



# Why Rockford Needs to Plan for More Housing



## Projections indicate that Rockford needs to add 3,000-9,000 new housing units over the next 10 years.

Rockford's 2024 *Housing Needs Assessment and Market Study* indicates that the city will need to plan for an additional 3,000 to 9,000 units of usable housing over the next ten years to keep up with recent trends in supply and demand. Key drivers of this demand include **local and regional employment growth, population growth, household formation** (such as existing children and young adults moving to their own housing), and **replacement of existing aging housing** that can no longer be maintained, preserved, or rehabilitated.<sup>1</sup>

The city's population grew at an annual rate of roughly 0.2% from 1970 to 2020. If this long-term trend continues, Rockford's population would grow from 148,655 in 2020 to 152,570 in 2032. However, the Rockford metropolitan area is projected to **add 3,400 or more new jobs over the next decade** and this may drive additional demand for housing within the city. Rockford saw a rise in both occupied housing units and the number of workers over the past decade, although the city's total population decreased. This trend sets Rockford apart from similar communities in Illinois that experienced growth in both population and employment, but suggests that future population growth could occur if Rockford provides more housing options for workers.

Additionally, the city's aging population of persons over 65 years old is expected to grow more quickly than the population as a whole and this demographic shift could increase the **need for new housing units, including affordable and accessible housing options** for older adults. Given the possibility of increasing employment and other demographic changes, the *Housing Needs Assessment and Market Study* indicates that Rockford's population could increase at a faster rate than the historical average, reaching as much as 162,770 by 2032.

## Housing demand has increased in recent years

- **Employment has grown more quickly than housing.** From 2012 to 2022, the number of employed residents living in Rockford increased by more than 1,200, but the total number of housing units in Rockford grew by only 182 dwelling units. These contrasting trends suggest that Rockford is facing a greater imbalance between supply and demand for housing.
- **Median rents are increasing faster than average hourly earnings.** Rents in Rockford have been increasing year-over-year since 2017 and have **increased more quickly than average hourly earnings** since 2020, leading to an increasing **housing cost burden** for some households.

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<sup>1</sup> The city's actual housing needs could be higher or lower than estimated depending on specific changes to local, regional, and national trends and conditions.



- **Rockford's housing vacancy rate has declined appreciably.** The city's most recent housing vacancy rate of 9.8% for 2022 is considered somewhat higher than average versus national standards; however, the rate fell from 12.3% in 2012 indicating that people looking for housing have fewer options than in previous years. Similarly, the housing vacancy rate for the Rockford MSA fell from 10.2% to 7.6% during the same period, suggesting an **increase in housing demand and decrease in housing choices throughout the region.**

### Housing Cost Burden in Rockford

According to the *Housing Needs Assessment and Market Study*, **more than 30% of Rockford's households are cost-burdened** by their housing, including roughly 42% of renters and 19% of homeowners. A household is considered cost-burdened under federal standards when they must use more than 30 percent of their income for housing costs.

### The rate of housing production will need to increase to meet future demand

**To keep up with projected future demand for housing, Rockford will need to sustain an increase in housing productivity over the next ten years at a pace that is two to five times faster than the rate of development over the previous ten years.** To meet the expected level of demand indicated in the *Housing Needs Assessment and Market Study*, Rockford will need to produce between **300 and 900 new units of housing per year**, including a possible mix of new construction and re-occupancy of currently vacant housing units, while simultaneously continuing to preserve and rehabilitate existing housing. According to the US Census American Community Survey, the number of occupied housing units in Rockford increased by about 180 units per year between 2012 and 2022, including an average of 80 units of new housing construction each year and roughly 100 units each year of re-occupied housing that was previously vacant.

### Rockford's diverse housing needs require a mix of housing types.

The projections for increased employment opportunities provide Rockford with an opportunity to **increase its population and tax base and contribute to the revitalization of its downtown.** Providing an array of different housing options for people of different incomes can help position Rockford to take advantage of this opportunity. Rockford's diverse housing needs include **housing for all income levels, household types, and ages and abilities.** Diverse housing choices help ensure that all residents are adequately housed and allow the city to pursue opportunities for growth and development.

- **Housing for all income levels** ensures that all households can obtain safe and suitable housing within their financial means, without being cost-burdened by their housing.
- **Housing for all household types** promotes the availability of housing options in sizes and configurations that are suitable for all persons in the community, ranging from single individuals or couples to families and multi-generational households.
- **Housing for all ages and abilities** encourages the provision of housing that is accessible and/or adaptable to persons of all ages and abilities in terms of providing safe, suitable, and appropriately independent options for all residents.





## Filling the gap for additional housing

Filling the gap for additional housing could include **construction of new housing units**, as well as the **rehabilitation** of existing vacant housing units to allow for re-occupancy. **Preservation and maintenance** of the existing housing stock can also serve to offset the need for net new housing and the **adaptive reuse or conversion** of non-residential uses to housing units could also add to the city's housing stock.

To promote a future housing stock that is consistent with Rockford's vision for the future and contributes to a more sustainable, equitable, and livable community, Rockford might consider a particular focus on these housing types:

- **Location-efficient housing** is strategically situated in areas that offer convenient access to essential amenities, public transportation, employment centers, and essential services that reduce the reliance on private vehicles and promote sustainable and affordable living options, including housing in mixed-use development settings.
- **Mixed-income housing development** includes households with different income levels within the same housing community or development project to promote economic diversity and affordable inclusivity.

## Consequences of failing to meet future demand.

If Rockford can't keep up with housing demand, **housing costs** may increase and housing **cost burden** could increase for **all** households. An increasingly negative imbalance between housing supply and housing demand may also increase risks of occupancy in **substandard or overcrowded housing** and **homelessness** among existing residents. If home-seekers are unable to secure or maintain suitable housing within their financial means, current and prospective residents at all income levels may choose to live outside of Rockford.

