

Data to inform proactive anti-displacement strategies in East Garfield Park

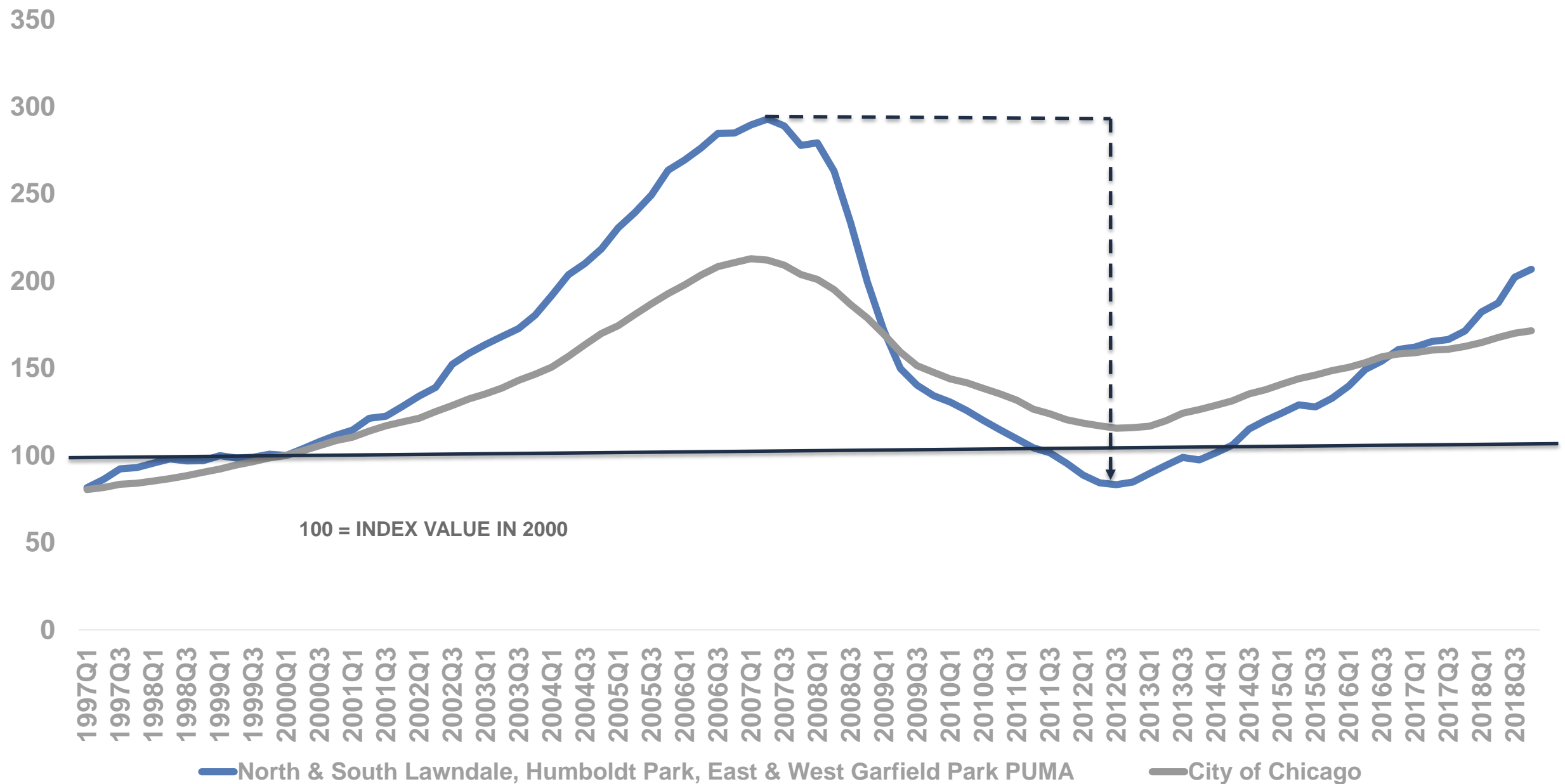
Presented by the Institute for Housing Studies

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
 - Applied research
 - Technical assistance
- What is happening in East Garfield Park's housing market?
 - Are changes being driven by market fundamentals or speculative investment?
 - What do these changes mean for the risk of lost affordability?
- What do we need to know to help advance strategies that invest in the community while mitigating displacement?
 - Data to inform strategies to preserve affordable rental housing
 - Data to inform strategies that promote increased community ownership

Prices in East Garfield Park declined substantially during the crash

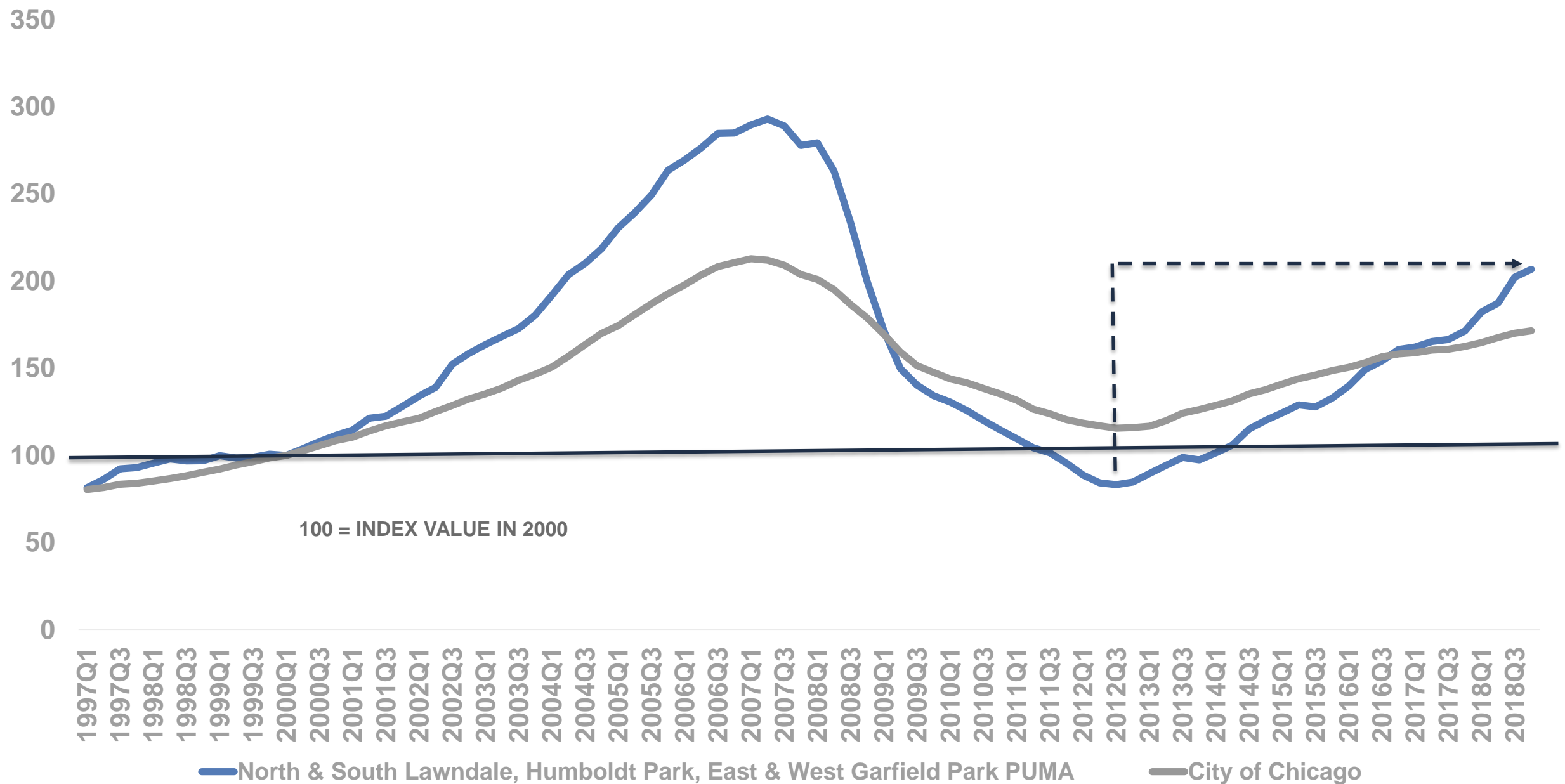
Quarterly Single Family House Price Changes in the City of Chicago by Neighborhood Market Type, 1997 to 2017



SOURCE: IHS SINGLE FAMILY HOUSE PRICE INDEX

Despite these challenges, prices have seen a strong recovery

Quarterly Single Family House Price Changes in the City of Chicago by Neighborhood Market Type, 1997 to 2017



SOURCE: IHS SINGLE FAMILY HOUSE PRICE INDEX

What is driving house price trends?

- Market characteristics?

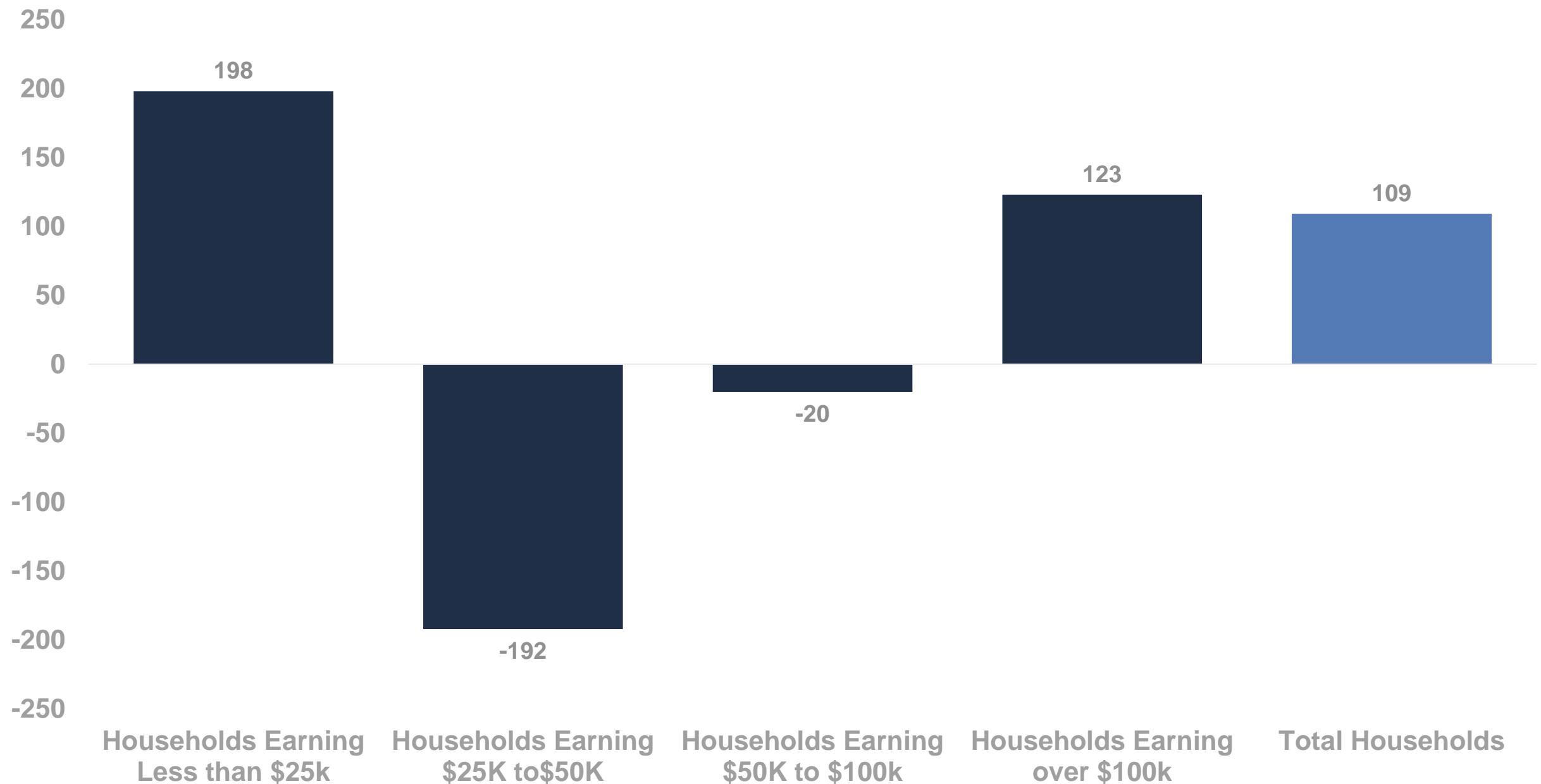
- How is the demographic and economic composition of the neighborhood changing?
 - Slight growth in higher income households and very poor households but East Garfield Park remains predominately very low income
 - Growth in renter households
 - Loss of households with young adults
 - Population is relatively flat, but community is seeing slight increases in people of other races and declines in African American population
 - Population is nearly 90 percent African American, however

- Speculative investment?

- Property sales driven by investors
- Attracted by low values, foreclosure
- Prices are increasing rapidly but are still low relative to the city
 - Increasing beyond what neighborhood market fundamental changes might indicate

Slight gain in low- and higher-income households

Net Change in East Garfield Park Households by Income Level, 2010 to 2017



SOURCE: AMERICAN COMMUNITY SURVEY 5-YEAR, 2006-2010 & 2013-2017

Despite growth in higher-income, majority are still low-income

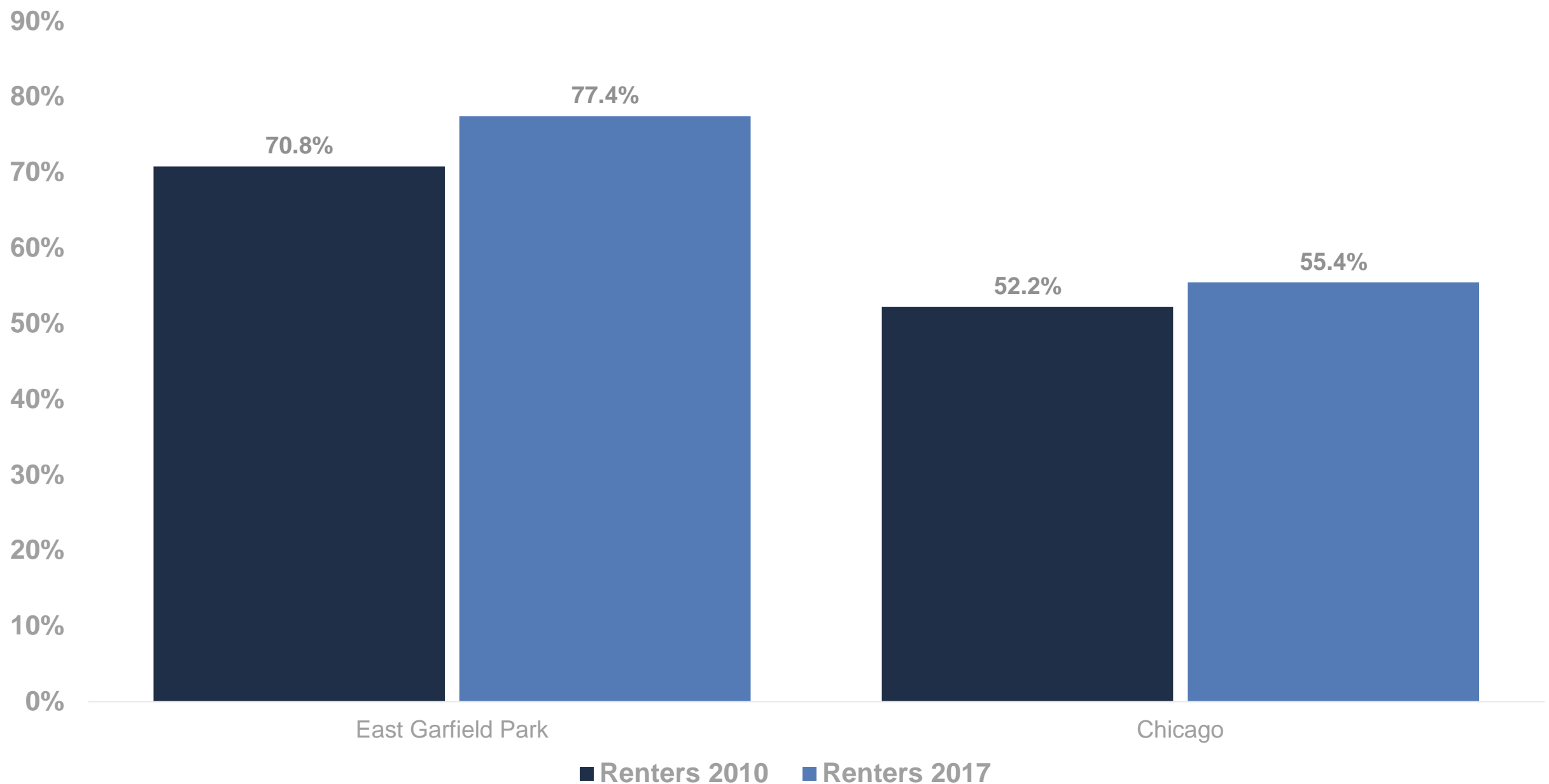
Households by Income Level in East Garfield Park, 2017



SOURCE: AMERICAN COMMUNITY SURVEY 5-YEAR, 2013-2017

East Garfield Park is predominately a community of renters

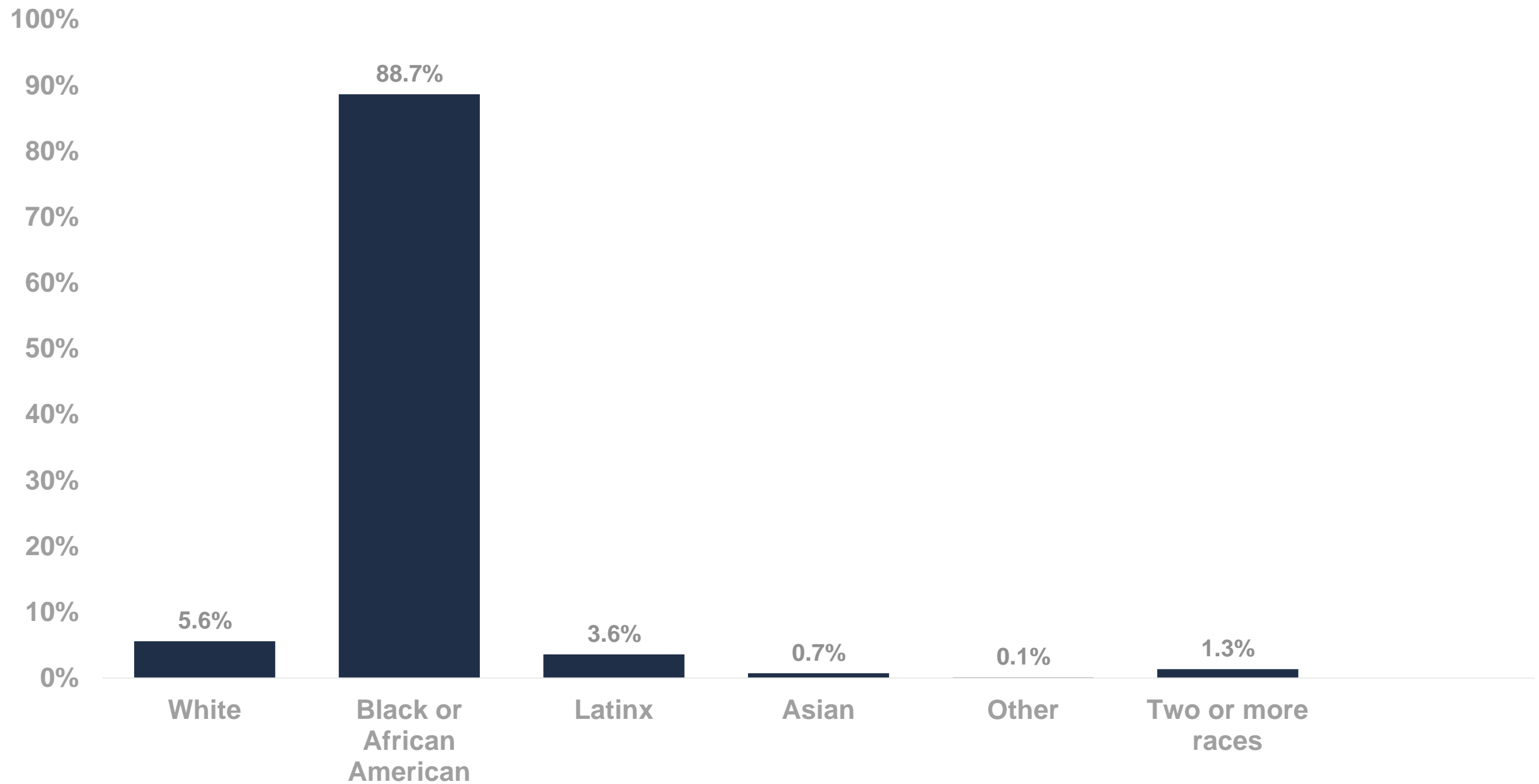
Households by Tenure in East Garfield Park and the City of Chicago, 2010 and 2017



SOURCE: AMERICAN COMMUNITY SURVEY 5-YEAR, 2006-2010 & 2013-2017

East Garfield Park remains a predominately black community

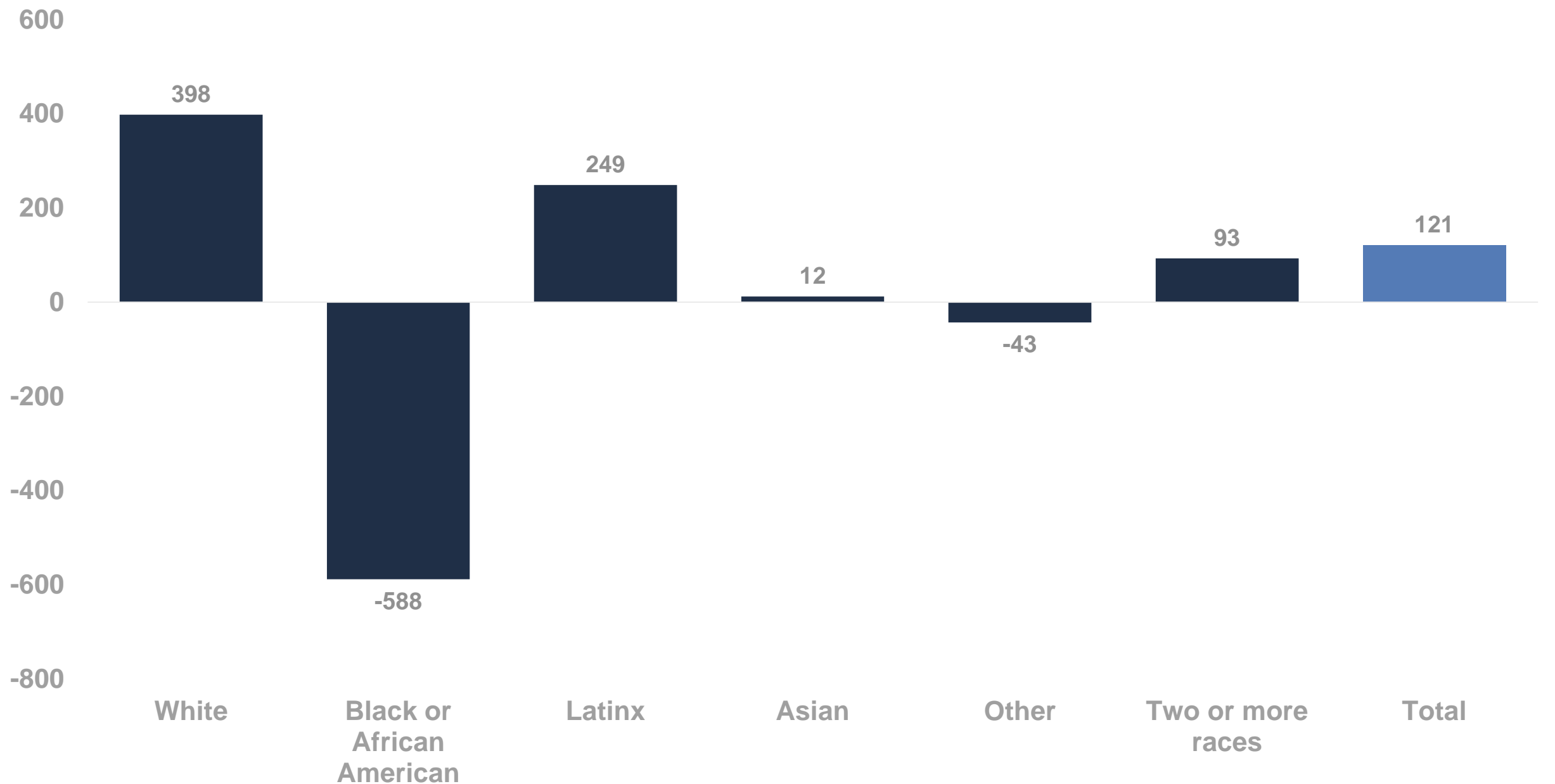
Population by Race and Ethnicity in East Garfield Park, 2017



SOURCE: AMERICAN COMMUNITY SURVEY 5-YEAR, 2013-2017

Slight changes in who lives in East Garfield Park since 2010

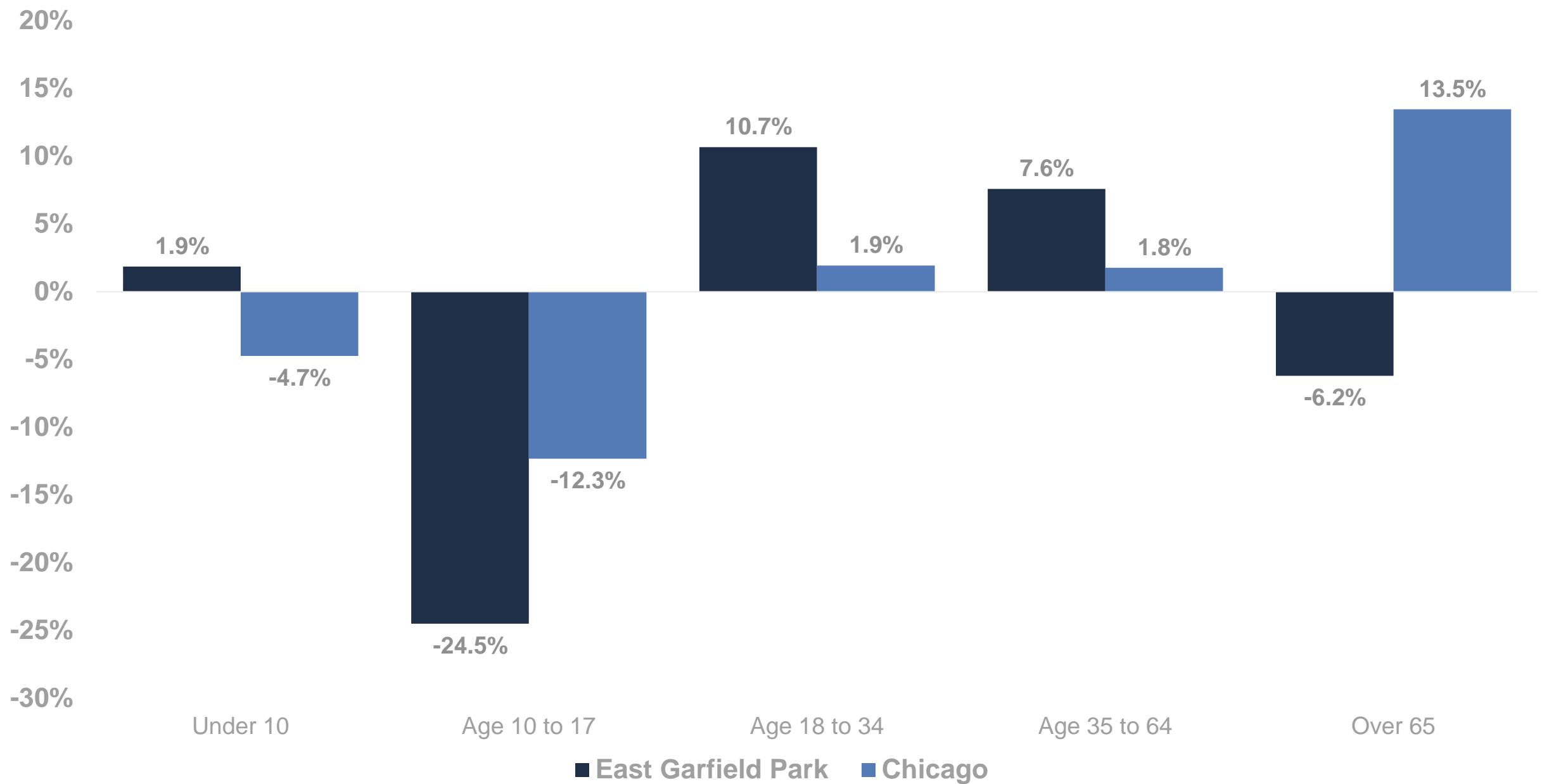
Change in Population by Race and Ethnicity in East Garfield Park, 2010 to 2017



SOURCE: AMERICAN COMMUNITY SURVEY 5-YEAR, 2006-2010 & 2013-2017

How is who lives in East Garfield Park changing?

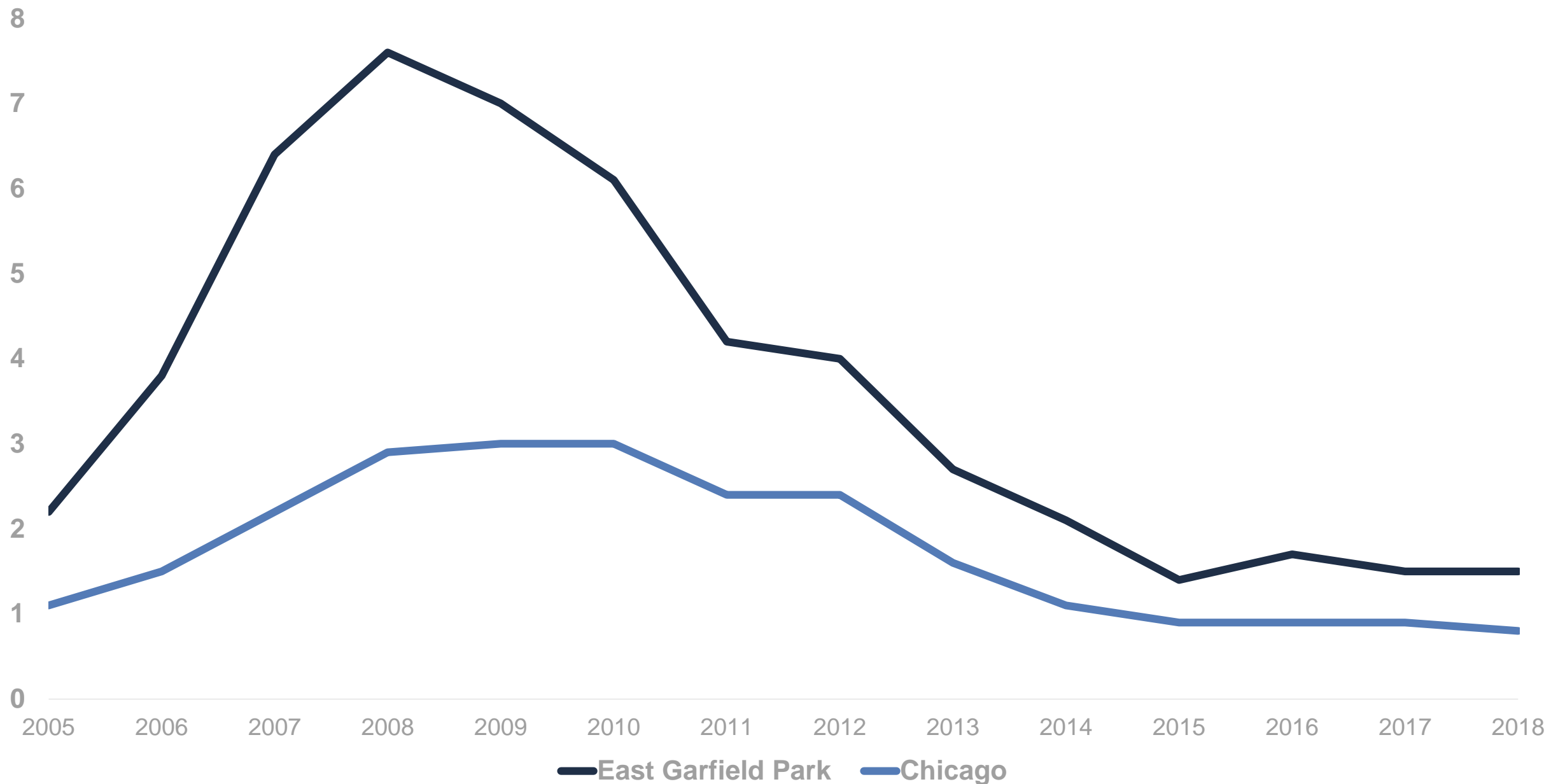
Change in Population by Age in East Garfield Park, 2010 to 2017



SOURCE: AMERICAN COMMUNITY SURVEY 5-YEAR, 2006-2010 & 2013-2017

How has foreclosure activity changed in East Garfield Park?

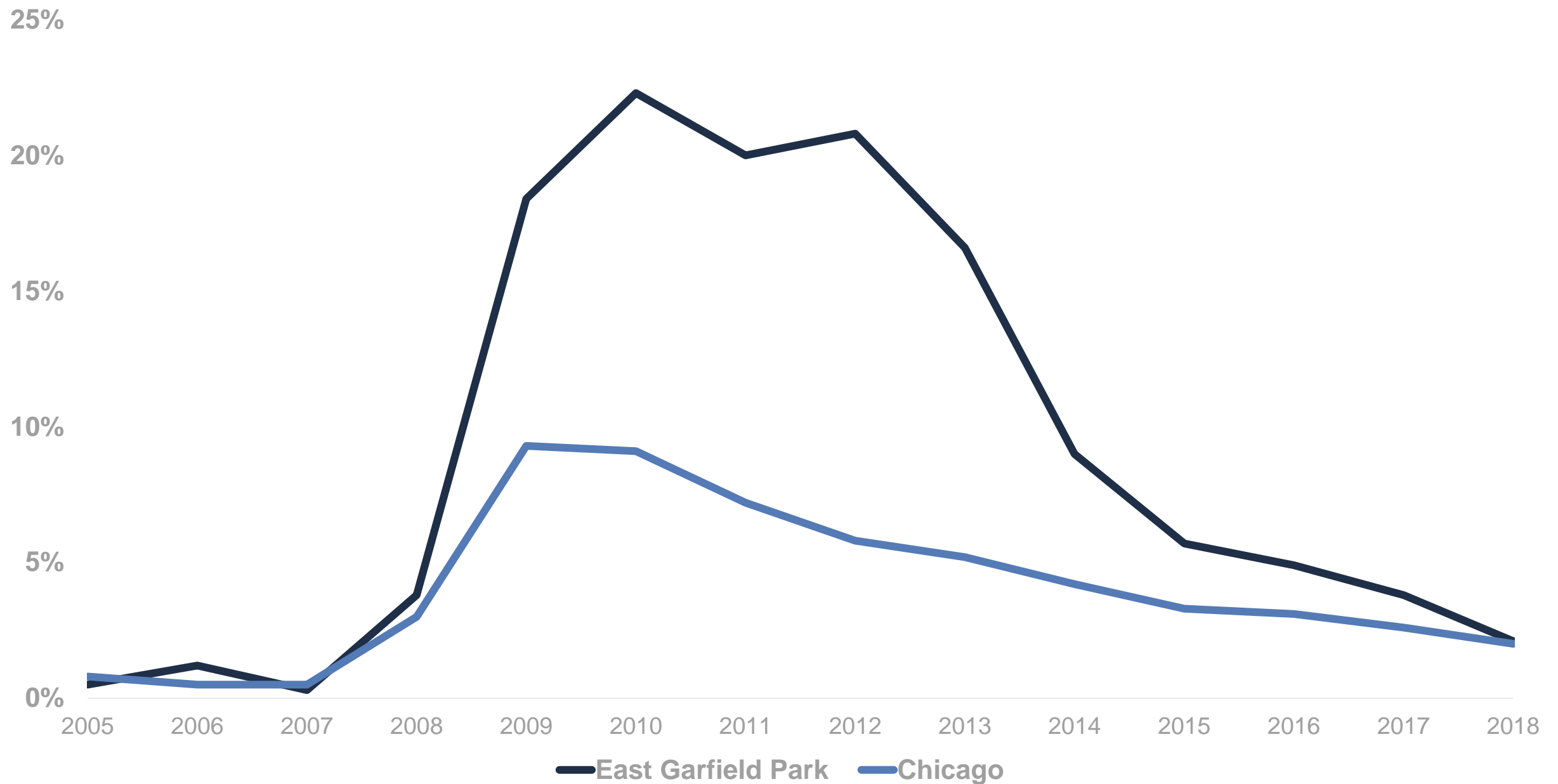
Annual Foreclosure Filings per 100 Residential Parcels in East Garfield Park and City of Chicago, 2005 to 2018



SOURCE: IHS DATA CLEARINGHOUSE

How has low value sales activity changed in East Garfield Park?

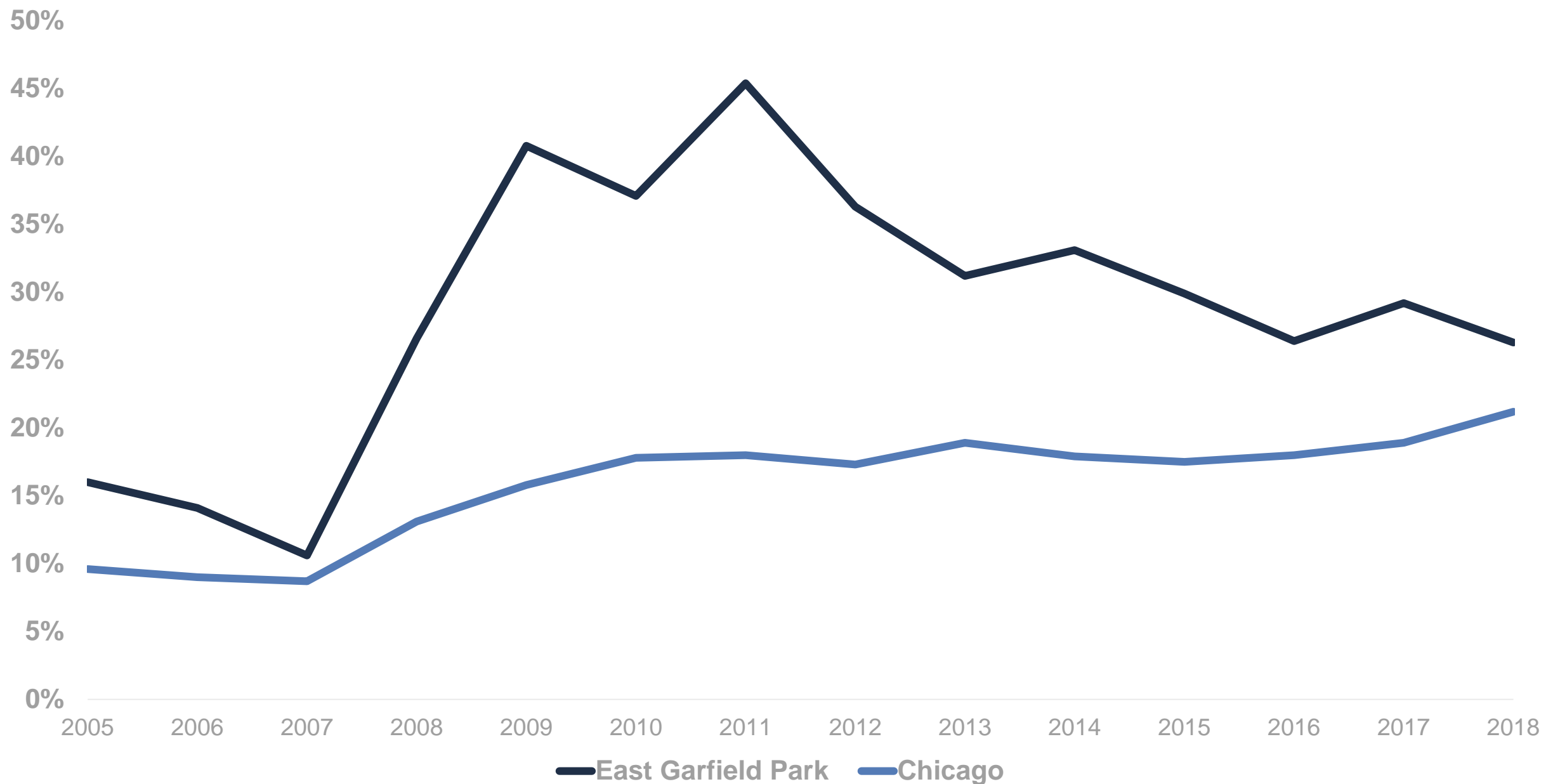
Annual Share Sales Purchased for Less than \$20,000 in East Garfield Park and City of Chicago, 2005 to 2018



SOURCE: IHS DATA CLEARINGHOUSE

How has investor activity changed in East Garfield Park?

Annual Share of Residential Sales Purchased by Businesses in East Garfield Park and City of Chicago, 2005 to 2018



SOURCE: IHS DATA CLEARINGHOUSE

City- and privately-owned vacant land in East Garfield Park



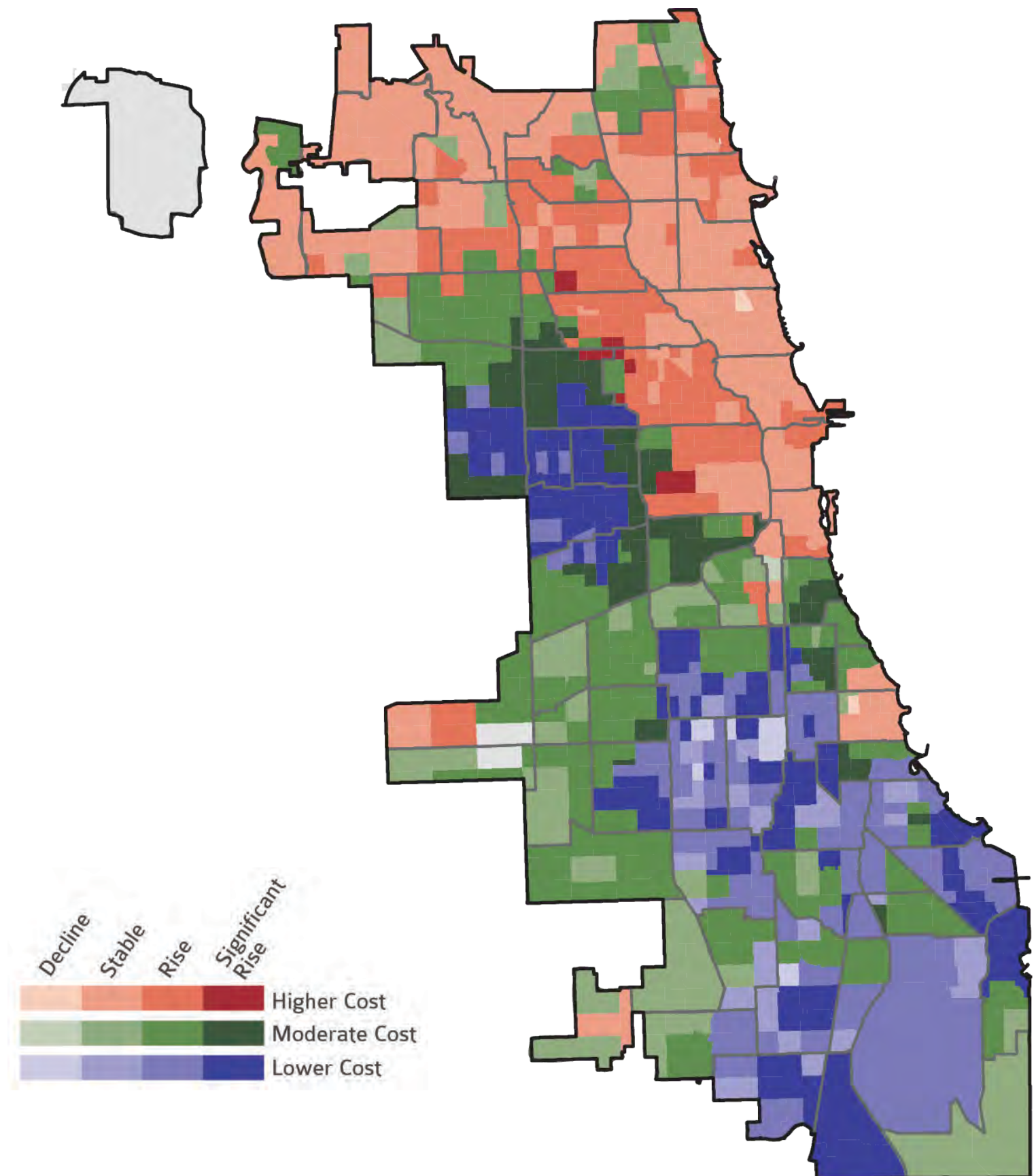
Risk of displacement pressure

- Despite some changes in neighborhood economic and demographic characteristics, these do not appear to be driving price increases
 - East Garfield Park still has very high levels of very low-income households
 - Predominantly renter population
- Market recovery driven by investors and some speculative activity appear to be behind price gains
 - Prices for acquisition and rehab may exceed market values and rental affordability threshold in some parts of the neighborhood, however
- Abundant vacant land creates an opportunity to build housing and reduce pressure on the existing stock
 - Incomes are so low and subsidy limited that preservation is likely the essential strategy

Measuring Displacement Pressure in Chicago

Current and changing levels of affordability

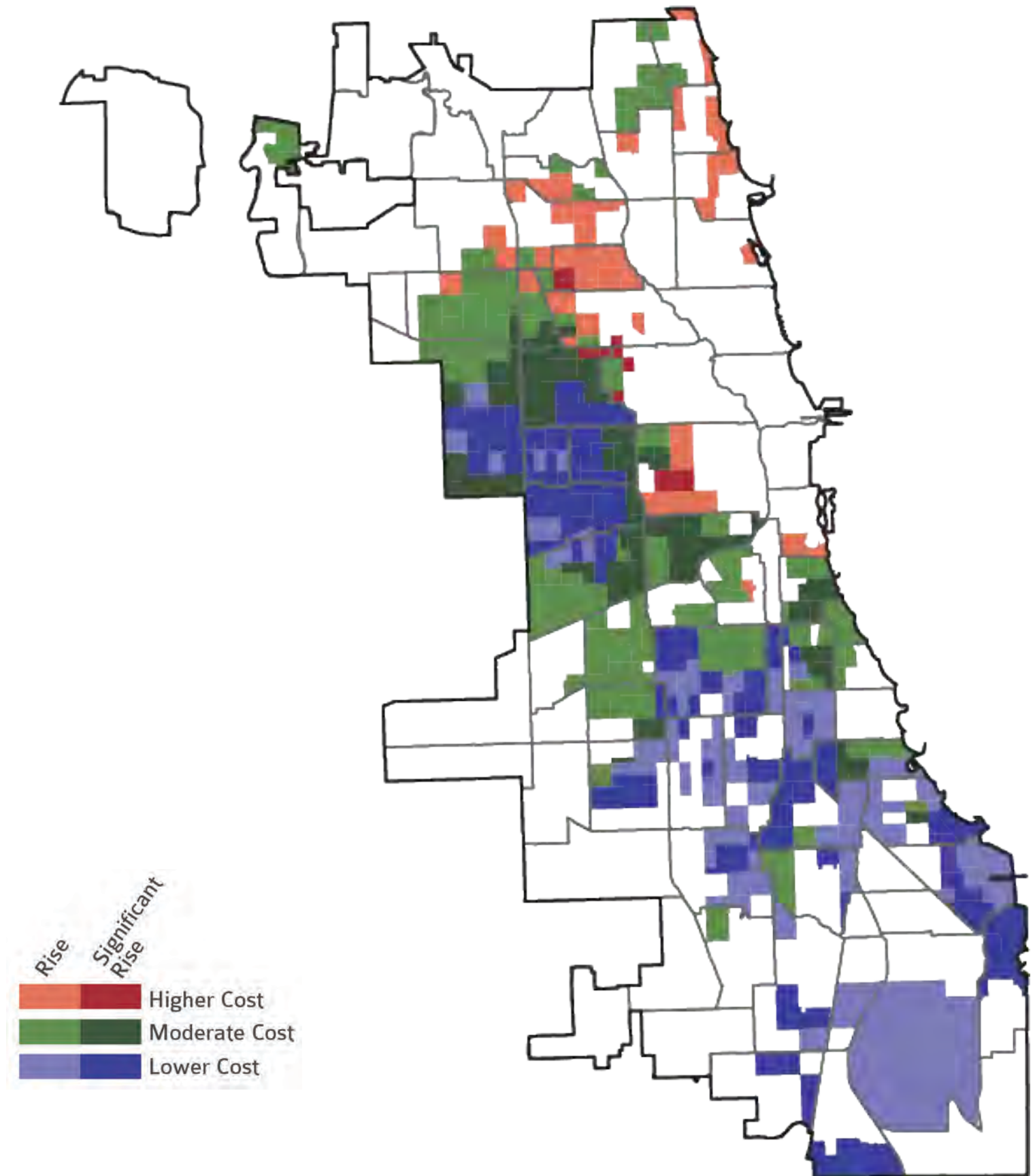
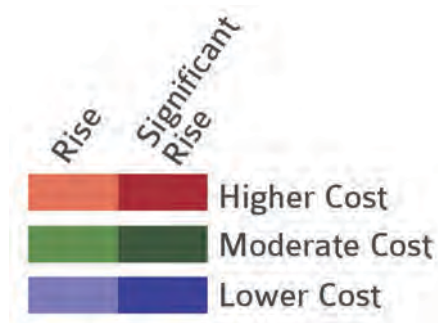
SOURCE: IHS CALCULATIONS OF PROPERTY SALES DATA FROM COOK COUNTY RECORDER OF DEEDS, 2017 AND 2012, COOK COUNTY ASSESSOR



Measuring Displacement Pressure in Chicago

Current and changing levels of affordability in vulnerable neighborhoods

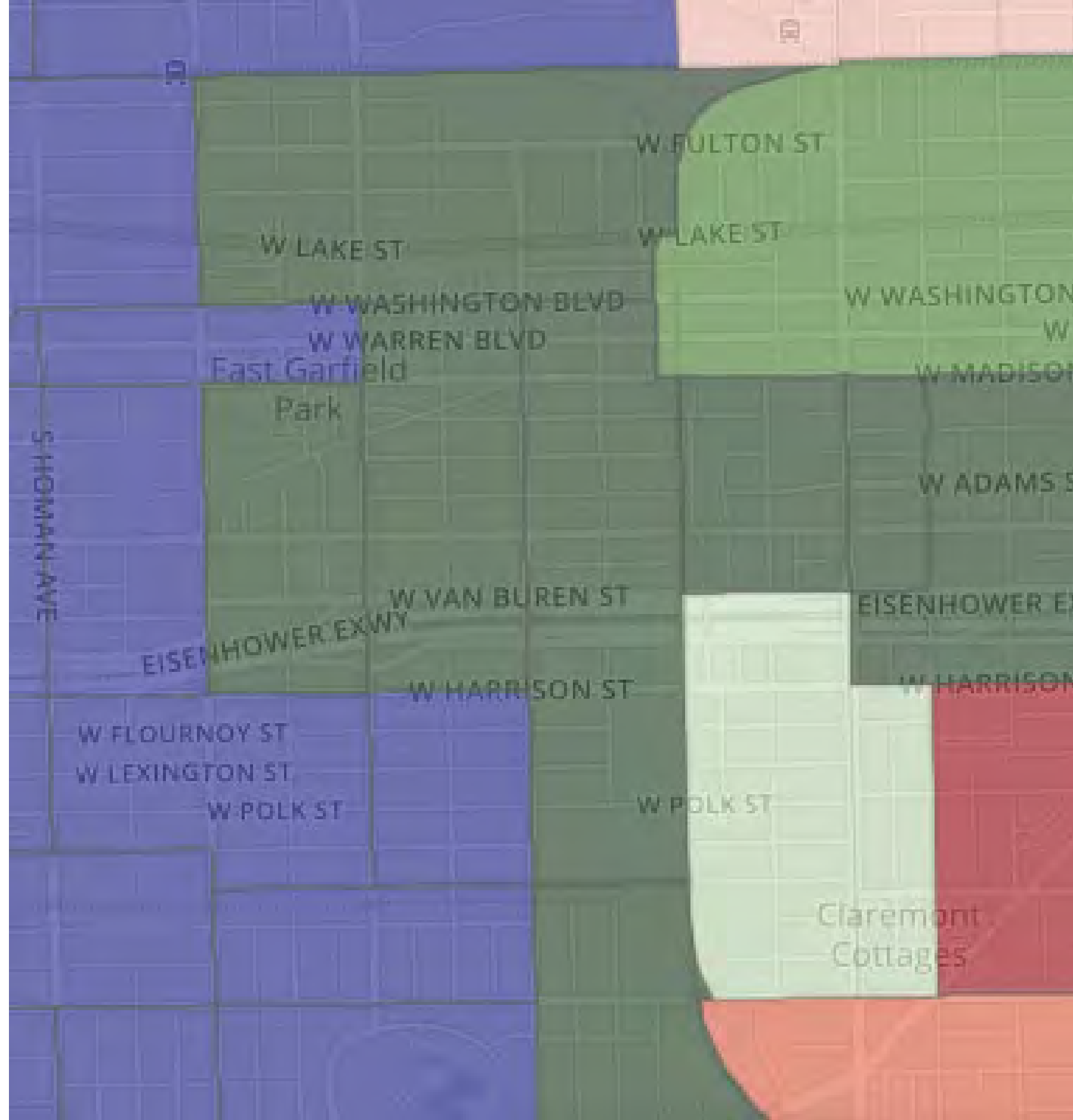
SOURCE: IHS CALCULATIONS OF 5-YEAR AMERICAN COMMUNITY SURVEY DATA, 2011-15 AND PROPERTY SALES DATA FROM COOK COUNTY RECORDER OF DEEDS, 2017 AND 2012, COOK COUNTY ASSESSOR



Uneven Market Recovery

Displacement Pressure in neighborhoods in and around East Garfield Park

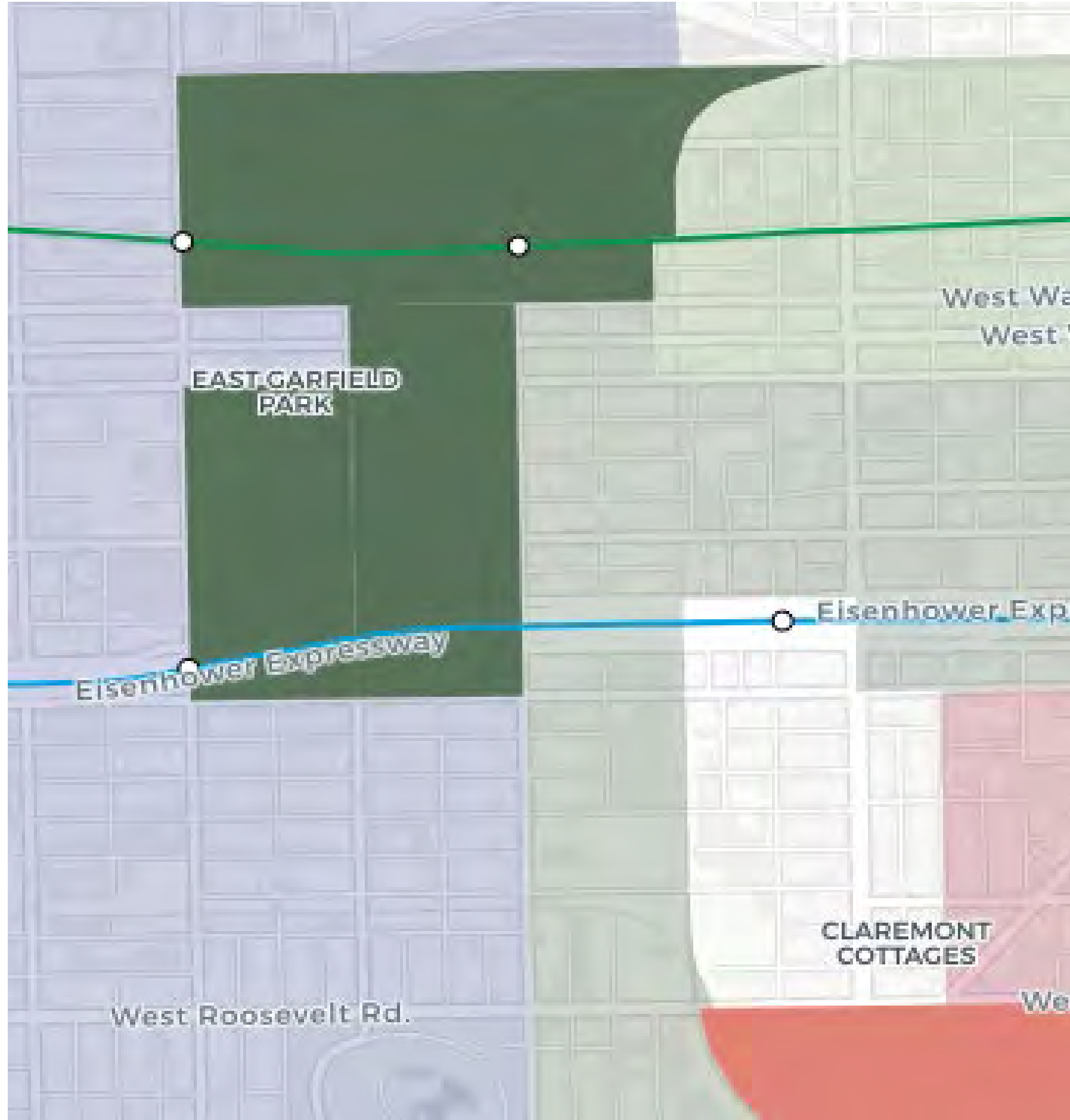
SOURCE: IHS CALCULATIONS OF 5-YEAR AMERICAN COMMUNITY SURVEY DATA, 2011-15 AND PROPERTY SALES DATA FROM COOK COUNTY RECORDER OF DEEDS, 2017 AND 2012



Uneven Market Recovery

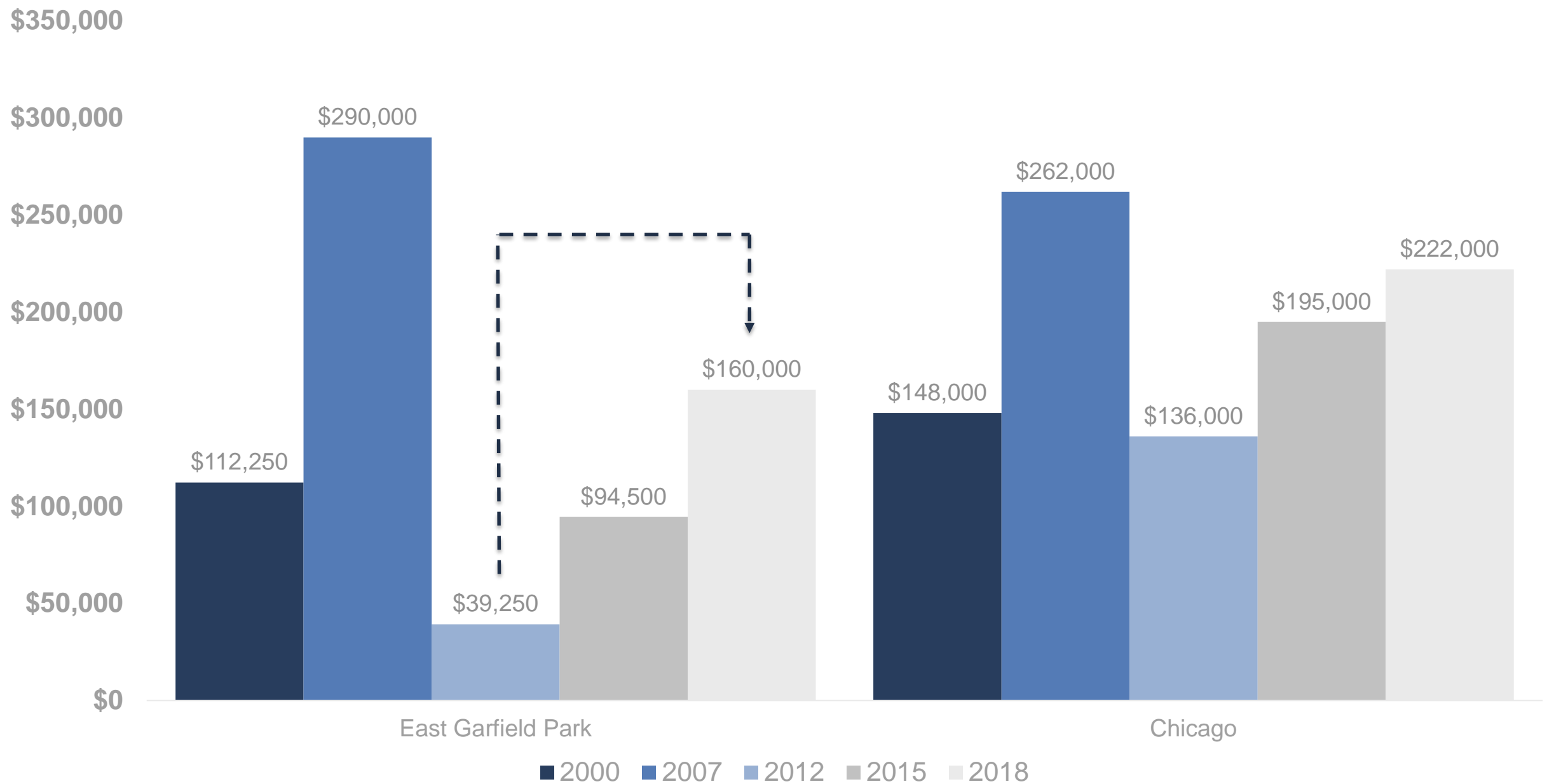
Intensifying Displacement Pressure in neighborhoods in and around East Garfield Park

SOURCE: IHS CALCULATIONS OF 5-YEAR AMERICAN COMMUNITY SURVEY DATA, 2011-15 AND PROPERTY SALES DATA FROM COOK COUNTY RECORDER OF DEEDS, 2017 AND 2012



Prices in East Garfield Park seeing rapid recovery

Median sale prices for 1 to 4 unit properties in East Garfield Park and City of Chicago, 2000-2018



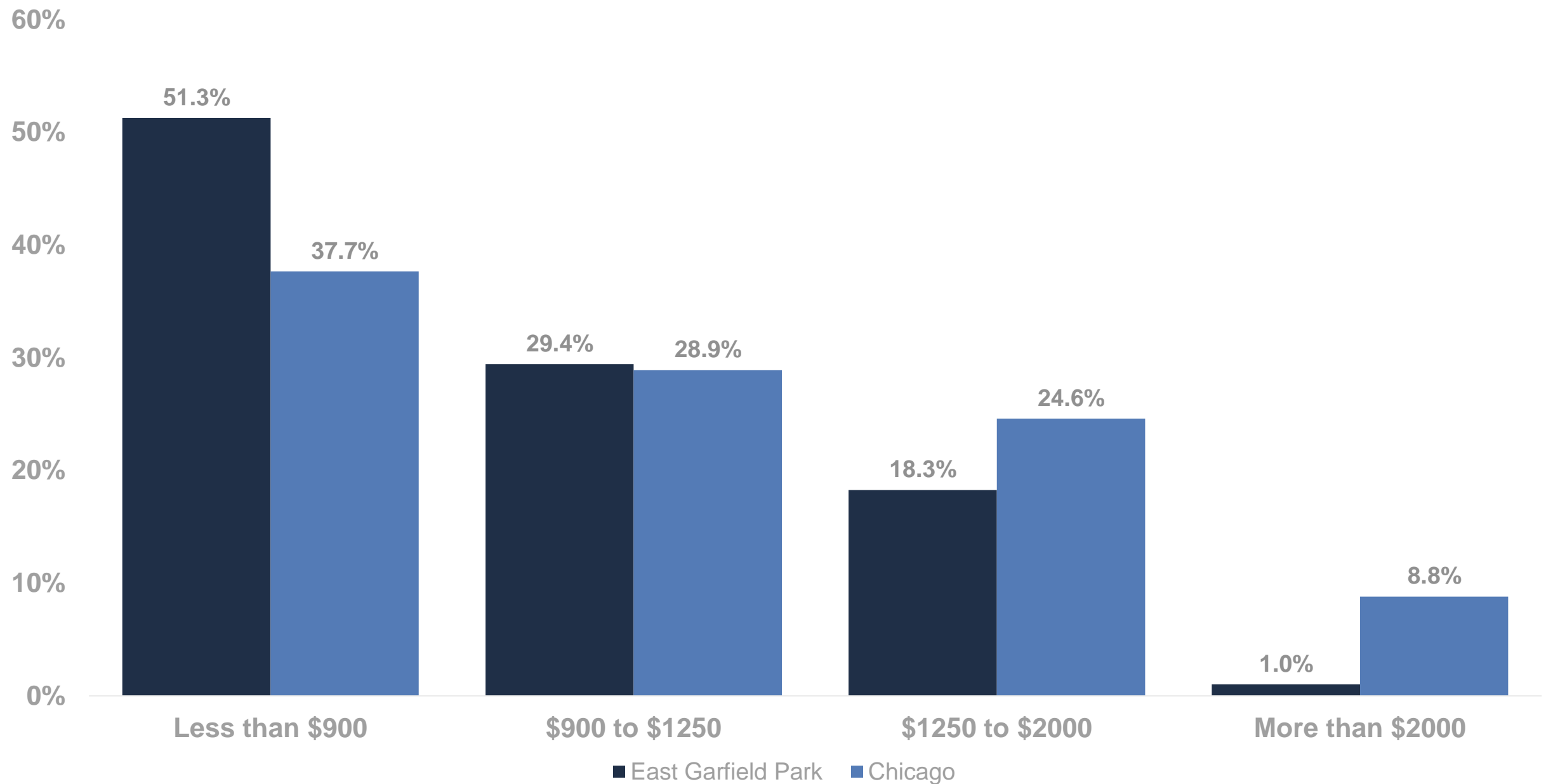
SOURCE: IHS CALCULATIONS OF DATA FROM THE COOK COUNTY ASSESSOR AND COOK COUNTY RECORDER OF DEEDS

Preserve stock of affordable rental properties

- Rents are stable and the majority of renters have low rent
 - Despite low rents, most renters in East Garfield Park are still cost burdened
- 2 to 4s are an important part of the stock
- Roughly 42 percent of all 2 to 4's in East Garfield Park are likely owner-occupied
 - More recent owners of 2 to 4 unit buildings are less likely to occupy the property than owners citywide
- Prices of 2 to 4's are increasing which is a positive trend, but newly purchased properties may have higher rents
 - Sale prices for 2 flats have increased 339.4% since 2010, from \$35,500 to \$156,000
 - Acquisition prices and amount of rehab may create challenges to preserving affordable units

The majority of rental units have rents below \$900

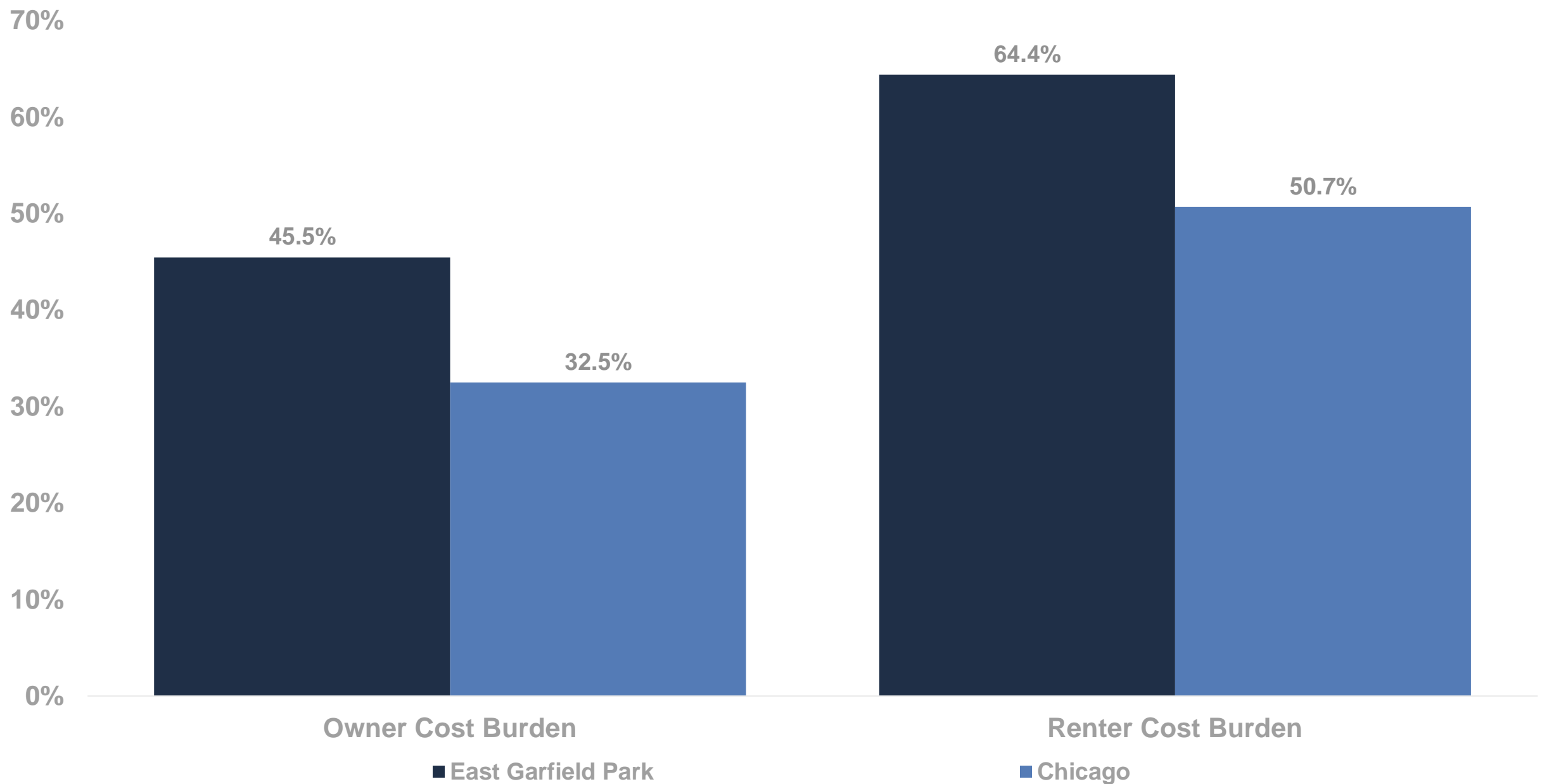
Share of rents by rent bucket in East Garfield Park and the City of Chicago, 2017



SOURCE: AMERICAN COMMUNITY SURVEY 5-YEAR, 2013-2017

Despite lower rents, the majority of renters are cost burdened

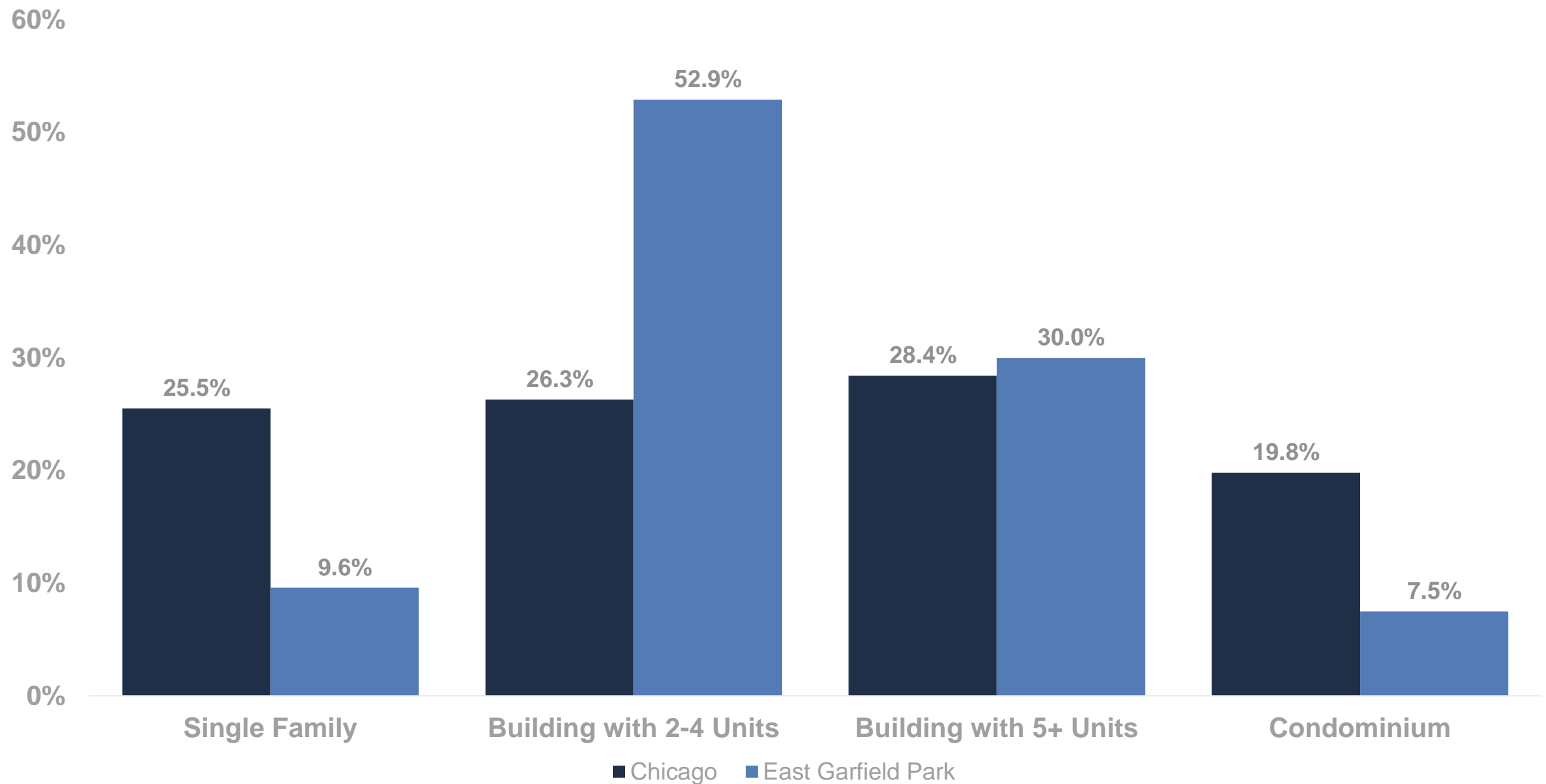
Renter and owner cost burden in East Garfield Park and the City of Chicago, 2017



SOURCE: AMERICAN COMMUNITY SURVEY 5-YEAR, 2013-2017

2 to 4 unit buildings are an important part of the stock

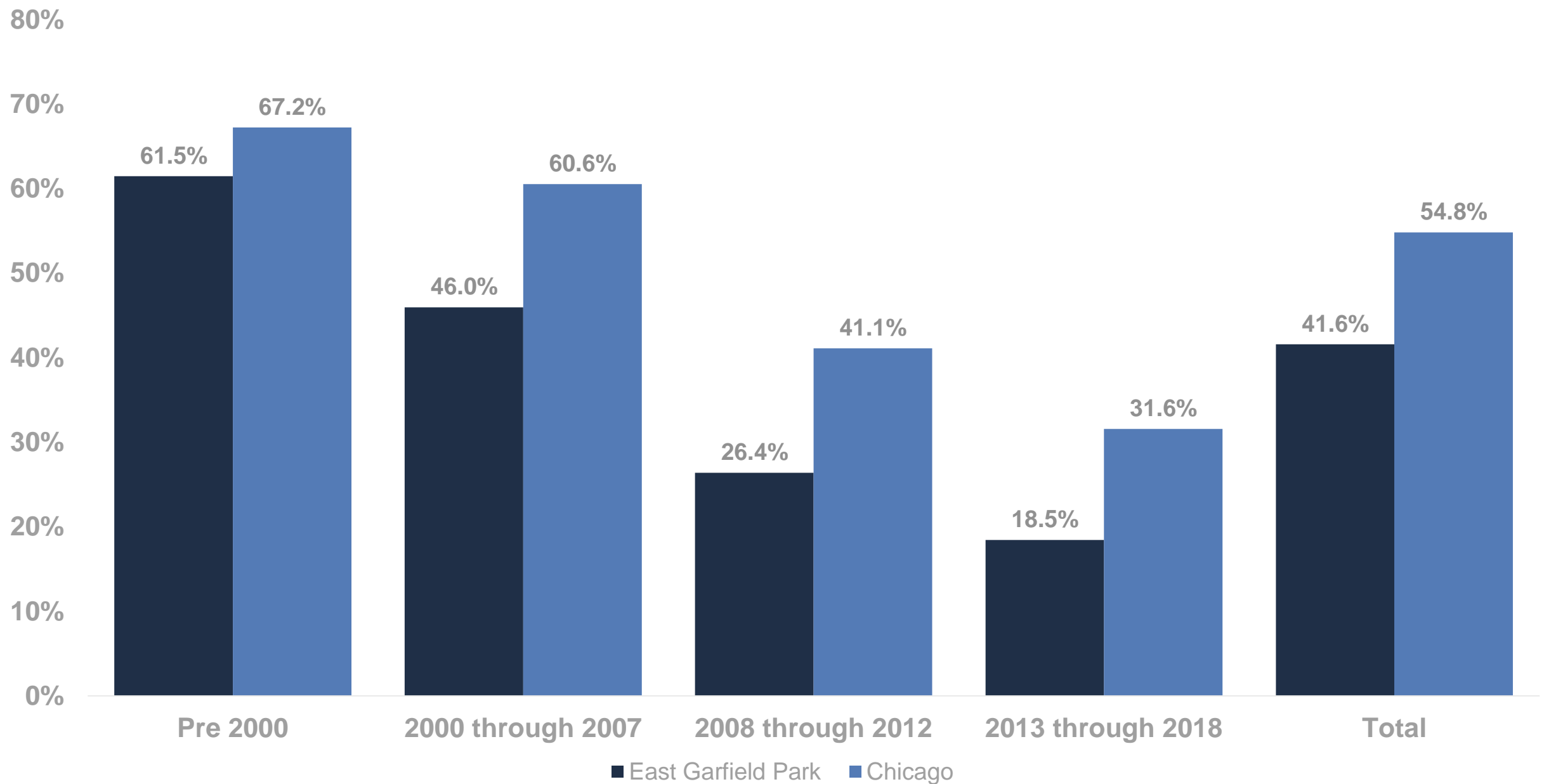
Distribution of Housing Units by Building Type in East Garfield Park compared to City of Chicago



SOURCE: IHS CALCULATIONS OF DATA FROM THE COOK COUNTY ASSESSOR

Likely owner-occupants and long-term owners are present

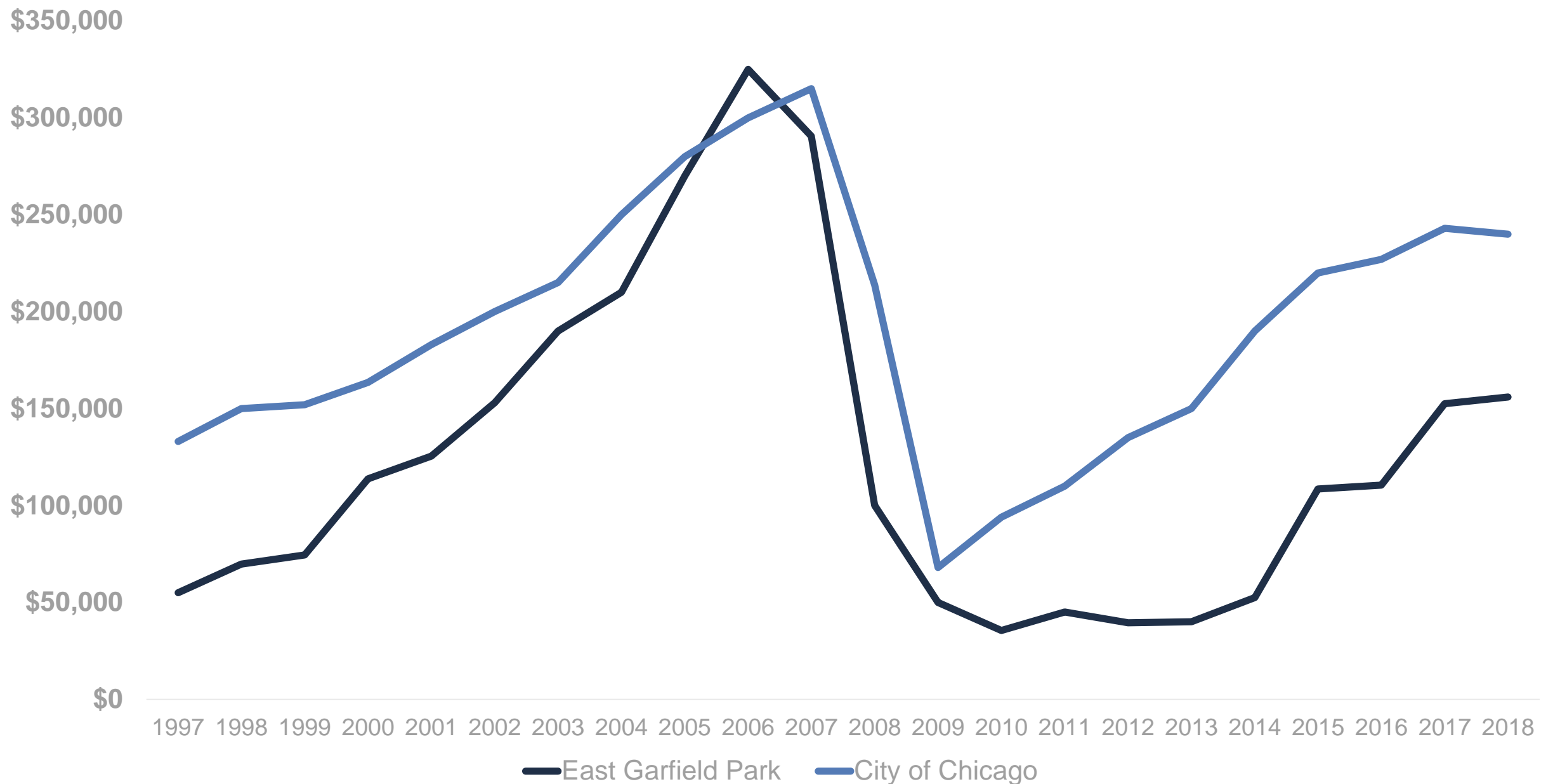
Share of 2 to 4 unit properties with homeowner exemptions by last sale cohort in East Garfield Park and City of Chicago



SOURCE: IHS CALCULATIONS OF DATA FROM THE COOK COUNTY ASSESSOR AND COOK COUNTY RECORDER OF DEEDS

Sale prices of 2 to 4 unit buildings are climbing

Annual Median Sales Prices for 2 to 4 Unit Properties in East Garfield Park and City of Chicago, 1997 to 2018

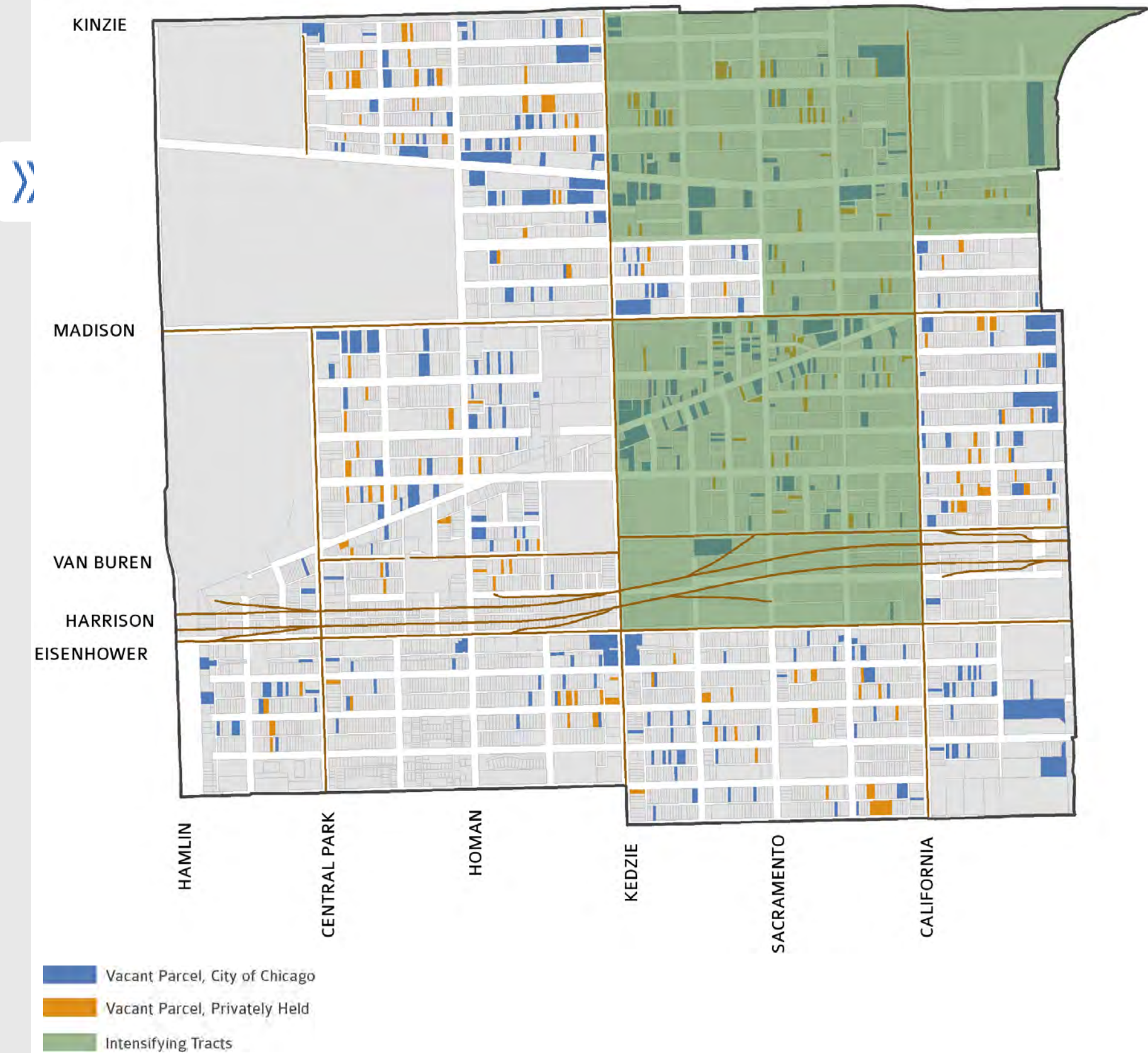


SOURCE: IHS DATA CLEARINGHOUSE

Preserve and Increase Community Ownership

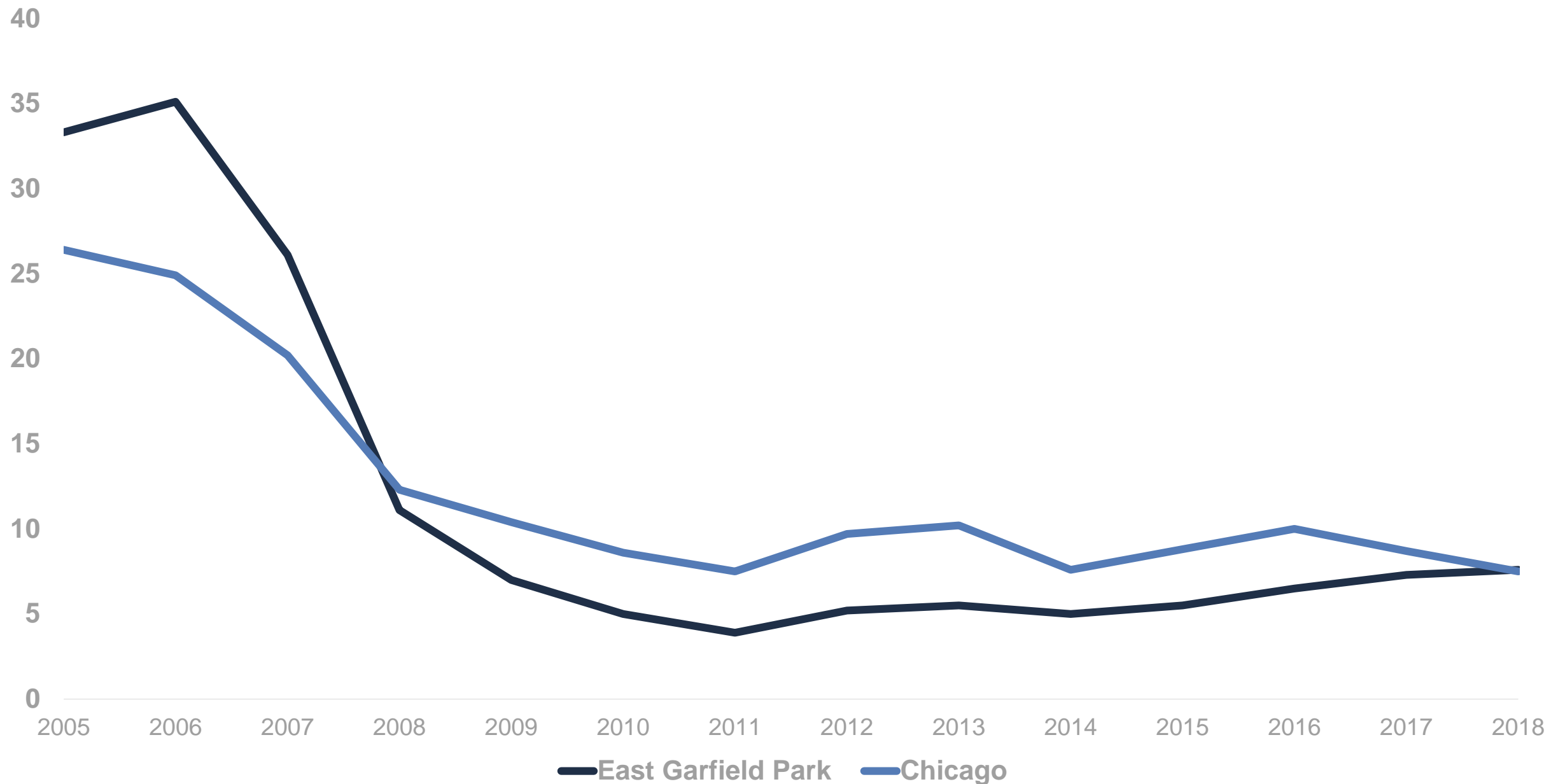
- Substantial stock of city-owned and privately-held vacant land
 - In areas of intensifying displacement pressure, vacant land could be used to build new affordable units or to augment community development strategies that build neighborhood wealth
- Strategies to increase homeownership for existing neighborhood residents may be a challenge given low renter incomes
 - Mortgage lending activity has increased in East Garfield Park
 - Based on data for recent mortgage borrowers in East Garfield Park, only 23.2 percent of renters could afford a mortgage on income alone.

City- and privately-owned vacant land in East Garfield Park



How has mortgage credit changed in East Garfield Park?

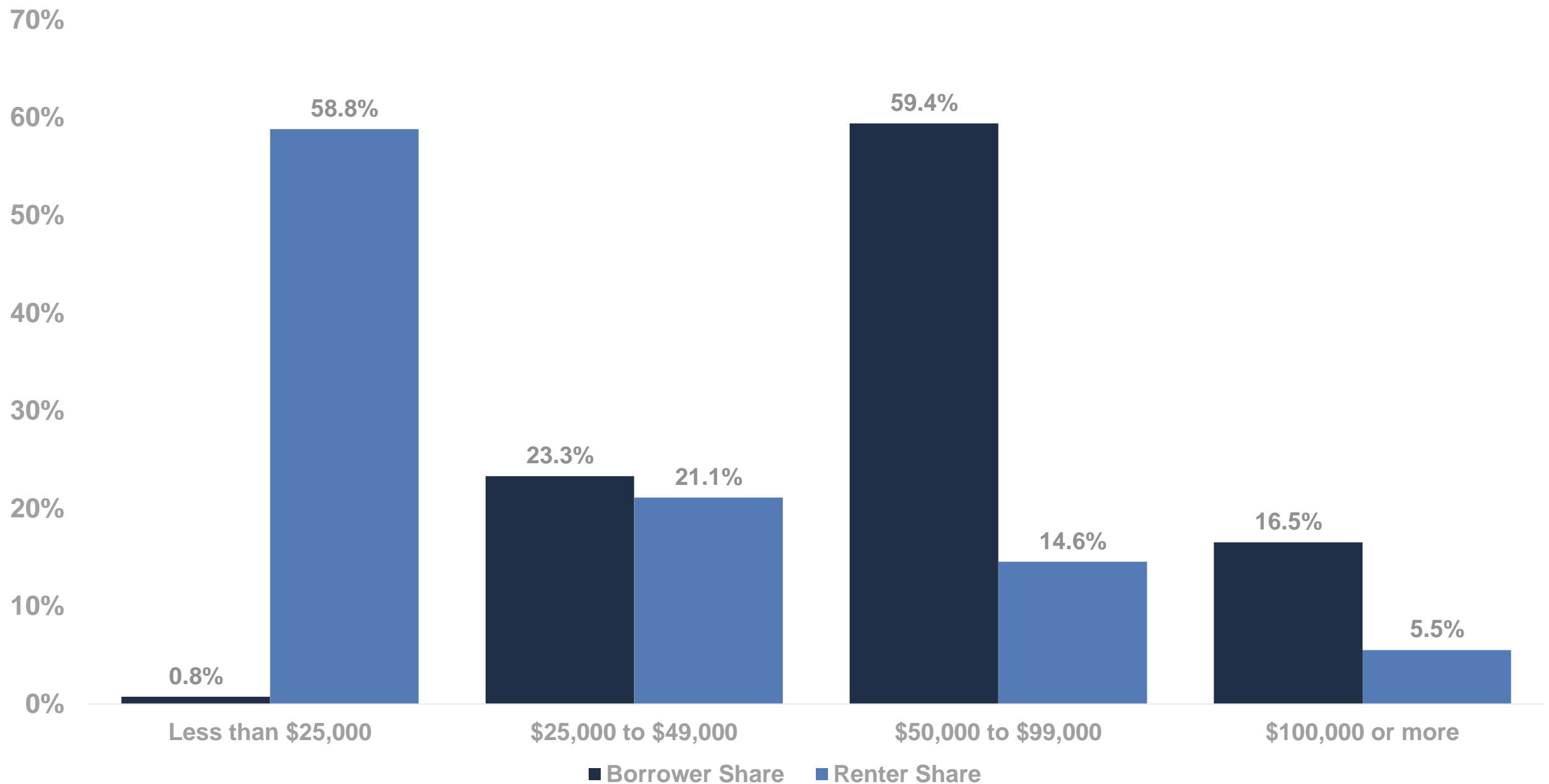
Annual Mortgage Loans per 100 Residential Parcels in East Garfield Park and Chicago, 2005 to 2018



SOURCE: IHS DATA CLEARINGHOUSE

How does the income distribution of renters and borrowers compare?

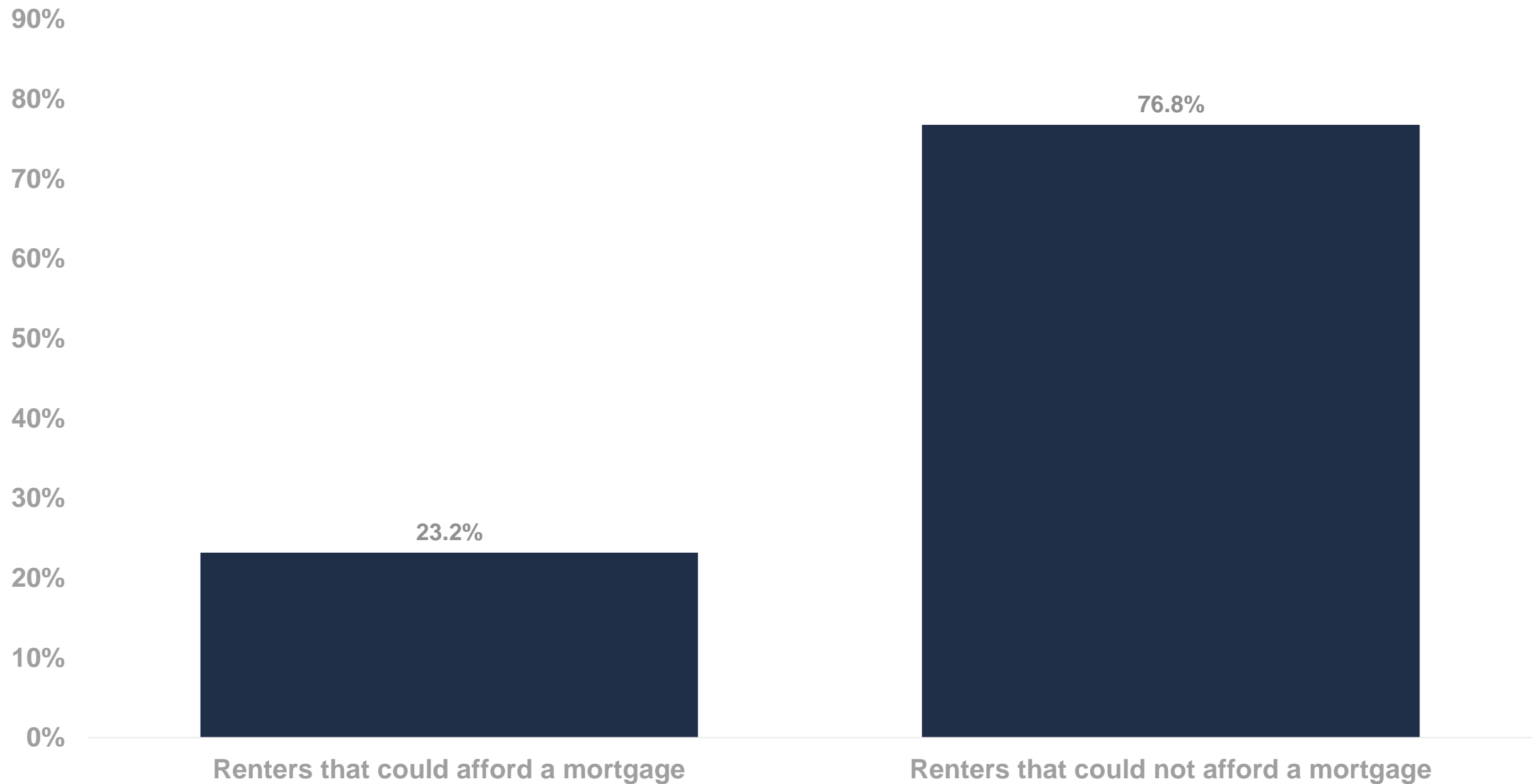
Share of Renters and Home Purchase Borrowers by Income Grouping in East Garfield Park, 2016/2017



SOURCE: AMERICAN COMMUNITY SURVEY 5-YEAR ESTIMATES, 2016 & HOME MORTGAGE DISCLOSURE ACT DATA, 2016 & 2017

The vast majority of renters could not afford a mortgage

Estimated Share of Chicago Renters that Could and Could Not Afford a Mortgage by Income Alone, 2016



SOURCE: AMERICAN COMMUNITY SURVEY 5-YEAR ESTIMATES, 2016 & HOME MORTGAGE DISCLOSURE ACT DATA, 2016 & 2017

Summary

- Despite some changes in neighborhood economic and demographic characteristics, the market characteristics do not appear to be the primary driver of price increases.
- Recent price gains, even if they stem from overall increased neighborhood housing market stability, could impact displacement risk of residents due to already very low incomes and cost burden.
- Abundant vacant land presents an opportunity to build new housing units and reduce pressure on the existing stock
 - Questions about affordability of new developments for existing renters
 - Preservation strategies are likely to be the best method for preserving and maintaining affordability
 - Opportunities to build wealth through homeownership may be limited for many existing renters without new financial products or ownership vehicles.

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Developing data to inform proactive anti-displacement strategies in East Garfield Park



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