



**A COMPREHENSIVE HOUSING
STUDY OF:**

**GALESBURG,
ILLINOIS**

A COMPREHENSIVE HOUSING STUDY OF: GALESBURG, ILLINOIS

Report Date: September 24, 2024

**Prepared For:
Mayor and Council
City of Galesburg, IL
55 W. Tompkins Street
Galesburg, IL 61401**

**Prepared by:
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September 24, 2024

Mayor and Council
City of Galesburg, IL
55 W. Tompkins Street
Galesburg, IL 61401

Re: Comprehensive Housing Study
Galesburg, IL

Dear Mayor and Council:

Pursuant to your request, Novogradac & Company LLP, doing business under the brand name Novogradac Consulting (Novogradac), has performed a comprehensive housing study for the Galesburg, Illinois area.

The purpose of this engagement is to conduct and provide a comprehensive housing study for Galesburg, Illinois. The report will be utilized to guide local governmental and agency stakeholders but also to educate and motivate the development community about where the real housing needs/gaps are and determine how to fill these voids. The following report provides support for the findings of the study and outlines the sources of information and the methodologies used to arrive at these conclusions. The scope of this report includes the following based upon our conversations with the client and the indicated scope in the engagement.

- Executive Summary
- Area, Demographic, and Economic Trends
 - Place Description
 - Demographic Trends – Comparative
 - Demographic Trends – Within Galesburg
 - Total Employment & Unemployment
 - Employment by Industry
 - Wages by Industry/Occupation
 - Commuting Patterns
- Existing & Future Housing Conditions
 - Supply Analysis
 - Overview
 - Rental Market (Subsidized)
 - Rental Market (Affordable)
 - Rental Market (Market Rate)
 - Demand Analysis
 - Stakeholder Input
 - Size Appropriate and Income-Eligible Renter Households by AMI Level
 - Preliminary Penetration Rate
 - Gap Analysis
- Conclusions & Recommendations
 - Summary of Key Conclusions
 - Responses to RFP Questions

The City of Galesburg is the client in this engagement. As our client, City of Galesburg owns this report and permission must be granted from them before another third party can use this document. We assume that by reading this report another third party has accepted the terms of the original engagement letter including scope of work and limitations of liability. We are prepared to modify this document to meet any specific needs of the potential users under a separate agreement.

Please do not hesitate to contact us if there are any questions regarding the report or if Novogradac can be of further assistance. It has been our pleasure to assist you with this project.

Respectfully submitted,
Novogradac



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I. EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

INTRODUCTION

Galesburg is located in western Illinois in between the Peoria, Illinois metropolitan area to the southeast and the Quad Cities (Davenport and Bettendorf in Iowa and Rock Island, Moline, and East Moline in Illinois) metropolitan area to the northwest, and approximately 3.5 hours southwest of Chicago. Galesburg is the county seat of Knox County, which also comprises the Galesburg, Illinois Micropolitan Statistical Area.

The city has a rich cultural history tied to the abolitionist movement, is the birthplace of Carl Sandburg, a famous poet and author, and George Washington Gale Ferris, inventor of the Ferris wheel. Located on the western edge of the Rust Belt and with one of the largest rail yards in the U.S., Galesburg's history and economy are inextricably tied to the railroad and manufacturing industries. Galesburg is a BNSF Railway hub and home to their second largest hump yard in the U.S. and for over 100 years Maytag, a leading appliance manufacturer, had a refrigerator plant in Galesburg, causing some to dub Galesburg as the "Appliance City." While the Maytag plant has since closed (2004), the railroad industry continues to be prominent in the city with Galesburg designated as the home of the U.S. National Railroad Hall of Fame in 2003. Similar to other former industrial towns in the Midwest, the closure of the Maytag plant in 2004 left a large void. While the city continues to have a sizeable manufacturing presence, major employers and employment dynamics now represent a wider range of industries including healthcare, educational services, and public administration. Residents previously employed in manufacturing jobs moved, retired, or shifted into various service industries, jobs that historically offered lower pay and fewer employment protections, particularly relative to union jobs. As a result, property owners and households had less money to spend on housing, and maintenance and repairs in particular, which, over time has contributed to the deterioration of a segment of the housing supply.

In the spring of 2023, the City of Galesburg issued a Request for Proposals for a Comprehensive Housing Study to help identify housing needs and gaps and provide potential solutions for how to fill those voids. Galesburg Mayor Peter Schwartzman was quoted in local news media at the time describing the motivation for the study in the following way: "We want to grow our population and having adequate housing is essential to this effort. We have heard for years that there is not enough new construction to attract certain demographics, who end up choosing other communities to live in. We also must ensure that there is safe, comfortable and affordable housing for all our residents. The proposed study will clarify where the city can best focus its efforts. It will also be a valuable document for real estate companies who may desire investing in Galesburg." This report summarizes the results of the aforementioned study. Although it is the first of its kind for the city, there have been several related reports, plans, and newsletters in Galesburg over the past 10 years that address, directly or indirectly, issues of housing, and discussions regarding the need for a comprehensive study such as this date back years demonstrating the city's long-standing interest in housing issues impacting the community. Further, Galesburg, through the Community Development Department, has a long history of involvement in housing assistance programs funded under a variety of federal and state programs. This study is intended to inform community leaders and stakeholders as to the current demographic, economic, and housing market conditions in Galesburg and to identify housing gaps, needs, and barriers to better enable community leaders to make decisions about how to maximize the return on their investment as it relates to housing programs and resources in the community.

DEMOGRAPHIC ANALYSIS

Population. As of 2023, the total population in Galesburg was 29,130, a 2.7 percent decrease from the 2020 Census. Further, the total population is projected to continue to decrease by an additional 2.0 percent through 2028 to an estimated 28,926 by 2028. The following section summarizes key characteristics of the Galesburg population.

- **Group Quarters.** A higher percentage of Galesburg’s population (11.5 percent) lives in group quarters relative to the national average (2.5 percent), including in both institutionalized (mental health facility, nursing homes, rehabilitation centers, and Hill Correctional Center) and noninstitutionalized (college dormitories) settings.
- **Age.** The median age in Galesburg is 41.3. The largest age cohorts in Galesburg are young adults (ages 15 to 34) and older persons/seniors (ages 60 to 69). Relative to national trends, Galesburg has a larger senior population and a smaller number of children.
- **Disability.** A larger percentage of Galesburg’s civilian noninstitutionalized population (18.5 percent) has a disability relative to the national (12.9 percent) and statewide (11.6 percent) averages.
- **Veterans.** Galesburg (7.5 percent) has a larger percentage of civilian veterans relative to the statewide average (5.2 percent).

Households. As of the 2020 Census, there were 12,425 households in Galesburg. This decreased to an estimated 12,292 households in 2023 and is projected to further decrease to 12,100 by 2028. The following section summarizes key characteristics of Galesburg’s households.

- **Age.** Contrary to population and general household trends, the number of senior households in Galesburg remained stable from 2010 to 2023 and is projected to increase by an estimated 327 households by 2028. While positive relative to other demographic trends in the city, local projections (1.5 percent growth annually) continue to lag statewide (2.5 percent) and national (2.8 percent) rates of growth.
- **Size.** The average household size in Galesburg (2.13 persons) is smaller than the national average (2.53 persons). More specifically, an estimated 70.7 percent of households in Galesburg are one or two-person households; nationally only 59.4 percent of households are one or two-person households. The larger percentage of small households in Galesburg is due to the combination of a larger percentage of seniors, college students, and renters, all of whom are more likely than their counterparts both locally and nationally to be smaller in size. For example, 55.0 percent of senior households and 54.3 percent of renter households in Galesburg are one-person households, well above the respective national averages of 41.9 percent and 38.9 percent.

Tenure. As of 2023, approximately 60.3 percent of occupied housing units in Galesburg were owner-occupied and 39.7 percent were renter-occupied. Galesburg therefore has a slightly higher percentage of renter-occupied units relative to the national average (35.1 percent). This trend is attributable in part to the above average representation of college age students and seniors in Galesburg, the former of whom are more likely than not to rent and the latter of whom, although more likely to own than rent on average, are more likely within Galesburg to rent than they are nationwide. Among owners, Galesburg has a greater percentage of owners without a mortgage (49.8 percent) relative to national (38.5 percent) statewide trends (38.0 percent).

Income. As of 2023, the median household income in Galesburg was \$40,594, well below that of the national median household income of \$72,604. Further, although the median household income in Galesburg is projected to increase to \$44,101 from 2023 through 2028, the rate of growth projected is less than that projected nationwide and as such by 2028 the gap between the median household income in Galesburg relative to the national average is projected to widen. A significantly greater percentage of all households as well as all subgroups of households in Galesburg have incomes below \$50,000 compared to nationwide trends with gaps ranging from 19.6 to 24.7 percentage points. Conversely, a significantly lesser percentage of all households, and all subgroups of households, in Galesburg have incomes of \$100,000 and above with gaps ranging from 9.8 to 22.2 percentage points. The gap is largest among all renter households with 81.1 percent of Galesburg renter households with incomes below \$50,000 compared to 56.4 percent of renter households nationwide. While the larger presence of college students, seniors, and renters are all contributing factors, even working age, late career households in Galesburg also have a significantly lower median household income (\$45,970) relative to the national average (\$106,126). Thus, a full explanation for the lower incomes in Galesburg goes beyond demographic differences. We return to this question in the conclusions section of this report.

ECONOMIC ANALYSIS

While manufacturing was the primary economic driver of the local economy in the 20th century, currently the largest employers in Galesburg represent a wider mix of industries including educational services, healthcare services, manufacturing, transportation, and public administration. More specifically, top employers include BNSF Railway, OSF Healthcare, Blick Art Materials, Knox College, City of Galesburg, Bridgeway, and Hill Correctional Facility. Employment in Galesburg is concentrated in the healthcare/social assistance, educational services, and retail trade industries, which collectively comprise 43.1 percent of local employment. Relative to the overall nation, Galesburg features comparatively greater employment in the educational services, transportation/warehousing, and retail trade industries. Conversely, Galesburg is underrepresented in the prof/scientific/tech services, admin/support/waste management services, and finance/insurance industries. According to commuting data, Galesburg is a net importer of workers with 65.6 percent of persons employed in the city, living outside of the city limits.

Total employment in the Galesburg, Illinois Micropolitan Statistical Area decreased in every year but two since 2008 and unemployment has consistently remained above the national average. In 2020, total employment contracted, and unemployment increased significantly, both locally and nationally, due to the COVID-19 pandemic. The local contraction (7.5 percent) was more severe than the national contraction (6.2 percent). Further, while the nation added jobs in 2021 and surpassed its pre COVID-19 total employment peak in 2022, the local area continued to lose jobs through 2022, though unemployment also decreased. In 2023, total employment in the Galesburg Micropolitan Statistical Area increased for the first time in nine years, albeit at a slower rate of growth relative to the national average. Unemployment also increased, albeit only slightly. From April 2023 to April 2024 local total employment increased by 1.3 percent, well above the national average, and the unemployment rate increased to 5.6 percent, also above the national average of 3.5 percent (with 0.4 percent growth since April 2023). Overall, the local economy appears to have been more negatively impacted by the pandemic than the nation as a whole with total employment remaining below the pre-pandemic peak and unemployment continuing to be well above the national average, though the stronger employment growth in the past year is one positive indicator.

HOUSING SUPPLY

Total Housing Units. As of the 2022 ACS there were 14,450 housing units in Galesburg.

Structure Type. As of the 2022 ACS, approximately 68.9 percent of housing units in Galesburg were detached single-family homes, higher than the statewide (58.4 percent) and national (61.4 percent) averages. Approximately 25.5 percent of housing in Galesburg are multi-family structures with a fairly even distribution between small (duplex, triplex, and fourplex), medium (five to 19 units), and large (20 or more units) structures. Although large multifamily structures (7.1 percent) are the second most common structure type in Galesburg, they represent a lesser percentage of the overall housing stock when compared to the statewide (11.3 percent) and national (9.9 percent) averages.

Unit Mix. Three-bedroom units are the most common unit type in all surveyed areas including Galesburg. Further, approximately 60.5 percent of the Galesburg housing stock is comprised of three or more bedroom units. This is notable given the relatively small average household size among Galesburg's residents. More specifically, approximately 71.4 percent of Galesburg households have only one or two-persons. Together this suggests that some residents may be over housed. Oftentimes these are senior households whose families have since moved out but who, for various reasons, have remained in their larger homes. Recall Galesburg also has a larger than average percentage of owner households without a mortgage relative to national trends; again, this group are more likely than not senior households. While some one and two-person households likely prefer to have the additional bedroom(s), others, particularly younger, lower-income, and/or senior households may be over housed and that may be contributing to affordability and/or accessibility challenges. Galesburg does, however, also offer a larger percentage of one-bedroom units relative to the statewide and national averages.

Age/Condition. Within Galesburg, approximately 40.6 percent of the housing stock was built before 1940; this is significantly more than the statewide (20.6 percent) and national (12.0 percent) averages. It is also significantly more than all four of the comparable markets of Canton (28.7 percent), Macomb (21.6 percent), Bloomington (14.6 percent), and Champaign (11.0 percent). Conversely, Galesburg offers significantly fewer more recently constructed housing units. More specifically, less than ten percent of Galesburg's housing stock has been built since 1990 compared to approximately 3.55 percent of the nation's housing stock and 26.2 percent of Illinois' housing stock; it is also less than that of three of the four comparables markets including Macomb, Bloomington, and Champaign. Based on our field visit and conversations with local stakeholders, the majority of the housing stock in Galesburg appears to be in fair to good condition, but there is also an insignificant minority of the stock in poor condition.

Vacancy. As of the 2022 ACS, there were an estimated 1,840 vacant housing units in Galesburg. Vacant housing units consist of all units that are: for rent, rented but not occupied, for sale, sold but not occupied, for seasonal/recreational/occasional use, for migrant workers use, or for a variety of reasons classified as "other". In recent years, rental market vacancy rates have been higher than owner vacancy and this trend is evident in Galesburg as well. As of the 2022 ACS, the renter vacancy in Galesburg was 5.4 percent compared to 2.1 percent among owner units. The vast majority of vacant housing units in Galesburg as of the 2022 ACS however were classified as "other." A housing unit is classified as "other vacant" when it does not fit into a year-round vacant category and includes units that are neither on the market, held for future occupancy, or used for seasonality. Common reasons that a housing unit is classified as "other vacant" is that 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 being repaired or renovated, or is being foreclosed (though foreclosures may appear in any of the vacant or occupied categories). The specific reason for units being classified as "other vacant" is not available. Given however the age of the housing stock, it is likely that at least some of these units are in poor overall condition. More specifically, according to the 2022 ACS, housing

units built in 1939 or earlier comprise approximately 50 percent of all vacant housing units and housing units built in 1939 or earlier are more likely than any other age category to be vacant.

Building Permits & Planned Additions. According to the Census Bureau's Building Permit Database, there have been no building permits issued for large multifamily development (20 or more units) in Knox County in over 20 years. We are however aware of one large multifamily project constructed during this period, Carl Sandburg Villas (60 units) that was built in 2011/2012 and is not reflected in the above data, which suggests the data may not be comprehensive. Further, over the past decade, an average of just 14 units have been issued building permits annually in Knox County. In the past three years in particular the number of building permits issued decreased considerably following the onset of the COVID-19 pandemic, averaging just two units per year. There are no known under construction or planned housing developments, rental or owner, in Galesburg at the present time. There are, however, discussions of second story downtown conversions as well as discussions regarding the redevelopment of an existing vacant schoolhouse, but specific project details remain under consideration. Further, the city has recently demolished and/or has plans to demolish several structures throughout the city. Additionally, there continues to be developable lots in the most recently completed subdivision on the northeast side of Galesburg on Marmac Court. Other lots are also available for sale throughout the city, which are generally suitable for infill construction.

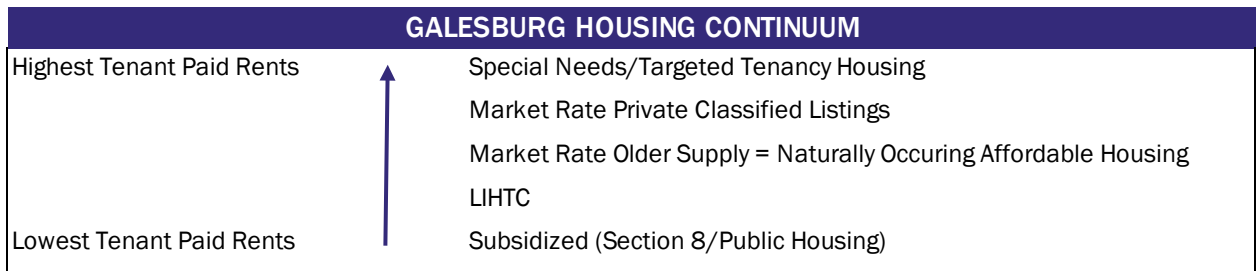
RENTAL SUPPLY

We surveyed three segments of the Galesburg rental market for location, design, age/condition, development size, unit mix, unit sizes, vacancy, waiting lists, voucher utilization (as appropriate), turnover (as available), and rents. First, the subsidized affordable rental supply, which consists of Section 8 and public housing units. Second, the unsubsidized affordable rental supply, which consists of Low-Income Housing Tax Credit (LIHTC) units. And third, the conventional market rate supply, which includes a select number of market rate units at the aforementioned LIHTC developments, rental units in multifamily developments with 10 or more units, and classified rental units in structures with nine or fewer units including detached single-family homes, the most common structure type to be occupied by renter households. We further disaggregated the above analyses by properties that target seniors from those that target a general tenancy. Key findings from a comparison of the submarkets of the rental housing supply in Galesburg include:

- **Age/Condition.** The rental housing stock is generally older and in fair to average condition. The exceptions are the LIHTC properties which are in average to good condition and select classified listings which have been substantially renovated.
- **Market Composition.** The majority of the multifamily rental units in the market are subsidized affordable units.
- **Property Size.** Multifamily market rate units are generally in smaller properties with 25 or fewer units.
- **Unit Mix.** One, two, and three-bedroom units are the most commonly offered unit type at multifamily rental properties. The subsidized properties also offer smaller (studio) and larger (four and five-bedroom) units.
- **Unit Sizes.** There is no notable difference in unit sizes by rental market segment.
- **Vacancy, Waiting Lists, Additional Demand.** All rental market segments reported low vacancy rates, with the lowest average vacancy rates reported at the unsubsidized affordable (LIHTC) and subsidized affordable properties, though vacancy at market rate properties is also considered low. Nearly all affordable properties maintain waiting lists, some of which are extensive. There is no consensus among property managers and leasing agents as to housing needs in the market. While several reported demand for additional affordable units, others, including notably two of the LIHTC properties,

reported no demand for additional LIHTC units at the 60 percent AMI and below. Further, while several market rate properties reported demand for affordable housing, few indicated that there was demand for additional market rate rental units. The property managers at the LIHTC properties on the other hand reported considerable demand for additional market rate, or higher AMI restrictions such as 80 percent AMI units, units noting that the properties consistently receive a sizeable number of applications from households that are over income.

- **Rents.** In general, tenant paid rents are consistent with expectations with the lowest tenant paid rents reported at subsidized properties and the highest tenant paid rents at private landlord listings and for special needs/targeted tenancy housing options such as the all-inclusive and/or supportive independent living options for seniors, as illustrated in the graphic below.



Source: Novogradac, June 2024

It is worth noting that much of the market rate supply is achieving rents similar to below the maximum allowable 60 percent AMI LIHTC rents and well below the maximum allowable 80 percent AMI rents. These properties are generally considered naturally occurring affordable housing as the rents are, in theory, affordable to low-income renter households. The newer LIHTC properties are achieving rents above those at many of the older market rate developments, which suggests a rent premium for age/condition regardless of rent/income restrictions. Further, among the most expensive rentals are the downtown lofts.

Achievable LIHTC rents depend on the specific property characteristics (location, design, age/condition, unit sizes, and amenities) as well as market conditions. In terms of property characteristics, properties in more walkable areas, unique designs (lofts, townhomes, etc.), new construction, large unit sizes, and well amenitized properties achieve higher rents than older, walk-up properties in car dependent locations with smaller than average unit sizes and limited amenities. In terms of market conditions, the LIHTC supply in Galesburg is generally superior to the market rate supply in terms of age/condition and amenities and comparable in terms of location and unit sizes. As a result, the vast majority of the market rate properties are achieving rents below the maximum allowable LIHTC rents at the higher AMI levels, particularly the 80 percent AMI level, and within the range of the rents being achieved at the LIHTC properties; these market rate properties are therefore considered naturally occurring affordable housing as the rents are affordable for low-income households despite not being formally rent/income restricted. This is typical for older market rate properties and in communities where the housing supply is dominated by an older stock. According to the market survey, the average surveyed market rents are below the maximum allowable LIHTC rents at the 60 and 80 percent AMI levels. Further, the highest surveyed market rents for studio, one and two-bedroom units are also above the maximum allowable LIHTC rents at the 60 and 80 percent AMI levels. It is worth noting however that the highest LIHTC rents being achieved by the LIHTC properties are at the high end or above the surveyed market rents, which suggests that newer supply regardless of rent/income restrictions, can achieve a rent premium in the market.

The lack of newer market rate supply in the market is nevertheless a disadvantage for proposed LIHTC developments as the determination of achievable market rents, and the necessitated rent advantages to be competitive for a LIHTC allocation, would be primarily hypothetical. We are however aware of several more recently renovated downtown lofts which are being leased for rates well above (\$1,350 and \$1,436 for one-bedroom units, utility adjusted to reflect water, sewer, and trash included in the rents) the surveyed market rate properties, but these prices are for units in a very walkable downtown location, larger in size than a typical area unit, and offer a unique loft design. Further, there is a limited supply of this product offered (less than 20 total units across the various properties), which could enable these properties to achieve higher rents given the lack of competition. A larger property would have more units to lease, and the achievable rents would likely be lower. Finally, with a median sale price of \$75,417 and median list price of \$108,617, home prices in Galesburg are competitive with maximum allowable LIHTC rents at higher AMI levels, particularly the 80 percent AMI level. For example, based on a rent/buy analysis, homes priced below \$200,000 would likely be more affordable than LIHTC units priced at the 80 percent AMI maximum allowable level. Further, starter homes in the community would likely be competitive with affordable LIHTC units priced at the 60 percent AMI maximum allowable levels.

- **Rental Housing Gaps.** Galesburg's rental market is somewhat unique in the lack of newer/renovated and/or higher end market rate rental units. A sizeable percentage of renter households (20.9 percent, or 1,020 renter households) have incomes ranging from \$40,000 to \$100,000; these households would likely be eligible for moderate income or market rate housing units, if built, in Galesburg. Instead, nearly all of the surveyed market rate units can be characterized as naturally occurring affordable housing; this occurs when the market rents being achieved by the properties are below the maximum allowable LIHTC rent limits based on area median incomes. While classified listings have higher asking rents, these are asking rents as opposed to achieved rents. Further, with just one unit these properties are able to further test the upper limits of the market than smaller properties. On the other hand, the majority of the market rate rental stock in Galesburg appears to be privately owned/managed, an ownership that oftentimes prioritizes limited turnover over testing the upper limits of the market. Thus, while vacancy suggests upward movement for market rents, the majority of the market rate properties for which historical information was available reported limited to no rent growth in recent years despite the overall tightness in the market.

Further, the 60 percent AMI rents at River Oaks are among the highest in the market, which suggests that age/condition and amenities are key drivers of achievable rents as this property is among the nicest of the Galesburg rental stock. The high classified rents are generally at properties in the downtown area, which suggests that the downtown area and its walkable location, is also a key driver of achievable rents in the market.

OWNER MARKET

The local housing market exhibits seasonality generally in line with national trends with the peaks typically occurring in mid to late summer and troughs in the winter. While trends are generally presented as annual changes, the reference month (between April and June utilized herein), is noteworthy as this represents the beginning of the summer peak in the housing market. Data presented using a month in the winter as the reference point would be different. The following list summarizes key findings from the owner market analysis.

Sale Trends

- **Location.** With over half of Knox County's housing stock (58.5 percent as of the 2020 Census) located within Galesburg, the local Galesburg housing market is a key driver of countywide trends. There are, however, differences and those that are particularly notable suggests that the differences between Galesburg and other areas of the county outside of Galesburg are more prominent.

- **Total Listings.** As of June 2024, 192 homes were listed for sale in Knox County; of those, 65.6 percent, or 126, were in Galesburg. This is more than the number of listings in the smaller comparable markets of Canton (57) and Macomb (93), but less than the number of listings in the larger comparable markets of Bloomington (388) and Champaign (302).
- **Months Supply.** Months of supply refers to the number of months it would take for the current inventory of homes on the market to sell given the current sales pace. Historically, six months of supply is associated with moderate price appreciation and is considered a neutral market. Anything less than six months is considered a seller's market and anything more than six months is considered a buyer's market. In a seller's market, homes sell faster, and prices tend to be pushed up more rapidly. In a buyer's market, prices tend to be lower, and homes sit for longer. Depending on the source, which varies based on the underlying source data and exact timing of when the calculation is estimated within the month, as of June 2024 Galesburg had between 4.5 (Rocket Home Mortgage) and 4.9 (Platinum Key Real Estate) months of inventory; thus, the Galesburg sale market is a slight seller's market, and this is generally consistent with its performance in June 2023. With the exception of Macomb, all of the comparable markets (Canton, Bloomington, and Champaign) are all also classified as Seller's markets. It is also worth noting that in the spring of 2024 one realtor estimated that based on their local MLS system, the Galesburg market only had 1.1 to 1.2 months' supply, the lowest it has been in 20 years.
- **Days on Market.** The average number of days on the market in Knox County is 43; the average in Galesburg is 33, an increase of 21.4 percent over the average number of days on the market in June 2023. Although sizeable in terms of percentage, this translates to just one additional week in terms of actual number of days and as such the change in the average days on the market is not considered particularly significant. In July 2022, the average days on the market was 22 days; since then, interest rates have risen considerably and are likely one contributing factor to the rise in the average number of days on the market. The vast majority of homes that sold in June 2024 (71 percent) sold in under 30 days; an additional 21 percent sold within 30 to 90 days, and the final seven percent were sold after over 90 days on the market. Two and four-bedroom units currently sell the fastest (20 and 21 days, respectively) and three-bedroom units the slowest (53 days).
- **Sold Prices.** As of June 2024, the median sold price in Galesburg was \$99,725, below that of Knox County as a whole (\$107,027); this suggests homes in other parts of the county have sold prices well above that of Galesburg. Further, the median sold price in Galesburg is generally comparable to that of Macomb (\$98,575), slightly lower than that of Canton (\$112,000), and well below that of the larger markets of Bloomington (\$241,854) and Champaign (\$219,829). Although the median sold price in Galesburg increased by 5.9 percent, or \$5,537, over the past year, this increase was less severe in magnitude than that of Knox County as a whole (7.1 percent increase) and all of the comparable markets which experienced increases ranging from 8.0 to 40.0 percent.

Trends in the median prices depend both on market conditions as well as on the specific attributes of the inventory that is listed and transfers. Supply attributes such as the unit size (both bedroom/bathroom count and overall square footage), lot size, location, age/condition, features, and timing, all impact sale prices and the distribution of the stock that is listed and transfers impacts median sold price trends. The vast majority of homes that sold between October 2022 and June 2024 in Galesburg sold for less than \$100,000 with the largest number of sales transferring for \$50,000 or less. In general, larger homes sell for higher prices. Above a certain size, however, the number of potential buyers decreases, particularly in a market such as Galesburg where the average household size is smaller than the national average and the majority of the housing supply was built prior to 1939

and may be in need of more substantial repairs the price of which is generally more substantial for larger homes. Further, while there does appear to be a price premium for newer construction, the slow absorption of the only subdivision completed in the past decade (Lincoln Park North/Marmac Greens), suggests there may be a ceiling on said premium. There are also design components of this development that reportedly contribute to the slower absorption. For example, although the subdivision offers primarily duplex units, the lots sizes are considerably larger than those at other duplex developments. Thus, the units have the weakness of the duplex design (i.e. less privacy) but without the benefits of less lot maintenance/responsibility and a lower price point. There have been no new additions or sales in this subdivision since 2021. The ongoing sale activity at other relatively recently constructed subdivisions (built between 1998 and 2001) at lower price points and on smaller lot sizes suggests there is demand for this product type in Galesburg if priced appropriately.

- **List versus Sold Price.** As of June 2024, the median list price in Knox County (\$155,000) was above the median sold price (\$107,027). As of June 2024, the median list price in Galesburg was \$114,900; this is above the median sold price of \$99,750. Although the listing distribution continues to be bottom heavy, similar to the sale distribution, the most common listing price category is homes priced from \$100,000 to \$125,000 compared to the most common price for sold homes since October 2022, which was homes priced at \$50,000 and below. This difference is consistent with information provided by local stakeholders who noted that prices have increased in recent years and that much of the stock now that is priced at or below \$75,000 is in poor to fair condition.

Although Galesburg is classified as a slight seller's market, of homes sold in June 2024, the majority (64 percent) were sold for under asking price. Relative to the comparable markets, with the exception of Canton where 71 percent of homes sold for under asking, a larger share of homes in Galesburg sold at below asking prices with the other three comparable markets reporting between 22 and 46 percent of homes sold at below asking prices. According to Redfin however, although the average home in Galesburg does sell below asking, the discount is typically not substantial with sale to list prices consistently ranging from 90 to 100 percent since 2019.

- **Demand.** According to realtor.com's spatial demand analyses in and from Knox County, approximately one third of views of Knox County listings are from out of state, a third are from Cook County (Chicago area), and a fifth from within Knox County itself. This suggests that a sizeable portion of the demand in the ownership market in Knox County is external. Within Knox County, homebuyers are fairly equally distributed in terms of interest within Knox County as they are in other areas of the state (the most common is neighboring Peoria County) and out of state.

Value/Cost Trends

- **Home Values.** As of the 2018-2022 ACS, median home value in Galesburg (\$86,508), was well below the national (\$281,900) and statewide (\$239,100) averages as well as that of the county (\$96,800) and all of the comparable markets. While the median home value in the nation and state increased since the 2013-2017 ACS, the median home value in Galesburg is not statistically different to that reported in the 2013-2017 ACS. Within Galesburg, the lowest median home values are reported in the southern census tracts.

While ACS data on home values is based on self-reporting in the annual ACS conducted by the U.S. Census Bureau, Zillow home value data is based on sale records and a model which assumes that all homes transfer in any given time to account for the bias inherent in sales data which depends largely on what inventory is listed and transfers. According to Zillow, the current median home value in Galesburg is \$89,532, above the median sale price as of May 2024 of \$75,417, and 14.7 percent higher than the median home value over the past year. Further, the median home value in Galesburg

is below that of Knox County (\$101,609), the statewide average (\$270,830), and all four of the comparable markets (\$96,128 to \$247,666). Lastly, Zillow projects that over the next year the median home value in Galesburg will decrease by approximately 2.4 percent.

- **Monthly Costs.** In addition to lower home values, Galesburg also has lower median owner costs for housing units both with and without a mortgage relative to the nation, state, county, and the majority of the comparable markets. The median monthly owner cost for housing units with a mortgage in Galesburg as of the 2022 ACS was \$987, well below the national (\$1,828) and statewide (\$1,903) averages and below that of the county (\$1,086) and three of the four comparable markets (\$1,195 to \$1,572), the one exception being Canton which is statistically comparable. For housing units without a mortgage, Galesburg also has lower median monthly ownership costs. More specifically, as of the 2022 ACS, the median monthly owner cost for housing units without a mortgage in Galesburg was \$445, well below the national (\$584) and statewide (\$737) averages and below that of all four comparable markets (\$494 to \$689). Further, the monthly ownership costs for housing units with and without a mortgage as of the 2018-2022 ACS are not statistically different from those reported in the 2013-2017 ACS.

DEMAND ANALYSIS

This section provided an analysis of demand for housing in the Galesburg market. The section began with a discussion of housing needs and affordability and continued with a preliminary capture and penetration rate analysis for a hypothetical rental property per the scope of the RFP. Next, we provide a gap analysis to identify shortages in the housing supply based on income, tenure, and availability. Finally, we conclude with a discussion of input solicited from local stakeholders as to the primary housing needs, barriers, and recommendations based on their own professional and lived experiences. The following section summarizes the results of the above section.

Housing Needs & Affordability. The median owner can afford the median home value and sale price. While the median home value is slightly higher than the affordable home for a median renter household in Galesburg, the gap is not significant, particularly if first time homebuyer assistance were to be available. Renter households have the most significant cost burden, particularly extremely low-income renter households who are more likely than not to be cost burdened.

Size-Appropriate/Income-Eligible Households & Penetration Rate Analysis

The first portion of a capture rate analysis whereby the number of size-appropriate and income-eligible households are estimated by unit type and AMI level indicates demand for rental units in the market at all AMI levels including market rate units, but the penetration rates for a hypothetical project with units restricted at the 50, 60, and 80 percent AMI levels based on IDHA's methodology (45.5 percent for a general tenancy project and 74.7 percent for a senior, 65+ project) are well above IDHA's "acceptable" threshold (25 percent), which suggest that this structure of LIHTC project in Galesburg would be unlikely to be competitive for an allocation. If, however, the LIHTC project were to add 30 percent AMI units, the resulting penetration rates would be closer to the threshold (27.7 percent for a general tenancy project and 49.7 percent for a senior, 65+ project). The lower penetration rates together with other indicators of demand including the low vacancy rates, waiting lists, and significant percentage of renter households in Galesburg who are rent burdened, would make the LIHTC application stronger particularly for a general tenancy project.

Gap Analysis. With just 47 units for every 100 ELI renter households, ELI renters face the largest housing gap in Galesburg. This is consistent with national trends. While VLI and LI renter households also face deficits, the deficit for these groups is due to access rather than supply as there are a sufficient number of units affordable units for these households, but many are occupied by higher income households. Thus, one contributing factor to the housing gaps for VLI and LI renter households appears to be the lack of market rate supply targeting

higher income households. As illustrated in the *Supply Analysis*, there are no recently completed or substantially renovated market rate developments in Galesburg; instead, the only supply that targets higher income renters is the downtown loft market and select classified listings that have been renovated. Overall, the lack of a traditional rental stock for higher income renters appears to be putting downward pressure on the rental supply that would otherwise be available to lower income renter households.

Stakeholder Engagement. In addition to reviewing secondary data on demand and housing needs, and conducting the citywide housing survey, we also supplemented our analysis with feedback from key stakeholders. Stakeholders were identified in consultation with the city officials and included representatives from the public, private, and not for profit sectors including major employers, public officials, realtor/brokers, property managers, landlords, and housing and general service providers. Feedback was solicited in the form of two stakeholder meetings held in the spring of 2024 as well as one on one interviews. In total, input was obtained from over 30 local stakeholders to gain additional insight into current housing issues, needs, barriers, and potential solutions in Galesburg. The following word clouds are based on surveys completed by stakeholders who attended the engagement sessions.

NEEDS



BARRIERS



RECOMMENDATIONS



In general, housing needs can generally be classified as gaps in supply (lack of quality housing, lack of new housing, lack of variety of designs and locations) and target markets (students, professionals, executives, luxury, mid-market, family, special needs, and temporary housing). The primary barriers on the other hand were financial (high construction costs, low assessed values, lack of initial capital, rising interest rates), lack of capacity (no developers, trade shortages, absentee landlords), lack of information (insufficient knowledge of how to maintain older homes, lack of financial understanding of the costs associated with maintaining older homes, lack of financial literacy more broadly), and the lack of a positive vision/framing of the city. More specifically, Stakeholders argued that negative stigmas about the city's assets (school system, broadband access, housing stock) were impacting the city's ability to retain its existing population as well as attract new residents. Recommendations focused on the types of housing needed (downtown upper story residential, new construction, renovated units, higher density) as well as suggested mechanisms (incentives in the form of grants, public-private partnerships, and/or property tax relief, information, and a positive counter marketing/community vision campaign).

QUESTION RESPONSES & RECOMMENDATIONS

The RFP identified a list of 10 questions that motivated the solicitation of this study. Responses rely on information presented in the demographic, economic, supply, and demand sections of this report to answer said questions. Below is a list of the questions. Please refer to the Question Responses & Recommendations section of this report for responses to the key questions.

- What are the demographic and economic characteristics of households in our community?
- What can Galesburg expect with respect to economic, employment, and population growth that will impact housing planning and policy decisions?
- Based on market information, what is the nature and extent of short-to-mid- term housing need in our community? Price range? Affordable? New construction or rehab? Rental or Homeownership? Seniors? Families? Special Needs? Students? Young Professionals? New Immigrants?
- Based on an Existing Building Survey (i.e. age, number of units, housing cost, rental rates, structural conditions, number of bedrooms [overcrowding], etc.) is there a need for rehabilitation of existing housing and, if so, what are strategies for sustainability of older housing stock, and the viability and cost effectiveness of rehabilitation v demolition of older structures?
- Is there a demand for new housing units and, if so, what are potential locations for new subdivisions, infill, housing unit styles [single/two/multi-family, townhome, condominium, etc.] that will meet the needs of diverse income and age within the community.
- If infill development is a viable option, what are suggested development standards that would ensure compatibility within the neighborhood, but not be unduly restrictive to discourage development.
- Is there a market for unsubsidized, market rate housing, and what are the City's strategic options for promoting or attracting market rate homeowners and renters?
- What strategies and programs, existing or to be created, should Galesburg pursue or provide for the development and/or redevelopment of necessary housing within the City?
- How should the City maximize the use of public funds to achieve an adequate housing supply to meet existing and forecasted housing demand and provide choices that meet the needs of all persons with various income levels, age groups and disabilities?
- What are potential funding sources for housing and rental assistance programs as well as rehabilitation and new construction?

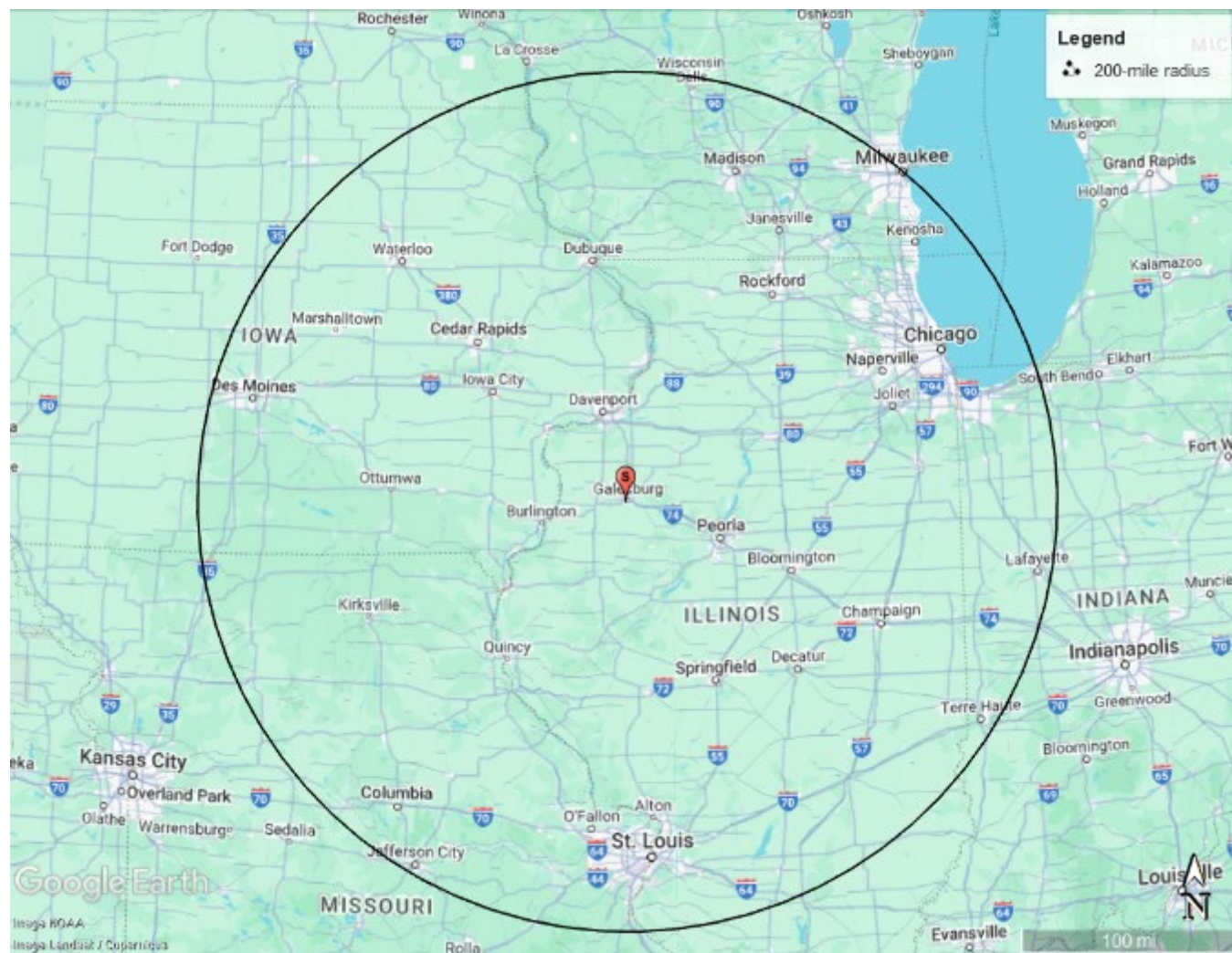
This report identifies several gaps in the local housing market. The following table summarizes possible implementation strategies for adding new/preserving housing units by housing type.

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 / fast-track 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)
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

II. AREA, DEMOGRAPHIC, AND ECONOMIC TRENDS

AREA TRENDS

The following section includes an analysis of current and future demographic and economic trends in Galesburg relative to Knox County/Galesburg, Illinois Micropolitan Statistical Area, and the nation as well as a comparative analysis of characteristics of Galesburg relative to the select similar markets in terms of size and/or geography) of Macomb, Canton, Bloomington, and Champaign.



Location and Proximity to Metropolitan Areas:

Galesburg is located in Knox County in western Illinois. The following map and table illustrates the location of Galesburg. The following table illustrates distances to surrounding metropolitan areas.

LOCATION

City	Miles (Driving Distance)
Peoria, IL	48
Cedar Rapids, IA	135
Chicago, IL	198
St. Louis, MO	198
Indianapolis, IN	256
Kansas City, MO	342



Transportation

- Interstate:** Interstate 74 traverses the east side of Galesburg. Interstate 74 provides access to Peoria, Illinois; Indianapolis, Indiana; and Cincinnati, Ohio to the east and to the Moline, Illinois/Davenport, Iowa metropolitan area and Interstate 80 to the north.
- Railroad:** Seven main freight and Amtrak rail lines run through Galesburg with approximately 150 trains moving through the city daily. Amtrak service is available to Chicago to the northeast, Quincy to the south, Kansas City to the southwest, and Omaha to the west.
- Airport:** The closest commercial airport is General Wayne A. Downing Peoria International Airport, located in Peoria, approximately 48 miles from Galesburg. The airport is serviced by three airlines: Allegiant, American Airlines, and United Airlines. In 2022 (most recent data available), the airport served over 573,911 passengers.

Healthcare

OSF St. Mary Medical Center is located in northern Galesburg. The facility is part of the OSF HealthCare system, which is headquartered in Peoria, Illinois approximately 48 miles southeast of Galesburg. OSF HealthCare has 159 locations, including in 16 hospitals with 2,134 licensed beds, 39 urgent care locations, and two colleges of nursing throughout Illinois and Michigan. The organization employs more than 2,050 primary care, specialist, and advanced practice providers throughout its system. OSF St. Mary Medical Center is an acute care hospital providing a wide range of services including, but not limited to, behavioral/mental health, brain and spine, cancer care, diabetes, education, emergency care, healthy living, heart and vascular, inpatient care, lung and pulmonology, occupational health, orthopedics, pain management, pregnancy and birth, primary care, rehabilitation, sleep, sports medicine, supportive and palliative care, surgery, testing and diagnostics, urgent care, and women's health, and offers approximately 81 staffed beds.

Graham Health Systems entered the Galesburg market following the failure of Cottage Hospital in early 2022. As of early 2024, the organization had three clinics (including one still in build-out). Further, in April 2024, Graham Health Systems announced plans to add its fourth facility on the city's south side in the recently acquired former Galesburg Rescue Mission. The newest facility will offer a primary care clinic and a walk-in convenient care clinic.

Education

Galesburg is served by the Galesburg CUSD 205 school district. The district has seven schools: Bright Futures Pre-K Program, Galesburg Jr. High School, Galesburg Senior High School, King School, Lombard Middle School, Silas Willard Elementary School, and Steele School. Beginning in 2018, each Illinois school receives a Summative Designation, a measure of progress in academic performance and student success. Schools classified as Commendable have overall performance not in the top 10 percent of all schools, must have no targeted student groups at or below the "all students" group of the lowest-performing five percent of schools, and high schools must have graduation rate higher than 67 percent. Schools classified as targeted have one or more student groups performing at or below the "all students" group of the lowest performing five percent of schools; groups must have at least 20 students in at least five of eight indicators, one of which must be non-academic. A targeted support designation initiates targeted school improvement status, and the school begins a four-year cycle of school improvement. As of 2023, two schools (Galesburg Jr High School and Steele School) are designated as Targeted, while King School, Lombard Middle School, and Silas Willard Elementary School are designated as Commendable. Galesburg Jr High School was designated as Targeted in 2018 and has received school improvement funds annually since that time as part of its four-year cycle of school improvement. Galesburg is also home to several private schools including Costa Catholic School and Galesburg Christian School.

There are two institutions of higher education in Galesburg: Knox College and Carl Sandburg College. Carl Sandburg College is a public community college serving west-central Illinois. The main campus is located in Galesburg. According to US News and World Report, the college offers a student-faculty ratio of 12 to one with a total enrollment of approximately 1,755 students across its various campuses. Students can earn degrees in 25 different fields and the highest degree offered is an associate degree. Knox College is a four-year liberal arts college in Galesburg, Illinois. The college offers 42 majors, 57 minors, and pre-professional and cooperative programs. The college employs 95 full-time faculty and total enrollment is approximately 1,001 students for a student to faculty ratio of ten to one. Knox College is also one of the area's top employers.

DEMOGRAPHIC TRENDS

The following section presents a high-level overview of demographic data for Galesburg, Illinois. The section proceeds as follows. First, Galesburg is compared to the nation, state, and county as well as to comparable markets such as the slightly smaller (Macomb and Canton) and slightly larger (Bloomington and Champaign), but geographically similar markets. Two of these markets, Macomb and Canton, are particularly small, and as such we have relied on data from the 2020 Census where available, and the 2018-2022 American Community Survey (ACS) 5-Year Estimates (most recent available), for select estimates where the associated margins of error (MOE) are reasonable. Second, within city trends are presented spatially by census tract. It is worth noting the tract boundaries do not align with city boundaries and as such we have included data for all tracts that cross city boundaries. And third, current and five-year projections are presented for Galesburg (city), Galesburg Micropolitan Statistical Area, which consists of Knox County, and the nation.

Data Summary & Limitations

Demographic data has been obtained from ESRI Demographics and Ribbon Demographics, national proprietary data providers, PolicyMap and its affiliated sources, the U.S. Census Bureau, and more. Specific sources are included for each section. The following section provides guidance on how to best consume the data provided herein.

- **Data Products.** The U.S. Census Bureau conducts a variety of surveys including the **decennial census** and the **American Community Survey (ACS)**, each with a unique sampling design and methodology and serves slightly different purposes. The decennial census is conducted every ten years between March and August to provide official population counts as well as basic characteristics of the population with the primary purpose of congressional apportionment. The census counts every housing unit and beginning in 2010 collecting information on only a limited set of demographic and housing characteristics including sex, age, race, ethnicity, household type, housing units, and tenure; prior to 2010 the decennial census had both a long and a short form questionnaire, but in 2010 the long form was dropped in place of the ACS, which has a primary purpose of measure the changing social and economic characteristics of the population. Because the ACS is based on a sample rather than a census, the ACS estimates are subject to sampling and non-sampling error. A margin of error (MOE) is a measure of the possible variation of an estimate based on a sample around the actual population value. At a specified level of confidence, the sample estimate and the actual population value will differ by no more than the value of the margin of error. Further, there is generally a negative correlation between sample size and the magnitude of the margin of error. As a result, estimates based on small sample sizes typically have a larger margin of error and consequently less reliable estimates. For this reason, the Census Bureau does not produce one-year estimates for areas with populations less than 65,000, such as Galesburg. Instead, only 5-year estimates are provided whereby the ACS is a weighted average over a five-year period. As a result, these estimates are less likely to reflect the latest trends. Nevertheless, ACS data remains the gold standard and primary source of demographic, social, economic, and housing data for smaller areas in the United States and is relied upon by policymakers and funders alike, and as such we have included the data here. At the time of the data collection and analysis portion of this project, the most current available data from the Census Bureau for Galesburg was the 2018 to 2022 ACS 5-Year estimates; the 2019 to 2023 ACS data is expected to be released at the end of 2024. Because data presented herein comes from a variety of data sources which rely on various sampling designs and methodologies, some of which were discussed above, we caution the reader against attempting to match estimates across data sets. While the overall trends are generally comparable and reconcilable, specific estimates across data sets can vary.
- **Sample Estimate Reliability and Precision.** The ACS is based on a sample rather than a census, and as such the ACS estimates are subject to sampling and non-sampling error. A margin of error (MOE) is a measure of the possible variation of an estimate based on a sample around the actual population value. At a specified level of confidence, the sample estimate and the actual population value will

differ by no more than the value of the margin of error. More specifically, for the ACS, MOEs are provided at a 90 percent confidence level, the U.S. Census Bureau standard, which means that 90 percent of the time, the population value will fall within the sample estimate plus or minus the MOE. Further, there is generally a negative correlation between sample size and the magnitude of the margin of error. As a result, estimates based on small sample sizes typically have a larger margin of error and consequently are less reliable estimates. While having uncertain information may be better than having no information at all at times, at others, it may be misleading. For example, what may appear to be a difference between two geographic areas or within one area over time, may in fact just be due to chance.

Further, the MOEs are critically important when making comparisons across geography and time. This report aims to focus on trends that are statistically different, meaning that we can say with some level of certainty that differences in the estimates (either across geographies or over time) are due to an actual difference rather than chance. In order to determine whether or not differences in estimates are significant (as opposed to occurring by chance), one must perform a simple statistical test that accounts for the error inherent in estimates based on a sample of a population. An explanation and tool produced by the Census Bureau for conducting such tests can be found here: <https://www.census.gov/programs-surveys/acs/guidance/statistical-testing-tool.html>. Unless noted otherwise, we relied on a confidence level of 90 percent consistent with the U.S. Census Bureau standard.

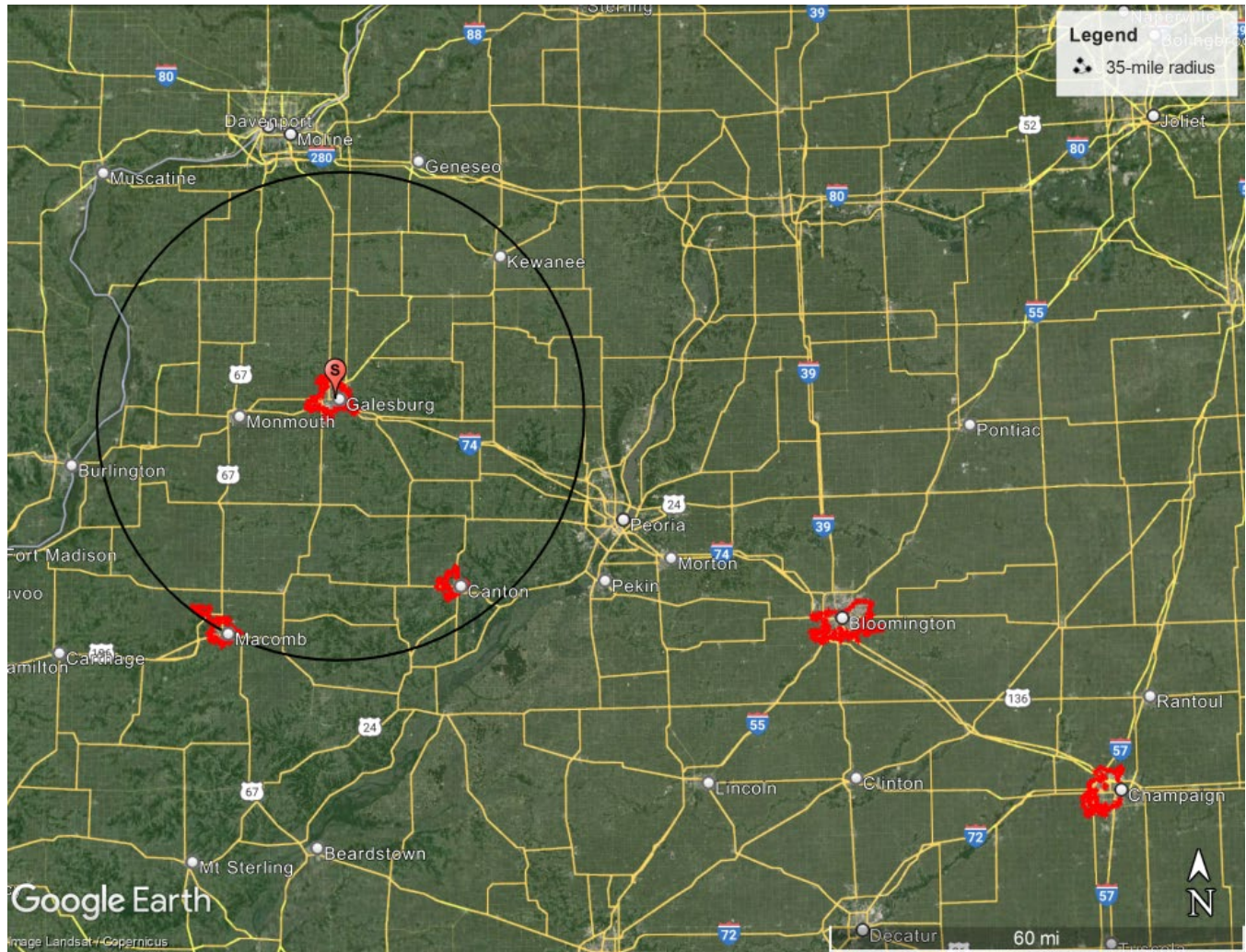
The Census Bureau has established data quality standards for the ACS. In 2020, as a result of the COVID-19 pandemic, the ACS faced numerous challenges that ultimately contributed to the decision by the Census Bureau not to release the standard 1-Year 2020 ACS estimates as the data failed to meet the quality standard requirements. They did however release the 5-Year data under a waiver process despite it also failing the quality standard requirements. According to the Census Bureau, “the reason for this is that we believe there is a critical need for the ACS data as it is the only source of data for small geographic areas and that the margins of error published with each estimate allow data users to make informed decisions regarding the reliability of the estimate. While users are always encouraged to make use of the margins of error in their decision making, we further stress the use of caution when using estimates with high margins of error.” Additionally, given that 5-Year estimates are pooled, the Census Bureau expects similar impacts until the release of the 2025 5-Year ACS Estimates, which would no longer include data from 2020.

Overall, the ACS data is among the best data available, particularly for smaller communities, but we advise users to educate themselves about MOEs in order to ensure that the data is used appropriately and to avoid making erroneous conclusions.

Over Time Trends. Analyzing change over time has never been without complexity, but the COVID-19 pandemic significantly aggravated these complexities. More specifically, the five-year estimates represent a weighted average for the whole five-year period, as opposed to the average of the five distinct one-year periods. In periods of general stability, the pooled five-year estimates are generally straightforward to interpret, but periods with abrupt change, such as that surrounding the COVID-19 pandemic, are less so. When analyzing trends over time, the U.S. Census Bureau strongly recommends against comparing data with overlapping time periods. Thus, for analyzing trends over time for smaller populations or geographic areas, we compared the 2013-2017 5-Year ACS data set to the 2018-2022 5-Year ACS data set. This approach does not however allow for a complete analysis of the impacts of the pandemic as the current estimates are pooled across a period that includes both pre (2018 through 2019), height of COVID (2020), and post COVID (2021 and 2022) years. As such, where appropriate and available we supplement the ACS data with data from other sources including the most recent decennial census, i.e. the 2020 Census.

COMPARATIVE TRENDS

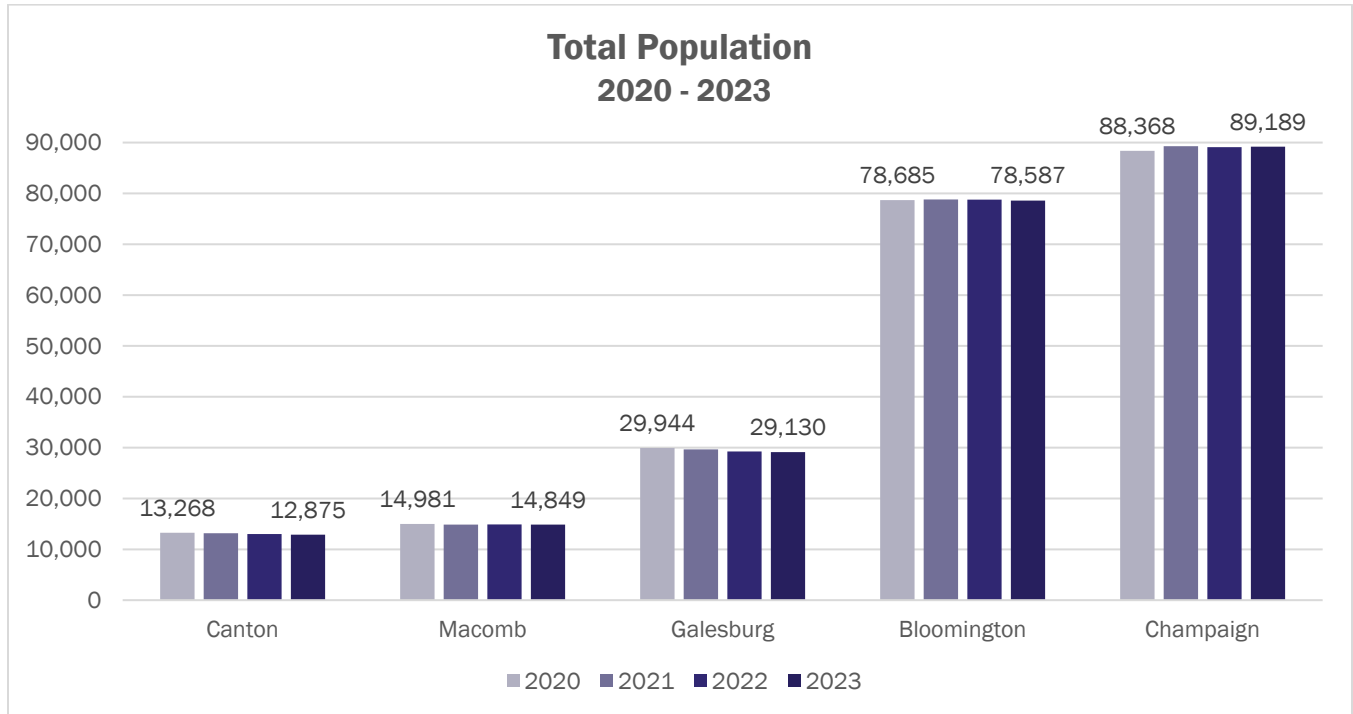
The following section presents demographic data for Galesburg as well as for comparable markets such as the slightly smaller (Macomb and Canton) and slightly larger (Bloomington and Champaign), but geographically similar markets. The following map illustrates the location of Galesburg relative to the selected comparable markets.



Population

Total Population

The following graph illustrates the total population growth trends in Galesburg relative to the comparable markets from 2020 to 2023.



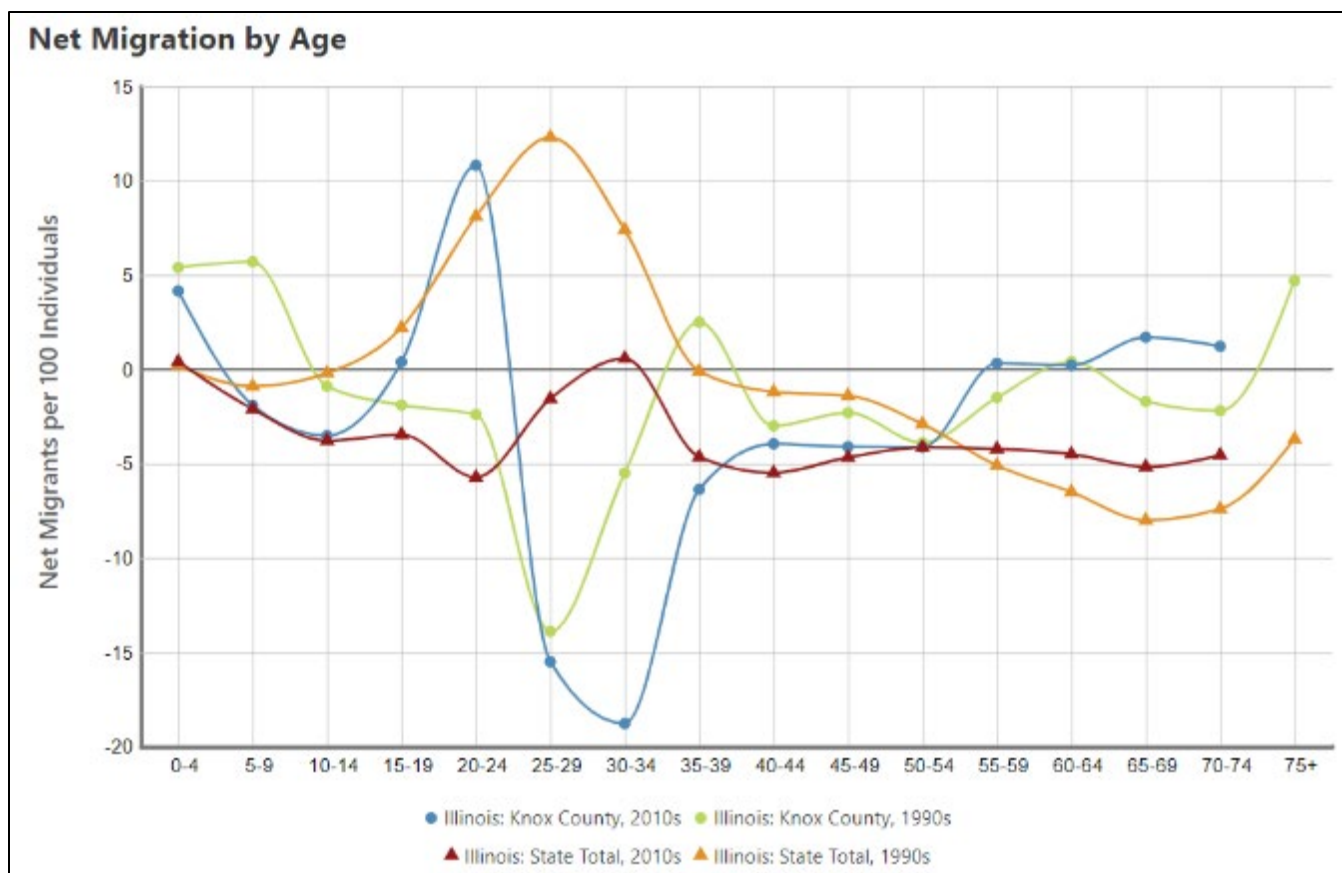
Source: U.S. Census Bureau, Population Division, retrieved May 2024

As illustrated, the total population in Galesburg falls within the total population of the smaller markets of Canton and Macomb and the larger markets of Bloomington and Champaign. Further, except for Champaign, the total population has decreased in all areas since 2020 with the largest decreases in Canton (3.0 percent) and Galesburg (2.7 percent).

Components of Population Change

Population changes are driven by natural change (the difference between births and deaths) as well as migration, both domestic and international.

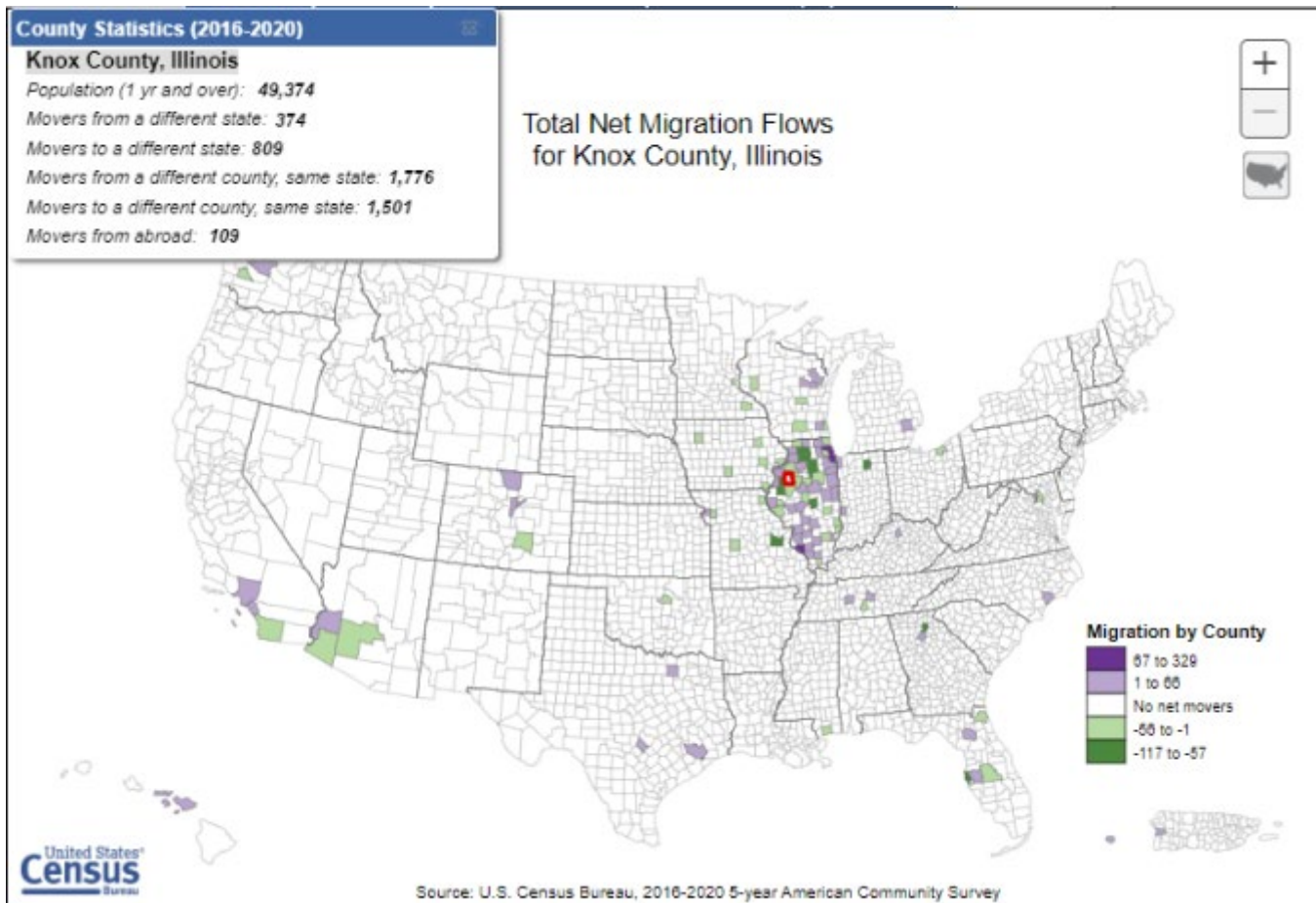
The following table and map illustrate migration trends for Knox County. The table illustrates net migration by age for the county relative to statewide trends in the 2010s decades; 1990s trends (pre closure of Galesburg's largest employer Maytag in 2004) are also presented for a historical comparison. The numbers represent inbound flows minus outbound flows. If the net migration is positive, then Knox County gained people from the age cohort on average over the reference period. If, however, the net migration number is negative, then Knox County lost people on average over the reference period.



Source: Egan-Robertson, David, Katherine J. Curtis, Richelle L. Winkler, Kenneth M. Johnson, and Caitlin Bourbeau, Age-Specific Net Migration Estimates for US Counties, 1950-2020. Applied Population Laboratory, University of Wisconsin - Madison, 2023 (Beta Release). Web, retrieved May 2024. <https://netmigration.wisc.edu/>.

As illustrated, in the 2010s-decade, Knox County had a positive net migration for young children, college age young people, and seniors; all other age cohorts experienced a negative net migration in the 2010s. Conversely, nearly all cohorts statewide experienced negative net migration, the only exception being young adults. Notably, in the 1990s-decade Knox County had negative net migration of all young person cohorts including those of college age; this contrasts with strong positive net migration in the 2010s decade among this cohort. Further, the net migration trends in Knox County are larger in magnitude relative to statewide trends, though this is likely due in part to Knox County's smaller size. Overall, net migration by age illustrates the importance of Knox College and Carl Sandburg College as demographic drivers in the community as well as economic drivers. Notably, there is a significant negative net migration in the post college age cohorts, which suggests that the majority of alumni do not remain in Galesburg following graduation.

The following map illustrates net migration flows based on place. The number represents inbound flows minus outbound flows. If the net migration is positive, then Knox County gained people from the comparison county on average over the five-year period. If, however, the net migration number is negative, then Knox County lost people on average over the five-year period to the comparison community.



As illustrated, from 2016 to 2020, Knox County lost people to the majority of the immediately surrounding counties except for counties to the northwest from which it gained people. The primary sending counties within Illinois were Cook County (Chicago) and Randolph County, while the primary receiving counties were Warren County to the immediate west and Lee County to the northeast.

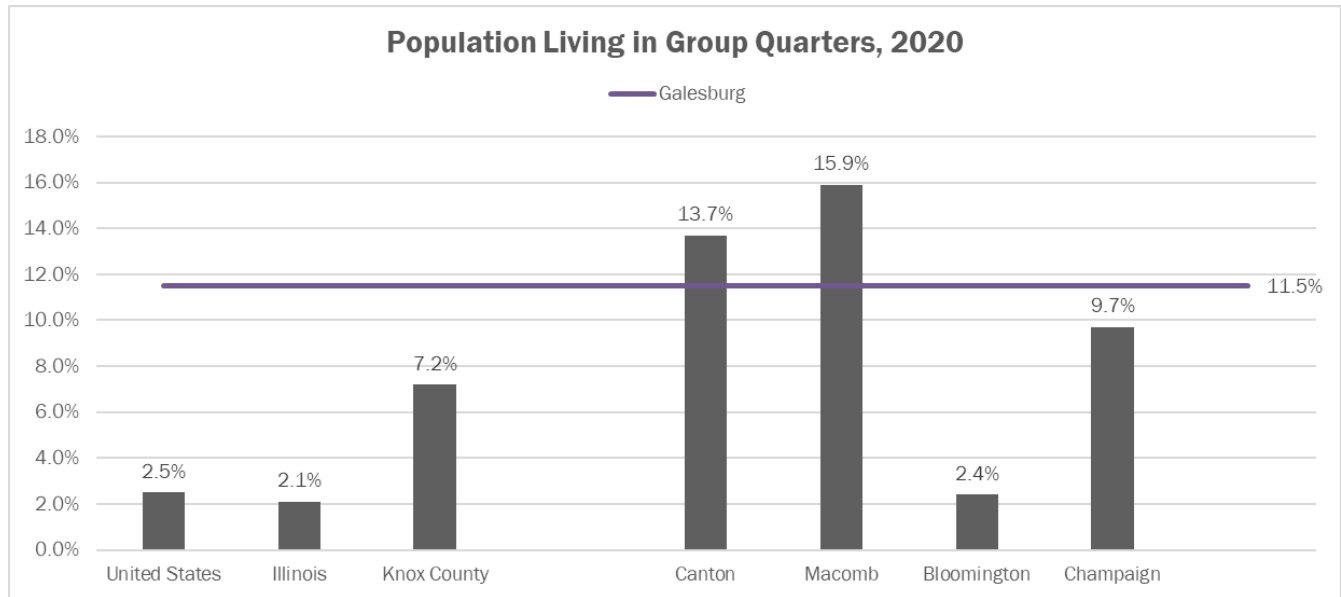
Finally, according to the U.S. Census Bureau, as the COVID-19 pandemic amplified existing trends of decreasing births, increasing deaths, and slowing international migration, shifts in the remaining component of population change, domestic migration, has become a more prominent driver of population changes.

Total Population Living in Group Quarters

The following section analyzes the total population living in group quarters in Galesburg relative to the comparable markets as well as the county, state, and nation. According to the U.S. Census Bureau definition, group quarters are places where people live or stay, in a group living arrangement, which is owned or managed by an entity or organization providing housing and/or services for the residents. People living in group quarters generally fall into one of two categories:

- Institutional group quarters are facilities that house those who are primarily ineligible, unable, or unlikely to participate in the labor force while resident. The institutionalized population is the population residing in institutional group quarters such as adult correctional facilities, juvenile facilities, skilled-nursing facilities, and other institutional facilities such as mental (psychiatric) hospitals and in-patient hospice facilities.
- Noninstitutional group quarters are facilities that house those who are primarily eligible, able, or likely to participate in the labor force while resident. The noninstitutionalized population lives in

noninstitutional group quarters such as college/university student housing, military quarters, and other noninstitutional group quarters such as emergency and transitional shelters for people experiencing homelessness and group homes.

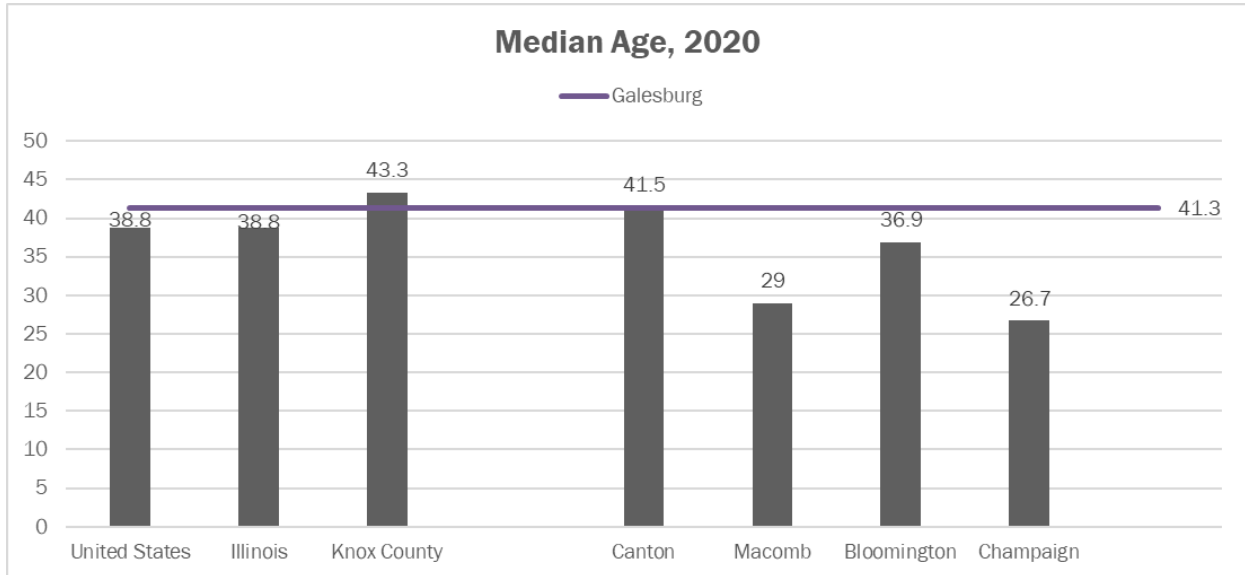


Source: U.S. Census Bureau, 2020 Census Demographic Profile, retrieved November 2023

Approximately 11.5 percent of the population in Galesburg resided in group quarters in 2020, below that of the smaller comparable markets of Canton and Macomb but higher than that of the larger comparable markets of Bloomington and Champaign, and significantly higher than the statewide and nationwide averages. Nationwide only 2.5 percent of the population is in group quarters including 1.1 percent institutionalized and 1.4 percent non-institutionalized. The relatively high percentage of Galesburg's population living in group quarters is due to a combination of both institutionalized persons living in group quarters (7.2 percent at facilities such as Bridgeway mental health facility, nursing homes, rehabilitation centers, and Hill Correctional Center) as well as noninstitutionalized persons (4.4 percent at facilities such as Knox College where the majority of students reportedly reside in university owned on-campus housing). While the high percentage of Canton's population living in group quarters is driven by a high institutionalized population (13.4 percent; total is 13.7 percent), the high percentage in Macomb's population is driven by high noninstitutionalized population (14.3 percent; total is 15.9 percent). Thus, Galesburg is unique among the comparable markets both in terms of the overall high percentage of the population living in group quarters and that the trend is driven by an above average percentage of both institutional and noninstitutionalized population living in group quarters.

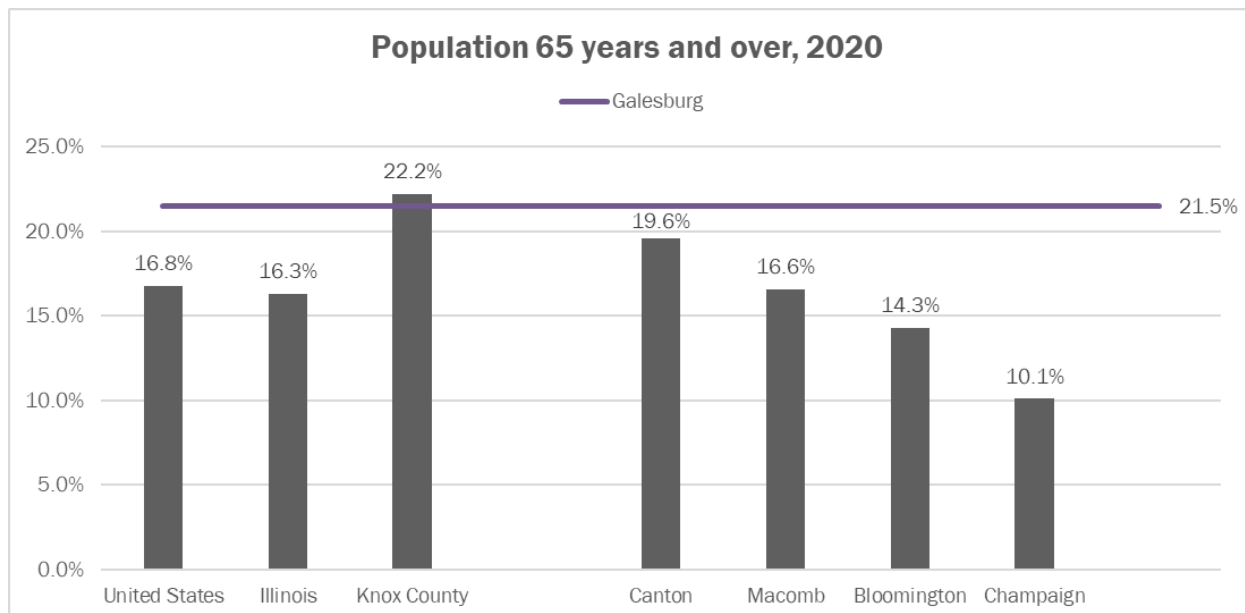
Age

The following section compares the age distribution of Galesburg's population relative to that of the county, state, nation, and comparable markets in a series of three graphs. The first graph illustrates the median age of the population in Galesburg relative to the comparable markets as well as the county, state, and nation. The second illustrates the percentage of the population ages 65 and over as of the 2020 Census in Galesburg relative to the county, state, and nation as well as the comparable markets. And the third illustrates the distribution of persons ages 65 and over.



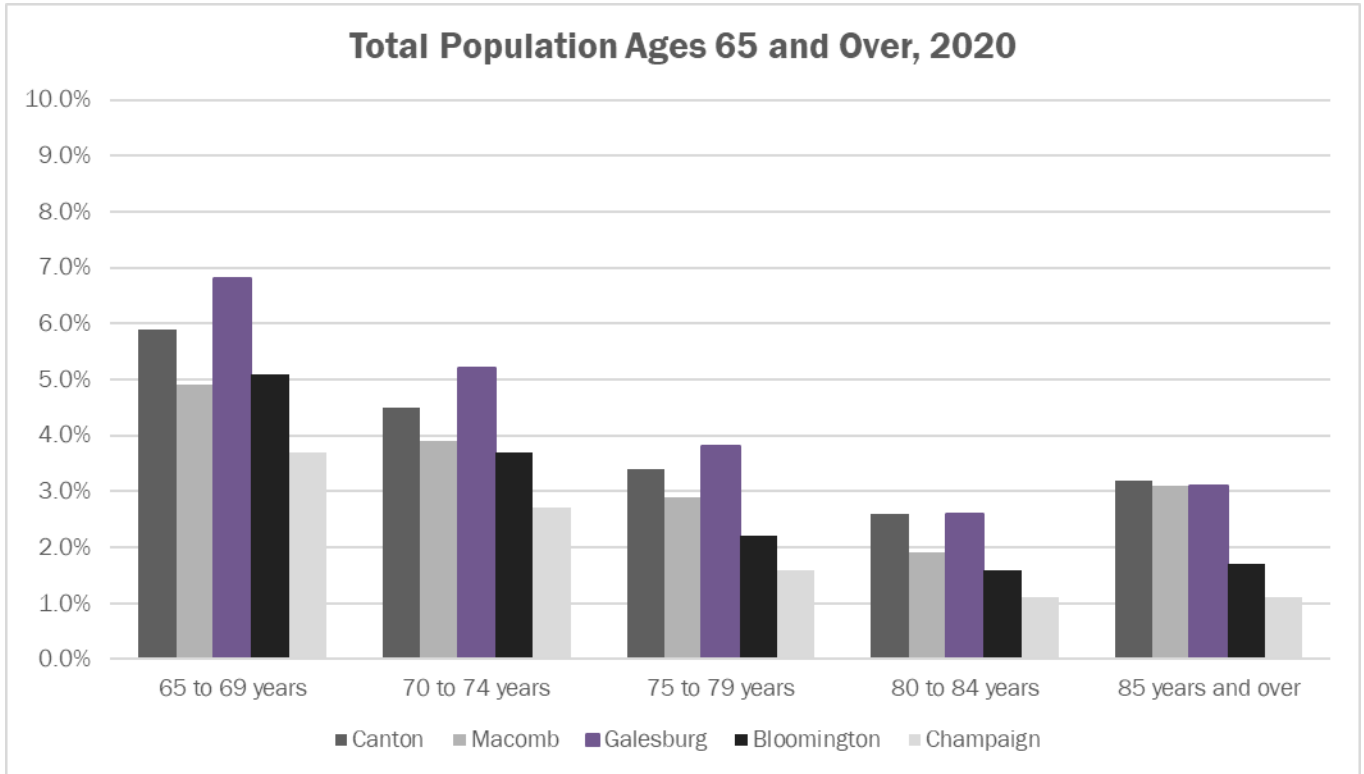
Source: U.S. Census Bureau, 2020 Census Demographic Profile, retrieved November 2023

The median age in Galesburg is 41.3, slightly higher than the statewide and nationwide average, and higher than the median age in three of the four (Macomb, Bloomington, and Champaign) comparable markets and similar to the fourth (Canton). Further, according to ACS data, the median age in Galesburg increased from the 2013-2017 to 2018-2022 ACS (note: over time trends are not shown) similar to national and statewide trends as did the median age in Canton, Macomb, and Bloomington.



Source: U.S. Census Bureau, 2020 Census Demographic Profile, retrieved November 2023

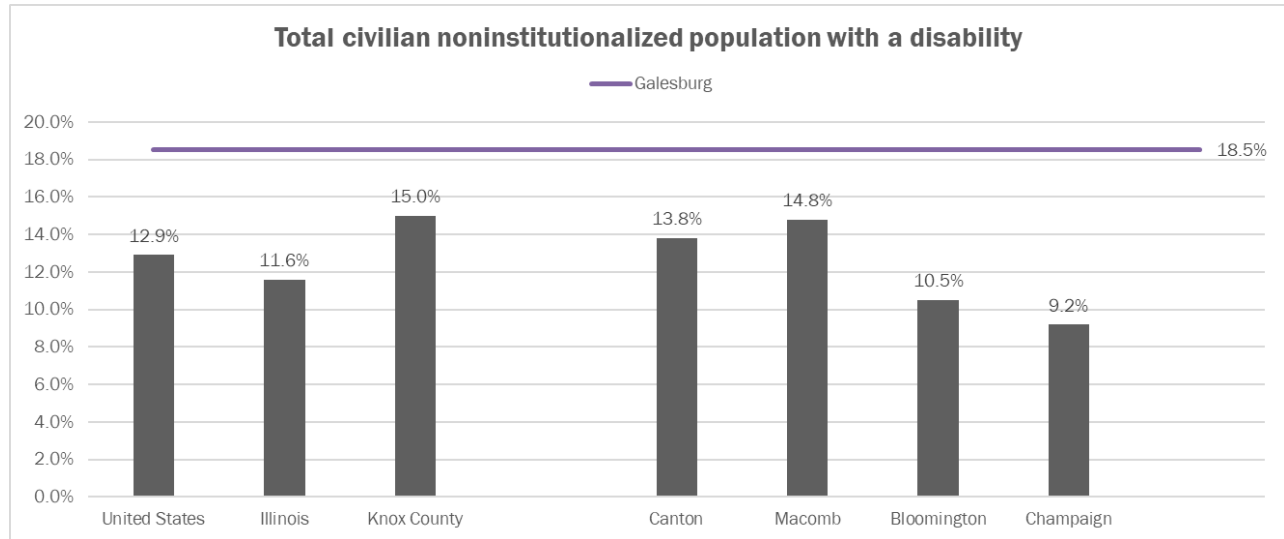
As of the 2020 Census, 21.5 percent of the population in Galesburg was 65 years of age or older, higher than that of the state, nation, and all of the comparable markets. Further, according to ACS data, the percentage of the population ages 65 and over has increased in all areas from the 2013-2017 to 2018-2022 ACS.



Source: U.S. Census Bureau, 2020 Census Demographic Profile, retrieved November 2023

As illustrated, Galesburg has a larger percentage of seniors in nearly all cohorts relative to the comparable markets; the exceptions are seniors ages 80 to 84 where Galesburg is similar to Canton and seniors ages 85 and over where Galesburg is relatively similar to Canton and Macomb. Overall, Galesburg's senior population is driven largely by seniors in the lower age cohorts, or those younger than 80 years of age.

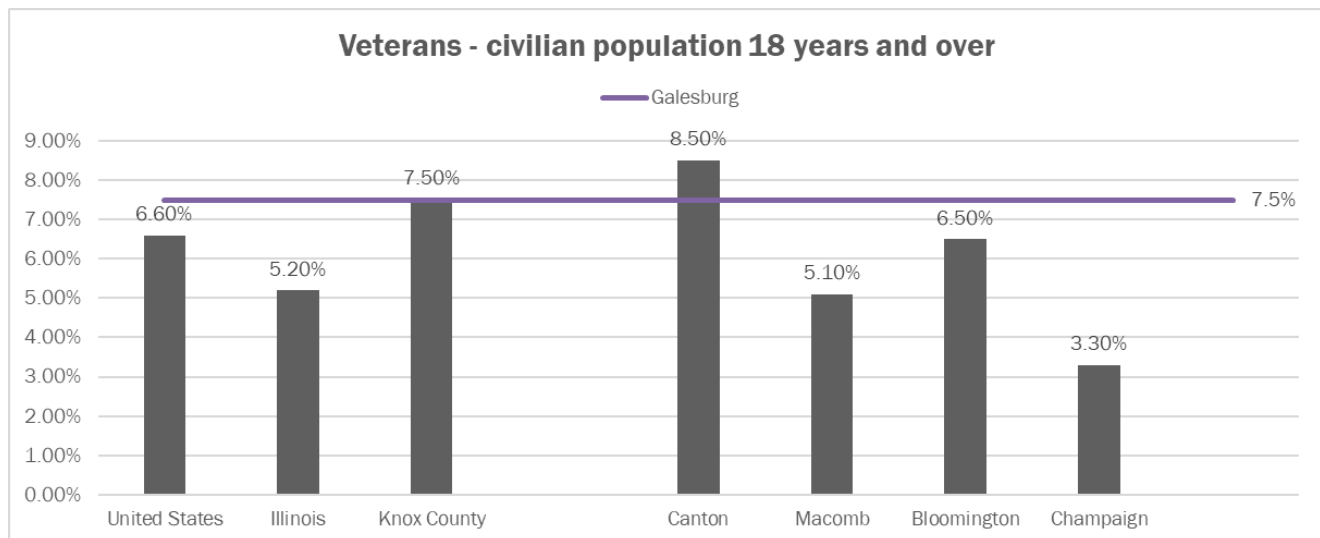
Persons with a Disability



Source: U.S. Census Bureau, 2018-2022 American Community Survey 5-Year Estimates, retrieved January 2024

As of the 2022 ACS, approximately 5,096 persons in the civilian noninstitutionalized population of Galesburg had a disability; this equates to an above average percentage of Galesburg's civilian noninstitutionalized population relative to national and statewide trends. Further, a larger percentage of Galesburg's noninstitutionalized population has a disability relative to all comparable markets. Although the percentage of the national civilian noninstitutionalized population with a disability increased from the 2013-2017 to 2018-2022 ACS, this trend was not evident in Galesburg, though the percentage of persons under 18 years of age with a disability in Galesburg decreased.

Veterans

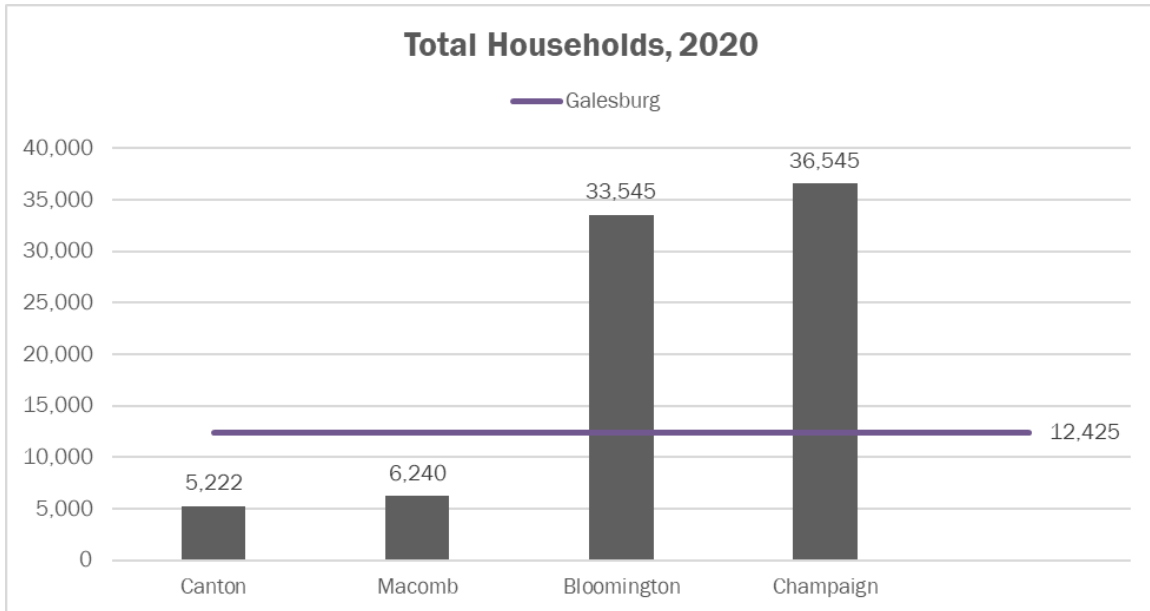


Source: U.S. Census Bureau, 2018-2022 American Community Survey 5-Year Estimates, retrieved January 2024

As of the 2022 ACS, approximately 1,867 veterans resided in Galesburg; this equates to an above average percentage of Galesburg's civilian population ages 18 and over are veterans relative to statewide trends. Only one comparable market, Canton, has a larger percentage of the population that are veterans relative to that

of Galesburg. Although the percentage of the national civilian population ages 18 and over who are veterans decreased from the 2013-2017 to 2018-2022 ACS, this trend was not evident in Galesburg.

Total Households

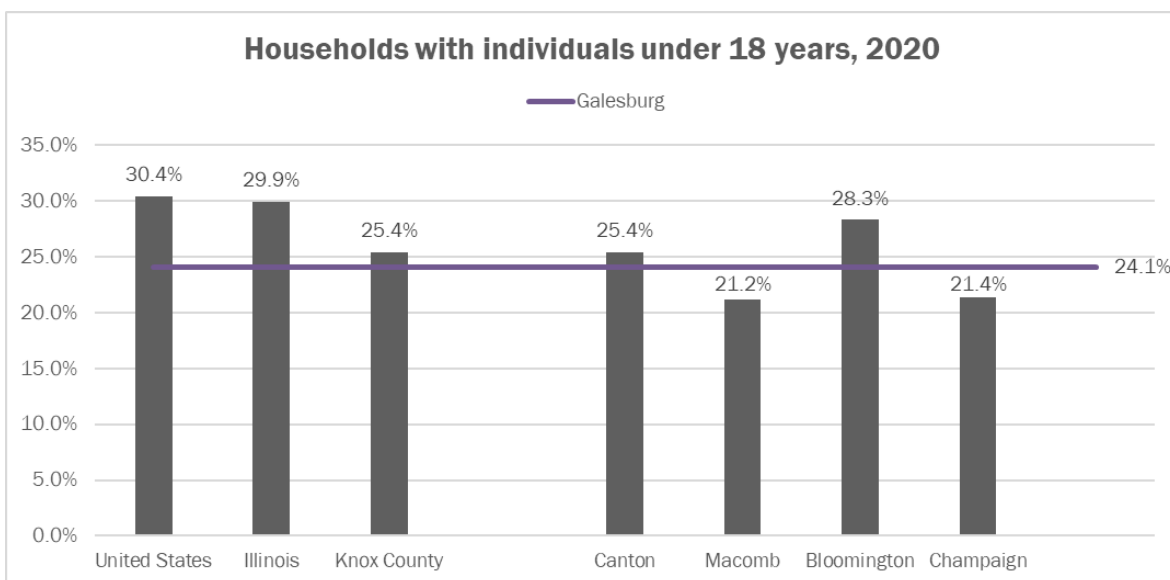


Source: U.S. Census Bureau, 2020 Census Demographic Profile, retrieved November 2023

As illustrated, consistent with total population trends, Galesburg has a greater number of households relative to the smaller markets of Canton and Macomb and a smaller number relative to the larger markets of Bloomington and Champaign.

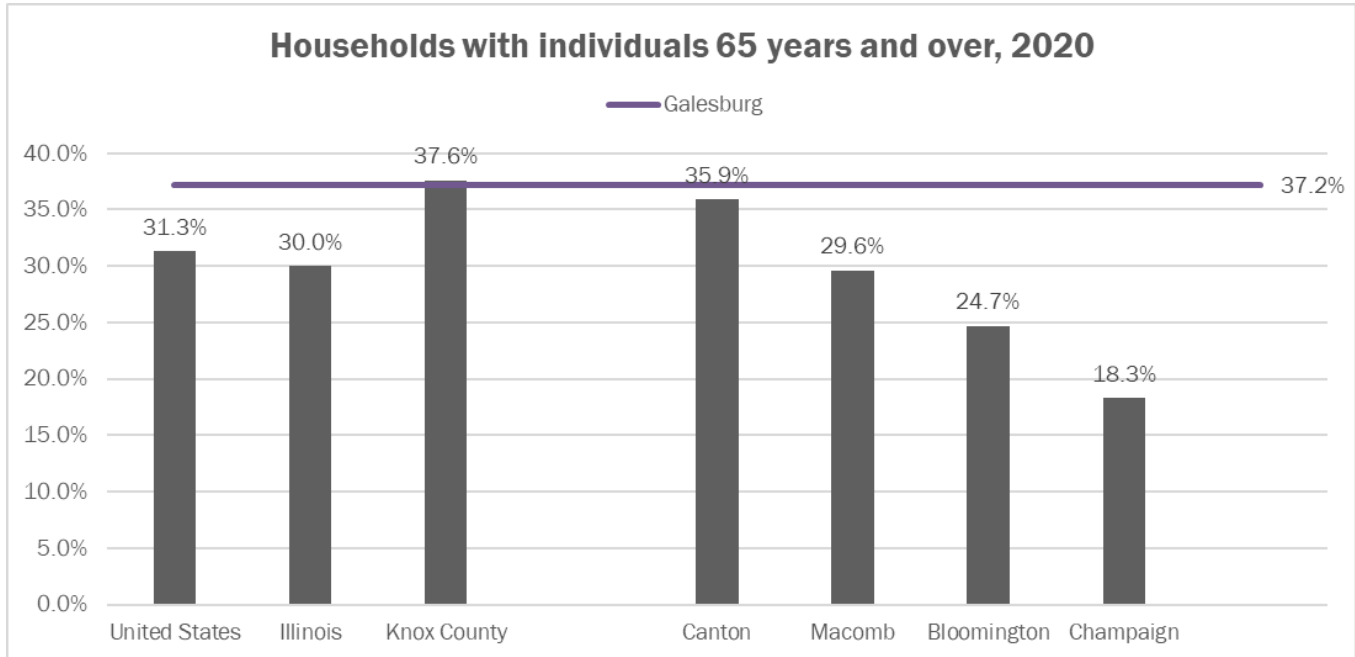
Households by Age

The following graph illustrates the median age of the population in Galesburg relative to the comparable markets as well as the county, state, and nation.



Source: U.S. Census Bureau, 2020 Census Demographic Profile, retrieved November 2023

As illustrated, a lesser percentage of households in Galesburg have children under 18 years of age relative to the national and statewide averages. Further, a lesser percentage of households in Galesburg have children relative to Canton and Bloomington. Lastly, according to ACS data, the number of households with individuals under 18 years in Galesburg decreased from the 2013-2017 to 2018-2022 ACS, similar to national and statewide trends.

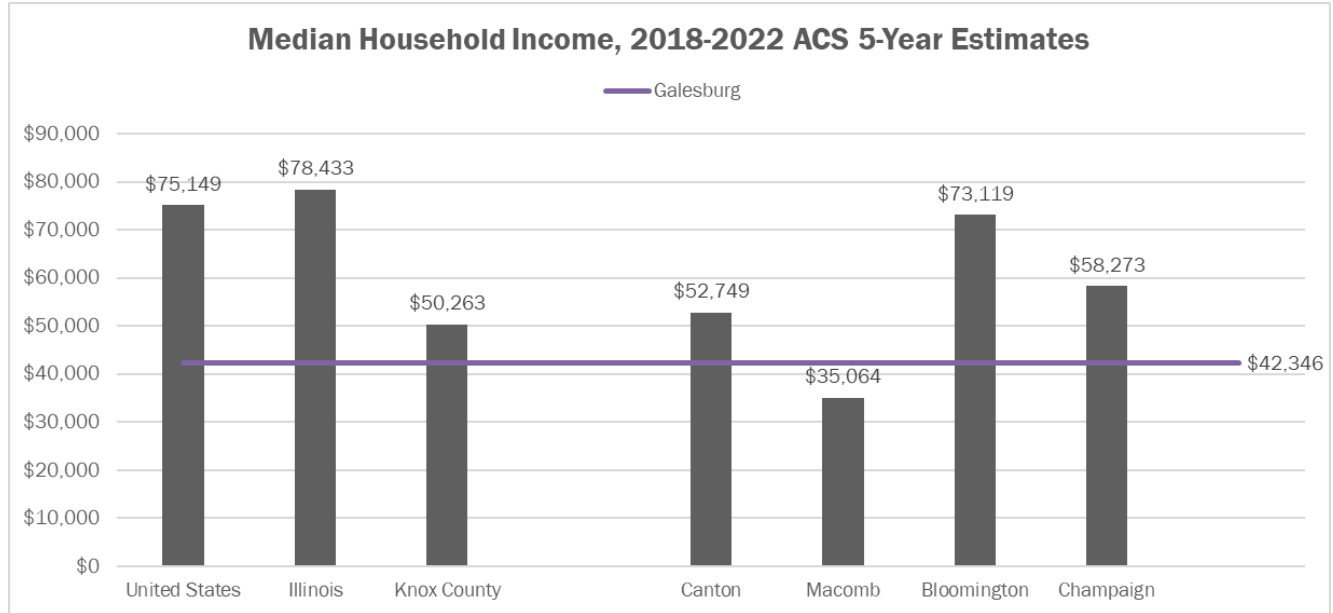


Source: U.S. Census Bureau, 2020 Census Demographic Profile, retrieved November 2023

Consistent with prior data on the percentage of the population ages 65 and over, a larger percentage of Galesburg households have individuals ages 65 and over relative to the national and statewide averages and all four of the comparable markets. Further, according to ACS data, the number of households with individuals under 18 years in Galesburg increased from the 2013-2017 to 2018-2022 ACS, similar to national and statewide trends. Bloomington and Champaign also experienced an increase in households with individuals 65 years and over.

Household Income

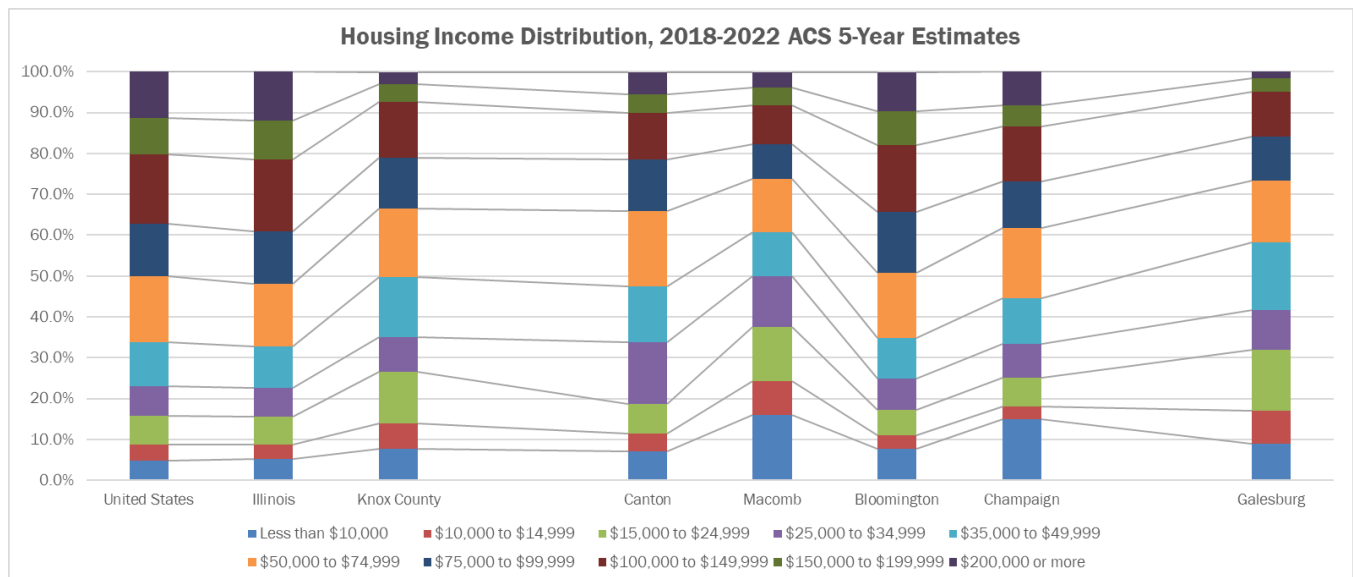
The following graph illustrates the median household income in Galesburg as of the 2022 American Community Survey 5-Year Estimates (adjusted to 2022 dollars) relative to the comparable markets as well as the county, state, and nation.



Source: U.S. Census Bureau, 2018-2022 American Community Survey 5-Year Estimates, retrieved January 2024

The median household income in Galesburg as of the 2022 ACS was \$42,346, well below the national and statewide averages and all of the comparable areas with the exception of Macomb. Further, although the national and statewide median household incomes increased from the 2013-2017 to 2018-2022 ACS as did the median household income in Champaign, this trend was not evident in Galesburg, Canton, or Bloomington; the median household income in Macomb decreased.

The following graph illustrates the income distribution for each area as of the 2022 ACS.

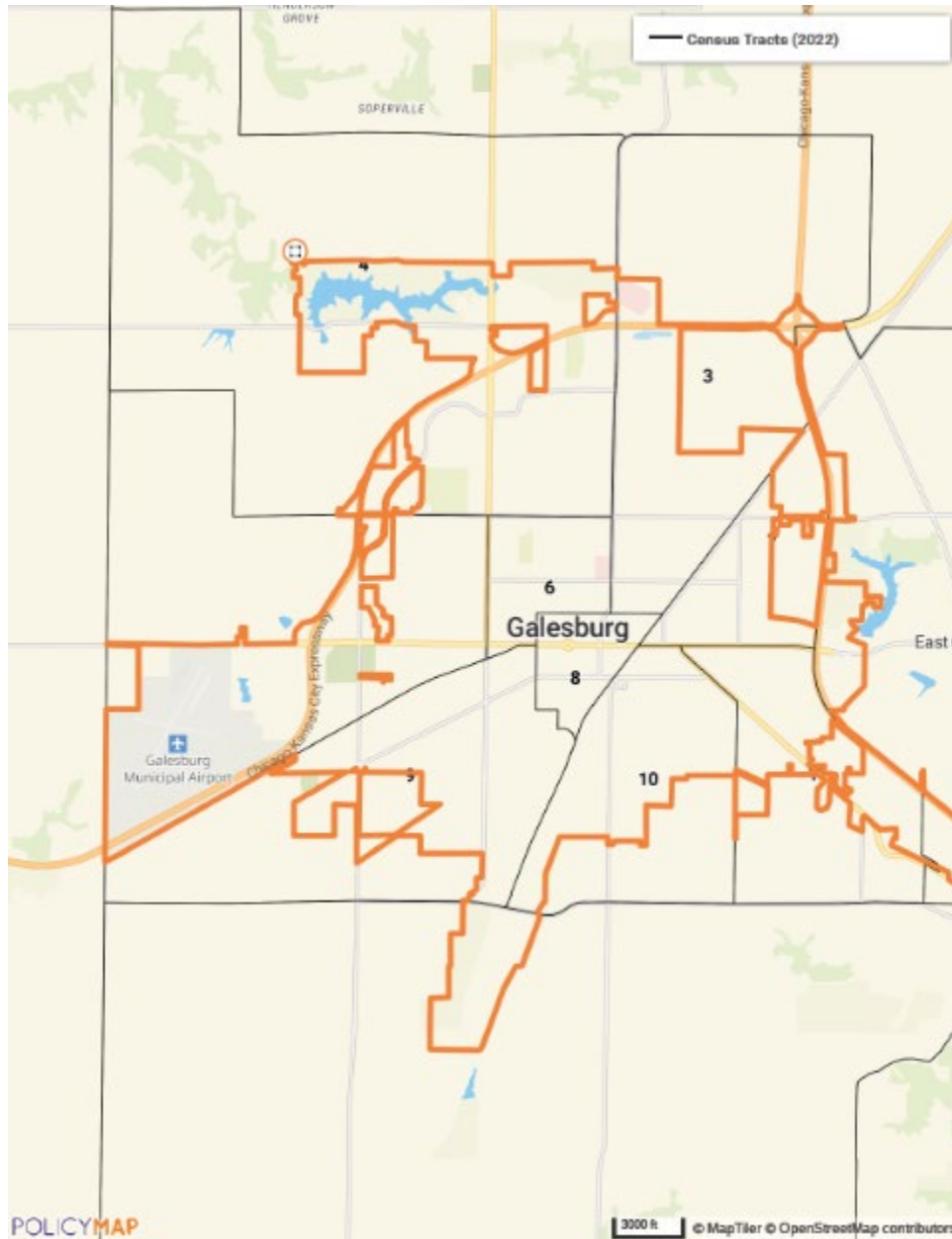


Source: U.S. Census Bureau, 2018-2022 American Community Survey 5-Year Estimates, retrieved January 2024

As illustrated, nearly 60 percent of households in Galesburg have incomes below \$50,000 compared to less than 40 percent nationally and in Illinois, as well as in Bloomington, while less than 50 percent fall below this threshold in Canton and Champaign.

WITHIN GALESBURG TRENDS

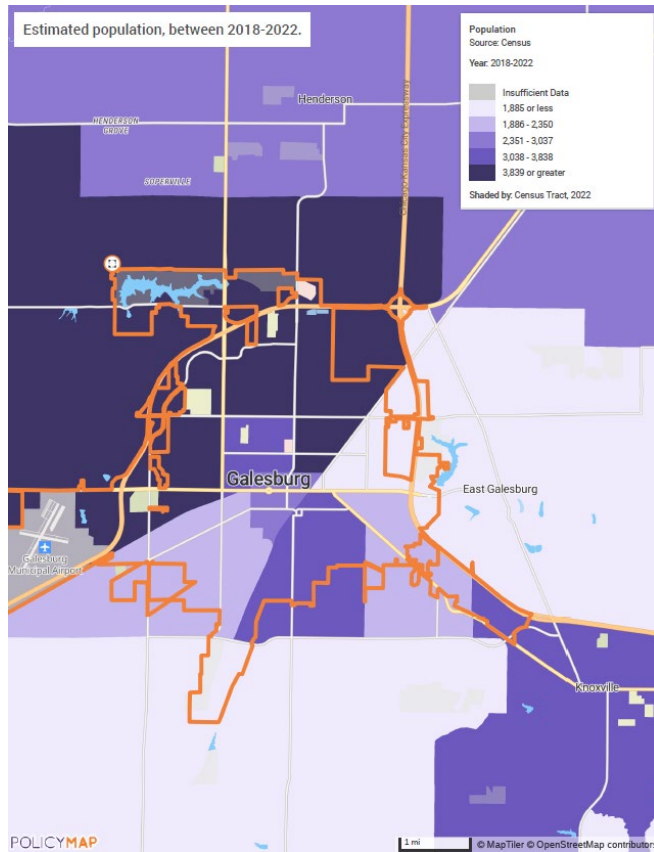
The following section presents demographic data for the City of Galesburg by census tract. It is worth noting that the majority of tracts in Galesburg are not fully within the city limits. We therefore present data for all tracts within or abutting the city limits. The following map illustrates the 2022 census tract boundaries for tracts within and abutting Galesburg.



Population

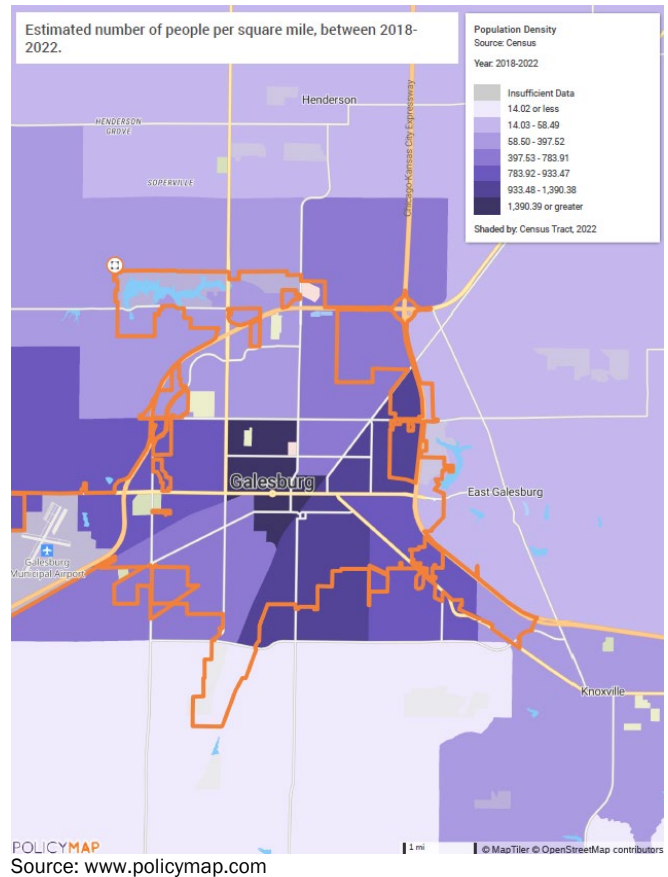
The following maps illustrate the total population and population density by census tract for tracts within and abutting Galesburg.

Total Population



Tracts in the northern portion of Galesburg have the largest number of people followed by the downtown and south-central tracts.

Population Density

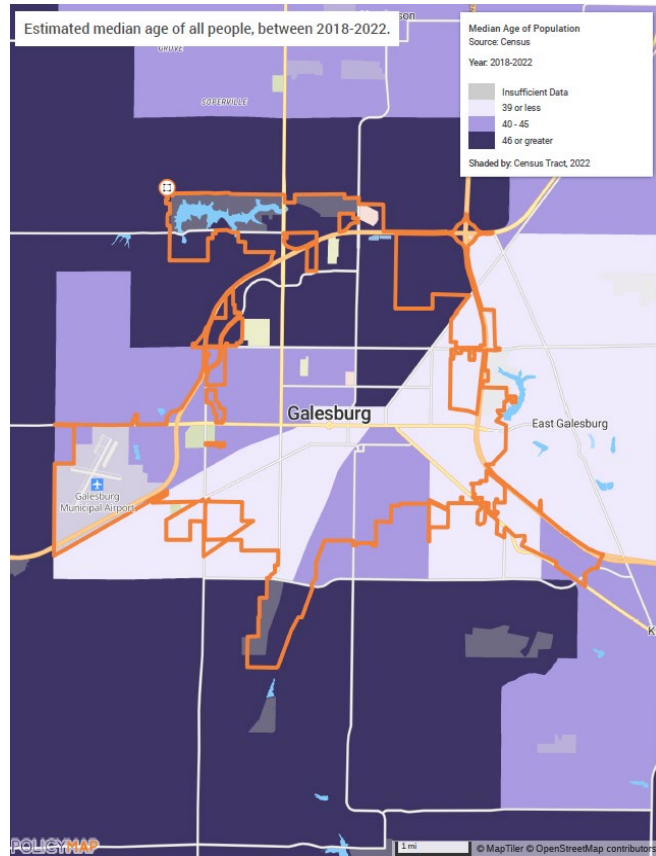


While there are fewer people in the downtown and south-central tracts relative to the northern tracts, the former have a higher population density relative to the latter.

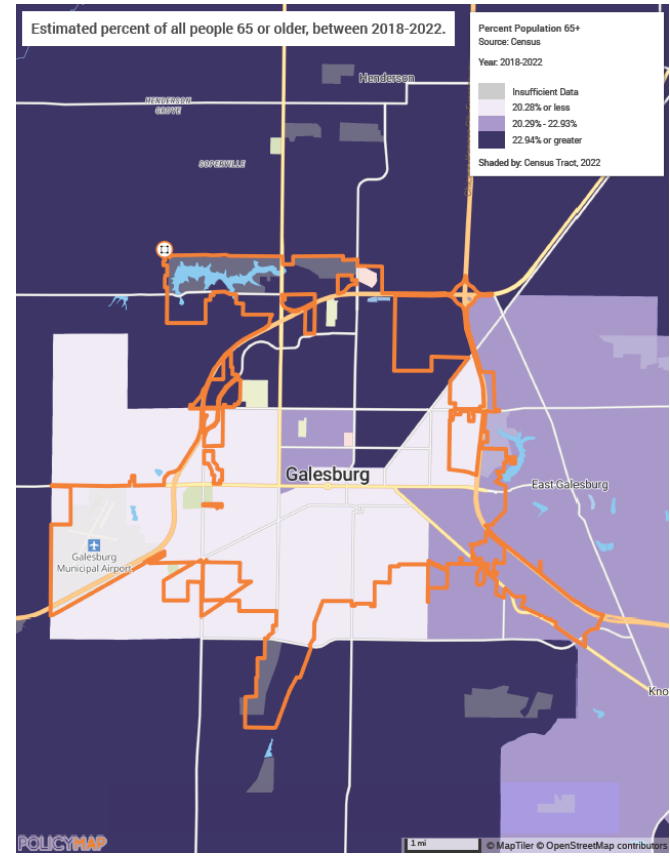
Age

The following maps illustrate the median age and percentage of the population ages 65 and over.

Median Age



Population 65+

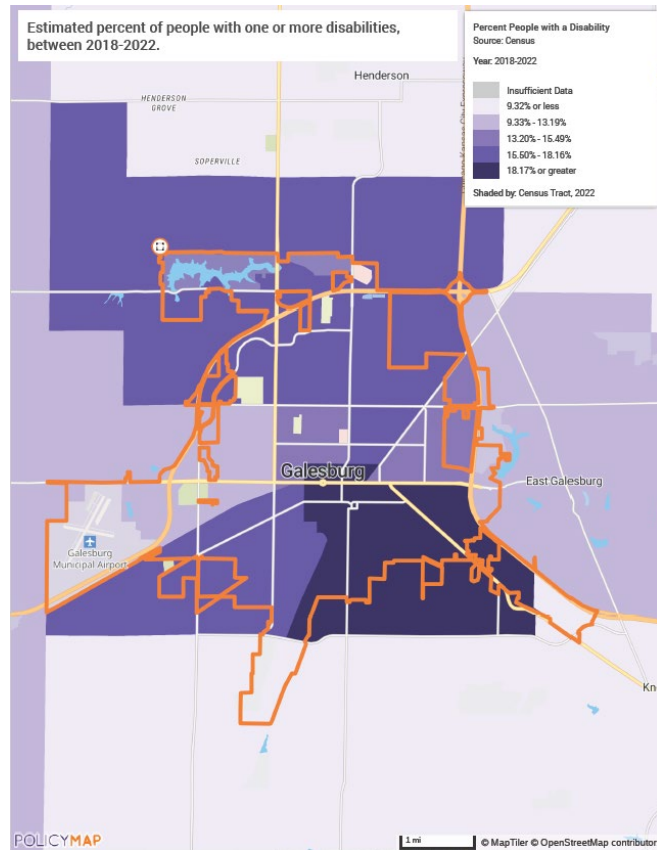


Tracts in the northern portion of Galesburg have a higher median age and larger percentage of people ages 65 and over relative to other tracts in the city followed by the downtown area.

Special Needs Populations

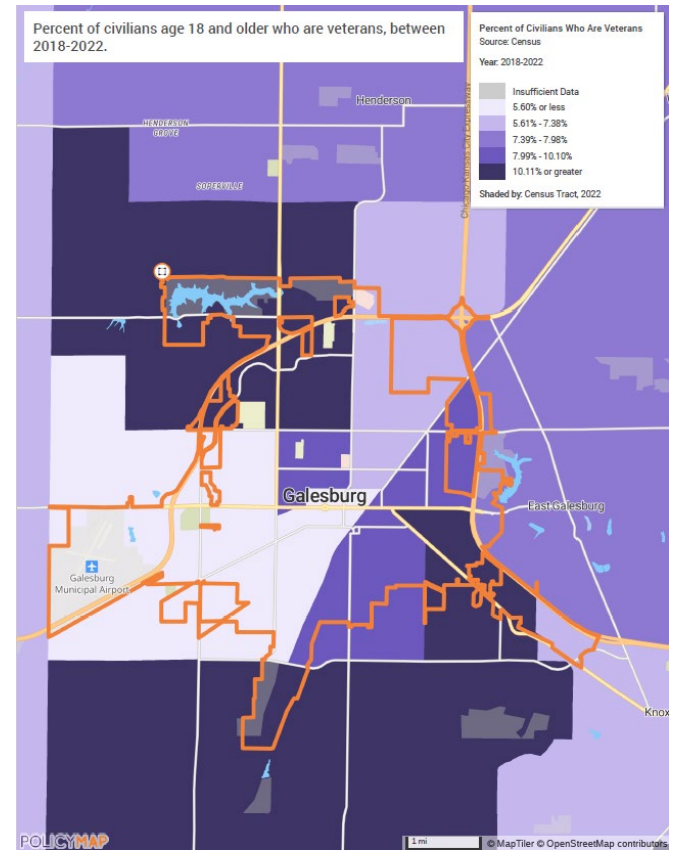
The following maps illustrate the percentage of the population with one or more disabilities and the percentage of the civilian population age 18 and over who are veterans.

Disability



The tracts in the southeast have the highest percentage of people with one or more disabilities.

Veterans

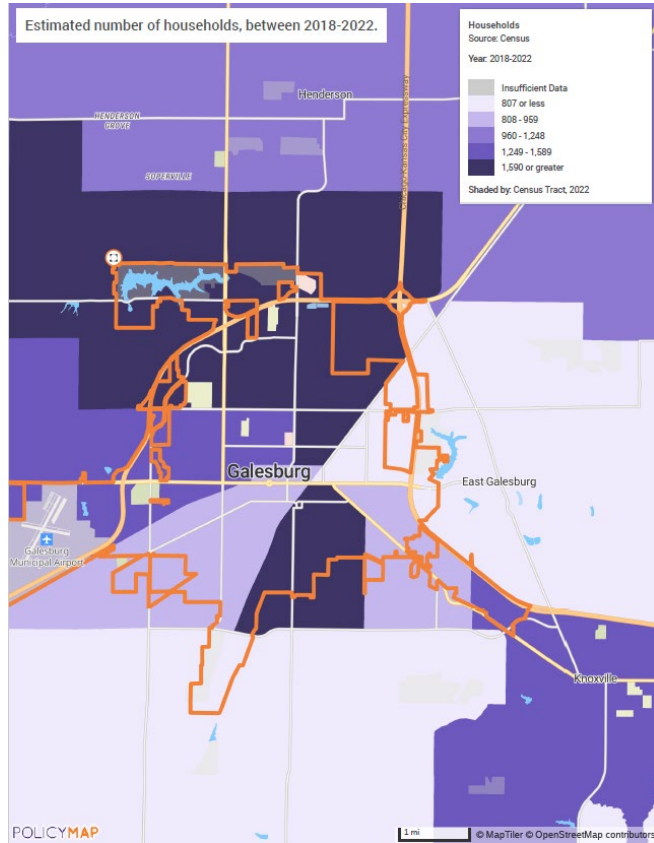


The tracts in the northwest have the highest percentage of civilians aged 18 and older who are veterans followed by the tracts in downtown and the southeast.

Households

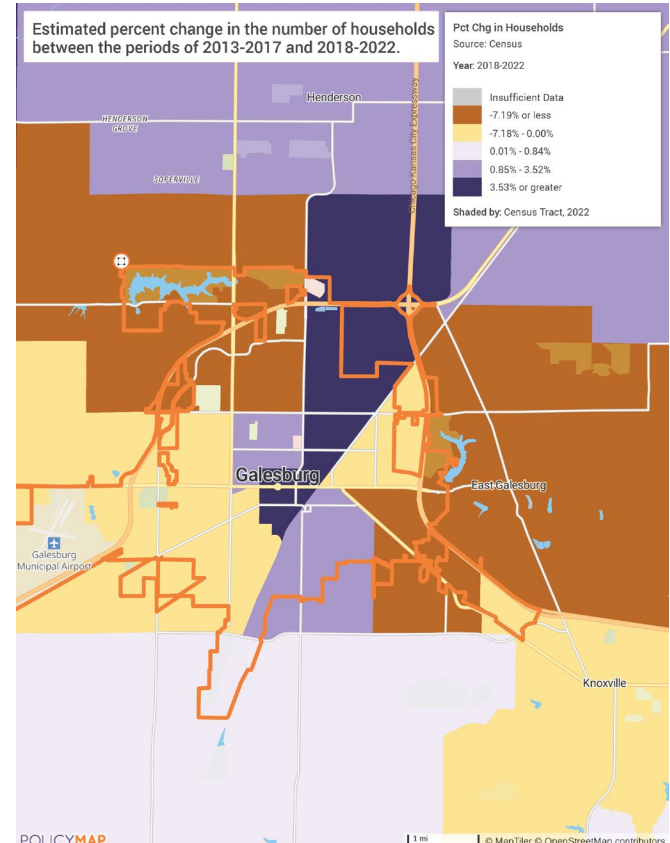
The following maps illustrate the total number of households and changes in the number of households.

Total Households



The tracts in the north and southeast have the largest number of households followed by the tract to the west.

Change in Total Households

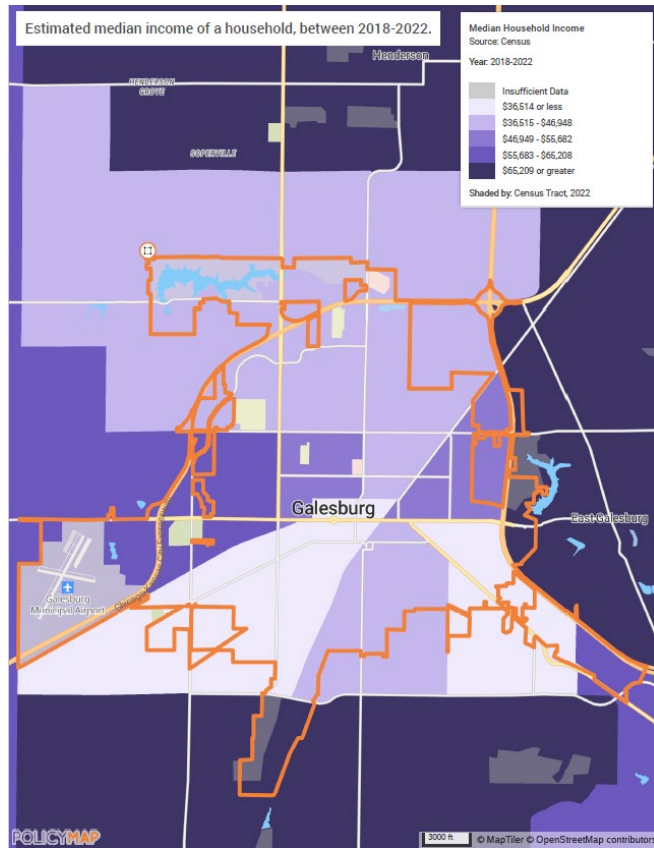


In terms of household growth, the northeastern tract of Galesburg experienced the largest increase in total households followed by the tracts in downtown, while the tracts to the west experienced the largest decreases.

Income

The following maps illustrate a variety of income related indicators as of the 2018-2022 American Community Survey for census tract for tracts within and abutting Galesburg.

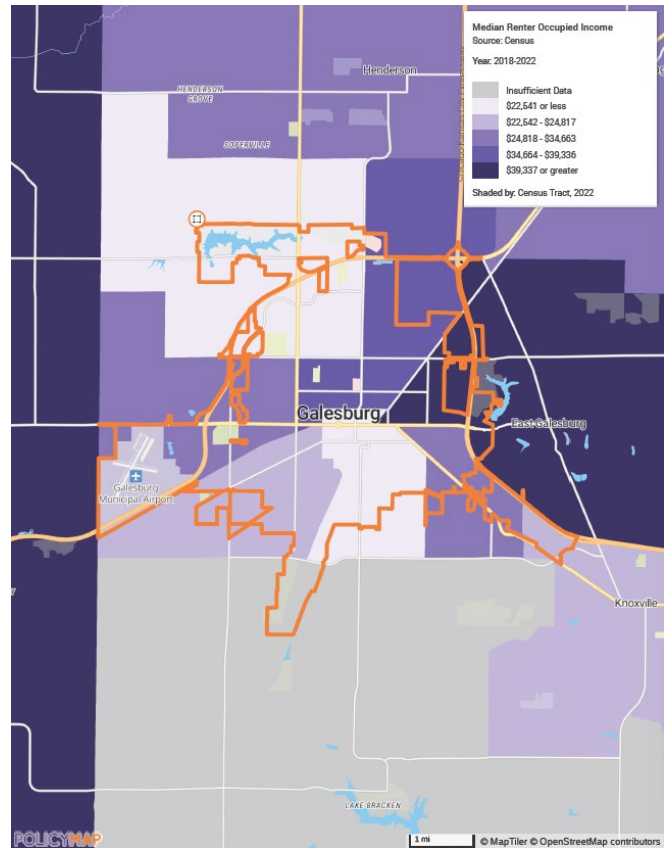
Median Household Income



Source: www.policymap.com

The tracts surrounding Galesburg have higher median household incomes relative to those of the tracts within the city limits. The western and downtown tracts have the highest median household incomes within the city limits. The national median household income in 2022 was \$74,580, well above the median household income of all tracts in Galesburg.

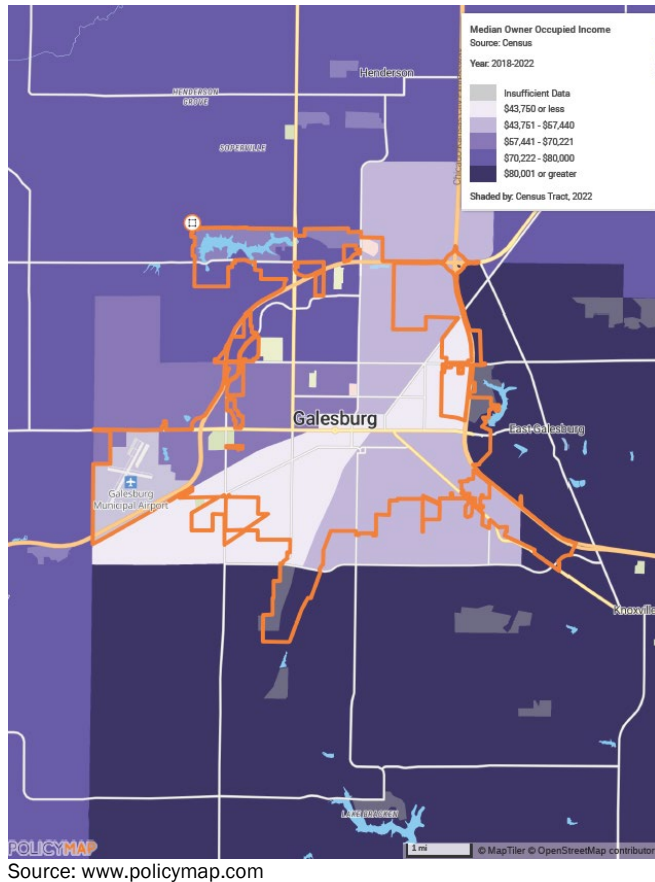
Median Renter Household Income



Source: www.policymap.com

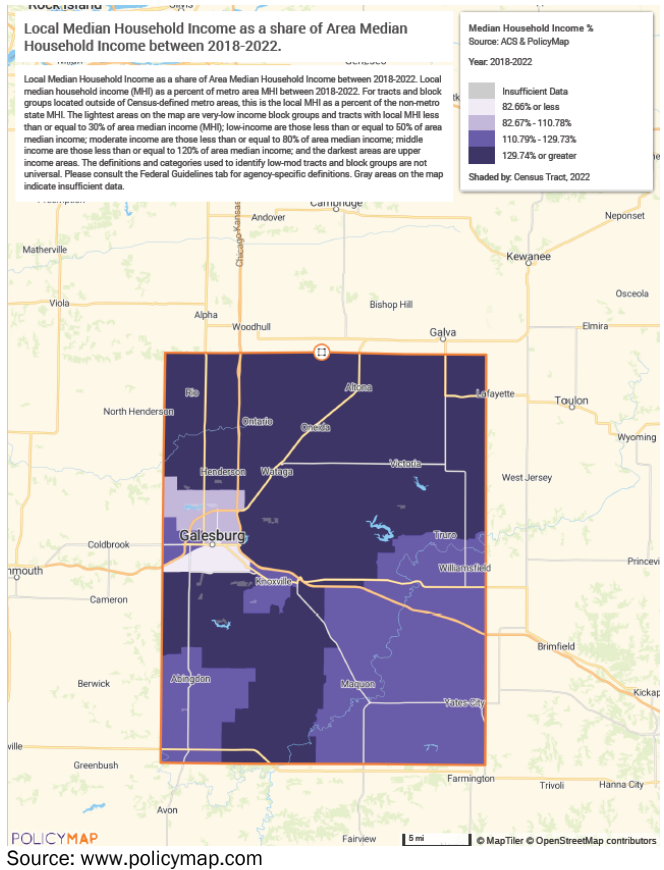
Renter households in tracts in northwest and south-central have the lowest incomes while renter households in downtown and eastern and northeastern tracts have the highest incomes.

Median Owner Household Income



Owner households in tracts in northwest and west have the highest incomes while owner households in the southwest and eastern tracts have the lowest incomes.

Local Median Household Income as share of Area Median Income



The U.S. Department of Housing and Urban Development (HUD) calculates the Area Median Income (AMI) for each county or multicounty metropolitan area annually. AMI is then used to calculate income limits, affordable rents, and program eligibility for a variety of federal and local housing programs. The above map illustrates the median household income by census tract as a share of the overall Knox County AMI. As illustrated, the AMI for the county is driven by incomes of households in unincorporated parts of the county as well as East Galesburg and Knoxville. Only two tracts within Galesburg, the west-central tract and the downtown tract, have local median household incomes above the AMI. The tracts to the south are the lowest (62.4 to 82.7 percent of the AMI) whereas the tracts to the north are just slightly below (92.5 to 94.6 percent) the AMI.

CURRENT AND FUTURE TRENDS

The following section presents demographic data for the City of Galesburg, Knox County/the Galesburg, Illinois Micropolitan Statistical Area, and the nation. Information is provided to us by ESRI Demographics and Ribbon Demographic, national proprietary data providers.

Population

Total Population

The following tables illustrate the total population growth trends in the city, micropolitan statistical area, which consists of Knox County, state, and nation from 2010 through 2023, as well as projections through 2028. It is worth noting the 2023 Esri numbers differ slightly from the 2023 numbers from the U.S. Census Bureau's Population Division numbers due to slightly differing methodologies.

	2010	Population Est. 2023	Prj. 2028	Annual Percent Change 2010-23	2023-28
Galesburg, IL	32,256	29,519	28,926	-0.6%	-0.40%
Galesburg, IL Micropolitan Statistical Area	52,919	49,082	48,037	-0.5%	-0.43%
Illinois	12,830,632	12,719,013	12,598,432	-0.1%	-0.19%
USA	308,730,056	337,460,311	342,629,524	0.7%	0.31%

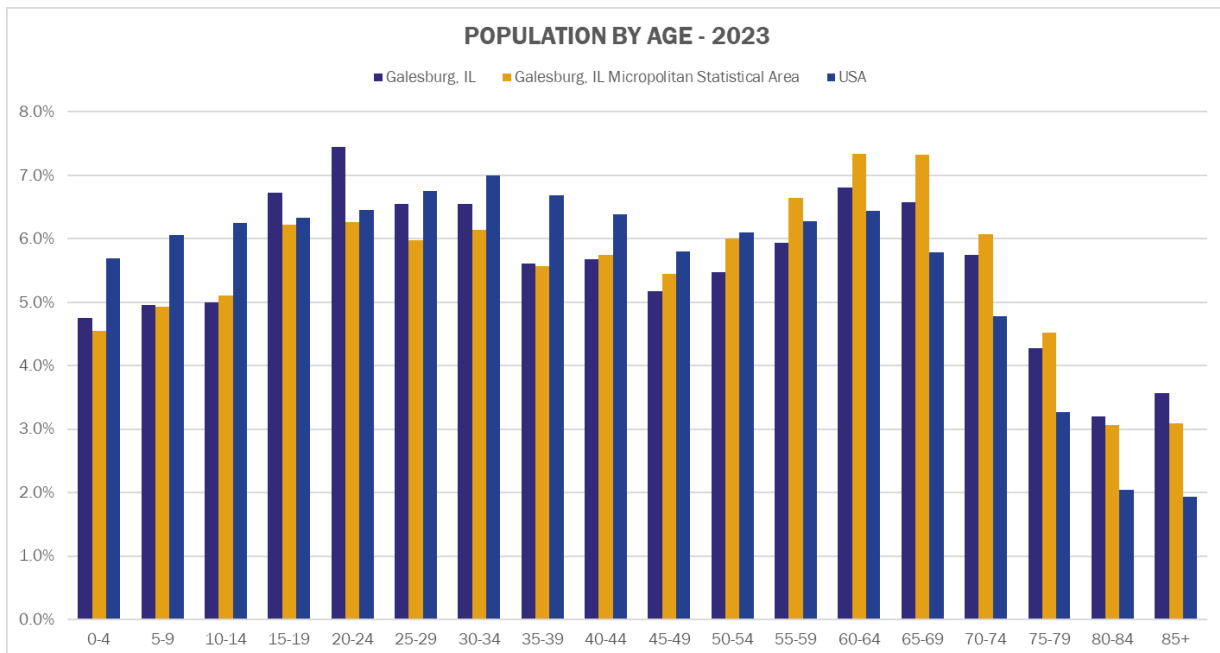
Source: Esri Demographics 2023, Novogradac, February 2024

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

As illustrated above, the population in the city, micropolitan area, and state decreased from 2010 to 2023, with the strongest decrease in the city and micropolitan statistical area, and these trends are projected to continue, albeit at slightly slower rates, through 2028. Conversely, the national population increased and is projected to continue to increase through 2028.

Population by Age

The following graph and corresponding tables illustrate the distribution of the population by age in the city, micropolitan statistical area, and nation in 2023, as well as projections in 2028.



Source: Esri Demographics 2023, Novogradac, February 2024

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).

POPULATION BY AGE IN 2028 ESTIMATE

Age Cohort	Galesburg, IL		Galesburg, IL Micropolitan Statistical Area		USA	
	Number	Percentage	Number	Percentage	Number	Percentage
0-4	1,387	4.8%	2,187	4.6%	19,731,698	5.8%
5-9	1,416	4.9%	2,345	4.9%	20,062,152	5.9%
10-14	1,437	5.0%	2,478	5.2%	20,994,759	6.1%
15-19	1,986	6.9%	2,900	6.0%	21,063,652	6.1%
20-24	2,103	7.3%	2,923	6.1%	21,446,767	6.3%
25-29	1,818	6.3%	2,691	5.6%	21,691,715	6.3%
30-34	1,769	6.1%	2,836	5.9%	23,084,225	6.7%
35-39	1,783	6.2%	2,866	6.0%	24,143,271	7.0%
40-44	1,601	5.5%	2,694	5.6%	22,432,110	6.5%
45-49	1,651	5.7%	2,865	6.0%	21,192,171	6.2%
50-54	1,481	5.1%	2,650	5.5%	19,168,895	5.6%
55-59	1,546	5.3%	2,927	6.1%	19,890,482	5.8%
60-64	1,613	5.6%	3,057	6.4%	19,939,284	5.8%
65-69	1,857	6.4%	3,412	7.1%	20,154,695	5.9%
70-74	1,770	6.1%	3,189	6.6%	17,475,764	5.1%
75-79	1,473	5.1%	2,549	5.3%	13,612,849	4.0%
80-84	1,085	3.8%	1,782	3.7%	8,900,938	2.6%
85+	1,151	4.0%	1,686	3.5%	7,644,098	2.2%
Total	28,927	100.0%	48,037	100.0%	342,629,525	100.0%

Source: Esri Demographics 2023, Novogradac, February 2024

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

As illustrated, while the largest age cohorts in the micropolitan area are older persons/seniors (60 to 69) and the largest age cohorts in the nation are young adults (25 to 39). Further, the city has a lesser percentage of persons under 20 (21.4 percent) compared to the nation (24.3 percent) and a larger percentage of persons ages 65 and over (23.4 percent) compared to the nation (17.8 percent). These trends are projected to continue through 2028.

Senior Population

The following tables illustrate the senior population growth trends in the city, micropolitan statistical area, which consists of Knox County, state, and nation from 2010 through 2023, as well as projections through 2028.

	Population 65+			Annual Percent Change	
	2010	Est. 2023	Prj. 2028	2010-23	2023-28
Galesburg, IL	5,817	6,896	7,336	1.4%	1.3%
Galesburg, IL Micropolitan Statistical Area	9,762	11,819	12,618	1.6%	1.4%
Illinois	1,609,213	2,204,757	2,443,677	2.8%	2.2%
USA	40,265,241	60,063,267	67,788,344	3.7%	2.6%

Source: Esri Demographics 2023, Novogradac, February 2024

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

As illustrated above, the senior population increased in all areas from 2010 to 2023 with the strongest increase in the nation and the weakest growth in the city. These trends are projected to continue through 2028.

Households

Total Households

The following tables illustrate the total household growth trends in the city, micropolitan statistical area, which consists of Knox County, state, and nation from 2010 through 2023, as well as projections through 2028.

	Households			Annual Percent Change	
	2010	Est. 2023	Prj. 2028	2010-23	2023-28
Galesburg, IL	13,065	12,292	12,100	-0.4%	-0.3%
Galesburg, IL Micropolitan Statistical Area	21,472	20,620	20,295	-0.3%	-0.3%
Illinois	4,836,955	5,013,118	5,043,738	0.3%	0.1%
USA	116,709,667	129,912,564	133,092,836	0.9%	0.5%

Source: Esri Demographics 2023, Novogradac, February 2024

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

Total households in the city and micropolitan area decrease from 2010 to 2023 compared to an increase in the state and nation, with the strongest increase in the nation. These trends are projected to continue through 2028.

Senior Households

The following tables illustrate the senior household growth trends in the city, micropolitan statistical area, which consists of Knox County, state, and nation from 2010 through 2023, as well as projections through 2028.

	Households 65+			Annual Percent Change	
	2010	Est. 2023	Prj. 2028	2010-23	2023-28
Galesburg, IL	4,233	4,220	4,547	0.0%	1.5%
Galesburg, IL Micropolitan Statistical Area	6,795	7,180	7,742	0.4%	1.6%
Illinois	1,105,395	1,348,015	1,514,670	1.7%	2.5%
USA	27,339,937	35,378,198	40,267,350	2.2%	2.8%

Source: Esri Demographics 2023, Novogradac, February 2024

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

As illustrated above, the number of senior households in the city remained stable from 2010 through 2023, compared to an increase in the micropolitan statistical area, state, and nation. The number of senior households in the city is however projected to increase through 2028, albeit at a slower rate of growth than that projected in the other areas of analysis.

Average Household Size

The following table illustrates the average household size between 2010 and 2023 as well as projections for 2028 in the city, micropolitan statistical area, and the nation.

AVERAGE HOUSEHOLD SIZE						
Year	Galesburg, IL		Galesburg, IL Micropolitan Statistical Area		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
2010	2.17	-	2.25	-	2.57	-
2023	2.13	-0.1%	2.20	-0.1%	2.53	-0.1%
2028	2.12	-0.1%	2.19	-0.1%	2.51	-0.2%

Source: Esri Demographics 2023, Novogradac, February 2024

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

The average household size in the city is smaller than that of the micropolitan statistical area and the nation, a trend that is likely due to the sizeable college student and senior populations in the city, many of whom are in one-person households. The average household size is projected to decrease slightly in all areas through 2028.

Household Size Distribution

The following table illustrates the household size distributions in the city, the micropolitan statistical area, and the nation for the years 2010 and 2023, as well as the projected distributions for the year 2028.

HOUSEHOLD SIZE DISTRIBUTION - GALESBURG, IL

Household Size	2010		2023		2028	
	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%

Source: Esri Demographics 2023, Novogradac, February 2024

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

HOUSEHOLD SIZE DISTRIBUTION - GALESBURG, IL MICROPOLITAN STATISTICAL AREA

Household Size	2010		2023		2028	
	Total	Percent	Total	Percent	Total	Percent
1 persons	6,946	32.3%	6,990	33.9%	6,907	34.0%
2 persons	7,861	36.6%	7,398	35.9%	7,316	36.0%
3 persons	2,963	13.8%	2,870	13.9%	2,817	13.9%
4 persons	2,216	10.3%	2,023	9.8%	1,960	9.7%
5+ persons	1,486	6.9%	1,339	6.5%	1,295	6.4%
Total	21,472	100.0%	20,620	100.0%	20,295	100.0%

Source: Esri Demographics 2023, Novogradac, February 2024

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

HOUSEHOLD SIZE DISTRIBUTION - USA

Household Size	2010		2023		2028	
	Total	Percent	Total	Percent	Total	Percent
1 persons	31,086,695	26.6%	35,475,139	27.3%	36,429,268	27.4%
2 persons	38,197,165	32.7%	41,994,074	32.3%	42,982,583	32.3%
3 persons	18,781,784	16.1%	21,108,144	16.2%	21,657,626	16.3%
4 persons	15,689,779	13.4%	16,919,144	13.0%	17,225,053	12.9%
5+ persons	12,954,244	11.1%	14,416,063	11.1%	14,798,306	11.1%
Total	116,709,667	100.0%	129,912,564	100.0%	133,092,836	100.0%

Source: Esri Demographics 2023, Novogradac, February 2024

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

The majority of households in all areas are one and two-person households. More specifically, approximately 71.4 percent of households in the city are one and two-person households, more than the national average of 59.6 percent and these trends are projected to continue through 2028.

Senior (65+) Household Size Distribution

The following table illustrates the senior household size distribution in the city, micropolitan statistical area, and nation for the years 2010 and 2023, as well as the projected distributions for the year 2028.

SENIOR (65+) HOUSEHOLD SIZE DISTRIBUTION - GALESBURG, IL

2023			2028	
Household Size	Total Households	Percent	Total Households	Percent
1 persons	2,321	55.0%	2,489	54.7%
2 persons	1,598	37.9%	1,719	37.8%
3 persons	165	3.9%	196	4.3%
4 persons	64	1.5%	66	1.5%
5+ persons	72	1.7%	77	1.7%
Total	4,220	100.0%	4,547	100.0%

Source: Esri Demographics 2023, Novogradac, February 2024

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

SENIOR (65+) HOUSEHOLD SIZE DISTRIBUTION - GALESBURG, IL MICROPOLITAN STATISTICAL AREA

2023			2028	
Household Size	Total Households	Percent	Total Households	Percent
1 persons	3,402	47.4%	3,658	47.2%
2 persons	3,166	44.1%	3,392	43.8%
3 persons	369	5.1%	424	5.5%
4 persons	114	1.6%	111	1.4%
5+ persons	129	1.8%	157	2.0%
Total	7,180	100.0%	7,742	100.0%

Source: Esri Demographics 2023, Novogradac, February 2024

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

SENIOR (65+) HOUSEHOLD SIZE DISTRIBUTION - USA

2023			2028	
Household Size	Total Households	Percent	Total Households	Percent
1 persons	14,829,088	41.9%	16,637,258	41.3%
2 persons	15,475,594	43.7%	17,556,430	43.6%
3 persons	2,856,889	8.1%	3,408,714	8.5%
4 persons	1,122,528	3.2%	1,347,481	3.3%
5+ persons	1,094,099	3.1%	1,317,467	3.3%
Total	35,378,198	100.0%	40,267,350	100.0%

Source: Esri Demographics 2023, Novogradac, February 2024

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

Nearly all senior (65+) households in all areas are one or two-person households with a greater percentage in the city (92.9 percent) compared to the national average (85.6 percent). Conversely, the city has a lesser percentage of large senior households relative to the national average. These trends are projected to continue through 2028.

Tenure

General Household Tenure

The following graph and tables illustrate the tenure patterns in the city, the micropolitan statistical area, and the nation for the years 2010 and 2023, as well as the projected tenure patterns for the year 2028.

TENURE PATTERNS - GALESBURG, IL

Year	Owner-Occupied	Percentage	Renter-Occupied	Percentage
	Units	Owner-Occupied	Units	Renter-Occupied
2010	8,100	62.0%	4,965	38.0%
2023	7,408	60.3%	4,884	39.7%
2028	7,450	61.6%	4,650	38.4%

Source: Esri Demographics 2023, Novogradac, February 2024

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

TENURE PATTERNS - GALESBURG, IL MICROPOLITAN STATISTICAL AREA

Year	Owner-Occupied	Percentage	Renter-Occupied	Percentage
	Units	Owner-Occupied	Units	Renter-Occupied
2010	14,965	69.7%	6,507	30.3%
2023	14,139	68.6%	6,481	31.4%
2028	14,163	69.8%	6,132	30.2%

Source: Esri Demographics 2023, Novogradac, February 2024

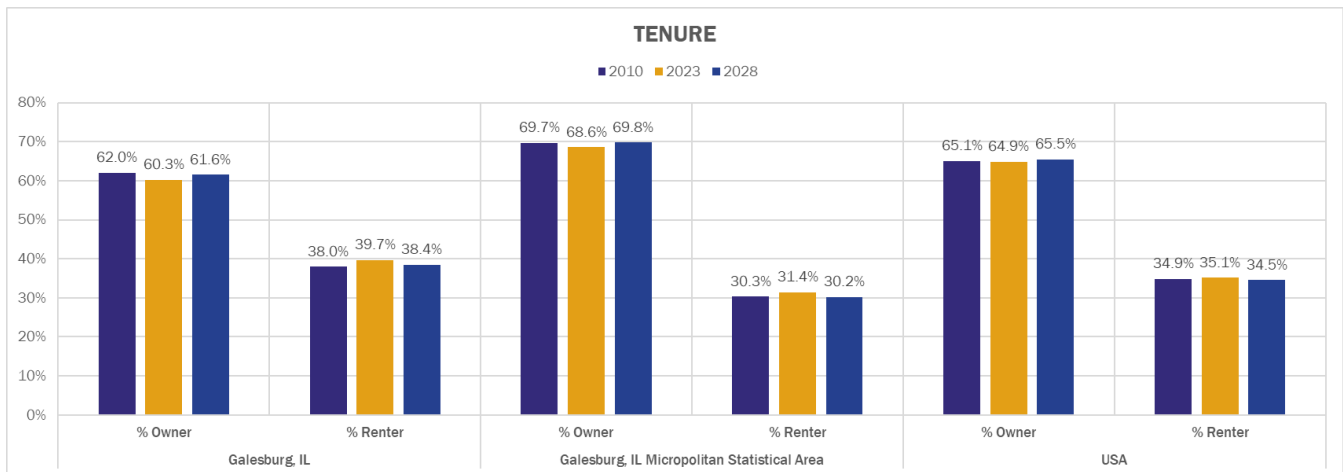
Color formatting ranges from red (low) to green (high).

TENURE PATTERNS - USA

Year	Owner-Occupied	Percentage	Renter-Occupied	Percentage
	Units	Owner-Occupied	Units	Renter-Occupied
2010	75,982,313	65.1%	40,727,354	34.9%
2023	84,283,420	64.9%	45,629,144	35.1%
2028	87,119,375	65.5%	45,973,461	34.5%

Source: Esri Demographics 2023, Novogradac, February 2024

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

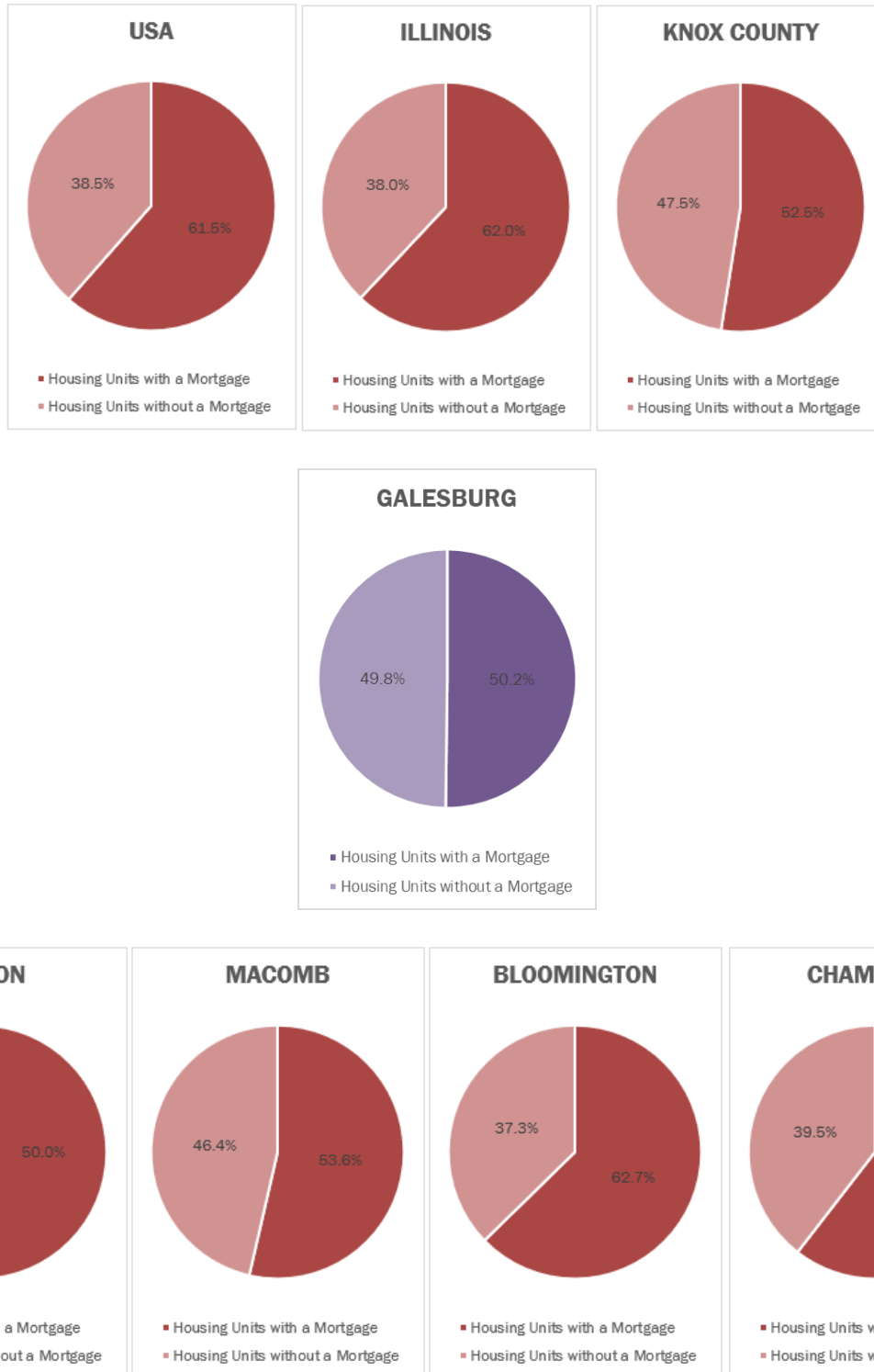


Source: Esri Demographics 2023, Novogradac, February 2024

As illustrated in the tables above, the majority of occupied housing units in all areas are owner-occupied and this is projected to continue through 2028. Galesburg does, however, have a greater percentage of renter-occupied units (39.7 percent) relative to the micropolitan statistical area and the national average. Both the

percentage and number of renter-occupied housing units are projected to decrease in the city and micropolitan statistical area through 2028.

The following pie charts illustrate the distributions of owners by mortgage status in Galesburg relative to that of the nation, state, county, and comparable markets.



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

Galesburg has a greater percentage of owner housing units without a mortgage relative to the nation, state, county, and three of the four comparable markets, the one exception being Canton, which is similar to the Subject.

Senior Household Tenure

The following table illustrates the tenure patterns for senior (65+) households in the city, the micropolitan statistical area, and the nation for the years 2010 and 2023, as well as the projected tenure patterns for the year 2028.

SENIOR (65+) TENURE PATTERNS - GALESBURG, IL

Year	Owner-Occupied	Percentage	Renter-Occupied	Percentage
	Units	Owner-Occupied	Units	Renter-Occupied
2010	3,163	74.7%	1,070	25.3%
2023	2,949	69.9%	1,271	30.1%
2028	3,199	70.4%	1,348	29.6%

Source: Esri Demographics 2023, Novogradac, February 2024

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

SENIOR (65+) TENURE PATTERNS - GALESBURG, IL MICROPOLITAN STATISTICAL AREA

Year	Owner-Occupied	Percentage	Renter-Occupied	Percentage
	Units	Owner-Occupied	Units	Renter-Occupied
2010	5,458	80.3%	1,337	19.7%
2023	5,580	77.7%	1,600	22.3%
2028	6,054	78.2%	1,688	21.8%

Source: Esri Demographics 2023, Novogradac, February 2024

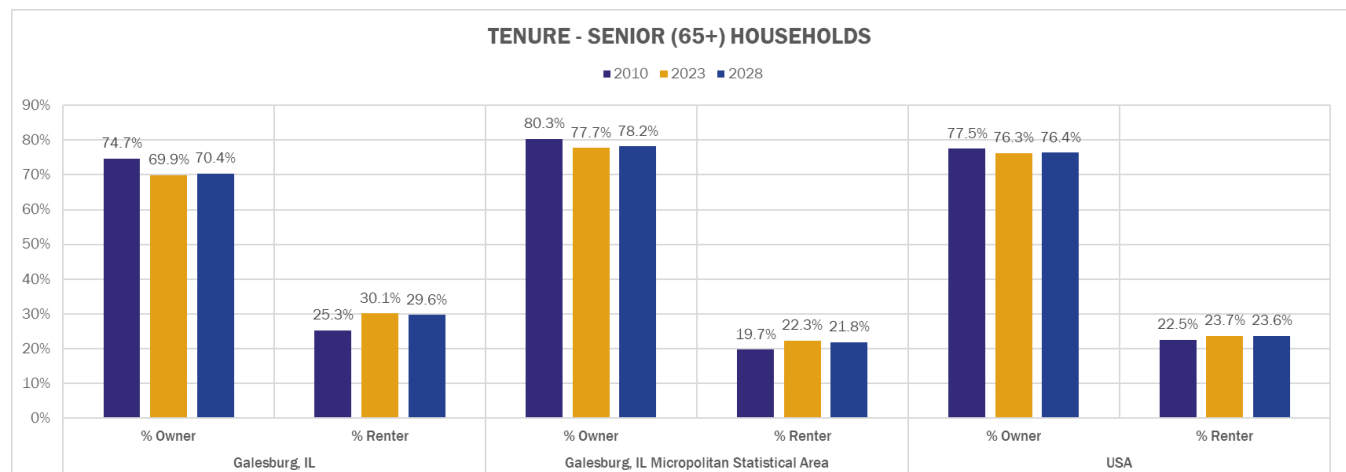
Color formatting ranges from red (low) to green (high).

SENIOR (65+) TENURE PATTERNS - USA

Year	Owner-Occupied	Percentage	Renter-Occupied	Percentage
	Units	Owner-Occupied	Units	Renter-Occupied
2010	21,181,615	77.5%	6,158,322	22.5%
2023	26,985,860	76.3%	8,392,338	23.7%
2028	30,746,798	76.4%	9,520,552	23.6%

Source: Esri Demographics 2023, Novogradac, February 2024

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



Source: Esri Demographics 2023, Novogradac, February 2024

The majority of housing units occupied by senior households in all areas are occupied by owners. The city does however have a slightly lesser percentage of senior owners relative to the other areas. Both the number and percentage of senior owner-occupied housing units are projected to increase in all areas. While the percentage of senior renter-occupied units is projected to decrease in all areas, the number of senior renter-occupied units is projected to increase including an increase of 77 senior renter-occupied units in the city.

Owner Household Size Distribution

The following table illustrates the owner household size distributions in the city, the micropolitan statistical area, and the nation for the years 2010 and 2023 as well as the projected distributions for the year 2028.

OWNER HOUSEHOLD SIZE DISTRIBUTION - GALESBURG, IL

Household Size	2010		2023		2028	
	Total	Percent	Total	Percent	Total	Percent
1 persons	2,325	28.7%	2,130	28.8%	2,157	29.0%
2 persons	3,247	40.1%	3,002	40.5%	3,028	40.6%
3 persons	1,057	13.0%	987	13.3%	996	13.4%
4 persons	821	10.1%	728	9.8%	716	9.6%
5+ persons	650	8.0%	561	7.6%	553	7.4%
Total	8,100	100.0%	7,408	100.0%	7,450	100.0%

Source: Esri Demographics 2023, Novogradac, February 2024

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

OWNER HOUSEHOLD SIZE DISTRIBUTION - GALESBURG, IL MICROPOLITAN STATISTICAL AREA

Household Size	2010		2023		2028	
	Total	Percent	Total	Percent	Total	Percent
1 persons	3,758	25.1%	3,616	25.6%	3,663	25.9%
2 persons	6,338	42.4%	6,017	42.6%	6,049	42.7%
3 persons	2,073	13.9%	2,023	14.3%	2,028	14.3%
4 persons	1,693	11.3%	1,518	10.7%	1,483	10.5%
5+ persons	1,103	7.4%	965	6.8%	940	6.6%
Total	14,965	100.0%	14,139	100.0%	14,163	100.0%

Source: Esri Demographics 2023, Novogradac, February 2024

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

OWNER HOUSEHOLD SIZE DISTRIBUTION - USA

Household Size	2010		2023		2028	
	Total	Percent	Total	Percent	Total	Percent
1 persons	15,868,249	20.9%	17,706,662	21.0%	18,401,297	21.1%
2 persons	27,433,583	36.1%	30,414,048	36.1%	31,524,778	36.2%
3 persons	12,650,268	16.6%	14,352,505	17.0%	14,855,780	17.1%
4 persons	11,344,673	14.9%	12,183,174	14.5%	12,421,760	14.3%
5+ persons	8,685,540	11.4%	9,627,031	11.4%	9,915,760	11.4%
Total	75,982,313	100.0%	84,283,420	100.0%	87,119,375	100.0%

Source: Esri Demographics 2023, Novogradac, February 2024

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

Owner households in all areas are most likely to be two-person households followed by one and three-person households, respectively. Further, Galesburg has a larger percentage of one and two-person owner households relative to the nation. These trends are projected to continue through 2028.

Senior (65+) Owner Household Size Distribution

The following table illustrates the senior (65+) owner household size distributions in the city and the micropolitan statistical area, and the nation for 2023 as well as the projected distributions for the year 2028.

SENIOR (65+) OWNER HOUSEHOLD SIZE DISTRIBUTION - GALESBURG, IL

2023			2028	
Household Size	Total Households	Percent	Total Households	Percent
1 persons	1,240	42.0%	1,333	41.7%
2 persons	1,428	48.4%	1,553	48.5%
3 persons	163	5.5%	190	5.9%
4 persons	56	1.9%	59	1.8%
5+ persons	62	2.1%	64	2.0%
Total	2,949	100.0%	3,199	100.0%

Source: Esri Demographics 2023, Novogradac, February 2024

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

SENIOR (65+) OWNER HOUSEHOLD SIZE DISTRIBUTION - GALESBURG, IL MICROPOLITAN STATISTICAL AREA

2023			2028	
Household Size	Total Households	Percent	Total Households	Percent
1 persons	2,098	37.6%	2,268	37.5%
2 persons	2,900	52.0%	3,134	51.8%
3 persons	362	6.5%	410	6.8%
4 persons	106	1.9%	104	1.7%
5+ persons	114	2.0%	138	2.3%
Total	5,580	100.0%	6,054	100.0%

Source: Esri Demographics 2023, Novogradac, February 2024

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

SENIOR (65+) OWNER HOUSEHOLD SIZE DISTRIBUTION - USA

2023			2028	
Household Size	Total Households	Percent	Total Households	Percent
1 persons	9,367,282	34.7%	10,494,988	34.1%
2 persons	13,569,655	50.3%	15,398,211	50.1%
3 persons	2,382,256	8.8%	2,844,654	9.3%
4 persons	857,271	3.2%	1,030,808	3.4%
5+ persons	809,396	3.0%	978,137	3.2%
Total	26,985,860	100.0%	30,746,798	100.0%

Source: Esri Demographics 2023, Novogradac, February 2024

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

Nearly all senior (65+) owner households in all areas are one or two-person households, particularly the city (90.4 percent), which is more than the nation (85.0 percent), and these trends are projected to continue through 2028.

Renter Household Size Distribution

The following table illustrates the renter household size distributions in the city, the micropolitan statistical area, and the nation for 2023 as well as the projected renter distributions for the year 2028.

RENTER HOUSEHOLD SIZE DISTRIBUTION - GALESBURG, IL

Household Size	2010		2023		2028	
	Total	Percent	Total	Percent	Total	Percent
1 persons	2,533	51.0%	2,652	54.3%	2,567	55.2%
2 persons	1,137	22.9%	994	20.4%	924	19.9%
3 persons	664	13.4%	639	13.1%	593	12.8%
4 persons	373	7.5%	353	7.2%	334	7.2%
5+ persons	258	5.2%	246	5.0%	232	5.0%
Total	4,965	100.0%	4,884	100.0%	4,650	100.0%

Source: Esri Demographics 2023, Novogradac, February 2024

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

RENTER HOUSEHOLD SIZE DISTRIBUTION - GALESBURG, IL MICROPOLITAN STATISTICAL AREA

Household Size	2010		2023		2028	
	Total	Percent	Total	Percent	Total	Percent
1 persons	3,188	49.0%	3,374	52.1%	3,244	52.9%
2 persons	1,523	23.4%	1,381	21.3%	1,267	20.7%
3 persons	890	13.7%	847	13.1%	789	12.9%
4 persons	523	8.0%	505	7.8%	477	7.8%
5+ persons	383	5.9%	374	5.8%	355	5.8%
Total	6,507	100.0%	6,481	100.0%	6,132	100.0%

Source: Esri Demographics 2023, Novogradac, February 2024

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

RENTER HOUSEHOLD SIZE DISTRIBUTION - USA

Household Size	2010		2023		2028	
	Total	Percent	Total	Percent	Total	Percent
1 persons	15,218,446	37.4%	17,768,477	38.9%	18,027,971	39.2%
2 persons	10,763,582	26.4%	11,580,026	25.4%	11,457,805	24.9%
3 persons	6,131,516	15.1%	6,755,639	14.8%	6,801,846	14.8%
4 persons	4,345,106	10.7%	4,735,970	10.4%	4,803,293	10.4%
5+ persons	4,268,704	10.5%	4,789,032	10.5%	4,882,546	10.6%
Total	40,727,354	100.0%	45,629,144	100.0%	45,973,461	100.0%

Source: Esri Demographics 2023, Novogradac, February 2024

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

The majority of renter households in all areas are one and two-person households, followed by three-person households. More specifically, more than half of renter households in Galesburg are one-person households and 74.7 percent are one or two-person households compared to 38.9 and 64.3 percent nationwide, respectively. These trends are projected to continue through 2028.

Senior (65+) Renter Household Size Distribution

The following tables illustrates the senior renter household size distributions in the city, the micropolitan statistical area, and the nation for 2023 as well as the projected senior renter household size distributions for the year 2028.

SENIOR (65+) RENTER HOUSEHOLD SIZE DISTRIBUTION - GALESBURG, IL

Household Size	2023		2028	
	Total Households	Percent	Total Households	Percent
1 persons	1,081	85.1%	1,156	85.8%
2 persons	170	13.4%	166	12.3%
3 persons	2	0.2%	6	0.4%
4 persons	8	0.6%	7	0.5%
5+ persons	10	0.8%	13	1.0%
Total	1,271	100.0%	1,348	100.0%

Source: Esri Demographics 2023, Novogradac, February 2024

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

SENIOR (65+) RENTER HOUSEHOLD SIZE DISTRIBUTION - GALESBURG, IL MICROPOLITAN STATISTICAL AREA

Household Size	2023		2028	
	Total Households	Percent	Total Households	Percent
1 persons	1,304	81.5%	1,390	82.3%
2 persons	266	16.6%	258	15.3%
3 persons	7	0.4%	14	0.8%
4 persons	8	0.5%	7	0.4%
5+ persons	15	0.9%	19	1.1%
Total	1,600	100.0%	1,688	100.0%

Source: Esri Demographics 2023, Novogradac, February 2024

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

SENIOR (65+) RENTER HOUSEHOLD SIZE DISTRIBUTION - USA

Household Size	2023		2028	
	Total Households	Percent	Total Households	Percent
1 persons	5,461,806	65.1%	6,142,270	64.5%
2 persons	1,905,939	22.7%	2,158,219	22.7%
3 persons	474,633	5.7%	564,060	5.9%
4 persons	265,257	3.2%	316,673	3.3%
5+ persons	284,703	3.4%	339,330	3.6%
Total	8,392,338	100.0%	9,520,552	100.0%

Source: Esri Demographics 2023, Novogradac, February 2024

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

The vast majority (85.1 percent) of senior renter households in the city are one-person households, greater than the national average (65.1 percent). Further, the city has a smaller percentage of three or more-person senior households.

Tenure by Household Type

According to the 2022 ACS, owner households in Galesburg are more likely to be family households (57.6 percent) than nonfamily households (42.4 percent), and married families in particular. Renter households on the other hand are more likely to be nonfamily households (64.0 percent) than family households (36.0 percent), and householders living alone in particular.

Income

Median Household Income

The following table illustrates the median household incomes in 2023 as well as projections for 2028 in the city, micropolitan statistical area, and the nation for all households, mid to late career households, and early to mid-senior households, and elder senior households.

MEDIAN HOUSEHOLD INCOME

Year	Galesburg, IL		Galesburg, IL Micropolitan		USA	
	Amount	Annual	Amount	Annual Change	Amount	Annual Change
2010	\$39,918	-	\$46,393	-	\$44,290	-
2023	\$40,594 	0.1%	\$48,511 	0.2%	\$72,604 	2.7%
2028	\$44,101 	1.7%	\$52,881 	1.8%	\$82,410 	2.7%

Source: Esri Demographics 2023, Novogradac, February 2024

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

The median household income in the city is below that of the micropolitan statistical area and both are well below that of the nation. More specifically, the median household income for all households in the city is only 55.9 percent of the national average. Further, although the median household income in the city is projected to increase from 2023 through 2028, the rate of growth projected is less than that projected nationwide and as such by 2028 the gap between the median household income in Galesburg relative to the national average is projected to widen. While the larger presence of college students and seniors are likely contributing factors, even working age, late career households in the city have a lower median household income than that of their counterparts in the micropolitan statistical area and the nation as is evidenced in the table below.

MEDIAN HOUSEHOLD INCOME (AGES 55-64)

Year	Galesburg, IL		Galesburg, IL Micropolitan		USA	
	Amount	Annual Change	Amount	Annual Change	Amount	Annual Change
2023	\$45,970 	-	\$56,308 	-	\$81,227 	-
2028	\$52,854 	3.0%	\$76,419 	7.1%	\$106,126 	6.1%

Source: Esri Demographics 2023, Novogradac, February 2024

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

The median household income of all households and of mid to late career working households in the city are projected to increase slightly from 2023 to 2028, but the rate of growth projected in the city is significantly lower than the rates of growth projected in the micropolitan statistical area and the nation. As such, by 2028 the gaps between the median household income in the city with that of the surrounding county and the nation as a whole are projected to further widen. The following tables illustrate the median household incomes of seniors.

MEDIAN HOUSEHOLD INCOME (AGES 65-74)

Year	Galesburg, IL		Galesburg, IL Micropolitan Statistical		USA	
	Amount	Annual	Amount	Annual Change	Amount	Annual Change
2023	\$39,060 	-	\$45,083 	-	\$60,157 	-
2028	\$42,246 	1.6%	\$66,091 	9.3%	\$95,081 	11.6%

Source: Esri Demographics 2023, Novogradac, February 2024

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

MEDIAN HOUSEHOLD INCOME (AGES 75+)

Year	Galesburg, IL		Galesburg, IL Micropolitan		USA	
	Amount	Annual Change	Amount	Annual Change	Amount	Annual Change
2023	\$29,363	-	\$30,299	-	\$39,904	-
2028	\$31,569	↑ 1.5%	\$32,955	↑ 1.8%	\$46,820	↑ 3.5%

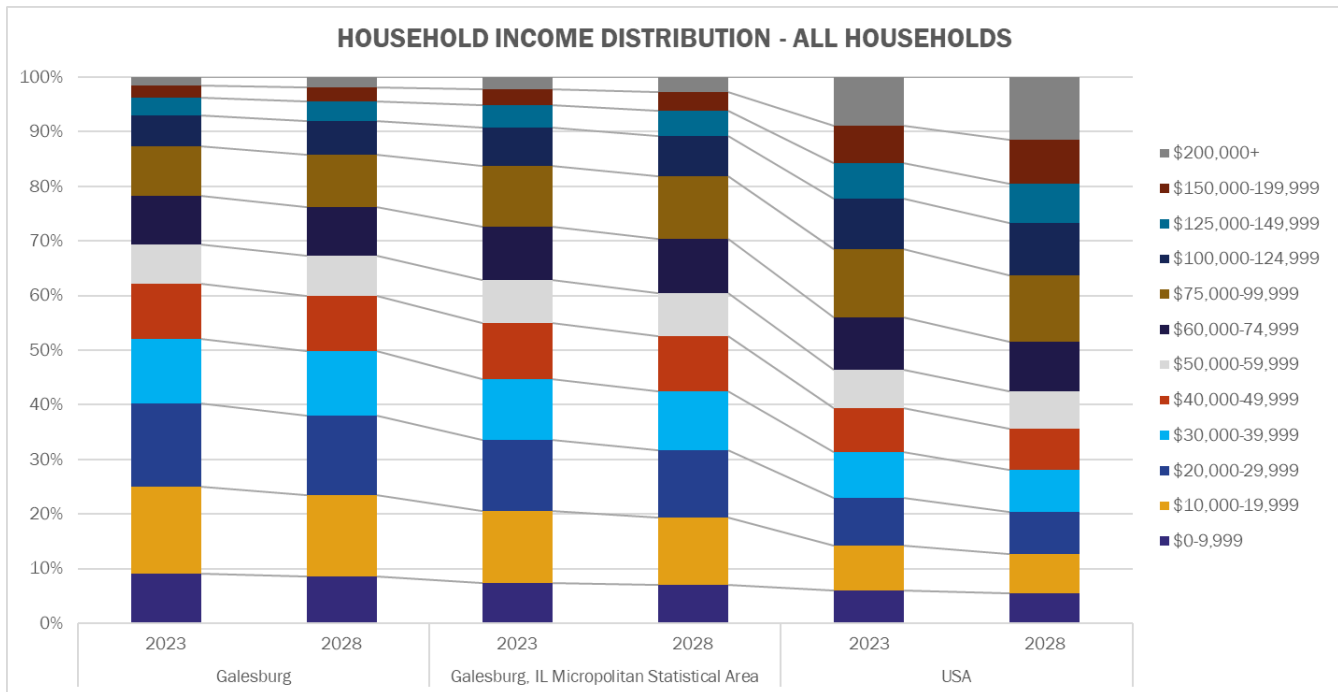
Source: Esri Demographics 2023, Novogradac, February 2024

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

The median household incomes of senior households, and older senior households in particular, in the city are below the corresponding national averages. More specifically, the median household income for senior (65 – 74) households in the city is 64.9 percent of the national average and the median household income for older senior households (75+) is 73.6 percent of the national average. Although the median household incomes of seniors in the city are projected to increase from 2023 to 2028, the rate of growth projected in the city is significantly lower than the rate of growth projected in the nation. As such, by 2028 the gaps between the median household incomes of seniors in the city with that of the nation as a whole are projected to further widen.

General Household Income Distribution

The following graph and corresponding tables illustrate household income distribution in 2023 and that projected in 2028 in the city, micropolitan statistical area, and nation.



Source: HISTA Data / Ribbon Demographics 2022, Novogradac, February 2024

HOUSEHOLD INCOME IN 2023

Income Cohort	Galesburg, IL		Galesburg, IL Micropolitan Statistical Area		USA	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	1,114	9.1%	1,532	7.4%	7,809,045	6.0%
\$10,000-19,999	1,965	16.0%	2,717	13.2%	10,663,291	8.2%
\$20,000-29,999	1,875	15.3%	2,666	12.9%	11,270,059	8.7%
\$30,000-39,999	1,437	11.7%	2,294	11.1%	10,967,142	8.4%
\$40,000-49,999	1,249	10.2%	2,110	10.2%	10,403,556	8.0%
\$50,000-59,999	890	7.2%	1,625	7.9%	9,240,860	7.1%
\$60,000-74,999	1,086	8.8%	2,035	9.9%	12,494,968	9.6%
\$75,000-99,999	1,119	9.1%	2,304	11.2%	16,152,306	12.4%
\$100,000-124,999	697	5.7%	1,424	6.9%	12,107,805	9.3%
\$125,000-149,999	401	3.3%	845	4.1%	8,427,101	6.5%
\$150,000-199,999	280	2.3%	620	3.0%	8,873,775	6.8%
\$200,000+	179	1.5%	448	2.2%	11,502,656	8.9%
Total	12,292	100.0%	20,620	100.0%	129,912,564	100.0%

Source: HISTA Data / Ribbon Demographics 2022, Novogradac, February 2024

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

HOUSEHOLD INCOME IN 2028

Income Cohort	Galesburg, IL		Galesburg, IL Micropolitan Statistical Area		USA	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	1,031	8.5%	1,421	7.0%	7,215,781	5.4%
\$10,000-19,999	1,808	14.9%	2,490	12.3%	9,553,261	7.2%
\$20,000-29,999	1,754	14.5%	2,507	12.4%	10,410,951	7.8%
\$30,000-39,999	1,429	11.8%	2,199	10.8%	10,211,231	7.7%
\$40,000-49,999	1,238	10.2%	2,062	10.2%	9,898,952	7.4%
\$50,000-59,999	884	7.3%	1,603	7.9%	9,119,616	6.9%
\$60,000-74,999	1,086	9.0%	2,002	9.9%	12,116,352	9.1%
\$75,000-99,999	1,162	9.6%	2,333	11.5%	16,328,384	12.3%
\$100,000-124,999	728	6.0%	1,500	7.4%	12,775,977	9.6%
\$125,000-149,999	438	3.6%	917	4.5%	9,545,546	7.2%
\$150,000-199,999	326	2.7%	719	3.5%	10,562,062	7.9%
\$200,000+	216	1.8%	542	2.7%	15,354,723	11.5%
Total	12,100	100.0%	20,295	100.0%	133,092,836	100.0%

Source: HISTA Data / Ribbon Demographics 2022, Novogradac, February 2024

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

The largest income cohorts in the city and micropolitan statistical area are households with incomes of \$10,000 to \$19,999 and \$20,000 to \$29,999 compared to \$75,000 to \$99,999 nationwide. Relatedly, a significantly greater percentage of households in the city (62.2 percent) have incomes below \$50,000 relative to that of the micropolitan statistical area (54.9 percent) and nation (39.3 percent). Conversely, a significantly lesser percentage of households in the city (12.7 percent) have incomes of \$100,000 or above compared to the micropolitan statistical area (16.2 percent) and nation (31.5 percent).

While there are many potential explanations for the lower incomes in the city, based on our research we believe five are most prevalent. First, the city has a large number of college students, many of whom have low to no income while they are in school. Second, the city has a larger number of senior households (34.3 percent) relative to the national average (27.2 percent), and, on average, seniors have lower incomes relative to working-age households. Third, jobs in smaller cities and rural areas typically offer lower wages than larger more urban areas due to the relatively affordable cost of living. Fourth, the city has a larger renter household

population relative to the national average, again due in part to the college student and above average senior populations, and renter households typically have lower incomes than owner households. And, finally, the housing supply in the city is older and historically households in search of quality housing have, according to local stakeholders, had to search beyond the city limits.

Senior (65+) Household Income Distribution

The following tables illustrate senior household income distribution in 2023 and that projected in 2028 in the city, micropolitan statistical area, and nation.

HOUSEHOLD INCOME OF SENIORS 65+ IN 2023

Income Cohort	Galesburg, IL		Galesburg, IL Micropolitan Statistical Area		USA	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	257	6.1%	342	4.8%	2,248,033	6.4%
\$10,000-19,999	1,138	27.0%	1,500	20.9%	4,728,135	13.4%
\$20,000-29,999	675	16.0%	1,074	15.0%	4,454,311	12.6%
\$30,000-39,999	567	13.4%	1,064	14.8%	3,807,014	10.8%
\$40,000-49,999	467	11.1%	842	11.7%	3,281,182	9.3%
\$50,000-59,999	224	5.3%	475	6.6%	2,658,696	7.5%
\$60,000-74,999	326	7.7%	669	9.3%	3,246,649	9.2%
\$75,000-99,999	272	6.4%	521	7.3%	3,648,444	10.3%
\$100,000-124,999	154	3.6%	345	4.8%	2,306,915	6.5%
\$125,000-149,999	42	1.0%	111	1.5%	1,525,556	4.3%
\$150,000-199,999	62	1.5%	96	1.3%	1,466,545	4.1%
\$200,000+	36	0.9%	141	2.0%	2,006,718	5.7%
Total	4,220	100.0%	7,180	100.0%	35,378,198	100.0%

Source: HISTA Data / Ribbon Demographics 2022, Novogradac, February 2024

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

HOUSEHOLD INCOME OF SENIORS 65+ IN 2028

Income Cohort	Galesburg, IL		Galesburg, IL Micropolitan Statistical Area		USA	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	265	5.8%	363	4.7%	2,352,634	5.8%
\$10,000-19,999	1,112	24.5%	1,475	19.1%	4,644,940	11.5%
\$20,000-29,999	706	15.5%	1,124	14.5%	4,572,531	11.4%
\$30,000-39,999	640	14.1%	1,110	14.3%	3,989,133	9.9%
\$40,000-49,999	504	11.1%	896	11.6%	3,545,755	8.8%
\$50,000-59,999	255	5.6%	538	6.9%	3,006,465	7.5%
\$60,000-74,999	376	8.3%	746	9.6%	3,640,860	9.0%
\$75,000-99,999	317	7.0%	605	7.8%	4,308,356	10.7%
\$100,000-124,999	187	4.1%	418	5.4%	2,874,830	7.1%
\$125,000-149,999	51	1.1%	143	1.8%	2,051,870	5.1%
\$150,000-199,999	82	1.8%	131	1.7%	2,088,226	5.2%
\$200,000+	52	1.1%	193	2.5%	3,191,750	7.9%
Total	4,547	100.0%	7,742	100.0%	40,267,350	100.0%

Source: HISTA Data / Ribbon Demographics 2022, Novogradac, February 2024

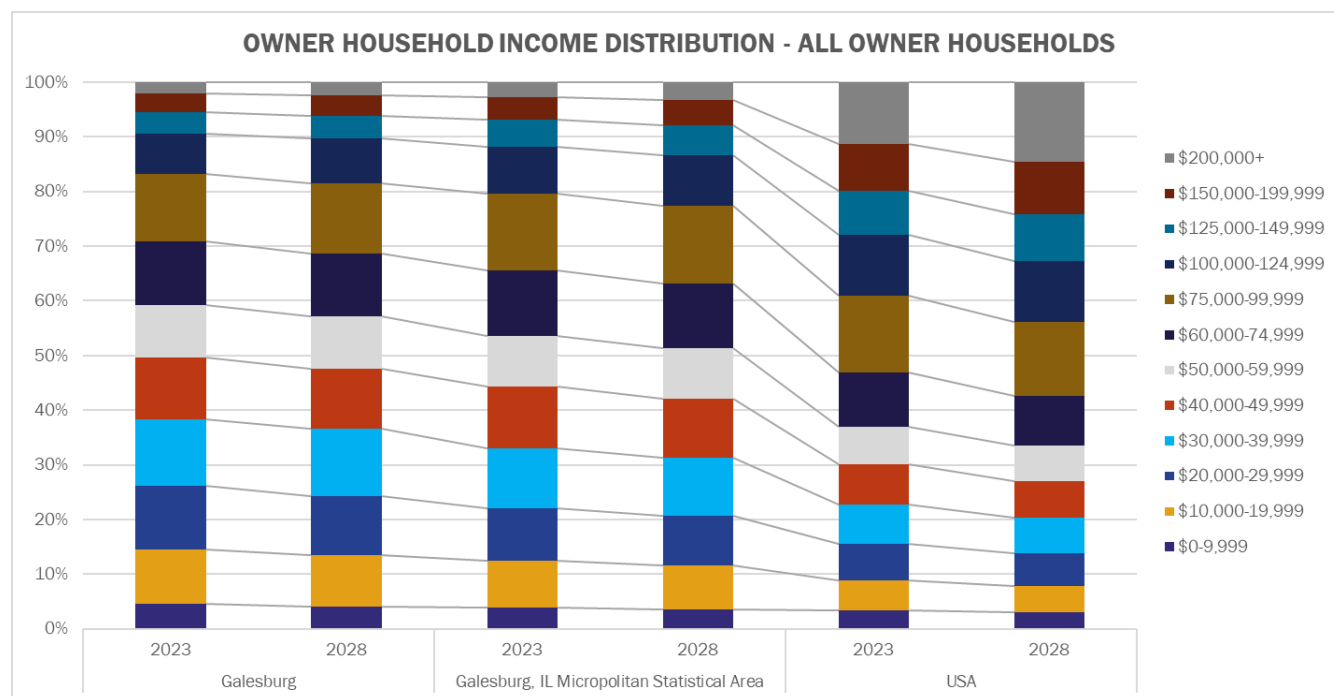
Color formatting ranges from red (low) to green (high).

A significantly greater percentage of senior households in the city (73.6 percent) and micropolitan statistical area (67.2 percent) have incomes below \$50,000 relative to that of the nation (52.3 percent). Conversely, a significantly smaller percentage of senior households in the city (7.0 percent) and micropolitan statistical area

(9.7 percent) have incomes of \$100,000 and above relative to that of the nation (20.7 percent). These trends are projected to continue through 2028.

General Owner Household Income Distribution

The following graph and corresponding tables illustrate the household income distributions for owner households in 2023 and that projected in 2028 in the city, micropolitan statistical area, and nation.



OWNER HOUSEHOLD INCOME - GALESBURG, IL

Galesburg, IL						
Income Cohort	2023		2028		Annual Change 2023 to 2028	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	343	4.6%	308	4.1%	-7	-2.0%
\$10,000-19,999	733	9.9%	698	9.4%	-7	-1.0%
\$20,000-29,999	859	11.6%	798	10.7%	-12	-1.4%
\$30,000-39,999	906	12.2%	918	12.3%	2	0.3%
\$40,000-49,999	838	11.3%	822	11.0%	-3	-0.4%
\$50,000-59,999	711	9.6%	717	9.6%	1	0.2%
\$60,000-74,999	861	11.6%	857	11.5%	-1	-0.1%
\$75,000-99,999	914	12.3%	959	12.9%	9	1.0%
\$100,000-124,999	544	7.3%	601	8.1%	11	2.1%
\$125,000-149,999	295	4.0%	314	4.2%	4	1.3%
\$150,000-199,999	252	3.4%	276	3.7%	5	1.9%
\$200,000+	152	2.1%	182	2.4%	6	3.9%
Total	7,408	100.0%	7,450	100.0%		

Source: HISTA Data / Ribbon Demographics 2022, Novogradac, February 2024

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

OWNER HOUSEHOLD INCOME - GALESBURG, IL MICROPOLITAN STATISTICAL AREA

Galesburg, IL Micropolitan Statistical Area						
Income Cohort	2023		2028		Annual Change 2023 to 2028	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	549	3.9%	503	3.6%	-9	-1.7%
\$10,000-19,999	1,203	8.5%	1,135	8.0%	-14	-1.1%
\$20,000-29,999	1,357	9.6%	1,285	9.1%	-14	-1.1%
\$30,000-39,999	1,567	11.1%	1,513	10.7%	-11	-0.7%
\$40,000-49,999	1,581	11.2%	1,535	10.8%	-9	-0.6%
\$50,000-59,999	1,313	9.3%	1,301	9.2%	-2	-0.2%
\$60,000-74,999	1,704	12.1%	1,676	11.8%	-6	-0.3%
\$75,000-99,999	1,972	13.9%	2,016	14.2%	9	0.4%
\$100,000-124,999	1,215	8.6%	1,312	9.3%	19	1.6%
\$125,000-149,999	717	5.1%	777	5.5%	12	1.7%
\$150,000-199,999	575	4.1%	644	4.5%	14	2.4%
\$200,000+	386	2.7%	466	3.3%	16	4.1%
Total	14,139	100.0%	14,163	100.0%		

Source: HISTA Data / Ribbon Demographics 2022, Novogradac, February 2024

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

OWNER HOUSEHOLD INCOME - USA

USA						
Income Cohort	2023		2028		Annual Change 2023 to 2028	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	2,843,901	3.4%	2,642,739	3.0%	-40,232	-1.4%
\$10,000-19,999	4,634,325	5.5%	4,158,238	4.8%	-95,217	-2.1%
\$20,000-29,999	5,681,141	6.7%	5,251,880	6.0%	-85,852	-1.5%
\$30,000-39,999	6,041,474	7.2%	5,611,864	6.4%	-85,922	-1.4%
\$40,000-49,999	6,166,355	7.3%	5,827,692	6.7%	-67,733	-1.1%
\$50,000-59,999	5,822,699	6.9%	5,672,819	6.5%	-29,976	-0.5%
\$60,000-74,999	8,391,419	10.0%	8,017,214	9.2%	-74,841	-0.9%
\$75,000-99,999	11,809,206	14.0%	11,726,365	13.5%	-16,568	-0.1%
\$100,000-124,999	9,393,285	11.1%	9,735,195	11.2%	68,382	0.7%
\$125,000-149,999	6,670,779	7.9%	7,410,202	8.5%	147,885	2.2%
\$150,000-199,999	7,228,201	8.6%	8,442,601	9.7%	242,880	3.4%
\$200,000+	9,600,635	11.4%	12,622,566	14.5%	604,386	6.3%
Total	84,283,420	100.0%	87,119,375	100.0%		

Source: HISTA Data / Ribbon Demographics 2022, Novogradac, February 2024

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

A significantly greater percentage of owner households in the city (49.7 percent) have incomes below \$50,000 relative to that of the nation (30.1 percent). Conversely, a significantly smaller percentage of households in the city (16.8 percent) have incomes of \$100,000 and above relative to that of the micropolitan statistical area (20.5 percent) and the nation (39.0 percent).

Senior (65+) Owner Household Income Distribution

The following tables illustrate senior (65+) owner household income distributions in 2023 and that projected in 2028 in the city, micropolitan statistical area, and nation.

SENIOR (65+) OWNER HOUSEHOLD INCOME - GALESBURG, IL

Galesburg, IL						
Income Cohort	2023		2028		Annual Change 2023 to 2028	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	121	4.1%	116	3.6%	-1	-0.8%
\$10,000-19,999	542	18.4%	534	16.7%	-2	-0.3%
\$20,000-29,999	444	15.1%	455	14.2%	2	0.5%
\$30,000-39,999	499	16.9%	552	17.3%	11	2.1%
\$40,000-49,999	351	11.9%	371	11.6%	4	1.1%
\$50,000-59,999	191	6.5%	218	6.8%	5	2.8%
\$60,000-74,999	302	10.2%	343	10.7%	8	2.7%
\$75,000-99,999	254	8.6%	299	9.3%	9	3.5%
\$100,000-124,999	141	4.8%	177	5.5%	7	5.1%
\$125,000-149,999	26	0.9%	26	0.8%	0	0.0%
\$150,000-199,999	48	1.6%	67	2.1%	4	7.9%
\$200,000+	30	1.0%	41	1.3%	2	7.3%
Total	2,949	100.0%	3,199	100.0%		

Source: HISTA Data / Ribbon Demographics 2022, Novogradac, February 2024

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

SENIOR (65+) OWNER HOUSEHOLD INCOME - GALESBURG, IL MICROPOLITAN STATISTICAL AREA

Galesburg, IL Micropolitan Statistical Area						
Income Cohort	2023		2028		Annual Change 2023 to 2028	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	191	3.4%	214	3.3%	5	2.4%
\$10,000-19,999	816	14.6%	897	14.0%	16	2.0%
\$20,000-29,999	777	13.9%	873	13.7%	19	2.5%
\$30,000-39,999	930	16.7%	1,022	16.0%	18	2.0%
\$40,000-49,999	685	12.3%	763	11.9%	16	2.3%
\$50,000-59,999	424	7.6%	501	7.8%	15	3.6%
\$60,000-74,999	636	11.4%	713	11.2%	15	2.4%
\$75,000-99,999	496	8.9%	587	9.2%	18	3.7%
\$100,000-124,999	324	5.8%	408	6.4%	17	5.2%
\$125,000-149,999	90	1.6%	118	1.8%	6	6.2%
\$150,000-199,999	82	1.5%	116	1.8%	7	8.3%
\$200,000+	129	2.3%	182	2.8%	11	8.2%
Total	5,580	100.0%	6,394	100.0%		

Source: HISTA Data / Ribbon Demographics 2022, Novogradac, February 2024

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

SENIOR (65+) OWNER HOUSEHOLD INCOME - USA

Income Cohort	USA					
	2023		2028		Annual Change 2023 to 2028	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	1,261,139	4.7%	1,315,528	4.3%	10,878	0.9%
\$10,000-19,999	2,770,458	10.3%	2,694,105	8.8%	-15,271	-0.6%
\$20,000-29,999	3,186,710	11.8%	3,225,172	10.5%	7,692	0.2%
\$30,000-39,999	2,964,690	11.0%	3,069,568	10.0%	20,976	0.7%
\$40,000-49,999	2,643,676	9.8%	2,825,027	9.2%	36,270	1.4%
\$50,000-59,999	2,175,094	8.1%	2,432,741	7.9%	51,529	2.4%
\$60,000-74,999	2,713,483	10.1%	3,017,583	9.8%	60,820	2.2%
\$75,000-99,999	3,113,103	11.5%	3,648,792	11.9%	107,138	3.4%
\$100,000-124,999	1,951,624	7.2%	2,408,781	7.8%	91,431	4.7%
\$125,000-149,999	1,259,390	4.7%	1,669,985	5.4%	82,119	6.5%
\$150,000-199,999	1,228,073	4.6%	1,727,301	5.6%	99,846	8.1%
\$200,000+	1,718,420	6.4%	2,712,215	8.8%	198,759	11.6%
Total	26,985,860	100.0%	30,746,798	100.0%		

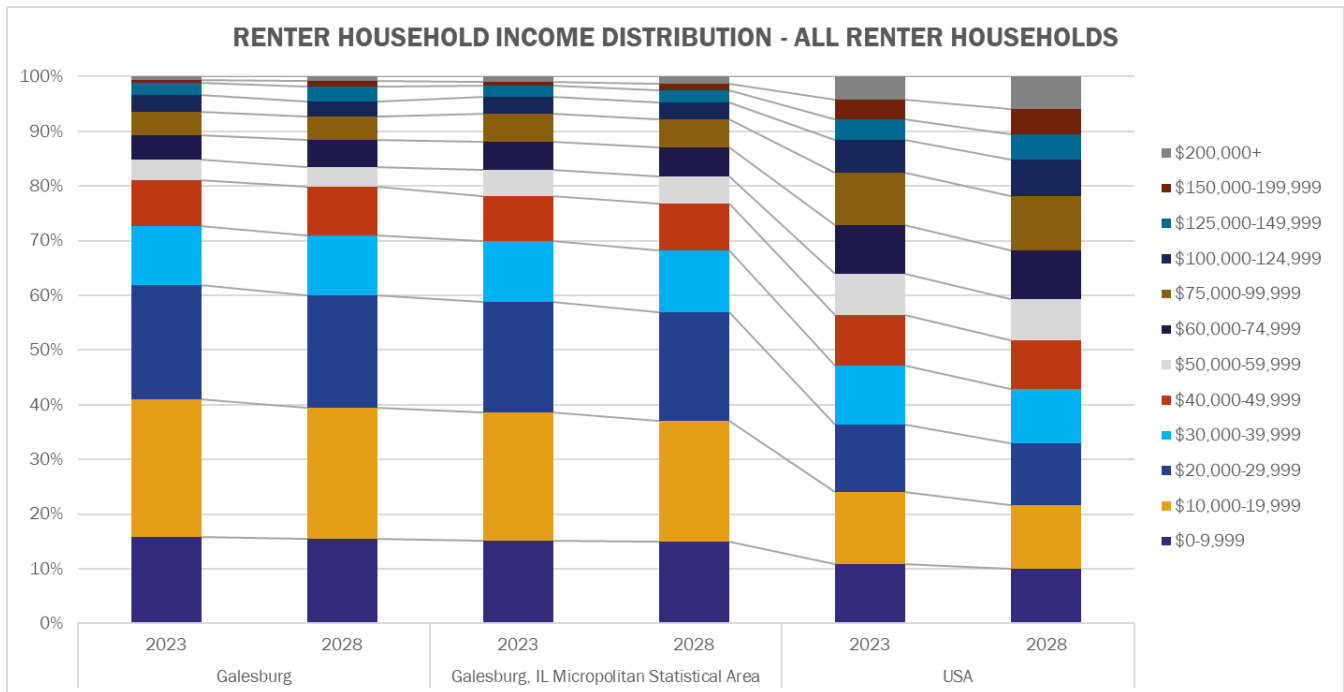
Source: HISTA Data / Ribbon Demographics 2022, Novogradac, February 2024

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

A significantly greater percentage of senior owner households in the city (66.4 percent) and micropolitan statistical area (60.9 percent) have incomes below \$50,000 relative to the national average (47.5 percent). Conversely, a significantly smaller percentage of senior owner households in the city (8.3 percent) and micropolitan statistical area (11.2 percent) have incomes of \$100,000 and above compared to the national average (22.8 percent).

General Renter Household Income Distribution

The following graph and corresponding tables illustrate the household income distributions for renter households in 2023 and that projected in 2028 in the city, micropolitan statistical area, and nation.



RENTER HOUSEHOLD INCOME - GALESBURG, IL

Income Cohort	Galesburg, IL					
	2023		2028		Annual Change 2023 to 2028	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	771	15.8%	723	15.5%	-10	-1.2%
\$10,000-19,999	1,232	25.2%	1,110	23.9%	-24	-2.0%
\$20,000-29,999	1,016	20.8%	956	20.6%	-12	-1.2%
\$30,000-39,999	531	10.9%	511	11.0%	-4	-0.8%
\$40,000-49,999	411	8.4%	416	8.9%	1	0.2%
\$50,000-59,999	179	3.7%	167	3.6%	-2	-1.3%
\$60,000-74,999	225	4.6%	229	4.9%	1	0.4%
\$75,000-99,999	205	4.2%	203	4.4%	0	-0.2%
\$100,000-124,999	153	3.1%	127	2.7%	-5	-3.4%
\$125,000-149,999	106	2.2%	124	2.7%	4	3.4%
\$150,000-199,999	28	0.6%	50	1.1%	4	15.7%
\$200,000+	27	0.6%	34	0.7%	1	5.2%
Total	4,884	100.0%	4,650	100.0%		

Source: HISTA Data / Ribbon Demographics 2022, Novogradac, February 2024

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

RENTER HOUSEHOLD INCOME - GALESBURG, IL MICROPOLITAN STATISTICAL AREA

Income Cohort	Galesburg, IL Micropolitan Statistical Area					
	2023		2028		Annual Change 2023 to 2028	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	983	15.2%	918	15.0%	-13	-1.3%
\$10,000-19,999	1,514	23.4%	1,355	22.1%	-32	-2.1%
\$20,000-29,999	1,309	20.2%	1,222	19.9%	-17	-1.3%
\$30,000-39,999	727	11.2%	686	11.2%	-8	-1.1%
\$40,000-49,999	529	8.2%	527	8.6%	0	-0.1%
\$50,000-59,999	312	4.8%	302	4.9%	-2	-0.6%
\$60,000-74,999	331	5.1%	326	5.3%	-1	-0.3%
\$75,000-99,999	332	5.1%	317	5.2%	-3	-0.9%
\$100,000-124,999	209	3.2%	188	3.1%	-4	-2.0%
\$125,000-149,999	128	2.0%	140	2.3%	2	1.9%
\$150,000-199,999	45	0.7%	75	1.2%	6	13.3%
\$200,000+	62	1.0%	76	1.2%	3	4.5%
Total	6,481	100.0%	6,132	100.0%		

Source: HISTA Data / Ribbon Demographics 2022, Novogradac, February 2024

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

RENTER HOUSEHOLD INCOME - USA

Income Cohort	2023		2028		Annual Change 2023 to 2028	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	4,965,144	10.9%	4,573,042	9.9%	-78,420	-1.6%
\$10,000-19,999	6,028,966	13.2%	5,395,023	11.7%	-126,789	-2.1%
\$20,000-29,999	5,588,918	12.2%	5,159,071	11.2%	-85,969	-1.5%
\$30,000-39,999	4,925,668	10.8%	4,599,367	10.0%	-65,260	-1.3%
\$40,000-49,999	4,237,201	9.3%	4,071,260	8.9%	-33,188	-0.8%
\$50,000-59,999	3,418,161	7.5%	3,446,797	7.5%	5,727	0.2%
\$60,000-74,999	4,103,549	9.0%	4,099,138	8.9%	-882	0.0%
\$75,000-99,999	4,343,100	9.5%	4,602,019	10.0%	51,784	1.2%
\$100,000-124,999	2,714,520	5.9%	3,040,782	6.6%	65,252	2.4%
\$125,000-149,999	1,756,322	3.8%	2,135,344	4.6%	75,804	4.3%
\$150,000-199,999	1,645,574	3.6%	2,119,461	4.6%	94,777	5.8%
\$200,000+	1,902,021	4.2%	2,732,157	5.9%	166,027	8.7%
Total	45,629,144	100.0%	45,973,461	100.0%		

Source: HISTA Data / Ribbon Demographics 2022, Novogradac, February 2024

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

A significantly greater percentage of renter households in the city (81.1 percent) have incomes below \$50,000 relative to that of the nation (56.4 percent). Conversely, a significantly smaller percentage of renter households in the city (6.4 percent) have incomes of \$100,000 and above relative to that of the nation (17.6 percent).

Senior (65+) Renter Household Income Distribution

The following tables illustrate senior renter household income distribution in 2023 and that projected in 2028 in the city, micropolitan statistical area, and nation.

SENIOR (65+) RENTER HOUSEHOLD INCOME - GALESBURG, IL

Income Cohort	2023		2028		Annual Change 2023 to 2028	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	136	10.7%	149	11.1%	3	1.9%
\$10,000-19,999	596	46.9%	578	42.9%	-4	-0.6%
\$20,000-29,999	231	18.2%	251	18.6%	4	1.7%
\$30,000-39,999	68	5.4%	88	6.5%	4	5.9%
\$40,000-49,999	116	9.1%	133	9.9%	3	2.9%
\$50,000-59,999	33	2.6%	37	2.7%	1	2.4%
\$60,000-74,999	24	1.9%	33	2.4%	2	7.5%
\$75,000-99,999	18	1.4%	18	1.3%	0	0.0%
\$100,000-124,999	13	1.0%	10	0.7%	-1	-4.6%
\$125,000-149,999	16	1.3%	25	1.9%	2	11.3%
\$150,000-199,999	14	1.1%	15	1.1%	0	1.4%
\$200,000+	6	0.5%	11	0.8%	1	16.7%
Total	1,271	100.0%	1,348	100.0%		

Source: HISTA Data / Ribbon Demographics 2022, Novogradac, February 2024

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

SENIOR (65+) RENTER HOUSEHOLD INCOME - GALESBURG, IL MICROPOLITAN STATISTICAL AREA

Galesburg, IL Micropolitan Statistical Area						
Income Cohort	2023		2028		Annual Change 2023 to 2028	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	151	9.4%	169	10.0%	4	2.4%
\$10,000-19,999	684	42.8%	663	39.3%	-4	-0.6%
\$20,000-29,999	297	18.6%	321	19.0%	5	1.6%
\$30,000-39,999	134	8.4%	156	9.2%	4	3.3%
\$40,000-49,999	157	9.8%	174	10.3%	3	2.2%
\$50,000-59,999	51	3.2%	57	3.4%	1	2.4%
\$60,000-74,999	33	2.1%	40	2.4%	1	4.2%
\$75,000-99,999	25	1.6%	23	1.4%	0	-1.6%
\$100,000-124,999	21	1.3%	19	1.1%	0	-1.9%
\$125,000-149,999	21	1.3%	29	1.7%	2	7.6%
\$150,000-199,999	14	0.9%	18	1.1%	1	5.7%
\$200,000+	12	0.8%	19	1.1%	1	11.7%
Total	1,600	100.0%	1,688	100.0%		

Source: HISTA Data / Ribbon Demographics 2022, Novogradac, February 2024

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

SENIOR (65+) RENTER HOUSEHOLD INCOME - USA

USA						
Income Cohort	2023		2028		Annual Change 2023 to 2028	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	986,894	11.8%	1,037,106	10.9%	10,042	1.0%
\$10,000-19,999	1,957,677	23.3%	1,950,835	20.5%	-1,368	-0.1%
\$20,000-29,999	1,267,601	15.1%	1,347,359	14.2%	15,952	1.3%
\$30,000-39,999	842,324	10.0%	919,565	9.7%	15,448	1.8%
\$40,000-49,999	637,506	7.6%	720,728	7.6%	16,644	2.6%
\$50,000-59,999	483,602	5.8%	573,724	6.0%	18,024	3.7%
\$60,000-74,999	533,166	6.4%	623,277	6.5%	18,022	3.4%
\$75,000-99,999	535,341	6.4%	659,564	6.9%	24,845	4.6%
\$100,000-124,999	355,291	4.2%	466,049	4.9%	22,152	6.2%
\$125,000-149,999	266,166	3.2%	381,885	4.0%	23,144	8.7%
\$150,000-199,999	238,472	2.8%	360,925	3.8%	24,491	10.3%
\$200,000+	288,298	3.4%	479,535	5.0%	38,247	13.3%
Total	8,392,338	100.0%	9,520,552	100.0%		

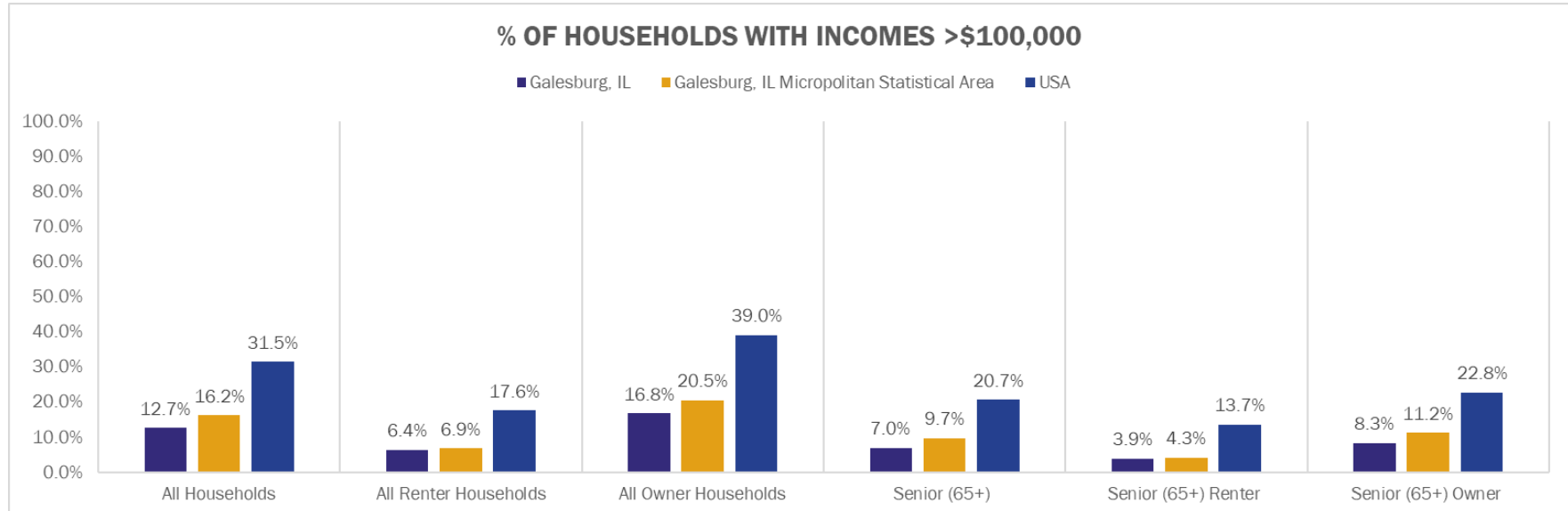
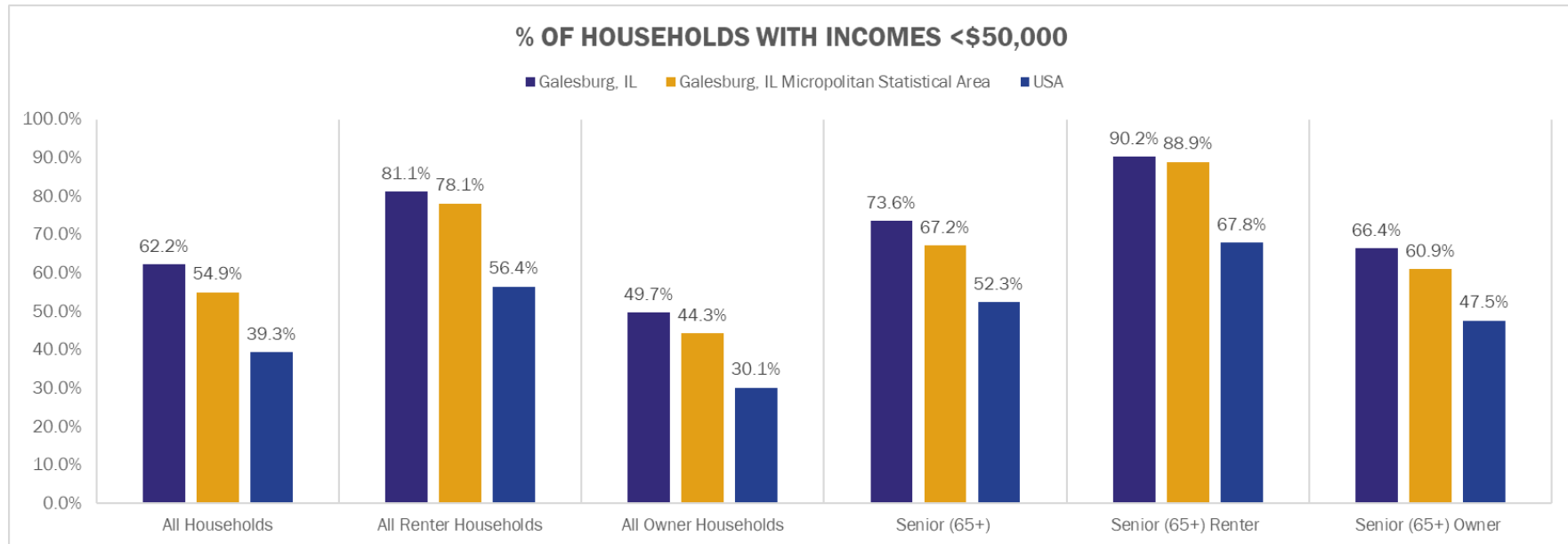
Source: HISTA Data / Ribbon Demographics 2022, Novogradac, February 2024

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

A significantly greater percentage of senior renter households in the city (90.2 percent) and micropolitan statistical area (88.9 percent) have incomes below \$50,000 relative to the national average (67.8 percent). Conversely, a significantly smaller percentage of senior renter households in the city (3.9 percent) and micropolitan statistical area (4.3 percent) have incomes of \$100,000 and above relative to the national average (13.7 percent).

Conclusion – Income Distributions

The following tables summarize the percentages of all households, as well as subgroups of households, within the city, micropolitan statistical error, and nation, with incomes below \$50,000 and above \$100,000 as discussed in the prior sections.



Source: HISTA Data / Ribbon Demographics 2022, Novogradac, February 2024

As illustrated, a significantly greater percentage of all households as well as all subgroups of households in Galesburg have incomes below \$50,000 compared to nationwide trends with gaps ranging from 19.6 to 24.7 percentage points. Conversely, a significantly lesser percentage of all households, and all subgroups of households, in Galesburg have incomes of \$100,000 and above with gaps ranging from 9.8 to 22.2 percentage points. The gap is largest among all renter households with 81.1 percent of Galesburg renter households with incomes below \$50,000 compared to 56.4 percent of renter households nationwide.

Conclusion

Population. As of 2023, the total population in Galesburg was 29,130, a 2.7 percent decrease from the 2020 Census. Further, the total population is projected to continue to decrease by an additional 2.0 percent through 2028 to an estimated 28,926. The following section summarizes key characteristics of the Galesburg population.

- **Group Quarters.** A higher percentage of Galesburg’s population (11.5 percent) lives in group quarters relative to the national average (2.5 percent), including in both institutionalized (mental health facility, nursing homes, rehabilitation centers, and Hill Correctional Center) and noninstitutionalized (college dormitories) settings.
- **Age.** The median age in Galesburg is 41.3. The largest age cohorts in Galesburg are young adults (ages 15 to 34) and older persons/seniors (ages 60 to 69). Relative to national trends, Galesburg has a larger senior population and a smaller number of children.
- **Disability.** A larger percentage of Galesburg’s civilian noninstitutionalized population (18.5 percent) has a disability relative to the national (12.9 percent) and statewide (11.6 percent) averages.
- **Veterans.** Galesburg (7.5 percent) has a larger percentage of civilian veterans relative to the statewide average (5.2 percent).

Households. As of the 2020 Census, there were 12,425 households in Galesburg. This decreased to an estimated 12,292 households in 2023 and is projected to further decrease to 12,100 by 2028. The following section summarizes key characteristics of Galesburg’s households.

- **Age.** Contrary to population and general household trends, the number of senior households in Galesburg remained stable from 2010 to 2023 and is projected to increase by an estimated 327 households by 2028. While positive relative to other demographic trends in the city, local projections (1.5 percent growth annually) continue to lag statewide (2.5 percent) and national (2.8 percent) rates of growth.
- **Size.** The average household size in Galesburg (2.13 persons) is smaller than the national average (2.53 persons). More specifically, an estimated 70.7 percent of households in Galesburg are one or two-person households; nationally only 59.4 percent of households are one or two-person households. The larger percentage of small households in Galesburg is due to the combination of a larger percentage of seniors, college students, and renters, all of whom are more likely than their counterparts both locally and nationally to be smaller in size. For example, 55.0 percent of senior households and 54.3 percent of renter households in Galesburg are one-person households, well above the respective national averages of 41.9 percent and 38.9 percent.

Tenure. As of 2023, approximately 60.3 percent of occupied housing units in Galesburg were owner-occupied and 39.7 percent were renter-occupied. Galesburg therefore has a slightly higher percentage of renter-occupied units relative to the national average (35.1 percent). This trend is attributable in part to the above average representation of college age students and seniors in Galesburg, the former of whom are more likely than not to rent and the latter of whom, although more likely to own than rent on average, are more likely within Galesburg to rent than they are nationwide. Among owners, Galesburg has a greater percentage of owners without a mortgage (49.8 percent) relative to national (38.5 percent) statewide trends (38.0 percent).

Income. As of 2023, the median household income in Galesburg was \$40,594, well below that of the national median household income of \$72,604. Further, although the median household income in Galesburg is projected to increase to \$44,101 from 2023 through 2028, the rate of growth projected is less than that projected nationwide and as such by 2028 the gap between the median household income in Galesburg relative to the national average is projected to widen. A significantly greater percentage of all households as well as all subgroups of households in Galesburg have incomes below \$50,000 compared to nationwide trends with gaps ranging from 19.6 to 24.7 percentage points. Conversely, a significantly lesser percentage of all households, and all subgroups of households, in Galesburg have incomes of \$100,000 and above with gaps ranging from 9.8 to 22.2 percentage points. The gap is largest among all renter households with 81.1 percent of Galesburg renter households with incomes below \$50,000 compared to 56.4 percent of renter households nationwide. While the larger presence of college students, seniors, and renters are all contributing factors, even working age, late career households in Galesburg also have a significantly lower median household income (\$45,970) relative to the national average (\$106,126). Thus, a full explanation for the lower incomes in Galesburg goes beyond demographic differences. We return to this question in the conclusions section of this report.

ECONOMIC TRENDS

The following discussion includes an analysis of the local economy. This section will present and analyze information regarding employment by industry, the major current employers, and unemployment trends in Galesburg, Illinois (city), and Galesburg, Illinois Micropolitan Statistical Area, which consists of Knox County, Illinois, relative to national trends.

According to a November 2022 article from Our Towns Civic Foundation, a 501(c)(3) nonprofit devoted to discovering, sharing, and learning from stories of civic renewal, “while manufacturing used to be the economic driver of Galesburg’s economy, today it ranks fourth overall, employing less than 10 percent of the workforce. Maytag (Galesburg’s top employer up to 2004 where it employed up to 3,000 people when in operation) wasn’t the first or last company to leave Galesburg. The Gates Corporation, Butler Manufacturing, and Outbound Marine Corp. are just a few that have downsized operations or shuttered doors. More people in Galesburg, as in much of the country, now work in health care and social assistance ... and education and retail trade Among today’s larger employers are the BNSF Railway, OSF Healthcare, and Knox College.”

Employment by Industry

The following table illustrates the distribution of employment sectors by industry within Galesburg and the nation.

2023 EMPLOYMENT BY INDUSTRY

Industry	Galesburg, IL		USA	
	Number Employed	Percent Employed	Number Employed	Percent Employed
Healthcare/Social Assistance	1,668	15.4%	22,115,876	13.6%
Educational Services	1,591	14.7%	14,946,247	9.2%
Retail Trade	1,407	13.0%	16,983,329	10.4%
Manufacturing	1,071	9.9%	16,269,811	10.0%
Transportation/Warehousing	926	8.6%	9,030,239	5.5%
Accommodation/Food Services	879	8.1%	10,883,169	6.7%
Construction	616	5.7%	11,436,301	7.0%
Other Services	579	5.4%	7,645,568	4.7%
Public Administration	351	3.2%	7,857,180	4.8%
Finance/Insurance	341	3.2%	8,135,144	5.0%
Wholesale Trade	271	2.5%	3,029,965	1.9%
Prof/Scientific/Tech Services	269	2.5%	13,955,403	8.6%
Arts/Entertainment/Recreation	232	2.1%	3,578,110	2.2%
Admin/Support/Waste Mgmt Svcs	196	1.8%	7,195,078	4.4%
Agric/Forestry/Fishing/Hunting	187	1.7%	1,800,335	1.1%
Information	104	1.0%	3,143,826	1.9%
Mgmt of Companies/Enterprises	56	0.5%	216,588	0.1%
Real Estate/Rental/Leasing	48	0.4%	2,901,274	1.8%
Utilities	30	0.3%	1,335,595	0.8%
Mining	0	0.0%	572,355	0.4%
Total Employment	10,822	100.0%	163,031,393	100.0%

Source: Esri Demographics 2023, Novogradac, February 2024

Employment in Galesburg is concentrated in the healthcare/social assistance, educational services, and retail trade industries, which collectively comprise 43.1 percent of local employment. The large share of Galesburg employment in retail trade is notable as this industry is historically volatile, and prone to contraction during economic downturns. However, Galesburg also has a significant share of employment in the healthcare industry, which is historically known to exhibit greater stability during recessionary periods. Relative to the

overall nation, Galesburg features comparatively greater employment in the educational services, transportation/warehousing, and retail trade industries. Conversely, Galesburg is underrepresented in the prof/scientific/tech services, admin/support/waste management services, and finance/insurance industries.

Growth by Industry

The following table illustrates the change in total employment by sector in Galesburg from 2010 to 2023.

2010-2023 CHANGE IN EMPLOYMENT - GALESBURG, IL

Industry	2010		2023		2010-2023	
	Number Employed	Percent Employed	Number Employed	Percent Employed	Growth	Annualized Percent
Healthcare/Social Assistance	2,831	21.6%	1,668	15.4%	-1,163	-3.2%
Educational Services	1,662	12.7%	1,591	14.7%	-71	-0.3%
Retail Trade	1,645	12.6%	1,407	13.0%	-238	-1.1%
Manufacturing	1,509	11.5%	1,071	9.9%	-438	-2.2%
Transportation/Warehousing	862	6.6%	926	8.6%	64	0.6%
Accommodation/Food Services	975	7.4%	879	8.1%	-96	-0.8%
Construction	464	3.5%	616	5.7%	152	2.5%
Other Services	539	4.1%	579	5.4%	40	0.6%
Public Administration	553	4.2%	351	3.2%	-202	-2.8%
Finance/Insurance	329	2.5%	341	3.2%	12	0.3%
Wholesale Trade	355	2.7%	271	2.5%	-84	-1.8%
Prof/Scientific/Tech Services	271	2.1%	269	2.5%	-2	-0.1%
Arts/Entertainment/Recreation	164	1.3%	232	2.1%	68	3.2%
Admin/Support/Waste Mgmt Svcs	328	2.5%	196	1.8%	-132	-3.1%
Agric/Forestry/Fishing/Hunting	133	1.0%	187	1.7%	54	3.1%
Information	202	1.5%	104	1.0%	-98	-3.7%
Mgmt of Companies/Enterprises	0	0.0%	56	0.5%	56	0.0%
Real Estate/Rental/Leasing	206	1.6%	48	0.4%	-158	-5.9%
Utilities	61	0.5%	30	0.3%	-31	-3.9%
Mining	2	0.0%	0	0.0%	-2	-7.7%
Total Employment	13,091	100.0%	10,822	100.0%	-2,269	-1.3%

Source: Esri Demographics 2023, Novogradac, February 2024

*Industry data current as of 2010. Other projections current as of 2023.

* Change in percentage is calculated as a rate of change by industry.

Total employment in Galesburg declined at an annualized rate of 1.3 percent between 2010 and 2023. The industries which expanded most substantially during this period include construction, arts/entertainment/recreation, and transportation/warehousing. Conversely, the healthcare/social assistance, public administration, and manufacturing sectors experienced the least growth, and in fact contracted.

The following table illustrates job growth projections by Local Workforce Innovation area and industry. A map of the Local Workforce Innovation areas for Illinois is included below, Knox County is in area 14, which includes Knox, Warren, Henderson, McDonough, Hancock, Schuyler, Adams, Brown, and Pike Counties, as well as the industry projections for the area.



Source: Illinois Department of Employment Security

EMPLOYMENT PROJECTIONS FOR LOCAL WORKFORCE INNOVATION AREA #14

Title	Base Year Employment 2020	Projected Year Employment 2030	Change 2020-2030	Annual Compound Growth Rate
TOTAL ALL INDUSTRIES	94,001	97,332	3,331	0.35
Self Employed Workers Unpaid Family Workers	3,975	3,465	-510	-1.36
Agricultural Production	6,899	7,024	125	0.18
TOTAL NONFARM	83,127	86,843	3,716	0.44
Natural Resources and Mining	359	351	-8	-0.23
Construction	2,865	3,015	150	0.51
Manufacturing	9,855	10,310	455	0.45
<i>Non-Durable Goods Manufacturing, Total</i>	3,853	3,866	13	0.03
<i>Durable Goods Manufacturing, Total</i>	6,002	6,444	442	0.71
Trade, Transportation, and Utilities	19,590	20,969	1,379	0.68
<i>Wholesale Trade</i>	5,924	6,609	685	1.10
<i>Retail Trade</i>	9,572	9,991	419	0.43
<i>Transportation, Warehousing & Utilities</i>	4,094	4,369	275	0.65
Information	777	644	-133	-1.86
Financial Activities	3,846	3,735	-111	-0.29
Professional and Business Services	3,952	4,293	341	0.83
Educational and Health Services	23,358	23,536	178	0.08
<i>Educational Services, Private & Public</i>	8,695	8,298	-397	-0.47
<i>Health Care & Social Assistance</i>	14,663	15,238	575	0.39
Leisure and Hospitality	6,429	7,489	1,060	1.54
Other Services	3,725	3,907	182	0.48
Government	8,371	8,594	223	0.26
<i>Federal Government, exc. US Post Office</i>	353	351	-2	-0.06
<i>State Government, exc. Educ. & Hosp.</i>	3,759	3,988	229	0.59
<i>Local Government, exc. Educ. & Hosp.</i>	4,259	4,255	-4	-0.01

Source: Illinois Department of Employment Security, May 2024

Color formatting: green indicates growth, red indicates contraction.

As illustrated, the growth projections indicate positive growth overall, the majority of which will be nonfarm jobs, focused within trade, transportation, and utilities (and wholesale trade in particular), and leisure and hospitality. Further, the majority of the largest industries in Galesburg are projected to increase through 2030, the one exception being educational services, which is projected to contract. According to the Knox County Area Partnership for Economic Development, the target industries for Knox County are manufacturing, food processing, and distribution.

Major Employers

The table following table and corresponding map illustrates the major employers in Galesburg, Illinois.

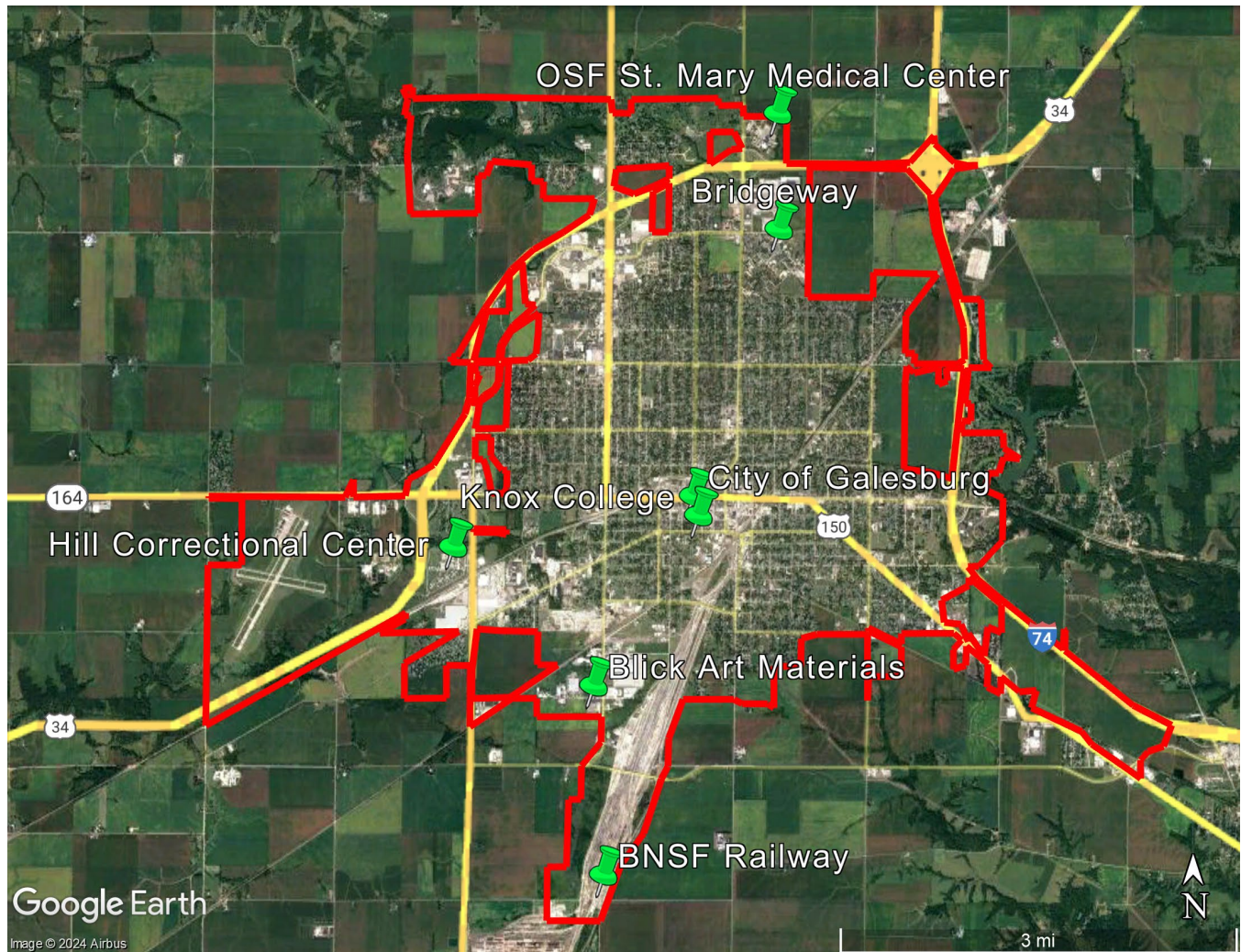
MAJOR EMPLOYERS - GALESBURG, ILLINOIS

Name	Industry	# Employees
BNSF Railway	Transportation	1,031
OSF Healthcare	Healthcare/Social Assistance	1,025
Blink Art Materials	Manufacturing	714
Knox College	Educational Services	460
City of Galesburg*	Public Administration	421
Bridgeway	Healthcare/Social Assistance	200
Hill Correctional Facility**	Public Administration	134
Total		3,985

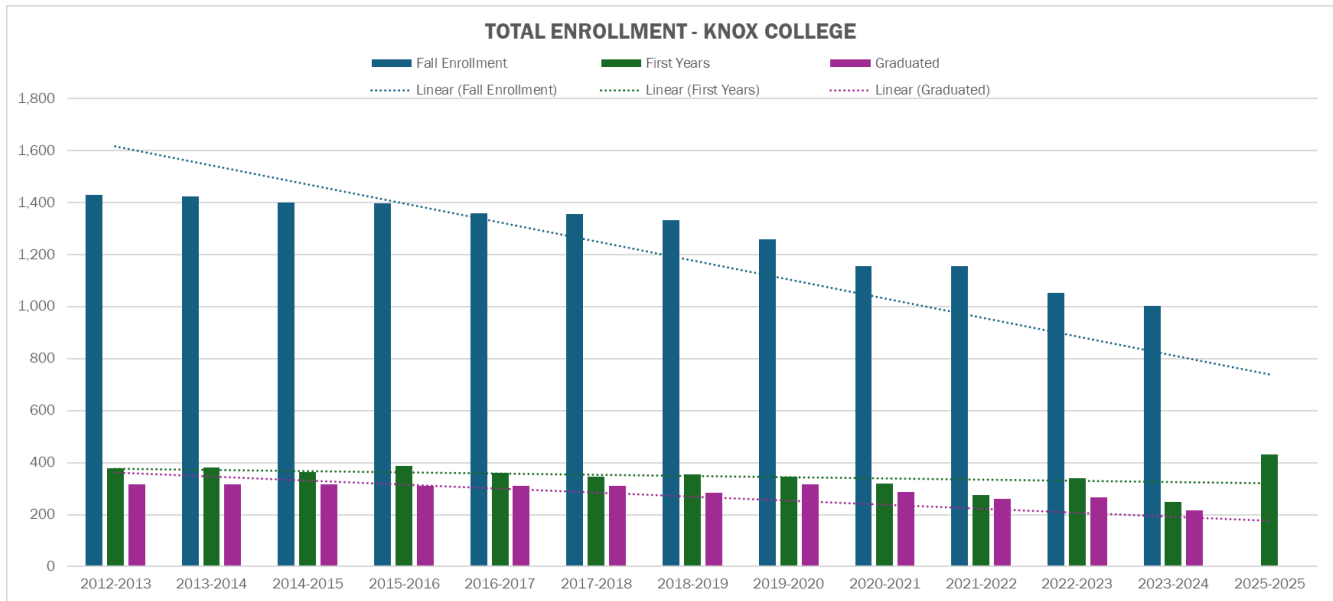
*Includes 244 full-time and 177 part-time employees.

**As of mid-2023, the facility was authorized to have 203 correctional officers, but was understaffed.

Source: Knox County Area Partnership for Economic Development & Hill Correctional Facility, retrieved October 2023.



The largest employers in Galesburg represent a mix of industries including educational services, healthcare services, manufacturing, transportation, and public administration. Further, major employers are generally located on the outskirts of the city; the one exception is Knox College, which is located just south of downtown. Knox College is a four-year liberal arts college, offering 42 majors, 57 minors, and pre-professional and cooperative programs. The college employs 95 full-time faculty and total enrollment is approximately 1,001 students for a student to faculty ratio of ten to one. Knox College is also one of the area's top employers. The following table illustrates enrollment trends for Knox College since 2012.



Source: The Knox Student and Knox College, November 2023

As illustrated, total enrollment for Knox College steadily decreased from 2012 to 2023 as did the size of the first-year class and number of graduates, albeit at slower magnitudes than the decline in total enrollment. It is worth noting that while full enrollment data for 2024-2025 is not yet available, in early August 2024 Knox College President, Andrew McGadney, estimated that the incoming 2024-2025 freshman class would be approximately 430 students, a sizeable increase over recent prior years, and the majority of which is from international students.

Overall, major employers account for a large percentage of total employment in Galesburg and Knox County, which suggests that these major employers are critical for the local economy.

Employment Expansions/Contractions

According to the Knox County Area Partnership for Economic Development, Knox County and Illinois are ready to support new and existing companies with a broad range of tax and other incentives. Options include Enterprise Zones with credits and exemptions for a variety of investments, the City of Galesburg's revolving loan fund, abatements on real property improvements, and fee waivers on many local permits. Locating in the Galesburg Enterprise Zone will give your company access to a 100% property tax abatement on improvements and new construction, a sales tax exemption on building materials, and zero-cost permits from the City of Galesburg. Galesburg also has revolving loan financing tools and a unique \$2,000 per job grant available for companies that create more than 50 full time jobs and invest more than \$1 million. Additionally, the Galesburg Business Park is Knox County's prime site for new facilities. Just southeast of Galesburg and bracketed by I-74 and BNSF's Peoria Subdivision rail line, the 329-acre municipally owned business park is designated as both a Foreign Trade Zone and an Enterprise Zone. The following section summarizes key expansions and contractions in Galesburg in recent years.

- In May 2024, Western Smokehouse Partners LLC, a family-owned and operated company that specializes in the production and distribution of crafted meat snacks announced plans to expand its operations in Galesburg. The company expects the move will result in an economic impact of more than \$2 million to the area. The company estimates it will add 10 additional jobs at its headquarters and 15 to 20 production jobs. The company sought a \$300,000 incentive from the city in exchange for agreeing to keep its headquarters and the new jobs in Galesburg for a 10-year period. In the past four years the company has acquired Thrushwood Farms locally as well as Golden Valley Natural out of Shelley, Idaho. According to Ken Springer, president of the Knox County Area Partnership for Economic Development “This is a textbook economic development win for Galesburg and Knox County. Western Smokehouse Partners is a rapidly growing company and food processing is one of our region’s targeted growth industries. Furthermore, adding additional good-paying jobs downtown will strengthen the entire downtown area. It’s simply a good project and great win for everybody.”
- Graham Health Systems entered the Galesburg market following the failure of Cottage Hospital in early 2022. As of early 2024, the organization had three clinics (including one still in build-out). Further, in April 2024, Graham Health Systems announced plans to add its fourth facility on the city’s south side in the recently acquired former Galesburg Rescue Mission. The newest facility will offer a primary care clinic and a walk-in convenient care clinic.
- In November 2023, the Iowa City Veterans Affairs Health Care System announced that it would expand the Lane A. Evans VA Community-Based Outpatient Clinic located in the shuttered Sandburg Mall in Galesburg. The clinic is part of the Iowa City VA Health Care System. The \$3.9 million project is expected to nearly double the size of the current clinic up to approximately 19,000 square feet. The new clinic will offer expanded services and will be located in the former Bergner’s (department store), which closed in 2018. The project is expected to take approximately 18 months to complete.
- In late summer 2023, the Western Illinois Regional Council (WIRC) & Community Action Agency opened an office in downtown Galesburg. WIRC is a nonprofit organization based out of Macomb, Illinois, with the mission of partnering with people and communities to improve lives and neighborhoods. The city partners with WIRC to implement its housing rehabilitation and lead remediation grants.
- In November 2022, FCA Packaging announced its plans to open a factory in Galesburg creating an estimated 100 full-time 100 jobs and investing a total of \$2.16 million into the facility by September 2024. The City of Galesburg provided a \$2,000 per job incentive to attract the company to the city.
- In February 2022, Intellihot, a clean technology manufacturer that creates innovative, sustainable solutions for the built environment, announced its purchase of longtime factory spaces at 2900 W. Main Street in Galesburg. Intellihot set up its factory in Galesburg in 2011 in a collaborative effort with the city and Human Links Foundation. At the time of the purchase, the company announced it had experienced rapid growth over the last 11 years and at the time of the announcement it employed approximately 85 employees in Galesburg. The planned \$50 million expansion project will add an undetermined number of new jobs to Galesburg.
- In 2019, Phoenix Investors purchased the former Maytag facility, which has been dormant since 2004 when it once employed 3,000 people, 1,600 of whom worked at the plant at the time of the closure. In September 2020, Corteva Agriscience leased a portion of the newly renovated 300,000 square foot facility.

According to the Illinois Department of Commerce & Economic Opportunity, “ Illinois WARN defines notice-triggering events differently than federal WARN. Illinois WARN applies to employers with 75 or more full-time employees (excluding part-time workers) and requires employers to provide 60 days advance notice of pending

plant closures or mass layoffs. A “mass layoff” under Illinois WARN is a reduction in force at a single site of employment that is not the result of a “plant closing” and results in employment losses during any 30-day period (or, in some cases, during any 90-day period) of 25 or more full-time employees if they constitute one-third or more of full-time employees at the site, or 250 or more full-time employees. According to the WARN lists, there have been no WARN notices issued in Galesburg in the past three years. We are however aware of one notable closure. Cottage Hospital closed in January 2022 as it was set to lose Medicaid and Medicare participation because of patient care violations. Two months later the Illinois Department of Public Health revoked the hospital’s license. A month after that OSF HealthCare bought the building. Cottage Hospital was a former top 10 employer.

Employment and Unemployment Trends

The following tables detail employment and unemployment trends for the Galesburg, Illinois Micropolitan Statistical Area from 2008 to April 2024.

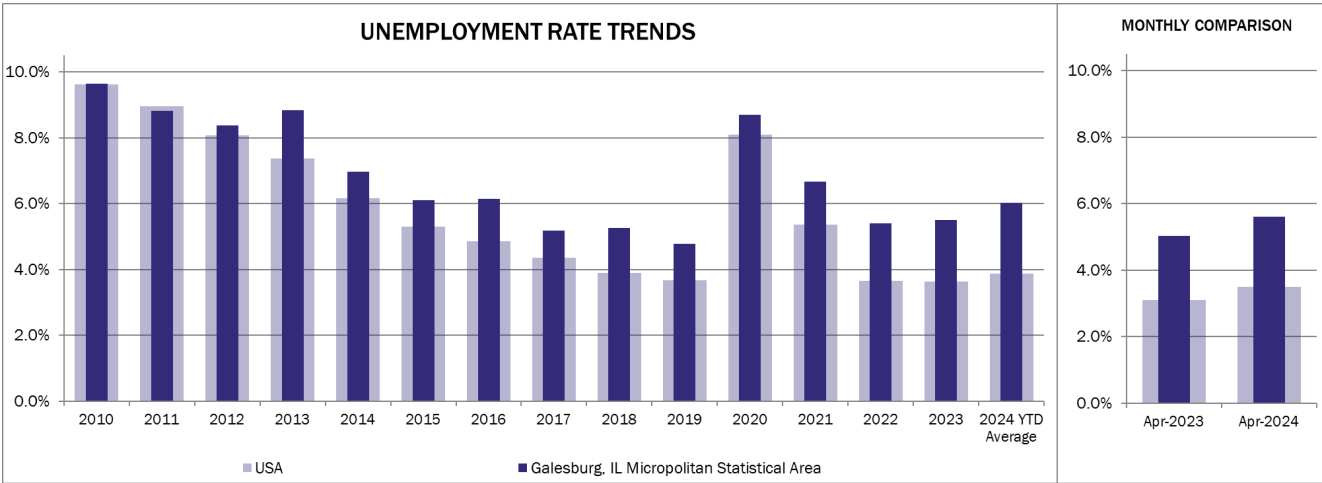
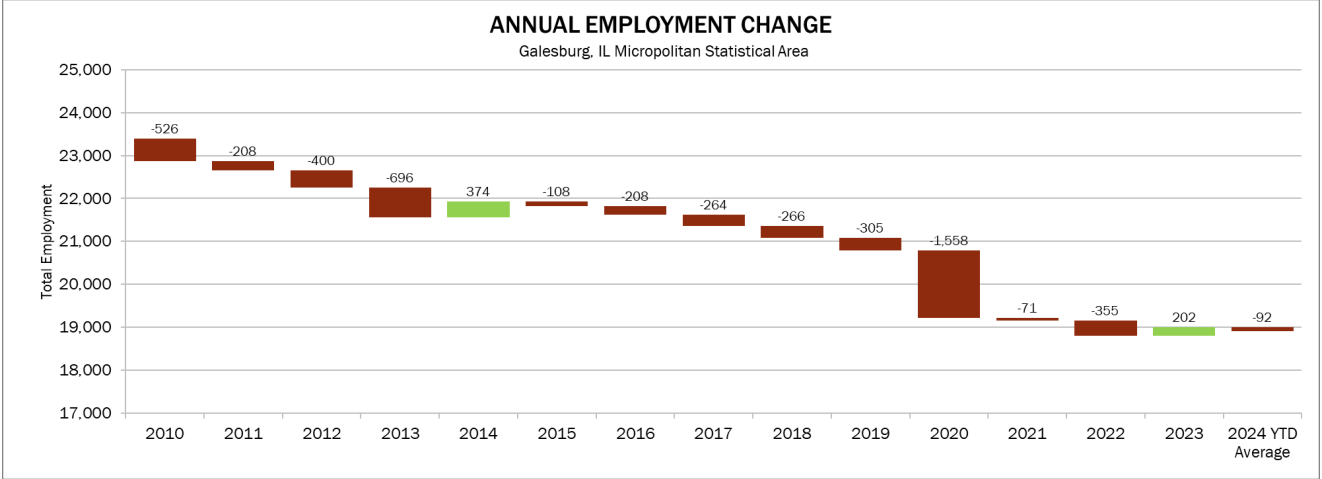
EMPLOYMENT & UNEMPLOYMENT TRENDS (NOT SEASONALLY ADJUSTED)

Year	Galesburg, IL Micropolitan Statistical Area				USA			
	Total Employment	% Change	Unemployment Rate	Change	Total Employment	% Change	Unemployment Rate	Change
2008	23,851	-	6.6%	-	145,363,000	-	5.8%	-
2009	23,392	-1.9%	9.7%	3.2%	139,878,000	-3.8%	9.3%	3.5%
2010	22,866	-2.2%	9.6%	-0.1%	139,064,000	-0.6%	9.6%	0.3%
2011	22,658	-0.9%	8.8%	-0.8%	139,869,000	0.6%	9.0%	-0.7%
2012	22,258	-1.8%	8.4%	-0.4%	142,469,000	1.9%	8.1%	-0.9%
2013	21,562	-3.1%	8.8%	0.5%	143,929,000	1.0%	7.4%	-0.7%
2014	21,936	1.7%	7.0%	-1.9%	146,305,000	1.7%	6.2%	-1.2%
2015	21,828	-0.5%	6.1%	-0.9%	148,833,000	1.7%	5.3%	-0.9%
2016	21,619	-1.0%	6.1%	0.0%	151,436,000	1.7%	4.9%	-0.4%
2017	21,356	-1.2%	5.2%	-1.0%	153,337,000	1.3%	4.4%	-0.5%
2018	21,090	-1.2%	5.3%	0.1%	155,761,000	1.6%	3.9%	-0.4%
2019	20,785	-1.4%	4.8%	-0.5%	157,538,000	1.1%	3.7%	-0.2%
2020	19,227	-7.5%	8.7%	3.9%	147,795,000	-6.2%	8.1%	4.4%
2021	19,155	-0.4%	6.7%	-2.0%	152,581,000	3.2%	5.4%	-2.7%
2022	18,800	-1.9%	5.4%	-1.2%	158,291,000	3.7%	3.7%	-1.7%
2023	19,003	1.1%	5.5%	0.1%	161,037,000	1.7%	3.6%	0.0%
2024 YTD Average*	18,911	-0.5%	6.0%	0.5%	160,850,400	-0.1%	3.9%	0.2%
Apr-2023	18,786	-	5.0%	-	161,075,000	-	3.1%	-
Apr-2024	19,021	1.3%	5.6%	0.6%	161,590,000	0.3%	3.5%	0.4%

Source: U.S. Bureau of Labor Statistics, July 2024

*2024 data is through April

Total employment in the Galesburg, Illinois Micropolitan Statistical Area decreased in every year but two since 2008 and unemployment has consistently remained above the national average. In 2020, total employment contracted, and unemployment increased significantly, both locally and nationally. The local contraction (7.5 percent) was more severe than the national contraction (6.2 percent). Further, while the nation added jobs in 2021 and surpassed its pre COVID-19 total employment peak in 2022, the local area continued to lose jobs through 2022, though unemployment also decreased. In 2023, total employment in the Galesburg Micropolitan Statistical Area increased for the first time in nine years, albeit at a slower rate of growth relative to the national average. Unemployment also increased, albeit only slightly. From April 2023 to April 2024 local total employment increased by 1.3 percent, well above the national average, and the unemployment rate increased to 5.6 percent, also above the national average of 3.5 percent (with 0.4 percent growth since April 2023). Overall, the local economy appears to have been more negatively impacted by the pandemic than the nation as a whole with total employment remaining below the pre-pandemic peak and unemployment continuing to be well above the national average, though the stronger employment growth in the past year is one positive indicator.



Wages by Occupation

The following table illustrates the wages by occupation for the West Central Illinois nonmetropolitan area, which includes the following counties:

Adams County	Greene County	Logan County	Moultrie County	Warren County
Brown County	Hancock County	Mason County	Pike County	
Cass County	Henderson County	McDonough County	Schuyler County	
Christian County	Knox County	Montgomery County	Scott County	
Fulton County	Livingston County	Morgan County	Shelby County	

WEST CENTRAL ILLINOIS NONMETROPOLITAN AREA - 2ND QTR 2023 AREA WAGE ESTIMATES

Occupation	Number of Employees	Mean Hourly Wage	Mean Annual Wage
All Occupations	162,230	\$25.66	\$53,360
Management Occupations	10,330	\$49.43	\$102,820
Healthcare Practitioners and Technical Occupations	11,050	\$40.64	\$84,530
Architecture and Engineering Occupations	1,190	\$39.74	\$82,670
Legal Occupations	440	\$38.76	\$80,620
Computer and Mathematical Occupations	1,460	\$35.91	\$74,700
Life, Physical, and Social Science Occupations	570	\$34.46	\$71,690
Business and Financial Operations Occupations	5,300	\$33.42	\$69,520
Protective Service Occupations	5,960	\$30.53	\$63,500
Construction and Extraction Occupations	6,210	\$29.50	\$61,350
Community and Social Service Occupations	3,210	\$26.98	\$56,110
Educational Instruction and Library Occupations	11,690	\$26.04	\$54,170
Installation, Maintenance, and Repair Occupations	6,980	\$25.95	\$53,980
Arts, Design, Entertainment, Sports, and Media Occupations	1,070	\$22.56	\$46,930
Production Occupations	16,780	\$22.42	\$46,620
Farming, Fishing, and Forestry Occupations	590	\$21.19	\$44,060
Transportation and Material Moving Occupations	17,480	\$21.02	\$43,720
Sales and Related Occupations	12,950	\$20.91	\$43,480
Office and Administrative Support Occupations	19,950	\$20.70	\$43,050
Healthcare Support Occupations	7,090	\$18.25	\$37,950
Building and Grounds Cleaning and Maintenance Occupations	4,790	\$17.69	\$36,800
Personal Care and Service Occupations	2,550	\$17.06	\$35,490
Food Preparation and Serving Related Occupations	14,560	\$15.74	\$32,740

Source: Department Of Labor, Occupational Employment Statistics, 5/2024, retrieved 7/2024

The table above shows the average hourly and annual wages by occupation classification. The classification with the lowest average hourly wage is food preparation and serving related occupations at \$15.74 per hour. The highest average hourly wage, of \$49.43, is for those in management occupations.

Earnings by Occupation

The following tables illustrate occupation by median earnings in the past 12 months in 2022 inflation adjusted dollars for full-time, year-round civilian employed population 16 years and over in Galesburg relative to larger geographic areas (Knox County, Illinois, and nation) and comparable markets (Canton, Macomb, Bloomington, and Champaign).

**OCCUPATION BY MEDIAN EARNINGS (IN 2022 INFLATION ADJUSTED DOLLARS) IN THE PAST 12 MONTHS
FOR FULL-TIME, YEAR-ROUND CIVILIAN EMPLOYED POPULATION 16 YEARS AND OVER**

	USA	Illinois	Knox County, IL	Galesburg, IL
Total	\$57,602	\$60,842	\$47,489	\$45,813
Management, business, science, and arts occupations	\$80,054	\$82,302	\$57,216	\$56,583
Service occupations	\$35,502	\$36,422	\$29,810	\$27,930
Sales and office occupations	\$47,484	\$51,338	\$41,040	\$40,069
Natural resources, construction, and maintenance occupations	\$51,667	\$59,363	\$54,881	\$56,000
Production, transportation, and material moving occupations	\$44,376	\$45,620	\$46,269	\$45,262

Color formatting ranges from red (low) to green (high) within each geographic area.

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

**OCCUPATION BY MEDIAN EARNINGS (IN 2022 INFLATION ADJUSTED DOLLARS) IN THE PAST 12 MONTHS
FOR FULL-TIME, YEAR-ROUND CIVILIAN EMPLOYED POPULATION 16 YEARS AND OVER**

	Canton, IL	Macomb, IL	Galesburg, IL	Bloomington, IL	Champaign, IL
Total	\$45,499	\$49,406	\$45,813	\$61,319	\$54,375
Management, business, science, and arts occupations	\$48,922	\$56,969	\$56,583	\$83,409	\$67,223
Service occupations	\$44,479	\$28,676	\$27,930	\$35,399	\$34,526
Sales and office occupations	\$36,469	\$46,385	\$40,069	\$45,000	\$43,975
Natural resources, construction, and maintenance occupations	\$68,961	\$56,573	\$56,000	\$52,148	\$39,473
Production, transportation, and material moving occupations	\$38,113	\$26,711	\$45,262	\$44,475	\$41,694

Color formatting ranges from red (low) to green (high) within each geographic area.

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

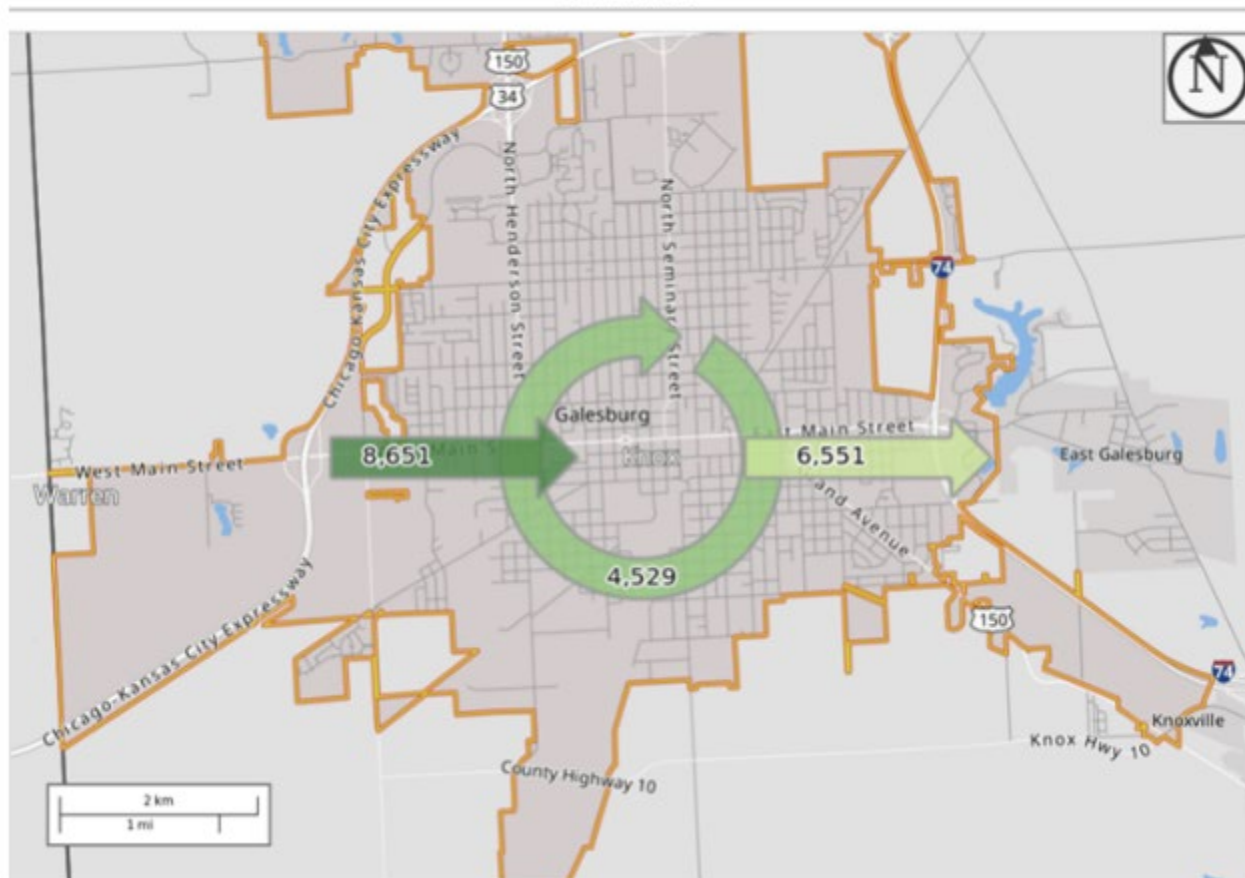
As illustrated, with the exception of Canton, the highest median earnings in all areas are for management, business, science, and arts occupations, and the lowest median earnings are for service occupations. Further, the median earnings for both occupations in the nation and the state are higher than those in Galesburg.

Commuting Patterns

According to the Knox County Area Partnership for Economic Development, Knox County's labor shed includes 12 counties in Illinois and Iowa, stretching 50 miles to incorporate both the Peoria area to the east and Quad Cities area to the northwest including Fulton, Henderson, Henry, McDonogh, Mercer, Peoria, Rock Island, Stark, and Warren Counties in Illinois and Des Moines, Louisa, and Scott Counties in Iowa. The following section analyzes data from the U.S. Census Bureau's OnTheMap project, utilizing data from 2021, the most recent available. The first graphic illustrates the inflow/outflow of workers in Galesburg.

Inflow/Outflow Counts of All Jobs for Selection Area in 2021

All Workers



Source: US Census Bureau OnTheMap, data from 2021 (most recent available)

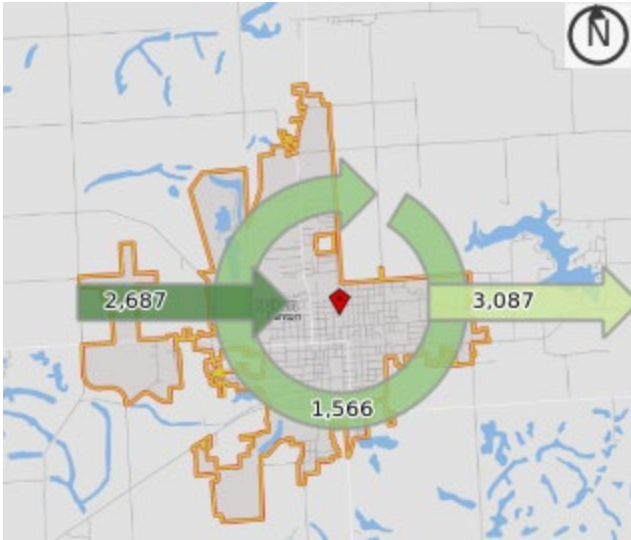
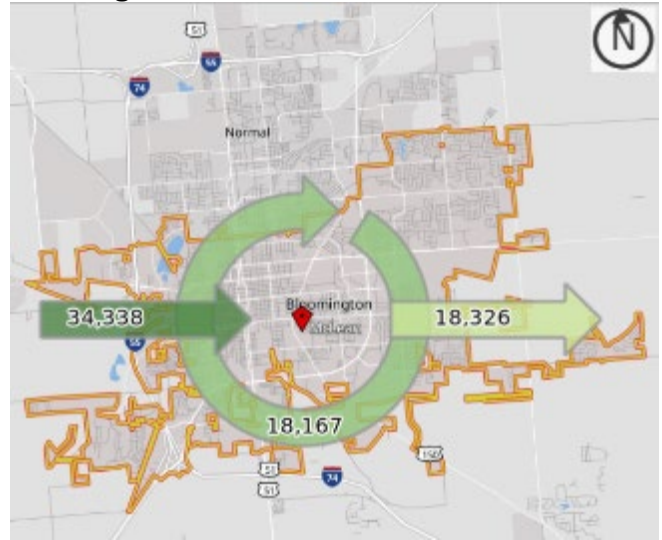
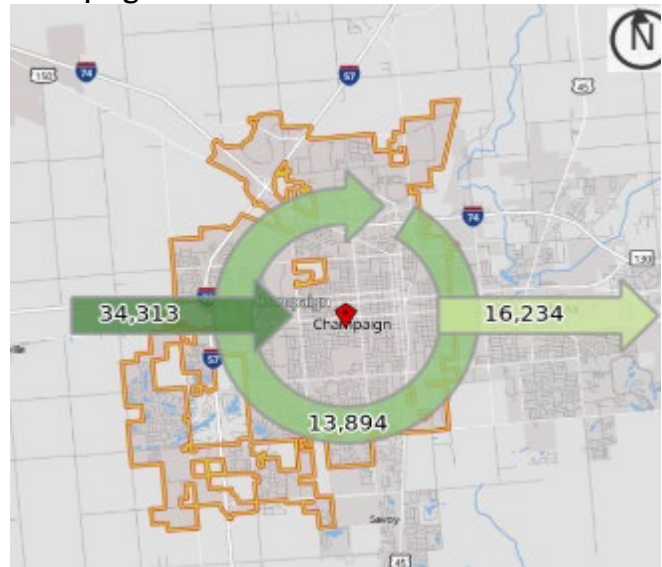
As illustrated, Galesburg is a net importer of workers as 65.6 percent of persons employed in the city live outside of the city limits; this is consistent with information provided in local interviews and is discussed in further detail in the stakeholder input section of this report. A sizeable percentage of residents (59.1 percent) also commute outside of the city for employment. Only approximately one third (34.4 percent) of persons employed in the city also live in the city. The following chart illustrates the distance traveled by persons employed in Galesburg.

Distance	2021	
	Count	Share
Total All Jobs	13,180	100.0%
Less than 10 miles	6,013	45.6%
10 to 24 miles	1,879	14.3%
25 to 50 miles	1,979	15.0%
Greater than 50 miles	3,309	25.1%

Source: US Census Bureau OnTheMap, data from 2021 (most recent available)

Approximately 45.6 percent of Galesburg workers travel less than ten miles for employment. With an estimated 34.4 percent of Galesburg workers living within the city limits and presumably thus traveling ten miles or less for employment, this equates to an estimated 11.2 percent of Galesburg workers who likely live just outside of the city limits. A sizeable percentage of Galesburg workers however also travel greater than 50 miles, the vast majority of which are from the northeast (Chicago and its suburbs), east (Peoria and Bloomington), and southeast (Springfield and Macon). Workers employed in the trade, transportation, and utilities industry are

driving this trend with 19.1 percent commuting 25 to 50 miles and an additional 33.1 percent commuting greater than 50 miles) to Galesburg for work. The following images illustrate commuting patterns for the comparable markets of Canton, Macomb, Bloomington, and Champaign.

Canton**Bloomington****Macomb****Champaign**

Source: US Census Bureau OnTheMap, data from 2021 (most recent available)

As illustrated, Macomb, Bloomington, and Champaign are all net importers of workers similar to Galesburg.

Conclusion

While manufacturing was the primary economic driver of the local economy in the 20th century, currently the largest employers in Galesburg represent a wider mix of industries including educational services, healthcare services, manufacturing, transportation, and public administration. More specifically, top employers include BNSF Railway, OSF Healthcare, Blick Art Materials, Knox College, City of Galesburg, Bridgeway, and Hill Correctional Facility. Employment in Galesburg is concentrated in the healthcare/social assistance, educational services, and retail trade industries, which collectively comprise 43.1 percent of local employment. Relative to the overall nation, Galesburg features comparatively greater employment in the

educational services, transportation/warehousing, and retail trade industries. Conversely, Galesburg is underrepresented in the prof/scientific/tech services, admin/support/waste management services, and finance/insurance industries. According to commuting data, Galesburg is a net importer of workers with 65.6 percent of persons employed in the city, living outside of the city limits.

Total employment in the Galesburg, Illinois Micropolitan Statistical Area decreased in every year but two since 2008 and unemployment has consistently remained above the national average. In 2020, total employment contracted, and unemployment increased significantly, both locally and nationally, due to the COVID-19 pandemic. The local contraction (7.5 percent) was more severe than the national contraction (6.2 percent). Further, while the nation added jobs in 2021 and surpassed its pre COVID-19 total employment peak in 2022, the local area continued to lose jobs through 2022, though unemployment also decreased. In 2023, total employment in the Galesburg Micropolitan Statistical Area increased for the first time in nine years, albeit at a slower rate of growth relative to the national average. Unemployment also increased, albeit only slightly. From April 2023 to April 2024 local total employment increased by 1.3 percent, well above the national average, and the unemployment rate increased to 5.6 percent, also above the national average of 3.5 percent (with 0.4 percent growth since April 2023). Overall, the local economy appears to have been more negatively impacted by the pandemic than the nation as a whole with total employment remaining below the pre-pandemic peak and unemployment continuing to be well above the national average, though the stronger employment growth in the past year is one positive indicator.

III. EXISTING & FUTURE HOUSING CONDITIONS

SUPPLY ANALYSIS

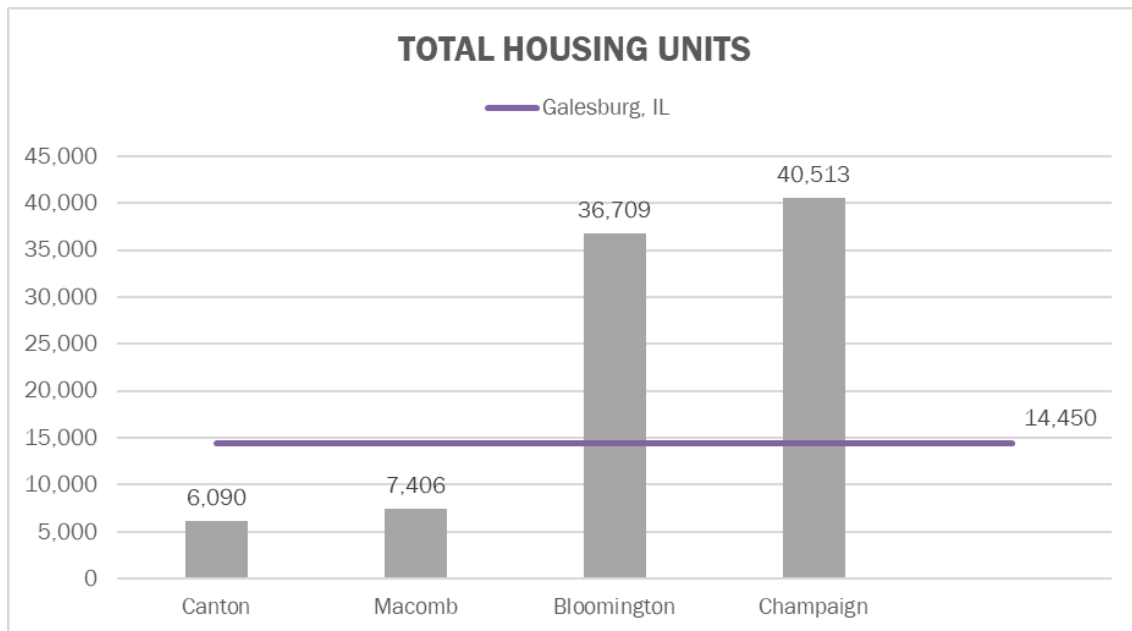
The following section provides an overview of the housing inventory in Galesburg. This section relies primarily on data from ESRI Demographics, a national proprietary data provider, and the American Community Survey (ACS) conducted by the U.S. Census Bureau.

Data Summary & Limitations

Please refer to the data discussion included at the beginning of the *Demographic Analysis* subsection of this report for a discussion about the data used in this report

Total Housing Units

As of the 2020 Census, Galesburg had 13,939 total housing units. As of the 2022 ACS, Galesburg had 14,450 housing units. It is worth noting this does not indicate that the number of housing units in Galesburg has increased since the 2020 Census but is instead a function of differing methodologies. In fact, the total number of housing units as of the 2022 ACS is not statistically different from the 2013-2017 ACS estimate. The following table summarizes total housing units in Galesburg relative to the comparable markets of Canton, Macomb, Bloomington, and Champaign as of the 2022 ACS.

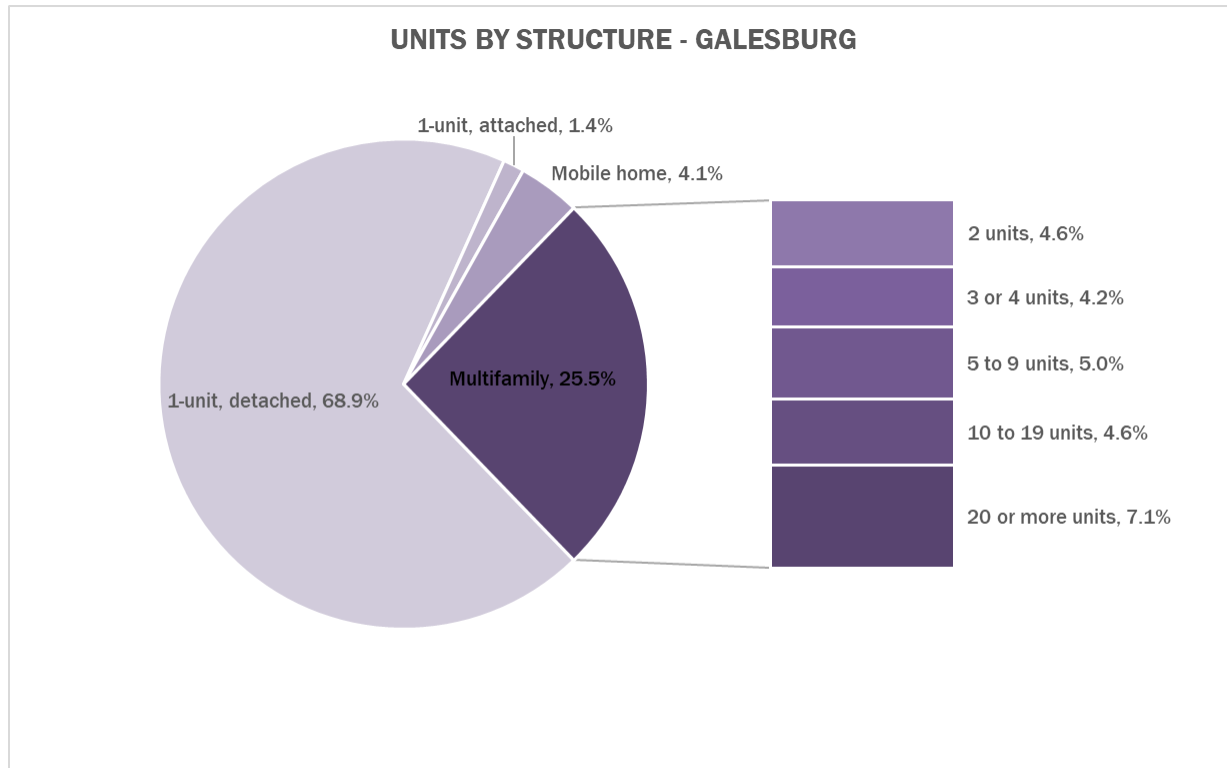


Source: U.S. Census Bureau, 2018-2022 American Community Survey 5-Year Estimates

As illustrated, Galesburg has more housing units than the smaller markets of Canton and Macomb and fewer units than the larger markets of Bloomington and Champaign.

Units in Structure

The following illustrates the type of housing offered in Galesburg.



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

The majority of the housing stock in Galesburg are detached single-family homes. Approximately 25.5 percent offer two or more units, which are fairly evenly distributed between smaller multifamily structures (duplexes, triplexes, and four-plexes), medium sized multifamily (five to 19 units), and large multifamily structures (20 or more units). A field inspection of the area shows that the multifamily housing stock consists of one-story townhome style units, two to four-story walk-up developments, and several larger garden-style and high-rise properties. The following images are of typical structures in Galesburg.

Photographs of Typical Types of Structures



Typical detached single-family home



Typical detached single-family home



Typical detached single-family home



Typical detached single-family home



Typical detached single-family home



Typical detached single-family home



Typical detached single-family home



Typical detached single-family home



Typical detached single-family home



Typical detached single-family home



Typical detached single-family home



Typical detached single-family home



Typical detached single-family home



Typical detached single-family home



Typical detached single-family home



Typical detached single-family home



Typical detached single-family home



Typical detached single-family home



Typical detached single-family home (newest supply)



Typical detached single-family home (newest supply)



Typical mobile home



Typical mobile home



Typical mobile home park



Typical mobile home



Typical duplex



Typical duplex



Typical triplex



Typical triplex



Typical multifamily (older stock)



Typical multifamily (older stock)



Typical multifamily (older stock)



Typical multifamily (older stock)



Typical multifamily (older stock)



Typical multifamily (older stock)



Typical higher density large (20+ units) multifamily



Typical higher density large (20+ units) multifamily



Typical large (5+) multifamily (newer stock)



Typical large (5+) multifamily (newer stock)



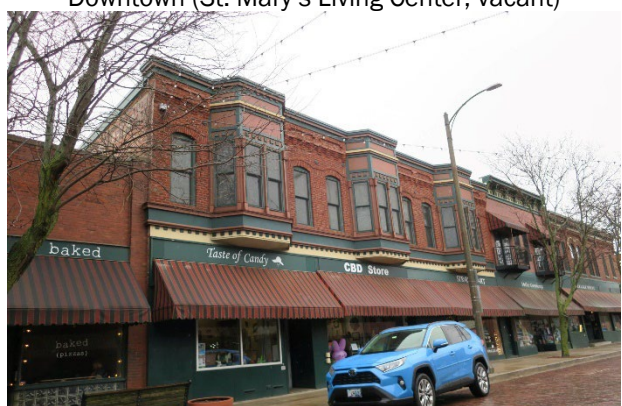
Downtown residential



Downtown (St. Mary's Living Center, vacant)



Downtown – Second Story Lofts



Downtown Second Story Lofts



Downtown residential



Downtown (potential for upper floor residential)



Downtown (potential for upper floor residential)



Downtown (potential for upper floor residential)

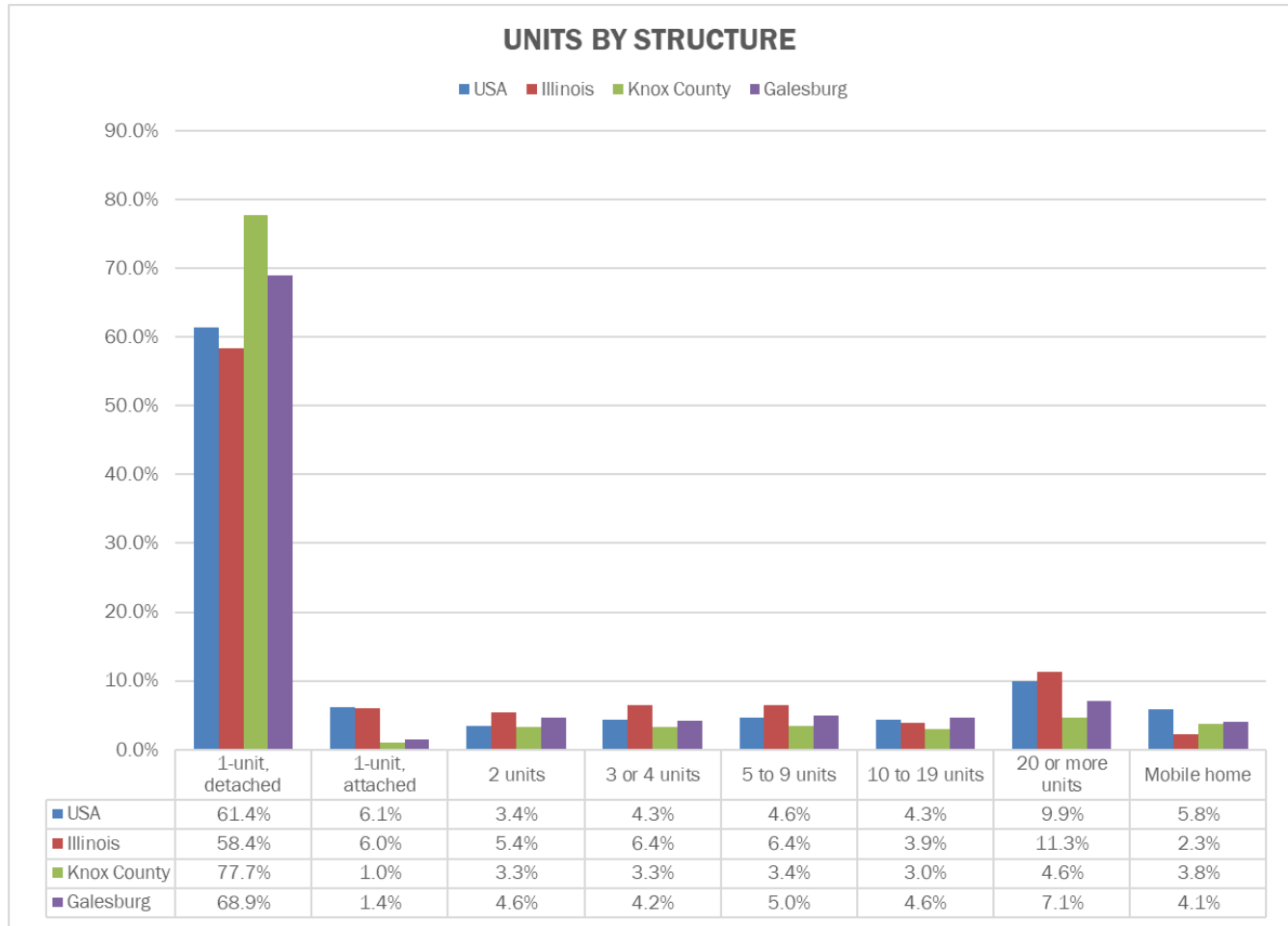


Downtown (potential for upper floor residential)



Downtown (potential for upper floor residential)

The following graphs illustrate the distribution of structure types in Galesburg relative to the nation, state, county, and comparable markets.



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

Single-family detached homes are the most common structure type in all markets, though they do comprise a larger percentage of Galesburg's housing stock relative to the statewide and nationwide averages. The second most common structure type in Galesburg is large multi-family structures with 20 or more units. Despite this, large multifamily structures comprise a smaller percentage of Galesburg's housing stock relative to the nation, state, Macomb, and Champaign. Galesburg also has a smaller percentage of 10-to-19-unit structures relative to Macomb, Bloomington, and Champaign. Lastly, the percentage of units in large multifamily structures in Galesburg has decreased since the 2013-2017 ACS, contrary to statewide and nationwide trends.

Bedrooms in Unit

The following table and corresponding graph summarizes the unit mix of residential units in Galesburg relative to the nation, state, county, and comparable markets.

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%

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

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



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

Three-bedroom units are the most common unit type in nearly all areas including in Galesburg, followed by two-bedroom units. Galesburg offers a larger percentage of three-bedroom units relative to Macomb, Bloomington, and Champaign, but a lesser percentage than the national average. This is notable given the relatively small average household size among Galesburg's residents. More specifically, approximately 71.4 percent of Galesburg households have only one or two-persons. Together this suggests that some residents may be over housed. Oftentimes these are senior households whose families have since moved out but who, for various reasons, have remained in their larger homes. Recall Galesburg also has a larger than average percentage of owner households without a mortgage relative to national trends; again, this group are more likely than not senior households. While some one and two-person households likely prefer to have the additional bedroom(s), others, particularly younger, lower-income, and/or senior households may be over housed and that may be contributing to affordability and/or accessibility challenges. Galesburg does, however, also offer a larger percentage of one-bedroom units relative to the statewide and national averages. Lastly, the percentage of one-bedroom units in Galesburg has increased since the 2013-2017 ACS.

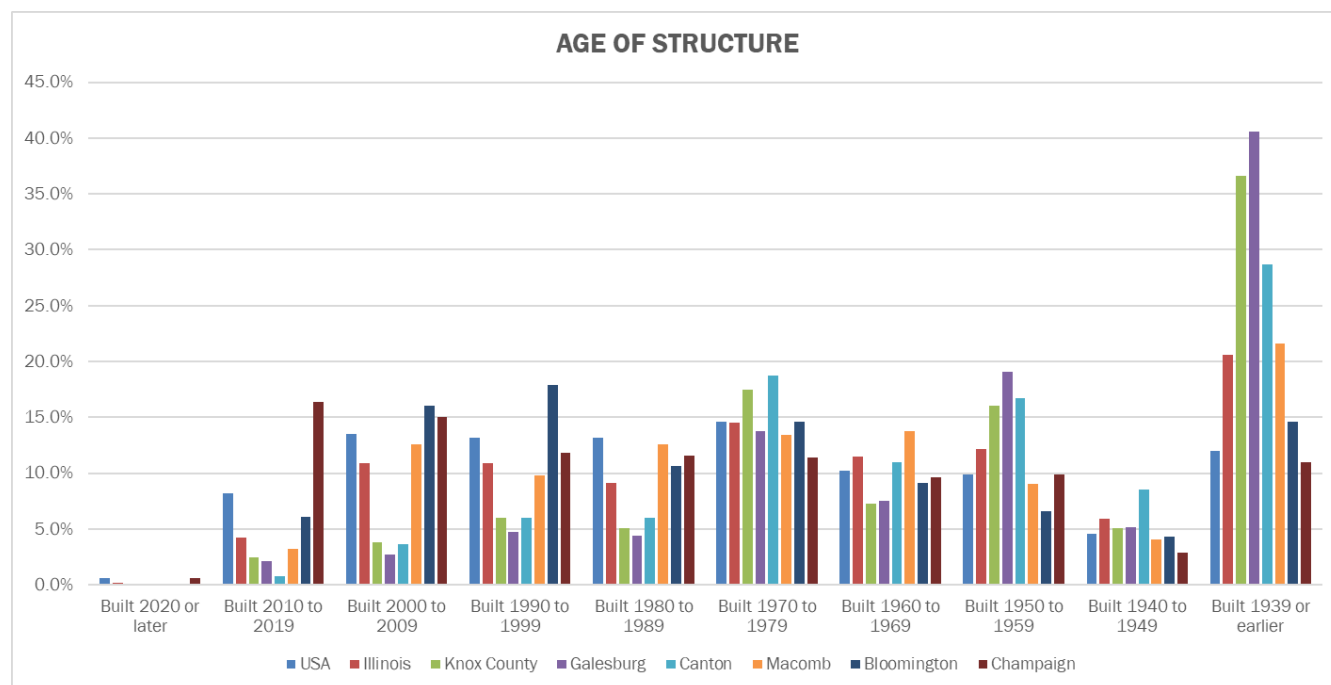
Age & Condition of Housing Supply

The following table and graph illustrates the age of the housing supply in Galesburg as of the 2022 5-Year ACS estimates relative to that in the nation, state, county, and comparable markets.

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%

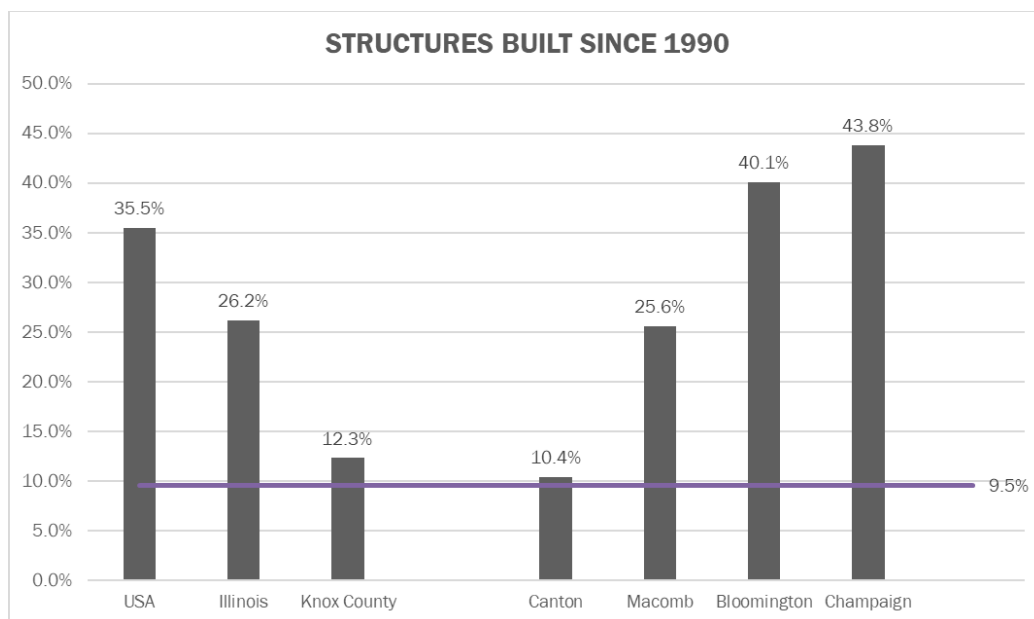
Color formatting ranges from red (low) to green (high).

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



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

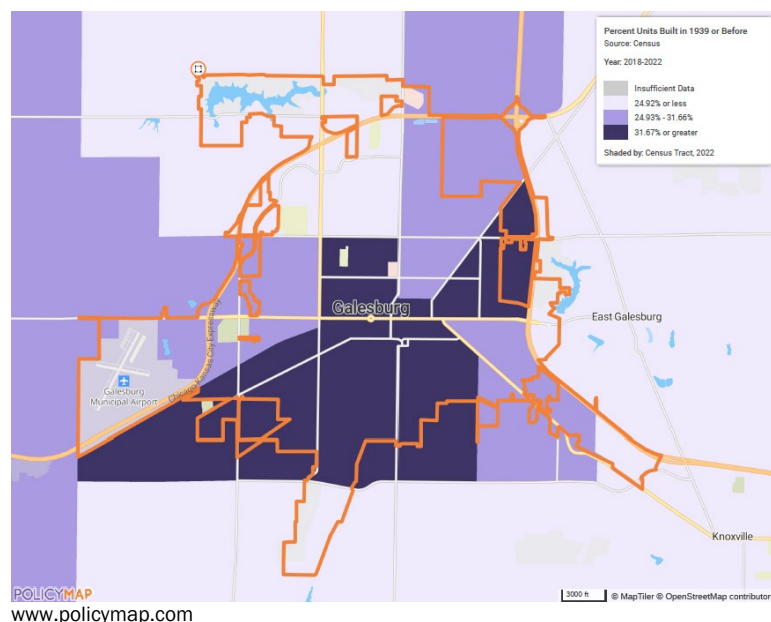
As illustrated, a significant share of Galesburg's housing stock (40.6 percent) was built in 1939 or earlier, significantly more than that in all other areas of analysis. Conversely, Galesburg has significantly less recently constructed housing, as illustrated in the graph following.



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

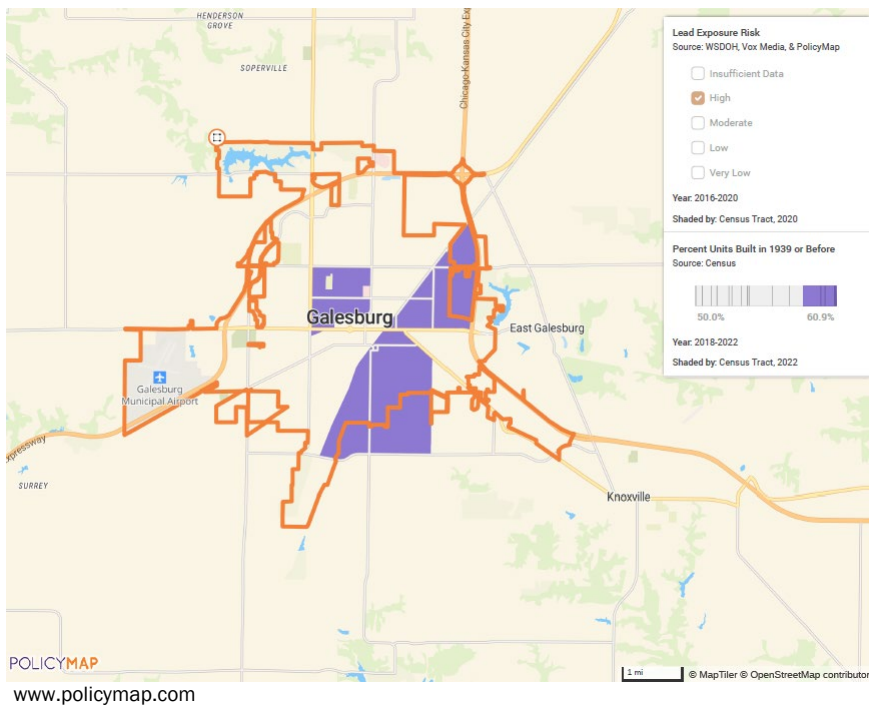
More specifically, less than ten percent of Galesburg's housing stock has been built since 1990 compared to approximately 35.5 percent of the nation's housing stock and 26.2 percent of Illinois' housing stock; it is also less than that of three of the four comparable markets including Macomb, Bloomington, and Champaign.

The photographs of various structure types presented previously also illustrate the age/condition range of the housing stock in Galesburg. Based on our field visit and conversations with local stakeholders, the majority of the housing stock in Galesburg appears to be in fair to good condition, but there is also an insignificant minority of the stock in poor condition. Additionally, while there are select concentrations of older homes in poor to fair condition, the more common spatial trend appears to be a fairly diverse mix of homes by age/condition within each neighborhood. The following map illustrates the percentage of housing units built prior to 1940 by census tract within and around Galesburg.



As illustrated, the downtown, southern, and eastern parts of Galesburg have a larger percentage of housing units built in 1939 or before. The northwest on the other hand has the lowest percentage of housing units built in 1939 or before.

The age of a home is a risk factor for lead exposure because older homes are more likely to contain lead-based paint and lead-contaminated dust. According to the United States Environmental Protection Agency, approximately 87 percent of homes built before 1940 have some lead-based paint, while only 24 percent of homes built between 1960 and 1978 have some lead-based paint. The Washington State Department of Health, Vox Media & PolicyMap developed a risk of lead exposure index. The lead risk index is used to rank census tracts based on relative risk of exposure to lead. These categories correspond to quartiles based on the raw lead exposure score. Tracts marked "High" are in the top 25% of tracts according to the risk of lead exposure. Risk factors for lead exposure include age of housing stock and area poverty rate. Values are suppressed for census tracts with more than fifty percent of the population living in group quarters. The majority of tracts in Galesburg are classified as high for lead exposure risk. The following map illustrates tracts in and around Galesburg where more than half of the homes were built prior to 1940 and the risk of lead exposure is classified as high.



Census tracts in downtown, southeastern, and eastern Galesburg have both a high percentage (more than half) of homes built prior to 1940 and a high risk of lead exposure. It is worth noting however that this does not account for repairs or renovations of older structures.

Galesburg Demolition, Remediation, and Repair

According to information provided by the city, from September 2023 through March 26, 2024, a total of 42 housing code violations were issued in Galesburg, the most common of which was for homes that were occupied without water followed by occupied recreational vehicles (RVs). Further, during the same time period a total of 13 properties were cited for demolition due to open and dangerous conditions. According to media coverage and interviews with local stakeholders, several recently completed demolitions were due to fire damage leading to unsafe conditions. There are four main programs that are being/have been used in Galesburg, including one that was only recently implemented, to address some of these issues - the Downtown Residential Fire Sprinkler Grant Program, multiple Housing Repair Assistance Programs, a demolition program, and the Housing and Urban Development (HUD) Lead Paint Hazard Reduction Program and the Department of Commerce and Economic Opportunity (DCEO) Help Eliminate Lead Program – which are summarized below.

First, in early 2024 the city council of Galesburg approved a new fire sprinkler grant program for residential units in its downtown area. The program, known as the Downtown Residential Fire Sprinkler Grant Program, was designed to encourage the installation of more fire sprinkler systems in its downtown structures by

reimbursing property owners for 50 percent of the system cost up to a total of \$20,000. Interviews with local stakeholders including city officials suggest that while some of the upper stories of downtown buildings would require extensive, and costly, renovations to convert the spaces into residential units, others were previously used as residential units, but have sat vacant for 20 plus years largely due to a lack of specific features that are required by code for occupancy including fire protection systems. The goal of the program is to encourage the redevelopment of upper story downtown spaces into residential units. Many of the spaces will require, per code, the installation of fire suppression systems. This requirement has reportedly led to a perception among some that the redevelopment of these spaces cannot be financially feasible and consequently many of these spaces remain vacant. This program will ideally address these challenges. Further, the structure of the program aims to reduce development costs on the front end through a grant as opposed to on the back end through a property tax exemption or some other form of post-completion reimbursement. The hope is that this alone may be sufficient for some owners whose spaces were previously utilized as residential structures and as such do not require a substantial amount of redevelopment work. For others, where more redevelopment and redesign work is needed, the hope is that this program can be layered on top of other pre-existing incentive programs such as the Enterprise Zone Act and/or Tax Increment Financing (TIF) to sufficiently collectively reduce development costs to ensure feasibility.

Second, the city has several different home repair and/or accessibility programs. The first is the local Housing Repair Assistance Program, a grant-based home repair program for select (i.e. income qualified) owner households. To qualify the owner must have a household income of 80 percent of the Area Median Income (AMI) or below and no more than \$5,000 (under 65 years of age)/\$10,000 (senior) in liquid assets per the requirements established by the funder (U.S. Department of Housing and Urban Development). This program provides grants of up to \$4,500 to qualifying owner households for a variety of repairs including for example to improve a building's accessibility, installation of a smoke or carbon monoxide alarms, repairs to electrical, plumbing, or minor roof repairs. The second, IHDA Home Repair and Accessibility Program, which will run from March 2023 to March 2025, is designed to assist low and very low-income owner occupied, single-family residences with financial assistance to repair or replace costly maintenance items and/or remove health and safety hazards. Homeowners may receive up to \$45,000 for identified needed repairs. There is a roof-only option of up to \$21,500 for homes that do not have significant interior health and safety issues or accessibility needs. There is also an accessibility option for those over 60 years of age with a physical or mental impairment. The City is partnering with Western Illinois Regional Council (WIRC) in coordinating the grant and they anticipate providing grants to approximately eight single-family owners for identified needed repairs and upgrades. While the program is expected to run through March 2025, according to the city this grant has a waiting list and is officially closed to new applicants. In the past the city has also had additional grant programs (funded by IHDA and DCEO) for owner-occupied housing repairs for the same target populations as the two existing programs, but which were designed to help owners correct code violations, address health and safety issues, and/or pursue energy efficiency improvements. These grants ended between 2019 and 2022. The city however continues to apply for additional grant funding from these sources and most recently the Illinois Department of Commerce and Economic Development (DCEO) announced that Galesburg's Community Development Block Grant (CDBG) application for Housing Rehabilitation was selected for funding. This program, like the others, will provide funding for low to moderate income owner households, as determined by HUD, to address mechanical, structural, energy efficiency, and other associated rehabilitation needs for their single-family homes that, at a minimum, incorporate applicable state plumbing, electrical and lead based paint codes as well as any local rehabilitation codes and standards. Unlike other grants however, this grant is expected to be directed within a particular part of the city, namely the southwest portion bound by Tompkins Street to the north, S Henderson Street to the west, Fifth Street to the south, and the railroad tracks to the east. The City is partnering with Western Illinois Regional Council (WIRC) in coordinating the grant and they anticipate providing grants to between eight and 10 single-family owners for identified needed repairs and upgrades.

Third, court ordered demolitions are used by the city as a means of last resort to remove dilapidated structures in order to eliminate specific conditions of blight, physical decay, and/or unsafe conditions. According to the city, the program addresses any dwelling, building, structure, or property that is unfit for human habitation

and/or constitutes an endangerment to the public health or safety as a result of unsanitary or structurally unsafe conditions.

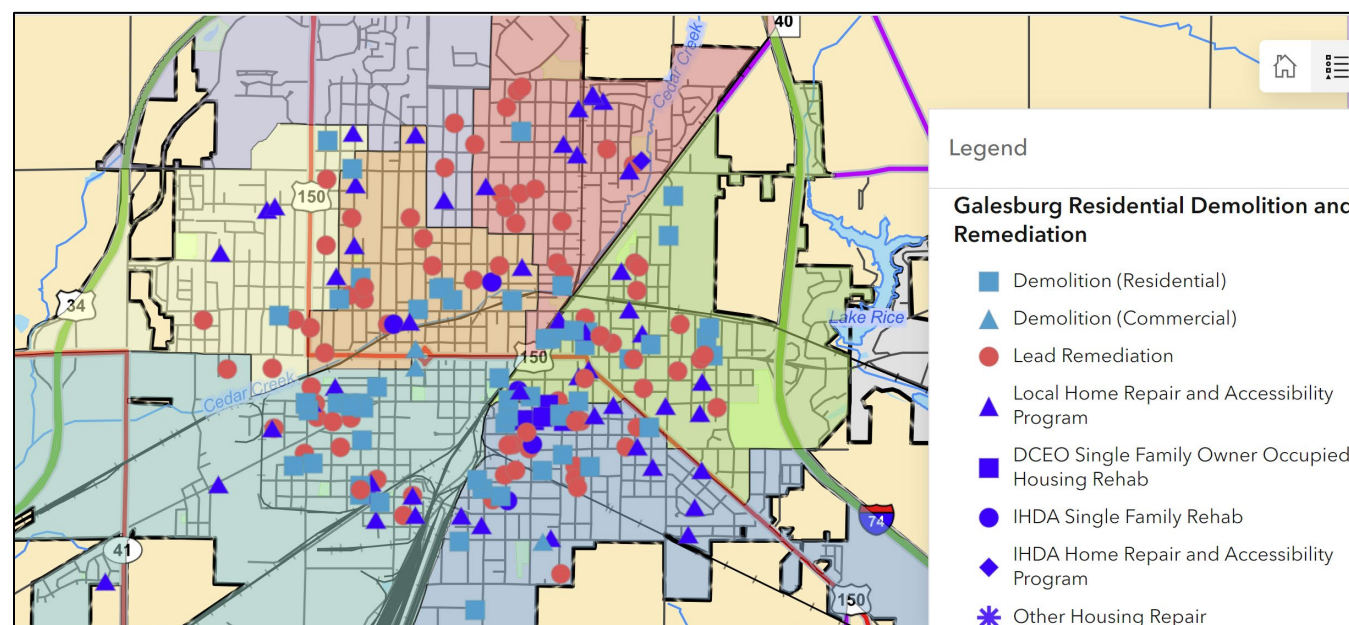
Lastly, the city had a grant program designed to address lead-based paint issues. According to the city the program was funded by two separate grants: the Housing and Urban Development (HUD) Lead Paint Hazard Reduction Program and the Department of Commerce and Economic Opportunity (DCEO) Help Eliminate Lead Program. The grants provided for lead remediation for both owner and renter-occupied housing units. Eligible housing structures included those built before 1989 with children aged six and under and/or pregnant women. Residents, either the owners or the renters, had to meet HUD income guidelines. According to the city, these programs have ended as they were grant funded.

The following table and corresponding map illustrate the number of actions/grants and cost/grants issued from each program since 2019.

Galesburg Repair, Remediation and Demolition: 2019 - 2023

Program	Time Period	# Actions	Cost
Lead Remediation		82	\$2,424,501
Program	Time Period	# Grants	\$ Grants
IHDA Single Family Rehab	Oct 2017 to September 2019	1	\$12,042
DCEO Single Family Owner Occupied Housing Rehab	April 2017 to April 2019	7	\$359,069
	July 2020 to July 2022		
IHDA Home Repair and Accessibility Program	March 2023 to March 2025	6	\$262,281
Local Home Repair and Accessibility Program	Ongoing	50	\$178,942
Program	Time Period	# Actions	Cost
Demolition - Residential	Ongoing	57	\$969,123
Demolition - Commercial	Ongoing	3	\$687,589

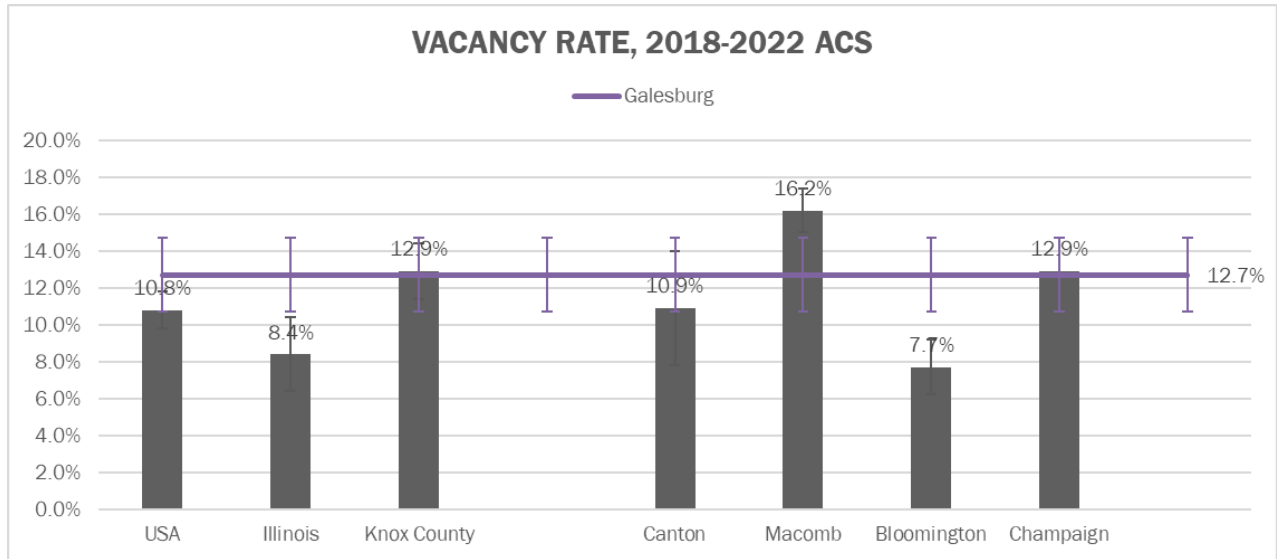
Source: City of Galesburg, July 2024



Source: City of Galesburg, June 2024.

Vacancy

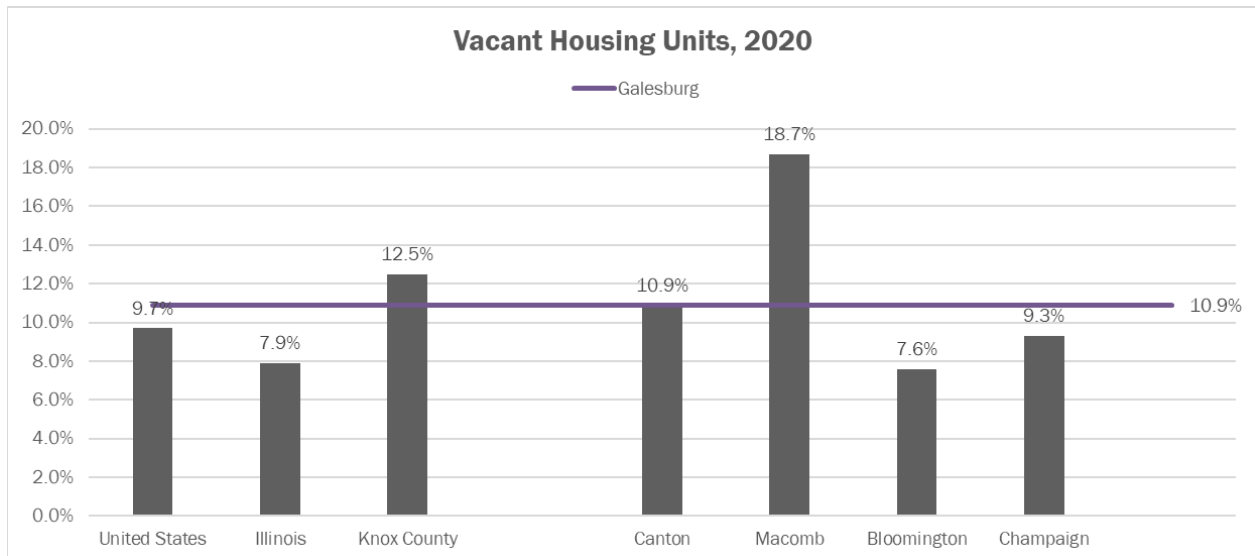
The following graphs illustrates vacancy in Galesburg as of the 2022 ACS relative to the nation, state, county, and comparable markets. Given however the magnitude of the margins of error (MOE) associated with select vacancy estimates, the associated MOEs are included in the first graph and graphs illustrating vacancy by tenure as of the 2020 Census are also included to supplement the 2022 ACS data.



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

As of the 2022 ACS, there were an estimated 1,840 vacant housing units in Galesburg; this equates to a vacancy rate of 12.7 percent (with an MOE of 2.0 percent). As illustrated above, vacancy in Galesburg is higher than that of Illinois and of Bloomington, but not statistically different from the national vacancy rate or that of the county and the remaining comparable markets. Given the larger MOEs associated with select vacancy rate estimates, we also included vacancy data as of the 2020 Census. As of the 2020 Census, Galesburg had 13,939 total housing units of which 12,425 units (89.1 percent) were occupied and 1,514 units (10.9 percent) were vacant. The following graphs illustrate vacancy in the nation, state, county, and comparable markets relative to Galesburg as of the 2020 Census.



Source: U.S. Census Bureau, 2020 Census

As illustrated, as of the 2020 Census, vacancy in Galesburg was higher than those of the nation, state, Bloomington and Champaign, similar to that of Canton, but lower than that of Knox County and well below that of Macomb.

Vacancy Status

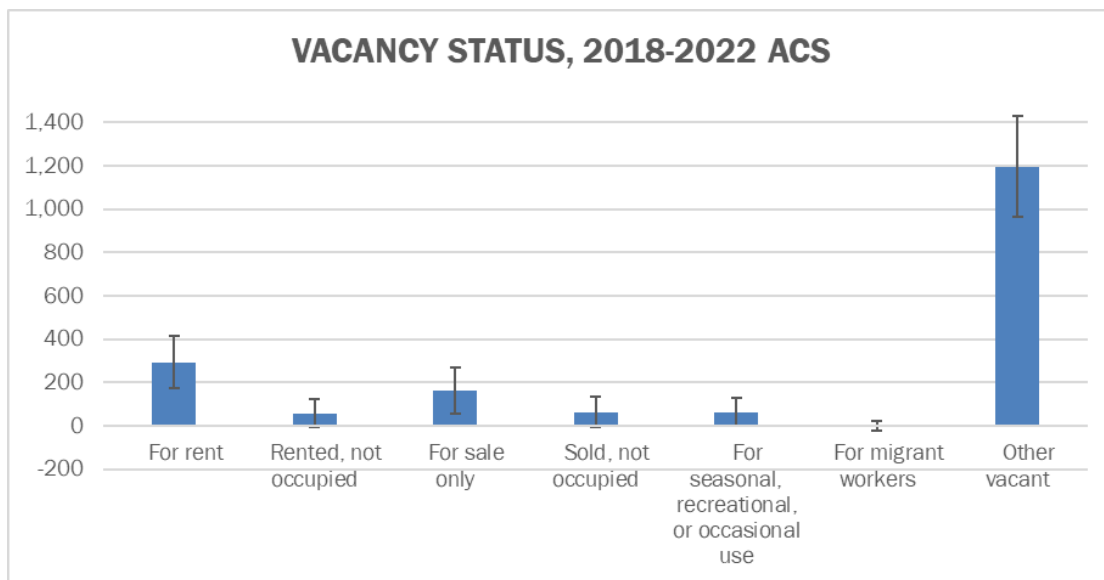
As of the 2022 ACS, there were an estimated 1,840 vacant housing units in Galesburg. Vacant housing units consist of all units that are:

- for rent,
- rented but not occupied,
- for sale,
- sold but not occupied,
- for seasonal/recreational/occasional use,
- for migrant workers use,
- or for a variety of reasons classified as “other”.

The vacant for sale and vacant for rent categories include year-round housing unit vacancies; all housing units used for seasonal/recreational/occasional use are counted as vacant under this category. A housing unit is classified as “other vacant” when it does not fit into a year-round vacant category and includes units that are neither on the market, held for future occupancy, or used for seasonality. Common reasons that a housing unit is classified as “other vacant” is that no one lives in the unit and the owner:

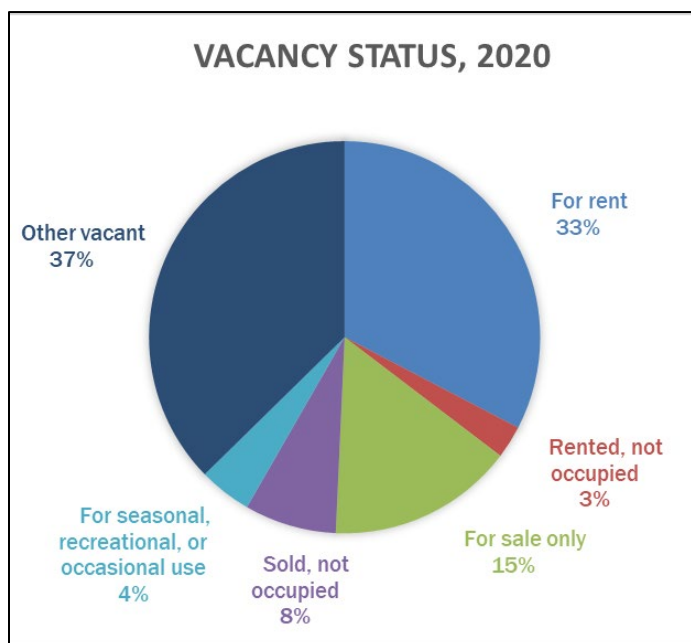
- does not want to rent or sell,
- is using the unit for storage,
- is elderly and living in a nursing home or with family members,
- is being repaired or renovated, or
- is being foreclosed (though foreclosures may appear in any of the vacant or occupied categories).

The following graph illustrates vacancy status as of the 2022 ACS. Given however the magnitude of the margins of error (MOE) associated with select vacancy estimates, the associated MOEs are included in the first graph and graphs illustrating vacancy as of the 2020 Census are also included to supplement the 2022 ACS data.



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

As illustrated, the majority of vacant housing units in Galesburg are vacant due to reasons classified as “other”, followed by units that are “for rent.” Further, vacant units classified as “other” as well as those classified as “seasonal, recreational, or occasional use” are generally not available for long-term occupancy. In fact, only an estimated 3.1 percent of all vacancies as of the 2022 ACS were actually available for occupancy. Given the magnitude of the margins of error (MOE) associated with select vacancy estimates, vacancy status as of the 2020 Census is also included below to supplement the 2022 ACS data.



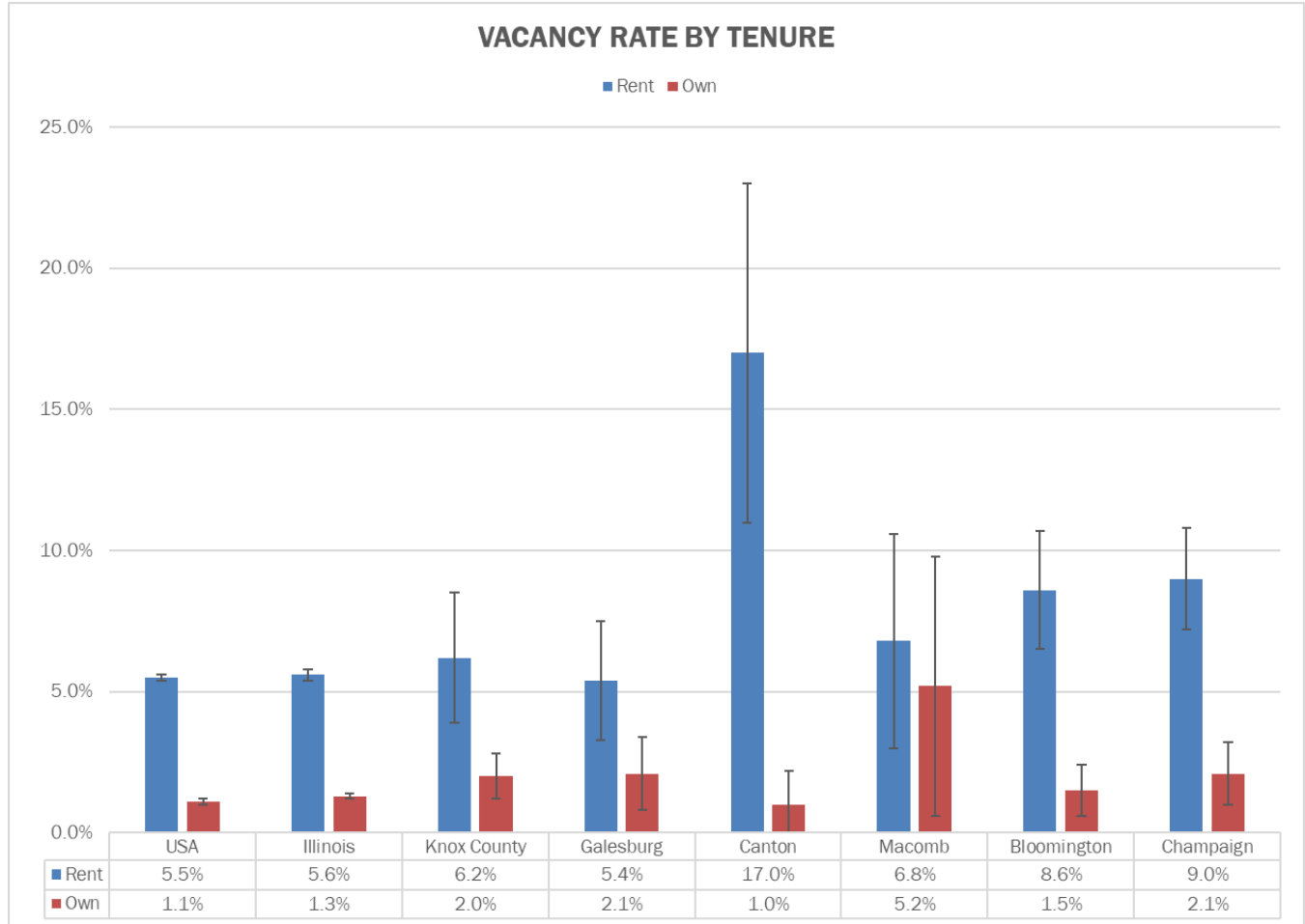
Source: U.S. Census Bureau, 2020 Census

Similar to the 2022 ACS data, housing units classified as “other vacant” comprise the largest percentage of vacant housing units in Galesburg, followed by those that are for rent. Together, these two categories accounted for 70 percent of all vacancies.

The specific reason for units being classified as “other vacant” is not available. Given however the age of the housing stock, it is likely that at least some of these units are in poor overall condition. More specifically, according to the 2022 ACS, housing units built in 1939 or earlier comprise approximately 50 percent of all vacant housing units and housing units built in 1939 or earlier are more likely than any other age category to be vacant.

Vacancy by Tenure

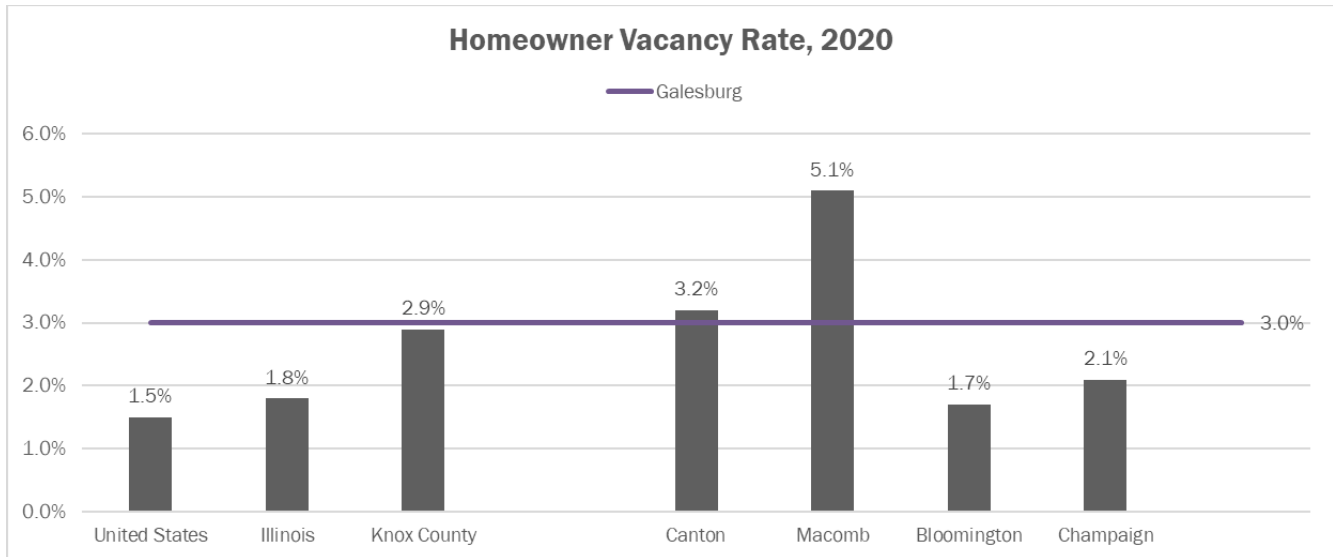
The following graph illustrates vacancy by tenure in Galesburg as of the 2022 ACS relative to the nation, state, county, and comparable markets. Given however the magnitude of the margins of error (MOE) associated with select vacancy estimates, the associated MOEs are included in the first graph and graphs illustrating vacancy by tenure as of the 2020 Census are also included to supplement the 2022 ACS data.



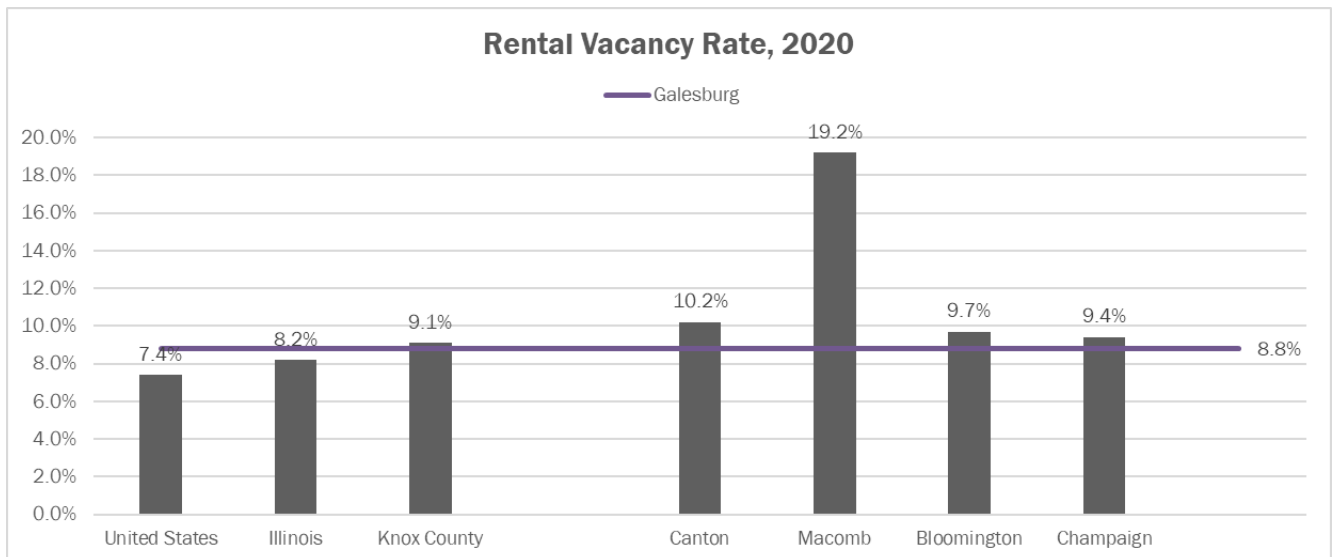
Note: 90 percent MOEs are reflected, consistent with the U.S. Census Bureau's standard 90 percent confidence level for ACS estimates.

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

As illustrated, renter vacancy is generally higher than owner vacancy in the analyzed areas, including in Galesburg. Further, the rental vacancy in Galesburg is lower than those in Canton, Bloomington, and Champaign. Lastly, both the current renter and owner vacancy rates in Galesburg are not statistically different from those reported in the 2013-2017 ACS. Given the larger MOEs associated with select vacancy rate estimates, we also included vacancy data as of the 2020 Census. As of the 2020 Census, the homeowner vacancy rate in Galesburg was 3.0 percent, above the renter vacancy rate of 8.8 percent. The following graph illustrates vacancy by tenure in Galesburg relative to the nation, state, county, and comparable markets as of the 2020 Census.



Source: U.S. Census Bureau, 2020 Census



Source: U.S. Census Bureau, 2020 Census

As illustrated, vacancy rates in all areas are higher for rental units. Further, vacancy rates in Galesburg, while slightly higher than the national and statewide averages, are below vacancy rates in nearby comparable markets, the exceptions being the ownership vacancy rates in Champaign and Bloomington.

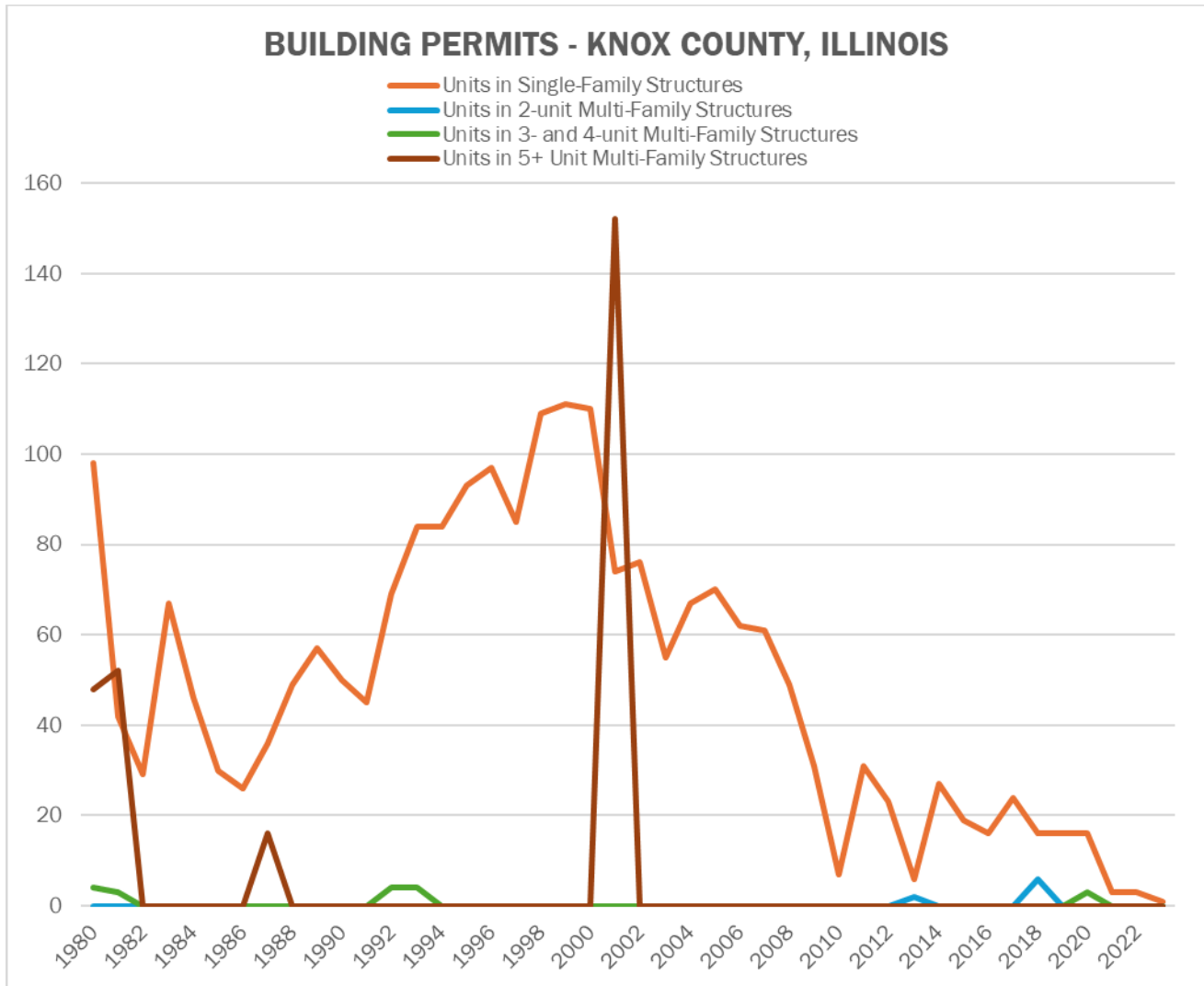
Building Permits

Historical building permit data for Knox County, Illinois, obtained from the U.S. Census Bureau's Building Permits Survey, is presented in the table and corresponding graph following. Data is not available specifically to Galesburg.

BUILDING PERMITS - KNOX COUNTY, IL

	Units in Single-Family Structures	Units in 2-unit Multi-Family Structures	Units in 3- and 4-unit Multi-Family Structures	Units in 5+ Unit Multi-Family Structures	Total
2000	110	0	0	0	110
2001	74	0	0	152	226
2002	76	0	0	0	76
2003	55	0	0	0	55
2004	67	0	0	0	67
2005	70	0	0	0	70
2006	62	0	0	0	62
2007	61	0	0	0	61
2008	49	0	0	0	49
2009	31	0	0	0	31
2010	7	0	0	0	7
2011	31	0	0	0	31
2012	23	0	0	0	23
2013	6	2	0	0	8
2014	27	0	0	0	27
2015	19	0	0	0	19
2016	16	0	0	0	16
2017	24	0	0	0	24
2018	16	6	0	0	22
2019	16	0	0	0	16
2020	16	0	3	0	19
2021	3	0	0	0	3
2022	3	0	0	0	3
2023	1	0	0	0	1
Total	863	8	3	152	1,026
Average	36	0	0	6	43
Total - past 10 years	147	8	3	0	158
Average - past 10 years	13	1	0	0	14

Source: U.S. Census Bureau, SOCDS Building Permits Database



Based on the above data, there have been no multifamily permits for large multifamily units in Knox County since 2000/2001. We are however aware of one large multifamily project constructed during this period, Carl Sandburg Villas (60 units) that was built in 2011/2012 and is not reflected in the above data, which suggests the data may not be comprehensive. Further, over the past decade, an average of just 14 units have been issued building permits annually. In the past three years in particular the number of building permits issued decreased considerably following the onset of the COVID-19 pandemic, averaging just two units per year.

Planned Additions to Housing Supply

There are no known under construction or planned housing developments, rental or owner, in Galesburg at the present time. There are, however, discussions of second story downtown conversions as well as discussions regarding the redevelopment of an existing vacant schoolhouse, but specific project details remain under consideration. Further, the city has recently demolished and/or has plans to demolish several structures throughout the city, which have the potential to be redeveloped with housing. Additionally, there continues to be developable lots in the most recently completed subdivision on the northeast side of Galesburg on Marmac Court. Other lots are also available for sale throughout the city, which are generally suitable for infill construction.

Conclusion

Total Housing Units. As of the 2022 ACS there were 14,450 housing units in Galesburg.

Structure Type. As of the 2022 ACS, approximately 68.9 percent of housing units in Galesburg were detached single-family homes, higher than the statewide (58.4 percent) and national (61.4 percent) averages. Approximately 25.5 percent of housing in Galesburg are multi-family structures with a fairly even distribution between small (duplex, triplex, and fourplex), medium (five to 19 units), and large (20 or more units) structures. Although large multifamily structures (7.1 percent) are the second most common structure type in Galesburg, they represent a lesser percentage of the overall housing stock when compared to the statewide (11.3 percent) and national (9.9 percent) averages.

Unit Mix. Three-bedroom units are the most common unit type in all surveyed areas including Galesburg. Further, approximately 60.5 percent of the Galesburg housing stock is comprised of three or more bedroom units. This is notable given the relatively small average household size among Galesburg's residents. More specifically, approximately 71.4 percent of Galesburg households have only one or two persons. Together this suggests that some residents may be over housed. Oftentimes these are senior households whose families have since moved out but who, for various reasons, have remained in their larger homes. Recall Galesburg also has a larger than average percentage of owner households without a mortgage relative to national trends; again, this group are more likely than not senior households. While some one and two-person households likely prefer to have the additional bedroom(s), others, particularly younger, lower-income, and/or senior households may be over housed and that may be contributing to affordability and/or accessibility challenges. Galesburg does, however, also offer a larger percentage of one-bedroom units relative to the statewide and national averages.

Age/Condition. Within Galesburg, approximately 40.6 percent of the housing stock was built before 1940; this is significantly more than the statewide (20.6 percent) and national (12.0 percent) averages. It is also significantly more than all four of the comparable markets of Canton (28.7 percent), Macomb (21.6 percent), Bloomington (14.6 percent), and Champaign (11.0 percent). Conversely, Galesburg offers significantly fewer more recently constructed housing units. More specifically, less than ten percent of Galesburg's housing stock has been built since 1990 compared to approximately 3.55 percent of the nation's housing stock and 26.2 percent of Illinois' housing stock; it is also less than that of three of the four comparables markets including Macomb, Bloomington, and Champaign. Based on our field visit and conversations with local stakeholders, the majority of the housing stock in Galesburg appears to be in fair to good condition, but there is also an insignificant minority of the stock in poor condition.

Vacancy. As of the 2022 ACS, there were an estimated 1,840 vacant housing units in Galesburg. Vacant housing units consist of all units that are: for rent, rented but not occupied, for sale, sold but not occupied, for seasonal/recreational/occasional use, for migrant workers use, or for a variety of reasons classified as "other". In recent years, rental market vacancy rates have been higher than owner vacancy and this trend is evident in Galesburg as well. As of the 2022 ACS, the renter vacancy in Galesburg was 5.4 percent compared to 2.1 percent among owner units. The vast majority of vacant housing units in Galesburg as of the 2022 ACS however were classified as "other." A housing unit is classified as "other vacant" when it does not fit into a year-round vacant category and includes units that are neither on the market, held for future occupancy, or used for seasonality. Common reasons that a housing unit is classified as "other vacant" is that 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 being repaired or renovated, or is being foreclosed (though foreclosures may appear in any of the vacant or occupied categories). The specific reason for units being classified as "other vacant" is not available. Given however the age of the housing stock, it is likely that at least some of these units are in poor overall condition. More specifically, according to the 2022 ACS, housing units built in 1939 or earlier comprise approximately 50 percent of all vacant housing units and housing units built in 1939 or earlier are more likely than any other age category to be vacant.

Building Permits & Planned Additions. According to the Census Bureau's Building Permit Database, there have been no building permits issued for large multifamily development (20 or more units) in Knox County in over 20 years. We are however aware of one large multifamily project constructed during this period, Carl Sandburg Villas (60 units) that was built in 2011/2012 and is not reflected in the above data, which suggests the data may not be comprehensive. Further, over the past decade, an average of just 14 units have been issued building permits annually in Knox County. In the past three years in particular the number of building permits issued decreased considerably following the onset of the COVID-19 pandemic, averaging just two units per year. There are no known under construction or planned housing developments, rental or owner, in Galesburg at the present time. There are, however, discussions of second story downtown conversions as well as discussions regarding the redevelopment of an existing vacant schoolhouse, but specific project details remain under consideration. Further, the city has recently demolished and/or has plans to demolish several structures throughout the city, which have the potential to be redeveloped with housing. Additionally, there continues to be developable lots in the most recently completed subdivision on the northeast side of Galesburg on Marmac Court. Other lots are also available for sale throughout the city, which are generally suitable for infill construction.

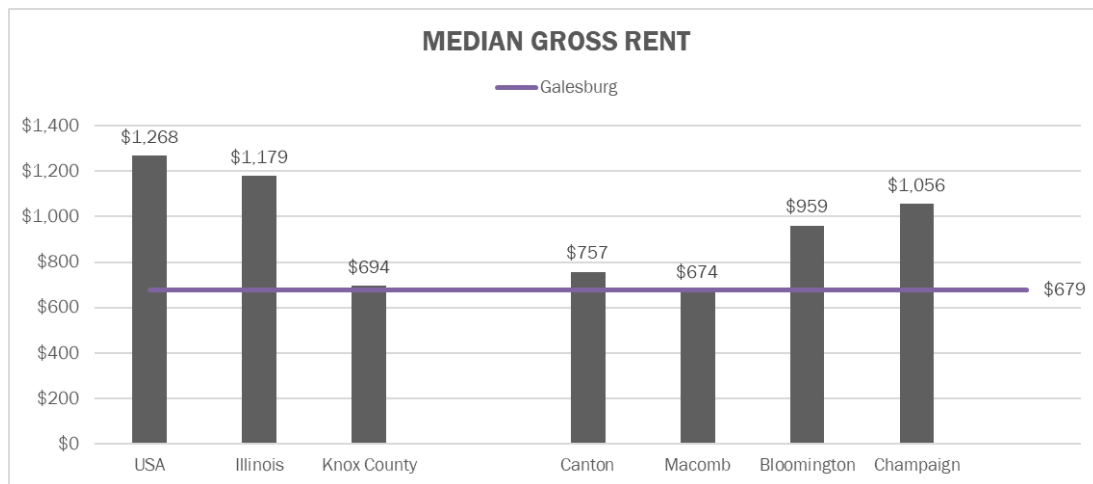
RENTAL MARKET

Description of Rental Market

As of 2023 approximately 4,884 housing units, or 39.7 percent of the occupied housing stock in Galesburg, are occupied by renters. The following section analyzes the rental market in the city. Data comes from a variety of sources including secondary data sources including a citywide market survey of rental properties, interviews with local landlords and property managers, and secondary data sources including rental listings websites such as Zillow.com, hotpads.com, apartments.com, and more, as well as Esri Demographics and the American Community Survey from the U.S. Census Bureau.

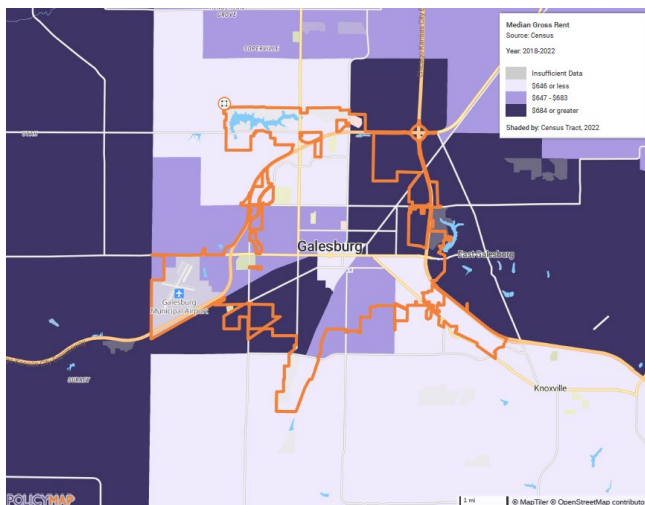
Gross Rent

The following graph illustrates the median gross rent in Galesburg relative to the nation, state, county, and four comparable markets. The median gross rent includes the contract rent plus the estimated average cost of out-of-pocket utilities.



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

The median gross rent in Galesburg (\$679) is well below the national (\$1,268) and state (\$1,179) averages as well as that of Bloomington (\$959) and Champaign (\$1,056). Further, the median gross rent in Galesburg is not statistically different from that reported in the 2013-2017 ACS. The following map illustrates median rents by census tract within and around Galesburg.



Source: www.policymap.com

Median rents are highest (\$690 and above) in northeastern Galesburg as well as neighboring East Galesburg and lowest (\$639 and below) in the northwest, downtown, and southeast as well as neighboring Knoxville. Spatial trends in rents are driven in large part by the location of the formal affordable housing stock in the city, which is illustrated in a latter section of this report.

Rental Housing Survey

For the purposes of this study, we attempted to survey all known rental properties with 10 or more units in Galesburg. To identify multifamily rental properties in the market area we reviewed the US Department of Agriculture (USDA), Illinois Housing Development Authority (IHDA), U.S. Department of Housing and Urban Development (HUD), and Knox County Housing Authority lists for affordable properties, as well as CoStar, Google, Apartments.com, Hotpads.com, Zillow.com, local property management company websites, and a field-based survey.

Though nearly a third of renters in Galesburg live in detached single-family homes, renters are significantly more likely than their owner counterparts to reside in large multifamily developments. More specifically, according to the 2022 ACS, 1,681 units are detached single-family homes compared to an estimated 901 units in large (20 or more) multifamily developments and approximately 1,537 units in structures with 10 or more units. The vast majority, if not all, of the single-family and smaller multifamily development units are privately owned and/or managed and are typically advertised only when there is availability. Further, many are only advertised locally as opposed to online. As a result, collecting comprehensive information on this subsection of the rental stock is more challenging; data on this subsection of the rental stock is presented as classified listings supplementing the rental property survey. Overall, this search identified 1,607 units at 22 multifamily properties. Thus, the survey includes nearly all units in larger multifamily rental properties in Galesburg, covering an estimated 32.9 percent of all renter-occupied housing units according to current Esri Demographic data. The one notable exception is Sun Garden Rentals, which manages several properties throughout Galesburg, and for which current information was not available. The following table summarizes properties surveyed as well as the total number of classified listings collected over the survey period.

SURVEYED RENTAL PROPERTIES

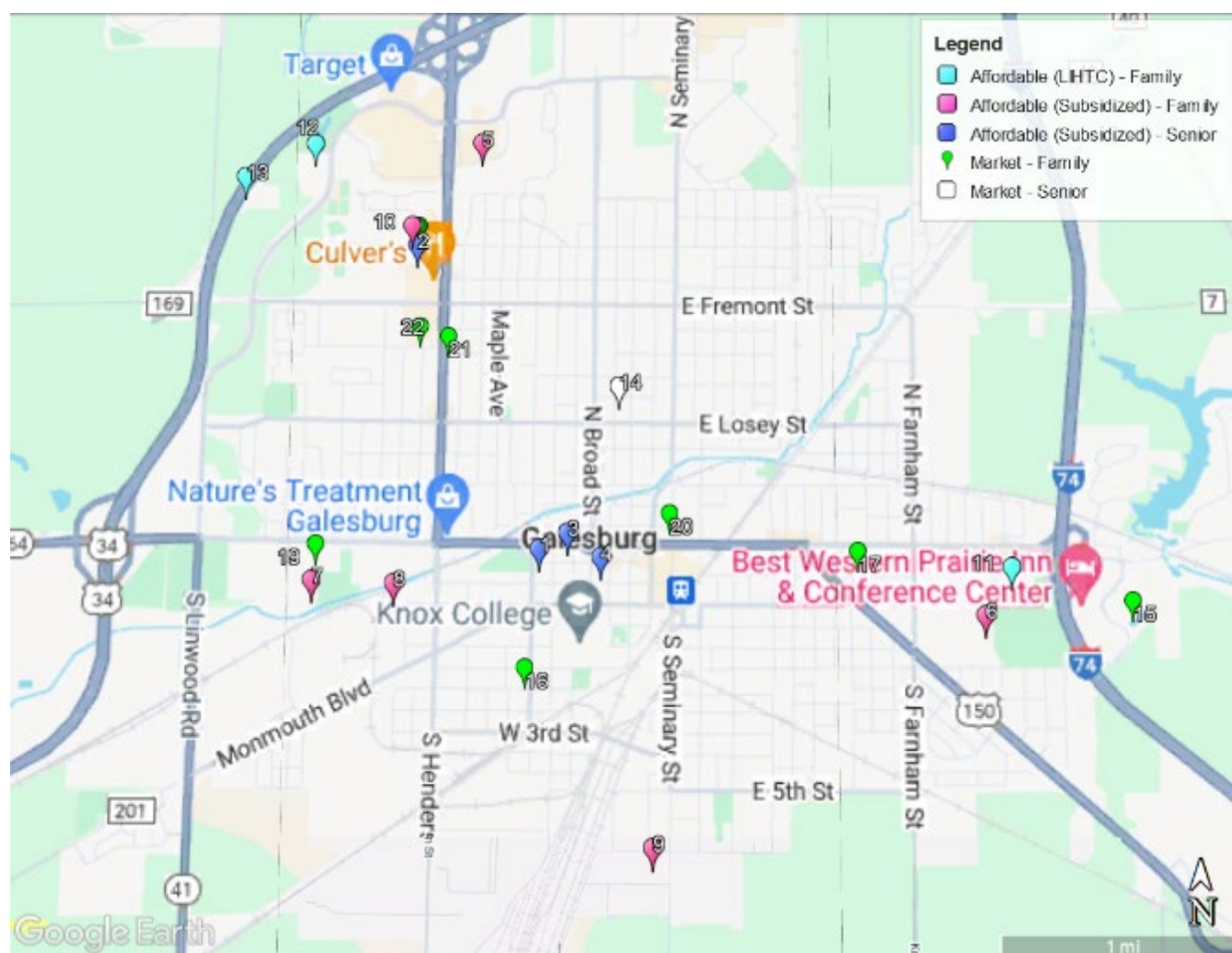
Type	Type (Detailed)	Targeted Tenancy	# Properties	# Rental Units	% Total
Subsidized	Public Housing	Senior	1	177	10.8%
	Section 8	Senior	1	60	3.7%
	LIHTC/Section 8	Senior	2	276	16.8%
	Public Housing	Family	3	196	12.0%
	Public Housing (AHP)*	Family	2	137	8.4%
	LIHTC/Section 8	Family	1	128	8.0%
LIHTC	LIHTC**	Family	3	278	17.0%
Market	Total Market Rate		9	355	21.7%
Total			22	1,607	

*Includes all units at two properties currently operating as subsidized units under the Knox County Housing Authority pending additional AHP funding.

**Includes 16 market rate units offered at primarily LIHTC developments.

As illustrated, the majority of the surveyed units are affordable units targeting extremely low, very low, and low-income renters. The remaining rental units not included in the survey are owned and managed by private landlords and are generally comprised of smaller developments, including detached single-family homes, the most common structure type for renter-occupied housing in Galesburg.

The following map and corresponding table illustrate the surveyed rental properties in Galesburg.



SURVEYED RENTAL PROPERTIES

Map #	Property Name	Type	Tenancy	Map #	Property Name	Type	Tenancy
1	Moon Towers	Public Housing	Senior	12	Hollow Tree Apartments	LIHTC/ Market	Family
2	Galesburg Towers	LIHTC/ Section 8	Senior	13	Parkway Estates	LIHTC/ Market	Family
3	Mary Allen West Tower	LIHTC/ Section 8	Senior	14	Hitchcock Apartments	Market	Senior
4	Whiting Hall	LIHTC/ Section 8	Senior	15	Bridlecreek Apartments	Market	Family
5	Sandburg Village Apartments	LIHTC/Section 8	Family	16	Knox Crest Apartments	Market	Family
6	Woodland Bend	Public Housing	Family	17	Locust Street Apartments	Market	Family
7	Cedar Creek Place	Public Housing	Family	18	Mayfair Manor	Market	Family
8	Whispering Hollow	Public Housing	Family	19	Pleasant Terrace Townhomes	Market	Family
9	Irishland Townhouse Apartme	Public Housing (AHP)*/Section 8	Family	20	Swing's Leisure Apartments	Market	Family
10	Brentwood Manor	Public Housing (AHP)*	Family	21	The Bell Efficiencies	Market	Family
11	River Oaks Trails	LIHTC	Family	22	Williamsburg Apartments	Market	Family

*Formerly Affordable Housing Preservation (AHP) housing units, currently operating as public housing units pending additional AHP funding.

As illustrated, the northeast and southeastern areas of the city have limited to no larger rental properties. Further, the majority of the larger rental properties in the northwestern quadrant are affordable developments.

The following section includes an analysis of the current housing supply. Data for this section has been obtained from CoStar, a national proprietary data provider, the U.S. Census Bureau, Zillow, and a citywide market survey of rental properties conducted by Novogradac. The following section is organized as follows:

- 1) The first section summarizes the affordable housing supply offered in Galesburg, including all formally restricted affordable housing, both subsidized and unsubsidized Low Income Housing Tax Credit (LIHTC) supply. Subsidized housing includes all units where tenants pay a portion of their income towards rent each month with the remaining portion subsidized by various government funding sources. Examples of subsidized housing includes Section 8 properties and Public Housing developments. The second section summarizes the formal affordable housing supply that is rent/income restricted, but not fully subsidized. Examples of this type of housing include projects awarded Low Income Housing Tax Credit (LIHTC) funding.
- 2) The second section summarizes the market rate supply. Examples of this type of rental supply include properties with no legal rent and/or income restrictions including multifamily properties as well as classified listings for detached single-family homes, attached single-family homes, duplexes, and small multifamily buildings.
- 3) The final section includes a discussion of special needs developments including rental units targeting seniors with needs above and beyond traditional independent living options, persons with disabilities, and students.

AFFORDABLE HOUSING

The following section analyzes the formal affordable housing supply, which consists of properties that are legally rent and/or income restricted developments including public housing, U.S. Department of Housing and Urban Development (HUD) properties – hereafter referred to as Section 8, and Low-Income Housing Tax Credit (LIHTC) properties. In addition to these aforementioned project-based affordable housing developments, there are also tenant based affordable housing programs, hereafter referred to collectively as housing voucher programs, that also enable affordable housing. It is worth noting however that most places, particularly those with an older housing stock such as Galesburg, also have an additional affordable housing supply, also known as naturally occurring affordable housing, which consists of older market rate rental properties with rents that are competitive with those at the legally restricted affordable housing developments; these properties will be discussed in further detail in the market rate housing discussion.

Tenant Based Affordable Housing Programs

The Knox County Housing Authority (KCHA) is the largest rental property owner in Knox County owning/managing four public housing developments and two properties that were formerly Affordable Housing Preservation (AHP) developments but are currently operating as public housing units pending receipt of additional AHP funds. The KCHA also manages the Housing Choice Voucher (HCV) and Emergency Housing Voucher (EHV) programs for the county. According to HUD, in general the voucher household's income may not exceed 50 percent of the median income for the county and a public housing authority must provide 75 percent of its vouchers to applicants whose incomes do not exceed 30 percent of the Area Median Income (AMI). Under these programs, the household with a voucher rents a unit in the private market and pays no more than 40 percent of its adjusted monthly household income towards the overall housing cost and the difference between that amount and the payment standard/contract rent is paid by the housing authority directly to the landlord. The payment standards are generally considered the amount needed to rent a moderately-priced housing unit in the local housing market and these standards are used to calculate the amount of housing assistance that voucher households receive to rent units in the private market. According to Cheryl Lefler, Assistant Director of the KCHA, the KCHA currently manages 205 HCVs and 11 EHV. Further, the HCV program has an extensive waiting list of 333 applicants. The following table illustrates the current gross (rent plus utilities) payment standards for Knox County, which are set at 100 percent of the 2024 Fair Market Rents (FMR).

PAYMENT STANDARDS (GROSS)	
Unit Type	Payment Standard
Studio	\$596
One-Bedroom	\$614
Two-Bedroom	\$807
Three-Bedroom	\$1,055
Four-Bedroom	\$1,075

Source: Knox County Housing Authority, effective October 2023

Project Based Affordable Housing Units

Formally restricted project based affordable housing comes in several forms.

- First, subsidized units are those that have maximum rent and income limits but come with rental assistance whereby occupants never pay more than 30 percent of household income towards gross rent (rent plus utilities). The most common types of subsidized housing are public housing developments, Section 8 properties, and USDA Rural Development properties.
- Second, rent and income restricted units whereby occupants pay flat rents, the maximum of which are tied to area median incomes to ensure overall affordability. The most common types of rent/income restricted units are financed through the Low-Income Housing Tax Credit (LIHTC) program, “the most important resource for creating affordable housing in the United States today” according to the U.S. Department of Housing and Urban Development. The program was created by the Tax Reform Act of 1986 and gives state and local allocating agencies authority to issue tax credits to acquire/rehabilitate and construct affordable housing units targeting households with incomes of 80 percent of the Area Median Income (AMI) and below. In some instances, subsidized units are financed with LIHTCs, and the units then operate under both programs.
- Third, other programs that generate rent/income restricted units include HOME funds, CDBG funds, Inclusionary Zoning (IZ), Land Use Restrictive Agreement (LURA), Payment in Lieu of Taxes (PILOT), or Property Tax Abatement/Exemptions, whereby developers/landlords receive some type of incentive in exchange for offering rent/income restricted units at a property; these incentives are oftentimes offered in exchange for workforce housing units targeting households with incomes ranging from 80 to 150 percent the AMI depending on location.

Of the above programs, Galesburg currently has both subsidized (public housing and Section 8) and rent/income restriction (LIHTC) units. Further, the city uses various funding sources including CDBG funds for homeowner repair programs which will be discussed in further detail in the owner supply discussion. Signed into law in July of 2021, Section 15-178 of the Property Tax Code (35 ILCS 200/15-178) creates a statewide special assessment program to incentivize the new construction and preservation of affordable housing. Key provisions of the program include:

ASSESSMENT REDUCTIONS			
Tier	Tier 1	Tier 2	Tier 3 (Limited Availability)
Affordability Requirement	15% of units	35% of units	20% of units
	Requirement can be met through restricted rents, renting to tenants with vouchers, or participating in another affordable housing program.	Requirement can be met through restricted rents, renting to tenants with vouchers, or participating in another affordable housing program.	Requirement can be met through restricted rents, renting to tenants with vouchers, or participating in another affordable housing program.
Affordability Level	At or below 60% of Area Median Income (AMI)	At or below 60% of Area Median Income (AMI)	At or below 60% of Area Median Income (AMI)
Incentive	25% reduction in assessed value	35% reduction in assessed value	Years 1-3: reduction equal to 100% of the difference between the value one year before the affordable units are occupied and post-construction assessed value Years 4-6: 80% of the difference Years 7-9: 60% of the difference Years 10-12: 40% of the difference Years 13-30: 20% of the difference
Qualifying Activity	New construction and rehab costing \$8/sq ft1 and improvements of two primary building systems	New construction and rehab costing \$12.50/sq ft1 and improvements of two primary building systems	New construction and rehab costing \$60/sq ft1 and improvements of five primary building systems
Minimum Building Size	7 units	7 units	7 units
Duration of Incentive	10 years, with two renewable 10-year periods for a total of 30 years	10 years, with two renewable 10-year periods for a total of 30 years	30 years
Geographic Availability*	No restrictions	No restrictions	(1) a municipality or jurisdiction with less than 1,000,000 inhabitants in which 40% or less of its total year-round housing units are affordable, as determined by IHDA during the exemption determination process under the Affordable Housing Planning and Appeal Act; (2) "D" zoning districts in the Chicago Zoning Ordinance; or (3) a jurisdiction located in a municipality with 1,000,000 or more inhabitants that has been designated as a low affordability community by passage of a local ordinance by that municipality, specifying the census tract or property by permanent index number or numbers.

*In 2003 the Illinois General Assembly passed the Affordable Housing Planning and Appeal Act (AHPAA) to address the shortage of affordable priced, accessible, safe, and sanitary housing in communities across Illinois. As of 2003, the growth in home purchase and rental price values continues to outpace relative growth in household income throughout the state. The law established a process for identifying communities with the most acute shortages of local housing stock available at an amount which would be affordable to homebuyers at 80 percent of the regional median household income and renters at 60 percent of the regional median household income. According to the 2023 Report on Statewide Local Government Affordability by IDHA, an estimated 75.6 percent of Galesburg's housing units were considered affordable and as such Tier 3 would not be available for properties in Galesburg.

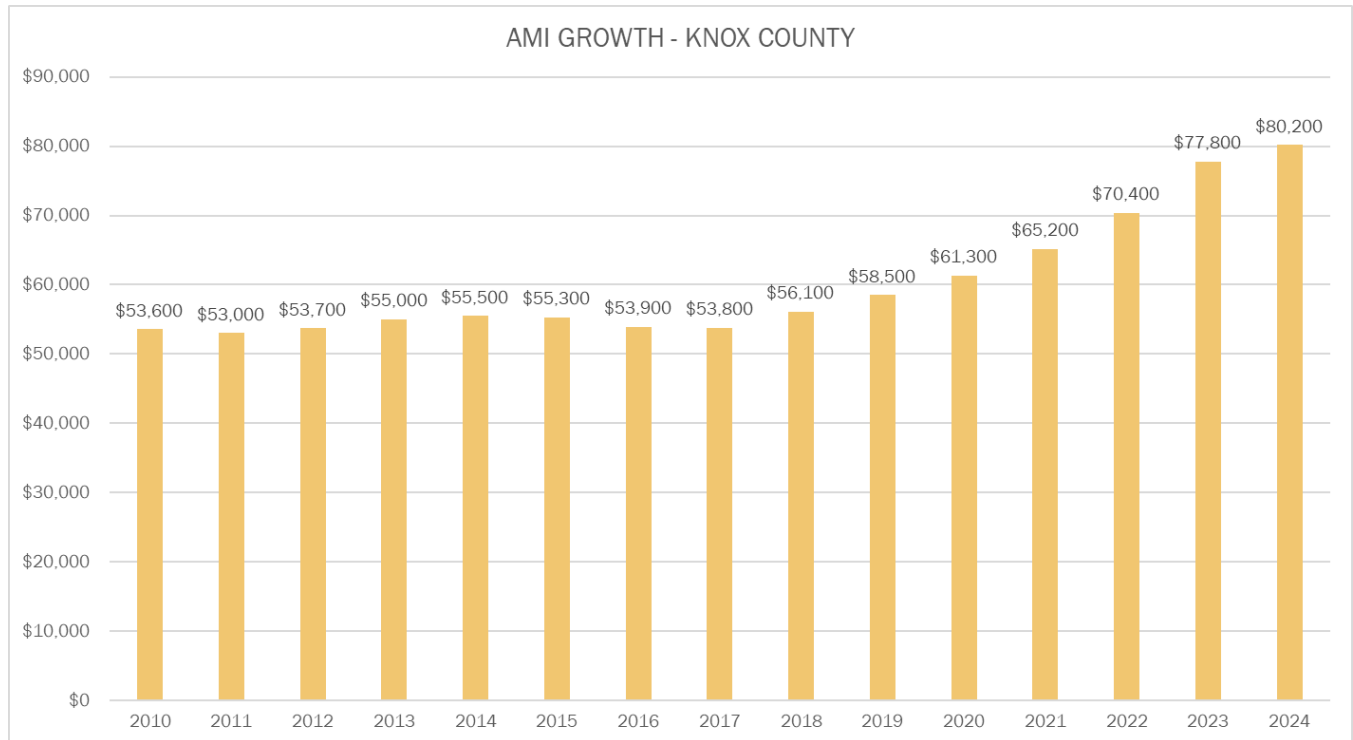
Source: Illinois Housing Development Authority, Affordable Rental Housing Property Tax Programs, June 2024

Outside of Cook County, county governments can opt out of the program. This program does not appear to be in effect in Knox County according to the Knox County Assessor website. Although an estimated 75.6 percent of Galesburg's housing units are designated as affordable per the most recent IDHA calculations (see 2023 Report on Statewide Local Government Affordability by IDHA, December 2023), this calculation does not consider the age/condition of the housing stock. Galesburg has a disproportionately large percentage of older housing supply that would benefit from substantial renovation. Further, a nontrivial amount of the older market rate supply is already operating as naturally occurring affordable housing, i.e. achieving rents that are consistent with the formal rent/income restrictions for the county, and as such the required rent/income restrictions that would be attached to a property as part of the assessment reduction program would presumably not be overly burdensome to these owners. Additionally, a sizeable number and percentage of extremely low-income and low-income renters households in Galesburg are cost burdened and in need of affordable units. Thus, this program could be activated to address both housing needs: the need to update the city's

housing stock and the need for additional affordable housing for extremely low-income and low-income renter households.

Income Limits

Formally restricted affordable housing units are rental units where the restrictions are based on area incomes. The U.S. Department of Housing and Urban Development (HUD) estimates median family income for every area of the country and these estimates are used to calculate income and rent limits for a variety of local and federal affordable housing programs defined as percentages of median family income and vary by the number of persons in a household. Since FY 2011, HUD median family income estimates have been based on data from the Census Bureau's 1-Year American Community Survey (ACS) with a three-year lag between the ACS estimates and the fiscal year for which the income/rent limits are in effect, and income limits are released in March or April. The lag was reduced to two years starting with the 2023 limits due to concerns about reliability with the 2020 ACS. HUD subsequently used the 2022 ACS data for the 2024 limits and will reportedly continue with the two-year lag going forward. The following chart illustrates the AMI level for a four-person household in Knox County.



Source: Novogradac, June 2024

From 2010 to 2018 the AMI fluctuated between periods of limited growth and contraction, but on average remained fairly stable. Since 2018 however AMI has steadily increased with the largest increases reported since the onset of the COVID-19 pandemic. More specifically, the AMI in Knox County increased by an average of 0.1 percent annually from 2013 through 2018, 4.4 percent from 2018 to 2020, and 7.0 percent since 2021.

The following tables summarize current income limits associated with formal affordable housing programs for Knox County, Illinois according to U.S. Department of Housing and Urban Development (HUD) guidelines.

First, for Section 8 properties, extremely low-income units are restricted at the 30 percent Area Median Income (AMI) level, very low-income units are restricted at 50 percent AMI, and low-income limits are set at 80 percent of the AMI. The income limits for these properties are summarized below.

FY 2024 Income Limits Summary

FY 2024 Income Limit Area	Median Family Income Click for More Detail	FY 2024 Income Limit Category	Persons in Family							
			1	2	3	4	5	6	7	8
Knox County, IL	\$80,200	Very Low (50%) Income Limits (\$) Click for More Detail	28,500	32,600	36,650	40,700	44,000	47,250	50,500	53,750
		Extremely Low Income Limits (\$)* Click for More Detail	17,100	20,440	25,820	31,200	36,580	41,960	47,340	52,720
		Low (80%) Income Limits (\$) Click for More Detail	45,600	52,100	58,600	65,100	70,350	75,550	80,750	85,950

Source: HUD, June 2024

Second, HUD refers to projects financed with tax exempt housing bonds issued to provide qualified residential rental development under section 142 of the Internal Revenue Code (IRC) and low-income housing projects funded with tax credits (also known as the Low-Income Housing Tax Credit – LIHTC) authorized under section 42 of the IRC, as Multifamily Tax Subsidy Projects (MTSPs). Illinois also has a state level tax credit program known as the Illinois Affordable Housing Tax Credit/State Donation Tax Credit. Within Illinois, LIHTC and tax-exempt bond projects are awarded by the Illinois Housing Development Authority (IHDA). MTSPs are subject to HUD-determined income limits. For projects placed into service in Knox County, IL following publication of the FY2024 Income Limits: For minimum set-asides using the 20-50 test, use the 50 percent (very low) income limits in the table below; for the 40-60 test, use the 60 percent income limits below.

Since FY 2010, HUD has not allowed income limits to increase by the greater of five percent or twice the annual change in national median family income. Pursuant to Federal Register Notice FR-6436-N-01, for FY 2024 and beyond, HUD is modifying its income limit cap rule such that the ceiling can never exceed 10 percent. Since the MTSP Income limits are derived from the corresponding Section 8 Very low-income limits, they are subjected to the new income limit cap policy without further rounding. For FY 2024, the two most recent years of national median family income data are from the American Community Survey (ACS) in 2021 and 2022, at \$85,806 and \$92,148. Twice the change in these values is 14.78 percent. Given this increase exceeds the new 10 percent cap, the increase in Knox County is capped at the 10 percent ceiling. All income limits shown in the following table are applicable in low-income housing credit projects that are using the income averaging test for compliance subsequent to the Consolidated Appropriations Act of 2018, Pub.L. No. 115-141, 132 Stat. 348 (SEC. 103.). The following table illustrates 2024 income limits for MTSP projects (including bond and LIHTC projects) in Knox County.

FY 2024 MTSP Income Limits									
FY 2024 MTSP Income Limit Area	Income Limit Category	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Knox County, IL	80 Percent Income Limits	\$45,600	\$52,160	\$58,640	\$65,120	\$70,400	\$75,600	\$80,800	\$86,000
	70 Percent Income Limits	\$39,900	\$45,640	\$51,310	\$56,980	\$61,600	\$66,150	\$70,700	\$75,250
	60 Percent Income Limits	\$34,200	\$39,120	\$43,980	\$48,840	\$52,800	\$56,700	\$60,600	\$64,500
	50 Percent (Very Low) Income Limits	\$28,500	\$32,600	\$36,650	\$40,700	\$44,000	\$47,250	\$50,500	\$53,750
	40 Percent Income Limits	\$22,800	\$26,080	\$29,320	\$32,560	\$35,200	\$37,800	\$40,400	\$43,000
	30 Percent Income Limits	\$17,100	\$19,560	\$21,990	\$24,420	\$26,400	\$28,350	\$30,300	\$32,250
	20 Percent Income Limits	\$11,400	\$13,040	\$14,660	\$16,280	\$17,600	\$18,900	\$20,200	\$21,500

Source: HUD, June 2024

For HUD hold harmless impacted projects placed into service by December, 31, 2008: Section 3009(a)(E)(ii) & (iii) of the Housing and Economic Recovery Act of 2008 (Public Law 110-289) defines projects as a "HUD hold harmless impacted project" if the project was subject to a policy similar to the rules outlined in section 3009(a)(E)(i) to prevent income limits from declining. A special set of income limits are required for any project located in counties or metropolitan statistical areas (MSAs) that were held harmless under the prior HUD Income Limit Hold Harmless policy with respect to its area median gross income. Knox County, IL was subject to HUD's Hold Harmless Policy in 2008. As result, projects placed into service by December 31, 2008 are subject to a slightly higher set of rent/income limits than those applicable to any new affordable housing property.

Third, the HOME Investment Partnerships Program (HOME) provides formula grants to states and localities that communities use - often in partnership with local nonprofit groups - to fund a wide range of activities including building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low-income people. HOME is the largest federal block grant to state and local governments designed exclusively to create affordable housing for low-income households. HOME funds are awarded annually as formula grants to participating jurisdictions (PJs). The program's flexibility allows states and local governments to use HOME funds for grants, direct loans, loan guarantees or other forms of credit enhancements, or rental assistance or security deposits. According to HUD, the program reinforces several important values and principles of community development:

- Flexibility empowers people and communities to design and implement strategies tailored to their own needs and priorities.
- Emphasis on consolidated planning expands and strengthens partnerships among all levels of government and the private sector in the development of affordable housing.
- Technical assistance activities and set-aside for qualified community-based nonprofit housing groups builds the capacity of these partners.
- Requirement that participating jurisdictions match 25 cents of every dollar in program funds mobilizes community resources in support of affordable housing.

The total annual federal HOME budget available to fund block grants is determined as part of the federal budget process negotiated by the US President and Congress. This is in contrast with the Federal LIHTC

program, whose per capita allocation amount is written into the tax code, and it means the annual HOME budget may vary considerably from year to year. In FY2020, the federal HOME budget was \$1.35 billion – a fraction of the federal tax expenditure for LIHTC, which was estimated at \$20 billion that year. Yet LIHTC equity alone is often not enough to reduce project debt to a level that can be supported by low-income rents.

On May 29, 2024, HUD published a Proposed Rule in the Federal Register, which would “enable much needed revisions and updates to the requirements governing the HOME Investment Partnerships program.” According to HUD, “the proposed rule would:

- Expand access to community housing development organization (CHDO) set-aside funds by neighborhood-based nonprofit organizations.
- Clarify homeownership requirements to improve compliance and improve program outcomes for homebuyers and implement new provisions for community land trusts to exercise preemptive purchase rights.
- Better align HOME rental housing with other Federal rental assistance programs.
- Simplify requirements applicable to small rental housing projects.
- Make HOME tenant-based rental assistance work better for vulnerable populations.
- Strengthen tenant rights and protections for occupants of HOME-assisted rental units and recipients of HOME tenant-based rental assistance.
- Establish new method for determining maximum per-unit subsidy limits.
- Provide incentives to incorporate green building technologies.”

Further, the intended impact of the proposed rule would “streamline and modernize programs to make them easier to use and reduce burden on participating jurisdictions. The proposed rule will also increase flexibility for participating jurisdictions and other program participants, while adhering to statutory intent and requiring responsible management of State and local HOME programs and better align HOME with other affordable housing funding sources to benefit tenants and residents. The changes proposed will incentivize investment in vulnerable communities, while signaling the Federal government’s willingness to support these investments. Recognizing the important role that HOME plays in community development nationwide, HUD looks to enable state and local governments to encourage, build, and expand activities that revitalize communities.”

Knox County is covered under the Illinois Housing Development Authority (IHDA) PJ, which reportedly directs its statewide HOME allocation, along with Illinois Affordable Housing Trust Fund (IAHTF) funds, toward funding affordable rental housing. IHDA often uses its HOME funds as low-interest or soft loans to LIHTC projects to fill gaps between the actual cost of building a rental housing project, and development funds raised through tax credit equity plus the hard debt supported by affordable rents. IHDA also makes HOME awards to projects that do not have other sources of IHDA funding. Some of these may have LIHTC or other program awards from other allocating agencies; some may not. Each award may cover some, or all, of the units of a project. The IAHTF offers financing for the acquisition, rehabilitation, and new construction of affordable rental housing. Multifamily developments proposing to use Trust Fund dollars will be prioritized on those developments receiving funding from other sources, as well as those developments which are ready to proceed. Public comments are due by July 29, 2024. The impact of the proposed HOME rule on HOME funds administered by IDHA remains to be determined.

The HOME Income Limits are calculated using the same methodology that HUD uses for calculating the income limits for the Section 8 program, in accordance with Section 3(b)(2) of the U.S. Housing Act of 1937, as amended. These limits are based on HUD estimates of median family income, with adjustments based on family size.

----- 2024 ADJUSTED HOME INCOME LIMITS -----								
PROGRAM	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
30% LIMITS	17100	19550	22000	24400	26400	28350	30300	32250
VERY LOW INCOME	28500	32600	36650	40700	44000	47250	50500	53750
60% LIMITS	34200	39120	43980	48840	52800	56700	60600	64500
LOW INCOME	45600	52100	58600	65100	70350	75550	80750	85950

Source: HUD, June 2024

Finally, although not all unsubsidized affordable income restricted units are also rent restricted, most are, including Low Income Housing Tax Credit (LIHTC), multifamily bond, and HOME units. The following tables illustrates the maximum allowable gross rents (asking rent plus tenant paid utility estimate) associated with the various AMI levels by unit type for LIHTC, bond, and HOME projects placed in service from 2009 on as well as projects placed in service prior to 2009, which are eligible for HERA Special limits.

LIHTC Rent Limits for 2024 (Based on 2024 MTSP/VLI Income Limits)								
Bedrooms (People)	30.00%	40.00%	50.00%	60.00%	70.00%	80.00%	HOME Low Rent	HOME High Rent
Efficiency (1.0)	\$427	\$570	\$712	\$855	\$997	\$1,140	\$596	\$596
1 Bedroom (1.5)	\$458	\$611	\$763	\$916	\$1,069	\$1,222	\$614	\$614
2 Bedrooms (3.0)	\$549	\$733	\$916	\$1,099	\$1,282	\$1,466	\$807	\$807
3 Bedrooms (4.5)	\$635	\$847	\$1,058	\$1,270	\$1,482	\$1,694	\$1,055	\$1,055
4 Bedrooms (6.0)	\$708	\$945	\$1,181	\$1,417	\$1,653	\$1,890	\$1,075	\$1,075
5 Bedrooms (7.5)	\$781	\$1,042	\$1,303	\$1,563	\$1,824	\$2,085	\$1,236	\$1,236

Source: Novogradac, June 2024

LIHTC Rent Limits for 2024 (Based on 2024 HERA Special Income Limits)								
Bedrooms (People)	30.00%	40.00%	50.00%	60.00%	70.00%	80.00%	HOME Low Rent	HOME High Rent
Efficiency (1.0)	\$431	\$575	\$718	\$862	\$1,006	\$1,150	\$596	\$596
1 Bedroom (1.5)	\$462	\$616	\$770	\$924	\$1,078	\$1,232	\$614	\$614
2 Bedrooms (3.0)	\$554	\$739	\$923	\$1,108	\$1,293	\$1,478	\$807	\$807
3 Bedrooms (4.5)	\$640	\$854	\$1,067	\$1,281	\$1,494	\$1,708	\$1,055	\$1,055
4 Bedrooms (6.0)	\$714	\$953	\$1,191	\$1,429	\$1,667	\$1,906	\$1,075	\$1,075
5 Bedrooms (7.5)	\$788	\$1,051	\$1,314	\$1,577	\$1,840	\$2,103	\$1,236	\$1,236

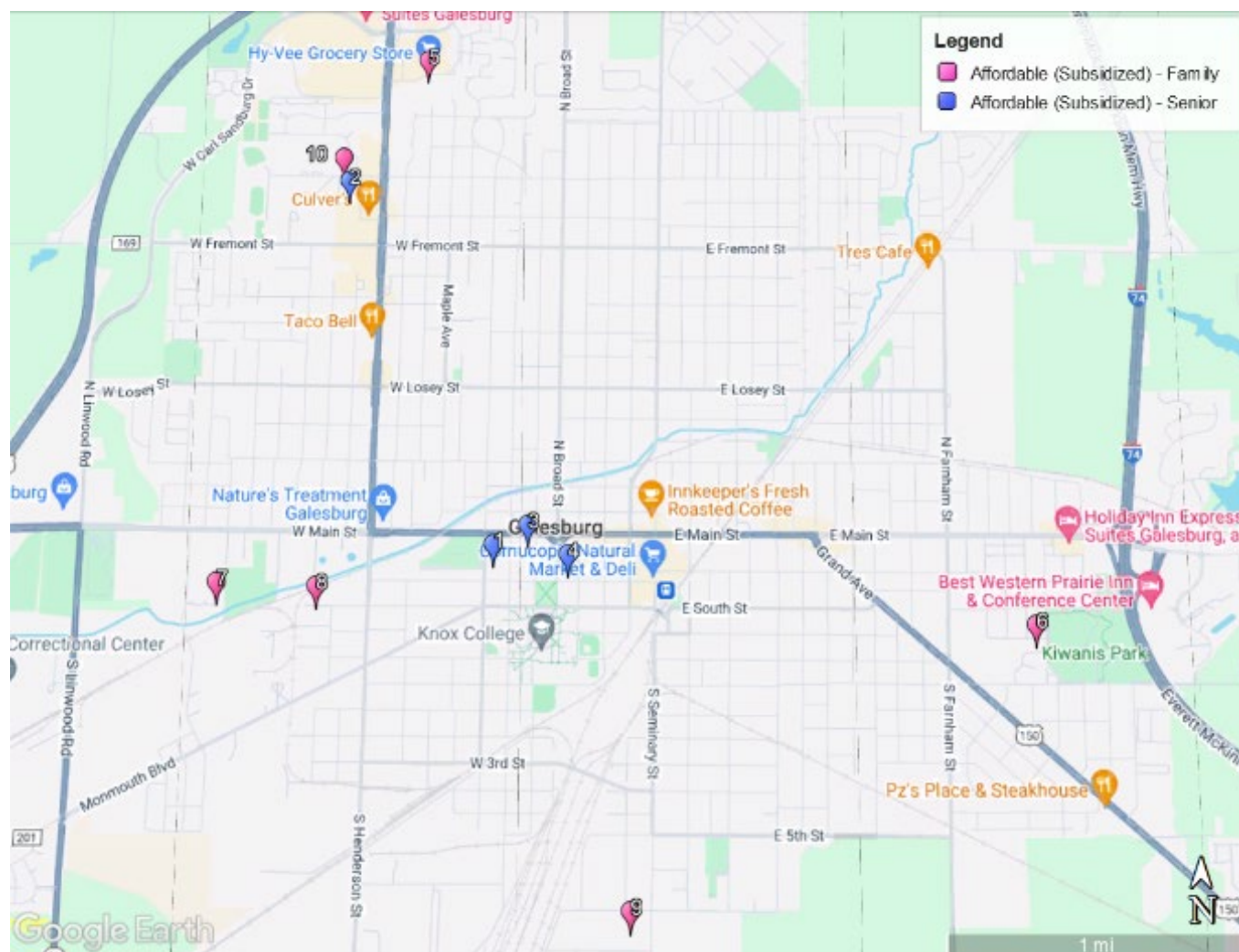
Source: Novogradac, June 2024

Lastly, oftentimes areas also have naturally occurring affordable housing, or housing that has no formal restrictions, i.e., is officially market rate housing, but which has rents that are consistent with those at formal affordable housing properties. This section analyzes the formal affordable rental housing stock only; naturally occurring affordable housing is discussed in the market rate supply discussion.

It is worth noting that there is a lag between the income data that is used and the income/rent limits. For example, the 2024 income limits are calculated using 2022 1-Year ACS data, where available, and 2018-2022 5-Year American Community Survey (ACS) data for areas with populations below 65,000 including Knox County. As a result, the data upon which the income limits are set has yet to fully capture post COVID-19 changes. With each subsequent year the data will more fully reflect those changes.

Affordable Subsidized Housing Supply

There are four subsidized properties targeting seniors and six properties targeting a general family tenancy in Galesburg. The following section summarizes the location, design, age/condition, total units, unit mix, vacancy, waiting lists, and tenant paid rents at Galesburg's subsidized rental housing supply.



SUBSIDIZED HOUSING SUPPLY

Map #	Property Name	Type	Tenancy
1	Moon Towers	Public Housing	Senior
2	Galesburg Towers	LIHTC/ Section 8	Senior
3	Mary Allen West Tower	LIHTC/ Section 8	Senior
4	Whiting Hall	LIHTC/ Section 8	Senior
5	Sandburg Village Apartments	LIHTC/Section 8	Family
6	Woodland Bend	Public Housing	Family
7	Cedar Creek Place	Public Housing	Family
8	Whispering Hollow	Public Housing	Family
9	Prairieland Townhouse Apartments	Public Housing (AHP)*/Section 8	Family
10	Brentwood Manor	Public Housing (AHP)*	Family

- **Location.** Three of the four subsidized properties targeting seniors are located in downtown. The family properties on the other hand are dispersed along the northwest, southwest, south, and southeastern perimeter of the city. The following table illustrates the walk and bike scores for the subsidized properties in Galesburg.

Property	Walk Score	Bike Score
Moon Towers	63	63
Galesburg Towers	56	42
Mary Allen West Tower	79	64
Whiting Hall	87	65
Sandburg Village Apartments	52	40
Woodland Bend	47	36
Cedar Creek Place	21	24
Whispering Hollow	26	36
Prairieland Townhouse Apartments	23	48
Brentwood Manor	56	42

Walk Score: Walker's Paradise (90-100), Very Walkable (70-89), Somewhat Walkable (50-69), Car Dependent (0-49)

Bike Score: Biker's Paradise (90-100), Very Bikeable (70-89), Bikeable (50-69), Somewhat Bikeable (0-49)

Source: www.walkscore.com

While the three properties located in downtown (Moon Towers, Marr Allen West Tower, and Whiting Hall), all of which target seniors, are considered somewhat to very walkable and bikeable, the three properties in the northwest (Galesburg Towers, Sandburg Village, and Brentwood Manor) are considered somewhat walkable and somewhat bikeable. The remaining properties are car dependent, particularly Cedar Creek Place, Whispering Hollow, and Prairieland Townhouse Apartments) and somewhat bikeable.

- **Design, Age, and Condition.** Age-restricted properties are generally elevator-serviced high-rise developments while the family properties are one and to three-story garden-style and townhome style developments. The following table illustrates the year built and renovation for the subsidized housing stock in Galesburg and the corresponding photographs illustrate the current (exterior) condition of the properties.

Property Name	Type	Tenancy	Design	Year Built/ Renovated
Moon Towers	Public Housing	Senior	Highrise	1970
Galesburg Towers	LIHTC/ Section 8	Senior	Highrise	1980 / 2007
Mary Allen West Tower	LIHTC/ Section 8	Senior	Highrise	1976 / 2012
Whiting Hall	LIHTC/ Section 8	Senior	Highrise	1857 / 1981
Sandburg Village Apartments	LIHTC/Section 8	Family	Garden	1980 / 2014
Woodland Bend	Public Housing	Family	Garden	1970
Cedar Creek Place	Public Housing	Family	Garden	1970
Whispering Hollow	Public Housing	Family	Garden	1970
Prairieland Townhouse	Public Housing (AHP)/Section 8	Family	Garden & Townhome	1970
Brentwood Manor	Public Housing (AHP)	Family	Garden	1968

Photographs of Subsidized Housing Properties



Moon Towers



Galesburg Towers



Mary Allen West Tower



Whiting Hall



Sandberg Village Apartments



Woodland Bend



Cedar Creek Place



Whispering Hollow



Prairieland Townhouse Apartments



Brentwood Manor

- **Total Units & Unit Mix.** Subsidized properties in Galesburg offer between 42 and 177 units with an average property size of 98 units and a median property size of 77 units. Properties targeting seniors are, on average, larger (128 units) than general tenancy properties (77 units). Further properties targeting seniors offer studio, one, and two-bedroom units while general tenancy properties offer one, two, three, four, and five-bedroom units. One-bedroom units are most common at the senior properties while two-bedroom units are most common at the general tenancy properties. The following table illustrates the total units and unit mix at the subsidized supply in Galesburg.

Property Name	Type	Tenancy	Total Units	0BR	1BR	2BR	3BR	4BR	5BR
Moon Towers	Public Housing	Senior	177	77	98	2	0	0	0
Galesburg Towers	LIHTC/ Section 8	Senior	122	0	122	0	0	0	0
Mary Allen West Tower	LIHTC/ Section 8	Senior	154	0	154	0	0	0	0
Whiting Hall	LIHTC/ Section 8	Senior	60	2	48	10	0	0	0
Minimum			60	0	48	0	0	0	0
Maximum			177	77	154	10	0	0	0
Average			128	20	106	3	0	0	0
Median			138	1	110	1	0	0	0
Sandburg Village Apartments	LIHTC/Section 8	Family	128	0	48	64	16	0	0
Woodland Bend	Public Housing	Family	78	0	0	32	32	8	6
Cedar Creek Place	Public Housing	Family	76	0	0	30	32	12	2
Whispering Hollow	Public Housing	Family	42	0	0	18	20	4	0
Prairieland Townhouse Apartments	Public Housing (AHP)/Section 8	Family	66	0	10	46	10	0	0
Brentwood Manor	Public Housing (AHP)	Family	72	0	16	40	16	0	0
Minimum			42	0	0	18	10	0	0
Maximum			128	0	48	64	32	12	6
Average			77	0	12	38	21	4	1
Median			74	0	5	36	18	2	0

- **Vacancy & Waiting Lists.** Vacancy ranges from zero to 9.1 percent with nine of the 10 properties reporting vacancy rates of 1.7 percent and below. The one high outlier, Mary Allen West Tower, reported an elevated vacancy rate. Further, while all of the other properties currently maintain waiting lists, management at Mary Allen West Tower indicated that the property does not currently maintain a waiting list due to the elevated vacancy. Management at Mary Allen West Tower also reported that there is no need for additional subsidized age-restricted units in Galesburg. Other property managers disagreed noting that there is demand for additional subsidized housing as well as market rate housing for applicants that are over-income as well as for additional subsidized housing. More specifically, the public housing waiting list is currently over 300 households in length and the waiting list at the AHP properties is over two years in length. The following table illustrates current vacancy rates and waiting lists at the subsidized housing supply in Galesburg.

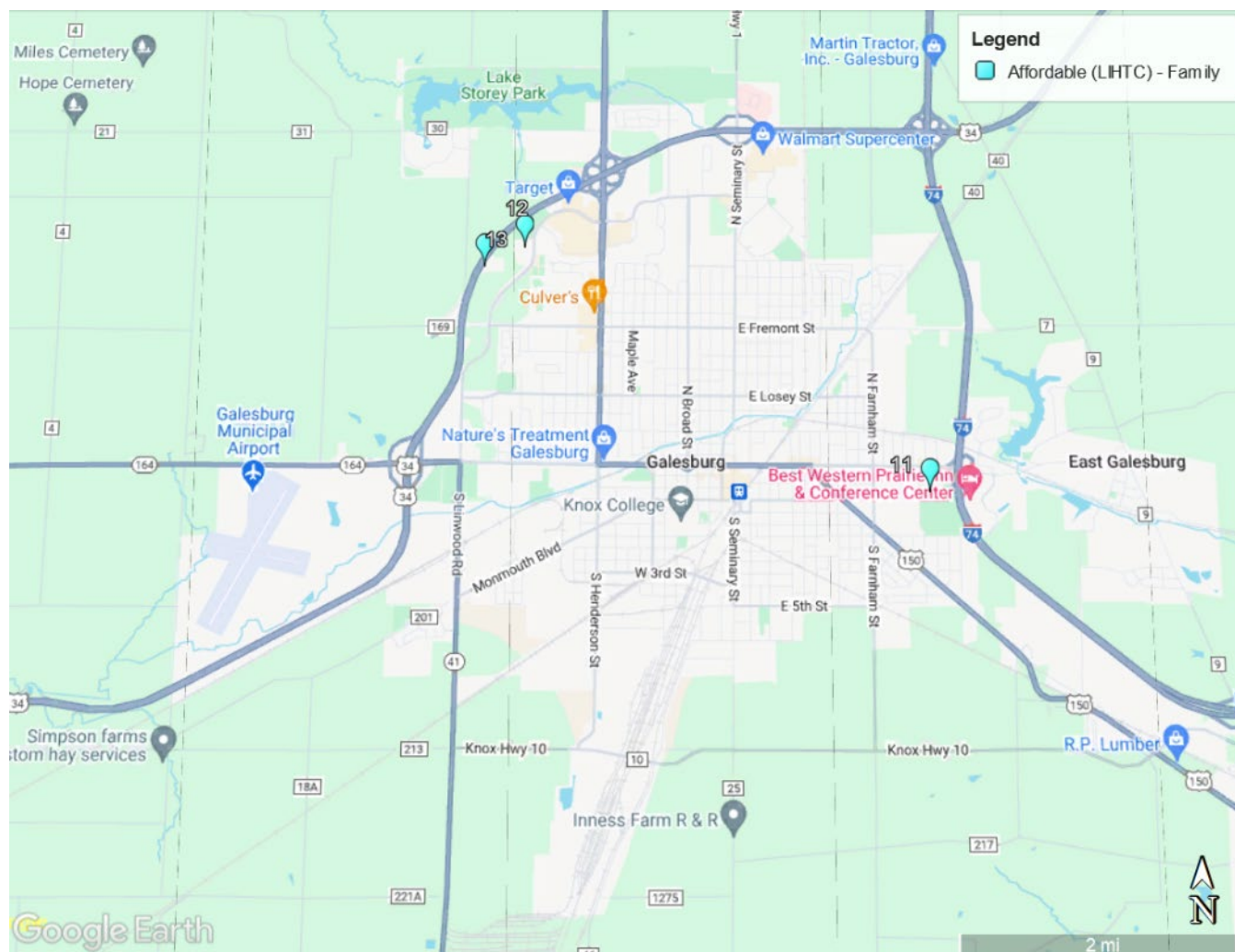
Property Name	Type	Tenancy	Total Units	Vacancy	Waiting List
Moon Towers	Public Housing	Senior	177	1.7%	Yes
Galesburg Towers	LIHTC/ Section 8	Senior	122	0.8%	Yes
Mary Allen West Tower	LIHTC/ Section 8	Senior	154	9.1%	No
Whiting Hall	LIHTC/ Section 8	Senior	60	1.7%	Yes
Minimum			60	0.8%	
Maximum			177	9.1%	
Average			128	3.3%	
Median			138	1.7%	
Sandburg Village Apartments	LIHTC/Section 8	Family	128	0.0%	Yes
Woodland Bend	Public Housing	Family	78	1.5%	Yes
Cedar Creek Place	Public Housing	Family	76	1.5%	Yes
Whispering Hollow	Public Housing	Family	42	1.5%	Yes
Prairieland Townhouse Apartments	Public Housing (AHP)/Section 8	Family	66	1.5%	Yes
Brentwood Manor	Public Housing (AHP)	Family	72	0.0%	Yes
Minimum			42	0.0%	
Maximum			128	1.5%	
Average			77	1.0%	
Median			74	1.5%	

- **Tenant paid rents.** Tenants at subsidized properties pay a percentage of their household income towards rent. As such, tenant paid rents vary based on each individual household's income. The following table illustrates tenant paid rents at the subsidized housing supply in Galesburg.

Unit Type	Type	Moon Towers A	Moon Towers B	Mary Allen West	Whitting Hall	Woodland Bend	Cedar Creek Place	Whispering Hollow	Prairieland Townhouse Apartments	Brentwood Manor
0BR	Minimum	\$11	\$11	\$0	\$0	-	-	-	-	-
	Maximum	\$336	\$438	\$737	-	-	-	-	-	-
	Average	\$183	\$210	-	-	-	-	-	-	-
1BR	Minimum	\$11	\$11	-	-	-	-	-	-	-
	Maximum	\$453	\$453	-	-	-	-	-	\$405	\$400
	Average	\$206	\$252	-	-	-	-	-	-	-
2BR	Minimum	\$601	\$288	-	-	-\$139	-\$139	-\$139	-	-
	Maximum	\$601	\$288	-	\$843	\$457	\$457	\$457	\$515	\$510
	Average	\$601	\$288	-	-	\$65	\$47	\$155	-	-
3BR	Minimum	-	-	-	-	-\$168	-\$168	-\$168	-	-
	Maximum	-	-	-	-	\$626	\$626	\$626	\$600	\$595
	Average	-	-	-	-	\$138	\$87	\$320	-	-
4BR	Minimum	-	-	-	-	-\$195	-\$195	\$89	-	-
	Maximum	-	-	-	-	\$579	\$615	\$615	-	-
	Average	-	-	-	-	\$10	\$136	\$379	-	-
5BR	Minimum	-	-	-	-	-\$221	-\$110	-	-	-
	Maximum	-	-	-	-	\$328	-\$36	-	-	-
	Average	-	-	-	-	\$137	-\$73	-	-	-

Affordable Unsubsidized LIHTC Housing Supply

There are three unsubsidized LIHTC properties in Galesburg, all of which target a general tenancy. The following section summarizes the location, design, age/condition, total units, unit mix, vacancy, waiting lists, voucher tenancy, turnover, and rents at Galesburg's LIHTC rental housing supply.



AFFORDABLE UNSUBSIDIZED LIHTC SUPPLY

Map #	Property Name	Type	Tenancy
11	River Oaks Trails	LIHTC	Family
12	Hollow Tree Apartments	LIHTC/ Market	Family
13	Parkway Estates	LIHTC/ Market	Family

- **Location.** Two of the three properties are located in northwest Galesburg and the third is located on the east side of Galesburg. The following table illustrates the walk and bike scores for the unsubsidized LIHTC properties in Galesburg.

Property	Walk Score	Bike Score
River Oaks Trails	45	44
Hollow Tree Apartments	23	35
Parkway Estates	8	28

Color formatting: green indicates more walkable/bikeable, red indicates less walkable/bikeable

Walk Score: Walker's Paradise (90-100), Very Walkable (70-89), Somewhat Walkable (50-69), Car Dependent (0-49)

Bike Score: Biker's Paradise (90-100), Very Bikeable (70-89), Bikeable (50-69), Somewhat Bikeable (0-49)

Source: www.walkscore.com

All three properties are located on the outskirts of the city in car dependent, particularly Hollow Tree and Parkway Estates, but somewhat bikeable locations.

- **Design, Age, and Condition.** All properties are garden-style developments. The following table illustrates the year built and renovation for the unsubsidized LIHTC housing stock in Galesburg and the corresponding photographs illustrate the current (exterior) condition of the properties. As illustrated, properties appear to be in average to good condition.

	Hollow Tree Apartments	Parkway Estates	River Oaks Trails
Rent Structure	LIHTC/ Market	LIHTC/ Market	LIHTC
Building			
Property Type	Garden	Garden	Garden
# of Stories	2-stories	2-stories	2-stories
Year Built	1998	1996	2000
Year Renovated	n/a	2014	n/a
Courtyard	yes	yes	yes

Photographs of Unsubsidized LIHTC Housing Properties



Hollow Tree



Hollow Tree



Parkway Estates



Parkway Estates



River Oaks Trails



River Oaks Trails

- **Total Units & Unit Mix.** The properties offer between 64 and 112 units and two offer one, two, and three-bedroom units while the third offers only two and three-bedroom units. Additionally, two offer a limited number of market rate units. The following table illustrates the total units and unit mix.

	Property Name	Rent Structure	Unit Description	#	%	Restriction
11	Hollow Tree Apartments 1351 W Carl Sandburg Dr Galesburg, IL 61401 Knox County	@30%, @50%, @60%, Market	1BR / 1BA	2	2.0%	@30%
			1BR / 1BA	12	11.8%	@50%
			1BR / 1BA	10	9.8%	@60%
			1BR / 1BA	2	2.0%	Market
			2BR / 1BA	5	4.9%	@30%
			2BR / 1BA	20	19.6%	@50%
			2BR / 1BA	17	16.7%	@60%
			2BR / 1BA	8	7.8%	Market
			3BR / 2BA	1	1.0%	@30%
			3BR / 2BA	9	8.8%	@50%
			3BR / 2BA	16	15.7%	@60%
				102		
12	Parkway Estates 1711 W Carl Sandburg Dr Galesburg, IL 61401 Knox County	@60%, Market	1BR / 1BA	10	15.6%	@60%
			1BR / 1BA	2	3.1%	Market
			2BR / 1BA	33	51.6%	@60%
			2BR / 1BA	3	4.7%	Market
			3BR / 2BA	15	23.4%	@60%
			3BR / 2BA	1	1.6%	Market
				64		
13	River Oaks Trails 279 Michigan Ave Galesburg, IL 61401 Knox County	@30%, @60%	2BR / 2BA	N/A	N/A	@30%
			2BR / 2BA	N/A	N/A	@60%
			3BR / 2BA	N/A	N/A	@30%
			3BR / 2BA	N/A	N/A	@60%

- **Unit Size.** The average one, two, and three-bedroom unit sizes at the affordable unsubsidized LIHTC properties are 668, 958, and 1,155 square feet, respectively. Hollow Tree offers the smallest units and River Oaks Trails offers the largest units for all unit types, as illustrated in the following tables.

UNIT SIZES - AFFORDABLE UNSUBSIDIZED LIHTC SUPPLY

One-Bedroom		Two-Bedroom		Three-Bedroom	
Property Name	Size	Property Name	Size	Property Name	Size
Parkway Estates (@60%)	730	River Oaks Trails (@30%)(2BA)	1,088	River Oaks Trails (@30%)	1,288
Parkway Estates (Market)	730	River Oaks Trails (@60%)(2BA)	1,075	River Oaks Trails (@60%)	1,275
Hollow Tree Apartments (@60%)	668	Parkway Estates (Market)	935	Hollow Tree Apartments (@60%)	1,115
Hollow Tree Apartments (@50%)	668	Parkway Estates (@60%)	935	Hollow Tree Apartments (@30%)	1,115
Hollow Tree Apartments (Market)	668	Hollow Tree Apartments (@50%)	908	Hollow Tree Apartments (@50%)	1,115
Hollow Tree Apartments (@30%)	541	Hollow Tree Apartments (Market)	908	Parkway Estates (Market)	1,090
		Hollow Tree Apartments (@60%)	908	Parkway Estates (@60%)	1,090
		Hollow Tree Apartments (@30%)	908		

Bedroom Type	1BR	2BR	3BR
Average	668	958	1,155
Min	541	908	1,090
Max	730	1,088	1,288

- **Housing Choice Voucher (HCV) Tenants.** The properties reported voucher usage ranging from zero to 27 percent, with an average utilization of 21 percent.

TENANTS WITH VOUCHERS

Property Name	Rent Structure	Tenancy	Housing Choice Voucher Tenants
Hollow Tree Apartments	LIHTC/ Market	Family	20%
Parkway Estates	LIHTC/ Market	Family	15%
River Oaks Trails	LIHTC	Family	27%

- **Turnover.** The properties reported turnover rates ranging from ten to 35 percent, with an average utilization of 24 percent.

TURNOVER

Property Name	Rent Structure	Tenancy	Annual Turnover
Hollow Tree Apartments	LIHTC/ Market	Family	10%
Parkway Estates	LIHTC/ Market	Family	35%
River Oaks Trails	LIHTC	Family	27%
Average Turnover			24%

- **Vacancy & Waiting Lists.** Vacancy ranges from 1.6 to 5.4 with an average of 3.6 percent. All vacancies at Hollow Tree are pre-leased and the property has a 56-household waiting list. Parkway Estates and River Oaks Trails also maintain waiting lists of 15 households and ten households (for two-bedroom units only), respectively. Although all three properties have waiting lists, management at Hollow Tree and River Oaks Trails indicated that there no need for additional unsubsidized LIHTC units restricted at the 60 percent AMI and below but did note that the properties receive a sizeable number of applications from over-income households on a weekly basis. More specifically, management at Hollow Tree estimated that approximately 40 percent of applications each week are over the income limits while management at River Oaks Trails estimated that it receives approximately five applications a week from over-income applicants. Management at Parkway Estates on the other hand reported strong demand for affordable housing in Galesburg but did not believe there was a need for other types of housing. The following table illustrates current vacancy rates and waiting lists by unit type and rent/income restriction.

Comp #	Property Name	Rent Structure	Unit Description	#	%	Size (SF)	Restriction	Waiting List?	Vacant Units	Vacancy Rate
11	Hollow Tree Apartments 1351 W Carl Sandburg Dr Galesburg, IL 61401 Knox County	@30%,	1BR / 1BA	2	2.0%	541	@30%	Yes	0	0.0%
		@50%,	1BR / 1BA	12	11.8%	668	@50%	Yes	1	8.3%
		@60%,	1BR / 1BA	10	9.8%	668	@60%	Yes	0	0.0%
		Market	1BR / 1BA	2	2.0%	668	Market	Yes	0	0.0%
			2BR / 1BA	5	4.9%	908	@30%	Yes	0	0.0%
			2BR / 1BA	20	19.6%	908	@50%	Yes	1	5.0%
			2BR / 1BA	17	16.7%	908	@60%	Yes	0	0.0%
			2BR / 1BA	8	7.8%	908	Market	Yes	0	0.0%
			3BR / 2BA	1	1.0%	1,115	@30%	Yes	0	0.0%
			3BR / 2BA	9	8.8%	1,115	@50%	Yes	0	0.0%
			3BR / 2BA	16	15.7%	1,115	@60%	Yes	1	6.3%
				102					3	2.9%
12	Parkway Estates 1711 W Carl Sandburg Dr Galesburg, IL 61401 Knox County	@60%,	1BR / 1BA	10	15.6%	730	@60%	Yes	1	10.0%
		Market	1BR / 1BA	2	3.1%	730	Market	Yes	0	0.0%
			2BR / 1BA	33	51.6%	935	@60%	Yes	0	0.0%
			2BR / 1BA	3	4.7%	935	Market	Yes	0	0.0%
			3BR / 2BA	15	23.4%	1,090	@60%	Yes	0	0.0%
			3BR / 2BA	1	1.6%	1,090	Market	Yes	0	0.0%
				64					1	1.6%
13	River Oaks Trails 279 Michigan Ave Galesburg, IL 61401 Knox County	@30%,	2BR / 2BA	N/A	N/A	1,088	@30%	Yes	1	N/A
		@60%	2BR / 2BA	N/A	N/A	1,075	@60%	Yes	2	N/A
			3BR / 2BA	N/A	N/A	1,288	@30%	Yes	1	N/A
			3BR / 2BA	N/A	N/A	1,275	@60%	Yes	2	N/A
				112					6	5.4%

- **Rents.** The following table illustrates rents per unit and per square foot by unit type and AMI level at the unsubsidized LIHTC supply.

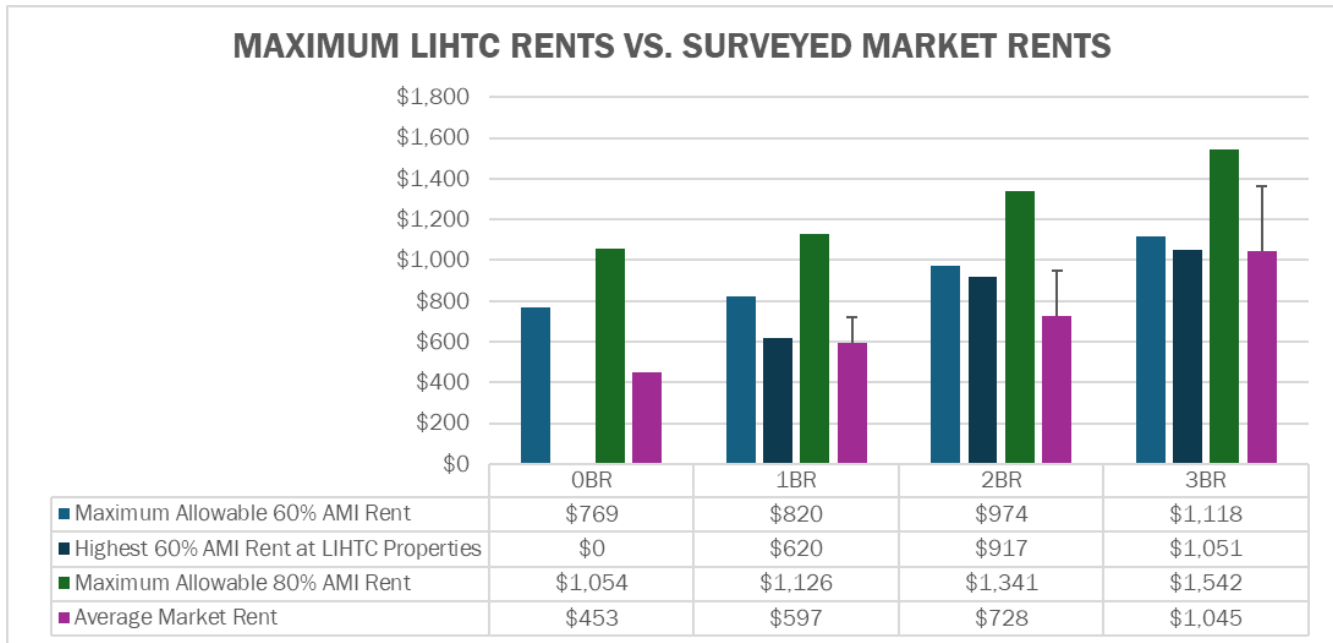
	ONE-BEDROOM		TWO-BEDROOM		THREE-BEDROOM	
	Property	Average	Property	Average	Property	Average
RENT	Maximum Allowable (@80%)*	\$1,126	Maximum Allowable (@80%)*	\$1,341	Maximum Allowable (@80%)*	\$1,542
	Maximum Allowable (@60%)*	\$820	Maximum Allowable (@60%)*	\$974	Maximum Allowable (@60%)*	\$1,118
	Parkway Estates (Market)	\$720	River Oaks Trails (@60%)(2BA)	\$917	River Oaks Trails (@60%)	\$1,051
	Maximum Allowable (@50%)*	\$667	Parkway Estates (Market)	\$825	Maximum Allowable (@50%)*	\$906
	Hollow Tree Apartments (Market)	\$624	Maximum Allowable (@50%)*	\$791	Parkway Estates (Market)	\$885
	Parkway Estates (@60%)	\$620	Hollow Tree Apartments (Market)	\$746	Hollow Tree Apartments (@60%)	\$869
	Hollow Tree Apartments (@50%)	\$487	Parkway Estates (@60%)	\$720	Hollow Tree Apartments (@50%)	\$869
	Hollow Tree Apartments (@60%)	\$487	Hollow Tree Apartments (@50%)	\$653	Parkway Estates (@60%)	\$850
	Maximum Allowable (@30%)*	\$362	Hollow Tree Apartments (@60%)	\$653	Hollow Tree Apartments (@30%)	\$483
	Hollow Tree Apartments (@30%)	\$351	Maximum Allowable (@30%)*	\$424	Maximum Allowable (@30%)*	\$483
SQUARE FOOTAGE			Hollow Tree Apartments (@30%)	\$421	River Oaks Trails (@30%)	\$410
			River Oaks Trails (@30%)(2BA)	\$363		
	Parkway Estates (@60%)	730	River Oaks Trails (@30%)(2BA)	1,088	River Oaks Trails (@30%)	1,288
	Parkway Estates (Market)	730	River Oaks Trails (@60%)(2BA)	1,075	River Oaks Trails (@60%)	1,275
	Hollow Tree Apartments (@60%)	668	Parkway Estates (Market)	935	Hollow Tree Apartments (@60%)	1,115
	Hollow Tree Apartments (Market)	668	Parkway Estates (@60%)	935	Hollow Tree Apartments (@30%)	1,115
	Hollow Tree Apartments (@50%)	668	Hollow Tree Apartments (@50%)	908	Hollow Tree Apartments (@50%)	1,115
	Hollow Tree Apartments (@30%)	541	Hollow Tree Apartments (Market)	908	Parkway Estates (@60%)	1,090
			Hollow Tree Apartments (@60%)	908	Parkway Estates (Market)	1,090
			Hollow Tree Apartments (@30%)	908		
RENT PER SQUARE FOOT	Parkway Estates (Market)	\$0.99	Parkway Estates (Market)	\$0.88	River Oaks Trails (@60%)	\$0.82
	Hollow Tree Apartments (Market)	\$0.93	River Oaks Trails (@60%)(2BA)	\$0.85	Parkway Estates (Market)	\$0.81
	Parkway Estates (@60%)	\$0.85	Hollow Tree Apartments (Market)	\$0.82	Parkway Estates (@60%)	\$0.78
	Hollow Tree Apartments (@60%)	\$0.73	Parkway Estates (@60%)	\$0.77	Hollow Tree Apartments (@60%)	\$0.78
	Hollow Tree Apartments (@50%)	\$0.73	Hollow Tree Apartments (@50%)	\$0.72	Hollow Tree Apartments (@50%)	\$0.78
	Hollow Tree Apartments (@30%)	\$0.65	Hollow Tree Apartments (@60%)	\$0.72	Hollow Tree Apartments (@30%)	\$0.43
			Hollow Tree Apartments (@30%)	\$0.46	River Oaks Trails (@30%)	\$0.32
			River Oaks Trails (@30%)(2BA)	\$0.33		

*Rents are adjusted for concessions. All properties include water, sewer, and trash removal in the rent. As such, the maximum allowable rents reflected include water, sewer, and trash removal in the rents based on the 2024 utility allowance schedule for Knox County apartments (all electric). Properties may have differing utility allowances, which would result in different maximum allowable rents for the respective properties.

Only River Oaks Trails appears to be achieving 2024 maximum allowable rents. Managers at both Parkway Estates and Hollow Tree reported rents to be below maximum allowable levels. It is worth noting that Hollow Tree Apartments was surveyed prior to the release of the 2024 maximum allowable rents and updated rents were not available; this is likely one reason that these rents are below those at the other properties. Further the market rents at both mixed-income properties, Parkway Estates and Hollow Tree, are set only slightly above the highest LIHTC rents.

Achievable LIHTC rents depend on the specific property characteristics (location, design, age/condition, unit sizes, and amenities) as well as market conditions. In terms of property characteristics, properties in more walkable areas, unique designs (lofts, townhomes, etc.), new construction, large unit sizes, and well amenitized properties achieve higher rents than older, walk-up properties in car dependent locations with smaller than average unit sizes and limited amenities. In terms of market conditions, the LIHTC supply in Galesburg is generally superior to the market rate supply in terms of age/condition and amenities and comparable in terms of location and unit sizes. As a result, the vast majority of the market rate properties are achieving rents below the maximum allowable LIHTC rents at the higher AMI levels, particularly the 80 percent AMI level, and within the range of the rents being achieved at the LIHTC properties; these market rate properties are therefore considered naturally occurring affordable housing as the rents are affordable for low-income

households despite not being formally rent/income restricted. This is typical for older market rate properties and in communities where the housing supply is dominated by an older stock. The following graph illustrates the maximum allowable LIHTC rents at the 60 and 80 percent AMI levels (assuming all electric property with water, sewer, and trash included in the rent and the property is placed in service after 2024) relative to the average market rent at the surveyed market rate properties, as well as the high end of the surveyed market rent range (adjusted for differences in utility structures and concessions).



As illustrated, the average surveyed market rents are below the maximum allowable LIHTC rents at the 60 and 80 percent AMI levels. Further, the highest surveyed market rents for studio, one and two-bedroom units are also above the maximum allowable LIHTC rents at the 60 and 80 percent AMI levels. It is worth noting however that the highest LIHTC rents being achieved by the LIHTC properties are at the high end or above the surveyed market rents, which suggests that newer supply regardless of rent/income restrictions, can achieve a rent premium in the market.

The lack of newer market rate supply in the market is nevertheless a disadvantage for proposed LIHTC developments as the determination of achievable market rents, and the necessitated rent advantages to be competitive for a LIHTC allocation, would be primarily hypothetical. We are however aware of several more recently renovated downtown lofts which are being leased for rates well above (\$1,350 and \$1,436 for one-bedroom units, utility adjusted to reflect water, sewer, and trash included in the rents) the surveyed market rate properties, but these prices are for units in a very walkable downtown location, larger in size than a typical area unit, and offer a unique loft design. Further, there is a limited supply of this product offered (less than 20 total units across the various properties), which could enable these properties to achieve higher rents given the lack of competition. A larger property would have more units to lease, and the achievable rents would likely be lower. Finally, with a median sale price of \$75,417 and median list price of \$108,617, home prices in Galesburg are competitive with maximum allowable LIHTC rents at higher AMI levels, particularly the 80 percent AMI level. The following tables provide a rent/buy analysis for a three-bedroom LIHTC unit relative to a three-bedroom single-family home in Galesburg. As illustrated, homes priced below \$200,000 would likely be more affordable than LIHTC units priced at the 80 percent AMI maximum allowable level. Further, starter homes in the community would likely be competitive with affordable LIHTC units priced at the 60 percent AMI maximum allowable levels.

RENT BUY ANALYSIS - 80% AMI			
Property Type:	Three-Bedroom Single Family Home		
Sale Price			\$200,000
Down Payment at 10%			\$20,000
Mortgage Amount			\$180,000
Current Interest Rate			6.75%
<i>Homeownership Costs</i>	<i>Monthly</i>	<i>% of Home Value</i>	<i>Annual</i>
Mortgage Payment	\$1,167		\$14,010
Property Taxes	\$208	1.25%	\$2,500
Private Mortgage Insurance ¹	\$75	0.50%	\$900
Maintenance	\$333	2.00%	\$4,000
Utility Costs ²	\$115		\$1,380
Tax Savings	-\$304		-\$3,648
Cost Comparison			
	<i>Monthly</i>		<i>Annual</i>
Costs of Homeownership	\$1,595		\$19,142
Cost of Renting At Typical LIHTC Property	- \$1,542		\$18,504
Differential	\$53		\$638
Cost of Occupancy			
<i>Homeownership</i>			
Closing Costs		3.0%	\$6,000
Down Payment at 10%		10.0%	\$20,000
Total			\$26,000
<i>Typical LIHTC Rental</i>			
First Month's Rent	\$1,542		
Security Deposit	<u>\$1,542</u>		
Total	\$3,084		

(1) Based upon 0.50 percent of mortgage amount.

(2) Utility Costs Included in Rent at Typical LIHTC Property

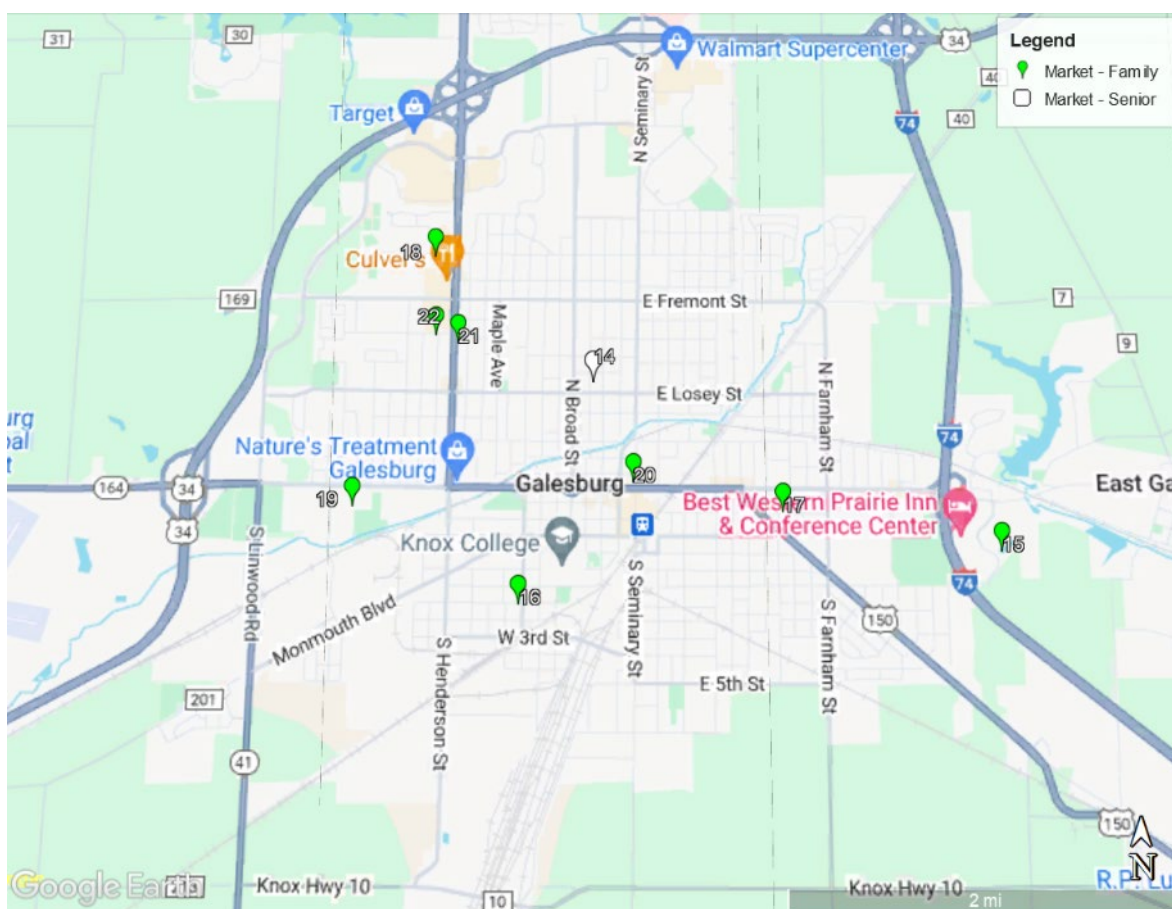
RENT BUY ANALYSIS - 60% AMI			
Property Type:	Three-Bedroom Single Family Home		
Sale Price			\$125,000
Down Payment at 10%			\$12,500
Mortgage Amount			\$112,500
Current Interest Rate			6.75%
<i>Homeownership Costs</i>		<i>Monthly</i>	<i>% of Home Value</i>
Mortgage Payment		\$730	
Property Taxes		\$130	1.25%
Private Mortgage Insurance ¹		\$47	0.50%
Maintenance		\$208	2.00%
Utility Costs ²		\$115	
Tax Savings		-\$190	
			-\$2,280
Cost Comparison			
		<i>Monthly</i>	<i>Annual</i>
Costs of Homeownership		\$1,040	\$12,481
Cost of Renting At Typical LIHTC Property	-	\$1,118	\$13,416
Differential		-\$78	-\$935
Cost of Occupancy			
<i>Homeownership</i>			
Closing Costs			3.0% \$3,750
Down Payment at 10%			10.0% \$12,500
Total			\$16,250
<i>Typical LIHTC Rental</i>			
First Month's Rent		\$1,118	
Security Deposit		<u>\$1,118</u>	
Total		\$2,236	

(1) Based upon 0.50 percent of mortgage amount.

(2) Utility Costs Included in Rent at Typical LIHTC Property

MARKET RATE HOUSING

The following section analyzes the unrestricted market rate housing supply. As previously mentioned, a large percentage of renter-occupied housing units are structures with fewer than ten units per building and many lease detached single-family homes. These units are oftentimes privately owned and managed and are only advertised when there are vacancies. Further, many are only advertised locally. As such, collecting comprehensive representative data on this segment of the market rate supply is challenging. This survey includes data on these units as classified listings identified throughout the survey period. We also identified and surveyed nine market rate properties that offer 10 or more units, including one that targets seniors and eight that target a general tenancy, though at least one of the general tenancy properties reported a sizeable senior tenancy. The following section summarizes the location, design, age/condition, total units, unit mix, vacancy, waiting lists, voucher tenancy, turnover, and rents at Galesburg's market rate supply.



MARKET RATE SUPPLY

Map #	Property Name	Type	Tenancy
14	Hitchcock Apartments	Market	Senior
15	Bridlecreek Apartments	Market	Family
16	Knox Crest Apartments	Market	Family
17	Locust Street Apartments	Market	Family
18	Mayfair Manor	Market	Family
19	Pleasant Terrace Townhomes	Market	Family
20	Swing's Leisure Apartments	Market	Family
21	The Bell Efficiencies	Market	Family
22	Williamsburg Apartments	Market	Family

GALESBURG, ILLINOIS – COMPREHENSIVE HOUSING STUDY

CLASSIFIED LISTINGS - GALESBURG, IL							
Address	Photograph	Design	Unit Mix	Size (SF)	Utility Adjusted Asking Rent*	Utility Adjusted Asking Rent/SF	Listing Comments/Notes
229 N Pearl St, # 2		MF - 4 units	1BR/1BA	N/A	\$750	N/A	Spacious newly renovated one bedroom apt for rent just a couple blocks from downtown. This is an apt in a large 4 Plex building and spacious and private. This unit offers both convenience and tranquility. There is back entrances to the unit providing easy access to back parking lot and added privacy. Lots of closet space in unit and storage space available in basement. Gorgeous Park-like backyard offering a serene and relaxing atmosphere for picnics, BBQ's as you please or relax with your favorite book under the serene shade cover from the tall mature trees on the property from the summer sun. Private parking lot in back of building exclusively for tenants. Downtown area is just a short walk away, allowing you to explore local shops, cafes, bars, boutique and gift shops, dining, entertainment, and cultural attractions at your leisure. Whether you're looking for a vibrant night out or a leisurely stroll through the city streets, everything is within easy reach On-site manager/ security to attend to any maintenance needs or security concerns promptly. Very safe neighborhood. \$60 credit check which will be waived upon W2 paystubs and lengthy employment history. ABSOLUTELY NO EVICTION HISTORY WILL BE CONSIDERED! Utilities: Water, sewer, gas, and trash paid by landlord. Tenant Responsible for electricity. Must make 3x the rent per month. Must be clean and tidy person. Students with co-signer encouraged to apply.
444 N Broad St		MF	1BR/1BA	N/A	\$575	N/A	Recently Remodeled 1 Bedroom 1 Bathroom Clean and Quiet with Respectable Long Term Tenants. Heat and Water Included. Laundry Facilities, Carport and Storage Unit. No Pets No Smoking inside the Unit. Prefer Phone Calls for inquiries. We are locally owned and take pride in our properties. Give us a call today!
1258 N Seminary St, # 1		MF	1BR/1BA	830	\$750	\$0.90	Within 5 min of all major shopping and medical care. Tenant will sign a private month to month auto renewal tenancy contract agreement until the tenant or the owner gives a 30 day notice to vacate. Renter pays 1st months rent, last months rent and security deposit at signing. A 30 day written notice to vacate must be given for release of security deposit. Heat, water and refuse is furnished with rent. Tenant pays their own electric and gas (for stove) account.
589 E Losey St		MF - 7 units	1BR/1BA	800	\$850	\$1.06	Newly listed: Spacious and clean, well maintained 1 bedroom 1 bath apartment. Stained glass windows welcome you into this extra long living room with decorative fireplace. Plenty of storage along with built in shelving and drawers. This unit also has a private screened in porch. Parking available behind the home. Rent will include most utilities: Gas Trash collection Water Tenant pays: Ameren Electric You will also have access to coin operated washer and dryer in the basement.
589 E Losey St		MF - 7 units	1BR/1BA	900	\$800	\$0.89	Newly listed: Spacious and clean, well maintained 1 bedroom 1 bath apartment. Stained glass windows welcome you into this extra long living room with decorative fireplace. Plenty of storage along with built in shelving and drawers. This unit also has a private screened in porch. Parking available behind the home. Rent will include most utilities: Gas Trash collection Water Tenant pays: Ameren Electric You will also have access to coin operated washer and dryer in the basement.
1466 Harrison St		SFH	1BR/1BA	576	\$711	\$1.23	nice little house, great location, partially fenced yard, tile kitchen and bathroom. one year lease, washer, dryer hook-ups.
589 E Losey St, #597-B		Duplex	1BR/1BA	750	\$1,286	\$1.71	None
615 Main #1		MF	1BR/1BA	450	\$554	\$1.23	All utilities included on this very nicely updated 1 bed, 1 bath apartment in Galesburg. 2nd Floor unit. New flooring, paint, appliances, vanity and more. Bit 1900. Frig and stove provided. Gas, Electric, Water, Sewer & Trash included with rent of \$650 per month.
615 Main #2		MF	1BR/1BA	450	\$554	\$1.23	Nicely updated 1 bed, 1 bath 2nd floor apt with 2 balconies and all utilities included. Bit 1910. Frig and stove provided.
1067 Olive St #9		MF	1BR/1BA	500	\$550	\$1.10	Very nice main floor 1 bed, 1 bath apartment tenant only pays electricity on top off rent. on site laundry. Bit 1970
191 N. Prairie St.		MF - Downtown	1BR/1BA	350	\$400	\$1.14	Efficiency apartment located in a 20 unit building in downtown Galesburg. Bit 1920
191 N. Prairie St.		MF - Downtown	1BR/1BA	400	\$525	\$1.31	Updated 1 bed/1 bath apartment located in a 20 unit building in downtown Galesburg. Located on the 3rd floor. Coin laundry in basement. Tenant only pays electricity on top of rent. Cats acceptable with deposit. No dogs allowed. Bit 1910.
Willis Lofts		Downtown Lofts	1BR/1.5BA	700	\$1,300	\$1.86	Two-story building with ground floor retail and second story residential (lofts). Built in 1894, fully renovated in 2021. Tenant pays gas and electric. Unit includes washer/dryer. Leased in 2021.
Seminary Street Lofts		Downtown Lofts	1BR/1BA	1,000	\$1,436	\$1.44	Second-story loft residential above ground floor commercial space. Tenant pays all utilities. Leased in 2022.
				Minimum	350	\$400	\$0.89
				Maximum	1,000	\$1,436	\$1.86
				Average	642	\$789	\$1.26
				Median	638	\$731	\$1.23

Source: Apartments.com, Zillow.com, Hotpads.com, Kori Jensen Property Management

*Utility adjusted to reflect water, sewer, and trash removal as included in the rent. For listings with no reference to utilities, it is assumed that no utilities are included and the rents are adjusted accordingly.

GALESBURG, ILLINOIS – COMPREHENSIVE HOUSING STUDY

Address	Photograph	Design	Unit Mix	Size (SF)	Utility Adjusted Asking Rent*	Utility Adjusted Asking Rent/SF	Listing Comments/Notes
207 N. Chambers St		Duplex	2BR/1BA	1,100	\$725	\$0.66	Very nice 2 bedroom 1 bath lower level duplex with all utilities included. All new paint and flooring throughout. Blt 1930
560 N. Chambers St		Duplex	2BR/1BA	1,500	\$800	\$0.53	Nicely updated 2 bed 1 bath upstairs duplex unit all utilities included.
151 N Seminary St		MF	2BR/1BA	1,200	\$800	\$0.67	Tenant pays gas and electric; landlord pays water, sewer, and trash
173 N Chambers St		MF	2BR/1BA	500	\$700	\$1.40	Nice upstairs 2 bedroom, 1 bath apartment with coin laundry in basement. Blt 1920.
1030 W Berrien St		SFH	2BR/1BA	902	\$901	\$1.00	Cozy 2bd 1ba rental, located close to Knox College! Enjoy a large living room and kitchen with main floor laundry! Large yard with plenty of space to host your next gathering. Inquire about an online application and to schedule a showing today!
507 N Cedar St		Duplex	2BR/1BA	700	\$852	\$1.22	Move right into this bungalow duplex with character throughout and enjoy being in a central location, nearby to local conveniences and transportation! The huge front porch is a great place to relax and get some fresh air, whether rain or shine! Inside, the family room boasts plenty of windows, letting the sunlight stream in to create a sunny and welcoming atmosphere that you'll love. Pass through the entry with decorative pillars into the large dining room where you can have friends or family over for a meal to show off your new home! The unfinished basement is sure to meet your storage needs, providing tons of space for seasonal items that you may not need accessible all year long. Schedule your showing today!
1067 Olive St		MF	2BR/1BA	450	\$625	\$1.39	Very nice, 2 bed, 1 bath main floor unit (no stairs) in a quiet complex and nice neighborhood. Blt 1970
1116 Beecher Ave		Townhome	2BR/1BA	800	\$890	\$1.11	12 Month Lease, \$890 deposit, Available Now Located 1 block from Silas Willard Elementary school in the historic district of Galesburg. This 2 bedroom features a large, light-filled kitchen with built-in cabinets. Original hardwood floors in living room and second bedroom, neutral paint throughout, recently updated kitchen and a large shared yard. Pets welcome with a nonrefundable pet fee and additional monthly pet rent. Power and water included (with limitations).
1721 Baird Ave		SFH	2BR/1.5BA	1,200	\$1,152	\$0.96	Very well cared for home with lots of space looking for great tenant! Nice neighborhood. Stove and fridge furnished. No pets. 1 yr lease.
				Minimum	450	\$625	\$0.53
				Maximum	1,500	\$1,152	\$1.40
				Average	928	\$827	\$0.99
				Median	902	\$800	\$1.00

Source: Apartments.com, Zillow.com, Hotpads.com, Kori Jenson Property Management

*Utility adjusted to reflect water, sewer, and trash removal as included in the rent. For listings with no reference to utilities, it is assumed that no utilities are included and the rents are adjusted accordingly.

GALESBURG, ILLINOIS – COMPREHENSIVE HOUSING STUDY

Address	Photograph	Design	Unit Mix	Size (SF)	Utility Adjusted Asking Rent*	Utility Adjusted Asking Rent/SF	Listing Comments/Notes
447 Locust St, # 2		MF	3BR/1BA	1,500	\$800	\$0.53	Newly renovated 3 bedroom 1 bathroom upper apartment. Property features large living space, small yard maintained by landlord. Landlord pays for water, sewer and trash collection. All other utilities are the responsibility of the tenant. To move in you will be required to pay first month's rent, a security deposit and non-refundable pet deposit if you have a pet. To schedule a showing a complete application must be submitted. A complete application includes a minimum 3:1 rent to income ratio, 2 years of employment including current and past employers, 2 years of rental history including current residence, all minor occupants listed and all adult occupants must complete their own application. All applicants will be required to complete a background check and credit check to be approved for this property.
207 N Chambers St Unit B		Duplex	3BR/1BA	1,300	\$898	\$0.69	Beautifully updated 3 bed/1 bath upper level duplex with 1 car attached garage and laundry in unit. Rent of \$1,050 includes all utilities paid by owner.
1125 Spruce		SFH	3BR/1BA	1,404	\$1,215	\$0.87	None
90 Loraine Drive		SFH	3BR/2BA	1,056	\$1,009	\$0.96	Nestle into your 3 bedroom, 2 bathroom home located inside of Kimberly Terrace, a friendly and well-maintained community. Around you, enjoy the great features the community has to offer such as community events. This home won't be on the market long, so call us today for more information or to schedule a tour. Deposits & Fees are subject to change. Dogs allowed subject to certain breed/weight restrictions.
72 Loraine Dr	N/A	Mobile home	3BR/2BA	1,056	\$1,009	\$0.96	None
113 Country Elms Est	N/A	Mobile home	3BR/2BA	1,120	\$1,061	\$0.95	None
195 N. Seminary St.		Duplex	3BR/1BA	1,200	750	\$0.63	Nice lower unit duplex downtown area with 3 bedrooms and 1 bath. Laundry hookups in unit or basement. Little side yard too. Frig. Stove and dishwasher. Blt 1950.
880 N Farnham St		SFH	3BR/1.5BA	1,100	\$1,215	\$1.10	Very Nice 3 bed, 1 1/2 bath home with 2 car garage, huge yard, main floor laundry and a bsmt for storage. Frig. Stove, Washer/Dryer. Blt 1940
				Minimum	1,056	\$750	\$0.53
				Maximum	1,500	\$1,215	\$1.10
				Average	1,217	\$995	\$0.83
				Median	1,160	\$1,009	\$0.91
617 W Main St		MF	4BR/1BA	1,800	\$1,131	\$0.63	Newly updated, large 4 bedroom, 1 bath main floor apartment with laundry room and hookups off kitchen and 2 private porches and tons of storage available in basement. Blt 1900
1228 Garden Ln		SFH	4BR/2BA	1,400	\$1,431	\$1.02	Open floor plan seamlessly connecting the living room and dining room, perfect for entertaining guests or enjoying family time. Modern kitchen with sleek stainless-steel appliances, offering both functionality and elegance. Master bedroom with sliding glass door and master bath. 3 additional bedrooms and a main bath. Washer and dryer hookups for added convenience. Fenced-in backyard providing privacy and security, ideal for outdoor activities or enjoying the fresh air. Situated in a quiet and family-friendly neighborhood, offering a tranquil living environment. Apply today! Must have references and job history!
				Average	1,600	\$1,281	\$0.83
				Median	1,350	\$1,281	\$0.83

Source: Apartments.com, Zillow.com, Hotpads.com, Kori Jenson Property Management

*Utility adjusted to reflect water, sewer, and trash removal as included in the rent. For listings with no reference to utilities, it is assumed that no utilities are included and the rents are adjusted accordingly.

- **Location.** One property (Swing's Leisure Apartments) is in downtown offering a walker's paradise and bikeable location. The majority of the remaining market rate properties are located in somewhat walkable and somewhat bikeable or bikeable locations; the exceptions are Bridlecreek and Knox Crest which are located in car dependent locations, particularly Bridlecreek Apartments. The following table illustrates the walk and bike scores for the surveyed market rate properties in Galesburg.

Map #	Property	Walk Score	Bike Score
14	Hitchcock Apartments	50	52
15	Bridlecreek Apartments	8	10
16	Knox Crest Apartments	41	54
17	Locust Street Apartments	69	54
18	Mayfair Manor	61	42
19	Pleasant Terrace Townhomes	70	59
20	Swing's Leisure Apartments	90	64
21	The Bell Efficiencies	64	43
22	Williamsburg Apartments	56	41

Color formatting: green indicates more walkable/bikeable, red indicates less walkable/bikeable

Walk Score: Walker's Paradise (90-100), Very Walkable (70-89), Somewhat Walkable (50-69), Car Dependent (0-49)

Bike Score: Biker's Paradise (90-100), Very Bikeable (70-89), Bikeable (50-69), Somewhat Bikeable (0-49)

Source: www.walkscore.com

- **Design, Age, and Condition.** The market rate supply offers a variety of designs ranging from one to three-story garden-style properties to townhomes to low and midrise buildings. The following table illustrates the design and year built/renovated for the surveyed market rate housing stock in Galesburg and the corresponding photographs illustrate the current (exterior) condition of the properties. As illustrated, the market rate properties appear to range from fair to average in terms of overall condition. It is worth noting that two of the LIHTC properties (Hollow Tree and Parkway Estates) also offer a select number of market rate units; these properties were constructed in 1998 and most recently renovated in 2014 and are superior in terms of age/condition to the surveyed market rate supply.

	Bridlecreek Apartments	Hitchcock Apartments	Knox Crest Apartments	Locust Street Apartments	Mayfair Manor	Pleasant Terrace Townhomes	Swing's Leisure Apartments	The Bell Efficiencies	Williamsburg Apartments
Rent Structure	Market	Market	Market	Market	Market	Market	Market	Market	Market
Building									
Property Type	Various	Lowrise	Garden	Townhouse	Garden	Townhouse	Midrise	Garden	One-story
# of Stories	2-stories	3-stories	3-stories	2-stories	2-stories	2-stories	4-stories	2-stories	1-stories
Year Built	1971	1920	1967	1971	1975	1963	1950	1974	1960
Year Renovated	1983	2000	n/a	n/a	n/a	n/a	1982	2008	n/a
Courtyard	yes	no	no	no	no	no	no	no	no

Photographs of Market Rate Properties



Bridlecreek Apartments



Hitchcock Apartments



Knox Crest Apartments



Locust Street Apartments



Mayfair Manor



Pleasant Terrace Townhomes



Swing's Leisure Apartments



The Bell Efficiencies



Williamsburg Apartments



Belle Isle Apartments (Excluded)

- **Total Units & Unit Mix.** With the exception of Bridlecreek, which offers 149 units, the properties offer between 12 and 50 units with a median property size of 24 units. Further, one property offers studio units and the remainder offer one, two, and/or three-bedroom units. The following table illustrates the total units and unit mix.

Property Name	Rent Structure	Tenancy	Total Units	Unit Types Offered
Bridlecreek Apartments	Market	Family	149	1-3BR
Hitchcock Apartments	Market	Senior	16	1-2BR
Knox Crest Apartments	Market	Family	24	1BR
Locust Street Apartments	Market	Family	24	2-3BR
Mayfair Manor	Market	Family	24	2BR
Pleasant Terrace Townhomes	Market	Family	16	2BR
Swing's Leisure Apartments	Market	Family	40	1BR
The Bell Efficiencies	Market	Family	12	0BR
Williamsburg Apartments	Market	Family	50	1-2BR

- **Unit Size.** The average studio, one, two, and three-bedroom unit sizes at the surveyed market rate properties are 390, 535, 974, and 1,333 square feet, respectively. Removing the one market rate property that targets seniors the average unit sizes are 390, 500, 995, and 1,333 square feet for the studio, one, two, and three-bedroom units, respectively. The range and average sizes at the market rate classified listings are generally in line with those of the surveyed multifamily market rate properties. The following tables illustrate the unit sizes at the surveyed market rate properties as well as the unit sizes for the select number of market rate units at the mixed-income (primarily LIHTC) properties, Hollow Tree and Parkway Estates and the summary sizes for the classified listings.

UNIT SIZES - SURVEYED MARKET RATE SUPPLY*

STUDIO		ONE-BEDROOM		TWO-BEDROOM		THREE-BEDROOM	
Property Name	Size	Property Name	Size	Property Name	Size	Property Name	Size
The Bell Efficiencies (Market)	390	Parkway Estates (Market)	730	Bridlecreek Apartments (Market)(2BA)	1,500	Bridlecreek Apartments (Market)(2.5BA)	2,000
		Bridlecreek Apartments (Market)	700	Pleasant Terrace Townhomes (Market)(1.5BA)	1,250	Locust Street Apartments (Market)(2BA)	1,200
		Hollow Tree (Market)*	668	Bridlecreek Apartments (Market)(2BA)	1,000	Parkway Estates (Market)	1,090
		Hitchcock Apartments (Market)	640	Locust Street Apartments (Market)	1,000	Bridlecreek Apartments (Market)(2BA)	800
		Swing's Leisure Apartments (Market)	400	Parkway Estates (Market)	935		
		Williamsburg Apartments (Market)	400	Hollow Tree (Market)*	908		
				Hitchcock Apartments (Market)	850		
				Knox Crest Apartments (Market)	617		
				Williamsburg Apartments (Market)	600		

*Includes market rate units at mixed-income properties (italicized).

UNIT SIZE COMPARISON - ALL SURVEYED MARKET RATE

Bedroom Type	0BR	1BR	2BR	3BR
Average	390	535	974	1,333
Min	390	400	600	800
Max	390	700	1,500	2,000

UNIT SIZE COMPARISON - SURVEYED GENERAL TENANCY MARKET RATE

Bedroom Type	0BR	1BR	2BR	3BR
Average	390	500	995	1,333
Min	390	400	600	800
Max	390	700	1,500	2,000

UNIT SIZE COMPARISON - MARKET RATE CLASSIFIEDS

Bedroom Type	0BR	1BR	2BR	3BR	4BR
Average	-	642	928	1,217	1,600
Min	-	350	450	1,056	1,400
Max	-	1,000	1,500	1,500	1,800

- **Housing Choice Voucher (HCV) Tenants.** None of the market rate properties that were able to comment on voucher utilization reported any voucher tenants.
- **Turnover.** Four of the properties were able to provide estimates of typical annual turnover at the respective properties. Turnover ranges from five to 25 percent with an average of 12 percent. Overall, turnover in the market is reportedly low; this is likely due in large part to the limited variation within the surveyed market rate multifamily rental housing stock.
- **Vacancy & Waiting Lists.** One property, Swing's Leisure Apartments, is reportedly renovating vacant units with new flooring and paint as they turn and as such this property has an elevated vacancy while units are offline being renovated. The remaining surveyed market rate comparables reported vacancy rates ranging from zero to 6.2 percent with an average of 0.9 percent. Two of the surveyed market rate properties (Hitchcock Apartments targeting seniors and Williamsburg Apartments, a one-story

garden-style property) also maintain waiting lists. A balanced rental market typically has a vacancy rate of approximately five percent. A vacancy rate below five percent suggests a landlord's market whereby tight market conditions and the lack of available supply can drive up rental prices. The following table illustrates current vacancy rates and waiting lists at the surveyed market rate properties.

VACANCY & WAITING LISTS – SURVEYED MARKET RATE PROPERTIES

Property Name	Rent Structure	Tenancy	Total Units	Vacant Units	Vacancy Rate
Bridlecreek Apartments	Market	Family	149	0	0.0%
Hitchcock Apartments	Market	Senior	16	1	6.2%
Knox Crest Apartments	Market	Family	24	0	0.0%
Locust Street Apartments	Market	Family	24	1	4.2%
Mayfair Manor	Market	Family	24	0	0.0%
Pleasant Terrace Townhomes	Market	Family	16	1	6.2%
Swing's Leisure Apartments*	Market	Family	40	10	25.0%
The Bell Efficiencies	Market	Family	12	0	0.0%
Williamsburg Apartments	Market	Family	50	0	0.0%
Total			355	13	3.7%
Total Online*			345	3	0.9%

*Excludes units at Swing's Leisure Apartments that are offline while under renovation.

- **Rents.** The following table illustrates the rents being achieved at market rate units in Galesburg including surveyed market rate multifamily rental properties, market rate units at the LIHTC/mixed-income properties, and classified market rate listings. Rents have been utility and concession adjusted for comparison purposes.

MARKET RENT COMPARISON*

Property Name	0BR	1BR	2BR	3BR
Classified Listing - High		\$1,436	\$1,152	\$1,215
Classified Listings - Median		\$789		\$1,009
Pleasant Terrace Townhomes			\$950	
Parkway Estates**		\$720	\$825	\$885
Classified Listings - Median			\$800	
Williamsburg Apartments		\$674	\$774	
Locust Street Apartments			\$750	\$1,000
Hollow Tree Apartments**		\$624	\$746	
Bridlecreek Apartments		\$622	\$727	\$936
			\$811	\$1,360
Hitchcock Apartments		\$534	\$722	
Classified Listing - Low			\$625	\$750
Mayfair Manor			\$603	
			\$628	
Knox Crest Apartments			\$473	
Swing's Leisure Apartments		\$410		
Classified Listing - Low		\$400		
The Bell Efficiencies	\$453			
Average	\$453	\$625	\$734	\$1,038

*Rents are adjusted for differences in utilities and concessions.

**Rents for market rate units at the LIHTC/market rate properties.

As illustrated, the classified listings generally have higher rents than the surveyed multifamily rentals. This could be attributed to the fact that it is just one unit that has to be leased at the quoted rent, which oftentimes allows for higher rents. This could also be the difference between asking rents and rents being achieved as the classified listings will not necessarily be leased at the asking rents. Further, the market rate units at the mixed-income properties, and at the newer property (Parkway Estates) in particular, are achieving among the highest market rents being achieved, which suggests that age/condition and amenities are contributing factors to achievable rents in the market.

SPECIAL NEEDS HOUSING

Galesburg also offers long-term rental units for select special needs tenancies including supportive independent living rental units for seniors (The Kensington and Seminary Estates), supportive independent living and group home housing rental units for persons with mental health needs (Bridgeway properties), and off-campus student housing (The Villas at Carl Sandberg). Turnover, occupancy, and rental pricing at special needs properties are oftentimes distinct from the traditional rental market and not indicative of general market conditions. For example, rather than charging a monthly rent for a 12-month lease term, The Kensington charges a daily rate for its units. Current pricing for the Kensington is \$140 per day for a one-bedroom unit and \$150 a day for a two-bedroom unit. The price includes specialized and targeted assistance depending on the needs of each resident and can range from help with medication to assistance with daily activities such as bathing/dressing. These rates equate to approximately \$4,258 per month for a one-bedroom unit and \$4,563 per month for a two-bedroom unit, consistent with rents at assisted living facilities. While pricing was not available for the independent living units at Seminary Village, a full continuum of care retirement community in Galesburg, these units do include extensive services such as two meals per day and weekly housekeeping, which distinguishes this type of rental housing from the traditional independent living market rate rental property discussed in the market rate supply section (The Hitchcock). Like The Kensington and Seminary Estates, The Villas at Carl Sandberg, also offers a distinctive pay structure and targets a specific tenancy, namely students. The property offers two and four-bedroom units, but leases are signed by the bedroom rather than the unit and for the term rather than the year. Rents for the fall 2024 semester range from \$529 per bedroom for the four-bedroom units (or \$2,116 per unit total) to \$579 per bedroom for the two-bedroom units (or \$1,158 per unit total). On the other end of the pricing spectrum is the Bridgeway properties, many of which include project-based Section 8 rental assistance where tenants pay a percentage of their adjusted income towards housing costs each month as opposed to a set fee. Bridgeway manages five supervised mental health/community housing properties in Galesburg: Bridgeway Apartments, Willow Way Apartments, Windish Woods Apartments, Michigan Manor Apartments, and Jefferson Street Group Home. All of these properties offer 20 or fewer units and on-site supportive services to varying degrees. Overall, Galesburg offers a wide range of supportive housing options for special/targeted needs demographic groups.

CONCLUSION

We surveyed three segments of the Galesburg rental market for location, design, age/condition, development size, unit mix, unit sizes, vacancy, waiting lists, voucher utilization (as appropriate), turnover (as available), and rents. First, the subsidized affordable rental supply, which consists of Section 8 and public housing units. Second, the unsubsidized affordable rental supply, which consists of Low-Income Housing Tax Credit (LIHTC) units. And third, the conventional market rate supply, which includes a select number of market rate units at the aforementioned LIHTC developments, rental units in multifamily developments with 10 or more units, and classified rental units in structures with nine or fewer units including detached single-family homes, the most common structure type to be occupied by renter households. We further disaggregated the above analyses by properties that target seniors from those that target a general tenancy. The following table summarizes the results, and the subsequent section discusses key findings from the above analyses.

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	-	-

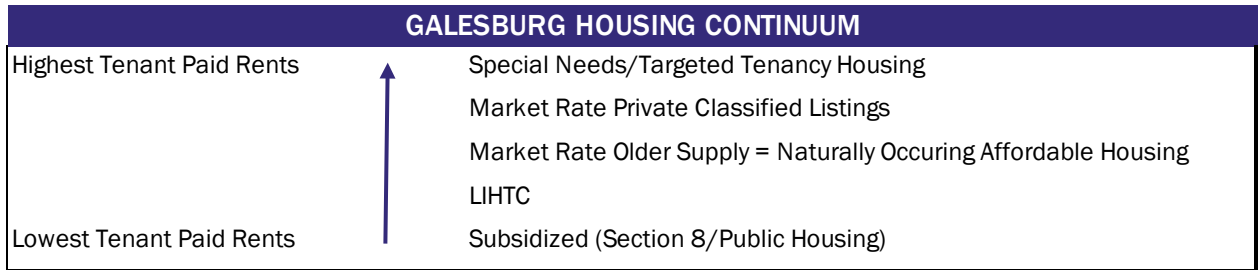
*With the exception of one property all properties maintain waiting lists.

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

Key findings from a comparison of the submarkets of the rental housing supply in Galesburg include:

- **Age/Condition.** The rental housing stock is generally older and in fair to average condition. The exceptions are the LIHTC properties which are in average to good condition and select classified listings which have been substantially renovated.
- **Market Composition.** The majority of the multifamily rental units in the market are subsidized affordable units.
- **Property Size.** Multifamily market rate units are generally in smaller properties with 25 or fewer units.
- **Unit Mix.** One, two, and three-bedroom units are the most commonly offered unit type at multifamily rental properties. The subsidized properties also offer smaller (studio) and larger (four and five-bedroom) units.
- **Unit Sizes.** There is no notable difference in unit sizes by rental market segment.
- **Vacancy, Waiting Lists, Additional Demand.** All rental market segments reported low vacancy rates, with the lowest average vacancy rates reported at the unsubsidized affordable (LIHTC) and subsidized affordable properties, though vacancy at market rate properties is also considered low. Nearly all affordable properties maintain waiting lists, some of which are extensive. There is no consensus among property managers and leasing agents as to housing needs in the market. While several reported demand for additional affordable units, others, including notably two of the LIHTC properties, reported no demand for additional LIHTC units at the 60 percent AMI and below. Further, while several market rate properties reported demand for affordable housing, few indicated that there was demand for additional market rate rental units. The property managers at the LIHTC properties on the other hand reported considerable demand for additional market rate, or higher AMI restrictions such as 80 percent AMI units, units noting that the properties consistently receive a sizeable number of applications from households that are over income.

- **Rents.** In general, tenant paid rents are consistent with expectations with the lowest tenant paid rents reported at subsidized properties and the highest tenant paid rents at private landlord listings and for special needs/targeted tenancy housing options, as illustrated in the graphic below.



Source: Novogradac, June 2024

Achievable LIHTC rents depend on the specific property characteristics (location, design, age/condition, unit sizes, and amenities) as well as market conditions. In terms of property characteristics, properties in more walkable areas, unique designs (lofts, townhomes, etc.), new construction, large unit sizes, and well amenitized properties achieve higher rents than older, walk-up properties in car dependent locations with smaller than average unit sizes and limited amenities. In terms of market conditions, the LIHTC supply in Galesburg is generally superior to the market rate supply in terms of age/condition and amenities and comparable in terms of location and unit sizes. As a result, the vast majority of the market rate properties are achieving rents below the maximum allowable LIHTC rents at the higher AMI levels, particularly the 80 percent AMI level, and within the range of the rents being achieved at the LIHTC properties; these market rate properties are therefore considered naturally occurring affordable housing as the rents are affordable for low-income households despite not being formally rent/income restricted. This is typical for older market rate properties and in communities where the housing supply is dominated by an older stock. According to the market survey, the average surveyed market rents are below the maximum allowable LIHTC rents at the 60 and 80 percent AMI levels. Further, the highest surveyed market rents for studio, one and two-bedroom units are also above the maximum allowable LIHTC rents at the 60 and 80 percent AMI levels. It is worth noting however that the highest LIHTC rents being achieved by the LIHTC properties are at the high end or above the surveyed market rents, which suggests that newer supply regardless of rent/income restrictions, can achieve a rent premium in the market.

The lack of newer market rate supply in the market is nevertheless a disadvantage for proposed LIHTC developments as the determination of achievable market rents, and the necessitated rent advantages to be competitive for a LIHTC allocation, would be primarily hypothetical. We are however aware of several more recently renovated downtown lofts which are being leased for rates well above (\$1,350 and \$1,436 for one-bedroom units, utility adjusted to reflect water, sewer, and trash included in the rents) the surveyed market rate properties, but these prices are for units in a very walkable downtown location, larger in size than a typical area unit, and offer a unique loft design. Further, there is a limited supply of this product offered (less than 20 total units across the various properties), which could enable these properties to achieve higher rents given the lack of competition. A larger property would have more units to lease, and the achievable rents would likely be lower. Finally, with a median sale price of \$75,417 and median list price of \$108,617, home prices in Galesburg are competitive with maximum allowable LIHTC rents at higher AMI levels, particularly the 80 percent AMI level. For example, based on a rent/buy analysis, homes priced below \$200,000 would likely be more affordable than LIHTC units priced at the 80 percent AMI maximum allowable level. Further, starter homes in the community would likely be competitive with affordable LIHTC units priced at the 60 percent AMI maximum allowable levels.

- **Rental Housing Gaps.** Galesburg’s rental market is somewhat unique in the lack of newer/renovated and/or higher end market rate rental units. A sizeable percentage of renter households (20.9 percent, or 1,020 renter households) have incomes ranging from \$40,000 to \$100,000; these households would likely be eligible for moderate income or market rate housing units, if built, in Galesburg. Instead, nearly all of the surveyed market rate units can be characterized as naturally occurring affordable housing; this occurs when the market rents being achieved by the properties are below the maximum allowable LIHTC rent limits based on area median incomes. While classified listings have higher asking rents, these are asking rents as opposed to achieved rents. Further, with just one unit these properties are able to further test the upper limits of the market than smaller properties. On the other hand, the majority of the market rate rental stock in Galesburg appears to be privately owned/managed, an ownership that oftentimes prioritizes limited turnover over testing the upper limits of the market. Thus, while vacancy suggests upward movement for market rents, the majority of the market rate properties for which historical information was available reported limited to no rent growth in recent years despite the overall tightness in the market.

The table on the following page compares the rents being achieved at the LIHTC properties, market rate properties, and the maximum allowable LIHTC rents. Properties below the yellow highlighted maximum allowable LIHTC rent rows are considered naturally occurring affordable housing; this constitutes the vast majority of the surveyed rental units. Further, the 60 percent AMI rents at River Oaks are among the highest in the market, which suggests that age/condition and amenities are key drivers of achievable rents as this property is among the nicest of the Galesburg rental stock. The high classified rents are generally at properties in the downtown area, which suggests that the downtown area and its walkable location, is also a key driver of achievable rents in the market.

RENT COMPARISON*

STUDIO			ONE-BEDROOM		TWO-BEDROOM		THREE-BEDROOM	
	Property	Average	Property	Average	Property	Average	Property	Average
RENT	Maximum Allowable (@80%)	\$1,054	Classified Listings (Market) - High	\$1,436	Maximum Allowable (@80%)	\$1,341	Maximum Allowable (@80%)	\$1,542
	Maximum Allowable (@60%)	\$769	Maximum Allowable (@80%)	\$1,126	Classified Listings (Market) - High	\$1,152	Bridlecreek Apartments (Market)(2.5BA)	\$1,360
	Maximum Allowable (@50%)	\$626	Maximum Allowable (@60%)	\$820	Maximum Allowable (@60%)	\$974	Classified Listings (Market) - High	\$1,215
	The Bell Efficiencies (Market)	\$453	Classified Listings (Market) - Median	\$731	Pleasant Terrace Townhomes (Market)(1.5BA)	\$950	Maximum Allowable (@60%)	\$1,118
	Maximum Allowable (@30%)	\$341	Parkway Estates (Market)	\$720	River Oaks Trails (@60%)(2BA)	\$917	River Oaks Trails (@60%)(2BA)	\$1,051
			Williamsburg Apartments (Market)	\$674	Parkway Estates (Market)	\$825	Classified Listings (Market) - Median	\$1,009
			Maximum Allowable (@50%)	\$667	Bridlecreek Apartments (Market)(2BA)	\$811	Locust Street Apartments (Market)(2BA)	\$1,000
			Hollow Tree Apartments (Market)	\$624	Classified Listings (Market) - Median	\$800	Bridlecreek Apartments (Market)(2BA)	\$936
			Bridlecreek Apartments (Market)	\$622	Maximum Allowable (@50%)	\$791	Maximum Allowable (@50%)	\$906
			Parkway Estates (@60%)	\$620	Williamsburg Apartments (Market)	\$774	Parkway Estates (Market)(2BA)	\$885
			Hitchcock Apartments (Market)	\$534	Locust Street Apartments (Market)	\$750	Hollow Tree Apartments (@60%)(2BA)	\$869
			Hollow Tree Apartments (@60%)	\$487	Hollow Tree Apartments (Market)	\$746	Hollow Tree Apartments (@50%)(2BA)	\$869
			Hollow Tree Apartments (@50%)	\$487	Bridlecreek Apartments (Market)(2BA)	\$727	Parkway Estates (@60%)(2BA)	\$850
			Swing's Leisure Apartments (Market)	\$410	Hitchcock Apartments (Market)	\$722	Classified Listings (Market) - Low	\$750
			Classified Listings (Market) - Low	\$400	Parkway Estates (@60%)	\$720	Hollow Tree Apartments (@30%)(2BA)	\$483
			Maximum Allowable (@30%)	\$362	Hollow Tree Apartments (@50%)	\$653	Maximum Allowable (@30%)	\$483
			Hollow Tree Apartments (@30%)	\$351	Hollow Tree Apartments (@60%)	\$653	River Oaks Trails (@30%)(2BA)	\$410
					Mayfair Manor (Market)	\$628		
					Classified Listings (Market) - Low	\$625		
					Mayfair Manor (Market)	\$603		
					Knox Crest Apartments (Market)	\$473		
					Maximum Allowable (@30%)	\$424		
					Hollow Tree Apartments (@30%)	\$421		
					River Oaks Trails (@30%)(2BA)	\$363		
SQUARE FOOTAGE	The Bell Efficiencies (Market)	390	Classified Listings (Market) - High	1,000	Classified Listings (Market) - High	1,500	Bridlecreek Apartments (Market)(2.5BA)	2,000
			Parkway Estates (Market)	730	Bridlecreek Apartments (Market)(2BA)	1,500	Classified Listings (Market) - High	1,500
			Parkway Estates (@60%)	730	Pleasant Terrace Townhomes (Market)(1.5BA)	1,250	River Oaks Trails (@30%)(2BA)	1,288
			Bridlecreek Apartments (Market)	700	River Oaks Trails (@30%)(2BA)	1,088	River Oaks Trails (@60%)(2BA)	1,275
			Hollow Tree Apartments (@60%)	668	River Oaks Trails (@60%)(2BA)	1,075	Locust Street Apartments (Market)(2BA)	1,200
			Hollow Tree Apartments (@50%)	668	Bridlecreek Apartments (Market)(2BA)	1,000	Classified Listings (Market) - Median	1,160
			Hollow Tree Apartments (Market)	668	Locust Street Apartments (Market)	1,000	Hollow Tree Apartments (@60%)(2BA)	1,115
			Hitchcock Apartments (Market)	640	Parkway Estates (@60%)	935	Hollow Tree Apartments (@50%)(2BA)	1,115
			Classified Listings (Market) - Median	638	Parkway Estates (Market)	935	Hollow Tree Apartments (@30%)(2BA)	1,115
			Hollow Tree Apartments (@30%)	541	Hollow Tree Apartments (@60%)	908	Parkway Estates (@60%)(2BA)	1,090
			Swing's Leisure Apartments (Market)	400	Hollow Tree Apartments (@30%)	908	Parkway Estates (Market)(2BA)	1,090
			Williamsburg Apartments (Market)	400	Hollow Tree Apartments (Market)	908	Classified Listings (Market) - Low	1,056
			Classified Listings (Market) - Low	350	Hollow Tree Apartments (@50%)	908	Bridlecreek Apartments (Market)(2BA)	800
					Classified Listings (Market) - Median	902		
					Hitchcock Apartments (Market)	850		
					Knox Crest Apartments (Market)	617		
					Williamsburg Apartments (Market)	600		
					Classified Listings (Market) - Low	450		
RENT PER SQUARE FOOT	The Bell Efficiencies (Market)	\$1.16	Classified Listings (Market) - High	\$1.86	Classified Listings (Market) - High	\$1.40	Bridlecreek Apartments (Market)(2BA)	\$1.17
			Williamsburg Apartments (Market)	\$1.69	Williamsburg Apartments (Market)	\$1.29	Classified Listings (Market) - High	\$1.10
			Classified Listings (Market) - Median	\$1.23	Classified Listings (Market) - Median	\$1.00	Classified Listings (Market) - Median	\$0.91
			Swing's Leisure Apartments (Market)	\$1.03	Parkway Estates (Market)	\$0.88	Locust Street Apartments (Market)(2BA)	\$0.83
			Parkway Estates (Market)	\$0.99	River Oaks Trails (@60%)(2BA)	\$0.85	River Oaks Trails (@60%)(2BA)	\$0.82
			Hollow Tree Apartments (Market)	\$0.93	Hitchcock Apartments (Market)	\$0.85	Parkway Estates (Market)(2BA)	\$0.81
			Bridlecreek Apartments (Market)	\$0.89	Hollow Tree Apartments (Market)	\$0.82	Parkway Estates (@60%)(2BA)	\$0.78
			Classified Listings (Market) - Low	\$0.89	Parkway Estates (@60%)	\$0.77	Hollow Tree Apartments (@50%)(2BA)	\$0.78
			Parkway Estates (@60%)	\$0.85	Knox Crest Apartments (Market)	\$0.77	Hollow Tree Apartments (@60%)(2BA)	\$0.78
			Hitchcock Apartments (Market)	\$0.83	Pleasant Terrace Townhomes (Market)(1.5BA)	\$0.76	Bridlecreek Apartments (Market)(2.5BA)	\$0.68
			Hollow Tree Apartments (@50%)	\$0.73	Locust Street Apartments (Market)	\$0.75	Classified Listings (Market) - Low	\$0.53
			Hollow Tree Apartments (@60%)	\$0.73	Bridlecreek Apartments (Market)(2BA)	\$0.73	Hollow Tree Apartments (@30%)(2BA)	\$0.43
			Hollow Tree Apartments (@30%)	\$0.65	Hollow Tree Apartments (@50%)	\$0.72	River Oaks Trails (@30%)(2BA)	\$0.32
					Hollow Tree Apartments (@60%)	\$0.72		
					Bridlecreek Apartments (Market)(2BA)	\$0.54		
					Classified Listings (Market) - Low	\$0.53		
					Hollow Tree Apartments (@30%)	\$0.46		
					River Oaks Trails (@30%)(2BA)	\$0.33		

*Rents are utility adjusted to reflect the most common utility structure in the market (water, sewer, and trash removal included in the rent. Rents are also adjusted for any concessions.

*Market rate units with rents below the maximum allowable LHCT rents (highlighted in yellow) are considered naturally occurring affordable housing units.

OWNER MARKET

Data on the ownership market comes from a variety of sources including secondary data sources such as realtor.com, American Community Survey from the U.S. Census Bureau, Zillow.com, and Rocket Homes Real Estate, as well as from local stakeholders including real estate agents. Data points and trends will vary somewhat depending on the geographic area, source data, and methodologies. There are also strengths and weaknesses associated with each data source. The following section summarizes some of these differences.

- A Multiple Listing Service (MLS) is a database established by cooperating real estate brokers to provide data about real property sales; the source data comes from the real estate agents and brokers associated with the sale. Information from the local MLS system was not available due to proprietary concerns. Although sales data was not directly available from the local MLS system, sales are also tracked by public sources including Zillow and realtor.com, as well as by local real estate agents. Further, select organizations such as Redfin and Rocket Homes aggregate MLS data and provide summary market reports for select housing markets, and one such report is presented herein.
- List and sale price trends are heavily influenced by the supply that is listed and the supply that sells; more often than not, this is not representative of the entire housing supply in a given area. We also therefore also provide data on home values. Home value data comes from two sources. First, the U.S. Census Bureau's ACS; similar to all ACS data, home value data is based on self-reports where the value is the respondent's estimate of how much the property would sell for if it were for sale. But people are not always the most informed about home prices and values. For example, a 2015 study by the Lincoln Institute on Land Policy found that 90 percent of respondents overestimated the value of their homes relative to assessment records. Assessed values also do not always reflect 100 percent of fair market values, particularly in places that do not perform regular re-evaluations. In response to these limitations, Zillow developed a measure called the Zillow Home Value Index (ZHVI), which assumes that all homes transfer at each given point in time, generating estimates of what hypothetical sale prices would be based on a variety of factors including sale prices of actual sale transactions. The ZHVI then represents the typical home value for an area, calculated as the weighted average of the middle third of homes in a particular area. Zillow also provides estimate the typical value of homes in the bottom and top tier. This tiered approach allows for a more detailed analysis of value changes because a rise in the median home value of a single distribution could be attributed to growth at the top of the distribution or removals at the bottom. The main strength of Zillow data, that it addresses sensitivities to whatever supply is actually listed/sold, also has the potential to be a weakness as it is highly dependent on what data is publicly available. Further, the methodology does not consider condition, which is particularly relevant in markets with an older housing stock but much of which has been updated.

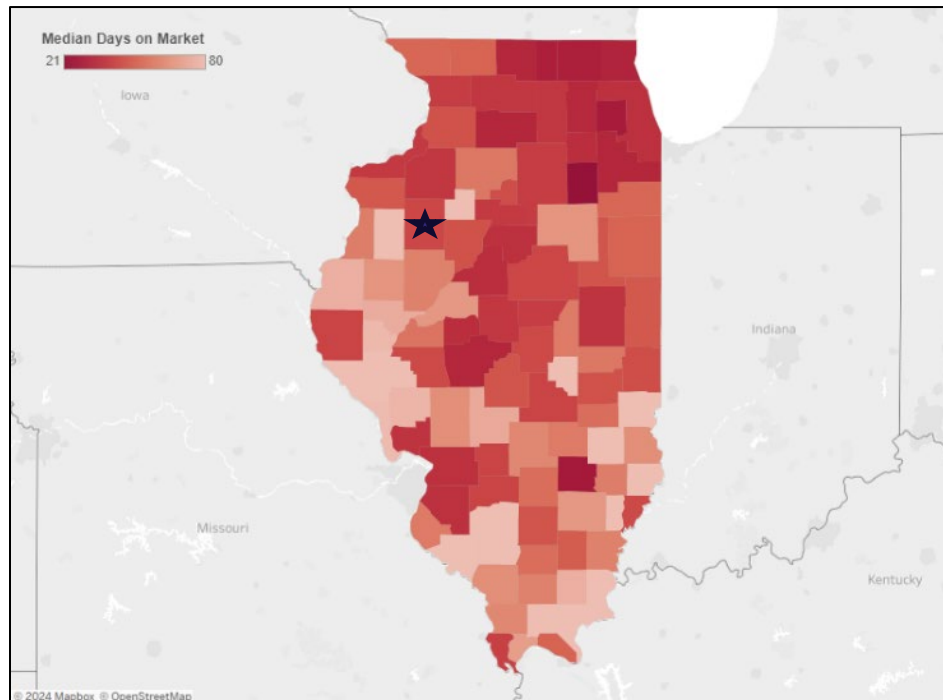
The section is organized as follows. First, given that over half of Knox County's housing stock (58.5 percent as of the 2020 Census) and current listings (65.6 percent) are in Galesburg, we provide an overview of ownership market in Knox County to situate Galesburg's housing market within its larger regional context. Second, we provide a more in-depth analysis of trends in the sale market within Galesburg analyzing trends in both sales and listing prices as well as home values.

Knox County Owner Market



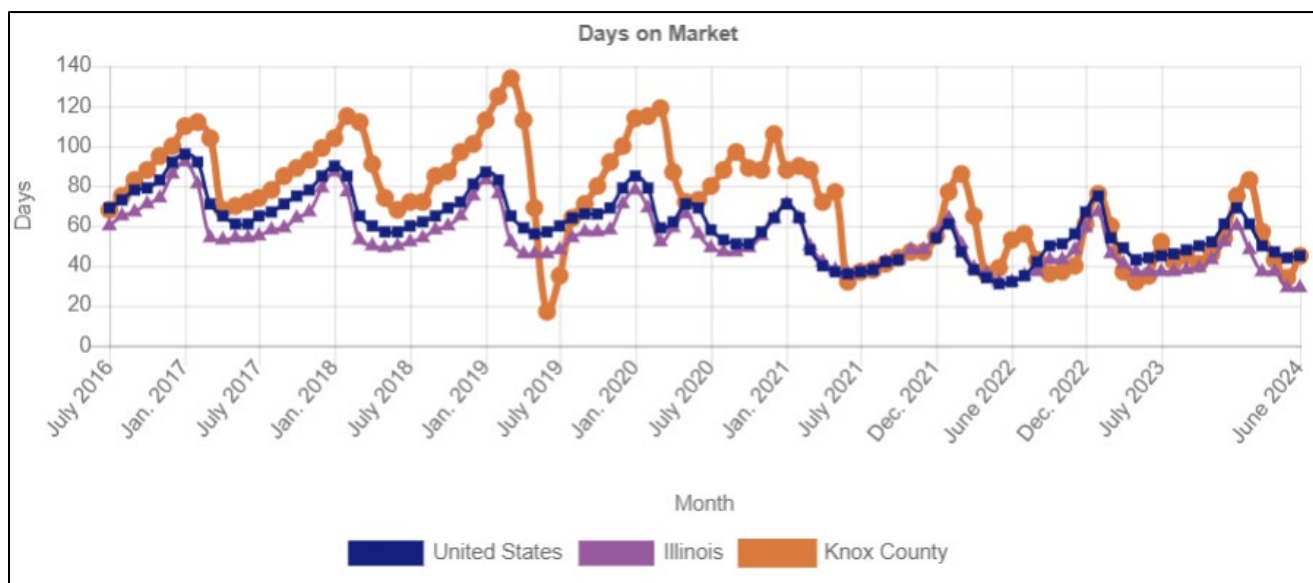
Source: Realtor.com, Knox County Real Estate Market Report, April 2024

The local housing market exhibits seasonality generally in line with national trends with the peaks typically occurring in mid to late summer and troughs in the winter. On average, the number of sales in Knox County appears to have trended slightly upward over the past decade. In the past year, however, the number of sales appears to have trended downward slightly. More specifically, the number of sales in April 2024 was down 23.3 percent compared to April 2023, despite an increase in inventory, with active listings up 20.0 percent and new listings up 25.9 percent compared to a year ago. As a result, the median days on the market as of June 2024 (45) also increased (9.8 percent) over the past year but is still generally average relative to county trends statewide, as evidenced below.

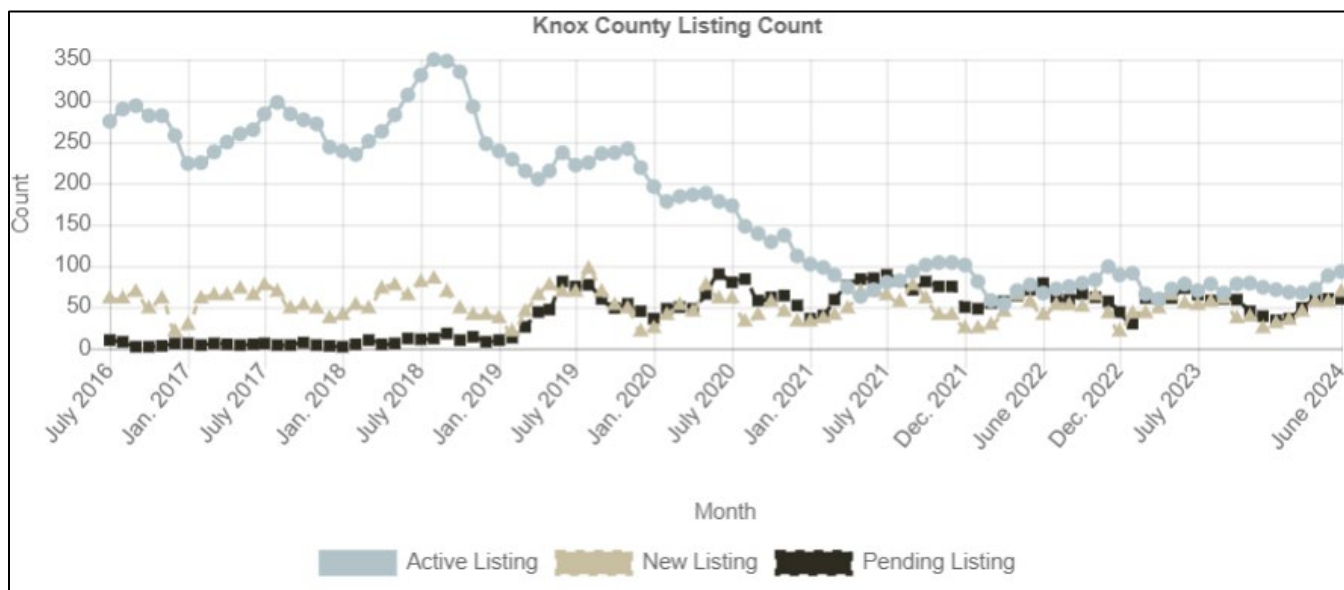


Source: Realtor.com, April 2024

Current trends in the Knox County housing market date back to before the onset of the COVID-19 pandemic and were then exacerbated by the pandemic and its impacts on markets nationwide. More specifically, the median days on the market decreased significantly in 2019 after which they increased slightly at the onset of the pandemic, but then steadily decreased (with seasonal fluctuations) since early 2021. An even more stark trend is evident within the number of active listings, which has decreased steadily, and considerably, since late 2018/early 2019. The following graphs illustrate the median days on the market and number of listings by month in Knox County since July 2016.



Source: Realtor.com, Knox County Real Estate Market Report, June 2024



Source: Realtor.com, Knox County Real Estate Market Report, June 2024

Despite the increase in available supply, which would typically coincide with a subsequent decrease in price, the median sold price as of June 2024 (\$107,027) is up 7.1 percent over the past year and the current median list price as of June 2024 (\$155,000), although below the statewide average, is also higher (22.8 percent) compared to a year ago. Further, the median list price is currently at an eight-year peak. These trends are illustrated in the table (median sale price) and graph/map (median list price) following.

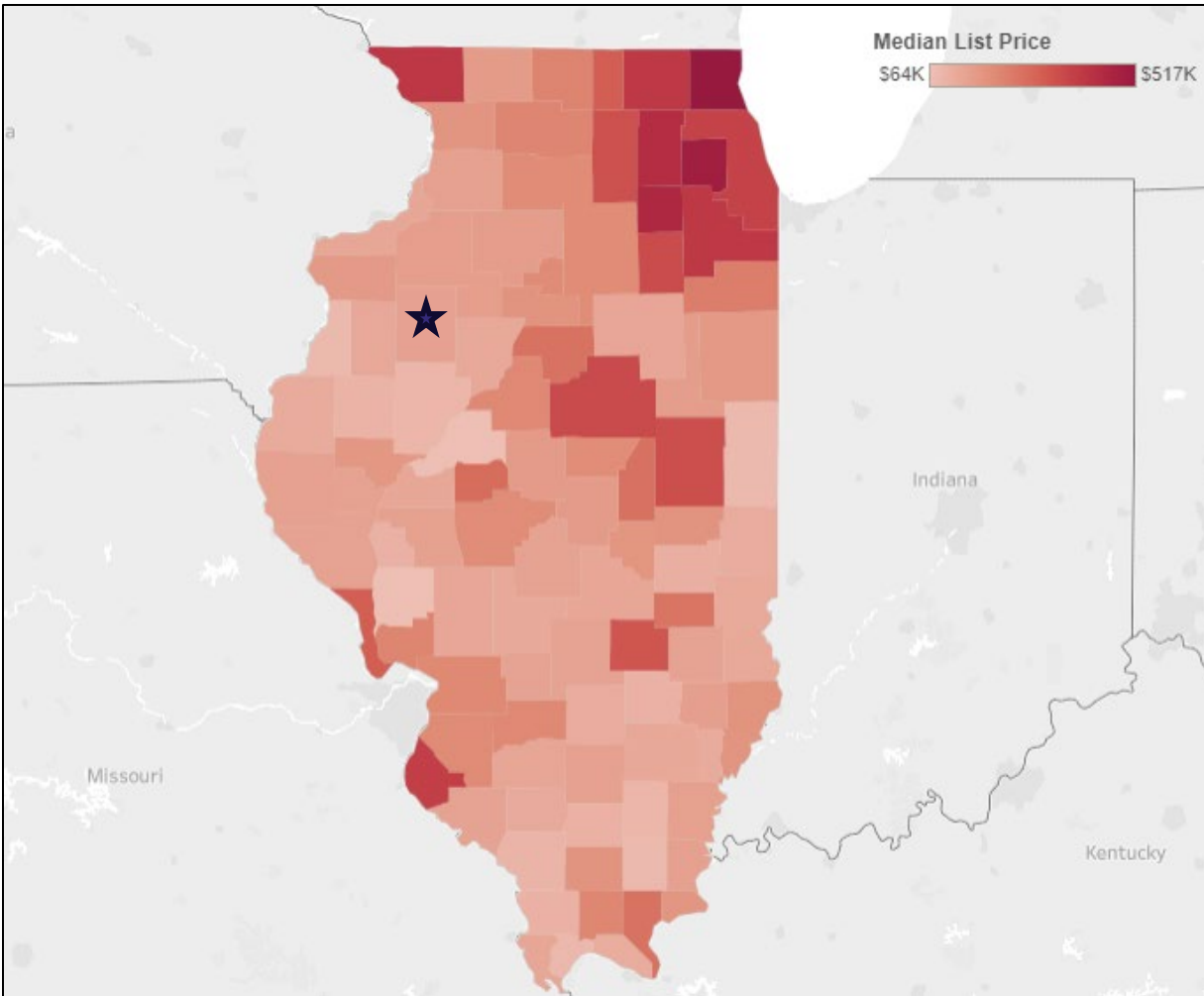
As illustrated, the median sale price in Knox County as of June 2024 was higher than that of neighboring Warren County, generally in line with that of Fulton and Stark Counties, and well below that of Peoria County. With the exception of Warren County, median sale prices increased in all counties with the largest increase in Fulton County and the median sale price in Warren County actually decreasing.

Median Sold Price Compared To Nearby Counties			
COUNTY	JUN 2023	JUN 2024	CHANGE
Fulton County	\$85K	\$100K	+17.6% ↑
Knox County	\$99.9K	\$107K	+7.1% ↑
Stark County	\$101K	\$105K	+4.0% ↑
Peoria County	\$134.6K	\$137.2K	+1.9% ↑
Warren County	\$91K	\$79.5K	-12.6% ↓

Source: Rocket Homes Real Estate, Galesburg Housing Market Report, July 2024

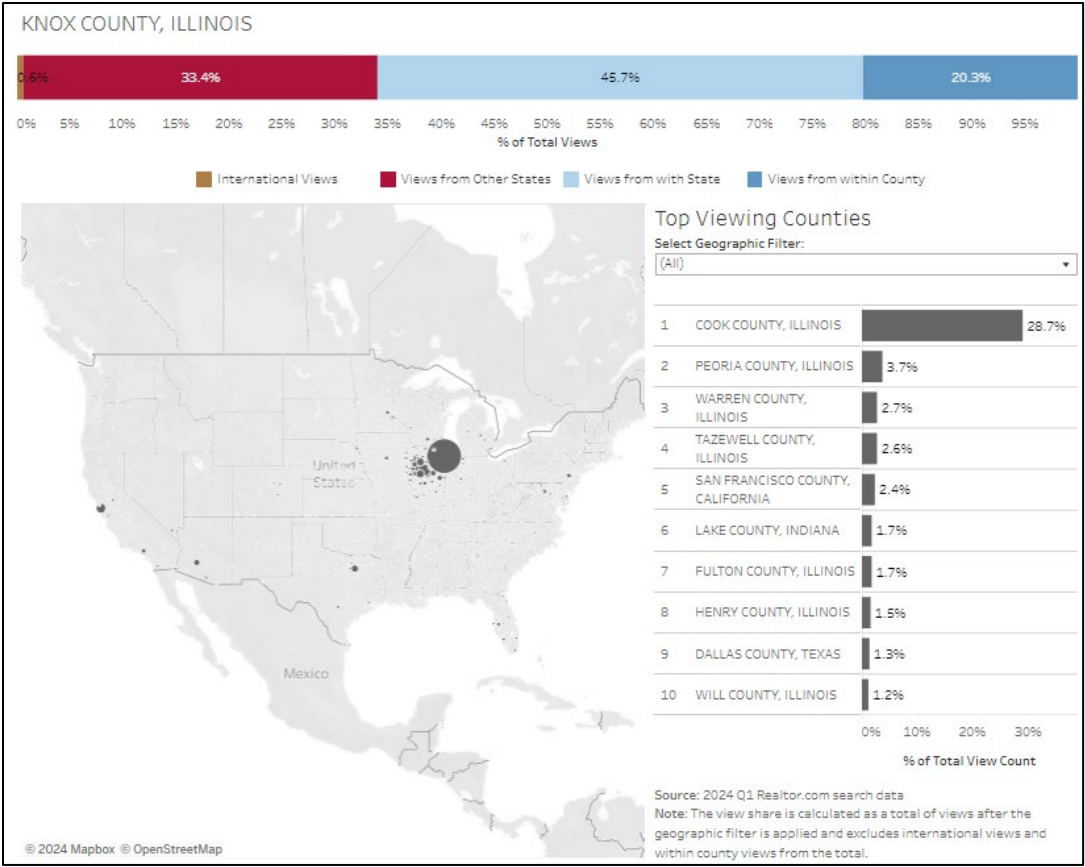


Source: Realtor.com, Knox County Real Estate Market Report, June 2024

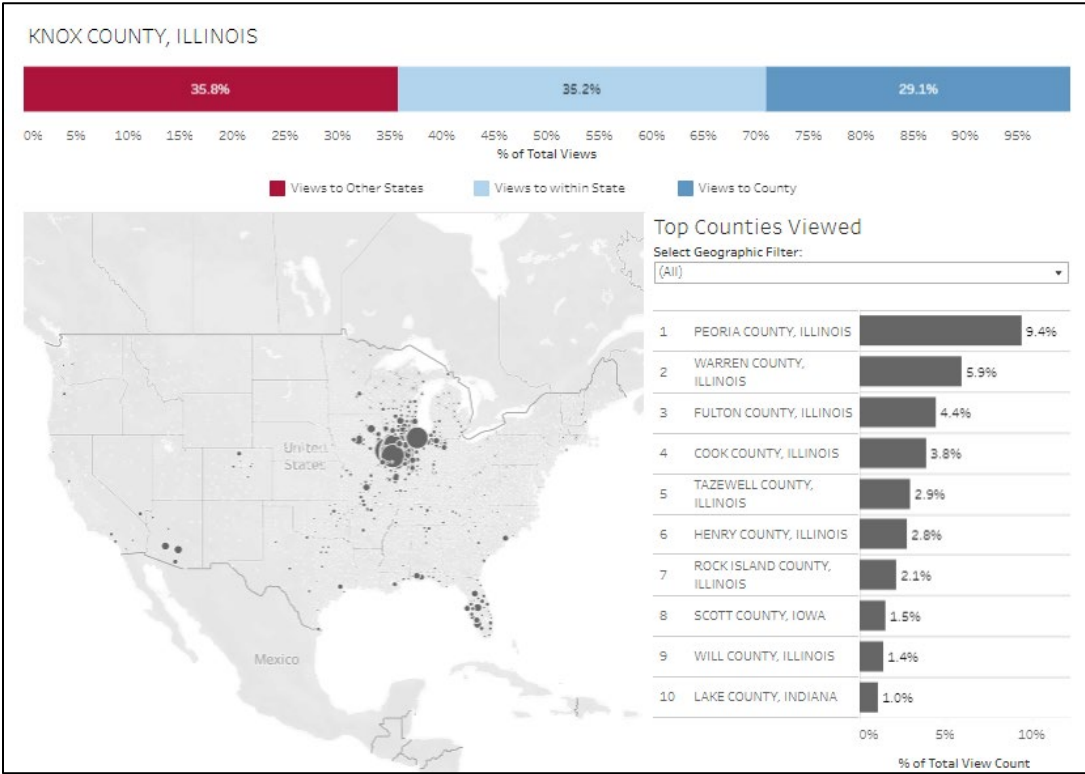


Source: Realtor.com, Knox County Real Estate Market Report, June 2024

Realtor.com also tracks two measures of housing demand. The first, views to the county, reportedly measures where demand is coming from, i.e. the source location of viewers of Knox County listings. The second, views from the county, reportedly measures what other markets homebuyers in Knox County are considering. The graphics on the following page summarize these two measures of demand for Knox County.



Approximately one third of views of listings in Knox County come from out of state, a third from Cook County (Chicago), and a fifth from within Knox County itself. According to this, a notable source of potential demand for the Knox County ownership market is external.



Demand from within the county however is more evenly distributed between interest to remain in the county, interest in other counties but within the state, and interest in neighboring Peoria and Warren as well as in other states.

Source: Realtor.com, Knox County Real Estate Market Report, June 2024

Galesburg Owner Market

The following section describes the current state of the owner market in Galesburg including the most current sale data as well as home values and monthly ownership costs. Where available and appropriate, the owner market in Galesburg is compared to that of the nation, state, and county as well as the comparable markets of Canton, Macomb, Bloomington, and Champaign. It is worth noting that these statistics can vary depending on source. For the purposes of sale data, we rely on a combination of sources including market data provided by Rocket Homes Real Estate, which bases its market reports on information from local Multiple Listing Service (MLS) databases. For Galesburg, market trends are based on information from RMLS Alliance, Midwest Real Estate Data, and Mid America Regional Information System. Other organizations such as Redfin, Realtor, and Zillow, also provide market level statistics based on data from MLS systems and/or public records, but do not necessarily provide the exact source material. For the purposes of home value data, we rely on a combination of data from the U.S. Census Bureau as well as Zillow, a leading real estate marketplace company that provides a series of products on housing market conditions and trends.

[Sale Data](#)

Market Overview

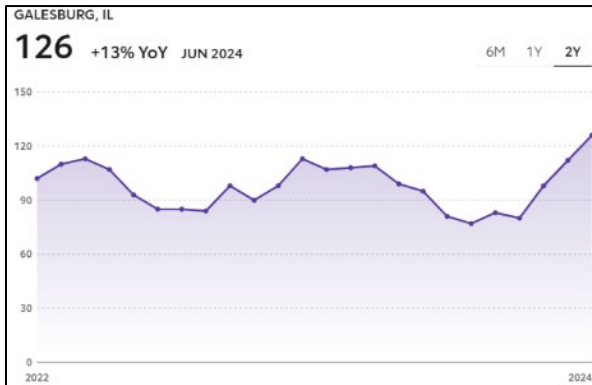
The following section presents data on the number of homes sold, listed, average days on the market, and sale price trends for Galesburg. Months of supply refers to the number of months it would take for the current inventory of homes on the market to sell given the current sales pace. Historically, six months of supply is associated with moderate price appreciation and is considered a neutral market. Anything less than six months is considered a seller's market and anything more than six months is considered a buyer's market. In a seller's market, homes sell faster, and prices tend to be pushed up more rapidly. In a buyer's market, prices tend to be lower, and homes sit for longer. The months of inventory is calculated by dividing the number of listings by the sale pace. Depending on the source, which varies based on the underlying source data and exact timing of when the calculation is estimated within the month, as of June 2024 Galesburg had between 4.5 (Rocket Home Mortgage) and 4.9 (Platinum Key Real Estate) months of inventory; thus, the Galesburg sale market is a slight seller's market, and this is generally consistent with its performance in June 2023. With the exception of Macomb, all of the comparable markets (Canton, Bloomington, and Champaign) are all also classified as Seller's markets. The following graph illustrates the months of inventory in Galesburg relative to that of the comparable markets.

Market	Total Listings	Average Days on the Market	# Homes Sold (June 2024)	Months of Supply	Market Characterization
Canton	57	20	14	4.1	Seller's
Macomb	93	24	13	7.2	Buyer's
Galesburg	126	33	28	4.5	Seller's
Bloomington	388	17	113	3.4	Seller's
Champaign	302	11	94	3.2	Seller's

Source: Rocket Homes Real Estate, June 2024 Housing Market Reports, July 2024

Total Listings

As of June 2024, there were 126 homes for sale in Galesburg, an increase of 13.0 percent over the past year. As expected, the current number of listings in Galesburg is higher than that of the smaller comparable markets of Canton (57) and Macomb (93) and lesser than that of the larger comparables markets of Champaign (302) and Bloomington (388). The most common unit type among the current listed inventory in Galesburg is three-bedroom homes, followed by two and four-bedroom homes. There is a limited supply of one and five-bedroom homes currently for sale.



# BEDROOMS	MAY 2024	JUN 2024	CHANGE
1 Bedroom	3	5	+66.7% ↑
2 Bedrooms	30	33	+10.0% ↑
3 Bedrooms	49	58	+18.4% ↑
4 Bedrooms	21	21	0.0%
5+ Bedrooms	7	9	+28.6% ↑

Source: Rocket Homes Real Estate, Galesburg Housing Market Report, July 2024

As previously mentioned, sale prices are dependent on both the characteristics of the properties themselves as well as market conditions. The following discussion analyzes the relationship between sale prices and various attributes of the housing stock in Galesburg for sale that transferred in the past two years.

Days on the Market

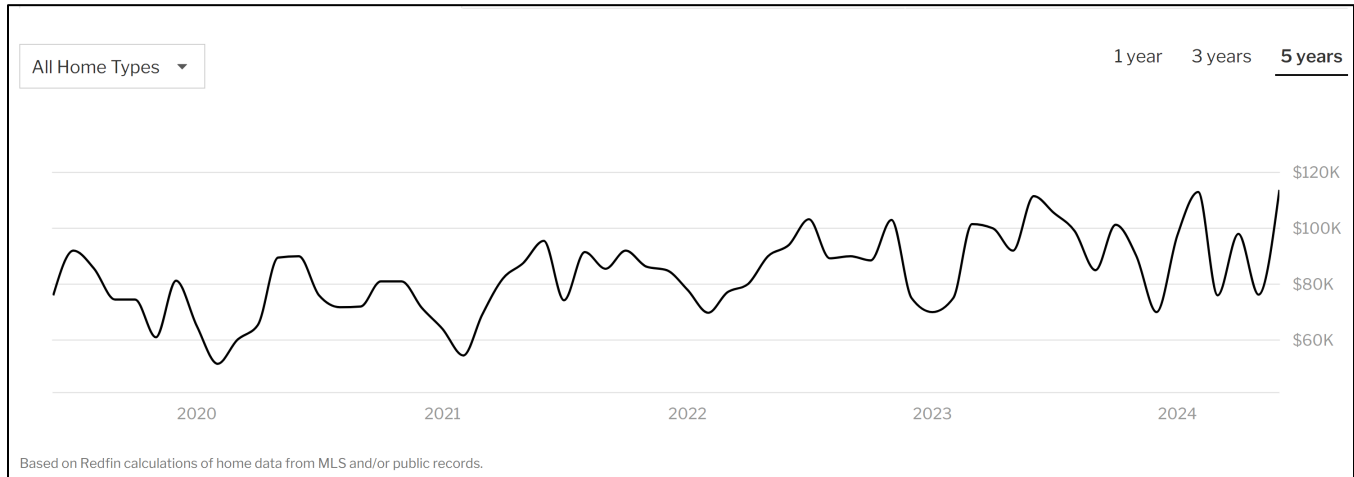
As of June 2024, the average number of days on the market in Galesburg was 33 days, up 21.4 percent over the past year. While the percent increase appears substantial, it translates into just one additional week in terms of time and as such the change in the average days on the market is not considered particularly significant. In July 2022, the average days on the market was 22 days; since then interest rates have risen considerably and are likely one contributing factor to the rise in the average number of days on the market. The vast majority of homes that sold in June 2024 (71 percent) sold in under 30 days; an additional 21 percent sold within 30 to 90 days, and the final seven percent were sold after over 90 days on the market. Two and four-bedroom units currently sell the fastest (20 and 21 days, respectively) and three-bedroom units the slowest (53 days).



Source: Rocket Homes Real Estate, Galesburg Housing Market Report, July 2024.

Median Sold Price

According to the Rocket Homes Real Estate Housing Market Report, which generates summary statistics based on the aggregation of MLS and other public records, as of June 2024 the median sold price in Galesburg was \$99,725, an increase of 5.9 percent, or \$5,537, over the median sold price from June 2023. It is worth noting that other sources may generate slightly different median sold prices based on differing methodologies. For example, according to Redfin the median sold price is slightly higher (\$113,750). The following graph illustrates the median sold price over the past five years in Galesburg.



Source: Redfin.com, July 2024

As illustrated, the median sold price has trended upward over the past five years and although the magnitude of the increase is not that significant in terms of dollar amount (approximately \$30,000 over five years), given the relatively low starting point in Galesburg the magnitude of this increase in terms of percent growth is sizeable (approximately 38 percent, or an average annual increase of 7.5 percent).

The following table compares median sold price trends in Galesburg relative to that of the comparable markets based on Rocket Homes Real Estate Housing Market Reports.

Market	Median Sold Price	% Annual Increase	\$ Annual Increase
Canton	\$112,000	40.0%	\$32,100
Macomb	\$98,575	19.5%	\$16,075
Galesburg	\$99,725	5.9%	\$5,537
Bloomington	\$241,854	8.0%	\$17,865
Champaign	\$219,829	18.8%	\$34,829

Source: Rocket Homes Real Estate, June 2024 Housing Market Reports, July 2024

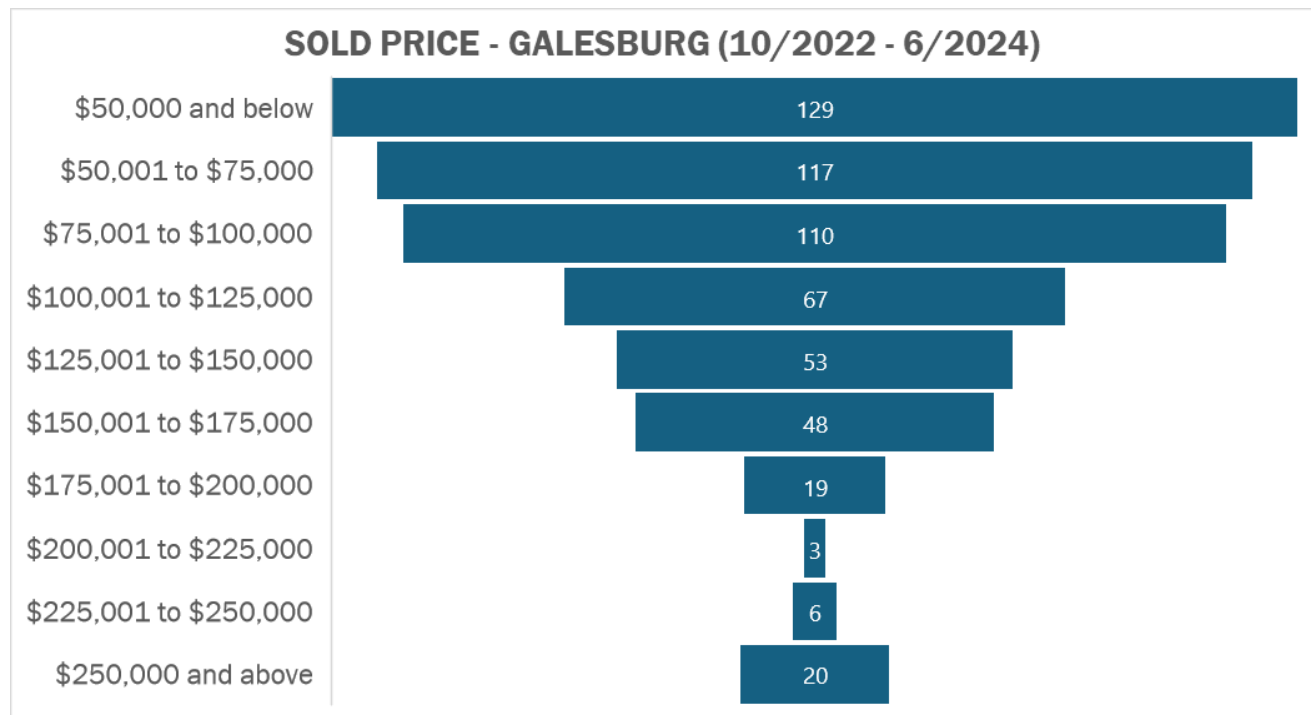
As illustrated, the median sold price in Galesburg is comparable to that of Macomb, slightly lower than that of Canton, and well below that of the larger markets of Bloomington and Champaign. Further, although the median sold price in Galesburg has increased over the past year, the percentage and dollar increase locally is less substantial than that reported in each of the comparable markets.

Supply Attributes

Trends in the median prices depend both on market conditions as well as on the specific attributes of the inventory that is listed and transfers. In particular, the size distribution of homes listed and sold can impact median sale price trends particularly if one year has a disproportionate number of smaller (or larger) homes

relative to the preceding/subsequent years. The following section analyzes the relationship between sold prices and various attributes of the transferred and listed housing stock in Galesburg. The underlying data for portions of this analysis is based on sale and listing records on Zillow since October 2022. Overall, there are 749 sale records on Zillow during the survey period. Not all sale records, however, are complete. Of the total sales, the sold price and unit mix is available for 572 records, the above as well as the square footage is available for 564 records, and the above as well as the exact sale date for 494 records. The following analyses rely on the combination of third-party market reports as well as Novogradac's analysis of sale records for which the appropriate information was available.

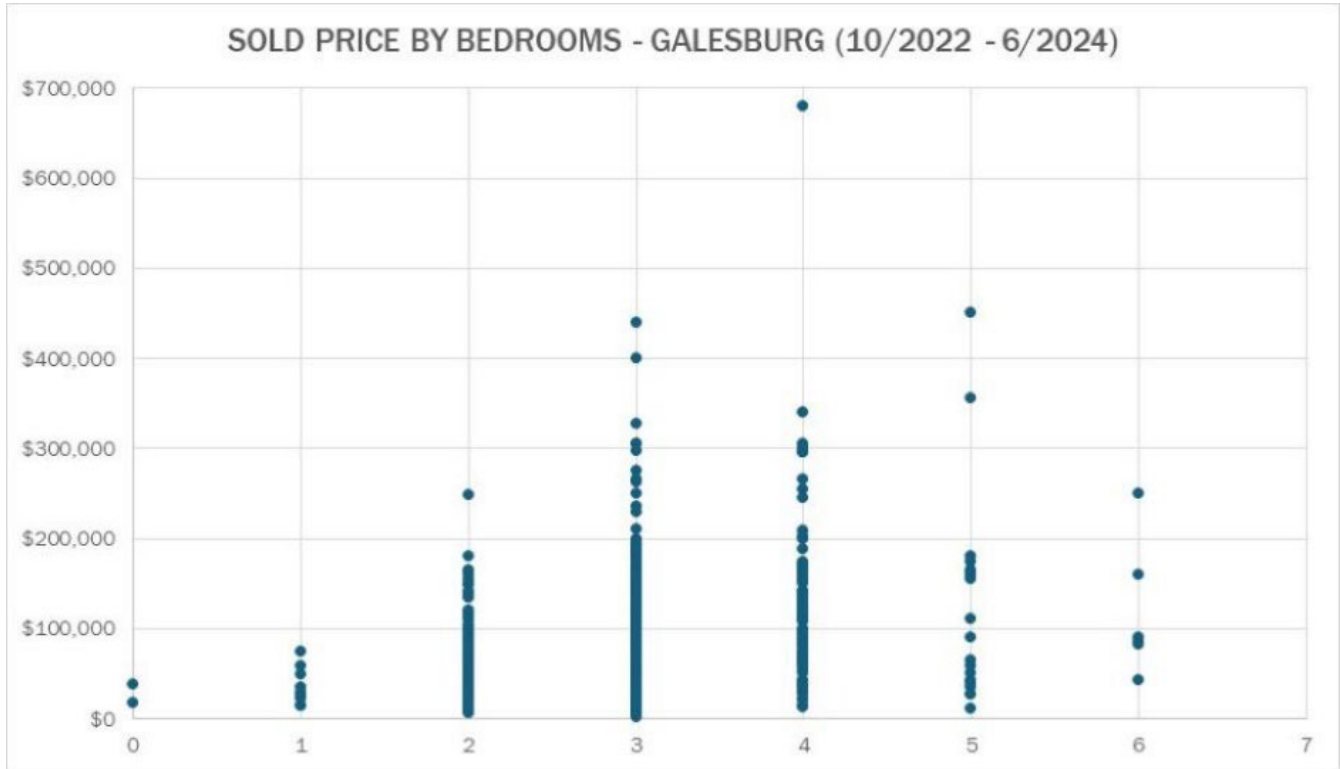
The following graph illustrates the distribution of homes sold in Galesburg since October 2022 by sale price in increments of \$25,000.



Source: Novogradac, Zillow sales data, June 2024

As illustrated, the vast majority of homes that sold during the reference period sold for less than \$100,000 with the largest number of sales transferring for \$50,000 or less.

The graph following illustrates the sold prices by bedroom count in Galesburg for sales from October 2022 through June 2024 based on Zillow records. In general, consistent with standard market dynamics, sale records in Galesburg indicate that larger unit types typically sell for higher prices. Above a certain size, however, the number of potential buyers decreases, particularly in a market such as Galesburg where the average household size is smaller than the national average and the majority of the housing supply was built prior to 1939 and may be in need of more substantial repairs, the price of which is generally more substantial for larger homes.



Source: Novogradac, Zillow sales data, June 2024

It is worth noting that while the age/condition of the housing supply certainly impacts overall sale trends, an analysis based on condition is difficult given data limitations as (1) Zillow records do not track renovations or condition and (2) a significant amount of Galesburg's housing stock is older, and while some has been renovated/updated, much has not and renovation data is generally not available in sale records. Thus, any comparison based on year built alone would likely be misleading. We have nevertheless included a rough comparison of median sold prices for more recent construction (built since 2000) relative to the median sold price of all sale records; this comparison is illustrated in the following table.

RECENT CONSTRUCTION PRICE PREMIUM

Unit Size	All Sales	Built Since 2000	Recent Construction Premium
2BR	\$70,000	\$148,000	\$78,000
3BR	\$100,000	\$131,000	\$31,000
4BR	\$119,500	\$170,200	\$50,700
5BR	\$100,000	\$262,500	\$162,500

Source: Novogradac analysis of Zillow sale records (10/2022 - 6/2024)

As illustrated, there does appear to be a sizeable price premium for more recent construction. We are aware of one newer subdivision in Galesburg, Lincoln Park North (also known as Marmac Greens). The subdivision is located on the northern border of the city on Marmac Court near Lincoln Park. The subdivision was developed in 2017 with 13 single-family home lots and 24 duplex lots. To date however only four single-family homes and three duplexes (six total units) have been developed in the subdivision and all were built in 2017 and 2018. Sales of the 10 units occurred between May 2017 and December 2021 and range in price from \$179,900 to \$257,450 with the higher sale prices for the single-family homes and earlier sales as prices trended downward slightly from 2017 to 2021. The following table summarizes details of units sold at Lincoln Park North/Marmac Greens.

LINCOLN PARK NORTH/MARMAC GREENS - SOLD TO DATE

Address	Design	Bedroom	Bathroom	Size (SF)	Sale Date	Sold Price	Sold Price / SF	Yr Blt	Lot Size
126 MARMAC CT	Duplex	2	2	1,530	12/3/2021	\$197,500	\$129	2017	0.29
62 MARMAC CT	Duplex	3	2	1,648	10/5/2021	\$224,000	\$136	2018	
52 MARMAC CT	Duplex	3	2	1,648	7/22/2021	\$220,000	\$133	2018	
120 MARMAC CT	Duplex	2	2	1,488	10/1/2020	\$179,900	\$121	2017	0.27
3365 LINCOLN PARK DR	SFH	3	2	1,980	8/28/2019	\$257,000	\$130	2018	0.36
23 MARMAC CT	Duplex	3	2	1,804	7/17/2018	\$203,000	\$113	2017	0.24
3247 LINCOLN PARK DR	SFH	3	2	2,006	6/28/2018	\$262,500	\$131	2017	0.41
3345 LINCOLN PARK DR	SFH	3	2	2,010	12/15/2017	\$269,000	\$134	2017	0.36
3383 LINCOLN PARK DR	SFH	3	2	2,045	7/6/2017	\$272,400	\$133	2017	0.36
13 MARMAC CT	Duplex	3	2	1,829	5/16/2017	\$257,450	\$141	2017	0.26

To date there are nine additional single-family lots and 18 duplex lots that have not yet been improved. The annual HOA fees at the time of these sales was \$1,900. To date there are nine additional single-family lots and 18 duplex lots that have not yet been improved. The subdivision is the first new subdivision in Galesburg in over a decade. The subdivision is somewhat unique in that the duplex lots are larger than those at typical duplex/townhome developments. For example, the duplex lots in this subdivision range from approximately 0.24 to 0.29 acres compared to 0.12 to 0.14 acres at other duplex subdivisions such as Seminary Villas (0.12 to 0.14 acres) putting them more in line with the Mayberry single-family cluster home subdivision (0.23 to 0.24 acres). Thus, by design the units have the weakness of less privacy associated with the duplex design, but without the benefit of being on a smaller lot with less maintenance responsibilities. This together with the higher price points at Lincoln Park North/Marmac Greens make the development less attractive as an option for senior households looking to downsize, and are reportedly contributing factors to the subdivision's lack of success. The development does, however, offer good access to a variety of locational amenities including green space, the hospital, and major retail/commercial.



Lincoln Park North/Marmac Greens



Lincoln Park North/Marmac Greens



Lincoln Park North/Marmac Greens



Lincoln Park North/Marmac Greens



Lincoln Park North/Marmac Greens



Lincoln Park North/Marmac Greens



Lincoln Park North/Marmac Greens



Lincoln Park North/Marmac Greens

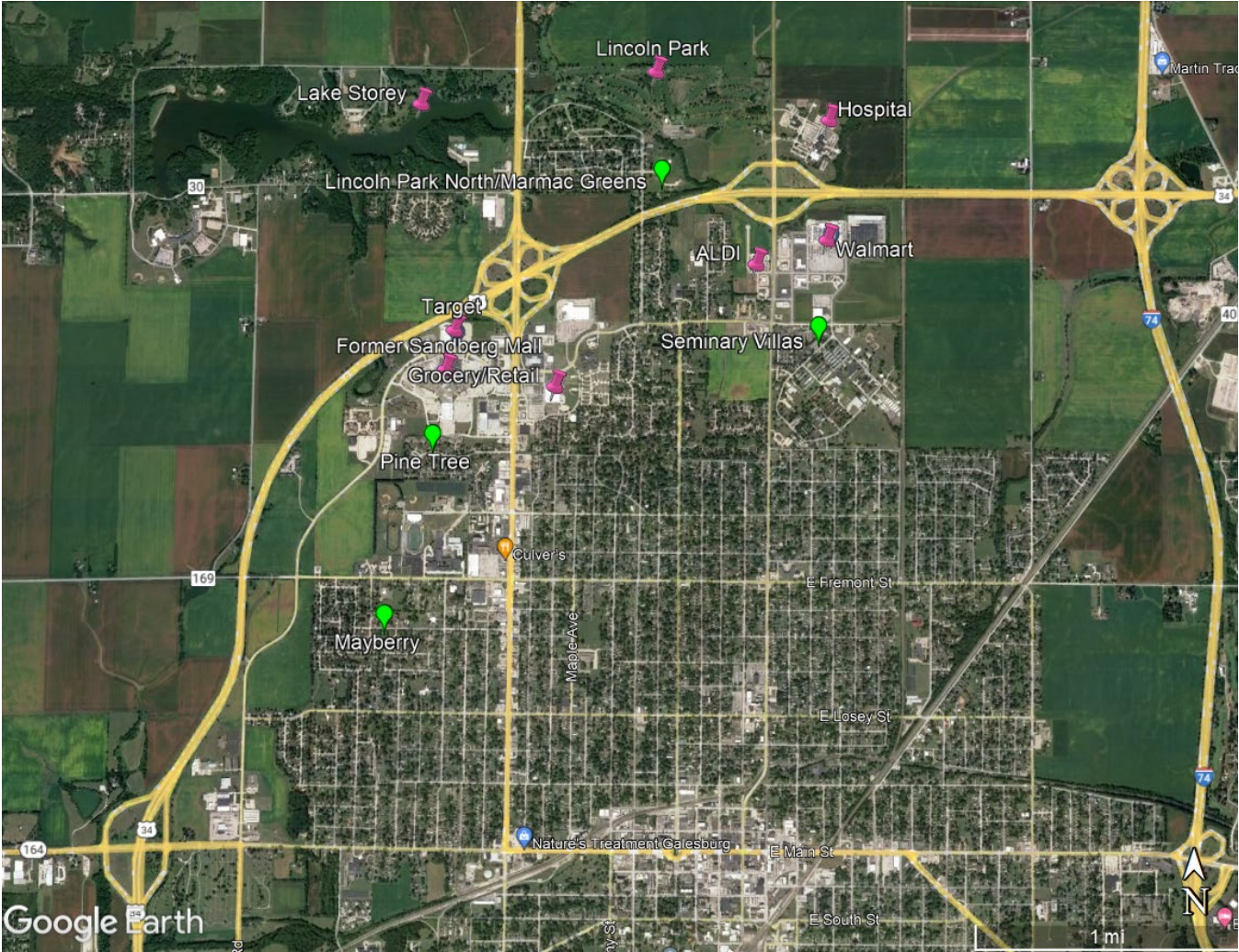


Lincoln Park North/Marmac Greens



Lincoln Park North/Marmac Greens

We also identified three additional relatively recently completed subdivisions: Seminary Villas (the duplex component of the larger full continuum of care development Seminary Village), Pinetree Lane, and Mayberry Lane. All three were built between 1998 and 2001 and all are age-restricted developments (55 and over); details on recent sales in these communities are included on the following pages as well as a map illustrating the location of these developments within Galesburg as well as the location of key locational amenities.



SEMINARY VILLAS (55+)

Address	Design	Bedroom	Bathroom	Size (SF)	Sale Date	Sold Price	Sold Price / SF	Yr Blt	Lot Size
2286 WINDISH DR UNIT #16	Duplex	2	2	1,531	1/5/2024	\$170,000	\$111	1997	0.13
649 CYPRESS LN	Duplex	2	2	1,398	4/24/2023	\$148,000	\$106	1998	0.14
593 CYPRESS LN	Duplex	2	2	1,598	12/5/2022	\$135,000	\$84	1998	0.12
2286 WINDISH DR #8	Duplex	2	2	1,369	11/11/2021	\$132,500	\$97	1997	-
2286 WINDISH DR UNIT #6	Duplex	2	2	1,369	7/29/2021	\$127,000	\$93	1997	0.13
2286 WINDISH DR	Duplex	2	2	1,389	4/30/2020	\$123,500	\$89	1997	0.13
2286 WINDISH #4	Duplex	2	2	1,500	8/29/2019	\$130,000	\$87	1997	0.33



Seminary Villas



Seminary Villas



Seminary Villas



Seminary Villas

PINE TREE (55+)

Address	Design	Bedroom	Bathroom	Size (SF)	Sale Date	Sold Price	Sold Price / SF	Yr Blt	Lot Size
1280 PINE TREE LN	Triplex	2	2	1,276	7/18/2024	\$172,000	\$135	2001	0.05
1248 PINE TREE LN	Triplex	2	2	1,276	11/9/2023	\$154,900	\$121	2001	-
1220 PINE TREE LN	Triplex	2	2	1,436	9/22/2023	\$165,000	\$115	2001	-
1180 PINE TREE LN	Triplex	2	2	1,276	8/22/2023	\$148,000	\$116	2001	-
1074 PINE TREE LN	Triplex	2	2	1,436	6/26/2023	\$165,000	\$115	1998	-
1160 PINE TREE LN	Triplex	2	2	1,436	11/18/2022	\$170,000	\$118	1998	-
1288 PINE TREE LN	Triplex	2	2	1,436	12/22/2021	\$147,000	\$102	2001	0.06
1116 PINE TREE LN	Triplex	2	2	1,276	10/15/2021	\$156,000	\$122	1998	0.06
1264 PINE TREE LN	Triplex	2	2	1,276	7/9/2020	\$145,900	\$114	2001	0.06



Pine Tree



Pine Tree



Pine Tree



Pine Tree

MAYBERRY LANE (55+)

Address	Design	Bedroom	Bathroom	Size (SF)	Sale Date	Sold Price	Sold Price / SF	Yr Blt	Lot Size
1029 Mayberry Ln	SFH	2	2	1,659	9/8/2022	\$175,000	\$105	2001	0.24
1045 Mayberry Ln	SFH	2	2	1,681	11/13/2020	\$160,000	\$95	2001	0.23
1026 Mayberry Ln	SFH	3	2	1,791	5/29/2020	\$150,000	\$84	2001	-



Mayberry Lane



Mayberry Lane



Mayberry Lane

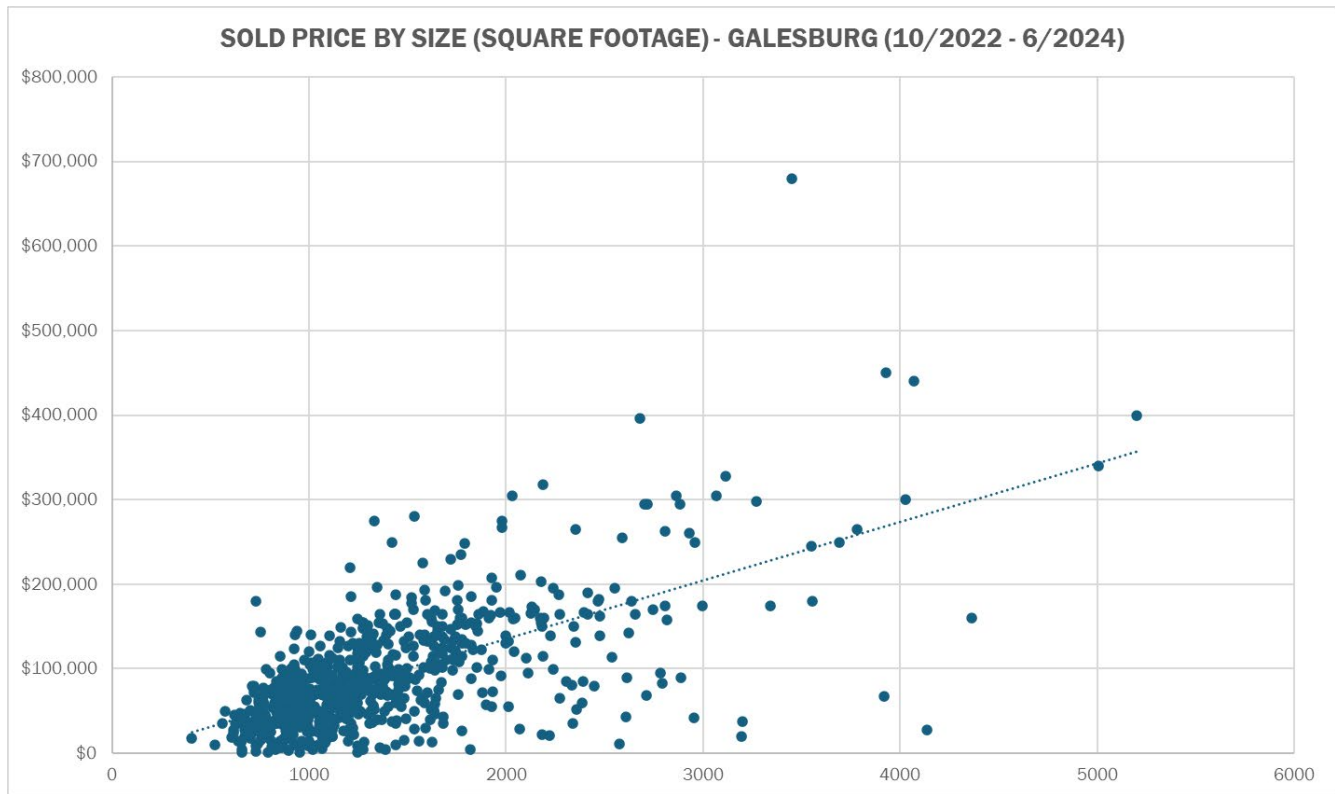


Mayberry Lane

Overall, the Lincoln Park North/Marmac Greens homes are the most recent additions to the Galesburg sales market, but their absorption has been low. The most recent sales in Lincoln Park North/Marmac Greens, which occurred in 2021, had a two-bedroom median sold price of \$197,500, well above the \$151,500 median sold price at Pine Tree and \$129,750 at Seminary Villas. In fact, the 2021 sold prices at Lincoln Park North/Marmac Greens continue to be higher than current sales at the other properties which have sold for \$170,000 to \$172,000 in 2024.

While the price points are arguably reasonable given the superior age/condition and size, the slow absorption suggests that there is a price ceiling for this type of product and/or the design is too unique in that it does not provide the main benefits of downsizing (smaller lot/maintenance responsibility and lower price point) given the targeted tenancy. The ongoing sale activity of smaller units at the other properties on smaller lots and at lower price points suggests there is demand in the market if priced appropriately.

The following graph illustrates the relationship between sold price and size (square footage) for all homes sold in Galesburg from October 2022 to June 2024 for which data was available.

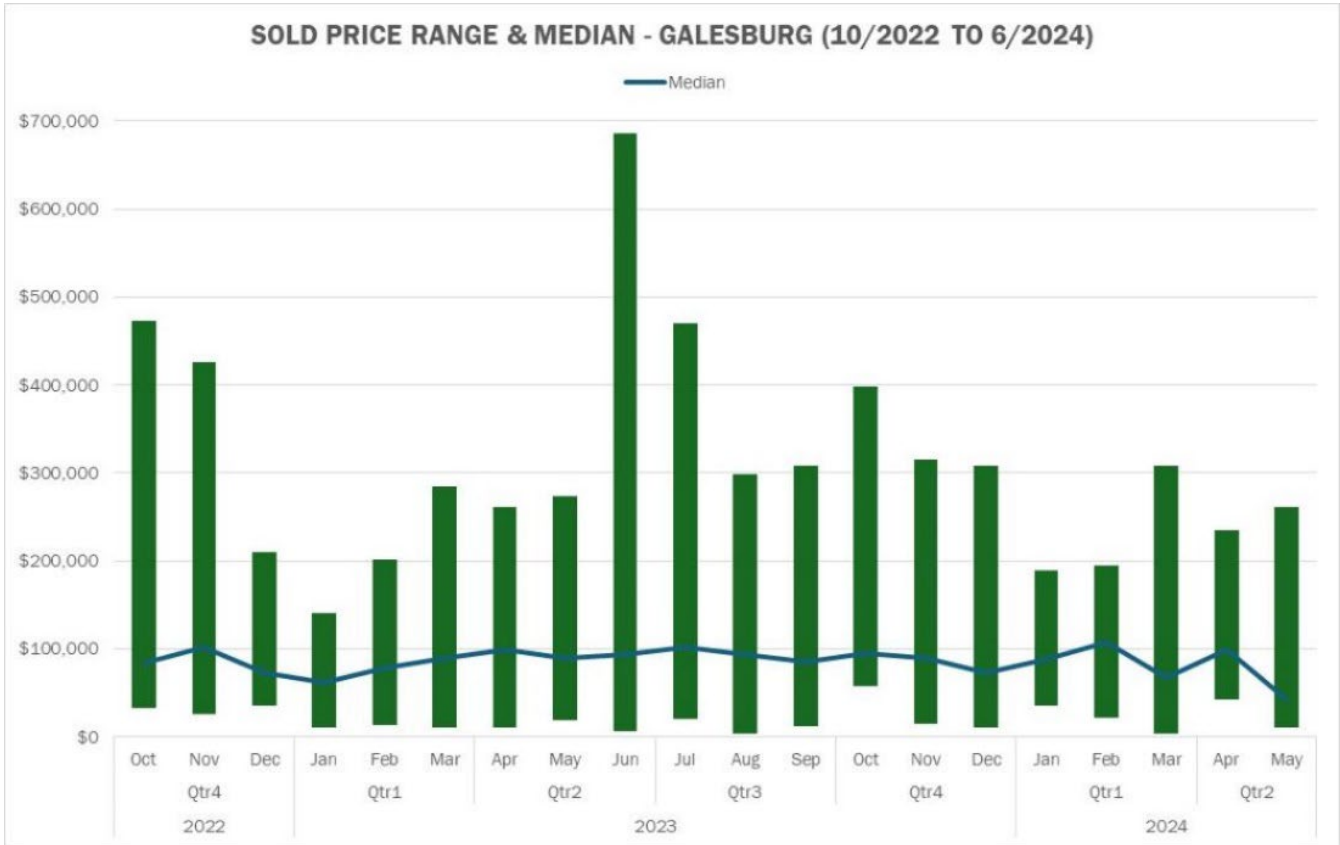


Source: Novogradac, Zillow sales data, June 2024

Like the relationship by bedroom, the sold price does generally trend upward as the size of the home increases. There are however low outliers, and these are likely homes in poor condition.

Other factors that impact prices include the home size in terms of square footage, lot size, features, and/or location, as well as market conditions more broadly including the number and characteristics of other listed/sold homes and time (season/year).

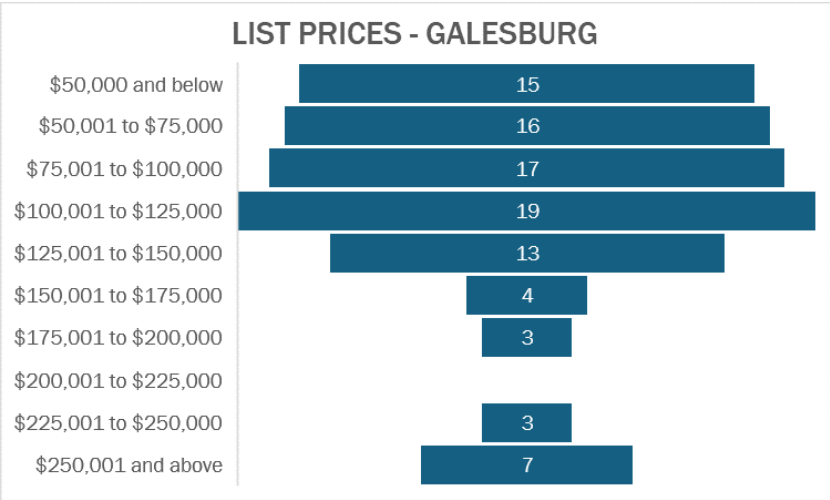
The graph on the following page illustrates the median sold price as well as the range of sold prices by quarter/month for complete sale records in Zillow from October 2022 through June 2024. As illustrated, sold prices over period surveyed generally exhibit seasonal patterns as expected with prices dropping in the winter and rising in the summer/fall. Further, with the exception of June 2023, the range of sold prices has remained fairly consistent over the time period with slightly less variation in the winter months, likely due to the lower sale volume.



Source: Novogradac, Zillow sales data, June 2024

Median List Price Versus Sold Price

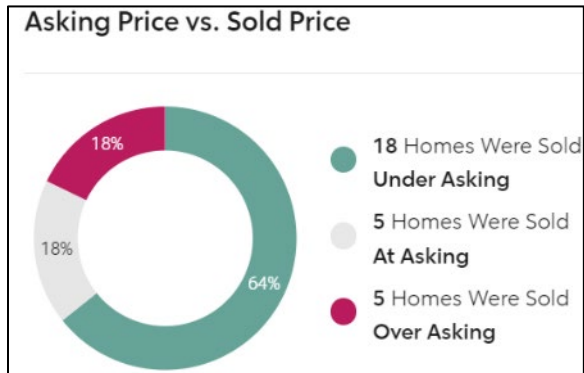
According to the Rocket Homes Market Report, as of June 2024, the median list price in Galesburg was \$114,900, above the median sold price of \$99,750. The following graph illustrates the distribution of homes by list price according to Zillow listings.



Source: Novogradac, Zillow sales data, June 2024

Although the listing distribution continues to be bottom heavy, similar to the sale distribution, the most common listing price category is homes priced from \$100,000 to \$125,000 compared to the most common price for sold homes since October 2022, which was homes priced at \$50,000 and below. This difference is consistent with information provided by local stakeholders who noted that prices have increased in recent years and that much of the stock now that is priced at or below \$75,000 is in poor to fair condition.

Although Galesburg is classified as a slight seller's market, of the homes sold in June 2024, the majority (64 percent) were sold for under asking price. This is generally consistent with trends in May 2024 where 69 percent of homes sold for under the list price and 24 percent for over the list price. Relative to the comparable markets, with the exception of Canton where 71 percent of homes sold for under asking, Galesburg generally had a larger share of homes sell at below asking prices; other comparable markets had between 22 and 46 percent of homes sell at below asking prices. According to Redfin however, although the average home in Galesburg does sell below asking, the discount is typically not substantial with sale to list prices consistently ranging from 90 to 100 percent since 2019. The following graph and table summarize these trends.



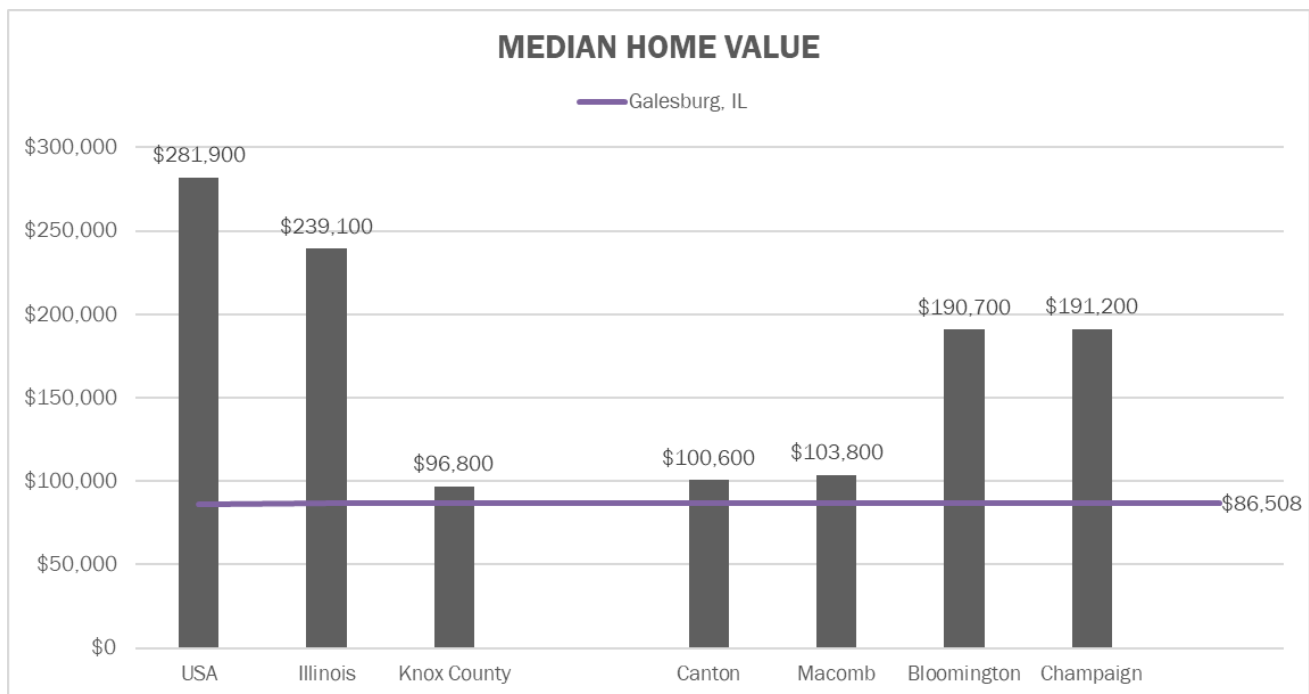
Source: Rocket Homes Real Estate, June 2024 Galesburg Housing Market Report, July 2024

Market	% Homes Sold for Under Asking (June 2024)
Canton	71%
Macomb	46%
Galesburg	64%
Bloomington	27%
Champaign	22%

Home Value Data

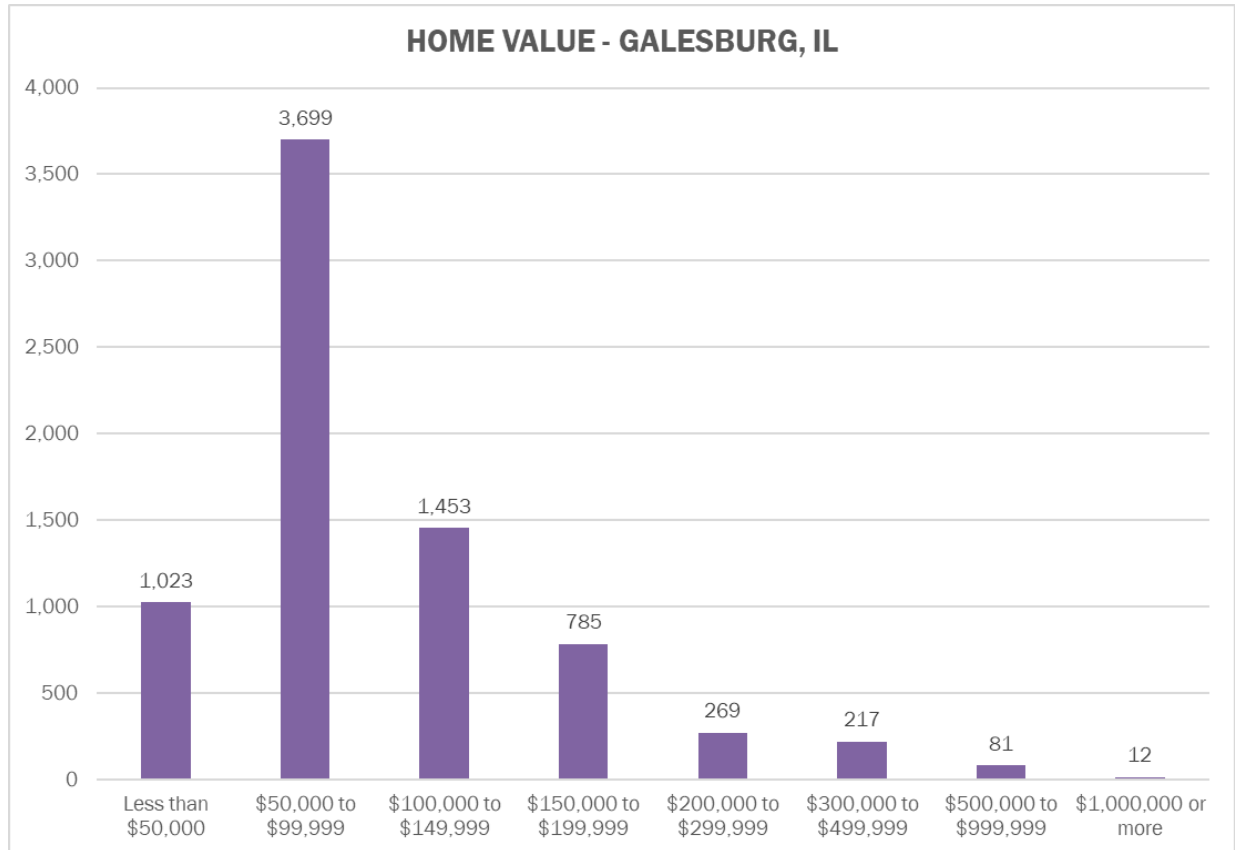
Given the fact that sale data is heavily influenced by the characteristics of the supply that is listed and the supply that is sold, we also present home value and monthly owner cost data as reported in the ACS by the U.S. Census Bureau and Zillow.

The following table illustrates the median value of owner-occupied housing units in Galesburg relative to the nation, state, and county as well as the comparable markets.



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

The median home value in Galesburg (\$86,508), is well below the national and statewide averages as well as that of the county and all of the comparable markets. While the median home value in the nation and state increased since the 2013-2017 ACS, the median home value in Galesburg is not statistically different to that reported in the 2013-2017 ACS; the median home values in Macomb and Bloomington decreased slightly since the 2013-2017 ACS.



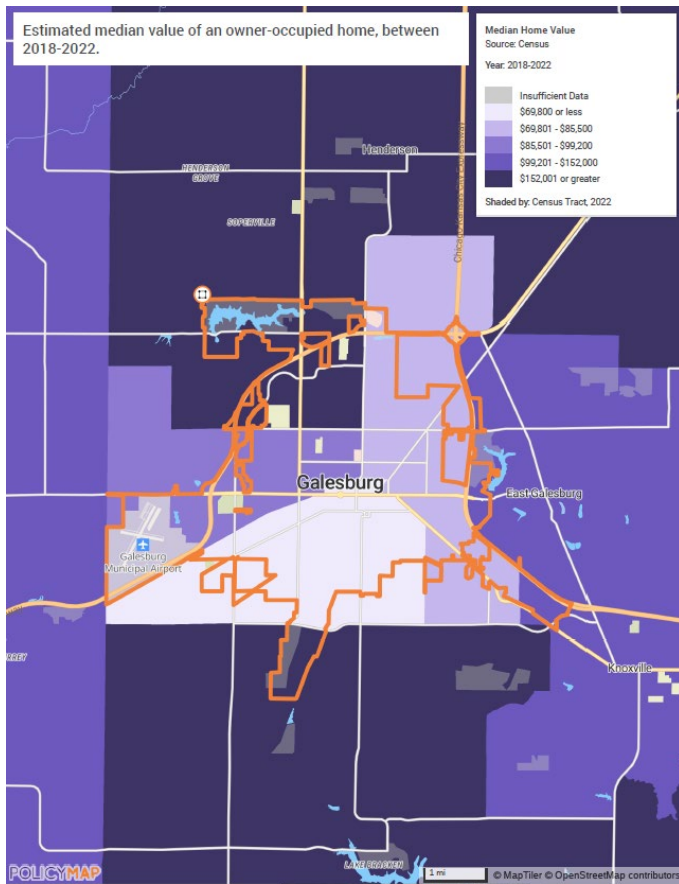
Source: U.S. Census Bureau, 2018-2022 American Community Survey 5-Year Estimates

As illustrated, the majority of homes in Galesburg are valued between \$50,000 and \$99,999 followed by homes valued between \$100,000 and \$149,999. Approximately 82 percent of homes in Galesburg are valued below \$150,000, most similar to, though still well above, that of Knox County, Canton and Macomb, and significantly more than that in the nation, state, Bloomington, and Champaign, as summarized in the table below. In terms of changes, the only category that has changed since the 2013-2017 ACS is homes valued below \$50,000, where the number of homes in this category decreased. Additionally, the current median home value in Galesburg is not statistically different from that reported in the 2013-2017 ACS data.

Area	Homes Valued Below \$150,000
USA	22.7%
Illinois	27.1%
Knox County	72.4%
Galesburg	82.0%
Canton	72.3%
Macomb	68.1%
Bloomington	34.5%
Champaign	33.2%

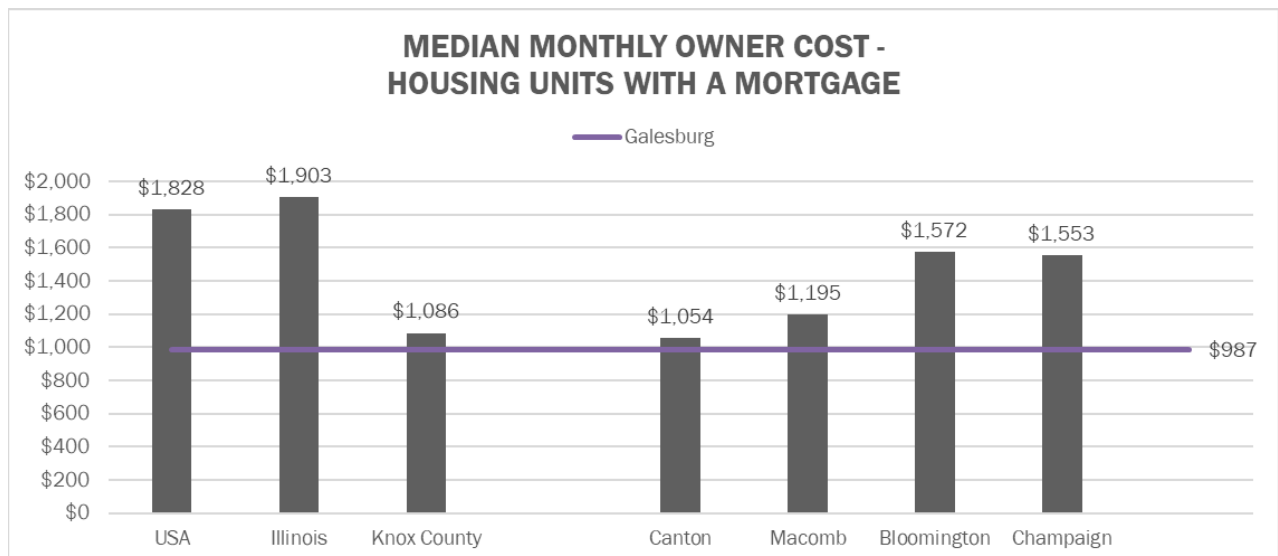
Source: U.S. Census Bureau, 2018-2022 American Community Survey 5-Year Estimates

The map on the following below illustrates median home values by census tract within Galesburg and the immediately surrounding areas.



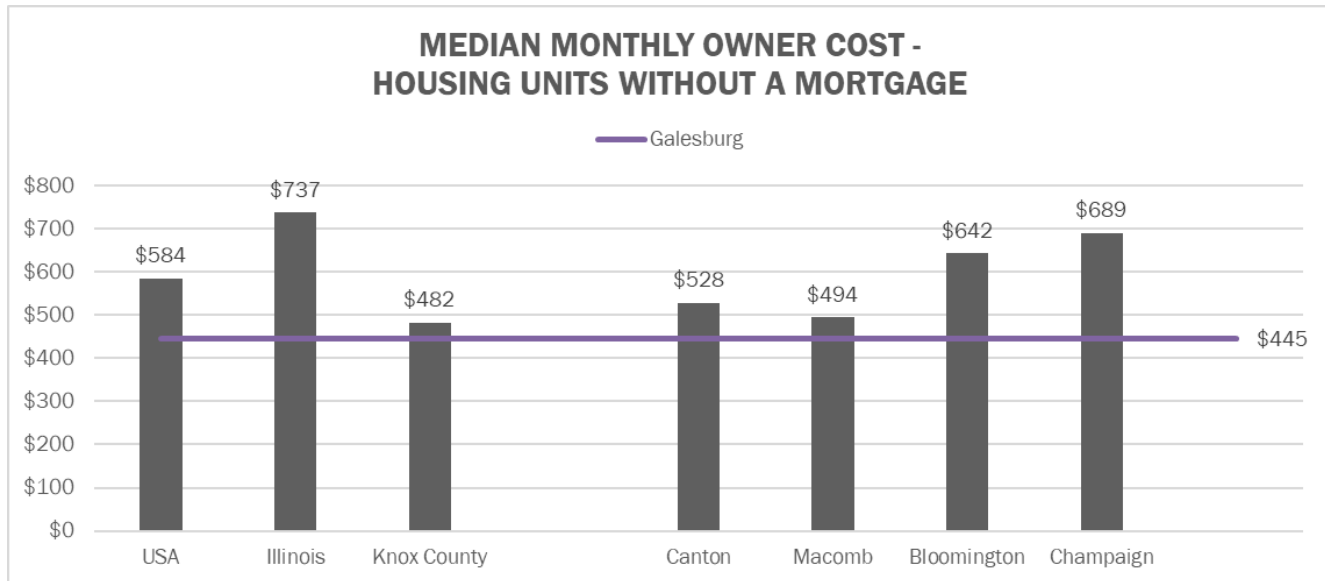
Homes in the southern areas of Galesburg have the lowest home values, central areas and areas in the east have medium home values, and areas to the west and northwest areas as well as East Galesburg and Knoxville have the highest median home values.

In addition to lower home values, Galesburg also has lower median owner costs for housing units both with and without a mortgage, as illustrated in the graphs below. Ownership costs include mortgage payments, real estate taxes, various insurances, utilities, fuels, mobile home costs, and condominium fees.



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

As illustrated above, the median monthly owner cost for housing units with a mortgage in Galesburg is \$987, well below the national (\$1,828) and statewide (\$1,903) averages and below that of the county and three of the four comparable markets the one exception being Canton. The median monthly owner costs for housing units without a mortgage, as expected, are lower than those for housing units with a mortgage, as illustrated below. Finally, the median monthly owner cost for housing units with a mortgage in Galesburg is not statistically different from that reported in the 2013-2017 ACS.



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

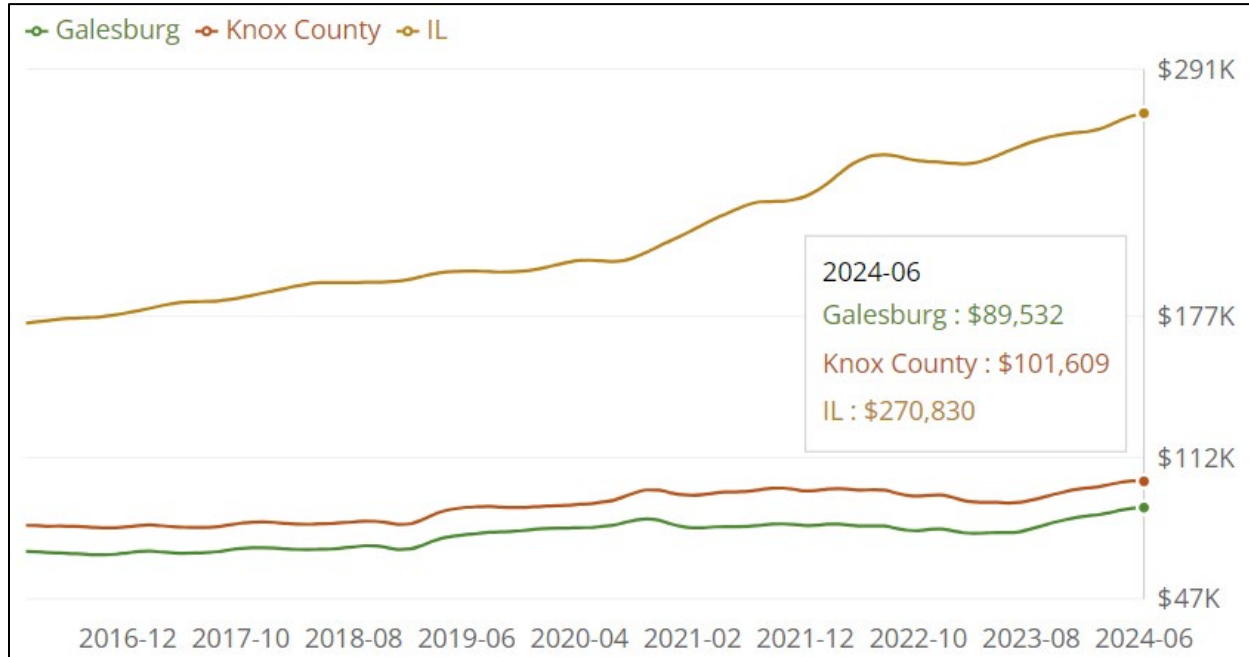
As illustrated above, the median monthly owner cost for housing units without a mortgage in Galesburg is \$445, well below the national (\$584) and statewide (\$737) averages and all four comparable markets. Finally, the median monthly owner cost for housing units without a mortgage in Galesburg is not statistically different from that reported in the 2013-2017 ACS.

Zillow Home Value Index

As previously mentioned, sales price data suffers from a selection bias as the trend data depends largely on the characteristics of the supply that is listed and the supply that sells, which is more often than not, not representative of the entire housing supply in a given area, as well as market conditions. The previously presented ACS addresses the aforementioned issue, but is not without its own weakness, namely that (a) the data is based on self-estimation and reporting through the ACS survey and (b) for smaller geographic areas such as Galesburg, the current estimates reflect averages data from 2018 through 2022 and this period spans pre and post COVID-19 housing market conditions. As a result, Zillow developed a measure called the Home Value Index, which assumes that all homes transfer at each given point in time. In other words, rather than rely on the median sales price of homes that sold, the Zillow Home Value Index relies on estimated sales prices for all homes. The Zillow Home Value is then the median value of all estimated values.

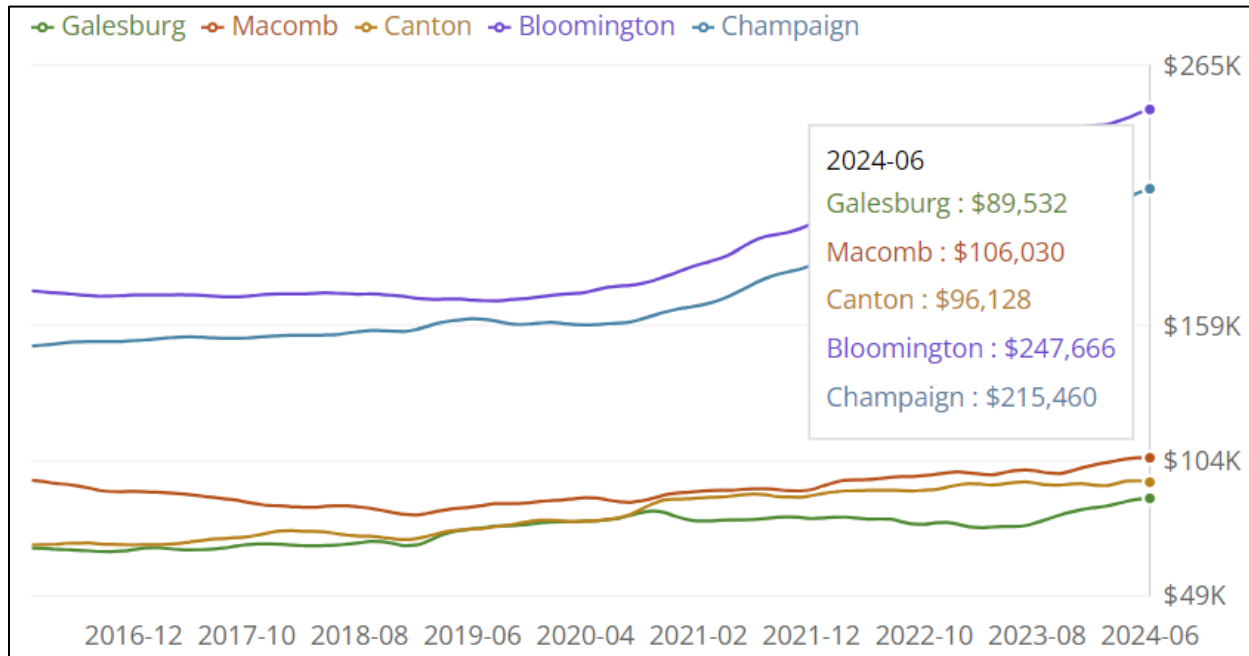
Current & Historical Home Values

According to Zillow, the current median home value in Galesburg is \$89,532, above the median sale price as of May 2024 of \$75,417, and 14.7 percent higher than the median home value over the past year. The following graphs compares the median home value in Galesburg to that in Knox County and the state as well as to the previously identified comparable markets of Canton, Macomb, Bloomington, and Champaign from March of 2016 through May of 2024.



Source: Zillow.com, July 2024

As of June 2024, the median home value in Galesburg was slightly below that of the county and well below the statewide average. Further, while all home values increased following the onset of the COVID-19 pandemic in 2020, the effects locally were less severe in magnitude relative to the statewide average.

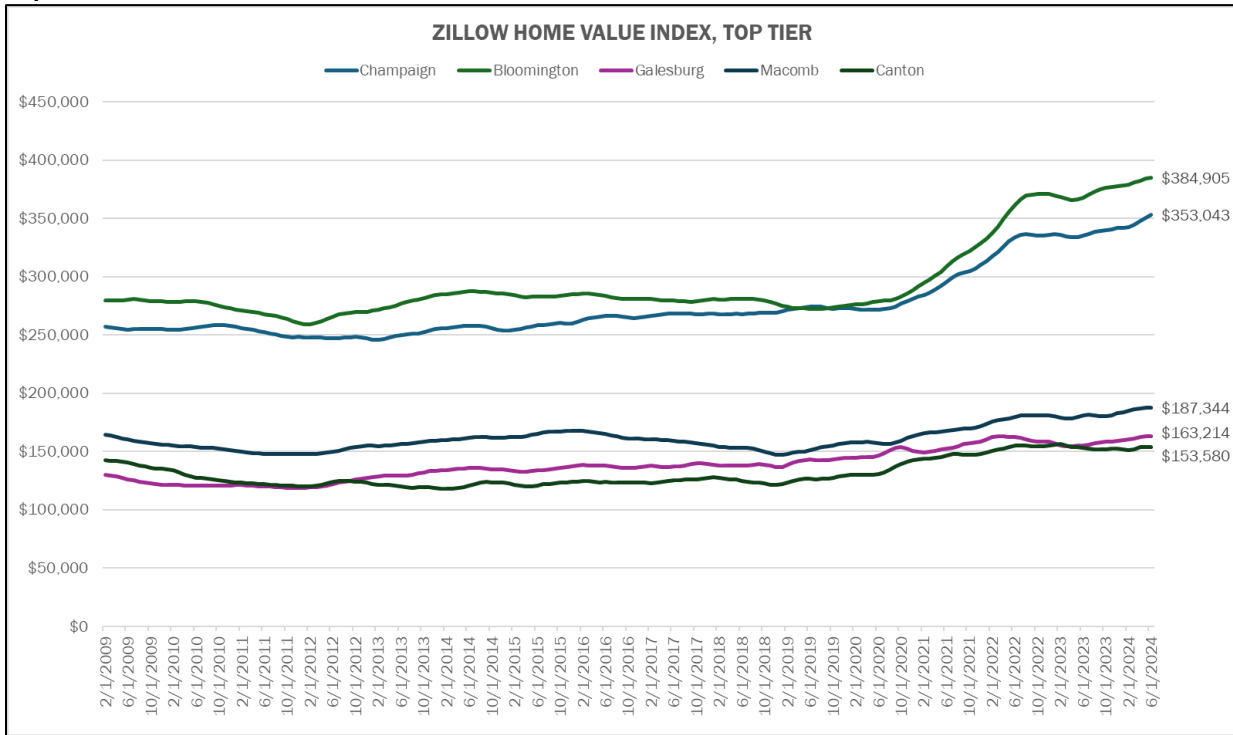


Source: Zillow.com, July 2024

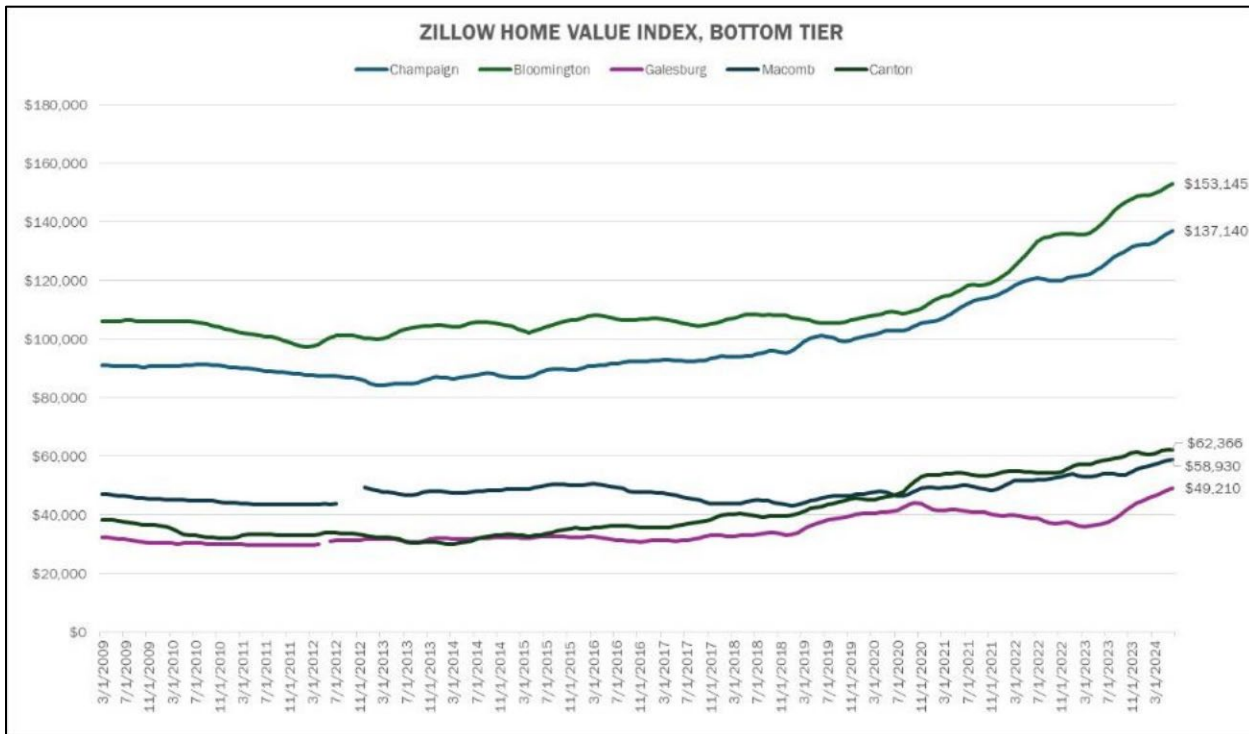
The current median home value in Galesburg is below that of all four of the comparable markets, and particularly lower than that of the larger markets of Bloomington and Champaign.

Zillow also publishes home values for homes in the and top (above 65th percentile range) and bottom (below 35th percentile range) tiers, as illustrated in the following graphs.

Top Tier



Bottom Tier

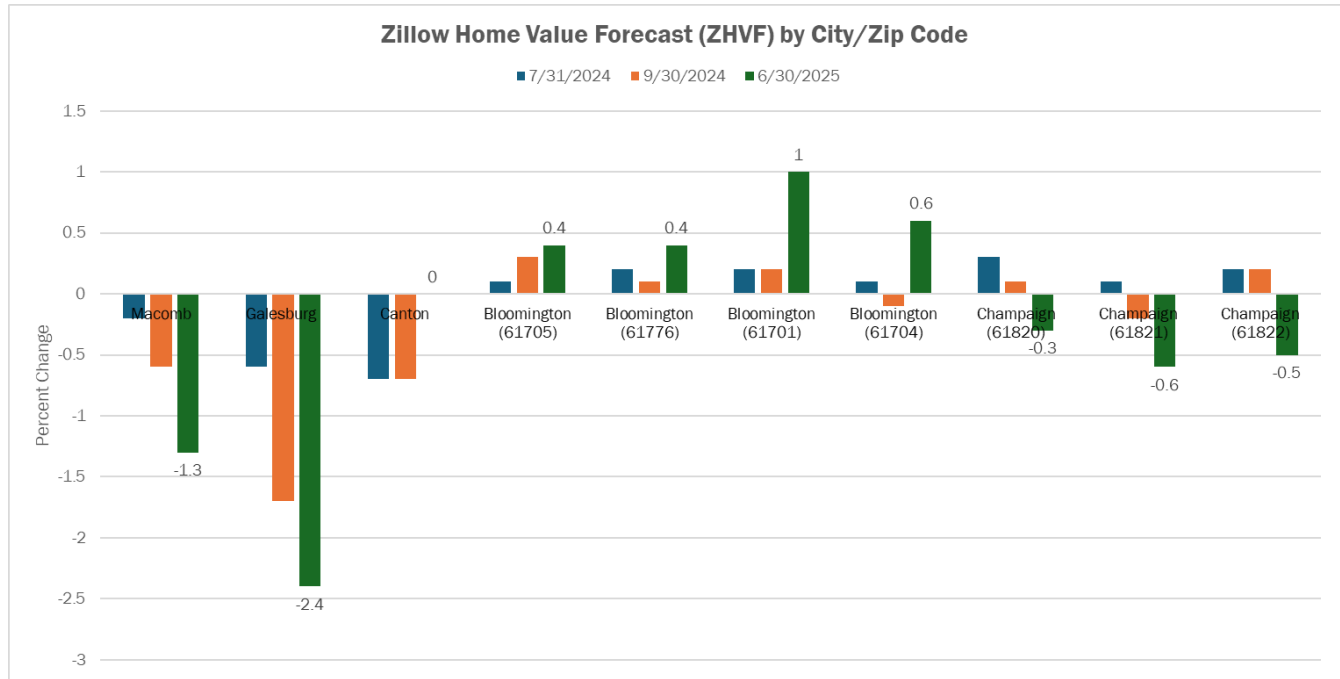


Source: Novogradac, Zillow.com, July 2024

Similar to the median home value trends, the top and bottom tier home values for Galesburg are below or at the low end of the comparable market ranges.

Forecast Home Values

In addition to estimating current home values by area, Zillow also has a forecasting model that forecasts home values one month ahead, one quarter ahead, and one year ahead. The following table summarizes Zillow Home Value Forecast (ZHVF) data for Galesburg as well as the comparable markets for the end of July 2024, the end of September 2024, and the end of June of 2025.



Source: Novogradac, Zillow, July 2024

According to Zillow, the median home value in Galesburg will decrease over the next year by an estimated 2.4 percent. The median home values in Macomb and Champaign are also forecast to decrease, albeit to a lesser extent than that forecast in Galesburg. Conversely, the median home values in Bloomington are forecast to increase while the median home value in Canton is forecast to remain stable.

Conclusion

The local housing market exhibits seasonality generally in line with national trends with the peaks typically occurring in mid to late summer and troughs in the winter. While trends are generally presented as annual changes, the reference month (between April and June utilized herein), is noteworthy as this represents the beginning of the summer peak in the housing market. Data presented using a month in the winter as the reference point would be different. The following list summarizes key findings from the owner market analysis.

Sale Trends

- **Location.** With over half of Knox County's housing stock (58.5 percent as of the 2020 Census) located within Galesburg, the local Galesburg housing market is a key driver of countywide trends. There are, however, differences and those that are particularly notable suggests that the differences between Galesburg and other areas of the county outside of Galesburg are more prominent.

- **Total Listings.** As of June 2024, 192 homes were listed for sale in Knox County; of those, 65.6 percent, or 126, were in Galesburg. This is more than the number of listings in the smaller comparable markets of Canton (57) and Macomb (93), but less than the number of listings in the larger comparable markets of Bloomington (388) and Champaign (302).
- **Months Supply.** Months of supply refers to the number of months it would take for the current inventory of homes on the market to sell given the current sales pace. Historically, six months of supply is associated with moderate price appreciation and is considered a neutral market. Anything less than six months is considered a seller's market and anything more than six months is considered a buyer's market. In a seller's market, homes sell faster, and prices tend to be pushed up more rapidly. In a buyer's market, prices tend to be lower, and homes sit for longer. Depending on the source, which varies based on the underlying source data and exact timing of when the calculation is estimated within the month, as of June 2024 Galesburg had between 4.5 (Rocket Home Mortgage) and 4.9 (Platinum Key Real Estate) months of inventory; thus, the Galesburg sale market is a slight seller's market, and this is generally consistent with its performance in June 2023. With the exception of Macomb, all of the comparable markets (Canton, Bloomington, and Champaign) are all also classified as Seller's markets. It is also worth noting that in the spring of 2024 one realtor estimated that based on their local MLS system, the Galesburg market only had 1.1 to 1.2 months' supply, the lowest it has been in 20 years.
- **Days on Market.** The average number of days on the market in Knox County is 43; the average in Galesburg is 33, an increase of 21.4 percent over the average number of days on the market in June 2023. Although sizeable in terms of percentage, this translates to just one additional week in terms of actual number of days and as such the change in the average days on the market is not considered particularly significant. In July 2022, the average days on the market was 22 days; since then, interest rates have risen considerably and are likely one contributing factor to the rise in the average number of days on the market. The vast majority of homes that sold in June 2024 (71 percent) sold in under 30 days; an additional 21 percent sold within 30 to 90 days, and the final seven percent were sold after over 90 days on the market. Two and four-bedroom units currently sell the fastest (20 and 21 days, respectively) and three-bedroom units the slowest (53 days).
- **Sold Prices.** As of June 2024, the median sold price in Galesburg was \$99,725, below that of Knox County as a whole (\$107,027); this suggests homes in other parts of the county have sold prices well above that of Galesburg. Further, the median sold price in Galesburg is generally comparable to that of Macomb (\$98,575), slightly lower than that of Canton (\$112,000), and well below that of the larger markets of Bloomington (\$241,854) and Champaign (\$219,829). Although the median sold price in Galesburg increased by 5.9 percent, or \$5,537, over the past year, this increase was less severe in magnitude than that of Knox County as a whole (7.1 percent increase) and all of the comparable markets which experienced increases ranging from 8.0 to 40.0 percent.

Trends in the median prices depend both on market conditions as well as on the specific attributes of the inventory that is listed and transfers. Supply attributes such as the unit size (both bedroom/bathroom count and overall square footage), lot size, location, age/condition, features, and timing, all impact sale prices and the distribution of the stock that is listed and transfers impacts median sold price trends. The vast majority of homes that sold between October 2022 and June 2024 in Galesburg sold for less than \$100,000 with the largest number of sales transferring for \$50,000 or less. In general, larger homes sell for higher prices. Above a certain size, however, the number of potential buyers decreases, particularly in a market such as Galesburg where the average household size is smaller than the national average and the majority of the housing supply was built prior to 1939 and may be in need of more substantial repairs the price of which is generally more substantial for larger homes. Further, while there does appear to be a price premium for newer construction, the slow

absorption of the only subdivision completed in the past decade (Lincoln Park North/Marmac Greens), suggests there may be a ceiling on said premium. There are also design components of this development that reportedly contribute to the slower absorption. For example, although the subdivision offers primarily duplex units, the lots sizes are considerably larger than those at other duplex developments. Thus, the units have the weakness of the duplex design (i.e. less privacy) but without the benefits of less lot maintenance/responsibility and a lower price point. There have been no new additions or sales in this subdivision since 2021. The ongoing sale activity at other relatively recently constructed subdivisions (built between 1998 and 2001) at lower price points and on smaller lot sizes suggests there is demand for this product type in Galesburg if priced appropriately.

- **List versus Sold Price.** As of June 2024, the median list price in Knox County (\$155,000) was above the median sold price (\$107,027). As of June 2024, the median list price in Galesburg was \$114,900; this is above the median sold price of \$99,750. Although the listing distribution continues to be bottom heavy, similar to the sale distribution, the most common listing price category is homes priced from \$100,000 to \$125,000 compared to the most common price for sold homes since October 2022, which was homes priced at \$50,000 and below. This difference is consistent with information provided by local stakeholders who noted that prices have increased in recent years and that much of the stock now that is priced at or below \$75,000 is in poor to fair condition.

Although Galesburg is classified as a slight seller's market, of homes sold in June 2024, the majority (64 percent) were sold for under asking price. Relative to the comparable markets, with the exception of Canton where 71 percent of homes sold for under asking, a larger share of homes in Galesburg sold at below asking prices with the other three comparable markets reporting between 22 and 46 percent of homes sold at below asking prices. According to Redfin however, although the average home in Galesburg does sell below asking, the discount is typically not substantial with sale to list prices consistently ranging from 90 to 100 percent since 2019.

- **Demand.** According to realtor.com's spatial demand analyses in and from Knox County, approximately one third of views of Knox County listings are from out of state, a third are from Cook County (Chicago area), and a fifth from within Knox County itself. This suggests that a sizeable portion of the demand in the ownership market in Knox County is external. Within Knox County, homebuyers are fairly equally distributed in terms of interest within Knox County as they are in other areas of the state (the most common is neighboring Peoria County) and out of state.

Value/Cost Trends

- **Home Values.** As of the 2018-2022 ACS, median home value in Galesburg (\$86,508), was well below the national (\$281,900) and statewide (\$239,100) averages as well as that of the county (\$96,800) and all of the comparable markets. While the median home value in the nation and state increased since the 2013-2017 ACS, the median home value in Galesburg is not statistically different to that reported in the 2013-2017 ACS. Within Galesburg, the lowest median home values are reported in the southern census tracts.

While ACS data on home values is based on self-reporting in the annual ACS conducted by the U.S. Census Bureau, Zillow home value data is based on sale records and a model which assumes that all homes transfer in any given time to account for the bias inherent in sales data which depends largely on what inventory is listed and transfers. According to Zillow, the current median home value in Galesburg is \$89,532, above the median sale price as of May 2024 of \$75,417, and 14.7 percent higher than the median home value over the past year. Further, the median home value in Galesburg is below that of Knox County (\$101,609), the statewide average (\$270,830), and all four of the

comparable markets (\$96,128 to \$247,666). Lastly, Zillow projects that over the next year the median home value in Galesburg will decrease by approximately 2.4 percent.

- **Monthly Costs.** In addition to lower home values, Galesburg also has lower median owner costs for housing units both with and without a mortgage relative to the nation, state, county, and the majority of the comparable markets. The median monthly owner cost for housing units with a mortgage in Galesburg as of the 2022 ACS was \$987, well below the national (\$1,828) and statewide (\$1,903) averages and below that of the county (\$1,086) and three of the four comparable markets (\$1,195 to \$1,572), the one exception being Canton which is statistically comparable. For housing units without a mortgage, Galesburg also has lower median monthly ownership costs. More specifically, as of the 2022 ACS, the median monthly owner cost for housing units without a mortgage in Galesburg was \$445, well below the national (\$584) and statewide (\$737) averages and below that of all four comparable markets (\$494 to \$689). Further, the monthly ownership costs for housing units with and without a mortgage as of the 2018-2022 ACS are not statistically different from those reported in the 2013-2017 ACS.

DEMAND ANALYSIS

It is important to note that while housing costs are generally lower in Galesburg relative to other areas of analysis, lower housing prices/costs do not necessarily translate into greater affordability as affordability is a function of both cost as well as income, and it is this question of affordability that is the main topic of this chapter. More specifically, the *Demand Analysis* relies on demographic/economic information, and information on wages and household incomes in particular, as well as information presented previously in this chapter, on housing prices/costs.

The section is organized as follows. First, we analyze housing needs, affordability and barriers. This analysis begins with a discussion of housing problems, the primary of which is affordability, and includes an analysis of affordability gaps by tenure, income level, and location based on the traditional definitions of affordability which is based on housing costs. We also include an alternative measure of affordability which incorporates transportation costs into the overall analysis of affordability given transportation costs are rising and oftentimes lower housing costs come at the expense of higher transportation costs. Second, we conduct a hypothetical capture and penetration rate analysis, with a focus on renter households at 50, 60, and 80 percent of the AMI as required in the RFP. We also include a similar analysis for 30 percent AMI units given the need evidenced in the supply analysis and cost burdens experienced by this group as summarized in the subsequent affordability section, and for market rate rental units as one potential indicator of demand for market rate rental housing, which is one of the community specific questions asked in the RFP. Third, we perform a housing gap analysis by tenure and income for Galesburg. Finally, we summarize the results of the community engagement component of this project, which included a combination of stakeholder engagement meetings and one on one interviews, to discuss housing needs, barriers, and recommendations for how to address identified needs and/or overcome identified barriers.

Data for this section has been obtained from ESRI Demographics, a national proprietary data provider, the U.S. Census Bureau, sales data presented previously, and primary data collection through the stakeholder meetings/interviews as well as a field-based windshield survey.

HOUSING NEEDS & AFFORDABILITY

Housing Problems

One key source of housing demand comes from households experiencing housing problems. Every year HUD releases the Comprehensive Housing Affordability Strategy (CHAS) data set which is based on the five-year average estimates from the American Community Survey (ACS). The most recently released data was published in September 2023 and is based on the 2016-2020 five-year estimates from the ACS as there is a two-year lag between the ACS and CHAS data releases. The CHAS data set includes information on four housing related problems:

1. housing unit lacks complete kitchen facilities,
2. housing unit lacks complete plumbing facilities,
3. household is overcrowded (more than one person per room), and
4. household is cost burdened (monthly housing costs – including utilities – exceeds 30 percent of monthly income).

A household is said to have a housing problem if they have one or more of these four problems. A household is said to have a severe housing problem if they have one or more of the above, but where severe cost burden is defined as housing costs that exceed 50 percent of monthly income. HUD defines a household as cost burdened when it pays more than 30 percent of household income on housing costs; a household is severely cost burdened when it pays more than 50 percent of household income on housing costs.

For renters, this includes the contract rent plus utilities. For owners, this includes mortgage principal and interest, real estate taxes, homeowner's insurance, utilities, mobile home costs, second mortgage payments, and condominium fees if applicable.

The following tables illustrate housing problems and severe housing problems by tenure and income.

Income by Housing Problems (Owners only)	Household has at least 1 of 4 Housing Problems	Household has none of 4 Housing Problems OR cost burden not available, no other problems	Total
Household Income <= 30% HAMFI	455	145	600
Household Income >30% to <=50% HAMFI	245	650	895
Household Income >50% to <=80% HAMFI	250	1250	1,500
Household Income >80% to <=100% HAMFI	35	775	810
Household Income >100% HAMFI	65	3345	3,410
Total	1,050 (15%)	6,165	7,215

Source: HUD, 2016-2020 CHAS Data

Income by Housing Problems (Renters only)	Household has at least 1 of 4 Housing Problems	Household has none of 4 Housing Problems OR cost burden not available, no other problems	Total
Household Income <= 30% HAMFI	1,490	425	1,915
Household Income >30% to <=50% HAMFI	785	380	1,165
Household Income >50% to <=80% HAMFI	220	925	1,145
Household Income >80% to <=100% HAMFI	20	200	220
Household Income >100% HAMFI	60	770	830
Total	2,575 (49%)	2,700	5,275

Source: HUD, 2016-2020 CHAS Data

As illustrated, a significantly greater percentage and number of renter households in Galesburg have at least one of four housing problems when compared to owner households. While the majority of renter households with at least one housing problem have incomes of 30 percent or below of the HUD Area Median Family Income (HAMFI), renter households with incomes ranging from 30 to 50 percent of the HAMFI are also more likely than not to have at least one housing problem.

Housing Affordability

The most common housing problem is being cost/rent burdened with 88.5 percent of owner households with a housing problem being cost burdened and 97.3 percent of renter households with a housing problem being rent burdened. The following two tables present a brief overview of two of the aforementioned housing problems from the more current ESRI demographics.

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).

RENT OVERBURDENED

Year	Galesburg, IL		Galesburg, IL Micropolitan Statistical Area		USA	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
2023	2,134	44.7%	2,656	42.8%	16,448,785	40.3%

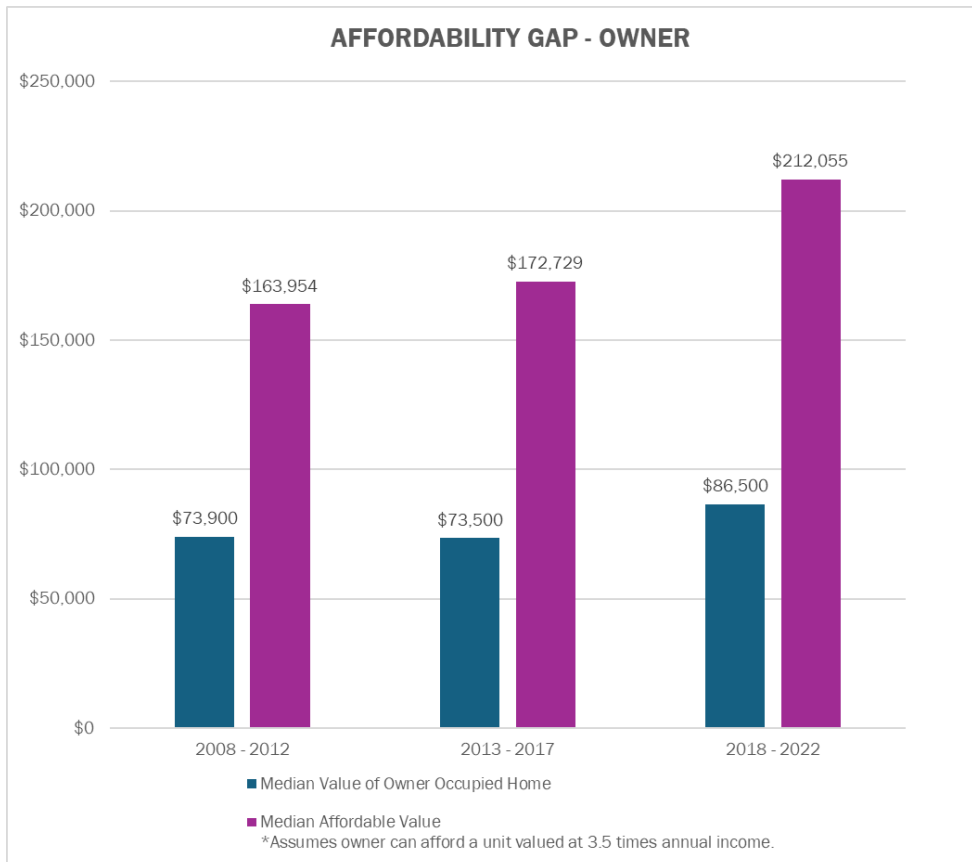
Source: Esri Demographics 2023, Novogradac, February 2024

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

As illustrated, both the city and the Galesburg micropolitan statistical area have a higher percentage of substandard housing and a larger percentage of rent burdened households relative to the nation. This is generally consistent with the CHAS data, which suggests that the vast majority of both owners and renters in the CHAS data set with housing problems are cost/rent burdened. A more detailed analysis of affordability in Galesburg both over time, by tenure, and compared to comparable markets follows.

Median Affordability By Time and Tenure

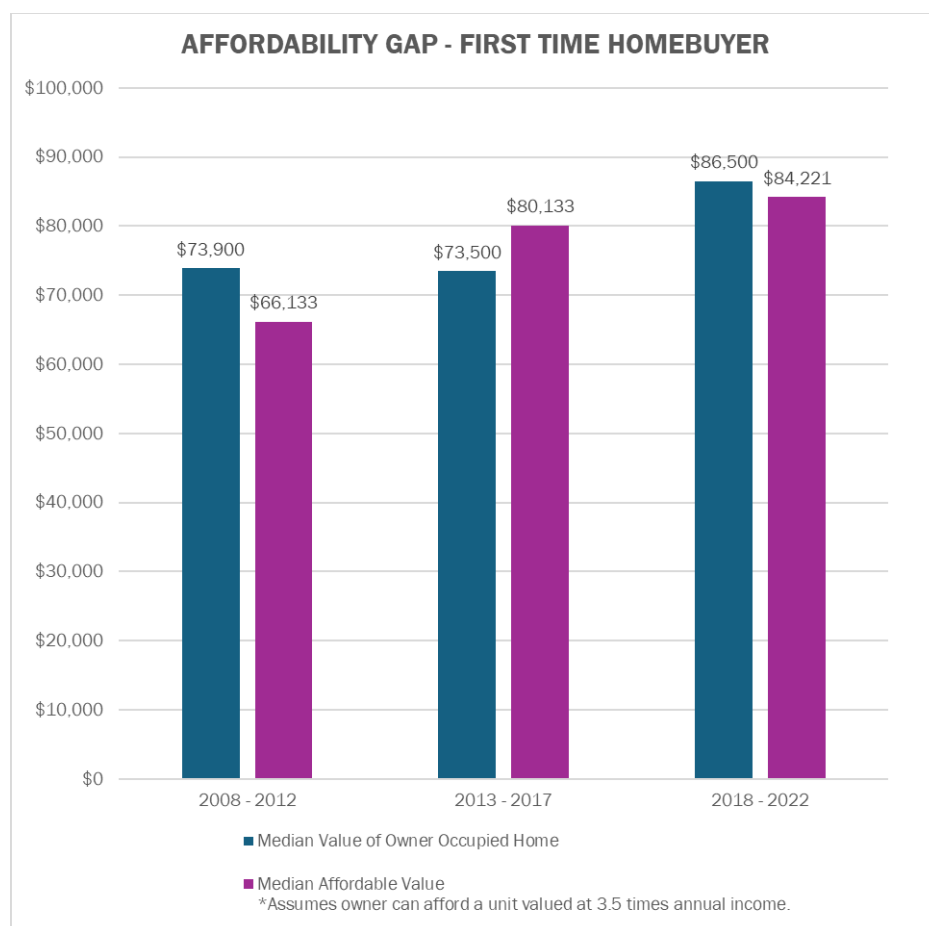
The following section analyzes affordability gaps based on the median household and median housing cost by tenure from for the last three non-overlapping ACS estimates for Galesburg. It is worth noting that the costs/income are period specific and as such one should not compare the costs across the time periods, but instead only the gaps between the actual and the affordable values based on incomes for each respective time period. Where the estimated affordable value is higher than the actual estimate, we expect minimal issues of affordability. Where the estimated affordable value is lower than the actual estimate, we expect affordability to be out of reach for at least some households in the market.



Source: Novogradac, U.S. Census Bureau American Community Survey

The median home values in Galesburg have historically been below the median affordability for an owner household, indicating no substantial affordability gap.

On the other hand, for renters who are first-time homebuyers, there is a small gap between what would be affordable to the median renter household and the median home value. Given that the gap is relatively small, it is likely that at least some renters are still able to transition to homeownership at these prices.



Source: Novogradac, U.S. Census Bureau American Community Survey

On the other hand, for renters who are potential first-time homebuyers, there is consistent gap between what would be affordable to the median renter household and the median home values. Given that the gap is relatively small, it is likely that some renters are able to transition to ownership at these home values, particularly with the assistance of first-time homebuyer assistance programs such as downpayment assistance.

It is worth noting however that these are based on the most up to date ACS data on home values rather than current asking prices; gaps at current housing prices may be more substantial.



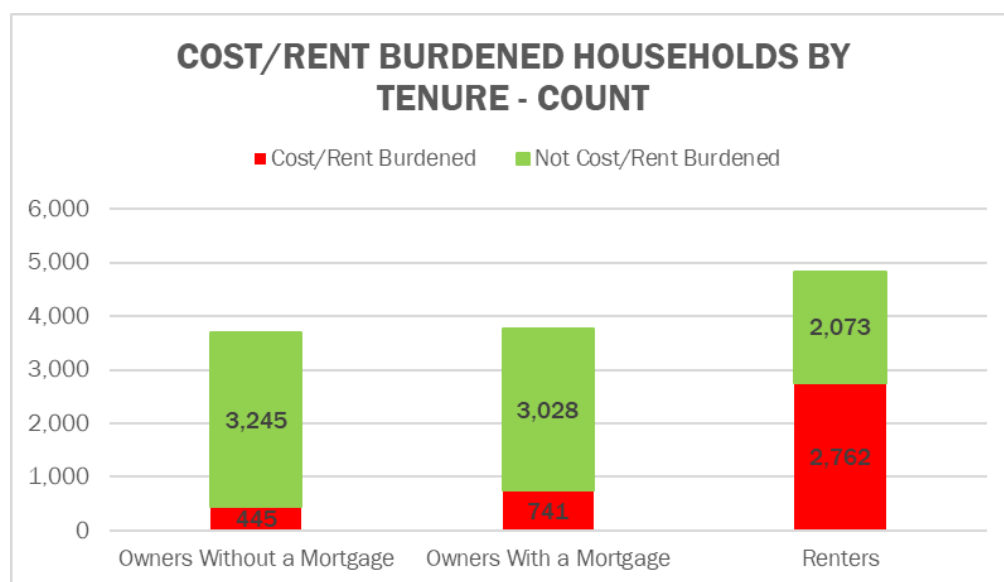
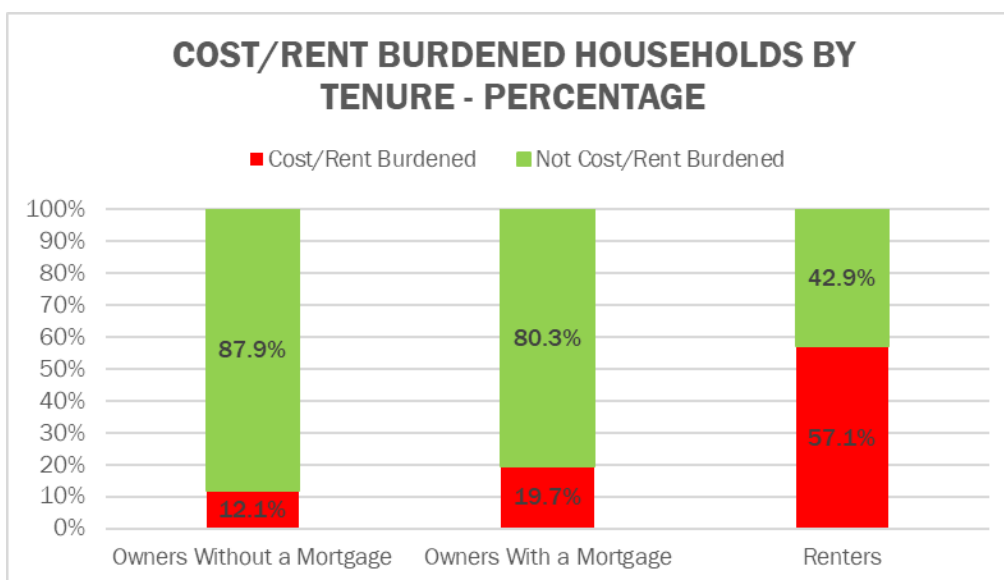
Source: Novogradac, U.S. Census Bureau American Community Survey

The median affordable rent in Galesburg is consistently below the median gross rent across the three time periods.

Overall, based on these analyses, we expect renter households in Galesburg to be more likely than owner households to experience housing cost burdens.

Affordability By Tenure

The following graphs illustrate cost/rent burdens by tenure group in terms of overall counts and propensity within each group.

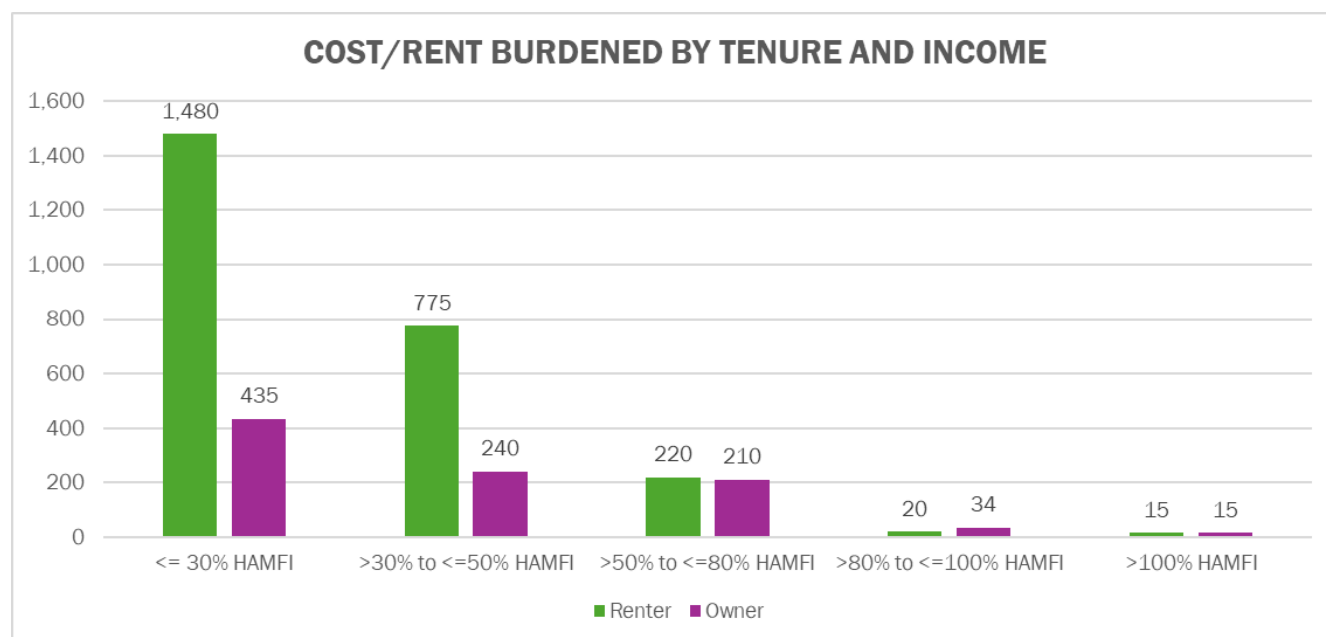


Source: U.S. Census Bureau, 2018-2022 American Community Survey 5-Year Estimates

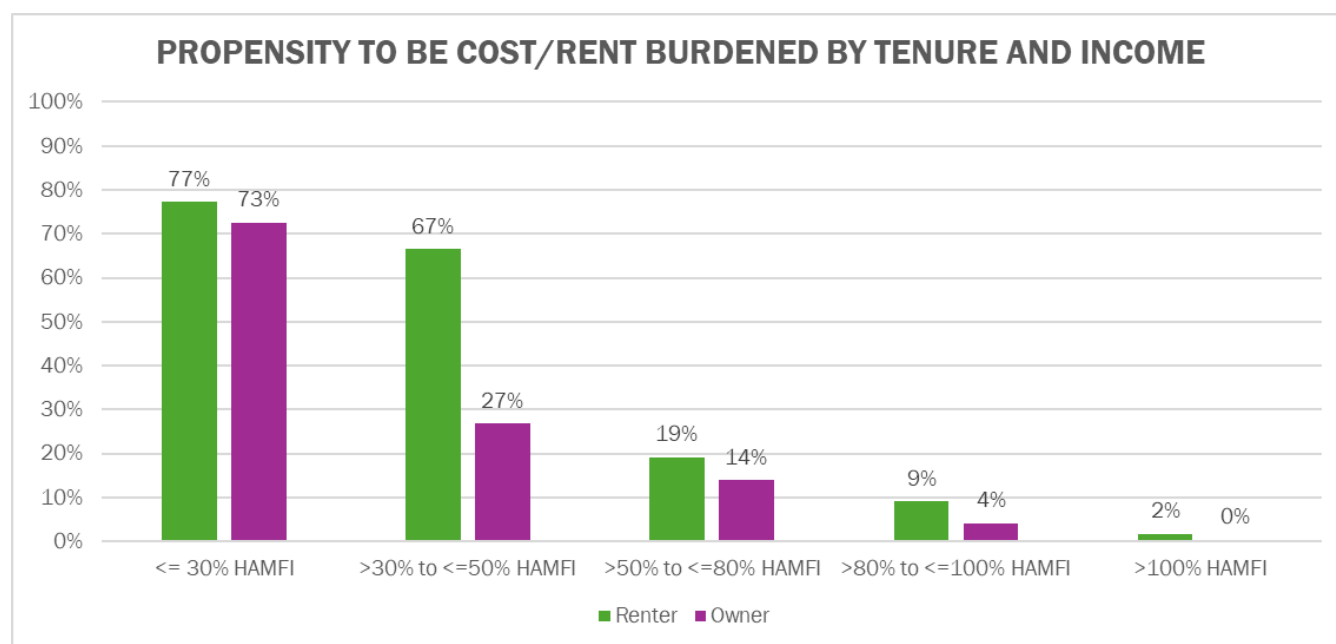
Owners without a mortgage are the least likely to be cost burdened and renters are the most likely both in terms of overall count and in terms of propensity. Further, owners, both with and without a mortgage, are more likely to not be cost burdened. Conversely, renters are more likely than not to be cost burdened. These results are consistent with the prior analysis which suggested that the median renter was more likely to have affordability problems relative to their median owner counterpart.

Affordability By Tenure and Income

While the above ACS does not provide cost/rent burdens by income, this information is available in the CHAS data, albeit more dated than the ACS data, as illustrated following.



Source: HUD, 2016-2020 CHAS Data



Source: HUD, 2016-2020 CHAS Data

Overall, the majority of cost burdened (72.9 percent) and severely cost burdened (77.6 percent) households are renter households. Further, extremely low-income and very low-income renter households are the most likely to be both cost burdened and severely cost burdened. Extremely low-income owner households are more likely than not to be cost burdened and are the most likely income cohort to be cost burdened among owner households.

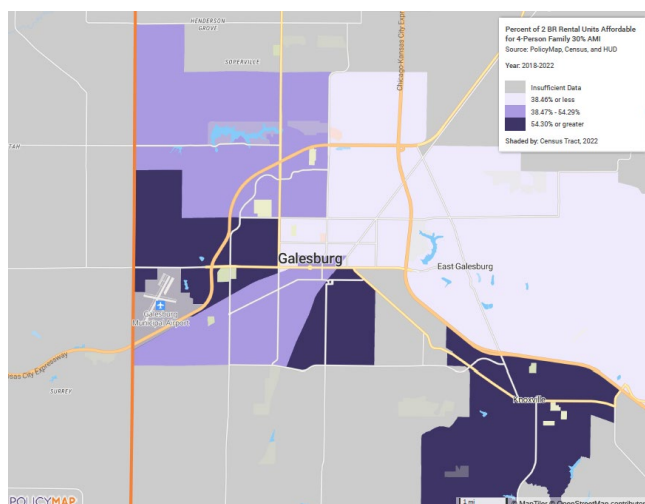
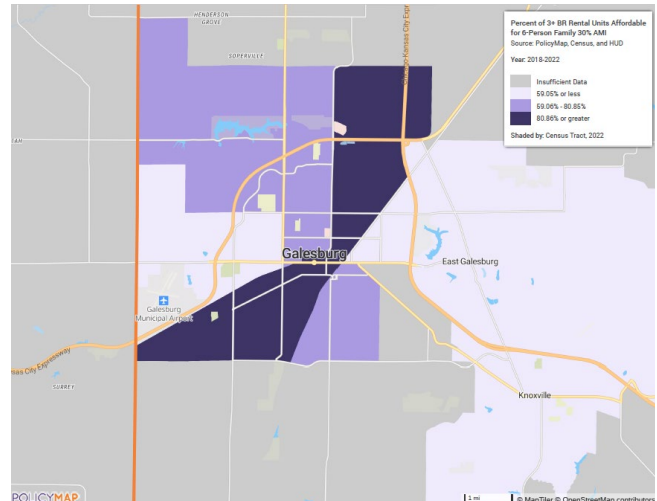
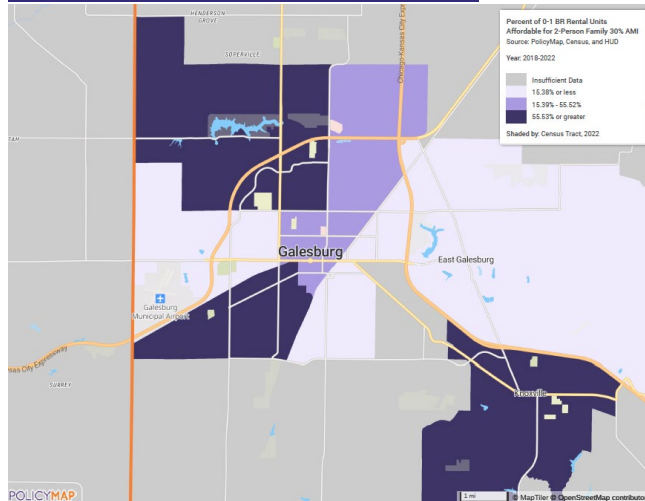
Affordability by Tenure, Income, and Space

The following maps illustrate the percentage of units that are likely affordable by bedroom type and AMI level within and around Galesburg by census tract. According to PolicyMap:

These estimates provide information on the relative affordability of rental housing in different areas of the country and can highlight any needs or shortcomings in the locally available rental housing stock of a given area. PolicyMap created these affordability estimates using publicly available data on incomes and rental prices. Area Median Income is the median income for a family of a specified size within the county, metropolitan area, or state, as published by HUD in 2022. An estimated count of homes under specific dollar thresholds is taken from the Census' 2018-2022 American Community Survey. Apartment size (number of bedrooms) needed by a family was assigned based on two people per bedroom.

The census tracts are color coded into low, medium, and high affordability based on each respective distribution where light purple indicates less affordability and dark purple more affordability based on affordability within the presented map area. **When compared to the national medians, all tracts within Galesburg offer greater than average affordability for both tenure groups at all AMI levels.**

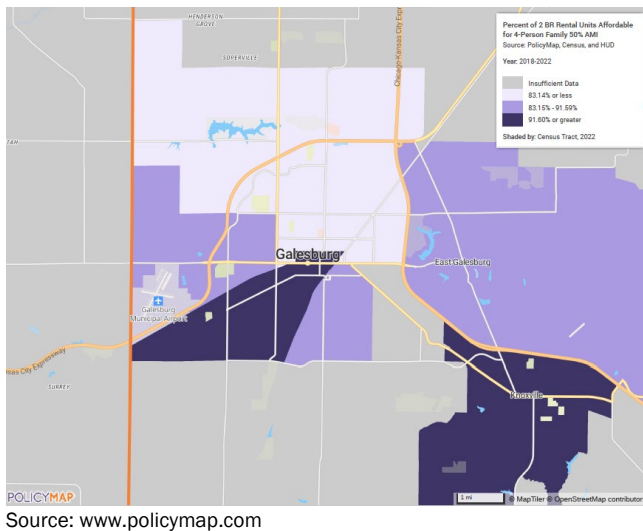
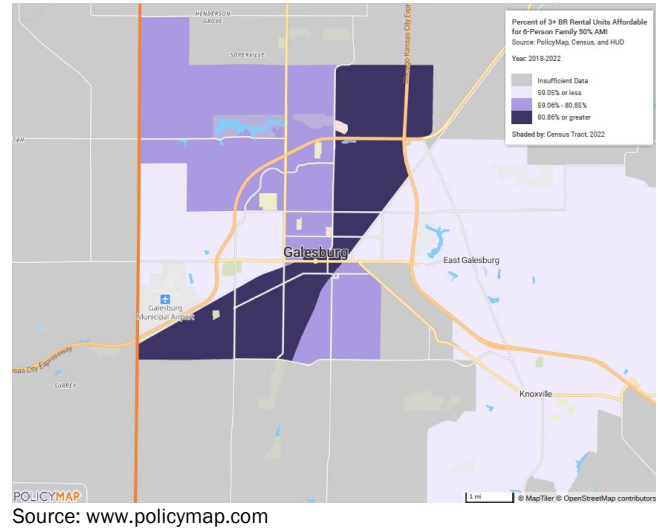
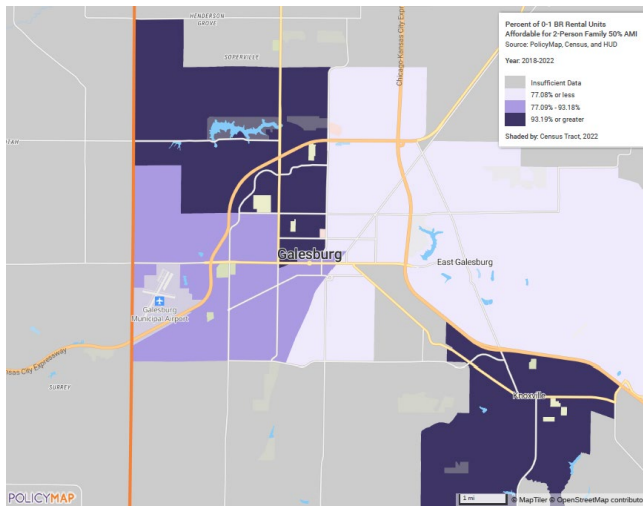
Affordable Rental Units @ 30% AMI



East Galesburg has less affordability for extremely low-income renter households, while Knoxville has more affordability for smaller rental units, relative to tracts in Galesburg.

Within Galesburg, the northwest and southwest tracts have greater affordability, while the eastern tracts have less affordability. Further, studio and one-bedroom units have the least affordability followed by two-bedroom units.

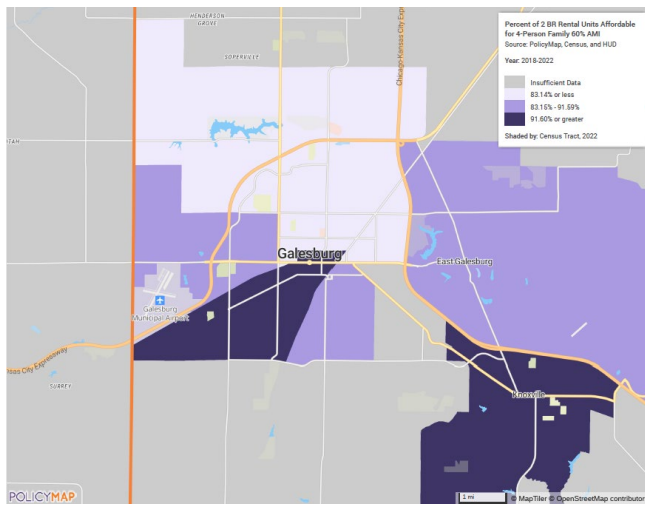
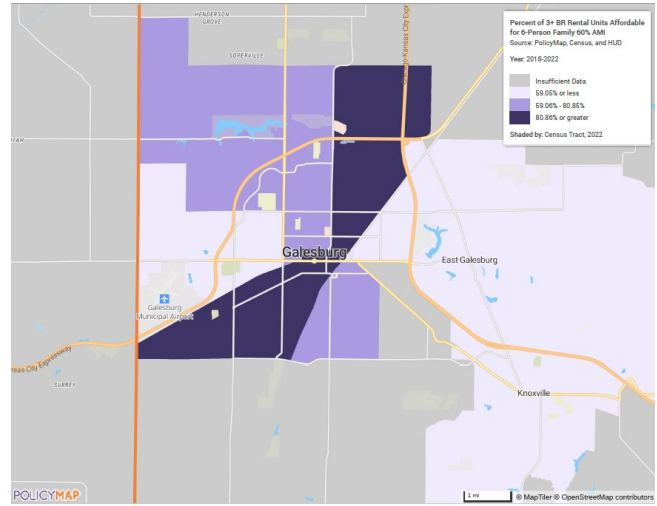
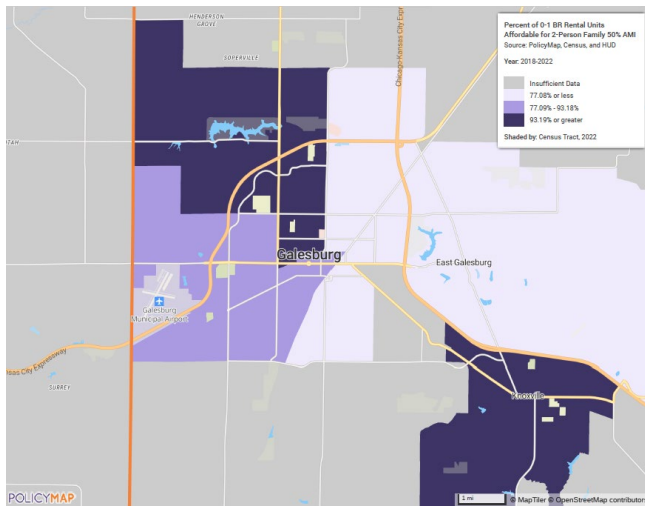
Affordable Rental Units @ 50% AMI



East Galesburg has generally less affordability for low-income renter households with incomes of 50 percent of the AMI, while Knoxville has a higher percentage of affordable smaller unit types, relative to Galesburg.

Within Galesburg, the southwestern area generally has greater affordability for low-income renter households with incomes of 50 percent of the AMI, while the eastern areas generally have less affordability, and the northeastern area has less affordability for smaller unit types.

Affordable Rental Units @ 60% AMI

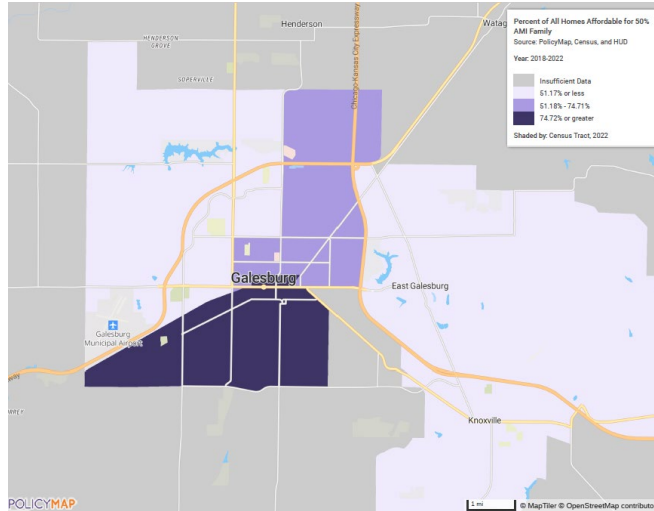


East Galesburg generally has less affordability for low-income renter households with incomes of 60 percent of the AMI for smaller unit types, while Knoxville has a higher percentage of affordable smaller unit types.

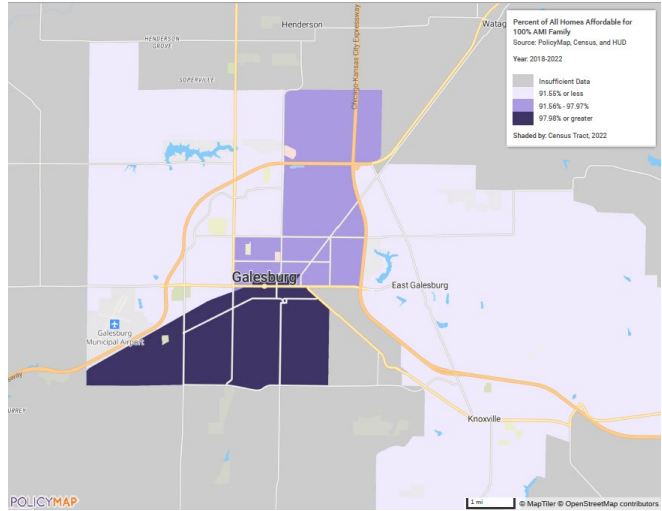
Within Galesburg, the southwestern area generally has greater affordability for low-income renter households with incomes of 60 percent of the AMI, while the east central area consistently has less affordability, and the northeastern area has less affordability for smaller unit types relative to the area.

Affordable Owner Units

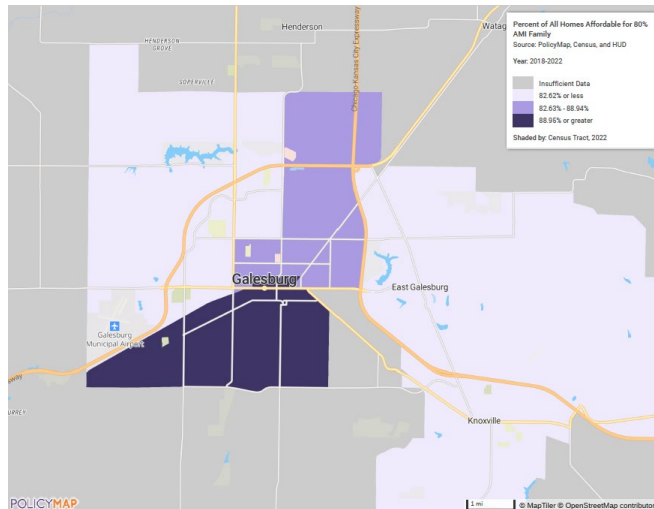
50% AMI



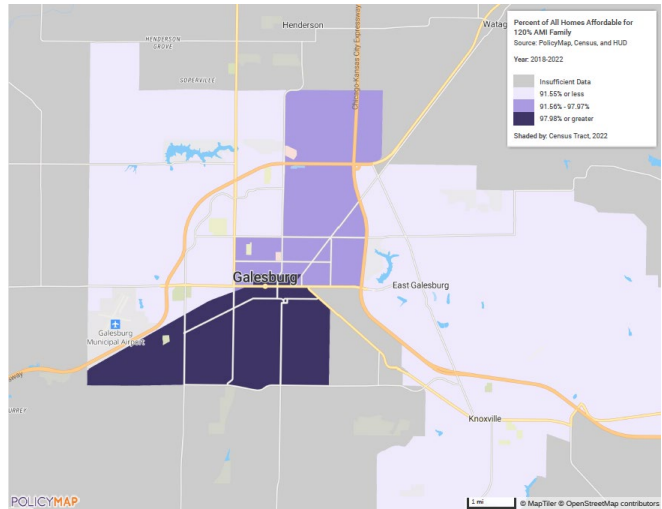
100% AMI



80% AMI



120% AMI



East Galesburg and Knoxville have less affordability for owner households than the majority of Galesburg, the exception being the northwest and west-central parts of Galesburg. Conversely, the south is the most affordable area of Galesburg in terms of ownership followed by downtown and the east/northeast. These trends hold for all AMI levels. Lastly, as expected, ownership affordability increases as incomes increase.

Within Galesburg, the south-central and southwestern areas consistently have greater affordability for low-income renter households, while the eastern and northeastern areas consistently have less affordability relative to the respective medians. Further, downtown has more affordability for smaller unit types while larger unit types have less affordability.

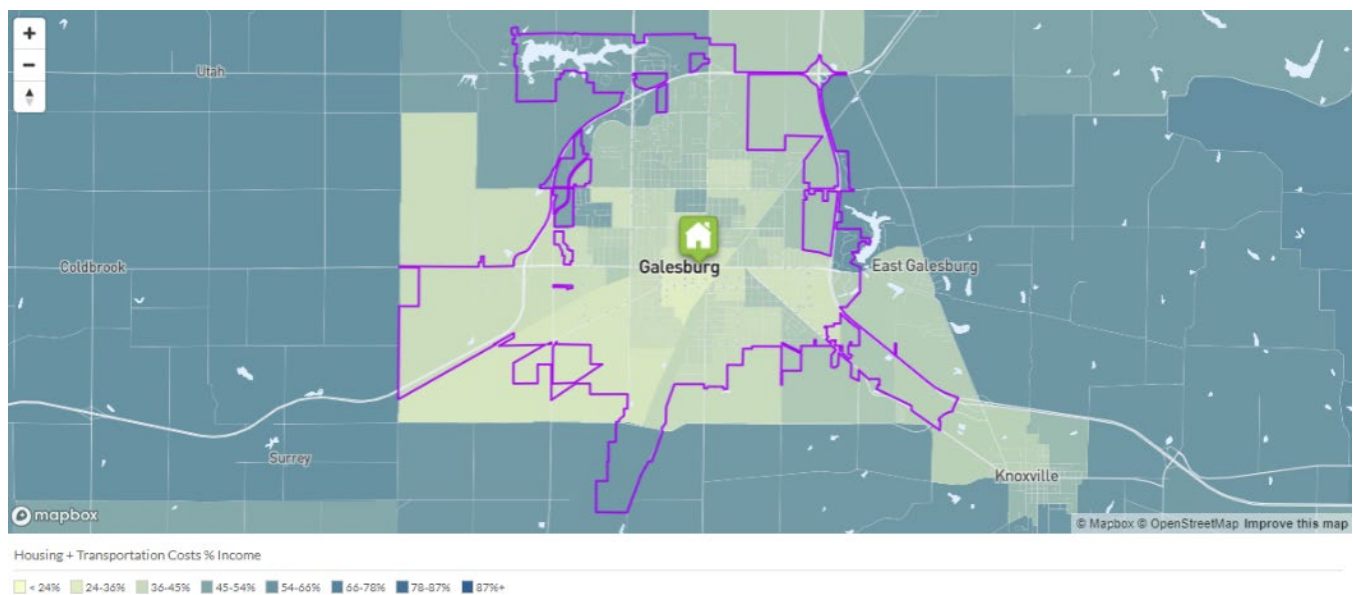
When compared to the national medians however, all tracts within Galesburg offer greater than average affordability for owners at all income levels.

Alternative Measure of Affordability: Housing + Transportation Index

Residents of Galesburg are more likely to commute outside of the city for employment and the majority of workers employed in Galesburg commute in from outside the city. Consequently, transportation costs are likely to have a sizeable impact on household budgets for those who live and/or work in Galesburg, particularly for those at the lower end of the income distribution.

Traditional measures of housing affordability account only for housing costs. In recent years, however, there has been an increased recognition that transportation costs, which oftentimes account for the second largest expenditure in a household budget, play a significant role in the overall affordability of housing. As a result, researchers and planners alike have started to focus more on the combined impact of housing and transportation costs on household budgets to determine the affordability of communities. In response to these concerns, the Center for Neighborhood Technology developed the Housing and Transportation (H&T) Affordability Index, which “provides a comprehensive view of affordability, one that includes the cost of housing and transportation at the neighborhood level.” Additionally, the index is part of a larger project that aims to identify and promote location efficiency through sustainable development. According to the creators of the index, “compact and dynamic neighborhoods with walkable streets and high access to jobs, transit, and a wide variety of businesses are more efficient, affordable, and sustainable.” (Center for Neighborhood Technology)

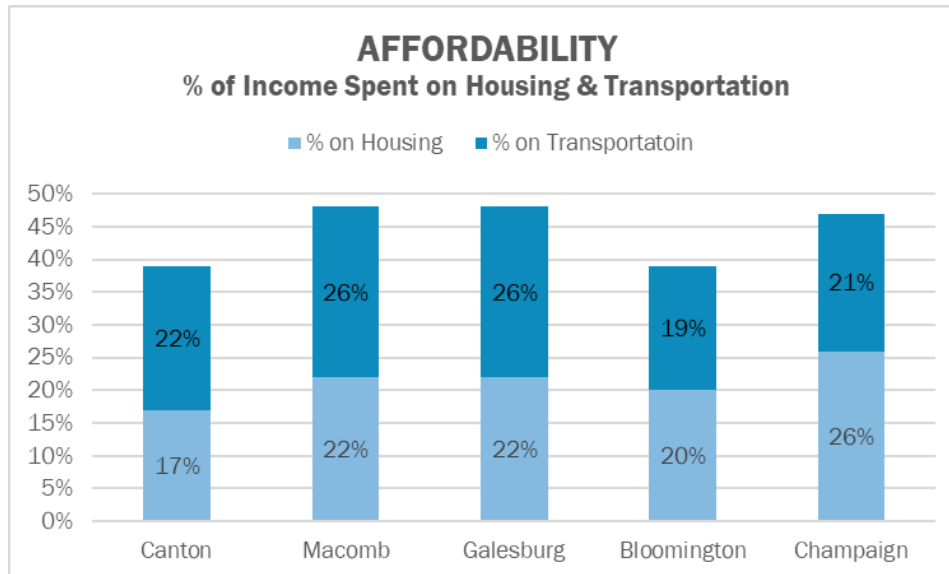
In places that are dominated by commuters and where public transportation is limited, transportation costs are oftentimes even more significant in terms of their impact on a household budget. Incorporating both transportation and housing costs into the discussion of affordability provides a more comprehensive understanding of affordability, particularly in areas such as Galesburg where a sizeable percentage of the workforce commutes out, and is imported into, Galesburg. The following section illustrates patterns in housing costs, transportation costs, and housing and transportation costs collectively, in Galesburg based on the H&T index. According to the data set used by the Center for Neighborhood Technology, on average, households in Galesburg spend 22 percent of household income on housing costs and a slightly higher percentage (26 percent) of household income on transportation costs; collectively this equates to approximately 47 percent of household income spent by the average household in Galesburg on housing and transportation costs. The following map illustrates combined housing and transportation costs by block group in Galesburg.



Note: Average transportation costs are calculated as sum of auto ownership costs, auto use costs, and public transit costs.

Source: Center for Neighborhood Technology, October 2022 Housing + Transportation Index (most recent available), November 2023

As illustrated, households in the south of Galesburg have, on average, lower housing and transportation costs, a trend due almost entirely to lower housing costs. The following table compares Galesburg to the comparable markets in terms of housing and transportation affordability.



Source: Center for Neighborhood Technology, October 2022 Housing + Transportation Index, November 2023

While households in Galesburg spend a similar percentage of household income on housing and transportation relative to their counterparts in Macomb and Champaign, they spend more than their counterparts in Canton and Bloomington.

Self Sufficiency Standard Calculator

The Center for Women's Welfare at the University of Washington's Self-Sufficiency Standard Calculator defines the income households need to meet a minimum yet adequate level of standard of living, taking into account family composition, ages of children, and geographic differences in costs. This estimator calculates the income required by an individual or family to meet its basic needs without public or private assistance for a given family size and geographic location). These basic needs include housing (rental, food, health care, transportation, childcare and taxes. The estimated income does not include public or private assistance. The calculator can be used by workers to determine if a particular job will pay enough to meet one's needs as well as employers to determine whether or not the wage offered will be sufficient to allow potential employees to be self-sufficient at the offered wage. The following tables summarize the 2024 standards for Knox County for a select number of household types; data is not available for Galesburg.

2024 SELF SUFFICIENCY EARNINGS ESTIMATOR - KNOX COUNTY, IL

Household Type	Hourly (Per Adult)	Monthly (Per Household)	Annually (Per Household)
Single Adult	\$12.76	\$2,246	\$26,948
Two Adults	\$10.39	\$3,657	\$43,885
One Adult, 1 Infant	\$25.44	\$4,478	\$53,739
One Adult, 1 Preschooler	\$25.05	\$4,408	\$52,901
One Adult, 1 School-Age Child	\$20.33	\$3,578	\$42,930
One Adult, 2 School-Age Children	\$24.86	\$4,376	\$52,509
Two Adults, 1 Infant	\$15.52	\$5,464	\$65,568
Two Adults, 1 Preschooler	\$15.32	\$5,393	\$64,721
Two Adults, 1 School-Age Child	\$13.32	\$4,690	\$56,284
Two Adults, 2 School-Age Children	\$15.36	\$5,406	\$64,875

Notes: Assumes full time, year round work

Source: Self-Sufficiency Standard at the Center for Women's Welfare, University of Washington (Available at: <https://selfsufficiencystandard.org/calculator/>), released April 2024

According to various online job search boards, including ZipRecruiter, Glassdoor, and Indeed, while many jobs in Galesburg pay wages above the self-sufficiency thresholds for childless or two-earner households, there is a gap for single-parent households. For example, the average salary of a schoolteacher is approximately \$50,000 while the average hourly wage for a firefighter is just under \$19 per hour.

SIZE-APPROPRIATE/INCOME-ELIGIBLE HOUSEHOLDS & PENETRATION RATE ANALYSIS BY UNIT TYPE, AMI LEVEL, AND TENANCY

We also performed a partial demand analysis for rental housing by AMI level and unit type. Given there is no specific project proposed, we performed a preliminary analysis based on several assumptions as summarized below.

Unit Mix. Most rental units in Galesburg are one, two, and three-bedroom units. As of 2023, only 6.9 percent of all households in Galesburg had five or more persons and an even lower percentage (5.2 percent) of renter households have five or more persons. Further, as of the 2022 ACS only 5.1 percent of the rental housing supply offered four or more bedrooms. As such, four bedroom or larger unit types would likely have limited rental market appeal. Conversely, although there is a limited supply (6.4 percent) of studio rental units, given the fact that approximately 51 percent of renter households are one-person households and the cost burdens of renter households in Galesburg, we believe studio units would likely have market appeal despite their limited presence in the market to date, particularly in the downtown area. We therefore provide estimates of potential demand assuming a new property would offer studio, one, two, and three-bedroom units.

Rent/Income Limits. The minimum incomes are established assuming a renter household would pay no more than 35 percent of housing income for general tenancy and 40 percent of household income for seniors towards housing costs, consistent with market standards. Based on the Supply Analysis, maximum allowable LIHTC rents would be achievable for a newly constructed/renovated property at the 30 and 50 percent AMI levels. Maximum allowable 60 percent AMI rents would also likely be achievable for a newly constructed/renovated property with amenities and a competitive location, although absent new market rate construction the rents would be unlikely to offer a market advantage over average market rents being achieved by the city's older market rate supply, a necessary, but insufficient, requirement for LIHTC applications in many states including Illinois to be competitive, i.e. be awarded. Thus, for the purposes of this analysis we have utilized maximum allowable 60 percent AMI rents, which would likely be achievable, but notably may not be competitive for allocation. The maximum allowable 80 percent AMI rents are at the high end to above even the highest of market rents being achieved in the city. The main exception is for loft units in downtown, which are achieving rents well above those being achieved at the older garden-style/walk-up market rate housing stock. Thus, for the purposes of the 80 percent AMI analysis, we utilize rents that are \$100 above the 60 percent AMI maximum allowable rents. Finally, a minimum required income of two times the monthly rent is utilized for market rate units. Given the relatively low cost of homeownership in Galesburg, 80 percent of AMI units are likely to be directly competitive with market rate units even at a newly constructed development despite their lack of maximum income restrictions. As such, for the market rate demand, we assume rents that are \$25 above the achievable 80 percent AMI rents. The maximum incomes are set by law for LIHTC units; the maximum income for market rate renters was assumed to be \$75,000, as above this threshold households are considerably more likely to transition to homeownership. The following tables summarize the rents and minimum/maximum incomes utilized in this analysis.

ACHIEVABLE GROSS RENTS

BR	30% ¹	50% ¹	60% ¹	80% ²	Market ³
0	\$427	\$712	\$855	\$955	\$980
1	\$458	\$763	\$916	\$1,016	\$1,041
2	\$549	\$916	\$1,099	\$1,199	\$1,224
3	\$635	\$1,058	\$1,270	\$1,370	\$1,395

¹ Maximum allowable rent

² \$100 above the 60% AMI maximum allowable rents

³ \$25 above the achievable 80% AMI rents

It is worth noting that the exact achievable rents/price for a property in Galesburg will depend on the property characteristics, design, and location. Additionally, if a property were to offer fewer bedroom types and/or differing subsidies/income limits, the number of income-qualified households would change.

FAMILY INCOME LIMITS

Unit Type	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	@30%		@50%		@60%		@80%		Market	
0BR	\$14,640	\$17,100	\$24,411	\$28,500	\$29,314	\$34,200	\$32,743	\$45,600	\$33,600	\$75,000
1BR	\$15,703	\$19,560	\$26,160	\$32,600	\$31,406	\$39,120	\$34,834	\$52,160	\$35,691	\$75,000
2BR	\$18,823	\$21,990	\$31,406	\$36,650	\$37,680	\$43,980	\$41,109	\$58,640	\$41,966	\$75,000
3BR	\$21,771	\$26,400	\$36,274	\$44,000	\$43,543	\$52,800	\$46,971	\$70,400	\$47,829	\$75,000

65+ INCOME LIMITS

Unit Type	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	@30%		@50%		@60%		@80%		Market	
0BR	\$12,810	\$17,100	\$21,360	\$28,500	\$25,650	\$34,200	\$28,650	\$45,600	\$29,400	\$75,000
1BR	\$13,740	\$19,560	\$22,890	\$32,600	\$27,480	\$39,120	\$30,480	\$52,160	\$31,230	\$75,000
2BR	\$16,470	\$21,990	\$27,480	\$36,650	\$32,970	\$43,980	\$35,970	\$58,640	\$36,720	\$75,000

Next, we illustrate the household population segregated by income band in order to determine those who are income-qualified to reside in the hypothetical property. This income distributions were illustrated previously in the demographic analysis section of this report. *Per IDHA guidelines, all renter households are used for the general tenancy analysis and all senior households (owners and renters) are used for the senior analysis*

RENTER HOUSEHOLD INCOME - GALESBURG, IL

Galesburg, IL						
Income Cohort	2023		2028		Annual Change 2023 to 2028	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	771	15.8%	723	15.5%	-10	-1.2%
\$10,000-19,999	1,232	25.2%	1,110	23.9%	-24	-2.0%
\$20,000-29,999	1,016	20.8%	956	20.6%	-12	-1.2%
\$30,000-39,999	531	10.9%	511	11.0%	-4	-0.8%
\$40,000-49,999	411	8.4%	416	8.9%	1	0.2%
\$50,000-59,999	179	3.7%	167	3.6%	-2	-1.3%
\$60,000-74,999	225	4.6%	229	4.9%	1	0.4%
\$75,000-99,999	205	4.2%	203	4.4%	0	-0.2%
\$100,000-124,999	153	3.1%	127	2.7%	-5	-3.4%
\$125,000-149,999	106	2.2%	124	2.7%	4	3.4%
\$150,000-199,999	28	0.6%	50	1.1%	4	15.7%
\$200,000+	27	0.6%	34	0.7%	1	5.2%
Total	4,884	100.0%	4,650	100.0%		

Source: HISTA Data / Ribbon Demographics 2022, Novogradac, February 2024

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

SENIOR (65+) HOUSEHOLD INCOME - GALESBURG, IL

Income Cohort	Galesburg, IL					
	2023		2028		Annual Change 2023 to 2028	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	257	6.1%	265	5.8%	2	0.6%
\$10,000-19,999	1,138	27.0%	1,112	24.5%	-5	-0.5%
\$20,000-29,999	675	16.0%	706	15.5%	6	0.9%
\$30,000-39,999	567	13.4%	640	14.1%	15	2.6%
\$40,000-49,999	467	11.1%	504	11.1%	7	1.6%
\$50,000-59,999	224	5.3%	255	5.6%	6	2.8%
\$60,000-74,999	326	7.7%	376	8.3%	10	3.1%
\$75,000-99,999	272	6.4%	317	7.0%	9	3.3%
\$100,000-124,999	154	3.6%	187	4.1%	7	4.3%
\$125,000-149,999	42	1.0%	51	1.1%	2	4.3%
\$150,000-199,999	62	1.5%	82	1.8%	4	6.5%
\$200,000+	36	0.9%	52	1.1%	3	8.9%
Total	4,220	100.0%	4,547	100.0%		

Source: HISTA Data / Ribbon Demographics 2022, Novogradac, February 2024

Income Distribution

We combine the allowable income bands with the income distribution analysis in order to determine the number of potential income-qualified households. The Cohort Overlap is defined as the income amount within income bands defined above that falls within the ESRI provided Income Cohort. The % in Cohort is simply the cohort overlap divided by the income cohort range (generally \$10,000). The # in Cohort is determined by multiplying total renter households by the % in Cohort determination. In some cases, the income-eligible band overlaps with more than one income cohort. In those cases, the cohort overlap for more than one income cohort will be calculated. The sum of these calculations provides an estimate of the total number of households that are income-eligible, both by AMI level and in total.

FAMILY INCOME DISTRIBUTION 2023

Income Cohort	Total Renter Households	@30%			@50%			@60%			@80%			Market			50, 60, 80% AMI Units Only		
		cohort overlap	% in cohort	# in cohort	cohort overlap	% in cohort	# in cohort	cohort overlap	% in cohort	# in cohort	cohort overlap	% in cohort	# in cohort	cohort overlap	% in cohort	# in cohort	cohort overlap	% in cohort	# in cohort
\$0-9,999	771																		
\$10,000-19,999	1,232	5,358	53.6%	660				684	6.8%	70							5,587	55.9%	568
\$20,000-29,999	1,016	6,401	64.0%	650	5,587	55.9%	568	9,999	100.0%	531	7,256	72.6%	385	6,398	64.0%	340	9,999	100.0%	531
\$30,000-39,999	531				9,999	100.0%	531	9,999	100.0%	531	9,999	100.0%	411	9,999	100.0%	411	9,999	100.0%	411
\$40,000-49,999	411				4,001	40.0%	164	9,999	100.0%	411	9,999	100.0%	411	9,999	100.0%	411	9,999	100.0%	411
\$50,000-59,999	179							2,801	28.0%	50	9,999	100.0%	179	9,999	100.0%	179	9,999	100.0%	179
\$60,000-74,999	225										10,401	69.3%	156	14,999	100.0%	225	10,401	69.3%	156
\$75,000-99,999	205																		
\$100,000-124,999	153																		
\$125,000-149,999	106																		
\$150,000-199,999	28																		
\$200,000+	27																		
Total	4,884		26.8%	1,311		25.9%	1,263		21.7%	1,062		23.2%	1,131		23.6%	1,155		37.8%	1,845

The table above demonstrates that there are a total of 4,884 renter households in the city. Assuming no rental assistance subsidy was offered, and the property offered studio, one, two, and three-bedroom units at the previously reported achievable rents, 26.8 percent of renter households in the city would qualify for the 30 percent AMI units, 25.9 percent would qualify for 50 percent AMI units, 21.7 percent for the 60 percent AMI units, 23.2 percent for 80 percent AMI units, and 23.6 percent for market rate units. The above calculations are not mutually exclusive. For example, a household may be income-qualified at the 50 and 60 percent AMI levels. To avoid double counting, an overall capture rate analysis for all units should also be added based on the exact unit mix and AMI levels that would be offered at a proposed development. Given the RFP specifically requested an analysis for 50, 60, and 80 percent AMI units, we also included an overall capture rate analysis assuming just those AMI levels were to be offered; under this scenario, 37.8 percent of renter households would qualify.

65+ INCOME DISTRIBUTION 2023

Income Cohort	Total Senior Households	@30%			@50%			@60%			@80%			Market			50, 60, 80% AMI Units Only		
		cohort overlap	% in cohort	# in cohort	cohort overlap	% in cohort	# in cohort	cohort overlap	% in cohort	# in cohort	cohort overlap	% in cohort	# in cohort	cohort overlap	% in cohort	# in cohort	cohort overlap	% in cohort	# in cohort
\$0-9,999	257																		
\$10,000-19,999	1,138	7,188	71.9%	818															
\$20,000-29,999	675	1,991	19.9%	134	8,638	86.4%	583	4,348	43.5%	294	1,348	13.5%	91	598	6.0%	40	8,638	86.4%	583
\$30,000-39,999	567				6,651	66.5%	377	9,999	100.0%	567	9,999	100.0%	567	9,999	100.0%	567	9,999	100.0%	567
\$40,000-49,999	467							3,981	39.8%	186	9,999	100.0%	467	9,999	100.0%	467	9,999	100.0%	467
\$50,000-59,999	224										8,641	86.4%	194	9,999	100.0%	224	8,641	86.4%	194
\$60,000-74,999	326													14,999	100.0%	326			
\$75,000-99,999	272																		
\$100,000-124,999	154																		
\$125,000-149,999	42																		
\$150,000-199,999	62																		
\$200,000+	36																		
Total	4,220		22.6%	952		22.8%	960		24.8%	1,046		31.2%	1,319		38.5%	1,624		42.9%	1,811

The table above demonstrates that there are a total of 4,220 senior households in the city. Assuming no rental assistance subsidy was offered, and the property offered studio, one, and two-bedroom units at the previously reported achievable rents, 22.6 percent of senior households in the city would qualify for the 30 percent AMI units, 22.8 percent would qualify for 50 percent AMI units, 24.8 percent for the 60 percent AMI units, 31.2 percent for 80 percent AMI units, and 38.5 percent for market rate units. The above calculations are not mutually exclusive. For example, a household may be income-qualified at the 50 and 60 percent AMI levels. To avoid double counting, an overall capture rate analysis for all units should also be added based on the exact unit mix and AMI levels that would be offered at a proposed development. Given the RFP specifically requested an analysis for 50, 60, and 80 percent AMI units, we also included an overall capture rate analysis assuming just those AMI levels were to be offered; under this scenario, 42.9 percent of renter households would qualify.

Income Eligible - Renter Households by Number of People in Household

At this point we know how many income eligible renter households there are within the city by AMI level. Using that household figure, we calculate the percentage of income eligible households to total households by AMI level (AMI percentage eligible). However, in order to provide a demand analysis by bedroom type the number of households must now be allocated to a bedroom mix. The first step in that process is to determine the number of income qualified renter households by the number of persons per household. This can be completed by applying the total number of rental households by person by the AMI percentage eligible. The total number of renter households by person is information provided by ESRI and illustrated in the demographic discussion.

Unit Size Appropriate

Household size is assumed to be 1.5 persons per bedroom for LIHTC rent calculation purposes. Additionally, HUD assumes that one-person households are accommodated in one-bedroom units. For LIHTC income purposes, the actual size of the household is used.

The distribution of households by unit type is dependent on the following assumptions. This table has been developed by Novogradac as a result of market research.

HOUSEHOLD DISTRIBUTION		
Studio	20%	Of one-person households in studio units
1 BR	70%	Of one-person households in 1BR units
	30%	Of two-person households in 1BR units
2 BR	10%	Of one-person households in 2BR units
	70%	Of two-person households in 2BR units
	60%	Of three-person households in 2BR units
	30%	Of four-person households in 2BR units
3 BR	40%	Of three-person households in 3BR units
	40%	Of four-person households in 3BR units
	25%	Of five-person households in 3BR units

HOUSEHOLD DISTRIBUTION		
Studio	30%	Of one-person households in studio units
1 BR	70%	Of one-person households in 1BR units
	70%	Of two-person households in 1BR units
2 BR	30%	Of two-person households in 2BR units

The projected renter household demand by bedroom size can then be determined by applying these weightings to the number of income qualified renter households determined previously.

Size-Appropriate & Income-Eligible Households – General Tenancy

A capture rate is simply determined by dividing the number of units by unit type for the subject by the total number of qualified renter households for that unit type. This calculation is then adjusted for leakage to arrive at a final determination of capture rate by bedroom type and AMI level. **Given that there is no proposed unit mix, the following analysis presents only a portion of a full capture rate analysis, namely the identification of the number of size-appropriate, income-eligible households by unit type and AMI level.**

CAPTURE RATE ANALYSIS - @30%

PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE

Renter Household Distribution 2023

	Renter Household Size Distribution	Total Number of Renter Households
1 person	54.3%	2,652
2 persons	20.4%	994
3 persons	13.1%	639
4 persons	7.2%	353
5+ persons	5.0%	246
Total	100.0%	4,884

Income-Qualified Renter Demand

	Total Number of Renter Households		% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	2,652	x	26.8%	712
2 persons	994	x	26.8%	267
3 persons	639	x	26.8%	171
4 persons	353	x	26.8%	95
5+ persons	246	x	26.8%	66
Total	4,884			1,311

Projected Renter Household Demand by Bedroom Size

	Number of Qualified Renter Households
OBR	142
1BR	578
2BR	389
3BR	123
Total	1,233

CAPTURE RATE ANALYSIS - @50%

PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE

Renter Household Distribution 2023

	Renter Household Size Distribution	Total Number of Renter Households
1 person	54.3%	2,652
2 persons	20.4%	994
3 persons	13.1%	639
4 persons	7.2%	353
5+ persons	5.0%	246
Total	100.0%	4,884

Income-Qualified Renter Demand

	Total Number of Renter Households		% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	2,652	x	25.9%	686
2 persons	994	x	25.9%	257
3 persons	639	x	25.9%	165
4 persons	353	x	25.9%	91
5+ persons	246	x	25.9%	64
Total	4,884			1,263

Projected Renter Household Demand by Bedroom Size

	Number of Qualified Renter Households
OBR	137
1BR	557
2BR	375
3BR	119
Total	1,188

CAPTURE RATE ANALYSIS - @60%

PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE

Renter Household Distribution 2023

	Renter Household Size Distribution	Total Number of Renter Households
1 person	54.3%	2,652
2 persons	20.4%	994
3 persons	13.1%	639
4 persons	7.2%	353
5+ persons	5.0%	246
Total	100.0%	4,884

Income-Qualified Renter Demand

	Total Number of Renter Households		% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	2,652	x	21.7%	576
2 persons	994	x	21.7%	216
3 persons	639	x	21.7%	139
4 persons	353	x	21.7%	77
5+ persons	246	x	21.7%	53
Total	4,884			1,062

Projected Renter Household Demand by Bedroom Size

	Number of Qualified Renter Households
0BR	115
1BR	468
2BR	315
3BR	100
Total	999

CAPTURE RATE ANALYSIS - @80%

PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE

Renter Household Distribution 2023

	Renter Household Size Distribution	Total Number of Renter Households
1 person	54.3%	2,652
2 persons	20.4%	994
3 persons	13.1%	639
4 persons	7.2%	353
5+ persons	5.0%	246
Total	100.0%	4,884

Income-Qualified Renter Demand

	Total Number of Renter Households		% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	2,652	x	23.2%	614
2 persons	994	x	23.2%	230
3 persons	639	x	23.2%	148
4 persons	353	x	23.2%	82
5+ persons	246	x	23.2%	57
Total	4,884			1,131

Projected Renter Household Demand by Bedroom Size

	Number of Qualified Renter Households
0BR	123
1BR	499
2BR	336
3BR	106
Total	1,064

CAPTURE RATE ANALYSIS - 50, 60, and 80% AMI Units

PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE

Renter Household Distribution 2023

	Renter Household Size Distribution	Total Number of Renter Households
1 person	54.3%	2,652
2 persons	20.4%	994
3 persons	13.1%	639
4 persons	7.2%	353
5+ persons	5.0%	246
Total	100.0%	4,884

Income-Qualified Renter Demand

	Total Number of Renter Households		% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	2,652	x	37.8%	1,002
2 persons	994	x	37.8%	375
3 persons	639	x	37.8%	241
4 persons	353	x	37.8%	133
5+ persons	246	x	37.8%	93
Total	4,884			1,845

Projected Renter Household Demand by Bedroom Size

	Number of Qualified Renter Households
0BR	200
1BR	814
2BR	548
3BR	173
Total	1,735

CAPTURE RATE ANALYSIS - MARKET

PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE

Renter Household Distribution 2023

	Renter Household Size Distribution	Total Number of Renter Households
1 person	54.3%	2,652
2 persons	20.4%	994
3 persons	13.1%	639
4 persons	7.2%	353
5+ persons	5.0%	246
Total	100.0%	4,884

Income-Qualified Renter Demand

	Total Number of Renter Households		% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	2,652	x	23.6%	627
2 persons	994	x	23.6%	235
3 persons	639	x	23.6%	151
4 persons	353	x	23.6%	83
5+ persons	246	x	23.6%	58
Total	4,884			1,155

Projected Renter Household Demand by Bedroom Size

	Number of Qualified Renter Households
0BR	125
1BR	509
2BR	343
3BR	108
Total	1,086

Preliminary Capture Rate by Bedroom Mix & Tenancy – Senior (65+) Tenancy

CAPTURE RATE ANALYSIS - @30%

PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE

Senior (65+) Household Distribution 2023

	Senior Household Size Distribution	Total Number of Senior Households
1 person	55.0%	2,321
2 persons	37.9%	1,598
3 persons	3.9%	165
4 persons	1.5%	64
5+ persons	1.7%	72
Total	100.0%	4,220

Income-Qualified Senior (65+) Demand

	Total Number of Senior Households		% Income-Qualified Senior Households	Number Qualified Senior Households
1 person	2,321	x	22.6%	524
2 persons	1,598	x	22.6%	361
3 persons	165	x	22.6%	37
4 persons	64	x	22.6%	14
5+ persons	72	x	22.6%	16
Total	4,220			952

Projected Senior Household Demand by Bedroom Size

	Number of Qualified Senior Households
OBR	157
1BR	619
2BR	108
Total	885

CAPTURE RATE ANALYSIS - @50%

PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE

Senior (65+) Household Distribution 2023

	Senior Household Size Distribution	Total Number of Senior Households
1 person	55.0%	2,321
2 persons	37.9%	1,598
3 persons	3.9%	165
4 persons	1.5%	64
5+ persons	1.7%	72
Total	100.0%	4,220

Income-Qualified Senior (65+) Demand

	Total Number of Senior Households		% Income-Qualified Senior Households	Number Qualified Senior Households
1 person	2,321	x	22.8%	528
2 persons	1,598	x	22.8%	364
3 persons	165	x	22.8%	38
4 persons	64	x	22.8%	15
5+ persons	72	x	22.8%	16
Total	4,220			960

Projected Senior Household Demand by Bedroom Size

	Number of Qualified Senior Households
OBR	158
1BR	624
2BR	109
Total	892

CAPTURE RATE ANALYSIS - @60%

PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE

Senior (65+) Household Distribution 2023

Senior Household Size		Total Number of Senior
	Distribution	Households
1 person	55.0%	2,321
2 persons	37.9%	1,598
3 persons	3.9%	165
4 persons	1.5%	64
5+ persons	1.7%	72
Total	100.0%	4,220

Income-Qualified Senior (65+) Demand

	Total Number of Senior		% Income-Qualified Senior	Number Qualified Senior
	Households		Households	Households
1 person	2,321	x	24.8%	576
2 persons	1,598	x	24.8%	396
3 persons	165	x	24.8%	41
4 persons	64	x	24.8%	16
5+ persons	72	x	24.8%	18
Total	4,220			1,046

Projected Senior Household Demand by Bedroom Size

	Number of Qualified Senior
	Households
0BR	173
1BR	680
2BR	119
Total	972

CAPTURE RATE ANALYSIS - @80%

PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE

Senior (65+) Household Distribution 2023

Senior Household Size		Total Number of Senior
	Distribution	Households
1 person	55.0%	2,321
2 persons	37.9%	1,598
3 persons	3.9%	165
4 persons	1.5%	64
5+ persons	1.7%	72
Total	100.0%	4,220

Income-Qualified Senior (65+) Demand

	Total Number of Senior		% Income-Qualified Senior	Number Qualified Senior
	Households		Households	Households
1 person	2,321	x	31.2%	725
2 persons	1,598	x	31.2%	499
3 persons	165	x	31.2%	52
4 persons	64	x	31.2%	20
5+ persons	72	x	31.2%	22
Total	4,220			1,319

Projected Senior Household Demand by Bedroom Size

	Number of Qualified Senior
	Households
0BR	218
1BR	857
2BR	150
Total	1,225

CAPTURE RATE ANALYSIS - MARKET

PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE

Senior (65+) Household Distribution 2023

Senior Household Size		Total Number of Senior
	Distribution	Households
1 person	55.0%	2,321
2 persons	37.9%	1,598
3 persons	3.9%	165
4 persons	1.5%	64
5+ persons	1.7%	72
Total	100.0%	4,220

Income-Qualified Senior (65+) Demand

	Total Number of Senior		% Income-Qualified Senior	Number Qualified Senior
	Households		Households	Households
1 person	2,321	x	38.5%	893
2 persons	1,598	x	38.5%	615
3 persons	165	x	38.5%	64
4 persons	64	x	38.5%	25
5+ persons	72	x	38.5%	28
Total	4,220			1,624

Projected Senior Household Demand by Bedroom Size

	Number of Qualified Senior
	Households
0BR	268
1BR	1,056
2BR	185
Total	1,509

CAPTURE RATE ANALYSIS - 50, 60, and 80% AMI Units

PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE

Senior (65+) Household Distribution 2023

Senior Household Size		Total Number of Senior
	Distribution	Households
1 person	55.0%	2,321
2 persons	37.9%	1,598
3 persons	3.9%	165
4 persons	1.5%	64
5+ persons	1.7%	72
Total	100.0%	4,220

Income-Qualified Senior (65+) Demand

	Total Number of Senior		% Income-Qualified Senior	Number Qualified Senior
	Households		Households	Households
1 person	2,321	x	42.9%	996
2 persons	1,598	x	42.9%	686
3 persons	165	x	42.9%	71
4 persons	64	x	42.9%	27
5+ persons	72	x	42.9%	31
Total	4,220			1,811

Projected Senior Household Demand by Bedroom Size

	Number of Qualified Senior
	Households
0BR	299
1BR	1,177
2BR	206
Total	1,682

Preliminary Penetration Rate – General Tenancy (50, 60, and 80% AMI)

The RFP specifically requested a demand analysis for 50, 60, and 80 percent AMI units. To calculate the penetration rate for this hypothetical project, we must first establish the number of income-eligible potential tenants. Per IHDA guidelines, we have utilized all renter households in our analysis. The number of income-qualified renter households based on the hypothetical rents and unit mix with units restricted at 50, 60, and 80 percent AMI is 1,845. The penetration rate for said hypothetical development is then calculated by dividing the total number of existing and proposed rent/income restricted units, plus the number of proposed rent/income restricted units at the hypothetical property by the total number of income-eligible households. The median development size of the three existing LIHTC properties in Galesburg is 102 units; we therefore estimated a development size of 100 units for the following analysis.

The following summarizes our penetration calculations, based upon IHDA standard calculations. First, there are no known LIHTC or other formal rent/income restricted affordable housing units in the development pipeline in Galesburg. Second, there are 278 existing LIHTC units offered at the three unsubsidized LIHTC properties in Galesburg. Additionally, per IHDA's penetration rate methodology, all rent/income restricted units that are not age-restricted must be included in the penetration rate analysis despite varying rent/income limits. Thus, we also included all subsidized units that target a general tenancy in the following analysis. Lastly, although many of the older market rate units would likely be competitive with 80 percent AMI units, the following analysis does not account for those units, consistent with IHDA's methodology.

PENETRATION RATE - 50, 60, 80% AMI	
Number of Proposed Income/Rent Restricted Units	0
	+
Number of Existing Income/Rent Restricted Units	739
	+
Hypothetical Proposed Property	100
	=
Total	839
	/
Income Eligible Households	1,845
	=
Overall Penetration Rate - Market Focus (NCHMA)	45.5%

As illustrated, after accounting for the existing and proposed rent/income restricted supply, the resulting penetration rate is 45.5 percent. A penetration rate below 100 percent indicates additional demand beyond the existing and planned supply. According to IHDA guidelines, an acceptable overall penetration rate for affordable units in a market area should generally be under 25 percent. IHDA also notes that in the event that a penetration rate exceeds these acceptable levels, an explanation of the high penetration rate can be included noting specifically why the market should be considered viable in spite of the penetration rate. In this case, the methodology includes only those income eligible households that would qualify at the 50, 60, and 80 percent AMI levels, but removes all rent/income restricted units including those that target households at lower income levels. If we removed only unsubsidized LIHTC units from the analysis, the resulting penetration rate would be 20.5 percent, below the acceptable threshold. This, together with low vacancy rates at existing LIHTC developments could be included as explanations for why a proposed project would be considered viable despite the elevated penetration rate under IHDA's methodology. Additionally, if the hypothetical project were to add 30 percent AMI units, the penetration rate under IDHA's methodology would decrease to 27.7 percent.

It is worth noting that the exact penetration rate for a proposed property in Galesburg would depend on the proposed unit mix, AMI levels, rents, and development size. If the property were to offer fewer unit types, AMI levels, more units, and/or higher rents than those assumed in this analysis, the resulting penetration rate would be higher. If the property were to offer fewer total units, the resulting penetration rate would be lower.

Preliminary Penetration Rate – Senior (65+) Tenancy (50, 60, and 80% AMI)

The RFP specifically requested a demand analysis for 50, 60, and 80 percent AMI units. To calculate the penetration rate for this hypothetical project as if it were age-restricted, we must first establish the number of income-eligible potential tenants. Per IHDA guidelines, we have utilized all (owner and renter) senior households in our analysis. The number of income-qualified senior households based on the hypothetical rents and unit mix with units restricted at 50, 60, and 80 percent AMI is 1,811. The penetration rate for said hypothetical development is then calculated by dividing the total number of all existing and proposed rent/income restricted units, plus the number of proposed rent/income restricted units at the hypothetical property by the total number of income-eligible households. The median development size of the three existing LIHTC properties in Galesburg is 102 units; we therefore estimated a development size of 100 units for the following analysis.

The following summarizes our penetration calculations, based upon IHDA standard calculations. First, there are no known LIHTC, or other formal rent/income restricted affordable housing units in the development pipeline in Galesburg. Second, there are 278 existing LIHTC units offered at the three unsubsidized LIHTC properties in Galesburg. Additionally, per IHDA's penetration rate methodology, all rent/income restricted units including general tenancy and age-restricted units, must be included in the penetration rate analysis despite varying rent/income limits. Thus, we also included all subsidized units as well as unsubsidized affordable LIHTC units in the following analysis. Lastly, although many of the older market rate units would likely be competitive with 80 percent AMI units, the following analysis does not account for those units, consistent with IHDA's methodology.

PENETRATION RATE - 50, 60, 80% AMI	
Number of Proposed Income/Rent Restricted Units	0
	+
Number of Existing Income/Rent Restricted Units	1,252
	+
Hypothetical Proposed Property	100
	=
Total	1,352
	/
Income Eligible Households	1,811
	=
Overall Penetration Rate - Market Focus (NCHMA)	74.7%

As illustrated, after accounting for the existing and proposed rent/income restricted supply, the resulting penetration rate is 74.7 percent. A penetration rate below 100 percent indicates additional demand beyond the existing and planned supply. According to IHDA guidelines, an acceptable overall penetration rate for affordable units in a market area should generally be under 25 percent. IHDA also notes that in the event that a penetration rate exceeds these acceptable levels, an explanation of the high penetration rate can be included noting specifically why the market should be considered viable in spite of the penetration rate. In this case, the methodology includes only those 65 and over income eligible households that would qualify at the 50, 60, and 80 percent AMI levels, but removes all rent/income restricted units including those that target households at lower income levels and those that target a general tenancy. If we removed only unsubsidized LIHTC units from the analysis, the resulting penetration rate would be 20.9 percent, below the acceptable threshold. This, together with low vacancy rates at existing LIHTC developments and subsidized age-restricted developments as well as the number of income-eligible senior households could be included as explanations for why a proposed project would be considered viable despite the elevated penetration rate under IHDA's methodology. Additionally, if the hypothetical project were to add 30 percent AMI units, the penetration rate under IDHA's methodology would decrease to 49.7 percent.

It is worth noting that the exact penetration rate for a proposed property in Galesburg would depend on the proposed unit mix, AMI levels, rents, and development size. If the property were to offer fewer unit types, AMI levels, more units, and/or higher rents than those assumed in this analysis, the resulting penetration rate would be higher. If the property were to offer fewer total units, the resulting penetration rate would be lower, but not so much so to be below the acceptable threshold.

Sale Units

As previously mentioned, Galesburg currently is classified as a seller's market as there is between 4.5 and 4.9 months of inventory, below the 6.0 months of inventory needed in a balanced market. Further, as previously discussed, as of the 2022 ACS, the median homeowner could likely afford a home priced at or below \$210,000 (rounded) and the median first-time buyer a home priced at or below approximately \$85,000 (rounded). According to Zillow, the median list price in Galesburg as of June 2024 was \$108,617, above the affordable home for the first-time median homebuyer, but within the affordability range of all homeowners. The majority of recent sales, however, have closed at below asking prices and the median sold price as of June 2024 was \$99,725. Thus, on average, at current prices homes in Galesburg continue to be affordable to the majority of existing owner households and within reach of first-time homebuyers, particularly if also benefiting from downpayment assistance.

GAP ANALYSIS

Every year the National Low Income Housing Coalition (NLIHC) releases a report on the affordable housing gap in the United States as a whole, the 50 states, and the largest MSAs nationwide. The data comes from the American Community Survey and the tabulations are similar to those produced in the CHAS dataset released by HUD, which is also a repackaging of American Community Survey data. For more information on the CHAS data set see <https://www.huduser.gov/portal/datasets/cp.html>. As previously mentioned, the most recently released CHAS data set (released September 2023) for place level analysis is based on the 2016-2020 American Community Survey five-year estimates.

In the following section we perform an affordability analysis for renter and owner households. In order to determine the deficit, or surplus, of housing at various levels of the income distribution, the analysis begins with the number of households within a particular income group. For the purposes of this analysis, we rely on the income following categories:

- Extremely low-income households (ELI) are defined as households with incomes equal to or below 30 percent of the HUD Area Median Family Income (HAMFI).
- Very low-income households (VLI) are defined as households with incomes above 30 percent but equal to or below 50 percent of HAMFI.
- Low-income households (LI) are defined as households with incomes above 50 percent but equal to or below 80 percent of the HAMFI.
- Moderate income households (MI) are defined as household with incomes above 80 percent but equal to or below 100 percent of the HAMFI
- Above median income households (AMI) are defined as households with incomes above 100 percent of the HAMFI.

First, we identify the number of units in the market that are affordable to households within each income and tenure category. This calculation includes both occupied and vacant units, and affordability is calculated using the commonly accepted measure of affordability, that a household pays no more than 30 percent of household income towards housing costs. As incomes rise, so too does the availability of affordable housing units. For example, a VLI household can afford units with rents between 30 and 50 percent of HAMFI, but it can also afford units that are affordable to ELI households, i.e. rents at or below 30 percent of HAMFI.

Next we turn to the income distribution of households occupying the units that are affordable for each income category. The following table illustrates affordable rental units by income category by household income. Row percentages represent the percentage of units that are affordable at the specified AMI levels that are occupied by households at the specified income levels. Column percentages represent the percentage of households at the specified income levels living by the unit affordability. Red indicates households that are likely cost burdened as the household income is below the category of rent affordability; orange indicates appropriately placed households (i.e. the household income matches the affordability category of the rental unit); and, finally green represents higher income households occupying units that are affordable to the particular income category as well as income categories below. **Available units are units that are both affordable and occupied by the appropriate income group as well as vacant units targeting the appropriate income category.**

Cost Burdened		Income/Rent Match		Over Income		
Rental Housing Units*				Galesburg		
	Household Income	ELI	VLI	LI	MI	Above MI
Rental units affordable at <= 30% of HAMRI		875	170	205	20	135
	Row Percentage	63%	12%	15%	1%	10%
	Column Percentage	46%	15%	18%	10%	16%
Rental units affordable at >30 to ≤ 50% of HAMRI		775	765	660	105	395
	Row Percentage	29%	28%	24%	4%	15%
	Column Percentage	41%	67%	58%	51%	48%
Rental units affordable at >50 to ≤ 80% of HAMRI		220	185	270	80	255
	Row Percentage	22%	18%	27%	8%	25%
	Column Percentage	12%	16%	24%	39%	31%
Rental units at ≥80% of HAMRI		35	20	10	0	35
	Row Percentage	35%	20%	10%	0%	35%
	Column Percentage	2%	2%	1%	0%	4%

*Row percentages include vacant affordable units; column percentages are based on occupancy and as such vacant units are excluded

Source: HUD, CHAS 2016-2020

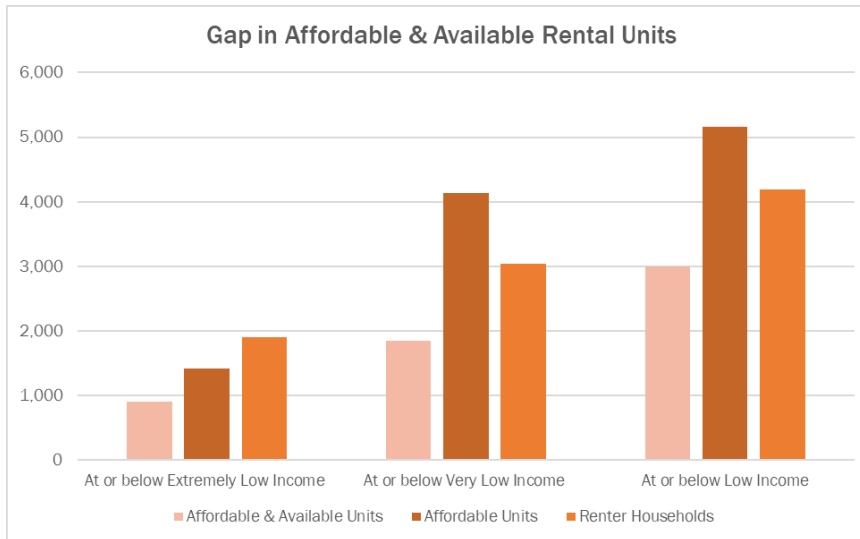
As illustrated, approximately 63 percent (row percentage) of occupied rental units affordable to ELI renter households are in fact available to ELI renter households; the remaining 37 percent of occupied rental units that would be affordable to ELI renter households are in fact occupied by households with higher incomes. Further, while 46 percent (column percentage) of ELI renter households occupy units that are affordable at or below the 30 percent AMI level and as such would be considered affordable to these households, the remaining 54 percent of ELI renter households are renting units that are affordable to higher income renter households, but not ELI renter households. There is considerably better alignment in the owner market as illustrated below, although this is due primarily to the overall affordability of the owner stock and the higher incomes of owner households more generally.

Cost Burdened		Income/Rent Match		Over Income		
Owner Housing Units*		Galesburg				
	Household Income	ELI	VLI	LI	MI	Above MI
Owner units affordable at ≤50% of HAMRI		460	860	1,370	705	2,430
	Row Percentage	8%	15%	24%	12%	42%
	Column Percentage	79%	97%	91%	88%	71%
Owner units affordable at >50 to 80% of HAMRI		85	25	125	80	750
	Row Percentage	8%	2%	12%	8%	70%
	Column Percentage	15%	3%	8%	10%	22%
Owner units affordable at >80 to 100% of HAMRI		0	0	0	15	100
	Row Percentage	0%	0%	0%	2%	15%
	Column Percentage	0%	0%	0%	2%	3%
Owner units at >100+% of HAMRI		35	4	8	4	125
	Row Percentage	19%	2%	4%	2%	69%
	Column Percentage	6%	0%	1%	0%	4%

*Row percentages include vacant affordable units; column percentages are based on occupancy and as such vacant units are excluded

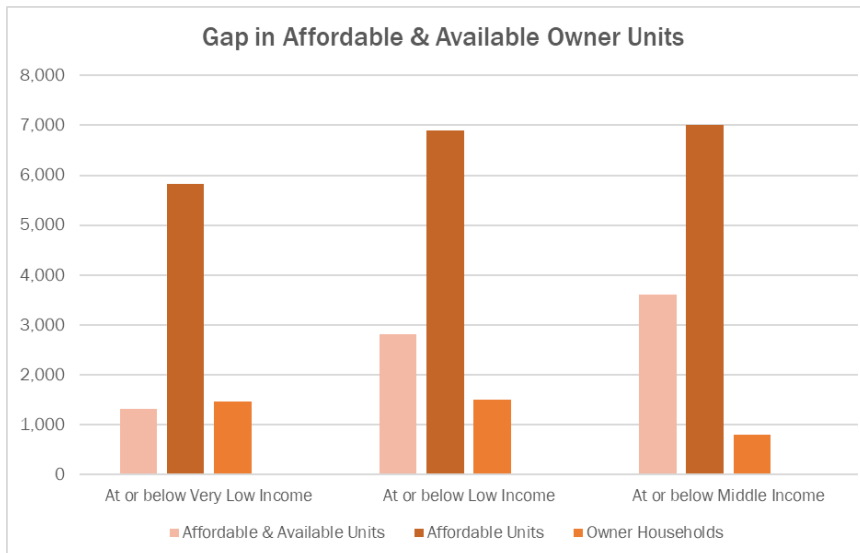
Source: HUD, CHAS 2016-2020

The following graphs illustrate the number of renter/owner households by income category as well as the total number of units that are affordable for each income/tenure group and the total number of units that are affordable and available.



Source: HUD, CHAS 2016-2020

There are more affordable units for LI and VLI renter households than there are LI and VLI renter households, but a sizeable percentage of that housing supply is occupied by higher income households and as a result the number of affordable and available units for these groups is actually less than their size resulting in a gap. Even more severe is the gap for ELI renter households as there is not even a sufficient supply of affordable housing units, let alone affordable and available housing units. As a result, this group (ELI renter households) are the most likely to be cost burdened and have the largest need.



Source: HUD, CHAS 2016-2020

Contrary to the rental analysis, in the owner market there are more affordable units for each income group than there are households within that income group. Further, there are more affordable and available owner units for LI and MI owner households than there are LI and MI owner households. The only owner group for which there is a deficiency in available supply is VLI owner households and the gap is small, particularly relative to the rental gaps.

Finally, the tables following illustrate the complete housing gap analyses illustrating the deficit/surplus of units and the rate of affordable and available units by income and tenure.

AFFORDABLE RENTAL HOUSING GAP ANALYSIS	
All Renter Households	5,275
At or below extremely low income ($\leq 30\%$ HAMFI)	
Total Renter Households	1,905
Affordable Units	1,425
Surplus or Deficit of Affordable Units	(480)
Affordable Units per 100 Renter Households	75
Affordable and Available Units	900
Surplus or Deficit of Affordable and Available Units	(1,005)
Affordable and Available Units per 100 Renter Households	47
At or below very low income ($\leq 50\%$ HAMFI)	
Total Renter Households	3,045
Affordable Units	4,135
Surplus or Deficit of Affordable Units	1,090
Affordable Units per 100 Renter Households	136
Affordable and Available Units	1,845
Surplus or Deficit of Affordable and Available Units	(1,200)
Affordable and Available Units per 100 Renter Households	61
At or below low income ($\leq 80\%$ HAMFI)	
Total Renter Households	4,190
Affordable Units	5,160
Surplus or Deficit of Affordable Units	970
Affordable Units per 100 Renter Households	123
Affordable and Available Units	2,995
Surplus or Deficit of Affordable and Available Units	(1,195)
Affordable and Available Units per 100 Renter Households	71

Note: the above categories are not independent, but rather are additive

Source: HUD, 2016-2020 CHAS data, published September 2023.

According to CHAS data, there are 1,905 ELI renter households in Galesburg and 1,425 rental units with rents that would be affordable to ELI households. Thus, there is a deficit of 480 units for ELI renter households as there are more ELI renter households than there are units that would be affordable to this target market. This equates to 75 affordable units per 100 ELI renter households. But recall that not all units that are affordable to ELI renter households are in fact occupied by this group; instead, many are occupied by higher income households. Thus, the calculation of affordable and available units considers only those units that are affordable and occupied by the income group in question. Thus, for ELI renter households, because some units that are affordable at 30 percent HAMFI are occupied by higher income households, the number of affordable and available units for ELI renter households is lower than just the number of affordable units. In Galesburg according to the most recent CHAS data available, there are 900 units that are affordable to ELI renter households that are available to this group, including 875 units occupied by this group and an additional 25 that were vacant. Recall however that there are 1,905 ELI renter households, or a deficit of 1,005 units. As a result, this equates to an estimated 47 affordable and available units per 100 ELI renter households in

Galesburg, the largest shortage of any income/tenure group; this is generally consistent with national trends. According to the most recent statewide gap analysis for Illinois, there were 36 affordable and available rental units for every 100 ELI renter household statewide. Thus, while this group faces the most severe shortage of any group within Galesburg, the barrier locally is less severe when compared to that in other parts of the state. The lack of rental housing options for higher income renter households is likely one contributing factor to the deficits faced by lower income renter households as these higher income households occupy the housing stock that could otherwise be available to lower income households.

AFFORDABLE OWNER HOUSING GAP ANALYSIS	
All Owner Households	7,215
At or below Very Low Income Owner Households ($\leq 50\%$ HAMFI)	
Total Owner Households	1,469
Affordable Units	5,825
Surplus or Deficit of Affordable Units	4,356
Affordable Units per 100 Owner Households	397
Affordable and Available Units	1,320
Surplus or Deficit of Affordable and Available Units	(149)
Affordable and Available Units per 100 Owner Households	90
At or below Low Income Owner Households ($\leq 80\%$ HAMFI)	
Total Owner Households	1,503
Affordable Units	6,890
Surplus or Deficit of Affordable Units	5,387
Affordable Units per 100 Owner Households	458
Affordable and Available Units	2,815
Surplus or Deficit of Affordable and Available Units	1,312
Affordable and Available Units per 100 Owner Households	187
At or below Middle Income Owner Households ($\leq 100\%$ HAMFI)	
Total Owner Households	804
Affordable Units	7,005
Surplus or Deficit of Affordable Units	6,201
Affordable Units per 100 Owner Households	871
Affordable and Available Units	3,615
Surplus or Deficit of Affordable and Available Units	2,811
Affordable and Available Units per 100 Owner Households	450

Note: the above categories are not independent, but rather are additive

Source: HUD, 2016-2020 CHAS data, published September 2023.

Among owner households, only VLI households face a housing shortage, and the shortage is minimal relative to shortages in the rental market. This is consistent with other data which suggests that cost burdens are more severe for renter households than owner households in Galesburg.

STAKEHOLDER ENGAGEMENT

In addition to reviewing secondary data on demand and housing needs, and conducting the citywide housing survey, we also supplemented our analysis with feedback from key stakeholders. Stakeholders were identified in consultation with the city officials and included representatives from the public, private, and not for profit sectors including major employers, public officials, realtor/brokers, property managers, landlords, and housing and general service providers. Feedback was solicited in the form of two stakeholder meetings held in the spring of 2024 along with one on one interviews with stakeholders who were either unable to attend the stakeholder meetings but nevertheless wanted to be involved in the process and provide feedback, and/or from whom we solicited additional data such as the Knox County Housing Authority. The stakeholder meetings were held on March 7th and March 8th at the Galesburg City Hall. One session was held during business hours and the second was held after hours to accommodate various schedules and maximize the potential for stakeholder participation. In total 23 key local stakeholders were invited to participate. Of those, 16 participated in this process either by attending a stakeholder engagement meeting or through a one-on-one interview, providing insight into current housing issues, needs, barriers, and potential solutions in Galesburg. The following section summarizes the insights gained from these key local stakeholders.

Needs. Local stakeholders identified three primary housing related needs in Galesburg, as summarized below.

- **Quality.** There is a widespread consensus that the condition and quality of the existing housing stock is the primary housing issue in the city followed by concerns about affordability, though the two are of course interrelated. The older housing stock is also the stock that is affordable and accessible for those with incomes at the lower end of the income distribution, but following purchase there are limited to no additional funds available for basic maintenance and/or needed upgrades contributing to the continued deterioration of the older housing stock. Further, there are limited to no incentives in place for landlords to upgrade, or in some cases just maintain, the older rental stock as there are no market forces at play (i.e. there are no higher end market rate properties creating competition that could incentivize landlords to renovate/update the older stock to remain competitive), and little to no public carrots (i.e. there are no rental repair programs in place for landlords either as grants, public-private partnership support, or tax incentives) and sticks (i.e. code enforcement violations) can only go so far.
- **Variety.** Many stakeholders mentioned the need for more variety in the housing stock in terms of location, design, and price points. More specifically, the majority of stakeholders mentioned the need to focus on creating more housing in the downtown area (i.e. upper story residential) as either condominiums that would be for sale or as rentals. Others noted a need for more two to four-unit structures, potentially as infill development on vacant lots where prior improvements are demolished. Finally, there was widespread consensus about the fact that there are supply gaps at particular price points both in the rental and the owner markets. More specifically, several stakeholders mentioned that the rental stock consisted almost entirely of subsidized/affordable units on one end and older, some of which are not well maintained, market rate units, while the sale stock consists of older homes in need of substantial investment/repair priced below \$75,000 and then homes priced between \$175,000 and above, many of which are newer than the pre 1940 stock but are still nevertheless 30 or more years old and most of which have not been updated since initial construction.
- **Target Market.** While all stakeholders reported a need for new and/or quality housing, there was less agreement on the specific price points or target markets. Instead, the full range of both the rental and ownership housing spectrums were reported to be in need. More specifically, in terms of the rental market, stakeholders reported a need for more housing for extremely low-income renters and persons with special needs such as persons transitioning out of homelessness and/or living with disabilities that necessitated a supportive housing structure all the way up to the need for luxury market rate rental housing for students and young professionals. In terms of the owner market, stakeholders reported a need for everything from starter homes (\$60,000 to \$100,000) all the way up to homes for

executives. There was however some consensus that the largest need was for homes in the \$150,000 to \$200,000 price range, which would target mid-career professionals and families as well as some executives. Stakeholders also emphasized a need for mid to upper scale short to mid-term rental units that could serve as temporary housing for relocating professionals and families.

There were two notable topics that were not particularly prominent in discussions regarding housing needs with stakeholders. First, very few stakeholders mentioned the need for housing for seniors. This is notable given the aging population and the condition of the existing housing stock, the majority of which is older and is not age in place friendly in terms of design and/or features. To be clear, this group was also not mentioned as not being in need of housing, but instead discussions focused more on particular price points and other market segments, namely young people, working professionals, mid-career professionals, and executives. Second, while housing gaps and needs in the ownership market were nearly always characterized based on both price point and a particular target market, gaps and needs in the rental market were characterized exclusively based on the target market. In other words, while the majority of stakeholders identified a particular sale price point as being in need, no one identified specific rents. It is however worth emphasizing that while there was consensus in the characterization and framing of housing needs specific to the ownership market (i.e. the use of specific price points and target markets), there was considerably less consensus on exactly which price point/target market was in the most need be it starter homes priced at \$60,000 to \$100,000, homes for young families or early professionals priced at \$100,000 to \$150,000, mid-career professionals priced at \$150,000 to \$200,000, or homes targeting executives. One potential explanation for these differences in framing is that there are considerably fewer publicly available resources characterizing a community's rental market than there are that characterize the sale market. This is particularly true in markets such as Galesburg, which is smaller, features an older housing stock, and lacks traditional large multifamily rental properties, which oftentimes have an online presence. Collectively this produces an information gap even for local stakeholders who work in or adjacent to housing policy and services.

Overall, while all stakeholders reported a need for additional quality housing in Galesburg, there was less agreement as to what type of housing, for whom, and how to meet those needs. The most common responses are summarized below.

HOUSING NEEDS AS IDENTIFIED BY LOCAL STAKEHOLDERS

Owner	
Market	First-time homebuyers One-earner households Young professionals Families Executives
Design	Single-family Townhomes Condominiums (two to four-unit structures) Condominiums (upper floor downtown residential) Subdivision lots Accessible Newly renovated/constructed
Price	Starter homes: \$60 - \$100K Young professional housing: \$100 - \$150K Mid-career housing: \$150 - \$200K Executive housing: \$150K+

HOUSING NEEDS AS IDENTIFIED BY LOCAL STAKEHOLDERS

Renter	
Market	Low-income renters
	Special needs housing - persons with disabilities
	Special needs housing - supportive services/mental health
	Students
	Young professionals/market rate renters (railroad workers)
	Short-term housing
Design	Two to four-unit structures
	Upper story downtown residential
	New construction
Price	Affordable for low-income households
	Affordable for moderate-income households
	Higher end market rate apartments

Barriers. Nearly all stakeholders made some reference to costs as being the main barrier to meeting housing needs. Construction costs relative to assessed values reportedly make the majority of renovation projects as well as proposed new construction financially infeasible and post COVID increases in both material costs and labor shortages as well as inflation and rising interest rates have only exacerbated the problem. High costs are also associated with the second and third most commonly cited barriers: the lack of organizational capacity and a lack of information. More specifically, there are no conventional developers or builders working in Galesburg, house flippers are not particularly prominent in the local market, the local Habitat for Humanity organization has not been active in recent years, and there is a labor shortage in many of the trades, and this lack of organizational capacity allows those that are present in the market to charge higher prices. Additionally, the lack of financial literacy among potential first-time homebuyers, a lack of understanding of construction costs and general maintenance knowledge among buyers of the older housing stock, and a lack of information about and take-up of existing repair and incentive programs, and the lack of awareness and public displays of redevelopment and reinvestment successes, all contribute to the ongoing lack of reinvestment and reinvestment in the local housing stock.

There was widespread discussion surrounding the city's overall reputation, lack of vision, and general market appeal. For example, the reputation of the local school system is reportedly one reason that families employed within Galesburg nevertheless choose to live outside of the city limits. Several stakeholders noted however that at least some of this stigma is unfounded and that substantial investments have actually been made in recent years to the school system which could be marketed as a positive feature but is instead oftentimes not discussed or advertised and/or perceived of as a sign of weakness (i.e. the only failing schools would need to be closed and/or invested in at this magnitude) rather than a strength (i.e. a community's willingness to invest in its own institutions). Stakeholders argued that both the lack of accurate information to counter negative stigmas and/or the lack of positive counter framing and/or proactive marketing continues to be a perceived barrier to the development and improvement of the city's housing market given the negative implications these stigmas have on the city's ability to retain its existing population as well as attract new residents.

Recommendations. The main housing need identified by stakeholders was the lack of quality supply. The main barriers to meeting that need are development costs, lack of organizational capacity, information gaps, and stigma. Stakeholders identified both specific supply recommendations that would help address the reported needs as well as mechanisms and policies that could be implemented to generate the aforementioned supply recommendations, as summarized below.

Supply recommendations

- Community/group housing
- Studio units
- Downtown apartments
- Medium density housing structures
- New housing
- Rehab older housing supply where feasible
- Lower priced housing for first-time homebuyers
- Higher end housing for mid to late career professionals and executives
- Higher end to luxury rental units for students, young professionals, and/or railroad employees

Mechanisms/policies

- Expand housing repair program for owners (existing) to landlords and higher income owners (new)
- Update subdivision incentive program; consider city funded subdivision
- Implement program to incentivize landlords to operate income-based housing
- Financial literacy for first-time homebuyers
- Restart Project Rebound, or similar type of program, partnership with local businesses to renovate/build new affordable housing
- Employer downpayment assistance program
- First time homebuyer downpayment assistance program
- Aggressive utilization of code enforcement and demolition program to eliminate blighted properties
- Implement training program for local youths interested in entering trades
- Lower development/inspection costs
- Offer property tax relief in exchange for meeting a supply need
- Reputation enhancement/marketing campaign to retain and attract new residents

CONCLUSION

This section provided an analysis of demand for housing in the Galesburg market. The section began with a discussion of housing needs and affordability and continued with a preliminary capture and penetration rate analysis for a hypothetical rental property per the scope of the RFP. Next, we provide a gap analysis to identify shortages in the housing supply based on income, tenure, and availability. Finally, we conclude with a discussion of input solicited from local stakeholders as to the primary housing needs, barriers, and recommendations based on their own professional and lived experiences. The following section summarizes the results of the above section.

Housing Needs & Affordability

The median owner can afford the median home value and sale price. While the median home value is slightly higher than the affordable home for a median renter household in Galesburg, the gap is not significant, particularly if first time homebuyer assistance were to be available. Renter households have the most significant cost burden, particularly extremely low-income renter households who are more likely than not to be cost burdened.

Size-Appropriate/Income-Eligible Households & Penetration Rate Analysis

The first portion of a capture rate analysis whereby the number of size-appropriate and income-eligible households are estimated by unit type and AMI level indicates demand for rental units in the market at all AMI levels including market rate units, but the penetration rates for a hypothetical project with units restricted at the 50, 60, and 80 percent AMI levels based on IDHA's methodology (45.5 percent for a general tenancy project and 74.7 percent for a senior, 65+ project) are well above IDHA's "acceptable" threshold (25 percent), which suggest that this structure of LIHTC project in Galesburg would be unlikely to be competitive for an allocation. If, however, the LIHTC project were to add 30 percent AMI units, the resulting penetration rates

would be closer to the threshold (27.7 percent for a general tenancy project and 49.7 percent for a senior, 65+ project). The lower penetration rates together with other indicators of demand including the low vacancy rates, waiting lists, and significant percentage of renter households in Galesburg who are rent burdened, would make the LIHTC application stronger particularly for a general tenancy project.

Gap Analysis

With just 47 units for every 100 ELI renter households, ELI renters face the largest housing gap in Galesburg. This is consistent with national trends. While VLI and LI renter households also face deficits, the deficit for these groups is due to access rather than supply as there are a sufficient number of units affordable units for these households, but many are occupied by higher income households. Thus, one contributing factor to the housing gaps for VLI and LI renter households appears to be the lack of market rate supply targeting higher income households. As illustrated in the *Supply Analysis*, there are no recently completed or substantially renovated market rate developments in Galesburg; instead, the only supply that targets higher income renters is the downtown loft market and select classified listings that have been renovated. Overall, the lack of a traditional rental stock for higher income renters appears to be putting downward pressure on the rental supply that would otherwise be available to lower income renter households.

Stakeholder Engagement

In addition to reviewing secondary data on demand and housing needs, and conducting the citywide housing survey, we also supplemented our analysis with feedback from key stakeholders. Stakeholders were identified in consultation with the city officials and included representatives from the public, private, and not for profit sectors including major employers, public officials, realtor/brokers, property managers, landlords, and housing and general service providers. Feedback was solicited in the form of two stakeholder meetings held in the spring of 2024 as well as one on one interviews. In total, input was obtained from over 30 local stakeholders to gain additional insight into current housing issues, needs, barriers, and potential solutions in Galesburg. The following word clouds summarize the results of the stakeholder input.

Recommendations focused on the types of housing needed (downtown upper story residential, new construction, renovated units, higher density) as well as suggested mechanisms (incentives in the form of grants, public-private partnerships, and/or property tax relief, information, and a positive counter marketing/community vision campaign). The following word clouds are based on surveys completed by stakeholders who attended the engagement sessions.

NEEDS



BARRIERS



RECOMMENDATIONS



Housing needs can generally be classified as gaps in supply (lack of quality housing, lack of new housing, lack of variety of designs and locations) and target markets (students, professionals, executives, luxury, mid-market, family, special needs, and temporary housing). The primary barriers on the other hand were financial (high construction costs, low assessed values, lack of initial capital, rising interest rates), lack of capacity (no developers, trade shortages, absentee landlords), lack of information (insufficient knowledge of how to maintain older homes, lack of financial understanding of the costs associated with maintaining older homes, lack of financial literacy more broadly), and the lack of a positive vision/framing of the city. More specifically, stakeholders argued that negative stigmas about the city's assets (school system, broadband access, housing stock) were impacting the city's ability to retain its existing population as well as attract new residents. Recommendations focused on the types of housing needed (downtown upper story residential, new construction, renovated units, higher density) as well as suggested mechanisms (incentives in the form of grants, public-private partnerships, and/or property tax relief, information, and a positive counter marketing/community vision campaign).

IV. QUESTION RESPONSES & RECOMMENDATIONS

QUESTION RESPONSES & RECOMMENDATIONS

The RFP identified a list of 10 questions that motivated the solicitation of this study. The following section relies on information presented in the demographic, economic, supply, and demand sections of this report to answer said questions.

What are the demographic and economic characteristics of households in our community?

Both the total population and total number of households in Galesburg have steadily decreased in recent decades. The senior (65 and over) population and the number of senior households on the other hand have increased since 2010, albeit at slower rates than those experienced nationwide. Galesburg has a larger than average (relative to national trends) percentage of persons living in group quarters, both institutionalized (mental health facility, nursing homes, rehabilitation centers, and Hill Correctional Center) and noninstitutionalized (college dormitories), veterans, persons living with a disability, and renter households. The median household income in Galesburg is significantly lower than the statewide and national averages. These trends can be attributed, at least in part, to the demographic characteristics of the city including the sizeable college student, senior, and renter populations in Galesburg all of whom typically have lower incomes. While the larger presence of college students, seniors, and renters are all contributing factors, even working age, late career households in Galesburg also have a significantly lower median household income. Thus, a full explanation for the lower incomes in Galesburg goes beyond demographics and is also a function of differences in the labor market.

While manufacturing was the primary economic driver of the local economy in the 20th century, currently the largest employers in Galesburg represent a wider mix of industries including educational services, healthcare services, manufacturing, transportation, and public administration. More specifically, top employers include BNSF Railway, OSF Healthcare, Blick Art Materials, Knox College, City of Galesburg, Bridgeway, and Hill Correctional Facility. Employment in Galesburg is concentrated in the healthcare/social assistance, educational services, and retail trade industries, which collectively comprise 43.1 percent of local employment. Relative to the overall nation, Galesburg features comparatively greater employment in the educational services, transportation/ warehousing, and retail trade industries. Conversely, Galesburg is underrepresented in the prof/scientific/tech services, admin/support/waste management services, and finance/insurance industries.

Total employment in the Galesburg, Illinois Micropolitan Statistical Area decreased in every year but two since 2008 and unemployment has consistently remained above the national average. In 2020, total employment contracted, and unemployment increased significantly, both locally and nationally, due to the COVID-19 pandemic. The local contraction (7.5 percent) was more severe than the national contraction (6.2 percent). Further, while the nation added jobs in 2021 and surpassed its pre COVID-19 total employment peak in 2022, the local area continued to lose jobs through 2022, though unemployment also decreased. In 2023, total employment in the Galesburg Micropolitan Statistical Area increased for the first time in nine years, albeit at a slower rate of growth relative to the national average. Unemployment also increased, albeit only slightly. From April 2023 to April 2024 local total employment increased by 1.3 percent, well above the national average, and the unemployment rate increased to 5.6 percent, also above the national average of 3.5 percent (with 0.4 percent growth since April 2023). Overall, the local economy appears to have been more negatively impacted by the pandemic than the nation as a whole with total employment remaining below the pre-pandemic peak and unemployment continuing to be well above the national average, though the stronger employment growth in the past year is one positive indicator. According to commuting data, Galesburg is a net importer of workers with 65.6 percent of persons employed in the city, living outside of the city limits.

For a comprehensive summary of demographic and economic conclusions please see the Executive Summary section of this report.

What can Galesburg expect with respect to economic, employment, and population growth that will impact housing planning and policy decisions?

In general, all recent demographic trends are projected to continue through 2028. More specifically, the total population and total number of households are projected to continue to decrease. The senior population and number of senior households on the other hand are projected to continue to increase, albeit at slower rates than those projected nationally. As a result, the median age within Galesburg is projected to continue to rise, though the presence of college age students, although trending downward, is expected to continue to have a mitigating effect on the magnitude of the increase in the median age. Further, the average household is projected to continue to decrease slightly thereby remaining well below the national average through 2028, a trend due in large part to the rising number of senior households many of whom are smaller in size. Further, although the median household incomes in Galesburg is projected to increase, the rate of growth will be well below that projected nationally and as a result the gap between the median household income in Galesburg and the national median household income is projected to widen. As a result, current trends where portions of homeowners, both low to moderate income and above, lack the resources for maintenance and repairs, are likely to continue absent an increase in the amount of available direct assistance (for example a home repair grants) and/or indirect intervention (for example the city playing a more active role in trying to bring down housing repair and maintenance costs (for example through the creation/support of a construction trade program for young people to develop a locally sourced labor pipeline with the goal of bringing down the labor cost component of the repair/construction process, a program that could also have the added benefit of providing young people with local labor market prospects contributing to an incentive structure to try to keep more young people to counter the aging dynamic of the population at large. Additionally, although the percentage and number of renters are projected to decrease slightly through 2028, with few market forces imposing limits to rent growth and no new affordable supply in the pipeline, the percentage of renter households experiencing cost burdens will likely continue to persist, if not rise. On the other hand, if home prices for homes at the bottom of the supply distribution become even more competitive with rents, then the city may experience an increase in demand for their home repair programs as more low to moderate income renters find ways to transition into homeownership.

In terms of the economy, the shift from being predominantly dependent on manufacturing to a more diverse economic landscape, whether forced or planned, is likely to continue for the foreseeable future given global and national trends. There has however, been some recent developments that run counter to the above trend, most notably the closing of one of Galesburg's two hospitals and some relatively recent new manufacturing gains for the city. Further, while economic projections are not available specifically for Galesburg, there are some positive signs in terms of recently completed and planned expansions and the top industries within Galesburg that are generally projected to increase in size regionally. Overall, the city's economic future appears to be one that will continue to be considerably more diverse than it was in the 20th century wherein it relied heavily on the largest employer, Maytag. With this diversification, however, comes questions about the city's identity. Should Galesburg continue to try to attract manufacturing, or should it more fully embrace the aforementioned economic diversification process? A recent report by the U.S. Bureau of Labor Statistics noted that "the pay earned by production workers in manufacturing has long served as a marker for what constitutes middle-class status in the United States. But that status has changed over the last several decades, as the service-providing sector has grown to replace manufacturing as the dominant driver of employment growth ... [and] many employers in the [manufacturing] industry have substantially reduced the growth rate of their workers' earnings, or, in some cases, they have even reduced the wages paid to their remaining workers. As a result, average hourly earnings of production workers in manufacturing have fallen below those of total private sector workers." An example of these changes was discussed as part of the results of the "Voices of Maytag" project, a project that highlighted the impacts of the plant closure on the lives and trajectories of its former employees. In an interview with NPR, one of the participants in the study was quoted as saying that it took her 17 years to get the same pay at her new job, which is also in manufacturing, to get the pay she

received when she retired at Maytag. Thus, although it is true that manufacturing jobs of the 20th century may have been superior in terms of pay and the quality of life that they enabled relative to service sector jobs, that type of pay structure and the quality of life they provided does appear to be considerably less common today. Understanding these shifts will be important for the community as it decides how to move forward, particularly for those who continue to associate the manufacturing industry with higher paying, better quality of life jobs. To be clear, there are still plenty of manufacturing jobs that do provide all the benefits that were so common previously, but they do appear to be becoming an aberration rather than the norm. It is also worth noting that this need not be an either/or, but it does typically require proactive planning and strategic action in order to be successful. For example, perhaps the most successful similar case study, Grand Rapids, Michigan, achieved its success, i.e. shifting from population and employment losses to gains, while both remaining heavily reliant on manufacturing, albeit in a more diversified form, and pursuing growth in other industries such as healthcare, education, professional services, and leisure.

This question about the city's identity and future was a topic of conversation among local stakeholders with some voicing concern that the lack of a cohesive vision for the city both now and for the future is allowing negative stigmas about the city to persist and thereby further limit the city's potential to grow, both demographically and economically. According to some, negative perceptions about the city, including inaccurate characterizations of the school system, are exacerbating housing problems in the city as they limit the city's potential to retain and attract new residents, particularly higher income residents who are more likely to have the resources and capital to maintain and repair the city's older housing stock. Without a cohesive countermessaging, any negative characterizations that do exist are likely to persist.

Overall, while some characterize the city's housing gap as a shortage, others note that in fact the city has more housing units than households, but that a sizeable portion of the city's housing stock is simply not habitable due to its age and issues with quality/condition and a shortage of quality housing units rather than housing units more generally. The latter characterization is supported by the empirical data as the city does indeed have more housing units than households and the vast majority of the vacant housing units in the city are vacant for reasons classified as "other" which includes homes that are not habitable. Although secondary data indicates limited to no change in vacancy rates in the city, the market survey conducted as part of this report, which captures more recent changes, does indicate a decrease in available supply both in the sale market, which is characterized as a sellers' market with between 4.5 and 4.9 months of inventory (six months' supply is considered balanced), and rental market, where the overall vacancy rate was low at 2.4 percent (five to seven percent vacancy is considered balanced). Housing shortages typically result in price increases. To date, while both the sale and rental markets have seen some price appreciation in recent years, the magnitude of the increases appear to have been limited to some extent by the overall condition of the supply and they have been lesser in magnitude than price increases reported in other comparable markets in the region and the statewide and national averages. On the other hand, the lack of this type of supply is not without negative consequences, as summarized below.

- First, the lack of quality competition at the high end of the housing market has the potential to allow inferior quality supply to achieve higher prices/rents than would otherwise be realized in a more balanced market.
- Second, the lack of quality supply targeting the upper segments of both the rental and sale markets appears to be having a detrimental influence, even if just indirect through the perceived negative reputation of the city (and its school system) within the region, on the city's ability to retain and attract residents.
- Third, the lack of newer quality market rate rental supply has the indirect effect on making the likelihood of adding additional LIHTC housing units to the market less likely as the vast majority of the existing market rate supply in Galesburg, although significantly inferior to a proposed new construction

LIHTC property, has rents that are competitive with, if not outright below, maximum allowable LIHTC rents. Given the substantial competition for LIHTCs and demand for affordable housing statewide, a proposed LIHTC project that lacks a sizeable market advantage is unlikely to be awarded.

- Fourth, in the ownerships market, the lack of good new construction comparable sales for appraisals has to date resulted in appraised values coming in below the estimated development cost, which makes securing financing difficult. Currently some lenders are reportedly using new/recent construction sale comparables from neighboring Peoria, but not all underwriters will reportedly accept comparables from differing markets even if more similar in terms of condition. As an example, one stakeholder provided insight into a deal where the proposed development cost was \$240,000, but the appraised value was just \$160,000.

Based on market information, what is the nature and extent of short-to-mid- term housing need in our community? Price range? Affordable? New construction or rehab? Rental or Homeownership? Seniors? Families? Special Needs? Students? Young Professionals? New Immigrants?

Based on the market analysis, the city currently has more housing units than households and with the number of households projected to decrease, absent an unanticipated shift in demographics, this is unlikely to change in the short to mid-term. On the other hand, our current market survey indicates a lower vacancy rate in the rental and owner supply than that suggested in the secondary data, a feature that is likely due in part to the inherent lag in secondary data (i.e. the current ACS data covers the 2018 to 2022 time period). Further, with 40.6 percent of the city's housing stock built in 1939 or earlier, a not insignificant number of housing units are reportedly uninhabitable. The city has been, and should continue to be, proactive in its use of code violation citations and court ordered demolitions for units that are unsalvageable. An additional sizeable percentage of the housing stock, while habitable, is reportedly in fair condition and in need of basic maintenance and systems updates. Conversely, the city also has significantly less recently constructed housing relative to comparable markets in the region as well as the statewide and national averages. More specifically, there have been no additions to the multifamily housing market in the past 20 years and only one new subdivision the latter of which was by many accounts unsuccessful, although not for lack of demand more generally, but rather a lack of demand for the particular type of lot/product/price point that was being offered. Therefore, there does appear to be a need for particular types of housing within the city in order to create a more balanced market. More specifically, the following list summarizes the nature of housing needs within Galesburg based on structure type, location, and target market.

- New construction mixed-use workforce and market rate rental housing, ideally in downtown priced between \$1,000 and \$1,500 depending on specific size, location, and amenities. Target market = students, young professionals, railroad workers, downsizing seniors.
- New construction workforce and market rate rental housing, garden-style with property amenities, located near commercial centers in at least a somewhat walkable location. The exact price point for this type of product will depend on size of units, location, and amenities offered. The larger the units and more amenities offered, the less the exact location will matter and the higher the rents that would be able to be achieved. Target market = students, young professionals, railroad workers, young families.

- Renovation/adaptive re-use of upper story downtown buildings for market rate rental housing, priced between \$1,000 and \$1,500 depending on specific size, location, and amenities offered. Target market = students, young professionals, railroad workers, downsizing seniors.
- New construction owner-occupied townhomes or condominiums, could be infill or part of a new planned unit development/subdivision, priced between \$125,000 and \$225,000 depending on size, location, amenities, and HOA. Single-story design for a senior project, priced closer to \$150,000; two to three-story design for general tenancy project. Target market = downsizing seniors, young professionals, young families.
- New construction of single-family homes in new subdivision priced at \$175,000 and above. Target market = mid-career professionals, families.

Based on an Existing Building Survey (i.e. age, number of units, housing cost, rental rates, structural conditions, number of bedrooms [overcrowding], etc.) is there a need for rehabilitation of existing housing and, if so, what are strategies for sustainability of older housing stock, and the viability and cost effectiveness of rehabilitation v demolition of older structures?

Based on our survey, the following are key characteristics of Galesburg's housing supply:

- A significant minority of Galesburg's housing stock was built pre-1939.
- Most vacant housing units in Galesburg are vacant for reasons classified as "other" of which one of the most common categories is that the units are not habitable, which suggests that official vacancy rates are being driven by poor quality units.
- Local stakeholders identified the quality, or lack thereof, of the housing stock as the number one housing issue in Galesburg
- While there are some neighborhoods with a slightly higher concentration of older supply in poor condition, the field-based survey also revealed many neighborhoods had supply that represented the full range of condition from poor/fair to good.

According to local stakeholders and city records, the various local home repair programs have been well received and successful in the city. There also however appears to be an ongoing need for demolition work as older buildings, of which we already established the city has an oversupply, are more likely to have major structural problems and/or sustain extensive irreparable damages due to fire/weather issues due to dated mechanical systems. Based on our analysis of the condition of the existing stock as well as uptake of existing programs, there does appear to be a need for additional demolition and rehabilitation efforts. The question of viability and cost effectiveness of rehabilitation versus demolition of older structures are generally driven by property rather than market characteristics. The average lifespan of a building is 60 years, but a substantial renovation can extend the life of the structure well beyond that period. To be sure, in some markets new construction is cost prohibitive and rehabilitation will be the only option. In other markets, rehabilitation is cost prohibitive and new construction will be the only option. The question of financial viability depends on construction/redevelopment costs locally as well as the structure itself, namely the overall condition of the structure as well as the operational condition of its major systems (electrical, mechanical, plumbing). Oftentimes rehabilitation is feasible for properties built since the 1960s and this is particularly evident in the redevelopment efforts of public housing stocks around the country. For older properties the property specific characteristics become more critical. Further, there is also the question of marketability upon completion. In areas where the vast majority of housing is relatively new, a substantial renovation of a non-historic building may not be as well received in the market as a newly constructed property. Given the age/condition of Galesburg's housing stock, but also its historic character particularly in the downtown area, we anticipate that both approaches would be well received in the market and the decision will depend on the particular parcel.

Is there a demand for new housing units and, if so, what are potential locations for new subdivisions, infill, housing unit styles [single/two/multi-family, townhome, condominium, etc.] that will meet the needs of diverse income and age within the community.

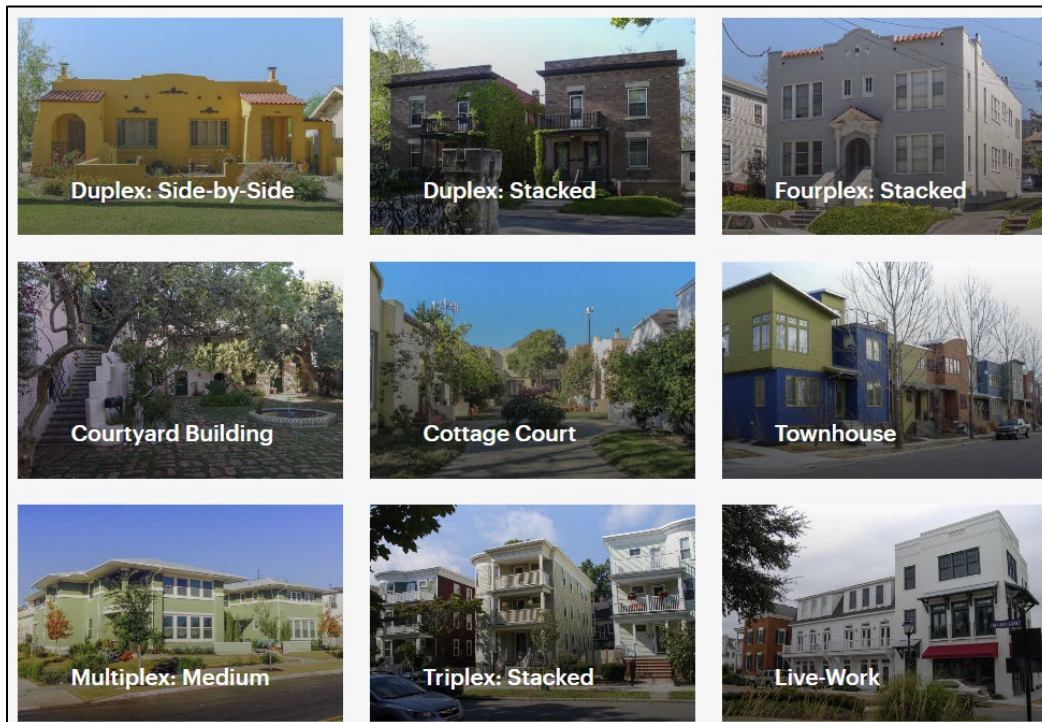
Based on our analysis there is demand for new housing, both rental and owner, in Galesburg, but the extent of the demand will depend on the location, design, price points and target market. Currently, given the general lack of new supply, any new construction is likely to be well received. It is worth noting however that a positive market reception does require some basic level of alignment between the design, structure, and target market. More specifically, one reason that the most recent subdivision was reportedly not as well received as initially conceived is that while the subdivision offers primarily duplex units, the lot sizes are considerably larger than those at other duplex developments. Thus, the units have the weakness of the duplex design (i.e. less privacy) but without the benefits (i.e. less lot maintenance/responsibility, typically in more walkable location due to its higher density, and a lower price point). A better alignment of the various characteristics of planned additions to supply would likely have made the project more successful. It is also worth noting that the above applies primarily to the first new additions to an older housing stock. The specific characteristics become more important to the overall competitiveness of a newly constructed property as additional supply is added and there are more choices.

In 2010 Daniel Paolek coined the term “Missing Middle Housing” to refer a range of building types that were fundamental to cities and towns pre 1940s, but after which waned in prominence with the application of conventional zoning by land use that typically divides neighborhoods into traditional cases of single-family residential, multifamily residential, commercial, industrial, et. Missing Middle Housing is defined as “a range of house-scale buildings with multiple units – compatible in scale and form with detached single-family homes – located in a walkable neighborhood” and is “missing” because it is a type of housing that is generally disallowed in single-family residential zones under conventional zoning practices. The types of structures that fit the Missing Middle Housing definition are wide ranging including buildings such as duplexes, triplexes, fourplexes, cottage courts, townhomes, and medium sized multiplexes. The following diagram and corresponding images illustrate types of Missing Middle Housing as it relates to the two most commonly understood types of housing, the detached single-family home and the large multifamily building.



The purpose of Missing Middle Housing is to provide a type of housing that can provide solutions to modern day housing challenges such as affordability, accessibility, and walkability, but also be compatible in scale with detached single-family homes. These types of structures are oftentimes particularly attractive to both younger persons and seniors alike, two demographic groups that are the focus of much debate within Galesburg, the former due to its importance for the long-term viability of a place as well as its dwindling presence as the majority of college graduates leave following graduation, and the latter due to its increased prominence and rising needs as the population continues to age. Proponents advocate for form-based zoning,

rather than conventional zoning noting that Missing Middle Housing buildings are more similar in form and scale to detached single-family homes than to modern day multifamily uses and yet are oftentimes only permitted uses in the latter zoning land use districts. Proponents of Missing Middle Housing argue that increasing production of these types of housing has the potential to better enable communities to address housing issues and needs and meet rising demand, but that conventional zoning creates insurmountable barriers because of a lack of dedicated zoning districts and development standards, ineffective mapping of zones, density-based zoning discouraging smaller units, challenges associated with parking requirements, and impact fees making multi-unit projects less economically feasible. Addressing these zoning impediments is a critical step towards addressing the missing middle in the housing stock.



Source: Missing Middle Housing, <https://missingmiddlehousing.com/>

Why is this important? First, smaller, multi-unit structures are more affordable than single-family homes to construct. Second, the country, and Galesburg in particular, are in the midst of a structural shift in its demographic composition. Demographers have estimated that by 2025, up to 85 percent of American households in America will be childless as younger generations marry later and have fewer or no children in larger numbers than previous generations and the number of empty nesters grows. The median age in Galesburg is above the national average and with the non-senior population projected to contract and the senior population projected to increase, the housing needs and preferences of these demographic groups are different from those of the traditionally dominant demographic groups and should be considered by local officials and planners.

If infill development is a viable option, what are suggested development standards that would ensure compatibility within the neighborhood, but not be unduly restrictive to discourage development.

We refer the reader to the prior discussion on Missing Middle Housing.

Is there a market for unsubsidized, market rate housing, and what are the City's strategic options for promoting or attracting market rate homeowners and renters?

Based on our analysis there is a market for unsubsidized market rate rental housing. First, vacancy rates at market rate properties ranges from zero to 25.0 percent with an average of 3.7 percent. The high outlier however has a number of units that are offline pending renovations. Removing the units that are offline, the average vacancy rate at the surveyed market rate properties decreases to just 0.9 percent; a balanced rental market should have a vacancy rate of five to seven percent. Second, the managers at two of the most recent additions to the market rate supply, Hollow Tree and River Oaks Trails, both LIHTC properties, reportedly receive regular inquiries and applications from over-income households. Both of these properties offer units targeting households with incomes of up to 60 percent of the AMI; thus, the over income applicants have incomes above 60 percent of the AMI. More specifically, management at Hollow Tree estimated that approximately 40 percent of applications each week are over the income limits while management at River Oaks Trails estimated that it receives approximately five applications a week from over-income applicants. There are currently no comparable market rate properties to these properties in terms of age/condition, design, or amenities all of which are likely driving demand for the properties. Third, local stakeholders reported two demographic groups in particular whose housing needs are not currently being met within the current supply - college students and railroad workers – both of whom are market rate renters, the former because college students are in most cases not eligible for LIHTC housing and the latter because their incomes are too high. Additionally, while the latter generally have incomes sufficient to allow for homeownership, their jobs are oftentimes temporary in nature with plans to be in the area for only a few years and as such many prefer to rent. Fourth, according to our hypothetical capture rate analysis an estimated 1,084 existing renter households in Galesburg are income-eligible and size-appropriate for market rate units with rents ranging from approximately \$1,000 to \$1,500 inclusive of utilities. Further, this does not account for the unknown number of potential market rate renters who are employed in the city but live outside the city limits due to the lack of options within the city limits.

There is however one important caveat to the above conclusion, namely that although demand exists, it is unlikely that the market will respond to this demand absent some level of public sector involvement for several reasons. First, while there are success stories from the limited number of downtown loft redevelopment projects, but because information on the ongoing market acceptance and operations of these units is not widely known/shared, outside developers and investors are unlikely to be aware of these successes given the smaller scope. Second, with the exception of the aforementioned units, this is a relatively untested product which markets inherently view as risky. And third, there is a general lack of private sector organizational capacity at the local level to pursue a project of this scope. As a result, while the demand exists, it is unlikely that this product will come to market absent some level of public sector involvement. At a minimum the city will likely have to offer an incentive package to help reduce construction costs, but some municipalities have gone as far as to take on the developer role themselves for the first project in a new marketplace.

In terms of potential strategies, we recommend starting with a positive marketing campaign to counter the prevailing negative stigmas reportedly associated with the city's assets and infrastructure. Spotlight the city's rich cultural history and small city charm, as well as its strategic location along the railroads, and proximity and access to multiple major metropolitan centers including Chicago, but also demonstrate that the city is investing in itself by highlighting, for example, recent investments in the public schools, broadband availability, downtown revitalization efforts and recent housing repair grants. Creating a positive, cohesive vision for the city that is well publicized/marketed coupled with additional investments and actions to meet identified housing gaps, should help the city to retain existing residents as well as attract new residents including some who are currently employed in the city but were forced to look outside the city limits to find housing that suited their needs/preferences.

Additional implementation strategies are summarized in the next response as they apply more broadly.

What strategies and programs, existing or to be created, should Galesburg pursue or provide for the development and/or redevelopment of necessary housing within the City?

There are four main programs that are being/have been used in Galesburg, including one that was only recently implemented, to address some of these issues - the Downtown Residential Fire Sprinkler Grant Program, multiple Housing Repair Assistance Programs, a demolition program, and the Housing and Urban Development (HUD) Lead Paint Hazard Reduction Program and the Department of Commerce and Economic Opportunity (DCEO) Help Eliminate Lead Program – which are summarized below.

- First, in early 2024 the city council of Galesburg approved a new fire sprinkler grant program for residential units in its downtown area. The program, known as the Downtown Residential Fire Sprinkler Grant Program, was designed to encourage the installation of more fire sprinkler systems in its downtown structures by reimbursing property owners for 50 percent of the system cost up to a total of \$20,000. Interviews with local stakeholders including city officials suggest that while some of the upper stories of downtown buildings would require extensive, and costly, renovations to convert the spaces into residential units, but others were previously used as residential units, but have sat vacant for 20 plus years largely due to a lack of specific features that are required by code for occupancy including fire protection systems. The goal of the program is to encourage the redevelopment of upper story downtown spaces into residential units. Many of the spaces will require, per code, the installation of fire suppression systems. This requirement has reportedly led to a perception among some that the redevelopment of these spaces cannot be financially feasible and consequently many of these spaces remain vacant. This program will ideally address these challenges. Further, the structure of the program aims to reduce development costs on the front end through a grant as opposed to on the back end through a property tax exemption or some other form of post-completion reimbursement. The hope is that this alone may be sufficient for some owners whose spaces were previously utilized as residential structures and as such do not require a substantial amount of redevelopment work. For others, where more redevelopment and redesign work is needed the hope is that this program can be layered on top of other pre-existing incentive programs such as the Enterprise Zone Act and/or Tax Increment Financing (TIF) to sufficiently collectively reduce development costs to ensure feasibility.
- Second, the city has several different home repair and/or accessibility programs. The first is the local Housing Repair Assistance Program, a grant-based home repair program for select (i.e. income qualified) owner households. To qualify the owner must have a household income of 80 percent of the Area Median Income (AMI) or below and no more than \$5,000 (under 65 years of age)/\$10,000 (senior) in liquid assets, requirements established by the funder (U.S. Department of Housing and Urban Development). This program provides grants of up to \$4,500 to qualifying owner households for a variety of repairs including for example to improve a building's accessibility, installation of a smoke or carbon monoxide alarms, repairs to electrical, plumbing, or minor roof repairs. The second, IHDA Home Repair and Accessibility Program, which will run from March 2023 to March 2025, and is designed to assist low and very low-income owner occupied, single-family residences with financial assistance to repair or replace costly maintenance items and/or remove health and safety hazards. Homeowners may receive up to \$45,000 for identified needed repairs. There is a roof only option of up to \$21,500 for homes that do not have significant interior health and safety issues or accessibility needs. There is also an accessibility option for those over 60 years of age with a physical or mental impairment. The City is partnering with Western Illinois Regional Council (WIRC) in coordinating the grant and they anticipate providing grants to approximately eight single-family owners for identified needed repairs and upgrades. While the program is expected to run through March 2025, according to the city this grant has a waiting list and is officially closed to new applicants. In the past the city has also had additional grant programs (funded by IHDA and DCEO) for owner-occupied housing repairs for the same target populations as the two existing programs, but which were designed to help owners

correct code violations, address health and safety issues, and/or pursue energy efficiency improvements. These grants ended between 2019 and 2022. The city however continues to apply for additional grant funding from these sources and most recently the Illinois Department of Commerce and Economic Development (DCEO) announced that Galesburg's Community Development Block Grant (CDBG) application for Housing Rehabilitation was selected for funding. This program, like the others, will provide funding for low to moderate income owner households, as determined by HUD, to address mechanical, structural, energy efficiency, and other associated rehabilitation needs for their single-family homes that, at a minimum, incorporate applicable state plumbing, electrical and lead based paint codes as well as any local rehabilitation codes and standards. Unlike other grants however, this grant is expected to be directed within a particular part of the city, namely the southwest portion bound by Tompkins Street to the north, S Henderson Street to the west, Fifth Street to the south, and the railroad tracks to the east. The City is partnering with Western Illinois Regional Council (WIRC) in coordinating the grant and they anticipate providing grants to between eight and 10 single-family owners for identified needed repairs and upgrades.

- Third, court ordered demolitions are used by the city as a means of last resort to remove dilapidated structures in order to eliminate specific conditions of blight, physical decay, and/or unsafe conditions. According to the city, the program addresses any dwelling, building, structure, or property that is unfit for human habitation and/or constitutes an endangerment to the public health or safety as a result of unsanitary or structurally unsafe conditions.
- Lastly, the city had a grant program designed to address lead-based paint issues. According to the city the program was funded by two separate grants: the Housing and Urban Development (HUD) Lead Paint Hazard Reduction Program and the Department of Commerce and Economic Opportunity (DCEO) Help Eliminate Lead Program. The grants provided for lead remediation for both owner and renter-occupied housing units. Eligible housing structures included those built before 1989 with children aged six and under and/or pregnant women. Residents, either the owners or the renters, had to meet HUD income guidelines. According to the city, these programs have ended as they were grant funded.

All of the above programs should be continued pending sufficient funding and resources, including securing additional grant funding. In addition, the city should consider the following, where feasible:

- **Expand existing home repair program, or create a similar type of program, for local landlords** to incentivize the rehabilitation of the city's older market rate housing stock. This could either be done with or without concessions from the landlord.
- **Create a list of top housing priorities and offer incentives to any project that will meet identified priorities.** Examples of potential incentives that could be offered include the waiving of development/permit fees, the streamlining of the permit/inspection process, density bonus, conditional use or development guideline waivers, shared development/infrastructure costs.
- **Implement the property assessment reduction program under the Illinois Affordable Housing Planning & Appeal Act.** The vast majority of the older market rate supply is already achieving rents similar to below the current maximum allowable 60 percent AMI rents. As such, many landlords would not need to lower their rents in exchange for participation in the program and in fact many could actually achieve higher rents post renovation given the current gaps between current rents being achieved and the maximum allowable 60 percent AMI rents for Galesburg. Thus, landlords who choose to participate in the program would be able to extend the life of the housing units and potentially raise the rents slightly while benefiting from the property tax reduction. Meanwhile, the tenants and the city at large would benefit from the improved quality of the rental supply. The following chart summarizes the terms of the program.

ASSESSMENT REDUCTIONS			
Tier	Tier 1	Tier 2	Tier 3 (Limited Availability)
Affordability Requirement	15% of units	35% of units	20% of units
	Requirement can be met through restricted rents, renting to tenants with vouchers, or participating in another affordable housing program.	Requirement can be met through restricted rents, renting to tenants with vouchers, or participating in another affordable housing program.	Requirement can be met through restricted rents, renting to tenants with vouchers, or participating in another affordable housing program.
Affordability Level	At or below 60% of Area Median Income (AMI)	At or below 60% of Area Median Income (AMI)	At or below 60% of Area Median Income (AMI)
Incentive	25% reduction in assessed value	35% reduction in assessed value	Years 1-3: reduction equal to 100% of the difference between the value one year before the affordable units are occupied and post-construction assessed value Years 4-6: 80% of the difference Years 7-9: 60% of the difference Years 10-12: 40% of the difference Years 13-30: 20% of the difference
Qualifying Activity	New construction and rehab costing \$8/sq ft1 and improvements of two primary building systems	New construction and rehab costing \$12.50/sq ft1 and improvements of two primary building systems	New construction and rehab costing \$60/sq ft1 and improvements of five primary building systems
Minimum Building Size	7 units	7 units	7 units
Duration of Incentive	10 years, with two renewable 10-year periods for a total of 30 years	10-10 years, with two renewable 10-year periods for a total of 30 years	10-30 years
Geographic Availability*	No restrictions	No restrictions	(1) a municipality or jurisdiction with less than 1,000,000 inhabitants in which 40% or less of its total year-round housing units are affordable, as determined by IHDA during the exemption determination process under the Affordable Housing Planning and Appeal Act; (2) "D" zoning districts in the Chicago Zoning Ordinance; or (3) a jurisdiction located in a municipality with 1,000,000 or more inhabitants that has been designated as a low affordability community by passage of a local ordinance by that municipality, specifying the census tract or property by permanent index number or numbers.

*In 2003 the Illinois General Assembly passed the Affordable Housing Planning and Appeal Act (AHPAA) to address the shortage of affordable priced, accessible, safe, and sanitary housing in communities across Illinois. As of 2003, the growth in home purchase and rental price values continues to outpace relative growth in household income throughout the state. The law established a process for identifying communities with the most acute shortages of local housing stock available at an amount which would be affordable to homebuyers at 80 percent of the regional median household income and renters at 60 percent of the regional median household income. According to the 2023 Report on Statewide Local Government Affordability by IDHA, an estimated 75.6 percent of Galesburg's housing units were considered affordable and as such Tier 3 would not be available for properties in Galesburg.

Source: Illinois Housing Development Authority, Affordable Rental Housing Property Tax Programs, June 2024

- **Create a Land Bank.** Land Banks are public entities, usually nonprofit or governmental entities, which specialize in the conversion of vacant, abandoned and foreclosed properties into productive uses. Land banks typically have special authorities which allow them to accomplish the aforementioned goal including the ability to remove legal and financial barriers (i.e., delinquent property taxes) that otherwise make the vacant, abandoned, and foreclosed properties inaccessible or less attractive to private developers.

While a land bank is relatively unique in its role in terms of establishing the potential development pipeline, there are a variety of tools and mechanisms that can be used to ensure that the rehabilitated or newly constructed residential improvements meet community needs, but they generally fall into two categories.

- **Community Land Trust (CLT):** A CLT is related, but distinct, from a land bank and these tools are oftentimes deployed together as complementary tools within a given community. A CLT is typically a nonprofit organization that holds land in trust for the purpose of providing affordable housing and other community identified essential uses ranging from land conservation to community services/amenities to affordable housing; regardless of the use, the purpose of the CLT is to ensure that the use is maintained in perpetuity. Typically, a CLT acquires the land/property from

the local land bank (donated or otherwise), and then develops or contracts out development of the land for a particular identified community use. For residential projects for example, affordable housing units would be developed on the land and then homeownership would be generally comparable to traditional homeownership except that: (1) the purchase price would be lower because the land would continue to be owned by the CLT via a ground lease and (2) there are restrictions on any future re-sale of the home that ensures that the seller achieves some gains based on earned equity and market growth, but also that the home itself remains affordable based on conditions at the time of the sale such that any residential improvements built on land owned and managed by the CLT would be affordable in perpetuity. For more information on CLTs, we refer the reader to Grounded Solutions' Startup Community Land Trust Hub, found at <https://groundedsolutions.org/start-upclthub>.

- Zoning Code/Development Process – carrots and sticks:** As part of the development process, communities can incentivize (carrot) and/or mandate (stick) types of uses including affordable housing development. For example, a community can **mandate** that all new development includes some percentage of units that will be affordable, either for a particular period of time, or more commonly, into perpetuity through **inclusionary zoning (IZ)** policies and/or a **deed restriction program**. Further, some communities with IZ policies also allow developers to pay a fee in lieu of including the affordable housing units. That fee can be used for a variety of uses, but often is used as a dedicated funding source for a local **housing trust fund**. The housing trust fund is a source of funding that can be used to support a variety of different housing initiatives including, for example, rental assistance, energy-efficient retrofits, downpayment and closing cost assistance, security deposit and/or other renter move-in costs, weatherization of existing structures, and below market financing of affordable housing development via acquisition/rehabilitation or new construction. The key for any housing trust fund is a dedicated revenue source. Some examples of dedicated revenue streams include development fees such as that referenced above as part of an IZ program, or a dedicated percentage of broader fees/taxes such as a real estate transfer tax, document recording fee, permit fees, STR licensing fees, property taxes for improvements constructed on formerly publicly owned land, among others; a dedicated percentage of tourism or lodging taxes; a dedicated percentage of a local sales tax; etc. For additional information and guidance on how to establish a housing trust fund, we refer the reader to The Center for Community Change's Housing Trust Fund Project at www.housingtrustfundproject.org. Alternatively, communities can offer **incentives** in exchange for a particular type of use – design, unit mix, affordability, etc. The most common incentive-based strategies for adding affordable housing supply are **allocating public lands** (either by donation or at below market rates); **preparing sites, publicly owned or otherwise, for development by running necessary infrastructure to site(s); sharing predevelopment costs; offering density bonuses** to projects that will include affordable housing units; and tax abatement/reductions, typically in the form of a **Payment in Lieu of Taxes (PILOT)**. Relatedly, the city can **modernize the zoning code** to allow for more density and flexibility in terms of development type proposed within its existing boundaries, which could in turn allow for a more purposeful use of existing land within the city limits to meet housing needs. This could include the elimination of traditional zoning to focus more on overall compatibility rather than use or modifications to the zoning code to add for example the addition of a density bonus for developments meeting city identified housing needs, among other options. The elimination or modification of traditional zoning has occurred throughout the country in both large metropolitan areas such as Minneapolis, Minnesota which eliminated single-family zoning and Houston, Texas that does not have a formal zoning code, as well as smaller markets such as Benton County, Arkansas.

Which of these strategies will be the best fit depends on the needs, assets, and impediments of each community. Given the overall lack of new construction and redevelopment in the city, incentives are

most likely to be effective in Galesburg (as opposed to mandates). Further, what types of projects will be most feasible also varies by location. For example, adaptive reuse projects are most likely in the downtown area (for example converting underutilized commercial space or houses of worship into residential uses) or former institutional uses located within neighborhoods (for example old schools) given the larger number of older vacant properties in the city. Having said that, the data suggests that the home/work commuting flows (where one lives to where one works) are fluid both within the county and the region more generally. As such, a new housing project in one part of the city, and county/region for that matter, will likely have knock-on effects for other areas.

How should the City maximize the use of public funds to achieve an adequate housing supply to meet existing and forecasted housing demand and provide choices that meet the needs of all persons with various income levels, age groups and disabilities?

There is no single initiative or recommendation that will meet all of the identified needs. The city can however prioritize those programs that have the most potential to address either directly, or indirectly, the most needs. Several possible strategies that could meet multiple needs are summarized below.

- In addition to gaps in the housing market, there appears to be organizational capacity gaps in the city that, if addressed, have the potential to have multiple indirect positive effects on other needs. For example:
 - 1) By developing a vision and positive marketing campaign for the city and continuing to invest in beautification and amenity/quality of life improvements in the community, the city will be better positioned to retain and attract residents of all backgrounds and income levels as well as retain and attract business. This investment could therefore have positive impacts on addressing demographic shifts (by retaining/attracting more young people), housing shortages (by making the downtown area in particular even more desirable for redevelopment projects), and economic development more broadly (by creating the kind of city that employees want to move to).
 - 2) By building organizational capacity and expertise such as creating and supporting a construction trades school or apprenticeship program, the city could both create a local labor pool which could help address rising construction costs and provide a job pipeline for young people who otherwise may leave the city for more secure employment opportunities.
 - 3) By creating a local Community Development Corporations (CDC), a type of nonprofit organization that focus on revitalizing areas in which they are located, the city would be supporting the creation of an organization that can provide a wide variety of services to a community including buying, renovating, or building for sale or rental properties, economic development projects, social services, community organizing and cleanup projects, community development projects, and neighborhood promotion, among others. While the local government and Chamber of Commerce have a strong economic development team, community organizing, neighborhood development, and affordable housing development are areas in which a CDC could fill a void in the community.
- Although extremely low-income renter households have the highest need in Galesburg, we recognize that there may be a reluctance around the idea of adding more affordable housing given this segment of the rental stock already comprises such a large percentage of the overall rental stock and NIMBIYSIM more generally. Additionally, the lack of a clear market advantage for LIHTC units in the market given the abundance of naturally occurring affordable housing among the older market rate supply, and current penetration rate calculations per IDHA calculations suggest that an additional LIHTC property is unlikely to be awarded in the near term despite the low vacancy and waiting lists at

the three existing LIHTC properties. In light of this, it seems unlikely that either a fully subsidized or a LIHTC property will be successfully added to the housing supply in the near future. Instead, efforts could be focused at helping to establish the high end of the rental market by supporting a proposed market rate rental property, which has the potential to do some, or all of the following:

- 1) Address an existing unmet demand, albeit not the most significant one, but one which could help the city retain and attract demographic groups that it has been losing, i.e. young people and working professionals.
- 2) Enable a future LIHTC property to be more likely to get allocated by establishing a clearer market advantage
- 3) Establish a new incentive structure for older market rate supply to renovate/upgrade in order to remain competitive or risk losing tenants to the new property. Alternatively, these properties could lower rents to remain competitive. Either way, the addition of a new market rate property would establish a rent ceiling for the older, unrenovated supply, a ceiling that is currently set only by home prices and the point at which homeownership becomes competitive with market rents, and a ceiling that with sale prices increasing, is also increasing despite limited to no improvements in the product being offered.

Additionally, given the fact that the city will need to play a more active role in the establishment of such a project (see response to previous question), there is a potential for the city to extract some additional concessions from an interested developer that could also directly benefit the needs of those most in need, i.e. extremely low-income and very low-income renter households. For example, the city could offer any number of incentives (see other response on potential direct and indirect incentives) in exchange for a select number of units to be set aside at whatever income and/or age restriction it prioritizes.

➤ By focusing on the new construction of missing middle housing for owners, the city has the potential to:

- 1) Focus on a type of housing that is most likely to be cost feasible in the current cost environment
- 2) Meet the needs of multiple key demographic groups including seniors by providing accessible, age-in-place friendly designs, and young professionals and families in need of more affordable housing options
- 3) Open up some of the other housing stock that existing seniors are in as they downsize making those units available to younger families
- 4) Improve the construction to appraised value ratios that are reportedly currently making new construction extremely difficult, if not outright impossible, by adding newer stock at higher price points, albeit still below what a new single-family home would cost.

➤ By implementing the property tax reduction for landlords who construct or substantially renovate rental units and set-aside a select number of units as affordable, the city has the potential to:

- 1) Add additional affordable housing units to the market without having to go through the competitive statewide LIHTC or HTF cycles.
- 2) Address quality issues within the existing rental housing stock

What are potential funding sources for housing and rental assistance programs as well as rehabilitation and new construction?

The following section summarizes potential funding sources for housing and rental assistance programs for the rehabilitation and new construction of housing.

- Community Development Block Grant (CDBG)
- Low Income Housing Tax Credit (LIHTC)
- HOME
- HUD-VASH program. Given the sizeable veteran population in Galesburg, the city should pursue HUD-Veterans Affairs Supportive Housing (VASH) vouchers as an additional source of rental assistance for local veterans. The HUD-VASH program combines HUD's Housing Choice Voucher (HCV) rental assistance program for homeless veterans with case management and clinical services provided by the Department of Veterans Affairs. This effort would be further enhanced by the new clinic that is expected to open in the coming months at the Sandburg Mall.
- Non-Elderly Disabled Voucher Program. Given the percentage of persons in Galesburg living with a disability, the city (through the local housing authority) should consider this as a potential additional funding source for rental assistance.
- The Rental Assistance Demonstration (RAD) program allows public housing agencies to convert public housing to long-term Section 8 rental assistance programs. PHAs can also use the Section 8 funding guarantee to secure other loans, grants, and tax credit to fund the renovation and operations of these projects. This is the primary funding mechanism used by cities to upgrade their subsidized rental housing stocks. Public housing development can be substantially renovated, or, where deemed beyond repair, can be demolished and reconstructed using a combination of funding sources including tax credits.
- The property tax reduction program for landlords who build or substantially renovate properties with seven or more units could be implemented as a strategy to achieve more affordable housing units.
- The Federal Home Loan Bank Affordable Housing Program (AHP) provided forgivable grants to their members to use to develop affordable housing alongside project sponsors. The Federal Home Loan Bank of Chicago oversees the program in Illinois.

The following table summarizes possible implementation strategies for adding new housing units by housing type.

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 / fast-track 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/delayed 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)
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

APPENDIX A

Assumptions & Limiting Conditions

ASSUMPTIONS AND LIMITING CONDITIONS

1. In the event that the client provided a legal description, building plans, title policy and/or survey, etc., the market analyst has relied extensively upon such data in the formulation of all analyses.
2. The legal description as supplied by the client is assumed to be correct and the author assumes no responsibility for legal matters, and renders no opinion of property title, which is assumed to be good and merchantable.
3. All encumbrances, including mortgages, liens, leases, and servitudes, were disregarded in this valuation unless specified in the report. It was recognized, however, that the typical purchaser would likely take advantage of the best available financing, and the effects of such financing on property value were considered.
4. All information contained in the report, which others furnished, was assumed to be true, correct, and reliable. A reasonable effort was made to verify such information, but the author assumes no responsibility for its accuracy.
5. The report was made assuming responsible ownership and capable management of the property.
6. The sketches, photographs, and other exhibits in this report are solely for the purpose of assisting the reader in visualizing the property. The author made no property survey, and assumes no liability in connection with such matters. It was also assumed there is no property encroachment or trespass unless noted in the report.
7. The author of this report assumes no responsibility for hidden or unapparent conditions of the property, subsoil or structures, or the correction of any defects now existing or that may develop in the future. Equipment components were assumed in good working condition unless otherwise stated in this report.
8. It is assumed that there are no hidden or unapparent conditions for the property, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering, which may be required to discover such factors.
9. The investigation made it reasonable to assume, for report purposes, that no insulation or other product banned by the Consumer Product Safety Commission has been introduced into the Subject premises. Visual inspection by the market analyst did not indicate the presence of any hazardous waste. It is suggested the client obtain a professional environmental hazard survey to further define the condition of the Subject soil if they deem necessary.
10. Any distribution of total property value between land and improvements applies only under the existing or specified program of property utilization. Separate valuations for land and buildings must not be used in conjunction with any other study or market study and are invalid if so used.
11. Possession of the report, or a copy thereof, does not carry with it the right of publication, nor may it be reproduced in whole or in part, in any manner, by any person, without the prior written consent of the author particularly as to value conclusions, the identity of the author or the firm with which he or she is connected. Neither all nor any part of the report, or copy thereof shall be disseminated to the general public by the use of advertising, public relations, news, sales, or other media for public communication without the prior written consent and approval of the market analyst. Nor shall the market analyst, firm, or professional organizations of which the market analyst is a member be identified without written consent of the market analyst.

12. Disclosure of the contents of this report is governed by the Bylaws and Regulations of the professional organization with which the market analyst is affiliated.
13. The author of this report is not required to give testimony or attendance in legal or other proceedings relative to this report or to the Subject property unless satisfactory additional arrangements are made prior to the need for such services.
14. The opinions contained in this report are those of the author and no responsibility is accepted by the author for the results of actions taken by others based on information contained herein.
15. Opinions of value contained herein are estimates. There is no guarantee, written or implied, that the Subject property will sell or lease for the indicated amounts.
16. All applicable zoning and use regulations and restrictions are assumed to have been complied with, unless nonconformity has been stated, defined, and considered in the market study report.
17. It is assumed that all required licenses, permits, covenants or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
18. On all studies, Subject to satisfactory completion, repairs, or alterations, the report and conclusions are contingent upon completion of the improvements in a workmanlike manner and in a reasonable period of time.
19. All general codes, ordinances, regulations or statutes affecting the property have been and will be enforced and the property is not Subject to flood plain or utility restrictions or moratoriums, except as reported to the market analyst and contained in this report.
20. The party for whom this report is prepared has reported to the market analyst there are no original existing condition or development plans that would Subject this property to the regulations of the Securities and Exchange Commission or similar agencies on the state or local level.
21. Unless stated otherwise, no percolation tests have been performed on this property. In making the market study, it has been assumed the property is capable of passing such tests so as to be developable to its highest and best use.
22. No in-depth inspection was made of existing plumbing (including well and septic), electrical, or heating systems. The market analyst does not warrant the condition or adequacy of such systems.
23. No in-depth inspection of existing insulation was made. It is specifically assumed no Urea Formaldehyde Foam Insulation (UFFI), or any other product banned or discouraged by the Consumer Product Safety Commission has been introduced into the property. The market analyst reserves the right to review and/or modify this market study if said insulation exists on the Subject property.
24. Estimates presented in this report are assignable to parties to the development's financial structure.

APPENDIX B

Data Sources

DATA SOURCES

Sources used in this study include data that is both written and oral, published and unpublished, and proprietary and non-proprietary. Representatives of local service providing organizations and housing related business services, real estate professionals, housing officials, planning and economic development officials, landlords, property managers and other housing industry participants was solicited via both stakeholder listening sessions as well as interviews. In addition, we conducted a survey of existing, comparable properties.

This report incorporates published data supplied by various agencies and organizations including:

- U.S. Census Bureau
- ESRI Demographics 2023
- Ribbon Demographics 2023
- Department of Housing and Urban Development (HUD)
- City of Galesburg
- Knox County
- Knox County Area Partnership for Economic Development
- Hill Correctional Facility
- Knox College
- Carl Sandberg College
- Western Illinois Regional Council
- Galesburg Community Foundation
- Strategic Plan for Downtown Galesburg
- Galesburg Register Mail
- Illinois Housing and Development Authority (IHDA)
- Illinois Affordable Housing Trust Fund
- Illinois Housing Council
- Illinois Department of Commerce and Economic Opportunity
- Illinois Department of Economic Security
- Federal Home Loan Bank of Chicago
- U.S. Bureau of Labor Statistics
- www.zillow.com
- www.realtor.com
- www.policymap.com
- www.hotpads.com
- www.apartments.com
- Rocket Home Mortgage Market Reports
- CoStar

APPENDIX C

Qualifications of Consultants

STATEMENT OF PROFESSIONAL QUALIFICATIONS
RACHEL BARNES DENTON, MAI

I. EDUCATION

Cornell University, Ithaca, NY
School of Architecture, Art & Planning, Bachelor of Science in City & Regional Planning

II. LICENSING AND PROFESSIONAL AFFILIATION

Designated Member of the Appraisal Institute
Member of National Council of Housing Market Analysts (NCHMA)
Member of Commercial Real Estate Women (CREW) Network
 2011 and 2012 Communications Committee Co-Chair for the Kansas City CREW Chapter
 2013 Director of Communications and Board Member for Kansas City CREW
 2014 Secretary and Board Member for Kansas City CREW
 2015 and 2016 Treasurer and Board Member for Kansas City CREW

State of Arkansas Certified General Real Estate Appraiser No. CG3527
State of California Certified General Real Estate Appraiser No. AG044228
State of Colorado Certified General Real Estate Appraiser No. 100031319
State of Georgia Certified General Real Estate Appraiser No. 391113
State of Hawaii Certified General Real Estate Appraiser No. CGA1048
State of Illinois Certified General Real Estate Appraiser No. 553.002012
State of Kansas Certified General Real Estate Appraiser No. G-2501
State of Minnesota Certified General Real Estate Appraiser No. 40420897
State of Missouri Certified General Real Estate Appraiser No. 2007035992
State of Nebraska Certified General Real Estate Appraiser No. CG2017030R
State of New Mexico Certified General Real Estate Appraiser No. 03424-G
State of North Dakota Certified General Real Estate Appraiser No. CG-219110
State of Oklahoma Certified General Real Estate Appraiser No. 13085CGA
State of Oregon Certified General Real Estate Appraiser No. C000951
State of South Dakota Certified General Real Estate Appraiser No. 1488CG
State of Texas Certified General Real Estate Appraiser No. 1380396

III. PROFESSIONAL EXPERIENCE

Novogradac & Company LLP, Partner
Novogradac & Company LLP, Principal
Novogradac & Company LLP, Manager
Novogradac & Company LLP, Senior Real Estate Analyst

IV. PROFESSIONAL TRAINING

Educational requirements successfully completed for the Appraisal Institute:
 Appraisal Principals, September 2004
 Basic Income Capitalization, April 2005
 Uniform Standards of Professional Appraisal Practice, various
 Advanced Income Capitalization, August 2006
 General Market Analysis and Highest & Best Use, July 2008
 Advanced Sales Comparison and Cost Approaches, June 2009
 Advanced Applications, June 2010
 General Appraiser Report Writing and Case Studies, July 2014
 Standards and Ethics (USPAP and Business Practices and Ethics)
 MAI Designation General Comprehensive Examination, January 2015
 MAI Demonstration of Knowledge Report, April 2016

Completed HUD MAP Training, Columbus, Ohio, May 2010

V. SPEAKING ENGAGEMENTS

Have presented and spoken at both national Novogradac conferences and other industry events, including the National Council of Housing Market Analysts (NCHMA) Annual Meetings and FHA Symposia, National Housing and Rehabilitation Association Conferences, Institute for Professional and Executive Development (IPED) conferences, and state housing conferences, such as Housing Colorado, Idaho Conference on Housing and Economic Development, and Missouri Workforce Housing Association.

VI. REAL ESTATE ASSIGNMENTS

A representative sample of Due Diligence, Consulting, or Valuation Engagements includes:

In general, have managed and conducted numerous market analyses and appraisals for various types of commercial real estate since 2003, with an emphasis on affordable multifamily housing.

Conducted and managed appraisals of proposed new construction, rehab and existing Low-Income Housing Tax Credit properties, Section 8 Mark-to-Market properties, HUD MAP Section 221(d)(4) and 223(f) properties, USDA Rural Development, and market rate multifamily developments on a national basis. Analysis includes property screenings, economic and demographic analysis, determination of the Highest and Best Use, consideration and application of the three traditional approaches to value, and reconciliation to a final value estimate. Both tangible real estate values and intangible values in terms of tax credit valuation, beneficial financing, and PILOT are considered. Additional appraisal assignments completed include commercial land valuation, industrial properties for estate purposes, office buildings for governmental agencies, and leasehold interest valuation. Typical clients include developers, lenders, investors, and state agencies.

Managed and conducted market studies for proposed Low-Income Housing Tax Credit, HUD MAP, market rate, HOME financed, USDA Rural Development, and HUD subsidized properties, on a national basis. Analysis includes property screenings, market analysis, comparable rent surveys, demand analysis based on the number of income qualified renters in each market, supply analysis and operating expense analysis. Property types include proposed multifamily, senior independent living, large family, acquisition/rehabilitation, historic rehabilitation, adaptive reuse, and single family developments. Typical clients include developers, state agencies, syndicators, investors, and lenders.

Completed and have overseen numerous Rent Comparability Studies in accordance with HUD's Section 8 Renewal Policy and Chapter 9 for various property owners and local housing authorities. The properties were typically undergoing recertification under HUD's Mark to Market Program.

Performed and managed market studies and appraisals of proposed new construction and existing properties insured and processed under the HUD Multifamily Accelerated Processing (MAP) program. These reports meet the requirements outlined in HUD Handbook 4465.1 and Chapter 7 of the HUD MAP Guide for 221(d)(4) and 223(f) programs.

Performed and have overseen numerous market study/appraisal assignments for USDA RD properties in several states in conjunction with acquisition/rehabilitation redevelopments. Documents are used by states, lenders, USDA, and the developer in the underwriting process. Market studies are compliant to State, lender, and USDA requirements. Appraisals are compliant to lender requirements and USDA HB-1-3560 Chapter 7 and Attachments.

Performed appraisals for estate valuation and/or donation purposes for various types of real estate, including commercial office, industrial, and multifamily assets. These engagements were conducted in accordance with the Internal Revenue Service's Real Property Valuation Guidelines, Section 4.48.6 of the Internal Revenue Manual.

Performed analyses of various real estate asset types subject to USDA 4279-B, Business and Industry Guaranteed Loans, Section 4279.150 guidelines.

Conducted various Highest and Best Use Analyses for proposed development sites nationwide. Completed an analysis of existing and proposed senior supply of all types of real estate, and conducted various demand and feasibility analyses in order to determine level of need and ultimate highest and best use of the site.

Prepared a three-year Asset Management tracking report for a 16-property portfolio in the southern United States. Data points monitored include economic vacancy, levels of concessions, income and operating expense levels, NOI and status of capital projects. Data used to determine these effects on the project's ability to meet its income-dependent obligations.

Performed various community-wide affordable housing market analyses and needs assessments for communities and counties throughout the Midwest and Western states. Analysis included demographic and demand forecasts, interviews with local stakeholders, surveys of existing and proposed affordable supply, and reconciliation of operations at existing supply versus projected future need for affordable housing. Additional analyses included identification of housing gaps, potential funding sources, and determination of appropriate recommendations. These studies are typically used by local, state, and federal agencies in order to assist with housing development and potential financing.

Managed a large portfolio of Asset Management reports for a national real estate investor. Properties were located throughout the nation, and were diverse in terms of financing, design, tenancy, and size. Information compiled included income and expenses, vacancy, and analysis of property's overall position in the market.

Performed appraisals of LIHTC assets for Year 15 purposes; valuations of both the underlying real estate asset and partnership interests have been completed. These reports were utilized to assist in potential disposition options for the property, including sale of the asset, buyout of one or more partners, or potential conversion to market rate.

STATEMENT OF PROFESSIONAL QUALIFICATIONS

JULIA SMITH

I. Education

University of Arizona, School of Sociology

Ph.D. in Sociology, concentration in Stratification, Networks, Social Policy, Methodology/Statistics

The London School of Economics and Political Science

MSc in Comparative Politics (States and Markets)

The London School of Economics and Political Science

MSc in Social Policy and Planning

American University, Washington, DC

BA in Law and Society, minor in Mathematics

II. Professional Experience

Principal, Julia Grace Smith, LLC – Consultant with Novogradac Consulting, LLP (2011 – Present)

Analyst, Novogradac & Company LLP (2006 – 2009)

Legal Secretary, Bergen & Bergen Law Firm

Research Assistant, Chr. Michelson Institute

III. Research Assignments

- Conducted market and feasibility studies for a variety of projects. Properties are generally Section 42 Low Income Housing Tax Credit Properties. Local housing authorities, developers, syndicators and lenders have used these studies to assist in the financial underwriting and design of LIHTC properties. Analysis typically includes: feasibility of pro formas including, but not limited to unit mix determination, demand projections, price analysis, rental rate analysis, competitive property surveying and overall market analysis.
- Conducted Rent Comparability Studies and HUD MAP Market Studies according to HUD guidelines.
- Performed various community-wide affordable housing market analyses and needs assessments for communities and counties. Analysis included demographic and demand forecasts, interviews with local stakeholders, focus groups, online public surveys, surveys of existing and proposed affordable supply, and reconciliation of operations at existing supply versus projected future need for affordable housing. Additional analyses included identification of housing gaps, potential funding sources, and determination of appropriate recommendations. These studies are typically used by local, state, and federal agencies in order to assist with housing development and potential financing.
- Conducted citywide analysis of poverty including causes and potential solutions.
- Conducted nationwide comparative case study of economic opportunity and poverty commissions.
- Assisted in appraisals of proposed new construction and renovation of existing properties.