

**Homeownership: Benchmark for a Vital Community
Perceptions Work Group Report
William Carroll, President Benedictine University, Chairman
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Introduction

The Perceptions Work Group came together following the March, 2006 Breakfast Symposium *Homeownership: Benchmark for a Vital Community* held at Benedictine University. The group was chaired by William Carroll, president of Benedictine University and this report represents the key findings of this group along with some recommendations and action steps as we move forward.

The Perceptions group worked diligently over the past 6 months to identify common perceptions surrounding affordable housing and to find ways to address the misperceptions that create barriers to the development and preservation of affordable housing in DuPage County.

Since there had been an earlier 1991 DuPage Affordable Housing Task Force Report chaired by Dan Goodwin, the group felt it important to study and review its findings.

“Unless the people of DuPage County understand that providing greater access to affordable housing is important to the continued health of our community as a whole and need not have injurious impacts, no program or combination of programs can be expected to succeed.”

This quote was taken from the conclusions to the earlier report. Fifteen years have passed since that Task Force met. And although there have been notable achievements in affordable housing, there is still a need to tackle the fundamental issue of changing community attitudes.

One of the members of that 1991 Task Force was Bob Christ, director of Marion Park, leading affordable housing advocate, and founding board president of the DuPage Home Ownership Center.

Just after the Task Force report was issued, Bob wrote a terrific paper that calls for a paradigm shift in affordable housing similar to the civil rights movement in the 1960s of which he was a part. Bob recognized that in order to affect community change we need to reach 1 ½ to 2 % of the population—in DuPage that’s about 15,000 to 20,000 people.

Increasingly it has become clear that the Perception group must address that paradigm shift.

The group divided into 4 sub-groups to research and address the following:

- ***Who needs affordable housing?*** In order to educate the community, it is important to know who the people who need affordable housing are.

- To tackle the myth that equates affordable housing with public housing, the second group focused on ***Affordable housing is not public housing***
- The third sub group addressed the ***Lack of awareness of the need for affordable housing***
- And finally, we acknowledged the hard truth that racism is a component of this problem, so the fourth sub group looked at the ***Impact of racism on affordable housing***

Each of these sub-groups developed a Myths and Realities document identifying some of the common misperceptions about affordable housing and what research shows to be true and accurate. Other information compiled by the Perceptions sub-groups will be used to support public presentations as we seek to win support for affordable housing initiatives community by community.

Let me share with you some key findings:

Who Needs Affordable Housing

- Bookkeepers, bank tellers, clergy, security guard, claims adjuster, teachers
- Service-sector workers
- Working families who want to live near employment
- Children and grandchildren who want to live in the community where they grew up

Jobs/Housing Mismatch Contributes to Traffic Congestion, Pollution, Absenteeism

- Since 1970, DuPage County has seen a 478% increase in the number of people commuting into DuPage to work
- Almost ½ of people working in DuPage come from outside the county
- The family earning the typical wage (\$72,400) cannot afford the typical home (\$343,500)

Population Growth Upends 100 Year Pattern

- More than half of all population growth is coming from new immigrants
- Out of a population of 913,781
 - 81.4% white
 - 11.5% Hispanic or Latino
 - 9% Asian
 - 4% African American
 - 7.9% other/mixed race

Minority Homeownership Rates Lag Behind Rates for Whites

48% of Hispanic or Latino
49% of African American
76% of whites

Recommendations and Action Items:

To realize this shift in understanding and thinking about affordable housing, the group proposes a grass roots education campaign that coordinates and supports this group's findings as well as what the other work groups found. Education is at the core of everything we want to accomplish.

- Create a Myths and Stereotypes brochure, using the information from the Perception groups findings, as well as other print materials, press releases, fact sheets, etc., that convey the message
- Create a Speakers Bureau and train speakers to make a Power Point presentation to churches, civic and community groups to educate and gain support for affordable housing initiatives
- Produce a DuPage County "We Need the People Who Need Affordable Housing" video
- Develop an Internet presence with information and community links
- Create a constituency for affordable housing issues
- Reach 15,000 to 20,000 people in DuPage County

This is an effort that needs broad-based, grassroots, community participation in order to reach 1 ½ to 2% (or 15,000 to 20,000 people) of the population that is needed to affect change. The action steps outlined above will build awareness and support actions recommended by the Employer, Government and Land and Zoning Work Groups.

As we move forward, it is vital that we re-commit to our goal of bringing about a sea change in thinking about affordable housing. We must correct misperceptions, appeal to the self-interest of individuals and communities and tap into the American values of fairness and opportunity for all.

What follows are individual work group reports addressing myths and perceptions surrounding affordable housing.

Affordable Housing Myths & Perceptions

Background:

Over the past 20+ years much has been written about the affordable housing crisis, not only in America but in many highly developed towns and cities throughout the world. The decline of existing affordable housing stock and the barriers to the construction of new affordable housing have been receiving an increased amount of press of late. Attention to the crisis has increased due to the increasing numbers of affected persons.

Numerous governmental commissions and housing advocacy groups have studied the problems. Several studies have shown that although the American public is in agreement with the rights of all to live and work where they choose, in actuality when the issue calls for change the conviction is weaker. It appears that misconceptions and

myths surrounding the call for more affordable housing options lie deep in the human psyche.

The purpose of this paper is to address three of the misconceptions prevalent in the arguments against affordable housing. Many social and economic studies have been completed that have debunked the myths and misconceptions against affordable housing.

Definitions:

Affordable Housing: The following definition is taken from the U.S. Department of Housing and Urban Development: “Affordable housing is housing for which the occupant is paying no more than 30% of his or her income for gross housing costs, including utilities”.

Some define affordable housing for moderate-income families as America’s workforce housing. Affordable housing has sometimes been identified as ‘starter home’ housing.

Affirmative Statements in Support of Affordable Housing for DuPage County

Affordable Housing is not Public Housing. Public Housing was established to provide decent and safe **rental** housing for eligible low-income families, the elderly and persons with disabilities. The bad connotation of Public Housing lingers today due to the unfortunate failure of some experimental projects. Although public housing is very affordable rental housing, there are no public housing units in DuPage County. Furthermore, there are some but not many privately owned housing developments/apartment buildings in DuPage County that provide subsidized apartments. The U. S. Department of Housing and Urban Development (HUD) provides rent subsidies to the owners of these buildings, which then allows the owners to rent to low- and moderate-income seniors, persons with disabilities as well as families and individuals. Generally, most, if not all, of these privately owned buildings have long waiting lists for these subsidized apartments.

In addition to the above, the DuPage Housing Authority provides tenant-based rental assistance, Housing Choice Vouchers (formerly called Section 8), through a Program funded by the U.S. Department of Housing and Urban Development. The DuPage Housing Authority has an allocation of approximately 2,571 Housing Choice Vouchers but its waiting list is currently not taking additional names. The Housing Choice Vouchers allow income eligible families and individuals, elderly persons and persons with disabilities to live in decent affordable **rental** units. Participants locate a private market unit for rent. The participant typically pays no more than 30% of their adjusted monthly income towards rent and utilities. Approximately 50% of the program participants are families, with 25% elderly and 25% disabled.

In addition to rental units described above, affordable housing is also found in most communities of DuPage County in the form of smaller and usually older single family homes. These homes were built shortly after World War II, coinciding with the appearance of the Baby Boom Generation. These homes have served their function for many years and to this day are functionally and architecturally appealing. These homes were the ‘right-size’ living space for a people in need. Today working class people still need and desire to live near where they work. Our children need and want to remain in the community where they grew up.

Unfortunately many factors have led to the rapid decline of this affordable housing stock. These same factors are also preventing the construction of new affordable housing stock. An effort should be made to retain the existing housing stock. There are several initiatives that attempt to meet this challenge. They are listed below:

Examples of Affordable Housing Options include:

1. The DuPage Homeownership Center's (DHOC) Homestead and Housing Choice Programs. The DHOC, a non-profit, HUD-certified housing counseling agency, created the **DuPage Homestead Program** in 1992 to help first-time homebuyers who were being priced out of the high-cost DuPage housing market. Homestead uses a reduced-interest mortgage financing package to boost the buying power of income-eligible first-time buyers by up to 45%, thus enabling them to afford a home in DuPage County. Because they are paying less in interest charges than with market-rate financing they can afford more house. In 2002, using Homestead as a model, DHOC partnered with the DuPage Housing Authority to create the **Housing Choice Program** specifically for Section 8 Housing Choice Voucher holders. Under both programs, clients receive intensive individual counseling as well as group education classes to help them improve their financial management skills and prepare for the responsibilities of ownership.
2. "Just Homes" sponsored by the Community Housing Authority of DuPage (CHAD). The program assists first time home buyers with household incomes less than 80% of the median family income in DuPage County. Homes are purchased by CHAD which in-turn sells the home building to the prospective first-time home buyer. Ownership of the land is retained by CHAD and leased to the buyer for a rent of \$100/year. Effectively the first-time buyer is able to purchase a home for approximately 60% to 75% of the total value of the home. When the buyer decides to sell, CHAD and the home buyer share the appreciated value pro rata. The home remains in the pool of homes available for first-time buyers.
3. I-Loan Certificate – Illinois Housing Development Authority (IHDA) offers first-time homebuyers a dollar-for-dollar reduction in federal income taxes up to 25 % of their mortgage interest. This credit is in addition to the standard mortgage interest tax deduction available to all homeowners.
4. I-LOAN Mortgage – IHDA offers 30-year fixed-rate mortgage products with interest rates approximately ½ percent below market rates. Borrowers must be first-time buyers (except in targeted areas); with incomes and purchase prices not exceeding specified limits.
5. REACH-Illinois is a two-part incentive package, which includes state matching funds and state tax credits, for Illinois employers who implement their own employer-assisted housing program. The program is the extension of a successful five-year pilot project in the Chicago region in which more than 25 employers, including AIM, Inc., City of St. Charles, Northwest Community Healthcare, Seaquist Perfect, and System Sensor helped more than 500 employees to buy homes closer to the workplace. The Employer Assisted Housing Programs in DuPage County include such employers as the Wheaton Franciscans, Bank One (now CHASE), and Allstate Corporation. The program is

also catching on outside the Chicago metro area in Aledo, DeKalb, Peoria and Rock Island.

The State can match each dollar of down payment assistance provided by the employer, up to \$5,000, for income-qualified employees. Down payment assistance is structured as a forgivable loan, which means the employee does not need to repay it if they stay with the company for five years. Eligible employees who are interested in using the down payment funds must first complete an 8-10 hour homebuyer education curriculum, which includes both one-on-one counseling and a classroom component. Employees learn how to establish or clean up their credit, develop a household budget and savings plan, understand the home buying process and home ownership experience, and shop for a good mortgage.

The participants benefit from the counseling component by improving their financial literacy, and becoming better equipped for the responsibilities of home ownership. To offset the total costs of the program, which include down payment assistance, counseling, and administrative costs, the state is providing a tax credit of 50 cents for every dollar invested in the housing benefit program.

Affordable Housing is not poor quality housing. This perception is another memory of the Housing Projects experiment of the 1960s when some low-bid contractors and budget minded government officials constructed poorly designed buildings. In the recent decade the old public housing projects have been torn down and replaced with attractive and functional townhomes and apartments.

Newly proposed affordable housing projects are subject to same building code restrictions established for the safety of the residents and the surrounding community's citizens. The lessons of the poorly planned and poorly executed public housing projects of the 1960s has been learned and will not be forgotten.

There is no evidence that affordable housing attracts non-working poor people with large families. Quite the contrary working families, whether large or small, need affordable housing to raise and nurture their children. In communities where affordable housing projects have been constructed, working families from diverse social and economic levels have flourished. The latest generation of affordable and mixed-income housing is based on good planning and minimal impact to the community. These projects come in every size and design to fit the need of the family and the community.

Housing cost burdens are not limited to the poor. Working families face higher housing costs each year while family incomes stagnate. Families are forced to find less desirable housing conditions in locations further away from employment.

Studies do not show a relationship between increasing density and social problems. Well-designed housing can actually help protect against crime by making neighborhoods safer as they bring added foot-traffic to an area.

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Affordable Housing Myths & Perceptions

Myth: There is an adequate supply of affordable housing in Du Page County.

Reality: Outside of government officials, realtors, social service workers, builders and developers, there is little recognition of the lack of affordable housing or the implications of this shortage on Du Page County. The trends occurring right now are not readily apparent to the general public.

The work of the committee will be to increase public awareness of the affordable housing crisis in DuPage County by publicizing the following information through press releases, community meetings and public service announcements.

- There are more commuters coming **into** Du Page County than to any other county in the region, including Cook. Between 1970 and 2000, Du Page has seen a **478% increase** in the number of **commuters traveling to DuPage to work**. DuPage now imports many more workers than it exports. (In 2000, Du Page imported 256,617 vs. exporting 191,439.) This obviously contributes to the heavy traffic experienced in the county. (*Business & Professional People for the Public Interest*) See Exhibits A and B.
- Du Page County has transformed into a major hub for low-wage service sector jobs. In 2000, Du Page had **more low-wage service sector jobs** than any other county in the region. (*Business & Professional People for the Public Interest*) See Exhibit C.
- A full-time minimum-wage worker in Du Page County **would now have to earn \$17.33/hour to afford a two-bedroom apartment at fair market rent** – that's 107 hours per week at minimum wage. (*Business & Professional People for the Public Interest*) (See chart -- *Chicago Metropolis 2020*) See Exhibit D.
- Along with a dearth of affordable rental housing, **home prices have skyrocketed across the county**. While the **median income in Du Page increased by about 3.4%** between 2000 and 2004, **median single-family home values grew 38%**. (*Business & Professional People for the Public Interest*) See Exhibit E.
- In 2005, the **median sales price** for a single-family home in Du Page County was the **highest in the state**. (*Du Page Homeownership Center 2005*) See Exhibit F.
- In the 6 month period from November 2005 to May 2006, sales of **3,521 single-family homes** closed in Du Page County; **94 were over \$1,000,000**. The **average selling price was \$425,607**. As of May 15, 2006, there were **3,261**

single-family homes on the market, **613 for more than \$1,000,000. Average list price is \$691,729.** The **430 single-family homes under \$200,000** on the market as of May 15 constitute **27.3% of the active listings** in the Multiple Listing Service. (*Multiple Listing Service of Northern Illinois, 5/15/06*) See Exhibits G and H.

- Given the high cost of housing, the enormous influx of workers from other counties, and the tremendous growth in low-wage jobs, we can conclude that these **workers simply cannot afford to live near their jobs in Du Page.**
- As population growth among low and moderate income families outstripped the growth of affordable housing in the 1990s, severe overcrowding increased dramatically throughout the region. Du Page County showed an increase of **179.8%** in severely overcrowded housing units, an increase larger than any county in the region except McHenry. (*Chart and Details from Chicago Metropolis 2020*) See Exhibit I.
- All municipalities in Illinois are required to follow the federal guidelines for affordable housing. Any municipality having less than 10% of its housing stock in affordable housing must provide federal authorities with a plan for reaching that goal. At present, 7 municipalities in Du Page County do not meet the criteria of having 10% affordable housing. (Burr Ridge, Hinsdale, Naperville, Oak Brook, Oakbrook Terrace, Wayne and Winfield) (*Du Page County Consolidated Plan 2005-2009*) (See chart from same source) See Exhibit J.
- **More renters are rent-burdened.** In just four years (2000 to 2004) the percentage of **renters paying more than 30%** of their income for housing rose from **33% to over 40%.** (*U.S. Census 2000 and American Community Survey [U.S. Census] 2004*) Exhibit F.
- **More homeowners struggle.** The percentage of homeowners paying more than 30% of their income on housing costs **rose from about 22% to about 30%** between 2000 and 2004. (*U.S. Census 2000 and American Community Survey [U.S. Census] 2004*)

How to clear up the myths and provide solutions to residents of Du Page County?

1. **Develop a Power Point presentation specific to Du Page County that dispels the myths around Affordable Housing.**
2. **Organize a Speakers Bureau to visit service organizations, government meetings, church groups, employers, Chamber of Commerce groups, etc. with the Power Point presentation.**
3. **Present to these groups the facts about affordable housing myths and encourage them to become advocates for change. Appeal to their intelligence, commitment to justice and concern for the good of their community.**

4. Develop a public relations campaign and enlist the support of the media (newspapers, radio stations, local TV) to spread the word about the housing crisis and the possible solutions.

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Affordable Housing Myths & Perceptions

MYTH: DuPage County has a stable population mix of primarily white with a small minority of Hispanic and black residents

REALITY: According to the Regional Development Institute of Northern Illinois University, the County is experiencing a dramatic, historic shift in its demographics. New residents from other parts of the country as well as new immigrants are entering the County in large numbers as DuPage's economy becomes more and more integrated into the national and global economy. Ongoing redevelopment and gentrification of Chicago neighborhoods are sending more lower-income families into the surrounding suburbs. ¹

The latest population estimate by the U.S. Census Bureau (2005) shows DuPage County's population at 913,781. Approximately 104,000 County residents (both native-born and immigrants) identify themselves as Latino. 90,000 identify themselves as Asian-Americans and more than 36,000 identify themselves as African-Americans. ²

MYTH: Chicago minorities are moving to DuPage County

REALITY: Currently, new immigrants are the largest source of population increase in DuPage County, comprising 14.9% of the population. Since 1990, more than half of all population growth in DuPage has come from new immigrants. DuPage County's population is no longer driven by people moving out of Chicago. This change ends a one-hundred year pattern of population movement with the region. ³

MYTH: Affordable housing will attract a diverse population of large families increasing the burden on schools and other local taxing bodies.

REALITY: According to the U.S. Census Bureau, rental apartments have fewer children per unit on average than owner-occupied, single-family housing; rental apartments. A Massachusetts study found that multi-family housing developments did not increase school costs because most multi-family housing is designed to be "childproof," that is, it's mostly one- and two-bedroom units. Although not all multi-family rental units are affordable, they make up the bulk of affordable housing. ⁴

In 1992, the DuPage Homeownership Center created the Homestead Program to help low-income, working families purchase homes in the high-cost DuPage real estate market. Minorities make up 32% of households who have purchased homes under the

program, since its beginning. Average household size of all purchasers is 2 children per household.

Homeownership is a vital building block for creating healthy and diverse communities. Homeowners have an emotional and financial commitment to their community. Statistics show that they are more likely than renters to volunteer, vote, engage in civic affairs, maintain and upgrade their properties, invest in their schools and patronize local businesses.⁵

MYTH: Increase in affordable housing serving a diverse population will bring down property values and increase crime.

REALITY: Numerous studies over time from around the country support the general notion that affordable housing has no negative impact on surrounding property values—especially if it is thoroughly integrated into the neighborhood.⁶

Additionally affordable housing, as a tool of economic development, can often help to lower crime rates. The National Crime Prevention Council calls for the construction of affordable housing to reduce crime because “neighborhood cohesion and economic stability are enhanced in areas where the continuing supply of dispersed, affordable housing is assured.”⁷

The idea that investment in housing is actually a crime deterrent is backed up by a leading expert on street gang violence. A study comparing New York and Chicago crime figures shows that the South Bronx had the same homicide rate as Chicago, however following an investment of \$1 billion in affordable housing; crime plummeted in the South Bronx despite the fact that poverty rates stayed the same. The difference is attributed in part to the investment in affordable housing that stabilized neighborhoods and gave residents a sense of empowerment.⁸

MYTH: Homeownership is for people who can afford it. Why should I have to support minorities or others who want to own a home if they can't afford it?

REALITY: A lack of affordable housing negatively affects employers, seniors, poor people, immigrants, entry-level and service sector workers, and public sector professionals such as teachers, firefighters, and police officers. It also impinges on broader quality of life issues such as the economic development of the region, traffic congestion, commute times, and air quality. In short, it affects us all. Effectively solving the affordable housing crisis does not mean addressing the needs of just the poor; it also means addressing the needs of the business community, working- and middle-class families, and the broader population.⁹

MYTH: Affordable housing is not fair; only minorities benefit

REALITY: The *U.S. Census Bureau's Housing Vacancies and Homeownership Report* documents that minority homeownership rates lag significantly behind homeownership rates for whites. In 2004, 76% of non-Hispanic whites were homeowners, compared with just 49% of blacks and 48% of Hispanics/Latinos. DuPage County's population is 913,781. The racial/ethnic make-up is 81.4% white, 9.9% Asian, 4% African-American,

and 7.9% other/mixed race. 11.5% of DuPage County residents are of Hispanic or Latino origin.¹⁰

Homeownership is THE key to economic self-sufficiency. Homeownership is the single most viable means for families – especially low-income households – to build a safety net for the future. The net worth of a low-income homeowner is 12 times greater than that of a low-income renter – and two-thirds of their net worth comes from their home equity. By purchasing a home, families are able to build equity that can be used to achieve other goals, such as paying college tuition or ensuring retirement security.

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¹ Regional Development Institute, Northern Illinois University, “DuPage Government: Challenges and Need for Strategic Planning,” Feb. 2006. A full report is available at http://www.dupageco.org/agendas/generic.cfm?doc_id=2427. *Report on the Information Gathering Phase of the Strategic Planning Process (July, 2006)*.

² U.S. Census Bureau DuPage County Fact Sheet. *2005 American Community Survey*. Also available at http://factfinder.census.gov/home/saff/main.html?_lang=en

³ IBID “DuPage Government: Challenges and Need for Strategic Planning.”

⁴ Business and Professional People for the Public Interest, “Myths and Stereotypes about Affordable Housing.” June 2004. Community Opportunities Group and Connery Associates, *Housing the Commonwealth’s School Age Children*. Boston: Citizens’ Housing and Planning Association, 2003.

⁵ DuPage Homeownership Center, *Homestead Facts at a Glance*, April 30, 2006.

⁶ Business and Professional People for the Public Interest, “Myths and Stereotypes about Affordable Housing.” June 2004. Michael MaRous, “Low-Income Housing in Our Backyard: What Happens to Residential Property Values?” *The Appraisal Journal* 64, 1, (1996).

⁷ Business and Professional People for the Public Interest, “Myths and Stereotypes about Affordable Housing.” June 2004. National Crime Prevention Council, Topics in Crime Prevention. “Strategy: Ensure Supply of Affordable Housing.” <http://www.ncpc.org/ncpc/ncpc/?pg=2088-9318>.

⁸ John M. Hagedorn, “Building a Way to Stop Murder.” *The Chicago Tribune* (June 1, 2003). Also available at <http://gangresearch.net/Globalization/guggenheim/housing/tribhousmur.html>.

⁹ Business and Professional People for the Public Interest, “Myths and Stereotypes about Affordable Housing.” June 2004.

¹⁰ U.S. Census Bureau “Housing Vacancies and Homeownership Report,” <http://www.census.gov/hhes/www/housing/hvs/qtr104/q104prss.pdf>. IBID U.S. Census Bureau DuPage County Fact Sheet.

