

About this report:

Since 2009, the Lawyers' Committee for Better Housing (LCBH) has chronicled the foreclosure crisis in Chicago and through the agency's annual reports alerted tenant advocates and legislators to illegal evictions, rampant vacant property accumulation, and the overall loss of affordable housing due to foreclosure.

LCBH's 2013 report, the fifth in the series, provides comprehensive foreclosure data by community area, looks beyond the problems caused by foreclosure, and focuses on solutions that have been devised to stabilize Chicago's affordable housing stock. The report outlines three neighborhood types evident in Chicago and reviews various public policies and community strategies and, in turn, assesses the applicability of each to the three community types identified.

The pace of foreclosure filings has slowed in Chicago, offering great opportunities to transform the housing market. Chicago residents and housing advocates must have a voice in devising solutions to the housing crisis so that affordable housing can be expanded and preserved, and communities can participate in shaping revitalization efforts. By providing descriptions of some of the current tools and solutions to the housing crisis, it is LCBH's hope that community activists, housing advocates, and Chicago's residents will feel well-versed in the current housing lexicon and therefore more prepared to advocate for each community's unique needs. Only through on-the-ground monitoring and continued advocacy and discourse on the effectiveness of ideas and initiatives can the housing needs of all Chicago's residents be met.

Data Findings:

- **Foreclosure continues to strain Chicago rental units.** From 2009-2013, 22,674 apartment buildings have entered foreclosure, impacting 68,300 housing units.
- **Large banks and financial institutions continue to play a predominant role in new foreclosure filings and post-foreclosure acquisitions.** 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. In 2013, 83% of apartment building foreclosure sales resulted in "Real Estate Owned" status, a term denoting bank-ownership after a foreclosure auction.
- **Foreclosure filing rates on apartment buildings have slowed significantly since 2012 in many communities.** There was a 37% decrease in foreclosure filings in 2013 from the year before, but there were still 2,754 apartment buildings entering foreclosure, affecting 7,693 rental units.
- **The geography of foreclosure remains unbalanced across Chicago.** In 2013, all 10 of the community areas with the highest number of units impacted by foreclosure in 2013 are located on either the South or West sides of the city. These communities have had an average of 21.2% of their rental housing units impacted by foreclosure since 2009. This is double the city-wide percent of rental units affected.
- **Nine percent of 2013 eviction cases filed in Chicago were foreclosure-related.** Renters living in foreclosed properties should, by law, have their foreclosure-related eviction cases sealed (made confidential), regardless of the case's outcome. However, of the 2,831 eviction cases LCBH identified as foreclosure-related in 2013, only 46% were sealed from the public record.

Solutions:

Due to changes in the housing market, including foreclosure, Chicago faces a severe shortage of affordable housing. In order to ensure that Chicago remains home for all residents, recovery from the foreclosure crisis requires cohesive community planning. There currently exists a wide array of solutions for the foreclosure and overall housing crisis—innovative ideas that are being generated by advocates, city planners, and other stakeholders. Different tools can be applied to different community areas based on community need and typology, with the central goal of expanding affordable housing options, especially in areas that currently lack affordable housing. To assist in such an assessment, LCBH developed overarching community profiles and listed a sampling of corresponding strategies for intervention. In the 2013 report, the following selection of solutions is expounded upon:

- **Keep Chicago Renting Ordinance** puts in place incentives to keep renters in their homes post-foreclosure.
- **Condo De-Conversion** increases rental units at a time when rental demands outpace homeownership demands.
- **Land Banking** places vacant buildings and empty lots back in productive use.
- **Community Land Trusts** preserve housing affordability while increasing community-based control over neighborhood development.
- **Inclusionary Zoning Ordinance** requires a percentage of new housing development units to be affordable or be subject to an opt-out fee.
- **Low Income Housing Tax Credit** provides funding for affordable housing development projects.
- **Tax Increment Financing** is a tool for financing economic and housing development.
- **Community Tactics**, such as the creation of tenant associations and occupying vacant foreclosed homes, are forms of collective community organizing in response to the foreclosure and affordability crisis and the displacement of Chicago's residents.

| | | 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 | | ✓ | ✓ |

For more information and to read LCBH's foreclosure reports from 2009-2013, please visit the LCBH website (www.lcbh.org/reports).