



Keeping Chicago Affordable

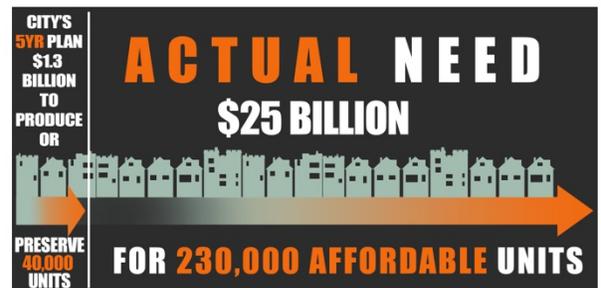


Estimating the Cost of Preventing Displacement of Rent-Burdened, Low-Income Households in Chicago: A \$25 billion Investment Over 10 years

Our city is in a housing crisis. In 2016, more than half (296,859) of all renting households in Chicago were rent-burdened, paying more than 30% of their income on rent.¹ Furthermore, 230,496 or 80% of those rent-burdened households were low-income households making \$33,009 (50% of the area median income) or less, putting these households at even greater risk of becoming homeless or displaced. In the 2019-2023 housing plan, the city of Chicago has laid out a comprehensive vision to preserve or create 40,000 units of affordable housing. While admirable, this vision will meet the needs of less than 17% of the 230,496 rent-burdened, low-income households in Chicago.



To fulfill the city's commitment to its residents and uphold its vision as a city for all, the next mayor of Chicago must take bold actions to preserve and grow affordable housing. Communities United (CU) estimates that to prevent displacement of the over 230,000 low-income Chicago households that are rent-burdened and represent many residents who work in our restaurants, hotels, schools, and more, the city must set an ambitious goal to support the investment of \$25 billion over the next 10 years. Our city's future depends on this investment.



Decreasing supply of 2-4 unit housing

For years, the majority of housing that is affordable for low-moderate income families across the country has lain in the 2–4 unit housing stock or smaller, multifamily buildings of fewer than 50 units.² Additionally, buildings with 2–4 units are likely to have units that are 2-bedrooms or larger, making them uniquely suited to house families.³ Yet, the city of Chicago is losing its supply of 2-4-unit buildings,⁴ leaving many families displaced from affordable, appropriate housing. The loss of this type of housing stock has increased displacement pressures on low-income families.

¹ Institute for Housing Studies calculation of data from 2016 PUMS 1-year. See Overview of Chicago's Housing Market (<https://fiveyearplandata.housingstudies.org/meeting-2-affordable-rental-housing.html#c1-6>)

² <https://www.enterprisecommunity.org/resources/understanding-small-and-medium-multifamily-housing-stock-19423>

³ Analysis done by Kyle Smith, Antero Group, American Housing Survey, 2013

⁴ <https://fiveyearplandata.housingstudies.org/meeting-2-affordable-rental-housing.html#c1-5>

High impact on families of color

A University of Illinois-Chicago study showed that in 2016, 2 out of every 3 renter-occupied units rented by black households were rent-burdened, compared to only 4.6 out of 10 renter-occupied units rented by white households.⁵ Between 2009 and 2013, 22,674 apartment buildings containing about 68,300 units entered foreclosure. Additionally, the report points out that “17 of the 18 communities that lost the highest proportions of their rental housing stock had black and/or Latinx populations of 85% or more. Each of these communities lost about one-fifth or greater of their rental housing stock.”⁶ Combined with rapid development following the recession of 2009-2011, neighborhoods that have historically been home to communities of color are changing. For example, since 2000 in Logan Square, the Latinx population has fallen by more than 20,000, at the same time the white population has increased by more than 12,000.⁷ Furthermore, Pilsen has seen a 26% drop in the number of Latinx in the neighborhood between 2000 and 2013, coupled with a 22% increase in the number of white residents.⁸

The cost to prevent displacement of low-income households

The city of Chicago faces a housing crisis that requires immediate attention and bold actions. There isn't a single strategy that will address a crisis of this magnitude; the city must use a variety of tools to address affordable housing for its lowest income residents. The city currently has several initiatives to leverage public and private resources to advance affordable housing strategies including rental subsidies, tax credits, various loan programs, the Affordable Requirements Ordinance, and strategic disposition of vacant land. However, the city needs to expand upon these existing programs and develop new, innovative strategies to address its affordable housing crisis.

To estimate the cost to meet the City's affordable housing need, Communities United focused on the number of very and extremely low-income households (below 50% and 30% of area median income) that are rent-burdened. To determine the cost to provide affordable housing for rent-burdened households earning less than 50% of AMI three factors were considered: rental subsidies, preservation of existing housing units, and construction of new affordable units. CU estimates that to provide rental subsidies for extremely low-income households (151,340) over the next 10 years, a total investment of \$9.9 billion will be required. Additionally, CU projects that most of the need for very low-income (79,156) households would be met through preservation versus new construction given its cost-effectiveness. CU estimates that preserving 63,325 affordable units over the next 10 years would require an investment of \$9.4 billion and the construction of 15,831 new units an additional \$5.5 billion, totaling close to \$25 billion in public private investments.

The next Chicago mayor must set a more ambitious goal to adequately address the need for affordable housing over the next 10 years.

About Communities United and ROOTS

Communities United is a non-profit (501(c)3) that engages thousands of community members at the grassroots level to address the root causes of social, racial, and economic injustice at the city, state, and national levels. Through community organizing and coalition building, CU develops community leaders to build power and advances change in areas of health access, preservation of affordable housing, education equity, youth and community investment, immigrant rights, and criminal/juvenile justice reform. In 2015, CU launched the Renters Organizing Ourselves To Stay (ROOTS) initiative, a multi-stakeholder partnership to prevent the displacement of families in gentrifying communities by transitioning foreclosed, 2-4 unit buildings into affordable housing.

⁵ http://stateofracialjusticechicago.com/wp-content/uploads/IRRPP_StateOfRacialJusticeReport-1.pdf

⁶ *Ibid.*, p.40.

⁷ <https://www.wbez.org/shows/wbez-news/logan-squares-white-population-surpasses-latinos-the-reverse-happens-in-other-communities/d5113086-13bb-4d04-9696-9afc31383650>

⁸ <https://www.dnainfo.com/chicago/20160413/pilsen/pilsen-gets-whiter-as-10000-hispanics-families-move-out-study-finds/>