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## Demolition surcharge in gentrification hot spots up for two-year renewal

The \$15,000 surcharge has helped slow demolitions, the city's housing commissioner said, though it's been considerably more effective around the 606 than in Pilsen.

DENNIS RODKIN  



 REPRINTS





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The 606

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A one-year pilot designed to slow gentrification in two fast-changing parts of the city has been effective, advocates say, and should be renewed for another two years.

A \$15,000 surcharge on demolitions in Pilsen and around the western end of the 606 trail, [adopted in March 2021](#), is set to expire April 1. The Chicago City Council will consider renewing it for two years at its March 23 meeting, after the council's committee on finance voted today to endorse it.

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"Where this ordinance has been put in place, it has helped dissuade demolitions from happening," said Ald. Carlos Ramirez-Rosa, 35th. "It's helping protect our gentle density, which provides the bulk of our city's unsubsidized affordable housing."

Demolitions declined in most neighborhoods during the pandemic, but data from the Department of Housing indicates the decline was steeper in the 606 west area, a sign that it did its job, said Marisa Novara, the department commissioner.

In the 606 west area, demolitions dropped from an average of 25 per calendar year in three years prior to the pandemic

to three in the year since the surcharge was imposed, an 88% drop. By comparison, the drop from pre-pandemic demolition averages to demolitions since the surcharge began was 62% in Humboldt Park, and about 32% in Avondale and West Town, all nearby neighborhoods.

The department's data doesn't demonstrate a strong impact in Pilsen, the target area on the South Side. In Pilsen, demolitions dropped from an average of eight per year to five, a 37% drop. That's roughly equal to the declines in nearby Little Village (39%) and Bridgeport (38%), and a considerably smaller decline than McKinley Park (75%).

Compared to the 606 west area, in Pilsen "it's less stark, but still a decline from pre-pandemic numbers," Novara said.

Near the 606, demolitions emerged as a gentrification battle line soon after the trail opened in 2015. Aldermen and housing activists said investor purchases of older houses and multi-flat buildings for replacement with new homes [were pushing longtime residents out just as an exciting new amenity arrived](#).

The so-called '606 west' area lost 177 rental units from 2013 to 2018, Novara said Monday, citing reports from the Institute for Housing Studies at DePaul University. Pilsen, another gentrification hot spot, lost 75 units in the same period.

Two opponents of extending the demolition surcharge suggested it may be harming the people it's intended to help.

Miguel Chacon, a Pilsen resident with a small portfolio of rental properties, said developers are cutting the prices they offer for older Pilsen homes by \$15,000, the amount of the surcharge.

"For those who may have retirement accounts, \$15,000 may not sound like a lot," Chacon said, but for one longtime homeowner in Pilsen he's spoken with, the reduction amounts to "robbing her of her only opportunity to capitalize" on the rising property values in the neighborhood.

It's taking away her chance at "generational wealth and retirement potential," Chacon said.

Ald. Raymond Lopez, 15th, said "fees like this steal that equity from underneath individuals who have been in the community for years, who have been in the neighborhood—good, bad and ugly—for decades." His concern echoes one voiced by longtime homeowners in South Shore, where another fight over gentrification is surfacing, [according to a recent report by Crain's A.D. Quig](#).

Novara said the surcharge was added strategically, to areas where displacement is happening fastest.

"We can't accept this argument that somehow a \$15,000 demolition fee will impact the small homeowner," said Ald. Byron Sigcho-Lopez, 25th. "It will protect the small homeowner and the senior" by holding off developers who are impeded by the cost of the surcharge.

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