

AUSTIN, GARFIELD PARK, NORTH LAWNSDALE

Black And Latino Chicagoans Are Snapping Up Two-Flats — A Promising Sign, Experts Say

The South and West sides are seeing a lot of interest in two- to four-flats — and people buying them can help boost the neighborhoods.

Trey Arline 9:15 AM CST on Mar 7, 2023



Credit: Colin Boyle/Block Club Chicago

A row of two- and three-flat homes in Chicago's Austin neighborhood.

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AUSTIN — Black and Latino Chicagoans are buying up two- to four-flats, according to a new study — and experts said it’s a promising sign in the push to increase ownership across racial lines and build generational wealth for people of color.

The bulk of Chicago home loans for two- to four-flats between 2018 and 2021 went to Black and Latino buyers: 60 percent, according to a report published last week by the Institute for Housing Studies at DePaul University. In comparison, those groups accounted for just 28 percent of loans for single-family homes and condos during that period.

Geoff Smith, executive director of the Institute for Housing Studies, said two- to four-flat homes allow for multigenerational families to get a home at a lower cost. Homes with multiple units allow an owner to live in one unit while a tenant or family member lives in another; that means that the other tenants are contributing to the overall housing cost, making them more affordable for the buyer, Smith said.

“I think that is a positive indicator of investment,” Smith said. “This type of housing is creating an opportunity for moderate- and middle-income families to enter into homeownership.”

Two- to four-flats have long been used by Chicago families to build up intergenerational wealth. Many of the city’s two-flats were built by immigrants or first-generation Americans who were trying to move up economically. They’d live in one floor while renting out another or sharing it with family, allowing them to defray the building’s costs.

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In recent years, there’s been particularly strong interest in those kinds of homes on the South and West sides.

For example, Austin has about 5.5 percent of Chicago’s two- to four-flats — but 7.1 percent of loans to buy those properties originated in the neighborhood between

2018 and 2021, according to the study.

South Shore, Auburn Gresham, Chicago Lawn, Greater Grand Crossing, Woodlawn, North Lawndale, Chatham, West Garfield Park and Portage Park have also seen an outsized demand for loans for multi-unit buildings, according to the study.



Credit: Colin Boyle/Block Club Chicago

Two-flat homes in the 8000 south block of Morgan Street in the Auburn Gresham neighborhood on May 11, 2021.

“It can be a source of income that helps families build wealth,” said Anthony Simpkins, president of Neighborhood Housing Services, a nonprofit working to close the racial gap in Chicago homeownership. “The vast majority of those living there are in affordable units. This is exactly what we are hoping to promote, and we hope that trend will grow.”

Simpkins’ group promotes home ownership among Black and Latino Chicagoans through homeowner education courses and seminars on topics such as financial literacy and foreclosure prevention, lending services through Neighborhood

Lending Services loan program and refinancing.

Simpkins said people buying these homes improves the long-term viability of the South and West sides overall. People buying two- to four-flats can boost employment, wealth and investment to the areas, which have struggled with population declines — especially of Black and Latino residents — and disinvestment.

Families might also be interested in buying multi-unit homes recently because of the COVID-19 pandemic, which sharply drove up the costs of housing overall, Smith said. Two- to four-flats provide opportunities for the buyer to defray the costs — like through renting out another unit — in a way that can't be done through single-family home ownership, he said.

Simpkins said the increase in housing prices does not concern him, and he remains encouraged by the increase in minority homeownership.

“That doesn’t mean home ownership is out of reach for anyone. It’s our job to help them with that process and make them become homeowners,” Simpkins said.

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