

Comprehensive Housing Study

Galesburg, Illinois

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OUTLINE



INTRODUCTION



METHODOLOGY



**HOUSING NEEDS,
BARRIERS, AND
RECOMMENDATIONS**



QUESTIONS

INTRODUCTION

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Industry experts, speak at a variety of national and local events, conduct webinars, etc.



METHODOLOGY

Secondary Data

U.S. Census Bureau

U.S. Bureau of Labor Statistics

U.S. Department of Housing & Urban Development

Various proprietary sources (Esri Demographics, HISTA/Ribbon Demographics, CoStar)

Various third-party publicly available sources (Zillow, Rocket Mortgage, Realtor, and more)

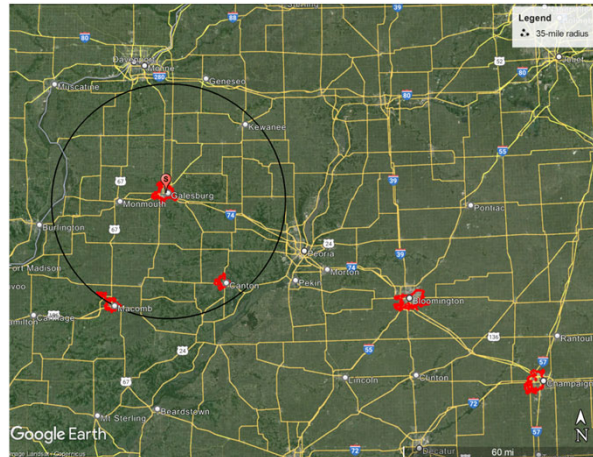
Primary Data

Rental property survey

Stakeholder meetings & interviews

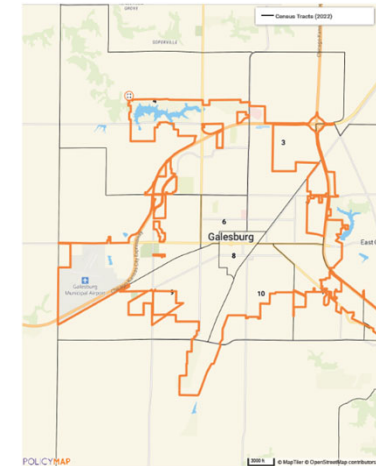
Between Comparisons

- Nation
- Illinois
- Knox County
- Canton
- Macomb
- Bloomington
- Champaign



Within Comparisons

- Census Tract



HOUSING NEEDS

(1) Supply Shortage, Quality

Total Housing Units: 14,450

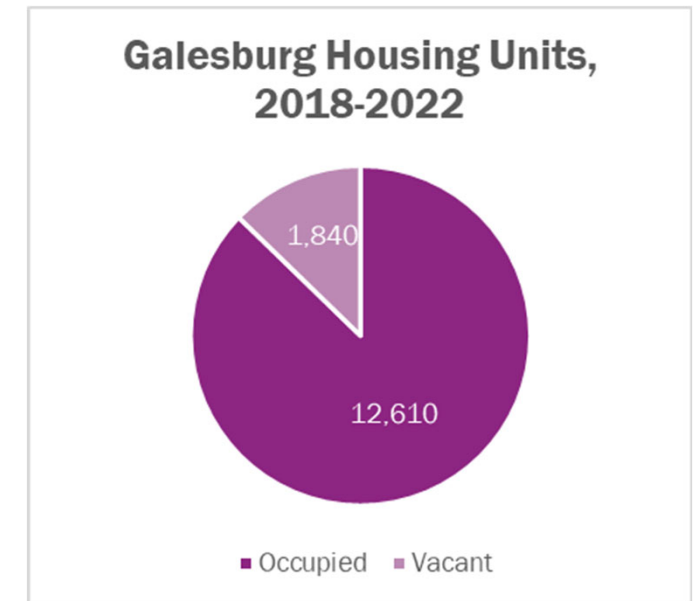
Total Households: 12,610

Vacant Housing Units: 1,840 (12.7%)

BUT, above average number of vacant units are either not available for occupancy or substandard quality:

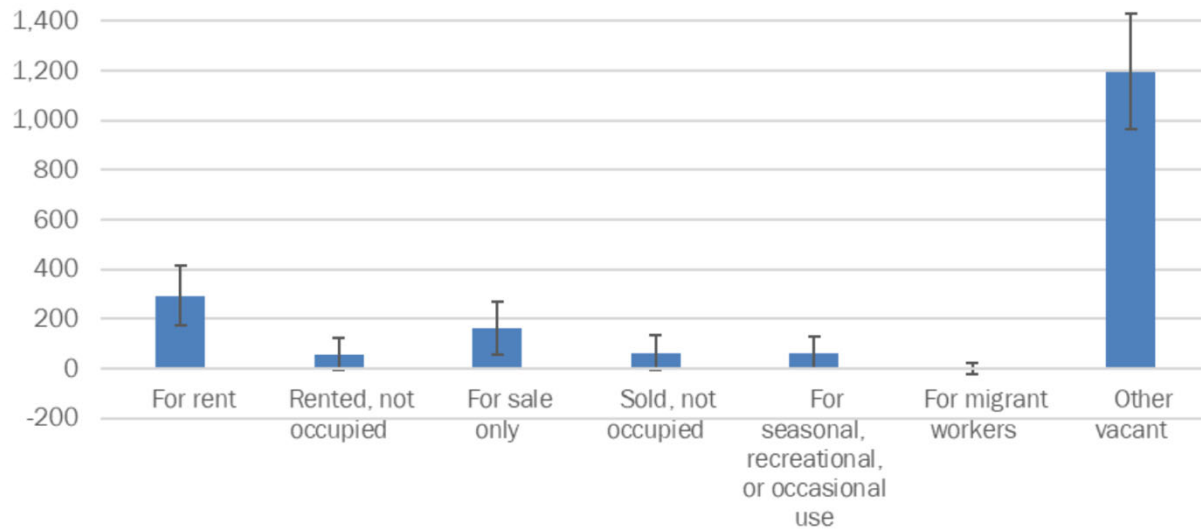
- a) Vacant for reasons classified as “other”
- b) Built prior to 1940
- c) Substandard

AND, Novogradac survey suggests current rental/sale vacancy is lower



Quality – Vacancy Characteristics

VACANCY STATUS, 2018-2022 ACS



Note: 90 percent MOEs are reflected, consistent with the U.S. Census Bureau's standard 90 percent confidence level for ACS estimates.
Source: U.S. Census Bureau, 2018-2022 American Community Survey 5-Year Estimates

Vacant housing units: 1,840 (12.7%)

Majority (1,197) are classified as: “other vacant” where no one lives in the unit and the owner:

- does not want to rent or sell,
- is using the unit for storage,
- is elderly and living in a nursing home or with family members,
- is repairing or renovating, or
- is being foreclosed (though foreclosures may appear in any of the vacant or occupied categories) upon.

Only 458 (3.2% of total housing units) are vacant and available for rent or sale

Quality– Age/Condition

SUBSTANDARD HOUSING

Year	Galesburg, IL	Galesburg, IL Micropolitan Statistical Area	USA
	Percentage	Percentage	Percentage
2023	2.02%	2.86%	1.70%

Source: Esri Demographics 2023, Novogradac, February 2024

Color formatting ranges from red (low) to green (high).

Built Since 1990

Galesburg: 9.5%

Illinois: 26.2%

USA: 36.5%

AGE OF STRUCTURE

Age of Structure	USA	Illinois	Knox County	Galesburg	Canton	Macomb	Bloomington	Champaign
Built 2020 or later	0.6%	0.2%	0.0%	0.0%	0.0%	0.0%	0.1%	0.6%
Built 2010 to 2019	8.2%	4.2%	2.5%	2.1%	0.8%	3.2%	6.1%	16.4%
Built 2000 to 2009	13.5%	10.9%	3.8%	2.7%	3.6%	12.6%	16.0%	15.0%
Built 1990 to 1999	13.2%	10.9%	6.0%	4.7%	6.0%	9.8%	17.9%	11.8%
Built 1980 to 1989	13.2%	9.1%	5.1%	4.4%	6.0%	12.6%	10.6%	11.6%
Built 1970 to 1979	14.6%	14.5%	17.5%	13.8%	18.7%	13.4%	14.6%	11.4%
Built 1960 to 1969	10.2%	11.5%	7.3%	7.5%	11.0%	13.8%	9.1%	9.6%
Built 1950 to 1959	9.9%	12.2%	16.0%	19.1%	16.7%	9.0%	6.6%	9.9%
Built 1940 to 1949	4.6%	5.9%	5.1%	5.2%	8.5%	4.1%	4.3%	2.9%
Built 1939 or earlier	12.0%	20.6%	36.6%	40.6%	28.7%	21.6%	14.6%	11.0%

Color formatting ranges from red (low) to green (high).

Source: U.S. Census Bureau, 2018-2022 American Community Survey 5-Year Estimates

50% of all vacant housing units were built before 1940

Housing units built in 1939 or earlier are more likely than any other age category to be vacant

Quality – Decrease in Vacancy

RENTAL VACANCY

SUMMARY OF SURVEYED RENTAL SUPPLY

Market Segment	Typical Design	Condition	# Properties Surveyed	Total Units	Median Property Size	Unit Types Offered	Average Unit Size (SF) - 1,2,3BR	Vacancy	Waiting Lists
Subsidized - Senior	Highrise	Fair to average	4	513	138	0-2BR	-	3.3%	Yes*
Subsidized - Family	Garden, Townhome	Fair to average	6	461	74	1-5BR	-	1.0%	Yes
LIHTC - Family	Garden	Average to good	3	278	24	1-3BR	668, 958, 1,155	0.5%	Yes
Market - Senior	Lowrise	Average	1	16	16	1-2BR	640, 850	6.2%	Yes
Market - Family	Garden, Townhome, Low/Midrise	Fair to average	8	339	24	0-3BR	500, 995, 1,333	3.5%	No*
Market - Classifieds	SFH, Duplex, MF	Fair to good	-	32	-	1-4BR	642, 928, 1,217	-	-

*With the exception of one property all properties maintain waiting lists.

*With the exception of one property, none of the market rate general tenancy properties have waiting lists.

SALE VACANCY

For Sale Units:

2020 Census

192 for sale units

June 2024

126 listings

Months' Supply

Spring 2024 (Interview with Local Realtor)

1.1 – 1.2, lowest it has been in 20 years

June 2024 (Third-Party Sources)

4.5 – 4.9, indicates slight seller's market

HOUSING NEEDS (1) Quality – Summary

Housing Units > Households,

BUT many are not available for occupancy due to age/condition or other reasons,

AND vacancy in rental and sale market has decreased in recent years.

THUS, there appears to be a housing shortage for units available for occupancy, both rental and sale

HOUSING NEEDS

(2) Supply Shortage, Structure/Size – Population by Age

POPULATION BY AGE IN 2023

Age Cohort	Galesburg, IL		Galesburg, IL Micropolitan Statistical Area		USA	
	Number	Percentage	Number	Percentage	Number	Percentage
0-4	1,402	4.7%	2,232	4.5%	19,201,797	5.7%
5-9	1,464	5.0%	2,420	4.9%	20,453,982	6.1%
10-14	1,474	5.0%	2,508	5.1%	21,093,962	6.3%
15-19	1,985	6.7%	3,051	6.2%	21,358,182	6.3%
20-24	2,197	7.4%	3,071	6.3%	21,764,255	6.4%
25-29	1,933	6.5%	2,936	6.0%	22,766,750	6.7%
30-34	1,934	6.6%	3,013	6.1%	23,607,973	7.0%
35-39	1,654	5.6%	2,731	5.6%	22,565,712	6.7%
40-44	1,674	5.7%	2,820	5.7%	21,525,874	6.4%
45-49	1,527	5.2%	2,672	5.4%	19,586,596	5.8%
50-54	1,617	5.5%	2,944	6.0%	20,582,042	6.1%
55-59	1,752	5.9%	3,263	6.6%	21,174,150	6.3%
60-64	2,009	6.8%	3,602	7.3%	21,715,769	6.4%
65-69	1,940	6.6%	3,594	7.3%	19,504,679	5.8%
70-74	1,695	5.7%	2,981	6.1%	16,120,687	4.8%
75-79	1,262	4.3%	2,222	4.5%	11,016,814	3.3%
80-84	946	3.2%	1,503	3.1%	6,887,575	2.0%
85+	1,053	3.6%	1,519	3.1%	6,533,512	1.9%
Total	29,518	100.0%	49,082	100.0%	337,460,311	100.0%

Source: Esri Demographics 2023, Novogradac, February 2024

Color formatting ranges from red (low) to green (high).

Above average:

- College-age students
- Seniors

Below average:

- Families with young kids
- Middle-aged adults

Structure/Size – Household Size & Bedrooms

HOUSEHOLD SIZE DISTRIBUTION - GALESBURG, IL

	2010		2023		2028	
Household Size	Total	Percent	Total	Percent	Total	Percent
1 persons	4,858	37.2%	4,782	38.9%	4,724	39.0%
2 persons	4,384	33.6%	3,996	32.5%	3,952	32.7%
3 persons	1,721	13.2%	1,626	13.2%	1,589	13.1%
4 persons	1,194	9.1%	1,081	8.8%	1,050	8.7%
5+ persons	908	6.9%	807	6.6%	785	6.5%
Total	13,065	100.0%	12,292	100.0%	12,100	100.0%

1 or 2-person: 71.4%

BEDROOMS IN STRUCTURE

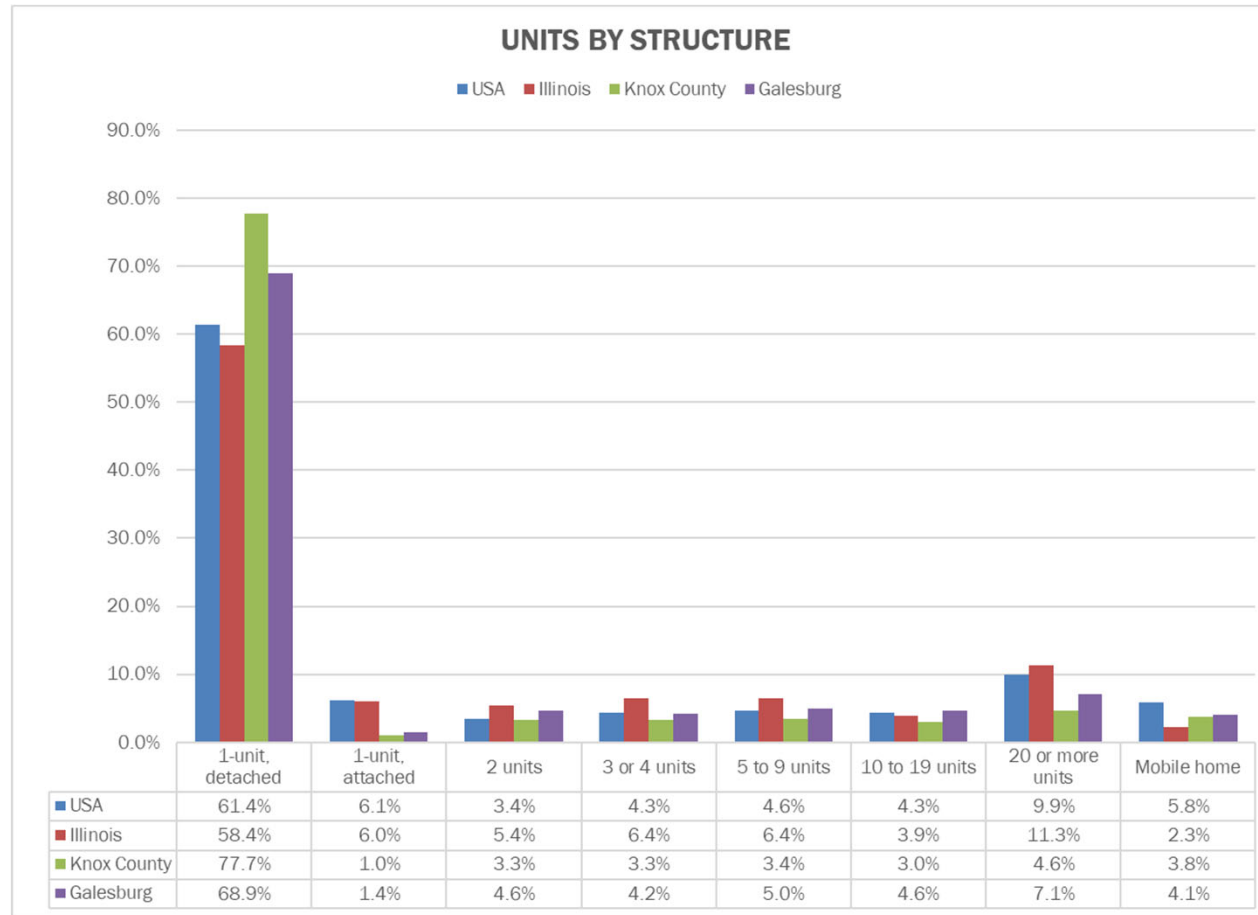
	USA	Illinois	Knox County	Galesburg	Canton	Macomb	Bloomington	Champaign
No bedroom	2.7%	2.9%	2.5%	3.7%	2.1%	5.2%	2.4%	5.4%
1 bedroom	10.9%	11.5%	11.2%	15.1%	9.8%	17.8%	13.5%	16.0%
2 bedrooms	25.3%	27.9%	28.6%	30.8%	36.4%	36.3%	30.6%	28.0%
3 bedrooms	39.0%	36.2%	40.5%	36.0%	41.2%	26.5%	29.6%	29.7%
4 bedrooms	17.3%	16.8%	14.6%	12.2%	9.3%	10.7%	18.0%	16.9%
5 or more bedrooms	4.8%	4.7%	2.6%	2.3%	1.1%	3.6%	5.9%	4.0%

0-2 Bedrooms : 49.6%

Color formatting ranges from red (low) to green (high).

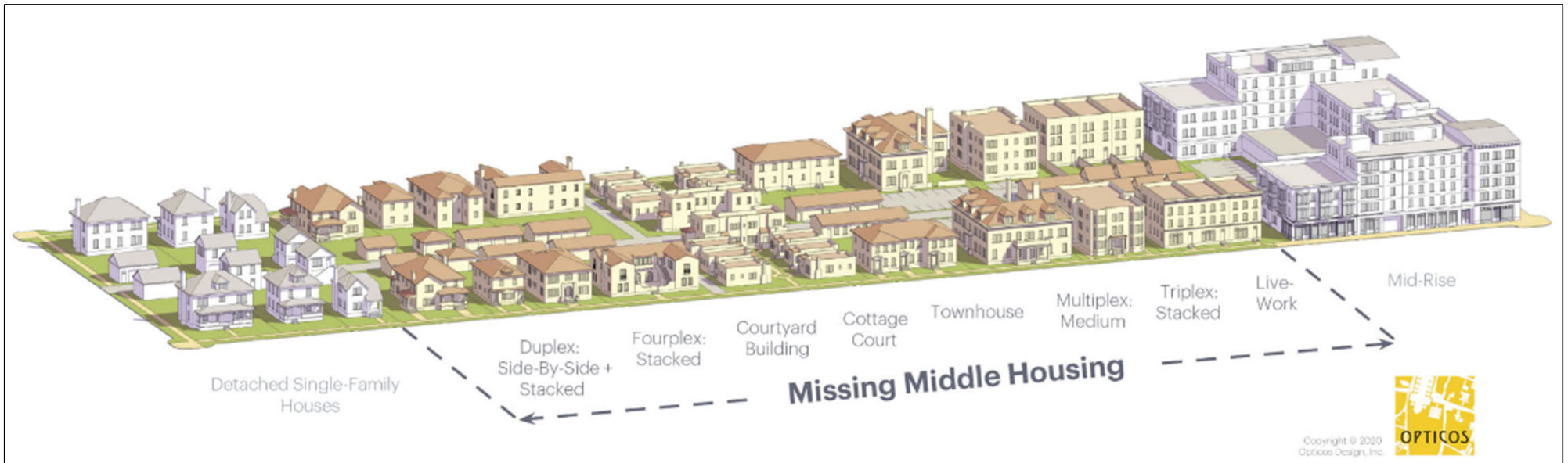
Source: U.S. Census Bureau, 2018-2022 American Community Survey 5-Year Estimates

Structure/Size – Missing Middle



Structure/Size – Missing Middle

Missing Middle Housing



HOUSING NEEDS (2) Structure/Size – Summary

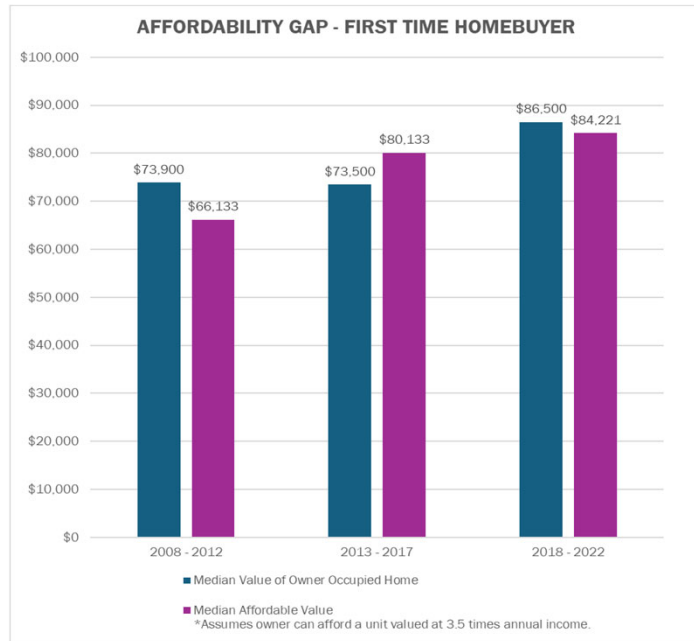
There is a larger college age and senior population in Galesburg,
AND senior population/households are projected to increase through 2028,
AND majority of households are 1 or 2-persons

BUT the majority of housing units are detached single-family homes
AND the majority of housing units are three or more bedrooms,

THUS, there appears to be a need for a better alignment between types of structures/sizes offered and the current, and projected, demographic characteristics of the city.

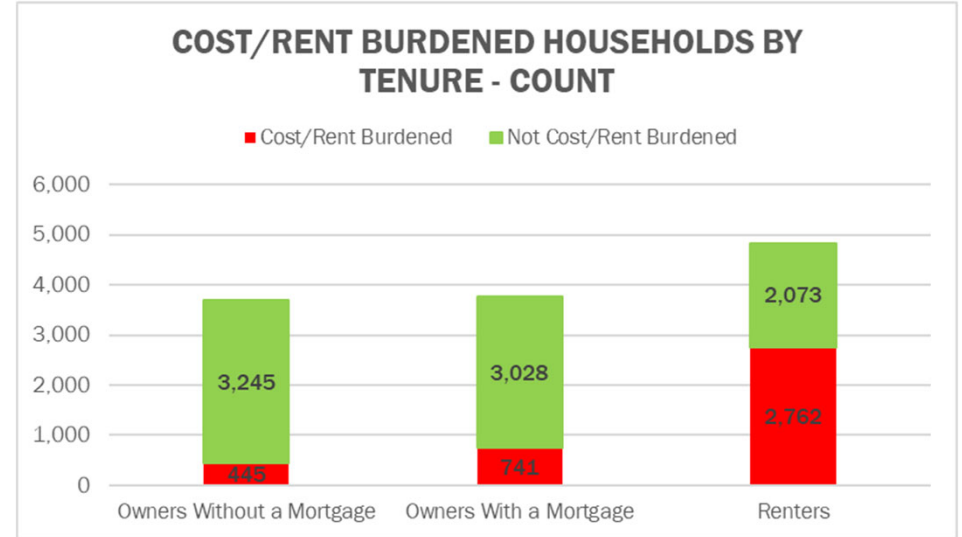
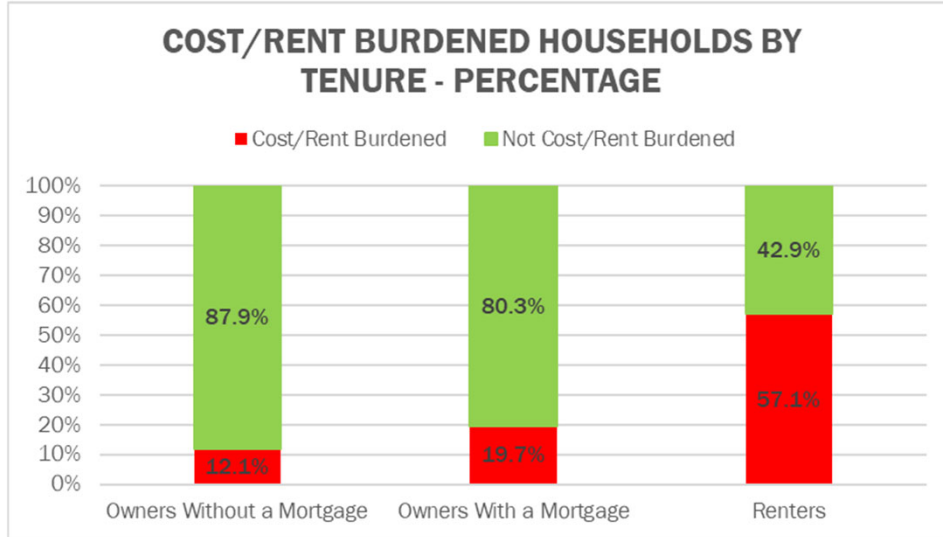
HOUSING NEEDS

(3) Affordability



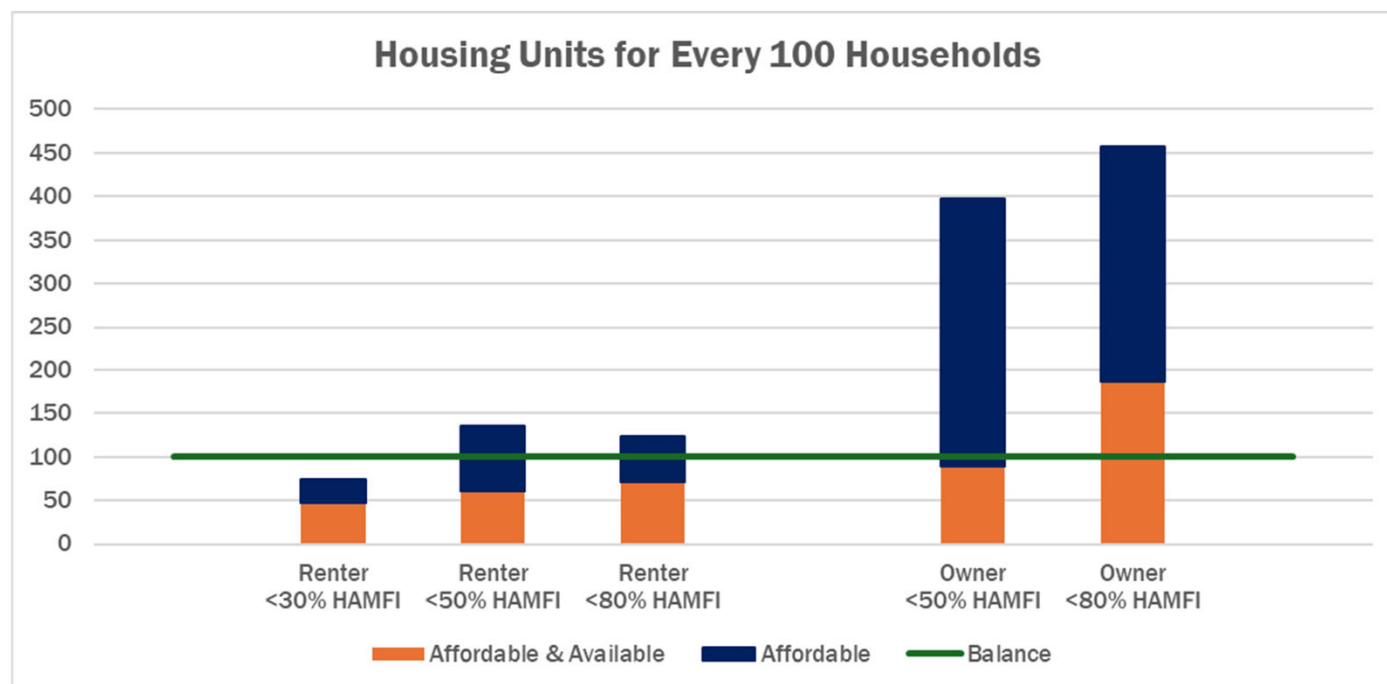
- Median owner household can afford median home
- Median renter (potential first-time homebuyer) cannot afford the median home, but gap is small (<\$2,000)
- Median renter cannot afford median gross rent

Affordability – Cost/Rent Burden



- Renters are most likely than owners to be cost burdened
- Renters are more likely to be rent burdened than not
- Extremely low income and very low-income renter households are most likely to be burdened

Affordability – Housing Gaps by Income & Tenure



- For every 100 ELI renter households, there are only 75 affordable units and only 47 affordable and available units
- For every 100 VLI renter households, there are 136 affordable units, but only 61 affordable and available units
- For every 100 LI renter households, there are 123 affordable units, but only 71 affordable and available units
- For every 100 VLI owner households, there are 397 affordable units, but only 90 affordable and available units

HOUSING NEEDS (3) Affordability– Summary

The median renter household cannot afford the median home, but gap is small

The median renter household cannot afford median rent

Owner households are less likely than renter households to be cost/rent burdened

Renter households are more likely than not to be rent burdened

Extremely low income and very low income households are most likely to be burdened

Biggest housing gap is for rental units for low-income households

THUS, there appears to be a need for more available affordable rental units, particularly for extremely low and very low income households.

BARRIERS



Construction costs



Rising interest rates



Lack of capacity



Information Gaps



Stigma



Lack of higher end market rate supply

RECOMMENDATIONS

STRATEGIES FOR ADDING NEW HOUSING UNITS

Recommendation	Action Item	Implementation
New Construction Housing	Add affordable (<80% AMI) rental units for low to moderate-income households	- Support Low Income Housing Tax Credit (LIHTC) Applications; these developments provide formally regulated affordable rental units to the low to moderate income workforce and would also increase the number of voucher accepting landlords in Galesburg - Promote property assessment reduction program for landlords to build new housing (seven or more units) with required percentage set-aside as affordable - Provide density bonus / fasttrack zoning changes for fully affordable/workforce housing projects - Streamline development process - Use publicly owned property for affordable housing projects - Create Land Bank and provide donated/discounted land - Create Housing Trust to provide gap/below market financing for fully affordable/workforce housing projects - Share or secure grant for predevelopment costs - Extend infrastructure to/complete predevelopment site work for potential development sites
	Add market rate rental units in amenity rich (mixed-use developments) and/or in downtown /walkable areas	- Incentivize affordable units (60 to 80 percent AMI) at market rate developments by offering tax discounts/PILOT, density bonus, shared/grant predevelopment costs, extend infrastructure/complete predevelopment site work, and/or provide or discount publicly owned or land bank acquired development sites in exchange for adding the affordable units to an otherwise fully market rate project - Revise zoning code and/or development standards to permit prioritized projects as conditional use in any district - Share or secure grant for predevelopment costs - Extend infrastructure to/complete predevelopment site work for potential development sites - Donate publicly owned or land bank acquired land - Share or secure grant for predevelopment costs - Extend infrastructure to/complete predevelopment site work for potential development sites
	Add affordable ownership options for first-time homebuyers, young families, workforce, late-career/executives, and seniors looking to downsize	- Revise zoning code to permit missing middle housing structures in single-family districts - Revise zoning codes to permit modular home construction and/or permanent tiny house village. - Expand first time homebuyer assistance programs - Use publicly owned property for prioritized housing projects - Use Land Bank / Land Trust or Housing Trust with deed restrictions to acquire sites and improve with affordable housing in perpetuity - Provide incentives (land donation, tax discounts, density bonus, shared/grant predevelopment costs, extend infrastructure/complete predevelopment site work)

RECOMMENDATIONS

STRATEGIES FOR ADDING NEW HOUSING UNITS

Recommendation	Action Item	Implementation
Preserve Existing Housing Stock	Adaptive reuse of existing structures	- Consider commercial/office conversion to residential/mixed-use development - Consider redevelopment of underdeveloped land, such as open parking lots, particularly in downtown - Upper story conversion in downtown into residential units - Explore options for purchase (and then weatherize for year-round occupancy) camping cottage or other currently seasonal use in tourism areas into year-round workforce housing - Downtown sprinkler program - Enterprise Zone - TIF District - Incentivize through PILOT/tax incentives, density bonus, share infrastructure/predevelopment costs, and/or zoning/code exemptions
	Rehabilitate/demolish existing large vacant structures	- Downtown sprinkler program - Enterprise Zone - TIF District - Historic Tax Credits - Low Income Housing Tax Credits (LIHTC) - CDBG/HOME/HTF funds as financing sources - Incentivize through PILOT/tax incentives, density bonus, and/or share infrastructure/predevelopment costs - Demolish uses deemed beyond repair, donate land to Land Bank to be redeveloped in accordance with city housing priorities
	Rehabilitate/critical repairs/basic maintenance existing units	- Continue existing home repairs and lead abatement programs - Expand home repair fund program (or create sister version) for landlords. This can be done with or without concessions such as commitment to setting aside select number of affordable units. - Consider zero interest or low interest loan for property owners, including landlords, to renovate/upgrade older housing units. - Promote property assessment reduction program for landlords to build new housing (seven or more units) with required percentage set-aside as affordable - Demolish uses deemed beyond repair, donate land to Land Bank to be redeveloped in accordance with city housing priorities

STAKEHOLDER ENGAGEMENT

NEEDS



BARRIERS



RECOMMENDATIONS



Questions?

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