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## The high cost of Chicago rents burdens both tenants and landlords

By Eric Gwinn



Credit: Geoffrey Black

Lisa Cotton is a Northwest Side landlord who strives to keep rental units affordable.

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Chicago renters keep feeling the sting of rising rents. Though rents may have stabilized in recent months, the stock of affordable rental housing is dwindling and leaving fewer options for renters with the lowest income.

“There’s not enough housing for low-income tenants,” says LaTanya Jackson Wilson, vice president of advocacy with the Shriver Center on Poverty Law. “The supply is low and the demand is high. That causes rental rates to rise.”

And rising rates put renters further behind. Consider that in 2022, the [median wealth gap](#) between homeowners and renters in the U.S. reached almost \$390,000, according to the Urban Institute.



Homeowners saw significant wealth gains as home prices increased over the last decade. But as rental prices have increased faster than incomes, renters’ residual incomes after paying for housing have decreased. In 2022, the share of [renters spending more than 30% of their income on rent](#) reached a record high, with about half of renters being cost burdened.

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A cost-burdened household is defined as one that spends more than 30% of its income on housing. For the lowest-income renter households in Chicago, well over 80% are cost burdened. In Englewood, for example, where the median monthly income two years ago was about \$2,315, that would mean \$2,050 of that would be spent on rent and related expenses.

RentCafe, an online rental listing service, reports the average rent for a 750-square-foot apartment in Chicago is [\\$2,349](#). That’s out of reach for many renters in neighborhoods such as North Lawndale, where the median annual income is \$33,334 and 30% of that budgeted for rent would be about \$833 a month. Half of Chicagoans cannot afford the average rent of \$2,350 a month, which has increased almost 50% from a decade ago.

\* A Flourish chart

Affordable housing in Chicago has become a major policy discussion among a diverse group of parties, from those needing a roof over their heads to public officials, developers and landlords in Chicago. Affordable rentals are a huge piece of the housing pie, and when that piece shrinks, families, neighborhoods, businesses and schools feel the effects.

Unaffordable rents can lead to tenants choosing between even lower-cost and substandard housing or becoming unhoused. But tight housing markets can affect the choices landlords make, too.

Take Lisa Cotton, who has been a landlord on Chicago's Northwest Side for 31 years. She rents seven small, tidy, unsubsidized apartments for \$700 to \$1,050 a month to people on fixed incomes.

“My rents are low because when you keep the rent high, you have a lot of turnover,” Cotton says. “It takes time to screen new tenants and to upgrade an empty apartment. I’m an owner-occupied landlord, so the money I would lose with revolving high rent, I might as well give tenants a discount. They really appreciate it, and it’s less headaches for me.”

But when the rental costs become too much and tenants fail to pay their landlords, the agreement between the two parties frays, which can lead the building owner to file an eviction order. In Cook County and across the nation, those who most often face eviction are Black and Latino women and families with children, the Cook County Sheriff’s Office noted in its [2023 evictions report](#).

Evictions add more costs for those unable to pay rent — moving expenses, child care costs, lost income — making it harder to find a new apartment. Even when a new home is found, landlords will see an eviction order on the rental applicant’s personal record and refuse to rent to them. The next

step might be to “sofa surf” with temporary living situations at the homes of family or friends until those options run out.

In some cases, evictions lead to homelessness.

“If we prevent people from being evicted, those people wouldn’t be homeless,” says Michelle Gilbert, legal and policy director of the Law Center for Better Housing, a Chicago nonprofit that assists low- and moderate-income renters.

\* A Flourish chart

## Turning point

Matthew Desmond, a Princeton University sociology professor and director of The Eviction Lab at the school, pushed the topic of evictions to the forefront in his 2016 book “Evicted: Poverty and Profit in the American City.” But even as the book was winning a Pulitzer Prize and other acclaims, tenant advocates in Chicago were already working on legal mechanisms to stop a system that usually sides with landlords.

“Matthew’s influential book really helped people think about eviction, but there was already a movement in Chicago,” Gilbert says. “There was already a dawning recognition this was an unfair system.”

Gilbert also manages the city of Chicago’s Right to Counsel pilot program and helped create the Cook County Circuit Court’s Early Resolution Program, which helps residents obtain free legal aid in resolving eviction, foreclosure, debt and tax deed issues. Before the ERP’s establishment in 2021, renters and homeowners often showed up in court without legal representation and unprepared for



the case against them. Services are provided through Cook County Legal Aid for Housing & Debt.

Nationally, Black and Latino tenants make up the largest share of those who are evicted, according to a [2020 study](#) by researchers with The Eviction Lab. Cook County figures echo those findings.

“Black renters face a disproportionate share of evictions, and the eviction filing rate for adults with children was more than double the risk seen by adults living without children,” according to the 2023 evictions report by the Cook County Sheriff’s Office. Roughly half of all evictions in the county occur in majority-Black ZIP codes, while less than a quarter of the county’s population is Black.

In 2019, Cook County landlords filed an average of 1,147 eviction orders a month. When the COVID-19 pandemic shut down the city and much of the world, people lost jobs and were told to shelter at home with no income to pay rent. Lawmakers in Illinois and across the U.S. enacted eviction moratoriums and offered rental assistance to tenants while granting mortgage forbearance to landlords. When Illinois phased out its moratorium in 2021, eviction orders in Cook County had plummeted to an average of 226 per month but climbed back to nearly 1,000 in 2023.

\* A Flourish chart

## Feeling trapped

Rising prices, inflation-eroded income and a lack of affordable residences have low-income renters

feeling trapped, advocates say. And the problem is exacerbated by bad property managers who often have the upper hand by skipping repairs, maintenance and pest eradication.

“If a car salesman treated you like many managers treated tenants, they would have zero business,” says John Bartlett, executive director of the Metropolitan Tenants Organization. “It’s almost like they’re treating the tenant like the enemy.

“People say, ‘If you don’t want to live here, then move.’ But moving costs thousands that people don’t have. There are a lot of barriers that keep people from moving places. And things could always get worse. You don’t want to move out of the frying pan into the fire.”

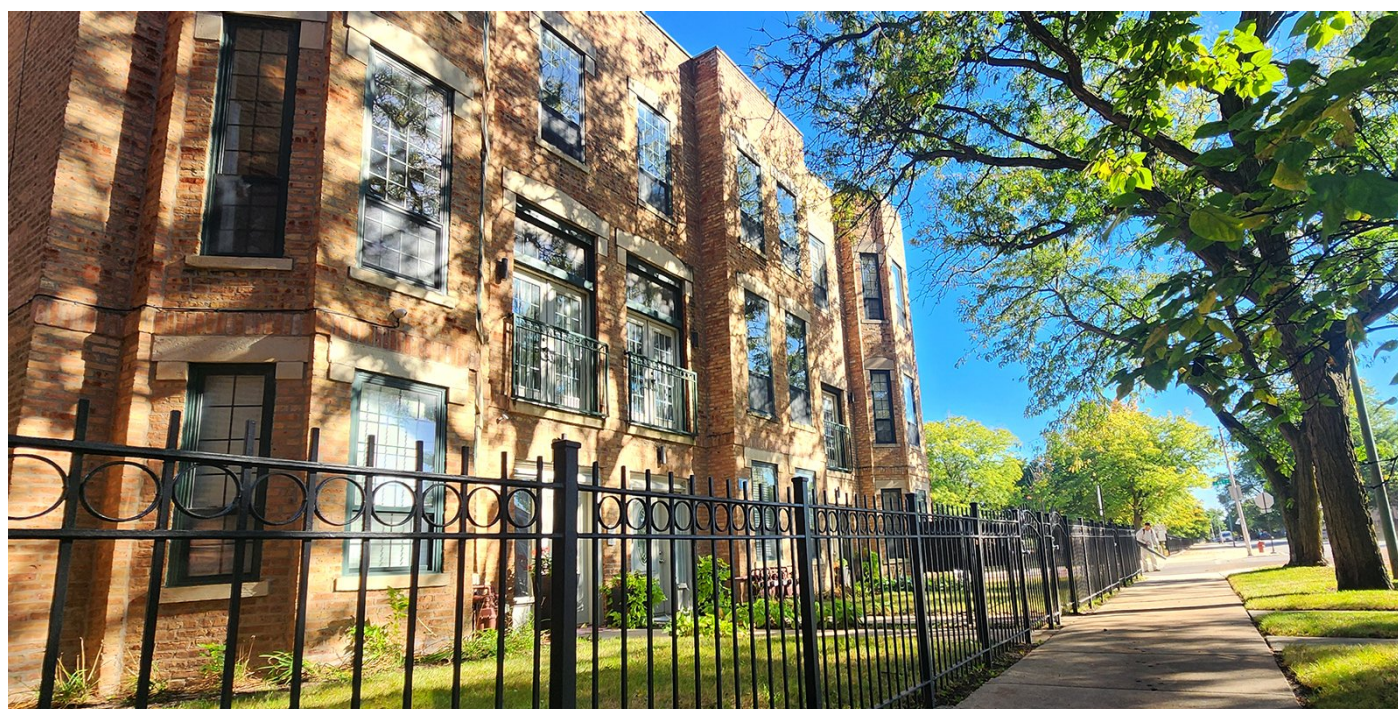
In many cases, tenants have organized, finding strength in numbers to stand up for their rights. They have withheld rent, documented unhealthy and unsafe conditions, and sought out legal representation.

Housing advocates have also helped win protections for people emerging from incarceration and needing a place to live. In 2019, the Cook County Board of Commissioners passed the [Just Housing Amendment](#) to the Cook County Human Rights Ordinance, prohibiting housing discrimination based solely on an individual’s criminal record. Landlords are required to assess each rental application on a case-by-case basis.

## Preserving affordable units

Chicago once was home to many single-room occupancy, or SRO, hotels and rooming houses, which catered to people who could afford only a small studio or tiny apartment. Despite a 2014 city ordinance to preserve SROs, the number has continued to decline at a faster rate than projected — particularly in Uptown, where many SROs were located, according to [research](#) by Ryan Fulgham of the Institute for Policy & Civic Engagement at the University of Illinois Chicago.

On a different front, local leaders also have moved to preserve two- to four-flat buildings that often contain an owner-occupied unit as well as rental space. In Chicago's majority-Hispanic or -Latino and predominantly Black communities, two- to four-flat buildings make up much of the housing units in neighborhoods like Little Village, Brighton Park, New City and West Garfield Park, according to the Institute for Housing Studies at DePaul University.



4355 S. St. Lawrence Ave.

In mid-September, the Chicago City Council approved a so-called anti-gentrification ordinance to discourage developers from buying such buildings, razing them and replacing them with high-priced residences that would displace longtime residents. The measure increased demolition fees to \$20,000 per unit and \$60,000 a building. Previously, fees were \$5,000 and \$15,000, respectively.

In 2021, Gov. JB Pritzker signed into law House Bill 2621, which reduces Cook County tax bills for building owners that have seven or more units if they provide affordable apartments and make substantial renovations.

But the number of existing and proposed affordable units is under threat, the Institute for Housing Studies warns.

Rising expenses and increasing property taxes are pushing landlords to raise rents, making more



units unaffordable for renters with low incomes. Rising costs affect small-scale landlords, who own a large percentage of unsubsidized affordable housing in Chicago. Owners of two- to four-flats often have fewer renters to shoulder a rent increase. Or, they might be tempted to sell, which could lead to investors raising rents beyond the reach of people in the neighborhood.

### Difficulties for developers

Meanwhile, growing the number of new affordable properties locally and nationwide has been tough.

“Builders of affordable housing are facing a lot of headwinds,” said Christine Serlin, editor of *Affordable Home Financing* magazine, published by housing market researcher Zonda. Soaring development and operating costs in 2023 pushed down construction of affordable developments across the U.S. by 8% among developers the magazine surveyed.

Serlin says raising money to get projects started has become more complex for developers, who are now using more financing resources than usual to try to bring down construction costs. They’re combining block grants with philanthropy dollars, low-income tax credits, environmental funding and other reductions to move the projects forward.



Credit: Cassandra West

43rd Street and Prairie Avenue

In Bronzeville, a 10-story apartment building on the corner of 43rd Street and Prairie Avenue is nearing completion. It's part of a two-building, \$81 million project next to the 43rd Street Chicago Transit Authority Green Line station that will have 99 studio, one-, two- and three-bedroom apartments, with 51 of them affordable. Funding came from multiple sources: \$10 million in tax-increment financing, \$6 million in multifamily loan funds and \$3.9 million in low-income housing tax

credits.

“It takes a lot of hard work and perseverance,” Serlin says. In November, Zonda will host its annual AHF Live convention in Chicago, bringing together affordable housing stakeholders, service providers, attorneys, accountants and government agencies to share lessons and case studies.

“It is really rewarding to see that affordable housing is becoming more mainstream on the national level,” Serlin says.

Despite legislative efforts and policy initiatives, though, affordable rents still remain out of reach for low-income renters.

“People think that those who are living in poverty are not working, but generally they have multiple jobs,” says Wilson of the Shriver Center.

A state-funded, court-based rental assistance program recently opened for tenants who are struggling to pay rent and their landlords. It's one piece of Illinois' Early Resolution Program to deter evictions.

Rental assistance programs became common during the COVID pandemic, aiding millions of renters who struggled to pay their rent due to job loss or sickness.

The office of Cook County Sheriff Tom Dart created a social services unit and protocols to guide tenants and landlords through the eviction process. Dart says a team from the sheriff's office visits a tenant weeks before their eviction date to offer services that range from finding new housing and schools for children to transportation and assistance for seniors.

“We tried to make it a more thoughtful system,” Dart says. “We want to both help take some of the trauma out of the eviction process for tenants and get the property back quicker to landlords, who were oftentimes a mom-and-pop with just this one building and hadn't received rent in a year.”

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