housing Ordinance	Fee in Lieu	Density Bonuses	Fee Waivers	Accessory Dwelling Units	IHDA % Affordable
Arlington Heights	✓		✓	✓	✓	✓		19.10%
Des Plaines								33.5%
Elk Grove								27.2%
Evanston	✓	✓	✓	✓	✓	✓	✓	4.4%
Highland Park	✓	✓	✓	✓	✓	✓		9.3%
Lake Forest	✓		✓		✓	✓	✓	5.3%
Lincolnshire								4.4%
Morton Grove								13.1%
Northbrook	✓		✓	✓	✓	✓		5.7%
Park Ridge			✓		✓			8.0%
Schaumburg						✓		29.9%
Skokie								19.9%
Wilmette							✓	4.5%

Mount Prospect will continue to advance housing affordability through strategic planning and collaborative efforts at the local and regional level. It may be worthwhile to revisit the recommendations of the recent housing studies (Homes for a Changing Region, NWSHC Senior Housing Assessment) to evaluate the progress that has been made and recalibrate our efforts in the face of our latest challenge – COVID-19. The Village may also explore additional policies and programs to advance the four components of the housing framework in Figure 31.

<sup>44</sup> Village of Glenview Community Development Department, 2021. "Affordable Housing Workshop Report." "IHDA Rating" refers to the proportion of affordable housing share as established by the Affordable Housing Planning and Appeal Act (AHPAA).