Chicago Rehab Network

Housing Toolkit

This document presents trends and implications for our neighborhoods and the City as a whole. It also highlights multi-family rental housing production over the last five years, as it represents the bulk of the City's affordable housing efforts through the most recent period. During this period, the City also received over $150 million in federal emergency funds to address foreclosed properties through the Neighborhood Stabilization Program. As of 2012, over 50 buildings have been rehabbed and sold, with 7 other buildings rented through NSP. While more buildings are in the pipeline, the strategies employed by the former administration to address the foreclosure crisis missed opportunities to engage local leadership and leverage and build upon neighborhood assets. To date there is no broad effort to reuse vacant homes that is proportional to the enormity of the crisis.

Chicago cannot miss any opportunity to create housing stability. After the "lost decade," we are facing growing numbers of people with housing insecurity, continuing displacement, and the revenue deficits that come from population loss. The next 5-year Housing Plan can change the trajectory of our city. There is still time to act.

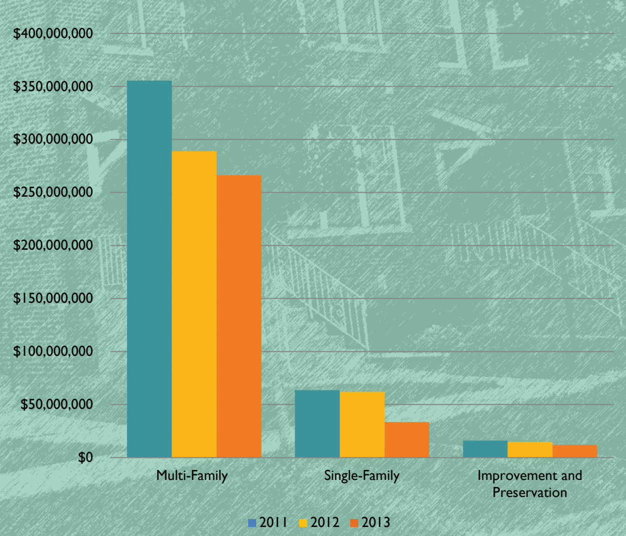
As Mayor Rahm Emanuel said in his 2011 inaugural speech, "No great city can thrive by shrinking. The best way to keep people from leaving is to attract the jobs that give them a good reason to stay. " The foundation that makes going to those jobs possible is safe, decent, affordable housing.

photo: Isaac Singleton Phortography via Flickr

KEY FACTS 2013

- There is no community in Chicago where housing cost-burden (households paying more than they can afford (>30% of income) to housing costs) went down from 2000 to 2010 for either owners or renters in any income category. In most communities, housing cost-burden increased substantially for owners and renters in <u>every</u> income category.
- Chicago is experiencing deepening income inequality: the number of households in the lowest and highest income brackets is growing, whereas the middle income categories are shrinking.
- The median household income is $46,877, a decline of about 4% from its 2000 level of $48,911. The median houshold income is the amount that half of Chicago households earn less than and half earn more than.
- The median rent in Chicago has gone up to $916, a 17% increase from inflation-adjusted 2000 median rent.
- 55,765 family households left Chicago from 2000 to 2010. This represents a 9% decline in total family housheolds in the city.
- From 2000 to 2010, 200,418 people left Chicago. 89% of those who left were African American. Three out of Four of those left from just 16 communities on the Southside or Westside. Studies show many African Americans are moving to the Chicago suburbs or to Southern cities like Atlanta.
- From 2009 to 2012, over 100,000 properties were foreclosed in Chicago, 16% of all properties with a mortgage in the city.
- Today, more than 1 in 5 Chicagoans are living in poverty, a 7% increase from 2000 levels.
- During the City's fourth 5-Year Housing Plan, "Accepting the Challenge" roughly $1.1 billion has been spent by non-profit and for-profit developers to create or preserve 3,982 units of affordable rental housing in Chicago.
- The economic impact of this $1.1 billion in development costs grows into 6,373 jobs and over $300 million in wages.
- Of those units that were created or preserved, 1,658 (42%) were for families, 1,540 (39%) were for seniors, 463 (11%) were SROs, 273 (7%) offered supportive services, and 48 (1%) were for artists.
- Of those units created or preserved, 55% were studios or 1-bedrooms, 22% were 2-bedrooms, 18% were 3-bedrooms, 2% were 4-bedrooms, and .05% were 5 or more bedrooms.
- DHED missed its target unit by income-level goals during the last five years.
- From 2011 to 2013, City of Chicago funding for all types of affordable housing declined by over $123 million.

THREE YEARS OF DECLINE IN CITY OF CHICAGO FUNDING FOR AFFORDALBE HOUSING, 2011 - 2013



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City of Chicago

HOUSING FACT SHEET

Chicago Rehab Network

* adjusted for inflation to 2010 constant dollars, i.e., 2000 dollars have been increased to account for the 26% change in the real value of the dollar from 2000 to 2010

POPULATION	2000	2010	10 YEAR CHANGE
Total Population	2,896,016	2,695,598	-6.9%
Percent Immigrant (Foreign Born)	21.7%	21.1%	-2.9%
Total Households	1,061,928	1,045,560	-1.5%
Average Household Size	2.7	2.5	-5.6%
Total Family Households	632,558	576,793	-8.8%
Average Family Size	3.5	3.4	-2.9%
Total Non-Family Households	429,370	468,767	9.2%
Percent of Residents In Poverty	19.6%	21.0%	6.8%

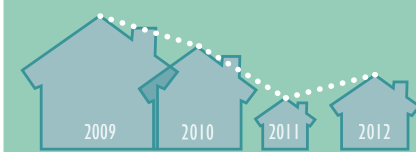
RACE + ETHNICITY	2000	2010	10 YEAR CHANGE
White	1,215,306	1,210,628	-0.4%
Black or African American	1,064,999	886,964	-16.7%
Asian	125,963	146,633	16.4%
Multi-Racial	84,434	72,947	-13.6%
Some Other Race	405,315	374,750	-7.5%
Latino (of Any Race)	753,733	778,629	3.3%

INCOME*	2000	2010	10 YEAR CHANGE
Median Household Income	$48,911*	$46,877	-4.1%
Households Earning < $25,000	276,107*	300,788	8.9%
As a Percent of All Households	26.0%*	29.1%	12.0%
Unemployment Rate	6.2%	11.1%	79.0%

HOUSEHOLDS BY INCOME LEVEL*	2000	2010	10 YEAR CHANGE
Less Than $25,000	276,107*	294,967	6.83%
$25,000-$49,999	314,246*	239,856	-23.6%
$50,000-$74,999	213,108*	174,536	-18.1%
$75,000 or More	258,503*	321,387	24.3%

HOUSING UNITS	2000	2010	10 YEAR CHANGE
Total Housing Units	1,152,868	1,194,337	3.6%
Total Occupied Housing Units	1,061,928	1,045,560	-1.5%
Owner-Occupied	464,865	469,562	1.0%
Renter-Occupied	597,063	575,998	-3.5%
Homeowner Vacancy	1.7%	4.0%	135.3%
Rental Vacancy	5.7%	10.1%	77.2%

UPDATE: RECENT CHANGES IN MEDIAN HOME SALE PRICE*



2009	$223,608*
2010	$200,000
2011	$166,737*
2012	$175,695*

UPDATE: RECENT MORTGAGE FORECLOSURE FILINGS

PERCENT OF ALL HOMES WITH MORTGAGES THAT WERE FORECLOSED, 2009 TO 2012

16%

2009	22,685
2010	23,364
2011	18,671
2012	18,407

RENTAL HOUSING COST BURDEN*	2000	2010	10 YEAR CHANGE
Median Monthly Gross Rent	$780*	$916	17.43%
Paying >30% of Income in Rent	37.9%	50.2%	32.5%
Renters Paying Less Than $750/mo	322,260*	171,098	-46.91%
Renters Paying $750 to $999/mo	168,065*	163,279	-2.85%
Renters Paying $1000 to $1,499/mo	63,477*	136,899	115.67%
Renters Paying $1,500 or More/mo	30,036*	58,626	95.18%

OWNER HOUSING COST BURDEN*	2000	2010	10 YEAR CHANGE
Median Monthly Owner Cost	$1,540*	$1,934	25.60%
Paying >30% of Income for Mortgage	27.8%	49.5%	78.1%
Owners Paying Less Than $ 1,000/mo	44,869*	28,074	-37.43%
Owners Paying $1,000 to $1,499/mo	67,370*	72,033	6.92%
Owners Paying $1,500 to $1999/mo	40,194*	91,384	127.36%
Owners Paying $2,000 or More/mo	28,367*	171,642	505.07%

COST BURDENED HOUSEHOLDS BY INCOME LEVEL

	RENTERS		OWNERS	
INCOME LEVEL	2000	2010	2000	2010
Less than $25,000	72.8%	89.9%	66.7%	88.2%
$25,000-$49,999	38.7%	59.2%	42.1%	65.6%
$50,000-$74,999	5.8%	13.6%	19.0%	51.9%
$75,000 or More	N/A	3.1%	4.0%	18.1%

Data primarily come from Nathalie P. Voorhees Center (UIC) analysis of the 2000 Decennial Census, the 2010 Decennial Census, and 2010 American Community Survey (5-year estimates). Recent median home sale price and foreclosure filings come from MRED (mredllc.com) and the Woodstock Institute (woodstockinst.org), respectively. Non-family households are composed of singles or unmarried, unrelated people. Racial categories follow the Census Bureau's definitions to include those who have identified themselves as that race alone, as of two or more races, or as some other race. Additionally, under this definition structure, whether a person is Latino or not is defined as an ethnic (as opposed to racial) category. Thus, Latino individuals are both a member of one of the racial categories as well as the Latino ethnicity. Vacant units are currently unoccupied but still for sale or rent, seasonal homes, or additional units fit for habitation but otherwise not for sale or rent. Units where foreclosure has been initiated (occupants removed) but not yet legally completed (sold at auction) belong to this third category. Vacancy does not cover units under construction, unfit for habitation, or set to be demolished. For more information on CRN's inflation adjustment methodology, contact Elizabeth Scott at escott@chicagorehab.org. CRN is grateful to the Chicago Community Trust for its support of this research.

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WHERE WE ARE NOW:

Keys To Understanding Ten Years Of Demographic Change

GROWING HOUSING INSECURITY A MAJOR CONCERN FOR ALL CHICAGOANS

Cost-burdened households—those paying more than 30% of their income for monthly housing costs—have increased in almost every income category in every community in Chicago for both owners and renters. While there are several communities where cost burden has not increased for the wealthiest households, there is no community in Chicago where housing cost-burden went down from 2000 to 2010 for either owners or renters.

THIS INDICATOR IS IMPORTANT: growth in cost-burdened households indicates increasing housing instability citywide. When people and families pay too much for their housing, it becomes difficult to meet the costs of a decent quality of life, including transportation, educational opportunities, health care and medicine, saving for retirement, and healthy food.

HOUSING COSTS ARE GOING UP ALL OVER CHICAGO

Chicagoans are paying more for their housing. Both owners and renters are paying more today than they were in 2000. The median rent in Chicago has gone up to $916, a 17% increase from inflation-adjusted 2000 median rent. The number of people with a mortgage greater than $1,500 a month has increased by an astonishing 388%, despite the fact that households making the Chicago median income of $46,877 can only affordably cover $1,222 a month for housing costs.

THIS INDICATOR IS IMPORTANT: affordable market-rate housing is disappearing from Chicago. Almost all communities lost units renting for less than $750 in double digit percentages. At the same time, those making less than $25,000 grew to 294,967 households in 2010, an income profile where the maximum affordable market rent is $625 a month.

REAL MEDIAN HOUSEHOLD INCOME IS DECLINING

Median household income—the amount that half of Chicagoans earn less than and half earn more than—has declined by about 4% from 2000 to 2010. The median houshold income is now $46,877.

THIS INDICATOR IS IMPORTANT: more households lost income than gained income over the last ten years. Many households not only lost equity in their homes and positive balances in their investment accounts, but also lost one or more full-time worker. This decline in real median income has two primary effects of concern for affordable housing: first, more families will be eligible for housing assistance, potentially straining already tight resources. Second, job opportunities continue to be tight in the Chicago region (unemployment remains at 9% in the Chicago Metropolitan Area as of May 2013, or about half a million people still unemployed). This may cause more people to leave Chicago in search of economic opportunity.

CHICAGO IS NOT IMMUNE FROM THE NATIONAL HOLLOWING-OUT OF THE MIDDLE CLASS

Chicago—like elsewhere across the county—is experiencing deepening income inequality. The number of households in the lowest and highest income brackets is growing (7% and 24%, respectively), whereas the middle income categories show a reduction of 42%.

THIS INDICATOR IS IMPORTANT: we need to be aware of this dynamic and seriously discuss what it will mean for Chicago to become a city with extreme income stratification, and what kinds of policies are required to first stop, then reverse, this distressing trend. Without a doubt, the provision of affordable housing is a key method by which the city can provide the stable environments people need to achieve income mobility through increased education and job training.

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WHERE WE ARE NOW:

Keys To Understanding Ten Years Of Demographic Change

OVER 200,000 PEOPLE LEFT CHICAGO OVER THE LAST 10 YEARS

From 2000 to 2010, 200,418 people left Chicago. 89% of those who left were black or African American. Three out of four of those blacks or African Americans left just 16 communities. (See Table 1 to the right).

Studies show that this loss is primarily driven by two paths of reverse migration: African Americans with income mobility appear to be moving to both the Chicago suburbs and to further-flung Southern cities like Atlanta, Memphis and Houston.

Many factors have likely contributed to this population loss over the years, including the impact of foreclosure, underwater mortgages, poor schools, the drug trade, and the loss of public housing.

THIS INDICATOR IS IMPORTANT: it reveals not only changing demographic pressures in the African American community in Chicago that have particular relevance to housing policy, but also points to looming issues with the future economic health of the city as a whole. When communities loose a substantial portion of their population, they must confront greatly increased rental and owner vacancies, a problem that is only exacerbated when displacement due to foreclosure is part of the picture. Decreases in community populations also negatively impact the City's ability to provide core services like garbage pickup and policing when fewer and fewer tax payers are contributing to the cost of covering previously higher density areas.

While planning to deal with the unique challenges of these communities will require innovative new approaches, the situation also represents a major opportunity to positively impact the way housing and jobs are distributed across broad swaths of the city in the coming years.

Table 1. Major Chicago Communities That Lost African American Population, 2000 to 2010

Communities	2000 African American Population	2010 African American Population	Number of African Americans Lost	Percent of Total African Americans Loss
Austin	106,029	84,595	-21,434	12.0%
South Shore	59,732	48,669	-11,063	6.2%
West Englewood	44,429	34,397	-10,032	5.6%
Englewood	39,501	30,003	-9,498	5.3%
Douglas	22,719	13,354	-9,365	5.3%
Roseland	51,741	43,658	-8,083	4.5%
Humboldt Park	31,960	24,080	-7,880	4.4%
Near West Side	24,706	17,504	-7,202	4.0%
Auburn Gresham	55,050	47,869	-7,181	4.0%
Grand Boulevard	27,502	20,799	-6,703	3.8%
West Pullman	34,399	27,732	-6,667	3.7%
Chatham	36,648	30,323	-6,325	3.6%
North Lawndale	39,363	33,072	-6,291	3.5%
Greater Grand Crossing	37,952	31,760	-6,192	3.5%
West Garfield Park	22,651	17,448	-5,203	2.9%
Near North Side	14,023	8,864	-5,159	2.9%
total	***648,405***	***514,127***	***-134,278***	***75%***

source: CRN / Nathalie P. Voorhees Center analysis of Census Bureau data

For more information, or to request citations for the toolkit, call the Chicago Rehab Network at 312.663.3936.

I WHERE WE ARE NOW:

Keys To Understanding Ten Years Of Demographic Change

MORE THAN 1 IN 5 CHICAGOANS ARE NOW LIVING IN POVERTY

Today, more than 1 in 5 Chicagoans are living poverty, a 7% increase from 2000 levels. The federal government defines poverty status for families depending on the number of adults, their income, and whether children are present. This threshold is redefined annually to take into account how much it costs families to buy essential goods and services.

Example: In Chicago, a single parent of two children working full-time at minimum wage would take home $15,840 before taxes. The poverty threshold for one adult with two children is $17,568 , or about $1,700 more per year than the wage of the single minimum-wage earner.

THIS INDICATOR IS IMPORTANT: long-term poverty has been linked to a number of serious health, education and safety concerns, including the imminent threat of homelessness. Over half a million Chicagoans live with this threat. It is essential to increase the amount of stable affordable housing available to individuals suffering from the often extreme stress of critical housing insecurity.

Wicker Park mural

16% OF ALL PROPERTIES WITH A MORTGAGE WERE FORECLOSED IN CHICAGO FROM 2009 TO 2012

From 2009 to 2012, over 100,000 properties were foreclosed in Chicago: 16% of all properties with a mortgage in the city.

THIS INDICATOR IS IMPORTANT: studies show that people displaced from their homes through foreclosure experience a number of serious negative quality of life impacts, including the struggle to find affordable replacement housing of any kind.

This large stock of unoccupied, often unsecured, housing represents a challenge and an opportunity. On the one hand, the clock is ticking on this enormous stock of properties sitting in limbo either in the courts or on bank's balance sheets; the more time passes, the more likely it is that the properties will deteriorate or be stripped of value. On the other hand, programs aimed at helping people buy properties out of foreclosure represent an opportunity for many moderate-income Chicagoans to purchase single family homes and investment rental properties at affordable market rates.

Table 2. Top 10 Communities for Percentage of All Mortgages Foreclosed, 2009 to 2012

Communities	Cummulative Foreclosures , 2009 to 2012	Percentage of All Mortgageable Properties That Were Foreclosed
Washington Heights	667	49%
O'Hare	596	42%
Grand Boulevard	1,524	39%
South Shore	2,392	31%
Woodlawn	1,364	30%
East Garfield Park	1,107	29%
Englewood	2,038	29%
North Lawndale	1,655	29%
Chicago Lawn	3,207	28%
Oakland	215	28%

source: CRN / Nathalie P. Voorhees Center analysis of RealtyTrac data

2 WHAT'S BEEN DONE:

Chicago Rehab Network Analysis of City-Funded Rental Housing Production, 2009 - 2013 (Q1)

Chicago was in the throes of the 2008 financial crisis when the City launched its fourth 5-Year Housing Plan, "Accepting the Challenge," in 2009. Since then, under City leadership and financial support, roughly $1.1 billion has been spent by non-profit and for-profit developers to create or preserve affordable rental housing in Chicago. These monies have so far (from 2009 to the first quarter of 2013) created 2000 new affordable units, and rehabbed 1,982 units.

Table 3. City of Chicago-Funded Rental Housing Development, 2009 to 2013 (Q1)

Year	Number of Developments	Total Number of Units	Number of Affordable Units	Total Development Cost	Average Cost Per Unit	Affordable Units as a Percentage of All Units
2009	10	748	690	$212,177,805	$283,660	92%
2010	20	1,634	1,530	$425,637,309	$260,488	94%
2011	12	755	715	$206,821,331	$273,936	95%
2012	10	700	629	$187,171,920	$267,388	90%
2013 (Q1 only)	4	418	418	$94,646,519	$226,427	100%
ALL YEARS	56	4,255	3,982	$1,126,454,884	$264,737	94%

source: CRN analysis of DHED Quarterly Reports, 2009 to 2013 (Q1)

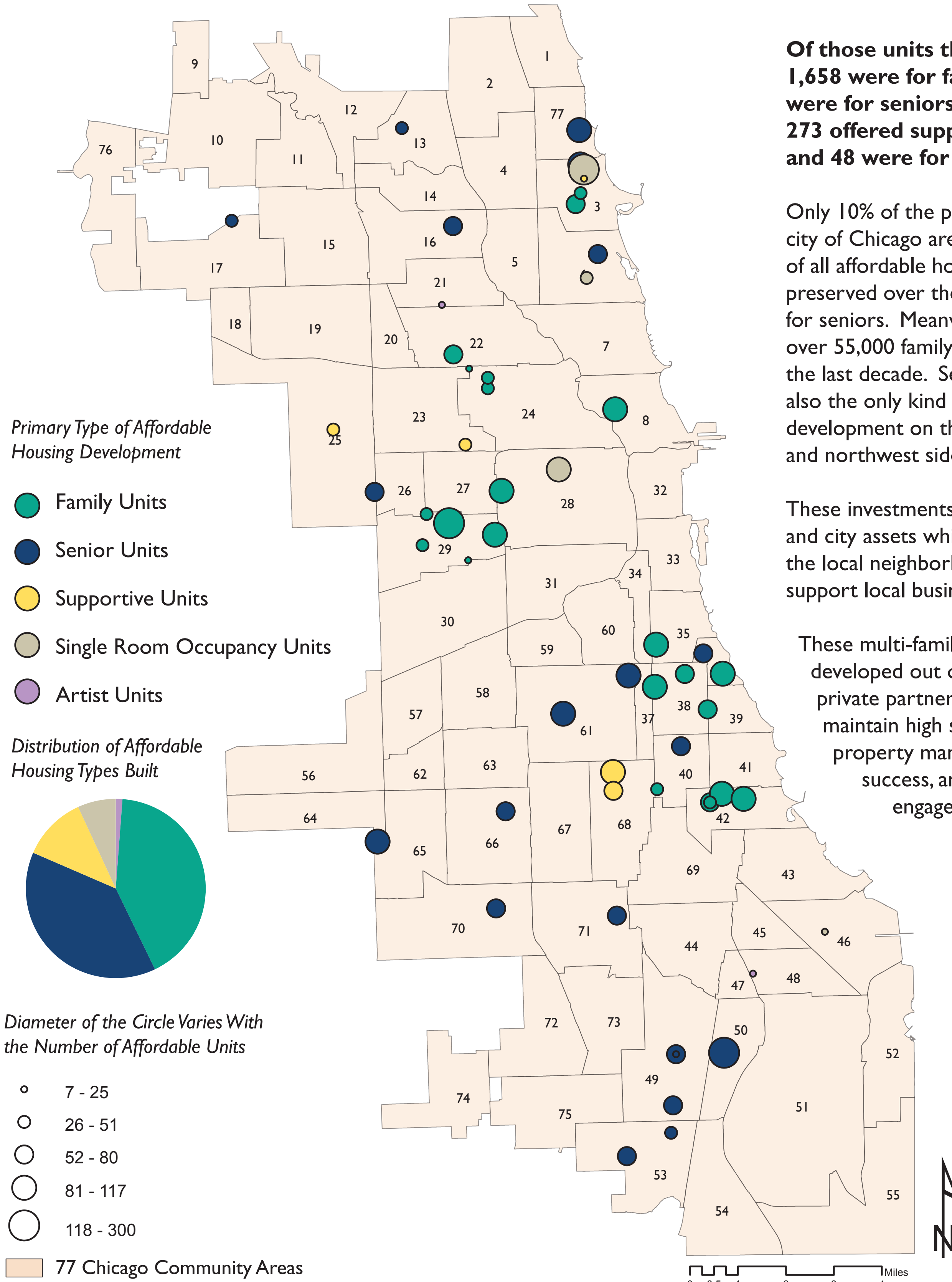
Zol87 via Flickr

DuSable and Brooks Mural at 47th St Metra Electric Viaduct

2 WHAT'S BEEN DONE:

Chicago Rehab Network Analysis of City-Funded Rental Housing Production, 2009 - 2013 (Q1)

City of Chicago-Funded Affordable Housing Developments, 2009 to 2013 (Q1)



Primary Type of Affordable Housing Development

- Family Units
- Senior Units
- Supportive Units
- Single Room Occupancy Units
- Artist Units

Distribution of Affordable Housing Types Built

Diameter of the Circle Varies With the Number of Affordable Units

- 7 - 25
- 26 - 51
- 52 - 80
- 81 - 117
- 118 - 300

77 Chicago Community Areas

Of those units that were created, 1,658 were for families, 1,540 were for seniors, 463 were SROs, 273 offered supportive services, and 48 were for artists.

Only 10% of the population of the city of Chicago are over 65, yet 39% of all affordable housing built or preserved over the last five years was for seniors. Meanwhile, Chciago lost over 55,000 family households over the last decade. Senior housing was also the only kind of affordable rental development on the far southwest and northwest sides of the city.

These investments are community and city assets which add stability to the local neighborhood, residents, and support local businesses.

These multi-family properties are developed out of strong public private partnerships which maintain high standards for property management, resident success, and community engagement.

source: CRN analysis of DHED Quarterly Reports, 2009 to 2013 (Q1)

2 WHAT'S BEEN DONE:

Chicago Rehab Network Analysis of City-Funded Rental Housing Production, 2009 - 2013 (Q1)

This focus on housing meant to serve seniors and other non-family households is evidenced in the unit size mix delivered by City-funded developments over the last five years. Fully 55% of the units were studios or 1-bedrooms,

Table 4. Unit Size Mix in City of Chicago-Funded Affordable Rental Housing Development, 2009 to 2013 (Q1)*

Year	Total Units	Studios	1-Bedrooms	2-Bedrooms	3-Bedrooms	4-Bedrooms	5+-Bedrooms
2009	748	76	421	126	106	19	-
2010	1,634	131	682	464	334	23	-
2011	755	189	164	127	119	28	-
2012	700	91	308	177	102	20	2
2013 (Q1 only)	418	44	247	38	84	5	-
ALL YEARS	4,255	531	1,822	932	745	95	2
PERCENTAGE	100%	12%	43%	22%	18%	2%	0.05%

source: CRN analysis of DHED Quarterly Reports, 2009 to 2013 (Q1)

The challenging financial environment in which private and non-profit developers found themselves in the aftermath of the housing and financial crises is borne out by the shift in the actual income levels that were served in developments funded by the City from 2009 to 2013 (Q1). Throughout this period, fewer developments serving those making less than 50% AMI were built than intended; these units were instead added in the 50-60% AMI bracket. It was almost a 1-to-1 swap: the actual share of 31-50% units was 22% less than the goal, whereas the share of 51-60% was 20% greater.

This failure to hit income-level production targets will only be exacerbated in the future by the ongoing decline in City resources available for affordable housing production. From 2011 to 2013, the amount the City of Chicago budgeted for all types of affodable housing (including single-family homeownership programs) has declined over $123 million.

Table 5. Change in City of Chicago Total Funds Budgeted for Affordable Housing, 2011 to 2013

	2011	2012	2013	2012 to 2013 Change in Budget
Multi-Family	$355,442,732	$288,880,552	$266,302,599	-$89,140,133
Single-Family	$63,504,100	$62,160,125	$33,460,056	-$30,044,044
Improvement and Preservation	$16,042,832	$14,882,768	$12,074,500	-$3,968,332
Total	$434,989,664	$365,923,445	$311,839,168	-$123,150,496

source: CRN analysis of DHED Quarterly Reports, 2011to 2013

3 ECONOMIC IMPACTS:

How Affordable Housing Developments Create Jobs and Contribute to the Regional Economy

Over the last five years, affordable housing projects have injected over a billion dollars into the Chicago economy. Since many of these dollars come through federal programs, there is an economic sense in which these developers are export-oriented; they bring money into the local economy that it would not see but for these organizations winning competitive grants, low-cost loans and tax credits.

When these dollars are put to work building affordable housing, the resulting homes are not the only positive effect. The deep way in which different actors in the economy are connected and depend upon one another for survival takes these effects much further. During the construction period—whether new or rehab—contractors are purchasing materials and workers are taking home salaries. The people who work in the construction supply chain—for instance, those that make drywall and screws and those that move the materials around the nation—are also to some extent working thanks to the affordable housing contracts they have.

In economic terms, the jobs of the people hired on a temporary basis to actually build the housing are referred to as "direct jobs." The jobs of the people working in the construction supply chain, as well as whatever business services are required to execute the project, are referred to as "indirect jobs." These are the jobs that depend on the construction industry to survive. Finally, both these indirect and direct workers go home at the end of the day and spend their payroll on the costs of living in their neighborhoods, on everything from rent to purchases in local shops and restaurants. The jobs of people providing the goods and services for these neighborhood purchases are referred to as "induced jobs." In this way, the funds introduced into the economy through $1.1 billion in affordable housing development have ripple effects through these three job types that support local workers and deliver local taxes.

Lawndale Christian Development Corporation's King Legacy Apartments, built in Lawndale during the last housing plan

In addition, the tenants who live in affordable housing developments also contribute to neighborhood economies through their income spending. Although many marketing firms compare communities by their average income per household, when analysts examine their income density (dollars of spending power per square mile), the fact emerges that many low- and moderate-income communities have more income density than many affluent (but less dense) suburbs. So, in this way, the modest individual income spending of affordable housing residents also supports jobs in the areas where this housing is developed.

Following a method developed by the National Association of Homebuilders , CRN has calculated that affordable housing developed since 2009 has supported **6,373 jobs** and delivered over **$300 million in wages.**

Table 6. Economic Impact of Affordable Housing Developments, 2009 to 2013 (Q1)

Impact by Development Type	Units	Total Development Cost	income	direct and indirect jobs	induced jobs	resident spending jobs
TOTAL FAMILY IMPACT	2,679	$759,934,992	$211,641,000	2,143	1,125	804
TOTAL SENIOR IMPACT	1,576	$366,519,892	$115,048,000	1,182	615	504
Total, all developments	4,255	$1,126,454,884	$326,689,000	3,325	1,740	1,308

source: CRN analysis of DHED Quarterly Reports, 2009 to 2013 (Q1) and National Association of Homebuilders Tax Credit Development input-output model