



Lawyers' Committee
for Better Housing

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**CHICAGO CONTINUES TO LOSE AFFORDABLE HOUSING
TO THE FORECLOSURE CRISIS: LCBH STUDY OUTLINES COMMUNITY SOLUTIONS
TO THE LOSS OF AFFORDABLE RENTAL HOUSING**

The fifth issue in a series of foreclosure reports prepared by Lawyers' Committee for Better Housing chronicles the often overlooked story of how Chicago renters are affected, and often displaced, by foreclosure. The impact of the foreclosure crisis on renters has been catastrophic and, despite a 37% decrease in total filings on apartment buildings for the City of Chicago last year, the report shows the disproportionate devastation that continues in particular neighborhoods. 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 enter foreclosure since 2009 - double the city-wide percent of rental units affected. With the fragmented geography of the crisis in mind, the 2013 Report offers a guide to place-based policies, strategies, and solutions, tailored to stabilize long-term affordable housing in the foreclosure crisis context.

CHICAGO – Lawyers' Committee for Better Housing (LCBH) has issued its 2013 Foreclosure Report, *Chicago's Foreclosure Crisis: Community Solutions to the Loss of Affordable Rental Housing*. The 5th annual report finds that foreclosure filing rates on apartment buildings have slowed since 2012, but remain disparately high across the City's South and West sides where communities are comprised of predominately African American and Latino households.

In 2013, the City of Chicago passed an ordinance designed to preserve the tenancies of renters living in foreclosed buildings. "With the Keep Chicago Renting Ordinance, Chicago currently has some of the strongest renter protections in the nation," notes Mark Swartz, Legal Director for LCBH. "Renters whose homes are foreclosed must be allowed to remain in their homes or offered reasonable relocation assistance. The challenge now is ensuring compliance, especially in underserved communities." Despite these changes in the law, the impact of new foreclosure filings and their resulting effects remains stark, particularly in communities already displaying the highest concentrations of poverty and crime.

Banks work to quickly empty buildings of tenants in the belief that the buildings will be more marketable, leaving renters bewildered and many times without resources or viable options of where to move. Large banks and financial institutions continue to play a predominant role in new apartment building foreclosure filings, post-foreclosure apartment building acquisitions, and foreclosure-related evictions. The top seven foreclosing institutions filed 50% of all 2013 foreclosure cases. 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 2013, the LCBH report found that 83% of foreclosure sales in 2013 resulted in

bank ownership, and 9% of all eviction cases filed in Cook County were foreclosure-related. The law provides that renters living in foreclosed properties should have their foreclosure-related eviction cases sealed (made confidential). However, of the 2013 eviction cases which LCBH identified as foreclosure-related, only 46% of the cases were sealed from the public record.

The foreclosure crisis has also caused a blistering increase in rental housing demand, mainly due to decreased rates of home ownership combined with an increase in vacant, foreclosed properties. The increasing demand for rental housing has created a serious burden on low-income and moderate-income families who, due to a stagnation of living wages, gentrification, and rising housing costs, have become severely rent-burdened, often paying more than the threshold of 30% of income for housing.

LCBH's 2013 foreclosure report provides a demographic narrative informed by five years of data collection as well as offering place-based tiers of intervention in advocating for renters. Creating a neighborhood typology based on this information, LCBH provides an overview of several public policies and community strategies that are being used in combatting the residual effects of foreclosure on affordable rental housing, including: the Keep Chicago Renting Ordinance (KCRO), condo de-conversion, land banking, community land trusts, inclusionary zoning ordinances, low income housing tax credits, tax increment financing, and community tactics.

LCBH's community solutions section of the report, incorporating a gamut of both new and old policy approaches, as well as community organizing strategies, provides a beginner's guide to community development that will hopefully spark city-wide discussion, debate, and further research. "It is truly a dynamic time to be a part of housing discussions in Chicago," said Patricia Fron, Housing Policy Specialist and TFIP Administrator at LCBH. "There are numerous solutions being proposed to shape Chicago's housing market and enhance our city. However, it is imperative that residents and communities, collectively, understand the landscape of housing policy discussions and play an active role in monitoring and shaping solutions for the housing crisis."

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

About Lawyers' Committee for Better Housing

Lawyers' Committee for Better Housing is the only non-profit legal aid organization in the Chicago area that focuses on low and moderate-income renters in the private housing market. LCBH empowers truly disadvantaged renters, prevents wrongful eviction, and fights substandard 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. Combined with education, outreach, supportive services and policy initiatives, LCBH programs holistically address both the short-term housing crisis and its underlying causes, so families can move from a path leading to homelessness to one of safe and stable housing.

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