

Section III. Housing Market Analysis

Introduction

This section provides an evaluation of the current housing market in the City of Rockford. This includes assessing the total housing stock, dwelling types, vacancy rates, and age and affordability of the housing stock. The section concludes with a prediction of household formation through 2025.

Housing Stock

Total housing stock in the City rose by over 5,400 units, or 9.3 percent; however, growth occurred only on the east side, increasing 22.8 percent in the Northeast and 12.2 percent in the Southeast. Housing stock declined .6 percent in the Northwest and 4.8 percent in the Southwest, as seen in Table III.1, at right.

TABLE III.1
TOTAL HOUSING UNITS IN ROCKFORD
1990 AND 2000 DECENNIAL CENSUS

Quadrant	1990	2000	% Change
Northeast	13,417	16,476	22.8%
Northwest	14,286	14,198	-0.6%
Southeast	22,996	25,810	12.2%
Southwest	7,447	7,086	-4.8%
City of Rockford	58,146	63,570	9.3%

Rental housing grew more slowly than homeownership in Rockford, with occupied rental units rising 3.9 percent versus a 10.5 percent increase in owner-occupied homes. This translates into a citywide homeownership rate that rose from 59.6 percent to 61.1 percent over the last decade, as calculated from data contained in Table III.2, below.

TABLE III.2
OCCUPIED HOUSING UNITS IN ROCKFORD BY TENURE
1990 AND 2000 DECENNIAL CENSUS

Quadrant	1990	2000	% Change
Renter Households			
Northeast	3,440	4,485	30.4%
Northwest	5,373	5,092	-5.2%
Southeast	9,602	9,926	3.4%
Southwest	3,726	3,511	-5.8%
City of Rockford	22,141	23,014	3.9%
Homeowner Households			
Northeast	9,582	11,365	18.6%
Northwest	8,170	8,131	-0.5%
Southeast	12,089	13,927	15.2%
Southwest	2,851	2,721	-4.6%
City of Rockford	32,698	36,144	10.5%

The number of both renter and homeowner households increased significantly over the decade, with an additional 1,000 additional renter households and an additional 1,783 homeowner households. The number of homeowner households in the Southeast quadrant increased 15.2 percent, but the quadrant had a much smaller, 3.4 percent, increase in renter households.

Both renter and homeowner households declined in the Southwest and Northwest quadrants over the last 10 years. Homeownership, or the percent of the population owning homes, increased in both areas, with the Northwest rising from 1.2 percent and the Southwest increasing by 0.4 percent. Although the increasing homeownership rate in these two areas is due more to a reduction in the rental stock—which fell by over 500 units—than people purchasing homes, the goal of increasing homeownership in these lower-income neighborhoods is being met.

The citywide growth rate in total housing units over the decade was higher than the growth in households and occupied housing. While total units increased 22.8 percent in the Northeast, occupied units rose only 21.7 percent. A similar event occurred in the Southeast, with total units increasing 12.2 percent and occupied units rising just 10 percent over the decade. Total units declined 0.6 percent in the Northwest quadrant, but occupied units fell more, 2.4 percent. Total dwelling units in the Southwest declined 4.8 percent, but occupied units fell more, by 5.3 percent, as seen in Table III.3, at right.¹⁵

The amount of each housing type varied throughout the four quadrants of the City. For example, the Northeast quadrant had just 13 mobile homes or trailers, as compared to 256 such units in the Southeast.

TABLE III.3
OCCUPIED HOUSING BY TYPE OF DWELLING
1990 AND 2000 DECENNIAL CENSUS

Housing Type	1990	2000	% Change
Northeast			
1 unit attached or detached	9,473	11,453	20.9%
Duplex or larger	3,469	4,432	27.8%
Mobile home or other	80	-35	-143.8%
Total	13,022	15,850	21.7%
Northwest			
1 unit attached or detached	8,973	9,088	1.3%
Duplex or larger	4,456	4,029	-9.6%
Mobile home or other	114	106	-7.0%
Total	13,543	13,223	-2.4%
Southeast			
1 unit attached or detached	12,189	14,555	19.4%
Duplex or larger	9,210	9,083	-1.4%
Mobile home or other	292	215	-26.4%
Total	21,691	23,853	10.0%
Southwest			
1 unit attached or detached	3,738	3,579	-4.3%
Duplex or larger	2,806	2,595	-7.5%
Mobile home or other	39	58	48.7%
Total	6,583	6,232	-5.3%
City of Rockford			
1 unit attached or detached	34,373	38,675	12.5%
Duplex or larger	19,941	20,139	1.0%
Mobile home or other	525	344	-34.5%
Total	54,839	59,158	7.9%

¹⁵ The category labeled "mobile home or other" includes the SF3 error term, which is why this category is negative in the Northeast in the year 2000. For further details about this data, refer to Table C.10 in Appendix C.

Most of the growth in occupied housing stock was related to single-family dwellings, which increased by 12.5 percent over the decade. The Northeast increased its single-family stock by 20.9 percent, and stock in the Southeast rose 19.4 percent. The Northwest quadrant increased just 1.3 percent for this type of dwelling unit, and the Southwest quadrant lost 4.3 percent of its single-family homes.

The number of duplex dwellings and all other apartment-style structures increased a modest 1.0 percent in the City over the last decade. Only the Northeast increased apartment-style structures, with nearly 1,000 additional units, or a 27.8 percent increase. All other quadrants of the City saw reductions in this type of dwelling unit, with the Northwest falling 9.6 percent, the Southeast dropping 1.4 percent, and the Southwest quadrant down 7.5 percent.

As implied by these data, the demand for rental housing in 2000 was soft in three of the City's quadrants, and occupied housing grew more slowly than the total housing stock. These statistics suggest housing vacancy rates should be rising.

Vacancy Rates

Homeowner vacancy rates did edge up over the decade, rising from 1.06 percent in 1990 to 1.69 percent in 2000, as seen in Table III.4, at right. This increase may not seem significant; however, these data enumerate *empty* housing that is for sale, not *occupied* units that are for sale.

TABLE III.4
HOMEOWNER VACANCY RATES IN ROCKFORD
1990 AND 2000 DECENNIAL CENSUS

Quadrant	1990	2000	% Change
Northeast	0.88	1.14	29.6%
Northwest	1.23	2.01	63.2%
Southeast	0.97	1.79	83.7%
Southwest	1.55	2.47	59.5%
City of Rockford	1.06	1.69	59.0%

Rental vacancy rates also increased over the last decade, with the City average exceeding 8.4 percent in 2000, a substantive rise over the 1990 Census, which indicated a rental vacancy rate of 6.31 percent. The Northwest, Southeast, and Southwest quadrants all had excess rental capacity, with vacancy rates in 2000 of 8.7, 9.5, and 8.6, respectively, as presented in Table III.5, below. Only the Northeast retained a fairly low vacancy rate, at 5.6 percent. This data shows an excess supply of rental stock remains in the Northwest, the Southwest, and the Southeast quadrants.

TABLE III.5
RENTAL VACANCY RATES IN ROCKFORD
1990 AND 2000 DECENNIAL CENSUS

Quadrant	1990	2000	% Change
Northeast	4.28	5.64	31.6%
Northwest	5.49	8.65	57.6%
Southeast	6.79	9.49	39.9%
Southwest	8.02	8.57	6.9%
City of Rockford	6.31	8.43	33.6%

The difference between the increase in the housing stock and the slower rise in occupied housing cannot be explained entirely by increases in the vacancy rate. The vacancy rate is defined as *vacant housing that is for sale or for rent* divided by *occupied housing plus vacant housing that is for sale or for rent*. Therefore, homes may be vacant and yet neither for sale nor for rent.

Disposition of Vacant Housing

Citywide, vacant housing increased significantly between 1990 and 2000, from 3,307 vacant units in 1990 to 4,412 vacant units in 2000, as seen in Table III.6, below. While a substantive number of these units are either for sale or for rent, many units were categorized as “other vacant” units. This category includes abandoned, boarded up, and other unsuitable, empty housing units. This category increased 18.4 percent over the decade and in 2000 comprised 27.5 percent of total vacant housing in the City of Rockford.

TABLE III.6
DISPOSITION OF VACANT HOUSING IN ROCKFORD
1990 AND 2000 DECENNIAL CENSUS

Disposition of Vacant Housing Units	1990	2000	% Change
For rent	1,490	2,120	42.3%
For sale only	351	621	76.9%
Rented or sold, not occupied	348	309	-11.2%
Seasonal/recreational or occasional use	89	149	67.4%
For migrant workers	5	1	-80.0%
Other vacant	1,024	1,212	18.4%
Total Vacant Housing in Rockford	3,307	4,412	33.4%

“Other vacant” housing was spread throughout the City, with the Southeast quadrant having the greatest amount. In the Southeast, other vacant housing stock rose 59.6 percent over the decade, from 317 to 506 units. Other vacant housing in the Northeast and Northwest increased 19.8 and 13.8 percent, respectively. This amounts to increases of 19 units in the Northeast and 30 units in the Northwest. Only the Southwest quadrant reduced vacant housing stock, falling from 393 units in 1990 to 343 units in 2000, but 4.8 percent of the 7,086 housing units in the Southwest quadrant were vacant and neither for sale nor for rent, as seen in Table III.7, below.

TABLE III.7
“OTHER VACANT” HOUSING IN ROCKFORD
1990 AND 2000 DECENNIAL CENSUS

Quadrant	1990	2000	% Change
Northeast	96	115	19.8%
Northwest	218	248	13.8%
Southeast	317	506	59.6%
Southwest	393	343	-12.7%
City of Rockford	1,024	1,212	18.4%

These statistics should concern City leaders because they suggest that while the housing stock expanded, vacant and potentially unsuitable housing rose at a faster rate. This increases the probability of neglect, deferred maintenance, and dilapidated housing. This, in turn, translates into the danger of expanding blight.

Age of Housing Stock

The City of Rockford's housing units are predominantly older, with over 52 percent of the homes constructed prior to 1960. Older homes, particularly those built prior to 1940, have a greater potential for structural problems related to inadequate foundations and floor supports, poor plumbing, outdated electrical wiring, and substandard roofing, as well as a greater likelihood of lead paint hazards.

Some 21 percent of Rockford homes were built prior to 1940. The decade with the strongest household production in the City of Rockford was the 1950s, in which over 11,000 homes were constructed, as seen in Table III.8, below.

TABLE III.8
AGE OF HOUSING STOCK BY TENURE
1990 AND 2000 CENSUS ROCKFORD, ILLINOIS

Year Structure Built	Owner		Renter		Total	
	1990	2000	1990	2000	1990	2000
Built 1999 to March 2000	.	200	.	169	.	369
Built 1995 to 1998	.	1485	.	1153	.	2,638
Built 1990 to 1994	.	1726	.	846	.	2,572
Built 1980 to 1989 ¹⁶	2223	2604	2239	2326	4,462	4,930
Built 1970 to 1979	3253	4108	3787	3606	7,040	7,714
Built 1960 to 1969	5725	5803	5218	4071	10,943	9,874
Built 1950 to 1959	8028	8015	2755	3191	10,783	11,206
Built 1940 to 1949	4776	4368	1954	2706	6,730	7,074
Built 1939 or earlier	8693	7995	6188	4829	14,881	12,824
Total Occupied Housing Units	32,698	36,144	22,141	23,014	54,839	59,158

The age of housing in the City of Rockford varies by quadrant, with newer housing more common in the Northeast and Southeast quadrants. Just 4.0 and 3.8 percent, respectively, of housing in the Northwest and Southwest quadrants was built between 1990 and March 2000. This compares to 17.1 percent in the Northeast and 8.8 percent in the Southeast quadrant.

Older housing was more common on the west side of the City. In the Northwest quadrant, 28.4 percent of the housing stock was built before 1940. In the Southwest, 27.7 percent of the homes were constructed before 1940. The Southeast quadrant also had a fairly high percentage of these older homes, at 22.5 percent, but just 12.4 percent of homes in the Northeast quadrant were built prior to 1940.¹⁷

¹⁶ The 1990 Census information includes structures built from 1980-1990.

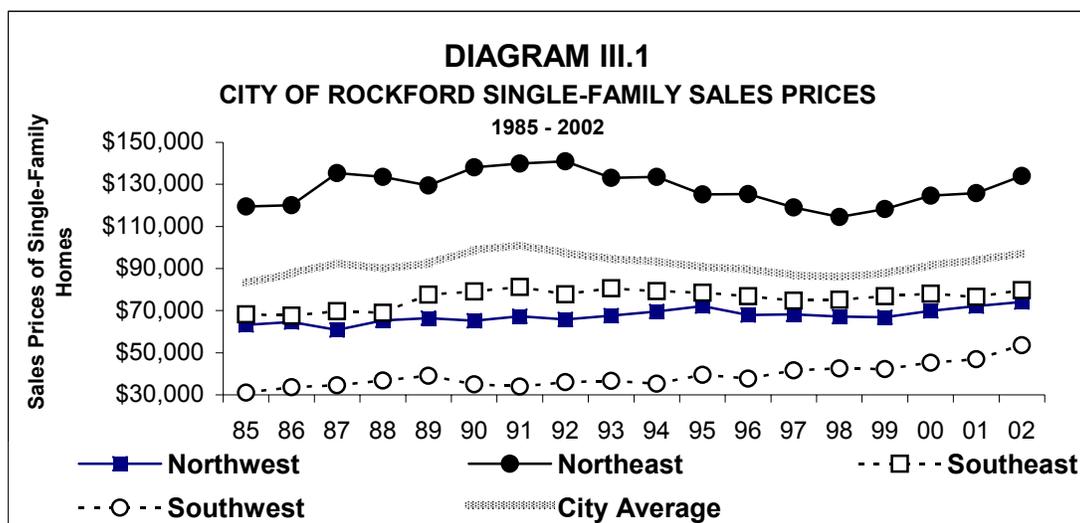
¹⁷ The age of housing stock by tenure for each of the City's four quadrants can be found in Appendix C.

Housing Prices

The Rockford Township Assessor prepared a data file containing descriptive characteristics of all residential properties within the City of Rockford and existing on the Rockford Township property tax rolls. This did not include all of the City's housing units, as some are located in neighboring townships. Others are excluded, as the Assessor considers some properties to be commercial property class; generally, these are larger apartment complexes and properties held for investment purposes. Consequently, the Rockford Township Assessor data do not include all residential dwelling units, only those considered to be in the residential property tax class. These statistics were segmented by quadrant, providing a slightly different, but nonetheless robust and informative, count from that provided by the Census Bureau.

For the tracking and evaluation of property for assessment, the Rockford Township Assessor maintained sales price data and the date of the property transaction. Because of this unique attribute of the database, a time series of single-family average sales prices, by quadrant, was created and is expressed in real 2002 dollars.¹⁸ In 1985, the citywide average sales price for a single-family housing unit was \$83,051. By 2002, this had risen to \$97,267. This represents price appreciation of just .9 percent per year.

Home prices were stronger in 1991, with the City average exceeding \$101,000. This average was driven primarily by the much higher prices commanded by housing units in the Northeast quadrant, which reached nearly \$141,000 in 1991, as seen below in Diagram III.1.



Only the Northwest and Southwest quadrants reached all-time price highs by 2002, with average prices reaching \$74,175 in the Northwest and \$53,543 in the Southwest. Overall, the Rockford housing market appears to be rather lackluster.¹⁹ Recent industrial employment curtailments likely will compound these problems.

¹⁸ *Real* refers to a series of dollar values with the effects of inflation taken out, thereby creating a series of data comparable by year.

¹⁹ Annual data, by quadrant, is tabulated in Appendix C.

The Rockford Township Assessor, for the purposes of assessment and taxation, estimates the market value of all properties. Table III.9, below, presents the Assessor's opinion of value, by type of dwelling unit and by quadrant of the City.

TABLE III.9
AVERAGE MARKET VALUE OF DWELLINGS
ROCKFORD TOWNSHIP ASSESSOR: JANUARY 2003

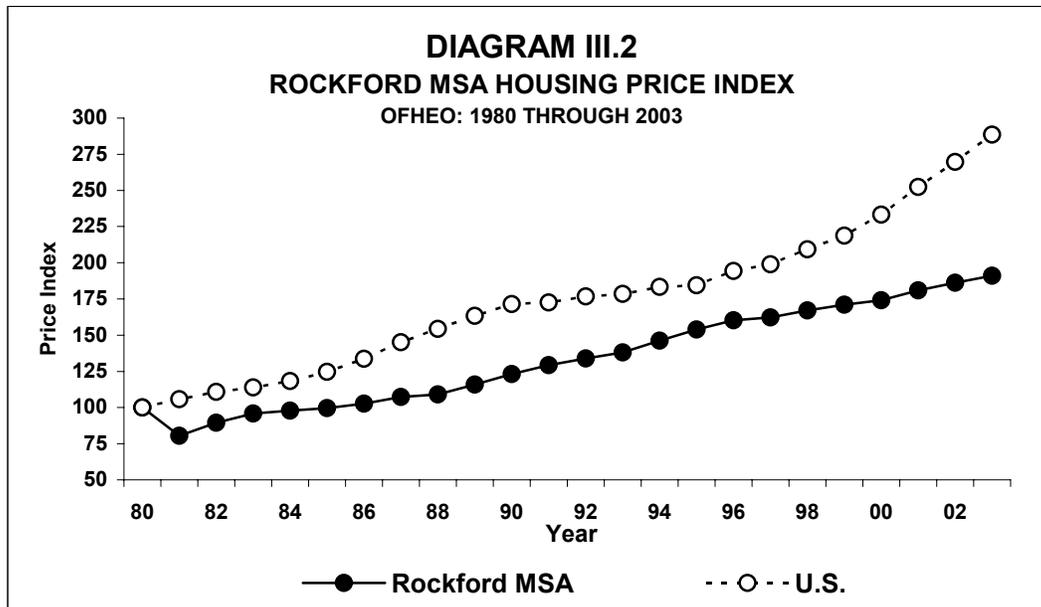
Dwelling Type	Northwest	Northeast	Southeast	Southwest
Single-family rural	128,932	143,797	91,820	46,460
Single-family	67,012	125,128	73,644	38,599
Duplex	57,062	136,838	64,246	40,902
Tri-plex	62,818	117,604	51,385	37,018
Four-plex	108,263	162,435	76,688	54,822
Five-plex	98,809	228,675	59,274	41,503
Six-plex	139,455	250,376	77,821	40,052
Condo unit	77,218	104,912	108,999	.

The average market value of single-family dwellings was low in the Southwest, with an average of just \$38,599 as of January 1, 2003. This was vastly different from the average market value in the Northeast quadrant, which was \$125,128. The long-term enhancement of the City is dependent upon taking steps to enhance the desirability, and therefore market prices, of properties in several areas of the City, particularly those areas with the lowest market values.

Another indicator of housing costs relates to the Office of Federal Housing Enterprise Oversight (OFHEO). The OFHEO, the regulatory agency for Fannie Mae and Freddie Mac, tracks average housing price changes for single-family homes and publishes a Housing Price Index (HPI) reflecting price movements on a quarterly basis. This index is a weighted repeat sales index, meaning it measures average price changes in repeat sales or refinancing on the same properties. This information was obtained by reviewing repeat mortgage transactions on single-family properties whose mortgages were purchased or securitized by Fannie Mae or Freddie Mac since January 1975.²⁰ Nationwide, there were over 21.2 million repeat transactions in this database, which is computed monthly. All indexes, whether MSA or national, were set equal to 100 as of the first quarter of 1980.

Diagram III.2, on the following page, presents data from the first quarter of each year, from 1980 through 2003. As seen therein, the Rockford MSA index lost ground during the recession of 1981 through 1982. While prices increased in the MSA area, they rose considerably more slowly than prices nationally.

²⁰ Office of Federal Housing Enterprise Oversight, news release, June 2, 2003.



Housing Characteristics and Conditions

The four quadrants of the City experienced housing development at different times. In 2000, 2,724 units, or 48.8 percent, of all of Rockford's new housing units were located in the Northeast quadrant, as seen in Table III.10, below.

TABLE III.10
VINTAGE OF OCCUPIED HOUSING STOCK IN ROCKFORD
2000 DECENNIAL CENSUS

Housing Vintage	Northeast	Northwest	Southeast	Southwest	City of Rockford
Built 1990 to March 2000	2,724	525	2,096	234	5,579
Built 1980 to 1989	2,756	364	1,563	247	4,930
Built 1970 to 1979	2,646	1,133	2,995	940	7,714
Built 1960 to 1969	2,491	2,177	4,311	895	9,874
Built 1950 to 1959	2,454	3,333	4,254	1,165	11,206
Built 1940 to 1949	855	1,901	3,288	1,030	7,074
Built 1939 or earlier	1,972	3,737	5,387	1,728	12,824
Total Occupied Housing Units	15,850	13,170	23,894	6,232	59,158
Percent Housing Built Prior to 1940	12.4%	28.4%	22.5%	27.7%	21.7%
Percent Housing Built During 1990s	17.2%	4.0%	8.8%	3.8%	9.4%

Significantly fewer new housing units were developed either in the Southwest or Northwest quadrants. Housing development over the last decade in those two quadrants represented 4.2 and 9.4 percent of the newest housing stock, respectively. These two quadrants tend to have a significantly older housing stock, with 27.7 percent of stock in the Southwest and 28.4 percent of stock in the Northwest constructed prior to 1940.

These relatively large clusters of older housing units, when located in areas with low-income householders, tend to have a higher incidence of deferred maintenance. If these trends were to persist, they would represent a risk to the future health of this portion of the City's housing stock.

The Rockford Township Assessor data also contains information about the characteristics and condition of dwellings. The average size of a single-family urban home in the City of Rockford was 1,438 square feet. The Southwest quadrant typically had smaller units, in the 1,210 square foot range, with the Northeast having the largest, nearly 1,800 square feet, as seen in Table III.11, below.

TABLE III.11
AVERAGE SIZE OF HOUSING UNITS IN ROCKFORD
ROCKFORD TOWNSHIP ASSESSOR: SQUARE FEET ABOVE GROUND

Dwelling Type	Quadrant				Average
	Northwest	Northeast	Southeast	Southwest	
Single-family rural	2,043	2,063	1,576	856	1,790
Single-family	1,328	1,794	1,254	1,210	1,438
Duplex	997	1,184	1,011	928	1,011
Tri-plex	772	793	705	634	708
Four-plex	833	846	761	736	798
Five-plex	801	1,129	586	562	803
Six-plex	701	946	532	676	778
Condo unit	1,202	1,367	1,399	.	1,373

Part of the Assessor data describes the grade of the structure, which represents the quality of materials and workmanship used in the original construction of the unit. The grade is distinctly different from a physical condition rating, which will be discussed later. The grade of a structure is assigned during field inspections. For example, two buildings may be built from the same general floor plan, each offering exactly the same facilities and with the same specific features, but the value of one unit may be more than double the other simply due to its grade, the quality of its materials and workmanship.

The data provides four basic grades: excellent, good, average, and cheap, but the Rockford Township Assessor added two additional grades, one at each extreme. "Prestige" represents a grade 50 percent higher than excellent, while "low grade and inferior" involves the use of low grade materials and inferior workmanship and lacks sufficient, normal facilities.²¹

Citywide, 88 percent of all dwellings were constructed of average grade. The Northeast quadrant had all of the City's prestige homes and 97 percent of all the excellent grade homes. The Northeast also had the fewest homes built with a cheap grade. The Southeast had the greatest number of homes graded as cheap, 565 units. The Southwest quadrant had no homes built with good or better grade materials and workmanship, and had the largest share of cheap housing units, with 9.2 percent of its stock classified as cheap.

²¹ Rockford Township Assessor appraisal handbook, Page P2.

These statistics are presented in Table III.12, below. Homes using cheap materials and workmanship imply a significantly greater maintenance burden for the homeowner. When these homes are located in areas with lower incomes, deferred maintenance may occur.

TABLE III.12
QUALITY OF MATERIALS AND WORKMANSHIP
ROCKFORD TOWNSHIP ASSESSOR: NUMBER OF DWELLINGS

Grade	Total by Quadrant				Total
	Northwest	Northeast	Southeast	Southwest	
Prestige	0	266	0	0	266
Excellent	21	616	0	0	637
Good	204	2,352	561	0	3,117
Average	10,832	9,632	14,463	2,867	37,794
Cheap	221	15	565	292	1,093
Low grade and inferior	0	0	1	0	1
Total	11,278	12,881	15,590	3,159	42,908

The Assessor data includes a composite indicator related to the property’s physical condition, its desirability, and the overall usefulness of the structure, termed the CDU.²² The Assessor assigned the ratings in the following fashion:

- Excellent: Perfect condition; very attractive and highly desirable.
- Very good: Slight evidence of deterioration; still attractive and quite desirable.
- Good: Minor deterioration visible; slightly less attractive and desirable, but useful.
- Average: Normal wear and tear is apparent; average attractiveness and desirability.
- Fair: Marked deterioration, but quite usable; rather unattractive and undesirable.
- Poor: Definite deterioration is obvious; definitely undesirable and barely usable.
- Very poor: Approaches unsoundness; extremely undesirable and barely usable.
- Unsound: Unsound and practically unfit for use.

The Assessor extended the lower-end categories to better discriminate between them, adding “poor minus” and “very poor minus” as categories. Table III.13, on the following page, presents the CDU by quadrant and for the City as a whole. The Northeast quadrant had the greatest number of homes with an excellent or very good CDU. The Northwest had a few excellent and very good homes, but the Southeast had just seven very good units, and the Southwest had no units with a CDU of excellent, very good, or good.

The Assessor termed all West Side Alive homes, new dwellings the City produced, as having an “average” CDU. Citywide, 2,441 units were given a CDU of “poor minus,” meaning these structures likely were in a state of serious deterioration. Some 1,769 units were given a CDU of very poor, meaning they were barely fit for habitation. Another 89 structures were given a “very poor minus” rating, and 120 structures were found to be unsound and unfit for habitation.

²² Rockford Township Assessor appraisal handbook, page 27.

TABLE III.13
CONDITION, DESIRABILITY, AND USEFULNESS OF DWELLINGS
ROCKFORD TOWNSHIP ASSESSOR: NUMBER OF DWELLINGS

CDU	Total by Quadrant				Total
	Northwest	Northeast	Southeast	Southwest	
Excellent	109	496	0	0	605
Very Good	88	1,292	7	0	1,387
Good	1,772	5,069	2,404	0	9,245
Average	3,680	5,411	7,064	40	16,195
Fair	2,717	364	2,818	615	6,514
Poor	1,323	188	2,088	944	4,543
Poor minus	879	31	667	864	2,441
Very poor	655	27	464	623	1,769
Very poor minus	22	2	31	34	89
Unsound	33	1	47	39	120
Total	11,278	12,881	15,590	3,159	42,908

Aggregating CDU classes of very poor, very poor minus, and unsound, the data suggests blighted conditions exist for as many as 1,978 housing units. While rehabilitation is a possibility for these three lower grades, investments in improving these properties may significantly exceed market prices. This is especially true in the Southwest quadrant, where current home market values are only about \$38,600.

The Assessor data was segmented by type of dwelling unit. Table III.14, below, presents the CDU information for single-family units. The three lowest ratings comprise 1,192 single-family units, 81 percent of which are in the City's Southwest and Southeast quadrants. The difference between the three lowest ratings from Table III.13 and III.14, very poor through unsound, is about 786 units. This value represents apartment units, from duplex through six-plex structures. With weakness in the rental markets in all quadrants of the City except the Northeast, investments to improve the properties are problematic. Facilities such as Concord Commons are not included in this data.

TABLE III.14
CONDITION, DESIRABILITY, AND USEFULNESS OF DWELLINGS
ROCKFORD TOWNSHIP ASSESSOR: SINGLE-FAMILY DWELLINGS

CDU	Total by Quadrant				Total
	Northwest	Northeast	Southeast	Southwest	
Excellent	108	495	0	0	603
Very Good	87	1,290	0	0	1,377
Good	1,690	4,870	2,274	0	8,834
Average	3,464	3,988	5,968	36	13,456
Fair	2,354	279	2,307	583	5,523
Poor	1,109	186	1,303	829	3,427
Poor minus	738	30	320	655	1,743
Very poor	483	27	171	409	1,090
Very poor minus	12	2	8	20	42
Unsound	19	1	20	20	60
Total	10,064	11,168	12,371	2,552	36,155

The 2000 Census also reported data on housing conditions, although the information related only to whether the housing units lack complete plumbing or kitchen facilities. Table III.15, below, provides data concerning plumbing conditions. Data concerning the lack of kitchen facilities is also located in Table III.16, below.

TABLE III.15
PLUMBING FACILITIES
1990 AND 2000 CENSUS BY QUADRANT, ROCKFORD, ILLINOIS

QUADRANT	1990			2000		
	Complete Plumbing Facilities	Lacking Plumbing Facilities	Total	Complete Plumbing Facilities	Lacking Plumbing Facilities	Total
Northeast	13,397	19	13,416	16,488	15	16,503
Northwest	14,268	8	14,276	14,094	82	14,176
Southeast	22,876	79	22,955	25,618	212	25,830
Southwest	7,420	79	7,499	6,998	100	7,098
Total Housing Units SF	57,961	185	58,146	63,198	409	63,570

TABLE III.16
KITCHEN FACILITIES
1990 AND 2000 CENSUS BY QUADRANT, ROCKFORD, ILLINOIS

QUADRANT	1990			2000		
	Complete Kitchen Facilities	Lacking Kitchen Facilities	Total	Complete Kitchen Facilities	Lacking Kitchen Facilities	Total
Northeast	13,395	21	13,416	16,326	177	16,503
Northwest	14,195	81	14,276	14,051	125	14,176
Southeast	22,813	142	22,955	25,633	197	25,830
Southwest	7,396	103	7,499	7,024	74	7,098
Total Housing Units	57,799	347	58,146	63,034	573	63,570

Between 1990 and 2000, the number of housing units lacking complete plumbing facilities more than doubled, from 185 to 409 units, and the number of units lacking complete kitchen facilities increased 65.1 percent, from 347 to 573 units. The Northeast quadrant was the only one with fewer units lacking complete plumbing facilities in 2000, while the Southwest was the only quadrant with fewer units lacking complete kitchen facilities. In 2000, the Southeast quadrant had both the greatest number of units lacking complete plumbing facilities, with 212, and the greatest number lacking complete kitchen facilities, with 197. These statistics imply that an increasing number of housing units are not being sufficiently maintained.

Lead-Based Paint Hazards

Environmental issues play an important role in the quality of housing. Exposure to lead-based paint, which is more likely in older homes, is one of the most significant environmental threats posed to homeowners and renters.

Medical understanding of the harmful effects of lead poisoning on children and adults in both the short and long-term is increasing. Evidence shows lead dust is a more serious hazard than ingestion of paint chips. Dust from surfaces with intact lead-based paint is pervasive and

poisonous when inhaled or ingested. Making the situation more difficult is the fact that lead dust is so fine it is not collected by conventional vacuum cleaners.

Lead-based paint was banned from residential use in 1978 because of the health risk it posed, particularly to children. Homes built prior to 1980 have some chance of containing lead-based paint on interior or exterior surfaces. The chances increase with the age of the housing units. Housing units built before 1940, which make up some 21 percent of the housing units in the City of Rockford, are much more likely than are newer homes to contain lead-based paint.

HUD established estimates for determining the likelihood of housing units containing lead-based paint. These estimates are as follows:

- 90 percent of units built before 1940;
- 80 percent of units built between 1940 and 1959; and,
- 62 percent of units built between 1960 and 1979.

Units at Risk of Lead Hazards. Because most housing units in the City were built prior to 1980, lead-based paint hazards are a significant problem in the City. The HUD estimates noted above were applied to occupied units and are portrayed in Table III.17, below, to show the extent of the problem in Rockford. In 2000, the City had over 37,000 housing units at risk of lead-based paint hazards, or nearly 63 percent of the City's entire stock of housing.²³

TABLE III.17
UNITS AT RISK OF LEAD-BASED PAINT HAZARDS
CITY OF ROCKFORD, 2000 CENSUS

Year Structure Built	Owner- Occupied Units at Risk	% of 2000 Housing Stock	Renter- Occupied Units at Risk	% of 2000 Housing Stock	Total Occupied Units at Risk	% of 2000 Housing Stock
1939 or earlier	7,196	19.82	4,346	18.98	11,542	19.50
1940 to 1949	3,494	9.63	2,165	9.45	5,659	9.56
1950 to 1959	6,412	17.66	2,553	11.15	8,965	15.14
1960 to 1979	6,145	16.93	4,760	20.79	10,905	18.42
Total	23,247	64.03	13,823	60.37	37,070	62.62

Other factors besides the age of the housing unit help to determine the risk for lead-based paint problems. These factors include the condition of the housing, tenure (*i.e.*, renter or owner), and household income. Households with young children are also at greater risk because young children have more hand-to-mouth activity and absorb lead more readily than do adults. The two factors most correlated with the presence of lead-based paint hazards are low-income and rental status. Low-income residents are less likely to be able to afford proper maintenance of their homes, leading to issues such as chipped and peeling paint. Renters are not as likely to renovate their own homes, and rental property owners may not renovate their properties as often as homeowners renovate their own residences.

²³ For a breakdown of this data by quadrant see Appendix C.

These correlations are borne out by data for Rockford. When the number of units with lead-based paint risks were segmented by income and tenure, a higher concentration of the at-risk units were found to be rentals occupied by lower-income households. Of the 23,014 renter households in the City, 10,941, or 47.5 percent, were low- to moderate-income households facing potential lead-based paint hazards. This is significantly more than the 30 percent of low- to moderate-income homeowners who face the potential of lead-based paint hazards, as seen in Table III.18, below.

TABLE III.18
LOW- TO MODERATE-INCOME (LMI) HOUSEHOLDS
AT RISK OF LEAD BASED PAINT HAZARDS
CITY OF ROCKFORD, 2000 CENSUS

Unit Vintage	0-30% MFI	30-50% MFI	50-80% MFI	80-95% MFI	Total LMI Households
LMI Homeowners					
1939 or earlier	614	881	1,521	747	3,763
1940 to 1949	304	328	835	382	1,849
1950 to 1959	392	663	1,354	655	3,064
1960 to 1979	284	405	1,034	523	2,246
Total	1,594	2,278	4,743	2,306	10,921
LMI Renters					
1939 or earlier	1,292	890	1,043	339	3,564
1940 to 1949	666	367	521	226	1,780
1950 to 1959	561	596	583	246	1,986
1960 to 1979	1,437	762	1,024	388	3,611
Total	3,958	2,614	3,171	1,198	10,941
Total					
1939 or earlier	1,906	1,771	2,564	1,086	7,327
1940 to 1949	970	695	1,356	608	3,629
1950 to 1959	953	1,259	1,937	901	5,050
1960 to 1979	1,721	1,167	2,058	911	5,857
Total	5,552	4,892	7,914	3,504	21,862

Suitability Criteria

The City defined properties as standard condition or substandard condition properties. Substandard refers to the physical condition of the property, which must have obvious signs of deterioration, with some aspects of the structure approaching unsound or uninhabitable conditions. All other structures, while potentially having deferred maintenance and other problems, are considered to be of standard condition. The City adopted one definition to guide its investments in rehabilitation of residential property. The term “substandard condition but suitable for rehabilitation” is used to define a residential property, constructed with sufficient quality in workmanship and materials, that can experience rehabilitation investments such that the investment, plus any other outstanding debt on the property, will not exceed reasonable current market value of the property after the investment.

Housing Production

Statistics related to building permits, separated by quadrant, were not available for this research, but the City of Rockford Building Department was able to provide citywide building permits and demolitions for the period from 1981 through September 2003. Strong housing production was seen during the late 1980s in duplex construction. Multi-family units, comprising structures with five or more units, saw a peak construction period during 1995, when 445 units were added to the City's housing stock. The slowest year for permitting was the recession year of 1982, when just 83 units were permitted.

Over the entire period, new single-family permits were frequently issued. The peak period was reached in 1994, when 304 single-family units were permitted. The total value of new single-family construction was highest during 1991, when the value reached \$113,278. This data and level of price correspond with the highest sales price data seen in the Assessor's database. Today, the average value of new construction is considerably lower, just \$63,955.²⁴ These production statistics are presented in Table III.19, below.

TABLE III.19
CITY OF ROCKFORD PERMITTED NEW CONSTRUCTION
1981 THROUGH SEPTEMBER 2003

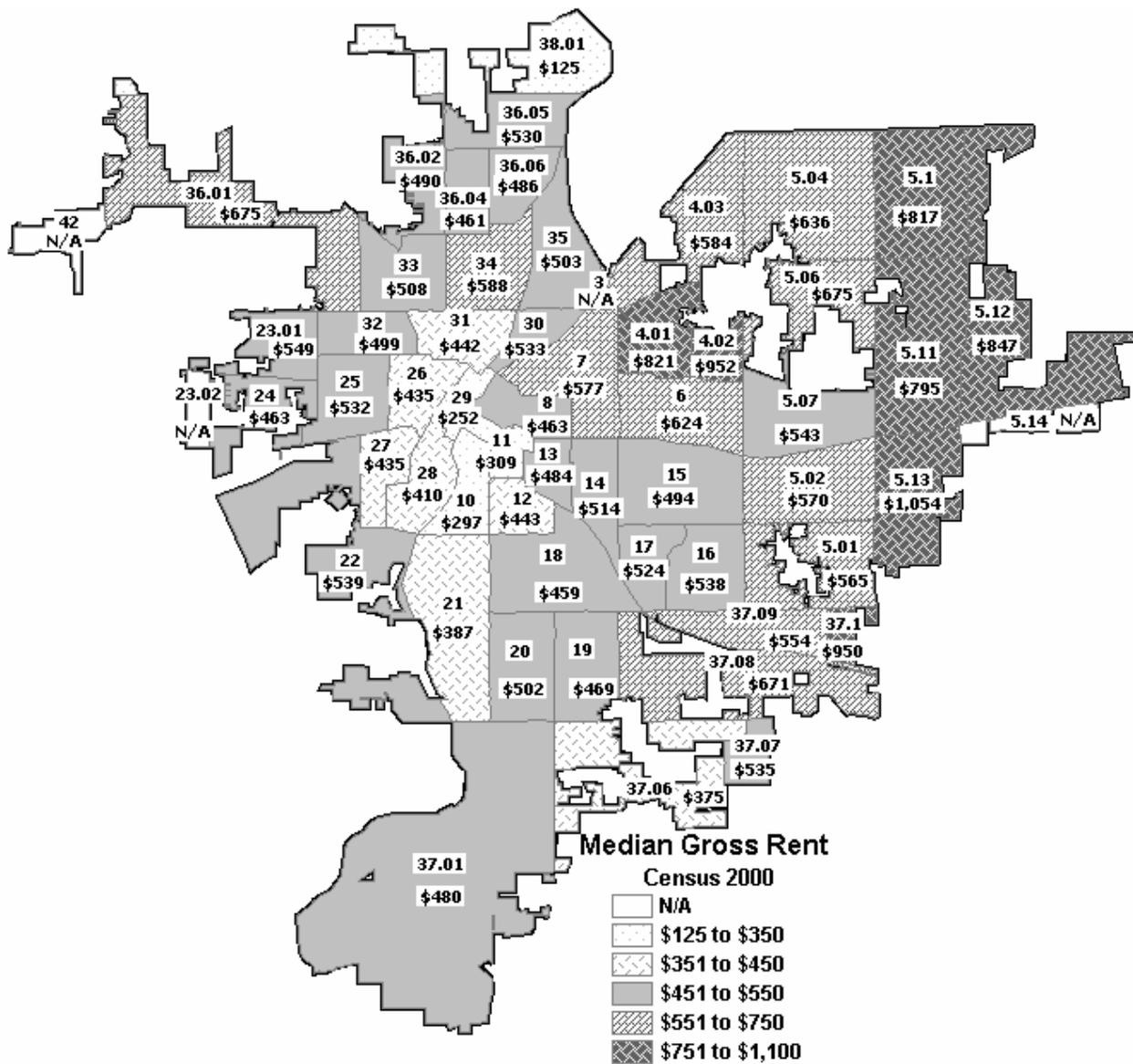
Year	Single-family units	Real Value of SF Construction Per unit, 2002 \$	Duplex Units	Tri and Four-Plex Units	Multi-family Units	Demolitions	Total Units
1981	100	82,141	20	24	58	69	202
1982	61	75,640	14	8	0	54	83
1983	74	70,700	34	36	72	44	216
1984	71	85,439	32	52	41	74	196
1985	133	96,350	40	36	47	60	256
1986	197	92,147	54	40	0	58	291
1987	214	102,328	168	96	36	74	514
1988	259	103,974	240	194	0	86	693
1989	252	103,230	208	118	0	108	578
1990	235	110,800	92	19	0	123	346
1991	277	113,278	86	12	8	84	383
1992	251	97,606	132	16	110	87	509
1993	251	88,102	94	36	8	89	389
1994	304	82,501	70	3	45	96	422
1995	289	71,305	102	0	445	88	836
1996	268	67,881	88	24	160	78	540
1997	222	64,767	28	20	168	74	438
1998	160	69,765	40	16	50	104	266
1999	205	75,504	40	0	75	102	320
2000	212	79,429	38	0	45	146	295
2001	225	80,592	30	108	110	169	473
2002	280	67,483	88	136	12	131	516
2003	178	63,955	90	39	0	50	307

²⁴ The 2003 value is expressed in nominal terms.

Housing Affordability

The affordability of housing in the City of Rockford is a function of the cost of housing in relation to the income levels of persons living in the City. Diagram III.3, below, shows the median gross rent in numbered Census Tracts for 2000. The highest rents were found in the Northeast quadrant of the City. The lowest rents were clustered primarily along the border between the Southeast and Southwest quadrants.

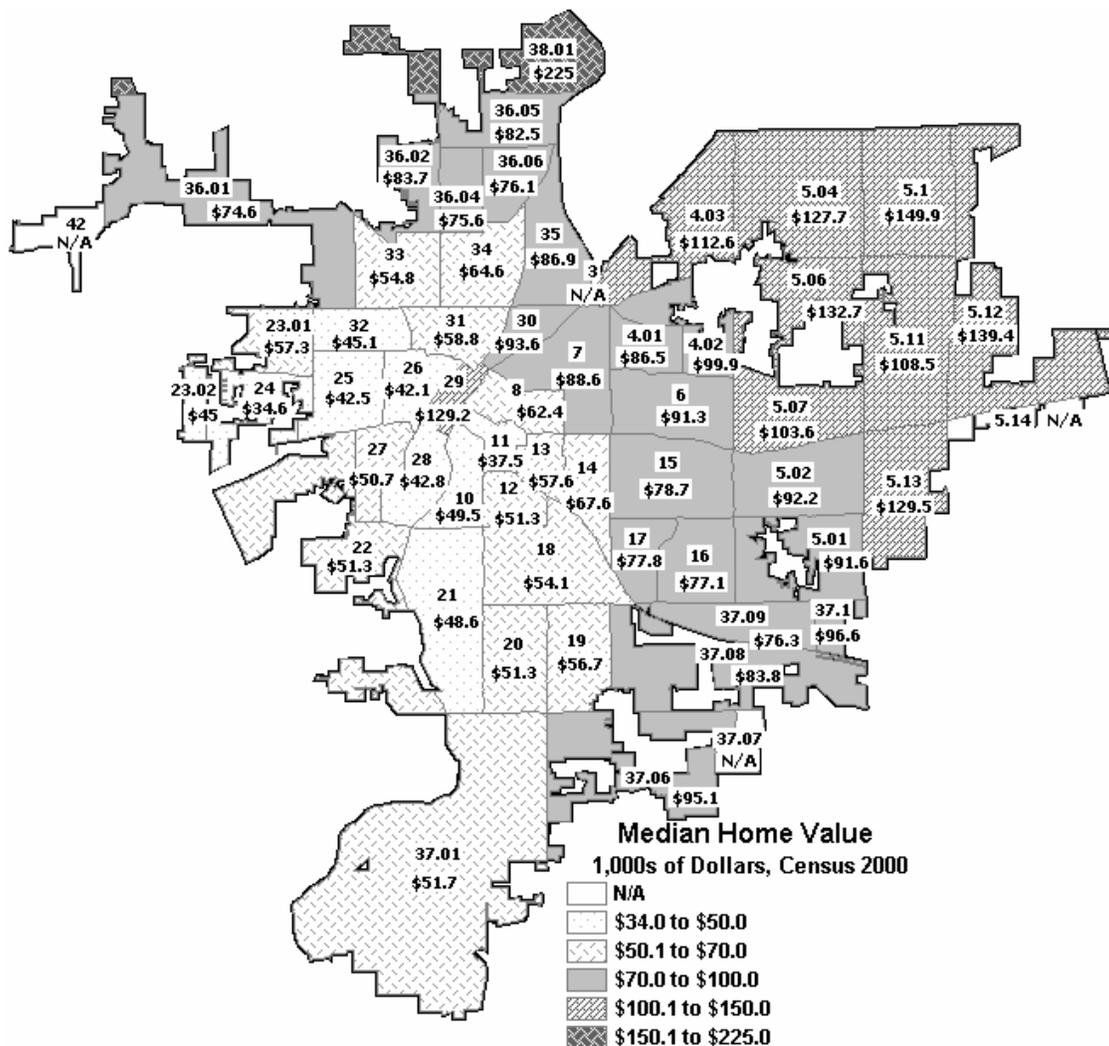
DIAGRAM III.3
Rockford, Median Gross Rent by Census Tract, Census 2000



In 2000, median home values in the City were clustered in a manner similar to the rent cost shown on the previous page. The highest home values were found in the Northeast quadrant, where median home values ranged as high as about \$150,000. The lowest costs were found primarily in the Southeast and Southwest quadrants, where the median home value was as low as \$37,500.

Interestingly, the Census Tract with the highest median home value in the City of Rockford was in the Northwest quadrant, at \$225,000. This implies that rehabilitation activity on residential dwellings may be more economically feasible and marketable when property values are this high. These statistics, as well as the remainder for all Census Tracts in the City of Rockford, are presented in Diagram III.4, below.

DIAGRAM III.4
Rockford, Median Home Value (1,000s of Dollars) by Census Tract, Census 2000



Public and Assisted Housing

The Rockford Housing Authority (RHA) currently has 2,010 low-income public housing units. The physical condition of the 2,010 units ranges from fair to good. The units are in need of standard, day-to-day maintenance and repairs, along with scheduled restorations (*e.g.*, roofs, gutters, exterior doors, furnaces, etc.).²⁵

The Section 504 needs assessment is currently set at 5 percent of the housing stock. To improve the management and operation of the public housing and to improve the living environment of low and moderate-income families residing in public housing, the RHA retained the services of an experienced public housing director. This person now manages the Housing Operations Department. The director oversees both day-to-day maintenance and management issues and is currently restructuring both departments to ensure efficiency and standardization of the process.

The public housing developments in the jurisdictions participating in an approved HUD Comprehensive Grant program include the following:

Family	High-Rise	Low-Rise
Blackhawk	Brewington Oaks	Buckbee
Fairgrounds	Olesen Plaza	Midvale
Jane Addams	North Main Manor	Summit Green
Orton Keyes		

A new parking lot and street is now located at the Orton Keyes Development. The City of Rockford funded \$50,000 for the project, while the Rockford Housing Authority provided the balance of payment with CFP 709 and 710 funds for those and adjoining work. The City of Rockford also has a 50-50 payment process for the replacement of public sidewalks. These are examples of coordinated or jointly funded activities funded with the public housing Comprehensive Grant program.

In an effort to revitalize a neighborhood surrounding a public housing project, the City of Rockford currently is seeking replacement of the Morgan Street Bridge, which will re-align just south of its current location. This replacement will help provide ready access to both sides of the City, enhancing economic opportunities for residents on the west side of the City and providing economic opportunities for both businesses and visitors to the City. The bridge replacement will go through the Jane Addams Family Development, which is a dual housing development with the twin towers of Brewington Oaks High Rise Development. The percent of housing demolition for the roadway is 7 percent.

The RHA is seeking to leverage its Capital Funding dollars to demolish the remaining portion of Jane Addams, which equates to 9 percent of the overall property. Those residents living in the Jane Addams portion of the property will be provided either with transfers into other public housing, with scattered site units, or with Section 8 vouchers.

²⁵ This data provided by Paul Hackerson, March 11, 2004.

The Winnebago County Health Department has an on-site clinic at Blackhawk Development and offers special health screening tests, providing dental care for children. Lifescape workers provide outreach services to residents in both high rises and low rises. Recreational opportunities and programs are provided in family developments by the Blackhawk Boys and Girls Club, Camaraderie Arts, and Faith Center.

There are two assisted housing aspects with the RHA. The Section 8 Voucher program is currently set without any indication of reduction at this time. Concord Commons Family Development on the west side of the City is a Section 8-funded development. The RHA is currently working with the Winnebago County Housing Authority (WCHA) which has a HOPE VI Demolition/Revitalization Grant. It is the hope of the RHA to partner with the WCHA either to revitalize or demolish Concord Commons.

Housing Needs Forecast

Population. The University of Illinois College of Medicine, Health Systems Research, prepared a forecast of population for Winnebago County, as well as the City of Rockford, in five-year increments.²⁶ Growth inside the City is assumed to expand at the same rate as the County for the next 25 years, through 2025. This citywide growth rate was applied uniformly to each of the quadrants.²⁷ While this growth does not correspond with recent trends for the Northwest and Southwest quadrants, forecasting a continuation of decline for these areas will not prove practical because the City intends to change this trend. Consequently, the population declines seen on the west side no longer occur in the forecast. Table III.20, below, presents the population forecast by quadrant and for the City in its entirety.

TABLE III.20
CITY OF ROCKFORD POPULATION FORECAST
BY QUADRANT 2000 THROUGH 2025

Year	NE	NW	SE	SW	TOTAL
2000	39,146	33,894	58,143	18,932	150,115
2005	39,816	34,474	59,139	19,256	152,686
2010	40,533	35,095	60,203	19,603	155,434
2015	41,344	35,797	61,407	19,995	158,543
2020	42,253	36,584	62,758	20,435	162,031
2025	43,267	37,463	64,265	20,925	165,920

The forecast predicts that by the year 2025, the City of Rockford will gain more than 15,000 residents, reaching nearly 166,000 persons. The Southeast quadrant will remain the largest, rising to 64,265 people. The Southwest quadrant will remain the least populated but will increase to 20,925 persons.

²⁶ Data for this forecast was received from Joel B. Cowen, Assistant Dean, College of Medicine at Rockford in 2003.

²⁷ This forecast does not include annexations over the forecast horizon.

Persons per household trends slightly down at first, but levels off citywide by the close of the forecast period. The quadrant with the largest declines in persons per household continues to be the Northeast quadrant, falling from 2.47 in 2000 to 2.35 by the year 2025. These data are presented in Table III.21, below.

TABLE III.21
CITY OF ROCKFORD PERSONS PER HOUSEHOLD FORECAST
2000 THROUGH 2025

Year	NE	NW	SE	SW	TOTAL
2000	2.47	2.56	2.44	3.04	2.54
2005	2.43	2.54	2.41	3.03	2.51
2010	2.40	2.52	2.39	3.03	2.49
2015	2.37	2.51	2.38	3.02	2.47
2020	2.36	2.50	2.37	3.02	2.46
2025	2.35	2.50	2.36	3.02	2.46

Household Formation. Because persons per household are expected to decline slightly over the course of the forecast, household formation increases more quickly than population growth. Citywide, total households are expected to increase to 67,513 by 2025. The Southeast will still have the most households, with 27,176, as seen in Table III.22, below.

TABLE III.22
CITY OF ROCKFORD HOUSEHOLD FORMATION FORECAST
2000 THROUGH 2025

Year	NE	NW	SE	SW	TOTAL
2000	15,850	13,223	23,853	6,232	59,158
2005	16,416	13,581	24,535	6,353	60,886
2010	16,922	13,919	25,171	6,477	62,489
2015	17,410	14,262	25,810	6,614	64,096
2020	17,899	14,622	26,473	6,764	65,758
2025	18,402	15,005	27,176	6,930	67,513

Homeownership. Because of recent trends and economic events, homeownership is anticipated to decline in all quadrants except the Southwest, which is expected to rise slightly, from 43.7 percent to 44 percent by 2025. This information is presented in Table III.23, below.

TABLE III.23
CITY OF ROCKFORD
HOMEOWNERSHIP RATES BY QUADRANT
2000 THROUGH 2025

Year	NE	NW	SE	SW	TOTAL
2000	71.7%	61.5%	58.4%	43.7%	61.1%
2005	71.5%	61.4%	58.3%	43.7%	61.0%
2010	71.3%	61.3%	58.3%	43.8%	61.0%
2015	71.1%	61.2%	58.2%	43.9%	60.9%
2020	70.9%	61.1%	58.2%	43.9%	60.8%
2025	70.7%	61.0%	58.1%	44.0%	60.7%

Even though declines in homeownership rates are expected, the total number of owner-occupied householders will increase in all City quadrants, reaching 40,992 by the year 2025. This represents an annual growth rate of just .5 percent per year, as presented in Table III.24, below.

TABLE III.24
CITY OF ROCKFORD HOMEOWNER FORECAST BY QUADRANT
2000 THROUGH 2025

Year	NE	NW	SE	SW	TOTAL
2000	11,365	8,131	13,927	2,721	36,144
2005	11,737	8,337	14,311	2,778	37,163
2010	12,063	8,530	14,667	2,837	38,097
2015	12,375	8,726	15,024	2,901	39,026
2020	12,686	8,931	15,395	2,971	39,983
2025	13,005	9,150	15,788	3,049	40,992

Renter households are expected to increase at .6 percent per year, reaching 26,521 households by the year 2025. In the forecast, the recent upswing in the demand for rental housing in the Northeast quadrant slows, reflecting slower population growth, as seen in Table III.25, below.

TABLE III.25
CITY OF ROCKFORD RENTER FORECAST BY QUADRANT
2000 THROUGH 2025

Year	NE	NW	SE	SW	Total
2000	4,485	5,092	9,926	3,511	23,014
2005	4,680	5,244	10,225	3,575	23,723
2010	4,859	5,389	10,504	3,640	24,392
2015	5,035	5,536	10,786	3,713	25,070
2020	5,213	5,691	11,078	3,793	25,775
2025	5,397	5,855	11,387	3,881	26,521

Income Distributions. The number of renter households in the lower-income categories is expected to continue to rise. Extremely low-income renter households, those with incomes from 0 to 30 percent of median family income (MFI), will increase from 6,524 in 2000 to nearly 7,500 by 2025. The forecast predicts 627 more very low-income households, those making from 30 to 50 percent of MFI. Renter households with incomes greater than 95 percent of MFI will expand the most, 16.1 percent over the 25-year forecast horizon, as seen in Table III.26, below.

TABLE III.26
RENTER FORECAST BY INCOME
CITY OF ROCKFORD 2000 THROUGH 2025

Year	0-30% MFI	30-50% MFI	50-80% MFI	80-95% MFI	95+% MFI	Total
2000	6,524	4,197	5,175	1,961	5,157	23,014
2005	6,713	4,323	5,337	2,023	5,327	23,723
2010	6,893	4,442	5,489	2,082	5,486	24,392
2015	7,076	4,563	5,643	2,140	5,647	25,070
2020	7,268	4,690	5,803	2,201	5,812	25,775
2025	7,473	4,824	5,972	2,266	5,987	26,521

These increasing numbers of lower-income households are expected to continue to place significant pressure on the City's housing resources. The number of extremely low-income homeowners will rise from 2,262 in 2000 to more than 2,500 by 2025. Households with incomes greater than 95 percent of MFI will expand by the greatest percent, however, 13.6 percent over the next 25 years, as seen in Table III.27, below.²⁸

TABLE III.27
CITY OF ROCKFORD HOMEOWNER FORECAST BY INCOME
2000 THROUGH 2025

Year	0-30% MFI	30-50% MFI	50-80% MFI	80-95% MFI	95+% MFI	Total
2000	2,262	3,182	6,801	3,436	20,464	36,144
2005	2,322	3,268	6,987	3,531	21,055	37,163
2010	2,378	3,348	7,159	3,619	21,593	38,097
2015	2,435	3,429	7,332	3,707	22,124	39,026
2020	2,494	3,512	7,511	3,797	22,669	39,983
2025	2,557	3,601	7,701	3,893	23,240	40,992

Summary of Housing Market Analysis

The preceding housing market analysis offers a number of facts, data, and trends affecting the character of Rockford's housing markets. The highlights include:

- Total housing stock in the City rose 9.3 percent over the decade; however, the housing stock increased nearly 23 percent in the Northeast quadrant. While the number of housing units in the Southeast quadrant rose 12.2 percent, the number of units in both the Northwest and Southwest quadrants declined between 1990 and 2000, falling 0.6 percent and 4.8 percent, respectively.
- Occupied housing units in the City rose more slowly than total housing production, thereby causing vacancy rates to increase. Occupied rental units rose over 30 percent in the Northeast, at the same time that vacancy rates fell in this quadrant. On the other hand, rental vacancy rates in the Northwest, Southeast, and Southwest quadrants are now relatively high, at 8.7, 9.5, and 8.6 percent, respectively.
- Over 82 percent of Rockford's occupied housing stock was constructed prior to 1980. Over 33 percent was built prior to 1950. Older housing increases the risk of lead-based paint hazards. There are likely to be over 37,000 units with such lead-based paint hazards in the City, with nearly 60 percent of these in low- to moderate-income households.
- Housing prices in the City are appreciating slowly. While housing prices have risen for the last several years and reached an average price of \$97,267 in 2002, analysis of the Rockford Township Assessor data indicates sales prices in real 2002 dollars were highest in 1991, when they reached an average of \$101,089. These statistics are substantiated further by construction data from the City's Building Department, which indicate the highest real value of construction also occurred in 1991, when the construction value was \$113,278. Recent economic events suggest housing prices may continue to be soft in Rockford.

²⁸ Data for both renters and homeowners are presented by quadrant and five-year increment in Appendix D.

- While vacancy rates have risen, vacant housing that is neither for sale nor for rent jumped 18.4 percent, rising to 1,212 units in 2000, about 2 percent of the City's housing stock. This is a faster rate than the overall expansion of the housing stock, and occurred during a time period in which the City demolished 925 housing units. Current vacant housing units are located primarily in the Southwest, the Northwest, and Southeast quadrants of the City, with the Southwest having 5 percent of its stock vacant and not for sale or for rent. Additionally, the Rockford Township Assessor classified 1,978 housing units as approaching unsound, undesirable, and barely useful status, of which 786 are units in buildings with two to six dwelling units.
- The population in the City of Rockford will continue to rise over the next 25 years, reaching 165,920 by 2025. This population will reside in 67,513 households, of which 40,992 will be homeowners and 26,521 will be renters.