

# Chicago's Foreclosure Crisis:

Community Solutions to the  
Loss of Affordable Rental Housing



Lawyers' Committee  
for Better Housing



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This report was created by the Lawyers' Committee for Better Housing, June 2014.

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LCBH is the only legal aid agency in the Chicago area that focuses solely on the legal needs of low and moderate-income renters in the private housing market. LCBH empowers truly disadvantaged renters, prevents wrongful eviction, and fights sub-standard living conditions so renters have a safe and decent place to live. LCBH provides free, comprehensive legal representation so that renters have a trusted advocate in court. LCBH programs holistically address both the short-term housing crisis and its underlying causes by combining legal services with education, outreach, supportive services and policy initiatives, so families can move from a path leading to homelessness to one of safe and stable housing.



# Introduction

Since 2009, the Lawyers' Committee for Better Housing (LCBH) has been tracking apartment building foreclosures in Chicago and the resulting impact on renters. LCBH releases an annual Tenants in Foreclosure Intervention Project (TFIP) report compiling this data along with information gathered directly from renters. The 2009 foreclosure report put renter issues at the forefront of foreclosure discussions by demonstrating that more rental units than owner units entered foreclosure in Chicago. The 2010 report highlighted similar data, and shed light on the aggressive and often illegal practices of banks as they attempted to skirt renter protections. The 2011 report provided three years' worth of data and showed the impact of foreclosure on each community area's individual rental housing stock. The 2012 report compiled information directly from renters and depicted the troubling issues faced by renters and communities that have been destabilized by foreclosure. Overall, the reports have chronicled the housing crisis in Chicago and have alerted tenant advocates and legislators to illegal evictions, rampant vacant property accumulation, and the overall loss of affordable housing due to foreclosure. The foreclosure reports have shed light on the human cost of foreclosures and have identified the core problems faced by renters in foreclosure in order to design solutions to Chicago's housing crisis.

With this 2013 report, the fifth in the series, LCBH provides comprehensive foreclosure data by community area, and looks beyond the problems caused by foreclosure and focuses on solutions that have been devised to stabilize Chicago's housing

stock. These solutions include a variety of planning tools and community organizing tactics that can both mitigate the adverse effects of foreclosure and spur investment in affordable and sustainable development. A thorough recovery will require broad-based input from all stakeholders, including individual residents, housing advocates, housing developers and investors,

and legislators. In order to meaningfully engage in the housing dialogue, it is imperative that all stakeholders understand the current housing landscape, as well as the array and efficacy of community and policy level solutions currently available. Through an enhanced understanding, combined with more effective collaborative efforts, planning and policy initiatives can be more efficient. There is ample opportunity in the current market for both top-down, market driven recovery as well as bottom-up, cohesive community planning to ensure that Chicago remains home—ideally an improved home—for all residents. With input and monitoring from communities and residents, reactionary, market-driven forces will not supersede stabilization and community building.

This report provides information and data on apartment building foreclosure filings, sales, and evictions in Chicago as well as overall trends in housing and population. The final sections provide a description of Chicago's current housing needs and a typology of Chicago's communities, and closes with a sampling of corresponding solutions being used to address the housing crisis.

It is imperative that all stakeholders understand the current housing landscape, as well as the array and efficacy of community and policy level solutions currently available. With input and monitoring from communities and residents, reactionary, market-driven forces will not supersede stabilization and community building.



# Five Year Data Overview

Foreclosure filing rates from 2009-2013 have remained consistently high in Chicago. During this time, 22,674 apartment buildings have entered foreclosure, containing 68,300 housing units (housing units within buildings that have had foreclosure filings will be called “impacted units” throughout the report; see Appendix for data collection methodology). Yet new filings for 2013 have shown a marked decrease over previous years. While the data collected on apartment buildings in Chicago for 2013 shows a reduction in the rate of new foreclosure filings, the absolute number of foreclosures filed in Chicago remains one of the highest in the nation.<sup>1</sup> The foreclosure crisis, which reached its peak in Chicago in 2009, appears to be decelerating, but the consequences continue to affect the rental housing market.

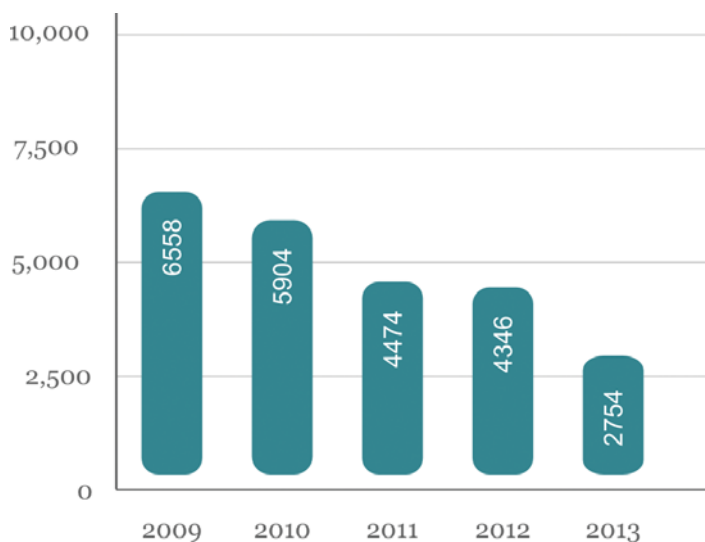
Data from 2013 demonstrates a 37% decrease in apartment building foreclosure filings from 2012, with a total of 2,754 buildings entering foreclosure. This represents the greatest annual decrease in apartment building foreclosure filings since the beginning of the housing crisis. Fewer units were impacted by foreclosure as a result, with a total of 7,693 rental

units affected. The top seven foreclosing banks and other financial institutions in 2013 were Wells Fargo Bank, JP Morgan Chase Bank, US Bank, Bank of America, Urban Partnership Bank, Citibank, and Nationstar. These entities filed 50% of all apartment foreclosures in 2013. Over the past five years, 10% of the banks and other financial institutions filing foreclosures were responsible for 90% of all foreclosures on apartment buildings in Chicago.

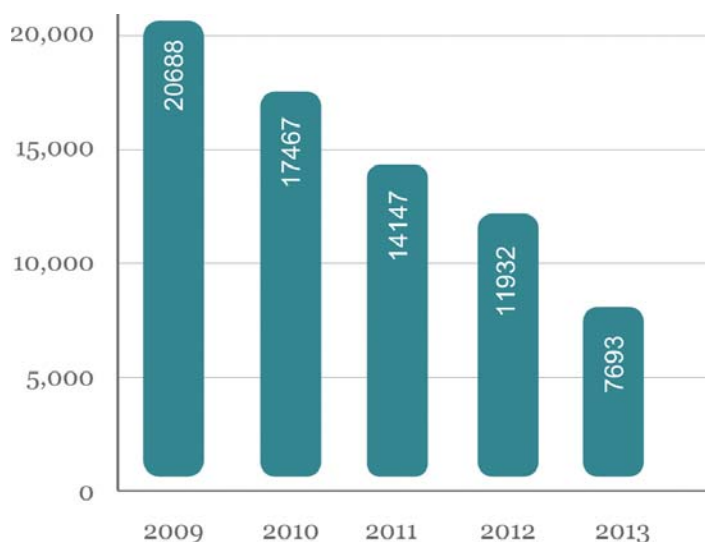
## 2013 FORECLOSURE TRENDS: DISPARATE IMPACTS, CHICAGO'S COMMUNITY AREAS

Despite a decrease in the number of foreclosures filed compared to those seen between 2009 and 2012, the geography of foreclosure remains unbalanced across Chicago. Since 2009, specific community areas on Chicago's West and South sides have seen vastly disproportionate numbers of foreclosures. These communities have experienced similarly disproportionate effects on their respective rental housing stocks. The table on the following page lists the 10 community areas with the highest number of rental units in foreclosure in 2013.

FORECLOSURE FILINGS ON APARTMENT BUILDINGS



RENTAL UNITS IMPACTED





## Top 10 Most Impacted Community Areas 2013

Area Name	Units Impacted						Total Rental Units**	Percentage of All Units Impacted (2009-2013)
	2009	2010	2011	2012	2013	2009-2013*		
AUSTIN	1289	961	925	1128	567	4603	22155	20.8%
SOUTH SHORE	1370	745	618	788	374	3697	20197	18.3%
HUMBOLDT PARK	923	678	633	477	374	2951	12677	23.3%
NORTH LAWNSDALE	590	610	521	454	329	2374	9913	23.9%
AUBURN GRESHAM	342	358	389	452	327	1771	10599	16.7%
CHATHAM	711	413	468	288	308	2090	9859	21.2%
ENGLEWOOD	718	558	730	511	295	2681	8995	29.8%
CHICAGO LAWN	483	400	333	327	264	1700	9544	17.8%
GREATER GRAND CROSSING	497	386	379	472	235	1863	9763	19.1%
NEW CITY	606	510	416	363	230	1978	9482	20.9%

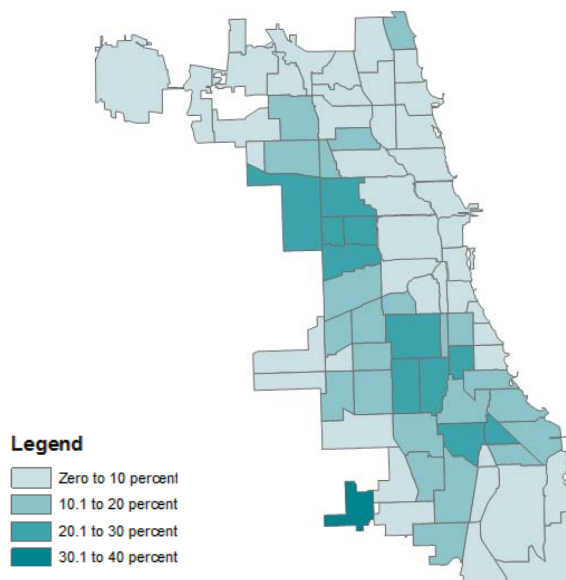
\*2009-2013 Total does not include duplicated buildings over the five year span

\*\*U.S. Census Bureau; 2010 Census Summary File 1; Table DP-1

The cumulative effect of the foreclosure crisis remains uneven across the city, even as the crisis itself winds down in many areas. Consistent with previous years, all 10 community areas with the highest number of units impacted by foreclosure in 2013 are located on either the West or South sides of the city (see Appendix for complete assessment by community area). The West Side communities of Austin, Humboldt Park, and

North Lawndale, and the South Side communities of Englewood and South Shore have all been in the top 10 for most units impacted by foreclosure each year LCBH has collected data since 2009. These community areas have had an average of 21.2% of their rental housing units impacted by foreclosure since 2009. The communities mentioned above are now far more susceptible to the adverse residual effects of foreclosure, such as predatory market activities (like cash investor sales) and austerity policies, meant to scale-back spending at times of economic distress (such as public school and mental health clinic closings).

### PERCENTAGE OF ALL UNITS IMPACTED (2009-2013)



### FORECLOSURE SALES

Banks and other financial institutions continue to comprise the lion's share of entities acquiring properties, with 83% of apartment building foreclosure sales resulting in "Real Estate Owned" (REO) status, a term denoting bank ownership after a foreclosure auction (see Appendix for data collection methodology). Although traditional banks and mortgage servicers may initially acquire properties at the foreclosure sale, it is important to note that both the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac) ultimately will acquire many of these foreclosed properties. Fannie Mae and Freddie Mac are government-sponsored enterprises (GSEs) under the purview of the Federal Housing Finance Agency.

Due to their predominant role in securitizing mortgages, that is, taking individual mortgage loans and turning them into marketable securities that can be bought, sold, and traded on the secondary market,<sup>2</sup> Fannie Mae and Freddie Mac now find themselves in possession of many foreclosed apartment buildings.

### FORECLOSURE-RELATED EVICTIONS

LCBH tracks the number of eviction cases filed by financial institutions in the Circuit Court of Cook County's First Municipal District in an effort to isolate evictions that are foreclosure-related (see Appendix for data collection methodology). In 2013, there were a total of 30,958 evictions filed, with approximately 2,831 evictions naming either financial institutions, Fannie Mae, or Freddie Mac as plaintiffs. This suggests that at least 9% of eviction cases filed in 2013 in Chicago were foreclosure-related.

Renters living in foreclosed properties have specific legal protections, including a right to have their foreclosure-related eviction cases sealed from the public record, regardless of the case's outcome. However, of the 2013 eviction cases LCBH has identified as foreclosure-related, only 46% were sealed from the public record. Despite the protections afforded to renters, the court failed to seal the records in over half of these post-foreclosure eviction cases. Renters who do not have their foreclosure-related eviction records sealed face serious risks to their credit and thus reduced credit opportunities in the future. Furthermore, eviction cases are reflected on certain

background checks conducted by landlords and rental companies, and having a record of an eviction makes it incredibly difficult to secure new housing.

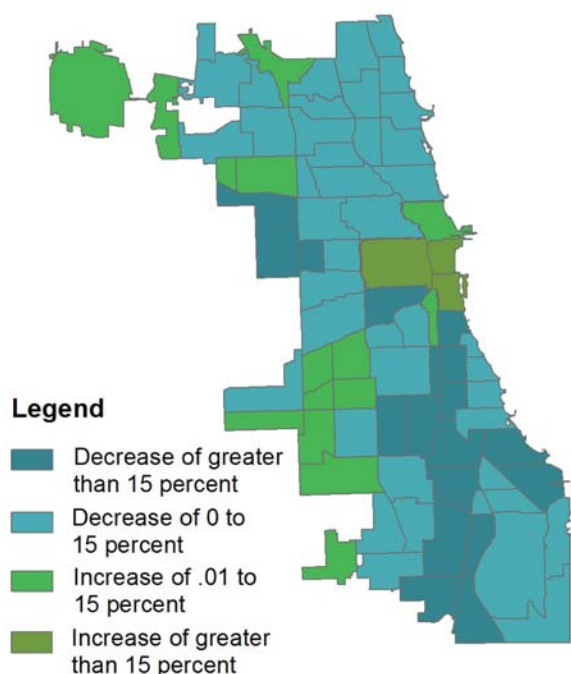
Even more concerning are foreclosure-related eviction cases in which only "Unknown Occupants" are named as defendants. After foreclosure, banks and other successors-in-interest have a legal duty to ascertain the identities of occupants living within their newly acquired buildings. Despite every person's absolute legal right to be notified of any court case filed against her/him, and to be properly served with a court summons—the burden of which falls on the plaintiff—1 in every 13, or at least 217 cases, named only "Unknown Occupants" as defendants in 2013. While "Unknown Occupants" may be named in an eviction action when occupants are truly not known after ample investigation, LCBH finds that many times banks and other financial institutions avoid the responsibility to ascertain the identities of occupants and purposefully file against "unknowns" without proper investigation into the occupancy status of buildings and the legal rights of renters. In at least 47 cases the court entered an Order for Possession (eviction order) naming only "Unknown Occupants," as opposed to having the case stricken or dismissed. LCBH is concerned that when banks fail to perform due diligence and ascertain the identities of renters living in bank-owned units, renters are at risk of being wrongfully evicted and possibly locked out of their homes without notice. Such actions threaten the basic constitutional principle that every person has a right to due process of law.



# Housing and Population in Chicago

Based on this data overview, the last five years of successive foreclosure filings, auctions, and foreclosure-related evictions have negatively impacted both individual renters and entire communities. The cumulative impact has only aggravated the city's loss of population. Chicago has lost over 25% of its population since 1950—close to a million residents.<sup>3</sup> Comparatively, of the top 10 most populous cities in the nation, Chicago stands alone in witnessing population losses from 2000-2010.<sup>4</sup> Although population loss stems from a multitude of factors spanning several decades, the recent foreclosure crisis has contributed to this trend. Perhaps offering insight into this issue is the fact that the African American population and neighborhoods on the West and South sides have sustained the greatest losses.

**POPULATION CHANGE IN CHICAGO COMMUNITY AREAS, 2000-2010**



## DISINVESTMENT AND LOSS OF POPULATION ON CHICAGO'S SOUTH AND WEST SIDES

To help paint this picture at the neighborhood level, imagine living in one Chicago neighborhood for the past several decades—a neighborhood that at one time flourished with friendly faces and trustworthy businesses, a place to raise a family on a modest income. Fast forward through time as your neighbors leave, and in their absence sits empty building after empty building. As you lose your friends and neighbors, you notice a tangible decline in your community—those vacant buildings become havens for crime, and community anchors, such as schools and businesses, close their doors or relocate. Although the progression has been slow and perhaps not always evident, you look around today and one in four of your neighbors have disappeared, and your community is now a shell of what it once was. This scenario may sound melodramatic, but in fact it has been playing out in many of Chicago's neighborhoods for decades, particularly low and moderate-income African American communities on the South and West sides of the city. According to one report, neighborhoods like Englewood and Washington Park have lost over two-thirds of their residents since 1950.<sup>5</sup> Although initially stemming from white flight and the loss of middle class, African American residents seeking better opportunity elsewhere, foreclosure and neighborhood disinvestment in more recent years have added to this community decline.<sup>6</sup>

## GENTRIFICATION AND INCREASING RENTAL DEMAND

Conversely, in more affluent communities as well as those in the throes of gentrification, there has been a boom in rental demand, and opportunistic investors are taking advantage of the fluctuations in the housing market by finding new ways to purchase, rehab, and ultimately rent in these areas.<sup>7</sup> Due to changing trends and increased demand for rental housing, once affordable areas, or neighborhoods that had pockets of affordability, now risk losing any semblance of economic inclusion. Take for instance Uptown and Rogers Park, which

are known and valued for their exceptional diversity of people and cultural amenities. These areas, and many like them, are now facing rampant loss of affordable housing. One scenario that has played out frequently over the past few years is the purchase of low-income buildings and single room occupancy buildings or hotels (SROs) by investors hoping to cash in on the growth in the rental market. Investors buy buildings, rehab units, and increase rent, virtually ensuring that former residents cannot return. Recent examples of this phenomenon include the purchase of the Lawrence House, Astor House, Abbott Hotel, and Chateau Hotel, all high-rise buildings in Rogers Park, Lakeview, and Uptown. Upon taking ownership of these once affordable buildings, investors began mass eviction proceedings. In an effort to halt evictions, renters joined tenant advocates to bring this to the attention of the media but to no avail; renters were forced out, and many faced homelessness as a result. In an article highlighting the protests surrounding the Astor House evictions, one activist noted: “This particular time in history is the worst gentrification I have seen since the ‘80s...This is something we have to stop because it affects the survival of the community.”<sup>8</sup> Individuals residing within these modest, and (sometimes) downright meager units, are expelled with literally nowhere to go. Some will experience homelessness, or a return to homelessness after losing their one safety net of stability, and some will be forced to leave the city entirely. As this creeping transformation slowly progresses, we can anticipate that some of the city’s most vibrant neighborhoods will become homogenous renditions of the more affluent communities in the city.

Even renters in distressed communities are not shielded from displacement due to speculative investment opportunities. Nationally, there has been an unprecedented trend for some investment firms to purchase property in distressed markets where the profit margin is much larger, a phenomenon coined “flopping.”<sup>9</sup> This process is similar to “flipping,” yet instead of purchasing efforts focused in booming markets, they are targeted in distressed or disinvested areas. This activity is evident in the increasingly prevalent cash sales taking place in disinvested neighborhoods. Renters in these situations are often seen as barriers to profit and treated as such. Residents of “flopped” properties may experience the same displacement as those in gentrifying areas.<sup>10</sup>

## IMPACT ON AFFORDABILITY

The interplay of the economic crisis, which destabilized household incomes, and the housing crisis, which has resulted in a loss of housing units, has led to the overall increase in

housing costs beyond what many can afford. While Chicago is like other cities across the nation, struggling to stabilize in the wake of economic recession and housing market collapse, in many ways, Chicago’s struggle has been unique, and the ramifications of the recession have had systemic effects. For example, according to the Institute for Housing Studies at DePaul University, of the top 10 most populous cities nationwide, Chicago has the second highest unemployment rate (14.1%), and the greatest concentration of unemployed residents is on the South and West sides of the city.<sup>11</sup> The lack of employment opportunities continues to stagnate household incomes and, in conjunction with rising rent rates, households struggle to accommodate even the most basic costs of living. According to the U.S. Census Bureau, an overwhelming 23% of Chicagoans—over half a million people—lived below the federal poverty line in 2010.<sup>12</sup> However, Chicago lacks the affordable housing capacity to accommodate this great need. According to the National Low Income Housing Coalition, a person employed full-time in Cook County must earn \$18.42 an hour to afford a two-bedroom apartment<sup>13</sup>—this, when the current minimum wage is less than half that at \$8.25.

Considering that holding down two full-time jobs would be incredibly difficult, if not impossible, more and more households, especially those headed by a single income-earner, are becoming rent burdened, or must pay more than 30% of income toward rent alone. Safety net housing programs are far from adequate to meet this need. According to one study, across the nation, the number of very low-income renters who pay at least half of their income on housing, with no rental assistance, jumped by 2.6 million to 8.5 million (from 2007-2011), while rental subsidies saw only a slight increase.<sup>14</sup> According to the Urban Institute, for every 100 extremely low-income renter households in Cook County, there are now only 26 affordable and available rental units.<sup>15</sup>

This is not solely an issue for the lowest-income renters. Although 83% of households earning less than \$15,000 per year are rent burdened nationwide, the largest increase in renters burdened by housing costs from 2001-2011 was among moderate-income renters, or those households earning between 30,000 and 44,999 per year.<sup>16</sup> These households are placed in the precarious position of making cuts on other household expenses, including critical items like food and healthcare, to afford rent each month. Many households facing this dilemma will be forced to live in substandard housing that is either not fit for the household size or that lacks proper maintenance. Those struggling to afford even substandard housing, and those moderate-income renters



now facing new hardships as rents climb, are indeed the central threads in the patchwork of Chicago. These residents bring diversity and vibrancy to this world-class city, and as they slowly leave in search of stability elsewhere, the character of the city will fade without their presence and contributions.

## COMMUNITY IMPACT

The cumulative impact of individual tribulations is felt community-wide. For example, when a bank takes possession of a property after foreclosure, the common pattern of bank conduct is to evict renters as quickly as (or quicker than) the law allows, leaving buildings vacant for months and even years, vulnerable to vandalism and to the attraction of other crimes. As a result, these buildings become virtually unmarketable—spiraling into disrepair, further constricting the affordable housing market, and disproportionately affecting low to moderate-income communities. As households are forced to relocate due to economic hardship or foreclosure, they must often leave behind their community, one in which their presence contributed to the deeply-ingrained character of that community. In some of the hardest-hit community areas, when residents leave, there is no one replacing them on the block—their unit, their home, sits vacant. As vacancies become more common, any rebound in the market becomes less likely. According to one report's snapshot assessment of vacancy, Chicago had 33,902 vacant homes in 2013—up an astounding 22% since 2010—and in some areas (mostly concentrated on the city's South and West sides) about one in every six homes

sits vacant.<sup>17</sup> Not only are these properties vacant but many are dilapidated. Richard Monocchio, former commissioner of Chicago's Department of Buildings, provided estimates in 2012 that about 10,000 buildings were in need of demolition.<sup>18</sup> Vacant properties are indeed a scourge on the community as one article, aptly titled, *Will the Foreclosure Crisis Kill Chicago*, points out:

Vacant homes impose a burden on the entire region, part of a cycle of poverty, violence and dysfunction that drains city and suburban budgets and tarnishes Chicago's image... The problem in hard-hit neighborhoods like Englewood and Back of the Yards is that the private market largely has stopped working. Homes and two-flats are dirt-cheap. But many need so much work and property prices have fallen so much that investors who might have ventured there in the past won't now.<sup>19</sup>

These areas are caught up in a whirlwind of crime, neglect, population loss, and a syphoning of investment, rendering them more susceptible to land speculators, as indicated by the disproportionate amount of cash sales in these communities.<sup>20</sup> Perplexingly, Chicago faces a severe shortage of affordable housing and a drop in available housing units, while at the same time, an inundation of vacant properties. Something is clearly askew and in order to address the issue, a multifaceted approach is necessary.



## Tiers of Intervention Based on Community Need

There currently exists a wide array of solutions for the foreclosure and overall housing crisis—innovative ideas are being generated by advocates, city planners, and other stakeholders. However, it is crucial the city be assessed as a whole. One must take an aerial view of the issue in order to determine how specific tools can be applied appropriately and effectively across the city. Piecemeal solutions will only offer patchwork recovery, at best. Chicago's newest five-year housing plan, "Bouncing Back," approved by the Chicago City Council on February 5, 2014, acknowledges the need to target intervention based on a "sectoral approach" driven by neighborhood-level data analysis.<sup>21</sup> In the plan, authors identify four neighborhood sectors: strong, stable, transitional, and weak, based on the overall health of the housing market and community investment opportunities, and outline broad interventions (from community revitalization programs to addressing troubled and vacant buildings) for utilizing the 1.1 billion dollars allocated for the plan, along with additional investment from outside resources.

However, "Bouncing Back" lacks an emphasis on preserving and creating affordable housing, as was traditionally the mainstay of the city's previous five-year plans. Notably, the word "affordable" was taken out of the title. The original purpose of the five-year planning process was to transparently coordinate and utilize resources so that community organizations could effectively monitor the development of affordable housing.<sup>22</sup> The rhetoric outlined in the most recent plan suggests a movement away from affordable housing and towards economic diversification. Although economically diverse neighborhoods will bring many benefits to Chicago, the legacy of segregation in this city virtually ensures that such diversification remains impossible; as higher income residents are drawn to Chicago, lower-income residents will be pushed out. Furthermore, the core purpose of the five-year planning process is to focus resources on bolstering access to quality housing for the economically disadvantaged. With the plan's broader goals and language, in addition to the fact that

"Bouncing Back" has the lowest unit and financing goals of any of the previous plans, advancing the development of affordable housing will be unlikely. This is also the first five-year plan that shows a reduction in funding from prior plans; the \$1.1 billion in city investment outlined in the plan pales in comparison to the previous five-year plan, which earmarked \$2 billion. Accordingly, LCBH echoes comments made by housing advocates including Kevin Jackson, the Executive Director of the Chicago Rehab Network, who states: "[this is] an alarming gap at a time when neighborhoods need assistance the most."<sup>23</sup>

Using the city's "sectoral approach" model, in addition to the "opportunity" vs. "disinvested" community model created in the Chicago Region's Fair Housing & Equity Assessment,<sup>24</sup> this report puts forth suggested tools based on a modified and simplified neighborhood typology, and will focus on three community types: "Stable," "Transitioning," and "Disinvested." Although different tools can be applied to different neighborhoods based on community need and typology, it is important to note that the central goal is to expand affordable housing options, especially in areas that currently lack affordable housing and contain abundant job opportunities and high-performing schools, or to use the fair housing model, in "opportunity areas." Furthermore, by investing in historically disinvested communities while expanding affordable housing options outside of these communities, the city may witness a balancing of economic activity and socioeconomic integration in housing. The city's five-year plan touches on this goal: "In our weakest and transitional markets, City investments and policy will focus on increasing demand and boosting housing value; in stable markets, supporting continued investment; and, in the strongest markets, maintaining strength while expanding availability of affordable housing."<sup>25</sup> However, the plan seems to contradict itself in the pages that follow. Whereas a commitment to creating affordable housing options in strong markets and enhancing racial and economic integration throughout Chicago are stated goals of the plan,

in the “strategy implementation section” the strategy entitled “commit to preserve and build affordable rental housing” is targeted for every market *except* strong markets. This troubling omission requires rethinking, as the only way for the city to “bounce back” from the housing crisis lies in addressing its deep-rooted housing segregation, in part by increasing affordable

housing throughout Chicago. Doing such will provide not only housing benefits, but economic benefits as well. A city that provides balanced housing options and ameliorates concentrated poverty is much better suited to attract investment opportunities and a diverse array of residents with varied talents and skills.



## Community Typologies

The following pages outline strategies and tools for addressing the housing crisis, spanning from city-wide interventions to neighborhood-level interventions, starting with a description of the three community types evident in the City of Chicago. By providing descriptions of a sampling of housing tools, it is LCBH's hope that community activists, housing advocates, and Chicago's residents will feel well-versed in the current housing lexicon and empowered to advocate for each community's unique needs. These policies and programs did not happen in a vacuum, and, often, they were put in place as a direct result of neighborhood-level advocacy campaigns. Only through on-the-ground monitoring of their effectiveness and continued advocacy can one ensure that the housing needs of Chicago's residents are met. Focused intervention must be tailored to the unique features of each community. There is a wide array of tools available, but deciding which to deploy depends on the community profile. Furthermore, advocates and city residents must monitor the effectiveness of these programs, the distribution of city funds, and ensure that the goals of preserving affordable housing are being met. To assist in such an assessment, LCBH has developed the community profiles and listed a sampling of corresponding strategies for intervention.

### STABLE COMMUNITIES

Stable communities, such as Lincoln Square, Andersonville, and Lincoln Park, and the formerly transitioning community area, Near West Side, have fared the best throughout the foreclosure crisis. They have stable investment, healthy housing stock, and a high demand for rental housing. These are areas that have traditionally lacked affordable housing or have experienced depletion of affordable housing, and therefore require efforts to intentionally expand housing options.

### TRANSITIONING COMMUNITIES

Transitioning communities at one time had a good deal of affordable housing, but have been experiencing market changes, greater investment, and rising housing costs. These areas often encompass ethnic enclaves (e.g., Logan Square, Pilsen, Albany Park, and Bronzeville). Often in the process of gentrifying, a flurry of business investment and the development of upscale housing options ensue. These areas are now experiencing a shortage of affordable units, as there is a growing demand for housing. However, in some communities, there is a grassroots push by engaged community members against gentrification and the loss of population to upper-income

households. These areas require a stabilization of existing affordable housing options.

### DISINVESTED COMMUNITIES

Disinvested communities, such as Austin, Englewood, Garfield Park, and North Lawndale have experienced historic disinvestment, consistent loss of population, rampant accumulation of vacant properties and land, loss of community anchors like schools, and disproportionately high crime rates. These areas are concentrated on the South and West sides of the city. Although the outlook seems bleak, it is important to remember that some of the city's greatest assets, such as historic sites and museums, lie within the boundaries of these communities. Furthermore, while some disinvested areas are poorly served by transit and lay on the outskirts of the central business district, for many, location is an asset, especially proximity to the city's core. Take, for instance, East Garfield Park, a community which contains one of the greatest and most extensive conservatories in the nation along with ample access to public transportation and close proximity to the Loop. Despite these assets, the community has been plagued by disinvestment. Although there had been speculation that greater investment and gentrification was moving into this area, (since the foreclosure crisis) those activities have all but ceased. For all disinvested communities, there exists the need to stabilize affordable housing and improve overall housing

conditions to enhance livability. Investment is also needed to create business, retail, and recreational facilities. However, especially in geographically opportune areas, the risk of gentrification must be monitored. Greater integration is certainly needed, but can be achieved (if done with intentionality) without pushing current residents out.

The current conversation around development in disinvested communities seems rather grim. Although there are stated commitments to revitalization, much practical emphasis in disinvested communities is on demolition of dilapidated and vacant housing instead of investment in preservation. While many innovative ideas are emerging through addressing vacant and underutilized land and buildings—such as large-scale community garden and green space programs—without community input and a plan to stabilize population while attracting diverse residents, further population loss and community isolation will occur. Although demolition may be an appropriate tool in many cases, focusing solely on demolition on the South and West sides is a precarious strategy. With community input, mobilization of existing residents, and a commitment to preservation and enhancement of disinvested areas, this may not be necessary. However, it is vital to understand when certain tools and funding sources make sense in a disinvested community and when they do not.





# Sampling of Solutions

The following is a brief description of some of the current tools available to address the housing crisis. This list is certainly not exhaustive and is mostly meant to spark discussion, debate, and further research. Some of the following solutions are administered by the city, others by community organizations, and some are tactics that can be used to pressure the private market and housing developers to approach revitalization efforts with a more community-minded frame of reference.

	Community Typologies		
	Stable	Transitioning	Disinvested
Solutions	Keep Chicago Renting Ordinance	✓	✓
	Condo De-Conversion	✓	✓
	Land Banking	✓	
	Community Land Trusts	✓	✓
	Inclusionary Zoning Ordinance	✓	
	Low Income Housing Tax Credit	✓	
	Tax Increment Financing	✓	✓
	Community Tactics	✓	✓

## KEEP CHICAGO RENTING ORDINANCE

The Keep Chicago Renting Ordinance (formally known as the Protecting Tenants in Foreclosed Rental Property Ordinance) went into effect on September 24, 2013. This new ordinance facilitates the central goal of avoiding building vacancies and preserving tenancies by incentivizing purchasers of foreclosed properties (the vast majority of which are banks and Fannie Mae and Freddie Mac) to keep renters in their homes post-foreclosure. Prior to this ordinance, banks would vacate foreclosed properties of occupants as quickly as possible. Under the new ordinance, purchasers of foreclosed properties must now either honor existing

Prior to this ordinance, banks would vacate foreclosed properties of occupants as quickly as possible.

tenancies until the property is sold to a third party or pay a relocation fee of \$10,600 per rental unit to cover moving expenses. This not only enhances the likelihood that renters will be able to remain in their homes, but also provides assistance for those forced to leave, making it more likely that they will be able to find a comparable home in the city. Additionally, it prevents buildings from becoming vacant, a known source of community decline. This ordinance offers some of the strongest protections for renters in the nation, yet is only effective if renters fully understand their rights and responsibilities.<sup>26</sup>

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Applicable community type: Stable, Transitioning, Disinvested

Administered by: Chicago's Building Commissioner and the Commissioner of Business Affairs and Consumer Protection have certain powers to enforce the ordinance, such as requiring owners to register properties and instituting actions against those who fail to follow the ordinance. Individual renters have a private right of action (right to file a lawsuit) under this ordinance if their rights have been violated.

Impact: The ordinance has only been in effect since September 24, 2013. There is currently no way to determine how many renters have been able to remain in their homes as a direct result of this ordinance. However, the Keep Chicago Renting Coalition intends to monitor the effectiveness of this ordinance and release data in the coming year.

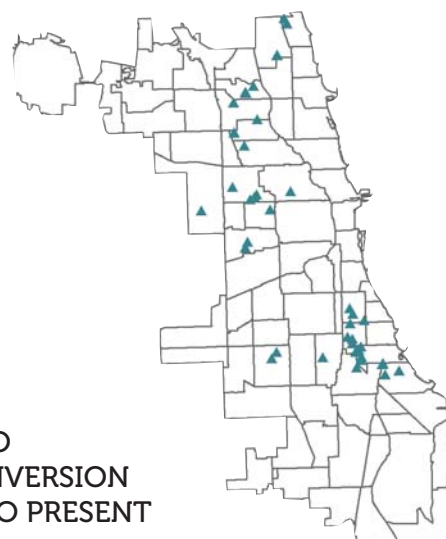
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## CONDO DE-CONVERSION

Condominium conversion is the process by which a multi-family property (often rental property) is “converted” from single building ownership to individually sold condominium units. Condominium conversion is especially attractive to investors in gentrifying communities, where the cumulative market value of the individual condo units could be worth significantly more than the purchase price of the building. Chicago is purported to be the nation’s third largest condominium market,<sup>27</sup> yet much of the boom in condo development occurred just before the housing collapse, and this subset of housing experienced significant decline in median sale prices as foreclosures swept the city. During times when ownership rates are strong, condo conversion is often successful; yet, in many areas, condo buildings now face unstable vacancy rates as the appeal of homeownership has waned and the demand for rental housing has increased. For those who do wish to own, lending has become much more restrictive, adding to the diminishing ownership rates. The condo conversion boom, although a flop for the city, can serve as a cautionary tale:

It was a public policy decision to allow good quality housing to convert to condominiums which were not in demand. Condo conversions were occurring at an unprecedented pace not by demand from those renting, but rather, by the gains an investor could make through the conversions to ownership. Beyond the fraud perpetuated to consumers and neighborhoods that we would discover years later, the issue points to the need for leadership and action rather than expecting market forces to meet real needs of Chicagoans.<sup>28</sup>

New tools have been developed to address the issue and de-convert condos back into rental units. For example, the Distressed Condominium Properties Act, a state statute, gives the city the authority to petition the circuit court to appoint



CONDO  
DECONVERSION  
2009 TO PRESENT

a receiver or building manager to manage distressed condominium properties. Community Initiatives, Inc., an arm of The Community Investment Corporation (CIC), is one of the main entities that steps in as receiver and works to de-convert properties, dissolve condo ownership, and sell properties to rental investors.<sup>29</sup> In a Multi-Housing News interview with Steven Maher, managing broker and director of investment sales for Kinzie Real Estate Group, this issue was expounded upon: “In my opinion, this strategy has been most successful with condominium conversions that really should not have been converted in the first place.”<sup>30</sup> It seems as though this tool works best in areas where condo development has failed—notably in transitioning and disinvested communities that experienced gentrification and speculation prior to the housing collapse. De-converting condos puts vacant units back into productive use as rental units. Some de-converted units become affordable rental housing, especially when specifically outlined as such in a Regulatory Agreement between the city and the purchaser. Even if all de-converted units are not utilized for affordable housing, with more rental units on the market, there is an indirect effect on decreasing rental rates.

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Applicable community type: All areas that have unstable condo conversion as evidenced by elevated condo vacancies, most likely in Transitioning and Disinvested Communities.

Administered by: City may petition the circuit court to intervene in distressed condo properties.

Impact: According to CIC, since 2009, about 70 buildings have been de-converted by the court, comprising 793 units.

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## LAND BANKS

Land banking is based on the principle that vacant buildings and empty lots have the potential to be valuable economic resources rather than fueling urban blight. According to land banking principles, if the transaction costs of inefficient land markets can be surmounted, vacant buildings and land can become community assets. Land banks, in turn, are often state authorized governmental or non-profit entities that mitigate inefficient land markets by acquiring, holding, and managing foreclosed or abandoned properties for a productive use.<sup>31</sup> Land banks are traditionally sanctioned with the directive to take title to tax-foreclosed properties or to purchase or receive donations of REO (bank-owned) properties.<sup>32</sup> These properties are at great risk of languishing due to lack of maintenance and investment as there is often a lack of purchaser interest. Land banks are often established in areas struggling with foreclosure, as a mode of keeping properties in productive use.

The Cook County Land Bank follows this traditional model and was formed in January of 2013. Since then, the Land Bank has appointed an Executive Director and received a \$6 million grant from the Illinois Attorney General Lisa Madigan.<sup>33</sup> Despite the anticipation surrounding the Land Bank, the Land Bank board has worked to tamp overzealous expectations. The County is in dire need of resources devoted to housing recovery, but with the need so great and the Land Bank in its infancy, resources must be targeted and used efficiently. Therefore, some of the area's most disinvested communities will likely not be among the recipients in the initial round of investment from the Land Bank due to the lack of investment security. Emory University law professor Frank Alexander, who has advised the new Land Bank, states: "We're not looking to come in and buy vast acres of

parcels and work our magic," he says. "We're looking to say, 'Where are the places where there's already some interest in the private market but they're just not executing? Why are they not executing? How do we come in and facilitate the execution?'"<sup>34</sup> Furthermore, land banks have no inherent legal mandate to preserve or create affordability. Rather, as Cook County Commissioner and Cook County Land Bank Authority Board of Director, Bridget Gainer has stated, its "sole focus is to spur economic development by clearing obstacles to redevelopment and reuse."<sup>35</sup> In other words, its purpose is to overcome market inefficiencies and put properties to "productive use," which in economic development lingo carries a pecuniary meaning, not an ethical or moral meaning. The economic logic of the Land Bank may allow it to be a tool that

benefits private developers above and beyond community developers interested in sustainable, affordable housing.

With the current resources of the Land Bank, it seems to be most suited for bolstering development in transitioning and stable communities. Although to some

this is unsatisfactory, with enough community pressure and oversight, it could potentially be successful in bringing about affordable housing in areas that need it the most. As the Chicago Area Fair Housing Alliance has noted: "Affordable housing is most needed in areas that currently lack housing options and limit the development of rental and affordable housing through exclusionary zoning practices. Land Banking policies can override such land-use barriers and put in place a mechanism for expanding housing options."<sup>36</sup> Since the Land Bank's focus will, for now, be on more stable communities, it is essential that advocates stress the need for the preservation and creation of affordable housing in these areas.

Often established in areas  
struggling with foreclosure,  
as a mode of keeping  
properties in productive use.

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Applicable Community Type: Stable and Transitioning

Administered by: Cook County Land Bank Authority

Impact: As of the date of this report, the Cook County Land Bank Authority has yet to acquire properties.

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## COMMUNITY LAND TRUSTS

A Community Land Trust (CLT) is a model of non-speculative land ownership in perpetuity. Whereas land banking is a tool seeking to place land back on the market—as indicated by the broad language of “productive use”—a land trust is a tool used to keep land off the market and to preserve affordability, thus preventing speculation and loss of affordable units. There are two key actors in the community land trust: the land trust and the homeowner.

The real estate in a community land trust is in the name of a non-profit community organization with vested title to the land. The board of the community land trust is the formal decision-making body in a CLT. The homeowner enjoys rights and responsibilities that are written out in a lease—typically a 99-year ground lease.<sup>37</sup> The ground lease provides the homeowner the same right to quiet enjoyment as any property owner; but, the lease also stipulates terms to enhance affordability.<sup>38</sup> Thus, the CLT is defined by a dual ownership structure, which ensures rights of the individual homeowner while protecting the rights of the community, as a whole. Finally, land is either purchased or donated. In the past, property donation was a much rarer phenomenon; however, with the foreclosure crisis, underutilized bank-owned properties could serve as a pool of potential donations.

The Chicago Community Land Trust (CCLT) is a non-profit corporation founded in 2006. Led by a board of directors, who are appointed by the Mayor, the goal of the CCLT is, “to preserve the long-term affordability of homes created through City programs and maintain a permanent pool of homeownership opportunities for working families.”<sup>39</sup> The CCLT works in tandem with the city’s affordable homeownership programs, the Affordable Requirements Ordinance, the Neighborhood Stabilization Program, HomeStart, and the Chicago Partnership for Affordable Neighborhoods, and provides an array of housing counseling

and financial services to low-income individuals interested in purchasing through the CCLT: “The City provides land and/or subsidies to make affordable homes available for purchase by income-qualified working individuals and families.”<sup>40</sup> Buyers sign long-term affordability agreements, meaning, should they sell the home, they must sell to another “income-qualified” buyer at an “affordable rate,” and in turn, the purchaser receives the benefit of counseling services, subsidies, and reduced property taxes.<sup>41</sup>

A land trust is a tool  
used to keep land off  
the market and to  
preserve affordability.

In Chicago, there are two additional community land trusts, one in Humboldt Park and one in Albany Park, and other communities are considering establishing their own community land trusts. In areas not serviced by the land bank,

or in areas with very strong community organizations and collaboration, CLTs may be a more effective tool to combat housing decline. Community land trusts can be a strong tool for transitioning neighborhoods and, with the right administration, in disinvested communities, and offer more community driven input than the broader focused Cook County Land Bank Authority and Chicago Community Land Trust. In a recent report by Centro Autonomo, which served as the basis for the creation of the Albany Park Land Trust, advocates made a compelling argument that in some communities, it is a more financially sound decision for a bank to donate a property to a land trust than to hold it in REO status.<sup>42</sup>

The Centro Autonomo report used a simple, yet sophisticated formula to demonstrate the cost of foreclosure and eviction for banks and found that banks actually lost revenue in anywhere from one-third to one-half of foreclosure cases in lower-income communities.<sup>43</sup> By their calculations, it would be more sensible for a bank to donate a property to a land trust than to proceed with a foreclosure. Some banks already acknowledge property donation to be

*continued on next page...*

fiscally beneficial and such donation is encouraged by the Attorney General: “The 2012 settlement for \$25 billion between Attorneys General and five of the largest mortgage lenders in fact encourages this kind of activity, setting aside up to \$2 billion in credits to home donations.”<sup>44</sup> What many fail to consider is that foreclosure is indeed costly to banks. Expenses, including lawyers’ fees and court costs, accrue during foreclosure (often upwards of \$3,000-\$7,000) and, post-foreclosure, banks must expend resources for property maintenance and taxes when buildings become bank-owned, which is often the case in disinvested areas that lack third-party purchaser interest.

It is important to keep in mind that community land trust creation requires very strong community cohesiveness and leadership for effectiveness. Participating residents not only take part in the formation of the land trust, but may provide building maintenance and other services. Communities considering this tool must assess capacity for administrative functioning so that representatives can be appointed to negotiate with financial institutions and manage property maintenance. Also, housing stock must be assessed in the area to determine candidates for donation, and from these candidates, properties that are salvageable. Speaking with groups who have already established land banks may be a good start.<sup>45</sup>

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#### Applicable Community Type: Transitioning and Disinvested

Administered by: Each Community Land Trust

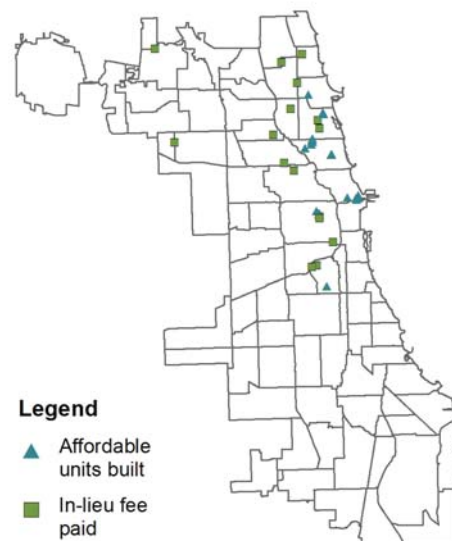
Impact: CLTs increase the number of permanent affordable housing units in an area. Currently, in Chicago, there are 16 properties listed as available for purchase at affordable rates through the CCLT and other affordable homeownership programs under the “City-Funded Home to Purchase, Affordable Properties List.” Albany Park Land Trust has just begun forming the administrative components of the land trust at the time of this report, and has not yet acquired properties.

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## INCLUSIONARY ZONING ORDINANCE

Inclusionary zoning ordinances require a specific percentage of new housing developments to be built as affordable housing. Some ordinances allow developers to pay fees-in-lieu of affordable units to provide developers with more flexibility. The Chicago inclusionary zoning ordinance is called the Affordable Requirements Ordinance (ARO). The ARO was created in 2003, and updated in 2007. “Developments subject to ARO must set aside 10% of residential units as affordable housing OR donate \$100,000 per required unit to the City’s Affordable Housing Opportunity Fund. According to Chicago Rehab Network 60% of ARO in-lieu of fees go to the Low Income Housing Trust Fund and the other 40% are applied to other affordable housing uses.<sup>46</sup> For projects receiving financial assistance from the City, 20% of the units must be affordable.”<sup>47</sup> Properties covered under the ARO must contain at least 10 units, in addition to meeting one of the following requirements: have received special zoning permits, utilize land purchased from the city, utilize city funding, or “are part of a Planned Development (PD) in a downtown zoning district.”<sup>48</sup> Affordable units created through ARO must be affordable to renter households earning 60% of the Area Median Income. Under the city’s newest five-year housing plan, updates to the ARO are being considered, including the potential to increase affordable units or fees paid to the Affordable Housing Opportunity Fund. It is imperative that the true value of an affordable unit in a stable and desirable community area be balanced with the opt-out fee. Mandatory affordable

### AFFORDABLE REQUIREMENTS ORDINANCE, LOCATION OF AFFORDABLE UNITS BUILT VERSUS IN-LIEU FEE PAID 2009 THROUGH 2013



housing development would ultimately be ideal because opt-outs simply perpetuate economic and racial segregation since the pooled funding from opt-outs will likely be used where it makes most economic sense, or in areas already concentrated with low-income residents. However, the demand for affordable housing is great in moderate and higher-income communities, especially those located near ample job opportunities and good schools.

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Applicable Community Type: Any location where new housing is being developed, most effective in Stable and Transitioning community areas.

Administered by: The City of Chicago

Impact: According to the 4th Quarter Affordable Housing Report, from 2009-2013 (not including 2010, for which there was no data):

- Total Units: 2,581
  - Total Developments: 26
  - Affordable housing units provided: 91
  - Total in-lieu payments: \$14,800,000 (for 13 of the 26 developments)
-

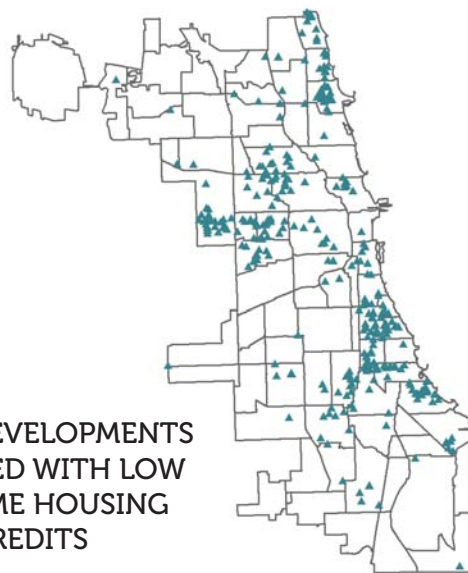
## LOW INCOME HOUSING TAX CREDIT (LIHTC)

The Low Income Housing Tax Credit (LIHTC) was first implemented in 1986 and has become the primary project-based federal program since traditional public housing projects are no longer the status quo.<sup>49</sup> Much of the new, income-restricted housing is now developed under the LIHTC program. Through the LIHTC program, the IRS allocates tax credits to state agencies which, in turn, award credits to housing projects demonstrating (based on federal requirements) a “commitment to provide low-income housing.”<sup>50</sup> There are two types of credits: the first is a 9% credit, which is awarded to new construction projects that will receive no other federal subsidies; the second is a 4% credit, which is available for projects financed by private-activity, tax-exempt bonds.

According to the Department of Housing and Urban Development (HUD), as of 2011, the Seven-County Chicago Region contains 446 active LIHTC sites, of which 383, or 86%, of the sites were within Chicago.<sup>51</sup> While Chicago receives a significant portion of the awarded tax credits, the map on this page illustrates a clear pattern of these sites being clustered together. Williamson, Smith, and Strambi-Kramer (2009) found that the LIHTC’s location patterns “may reinforce existing poverty concentrations.” Fair Housing advocates echo this concern. There is a great need for the development of

**Much of the new, income-restricted housing is now developed under the LIHTC program.**

**ALL DEVELOPMENTS FUNDED WITH LOW INCOME HOUSING TAX CREDITS**



affordable housing, but when this development occurs in areas that already have a concentration of low-income residents, segregation is simply perpetuated. According to the Chicago Area Fair Housing Alliance, more than 75% of all LIHTC sites throughout Chicago’s Seven County Region are located within census tracts that are defined, by CAFHA, as areas of “low opportunity.”<sup>52</sup> Moreover, CAFHA stresses the need to incentivize developments in “opportunity areas” or near job centers and other community amenities.

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Applicable Community Type: All community types, but most effective for enhancing resident’s access to opportunity (like jobs and schools) when used in Transitioning and Stable Communities.

Administered by: The City of Chicago and the Illinois Housing Development Authority

Impact: From 1987-2008, 33,818 units have been developed, of which 30,099 are designated low-income.<sup>53</sup>

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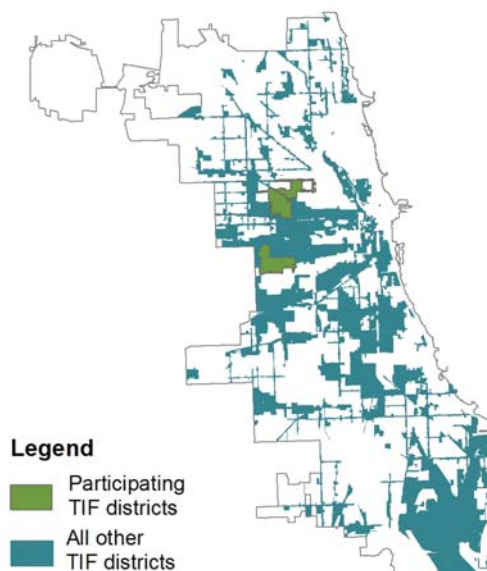
## TAX INCREMENT FINANCING (TIF)

Tax Increment Financing (TIF) is a tool for financing urban economic development and was first authorized by the Illinois General Assembly in 1977. For a 23 year period, the “Equalized Assessed Value” (property tax) is frozen and all additional tax revenues are devoted to redevelopment. The law was changed in 1999 to include “Conservation Areas,” or areas that have the potential to become blighted.<sup>54</sup> The number of TIF districts in Chicago rose significantly (between 1999 and 2002, the number of TIF districts increased from 68 to 114) and has come to include areas of downtown, not just blighted communities.<sup>55</sup> In 2011, for instance, \$471 million was set aside from property taxes within Chicago TIF districts. According to one report, about 10% of the city’s property tax base goes to TIF projects.<sup>56</sup> When an area is designated a TIF district, the amount of property taxes which are pooled and used to fund public services like schools and parks, is frozen for 23 years. Any increase in property taxes during the 23 year period can then be used for special projects, as determined by the Mayor. The purpose is to utilize funding to benefit the TIF district by enhancing economic functioning through these special project investments, instead of securing new city, state, or federal resources. As Rachel Weber, Urban Planning Professor at the University of Illinois at Urbana-Champaign and TIF researcher, explained, TIF is a “self-financing structure...[relieving] municipalities of the pressure to pay for development by raising taxes or diverting funds from other expenditure areas.”<sup>57</sup> The self-financing theory of TIF has transformed it into the go-to economic development tool for municipalities. It was referred to by former Mayor Daley as “the only game in town” and Chicago’s “only tool” for economic development.<sup>58</sup> However, those who criticize the TIF program argue that the benefits do not outweigh the loss of funding for public services.

Despite the lofty goal of TIF, the program has been criticized for meandering from its central purpose.

According to one report,  
about 10% of the city’s  
property tax base goes  
to TIF projects.

### TIF PURCHASE-REHAB PROGRAM, PARTICIPATING TIF DISTRICTS VERSUS ALL TIF DISTRICTS 2009 THROUGH 2013



For example, TIF funding earmarked for the LaSalle-Central TIF district, an upscale area of the Loop, has been heavily criticized: “The area could hardly be described as ‘blighted.’ But as of the summer 2012, up to \$29.5 million in property tax dollars was earmarked to build River Point’s plaza through a tax subsidy program.... Those property taxes would otherwise have gone to fund schools, libraries, and parks.”<sup>59</sup> Furthermore, there has long been criticism that the utilization of TIF resources is not transparent: “The consumer watchdog group Illinois PIRG said in a 2012 report that Chicago TIF revenue ‘is spent outside ordinary city budgeting processes, allowing for unsupervised spending, political horse-trading and a concentration of spending authority in the mayor’s office.’”<sup>60</sup> Additionally, it has been argued that only residents living near completed TIF funded projects benefit, but that these benefits “do not accrue to taxpayers in general.”<sup>61</sup> The criticism led to a robust effort, led by the Sweet Home Chicago Coalition (SHCC), to earmark TIF funds

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for affordable housing. A report published by the convening organization of the SHCC, Chicago Coalition for the Homeless, found that between 1995 and 2007 only 4% of the city's \$1 billion in TIF dollars were targeted for development of affordable housing. Furthermore, in half of the wards where TIF funds for housing were deployed, the units were too expensive

for current residents.<sup>62</sup> In order to utilize TIF funds for affordable housing, SHCC is now working with the City of Chicago's Department of Planning to unfurl the TIF rehab purchase program, and the city has earmarked \$35 million over the next five years for the program.

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Applicable Community Type: Ideally, in Disinvested and Transitioning

Administered by: Chicago's City Council makes decisions concerning TIF authorization and funding.

Impact: Since 1986, over \$4.6 billion dollars have been collected from Chicago TIF districts,<sup>63</sup> which cover over a third of the city. On a yearly basis, TIFs capture half a billion dollars. In 2012, for example, TIFs captured \$457 million, roughly 10% of the City's property tax base.<sup>64</sup> As noted above, only a fraction of the funds are currently targeted for the development of affordable housing.

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## COMMUNITY TACTICS

Chicago's rich history of community organizing provides a network of involved community organizations and neighborhood resources to address housing issues within specific community areas. As such, community-based organizations have been instrumental in bringing attention to the foreclosure crisis and advocating for change in bank policies and practices. The tactics of community organizations are diverse and evolving, and focus on everything from advocacy for individual families fighting foreclosure and eviction, to large-scale protests and actions against big banks. Coalitions of community groups fought tirelessly to advance the Vacant Property Ordinance, which holds owners and banks responsible for vacant and neglected foreclosed homes. Also, the Keep Chicago Renting Coalition, comprised of community-based organizations, unions, and policy groups, including LCBH, collaborated to develop and ensure the passage of the Keep Chicago Renting Ordinance (described above). Since early 2012, the group actively promoted the adoption of this ordinance through meetings with aldermen and other city officials, press conferences, policy reports, and other actions intended to draw attention to the problems caused by vacant buildings and displaced renters. The Keep Chicago Renting Coalition continues to actively monitor the ordinance's effectiveness and educate renters on their new rights.

Community organizations are often the key watchdogs of the abovementioned solutions, ensuring that funds are properly utilized and communities most in need are being served. Community organizations are essential in carrying out door-to-door outreach and education campaigns, brokering with banks to keep families in their homes, working with other advocates and aldermen to advance progressive legislation, and garnering media

attention through protests, actions, and occupations of foreclosed homes. As Chicago has earned the reputation as the birthplace of modern community organizing, it only seems fitting that its neighborhoods today are satiated with active and effective community groups. Especially in disinvested and transitioning communities, the presence of community anchors is vital to push back against the destruction of foreclosure and ensure that residents have a voice in the decisions that affect them.

The tactics of community organizations are diverse and evolving, and focus on everything from advocacy for individual families fighting foreclosure and eviction, to large-scale protests and actions against big banks.

Tenant associations are one form of collectively organizing. In the face of the sheer financial and legal might of banks and real-estate developers, residents often have little recourse but to collectively organize to dissuade banks and real-estate developers from resorting to displacement. As Luis Ortiz, a Logan Square resident in a building being flipped by a local real-estate developer said, "Basically they're saying, if you want to stay you have to pay \$300 more...Most people in the building are retired, they're veterans, and they can't afford it."<sup>65</sup> According

to Noah Maskowitz, a tenant organizer with Metropolitan Tenants Organization: "With no rent control laws in place and diminishing public and affordable housing options, tenants have little recourse but to organize to affect the pocket books of developers as a means of negotiating for safe and affordable housing. Otherwise they are left to the unfortunate chaos of our current housing market, which favors private developers with enough liquid capital on hand over and above working families."<sup>66</sup> Thus, the organization of basic tenant associations can be a powerful tool in countering the uneven balance of power for low and moderate-income renters. Moreover, tenant associations are essential in educating residents and enforcing existing rights.

Occupying vacant foreclosed properties is another

*continued on next page...*

form of collective organization that has taken off since the foreclosure crisis. The idea is to identify abandoned, bank-owned homes, which are threatened by further devaluation, in order to fix-up and move a family into the renovated home. It pairs “peopleless” homes with homeless people, as one housing organizer from Chicago’s Anti-Eviction Campaign stated.<sup>67</sup> In the process, it activates people in disinvested communities to engage in a community project that provides useful work with a positive end result. Occupying properties has been referred to as a “time-hallowed practice” with many examples throughout U.S. history.<sup>68</sup> During the Great Depression, organizing efforts around unemployment merged with anti-eviction efforts. Evicted residents were moved back into their homes—belongings and all. The tactic re-emerged in the 1970s with increased vacancies and HUD owned buildings. Since 2008, the

tactic has gained new momentum. Take Back the Land, a national network of land rights organizations, has been promoting the tactic as a means of reclaiming land and housing to elevate the human right to housing as a policy priority and promote community control of land. Max Rameau, one of the founders of the Take Back the Land network, has noted that the network has occupied thousands of homes.<sup>69</sup> Currently, Take Back the Land is working to dovetail the occupation strategy with the Land Trust tool. The Chicago Anti-Eviction Campaign notes the benefit of this strategy as well: “Another benefit of housing occupations is that it serves as a position from which to engage neighbors in rebuilding their communities and negotiating with banks to sell properties to a community-controlled Land Trust,”<sup>70</sup> says Toussaint Losier, organizer with Anti-Eviction Campaign.

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Applicable Community Type: Tenant associations can be created in all community types; however, occupying foreclosed properties requires broad-based support from the community in which the home is located, and guidance from community leaders and organizers. This strategy also requires a home that has been neglected by the bank owner and a lack of sale prospects. This combination of factors is most likely to occur in Disinvested, and perhaps Transitioning Communities.

Administered by: Community organizations and area residents

Impact: The Metropolitan Tenants Organization assists in the formation of about 40-50 tenant associations per year. According to the Chicago Anti-Eviction Campaign, the group has occupied 25 foreclosed properties.

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## Conclusion

Since the pace of foreclosures has slowed in Chicago, there currently exists great opportunity to transform the housing market. However, without input from community stakeholders, market forces, led by profit-driven investors and financial institutions, will drive this transformation. Chicago residents and advocates must have a voice in devising solutions to the housing crisis so that affordable housing can be expanded and preserved, and communities can help shape revitalization efforts. By providing data on apartment building foreclosures, LCBH hopes to equip stakeholders with vital information to better understand each community. Further, by outlining a sampling of solutions to the housing crisis, LCBH hopes to spark dialogue regarding the tactics applicable to each community type and to engage those who may not traditionally take part in policy discussions or community organizing, because these solutions will inevitably impact Chicago's neighborhoods. LCBH seeks to inspire discussion and spur collaboration among residents, advocates, housing developers, and policy-makers.



# Appendix 1: Methodology

## **FORECLOSURE FILING DATA**

LCBH regularly pulls “Newly Filed Foreclosure” data from Record Information Services’ website ([www.public-record.com](http://www.public-record.com)) coded as “apartment buildings” and “commercial properties” and eliminates those pertaining to owner-occupied, single-family homes and condominiums. Once the RIS data is collected, TFIP staff identifies the Property Index Number for each property address through the City News website, Chicago’s Community Information Technology and Neighborhood Early Warning System (City News). Data are cross-referenced with the information provided on the Cook County Assessor’s website. Any property listed as containing 0 units is removed and not included in the report.

LCBH’s elimination of information related to single-family homes and condominiums does bring limitations to its findings in this report. For instance, it is difficult to determine from the public record the number of apartment buildings that are owner-occupied and conversely, the number of single-family homes and condominiums that are occupied by renters. More importantly, LCBH cannot determine which apartment units are occupied or how many people live in the occupied units. For that reason, LCBH does not make claims as to how many individual renters were impacted by foreclosure in 2012, but instead provides information regarding how many rental units were impacted.

## **FORECLOSURE SALES DATA**

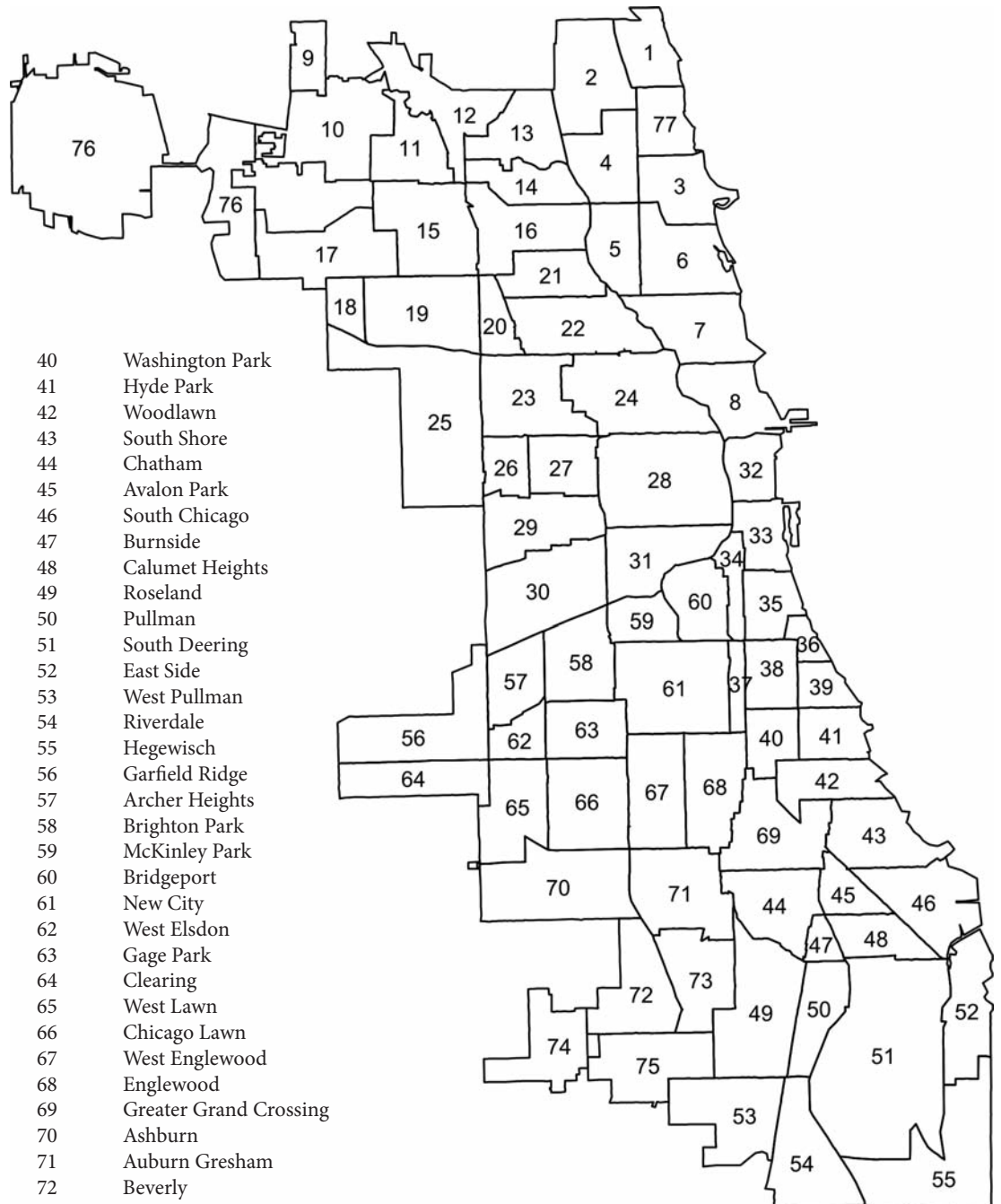
LCBH also obtains foreclosure sales data on apartment buildings from Record Information Services’ website ([www.public-record.com](http://www.public-record.com)).

## **BANK/LENDER EVICTION DATA**

In 2012, LCBH began tracking eviction filings in the First Municipal District of Cook County, which encompasses the entire City of Chicago. Utilizing the USCourts.com website, an LCBH staff member tracked the progress of eviction filings on a daily basis, checking for new bank filings, orders for possession entered (formal evictions) and cases sealed. Due to the high volume of eviction cases, LCBH monitored only those cases that included bank Plaintiffs. Therefore, the number of foreclosure-related cases may actually be much higher than what LCBH data show: foreclosure-related cases can be filed by condominium associations, a receiver who may or may not identify itself as a receiver, the mortgagor, or a successor-in-interest that is not the mortgagee or another bank. More importantly, LCBH data do not take into account those foreclosure-related evictions that occur non-judicially, with renters coerced into leaving their homes through misinformation and intimidation, building neglect, utility shut-offs, and illegal lockouts. In spite of these limitations, and the very conservative estimate that the data provide, the numbers are significant.



## Appendix II: Community Areas



1	Rogers Park	40	Washington Park
2	West Ridge	41	Hyde Park
3	Uptown	42	Woodlawn
4	Lincoln Square	43	South Shore
5	North Center	44	Chatham
6	Lake View	45	Avalon Park
7	Lincoln Park	46	South Chicago
8	Near North Side	47	Burnside
9	Edison Park	48	Calumet Heights
10	Norwood Park	49	Roseland
11	Jefferson Park	50	Pullman
12	Forest Glen	51	South Deering
13	North Park	52	East Side
14	Albany Park	53	West Pullman
15	Portage Park	54	Riverdale
16	Irving Park	55	Hegewisch
17	Dunning	56	Garfield Ridge
18	Montclare	57	Archer Heights
19	Belmont Cragin	58	Brighton Park
20	Hermosa	59	McKinley Park
21	Avondale	60	Bridgeport
22	Logan Square	61	New City
23	Humboldt Park	62	West Elsdon
24	West Town	63	Gage Park
25	Austin	64	Clearing
26	West Garfield Park	65	West Lawn
27	East Garfield Park	66	Chicago Lawn
28	Near West Side	67	West Englewood
29	North Lawndale	68	Englewood
30	South Lawndale	69	Greater Grand Crossing
31	Lower West Side	70	Ashburn
32	Loop	71	Auburn Gresham
33	Near South Side	72	Beverly
34	Armour Square	73	Washington Heights
35	Douglas	74	Mount Greenwood
36	Oakland	75	Morgan Park
37	Fuller Park	76	O'Hare
38	Grand Boulevard	77	Edgewater
39	Kenwood		

## Impacted Rental Housing Stock by Community Area

Area	Area Name	Units Impacted						Total Rental Units**	Percentage of All Units Impacted (2009-2013)
		2009	2010	2011	2012	2013	2009-2013*		
14	Albany Park	266	295	252	170	68	997	10858	9.20%
57	Archer Heights	58	64	58	41	36	240	1755	13.70%
34	Armour Square	10	16	10	27	9	71	3726	1.90%
70	Ashburn	28	24	10	26	40	119	1782	6.70%
71	Auburn Gresham	342	358	389	452	327	1771	10599	16.70%
25	Austin	1289	961	925	1128	567	4603	22155	20.80%
45	Avalon Park	130	58	19	44	28	274	1333	20.60%
21	Avondale	466	465	267	253	160	1557	9292	16.80%
19	Belmont Cragin	656	540	399	285	172	1928	11941	16.10%
72	Beverly	21	9	13	12	25	71	1514	4.70%
60	Bridgeport	139	135	97	100	56	487	7875	6.20%
58	Brighton Park	433	398	278	251	186	1462	7429	19.70%
47	Burnside	19	15	2	9	11	56	586	9.60%
48	Calumet Heights	49	27	38	46	26	176	1487	11.80%
44	Chatham	711	413	468	288	308	2090	9859	21.20%
66	Chicago Lawn	483	400	333	327	264	1700	9544	17.80%
64	Clearing	40	21	21	37	47	164	2530	6.50%
35	Douglas	40	29	34	23	14	133	7770	1.70%
17	Dunning	74	59	47	32	38	221	3916	5.60%
27	East Garfield Park	453	364	208	201	154	1324	6084	21.80%
52	East Side	70	37	40	50	29	217	2448	8.90%
77	Edgewater	303	411	332	158	65	1255	20581	6.10%
9	Edison Park	5	1				6	1182	0.50%
68	Englewood	718	558	730	511	295	2681	8995	29.80%
12	Forest Glen	16	19	7	28	11	79	1000	7.90%
37	Fuller Park	56	26	37	12	22	147	1019	14.40%
63	Gage Park	238	221	133	147	115	796	4809	16.60%
56	Garfield Ridge	36	30	28	32	12	126	2258	5.60%
38	Grand Boulevard	235	263	149	160	120	877	8267	10.60%
69	Greater Grand Crossing	497	386	379	472	235	1863	9763	19.10%
55	Hegewisch	8	8	10	24	22	72	1003	7.20%
20	Hermosa	253	212	160	124	85	797	4572	17.40%
23	Humboldt Park	923	678	633	477	374	2951	12677	23.30%
41	Hyde Park	281	73	50	34	14	450	9286	4.80%
16	Irving Park	352	372	217	188	122	1161	11989	9.70%
11	Jefferson Park	90	95	73	60	32	341	3985	8.60%
39	Kenwood	68	28	3	47	14	160	6942	2.30%
6	Lake View	199	327	499	82	59	1121	37432	3.00%

\*2009-2013 Total does not include duplicated buildings over the five year span

\*\*U.S. Census Bureau; 2010 Census Summary File 1; Table DP-1

*continued on next page...*

## Impacted Rental Housing Stock by Community Area

Area	Area Name	Units Impacted						Total Rental Units**	Percentage of All Units Impacted (2009-2013)
		2009	2010	2011	2012	2013	2009-2013*		
7	Lincoln Park	108	128	84	44	28	367	20943	1.80%
4	Lincoln Square	178	94	85	74	22	438	12292	3.60%
22	Logan Square	572	612	459	374	202	2078	20818	10.00%
32	Loop	98			1		99	11185	0.90%
31	Lower West Side	249	222	255	164	132	940	10015	9.40%
59	McKinley Park	88	97	58	56	53	339	2621	12.90%
18	Montclare	33	54	33	30	19	158	1999	7.90%
75	Morgan Park	112	19	15	29	4	176	2593	6.80%
74	Mount Greenwood	424	2	5	1	1	433	1134	38.20%
8	Near North Side	522	321	451	17	13	1324	31960	4.10%
33	Near South Side	1	1	8			10	6534	0.20%
28	Near West Side	69	116	113	101	55	417	17476	2.40%
61	New City	606	510	416	363	230	1978	9482	20.90%
5	North Center	96	108	137	51	65	424	8084	5.20%
29	North Lawndale	590	610	521	454	329	2374	9913	23.90%
13	North Park	50	37	55	23	13	166	3379	4.90%
10	Norwood Park	29	19	25	12	17	95	3492	2.70%
36	Oakland	23	12	3	2	4	41	2363	1.70%
76	O'Hare	8	12	7		8	29	3623	0.80%
15	Portage Park	353	336	258	194	116	1205	11042	10.90%
50	Pullman	11	29	18	21	34	100	1721	5.80%
54	Riverdale	7	1	1	1	2	11	2033	0.50%
1	Rogers Park	554	1082	234	156	77	2055	19248	10.70%
49	Roseland	290	187	225	205	169	1016	7565	13.40%
46	South Chicago	440	424	250	332	186	1555	7904	19.70%
51	South Deering	36	18	38	8	37	124	2173	5.70%
30	South Lawndale	440	430	360	382	221	1723	13603	12.70%
43	South Shore	1370	745	618	788	374	3697	20197	18.30%
3	Uptown	496	313	229	37	151	1083	21998	4.90%
73	Washington Heights	101	60	76	99	40	364	3317	11.00%
40	Washington Park	295	280	198	83	38	874	4249	20.60%
62	West Elsdon	31	34	31	17	7	114	1385	8.20%
67	West Englewood	482	307	254	307	186	1462	6516	22.40%
26	West Garfield Park	362	317	247	287	143	1267	5176	24.50%
65	West Lawn	66	82	35	33	30	235	2308	10.20%
53	West Pullman	182	132	70	130	59	543	3948	13.80%
2	West Ridge	355	384	264	233	94	1249	13923	9.00%
24	West Town	578	488	441	261	199	1871	25667	7.30%
42	Woodlawn	328	448	222	204	173	1322	9862	13.40%

\*2009-2013 Total does not include duplicated buildings over the five year span

\*\*U.S. Census Bureau; 2010 Census Summary File 1; Table DP-1



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