Lower-Cost Neighborhoods with Vulnerable Populations and Rising Prices

Neighborhoods in this category include a number of neighborhood pockets well-served by rapid transit or bordering moderate-cost areas including North Lawndale, west Woodlawn, and East and West Garfield Park.

These areas have the lowest values in the City of Chicago but are experiencing a higher than average recent increase in sales prices and long-term disinvestment is likely a more critical concern impacting patterns of neighborhood change, such as population decline. Values are likely too low to signal displacement from rising costs and rising prices are generally a positive trend. For example, lower-cost areas with rising prices on the south and west sides including Englewood, Auburn Gresham, and Greater Grand Crossing are continuing to see gains as a result of continued price recovery post-recession and targeted community development efforts.

Assessing vulnerability

- These areas have a high share of lower-income renters, families, and seniors who are vulnerable to displacement when costs increase.
- Households are already cost-burdened, meaning they spend a substantial amount of their income on housing, even though costs are low.
- High levels of vacant land indicate low demand for housing and investment is needed to build demand.
- Some areas have higher shares of public housing or subsidized affordable housing, which could mitigate displacement pressure for renters able to access these units.

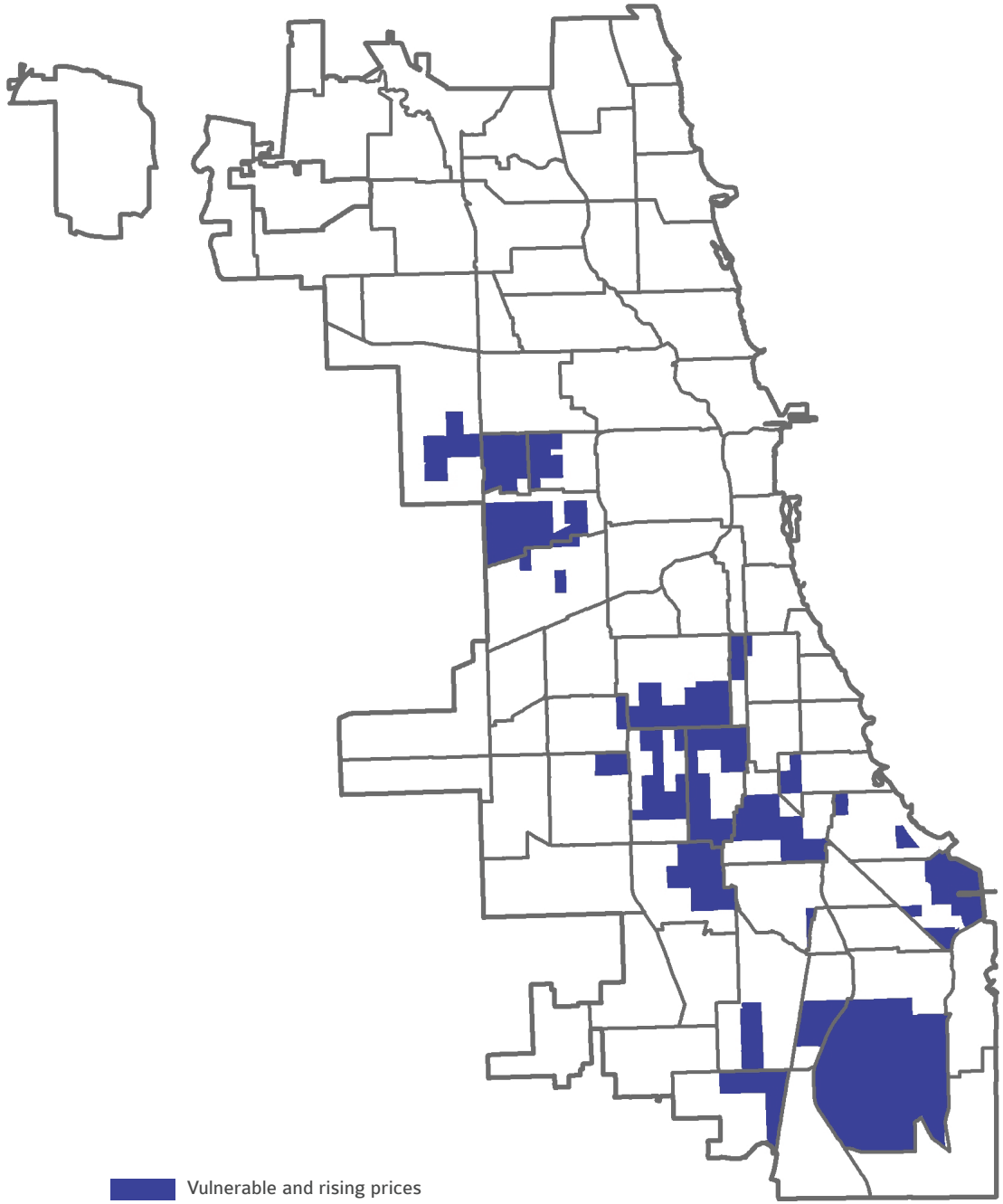
Challenges with maintaining affordable housing

- These markets may be challenged, but an area near a higher value neighborhood, amenity, or new development/investment could attract speculative investment which may not be advantageous to the community as conditions improve.

Opportunities for preserving affordability

The abundance of lower-value properties and land may provide the best opportunity for developing comprehensive, long-term housing strategies for inclusive growth.

- **Acquire land for future equitable development.** High levels of vacant land and low values in these areas create an opportunity to develop community ownership and preserve affordability in tandem with strategies that build demand and encourage private investment.
- **Provide resources that help renters become homeowners.** In many cases, homeowners rather than renters benefit most from rising values because of increased home equity. If coordinated with a large public or private development effort, a homeownership strategy could help moderate-income households build wealth.



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Moderate-Cost Neighborhoods with Vulnerable Populations and Rising Prices

Neighborhoods in this category include areas well-served by rapid transit and bordering high-cost markets including pockets of McKinley Park and Brighton Park along the Orange Line, East Garfield Park, Douglas, Grand Boulevard along Green Line, South Lawndale (Little Village) and Lower West Side (Pilsen) on the Pink Line, and Albany Park along the Brown Line. Moderate-cost areas near high-cost markets like northern Humboldt Park and areas with planned development like Woodlawn and South Shore are also seeing rising prices.

Values are still generally affordable but are experiencing higher than average recent increases in prices. While certain areas may be at a tipping point where increased costs could soon displace vulnerable residents, others could be at risk for speculative investment. Other areas, like much of Humboldt Park, continue to see rising prices as values further stabilize after the Great Recession.

Assessing vulnerability

- These areas have a high share of lower-income renters, families, and seniors who are vulnerable to displacement when costs increase.
- Many of these households are already cost-burdened, meaning they spend a substantial amount of their income on housing. For most households, cost-burden is likely high due to low incomes and not yet exacerbated by high housing cost.
- Some areas have higher shares of public housing or subsidized affordable housing, which could mitigate displacement pressure for renters able to access these units.

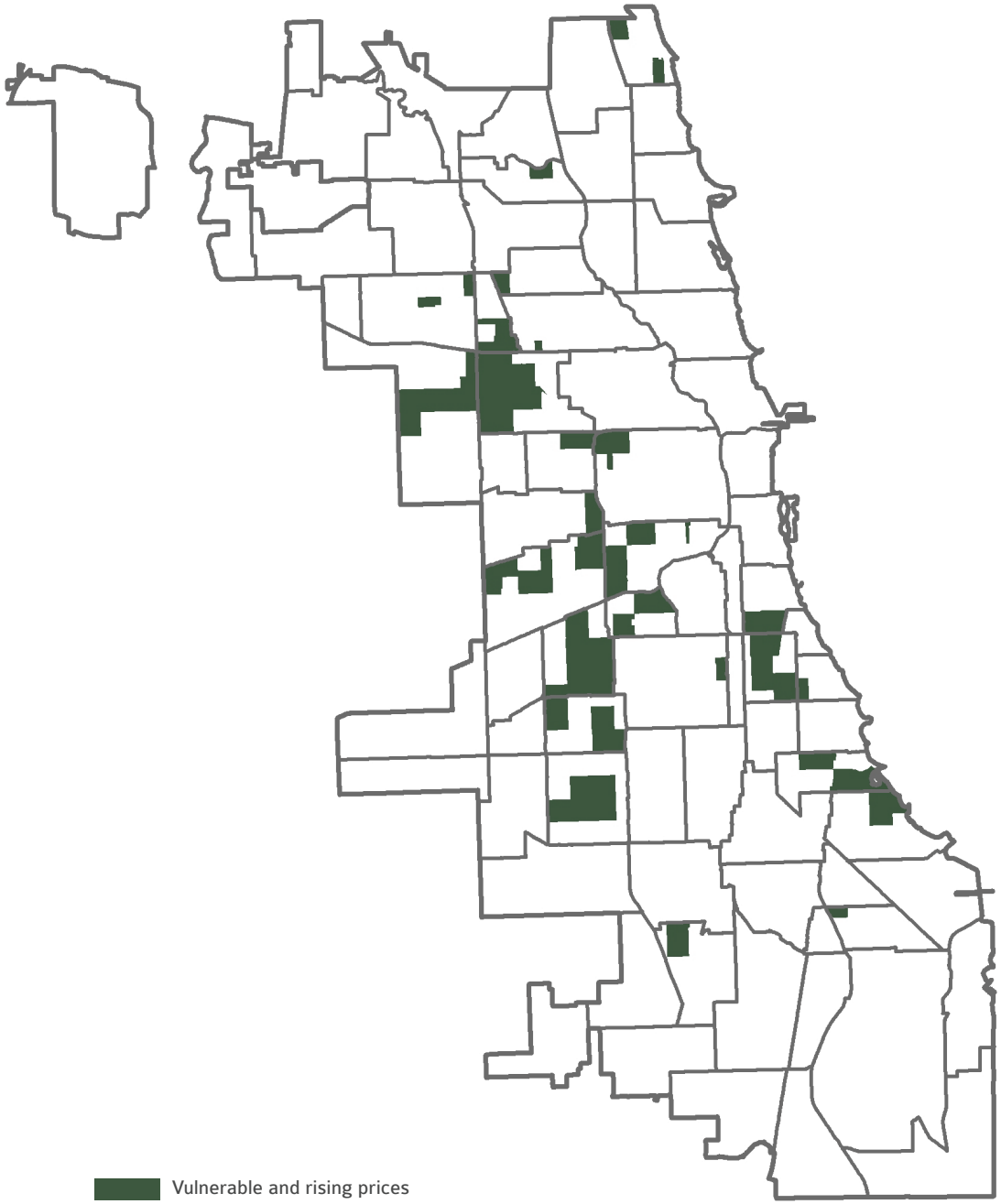
Challenges with maintaining affordable housing

- Areas near high-cost markets, amenities, improvement projects, or large-scale new development may be at risk of heightened demand from investors targeting new high-income households, which may push values beyond current affordable prices.

Opportunities for preserving affordability

The relative affordability of these markets gives practitioners a greater opportunity for implementing more proactive policies to preserve affordability, but the timeframe for proactive action may be shortened in certain areas where an alignment of market conditions and ongoing investment activity are present.

- **Leverage expected property value increases near planned investments to generate revenue to support affordable housing.** Strategies such as targeted tax allocation districts divert a portion of increased property tax revenues from rising property values into a fund that supports future affordable housing activities in that district.
- **Help maintain quality affordable housing through incentives.** Products like forgivable rehab loans can help owners stay in their homes while investing in needed home improvements, which can slow down turnover and neighborhood change. Providing property tax incentives to owners of larger rental buildings in exchange for keeping rents affordable can help maintain a stock of quality, affordable rental units in a neighborhood.



High-Cost Neighborhoods with Vulnerable Populations and Rising Prices

Neighborhoods in this category include large swaths of west Logan Square, Irving Park, Uptown, the Illinois Medical District, and areas near The 606 in West Town and Humboldt Park as well as parts of Avondale, Edgewater, Portage Park, Bridgeport, Albany Park and the Lower West Side (Pilsen).

These areas have vulnerable populations and the highest values in the city and are experiencing higher than average recent increases in sales prices.

Assessing vulnerability

- These areas have a high share of lower-income renters, families, and seniors who are vulnerable to displacement when costs increase.
- Households already struggle with cost-burden, meaning they spend a substantial amount of their income on housing. Due to already high and rising housing costs, displacement is likely already occurring in these areas.
- Some areas have higher shares of public housing or subsidized affordable housing, which could mitigate displacement pressure for renters able to access these units.

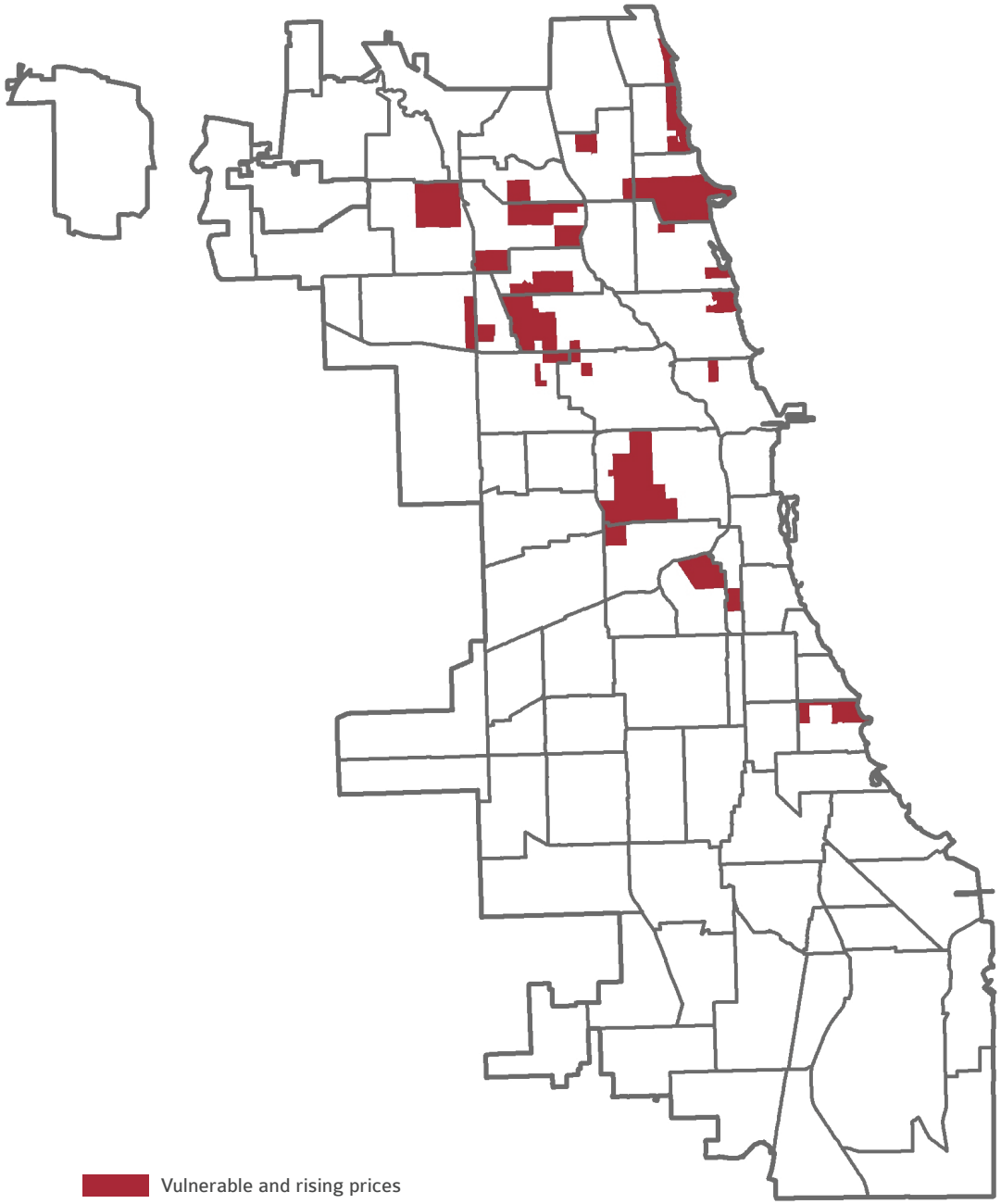
Challenges with maintaining affordable housing

- Turnover of naturally occurring affordable apartments may lead to building improvements that push rents higher. Landlords may also raise rents due to increased demand from higher-income households. Conversions of 2 to 4 unit rental properties to high-cost single family homes also drives the loss of the naturally occurring affordable supply.
- Mission-driven organizations and developers who build or preserve affordable housing are often unable to compete with market-rate developers who can quickly purchase currently affordable land or buildings with cash. Developable land is limited in this neighborhood type.

Opportunities for preserving affordability

High demand for market-rate housing in these areas creates opportunities for policies leveraging that demand to build and preserve affordable units.

- **Implement policies that create affordable housing as new market-rate housing is built.** Policies such as inclusionary zoning, can provide some economic integration in a high-cost market and support the production of new affordable units even as the naturally occurring affordable housing stock disappears.
- **Create financing vehicles that support mission-driven developers to acquire and maintain affordable units.** Maintain the naturally occurring affordable housing stock by helping mission-driven developers access capital to more competitively acquire and preserve affordable units. By preserving currently affordable units and maintaining existing tenants, potential displacement of vulnerable residents can also be mitigated.



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