



**GRUEN GRUEN + ASSOCIATES**  
**MEMORANDUM**

Date: November 22, 2008  
To: Shane Burkhardt, AICP  
From: Gruen Gruen + Associates  
Subject: **C1245: Whiting Housing Market**  
cc:

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**PRIMARY MARKET AREA**

Interviews with knowledgeable, experienced local real estate brokers and appraisers indicate that the primary market area for housing uses consists of Whiting and Robertsdale. The Whiting/Robertsdale market is generally divided into subareas by 119<sup>th</sup> Street. North of 119<sup>th</sup> Street includes relatively larger lots and larger single-family homes (containing 1,600 to 2,200 square feet of space) typically ranging in price from \$150,000 to \$180,000. South of 119<sup>th</sup> Street includes smaller homes (containing 1,000 to 1,100 square feet of space) typically priced at not more than \$115,000. Locations near Lake Michigan are more desirable than locations further away from the Lake.

Households attracted to the Whiting/Robertsdale submarket typically include those trading up from south of 119<sup>th</sup> Street to north of 119<sup>th</sup> Street locations as well as households from the east side of Chicago or other nearby communities. Prior to a tax law change that resulted in an increase in property taxes for residential properties, up to 50 percent of buyers of housing in Whiting were younger, relatively price sensitive, first-time home buyers from the east side of Chicago and communities south and southeast of Chicago such as Cicero, Alsip, Bridgeport, Calumet, and East Chicago.

Some older-aged Whiting households have been attracted to locations in Schererville in which newer housing products (including single-floor townhouse or duplex-type units) geared to appeal to empty-nesters are available.

**ADVANTAGES AND DISADVANTAGES OF  
WHITING/ROBERTSDALE AS A HOUSING LOCATION**

The advantages of Whiting/Robertsdale as a housing location include the relative affordability of housing in a safe and secure environment with proximity to Lake Michigan as well as accessibility to Downtown Chicago in a school district with a positive reputation.

Because of a tax law change, property taxes that had been much lower than taxes for comparable housing in nearby communities have increased. The relative advantage of

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substantially lower property taxes compared to alternative locations has declined. (The change in the tax law which reduced the tax burden on businesses and increased it on residents and the resulting increase in property taxes in conjunction with some buyers relying on sub-prime loans has contributed to the increase in the number of mortgage loan foreclosures in Hammond. One broker identified the Whiting/Robertsdale inventory to include 91 single-family homes for sale, of which the preponderance are located in Robertsdale).

Disadvantages of Whiting/Robertsdale as a housing location include an image as an industrial community. The train tracks and train whistles are disadvantages for housing located near the Lakefront. In addition, Whiting lacks a large base of modern housing responsive to contemporary preferences. For example, a broker with a new client, an engineer relocating to the area for an employment opportunity with BP Petroleum related to the expansion of the refinery, indicated the search was challenging because of a limited supply of newer homes available for relatively quick move-ins.

## **NEW HOUSING SUPPLY IN WHITING**

The primary new housing supply is the 38 lot Center Street housing project adjoining the High School Stadium and near the Lakefront. The project is not a speculative development. Lake Park Development sells lots on which it constructs two-story and three-story single family homes for the buyers. Most of the housing units containing three bedrooms with 2,000 to 2,200 square feet of space on lots ranging from 4,200 square feet to 4,300 square feet have sold for \$250,000 to \$400,000.

The project started in 2004 but was hindered by the property tax increase in 2005. To date only 19 lots/units have been sold. The current sales environment is challenging due to the financial crises and housing market downturn. Prospective buyers needing to sell their existing properties and obtain mortgage financing are having trouble doing so.

Interviews with brokers and the builder indicate that approximately one-half of the buyers have originated from within Whiting/Robertsdale, while approximately one-half of the buyers have moved from the south side and east side of the Chicago area, including from neighborhoods in the east side of Chicago and Cicero. The buyers have been familiar with Whiting because of family ties, or have come to Whiting to access the park and Lakefront and attend festivals. Younger households with children have tended to originate from Chicago area communities. The buyers relocating from within the primary market area have been older, empty-nester households, which also considered moving to locations in Schererville and Munster.

Advantages or selling points for the project include proximity to the Lakefront and park, great views of the Chicago skyline to the north, the school district (an especially important



factor for family households moving from Chicago), the quality and charm of the new product, and favorable prices compared to comparable product in the City of Chicago.

## **IMPLICATIONS FOR HOUSING DEVELOPMENT**

The interviews suggest that in the short term because of the national housing and financial turmoil, new housing development will be challenging to accomplish. From a policy perspective, given the forecast of a small population decline and the finding that some of the housing is not well attuned to contemporary preferences, encouraging the remodeling and updating of existing housing and development of new housing would be advisable. Enhancements to existing housing and development of new housing would not only improve the ability to attract and retain households seeking housing responsive to their contemporary tastes, but also reinforce demand for goods and services in the Downtown.

The interviews, however, suggest that even during the previously regionally and nationally robust housing market, the absorption of new housing units in Whiting has been relatively slow. This suggests that the sequence of development should begin with enhancements to the Lakefront and Downtown. An increase in the amenity and service base offerings will improve the magnetism of Whiting as a housing location.

The importance to the housing market of attracting younger family households to Whiting suggests that rowhouse, townhome, or small lot single-family housing units that permit holding the prices of the new housing product down while offering greater privacy and the ability to have a small yard or patio would be a more responsive housing option than a condominium product. The interviews and past GG+A research suggest a rowhouse, townhouse, or small lot single-family product type also tends to appeal to a wider set of households, including those with- and without- children living at home.

A mid-rise or high-rise condominium product would have the potential to take better advantage of views of Lake Michigan and the Chicago skyline and make more intensive use of the available land near the Lakefront than lower-density housing product. Such a condominium product tends to perform better when near a relatively dense, magnetic set of attractions and uses with resulting high land values. The interviews suggest the success of a condominium product is likely to be highly dependant upon attracting empty-nester households from the market area seeking to move from their single-family housing units. Accordingly, it would be worthwhile to conduct a survey of existing, older empty-nester households to ascertain their location, product, and pricing preferences and interest in moving to a condominium product. Given the conditions described above and the relatively greater building and marketing risks associated with a condominium product that cannot be built in small increments, this is likely to be a product developed in a subsequent sequence in the evolution of the Downtown and Lakefront.