



# **McHENRY COUNTY: A PLACE TO CALL HOME**

## ***A Call to Action***

**The Heartland Alliance Mid-America  
Institute on Poverty**

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*The opinions expressed in this publication are those of the authors and do not necessarily represent the views of the McHenry County Senior Services Grant Commission, the McHenry County Mental Health Board, the Corporation for Affordable Homes of McHenry County, or the McHenry County Continuum of Care.*

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## Executive Summary

Having stable housing is one of the most basic needs people have. In its absence it becomes difficult to be a productive member of society – to find and hold a job, to access education, or to take care of health and family needs. One out of five McHenry County households is very low income, meaning their annual income is less than \$35,000. These families are hard pressed to find housing they can afford in McHenry County.

### What is Affordable Housing?

The generally accepted definition of affordable housing is for a household to pay no more than 30 percent of their income toward housing costs.

Not being able to find housing that is affordable is a great hardship for people with low incomes and people with special needs that can lead to serious and costly consequences not only for those individuals and families, but also for communities:

- People who are not adequately housed experience instability and uncertainty that increases absenteeism, affects job retention and recruitment, increases unemployment claims, reduces productivity for the employer, and results in lost tax revenue for the community.
- Children living in unstable environments or experiencing homelessness have greater emotional and learning challenges in school which can divert school and personnel financial resources to help them cope.
- When they are paying too much for housing, low-income families and seniors may make tradeoffs like skipping doses of medication, neglecting preventive care, foregoing needed care for acute conditions, or purchasing less nutritious, but cheaper, food – all of which have serious personal and public health implications and place a drain on health care resources when individuals must use costly emergency room services for health care.
- Workers who must live far away from employment and service centers to be able to afford housing spend more of their time commuting and less time with their families. Living farther from one's job leads to more money being spent on gas and vehicle maintenance, more late arrivals, increased likelihood of missing days of work due to family obligations, and increased road congestion and maintenance along with pollution.
- People who cannot find housing they can afford and that meets their needs often rely on other family members or friends for support. This can strain the resources of the friends and family members, leading to even more people struggling to get by. Living doubled up with family and friends can lead to overcrowding, and safety concerns arise from possible fire hazards and other potential dangers.
- People with special needs such as a disability, a mental illness, or a substance use issue can experience an intensification of their illness or a decline in functioning when they cannot find housing that meets their needs. This in turn further taxes existing systems like emergency rooms which are then used like primary care facilities or cold night shelters. It may even lead to inappropriate or prolonged institutionalization, which is costly.
- Precarious housing situations may lead to more interactions with the police or civil court action such as evictions or bankruptcies. Again, this is another drain on public services and increases tax burden.

A group of McHenry County leaders who saw these issues impacting their communities wanted a full assessment of the affordable housing needs in their county. In October 2007, the McHenry County Mental Health Board, McHenry County Senior Services Commission, and McHenry County's Continuum of Care Committee, led by the Corporation for Affordable Homes of McHenry County, hired the Heartland Alliance Mid-America Institute on Poverty (MAIP) to investigate. MAIP assessed the need for and the supply of appropriate, affordable housing for McHenry County residents.

# Good things grow from affordable housing



Adapted from the Illinois Housing Roundtable's 2008 Affordable Housing Briefing Book



This assessment included an analysis of secondary data sources; surveying homeless and mental health service providers, local businesses, municipal and township representatives, and housing industry experts; roundtable discussions with low-income McHenry County residents, municipal and township representatives, and homeless and mental health service providers; and key informant interviews with county officials. The assessment specifically focused on the housing needs of low-income and special needs populations, including:

- Low-wage workers
- People with mental illness or substance use issues
- People with disabilities
- Seniors
- People experiencing homelessness

This report comes at a time when economic forces are colliding to negatively impact more and more McHenry County families, leaving not only the most vulnerable struggling but also families with more moderate incomes. Perhaps never before in the county's history has the community needed the careful and intentional planning to address the housing needs of *all* residents.

**Table 1 -Percent of Households by Annual Income, 2006**

| Household Income     | McHenry County |        |
|----------------------|----------------|--------|
|                      | Number         | Rate   |
| Total households     | 106,751        | 100.0% |
| Below \$20,000       | 9,964          | 9.3%   |
| \$20,000 to \$34,999 | 12,367         | 11.6%  |
| \$35,000 to \$49,999 | 12,591         | 11.8%  |
| \$50,000 to \$74,999 | 20,836         | 19.5%  |
| \$75,000 or more     | 50,993         | 47.8%  |

**This assessment revealed that in McHenry County there is a significant lack of affordable housing.** In the private market, there is a serious lack of housing affordable to McHenry County families with incomes below the median income of \$72,000. The gap is particularly severe for the most vulnerable households with incomes below \$35,000. Only when income nears \$75,000 does the supply of housing begin to match the financial capabilities of McHenry County families. The 3,548 subsidized and specialized affordable housing options that exist in McHenry County are insufficient to meet the

needs of the 22,331 most economically vulnerable McHenry County households.

Though more middle-income McHenry County families are beginning to experience hardship, **the gap between need and supply is particularly salient for extremely low-income people and adults with disabilities and severe mental illnesses and their** needs must be acknowledged and prioritized. One of the most important things this research process revealed is that the voices of McHenry County families with low incomes and individuals with special needs are often not heard and therefore not carefully considered in planning processes. As these populations grow it is of critical importance that their needs are incorporated into such discussions.

As one of the fastest growing counties in the state, planning must address not only the infrastructure growth but a well thought out strategy to address this affordable housing need.

**Leaders from across McHenry County have an opportunity to come together as a community to collaborate and build public support, increase residents' capacity to meet their housing needs, and work through a variety of avenues to expand appropriate affordable housing options for the people of McHenry County.**



# McHenry County Growth and Change

Demographic and economic patterns reflect the larger context in which McHenry County residents must function. In many respects, such patterns, which are often out of the control of those who experience them, influence people’s job opportunities and housing choices in profound ways.

## Demographic Trends

- From 1980 to 2007, the county’s population more than doubled, rising 113.6 percent.
- By 2030, the population is projected to grow by 44.8 percent - 141,651 more people..
- Latinos now comprise 10 percent of the population, up from 8 percent in 2000.
- The 45 to 64 year age group has grown significantly since 1980, increasing by 40 percent. In coming years, these individuals will become seniors; by 2030, the 60+ age group is expected to make up 23 percent of McHenry County’s population.

## Poverty & Income Trends

- While the number of people living in McHenry County has slightly more than doubled since 1980, the number of people in poverty has nearly tripled.
- 18,034 people in the county - 1 in every 17 - are currently living in poverty.
- 23,363 people in McHenry County have incomes between 100% and 200% of the poverty line, indicating they have low incomes.
- Since 2000, median earnings and household income in McHenry County have fallen \$7,000 and \$4,600, respectively (after adjusting for inflation).
- 34,922 households in the county (one third of all households) have an income below \$50,000, which is the income needed to make ends meet in McHenry County.

## Employment & Industry Trends

- Among the nearly 10,300 individuals age 20 to 64 who are poor, 64 percent are in the labor force.
- The vast majority of families in McHenry County have one or more workers. Less than 10 percent have no one in the family working.
- Since 2001, McHenry County lost 10.8 percent of its manufacturing jobs, which historically have been good-paying, stable jobs. In contrast, three of the five highest growth sectors have average annual wages under \$30,000 and two of them have annual average wages around \$13,000.
- Manufacturing employment is expected to continue to decline - by an additional 9.0 percent by 2014.



## McHenry County Private-Market Housing: Need & Supply

McHenry County experienced tremendous housing growth throughout the 1990s and the early 2000s. The housing boom resulted in dramatically increasing home values and rents, making housing less affordable for those at the lower end of the income spectrum. The last few years have seen a slowdown in the housing market that has negatively impacted growth. The recent market slowdown has not, however, resolved the serious affordability challenges that low- and even moderate-income families face in McHenry County, and since the trend is unlikely to be long-term, it will not alleviate the problem in the future.

### Physical Characteristics

Housing in McHenry County is comprised primarily of single-family residences; there are relatively few rental units and there is a dearth of rental units of family-appropriate size (larger units with three or four bedrooms). There are a total of 106,751 occupied housing units in McHenry County; 17,006 (15.9 percent) are renter-occupied, and 89,745 (84.1 percent) are owner-occupied.<sup>1\*</sup>

The vast majority of owner housing in McHenry County is one-unit detached (single family home) or one-unit attached (such as a town home).<sup>2</sup> Only 2.4 percent of owner housing has two or more units (such as a duplex or condominium building) or is another type of housing, such as a mobile home. Housing with two or more units is typically more affordable due to lower taxes and can also offer a more maintenance-free lifestyle for certain populations such as seniors.

Rental housing in McHenry County is much more likely to consist of multiple unit structures: 62.2 percent of rental housing structures have two or more units or are mobile homes, compared to only 2.4 percent of owner housing.<sup>3</sup>

The majority of the rental housing units in McHenry County (75.1 percent) have two bedrooms or less indicating a lack of rental units for housing larger families.<sup>4</sup> The majority (57.4 percent) of renter households in McHenry County are family households, and 22.9 percent of renters have four or more people in the household.

### Financial Characteristics

McHenry County housing prices are among the highest in the state. 36.5 percent of owner housing in the county is valued above \$300,000, and an additional third (35.5 percent) is valued between \$200,000 and \$299,999 (Table 2).<sup>5</sup> Just 10.3 percent of all owner housing units are valued at less than \$150,000. This means that there is far less housing available at lower price points that may be affordable to people with low and moderate incomes.

**Table 2 - McHenry County Home Values of Owner Housing, 2006**

| Home Value             | Percent of Homes |
|------------------------|------------------|
| Under \$150,000        | 10.3%            |
| \$150,000 to \$199,999 | 17.7%            |
| \$200,000 to \$299,999 | 35.5%            |
| \$300,000 to \$499,999 | 28.3%            |
| \$500,000 and above    | 8.2%             |

From 2000 to 2006 the median value of a home in McHenry County rose from \$167,400 to \$252,700 – an increase of \$85,300 or 51.0 percent.<sup>6,7</sup> A household would need an annual income of \$66,483 to afford the mortgage for a home at the current median value.

\* A housing unit is owner occupied (owner housing) if the owner or co-owner lives in the unit. A unit is considered renter occupied (rental housing) if no owners lives there and the unit is rented for cash rent or occupied without payment of cash rent.



## Determining Affordability

### Owner Housing

A family typically can afford a mortgage that is approximately 2.9 times their annual income.

- Assumes national averages for annual utility costs, taxes, insurance, and interest.
- Assumes that housing costs are affordable to a family if the family pays no more than 30 percent of their income toward housing costs, including mortgage, insurance, and utilities.

### Rental Housing

The maximum monthly rent a family can afford is equal to their annual income, multiplied by 30 percent, divided by 12.

- Assumes a rental unit is affordable if a family pays no more than 30 percent of their income toward their housing costs (rent plus utilities).

The high cost of housing in McHenry County places a heavy burden on many homeowners. 36.4 percent of all owners in the county are paying over 30 percent of their income toward their housing costs.<sup>8</sup> The issue is particularly salient among lower-income homeowners with a mortgage. Over three quarters (77.3 percent) of owners with annual incomes under \$35,000 and 58.9 percent of owners in the \$35,000 to \$49,999 income range are cost burdened.

McHenry County foreclosures in 2007 were up 40 percent from 2006 and 138 percent from 2005.<sup>9</sup> In 2007, there were 2,750 foreclosures in the county. This means that at the end of 2007, 1 in every 40 McHenry County households were in some state of foreclosure.

The damage of the foreclosure crisis has implications for the rental market. With affordability and rental availability already a problem in McHenry County, the housing crisis pushes more and more families looking for rental housing into an already tight rental market.

Much of the rental housing is priced out of reach for low-income McHenry County families. Estimates suggest that the average hourly wage of a renter in McHenry County is \$10.80.<sup>10</sup> Working full time all year at this wage, the maximum rent this household could afford, without spending over 30 percent of their income on housing costs, would be \$562 a month. Only 10.8 percent of units are priced below \$500.<sup>11</sup> 40.6 percent of all rental units have monthly rents over \$1,000 (Table 3). To afford a two-bedroom apartment at the Fair Market Rent<sup>†</sup> of \$944 in McHenry County without overextending family resources, a worker would need to make \$18.15 an hour.

**Table 3 – McHenry County Monthly Rent, 2006**

| Rental Price       | Number | Rate  |
|--------------------|--------|-------|
| Under \$500        | 1,792  | 10.8% |
| \$500 to \$749     | 2,245  | 13.6% |
| \$750 to \$999     | 5,803  | 35.1% |
| \$1,000 to \$1,499 | 5,437  | 32.8% |
| \$1,500 to \$1,999 | 1,071  | 6.5%  |
| \$2,000 and over   | 208    | 1.3%  |

As with owner housing, the high cost of rental housing in McHenry County has placed a heavy financial burden on renter households. 54.3 percent of all McHenry County renter households are paying over 30 percent of their income toward their rent. Cost burden has increased dramatically from 37.2 percent in 2000.<sup>12</sup> The rate of renter households paying *half* their income toward rent has also increased significantly from 14.3 percent in 2000 to 25.7 percent in 2006.<sup>13</sup>

It is evident that in McHenry County, housing needs cannot be met with affordability alone – location is key. There are 4,063 households in McHenry County that do not have a vehicle.<sup>14</sup> These households, and presumably individuals in other households lacking enough vehicles or a working vehicle or seniors who are uncomfortable driving, must rely on the public transit system in the county. Transportation is vital to linking individuals with employment and community amenities such as shopping, dining, recreation, and public services. The public transit system in McHenry County is in many ways inadequate to meet the varied needs of the population, and

<sup>†</sup> The U.S. Department of Housing and Urban Development's (HUD) estimate of the actual market rent for a non-luxury apartment in the conventional marketplace. Every year, HUD develops and publishes Fair Market Rents for every metropolitan area.

many McHenry County communities are simply not served. Public transportation that allows access to jobs and services is essential for housing that is not near these things.

### **Existing Owner and Rental Private-Market Affordable Housing**

In the private market there is a serious lack of housing affordable to McHenry County families with incomes below the median of \$72,000. The gap is particularly severe for extremely and very low-income families.

Extremely Low Income - below \$20,000: There are 1,985 owner and rental units affordable to the 9,964 households in this group – a shortage of 7,979.

Very Low Income – between \$20,000 and \$35,000: There are 7,802 owner and rental units affordable to the 12,367 households in this group – a shortage of 4,565 units.

Low Income – between \$35,000 and \$50,000: There are 12,182 owner and rental units affordable to the 12,591 households in this group – a shortage of 409 units.

Median Income – between \$50,000 and \$75,000: There are between 19,533 and 38,558 rental and owner units affordable to the 20,836 households in this group.<sup>‡</sup>

It is important to note that units affordable to people with extremely low incomes do not always get rented or purchased by people with extremely low incomes – many may be rented by people with higher incomes, since there are few, if any, mechanisms in place to ensure such units go to lower income groups.

### **Affordable and Specialized Housing in McHenry County: Need & Supply**

As the county’s population grows, so too will the gap between the need for and the supply of affordable housing. The private market is not sufficiently equipped to meet the needs of the most economically vulnerable populations and those that have added housing needs on top of affordability concerns. These are people who may need adaptable or accessible units (e.g., stairless access, wide doorways, visual smoke alarms) to be able to live and function independently. Others may need special services/supports, such as case management or help with medication and activities of daily living, along with affordable housing in order to maintain independence.

Many of the economically vulnerable populations discussed here work in jobs that are vital to the community. These individuals may be child care workers, home health aides, food servers, lawn workers, or home cleaners – people everyone else in the community relies on to perform important and necessary tasks.

Among the most economically vulnerable and those with special housing support needs are low-wage workers, people with mental illness/substance use issues, people with disabilities, seniors, and people experiencing homelessness. While there is some overlap among these groups, both the scope of need and the inadequacy of the current supply of affordable and specialized housing are starkly apparent, especially considering that the estimate of the need for affordable, specialized housing in McHenry County is very conservative. In defining the need, we chose to include only the *most* vulnerable people and households. There are certainly thousands of additional McHenry County residents with affordable housing and service needs.

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<sup>‡</sup> The range of available units for this income group is large due to the lack of precise housing price information.

**Low-Wage Workers**

The low wages some jobs pay leave many McHenry County families either officially poor or with very low incomes.<sup>15</sup>

- 22,331 households in McHenry County have very low annual incomes, below \$35,000.
- 16,500 working age adults have incomes above the official poverty line but below twice the poverty line.
- Nearly 7,180 people who work are still poor.
- 7 out of every 10 poor McHenry County families have at least 1 worker in the family and 15 percent of poor families have 2 or more workers.

Families with incomes limited by low-wage work have diverse housing needs, including:

- Rental apartments, ranging in size
- Affordable home ownership
- Homebuyer assistance (such as down payment and closing cost assistance)
- Homebuyer counseling as well as ongoing credit and budget counseling
- Housing near transportation, jobs, and schools
- Employer-assisted housing (when an employer commits to helping their employees buy homes close to work or to providing rental assistance)
- Public housing and housing vouchers

**People with Mental Illness and Substance Use Issues**

An estimated 5,742 McHenry County adults age 20 and over have a severe and persistent mental illness, and an estimated 1,104 of them are also very low income.<sup>16</sup>

People with mental health and/or substance use issues need a continuum of housing options and housing supports to maintain stable lives, including:

- Emergency homeless shelters
- Transitional housing
- Tolerant housing programs (flexible sobriety rules so people can work through stages of recovery)
- Permanent supportive housing (affordable housing with supportive services)
- Housing programs that link people with other people who have been in recovery or treatment for long periods of time, as a mechanism for peer support
- Inpatient medical treatment/detoxification center(s) with continual care
- Continuity of services and housing

**People with Disabilities**

2,837 McHenry County residents with a disability are poor.<sup>17</sup> Over 1,100 individuals in McHenry County receive Supplemental Security Income, the main government program for people with disabilities who have little or no other income to meet their basic needs, 915 of whom are adults.<sup>18</sup>

A wide range of housing and services are needed to help people with disabilities remain housed, including:

- ADA-adapted housing
- Housing that can accommodate a caretaker
- Shared apartments
- Group homes
- Efficiency apartments (a small apartment with a bathroom and kitchenette)
- Housing coupled with services (supportive housing)

- Respite care (short-term care that helps a family take a break from the daily routine and stress, which can be provided in the client's home or in a variety of out of home settings)

### **Seniors**

28,608 people in McHenry County (9.2 percent) are over the age of 65.<sup>19</sup> By 2030, people age 60 and over are projected to comprise over 23 percent of the McHenry County population.<sup>20</sup> Seniors, many of whom live on fixed incomes, are particularly susceptible to having low incomes. 1,185 McHenry County seniors have incomes below the official poverty line.<sup>21</sup> 48.6 percent of all McHenry County senior households (8,384) have annual incomes below \$35,000, and over a third have annual incomes below \$25,000.

The types of housing and services needed for seniors include:

- Affordable independent living housing
- Affordable assisted living
- Affordable apartments
- Nursing homes
- Supportive services to help seniors stay in their own homes longer
- Cap on real estate taxes and abatements for seniors to help reduce housing costs

### **People Experiencing Homelessness**

The 2008 Point-In-Time Homeless Count in McHenry County identified 221 individuals as homeless on one night. The National Alliance to End Homelessness estimates that if those living with relatives, friends, or others because of economic reasons are added to the definition of homeless, an additional 126,900 people in the Chicago metropolitan region would be included in the estimate of the number of people that are homeless on a given night.<sup>22</sup> Based on this estimate and McHenry County's proportion of the region's population, an estimated 4,695 additional people in McHenry County are unstably housed on any given night.

There are a number of housing and services that must be present for people experiencing homelessness to attain housing stability, including:

- Safe, secure shelters for individuals, families, and youth that are available year round
- Transitional housing with supportive services
- Permanent, supportive housing
- Affordable apartments
- Housing vouchers/rental assistance

### **Subsidized and Specialized Housing**

A wide range of specialized affordable housing options are essential for these diverse groups.

There are a total of **3,548** affordable and/or specialized housing options (total subsidized, permanent supportive housing, and Medicaid and Medicaid/Medicare institutional care beds) available to the most economically vulnerable McHenry County residents who may also have more specialized needs. This includes:

- **2,740** subsidized units in McHenry County, of which only 419 are accessible or adaptable. The subsidized units include:

#### **What are subsidized housing and specialized housing?**

*Subsidized housing* refers to any government supported accommodation for people with low to moderate incomes. Subsidies may support the construction of affordable housing or take the form of rent supplements or public housing.

*Specialized housing* may also be subsidized housing, but is distinguished by its inclusion of features to support populations with special needs. Specialized housing ranges from permanent supportive housing (which is a model that attaches case management and other supportive services to affordable housing) to institutional care such as a nursing home, to housing that is accessible to people with disabilities.

- 947 Section 8 housing choice vouchers
- 23 public housing units
- 596 project-based Section 8 units
- 1,174 other subsidized units
- **92** permanent supportive beds in McHenry County, which are typically filled to capacity.
- **716** institutional care beds available for Medicaid recipients or low-income seniors with both Medicaid and Medicare, out of the 1,186 institutional care beds in McHenry County.

**These 3,548 specialized affordable housing options are insufficient to meet the needs of the 22,331 very low-income McHenry County households, including:**

- 1,104 economically vulnerable adults with a severe mental illness
- 915 economically vulnerable adults with a serious disability
- 1,185 poor seniors
- 221 people who are homeless

The gap between need and supply is particularly salient for extremely low-income people and adults with disabilities and severe mental illnesses. There are simply not enough subsidized, accessible/adaptable units, permanent supportive housing, and affordable institutional care beds to meet the needs of these populations. Additionally, subsidized housing options *specifically targeted* at extremely low-income individuals and households are limited.

**Strategic Opportunities to Meeting Housing Needs in McHenry County**

It is abundantly clear that efforts are needed in McHenry County to preserve the existing stock and build more affordable housing. There are a number of opportunities for leaders in the county to acknowledge the growing need and to make McHenry County a stronger, more prosperous county by intentionally incorporating considerations about vulnerable populations into development and planning. The opportunities discussed below are less about specific tasks and more about broad strategies for doing so. As such, McHenry County leaders can consider preservation of affordable housing stock, development of additional affordable housing, maintenance/enhancement of current housing assistance, and other ways to strengthen housing opportunities for the people of McHenry County (e.g., credit counseling, homebuyer assistance programs, homeowner education, low-cost lending) within the context of each broad strategy.

**What Does Affordable Housing Look Like?**

Affordable housing encompasses much more than what has been traditionally labeled “low-income housing.”

Affordable housing can be clustered in one geographic location or scattered throughout many communities. It can be single-family homes, townhouses, apartment buildings, or single units within market-rate buildings. It can be publicly or privately owned and/or funded. There is no single way to provide affordable housing. In fact, it is most effective to follow a thoughtful approach to affordable housing that matches the type of housing to the needs of the population and that blends the housing seamlessly into the community.



**Opportunity: Implement a Housing Task Force or Housing Commission**

Some of the communities that have had the most success at comprehensively addressing residents’ housing needs are those that have organized a group solely dedicated to affordable housing issues. With a defined purpose and a clear vision, such a task force or a housing



commission can ensure that affordable housing is at the forefront of municipal, township, county, and state planning discussions and efforts.



**Opportunity: Build Community Support**

It is imperative that community concerns and myths be addressed and public support for affordable housing efforts be fostered. Possible strategies may include a broad public education campaign, community meetings, educational events, tours of affordable housing developments, and building relationships with unlikely champions.



**Opportunity: Develop a Housing Trust Fund and Explore Other Financing Mechanisms**

Affordable housing is a basic community need that should not be dependent on highly politicized budget processes. Housing trust funds help ensure that there is always a dependable local revenue source to support projects. Housing trust funds are dedicated sources of revenue that are able to provide financial assistance to local affordable housing developments or projects. These funds are generally created by ordinance or law and can be funded through real estate taxes or fees, developer fees, other taxes and fees, and interest from government-held and market-based accounts, among other sources.<sup>23</sup>



**Opportunity: Review Zoning Codes and Implement Comprehensive Planning**

Planning and zoning laws are the most critical component to fostering the types of developments allowed in a community. Zoning laws that promote sprawl and bar even slightly more dense building can effectively prohibit affordable housing development because of the higher costs associated with less dense building (mainly land costs). For affordable housing development to truly meet the needs of those who need and wish to live in McHenry County, municipalities, townships, and the county must collaborate and invest time and resources in smart county-wide planning and coordination around affordable housing.



**Opportunity: Advocate for Meaningful Policy Change**

Communities seeking to develop and maintain affordable housing must operate within the context of state and federal law and resources. Therefore, it is critical to identify systemic barriers and advocate for meaningful policy change. Many of the affordable housing challenges including allocation of state resources and federal funding formulas can only be addressed by systems change. It is important that there is a concerted effort to put forth a common agenda that works to ensure that higher level decisions have positive implications for all residents.



**Opportunity: Expand Consumer Purchasing Power**

Having housing that is affordable to people depends not only on the available stock of housing, but also on people's ability to pay. By making efforts to attract and retain good, quality jobs in McHenry County and by ensuring that there are adequate supports in place (and that those supports are easily accessible) for those who cannot work or cannot work full time, residents will be better able to afford housing that meets their needs.



## Introduction

McHenry County, Illinois, is located approximately 50 miles northwest of the city of Chicago and is part of the six-county Chicago region that also includes Cook, DuPage, Kane, Lake, and Will Counties. The county is bordered to the north by Wisconsin, to the west by Boone County, to the south by DeKalb and Kane Counties, and to the east by Lake County. McHenry County is a bedroom community with amenities that make it a place people want to live. The county is abundant in recreational areas and open spaces, boasts well-run schools, and prides itself on its friendly atmosphere. Historically a center for agricultural and leisure, the county has undergone changes in the last few decades including increased suburbanization and urbanization that have in many respects changed the physical, demographic, and economic landscape. Along with these changes have come challenges, including concerns around how to ensure an appropriate housing stock for the people who need and wish to live there.



Having stable housing is one of the most basic needs people have. Without it, it becomes difficult to be a productive member of society – to find and hold down a job, to access an education, or to take care of health and family needs. Not having affordable housing is a great hardship for people with low incomes and can lead to increased susceptibility to homelessness, economic tradeoffs that compromise family health and stability, the erosion of wealth, and other serious consequences. These effects stem well beyond individuals and families and impact the stability and viability of entire communities.

The generally accepted definition of affordable housing is for a household to pay no more than 30 percent of their income toward housing costs. This broad definition allows an examination of how well existing housing coincides with the financial resources of people who need and wish to live in a given geography. Affordable housing encompasses much more than what has been traditionally labeled “low-income housing.” Affordable housing can be thought of as a whole set of housing options varying in design, type, financial backing, geographic location, and services. It can range from private-market, publicly-subsidized apartments to public housing to rent-subsidized apartments to permanent supportive housing, and so on. Affordable housing can be clustered in one geographic location or scattered throughout many communities. It can be row houses, larger apartment buildings, or single units within market-rate buildings. There is no single way to provide affordable housing. In fact, a thoughtful approach to affordable housing that makes strategic efforts to match the type of housing to the needs of the population and that integrates the housing seamlessly into the community is most effective.

In October 2007, the McHenry County Mental Health Board, McHenry County Senior Services Commission, and McHenry County’s Continuum of Care Committee, led by the Corporation for Affordable Homes of McHenry County, hired the Heartland Alliance Mid-America Institute on Poverty to assess the need for and the supply of appropriate, affordable housing for McHenry County residents. The assessment specifically focused the housing needs of low-income and special needs populations, including low-wage workers, people with mental illness or substance use issues, people with disabilities, seniors, and people experiencing homelessness.

This assessment was based on a convergent analysis of survey data, roundtables, key informant interviews, and existing data sources such as the Census Bureau:

- Demand and supply data were compiled using original data collected for this project as well as existing data. Census data, homeless counts, public housing data, housing waiting lists, housing costs as well as various other poverty, economic, and housing data sources were used.
- Confidential surveys were distributed to a broad base of stakeholders in the county: the McHenry County Continuum of Care members, the McHenry County Mental Health Board members, local business leaders, municipal and township representatives, and housing industry experts. The surveys were tailored to each group's expertise and were designed to gather information related to economic and housing trends, the need for affordable housing, and perceptions of current supply.
- Roundtable discussions were conducted with the McHenry County Continuum of Care, the McHenry County Mental Health Board, municipal and township representatives, and McHenry County residents. Discussions for each group were tailored to the group's particular expertise or area of interest. The local residents that attended the roundtables were primarily low income and therefore are not representative of the general McHenry County population.
- Key informant interviews were conducted with eight county officials functioning in various capacities. Key informants were probed for perceptions on housing trends, insights on barriers/challenges to affordable housing development, and county priorities and plans.

For more on the methods used to conduct this study, see page 87.

**This assessment reveals that in McHenry County there is a significant lack of affordable housing,** due to the following factors:

- Recent economic trends have destabilized the job market in McHenry County, leading to fewer jobs in the traditionally stable manufacturing sector and more jobs in the lower-paying, less stable service sector. Incomes and earnings have declined as a result.
- There is a growing poor and low-income population.
- High home prices remain out of reach for many low- and moderate-income residents.
- The rental market is minimal and lacks larger units.
- There is a lack of affordable, accessible, and supportive housing for populations with special needs.

The hallmark of a successful community is its ability to support and provide for the needs of its most vulnerable residents. With the high cost of housing in the county and a small rental market, this report shows how McHenry County may be failing not only its most vulnerable residents, but also those who have historically been considered middle-class as they struggle to find housing they can afford.

#### Geographic Comparison Note

This report compares some McHenry County trends and indicators to other geographies for context. Some comparisons use the greater Chicago region, while others look more closely at the nearby counties of DeKalb, DuPage, and Kane.

There are currently efforts underway in McHenry County and the region to focus on quality growth as it pertains to transportation, land use, housing, and environmental issues. This report brings into focus how vital it is to be intentional about housing policy and how the needs of the most economically vulnerable McHenry County residents must be advocated for and considered in every planning discussion.

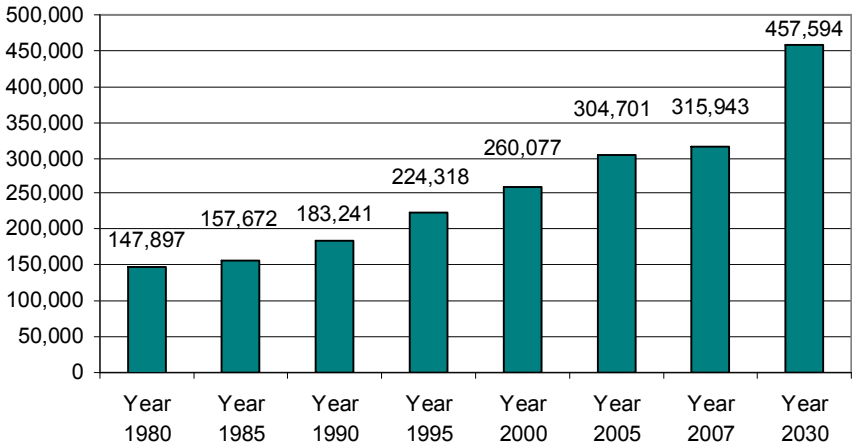
# Chapter 1: McHenry County Growth and Change

Demographic and economic patterns reflect the larger context in which McHenry County residents must function. In many respects, such patterns, which are often out of the control of those who experience them, influence people’s job opportunities and housing choices in profound ways. This chapter outlines population, poverty, employment, and wage trends to provide a context for the housing challenges and opportunities addressed in the later chapters of this report.

## Population Trends

People live in McHenry County for a variety of reasons. Many residents engaged in this study indicated that they lived in McHenry County because of strong family roots in the county, some dating back generations. Others cited quality schools, newer housing stock, and low crime rates.

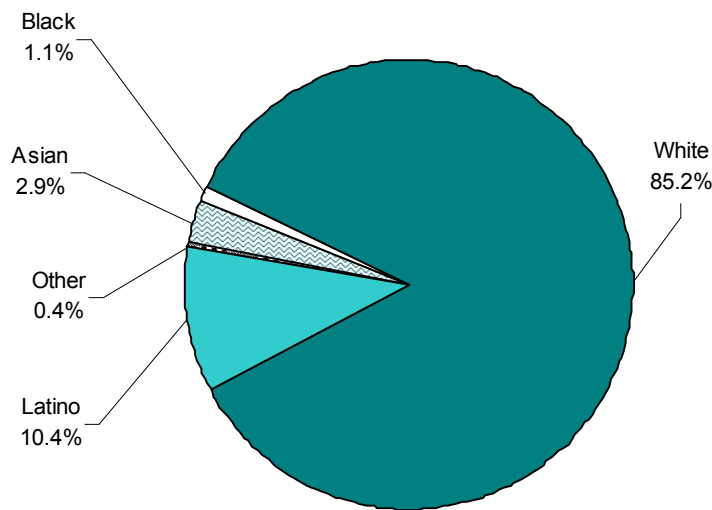
**Figure 1 - McHenry County Population Growth, 1980-2007, 2030 Projected**



This favorable reputation is reflected through the tremendous population growth in the past few decades (Figure 1). From 1980 to 2007, the county’s population more than doubled, rising 113.6 percent. The population in the county as of July 1, 2007, was 315,943 people.<sup>24</sup> Population projections indicate that McHenry County could continue to experience significant growth in the next 15 to 20 years. By 2030, the population is projected to grow by 44.8 percent, an additional 141,651 people.<sup>25</sup> Such a significant projected population growth warrants special attention related to how to meet the housing demand this may bring.

The racial and ethnic composition of the McHenry County population remains largely white, but has become increasingly more diverse (Figure 2). In 1980, 99 percent of the population was white compared to 86 percent in 2006. Latinos now comprise 10 percent of the population, up from 8 percent in 2000.<sup>26</sup> The trend toward a more multi-cultural population must be considered as the housing needs of various McHenry County residents are weighed.

**Figure 2 - McHenry County Population by Race/Ethnicity as of July 1, 2006**



The age distribution of McHenry County’s population has shifted in the last few decades (Table 4).<sup>27</sup> People under the age of 20 now make up a lower percentage of the population than in 1980, and the population group ages 20 to 64 now comprises a larger share. The rate of seniors in the overall population has not changed significantly in this time period.

**Table 4 – McHenry County Population by Age as Percent of Total Population, 1980 to 2006**

| Age Group   | 1980  | 2006  | Percent Change |
|-------------|-------|-------|----------------|
| 0 to 19     | 34.8% | 29.4% | -15.5%         |
| 20 to 64    | 56.1% | 61.5% | 9.6%           |
| 65 and over | 9.1%  | 9.2%  | 1.1%           |

Of particular interest is the population falling in the age range of 45 to 64. This age group as a proportion of the total population

**Table 5 – McHenry County Population Working Age Adults as Percent of Total Population, 1980 to 2006**

| Age Group | 1980  | 2006  | Percent Change |
|-----------|-------|-------|----------------|
| 20 to 44  | 38.6% | 37.0% | -4.1%          |
| 45 to 64  | 17.5% | 24.5% | 40.0%          |

has swelled since 1980, increasing by 40 percent (Table 5).<sup>28</sup> In the coming years, these individuals will become seniors and as such the rate of seniors in the McHenry County population may grow significantly. By 2030, the population over the age of 60 is expected to comprise 23 percent of the McHenry County population.<sup>29</sup> As people age, their housing needs, both in terms of what they can afford and what services they need, often shift. The impending growth of seniors, many of whom may be on fixed incomes, must be a major consideration in affordable housing discussions.

**Table 6 - McHenry County Household Size, 1990 to 2006**

| Households                 | 1990   |         | 2006    |         |
|----------------------------|--------|---------|---------|---------|
|                            | Number | Percent | Number  | Percent |
| Total households           | 63,047 | 100.0%  | 106,751 | 100.0%  |
| 1-person household         | 10,594 | 16.8%   | 21,490  | 20.1%   |
| 2-person household         | 19,364 | 30.7%   | 32,515  | 30.5%   |
| 3-person household         | 11,754 | 18.6%   | 18,829  | 17.6%   |
| 4-person household         | 12,654 | 20.1%   | 20,587  | 19.3%   |
| 5-person household         | 6,006  | 9.5%    | 9,025   | 8.5%    |
| 6-person household         | 2,001  | 3.2%    | 2,826   | 2.6%    |
| 7-or-more person household | 674    | 1.1%    | 1,479   | 1.4%    |

McHenry County is very much a family community. 52,746 households in McHenry County are made up of three or more individuals (Table 6).<sup>30</sup> Since 1990, there has been an increase in the rate of single-person households (16.8 percent versus 20.1 percent) and in the rate of households with five or more people (12.5 percent versus 13.8 percent). Currently, over half of all families (43,298) in McHenry County have children under the age of 18 and 23.5 percent of all families (18,711) have children under the age of 6.

## Poverty & Income Trends

### Poverty & Low Income

People who are poor often have difficulty meeting their basic needs. The rising costs of goods and services makes it increasingly challenging for people who are poor to pay for high housing costs, as well as health care, food, clothing, transportation, and other things that are necessary for a decent, modest standard of living.

**Table 7 - Federal Poverty Guidelines, 100% FPL**

| Size of family unit | 2008 Poverty Guidelines | 2007 Poverty Guidelines | 2006 Poverty Guidelines |
|---------------------|-------------------------|-------------------------|-------------------------|
| 1                   | \$10,400                | \$10,210                | \$9,800                 |
| 2                   | 14,000                  | 13,690                  | 13,200                  |
| 3                   | 17,600                  | 17,170                  | 16,600                  |
| 4                   | 21,200                  | 20,650                  | 20,000                  |
| 5                   | 24,800                  | 24,130                  | 23,400                  |
| 6                   | 28,400                  | 27,610                  | 26,800                  |
| 7                   | 3,200                   | 31,090                  | 30,200                  |
| 8                   | 35,600                  | 34,570                  | 33,600                  |

The federal government defines poverty. Each year, a monetary threshold - commonly called the federal poverty line (FPL) - is set, and families, as well as the individuals who comprise those families, are considered poor if their family income falls below the threshold for their family size. In 2008, a family of three was considered poor if their gross annual income fell below \$17,600 (Table 7).<sup>31</sup>

Just over 18,000 individuals in McHenry County have incomes below the official poverty line (Table 8).<sup>32</sup> This means that 5.8 percent or 1 in every 17 people in the county is living in poverty. Nearly 6,000 of these are children. 7.2 percent or 1 of every 14 children in the county is poor. Children have the highest rate of poverty of any age group.

**Table 8 - McHenry County Poverty, 2006**

| Age Group          | Number in Poverty | Poverty Rate |
|--------------------|-------------------|--------------|
| Children (0 to 17) | 5,970             | 7.2%         |
| Adults (18 to 64)  | 10,879            | 5.5%         |
| Seniors (65+)      | 1,185             | 4.2%         |
| <b>TOTAL</b>       | <b>18,034</b>     | <b>5.8%</b>  |

Poverty growth in McHenry County has outpaced population growth.<sup>33</sup> While the number of people living in the county has slightly more than doubled since 1980, the number of people living in poverty in McHenry County has nearly tripled (Table 9). Thus, the rate of people who are poor has also grown from 4.2 percent in 1980 to 5.8 percent in 2006 – a 38.1 percent increase.<sup>34</sup> Of the six counties in the Chicago region (which includes Cook, DuPage, Kane, Lake, McHenry, and Will Counties), only DuPage County has had a larger increase in the rate of people who are poor over this time period.

**Table 9 - McHenry County Poverty and Percent Change, 1980 to 2006**

| Year                            | Number in Poverty | Poverty Rate |
|---------------------------------|-------------------|--------------|
| 1980                            | 6,224             | 4.2%         |
| 2006                            | 18,034            | 5.8%         |
| <b>Percent Change 1980-2006</b> | <b>189.7%</b>     | <b>38.1%</b> |

The current poverty line fails to give an accurate picture of what families need to achieve a decent, though modest, standard of living (Table 10). It does

**Table 10 - Federal Poverty Line and Self-Sufficiency Standard for Family of Three**

| Federal Poverty Line (100% FPL), 2008 | Between Poverty Line and Twice the Poverty Line (100% FPL – 200% FPL, 2008) | Annual Income Needed to Be Self-Sufficient, 2006 |
|---------------------------------------|---|--|
| \$17,600                              | \$17,600 – \$35,200   | \$51,245   |

not account for variances in the cost of living in different geographies, and it is not anchored to the real costs families face. Estimates that take into account local costs reveal that it takes over \$50,000 in McHenry County for a family of three to make ends meet and be self-sufficient,<sup>35</sup> meaning they do not have to rely on government income supports to help pay for their basic needs. 34,922 households in the county (one third of all households) have an annual income below \$50,000.<sup>36</sup>

The discrepancy between the poverty line and self-sufficiency reinforces the fact that people who fall below the poverty line are indeed some of the most vulnerable in McHenry County. There is a large gap between the official poverty line and being economically stable and secure – and many McHenry County individuals and families fall within it. Therefore, a more comprehensive view of economic insecurity is warranted by analyzing the working poor or low-income population to truly understand the scope of hardship.

The terms working poor and low income are often used interchangeably to describe people who are not necessarily officially poor by the federal government’s definition, but whose incomes fall far short of what it takes to get by. People who have incomes above the poverty line but under twice the poverty line (also called between 100% and 200% FPL), make up a portion of the working poor (Table 10). The other portion of the working poor is made up of working people with incomes below the official poverty line. People with low incomes are often seniors, people with disabilities, or families that have members who are working, but their low wages, unstable work environments, and/or lack of benefits leave their family incomes too low to be truly stable. The 200% FPL threshold is commonly used as a benchmark for economic security; however, it is



important to note that in McHenry County even people making incomes that are twice the amount of the poverty line are still struggling to meet the cost of living in the county.

23,363 people or 7.5 percent of the population in McHenry County have incomes between 100% and 200% of the poverty line:<sup>37</sup>

- 16,535 McHenry County adults ages 18 to 64 (8.3 percent) fall within this category.
- 4,847 McHenry County seniors (17.2 percent) have incomes in this range.

There are 79,765 families (a householder plus at least one other individual) in McHenry County. 8,157 or 10.2 percent fall below 185% of the federal poverty line, meaning they are poor or near poor.<sup>5</sup>

**Income**

McHenry County has traditionally boasted one of the highest median household incomes in the state and the nation. The median household income in McHenry County is \$71,945, meaning half of all households in the county have total annual incomes above \$71,945 and half have total annual incomes that fall below. Since 2000, however, median household income in McHenry County has fallen nearly \$7,000 after adjusting for inflation. Median earnings have taken a similar dip, falling over \$4,600. With the cost of basic goods and services rising, wages and income for some households are not keeping pace.

The affluence in McHenry County masks very low incomes for a considerable part of the population. When McHenry County households are broken into equal fifths based on their annual income, stark income inequality is revealed (Table 11).<sup>38</sup> Households in the highest fifth of income ranges have average annual incomes that are \$160,778 more than the average income of the lowest fifth of households.

**Table 11 - McHenry County Average Annual Household Income by Quintile, 2006**

| Quintile         | Average Annual Income |
|------------------|-----------------------|
| Lowest quintile  | \$19,586              |
| Second quintile  | \$46,640              |
| Third quintile   | \$71,813              |
| Fourth quintile  | \$101,180             |
| Highest quintile | \$180,364             |
| Top 5 percent    | \$276,245             |

**Table 12 – Percent of Households by Annual Income, 2006**

| Household Income       | McHenry County |        | DeKalb County | DuPage County | Kane County |
|------------------------|----------------|--------|---------------|---------------|-------------|
|                        | Number         | Rate   | Rate          | Rate          | Rate        |
| Total households       | 106,751        | 100.0% | 100.0%        | 100.0%        | 100.0%      |
| Less than \$10,000     | 3,357          | 3.1%   | 6.0%          | 3.3%          | 3.6%        |
| \$10,000 to \$14,999   | 3,972          | 3.7%   | 5.8%          | 2.4%          | 3.4%        |
| \$15,000 to \$24,999   | 6,716          | 6.3%   | 10.0%         | 6.3%          | 6.9%        |
| \$25,000 to \$34,999   | 8,286          | 7.8%   | 11.1%         | 6.4%          | 9.3%        |
| \$35,000 to \$49,999   | 12,591         | 11.8%  | 15.7%         | 11.6%         | 14.5%       |
| \$50,000 to \$74,999   | 20,836         | 19.5%  | 20.9%         | 20.7%         | 20.2%       |
| \$75,000 to \$99,999   | 18,359         | 17.2%  | 15.9%         | 16.2%         | 14.3%       |
| \$100,000 to \$149,999 | 20,866         | 19.5%  | 11.3%         | 18.2%         | 16.5%       |
| \$150,000 to \$199,999 | 6,679          | 6.3%   | 2.2%          | 7.3%          | 6.4%        |
| \$200,000 or more      | 5,089          | 4.8%   | 1.1%          | 7.5%          | 5.0%        |

<sup>§</sup> Data are not available for families below 200% FPL.

A closer look at income reveals that 22,331 McHenry County households have annual incomes below \$35,000 and an additional 12,591 households have incomes between \$35,000 and \$50,000 (Table 12).<sup>39</sup> While these proportions are slightly lower than some neighboring counties, there are still 1 out of every 5 households with incomes below \$35,000 and over 1 in every 10 with incomes in the \$35,000 to \$50,000 range. \$35,000 is roughly 50 percent of the county’s median income and \$50,000 is roughly 80 percent. These households fall within the low- and very-low income range, according to the U.S. Department of Housing and Urban Development’s definition. As will be discussed in subsequent chapters, households at these income levels have considerable difficulty finding housing they can afford.

Economic stability varies across age groups in McHenry County (Table 13).<sup>40</sup> Households headed by someone under the age of 25 and households headed by someone over the age of 65 have considerably lower incomes than households headed by people in the middle age ranges. These households are likely to have trouble meeting high housing costs.

**Table 13 - McHenry County Median Annual Household Income by Age of Householder, 2006**

| Age of Householder            | Median Household Income |
|-------------------------------|-------------------------|
| All households                | \$71,945                |
| Householder under 25 years    | \$34,099                |
| Householder 25 to 44 years    | \$77,462                |
| Householder 45 to 64 years    | \$82,555                |
| Householder 65 years and over | \$36,181                |

### Income Supports

There are a number of public benefits or income supports available to families who meet certain eligibility criteria, including income thresholds and asset limits. These income supports provide a vital lifeline for thousands of families in McHenry County who would otherwise have even more difficulty meeting their basic needs, including housing, though the amount of aid falls far short of meeting their actual needs.

**Table 14 – McHenry County Income Support Receipt, September 2007**

|                       | Food Stamps (households) | Temporary Assistance to Needy Families (persons) | Family Health Plans (persons) | Supplemental Security Income (households) |
|-----------------------|--------------------------|--|-------------------------------|---|
| 2000 Number receiving | 984                      | 111  | 4,409                         | 1,319                                     |
| 2007 Number receiving | 3,065                    | 177  | 16,465                        | 1,125                                     |

From 2000 to 2007, the number of people receiving certain public benefits in McHenry County has skyrocketed and far outpaced population growth (Table 14). The number of households receiving food stamps in McHenry County has more than tripled, increasing by 211.5 percent, and the number of people enrolled in public health insurance (All Kids, FamilyCare, and Medicaid), has increased even more by 272.8 percent.<sup>41</sup> These numbers reflect increased need, increased utilization due to heightened outreach efforts, and in the case of public health insurance, program expansions.

Despite popular perception to the contrary, the average benefit amounts from these income support programs are quite low. The average annual benefit level for Supplemental Security Income (SSI), the main government assistance program for people with disabilities with little or no income to meet basic needs, is \$9,223 in McHenry County, less than the poverty line for one person.<sup>42</sup> Over 1,100 households in McHenry County receive SSI. The average annual welfare cash grant, Temporary Assistance to Needy Families (TANF), in Illinois is even less at only \$2,856 – far lower than the poverty line for any size family. In 2007, the average household food stamp benefit in Illinois was \$233 a month.<sup>43</sup> The limited amount of these income supports only partially alleviates the economic distress of struggling McHenry County families. In addition to low benefit levels, there are access and capacity issues (such as long waits at offices, cumbersome paperwork, lack of knowledge about the programs) that prevent some eligible families from receiving benefits (Table 15).<sup>44</sup> In Illinois, over three quarters of people eligible for welfare cash grants (TANF) and housing assistance do not receive the benefit.

**Table 15 - Percent of Illinois Households Eligible for Income Support but not Receiving it**

| Income Support             | Percent Eligible but Not Receiving |
|----------------------------|------------------------------------|
| Food stamps                | 25.5%                              |
| Welfare cash grants (TANF) | 78.6%                              |
| Public health insurance    | 28.2%                              |
| Housing assistance         | 79.7%                              |
| Earned Income Tax Credit   | 17.4%                              |
| Childcare assistance       | 84.1%                              |

## Economic Trends

For people who are able to work, access to quality, stable employment is the key to earning an income sufficient to provide a family with a decent standard of living and is one component of finding and attaining housing. Though McHenry County has traditionally had a solid manufacturing base, the job landscape in the county is changing.

### Labor Force Participation and Characteristics of Workers

Employment varies by demographic, and age is important. \*\* People in the younger and older age ranges have lower employment rates than those in the middle (Table 16).<sup>45</sup> 16 to 24 year olds and people 55 years and up have much higher unemployment rates than those of middle age.

**Table 16 - McHenry County Labor Force Participation by Age, 2006**

| Age                                | Total   | Employed | Unemployed |
|------------------------------------|---------|----------|------------|
| Total population 16 years and over | 238,331 | 68.9%    | 6.1%       |
| 16 to 19 years                     | 19,163  | 47.0%    | 20.4%      |
| 20 to 24 years                     | 19,806  | 72.3%    | 14.9%      |
| 25 to 44 years                     | 95,142  | 81.6%    | 3.9%       |
| 45 to 54 years                     | 46,509  | 84.3%    | 3.5%       |
| 55 to 64 years                     | 29,007  | 64.4%    | 5.0%       |
| 65 to 74 years                     | 15,394  | 28.3%    | 5.0%       |
| 75 years and over                  | 13,310  | 6.7%     | 15.7%      |

\*\* Employment rates are calculated by taking the number of people who are employed divided by the total number of people. Unemployment rates are calculated by taking the number of people looking for work divided by the number of people in the civilian labor force. Being unemployed is defined as desiring and actively seeking work.

**Table 17 - McHenry County Labor Force Participation by Age, 1990 to 2006**

|             | 1990    |               |                 | 2006    |               |                 |
|-------------|---------|---------------|-----------------|---------|---------------|-----------------|
|             | Total   | Employed Rate | Unemployed Rate | Total   | Employed Rate | Unemployed Rate |
| 16 to 64    | 117,096 | 79.4%         | 3.4%            | 209,627 | 75.8%         | 6.1%            |
| 65 and over | 16,465  | 16.7%         | 5.1%            | 28,704  | 18.3%         | 7.0%            |

Since 1990, unemployment rates have risen for both the 16 to 64 age group and the senior age group (Table 17).<sup>46</sup> The employment rate has fallen slightly for the 16 to 64 age group, but has risen for seniors, indicating a greater share of seniors working into their retirement years.

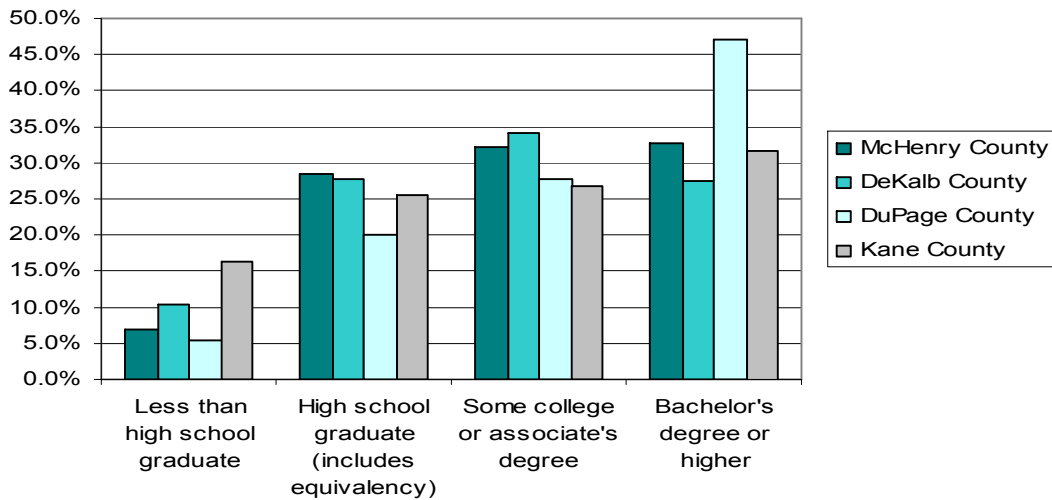
Employment in McHenry County varies greatly by other demographic characteristics:<sup>47</sup>

- Among the working age population ages 20 to 64, 90.7 percent of the men and 75.1 percent of the women are employed.
- Among women who have a child under the age of 6 at home, 61.2 percent are employed.
- Employment rates are lowest for working age adults with a disability. Of the 13,944 McHenry County individuals with a disability, only 52.2 percent are working and the unemployment rate is 14.2 percent.

Among the nearly 10,300 individuals age 20 to 64 who are poor, 64 percent are in the labor force, and 21.2 percent are unemployed, actively seeking work.<sup>48</sup> Poverty rates vary considerably by labor force participation. The poverty rate is 3.4 percent for employed individuals in McHenry County. 8.3 percent of individuals who are not in the labor force fall below the poverty line. Those who are unemployed (actively looking for work) have the highest poverty rate at 18.5 percent.

The vast majority of families in McHenry County have one or more workers.<sup>49</sup> Less than 10 percent have no one in the family working. Despite maximum work efforts, 10,977 full-time, year-round workers have annual earnings below \$20,000 (10.4 percent of all full-time, year-round workers). An additional 22,212 full-time, year-round McHenry County workers have earnings falling between \$20,000 and \$35,000 (21.1 percent of full-time, year-round workers).

**Figure 3 - Educational Attainment of 25 to 64 Year Olds by County, 2006**



There are 170,658 adults age 25 to 64 in McHenry County.<sup>50</sup> Among this group of McHenry County adults, 6.8 percent do not have a high school diploma, lower than Kane and DeKalb Counties, but higher than DuPage County. 32.6 percent have a bachelor’s degree or higher, a rate that is higher than Kane and DeKalb, but lower than DuPage (Figure 3).

**Table 18 - McHenry County Labor Force Characteristics by Educational Attainment, 2006**

| Educational Attainment                      | McHenry County Population | Percent of Population | Employment Rate | Unemployment Rate |
|---|---------------------------|-----------------------|-----------------|-------------------|
| Population 25 to 64 years                   | 170,658                   | 100.0%                | 79.4%           | 3.9%              |
| Less than high school graduate              | 11,678                    | 6.8%                  | 73.4%           | 5.2%              |
| High school graduate (includes equivalency) | 48,396                    | 28.4%                 | 75.7%           | 3.9%              |
| Some college or associate's degree          | 54,880                    | 32.2%                 | 78.5%           | 5.9%              |
| Bachelor's degree or higher                 | 55,704                    | 32.6%                 | 84.9%           | 1.8%              |

McHenry County residents with a bachelor’s degree or higher are the most likely to be employed of any education group and also have the lowest unemployment rates (Table 18). People without high school diplomas are the least likely to be employed. Interestingly, people with some college or an associate’s degree have the highest employment rate and the highest unemployment rate.

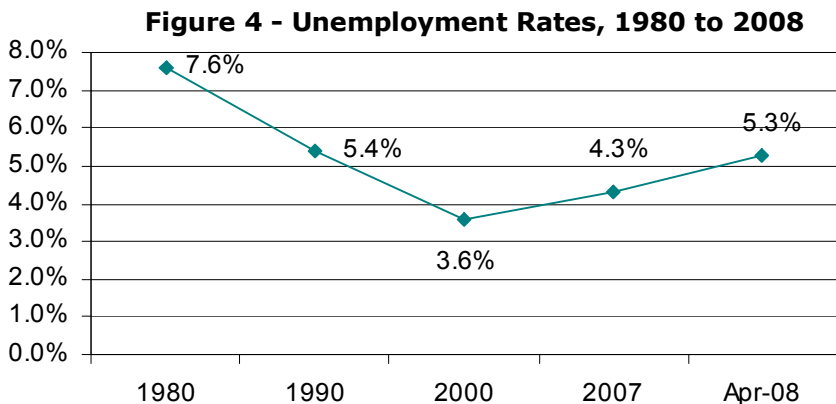
Earning potential rises with educational attainment. In McHenry County, people with a high school diploma have median annual earnings of \$29,877 compared to \$52,585 for people with a bachelor’s degree.

**Employment and Industry**

A robust employment and job market is critical for McHenry County residents as they strive to earn a living that can support their families. McHenry County has experienced significant job growth since 2001. From 2001 to 2007, total private sector employment rose by 14.7 percent. This was second only to Will County, with an increase of 30.9 percent, in the six-county Chicago region.<sup>26</sup>

There are 85,523 private sector jobs in McHenry County, of which 25.6 percent are in Crystal Lake, 18.8 percent are in the city of McHenry, and 13.9 percent in Woodstock;<sup>27</sup> 58.3 percent of the county’s total jobs are located within these three municipalities.

Unemployment rates in McHenry County were lower in 2007 than in 1980 (Figure 4). The unemployment rate in the county was 4.3 percent in 2007 – or 7,638 unemployed people – down from 7.6 percent in 1980.<sup>28</sup> The unemployment rate was lowest in 2000 at 3.6 percent. The most recent data available for the first few months of 2008 indicate higher unemployment









|  |        |          |
|--|--------|----------|
| OTHER SERVICES (except PUBLIC ADMIN.)      | 17.6%  | \$24,052 |
| FINANCE & INSURANCE                        | 19.9%  | \$48,497 |
| WHOLESALE TRADE                            | 21.2%  | \$51,865 |
| ARTS, ENTERTAINMENT & RECREATION           | 22.8%  | \$12,764 |
| ACCOMMODATIONS & FOOD SERVICES             | 23.4%  | \$13,009 |
| PROFESSIONAL, SCIENTIFIC & TECH. SVCS.     | 26.0%  | \$43,094 |
| HEALTH CARE & SOCIAL ASSISTANCE            | 42.1%  | \$38,943 |
| ADMIN. & SUP. & WASTE MGMT. & REMED. SVCS. | 95.4%  | \$29,577 |
| MNGMT. OF COMPANIES & ENTERPRISES          | 566.3% | \$73,661 |

The job landscape in McHenry County in many respects mirrors state and national economic trends. The economy has shifted away from reliance on high-paying manufacturing jobs, which historically have provided quality benefits and long-term job security, and toward the lower-paying, less stable service sector. As the maps displaying the dispersion of McHenry County workers and residents indicate, McHenry County is in many respects linked economically with the surrounding counties. McHenry County sits in the Northeastern Economic Development region along with Cook, Lake, DuPage, DeKalb, Grundy, Kane, Kendall, Will, and Kankakee Counties. One third of all jobs in the Northeastern Region are lower-wage service jobs with average earnings in 2005 of \$31,453.<sup>55</sup> Since 2001, McHenry County has lost 10.8 percent of its manufacturing jobs (Table 19).<sup>56</sup> In contrast, the leading growth sectors include:<sup>57</sup>

- *management of companies and enterprises*, with high average annual wages at \$73,661;
- *administrative and supportive, and waste management, and remediation services*, with average annual wages of \$29,577;
- *health care and social assistance*, with average annual wages of \$38,493;
- *professional, scientific, and technical services* with average annual wages of \$43,094;
- *accommodations and food services*, with average annual wages of \$13,009; and
- *arts, entertainment, and recreation*, with average annual wages of \$12,764.

Despite the higher wages in some of these high growth sectors, it is important to note that only 0.7 percent of all jobs available in McHenry County are in the *management of companies and enterprises* sector (Table 20). A much higher number of jobs are available in some of the lower-paying industries such as *retail trade* and *accommodations and food services*.<sup>44</sup>

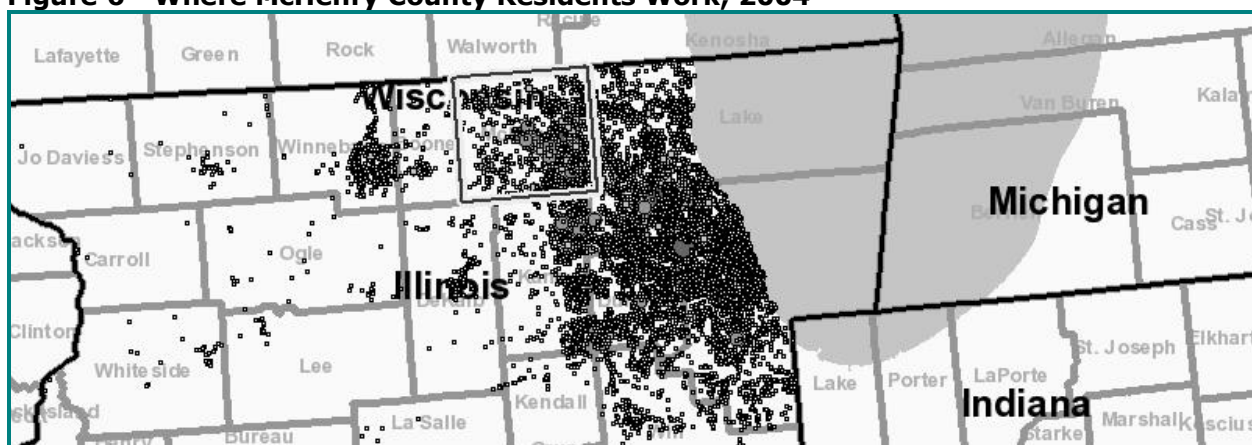
**Table 20 - Employment in McHenry County and Average Annual Wage, 2007**

| Industry                                  | Number of Employees | Percent of Total Employment | Average Annual Wage |
|---|---------------------|-----------------------------|---------------------|
| MINING                                    | 73                  | 0.1%                        | \$79,772            |
| UTILITIES                                 | 446                 | 0.5%                        | n/a                 |
| AGRICULTURE, FORESTRY, FISHING, & HUNTING | 409                 | 0.5%                        | \$24,163            |
| MNGMT. OF COMPANIES & ENTERPRISES         | 613                 | 0.7%                        | \$73,661            |
| REAL ESTATE & RENTAL & LEASING            | 834                 | 1.0%                        | \$25,861            |
| EDUCATIONAL SERVICES                      | 997                 | 1.2%                        | \$22,589            |
| ARTS, ENTERTAINMENT & RECREATION          | 1,189               | 1.4%                        | \$12,764            |
| INFORMATION                               | 1,307               | 1.5%                        | \$40,364            |
| TRANSPORTATION & WAREHOUSING              | 1,697               | 2.0%                        | n/a                 |
| FINANCE & INSURANCE                       | 2,399               | 2.8%                        | \$48,497            |
| OTHER SERVICES (except PUBLIC ADMIN.)     | 3,293               | 3.9%                        | \$24,052            |
| PROFESSIONAL, SCIENTIFIC & TECH. SVCS.    | 3,743               | 4.4%                        | \$43,094            |
| WHOLESALE TRADE                           | 5,047               | 5.9%                        | \$51,865            |

|  |        |       |          |
|--|--------|-------|----------|
| ADMIN. & SUP. & WASTE MGMT. & REMED. SVCS. | 5,996  | 7.0%  | \$29,577 |
| ACCOMMODATIONS & FOOD SERVICES             | 7,179  | 8.4%  | \$13,009 |
| CONSTRUCTION                               | 8,178  | 9.6%  | \$52,429 |
| HEALTH CARE & SOCIAL ASSISTANCE            | 9,499  | 11.1% | \$38,943 |
| RETAIL TRADE                               | 13,128 | 15.4% | \$23,071 |
| MANUFACTURING                              | 19,415 | 22.7% | \$45,228 |

Despite the shifting job market, McHenry County continues to be characterized by a heavy manufacturing presence (Table 20). The *manufacturing* sector is the largest in the county, accounting for 22.7 percent of all employment there in 2007. The next two largest sectors are *retail trade* and *health care and social assistance*, with 15.4 percent and 11.1 percent of the jobs, respectively.<sup>41</sup>

**Figure 6 - Where McHenry County Residents Work, 2004**



Employment patterns of McHenry County residents look slightly different than the employment patterns of those who work in McHenry County. Figure 6 above displays where county residents work.<sup>31</sup>

- Only 37.0 percent of the working population residing in the county also works there.<sup>58</sup>
- 31.6 percent of people living in McHenry County commute to Cook County for work and 12.1 percent commute to Lake County.<sup>59</sup>
- An additional 7.0 percent commute to Kane County, 6.7 percent to DuPage County, and 1.1 percent to Winnebago County.
- McHenry County residents have an average commuting time of 32.5 minutes and 17.8 percent of them travel over 60 minutes to reach their place of employment.<sup>60</sup>

Over two thirds of McHenry County businesses participating in this study indicate that they believe it is important to have employees living close to their jobs, yet over 30 percent report that their workers have trouble finding housing they can afford near their job. 30 percent of McHenry County business respondents report that their employees' transportation problems affect their company adversely.

Such extensive commuting patterns contribute greatly to road congestion and pollution in the county. The vast majority of county residents drive to work by themselves (86 percent).<sup>61</sup> Another 7 percent take Metra trains and 3 percent carpool. As gas prices continue to rise exponentially, a heavy reliance on automobiles will also have economic implications for residents.

A number of county officials indicate that the workforce in McHenry County may not be sufficiently skilled for the jobs in large, major businesses located there. "Businesses are hiring

outside of the county. We are working to build a skilled workforce in manufacturing and health care. There may be jobs for high school graduates here, but they need additional skills as well," said one county official.

This perception and the need for a more skilled workforce to meet large employer needs are balanced by the workforce needs of small McHenry County businesses. A sample of mostly small McHenry County businesses reveal that of the employees business owners anticipated hiring in the next 5 years, 75 percent will need only a high school diploma or less. Forty-eight percent of these employees will fill low-skilled jobs (Table 21). Since many of the jobs that will be available in these small businesses will require a low education level and skill set it can be assumed that most will pay a low wage that makes affording the costly McHenry County housing difficult.

**Table 21 - Business Survey Respondents' Estimates of Employment Needs in the Next 5 Years**

| Type       | Workers Needed | % HS Diploma or Less | % Low Skilled |
|------------|----------------|----------------------|---------------|
| Full- time | 335            | 65.0%                | 36.4%         |
| Part-time  | 204            | 72.1%                | 40.2%         |
| Seasonal   | 175            | 92.0%                | 78.3%         |
| Total      | 714            | 75.0%                | 48.0%         |

**Table 22 - McHenry County Civilian Employed Population by Industry, 2006**

| Industry                                   | McHenry County Residents Employed | Percent of Total McHenry County Civilian Employed Population | Median Annual Earnings |
|--|-----------------------------------|--|------------------------|
| MNGMT. OF COMPANIES & ENTERPRISES          | 228                               | 0.1%   | \$100,000+             |
| ARTS, ENTERTAINMENT & RECREATION           | 3,320                             | 2.0%   | \$9,209                |
| ACCOMMODATIONS & FOOD SERVICES             | 8,866                             | 5.4%   | \$11,901               |
| AGRICULTURE, FORESTRY, FISHING, & HUNTING  | 721                               | 0.4%   | \$19,662               |
| RETAIL TRADE                               | 21,683                            | 13.2%  | \$24,269               |
| OTHER SERVICES (except PUBLIC ADMIN.)      | 6,543                             | 4.0%   | \$26,508               |
| HEALTH CARE & SOCIAL ASSISTANCE            | 14,898                            | 9.1%   | \$27,934               |
| ADMIN. & SUP. & WASTE MGMT. & REMED. SVCS. | 5,119                             | 3.1%   | \$29,612               |
| EDUCATIONAL SERVICES                       | 12,406                            | 7.6%   | \$35,710               |
| REAL ESTATE & RENTAL & LEASING             | 2,645                             | 1.6%   | \$40,246               |
| MANUFACTURING                              | 29,096                            | 17.7%  | \$42,911               |
| WHOLESALE TRADE                            | 8,304                             | 5.1%   | \$46,670               |
| PROFESSIONAL, SCIENTIFIC & TECH. SVCS.     | 11,102                            | 6.8%   | \$47,305               |
| CONSTRUCTION                               | 13,151                            | 8.0%   | \$50,069               |
| INFORMATION                                | 4,205                             | 2.6%   | \$50,300               |
| FINANCE & INSURANCE                        | 11,160                            | 6.8%   | \$51,759               |
| TRANSPORTATION & WAREHOUSING               | 5,788                             | 3.5%   | \$54,718               |
| MINING                                     | 208                               | 0.1%   | \$80,463               |

Note: Due to data source limitations, Tables 18, 19, and 21 report annual earnings differently. Tables 18 and 19 present average annual earnings while Table 21 presents median annual earnings. While both are measures of central tendency, the median is less susceptible to outliers.

The distribution of McHenry County residents by industry looks slightly different than the distribution of jobs in the county. As noted, only 56.6 percent of people who work in the county also live there. While 22.2 percent of jobs in McHenry County are in the manufacturing industry, only 17.7 percent of people who live in McHenry County work in manufacturing (Table 22).<sup>62</sup> Higher percentages of McHenry County residents are employed in the *finance and insurance*

sector, the *professional, scientific, and technical services* sector, and the *educational services* sector than the proportion of jobs existing in the county.

**Table 23 - Projected Percent Change in Industry Employment by 2014**

| Industry                                   | Projected Percent Change in Employment by 2014 |
|--|--|
| UTILITIES                                  | n/a  |
| MINING                                     | -31.9%   |
| AGRICULTURE, FORESTRY, FISHING, & HUNTING  | -12.6%   |
| MANUFACTURING                              | -9.0%  |
| INFORMATION                                | -1.5%  |
| REAL ESTATE & RENTAL & LEASING             | 4.1%   |
| OTHER SERVICES (except PUBLIC ADMIN.)      | 4.2%   |
| FINANCE & INSURANCE                        | 4.6%   |
| WHOLESALE TRADE                            | 4.7%   |
| RETAIL TRADE                               | 5.4%   |
| TRANSPORTATION & WAREHOUSING               | 6.0%   |
| MNGMT. OF COMPANIES & ENTERPRISES          | 6.1%   |
| ARTS, ENTERTAINMENT & RECREATION           | 8.3%   |
| ACCOMMODATIONS & FOOD SERVICES             | 9.9%   |
| EDUCATIONAL SERVICES                       | 10.7%  |
| HEALTH CARE & SOCIAL ASSISTANCE            | 13.1%  |
| ADMIN. & SUP. & WASTE MGMT. & REMED. SVCS. | 14.9%  |
| PROFESSIONAL, SCIENTIFIC & TECH. SVCS.     | 15.6%  |
| CONSTRUCTION                               | 17.0%  |

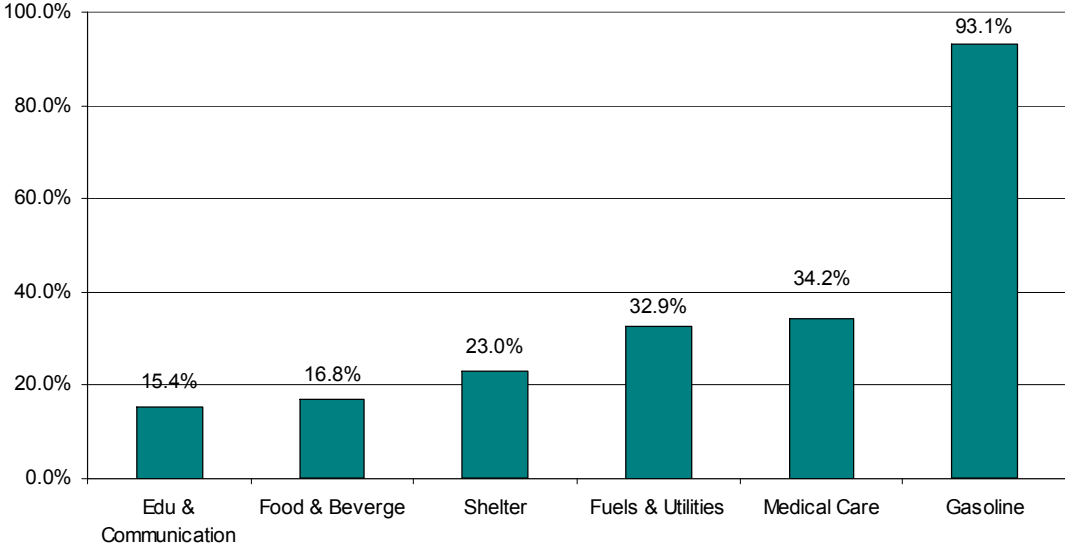
Projections indicate sizable shifts in county employment in the coming years (Table 23).<sup>63</sup> Manufacturing, currently the largest industry in the county, is expected to continue declining. Among the sectors with the largest projected increases are *construction*, which has high annual average earnings, but may be suffering more than anticipated due to the current housing market conditions; *professional, scientific, and technical services*; *administrative and supportive services*, *waste management*, and *remediation services*; and *health care and social assistance*.

Service jobs are essential for the county’s economy, but the cost of living in McHenry County may be too high for people employed in the growing low-paying service sectors. As one county-level official stated, “The manufacturing base has left, leaving less-skilled jobs with lower pay. This means [people] are forced to leave McHenry County to live.”

### Rising Costs

A changing economy that relies more and more on lower-paying, less stable service jobs leaves many families with less money or less steady income to pay for housing, transportation, medical care, food, and other basic necessities. This reality, combined with the rising costs of basic goods and services is putting pressure on McHenry County families as they try to make ends meet. The cost of basic goods and services has risen substantially from 2000 to 2007 across the Chicago region (Figure 7).<sup>64</sup> Food prices have risen by 16.8 percent, medical care by 34.2 percent, and gasoline prices have nearly doubled. As gas and food prices continue to climb, the pressure on McHenry County families will very likely intensify.

**Figure 7 - Percent Change in Cost of Selected Goods & Services in Chicago Region, 2000 to 2007**



**Transportation**

Transportation is vital to linking individuals with employment and community amenities such as shopping, dining, recreation, and public services. There are 4,063 households in McHenry County that do not have a vehicle.<sup>65</sup> These households, and presumably individuals in other households lacking enough vehicles or a working vehicle or seniors who are uncomfortable driving, must rely on the public transit system in the county. The public transit system in McHenry County is in many ways inadequate to meet the varied needs of the population, and many McHenry County communities are simply not served. The implications of this as it relates to housing and residents’ abilities to access jobs and services are discussed further in Chapter 5.

Public transportation in McHenry County consists of Pace fixed bus routes, Pace ADA Paratransit for people with disabilities, Pace Dial-A-Ride, and Metra’s Union Pacific District Northwest Line.

Three Pace fixed bus routes operate in McHenry County. All three operate only during rush hour, making only 2 or 3 runs in the morning and evening rush, and do not provide weekend or holiday services (Table 24).<sup>66</sup> A ride on a Pace bus costs \$1.50 and transfers are \$0.50.

**Table 24 - Pace Bus Routes in McHenry County**

| Route Number | Route  | Service Provided To   |
|--------------|--|---|
| 806          | Crystal Lake to Fox Lake via city of McHenry     | Crystal Lake Ambulatory, Pioneer Center, Centegra Medical Center, Lakeland Plaza, and Metra Stations in Crystal Lake, McHenry, and Fox Lake   |
| 807          | Woodstock to the city of McHenry via Wonder Lake | McHenry County Courthouse, McHenry City Hall, McHenry Commons, McHenry Market Place, Marion Central High School, and Metra Stations in Woodstock and McHenry                          |
| 808          | Crystal Lake to Harvard via Woodstock            | Harvard Community Hospital, Memorial Hospital (Woodstock), McHenry County Senior Citizens Council, McHenry County College, and Metra Stations in Harvard, Woodstock, and Crystal Lake |



Pace's ADA Paratransit program offers pre-arranged curb-to-curb service for people with disabilities whose eligibility has been determined by a regional certification process.<sup>67</sup> Pace's ADA Paratransit services will pick up people who live within three quarters of a mile of Pace's regular fixed routes and during the same days and hours as the regular fixed route service. Riders must make reservations for this service with the local operator, and rides cost \$2.50. This service only operates on weekdays.

Pace's Dial-A-Ride program is a non-fixed route service utilizing vans and small buses to provide pre-arranged trips to and from specific locations within the Dial-A-Ride service area.<sup>68</sup> Crystal Lake, the city of McHenry, Harvard, Marengo, Cary, Fox River Grove, Island Lake, and Woodstock are the only McHenry County communities served by Pace's Dial-A-Ride program.<sup>69</sup> As with the ADA Paratransit programs, riders must make reservations with local operators who set their own fares.

The Metra commuter train has stations in Harvard, Woodstock, the city of McHenry, Crystal Lake, Cary, and Fox River Grove.<sup>70</sup> The majority of train runs end in Crystal Lake, and only about a third of trains continue on to Harvard. Trains run to the city of McHenry only during weekday rush periods. Metra fares vary based on distance traveled, but a one-way ticket from Crystal Lake to downtown Chicago costs \$6.10, and a one-way ticket from Harvard to Fox River Grove is \$4.75.

There are also a number of senior transportation services available through individual municipalities or nonprofit organizations. Fares vary, as do eligibility and service areas (some will only provide transportation to doctor's appointments, some require a week's advance reservation, and many will not cross municipal lines).

The County of McHenry has recognized that the current transportation system is not meeting the needs of residents and has specifically looked at barriers in the Paratransit and Dial-A-Ride programs, including cumbersome processes, multiple operators, and varying fares. Beginning in the fourth quarter of 2008, the county, together with Pace, will begin a pilot transportation project that seeks to provide increased mobility for seniors, people with disabilities, and individuals with low incomes through a centralized dispatch system. This coordinated demand response system also aims to develop a database to guide decisions, and refine, improve, and possibly expand paratransit services in McHenry County as deemed most appropriate to meet residents' needs.

## Conclusion

McHenry County has experienced tremendous population growth in the past few decades and is projected to continue growing significantly. Certain demographic trends including diversification, growth in the senior population, and a growth in the number of people who are poor and low income raises many questions and concerns around how well equipped the county is to meet its residents' housing needs. Economic shifts including a trend toward lower-paying, less stable service jobs, may very well feed these trends in the coming years. As prices for food, gas, medical care, and other basic goods and services continue to rise, even middle-income families may find themselves stretched thin to meet the cost of living in McHenry County.



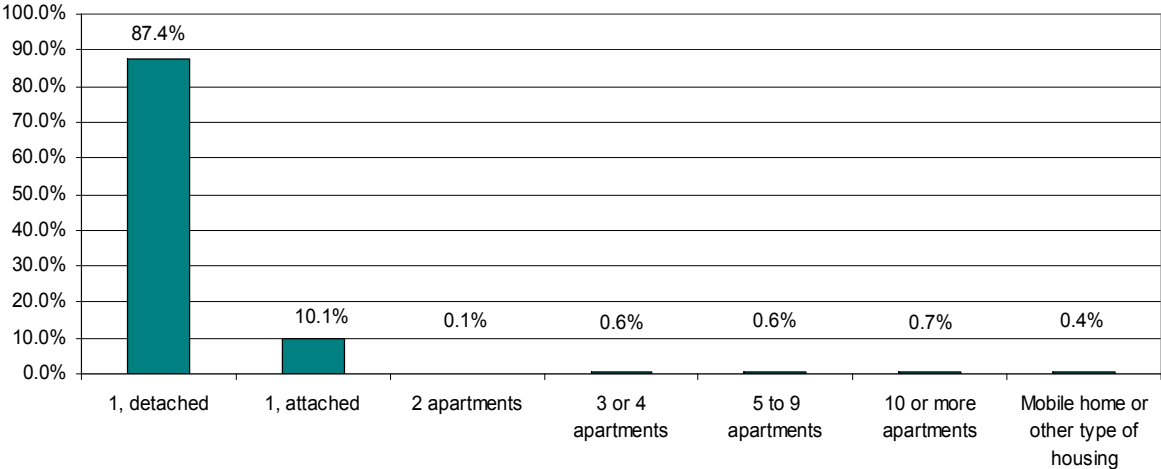
# Chapter 2: Latest Housing Market Conditions

The housing industry and its many players have historically been a large economic engine in McHenry County. The county experienced tremendous housing growth throughout the 1990s and the early 2000s, and the construction industry, real estate professionals, land owners/sellers, and manufacturers/distributors of housing materials such as lumber, appliances, etc., made significant economic gains. The housing boom resulted in dramatically increasing home values and rents, making housing less affordable for those at the lower end of the income spectrum. The last few years have seen a slowdown in the housing market, which has negatively impacted growth and has the many players involved in the industry suffering setbacks. The recent market slowdown has not, however, resolved the serious affordability challenges that low- and even moderate-income families face in McHenry County, and since the trend is unlikely to be long term, it will not alleviate the problem in the future. This chapter highlights the physical and financial characteristics of the housing market in McHenry County, with subsequent chapters outlining the implications for low- and moderate-income residents and residents with housing support needs.

## Physical Characteristics

Housing in McHenry County is comprised primarily of single-family residences; there are relatively few rental units and a dearth of rental units of family-appropriate size (larger units with three or four bedrooms). There are a total of 106,751 occupied housing units in McHenry County; 17,006 (15.9 percent) are renter occupied and 89,745 (84.1 percent) are owner occupied.<sup>52</sup>†† There are 5,675 vacant housing units; the vacancy rates are 1.7 percent for owner units and 6.9 percent for rental housing.

**Figure 8 - McHenry County Owner Housing by Units in Structure, 2006**



†† A housing unit is owner occupied (owner housing) if the owner or co-owner lives in the unit. A unit is considered renter occupied (rental housing) if no owners lives there and the unit is rented for cash rent or occupied without payment of cash rent.

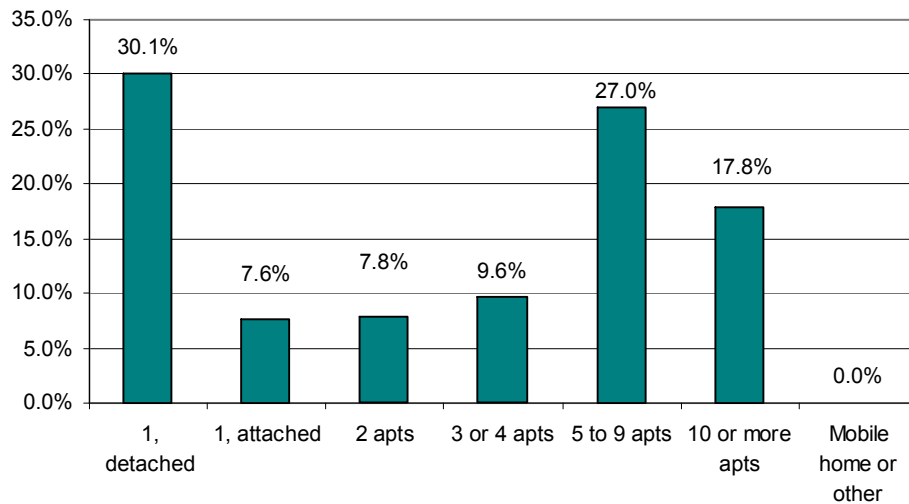
The vast majority of owner housing in McHenry County is a detached single unit (single family home) or an attached single unit (such as a town home) (Figure 8).<sup>71</sup> Only 2.4 percent of owner housing has 2 or more units (such as a duplex or condominium building) or is a mobile home or other type of housing. Since 1990, the percent of owner housing with two or more units has increased by one percentage point, and the percent of one-unit attached structures has risen by seven percentage points.<sup>72</sup>

Despite this increase in attached/multi-unit owner housing, McHenry County still has far less of these types of structures than neighboring counties (Table 25). Multi-unit housing can be more affordable due to lower taxes and can also offer a more maintenance-free lifestyle for certain populations such as seniors.

**Table 25 - Owner-Occupied Housing by Units in Structure by County, 2006**

| Units in Structure                        | McHenry County | DeKalb County | DuPage County | Kane County |
|---|----------------|---------------|---------------|-------------|
| 1, detached                               | 87.4%          | 84.7%         | 75.6%         | 83.2%       |
| 1, attached                               | 10.1%          | 7.8%          | 14.6%         | 9.7%        |
| 2 or more units or other types of housing | 2.4%           | 7.5%          | 9.8%          | 7.0%        |

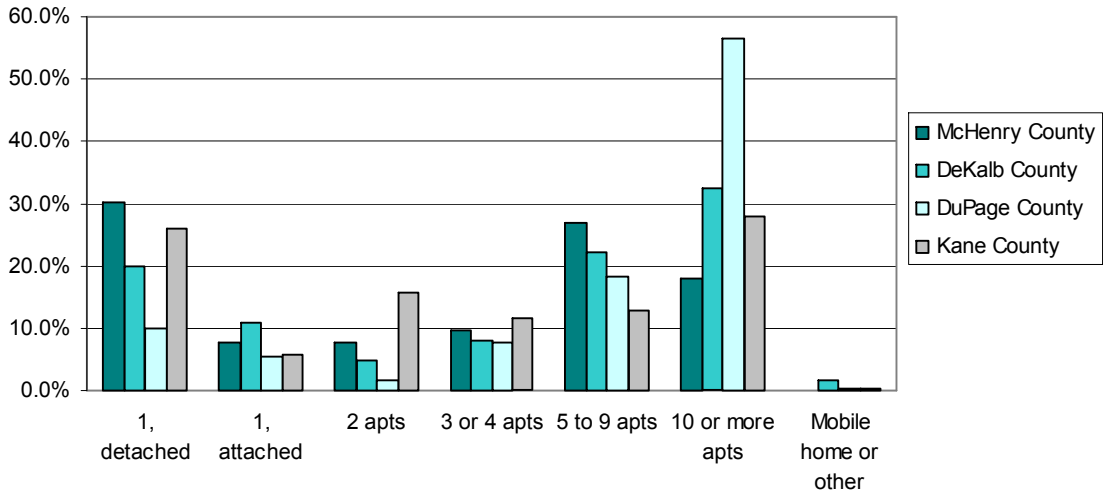
**Figure 9 - McHenry County Rental Housing by Units in Structure, 2006**



Rental housing in McHenry County is much more likely to consist of multiple unit structures than owner housing (Figure 9).<sup>73</sup> 62.2 percent of rental housing structures have two or more units or are mobile homes or other types of housing, compared to only 2.4 percent of owner housing.

Yet, rental housing is still more likely to have fewer units than in neighboring counties (Figure 10). In DeKalb County, 69.2 percent of rental housing has two or more units or are mobile homes or other types of housing; in DuPage County the figure is 84.5 percent, and in Kane County it is 68.5 percent.<sup>74</sup>

**Figure 10 - Renter-Occupied Housing by Units in Structure by County, 2006**



Housing in McHenry County is generally in good condition. Ninety-six housing units in the county lack complete plumbing facilities, meaning they do not have hot and cold piped water, a flush toilet, or a bathtub or shower in the unit. All of the units without complete plumbing facilities are owner occupied. 614 housing units lack complete kitchen facilities, meaning they lack a kitchen sink, a stove, and a refrigerator in the unit. 46.4 percent of these housing units were rental units.<sup>75</sup>

Renter households in McHenry County are much more likely to be larger and to be family households than in most neighboring counties (Table 26), but McHenry

**Table 26 - Renter Household Characteristics by County, 2006**

|                | 1-2 Person Household | 4 or more Person Household | Family Household | Family Headed by Female |
|----------------|----------------------|----------------------------|------------------|-------------------------|
| McHenry County | 55.5%                | 22.9%                      | 57.4%            | 24.7%                   |
| DeKalb County  | 66.9%                | 17.7%                      | 37.6%            | 14.4%                   |
| DuPage County  | 69.3%                | 16.6%                      | 49.9%            | 17.2%                   |
| Kane County    | 55.7%                | 30.4%                      | 62.3%            | 24.0%                   |

County is less likely than Kane and DeKalb Counties to have larger rental units available for families (Table 27). The majority of the rental housing units in McHenry County (75.1 percent) have two bedrooms or less indicating a lack of rental units for housing larger families.<sup>76</sup>

Owner housing in McHenry County is better able to house larger families. Most owner housing (81.5 percent) has three or more bedrooms.<sup>77</sup>

**Table 27 - Number of Bedrooms in Rental Housing by County, 2006**

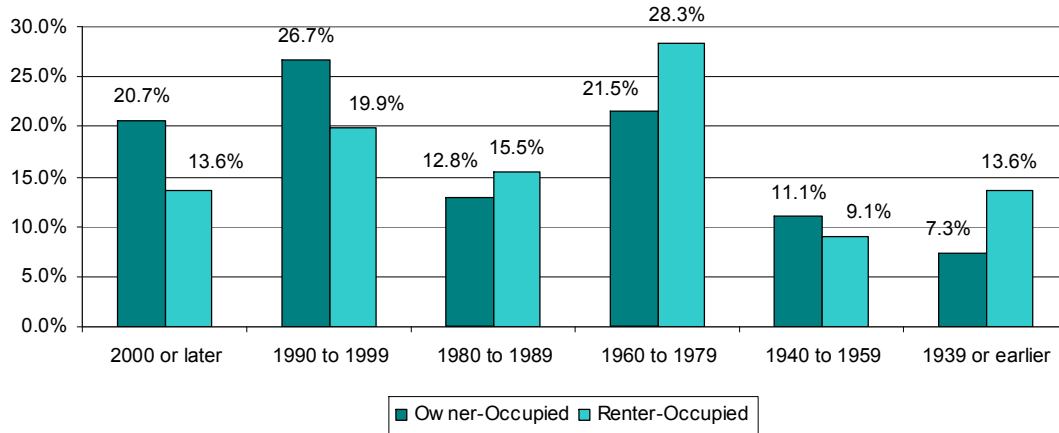
| Number of Bedrooms | McHenry County | DeKalb County | DuPage County | Kane County |
|--------------------|----------------|---------------|---------------|-------------|
| None or 1          | 26.9%          | 25.9%         | 40.1%         | 30.7%       |
| 2                  | 48.2%          | 38.8%         | 44.7%         | 39.2%       |
| 3 or more          | 24.8%          | 35.3%         | 15.2%         | 30.1%       |

44.1 percent of owner housing units have three bedrooms, and 37.4 percent have four or more bedrooms. Owner housing in McHenry County is more likely to have three or more bedrooms than in neighboring counties.

A housing unit is considered crowded if there is more than one person per room. In McHenry County 1,919 housing units are crowded.<sup>78</sup> Renter households are disproportionately represented among crowded units. Half (50.9 percent) of all crowded units in the county are renter occupied. The lack of larger, family-appropriate rental housing in McHenry County contributes to crowding. 5.7 percent of rental units are crowded, while only 1.0 percent of owner units are crowded.

Residents at the roundtables discussed crowding and explained that they worry about the health and development of children when entire families are crammed into apartments that are far too small.

**Figure 11 – McHenry County Housing by Year Structure was Built by Tenure, 2006**



The development of rental housing has not kept pace with the development of owner housing. Rental housing in McHenry County is much more likely to be older than owner housing (Figure 11). While nearly half (47.4 percent) of owner housing was built in the year 1990 or later, only a third (33.5 percent) of the rental housing was built during this time period. Rental housing has a greater proportion of older housing units; 66.5 percent of rental housing units were built before 1990 compared to 52.6 percent of owner-occupied units. Municipality and township survey respondents indicate that upper-income families are more likely to occupy the newer housing in their communities while middle- and lower-income families and seniors are more likely to occupy the older housing. Compared with its neighboring counties of DeKalb, DuPage, and Kane, both owner and renter housing in McHenry County is more likely to be newer (built after 1990).

A number of county officials indicate that there have been no significant rental building projects in the county since the mid 1990s. 23.1 percent of housing industry survey respondents report that they believe rental units in the county have been converted to condominiums in the last 5 years. 38.5 percent identify a trend toward gentrification during the last 5 years. Gentrification refers to the practice of purchasing and renovating deteriorated properties that often results in the displacement of low-income residents and small businesses as values rise beyond their means. Many residents that participated in this study, as well as service providers and municipal/township representatives, indicate that what little rental housing is being built is targeted toward seniors, which while important, leaves out many other families and individuals in need.

## Financial Characteristics

### Owner Housing

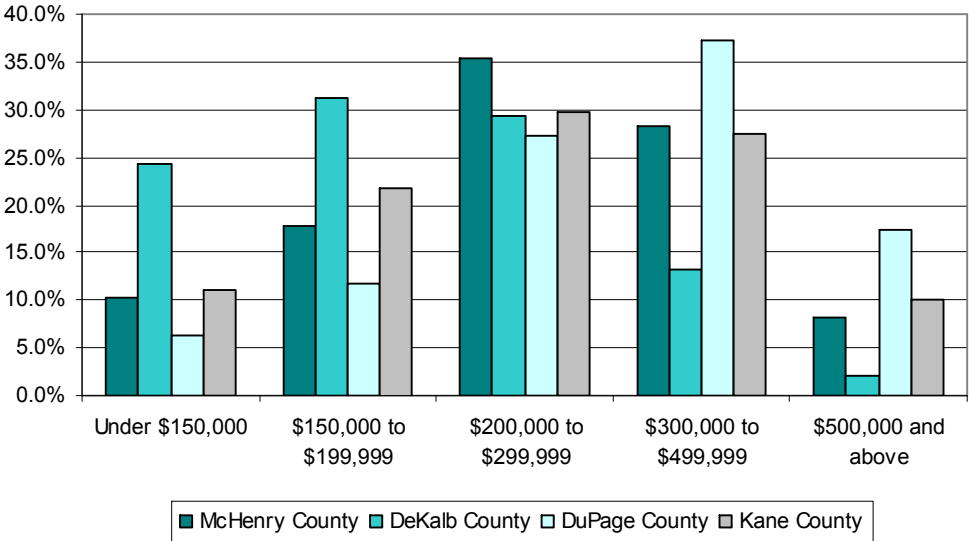
To determine owner affordability, a simple measure is used that assumes national averages for annual utility costs, taxes, insurance, and interest. It also assume that housing costs are affordable to a family if the family pays no more than 30 percent of their income toward housing costs, including mortgage, insurance, and utilities. Using these measures, a family can afford a mortgage that is approximately 2.9 times their annual income.<sup>63</sup>

McHenry County housing prices are among the highest in the state. 36.5 percent of owner housing in the county is valued above \$300,000 and an additional third (35.5 percent) is valued between \$200,000 and \$299,999.<sup>79</sup> Of its neighboring counties, only DuPage has a higher proportion of homes valued above \$200,000 (Table 28).

**Table 28 - Home Values of Owner Housing by County, 2006**

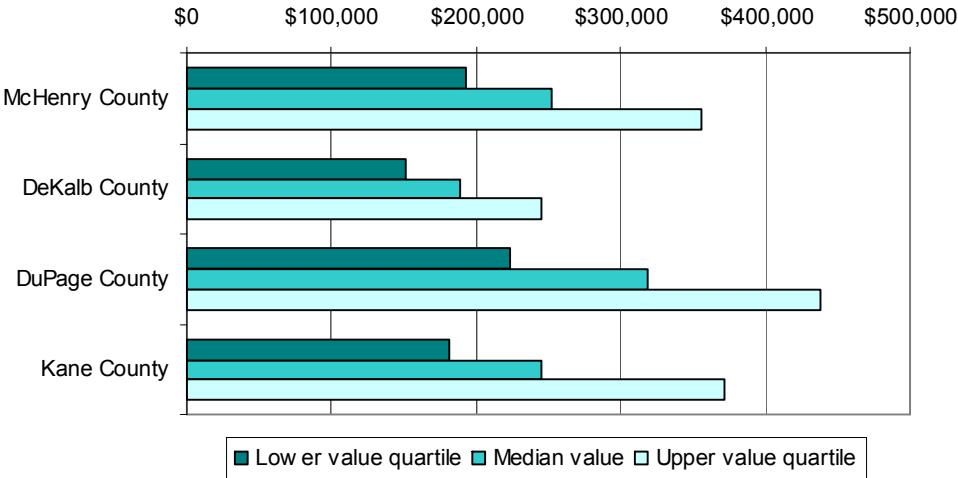
| Home Value                      | McHenry County | DeKalb County | DuPage County | Kane County |
|---------------------------------|----------------|---------------|---------------|-------------|
| Between \$200,000 and \$299,999 | 35.5%          | 29.2%         | 27.3%         | 29.6%       |
| \$300,000 and above             | 36.5%          | 15.3%         | 54.7%         | 37.5%       |
| Total \$200,000 and above       | 72.0%          | 44.5%         | 82.0%         | 67.2%       |

**Figure 12 - Home Values of Owner Housing by County, 2006**



The distribution of McHenry County home values across the price continuum is similar to DuPage County but quite different than in Kane and DeKalb Counties (Figure 12). In McHenry County, just 10.3 percent of all owner housing units are valued at less than \$150,000. This means that there is far less housing available at lower price points that may be affordable to people with low and moderate incomes.

**Figure 13 - Home Values by Quartiles by County, 2006**



The median housing value of owner housing in McHenry County is \$252,700, meaning half of homes are valued above and half below this price point.<sup>80</sup> Among its neighbors, only DuPage County has higher home values at the lowest quartile, median point, and upper quartile (Figure 13). The lowest value quartile median home value in McHenry County is \$192,800. A household would need an annual income of \$66,483 to afford the mortgage for such a home.

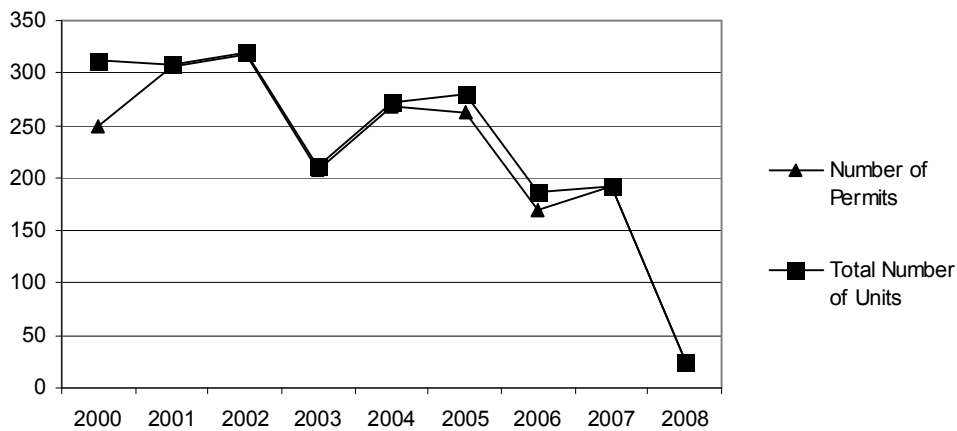
**Table 29 - Estimated Average Home Values in McHenry County**

| Municipality     | Average Home Price | Municipality      | Average Home Price |
|------------------|--------------------|-------------------|--------------------|
| Algonquin        | \$277,500          | Lake in the Hills | \$240,000          |
| Barrington Hills | \$1,014,300        | Lakemoor          | \$209,400          |
| Bull Valley      | \$501,700          | Lakewood          | \$405,200          |
| Cary             | \$261,900          | Marengo           | \$199,700          |
| Crystal Lake     | \$241,900          | McCullom Lake     | \$165,400          |
| Fox Lake         | \$188,600          | McHenry           | \$213,400          |
| Fox River Grove  | \$249,300          | Oakwood Hills     | \$236,100          |
| Greenwood        | \$258,600          | Prairie Grove     | \$406,500          |
| Harvard          | \$163,100          | Richmond          | \$199,300          |
| Hebron           | \$181,600          | Ringwood          | \$285,500          |
| Holiday Hills    | \$184,100          | Spring Grove      | \$342,800          |
| Huntley          | \$272,500          | Wonder Lake       | \$205,700          |
| Island Lake      | \$197,800          | Woodstock         | \$206,800          |
| Johnsburg        | \$271,500          |                   |                    |

Within the county, average owner housing values vary widely by municipality from a high of over \$1 million in Barrington Hills to a low of \$163,100 in Harvard (Table 29).<sup>81</sup>

Nearly all (92.3 percent) of housing industry experts report that home prices in McHenry County have risen or risen dramatically in the past 5 years and predict that home prices will continue to rise in the next 5 to 10 years. Housing price data confirms these observations: from 2000 to 2006 the median value of a home in McHenry County rose from \$167,400 to \$252,700 – an increase of \$85,300 or 51.0 percent.<sup>82</sup>

**Figure 14 - New Privately-Owned Reported Residential Building Permits in McHenry County, 2000 to 2008**



Despite these recent increases in home values, since March of 2006, McHenry County’s home sales have slowed dramatically.<sup>83</sup> In March of 2008, 232 homes in the county were sold, half the



number of sales 2 years earlier. The average sale price has also declined slightly from \$256,938 to \$240,978. Construction of single-family residences has also dramatically declined (Figure 14).<sup>84</sup> In March of 2008, only 24 new building permits were issued in the county, down from 250 in March of 2000. This illustrates how the current economic downturn is having an impact on homes in the county; however, it is likely that the effects of the downturn (e.g., less construction, falling sale prices) may only constitute a short-term trend and will rebound in the future. Nonetheless, the slowdown in the housing market has resulted in less revenue entering Illinois' Affordable Housing Trust fund and the Rental Housing Support Program, two key affordable housing programs, both of which are funded through particular taxes and fees on real estate transactions.

**Table 30 - Mortgage Holding Owner Household Annual Income by County, 2006**

| Annual Household Income | McHenry County | DeKalb County | DuPage County | Kane County | Mortgage Affordable at Income Level |
|-------------------------|----------------|---------------|---------------|-------------|-------------------------------------|
| Less than \$10,000      | 1.0%           | 1.5%          | 0.9%          | 1.1%        | Less than \$29,000                  |
| \$10,000 to \$24,999    | 3.3%           | 2.7%          | 3.4%          | 3.5%        | \$29,000 to \$72,497                |
| \$25,000 to \$34,999    | 5.2%           | 6.5%          | 3.1%          | 5.7%        | \$72,500 to \$101,497               |
| \$35,000 to \$49,999    | 9.8%           | 10.8%         | 8.7%          | 13.1%       | \$101,500 to \$144,997              |
| \$50,000 to \$74,999    | 20.6%          | 27.3%         | 20.4%         | 22.4%       | \$145,000 to \$217,497              |
| \$75,000 to \$99,999    | 20.6%          | 25.8%         | 18.9%         | 17.4%       | \$217,500 to \$289,997              |
| \$100,000 to \$149,999  | 25.3%          | 19.5%         | 24.5%         | 21.6%       | \$290,000 to \$434,997              |
| \$150,000 or more       | 14.2%          | 5.8%          | 20.1%         | 15.2%       | \$435,000 and up                    |

The median household income of owner households with a mortgage is \$85,871. 39.5 percent of mortgage-holding owner households in McHenry County have an annual income above \$100,000 (Table 30). Lower-income households making under \$35,000 annually comprise only 9.5 percent of all owners.

The high cost of housing in McHenry County places a heavy burden on many homeowners. 36.4 percent of all owners in the county are paying over 30 percent of their income toward their housing costs.<sup>85</sup> The issue is particularly salient among lower-income homeowners with a mortgage. Over three quarters (77.3 percent) of owners with annual incomes under \$35,000 and 58.9 percent of owners in the \$35,000 to \$49,999 income range are cost burdened. 34.5 percent of McHenry County owners with a mortgage also have a second mortgage or a home equity loan.<sup>86</sup>

The median annual real estate tax as self-reported by homeowners is higher in McHenry County than in any neighboring county (Table

**Table 31 - Median Real Estate Taxes Paid, 2006**

|                                      | McHenry County | DeKalb County | DuPage County | Kane County |
|--------------------------------------|----------------|---------------|---------------|-------------|
| <b>Median real estate taxes paid</b> | \$4,766        | \$3,831       | \$4,692       | \$4,617     |

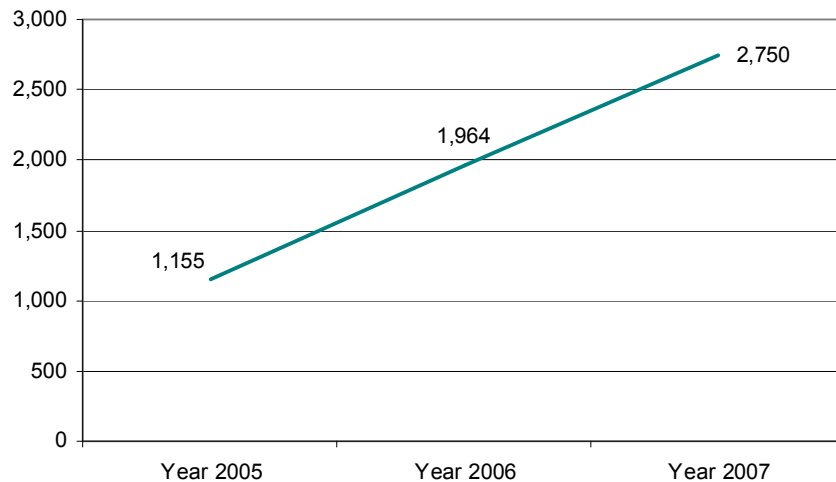
31).<sup>87</sup> McHenry County residents involved in this study indicated that real estate taxes can be a large burden for seniors who experience a decline in income upon retirement.

Nearly three quarters of housing industry survey respondents report that there is evidence that many households have bought a home costing more than they can easily afford. 69.2 percent report an increase in the use of adjustable rate mortgage loans. Such homeowners may have assumed that housing prices would continue to rise, and that they would be able to refinance at an appropriate time. On the issue of affordability, two thirds of housing experts do not believe that the current housing stock in McHenry County coincides with the needs and financial capabilities of the people who need and/or wish to live there.

Breaking into the McHenry County housing market may be more difficult now than in the past. 58.4 percent of housing industry survey respondents report that it has become much more difficult for first-time buyers to enter the housing market in McHenry County in the last 5 years, presumably due to rising prices.

Subprime loans and foreclosures have become recent housing concerns in McHenry County. Over three fourths of housing industry respondents report an increase in subprime loans. Shifting jobs and stagnating incomes, along with a proliferation of subprime lending have led to dramatic increases in foreclosures in McHenry County.

**Figure 15 - McHenry County Foreclosures, 2005 to 2007**



Foreclosures in 2007 were up 40 percent from 2006 and 138 percent from 2005 (Figure 15).<sup>88</sup> In 2007, there were 2,750 foreclosures in the county. This means that at the end of 2007, 1 in every 40 McHenry County households was in some state of foreclosure. 61.5 percent of housing industry survey respondents note that increased foreclosures has been one of the most prevalent housing trends in the last 5 years.

The trend in foreclosures has implications beyond the individual families that are displaced. Research shows that foreclosures negatively impact surrounding home values. The declining value of the foreclosed home and surrounding homes leads to less tax revenue when properties are reassessed, leaving less revenue to support schools and other vital community services. When a foreclosed home remains vacant, municipalities are not receiving sewer and water revenue on that home resulting in a further erosion of revenue.

The damage of the foreclosure crisis also has implications for the rental market. With affordability and rental availability already a problem in McHenry County, the housing crisis pushes more and more families looking for rental housing into an already tight rental market.

### **Rental Housing**

As with homeownership, a rental unit is considered affordable if a family pays no more than 30 percent of their income toward their housing costs (rent plus utilities). To determine rental affordability a family's annual income is multiplied by 30 percent to determine what can be spent on housing, and then that amount is divided equally over the 12 months of the year.

The median monthly gross rent for rental housing in McHenry County is \$916, in line with rents in DuPage County, but higher than in

**Table 32 - Median Gross Rents by County, 2006**

|                   | McHenry County | DeKalb County | DuPage County | Kane County |
|-------------------|----------------|---------------|---------------|-------------|
| Median Gross Rent | \$916          | \$728         | \$919         | \$883       |

DeKalb and Kane Counties (Table 32).<sup>89</sup> A family would need to have an annual income of over \$36,640 to be able to afford this median rent in McHenry County without paying over 30 percent of their income toward housing costs.

**Table 33 - Monthly Rent by County, 2006**

|                    | McHenry County |       | DeKalb County | DuPage County | Kane County |
|--------------------|----------------|-------|---------------|---------------|-------------|
|                    | Number         | Rate  | Rate          | Rate          | Rate        |
| Under \$500        | 1,792          | 10.8% | 13.2%         | 5.6%          | 10.2%       |
| \$500 to \$749     | 2,245          | 13.6% | 39.5%         | 15.0%         | 23.6%       |
| \$750 to \$999     | 5,803          | 35.1% | 27.5%         | 41.3%         | 28.0%       |
| \$1,000 to \$1,499 | 5,437          | 32.8% | 17.7%         | 28.2%         | 26.7%       |
| \$1,500 to \$1,999 | 1,071          | 6.5%  | 2.1%          | 8.4%          | 9.0%        |
| \$2,000 and over   | 208            | 1.3%  | 0.0%          | 1.5%          | 2.4%        |

An analysis of rents reveals the high cost of rental housing in McHenry County. Only one quarter (24.4 percent) of rental units have a monthly rent below \$750 a month (Table 33).<sup>90</sup> 40.6 percent of all rental housing have monthly rents over \$1,000 – the highest proportion among neighboring counties.

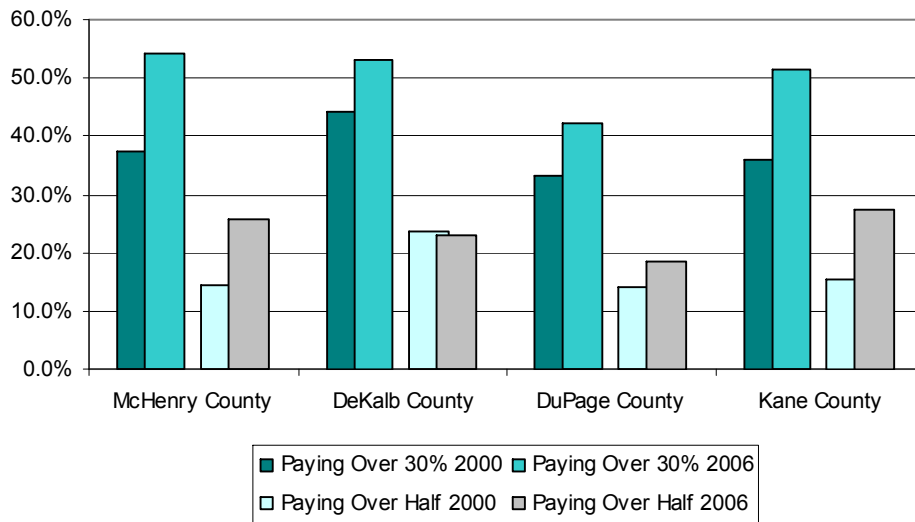
**Table 34 - McHenry County Renter Household Annual Income, 2006**

| Annual Household Income | Percent of Households | Rent Affordable at Income Range |
|-------------------------|-----------------------|---------------------------------|
| Less than \$10,000      | 11.4%                 | Less than \$250                 |
| \$10,000 to \$24,999    | 28.1%                 | \$250 to \$625                  |
| \$25,000 to \$34,999    | 13.8%                 | \$625 to \$875                  |
| \$35,000 to \$49,999    | 16.2%                 | \$875 to \$1,250                |
| \$50,000 to \$74,999    | 14.7%                 | \$1,250 to \$1,875              |
| \$75,000 to \$99,999    | 11.6%                 | \$1,875 to \$2,500              |
| \$100,000 to \$149,999  | 4.0%                  | \$2,500 to \$3,750              |
| \$150,000 or more       | 0.2%                  | \$3,750 and up                  |

Renters in McHenry County are much more likely to have lower annual incomes than owner households. Over half (53.3 percent) of the renter households have annual incomes below \$35,000 (Table 34),<sup>91</sup> and the median renter household income is \$31,990, far less than half the median income of mortgage-holding owner families. For the 53.3 percent of renter households with annual incomes below \$35,000, the maximum rent they could afford is \$875.

Three quarters of housing industry survey respondents report that rents in McHenry County have risen in the past 5 years, and all respondents predicted that rents will rise or rise dramatically in the next 5 years.

**Figure 16 – Rent Burdened Households by County, 2006**



As with owner housing, the high cost of rental housing in McHenry County has placed a heavy financial burden on renter households (Figure 16). 54.3 percent of all McHenry County renter households are paying over 30 percent of their income toward their rent. Cost burden in McHenry County has increased dramatically from 37.2 percent in 2000 and is the greatest increase among the neighboring counties.<sup>92</sup> The rate of renter households paying *half* their income toward rent has also increased significantly from 14.3 percent in 2000 to 25.7 percent in 2006.<sup>93</sup>

## Conclusion

The high costs of owner housing in McHenry County makes purchasing a home very difficult for low- and moderate-income families. The housing landscape in the county is characterized by a heavy emphasis on single-family homes which means that there is a lack of rental units. This is problematic in and of itself, but also because current housing market trends including increased foreclosures and the slowdown of construction and sales may push more and more families into this already tight rental market. Despite the fact that 44.5 percent of McHenry County renter households are comprised of three or more people, rental units in the county are likely to be smaller units with only one or two bedrooms. Additionally, much of the rental housing is priced out of the reach of low-income McHenry County residents, resulting in high and growing rates of cost burden.

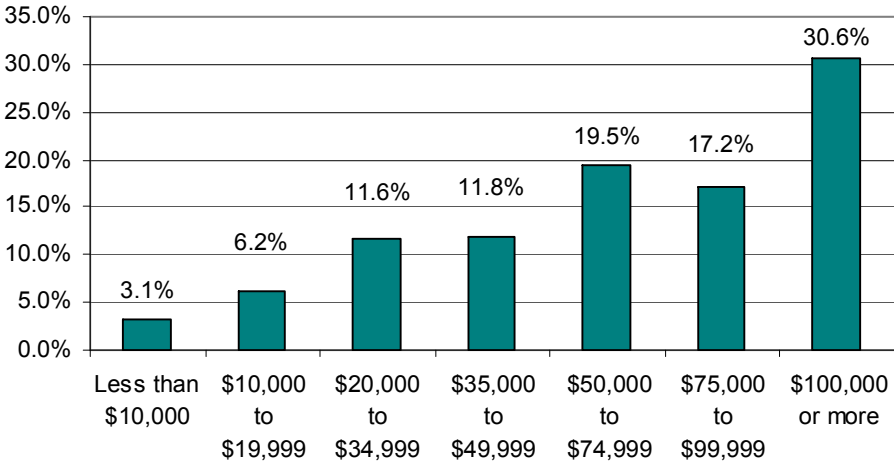
# Chapter 3: The Need for Affordable Housing and Housing Supports in McHenry County

High prices and the limited availability of rental units have raised serious affordability concerns for many low- and moderate-income McHenry County families. Additionally, there are subsets of the McHenry County population that have added housing needs on top of affordability concerns. These are people who may need adaptable or accessible units (e.g., stairless access, wide doorways, visual smoke alarms) to be able to live and function independently. Others may need special services, such as case management or help with medication and activities of daily living, along with affordable housing in order to maintain independence. Because many of these people have multiple needs it is not possible to quantify the distinct size of each of the population subsets outlined below. However, the evidence in this chapter suggests that thousands of McHenry County residents are in need of affordable housing and housing supports and that a host of safe, decent, affordable, and accessible housing options are needed in McHenry County to serve the diverse needs all residents.

## Low Wage Workers

Chapter 1 of this report outlines the current state of poverty in McHenry County, including dramatic growth in the past few decades, and discusses the high number of people with low incomes below twice the poverty line. Nearly 11,000 working age adults (ages 18 to 64) in McHenry County have incomes below the official poverty line. An additional 16,500 working age adults have incomes above the official poverty line, but below twice the poverty line. In McHenry County, nearly 7,180 people who work (full time, year round or part time, part year) still fall below the poverty line.<sup>94</sup> Seven out of every 10 poor McHenry County families have at least one worker in the family and 15 percent of poor families have two or more workers.

Figure 17 - McHenry County Household Income, 2006



McHenry County is considered an affluent county, but this reputation masks the fact that many households in the county are struggling to get by with low incomes. Over 1 in every 5

households (22,331) in McHenry County has an annual income below \$35,000 and nearly 1 in 10 (9,964) has an income below \$20,000 (Figure 17).<sup>95</sup>

Homeless and mental health service providers participating in this study indicate that the low wages many jobs pay leave many McHenry County families either officially poor or with very low incomes. This reality combined with the high cost of housing in the county leaves many low-income families with little money and resources left over once they pay their bills, so they are not able to accumulate a safety net for emergencies. Without reserves, if a family member loses a job, becomes disabled, or even just has their hours cut, many families may not be able to make their rent or mortgage payment. They will also not be likely to have money for security deposits for a new apartment. The providers' insights reveal other consequences of not having enough money to be able to meet the basic need of adequate, affordable housing, including:

- Families living in places that are unsafe, substandard, and too small
- People staying with their extended families, taxing the other family members' resources
- Families having difficulty paying for other necessities and cutting corners on child care, medication, transportation, or utilities
- Neglecting preventive health care, leading to more extensive and expensive health issues and other problems in the future
- Moving further away from work, requiring long, costly commutes to places of employment, contributing to road congestion and pollution

Many low wage workers perform jobs that are vital to the community. These individuals may be child care workers, home health aides, food servers, lawn workers, or home cleaners – people everyone else in the community relies on to perform important and necessary tasks. Nearly all the housing experts, service providers, residents, and county, municipal, and township representatives agree that affordable housing is in very high demand in the county for a wide array of low-wage workers. They relate that not only are low-income groups in need, but even those with more moderate incomes, such as those in professional careers like teachers, policemen, or nurses, find it difficult to afford to live in the county. A refrain heard over and over was, "You need two incomes to afford to live here."

The low- and moderate-income population is diverse and therefore has diverse housing needs. Providers and McHenry County residents discussed some of the types of housing, financial support, and amenities low-income individuals and families need to be stable and safe:

- Employer-assisted housing (when an employer commits to helping their employees buy homes close to work or to providing rental assistance)
- Rental apartments, ranging in size
- Affordable home ownership
- Homebuyer assistance (such as down payment and closing cost assistance)
- Homebuyer counseling as well as ongoing credit and budget counseling
- Housing near transportation, jobs, and quality schools
- Tolerant landlords (willing to rent to families with children)
- Public housing and housing vouchers

### **Subpopulations of Low-Wage Workers**

The low-income population is a diverse group that includes a wide range of individuals and families in various stages of life and in varied circumstances. Within this group are seniors, immigrants, Latinos, survivors of domestic violence, single parents, people who were previously incarcerated, and young adults just starting out in the labor market, among others. Many of these groups share the same housing problems and needs, and a few of their individual needs are highlighted here.



### *Immigrants*

The immigrant population in McHenry County is growing and with it comes certain housing challenges. Some of these immigrants work in the service sector and the food industry, but are paid very low wages, which makes it difficult to afford housing. County, municipal, and township representatives shared stories of their problems, including intense overcrowding, people renting sleeping spaces by the hour in single-family homes functioning as motels, and being taken advantage of by landlords and employers.

### *Latinos*

Latinos are another subset of the population that may have unique housing challenges. There are 32,909 Latino McHenry County residents. Providers and residents discussed language barriers and cultural differences that make accessing housing and community services challenging for many Latinos. They may face discrimination in accessing apartments or homes in certain areas of the county and since many work in low-wage jobs, often Latinos have severe affordability needs related to housing.

### *Survivors of Domestic Violence*

Survivors of domestic violence are another group of people who often have serious housing issues. Faced with the prospect of homelessness upon leaving their home, many stay in abusive situations. When they do leave, many women find it incredibly difficult to maintain or find employment while in a crisis mode. Many leave without their birth certificate, Social Security card, and other important documentation, and though they may have been moderately well-off before, they may have no access to their partner's money. Locating housing amid all of this turmoil is incredibly challenging.

### *Single Parents*

There are 9,404 single parents in McHenry County – 6,508 single mothers and 2,896 single fathers. Poverty rates for single mothers and single fathers are far higher than for married-couple parents, indicating the importance of having two incomes to meet the cost of living in the county. McHenry County single-mother households have the highest poverty rate, 35.6 percent, despite being much more likely to have fewer children than other types of families.<sup>96</sup> 11.6 percent of single-father families and 7.2 percent of married-couple families with children are poor. The fact that single-mother households have a much higher poverty rate than single-father households points to enduring employment and wage discrimination for women.

The housing needs of single parents are similar to those of many other low-income groups. However, there is a particular need for this group to be in good school districts and to retain stable, quality housing for the health and well-being of their children.

### *People Who Have Been Previously Incarcerated*

People who have been previously incarcerated are hit with a host of barriers to securing meaningful employment and finding housing. Employers and landlords often do background checks and are unwilling to employ or rent to someone with a criminal record. Being effectively barred from jobs and housing leaves people with few means with which to get their lives on the right track. This often leads to more crime, recidivism, and other costly social issues.

### *Young Adults*

There is growing concern over the ability of young college graduates, or more broadly the 18 to 29 year age group, to afford to return to live in McHenry County after college.

Young adults who head their own households are much more likely to have low incomes than older householders. Householders under the age of 25 have an annual household income of \$34,099 which is \$48,456 less than households headed by someone in the 44 to 64 year age group.<sup>97</sup>

**Table 35 - McHenry County Median Household Income by Age of Householder, 2006**

|                               | Median Household Income |
|-------------------------------|-------------------------|
| Householder under 25 years    | \$34,099                |
| Householder 25 to 44 years    | \$77,462                |
| Householder 45 to 64 years    | \$82,555                |
| Householder 65 years and over | \$36,181                |

Young adult households are much more likely to be single-person households – eliminating the possibility of dual incomes – and young adults are more likely to be paid lower wages since they are just starting out in the labor force.

The lower income of young adults leads to very high rates of housing cost burden (paying over 30 percent of income toward housing costs). Over 7 out of every 10 young renters are cost burdened, in line with the rate of senior rent burden.<sup>98</sup> Young homeowners are also particularly vulnerable to owner cost burden – over 1 in 2 are paying too much of their income toward their home.

**Table 36 - McHenry County Housing Cost Burden by Age of Householder, 2006**

|                              | Rent Burdened | Owner Cost Burdened |
|------------------------------|---------------|---------------------|
| Householder under 25 years   | 71.7%         | 57.3%               |
| Householder 25 to 34 years   | 49.4%         | 40.0%               |
| Householder 35 to 64 years   | 47.8%         | 35.2%               |
| Householder 65 year and over | 73.4%         | 37.3%               |

Residents involved in this study relate story after story about young people returning to live with their parents for years or getting financial assistance from their families because they could not afford to cover housing costs on their own. One county official said that young people and young families need rental units so they can save for a down payment on a home, but high rents can price young people out and make it difficult to save. When it comes to buying a home, another county official said that, “There are no starter homes in the county anymore.” One young resident said she has lived in McHenry County her whole life and would like to stay, but she finds it increasingly difficult to live here. She has a master’s degree and works at a nonprofit organization, but housing costs still leave her struggling. There are over 50,000 young people in McHenry County in this age range.<sup>99</sup>

**People with Mental Health and Substance Use Issues**

Those receiving mental health care in McHenry County come from a broad socioeconomic background. People with mental health and substance use issues often need a type of housing that is different than those without such complexities in their lives, especially if they are also economically vulnerable.

National research reveals that 2.6 percent of all adults have a severe and persistent mental illness.<sup>100</sup> Among those most severely disabled with a mental illness are the approximately 0.5 percent of the population who receive disability benefits for mental-health related reasons from the Social Security Administration. In McHenry County, this works out to 5,742 adults age 20 and over with a severe and persistent mental illness and 1,104 who receive disability benefits. It is this group of 1,104 severely mentally ill adults with limited financial resources that are most in need of affordable housing and services.

Local mental health, substance use, and homeless service providers were surveyed and convened to discuss the housing and service needs for this group of residents. These providers offer a myriad of services to people with mental illnesses and/or substance use issues throughout

the county and are particularly well positioned to shed light on this group's housing and service needs.

These providers report that 41 percent of McHenry County residents who use Mental Health Board-funded services have incomes of less than \$15,000 and 26 percent have incomes between \$15,000 and \$30,000. This means that two thirds of people receiving mental health services are low income with annual incomes below \$30,000. Moreover, there has been a significant increase in the demand for services. Eighty-two percent of mental health service providers report that the number of people requesting services at their agency exceeds capacity.

73 percent of the mental health service providers report that it is difficult or very difficult for their clients to find adequate affordable housing within the county. Half of them report that they sometimes or often have to look outside of the county to help find permanent affordable housing for their clients. Those who do not look outside the county indicate that often this is because funding and program restrictions do not allow them to do so, even if they had wanted to. Placing people in housing that is outside of the county can often lead to people being forced to leave their family, jobs, friends, places of worship, and support communities behind.

All providers indicate that they serve clients with mental illnesses and/or with substance use issues who are inappropriately housed due to a lack of housing that meets their needs. People who are facing these complex issues are often institutionalized because no other viable housing options exist, or are institutionalized far past the time needed. Institutionalization carries a high price tag and when used inappropriately, deprives people of their dignity and self-determination.

All mental health service providers agree that the current supply of affordable housing is not adequate and certainly will not be able to meet demand in the next 5 years. At present, of those suffering from mental illness or substance use:

- 171 are without permanent housing,
- 168 are currently utilizing homeless shelters, and
- 122 are on waiting lists for permanent housing.

These people often face discrimination in trying to locate housing on the private market. In many cases, their families are either uncertain on how to provide support or are simply unable to provide it. When they do not know where to turn, people with mental illnesses and substance use issues may begin to neglect their medication or treatment, leading to intense crises, relapse, hospitalization, or institutionalization.

Also, if they lack housing or are in unstable and/or unaffordable housing situations, people have difficulty getting or holding onto a job. People who need intense services and medication to function often cannot use or fully respond to professional services when their housing situation is unstable, exacerbating mental health issues. Additionally, service delivery can be interrupted when people have to move frequently or move too far away.

Precarious housing situations also lead to more problems with the police. People who are homeless often get citations for loitering, vagrancy, public urination, and other violations that are not crimes against property or people, but rather a byproduct of being homeless. Others must resort to desperate measures to survive, such as prostitution or theft and often become the victims of crime themselves. Unstable housing situations can also lead to civil court action such as evictions and foreclosures. These problems are avoidable, but without access to the housing they need to help them stabilize their lives, people struggling with a mental illness or substance use issue can become a drain on services and systems. These are not only individual problems - they affect the entire community, both with associated monetary costs and by impacting the quality of life. Local service providers had a number of ideas about what housing and housing supports could help these populations become and remain stably housed:

- Emergency shelters
- Transitional housing
- Tolerant housing programs (flexible sobriety rules so people can work through stages of recovery)
- Permanent supportive housing
- Support and housing programs that link individuals with people who have been in recovery for long periods of time
- Inpatient medical treatment/detoxification center(s) with continual care
- Continuity of services and housing

## People with Disabilities

People with disabilities often need both affordable and accessible housing. In McHenry County 28,556 people age 5 and over, nearly 1 out of every 10 people, have a disability.<sup>101</sup> Seniors are the most likely to have a disability; 39.0 percent of McHenry County seniors have some sort of a disability compared to 5.3 percent of children age 5 to 15, and 7.1 percent of 16 to 64 year olds.

### Definitions of Types of Disability

The categories of disability in this section are based on Census Bureau definitions. The Census Bureau asks survey respondents if they have a physical, mental, or emotional condition lasting 6 months or more that...

**Sensory Disability** – consists of blindness, deafness, severe vision or hearing impairment.

**Physical Disability** – substantially limits one or more basic physical activities such as walking, climbing stairs, reaching, lifting, or carrying.

**Mental Disability** – makes it difficult to learn, remember, or concentrate.

**Self-Care Disability** – makes it difficult to dress, bath, or get around inside the home.

**Go-Out-Side-The-Home Disability** – makes it difficult to go outside the home alone to shop or visit a doctor’s office.

**Employment Disability** – makes it difficult to work at a job or business.

The term disability covers a wide range of conditions including sensory, physical, mental, self-care, go-outside-the-home, and employment disabilities. Physical disabilities are most common and self-care disabilities the least common (Table 37).<sup>\*\*</sup> Of the disabled population in McHenry County, about one half report having one type of disability and the remainder report two or more types of disabilities.

**Table 37 - McHenry County Disability by Type, Age 16 and Over, 2006**

|                                      | Number | Percent of Total Population |
|--------------------------------------|--------|-----------------------------|
| Sensory disability                   | 7,146  | 3.0%                        |
| Physical disability                  | 17,847 | 7.5%                        |
| Mental disability                    | 7,819  | 3.3%                        |
| Self-care disability                 | 4,466  | 1.9%                        |
| Go-out-side-the-home disability      | 8,880  | 3.7%                        |
| Employment disability (age 16 to 64) | 7,827  | 3.7%                        |

<sup>\*\*</sup> The numbers in this table total more than the number of McHenry County residents with a disability because some people report more than one disability.

People with disabilities are less likely to work than those without a disability. One McHenry County resident stated that health problems have put a strain on many people she knows, which has severely limited their job opportunities. In McHenry County, over half of the people with a disability are not working compared to less than a quarter of those without a disability (Table 38).<sup>102</sup>

**Table 38 - Employment Status of Noninstitutionalized Disabled Population Ages 16 to 64, 2006**

|               | Total   | With a Disability | With a Disability, Not Working |
|---------------|---------|-------------------|--------------------------------|
| Ages 16 to 64 | 209,570 | 14,800            | 54.7%                          |

Even when people with disabilities work, they earn considerably less than their non-disabled counterparts (Table 38).<sup>103</sup> Earnings for people in McHenry County with each type of disability are lower than those without the disability. People with employment disabilities, which limit their work activities, have the lowest median annual income at \$17,369.

**Table 39 - Median Annual Earnings by Disability Status and Type, 2006**

| Type of Disability                   | People With the Disability | People Without the Disability |
|--------------------------------------|----------------------------|-------------------------------|
| Sensory disability                   | \$27,385                   | \$33,610                      |
| Physical disability                  | \$24,650                   | \$33,869                      |
| Mental disability                    | \$15,282                   | \$33,933                      |
| Self-care disability                 | \$27,926                   | \$33,573                      |
| Go-out-side-the-home disability      | \$27,361                   | \$33,635                      |
| Employment disability (age 16 to 64) | \$17,369                   | \$34,858                      |

People with a disability are more likely to be poor than those without a disability. In McHenry County, 2,837 people with a disability are poor, a poverty rate of 10.0 percent (Table 40).<sup>104</sup>

**Table 40 - McHenry County Poverty by Disability Status, 2006**

| Disability Status  | Total   | Number in Poverty | Percent in Poverty |
|--------------------|---------|-------------------|--------------------|
| With a disability  | 28,436  | 2,837             | 10.0%              |
| With no disability | 260,932 | 12,899            | 4.9%               |

Over 1,100 individuals in McHenry County receive Supplemental Security Income (SSI), the main government program for people with disabilities who have little or no other income to meet their basic needs. 915 of these individuals are adults.<sup>105</sup> The average benefit amount received for SSI in McHenry County is \$9,223 – less than the poverty line for one person and clearly insufficient to meet basic needs.<sup>106</sup>

McHenry County residents discussed the challenges of trying to afford housing on disability payments. One resident stated that disability payments do not pay enough to cover housing, and even if it does come close, the cost of utilities can be such a strain on people that it often puts them over the financial edge.

Providers and housing experts in the county have witnessed an increased housing need for McHenry County residents with disabilities. The vast majority of housing industry experts (90.9 percent) report that there is increasing demand for accessible units for seniors and people with disabilities. 12 out of the 15 mental health service providers that responded to the survey for this research together estimate that at least 208 people with a disability would be able to live independently if there were more affordable housing with supportive services available.

Forty-two percent of the homeless service providers report that having a disability is a significant cause of homelessness. These providers revealed that many problems arise when people with disabilities do not have their housing needs met. In addition to the concerns over prolonged or inappropriate institutionalization, many people with disabilities experience discrimination from landlords or experience difficulty finding apartments that are suitable to their disability. Often people are forced to move away from services and jobs to find a housing unit that allows them to

thrive, which then leads to transportation problems. In these situations, people become disconnected from vital services, including basic health care, which then causes their health problems to intensify. Homeless service providers report that people with disabilities are vulnerable to becoming victims of crime when they are homeless.

A subset of people with disabilities has developmental disabilities, which are severe chronic conditions due to mental and/or physical impairments. Research has found that 1.6 percent of the population has some sort of developmental disability.<sup>107</sup> Given this finding, it is estimated that there are 5,055 McHenry County individuals with a developmental disability.

The need for safe, comprehensive residential options for individuals with developmental disabilities is important to the individuals, their families, and the communities in which they reside. Without appropriate housing that meets their needs, people with developmental disabilities can lose adaptive skills and often suffer debilitating stress over changing living environments. Also, dangerous situations arise when an individual's primary caretaker dies or is no longer physically able to provide care. Many people with developmental disabilities have not been linked to services outside the home, so their housing and service needs often go unmet.

The vast majority of local mental health service providers report that clients with developmental disabilities are often inappropriately housed. There is a lack of various housing options for McHenry County residents with developmental disabilities. Currently, seven individuals in McHenry County with developmental disabilities use residential support offered by the county. Over the next 5 years, approximately 81 more people are expected to require these residential services.<sup>108</sup>

Not all people with developmental disabilities need or want residential options. Many are cared for by their families. However, these families need supports to provide the specialized care necessary for a person with developmental disabilities, including assistance with activities of daily living, job training, and occupational and physical therapy. There are 159 McHenry County families on the waiting list for such in-home supports, and 26 of these families have caregivers over the age of 70.<sup>109</sup> The cost of providing in-home care can be substantially lower than the cost of residential care.

The Mental Health Board has documented a host of system issues that put McHenry County residents with disabilities at severe risk for not having their needs met in an appropriate or cost-effective manner:<sup>110</sup>

- A lack of in-home supports for families of children, adolescents, and adults with developmental disabilities, especially for those with significant challenges, limits quality of life and has even put some individuals and families at risk of physical injury.
- Reductions in critical family support services have pushed more people with disabilities into expensive, restrictive living environments.
- Shortage of dependable and qualified personal attendants for those who need help with activities of daily living forces them into expensive, restrictive living arrangements.
- Limited support, care, and treatment for people with traumatic brain injuries forces people to seek services in distant locations.
- A lack of vocational training limits possibilities for people to be successfully employed.
- Not enough respite care hours (short-term care that helps a family take a break from the daily routine and stress) has resulted in a waiting list of 53 McHenry County families.

Local service providers and residents identified a wide range of housing and housing supports that could help people with disabilities, including those with developmental disabilities, remain housed:

- ADA-adapted housing
- Housing that can accommodate a caretaker



- Shared apartments
- Group homes
- Efficiency apartments (a small apartment with a bathroom and kitchenette)
- Housing coupled with services (supportive housing)
- Respite care

**Seniors**

There are currently 40,413 McHenry County residents over the age of 60, comprising 12.9 percent of the population.<sup>111</sup> By 2030, people age 60 and over are projected to comprise over 23 percent of the McHenry County population.<sup>112</sup> Seniors work less and have lower annual incomes and higher rates of physical disabilities than younger age groups. Combined, these factors lead to significant affordable housing needs for seniors.

Only 29.8 percent of people ages 65 to 74 years in McHenry County are in the workforce, and only 8.0 percent of those over the age of 75 are in the workforce. Society places a high value on retirement - if people have worked their whole lives, they deserve to not work (or may be less able to due to increasing health problems) in their later years. Retiring, however, often signals financial strain for many seniors. In McHenry County, the average annual Social Security income is only \$9,224.<sup>113</sup> State trends indicate that over half of seniors do not have retirement income other than Social Security. The average annual retirement income, other than Social Security, is \$24,611, but still falls far short of what seniors need for the annual cost of living in McHenry County.

1,185 McHenry County seniors have incomes below the official poverty line, and 4,847 seniors live between the poverty line and twice the poverty line (100% FPL and 200% FPL).<sup>114</sup>

Many seniors who were born and raised in McHenry County and brought up their own children here find that once they retire, they must live on a fixed budget that often cannot keep pace with the cost of living in the county. Senior households in McHenry County have an annual median household income that is over \$46,000 less than households headed by a person age 45 to 64 (Table 41).<sup>115</sup> Senior households' annual incomes are more in line with those of households headed by someone under the age of 25.

**Table 41 - McHenry County Median Annual Household Income by Age of Householder, 2006**

| Household by Age of Householder | Median Household Income |
|---------------------------------|-------------------------|
| All households                  | \$71,945                |
| Householder under 25 years      | \$34,099                |
| Householder 25 to 44 years      | \$77,462                |
| Householder 45 to 64 years      | \$82,555                |
| Householder 65 years and over   | \$36,181                |

**Table 42 - McHenry County Senior Household Annual Income, 2006**

| Annual Household Income       | Number | Percent |
|-------------------------------|--------|---------|
| Householder 65 years and over | 17,249 | 100.0%  |
| Less than \$10,000            | 1,068  | 6.2%    |
| \$10,000 to \$14,999          | 1,677  | 9.7%    |
| \$15,000 to \$24,999          | 3,203  | 18.6%   |
| \$25,000 to \$34,999          | 2,436  | 14.1%   |
| \$35,000 to \$49,999          | 2,875  | 16.7%   |
| \$50,000 to \$74,999          | 2,255  | 13.1%   |
| \$75,000 to \$99,999          | 1,394  | 8.1%    |
| \$100,000 or more             | 2,341  | 13.6%   |

48.6 percent of all McHenry County senior households (8,384) have annual incomes below \$35,000 and over a third have annual incomes below \$25,000 (Table 42).<sup>116</sup>

As people age, their health may begin to deteriorate. Nearly 40 percent of all seniors have some form of disability, a much higher rate than in younger age groups. These disabilities vary in type (Table 43) and severity, and may include arthritis, slight loss of hearing, dementia, and loss of mobility, among others. Many of these seniors are able to function quite well on their own, while others need minimal assistance, such as light housekeeping, meal preparation, or help with yard work, to remain independent. Others need more intense services such as assistance bathing, dressing, eating, or frequent medical oversight.

**Table 43 - McHenry County Seniors by Type of Disability, 2006**

| Type of Disability                | Number of Seniors |
|-----------------------------------|-------------------|
| <b>Sensory disability</b>         | 2,836             |
| <b>Physical disability</b>        | 8,476             |
| <b>Mental disability</b>          | 2,691             |
| <b>Self-care disability</b>       | 2,280             |
| <b>Go-outside-home disability</b> | 4,839             |

McHenry County senior residents discussed how seniors cannot live on Social Security alone because of high housing costs. Many of them knew other seniors who are having trouble finding affordable housing that meets their needs. Even when senior homeowners have their mortgages paid off, they can be crushed by rising real estate taxes, according to residents. When housing costs are high and people’s incomes must be stretched thin to cover these costs, seniors are forced to make sacrifices to keep a roof over their head, including:

- Eating less or eating cheaper, less nutritious food
- Not filling prescriptions, or taking half doses to make medication stretch further
- Not paying utility bills, leading to heat or electricity being turned off
- Not engaging in any social affairs to save money or because of embarrassment
- Not making any home repairs, so that housing becomes dilapidated and unsafe
- Moving in with family and suffering loss of independence
- Premature institutionalization in nursing homes

Such sacrifices have enormous health, safety, and financial consequences for seniors and for communities. Seniors who are struggling to keep their housing or who are making dramatic sacrifices to do so experience high rates of stress that leaves them susceptible to a variety of harmful outcomes, including:

- Being more prone to becoming victims of elder abuse
- Falling prey to fraud or scams promising quick financial fixes
- Becoming forgetful and frazzled, thereby missing appointments
- Heightened dementia
- Deterioration of physical health
- Loneliness and isolation

In the future, the senior population will grow as significant numbers of people turn 65. If these retirees experience a dramatic decline in income, they will be less able to pay for high housing costs. For seniors, it is particularly important to have a range of affordable housing options that allow them as much independence as is safe at each stage of their older years. The types of housing and services needed for seniors include:

- Affordable independent living housing
- Affordable assisted living
- Affordable apartments
- Nursing homes
- Supportive services to help seniors stay in their own homes longer
- Cap on real estate taxes and abatements for seniors to help reduce housing costs

## People Experiencing Homelessness

Individuals experiencing homelessness are a diverse group. They may have experienced domestic violence, be immigrants, or have been previously incarcerated. They may have mental health issues, disabilities, substance use, and health problems. They may be single men, single women with children, families, or youth aging out of the foster care system. Homeless providers explained that complex multi-layer issues can compound the effects of homelessness and make finding housing a challenge.

The United States Department of Housing and Urban Development (HUD) provides the following definition of homelessness:<sup>117</sup>

- (1) an individual who lacks a fixed, regular, and adequate nighttime residence; and
- (2) an individual who has a primary nighttime residence that is—
  - (A) a supervised publicly- or privately-operated shelter designed to provide temporary living accommodations (including welfare hotels, congregate shelters, and transitional housing for the mentally ill);
  - (B) an institution that provides a temporary residence for individuals intended to be institutionalized; or
  - (C) a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

On January 25, 2007, between 7pm and 2am, the Point-In-Time Census of the Homeless, mandated by HUD, took place nationwide. The Point-In-Time Count represents the number of people homeless on a cold winter night and does not represent the number of people homeless during the course of a full year.<sup>118</sup> The count includes individuals found in emergency shelters and transitional housing or found unsheltered on the day of the count, and who fit HUD's definition of homelessness.

**Table 44 - McHenry County Point-In-Time Homeless Counts**

|                              | 10/15/2003 | 1/27/2005  | 1/25/2007  | 1/24/2008  |
|------------------------------|------------|------------|------------|------------|
| Emergency shelter            | 52         | 56         | 64         | 54         |
| Transitional shelter         | 99         | 121        | 171        | 141        |
| Unsheltered                  | 92         | 16         | 18         | 4          |
| <b>Total HUD Homeless</b>    | <b>268</b> | <b>193</b> | <b>253</b> | <b>199</b> |
| Doubled Up                   | n/a        | n/a        | 11         | 12         |
| Motels                       | n/a        | n/a        | 18         | 4          |
| Hospital/ER/Psychiatric Ward | n/a        | n/a        | 2          | 6          |
| <b>Total Other Homeless</b>  | n/a        | n/a        | <b>31</b>  | <b>22</b>  |
| <b>TOTAL HOMELESS</b>        | <b>268</b> | <b>193</b> | <b>284</b> | <b>221</b> |

The 2008 Point-In-Time Homeless Count in McHenry County identified 221 individuals as homeless, with 199 of them meeting HUD's definition of homelessness (Table 44). An additional 22 individuals found to be homeless did not meet HUD's definition. It is difficult to compare these figures to the 2007 count because the 2007 count included all available beds, not just occupied beds as the 2008 count did.

While the McHenry County Point-In-Time Count attempts to compensate for the limiting HUD definition of homelessness, it is likely that the "other homeless" category is largely undercounted. The National Alliance to End Homelessness estimates that if the doubled up category – those living with relatives, friends, or others because of economic reasons – is added to the federal definition of homeless, an additional 126,900 people in the Chicago metropolitan

region would be included in the estimate of number of people that are homeless.<sup>119</sup> Based on this estimate and McHenry County's proportion of the region's population, an estimated 4,695 people in McHenry County live doubled up.

The homeless providers estimate that in McHenry County there are:

- 729 individuals without permanent housing
- 450 individuals using shelters
- 769 individuals on waiting lists for permanent housing

While not distinct groups, these numbers indicate that a large number of McHenry County residents are without stable housing.

There are specific subpopulations that can be particularly vulnerable to homelessness, among them veterans and people with disabilities. McHenry County is home to 19,679 veterans, representing 8.6 percent of the adult population.<sup>120</sup> Other populations more vulnerable to homelessness include single-parent families and survivors of domestic violence.

Homeless service providers in McHenry County report that 44 percent of their homeless clients have an annual income of less than \$15,000 and an additional 31 percent have incomes between \$15,000 and \$30,000. The majority (62 percent) of homeless service providers said that the demand for their services exceeds their agency's capacity.

They also indicated that larger economic trends are the primary cause of homelessness in the county. The top two reasons that homeless service providers cited as to why people are homeless are 1) a shortage of affordable housing, and 2) not enough good-paying jobs.

A number of consequences of homelessness and the shortage of affordable housing affect both individuals and the entire community:

- People resort to extreme measures to have shelter such as living in places that are overcrowded, unsafe, and substandard.
- People must move away from family, friends, and other support networks to find housing.
- People have difficulty paying for other expenses such as child care and transportation.
- Preventive health care is lost and even care needed for acute conditions is put off; individual and public health suffers.
- Other services in the county, such as emergency rooms, are taxed.
- Mental distress, depression, and behavioral issues can arise.
- People stay in abusive situations rather than leave since the alternative is homelessness. Others leave but return to abusive situations rather than continue being homeless.
- Substance use can escalate or relapses can occur.
- People who are homeless become more vulnerable to being victims of crimes.
- People who are homeless may resort to criminal activity to get by.
- It becomes difficult to keep a job or find one since people do not have a permanent address or a stable place to get ready for job interviews or prepare for each day's work.
- People's credit suffers and makes it much more difficult to find stable, secure housing they can afford.
- Children suffer from an interruption in routine, and their lives lack stability. School attendance becomes erratic and performance suffers.

Ending homelessness is a complex endeavor, one which many dedicated people in McHenry County have undertaken. Though there are most certainly other considerations, at a most basic level, there must be an adequate stock of affordable housing and a range of housing options that satisfy the needs of people experiencing homelessness. The providers and residents agree it is particularly important that housing for people who have experienced homelessness be near transportation, services, and employment centers in the county. Homeless service providers

identified types of housing and services that must be present for people experiencing homelessness:

- Safe, secure shelters for individuals, families, and youth that are available year round
- Transitional housing with supportive services
- Permanent, supportive housing
- Affordable apartments
- Housing vouchers/rental assistance

**Conclusion**

The scope of economic and service needs in McHenry County highlights the need for housing that is both affordable and that meets people’s housing support needs. Among the McHenry County populations discussed in this chapter are those who are considered *most economically vulnerable* with the *most pressing housing/housing support needs*:

**Table 45 - A Snapshot of McHenry County’s Most Vulnerable Residents**

| Population   | Definition  | Number |
|--|---|--------|
| <b>Very low-income households</b>                                | all households with incomes below \$35,000  | 22,331 |
| <b>Poor seniors</b>  | people age 65 and over who have incomes below the official poverty line   | 1,185  |
| <b>Economically vulnerable adults with severe mental illness</b> | calculated by taking national prevalence rates for people with severe mental illness who are also eligible for government assistance (this indicates they are low income) | 1,104  |
| <b>Economically vulnerable adults with a serious disability</b>  | adults with a disability who are also receiving Supplemental Security Income (this indicates they are low income)   | 915    |
| <b>Individuals experiencing homelessness</b>                     | the number of individuals found to be homeless during the latest Point-In-Time Homeless Count   | 221    |

Notes: It can be assumed that poor seniors, individuals experiencing homelessness, and economically vulnerable adults with severe mental illness and adults with serious disability are likely subpopulations of the very low-income household category. For additional detail on how the very low-income group is calculated, see chapter 4.

There are certainly additional families and individuals in McHenry County that struggle to find housing they can afford. Table 45 reflects those with the most pressing affordable housing and housing support needs and is therefore likely a very conservative estimate of need.



## Chapter 4: Availability of Housing for Meeting the Need

As indicated in Chapter 3, a wide range of housing options are needed for the diverse groups who need affordable housing in McHenry County. Here existing housing options for McHenry County residents with financial and/or support needs are identified. It is difficult to develop a comprehensive inventory of existing housing and support options and even more difficult to quantify how many people need each type of housing since people may have more than one need that makes them eligible for specialized housing. Therefore this chapter explores a continuum of strategies for addressing housing and service challenges, rather than focus on the particular populations served. Available evidence suggests that the current housing resources in McHenry County – particularly in the private market and for people with low or very low incomes, and those with severe mental illnesses and disabilities – fall far short of meeting the need.

### Income Groups

Programs usually determine eligibility for subsidized units and housing assistance by setting target income groups defined by percentages of the area median income, as follows:

- Low income: households with incomes at or below 80% of the median income
- Very low income: households with incomes at or below 50% of the median income
- Extremely low income: households with incomes at or below 30% of the median income

**Table 46 - McHenry County Income Groups**

| Income Group         | Percentage of Median Income | As a Percent of Median Household Income \$71,600 | Rounded to Useful Income Threshold |
|----------------------|-----------------------------|--|------------------------------------|
| Median Income        | Below 100%                  | \$71,600   | \$75,000                           |
| Low Income           | Below 80%                   | \$57,280   | \$50,000                           |
| Very Low Income      | Below 50%                   | \$35,800   | \$35,000                           |
| Extremely Low Income | Below 30%                   | \$21,480   | \$20,000                           |

Complex calculations are used to determine these household incomes, using multiple data sources and cost of living indexes. Maximum income levels also vary by family size. For the purposes of this discussion, a simplified version of the official U.S. Department of Housing and Urban Development (HUD) area median incomes is used (Table 46). Percentages of the 2008 Chicago area median household income, \$71,600 as defined by HUD, are computed and then round to the nearest useful income threshold based on available income data sources.

Since the figures derived from rounding the incomes levels for the three low-income groups is lower than the actual percentages of median household income, this study's estimates of need are likely to be conservative estimates, particularly for the low-income group (below 80%) for which income was rounded down substantially. Further, HUD definitions, and consequently eligibility for most federal and state housing programs, vary by family size, but the additional layer of detail is too complex to add into this discussion; however, as chapter 2 makes clear, there is a shortage of family-size appropriate rental units (three and four bedrooms) in the county, and unit size considerations must be taken into account when planning for additional affordable housing in McHenry County.



Together these low-income groups make up what are refer to here as economically vulnerable McHenry County families. Due to the high cost of housing in the county and the lack of units that they can afford, economically vulnerable families are threatened by high housing cost burden and even homelessness.

### Private-Market Affordable Housing

For some McHenry County residents, affordability is their chief housing problem. These individuals and families do not need housing that may include support services; rather they only need housing that falls within their budget. Here we examine the McHenry County stock of private-market housing affordable to families at various income thresholds.

Home prices have risen drastically in McHenry County. Ninety-one percent of municipal and township representatives indicate that home prices in their communities have risen or risen dramatically over the past 5 years. 92.3 percent of McHenry County housing industry experts report that home prices in the county have risen in the past 5 years and predict that home prices will continue to rise in the next 5 to 10 years. Housing price data confirm these observations. From 2000 to 2006 the median value of a home in McHenry County rose from \$167,400 to \$252,700 – an increase of \$85,300.<sup>121</sup> The current housing market conditions have deterred home value growth, but this trend may well reverse in the future and see home values once again climbing. Nonetheless, the slowdown has not resolved the serious affordability concerns that exist for a substantial portion of the McHenry County population.

Seventy-five percent of McHenry County housing industry experts report that rental prices in the county have risen in the past 5 years, and all predict rental prices will continue to rise or rise dramatically in the next 5 to 10 years. The Fair Market Rent<sup>§§</sup> for a two-bedroom apartment in McHenry County has risen from \$757 in 2000 to \$944 in 2008 – an increase of \$187.<sup>122</sup>

Because of the rising cost of homes, land, and rental units in McHenry County, the majority of housing industry experts and providers indicate that there is not enough affordable housing to meet the demand in the county:

- 100 percent of local homeless service providers believe that there is not enough affordable housing in McHenry County.
- 91 percent of local mental health service providers believe there is not enough affordable housing in McHenry County.
- 67 percent of local housing industry experts believe that the current housing stock does not meet the needs and financial capabilities of the people who need and wish to live in McHenry County.

To determine owner affordability, a simple measure is used that assumes national averages for annual utility costs, taxes, insurance, and interest. It also assumes that housing costs are affordable to a family if the family pays no more than 30 percent of their income toward housing costs, including mortgage, insurance, and utilities. Using these measures, a family can afford a mortgage that is approximately 2.9 times their annual income.<sup>123</sup> \*\*\*

<sup>§§</sup> The U.S. Department of Housing and Urban Development's (HUD) estimate of the actual market rent for a non-luxury apartment in the conventional marketplace. Every year, HUD develops and publishes Fair Market Rents for every metropolitan area.

\*\*\* This measure does not factor in a family's debt burden or down payment, both of which are considered by mortgage lenders. A family can afford a *mortgage* that is 2.9 times their income, so if they have a substantial down payment (which is less likely today than a few decades ago), they will be able to afford a *home* at a higher price point.

**Table 47 - Supply of Private-Market Affordable Owner Housing, 2006**

| Annual Household Income Ranges         | Number of McHenry County Households in Income Range | Affordable Mortgage Price Range | Number of Owner Units in Affordable Mortgage Price Range                          | Approximate Gap Between Need and Supply |
|--|---|---------------------------------|---|---|
| Median income (\$50,000 to \$75,000)   | 20,836  | \$145,000 to \$217,500          | 34,913 (\$150,000 to \$250,000)<br>15,888 (\$150,000 to \$200,000) <sup>†††</sup> | No gap to 4,948                         |
| Low income (\$35,000 to \$50,000)      | 12,591  | \$101,500 to \$145,000          | 7,459 (\$100,000 to \$150,000)  | 5,132                                   |
| Very low income (\$20,000 to \$35,000) | 12,367  | \$58,000 to \$101,500           | 1,614 (\$60,000 to \$100,000)   | 10,753                                  |
| Extremely low income (below \$20,000)  | 9,964   | Under \$58,000                  | 193 (under \$60,000)  | 9,771                                   |

Table 47 shows that there is a shortage of affordable owner housing at nearly every income level. The owner housing gap is most severe at the extremely low- and very low-income ranges: there is nearly a complete lack of affordable owner housing for extremely low-income households and the situation is not much better for very low-income McHenry County households.

It is probable that homeownership is either not desired or not feasible for a number of these households, particularly those in the very low- and extremely low-income groups. These households must rent. To determine rental affordability the same rule applies that housing is affordable when it consumes no more than 30 percent of a household's income. To calculate the maximum monthly housing cost, the maximum annual income amount for each income group is multiplied by 30 percent and then divided by 12.

**Table 48 - Supply of Private-Market Affordable Rental Housing, 2006**

| Annual Household Income Ranges         | Number of McHenry County Households in Income Range | Maximum Affordable Monthly Rent Price | Number of Rental Units Below Affordable Monthly Price | Approximate Gap Between Need and Supply |
|--|---|---------------------------------------|---|---|
| Median income (\$50,000 to \$75,000)   | 20,836  | \$1,250 to \$1,875                    | 3,645 (\$1,250 to \$2,000)                            | 17,191                                  |
| Low income (\$35,000 to \$50,000)      | 12,591  | \$875 to \$1,250                      | 4,723 (\$900 to \$1,250)                              | 7,868                                   |
| Very low income (\$20,000 to \$35,000) | 12,367  | \$500 to \$875                        | 6,188 (\$500 to \$900)                                | 6,179                                   |
| Extremely low income (below \$20,000)  | 9,964   | Under \$500                           | 1,792 (under \$500)                                   | 8,172                                   |

Note: The rent data used here do not include utility costs.

Table 48 outlines the supply of affordable rental housing. There is a shortage of affordable rental housing for each income group in McHenry County. Households with incomes between \$50,000 and \$75,000 are able to pay between \$1,250 and \$1,875 a month for rent. Due to a small rental market to begin with (there are only 17,006 rental units in McHenry County) there is a shortage of rental units even for this income group.

<sup>†††</sup> The range of available units for this income group is large due to the lack of precise housing price information.

The gap between need and supply in the rental market is perhaps of greatest concern among the very low- and extremely-low incomes groups in McHenry County, since they are the least likely to be able to purchase a home. The maximum rent affordable to a household making \$35,000 is \$875, but there are only 7,980 rental units in McHenry County with rents below \$875. Extremely low-income households can only afford \$500 a month in rent, but there are only 1,792 units with rents below this amount. It is important to note that units affordable to people with extremely low incomes do not always get rented by people with extremely low incomes – many may be rented by people with higher incomes, since there are few, if any, mechanisms in place to ensure such units go to certain income groups.

Estimates suggest that the average hourly wage of a renter in McHenry County is \$10.80.<sup>124</sup> Working full time all year at this wage, the maximum rent this household could afford, without spending over 30 percent of their income on housing costs, would be \$562 a month. A worker would need to make \$18.15 an hour to afford a two-bedroom apartment at the Fair Market Rent of \$944 in McHenry County without overextending family resources.

Table 49 illustrates how much McHenry County workers in various common occupations can afford to spend on their housing costs. Retail salespeople and child care workers will have a difficult time finding an affordable rental unit in the county. None of the various workers could afford a home at the median county price of \$252,700.

**Table 49 - Housing Affordable by Common Occupations, 2<sup>nd</sup> Quarter 2007**

| Occupation           | Median Annual Wage | Mortgage Affordable | Rent Affordable |
|----------------------|--------------------|---------------------|-----------------|
| Teacher - secondary  | \$47,518           | \$137,802           | \$1,188         |
| Police officer       | \$53,844           | \$156,148           | \$1,346         |
| Retail salesperson   | \$21,955           | \$63,670            | \$549           |
| Child care worker    | \$18,641           | \$54,059            | \$466           |
| Construction laborer | \$53,643           | \$155,565           | \$1,341         |
| Registered nurse     | \$67,542           | \$195,872           | \$1,689         |

The shortage of units for each of the income thresholds indicates that many McHenry County households are overextending themselves, paying over 30 percent of their income toward housing. 36.4 percent of all owners in the county are paying over 30 percent of their income toward their housing costs.<sup>125</sup> The issue is particularly salient among lower-income homeowners with a mortgage. Over three quarters (77.3 percent) of owners with annual incomes under \$35,000 and 58.9 percent of owners in the \$35,000 to \$49,999 income range are cost burdened.

High rents in McHenry County mean that 54.3 percent of all renter households are paying over 30 percent of their income toward housing, and 25.7 percent are paying over half their income toward housing.<sup>126</sup> Rent burden has skyrocketed since 2000, when only 37.2 percent of renters in McHenry County were paying over 30 percent of their income toward housing costs, and 14.3 percent were paying half their income toward housing costs.<sup>127</sup> Since the rent data used here do not include utility costs, it is very likely that actual rent burden is even higher.

When families are cost burdened, they become much more susceptible to evictions, foreclosures, taking on other debt, and homelessness because just one crisis (job loss, illness, divorce) that leads to income loss can put rent or mortgage payments out of reach.

An overwhelming number of housing industry experts point out that McHenry County will need more affordable housing in the next 5 years. With current economic conditions, including declining wages and income and higher unemployment, housing experts and service providers in McHenry County forecast that more people will be financially stressed, and what little supply of private-market affordable housing is available will fall even further short of meeting the need.

This trend is already apparent:<sup>128</sup>

- The median value of owner-occupied housing has risen 51.0 percent since 2000;
- The median gross rent of rental units has risen 24.7 percent since 2000;

While...

- The median household income has declined by \$6,498 (-8.3 percent) since 2000; and
- Median earnings have declined by \$4,617 (-12.1 percent) since 2000.

### **Summary: Owner and Rental Private-Market Affordable Housing**

The gap between need and the current supply of affordable housing in the private market indicates that thousands of economically vulnerable McHenry County families are stretching themselves thin, paying too much of their incomes toward housing costs. This leaves less money to pay for other necessities such as transportation, medication, school supplies and fees, health care, food, and clothing. The gap at various income thresholds is stark:

Extremely Low Income - below \$20,000: There are 1,985 owner and rental units affordable to the 9,964 households in this group – a shortage of 7,979.

Very Low Income – between \$20,000 and \$35,000: There are 7,802 owner and rental units affordable to the 12,367 households in this group – a shortage of 4,565 units.

Low Income – between \$35,000 and \$50,000: There are 12,182 owner and rental units affordable to the 12,591 households in this group – a shortage of 409 units.

Median Income – between \$50,000 and \$75,000: There are between 19,533 and 38,558 rental and owner units affordable to the 20,836 households in this group.<sup>\*\*\*</sup> Only when income nears \$75,000 does the supply of housing begin to match the financial capabilities of McHenry County families.

It is important to again note that units affordable to people with extremely low incomes do not always get rented by people with extremely low incomes – many may be rented by people with higher incomes, since there are few, if any, mechanisms in place to ensure such units go to certain income groups.

### **Resources Supporting Access to and Development of Affordable Housing and Affordable Housing with Housing Supports**

This section refers to units that are publicly supported or private-market housing that has been constructed or is supported with subsidies from the federal, state, and/or local government. Later, affordable housing that includes housing supports, such as case management or skilled nursing care, is discussed.

### **Public Housing Inventory**

Public housing programs can serve a broad group of individuals and families including seniors, people with disabilities or special needs, single parents, and others. There are many types of

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<sup>\*\*\*</sup> The range of available units for this income group is large due to the lack of precise housing price information.

housing assistance, some of which are discussed in the following section, but the two main types include housing choice vouchers (formerly known as tenant-based Section 8) and public housing sites. The McHenry County Housing Authority is the local entity that administers housing choice vouchers and operates public housing sites.

Since 2000, public housing authorities across the nation have witnessed continuing declines in funding levels for housing assistance programs. These funding declines, along with new rules that affect how public housing authorities operate and fund their programs, have resulted in long waiting lists for housing assistance.

*Section 8 Housing Choice Vouchers*

Section 8 housing choice vouchers provide direct rental assistance to renter households to enable them to find their own housing in the private housing market. A housing choice voucher moves with the family, which means that they get an official document from HUD that allows them to move into any qualified building and pay only 30 percent of their income for rent. A qualified unit is one that meets certain housing quality standards set by HUD and has a monthly rent no greater than the local Fair Market Rent (FMR) set by HUD. If the family moves, the voucher (and therefore the subsidy) moves with them for as long as they qualify for assistance. Many landlords do not want to be bothered with the paperwork and HUD requirements so some voucher-holding families have a difficult time finding a landlord who will accept them.

The McHenry County Housing Authority offers 947 housing choice vouchers. Vouchers in McHenry County are for three-bedroom units, and are set at the FMR for a three-bedroom unit, \$1,143.<sup>129</sup> The waiting list for vouchers as of June 3, 2008, was open, and has grown by 41 percent between 2003 and 2008. There are now 2,035 households on the waiting list, 589 more than 5 years ago.<sup>130</sup>

Targeted Income Groups:<sup>131</sup>

Low income and extremely low income (75 percent of the vouchers must go to extremely low-income households)

*Public Housing*

Public housing was created by the Housing Act of 1937 to “provide decent and safe rental housing to eligible low-income families, the elderly, and persons with disabilities.” Public housing is funded by HUD and has suffered from recurring cuts in the federal budget.<sup>132</sup>

The McHenry County Housing Authority currently operates 23 units of public housing.<sup>133</sup> As of June 5, 2008, 70 households are on the waiting list for a public housing unit and two units were vacant and waiting to be rehabilitated before new residents can move in. The waiting list is currently open.<sup>134</sup>

Residents involved in this study comment that the income requirements for housing assistance are unrealistic so people end up living in substandard housing because they cannot get into government-assisted housing. One resident explained that housing assistance gets reduced just as income starts to rise resulting in a vicious cycle; when people get a little raise in pay, rent prices go up making it difficult to get ahead. Some residents had housing vouchers; however, most residents talked about long waiting lists to receive government assistance. One resident disclosed that she was on a waiting list for 2 years and then asked, “Where do you want us to go for those 2 years?”

Targeted Income Groups:<sup>135</sup>

Low income and extremely low income (40 percent of all new admissions must be extremely low income)



## Other Direct Housing Assistance

In addition to the direct housing assistance provided by the McHenry County Public Housing Authority via public housing and Section 8 housing choice vouchers, there are a number of other types of direct housing assistance available to people in McHenry County.

### *Rental Assistance*

#### **Project-Based Section 8**

The project-based Section 8 program is a federally-funded program that makes rental units affordable to low-income families. In this program, the owner receives a mortgage loan with below market rate interest from a qualified lender and in return agrees to keep a specified number of units available for low- and extremely low-income tenants. The project-based subsidy means the federal government promises to pay the owner part of the rent for each unit that is designated for assistance and occupied by a qualifying tenant. In these buildings, the tenants only pay 30 percent of their income for rent. The subsidy contract is generally for a period of 40 years. However, the subsidy is attached to the unit, so tenants cannot continue to receive assistance if they move. The unit remains affordable for the next qualified family that moves in.<sup>136</sup>

In 2007, there were 596 project-based Section 8 units in McHenry County.<sup>137</sup> The federal government has not funded any new Section 8 projects in years, and current landlords are not required to stay in the program. The contracts for 392 project-based Section 8 units in McHenry County are due to expire before 2012, though HUD is generally willing to extend the subsidy for these units on a year-to-year basis. Many landlords are exploring other more profitable options for their buildings and McHenry County may see a real loss of subsidized units in the next few years.

#### Targeted Income Groups:<sup>138</sup>

Low income and extremely low income (40 percent of new admissions must be extremely low income)

#### **Illinois Rental Housing Support Program**

The Illinois Rental Housing Support Program was created by law in 2005 and involves a dedicated fund held by the Illinois Housing Development Authority (IHDA).<sup>139</sup> The program is designed to provide rental assistance to the very lowest income groups. Nonprofit groups and public housing authorities throughout the state receive grants to supply subsidies to landlords who provide affordable rental units to qualified tenants.

IHDA has budgeted \$12 million in grants for the first year to be released to 14 local administering agencies in both urban and rural communities in the state. The McHenry County Public Housing Authority is McHenry County's local administering agency and has requested funding for 30 units through the program. As of June 2008, they were still awaiting confirmation.<sup>140</sup>

#### Targeted Income Groups:<sup>141</sup>

Extremely low income (Half of the subsidy must be provided for those with incomes below 15% of the median income)

#### **Homeless Prevention Assistance Program in McHenry County**

Homeless prevention assistance is state administered and locally distributed by selected members of the McHenry County Continuum of Care organization.<sup>142</sup> The Homeless Prevention Assistance Program is available to persons at risk of becoming homeless and provides financial assistance to be used for issues relating to homeless prevention such as apartment rent, security deposit, and utilities. This program helps McHenry County housing and service providers combat homelessness before it begins.



Targeted Income Groups:<sup>143</sup>

Families must demonstrate a temporary economic crisis beyond the household’s control that has put them in immediate danger of eviction, foreclosure, or homelessness.

*Homeownership Programs in McHenry County*

**The Corporation for Affordable Homes of McHenry County’s First-Time Home Buyer Program**

The Corporation for Affordable Homes of McHenry County (CAHMCO) seeks to expand the supply of affordable housing in the county. CAHMCO administers a first-time home buyer program which assists people with limited incomes by providing money for down payments in connection with the purchase of homes. CAHMCO also owns and manages eight affordable rental units targeted at people with very low incomes.

Targeted Income Groups:<sup>144</sup>

Low Income

**Habitat for Humanity of McHenry County**

Habitat for Humanity of McHenry County is a locally run affiliate of Habitat for Humanity International. Habitat for Humanity of McHenry County works in partnership with people in need to build modest and affordable housing. The houses are sold at no profit and with no interest. Volunteers provide some of the labor, and individual and corporate donors provide money and materials to help build Habitat houses. Partner families themselves invest hundreds of hours of labor, called "sweat equity," into the building of their homes and the homes of others. Their mortgage payments go into a revolving Fund for Humanity that is used to build more houses. Since 1996, Habitat for Humanity of McHenry County has built 14 houses and is currently working on its 15th house.

Targeted Income Group:<sup>145</sup>

Low income (between 40% and 50% of the area median income)

While homebuyer programs provide a critical link to affordable housing for some families, there is concern that they exclude the most economically vulnerable families. Residents at the roundtables expressed frustration with some housing programs saying that even some services intended for the poor are actually catering to a more moderate-income group. One resident said she was on a waiting list for 2 years for a homeownership program only to find out that she did not meet the minimum income requirement. She expressed frustration at the lack of programs for the *most* economically vulnerable families in McHenry County.

**Other Federal and State Affordable Housing Subsidies**

In addition to the direct housing assistance described above, there are other federal, state, and local affordable housing resources that subsidize affordable housing development. There are 23 developments in McHenry County with a combination of federal and state subsidies that provide a total of 1,174 affordable units for economically vulnerable McHenry County families.

It is important to note that most developments with subsidized units rely on a combination of resources to finance their projects. Therefore, it is not practical to quantify units by funding source since there would be much overlap. This section outlines the programs and resources that subsidize units in McHenry County. Most federal program descriptions have been taken from the National Low Income Housing Coalition’s *2008 Advocate’s Guide to Housing and Community Development Policy* and state resource descriptions have been taken from the Illinois Housing Roundtable’s *2008 Affordable Housing Briefing Book*.



*Federal Resources*

**Section 202 Supportive Housing for the Elderly**

The U.S. Housing and Urban Development's (HUD) Section 202 program, established under the Housing Act of 1959, provides capital and operating funds to nonprofit organizations that develop and operate senior housing. It is HUD's largest directly funded construction program.

The program has two components. The first provides capital advance funds to nonprofit organizations for the construction, rehabilitation, or acquisition of supportive housing for seniors. The second provides rental assistance in the form of Project Rental Assistance Contracts (PRAC) to subsidize the operating expenses of the developments. Residents pay rent equal to 30 percent of their adjusted income and PRAC makes up the difference between rental income and operating expenses.

In fiscal year (FY) 2008, Congress appropriated \$629 million for new Section 202 construction and project rental assistance, which will provide fewer than 4,000 new units nationwide, \$20 million for Section 202 predevelopment grants, around \$60 million for service coordinators, and \$24.8 million for assisted living conversions and emergency capital repair grants. The President's FY2009 budget request includes a total of \$540 million for the new construction program, PRAC funds and renewals, service coordinators, and assisted living conversions, which together is expected to provide 2,400 new units across the nation.

Targeted Income Groups:<sup>146</sup>

Low-income seniors (at least 62 years of age)

**Section 811 Supportive Housing for Persons with Disabilities**

HUD's Section 811 program provides funding to nonprofit housing developers seeking to build and operate supportive housing for low-income households that have members with the most severe disabilities. A separate and much smaller tenant-based component is intended to provide supportive housing through units leased in the private rental market.

Current Section 811 law and regulations make it exceedingly difficult for Section 811 developers to blend Section 811 capital advance funding with other sources of financing. As a result, the Section 811 program is rarely used to create supportive housing units that are integrated with other affordable housing properties – a model now preferred by an increasing number of states. Although a Section 811 "Mixed-Finance" regulation published by HUD in 2005 theoretically permits Section 811 funding to be used for properties financed with federal Low Income Housing Tax Credits (LIHTC), bureaucratic barriers to this approach have yet to be resolved by HUD and the U.S. Department of the Treasury.

Despite repeated proposals made by HUD to cut Section 811 funding by 50 percent, appropriation levels have held steady at \$237 million over the past 3 years. However, the program produces fewer units each year due to rising costs and funds being diverted away from development and toward the small voucher component of this program.

Targeted Income Group:<sup>147</sup>

Very low income

**Section 515 Rural Rental Housing**

Under the Section 515 program, the U.S. Department of Agriculture's Rural Development arm makes direct loans to developers of affordable multifamily rental housing.<sup>148</sup> Funds may be used to construct new housing or to purchase and rehabilitate existing structures for rental purposes. A substantial share of recent appropriations is used to maintain

existing properties with Section 515 mortgages. Production of new units has almost ceased, and many existing units are deteriorating physically or are in danger of leaving the affordable housing stock due to drastically reduced funding.

In FY1994, the program produced 11,542 new rental units, but in FY2006 only 486 units were financed. Funding for the Section 515 program has dropped from \$540 million in FY1994 to just \$100 million in FY2006, and for the last few years, the Administration's budgets have proposed to reduce Section 515 funding even further.

There are three apartment complexes in McHenry County that operate with this subsidy: Greentree Apartments, Silvertree Apartments, and Silvertree II Apartments. There are a combined total of 62 units, 30 of which are targeted specifically at seniors.<sup>149</sup>

Targeted Income Groups:<sup>150</sup>

Very low, low, and moderate income (nearly all in Section 515 housing are very low income)

**Section 221(d)(3) and Section 211(d)(4) Below Market Interest Rate Mortgage Insurance Program**<sup>151</sup>

Section 221(d)(3) and 221(d)(4) programs insure mortgage loans to facilitate the new construction or substantial rehabilitation of multifamily rental or cooperative housing for moderate-income families, elderly, and the handicapped. Single Room Occupancy (SRO) projects may also be insured under this section.

Section 221(d)(3) and Section 221(d)(4) insure lenders against loss on mortgage defaults. Section 221(d)(3) is used by nonprofit sponsors and Section 221(d)(4) is used by for-profit sponsors. Both programs assist private industry in the construction or rehabilitation of rental and cooperative housing for moderate-income and displaced families by making capital more readily available. The program allows for long-term mortgages (up to 40 years) that can be financed with Government National Mortgage Association (GNMA) Mortgage Backed Securities.

Targeted Income Group:<sup>152</sup>

Moderate income (up to 95% of the median income)

**Community Development Block Grant**

The Community Development Block Grant (CDBG) began in 1974 and is administered by HUD.<sup>153</sup> The program provides funds to states and communities to improve housing, the living environment, and economic opportunities for persons with low and moderate incomes. CDBG funds can be used for a wide array of activities, including housing rehabilitation (such as loans and grants to homeowners, landlords, nonprofits, and developers); new housing construction by certain neighborhood-based nonprofits; down payment assistance and other help for first-time home buyers; purchasing land and buildings; constructing or rehabilitating public facilities such as shelters for people experiencing homelessness or victims of domestic violence; and making buildings accessible to the elderly and disabled, among others.

This program has been threatened in recent years by proposals to drastically change and cut back the program's operations. In FY2008, CDBG received an appropriation of \$3.593 billion, a decrease from FY2007's funding of \$3.711 billion. McHenry County received \$1,301,979 CDBG funds in FY2008 (a portion of which could be used for affordable housing development).<sup>154</sup>

Targeted Income Groups:<sup>155</sup>

Low and moderate income

### **HOME Investment Partnerships Programs**

The National Affordable Housing Act created the HOME Investment Partnerships Program (HOME) in 1990 to expand the supply of decent, affordable housing for lower-income people. HOME is a federal block grant to states and certain localities that use the funds to provide affordable low-income housing. HOME is the most significant source of federal funding that cities and counties have at their disposal to meet local housing needs and can be used for a variety of rental and homeownership activities such as constructing new units, rehabilitating existing units, offering down payment assistance and providing tenant-based rental assistance.

There are a number of concerns with HOME including threatened funding cuts and a current emphasis on homeownership that may move these funds out of reach for people with disabilities. In FY2008, Congress appropriated \$1.629 billion for HOME, less than has been provided since FY2004. McHenry County was appropriated \$479,739 in HOME funds.<sup>156</sup>

#### Targeted Income Groups:<sup>157</sup>

- When used for renters, at least 90 percent of units must go to people below 60% of the area median income. The other 10 percent can go to those up to 80% of the area median income.
- If project has five or more HOME units, 20 percent must go to those with very low incomes (below 50% of the area median income).
- For homeowners or people who will be homeowners, all funds must go to those with low incomes (below 80% of the area median income).

### **Low Income Housing Tax Credit Program**

The Low Income Housing Tax Credit (LIHTC), started in 1986, is designed to expand the supply of affordable housing by encouraging private investment into such housing. The encouragement comes in the form of a tax credit to the investors. Investors provide cash or "equity" to the developer of a project and, in return, receive a dollar-for-dollar reduction in their federal income taxes. This infusion of equity reduces the amount of money a developer has to borrow, thereby lowering costs and allowing for lower rents. The LIHTC can be used to support a variety of projects including both multifamily and single-family housing, new construction and rehabilitation, and is often used to support housing for the elderly and disabled. LIHTC credits can be, and almost always are, combined with funding from other federal and state programs.

While the program has been quite successful in creating affordable accessible units in Illinois, it is not without its limitations. The LIHTC program does not intentionally target the creation of housing that is affordable to extremely low-income individuals or families with children. Also, units set aside through the LIHTC program may become unaffordable in the future since the tax credit is attached to affordability for a limited time period (30 years), after which the landlord may change rents to market rates.

The LIHTC provides a tax credit, which does not require an appropriation, though the amount of tax credits available to each state does depend on legislation. The Joint Committee on Taxation estimates that the program cost \$5.1 billion in lost tax revenue in 2007. Currently, however, LIHTC financing has dwindled considerably because many investors are not buying right now. The reason is simple - they have no profits, and consequently no tax liability, so tax credits are useless to them. Until the economy recovers, financing for affordable housing in the form of tax credits will be limited.

#### Targeted Income Groups:<sup>158</sup>

Either a minimum of 20 percent of units go to those with very low incomes (below 50% of the area median income) or a minimum of 40 percent must go to those below 60% of the area median income.

*Illinois Resources***Illinois Affordable Housing Trust Fund**

The Illinois Housing Development Authority (IHDA) administers the Illinois Affordable Housing Trust Fund, which was established in 1989.<sup>159</sup> The Housing Trust Fund gets its revenue through half of the real estate transfer fee, which generates approximately \$20 million each year. In recent years, millions of dollars have been diverted from the Housing Trust Fund to fill general revenue budget gaps.

Targeted Income Groups:<sup>160</sup>  
Low and very low income

**Illinois Affordable Housing Tax Credit**

IHDA also administers the Illinois Affordable Housing Tax Credit which was established by law in 2001.<sup>161</sup> The Tax Credit differs from LIHTC in that the amount of the credit is based on donations from individuals and organizations. A donor provides funds to nonprofit organizations for a project, and in return receives a tax credit on its Illinois tax return of 50 cents-on-the-dollar. IHDA gives preference to projects serving special needs populations.

Targeted Income Group:<sup>162</sup>  
Very low income

*Adaptable and Accessible Units Across Subsidized Housing*

Accessible and adaptable housing units are an important part of the housing stock in McHenry County to help meet the needs of economically vulnerable people with disabilities.

Accessible units are apartments located in buildings that have an accessible route into and through both the building and the apartment, using methods such as elevators or ramps.<sup>163</sup> Accessible units have specific design features that make them completely accessible for physically or mentally impaired individuals.

Adaptable units are also located in buildings that have an accessible route into and through both the building and the apartment.<sup>164</sup> Adaptable units have some specific design features to assist physically or mentally impaired individuals, and while they do not typically have as many features as accessible units, they can be modified to meet the needs of a tenant with disabilities.

There are 419 accessible or adaptable units financed by the Illinois Housing Development Authority for individuals living with a disability.<sup>165</sup> A majority of these units are only adaptable, not accessible units. This does not include any possible accessible or adaptable units in voucher housing or on the private market. None of the 23 public housing units in McHenry County are accessible, and only a handful could be considered adaptable, though extensive work would be required to make them so.

**Homeless System Inventory**

In 1995, as part of a national effort to streamline applications for federal funding and promote regional collaboration of homeless services, the U.S. Department of Housing and Urban Development (HUD) began to require that communities submit one single application for McKinney-Vento Homeless Assistance Grants. Continua of Care were created to meet this need, and as of 2006, there were 476 Continua of Care in the United States. Continua of Care (CoC) not only provide a centralized body for application of federal funds, but also play an important role in facilitating collaboration and coordination among local agencies providing homeless

services. Because they are regionally based, they allow for homeless service agencies to work together and meet local needs.

McHenry County’s CoC was formed in 1997 and is made up of homeless service providers, government agencies and representatives, individuals, and local businesses working together to end homelessness in McHenry County. The 2007 Continuum of Care application submitted to HUD for federal funding lists 24 organizations as members of the McHenry County CoC.

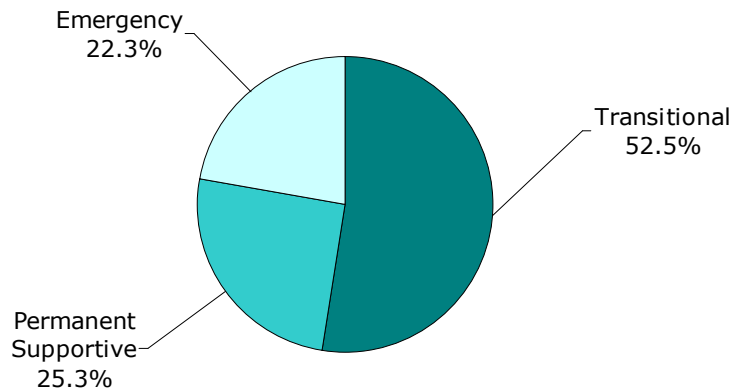
The housing and services offered by the providers on McHenry County’s CoC are a crucial support for McHenry County residents with the most pressing housing needs, particularly those who are experiencing homelessness or who are at risk of becoming homeless. McHenry County’s homeless system inventory is comprised of a combination of non-permanent housing options (emergency and transitional housing/shelters) and permanent housing. Each serves an important function for various individuals.

As of May 2008, there were 364 available beds in McHenry County (Table 50).<sup>166</sup> These beds represent a combination of emergency, transitional, and permanent beds (Figure 18) and also a combination of individual and family beds. These beds serve those who have a mental illness, a disability, substance use issues, and those that are homeless.

**Table 50 – Available Emergency, Transitional, and Permanent Supportive Beds, 2008**

| Type of Bed          | Number of Beds |
|----------------------|----------------|
| Emergency            | 81             |
| Transitional         | 191            |
| Permanent supportive | 92             |
| <b>Total</b>         | <b>364</b>     |

**Figure 18 – McHenry County Homeless System Inventory by Type, 2008**



*Non-permanent*

The category of non-permanent housing includes both emergency shelter and transitional housing. Emergency shelters and transitional housing were not designed to address the extensive needs of people with serious mental illness or other disabilities that make it difficult to remain stably housed. Without the proper assistance, such people tend to stay homeless in shelters for long periods of time, making them chronically homeless, and use a disproportionate amount of shelter resources.<sup>167</sup>



Emergency shelters were originally designed to provide short-term relief for people who had experienced a crisis and who, with some assistance, could move back into a home of their own. As of May 2008, there are 81 emergency shelter beds available for people who are homeless; however, the number of emergency shelter beds available varies by site, but ranges anywhere from 40 beds in the spring and summer to 81 beds during the winter months. A portion of the emergency shelter system in McHenry County does not follow a traditional model of emergency shelter delivery. There are seven church sites in McHenry County that comprise the cold weather emergency shelter program. One night of the week, each church opens its doors for shelter from 7 pm to 7 am during the freezing winter months from October through April. Each site offers a warm evening meal, a safe place to sleep, breakfast in the morning, and case management. All church sites are run and operated by volunteers.

Transitional housing is affordable housing that is available only for a limited time, meaning the family or individual can only live there for a certain period of time. During their stay in transitional housing, an individual or family can receive supportive services that will prepare them to move into a permanent housing unit. In McHenry County there are 191 transitional housing beds. This includes 6 beds for those with developmental disabilities, 18 beds for those with mental illness, 155 beds for those who are experiencing homelessness, and 12 beds for those who are homeless and also have mental illness and/or substance use issue.

Emergency and transitional housing are provided by a number of nonprofit social service providers in McHenry County (Table 51). Most of these agencies operate at or near capacity and very few have open beds available.

**Table 51 - Emergency & Transitional Beds in McHenry County as of May 2008**

| Organization        | Number on Waiting List | Transitional or Emergency | Type of Housing                    | Total Number of beds | Population Served                             | Open Beds           |
|---------------------|------------------------|---------------------------|------------------------------------|----------------------|---|---------------------|
| Pioneer Center      | 38                     | Transitional              | Supported Apartments               | 6                    | Adults w/ DD                                  | 0                   |
|                     |                        | Transitional              | Supported Apartments               | 20                   | Homeless adults & children                    | 0                   |
|                     | Govt. controlled       | Transitional              | Clay Group Home                    | 8                    | Adults w/ MI                                  | 1                   |
|                     | Govt. controlled       | Transitional              | Lawndale Group Home                | 5                    | Adults w/ MI                                  | 2                   |
|                     | Govt. controlled       | Transitional              | Wheeler Group Home                 | 5                    | Adults w/ MI                                  | 0                   |
| New Horizons        | 0                      | Transitional              | Transitional Living Facility       | 20                   | Homeless adult veterans                       | 2                   |
| Thresholds          | 0                      | Transitional              | Rebecca Susan Supported Apartments | 12                   | Homeless adults w/ MI/SA                      | 0                   |
| Turning Point       | 0                      | Transitional              | Shelter                            | 21                   | Homeless women & children, victims of DV      | 8                   |
| Home of the Sparrow | 26                     | Transitional              | Crystal Lake Shelter               | 14                   | Homeless women & children                     | 0                   |
|                     |                        | Transitional              | Ringwood Shelter                   | 30                   | Homeless mothers w/ adolescent boys 12 & over | 0                   |
|                     |                        | Transitional              | Waukegan Road Apt.                 | 6                    | Homeless women & children                     | 0                   |
|                     |                        | Transitional to Permanent | Apartments                         | 8                    | Homeless women & children                     | 4 beds (no funding) |

|                                   |     |              |                            |            |   |     |
|-----------------------------------|-----|--------------|----------------------------|------------|---|-----|
| PADS                              | N/A | Transitional | Shelter                    | 20         | Homeless families and single adults             | 0   |
|                                   | N/A | Emergency    | Shelter                    | 14         | Homeless adults & children                      | N/A |
|                                   | N/A | Emergency    | Shelter Sites Oct 1-Apr 30 | 44         | Homeless  | N/A |
| Rebekah's House                   | 3   | Transitional | Shelter                    | 6          | Women recovering from alcohol & substance abuse | 0   |
| McHenry County Housing Authority  | N/A | Emergency    | Hotel Vouchers             | 19         | Homeless  | N/A |
| Salvation Army/ Township Vouchers | N/A | Emergency    | Hotel Vouchers             | 4          | Homeless  | N/A |
| McHenry County Housing Authority  | 0   | Transitional | Apartments                 | 10         | Homeless individuals and families with children | 0   |
| <b>TOTAL</b>                      |     |              |                            | <b>272</b> |   |     |

*Permanent Supportive Housing*

Permanent supportive housing (PSH) is affordable housing that is not time-limited and is linked with supportive case management services that enable residents to remain housed. PSH is generally aimed at people who are homeless and have some form of disability, but with some support can remain independently housed. Residents are commonly required to pay no more than a third of their income for their housing. Supportive housing providers oversee case management, which includes life skills training and linkages to other needed services such as physical and mental health services, substance use treatment and support, and employment services. These supports allow people who may otherwise be unsheltered to attain and maintain stability in their lives.

**Table 52 – Permanent Housing Options Provided by Nonprofits as of May 2008**

| Organization   | Number on Waiting List | Type of Housing  | Total Number of Beds | Population Served        | Open Beds    |   |
|----------------|------------------------|------------------|----------------------|--------------------------|--------------|---|
| Pioneer Center | 72                     | Group Homes      | 60                   | Adults w/ DD             | 1            |   |
|                |                        | Govt. controlled | Madison Group Home   | 5                        | Adults w/ MI | 0 |
|                |                        | Govt. controlled | Jackson Group Home   | 8                        | Adults w/ MI | 0 |
| Thresholds     | 6                      | Group Home       | 19                   | Homeless adults w/ MI/SA | 1            |   |
| <b>TOTAL</b>   |                        |                  | <b>92</b>            |                          |              |   |

As of May 2008 there were 92 permanent supportive housing beds in McHenry County, including both HUD-funded and non HUD-funded units (Table 52). Sixty of those beds are for people with developmental disabilities, 13 are for those with mental illness, and 19 are for those who are homeless with mental illness and substance use issues.

## Institutional Care

More severe disabilities that limit people’s ability to function independently, even in a permanent supportive housing environment, often require varying degrees of institutionalized or specialized care. Institutional care may be appropriate for people with a range of disabilities and for seniors needing various levels of care.

There are 11 long-term nursing care facilities in McHenry County. In these 11 facilities, there are 957 beds available with skilled care; 70 in intermediate care; 96 with intermediate care for people with developmental disabilities; and 63 with shelter care (Table 53).<sup>168</sup> Skilled care is traditional nursing care while shelter care only provides maintenance and personal care to residents (commonly known as assisted living).

**Table 53 - Institutional Care by Type in McHenry County**

| Type of Nursing Care                        | Number of Beds |
|---|----------------|
| Skilled Care                                | 957            |
| Intermediate Care                           | 70             |
| Intermediate Care- Developmental Disability | 96             |
| Shelter Care                                | 63             |

Of 1,186 total institutional beds available:

- 232 beds are open to seniors with Medicare
- 477 beds are open to low-income seniors with Medicaid and Medicare
- 239 beds are open to Medicaid recipients

The McHenry County Mental Health Board reports that they currently have 66 clients in institutional care outside of the county because there is a lack of beds available at in-county facilities that have the capacity to care for people with more complex physical and psychological needs.

### Summary: Public Housing, Other Direct Housing Assistance, Other Subsidized Housing, and Permanent Supportive Housing

There are a total of **3,548** affordable and/or specialized housing options which includes subsidized units, permanent supportive housing, and Medicaid and Medicaid/Medicare institutional care beds available to the most economically vulnerable McHenry County residents who may also have more specialized needs. Emergency and transitional shelters are not counted here as part of the affordable housing stock since they are not permanent housing options. In McHenry County there are:

- **2,740** subsidized units, of which only 419 are accessible or adaptable. These include:
  - 947 Section 8 housing choice vouchers
  - 23 public housing units
  - 596 project-based Section 8 units
  - 1,174 other subsidized units
- **92** permanent supportive beds, which are typically filled to capacity.
- **716** institutional care beds available for Medicaid recipients or low-income seniors with both Medicaid and Medicare, out of the 1,186 institutional care beds.

These 3,548 affordable, specialized housing options are insufficient to meet the need:

- **22,331** McHenry County households have very low incomes, including:

- 1,185 poor seniors
- 1,104 economically vulnerable adults with a severe mental illness
- 915 economically vulnerable adults with a serious disability
- 221 people who are homeless

While there is some overlap among these groups, the scope of need and the inadequacy of the current supply of affordable and specialized housing are both starkly apparent, especially considering that the estimate of the need for affordable, specialized housing in McHenry County is very conservative. In defining the need, only the *most* vulnerable people and households are included, and as such, estimates of need are very conservative. There are certainly thousands of additional McHenry County residents with affordable housing and housing support needs.

The gap between need and supply is particularly salient for extremely low-income people and adults with disabilities and severe mental illnesses. There are simply not enough subsidized, accessible/adaptable units, permanent supportive housing, and affordable institutional care beds to meet the needs of these populations. Additionally, subsidized housing options targeted *specifically* for extremely low-income individuals and households are very limited.

## Conclusion

As the county's population grows, so too will the gap between the need for and the supply of affordable housing. The private market is not sufficiently equipped to meet the needs of the most economically vulnerable populations and those that have added housing needs on top of affordability concerns. The gap between need and the current supply of affordable housing in the private market indicates that thousands of economically vulnerable McHenry County families cannot find housing that matches their ability to pay. Only when income nears the \$75,000 mark does the supply of owner and rental housing in the county begin to match the financial capabilities of McHenry County families. There is also a shortage of more specialized affordable housing, such as permanent supportive housing, institutional care, and subsidized housing, particularly for the most vulnerable McHenry County residents including extremely low-income families, people with disabilities, and those with severe mental illness.

# Chapter 5: *Challenges and Strategic Opportunities to Meeting Housing Needs in McHenry County*

This report brings into sharp focus the severe lack of affordable housing options for people with low incomes and those with specialized housing needs. This chapter focuses on the challenges and barriers to developing and maintaining affordable housing in McHenry County, as voiced by the people participating in this study, and then outlines broad strategies for addressing them. One of the most important things this research process has revealed is that the voices of McHenry County families with low incomes and individuals with special needs are often not heard and therefore not carefully considered in planning processes. As these populations grow it is of critical importance that their needs are incorporated into such discussions and that the housing needs of *all* McHenry County residents are fully addressed to create a stable, vibrant McHenry County.

## **Illinois Laws Impacting Planning for Affordable Housing**

To help combat the lack of affordable housing in many towns and cities throughout Illinois and to address local barriers such as exclusionary zoning laws and slow permit processes, the state of Illinois has enacted a number of strategies designed to facilitate the development of affordable housing. These laws are part of the context in which affordable housing development in McHenry County must function.

### **Illinois Housing Planning and Appeals Act**

The Illinois Housing Planning and Appeals Act, made law by the Illinois Legislature in 2004, calls for municipalities with less than 10 percent affordable housing to adopt an affordable housing plan to increase the number of affordable units in their jurisdiction. A municipality can be exempt from the Act if greater than 10 percent of all housing units are affordable based on the Act’s calculations. A rental unit is deemed affordable if households with less than 60 percent of the median household income can afford it (meaning they are not spending more than 30 percent of their monthly income on housing costs). An ownership unit is deemed affordable if households with less than 80 percent of the median income can afford it. Under the Act, an affordable rent in the Chicago area is \$775, and an affordable ownership unit falls below \$123,720. A total of three municipalities in McHenry County are required to adopt an affordable housing plan under the Act. They are Algonquin, Lakewood, and Spring Grove.

### **Comprehensive Housing Planning Act**

Illinois’ Comprehensive Housing Planning Act requires the state to produce an annual statewide housing plan with specific components, including plans to coordinate state spending to better address affordable housing goals. The Housing Task Force is charged with developing and approving the plan. This plan prioritizes state resources and can be used locally to help leaders identify sources of fiscal support for affordable housing efforts.



## Challenges to Affordable Housing

Conversations with municipal and township representatives, county officials, local service providers, and residents revealed a host of barriers, whether perceived or real, and other items for consideration when discussing affordable housing preservation and development in McHenry County.

### Housing Near Transportation

Each housing discussion in this study turned to transportation issues within minutes. “You must have a car to live in McHenry County,” was a phrase that was repeated by various stakeholders. It is evident that in McHenry County housing needs cannot be met with affordability alone – location is key. Transportation that allows access to jobs and services is vital if housing is not near these things.

Municipal and township representatives indicate that even the most affordable housing loses affordability if it is not linked with quality, reliable, and affordable transportation options. To this point, the people that participated in this study feel that transit-oriented housing development has simply not been a priority.

Traditionally, measures of housing affordability have been set at 30 percent or less of income. However, even the most affordable housing can become unaffordable if it is so remote and removed from areas of employment and services that transportation costs begin to consume a large share of the family budget. The Housing + Transportation Affordability Index<sup>169</sup> takes into account not just the cost of housing, but also the intrinsic value of place, as quantified through transportation costs.

**Figure 19 - Housing and Transportation Costs as a Percent of Income in McHenry County**

#### Housing and Transportation Costs as Percent of Income

- Data not available
- 0 to 40%
- 40 to 45%
- 45 to 50%
- 50 to 60%
- Greater than or equal to 60%





Using this measure, housing is considered truly affordable if housing costs combined with transportation costs consume no more than 47 percent of a household’s income.<sup>170</sup> Figure 19 above reveals that in significant portions of McHenry County, households are paying far too much of their income toward their combined housing and transportation costs. In a 2005 transportation study conducted in the county, a majority of McHenry County residents (52 percent) stated that they did not consider the cost of commuting when they accepted their current job.

According to the 2005 transportation study, nearly a third of residents indicated that they typically report to work between midnight and 7 am.<sup>171</sup> Approximately 14 percent of county residents leave work after 6 PM and 30 percent of McHenry County residents, including many part-time and shift employees, leave work between the times of noon and 4 pm when transit service is either infrequent or unavailable. Residents involved in this study shared stories of how 2<sup>nd</sup> and 3<sup>rd</sup> shift workers rely on taxis to get them to and from work since the buses do not run at convenient times and on convenient routes. “Taxis have regular customers – they have now become buses themselves,” shared one resident.

One third of business leaders indicate that their workers have a difficult time finding housing near their job. Of importance to business leaders in this study was the proximity of employees’ housing to their job; 68 percent of employers believe that it is important to have employees that live close to their job.

Participants in the municipality and township roundtable indicate that transportation in the county is not located where the people who really need it are able to afford to live. Instead, transportation rich areas have developed into higher-end condominium centers. A number of county officials note that the areas of the county where lower- and moderate-income families are able to afford to live are often areas with far fewer employment, service, and transportation options. Residents agree, noting that there are towns in the county that are completely isolated. “Every town is desperate to have transportation improved,” one resident stated.

Most residents at the roundtable discussions had experience with the transit system in McHenry County and described the current transportation system as inflexible with limited schedules and illogical routes. They concur that more housing that is affordable is needed near transportation rich centers. This can link people to existing resources when they do not have access to their own personal transportation. A number of seniors applaud senior bus services but point out that since the bus will not cross municipal lines, its utility is limited. Another resident highlighted the broader potential danger in not having an appropriate transit system that meets residents’ needs: “I should not be driving when I’m taking all my medication. But what choice do I have?”

According to the 2005 transportation study, of McHenry County residents driving alone or carpooling to work, 93 percent stated that public transit was not a viable option for them.<sup>172</sup> 48 percent of residents indicated that they would be very inclined to use transit services if it was available to their place of work. Other residents feel that affordable housing should be in a location that is rich with resources; since transportation is such a problem, people need services near them. Residents also express the need for public transportation to be affordable and go to more places. A number of residents at the roundtable discussions pointed out that good, reliable transportation is important not only for people to get to jobs but also for recreation and socialization opportunities, which are key components of a community’s quality of life. Because of the feeling that transit must go where people live and socialize, one resident suggested, “It would be good to have a circle route that connects all the main parts of the main towns.” Municipal and township officials agree that transit should not only run through downtown areas but needs to go where working people who need it live or could live.

Almost all survey respondents and roundtable participants brought up the issue of lack of transportation for those who need it most:



- Of the municipality and township survey respondents, 57 percent feel that current transportation options do not fit residents' needs.
- Local mental health and homeless service providers believe that transportation and housing go hand in hand.
- 46 percent of mental health providers and 67 percent of homeless providers say that transportation issues were a reason their clients were homeless.

The county is taking a closer look at some of these transportation challenges. A number of county officials explained that they are looking at what other counties in the area are doing in terms of transportation. The county adopted a transit plan in 2005 that looked at immediate, short-term, medium-term, and long-term goals for improving transportation within the county and surrounding areas.

The transit plan, the 2020 Unified Plan, uses a model to integrate transportation planning and land use. One of the emphases of the 2020 Unified Plan is on transportation around dense populations. It protects and preserves prime farmland, surface and groundwater, and other natural resources. It recognizes what is planned within municipalities and encourages forming planning partnerships and on-going communication with municipalities. Priority in the plan is given to maintaining and upgrading the existing infrastructure in a timely manner. The plan assumes continued emphasis on energy conservation and encourages development patterns which minimize distances traveled and maximize the availability of services. The Plan also recognizes an obligation to the environment and specific legislation such as the Clean Air Act.

In regards to transit, the 2020 Plan addresses roadways, Metra, Pace, and non-motorized transit. The roadway plan identifies short-term projects such as constructing a full interchange at Illinois Route 47 and the Northwest Tollway (I-90), the western Algonquin bypass, three road widening projects, and three road extensions. Mid-term roadway projects include plans to widen three roadways, to realign and improve a County Road, and to extend two roads eastward. Long-term roadway projects include a new Fox River crossing, an interchange at Algonquin and Randall roads, new arterials in the northern and western agricultural areas of the county, a bypass around the city of McHenry, four road widening projects, three realignment and improved highway projects, and a north-south municipal road through Woodstock.

Regarding Metra, the Plan recommends service additions include six new Metra stations, higher frequency of trains, express service, longer boarding and alighting platforms, additional parking, and increased station amenities. The highest project priority is the Milwaukee District West Line extension to Huntley and Marengo. New extensions to Metra's line service require new rail yards occupying approximately 60 acres, located past the last stop on the line. Building a rail station in Johnsburg/Ringwood would allow for increased service at the McHenry Station and Bull Valley Road Station in addition to the Johnsburg/Ringwood Station. Constructing a new rail yard west of the Marengo Station facilitates service levels to Marengo and Huntley, and a potential new station site has been identified near unincorporated Ridgefield on the Union Pacific-Northwest Line.

The Pace recommendations include routes that offer regional express service between communities, fixed-route arterial service that provides local stop service along commercial, residential, or industrial corridors, and a variety of distributor services operated by local municipalities, major employers, or private demand-response companies. Expansion and coordination of existing demand response transit services and the implementation of vanpool programs that assist areas of the county that are difficult to serve due to geographic location or irregular needs, are planned to provide greater level of service especially for transit users who require curb-side assistance. This pilot program is scheduled to begin in the fourth quarter of 2008. Additional goals involve having bus transit better connect larger community areas and link major point sources for riders, including industrial centers, commercial areas, and major residential developments. Bus rapid transit roadway and intersection improvement technologies are necessary along these primary corridors. Improvements include signal prioritization, queue

jumper lanes, dedicated lanes, and off-board fare collection facilities. Using smaller hybrid powered buses with bicycle racks to facilitate non-motorized transportation is more desirable.

To encourage more non-motorized transit the Plan prioritizes bicycle planning that promotes safer bike travel, including paved shoulders and eliminating hazards to bicycle travel along shoulders in addition to adjusting the types and locations of rumble strips and drainage covers. The Plan proposes future multi-use paths that connect communities throughout the county while providing access to areas not easily assessable by other means of transit. Its major recommendations for new trails include the Harvard to Boone County Trail, Crystal Lake to Woodstock Trail, and the Huntley, Union, and Marengo Trail.

With careful planning and implementation that considers the needs of the most vulnerable McHenry County residents, the goals laid forth in the transit plan have the potential to positively impact housing + transportation affordability.

## Other Challenges

### *Anti-Density Sentiments*

One recurring theme in discussions throughout the county was that of density. Some stakeholders indicate that the agri-rural heritage of McHenry County may be threatened by affordable housing development because of the density that people think it requires. The housing history of the county involves plentiful open space and scattered single-family homes. The concern here appeared to be that people who move to McHenry County because of this reputation may be unwilling to tolerate large, high density high-rises. As a county official stated, "Density scares people."

Other stakeholders challenge the prevailing notion of density indicating that people do not realize that density in McHenry County can look quite different than density in an inner city. They challenge people's stereotypes around the form affordable housing can take, pointing out that affordable housing can and should be seamlessly integrated among existing housing stock and include creative, visually pleasing types and facades.

All county-level officials interviewed agree that more dense development makes the most sense around transportation hubs. Such transit-oriented development can have multiple positive outcomes for the county including greater mobility for residents, less road congestion, and less pollution.

### *Costs and Funding*

A number of stakeholders indicate that the high cost of land in McHenry County makes it difficult for a developer to see affordable housing as profitable. Almost three fourths of municipal representatives believe there is enough vacant land in their municipality to support affordable housing development; however, 81 percent indicate there are not incentives for developers to build affordable housing. Some county-level officials point to incentives at the federal level and others to those at the state level, but they feel as though many developers are not aware of them. The high price of land, combined with a lack of incentives (or lack of knowledge of incentives) makes affordable housing development a neutral option at best, and an unattractive option at worst, to many developers.

There were also concerns raised about how affordable housing may affect the tax base on which local schools rely. With the over reliance on local revenue sources for school funding in Illinois, "our schools can't support affordable housing," said one municipal representative. There was not consensus on these issues as other stakeholders thought the opposite may hold true – that affordable housing may help raise more money for local schools.

A number of people indicate that because of its demographics and the formulas used to distribute federal funds, McHenry County does not qualify for certain forms of federal assistance that could potentially help incentivize affordable housing development or expand existing programs to better meet the need. Some leaders explain that the relative affluence of the county disqualifies it from certain funding streams, and despite the county's rural self-identification, it does not qualify as a rural county for funding purposes, thereby missing out on rural-designated funding opportunities.

#### *Stigma, Public Opposition, and Lack of Knowledge*

Each stakeholder group involved in this study cited the stigma associated with affordable housing and the resulting public opposition as a barrier. When stakeholders were asked to describe what other people think of when they hear the term affordable housing, responses included descriptors such as "ugly," "crime," "those people wandering around." Many people discussed the "Not In My Backyard" phenomenon to describe how many people in the county say they are not opposed to affordable housing but act differently when attempts are made to build affordable housing in their communities.

The low-income residents explained how not only is there stigma around affordable housing, but also around people who are poor or not as well off in general. Residents spoke to feeling degraded, judged, and unwelcome because they did not make as much money as other people in the county. One resident explained that the isolation that results from being poor in an affluent community has deep psychological effects for families, particularly children. As one resident was talking about the high cost of recreational activities that his children want to be involved in but he cannot afford, he said, "We are shut out being poor. They don't want our kids."

Other people thought that people's opposition stemmed more from a lack of knowledge about the need than anything else. Poverty and hardship is often hidden in affluent areas and may look different than people's stereotypes, so people are unaware that there is such a need.

#### *Infrastructure Concerns*

County infrastructure concerns (primarily water and sewer issues) came up in many conversations with municipal, township, and county officials, with some indicating that a lack of appropriate infrastructure may end up effectively limiting county population growth in the coming years and also place limitations on how dense future developments can become. There was very little consensus on this issue with a number of people disregarding this concern as nothing more than an excuse. They felt that infrastructure concerns are solvable if leaders are willing to have open, honest dialogues about how and why this is a barrier and more importantly, what it will take to solve it.

## **Opportunities to Provide for the Housing Needs of McHenry County Residents**

Previous chapters of this report lay out the significant need for affordable and specialized affordable housing in McHenry County:

- 22,331 very low-income households, including:
  - 1,185 poor seniors
  - 1,104 economically vulnerable adults with a severe mental illness
  - 915 economically vulnerable adults with a serious disability
  - 221 people who are homeless

The 3,548 subsidized housing options that exist in McHenry County are insufficient to meet the needs of the most vulnerable McHenry County residents. It is abundantly clear that efforts are needed in McHenry County to build more affordable housing, preserve the existing stock of affordable housing, and expand current assistance programs to better serve its residents.

Leaders in McHenry County must find ways to facilitate the development of housing that helps residents thrive and that helps communities avoid the instability that results from homelessness and families stretching themselves thin to keep a roof over their heads.

Building affordable housing can have a host of positive impacts on a community:

## Good things grow from affordable housing

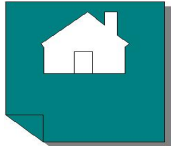


Adapted from the Illinois Housing Roundtable's 2008 Affordable Housing Briefing Book

There are a number of opportunities for the leaders in McHenry County to acknowledge this growing need and to make McHenry County a stronger, more prosperous county by intentionally incorporating considerations about vulnerable populations into development and planning. The opportunities discussed on the following pages are less about specific tasks and more about broad strategies for doing so. As such, McHenry County leaders have the opportunity to consider



preservation of affordable housing stock, development of additional affordable housing, maintenance/enhancement of current housing assistance, and other ways to strengthen housing opportunities for the people of McHenry County (e.g., credit counseling, homebuyer assistance programs, homeowner education, low-cost lending) within the context of each of these broad strategies. Within each opportunity discussed, there is also a snapshot of a successful related initiative in other areas of the Chicago region or nation.



### **Opportunity: Implement a Task Force or Housing Commission**

Some of the communities that have had the most success at comprehensively addressing residents' housing needs are those that have organized a group solely dedicated to affordable housing issues. With a defined purpose and a clear vision, such a task force or a housing commission can ensure that affordable housing is at the forefront of municipal, township, county, and state planning discussions and efforts.

There is a small group of individuals and organizations in McHenry County, many of whom were involved in this research process, that have recognized the immense need laid forth in this report and are actively seeking solutions. There appears to be another layer of individuals and organizations that are well-intentioned in their recognition of the need for affordable housing, but that see the challenges discussed above as insurmountable or too cumbersome to deal with. The final layer of individuals and organizations are not even aware or may not be concerned that thousands of people in the county are struggling to find housing that allows them to live near their jobs, families, and services without dangerously overextending themselves.

To fully address the severe shortage of affordable housing in McHenry County, stakeholders from the first two concerned groups must work to bring people from the third group of unaware or unconcerned individuals together. This group is an untapped resource – a potential source of fresh ideas and new resources. It is also critical that task force or commission representation include members from municipalities and townships across the county, county officials, housing industry representatives, developers, a cross-section of local housing and service providers, and people who have experienced housing hardship firsthand. Such a diverse group of stakeholders ensures that all interests, including those of the traditionally less powerful, are represented and also brings a unique combination of knowledge and skills to the table.

Housing task forces take many forms. Some are organized at the municipal level and are appointed by municipalities. Others are formed by a group of concerned individuals or organizations. Yet others include representation by leaders at various levels of government as well as concerned individuals or organizations. A task force is able to take the lead and do the leg work that can help decision makers implement informed policies. It can help educate the general public, identify barriers to developing affordable housing, develop solutions to overcome them, and help ensure that planning and development in McHenry County is comprehensive and inclusive. A housing commission is a more formal government entity that is able to insert housing considerations into all community/county planning.

#### *Exemplary Efforts*

Highland Park, Illinois, is an example of a community that saw a need to build understanding and capacity around housing issues. In 1973, the Highland Park Housing Commission was created. This commission has been a key stakeholder in advocating for housing policies, including an Inclusionary Housing policy, and setting forth recommendations to the city mayor. Out of these recommendations, a broad-based task force determined how much affordable housing was needed in the community. They continue to generate funds for affordable housing, construct and operate housing, maintain waiting lists, and assemble land to develop affordable housing. The

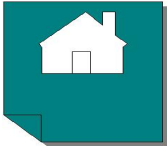


Commission has 10 members; one is an ex-city council representative, and the other nine are Highland Park residents.<sup>173</sup>

In 1991, Lake County, Illinois, implemented an Affordable Housing Commission, which is a government agency that supports county, township, and municipal governments in advocating for fair housing in their areas. They advocate for public policy changes and set policy priorities around affordable housing. The Affordable Housing Commission is comprised of representatives from the county board, housing authorities, the real estate industry (including homebuilders, for-profit and nonprofit developers, lenders, and realtors), and the general public.<sup>174</sup>

The Kane County Housing Action Coalition was established in 2004, and is a grassroots group that advocates for affordable and fair housing. They identify issues and needs around the county and raise public awareness by networking with others through education. They also collaborate with other regional, statewide, and national advocacy efforts to create change.<sup>175</sup>

The city of St. Charles, Illinois, established a Housing Commission and is currently working to pass an Inclusionary Housing Ordinance in response to changing population demographics and affordable housing needs.



**Opportunity: Build Community Support**

Having the support of a broad base of community members and leaders is a critical component to the success of any affordable housing initiative. Many community members are not well-informed and therefore resort to relying on stereotypes about affordable housing and the people who need it. As this report makes clear, a very diverse group of McHenry County residents – from seniors, to people with disabilities, to young families, to people with mental illness, and so on – needs housing that is affordable.

A common obstacle in the development of affordable housing tends to be that people think affordable housing is needed but they do not want it built near their own homes. This attitude, often referred to as “Not In My Backyard” or NIMBY-ism, includes fears that affordable housing invites crime, decreases property values, and strains community services.<sup>176</sup> While these fears arise from legitimate concerns about quality of life, they are based on misinformation and fear that can lead to structural racism, classism, and discrimination.

A number of empirically-based research studies have attempted to isolate the property value effect of various forms of affordable housing. Study after study has found that affordable housing has little to no affect on property values and in some cases has even increased property values. The studies have found that property values are determined by broader, more complex factors like the overall area development and prosperity and by the condition of the particular property that is for sale (see Appendix A for an overview of studies).<sup>177</sup>

It is imperative that community concerns be addressed, myths debunked, and public support for affordable housing efforts be fostered. Possible strategies may include a broad public education campaign, community meetings, educational events, tours of affordable housing developments, and relationships with unlikely champions. Such activities could be implemented by the task force or housing commission.

*Exemplary Efforts*

Housing Action Illinois is an organization that rallies their allies and communities together to fight for affordable and fair housing. They support volunteer-led groups in DuPage, Kane, and DeKalb Counties. These groups identify issues and needs, raise public awareness, collaborate with regional, statewide, and national advocacy efforts, as well as network with others. They hold



affordable housing forums and presentations, meet with legislators, and publicize local affordable housing efforts.<sup>178</sup>

DuPage United, a grassroots organization comprised of community members from various organizations, has built community support around affordable housing issues. They have held informational sessions on affordable housing, with over 900 people attending. This has built community support and has made local leaders take notice. The cities of Naperville and Downers Grove have added affordable housing to their Strategic Plan of 2007 as a result of DuPage United's efforts.<sup>179</sup>



### **Opportunity: Develop a Trust Fund and Explore Other Financing Mechanisms**

Affordable housing is a basic community need that should not be dependent on highly politicized budget processes. Housing trust funds help ensure that there is always a dependable local revenue source to support projects. Housing trust funds are dedicated sources of revenue that are able to provide financial assistance to local affordable housing developments or projects. Housing trust funds are generally created by ordinance or law and can be funded through real estate taxes or fees, developer fees, other taxes and fees, and interest from government-held and market-based accounts, among other sources.<sup>180</sup>

Other financing mechanisms to explore include land banking, demolition taxes, and set-aside funds:

Land banking is a technique whereby a city, county, or nonprofit organization acquires vacant land, underutilized sites, or properties with the potential for reuse or rehabilitation.<sup>181</sup> A local government may be able to buy land from other public agencies at a lower cost or before it comes on the market because state law gives local governments, as well as nonprofits, priority in purchasing surplus land. Land banks can be useful in two main ways. First, they can help create more affordable housing, since the land bank typically sells its properties at low prices. Second, they are designed to help prevent blight, which tends to grow around vacant homes. In general, vacant homes tend to drag down the property values of the entire neighborhood, so the community benefits by not having vacant properties on the market for long periods of time.

Affordable housing demolition taxes discourage the depletion of affordable housing stock by imposing a fine on developers who tear down affordable housing. Often, the revenues raised through the demolition tax are then put into a housing trust fund to support future development of affordable housing.

There are a number of revenue sources that can be used for a variety of activities. Often affordable housing development or support is an allowable use of funds but there is not a specific designation that funds be for affordable housing. Funds from these revenue sources, such as the Community Development Block Grant and Senior Commission dollars, can be specifically designated, or set aside, ensuring that at least some revenue from these sources is used for affordable housing.

#### *Exemplary Efforts*

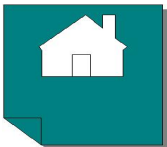
Chicago, Illinois, operates a Low-Income Housing Trust Fund. This fund is managed by a board of directors appointed by the mayor and consists of individuals from city government, nonprofit organizations, and private corporations. The trust fund provides grants to building owners and developers who reduce rents for low-income residents. Funds are provided by city corporations

and state funds. The trust fund supports three programs; the Rental Subsidy Program, Supportive Housing, and Affordable Rents for Chicago program.<sup>182</sup>

Highland Park, Illinois, engages in land banking, or as they refer to it, a community land trust. The Highland Park Illinois Community Land Trust (HPICLT) is a private, nonprofit organization that acquires properties, including attached and detached single-family homes, and retains the title to the land.<sup>183</sup> They then sell the homes to income-qualified buyers at affordable prices, while leasing them the land for a nominal fee. At resale, the HPICLT requires that homes be sold back to the group or to an income-qualified buyer at a formula price that gives owners all of their equity plus a portion of the appreciated value, keeping homes affordable for future buyers.

In response to increased numbers of developers demolishing affordable housing as property values increase, the city of Highland Park now imposes a \$10,000 tax on the demolition of single family affordable homes and \$10,000 or \$3,000 per unit for a multifamily residence, whichever is higher.<sup>184</sup> It exempts demolitions that intend to replace the housing with additional units of affordable housing. Other local communities such as Lake Forest and Evanston have successfully enacted a demolition tax.<sup>185</sup>

In April of 2006, the state of Kentucky passed a law that raised the fee to \$40 if a sheriff was requested for a non-emergency.<sup>186</sup> The law specified that \$6 of the \$40 to go into the affordable housing trust fund for the state of Kentucky.



**Opportunity: Review Zoning Codes and Implement Comprehensive Planning**

Planning and zoning laws are the most critical component to fostering what kinds of developments are allowed in a community and which are not. Zoning laws that promote sprawl and ban even slightly more dense building can effectively prohibit affordable housing development because of the higher costs associated with less dense building (mainly land costs).

For affordable housing development to truly meet the needs of the people who need and wish to live in McHenry County, municipalities, townships, and the county must collaborate both horizontally and vertically and invest time and resources in smart county-wide planning and coordination around affordable housing.

Each level of government can play a critical role in some aspect of preserving and building affordable housing. This vertical collaboration among the different levels of government is vital. The county has substantial opportunity to ensure that affordable housing issues are at the forefront of county planning and that the county has a broad vision for housing its residents. The county can also lead the way through advocacy and education to engage municipalities in developing a plan and get them on board with its plan and visions. Townships can work on advocacy and education as well as contribute to a potential housing trust fund. Planning and zoning is mostly the domain of municipalities; therefore, municipalities can play a direct role in attracting a variety of housing stock to their community and maximizing incentives for developers (such as streamlining approval processes, waiving certain fees, etc.). Together, the county, municipalities, and townships can explore ways to strengthen the private-market response to affordable housing, expand subsidizing permanent supportive housing, and ensure that housing in the county coincides with resident’s needs which include not only affordability, but varying levels of housing support services and proximity to jobs, transit, and community amenities such as shopping, schools, recreation, and places of worship.

Of equal importance is a horizontal collaboration in which the various municipalities and townships in McHenry County work together to ensure that planning for affordable housing is broad and holistic. People all across the county need housing they can afford and their needs will



be ill served if affordable housing development is relegated to remote corners of the county or segregated in just one or two municipalities.

*Exemplary Efforts*

Elected officials from Arlington Heights, Palatine, Sugar Grove, and Northbrook visited five affluent suburbs of Boston, Massachusetts, in 2004 to see how communities there have acted through local initiatives to create affordable housing. These officials were looking to the Boston suburbs for ideas for ways to change zoning and affordable housing policies in their own communities. They visited suburbs with median incomes hovering at or above \$100,000 and median home prices ranging from \$500,000 to over \$1 million. The Boston suburbs they were visiting have all successfully created a significant amount of permanent affordable housing over the past 20 years despite little developable land, zoning codes that severely restrict density, high land costs, and high housing prices that continue to rise. In many cases, these towns have created this affordable housing without the use of public tax dollars as a subsidy.<sup>187</sup> As a result of this visit and lessons learned, Northbrook created an affordable housing plan and has since proposed that 15 percent of all new development or redevelopment be affordable.<sup>188</sup>

Many communities, such as Lake Forest have developed Inclusionary Housing Ordinances. This policy requires at least 15 percent of the total number of homes in a development of over five units to be affordable. The ordinance provides fee waivers for inspection, impact, permits, and all other development fees imposed by the city. There is a density bonus as well. Changing this ordinance has allowed more affordable housing to be developed.<sup>189</sup>



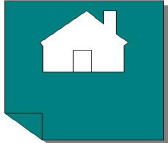
**Opportunity: Advocate for Meaningful Policy Change**

Communities seeking to develop and maintain affordable housing must operate within the context of state and federal law and resources. Therefore, it is critical to identify systemic barriers and advocate for meaningful policy change. Many of the affordable housing challenges including allocation of state resources and federal funding formulas can only be addressed by systems change. It is important that this level of change not be ignored and that there is a concerted effort to put forth a common agenda that works to ensure that higher level decisions have positive implications for all McHenry County residents.

*Exemplary Efforts*

DuPage Housing Action Coalition is an action-oriented effort to increase affordable housing options by advocating for policies at the local, state, and national level. The Coalition is made up of 26 member organizations, including social services, churches, and charities and is navigated by 10 steering committee members. The group prioritizes issues, creates strategies to move forward, and takes action. The Coalition meets monthly to analyze the housing issues and involve the community in campaigns, meets with elected officials, and collaborates with area organizations to strengthen their initiatives. They participate in advocacy efforts in Springfield with other state housing coalitions.<sup>190</sup>

Business and Professional People for the Public Interest (BPI) is a public interest law and policy center that advocates for many issues, including affordable housing. They have helped many communities, including Wheaton, Naperville, Evanston, and Highland Park advocate for policy changes in their communities. For example, BPI helped the Libertyville community and Lake County United to create the first affordable housing set-aside for low-income residents.<sup>191</sup>



**Opportunity: Expand Consumer Purchasing Power**

Having housing that is affordable to people depends not only on the available stock of housing, but also on people’s ability to pay. By making efforts to attract and retain good, quality jobs in McHenry County and by ensuring that there are adequate supports in place (and that those supports are easily accessible) for those who cannot work or cannot work full time, residents will be better able to afford housing that meets their needs.

*Exemplary Efforts*

The Chicago Jobs Council holds a monthly working group that works toward identifying issues faced by those who are disadvantaged job seekers and working poor families. They advocate for policy changes and changes of local programs and strategize around ways to create better employment and training opportunities for low-income people. There are over 100 advocates and providers that participate in this group working toward improving job conditions for Illinoisans.<sup>192</sup>

Good Jobs First-Illinois is a joint project of Good Jobs First and the Illinois-based Center for Tax and Budget Accountability. Good Jobs First-Illinois provides research and technical assistance to efforts to link state business subsidies to access to affordable housing. The project has also conducted trainings in subsidy research for labor unions and community groups, given testimony before Illinois legislative committees and Chicago city council, and made presentations to a wide range of community, government, and advocacy organizations. They advocate for economic well being through workforce development.<sup>193</sup>



## Conclusion

The notion of affordable housing has changed. Affordable housing is no longer synonymous with high-rise public housing; rather it encompasses a continuum of diverse housing opportunities designed to meet the varying needs of a range of individuals and families. **In McHenry County, there is a significant lack of affordable housing options along the entire continuum,** from permanent supportive housing and institutional care to direct subsidized housing assistance to private-market rental and owner units. The 3,548 affordable, specialized housing options that exist in McHenry County are insufficient to meet the needs of the most vulnerable McHenry County residents:

- 22,331 McHenry County households with very low incomes, including:
  - 1,185 poor seniors
  - 1,104 economically vulnerable adults with a severe mental illness
  - 915 economically vulnerable adults with a serious disability
  - 221 people who are homeless

**The gap between need and supply is particularly salient for extremely low-income people and adults with disabilities and severe mental illnesses.** There are simply not enough subsidized, accessible/adaptable units, permanent supportive housing, and affordable institutional care beds to help these populations remain stably housed. Additionally, subsidized housing options targeted *specifically* for extremely low-income individuals and households are very limited.

A community is only as strong as its most vulnerable members. McHenry County cannot afford inaction on the issue of affordable housing - the lack of affordable housing can have severe and costly consequences for a community:

- People who are not adequately housed experience instability and uncertainty that increases absenteeism, affects job retention and recruitment, increases unemployment claims, reduces productivity for the employer, and results in lost tax revenue for the community.
- Children living in unstable environments or experiencing homelessness have greater emotional and learning challenges in school which can divert school and personnel financial resources to help them cope.
- When they are paying too much for housing, low-income families and seniors may make tradeoffs like skipping doses of medication, neglecting preventive care, foregoing needed care for acute conditions, or purchasing less nutritious, but cheaper, food – all of which have serious personal and public health implications and place a drain on health care resources when individuals must use costly emergency room services for health care.
- Workers who must live far away from employment and service centers to be able to afford housing spend more of their time commuting and less time with their families. Living farther from one's job leads to more money being spent on gas and vehicle maintenance, more late arrivals, increased likelihood of missing days of work due to family obligations, and increased road congestion and maintenance along with pollution.
- People who cannot find housing they can afford and that meets their needs often rely on other family members or friends for support. This can strain the resources of the friends and family members, leading to even more people struggling to get by. Living doubled up with family and friends can lead to overcrowding, and safety concerns arise from possible fire hazards and other potential dangers.
- People with special needs such as a disability, a mental illness, or a substance use issue can experience an intensification of their illness or a decline in functioning when they cannot find housing that meets their needs. This in turn further taxes existing systems like emergency rooms which are then used like primary care facilities or cold night shelters. It may even lead to inappropriate or prolonged institutionalization, which is costly.



- Precarious housing situations may lead to more interactions with the police or civil court action such as evictions or bankruptcies. Again, this is another drain on public services and increases tax burden.

**This report comes at a time when economic forces are colliding to negatively impact more and more McHenry County families, leaving not only the most vulnerable struggling but also families with more moderate incomes.** Perhaps never before in the county’s history the community needed the careful and intentional planning they now need to address the housing needs of *all* residents. The employment landscape has changed, incomes and earnings are declining, unemployment is increasing, poverty is growing, the housing market is weak, new building has slowed dramatically, and McHenry County families are succumbing to foreclosures at unprecedented rates. These trends are feeding the need for a more appropriate and affordable range of housing options and command attention from conscientious leaders. While such a litany of woes may seem discouraging, it can also be viewed as an opportunity. Leaders have the chance to act when families are more in need of affordable housing and developers may be more readily enticed to build it.

While hardship is touching more and more middle-income families in McHenry County, the needs of the most economically vulnerable are urgent and must be acknowledged and prioritized. One of the most important things this research process has revealed is that the voices of McHenry County families with low incomes and individuals with housing support needs are often not heard and therefore not carefully considered in planning processes. As these populations grow it is of critical importance that their needs are incorporated into such discussions. **The need for housing laid forth in this report cannot be ignored.**

**Let this report serve as a call to action.** Efforts must be made to facilitate the development of housing that helps residents thrive and that helps McHenry County communities avoid the instability that results from inadequate and unaffordable housing. Affordable housing strategies should encompass a wide range of housing options and housing supports to coincide with the needs of all McHenry County residents. Additionally, transportation must be a critical consideration for the successful implementation of any affordable housing strategy.

**Leaders from across McHenry County have an opportunity to come together as a community to collaborate and build public support, increase residents’ capacity to meet their housing needs, and work through a variety of avenues to expand appropriate affordable housing options for the people of McHenry County.**



## Methodology

The Heartland Alliance Mid-America Institute on Poverty (MAIP) was contracted by the Corporation for Affordable Homes of McHenry County and funded by the McHenry County Senior Services Grant Commission, the McHenry County Mental Health Board, and the McHenry County Continuum of Care. The goal of this study was to assess the current affordable housing inventory for low-income and special needs populations (individuals who are homeless, living with mental illness, developmentally disabled, dealing with substance use issues, etc.) in McHenry County and estimate the demand for affordable housing. There were five sources of data collection to reach the goal of assessing the current affordable housing inventory in McHenry County.

### Research Methods Review

Previous studies were identified and reviewed, and research, evaluation, and technical assistance tools were explored that were relevant to the research questions. This information guided the design of the interviews, aided in the analysis of the results, and informed the resulting recommendations.

### Collection of Original Data and Existing Data

Demand and supply data were compiled using original data as well as existing data. Census data, homeless counts, public housing data, housing waiting lists, vacancy rates, housing costs, as well as various other poverty, economic, and housing data sources were used.

### Surveys

Confidential surveys were sent out to five different groups: McHenry County businesses (329 surveys sent, 48 responses), Mental Health Board agencies (15 surveys sent, 12 responses), Continuum of Care agencies (14 surveys sent, 13 responses), Housing industry experts (16 surveys sent, 9 responses), and municipal and township representatives (48 surveys sent, 23 responses). Respondents could mail, fax, or email their responses back to MAIP. There was also an option to answer the questions online via a secure online survey tool. Surveys were then entered into a statistical analysis software package and analyzed for significant themes. See Appendix B for a copy of questions for each group. See Appendix C for themes that emerged from responses.

### Key Informant Interviews

Key informants were identified by the advisor group of the study. Individuals were chosen because of their wide variety of expertise at the county level. Interviews were conducted either over the phone or in person. Conversations lasted approximately 30 to 45 minutes each. Key informants were probed for perceptions on housing trends, insights on barriers/challenges to affordable housing development, and county priorities and plans. Overlapping and reoccurring themes were identified. See Appendix D for a copy of interview questions. Key Informants included:

- A. Virginia Peschke, Consumer Credit Counseling Services of McHenry County
- B. Matt Hansel, Deputy Director, SuzAnne Ehardt, Director, and Maryanne Wanaski, Planner, McHenry County Department of Planning and Development
- C. Sandra Salgado, McHenry County Board Member
- D. John Labaj, McHenry County Deputy Administrator
- E. Charles Eldredge, Chairman of Regional Planning Commission, Chairman of Transportation and Infrastructure Committee of the McHenry County Economic Development Corporation
- F. Ken Koehler, McHenry County Board Chairman

**Roundtable Discussions**

Roundtable discussions were conducted with a variety of stakeholders. Roundtables lasted approximately 90 minutes. Discussions for each group were tailored to the group’s particular expertise or area of interest. Overlapping and reoccurring themes were identified. See Appendix E, F, G, and H for a copy of roundtable topic questions. Roundtable discussions were held with the following groups:

- A. *McHenry County Mental Health Board* - The Mental Health Board roundtable discussion was held during the group’s monthly meeting. All those that were present were invited to participate and represent their organizations.
- B. *McHenry County Continuum of Care* - The Continuum of Care roundtable discussion was held during the group’s monthly meeting. All those that were present were invited to participate and represent their organizations.
- C. *Municipalities and Townships of McHenry County* - The municipal and township representatives that completed the survey were invited to participate in the roundtable discussion.
- D. *McHenry County Residents* – Two separate roundtable discussions were held with McHenry County residents. Residents were recruited through social service providers who informed residents of the roundtables. They were also recruited through flyers left at various places throughout McHenry County. The local residents that attended the roundtables were primarily low income and therefore are not representative of the general McHenry County population.



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