

APPENDIX C – NEAR NORTH SUBURBAN HOUSING ACTIVITY STUDY

The Village of Skokie Planning Division originally conducted a building permit activity survey of different types of new housing construction and residential demolitions in 21 near north suburbs from 1999-2003. The data was then updated through 2005. The intent of the study was to measure Skokie's development levels relative to our neighbors and determine if there was any correlation with the level of development activity and property values. The Skokie Planning Division Staff would like to acknowledge the staffs of those 20 other municipalities for working diligently to collect and provide the data for this study.

Each municipality was asked to provide data on the number of new housing units given building permits and housing unit demolitions for the 1999-2003 calendar years, and then update the data through 2005. All municipalities responded, and after the 2005 update all the data was provided from 1999-2005. Data was also compiled for each municipality's average home values from the Multiple Listing Service of Northern Illinois for July 1, 1998 to June 30, 1999 and July 1, 2004 to June 30, 2005, and the average annual appreciation was calculated.

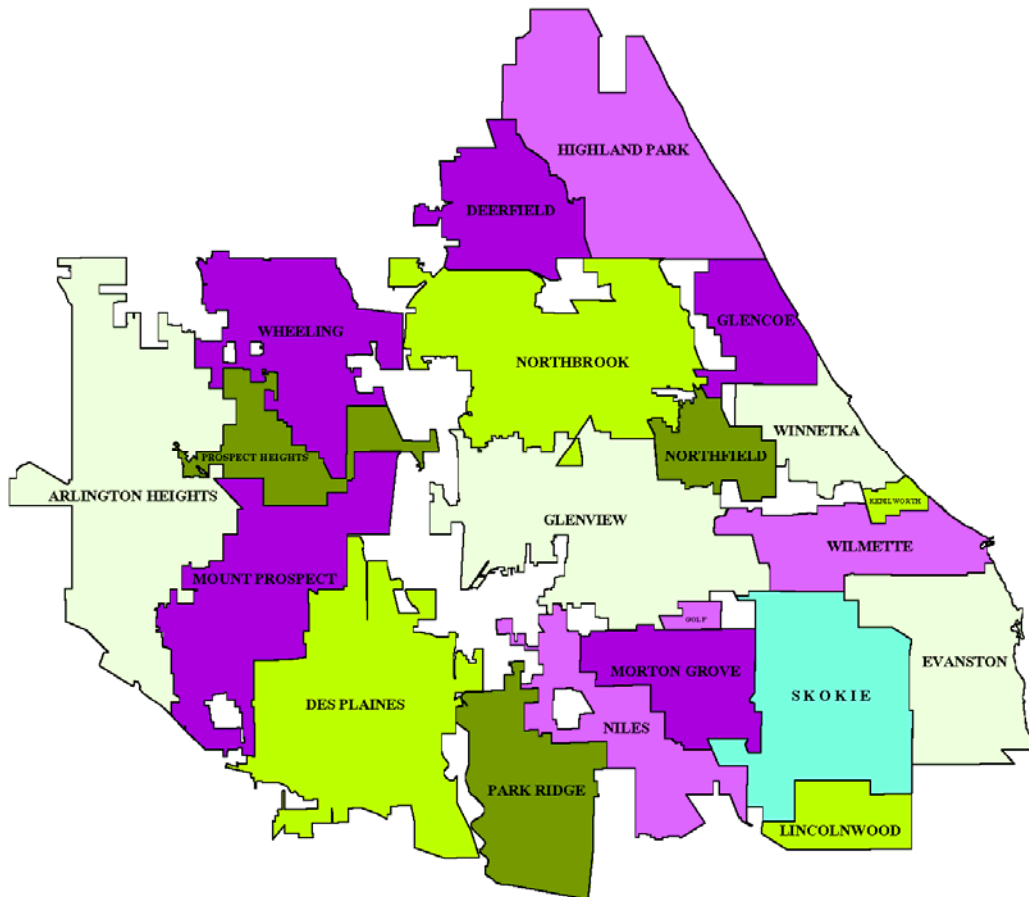
The results offered insight into the positive relationship between all types of new construction and average home values, as well as between single-family detached teardowns and average home values. To summarize the findings of the study:

- Skokie average home values are increasing faster than most of the surrounding communities.
- Skokie is tearing down detached single-family houses at a significantly slower rate than neighboring communities.
- Skokie is below average in the construction of new detached single-family housing and is building these units at a significantly slower rate than our neighbors.
- Skokie is significantly below average in the construction of new townhouses.
- Skokie is above average in terms of both number of building permits for new multifamily housing and new multifamily permits as a percentage of our housing stock.
- Skokie is above average in the total number of permits for new housing units but average in terms of all new residential housing units relative to the size of the community.
- In general, the more detached single-family teardowns and new units constructed of all types in a community, the faster average home values rise. There continues to be no evidence that there is a negative impact on home values from development.

STUDY AREA AND SURVEY QUESTIONS

The 20 suburban municipalities surrounding Skokie were asked to provide the number of residential units demolished, the number of new residential building permits issued, and the number of new residential units with building permits for three different building types: detached single-family units (houses), attached single-family units (townhouses), and multifamily units (multistory apartments and condominiums). The participating municipalities are depicted in Map C.1.

Map C.1 Study Area and Participating Municipalities



AVERAGE HOME VALUE APPRECIATION

Data was compiled for each municipality's average home values from the Multiple Listing Service of Northern Illinois (MLSNI) for July 1, 1998 to June 30, 1999 and July 1, 2004 to June 30, 2005 as reported in the October 1999 and 2005 issues of *Chicago Magazine*. Data on the Village of Golf was not available. Table C.1 summarizes the average single-family detached home value for all units in the other 20 municipalities studied.

Table C.1 Annual Average Single-Family Detached Values for All Units Sold, 1998-1999 and 2004-2005

Municipality	July 1, 1998 – June 30, 1999	July 1, 2004 – June 30, 2005	Total Appreciation	Average Annual Appreciation
1. Glenview	\$333,530	\$669,254	100.7%	12.3%
2. Deerfield	\$305,667	\$569,208	86.2%	10.9%
3. Glencoe	\$670,001	\$1,245,812	85.9%	10.9%
4. Skokie	\$213,379	\$388,134	81.9%	10.5%
4. Niles	\$214,586	\$390,248	81.9%	10.5%
6. Des Plaines	\$186,755	\$329,172	76.3%	9.9%
7. Lincolnwood	\$322,109	\$567,473	76.2%	9.9%
8. Morton Grove	\$213,553	\$375,046	75.6%	9.8%
9. Arlington Heights	\$237,611	\$416,902	75.5%	9.8%
10. Mount Prospect	\$210,904	\$366,698	73.9%	9.7%
11. Prospect Heights	\$268,741	\$459,287	70.9%	9.3%
12. Kenilworth	\$912,277	\$1,559,011	70.9%	9.3%
13. Park Ridge	\$316,999	\$537,160	69.5%	9.2%
14. Winnetka	\$831,407	\$1,400,800	68.5%	9.1%
15. Northbrook	\$371,411	\$625,293	68.4%	9.1%
16. Evanston	\$336,829	\$563,564	67.3%	9.0%
17. Highland Park	\$424,918	\$700,045	64.7%	8.7%
18. Wheeling	\$175,492	\$287,308	63.7%	8.6%
19. Wilmette	\$506,089	\$824,268	62.9%	8.5%
20. Northfield	\$517,542	\$804,321	55.4%	7.6%
Golf	Not available	Not available	Not available	Not available

SOURCE: Multiple Listing Service of Northern Illinois, *Chicago Magazine*, October 2005

Annualized average appreciation for the 6-year period for the 20 municipalities ranged from 7.6% to 12.3%. Skokie’s annualized average appreciation was 10.5%, which ranked 4 out of 20 communities, in the same position as 2003. Since the 2003 study, Winnetka dropped 13 positions from #1 to #14, Evanston dropped 11 from #5 to #16, and Northfield dropped 9 from #11 to #20. Deerfield rose 12 from #14 to #2, Mount Prospect rose 9 from #20 to #11, and Kenilworth rose 7 from #19 to #12. None of the towns experienced average depreciation over the two years since the last study. However, the towns had annual appreciation rate over the last two-year period in a wide range, from 3.7% (Winnetka) to 15.4% (Deerfield). Skokie’s annual appreciation over the last two years was 10.3%.

DETACHED SINGLE-FAMILY DEMOLITIONS

Detached single-family demolitions were reported by all 21 communities for all 7 of the study years (1999-2005). All municipalities issued demolition permits for detached

single-family homes. Demolitions for 2000-2005 were also compared to the 2000 census estimate of detached single-family units to calculate the approximate percentage of the housing stock that was demolished following the census. The 2000-2005 data is used in this report. The results are in Table C.2 and Table C.3

Table C.2 Number of Detached Single-family Demolitions, 2000-2005

Municipality	Number of Single-family Detached Demolitions 2000-2005
1. Park Ridge	494
2. Glenview	475
3. Northbrook	400
4. Highland Park	377
5. Wilmette	328
6. Glencoe	281
7. Deerfield	264
8. Winnetka	261
9. Arlington Heights	249
10. Des Plaines	175
11. Lincolnwood	146
12. Skokie	137
13. Morton Grove	84
14. Evanston	80
15. Mount Prospect	63
16. Northfield	57
17. Prospect Heights	54
18. Kenilworth	32
19. Niles	27
19. Wheeling	27
21. Golf	7

SOURCE: 2003, 2005 Building Permit Survey

The number of detached single-family teardowns for the 6-year period for the 21 municipalities ranged from 7 to 494. Skokie had 137 teardowns for the 6-year period, and was ranked 12 out of 21 communities, in the same position as 2003. The average number of teardowns for 2000-2005 was 191. Surprisingly, the order of the towns was almost identical, with three exceptions: Winnetka dropped 5 positions to #8 averaging only 14 teardowns per year for the last 2 years compared to 58 per year for the first 4 years, Morton Grove gained 4 positions to #13 averaging 33 teardowns per year for the last 2 years compared to 5 per year for the first 4 years, and Mount Prospect gained 3 positions to #15 averaging 23 teardowns per year for the last 2 years compared to 4 per year for the first 4 years.

Table C.3 Detached Single-family (DSF) Demolitions, 2000-2005, as a Percentage of 2000 Census Estimate of DSF Units

Municipality	Number of DSF Units in 2000	DSF Units Demolished from 2000-2005 as a Percent of 2000 DSF Units
1. Glencoe	2,831	9.93%
2. Winnetka	3,709	7.04%
3. Deerfield	5,491	4.81%
4. Glenview	10,626	4.47%
5. Park Ridge	11,077	4.46%
6. Golf	157	4.46%
7. Highland Park	8,888	4.24%
8. Northbrook	9,578	4.18%
9. Lincolnwood	3,517	4.15%
10. Kenilworth	779	4.11%
11. Wilmette	8,017	4.09%
12. Northfield	1,603	3.56%
13. Prospect Heights	2,502	2.16%
14. Arlington Heights	18,143	1.37%
15. Des Plaines	13,963	1.25%
16. Morton Grove	6,962	1.21%
17. Skokie	13,834	0.99%
18. Evanston	9,799	0.82%
19. Wheeling	4,240	0.64%
20. Mount Prospect	12,382	0.51%
21. Niles	6,567	0.41%

SOURCE: 2003, 2005 Building Permit Survey and 2000 Census

Because the municipalities have different amounts of housing, we looked at teardowns as a percentage of the 2000 detached single-family housing stock to better measure the impact on detached single-family housing in each community. The percentage of the 2000 detached single-family housing units torn down during the 6-year period ranged from 0.41% to 9.93%. Skokie had only 0.99% of its single-family detached housing torn down since the census and was ranked 17 out of 21 communities, in the same position as 2003. Skokie saw a decline in the number of teardowns last year from 38 in 2004 to 31 in 2005, as did Deerfield, Des Plaines, Glencoe, Golf, Kenilworth, Prospect Heights, Wheeling, and Winnetka.

There have been concerns expressed by some Skokie residents about the number of teardowns in Skokie, although only 8% of Skokie residents thought that the teardown of older single-family homes was a major problem (Village of Skokie 2003 Citizen Survey, see Appendix B). At the current rate, it would take 597 more years (in the year 2603) to tear down all the detached single-family homes in Skokie that existed in 2000! When the number of demolitions was correlated with the annualized average increase

in home values, there was a *positive* correlation of 24%. A positive correlation of 100% would mean that the proportional difference in housing appreciation among the 21 municipalities would exactly mirror the proportional difference in the number of demolitions. Conversely, a negative correlation of 100% would mean that the proportional difference in housing appreciation among the 21 municipalities would be the exact opposite of the proportional difference in the number of demolitions. There was also a *positive* correlation of 14% between demolition permits as a percentage of single-family housing stock and the annualized average increase in home values. This means that average home values in towns with more teardowns and higher percentage of their housing stock being replaced appreciated faster than those that had less teardowns and a smaller percent of their housing stock renewed. Contrary to the rallying calls of some that teardowns hurt property values, teardowns seem to increase property values.

NEW DETACHED SINGLE-FAMILY PERMITS

New detached single-family permits were reported by all 21 communities for all 7 of the study years. The results are in Table C.4.

Table C.4 Number of New Detached Single-family (DSF) Permits, 1999-2005

Municipality	Number of New DSF Permits
1. Glenview	1,521
2. Park Ridge	590
3. Northbrook	556
4. Highland Park	508
5. Arlington Heights	416
6. Wilmette	383
7. Glencoe	340
8. Deerfield	332
9. Winnetka	299
10. Des Plaines	259
11. Skokie	183
12. Lincolnwood	154
13. Niles	113
14. Morton Grove	112
15. Mount Prospect	100
17. Northfield	88
16. Evanston	69
18. Wheeling	65
19. Prospect Heights	58
20. Kenilworth	34
21. Golf	12

SOURCE: 2003, 2005 Building Permit Survey

The number of new detached single-family homes for the 7-year period for the 21 municipalities ranged from 12 to 1521. Skokie issued permits for 183 new detached single-family houses for the period and was ranked 11 out of 21 communities, in the same position as in 2003. The average number of new detached single-family permits was 295.

Table C.5 New Detached Single-family (DSF) Permits, 1999-2005, as a Percentage of 2000 Census Estimate of DSF Units

Municipality	Number of DSF Units in 2000	New DSF Units from 1999-2005 as a Percentage of 2000 DSF Units
1. Glenview	10,626	14.31%
2. Glencoe	2,831	12.01%
3. Winnetka	3,709	8.06%
4. Golf	157	7.64%
5. Northfield	1,603	5.49%
6. Northbrook	9,578	5.80%
7. Deerfield	5,491	6.05%
8. Highland Park	8,888	5.72%
9. Park Ridge	11,077	5.33%
10. Wilmette	8,017	4.78%
11. Kenilworth	779	4.36%
12. Lincolnwood	3,517	4.38%
13. Arlington Heights	18,143	2.29%
14. Prospect Heights	2,502	2.32%
15. Des Plaines	13,963	1.85%
16. Wheeling	4,240	1.53%
17. Niles	12,336	1.72%
18. Skokie	13,834	1.32%
19. Morton Grove	6,962	1.61%
20. Evanston	9,799	0.70%
21. Mount Prospect	12,382	0.81%

SOURCE: 2003, 2005 Building Permit Survey and 2000 Census

To adjust for the difference in the number of houses in each municipality, permits for new houses as a percentage of the 2000 detached single-family housing stock was examined to better measure the rate of new construction. For simplicity, we assumed that units receiving permits in 1999 were not completed until after the April 2000 census. The percentage of the 2000 detached single-family housing added since the 2000 census ranged from 0.81% to 14.31%. Skokie's new construction of detached single-family homes accounted for only 1.32% of its detached single-family housing since the census and was ranked 18 out of 21 communities, in the same position as 2003. All municipalities were in the same order as the 2003 study.

When the number of new permits was correlated with the annualized average increase in home values, there was a *positive* correlation of 51%. When new permits as a percentage of single-family housing stock were correlated with the annualized average increase in home values, there was a *positive* correlation of 42%. Since much of the detached single-family home construction in most municipalities was infill housing in existing neighborhoods, we can conclude that the new investment in detached single-family construction does not seem to decrease municipal property values, but rather increase them.

NEW ATTACHED SINGLE-FAMILY PERMITS

New attached single-family (townhome) permits were reported by all 21 communities for all 7 of the study years. Unlike detached single-family homes, only 16 municipalities issued permits for new attached single-family homes. The results are in Table C.6.

Table C.6 Number of New Attached Single-family Unit Permits, 1999-2005

Municipality	Number of New Attached Single-family Permits
1. Glenview	584
2. Northbrook	356
3. Wheeling	273
4. Arlington Heights	254
5. Morton Grove	169
6. Des Plaines	166
7. Evanston	157
8. Mount Prospect	180
9. Deerfield	77
10. Skokie	71
11. Highland Park	59
12. Northfield	40
13. Park Ridge	37
14. Wilmette	20
15. Glencoe	13
16. Niles	6
Golf	0
Kenilworth	0
Lincolnwood	0
Prospect Heights	0
Winnetka	0

SOURCE: 2003, 2005 Building Permit Survey

The number of new attached single-family homes for the 7-year period for the 16 municipalities with new attached single-family units ranged from 6 to 584. Skokie had 71 permits for new townhouses for the period and was ranked 10 out of 16

communities, in the same position as 2003. The average number of new townhouses for all municipalities was 112. The average number of new townhouses in only those municipalities that are actively building new townhouse projects was 148.

When the number of new permits was correlated with the annualized average increase in home values, there was a *positive* correlation of 37%. Like detached single-family demolitions and new construction, the more townhouses being built, the faster the increase in municipal residential property values.

NEW MULTIFAMILY PERMITS

Finally, new multifamily (condominium and apartment) residential permits were reported by all 21 communities for all 7 of the study years. Only 13 municipalities issued permits for new multifamily homes. The results are in Table C.7 and Table C.8.

Table C.7 Number of New Multifamily Unit Permits, 1999-2005

Municipality	Number of Multifamily Unit Permits
1. Evanston	1,578
2. Skokie	1,324
3. Des Plaines	1,310
4. Glenview	693
5. Wheeling	527
6. Morton Grove	444
7. Highland Park	391
8. Mount Prospect	361
9. Arlington Heights	313
10. Northbrook	216
11. Niles	204
12. Park Ridge	106
13. Deerfield	80
Glencoe	0
Golf	0
Kenilworth	0
Lincolnwood	0
Northfield	0
Prospect Heights	0
Wilmette	0
Winnetka	0

SOURCE: 2003, 2005 Building Permit Survey

The number of new multifamily homes for the 7-year period for the 13 municipalities with new multifamily construction ranged from 80 to 1,578. Skokie had 1,324 permits for new multifamily units for the period and was ranked 2 out of 13 communities, up from 8th position in 2003. The average number of new multifamily units for all

municipalities was 359. The average number of multifamily units in only those municipalities that are actively building new multifamily projects was 581.

Table C.8 Multifamily Unit Permits, 1999-2005, as a Percentage of 2000 Census Housing Stock

Municipality	Number of Housing Units in 2000	Multifamily Unit Permits 1999-2005 as a Percent of 2000 Units
1. Des Plaines	22,959	5.71%
2. Skokie	23,687	5.59%
3. Morton Grove	8,299	5.35%
4. Evanston	30,817	5.12%
5. Glenview	15,810	4.38%
6. Wheeling	13,691	3.85%
7. Highland Park	11,921	3.28%
8. Northbrook	12,848	1.68%
9. Niles	12,336	1.65%
10. Mount Prospect	22,081	1.63%
11. Deerfield	6,541	1.22%
12. Arlington Heights	31,713	0.99%
13. Park Ridge	14,619	0.73%
Glencoe	3,224	0.00%
Golf	157	0.00%
Kenilworth	815	0.00%
Lincolnwood	4,593	0.00%
Northfield	2,272	0.00%
Prospect Heights	6,622	0.00%
Wilmette	10,332	0.00%
Winnetka	4,301	0.00%

SOURCE: 2003, 2005 Building Permit Survey and 2000 Census

To adjust for the difference in the size of the housing stock in each municipality, new multifamily units with building permits as a percentage of the 2000 total housing stock was examined to better measure the rate of new multifamily construction. For simplicity, we assumed that units that received permits in 1999 were not completed until after the April 2000 census. The new multifamily units as a percentage of the 2000 total housing stock ranged from 0.73% to 5.71% for those municipalities with new multifamily construction. The increase in new multifamily units in Skokie was 5.59% of the total housing stock in 2000, up from 1.28% in the 2003 study, and the Village was ranked 2 out of 13 communities with multifamily permits, up from 9th position in 2003. Des Plaines jumped from 6th to 1st and Northbrook jumped from 12th to 8th. All other municipalities dropped position in almost the same order as in 2003.

When the number of new permits was correlated with the annualized average increase in home values, there was a *positive* correlation of 17%. When new permits as a percentage of total housing stock were correlated with the annualized average increase in home values, there was a *positive* correlation of 25%. Like detached single-family demolitions and new construction for detached and attached single-family homes, the more multifamily units being built, the faster the increase in municipal residential property values.

ALL NEW HOUSING

As a last check, we studied the total number of new housing units for each municipality since the 2000 census. For the purpose of this study and to simplify the calculation, we assumed that units with permits in 1999 were not completed until after the April 2000 census. The results are in Table C.9 and Table C.10.

Table C.9 Permits for All New Housing Units, 1999-2005

Municipality	All New Housing Units
1. Glenview	2,798
2. Evanston	1,804
3. Des Plaines	1,735
4. Skokie	1,578
5. Northbrook	1,128
6. Arlington Heights	983
7. Highland Park	958
8. Wheeling	865
9. Park Ridge	733
10. Morton Grove	725
11. Mount Prospect	541
12. Deerfield	489
13. Wilmette	403
14. Glencoe	353
15. Niles	323
16. Winnetka	299
17. Lincolnwood	154
18. Northfield	128
19. Prospect Heights	58
20. Kenilworth	34
21. Golf	12

SOURCE: 2003, 2005 Building Permit Survey

The total number of new units for the 7-year period for the 21 municipalities ranged from 12 to 2,798. Skokie permitted 1,578 units for the period and was ranked 4 out of 21 communities, up from 10th position in 2003. All other municipalities remained in

almost the same order as in 2003. The average number of total new units for all municipalities was 767.

Table C.10 Permits for All New Housing Units, 1999-2005, as a Percentage of 2000 Census Housing Stock

Municipality	Number of Housing Units in 2000	All New Unit Permits 1999-2005 as a Percent of 2000 Units
1. Glenview	15,810	17.70%
2. Glencoe	3,224	10.95%
3. Northbrook	12,848	8.78%
4. Morton Grove	8,299	8.74%
5. Highland Park	11,921	8.04%
6. Golf	157	7.64%
7. Des Plaines	22,959	7.56%
8. Deerfield	6,541	7.48%
9. Winnetka	4,301	6.95%
10. Skokie	23,687	6.66%
11. Wheeling	13,691	6.32%
12. Evanston	30,817	5.85%
13. Northfield	2,272	5.63%
14. Park Ridge	14,619	5.01%
15. Kenilworth	815	4.17%
16. Wilmette	10,332	3.90%
17. Lincolnwood	4,593	3.35%
18. Arlington Heights	31,713	3.10%
19. Niles	12,336	2.62%
20. Mount Prospect	22,081	2.45%
21. Prospect Heights	6,622	0.88%

SOURCE: 2003, 2005 Building Permit Survey and 2000 Census

Again, since the municipalities varied so greatly in the number of housing units, we adjusted the numbers with respect to the impact of the new construction on total housing stock. New construction as a percentage of the 2000 housing stock for the period ranged from 0.88% to 17.70%. New construction in Skokie was 6.66% of its 2000 housing stock, up from 1.82% in 2003, and Skokie ranked 10 out of 21 communities, up from 20th position in 2003. Des Plaines jumped from 12th to 7th and Wheeling dropped from 8th to 11th. All other municipalities were in almost the same order as in 2003.

When all new housing permits were correlated with the annualized average increase in home values, there was a *positive* correlation of 44%. When all new housing permits as a percentage of the total 2000 housing stock were correlated with the annualized average increase in home values, there was a *strong positive* correlation of 52%. This means that housing values in municipalities that have more and a faster rate of new

construction, regardless of the building type, appreciated faster than those with less and a slower rate of new construction. The presence of new investment in housing in general has a strong positive effect on residential property values.

There are a few other things to consider:

1. As expected from the 2003 study, Skokie moved toward the middle of the list when the 2004 and 2005 data were added. This is due to a lag from the start of sales for a development to picking up the building permit and starting construction. Skokie only has about 161 more approved units that have not yet gotten building permits. This will probably shuffle the data again for municipalities. We did not ask about units approved that were not yet permitted in the survey.
2. It is unclear whether there is a relationship between the perception of development and an increase in property values. Projects that have been announced that have not yet received permits may also affect property values.
3. Residential additions and other improvement were not studied because of the difficulty in obtaining and evaluating such a diverse range of data. There has been significant investment of this type in Skokie housing, too.
4. Obviously, other things affect the price of homes other than the presence of new construction.

This does not negate the fact that the clear trend in the Near North Suburban Area is still that more new housing positively affects residential property values.

Village Planning Division staff will continue to monitor and study additional data in the coming years.