Housing market conditions and trends in Chicago neighborhoods

Presented by the Institute for Housing Studies
Institute for Housing Studies

• IHS’s mission is to provide reliable, impartial, and timely data and research to inform housing and community development policy decisions and discussions in the Chicago region and nationally

• IHS accomplishes this through an applied research model
  • Data collection and improvement
  • Research
  • Technical assistance

• Housing market conditions in Chicago
  • Disproportionate impact of disinvestment, foreclosure crisis, and lack of mortgage credit on communities of color – particularly African American neighborhoods
  • Recent positive trends in house prices and increased mortgage credit illustrate that the housing market recovery was finally reaching most of Chicago by 2019
Housing market trends and conditions by neighborhood race/ethnic composition

SOURCE: 2018 ACS 5-YEAR ESTIMATES

Most populous racial/ethnic group by census tract, 2018

- Predominately African American Tract
- Majority Latinx Tract
- Majority Non-white Tract
- Majority White Tract
- Not Available
Legacy of the foreclosure crisis remains key issue

Cumulative Residential Foreclosure Activity by Neighborhood Race and Ethnicity Typology in the City of Chicago, 2019

- Predominately African American Tract: 38.8%
- Majority Latinx Tract: 27.6%
- Majority Non-white Tract: 21.5%
- Majority White Tract: 9.9%
- City of Chicago: 21.3%

SOURCE: IHS DATA CLEARINGHOUSE
Loss of owner households in African American tracts

Net Change in Tenure in the City of Chicago by Neighborhood Race and Ethnicity Typology, 2010 to 2018

SOURCE: IHS DATA CLEARINGHOUSE, 2018 ACS 5-YEAR ESTIMATES
Vacant land is concentrated in African American tracts

Distribution of Privately Held Vacant Land by Neighborhood Race and Ethnicity Typology in the City of Chicago, 2019

- Predominately African American Tract: 59.4%
- Majority Latinx Tract: 13.5%
- Majority Non-white Tract: 18.6%
- Majority White Tract: 8.6%

SOURCE: IHS DATA CLEARINGHOUSE
The nature of the market recovery varies across neighborhoods

Price Trends for Single Family Homes by Neighborhood Race and Ethnicity Typology in Chicago, 1997 to 2020

SOURCE: IHS SINGLE FAMILY HOUSE PRICE INDEX, 2018 ACS 5-YEAR ESTIMATES
Long term price trends illustrate uneven wealth gains

Single Family Price change since 2000 by Neighborhood Race and Ethnicity Typology in Chicago, 1997 to 2020

Predominately African American Tract: 43.0%
Majority Latinx Tract: 98.8%
Majority Non-white Tract: 94.7%
Majority White Tract: 87.3%
City of Chicago: 80.2%

SOURCE: IHS SINGLE FAMILY HOUSE PRICE INDEX, & 2018 ACS 5-YEAR ESTIMATES
Long term price trends illustrate uneven wealth gains

Equity Estimate Using IHS HPI Values by Neighborhood Race and Ethnicity Typology and Chicago, 2000 to 2020

![Chart showing median SF price and estimated value appreciation for different neighborhoods.]


Source: IHS Single Family House Price Index, IHS Data Clearinghouse
The nature of the market recovery varies across neighborhoods

Price Trends for Single Family Homes by Neighborhood Race and Ethnicity Typology in Chicago, 1997 to 2020

SOURCE: IHS SINGLE FAMILY HOUSE PRICE INDEX, 2018 ACS 5-YEAR ESTIMATES
Negative equity creates challenges with mobility and appraisals

Single Family Peak to Current House Prices by Neighborhood Race and Ethnicity Typology and the City of Chicago

Predominately African American Tract: -32.4%
Majority Latinx Tract: -12.7%
Majority Non-white Tract: -9.0%
Majority White Tract: -0.2%
City of Chicago: -15.2%

SOURCE: IHS SINGLE FAMILY HOUSE PRICE INDEX, 2018 ACS 5-YEAR ESTIMATES
The nature of the market recovery varies across neighborhoods

Price Trends for Single Family Homes by Neighborhood Race and Ethnicity Typology in Chicago, 1997 to 2020

SOURCE: IHS SINGLE FAMILY HOUSE PRICE INDEX, 2018 ACS 5-YEAR ESTIMATES
House prices indicate strong recovery from price lows

Single Family Bottom to Current House Prices by Neighborhood Race and Ethnicity Typology and the City of Chicago

<table>
<thead>
<tr>
<th>Tract</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Predominately African American Tract</td>
<td>68.5%</td>
</tr>
<tr>
<td>Majority Latinx Tract</td>
<td>88.1%</td>
</tr>
<tr>
<td>Majority Non-white Tract</td>
<td>63.3%</td>
</tr>
<tr>
<td>Majority White Tract</td>
<td>37.5%</td>
</tr>
<tr>
<td>City of Chicago</td>
<td>56.7%</td>
</tr>
</tbody>
</table>

SOURCE: IHS SINGLE FAMILY HOUSE PRICE INDEX, 2018 ACS 5-YEAR ESTIMATES
Despite recovery, prices vary by race/ethnic composition

Single Family Median Sale Prices by Neighborhood Race and Ethnicity Typology and in the City of Chicago, 2000-2019

SOURCE: IHS DATA CLEARINGHOUSE
Markets are not homogenous – Greater Chatham Case Study

Single family sales in Greater Chatham, 2019

- Less than $49,999
- $50,000 to $99,999
- $100,000 to $149,999
- $150,000 to $199,999
- More than $200,000
- MMRP Area

SOURCE: IHS DATA CLEARINGHOUSE
Citywide, foreclosure activity is at its lowest levels

Residential Foreclosure Activity in the City of Chicago, 2000 to 2019

SOURCE: IHS DATA CLEARINGHOUSE
Foreclosure remains elevated in African American tracts

Residential Foreclosure Activity by Neighborhood Race and Ethnicity Typology in the City of Chicago, 2019

- Predominately African American Tract: 1.7
- Majority Latinx Tract: 0.6
- Majority Non-white Tract: 0.6
- Majority White Tract: 0.3
- City of Chicago: 0.7

SOURCE: IHS DATA CLEARINGHOUSE
Investors active purchasing foreclosed and low cost properties

Sales Purchased by Business Buyers by Neighborhood Race and Ethnicity Typology in the City of Chicago, 2019

SOURCE: IHS DATA CLEARINGHOUSE
Citywide, mortgage activity remains low

Residential Mortgage Activity in the City of Chicago, 2000 to 2019

SOURCE: IHS DATA CLEARINGHOUSE
Disparities in mortgage credit are pervasive

Residential Mortgage Activity by Neighborhood Race and Ethnicity Typology in the City of Chicago, 2019

- Predominately African American Tract: 6.6
- Majority Latinx Tract: 7.2
- Majority Non-white Tract: 8.7
- Majority White Tract: 10.8
- City of Chicago: 8.9

SOURCE: IHS DATA CLEARINGHOUSE
Home purchase loans to African American tracts increased since 2012

Indexed chance in first lien home purchase loans by neighborhood race/ethnicity in Chicago, 2012-2018

SOURCE: IHS CALCULATIONS OF HOME MORTGAGE DISCLOSURE ACT DATA
Growth in African American homebuying – Greater Chatham

Composition of buyers by borrower race/ethnicity and income in Greater Chatham, 2012-2018

SOURCE: IHS CALCULATIONS OF HOME MORTGAGE DISCLOSURE ACT DATA
Summary

• Chicago’s neighborhoods of color have dealt with long term challenges related to disinvestment, the foreclosure crisis, lack of mortgage credit

• Recent indicators show positive trends in house price increases and increased mortgage lending

• Uncertainty about future as COVID-19 is having disproportionate health and economic impacts on people and communities of color
Housing market conditions and trends in Chicago neighborhoods

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Housing market conditions and trends in Chicago neighborhoods – Supplemental Data Appendix
Chicago’s highly segregated residential patterns

Population by Race/Ethnicity in the City of Chicago by Neighborhood Race and Ethnicity Typology, 2018

- Predominately African American Tract: 29.7% African American, 14.6% Other, 93.5% Other
- Majority Latinx Tract: 5.4% Latinx, 14.6% Other, 76.4% Other
- Majority Non-white Tract: 29.7% White, 29.9% Latinx, 23.8% Asian, 13.8% Other
- Majority White Tract: 4.9% African American, 69.5% White, 14.4% Asian, 8.1% Other
- City of Chicago: 29.7% African American, 32.8% White, 29.0% Asian, 6.4% Other

SOURCE: IHS DATA CLEARINGHOUSE, 2018 ACS 5-YEAR ESTIMATES
Chicago is losing black population citywide

Net Change in Population by Race/Ethnicity in the City of Chicago by Neighborhood Race and Ethnicity Typology, 2018

- Predominately African American Tract: -67,407
- Majority Latinx Tract: -9,948
- Majority Non-white Tract: -23,761
- Majority White Tract: -554
- City of Chicago: -101,670

SOURCE: IHS DATA CLEARINGHOUSE, 2018 ACS 5-YEAR ESTIMATES
# Chicago’s highly segregated residential patterns

Population by Income Level in the City of Chicago by Neighborhood Race and Ethnicity Typology, 2018

<table>
<thead>
<tr>
<th>Tract Type</th>
<th>Less than $25k</th>
<th>$25k to $50k</th>
<th>$50k to $100k</th>
<th>Greater than $100k</th>
</tr>
</thead>
<tbody>
<tr>
<td>Predominately African American Tract</td>
<td>42.7%</td>
<td>23.8%</td>
<td>22.2%</td>
<td>11.3%</td>
</tr>
<tr>
<td>Majority Latinx Tract</td>
<td>25.1%</td>
<td>28.6%</td>
<td>29.5%</td>
<td>16.8%</td>
</tr>
<tr>
<td>Majority Non-white Tract</td>
<td>28.0%</td>
<td>21.9%</td>
<td>26.3%</td>
<td>23.8%</td>
</tr>
<tr>
<td>Majority White Tract</td>
<td>14.4%</td>
<td>13.9%</td>
<td>27.6%</td>
<td>44.1%</td>
</tr>
<tr>
<td>Chicago</td>
<td>25.4%</td>
<td>20.5%</td>
<td>26.5%</td>
<td>27.5%</td>
</tr>
</tbody>
</table>

*Source: IHS Data Clearinghouse, 2018 ACS 5-Year Estimates*
Chicago’s tenure mix varies by area race and ethnic composition

Tenure in the City of Chicago by Neighborhood Race and Ethnicity Typology, 2018

Source: IHS Data Clearinghouse, 2018 ACS 5-Year Estimates