Blackhawk Hills Regional Council

JO DAVIESS COUNTY, IL HOUSING STUDY

Prepared for Daniel Payette, Executive Director
Blackhawk Hills Regional Council
January 2023

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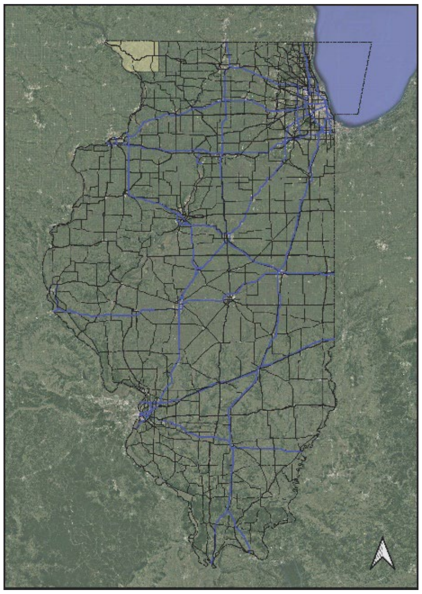
Jo Daviess County Housing Study

Executive Summary

Jo Daviess County



Purpose of This Study

The purpose of the Jo Daviess County Housing Study is to analyze the housing market in Jo Daviess County, Illinois. The study assesses existing conditions, challenges, demands, and market restrictions. It also offers timely recommendations.

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

To understand the various facets of the local economy, different data sources are used to create an overall picture of local trends and projections. However, we recognize that data sources have different methods of creating economic models and estimating. With that in mind, the information presented here is for discussion purposes and is an approximation of the local reality.

Demographic and Economic Trends

In 2022, Jo Daviess County's population was 21,683 people, a decrease of 995 people since 2010. According to ESRI, the population of Jo Daviess County is projected to decline by 1.74%, or an additional 378 persons, by 2027. This negative growth projection trends with the Blackhawk Hills region as a whole (which is projected to decline by 1.70%) and is slightly greater than the State of Illinois (which is projected to decline by 1.41%). Understanding population decline and household change are the first steps to reversing course on population loss. Diverse housing type availability supports population stability, whether for seniors or young families.

Approximately eight Jo Daviess County industry sectors pay, on average, a wage describable as "workforce-income" (defined below under "Housing Affordability"). Of the 6,829 disclosed private sector non-farm jobs with pay information, 39.5% of them pay below workforce-income, 20.9% pay workforce-income, and 39.6% pay above workforce-income. The retail and hospitality industry sectors command the largest share of the total job market (11.5% and 11.1%, respectively); however, these sectors offer wages that are below workforce-income.

Jo Daviess County's median household income (MHI) in 2022 according to ESRI is $63,113 which is higher than the MHI of the Blackhawk Hills region ($57,785) and less than neighboring WI and IA regions ($66,997 for Southwestern Wisconsin Regional Planning Commission and $63,712 for East Central Intergovernmental Association, respectively). MHI for Jo Daviess County is projected to grow by 13.1% by 2027. This lags the rate of 16.4% for the five-county WI region but is similar to the five-county IA region (13.7%). Jo Daviess County median household income, median home value, and median rent paid all increased from 2013-2020.

While the county's overall employment and population numbers are shrinking, population and income levels in the higher age cohorts appear to be growing, most likely due to retirees moving into the area. This leads us to believe that there is increased demand for housing into which residents can age. Additionally, due to the cyclical nature of the tourism and retail industry in the area, there is need for housing that workforce-income households can afford.

The average travel time to work is approximately 21 minutes.

Housing Affordability

In this report, workforce-income refers to households making $30,000 to $50,000 per year (or $14-$24/hour), representing those making approximately 50-80% of the county's MHI. Workforce housing refers to housing units that are affordable to households with income in that same range.

In Jo Daviess County, 42.3% of all households are housing cost-burdened (paying 30% or more of their income for housing). Of those households, 22.5% (479) of renter-occupied units and 19.8% (1,510) of owner-occupied units with a mortgage are currently housing cost-burdened. Compared to other counties in the Blackhawk Hills region, this is the smallest percentage of cost-burdened renters. Further explanation is provided in the Workforce Housing Sector - Affordability section of this report.

Housing Needs Findings

As of 2020, Jo Daviess County had 13,723 housing units, and 11,700 units (or 85%) fell into the single-family category. Nationally, according to www.statista.com, the number of homes in the United States as of October 2021 by type was comprised of 81% single-family, 15% multifamily, and 4% other.

Of the estimated 13,723 total housing units in Jo Daviess County, 58% were built before 1980. Aging, unmaintained homes can create a burden to homeowners and potential homebuyers due to the high cost of rehabilitation. Homes with a low fair market value may result in home maintenance or repair projects (e.g., roof or porch replacement) that are non-financeable due to the low property value.

According to ESRI, the median home value (MHV) in Jo Daviess County in 2022 is $169,773 and is projected to increase to $187,733 by 2027. The MHV in Jo Daviess County is higher than the Blackhawk Hills region ($135,899) but lower than the selected WI region ($202,430) and the selected IA region ($181,393). The projected growth rate of Jo Daviess County's MHV (10.6%) is lower than the selected IA region (15.9%) and the selected WI region (29.5%). (See Appendix C, Figure 6 for a comparison of median home values of the communities within the study.)

According to American Community Survey data, Jo Daviess County homeowner vacancy has hovered between 2-4% from 2013 to 2020, whereas renter vacancy – which peaked at 10.7% in 2017– was 4.7% in 2020. Vacancy since 2020 has decreased even further, which will be explored in detail within this report. ESRI estimates in 2022 that 58.0% of housing units were owner-occupied, 14.5% were renter-occupied. (Vacancy defined in Appendix A.)

Arthur Nelson, author of Planner's Estimating Guide: Projecting Land-Use and Facility Needs, recommends an owner-occupancy vacancy rate of 1-2% and a rental vacancy rate of 5-7%. If Jo Daviess County were to have a healthy number of vacant units available for owner-occupancy (1-2% of total housing units), there would be at least 137 units available for purchase. If the county were to have a healthy number of vacant units available for renter-occupancy (5-7% of total units), there would be at least 685 units available. However, using online search tools, our team was unable to find more than three rental units available on any given day. This becomes a problem for homeowners looking to downsize and those seeking a short-term option while deciding where they want to establish roots. This suggests a significant demand for a developer to invest in and develop higher-density multifamily housing.

The primary demand drivers will be single-family homes (particularly starter homes and transitional homes for retirees), 2-bedroom multifamily apartments, and workforce housing units of all types.

Specifically, we anticipate total demand in the county will average 185 units per year over the 2023-2027 timeframe. By sector, for-sale alternatives (including both single-family homes and townhomes / condominiums) are forecast at an average of 65 units per year, with rental apartment demand estimated at an average of 120 new units annually.

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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 Jo Daviess County. The study consisted of four primary phases: Secondary Research, Primary Research, Analysis, and finally, Recommendations and Strategy Development.

Secondary Research

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

- U.S. Census
- U.S. Bureau of Labor Statistics
- U.S. Bureau of Economic Analysis
- Esri
- 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 key stakeholder interviews that included representatives of public, private, and not-for-profit sectors.

Analysis

The team analyzed the qualitative and quantitative data to develop an understanding of the housing market in Jo Daviess 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 with similar data in similar communities.

Recommendations and Strategy Development

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

Economic and Demographic Factors

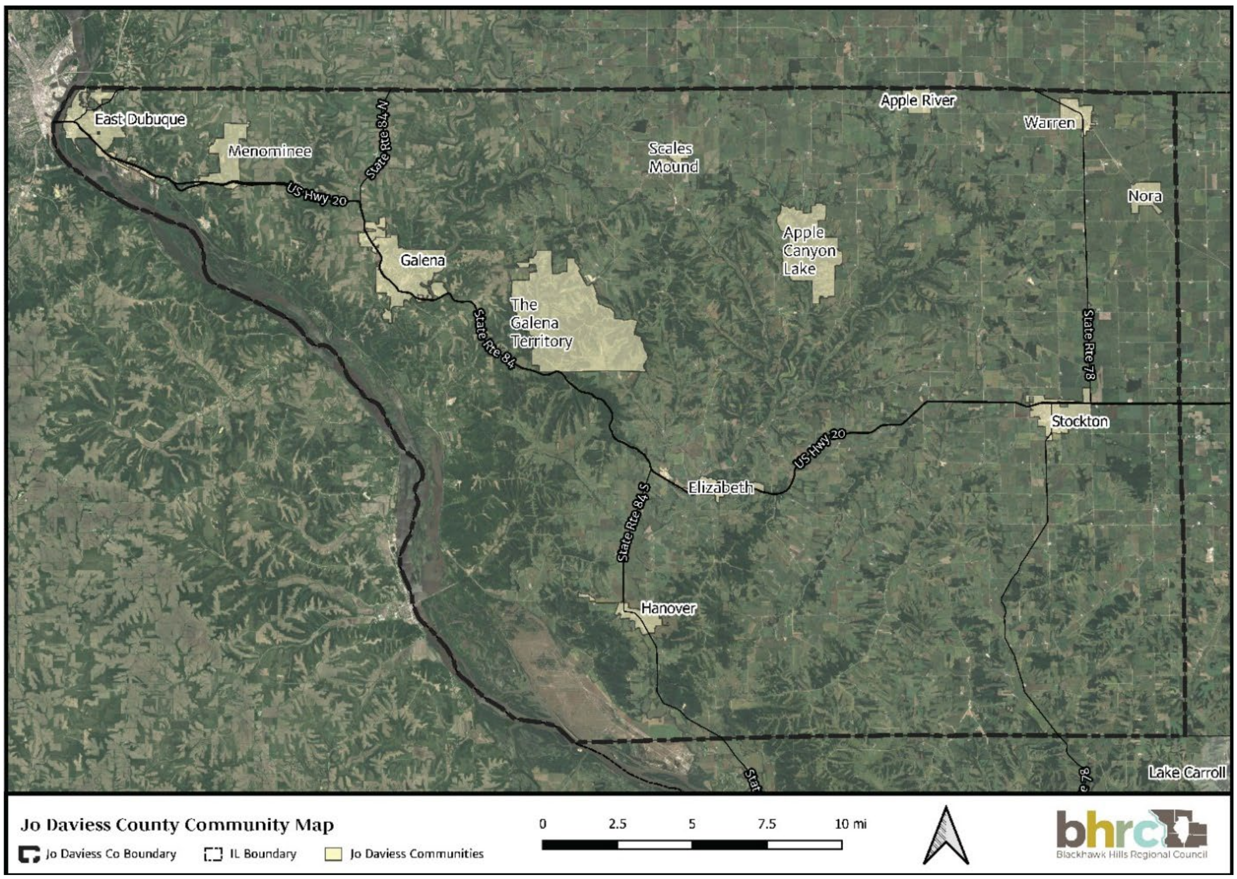
Household growth, employment, and income drive housing demand nationally as well in Jo Daviess County. The following sections outline our study area, explore the trends within each of these drivers, and suggest related implications of those trends.[1]

Market Area Definition

To derive a clear understanding of the dynamics affecting workforce housing, it is important to focus not only on Jo Daviess County in general but on the various municipalities throughout the county. The study examines twelve municipalities and Census Designated Places including:

- Apple Canyon Lake
- Apple River
- East Dubuque
- Elizabeth
- Galena
- The Galena Territory
- Hanover
- Menominee
- Nora
- Scales Mound
- Stockton
- Warren

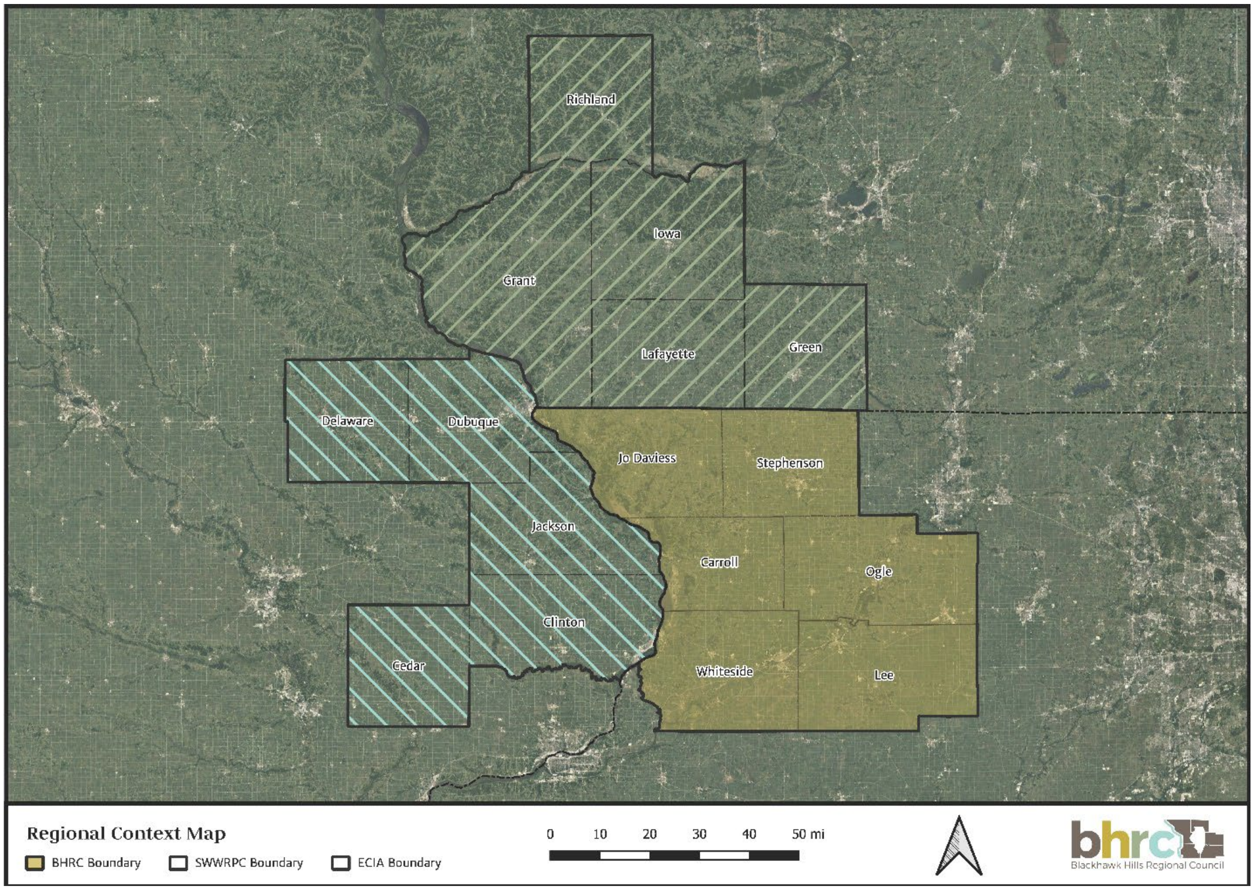
The map below provides a geographic delineation of Jo Daviess County and its component communities.



Additionally, the county was compared to the Blackhawk Hills region as a whole and rural regions in Iowa and Wisconsin. These regions are Economic Development Districts (EDDs) 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

[1] We do not consider guest accommodations to be demand drivers for housing, even in a tourism-focused market, unless there is a large percentage of housing being built specifically for short term rentals, which we do not believe is the case here.

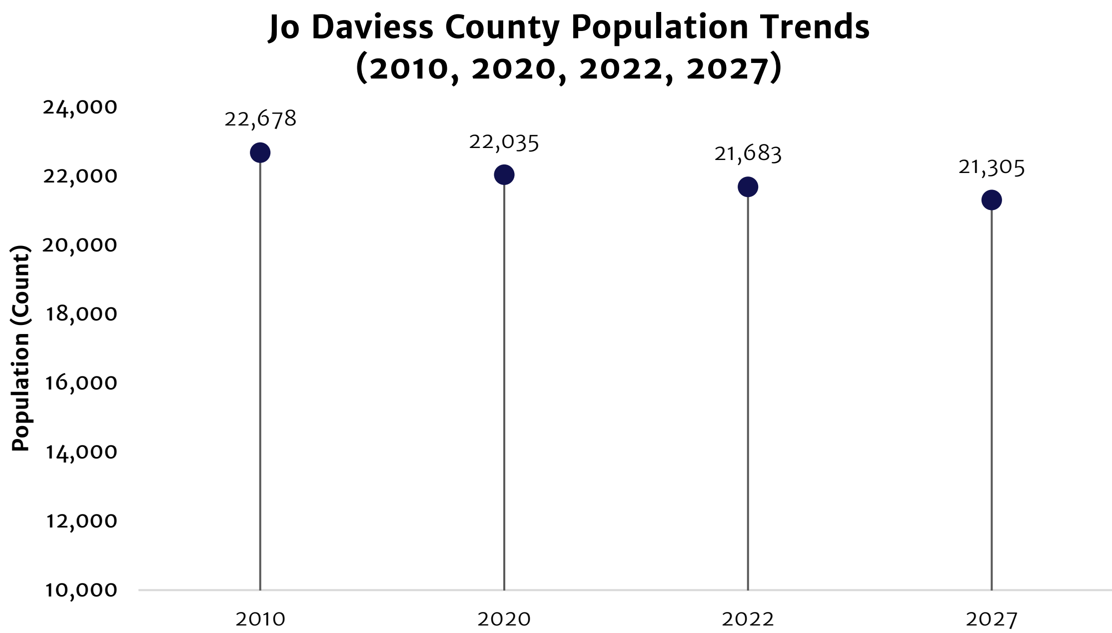
strategic blueprint (i.e., an economic development roadmap) for regional collaboration."



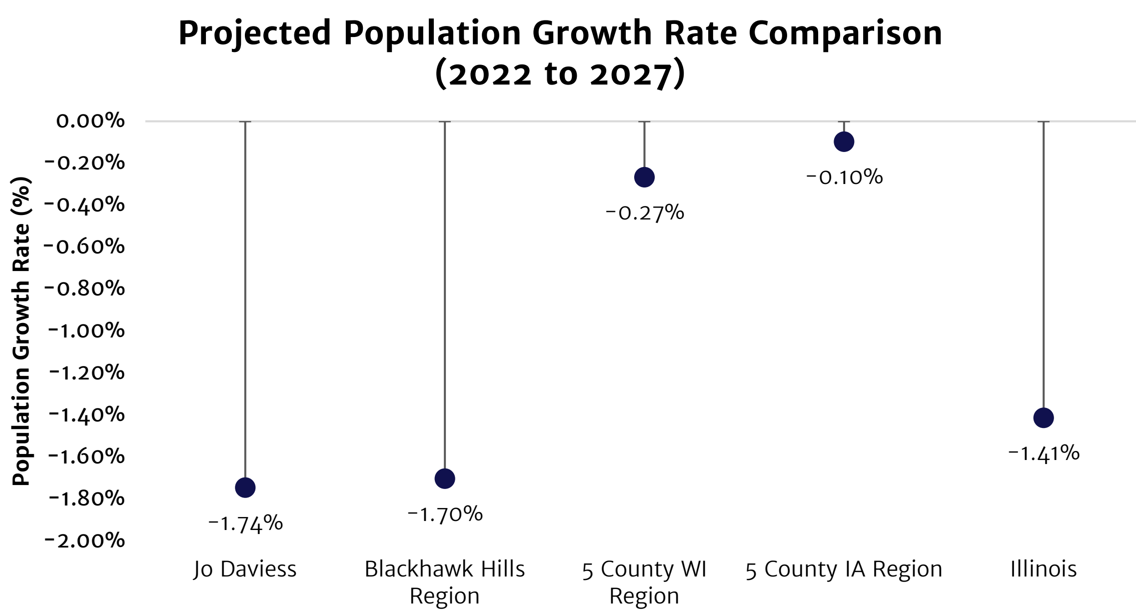
Household, Population, and Income Trends

Population Trends

According to its 2022 ESRI Community Profile, Jo Daviess County currently has a population of 21,683 people, reflecting a decrease of 995 people since 2010. (See Figure 1 in Appendix C for population data for each community in the study.) The population of Jo Daviess County is projected to decline by an additional 378 persons by 2027. This negative growth rate is on par with the Blackhawk Hills region but underperforms the comparable WI and IA regions.



Data Source: ESRI Community Profile for Jo Daviess County.

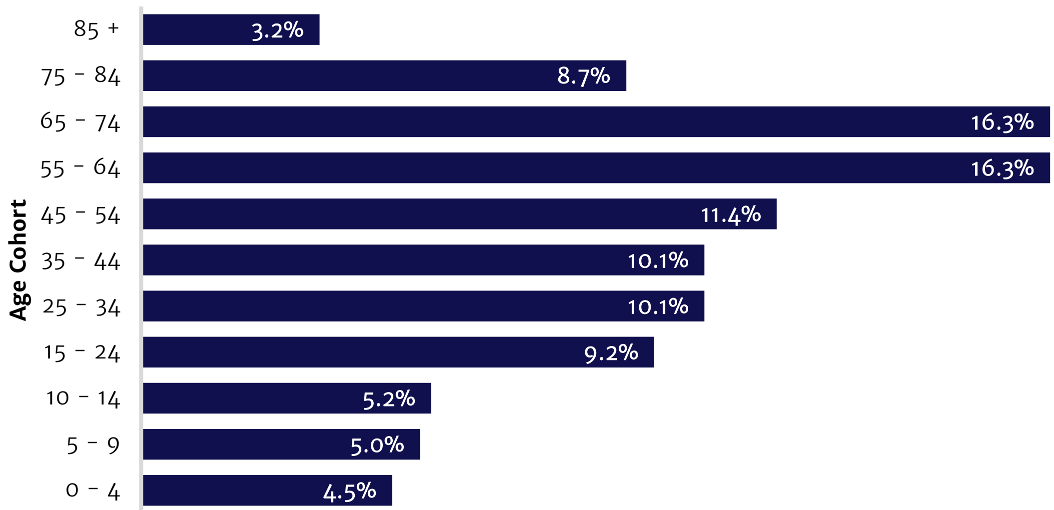


Data Source: ESRI Community Profile.

The median age of Jo Daviess County residents is 50.3 years. Community median ages range from a low of 41.5 years in Menominee to a high of 64.4 years in The Galena Territory. (See Figure 2 in Appendix C for median age for each community in the study.)

The largest age cohorts in the county, however, are 55-64 years of age and 65-74 years of age. Understanding age cohorts and their particular housing needs will enable decision-makers to understand the types of housing units that are and will be in demand.

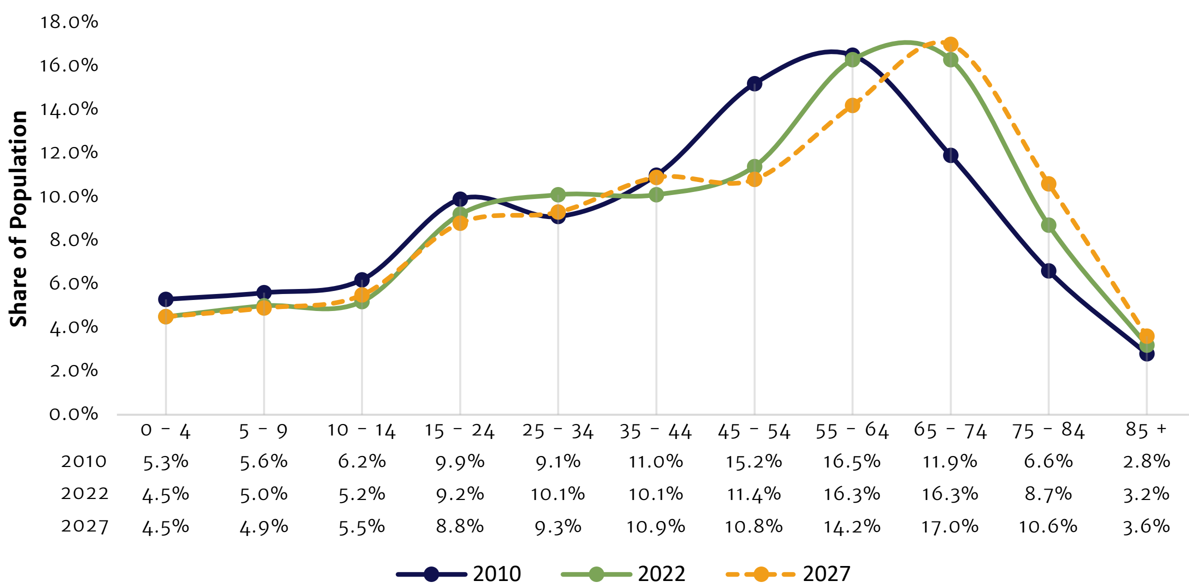
Jo Daviess County Population by Age Cohort (2022)



Data Source: ESRI Community Profile for Jo Daviess County.

While the overall population is expected to decline slightly over the next five years (fewer births), population among residents 65 years old or older is expected to increase.

Jo Daviess County Population by Age Over Time (2010, 2022, 2027 Projection)

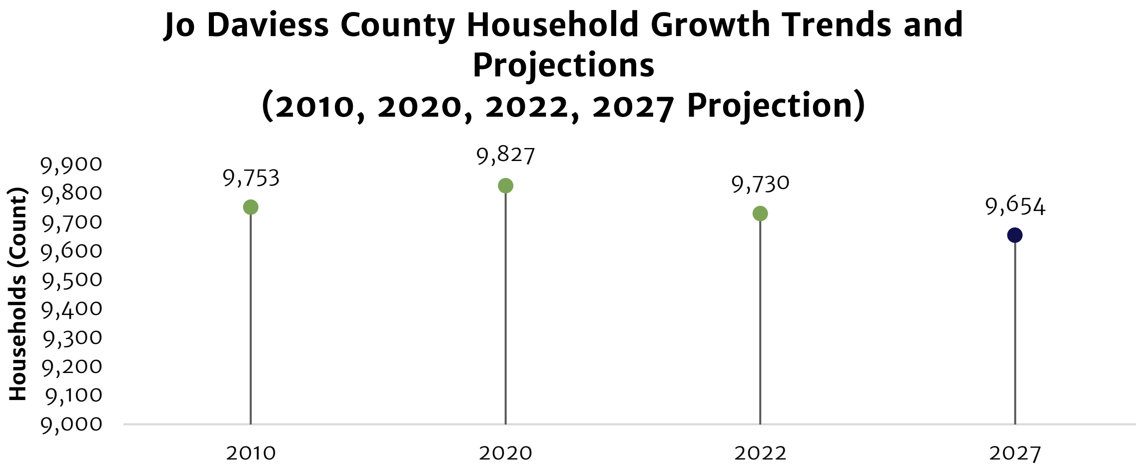


	0 - 4	5 - 9	10 - 14	15 - 24	25 - 34	35 - 44	45 - 54	55 - 64	65 - 74	75 - 84	85 +
2010	5.3%	5.6%	6.2%	9.9%	9.1%	11.0%	15.2%	16.5%	11.9%	6.6%	2.8%
2022	4.5%	5.0%	5.2%	9.2%	10.1%	10.1%	11.4%	16.3%	16.3%	8.7%	3.2%
2027	4.5%	4.9%	5.5%	8.8%	9.3%	10.9%	10.8%	14.2%	17.0%	10.6%	3.6%

Data Source: ESRI Community Profile for Jo Daviess 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 have outlined a scenario for conservative population growth in the Housing Supply and Demand Section (page 31).



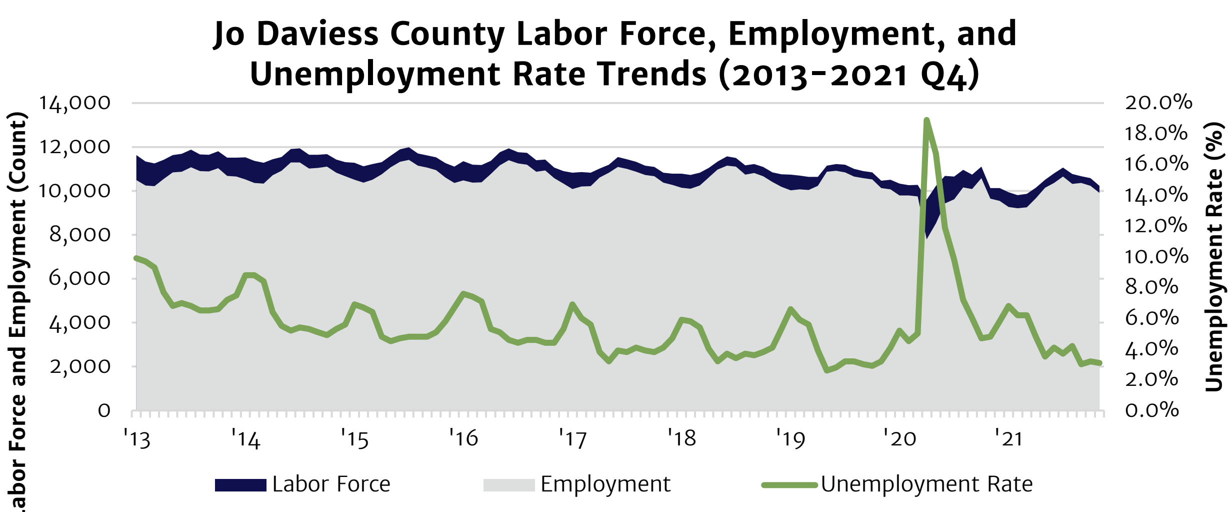
Data Source: ESRI Community Profile for Jo Daviess County.

Employment and Industry

Given that 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 over-supply or under-supply conditions. Typically, there is under-supply when job additions significantly outpace housing additions in an area. Conversely, there is an over-supply when housing additions exceed job additions in an area.

Employment Trends

Employment growth is typically the strongest factor impacting housing demand in each market. From 2013 to 2019, Jo Daviess County employment dropped approximately 50-80 jobs per year. Since the pandemic, employment has rebounded to 2019 numbers, but it is still less than what it was in 2013. The unemployment rate has trended downward. While it peaked at 18.9% during the pandemic, it has since returned to pre-

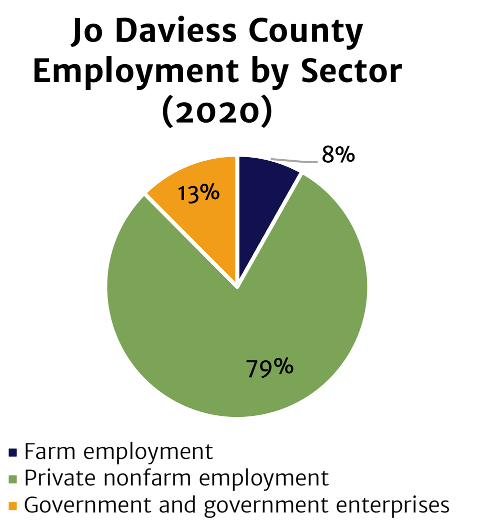


Data Source: US Bureau of Labor Statistics.

pandemic levels of approximately 3.2%.

The labor force (all people age 16 and older who are classified as either employed or unemployed) has decreased from 11,584 in 2013 to 10,399 in 2021. Employment appears to spike in the summer months and taper off during the winter months.

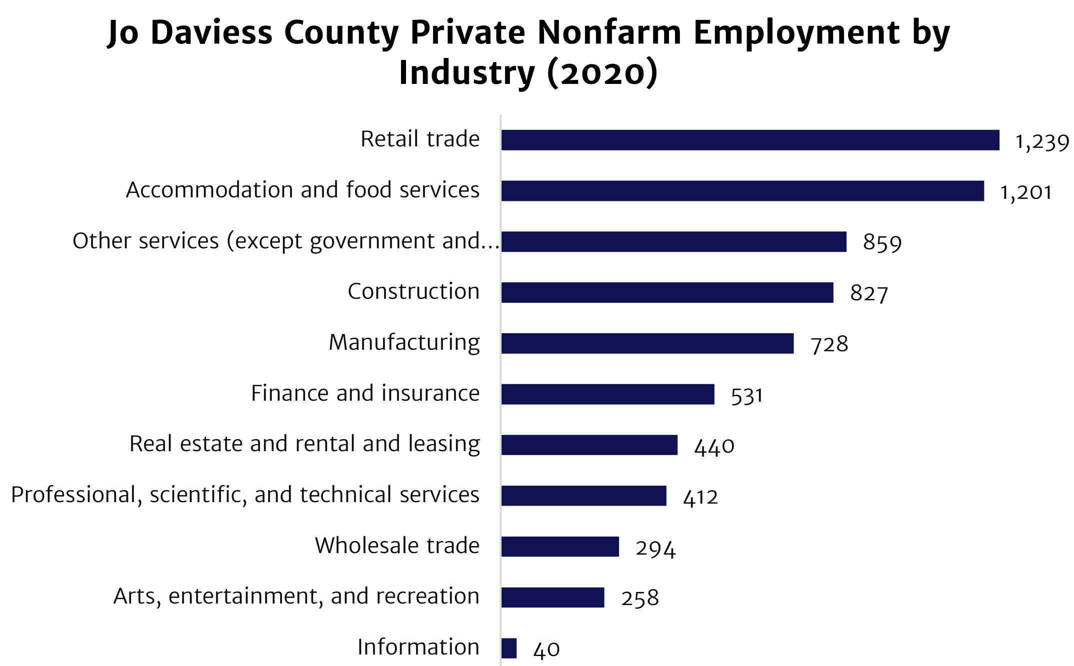
Employment Characteristics



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

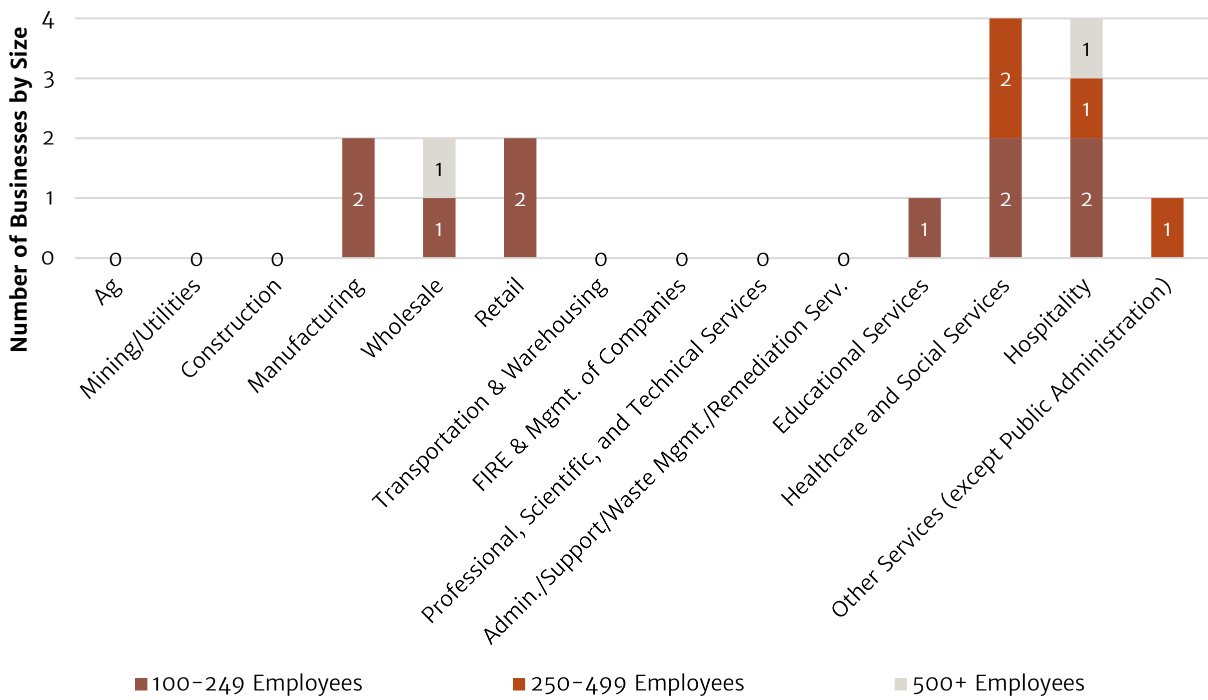
According to the Bureau of Economic Analysis, combined full-time and part-time employment in Jo Daviess County was an estimated 10,807 in 2020. The chart to the left shows 8% of employment in the farming sector and 79% of employment in private nonfarm. Government and government enterprises make up 13% of employment for the county. Since income determines housing affordability, it is helpful to know what income is associated with each kind of industry present in Jo Daviess County.

Retail trade is the largest private nonfarm industry representing an estimated 11.5% share of the disclosed job market (1,239 jobs). A close second is the accommodation and food services industry at 11.1% (1,201 jobs).



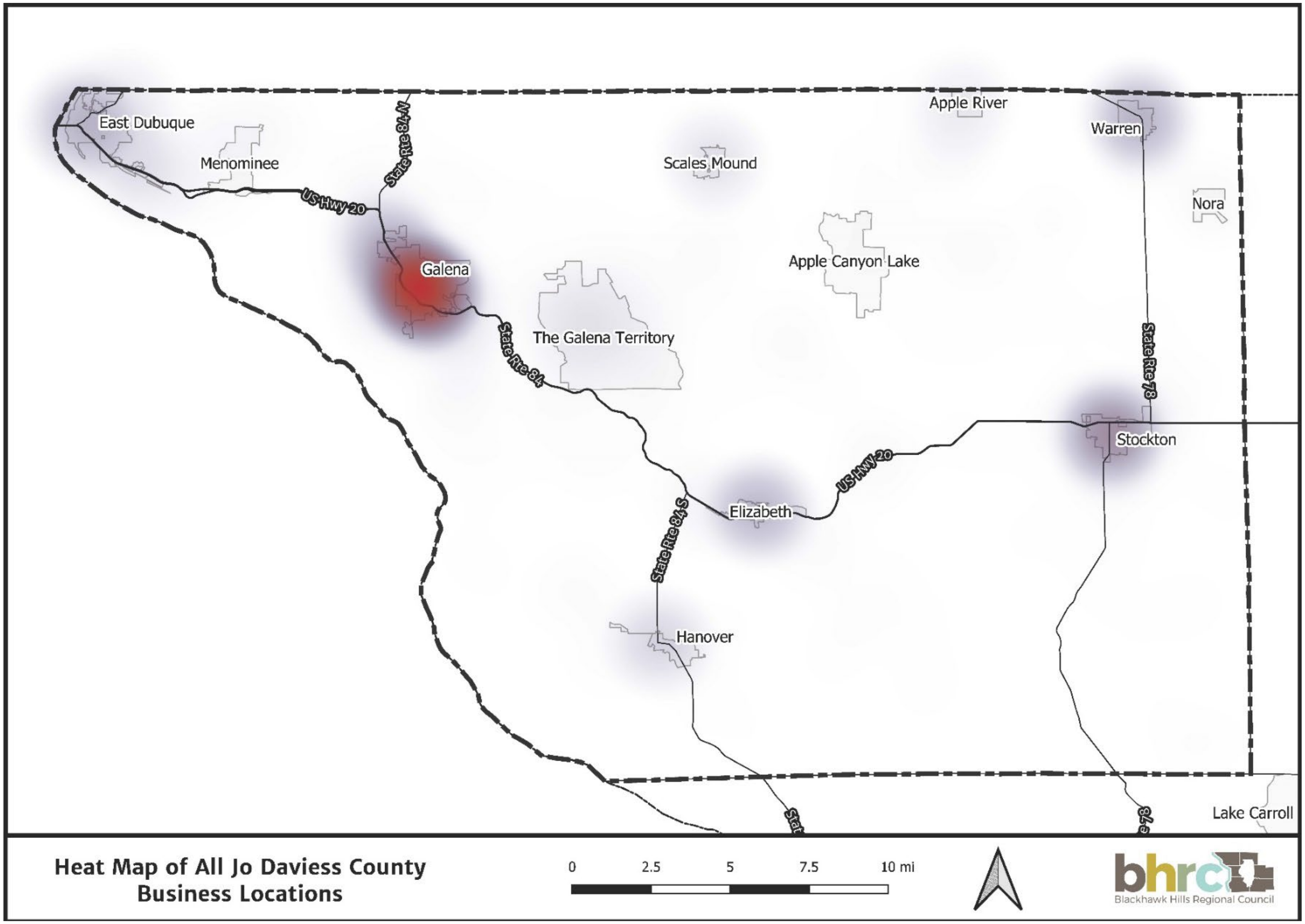
Data Source: US Bureau of Economic Analysis, Total Full-Time and Part-Time Employment by NAICS Industry. Note: Data for the following industries was not available in order to avoid disclosure of confidentical information: Forestry, fishing and related activities; Mining, quarrying, oil and gas extraction; Utilities; Transportation and warehousing; Management of companies and enterprises; Administrative and support and waste management and remediation services; Educational services, Health care and social assistance.

Jo Daviess County Count of Businesses by Industry and Size (Q4 2021)



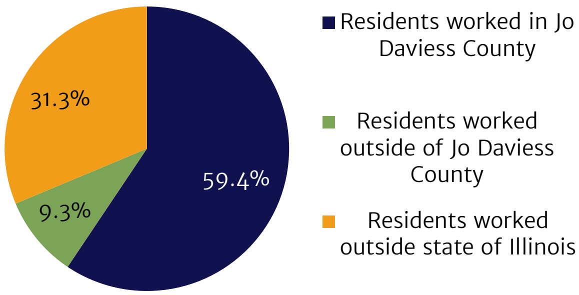
Data Source: EMSI Q4 2021 Businesses for All Industries in Jo Daviess County, IL.

Businesses with over 100 employees serve seven different industries in Jo Daviess County. Healthcare/Social Services and Hospitality employ the most people. When a local economy provides education and healthcare, the dollars supporting those industries are primarily coming from residents. However, (some) manufacturing and hospitality import dollars from outside the area and fuel the local economy with new dollars. These economic drivers have the opportunity to generate more wealth locally.



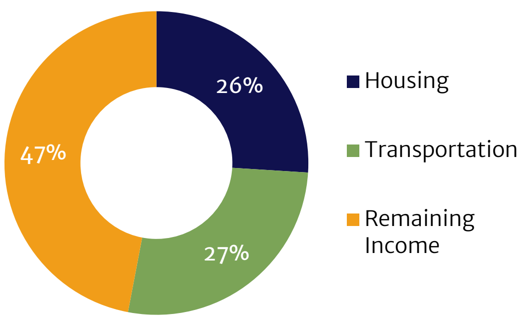
The map above shows business locations by concentration by municipality. Galena is the economic driver in Jo Daviess County, with Stockton, East Dubuque, Warren, and Elizabeth offering some centers of commerce.

Jo Daviess County Residents Place of Work (2020)



Data Source: American Community Survey 2020 5-Year Estimates, Commuting Survey.

Jo Daviess County Housing and Transportation Costs as Percentage of Income (2022)



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

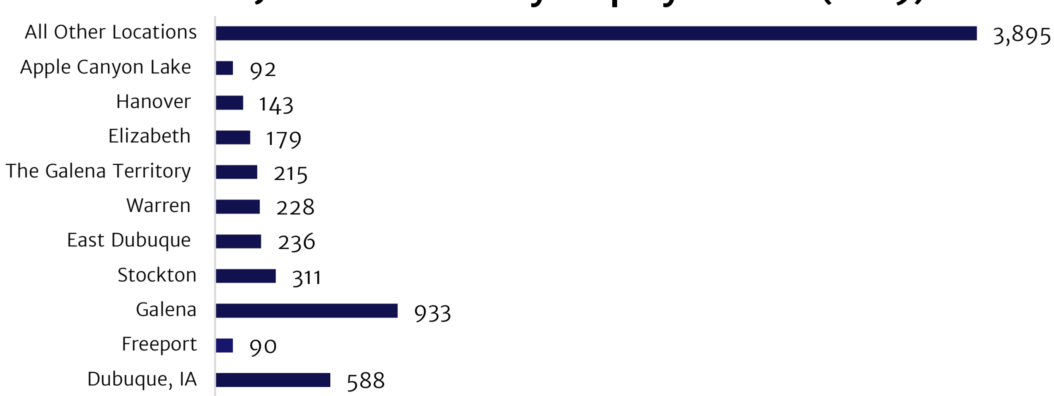
Commuting Patterns

According to the American Community Survey (ACS), of employed persons 16 and older in Jo Daviess County in 2020, 59.4% work in the county, 9.3% commute out of the county, and an additional 31.3% commute out of the state. There are many factors that influence a household's decision on where to live relative to where it works including but not limited to 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. (See Cost of Living section beginning on page 17.)

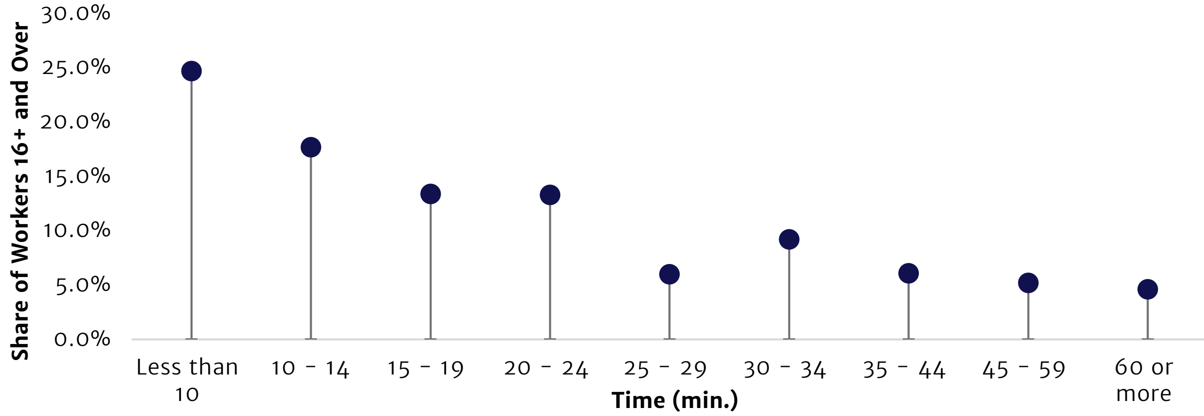
The chart below demonstrates where employees that work in Jo Daviess County live. Average travel time to work is approximately 21 minutes. Whether or not people would live in Jo Daviess County if housing was available is not something we can discern from the data but providing more housing options would mean more options to current and future employees. The following sections explore questions about affordability, housing availability, and potential housing preferences.

Where Jo Daviess County Employees Live (2019)



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

Share of Commuters by Travel Time To Work (2020)



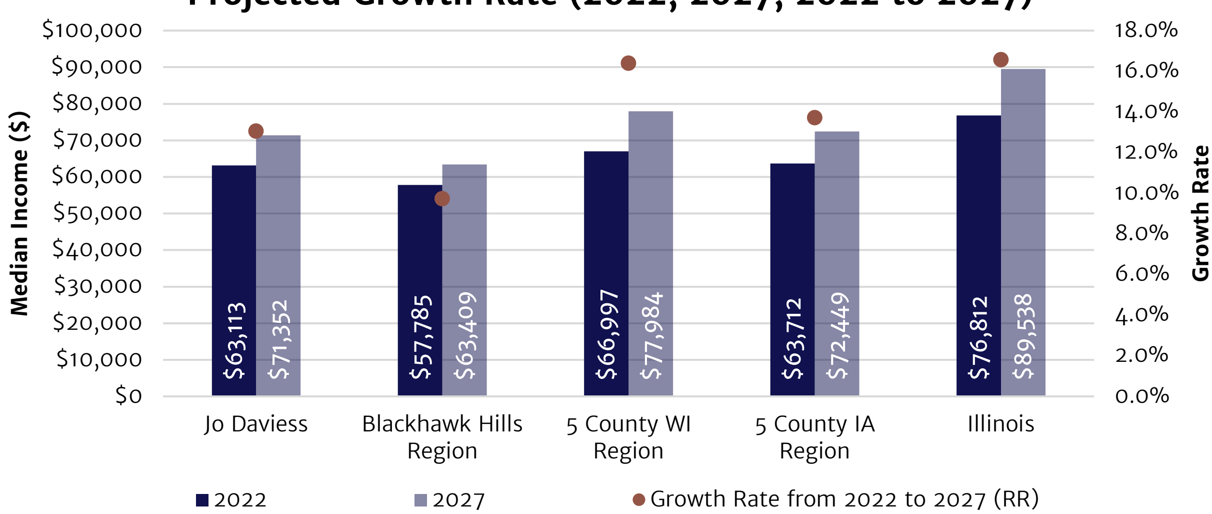
Data Source: American Community Survey 2020 5-year Estimates, Commuting Survey

Income

Jo Daviess County's median household income (MHI) is $63,113 in 2022 and projected to increase to $71,352 by 2027. This is higher than the MHI of the Blackhawk Hills region, comparable with the selected IA region, and slightly less than the selected WI region.

Projected growth in MHI for Jo Daviess County is approximately 13.1%, which is positive for local residents. While it lags the projected growth rate of 16.4% for the selected WI region, it is comparable to the 13.7% growth rate for the selected IA region over the next four years. (MHI for each community in the study may be found in Appendix C, Figure 3.)

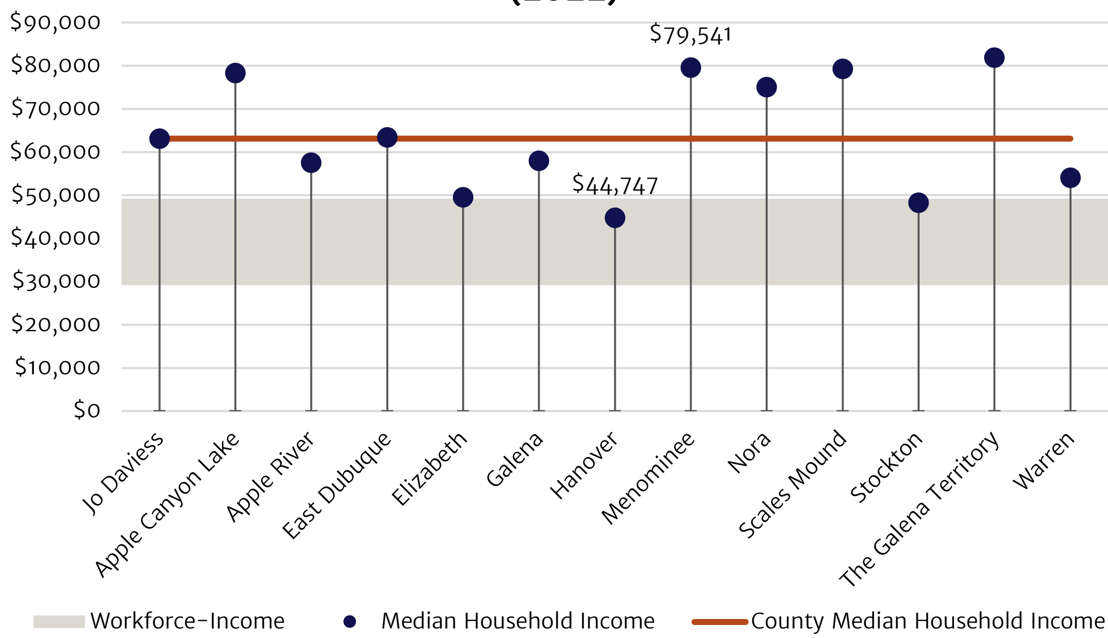
Median Household Income, Projections and Projected Growth Rate (2022, 2027, 2022 to 2027)



Data Source: ESRI Community Profile.

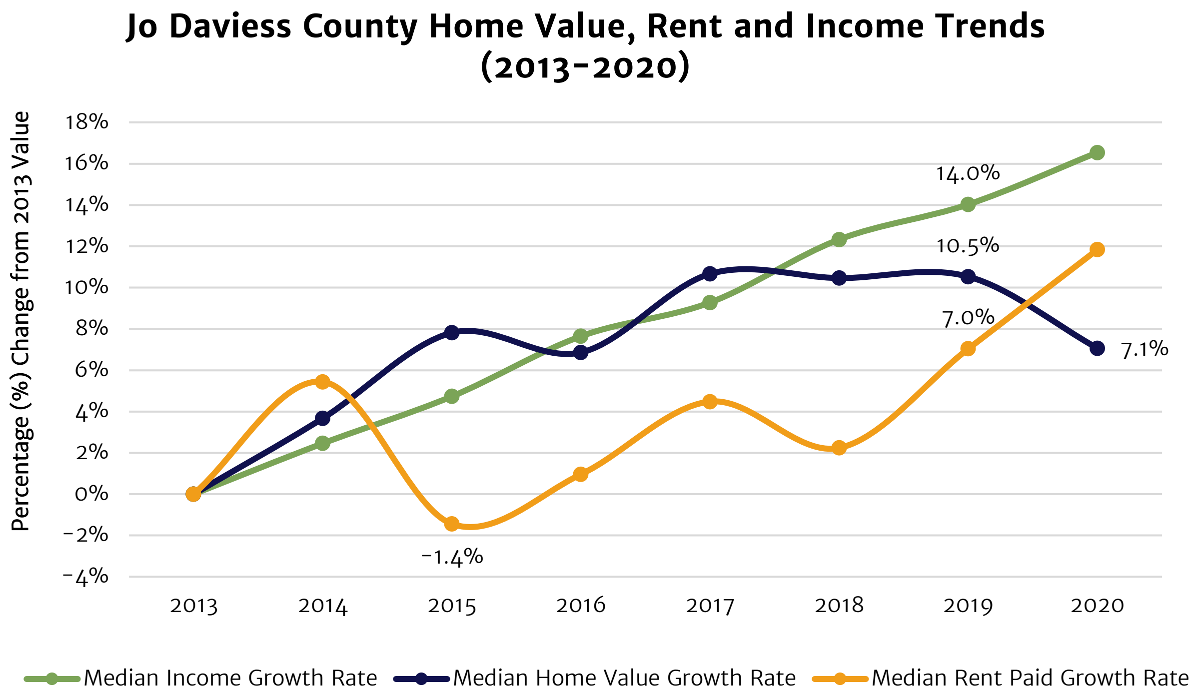
The chart on the following page shows average annual pay by industry, highlighting workforce-income. In this report, "workforce-income" refers to households making approximately $30,000 to $50,000 per year (or $14-$24/hour), representing those making approximately 50-80% of the county's MHI. Approximately eight sectors pay, on average, a wage that could be considered workforce-income or above. Of the 6,829 disclosed private sector jobs with pay information, 39.5% pay below a workforce-income, 20.9% pay at workforce-income, and 39.6% pay above a workforce-income. The two largest private nonfarm industries in terms of the total job market are retail trade (11.5%) and hospitality (11.1%), however they pay below a workforce-income. A team of policy makers, economic development organizations, and housing authority professionals should monitor median household income and employment growth to evaluate their housing programs and development incentives for their intended beneficiaries.

Figure 3. Median Household Income by Geography (2022)



Data Source: ESRI Community Profile

From 2013 to 2020, median household income in Jo Daviess County rose steadily by 16%. Median home values have fluctuated since 2013 with a modest growth trend until 2020. Median rents dipped in 2015 and 2018 but overall increased by 11.8% from 2013 to 2020.



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).

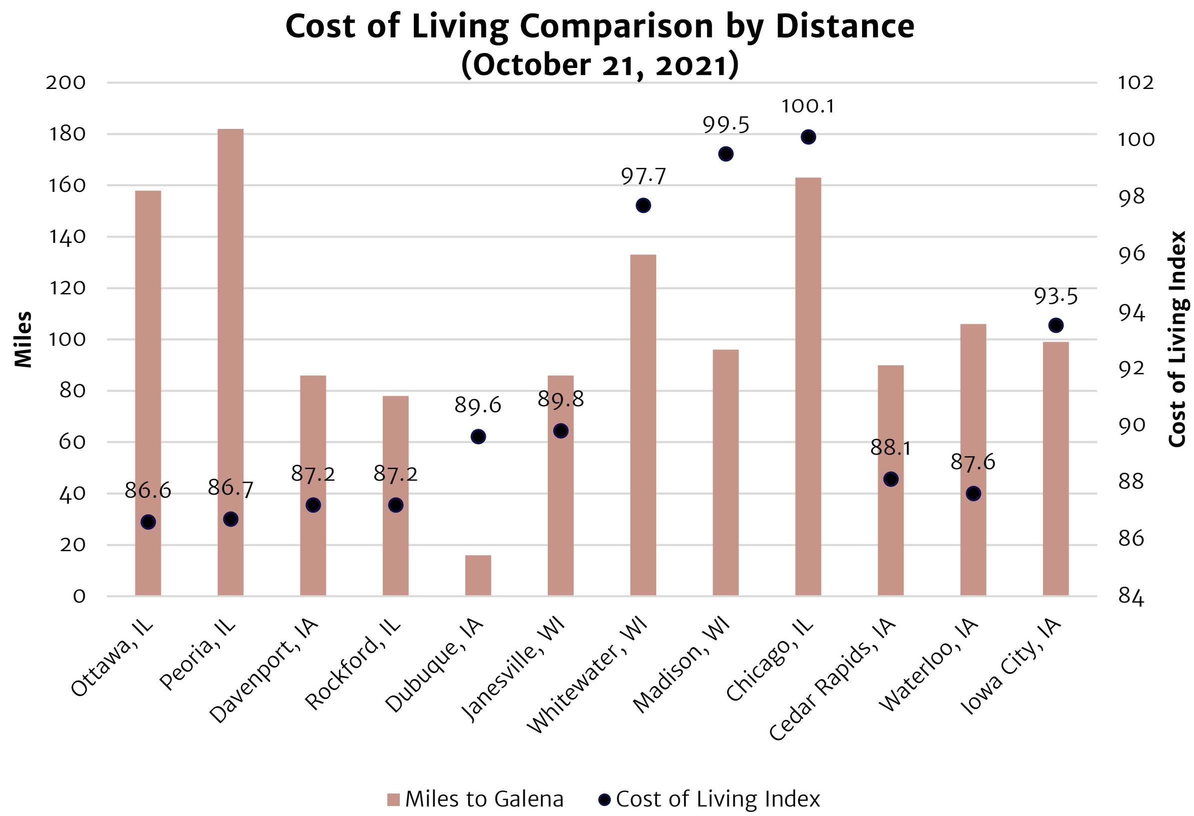
Cost of Living

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

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

These categories combined are used to produce a cost-of-living value; values from across the United States range from 80 (lowest cost of living) to 178.6 (highest cost of living). With a value of 86.6, Ottawa, IL, represents a relatively low cost of living. Because distinct data is not available for the study area, Ottawa and other cities can function as proxies for Jo Daviess County.

This information is useful as a marketing tool to show prospective employees/residents, that living in Jo Daviess County, IL, might not cost as much overall as it would to live in Dubuque, IA, Janesville, WI, or Whitewater, WI. Showing prospective homeowners or renters that their dollars will go farther presents a positive image of the county and can help attract new residents and employees.



Data Source: AdvisorSmith City Cost of Living Index.

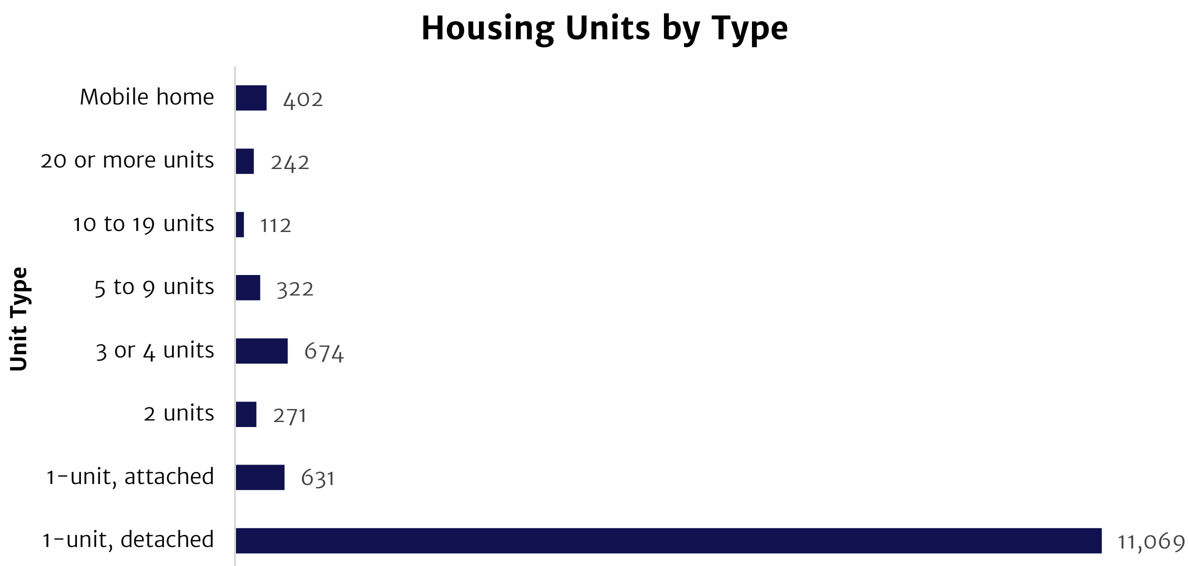
Housing Landscape

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

General Housing

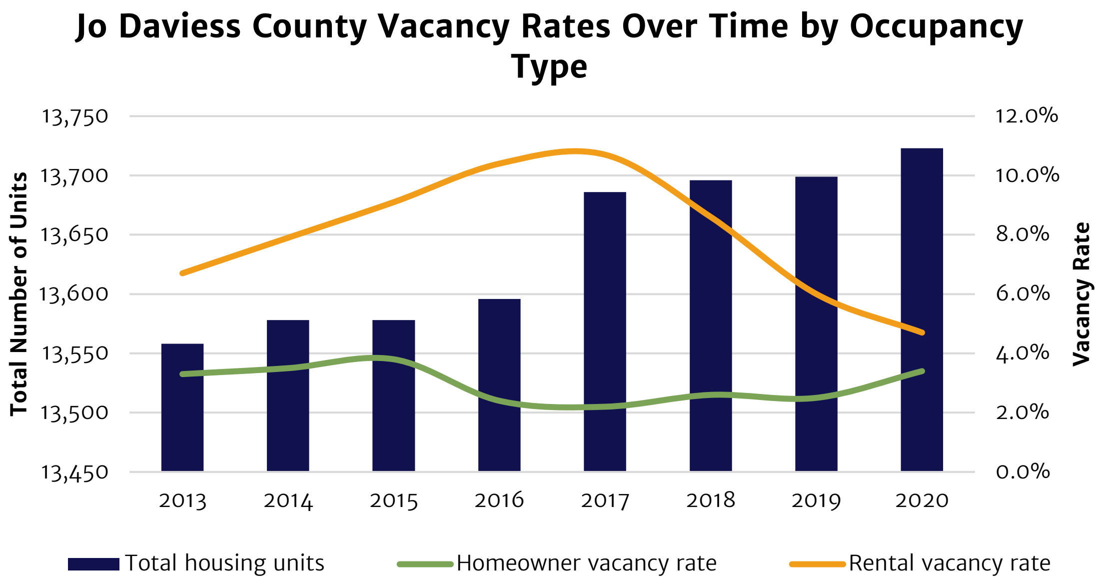
As of 2020, Jo Daviess County had 13,723 housing units. (See Appendix C, Figure 4 for break-down of units by each community in the study area.)

Single-family detached homes are the largest residential component of Jo Daviess County by a large margin. In 2020, 11,700 or 85.3% of the 13,723 residential units in the county fell into the single-family category. Single-family homes are followed by 3 or 4 units (4.9%). With under 5% of residential units being higher-density multifamily (5 units or more) and knowing the age of the housing noted on page 21, it appears there is opportunity in the market for a developer to invest in and build some higher-density multifamily housing.

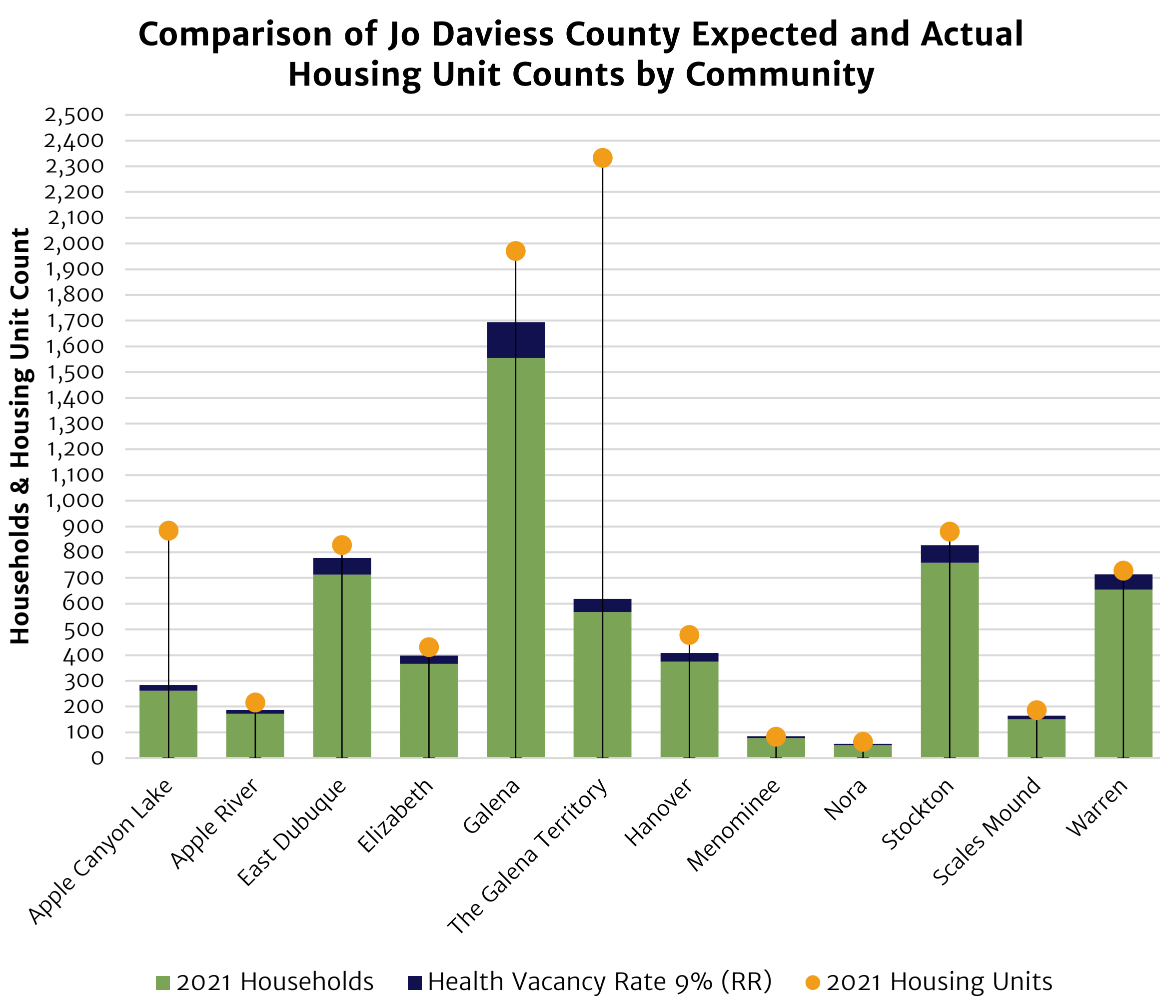


Data Source: Housing Characteristics, American Community Survey 2020 5-year Estimates.

As the chart on the next page demonstrates, the homeowner vacancy rate hovered between 2-4% since 2013, whereas renter vacancy rates, which peaked in 2017 at 10.7%, dropped to 4.7% in 2020. Vacation rental properties occupied by a tenant for less than two months are considered vacant. (See definition of vacant in Appendix A.) If Jo Daviess County were to have a healthy number of vacant units available for owner-occupancy (1-2% of total housing units), there would be at least 137 units available for purchase. If the county were to have a healthy number of vacant units available for renter-occupancy (5-7% of total housing units), there would be at least 685 units available. Our team, however, discovered that on any given day, there were only two units available for rent in Jo Daviess County (according to online search tools).



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

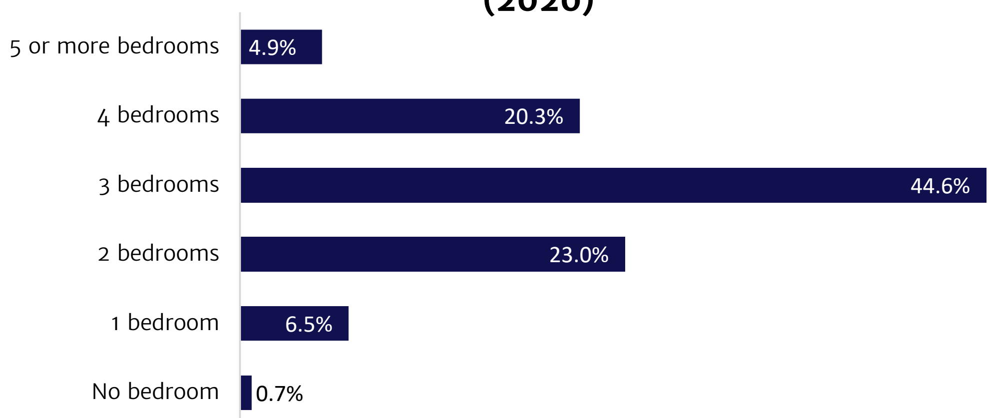


Data Source: ESRI Community Profile.

Assuming every household has a home and each community has a healthy vacancy rate of no more than 9% (1-2% owner vacancy plus 5-7% rental vacancy), the number of housing units should exceed the number of households by 9%. As discussed in the Executive Summary, 9% represents total desirable vacancy, which is the sum of the high ends for owner-occupied (1-2%) + renter-occupied (5-7%). That's the case for communities like Menominee and Nora, but the number of housing units in The Galena Territory greatly exceeds expectations. This is likely explained by second homes not occupied year-round. The Territory has 3,270 properties; 1,000 of those are unbuilt lots. On 2,270 properties, there are 750 full-time residents and 400 units of rentals. The remainder (1,120) are part-time residents of second homes.[2]

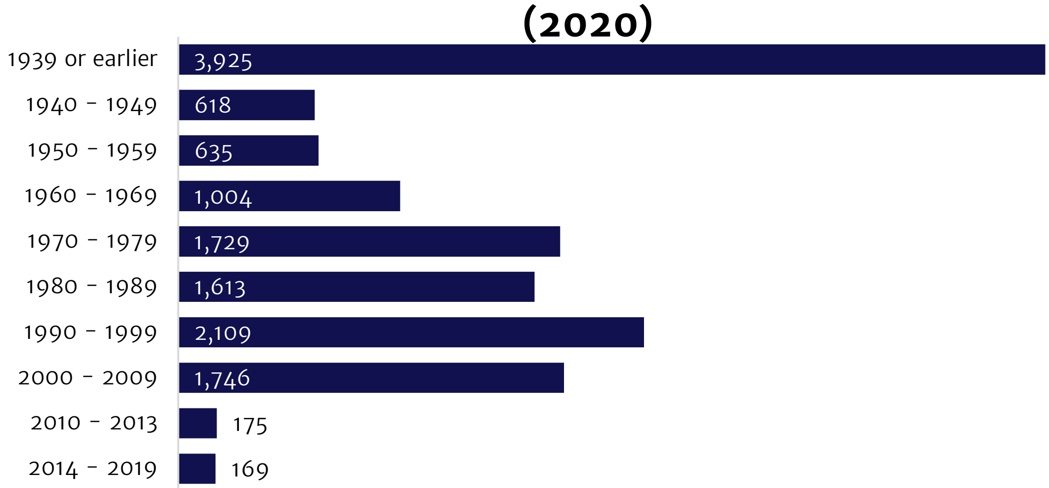
Regarding the size and configuration of homes in the county, about 44.6% of all homes in Jo Daviess County include three bedrooms, 23.0% include two bedrooms, and 20.3% provide four bedrooms. These configurations align with the data of median household sizes at 2.21 people. (See Figure 5 in Appendix C for median household sizes by geography.)

Jo Daviess County Share of Units by Number of Bedrooms (2020)



Data Source: Housing Characteristics, American Community Survey 2020 5-year Estimates.

Jo Daviess County Housing Units Built Over Time (2020)

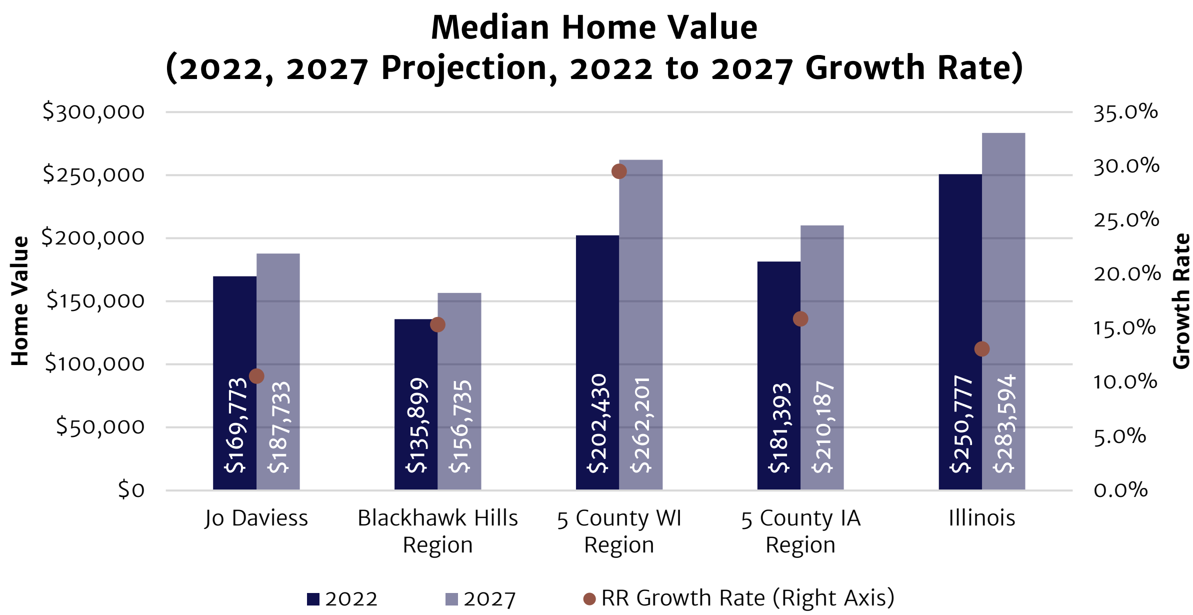


Data Source: Housing Characteristics, American Community Survey 2020 5-year Estimates.

[2] Readily available data on The Galena Territory led to a focus on this community in this paragraph.

The low number of homes built in subsequent years in Jo Daviess County is concerning and may be hindering new resident attraction. Of the 13,723 total housing units counted in Jo Daviess County, 58% were built before 1980. If a home was built before 1978, it is more likely to have lead-based paint. Houses that have been consistently maintained and updated can stand the test of time. 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 depending on their condition. If these homes are low in fair market value, it may make even critical home repairs non-financeable due to the low property value.

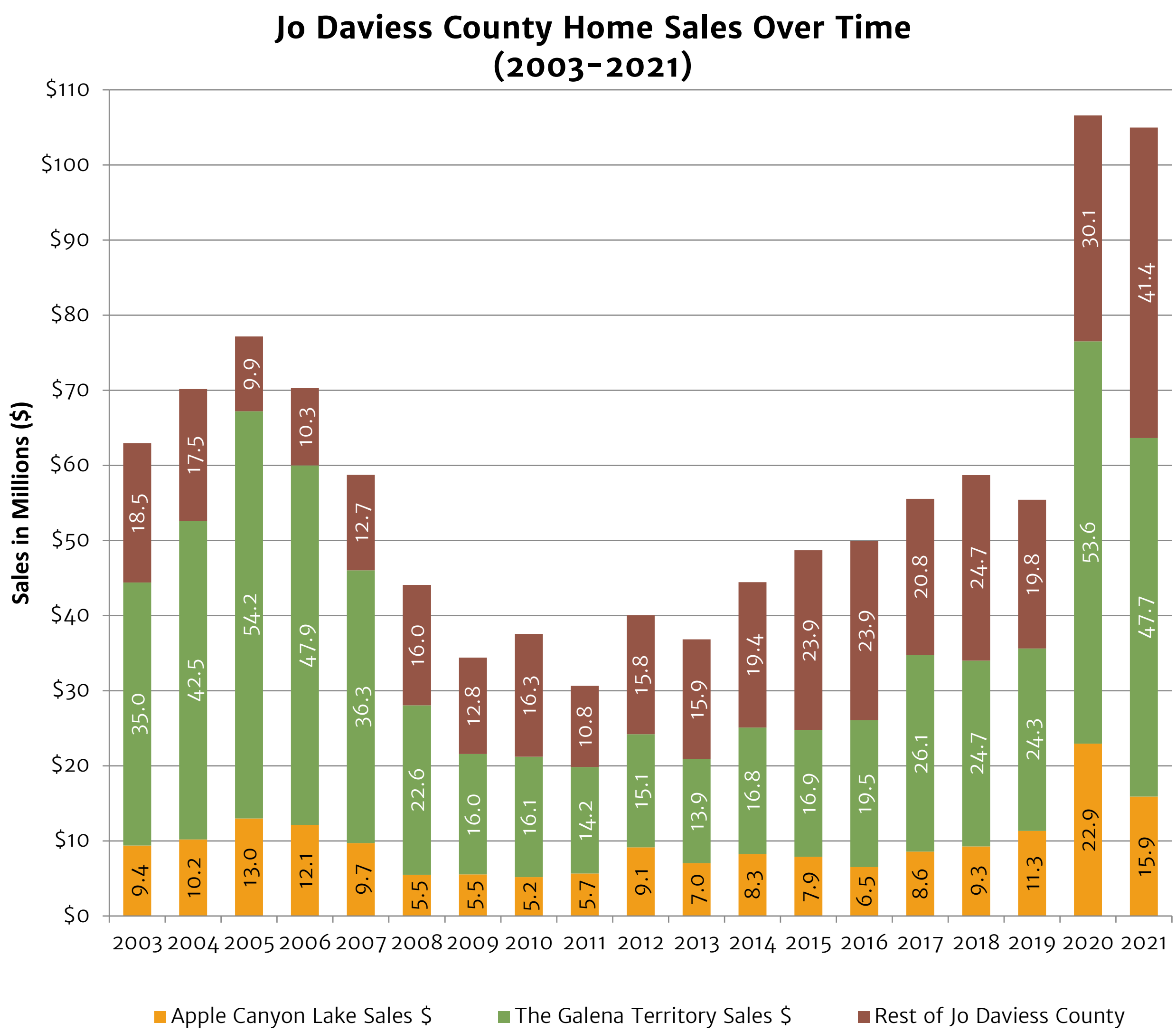
According to ESRI, the median home value in Jo Daviess County in 2022 is $169,773 and is projected to increase to $187,733 by 2027. Compared to the rest of the Blackhawk Hills region, the county's median home value is significantly higher; however, it is lower than the selected IA and WI regions. This provides potential homebuyers with options for price points and amenities when selecting a community within the three regions to live. The projected growth rate of the median home value for the Jo Daviess County is less than the Blackhawk Hills region, the selected IA region, and significantly lower than the selected WI region. (See Appendix C, Figure 6 for a comparison of median home values of the communities within the study.)



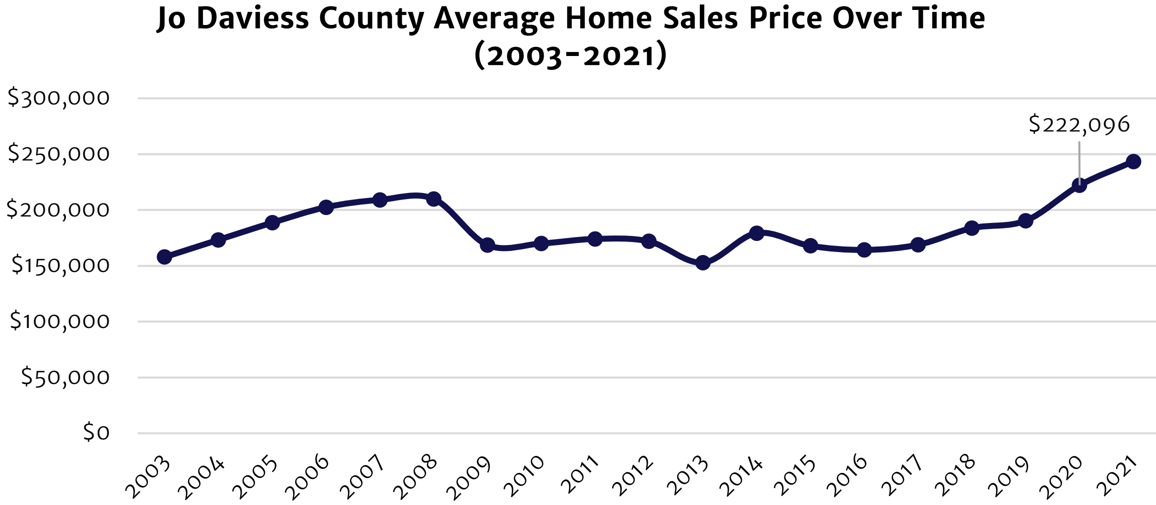
Data Source: ESRI Community Profile.

Single-Family Home Sales

Single-family detached homes are the most numerous housing type in Jo Daviess County. Sales volume in dollars has increased most years since 2011, which reflects number of units and price. Since 2019, price as a factor affecting volume of sales has had a more significant impact than it has in the past. Volume, in this case, represents dollars.



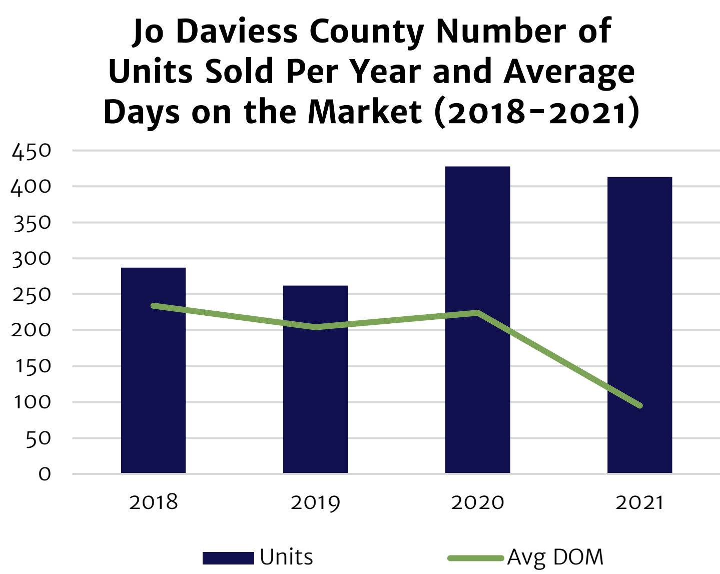
Data Source: Steve McIntyre, Sell It With Steve.



Data Source: Steve McIntyre, Sell It With Steve.

Even after accounting for inflation, the average home sales price over time has increased each year since 2016, with 2021 prices exceeding a previous high in 2008, just before the Great Recession. In 2022, the market is showing signs of slowing due to interest rates rising but inventory is still down, and prices are still up.

The 2020 mean household income, according to the American Community Survey, was $75,120. We can multiply this 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 the average household, therefore, is $252,403. The average home sales price in 2020 was $222,096. This means that an average household can purchase an average-priced home in Jo Daviess County. However, for those households with workforce-income, an affordable sales price would be between $100,800 and $168,000.



Data Source: Steve McIntyre, Sell It With Steve.

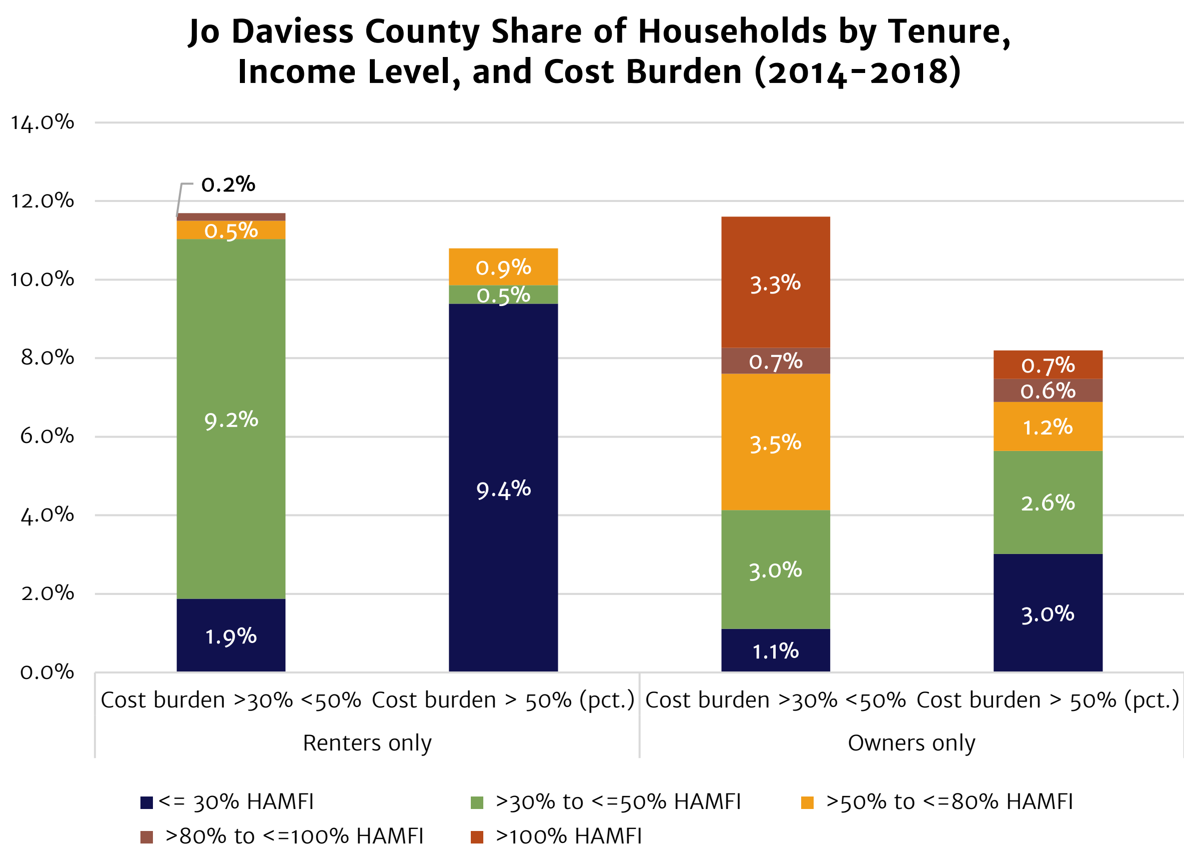
Average days on market (DOM) have decreased significantly from 2020 to 2021, where in 2020, average DOM was approximately 225; in 2021, average DOM was approximately 90 days.

Workforce Housing Sector

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.

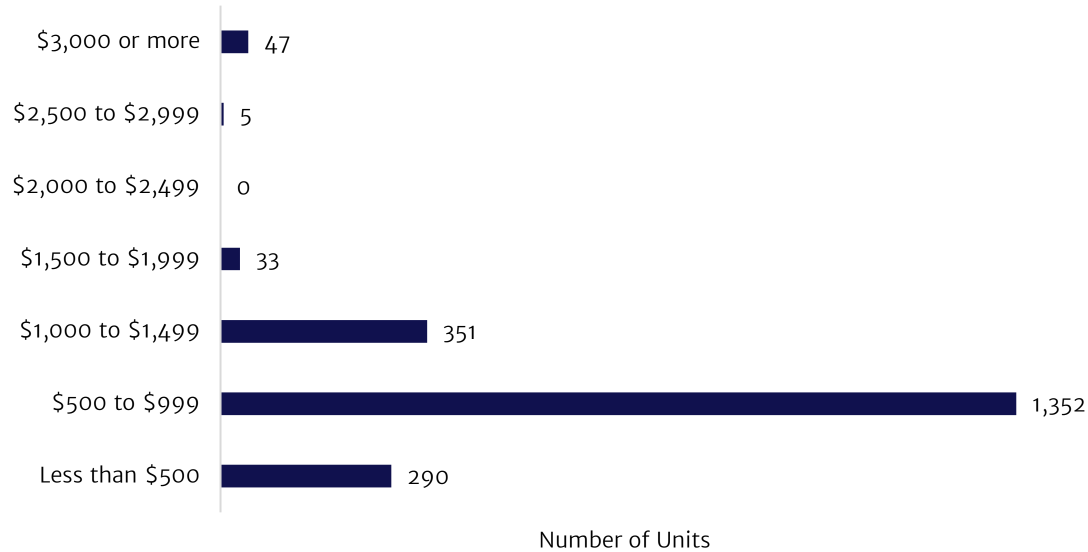
In Jo Daviess County, 22.5% (479) of renter-occupied units and 19.8% (1,510) of owner-occupied units with a mortgage are housing cost-burdened. The next chart further breaks down cost-burden by Household Area Median Family Income (HAMFI) and housing tenure. (See HAMFI definition in Appendix A.) It illustrates, for example, that 9.2% of renter households earning 30-50% of HAMFI are spending 30-50% of their income on housing costs.



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

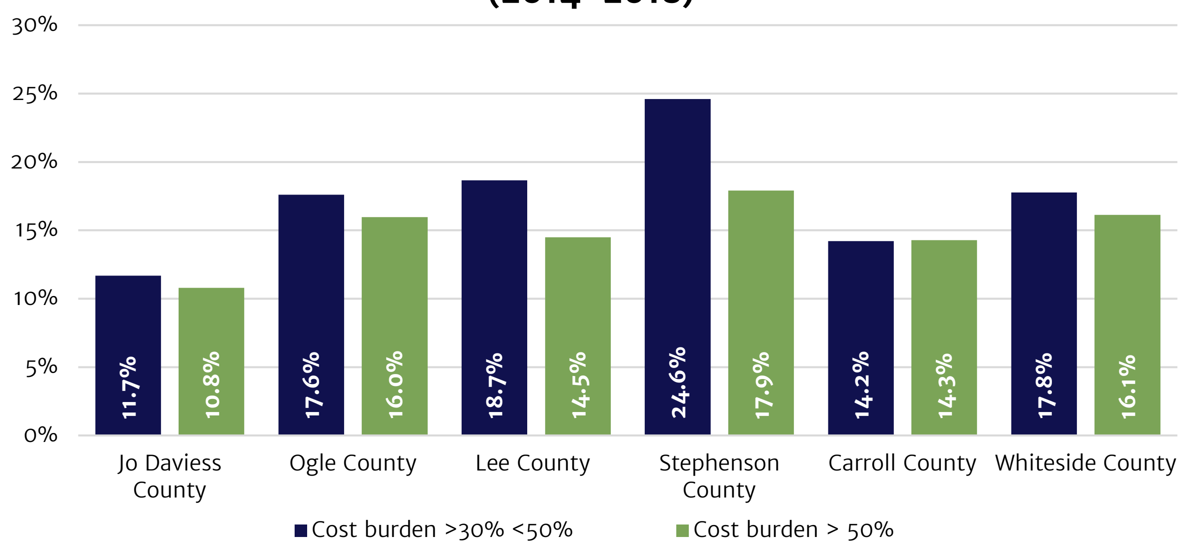
The following graph shows that a majority of rental units in Jo Daviess County (65.1%) rent for $500 to $999/month. There were 2,078 occupied units paying rent in Jo Daviess County in 2020. The median rent payment is $699/month.

Jo Daviess County Occupied Units by Gross Rent (2020)



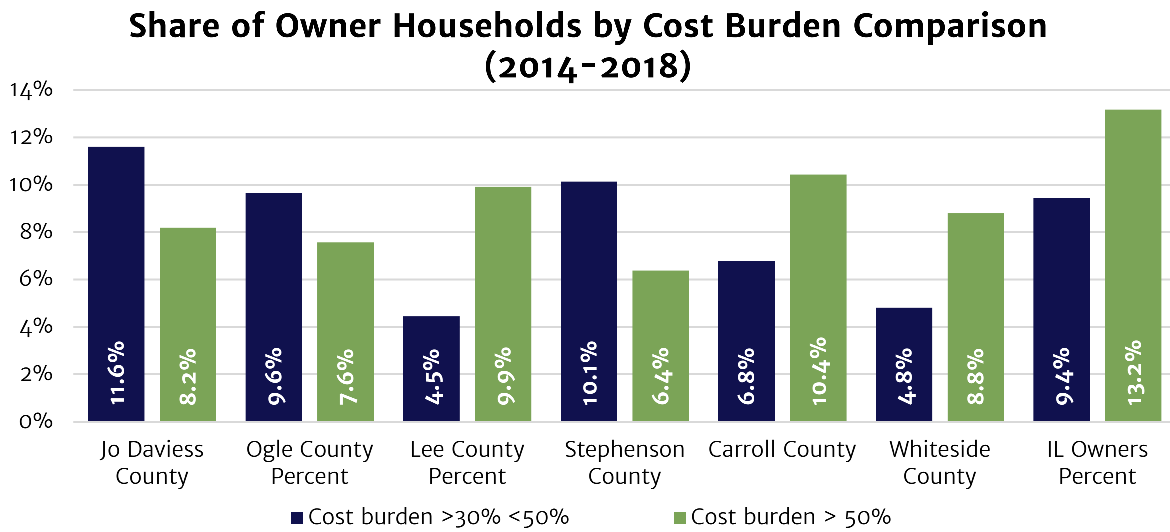
Data Source: Housing Characteristics, American Community Survey 2020 5-year Estimates.

Share of Renter Households by Cost Burden Comparison (2014-2018)



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

For comparison, the study looked at Jo Daviess County and the other counties in the Blackhawk Hills region to evaluate Jo Daviess County's affordability position. In the rental sector, only 22.5% of households in Jo Daviess County are paying 30% or more of their income for housing. Compared to other counties in the region, this is the smallest share of cost-burdened renters. Given this, we recommend constructing market-rate options that will provide space for those who can afford more in rent or house payments to move up, making available lower-priced units available for those who cannot afford to move up.



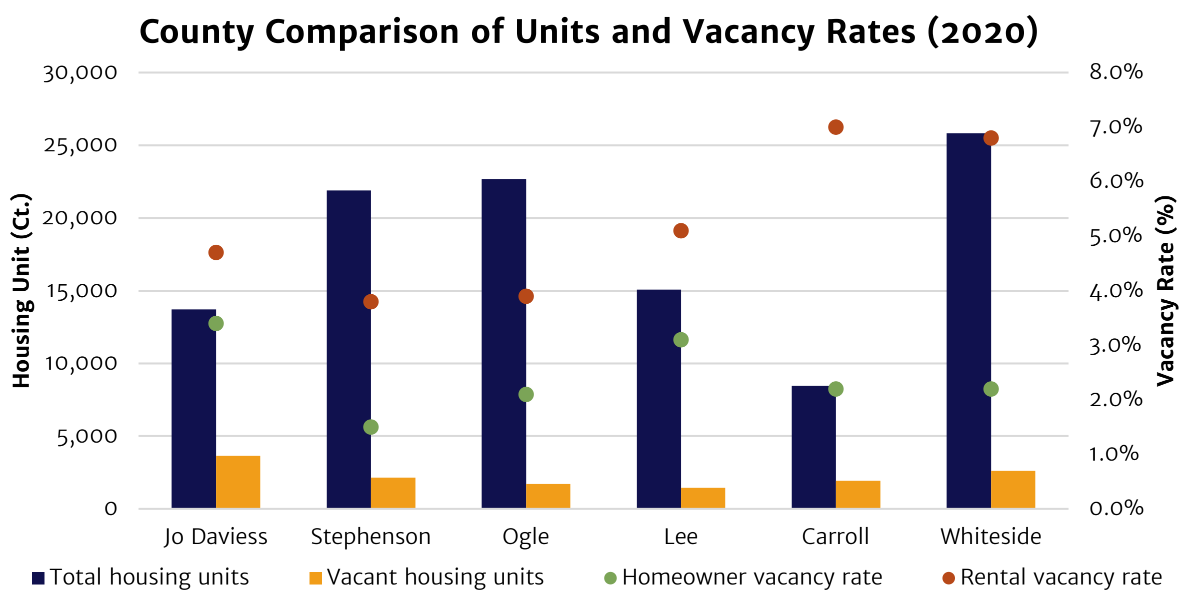
Data Source: US Housing and Urban Development CHAS Data from 2014-2018.

In Jo Daviess County, 19.8% of owner households are cost-burdened; only the State of Illinois has a higher percentage of cost-burdened owner households (22.6%).

Availability of Housing Units

Vacancy moderates rent. When there is adequate supply that provides room for people to downsize, upgrade, and move in, rents remain stable. As vacancy decreases due to more households filling vacant housing units or the quantity of housing stock decreasing, rents increase.

A good rental vacancy rate measures from 5-7% (Nelson, 2004). Based on 13,723 total housing units (according to 2020 ACS data), if Jo Daviess County would have had a healthy number of rental units vacant, there would have been at least 685 units available. Based on2020 ACS data the rental vacancy rate was approximately 645 units available (4.7% rental vacancy).



Data Source: Housing Characteristics, ACS 2020 5-year Estimates .

Housing Factors

Cost of Construction

Local contractors indicated that building workforce-income affordable housing would require the home to be under 2,000 square feet with modest finishes and sell for $201,000 to $310,000 on average (https://homeguide.com/costs/cost-to-build-a-house). The affordability range determined for the workforce-income population in this report tops out at $157,000.

Looking at what it might cost to construct a new single-family home, an almost $44,000 gap exists between the low end of the sales price ($201,000) and the high end of the affordability range a workforce-income buyer can afford ($157,000). The gap is likely higher, as the cost breakdown below does not include commissions, marketing, or profit for the builder.

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, the construction industry 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 industries. Many young workers left the industry for other jobs during the Great Recession. According to a National Association of Homebuilders annual survey, the biggest concern among builders in 2018 was the rising cost of materials. The following year, labor was the biggest concern. Each of these concerns remained significant into 2020 and beyond, with supply chain inefficiencies further compounding the challenge of accessing construction materials. With the unprecedented demand for housing across the country, many builders have reported focusing on building higher-end homes to ensure sufficient profit.

Housing Demand

Continuing recent trends, overall housing demand in Jo Daviess County should remain consistent over the next five years barring the occurrence of a catalytic event, such as a significant employer expansion or relocation into the area. The primary demand drivers will be single-family homes (particularly starter homes and transitional homes for retirees), 2-bedroom multifamily apartments, and workforce housing units of all types.

Specifically, we anticipate total demand in the county will average 185 units per year over the 2023-2027 timeframe. By sector, for-sale options (including townhomes/ condominiums) are forecast at an average of 65 units per year, with rental apartment demand estimated at an average of 120 new units annually. The following table provides further details.

DEMAND FORECAST - JO DAVIESS COUNTY, IL

	2023	2024	2025	2026	2027	Total
Single-Family Homes						
Under $275,000	50	50	50	40	40	230
Over $275,000	15	15	15	25	25	95
Total Single-Family	65	65	65	65	65	325
Multifamily						
2-bedroom units	80	80	80	80	80	400
1-bedroom units	30	30	30	30	30	150
Studio	10	10	10	10	10	50
Total Multifamily	120	120	120	120	120	600
Total Units	**185**	**185**	**185**	**185**	**185**	**925**

Source: Redevelopment Resources, 2022

Interview Takeaways

The primary research gathering component of this study included interviews, both in-person and via phone/video conferencing. Twelve participants represented the following interest areas: property owner associations, finance, local government, real estate, major employers, and others.

The team prepared a total of 15 questions for each interview. A summary of the responses is provided below. If respondents did not provide a substantive answer to the question (e.g., "I don't know."), the question was omitted below.

What are you hearing about the housing market in your community?

Higher-End Single-Family Construction.

-In 2020, Jo Daviess County government issued 36 permits for new homes with an average construction cost of $320,000. There has not been a slowdown in single-family residential builds during the pandemic. One particular interviewee believed these new homes were exclusively single-family homes, and many of them could be considered a second home (i.e., not the primary residence) of the property owner.
-Local and regional contractors are busy with higher-end residential construction projects. A few respondents mentioned that these projects are what the market is demanding in Jo Daviess County, and they provide higher

profit margins than entry-level or affordable housing.

Lower Inventory, Higher Sales Prices. Multiple respondents offered variations on the following theme: The inventory of single-family homes for sale in their respective community was limited, the average number of days on the market was lower than in years past, and the sales price of homes has been much higher than in years past. The low inventory in the housing market was evident throughout the county, from Stockton to The Galena Territory. The COVID-19 pandemic has been a driving force behind this activity. Some respondents said people who have second homes or have previously visited Jo Daviess County decided to permanently move during the pandemic, especially if they have the ability to work remotely.

A Lack of Housing for Key Demographics. Some respondents shared that there is a lack of homes for service-sector employees (both temporary/seasonal as well as permanent/long-term employees) and senior citizens. The former, for example, could benefit from having multifamily housing with long-term rental options available as well as having an inventory of starter homes available, while the latter are interested in downsizing and moving to one-story townhomes.

Have employers expressed difficulty finding workers due to a lack of housing? The anecdotes shared from a few respondents suggest that securing housing has been an obstacle for some employers looking to attract and/or retain talent:

-Staffing agencies would be able to place more workers if there were more housing options available.
-Restauranteurs in downtown Galena are offering free housing to employees.
-One respondent mentioned that some employers have considered building new-construction dormitories for its employees.

In which area do you think the biggest need for housing exists? (senior, multifamily, single-family homes in which price range, etc.)

Long-Term Rentals. There is a shortage of rental housing. One respondent mentioned that there is an absence of 2-bedroom rentals in particular, both market-rate and subsidized units. The respondent also shared that many of the affordable rentals available are 1-bedroom units, which may pose a challenge to lower-income families that need at least two bedrooms.

Senior Housing. Some respondents mentioned that the county needs a variety of housing types for older individuals, including one-story single-family homes or multifamily townhomes. The market for this particular housing type primarily included people within the county looking to downsize, although such housing would also benefit people outside of the county looking for a second home.

Decent, Safe, and Sanitary Rentals. Additional respondents talked about both quantity and quality regarding the rental market, emphasizing the need for higher-quality, well-maintained rental properties in the county. Landlords may not be inclined to provide a better product because there is less competition.

More Single-Family Homes. One respondent emphasized the need to build single-family homes, particularly in the lake communities like Apple River Canyon that have buildable lots at relatively reasonable prices. This might encourage people who grew up in Jo Daviess County to stay as well as entice people who live in larger cities with higher housing costs to move into the county instead.

Do you have areas of your community that are ready for immediate residential development? A few respondents listed specific locations with basic infrastructure in place and access to certain amenities. This included land north of the Walmart in Galena and land near the high school in Stockton.

Are there areas of your community that would be suitable for infill development? One respondent mentioned that the county consists of smalls towns that do not have enough land to assemble for infill development. Another respondent mentioned a few specific properties in downtown Stockton that have fallen into disrepair and could be infill opportunities.

How is the political environment for approving new or creative housing solutions? Incentives? Respondents distinguished between a municipality's ability and willingness to offer incentives for housing developments. For example, it was mentioned that smaller municipalities in the county are willing to permit more housing but are unable to provide incentives. TIF districts are in place in small towns such as Elizabeth, and the county could abate property taxes for a period of time. Galena does not offer incentives for developers and there are no TIF districts in the city.

How pressing of a need do the elected officials believe housing is in your community? Responses were minimal for this question. Some respondents were not sure what stance their elected officials took on housing-related issues. One respondent mentioned that organizations such as the Galena Chamber of Commerce and the convention and visitor's bureau have expressed the need for more housing as it impacts the industries they represent.

Do you have a group or number of contractors and developers who are developing in your community? Responses were minimal for this question. One respondent mentioned that the county had a variety of builders prior to the recession in 2008 and suspected that these builders switched careers and moved elsewhere, leaving the region with a smaller base of building talent. If accurate, this would align with the comments of some respondents who mentioned that homebuilders are "stretched to their limit" and that "every guy worth his salt is booked far in advance."

What barriers exist to residential development? Perceived or real? Responses varied on this question, and included:

> -Supply chain issues in general and the price of lumber in particular;
> -Community sentiment on past affordable housing developments;
> -Concerns about development in reference to housing opportunities in historic Galena; for some, new housing development is more palatable on the city's edge rather than the city's center; and
> -The challenge regarding short-term rentals. Multiple respondents expressed the benefits and challenges regarding short-term housing, particularly in Galena. It was mentioned that the short-term rental market has resulted in the renovation of units above storefronts in downtown Galena that would otherwise remain vacant. Some were concerned that the short-term rental market was constraining the availability of long-term rental housing, while others recognized short-term rentals are more lucrative and other long-term housing options must be explored.

Have you heard of any creative solutions in other communities that could be considered here?

Some respondents mentioned various funding sources that could be considered for housing:

-The county has a Revolving Loan Fund (RLF) that could assist with up to 25 percent of the construction cost of a new construction or remodeling project. RLF funds were used for a short-term rental housing development in recent memory.

-The county is collecting a 3 percent sales tax on marijuana purchases. This is estimated to bring in 50-60 thousand dollars in sales tax income in the first year. One respondent mentioned that perhaps it could be used for housing purposes.
-Another respondent encouraged banks in the region to offer Individual Taxpayer Identification Number (ITIN) mortgage loans, which were more broadly available in 2008 before the recession.

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 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 countywide 2012 comprehensive plan:

- The plan states that a reasonable amount of land should be designated for future residential development. Chapter 8 includes language that is intended to guide the amount and location of residential development so as to discourage sprawl, conserve farmland, reduce traffic, and enhance overall quality of life.
- The plan gives guidance for integrating its land use recommendations with the adopted comprehensive plan of a given municipality. The plan outlines Contiguous Growth Areas for the majority of municipalities within the county and recommends that residential development be directed towards these areas.
- The plan anticipated an occupancy rate of 1.95 persons per household and an average vacancy rate of 28.1% by the year 2040. The estimated average vacancy rate includes homes that would be used not only for a primary dwelling but also for "seasonal, recreational, or occasional use," such as a summer or weekend home.
- The plan projected a total of 17,150 housing units needed by 2040, with nearly 21% (or 3,576 units) being new housing units.
- The majority of housing starts were in the Townships of Guilford, Thompson, Dunleith, and East Galena. These four townships accounted for nearly 69% of housing starts in Jo Daviess County from 1995-2011.
- More specifically, The Galena Territory and Apple Canyon Lake accounted for nearly 53% of the housing starts in Jo Daviess County from 1995-2011.

The City of Galena and the Village of Stockton have adopted comprehensive plans with a housing element. Both plans include a summary of housing issues as well as a list of goals, objectives, and actions to address housing issues. It should be noted that each plan is dated, and any interest in implementing the housing-related items in each plan requires a housing element update or a new comprehensive plan altogether. Despite the outdated status of each plan, there are a number of housing issues that remain salient within each community, such as the need to develop affordable housing for service workers located in closer proximity to their workplaces as well as key services.

Of note from the 2003 City of Galena Comprehensive Plan:

- The plan states that in recent decades housing starts have slowed within city limits while housing starts have increased in nearby townships and throughout the county.
- The "Issues, Opportunities, and Constraints" section states the need for affordable housing to accommodate workers in service-related industries such as tourism. In lieu of affordable housing in or near the city, the plan references anecdotal evidence suggesting that service workers are commuting

long distances.

- The plan recommends a variety of programs and policies to promote decent, safe, and well-maintained properties in the city. This includes properties designated as historic as well as contemporary, non-historic properties. Action items listed include the identification of funding opportunities for historic home rehabilitation and the creation of a rental inspection program.
- The plan also calls for increased development of multifamily or "condominium" properties designed particularly for an aging population.
- The plan details a number of zoning code changes to help promote the development of affordable homes, including smaller lot sizes, zero lot line construction, and buildouts above storefronts in the historic downtown.

Of note from the 2005 Village of Stockton Comprehensive Plan:

- The plan identifies a variety of housing issues, specifically the need to develop housing for young families and senior citizens.
- Element 4 of the plan outlines five goals to address housing issues in the village:
    - Provide for the housing needs of low-income, elderly, and disabled citizens;
    - Ensure a full range of housing options for all residents;
    - Ensure that residences are well-maintained;
    - Maintain a minimum standard of housing;
    - Allow and encourage alternate housing styles.

  A list of objectives and action steps accompany each goal.
- The plan mentions that 87% of the village's housing stock was built before 1980 and indicates that a large portion of structures in the village may require additional maintenance.
- The plan created three growth projection models to help readers plan for future land use needs. The Low Growth Projection model assumed a 1.8% increase in housing units every five years with an estimated need of 977 housing units by 2025, while the High Growth Projection model assumed a 3.8% increase in housing units every five years with an estimated need of 1077 housing units by 2025.

Current Programs

A review of current programs was conducted to understand what tools are already in place and which may be enhanced to be housing-specific.

Tax-Increment Financing

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 thorough and annual inspections are only conducted if a complaint is received. This may contribute to properties being non-compliant as there may be fear of reporting because of risk of losing housing, if a tenant or for hindering a relationship, if a neighbor or other community resident.

Building Code

Jo Daviess County government has adopted the 2012 International Building Code (IBC) AND 2012 International Existing Building Code (IEBC). Updating to the 2015 IBC/IEBC would bring the county in alignment with the state; updating to the 2018 or 2021 IBC/IEBC would be considered forward-thinking, bringing the county in alignment with many metropolitan areas in Northern Illinois.

Of the twelve municipalities examined in this study, the City of Galena is the only municipality that has adopted the 2018 IBC/IEBC. Other communities such as Apple Canyon Lake recognize the county's adoption of the 2012 IBC.

The International Existing Building Code includes provisions and alternatives to the rehabilitation and repair of existing structures. It is recommended that inspectors within their respective jurisdictions become comfortable interpreting and working with the nuances of the IEBC to ensure ease of the rehabilitation of existing structures for use as multifamily housing.

National Register Historic District

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

State-Based Programs

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

Economic Growth Corporation (GROWTH) Housing Programs

Economic Growth Corporation (GROWTH) is a non-profit organization based out of Rock Island, Illinois and whose service area includes Jo Daviess 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 Land Bank Capacity Program

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

C-PACE (Property Assessed Clean Energy) Financing

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

Jo Daviess County Enterprise Zone

Offers incentives designed to stimulate economic growth and neighborhood revitalization in economically depressed areas. Benefits relevant to the development of housing include a Building Materials Sales Tax Exemption (up to 8%), waiver of select local building permits and fees, exemption from resultant property tax increases from an addition or improvement, and the .5% Investment Tax Credit.

Jo Daviess County Opportunity Zone

Opportunity Zones are an economic development tool used to promote job creation and development projects in economically challenged communities through providing tax credits to investors. Census tract 17085020500 is an Opportunity Zone in Jo Daviess County; it covers the Village of Stockton and the surrounding area.

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

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

Council of Development Finance Agencies (CDFA)

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

Recommendations

Jo Daviess County has a demonstrated need for additional housing units. Based on our model and interviews, we recommend a minimum of 185 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 Jo Daviess County is the condition of existing housing units. We are recommending activities that address rehabilitation and maintenance, from offering incentives to targeting code compliance.

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

To Attract New Development

1. Host a Developer Familiarization Tour

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

2. Encourage Development of Higher-Density Market Rate Multifamily Housing

   Create opportunities for development of higher-density market rate multifamily housing. Identify 2-3 two-acre sites and market them to housing developers/contractors, including the site behind Walmart in Galena. There is market demand for rental units at a price point of approximately $900-$1,100 per unit. Sixty-four-unit buildings could be developed in phases to ensure market absorption. From the primary research presented in this study, employers (in particular, the medical community, school districts, and certain manufacturers) would have an easier time filling open positions with high-quality multifamily housing available to new employees. The City of Galena could create an incentive for a new development if valued above $14 million in total (assuming $220,000 per unit development cost). Incentives might be infrastructure, tax abatement, cash grant with claw back clause, and utility cost reduction.

   Improving the quality of the housing stock by building new units will create naturally occurring affordable housing units. Naturally occurring affordable housing units are older units which have affordable rents that are unsubsidized by a federal program. This is the most common type of affordable housing in the United States.

3. Facilitate the Development of Pocket Neighborhoods on Appropriate Sites

   Pocket neighborhoods can be constructed on as little land as half an acre. "Pocket neighborhoods are clustered groups of neighboring houses or apartments gathered around a shared open space — a garden courtyard, a pedestrian street, a series of joined backyards, or a reclaimed alley — all of which have a clear sense of territory and shared stewardship. They can be in urban, suburban or rural areas." Pocket neighborhoods are typically comprised of 6 to 10 smaller homes of 800-1,200 ft2, clustered together with less individual yard and more common space. As a smaller home, they tend to be more affordable but could be developed at a variety of price points depending on the target market. Municipalities such as East Dubuque, Elizabeth, Stockton, and Galena should consider marketing available sites for pocket neighborhoods. This product would fill the need for starter homes as well as transitional homes for retirees prior to assisted living. Because of the smaller square footage per unit, they would be less expensive to construct than a typical 1,500 ft^2 single-family home.

4. Incentivize Construction of Single-Family Homes

Jo Daviess 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 the County. A package of incentives can be marketed to contractors and developers but be left open to negotiation depending on the size of the development, number of units to be constructed, and actual need of the developer.

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

5. Market Jo Daviess County Communities

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

6. Market Available Properties

Using online search tools, our team looked for available rental units, and only two units were available, on two different rental web sites on a given day. Two were in Galena, one was in Stockton, and one was in Scales Mound. Three of these were single-family homes being rented. This is a discouragement for those looking for an apartment in the county. Consider encouraging all rental property owners to list their available units with a single free online listing service provider such as Zillow or Apartments.com, so that all renters will see all units available at one time in the market.

To Address Existing Housing Units and Empty Infill Lots

1. Support Infill Development

Create an incentive program for builders to construct new homes on infill lots, including on lots bordering commercial areas. Infill development is the most efficient use of a municipality's property because the infrastructure is already installed and available. Property boundaries have been established and 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, which improves values neighborhood-wide. Create a map of infill opportunities and develop incentives for single units or duplexes to be constructed on single or combined lots. If more than two or three single-family lots are available together, market the concept of a pocket neighborhood. If a community establishes a land bank, there may be opportunities to work on infill development through this relationship.

2. Create a Residential Rehabilitation Program

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

3. Create a Downtown Residential Rehabilitation Program

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

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

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

4. Create a Rental Inspection Program in the County.

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

A rental inspection program can yield the following benefits:

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

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

Sec. 11-60-2: The corporate authorities of each municipality may define, prevent, and abate nuisances. The provisions of 65 ILCS 5/11-60-2 are rooted in the identification and regulation of nuisances that are both public and chronic and therefore pose a safety hazard to the general public. The following municipalities provide examples of rental inspection programs for Jo Daviess County, or individual communities within the county to emulate:

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

- An annual inspection for common areas in apartment complexes; and
- A unit inspection every time a tenant changes (prior to occupancy by a new tenant). Program fees are nominal; annual registration fees begin at $10 per dwelling unit and inspection fees begin at $75per dwelling unit. To date, the program includes 650 registered units.
- Redevelopment Resources contacted an official from the Village of Round Lake to better understand program efficacy; notable responses include: The program has allowed the village to maintain current contact information for landlords, which helps both parties address issues more quickly.
- Responsible landlords appreciate knowing that landlords with a history of nuisance violations have to be accountable for maintaining their properties.
- Tenants appreciate the fact that they can call the village if any issues arise without fear of retaliation.

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

To Ensure Implementation

1. Build a Network

The communities within Jo Daviess County and the larger Blackhawk Hills Regional Council service area would benefit from building a network of housing developers ranging from large national players to smaller companies to individuals at the local level that want to be a part of the solution.

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 western part of the BHRC area to encourage attendance from the Dubuque metro area.

b. Clearly express needs for each community.

c. Feature targeted sites within each community; include key facts.

d. Stay in regular communication throughout the year. As a general rule, it takes seven points of contact before someone will respond to your call to action.

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

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

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

3. Provide a Dedicated Focus on Housing

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

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

4. Inventory Underused Infrastructure and Building Assets

Create an inventory that captures the scope of potential housing projects in the Blackhawk Hills region, from potential infill spots to buildings able to be repurposed.

Jo Daviess County Workforce Housing Recommendations

Activity	Timeframe	Resonsible Party	Funding Source
To Attract New Development			
Host a Developer Familiarization Tour	Q4 2022 and annually	Jo Daviess County Economic Dev.	Private Sector Sponsor
Encourage Development of High-Density Multi-family Housing	Q4 2022 and ongoing	Jo Daviess County Municipalities	Municipality/Local Utility
Facilitate Development of Pocket Neighborhoods on Appropriate Sites	Q1 2023 and ongoing	Jo Daviess County Municipalities	Municipality/Local Utility
Incentivize Construction of Single Family Homes	Q1 2023 plan, Q2 act	Public and Private Sector	Municipality/Local Utility
Utilize TIF in creative ways to incentivize housing development	Q1 2023 and ongoing	Jo Daviess County Municipalities	TIF
Offer construction permit fee waivers	Q2 2023 and ongoing	Jo Daviess County Municipalities	Staff Time
Offer municipal-owned properties for sale for $1	Q2 2023 and ongoing	Jo Daviess County Municipalities	Staff Time
Rebate a portion of property taxes after a commitment to pay is reached	Q2 2023 and ongoing	Jo Daviess County Municipalities	Staff Time
Partner with employers to acquire land and sell lots at discounted prices	Q3 2023 and ongoing	Jo Daviess County Economic Dev.	Private sector funds
Partner with employers to offer downpayment assistance to new home buyers	Q3 2023 and ongoing	Jo Daviess County Economic Dev.	Private sector funds
Work with local banks to subsidize interest rates on subdivision developments	Q2 2023 and ongoing	Jo Daviess County Economic Dev.	Local Banks
Market Jo Daviess County Communities	Q1 2023 and ongoing	Jo Daviess County Economic Dev.	Private Sector Sponsor
Market Available Properties and above incentives	Q1 2023 and ongoing	Jo Daviess County Municipalities	Staff Time
To Address Existing Housing Units and Empty Infill Lots			
Support Infill Development	Q1 2023 plan, Q2 act	Jo Daviess County Municipalities	Staff Time, TIF
Create a Residential Rehab Program	Q2 prep application	Jo Daviess County Municipalities	State of IL CDBG Funds
Create a Downtown Residential Rehab Program	Q3 2023 and ongoing	Stockton, Elizabeth, Galena	TIF
Create a Rental Inspection Program in the County	Q2 2023	Jo Daviess County Municipalities	Staff Time
To Ensure Implementation			
Build a Network	Q4 2022	BHRC	Staff Time
Equip and Charge BHRC as a One-Stop-Shop	Q4 2022	BHRC	Staff Time
Provide a Dedicated Focus on Housing	Q4 2022	Jo Daviess County	Staff Time
Inventory Underused Infrastructure and Building Assets	Q1 2023	Jo Daviess County, Jo Daviess County Municipalities	Staff Time

Programs & Incentives

Recently approved legislation

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

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

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

- A statement of the total number of affordable housing units that are necessary to exempt the local government from the operation of the act;
- An identification of lands within the local government that are most appropriate for new or rehabilitated affordable housing,
- A list of incentives that local governments may provide to attract affordable housing within their jurisdiction; and
- A goal[3] of a minimum of 15% of all new development or redevelopment being set aside for affordable housing.

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

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

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

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.

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."

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.

Employment

The Bureau of Labor Statistics defines employment as "Filled jobs, whether full- or part-time, and whether temporary or permanent, by place of work."

Household Area Median Family Income

This is the median family income calculated by HUD for each jurisdiction, in order to determine Fair Market Rents (FMRs) and income limits for HUD programs. HAMFI will not necessarily be the same as other calculations of median incomes (such as a simple Census number), due to a series of adjustments that are made (For full documentation of these adjustments, consult the HUD Income Limit Briefing Materials). If you see the terms "area median income" (AMI) or "median family income" (MFI) used in the CHAS, assume it refers to HAMFI.

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.

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. ESRI defines a vacant housing unit as "no one living in the dwelling, unless its occupant or occupants are only temporarily absent—such as away on vacation, in the hospital for a short stay, or on a business trip—and will be returning."

Workforce-income Population & Workforce Housing

In this report, "workforce-income" refers to households making from $30,000 to $50,000 per year (or $14-$24/hour), representing those making approximately 50-80% of the county's MHI. Workforce housing refers to housing units that are affordable (based on the definition above) to households with income in that same range.

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.

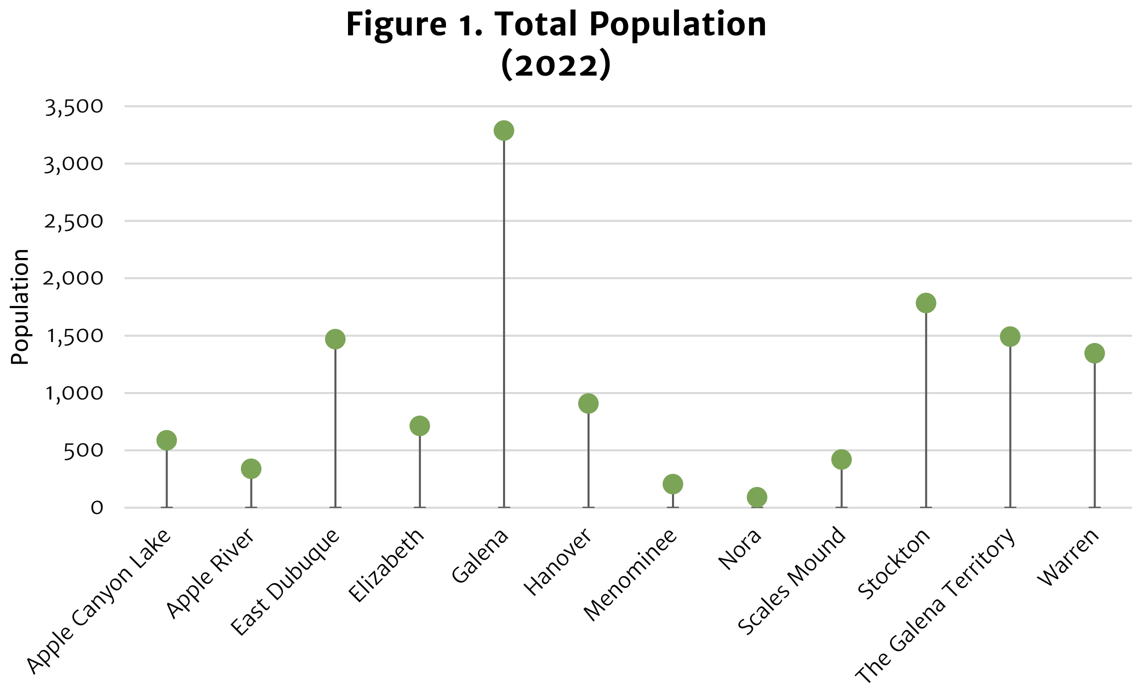
Esri has developed a technique to link carrier routes to the correct block groups—using the actual locations of mail deliveries. Its proprietary Address Based Allocation (ABA) methodology was developed in 2005 to solve the complex challenge of converting delivery counts from carrier routes to block groups. 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.

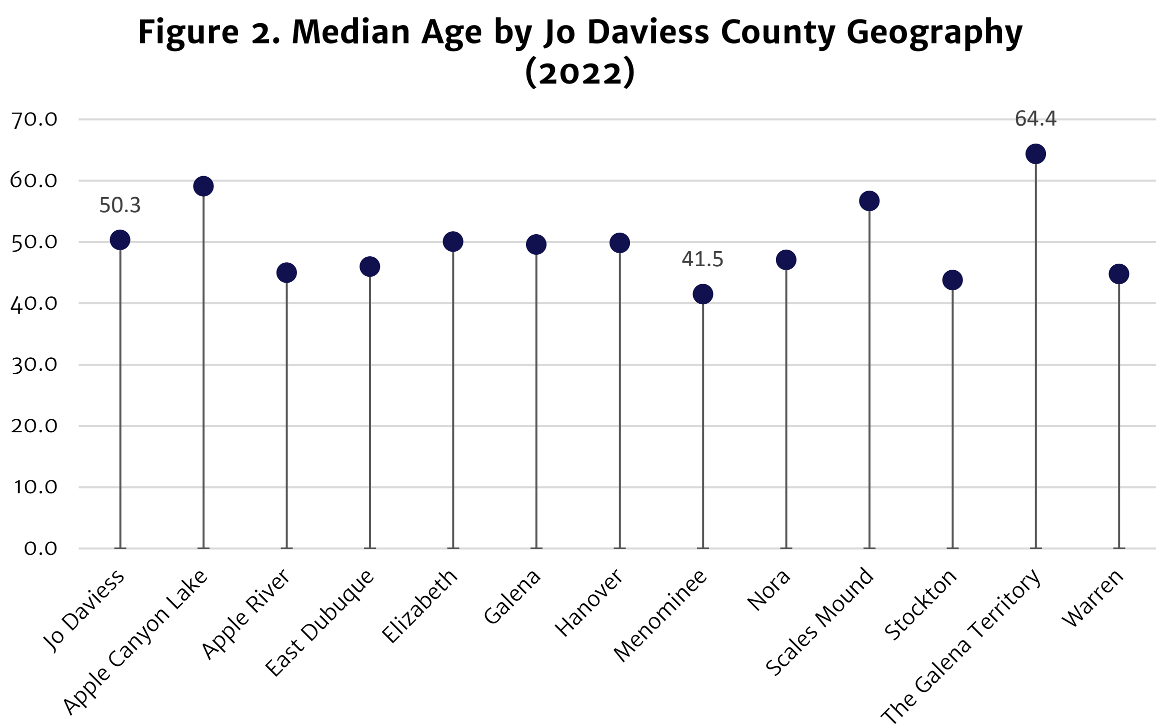
RealPage housing data is incorporated to capture the growing multifamily rental market. Like Zonda, which covers new residential-owned dwellings such as single-family homes and condominiums, RealPage collects and maintains data on planned, new, and existing rental properties of multifamily and student 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 micro forecasting, 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 – Jo Daviess County Municipalities

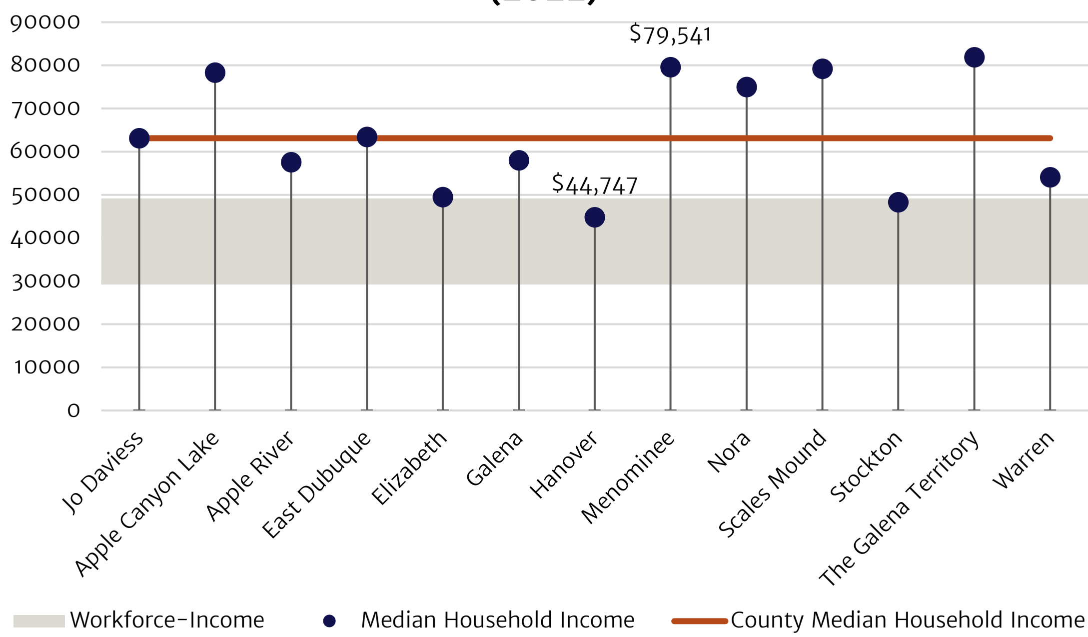


Data Source: ESRI Community Profile.



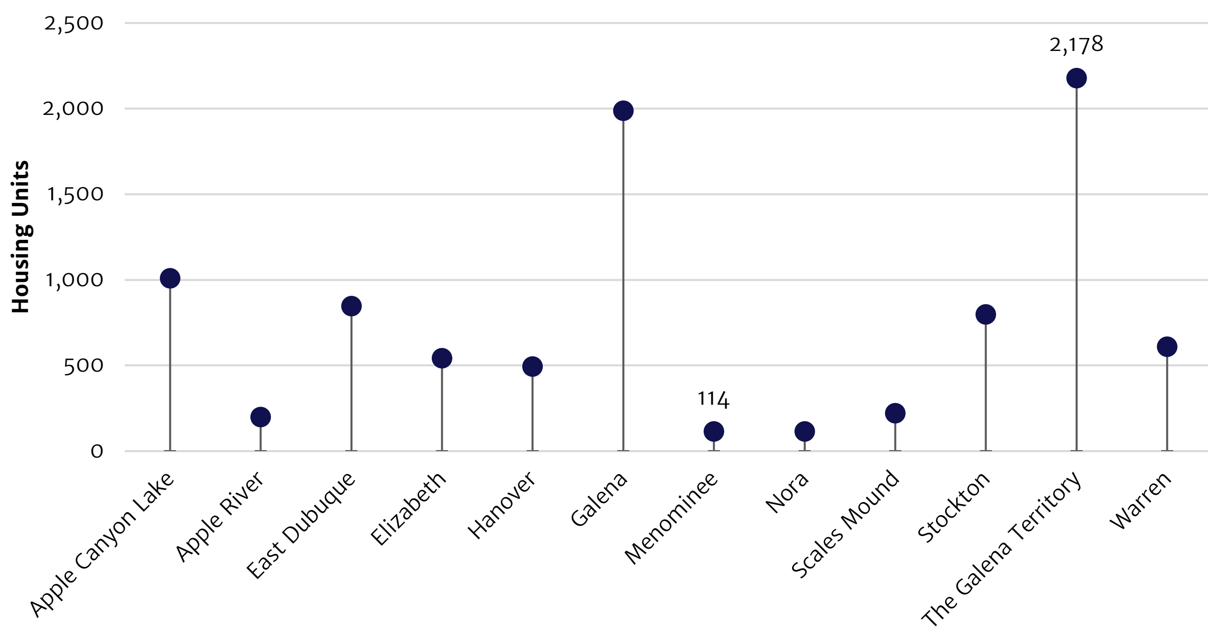
Data Source: ESRI Community Profile.

Figure 3. Median Household Income by Geography (2022)



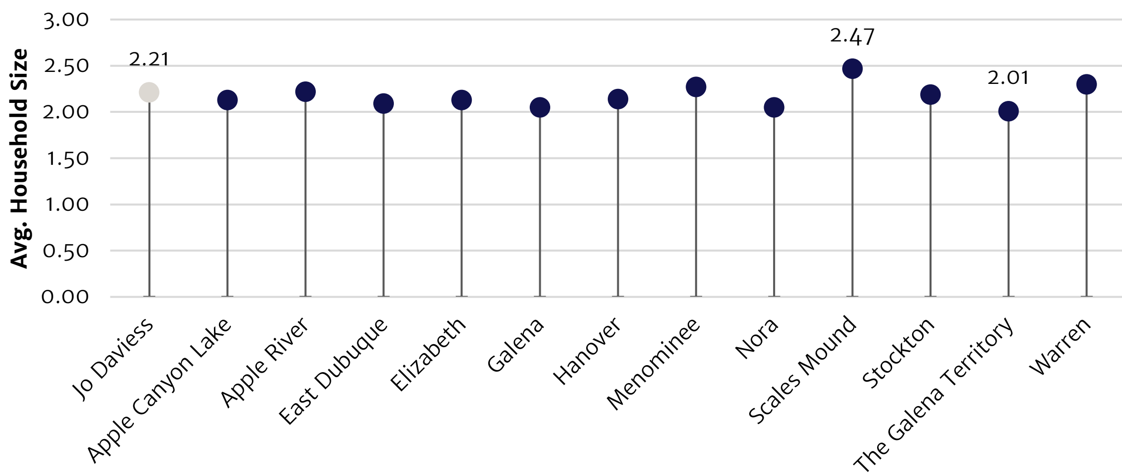
Data Source: ESRI Community Profile.

Figure 4. Total Housing Units by Community (2020)



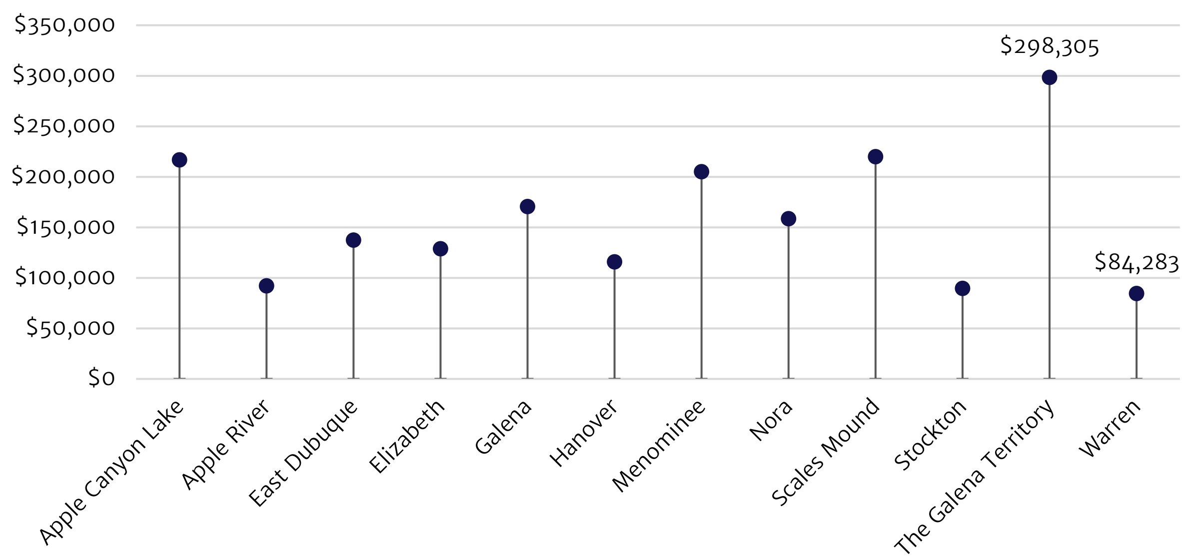
Data Source: American Community Survey, 2020 5 Year Estimates, Housing Characteristics.
Note: Jo Daviess County has a total of 13,723 housing units. The sum of the housing units shown here is 9,110.

Figure 5. Average Household Size by Geography (2022)



Data Source: ESRI Community Profile.

Figure 6. Median Home Value (2022)



Data Source: ESRI Community Profile.

Appendix D: References

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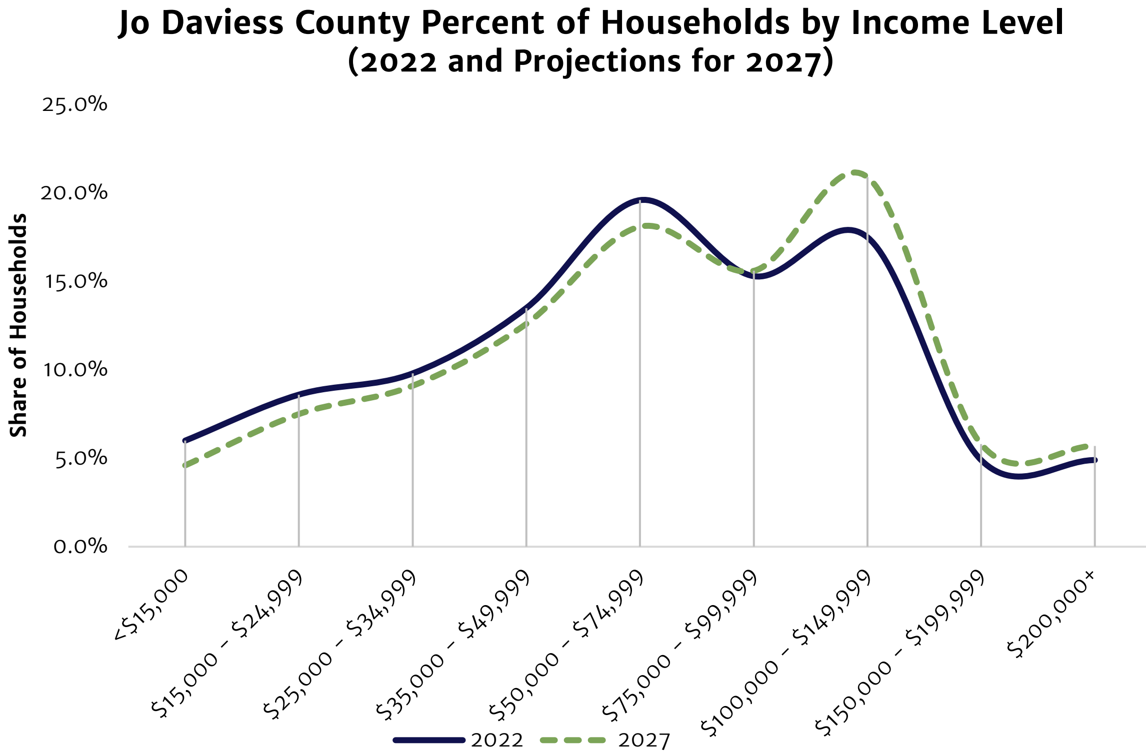
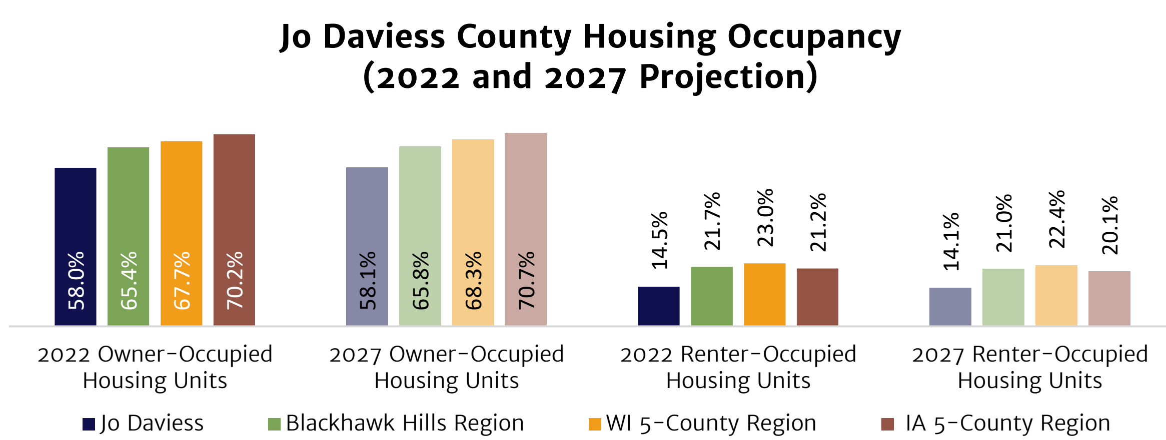
Appendix E: Additional Data



Data Source: ESRI Community Profile.

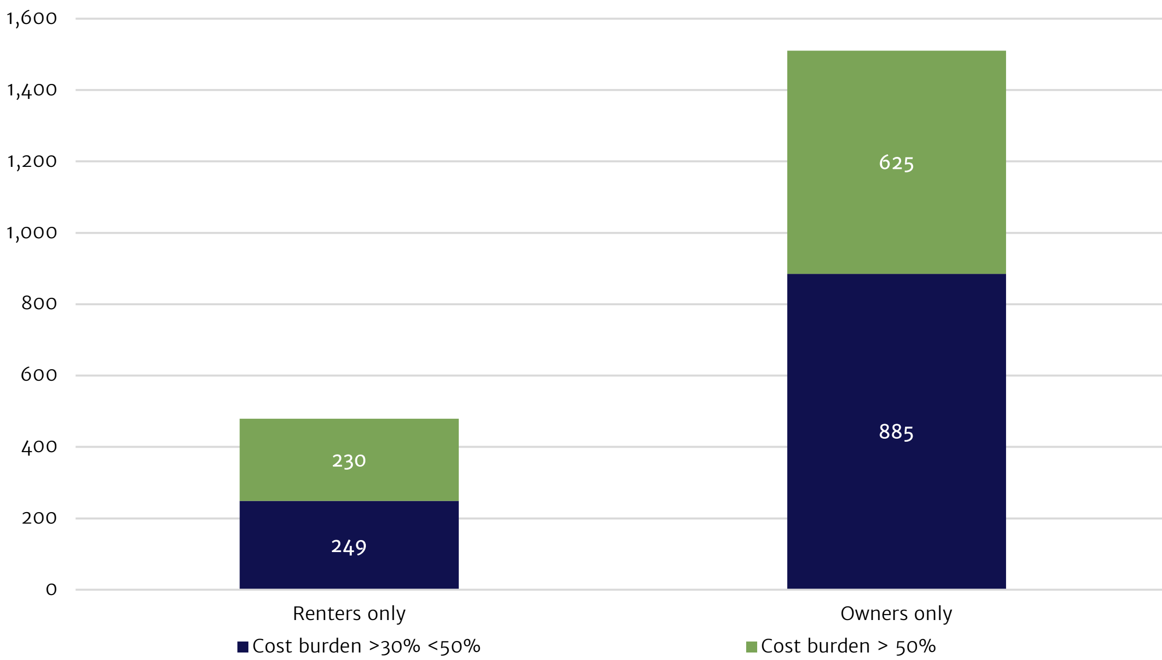
The chart above shows percent of households by income level for Jo Daviess County from 2022 to 2027. It appears the percentage of households in income brackets below $75,000 will decrease over the next four years. It would be hopeful to believe that is due to rising incomes across the board but that is not possible to discern from this graph. The percentage of households making $75,000 or more are projected to increase within each category over the next four years.

The following graph shows the share of housing tenure in 2022 and a projection to 2027. For Jo Daviess County, both owner-occupied and renter-occupied housing percentages are projected to decrease slightly.



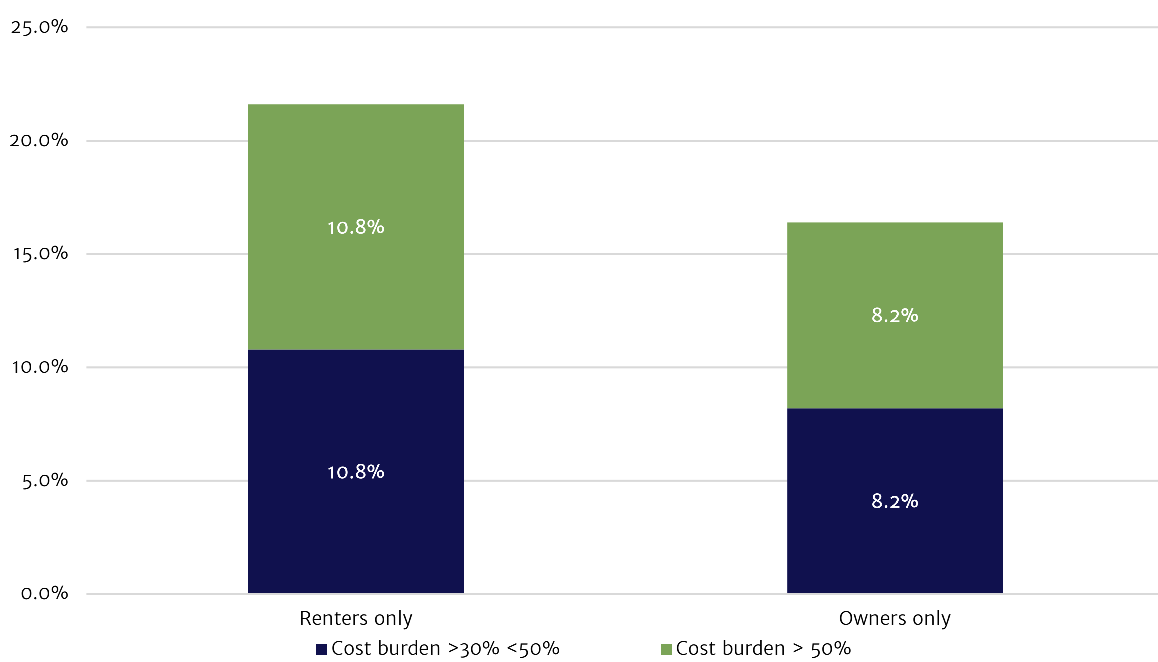
Data Source: ESRI Community Profile.

Jo Daviess County Households Spending Greater than 30% of Income on Housing Costs (2014-2018)



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

Jo Daviess County Share of Households Spending Greater than 30% of Income on Housing Costs (2014-2018)



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

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