



*City of*  
**Edwardsville**  
*Third Oldest City in Illinois*

**Department of Public Works**  
Eric D. Williams, P.E., Director of Public Works

# MEMORANDUM

DATE: March 3, 2021

TO: Mayor Hal Patton and the Edwardsville City Council

CC: Kevin Head, City Administrator  
Eric Williams, Dir. Public Works

FROM: Emily Fultz, AICP City Planner

SUBJECT: Edwardsville Housing and Income Study

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One of the outcomes of the Edwardsville Race Relations & Equality Report (Dec. 2020) is to:

*[...] review rules and fees associated with housing development that impact the total cost of construction. Access to affordable housing has been cited as a major deterrent to diversity within the community.*

It is important to have a shared understanding of the words and phrases we use to discuss affordable housing. To this end, a brief definition of terms is included for review. It is also worth noting that while several factors contribute to housing affordability, it is primarily a function of household income. Households spending 30% or less of their gross monthly income on housing costs, including principal, interest, taxes, insurance, and utilities, are said to live in housing that is affordable. This report largely focuses on affordability for Edwardsville Residents and Madison County Residents. The data show that a relatively small portion of the available housing is affordable for households earning 80% or less of the Area Median Income (AMI). A comprehensive housing study focusing not only on affordability, but maintenance, repair, and renovation of existing housing stock, as well as demand for additional affordable housing units, should be considered as a next step.

## **Definition of Terms**

**Affordable Housing** – Housing on which the occupant(s) is paying no more than 30% of gross income for housing costs. (Source: HUD)

**Area Median Income** – Midpoint of a region’s income distribution. Half of the population earns more than the median and half of the population earns less.

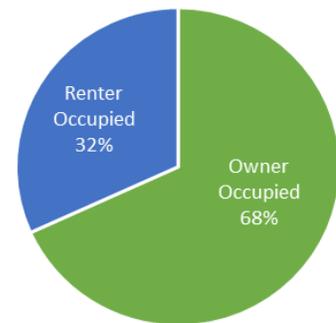
**Section 8 Housing Program** – Eligible tenants receive vouchers they can use to help pay for apartments in the private market. A tenant renting with Section 8 will pay a maximum of 30% of their gross monthly income on rent and the Section 8 Voucher will cover the rest. (Source: HUD)

**Subsidized Housing** – A general term used for federal, state, or local programs that reduces the cost of housing. Subsidies can include rent vouchers, down payment assistance programs, or tax credits. (Source: HUD)

**Workforce Housing** – Housing affordable (30% of gross income) to households earning between 60 and 120% of their Area Median Income. (Source: Urban Land Institute) This term is imprecise and controversial because many families receiving Section 8 vouchers are employed. So, technically, Section 8 housing could be considered workforce housing, too. (Source: Brookings)

## **Housing Characteristics**

According to U.S. Census Bureau’s American Community Survey 2015-2019, it is estimated that 68% of the dwelling units in Edwardsville are owner-occupied while 32% are renter-occupied. It is important to note that renter-occupied dwelling units consist of both single-family homes and apartments. With approximately 9,472 dwelling units<sup>1</sup> in the City of Edwardsville, this translates to 3,031 renter-occupied units and 6,441 owner-occupied units. Of the approximately 9,472 housing units in Edwardsville, the Census Bureau estimates that 43%, or approximately 5,100 housing units, are more than 50 years old (see Chart 1). The age of a house can contribute to housing desirability.

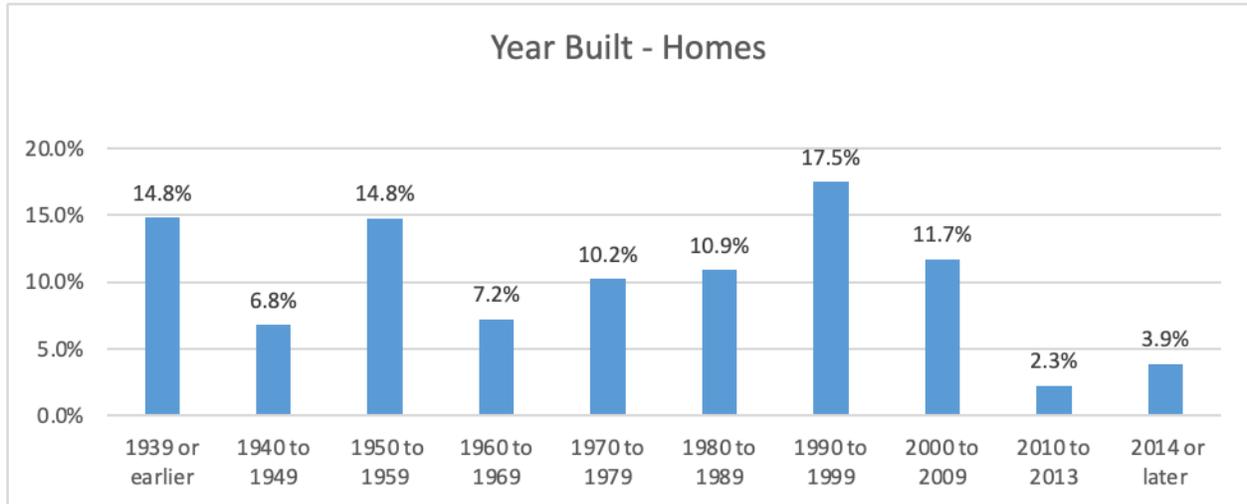


*Housing Tenure*

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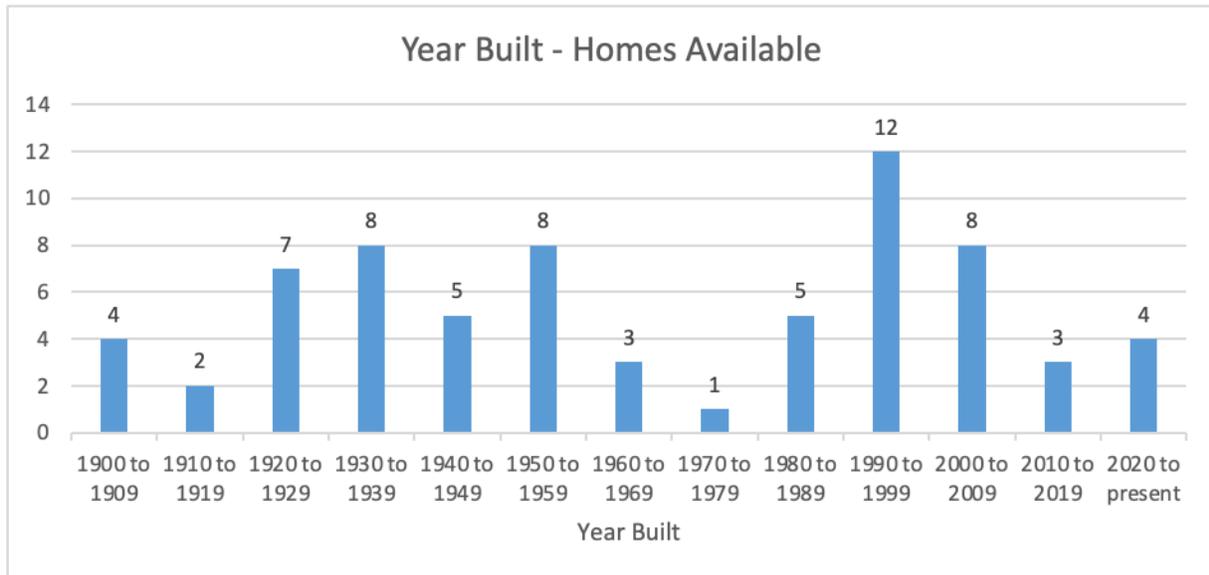
<sup>1</sup> Source: City of Edwardsville Building Permit data & US Census Bureau American Community Survey 2015-19

Chart 1



As of February 3, 2021, there are 73 dwelling units available for sale in the City of Edwardsville. Nearly half (37) of these homes are more than fifty (50) years old (Chart 2).<sup>2</sup>

Chart 2



The average price per square foot of all homes (new and used) for sale in Edwardsville is \$122.89. For homes in Madison County, the average price per square foot is \$103.92<sup>3</sup>.

As of February 3, 2021, there are 98 rental dwelling units available for rent in the City of Edwardsville.<sup>4</sup> While seven of the rental dwelling units are two bedroom, two bathroom units,

<sup>2</sup> Source: Zillow.com, accessed 2/3/2021

<sup>3</sup> Source: Zillow.com, accessed 2/8/2021

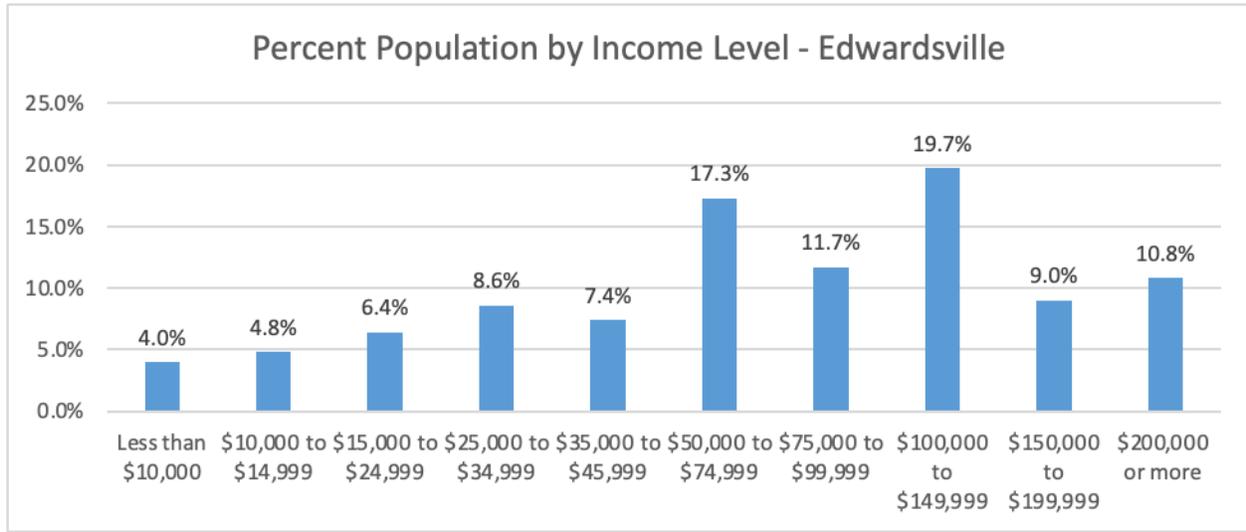
<sup>4</sup> Source: Zillow.com, whisperingheights.com, traceedwardsville.com, accessed 2/3/2021

the majority are one bedroom, one bathroom units.

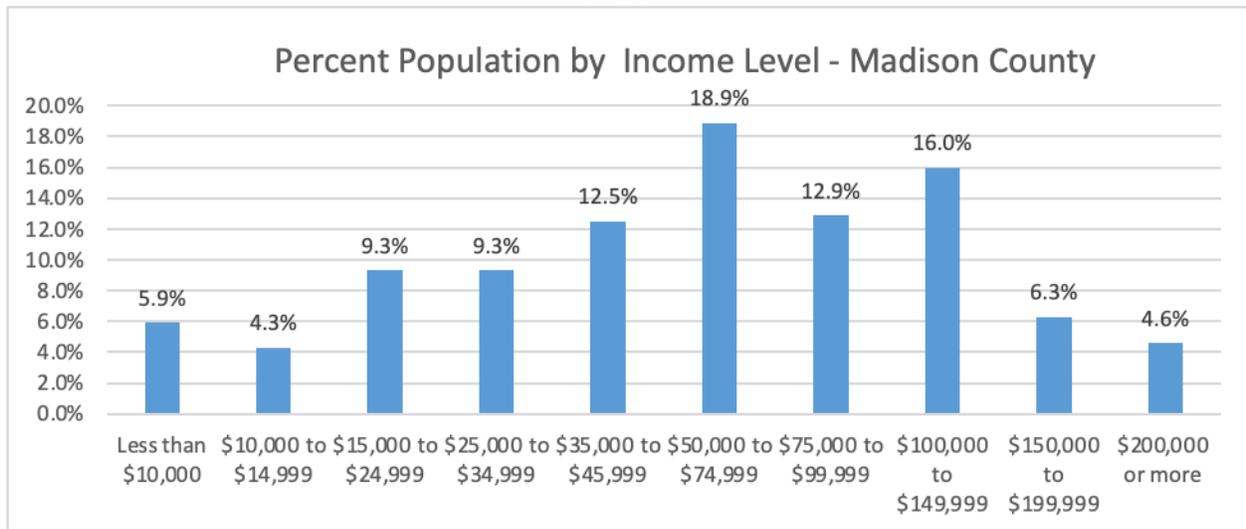
**Income Characteristics**

Examining income in Edwardsville is where housing inequity comes into focus. The data for Edwardsville as a whole shows that half of the total households in the City make more than \$75,000 per year (Chart 3). The data for Madison County are similar (Chart 4).

*Chart 3*



*Chart 4*



However, the data above do not paint an accurate picture of income differences based on race. While the Median Household Income for Edwardsville is \$77,411 and for Madison County is \$60,738, the Median Household Income for Edwardsville’s Caucasian population is \$81,217, while the Median Household Income for Edwardsville’s Black or African American population

is \$48,403. The table below compares income and race data for both the City of Edwardsville and Madison County.

*Table 1 – Median Income by Race and Ethnic Group and Location*

	City of Edwardsville	Madison County
<b>White</b>	\$81,217	\$71,532
<b>Black or African American</b>	\$48,403	\$29,631
<b>Asian</b>	\$100,094	\$101,534
<b>Two or More Races</b>	-	\$49,386
<b>Hispanic or Latino (any race)</b>	-	\$50,625
<b>White alone (not Hispanic or Latino)</b>	\$81,228	\$71,629

The median income for a geographical area (e.g. Edwardsville, Madison County, etc.) is used to determine housing affordability. Tables 2 and 3 below indicate the classification of income levels for both the City of Edwardsville and Madison County based as a percent of the AMI.

*Table 2 - Edwardsville % AMI*

Income Level	% AMI	\$/Hour	\$/Year
<b>Extremely Low</b>	<b>Below 30%</b>	Less than \$11.17	Less than \$23,223
	<b>30%</b>	\$11.17	\$23,223
<b>Very Low</b>	<b>40%</b>	\$14.89	\$30,964
	<b>50%</b>	\$18.61	\$38,706
<b>Low</b>	<b>60%</b>	\$22.33	\$46,447
	<b>70%</b>	\$26.05	\$54,188
	<b>80%</b>	\$29.77	\$61,929
<b>Moderate Income</b>	<b>90%</b>	\$33.50	\$69,670
	<b>100%</b>	\$37.22	\$77,411
	<b>110%</b>	\$41.00	\$85,152
	<b>120%</b>	\$44.66	\$92,893

*Table 3 - Madison County % AMI*

Income Level	% AMI	\$/Hour	\$/Year
<b>Extremely Low</b>	<b>Below 30%</b>	Less than \$8.76	Less than \$18,221
	<b>30%</b>	\$8.76	\$18,221
<b>Very Low</b>	<b>40%</b>	\$11.68	\$24,295
	<b>50%</b>	\$14.60	\$30,369
<b>Low</b>	<b>60%</b>	\$17.52	\$36,443
	<b>70%</b>	\$20.44	\$42,517
	<b>80%</b>	\$23.36	\$48,590
<b>Moderate Income</b>	<b>90%</b>	\$26.28	\$54,664
	<b>100%</b>	\$29.20	\$60,738
	<b>110%</b>	\$32.12	\$66,812
	<b>120%</b>	\$35.04	\$72,886

Extremely Low Income is considered up to 30% of the AMI, while Very Low Income is considered income between 30-50% of the AMI, and Low Income is 50%-80% of the AMI.<sup>5</sup> HUD Housing Assistance Programs are often tied to these income thresholds, with Section 8 Housing Vouchers available to those considered Extremely Low and Very Low Income (up to 50% of the AMI) and other CDBG programs, such as the Low Income Housing Tax Credit Program (LIHTC) available to Low Income households (up to 80% of the AMI). In addition to these federal programs, many counties, cities, and local lending institutions offer programs such as down payment assistance, credit counseling, and homebuyer education programs. Busey Bank, for example, uses non-traditional credit sources for their My Community Home Loan

<sup>5</sup> www.hud.gov

Program, where clients with no credit can instead rely on their payment history of rent and/or utility to qualify for a loan.<sup>6</sup>

The data above show that 15% of Edwardsville’s population is considered ‘Extremely Low Income,’ earning only 30% of the Area Median Income annually. Another 16% earn up to \$50,000 and are classified as Very Low to Low Income with an additional 17% being classified as Low to Moderate Income making between \$50,000 and \$74,000 annually. Because the Census Bureau tracks income in \$15,000 increments, the data doesn’t fit squarely into the 10% AMI categories used in Tables 2 and 3. However, it can be estimated that Edwardsville’s total low-moderate income population is approximately 40%. The total low-moderate income population for Madison County is approximately 50%.

**Housing Affordability in Edwardsville**

To best understand housing affordability in Edwardsville, it is necessary to understand the components that make up the total housing cost. These include: rent or principal and interest, property taxes, and homeowners insurance. Affordable housing is housing that costs no more than 30% of a household’s gross income.<sup>7</sup> Tables 4 - 6 depicts the maximum amount a household can spend on housing in order for it to be considered affordable.

In order to evaluate housing affordable housing in Edwardsville using real numbers, tables were created that determine monthly cost of principal and interest, in addition to monthly total cost housing cost, which includes insurance and taxes. The monthly total housing cost could be either the cost to rent or purchase housing. For purposes of this study, insurance has been calculated at 0.08% of the purchase price of the home and the property tax rate has been calculated to be 7.6908%<sup>8</sup>. It is also assumed that the mortgage interest rate is 3.0% for a loan with 20% down, compared to 4% with 0% down. Based on a target of 30% income spent on housing costs, households in the following income brackets can afford homes as follows:

*Table 4 - City of Edwardsville Affordable Housing Limits*

<b>% AMI</b>	<b>\$/Hour</b>	<b>\$/Year</b>	<b>Max. Total Housing Cost (rent or buy)</b>	<b>Maximum Monthly P+I</b>	<b>Affordable House (0 Down)</b>	<b>Affordable House (20% Down)</b>
<b>30%</b>	\$11.17	\$23,223	\$542	\$429	\$60,558	\$75,697
<b>40%</b>	\$14.89	\$30,964	\$723	\$737	\$80,744	\$100,930
<b>50%</b>	\$18.61	\$38,706	\$903	\$921	\$100,930	\$126,162
<b>60%</b>	\$22.33	\$46,447	\$1,084	\$1,105	\$121,116	\$151,395
<b>70%</b>	\$26.05	\$54,188	\$1,264	\$1,290	\$141,302	\$176,627
<b>80%</b>	\$29.77	\$61,929	\$1,445	\$1,474	\$161,488	\$201,860
<b>90%</b>	\$33.50	\$69,670	\$1,626	\$1,658	\$181,674	\$227,092
<b>100%</b>	\$37.22	\$77,411	\$1,806	\$1,842	\$201,860	\$252,325
<b>120%</b>	\$44.66	\$92,893	\$2,168	\$2,211	\$242,232	\$302,790

<sup>6</sup> Conversation with Sandy Smith, SVP, Director of Community Lending, Busey Bank, 3/1/2021

<sup>7</sup> www.hud.gov

<sup>8</sup> Average of 2019 Edwardsville Township Tax Rate of 7.5188 and 2019 in Oak Township Tax Rate of 7.8627

*Table 5 - Madison County Affordable Housing Limits*

<b>\$ AMI</b>	<b>\$/Hour</b>	<b>\$/Year</b>	<b>Max. Total Housing Cost (rent or buy)</b>	<b>Max. Monthly P+I</b>	<b>Affordable House (0 Down)</b>	<b>Affordable House (20% Down)</b>
<b>30%</b>	\$8.76	\$18,221	\$456	\$348	\$50,909	\$63,636
<b>40%</b>	\$11.68	\$24,295	\$607	\$464	\$67,878	\$84,848
<b>50%</b>	\$14.60	\$30,369	\$759	\$580	\$84,848	\$106,060
<b>60%</b>	\$17.52	\$36,443	\$911	\$696	\$101,817	\$127,272
<b>70%</b>	\$20.44	\$42,517	\$1,063	\$812	\$118,787	\$148,484
<b>80%</b>	\$23.36	\$48,590	\$1,215	\$928	\$135,757	\$169,696
<b>90%</b>	\$26.28	\$54,664	\$1,367	\$1,044	\$152,726	\$190,908
<b>100%</b>	\$29.20	\$60,738	\$1,518	\$1,160	\$169,696	\$212,120
<b>120%</b>	\$35.04	\$72,886	\$1,822	\$1,392	\$203,635	\$254,543

The tables above use Edwardsville and Madison County income data as a whole and do not consider racial or ethnic differences in income. Table 6, however, accounts for racial and ethnic differences. The income shown in Table 1 is used to formulate the affordable housing limits for the Black and African American population in Edwardsville.

*Table 6 - City of Edwardsville Affordable Housing Limits – Black & African-American Population*

<b>Edw. B/AA AMI</b>	<b>\$/Hour</b>	<b>\$/Year</b>	<b>Max. Total Housing Cost</b>	<b>Max. Monthly P+I</b>	<b>Affordable House (0 Down)</b>	<b>Affordable House (20% Down)</b>
<b>30%</b>	\$6.98	\$14,521	\$ 363	\$277	\$40,570	\$50,712
<b>40%</b>	\$9.31	\$19,361	\$484	\$370	\$54,093	\$67,616
<b>50%</b>	\$11.64	\$24,202	\$605	\$462	\$67,616	\$84,521
<b>60%</b>	\$13.96	\$29,042	\$726	\$554	\$81,140	\$101,425
<b>70%</b>	\$16.29	\$33,882	\$847	\$647	\$94,663	\$118,329
<b>80%</b>	\$18.62	\$38,722	\$968	\$739	\$108,186	\$135,233
<b>90%</b>	\$20.94	\$43,563	\$1,089	\$832	\$121,710	\$152,137
<b>100%</b>	\$23.27	\$48,403	\$1,210	\$924	\$135,233	\$169,041
<b>120%</b>	\$27.92	\$58,083	\$1,452	\$1,109	\$162,280	\$202,849

The tables below indicate available housing on the market as of February 8, 2021. The data may not be comprehensive and does not take into account homes listed for sale outside of the Multiple Listing Service (MLS).

Chart 5 – Madison County Comparison – Homes / Apartments for Rent

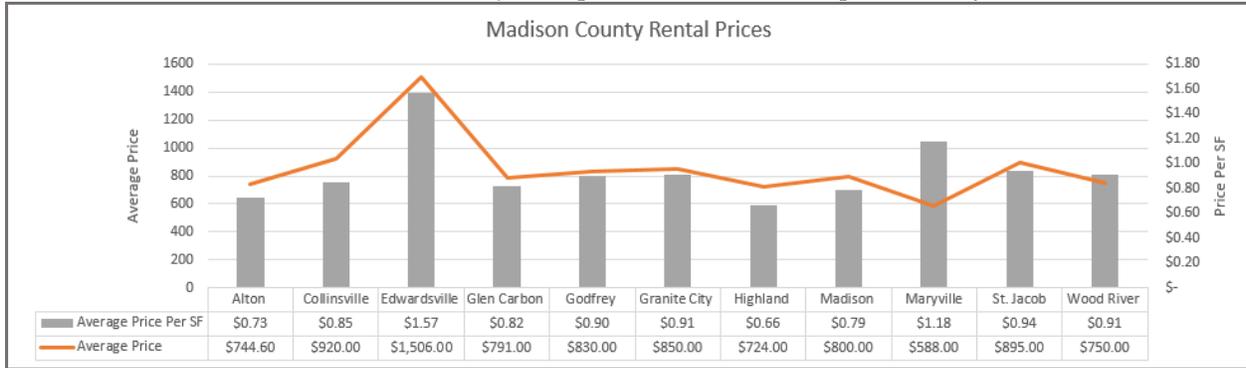
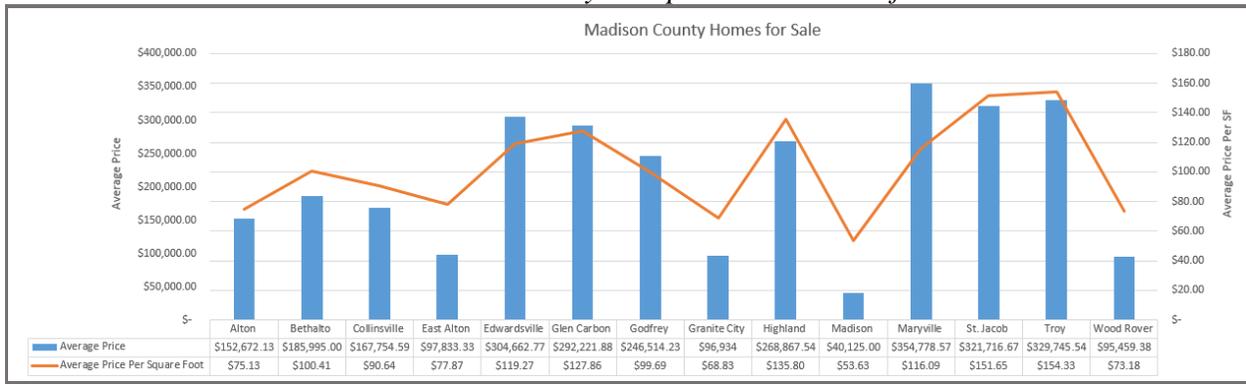


Chart 6 – Madison County Comparison – Homes for Sale



Data obtained through Zillow.com shows that there are currently 73 homes for sale in the corporate limits of Edwardsville and 589 in Madison County. In addition to Zillow, data obtained through the websites of large property management companies indicate that there are 98 rental properties (including apartments and single-family homes) currently available in Edwardsville and 133 in Madison County. The tables below show the number of affordable housing units based on the area median income for both Caucasian and Black and African American populations in both Edwardsville and Madison County.

The data below indicate that the majority of Edwardsville’s *available* housing is out of reach for homeowners and renters at Extremely Low (up to 30% AMI), Very Low (up to 50% AMI), and Low (up to 80%) income levels. Table 7 assumes a house will be purchased with 0% down.

Table 7 – Home Purchase Options based on Income Level

AMI	Edwardsville		Edwardsville Black & African American		Madison County		Madison Co. Black & African American	
	Affordable House	# Houses Available	Affordable House	# Houses Available	Affordable House	# Houses Available	Affordable House	# Houses Available
<b>30%</b>	\$60,558	4	\$40,570	3	\$50,909	23	\$24,836	1
<b>50%</b>	\$100,930	7	\$67,616	6	\$84,848	85	\$41,393	10
<b>80%</b>	\$161,488	28	\$108,186	7	\$135,757	162	\$66,229	54
<b>120%</b>	\$242,232	38	\$162,280	28	\$203,635	235	\$99,393	119

Table 8 - Rental Options based on Income Level

AMI	Edwardsville		Edwardsville Black & African American		Madison County		Mad. Co Black & African American	
	Affordable Rental	# Rentals Available	Affordable Rental	# Rentals Available	Affordable Rental	# Rentals Available	Affordable Rental	# Rentals Available
30%	\$542	0	\$363	0	\$456	1	\$222	0
50%	\$903	7	\$605	0	\$759	18	\$370	0
80%	\$1,445	44	\$968	11	\$1,215	71	\$593	2
120%	\$2,168	92	\$1,452	44	\$1,822	108	\$889	26

The difference in available, affordable housing is stark when evaluating the data by race. With a median income of \$48,403, Tables 7 and 8 indicate that Edwardsville’s Black and African American Community has a very different housing situation. It should also be noted when reviewing Tables 7 and 8, above, that Section 8 Housing Vouchers are available to those making under 50% of the AMI and other programs, such as the Low Income Housing Tax Credit (LIHTC) program are utilized to provide housing for low income households, as well.

Edwardsville Senior Living offers one- and two-bedroom apartments for rent for \$675 for a one-bedroom and \$825 for a two-bedroom.<sup>9</sup> The income restrictions are as follows:

Table 9 – Income Limits for Edwardsville Senior Living Facility

Household Size	Income Limit
1	\$34,860
2	\$39,840
3	\$44,820
4	\$49,740

Edwardsville’s May Building, located at 1701 Bryant Avenue houses elderly and disabled populations and all units are rent assisted, including Section 8 Housing Vouchers. Residents pay no more than 30% of their monthly income on rent for these units. The building consists of 72 one-bedroom and 10 two-bedroom units.

**Conclusion**

The issue of housing affordability is not straightforward and does not have simple solutions. The data presented in this Memo indicate not only a lack of housing for Edwardsville’s Low Income population, but a wealth gap that, although alarming, is on trend with national data.<sup>10</sup> Part of the full picture of affordability in Edwardsville must also include an examination of our workforce as well as housing demand.

Many communities implement programs aiming not only to provide affordable housing, but to improve the ability of residents to qualify for loans through programs that build credit and

<sup>9</sup> www.edwardsvilleseniorliving.com, accessed 2/9/2021

<sup>10</sup> www.brookings.edu/blog/up-front/2020-02/27/examining-the-black-white-wealth-gap, accessed 2/8/2021

improve creditworthiness. For example, the City of Alton offers a Down Payment Assistance Programs for qualified buyers meeting income thresholds (30%, 50% and 80% AMI) established by HUD.<sup>11</sup> The program provides that the municipality will contribute between \$1,000 and \$5,000 for a down payment, which is forgivable if certain terms are met, including residing in the purchased home for certain number of years. Funding for Alton’s program is provided through Community Development Block Grants and/or Illinois Housing Development Authority (IHDA) trust funds<sup>12</sup>. The City of Collinsville developed a similar Down Payment Assistance Program, but also created a Rental Conversion Program, whereby individuals purchasing a property that has been registered in the City’s rental program for at least the two previous years, are eligible for \$5,000 of funding. First time purchasers who are purchasing a rental conversion are eligible for to use both programs, bringing the total incentive to \$10,000. In both 2019 and 2020, Collinsville awarded the full \$130,000 budgeted for these programs. Funding is budgeted in the City’s General Fund.<sup>13</sup>

The data presented in this report are based on the U.S. Census Bureau’s 2015-2019 American Community Survey estimates and are just that – estimates. Further, the data are not adjusted for the University population, which will likely have low income levels due to part-time employment.

Lastly, the available housing data presented in this report represent a snapshot of available housing taken in February, 2021. As spring arrives and more homes are listed for sale, this data will change. As students end leases in August, on the academic-calendar, more rental housing will become available. The available housing data in this report should not be mistaken for housing *demand*.

The logical next step to this initial report is the publication of a Request for Qualifications (RFQ) seeking a qualified housing consultant to further study housing demand and other key factors, derived from both quantitative and qualitative methods, which contribute to racial disparity in housing choices in Edwardsville.

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<sup>11</sup> [www.collinsvilleil.org/departments/community-development](http://www.collinsvilleil.org/departments/community-development) and [www.cityofaltonil.com/community-programs](http://www.cityofaltonil.com/community-programs)

<sup>12</sup> Email from Greg Caffey, Alton Dir. of Planning and Development, 3/1/2021

<sup>13</sup> Email from Derek Jackson, Collinsville Deputy City Manager, 3/2/2021