

EFFINGHAM, ILLINOIS

# HOUSING & ECONOMIC RECOVERY PLAN

*A plan to grow Effingham's workforce and economy through housing and non-housing initiatives.*



# ACKNOWLEDGEMENTS

The consultant team would like to acknowledge the more than three dozen business owners, real estate professionals, residents, advocates, and other stakeholders interviewed for this project, as well as Effingham officials who worked closely with the consultant team to create this framework. The special combination of entrepreneurial spirit and communal drive exhibited by residents across industries, incomes, ages, and backgrounds gives great promise for this strategy document to come to fruition.

Effingham faces challenges on the road to economic recovery. It is abundantly clear, however, that a collective approach towards meeting these challenges is not just possible, but is deeply desired by its residents, and is understood to be imperative for the continued growth and prosperity of the city, its economy, and those who call it home.

## Housing & Economic Recovery Plan Consultant Team

The Effingham Housing and Economic Recovery Plan was prepared for the City of Effingham, Illinois by Development Planning Partners and The 1861 Group.

DEVELOPMENT  
PLANNING  
PARTNERS 

  
The**1861**Group



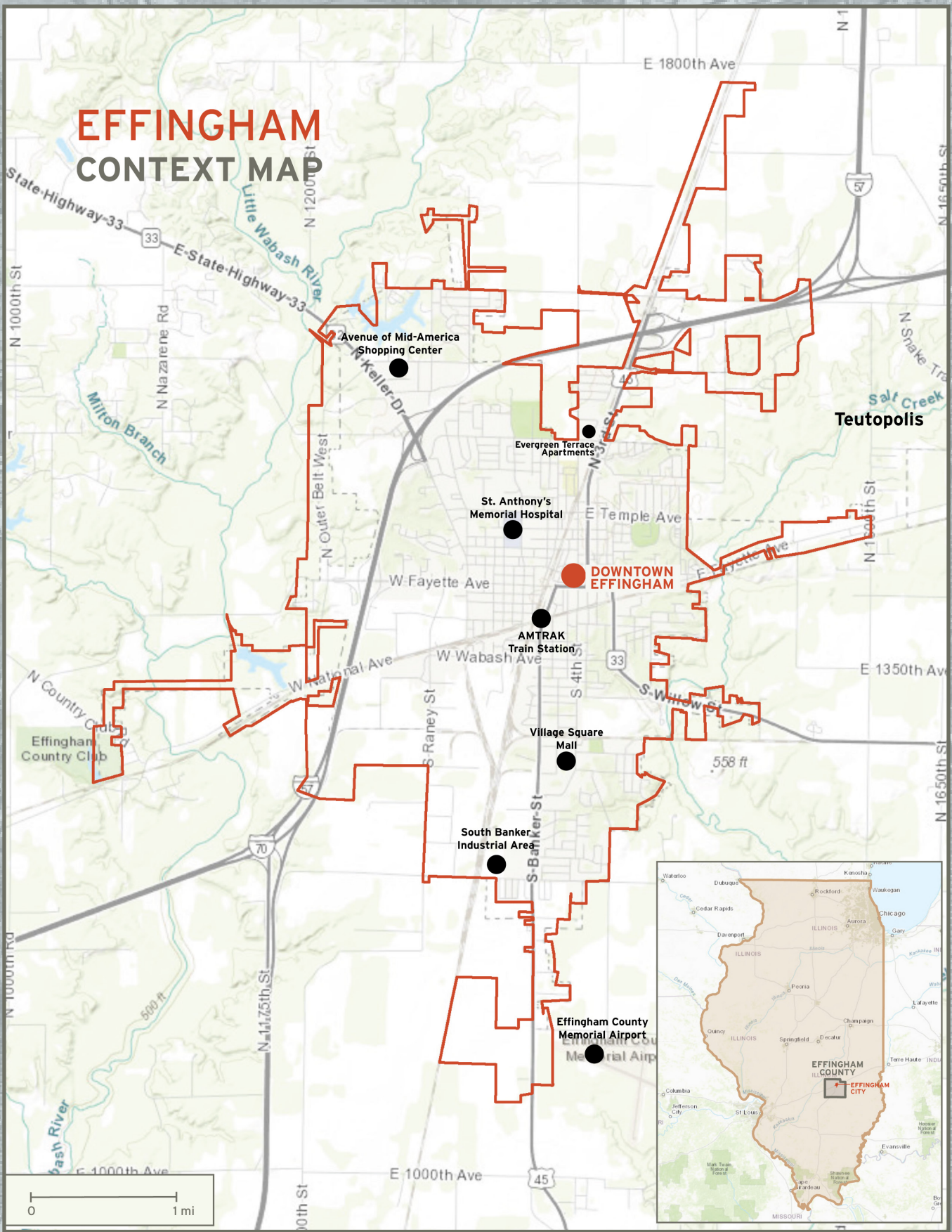
## Research in Illinois to Spur Economic Recovery Grant (RISE)

The Effingham Housing and Economic Recovery Plan is funded by the Research in Illinois to Spur Economic Recovery (RISE) Grant through the State of Illinois' Department of Commerce and Economic Opportunity (DCEO). The purpose of these grants is to help local governments and economic development organizations (EDOs) create or update economic plans to promote economic recovery from the COVID-19 pandemic and beyond.





# EFFINGHAM CONTEXT MAP



Teutopolis

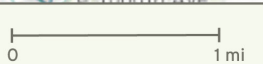
DOWNTOWN  
EFFINGHAM

AMTRAK  
Train Station

Village Square  
Mall

South Banker  
Industrial Area

Effingham County  
Memorial Airport





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# EXECUTIVE SUMMARY

Effingham has long maintained a strong economy, with low rates of unemployment and a desirable community life. Its identity as the regional economic hub for East/Central Illinois, strategically positioned on major transportation routes between the major metropolitan markets of Chicago and St. Louis, has given it advantages other communities do not possess.

Robust industry – most notably in the manufacturing and medical sectors – has historically been enough to maintain economic growth. Now, however, the capacity of the active local labor force is nearly exhausted. Employers face severe challenges finding new workers, and plans for expansion have been stymied. Already, Effingham has seen rates of growth – measured in terms of population and employment – begin to falter, lagging both historic averages and rates seen in nearby communities.

At the root of labor shortages is a lack of housing supply. Very little housing is available for rent or for sale in Effingham at any price level. With no housing options for workers and their families, workers do not come and jobs go unfilled. Moreover, Effingham employers have already swept up most of the available workforce from the surrounding region that could reasonably commute into the city for work, further exacerbating labor shortages.

## Housing Market Conditions

Five significant trends have shaped the Effingham housing market – and, by extension, its economy – and led to the current housing and workforce crisis.

1. Even amidst robust job growth, few new homes have been added to the area housing stock, meaning that, as supply conditions become tighter and tighter, housing is increasingly difficult or impossible to find for incoming workers.
2. Moreover, the long-term pace of residential development activity within Effingham County as a whole has not responded to the growing need for additional housing and barely outpaces levels of expected housing unit loss over time.
3. While housing is relatively affordable in Effingham compared to many markets across the nation, housing cost burden is common at lower income levels, meaning viable housing options are extremely limited for lower wage workers.
4. There are significant housing mismatches within the city that intensify the housing crisis by creating imbalance in the housing ecosystem and limiting access to housing for incoming workers.
5. The need for new housing in the City of Effingham is significant. Housing is needed to ensure housing security for the city's most financially vulnerable residents, spur economic growth through workforce expansion, and provide a foundation for long-term community prosperity by bringing the city's housing stock into balance.

Effingham confronts a need for 500-775 new housing units over the next decade. These include 100-125 affordable units, 200-300 moderately priced units to accommodate workforce growth, and 250-350 higher end units to regain housing balance, relieve pressure on the city's stock of naturally occurring affordable and workforce housing, and promote the overall health of the housing ecosystem.



## Primary Challenges

Without adequate housing, employers cannot attract the workforce they need to grow and contribute more to city-wide economic health. Additionally, other non-housing barriers within the city often mean that those who might otherwise enter the workforce are needed at home or cannot get to work, further limiting the pool of available workers.

The city must address three primary challenges in order to reignite economic growth and build broad prosperity.

**1. The regional capacity for housing development is limited. Few housing developers are currently operating in the Effingham region, and for those that are, capacity to increase production is limited.**

**2. The city's housing ecosystem has significant gaps and other structural weaknesses. In addition to an overall lack of supply, gaps in certain housing product types (including townhomes, duplexes, and others) limit the housing market's ability to function efficiently and respond to the changing needs of residents.**

**3. Barriers to workforce entry keep the city from maximizing labor force participation. Barriers to entering the workforce - such as limitations in childcare and public transportation options - hinder Effingham's labor force participation rate.**

## Key Strategies

In order to address the primary challenges summarized above, the strategies and related actions summarized below should be considered. Each strategy accompanies a related objective to address one of the key challenges. Implementing the strategies will require broad community support and participation from a wide range of public, private, and nonprofit stakeholders.

### Objective: Advance the housing development infrastructure through capacity-building.

- Strategy 1:** Create a multi-stakeholder community housing task force.
- Strategy 2:** Increase City participation in the preparation of priority sites for housing and/or mixed-use development.
- Strategy 3:** Identify one or more desired workforce housing projects and release an RFQ to spur developer interest.
- Strategy 4:** Support the creation of a new Community Development Corporation focusing on housing development and property management.
- Strategy 5:** Create development guidance and blueprints for standard, pre-approved housing types that can be built more cost-effectively and quickly than those designed "from scratch."
- Strategy 6:** Create a Community Housing Trust Fund.

### Objective: Strengthen the local housing ecosystem through policy and ordinance.

- Strategy 1:** Reduce barriers to development through zoning reforms.
- Strategy 2:** Expand residential enterprise zone multifamily benefits to match current single family benefits.
- Strategy 3:** Create more development opportunities for second and third floor residential units Downtown through incentives.
- Strategy 4:** Identify populations that need affordable or workforce housing and where philanthropic or government funding/financing is available.

### Objective: Grow labor force participation through non-housing strategies.

- Strategy 1:** Increase opportunities for more childcare facilities throughout the community.
- Strategy 2:** Partner with local banks to expand financial counseling service offerings.
- Strategy 3:** Encourage tourism by embracing sustainability.
- Strategy 4:** Create a transportation strategy to better connect Effingham residents with employment opportunities.





# PROJECT BACKGROUND



## Introduction

Founded in 1814, Effingham has long been known as a community offering a great location, affordable housing, copious community amenities, and a booming economy. For the last two centuries Effingham has acted as the economic center of the East/Central portion of the state of Illinois, strategically located between the Illinois cities of Springfield and Champaign, the Indiana cities of Terre Haute, Bloomington, and Evansville, and Saint Louis, Missouri.

Effingham's role as the county seat and economic hub has kept the city's economy expanding even as other rural communities have suffered from loss of industry and other challenges often faced by smaller communities and those outside of major metropolitan areas.

Challenges to smaller communities like Effingham are many. The proportion of U.S. residents living in rural areas fell from 36 percent in 1950 to 20 percent in 2020. Globalization and labor trends have shifted high-wage manufacturing jobs abroad by the millions. The lack of access to capital and services that has occurred as corporations close all but their most profitable branches and a historic lack of financial support for rural areas from state governments, has hindered economic activity in rural areas throughout the country. All these issues have impacted Effingham in some way, though most apparently through a flattening out of population growth.

To respond to these economic challenges, the City of Effingham applied for and received a Research in Illinois to Spur Economic Recovery (RISE) Grant through the State of Illinois' Department of Commerce and Economic Opportunity (DCEO). The purpose of these grants is to help local governments and economic development organizations (EDOs) create or update economic plans to promote economic recovery from the COVID-19 pandemic and beyond. Funded through the RISE grant, this Economic Recovery Plan is intended to help Effingham grow its economy in new, impactful, and equitable ways.



## Demographics

### Population & Households

Beginning in 1920, Effingham’s population boomed, experiencing double digit growth in every decade from 1920 through 1980. Since 1980, though, Effingham has added approximately 1,000 residents, which is roughly eight percent of the City’s current population. Over the last decade, the City of Effingham has outpaced the state of Illinois in population growth, growing 0.5 percent compared to 0.2 percent for the state, but has trailed Effingham County, which grew 1.0 percent from 2011 to 2021.

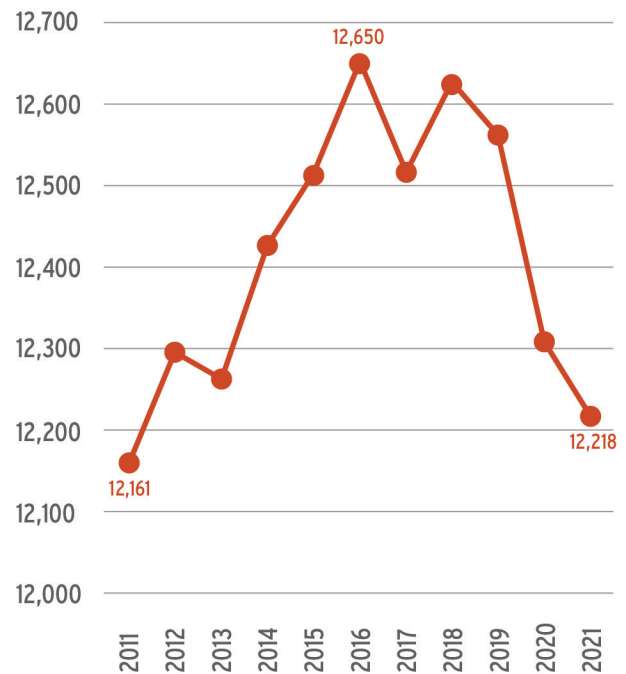
Effingham’s population peaked in 2016, topping out at 12,650 residents in that year. During this period, the number of households in Effingham fell as household size increased. The number of households fell 3.5 percent from 2016, contrasting with the county (+4.5 percent) and the state (+3.3 percent). While one-person households in Illinois and Effingham have grown and remained flat, respectively, the City of Effingham has seen this type of household decline nearly 19 percent since 2011, which can be demonstrative of a housing market that is becoming less affordable for people living on their own.

### Age

Effingham has a higher percentage than the state of both very young and retirement-aged people, but a lower percentage of those in the prime earning years of 35-54. While 25.9 percent of Illinois residents are aged 35-54, just 21.6 percent of Effingham residents are in this age band, which is also lower than the county (23.4 percent). This trend is likely already impacting the Effingham economy, as many of the residents’ peak earning years are being spent working elsewhere, which points to a lack of consistent upward economic growth opportunities in the area. Beyond the lack of opportunity to capture taxes from this population, children and retirement-aged residents have a higher need for public services, making this age imbalance even more impactful.

### Population, 2011 - 2021

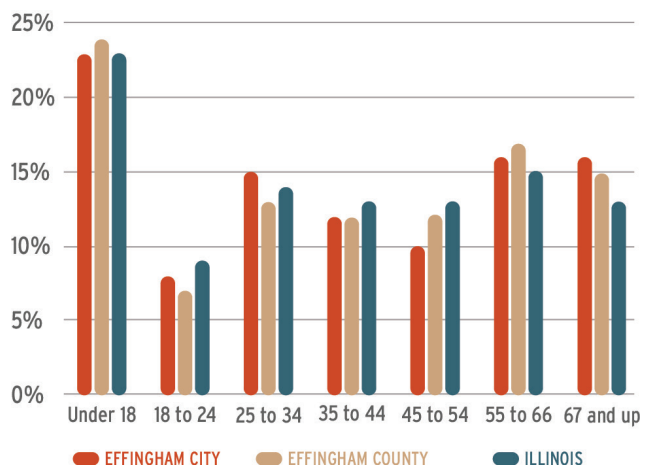
City of Effingham, IL



Source: ACS 5-year estimates, 2017-2021. Table B01003.

### Age by Cohort, 2021

City of Effingham, IL



Source: ACS 5-year estimates, 2017-2021. Table B01002.

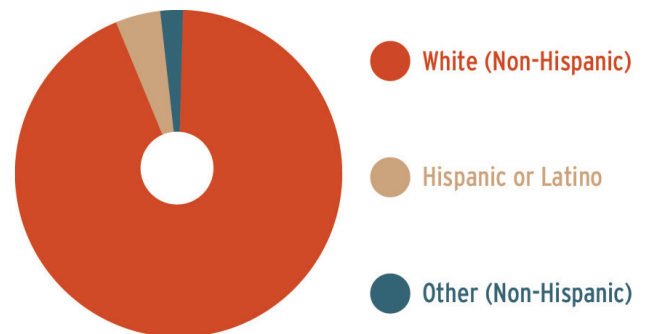


## Race & Ethnicity

The Effingham population was majority (94.0 percent) White as of 2021, though these numbers have been changing in recent years. White residents made up more than 97 percent as recently as 2011. Lack of diversity can have adverse effects on a community, as according to a 2018 study by the National Institutes of Health (NIH), a lack of racial diversity in a population typically limits development and wealth-building for a community. The lack of diversity in Effingham, especially in leadership roles, was identified by multiple interviewees as an issue that is holding back Effingham’s economy.

## Race & Ethnicity, 2021

City of Effingham, IL



Source: ACS 5-year estimates, 2017-2021. Table B02001 and B03003.

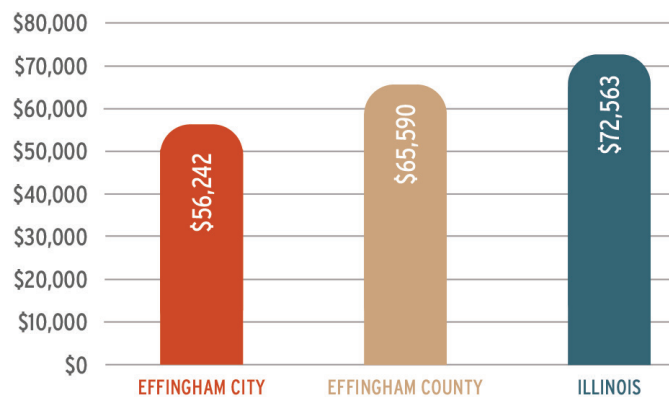
## Income

The median household income in Effingham is lower than that of the county and state, and the proportion of higher income households in the city is significantly lower than that of the county or state.

Nearly 18 percent of Effingham residents were classified as below the poverty line as of 2021, which is significantly higher than Effingham County (10.5 percent) and Illinois (11.8 percent). Poverty in the city disproportionately affects households of color. Half of Effingham’s Black households were living in poverty, as were nearly a quarter of Hispanic or Latino households.

## Median Household Income, 2021

City of Effingham, IL



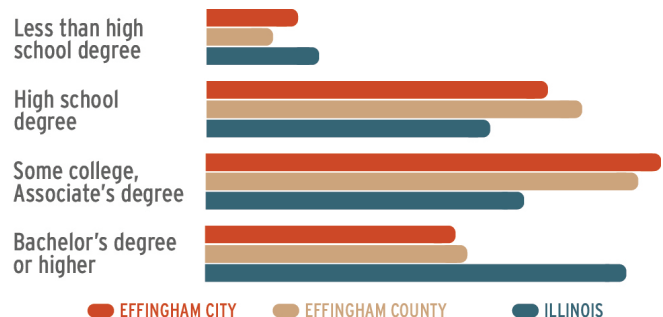
Source: ACS 5-year estimates, 2017-2021. Table B19001.

## Education

The city has a notably higher percentage of residents with some college or an associate’s degree than the county or state as a whole, which reflects the reality of the economy and the important training work that Lakeland College is doing with its professional certification courses.

## Educational Attainment, 2021

City of Effingham, IL



Source: ACS 5-year estimates, 2017-2021. Table XXXXXX.

## State of the Economy

Effingham’s economy is strong in many ways, though it is experiencing challenges and facing issues with growth. Strengths of the economy include low unemployment rates, a strategic location at the intersection of I-57 and I-70, its identity as the economic center of the region and County seat, a labor force that is complementary to the industries in the city, and a strong manufacturing and medical presence. Additionally, as was repeatedly reported in interviews with local stakeholders and evident in field research, a strong sense of entrepreneurialism among Effingham’s residents has resulted in many new business openings that have contributed significantly to economic growth.

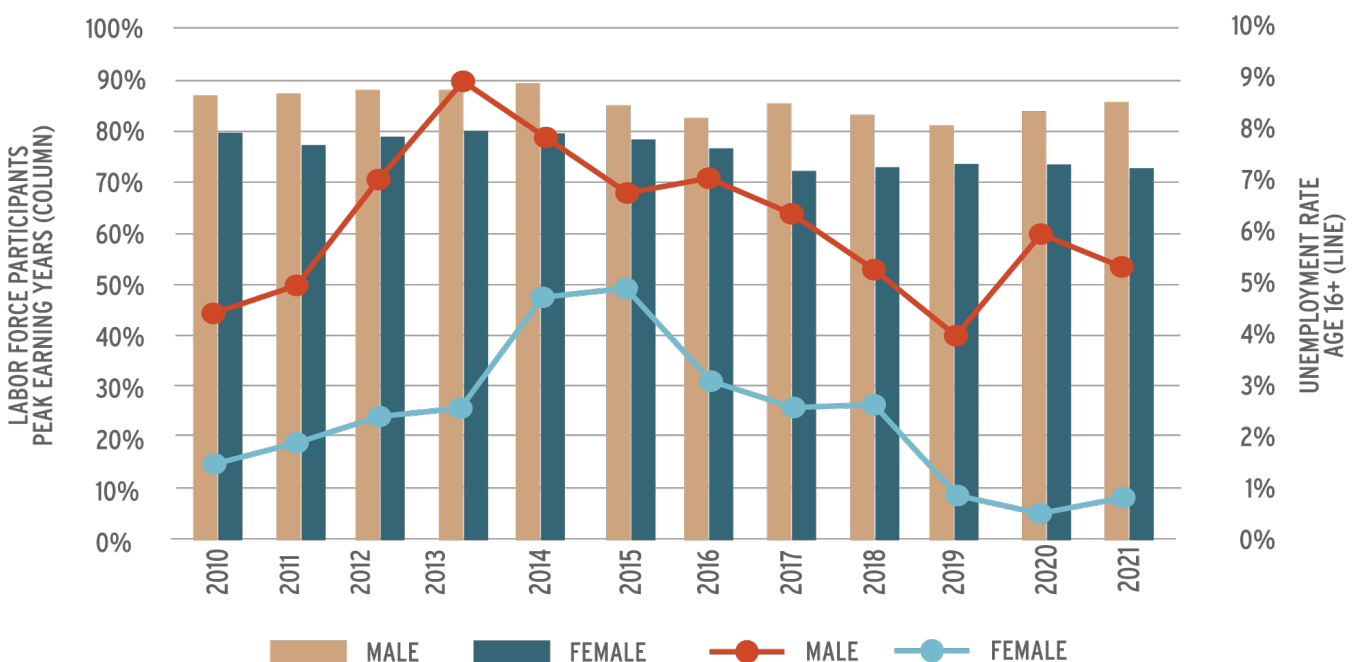
The challenges facing Effingham’s economy include a labor force that is nearly tapped out; a tight housing market that constrains housing availability and, in turn, labor force growth; and overly restrictive zoning requirements that can limit both new housing development and business growth.

Effingham’s full-time employment base has grown 1.1 percent since 2010, which is impressive considering the population has grown just 0.5 percent during this time. The unemployment rate in Effingham – 3.3 percent in 2021 – is markedly lower than the U.S. figure of 5.5

percent, despite having a higher labor force participation rate (65.0 percent in Effingham versus 63.6 percent for the U.S. as a whole). These figures show a need for more housing locally, as the local workforce is mostly working or unable to work, and there are already employees commuting into the city from long distances that are getting even longer according to interviews. There are 11,560 workers commuting into Effingham to work – more than 9,000 more than are commuting out of the city for work (2,409).

Effingham’s locational advantages are plentiful and have supported export-oriented businesses in the city for decades. I-57 sees an estimated 19,400 vehicles per day, while I-70 sees an even more impressive 45,000 vehicles a day. The intersection of these two important transportation routes gives the city easy access to many key markets for local exporters – including both the Chicago and St. Louis metro regions as well as keeping input costs lower than more rural neighbors. Additionally, the rail connections in Effingham continue to give the community an advantage over other communities of the same size. Besides the Amtrak connection to Chicago, New Orleans, Champaign, and Carbondale, Effingham has connections to Illinois Central, Canadian North, and CSX Transportation railroads.

### Employment Statistics, City of Effingham City of Effingham, IL



Source: ACS 5-year estimates, 2005 - 2021. Table S2301.

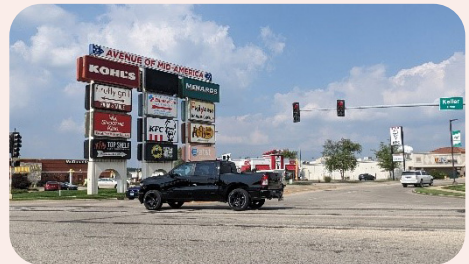


## Geography & Commercial Type

Effingham’s economy is similar to most other rural communities in that it uses Euclidean zoning practices – the practice of separating uses. This can be beneficial to communities, but also present drawbacks to development. Euclidean zoning allows a cohesive commercial environment, and certain types of businesses desire co-location. The main drawback is that it can spread jobs far from potential employees – for example, by separating manufacturing and other industrial jobs located on the far south side of the city from viable housing options located farther to the north. Particularly when paired with a lack of public transportation options, this can limit economic growth.

There are four main types of commercial development in Effingham by which the majority (90 percent or more) of business can be classified:

**1. Large floorplate, national retail centers.** Located near I-57 and I-70 are hundreds of thousands of square feet of retail space occupied by national retailers. This type of retail and commercial market has high occupancy, high rent, credit tenants, and is almost exclusively owned by national investors and retailers. While an important sales tax generator for the city, the jobs offered by these companies are typically low-paying and have few benefits. While a critical part of the local economy, these jobs do not offer major opportunities for household economic growth.



**2. Downtown businesses.** Many smaller, independent businesses that do not require large parking lots are located downtown. Low rents downtown offer opportunities for local and legacy businesses. These businesses don’t offer many jobs but do cultivate entrepreneurship and innovation in the city – an important component to a growing economy – and are important generators of wealth that stays within the community instead of being funneled to national headquarters and investors elsewhere.



**3. Standalone commercial structures.** These single and multi-unit structures can range from small shopping centers with local tenants to standalone bank buildings. They include the type of development seen on Banker Street south of Fayette: smaller, older commercial buildings with on-site parking. The health of these buildings varies. There are those that are full and thriving, and others that sit 100 percent vacant. The jobs offered vary in quality, quantity, and required worker qualifications. These locations are some of the best opportunities for destination commercial such as medical offices and specialty retail such as health food stores and record shops.



**4. Manufacturing and support industries.** One of Effingham’s greatest strengths is its manufacturing legacy and the businesses that help support this industry. This includes transportation, warehousing, and logistics companies in addition to companies such as John Boos, Flex-N-Gate, Sherwin Williams, Equity Feed, and other manufacturers with a large import-export footprint. These are the types of companies that every community in the country wants to attract and keep. They have a large number of high-paying jobs for entry-level and non-college-educated workers, they are “sticky” (i.e., difficult to move), and they support a large number of other industries. A potential challenge with these businesses is that they are often considered nuisance uses, so siting them next to residential or educational uses is very unpopular.



## Labor

The industries that are found in Effingham align well with the education level and qualifications of the workforce. Lake Land College in Mattoon, the Effingham Regional Career Academy, the Effingham School District, and others are rightly focused on hands-on practical career training. Apprenticeship programs in practical fields, such as welding and trucking programs through Lake Land College, were seen as not meeting the needs of local businesses. Specifically mentioned were the programs falling short in being responsive to industry needs and the latest trends. One example was the trucking apprenticeship program not completely preparing drivers to begin employment with local firms, since drivers need hundreds of hours driving with another driver – a luxury that national companies can afford, but not smaller companies as found in Effingham. Finding solutions to the issues with these apprenticeship programs, such as coordinating a cost-sharing program for local trucking firms to invest in these hours together, would have a material impact on the local economy and the businesses that help it grow.

Without a local four-year university, Effingham will have the most success in leveraging key industries already established in the city: manufacturing (and transportation, distribution, and logistics), medical industries, government, and accommodation/food services. Innovation around how to grow these industries will look different for each one. Manufacturing could pivot to capitalize on current labor with new products needed for the green economy, while innovation in accommodation and food services could take the form of popup kitchens and other entrepreneurship opportunities. Each industry offers unique approaches to preparing the local economy and workforce for the evolving economy.

The fastest growing industries in Effingham since 2010 have been health care and social assistance, accommodation and food services, and educational services. The largest industry declines during this period have been seen in manufacturing, information, and finance and insurance. An analysis of occupational data shows that the impact in manufacturing is due at least in part to a decline in transportation occupations. (This decline does not reflect the 2023 move of Flex-N-Gate to the city.)

Within the labor force, it is notable that the percentage of residents aged 25 years or older that have some college experience or an associate’s degree is higher

## Change in Employment by Industry, 2010 - 2021 City of Effingham, IL

LARGEST GROWTH	ABSOLUTE CHANGE	PERCENT CHANGE
Health Care & Social Assistance	+187	+37%
Accommodation & Food Services	+173	+69%
Educational Services	+141	+81%
LARGEST DECLINES	ABSOLUTE CHANGE	PERCENT CHANGE
Manufacturing	-217	-22%
Information	-93	-76%
Finance & Insurance	-69	-43%

Source: ACS 5-year estimates, 2016-2021. Table S2404

in the city than the county – 40.0 percent compared to 37.7 percent for the county. This could indicate that Lake Land College serves as an educational pipeline for Effingham workers and suggests that there could be opportunity for growth within this pipeline.

Unemployment in this sector of the population is very low, at just 1.8 percent. The unemployment rate for those with bachelor’s degrees or higher in Effingham is 1.0 percent, while it is 4.5 percent for high school graduates without some college or an associate’s degree. And is a worryingly high 16.3 percent for those without a high school degree. The high unemployment rate for those without high school education rose sharply with the economic shock caused by COVID-19. Previously, unemployment in this group had not risen above 12 percent since 2010.

Every single business owner interviewed for this project mentioned challenges in finding new employees when job openings arise, especially for entry-level positions. From restaurant servers to bank tellers to schoolteachers, all companies are desperate for employees and are finding both the quantity and the quality lacking when it comes to backfilling positions. All business owners interviewed are looking to expand but cannot find a qualified labor force to do so. Encouraging residents without high school diplomas to pursue high school equivalency (i.e., GEDs) and training programs, such as welding, truck driving, or the construction trades, would have a transformative effect on the local economy. The City and its industry partners should promote these ladders to careers that offer stability, opportunity, and earnings potential.



## Occupations

Notable trends in occupational employment in Effingham include the fact that local employment in those occupations requiring the highest level of education trail national trends, which could indicate that there is an untapped market for these sorts of occupations, including those in architecture and engineering, science, and law. Another notable trend is that some occupations are dominated by women. These include educational and community service occupations (both more than 75 percent female), healthcare practitioners and technical occupations (nearly 90 percent female), and food preparation and serving related occupations (more than 77 percent female). On the other hand, men make up 100 percent of protective service occupations, including firefighting and law enforcement, and 100 percent of all natural resources, construction, and maintenance occupations.

Since 2010, the occupations that have seen the largest absolute growth are materials moving occupations (+326), healthcare practitioners and technical occupations (+291), healthcare support occupations (+119), and computer and mathematical occupations (+67). Growth has occurred in occupations within established industries with high-paying entry-level positions, including medical and materials moving, as well as in a new economy industry in computer and mathematical occupations, which may require higher levels of education.

The largest declines in occupational employment within the city occurred in office and administrative support occupations (-224), which is likely related to the increase in remote work in these positions and the steady move of Patterson Dental jobs to other branches; food preparation and serving related occupations (-108); and transportation occupations (-81). Losses in transportation occupations reflect a nationwide shortage of truck drivers. Such a loss in the Effingham community could impact the export capacity of local manufacturers and material movers.

## Summary

The economy in Effingham is at an inflection point. It has remained strong through its place as county seat and economic engine for the region, its locational advantages, and its manufacturing legacy, but other communities in the county are now outpacing Effingham's growth rate, both in terms of households and jobs. The city should be aware of and responsive to how industries and occupations are changing. Generally, Effingham's occupation mix is moving towards one of services and consumption and away from export-oriented industries. While this trend is not novel to Effingham, the current shift in manufacturing (and all other industries) to focus on sustainability and on-shoring offers an opportunity to grow within that market.

The economy currently offers many opportunities to enter the workforce at high wages, but without opportunities for more innovation and entrepreneurship for employees, upward mobility is limited. Labor and available jobs are mostly aligned – a product of the good work being done by many local educational and training organizations. But a major challenge for the city remains that there is little room for economic growth without significant population growth, which boosts the local labor force capacity while also creating demand for local businesses.

### Largest Changes in Occupational Employment City of Effingham, IL

LARGEST GROWTH	2010	2021	CHANGE
Materials moving occupations	172	498	+326
Healthcare practitioners & technical occupations	288	579	+291
Computer & mathematical occupations	46	113	+67
Healthcare support occupations	56	175	+119
LARGEST DECLINES	2010	2010	CHANGE
Transportation occupations	306	225	-81
Food preparation & serving related occupations	478	370	-108
Office & administrative support occupations	847	623	-224

Source: ACS 5-year estimates, 2016-2021. Table S2401.

## State of the Housing Market

### Trends that Shape the Effingham Housing Market

Our extensive investigation of the Effingham housing market included data collection and analysis, interviews with local real estate professionals, and field work. Primary data sources consulted included the U.S. Census Bureau's Decennial Census and American Community Survey (ACS), the U.S. Department of Housing and Urban Development (HUD), the U.S. Bureau of Labor Statistics (BLS), Midwest Real Estate Data's Multiple Listing System (MLS), the property listing and data analytics firm CoStar, and other rental and for sale housing listing systems, among other sources.

From this investigation, five significant trends emerged that together paint a picture of Effingham's housing market and its needs both now and in the future. These are presented in summary form below and discussed at length in our full analysis. See Appendix.

#### Evergreen Terrace Effingham, IL



### 1. Housing Supply

Even amidst robust job growth county-wide, few new homes have been added to the area housing stock.

### 2. Residential Development

The long-term pace of residential development activity within Effingham County has not responded to the growing need for additional housing.

### 3. Housing Cost & Affordability

Housing is relatively affordable in Effingham compared to many markets across the nation. However, housing cost burden is common at lower income levels.

### 4. Housing Balance

There are significant housing mismatches within the city that create imbalance in the housing ecosystem and limit access to housing for incoming workers.

### 5. Housing Needs

Housing is needed to ensure housing security for the city's most financially vulnerable residents, spur economic growth through workforce expansion, and provide a foundation for long-term community prosperity by bringing the city's housing stock into balance.



## 1. Housing Supply

Even amidst robust job growth county-wide, few new homes have been added to the area housing stock.

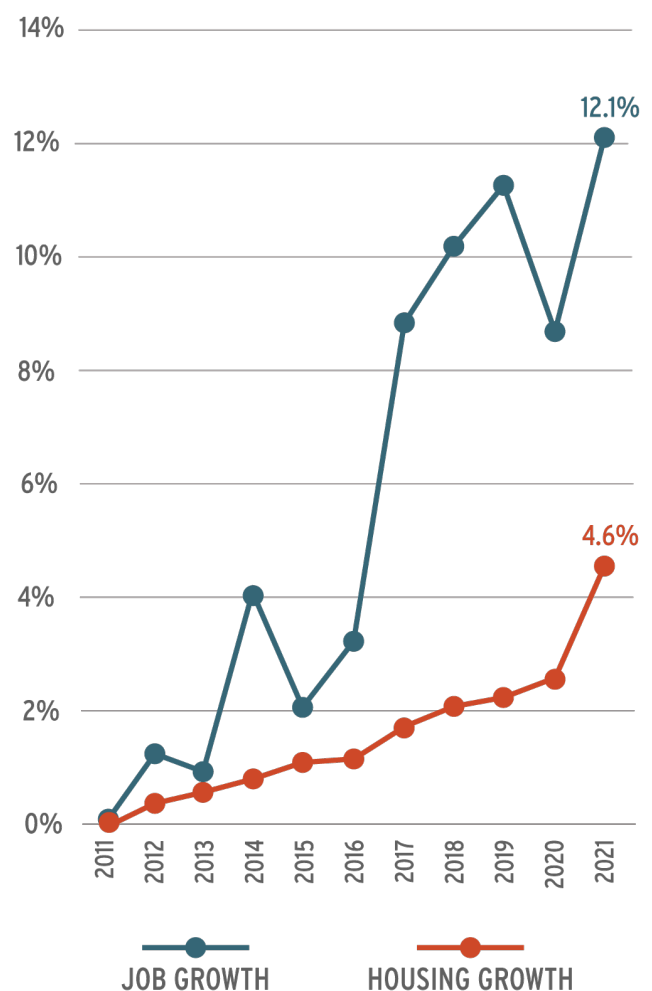
While county-wide employment grew by 2,478 jobs from 2011 to 2021, only 679 homes were added. The resulting ratio of 3.6 jobs added per housing unit is considered extremely high and indicates that housing may be unavailable for many incoming workers. By comparison, a ratio of 1.2-1.6 new jobs per housing unit is generally considered balanced for most markets.

Moreover, in the City of Effingham, the number of new homes actually declined from 2011 to 2021 as demolitions outpaced additions. By ACS estimates, the city lost more than 300 housing units during this time, a contraction of more than five percent in the overall housing stock.

Throughout the city, very little housing is currently available for purchase or for lease. With relatively robust home sales volumes since 2019, the 28 homes listed for sale as of this writing constitute just 1.4 months of supply. By contrast, a four- to six-month supply is considered balanced for most markets. In lower pricing bands, supply conditions are even tighter. City-wide, there were just 15 homes listed for sale at prices below \$300,000. At 2022 sales volumes for this price range, there is just 1.1 months of supply available.

Rental market conditions are just as constrained. The property listing and analytics firm CoStar, which tracks 625 units in developments across the city, reports a current vacancy rate of just 1.4 percent. Comparatively, a market vacancy rate of five to six percent is normally considered necessary for unit filtering and a healthy level of availability. Moreover, according to CoStar – and corroborated by information gleaned from interviews with local developers, listing agents, and property managers – tightness in the rental market has persisted for some time.

**Compound Growth Figures**  
Effingham County, IL



Source: ACS 5-year estimates, 2006-2021. Table XXXXX and DP04.

## 2. Residential Development

The long-term pace of residential development activity within Effingham County has not responded to the growing need for additional housing.

In the ten-year period between 2013 and 2022, a total of 469 residential building permits were issued county-wide, or just 47 per year, on average, inclusive of both single and multifamily forms.

On average, in markets across the nation, roughly 0.26 percent of existing housing stock is lost each year to demolition or destruction, creating replacement demand for new homes. Of Effingham County's 15,237 housing units, 40 can be expected to be lost each year. The county's long-term pace of development thus barely accommodates unit replacement need and leaves little room for growth.

Within the city, the majority of recent single family home development has occurred in newly annexed areas. The homes built in these areas are for the most part higher end homes with associated sale prices above \$300,000, considered affordable (by HUD standards) to only about 25 percent of Effingham households. However, within one of the city's newest developments, Golden Fields, located at Charlotte and Lilly streets, the developer has introduced a single story villa product with approximately 1,400 to 1,600 square feet and sale prices generally from \$230,000 to \$290,000. This product adds needed variety to the city's housing stock, and the developer reports that the homes have been successful.

Recent multifamily development has been limited as well and includes, since 2020, the development of 48 apartments within Eastland Apartments, located along Second Street south of Fayette Avenue and generally priced from \$700-\$800 per month, as well as 32 rental units in Golden Fields, priced at \$1,000 per month.

The City's use of TIF funds and the recently created Residential Enterprise Zone have proven effective in helping to spur new housing development (including the two projects listed above). Developers nevertheless say significant challenges exist, citing the rising costs of land, infrastructure, and construction as impediments.

Ranch Village Homes - Golden Fields



Newer Rental Apartments - Eastland Apartments





### 3. Housing Costs & Affordability

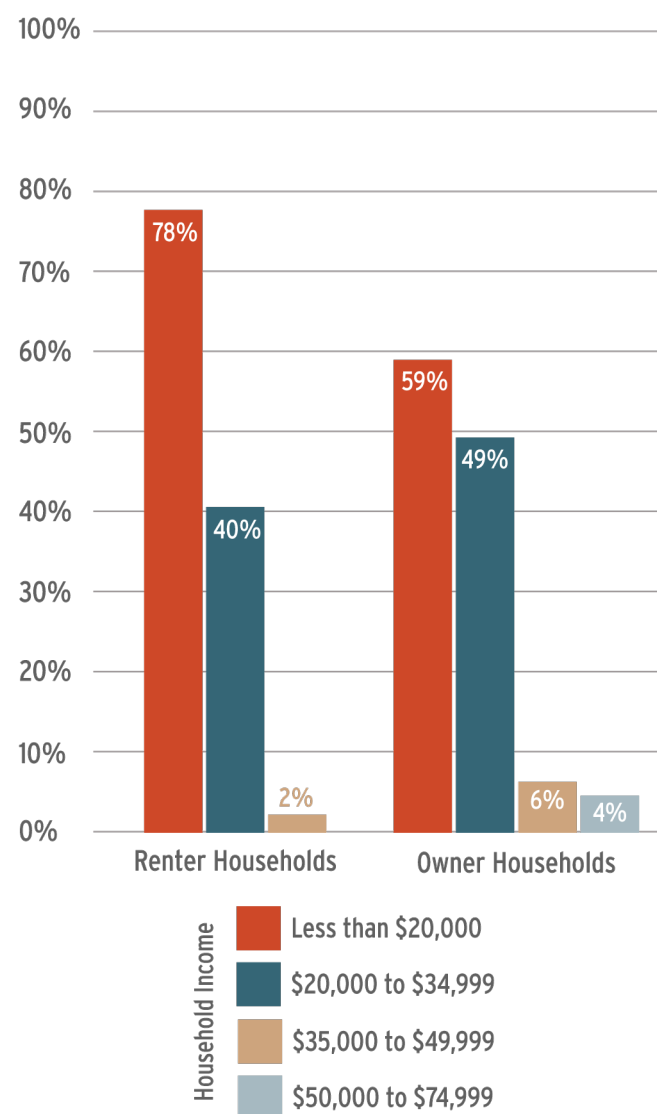
Housing is relatively affordable in Effingham compared to many markets across the nation. However, housing cost burden is common at lower income levels.

The overall cost households pay for housing and utilities is nearly 40 percent less, on average, in Effingham than across the state as a whole. Within the city, 80 percent of homeowners with a mortgage have monthly housing costs between \$500 and \$1,500, compared to 36 percent for the state as a whole. Nearly 88 percent of renters have gross rents below \$1,000, compared to 42 percent across the state.

Housing cost burden is typically expressed as the percent of household income that is spent on housing costs. According to HUD standards, a household that spends 30 percent or more is considered housing cost burdened, which means that after housing costs are covered, too little income may remain for other household needs such as food, clothing, healthcare, education, and others. As of the most recent ACS, 12.3 percent of Effingham’s owner households were considered housing cost burdened, as were 30.8 percent of renter households. These are significantly lower levels of housing cost burden than across the state as a whole, at 22 percent for owner households and 47 percent for renters.

In Effingham, housing cost burden is largely a challenge for households earning less than \$35,000 annually (roughly 60 percent of the city median). A significant majority of both owner and renter households earning \$20,000 or less annually are housing cost burdened, as are nearly half of owner households and 40 percent of renter households earning \$20,000 to \$35,000. However, the incidence of housing cost burden falls dramatically – to just 6.3 percent for owners and 2.2 percent for renters – at the \$35,000 to \$49,999 income level. At incomes of \$50,000 or more, housing cost burden is insignificant for both owners and renters, meaning that housing for these households is considered comfortably affordable.

Housing Cost Burdened Households by Income  
City of Effingham, IL



Source: ACS 5-year estimates, 2017-2021. Table B25106.

## 4. Housing Balance

**There are significant housing mismatches within the city that create imbalance in the housing ecosystem and limit access to housing for incoming workers.**

Housing balance in a community is the degree to which available housing aligns with the needs of resident households. One primary measure of housing balance is the alignment of housing costs with household incomes.

Our investigation of housing balance within the City of Effingham revealed that there are moderate to significant housing gaps at most pricing levels. That is, that there are fewer occupied homes at most housing cost levels than there are households with incomes that align with these levels.

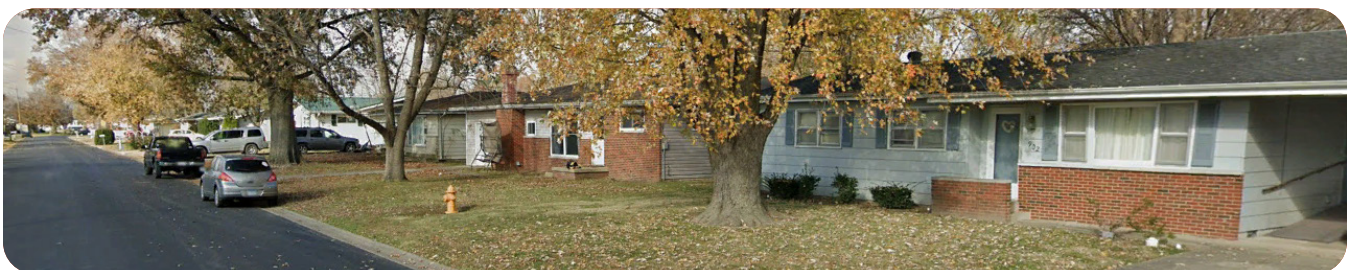
The analysis shows a need for more affordable housing for the lowest income households. Specifically, there are nearly 100 more households in the city earning less than \$20,000 annually than there are occupied housing units with housing costs considered affordable to these households (i.e., below \$500 per month). Thus, these households are occupying housing at costs higher than \$500 and are likely to be experiencing moderate to severe housing cost burden.

The analysis also revealed significant gaps in housing for higher earning households. Specifically, among the 1,673 households in the city with incomes of \$60,000 or higher, only 350 currently occupy housing that aligns with their household income on a housing cost basis. The remaining 1,323 households are currently living in housing that costs less (and in some cases, significantly less) than what the HUD standard suggests they could afford.

While this phenomenon is part and parcel of the city's high level of affordability for higher earning households, its consequences are significant for workforce growth potentials. It suggests that much of what would normally be considered naturally occurring affordable and workforce housing (that is, housing that is affordable to lower and moderate income households and is neither rent restricted nor subsidized) is currently occupied by households that could afford housing at higher prices, making it unavailable for lower and moderate income individuals and families – including current and future workers who may wish to move to Effingham.

Driving this trend are an overall lack of available higher end housing, high levels of affordability (meaning that many higher earning households find their current lower cost homes perfectly adequate to their needs and have no desire to move), and – more recently – high interest rates that “lock” existing homeowners into their lower interest mortgages.

Gaps in the local housing stock exacerbate this trend. These include a notable absence of attached single family homes and “move down” homes offering single level living for older residents. These forms often serve as desirable options for households transitioning from one life stage to another and help housing markets function with more fluidity and efficiency.





## 5. Housing Needs

**The need for new housing in the City of Effingham is significant. Housing is needed to ensure housing security for the city's most financially vulnerable residents, spur economic growth through workforce expansion, and provide a foundation for long-term community prosperity by bringing the city's housing stock into balance.**

More specifically, Effingham has an immediate need for 100-125 new affordable units priced below \$500 monthly to ensure housing security for households earning less than \$20,000 annually.

It also has an immediate to mid-term need for 200-300 units to accommodate workforce growth. Generally speaking, housing in this category will include rental and for sale units with associated gross housing costs of \$875 to \$1,500 per month, suited primarily to households earning between \$35,000 and \$60,000 annually. This housing will help manufacturers, medical facilities, and other employers across the city attract new workers to expand their operations and replace retirees.

Finally, the city has a near- to long-term need for 250-350 units to regain housing balance, relieve pressure on the city's stock of naturally occurring affordable and workforce housing, and promote the overall health of the housing ecosystem. Most often for-sale forms, this housing could include traditional "move up" single family detached homes, higher end attached townhomes and duplexes for households interested in maintenance-free options, and detached ranch villa homes (often with extra amenities) for downsizing seniors. Generally speaking, this housing will be targeted to households earning \$75,000 or more per year.

Net of anticipated housing unit loss over the next ten years, full development of the units projected to be needed will result in a 7.2 to 11.3 percent increase in the city's housing stock overall, putting the city on a path to economic expansion and increased prosperity.

### Ten-Year Projected Housing Needs City of Effingham, IL

HOUSING CATEGORY	PROJECTED UNITS NEEDS	TIMEFRAME
Housing for extremely low income and housing insecure households	100 to 125 units	Immediate
Housing to accommodate workforce growth	200 to 300 units	Immediate to mid-term
Housing to regain balance and promote housing ecosystem health	250 to 350 units	Near to long-term
<b>TOTAL</b>	<b>550 to 775 housing units</b>	

Source: Development Planning Partners



# CHALLENGES & OBJECTIVES

## STATEMENT OF PURPOSE

Grow Effingham's workforce and economy through the creation of safe, stable, housing and other non-housing initiatives.

## Primary Challenges & Plan Objectives

Economic recovery for the City of Effingham will be driven primarily by workforce growth. The city benefits from a strong base of employers, but without adequate housing, employers cannot attract the workforce they need to grow and contribute more to city-wide economic health. Additionally, other non-housing barriers, such as access to childcare and transportation, often mean that those who might otherwise enter the workforce are needed at home or cannot get to work, further limiting the pool of available workers.

Our investigation revealed three primary challenges, presented below, together with the objectives that this plan advances to meet these challenges, in order for the city to grow its workforce and build broad prosperity.

### **CHALLENGE 1: The regional capacity for housing development is limited.**

Few developers are currently operating within the region. While those that do have added to the city's stock of housing units, their capacity to increase production of new homes is limited, and the impact of this limited construction has been similarly limited. With a projected need for 500-775 new housing units over the next decade, the regional development capacity will need to grow. This includes capacity-building for local developers as well as securing interest from developers located outside the Effingham region. The latter pertains particularly to developers of affordable and workforce housing.

**OBJECTIVE 1: Advance the housing development infrastructure through capacity building.**

### **CHALLENGE 2: The city's housing ecosystem has significant gaps and other structural weaknesses.**

An area's housing ecosystem is the sum of its component markets and submarkets as well as the policy framework that enables development. It includes all of the housing structure types that are represented in the area or are likely to be built. In order for the housing ecosystem to function properly, it must be responsive to the changing needs of residents as they transition from one life stage to another and as household finances change over time. In Effingham there are two main issues preventing the housing ecosystem from functioning optimally: 1) A general lack of supply, and 2) Gaps in certain housing product types – such as townhomes, duplexes, ranch villa homes, and other forms targeted to specific market segments. In order to regain balance and set the stage for growth, Effingham must encourage diversification of its housing stock.

**OBJECTIVE 2: Strengthen the local housing ecosystem through policy and ordinance.**

### **CHALLENGE 3: Barriers to workforce entry keep the city from maximizing labor force participation.**

Other factors limit economic growth by limiting full participation of area residents in the workforce. In Effingham, lack of childcare options is a critical impediment to more robust employment. A number of studies have been conducted in recent years highlighting the gap in childcare needs and childcare availability. Additionally, lack of transportation options for residents without automobiles means many employment options may be unobtainable due to the physical layout of Effingham. The geographic spread of job centers and lack of public transit options in particular can impact economic opportunity for residents and businesses alike.

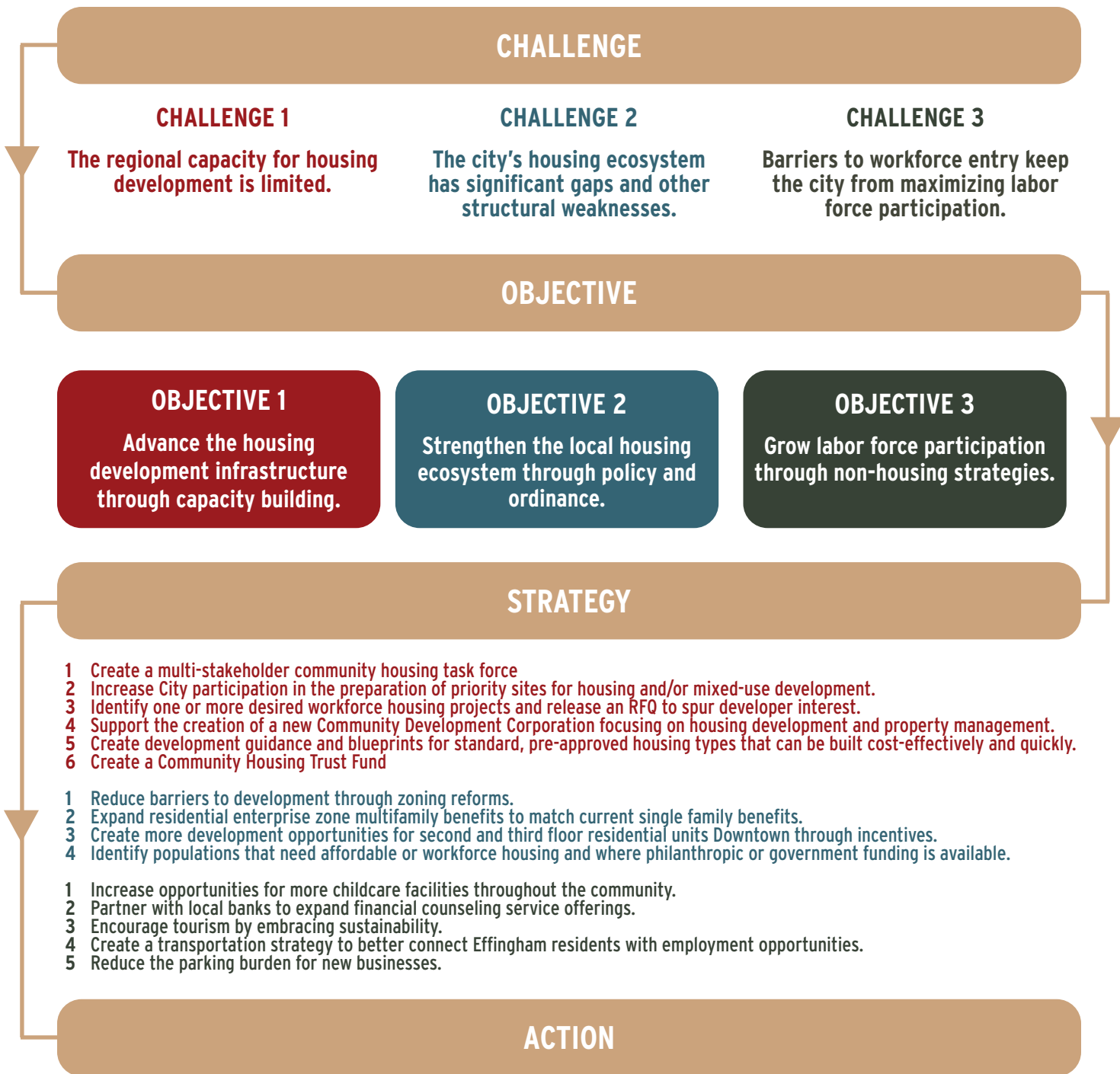
**OBJECTIVE 3: Grow labor force participation through non-housing strategies.**





# STRATEGIES

Grow Effingham’s workforce and economy through the creation of safe, stable, housing and other non-housing initiatives.



Each strategic approach is accompanied by a defined action plan, wherein each action item delineates the respective responsible parties and outlines a specific timeframe for its effective implementation.

## CHALLENGE 1: The regional capacity for housing development is limited.

### Objective 1: Advance the housing development infrastructure through capacity building

#### Strategy 1: Create a multi-stakeholder community housing task force

The effort to rebalance the Effingham housing ecosystem, to increase the supply of workforce housing, and to ensure safe and secure housing for all will be both critical to the future of the city and challenging to initiate and maintain. As such, it will require community-wide buy-in and the participation of a wide variety of stakeholders to achieve success in reaching its goals.

To bring stakeholders throughout Effingham together, we recommend the City establish a community housing task force. The primary goals of the task force should be to codify and create consensus around the community's housing priorities, to advance new housing initiatives (including those found throughout the strategy sections of this plan), and to serve as a primary community resource for businesses and other organizations involved in the creation of new housing.

Along with municipal officials, the task force should include representatives from the city's business, banking, and institutional communities. It should also include representatives from area nonprofit and faith-based organizations, including those who work directly in community development and others whose work is related to housing, workforce development, or economic security. Finally, it should include members of the community at large.

This task force will serve as a means of securing community support for housing initiatives, as well as community involvement in work to achieve shared housing goals. It can also serve as a powerful advocate in securing necessary support at the county and state levels and as a foundation for seeking financial support and other forms of commitment from local and regional businesses and institutions.

#### **ACTION 1**

Create the housing task force and align around housing priorities that increase the variety and availability of housing within the city.

##### *Responsible Parties*

Task force partners

##### *Implementation Timeframe*

0 - 1 year

#### **ACTION 2**

Develop and launch new housing initiatives aimed at advancing these shared housing priorities.

##### *Responsible Parties*

Task force partners, other housing stakeholders

##### *Implementation Timeframe*

1 - 3 years and ongoing

#### **ACTION 3**

Galvanize support and/or assistance from city, county and state sources that help to enable and sustain new housing initiatives.

##### *Responsible Parties*

Task force partners, other housing stakeholders, governmental stakeholders

##### *Implementation Timeframe*

1 - 3 years and ongoing





## Strategy 2: Increase City participation in the preparation of priority sites for housing and/or mixed-use development.

By becoming a more active participant in the housing development process, the City can spur developer interest and help to overcome barriers that have held back the creation of new housing within the city. Generally, projects need a certain amount of “teeing up” to attract interest from investors and, in the case of affordable and workforce housing, as a condition of application for many types of grant and governmental funding.

The City should identify priority sites for housing and/or mixed-use development. Once identified – and depending on the location and character of the individual sites – several steps may be necessary to create fertile conditions for development. These could include annexation, land use and zoning changes, assistance with due diligence, environmental clean-up, assistance with site assembly and control, and infrastructure planning and financing. Additional steps that could be taken to help increase the marketability of a site could include commissioning appraisals and market opportunity studies.

In particular, the cost of infrastructure is a primary barrier to housing development in Effingham, where sale price and rental rate potentials are often too low to support this significant cost. The City should create a plan to assist with funding infrastructure for priority projects. Much of this work, from planning to implementation, can be financed through TIF funds and/or municipal bonds.

As consumer trends change, such as the declining popularity of shopping malls and newer warehouses creating thousands of square feet of obsolete space, there rises an opportunity for infill residential development.

Village Square Mall and other large, privately-held, centralized lots should be tracked and, when for sale or closed, the City should work with developers to create development opportunities for a mix of new residential development types. Additional infill sites can include standalone commercial structures on corridors with high vacancy, which bolsters commercial demand nearby.

### **ACTION 1**

**Identify priority sites for housing and/or mixed-use development.**

#### **Responsible Parties**

City, Housing Task Force

#### **Implementation Timeframe**

Immediate

### **ACTION 2**

**Identify barriers to development on a site-by-site basis and work with developers to overcome these barriers.**

#### **Responsible Parties**

City, Housing developers

#### **Implementation Timeframe**

1 - 3 years and ongoing

### **ACTION 3**

**Create a long-term solution for housing infrastructure funding.**

#### **Responsible Parties**

City, Municipal finance consultant

#### **Implementation Timeframe**

1 - 3 years and ongoing

### Strategy 3: Identify one or more desired workforce housing projects and release an RFQ to spur developer interest.

As an adjunct to the above strategy, the City and Housing Task Force should identify workforce housing projects that align with the stated housing priorities and engage in the upfront planning work required to release a Request for Qualifications from developers of workforce and affordable housing.

As noted previously in this report, few such developers regularly operate in the Effingham area – though many are eager to expand their geographic reach and to work with a welcoming community – and reaching these developers with a thoughtfully conceived development opportunity will be critical to engaging their interest.

The RFQ should include a site description, area market profile (including assets such as a growing employment base and strong transportation network), a clear statement of the goals and expectations of the desired housing project, and information on incentives and other types of support offered by the City to assist the chosen developer in getting the project off the ground and eventually to market.

The incentive package offered should be based on the City's understanding of the financial feasibility of the desired development, informed by current market data. If desired, the RFQ could also include a sample site concept showing building layout and massing.

The primary goal of this strategy is to jumpstart development activity with a single viable project that can lead to demonstrated success. A secondary goal is to create a model for affordable and/or workforce housing development that can be replicated in other priority sites across the city.

Only one priority site should be included in each RFQ issued. Ideally, this site should be controlled by the City. However, in some circumstances, it is possible to work with a private owner, provided that the owner clearly understands and is committed to the goals and terms of the project.

#### **ACTION 1**

Identify an initial priority site for affordable and/or workforce housing development and create a development concept that reflects the community's goals and expectations. Gather information needed for an RFQ and determine what type of incentives the City is willing to offer in support of the development.

##### ***Responsible Parties***

City, Housing Task Force, Private landowner (potentially), consultant (potentially)

##### ***Implementation Timeframe***

1 - 2 years

#### **ACTION 2**

Create a decision-making process and developer selection criteria. Develop the RFQ and distribute widely through listing services, housing organizations, and directly to developers, including local developers.

##### ***Responsible Parties***

City, Housing Task Force

##### ***Implementation Timeframe***

2 - 3 years and ongoing

## Strategy 4: Support the creation of a new Community Development Corporation focusing on housing development and property management.

Nonprofit Community Development Corporations (CDCs) have proven indispensable to the recovery and revitalization of communities across the nation since their advent in 1964. These community-based and community-run organizations allow for a great deal of flexibility in undertaking housing development and property management activities and typically receive funding through local, state, or federal sources, including both governmental and foundational entities. They can be stand-alone organizations or part of a larger and/or regional entity (such as the C.E.F.S. Economic Opportunity Corporation).

CDCs are capable of operating at a smaller scale than many nonprofit affordable and workforce housing developers and often focus their efforts on a particular neighborhood in need of revitalization (for example, the Central City neighborhood in Effingham). In addition, many of today's CDCs have opted to diversify their activities and revenue streams by providing additional services, such as property management. Such an organization would help fill a significant need for additional property management capacity in Effingham.

The City and Housing Task Force can provide seed funding and other types of support for the establishment of a new local CDC, including acting as a convener to identify and bring interested parties together, helping the newly formed group seek out additional funding sources, and providing information and technical assistance to help guide decisions regarding housing project priorities. However, the CDC would remain independently operated and governed and responsible for seeking out and securing its own long-term funding.



### **ACTION 1**

Identify interested parties and help to facilitate the creation of a CDC.

#### ***Responsible Parties***

City, Housing Task Force, Other individual and organizational stakeholders

#### ***Implementation Timeframe***

1 - 2 years

### **ACTION 2**

Provide seed funding and additional support as the new organization embarks on project work.

#### ***Responsible Parties***

City, Housing Task Force, CDC, Additional funders, other stakeholders

#### ***Implementation Timeframe***

2 - 5 years



## Strategy 5: Create development guidance and blueprints for standard, pre-approved housing types that can be built cost-effectively and quickly.

Offering form-based, pre-approved building designs has proven to be effective in encouraging infill development and revitalization in areas similar to Effingham, where smaller-scale residential development is the norm and controlling development costs is key. This innovative approach can help reduce costs and pave the way for fast, efficient building and development approvals, which help bring units to market sooner. Plans, which should be carefully developed to match the local architectural vernacular and in accordance with existing zoning regulations and typical lot characteristics, should come with contingent approvals in place.

We recommend creating a full portfolio of housing plans, including single family homes, duplexes, townhomes, accessory dwelling units, and smaller-scale (i.e., up to eight units) multifamily buildings. The plans should be developed in consultation with local developers and design experts and be offered free of charge to interested parties, including both developers and individuals seeking to build a new home for themselves or accessory dwelling unit.

A best practice, once the plan portfolio has been developed, is to showcase the plans with renderings and three-dimensional models at community events, where residents can interact with them, see how they fit within the existing character of the city's neighborhoods, and provide input. This practice allows residents to see that the designs are for "real", high-quality housing, helps achieve community buy-in, and alleviates fears of densification and "cookie cutter" neighborhoods.

The City of South Bend, Indiana has successfully introduced such a program under its Build South Bend initiative, which seeks to encourage neighborhood revitalization by local builders and developers. (See Case Study: South Bend, Indiana – Build South Bend.)

### **ACTION 1**

Create a catalog of pre-approved housing unit prototypes appropriate for the local context.

#### **Responsible Parties**

City, Housing Task Force, Other individual and organizational stakeholders

#### **Implementation Timeframe**

1 - 2 years

## Strategy 6: Create a Community Housing Trust Fund

A housing trust fund (HTF) is a local financing tool that can help enable the creation of affordable and workforce housing. Through grants or low-interest loans, an HTF can effectively provide financing that works in tandem with funding from low interest housing tax credits (LIHTC) other governmental grant and loan programs (such as the HOME Investment Partnerships Program and USDA Rural Housing program), private industry, and others.

Additionally, an HTF can support existing affordable and workforce housing by providing funds for the preservation and rehabilitation of existing housing and through rental subsidies to the lowest-earning households to battle displacement and unit vacancy.

The City of Charlotte, North Carolina has a broad-based and robust housing trust fund that supports new development, preservation, and anti-displacement. The fund is supported by voter-approved housing bonds, which must be reauthorized every two years. Since its inception in 2001, the fund has enjoyed widespread public support. The fund has helped to create or preserve nearly 11,000 affordable housing units, a third of which are reserved for households earning 30 percent or less of area median income, making Charlotte more affordable for pre-school teachers, health care aides, and workers in hospitality, retail, and emergency services.

### **ACTION 1**

Form a community initiative to develop a plan for the creation of a local housing trust fund and to solicit support for such a plan.

#### **Responsible Parties**

City, Housing Task Force, Other local housing stakeholders, Municipal finance consultant

#### **Implementation Timeframe**

3 - 5 years

## CASE STUDY

# Build South Bend

## South Bend, Indiana

When the City of South Bend, Indiana, an industrial city also known for being the home of Notre Dame University, wanted to encourage infill development by small-scale developers and individuals, they turned to an innovative program that sought to make the residential development process faster, cheaper, and easier.

After losing 50,000 residents over the last five decades, the city is littered with vacant lots. But rather than take a “wait and see” approach to revitalization, the city created the Build South Bend program. Through the program, a portfolio of building plans – a “Sears Catalog,” as the City calls it – is made available at no cost to housing developers and individuals who want to build a home or accessory dwelling unit. The plans offer a variety of single and multifamily product types, including detached single family homes, a carriage house, stacked and side-by-side duplexes and townhomes, and even a six-unit apartment building that can fit on a 50-foot wide lot.

The plans all come with contingent building and site development approvals in place and have been carefully designed with the input of local designers and builders to fit South Bend’s neighborhood context – including its zoning rules, lot shapes and sizes, historic architectural vernacular, and current market conditions. Multiple elevations and available enhancements encourage variety and guard against monotony.

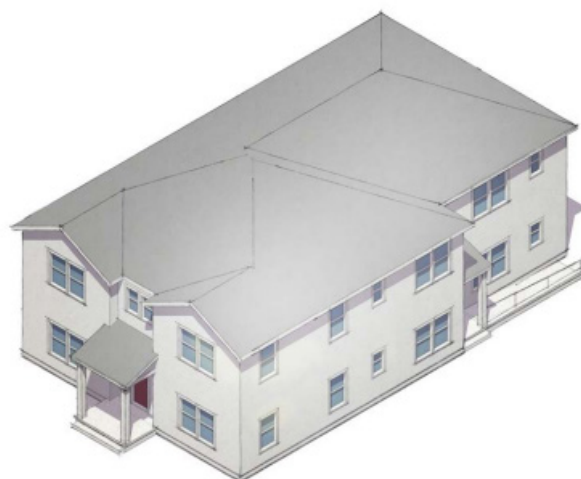
With plans in hand, a developer can build housing at greatly reduced cost and with far fewer delays for approvals and entitlements than is typically required for traditional development. The City has worked to further reduce barriers to small-scale development (often referred to as “incremental development”) by refining and simplifying its zoning code, removing mandatory parking minimums, and reimbursing sewer hookup fees for infill development.

The program has been popular with the city’s numerous small-scale builders and developers and has proven effective in spurring sorely needed infill development.

South Bend Neighborhood Infill



Option B



## CHALLENGE 2: The city's housing ecosystem has significant gaps and other structural weaknesses.

### Objective 2: Strengthen the local housing ecosystem through policy and ordinance.

#### Strategy 1: Reduce barriers to development through zoning reforms.

While intended to preserve the character and livability of a community, zoning that is outdated and/or unnecessarily restrictive can represent a primary barrier to the development of new housing. Often, zoning does not keep pace with changes in housing construction trends, housing preferences, resident lifestyle choices, household demographic shifts, and community needs overall.

While a detailed analysis of the City of Effingham's zoning code is beyond the scope of this plan, our review of current zoning, together with our extensive investigation of existing economic and housing market conditions and household trends, suggests several zoning reforms that could reduce barriers to development and help increase availability and variety of housing within the city. Recommended reforms are as follows:

- Legalize accessory dwelling units in R2 zoning districts;
- Upzone lots currently zoned R2 to R3 after demolitions
- Reduce parking requirements in certain zoning districts (R3-A, R-3B, R-3C, R-3D)
- Designate more R-3A and/or PRD zoning districts to encourage housing variety, including townhome and multifamily development.

Enacting these reforms would encourage “gentle densification” – a sensible approach to increasing housing supply without damaging the character of a neighborhood – and make development opportunities within the city more attractive. In addition, it would help to fill notable gaps in the existing housing stock, including townhome and duplex forms, which can provide for effective transition between lower and higher

density areas and which can be developed at much much lower cost (on a per unit basis) than single family homes, serving as additional rental options or entry-level owner units. (See Case Study: Summit Townhomes)

Finally, excessive parking requirements for attached and multifamily developments are often one of the largest impediments to development and can kill a new project before it starts by making it financial unfeasible. The existing two-space minimum in R3 districts is considered excessive, particularly for multifamily developments, and we highly recommend zoning reforms to bring these minimums into better alignment with actual vehicle ownership levels in these districts.

#### **ACTION 1**

Undertake a full investigation and analysis of the zoning code to better understand where reforms can be enacted to reduce barriers and costs of development while maintaining the desirable character of neighborhoods.

##### **Responsible Parties**

Housing Task Force, Zoning Consultant

##### **Implementation Timeframe**

2 - 3 years

#### **ACTION 2**

Undertake a parking study to explore needs and existing requirements to determine where requirements can better align with needs.

##### **Responsible Parties**

Traffic consultant (potentially)

##### **Implementation Timeframe**

2 - 3 years



## CASE STUDY

# Summit Townhomes

Summit, Illinois



When a number of homes in the Village of Summit, Illinois were damaged or destroyed by catastrophic flooding in 2013, Cook County, where the village is located, received federal support from Community Development Block Grant Disaster Recovery Funds. The County used a portion of the grant to invest in workforce housing in the form of 18 attached townhomes located on scattered sites throughout the village.

The townhomes were designed to serve as entry-level ownership homes for households earning 80-120 percent of Area Median Income (AMI). To qualify for purchase, buyers had to qualify for need-based Disaster Recovery grants, which provided up to \$40,000 in down payment assistance. Under the terms of the grants, the homes were to remain owner-occupied for a period of ten years or more.

The homes were of masonry and frame construction and, to reduce costs, were built at grade. Except for minor modifications in finishes, all 18 homes were identical, consisting of two stories, with 748 square feet on the first floor and 758 square feet on the second floor.

Designed to fit the infill sites, each home included a detached two-car garage. Exterior finishes, which consisted primarily of vinyl siding with brick, block, and cast stone elements, were thoughtfully designed to complement the architectural vernacular of the surrounding neighborhoods.

Extensive market analysis showed that demand for workforce housing in Summit was strong and that achievable prices for the homes were between \$160,000 and \$165,000 – which fit the designated affordability level. Moreover, the analysis showed that to encourage home ownership entry-level townhomes were a product type that was needed within the village, where just 61 townhomes existed and income levels were significantly lower than the county AMI.

By 2017, construction was complete on all 18 of the homes, and by 2020 all had been sold. Today, the homes have helped their owners build household wealth and stand as an important example of how introducing a new product type can help strengthen financial security and spur community recovery.

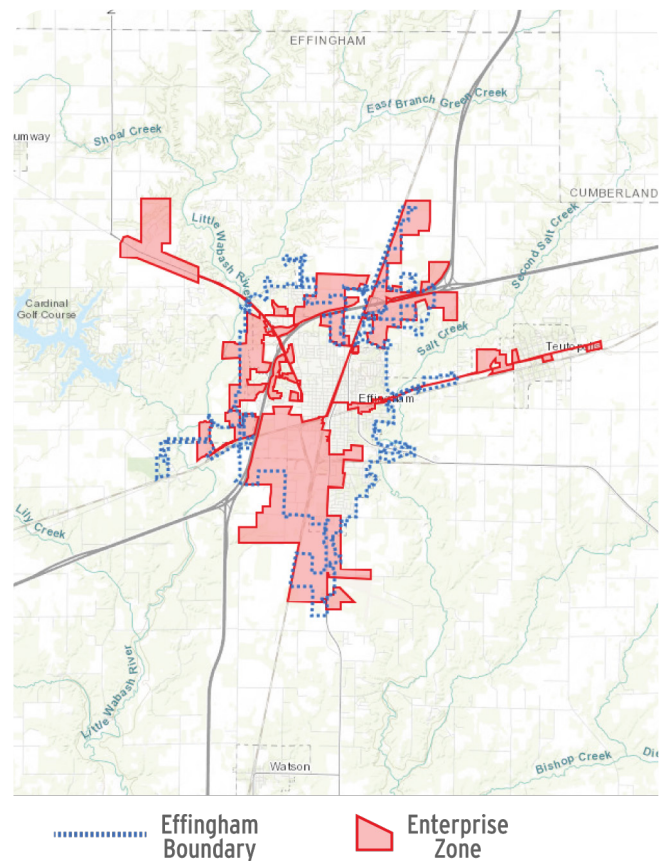
## Strategy 2: Expand residential enterprise zone multifamily benefits to match current single family benefits.

The City's residential enterprise zone is currently its most effective tool in helping to encourage the development of new housing units. With the stated purpose of helping employers draw needed workers to the area, it has been instrumental in the creation of both single family for sale homes and multifamily rental units that have enhanced the variety and increased the supply of units within the city.

However, benefits are not equitable between single family and multifamily construction. Specifically, the property tax abatement extends for five years for single family development but only three years for multifamily development.

Within the city, most multifamily housing consists of rental apartments. Thus, the current policy prioritizes the development of for sale housing and penalizes that of rental housing. As new rental housing is desperately needed at affordability levels that make any new development challenging, we recommend that the City and other Enterprise Zone partners consider an evolution of the incentive structure to extend the multifamily property tax abatement benefit to five years for designated workforce housing. While respecting that the current policy was put in place only recently, this change would encourage development of more rental units and help bring development costs into better alignment with rental rates required for workforce housing.

Effingham Enterprise Zone Map



### ACTION 1

Propose the extension of the residential enterprise zone property tax abatement to five years for multifamily construction.

#### Responsible Parties

Effingham/Effingham County Enterprise Zone Board

#### Implementation Timeframe

3 - 5 years

## Strategy 3: Create more development opportunities for second and third floor residential units Downtown through incentives.

Within its Downtown core, Effingham has a significant amount of underutilized or disused space located above ground level commercial space. Much of this space could potentially be converted to new loft-style apartments or other residential use. Conversion of this space would more fully activate Downtown buildings; increase Downtown foot traffic, night life, and patronage for businesses; and provide a new housing type – the urban-style loft apartment – that is seen as increasingly desirable but is as yet little represented within the city. These economic drivers would likely spur the opening of new businesses.

Incentives would likely be necessary to help drive redevelopment of this space. In particular, the existing sprinkler requirement creates an added expense for any potential conversion project. The creation of a sprinkler system reimbursement program is thus recommended, either structured as a new program or offered as part of an existing incentive. This could be achieved in partnership with Downtown building and business owners and support from the Effingham County Chamber of Commerce and other stakeholders.

Additionally, parking considerations are always critical for any vibrant downtown area – especially in an auto-dependent city such as Effingham. In order to accommodate Downtown growth (both residential and commercial), the City should investigate existing parking conditions and projected needs and explore new long-term parking solutions.

### **ACTION 1**

Create an inventory of space potentially available and suitable for conversion to residential units.

#### **Responsible Parties**

Downtown building owners, Downtown business owners

#### **Implementation Timeframe**

0 - 1 year

### **ACTION 2**

Develop an incentive package for conversion of upper story space to residential use, including sprinkler system reimbursement.

#### **Responsible Parties**

Downtown building owners, Downtown business owners, Chamber of Commerce and other stakeholders

#### **Implementation Timeframe**

1 - 3 years and ongoing

### **ACTION 3**

Undertake a Downtown parking analysis and explore options for new parking solutions.

#### **Responsible Parties**

City

#### **Implementation Timeframe**

2 - 3 years



## Strategy 4: Identify populations that need affordable or workforce housing and where philanthropic or government funding/financing is available.

Communities attempting to build affordable housing often meet resistance, regardless of need in the community. The phrase affordable housing is oftentimes confused with Section 8 housing or other housing types that may have negative connotations associated with them. When affordable housing is purpose-built for a specific population – such as artists, veterans, or seniors – the public is often better able to identify with the population to be served, and these projects therefore frequently gain more allies and face less pushback.

Effingham should identify a population in the community that would benefit from purpose-built affordable housing and engage in a collaborative community effort to plan and develop this housing.

The first step in this process is to work with existing stakeholders like the PAVE Housing Committee and the soon-to-be-created Housing Task Force to identify a population in Effingham in need of affordable housing. These parties should conduct research using a combination of qualitative and quantitative market indicators in this process. Questions to consider are the depth of need for the housing and any ancillary economic growth opportunities that could emanate from the new housing.

After a target population has been identified, these groups should work with the City to either create an RFP for the project or directly engage an organization that specializes in developing housing for targeted populations, such as Artspace for artist living, Beneficial Communities or Solutions for Veterans for veteran housing, or any number of Midwest-based affordable housing developers that build housing for seniors. The identification of a target population often opens up unique funding streams in the form of government grant programs, private foundation grants, local business and organizational support, and/or other forms of organizational and individual philanthropic support. These streams can be combined with more traditional financing to enable projects that would otherwise not happen. (See Case Study: Elgin Artists Lofts.)

### ACTION 1

Conduct a needs study to identify a specific population in need of targeted affordable housing.

#### *Responsible Parties*

PAVE Housing Committee, Effingham Housing Task Force

#### *Implementation Timeframe*

0 - 1 year

### ACTION 2

Engage a developer and create a housing development plan for the identified population, seeking community input in the process.

#### *Responsible Parties*

City, Housing Task Force, Local and/or national housing developers

#### *Implementation Timeframe*

2 - 4 years and ongoing

Elgin Artspace Lofts, Interior



## CASE STUDY

# Elgin Artspace Lofts

Elgin, Illinois

When the City of Elgin, Illinois made plans to revive and enhance its distressed railroad-centered downtown, it wanted to make the arts a part of those plans. It turned to Artspace, a nonprofit arts organization specializing in creating, owning, and operating affordable live/work apartments, artist studios, and commercial spaces for artists and creative businesses.

Artspace works across the country, with a primary focus on rehabbing and preserving historic structures. Elgin's downtown offered one such structure that was ripe for transformation: a historic Sears building that had more recently been occupied by Elgin Community College. As developer, Artspace led the transformation of the historic building, linking it with a new addition to create 55 affordable live/work lofts for artists and their families, along with 6,000 square feet of retail and community space for arts-friendly businesses and nonprofit organizations.

The \$15.2 million project brought together the City of Elgin and the Elgin arts community, who provided direct input to Artspace in planning and developing the project. With a heavy focus on community involvement, Artspace also crafted a unique funding package that included a wide variety of financial partners and other funders. These included Bank of America, Federal Home Loan Bank, the Illinois Housing Development Authority, and the City and County, together with philanthropic support from a wide variety of local and regional businesses, foundations, and individuals.

By providing permanently affordable spaces, Elgin Artspace Lofts is meant to serve as a catalyst for continued development and growth in Elgin's downtown area. Noted Elgin mayor, David Kaptain, "The reason I supported [Artspace] is they did this in 30 other communities, and it worked 30 times; can't do any better than that. It improves the community; it improves the tax base; it takes a piece of property that was paying no taxes ... and now it's going to pay tax back into the city."



**CHALLENGE 3: Barriers to workforce entry keep the city from maximizing labor force participation.****Objective 3: Grow labor force participation through non-housing strategies.****Strategy 1: Increase opportunities for more childcare facilities throughout the community.**

While much of this document focuses on opportunities associated with housing, and the new residents that could move into that housing and enter the workforce, an expanded childcare market could open opportunities to current residents of the city.

The lack of childcare capacity is a challenge that was consistently mentioned in interviews conducted by the research team. Groups like the Effingham Growth Alliance, Effingham County Childcare Research Committee, and Promoting a Vision for Effingham County (PAVE) have done notable work and outreach on the subject, starkly illustrating its negative impact on the local economy. Data from both the U.S. Census and these local organizations shows that female participation in the workforce lags significantly that of males, and that labor force participation for females with young children lags even further.

In Effingham County, nearly 1,000 children qualify for subsidized childcare through the State of Illinois, and yet less than 20 percent of those eligible are receiving that childcare, at least partially due to a lack of facilities and capacity. Lake Land College trains 5-10 childcare professionals annually, which in theory should be a good feeder program for the area, and yet there are fewer than ten early childcare facilities in Effingham.

In response, the City should offer incentives for mixed-use developments which include a set aside portion of retail space for childcare facilities, especially if sited upon a key development site as discussed in the strategies in Objective 1. Due to a lack of state funding for this topic, TIF dollars are likely the best source to provide this incentive, which could take shape as a reimbursable grant of up to \$400,000 in buildout expenses upon occupancy. This considers the “white

**ACTION 1**

Create an incentive program for mixed-use projects which have childcare facilities included.

**Responsible Parties**

City

**Implementation Timeframe**

0 - 1 year

**ACTION 2**

Prioritize training more childcare specialists.

**Responsible Parties**

City, Other interested parties (Effingham Regional Growth Alliance, PAVE, CEFS)

**Implementation Timeframe**

1 - 3 years

**ACTION 3**

Expedite the process of establishing an in-home daycare facility.

**Responsible Parties**

City

**Implementation Timeframe**

1 - 2 years



## Strategy 1, cont.

box” buildout costs of \$20-\$50 per square foot and allows for additional specialty buildout costs associated with an early childhood education facility.

While new mixed-use development is rare in Effingham, the opportunity to combine both new residential units and a new childcare facility on the same site both saves money in construction costs, reduces investor risk by establishing multiple revenue streams, and meets two goals for the City.

The City should also encourage Lake Land College graduates from the Child and Family Services program to establish childcare businesses in Effingham. This could take different forms – from offering a leasable city-owned site to a provider to partnering with these graduates, to pursuing federal and state grant money (when available) to establish and grow facilities. These jobs are not high-paying, and a market like Effingham will be difficult for a childcare specialist to find housing in, so finding an organization to subsidize housing for childcare providers could be yet another strategy.

Finally, the City should work to reduce barriers to establishing a childcare facility. This should include removing the 2/3 vote required by the Council to grant a special use permit for daycare centers in any district. Peeling back this red tape helps entrepreneurs establish a business that is desperately needed in the community.



## Strategy 2: Partner with local banks to expand financial counseling service offerings.

In interviews with Effingham-area developers, property management specialists, and residential brokers, it became apparent that one of the issues in the housing market is that many Effingham residents don’t know how much housing they can (or can’t) afford. This comes from a lack of financial literacy, something that can be improved through partnerships that build upon a unique strength in Effingham: the sizeable banking industry in the city, which is home to several local and regional bank headquarters.

Banks can offer basic financial literacy courses to provide education in basic personal finance – including how to calculate housing costs, construct a household budget, manage credit card debt, and more. This effort can help set up residents to successfully secure immediate and long-term housing. It is also a means of securing the local and regional banking community’s buy-in and involvement in the larger housing strategy Effingham is attempting to build, potentially leading to financial support in other areas of the effort.

By partnering with banks and a local, economy-focused nonprofit such as the Effingham Growth Alliance or the SCIRPDC, the City can help more of its residents become homeowners and property tax payers in the city. While the City’s role should be that of convener and organizer in this strategy, it could also host these classes and conversations.

### ACTION 1

Convene local banks, Housing Task Force, and other stakeholders to discuss opportunity for financial literacy classes.

#### *Responsible Parties*

Local banking partners, Housing Task Force, Other non-profit partners (Chamber of Commerce, SCIRPDC, Effingham Growth Alliance, etc.)

#### *Implementation Timeframe*

1 - 3 years

### Strategy 3: Encourage tourism by embracing sustainability.

As the world embraces sustainable practices and technologies at a rapid pace, Effingham could harness this turn to sustainability to spark economic development. From a talent attraction perspective, Gen Z and Millennials have demonstrated their desire to live in a more sustainable world through their purchasing trends and their lifestyle choices. And from an economic perspective, Effingham could unlock a small but dedicated sustainability tourism market by installing a few key projects.

The Inflation Reduction Act has been a needle mover for new technologies – and especially for on-shoring production of these new technologies. With billions in federal funding encouraging growth in renewables, smart infrastructure, greener manufacturing practices, and technology focused on slowing and reducing the impacts of climate change, now is the time for Effingham to pursue strategies in the sustainability world to increase economic opportunities.

Currently, there are 24 electric charging ports in Effingham, all located near I-57 and Avenue of Mid-America. According to IDOT, these chargers are the only ports on the I-57 corridor between Chicago and Mt. Vernon. Their generally unwalkable locations means few businesses receive increased spending from travelers looking to charge. If the City of Effingham can identify a well-located city-owned lot on which to install chargers, or partner with an existing business to do so, there will be noticeable, positive impacts on businesses within walking distance of the chargers. City Hall or another Downtown site would be ideal for increasing demand at small businesses, but there are likely other appropriate sites throughout Effingham. The US DOT has both guidance and funding available for rural communities pursuing electric mobility infrastructure.

Saving municipal spending through energy efficiency is always a fiscally prudent decision, and, according to one expert in grants for renewable energy, Illinois is the best place in the world to build solar energy infrastructure from a financial perspective. In addition to the energy cost savings for the city, any project – solar or otherwise – will create jobs within the city and have the potential to grow beyond that if the market begins to see more projects being built in a community that has been labeled “solar-friendly.”

A first step in this strategy is to designate Effingham as an Illinois Solar For All Environmental Justice Community, which opens up state funding opportunities. The next step would be meeting with a solar and renewables expert to see what assets the city has that can be leveraged to create a new market in the region. Being the first community to lean into solar and the wider sustainability industry could make Effingham a national leader for rural cities in the field.

#### **ACTION 1**

Identify a strategic public location to install electric vehicle chargers.

##### **Responsible Parties**

City

##### **Implementation Timeframe**

1 - 2 years

#### **ACTION 2**

Pursue a medium- to large-scale solar project.

##### **Responsible Parties**

City, County, Solar/renewables Consultant

##### **Implementation Timeframe**

1 year for due diligence

3 - 5 years for solar project



## Strategy 4: Create a transportation strategy to better connect Effingham residents with employment opportunities.

Effingham's locational advantages are well-known and key to its continued success as the economic center of the region, but within the city transportation options are lacking. For Effingham households that do not have a car (which, according to the most recent U.S. Census data, includes 11 percent of households, or 575 city-wide), this can limit economic opportunities. Getting from downtown Effingham to John Boos and other South Banker Street manufacturers is impossible by public transportation, 20+ minutes by bike, and nearly an hour and a half walking. Pursuing a transportation strategy, specifically with non-auto-owners and lower-income residents in mind, could have major growth implications for Effingham's economy.

The first step would be to source grant funding for planning through the Federal Transportation Authority's Formula Grants for Rural Areas. The approach to this planning process should be wide-ranging and take into consideration non-traditional strategies to solve Effingham's transportation issues. While buses can be expensive to run on set routes in rural areas, investing in on-demand shuttles or electric bikes and/or bike infrastructure could offer a higher return on investment.

### **ACTION 1**

Commission a transportation demand study.

#### **Responsible Parties**

City, CEFS

#### **Implementation Timeframe**

1 - 2 years

### **ACTION 2**

Invest in non-auto oriented infrastructure, such as bike trails to employment hubs in the city.

#### **Responsible Parties**

City, County

#### **Implementation Timeframe**

1 - 5 years





## Strategy 5: Reduce the parking burden for new businesses.

Providing parking can be burdensome for business owners and developers, a cost which is passed down to customers. Generally speaking, parking is abundant, either in surface lots or on streets throughout Effingham. Reducing parking minimums for certain zoning designations, including R-4, B-1, B-2, B-4, POM, PUD-C, and M-1, can help grow new businesses in Effingham and would not noticeably impact daily traffic volumes for Effingham residents.

A single parking spot requires roughly 330 square feet of space, including ingress and egress, and costs \$4-\$5 per square foot. With current parking requirements in Effingham, a 2,500 square foot art gallery requires 11 parking spots, adding an additional \$50,000 to build (not counting land acquisition cost) and would require an additional 3,630 square feet for parking – nearly 150 percent of space of the actual business. These added costs limit entrepreneurship, suppress new jobs, and limit economic growth in Effingham.

While many cities in the U.S. have completely rid their codes of parking minimums or installed parking maximums, it's more feasible for Effingham to ease to that point instead of going all in at once.

Lastly, to address concerns about parking downtown the city should engage a transportation consultant to create a downtown parking strategy. Cities across the United States, including throughout the Midwest, have begun reinvesting in their downtowns to great success, seeing increases in population and taxes, business growth, new development, and a boost in spending in their downtowns. Creating a streamlined parking strategy using national and global best practices can open up these opportunities in Effingham and feed into other strategies in this document, including the downtown housing strategy.

### ACTION 1

Ease parking minimums throughout the zoning designations identified above.

**Responsible Parties**

City

**Implementation Timeframe**

1 - 2 years

### ACTION 2

Undertake a Downtown parking analysis and explore options for new parking solutions.

**Responsible Parties**

Transportation Consultant

**Implementation Timeframe**

2 - 3 years



## CASE STUDY

# Elimination of Off-Street Parking Minimums

Auburn, Maine



Like many small and rural cities in the US, Auburn, Maine, with a population of 24,000, experienced severe COVID-related impacts in its commercial core. In response, the City eliminated off-street parking minimums for all new commercial developments, lowering the barrier to entry for establishing a new business. Originally, City Council suggested eliminating off-street parking minimums for all uses, but a compromise was made with City staff to only pursue the change for commercial uses.

The arguments made by City Council for the change is that the market should dictate the parking needs of commercial uses, that empty parking spots do not add significant value or beauty to the community, that parking minimums raise the cost of construction and housing, they mostly impact small business owners and entrepreneurs, and they push homes and businesses farther apart. An additional, unintended positive impact of eliminating off-street parking minimums noted by Auburn officials is with an increase of on-street parking there is a decrease in auto speeds along commercial corridors, which increases pedestrian safety.

Already Auburn has seen an increase in development activity that would not be possible without the change to parking mandates in the city. A restaurant that had gone out of business during Covid, one of many, was purchased by Olive Garden. The chain wanted to build a restaurant with a larger floorplate, which would have required the company provide

additional off-street parking and could have killed the deal. Instead, Olive Garden decided the existing parking was enough for their customers and the deal was approved. The city has also welcomed a number of small businesses that cited the lowered upfront costs to opening as a reason they could open, including both retail and service-oriented businesses.

This change to eliminate off-street parking mandates was made in conjunction with an update to the City's comprehensive plan, which could serve as a model for Effingham to examine and refine their off-street parking mandates with the impending update to its own comprehensive plan.







# IMPLEMENTATION



## Implementation Matrix Key

Strategies and actions will be presented in order of time frame:

### IMMEDIATE

Within 1 year

### NEAR-TERM

Within 2 years

### MID-TERM

Within 4 years

### LONG-TERM

5 or more years

Note: Actions that require ongoing efforts will be marked with an asterisk (\*)

Strategies and actions will be color-coded based on the objective it aligns with:

### OBJECTIVE 1

Advance the housing development infrastructure through capacity building

RED

### OBJECTIVE 2

Strengthen the local housing ecosystem through policy and ordinance.

BLUE

### OBJECTIVE 3

Grow labor force participation through non-housing strategies.

GREEN

within 1 year

IMMEDIATE

**STRATEGY:** Increase City participation in the preparation of priority sites for housing and/or mixed-use development.

**ACTION:** Identify priority sites for housing and/or mixed-use development.

**IMPLEMENTERS:** City, Housing Task Force

**STRATEGY:** Create a multi-stakeholder community housing task force.

**ACTION:** Create the housing task force and align around housing priorities that increase variety and availability of housing in the city.

**IMPLEMENTERS:** Task Force Partners

**STRATEGY:** Identify populations that need affordable or workforce housing and where philanthropic or government funding/financing is available.

**ACTION:** Conduct a needs study to identify a specific population in need of targeted affordable housing.

**IMPLEMENTERS:** City, PAVE Housing Committee, Effingham Task Force

**STRATEGY:** Create more development opportunities for second and third floor residential units Downtown through incentives.

**ACTION:** Create an inventory of space potentially available and suitable for conversion to residential units.

**IMPLEMENTERS:** City, Downtown building owners, Downtown business owners

**STRATEGY:** Increase opportunity for more childcare facilities throughout the community.

**ACTION:** Create an incentive program for mixed-use projects which have childcare facilities included.

**IMPLEMENTERS:** City

within 2 years

NEAR-TERM

- STRATEGY:** Identify one or more desired workforce housing projects and release an RFQ to spur developer interest.

**ACTION:** Identify an initial priority site for affordable and/or workforce housing development and create a development concept that reflects the community's goals and expectations. Gather information needed for an RFQ and determine what type of incentives the City is willing to offer in support of the development.

**IMPLEMENTERS:** City, Housing Task Force, Private landowners (potentially), Consultant (potentially)
- STRATEGY:** Support the creation of a new Community Development Corporation focusing on housing development and property management.

**ACTION:** Identify interested parties and help to facilitate the creation of a CDC.

**IMPLEMENTERS:** City, Housing Task Force, Other individual and organizational stakeholders
- STRATEGY:** Create more development opportunities for second and third floor residential units Downtown through incentives.

**ACTION:** Develop an incentive package for conversion of upper story space to residential use, including sprinkler system reimbursement.

**IMPLEMENTERS:** City, Downtown building owners, Downtown business owners, Chamber of Commerce and other stakeholders
- STRATEGY:** Increase opportunity for more childcare facilities throughout the community.

**ACTION:** Expedite the process of establishing an in-home daycare facility. **IMPLEMENTERS:** City
- STRATEGY:** Reduce the parking burden for new businesses.

**ACTION:** Ease parking minimums throughout different commercial zoning designations. **IMPLEMENTERS:** City, CEFS
- STRATEGY:** Create a transportation strategy to better connect Effingham residents with employment opportunities.

**ACTION:** Commission a transportation demand study.

**IMPLEMENTERS:** City, Local banking partners, Housing Task Force, Other non-profit partners

within 3-4 years

MID-TERM

- STRATEGY:** Create development guidance and blueprints for standard, pre-approved housing types.

**ACTION:** Create a catalog of pre-approved housing unit prototypes appropriate for the local context.

**IMPLEMENTERS:** City, Housing Task Force Partners, Local developers, design experts
- STRATEGY:** Increase City participation in the preparation of priority sites for housing and/or mixed-use development.

**ACTION 1:** Create a long-term solution for housing infrastructure funding. **IMPLEMENTERS:** City, Municipal Finance Consultant

**ACTION 2:** Identify barriers to development on a site-by-site basis and work with developers to overcome these barriers.

**IMPLEMENTERS:** City, Housing Developers
- STRATEGY:** Create a multi-stakeholder community housing task force.

**ACTION 1:** Develop and launch new housing initiatives aimed at advancing these shared housing priorities.

**IMPLEMENTERS:** Task Force Partners, Other housing stakeholders

**ACTION 2:** Galvanize support and/or assistance from city, county and state that help to enable and sustain new housing initiatives.

**IMPLEMENTERS:** Task Force Partners, Other businesses, institutional and governmental stakeholders
- STRATEGY:** Identify one or more desired workforce housing projects and release an RFQ to spur developer interest.

**ACTION:** Create a decision-making process and developer selection criteria. Develop the RFQ and distribute widely through listing services, housing organizations, and directly to developers, including local developers.

**IMPLEMENTERS:** City, Housing Task Force
- STRATEGY:** Create more development opportunities for second and third floor residential units Downtown through incentives.

**ACTION:** Undertake a Downtown parking analysis and explore options for new parking solutions.

**IMPLEMENTERS:** City

within 3-4 years

**STRATEGY: Reduce barriers to development through zoning reforms.**

**ACTION 1:** Undertake a full investigation and analysis of the zoning code to better understand where reforms can be enacted to reduce barriers and costs of development while maintaining the desirable character of neighborhoods.

**IMPLEMENTERS:** City, Housing Task Force, Zoning Consultant

**ACTION 2:** Undertake a parking study to explore needs and existing requirements to determine where requirements can better align with needs.

**IMPLEMENTERS:** City, Traffic consultant (potentially)

**STRATEGY: Identify populations that need affordable or workforce housing and where philanthropic or government funding/financing is available.**

**ACTION:** Engage a developer and create a housing development plan for the identified population, seeking community input in the process.

**IMPLEMENTERS:** City, Housing Task Force, Local and/or national housing developer

**STRATEGY: Expand residential enterprise zone multifamily benefits to match current single family benefits.**

**ACTION:** Propose the extension of the residential enterprise zone property tax abatement to five years for multifamily construction.

**IMPLEMENTERS:** Effingham/Effingham County Enterprise Zone Board

**STRATEGY: Partner with local banks to expand financial counseling service offerings.**

**ACTION:** Convene local banks, Housing Task Force, and other stakeholders to discuss opportunity for financial literacy classes.

**IMPLEMENTERS:** City, Local banking partners, Housing Task Force, Other non-profit partners

**STRATEGY: Increase opportunity for more childcare facilities throughout the community.**

**ACTION:** Prioritize training more childcare specialists.

**IMPLEMENTERS:** City, Lake Land College, Effingham Regional Growth Alliance, PAVE, CEFS

**STRATEGY: Encourage tourism by embracing sustainability.**

**ACTION:** Identify a strategic public location to install electric vehicle chargers.

**IMPLEMENTERS:** City

**STRATEGY: Reduce the parking burden for new businesses.**

**ACTION:** Undertake a Downtown parking analysis and explore options for new parking solutions.

**IMPLEMENTERS:** City, Transportation Consultant

M I D - T E R M

5+ years

**STRATEGY: Support the creation of a new Community Development Corporation focusing on housing development and property management.**

**ACTION:** Provide seed funding and additional support as the new organization embarks on project work.

**IMPLEMENTERS:** City, Housing Task Force, CDC, Additional funders and other stakeholders

**STRATEGY: Create development guidance and blueprints for standard, pre-approved housing types.**

**ACTION:** Form a community initiative to develop a plan for the creation of a local housing trust fund & solicit support for such a plan.

**IMPLEMENTERS:** City, Housing Task Force, Other local housing stakeholders, Municipal finance consultant

**STRATEGY: Create a transportation strategy to better connect Effingham residents with employment opportunities.**

**ACTION:** Invest in non-auto oriented infrastructure, such as bike trails to employment hubs in the city.

**IMPLEMENTERS:** City, County

**STRATEGY: Encourage tourism by embracing sustainability.**

**ACTION:** Pursue a medium- to large-scale solar project.

**IMPLEMENTERS:** City

L O N G - T E R M





# CONCLUSION



## In Conclusion

While the housing and other economic challenges facing Effingham are great, the city has many strengths with which to meet these challenges. Not the least of these is the entrepreneurial spirit of its people and a manifest desire to work together to creatively solve problems and realize shared goals – traits our team heard about time and again in our many interviews with local stakeholders and witnessed firsthand in our field research.

This Economic Recovery Plan provides a roadmap for addressing the immediate needs of the Effingham community while laying the groundwork for longer-term solutions. The strategies detailed in this plan cannot, however, be successfully enacted single-handedly. Rather, they hinge on a collective commitment and community-wide collaborative effort to align priorities that address the diverse needs of all of Effingham’s housing stakeholders, to chart pathways to the future, and to marshal needed resources.

By fostering partnerships with local businesses and institutions, governmental entities, nonprofit organizations, and other stakeholders, Effingham can leverage resources and expertise to implement innovative housing initiatives and economic recovery solutions and can generate buy-in from stakeholders in every part of the economy.

Ongoing community engagement will likewise be key to the success of this plan. Regular forums within which members of the community can voice their feedback, ideas, and other thoughts should be prioritized. Moreover, responsiveness and adaptability are key to ensuring that any plan remains vital and effective. Local conditions should be regularly monitored, and this plan should be updated as needed to reflect the evolving needs of the Effingham community.

Contextualized and supported in such a manner, this plan will be both a living document and a catalyst for positive change, envisioning and shaping a future in which every member of the Effingham community can thrive.





# APPENDIX



Appendix 1

# Housing Market Analysis

The following report provides detailed findings and conclusions of the comprehensive housing market analysis undertaken by Development Planning Partners as part of the City of Effingham Economic Recovery Plan. Data and other information sources consulted in the most recent vintages of the U.S. Census Bureau’s Decennial Census and American Community Survey (ACS), the U.S. Department of Housing and Urban Development, the property listing and data analytics firm CoStar, Midwest Real Estate Data’s Multiple Listing System (MLS), additional national and local property listing services, interviews with local real estate professionals, local news publications, and other sources deemed reliable. Additionally, an extensive in-person field investigation was conducted in order to gain a more personal and comprehensive understanding of current market conditions.

## Housing Stock Characteristics

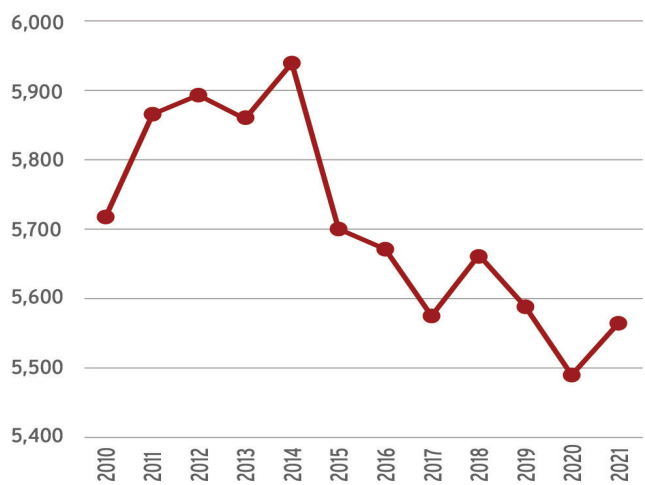
As of the 2021 ACS, there were an estimated 5,564 housing units across the City of Effingham, encompassing more than 36 percent of all housing units county-wide. By ACS estimates, between 2011 and 2021, the City experienced a net loss of housing units. During this time, the City-wide housing stock shrank by approximately 300 units, or more than five percent.

Two-thirds of the City’s housing consists of detached single family homes, while attached single family homes (such as townhomes, rowhomes, side-by-side duplexes, and other “single address” attached forms) represent just two percent of housing units (119 units in total). Compare this to the state as a whole, where attached single family units make up nearly six percent of all housing units. Low density multifamily forms (i.e., two to five units per structure) make up nearly 14 percent of housing units within the City, while higher density multifamily forms encompass another 13 percent.

The City saw a period of robust growth during the later half of the 20th century, when more than 70 percent of existing housing units were built. With the turn of the new century, however, this period came to an end. The City largely missed the rapid (and often reckless) housing development activity that characterized the housing bubble years of the early 2000s. In total, just 499 of the City’s housing units were constructed in the first two decades of the 21st century – or 25 units per year, on average. As a result, just nine percent of the City’s housing stock was constructed after 2000, compared to nearly 15 percent for the state as a whole.

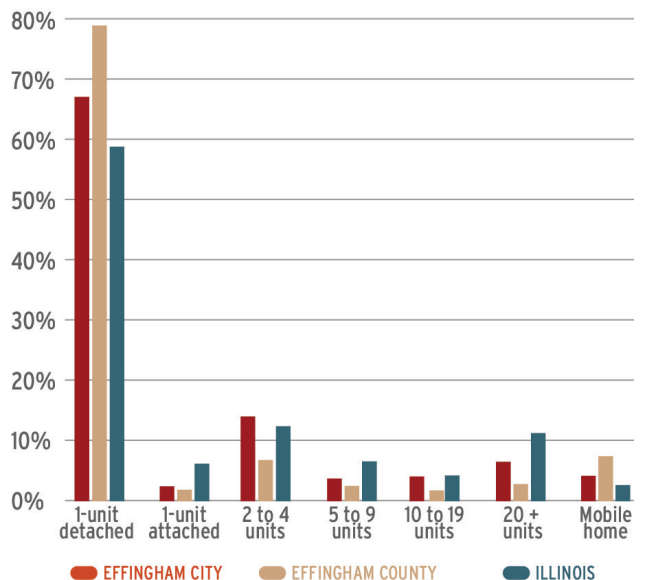
Also important to the character of the City is its stock of older, more historic homes, representing a variety of classic architectural styles, many located in the neighborhoods around Bliss Park. Across the City, there are more than 700 homes built prior to 1940, including many of much older vintage.

**Total Housing Units, 2010 - 2021**  
City of Effingham, IL



Source: ACS 5-year estimates, 2010 - 2021. Table DP04.

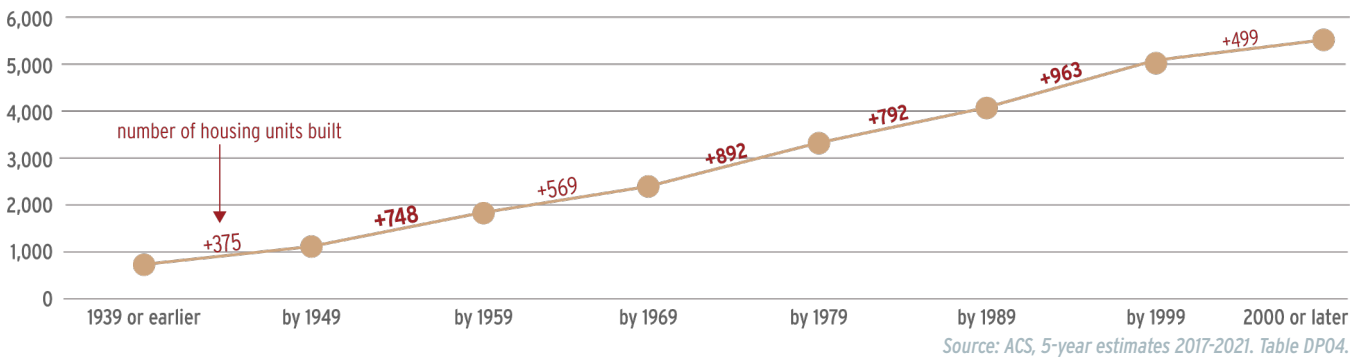
**Housing Units by Type, 2021**



Source: ACS, 5-year estimates 2017-2021. Table DP04.

### Number of Housing Units by Year Built

City of Effingham, IL



### Housing Occupancy Characteristics

According to ACS estimates, as of 2021, 94 percent of housing units within the City were occupied. This is a higher occupancy rate than both the county (93 percent) and state as a whole (91 percent) and could be a sign of housing supply imbalances. Of the 339 vacant units within the City, 104 were actively listed for rent, while 125 were listed for sale. An additional ten units were reserved for seasonal, recreational, or occasional use. And 100 units were vacant for other reasons.

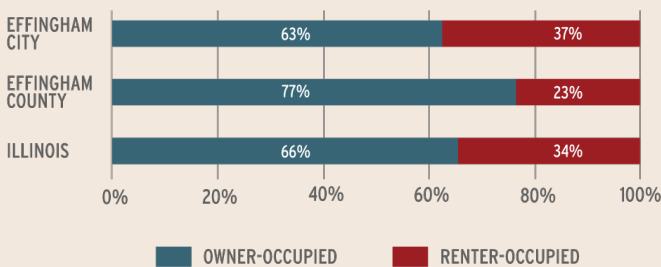
This “other vacant” category of the ACS estimates often includes housing units that have been abandoned, subject to foreclosure or property seizure, or are unoccupiable due to condition. “Other vacant” units are often a cause of neighborhood blight and other concerns that hold down property values and decrease community livability and vitality. However, they can also represent opportunities for redevelopment, rehabilitation, or conversion to needed rental units.

### Housing Tenure & Household Characteristics

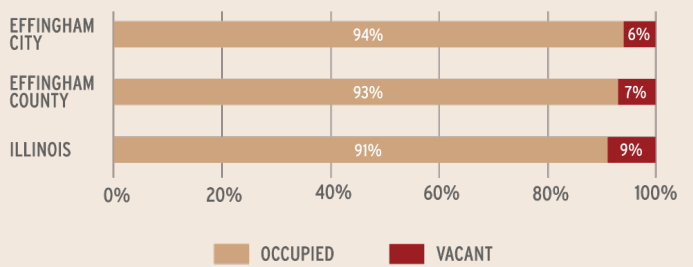
Across the City, nearly 63 percent of households (3,275 households) own their homes, while 37 percent rent (1,950 households). The proportion of renters within the City is significantly larger than that of the county as a whole, where just 23 percent of households are renters, but roughly in line with the statewide total of 34 percent.

Family households comprise roughly 59 percent of all households within the City, while nonfamily households (that is, individuals living alone or with non-related persons) comprise the other 41 percent. The average household size among homeowners in the City stands at 2.29 persons, while the average size of renter households is 2.22. This contrasts to the state as a whole, where the average sizes of owner and renter households stand at 2.68 and 2.28 persons, respectively, and is likely due to the presence of a larger number of one- and two-person nonfamily households in the City, which comprise nearly 40 percent of all households (compared to 35.5 percent for the state as a whole).

#### Housing Tenure Characteristics, 2021



#### Housing Occupancy Characteristics, 2021



Source: ACS, 5-year estimates 2017-2021. Tables DP04 and B25004.

#### Vacant Units Detail, 2021

City of Effingham, IL

For Sale	<b>125</b> 37%	For seasonal, recreational or occasional use	<b>10</b> 3%
For Rent	<b>104</b> 31%	Other Vacant	<b>100</b> 29%

**TOTAL VACANT UNITS: 339**

## Current Housing Market Conditions

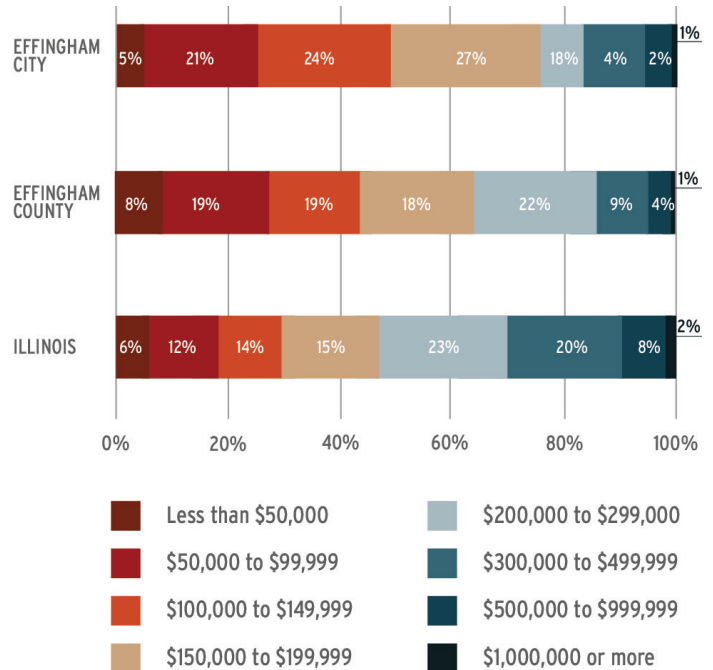
### Housing Values

As of the most recent ACS, the median estimated value of owner-occupied homes in the City of Effingham stood at \$151,400. This is slightly lower than the county as a whole (at \$158,000) and significantly lower than the state as a whole (\$212,600). Roughly 49 percent of homes across the City were valued below \$150,000, while 45 percent were valued between \$150,000 and \$300,000. Six percent of homes were valued above \$300,000.

### Housing Sales Trends

Data on home sales trends were gathered from the Multiple Listing System (MLS) operated by Midwest Real Estate Data, supplemented by interviews with local real estate professionals, reporting from local news sources, in-person field investigation, and other information collected from local sources.

Owner-Occupied Homes by Value, 2021



Source: ACS, 5-year estimates 2017-2021. DP04.

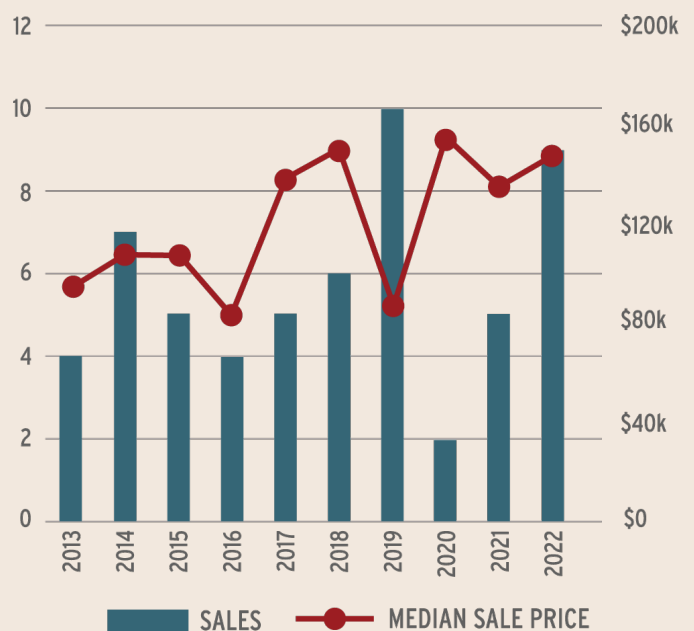
### Attached Home Sales

The MLS defines “attached home” as any housing unit sharing one or more walls with adjacent units, whether single address form (such as a townhome) or multifamily form (i.e., condominium). Given the composition of Effingham’s housing stock, it is not surprising that nearly all homes sold are detached single family forms. Between 2013 and 2022, 57 attached homes were sold in total – an average of just six per year. Moreover, outside the City of Effingham, the remainder of the county has very little attached housing stock at all. During the 2013-2022 period, all but two attached homes sold county-wide were located within the City limits.

During the most recent years, the median sale price of attached units has been generally in the mid-\$100,000s. While the current year-to-date median sale price stands at \$399,900, this figure is skewed by two sales of higher end units in the \$350,000-\$450,000 range, considered outliers and not an indicator of an emerging market trend.

### Attached Home Sales

City of Effingham, IL



Source: Midwest Real Estate Data, Development Planning Partners



### Detached Home Sales

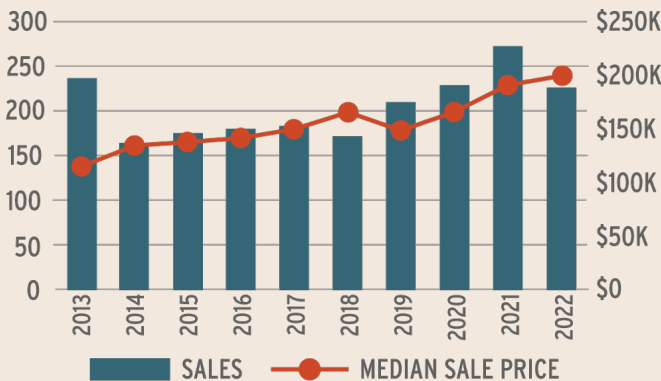
During the ten-year period from 2013 to 2022, an average of 204 homes were sold City-wide each year. From 2014-2018, steadily rising prices caused sales volumes to moderate to 174 per year. However, the market grew more robust and the pace of sales quickened after 2018, rising to 233 per year from 2019 to 2022.

Meanwhile, average market times (measured as days on market and an indicator of market vitality) fell steadily throughout the ten-year period – from 104 days in 2013 to just 25 in 2022 – even as median sale prices continued to rise. The median sale price of homes sold in Effingham rose from \$115,500 in 2013 to \$199,000 in 2022 – an increase of more than 72 percent during the period.

As of September 2023, 107 homes had been sold in the City year-to-date, and the median sales price reached yet another new high, at \$215,000 – representing an eight percent increase compared to the previous year. However, price pressure and dwindling supply caused average market times to increase for the first time since 2020 – though at 35 days they are still considered vigorous.

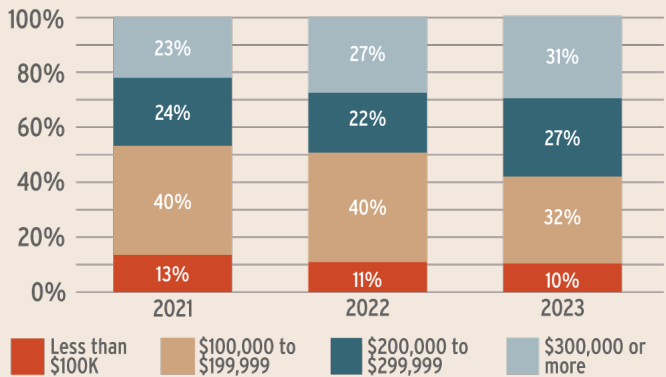
Homes in the \$100,000 to \$200,000 pricing band represented 40 percent of sales overall from 2021-2022; however, in the current year, this proportion has fallen considerably, to just 32 percent. Meanwhile, upward price pressure has shifted sales into higher pricing bands, with homes prices \$200,000 or more now representing well over half of all sales City-wide.

Detached Home Sales, City of Effingham



Source: Midwest Real Estate Data, Development Planning Partners

Detached Home Sales by Price and Brand, City of Effingham



Source: Midwest Real Estate Data, Development Planning Partners

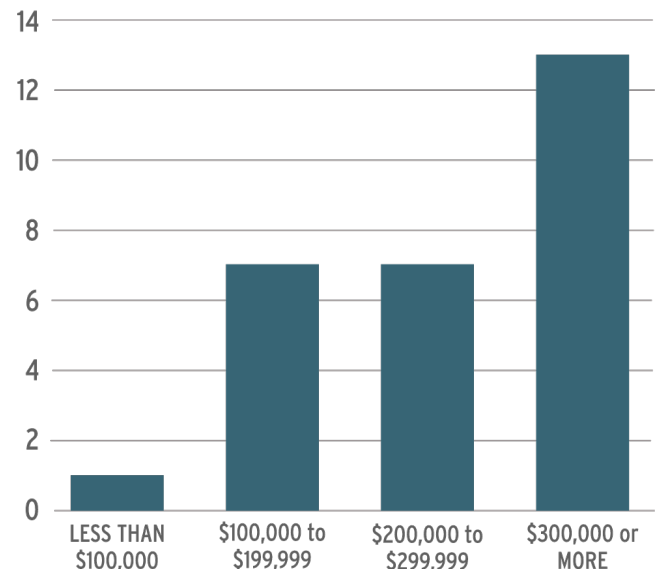
### Supply Conditions

Like many other housing markets around the country, current supply conditions within the City of Effingham are extremely tight. As of September 2023, just 28 detached homes were listed for sale within the City, while no attached inventory was available at all.

Months of supply is typically viewed as a primary indicator of supply conditions within a real estate market. In 2022, an average of 19.5 homes were sold per month (including both detached and attached forms) within the City. At this pace of sales, the 28 homes currently listed for sale represent just 1.4 months of supply. By contrast, a four-to-six month supply is normally considered balanced.

In the lower pricing bands, supply conditions are even more constrained. City-wide, there were 15 homes listed for sale at prices below \$300,000 in September. At 2022 sales volumes for this price range, there is just 1.1 months of supply currently on the market.

Active Listings by Price, City of Effingham



Source: Midwest Real Estate Data, Development Planning Partners

## Rental Market Conditions & Trends

Our analysis of rental market conditions and trends draws upon data collected from the property listing and analytics firm CoStar and other listing services; American Community Survey data; interviews with local developers, listing agents, and property managers; in-person field investigation; and information collected from other sources. This multi-pronged approach was necessitated, in part, by the somewhat fragmented nature of the Effingham rental market, which is characterized by a large number of small-volume property owners and a degree of informality in the manner and consistency with which rental marketing and leasing activities often occur.

### Rental Stock Conditions

The City's stock of rental housing consists largely of detached single family homes and units in lower-density multifamily buildings (generally two to twelve units, including both subdivided houses and apartment buildings). A smaller number of units are located in higher density buildings of 20 or more units, and many of these are designated affordable developments offering either rent restricted or subsidized units. Rental homes and multifamily buildings vary widely by age and condition, with many subdivided houses constructed in the first half of the 20th century and other multifamily buildings built in the 1970s through 1990s.



### Market Rents

Generally speaking, current monthly rents throughout the City (regardless of unit type or size) fall into three dominant pricing bands:

**Tier 1:** \$450-\$550 per month

**Tier 2:** \$650-\$800 per month

**Tier 3:** \$950-\$1,500 per month

These pricing bands can be described as follows:

Tier 1 represents much of the City's most affordable housing, with affordability levels that generally serve extremely low income households earning \$35,000 or less per year (and often less than \$20,000). This includes both designated affordable units (i.e., subsidized and rent restricted units) as well as naturally occurring affordable housing, often found in subdivided houses and older multifamily buildings.

Tier 2 can be classified as workforce housing, with affordability levels that generally serve households earning between \$40,000 and \$60,000 per year. Much of the City's traditional multifamily rental stock falls within this tier. It includes apartment buildings developed in the 1970s-1990s as well as some of the City's newer rental buildings, such as those in the Eastland Apartments development. Among apartment types in this tier, two-bedroom units are predominant. A smaller portion include one bedroom, and very few offer three or more bedrooms.

Tier 3 represents the upper end of the rental market in Effingham, generally targeted to households earning more than \$60,000 per year. Rentals in this tier consist primarily of single family attached and detached forms. This tier also includes a small number of the newest multifamily units with higher levels of features and finishes, such as those being developed within the Golden Fields subdivision.

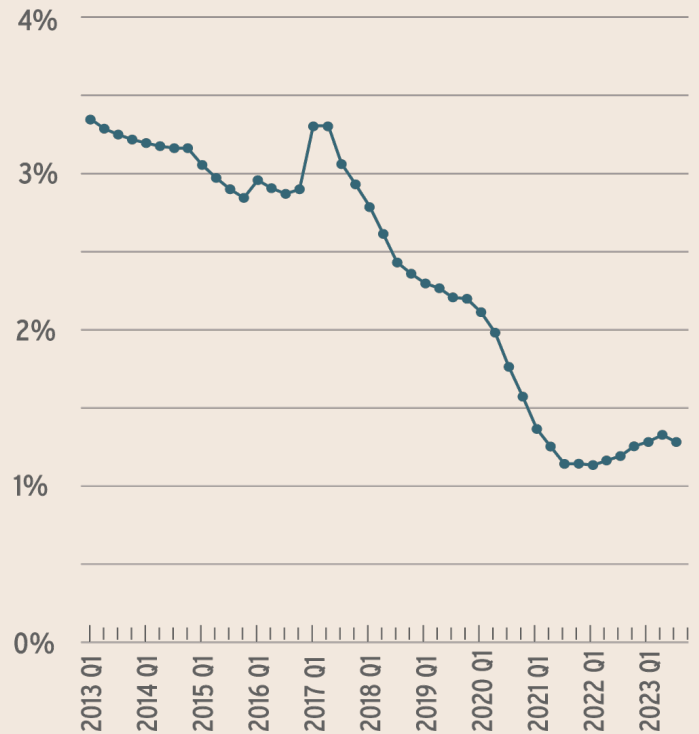
### Rental Availability Conditions

Like the for sale market, rental unit availability in Effingham is extremely limited. CoStar, which tracks 625 units (primarily in the Tier 1 pricing category) across the City, reports a vacancy rate of just 1.4 percent. Comparatively, a rental vacancy rate of 5.0 percent is normally considered balanced and necessary for unit filtering and a healthy level of market availability. Moreover, vacancies have been extremely low in the City for some time, remaining below 2.0 percent since the beginning of 2020 and below 3.0 percent since the beginning of 2017.

The tightness in the rental market is supported by other sources. The RE/MAX Key Advantage property management division is the largest property manager in the city, overseeing approximately 200 units. They report that at the current time just four of these units are unoccupied, and all but one are reserved, with lease signing dates scheduled in the near future.

Moreover, our field investigation and a search of other typical online and print sources of rental marketing information revealed very few additional units presently available in any form or price range.

Rental Apartment Vacancy Rate, City of Effingham



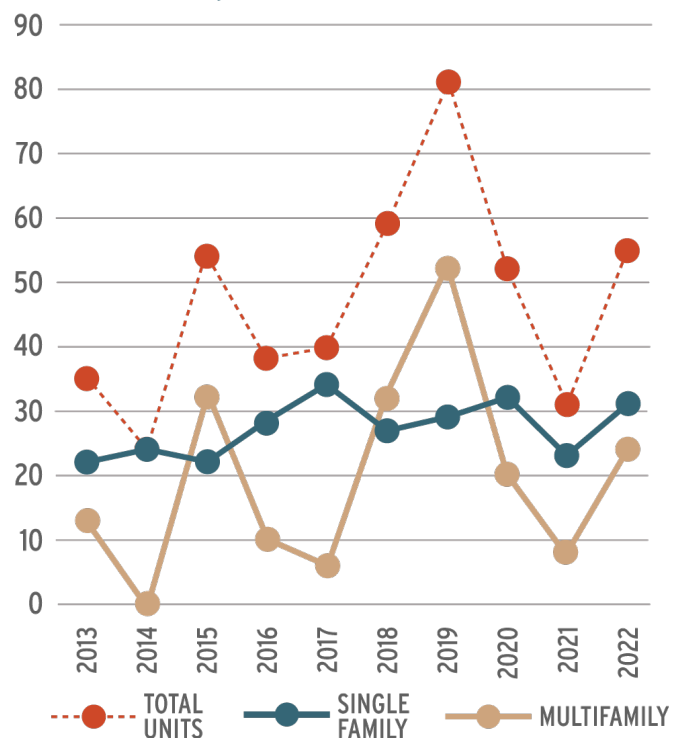
Source: CoStar, 2023 Q3

### Housing Development Trends

The issuance of building permits for new residential units is a leading indicator of new home development activity. Permit data are available from the Census Bureau at the county level. In the ten-year period between 2013 and 2022, a total of 469 residential building permits were issued county-wide, or 47 per year. This included 272 single family units and 197 multifamily units. Permitting activity peaked in 2019, when 81 permits were issued in total, including 29 single family permits and 48 multifamily permits (corresponding to the approval and initiation of development activity within the Eastland Apartments development).

Over the last five years, single family home development has occurred primarily within the City of Effingham, including recently annexed areas, as well as in adjacent unincorporated areas of the county. Most of the resulting housing consists of larger, higher end homes with sale prices well above \$300,000. However, within one of the city's newest developments, Golden Fields, located at Charlotte and Lilly streets, the developer has introduced a single story villa product with approximately 1,400 to 1,600 square feet and sale prices generally from \$230,000 to \$290,000 and reports that this product has been met with market approval.

Residential Building Permit Issuances



Source: US Census Bureau. Building Permits Survey.



## Housing Development Trends, cont.

Multifamily development has been limited to the city itself and includes the development of the 48 apartments within Eastland Apartments as well as 32 two-bedroom units in Golden Fields, where monthly rents average \$1,000.

As any housing stock ages, homes inevitably fall into obsolescence and disrepair and are subject to demolition. Others are destroyed by fire or natural disasters. On average, in markets across the nation, roughly 0.26 percent of existing housing stock is lost each year, creating replacement demand for new homes. Of Effingham County's 15,237 housing units, 40 are expected to be lost each year by this measure. The county's long term pace of development – i.e., 47 units per year – thus barely accommodates unit replacement need and leaves little room for growth.

### Eastland Ranch Apartments



### Golden Fields Ranch Villa Homes



## Housing Cost Burden & Balance

The ACS estimates monthly household housing costs as Selected Monthly Owners Costs (SMOC) or Gross Rent. Both calculations are inclusive of all primary costs of owning or renting a home, including, as applicable, mortgage or contract rent, property tax, homeowners or renters insurance, and utilities.

According to the most recent ACS estimates, the median SMOC for homeowners with a mortgage in Effingham is \$1,112, while the median gross rent for renter households is \$662. Housing costs are somewhat lower than the county as a whole, at \$1,216 (SMOC) and \$676 (gross rent), and significantly lower than the state as a whole, at \$1,781 (SMOC) and \$1,097 (gross rent).

Within the city, 80 percent of homeowners with a mortgage have monthly housing costs between \$500 and \$1,500. Nearly 88 percent of renters have gross rents below \$1,000.

### Housing Cost Burden

Housing cost burden is typically expressed as the percent of household income that is spent on housing costs. According to the Department of Housing and Urban Development, a household that spends 30 percent or more of its total income on housing is considered housing cost burdened, which means that after housing costs are covered, too little income may remain for other household needs such as food, clothing, healthcare, education, and others.

As of the most recent ACS, just over 12 percent of Effingham's owner households (403 households) were considered housing cost burdened, as were nearly 31 percent of renter households (582 households). These levels of housing cost burden are similar to the county as a whole, at 15 percent for owner households and 31 percent for renters, but significantly lower than those for the state as a whole, at 23 percent and 40 percent for owners and renters, respectively.

Not surprisingly, levels of housing cost burden are inversely related to household income. In Effingham, housing cost burden is largely a challenge for households earning less than \$35,000 annually (roughly 60 percent of the city median). A significant majority of both owner and renter households earning less than \$20,000

annually are housing cost burdened, as are nearly half of owner households and 40 percent of renter households earning \$20,000 to \$35,000. However, incidence of housing cost burden falls dramatically – to just six percent for owners and two percent for renters – at the \$35,000 to \$49,999 income level. At incomes of \$50,000 or more, housing cost burden is insignificant for both owners and renters.

### Housing Balance

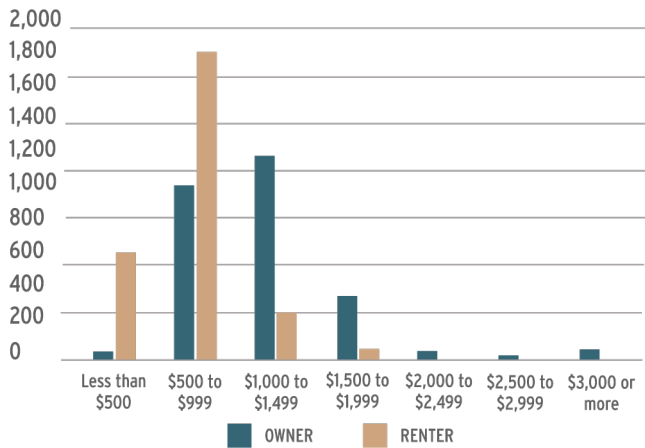
Housing balance in a community is the degree to which available housing aligns with the needs of resident households. One primary measure of housing balance is the alignment of housing costs with household incomes.

In order to determine levels of housing balance in Effingham, we analyzed the number occupied housing units by housing cost (inclusive of both owner and renter households) and the number of households within the city for whom these housing costs would be considered affordable, using the standard HUD definition of less than 30 percent of household income. (Estimates of households by income were derived from ACS data. Owner households without a mortgage were excluded from the analysis, as they do not reflect the true picture of housing costs within the city.)

Our analysis revealed that most levels of monthly housing cost there were moderate to significant housing gaps. That is, that there are fewer occupied homes at these housing cost levels than there are households with incomes that align with these levels. Conversely, the analysis showed that at \$500-\$1,499 housing cost levels, significantly more homes were occupied than there were households with incomes at the corresponding income range.

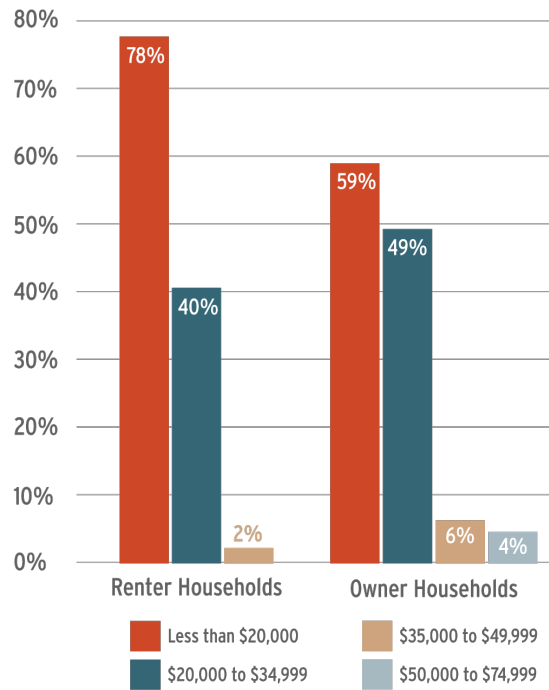
This analysis reveals a gap in housing for the lowest income households within the city, meaning that there are more households earning less than \$20,000 than there are occupied housing units deemed affordable to households at this income level. Thus, these households are occupying housing at costs higher than \$500 and are likely to be experiencing moderate to severe housing cost burden.

### Households by Monthly Housing Cost City of Effingham, IL



Source: ACS, 2017-2021, 5-year estimates. Table DP04.

### Housing Cost Burdened Households by Income City of Effingham, IL



Source: ACS, 2017-2021, 5-year estimates. Table B25106.

### Analysis of Housing Balance, City of Effingham City of Effingham, IL

MONTHLY GROSS HOUSING COST	OCCUPIED HOUSING UNITS	MINIMUM ANNUAL INCOME FOR AFFORDABILITY*	APPROX. HOUSEHOLDS IN INCOME RANGE	GAP
<b>TOTAL</b>	<b>3,638</b>		<b>3,638</b>	
Less than \$500	497	Less than \$20,000	582	85
\$500 to \$999	1,872	\$20,000 to \$39,999	778	(1,094)
\$1,000 to \$1,499	919	\$40,000 to \$59,999	605	(314)
\$1,500 to \$1,999	270	\$60,000 to \$79,999	542	272
\$2,000 to 2,499	28	\$80,000 to \$99,999	347	319
\$2,500 to \$2,999	16	\$100,000 to \$119,999	226	210
\$3,000 or more	36	\$120,000 or more	558	522

\*at 30% of household income (per HUD standard)  
Excludes owner households without a mortgage

Source: ACS, 2017-2021, 5-year estimates. Tables DP04 and S2503.  
Development Planning Partners.



Housing Balance, cont.

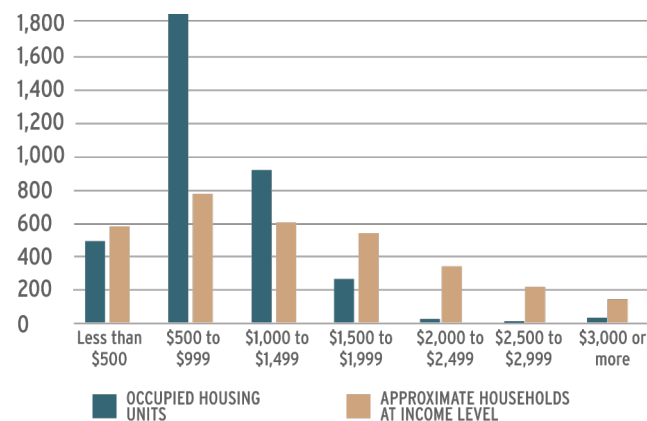
However, the analysis also exposes significant housing mismatches for households earning \$60,000 or more per year. In fact, among the 1,673 households with incomes of \$60,000 or higher, only 350 currently occupy housing that matches their household income on a housing cost basis. The remaining 1,323 households are living in housing that costs less (and in some cases, significantly less) than what the HUD standard suggests they could afford.

We performed the same analysis using renter households only and found similar results. Specifically, there were fewer rental units at the lowest gross rent levels than there were renter households at the lowest income levels. Also, there were significantly more occupied rental units at the \$500-\$1,000 gross rent level than there were renter households with incomes corresponding to this level. However, at the \$1,000 to \$1,499 gross rent level (corresponding to household incomes of \$40,000 to \$60,000), a gap of 130 units was revealed.

These analyses should not be taken to mean that Effingham has an oversupply of housing at the lower cost levels. On the contrary, as shown elsewhere in this report, supply conditions are constrained at every level and are currently impeding the city’s ability to grow. Rather, they suggest that much of what would normally be considered naturally occurring affordable and workforce housing is currently occupied by households that could afford housing at higher prices, making it unavailable for lower income individuals and families – including current and future workers who may wish to move to Effingham.

Housing Mismatches

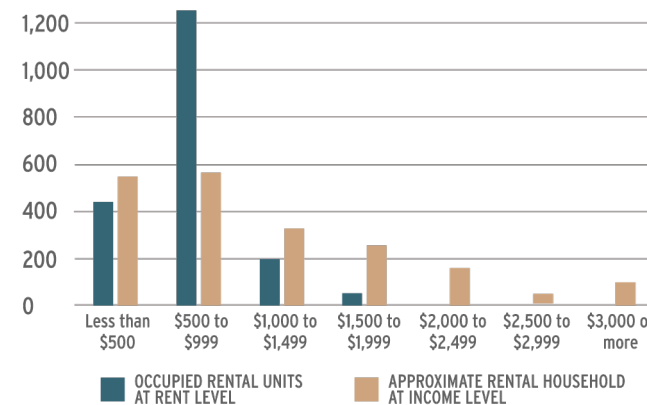
City of Effingham, IL



Source: ACS, 2017-2021, 5-year estimates. Tables DP04 and S2503. Development Planning Partners.

Housing Mismatches, Renter Households

City of Effingham, IL



Source: ACS, 2017-2021, 5-year estimates. Tables DP04 and S2503. Development Planning Partners.

Our investigation of local and regional market conditions suggests that three primary factors are driving this phenomenon:

- 1. Lack of Affordability:** Many households with the financial means to “move up” to more expensive housing may not be able to find a home that suits their needs, given the severely constrained market in Effingham. Others may find homes outside the city and simply leave.
- 2. High levels of affordability:** Relative to many markets, for sale and rental housing in Effingham is quite affordable for households earning \$60,000 or more per year. For example, the median value of owner-occupied homes in Effingham (\$151,400) is 40 percent lower than that of the state as a whole (at \$212,600). Similarly, the median monthly gross rent in Effingham (\$662) is 66 percent lower than the state as a whole (at \$1,097). As such, many higher earning households may find their current lower cost homes to be perfectly adequate for their needs – i.e., a “good value for the money” – and are thus unlikely to look for higher end housing.
- 3. High mortgage interest rates:** Even if more desirable housing is available, owner households may be reluctant or unable to move due to today’s higher interest rate environment. While current rates are closer to the historic norm, the fact remains that many – if not most – of today’s homeowners have locked in home loans from a long period of historically low interest rates. Relatively speaking, this makes a move up to a more expensive home and more expensive financing undesirable or out of reach for many.

## Housing Need

The need for new housing within the City of Effingham is significant and urgent. Primary housing needs fall into three broad categories, which can be characterized as follows:

**Housing for extremely low income and housing insecure households.** Roughly corresponding to the Tier 1 pricing band detailed above, Effingham has an immediate need for rental units with gross rents of less than \$500 per month in order to ensure that its lowest income residents have safe, stable housing that helps them to achieve economic security and serves as a foundation for economic mobility. New housing in this category is most often developed by public housing authorities or by nonprofit affordable housing developers, primarily as subsidized housing (either project based or tenant based through the Housing Choice Vouchers program).

**Housing to accommodate workforce growth.** In the immediate to mid-term future, Effingham is in need of workforce housing options in order to help its manufacturers, medical facilities, and other employers attract new workers to expand their operations and replace retirees. This broad category of housing could include both rental apartments and lower priced (i.e., entry level) for sale homes. Generally speaking, housing in this category will include units with associated gross housing costs of \$875 to \$1,500 per month, suited primarily to households earning between \$35,000 and \$60,000 annually.

**Housing to regain balance and promote housing ecosystem health.** Finally, Effingham has a near- to long-term need for new housing to bring its housing ecosystem into balance by encouraging the movement of higher earning households into new units, thus freeing up naturally occurring workforce housing for workforce expansion, facilitating mobility and allowing all segments of the city's housing market to function more efficiently. Most often for sale forms, this housing could include traditional "move up" single family detached homes, higher end attached townhomes and duplexes for households interested in maintenance-free options, and detached ranch villa homes (often with extra amenities) for downsizing seniors. Generally speaking, this housing should be targeted to households earning \$75,000 or more per year. The introduction of this housing should be timed to market conditions.

Based on our analyses of current economic and housing market conditions, and informed by information gleaned from area employers regarding their workforce needs and plans, as well as projections of economic growth potentials generally throughout the city, we project that total housing need in the City of Effingham over the next ten-year period will be approximately 550 to 775 units, distributed among the three need-based categories as follows.

### Ten-Year Projected Housing Needs

City of Effingham, IL

HOUSING CATEGORY	PROJECTED UNITS NEEDS	TIMEFRAME
Housing for extremely low income and housing insecure households	100 to 125 units	Immediate
Housing to accommodate workforce growth	200 to 300 units	Immediate to mid-term
Housing to regain balance and promote housing ecosystem health	250 to 350 units	Near to long-term
<b>TOTAL</b>	<b>550 to 775 housing units</b>	

Source: Development Planning Partners

## Appendix 2

## Priority Financial Tools

Below is a list of financial tools and resources that can be utilized by the City of Effingham, homebuilders, commercial developers, and other stakeholders to help enable development of new housing units, commercial space, and infrastructure within the City. While this is not meant to be an exhaustive list of all programs and other available resources, the following are considered primary for the Effingham market.

### State and Federal Resources

#### Low Income Housing Tax Credits (LIHTC)

Provided by the Department of Housing and Urban Development and administered and allocated through the Illinois Housing Development Authority (IHDA), the LIHTC program is by far the most widely used vehicle for the financing of affordable housing and is today used for the development of 90 percent of affordable units.

#### HOME Investment Partnerships Program (HOME)

Used as a supplement to LIHTC, the HOME program offers flexibility for a wide range of affordable housing projects, including construction and renovation, as well as direct rental assistance. HOME funds are awarded to participating jurisdictions and can be distributed by them as grants, direct loans, loan guarantees or other forms of credit enhancements, or rental assistance or security deposits. Participating jurisdictions must match 25 cents of every dollar provided.

#### Illinois Affordable Rental Housing Property Tax Program

Signed into law in 2021, this program provides for substantial reductions in the assessed value of existing and new rental housing when 15 percent or more of the units are affordable (at 60 percent of area median income). Though potentially helpful, it is not necessary for affordable units be restricted by a regulatory agreement. While administered primarily at the county level, the enabling legislation for the program states that counties who do not wish to participate in the program must proactively opt out. Otherwise, they are automatically bound by it. The program also has a look back provision to January 1 of 2015. Notably, the program is purposefully designed to promote investment in lower rent markets, such as Effingham

#### USDA Housing Programs

The U.S. Department of Agriculture has a variety of housing programs that offer financial assistance for the development, preservation, and revitalization of affordable and workforce housing in eligible rural areas like Effingham. Funds are provided as direct loans, loan guarantees, and grants. Rental assistance is also provided.

#### IDOT National Electric Vehicle Infrastructure Grant , Rural EV Toolkit

Through the U.S. DOT and the Bipartisan Infrastructure Bill, IDOT has access to funding to build electric charging infrastructure along priority corridors. Both I-57 and I-70 qualify as such. Chargers must be placed within a mile of these corridors. Grant funding prioritizes rural communities. While details about the grant on IDOT's website are scarce, it is likely that a call to IDOT could be a first step in identifying opportunities to unlock this funding. There are also opportunities to secure infrastructure grants for electric trucking in the document linked below.

#### National Park Service Paul Bruhn Historic Revitalization Grants Program

The National Park Service administers grant dollars to be used for historic preservation, which could potentially be used for either upgrading downtown facades, completing the Heart Theatre restoration, or any other project that can restore historic sites. This funding source is consistent, reliable, and should be seen as a key funding source to updating buildings downtown.



## City Resources

### Tax Increment Financing

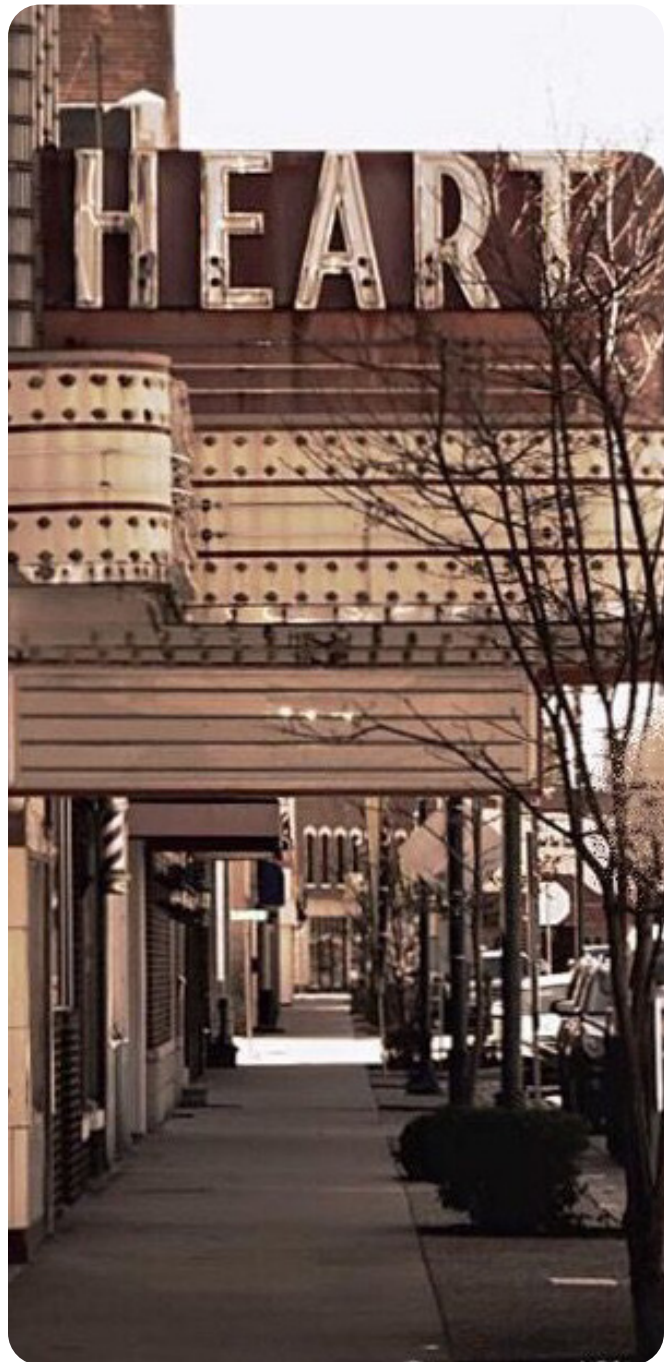
As noted in this report, TIF was used for infrastructure development for Eastland Apartments. TIF funds offer the City a flexible tool to support many development activities and should be to help enable new development.

### Residential Enterprise Zone

Also discussed in detail in this report, the City's Residential Enterprise Zone is a primary tool for spurring the development of both single family and multifamily housing. The City should continue to promote the benefits offered and consider strengthening the program as recommended in the Strategies section of this report.

### Other Incentives

The City should consider other incentives, such as reduced hookup fees, grants, support for site acquisition, and zoning variances, that can bring down the costs of development, particularly for affordable and workforce housing.











## PHOTOGRAPHY

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8	Avenue of Mid-America	Development Planning Partners
8	Downtown Businesses	Development Planning Partners
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11	Evergreen Terrace	Getty Images
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17 & 22	Effingham City Hall	City of Effingham
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24	Boy and Joy Sculpture	VisitEffingham.com
26	South Bend Pre-Approved Plans	southbendin.gov.
26	South Bend Housing	Provision Construction & Design
28	Summit Townhomes	redfin.com
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