

Draft
Health and Human Services Committee
Minutes
February 4, 2008

The Health and Human Services Committee of the DeKalb County Board met on Monday, February 4, 2008 @ 6:30p.m. in the Administration Building's Conference Room East. Chairman Robert Rosemier called the meeting to order. Members present were Julia Fullerton, Richard Osborne and Paul Stoddard. Ms. LaVigne and Mr. Metzger, Sr. were absent. A quorum was present. Others present were Mary Ramp, Diane Hammon, Herb Rubin, Brian Grainger, Dan McClure, Sal Bonanno and Benji Feldman.

APPROVAL OF THE AGENDA

Moved by Ms. Fullerton, seconded by Mr. Osborne, and it was carried unanimously to approve the agenda as amended.

A DISCUSSION OF HOUSING IN DEKALB COUNTY

Chairman Rosemier began the meeting with a brief description of why he has called this meeting. He has decided to hold meetings dealing with the affordable housing situation in DeKalb County. He explained that he might hold a third meeting in March with the Cities and mortgage lenders on affordable housing.

Chairman Rosemier then introduced Mr. Herb Rubin, Chairman of the DeKalb County Housing Action Coalition (DCHAC), to the committee. Mr. Rubin passed out his study (attached to these minutes) titled "Workforce Housing in DeKalb County" that he had previously sent out to all County Board Members in the fall of 2007.

Mr. Rubin said that he finished the report just before the current "crunch" in housing occurred. He said that the coalition's goal was to determine if working families are able to find housing of quality, while expending no more than 30% of their income. The conclusion is that doing so is increasingly more difficult.

He continued by stating that in the last six years, from 2000 to 2006, the average sales price of homes in DeKalb County increased by over 50% from \$138,000 to \$212,000, while median family income rose less than 13%. Currently, a sizable percentage of those already housed are spending more than the recommended 30% of their income on housing costs. The price of both new and existing homes that have been sold in the last six years exceeds what many working families, even those with two incomes, could pay without exceeding 30% of their income. (This is also true of current homeowners if they were to purchase a new home in today's market.)

Some of the items that Mr. Rubin pointed out to the committee that relates to DeKalb County in his study are the following.

When calculating how much a household can afford to spend on housing, real estate professionals tend to multiply household income by 2.5. DCHAC used a multiplier of 3, thereby actually over-estimating the affordability of housing for a workforce household (i.e. under estimating the accessibility). Finally, households that include un-related individuals who are living together tend to have less income than do families. In DeKalb County the respective median income for families, according to the U.S. Census figures, is \$65,567, while household income (unrelated people) is substantially lower at \$56,963. This analysis focuses on the higher family income, again underestimating the problem.

According to the most recent *American Community Survey*, the estimated average value of the 36,000 homes in DeKalb County was \$177,100, while the sales costs of the 2400 homes sold recently averaged \$212,694 for new and existing homes. DCHAC's focus was on the future growth of the county, so current sales prices were used as estimates, as these prices are what new families and new workers are paying in today's market.

With these cautions in mind, it appears, at first glance, that housing in DeKalb County is affordable, at least in comparison to the cities to the east. With an estimated median family income of \$65,567 (and mean of \$74,265) current housing values at \$177,000 and a median housing sales price between \$207,000 - \$212,000, housing values are approximately 3 times family income, albeit higher than the preferred 2.5. For those people with a mortgage, a household income of \$57,000 can afford an existing typical median home. However, even with this apparently favorable situation, 37% of current owners with mortgages, 17% of owners without mortgages, and 59% of renters, spend 30% or more of their household income on housing in DeKalb County.

A half a decade ago, almost all homes were sold for less than \$160,000, with 60% selling for less than \$100,000. Five years later, only a little over one-third was available for under \$100,000. For larger homes just seven years ago, 40% sold for less than \$160,000, while today, only 13% are within that price range. Calculations based on county data indicate that between 1996 and 2006 median housing costs have gone up by 77%, with the least expensive homes increasing in cost by 91%.

In 2005, if the 5,390 (or 24.2%) families with incomes less than \$35,000 had to purchase a home at today's prices, they could only afford to purchase 4.3% of the homes being sold. The bottom 7,706 (or 35%) of all families could only afford 15.2% of homes. A comparison of table 5 in the report and chart 1 in the report shows that the number of households that would be priced out of ownership today is far higher than just a few years ago.

In the last six years, fair market rents have increased at a slower rate than the sale prices of single-family homes. However, for a single wage earner

to afford a two-bedroom apartment a wage of almost \$15.00 an hour is required and \$19.35 is required to rent one with three bedrooms, placing DeKalb County as the 9th highest of the 102 Illinois counties in the state, according to the *DeKalb Quality of Life Report*. As Table 8 illustrates, these hourly rates exceed the wages for many occupational categories.

Estimates show that somewhere between 3,422 and 5,390 DeKalb County families (and between 9,870 and 14,223 households) do not have adequate income to afford the fair market rental for a two-bedroom unit. Using linear estimates, up to another 500 families and 750 households are unable to afford a three-bedroom unit.

Going back to discussing affordable housing, Mr. Rubin said, that using that data that he has compiled, how does a two-career family fare? As an example, he said, consider a family with one worker who is employed at the new logistics park in the central part of the County (making \$28,000 a year) and the other as a support person in the expanding health care field (making \$22,000 a year), providing a combined income of \$50,000. According to the data in Table 9, this working couple would only be able to afford a home costing approximately \$106,000. This is well below even the current value of homes, much less current sales prices.

Some of the public sector regulatory actions that this report recommends are the following:

“Discussion should be held to consider public sector decisions that impact the cost of housing. That is, density – reducing lot sizes can lower housing costs; density bonuses and inclusionary housing – to encourage buildings to provide less expensive homes that meet both quality and aesthetic standards, government can provide density bonuses if a certain percentage of homes in new subdivisions are affordable to those from a specified income group; building and architectural codes – examination of building and architectural requirements might find some items where costs can be reduced with minimal or no harm to safety or appearance; mixed use planned unit development, size of homes – mixed use PUDs can be encouraged that blend together commercial components, less expensive but quality homes, as well as more .”

There was discussion on the older housing stock that seems to be deteriorating in some of the cities and towns in the County. People need to keep the older homes in good shape. There is a need to fix the older, existing homes.

Discussion also showed that there is a need of affordable housing in the county. One suggestion was that you could build a duplex in the middle of a block full of single-family homes that a person could afford.

Mr. Brain Grainger of Grainger Construction said that he has built approximately 360 affordable townhomes at \$169,000 with 1500 to 1600 square feet of space. He suggested six items that may help with the housing issue in the county. He said that there does need to be architectural guidelines,

it seems that people in DeKalb County want a big home on a “beer budget.” The builders should be building smaller homes. Help college graduates after they graduate to afford homes to stay here in the county. We also need more energy efficient homes built. He suggested a “Key Builder Program” that would mean that a builder in these large subdivisions use 75% of the local tradesmen. It is more beneficial to the cities and towns in the county if local people are used. Credit is an issue for 1st time homebuyers. People may not understand it. He would like to see a county program started to help fund program to help people with credit problems.

Ms. Hammon, a local realtor, said that there are good lenders and realtors here in the county and then there are bad ones. Some will help a person out with seeking to improve their credit and find mortgage funds.

Ms. Ramp, Director of the DeKalb County Community Services Department, said that if the county were to start a program like this then they would need to seek to hire a person with a lending background.

The last suggestion that Mr. Grainger made was that we need to get the taxes down. He can get the price of a home down for a person to afford, but then they add the taxes on to their payment here in the county and they may not be able to afford it.

Mr. Rubin said that there needs to be legislation that would take the school taxes off of property taxes so that there is no more dependency on property taxes. We will have impact fees in this county until this happens, he feels.

Mr. McClure, a local realtor, said that he can show an older home to a young couple today where all it needs is some scraping and painting and they may tell him that they want to look at something else. They seem to not seem to be interested in working on homes today.

Ms. Hammon said that today she checked the numbers on homes for sale in the county. As of today there are 625 homes on the market, ranging in prices from \$7,500 for a trailer to \$1.5 million. The average time on the market is 162 days. She said that the numbers are staggering and the homes are on the market longer. She does not know what people want out there to buy? It is a good time to buy a home right now with the housing prices coming down and the interest rates that are lower. There is a lot a of inventory out there and it is moving a lot slower. She feels personally that the national press coverage does not help the matter either. She said that she does have homes listed between \$150,000 to \$200,000 - they are out there. Ms. Hammon also mentioned that there is a loan out there called the 203K Plan that can be used for older homes with renovation costs.

Chairman Rosemier thanked everyone for coming this evening and said that it was a great discussion on the housing market. He asked the committee if they would like to hold a third meeting that would include banks, mortgage lenders, municipalities if possible?

The committee members present said yes, they would like to discuss this issue further in March.

Ms. Ramp passed out her draft bid paperwork for the committee to review and approve prior to her mailing it out to the agencies for the Senior Services Tax Levy hearings. She asked them to please get back to her as soon as possible as she would like to mail them out this week because they applications need to be returned to her office for consideration by the end of February.

APPROVAL OF THE MINUTES

Moved by Mr. Stoddard, seconded by Ms. Fullerton, and it was carried unanimously to approve the minutes from January 2008.

ADJOURNMENT

Moved by Mr. Osborne, seconded by Mr. Stoddard, and it was carried unanimously to adjourn the meeting.

Respectfully submitted by,

Chairman Robert Rosemier

Mary C. Supple, Secretary

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